



watford
community
housing

Report and Financial Statements

For the year ended 31 March 2025

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

Group Board

Chris Cheshire – Chair

Senior Independent Director

Dale Butcher

Other Members

Simon David

Jennifer Pattinson

Jamie Ratcliff – end of tenure 31 August 2024

Mike Suarez

Tim Willcocks

Rich Hanrahan

Clare Norton

Richard Petty – appointed 1 October 2024

Kajal Burnaby – appointed 1 October 2024

Ceres El Khalifa – appointed 1 January 2025

Executive Management Team

Tina Barnard – Chief Executive

Paul Richmond – Resigned 31 March 2025

– Deputy Chief Executive

Helen Town – Resigned 30 August 2024

– Group Director of Partnerships & Property

Peter Cogan – Group Director of Operations

Penelope Metcalf – Started 9 September 2024

– Group Director of Partnerships & Investment

Greg Whelan – started 1 July 2025

– Group Chief Finance Officer

Company secretary

Amy Fox

Committees

Audit and Risk Committee

Mike Suarez – Chair

Investment Committee

Tim Willcocks – Chair

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

Beever and Struthers

150 Minories

London EC3N 1LS

Solicitors

Devonshires

Salisbury House

London Wall

London EC2M 5QY

Perrin Myddelton

10 Waterside

Station Road

Harpenden AL5 4US

Bankers

Barclays Bank UK Plc

1 Churchill Place

London E14 5HP

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

Santander UK plc

2 Triton Square

Regent's Place

London NW1 3AN

Barclays Bank Plc, and Barclays Bank UK plc

1 Churchill Place

London E14 5HP

Saltire 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 (“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 7,784 properties and associated assets in South-West Hertfordshire and North-West London.

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 our 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 Group Director of Partnerships and Investment and the Group Director of Operations. 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 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 operates with a Group structure and has two 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 Jamie Ratcliff until August 2024 and by Richard Petty from October 2024. 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 Paul Richmond until 31 March 2025, and by Tina Barnard subsequently. It consists of three executive members and the company secretary.

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.

The Group 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 has an investment via Clarendon Living Limited in a joint venture with Hertsmere Borough Council (HBC) – named Hertsmere Living Limited. Hertsmere Living Limited was incorporated in 2022/23 and became fully operational in 2023/24. 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:

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

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

Stock Profile

Type of Units	2025 No.	2024 No.
Owned by the Group:		
General needs	4,186	4,075
Affordable rents	740	542
Housing for older people	710	469
Shared ownership	345	291
Leaseholds	393	379
Open Market Sales Stock	0	0
Commercial and market rents	25	24
Commercial shops	20	20
Garages	988	990
Temporary accommodation	66	54
	7,473	6,844
Managed for others (social and non-social)	302	297
Managed by others	9	3
Total	7,784	7,144

During the year the Group's owned and managed stock numbers increased by 640. This movement includes growth of 278 social and affordable dwellings, 60 shared ownership dwellings and 28 new homes being managed for others. This also included the successful transfer of engagements of Hendon Christian Housing Association and a 5-year management agreement with Hertfordshire County Council into the Group, totalling 313 social and affordable dwellings. This movement was partially offset by 2 Right to Buy/Right to Acquire purchases and 6 shared ownership staircasings during the year, and the remaining reduction in other tenures including commercial / leasehold dwellings. 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 correspond to the fifth and final year of the Group's 2020-2025 Business Plan, which has three interlinking priorities to enable us to work in partnership to transform our communities and deliver on our promises:

- **Our Customer Promise** – created in consultation with residents, this sets out our five key service priorities.
- **Innovative Development & Dynamic Partnerships** – we are committed to delivering much-needed new homes and services in South-West Hertfordshire and North-West London, working closely with key partners.
- **The Right Resources** – our resource planning will enable us to deliver on our promises and make us the partner of choice for our customers, staff and stakeholders.

Our Customer Promise

First-class repairs service

We will deliver a first-class repairs service that is effortless and convenient for you.

We will carry out property checks to spot repairs issues and fix them before they become urgent. When a repair is needed, we will give you a great experience.

This means:

- booking a repair will be easy and can be done at any time
- you will have a choice of appointment times that suit you
- we'll arrive on time and fix the problem on our first visit (on at least nine out of ten occasions)

Safe communities

We know that safety matters to you, so it matters to us too.

We will work closely with partners to ensure that you can feel safe in and around your home, including dealing with anti-social behaviour.

Our focus will be on working with partners in your neighbourhood to address incidents quickly and effectively, and to develop preventative measures.

Community development

We know that the community you live in can help to make a house feel like a home, so we will invest £1 million into projects that enhance the lives of our residents and help build strong communities.

To help deliver the biggest positive impact, we will work in partnership with other organisations in the community.

Flexible housing options

You should have a home that suits you and your lifestyle. We know how important it is to offer flexible housing options that meet people's diverse needs throughout their lives, so we will provide more suitable and attractive choices.

If you are moving to a smaller home, we will help you to understand your options and find a new home that is right for you – and we will support you throughout the process.

100 new homes for social rent

Providing people with genuinely affordable homes by building housing for social rent is a key goal of ours – and it will remain so.

To deliver more social housing in the places that need it most, we will:

- work with partners
- obtain grant funding
- invest money from Right to Buy sales

The plan is underpinned by our vision and values, which remain central to our work.

The Group's 2025-2030 Business Plan was launched in April 2025. It can be viewed at: 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

In July 2024, we received the outcomes of our most recent Regulatory Inspection covering all three standards, Viability, Governance and Consumer. The outcome achieved was V1, G1 and C1, which represent the highest possible gradings for all three Regulatory Standards. The Governance and Viability ratings were reconfirmed as part of a stability review in January 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.

2024/25 continued to bring significant challenges and disruption to us and our customers due to economic volatility and uncertainty. Despite this, 73% of our customers rated the repairs service positively. The average repairs time increased, taking 37.9 working days on average to complete, compared to 16.7 days in the previous year. First Time Fix rates remained consistent during the year, after improving by more than 16% pts to 84% in 2023/24, and exceeding the target of 80%.

Overall satisfaction continued to improve on prior year, with a 5% pts increase to 78%, which whilst still below target represents a continuing solid upward trajectory in sentiment. Arrears increased to 4.3% of income, reflecting the continuing pressures of the cost of living on our customers, although much of this increase related to those homes for which we took responsibility in the year. £1,281k in additional income was realised by Financial Inclusion Officers for customers in 2024/25, the first time we have exceeded £1m in a 12-month period. Watford Community Housing contributed £209k for community projects in line with our 2020-2025 Customer Promise.

Completing 311 new homes represents a record high and places Watford Community Housing as the top developer by size (‘completions as a percentage of housing stock’) in England. This included 42 new homes for social rent.

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.

2024/25 saw the completion of our five-year commitment to invest £1m into community development through projects that enhance the lives of residents and help to build strong communities. With the majority of this spend committed in previous years, the remainder contributed to initiatives including our Welfare Fund, which supports customers with urgent living costs. We continue to raise further funding for community-based projects by partnering with third parties.

Staff satisfaction continued to improve in 2024/25 with a significant increase to 91.5%. Retention remained consistent with the previous year, well above target. This reflects our ongoing investment in our people, reward and engagement.

Key performance indicators

	2025 Target	2025	2024	Flag (vs Target)
1. Existing Customers				
% of customers satisfied with repairs and maintenance	78%	73.4%	73.1%	●
Average repair time (working days)	20	37.9	16.7	●
% of repairs fixed on first visit	85%	83.5%	83.7%	●
% Overall Satisfaction with WCH services	80%	78.7%	73.2%	●
Welfare Fund Deployed	£330,000	£208,734	£388,933	●
(Cumulative) Homes successfully 'right-sized'	30	33	38	●
Occupancy	99.5%	99%	99%	●
(12 Month Rolling) Arrears as a % of income	4.2%	4.3%	3.9%	●
(12 Month Rolling) Additional income realised for customers by Tenancy Support Officers	£850,000	£1,281,325	£764,269	●
% of tenants registered on Digital Tenancy Services	45%	50.1%	40.5%	●
2. New Customers				
New Social Rented homes delivered	53	42	16	●
(Cumulative) Total Number of WCH dwellings completed	200	311	201	●
3. Sustainability				
Number of properties below EPC C	110	676	N/A	●
4. Internal Customers				
Net Staff Satisfaction	75%	91.5%	88%	●
12 month rolling voluntary staff turnover	18%	13.5%	13.8%	●

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

Tenant Satisfaction Measures (TSMs)

In 2023/24, the sector started collecting and reporting 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 2024/25 actual performance and comparison to 2023/24.

In total, we conducted 619 surveys during 2024/25 and we used an independent organisation (Pexel) to ensure feedback is collected fairly and impartially. 6 out of the 12 Customer Perception TSMs improved in 2024/25 with overall satisfaction improving by 2.2% pts.

TSMs – Customer Perception Survey	2024/25	2023/24
TP01 – Overall satisfaction	71.6%	71.2%
TP02 – Satisfaction with repairs service	68.1%	71.6%
TP03 – Satisfaction with time taken to complete	61.2%	65.0%
TP04 – Satisfaction that your home is well maintained	70.1%	71.0%
TP05 – Satisfaction that your home is safe	76.7%	75.5%
TP06 – Satisfaction that we listen to your views and act upon them	59.7%	61.5%
TP07 – Satisfaction that we keep you informed about the things that matter to you	73.7%	74.1%
TP08 – Agreement that we treat you fairly and with respect	73.7%	73.5%
TP09 – Satisfaction with our approach to handling complaints	37.8%	35.7%
TP10 – Satisfaction that we keep communal areas clean and well maintained	67.4%	72.6%
TP11 – Satisfaction that we make a positive contribution to neighbourhoods	63.4%	66.3%
TP12 – Satisfaction with our approach to handling anti-social behaviour	62.3%	63.2%

The 10 Management Performance Measures captured below show 2024/25 actual performance in the year. Our performance demonstrates full compliance to the the Housing Ombudsman's Complaint Handling Code (CHO2 - 1 and CHO2 -2).

As part of an IT migration to a new Asset and Compliance System (MRI Asset) we completed a comprehensive review of systems and data quality, including historic assumptions, this resulted in a revised baseline compliance position. An improvement plan is underway to return to a fully compliant position by the end of 2025/26.

TSMs – Management Performance Measures	2024/25	2023/24
CHO1 (1) – Number of stage one complaints received per 1,000 homes	24.9	25.9
CHO1 (2) – Number of stage two complaints received per 1,000 homes	5.3	4.9
CHO2 (1) – Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code	100%	100%
CHO2 (2) – Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code	100%	100%
NMO1 (1) – Number of anti-social behaviour cases opened per 1,000 homes	14.9	20.6
NMO1 (2) – Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes	0.7	0.7
RPO1 – Proportion of homes that do not meet the Decent Home Standard	0.2%	0%
RPO2 (1) – Proportion of non-emergency responsive repairs completed within landlord's target timescale	58.8%	66.8%
RPO2 (2) – Proportion of emergency responsive repairs completed within landlord's target timescale	95.4%	98.9%
BSO1 – Proportion of homes for which all required gas safety checks have been carried out	100%	100%
BSO2 – Proportion of homes for which all required fire risk assessments have been carried out	99.9%	100%
BSO3 – Proportion of homes for which all asbestos management surveys or re-inspections have been carried out	86.3%	100%
BSO4 – Proportion of homes for which all legionella risk assessments have been carried out	98.9%	100%
BSO5 – Proportion of homes for which all required communal passenger lift safety checks have been carried out	100%	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 2024/25 with its operating surplus being £16.3m. The financial highlights over the past five years are set out below.

Group highlights, summary (5 year summary)

For year ended 31 March	2025	2024	2023	2022	2021
	£'000	£'000	£'000	£'000	£'000
Summary Statement of Comprehensive Income					
Total turnover	56,179	44,533	41,013	38,550	42,445
Income from Social Housing Lettings (note 3a)	44,162	38,501	34,701	32,071	31,152
Operating surplus: continuing activities	16,299	13,869	13,054	10,835	9,845
Surplus for the year transferred to reserves	44,975	12,877	6,159	4,122	3,516
Group Balance Sheet					
Intangible assets (note 11)	(26,235)	(26,651)	(27,068)	(27,485)	(27,901)
Investments in Joint Ventures	7,161	6,647	3,287	2,730	2,827
Housing Properties (note 12)	547,456	445,230	381,362	364,875	333,240
Investment Properties (note 14)	10,775	4,625	3,900	4,300	4,635
Other Property, Plant and Equipment (note 13)	10,846	14,718	14,599	13,712	12,244
Fixed assets	550,003	444,569	376,080	358,133	325,045
Net current assets	9,863	14,277	26,343	1,805	14,919
Total assets less current liabilities	559,866	458,846	402,423	359,937	339,964
Funded by:					
Loans (due over one year) (note 18)	283,652	238,921	203,918	179,232	167,560
Pension liability (note 23)	-	-	-	-	-
Provision for liabilities	4,729	4,807	4,559	4,499	4,413
Other long term liabilities (note 18)	55,284	46,701	40,205	40,684	45,661
Reserves:					
Revenue inc. pension	123,320	78,514	65,679	60,838	55,814
Property Revaluation	96,076	96,076	96,076	96,081	96,085
Cashflow hedge reserve	(3,195)	(6,173)	(8,014)	(21,397)	(29,569)
Consolidated funds	559,866	458,846	402,423	359,937	339,964

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 continues to work on maintaining good services to its customers whilst seeking to achieve VFM in its activities. It has achieved its financial target for efficiencies in 2024/25 and is now seeking to increase its surplus in future years to release more money for services and building homes.

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. 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.

Strategic Report

Key risk	Mitigating actions being taken
<p>Robust Financial Performance risk: as a result of changes to government legislation, exposure to fraud, increased funding costs, availability of funding, economic conditions and market risks</p>	<ul style="list-style-type: none"> £75m of available undrawn loans. Ongoing monitoring of impact of welfare reform on areas such as bad debt, Universal Credit performance and income arrears Fraud policy regularly reviewed and fraud incidences reported quarterly to Audit and Risk Committee 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 awarded in July 2024 by the Regulator of Social Housing and reconfirmed in a stability check in January 2025 Regular monitoring of Golden Rules both at Management and Group Board level to support ongoing viability VFM activity maintains focus on efficiency gains and productivity to mitigate any exposure of inflation/market risk
<p>Strong Governance and Putting People First risk: arising from poor Board oversight, lack of succession planning, corporate structure not being fit for purpose, lack of development for leaders</p>	<ul style="list-style-type: none"> Watford Community Housing governance rated as G1, in Regulatory judgement in July 2024 and reconfirmed in a stability check in January 2025 Secured 5-Star Health and Safety (H&S) rating from the British Safety Council in May 2025 Subsidiary boards report up to the Group Board on regular basis including updates on joint venture activities Terms of Reference and Group Financial Regulations provide assurance on decision-making clarity within the Group - both are reviewed on an annual basis 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
<p>Customer Promise risk: due to lack of Brand clarity, lack of service standards with customers, impact of welfare reform on customers, ineffective community engagement or safeguarding</p>	<ul style="list-style-type: none"> A Consumer Rating Regulatory judgement of C1 was awarded by the Regulator in July 2024 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. Active Community Budget invested in a number of activities, including community programmes / Hub activity and customer scrutiny Increased joint-working between Group Board and Gateway Management Team (GMT) Ongoing monitoring of customer arrears / impact of universal credit and Tenancy Sustainment team in place to provide support to customers 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
<p>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 in ICT estate</p>	<ul style="list-style-type: none"> 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 Successfully underway 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 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
<p>Innovative Developments and Dynamic Partnership Risk: Overstretching the Group's resources, delay or over-spend, issues over quality, exposure to market movements</p>	<ul style="list-style-type: none"> 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.

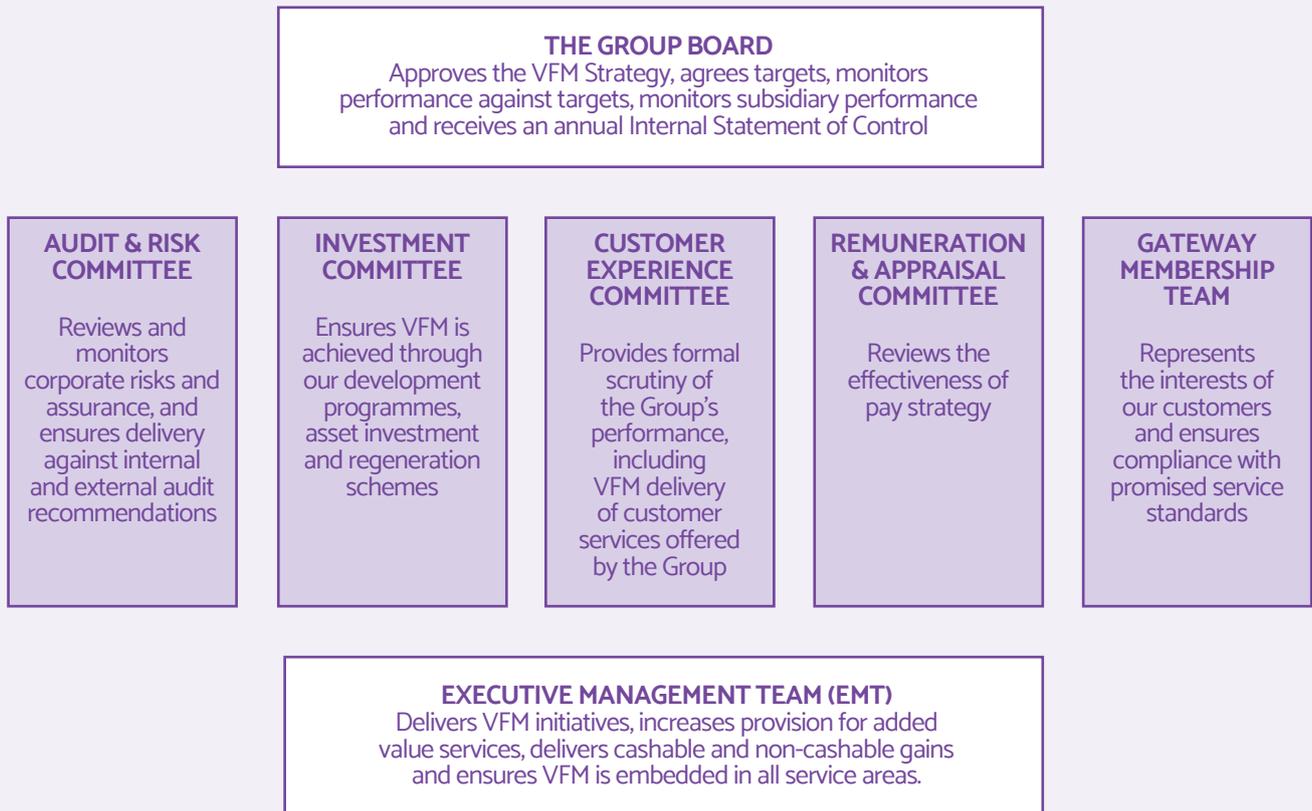
Value for Money (VFM)

Our Strategy:

The Group is committed to delivering Value for Money through our business activities. Our Business Plan 2020-2025 set clear objectives and key priority areas to ensure we delivered 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

Value for Money (continued)

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 approaching £1bn. In 2024/25 we spent £8.0m on maintenance of our properties and £6.6m on programmed repairs to deliver improvements to our homes and address backlog repairs which arose from the pandemic. For 2025/26 the budgeted numbers are £9.0m and £7.4m respectively. 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, Hertsme Living Limited and Three Rivers Homes), Watford Borough Council (WBC), Hertfordshire County Council and Three Rivers District Council. Additionally, the Group is working with local charities, including St Albans and Hertsme 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 2025, 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 (2024/25)

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 2024/25 moved upwards against 2023/24 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. Watford Community 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)	2020/21	2021/22	2022/23	2023/24	2024/25
Watford Community Housing	4.18	4.23	4.37	5.14	5.18
Median Sector Performance	3.73	4.15	4.59	5.14	

*average Cost per Unit.

(2020-2024 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 2024/25 and 2023/24 with a commentary to support key movements. The Operating Margin was an improvement on 2023/24 representing greater income arising from the increase in the number of homes. 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. This measure is no longer a loan covenant for Watford Community Housing but remains a sector metric. This has reduced against prior year because of the increased borrowing and consequent interest costs, but still holds significant headroom against our loan covenants. Gearing and Return on Capital Employed remains broadly aligned to prior year performance. Reinvestment and New social housing supply continues to perform significantly better than prior year due to significant development expenditure and completions achieved in 2024/25.

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.

Watford Community Housing	2024	2025	Flag
Operating Margin % (social housing lettings only)	25.8%	29.6%	●
Operating Margin % (overall)	25.9%	26.0%	●
EBITDA MRI Interest Cover %	144.3%	138.4%	●
Headline SH Cost per Unit ('000)	£5.14	5.18	●
Gearing	49.8%	50.4%	●
Return on Capital Employed (RoCE)	2.9%	2.8%	●
% Reinvestment	16.6%	20.8%	●
% New supply delivered (social housing units)	3.7%	5.0%	●
% New supply delivered (non-social housing units)	0.0%	0.0%	●
Remuneration paid to highest paid director relative to size of landlord	£28.65	£26.98	●
Remuneration paid to directors relative to size of landlord	£101.46	£96.41	●

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 slightly higher than the peer group and industry median, reflecting the costs of maintenance including investment in our existing homes. We expect this investment to continue for the next few years, particularly in relation to energy efficiency.

EBITDA-MRI Margin and Gearing all compare favourably to both the peer group and sector median due to our investment in both new stock and existing properties aligned to active treasury management strategies. Our new stock delivered percentage is significantly favourable to both comparators which reflects our highest ever completions in a single year and puts Watford Community Housing as the largest developer relative to size in England. This is also reflected in the reinvestment figure.

	Group 2025	Peer group median 2024	Industry median 2024	Flag v Peer Group
Operating Margin % (social housing lettings)	29.6%	20.5%	20.4%	●
Operating Margin % (overall)	26.0%	19.0%	18.5%	●
EBITDA MRI Interest Cover %	138.4%	120%	122%	●
Headline SH Cost per Unit ('000)	5.18	5.09	5.13	●
Gearing	50.4%	52.0%	45.6%	●
RoCE	2.8%	3.0%	2.8%	●
Reinvestment %	20.8%	9.4%	7.7%	●
% New supply delivered (social housing units)	5.0%	1.6%	1.4%	●
New supply delivered (non-SH units)	0.0%	0.0%	0.0%	●

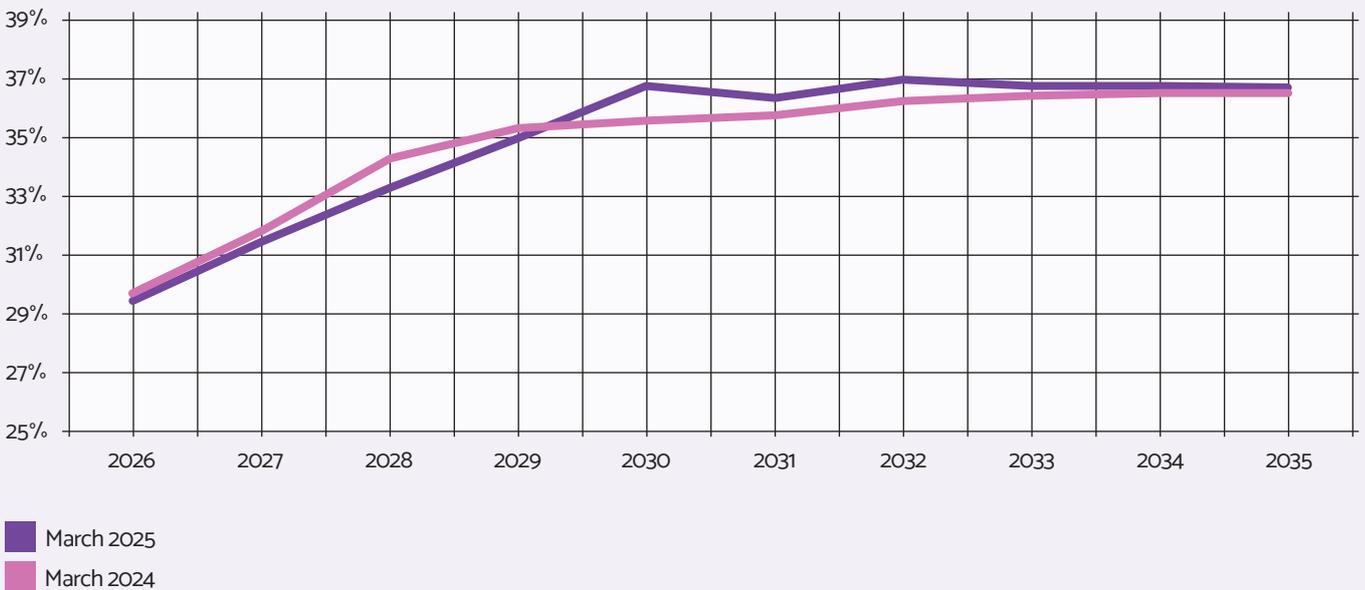
VFM into 2025/26 and beyond:

The efforts to deliver value for money to our customers and the organisation continue into 2025/26 and will be monitored through Group Board. The VFM activities planned for 2025/26 have been reviewed and discussed with Group Board and management focus 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 Professional Advisors and External Contractors
- ICT and Telephony procurement savings
- 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. The following graph confirms future year projections for Operating Margin out to 2028/29. 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 150% 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 558 new homes, although we have an aspiration to achieve 750. 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.

Operating Margin (Association)



Financial Position

Capital structure and cashflow forecast

At the year end the Group had committed borrowing facilities from seven lenders totalling £358m in place. Total drawn-down borrowings amounted to £283m.

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.

The Group annually approves a Treasury Policy prepared in conjunction with its funding advisors. The Policy is regularly reviewed 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 84% of the drawn £283m is at varying levels of fixed rate.

The maturity of the Group's borrowing was as follows on 31 March 2025:

Maturity Profile	2025 £'m	2024 £'m
Within 1 year	-	-
Between 1 and 5 years	120.0	50.0
After 5 years	238.0	288.1
	358.0	338.1

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 £552m. 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 £139m of available security on a discounted valuation basis which gives comfort there is sufficient asset cover for raising additional finance.

During the year £20.0m (2024: £18.5m) of cash was generated from operating activities and cash balances reduced by £9.6m. Total interest of £11.0m (2024: £7.9m) 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 2025/26 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 aspirations.

The Group's Treasury Working Group, comprising of two Board/Committee members, the Chief Finance Officer and the Assistant 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) has also entered into 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 £20.0m (2024: £18.5m). Working capital moved as a result of the net cash flow from operating activities. A net interest payment of £11.0m was made during the year and approximately £83.0m was expended on developing new homes and 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.

During the year, WCH exited the Local Government Pension Scheme, a defined benefit pension scheme. All benefits have been secured and WCH has no further liabilities to the scheme. This removes our exposure to future pension deficits and provides greater control over future pension costs.

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 with its adopted code of Governance (the NHF code of Governance 2020 – Excellence in Governance – Code for members).

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.



Chris Cheshire
Group's Board Chair

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 2025.

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.

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 2025 and also stand at 11 as at July 2025. 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. With the exception of the Chief Executive, to whom special terms apply, namely a 15% employer's contribution, all other executive directors participate in the 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.

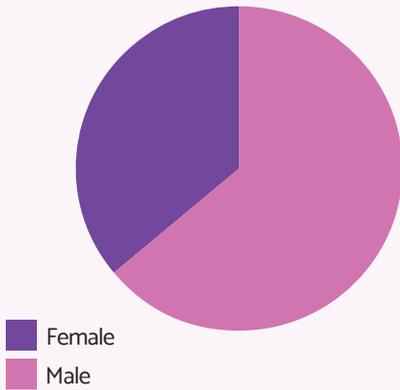
The Group is firmly committed to equality of opportunity and has in place modern employment policies to ensure that we are an attractive and engaging employer to individuals, regardless of their gender, age, religion, ethnicity, sexual orientation, family circumstances, gender reassignment or disability 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.

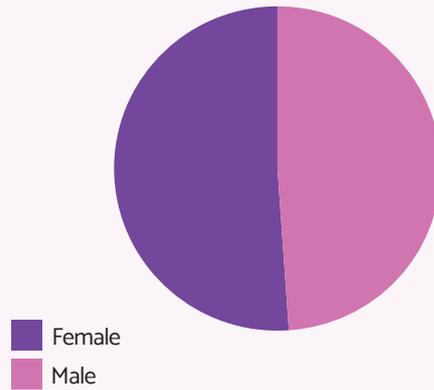
Diversity

The Group Board of Watford Community Housing is proactively working 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.

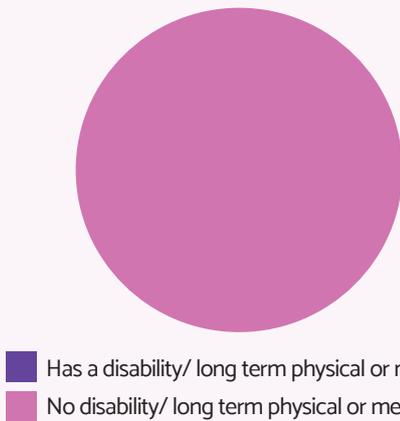
Group Board Membership



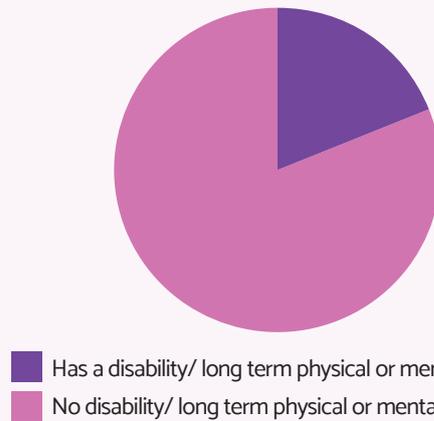
East of England Population (NHF)



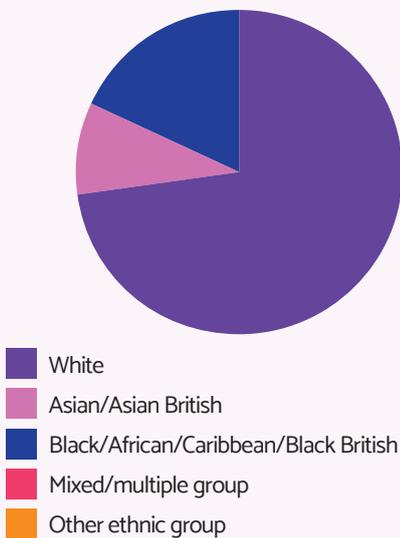
Group Board Membership



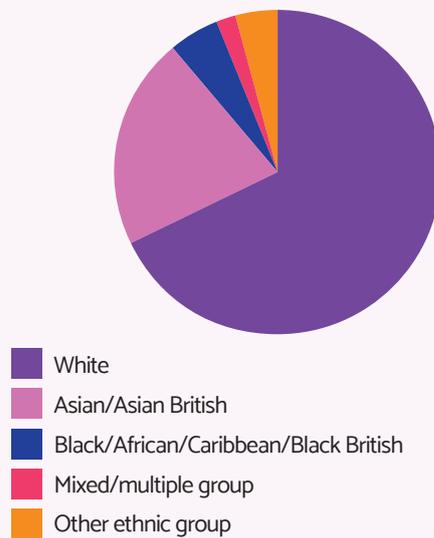
East of England Population (NHF)



Group Board Membership



East of England Population (NHF)



Donations

The Group made donations totalling £365 during the year (2023/24: £1,378).

Financial risk management objectives and policies

The 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 84% 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 £75 million of undrawn, committed, available facilities, and £8m in cash.

Credit risk

The Group has proved resilient to welfare reforms during the financial year with arrears and bad debts continuing to track in line with expectations. However, increases in the cost of living and the current economic climate poses the highest credit risk 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 £75million of undrawn facilities at 31 March 2025), 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 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 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 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 2024 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 15 September 2025.

External auditor

A resolution to reappoint Beever and Struthers 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 21 July 2025 and signed on its behalf by:



Chris Cheshire
Group Board Chair

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 2025 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 2025 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all information included other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions, or
- the Association has not kept adequate accounting records, or
- the Association's financial statements are not in agreement with books of account, or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2023, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Chartered Accountants and
Statutory Auditor
150 Minorities
London
EC3N 1LS

Date **5 September 2025**

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	3a	56,179	44,533
Operating costs	3a	(41,572)	(32,989)
Share of joint venture profit after tax	28	514	786
Surplus on disposal of property, plant and equipment	4	724	814
Surplus on revaluation of investment properties	14	454	725
Operating surplus		16,299	13,869
Profit from joint venture		603	79
Gain on Business combination	30	38,024	6,214
Finance Income	6	303	581
Interest and financing costs	5	(10,254)	(7,866)
Change in fair value of financial instruments		-	-
Surplus before tax		44,975	12,877
Taxation	10	-	-
Surplus for the financial year		44,975	12,877
Actuarial (loss)/gain in respect of pension schemes	23	-	(109)
Change in fair value of hedged financial instruments	21	2,978	1,840
Total comprehensive income for the year		47,953	14,608

These financial statements on pages 27 to 68 were approved and authorised for issue by the Board on 21 July 2025 and signed on its behalf by:



Chris Cheshire
Chair



Michael Suarez
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 – 68 form an integral part of these financial statements

Consolidated Statement of Financial Position

As at 31 March 2025

	Note	2025 £'000	2024 £'000
Fixed Assets			
Intangible assets	11	(26,235)	(26,651)
Investments in joint ventures	28	7,161	6,647
Housing properties	12	547,456	445,230
Investment properties	14	10,775	4,625
Other property, plant and equipment	13	10,846	14,718
Total fixed assets		550,003	444,569
Current assets			
Stock - Work in progress	16	5,848	6,087
Debtors	17	9,120	5,773
Defined benefit pension	23	-	-
Debtors due after one year		-	-
Cash and cash equivalents		7,740	17,354
Total current assets		22,708	29,214
Creditors: Amounts falling due within one year	18	(12,845)	(14,937)
Net current assets		9,863	14,277
Total assets less current liabilities		559,866	458,846
Creditors: Amounts falling due after more than one year	18	(338,936)	(285,622)
Defined benefit pension liability	23	-	-
Provision for liabilities	29	(4,729)	(4,807)
Net assets		216,201	168,417
Capital and reserves			
Share capital		-	-
Revenue reserve		123,320	78,514
Property revaluation reserve		96,076	96,076
Cashflow hedge reserve		(3,195)	(6,173)
Total reserves		216,201	168,417

These financial statements on pages 27 to 68 were approved and authorised for issue by the Board on 21 July 2025 and signed on its behalf by:



Chris Cheshire
Chair



Michael Suarez
Chair of Audit & Risk Committee



Amy Fox
Company Secretary

Watford Community Housing Statement of Comprehensive Income

For the Year Ended 31 March 2025

	Note	2025 £ '000	2024 £ '000
Turnover	3a	56,179	44,785
Operating expenditure	3a	(34,045)	(31,306)
Cost of sales	3a	(7,527)	(1,935)
Impairment of housing properties	2	-	-
Surplus on disposal of property, plant and equipment	4	724	814
Surplus on revaluation of investment properties	14	454	725
Operating surplus		15,785	13,083
Gain on Business Combination	30	38,024	6,214
Finance Income	6	303	581
Interest and financing costs	5	(10,254)	(7,865)
Gift aid received		818	400
Surplus before tax		44,676	12,414
Taxation	10	-	-
Surplus for the financial year		44,676	12,414
Actuarial (loss)/gain in respect of pension schemes	23	-	(109)
Change in fair value of hedged financial instruments	20	2,978	1,840
Total comprehensive income for the year		47,654	14,145

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 2025

	Note	2025 £ '000	2024 £ '000
Fixed Assets			
Intangible assets	11	(26,235)	(26,651)
Housing properties	12	551,869	449,023
Investment properties	14	10,775	4,625
Other property, plant and equipment	13	10,846	14,718
Total fixed assets		547,255	441,715
Current assets			
Stock - Work in progress	16	5,848	6,087
Debtors	17	14,692	11,784
Defined benefit pension	23	-	-
Investment		-	-
Debtors due after one year		-	-
Cash and cash equivalents		8,455	16,538
Total current assets		28,995	34,409
Creditors: Amounts falling due within one year	18	(14,143)	(14,907)
Net current assets		14,852	19,502
Total assets less current liabilities		562,107	461,217
Creditors: Amounts falling due after more than one year	18	(338,936)	(285,622)
Defined benefit pension liability	23	-	-
Provision for liabilities	29	(4,729)	(4,807)
Net assets		218,442	170,788
Capital and reserves			
Revenue reserve		125,562	80,886
Property revaluation reserve		96,076	96,076
Cashflow hedge reserve		(3,196)	(6,174)
Total reserves		218,442	170,788



Chris Cheshire
Chair



Michael Suarez
Chair of Audit & Risk Committee



Amy Fox
Company Secretary

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2025

	Revaluation Reserve	Cashflow Hedge Reserve	Revenue Reserve	2025 Total
	£ '000	£ '000	£ '000	£ '000
At 1 April 2024	96,076	(6,173)	78,514	168,417
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
At 31 March 2025	96,076	(3,195)	123,320	216,201

For the year ended 31 March 2024

	Revaluation Reserve	Cashflow Hedge Reserve	Revenue Reserve	2024 Total
	£ '000	£ '000	£ '000	£ '000
At 1 April 2023	96,085	(8,013)	65,669	153,741
Surplus for the year	-	-	12,945	12,945
Actuarial loss in respect to pension scheme	-	-	(109)	(109)
Transfer from Revaluation Reserve to Revenue Reserve	(9)	-	9	-
Changes in fair value movement of derivatives	-	1,840	-	1,840
At 31 March 2024	96,076	(6,173)	78,514	168,417

Watford Community Housing

Statement of Changes in Reserves

For the year ended 31 March 2025

	Revaluation Reserve	Cashflow Hedge Reserve	Revenue Reserve	2025 Total
	£ '000	£ '000	£ '000	£ '000
At 1 April 2024	96,076	(6,174)	80,886	170,788
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
At 31 March 2025	96,076	(3,196)	125,562	218,442

For the year ended 31 March 2024

	Revaluation Reserve	Cashflow Hedge Reserve	Revenue Reserve	2024 Total
	£ '000	£ '000	£ '000	£ '000
At 1 April 2023	96,076	(8,014)	68,581	156,643
Surplus for the year	-	-	12,414	12,414
Actuarial loss in respect to pension scheme	-	-	(109)	(109)
Transfer from Revaluation Reserve to Revenue Reserve	-	-	-	-
Changes in fair value movement of derivatives	-	1,840	-	1,840
At 31 March 2024	96,076	(6,174)	80,886	170,788

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 £ '000	2024 £ '000
Net cash inflow from operating activities	20,012	18,463
Cash flows from investing activities		
Purchase of property, plant and equipment	(83,043)	(67,113)
Investment in Joint Venture	-	(2,574)
Proceeds from sale of property, plant and equipment	8,002	2,391
Grants received	11,085	8,959
Interest received	303	581
Net cash flows from investing activities	(43,641)	(39,294)
Cash flows from financing activities		
Interest paid	(10,965)	(7,865)
New secured loans	45,000	35,003
Capital element of finance lease payments	(8)	(37)
Net cash flows from financing activities	34,027	27,101
Net increase in cash and cash equivalents	(9,614)	(12,192)
Cash and cash equivalents at beginning of year	17,354	29,547
Cash and cash equivalents at end of year	7,740	17,354

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	2025 £ '000	2024 £ '000
Cash flow from operating activities		
Surplus for the year	16,299	6,663
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	8,704	7,929
Amortisation of loan fees	227	-
Amortisation of intangible assets	(417)	(416)
(Increase) / Decrease in inventories	238	(1,561)
Decrease / (increase) in debtors	(3,346)	5,593
Increase / (decrease) in creditors	(2,073)	(4,105)
Share of profit of joint ventures	89	(1,113)
Pension costs less contributions payable	-	(570)
Carrying amount of property, plant & equipment disposals	-	1,576
(Increase) / decrease in fair value of investment property and reserves	(454)	(35)
Surplus on disposal of property, plant and equipment	(725)	-
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(8,002)	(2,391)
Movement in fair value of financial instrument	-	-
Government grants utilised in the year	(479)	(390)
Interest received	(303)	(581)
Interest payable	10,254	7,865
Cash generated by operations	20,012	18,463

Notes to the Financial Statements

For the year ended 31 March 2025

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 2019. 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 2025. 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 was a participating employer in the Hertfordshire County Council Pension Fund (HCCPF), which is a multi-employer scheme, in respect of those employees already in the scheme who transferred from Watford Borough Council. During the year, the Group exited the scheme and is no longer exposed to the costs of defined benefit schemes, but the comparative figures for the previous year have followed the accounting policy below.

For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained annually and are updated at each Statement of Financial Position date.

Where the scheme is estimated to be in a surplus position, under the reporting provisions of FRS 102, the Association is only able to recognise the surplus as to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. As the Association does not anticipate being able to recover the surplus in the aforementioned manner, the surplus is not recognised on the Statement of Financial Position balance (SOFPP), and a corresponding adjustment is made within our recognised gains and losses on the Statement of Comprehensive Income (SOCII) as an actuarial loss to bring the net LGPS position to £nil on the SOFP.

The Group also 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 £75 million of undrawn facilities at 31 March 2025), 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 2025 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 £3m 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.
- **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.
- **Defined benefit pension scheme:** Watford Community Housing has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including, life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

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.

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

	2025 Turnover £'000	2025 Operating costs £'000	2025 Operating surplus £'000	2024 Turnover £'000	2024 Operating costs £'000	2024 Operating surplus £'000
Social housing lettings (see note 3b)	44,162	(31,070)	13,092	38,501	(28,563)	9,938
Other social housing activities						
Supporting people contract income	29	(29)	-	47	(47)	-
Shared ownership equity & sales income	8,002	(7,527)	475	2,444	(1,935)	509
Management services	1,368	(526)	842	906	(419)	487
Other	741	(1,263)	(522)	1,242	(1,089)	153
	10,140	(9,345)	795	4,639	(3,490)	1,149
Non-social housing activities						
Lettings	1,812	(1,037)	775	1,541	(871)	671
Other	65	(537)	(472)	104	(482)	(378)
Amortisation of Goodwill	-	416	416	-	416	416
	1,877	(1,158)	720	1,645	(937)	708
Total	56,179	(41,573)	14,607	44,785	(33,241)	11,543

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

	2025	2025	2025	2024	2024	2024
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (see note 3b)	44,162	(31,070)	13,092	38,501	(28,563)	9,938
Other social housing activities						
Supporting people contract income	29	(29)	-	47	(47)	-
Shared ownership equity & sales income	8,002	(7,527)	475	2,444	(1,935)	509
Management services	1,368	(526)	842	906	(419)	487
Other	741	(1,263)	(522)	1,242	(1,089)	153
Consolidation adjustment	-	-	-	(252)	-	(252)
	10,140	(9,345)	795	4,387	(3,490)	897
Non-social housing activities						
Lettings	1,812	(1,037)	775	1,541	(871)	671
Other	65	(537)	(472)	104	(482)	(378)
Amortisation of Goodwill	-	416	416	-	416	416
	1,877	(1,158)	720	1,645	(937)	708
	56,179	(41,573)	14,607	44,533	(32,989)	11,543

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

	General needs housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	2025 Total £'000	2024 Total £'000
Income					
Rent Receivable net of identifiable service charges	36,717	2,735	1,467	40,919	36,239
Service income	1,645	833	262	2,740	1,856
Amortisation of SHG	479	-	-	479	390
Other Revenue Grants	24	-	-	24	16
Turnover from social housing lettings	38,865	3,568	1,729	44,162	38,501
Expenditure					
Management costs	(12,057)	(1,718)	(835)	(14,610)	(13,482)
Service charge costs	(758)	(772)	(139)	(1,669)	(1,414)
Routine maintenance	(4,057)	(541)	-	(4,598)	(5,067)
Planned maintenance	(959)	(128)	-	(1,087)	(709)
Major repairs expenditure	(800)	(106)	-	(906)	(406)
Bad debts	(262)	(28)	-	(290)	(305)
Depreciation of housing properties	(7,910)	818	(818)	(7,910)	(7,180)
Operating costs on social housing lettings	(26,805)	(2,476)	(1,792)	(31,070)	(28,563)
Operating surplus on social housing lettings	12,060	1,092	(63)	13,092	9,938
Void losses	1,205	34	-	1,239	473

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

	General needs housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	2025 Total £'000	2024 Total £'000
Income					
Rent Receivable net of identifiable service charges	36,717	2,735	1,467	40,919	36,239
Service income	1,645	833	262	2,740	1,856
Amortisation of SHG	479	-	-	479	390
Other Revenue Grants	24	-	-	24	16
Turnover from social housing lettings	38,865	3,568	1,729	44,162	38,501
Expenditure					
Management costs	(12,057)	(1,718)	(835)	(14,610)	(13,734)
Service charge costs	(758)	(772)	(139)	(1,669)	(1,414)
Routine maintenance	(4,057)	(541)	-	(4,598)	(5,067)
Planned maintenance	(959)	(128)	-	(1,087)	(709)
Major repairs expenditure	(800)	(106)	-	(906)	(406)
Bad debts	(262)	(28)	-	(290)	(305)
Depreciation of housing properties	(7,910)	818	(818)	(7,910)	(7,180)
Operating costs on social housing lettings	(24,805)	(2,476)	(1,792)	(31,070)	(28,815)
Operating surplus on social housing lettings	12,060	1,092	(63)	13,092	9,686
Void losses	1,205	34	-	1,239	473

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

	2025 £'000	2024 £'000
Right to Buy & shared ownership staircasing		
Disposal Proceeds	1,215	1,738
Less: carrying value of fixed assets	(743)	(735)
Surplus on disposal	472	1,003
Other disposals		
Proceeds	299	5
Less: carrying value of fixed assets	(47)	(194)
Surplus/(Deficit) on disposal	252	(189)
Total surplus on disposal	724	814

5. Interest and finance costs - Group

	2025 £'000	2024 £'000
Bank loan and overdraft	10,729	8,956
Finance lease charges	-	-
Loan fee costs	236	253
Capitalised Interest	(711)	(1,344)
	10,254	7,865

5. Interest and finance costs - Watford Community Housing

	2025 £'000	2024 £'000
Bank loan and overdraft	10,729	8,956
Finance lease charges	-	-
Loan fee costs	236	253
Capitalised Interest	(711)	(1,344)
	10,254	7,865

Borrowing costs have been capitalised based on a capitalisation rate of 4.02% (2024: 4.02%) 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

	2025	Group	2025	WCH
	£'000	2024	£'000	2024
		£'000		£'000
Interest receivable and similar income	303	581	303	581

7. Surplus on ordinary activities before taxation

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

	2025	2024
	£'000	£'000
Depreciation of housing properties	7,910	7,180
Depreciation of other property, plant & equipment	793	749
Government grant amortisation	(479)	(390)
Amortisation of goodwill	(416)	(416)
Operating lease rental	-	-
(Gain) on disposal of fixed assets	(724)	(814)
External auditors remuneration:		
- Statutory audit – Net of VAT	63	50
- 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:

	2025 No.	2024 No.
Administration	83	99
Asset Management and Development	20	38
Housing, Support and Care	53	28
In-House Repairs team	61	43
	217	208

Employee costs:

	2025 £'000	2024 £'000
Wages and Salaries	8,569	7,874
Social Security Costs	867	832
Other Pension Costs	820	636
	10,256	9,342

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

	2025 No.	2024 No.
£60,000 to £69,999	8	6
£70,000 to £79,999	3	3
£80,000 to £89,999	1	1
£90,000 to £99,999	1	6
£100,000 to £109,999	6	-
£140,000 to £149,999	-	1
£150,000 to £159,999	1	1
£160,000 to £169,999	-	-
£170,000 to £179,999	-	1
£180,000 to £189,999	1	-
£190,000 to £199,000	-	1
£200,000 to £209,000	1	-
	22	20

9. Board Members and Executive Directors – Group and Association

Executive Directors	Basic Salary £'000	Pension Contribu- tions £'000	Car Allowance £'000	2025 Total £'000	2024 Total £'000
Chief Executive					
Tina Barnard	169.9	25.5	8.0	203.4	194.1
Deputy Chief Executive					
Paul Richmond	159.0	17.5	8.0	184.4	173.5
Group Director of Operations					
Peter Cogan	139.1	11.0	8.0	158.1	145.1
Group Director of Partnerships & Investments					
Penelope Metcalf - joined 09.09.24	80.0	8.8	4.5	93.3	-
Group Director of Partnerships & Investments					
Helen Town - left 30.8.24	59.3	6.5	3.3	69.2	158.3
Total	607.3	69.3	31.8	708.4	671.0

	Salary 2025 £'000	Pension Contributions £'000	Salary 2024 £'000
C Cheshire	11.0	-	11.0
A Lynch	4.5	-	4.5
A Meghani	2.0	-	2.3
D Butcher	7.0	-	7.0
F Nathwani	12	-	2.0
J Hopkins	2.0	-	2.0
J Ratcliff	29	-	7.0
M Lavers	0.0	-	3.4
M Suarez	7.0	-	7.0
N Patel	0.0	-	0.8
R Barwick	4.5	-	3.8
R Hussain	0.0	-	2.9
S David	4.5	-	4.5
S Mahugu	0.0	-	0.8
C EL Khalifa	1.1	-	0.0
T Willcocks	7.0	-	7.0
R Hanrahan	4.5	-	2.3
R McFarlane	2.0	-	1.2
K Burnaby	2.3	-	0.0
R Petty	3.5	-	0.0
C Norton	7.0	-	4.1
	74.0	0.00	73.6

Remuneration paid to the Chair of the Board was £11k (2024: £11k). Remuneration paid to other Board members in the year was £63.5k (2024: £62.6k). Board and committee members expenses were £0.5k (2024: £14.9k). The emoluments of the highest paid director, the Chief Executive, including Performance Related Pay but excluding pension contributions, were £177.9k (2023: £169.8k).

The Chief Executive is a member of the stakeholder scheme with Standard Life. She is an ordinary member of the pension scheme but special terms apply. The Group does 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 2024/25, 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 2024	(6,675)
Charge for the year	(416)
At 31st March 2025	(7,091)
Net book value	
At 31st March 2025	26,235
At 31st March 2024	26,651

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

	Social housing properties held for letting £'000	Social housing and shared ownership properties under construction £'000	Completed shared ownership housing properties £'000	2025 Total £'000
Cost				
At 1 April 2024	421,562	33,465	43,840	498,867
Transfer to Investment Property	(2,005)	-	-	(2,005)
Additions	37,360	74,416	-	111,776
Completed properties	62,769	(74,351)	11,582	-
Transfer to Current Assets	-	(6,723)	-	(6,723)
Works on existing properties	8,281	-	-	8,281
Disposals	(605)	-	(797)	(1,402)
At 31 March 2025	527,362	26,807	54,625	608,794
Depreciation and impairment				
At 1 April 2024	52,166	-	1,471	53,637
Charge for the year	7,482	-	428	7,910
Released on disposal	(154)	-	(55)	(209)
At 31 March 2025	59,494	-	1,844	61,338
NET BOOK VALUE				
At 31 March 2025	467,868	26,807	52,781	547,456
At 31 March 2024	369,396	33,465	42,369	445,230

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

	Social housing properties held for letting £'000	Social housing and shared ownership properties under construction £'000	Completed shared ownership housing properties £'000	2025 Total £'000
Cost				
At 1 April 2024	420,031	38,301	44,328	502,660
Transfer to Investment Property	(2,005)	-	-	(2,005)
Additions	37,360	75,037	-	112,397
Completed properties	62,769	(74,351)	11,582	-
Transfer to Current Assets	-	(6,723)	-	(6,723)
Works on existing properties	8,280	-	-	8,280
Disposals	(605)	-	(797)	(1,402)
At 31 March 2025	525,830	32,264	55,113	613,207
Depreciation and impairment				
At 1 April 2024	52,166	-	1,471	53,637
Charge for the year	7,482	-	428	7,910
Released on disposal	(154)	-	(55)	(209)
At 31 March 2025	59,494	-	1,844	61,338
NET BOOK VALUE				
At 31 March 2025	466,336	32,264	53,269	551,869
At 31 March 2024	367,865	38,301	42,857	449,023

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

	Freehold properties £'000	Office Computers £'000	Furniture and fittings £'000	Office equipment and vehicles £'000	2025 Total £'000
Cost					
At 1 April 2024	17,462	3,431	575	485	21,953
Additions	164	467	33	-	664
Disposals	(3,885)	(105)	-	(100)	(4,090)
At 31 March 2025	13,741	3,793	608	385	18,527
Depreciation and impairment					
At 1 April 2024	3,936	2,661	161	477	7,235
Charge for the year	368	394	23	8	793
Released on disposal	(172)	(75)	-	(100)	(347)
At 31 March 2025	4,132	2,980	184	385	7,681
NET BOOK VALUE					
At 31 March 2025	9,609	813	424	-	10,846
At 31 March 2024	13,526	770	414	8	14,718

14. Investment properties - Group & Watford Community Housing

	2025 Properties held for market rent £'000	2024 Properties held for market rent £'000
Valuation as at 1 April 2024	4,625	3,900
Transfer from housing properties	2,005	-
Transfer from Other Fixed Assets	3,691	-
Gain from adjustment to fair value	454	725
At 31 March 2025	10,775	4,625

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

	2025 £'000	2024 £'000
Completed SO 1st Tranche	3,317	4,367
Completed Outright Sales - First Homes	210	419
Work in Progress - SO 1st Tranche	2,321	1,301
Work in Progress - Outright Sales	-	-
	5,848	6,087

17. Debtors - Group

Classification	2025 £'000	2024 £'000
Due within one year		
Rent and service charges arrears	2,383	2,056
Less: Provision for bad and doubtful debts	(2,101)	(1,958)
	282	98
Service charges sinking fund account	516	455
Sundry debtors	83	21
Other debtors	8,161	3,374
Prepayments and accrued income	78	1,825
Debtors due within one year	9,120	5,773
Due after more than one year	-	-
Total Debtors	9,120	5,773

17. Debtors - Watford Community Housing

Classification	2025 £'000	2024 £'000
Due within one year		
Rent and service charges arrears	2,383	2,056
Less: Provision for bad and doubtful debts	(2,101)	(1,958)
	282	98
Service charges sinking fund account	516	455
Sundry debtors	83	21
Other debtors	3,141	3,277
Intercompany debtors	76	(29)
Loans to subsidiaries	-	-
Prepayments and accrued income	1,316	1,825
Debtors due within one year	5,414	5,647
Due after more than one year		
Loans to subsidiaries	9,278	6,137
Due after more than one year	9,278	6,137
Total Debtors	14,692	11,784

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

Classification	2025 £'000	2024 £'000
Trade creditors	1,722	4,692
Rent and service charges received in advance	3,033	1,490
Government grants	527	538
Other taxation and social security	554	432
Pension Contributions	107	94
Intercompany creditors	-	-
Other creditors	2,961	3,047
Finance lease liability	-	8
Accruals and deferred income	3,941	4,636
	12,845	14,937

18. Creditors: amounts falling due after one year - Group

Classification	2025 £ '000	2024 £ '000
Bank loans	283,652	238,921
Government grants	52,086	40,525
Derivative financial instruments	3,198	6,176
Finance lease liability	-	-
	338,936	285,622

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

Classification	2025 £'000	2024 £'000
Trade creditors	1,722	4,692
Rent and service charges received in advance	3,033	1,490
Government grants	526	538
Other taxation and social security	554	432
Pension Contributions	107	94
Other creditors	2,961	3,018
Intercompany creditors	-	-
Finance lease liability	-	8
Accruals and deferred income	5,240	4,636
	14,143	14,907

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

Classification	2025 £'000	2024 £'000
Bank loans	283,652	238,921
Government grants (see note 19)	52,086	40,525
Derivative financial instruments (see note 20)	3,198	6,176
Finance lease liability	-	-
	338,936	285,622

19. Deferred income - Government grants

	2025 £'000	2024 £'000
At 1 April	41,063	32,494
Grants receivable	12,028	8,959
Total Grant Received	53,091	41,453
Amortisation to Statement of Comprehensive Income	(479)	(390)
At 31 March	52,612	41,063
Due within one year	526	538
Due after one year	52,086	40,525

20. Financial instruments - Group and Watford Community Housing

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

	2025 £'000	2024 £'000
Financial assets		
Measured at undiscounted amount receivable		
Rent arrears and other debtors (see note 17)	282	98
	282	98
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial liabilities (see note 18)	3,198	6,176
Measured at amortised cost		
Loans payable (see note 18)	283,652	238,921
Measured at undiscounted amount payable		
Trade and other creditors (see note 18)	14,143	14,907
	300,993	260,004

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

	2025 £'000	2024 £'000
Fair value gains and losses		
On financial assets (including listed investments) measured at fair value through Statement of Comprehensive Income	-	-
	2024 £'000	2024 £'000
Obligation under finance leases		
In one year or more but less than two years	-	8
In two years or more but less than five years	-	-
In five years or more	-	-
	-	8

21. Derivative financial instruments

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

	2025	2024
	£'000	£'000
Interest rate swaps creditors	3,198	6,176

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	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Outstanding receive floating pay fixed contracts				
5 years +	57,000	57,000	3,198	6,176

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

	2025 No.	2025 £	2024 No.	2024 £
Shares of 10p each issued and fully paid				
At 1 April 2024	2,023	202	2,109	211
Shares issued during the year	14	2	9	1
Shares surrendered during the year	(98)	(10)	(95)	(10)
At 31 March 2025	1,939	194	2,023	202

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 2024, 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 2024 % pa.	31-Mar 2024 % pa.
Financial Assumptions		
Discount rate	4.5%	4.8%
Future salary increases	-	3.3%
Future pension increases	2.4%	2.8%

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 % increase to Defined Benefit Obligation	Approximate monetary amount (£'000)
Change in assumptions at 31 March 2025		
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

	2025 £'000	2024 £'000
Analysis of the amount charged to the Statement of Comprehensive Income		

Pro rata for 2025

Current service cost	2	6
Interest Income on plan assets	(192)	(576)
Interest on pension scheme liabilities	154	464
Losses on Curtailments and Settlements	-	-
Total operating (income)	(36)	(106)

	2025 £'000	2024 £'000
Amounts recognised in Statement of Comprehensive Income		

Actuarial gains recognised	-	596
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	2025 £'000	2024 £'000
Amounts recognised in the Statement of Financial Position		

Present value of funded obligations	(9,409)	(9,927)
Fair value of plan assets	12,861	12,992
Present value of unfunded obligations	3,452	3,065
Adjustment recognised in actuarial losses to cap the scheme surplus	(3,452)	(3,065)
Net Asset/(liability)	-	-

	2025 £'000	2024 £'000
Changes in present value of the plan assets		
Opening fair value for employer assets	12,992	12,370
Return on Assets	-	533
Contributions by members	-	1
Contributions by Employer	-	3
Interest income on plan assets	-	576
Benefits paid	-	(491)
Other	(131)	-
Closing defined benefit obligation	12,861	12,992
Adjustment recognised in actuarial losses to cap the scheme surplus	(12,861)	(3,065)
Plan assets in the scheme as recognised on the balance sheet	-	9,927

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.

	2025 £'000	2024 £'000
Changes in present value of defined benefit obligation		
Opening defined benefit obligation	9,927	10,010
Service cost	-	6
Past service cost (including curtailments)	-	-
Interest cost	-	464
Actuarial losses (gains)	-	(63)
Contributions by members	-	1
Estimated benefits paid	-	(491)
Other	(9,927)	-
Closing defined benefit obligation	-	9,927

	2025	2024
Major categories of plan assets as percentage of total plan assets		
Equities	-	61%
Bonds	-	21%
Property	-	12%
Cash	-	6%

	2026 £'000	2025 £'000
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Analysis of projected amounts to be charged to operating surplus for the year to 31 March 2026

Projected Current Service Cost	-	(5)
Expected Return on Plan Assets	-	610
Interest on Obligation	-	(463)
Total	-	142

24. Capital commitments – Watford Community Housing

	2025 £'000	2024 £'000
Capital Expenditure		
Expenditure contracted for but not provided in the accounts	43,771	109,411
Expenditure authorised by the Board, but not contracted for	72,262	69,366
Total	116,033	178,777

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:

	2025 £'000	2024 £'000
Office equipment and computers payments in the following periods		
Within one year	110	64
One to two years	-	-
Two to five years	49	81
	159	145

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:

	2025 No.	2024 No.
Social housing		
General housing	4,926	4,617
Supported housing and housing for older people	776	523
Shared ownership	345	291
Total social housing owned	6,047	5,431
Accommodation managed for others (social)	243	215
Accommodation managed by others	9	3
Total social housing managed	6,299	5,649
Accommodation managed for others (non-social)	59	82
Leasehold	393	379
Total housing owned and managed	6,751	6,110
Non-Social Housing		
Commercial Shops	20	20
Commercial and Market Rented Properties	25	24
Garages	988	990
	1,033	1,034
Total owned and managed	7,784	7,144

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 Hertsme 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 Received 2025 £'000	Services Provided 2025 £'000	Debtor/ (Creditor) balances as at 31 March 2025 £'000	Services Received 2024 £'000	Services Provided 2024 £'000	Debtor/ (Creditor) balances as at 31 March 2024 £'000
Regulated						
Watford Community Housing	702	377	9,275	451	364	6,034
Non-Regulated						
WCHT Devco Limited	298	702	-	302	451	(5,946)
Clarendon Living Limited	-	-	(9,187)	-	-	-
Hart Homes (Watford) Limited	36	-	-	36	-	-
Hart Homes Watford Developments LLP	-	-	-	-	-	-
Three Rivers Homes Limited	22	-	(88)	18	-	(88)
Three Rivers Housing Developments LLP	-	-	-	-	-	-
Hertsmere Living Limited	22	-	-	8	-	-

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:

	2025 £'000	2024 £'000
Investment in Joint Ventures		
Brought forward at 1 April	6,647	3,287
Investment in year	-	2,574
Share of profit of joint ventures	514	786
Carried forward at 31 March	7,161	6,647

29. Provision for liabilities - Group

£'000

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

At 31 March 2025	4,729
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At 1 April 2023	4,559
Charged to income and expense	-
Additions	600
Utilised in year	(352)

At 31 March 2024	4,807
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29. Provision for liabilities - Watford Community Housing

£'000

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

At 31 March 2025	4,729
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At 1 April 2023	4,559
Charged to income and expense	-
Additions	600
Utilised in year	(352)

At 31 March 2024	4,807
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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 the data breach incident in March 2020.

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 has been accounted for as an acquisition in the year

	Book Value £'000	Adjustments £'000	Fair Value £'000
Fixed assets			
Housing Properties	6,430	30,930	37,360
Social housing grant	(937)	-	(937)
Other fixed assets	-	-	-
Debtors	200	-	200
Cash at bank and in hand	1,497	-	1,497
Cash on short term deposit	-	-	-
Creditors: Amount falling due within one year	(96)	-	(96)
Creditors: Amount falling due after one year	-	-	-
Net assets	7,094	30,930	38,024



watford
community
housing

Watford Community Housing

Gateway House
59 Clarendon Road
Watford
Hertfordshire
WD17 1LA

T 0800 218 2247

E enquiries@wcht.org.uk

W www.wcht.org.uk