



## **SOUTH EASTERN POWER NETWORKS PLC**

**Registration number: 3043097**

**Interim report and condensed financial statements  
for the six months ended 30 September 2025**

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## **COMPANY INFORMATION**

### **Directors**

Andrew John Hunter (Chairman)  
Hing Lam Kam  
Neil Douglas McGee  
Basil Scarsella  
Charles Chao Chung Tsai  
Loi Shun Chan  
Duncan Nicholas Macrae  
Kee Ham Chan  
Christopher Clarke  
Paul Jeffery  
Jenny Yu

### **Company Secretary**

Andrew Pace

### **Registered Office**

Newington House  
237 Southwark Bridge Road  
London  
SE1 6NP  
United Kingdom

### **Auditor**

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

## **INTERIM MANAGEMENT REPORT**

### **About us**

#### *Who we are*

South Eastern Power Networks plc (the "Company") is a wholly owned subsidiary of the UK Power Networks Group (the "Group"). The Company is responsible for operating and maintaining the electricity distribution network in the South East of England for the safe, reliable and efficient electricity supply to existing customers and the timely, cost-effective connections of new customers.

#### *What we do*

As an electricity distribution network operator ("DNO"), we provide electricity infrastructure to deliver electricity supply to over 2.4 million homes and businesses. The Company operates the electricity network for people who live and work in the South East of England, including South London, Kent, East Sussex and parts of Surrey and West Sussex, covering a variety of customers and locations.

The Company operates within a regulatory framework under licence from the Office of Gas and Electricity Markets ("Ofgem"). Ofgem works with government, industry and consumer groups to establish a regulatory framework to promote a sustainable electricity network which delivers value for customers. Ofgem sets the price control which determines what the Company can charge its customers and the level of "allowed" revenue. In addition, Ofgem establishes incentives for outperformance and innovation relating to outputs, including safety performance, network reliability, customer service, the environment and efficiency. In addition to allowed revenues, the Company collects income to cover the cost of connecting new customers to the network.

The Company has no employees of its own, it relies on the employees of other Group companies to deliver its services.

### **Operating review**

#### *Overview*

The key performance indicators ("KPIs") used by the Board of Directors in their monitoring of the performance of the Company focus on the areas of safety, network performance, reliability, and customer service. During the six months ended 30 September 2025 the Company continued to perform well in terms of Network Reliability and Customer Service, showing an improvement compared to the prior year comparative period. Safety performance has also seen an improvement. There was a decrease in lost time incidents ("LTIs") compared to the prior year comparative period. More detail is provided in the following paragraphs.

#### *Safety*

The Group's number one priority is the safety of its employees and contractors as well as seeing that members of the public are safe around the network. The Group has robust health and safety management systems and risk controls for the safety of employees and contractors working on the network. To see that safety always remains front of mind, companywide health and safety campaigns are run to raise awareness and keep the focus on working safely.

LTI, which is defined as an injury to employees or contractors that result in one or more days away from work, is a key safety measure. The circumstances of an LTI are investigated thoroughly to see any lessons learned are well communicated, with the aim of preventing the recurrence of such incidents. Findings from investigations are also used to improve training and safety procedures.

The Group recorded 0 LTIs in the six months ended 30 September 2025 which is a decrease from 2 LTIs in the same period last year. The Group remains focused on seeing safety is the highest priority and continues to enhance its behavioural safety ("Stay Safe") programme as well as greater levels of work site audits and improved communications.

#### *Network performance*

The principal measures used to assess network performance are customer minutes lost ("CMLs") and customer interruptions ("CIs").

CMLs are the average length of time customers are without power for three minutes or longer and represent availability of supply. CIs, the number of interruptions per 100 customers, are an indicator of network reliability.

## **INTERIM MANAGEMENT REPORT continued**

CMLs and CIs are measured and agreed with Ofgem on an annual basis to 31 March and presented in the Company's annual report and financial statements. Performance to 30 September 2025 has improved across both measures compared to the same period in the prior year.

### *Customer satisfaction*

Ofgem measures customer satisfaction by surveys of customers across all licensed networks and relating to interruptions, minor connections and general enquiries. This measurement is referred to as the Broad Measure of Customer Satisfaction or "BMCS".

The Company recorded an average of 96% customer satisfaction in the six months ended 30 September 2025, representing an improvement from 94% in the prior year comparative period and ranked first (up from third in the prior year comparative period) out of the fourteen electricity distribution networks in Great Britain.

### *Customer satisfaction for low carbon technologies*

For RIIO-ED2, the Group developed an independent Low Carbon Technology Customer Satisfaction survey. The Company's average score for the six months ended 30 September 2025 was 96% (six months ended 30 September 2024: 96%).

## **Financial review**

The Company's key financial performance indicators relating to the period under review are set out in the table below.

	<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
<b>Financial key performance indicators</b>		
Turnover	<b>242.0</b>	316.0
EBITDA <sup>1</sup>	<b>162.3</b>	242.3
Profit after tax	<b>60.1</b>	123.4
Gross capital expenditure on tangible assets	<b>174.9</b>	157.5
Capital expenditure on tangible assets net of customer contributions received	<b>137.7</b>	120.2

<sup>1</sup> EBITDA is a non-statutory measure and is calculated by adding back amortisation and depreciation to operating profit (also discussed in subsequent paragraphs).

## **Overview**

The Company has recorded a reduction in financial performance for the six months ended 30 September 2025. Profit after tax of £60.1m is £63.3m below the prior year comparative period of £123.4m. This reflects the benefit of higher revenues collected in the prior year comparative period, which was derived from higher actual rates of inflation in prior regulatory periods, as explained below.

### *Turnover*

Turnover has decreased from £316.0m to £242.0m. Turnover in the prior year comparative period benefitted from the recovery of additional amounts relating to higher inflation, which was under-recovered in previous financial periods owing to actual rates of inflation being higher than those assumed when revenue tariffs were set. This is not expected to continue in this financial year, given the lower rate of inflation. In addition, the prior year comparative period included incentive revenues relating to RIIO-ED1 which were recovered on a two-year lag.

**INTERIM MANAGEMENT REPORT continued**

*EBITDA/ Operating profit*

Earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased by £80.0m from £242.3m to £162.3m. This is mainly the result of the reduction in revenue as explained above.

The EBITDA measure excludes the effect of interest, taxation, depreciation and amortisation from earnings and reflects the operational performance of the business. The closest statutory measure is operating profit which is presented in the condensed profit and loss statement. Removing the effect of depreciation and amortisation from operating profit provides a clearer measure of operating performance within the business and enables comparison with industry peers. It is also the basis for certain of the Group's covenant metrics.

**Operating profit is reconciled to EBITDA as follows:**

	<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
<b>Operating profit</b>	<b>103.0</b>	187.9
Depreciation of tangible assets	<b>55.5</b>	51.8
Amortisation of intangible assets	<b>3.8</b>	2.6
<b>EBITDA</b>	<b>162.3</b>	242.3

*Profit after tax*

Profit after tax of £60.1m is lower than the £123.4m in the prior year comparative period, driven primarily by lower EBITDA.

*Capital expenditure*

Gross capital expenditure is a measure of the Company's investment in the electricity distribution network during the period. Capital expenditure net of customer contributions, as calculated in the table below, represents a measure of the capital expenditure directly funded by the Company, excluding capital expenditure which was funded from contributions received from customers.

Gross capital expenditure on tangible assets was £174.9m, an increase of £17.4m compared to the prior year comparative period due to higher capital work volumes from additional investment commitments during RIIQ-ED2. This expenditure relates predominantly to improvements to the electricity networks. Capital expenditure during the period net of customer contributions increased by £17.5m to £137.7m.

	<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
Gross capital expenditure on tangible assets	<b>174.9</b>	157.5
Less: Customer contributions received in the period	<b>(37.2)</b>	(37.3)
<b>Capital expenditure net of customer contributions</b>	<b>137.7</b>	120.2

Gross capital expenditure on tangible assets is disclosed in note 7 to the condensed financial statements and customer contributions received are disclosed in note 15 to the condensed financial statements.

**INTERIM MANAGEMENT REPORT continued**

*RAV gearing*

The proportion of regulatory net debt measured against the Regulatory Asset Value ("RAV") of the business reflects the capacity of the business to source additional finance. This is a key metric for the Company's covenant arrangements with pension trustees and providers of finance and is monitored on a regular basis.

The RAV gearing ratio remains well within pension and bank covenant targets, increasing slightly from 55% at 31 March 2025 to 56% at 30 September 2025. This reflects an increase in the net debt during the period.

	<b>As at 30 September 2025 £m</b>	<b>As at 31 March 2025 £m</b>
Regulatory asset value (RAV) <sup>1</sup>	<b>2,715.1</b>	2,620.7
RAV gearing <sup>2</sup>	<b>56%</b>	55%

1 The RAV values presented are based on the information available at the date the accounts are signed. Discussion with Ofgem may result in the RAV being increased or decreased.

2 "RAV gearing" is the ratio of net debt (as defined within certain of the Company's covenant arrangements), to the RAV.

**Financial risk management objectives and policies**

The Company is financed by a combination of equity and retained profits, bonds, and bank lending facilities. The Company's funding and liquidity are managed within a framework of documented treasury policies and guidelines.

At 30 September 2025 the Company had total borrowings of £1,548.1m (31 March 2025: £1,508.4m) comprising bonds of £1,241.4m (31 March 2025: £1,243.7m) of which £269.9m is current (31 March 2025: £nil), loans from the European Investment Bank (EIB) of £165.0m (31 March 2025: £165.0m) of which £10.0m is current (31 March: £10.0m current), short-term loans from group undertakings of £42.0m (31 March 2025: £nil) and other bank loans of £99.7m (31 March 2025: £99.7m).

The Company's principal financial assets are its cash balances, trade and other receivables and loans to Group undertakings.

**Dividends**

Dividends of £29.0m were paid during the period (six months ended 30 September 2024: £20.0m).

## INTERIM MANAGEMENT REPORT continued

### Principal risks and uncertainties

In the view of the Board, the principal risks relevant to the Company at 30 September 2025 and during the remaining six months of the financial year ending 31 March 2026 will remain consistent with those that were contained in the Company's 2025 annual report. These risks are summarised below and are presented in more detail together with the mitigating actions being taken by management, in the 2025 Annual Report and Accounts available at [www.ukpowernetworks.co.uk/about-us/investor-relations](http://www.ukpowernetworks.co.uk/about-us/investor-relations).

<b>Risk</b>
<p><b>Health and safety incidents</b></p> <p>There is a risk that a fatality or serious injury occurs involving a Group employee, a contractor, a member of the public or a third party.</p> <p>Any such incident could lead to a prosecution or a fine and have an adverse impact on the reputation of the Company.</p>
<p><b>Inadequate response to major adverse events</b></p> <p>Adverse events include risks relating to weather patterns, in particular the severity or frequency of storms, high winds or flooding which can have a negative impact in the form of increased damage and expenditure to the network.</p> <p>An inadequate response to a major adverse event could result in a failure in the Company's performance (e.g. power outages at key facilities, safety incidents, poor customer service and/or breach of licence conditions) resulting in significant financial and reputational damage.</p>
<p><b>Failure of network assets</b></p> <p>There are significant risks associated with network assets where failure of asset management procedures, systems or equipment could result in a major outage, major fine or a serious injury/fatality.</p> <p>Customer service and continuity/quality of supply are important regulatory requirements and poor performance in these areas can result in financial penalties.</p> <p>Any significant incident could cause adverse publicity and impact negatively on the reputation of the Company.</p>
<p><b>Achieving output and cost efficiency targets</b></p> <p>Output and cost efficiency targets are agreed with Ofgem within the price control framework.</p> <p>Supply chain disruption, higher levels of inflation and the availability of employee and contractor resourcing can impact delivery of targets.</p> <p>If the business does not meet output and cost efficiency targets this could negatively impact financial performance.</p>
<p><b>Network unable to meet accelerated demand</b></p> <p>The Group has a key role in facilitating the transition to net zero.</p> <p>Risk of not meeting the accelerated demand on the network resulting from the uptake of low carbon technologies under the challenging timelines set by the government.</p>



**INTERIM MANAGEMENT REPORT continued**

<b>Risk</b>
<p><b>Regulatory compliance risk</b> The Group is subject to extensive regulatory and legislative obligations. These include obligations set by Ofgem as well as statutory requirements, including taxation.</p> <p>Compliance obligations may be impacted by the prevailing political and economic climate.</p> <p>Non-compliance with regulatory and legislative obligations could result in lower financial returns, reputational damage, breach of licence conditions or fines.</p> <p>Any change in the regulatory framework by Ofgem and/ or an unfavourable settlement in respect of the ED3 price control could negatively impact future performance.</p>
<p><b>Supply chain capacity and long lead times</b> Supply chain performance pressures have increased globally due to inflation, the energy crisis, people shortages and Net Zero commitments. This is resulting in increased risks of price fluctuations, extended lead times for critical materials, insolvency of key suppliers and scarcity of skilled contractor workforce. If these challenges are not managed effectively, it may impact UK Power Networks' ability to deliver against its targets.</p>
<p><b>Major failure or cyber security breach of IT systems</b> A failure or cyber security breach of core IT systems could have a considerable impact on business operations. If the breach or failure is related to control systems, the Group's ability to operate the network could be impacted. Data breaches could result in legal or regulatory non-compliance with resulting financial penalties and reputational damage.</p>
<p><b>Political and economic climate</b> Political and global events can affect aspects of the Company's business. This includes events such as the disruption to global supply chains.</p> <p>Changes in the macroeconomic environment, such as credit markets, inflation and interest rates could negatively impact financial results and the Group's access to funding.</p>

**Going concern**

The Directors have performed an assessment of going concern based on detailed cash flow forecasts for a period of at least 12 months from the date of these condensed financial statements as well as taking into consideration the following factors:

- The Company is profitable with strong operating cashflows and predictable revenues regulated by Ofgem under an established price control mechanism.
- £145.0m of undrawn committed borrowings under a revolving credit facility and the flexibility provided by centralised Group treasury arrangements which allow short term funding from other Group companies if required.
- The net current liability position of £172.0m and the financial covenants applicable to the Company's financial facilities.
- The Company has a successful track record of raising finance supported by an investment grade credit rating.

In assessing going concern the Directors have considered reasonably possible downside scenarios which could negatively impact the Company. These include an increase in costs resulting from storm events, higher than expected inflation, lower than expected revenues, which could be attributable to the impacts of weather or other events on consumption and a reduction in connections income. Stress testing has been performed

**INTERIM MANAGEMENT REPORT continued**

and indicates that the level of decline in the Company's financial performance to result in a financial covenant breach is considered remote.

The Company's forecasts under all reasonable scenarios show that the Company has adequate liquidity for a period of at least 12 months from the date of these condensed financial statements. Accordingly, the Directors are satisfied it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed financial statements.

Approved by the Board and signed on its behalf by:



.....  
Basil Scarsella  
**Director**

3 December 2025  
Newington House  
237 Southwark Bridge Road  
London  
SE1 6NP  
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The interim financial information is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules (DTR) of the United Kingdom Financial Conduct Authority.

As required by Chapter 4 of the DTR in respect of companies with listed debt, the Directors confirm to the best of their knowledge that:

- The condensed interim financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' which gives a true and fair view of the assets, liabilities, financial position and profit of the Company for the six months ended 30 September 2025; and
- The interim management report includes a fair review of the information required by DTR 4.2.7R (an indication of important events and their impact during the first six months of the financial year, and a description of principal risks and uncertainties for the remaining six months of the financial year).

Signed on behalf of the Board of Directors of South Eastern Power Networks plc:



.....  
Basil Scarsella

**Director**

3 December 2025

## **INDEPENDENT REVIEW REPORT OF SOUTH EASTERN POWER NETWORKS PLC ('THE COMPANY')**

### **Conclusion**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2025 which comprises the condensed profit and loss statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement and related notes 1 to 15.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2025 is not prepared, in all material respects, in accordance with Financial Reporting Standard 104 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Basis for Conclusion**

We conducted our review in accordance with the International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting".

### **Conclusion Relating to Going Concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

### **Responsibilities of the directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the review of the financial information**

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**INDEPENDENT REVIEW REPORT OF SOUTH EASTERN POWER NETWORKS PLC ('THE COMPANY')**

**Use of our report**

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

.....  
**Deloitte LLP**  
Statutory Auditor  
London, United Kingdom  
3 December 2025

**CONDENSED PROFIT AND LOSS STATEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025**

		<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
	Note		
<b>Turnover</b>	2	<b>242.0</b>	316.0
Operating costs		<b>(139.0)</b>	(128.1)
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>103.0</b>	187.9
Finance costs (net)	4	<b>(23.0)</b>	(23.5)
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>80.0</b>	164.4
Taxation	5	<b>(19.9)</b>	(41.0)
		<hr/>	<hr/>
<b>Profit for the period</b>		<b>60.1</b>	123.4
		<hr/> <hr/>	<hr/> <hr/>

All results are derived from continuing operations.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025**


	Note	Six months ended 30 September 2025 £m	Six months ended 30 September 2024 £m
<b>Profit for the period</b>		<b>60.1</b>	123.4
Fair value losses deferred to hedging reserves		(0.7)	(0.4)
Reclassified to profit or loss from hedge reserve		0.6	0.6
Remeasurement (losses)/gains on defined benefit pension schemes	14	(10.1)	16.7
<b>Other comprehensive (loss)/income</b>		<b>(10.2)</b>	16.9
<b>Total comprehensive income</b>		<b>49.9</b>	140.3

The components of other comprehensive income are stated net of tax related effects.

**CONDENSED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2025**

		30 September 2025 £m	31 March 2025 £m
	Note		
<b>Fixed assets</b>			
Intangible assets	6	23.9	23.9
Tangible assets	7	4,060.6	3,941.2
		<u>4,084.5</u>	<u>3,965.1</u>
<b>Current assets</b>			
Debtors			
- amounts falling due within one year	8	234.7	88.6
- amounts falling due after more than one year	8	185.4	367.4
Cash and cash equivalents		8.4	34.5
		<u>428.5</u>	<u>490.5</u>
<b>Creditors: amounts falling due within one year</b>	9	(600.5)	(311.9)
		<u>(172.0)</u>	<u>178.6</u>
<b>Net current (liabilities)/assets</b>			
<b>Total assets less current liabilities</b>		3,912.5	4,143.7
<b>Creditors: amounts falling due after more than one year</b>	9	(2,064.9)	(2,324.1)
Provisions for liabilities	12	(301.2)	(294.1)
		<u>1,546.4</u>	<u>1,525.5</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital		145.1	145.1
Hedging reserve		(1.2)	(1.1)
Profit and loss account		1,402.5	1,381.5
		<u>1,546.4</u>	<u>1,525.5</u>
<b>Shareholder's funds</b>			
		<u>1,546.4</u>	<u>1,525.5</u>

The condensed financial statements of South Eastern Power Networks plc, registered number 3043097, were approved and authorised for issue by the Board and signed on its behalf by:

  
.....  
Basil Scarsella  
**Director**  
3 December 2025



**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025**

	<b>Called- up share capital £m</b>	<b>Profit and loss account £m</b>	<b>Hedging reserve £m</b>	<b>Total £m</b>
At 1 April 2025	145.1	1,381.5	(1.1)	<b>1,525.5</b>
Profit for the period	-	60.1	-	<b>60.1</b>
Remeasurement losses on defined benefit pension schemes	-	(10.1)	-	<b>(10.1)</b>
Fair value losses deferred to hedge reserve	-	-	(0.7)	<b>(0.7)</b>
Reclassified to profit or loss from hedge reserve	-	-	0.6	<b>0.6</b>
Total comprehensive income	-	50.0	(0.1)	<b>49.9</b>
Dividends	-	(29.0)	-	<b>(29.0)</b>
<b>At 30 September 2025</b>	<b>145.1</b>	<b>1,402.5</b>	<b>(1.2)</b>	<b>1,546.4</b>

	<b>Called- up share capital £m</b>	<b>Profit and loss account £m</b>	<b>Hedging reserve £m</b>	<b>Total £m</b>
At 1 April 2024	145.1	1,196.6	(4.0)	<b>1,337.7</b>
Profit for the period	-	123.4	-	<b>123.4</b>
Remeasurement gains on defined benefit pension schemes	-	16.7	-	<b>16.7</b>
Fair value losses deferred to hedge reserve	-	-	(0.4)	<b>(0.4)</b>
Reclassified to profit or loss from hedge reserve	-	-	0.6	<b>0.6</b>
Total comprehensive income	-	140.1	0.2	<b>140.3</b>
Dividends	-	(20.0)	-	<b>(20.0)</b>
<b>At 30 September 2024</b>	<b>145.1</b>	<b>1,316.7</b>	<b>(3.8)</b>	<b>1,458.0</b>

**CONDENSED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025**

		<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
	Note		
<b>Cash generated from operations</b>	15	<b>183.2</b>	261.1
Corporation tax paid		<b>(12.7)</b>	(31.0)
<b>Net cash flows from operating activities</b>		<b>170.5</b>	230.1
<b>Cash flows from investing activities</b>			
Gross capital expenditure on tangible assets		<b>(173.6)</b>	(156.6)
Capital expenditure on intangible assets		<b>(3.8)</b>	(6.4)
Short-term loans advanced to Group undertakings		-	(20.0)
Interest received		<b>3.5</b>	4.8
<b>Net cash flows used in investing activities</b>		<b>(173.9)</b>	(178.2)
<b>Cash flows from financing activities</b>			
Equity dividends paid		<b>(29.0)</b>	(20.0)
Interest paid		<b>(35.7)</b>	(35.7)
Proceeds from short-term borrowing		<b>42.0</b>	-
<b>Net cash flows used in financing activities</b>		<b>(22.7)</b>	(55.7)
<b>Net decrease in cash and cash equivalents</b>		<b>(26.1)</b>	(3.8)
<b>Cash and cash equivalents at beginning of period</b>		<b>34.5</b>	21.0
<b>Cash and cash equivalents at end of period</b>		<b>8.4</b>	17.2
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		<b>8.4</b>	17.2
<b>Cash and cash equivalents</b>		<b>8.4</b>	17.2

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

### **1. General information and basis of accounting**

South Eastern Power Networks plc (the “Company”) is incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company’s registered office is shown on page 1.

The condensed financial statements for the six months ended 30 September 2025 have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with FRS 104 ‘Interim Financial Reporting’ and the Disclosure and Transparency Rules of the Financial Conduct Authority. The interim financial information is unaudited but has been reviewed by the Company’s Auditor. The Auditor’s review opinion is presented on page 10.

The interim financial information does not constitute the Company’s statutory accounts which have been prepared under the Financial Reporting Standard 102 (FRS 102) for the year ended 31 March 2025 and filed with the registrar of companies. The Auditor’s report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

The interim financial information should be read in conjunction with the annual report and financial statements for the year ended 31 March 2025 comprising the statutory accounts. The accounting policies applied in the preparation of the condensed interim financial statements and the significant accounting judgements and key sources of estimation uncertainty therein, are consistent with those of the financial statements for the year ended 31 March 2025.

The financial information for the year ended 31 March 2025 presented as comparatives in the balance sheet and notes to the balance sheet is derived from the statutory accounts for that year but should not be regarded as statutory accounts within the meaning of s434 of the Companies Act 2006.

### **Going concern**

The Directors have performed an assessment of going concern based on detailed cash flow forecasts for a period of at least 12 months from the date of these condensed financial statements as well as taking into consideration the following factors:

- The Company is profitable with strong operating cashflows and predictable revenues regulated by Ofgem under an established price control mechanism.
- £145.0m of undrawn committed borrowings under a revolving credit facility and the flexibility provided by centralised Group treasury arrangements which allow short term funding from other Group companies if required.
- The net current liability position of £172.0m and the financial covenants applicable to the Company’s financial facilities.
- The Company has a successful track record of raising finance supported by an investment grade credit rating.

In assessing going concern the Directors have considered reasonably possible downside scenarios which could negatively impact the Company. These include an increase in costs resulting from storm events, higher than expected inflation, lower than expected revenues, which could be attributable to the impacts of weather or other events on consumption and a reduction in connections income. Stress testing has been performed and indicates that the level of decline in the Company’s financial performance to result in a financial covenant breach is considered remote.

The Company’s forecasts under all reasonable scenarios show that the Company has adequate liquidity for a period of at least 12 months from the date of these condensed financial statements. Accordingly, the Directors are satisfied it is appropriate to adopt the going concern basis of accounting in the preparation of these condensed financial statements.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**2. Turnover**

Turnover for the six months ended 30 September 2025 was £242.0m (six months ended 30 September 2024: £316.0m), stated net of value added tax, arising entirely in the United Kingdom and attributable to the continuing activity of electricity distribution and the invoice value of other goods and services provided. This includes an estimate of the sales value of electricity units distributed to customers between the date of the last meter reading and the year end.

Turnover includes the annual impact of contributions from customers towards the cost of connections to the network. This income is initially deferred to the balance sheet and then amortised to turnover over the expected useful lives of the related network assets. The amount of contributions released to turnover during the period was £15.9m (six months ended 30 September 2024: £15.1m).

**3. Operating profit**

Operating profit is stated after charging:

	<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
Depreciation of tangible assets	<b>55.5</b>	51.8
Amortisation of intangible assets	<b>3.8</b>	2.6

The Company had no employees in either the current period or the prior year comparative period.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**4. Finance costs (net)**

	Six months ended 30 September 2025 £m	Six months ended 30 September 2024 £m
<b>Interest payable and similar expenses</b>	<b>(31.5)</b>	<b>(32.0)</b>
<b>Less: Investment income</b>	<b>7.8</b>	<b>7.8</b>
<b>Other finance income</b>	<b>0.7</b>	<b>0.7</b>
	<hr/>	<hr/>
<b>Finance costs (net)</b>	<b>(23.0)</b>	<b>(23.5)</b>
	<hr/> <hr/>	<hr/> <hr/>
 <b>Investment income</b>		
Income from other fixed asset investments	<b>0.2</b>	-
Interest receivable on Group loans	<b>2.4</b>	4.5
Net interest income on defined benefit pension scheme	<b>4.3</b>	2.9
Other interest receivable	<b>0.9</b>	0.4
	<hr/>	<hr/>
	<b>7.8</b>	<b>7.8</b>
	<hr/> <hr/>	<hr/> <hr/>
 <b>Interest payable and similar expenses</b>		
Interest on bank loans	<b>(4.3)</b>	(5.7)
Interest payable on Group loans	<b>(1.1)</b>	-
Interest on bonds	<b>(28.2)</b>	(28.1)
Accretion on index linked debt	<b>(1.4)</b>	(1.7)
Net interest receivable on swap instruments	<b>2.2</b>	2.6
	<hr/>	<hr/>
	<b>(32.8)</b>	(32.9)
	<hr/>	<hr/>
Finance costs capitalised	<b>1.3</b>	0.9
	<hr/>	<hr/>
	<b>(31.5)</b>	(32.0)
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**4. Finance costs (net) continued**

	<b>Six months ended 30 September 2025 £m</b>	Six months ended 30 September 2024 £m
<b>Other finance income</b>		
Fair value losses on financial instruments		
Interest rate swaps not in hedge relationships	<b>(1.5)</b>	(1.4)
	<b>(1.5)</b>	(1.4)
Amortisation of fair value hedge adjustments	<b>3.0</b>	3.3
Reclassified to profit or loss from hedge reserve	<b>(0.8)</b>	(0.8)
	<b>0.7</b>	1.1
Net gain related to derivative instruments	<b>0.7</b>	1.1
Net interest cost on defined benefit pension scheme	-	(0.3)
Other charges	-	(0.1)
	<b>0.7</b>	0.7

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**5. Taxation**

	<b>Six months ended 30 September 2025 £m</b>	<b>Six months ended 30 September 2024 £m</b>
<b>UK current tax</b>		
UK corporation tax charge on profit for the period	<b>9.4</b>	32.9
	<b>9.4</b>	32.9
<b>UK deferred tax</b>		
Origination and reversal of timing differences	<b>10.5</b>	8.1
	<b>10.5</b>	8.1
<b>Total tax charge for the period</b>	<b>19.9</b>	41.0

**Tax rate changes**

The current tax rate applied during the six months ended 30 September 2025 was 25% (six months ended 30 September 2024: 25%) and deferred tax was calculated at 25% (six months ended 30 September 2024: 25%) based on the standard rate of corporation tax substantively enacted at the reporting date.

*Pillar Two*

Pillar Two legislation was enacted in the UK in July 2023, and the Company is within the scope of these rules for periods beginning on or after 1 April 2024.

The UK Power Networks Group has performed an assessment of its exposure to Pillar Two income taxes for the period, including under the UK domestic top-up tax (DTT) rules. Based on the assessment, the Company is not subject to any additional tax liabilities under the new legislation and therefore has not recognised any related tax expenses for the current or prior period. All UK Power Networks Group entities are currently subject to a headline UK corporation tax rate of 25%, which is substantially higher than the minimum 15% rate. Management are not aware of any circumstances under which the effective tax rate of the UK Power Networks Group would be expected to fall below the minimum 15% rate in the foreseeable future.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

**6. Intangible assets**

**IT software and development costs**

	Total £m
<b>Cost</b>	
At 1 April 2025	104.6
Additions	3.8
	<hr/>
<b>At 30 September 2025</b>	<b>108.4</b>
	<hr/> <hr/>
<b>Amortisation</b>	
At 1 April 2025	80.7
Charge for the period	3.8
	<hr/>
<b>At 30 September 2025</b>	<b>84.5</b>
	<hr/> <hr/>
<b>Net book value</b>	
<b>At 30 September 2025</b>	<b>23.9</b>
	<hr/> <hr/>
At 31 March 2025	23.9
	<hr/>

IT software and development costs are amortised to profit or loss over an estimated useful life of 4 to 8 years.

**7. Tangible assets**

	Total £m
<b>Cost</b>	
At 1 April 2025	5,839.8
Additions	174.9
Disposals	(0.1)
	<hr/>
<b>At 30 September 2025</b>	<b>6,014.6</b>
	<hr/> <hr/>
<b>Depreciation</b>	
At 1 April 2025	1,898.6
Charge for the period	55.5
Eliminated on disposal	(0.1)
	<hr/>
<b>At 30 September 2025</b>	<b>1,954.0</b>
	<hr/> <hr/>
<b>Net book value</b>	
<b>At 30 September 2025</b>	<b>4,060.6</b>
	<hr/> <hr/>
At 31 March 2025	3,941.2
	<hr/>



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**8. Debtors**

	<b>30 September</b>	31 March
	<b>2025</b>	2025
	<b>£m</b>	<b>£m</b>
<b>Amounts falling due within one year</b>		
Trade debtors	<b>56.6</b>	83.4
Amounts owed by Group undertakings	<b>135.4</b>	1.0
Derivative financial assets (note 11)	<b>5.5</b>	-
Other debtors	<b>0.1</b>	0.2
Prepayments	<b>31.6</b>	1.8
Corporation tax	<b>5.5</b>	2.2
	<hr/> <b>234.7</b> <hr/>	<hr/> 88.6 <hr/>
<b>Amounts falling due after more than one year</b>		
Amounts owed by Group undertakings	-	134.4
Derivative financial assets (note 11)	<b>38.9</b>	55.4
Prepayments	-	29.7
Defined benefit pension surplus (note 14)	<b>146.5</b>	147.9
	<hr/> <b>185.4</b> <hr/>	<hr/> 367.4 <hr/>
	<hr/> <b>420.1</b> <hr/>	<hr/> 456.0 <hr/>

Amounts owed by Group undertakings due within one year comprise the following:

- a loan of £134.4m (31 March 2025: £nil) to the parent company UK Power Networks Holdings Limited bearing interest at 2.56% and maturing in June 2026. It is expected that prior to maturity this loan will be extended rather than repaid; and
- interest free trade balances of £1.0m (31 March 2025: £1.0m), which are repayable on demand.

Amounts owed by Group undertakings due after more than one year is £nil (31 March 2025: loan of £134.4m to UK Power Networks Holdings Limited, bearing interest at 2.56% and maturing in June 2026).

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**9. Creditors**

	<b>30 September</b>	31 March
	<b>2025</b>	2025
	<b>£m</b>	<b>£m</b>
<b>Amounts falling due within one year</b>		
Borrowings (note 10)	<b>321.9</b>	10.0
Amounts owed to Group undertakings	<b>44.5</b>	53.4
Other taxation and social security	<b>21.9</b>	34.2
Other creditors	<b>6.7</b>	6.5
Accruals	<b>55.4</b>	63.8
Deferred income	<b>146.2</b>	144.0
Derivative financial liabilities (note 11)	<b>3.9</b>	-
	<b>600.5</b>	311.9
<b>Amounts falling due after more than one year</b>		
Borrowings (note 10)	<b>1,226.2</b>	1,498.4
Deferred income	<b>819.8</b>	798.8
Derivative financial liabilities (note 11)	<b>18.9</b>	26.9
	<b>2,064.9</b>	2,324.1
	<b>2,665.4</b>	2,636.0

Amounts owed to Group undertakings are interest free trade balances which are repayable on demand.

Deferred income due after more than one year comprises contributions received from customers as payment for connections work, the cost of which is capitalised to network assets. This income is released to turnover over the expected useful lives of related network assets. Deferred income due within one year includes customer contributions of £32.8m (31 March 2025: £32.4m) expected to be released to profit or loss within one year.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

## 10. Borrowings

	30 September 2025 £m	31 March 2025 £m
<b>Amounts falling due within one year</b>		
Amounts owed to Group undertakings	42.0	-
£10m 2.335% EIB loan due October 2025	10.0	10.0
£270m 5.5% Bond due June 2026	269.9	-
	<b>321.9</b>	<b>10.0</b>
<b>Amounts falling due after more than one year</b>		
£100m Bank loan due January 2033	99.7	99.7
£105m 1.614% EIB loan due October 2028	105.0	105.0
£30m 2.155% EIB loan due May 2029	30.0	30.0
£20m 2.224% EIB loan due February 2030	20.0	20.0
£50m 2.562% CPI Index Linked Bond due June 2043	53.7	52.3
£270m 5.5% Bond due June 2026	-	269.8
£300m 5.625% Bond due September 2030	310.1	311.1
£300m 6.375% Bond due November 2031	299.1	299.0
£300m 1.75% Bond due September 2034	297.6	297.5
Adjustments for fair value hedge relationships	11.0	14.0
	<b>1,226.2</b>	<b>1,498.4</b>
	<b>1,548.1</b>	<b>1,508.4</b>

Amounts owed to Group undertakings due within one year is comprised of a loan of £42.0m (31 March 2025: £nil) from London Power Networks Plc bearing interest at 4.30%.

Bonds are stated net of unamortised issue costs of £3.9m (31 March 2025: £4.2m) and includes an unamortised net premium on the 5.625% bond of £10.1m (31 March 2025: £11.1m) and accretion on the index linked bonds of £3.8m (31 March 2025: £2.5m). These balances together with the interest expense are allocated to profit or loss over the term of the debt.

The fair value adjustments of £11.0m (31 March 2025: £14.0m) relate to discontinued fair value hedge relationships and are amortising to profit or loss over the remaining term of the previously hedged debt. The amortisation for the period resulted in a gain of £3.0m (six months ended 30 September 2024: gain of £3.3m) to profit or loss.

*Security*

No security has been given over the assets of the Company in respect of external debt or amounts owed to Group undertakings.

*Borrowing facilities*

The Company has access to a revolving credit facility of £145.0m until 2028 which was undrawn at the balance sheet date.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**11. Derivative instruments**

	Due within one year		Due after more than one year	
	30 September 2025 £m	31 March 2025 £m	30 September 2025 £m	31 March 2025 £m
<b>Derivative financial assets</b>				
Interest rate swaps designated as effective cash flow hedges	-	-	3.4	4.3
Interest rate swaps not designated in hedge accounting relationships	5.5	-	35.5	51.1
	<u>5.5</u>	<u>-</u>	<u>38.9</u>	<u>55.4</u>
<b>Derivative financial liabilities</b>				
Interest rate swaps not designated in hedge accounting relationships	(3.9)	-	(18.9)	(26.9)
	<u>(3.9)</u>	<u>-</u>	<u>(18.9)</u>	<u>(26.9)</u>
	<u>1.6</u>	<u>-</u>	<u>20.0</u>	<u>28.5</u>

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest calculated on agreed notional principal amounts.

Interest payable and receivable on the swaps is settled on a net basis, annually or semi-annually.

The fair value of the swap instruments at the reporting date is determined by discounting the future cash flows implicit in the swaps. The discount rate and cash flows are derived from the forward interest rate SONIA Overnight Index Swap ("OIS") curve adjusted for the Company's own credit risk in respect of swap liabilities and counterparty credit risk in respect of swap assets.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**12. Provisions for liabilities**

	<b>30 September</b>	31 March
	<b>2025</b>	2025
	<b>£m</b>	£m
Deferred tax liability	<b>293.5</b>	286.4
Other provisions	<b>7.7</b>	7.7
<b>Total provisions for liabilities</b>	<b>301.2</b>	294.1

Other provisions comprise tax, legal and constructive obligations which are expected to become payable within two to five years.

Between 2011 and 2016 the Company claimed tax losses by way of consortium relief from associated companies of one of the Company's shareholders. Whilst the tax authorities are in agreement that the Company is eligible to claim consortium relief, the parties have sought legal determination regarding the amount of relief that may be claimed. The decision of the most recent hearing at the First-tier Tribunal was released in June 2025 which decided in favour of the tax authorities. The Company is in the process of appealing against the decision to the Upper Tribunal, which if accepted would likely be heard in 2026. Whilst the Company maintains that the amount of tax losses claimed is consistent with those permitted under law, as a range of outcomes are possible management continue to include an appropriate provision, calculated using a number of estimates, in the accounts for the risk that the appeal is ultimately not successful in its entirety.

**13. Capital commitments**

Amounts contracted for but not provided in the condensed financial statements, in relation to capital expenditure on tangible assets, amounted to £67.2m (31 March 2025: £81.8m).

**14. Pension commitments**

The Company contributes to two funded defined benefit pension schemes operated by the Group:

**The UK Power Networks Group of the ESPS (the UKPN Group) Scheme**

This scheme is an independent section of the Electricity Supply Pension Scheme "ESPS" which was formed in 1990 following privatisation of the Electricity Industry. The UKPN Group of the ESPS has been closed to new members since 1994.

**The UK Power Networks Pension Scheme (UKPNPS)**

The UKPNPS was formed from a number of legacy arrangements with membership dating back to 1994. It has been closed to new members since 2011.

Funding levels are monitored regularly and a funding schedule is formally agreed between the Group and the trustees every three years based on the most recent triennial actuarial valuation. The current funding schedules are based on the triennial valuation as at 31 March 2022. Deficit repair contributions to the UKPNPS scheme are set to eliminate the funding shortfall over the next three years. The Company's share of these contributions is £7.3m per annum until 29 February 2028, increasing annually by CPI inflation. In relation to the UKPN Group scheme, the funding deficit was cleared by 1 March 2023 removing the need for ongoing deficit repair.

The accounting valuation at the balance sheet date, was provided by actuaries in accordance with FRS 102, based on rolled-forward member data from the 31 March 2022 triennial valuation and reflecting updated financial and demographic assumptions. These assumptions are governed by FRS 102 and differ from those applied by the independent actuary in the triennial funding valuations.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**14. Pension commitments continued**

The next triennial funding valuation as at 31 March 2025 was in progress at the time of approval of these condensed financial statements.

The defined benefit scheme assets and liabilities are assigned to participating entities using an allocation methodology based on employment records and attribution portions agreed with the industry regulator Ofgem.

The principal financial assumptions (% per annum) used to calculate scheme liabilities were:

	<b>30 September</b>	31 March
	<b>2025</b>	2025
	%	%
<b>Discount rate</b>		
- UKPN Group	<b>5.8</b>	5.8
- UKPNPS	<b>6.0</b>	5.8
<b>Rate of increase in RPI</b>		
- UKPN Group	<b>2.6</b>	2.8
- UKPNPS	<b>2.6</b>	2.6
<b>Rate of increase in CPI</b>		
- UKPN Group	<b>2.4</b>	2.5
- UKPNPS	<b>2.2</b>	2.2
<b>Rate of increase in salaries</b>		
- UKPN Group	<b>3.2</b>	3.3
- UKPNPS	<b>3.2</b>	3.1
<b>Rate of pension increases in payment</b>		
- Pensions in excess of GMP (UKPN Group)	<b>2.7</b>	2.8
- Post 88 GMP (UKPN Group)	<b>2.0</b>	2.1
- RPI up to 5% per annum (UKPNPS)	<b>2.5</b>	2.5
- RPI up to 2.5% per annum (UKPNPS)	<b>1.8</b>	1.8
- Post 88 GMP (UKPNPS)	<b>1.9</b>	1.8
<b>Rate of pension increases in deferment</b>		
- UKPN Group	<b>2.7</b>	2.8
- CPI up to 5% per annum (UKPNPS)	<b>2.2</b>	2.2
- CPI up to 2.5% per annum (UKPNPS)	<b>2.2</b>	2.2

The demographic assumptions used in the calculation of the pension liability on the 30 September 2025 balance sheet are consistent with those reported in the statutory accounts for the year ended 31 March 2025.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued**

**14. Pension commitments continued**

The amount recognised in the balance sheet in respect of the defined benefit pension schemes is as follows:

	<b>UKPN Grp</b>	<b>UKPNPS</b>	<b>Total</b>	<b>Total</b>
	<b>30 Sep</b>	<b>30 Sep</b>	<b>30 Sep</b>	<b>31 Mar</b>
	<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Fair value of scheme assets	<b>939.5</b>	<b>126.1</b>	<b>1,065.6</b>	1,080.8
Present value of defined benefit pension obligations	<b>(811.5)</b>	<b>(107.6)</b>	<b>(919.1)</b>	(932.9)
<b>Surplus in schemes</b>	<b>128.0</b>	<b>18.5</b>	<b>146.5</b>	147.9

The movement in the defined benefit schemes during the period is analysed as follows:

	<b>UKPN Grp</b>	<b>UKPNPS</b>	<b>Total</b>
	<b>2025</b>	<b>2025</b>	<b>2025</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Opening surplus at 1 April</b>	<b>137.0</b>	<b>10.9</b>	<b>147.9</b>
Current service cost	<b>(0.9)</b>	<b>(0.9)</b>	<b>(1.8)</b>
Past service cost	<b>(0.2)</b>	-	<b>(0.2)</b>
Net interest income	<b>4.0</b>	<b>0.3</b>	<b>4.3</b>
Contributions by employer	<b>2.1</b>	<b>4.0</b>	<b>6.1</b>
Deficit repair payments	-	<b>3.7</b>	<b>3.7</b>
Actuarial (losses)/gains	<b>(14.0)</b>	<b>0.5</b>	<b>(13.5)</b>
<b>Closing surplus at 30 September</b>	<b>128.0</b>	<b>18.5</b>	<b>146.5</b>

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. On 25 July 2024, the Court of Appeal dismissed the appeal and upheld the decision of the High Court in the Virgin Media case. The preliminary assessment by the Group is there will not be a significant impact to the UKPN Scheme. The Trustees are awaiting further developments before assessing the UKPNPS Scheme.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

15. Notes to the cash flow statement

Reconciliation of operating profit to operating cash flows

	Six months ended 30 September 2025 £m	Six months ended 30 September 2024 £m
Operating profit	103.0	187.9
<i>Adjustment for</i>		
Depreciation and amortisation	59.3	54.4
Customer contributions recognised in turnover	(15.9)	(15.1)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	146.4	227.2
Decrease/(increase) in debtors	26.5	(21.1)
(Decrease)/increase in creditors	(19.1)	24.5
Increase in provisions	-	0.1
Customer contributions received	37.2	37.3
Pension deficit repair payment	(3.7)	(3.6)
Employer pension contributions net of service costs	(4.1)	(3.3)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>183.2</b>	<b>261.1</b>
	<hr/> <hr/>	<hr/> <hr/>



NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

15. Notes to the cash flow statement continued

Reconciliation of net debt

	At 1 Apr 2025 £m	Cash flows £m	Fair value and exchange rate changes £m	Other non-cash changes £m	At 30 Sep 2025 £m
<b>Cash and cash equivalents</b>					
Cash at bank	34.5	(26.1)	-	-	8.4
	34.5	(26.1)	-	-	8.4
<b>Borrowings</b>					
Debt due within one year	(10.0)	(42.0)	-	(269.9)	(321.9)
Debt due after more than one year	(1,498.4)	-	3.0	269.2	(1,226.2)
	(1,508.4)	(42.0)	3.0	(0.7)	(1,548.1)
<b>Net debt excluding derivatives</b>	(1,473.9)	(68.1)	3.0	(0.7)	(1,539.7)
Net derivative assets	28.5	(6.7)	(2.4)	2.2	21.6
<b>Net debt including derivatives</b>	(1,445.4)	(74.8)	0.6	1.5	(1,518.1)

Other non-cash changes in net debt comprise accretion on index linked debt of £1.4m and amortisation of debt issue costs of £0.3m, offset by amortisation of bond premiums of £1.0m and interest accrued on derivatives of £2.2m. In addition, £269.9m relating to a bond maturing in June 2026, was reclassified from "Debt due after more than one year" to "Debt due within one year".