Financial statements

Introduction to financial statements

Throughout these financial statements, we have provided explanations of the disclosures and why they are important to the understanding of our financial performance and position.

Notes

Notes to the financial statements provide additional information required by statute, accounting standards or other regulations to assist in a more detailed understanding of the primary financial statements. In many notes, we have included an accounting policy that describes how the transactions or balance in that note have been measured, recognised and disclosed. The basis of preparation section provides details of accounting policies that apply to transactions and balances in general.

Auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NATIONAL GAS TRANSMISSION PLC

Report on the audit of the financial statements

1. Opinion

- the financial statements of National Gas Transmission plc (the ‘company’, the ‘parent company’) and its subsidiaries (the ‘group’) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2026 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33 to the consolidated financial statements.
- the company balance sheet;
- the company statement of changes in equity; and
- the related notes 1 to 23 to the company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

2. 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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and the parent company for the year are disclosed in note 4(e) to the consolidated financial statements and note 2 to the company only financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters
The key audit matter that we identified in the current year was the impact of climate change on property, plant and equipment.

Materiality
The materiality that we used for the group financial statements was £30.2m which represents 3.8% of three-year average adjusted profit before tax.

Scoping
Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach
There were no significant changes to our approach compared with the prior year.

4. Conclusions relating to going concern

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

Our evaluation of the directors’ assessment of the group’s and the parent company’s ability to continue to adopt the going concern basis of accounting included:

- assessment of the financing facilities including nature of facilities, repayment terms and covenants;
- assessment of assumptions used in the forecasts;
- assessment of the amount of headroom in the forecasts (cash and covenants)
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- assessment of the historical accuracy of forecasts prepared by management;
- reperforming management’s sensitivity analysis; and
- evaluating the appropriateness of the disclosures in respect of going concern in the financial statements.

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 group’s and the parent company’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 directors with respect to going concern are described in the relevant sections of this report.

Auditor's report continued

5. Key audit matters

The key audit matter communicated below is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year and included the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. This matter had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

5.1 Impact of climate change on property, plant and equipment

Key audit matter description

Account balance: Property, plant and equipment. Refer to note 1 and 10 in the financial statements.

The UK government have enacted legislation and established targets in respect of net zero carbon emissions by 2050. In addition, the Group has an ambition of net zero carbon emissions by 2040 for scope 1 and 2 emissions. When burned, natural gas emits carbon dioxide and is considered a greenhouse gas, therefore climate change represents a strategic challenge for the Group to meet targets for reducing greenhouse gas emissions. A key consideration for the Group is the potential future use of the Group's gas assets to facilitate gas transmission services in the period approaching 2050 and beyond.

Management have considered Ofgem's RIIO-GT3 Final Determinations and concluded that the regulatory depreciation of 45 years set by Ofgem supports the useful lives of the gas assets to approximately 2070.

The remaining useful economic life of the Group's gas assets is up to 45 years, extending beyond the 2050 net zero commitment date. As the continued use of natural gas as a primary energy source beyond 2050 appears to be in conflict with net zero targets and the impact of shortening the useful lives of the gas assets to 2050 has a material impact on annual depreciation, there is an audit risk that management judgements taken to determine the useful lives of gas assets in the context of the net zero commitments are not reasonable.

As described in note 10 to the financial statements, the impact of changing the useful economic lives of all of the Group's gas assets, such that they would be fully depreciated by 2050, would be an increase in the annual depreciation expense of £50 million; such that they would be fully depreciated by 2060 would be an increase in the annual depreciation expense of £16 million and such that they would be fully depreciated by 2070 would be an increase in the annual depreciation expense of £1 million.

Management have assessed the accounting impacts associated with climate change, including on the useful lives of the Group's gas transmission assets, so that these are considered and reflected appropriately in the financial statements. We note that management have made no adjustments to the useful economic lives of its gas transmission assets. Management's view is that whilst there is significant uncertainty around the future energy landscape, and there are multiple possible scenarios, based on current evidence there is likely to be a use of the existing infrastructure to transport methane gas, hydrogen and for carbon capture and storage, however, the exact form of the use remains uncertain.

Management have disclosed a key judgement in relation to the potential future use of gas assets post 2050 in note 1 to the financial statements, with sensitivity analysis in note 10 to the financial statements.

How the scope of our audit responded to the key audit matter

Our procedures for challenging the useful lives of the Group's gas assets extend beyond 2050 in light of the different goals, commitments and legislation relating to net zero included the following:

- evaluating potential strategic pathways to achieve net zero target>;
- obtaining and reading government plans in the UK for achieving net zero targets which we compared to the potential strategic pathways;
- assessing information from the regulators, including price controls in the UK, to consider whether they presented any contradictory evidence;
- performing an assessment of the likelihood of occurrence of alternative scenarios for achieving net zero targets;
- considering the potential for re-purposing the Group's gas network for alternative uses, and in particular for transporting hydrogen;
- reviewing a number of external reports on climate change and searched for contradictory evidence in respect of management's judgements;
- assessing the consistency of management's assumptions around continuity with the enterprise value and regulatory asset value (RAV) multiples for recent market transactions;
- engaged climate change specialists during our audit procedures to review the climate related disclosures against the Companies Act requirements and climate financial disclosure non-binding guidance; and
- assessing the disclosures included in the financial statements, including the critical judgements and sensitivity disclosures in Note 1 and Note 10 to the financial statements.

Key observations

Based on the work performed, we concur with management's view that it is likely that there will be a use for the Group's gas networks beyond 2050, albeit there is significant uncertainty related to the form of this use. It continues to be reasonable to use the useful economic lives of up to 45 years for the calculation of depreciation in accordance with IFRS. Furthermore, the emergence of a substantial hydrogen infrastructure could introduce another potential longer term role for gas assets past 2050.

We note that there is no alignment between the useful lives of the Group's gas assets for IFRS depreciation purposes, and the period of recovery of the regulatory asset value under regulation. Nevertheless, we have concluded that management's assumption that these assets will continue to have a valuable use until 2070 is reasonable.

We consider the disclosures in note 1 to the financial statements and the sensitivity analysis in note 10 to the financial statements to be appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Auditor's report continued

	Group financial statements	Parent company financial statements
Materiality	£30.2 million (2025: £27.5 million)	£27.1 million (2025: £26.1 million)
Basis for determining materiality	Group materiality represents to approximately 3.8% of adjusted profit before tax on a three-year average basis (2025: 4.0% of adjusted profit before tax on a three-year average basis). Adjusted profit before tax is profit before tax, certain exceptional items and remeasurements as disclosed in the consolidated income statement.	Our determined materiality represents 4.9% of adjusted profit before tax on a three-year average basis, capped at 90% of the group materiality. The prior year materiality was determined based on 3.9% of three-year average adjusted profit before tax, capped at 95% of the group materiality. Adjusted profit before tax is profit before tax, certain exceptional items and remeasurements.
Rationale for the benchmark applied	We consider adjusted profit before tax to be an important benchmark of the performance of the Group. We consider it appropriate to adjust for certain exceptional items as these are not reflective of the underlying performance of the Group. Using a three-year average basis removes volatility arising from regulatory timing differences which occur due to under- or over-collection of revenue in a financial year which arise due to differences in actual revenue and costs incurred in relation to transporting gas volumes across the National Transmission System and forecast revenue and costs included in Ofgem's determination of Allowed Revenue.	

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2025: 70%) of group materiality	70% (2025: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our cumulative experience from prior year audits; • The level of corrected and uncorrected misstatements identified; • Our risk assessment, including our understanding of the entity and its environment; • Our assessment of the Group's overall control environment and that we were able to rely on controls over certain business cycles; and • Our evaluation of the level of change in the business from the prior year.	

6.3 Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all audit differences in excess of £1.5 million (2025: £1.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit & Risk Committee on disclosure matters that we identify when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

The Group audit was scoped by obtaining an understanding of the Group and its environment, including entity level controls, and assessing the risks of material misstatement. We identified two components in the group, being the two statutory entities. Both of these were subject to audits of their entire financial information. These were audited using component performance materiality ranging from £10.6 million to £19.0 million (2025: £9.6 million to £17.3 million).

Audit work to address the identified risks of material misstatement was performed directly by the audit engagement team and no component auditors were engaged. At the group level we also tested the consolidation process.

7.2 Our consideration of the control environment

In line with our audit plan we have relied on management's controls in key business cycles, including in revenue, property, plant and equipment and intangible assets. We tested controls through a combination of inquiry, observation, inspection and re-performance. For any deficiencies identified in relation to controls operating in key financial processes we considered the impact, updated our audit plan and communicated to management.

The Group's financial systems environment relies on a high number of applications. In the current year we identified two IT systems as relevant to the audit, which are all directly or indirectly relevant to the entity's financial reporting process.

We relied on the General IT Controls (GITCs) associated with three applications where GITCs were appropriately designed and implemented and operated effectively. Our IT specialists tested the GITCs relating to access security, change management, data centre operations and network operations. We tested the remediations implemented from the prior year and for deficiencies identified in relation to GITCs, we considered the impact, updated our audit plan and communicated to management.

7.3 Our consideration of climate-related risks

Climate change impacts the business in a number of ways as set out in the strategic report of the annual report and accounts and note 1 of the financial statements. It represents a key strategic consideration of management.

We reviewed management's climate change risk assessment and evaluated the completeness of identified risks and the impact on the financial statements. We also considered the impact of climate change in our own risk assessment procedures. Both management's and our risk assessment identified the useful economic lives of the gas assets, as the key risk to the financial statements. Our response to the risk around property, plant and equipment is documented in our key audit matters in section 5.1 of this report.

In addition to the procedures in respect of the key audit matter mentioned above, we reviewed the climate-related statements made by management and other climate related disclosures as disclosed in the 'Being a responsible business' section in the strategic report. We assessed whether these were in line with our understanding of management's approach to climate change, materially consistent with the financial statements and the knowledge obtained throughout the audit.

8. Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and accounts.

Auditor’s report continued

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of directors

As explained more fully in the statement of director responsibilities, the directors are 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 directors determine 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 directors are responsible for assessing the group’s and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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 FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;
- the group’s own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of directors, management, internal audit, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group’s sector;
- any matters we identified having obtained and reviewed the group’s documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including relevant internal specialists, including tax, valuations, pensions, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included in the UK Companies Act, FRS 101, pensions, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group’s ability to operate or to avoid a material penalty. These included the group’s operating licences, health and safety executive (‘HSE’) and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit & Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and Ofgem.
-

In addressing the risk of fraud through management override of controls, our procedures included:

- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Using our data analytics tools, we selected and tested journal entries and other adjustments made at the end of a reporting period or which identified activity that exhibited certain characteristics of audit interest;

Auditor's report continued

- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating whether there were any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual due to their nature, timing or size.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1 Auditor tenure

Following the recommendation of the Audit & Risk Committee, we were appointed by Shareholders at the Annual General Meeting on 31 July 2017 to audit the financial statements for the year ending March 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 March 2018 to 31 March 2026.

14.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jacqueline Holden FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 July 2026

Consolidated financial statements

Consolidated income statement

for the year ended 31 March 2026

	Notes	2026 £m	2026 £m	2025 £m	2025 £m
Revenue	2 (a)		**1,625**		1,551
Operating costs before exceptionals	4		**(934)**		(897)
Operating profit before exceptional items	2 (b)	**691**		654	
Exceptional items	5	**4**		(59)	
Operating profit	2 (b)		**695**		595
Finance income	6		**219**		308
Finance costs					
Before remeasurements	6	**(196)**		(193)	
Remeasurements	5, 6	**(5)**		—	
Total finance costs	6		**(201)**		(193)
Profit before tax					
Before exceptional items and remeasurements		**714**		769	
Exceptional items and remeasurements	5	**(1)**		(59)	
Total profit before tax			**713**		710
Tax					
Before exceptional items and remeasurements	7	**(180)**		(194)	
Exceptional items and remeasurements	5, 7	**—**		15	
Total tax	7		**(180)**		(179)
Profit after tax					
Before exceptional items and remeasurements		**534**		575	
Exceptional items and remeasurements	5	**(1)**		(44)	
Total profit after tax			533		531

Consolidated statement of comprehensive income

for the year ended 31 March 2026

	Notes	2026 £m	2025 £m
Profit for the period		**533**	531
Other comprehensive income:			
Items that will never be reclassified to profit/(loss)			
Remeasurement (losses)/gains on pension assets and post-retirement benefit obligations	22	**(55)**	(8)
Tax on items that will never be reclassified to profit/(loss)	7	**14**	2
Total items that will never be reclassified to (loss)/profit		**(41)**	(6)
Other comprehensive income:			
Items that may be reclassified subsequently to profit/(loss)			
Net (losses)/gains in respect of cash flow hedges and cost of hedging		**(7)**	6
Tax on items that may be reclassified subsequently to profit/(loss)		**2**	(1)
Total items that may be reclassified subsequently to profit/(loss)		**(5)**	5
Other comprehensive income/(loss) for the period, net of tax		**(46)**	(1)
Total comprehensive income for the year		**487**	530

Consolidated financial statements continued

Consolidated statement of financial position

as at 31 March 2026

	Notes	2026 £m	2025 £m
Non-current assets			
Intangible assets	9	**119**	130
Property, plant and equipment	10	**5,718**	5,299
Other non-current assets	11	**12**	7
Financial and other investments	12	**3,426**	3,426
Derivative financial assets	13	**25**	20
Pensions asset	22	**284**	322
Total non-current assets		**9,584**	9,204
Current assets			
Inventories and current intangible assets	14	**17**	16
Trade and other receivables	15	**248**	194
Financial and other investments	16	**423**	618
Derivative financial assets	13	**—**	7
Cash and cash equivalents	17	**37**	38
Total current assets		**725**	873
Total assets		**10,309**	10,077
Current liabilities			
Borrowings	18	**(70)**	(293)
Derivative financial liabilities	13	**—**	(18)
Trade and other payables	19	**(488)**	(482)
Contract liabilities	20	**(57)**	(43)
Current tax liabilities	7	**(20)**	(17)
Provisions	23	**(38)**	(36)
Total current liabilities		**(673)**	(889)
Non-current liabilities			
Borrowings	18	**(4,710)**	(4,393)
Derivative financial liabilities	13	**(40)**	(22)
Other non-current liabilities	21	**(13)**	(8)
Contract liabilities	20	**(133)**	(85)
Deferred tax liabilities	7	**(926)**	(864)
Provisions	23	**(47)**	(48)
Total non-current liabilities		**(5,869)**	(5,420)
Total liabilities		**(6,542)**	(6,309)
Net assets		**3,767**	3,768
Equity			
Share capital	24	**45**	45
Share premium account		**204**	204
Retained earnings		**2,180**	2,176
Other reserves	25	**1,338**	1,343
Shareholders' equity		**3,767**	3,768

The consolidated financial statements set out on pages 98–130 were approved by the Board of Directors and authorised for issue on 15 July 2026. They were signed on its behalf by:

Jon Butterworth
Chief Executive Officer
National Gas Transmission plc
Registered number: 02006000

Nick Hooper
Chief Financial Officer

Consolidated financial statements continued

Consolidated statement of changes in equity

for the year ended 31 March 2026

	Share capital £m	Share premium account £m	Retained earnings £m	Other reserves[1] £m	Total Shareholders' equity £m
At 31 March 2024	**45**	**204**	**2,274**	**1,338**	**3,861**
Profit for the year	—	—	531	—	531
Total other comprehensive income/(loss) for the year	—	—	(6)	5	(1)
Total comprehensive income for the year	—	—	525	5	530
Equity dividends	—	—	(623)	—	(623)
At 31 March 2025	**45**	**204**	**2,176**	**1,343**	**3,768**
Profit for the year	—	—	533	—	533
Total other comprehensive income/(loss) for the year	—	—	(41)	(5)	(46)
Total comprehensive income for the year	—	—	492	(5)	487
Equity Dividends[2]	—	—	(488)	—	(488)
At 31 March 2026	**45**	**204**	**2,180**	**1,338**	**3,767**

[1] Analysis of other equity reserves is provided within note 25.

[2] Dividends of £488 million were paid to the parent company (NGTH). £174 million of this was used by NGTH to settle interest on intercompany loans and was therefore immediately returned to the Company.

Consolidated cash flow statement

for the year ended 31 March 2026

	Notes	2026 £m	2025 £m
Cash flows from operating activities			
Total operating profit	2 (b)	**695**	595
Adjustments for:			
Exceptional items	5	**(4)**	59
Depreciation, amortisation and impairment	4	**267**	252
Changes in Working Capital:			
(Increase)/decrease in inventories		**(2)**	(1)
(Increase)/decrease in trade and other receivables		**(52)**	35
Increase/(decrease) in payables		**(23)**	2
Change in contract liabilities		**61**	(9)
Net increase/(decrease) in accounts payables to related undertakings		**—**	(1)
Change in provisions		**1**	17
Adjustment for losses/(gains) on disposal of assets		**13**	16
Changes in pensions and other post-retirement benefit obligations		**—**	(1)
Cash inflows relating to exceptional Items		**—**	11
Cash outflows relating to exceptional items		**—**	(25)
Cash generated from operations		**956**	950
Tax (paid)/refund		**(89)**	(183)
Net cash inflow from operating activities		**867**	767
Cash flows from investing activities			
Purchases of intangible assets		**(54)**	(76)
Purchases of property, plant and equipment		**(555)**	(443)
Interest Received[1]		**221**	452
Movement in short-term financial investments		**177**	186
Acquisition of investments (net of cash acquired)		**—**	(3)
Net cash flow (used in)/from investing activities		**(211)**	116
Cash flows from financing activities			
Proceeds from loans	26	**—**	297
Repayment of loans	26	**(19)**	(397)
Interest paid on derivatives[2]	26	**(35)**	(27)
Interest received on derivatives[2]	26	**29**	16
Payments of lease liabilities	26	**(8)**	(7)
Interest paid on loans	26	**(136)**	(129)
Dividends paid to the Parent[1]	8	**(488)**	(623)
Net cash flow (used in)/from financing activities		**(657)**	(870)
Net (decrease)/increase in cash and cash equivalents		**(1)**	13
Net cash and cash equivalents at the start of the year		**38**	25
Net cash and cash equivalents at the end of the year	17	**37**	38

[1] £488 million dividends paid includes £174 million to parent (NGTH), which was used to service interest on intercompany loan (£202 million) and is reflected within total interest received of £221 million.

[2] Interest paid and received on derivatives have been separately disclosed in the current year to enhance clarity, with prior-year comparatives represented accordingly.

Notes to consolidated financial statements

Analysis of items in the primary statements

1. Basis of preparation and recent accounting developments

Accounting policies describe our approach to recognising and measuring transactions and balances in the year. The accounting policies applicable across the financial statements are shown below, whereas accounting policies that are specific to a component of the financial statements have been incorporated into the relevant note.

This section also shows areas of judgement and key sources of estimation uncertainty in these financial statements. In addition, we have summarised new International Accounting Standards Board (IASB) and UK endorsed accounting standards, amendments and interpretations and whether these are effective for this year end or in later years, explaining how significant changes are expected to affect our reported results.

National Gas Transmission plc's (National Gas or the Company) principal activities involve the transmission of gas in Great Britain. The Company is a public limited company incorporated and domiciled in the UK, with its registered office at National Grid House Warwick Technology Park, Gallows Hill, Warwick CV34 6DA.

These consolidated financial statements were approved for issue by the Board of Directors on 15 July 2026.

These consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the UK. They are prepared on the basis of all IFRS accounting standards and interpretations that are mandatory for periods ended 31 March 2026 and in accordance with the Companies Act 2006. The comparative financial information has also been prepared on this basis.

The consolidated financial statements have been prepared on a historical cost basis, except for the recording of pension assets and liabilities, revaluation of derivative financial instruments and certain commodity contracts, and financial assets and liabilities measured at fair value.

These consolidated financial statements are presented in pounds sterling, which is also the functional currency of the Company.

The notes to the financial statements have been prepared on a continuing basis unless otherwise stated.

Our income statement and segmental analysis separately identify financial results before and after exceptional items and remeasurements. This is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee, and assists users of the financial statements to understand the results. The inclusion of total profit for the period before exceptional items and remeasurements is used to derive part of the incentive target set annually for remunerating certain Executive Directors and accordingly we believe it is important for users of the financial statements to understand how this compares to our results on a statutory basis and period on period.

A. Going concern

The directors considered it appropriate to prepare the financial statements on a going concern basis, having considered the Company's cash flow forecasts with respect to business planning, and treasury management activities. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements are signed.

The Group closely monitor and manage impacts of changes in the regulatory, macroeconomic and geopolitical environment and the impact of these factors on the Group.

In establishing the going concern for the Company, the going concern position for the other entities within the Group have been taken into consideration and as to the Company's position to meet its liabilities are dependent on distributions made throughout the Group. The Group is bound by certain financial covenants with regards to its debt agreements and banking facilities.

The directors have assessed the principal cash flow and covenant risks through modelling both a base case and a reasonable worst-case scenario. The main impacts identified in the reasonable worst-case scenario that could affect the Group's liquidity and covenant position are:

a. adverse impact on our own-use gas and balancing costs of prevailing market conditions;

b. adverse impacts of inflation on our assets and liabilities;

c. adverse impact from actual versus forecast variations on working capital requirements; and

d. adverse fluctuations in interest rates.

As part of their analysis, the directors also considered the following potential levers to improve the financial and liquidity position identified by the reasonable worst-case scenario:

- adjustments to dividend plan; and
- access to £735 million of undrawn existing committed Revolving Credit Facility.

Having considered the reasonable worst-scenario and further liquidity levers available to the Company, the directors concluded that the Company continues to have headroom against the available facilities under each scenario. The directors were able to conclude that the company is able to meet its obligations as and when they fall due for at least one year from the date the financial statements are signed.

B. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. A subsidiary is defined as an entity controlled by the Company. Control is achieved where the Company has the power to affect the returns of an entity to which it is exposed or to which it has rights.

Where necessary, adjustments are made to bring the accounting policies used in the individual financial statements of the Company and its subsidiaries into line with those used by the Company in its consolidated financial statements under IFRS. Inter-company transactions are eliminated.

Both the Group and Company financial statements have been prepared in accordance with the accounting policies set out in the below section of this note.

C. Foreign currencies

Transactions in currencies other than the functional currency of the Company or subsidiary concerned are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. Non-monetary assets are not retranslated unless they are carried at fair value.

Gains and losses arising on the retranslation of monetary assets and liabilities are included in the income statement, except where the application of hedge accounting requires inclusion in other comprehensive income (see note 29).

Notes to consolidated financial statements continued

D. Areas of judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimations is contained in the notes to the financial statements, and the key areas are summarised below.

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Review of residual lives, carrying values of property, plant and equipment, in particular the estimates made regarding the useful economic lives of our gas network assets due to the length over which they are being depreciated and the potential for significant technological change over that period - note 10.
- The judgement that notwithstanding legislation enacted and targets committing the UK to achieving net zero greenhouse gas emissions by 2050, there is still potential use of the gas transmission network beyond 2050 in maintaining security, reliability and affordability of energy (refer to PPE note 10 for further information on gas asset lives).
- Classification of certain items as exceptional items or remeasurements and the definition of adjusted earnings (see notes 5 and 6). In applying the Company's exceptional items frameworks, we have considered a number of key matters, as detailed in note 5.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Estimation of liabilities for pensions and other post-retirement benefits include; estimates in discount rate, RPI and changes in life expectancy - note 22.
- Pension obligations, including Guaranteed Minimum Pension ("GMP") benefits and interpretation of Scheme Rules.

As described in Note 22, a potential issue has been identified in relation to the interpretation the Pension Scheme Rules as they apply to certain GMP-related dependant benefits. The ultimate outcome depends on the interpretation of the Scheme Rules adopted by the Trustees and remains uncertain at the reporting date.

Based on initial actuarial analysis, the potential impact could increase the defined benefit obligation approximately £100 million (pre-tax) based on a reasonable worst-case legal outcome within a range of potential outcomes. However, significant uncertainty remains regarding the outcome, and no adjustment has been recognised at 31 March 2026.

In order to illustrate the impact that changes in assumptions for the valuation of pension assets and liabilities could have on our results and financial position, we have included sensitivity analysis in note 30.

E. Accounting policy choices

IFRS provides certain options available within accounting standards. Choices we have made, and continue to make, include the following:

- Presentational formats: we use the nature of expense method for our income statement and aggregate our statement of financial position to net assets and total equity. In the income statement, we present subtotals of total operating profit, profit before tax and profit after tax, together with additional subtotals excluding exceptional items. Exceptional items and remeasurements are presented separately on the face of the income statement.
- Financial instruments: we normally opt to apply hedge accounting in most circumstances where this is permitted (see note 29(e)).

F. New IFRS accounting standards and interpretations effective for the year ended 31 March 2026

The Group adopted the following amendments to standards, which have had no material impact on the Group's results or financial statement disclosures:

- Amendments to IAS 21 'Transactions in foreign currencies' – 'Lack of Exchangeability'

G. New IFRS accounting standards and interpretations not yet adopted

The following new accounting standards and amendments to existing standards have been issued but are not yet effective or have not yet been endorsed by the UK:

- IFRS 18 'Presentation and Disclosure in Financial Statements".
- IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'.
- Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'.
- Annual Improvements to IFRS Accounting Standards - Volume 11.
- And Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)
- IFRS 20 'Regulatory Assets and Regulatory Liabilities'

Effective dates will be subject to the UK endorsement process.

The Group is currently assessing the impact of the above standards, but they are not expected to have a material impact other than in respect of IFRS 18 and IFRS 20. The Group has not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

IFRS 18 replaces IAS 1 and introduces significant presentation changes to the income statement, including the requirement to classify income and expenses into five defined categories and to present two new mandatory subtotals:operating profit and profit before financing and income tax. The standard also introduces management-defined performance measures (MPMs), which must be disclosed and reconciled within a dedicated note to the financial statements. In addition, IFRS18 provides enhanced guidance on the appropriate aggregation and disaggregation of information presented in both the primary financial statements and the accompanying notes.

It is is expected that adoption of IFRS 18 will result in a number of presentational changes to the consolidated financial statements in future reporting periods.

In May 2026, the IASB issued IFRS 20 'Regulatory Assets and Regulatory liabilities', which replaced the interim standard IFRS 14 'Regulatory Deferral Accounts'. IFRS 20 is effective for annual reporting periods beginning on or after 1 January 2029, with early application permitted, subject to UK endorsement.

The new standard introduces comprehensive requirements for the recognition, measurement, presentation and disclosure of regulatory assets and regulatory liabilities arising from rate-regulated activities.

The Group is currently assessing the impact of IFRS 20 on its consolidated financial statements. Given the recent issuance of the standard, it is not yet practicable to reasonably estimate the financial effect of initial application.

2. Segmental analysis

This note sets out the financial performance for the year split into the different parts of the business (operating segments). The performance of these operating segments is monitored and managed on a day-to-day basis.

Notes to consolidated financial statements continued

The Board is National Gas Transmission plc's chief operating decision maker (as defined by IFRS 8 'Operating Segments') and assesses the profitability of operations principally on the basis of operating profit before exceptional items and remeasurements (see note 5). Revenue and the results of the business are analysed by operating segment, based on the information the Board of Directors uses internally for the purposes of evaluating the performance of each operating segment and determining resource allocation between them.

There has been no change to the way in which our businesses have reported internally during the year. The following are the main activities for each operating segment;

1. Gas Transmission: The gas transmission network in Great Britain and liquefied natural gas (LNG) storage activities.
2. Metering: Relates to the gas metering business, which provides regulated gas metering activities in the UK, together with corporate activities

Sales between businesses are priced having regard to the regulatory and legal requirements that the businesses are subject to, which include requirements to avoid cross-subsidies.

(a) Revenue

	2026			2025		
	Total sales	**Sales between segments**	**Sales to third parties**	Total sales	Sales between segments	Sales to third parties
	£m	**£m**	**£m**	£m	£m	£m
Operating segment:						
Gas Transmission	**1,438**	**(7)**	**1,431**	1,353	(7)	1,346
Metering	**192**	**—**	**192**	204	—	204
Other[1]	**9**	**(7)**	**2**	7	(6)	1
Total revenue	**1,639**	**(14)**	**1,625**	1,564	(13)	1,551

[1]Includes revenue from engineering consultancy and design provided by a fully owned subsidiary company.

Analysis of revenue by major customer, greater than 10% revenue contribution:

	2026	2025
	£m	£m
Customer A	**215**	148
Customer B	**187**	200

No other single customer contributed 10% or more to the Gas Transmission group revenue in either 2026 or 2025.

(b) Operating profit

A reconciliation of the operating segments' measure of profit to profit before tax is provided below. Further details of the exceptional items and remeasurements are provided in note 5.

	Before exceptional items and remeasurements		After exceptional items and remeasurements	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Operating segment:				
Gas Transmission	**563**	517	**562**	458
Metering	**126**	136	**126**	136
Other	**2**	1	**2**	1
Total operating profit	**691**	654	**690**	595
Reconciliation to profit before tax:				
Operating profit	**691**	654	**690**	595
Finance income	**219**	308	**219**	308
Finance costs	**(196)**	(193)	**(201)**	(193)
Profit before tax	**714**	769	**708**	710

(c) Capital expenditure

	Net book value of property, plant and equipment and intangible assets		Capital expenditure		Depreciation, impairment and amortisation	
	2026	2025	**2026**	2025	**2026**	2025
	£m	£m	**£m**	£m	**£m**	£m
Operating segment:						
Gas Transmission	**5,684**	5,274	**670**	554	**250**	235
Metering	**153**	155	**20**	22	**17**	17
Total by segment	**5,837**	5,429	**690**	576	**267**	252
Asset type:						
Property, plant and equipment	**5,718**	5,299	**639**	515	**219**	194
Intangible assets	**119**	130	**51**	61	**48**	58
Total by asset type	**5,837**	5,429	**690**	576	**267**	252

3. Revenue

Revenue arises from the Group's ordinary activities and is principally derived from the provision of Gas Transmission services. Transmission services, metering services and certain other activities fall within the scope of IFRS 15 Revenue from Contracts with Customers. Revenue is measured at the transaction price specified within customer contracts and excludes VAT, amounts collected on behalf of third parties, and intra-group sales.

Revenue is recognised when control of services transfers to customers. The nature of performance obligations and the timing of satisfaction for each major revenue stream are described below. For more detailed information about our segments refer to note 2.

Notes to consolidated financial statements continued

	UK Gas Transmission 2026 £m	Metering 2026 £m	Other 2026 £m	Total 2026 £m	UK Gas Transmission 2025 £m	Metering 2025 £m	Other 2025 £m	Total 2025 £m
Revenue under IFRS 15	**1,427**	**192**	**2**	**1,621**	1,335	204	1	1,540
Other income[1]	**4**	**—**	**—**	**4**	11	—	—	11
Total revenue	**1,431**	**192**	**2**	**1,625**	1,346	204	1	1,551

[1] Other income includes IFRS16 Lease Income £4 million (2024/25: IFRS16 Lease Income £4 million and IAS 20 income £7 million relating to grants).

Gas Transmission Revenue

Nature of Services

The Gas Transmission segment provides gas transmission services to our customers across Great Britain (both as transmission owner and system operator). As a regulated monopoly, the Company's revenues are subject to Ofgem's RIIO price control framework, which determines the total annual allowed revenue and the price that can be charged for the services we provide.

Basis of Revenue Recognition

Revenue recognised under IFRS15 reflects:

- Capacity-based charges (system capacity sold for the year),
- Commodity-based charges (volume transported), and
- Diversion and connection services (see separate section below).

The capacity and commodity charges mentioned above covers the revenue we generate from both a Transmission Operator and System operator point of view.

The transaction price is determined in advance using allowed revenue parameters and forecast annual volumes. Revenue is recognised over time as customers make use of the network, since this represents the continuous transfer of service. We bill monthly in arrears with payments terms of up to 45 days.

Pass through costs

Pass through costs are estimated prior to our financial year and included in the allowed revenues and recognised as IFRS revenue when the underlying service is provided. For IFRS reporting, the costs accounted as passthrough would be actuals for the year. The difference between actual cost and recovered cost is corrected through the Regulatory timing difference. Examples of pass-through costs include shrinkage and transmission owner licence fee amongst others.

Regulatory Timing Differences

In any year, IFRS revenue recognised may differ from the revenue permitted under our regulatory agreements. The IFRS revenues we report are principally a function of volumes and price. Price as explained above is determined prior to our financial year end with reference to the regulated allowed returns and estimated annual volumes. Over/under recoveries could happen due to various reasons including difference between estimated and actual volumes, estimated vs actual passthrough costs etc.

- Over-recoveries (amounts billed being greater than our allowed revenue) lead to lower future prices to ensure the over-recovery is returned to customers,
- Under-recoveries (the opposite of the above).

Judgement and Estimates

The over or under recoveries currently do not create an income, expense, asset or liability within the financial statements. This is because these adjustments relate to the pricing of future services, therefore they do not satisfy the definition of an asset or liability and are not recognised within our accounts.

The key reason no asset/liability can be recognised is that the future recovery/return of revenue is dependent on:

- A future service delivery (not yet performed), and
- Future customers (unknown, and not necessarily the same group).

Therefore, no asset or liability exists today as there is no present obligation with identified customers.

Diversion and Connection services

Connection Services

Customers pay upfront for the provision of a new or upgraded connection. The upfront consideration is deferred and initially recognised as a contract liability (see note 20), this is then released to revenue over the period which the customer benefits from the connection. This period is linked to the expected life of the connection asset so that revenue is released in line with the depreciation of the related asset.

Other Construction Activities

Where construction activities do not result in the provision of future services (e.g. Diversions of a pipeline), revenue is recognised based on the progress of the project. The measure of progress is percentage-of-completion with reference to the overall cost budget. If cash is received in advance this is initially deferred and then released in line with progress as explained above.

Metering Services

Metering revenue arises from the monthly charges for the provision and maintenance of individual meters under contractual arrangements. Metering services represents a performance obligation satisfied over time and revenue is recognised as the customer receives the service. Amounts invoiced in advance for metering services are recognised as contract liabilities. These balances will unwind as services are delivered.

Other Income (Non-IFRS15)

IFRS16 Lease income relates to leases where the Company is the lessor. Grant income relates either to capital-related government support, which is recognised in line with the systematic depreciation of the associated assets, or to non-capital government support, which is recognised over the periods in which the related costs are incurred.

Geographical Information

All revenue is derived from operations within the United Kingdom and from customers located in the United Kingdom. Accordingly, no geographical analysis is presented.

4. Operating costs

Below we have presented separately certain items included in our operating costs. These include a breakdown of payroll costs (including disclosure of amounts paid to key management personnel) and fees paid to our auditors.

Notes to consolidated financial statements continued

	Before exceptional items and remeasurements		Exceptional items and remeasurements		Total	
	2026	2025	**2026**	2025	**2026**	2025
	£m	£m	**£m**	£m	**£m**	£m
Depreciation, impairment and amortisation	**267**	252	**—**	—	**267**	252
Profit or loss on disposal	**13**	16	**—**	—	**13**	16
Payroll costs	**119**	104	**—**	—	**119**	104
Purchase of gas[1]	**102**	124	**—**	—	**102**	124
Rates	**81**	77	**—**	—	**81**	77
Other pass through costs[2]	**117**	75	**—**	—	**117**	75
Agency and contractor	**74**	102	**—**	—	**74**	102
Property and maintenance costs	**40**	40	**—**	—	**40**	40
Inventory consumed	**9**	12	**—**	—	**9**	12
Research and development expenditure	**19**	15	**—**	—	**19**	15
Other costs[2]	**93**	80	**1**	59	**94**	139
Total operating costs	**934**	897	**1**	59	**935**	956

[1] Purchase of gas is the cost of NTS Shrinkage gas, which includes Own Use Gas (OUG, for compressor use), Calorific Value (CV) Shrinkage (gas that cannot be billed) and Unaccounted for Gas (UAG, the remaining quantity of gas after considering measured inputs and outputs to the system).

[2] Other pass through costs include regulatory licence fee, gas network planning, and costs associated with securing our sites. Prior-year comparatives have also been re-presented.

(a) Payroll costs

	2026	2025
	£m	£m
Wages and salaries	**153**	134
Social security costs	**24**	18
Defined contribution scheme costs	**19**	17
Defined benefit pension costs	**5**	6
Severance costs (excluding pension costs)	**1**	3
	202	178
Less: payroll costs capitalised	**(83)**	(74)
Total payroll costs	**119**	104

(b) Number of employees, including directors

	31 March	31 March	**Monthly average**	Monthly average
	2026	2025	**2026**	2025
	Number	Number	**Number**	Number
National Gas Transmission Group	**2,492**	2,244	**2,396**	2,089

(c) Key management compensation

	2026	2025
	£m	£m
Salary and short-term employee benefits[1]	**5**	4

[1] Reflect the fees paid for the outgoing and incoming Chairs during the year, including the fee received by the current Chair in his capacity as a Sufficient Independent Director prior to assuming the role as the Chair of the Board.

Key management comprises the Board of Directors of the Company who have managerial responsibility for National Gas.

(d) Directors' emoluments

The aggregate amount of emoluments (excluding social security, pensions and share-based payment) paid to the directors of the Company in respect of qualifying services for 2026 was £4,545,776 (2025: £4,047,611).

During the year, retirement benefits were not accrued to any director under a defined benefit scheme (2025: nil).

The aggregate emoluments (excluding social security, pensions and share-based payment) for the highest paid director was £2,754,976 for 2026 (2025: £2,415,656) and total accrued annual pension during the year for the highest paid director was nil (2025: £nil).

There were no loss of office payments made to the directors during 2026 or in 2025.

The current Chair (who also serves as Sufficiently Independent Director (SID)) received fees of £67,500 in respect of the period from 1 January to 31 March 2026. The previous Chair, who retired on 31 December 2025, received fees of £192,500 (2025: £250,000) for the period from 1 April to 31 December 2025.

The fees for other SIDs amounted to £86,000 per annum (2025: £71,000 to £101,000), including fees received by the current Chair in their prior capacity as SID before appointment as Chair in January 2026.

(e) Auditors' remuneration

	2026	2025
	£m	£m
Audit services relating to the Group and Company		
Audit fee	**1.3**	1.3
Other services	**0.2**	0.1
Fees payable to the Company's auditors for audit related assurance services	**1.5**	1.4

The fees for the company audit are disclosed within the Company financial statements.

Other services relate to services provided by the statutory auditors in connection with raising of debt, agreed upon procedures required by the regulator and assurance services over selected ESG metrics. These are approved in line with the Group non audit service policy.

Notes to consolidated financial statements continued

5. Exceptional items and remeasurements

To monitor our financial performance, we use a profit measure that excludes certain income and expenses. We call that measure 'adjusted profit'.

Adjusted profit (which excludes exceptional items and remeasurements as defined below) is used by management to monitor financial performance as it aids the comparability of our reported financial performance from year to year. We exclude items from adjusted profit because, if included, these items could distort the understanding of our performance for the year and the comparability between periods. This note analyses these items, which are included in our results for the year but are excluded from adjusted profit.

	2026 £m	2025 £m
Exceptional items included within operating profit:		
Sale of business	—	41
Project Cancellation	(4)	18
	(4)	59
Included within finance income and costs:		
Remeasurements:		
Net loss/(gain) on derivative financial instruments	5	—
Total included within profit before tax	1	59
Included within taxation:		
Tax on exceptional items	1	(15)
Tax on remeasurements	(1)	—
Total exceptional items and remeasurements after tax	1	44
Analysis of total exceptional items and remeasurements after tax:		
Total exceptional items after tax	(3)	44
Total remeasurements after tax	4	—
Total exceptional items and remeasurements	1	44

Management uses an exceptional items framework that follows a three-step process considering the nature of the event, the financial materiality involved and any particular facts and circumstances. In considering the nature of the event, management focuses on whether the event is within the Group's control and how frequently such an event typically occurs. In determining the facts and circumstances, management considers factors such as ensuring consistent treatment between favourable and unfavourable transactions, the precedent for similar items, the number of periods over which costs will be spread or gains earned, and the commercial context for the particular transaction.

Items of income or expense that are considered by management for designation as exceptional items include costs associated with the separation of the Company from National Grid, significant restructuring, write-downs or impairments of non-current assets, significant changes in environmental or decommissioning provisions, integration of acquired businesses, materially significant project terminations, gains or losses on disposals of businesses or investments and significant debt redemption costs as a consequence of transactions such as significant disposals or issues of equity, and the related tax, as well as deferred tax arising on changes to corporation tax rates.

Costs arising from restructuring programmes include redundancy costs. Redundancy costs are charged to the income statement in the year, in which a commitment is made to incur the costs and the main features of the restructuring plan have been announced to affected employees.

2024/25 £41 million costs related to the separation from National Grid and were deemed appropriate to be classified as exceptional and were incurred as a part of a wider separation project over several years. The separation project is now complete and therefore in 2025/26 the Company did not incur any costs associated with the sale of the business.

Project Cancellation

In 2024/25, the Company incurred net costs of £18 million (after recoveries) in relation to the cancellation of a project involving the construction of a new pipeline between Wormington to Honeybourne. No additional costs have been incurred in respect of the project in 2025/26.

During 2025/26, the company recovered a further £3 million from the customer. In addition, materials with an estimated value of £7 million are expected to be reused in the T3 Wormington to Honeybourne project and will be recovered through T3 allowed revenues.

The remaining balance of £7 million is recovered through a regulatory collection mechanism (referred to as the "6.1 mechanism" within the Price Control Financial Model).

Remeasurements

Remeasurements comprise unrealised gains or losses recorded in the income statement arising from changes in the fair value of certain financial assets and liabilities including derivative financial instruments accounted for at fair value through profit and loss (FVTPL).

Remeasurements excluded from business performance are made up of the following categories:

i. Net gains/(losses) on derivative financial instruments comprise gains/(losses) arising on derivative financial instruments reported in the consolidated income statement in relation to our debt financing. These exclude gains and losses for which hedge accounting has been effective, and have been recognised directly in other comprehensive income or are offset by adjustments to the carrying value of debt (see notes 13 and 29).

ii. Net gains/(losses) on financial liabilities measured at FVTPL comprises the change in the fair value (excluding changes due to own credit risk) of a financial liability that has been designated at FVTPL on transition to IFRS 9 to reduce a measurement mismatch (see note 18).

Once the fair value movements are realised (for example, when the derivative matures), the previously recognised fair value movements are then reversed through remeasurements and recognised within earnings before exceptional items and remeasurements. This only refers to when a derivative is settled, the remeasurements are reversed out and the actual realised gain or loss will be booked in the income statement.

6. Finance income and costs

This note details the interest income generated by our financial assets and interest expense incurred on our financial liabilities, primarily our financing portfolio (including our financing derivatives). It also includes the net interest on our pensions and other post-retirement assets. In reporting business performance, we adjust net financing costs to exclude any net gains or losses on financial instruments included in remeasurements (see note 5).

Remeasurements include certain unrealised gains and losses on certain assets and liabilities now treated at FVPL. Once realised, these amounts are recognised in finance costs. The interest income, and interest expense on these items are included in finance income and finance costs before remeasurements, respectively.

Notes to consolidated financial statements continued

	2026 £m	2025 £m
Finance income		
Interest income on financial instruments:		
Interest on deposits	18	32
Interest from parent company	185	232
Net interest income on pensions and other post-retirement benefit obligations[1]	16	17
Other finance income[2]	—	27
Total interest receivable and similar income	**219**	308
Finance costs		
Interest expense on financial liabilities held at amortised cost:		
Bank loans and overdrafts	(10)	(12)
Bonds[3]	(220)	(194)
Other Borrowings	(7)	(7)
Facility fees and other charges	(4)	(4)
Derivative net interest and accretion[4]	(6)	(14)
Interest payable to parent company	—	(1)
Less: interest capitalised[5]	51	39
Total interest payable and similar charges	**(196)**	(193)
Remeasurements		
Net gains/(losses) on derivative financial instruments:[6]		
Derivatives designated as hedges for hedge accounting	—	2
Derivatives not designated as hedges or ineligible for hedge accounting	(5)	(2)
Remeasurements included within finance income/costs	(5)	—
Total finance income and costs including remeasurements	**18**	115
Finance income	219	308
Finance costs	(201)	(193)
Net finance costs	**18**	115

1 Interest income on defined benefit assets net of interest expense on defined benefit obligations (see note 22 for details).
2 Includes prior year gain of £22 million arising from partial redemption of £300 million RPI Linked debt.
3 Bond finance costs include principal accretion on inflation linked liabilities of £104 million (2025: £89 million).
4 Includes inflation accretion gain on RPI-CPI swap of £20 million (2025: £5 million).
5 Interest on funding attributable to assets in the course of construction was capitalised during the year at a rate of 5.3% (2025: 4.9%). Capitalised interest qualifies for a current year tax deduction with tax relief claimed of £13 million (2025: £10 million).
6 Includes a net foreign exchange loss on financing activities of £10 million (2025: £11 million gain) offset by foreign exchange losses and gains on derivative financial instruments measured at fair value.

7. Taxation

This note gives further details of the tax charge and tax liabilities, including current and deferred tax. The current tax charge is the tax payable on this year's taxable profits. Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future due to differences in accounting and tax bases. The tax charge for the period is recognised in the income statement, the statement of comprehensive income or directly in equity, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax assets and liabilities are measured at the amounts expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

The calculation of the Company's total tax charge involves a degree of estimation and judgement, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided for using the balance sheet liability method and is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor taxable profit or loss.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

Tax charged to the income statement	2026 £m	2025 £m
Tax before exceptional items and remeasurements	180	194
Tax on total exceptional items and remeasurements (note 5)	—	(15)
Total tax charge	**180**	179

Tax as a percentage of profit before tax	2026 %	2025 %
Before exceptional items and remeasurements	25.1	25.3
After exceptional items and remeasurements	**25.3**	25.1

Notes to consolidated financial statements continued

The tax charge for the year can be analysed as follows:	2026 £m	2025 £m
Current tax:		
Corporation tax at 25%	101	111
Corporation tax adjustment in respect of prior years	2	7
Total current tax	103	118
Deferred tax:		
Deferred tax	81	69
Deferred tax adjustment in respect of prior years	(4)	(8)
Total deferred tax	77	61
Total tax charge	180	179

Tax (credited)/charged to equity and other comprehensive income	2026 £m	2025 £m
Deferred tax:		
Movement in Cash Flow Hedges, Cost of Hedging and Own Credit Reserves	(2)	1
Remeasurements of net retirement benefit obligations	(14)	(2)
Total tax recognised in the statement of other comprehensive income	(16)	(1)

The tax charge for the year after exceptional items and remeasurements is higher than the standard rate of corporation tax in the UK of 25% (2025: higher). The difference is explained below:

	Before exceptional items and remeasurements 2026 £m	After exceptional items and remeasurements 2026 £m	Before exceptional items and remeasurements 2025 £m	After exceptional items and remeasurements 2025 £m
Profit before tax				
Before exceptional items and remeasurements	714	714	769	769
Exceptional items and remeasurements	—	(1)	—	(59)
Profit before tax	714	713	769	710
Corporation tax at 25%	178	178	192	178
Effect of:				
Adjustments in respect of prior years	(2)	(2)	(1)	(1)
Expenses not deductible for tax purposes	4	4	3	3
Total tax	180	180	194	179
Effective tax rate	25.1%	25.3%	25.3%	25.1%

On 11 July 2023, the government enacted legislation giving effect to the OECD Pillar 2 initiative, effective from 1 January 2024. This introduced both a multinational and domestic top up tax which applies where profits are initially taxed at an effective tax rate of less than 15%. The Group has assessed the impact of this legislation and is not expecting any increase in taxes payable given the group is not a multinational enterprise, and is expected to benefit from the transitional safe harbour rules within the legislation.

The Group has applied the exception under IAS 12, such that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar 2 income taxes.

Statement of financial position

Included in the statement of financial position is a Current tax liabilities of £20 million (2025: £17 million).

Deferred tax (assets)/liabilities

Tax included within the statement of financial position

Deferred tax has been calculated at 25% given this is the current and only enacted tax rate.

The following are the major deferred tax assets and liabilities recognised, and the movements thereon, during the current and prior reporting periods:

	Pensions £m	Accelerated tax depreciation £m	Share based payment £m	Financial instruments £m	Other net temporary differences £m	Total £m
31 March 2024	78	725	—	(2)	2	803
Deferred tax assets at 31 March 2024	—	(14)	—	—	(4)	(18)
Deferred tax liabilities at 31 March 2024	78	739	—	(2)	6	821
31 March 2024	78	725	—	(2)	2	803
Charged/(credited) to income statement	4	59	—	—	(2)	61
Charged/(credited) to other comprehensive income and equity	(2)	—	—	1	—	(1)
Other movement	—	1	—	—	—	1
31 March 2025	80	785	—	(1)	—	864
Deferred tax assets at 31 March 2025	—	(19)	—	(1)	—	(20)
Deferred tax liabilities at 31 March 2025	80	804	—	—	—	884
31 March 2025	80	785	—	(1)	—	864
Charged/(credited) to income statement	4	77	—		(3)	78
Charged/(credited) to other comprehensive income and equity	(14)	—	—	(2)	—	(16)
31 March 2026	70	862	—	(3)	(3)	926
Deferred tax assets at 31 March 2026	—	(25)	—	(3)	(3)	(31)
Deferred tax liabilities at 31 March 2026	70	887	—	—	—	957
31 March 2026	70	862	—	(3)	(3)	926

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax balances (after offset) for statement of financial position purposes consist solely of deferred tax liabilities of £926 million (2025: £864 million).

8. Dividends

Dividends represents the return of profits to shareholders. Dividends are paid as an amount per ordinary share held. We retain part of the profits generated in the year to meet future growth plans and meet our gearing target, and pay out the remainder in accordance with our dividend policy.

Notes to consolidated financial statements continued

Interim dividends are recognised when they become payable to the Company's shareholders. Final dividends are recognised when they are approved by shareholders. The following table shows the dividends paid to the equity shareholder:

	2026 pence (per ordinary share)	2026 £m	2025 pence (per ordinary share)	2025 £m
Ordinary dividends				
Final dividend in respect of the prior year	**—**	**—**	—	—
Interim dividend paid	**12.36p**	**488**	15.79p	623
Total Dividend paid		**488**		623

The Company declared and paid interim dividends amounting to £145 million in July 2025 (per ordinary share of 3.67p), £174 million in October 2025 (per ordinary share of 4.40p), £49 million in January 2026 (per ordinary share of 1.25p) and £120 million in March 2026 (per ordinary share of 1.25p). The directors are not proposing a final dividend for 2025/26.

Dividends of £488 million were paid to the parent company (NGTH). £174 million of this was used by NGTH to settle interest on intercompany loans and was therefore immediately returned to the Company.

9. Intangible assets

Intangible assets include software which is amortised over the length of period we expect to receive a benefit from the asset.

Identifiable intangible assets are recorded at cost less accumulated amortisation and any provision for impairment. Intangible assets are tested for impairment only if there is some indication that the carrying value of the assets may have been impaired.

Impairments of assets are calculated as the difference between the carrying value of the asset and the recoverable amount, if lower. Where such an asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which that asset belongs is estimated. Impairments are recognised in the income statement and are disclosed separately. Any assets which suffered impairment in a previous period are reviewed for possible reversal of the impairment at each reporting date.

Internally generated intangible assets, such as software, are recognised only if: i) an asset is created that can be identified; ii) it is probable that the asset created will generate future economic benefits; and iii) the development cost of the asset can be measured reliably. Where no internally generated intangible asset can be recognised, development expenditure is recorded as an expense in the period in which it is incurred.

Cloud computing arrangements are reviewed to determine if the Company has control of the software intangible asset. Control is considered to exist where the Company has the right to take possession of the software and run it on its own or a third party's computer infrastructure or if the Company has exclusive rights to use the software such that the supplier is unable to make the software available to other customers.

Costs relating to configuring or customising the software in a cloud computing arrangement are assessed to determine if there is a separate intangible asset over which the Company has control. If an asset is identified, it is capitalised and amortised over the useful economic life of the asset. To the extent that no separate intangible asset is identified, then the costs are either expensed when incurred or recognised as a prepayment and spread over the term of the arrangement if the costs are concluded to not be distinct.

Intangible assets under development are not amortised. Other non-current intangible assets are amortised on a straight-line basis over their estimated useful economic lives. The amortisation period for software is up to ten years. Goodwill on acquisition is recognised at cost and subsequently tested for impairment on a yearly basis, and measured at cost less accumulated impairment, as per IAS36. It is allocated to the cash generating units that are expected to benefit from the business combination, management have identified that goodwill should be allocated to the Gas Transmission business.

In line with IAS36, impairment testing has been completed by management for intangibles with indefinite useful life. The group's policy is to charge any impairment to the income statement which is not subsequently reversed.

	Software £m	Assets in the course of construction £m	Goodwill[2] £m	Total £m
Cost at 31 March 2024	488	56	—	544
Additions	—	61	4	65
Reclassifications[1]	46	(46)	—	—
Disposals	(33)	—	—	(33)
Cost at 31 March 2025	501	71	4	576
Additions	—	51	—	51
Reclassifications[1]	50	(50)	—	—
Transfers[3]	—	(14)	—	(14)
Cost at 31 March 2026	**551**	**58**	**4**	**613**
Accumulated amortisation at 31 March 2024	(421)	—	—	(421)
Amortisation charge for the year	(59)	—	—	(59)
Disposals	33	—	—	33
Impairment	1	—	—	1
Accumulated amortisation at 31 March 2025	(446)	—	—	(446)
Amortisation charge for the year	(48)	—	—	(48)
Accumulated amortisation at 31 March 2026	**(494)**	**—**	**—**	**(494)**
Net book value at 31 March 2026	**57**	**58**	**4**	**119**
Net book value at 31 March 2025	55	71	4	130

[1] Reclassifications represent commissioning of assets from assets under construction into usage.
[2] £4 million addition during the prior year relates to goodwill on acquisition of a subsidiary (acquired on 16 April 2024), over which NGT has 100% control. Management have assessed the changes in external factors and financial performance of the subsidiary and determined that goodwill was not impaired for 2025/26.
[3] Transfer between intangible and tangible assets.

10. Property, plant and equipment

The following note shows the physical assets controlled by us. The cost of these assets primarily represents the amount initially paid for them. This includes both their purchase price and the construction and other costs associated with getting them ready for operation. A depreciation expense is charged to the income statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years we expect the asset to be used (useful economic life or UEL) and charging the cost of the asset to the income statement equally over this period.

Notes to consolidated financial statements continued

We operate a gas transmission business and therefore have a significant physical asset base. We continue to invest in our network to maintain reliability, create new customer connections and ensure our networks are flexible and resilient. Our business plan envisages these additional investments will be funded through a mixture of cash generated from operations and the issue of new debt.

Property, plant and equipment is recorded at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price of the asset; any payroll and finance costs incurred which are directly attributable to the construction of property, plant and equipment; and the cost of any associated asset retirement obligations.

Property, plant and equipment includes assets in which the Company interest comprises legally protected statutory or contractual rights of use. Additions represent the purchase or construction of new assets, including capital expenditure for safety and environmental assets, and extensions to, enhancements to, or replacement of, existing assets. All costs associated with projects or activities which have not been fully commissioned at the period end are classified within assets in the course of construction. No depreciation is provided on freehold land or assets in the course of construction.

Contributions received from customers towards the cost of tangible fixed assets for connections to the gas transmission network are initially recognised as a contract liability, and subsequently credited to revenue over the estimated useful economic lives of the assets to which they relate. Contributions towards the alteration, diversion or relocation of tangible fixed assets are initially included as a contract liability and subsequently credited to revenue over the course of the construction of the diversion.

Other items of property, plant and equipment are depreciated, on a straight-line basis, at rates estimated to write off their book values over their estimated useful economic lives. In assessing estimated useful economic lives, consideration is given to any contractual arrangements and operational requirements relating to particular assets. The assessments of estimated useful economic lives and residual values of assets are performed annually.

Unless otherwise determined by operational requirements, the depreciation periods for the principal categories of property, plant and equipment are, in general, as shown in the table below:

	Years
Freehold and Leasehold buildings	5 to 50
Plant and Machinery	
– mains, services and regulating equipment	5 to 65
– NTS gas pipelines	up to 50
Motor vehicles and office equipment	3 to 10

Gas asset lives

The role of gas networks in achieving greenhouse gas emissions reduction targets remains uncertain and depends on future technological developments, policy decisions, and market evolution. However, based on current evidence, management expects the National Transmission System (NTS) to continue to play a role in the UK energy system beyond 2050.

The most recent detailed technical assessment of NTS assets, performed in 2019, concluded that pipeline assets would remain operationally necessary beyond 2055 and technically capable of operating for significantly longer periods. These assets are currently depreciated to 2070, and no changes in asset condition or operating practices have been identified that would indicate a reduction in their useful economic lives.

Developments since 2024/25, including UK energy policy, progress in hydrogen and carbon capture and storage, and Ofgem's RIIO-GT3 Final Determination confirming no reduction in regulatory asset lives, continue to support an ongoing role for transmission infrastructure, albeit with potential changes in its future use.

While a range of outcomes remains possible, management considers it most likely that NTS assets will continue to be utilised until at least 2070, either for natural gas or alternative molecules such as hydrogen and carbon dioxide.

The determination of useful economic lives remains a significant judgement. Management continues to review asset lives annually and has concluded that the current assumption of depreciation to approximately 2070 remains appropriate. Sensitivity analysis is provided to illustrate the impact on depreciation should shorter useful economic lives be assumed.

The Company continues to perform a review of asset lives on an annual basis and given the uncertainty described relating to the UELs of our gas assets, we have provided a sensitivity on the depreciation charge where a shorter UEL is presumed:

	Increase in depreciation expense £m
UELs limited to 2050	50
UELs limited to 2060	16
UELs limited to 2070	1

Note that this sensitivity calculation excludes any assumptions regarding residual value for our asset base and the effect shortening asset depreciation lives would expect to have on our regulatory recovery mechanisms.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the income statement.

Items within property, plant and equipment are tested for impairment only if there is some indication that the carrying value of the assets may have been impaired. Impairments of assets are calculated as the difference between the carrying value of the asset and the recoverable amount, if lower. Where such an asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which that asset belongs is estimated. Impairments are recognised in the income statement and if immaterial are included within the depreciation charge for the year. Any assets which suffered impairment in a previous period are reviewed for possible reversal of the impairment at each reporting date.

Notes to consolidated financial statements continued

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Motor vehicles and office equipments £m	Total £m
Cost at 31 March 2024	351	7,977	1,031	295	9,654
Additions	—	5	503	7	515
Disposals	(1)	(36)	(28)	(2)	(67)
Reclassifications[1]	—	182	(184)	2	—
Other	3	—	—	—	3
Cost at 31 March 2025	**353**	**8,128**	**1,322**	**302**	**10,105**
Additions	1	—	628	10	639
Disposals	(5)	(28)	—	(7)	(40)
Reclassifications[1]	9	751	(760)	—	—
Transfers[2]	—	—	14	—	14
Cost at 31 March 2026	**358**	**8,851**	**1,205**	**305**	**10,718**
Accumulated depreciation at 31 March 2024	(209)	(4,174)	(6)	(247)	(4,635)
Depreciation charge for the year	(7)	(168)	—	(19)	(194)
Disposals	—	20	—	2	22
Impairment reversal / (Impairment)	—	1	—	—	1
Accumulated depreciation at 31 March 2025	**(216)**	**(4,321)**	**(6)**	**(264)**	**(4,806)**
Depreciation charge for the year	(7)	(177)	—	(35)	(219)
Disposals	4	15	—	7	26
Impairment reversal / (Impairment)	—	1	(2)	—	(1)
Accumulated depreciation at 31 March 2026	**(219)**	**(4,482)**	**(8)**	**(292)**	**(5,000)**
Net book value at 31 March 2026	**139**	**4,369**	**1,197**	**13**	**5,718**
Net book value at 31 March 2025	137	3,807	1,316	38	5,299

1 Reclassifications represent commissioning of assets from assets under construction into usage.
2 Transfer between tangible and intangible assets.

Right-of-use assets

The Company leases various properties, equipment and cars. New lease arrangements entered into are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The right-of-use asset and associated lease liability arising from a lease are initially measured at the present value of the lease payments expected over the lease term, plus any other costs. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as computers), The Company continues to recognise a lease expense on a straight-line basis.

Included within the net book value of property, plant and equipment at 31 March 2026 are right-of-use assets, split as follows:

	Land and buildings £m	Motor vehicles and office equipments £m	Total £m
Net book value at 31 March 2024	10	5	15
Additions	—	7	7
Disposals	(1)	(2)	(3)
Depreciation charge	(2)	(3)	(5)
Depreciation on disposals	—	1	1
Net book value at 31 March 2025	7	8	15
Additions	1	6	7
Disposals	(5)	(2)	(7)
Depreciation charge	(3)	(5)	(8)
Depreciation on disposals	4	2	6
Net book value at 31 March 2026	**4**	**9**	**13**

The following balances have been included in the income statement for the year ended 31 March 2026 in respect of right-of-use assets:

	2026 £m	2025 £m
Included within net finance income and costs:		
Interest expense on lease liabilities	**(1)**	(1)
Included within revenue:		
Lease income	**4**	4

The associated lease liabilities are disclosed in note 18.

11. Other non-current assets

Other non-current assets include assets that do not fall into any other non-current asset category (such as property, plant and equipment) where the benefit to be received from the asset is not due to be received until after 31 March 2027.

	2026 £m	2025 £m
Other Receivables	**6**	—
Prepayments	**6**	7
Other non-current assets	**12**	7

Other non-current assets mostly relates to amounts paid in advance to a number of undertakings including for the demolition of gas-holders (see note 23).

Notes to consolidated financial statements continued

12. Non-current financial and other investments

	2026 £m	2025 £m
Loans and receivables – amounts owed by parent undertaking[1]	**3,426**	3,426

[1] The fair value of the amount owed by parent undertaking is approximate to book value. Amounts owed by immediate parent. National Gas Transmission Holdings Limited (NGTH), repayable 1 April 2035. Interest is payable at the SONIA plus 1.22%.

13. Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of an underlying item such as interest rates, foreign exchange rates, credit spreads, equity or other indices. Derivatives are transacted in accordance with the Treasury policy approved by the Group, these policies have been deemed applicable at NGT by their respective boards of directors. Derivatives are generally transacted by the Company to manage our exposure to fluctuations in interest rates, foreign exchange rates and inflation. Specifically we use these derivatives to manage our financing portfolio, and contractual operational cash flows. Commodity contracts entered into for own use, with the intention of physical delivery to meet operational requirements, qualify for the 'own use' exemption under IFRS 9 and are therefore not accounted for as derivatives.

Derivatives are initially recognised at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the income statement or other comprehensive income as required by IFRS 9. Where the gains or losses recorded in the income statement arise from changes in the fair value of derivatives to the extent that hedge accounting is not applied or is not fully effective, these are recorded as remeasurements, detailed in notes 5 and 6. Where the fair value of a derivative is positive it is carried as a derivative asset, and where negative as a derivative liability.

We calculate the fair value of derivative financial instruments by taking the present value of future cash flows, primarily incorporating market observable inputs. The various inputs include foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate and inflation curves, and for those positions that are not fully cash collateralised the credit quality of the counterparties.

Certain clauses embedded in non-derivative financial instruments or other contracts are presented as derivatives because they impact the risk profile of their host contracts and they are deemed to have risks or rewards not closely related to those host contracts.

Further information on how derivatives are valued and used for risk management purposes is presented in note 29.

The fair values of derivative financial instruments by type are as follows:

	2026			2025		
	Asset £m	Liabilities £m	Total £m	Asset £m	Liabilities £m	Total £m
Interest rate swaps	**5**	**(24)**	**(19)**	7	(27)	(20)
Cross-currency interest rate swaps	**20**	**—**	**20**	20	—	20
Inflation linked swaps	**—**	**(16)**	**(16)**	—	(13)	(13)
Total	**25**	**(40)**	**(15)**	27	(40)	(13)

The maturity profile of derivative financial instruments is as follows:

	2026			2025		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Current						
Less than 1 year	**—**	**—**	**—**	7	(18)	(11)
	—	**—**	**—**	7	(18)	(11)
Non-current						
In 1 - 2 years	**10**	**—**	**10**	1	—	1
In 2 - 3 years	**7**	**—**	**7**	5	—	5
In 3 - 4 years	**—**	**(9)**	**(9)**	13	(1)	12
In 4 - 5 years	**8**	**(30)**	**(22)**	1	(8)	(7)
More than 5 years	**—**	**(1)**	**(1)**	—	(13)	(13)
	25	**(40)**	**(15)**	20	(22)	(2)
Total derivative financial	**25**	**(40)**	**(15)**	27	(40)	(13)

The notional contract amounts of derivative financial instruments by type are as follows:

	2026 £m	2025 £m
Interest rate swaps	**(258)**	(274)
Cross-currency interest rate swaps	**(616)**	(616)
Foreign exchange forward contracts	**(10)**	(26)
Inflation linked swaps	**(1,800)**	(1,200)
At 31 March	**(2,684)**	(2,116)

14. Inventories and current intangible assets

Inventories represent assets that we intend to use in order to generate revenue in the short-term by using it to fulfil a service to a customer or to maintain our network (consumables).

Inventories are stated at the lower of weighted average cost and net realisable value. Where applicable, cost comprises direct materials and direct labour costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition.

Emission allowances, principally relating to the emissions of carbon dioxide in the UK, are recorded as intangible assets within current assets, and are initially recorded at cost and subsequently at the lower of cost and net realisable value. A provision is recorded in respect of the obligation to deliver emission allowances, and emission charges are recognised in the income statement in the period in which emissions are made.

	2026 £m	2025 £m
Raw materials, spares and consumables	**8**	9
Other current assets – emission allowances	**9**	7
Total Inventories and current intangible assets	**17**	16

Raw materials, spares and consumables includes £7 million (2025: £6 million) of gas stocks to support network flows and shrinkage losses on the network.

Notes to consolidated financial statements continued

There is a provision for obsolescence of £nil million against inventories as at 31 March 2026 (2025: £1 million).

15. Trade and other receivables

Trade and other receivables are amounts which are due from our customers for services we have provided.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts.

	2026 £m	2025 £m
Trade receivables	57	21
Amounts owed by group entities	1	1
Accrued income[1]	157	145
Prepayments	20	17
Other receivables	13	10
Total trade and other receivables	**248**	**194**

[1] Accrued income refers to contract assets under IFRS15, which relates to unbilled revenue at the end of the period (collected within the next 30 days). Therefore, these are all current and have very short maturities.

Trade receivables are non-interest bearing and generally have a 30 to 90 day term. Due to their short maturities, the fair value of trade and other receivables approximates their carrying value. The maximum exposure of trade receivables to credit risk is the gross carrying amount of £57 million (2025: £21 million).

Provision for impairment of receivables (netted off within trade receivables)

A provision for credit losses is recognised at an amount equal to the expected credit losses that will arise over the lifetime of the trade receivables and accrued income.

A provision matrix is not used to assess expected loss rates as an assessment is performed on individual debtors.

	2026 £m	2025 £m
As at 1 April	(4)	(4)
Movement in provision	1	—
At 31 March	**(3)**	**(4)**

For further information about wholesale credit risk, refer to note 29(a).

16. Financial and other investments

The financial and other investments balance primarily comprises Money Market Funds and includes current loans to fellow group undertakings.

Financial and other investments are initially recognised on trade date at fair value less transaction costs and expected losses. In the current year, the transaction value equals fair value.

Loans and other receivables are initially recognised at fair value plus transaction costs and subsequently held at amortised cost using the effective interest method. Interest income, together with gains and losses when the loans and receivables are derecognised or impaired, is recognised in the income statement.

	2026 £m	2025 £m
Current		
Financial assets at FVTPL	319	498
Financial assets at amortised cost	102	119
Restricted cash	2	1
Total financial and other investments	**423**	**618**
Financial assets at FVTPL comprise the following:		
Money Market Funds	319	498
Financial assets at amortised cost:		
Loans and receivables – amounts due from other group companies	102	119
Restricted balances:		
NIC/SIF Restricted cash	2	1
At 31 March	**423**	**618**

The carrying value of current loans financial assets at amortised cost approximates their fair values, primarily due to short-dated maturities. The exposure to credit risk at the reporting date is the fair value of the financial investments. For further information on our credit risk, refer to note 29(a).

For the purposes of impairment assessment, all financial assets at amortised cost are investment grade and are therefore considered to have low credit risk. Therefore, they have a loss allowance equal to the lesser of lifetime or 12-month expected credit losses.

In determining the expected credit losses for these assets some or all of the following information has been considered: credit ratings, the financial position of counterparties, the future prospects of the relevant industries and general economic forecasts.

No amortised cost financial assets have had modified cash flows during the period. There has been no change in the estimation techniques or significant assumptions made during the year in assessing the loss allowance for these financial assets. There were no significant movements in the gross carrying value of financial assets during the year that contribute to changes in the loss allowance. No collateral is held in respect of any of the financial investments in the above table. No balances are more than 30 days past due, and no balances were written off during the year.

17. Cash and cash equivalents

Cash and cash equivalents include cash balances, together with short-term investments with an original maturity of less than three months that are readily convertible to cash.

Net cash and cash equivalents reflected in the cash flow statement are net of bank overdrafts (if any), which are reported in borrowings. The carrying amounts of cash and cash equivalents and bank overdrafts approximate their fair values.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

Notes to consolidated financial statements continued

Net cash and cash equivalents held in currencies other than sterling have been converted into sterling at year-end exchange rates. For further information on currency exposures, refer to note 29(c).

	2026 £m	2025 £m
Net cash and cash equivalents	**37**	38

18. Borrowings

We borrow money primarily in the form of bonds and bank loans. These are for a fixed term and may have fixed or floating interest rates or are linked to the retail price index (RPI). Derivatives are used to manage risks associated with interest rates, foreign exchange and inflation. Lease liabilities are also included within borrowings.

As we continue to invest in our networks, the value of debt is expected to increase over time. To maintain a strong balance sheet and to allow us to access to capital markets at commercially acceptable interest rates, we balance the amount of debt we issue with the value of our assets, and take account of certain other metrics such as retained cash flow to net debt, regulatory gearing and interest cover.

Borrowings, which include interest-bearing and inflation-linked debt and overdrafts, are initially recorded at fair value. This normally reflects the proceeds received (net of direct issue costs for liabilities measured at amortised cost). Subsequently, borrowings are stated either (i) at amortised cost; or (ii) at fair value though profit and loss. Where a borrowing is held at amortised cost any difference between the proceeds after direct issue costs and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method. For liabilities held at fair value through profit and loss, interest is calculated using the effective interest method.

Where a borrowing or liability is held at fair value, changes in the fair value of the borrowing due to changes in the issuer's credit risk are recorded in the own credit reserve (see note 25). All other changes in the fair value of the liability are recognised in the income statement within remeasurements (see notes 5 and 6).Further information on how the rates are managed and currency risk of our borrowings portfolio is presented in note 29. Information on our net debt is presented in note 26.

	2026 £m	2025 £m
Current (amounts falling due within one year)		
Bank loans and overdrafts	**2**	213
Bonds	**59**	72
Lease liabilities	**8**	7
Other loans	**1**	1
Total current	**70**	293
Non-current (amounts falling due after more than one year)		
Bank loans	**211**	—
Bonds	**4,419**	4,296
Lease liabilities	**7**	9
Other loans	**73**	88
Total non-current	**4,710**	4,393
Total borrowings	**4,780**	4,686

Total borrowings are repayable as follows:

	2026 £m	2025 £m
Less than 1 year	**70**	293
In 1 - 2 years	**240**	5
In 2 - 3 years	**90**	29
In 3 - 4 years	**37**	97
In 4 - 5 years	**752**	43
More than 5 years:[1]		
By instalments	**51**	52
Other than by instalments	**3,540**	4,167
Total Borrowings repayable	**4,780**	4,686

[1] The range of rates of interest on borrowings payable after more than five years include:
Fixed 1.125%-7.125%
RPI plus 1.5803%-2.4840%

The fair value of borrowings at 31 March 2026 was £4,269 million (2025: £4,157 million). The fair value of borrowings (Level 1) was nil (2025: nil). The fair value of borrowings (Level 2) was £4,269 million (2025: £4,157 million), calculated by discounting cash flows at prevailing interest rates. The notional amount outstanding of the debt portfolio at 31 March 2026 was £4,820 million (2025: £4,725 million).

At 31 March 2026, we had committed credit facilities of £735 million (2025: £735 million) which was undrawn and matures in January 2028 (2025: £735 million undrawn). These facilities are available for liquidity purposes.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments expected over the lease term. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method.

Notes to consolidated financial statements continued

	2026 £m	2025 £m
Gross lease liabilities are repayable as follows:		
Less than 1 year	8	7
1 to 5 years	8	10
More than 5 years	—	—
Total	16	17
Less: finance charges allocated to future periods	(1)	(1)
Total Lease Liabilities	**15**	**16**
The present value of lease liabilities are as follows:		
Less than 1 year	8	7
1 to 5 years	7	9
More than 5 years	—	—
At 31 March	**15**	**16**

19. Trade and other payables

Trade and other payables include amounts owed to suppliers, tax authorities and other parties which are due to be settled within 12 months. The total also includes deferred amounts, some of which represent monies received from customers but for which we have not yet delivered the associated service. These amounts are recognised as revenue when the service is provided.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

	2026 £m	2025 £m
Trade payables[1]	91	103
Accruals[1]	158	159
Amounts owed to group entities	23	12
Deferred income	2	18
Social security and other taxes	41	24
Other payables[2]	173	166
Total trade and other payables	**488**	**482**

[1] Trade payables and accruals have been separately disclosed in the current year to enhance clarity, with prior-year comparatives re-presented accordingly.

[2] Other payables includes £113 million relating to deposits from Shippers which are held as security (2025: £116 million).

Due to their short maturities, the fair value of trade and other payables approximates their carrying value.

20. Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers for construction contracts, mainly in relation to connections, for which revenue is recognised over the life of the asset.

	2026 £m	2025 £m
Current	57	43
Non-current	133	85
Total contract liabilities	**190**	**128**

Significant changes in the contract liabilities balances during the period are as follows:

	2026 £m	2025 £m
As at 1 April	128	137
Revenue recognised during the year	(12)	(19)
Increase due to cash received	74	10
At 31 March	**190**	**128**

21. Other non-current liabilities

Other non-current liabilities include deferred income, which will not be recognised as income until after 31 March 2027. It also includes payables that are not due until after that date. Non-current liabilities are initially recognised at fair value and subsequently measured at amortised cost. There is no material difference between the fair value and the carrying value of other payables.

	2026 £m	2025 £m
Other payables	13	8
Total other non-current liabilities	**13**	**8**

22. Pensions and other post-retirement benefits

All of our employees are eligible to participate in a pension plan. We have a defined contribution (DC) and a defined benefit (DB) pension plan in the UK. The fair value of associated plan assets and present value of DB obligations are updated annually in accordance with IAS 19 'Employee Benefits'. Below we provide a more detailed analysis of the amounts recorded in the primary financial statements and the actuarial assumptions used to value the DB obligations.

Defined contribution plan

Employees are eligible to join The Gas Transmission & Metering Retirement Plan (GTMRP), a section of a Master Trust arrangement managed by Legal & General. National Gas Transmission pays contributions into the GTMRP to provide DC benefits on behalf of its employees, generally providing a double match of member contributions up to maximum Company contribution of 12% of salary.

This plan is DC in nature and is designed to provide members with a pension pot for their retirement. Investment risks are borne by the member and there is no legal or constructive obligation on National Gas Transmission to pay additional contributions in the instance that investment performance is poor. Payments to this DC plan are charged as an expense as they fall due.

Notes to consolidated financial statements continued

Defined benefit plan

National Gas Transmission plc sponsors the National Gas Transmission Pension Scheme ("NGTPS"), a DB pension plan which is now closed to new members. This plan is managed by a Trustee company with a board consisting of company and member-nominated directors and holds its assets in separate Trustee administered funds. The net defined benefit pension asset of the pension plan is reflected within the Company's statement of financial position.

Until 15 January 2026 National Gas Transmission plc also sponsored Section B of the National Grid UK Pension Scheme ("Section B"). On 30th September 2024 a bulk transfer of almost all assets and all liabilities from Section B into the NGTPS took place (the "bulk transfer"). Following the bulk transfer, the net defined benefit pension asset of the NGTPS is reflected within the Company's statement of financial position, and has largely replaced the defined benefit pension asset in respect of Section B which ceased to have any liabilities or many assets. Following a bulk transfer in 2024, at the prior year-end Section B held a small number of assets (c. £10m) to ensure it had sufficient assets to meet any existing obligations (e.g. to pay suppliers), with any residual assets due to be transferred to the NGTPS on the wind-up of Section B. Section B wound up on 15 January 2026, prior to which the residual assets were transferred over to the NGTPS. As such Section B is not included on the balance sheet at the year-end, but impacts the income statement and other comprehensive income in the year to 31 March 2026.

National Gas Transmission plc also has some unfunded pension obligations.

The NGTPS is subject to independent actuarial funding valuations every three years and following consultation and agreement with the Company, the Scheme Actuary certifies the employers' contributions, which, together with the specified contributions payable by the employees and proceeds from the Section's' assets, are expected to be sufficient to fund the benefits payable. In May 2026 the Company agreed the triennial actuarial valuation as at 31 March 2025 with the Trustee. As the Scheme was in surplus at this date no deficit contributions were required. The Company continues to fund the cost of future benefit accrual (over and above member contributions) in the NGTPS, with the rate of contributions being updated following the completion of the valuation. Up to 31 March 2026 the Company also reimbursed the Scheme in respect of plan administration costs and Pension Protection Fund levies, but, in line with the agreed actuarial funding valuation, the Company will stop these reimbursements going forward. The aggregate level of ongoing contributions across the NGTPS and Section B in the year to March 2026 totalled £6 million (2025: £8 million).

The Company has also agreed to the provision of contingent security to the NGTPS, whereby up to £600 million letters of credit, surety bonds or cash held in escrow, are implemented on specified credit rating or gearing triggers. This security is payable to the NGTPS in specific circumstances including insolvency, failure to pay scheme contributions and loss of regulatory licence.

Actuarial assumptions

On retirement, members of the NGTPS receive benefits whose value is dependent on factors such as salary and length of pensionable service. The Company's obligations are calculated by projecting the estimated amount of future benefit payments that employees have earned for their pensionable service in the current and prior periods. These future benefit payments are discounted to determine the present value of the liabilities. Current service cost and any unrecognised past service cost are recognised immediately.

Advice is taken from independent actuaries relating to the appropriateness of the key assumptions applied, including life expectancy, expected salary and pension increases, and inflation. Comparatively small changes in the assumptions used may have a significant effect on the amounts recognised in the consolidated income statement, the consolidated statement of other comprehensive income and the net liability recognised in the consolidated statement of financial position. Remeasurements of pension assets and post-retirement benefit obligations are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

The Company has applied the following financial assumptions in assessing DB liabilities.

	2026 %	2025 %
Discount rate – past service	**5.96**	5.70
Discount rate – future service	**6.34**	5.95
Rate of increase in salaries	**3.29**	3.05
Rate of increase in RPI – past service	**3.15**	2.97
Rate of increase in RPI – future service	**3.04**	2.83

Single equivalent financial assumptions are shown here for presentational purposes, although full yield curves have been used in our calculations. The discount rate is determined by reference to high-quality UK corporate bonds at the reporting date. The rate of increase in salaries has been set with a further promotional scale also applying. The rates of increases stated are not indicative of historical increases awarded or a guarantee of future increase, but merely an appropriate assumption used in assessing DB liabilities. Retail Price Index (RPI) is the key assumption that determines assumed increases in pensions in payment and deferment in the NGTPS.

The table below sets out the projected life expectancies adopted for the Company's pension arrangements:

	2026 Years	2025 Years
Assumed life expectations for a retiree age 65		
Males	**22.2**	21.3
Females	**23.9**	23.2
In 20 years:		
Males	**23.4**	22.5
Females	**25.4**	24.7

The weighted average duration of the DB obligation for the NGTPS is 9 years.

As at the reporting date, the present value of the funded obligations split according to member status, was approximately 2% active members (2025: 3%); 10% deferred members (2025: 12%) and 88% pensioner members (2025: 85%).

Over 2025 and 2026 the Trustee of the NGTPS became aware that there are some technical differences between the way some benefits have been administered historically and the requirements of the Scheme Rules. Work is ongoing to clarify how to best correct any issues and accurately determine the impact. Furthermore, as the Trustee continues to review administrative practice and legal interpretations of the Scheme Rules, new potential discrepancies continue to be investigated. Overall, correcting any administration issues is likely to increase the defined benefit obligation and a reserve of £7.5 million has been included in the obligation disclosed at 31 March 2026 as an estimate of the actuarial losses incurred correcting the issue. In reality, the actual change in the defined benefit obligation may be lower or materially higher than the estimate at 31 March 2026.

A separate issue has been brought to our attention regarding the treatment of Guaranteed Minimum Pension ("GMP") related benefits for dependants in the period between a member reaching GMP age and their date of death. The matter relates to whether current administrative practice fully reflects the requirements of the Scheme Rules and applicable legislation. Independent legal advice obtained by the Group indicates that this is a complex area in which more than one interpretation may be reasonably supportable, including the interpretations administrated to date.

Notes to consolidated financial statements continued

The ultimate outcome will depend on the interpretation adopted by the Scheme Trustees, who have not yet reached a conclusion. It may take several months for the Trustee to determine its position.

Based on actuarial analysis, the potential additional defined benefit obligation arising from this matter is currently estimated at approximately £100 million (pre-tax). This estimate represents the potential impact of a reasonable worst-case legal outcome within the range of potential outcomes.

No adjustment has been recognised in the defined benefit obligation at 31 March 2026 in respect of this matter. This reflects the absence of a concluded Trustee position and the fact that multiple outcomes remain possible.

For sensitivity analysis see note 30.

Amounts recognised in the consolidated statement of financial position.

	2026 £m	2025 £m
Present value of funded obligations	(3,214)	(3,224)
Fair value of scheme assets	3,498	3,546
Net defined benefit asset	**284**	322
Represented by:		
Liability	—	—
Asset	284	322
At 31 March	**284**	322

The recognition of the pension assets reflects legal and actuarial advice that we have taken regarding recognition of surpluses under IFRIC 14. The Company has an unconditional right to a refund in the event of a winding up. The NGTPS Trustee must seek the agreement of the Company to any benefit augmentation beyond the provisions set out in the plan Rules.

Amounts recognised in the consolidated income statement and the consolidated statement of other comprehensive income.

	2026 £m	2025 £m
Included within operating costs:		
Administration costs	3	3
Included within payroll costs:		
Current service cost	2	3
Included within exceptional costs:		
Administrative costs related to separation[1]	—	1
Total of operating costs	**5**	7
Included within finance income and costs		
Net interest income	(16)	(17)
Total included in the consolidated income statement	**(11)**	(10)
Actuarial (gains)/losses on defined benefit obligations	89	(300)
Return on assets (lower)/greater than assumed	(34)	308
Total included in the consolidated statement of other comprehensive income	**55**	8

[1] Costs relating to the separation of our pension scheme from National Grid booked to exceptional items in 2025.

Reconciliation of the net defined benefit asset

	2026 £m	2025 £m
Opening defined benefit asset	322	312
Net (charge)/credit recognised in the consolidated income statement	11	10
Remeasurement effects recognised in the consolidated statement of other comprehensive income	(55)	(8)
Employer contributions	6	8
Closing net defined benefit asset	**284**	322

Changes in the present value of defined benefit obligations (including unfunded obligations)

	2026 £m	2025 £m
Opening defined benefit obligations	(3,224)	(3,599)
Current service cost	(2)	(3)
Interest cost	(154)	(182)
Actuarial gains/(losses) – experience	(10)	(6)
Actuarial gains/(losses) - demographic assumptions	(87)	5
Actuarial gains/(losses) - financial assumptions	8	301
Benefits paid	255	260
Closing defined benefit obligations	**(3,214)**	(3,224)

The table below shows the movement in defined benefit assets over the year (including unfunded obligations)

	2026 £m	2025 £m
Opening fair value of scheme assets	3,546	3,911
Interest income	170	199
Return on assets (lower)/greater than assumed	34	(308)
Administration costs	(3)	(4)
Employer contributions	6	8
Benefits paid	(255)	(260)
Closing fair value of scheme assets	**3,498**	3,546
Actual return on scheme assets	**204**	(109)
Expected contributions to scheme in the following year	**5**	7

Notes to consolidated financial statements continued

Main defined benefit risks

The Company underwrites the financial and demographic risks associated with its Defined Benefit plan. Although the Trustee has sole responsibility for setting investment strategies and managing risks, the Company closely works with and supports the Trustee, to assist in mitigating the risks associated with the plan and to ensure that the plan is funded to meet its obligations.

The most significant risks associated with the NGTPS are:

- Investment risk – NGTPS invests in a variety of asset classes, with actual returns likely to differ from the underlying discount rate adopted, impacting the funding position of the plan through the net balance sheet asset or liability. The scheme seeks to balance the level of investment return required with the risk that it can afford to take, in designing the most appropriate investment portfolio;
- Changes in bond yields – Liabilities will fluctuate as yields change. Volatility of the net balance sheet asset or liability is controlled through liability-matching strategies. The investment strategies allow for the use of synthetic as well as physical assets to hedge interest rate risk;
- Inflation risk – Changes in inflation can affect the current and future pensions but are partially mitigated through investing in inflation-matching assets and hedging instruments as well as bulk annuity buy-in policies. The investment strategies allow for the use of synthetic as well as physical assets to hedge inflation risk;
- Member longevity – Improvements in life expectancy will lead to pension payments being paid for longer than expected and benefits ultimately being more expensive. This risk has been partly mitigated by the bulk annuity policy held by the Trustee;
- Counterparty credit risk – Risk is managed by having a diverse range of counterparties and a strong collateralisation process. Measurement and management of counterparty risk is delegated to the relevant investment managers. For NGTPS's bulk annuity policy, various termination provisions are included in the contract, managing our exposure to counterparty risk. The insurer's operational performance and financial strength are monitored on a regular basis;
- Default risk - Debt investments are predominantly made in regulated markets in assets considered to be of investment grade. To manage the default risk of non-investment grade assets or non-regulated market securities the quantum of investments is kept to prudent levels subject to a maximum level of allocation;
- Liquidity risk - The pension plan holds sufficient cash to meet benefit requirements, with other investments being held in liquid or realisable assets to meet unexpected cash flow requirements such as collateral calls. The plan does not borrow money, act as guarantor, or provide liquidity to other parties (unless it is temporary);
- Currency risk – Fluctuations in the value of foreign denominated assets due to exposure to currency exchange rates is managed through currency hedging carried out by the investment managers.

Defined benefit plan investment strategy

The Trustee, after taking advice from professional investment advisors and in consultation with the Company, sets its key principles, including expected returns, risk and liquidity requirements. It formulates an investment strategy to manage risk through diversification, taking into account expected contributions, maturity of the pension liabilities, and the strength of the covenant. This strategy allocates investments between return-seeking assets such as equities and property, and liability-matching assets such as government securities, corporate bonds and the bulk annuity policy which are intended to protect the funding position.

The approximate asset allocation of the NGTPS as at 31 March 2026 is as follows:

	2026 %	2025 %
Return - seeking assets	25	24
Liability - matching assets	75	76
At 31 March	100	100

The allocation of assets by asset class are set out below. Within these asset allocations, there is significant diversification across regions, asset managers, currencies and bond categories.

	2026 Quoted £m	2026 Unquoted £m	2026 Total £m	2025 Quoted £m	2025 Unquoted £m	2025 Total £m
Equities	346	87	433	313	106	419
Corporate bonds	779	—	779	801	—	801
Government securities	922	—	922	927	—	927
Property	—	183	183	—	186	186
Diversified alternatives	—	267	267	—	291	291
Liability-matching assets[1]	—	860	860	—	865	865
Cash and cash equivalents	—	54	54	—	57	57
At 31 March	2,047	1,451	3,498	2,041	1,505	3,546

[1] This is in respect of a bulk annuity policy held by the Trustee with a total value of £860 million (2025: £865 million). Included above is £(512) million (2025: £(361) million) of repurchase agreements. These are used to increase the market exposure of the liability-matching portfolios.

The Trustee of the NGTPS generally delegates responsibility for the selection of specific bonds, securities and other investments to appointed investment managers. Investment managers are selected based on the required skills, expertise in those markets, process and financial security to manage the investments. Their performance is regularly reviewed against measurable objectives, consistent with the NGTPS's long-term objectives and accepted risk levels.

The Trustee board believes that ESG factors can be material to financial outcomes and should therefore be considered alongside other factors. It recognises that its primary responsibility remains a fiduciary one, i.e. its first duty is to ensure the best possible return on investments with the appropriate level of risk. However, it also recognises the increasing materiality of ESG factors and that it has a fiduciary and regulatory duty to consider Responsible Investment, including ESG factors and their potential impact on the quality and sustainability of long-term investment returns.

23. Provisions

We make provisions when an obligation exists resulting from a past event, and it is probable that cash will be paid to settle it, but the exact amount of cash required can only be estimated.

The main estimates relate to environmental remediation and decommissioning costs for various sites we own or have owned and other provisions, including restructuring plans. The evaluation of the likelihood of the contingent events has required best judgement by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, the likelihood could alter.

Notes to consolidated financial statements continued

Provisions are recognised where a legal or constructive obligation exists at the reporting date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable.

Provision is made for decommissioning and environmental costs, based on future estimated expenditures, discounted to present values. An initial estimate of decommissioning and environmental costs attributable to property, plant and equipment is recorded as part of the original cost of the related property, plant and equipment.

Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining estimated useful economic lives; otherwise such changes are recognised in the income statement.

The unwinding of the discount is included within the income statement within finance costs.

	Decommissioning	Environmental	Emissions	Restructuring	Other	Total Provisions
	£m	£m	£m	£m	£m	£m
At 31 March 2024	**12**	**35**	**—**	**—**	**23**	**70**
Additions	—	1	7	2	12	22
Unused amounts reversed	—	—	—	—	(1)	(1)
Utilised	(5)	—	—	—	(3)	(8)
Other movements	—	1	—	—	—	1
At 31 March 2025	**7**	**37**	**7**	**2**	**31**	**84**
Additions	—	2	8	1	4	15
Unwinding of discount	—	(2)	—	—	—	(2)
Utilised	—	(1)	(5)	—	(6)	(12)
At 31 March 2026	**7**	**36**	**10**	**3**	**29**	**85**

	2026	2025
	£m	£m
Current	38	36
Non-current	47	48
Total Provisions	**85**	84

Decommissioning provision

The decommissioning provision represents expenditure relating to the demolition of gas-holders expected to be incurred until 2028.

Following the sale of the Gas Distribution business in 2016, the Company sold 78 surplus land sites to a number of National Grid Group undertakings and a legal agreement was entered into with the Company to demolish the non-operational gas holders on these sites, creating a constructive obligation for the Company.

The decommissioning provision of £7 million (2025: £7 million) is not discounted, as it is expected to be settled in the near future. There were no movements in the year.

Environmental provision

The environmental provision represents the estimated restoration and remediation costs relating to operational sites owned by the Company. Cash flows are expected to be incurred until 2077, with £28 million expected to be incurred in the next 10 years.

A number of estimation uncertainties affect the calculation of the provision, including the impact of regulation, the accuracy of site surveys, unexpected contaminants, transportation costs, the impact of alternative technologies and changes in the real discount rate. This provision incorporates our best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could impact the calculation of the provision. The undiscounted amount is the undiscounted best estimate of the liability having regard to these uncertainties.

The discounted provision was £36 million (2025: £37 million) which primarily includes in-year additions of £2 million (inflationary impacts), offset by £2 million unwinding of discount and £1 million of utilisation.

The discount rate applied was 1.4%, which remained the same as 2024/25.

Emissions provision

An amount of £10 million (2025: £7 million), in relation to the expected costs of the UK ETS (Emissions Trading Scheme) was provided for in 2025/26. This provision is in respect of the obligation to deliver emission allowances, and emission charges are recognised in the income statement in the period in which emissions are made. The obligation is settled when the emissions certificates are surrendered by the end of April.

Restructuring provision

In 2026 the restructuring provision was £3 million, (2025: £2 million).

Other provisions

Other provisions of £29 million (2025: £31 million), includes £13 million relating to Crop and Quarry claims, £10 million in respect of legacy provisions recognised following the sale of the Gas Distribution business (timing of settlement of tax due to HMRC is still on-going, there was no movement in the provision in 2025/26). The remaining amount relates to £5 million decommissioning of the mercury content in meters and £1 million other small claims.

£4 million additions in-year is mostly made up of new Crop and Quarry claims.

Crop and Quarry provisions arises as a result of the terms of Deed of Easement or Deed of Servitude, whereby we receive claims from landowners for losses suffered due to pipeline developments and the on-going presence of our pipelines, these can be categorised into the loss of minerals, loss of development, loss of crop or drainage issues.

Of the existing claims a view has been taken of the realistic level of claim that is expected to result from negotiated settlements and a provision has been made to reflect this. In 2025/26 the provision reduced by £1 million due to £6 million utilisation, partly offset by £5 million new claims.

24. Share capital

Ordinary share capital represents the total number of shares issued.

Share capital is accounted for as an equity instrument. An equity instrument is any contract that includes a residual interest in the consolidated assets of the Company after deducting all its liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account and the balance recorded in the share premium account.

Notes to consolidated financial statements continued

	Number of shares 2026 millions	Number of shares 2025 millions	Amount 2026 £m	Amount 2025 £m
At 31 March – ordinary shares 1.13p each				
Allotted, called-up and fully paid	**3,944**	3,944	**45**	45

In line with the provisions of the Companies Act 2006, the Company has amended its Articles of Association and ceased to have authorised share capital.

25. Other equity reserves

Other equity reserves are different categories of equity as required by accounting standards and represent the impact of a number of our historical transactions.

Other equity reserves comprise the cost of hedging reserve, the capital redemption reserve, cash flow hedge reserve and own credit reserve. The capital redemption reserve arose from the refinancing and restructuring of the Lattice Group in 1999. It represents the amount of the reduction in share capital of the Company as a consequence of that restructuring. Cost of hedging equity reserve arose as a result of the adoption of IFRS 9 on 1 April 2018. Cash flow hedge represents the Group's cash flow hedging activities (see note 29).

As the amounts included in other equity reserves are not attributable to any of the other classes of equity presented, they have been disclosed as a separate classification of equity.

	Cash flow hedge £m	Cost of hedging £m	Own credit £m	Capital redemption £m	Other equity £m
At 1 April 2025	12	(1)	—	1,332	1,343
Net gains/(losses) taken to equity	12	—	—	—	12
Transferred (from)/to profit or loss	(19)	—	—	—	(19)
Tax	2	—	—	—	2
At 31 March 2026	**7**	**(1)**	**—**	**1,332**	**1,338**

26. Net debt

Net debt represents the amount of cash and financial investments held, less borrowings, overdrafts and related derivatives.

Funding and liquidity risk management is carried out by the treasury function under policies and delegations approved by the Board. The Board is responsible for the regular review and monitoring of treasury activity.

The primary objective of the treasury function is to manage our funding and liquidity requirements. A further important objective is to manage the associated financial risks, in the form of interest rate risk and foreign exchange risk, to within pre-authorised parameters. Details of the main risks arising from our financing activities can be found in note 29 to the consolidated financial statements.

Investment of surplus funds, usually in short-term fixed deposits is subject to our counterparty risk management policy.

Composition of net debt

Net debt is summarised as follows:

	2026 £m	2025 £m
Cash, cash equivalents (see note 17)	**37**	38
Financial investments (see note 16)	**423**	618
Borrowings and bank overdrafts (see note 18)	**(4,780)**	(4,686)
Financial Derivatives (see note 13)	**(15)**	(13)
At 31 March	**(4,335)**	(4,043)

(a) Reconciliation of net cash flow to movement in net debt

	2026 £m	2025 £m
Increase/(decrease) in cash and cash equivalents	**(1)**	13
Increase/(decrease) in financial investments	**(177)**	(186)
(Increase)/decrease in borrowings and related derivatives	**27**	107
Net interest (received)/paid on the components of net debt	**(79)**	(312)
Change in net debt resulting from cash flows	**(230)**	(378)
Changes in fair value of financial assets and liabilities and exchange movements	**(10)**	5
Net interest charge on the components of net debt	**(44)**	55
Other non-cash movements	**(8)**	(6)
Movement in net debt (net of related derivative financial instruments) in the year	**(292)**	(324)
Net debt (net of related derivative financial instruments) at the start of the year	**(4,043)**	(3,719)
Net debt (net of related derivative financial instruments) at the end of the year	**(4,335)**	(4,043)

Notes to consolidated financial statements continued

(b) Analysis of changes in net debt

	Cash and cash equivalents	Financial investments	Borrowings and bank overdrafts	Financial derivatives	Total debt
	£m	£m	£m	£m	£m
At 31 March 2024	**25**	**992**	**(4,740)**	**4**	**(3,719)**
Net Cash flow from changes in borrowings	13	(186)	107	—	(66)
Cash interest paid/ (Received) on loans	—	(452)	129	11	(312)
Fair value gains and losses	—	—	8	(3)	5
Foreign exchange movements	—	—	12	(12)	—
Interest income/(charges)	—	264	(195)	(14)	55
Other non-cash movements	—	—	(7)	1	(6)
At 31 March 2025	**38**	**618**	**(4,686)**	**(13)**	**(4,043)**
Net Cash flow from changes in borrowings	(1)	(177)	27	—	(151)
Cash interest paid/ (Received) on loans[1]	—	(221)	136	6	(79)
Fair value gains and losses	—	—	2	(12)	(10)
Foreign exchange movements	—	—	(10)	10	—
Interest income/(charges)	—	203	(241)	(6)	(44)
Other non-cash movements	—	—	(8)	—	(8)
At 31 March 2026	**37**	**423**	**(4,780)**	**(15)**	**(4,335)**
Balances at 31 March 2026 comprise:					
Non-current assets	—	—	—	25	25
Current assets	37	423	—	—	460
Current liabilities	—	—	(70)	—	(70)
Non-current liabilities	—	—	(4,710)	(40)	(4,750)
At 31 March 2026	**37**	**423**	**(4,780)**	**(15)**	**(4,335)**

[1] Financial instruments includes £202 million of interest received on loan to parent (NGTH)

27. Commitments and contingencies

Commitments and Guarantees

Commitments are those amounts that we are contractually required to pay in the future as long as the other party meets its obligations. These commitments primarily relate to energy purchase agreements and contracts for the purchase of assets which, in many cases, extend over a long period of time. We also disclose any contingencies, which include guarantees that companies have given, where we pledge assets against current obligations that will remain for a specific period.

Future Capital Expenditure

	2026	2025
	£m	£m
Contracted for but not provided	**30**	319

The value of other commitments and guarantees at 31 March 2026 amounted to £9 million (2025: £20 million), primarily energy purchase commitments. Energy purchase commitments relate to contractual commitments to purchase electricity or gas that are used to satisfy physical delivery requirements to our customers or for energy that we use ourselves (i.e. normal purchase, sale or usage) and hence are accounted for as ordinary purchase contracts.

Security arrangements in favour of NGUKPS Trustees totalling £600 million (2025: £600 million) are explained in further detail separately in note 22.

Contingencies

As described in Note 22, a potential issue has been identified in relation to the interpretation of Guaranteed Minimum Pension ("GMP") benefits for dependants. The ultimate outcome, and the timing of any resolution, remain uncertain at the reporting date and will depend on the Trustee's ongoing review of the Scheme Rules and historical administrative practices.

Based on initial actuarial analysis, the potential impact representing a reasonable worst-case legal outcome within the range of potential outcomes is estimated at £100 million (pre-tax). However, the actual outcome may differ materially and could range from no impact to approximately £100 million, depending on the interpretation ultimately adopted by the Trustee.

Management has concluded that the existence of any additional obligation is possible but not probable. Independent legal advice indicates that multiple reasonable interpretations of the relevant Scheme Rules may be supportable, including the interpretations administered to date and there is currently no settled Trustee position. Accordingly, no additional liability has been recognised at the reporting date. However, as the possibility of an outflow of economic benefits is more than remote, the matter is disclosed as a contingent liability. The timing and amount of any potential outflow remain uncertain.

Litigation and claims

Through the ordinary course of our operations, we are party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on our results of operations, cash flows or financial position and claims.

28. Related party transactions

A related party is a company or individual who also has an interest in us. The related parties identified include fellow subsidiaries, joint ventures, associated undertakings, investments and key management personnel.

The following significant transactions with related parties were in the normal course of business. Amounts receivable from and payable to related parties are due on normal commercial terms:

Notes to consolidated financial statements continued

	2026 £m	2025 £m
Revenue:		
Goods and services supplied	—	—
Costs:		
Services received	18	47
Group tax relief expense/(received)	82	—
Charges in respect of pensions costs	5	3
Services provided to group companies	(2)	1
Interest receivable from parent	(185)	(232)
Transactions with entities controlled or jointly controlled by a related individual	—	—
	(82)	(181)
Outstanding balances at 31 March in respect of income, expenditure and settlement of corporation tax:		
Amounts receivable from parent	102	119
Amount receivable from other related parties	1	2
Amounts payable to Group Companies	(23)	(12)
Advances to parent company (due after more than one year)[1]	3,426	3,426

[1] Immediate parent company is National Gas Transmission Holdings Limited (NGTH).

Services received primarily relate to data service centre costs and shrinkage costs with Xoserve £18 million (2025: £19 million). 2024/25 also included £19 million incurred under a Transitional Services Agreement (TSA) with National Grid plc (ended September 2024), the majority of which related to IT services. These arrangements were not in place in 2026.

During the year, the Group incurred £0.4 million (2025: Nil) for property maintenance, refurbishment and construction services from a company controlled by close family members of key management personnel. There were no amounts outstanding at the reporting date (2025: Nil). Transactions were conducted at arms length in the normal course of business.

Amounts receivable from or payable to related parties in respect of sales and expenditure are ordinarily settled one month in arrears. The advance to the parent due after more than one year is interest bearing. Advances to and borrowings from subsidiaries are repayable on demand and bear interest at commercial rates.

No amounts have been provided at 31 March 2026 (2025: £nil) and no expense has been recognised during the year (2025: £nil) in respect of bad or doubtful debts for related party transactions.

Details of guarantees provided in respect of related parties are provided in note 27.

Details of key management compensation are provided in note 4(c).

29. Financial risk management

Our activities expose us to a variety of financial risks including currency risk, interest rate risk, credit risk, capital risk and liquidity risk. Our risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential volatility of financial performance from these risks. We use financial instruments, including derivative financial instruments, to manage these risks.

Risk management related to financing activities is carried out by the treasury department under policies and actions approved by the Board. The objective of the treasury department is to manage funding and liquidity requirements, including managing associated financial risks, in line within Treasury Policy and approvals by the Board.

We have exposure to the following risks, which are described in more detail below:

- credit risk;
- liquidity risk;
- currency risk;
- interest rate risk;
- capital risk;
- inflation risk.

Where appropriate, derivatives and other financial instruments used for hedging currency and interest rate risk exposures are formally designated as fair value, or cash flow hedges as defined in IFRS 9. Hedge accounting allows the timing of the profit or loss impact of qualifying hedging instruments to be recognised in the same reporting period as the corresponding impact of hedged exposures. To qualify for hedge accounting, documentation is prepared specifying the risk management objective and strategy, the component transactions and methodology used for effectiveness measurement.

Hedge accounting relationships are designated in line with risk management activities further described below. Categories designated are:

- currency risk arising from our forecasted foreign currency transactions (capital expenditure) is designated in cash flow hedges;
- currency and interest rate risk arising from borrowings are designated in cash flow or fair value hedges.

Critical terms of hedging instruments and hedged items are transacted to match on a 1:1 ratio by notional values. Hedge ineffectiveness can nonetheless arise from inherent differences between derivatives and non-derivative instruments and other market factors including credit, correlations, supply and demand, and market volatilities. Ineffectiveness is recognised in the remeasurements component of finance income and costs (see note 6). Hedge accounting is discontinued when a hedging relationship no longer qualifies for hedge accounting.

Certain hedging instrument components are now treated separately as costs hedging, with the cost of hedging gains and losses deferred in a component of other equity reserves, and released systematically into profit or loss to correspond with the timing and impact of hedged exposures, or released in full to finance costs upon an early discontinuation of a hedging relationship.

Refer to sections (c) currency risk and (d) interest rate risk below for further details about hedge accounting.

The Company operates under a regulatory environment, where its prices are linked to inflation measured by CPIH. In order to mitigate the risks to cash flow and earnings arising from fluctuations in CPIH, the Group holds debt instruments where the principal repayable and interest cost is linked to RPI and the Group holds RPI/CPI swaps to mitigate the risk of divergence between RPI and CPIH.

(a) Credit risk

We are exposed to the risk of loss resulting from counterparties' default on their commitments including failure to pay or make a delivery on a contract. This risk is inherent in our commercial business activities. Exposure arises from our cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Notes to consolidated financial statements continued

The maximum limit applies to all transactions, including long-term transactions. The long-term limit applies to transactions which mature in more than 12 months' time.

At 31 March 2026, we had a number of exposures to individual counterparties. In accordance with our treasury policies, counterparty credit exposure utilisations are monitored daily against the counterparty credit limits. Based on expected credit loss probabilities, management does not expect any significant losses from non-performance by these counterparties.

Wholesale

Our principal commercial exposure in the UK is governed by the credit rules within the Uniform Network Code. These set out the level of credit relative to the RAV for each credit rating. We are committed to measuring, monitoring, minimising and recording counterparty credit risk in our wholesale business. The utilisation of credit limits is regularly monitored and collateral is collected against these accounts when necessary. Management does not expect any significant losses of receivables that have not been provided for as shown in note 15.

Offsetting financial assets and liabilities

The following tables set out financial assets and liabilities which are subject to offset and to enforceable master netting arrangements or similar agreements. The tables show the amounts which are offset and reported net in the statement of financial position. Amounts which cannot be offset under IFRS, but which could be settled net under terms of master netting agreements if certain conditions arise, and with collateral received or pledged, are shown to present National Gas Transmission's net exposure.

Financial assets and liabilities on different transactions would only be reported net in the balance sheet if the transactions were with the same counterparty, a currently enforceable legal right of offset exists, and the cash flows were intended to be settled on a net basis.

Amounts which do not meet the criteria for offsetting on the statement of financial position, but could be settled net in certain circumstances, principally relate to derivative transactions under ISDA agreements, where each party has the option to settle amounts on a net basis in the event of default of the other party.

For bank account balances and bank overdrafts there are no pooling arrangements and no 'Gross amounts offset'.

The gross amounts offset for trade payables and receivables, which are subject to general terms and conditions, are insignificant.

				Related amounts available to be offset but not offset in statement of financial position		
As at 31 March 2026	Gross carrying amounts £m	Gross amounts offset £m	Net amount presented in statement of financial position £m	Financial instruments £m	Cash collateral received/ pledged £m	Net amount £m
Assets						
Derivative financial instruments	25	—	25	(12)		13
	25	—	25	(12)	—	13
Liabilities						
Derivative financial instruments	(40)	—	(40)	12		(28)
	(40)	—	(40)	12	—	(28)
Total	**(15)**	**—**	**(15)**	**—**	**—**	**(15)**

				Related amounts available to be offset but not offset in statement of financial position		
As at 31 March 2025	Gross carrying amounts £m	Gross amounts offset £m	Net amount presented in statement of financial position £m	Financial instruments £m	Cash collateral received/ pledged £m	Net amount £m
Assets						
Derivative financial instruments	26	—	26	(8)	—	19
	26	—	26	(8)	—	19
Liabilities						
Derivative financial instruments	(40)	—	(40)	8	—	(32)
	(40)	—	(40)	8	—	(32)
Total	**(14)**	**—**	**(14)**	**—**	**—**	**(14)**

(b) Liquidity risk

Our policy is to determine our liquidity requirements by the use of both short-term and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding requirements for at least a 24 month period and maintain adequate liquidity for a continuous 12-month period.

We believe our contractual obligations, including those shown in commitments and contingencies in note 27 can be met from existing cash and investments, operating cash flows and internal or external financing that we reasonably expect to be able to secure in the future, together with the use of committed facilities if required.

Our debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity, restrictions on disposals and financial covenants. Failure to comply with these covenants, or to obtain waivers of those requirements, could prevent shareholder distributions, require early repayment of some of our debt, and restrict our ability to draw upon our facilities, and limit access to the capital markets.

Notes to consolidated financial statements continued

The following is a payment profile of our financial liabilities and derivatives:

At 31 March 2026	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total £m
Non-derivative financial liabilities					
Borrowings, excluding finance lease liabilities	(3)	(240)	(98)	(4,464)	(4,805)
Interest payments on borrowings[1]	(133)	(134)	(123)	(897)	(1,287)
Lease liabilities	(8)	(4)	(2)	(1)	(15)
Other non-interest bearing liabilities	(463)	(13)	—	—	(476)
Derivative financial liabilities					
Derivative contracts - receipts[2]	5	3	105	108	221
Derivative contracts - payments[2]	(10)	(9)	(129)	(157)	(305)
Derivative financial assets					
Derivative contracts - receipts[2]	36	233	134	357	760
Derivative contracts - payments[2]	(38)	(233)	(122)	(343)	(736)
Total at 31 March 2026	**(614)**	**(397)**	**(235)**	**(5,397)**	**(6,643)**

[1] The interest on borrowings is calculated based on borrowings held at 31 March without taking account of future issues. Floating rate interest is estimated using a forward interest rate curve as at 31 March. Payments are included on the basis of the earliest date on which the Company can be required to settle.

[2] The receipts and payments line items for derivatives comprise gross undiscounted future cash flows, after considering any contractual netting that applies within individual contracts. Where cash receipts and payments within a derivative contract are settled net, and the amount to be received (paid) exceeds the amount to be paid (received), the net amount is presented within derivative receipts (payments)

At 31 March 2025	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total £m
Non-derivative financial liabilities					
Borrowings, excluding finance lease liabilities	(230)	—	(30)	(4,448)	(4,708)
Interest payments on borrowings[1]	(129)	(121)	(123)	(1,007)	(1,380)
Lease liabilities	(7)	(5)	(3)	(2)	(17)
Other non-interest bearing liabilities	(451)	(8)	—	—	(459)
Derivative financial liabilities					
Derivative contract - receipts[2]	51	13	96	207	367
Derivative contract - payments[2]	(85)	(19)	(105)	(251)	(460)
Derivative financial assets					
Derivative contract - receipts[2]	(134)	22	130	337	623
Derivative contract - payments[2]	(124)	(22)	(130)	(329)	(605)
Total at 31 March 2025	**(841)**	**(140)**	**(165)**	**(5,493)**	**(6,639)**

[1] The interest on borrowings is calculated based on borrowings held at 31 March without taking account of future issues. Floating rate interest is estimated using a forward interest rate curve as at 31 March. Payments are included on the basis of the earliest date on which the Company can be required to settle.

[2] The receipts and payments line items for derivatives comprise gross undiscounted future cash flows, after considering any contractual netting that applies within individual contracts. Where cash receipts and payments within a derivative contract are settled net, and the amount to be received (paid) exceeds the amount to be paid (received), the net amount is presented within derivative receipts (payments)

(c) Currency risk

We are exposed to foreign exchange risk arising from non-sterling future commercial transactions and non-sterling recognised assets and liabilities. Currency risk arises from funding activities and capital investment. This risk is managed using financial instruments including derivatives as approved by policy, typically cross currency interest rate swaps, foreign exchange swaps and forwards.

Funding activities - Our policy is to borrow in the most advantageous market available. Foreign currency funding gives rise to risk of volatility in the amount of functional currency cash to be repaid. This risk is reduced by swapping principal and interest back into the functional currency of the issuer. All foreign currency debt and transactions are hedged except where they provide a natural offset to assets elsewhere in the Group.

Capital investment - Capital projects often incur costs in a foreign currency, most often Euro transactions executed by the Company. Our policy for managing foreign exchange transaction risk is to hedge contractually committed foreign currency cash flows over a prescribed minimum size, typically by buying Euro forwards to hedge future expenditure. For hedges of forecast cash flows our policy is to hedge a proportion of highly probable cash flows.

Notes to consolidated financial statements continued

Derivative financial instruments were used to manage foreign currency risk as follows:

	2026				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Cash and cash equivalents	37	—	—	—	37
Financial investments	423	—	—	—	423
Borrowings	(4,182)	(499)	—	(99)	(4,780)
Pre-derivative position	(3,722)	(499)	—	(99)	(4,320)
Derivative effect	(613)	499	—	99	(15)
Net debt position at 2026	**(4,335)**	**—**	**—**	**—**	**(4,335)**

	2025				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Cash and cash equivalents	38	—	—	—	38
Financial investments	618	—	—	—	618
Borrowings	(4,093)	(478)	—	(115)	(4,686)
Pre-derivative position	(3,437)	(478)	—	(115)	(4,030)
Derivative effect	(606)	478	—	115	(13)
Net debt position at 2025	**(4,043)**	**—**	**—**	**—**	**(4,043)**

There was no significant currency exposure on other financial instruments, including trade receivables and payables and other receivables and payables.

Hedge accounting for currency risk

Where available, derivatives transacted for hedging are designated for hedge accounting. Economic offset is qualitatively determined because the critical terms (currency and volume) of the hedging instrument match the hedged exposure. If a forecast transaction was no longer expected to occur, the cumulative gain or loss previously reported in equity would be transferred to the income statement.

Cash flow hedging of currency risk of capital expenditure is designated as hedging the exposure to movements in the spot translation rates only; the timing of forecasted transactions is not designated as a hedged risk. Gains and losses on hedging instruments arising from undesignated forward points and foreign currency basis spreads are excluded from designation and are recognised immediately in profit or loss, along with any hedge ineffectiveness. Where a non-financial asset or a non-financial liability results from a forecast transaction or firm commitment being hedged, the amounts deferred in reserves are released directly to the initial measurement of that asset or liability.

Hedges of foreign currency funding are designated as cash flow hedges or fair value hedges of forward exchange risk (hedging both currency and interest rate risk together, where applicable). Hedge accounting for funding is described further in the interest rate risk section below.

(d) Interest rate risk

National Gas Transmission's interest rate risk arises from our long-term borrowings. Our interest rate risk management policy is to seek to minimise total financing costs (being interest costs and changes in the market value of debt). Hedging instruments principally consist of interest rate and cross-currency swaps that are used to translate foreign currency debt into functional currency and to adjust the proportion of fixed-rate and floating-rate in the borrowings portfolio to within a range set by the Board. The benchmark interest rates hedged are currently based on GBP Sterling Overnight Index Average (SONIA).

We also consider inflation risks and hold RPI-linked borrowings that provide a partial economic offset to the inflation risk associated with our CPIH-linked revenue. We have entered into RPI to CPI swaps maturing by 2031 to partially convert our RPI-linked debt to CPI to more closely match the inflation-linked performance of our debt with the underlying revenue.

The table in note 18 (Borrowings) sets out the carrying amount, by contractual maturity, of borrowings that are exposed to interest rate risk before taking into account interest rate swaps.

Net debt was managed using derivative instruments to hedge interest rate risk as follows:

	2026				
	Fixed rate £m	Floating rate £m	Inflation linked £m	Other £m	Total £m
Cash and cash equivalents	—	37	—	—	37
Financial investments	—	423	—	—	423
Borrowings	(2,020)	(213)	(2,547)	—	(4,780)
Pre-derivative position	(2,020)	247	(2,547)	—	(4,320)
Derivative effect	207	(206)	(16)	—	(15)
Net debt position 2026	**(1,813)**	**41**	**(2,563)**	**—**	**(4,335)**

	2025				
	Fixed rate £m	Floating rate £m	Inflation linked £m	Other £m	Total £m
Cash and cash equivalents	—	38			38
Financial investments	—	618			618
Borrowings	(2,028)	(213)	(2,445)	—	(4,686)
Pre-derivative position	(2,028)	443	(2,445)	—	(4,030)
Derivative effect	221	(221)	(13)	—	(13)
Net debt position 2025	**(1,807)**	**222**	**(2,458)**	**—**	**(4,043)**

Hedge accounting for interest rate risk

Borrowings paying variable or floating rates expose the Company to cash flow interest rate risk, partially offset by cash held at variable rates. Where a hedging instrument results in paying a fixed rate, it is designated as a cash flow hedge because it has reduced the cash flow volatility of the hedged borrowing. Changes in the fair value of the derivative are initially recognised in other comprehensive income as gains or losses in the cash flow hedge reserve, with any ineffective portion recognised immediately in the income statement.

Borrowings paying fixed rates expose the Company to fair value interest rate risk. Where the hedging instrument pays a floating rate, it is designated as a fair value hedge because it has reduced the fair value volatility of the borrowing. Changes in the fair value of the derivative and changes in the fair value of the hedged item in relation to the risk being hedged are both adjusted on the balance sheet and offset in the income statement to the extent the fair value hedge is effective, with the residual difference remaining as ineffectiveness.

Notes to consolidated financial statements continued

Both types of hedges are designated as hedging the currency and interest rate risk arising from changes in forward points. Amounts accumulated in the cash flow hedge reserve (cash flow hedges only) and the deferred cost of hedging reserve (both cash flow and fair value hedges) are reclassified from reserves to the income statement on a systematic basis as hedged interest expense is recognised. Adjustments made to the carrying value of hedged items in fair value hedges are similarly released to the income statement to match the timing of the hedged interest expense.

When hedge accounting is discontinued, any remaining cumulative hedge accounting balances continue to be released to the income statement to match the impact of outstanding hedged items. Any remaining amounts deferred in the cost of hedging reserve are released immediately to the income statement.

(e) Hedge accounting

In accordance with the requirements of IFRS 7, certain additional information about hedge accounting is disaggregated by risk type and hedge designation type in the tables below:

Year ended 31 March 2026	Fair value hedges of foreign currency and interest rate risk £m	Cash flow hedges of foreign currency and interest rate risk £m	Cash flow hedges of foreign currency risk £m
Consolidated statement of comprehensive income			
Net gains/(losses) in respect of:			
Cash flow hedges	—	12	—
Cost of hedging	—	—	—
Transferred to profit or loss in respect of:			
Cash flow hedges	—	(19)	—
Cost of hedging	—	—	—
Consolidated statement of changes in equity			
Other equity reserves – cost of hedging balances	—	—	—
Consolidated statement of financial position			
Derivatives – carrying value of hedging instruments[1]			
Assets – current	—	—	—
Assets – non-current	6	19	—
Liabilities – current	—	—	—
Liabilities – non-current	(24)		—
Profiles of the significant timing, price and rate information of hedging instruments			
Maturity range	July 2026 – May 2033	December 2027 – April 2030	April 2026 – April 2028
Spot FX range			
GBP USD	1.64 – 1.66	n/a	1.21 – 1.22
GBP EUR	n/a	1.14	1.15 – 1.16
Interest rate range			
GBP	Pay-float GBP SONIA +42bps/+241bps	Pay GBP Fixed 1.795% – 5.22%	n/a

[1] The use of derivatives may entail a derivative transaction qualifying for more than one hedge type designation under IFRS 9. Therefore, the derivative amounts in the table above are grossed up by hedge type, whereas they are presented net at an instrument level in the statement of financial position.

Year ended 31 March 2025	Fair value hedges of foreign currency and interest rate risk £m	Cash flow hedges of foreign currency and interest rate risk £m	Cash flow hedges of foreign currency risk £m
Consolidated statement of comprehensive income			
Net losses in respect of:			
Cash flow hedges	—	(3)	—
Cost of hedging	(1)	(2)	—
Transferred to profit or loss in respect of:			
Cash flow hedges	—	10	—
Cost of hedging	—	—	—
Consolidated statement of changes in equity			
Other equity reserves – cost of hedging balances	—	—	—
Consolidated statement of financial position			
Derivatives – carrying value of hedging instruments			
Assets – current	6	—	—
Assets – non-current	15	5	—
Liabilities – current	(17)	—	—
Liabilities – non-current	(9)	—	—
Profiles of the significant timing, price and rate information of hedging instruments			
Maturity range	June 2025 – Jan 2030	March 2028 – April 2030	April 2025 – April 2028
Spot FX range			
GBP USD	1.64 – 1.66	n/a	1.21 – 1.30
GBP EUR	n/a	1.14	1.15–1.16
Interest rate range			
GBP	Pay-float GBP SONIA +42bps/+432bps	Pay-fixed GBP 1.795% – 5.22%	n/a

The following tables show the effects of hedge accounting on financial position and year-to-date performance for each type of hedge:

(i) Fair value hedges of foreign currency and interest rate risk on recognised borrowings as at 31 March 2026:

At 31 March 2026		Balance of fair value hedge adjustments in borrowings		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal[1]	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(300)	136	(21)	15	(13)	2

[1] The carrying value of the hedged borrowings is £154 million, of which £Nil million is current and £154 million is non-current.

Notes to consolidated financial statements continued

At 31 March 2025		Balance of fair value hedge adjustments in borrowings		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal [1]	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(316)	121	(34)	11	(9)	2

[1] The carrying value of the hedged borrowings is £205 million, of which £Nil million is current and £205 million is non-current.

(ii) Cash flow hedges of foreign currency and interest rate risk as at 31 March 2026:

		Balance in cash flow hedge reserve		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal [1]	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(536)	7	—	(9)	11	2
Foreign currency risk on forecasted cash flows	(6)	—	—	—	—	—

At 31 March 2025		Balance in cash flow hedge reserve		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(536)	15	—	4	(3)	1
Foreign currency risk on forecasted cash flows	(21)	—	—	—	—	—

(f) Fair value analysis

Included in the statement of financial position are financial instruments which have been measured at fair value. These fair values can be categorised into hierarchy levels that are representative of the inputs used in measuring the fair value. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used.

	2026				2025			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
	£m	£m	£m	**£m**	£m	£m	£m	£m
Assets								
Derivative financial instruments	—	25	—	**25**	—	27	—	27
	—	25	—	**25**	—	27	—	27
Liabilities								
Derivative financial instruments	—	(24)	(16)	**(40)**	—	(27)	(13)	(40)
Liabilities held at fair value	—	—	—	**—**	—	—	—	—
	—	(24)	(16)	**(40)**	—	(27)	(13)	(40)
	—	1	(16)	**(15)**	—	—	(13)	(13)

Level 1: Financial instruments with quoted prices for identical instruments in active markets.

Level 2: Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are based directly or indirectly on observable market data.

Level 3: Financial instruments valued using valuation techniques where one or more significant inputs are based on unobservable market data.

Our Level 1 financial liability held at fair value is valued using quoted prices from liquid markets.

Our Level 2 derivative financial instruments include cross-currency, interest rate and foreign exchange derivatives. We value these derivatives by discounting all future cash flows by externally sourced market yield curves at the reporting date, taking into account the credit quality of both parties. These derivatives can be priced using liquidly traded interest rate curves and foreign exchange rates, therefore we classify our vanilla trades as Level 2 under the IFRS 13 framework.

Our Level 3 derivative financial instruments comprise index linked swaps. We obtain external values to support the reported valuations.

While there have been significant movements in market indices, all of our financial instruments are traded in markets that continue to be active and therefore, we are satisfied that there has been no significant impact on the fair values of our financial instruments measured at fair value, and that any impact is reflected in the fair values in the table above.

The changes in value of our level 3 derivative financial instruments are as follows:

	Financing derivatives	
	2026	2025
	£m	£m
At 1 April	**(13)**	(8)
Net/(loss)/gain for the year[1]	**(3)**	(5)
At 31 March	**(16)**	(13)

[1] £3 million loss (2025: £5 million loss) is attributable to derivative financial instruments held at the end of the reporting period and has been recognised in finance income and costs in the income statement.

Notes to consolidated financial statements continued

The impacts on a post-tax basis of reasonably possible changes in significant level 3 assumptions are as follows:

	Financing derivatives	
	2026	2025
	£m	£m
-100 basis points change to CPI curve[1]	**13**	11
+100 basis points change to CPI curve[1]	**(13)**	(11)
-100 basis points change to RPI curve[1]	**(13)**	(12)
+100 basis points change to RPI curve[1]	**13**	12

[1] A reasonably possible change in assumption of other level 3 derivative financial instruments is unlikely to result in a material change in fair values.

The impacts disclosed above were considered on a contract by contract basis with the most significant unobservable inputs identified.

(g) Capital Risk Management

The capital structure of the Company consists of shareholders' equity, as disclosed in the consolidated statement of changes in equity, and net debt (note 26). Our objectives when managing capital are to safeguard our ability to continue as a going concern; to remain within regulatory constraints of our regulated operating company; and to maintain an efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital. We regularly review and manage the capital structure as appropriate in order to achieve these objectives.

Maintaining an appropriate credit rating for the Company, is an important aspect of capital risk management. We also monitor the gearing ratios tracked by rating agencies, loan covenants and Ofgem to manage our balance sheet efficiently.

The Company is subject to certain restrictions on the payment of dividends and these restrictions include:

a. dividends must be limited to cumulative retained earnings, including pre-acquisition retained earnings;

b. licence conditions including compliance with credit rating and availability of resources conditions that are subject to alteration in the normal licence review process; and ongoing compliance with the covenants in the financing documents. These covenants include licence, liquidity, interest cover, leverage and credit rating conditions.

These restrictions are not considered to be significantly onerous, nor do we currently expect they will prevent the planned payment of dividends in future in line with our dividend policy.

All the above requirements are monitored on a regular basis in order to ensure compliance. The Group has complied with all externally imposed capital requirements to which it is subject.

30. Sensitivities

In order to give a clearer picture of the impact on our results or financial position of potential changes in significant estimates and assumptions, the following sensitivities are presented. These sensitivities are based on assumptions and conditions prevailing at the year-end and should be used with caution. The effects provided are not necessarily indicative of the actual effects that would be experienced because our actual exposures are constantly changing.

The sensitivities in the tables below show the potential impact in the income statement (and consequential impact on net assets) for a reasonably possible range of different variables each of which have been considered in isolation (i.e. with all other variables remaining constant). There are a number of these sensitivities which are mutually exclusive, and therefore if one were to happen, another would not, meaning a total showing how sensitive our results are to these external factors is not meaningful.

The sensitivities included in the tables below have an equal and opposite effect if the sensitivity increases or decreases by the same amount unless otherwise stated.

(a) Sensitivities on areas of estimation uncertainty

The table below sets out the sensitivity analysis for certain areas of estimation uncertainty set out in note 1E. These estimates are those that have a significant risk of resulting in a material adjustment to the carrying values of assets and liabilities in the next year.

		2026		2025
	Income statement	Net assets	Income statement	Net assets
	£m	£m	£m	£m
Pensions obligations benefit (pre- tax):				
Discount rate[1]				
Fall of 0.5%	6	(150)	7	(150)
Rise of 0.5%	(7)	138	(7)	139
RPI[2]				
Fall of 0.5%	(4)	128	(5)	113
Rise of 0.5%	6	(135)	5	(121)
Long-term rate of increase in salaries				
Fall of 0.5%	—	3	(1)	4
Rise of 0.5%	—	(3)	—	(3)
Change in life expectancy over 65				
1 year increase	4	(117)	4	(124)
1 year decrease	(4)	118	(5)	126

[1] This net asset shows the impact of the change in the discount rate on the liabilities only. A change in the discount rate is likely to occur as a result of changes in bond yields and as such would be expected to be offset to a significant degree by a change in the value of the bond assets held by the plan. The income statement sensitivity in is consistent with the approach taken for the net asset.

[2] The net assets show the impact of the change in RPI on the liabilities only. The projected impact resulting from a change in RPI reflects the underlying effect on pensions in payment, pensions in deferment and resultant increases in salary assumptions. In practice, as the plan hedges inflation risk we would expect any change in liabilities to be offset to a significant degree by a change in the value of the inflation linked assets held by the plan. The income statement sensitivity is consistent with the approach taken for the net asset.

Pensions and post retirement benefits assumptions

Sensitivities have been prepared to show how the defined benefit obligations and annual service costs could potentially be impacted by changes in the relevant actuarial assumption that were reasonably possible as at 31 March 2026. In preparing sensitivities the potential impact has been calculated by applying the change to each assumption in isolation and assuming all other assumptions remain unchanged. This is with the exception of RPI where the corresponding change to increases to pensions in payment, increases to pensions in deferment and increases in salary are recognised.

Notes to consolidated financial statements continued

(b) Sensitivities on financial instruments

We are further required to show additional sensitivity analysis under IFRS 7 and these are shown separately in the subsequent table due to the additional assumptions that are made in order to produce meaningful sensitivity disclosures.

Our net debt as presented in note 26 financial instruments is sensitive to changes in market variables, being UK interest rates and the UK RPI. These impact the valuation of our borrowings, deposits and derivative financial instruments. The analysis illustrates the sensitivity of our financial instruments to reasonably possible changes in these market variables.

The following main assumptions were made in calculating the sensitivity analysis for continuing operations:

- the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio, and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 March 2026 and 2025 respectively;
- the statement of financial position sensitivity to interest rates relates to items presented at their fair values: derivative financial instruments; our investments measured at fair value through profit and loss (FVTPL) and fair value through other comprehensive income; and our liability measured at FVTPL. Further debt and other deposits are carried at amortised cost and so their carrying value does not change as interest rates move;
- the sensitivity of interest to movements in interest rates is calculated on net floating rate exposures on debt, deposits and derivative instruments;
- changes in the carrying value of derivatives from movements in interest rates of designated cash flow hedges are assumed to be recorded fully within equity.

	2026		2025	
	Income statement £m	Other equity reserves £m	Income statement £m	Other equity reserves £m
Financial risk (post-tax)				
UK RPI rate change of 1% / (2025: 1%)	19	—	18	—
UK Interest rate changes of 1% / (2025: 1%)	—	15	1	17

Note that this table excludes sensitivities to RPI and CPI for the Index Linked Swaps, which are separately disclosed in note 29 (f) Fair Value Analysis.

Sensitivities have been calculated using 1% change (2025 : 1%) in interest rate and RPI which is more representative of the current market conditions.

Additional sensitivities in respect to our derivative fair values are as follows:

	2026		2025	
Assets and liabilities carried at fair value (post-tax):	Income statement £m	Net assets £m	Income statement £m	Net assets £m
10% fair value change in derivative financial instruments[1]	2	(2)	1	(1)

[1] The effect of a 10% change in fair value assumes no hedge accounting.

31. Ultimate parent company

This note shows the immediate and ultimate parent companies for these consolidated financial statements.

National Gas Transmission plc's immediate parent company is National Gas Transmission Holdings Limited. The ultimate parent company and controlling party is Luppiter Consortium Limited. These companies are incorporated in Great Britain and are registered in England and Wales. Luppiter Consortium Limited consolidates the financial statements of National Gas Transmission plc. Copies of the consolidated financial statements of Luppiter Consortium Limited may be obtained from the Company Secretary at the registered office at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA, UK.

32. Subsidiary undertakings, joint ventures, joint operations and associates

While we present consolidated results in these financial statements as if we were one company, our legal structure is such that there are a number of different operating and holding companies that contribute to the overall result. This structure has evolved through acquisitions as well as regulatory requirements to have certain activities within separate legal entities.

Subsidiary undertakings

The list below contains all subsidiaries included within the National Gas Transmission plc Group.

	Principal activity	Direct/ Indirect	Holding
National Gas Metering Limited	Gas Metering Services	Direct	100%
National Gas Transmission Pension Trustee Limited	Trustee of occupational pension scheme	Direct	100%
National Gas Transmission Pension Scheme Nominee Company One Limited	Trustee of property assets of the occupational pension scheme	Indirect	100%
National Gas Transmission Pension Scheme Nominee Company Two Limited	Trustee of property assets of the occupational pension scheme	Indirect	100%
Premtech Limited	Provide engineering, consultancy and design management services	Direct	100%

The registered office for all of the companies above, apart from Premtech Limited is National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA, UK.

Premtech Limited registered office is Cedar House Norman Court, Ivanhoe Business Park, Ashby-De-La-Zouch, England, LE65 2UZ.

Notes to consolidated financial statements continued

Other equity investments

The list below contains all other equity investments included within the National Gas Transmission plc.

	Principal activity	Holding
PRISMA European Capacity Platform GmbH (incorporated in Germany)	Trading platform	12%
Joint Radio Company Limited (incorporated in England and Wales)	Consultancy services	25%
Xoserve Limited (incorporated in England and Wales)	IT systems, management for gas transportation	11%
Encodar Limited (incorporated in England and Wales)	Management of the Uniform Network Code for gas transportation	11%

PRISMA European Capacity Platform GmbH is based at Reichsstraβe 1-9, Leipzig, Saxony 04109, Germany.

Joint Radio Company Limited is based at Friars House, Manor House Drive, Coventry, England, CV1 2TE.

Xoserve Limited is based at Lansdowne Gate, 65 New Road, Solihull B91 3DL.

Encodar Limited is based at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91.

Joint Operations

The company accounts for joint operation in accordance with IFRS11. The company recognises its share of assets, liabilities, revenues and expenses arising from the joint operation.

Humber Hydrogen Pipeline

The company holds a 25% contractual interest in a joint development arrangement with three other parties, each holding an equivalent interest. The project relates to the development of the hydrogen pipeline linking Easington Gas Terminal, Aldborough Gas Storage, Saltend Chemical Park and the south bank of the River Humber in the United Kingdom, as defined in the contractual arrangement. The arrangement has been classified as a joint operation under IFRS 11, as the parties have rights to the assets and obligations for the liabilities of the arrangement.

33. Events after the reporting period

On 15 July 2026, the Company declared an interim dividend amounting to £593 million, payable to its parent company, NGTH, on 20 July 2026. Of the £593 million dividend payment, £505 million will be returned to National Gas, comprising repayment of £380 million of principal and £125 million of accrued interest relating to the intercompany loan between the two entities. As this transaction occurred after the reporting date, it has been assessed as a non-adjusting event in accordance with IAS 10, Events after the Reporting Period and has therefore not been reflected in the financial statements as at the reporting date.

There are no other material post balance sheet events.

Company financial statements

Company balance sheet

as at 31 March 2026

	Notes	2026 £m	2025 £m
Fixed Assets			
Intangible assets	5	**107**	117
Property, plant and equipment	6	**5,721**	5,301
Debtors (amounts falling due after more than one year)	7	**3,438**	3,432
Derivative financial assets	11	**25**	20
Investments	8	**8**	8
Total Fixed Assets		**9,299**	8,878
Current assets			
Inventories and current intangible assets	9	**17**	16
Cash and Cash equivalents	13	**34**	37
Trade and other receivables	10	**276**	190
Financial and other investments	12	**434**	621
Derivative financial assets	11	**—**	7
Pension asset	14	**284**	322
Total current assets		**1,045**	1,193
Creditors (amounts falling due within one year)	15	**(705)**	(877)
Net current assets/(liabilities)		**340**	316
Total assets less current liabilities		**9,639**	9,194
Creditors (amounts falling due after more than one year)	16	**(4,894)**	(4,506)
Provisions for Liabilities	18	**(1,012)**	(949)
Net assets		**3,733**	3,739
Equity			
Share capital	19	**45**	45
Share premium account		**204**	204
Retained earnings		**2,146**	2,147
Other reserves	20	**1,338**	1,343
Shareholders' equity		**3,733**	3,739

The Company financial statements set out on pages 131 – 139 were approved by the Board of Directors and authorised for issue on 15 July 2026. They were signed on its behalf by:

Jon Butterworth
Chief Executive Officer

Nick Hooper
Chief Financial Officer

National Gas Transmission plc
Registered number: 02006000

Company statement of changes in equity

for the year ended 31 March 2026

	Share capital £m	Share premium account £m	Retained earnings £m	Other reserves £m	Total shareholders' equity £m
At 31 March 2024	**45**	**204**	**2,130**	**1,338**	**3,717**
Profit for the year	—	—	646	—	646
Total other comprehensive income for the year	—	—	(6)	5	(1)
Total comprehensive income for the year	—	—	640	5	645
Equity dividends	—	—	(623)	—	(623)
At 31 March 2025	**45**	**204**	**2,147**	**1,343**	**3,739**
Profit for the year	—	—	528	—	528
Total other comprehensive income for the year	—	—	(41)	(5)	(46)
Total comprehensive income for the year	—	—	487	(5)	482
Equity dividends[1]	—	—	(488)	—	(488)
At 31 March 2026	**45**	**204**	**2,146**	**1,338**	**3,733**

[1] Dividends of £488 million were paid to the parent company (NGTH). £174 million of this was used by NGTH to settle interest on intercompany loans and was therefore immediately returned to the Company.

The Company is prohibited from declaring a dividend or other distribution unless it has certified that it is in compliance in all material respects with certain regulatory obligations, including a requirement to ensure it has sufficient financial resources and facilities to enable it to carry on its business and a requirement to use all reasonable endeavours to maintain an investment grade credit rating.

The Company has not presented its own profit and loss account and related notes as permitted by section 408 of the Companies Act 2006. The Company's profit after taxation was £528 million (2025: £647 million).

For further details of dividends paid and payable to shareholders, refer to note 8 in the consolidated financial statements.

Notes to the Company financial statements

Analysis of items in the primary statements

1. Company accounting policies

We are required to include the stand-alone balance sheet of our parent Company, National Gas Transmission plc, under the Companies Act 2006. The following disclosures provide additional information to users of these financial statements.

A. Basis of preparation of individual financial statements under FRS101

National Gas Transmission plc's principal activities involve the transmission of gas in Great Britain. The Company is a public limited company incorporated and domiciled in UK, with its registered office at National Grid House Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements. Accordingly, the Company has elected to apply FRS 101 Reduced Disclosure Framework. The recognition and measurements requirements of UK-adopted IFRS have therefore been applied within these financial statements, with amendments where necessary in order to comply with the Companies Act 2006.

In accordance with the exemption permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account or statement of comprehensive income.

As permitted by FRS 101, the company has taken advantage of exemptions from the requirements of IFRS in relation to the following elements:

- presentation of a cash flow statement and related notes;
- disclosures in respect of capital management;
- disclosures required by IFRS 13 'Fair Value Measurement';
- disclosures required by IFRS 7 'Financial Instruments: Disclosures';
- presentation of comparative information in respect of certain assets;
- the effect of standards not yet effective; and
- related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of National Gas Transmission plc, which are available to the public and can be obtained as set out in note 31 to the consolidated financial statements.

These individual financial statements of the Company have been prepared on an historical cost basis, except for the revaluation of financial instruments, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. The 2025 comparative financial information has also been prepared on this basis.

The individual financial statements have been prepared on a going concern basis following the assessment made by the directors as set on page 101.

B. Areas of judgement and key sources of estimation uncertainty

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

- For the purpose of valuing our investment in Premtech and Metering, the judgement that notwithstanding legislation enacted and targets committing the UK to achieving net zero greenhouse gas emissions by 2050, there is still potential use of the gas transmission network beyond 2050 in maintaining security, reliability and affordability of energy.
- There are no key sources of estimation uncertainty to disclose.

Other key judgements and sources of estimation have been discussed within the group consolidated accounts page 102.

2. Auditors' remuneration

Auditors' remuneration in respect of the Company is set out below:

	2026 £m	2025 £m
Audit services relating to the Company		
Audit fee	**1.2**	1.3
Other services	**0.2**	0.1
Fees payable to the Company's auditors for audit related assurance services	**1.4**	1.4

The fees for the company audit are disclosed within the Company financial statements.

Other services relate to services provided by the statutory auditors in connection with raising of debt, and agreed upon procedures required by the regulator and assurance services over selected ESG metrics. These are approved in line with the Group non audit service policy.

3. Number of employees, including directors

	2026 Monthly Average number	2025 Monthly average number
Gas Transmission	**2,245**	1,940

4. Key management compensation and directors' emoluments

Key management comprises the Board of Directors of the Company who have managerial responsibility for National Gas Transmission plc. Details of key management personnel compensation are provided in note 4(c) to the consolidated financial statements. Details of directors' emoluments are provided in note 4(d) to the consolidated financial statements.

Notes to the Company financial statements continued

5. Intangible assets

	Software £m	Assets in the course of construction £m	Total £m
Cost at 31 March 2024	466	54	520
Additions	—	58	58
Disposals	(11)	—	(11)
Reclassifications[1]	38	(38)	—
Cost at 31 March 2025	493	74	567
Additions	—	50	50
Reclassifications[1]	50	(50)	—
Transfers[2]	—	(14)	(14)
Cost at 31 March 2026	**543**	**60**	**603**
Accumulated amortisation at 31 March 2024	(406)	—	(406)
Amortisation charge for the year	(56)	—	(56)
Disposals	11	—	11
Impairment	1	—	1
Accumulated amortisation at 31 March 2025	(450)	—	(450)
Amortisation charge for the year	(46)	—	(46)
Accumulated amortisation at 31 March 2026	**(496)**	**—**	**(496)**
Net book value at 31 March 2026	**47**	**60**	**107**
Net book value at 31 March 2025	43	74	117

[1] Reclassifications represent commissioning of assets from assets under construction into usage.
[2] Transfer between tangible and intangible assets.

6. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Motor vehicles and office equipment £m	Total £m
Cost at 1 April 2024	351	7,978	1,031	296	9,656
Additions	—	5	503	7	515
Disposals	(1)	(36)	(28)	(2)	(67)
Reclassifications[1]	—	182	(184)	2	—
Other	3	—	—	—	3
Cost at 31 March 2025	353	8,129	1,322	303	10,107
Additions	1	—	628	10	639
Disposals	(5)	(28)	—	(7)	(40)
Transfers[2]	—	—	14	—	14
Reclassifications[1]	9	751	(760)	—	—
Cost at 31 March 2026	**358**	**8,852**	**1,204**	**306**	**10,720**
Accumulated depreciation at 1 April 2024	(210)	(4,170)	(5)	(250)	(4,635)
Depreciation charge for the year	(7)	(168)	—	(19)	(194)
Disposals	—	20	—	2	22
Impairment reversal / (Impairment)	—	1	—	—	1
Accumulated depreciation at 1 April 2025	(217)	(4,317)	(5)	(267)	(4,806)
Depreciation charge for the year	(7)	(176)	—	(35)	(218)
Disposals	4	15	—	7	26
Impairment reversal / (Impairment)	—	1	(2)	—	(1)
Accumulated depreciation at 31 March 2026	**(220)**	**(4,477)**	**(7)**	**(295)**	**(4,999)**
Net book value at 31 March 2026	**138**	**4,375**	**1,197**	**11**	**5,721**
Net book value at 31 March 2025	136	3,812	1,317	36	5,301

[1] Reclassifications represent commissioning of assets from assets under construction into usage.
[2] Transfer between tangible and intangible assets.

The net book value of land and buildings comprised:

	2026 £m	2025 £m
Freehold	**134**	128
Short leasehold (under 50 years)	**4**	7
At 31 March 2026	**138**	136

Notes to the Company financial statements continued

Right-of-use assets

National Gas Transmission plc leases various properties, equipment and cars. With effect from 1 April 2019, new lease arrangements entered into are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. The right-of-use asset and associated lease liability arising from a lease are initially measured at the present value of the lease payments expected over the lease term, plus any other costs. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as computers), National Gas Transmission plc continues to recognise a lease expense on a straight-line basis.

The table below shows the movements in the net book value of right-of-use assets included within property, plant and equipment at 31 March 2026 and 31 March 2025, split by category.

	Land and buildings £m	Motor vehicles and office equipment £m	Total £m
Net book value at 31 March 2024	**10**	**5**	**15**
Additions	—	7	7
Disposals	(1)	(2)	(3)
Depreciation charge for the year	(2)	(3)	(5)
Depreciation on Disposals	—	1	1
Net book value at 31 March 2025	**7**	**8**	**15**
Additions	1	6	7
Disposals	(5)	(2)	(7)
Depreciation charge for the year	(3)	(5)	(8)
Depreciation on Disposals	4	2	6
Net book value at 31 March 2026	**4**	**9**	**13**

The following balances have been included in the income statement for the year ended 31 March 2026 in respect of right-of-use assets:

	2026 £m	2025 £m
Included within net finance income and costs:		
Interest expense on lease liabilities	**(1)**	(1)
Included within revenue:		
Lease income [1]	**4**	4

[1] Relates to income under IFRS16

The associated lease liabilities are disclosed in note 17.

7. Debtors (amounts falling due after more than one year)

	2026 £m	2025 £m
Loans and receivables - amounts owed by group entities[1]	**3,426**	3,426
Other Receivable	**6**	—
Prepayments	**6**	6
At 31 March	**3,438**	3,432

[1] Amounts owed by immediate parent. National Gas Transmission Holdings Limited (NGTH), repayable 1 April 2035. Interest is payable at the SONIA plus 1.22%.

8. Investments

	2026 £m	2025 £m
Shares in subsidiary undertakings	**8**	8

The names of the subsidiary undertakings and joint ventures are included in note 32 to the consolidated financial statements.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

9. Inventories and current intangible assets

	2026 £m	2025 £m
Raw materials and consumables	**8**	9
Other current assets - emission allowances	**9**	7
At 31 March	**17**	16

There is a provision for obsolescence of £Nil million against inventories as at 31 March 2026 (2025: £1 million).

10. Debtors (amounts falling due within one year)

	2026 £m	2025 £m
Accrued income	**157**	145
Amounts owed by group entities	**34**	1
Trade receivables	**57**	21
Prepayments	**19**	16
Other receivables	**9**	7
At 31 March	**276**	190

The carrying values stated above are considered to represent the fair values of the assets.

Notes to the Company financial statements continued

11. Derivative financial instruments

The fair values of derivative financial instruments are:

	2026			2025		
	Assets £m	**Liabilities £m**	**Total £m**	Assets £m	Liabilities £m	Total £m
Amounts falling due within one year	**—**	**—**	**—**	7	(18)	(11)
Amounts falling due after more than one year	**25**	**(40)**	**(15)**	20	(22)	(2)
At 31 March	**25**	**(40)**	**(15)**	27	(40)	(13)

For each class of derivative the notional contract amounts are as follows:

	2026 £m	2025 £m
Interest rate swaps	**(258)**	(274)
Cross-currency interest rate swaps	**(616)**	(616)
Foreign exchange forward contracts[1]	**(10)**	(26)
Inflation linked swaps	**(1,800)**	(1,200)
At 31 March	**(2,684)**	(2,116)

[1] The notional contract amounts of derivatives indicate the gross nominal value of transactions outstanding at the balance sheet date.

.For details on fair value techniques and assumptions, refer to note 29 to the consolidated financial statements.

12. Financial assets and other investments

	2026 £m	2025 £m
Amounts due from other group companies	**113**	122
Financial Investments	**321**	499
At 31 March	**434**	621

2025/26 balance includes restricted cash of £2 million (2024/25: £1 million).

13. Cash and Cash equivalents

Cash and cash equivalents include cash balances, together with short-term investments with an original maturity of less than three months that are readily convertible to cash.

	2026 £m	2025 £m
Net cash and cash equivalents	**34**	37

14. Pensions

National Gas Transmission's employees are members of either the National Gas Transmission Pension Scheme (NGTPS), a DB pension scheme, or the Gas Transmission & Metering Retirement Plan (GTMRP), a DC plan, which acts as the qualifying plan for automatic enrolment of new hires.

Further details of the NGTPS and the actuarial assumptions used to value the associated assets and pension obligations are provided in note 22 to the consolidated financial statements.

Amounts recognised in the Company balance sheet

	2026 £m	2025 £m
Present value of funded obligations	**(3,214)**	(3,224)
Fair value of scheme assets	**3,498**	3,546
Net defined benefit pension asset	**284**	322

Changes in the present value of defined benefit obligations		
Opening defined benefit obligations	**(3,224)**	(3,599)
Current service cost	**(2)**	(3)
Interest cost	**(154)**	(182)
Actuarial losses - experience	**(10)**	(6)
Actuarial gains/(losses) - demographic assumptions	**(87)**	5
Actuarial gains/(losses) - financial assumptions	**8**	301
Benefits paid	**255**	260
Closing defined benefit obligations	**(3,214)**	(3,224)
Changes in the fair value of scheme assets		
Opening fair value of scheme assets	**3,546**	3,911
Interest income	**170**	199
Return on assets greater than assumed	**34**	(308)
Administration costs	**(3)**	(4)
Employer contributions	**6**	8
Benefits paid	**(255)**	(260)
Closing fair value of scheme assets	**3,498**	3,546

Notes to the Company financial statements continued

15. Creditors (amounts falling due within one year)

	2026 £m	2025 £m
Derivative financial instruments (note 11)	—	18
Borrowings (note 17)	121	330
Trade creditors	182	166
Current account balances with subsidiary	59	17
Corporation tax	20	17
Other taxation and social security	42	25
Other creditors[1]	272	201
Deferred income and accruals	9	103
Total Creditors (amounts falling due within one year)	**705**	**877**

[1] Other creditors includes £113 million relating to deposits from Shippers which are held as security and £43 million relating to contract liabilities.

Due to their short maturities, the fair value of trade and other payables approximates their carrying value.

16. Creditors (amounts falling due after more than one year)

	2026 £m	2025 £m
Derivative financial instruments (note 11)	40	22
Borrowings (note 17)	4,709	4,392
Other creditors	12	7
Contract liabilities	133	85
Total Creditors (amounts falling due after more than one year)	**4,894**	**4,506**

17. Borrowings

The following table analyses the Company's total borrowings:

	2026 £m	2025 £m
Amounts falling due within one year:		
Bank loans and overdrafts	2	213
Bonds	59	72
Lease liabilities	7	7
Amounts owed to subsidiary	52	37
Other loans	1	1
Total borrowings falling due within one year	121	330
Amounts falling due after more than one year:		
Bank loans	211	—
Bonds	4,418	4,296
Lease liabilities	7	8
Other loans	73	88
Total borrowings falling due after one year	4,709	4,392
Total borrowings	4,830	4,722
Total borrowings are repayable as follows:		
Less than 1 year	121	330
In 1 - 2 years	240	5
In 2 - 3 years	89	28
In 3 - 4 years	37	97
In 4 - 5 years	752	43
More than 5 years by instalments	51	52
More than 5 years, other than by instalments	3,540	4,167
At 31 March	**4,830**	**4,722**

The notional amount outstanding of the Company's debt portfolio at 31 March 2026 was £4,870 million (2025: £4,762 million).

None of the Company's borrowings are secured by charges over assets of the Company.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments expected over the lease term. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method.

Notes to the Company financial statements continued

	2026 £m	2025 £m
Gross lease liabilities are repayable as follows:		
Less than 1 year	**8**	7
1 to 5 years	**7**	9
More than 5 years	**—**	—
	15	16
Less: finance charges allocated to future periods	**(1)**	(1)
	14	15
The present value of lease liabilities are as follows:		
Less than 1 year	**7**	7
1 to 5 years	**7**	8
More than 5 years	**—**	—
	14	15

18. Provisions for liabilities

	Decommissioning £m	Environmental £m	Emissions £m	Restructuring £m	Deferred taxation £m	Other £m	Total provisions £m
At 31 March 2024	**12**	**35**	**—**	**—**	**805**	**22**	**874**
Additions	—	1	7	2	60	12	82
Unused amounts reversed	—	—	—	—	—	(1)	(1)
Utilised	(5)	—	—	—	—	(2)	(7)
Other movements	—	1	—	—	—	—	1
At 31 March 2025	**7**	**37**	**7**	**2**	**865**	**31**	**949**
Additions	—	2	8	1	62	4	77
Unwinding of discount	—	(2)	—	—	—	—	(2)
Utilised	—	(1)	(5)	—	—	(6)	(12)
At 31 March 2026	**7**	**36**	**10**	**3**	**927**	**29**	**1,012**

	2026 £m	2025 £m
Current	**38**	33
Non-current	**974**	916
Total balance	**1,012**	949

Decommissioning provision

The decommissioning provision represents expenditure relating to the demolition of gas-holders expected to be incurred until 2028.

Following the sale of the Gas Distribution business in 2016, the Company sold 78 surplus land sites to a number of National Grid Group undertakings and a legal agreement was entered into with the Company to demolish the non-operational gas holders on these sites, creating a constructive obligation for the Company.

The decommissioning provision of £7 million (2025: £7 million) is not discounted, as it is expected to be settled in the near future. There were no movements in the year.

Environmental provision

The environmental provision represents the estimated restoration and remediation costs relating to operational sites owned by the Company. Cash flows are expected to be incurred until 2077, with £28 million expected to be incurred in the next 10 years.

A number of estimation uncertainties affect the calculation of the provision, including the impact of regulation, the accuracy of site surveys, unexpected contaminants, transportation costs, the impact of alternative technologies and changes in the real discount rate. This provision incorporates our best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could impact the calculation of the provision. The undiscounted amount is the undiscounted best estimate of the liability having regard to these uncertainties.

The discounted provision was £36 million (2025: £37 million) which primarily includes in-year additions of £2 million (inflationary impacts), offset by £2 million unwinding of discount and £1 million utilisation.

Emissions provision

An amount of £10 million (2025: £7 million), in relation to the expected costs of the UK ETS (Emissions Trading Scheme) was provided for in 2025/26. This provision is in respect of the obligation to deliver emission allowances, and emission charges are recognised in the income statement in the period in which emissions are made. The obligation is settled when the emissions certificates are surrendered by the end of April.

Restructuring provision

In 2026 the restructuring provision was £3 million, (2025: £2 million).

Other provisions

Other provisions of £29 million (2025: £31 million), includes £13 million relating to Crop and Quarry claims, £10 million in respect of legacy provisions recognised following the sale of the Gas Distribution business (timing of settlement of tax due to HMRC is still on-going, there was no movement in the provision in 2025/26). The remaining amount relates to £5 million decommissioning of the mercury content in meters and £1 million for dilapidations and other small claims.

£4 million additions in-year is mostly made up of new Crop and Quarry claims.

Crop and Quarry provisions arises as a result of the terms of Deed of Easement or Deed of Servitude, whereby we receive claims from landowners for losses suffered due to pipeline developments and the on-going presence of our pipelines, these can be categorised into the loss of minerals, loss of development, loss of crop or drainage issues.

Of the existing claims a view has been taken of the realistic level of claim that is expected to result from negotiated settlements and a provision has been made to reflect this. In 2025/26 the provision reduced by £1 million due to £6 million utilisation, partly offset by £5 million new claims.

Deferred tax

Deferred taxation comprises:

Notes to the Company financial statements continued

	2026 £m	2025 £m
Accelerated capital allowances	863	785
Pension	70	80
Other timing differences	(6)	—
Total Deferred tax	**927**	865

19. Share capital

	Number of shares 2026 millions	Number of shares 2025 millions	2026 £m	2025 £m
At 31 March – ordinary shares 1.13p each				
Allotted, called-up and fully paid	**3,944**	3,944	**45**	45

20. Other equity reserves

	Capital Redemption £m	Own credit £m	Cash flow hedge £m	Cost of hedging £m	Total £m
At 31 March 2025	**1,332**	**—**	**12**	**(1)**	**1,343**
Transferred to reserves	—	—	(7)	—	**(7)**
Tax	—	—	2	—	**2**
At 31 March 2026	**1,332**	**—**	**7**	**(1)**	**1,338**

Other reserves comprise the capital reserve, own credit reserve and the cost of hedging reserve. The capital redemption reserve arising from the refinancing and restructuring of the Lattice Group in 1999 represents the amount of the reduction in the share capital of the Company as a consequence of that restructuring.

As the amounts included in other reserves are not attributable to any of the other classes of equity presented, they have been disclosed as a separate classification of equity.

21. Capital and other commitments

Commitments are those amounts that we are contractually required to pay in the future as long as the other party meets its obligations.

These commitments primarily relate to energy purchase agreements and contracts for the purchase of assets which, in many cases, extend over a long period of time. Commitments previously included operating lease commitments but on transition to IFRS 16, which was effective from 1 April 2019, substantially all lease commitments are included on the balance sheet as right-of-use assets (see note 6) and lease liabilities (see note 17). Therefore, only low-value leases and short-term leases are off-balance sheet commitments, both of which are immaterial. We also disclose any contingencies, which include guarantees that companies have given, where we pledge assets against current obligations that will remain for a specific period.

(a) Future capital expenditure

	2026 £m	2025 £m
Contracted for but not provided	**28**	318

(b) Operating lease commitments

The Company had no future lease payments under non-cancellable operating leases in the current or prior financial years.

22. Contingent liabilities

(a) Other commitments, contingencies and guarantees

The value of other commitments and guarantees at 31 March 2026 amounted to £9 million (2025: £20 million), primarily energy purchase commitments. Energy purchase commitments relate to contractual commitments to purchase electricity or gas that are used to satisfy physical delivery requirements to our customers or for energy that we use ourselves (i.e. normal purchase, sale or usage) and hence are accounted for as ordinary purchase contracts.

Security arrangements in favour of NGUKPS Trustees are disclosed separately in note 22 to the consolidated financial statements.

(b) Parent Company loan guarantees on behalf of subsidiaries

The Company has not guaranteed the repayment of principal sums, any associated premium and interest on specific loans due from its subsidiaries to third parties. At 31 March 2026, the sterling equivalent amounted to £Nil (2025: £Nil million).

(c) Litigation and claims

Through the ordinary course of our operations, we are party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on our results of operations, cash flows or financial position and claims.

23. Related parties

The Company is exempt under FRS 101.8(k) from disclosing transactions with Luppiter Consortium Limited and its subsidiary undertakings where all of the voting rights are held within the group.

Other related party transactions are disclosed below;.

	2026 £m	2025 £m
Services received	**18**	47
Amounts receivable at 31 March	**—**	1
Amounts payable at 31 March	**—**	—

Following the final acquisition, National Grid and its associated entities were reported in in the prior year as a related party, only for the period 1 April 2024 to 30 September 2024 and ceased to be a related party thereafter.

Notes to the Company financial statements continued

During the year, the Group incurred £0.4 million (2024/25: Nil) for property maintenance, refurbishment and construction services from a company controlled by close family members of key management personnel. There were no amounts outstanding at the reporting date (2024/25: Nil). Transactions were conducted at arms length in the normal course of business.

Glossary

CAF: The National Cyber Security Centre's Cyber Assessment Framework

CCC: Climate Change Committee

CCS: Carbon Capture Storage

CCUS: Carbon Capture, Utilisation, and Storage

CFD: Climate-related Financial Disclosures

Company: References to National Gas, the 'Company', 'we', 'our', and 'us', refer to National Gas Transmission plc itself or to National Gas Transmission plc and its subsidiaries collectively, depending on context

Consumer: Domestic or industrial users of gas, who do not directly connect to our infrastructure but indirectly benefit from it, including schools, homeowners and businesses

CP30: Clean Power 2030

CPI: UK Consumer Price Index

Customer: Those directly connected to our infrastructure, including shippers, producers, importers and exporters, the gas distribution networks, transportation hubs, gas terminals, interconnectors, storage providers, heat providers., heavy industry and power generators.

DEI: Diversity, Equity and Inclusion

DESNZ: Department for Energy Security & Net Zero

EAP: The Environmental Action Plan included in each RIIO regulatory regime sets out activities to reduce the impact of our business operations on the environment.

ESG: Environmental, Social and Governance - the areas used to measure a business's impact on the environment, society, and how transparent and accountable it is

EU: European Union

FEED: Front End Engineering Design

Final energy demand: represents end-use consumption, which excludes losses and waste.

FRS: UK Financial Reporting Standard

GAAP: Generally Accepted Accounting Principles

GDNs: Gas Distribution Networks

GHG: Greenhouse Gas

Group: The Group consists of National Gas Transmission plc, National Gas Metering Limited, Premtech Limited, Premzero Limited, National Gas Transmission Pension Trustee Limited, National Gas Transmission Pension Scheme Nominee Company One Limited, National Gas Transmission Pension Scheme Nominee Company Two Limited, National Gas Transmission Holdings Limited, GasT MidCo Limited, GasT PledgeCo Limited, GasT TopCo Limited, Luppiter BidCo Limited and Luppiter Consortium Limited (ultimate parent Company)

GW: Gigawatt, 10^9 watts

GWh: Gigawatt hours

HPCE: High Potential Controllable Event

HSE: Health and Safety Executive

HTBM: Hydrogen Transport Business Model

IAS: International Accounting Standards

IASB: International Accounting Standards Board

IFRIC: International Financial Reporting Standard Interpretations Committee

IFRS: International Financial Reporting Standard

KPI: Key Performance Indicators

LNG: Liquefied Natural Gas

Lost time injury frequency rate (LTIFR): A key safety performance metric that measures the number of lost time injuries (LTIs) relative to the total hours worked. This report references both 100,000 and 1,000,000 hours as standard comparators for calculating and benchmarking LTIFR

National Gas: National Gas Transmission plc

NCC: National Gas' National Control Centre

NESO: National Energy System Operator

NISTA: The National Infrastructure and Service Transformation Authority (former National Infrastructure Commission and the Infrastructure and Projects Authority).

NTS: National Transmission System - the network of pipes that transports gas around Great Britain

Ofgem: The Office of Gas and Electricity Markets which regulates the energy markets in the UK

Other regulated assets: Other regulated assets relates to regulatory revenue timing differences. These are costs that are either due to National Gas Transmission or owed to customers and arise due to timing (for example shrinkage, under or over recovery and passthrough costs). Regulatory Revenue differences arise from the difference between allowed revenue and collected revenue, pass through costs allowances and actual pass through costs, incentives allowances and incentives earned and CPIH indexation forecast in our allowed revenue versus actual indexation in year. These amounts are then trued up between National Gas Transmission and the Regulator

Primary energy demand: total energy consumed at source including unprocessed energy.

Regulated controllable operating costs: Total operating costs under IFRS less depreciation and certain regulatory costs where, under our regulatory agreements, mechanism are in place to recover such costs in current or future periods.

Regulated asset value (RAV): The RAV is a regulatory construct that reflects a company's historical investment, adjusted for inflation (currently CPIH). The RAV is calculated by summing an estimate of the initial market value of each company's regulated asset base at privatisation and all subsequent allowed additions to it at historical cost and deducting annual depreciation amounts

RIIO: Revenue = Incentives + Innovation + Outputs and is the regulatory regime which sets out the Company's expenditure allowances, incentives and consumer outcomes for each regulatory period

RIIO-T1: Regulatory period from 1 April 2013 until 31 March 2021

RIIO-T2: Regulatory period from 1 April 2021 until 31 March 2026

RIIO-GT3: Regulatory period from 1 April 2026 until 31 March 2031

RoE: A performance metric measuring returns from the investment of shareholders' funds. It is a financial ratio of a measure of earnings divided by an equity base. UK regulated return on equity is a measure of how a business is performing operationally against the assumptions used by Ofgem. These returns are calculated using the assumption that the businesses are financed in line with the regulatory adjudicated capital structure, at the assumed cost of debt and that UK taxation paid is at the level assumed by Ofgem

RPI: UK Retail Prices Index

Stakeholder: Those with a direct and vested interest in National Gas Transmission, for example the UK government, devolved government, non-governmental organisations, regulators, charities, consumer bodies, trade associations and landowners

STEM: Science, Technology, Engineering & Mathematics

TCFD: Taskforce on Climate-related Financial Disclosures

Timing over/(under) recoveries: In calculating profit, we exclude regulatory revenue timing over- and under-recoveries. The revenues we are allowed to collect each year are governed by regulatory price control. Once our allowed revenues are set, we calculate the prices we charge our customers based on the estimated volume of energy we expect will be delivered during the coming period. The variances between allowed and collected revenues give rise to timing differences. Where revenue we collect exceeds the allowed level of revenue, the balance is returned to customers in future periods (timing over-recovery). Where revenue we collect is less than the allowed level of revenue, we may recover the balance from customers in future periods (timing under-recovery). The amounts calculated as timing differences are estimates and subject to change until the variables that determine allowed revenues are finalised. Timing differences can also arise from other price control mechanisms, such as pass through costs, where actual costs incurred differ from amounts recovered.

Tonnes CO_2 equivalent: Measure of greenhouse gas emissions in relation to the impact of carbon dioxide

TW: Terawatt, 10^{12} watts

TWh: Terawatt hours