SSE plc's (the "Company") consolidated financial statements for the year ended 31 March 2025, and the associated audit report from Ernst & Young LLP ("EY"), have been extracted without adjustment from the Company's Annual Report and Accounts for the year ended 31 March 2025 ("2025 ARA"). The 2025 ARA, including the consolidated financial statements and audit report, was approved and signed on 20 May 2025 but has not yet been published. The 2025 ARA is expected to be published on 13 June 2025 and will be accessible on SSE plc's website at https://www.sse.com/investors/.

To the fullest extent permitted by law, EY does not accept or assume responsibility to anyone for their audit report as set out in this document.

Upon publication of the 2025 ARA, EY's liability for their audit report is solely to Company and its members as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and their audit work was only undertaken for the purposes of stating to the Company's members those matters they are required to state in an auditor's report and for no other purpose.

Financial Statements

Alternative Performance Measures

When assessing, discussing and measuring the Group's financial performance, management refer to measures used for internal performance management. These measures are not defined or specified under International Financial Reporting Standards ("IFRS") and as such are considered to be Alternative Performance Measures ("APMs").

By their nature, APMs are not uniformly applied by all preparers including other participants in the Group's industry. Accordingly, APMs used by the Group may not be comparable to other companies within the Group's industry.

Purpose

APMs are used by management to aid comparison and assess historical performance against internal performance benchmarks and across reporting periods. These measures provide an ongoing and consistent basis to assess performance by excluding items that are materially non-recurring, uncontrollable or exceptional. These measures can be classified in terms of their key financial characteristics:

- **Profit measures** allow management to assess and benchmark underlying business performance during the year. They are primarily used by operational management to measure operating profit contribution and are also used by the Board to assess performance against business plan. The Group has six profit measures, of which adjusted operating profit and adjusted profit before tax are the main focus of management through the financial year and adjusted earnings per share is the main focus of management on an annual basis. In order to derive adjusted earnings per share, the Group has defined adjusted operating profit, adjusted net finance costs, and adjusted current tax charge as components of the adjusted earnings per share calculation. Adjusted EBITDA is used by management as a proxy for cash derived from ordinary operations of the Group.
- **Capital measures** allow management to track and assess the progress of the Group's significant ongoing investment in capital assets and projects against their investment cases, including the expected timing of their operational deployment and also to provide a measure of progress against the Group's strategic Net Zero Acceleration Programme Plus objectives ("NZAP Plus").
- **Debt measures** allow management to record and monitor both operating cash generation and the Group's ongoing financing and liquidity position.

During the year the Group simplified its adjusted profit metrics by removing the adjustment for interest on net pension assets/liabilities valued under IAS 19 "Employee Benefits" as explained in note 1.2 to the financial statements. There have been no other changes to the Group's APMs in the current year.

The following section explains the key APMs applied by the Group and referred to in these statements:

Profit measures

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation)	**Profit measure**	**Operating profit**	– Movement on operating and joint venture operating derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Share of joint ventures and associates' interest and tax – Depreciation and amortisation before exceptional charges (including depreciation expense on fair value uplifts) – Share of joint ventures and associates' depreciation and amortisation – Non-controlling share of operating profit – Non-controlling share of depreciation and amortisation – Release of deferred income
Adjusted Operating Profit	**Profit measure**	**Operating profit**	– Movement on operating and joint venture operating derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Depreciation expense on fair value uplifts – Share of joint ventures and associates' interest and tax – Non-controlling share of operating profit
Adjusted Profit Before Tax	**Profit measure**	**Profit before tax**	– Movement on operating and financing derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Non-controlling share of profit before tax – Depreciation expense on fair value uplifts – Share of joint ventures and associates' tax
Adjusted Net Finance Costs	**Profit measure**	**Net finance costs**	– Exceptional items – Movement on financing derivatives – Share of joint ventures and associates' interest – Non-controlling share of financing costs

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Current Tax Charge	**Profit measure**	**Tax charge**	– Share of joint ventures and associates' tax – Non-controlling share of current tax – Deferred tax including share of joint ventures, associates and non-controlling interests – Tax on exceptional items and certain re-measurements
Adjusted Earnings Per Share	**Profit measure**	**Earnings per share**	– Exceptional items – Adjustments to Gas Production decommissioning provision – Movements on operating and financing derivatives ("certain re-measurements") – Depreciation expense on fair value uplifts – Deferred tax including share of joint ventures, associates and non-controlling interests

Rationale for adjustments to profit measures

1 Movement on operating and financing derivatives ("certain re-measurements")

This adjustment can be designated between operating and financing derivatives.

Operating derivatives are contracts where the Group's SSE Energy Markets function enters into forward commitments or options to buy or sell electricity, gas and other commodities to meet the future demand requirements of the Group's SSE Business Energy and SSE Airtricity operating units, or to optimise the value of the production from SSE Renewables and Thermal generation assets or to conduct other trading subject to the value at risk limits set out by the Energy Markets Risk Committee. Certain of these contracts (predominantly purchase contracts) are determined to be derivative financial instruments under IFRS 9 and as such are required to be recorded at their fair value. Changes in the fair value of those commodity contracts designated as IFRS 9 financial instruments are reflected in the income statement (as part of "certain re-measurements"). The Group shows the change in the fair value of these forward contracts separately as this mark-to-market movement is not relevant to the underlying performance of its operating segments due to the volatility that can arise on revaluation. The Group will recognise the underlying value of these contracts as the relevant commodity is delivered, which will predominantly be within the subsequent 12 to 24 months. Conversely, commodity contracts that are not financial instruments under IFRS 9 (predominantly sales contracts) are accounted for as "own use" contracts and are consequently not recorded until the commodity is delivered and the contract is settled. Gas inventory purchased by the Group's Gas Storage business for secondary trading opportunities is also held at fair value with gains and losses on re-measurement recognised as part of "certain re-measurements" in the income statement. Finally, the mark-to-market valuation movements on the Group's contracts for difference contracts entered into by SSE Renewables that are not designated as government grants and which are measured as Level 3 fair value financial instruments are also included within "certain re-measurements".

Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts entered into by the Group to manage its banking and liquidity requirements as well as risk management relating to interest rate and foreign exchange exposures. Changes in the fair value of those financing derivatives are reflected in the income statement (as part of "certain re-measurements"). The Group shows the change in the fair value of these forward contracts separately as this mark-to-market movement is not relevant to the underlying performance of its operating segments.

The re-measurements arising from operating and financing derivatives, and the tax effects thereof, are disclosed separately to aid understanding of the underlying performance of the Group.

2 Exceptional items

Exceptional charges or credits, and the tax effects thereof, are considered unusual by nature or scale and of such significance that separate disclosure is required for the underlying performance of the Group to be properly understood. Further explanation for the classification of an item as exceptional is included in note 3.2.

3 Adjustments to Gas Production decommissioning provision

The Group retains an obligation for 60% of the decommissioning liabilities of its former Gas Production business which was disposed in October 2021. The revaluation adjustments relating to these decommissioning liabilities are accounted for through the Group's consolidated income statement and are removed from the Group's adjusted profit measures as the revaluation of the provision is not considered to be part of the Group's core continuing operations.

4 Share of joint ventures and associates' interest and tax

This adjustment can be split between the Group's share of interest and the Group's share of tax arising from its investments in equity accounted joint ventures and associates. The Group is required to report profit before interest and tax ("operating profit") including its share of the profit after tax from its equity accounted joint ventures and associates. However, for internal performance management purposes and for consistency of treatment, SSE reports its adjusted operating profit measures before its share of the interest and/or tax on joint ventures and associates. The presentation of the Group's share of profits from equity accounted investments is expected to change on adoption of IFRS 18 (see note 2.2), at which point it is expected that the Group's APM reconciliation will also change.

5 Share of joint ventures and associates' depreciation and amortisation

For management purposes, the Group considers EBITDA ("earnings before interest, tax, depreciation and amortisation") based on a sum-of-the-parts derived metric which includes a share of the EBITDA from equity accounted investments. While this is not equal to adjusted cash generated from operating activities, it is considered useful by management in assessing a proxy for such a measure, given the complexity of the Group structure and the range of investment structures utilised. For the purpose of calculating the "Net Debt to EBITDA" metric referred at page 24, "adjusted EBITDA" is further refined to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt (see note 5.1(v)).

6 Depreciation expense on fair value uplifts

The Group's strategy includes the realisation of value (developer gains) from divestments of stakes in SSE Renewables' offshore and international developments. In addition, for strategic purposes the Group may also decide to bring in equity partners to other businesses and assets. Where SSE's interest in such vehicles changes from full to joint control, and the subsequent arrangement is classified as an equity accounted joint venture, SSE may recognise a fair value uplift on the re-measurement of its retained equity investment. Those non-cash accounting uplifts will be treated as exceptional gains in the year of the relevant transactions completing. Furthermore, SSE may acquire businesses or joint venture interests which are determined to generate an exceptional opening gain on acquisition and accordingly an exceptional accounting fair value uplift to the opening assets acquired will be recorded. These uplifts create assets or adjustments to assets, which are depreciated or amortised over the remaining life of the underlying assets or contracts in those businesses with the charge being included in the Group's depreciation and amortisation expense. The Group's adjusted operating profit, adjusted profit before tax and adjusted earnings per share are therefore adjusted to exclude any additional depreciation, amortisation and impairment expense arising from the fair value uplifts given these charges are derived from significant one-off gains, which are treated as exceptional when initially recognised.

7 Release of deferred income

The Group deducts the release of deferred income in the year from its adjusted EBITDA metric as it principally relates to customer contributions against depreciating assets. As the metric adds back depreciation, the income is also deducted.

8 Deferred tax

The Group adjusts for deferred tax when arriving at adjusted profit after tax, adjusted earnings per share and its adjusted effective rate of tax. Deferred tax arises as a result of differences in accounting and tax bases that give rise to potential future accounting credits or charges. As the Group remains committed to its ongoing capital programme, the liabilities associated are not expected to reverse and accordingly the Group excludes these from its adjusted profit measures.

9 Results attributable to non-controlling interest holders

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022. The Group has removed the share of profit attributable to holders of non-controlling equity stakes in all such businesses from the point when the ownership structure changed from all of its profit measures, to report all metrics based on the residual share of profits items attributable to the ordinary equity holders of the Group. The adjustment has been applied consistently to all of the Group's adjusted profit measures, including removing proportionate non-controlling share of operating profit and depreciation and amortisation from the Group's adjusted EBITDA metric; removing the non-controlling share of operating profit from the Group's adjusted operating profit metric; removing the non-controlling share of net finance costs from the Group's adjusted net finance costs metric; and removing the non-controlling interest share of current tax from the Group's adjusted current tax metric.

March 2025

Continuing operations	Reported £m	Movement on derivatives £m	Exceptional items £m	Reported before exceptional items and certain re-measurements £m	Adjustments to Gas Production decommissioning provision £m	Joint venture interest and tax £m	Depreciation expense on FV uplifts £m	Deferred tax £m	Share of profit attributable to non-controlling interests £m	Adjusted £m
Operating profit	1,962.2	78.5	309.7	2,350.4	(17.9)	173.3	20.1	–	(106.7)	2,419.2
Net finance (costs)/ income	(111.3)	(12.8)	(0.3)	(124.4)	–	(164.3)	–	–	7.7	(281.0)
Profit before taxation	1,850.9	65.7	309.4	2,226.0	(17.9)	9.0	20.1	–	(99.0)	2,138.2
Taxation	(518.0)	(4.0)	(29.7)	(551.7)	–	(9.0)	–	276.6	(12.3)	(296.4)
Profit after taxation	1,332.9	61.7	279.7	1,674.3	(17.9)	–	20.1	276.6	(111.3)	1,841.8
Attributable to other equity holders	(143.5)	–	–	(143.5)	–	–	–	(41.5)	111.3	(73.7)
Profit attributable to ordinary shareholders	1,189.4	61.7	279.7	1,530.8	(17.9)	–	20.1	235.1	–	1,768.1
Number of shares for EPS	1,099.2									1,099.2
Earnings per share (pence)	108.2									160.9

EBITDA	Adjusted operating profit from continuing operations £m	Share of joint ventures and associates' depreciation and amortisation £m	Depreciation expense on FV uplifts £m	Release of deferred income £m	Depreciation, impairment and amortisation before exceptional charges £m	Share of depreciation, impairment and amortisation before exceptional items attributable to non-controlling interests £m	Adjusted EBITDA £m
Adjusted operating profit from continuing operations	2,419.2	226.0	(20.1)	(14.1)	776.1	(37.8)	3,349.3

March 2024

(restated*)

Continuing operations	Reported £m	Movement on derivatives £m	Exceptional items £m	Reported before exceptional items and certain re-measurements £m	Adjustments to Gas Production decommissioning provision £m	Joint venture interest and tax £m	Depreciation expense on FV uplifts £m	Deferred tax £m	Share of profit attributable to non-controlling interests £m	Adjusted £m
Operating profit	2,608.2	(507.4)	266.3	2,367.1	9.9	169.5	19.0	–	(139.1)	2,426.4
Net finance (costs)/ income	(113.1)	(6.1)	(0.3)	(119.5)	–	(110.7)	–	–	4.7	(225.5)
Profit before taxation	2,495.1	(513.5)	266.0	2,247.6	9.9	58.8	19.0	–	(134.4)	2,200.9
Taxation	(610.7)	115.0	(23.3)	(519.0)	–	(58.8)	–	198.8	8.0	(371.0)
Profit after taxation	1,884.4	(398.5)	242.7	1,728.6	9.9	–	19.0	198.8	(126.4)	1,829.9
Attributable to other equity holders	(173.9)	–	–	(173.9)	–	–	–	(25.6)	126.4	(73.1)
Profit attributable to ordinary shareholders	1,710.5	(398.5)	242.7	1,554.7	9.9	–	19.0	173.2	–	1,756.8
Number of shares for EPS	1,091.8									1,091.8
Earnings per share (pence)	156.7									160.9

* The comparative has been restated. See note 1.2.

EBITDA	Adjusted operating profit from continuing operations £m	Share of joint ventures and associates' depreciation and amortisation £m	Depreciation expense on FV uplifts £m	Release of deferred income £m	Depreciation, impairment and amortisation before exceptional charges £m	Share of depreciation, impairment and amortisation before exceptional items attributable to non-controlling interests £m	Adjusted EBITDA £m
Adjusted operating profit from continuing operations	2,426.4	208.8	(19.0)	(13.0)	724.9	(32.5)	3,295.6

Debt measure

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Net Debt and Hybrid Capital	**Debt measure**	**Unadjusted net debt**	– Cash held and posted as collateral and other deposits – Lease obligations – Non-controlling share of borrowings and cash – Hybrid equity

Rationale for adjustments to debt measure

10 Cash held and posted as collateral and other deposits

Cash held and posted as collateral refers to cash balances received from and deposited with counterparties including trading exchanges. Collateral balances mostly represent initial and variation margin, required as part of the management of the Group's exposures on commodity contracts, that will be received on maturity of the related trades. Deposits with a maturity of more than three months are also included in this adjustment. The Group includes this adjustment to better reflect the immediate cash resources to which it has access, which in turn better reflects the Group's funding position.

11 Lease obligations

SSE's reported loans and borrowings include lease liabilities on contracts within the scope of IFRS 16 "Leases", which are not directly related to external financing of the Group. The Group excludes these liabilities from its adjusted net debt and hybrid capital measure to better reflect the Group's underlying funding position with its primary sources of capital.

12 External net debt and cash attributable to non-controlling interests

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group under applicable accounting standards. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022. Following completion of the transaction, the Group has removed the share of external debt and cash in these subsidiaries proportionately attributable to the non-controlling interest holders from its adjusted net debt and hybrid capital metric. While legal entitlement to these items has not changed, the Group makes this adjustment to present net debt proportionately attributable to ordinary equity holders of the Group.

13 Hybrid equity

The characteristics of certain hybrid capital securities mean that they qualify for recognition as equity rather than debt under applicable accounting standards. Consequently, their coupon payments are presented within equity rather than within finance costs. As a result, the coupon payments are not included in SSE's adjusted profit before tax measure. To present total funding provided from sources other than ordinary shareholders, SSE presents its adjusted net debt measure inclusive of hybrid capital to better reflect the Group's funding position.

	March 2025 £m	March 2024 £m
Unadjusted net debt	**(9,513.9)**	(8,097.8)
Cash (held)/posted as collateral and other deposits	**(63.3)**	(353.2)
Lease obligations	**455.0**	407.5
External net debt attributable to non-controlling interests	**817.9**	490.2
Adjusted Net Debt	**(8,304.3)**	(7,553.3)
Hybrid equity	**(1,882.4)**	(1,882.4)
Adjusted Net Debt and Hybrid Capital	**(10,186.7)**	(9,435.7)

Capital measures

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Investment and Capital Expenditure	**Capital measure**	**Capital additions to intangible assets and property, plant and equipment**	– Joint ventures and associates' additions funding – Allowances and certificates – Customer or third party funded additions – Lease asset additions – Non-controlling share of capital expenditure – Additions acquired through business combinations
Adjusted Investment, Capital and Acquisition Expenditure	**Capital measure**	**Capital additions to intangible assets and property, plant and equipment**	– Joint ventures and associates' additions funding – Allowances and certificates – Customer or third party funded additions – Lease asset additions – Non-controlling share of capital expenditure – Additions acquired through business combinations – Acquisition cash consideration

Rationale for adjustments to capital measures

14 Joint ventures and associates' additions funding

Joint ventures and associates' additions included in the Group's capital measures represent the direct loan or equity funding provided by the Group to joint venture and associate arrangements in relation to capital expenditure projects. This has been included to better reflect the Group's use of directly funded equity accounted vehicles to grow the Group's asset base. Asset additions funded by project finance raised within the Group's joint ventures and associates are not included in this adjustment.

15 Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable source of generation certificates such as renewable obligations certificates ("ROCs"). Additions in the year are not included in the Group's "capital expenditure and investment" APM to better reflect the Group's investment in enduring operational assets.

16 Customer or third party funded additions

Customer or third party funded additions represents additions to the Group's electricity and other networks that are financed by cash provided by third parties. Given these are directly funded by customers or third parties, these additions have been excluded to better reflect the Group's underlying investment position.

17 Lease additions

Additions of right of use assets under the Group's IFRS 16 compliant policies for lease contracts are excluded from the Group's adjusted capital measures as they do not represent directly funded capital investment. This is consistent with the treatment of lease obligations explained at 11, above.

18 Non-controlling interest share of capital expenditure

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022. The Group has removed the share of capital additions attributable proportionately to these equity holders from its "adjusted investment and capital expenditure" and "adjusted investment, capital and acquisition expenditure" metrics. This is consistent with the adjustments noted elsewhere related to these non-controlling interests.

19 Additions acquired through business combinations

Where the Group acquires an early-stage development company which is classified as the acquisition of an asset, or group of assets and not the acquisition of a business, the acquisition is treated as an addition to intangible assets or property, plant and equipment and is included within "adjusted investment and capital expenditure". Where the Group acquires an established business or interest in an equity-accounted joint venture requiring a fair value assessment in line with the principles of IFRS 3 "Business Combinations", the fair value of acquired consolidated tangible or intangible assets is excluded from the Group's "adjusted investment and capital expenditure", as they are not direct capital expenditure by the Group. However, the fair valuation of consideration paid for the business or investment is included in the Group's "adjusted investment, capital and acquisition expenditure" metric, see 20 below. During the current and prior year there were no significant business acquisitions.

20 Acquisition cash consideration in relation to business combinations

The Group has outlined a significant investment programme which will partly be achieved through the acquisition of businesses with development opportunities for the Group. The cash consideration paid for these entities is included within the Group's "adjusted investment, capital and acquisition expenditure" metric as it provides stakeholders an accurate basis of cash investment into the Group's total development pipeline and is consistent with the reporting of the Group's Net Zero Acceleration Programme Plus. During the current and prior year there were no significant business acquisitions.

	March 2025 £m	March 2024 £m
Capital additions to intangible assets	**1,045.5**	1,314.2
Capital additions to property, plant and equipment	**2,791.5**	1,971.4
Capital additions to intangible assets and property, plant and equipment	**3,837.0**	3,285.6
Joint ventures and associates' additions	**288.0**	390.0
Allowances and certificates	**(603.7)**	(774.5)
Customer or third party funded additions	**(163.4)**	(152.0)
Lease asset additions	**(126.7)**	(73.0)
Non-controlled interests share of capital expenditure	**(320.8)**	(199.4)
Adjusted Investment and Capital Expenditure	**2,910.4**	2,476.7
Adjusted Investment, Capital and Acquisition Expenditure	**2,910.4**	2,476.7

Consolidated income statement

for the year ended 31 March 2025

	Note	2025 Before exceptional items and certain re-measurements £m	2025 Exceptional items and certain re-measurements (note 7) £m	2025 Total £m	2024 Before exceptional items and certain re-measurements £m	2024 Exceptional items and certain re-measurements (note 7) £m	2024 Total £m
Continuing operations							
Revenue	5	**10,131.9**	**–**	**10,131.9**	10,457.2	–	10,457.2
Cost of sales		**(6,210.9)**	**(57.4)**	**(6,268.3)**	(6,568.3)	461.3	(6,107.0)
Gross profit/(loss)		**3,921.0**	**(57.4)**	**3,863.6**	3,888.9	461.3	4,350.2
Operating costs	6	**(1,742.0)**	**(309.7)**	**(2,051.7)**	(1,577.7)	(270.9)	(1,848.6)
Debt impairment charges	A6.2	**(47.1)**	**–**	**(47.1)**	(128.8)	–	(128.8)
Other operating income	6	**107.5**	**–**	**107.5**	116.7	4.6	121.3
Operating profit/(loss) before joint ventures and associates		**2,239.4**	**(367.1)**	**1,872.3**	2,299.1	195.0	2,494.1
Joint ventures and associates:							
Share of operating profit		**284.3**	**–**	**284.3**	237.5	–	237.5
Share of interest		**(164.3)**	**–**	**(164.3)**	(110.7)	–	(110.7)
Share of movement in derivatives		**–**	**(28.1)**	**(28.1)**	–	61.4	61.4
Share of tax		**(9.0)**	**7.0**	**(2.0)**	(58.8)	(15.3)	(74.1)
Share of profit on joint ventures and associates	16	**111.0**	**(21.1)**	**89.9**	68.0	46.1	114.1
Operating profit/(loss)	5	**2,350.4**	**(388.2)**	**1,962.2**	2,367.1	241.1	2,608.2
Finance income	9	**194.8**	**13.1**	**207.9**	198.8	6.4	205.2
Finance costs	9	**(319.2)**	**–**	**(319.2)**	(318.3)	–	(318.3)
Profit/(loss) before taxation		**2,226.0**	**(375.1)**	**1,850.9**	2,247.6	247.5	2,495.1
Taxation	10	**(551.7)**	**33.7**	**(518.0)**	(519.0)	(91.7)	(610.7)
Profit/(loss) for the year		**1,674.3**	**(341.4)**	**1,332.9**	1,728.6	155.8	1,884.4
Attributable to:							
Ordinary shareholders of the parent	11	**1,530.8**	**(341.4)**	**1,189.4**	1,554.7	155.8	1,710.5
Non-controlling interests		**69.8**	**–**	**69.8**	100.8	–	100.8
Other equity holders		**73.7**	**–**	**73.7**	73.1	–	73.1
Earnings per share							
Basic (pence)	11			**108.2**			156.7
Diluted (pence)	11			**108.1**			156.5

The accompanying notes are an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2025

	2025 £m	2024 £m
Profit for the year – continuing operations	**1,332.9**	1,884.4
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss:		
Net gains on cash flow hedges	**48.1**	6.5
Transferred to assets and liabilities on cash flow hedges	**10.0**	2.1
Taxation on cashflow hedges	**(11.3)**	(0.3)
	46.8	8.3
Share of other comprehensive loss of joint ventures and associates, net of taxation	**(16.7)**	(40.9)
Exchange difference on translation of foreign operations	**(42.9)**	(66.6)
Gain on net investment hedge	**36.0**	30.9
	23.2	(68.3)
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on retirement benefit schemes, net of taxation	**39.6**	(116.4)
Share of other comprehensive income of joint ventures and associates, net of taxation	**15.8**	–
(Loss)/gain on revaluation of investments in equity instruments, net of taxation	**(0.3)**	3.5
	55.1	(112.9)
Other comprehensive gain/(loss), net of taxation	**78.3**	(181.2)
Total comprehensive income for the year – continuing operations	**1,411.2**	1,703.2
Attributable to:		
Ordinary shareholders of the parent	**1,263.6**	1,529.3
Non-controlling interests	**73.9**	100.8
Other equity holders	**73.7**	73.1
	1,411.2	1,703.2

The accompanying notes are an integral part of these financial statements.

Consolidated balance sheet

as at 31 March 2025

	Note	2025 £m	2024 £m (restated*)
Assets			
Property, plant and equipment	14	**18,824.1**	16,611.5
Goodwill and other intangible assets	13	**2,170.5**	2,324.6
Equity investments in joint ventures and associates	16	**1,987.3**	1,963.2
Loans to joint ventures and associates	16	**1,510.3**	1,352.9
Other investments	16	**8.8**	3.2
Other receivables	18	**199.9**	170.1
Derivative financial assets	24	**63.5**	64.2
Retirement benefit assets	23	**501.8**	421.6
Non-current assets		**25,266.2**	22,911.3
Intangible assets	13	**392.7**	754.7
Inventories	17	**462.9**	343.0
Trade and other receivables	18	**2,943.2**	2,654.1
Current tax asset	10	**29.7**	35.1
Cash and cash equivalents	21	**1,090.5**	1,035.9
Derivative financial assets	24	**178.4**	536.1
Current assets		**5,097.4**	5,358.9
Total assets		**30,363.6**	28,270.2
Liabilities			
Loans and other borrowings	21	**1,964.0**	1,128.0
Trade and other payables	19	**2,897.9**	3,322.5
Current tax liabilities	10	**–**	9.3
Financial guarantee liabilities	24	**2.4**	3.1
Provisions	20	**80.5**	52.7
Derivative financial liabilities	24	**126.3**	345.2
Current liabilities		**5,071.1**	4,860.8
Loans and other borrowings	21	**8,640.4**	8,005.7
Deferred tax liabilities	10	**1,844.5**	1,536.8
Trade and other payables	19	**1,247.9**	1,092.8
Financial guarantee liabilities	24	**23.1**	36.4
Provisions	20	**676.1**	712.4
Derivative financial liabilities	24	**167.7**	222.2
Non-current liabilities		**12,599.7**	11,606.3
Total liabilities		**17,670.8**	16,467.1
Net assets		**12,692.8**	11,803.1
Equity			
Share capital	22	**555.6**	548.1
Share premium		**812.6**	820.1
Capital redemption reserve		**52.6**	52.6
Hedge reserve		**432.7**	407.6
Translation reserve		**(8.6)**	(2.6)
Retained earnings		**8,336.7**	7,540.0
Equity attributable to ordinary shareholders of the parent		**10,181.6**	9,365.8
Hybrid equity	22	**1,882.4**	1,882.4
Attributable to non-controlling interests	22	**628.8**	554.9
Total equity		**12,692.8**	11,803.1

* The comparative has been restated. See note 1.2.

The accompanying notes are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 20 May 2025 and signed on their behalf by:

Barry O'Regan,
Chief Financial Officer

Sir John Manzoni,
Chairman

SSE plc

Registered No: SC117119

Consolidated statement of changes in equity

for the year ended 31 March 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Translation reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity before non-controlling interests £m	Non-controlling interests £m	Total equity £m
At 1 April 2024 (restated*)	**548.1**	**820.1**	**52.6**	**407.6**	**(2.6)**	**7,540.0**	**9,365.8**	**1,882.4**	**11,248.2**	**554.9**	**11,803.1**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,189.4**	**1,189.4**	**73.7**	**1,263.1**	**69.8**	**1,332.9**
Other comprehensive income/(loss)	**–**	**–**	**–**	**25.1**	**(6.0)**	**55.1**	**74.2**	**–**	**74.2**	**4.1**	**78.3**
Total comprehensive income for the year	**–**	**–**	**–**	**25.1**	**(6.0)**	**1,244.5**	**1,263.6**	**73.7**	**1,337.3**	**73.9**	**1,411.2**
Dividends to shareholders	**–**	**–**	**–**	**–**	**–**	**(671.0)**	**(671.0)**	**–**	**(671.0)**	**–**	**(671.0)**
Scrip dividend related share issue	**7.5**	**(7.5)**	**–**	**–**	**–**	**268.9**	**268.9**	**–**	**268.9**	**–**	**268.9**
Issue of treasury shares	**–**	**–**	**–**	**–**	**–**	**17.8**	**17.8**	**–**	**17.8**	**–**	**17.8**
Distributions to Hybrid equity holders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(73.7)**	**(73.7)**	**–**	**(73.7)**
Share buyback (note 22.1)	**–**	**–**	**–**	**–**	**–**	**(71.7)**	**(71.7)**	**–**	**(71.7)**	**–**	**(71.7)**
Credit in respect of employee share awards	**–**	**–**	**–**	**–**	**–**	**22.3**	**22.3**	**–**	**22.3**	**–**	**22.3**
Investment in own shares	**–**	**–**	**–**	**–**	**–**	**(14.1)**	**(14.1)**	**–**	**(14.1)**	**–**	**(14.1)**
At 31 March 2025	**555.6**	**812.6**	**52.6**	**432.7**	**(8.6)**	**8,336.7**	**10,181.6**	**1,882.4**	**12,064.0**	**628.8**	**12,692.8**

for the year ended 31 March 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Translation reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity before non-controlling interests £m	Non-controlling interests £m	Total equity £m
At 1 April 2023 (restated*)	547.0	821.2	52.6	441.2	32.1	6,852.6	8,746.7	1,882.4	10,629.1	454.1	11,083.2
Profit for the year	–	–	–	–	–	1,710.5	1,710.5	73.1	1,783.6	100.8	1,884.4
Other comprehensive loss	–	–	–	(33.6)	(34.7)	(112.9)	(181.2)	–	(181.2)	–	(181.2)
Total comprehensive income for the year	–	–	–	(33.6)	(34.7)	1,597.6	1,529.3	73.1	1,602.4	100.8	1,703.2
Dividends to shareholders	–	–	–	–	–	(956.4)	(956.4)	–	(956.4)	–	(956.4)
Scrip dividend related share issue	1.1	(1.1)	–	–	–	38.6	38.6	–	38.6	–	38.6
Issue of treasury shares	–	–	–	–	–	9.2	9.2	–	9.2	–	9.2
Distributions to Hybrid equity holders	–	–	–	–	–	–	–	(73.1)	(73.1)	–	(73.1)
Credit in respect of employee share awards	–	–	–	–	–	20.2	20.2	–	20.2	–	20.2
Investment in own shares	–	–	–	–	–	(21.8)	(21.8)	–	(21.8)	–	(21.8)
At 31 March 2024 (restated*)	548.1	820.1	52.6	407.6	(2.6)	7,540.0	9,365.8	1,882.4	11,248.2	554.9	11,803.1

* The comparative has been restated. See note 1.2.

Consolidated cash flow statement

for the year ended 31 March 2025

	Note	2025 £m	2024 £m
Operating profit – continuing operations		**1,962.2**	2,608.2
Less share of profit of joint ventures and associates		**(89.9)**	(114.1)
Operating profit before jointly controlled entities and associates		**1,872.3**	2,494.1
Pension service charges less contributions paid	23	**(6.7)**	(9.5)
Movement on operating derivatives	24	**60.1**	(443.4)
Depreciation, amortisation, write downs and impairments		**1,057.1**	859.0
Impairment of joint venture investment including shareholder loans	7,16	**–**	136.8
Charge in respect of employee share awards		**22.3**	20.2
Profit on disposal of assets and businesses	6	**(47.9)**	(9.0)
Charge in respect of provisions	20	**6.4**	14.6
Credit in respect of financial guarantees		**(1.9)**	(12.5)
Release of deferred income	6	**(14.1)**	(13.0)
Cash generated from operations before working capital movements		**2,947.6**	3,037.3
(Increase)/decrease in inventories		**(109.5)**	39.6
Decrease in receivables		**2.6**	763.1
(Decrease)/increase in payables		**(196.0)**	243.0
Decrease in provisions		**(23.7)**	(33.9)
Cash generated from operations		**2,621.0**	4,049.1
Dividends received from investments	16	**200.6**	223.7
Interest paid		**(104.2)**	(67.0)
Taxes paid		**(240.6)**	(345.8)
Net cash from operating activities		**2,476.8**	3,860.0
Purchase of property, plant and equipment	5	**(2,689.2)**	(1,970.3)
Purchase of other intangible assets	5	**(441.8)**	(542.2)
Receipt of government grant income	5	**55.7**	93.4
Deferred income received		**20.2**	17.4
Proceeds from disposals	6,7,16	**25.2**	14.9
Purchase of businesses, joint ventures and subsidiaries	12,16	**–**	(42.9)
Loans and equity provided to joint ventures and associates	16	**(408.3)**	(443.6)
Loans and equity repaid by joint ventures	16	**121.7**	14.6
(Increase)/decrease in other investments	16	**(1.9)**	0.4
Net cash used in investing activities		**(3,318.4)**	(2,858.3)
Proceeds from issue of share capital	22	**17.8**	9.2
Dividends paid to company's equity holders	11	**(402.1)**	(917.8)
Share buybacks	22	**(71.7)**	–
Hybrid equity dividend payments	22	**(73.7)**	(73.1)
Employee share awards share purchase	22	**(14.1)**	(21.8)
New borrowings	21	**2,592.2**	1,982.2
Repayment of borrowings	21	**(1,162.2)**	(1,842.7)
Settlement of cashflow hedges		**10.0**	6.4
Net cash from/(used in) financing activities		**896.2**	(857.6)
Net increase in cash and cash equivalents		**54.6**	144.1
Cash and cash equivalents at the start of year	21	**1,035.9**	891.8
Net increase in cash and cash equivalents		**54.6**	144.1
Cash and cash equivalents at the end of year	21	**1,090.5**	1,035.9

The accompanying notes are an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 March 2025

1 General Information and basis of preparation

1.1. General information

SSE plc (the "Company") is a company domiciled in Scotland. The address of the registered office is given on the back cover. The Group's operations and its principal activities are set out in the Strategic Report. The consolidated financial statements for the year ended 31 March 2025 comprise those of the Company and its subsidiaries (together referred to as the Group). The Company financial statements present information about the Company as a separate entity and not about the Group, these can be seen on pages 263 to 271.

1.2. Basis of preparation

Statement of compliance

The financial statements were authorised for issue by the Directors on 20 May 2025. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

Going Concern

The Directors consider that the Group has adequate resources to continue in operational existence for the period to 31 December 2026. The financial statements are therefore prepared on a Going Concern basis.

In addition, further details of the Group's liquidity position and Going Concern review are provided at note 21 and in A6. Accompanying Information to the Financial Statements on page 249.

Basis of measurement

The financial statements of the Group are prepared on the historical cost basis except for certain gas inventory, derivative financial instruments, financial instruments designated at fair value through profit or loss or other comprehensive income on initial recognition, assets of the Group pension schemes, all of which are measured at their fair value, and liabilities of the Group's pension schemes which are measured using the projected unit credit method. The directors believe the financial statements present a true and fair view. The financial statements of the Group are presented in pounds Sterling and all values are rounded to the nearest million to one decimal place (£m), unless otherwise stated. The basis for including operations and transactions conducted in currencies other than pounds Sterling is provided in A1. Accompanying Information to the Financial Statements on page 229.

Use of estimates and judgements

The preparation of financial statements conforming with adopted IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher level of judgement or estimation are summarised at pages 176 to 178.

Changes to presentation and prior year adjustments

The prior year comparatives at 31 March 2024 have been restated as follows:

Segments

In accordance with the requirements of IFRS 8 "Operating Segments" the Group aligns its segmental disclosures with its internal reporting to the Group Executive Committee (the Chief Operating Decision Maker). The reporting of these operating segments is used to assess operating performance and to make decisions on how to allocate capital. During the year to 31 March 2025, the Group's Enterprise business was integrated into its SSE Business Energy, SSE Thermal and SSE Energy Markets operating segments. Consequently, the segmental results reported within these financial statements have been restated with effect from 1 April 2023. Details of the main activities reallocated from SSE Enterprise into the Group's other segments are provided note 5.

Comparative segmental information in note 5 has been restated to reflect the change to these segments. The impacts of the restatements are a decrease to the adjusted operating profit of SSE Business Energy (2024: £40.6m), an increase to the adjusted operating profit of SSE Thermal (2024: £16.4m) and a decrease in the adjusted operating profit of SSE Energy Markets (2024: £1.4m) and a decrease to the adjusted EBITDA of SSE Business Energy (2024: £36.5m), an increase to the adjusted EBITDA of SSE Thermal (2024: £22.0m) and a decrease in the adjusted EBITDA of SSE Energy Markets (2024: £1.4m). The reported operating profit by segment has been restated by the same amounts. Additionally, adjusted capital expenditure has been restated with an increase to SSE Business Energy (2024: £40.9m), SSE Thermal (2024: £9.6m) and SSE Energy Markets (2024: £0.5m) and revenue has been restated with an increase to SSE Business Energy (2024: £63.5m) and SSE Thermal (2024: £28.4m).

This restatement has had no impact on the consolidated adjusted performance measures of the Group at 31 March 2024.

Additionally note 8.2 employee numbers and A6.2 concentrations of risk have been restated for March 2024 for this integration.

Alternative Performance Measures ("APMs") – adjustment for net interest on net pension assets/liabilities

During the year the Group simplified its adjusted profit metrics by removing the adjustment for interest on net pension assets/liabilities valued under IAS 19 "Employee Benefits". This adjustment is no longer deemed necessary by management as the pension interest adjustment is less volatile and material to the Group than it was when first introduced as an APM adjustment. The impacts of the restatements for 31 March 2024 are an increase in the adjusted profit before tax of £26.2m and adjusted earnings per share of 2.4 pence.

There have been no other changes to the Group's APMs in the current year.

Non-controlling interest presentation change

After reconsidering the accounting for sale of the 25% non-controlling stake in Scottish Hydro Electric Transmission plc, which the Group disposed of in the year ending 31 March 2023, the comparative balance sheets and statements of changes in equity have been restated to increase retained earnings by £195.0m (with a corresponding decrease in non-controlling interests) representing the gain recognised in equity on that transaction. Comparatives at 1 April 2023, 31 March 2024 have been restated accordingly. This adjustment had no impact on net assets, the income statement, statement of cashflows or adjusted performance measures of the Group, at any reporting date.

Changes to estimates

On 31 March 2025, the Group's Thermal business reviewed the useful economic life of the Peterhead, Keadby and Medway CCGT assets. The review confirmed the technical capability of the assets to continue to operate until at least 2035. Noting also the recommendations of the UK Government's UK Clean Power 2030 Action Plan and the Group's ongoing success in the capacity markets it is expected that the assets will continue to generate economic benefit in this period. As a result, the useful economic lives of the assets have been extended to 2035. The change in useful economic life had no impact on the depreciation charge for the year ended 31 March 2025, but will reduce the depreciation charge for the year ending 31 March 2026 by £14.2m.

2 New accounting policies and reporting changes

The principal accounting policies applied in the preparation of these financial statements are set out below and in the A1 Accompanying Information to the Financial Statements on pages 229 to 237.

2.1. New standards, amendments and interpretations effective or adopted by the Group

During the year ended 31 March 2025, the Group adopted the amendments to:

- IAS 1 "Presentation of Financial Statements" in relation to non-current liabilities with covenants
- IFRS 16 "Leases" in relation to a lease on sale and leaseback
- IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" in relation to supplier finance arrangements'

Adoption of these amendments had no material impact on these Financial Statements. There were no other standards, amendments to standards or interpretations relevant to the Group's operations which were adopted during the year.

2.2. New standards, amendments and interpretations issued, but not yet adopted by the Group

IFRS 18 "Presentation and Disclosure in Financial Statements" was issued in April 2024 and will be effective from 1 January 2027 (1 April 2027 for the Group), subject to UK endorsement. This standard will replace IAS 1 "Presentation of Financial Statements." The new standard does not amend the principles of recognition and measurement and so will not impact the financial results of the Group. However, it will impact the presentation of the consolidated financial statements, in particular the Consolidated Income Statement.

While the Group is continuing to assess the full impact of adoption of the standard, it is expected that the presentation of the Consolidated Income Statement will be amended to include the new subtotals prescribed in the standard. The share of profit recognised from equity accounted investments will be classified within investing activities, instead of its current classification within operating activities. It is expected that certain notes to the consolidated financial statements will also be amended to comply with aggregation and disaggregation principles.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" in relation to the classification and measurement of financial instruments have been issued. An additional amendment has also been made to both standards in relation to contracts referencing nature-dependent electricity. These amendments will be effective from 1 January 2026 (1 April 2026 for the Group). While the impact of adoption is continuing to be assessed, it is not expected the amendments will have a material impact on the Group's consolidated financial statements.

3 Adjusted accounting measures

The Group applies the use of adjusted accounting measures or alternative performance measures ("APMs") throughout the Annual Report and Financial Statements. These measures enable the Directors to present the underlying performance of the Group and its segments to the users of the statements in a consistent and meaningful manner. The adjustments applied and certain terms such as "adjusted operating profit", "adjusted earnings per share", "adjusted EBITDA", "adjusted investment and capital expenditure", "adjusted investment, capital and acquisition expenditure" and "adjusted net debt and hybrid capital" are not defined under IFRS and are explained in more detail below. In addition, the section "Alternative Performance Measures" at page 162 provides further context and explanation of these terms.

3.1 Adjusted measures

The Directors assess the performance of the Group and its reportable segments based on "adjusted measures". These measures are used for internal performance management and are believed to be appropriate for explaining underlying performance to users of the accounts. These measures are also deemed to be the most useful for ordinary shareholders of the Company and for other stakeholders.

The performance of the reportable segments is reported based on adjusted profit before interest and tax ("adjusted operating profit"). This is reconciled to reported profit before interest and tax by adding back exceptional items and certain re-measurements (see note 3.2 below), depreciation expense on fair value uplifts, the share of operating profit attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision and after the removal of interest and taxation on profits from equity-accounted joint ventures and associates.

The performance of the Group is reported based on adjusted profit before tax which excludes exceptional items and certain re-measurements (see note 3.2 below), depreciation expense on fair value uplifts, the share of profit before tax attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision and taxation on profits from equity-accounted joint ventures and associates.

The Group also uses adjusted earnings before interest, taxation, depreciation and amortisation ("adjusted EBITDA") as an alternative operating performance measure which acts as a management proxy for cash generated from operating activities. This does not take into account the rights and obligations that SSE has in relation to its equity-accounted joint ventures and associates. This measure excludes exceptional items and certain re-measurements (see note 3.2 below), the depreciation charged on fair value uplifts, the share of EBITDA attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision, depreciation and amortisation from equity-accounted joint ventures and associates and interest and taxation on profits from equity-accounted joint ventures and associates. For the purpose of calculating the "Net Debt to EBITDA" metric referred at page 24, "adjusted EBITDA" is further adjusted to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt (see note 5.1(v)).

The Group's key performance measure is adjusted earnings per share ("EPS"), which is based on basic earnings per share before exceptional items and certain re-measurements (see note 3.2 below), depreciation on fair value uplifts, adjustments to the Gas Production decommissioning provision and after the removal of deferred taxation and other taxation items. Deferred taxation is excluded from the Group's adjusted EPS because of the Group's significant ongoing capital investment programme, which means that the deferred tax is unlikely to reverse. Adjusted profit after tax is presented on a basis consistent with adjusted EPS except for the non-inclusion of payments to holders of hybrid equity.

The financial statements also include an "adjusted net debt and hybrid capital" measure. This presents financing information on the basis used for internal liquidity risk management. This measure excludes obligations due under lease arrangements and the share of net debt attributable to non-controlling interests, and includes cash held and posted as collateral on commodity trading exchanges, and other deposits with a maturity of more than three months. The measure represents the capital owed to investors, lenders and equity holders other than the ordinary shareholders. As with "adjusted earnings per share", this measure is considered to be of relevance to the ordinary shareholders of the Group as well as other stakeholders and interested parties.

3 Adjusted accounting measures continued

3.1 Adjusted measures continued

Finally, the financial statements include an "adjusted investment and capital expenditure" and an "adjusted investment, capital and acquisition expenditure" measure. These metrics represent the capital invested by the Group in projects that are anticipated to provide a return on investment over future years, or which otherwise support Group operations and are consistent with internally applied metrics. They therefore include capital additions to property, plant and equipment and intangible assets and the Group's direct funding of joint venture and associates' capital projects. The Group has considered it appropriate to report these values both internally and externally in this manner due to its use of equity-accounted investment vehicles to grow the Group's asset base and to highlight where the Group is providing funding to the vehicle through either loans or equity. The Group does not include project funded capital additions in these metrics, nor does it include other capital invested in joint ventures and associates. In addition, the Group excludes additions to its property, plant and equipment funded by customer contributions and additions to intangible assets associated with allowances and certificates. The Group also excludes the share of investment and capital expenditure attributable to non-controlling interests in controlled but not wholly owned subsidiaries and disposed or impaired additions. The "adjusted investment, capital and acquisition expenditure" measure also includes cash consideration paid by the Group in business combinations which contribute to growth of the Group's capital asset base and is considered to be relevant metric in context of the Group's Net Zero Acceleration Programme Plus. As with "adjusted earnings per share", these measures are considered to be of relevance to management and to the ordinary shareholders of the Group as well as to other stakeholders and interested parties.

Reconciliations from reported measures to adjusted measures along with further description of the rationale for those adjustments are included in the "Alternative Performance Measures" section at pages 162 to 168.

Where the Group have referred to an adjusted performance measure in the financial statements the following sign is presented to denote this APM.

3.2 Exceptional items and certain re-measurements

Exceptional items are those charges or credits that are considered unusual by nature and/or scale and of such significance that separate disclosure is required for the financial statements to be properly understood. The trigger points for recognition of items as exceptional items will tend to be non-recurring, although exceptional charges (or credits) may impact the same asset class or segment over time.

Examples of items that may be considered exceptional include material asset, investment or business impairment charges; reversals of historic exceptional impairments; certain business restructuring and reorganisation costs; significant realised gains or losses on disposal; unrealised fair value adjustments on acquisition or disposals; and provisions in relation to significant disputes and claims.

The Group operates a policy framework for establishing whether items should be considered exceptional. This framework, which is reviewed annually, is based on the materiality of the item, by reference to the Group's key performance measure of adjusted earnings per share. This framework estimates that any qualifying item greater than £40.0m (2024: £40.0m) will be considered exceptional, with the exception of any strategic restructuring of activities or discontinued operations, which will respectively be considered on a case-by-case basis or will always be treated as exceptional. The only further exception to this threshold is for gains or losses on disposal, or divestment of early-stage international or offshore wind farm development projects within SSE Renewables, which are considered non-exceptional in line with the Group's strategy to generate recurring gains from developer divestments. Where a qualifying gain arises on a non-cash transaction, the gain is still treated as exceptional.

Certain re-measurements are re-measurements arising on certain commodity, interest rate and currency contracts which are accounted for as held for trading or as fair value hedges in accordance with the Group's policy for such financial instruments; re-measurements on stocks of commodities held at the balance sheet date; or movements in fair valuation of contracts for difference not designated as government grants. The amount recorded in the adjusted results for these contracts is the amount settled in the year as disclosed in note 24.1.

This excludes commodity contracts not treated as financial instruments under IFRS 9 where the contracts are held for the Group's own use requirements; the fair value of these contracts is not recorded and the value associated with the contract is not recognised until the underlying commodity is delivered.

The impact of changes in corporation tax rates on deferred tax balances are also included within certain re-measurements.

3.3 Other additional disclosures

As permitted by IAS 1 "Presentation of Financial Statements", the Group's income statement discloses additional information in respect of joint ventures and associates, exceptional items and certain re-measurements to aid understanding of the Group's financial performance and to present results clearly and consistently.

4 Accounting judgements and estimation uncertainty

In the process of applying the Group's accounting policies, management is required to make judgements and estimates that will have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are noted below, with the most significant and material financial judgement areas that are specifically considered by the Audit Committee highlighted separately.

The Group has made no changes to its significant accounting judgements and identified no new areas of estimation uncertainty during the year. As there is no provision for uncertain tax positions within the financial statements in the current or comparative years (2024 and 2023: £nil) and noting the Group's current view on such matters, this estimation uncertainty has been removed from the disclosure of estimates that could result in a significant impact on the financial statements.

4.1 Significant financial judgements and estimation uncertainties

The preparation of these financial statements has specifically considered the following significant financial judgements, some of which are also areas of estimation uncertainty as noted below.

i. Impairment testing and valuation of certain non-current assets – financial judgement and estimation uncertainty

The Group reviews the carrying amounts of its goodwill, other intangible assets, specific property, plant and equipment and investment assets to determine whether any impairments or reversal of impairments to the carrying value of those assets requires to be recorded. Where an indicator of impairment or impairment reversal exists, the recoverable amount of those assets is determined by reference to value in use calculations or fair value less cost to sell assessments. As well as its goodwill balances, the specific assets under review in the year ended 31 March 2025 are intangible development assets in Southern Europe and Japan; and specific property, plant and equipment assets related to gas storage at Aldbrough and Atwick and the Group's thermal power station at Great Island in Ireland. In addition, the Group performed an impairment review over the carrying value of its equity investments in Neos Networks Limited and Triton Power Holdings Limited.

In conducting its reviews, the Group makes judgements and estimates determining both the level of cash generating unit ("CGU") at which common assets such as goodwill are assessed against, as well as the estimates and assumptions behind the calculation of recoverable amount of the respective assets or CGUs.

Changes to the estimates and assumptions on factors such as regulation and legislation changes (including relevant climate change related regulation), power, gas, carbon and other commodity prices, volatility of gas prices, plant running regimes and load factors, discount rates and other inputs could impact the assessed recoverable value of assets and CGUs and consequently impact the Group's income statement and balance sheet.

Further detail of the calculation basis and key assumptions used in the impairment review, the resulting impairment and the sensitivity of this assessment to key assumptions is disclosed at note 15. Detail on the accounting policies applied is included in the Accompanying Information section A1.

ii. Retirement benefit obligations – estimation uncertainty

The assumptions in relation to the cost of providing post-retirement benefits during the year are based on the Group's best estimates and are set after consultation with qualified actuaries. While these assumptions are believed to be appropriate, a change in these assumptions would impact the level of the retirement benefit obligation recorded and the cost to the Group of administering the schemes.

Further detail of the calculation basis and key assumptions used, the resulting movements in obligations, and the sensitivity of key assumptions to the obligation is disclosed at note 23.

iii. Revenue recognition – Customers unbilled supply of energy – estimation uncertainty

Revenue from energy supply activities undertaken by the SSE Business Energy and SSE Airtricity businesses includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This estimation comprises both billed revenue and unbilled revenue and is calculated based on applying the tariffs and contract rates applicable to customers against aggregated estimated customer consumption, taking account of various factors including tariffs, consumption patterns, customer mix, metering data, operational issues relating to the billings process and externally notified aggregated volumes supplied to customers from national settlements bodies.

The Group's SSE Business Energy segment completed the migration of customers to a new billing platform during the current financial year. Following the completion of the migration, the billing platform performance has stabilised and resulted in a lower level of unbilled sales at 31 March 2025. The level of judgement applied in determining the sales accrual has also lessened compared to the position at March 2024. For the prior year end, the Group recognised a provision against the sales accrual to reflect that customer billing delays may result in a deterioration in collection performance. No comparable risk provision was recognised at 31 March 2025 and it is expected that the level of judgement applied will be reduced in future reporting periods as operational performance continues to improve.

This unbilled estimation is subject to an internal corroboration process which compares calculated unbilled volumes to a theoretical "perfect billing" benchmark measure of unbilled volumes (in GWh and millions of therms) derived from historical consumption patterns and aggregated metering data used in industry reconciliation processes. Unbilled revenue is compared to billings in the period between the balance sheet date and the finalisation of the financial statements which has provided evidence of post report date billings and hence support to the accrual recognised.

Given the requirement of management to apply judgement, the estimated revenue accrual remains a significant estimate made by management in preparing the financial statements. A change in the assumptions underpinning the unbilled calculation would have an impact on the amount of revenue recognised in any given period. The sensitivity associated with this judgement factor is disclosed at note 18.

iv. Valuation of other receivables – financial judgement and estimation uncertainty

The Group holds a £100m loan note due from OVO Holdings Limited (a subsidiary of Energy Transition Holdings Limited ("ETHL")) following the disposal of SSE Energy Services on 15 January 2020. The loan is repayable in full by 31 December 2029, carries interest at 13.25% and is presented cumulative of accrued interest payments, discounted at 13.25%. At 31 March 2025, the carrying value (net of expected credit loss provision of £1.8m (2024: £1.6m)) is £193.5m (2024: £170.1m) (see note 18).

The Group has assessed recoverability of the loan note receivable and has recognised a provision for expected credit loss in accordance with the requirements of IFRS 9. The Group's assessment of the recoverability of the loan note is considered a significant financial judgement. The Group has taken appropriate steps to assess all available information in respect of the recoverability of the loan note. Procedures included reviewing recent financial information of ETHL, including the 31 December 2023 consolidated financial statements; and discussions with ETHL management. While the carrying value is considered to be appropriate, changes in economic conditions could lead to a change in the expected credit loss incurred by the Group in future periods.

v. Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty

Climate change and the transition to net zero have been considered in the preparation of these financial statements. Where relevant, assumptions have been applied that are consistent to a Paris-aligned 1.5°C 2050 net zero pathway. The Group has a clearly articulated NZAP Plus plan to lead in the UK's transition to clean power and aligns its investment plans and business activities to that strategy. These plans are supported by the Group's Green Bond framework under which the Group's eighth green bond was issued by SSEN Transmission in August 2024 and ninth green bond was issued by SSE plc in March 2025 (see note 21). The proceeds of the eighth green bond were allocated to fund Transmission network projects and the proceeds of the ninth green bond were allocated to finance or refinance Renewables wind farm projects.

The impact of future climate change regulation could have a material impact on the currently reported amounts of the Group's assets and liabilities. In preparing these financial statements, the following climate change related risks have been considered:

Valuation of property, plant and equipment, and impairment assessment of goodwill

The Group's view is that flexible generation capacity, such as the Group's fleet of CCGT power stations, will be an essential part of the net zero transition to provide security of supply to a market increasingly dependent upon renewable sources, which are inherently intermittent. The UK Government recently published its "Clean Power 2030 Action Plan" which supports the Group's view that unabated gas will continue to play a back-up role throughout the transition to clean power, by ensuring the security of supply.

4 Accounting judgements and estimation uncertainty continued

4.1 Significant financial judgements and estimation uncertainties continued

v. Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty continued

Valuation of property, plant and equipment, and impairment assessment of goodwill continued

The Group assesses the useful economic life of its assets on an annual basis. The assessment performed at 31 March 2025 indicated that certain unabated CCGT assets at Peterhead, Keadby and Medway should have their useful economic life extended from 2030 to 2035 due to the combination of UK Government policy reiterating the importance of flexible generation from gas fired CCGTs in the transition to clean power; the Group's ongoing success in capacity market auctions; and the technical capability of these assets to operate to that date. The change in end of life assumption for these assets has been reflected in the annual impairment process. As a result, all the Group's unabated CCGT assets held at 31 March 2025 are forecast to operate beyond 2030. The process to determine the Group's material climate-related opportunities and risks in the period to 31 March 2025 reduced the perceived risk of mandated early closure for these assets. As a result, the "Accelerated gas closure" transition risk is no longer a material transition risk reported in the Group's TCFD disclosures (see pages 71 to 78).

A significant increase in renewable generation capacity in the Group's core markets in the UK and Ireland could potentially result in an oversupply of renewable electricity at a point in the future, which would lead to a consequential decrease in the power price achievable for the Group's wind generation assets. The Group has not assessed that this constitutes an indicator of impairment at 31 March 2025 as the Group's baseline investment case models assume a centrally approved volume of new build in these markets over the life of the existing assets. The Group's policy is to test the goodwill balances associated with its wind generation portfolio for impairment on an annual basis in line with the requirements of IAS 36 "Impairment of Assets". Through this impairment assessment (see note 15.1), a sensitivity to power price, which may arise in a market with significant new build, was modelled. This scenario indicated that, despite a modelled 10% reduction in power price, there remained significant headroom on the carrying value in the Group's generating wind assets.

Changes to weather patterns resulting from global warming have also been considered as a potential risk to future returns from the Group's wind and hydro assets. Changes to weather patterns could result in calmer, drier weather patterns, which would reduce volumes achievable for the Group's wind and hydro generation assets (although noting that this would likely lead to capacity constraints and hence higher prices). This has not been assessed as an indicator of impairment for operating assets in the UK and Ireland at 31 March 2025 as there is no currently observable evidence to support that scenario directly. The Group has performed a sensitivity to its impairment modelling and has assessed that a 10% reduction in achievable volume would result in significant headroom on the carrying value of the UK and Ireland assets at 31 March 2025 (see note 15.1).

Valuation of decommissioning provisions

The Group holds decommissioning provisions for its Renewable and Thermal generation assets and has retained a 60% share for the decommissioning of its disposed Gas Production business. As noted above, the Group has extended the useful economic life of three of its unabated CCGT assets at 31 March 2025, which are now expected to operate to 2035 and delay the decommissioning of these assets. While the Group has modelled scenarios that estimate the impact of the closure date being brought forward by legislation, the Group assessed that the perceived risk of legislation being enacted by 2030 to mandate the closure of unabated assets has decreased. Similarly, it is expected that fundamental changes to weather patterns, or the impact of new wind generation capacity, will not bring forward the decommissioning of the Group's wind farm portfolio.

The discounted share of the Gas Production provision is £201.6m (2024: £219.7m). At 31 March 2025, the impact of discounting of this retained provision is £80.8m (2024: £68.3m), which is expected to be incurred across the period to 31 March 2040. If the decommissioning activity was accelerated due to changes in legislation, the costs of unwinding the discounting of the provision would be recognised earlier.

Defined benefit scheme assets

The Group holds defined benefit pension scheme assets at 31 March 2025 which could be impacted by climate-related risks. The trustees of the schemes have a long term investment strategy that seeks to reduce investment risk as and when appropriate and takes into consideration the impact of climate-related risk.

Going Concern and viability statement

The implications of near-term climate-related risks have been considered in the Group's Going Concern assessment and viability statement assessment.

4.2 Accounting judgements and estimation uncertainties – changes from prior year

As disclosed in note 1.2 above, the Group's Thermal business unit reviewed the useful economic life of the Peterhead, Keadby and Medway CCGT assets at 31 March 2025 and extended their useful lives to 2035. The change in useful economic life has been applied prospectively and had no impact on the results for the year ended 31 March 2025. The depreciation charge for the year ending 31 March 2026 will be reduced by £14.2m.

As there is no provision for uncertain tax positions within the financial statements in the current or comparative years (2024 and 2023: £nil) and noting the Group's current view on such matters, this estimation uncertainty has been removed from the disclosure of estimates that could result in a significant impact on the financial statements.

There were no other changes to accounting judgements and estimation uncertainties during the year.

4.3 Other areas of estimation uncertainty

Decommissioning costs

The calculation of the Group's decommissioning provisions involves the estimation of quantum and timing of cash flows to settle the obligation. The Group engages independent valuation experts to estimate the cost of decommissioning its Renewable, Thermal and Gas Storage assets every three years based on current technology and prices. The last independent assessment for the majority of the Group's Renewable and Thermal generation assets was performed in the current year to 31 March 2025. The last formal assessment for Gas Storage assets was performed in the year to 31 March 2023. Retained decommissioning costs in relation to the disposed Gas Production business are periodically agreed with the field operators and reflect the latest expected economic production lives of the fields.

The dates for settlement of future decommissioning costs are uncertain, particularly for the disposed Gas Production business where reassessment of gas and liquids reserves and fluctuations in commodity prices can lengthen or shorten the field life.

Further detail on the assumptions applied, including expected decommissioning dates, and movement in decommissioning costs during the year are disclosed at note 20.

5 Segmental information

IFRS 8 requires operating segments to be identified based on the Group's internal reporting to its Chief Operating Decision Maker to assess operating performance and to make decisions on how to allocate capital. The Group's Chief Operating Decision Maker has been identified as the Group Executive Committee. The changes to the Group's segments in the year are explained in note 1.2 and are due to the integration of the activities of SSE Enterprise into SSE's other segments. Comparative information has been re-presented to reflect the change to these segments. The Group's "Corporate unallocated" segment is the Group's residual corporate central costs which are not allocated to individual segments and includes the contribution from its Enerveo business and the Group's joint venture investment in Neos Networks Limited.

The types of products and services from which each reportable segment derives its revenues are:

Business Area	Reported Segments	Description
Continuing operations		
Transmission	SSEN Transmission	The economically regulated high voltage transmission of electricity from generating plant to the distribution network in the North of Scotland. Revenue earned from constructing, maintaining and renovating the transmission network is determined in accordance with the regulatory licence, based on an Ofgem approved revenue model and is recognised as charged to National Grid. The revenue earned from other transmission services such as generator plant connections is recognised in line with delivery of that service over the expected contractual period and at the contracted rate. On 25 November 2022 the Group sold a 25.0% non-controlling interest in this business to the Ontario Teachers' Pension Plan.
Distribution	SSEN Distribution	The economically regulated lower voltage distribution of electricity to customer premises in the North of Scotland and the South of England. Revenue earned from delivery of electricity supply to customers is recognised based on the volume of electricity distributed to those customers and the set customer tariff. The revenue earned from other distribution services such as domestic customer connections is recognised in line with delivery of that service over the expected contractual period and at the contracted rate.
Renewables	SSE Renewables	The generation of electricity from renewable sources, such as onshore and offshore wind farms and run of river and pumped storage hydro assets primarily in the UK and Ireland. This segment also includes the development of wind assets in Japan and The Netherlands; solar assets in Poland; and the development of wind, solar and battery opportunities in the UK and Southern Europe. Revenue from physical generation of electricity in Great Britain is sold to SSE Energy Markets and in Ireland is sold to SSE Airtricity and is recognised as generated, based on the contracted or spot price at the time of delivery. Revenue from national support schemes (such as Renewable Obligation Certificates or the Capacity Market in Great Britain or REFIT in Ireland) may either be recognised in line with electricity being physically generated or over the contractual period, depending on the underlying performance obligation.
Thermal	SSE Thermal	The generation of electricity from thermal plants including CCGTs in the UK and Ireland and the Group's interests in multifuel assets in the UK. Revenue from physical generation of electricity in Great Britain and Ireland is sold to SSE Energy Markets and is recognised as generated, based on the contract or spot price at the time of delivery. Revenue from national support schemes (such as the Capacity Market) and ancillary generation services may either be recognised in line with electricity being physically generated or over the contractual period, depending on the underlying performance obligation. Following the change in segmental reporting noted at note 1.2, SSE Thermal also includes the Slough Heat and Power assets which were previously reported within SSE Enterprise.
	Gas Storage	The operation of gas storage facilities in Great Britain, utilising capacity to optimise trading opportunity associated with the assets. Contribution arising from trading activities is recognised as realised based on the executed trades or withdrawal of gas from caverns.
Energy Customer Solutions	SSE Business Energy	The supply of electricity and gas to business customers in Great Britain and smart buildings activity. Revenue earned from the supply of energy is recognised in line with the volume delivered to the customer, based on actual and estimated volumes, and reflecting the applicable customer tariff after deductions or discounts. Following the change in segmental reporting noted at note 1.2, SSE Business Energy activities also include the provision of low carbon energy solutions to customers; behind-the-meter solar and battery solutions; equity investment in the Source EV joint venture; private electric networks and heat and cooling network activities which were previously reported within SSE Enterprise.
	SSE Airtricity	The supply of electricity, gas and energy related services to residential and business customers in the Republic of Ireland and Northern Ireland. Revenue earned from the supply of energy is recognised in line with the volume delivered to the customer, based on actual and estimated volumes, and reflecting the applicable customer tariff after deductions or discounts. Revenue earned from energy related services may either be recognised over the expected contractual period or following performance of the service, depending on the underlying performance obligation.
SSE Energy Markets	SSE Energy Markets	The provision of a route to market for the Group's Renewable and Thermal generation businesses and commodity procurement for the Group's energy supply businesses in line with the Group's stated hedging policies. Revenue from physical sales of electricity, gas and other commodities produced by SSE is recognised as supplied to either the national settlements body or the customer, based on either the spot price at the time of delivery or trade price where that trade is eligible for "own use" designation. The sale of commodity optimisation trades is presented net in cost of sales alongside purchase commodity optimisation trades. Following the change in segmental reporting noted at note 1.2, SSE Energy Markets also includes the Enhance route-to-market platform which was previously reported within SSE Enterprise.

5 Segmental information continued

As referred to in note 3, the internal measure of profit reported to the Board is "adjusted profit before interest and tax" or "adjusted operating profit" which is arrived at before exceptional items, the impact of financial instruments measured under IFRS 9, share of profits attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision, the impact of depreciation on fair value uplifts and after the removal of taxation and interest on profits from joint ventures and associates.

Analysis of revenue, operating profit, capital expenditure and earnings before interest, taxation, depreciation and amortisation ("EBITDA") by segment is provided on the following pages. Revenue and profit before taxation arise primarily from operations within the UK and Ireland.

5.1 Segmental information disclosure

(i) Revenue by segment

	Reported revenue 2025 £m	**Inter-segment revenue(i) 2025 £m**	**Segment revenue 2025 £m**	Reported revenue 2024 £m	(restated*) Inter-segment revenue(i) 2024 £m	Segment revenue 2024 £m
Continuing operations						
SSEN Transmission	**807.0**	**–**	**807.0**	885.2	–	885.2
SSEN Distribution	**1,513.6**	**66.9**	**1,580.5**	1,004.0	45.9	1,049.9
SSE Renewables	**354.9**	**1,243.8**	**1,598.7**	335.5	876.3	1,211.8
Thermal						
SSE Thermal	**633.0**	**1,251.3**	**1,884.3**	599.4	3,143.0	3,742.4
Gas storage	**17.6**	**3,305.4**	**3,323.0**	11.2	2,948.4	2,959.6
Energy Customer Solutions						
SSE Business Energy	**2,692.4**	**76.3**	**2,768.7**	3,246.7	53.0	3,299.7
SSE Airtricity	**1,909.1**	**163.0**	**2,072.1**	2,021.2	170.0	2,191.2
SSE Energy Markets:						
Gross trading	**16,542.4**	**6,074.6**	**22,617.0**	15,074.3	7,951.4	23,025.7
Optimisation trades	**(14,547.0)**	**36.8**	**(14,510.2)**	(12,785.1)	(2,674.2)	(15,459.3)
SSE Energy Markets	**1,995.4**	**6,111.4**	**8,106.8**	2,289.2	5,277.2	7,566.4
Corporate unallocated	**208.9**	**294.5**	**503.4**	64.8	250.9	315.7
Total SSE Group	**10,131.9**	**12,512.6**	**22,644.5**	10,457.2	12,764.7	23,221.9

(i) Significant inter-segment revenue is derived from the sale of power and stored gas from SSE Renewables, SSE Thermal and Gas Storage to SSE Energy Markets; use of system income received by SSEN Distribution from SSE Business Energy; SSE Business Energy provides internal heat and light power supplies to other Group companies; SSE Energy Markets provides power, gas and other commodities to SSE Business Energy and SSE Airtricity; and Corporate unallocated provides corporate and infrastructure services to all segments as well as third parties. All are provided at arm's length.

* The comparative segment revenue has been restated. See note 1.2.

Disaggregation of revenue

Revenue from contracts with customers can be disaggregated by reported segment, by major service lines and by timing of revenue recognition as follows:

	Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks 2025 £m	Supply of energy and ancillary services 2025 £m	Construction related services 2025 £m	Other contracted services 2025 £m	Physical energy 2025 £m	Gas storage 2025 £m	Other revenue 2025 £m	Total revenue from contracts with customers 2025 £m	Other contract revenue 2025 £m	Total 2025 £m
Continuing operations										
SSEN Transmission	**783.0**	**–**	**–**	**21.4**	**–**	**–**	**2.6**	**807.0**	**–**	**807.0**
SSEN Distribution	**1,423.0**	**–**	**–**	**15.4**	**–**	**–**	**21.7**	**1,460.1**	**53.5**	**1,513.6**
SSE Renewables	**–**	**97.1**	**–**	**121.1**	**134.4**	**–**	**2.3**	**354.9**	**–**	**354.9**
Thermal										
SSE Thermal	**21.1**	**583.3**	**2.8**	**5.6**	**–**	**–**	**11.6**	**624.4**	**8.6**	**633.0**
Gas storage	**–**	**–**	**–**	**–**	**–**	**17.6**	**–**	**17.6**	**–**	**17.6**
Energy Customer Solutions										
SSE Business Energy	**1.8**	**2,663.5**	**0.4**	**–**	**–**	**–**	**15.4**	**2,681.1**	**11.3**	**2,692.4**
SSE Airtricity	**–**	**1,887.1**	**–**	**–**	**–**	**–**	**22.0**	**1,909.1**	**–**	**1,909.1**
SSE Energy Markets	**–**	**–**	**–**	**–**	**1,815.1**	**–**	**180.3**	**1,995.4**	**–**	**1,995.4**
Corporate unallocated	**–**	**–**	**–**	**187.1**	**–**	**–**	**21.8**	**208.9**	**–**	**208.9**
Total SSE Group	**2,228.9**	**5,231.0**	**3.2**	**350.6**	**1,949.5**	**17.6**	**277.7**	**10,058.5**	**73.4**	**10,131.9**

	(restated*) Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks 2024 £m	Supply of energy and ancillary services 2024 £m	Construction related services 2024 £m	Other contracted services 2024 £m	Physical energy 2024 £m	Gas storage 2024 £m	Other revenue 2024 £m	Total revenue from contracts with customers 2024 £m	Other contract revenue 2024 £m	Total 2024 £m
Continuing operations										
SSEN Transmission	854.1	–	–	18.8	–	–	12.3	885.2	–	885.2
SSEN Distribution	951.2	–	–	14.0	–	–	16.9	982.1	21.9	1,004.0
SSE Renewables	–	58.6	–	104.0	169.5	–	3.4	335.5	–	335.5
Thermal										
SSE Thermal	18.6	531.5	4.7	–	–	–	44.6	599.4	–	599.4
Gas storage	–	–	–	–	–	11.2	–	11.2	–	11.2
Energy Customer Solutions										
SSE Business Energy	–	3,166.1	–	–	–	–	74.8	3,240.9	5.8	3,246.7
SSE Airtricity	–	1,999.2	–	–	–	–	22.0	2,021.2	–	2,021.2
SSE Energy Markets	–	–	–	–	2,136.5	–	152.7	2,289.2	–	2,289.2
Corporate unallocated	–	–	–	–	–	–	64.8	64.8	–	64.8
Total SSE Group	1,823.9	5,755.4	4.7	136.8	2,306.0	11.2	391.5	10,429.5	27.7	10,457.2

* The comparative disaggregation of revenue has been restated. See note 1.2.

5 Segmental information continued

5.1 Segmental information disclosure continued

Disaggregation of revenue continued

Included within trade and other receivables (note 18) is £521.1m (2024: £663.7m) of unbilled energy income. Included within trade and other payables (note 19) is £292.2m (2024: £253.6m) of contract related liabilities. Contract related assets reflect the Group's right to consideration in exchange for goods or services that have transferred to the customer, and contract related liabilities reflect the Group's obligation to transfer future goods or services for which the Group has already received consideration.

The Group has not disclosed information related to the transaction price allocated to remaining performance obligations on the basis that the Group's contracts either have an original expected duration of less than one year, or permit the Group to recognise revenue as invoiced.

Revenue by geographical location on continuing operations is as follows:

	2025 £m	2024 £m
UK	8,490.3	8,797.6
Ireland	1,641.6	1,659.6
	10,131.9	10,457.2

(ii) Operating profit/(loss) by segment

	2025							
	Adjusted operating profit reported to the Board APM £m	Depreciation on fair value uplifts £m	Joint Venture/ Associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Non-controlling interests £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Continuing operations								
SSEN Transmission	322.5	–	–	–	107.5	430.0	–	430.0
SSEN Distribution	736.0	–	–	–	–	736.0	–	736.0
SSE Renewables	1,038.8	(19.7)	(155.3)	–	(0.8)	863.0	(245.4)	617.6
Thermal								
SSE Thermal	248.5	(0.4)	(6.0)	–	–	242.1	(1.3)	240.8
Gas Storage	(37.1)	–	–	–	–	(37.1)	(8.4)	(45.5)
Energy Customer Solutions								
SSE Business Energy	32.7	–	(0.5)	–	–	32.2	–	32.2
SSE Airtricity	159.4	–	(0.4)	–	–	159.0	(2.0)	157.0
SSE Energy Markets	30.0	–	–	–	–	30.0	(72.9)	(42.9)
Corporate								
Corporate unallocated	(89.4)	–	–	17.9	–	(71.5)	(58.2)	(129.7)
Neos Networks	(22.2)	–	(11.1)	–	–	(33.3)	–	(33.3)
Total SSE Group	2,419.2	(20.1)	(173.3)	17.9	106.7	2,350.4	(388.2)	1,962.2

The adjusted operating profit of the Group is reported after removal of the Group's share of interest, fair value movements on operating derivatives, the depreciation charged on fair value uplifts and tax from joint ventures and associates, adjustments to the Gas Production decommissioning provision, operating profit from non-controlling interests and after adjusting for exceptional items and certain re-measurements (note 7).

The Group's share of operating profit from joint ventures and associates has been recognised in the SSE Renewables, SSE Thermal, SSE Business Energy, SSE Airtricity and Corporate segments.

	2024 (restated*)							
	Adjusted operating profit reported to the Board APM £m	Depreciation on fair value uplifts £m	Joint Venture/ Associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Non-controlling interests £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Continuing operations								
SSEN Transmission	419.3	–	–	–	139.8	559.1	–	559.1
SSEN Distribution	272.1	–	–	–	–	272.1	–	272.1
SSE Renewables	833.1	(19.0)	(145.7)	–	(0.7)	667.7	(37.4)	630.3
Thermal								
SSE Thermal	752.5	–	(13.1)	–	–	739.4	(78.6)	660.8
Gas Storage	82.8	–	–	–	–	82.8	(125.0)	(42.2)
Energy Customer Solutions								
SSE Business Energy	55.2	–	–	–	–	55.2	–	55.2
SSE Airtricity	95.0	–	(0.5)	–	–	94.5	–	94.5
SSE Energy Markets	37.5	–	–	–	–	37.5	551.1	588.6
Corporate								
Corporate unallocated	(88.8)	–	–	(9.9)	–	(98.7)	4.6	(94.1)
Neos Networks	(32.3)	–	(10.2)	–	–	(42.5)	(73.6)	(116.1)
Total SSE Group	2,426.4	(19.0)	(169.5)	(9.9)	139.1	2,367.1	241.1	2,608.2

* The comparative operating profit/(loss) by segment information has been restated. See note 1.2.

5 Segmental information continued

5.1 Segmental information disclosure continued

(iii) Capital and investment expenditure by segment

	Capital additions to intangible assets 2025 £m	**Capital additions to property, plant and equipment 2025 £m**	Capital additions to intangible assets 2024 £m (restated*)	Capital additions to property, plant and equipment 2024 £m (restated*)
Continuing operations				
SSEN Transmission	**20.3**	**1,253.8**	12.8	784.7
SSEN Distribution	**35.8**	**743.9**	20.3	636.8
SSE Renewables	**291.3**	**545.8**	355.1	433.8
Thermal				
SSE Thermal	**56.9**	**138.6**	83.5	34.6
Gas Storage	**–**	**0.7**	–	0.8
Energy Customer Solutions				
SSE Business Energy	**28.9**	**33.5**	69.4	22.4
SSE Airtricity	**7.1**	**–**	14.1	0.7
SSE Energy Markets	**585.1**	**–**	723.9	–
Corporate unallocated	**20.1**	**75.2**	35.1	57.6
Total SSE Group	**1,045.5**	**2,791.5**	1,314.2	1,971.4
Increase in prepayments related to capital expenditure	**–**	**254.9**	–	215.1
Tarbert temporary generation additions	**–**	**55.7**	–	93.4
(Increase)/decrease in trade payables related to capital expenditure	**–**	**(122.8)**	2.5	(84.6)
Customer or third party funded additions	**–**	**(163.4)**	–	(152.0)
Lease asset additions	**–**	**(126.7)**	–	(73.0)
Less non-cash items:				
Allowances and certificates	**(335.7)**	**–**	(346.6)	–
Net cash outflow	**709.8**	**2,689.2**	970.1	1,970.3

* The comparatives have been restated. See note 1.2.

Capital additions do not include assets acquired in acquisitions, assets acquired under leases or assets constructed that the Group were reimbursed by way of a government grant. During the prior year construction commenced on a temporary generation plant at the Group's Tarbert site for which the Group received reimbursements totalling £55.7m (2024: £93.4m) from government bodies (presented separately on the cash flow statement). Capital additions to intangible assets includes the cash purchase of emissions allowances and certificates (2025: £268.0m; 2024: £427.9m). These purchases are presented in the cash flow statement within operating activities as they relate to the obligation to surrender the allowances and certificates in line with operating volumes of emissions. Other non-cash additions comprise self-generated renewable obligation certificates.

No segmental analysis of assets requires to be disclosed as this information is not presented to the Board.

At 31 March 2025	Capital additions to intangible assets 2025 £m	Capital additions to property, plant and equipment 2025 £m	Capital Investment relating to Joint Ventures and Associates[i] £m	Allowances and certificates[ii] £m	Customer funded additions[iii] £m	Lease asset additions[iv] £m	Share of non-controlling interests[v] £m	Adjusted Investment and Capital Expenditure 2025 APM £m
Continuing operations								
SSEN Transmission	**20.3**	**1,253.8**	**–**	**–**	**–**	**(2.8)**	**(317.8)**	**953.5**
SSEN Distribution	**35.8**	**743.9**	**–**	**–**	**(143.3)**	**(0.6)**	**–**	**635.8**
SSE Renewables	**291.3**	**545.8**	**227.8**	**–**	**–**	**(60.1)**	**(3.0)**	**1,001.8**
Thermal								
SSE Thermal	**56.9**	**138.6**	**31.3**	**(27.3)**	**(16.2)**	**(0.2)**	**–**	**183.1**
Gas Storage	**–**	**0.7**	**–**	**–**	**–**	**–**	**–**	**0.7**
Energy Customer Solutions								
SSE Business Energy	**28.9**	**33.5**	**15.1**	**–**	**(3.9)**	**(0.5)**	**–**	**73.1**
SSE Airtricity	**7.1**	**–**	**–**	**–**	**–**	**(0.2)**	**–**	**6.9**
SSE Energy Markets	**585.1**	**–**	**–**	**(576.4)**	**–**	**–**	**–**	**8.7**
Corporate unallocated	**20.1**	**75.2**	**13.8**	**–**	**–**	**(62.3)**	**–**	**46.8**
Total SSE Group	**1,045.5**	**2,791.5**	**288.0**	**(603.7)**	**(163.4)**	**(126.7)**	**(320.8)**	**2,910.4**

(i) Represents equity or debt funding provided to joint ventures or associates in relation to capital expenditure projects.
(ii) Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates and are not included in the Group's Capital Expenditure and Investment alternative performance measure.
(iii) Represents removal of additions to electricity and other networks funded by customer or third party contributions.
(iv) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.
(v) Represents the share of capital additions attributable to non-controlling interests.

	(restated*)							
At 31 March 2024	Capital additions to intangible assets 2024 £m	Capital additions to property, plant and equipment 2024 £m	Capital Investment relating to Joint Ventures and Associates[i] £m	Allowances and certificates[ii] £m	Customer funded additions[iii] £m	Lease asset additions[iv] £m	Share of non-controlling interests[v] £m	Adjusted Investment and Capital Expenditure 2024 APM £m
Continuing operations								
SSEN Transmission	12.8	784.7	–	–	–	(2.5)	(199.4)	595.6
SSEN Distribution	20.3	636.8	–	–	(152.0)	–	–	505.1
SSE Renewables	355.1	433.8	324.5	–	–	(16.3)	–	1,097.1
Thermal								
SSE Thermal	83.5	34.6	51.4	(59.7)	–	(0.6)	–	109.2
Gas Storage	–	0.8	–	–	–	–	–	0.8
Energy Customer Solutions								
SSE Business Energy	69.4	22.4	–	–	–	(7.2)	–	84.6
SSE Airtricity	14.1	0.7	–	–	–	–	–	14.8
SSE Energy Markets	723.9	–	–	(714.8)	–	–	–	9.1
Corporate unallocated	35.1	57.6	14.1	–	–	(46.4)	–	60.4
Total SSE Group	1,314.2	1,971.4	390.0	(774.5)	(152.0)	(73.0)	(199.4)	2,476.7

* The comparatives have been restated. See note 1.2.
(i) Represents equity or debt funding provided to joint ventures or associates in relation to capital expenditure projects.
(ii) Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates and are not included in the Group's Capital Expenditure and Investment alternative performance measure.
(iii) Represents removal of additions to electricity and other networks funded by customer or third party contributions.
(iv) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.
(v) Represents the share of capital additions attributable to non-controlling interests.

5 Segmental information continued

5.1 Segmental information disclosure continued

(iv) Items included in operating profit/(loss) by segment

	Depreciation/impairment on property, plant and equipment			Amortisation/impairment of intangible assets		
	Before exceptional charges 2025 £m	Exceptional charges/ (credits) 2025 £m	Total 2025 £m	Before exceptional charges 2025 £m	Exceptional charges/ (credits) 2025 £m	Total 2025 £m
Continuing operations						
SSEN Transmission	**142.8**	**–**	**142.8**	**8.3**	**–**	**8.3**
SSEN Distribution	**199.3**	**–**	**199.3**	**14.9**	**–**	**14.9**
SSE Renewables	**184.1**	**–**	**184.1**	**18.6**	**249.5**	**268.1**
Thermal						
SSE Thermal	**87.6**	**–**	**87.6**	**2.0**	**–**	**2.0**
Gas Storage	**0.8**	**–**	**0.8**	**–**	**–**	**–**
Energy Customer Solutions						
SSE Business Energy	**2.9**	**–**	**2.9**	**21.8**	**–**	**21.8**
SSE Airtricity	**0.2**	**0.5**	**0.7**	**7.3**	**–**	**7.3**
SSE Energy Markets	**–**	**–**	**–**	**6.8**	**–**	**6.8**
Corporate unallocated	**49.6**	**6.7**	**56.3**	**29.1**	**24.3**	**53.4**
Total SSE Group	**667.3**	**7.2**	**674.5**	**108.8**	**273.8**	**382.6**

	(restated*)					
	Depreciation/impairment on property, plant and equipment			Amortisation/impairment of intangible assets		
	Before exceptional charges 2024 £m	Exceptional charges/ (credits) 2024 £m	Total 2024 £m	Before exceptional charges 2024 £m	Exceptional charges/ (credits) 2024 £m	Total 2024 £m
Continuing operations						
SSEN Transmission	123.8	–	123.8	6.3	–	6.3
SSEN Distribution	182.8	–	182.8	12.0	–	12.0
SSE Renewables	154.9	–	154.9	17.0	–	17.0
Thermal						
SSE Thermal	106.4	–	106.4	3.4	–	3.4
Gas Storage	12.4	134.1	146.5	–	–	–
Energy Customer Solutions						
SSE Business Energy	2.0	–	2.0	11.5	–	11.5
SSE Airtricity	0.1	–	0.1	5.0	–	5.0
SSE Energy Markets	–	–	–	5.1	–	5.1
Corporate unallocated	45.5	–	45.5	36.7	–	36.7
Total SSE Group	627.9	134.1	762.0	97.0	–	97.0

* The comparatives have been restated. See note 1.2.

(v) Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

	Adjusted operating profit reported to the Board (note 5.1(ii)) APM 2025 £m	Depreciation on fair value uplifts 2025 £m	Depreciation/ Impairment/ amortisation before exceptional charges (note 5.1(iv)) 2025 £m	Joint Venture/ Associate share of depreciation and amortisation (note 16.4) 2025 £m	Release of deferred income (note 6) 2025 £m	Share of non-controlling interest depreciation and amortisation 2025 £m	Adjusted EBITDA APM 2025 £m
Continuing operations							
SSEN Transmission	**322.5**	**–**	**151.1**	**–**	**(2.3)**	**(37.8)**	**433.5**
SSEN Distribution	**736.0**	**–**	**214.2**	**–**	**(10.8)**	**–**	**939.4**
SSE Renewables	**1,038.8**	**(19.7)**	**202.7**	**132.5**	**–**	**–**	**1,354.3**
Thermal							
SSE Thermal	**248.5**	**(0.4)**	**89.6**	**42.9**	**–**	**–**	**380.6**
Gas Storage	**(37.1)**	**–**	**0.8**	**–**	**–**	**–**	**(36.3)**
Energy Customer Solutions							
SSE Business Energy	**32.7**	**–**	**24.7**	**1.3**	**(0.5)**	**–**	**58.2**
SSE Airtricity	**159.4**	**–**	**7.5**	**–**	**–**	**–**	**166.9**
SSE Energy Markets	**30.0**	**–**	**6.8**	**–**	**–**	**–**	**36.8**
Corporate							
Corporate unallocated	**(89.4)**	**–**	**78.7**	**–**	**(0.5)**	**–**	**(11.2)**
Neos Networks	**(22.2)**	**–**	**–**	**49.3**	**–**	**–**	**27.1**
Total SSE Group	**2,419.2**	**(20.1)**	**776.1**	**226.0**	**(14.1)**	**(37.8)**	**3,349.3**

Note that the Group's "Net Debt to EBITDA" metric is derived after removing the proportionate EBITDA from the following debt-financed Beatrice, Seagreen and Dogger Bank A joint ventures. This adjustment is £153.3m (2024: £179.6m) resulting in EBITDA on continuing operations for inclusion in the Debt to EBITDA metric of £3,196.0m (2024: £3,116.0m).

For 31 March 2025 the £776.1m (2024: £724.9m) combined depreciation, impairment and amortisation charges included non-exceptional impairments net of reversals totalling £20.7m (2024: £33.0m).

	(restated*)						
	Adjusted operating profit reported to the Board (note 5.1(ii)) APM 2024 £m	Depreciation on fair value uplifts 2024 £m	Depreciation/ Impairment/ amortisation before exceptional charges (note 5.1(iv)) 2024 £m	Joint Venture/ Associate share of depreciation and amortisation (note 16.4) 2024 £m	Release of deferred income (note 6) 2024 £m	Share of non-controlling interest depreciation and amortisation 2024 £m	Adjusted EBITDA APM 2024 £m
Continuing operations							
SSEN Transmission	419.3	–	130.1	–	(2.0)	(32.5)	514.9
SSEN Distribution	272.1	–	194.8	–	(9.9)	–	457.0
SSE Renewables	833.1	(19.0)	171.9	121.6	–	–	1,107.6
Thermal							
SSE Thermal	752.5	–	109.6	40.6	–	–	902.7
Gas Storage	82.8	–	12.4	–	–	–	95.2
Energy Customer Solutions							
SSE Business Energy	55.2	–	13.7	–	(0.5)	–	68.4
SSE Airtricity	95.0	–	5.1	–	–	–	100.1
SSE Energy Markets	37.5	–	5.1	–	–	–	42.6
Corporate							
Corporate unallocated	(88.8)	–	82.2	–	(0.6)	–	(7.2)
Neos Networks	(32.3)	–	–	46.6	–	–	14.3
Total SSE Group	2,426.4	(19.0)	724.9	208.8	(13.0)	(32.5)	3,295.6

* The comparative adjusted EBITDA by segment information has been restated. See note 1.2.

6 Other operating income and cost

Group operating profit on continuing operations is stated after charging/(crediting) the following items:

	2025 £m	2024 £m
Depreciation of property, plant and equipment on continuing operations[i] (note 14)	**665.6**	628.6
Net exceptional gains on acquisitions and disposals (note 7)	**–**	(4.6)
Exceptional charges (continuing operations) (note 7)	**309.7**	270.9
Research costs	**17.2**	12.7
Lease charges[ii]	**14.3**	11.2
Release of deferred income in relation to capital grants and historic customer contributions	**(14.1)**	(13.0)
Government grant income[iii]	**(59.3)**	(107.7)
Gain on disposals (non-exceptional)[iv]	**(47.9)**	(9.0)

(i) Does not include exceptional impairment charges.
(ii) Represents the expense of leases with a duration of twelve months or less and leases for assets which are deemed "low value" under the principles of IFRS 16. In addition, variable lease payments, which are not included within the measurement of lease liabilities as they do not depend on an index or rate, of £9.8m (2024: £6.2m) were charged in the current year.
(iii) During the year the Group received £59.3m (2024: £107.7m) of income from government funded customer support schemes. All amounts received were passed to the Group's energy customers in the UK and Republic of Ireland. Amounts received have been classed as other operating income in line with the Group's accounting policies for government grants.
(iv) The Group recognised a gain of £47.9m in relation to the sale of land at Ferrybridge £38.8m, the sale of the gas metering business £7.4m and £1.7m (2024: £9.0m) from investments in associates during the current financial year of which £1.7m (2024: £14.9m) was received in cash.

Auditor's remuneration

	2025 £m	2024 £m
Audit of these financial statements	**0.4**	0.4
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**5.3**	5.1
Audit related assurance services	**0.3**	0.3
Other services fees	**0.3**	0.2
	5.9	5.6
Total remuneration paid to auditor	**6.3**	6.0

Audit fees incurred in the current year include scope changes for non-recurring items and overruns of £0.8m (2024: £0.9m) related to the prior year audit. Assurance and other service fees incurred in the year were £0.6m (2024: £0.5m). Audit related assurance services include fees incurred in relation to regulatory accounts and returns required by Ofgem, comfort letters in connection with funding and debt issuance and ESG assurance. A description of the work of the Audit Committee is set out on pages 113 to 119 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

7 Exceptional items and certain re-measurements

	2025 £m	2024 £m
Continuing operations		
Exceptional items (note 7.1)		
Asset impairments and related charges	**(293.6)**	(270.9)
Provisions for restructuring and other liabilities	**(16.1)**	–
Net gains on acquisitions/disposals of businesses and other assets	**0.3**	4.9
Total exceptional items	**(309.4)**	(266.0)
Certain re-measurements		
Movement on operating derivatives (note 24)	**(49.0)**	452.2
Movement in fair value of commodity stocks	**(8.4)**	9.1
Movement on financing derivatives (note 24)	**12.8**	6.1
Share of movement on derivatives in jointly controlled entities (net of tax)	**(21.1)**	46.1
Total certain re-measurements	**(65.7)**	513.5
Exceptional items and certain re-measurements on continuing operations before taxation	**(375.1)**	247.5
Taxation		
Taxation on other exceptional items	**29.7**	23.3
Taxation on certain re-measurements	**4.0**	(115.0)
Total taxation	**33.7**	(91.7)
Total exceptional items and certain re-measurements on continuing operations after taxation	**(341.4)**	155.8

Exceptional items and certain re-measurements are disclosed across the following categories within the income statement:

	2025 £m	2024 £m
Continuing operations		
Cost of sales:		
Movement on operating derivatives (note 24)	**(49.0)**	452.2
Movement in fair value of commodity stocks	**(8.4)**	9.1
	(57.4)	461.3
Operating costs:		
Asset impairments and reversals	**(293.6)**	(270.9)
Exceptional restructuring provisions and charges	**(16.1)**	–
	(309.7)	(270.9)
Operating income:		
Net gains on acquisition/disposals of businesses and other assets	**–**	4.6
	–	4.6
Joint ventures and associates:		
Share of movement on derivatives in jointly controlled entities (net of tax)	**(21.1)**	46.1
	(21.1)	46.1
Operating (loss)/profit	**(388.2)**	241.1
Finance income		
Movement on financing derivatives (note 24)	**12.8**	6.1
Interest income on deferred consideration receipt	**0.3**	0.3
	13.1	6.4
Profit before tax on continuing operations	**(375.1)**	247.5

7 Exceptional items and certain re-measurements continued

7.1 Exceptional items

Exceptional items in the year ended 31 March 2025

In the year to 31 March 2025, the Group recognised a net pre-tax exceptional charge of £309.4m (2024: £266.0m), which is primarily due to an exceptional pre-tax impairment charge of £249.5m relating to goodwill and intangible assets in the Group's Southern Europe Renewables development platform, exceptional Group restructuring costs of £46.7m, exceptional costs related to Enerveo Limited of £13.5m and a final exceptional credit of £0.3m relating to the part disposal of Slough Multifuel in the year ended 31 March 2021.

The net exceptional (charges)/credits recognised can be summarised as follows:

	Intangible assets – goodwill (note 13) £m	Intangible assets (note 13) £m	Property, plant and equipment (note 14) £m	Provisions (note 20) £m	Other assets/ (liabilities) £m	**Net (charges) and credits £m**
Southern Europe impairment (i)	(174.7)	(74.8)	–	–	–	**(249.5)**
Restructuring costs (ii)	(20.5)	(3.8)	(7.2)	(6.5)	(8.7)	**(46.7)**
Enerveo (iii)	–	–	–	–	(13.5)	**(13.5)**
Other credits (iv)	–	–	–	–	0.3	**0.3**
Total exceptional items	(195.2)	(78.6)	(7.2)	(6.5)	(21.9)	**(309.4)**

i) Southern Europe goodwill and development assets – impairment charge

The Group has recognised a pre-tax impairment charge of £249.5m against the carrying value of its Southern Europe goodwill and intangible assets, offset by the release of a deferred tax liability of £23.2m. See note 15.1 for further details of the pre-tax impairment and note 10.3 for the release of the deferred tax liability.

ii) Restructuring costs

In the second half of the financial year the Group announced a Group Operating Model and Efficiency Review, which is expected to conclude in the first half of the 2026 financial year. During the current year, costs totalling £46.7m have been recognised, including the impairment of £19.8m of goodwill recognised on acquisition of The Energy Solutions Group Limited (see note 15), the impairment of £11.1m of stranded IT assets and £13.8m of redundancy costs.

iii) Enerveo

On 3 October 2024, SSE entered into an agreement with HUK 144 Limited to dispose of the Infrastructure Solutions ("IS") component of Enerveo for consideration of £1 less costs. At 30 September 2024, the Group assessed that the business met the criteria to be classified as held for sale. During the second half of the financial year, the transaction to dispose of the business failed to complete, resulting in the business no longer being classified as held for sale at 31 March 2025. The Group has recognised an exceptional charge of £13.5m, comprising an impairment of £12.5m to write-down the value of the assets to their recoverable value, and costs of £1.0m related to the transaction with HUK 144 Limited. The current year charges have been treated as exceptional to align the treatment with previously recognised exceptional charges associated with the Enerveo business.

iv) Other credits

At 31 March 2025, the Group recognised a final exceptional credit of £0.3m (2024: £0.3m) relating to the unwind of discounting on deferred consideration recognised on the part disposal of SSE Slough Multifuel Limited in the year ending 31 March 2021. The deferred consideration of £7.0m was paid on commissioning of the plant.

Exceptional items in the year ended 31 March 2024

In the year to 31 March 2024, the Group recognised a net exceptional charge of £266.0m, which was primarily due to an exceptional impairment charge related to the Group's gas storage assets of £134.1m, an exceptional impairment of £63.2m against the carrying value of the Group's investment in Triton Power Holdings Limited and an exceptional impairment charge of £73.6m against the Group's investment in Neos Networks.

i) Triton Power 50% joint venture – investment impairment charge

At 31 March 2024 the Group recognised an impairment charge of £63.2m against the carrying value of the Group's investment in Triton Power Holdings Limited, reflecting future market price assumptions (see note 15.2).

ii) Gas Storage – impairment charge

The Group performed a formal impairment review at 31 March 2024 to reassess the carrying value of its Gas Storage operations at Aldbrough and Atwick (see note 15.2). As a result of the assessment, the Group recognised an exceptional impairment charge of £85.7m to the carrying value of the assets at Aldbrough and £48.4m to the carrying value of the assets at Atwick.

iii) Neos Networks 50% joint venture – investment impairment charge

At 31 March 2024, the Group performed a formal impairment assessment on the carrying value of its 50% joint venture investment, including shareholder loan balances, in Neos Networks Limited. The assessment indicated that the recoverable amount of the investment and shareholder loan receivable balances were impaired by £73.6m. See note 15.2 for further details of this impairment.

iv) Enerveo acquisition

On 22 March 2024, the Group purchased the entire share capital of Enerveo from Aurelius Antelope Limited ("Aurelius") for cash consideration of £1.0m. Completion of the transaction resulted in an exceptional credit of £4.6m being recognised on acquisition during the year ended 31 March 2024.

Taxation

The Group has separately recognised the tax effect of the exceptional items summarised above.

7.2 Certain re-measurements

The Group, through its SSE Energy Markets business, enters into forward commodity purchase (and sales) contracts to meet the future demand requirements of its SSE Business Energy and SSE Airtricity supply businesses, to optimise the value of its SSE Renewables and SSE Thermal power generation assets or to conduct other trading subject to the value at risk limits set out by the Energy Markets Risk Committee. Certain of these contracts (predominantly electricity, gas and other commodity purchase contracts) are determined to be derivative financial instruments under IFRS 9 "Financial Instruments" and as such are required to be recorded at their fair value. Conversely, commodity contracts that are not financial instruments under IFRS 9 (predominantly electricity sales contracts) are accounted for as "own use" contracts and are not recorded at their fair value. Inventory purchased to utilise excess capacity ahead of an optimised sale in the market by the Gas Storage business is held as trading inventory at fair value with changes in value recognised within "certain re-measurements". In addition, the mark-to-market valuation movements on the Group's contracts for difference contracts entered into by SSE Renewables that are not designated as government grants, and which are measured as Level 3 fair value financial instruments, are also included within "certain re-measurements".

Changes in the fair value of those commodity contracts designated as financial instruments and trading inventory are therefore reflected in the income statement. The Group shows the change in the fair value of these forward contracts and trading inventory separately as "certain re-measurements", as the Group does not believe this mark-to-market movement is relevant to the underlying performance of its businesses.

At 31 March 2025, changes in global commodity markets and in SSE's contractual positions have resulted in a net mark-to-market re-measurement on commodity contracts designated as financial instruments, contracts for difference contracts and trading inventory of £57.4m (loss) (2024: £461.3m (gain)). The net IFRS 9 position on operating derivatives at 31 March 2025 is a liability of £3.9m (2024: £51.4m asset).

The mark-to-market loss in the year has resulted in a deferred tax credit of £9.3m (2024: £115.0m charge), which has been reported separately as part of certain re-measurements. In addition, the Group has recognised gains of £12.8m (2024: £6.1m gain) on the re-measurement of certain interest rate and foreign exchange contracts through the income statement, gains on the re-measurement of cash flow hedge accounted contracts of £48.1m (2024: £6.5m gain) in other comprehensive income and a loss on the equity share of the re-measurement of cash flow hedge accounted contracts in joint ventures of £16.7m (2024: £40.9m loss).

The re-measurements arising from IFRS 9 and the associated deferred tax are disclosed separately to aid understanding of the underlying performance of the Group.

8 Directors and employees

8.1 Staff costs

	2025 £m	2024 £m
Staff costs:		
Wages and salaries	**799.6**	722.5
Social security costs	**92.4**	84.8
Share-based remuneration	**24.5**	22.0
Pension costs (note 23)	**118.5**	109.1
	1,035.0	938.4
Less: capitalised as property, plant and equipment or intangible assets	**(299.1)**	(238.0)
	735.9	700.4

8.2 Employee numbers

	2025 Number	2024 Number
Numbers employed at 31 March[(i)]	**15,824**	14,980
	15,824	14,980

(i) The number of employees at 31 March 2025 includes 944 employees of Enerveo (2024: 1,089).

8 Directors and employees continued

8.2 Employee numbers continued

The average number of people employed by the Group (including Executive Directors) during the year was:

	2025 Number	2024 Number (restated*)
SSEN Transmission	**2,082**	1,568
SSEN Distribution	**4,818**	4,463
SSE Renewables	**2,142**	1,933
Thermal		
SSE Thermal	**718**	634
Gas Storage	**97**	92
Energy Customer Solutions		
SSE Business Energy	**1,997**	1,876
SSE Airtricity	**981**	953
SSE Energy Markets	**349**	317
Corporate Services[i]	**2,443**	1,422
Total SSE Group	**15,627**	13,258

(i) The increase in Corporate Services includes an average of 920 employees of Enerveo, following the Group's purchase of the business on 22 March 2024 (see note 12.1).
* The comparative has been restated to reallocate 974 average employees from SSE Enterprise to SSE Business Energy (926) and SSE Thermal (48).

8.3 Remuneration of key management personnel

The remuneration of the key management personnel of the Group (excluding amounts equivalent to pension value increases as set out in the Remuneration Report), is set out below in aggregate.

	2025			2024		
	Executive committee members £m	Executive directors £m	Total £m	Executive committee members £m	Executive directors £m	Total £m
Salaries and short-term employee benefits	**5.1**	**5.4**	**10.5**	4.7	4.7	9.4
Social security costs	**1.0**	**1.0**	**2.0**	1.0	0.9	1.9
Post-employment benefits	**0.6**	**0.3**	**0.9**	1.0	0.2	1.2
Share-based benefits	**2.7**	**3.4**	**6.1**	1.8	5.9	7.7
	9.4	**10.1**	**19.5**	8.5	11.7	20.2

Key management personnel are responsible for planning, directing and controlling the operations of the Group and are designated Persons Discharging Management Responsibilities ("PDMRs") in line with the market abuse regulation definition. The Group has three (2024: three) Executive Directors. Executive committee members included in the table above at 31 March 2025 are the Managing Director of SSEN Distribution; the Managing Director of SSEN Transmission; the Managing Director of SSE Renewables; the Managing Director of Thermal; the Director of Corporate Affairs and Strategy; the Director of Human Resources and the Group's General Counsel.

Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration Report.

Information regarding transactions with post-retirement benefit plans is included in note 23.

Non-Executive Directors were paid fees of £1.4m during the current year (2024: £1.3m).

9 Finance income and costs

Recognised in income statement

	2025			2024		
	Before exceptional items and certain re-measurements £m	**Exceptional items and certain re-measurements £m**	**Total £m**	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Finance income:						
Interest income from short term deposits	**24.8**	**–**	**24.8**	60.3	–	60.3
Interest on pension scheme assets[i]	**20.7**	**–**	**20.7**	26.2	–	26.2
Other interest receivable:						
Joint ventures and associates	**118.8**	**–**	**118.8**	78.4	–	78.4
Other receivable	**30.5**	**0.3**	**30.8**	33.9	0.3	34.2
	149.3	**0.3**	**149.6**	112.3	0.3	112.6
Total finance income	**194.8**	**0.3**	**195.1**	198.8	0.3	199.1
Finance costs:						
Bank loans and overdrafts	**(61.1)**	**–**	**(61.1)**	(77.4)	–	(77.4)
Other loans and charges	**(309.9)**	**–**	**(309.9)**	(274.3)	–	(274.3)
Notional interest arising on discounted provisions	**(27.2)**	**–**	**(27.2)**	(25.2)	–	(25.2)
Foreign exchange translation of monetary assets and liabilities	**(0.2)**	**–**	**(0.2)**	–	–	–
Lease charges	**(26.9)**	**–**	**(26.9)**	(25.8)	–	(25.8)
Less: interest capitalised[ii]	**106.1**	**–**	**106.1**	84.4	–	84.4
Total finance costs	**(319.2)**	**–**	**(319.2)**	(318.3)	–	(318.3)
Changes in fair value of financing derivative assets or liabilities at fair value through profit or loss	**–**	**12.8**	**12.8**	–	6.1	6.1
Net finance costs	**(124.4)**	**13.1**	**(111.3)**	(119.5)	6.4	(113.1)
Presented as:						
Finance income	**194.8**	**13.1**	**207.9**	198.8	6.4	205.2
Finance costs	**(319.2)**	**–**	**(319.2)**	(318.3)	–	(318.3)
Net finance costs	**(124.4)**	**13.1**	**(111.3)**	(119.5)	6.4	(113.1)

(i) The interest income on net pension assets for the year ended 31 March 2025 of £20.7m (2024: £26.2m) represents the interest earned under IAS 19.
(ii) The capitalisation rate applied in determining the amount of borrowing costs to capitalise in the year was 4.12% (2024: 4.20%).

Adjusted net finance costs are arrived at after the following adjustments:

	2025 £m	2024 £m (restated*)
Net finance costs	**(111.3)**	(113.1)
(add)/less:		
Share of interest from joint ventures and associates	**(164.3)**	(110.7)
Movement on financing derivatives (note 24)	**(12.8)**	(6.1)
Exceptional item	**(0.3)**	(0.3)
Share of net finance cost attributable to non-controlling interests	**7.7**	4.7
Adjusted net finance costs APM	**(281.0)**	(225.5)
Notional interest arising on discounted provisions	**27.2**	25.2
Lease charges	**26.9**	25.8
Hybrid coupon payment (note 22.5(iii))	**(73.7)**	(73.1)
Adjusted net finance costs for interest cover calculations APM	**(300.6)**	(247.6)

Recognised in other comprehensive income

	2025 £m	2024 £m
Gain on effective portion of cash flow hedges (before tax)	**48.1**	6.5
Share of joint venture and associate loss on effective portion of cash flow hedges (before tax)	**(22.3)**	(54.5)
Total recognised in other comprehensive income	**25.8**	(48.0)

* The comparatives have been restated to take account of the removal of the adjustment to exclude net pension scheme interest costs from the Group's APM. See note 1.2 for more detail.

10 Taxation

10.1 Analysis of charge recognised in the income statement

	2025			2024		
	Before exceptional items and certain re-measurements £m	**Exceptional items and certain re-measurements £m**	**Total £m**	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Current tax						
Corporation tax	**247.3**	**(5.3)**	**242.0**	366.1	(36.5)	329.6
Adjustments in respect of previous years	**(8.3)**	**–**	**(8.3)**	(25.6)	31.8	6.2
Total current tax	**239.0**	**(5.3)**	**233.7**	340.5	(4.7)	335.8
Deferred tax						
Current year	**293.6**	**(28.4)**	**265.2**	155.3	128.2	283.5
Adjustments in respect of previous years	**19.1**	**–**	**19.1**	23.2	(31.8)	(8.6)
Total deferred tax	**312.7**	**(28.4)**	**284.3**	178.5	96.4	274.9
Total taxation charge/(credit)	**551.7**	**(33.7)**	**518.0**	519.0	91.7	610.7

The Group has separately recognised the tax effect of the exceptional items and certain re-measurements summarised above.

SSE continues to be accredited with the Fair Tax Mark. As a consequence, these financial statements include a number of areas of enhanced disclosure which have been provided in order to develop stakeholder understanding of the tax the Group pays and the reported total taxation charge along with additional commentary on the main reconciling items.

These can be seen at section A2.

The majority of the Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the year to 31 March 2025 (2024: 25%). Profits earned by the Group in the Republic of Ireland are taxable at either 12.5% or 25%, depending upon the nature of the income. While the Group has activities in other jurisdictions outside of the UK and Republic of Ireland, tax paid on those development activities is currently immaterial.

Change in UK corporation tax rates

There are no announced or enacted changes in corporation tax rates in the year ended 31 March 2025.

Finance Act (No.2) 2023 introduced legislation in respect of Multinational Top-up Tax in line with OECD BEPS pillar 2 principles, which came into force in the current year. Similar draft legislation has been introduced in the Republic of Ireland and other EU jurisdictions. The Group has carried out a group wide tax rate review, in line with the BEPS pillar 2 legislation and guidance, and has found there is no impact as tax rates in the countries in which the Group operates exceed 15%. The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required by the amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules", which were issued in May 2023.

The "adjusted current tax charge" and the "adjusted effective rate of tax", which are presented in order to best represent underlying performance by making similar adjustments to the "adjusted profit before tax" measure, are arrived at after the following adjustments:

	2025 £m	**2025 %**	2024 £m	2024 % (restated*)
Continuing operations				
Group tax charge and effective rate	**518.0**	**29.4**	610.7	25.6
Add: reported deferred tax charge and effective rate	**(284.3)**	**(16.1)**	(274.9)	(11.5)
Reported current tax charge and effective rate	**233.7**	**13.3**	335.8	14.1
Effect of adjusting items		**(2.4)**		1.2
Reported current tax charge and effective rate on adjusted basis	**233.7**	**10.9**	335.8	15.3
add:				
Share of current tax from joint ventures and associates	**45.1**	**2.2**	38.5	1.8
less:				
Current tax credit on exceptional items	**5.3**	**0.2**	4.7	0.2
Share of current tax attributable to non-controlling interests	**12.3**	**0.6**	(8.0)	(0.4)
Adjusted current tax charge and effective rate APM	**296.4**	**13.9**	371.0	16.9

* The comparative adjusted effective rate of tax has been restated. See note 1.2.

Tax charge/(credit) recognised in other comprehensive income:

	2025 £m	2024 £m
Relating to:		
Pension scheme actuarial movements	**13.2**	(38.8)
Cash flow and net investment hedge movements	**11.3**	0.3
	24.5	(38.5)

All tax recognised through other comprehensive income is deferred tax.

See further Taxation disclosures at A2

10.2 Current tax assets and liabilities

	2025 £m	2024 £m
Corporation tax assets	**(29.7)**	(25.8)

10.3 Deferred taxation

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

	Accelerated capital allowances £m	Fair value gains/(losses) on derivatives £m	Retirement benefit obligations £m	Decommissioning liabilities £m	Other £m	Total £m
At 31 March 2023	1,255.1	(90.1)	135.3	–	(1.2)	1,299.1
Charge/(credit) to income statement	145.2	123.3	8.9	–	(2.5)	274.9
Decommissioning asset and liability presentation under IAS 12	79.5	–	–	(79.5)	–	–
Charge/(credit) to other comprehensive (loss)/income	–	0.3	(38.8)	–	–	(38.5)
Charge to equity	–	–	–	–	1.8	1.8
Exchange adjustment	(0.5)	–	–	–	–	(0.5)
At 31 March 2024	1,479.3	33.5	105.4	(79.5)	(1.9)	1,536.8
Charge/(credit) to income statement	**306.0**	**(5.0)**	**8.0**	**3.7**	**(28.4)**	**284.3**
Transfer of deferred tax on derivatives	**–**	**(18.3)**	**–**	**–**	**18.3**	**–**
Decommissioning asset and liability presentation under IAS 12	**–**	**–**	**–**	**(17.2)**	**17.2**	**–**
Charge to other comprehensive income	**–**	**11.3**	**13.2**	**–**	**–**	**24.5**
Charge to equity	**–**	**–**	**–**	**–**	**2.2**	**2.2**
Exchange adjustment	**(3.3)**	**–**	**–**	**–**	**–**	**(3.3)**
At 31 March 2025	**1,782.0**	**21.5**	**126.6**	**(93.0)**	**7.4**	**1,844.5**

Certain deferred tax assets and liabilities have been offset, including the asset balances analysed in the tables above. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025 £m	2024 £m
Deferred tax liabilities	**2,000.9**	1,692.3
Deferred tax assets	**(156.4)**	(155.5)
Net deferred tax liabilities	**1,844.5**	1,536.8

In total there are £20.6m (2024: £9.3m) of unrecognised deferred tax assets. The Group has not recognised a deferred tax asset of £2.9m (2024: £5.6m) on trading losses of £23.7m (2024: £44.5m) in the Republic of Ireland. The Group has not recognised deferred tax assets of £17.7m (2024: £3.5m) in respect of losses of £74.6m (2024: £14.4m) in Spain, France, Italy and Greece. These assets have not been recognised as the Group is uncertain that there will be sufficient future profits against which to utilise the assets. There is no time limit for expiry of the losses or allowances to which they relate.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future. Total unremitted earnings at 31 March 2025 were £971.1m (2024: £827.8m).

11 Dividends and earnings per share

11.1 Ordinary dividends

	2025 Total £m	Settled via scrip £m	Pence per ordinary share	2024 Total £m	Settled via scrip £m	Pence per ordinary share
Interim – year ended 31 March 2025	**233.7**	**43.4**	**21.2**	–	–	–
Final – year ended 31 March 2024	**437.3**	**225.5**	**40.0**	–	–	–
Interim – year ended 31 March 2024	**–**	**–**	**–**	218.3	8.8	20.0
Final – year ended 31 March 2023	**–**	**–**	**–**	738.1	29.8	67.7
	671.0	**268.9**		956.4	38.6	

The final dividend of 40.0p per ordinary share declared in respect of the financial year ended 31 March 2024 (2023: 67.7p) was approved at the Annual General Meeting on 18 July 2024 and was paid to shareholders on 19 September 2024. Shareholders were able to elect to receive ordinary shares credited as fully paid instead of the cash dividend under the terms of the Company's scrip dividend scheme.

For dividends paid in relation to the financial year ended 31 March 2022 and in relation to the subsequent years to 31 March 2027, the Group's approved policy is to repurchase shares to reduce the scrip's dilutive effects, if the scrip take-up exceeds 25% of the full year dividend in any given year. The overall scrip dividend take-up for the financial year ended 31 March 2024 was 35.7% (March 2023: 18.0% – no scrip buyback) and therefore under the share buyback programme 3.8m of shares were repurchased during the year ended 31 March 2025 for total consideration of £71.7m (including stamp duty and commission).

An interim dividend of 21.2p per ordinary share (2024: 20.0p) was declared and paid on 27 February 2025 to those shareholders on the SSE plc share register on 3 January 2025. Shareholders were able to elect to receive ordinary shares credited as fully paid instead of the interim cash dividend under the terms of the Company's scrip dividend scheme.

The proposed final dividend of 43.0p per ordinary share based on the number of issued ordinary shares at 31 March 2025 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on shares in issue at 31 March 2025, this would equate to a final dividend of £477.8m.

11.2 Basic and adjusted earnings per share

The calculation of basic earnings per ordinary share at 31 March 2025 is based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 31 March 2025.

Adjusted earnings per share has been calculated by excluding the charge for deferred tax, retained Gas Production decommissioning costs, the depreciation charged on fair value uplifts, the share of profit attributable to non-controlling interests and the impact of exceptional items and certain re-measurements (note 7).

	2025 Earnings £m	2025 Earnings per share pence	2024 Earnings £m (restated*)	2024 Earnings per share pence (restated*)
Continuing operations				
Basic earnings attributable to ordinary shareholders on continuing operations used to calculate adjusted EPS	**1,189.4**	**108.2**	1,710.5	156.7
Exceptional items and certain re-measurements (note 7)	**341.4**	**31.1**	(155.8)	(14.3)
Basic excluding exceptional items and certain re-measurements	**1,530.8**	**139.3**	1,554.7	142.4
Adjusted for:				
Decommissioning Gas Production	**(17.9)**	**(1.6)**	9.9	0.9
Depreciation charge on fair value uplifts	**20.1**	**1.8**	19.0	1.7
Deferred tax	**312.7**	**28.4**	178.5	16.3
Deferred tax from share of joint ventures and associates	**(36.1)**	**(3.2)**	20.3	1.9
Deferred tax on non-controlling interest	**(41.5)**	**(3.8)**	(25.6)	(2.3)
Adjusted APM	**1,768.1**	**160.9**	1,756.8	160.9

Reported earnings per share

	2025 Earnings £m	2025 Earnings per share pence	2024 Earnings £m	2024 Earnings per share pence
Basic	**1,189.4**	**108.2**	1,710.5	156.7
Dilutive effect of outstanding share options	**–**	**(0.1)**	–	(0.2)
Diluted	**1,189.4**	**108.1**	1,710.5	156.5

The weighted average number of shares used in each calculation is as follows:

	31 March 2025 Number of shares (millions)	31 March 2024 Number of shares (millions)
For basic and adjusted earnings per share	**1,099.2**	1,091.8
Effect of exercise of share options	**1.1**	1.5
For diluted earnings per share	**1,100.3**	1,093.3

11.3 Dividend cover

The Group's adjusted dividend cover metric is calculated by comparing adjusted earnings per share on continuing operations to the projected dividend per share payable to ordinary shareholders.

	2025 Earnings per share (pence)	2025 Dividend per share (pence)	2025 Dividend cover (times)	2024 Earnings per share (pence)	2024 Dividend per share (pence)	2024 Dividend cover (times)
Reported earnings per share (continuing operations)	**108.2**	**64.2**	**1.69**	156.7	60.0	2.61
Adjusted earnings per share (continuing operations) APM (restated*)	**160.9**	**64.2**	**2.51**	160.9	60.0	2.68

* The comparative adjusted earnings per share and dividend cover (times) have been restated. See note 1.2.

12 Acquisitions and disposals

12.1 Acquisitions

Current year acquisitions

There have been no significant acquisitions in the current year.

Other asset acquisitions

During the year ended 31 March 2025, the Group made other smaller asset acquisitions (of special purpose vehicles as opposed to businesses) for cash consideration of £17.1m.

Prior year acquisition

Enerveo acquisition

On 22 March 2024, the Group completed the acquisition of Enerveo Limited ('Enerveo') from Aurelius Antelope Limited ('Aurelius') for cash consideration of £1.0m. Enerveo (formerly named SSE Contracting Limited) is a former subsidiary of the Group that was disposed to Aurelius on 30 June 2021. The reacquisition of Enerveo resulted in a net gain of £4.6m, which was recognised as an exceptional item.

12.2 Disposals

(i) Significant disposals

Current and prior year disposals

There have been no significant disposals in the current and prior year.

13 Intangible assets

	Goodwill £m	Allowances and certificates £m	Development assets £m	Software and other intangible assets £m	Total £m
Cost:					
At 31 March 2023	1,150.5	682.4	681.6	1,199.5	3,714.0
Additions	–	774.5	369.7	170.0	1,314.2
Transfer (to)/from property plant and equipment (note 14)	–	–	(50.7)	1.7	(49.0)
Disposals/utilised	–	(474.3)	(3.9)	(1.1)	(479.3)
Exchange adjustments	(19.9)	(0.4)	(6.1)	–	(26.4)
At 31 March 2024	1,130.6	982.2	990.6	1,370.1	4,473.5
Additions	**–**	**603.7**	**307.1**	**134.7**	**1,045.5**
Transfer (to)/from property plant and equipment (note 14)	**–**	**–**	**(170.0)**	**3.1**	**(166.9)**
Disposals/utilised[iii]	**(0.5)**	**(965.6)**	**(22.1)**	**(25.6)**	**(1,013.8)**
Exchange adjustments	**(13.9)**	**(0.1)**	**(8.8)**	**2.2**	**(20.6)**
At 31 March 2025	**1,116.2**	**620.2**	**1,096.8**	**1,484.5**	**4,317.7**
Aggregate amortisation and impairment:					
At 31 March 2023	(192.9)	(227.5)	(157.5)	(720.9)	(1,298.8)
Charge for the year	–	–	–	(63.3)	(63.3)
Transfer to property plant and equipment (note 14)	–	–	1.5	–	1.5
Disposals/utilised	–	–	–	0.1	0.1
Non-exceptional impairment charge[i]	–	–	(15.4)	(18.3)	(33.7)
At 31 March 2024	(192.9)	(227.5)	(171.4)	(802.4)	(1,394.2)
Charge for the year	**–**	**–**	**–**	**(89.8)**	**(89.8)**
Disposals/utilised[iii]	**–**	**–**	**–**	**21.3**	**21.3**
Exceptional impairment charge[ii]	**(195.2)**	**–**	**(74.8)**	**(3.8)**	**(273.8)**
Non-exceptional impairment charge[i]	**–**	**–**	**(10.9)**	**(8.1)**	**(19.0)**
Exchange adjustments	**(0.4)**	**–**	**(0.3)**	**1.7**	**1.0**
At 31 March 2025	**(388.5)**	**(227.5)**	**(257.4)**	**(881.1)**	**(1,754.5)**
Carrying amount:					
At 31 March 2025	**727.7**	**392.7**	**839.4**	**603.4**	**2,563.2**
At 31 March 2024	937.7	754.7	819.2	567.7	3,079.3
At 1 April 2023	957.6	454.9	524.1	478.6	2,415.2

(i) The non-exceptional impairments in both years relate to assets where future development became uncertain or untenable in the year. The impairment of these items does not meet the Group's definition of an exceptional item, therefore they are included in the adjusted and reported results of the Group.
(ii) The exceptional impairment charge recognised during the current year primarily relates to the impairment of Southern Europe goodwill (£174.7m) and development assets (£74.8m), and goodwill relating to The Energy Solutions Group Limited (£19.8m). Further commentary of the impairment charge is included in note 15.
(iii) Other intangible asset disposals in the current year primarily relate to the derecognition of Electric Vehicle charging hub development assets on the formation of the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited (see note 16).

Intangible assets have been analysed as current and non-current as follows:

	2025 £m	2024 £m
Current	**392.7**	754.7
Non-current	**2,170.5**	2,324.6
	2,563.2	3,079.3

(i) Goodwill

At inception, goodwill arising from business combinations is allocated to cash-generating units (CGUs) or groups of CGUs for impairment testing purposes. Certain goodwill valuations have changed in the current year following retranslation. Commentary on the impairment testing of the related CGUs, with the exception of two historic balances totalling £8.2m, is included in note 15.

A summary of the goodwill allocated to CGUs and the Group's operating segments is presented below:

CGU group	Operating Segment	**2025 £m**	2024 £m
Great Britain and Ireland wind farms	SSE Renewables	**287.0**	288.8
SSE Pacifico[1]	SSE Renewables	**187.3**	191.5
SSE Southern Europe[2]	SSE Renewables	**233.3**	416.8
Energy Solutions[3]	SSE Business Energy	**11.9**	32.4
Ireland Supply[4]	SSE Airtricity	**8.2**	8.2
		727.7	937.7

1 Relates to the acquisition on 29 October 2021 of an 80% equity interest in the Group's Japanese offshore wind development platform.
2 The SSE Southern Europe CGU relates to the acquisition on 1 September 2022 of the Group's renewable platform in Spain, France, Greece and Italy. The Group has assessed that the four CGUs support the carrying value of the goodwill, which has been impaired by £174.7m (2024: £nil) in the current year (note 15).
3 Energy Solutions is the remaining goodwill that arose on the acquisition of The Energy Solutions Group Limited of £11.9m (2024: £31.7m), which was impaired by £19.8m in the current year (see note 15.1). An impairment of £0.7m was recognised in relation to SSE Airtricity Energy Services (NI) Limited, following the announcement to close the business.
4 The value associated with the Ireland supply goodwill represents the difference between the fair value attributed to the Northern Ireland based Phoenix Energy business acquired in 2012 and the book value of those assets. No impairment has been recognised during the year on this balance.

(ii) Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates ("ROCs"). These allowances and certificates will be utilised in settlement of environmental obligations incurred by the Group's SSE Thermal and SSE Business Energy supply business and are therefore distinct from allowances and certificates held in excess of the Group's environmental obligations which are recorded within inventories.

(iii) Development assets

Development costs primarily relate to the design, construction and testing of Thermal, Renewable and Solar and Battery assets, which the Group believes will generate probable future economic benefits. Costs capitalised as development intangibles include options over land rights, planning application costs, environmental impact studies and other costs incurred in bringing wind farms and other development projects to the consented stage. These may be costs incurred directly or at a cost as part of the fair value attribution on acquisition.

At the point the development reaches the consent stage and is approved for construction, the carrying value is transferred to property, plant and equipment (note 14). At the point a project is no longer expected to reach the consented stage, the carrying amount of the project is impaired. During the year the Group has recognised exceptional impairment charges of £74.8m in relation to development assets in SSE Southern Europe (note 15) and £10.9m of non-exceptional impairment charges relating to projects that are not expected to reach the construction phase.

(iv) Software assets

Software assets include application software license fees, software development work, software upgrades and purchased PC software packages. The Group also has a number of contracts for Software as a Service ("SaaS") and Platform as a Service ("PaaS") Cloud Computing Arrangements which permit access to vendor-hosted software and platform services over the term of the arrangement. Where the Group does not control the underlying assets in these arrangements, costs are expensed as incurred. The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38 by being separable and controlled by the Group.

14 Property, plant and equipment

	Thermal power generation assets[i] £m	Renewable power generation assets[i] £m	Distribution network assets £m	Transmission network assets £m	Land and buildings £m	Assets under construction £m	Other assets £m	Total £m
Cost:								
At 31 March 2023	3,671.5	4,652.7	9,997.7	5,642.1	591.4	768.7	1,347.3	26,671.4
Additions	–	–	91.3	1.0	34.3	1,803.1	41.7	1,971.4
Adjustment to decommissioning asset	(5.5)	1.7	–	–	–	–	(2.4)	(6.2)
Transfer from intangible assets (note 13)[ii]	–	–	–	–	–	49.0	–	49.0
Transfer from assets under construction	2.9	44.7	489.9	773.9	5.2	(1,352.8)	36.2	–
Transfer between categories	(19.1)	–	–	–	–	–	19.1	–
Disposals	–	–	(15.0)	–	(2.6)	(0.8)	(13.3)	(31.7)
Exchange rate adjustments	(15.9)	(26.0)	–	–	0.8	(3.3)	(0.3)	(44.7)
At 31 March 2024	3,633.9	4,673.1	10,563.9	6,417.0	629.1	1,263.9	1,428.3	28,609.2
Additions	**33.9**	**20.5**	**103.3**	**1.7**	**77.2**	**2,503.1**	**51.8**	**2,791.5**
Adjustment to decommissioning asset	**(12.8)**	**(2.5)**	**–**	**–**	**–**	**–**	**(3.6)**	**(18.9)**
Transfer from intangible assets (note 13)[ii]	**–**	**–**	**–**	**–**	**–**	**170.0**	**(3.1)**	**166.9**
Transfer from assets under construction	**(15.8)**	**103.2**	**579.9**	**1,243.7**	**16.6**	**(1,991.3)**	**63.7**	**–**
Disposals[iv]	**(0.1)**	**–**	**(2.0)**	**–**	**(10.6)**	**(17.7)**	**(10.4)**	**(40.8)**
Exchange rate adjustments	**(10.5)**	**(18.4)**	**–**	**–**	**(1.6)**	**(6.3)**	**(0.3)**	**(37.1)**
At 31 March 2025	**3,628.6**	**4,775.9**	**11,245.1**	**7,662.4**	**710.7**	**1,921.7**	**1,526.4**	**31,470.8**
Depreciation:								
At 31 March 2023	(2,497.7)	(2,095.3)	(4,537.7)	(869.5)	(237.1)	(9.4)	(1,028.8)	(11,275.5)
Charge for the year	(103.5)	(150.9)	(173.8)	(116.0)	(17.2)	–	(67.2)	(628.6)
Transfer between categories	1.2	–	–	–	–	–	(1.2)	–
Exceptional impairment charges[iii]	–	–	–	–	–	–	(134.1)	(134.1)
Non-exceptional impairment reversals/(charges)	–	4.8	–	–	(1.1)	–	(3.0)	0.7
Transfers to intangible assets	–	–	–	–	–	(1.5)	–	(1.5)
Disposals	–	–	6.7	–	1.0	–	12.5	20.2
Exchange rate adjustments	8.1	12.0	–	–	0.5	–	0.5	21.1
At 31 March 2024	(2,591.9)	(2,229.4)	(4,704.8)	(985.5)	(253.9)	(10.9)	(1,221.3)	(11,997.7)
Charge for the year	**(85.0)**	**(175.6)**	**(188.3)**	**(135.3)**	**(18.0)**	**–**	**(63.4)**	**(665.6)**
Transfer between categories	**–**	**–**	**–**	**–**	**(0.2)**	**–**	**0.2**	**–**
Exceptional impairment charges[iii]	**–**	**–**	**–**	**–**	**–**	**–**	**(7.2)**	**(7.2)**
Non-exceptional impairment charges	**–**	**–**	**–**	**–**	**(0.1)**	**(0.4)**	**(1.2)**	**(1.7)**
Disposals[iv]	**–**	**–**	**0.2**	**–**	**0.5**	**–**	**9.0**	**9.7**
Exchange rate adjustments	**3.9**	**10.6**	**0.1**	**–**	**(0.2)**	**–**	**1.4**	**15.8**
At 31 March 2025	**(2,673.0)**	**(2,394.4)**	**(4,892.8)**	**(1,120.8)**	**(271.9)**	**(11.3)**	**(1,282.5)**	**(12,646.7)**
Net book value								
At 31 March 2025	**955.6**	**2,381.5**	**6,352.3**	**6,541.6**	**438.8**	**1,910.4**	**243.9**	**18,824.1**
At 31 March 2024	1,042.0	2,443.7	5,859.1	5,431.5	375.2	1,253.0	207.0	16,611.5
At 1 April 2023	1,173.8	2,557.4	5,460.0	4,772.6	354.3	759.3	318.5	15,395.9

(i) Thermal and Renewable power generation assets includes plant and machinery and related land and buildings and decommissioning costs with a net book value of £137.3m and £58.7m (2024: £119.0m and £68.1m) respectively. Additionally, Other assets includes £49.5m in relation to decommissioning costs for Gas Storage assets (2024: £55.3m).
(ii) Represents the carrying value of development assets transferred from intangible assets (note 13) which have reached the consent stage and have been approved for construction and the reclassification of certain software assets to intangible assets.
(iii) Exceptional impairment charges of £7.2m relate primarily to the Group's restructuring of SSE Enterprise (see note 7) (2024: exceptional impairment charge of £134.1m (relating to the Group's gas storage operations at Aldbrough and Atwick)).
(iv) Disposals in the current year primarily relate to the derecognition of assets associated with the formation of the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited see note 16.

Included within property, plant and equipment are the following right of use assets for leased assets:

	Thermal power generation assets £m	Land and buildings £m	Distribution network assets £m	Other assets £m	Total £m
Cost					
At 31 March 2023	369.6	247.5	12.2	115.9	745.2
Additions	–	32.4	–	40.6	73.0
Disposals	–	(1.8)	(6.7)	(10.6)	(19.1)
Exchange rate adjustments	–	4.3	–	–	4.3
At 31 March 2024	369.6	282.4	5.5	145.9	803.4
Additions	**–**	**76.8**	**–**	**49.9**	**126.7**
Disposals	**–**	**(11.6)**	**–**	**(9.2)**	**(20.8)**
Exchange rate adjustments	**–**	**(0.8)**	**–**	**(0.5)**	**(1.3)**
At 31 March 2025	**369.6**	**346.8**	**5.5**	**186.1**	**908.0**
Depreciation					
At 31 March 2023	(252.1)	(43.2)	(12.2)	(43.9)	(351.4)
Charge for the year	(11.9)	(11.3)	–	(23.8)	(47.0)
Disposals	–	0.5	6.7	10.0	17.2
At 31 March 2024	(264.0)	(54.0)	(5.5)	(57.7)	(381.2)
Charge for the year	**(18.4)**	**(16.1)**	**–**	**(31.2)**	**(65.7)**
Disposals	**–**	**0.8**	**–**	**7.1**	**7.9**
At 31 March 2025	**(282.4)**	**(69.3)**	**(5.5)**	**(81.8)**	**(439.0)**
Net book value					
At 31 March 2025	**87.2**	**277.5**	**–**	**104.3**	**469.0**
At 31 March 2024	105.6	228.4	–	88.2	422.2
At 1 April 2023	117.5	204.3	–	72.0	393.8

15 Impairment testing

Goodwill and intangible assets that are not amortised are reviewed at least annually for impairment. Property, plant and equipment, investments and other intangibles are assessed annually for triggers of impairment (or impairment reversal).

The Group's accounting policies and methodologies for impairment testing are described at Accompanying Information sections A1.2.

The key operating and valuation assumptions, specific considerations and outcome of tests for all impairment reviews are noted in the following sections. The discount rates used are pre-tax real, except where noted, and reflect specific risks attributable to the relevant assets subject to impairment review. The recoverable amounts derived from the value in use ('VIU') or fair value less costs to sell ('FVLCS') calculations are compared to the carrying amount of each asset or cash generating unit ('CGU') to determine whether an impairment charge requires to be recognised. The reviews carried out for the 2025 financial statements were carried out in the fourth quarter of the year, which is consistent with previous reviews. Note that the actual outcomes may differ from the assumptions included in the assessments at the balance sheet date.

15.1 Goodwill impairment reviews – CGUs testing

The Group has three goodwill balances within its SSE Renewables business (GB and Ireland, SSE Southern Europe and SSE Pacifico) that are subject to annual goodwill impairment reviews. In addition, a legacy goodwill balance within the SSE Business Energy segment is also subject to annual impairment review. The recoverable amounts of the CGUs supporting the goodwill balances are determined by reference to either VIU or FVLCS calculations as noted below. The VIU calculations use, as a starting point, pre-tax cash flow projections based on the Group's ten-year Corporate Model as approved by the Board. The Group's Corporate Model is based both on past experience and reflects the Group's forward view of markets, prices, risks and its strategic objectives. Commodity prices used are based on observable market data and, where this is not available, on internal estimates. The FVLCS methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

15 Impairment testing continued

15.1 Goodwill impairment reviews – CGUs testing continued

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
SSE Southern Europe	Period to end of life of portfolio assets	**Modelling methodology and assumptions** Due to the early stage of development of many of the projects in the Southern Europe portfolio, a FVLCS assessment is used to test the carrying value of £408.8m of goodwill (2024: £416.8m) and £192.7m of tangible generation and intangible development assets (2024: £120.5m). The FVLCS assessment is based on the discounted post-tax cash flows, which are presented on a similar basis to the acquisition model updated to reflect changes to specific project circumstances and wider market developments. During the second half of the financial year, the Group has experienced challenges in obtaining the required environmental permits across several pipeline projects in Spain. This led to specific impairments of intangible assets across a small number of projects. These specific project impairments, coupled with the challenging market landscape are determined to be an indicator of impairment on the Southern Europe CGU. The FVLCS assessment is therefore based on a lower expected build out capacity than previous estimates. The Southern Europe CGU model includes cashflows for early-stage development assets, being 51 individual wind farm and co-located solar projects across Spain, France, Italy and Greece that have been assigned a probability of success. While there are other projects in the portfolio, these have not been assigned a probability of success and have been excluded from the valuation. Cashflows for the CGU are based on the expected average annual generation output for each project, valued using forward power price projections. These factors are subject to management review on an annual basis. The prices applied to projected outputs are based on observable market information during the period, or management projections for available contracts in the PPA market. Assumptions have also been made on the Spanish, French, Italian and Greek governments' support for the development of wind projects and expected governmental support under CFD subsidies. Cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs. The cash flow projections are based on European power prices between €35 – €173 per MWh (2024: €38 – €141 per MWh) and have been discounted applying a post-tax nominal discount rate between 7.1% and 8.0% (2024: pre-tax real discount rate between 6.2% and 6.7%) based on technology and market risks.	**Impairment conclusion** The recoverable value of the Southern Europe wind farm CGU has been calculated at £351.2m (2024: £572.8m), which is less than the carrying value of the goodwill and intangible development assets. This has resulted in a pre-tax exceptional impairment of £249.5m (2024: £nil). **Sensitivity analysis** The principal assumptions impacting the valuation model of the Southern Europe wind farm CGU are generation volume; development probability of success; discount rate; and power price. While cash flow projections are subject to inherent uncertainty, a 10% reduction in greenfield generation volume would result in further impairment of £79.6m (2024: headroom of £3.4m), while a 5% increase in forecast greenfield generation volume would reduce the impairment charge by £40.2m. A 10% decrease in the probability of success attributed to the development projects would result in a further impairment of £115.8m (2024: impairment of £2.6m), while a 5% increase in project probabilities would reduce the impairment by £51.4m. An increase of 0.5% in the respective post-tax nominal discount rates (Spain: 7.3% France: 7.1%, Italy: 7.8% and Greece: 7.9%) results in a further impairment of £88.0m (2024: impairment of £100.0m), while a 0.3% decrease in the respective post-tax nominal discount rates reduces the impairment charge by £60.0m. The Group has assessed that many of the projects in Spain, Italy and France will obtain a revenue support contract. If this assumption were changed and the projects were developed on a merchant basis, the price assumptions applied in the model would increase, although would likely be offset by a compensatory increase in the discount rate. If the projects are developed on a merchant basis and power prices decreased by 5%, the impairment charge would increase by £132.7m, whereas a 5% increase in power prices on the same basis would reduce the impairment charge by £150.8m.

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
SSE Pacifico	Period to end of life of portfolio assets	**Modelling methodology and assumptions** A FVLCS assessment (2024: VIU method) was used to test the carrying value of £187.3m of goodwill (2024: £191.5m) and £39.7m of intangible development assets (2024: £26.9m) relating to SSE Pacifico. The projects in SSE Pacifico remain early stage, therefore the assessment was based on the discounted post-tax cash flows prepared on comparable basis to the acquisition model, updated to reflect changes to specific project circumstances and wider market developments since acquisition. Cash inflows for the CGU model are based on the Group's latest projections for expected average annual generation output based on technical assessment and are valued based on the Group's internal projections of fixed price contract prices. The projections are dependent on the Japanese government's continued support for the development of offshore wind projects. Cash outflows are based on forecast asset costs, planned and expected maintenance profiles and other capital or replacement costs. For the purposes of the impairment test, the valuation model includes cashflows for three early-stage offshore wind projects (2024: three) out of a total of 11 acquired by the Group. The cash flow projections are based on Japanese power prices, per foundation type, between ¥21.3- ¥32.0 per kWh (2024: ¥20 – ¥30 per kWh) and have been discounted applying a post-tax nominal discount rate of 10.5% (2024: pre-tax real discount rate of 9.7%) based on technology and market risks.	**Impairment conclusion** While the assessed recoverable value of £250.6m (2024: £290.0m) exceeds the carrying value at 31 March 2025, the early stage of the development portfolio means that the model is sensitive to changes in key assumptions. The Group's base case model, reflecting the Group's best estimate of observable inputs to the model, indicates headroom on the carrying value of the asset of £23.6m. Therefore, no impairment has been recognised at 31 March 2025. **Sensitivity analysis** As noted above, the FVLCS model is sensitive to changes in key input assumptions. The principal assumptions impacting the valuation model of the SSE Pacifico CGU are fixed-contract price; generation volumes; debt to equity funding ratio; and discount rate. A 5% decrease in fixed-contract price revenue results in an impairment of £122.9m, while a 1% reduction to the generation capacity factor results in an impairment of £64.9m. A one-year delay to the project schedule for all projects results in an impairment of £41.3m, while a 0.5% increase to financing costs results in an impairment of £68.0m. A decrease from 80% to 70% in the debt-to-equity funding ratio results in an impairment of £56.9m, while a 0.5% increase to the discount rate assumption decreases the headroom to £4.4m. Due to the low level of headroom and the sensitivity of the model to changes in key assumption, breakeven assumption changes have been calculated, which would reduce the headroom to nil. A decrease in the fixed price assumption of 0.8%; a decrease in assumed generation volumes of 0.3%; a 0.1% increase to interest rate; a 6.1% decrease in the ratio to 73.9%; a 0.6% increase to the discount rate would each result in the headroom being reduced to nil.

15 Impairment testing continued

15.1 Goodwill impairment reviews – CGUs testing continued

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Great Britain (GB) and Ireland wind farm CGUs	Period to end of life of portfolio assets	**Modelling methodology and assumptions** A VIU assessment is used to test the carrying value of £287.0m (2024: £288.8m) of goodwill related to the Group's GB and Ireland wind farm CGUs. The assessment is based on the discounted pre-tax cash flows expected to be generated by the specific wind farm assets included in the CGU across the remaining useful lives of those assets. The GB and Ireland CGU includes cashflows for operational assets only, being over 50 individual wind farms across Great Britain and Ireland, given the risk and uncertainty associated with projects in the development stage. Significant developments at Aberarder, Yellow River, Strathy South and Berwick Bank are currently under development or construction and continue to be excluded from the analysis. Cash inflows for the CGUs are based on the expected average annual generation output based on technical assessment and past experience, valued based on forward power prices. These factors are subject to management review on an annual basis. The prices applied to projected outputs are based either on observable market information during that period, which is deemed to be 3 years, or on internal estimations beyond the observable market period (a Level 3 basis as defined by IFRS 13 "Fair Value Measurement"). The projections are also dependent on the UK and Irish governments' continuing support for existing qualifying wind assets through CFD subsidies and ROCs or REFIT. Cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs. The cash flow projections are based on UK and Irish power prices between £52 – £98 per MWh (2024: £63 – £117 per MWh) and have been discounted applying a pre-tax real discount rate between 7.5% for GB and 5.3% for Ireland (2024: between 7.2% for GB and 5.2% for Ireland) based on technology and market risks.	**Impairment conclusion** The recoverable amount of the GB and Ireland CGUs at 31 March 2025 is significantly in excess of the carrying value of the goodwill and tangible and intangible assets attributed to the CGUs, therefore no impairment has been recognised. **Sensitivity analysis** The principal assumptions impacting the valuation model of the GB and Ireland CGU are discount rate, generation volume and electricity price. While cash flow projections are subject to inherent uncertainty, a 10% power price decrease and a 10% decrease in projected generation volumes were modelled, both of which indicated significant headroom on the carrying value of the assets. A 0.5% increase in the pre-tax real discount rate to 8.0% for GB and 5.8% for Ireland, also indicated significant headroom on the carrying value of the assets. **Climate-related sensitivity analysis** A significant increase in renewable generation capacity in the Group's core markets could result in an oversupply of renewable electricity at a point in the future, which would lead to a consequential decrease in the power price achievable for the Group's GB and Ireland wind generation assets. A downside power price sensitivity, which may arise in a market with significant new build wind was modelled. This scenario indicated that, despite a modelled 10% reduction in forecast wind power price, there remained significant headroom on the carrying value in the Group's GB and Ireland wind generation assets. Climate change models predict sustained higher temperatures that deliver greater extremes in weather patterns, including variability in wind and rainfall patterns which may reduce volumes achievable for the Group's GB and Ireland wind generation assets (although noting that a reduction in volume would likely lead to capacity constraints and hence higher prices). A 10% reduction in forecast generation volumes indicated significant headroom on the carrying value of the assets of the CGUs.
Energy Customer Solutions	5 years	**Modelling methodology and assumptions** The Group has capitalised goodwill of £31.7m (2024: £31.7m) in relation to the acquisition of the Energy Solutions Group in 2016. The business designs, installs and optimises building management technologies which deliver efficient operating environments for its customers. During the year, the business was in the scope of the Group's Operating Model and Efficiency Review, and has moved into the Energy Customer Solutions segment of the Group. The VIU was determined through an expected cash flows analysis, derived from new management forecasts for the business, applying a pre-tax real discount rate of 8.6% (2024: 8.0%).	**Conclusion** At 31 March 2025, the recoverable amount of the Energy Solutions Group on a value in use basis has been assessed as £11.9m, resulting in an impairment of £19.8m. Cash flow sensitivity has been considered within the impairment calculation, which was a probability weighted selection of outcomes. The possible outcomes ranged from an impairment of the full goodwill balance, to headroom of £10.5m.

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing

Where an indicator of impairment exists, the recoverable amounts of the Group's property, plant and equipment, other intangible assets and interests in joint ventures and associates are determined by reference to VIU or, where appropriate, FVLCS calculations. The calculations use, as their starting point, pre-tax cash flow projections based on the Group's ten-year Corporate Model as approved by the Board. The Group's Corporate Model is based on experience and reflects the Group's forward view of markets, prices, risks and its strategic objectives. Commodity prices used are based on observable market data and, where this is not available, on internal estimates. FVLCS valuations are derived from market analysis for similar transactions, adjusted to specific circumstances of the Group's investment to reflect the amount the Group believes will be recoverable in a sale transaction. Note that the Group will expense any individual asset, investment or development asset, should it clearly be damaged, obsolete or economically impaired, as part of its normal course of business.

Assets identified for review

The specific assets and investments identified for impairment reviews in the prior year (being the GB CCGTs; Great Island CCGT; Gas Storage facilities at Aldbrough and Atwick; 50% joint venture investment in Triton Power; and 50% joint venture investment in Neos Networks) all remained subject to impairment testing at 31 March 2025. All assets continued to display indicators of impairment with the exception of the GB CCGTs. At March 2023 all historic impairments related to the GB CCGTs had been reversed and at 31 March 2024 there was significant headroom on all GB assets. In the current year there were no further indicators of impairment, therefore no detailed impairment test was performed for the GB CCGTs. No new assets were identified as displaying indicators of impairment or impairment reversal.

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Great Island CCGT	Period to end of life	**Modelling methodology and assumptions** The VIU of the Group's Great Island CCGT power station was based on pre-tax discounted cash flows expected to be generated by the plant based on management's view of the plant's operating prospects. Cash flows are subject to a pre-tax real discount rate of 9.9% (2024: 11.2%) reflecting the specific risks in the Irish market. Management assessed that the decrease in Irish spark spreads observed during the year was a trigger for a formal impairment review.	**Conclusion** The VIU assessment performed on the asset at 31 March 2025 indicated no impairment. The carrying value of the Great Island asset at 31 March 2025 is £239.2m (2024: £251.6m) against an assessed recoverable value of £265.0m (2024: £320.2m). **Sensitivity analysis** A 1% increase in the discount rate would result in a reduction of headroom to £13.3m. A 20% decrease in gross margin would result in an impairment of £41.5m. A €10/KW decrease in projected non-contracted capacity market prices would result in a reduction of headroom to £13.1m. The "Accelerated gas closure" climate-related transition risk has been removed in the year to 31 March 2025, as it was assessed as no longer material to the Group (see the Climate-related financial disclosures statement).

15 Impairment testing continued

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing continued

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Gas Storage assets (Atwick and Aldbrough)	Period to end of life	**Modelling methodology and assumptions** The VIU of the Group's Gas Storage assets at Aldbrough and Atwick were based on pre-tax discounted cash flows expected to be generated by the storage facilities based on management's view of the assets' operating prospects. Cash flows are subject to a pre-tax real discount rate of 15.0% (2024: 11.7%) for Atwick and 9.5% (2024: 10.4%) for Aldbrough reflecting risks specific to the assets. The key assumptions applied in the valuation of the assets are gas price volatility and the mean reversion rate ("MRR"). The gas price volatility assumption reflects management's view of price fluctuations between periods where the Group can purchase gas at a low price, store it and sell during periods of peak prices. MRR represents the time taken for the market to return to average after a period of increase or decline. Management assessed that the decrease in gas prices observed during the year was a trigger for a formal impairment review.	**Conclusion** The VIU assessment performed on the assets indicated no impairment or reversal (2024: £85.7m impairment) to Aldbrough and no impairment or reversal to Atwick (2024: £48.4m impairment). Following the impairment assessment at 31 March 2025, the carrying value of Aldbrough is £3.6m (2024: £3.0m) and the carrying value of Atwick is £5.8m (2024: £6.3m). Both carrying values represent the net book value of the storage assets and exclude the carrying value of cushion gas volumes. **Sensitivity analysis – Atwick** A sensitivity performed with a high volatility assumption would reverse the previously recognised impairment at the Atwick facility by £33.7m, while a low volatility assumption would result in a full impairment. An increase to the MRR assumption rate by 1.0 would reverse the previous impairment by £18.1m. **Sensitivity analysis – Aldbrough** A sensitivity performed with a 10% increase to the gas price assumption would reverse the previously recognised impairment by £11.5m. A sensitivity performed with a high volatility assumption would reverse the previously recognised impairment of £45.8m. An increase to the MRR assumption rate by 1.0 would reverse the previously recognised impairment by £31.1m.

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Equity investment in Triton Power Holdings Limited	Period to end of life	**Modelling methodology and assumptions** The Group has valued its 50% equity investment Triton Power Holdings Limited ("Triton") based on projected cashflows that will be derived from the investment on a VIU basis. The VIU assessment of the Triton power stations (Saltend, Indian Queens and Deeside) is used to test the carrying value of the equity investment of £137.8m (2024: £152.5m). The assessments were based on pre-tax discounted cash flows expected to be generated by each power station, based on management's view of operating prospects and operational flexibility within the GB wholesale market, including capacity market clearing prices. Cash flows are subject to a pre-tax real discount rate of 12.7% (blended) (2024: 13.2% (blended)). The fall in future observable market prices and loss recognised in the current financial year have been identified as indicators of impairment and a full review has been completed.	**Conclusion** The recoverable amount of the Group's equity investment in Triton is £137.3m which is £0.5m lower than the carrying value. As the difference is low and has been assessed as part of a range of positive and negative reasonably possible outcomes, no adjustment has been recognised at 31 March 2025 (2024: impairment of £63.2m). The Group acquired its investment in Triton on 1 September 2022 during a period of significant volatility in the UK power market. On acquisition the Group recorded an exceptional gain on acquisition due to movements in short term gas and power prices between the purchase agreement and completion dates. While the investment is an equity accounted joint venture, the investment has been impaired in previous periods and is sensitive to market movements. **Sensitivity analysis** The principal assumptions impacting the valuation model of Triton are discount rate; gross margin; and non-contracted capacity market price. A 1% increase in the discount rate would result in an impairment of £5.2m, while a 1% decrease would reverse the previously charged impairment by £11.1m. A 20% increase in gross margin would result in an impairment reversal of £24.6m, while a 20% decrease in gross margin result in an impairment of £21.2m. A £10/KW increase in non-contracted capacity market price would result in a £16.5m reversal of previously recognised impairments and a £10/KW decrease in the assumption would create an impairment charge of £11.4m. The "Accelerated gas closure" climate-related transition risk has been removed in the year to 31 March 2025, as it was assessed as no longer material to the Group (see the Climate-related financial disclosures statement).

15 Impairment testing continued

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing continued

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Investment in Neos Networks Limited	5 years	**Modelling methodology and assumptions** The Group has valued its investment in Neos Networks Limited ("NNL") based on projected future cashflows that are expected to arise from the business under a value in use ('VIU') methodology. The VIU assessment is used to test the carrying value of the equity investment and shareholder loan balances due from Neos Networks Limited totalling £84.8m at 31 March 2025. The assessment was based on pre-tax discounted cash flows based on management's view of operating prospects. Cash flows are subject to a pre-tax real discount rate of 8.2%. The recent performance of the business that resulted in impairments to the investment in each of the three prior financial years was identified as an indicator of impairment, resulting in a full assessment.	**Conclusion** The recoverable amount of the Group's investment in Neos Networks is £89.3m, which is £4.5m higher than the carrying value. As the difference is low and has been assessed as part of a range of positive and negative reasonably possible outcomes, no adjustment has been recognised at 31 March 2025 (2024: impairment of £73.6m). **Sensitivity analysis** Sensitivity analysis was performed in relation to management's projected EBITDA in the modelled period, the terminal growth rate assumption, and the discount rate assumption. A 2.5% increase in the EBITDA assumption would result in an impairment reversal of £49.2m, whereas a 2.5% decrease in the EBITDA assumption would result in an impairment of £40.3m. A 0.5% increase in the terminal growth rate assumption would result in an impairment reversal of £14.1m, whereas a 0.5% decrease in the terminal growth rate assumption would result in an impairment of £3.8m. A 0.5% decrease in the discount rate assumption would result in an impairment reversal of £16.3m, whereas a 0.5% increase in the discount rate assumption would result in an impairment of £5.5m.

16 Investments

16.1 Joint Ventures and associates

Share of net assets/cost	2025 Equity £m	2025 Loans £m	2025 Total £m	2024 Equity £m	2024 Loans £m	2024 Total £m
At 1 April	**1,963.2**	**1,352.9**	**3,316.1**	1,975.7	1,115.4	3,091.1
Additions	**153.4**	**280.0**	**433.4**	280.6	244.7	525.3
Repayment of shareholder loans	**–**	**(121.7)**	**(121.7)**	–	(14.6)	(14.6)
Dividends received	**(200.6)**	**–**	**(200.6)**	(223.7)	–	(223.7)
Share of profit after tax[(i)] – continuing operations	**91.6**	**–**	**91.6**	115.9	–	115.9
Share of other comprehensive income	**(0.9)**	**–**	**(0.9)**	(40.9)	–	(40.9)
Disposals	**–**	**–**	**–**	(3.0)	–	(3.0)
Transfer – equity to loans	**–**	**–**	**–**	(54.4)	54.4	–
Transfers – other investments	**(4.6)**	**–**	**(4.6)**	24.1	–	24.1
Impairments[(ii)]	**–**	**–**	**–**	(90.8)	(46.0)	(136.8)
Investment decrease in respect of financial guarantees[(iii)]	**(12.1)**	**–**	**(12.1)**	(18.9)	–	(18.9)
Exchange rate adjustments	**(2.7)**	**(0.9)**	**(3.6)**	(1.4)	(1.0)	(2.4)
At 31 March	**1,987.3**	**1,510.3**	**3,497.6**	1,963.2	1,352.9	3,316.1

(i) Of the £91.6m (2024: £115.9m) share of profits from continuing operations, only £89.9m (2024: £114.1m) is recognised through the income statement. The £1.7m (2024: £1.8m) difference relates to profits earned from SSE Group companies where the costs have been capitalised. This profit has been eliminated on consolidation.
(ii) Impairments in the year ended 31 March 2024 of £136.8m included charges of £63.2m in relation to the Group's Triton joint venture, and £73.6m in relation to the Group's investment in Neos Networks, which were treated as exceptional, see note 7.
(iii) The investment decrease in respect of financial guarantees relates to £12.5m (2024: £22.2m) of unwind and expiry of guarantee contracts, less £0.4m (2024: £3.3m) for the fair value of fees receivable on guarantees granted to joint venture investments during the year.

16.2 Additions and disposals of equity in the current year

Additions and disposals in the year

On 10 September 2024 the Group sold a 50% equity share in SSE DE EV Hold Co Limited to form the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited for cash consideration of £16.5m. Following the completion of the transaction, both shareholders provided the joint venture with £5.1m of shareholder loans and £10.0m of equity funding.

During the year the Group provided equity and loans to its existing joint venture investments of £129.4m and £274.9m respectively, primarily in relation to Seagreen Holdco 1 Energy Limited and Doggerbank Offshore Wind Farm Project 1 Projco Limited.

There were no significant disposals in the current year.

16.3 Acquisitions and disposals of equity in the previous year

Additions in the previous year

On 21 March 2024 the Group completed the purchase of 50% of the equity in eight onshore wind development projects in Ireland from Bord na Mona Powergen Limited for cash consideration of £41.9m.

During the year ended 31 March 2024 the Group provided equity and loans to its existing joint venture investments of £237.9m and £235.9m respectively, primarily in relation to Seagreen Wind Energy Limited and Dogger Bank A Offshore Wind Farm.

Disposals of equity in the previous year

The Group received £14.9m of cash and recognised a gain in the income statement of £9.0m in relation to the disposal of investments in associates.

16 Investments continued

16.4 Principal joint ventures and associates

Under IFRS 12 "Disclosure of Interests in Other Entities", the Group has evaluated the key joint ventures and associates it holds with the purpose of disclosing any which are materially significant in order to identify the impact on the Group's financial position, performance and cash flows, whilst identifying the nature of the risks associated with these interests. A full listing of the Group's incorporated joint ventures, joint operations, associates and investments are included in the Accompanying Information (A3).

Share of results of joint ventures and associates

	2025 Wind farms £m	2025 Thermal Generation £m	2025 Other[i] £m	2025 Total £m	2024 Total £m
Revenue	433.3	423.5	84.1	940.9	1,003.6
Other income	109.7	–	–	109.7	88.1
Depreciation and amortisation	(132.5)	(42.9)	(50.6)	(226.0)	(208.8)
Other operating costs	(125.2)	(351.4)	(63.7)	(540.3)	(645.4)
Operating profit	285.3	29.2	(30.2)	284.3	237.5
Interest expense	(147.4)	(5.3)	(11.6)	(164.3)	(110.7)
Changes in fair value of derivatives	(26.4)	(1.7)	–	(28.1)	61.4
Corporation tax	(1.0)	(0.7)	(0.3)	(2.0)	(74.1)
Share of post taxation results	110.5	21.5	(42.1)	89.9	114.1
Recognised in other comprehensive income					
Cashflow hedges	(22.8)	0.3	0.2	(22.3)	(54.5)
Taxation	5.7	–	(0.1)	5.6	13.6
Other	–	–	15.8	15.8	–
Total comprehensive income	93.4	21.8	(26.2)	89.0	73.2

Share of joint ventures and associates' assets and liabilities

	2025 Wind farms £m	2025 Thermal Generation £m	2025 Other[i] £m	2025 Total £m	2024 Total £m
Non-current assets	6,468.5	441.9	353.5	7,263.9	6,909.7
Current assets	155.8	122.3	19.8	297.9	330.2
Cash and cash equivalents	253.4	53.6	22.2	329.2	373.0
Current liabilities	(242.7)	(73.5)	(73.0)	(389.2)	(496.0)
Non-current liabilities	(5,550.9)	(229.6)	(227.0)	(6,007.5)	(5,725.3)
	1,084.1	314.7	95.5	1,494.3	1,391.6
Other adjustments	485.3	13.5	(5.8)	493.0	571.6
Share of net assets of joint ventures and associates	1,569.4	328.2	89.7	1,987.3	1,963.2
Shareholder loans	1,230.3	191.4	88.6	1,510.3	1,352.9
Interest in joint venture and associate	2,799.7	519.6	178.3	3,497.6	3,316.1

(i) Other comprises the investments the Group holds in Neos Networks Limited, Source EV Limited, Corran Environmental LP and Marron Activ8 Energies Limited.

Information on Group's investments in joint ventures and associates is provided at A3, A4 and A5.

16.5 Joint operations

Listed are the incorporated joint operations that have a material impact on the financial position and financial results of the Group.

	Principal activity	Country of incorporation	Class of shares held	Proportion of shares held (%)	Group Interest (%)	Year end
Greater Gabbard Offshore Winds Limited	Offshore Wind farm	UK	Ordinary	50.0	50.0	31 March
Eastern Green Link 2 Limited	Power Transmission	UK	Ordinary	50.0	37.5	31 March

The Group's interest in Greater Gabbard Offshore Winds Limited is that of a joint operation designed to provide output to the parties sharing control. The liabilities of the arrangement are principally met by the parties through the contracts for the output of the wind farm.

Eastern Green Link 2 Limited is a joint operation between SHET and National Grid Electricity Transmission plc to install a 2GW subsea high-voltage connection.

The Group also has an unincorporated arrangement with Equinor under which it accounts for its 66.7% share of the Aldbrough gas storage facility owned by SSE Hornsea Limited.

16.6 Other investments held at fair value through other comprehensive income

	2025 £m	2024 £m
At 1 April	**3.2**	27.4
Additions in year	**1.9**	–
Disposals in year	**(0.1)**	(0.4)
Transfers from/(to) investments in joint ventures and associates	**4.6**	(24.1)
Fair value adjustment through other comprehensive income	**(0.8)**	0.3
At 31 March	**8.8**	3.2

17 Inventories

	2025 £m	2024 £m
Fuel and consumables	**170.9**	155.3
Certificates and allowances	**268.1**	205.1
Gas held in storage	**57.6**	23.1
Less: provisions held	**(33.7)**	(40.5)
	462.9	343.0

Where ROCs and Renewable Energy Guarantees of Origin ("REGOs") certificates are self-generated or purchased to fulfil the Group's environmental obligations, they are recorded within intangible assets. The value of ROCs and REGOs held in excess of the Group's environmental obligations are recorded within inventories.

The Group has expensed inventories of £571.9m within cost of sales in the year (2024: £562.8m).

18 Trade and other receivables

	2025 £m	2024 £m
Non-current assets		
Loan note receivable and other non-current receivable	**199.9**	170.1
Current assets		
Trade receivables	**1,480.2**	1,305.5
Unbilled energy income	**521.1**	663.7
Other receivables	**56.2**	82.6
Cash posted as collateral and other deposits	**19.2**	9.3
Other prepayments and accrued income	**866.5**	593.0
	2,943.2	2,654.1
Total trade and other receivables	**3,143.1**	2,824.2

The non-current loan note receivable includes £193.5m (2024: £170.1m) payable by Ovo Holdings Limited by 2029 and £6.4m (2024: £nil) recognised on the disposal of the Group's gas metering business on 17 March 2025. The Ovo loan note carries interest of 13.25% and is presented cumulative of accrued interest repayments, discounted at 13.25%.

Unbilled energy income represents an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. Detail of the calculation applied to estimate this balance is included at note 4.1(iii). A 5% sensitivity on the unbilled energy accrual would equate to an increase or decrease in the receivable balance of £14.6m (2024: £20.7m).

Cash posted as collateral includes amounts deposited on commodity trading exchanges of £9.6m (2024: £9.3m).

Trade receivables and other financial assets are part of the Group's financial exposure to credit risk as explained in accompanying information note A6.

19 Trade and other payables

	2025 £m	2024 £m
Current liabilities		
Trade payables	**710.7**	656.7
Contract related liabilities(i)	**127.9**	95.2
Cash held as collateral	**82.5**	362.5
Other creditors	**441.6**	473.0
Other accruals(ii)	**1,535.2**	1,735.1
	2,897.9	3,322.5
Non-current liabilities		
Contract related liabilities(i)	**164.3**	158.4
Deferred income and other accruals(ii)	**1,083.6**	934.4
	1,247.9	1,092.8
Total trade and other payables	**4,145.8**	4,415.3

(i) Current contract related liabilities includes customer contributions of £15.1m (2024: £15.7m) and non-current contract related liabilities includes customer contributions of £164.3m (2024: £158.4m).
(ii) Non-current other accruals includes government grants of £5.6m (2024: £6.0m).

Cash held as collateral relates to amounts received from commodity trading exchanges of £82.5m (2024: £362.5m).

20 Provisions

	Decommissioning £m	Legal and restructuring £m	Employee related £m	Other £m	Total £m
At 31 March 2023	712.1	20.3	20.9	18.8	772.1
Charged in the year	–	–	1.2	4.0	5.2
Increase in decommissioning provision	2.2	–	–	–	2.2
Unwind of discount	25.2	–	–	–	25.2
Acquired during the year	–	–	–	7.3	7.3
Released during the year	–	–	–	(4.3)	(4.3)
Utilised during the year	(5.3)	(16.9)	(9.3)	(7.6)	(39.1)
Transfers	5.0	(3.0)	–	(2.0)	–
Exchange rate adjustments	(3.5)	–	–	–	(3.5)
At 31 March 2024	735.7	0.4	12.8	16.2	765.1
Charged in the year	**–**	**2.4**	**6.5**	**10.9**	**19.8**
Decrease in decommissioning provision	**(25.5)**	**–**	**–**	**–**	**(25.5)**
Unwind of discount	**27.2**	**–**	**–**	**–**	**27.2**
Released during the year	**–**	**–**	**(3.5)**	**–**	**(3.5)**
Utilised during the year	**(17.6)**	**(0.4)**	**(0.4)**	**(5.3)**	**(23.7)**
Exchange rate adjustments	**(2.8)**	**–**	**–**	**–**	**(2.8)**
At 31 March 2025	**717.0**	**2.4**	**15.4**	**21.8**	**756.6**
At 31 March 2025					
Non-current	**656.3**	**–**	**8.9**	**10.9**	**676.1**
Current	**60.7**	**2.4**	**6.5**	**10.9**	**80.5**
	717.0	**2.4**	**15.4**	**21.8**	**756.6**
At 31 March 2024					
Non-current	688.8	0.4	12.5	10.7	712.4
Current	46.9	–	0.3	5.5	52.7
	735.7	0.4	12.8	16.2	765.1

Decommissioning provisions

Provision has been made for the estimated net present value of decommissioning the Group's Thermal and Renewable power generation assets, Gas Storage facilities and the retained 60% share of decommissioning costs of the disposed Gas Production business. Cost estimates are based on forecast remediation or clean-up costs based on current technology and prices for Renewable, Thermal and Gas Storage assets and are reviewed by independent valuation experts every three years. In the intervening years, management update cost estimates based on factors arising since the last formal valuation date. Retained decommissioning costs in relation to the disposed Gas Production business are periodically agreed with the field operators. The cost estimates include a risk adjustment and are inflated to the projected decommissioning date using a market observable inflation rate. This projection is discounted using a risk-free discount rate based on UK gilt rates with maturity date similar to the expected decommissioning date.

There is a wide range of assumed decommissioning dates across the obligation due to the number of assets and their varying ages, which is summarised in the table below. Decommissioning dates are based on the useful economic lives of the individual assets based on technology and price forecasts at the balance sheet date. It is possible that the forecast decommissioning dates will change due to technology advances or decisions to repower wind farms when the current turbines reach the end of their respective lives. The date of decommissioning of the Gas Production business can vary based on hydrocarbon reserve estimates and market commodity prices, which can shorten or lengthen the economic life of the field.

Business Unit	Value of Provision 31 March 2025 £m	Number of decommissioning sites	Forecast decommissioning dates	Value of Provision 31 March 2024 £m	Number of decommissioning sites	Forecast decommissioning dates
Renewables	**236.3**	58	2026 – 2064	230.7	52	2025 – 2065
Thermal	**165.0**	17	2025 – 2050	169.9	17	2024 – 2050
Gas Storage	**114.1**	18[1]	2025 – 2049	115.4	18[1]	2024 – 2049
Gas Production	**201.6**	4[2]	2025 – 2040	219.7	4[2]	2024 – 2040
Total	**717.0**			735.7		

1 The Group has two Gas Storage assets at Aldbrough and Atwick. In total there are 18 caverns with varying economic lives, therefore the number of sites has been disclosed to more accurately reflect the scale and expected timing of decommissioning activities.
2 The Group has retained a 60% share of the decommissioning obligation for four Gas Production fields, though each field has multiple wells and shared infrastructure that the Group retains an obligation to remediate.

20 Provisions continued

Decommissioning provisions continued

The Group's decommissioning provision has decreased during the year from £735.7m to £717.0m, primarily due to the decrease in the risk free discount rates and the impact of life extension to certain Thermal CCGT plants moving the expected timing of cash outflows further into the future. While the long term inflation rate remains stable at 3.2% (2024: 3.2%), the increase in the risk free discount rates applied of between 4.7%-5.2% (2024: 3.9%-4.4%) has resulted in a reduction in the present value of the decommissioning provision.

Impact of climate change on the Group's decommissioning provisions

The Group has assessed the impact of climate change on its decommissioning provisions. The useful economic lives of Peterhead, Medway and Keadby CCGTs have been extended during the year, following a technical assessment of their ability to continue to operate to 2035, and following the UK Government's publication of its UK Clean Power 2030 Action Plan, reaffirming the role of unabated gas to the security of energy supply during the energy transition. As a result, the transition risk in relation to the enactment of legislation that would result in the earlier closure of its unabated gas fired power stations is no longer considered to be material. There is a physical risk that due to changes in weather patterns, the projected costs in relation to decommissioning could increase. The decommissioning provision included in the table above for these assets is based on a best estimate of the costs to be incurred at the balance sheet date. In the sensitivity analysis below, a scenario has been included assuming costs will increase and this takes account of the physical climate change risk.

Sensitivity analysis

Sensitivity analysis reflecting reasonably probable fluctuations to the main assumptions used in the calculation of the decommissioning provisions is set out below:

Estimated decommissioning provision including:	2025 £m	2024 £m
Increasing the projected cost estimate by 10%	**775.3**	804.8
Increasing the inflation rate by 1.0%	**774.2**	808.7
Decreasing the discount rate by 0.5%	**736.4**	764.4

Employee related provisions

Employee related provisions include the Group's employer financed retirement benefit provision for certain directors and former directors and employees, which is valued in accordance with IAS 19 using assumptions consistent with the Scottish Hydro Electric Pension Scheme (see note 23 for assumptions applied).

The Group is currently engaged in an Operating Model and Efficiency Review which is expected to conclude during the next financial year as referred to at note 7. In accordance with IAS 37 the Group has provided for committed costs in relation to the review, with further costs expected to be recognised during FY26. The increase in this provision relates primarily to the redundancy costs associated with this review.

Other provisions

Other provisions include onerous contract provisions, mutualisation obligations and other contractual obligations and are calculated based on a best estimate basis. The timing of settlement of these provisions varies by obligation between 2025 and 2028.

21 Sources of finance

21.1 Capital management

The Board's policy is to maintain a strong balance sheet and credit rating to support investor, counterparty and market confidence in the Group and to underpin future development of the business. The Group's credit ratings are also important in maintaining an efficient cost of capital and in determining collateral requirements throughout the Group. As at 31 March 2025, the Group's long term credit rating was BBB+ stable outlook for Standard and Poor's and Baa1 stable outlook for Moody's. The Group is also BBB+ stable outlook with Fitch however this rating is on an unsolicited basis.

The maintenance of a medium-term corporate model is a key control in monitoring the development of the Group's capital structure and allows for detailed scenarios and sensitivity testing. Key ratios drawn from this analysis underpin regular updates to the Board and include the ratios used by the rating agencies in assessing the Group's credit ratings.

The Group's debt requirements are principally met through issuing bonds denominated in Sterling and Euros as well as private placements and medium-term bank loans including those with the European Investment Bank. Details of debt issued by the Group and maturities in the current year are included in note 21.3.

SSE's adjusted net debt and hybrid capital was £10.2bn at 31 March 2025, compared with £9.4bn at 31 March 2024.

Adjusted net debt and hybrid capital is stated after removing lease obligations, external net debt attributable to non-controlling interests and cash held and posted as collateral and other deposits with a maturity of more than three months in line with the Group's presentation basis which is explained at note 3.1. The adjustment relating to the non-controlling interest share of Scottish Hydro Electric Transmission plc external net debt is £817.9m at 31 March 2025 (2024: £490.2m) and relates to 25% of external loans of £3,278.8m (2024: £2,088.0m) net of cash and cash equivalents of £7.3m (2024: £127.4m). Cash held and posted as collateral refers to amounts received and deposited on commodity trading exchanges which are reported within "Trade and other payables" and "Trade and other receivables" respectively on the face of the balance sheet.

At 31 March 2025 the collateral balance was a net liability of £72.9m (2024: £353.2m net liability), consisting of a liability of £82.5m (2024: £362.5m) and an asset of £9.6m (2024: £9.3m). The movement in the current year reflects a reduction in the variation margin on "in the money" positions due to higher commodity prices, along with "in the money" positions maturing during the period.

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 31 March 2025 there was £891m commercial paper outstanding (2024: £840m). The Group also continues to have access to £3.0bn of revolving credit facilities (2024: £3.5bn) following re-financing in the current year as detailed in note 21.3. The facilities include £1.5bn relating to Scottish Hydro Electric Transmission plc (2024: £0.8bn) and £1.5bn relating to SSE plc (2024: £2.5bn). As at 31 March 2025 there were £340m drawings on the Scottish Hydro Electric Transmission plc facility being 23% utilisation (2024: nil utilisation) and no drawings on the SSE plc facility (2024: nil utilisation).

The Group capital comprises:

	2025 £m	2024 £m (restated*)
Total borrowings (excluding lease obligations)	**10,149.4**	8,726.2
Less: Cash and cash equivalents	**(1,090.5)**	(1,035.9)
Net debt (excluding hybrid equity)	**9,058.9**	7,690.3
Hybrid equity	**1,882.4**	1,882.4
External net debt attributable to non-controlling interests	**(817.9)**	(490.2)
Cash held/(posted) as collateral and other deposits	**63.3**	353.2
Adjusted net debt and hybrid capital APM	**10,186.7**	9,435.7
Equity attributable to shareholders of the parent	**10,181.6**	9,365.8
Total capital excluding lease obligations	**20,368.3**	18,801.5

* The comparative has been restated. See note 1.2.

Under the terms of the revolving credit and private placement borrowing facilities, the Group is required to comply with the following financial covenant:

- **Interest Cover Ratio:** The Group shall procure that the ratio of Operating Profit to Net Interest Payable for any relevant period is not less than 2.5 to 1.

Under the terms of the Scottish Hydro Electric Transmission plc revolving credit facility and private placements the Group is required to comply with the following financial covenant:

- **Net debt to Regulatory Asset Value:** Scottish Hydro Electric Transmission plc shall procure that the consolidated net debt to Regulatory Asset Value does not at any time exceed 0.80 to 1.00 as assessed by their financial statements.

The following definitions apply in the calculation of these financial covenants:

- **"Operating Profit"** means, in relation to a relevant period, the profit on ordinary activities before taxation (after adding back Net Interest Payable) of the Group for that relevant period but after adjusting this amount to exclude any exceptional profits (or losses) and, for the avoidance of doubt, before taking account of any exceptional profits (or losses) and excluding the effect of IFRS 9 re-measurements.
- **"Net Interest Payable"** means, in respect of any relevant period, interest payable during that relevant period less interest receivable during that relevant period.
- **"Relevant period"** means, covenant compliance is based on results for each financial year.

In summary, the Group's intent is to balance returns to shareholders between current returns through dividends and long term capital investment for growth. In doing so, the Group will maintain its capital discipline and will continue to operate within the current economic environment prudently. There were no changes to the Group's capital management approach during the year.

Under SSE plc's articles of association, the borrowings of the Company are limited so as to ensure that the aggregate amount of all borrowings by the Group outstanding at any time is not more than three times the capital and reserves of the Group.

21 Sources of finance continued

21.2 Loans and other borrowings

	2025 £m	2024 £m
Current		
Short term loans	**1,895.5**	1,044.5
Lease obligations	**68.5**	83.5
	1,964.0	1,128.0
Non-current		
Loans	**8,253.9**	7,681.7
Lease obligations	**386.5**	324.0
	8,640.4	8,005.7
Total loans and borrowings	**10,604.4**	9,133.7
Cash and cash equivalents	**(1,090.5)**	(1,035.9)
Unadjusted net debt	**9,513.9**	8,097.8
Add/(less):		
Hybrid equity	**1,882.4**	1,882.4
External net debt attributable to non-controlling interests	**(817.9)**	(490.2)
Lease obligations	**(455.0)**	(407.5)
Cash held/(posted) as collateral and other deposits	**63.3**	353.2
Adjusted net debt and hybrid capital APM	**10,186.7**	9,435.7

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and short term highly liquid investments with a maturity of three months or less.

21.3 Borrowing facilities

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 31 March 2025 there was £891m commercial paper outstanding (2024: £840m).

The Group also has access to £3.0bn of revolving credit facilities (2024: £3.5bn). On 23 October 2024 the Group's facilities were re-financed with the £0.75bn facility relating to Scottish Hydro Electric Transmission plc being increased to £1.5bn, the £2.5bn of facilities relating to SSE plc being reduced to £1.5bn by cancellation of a facility due to mature in February 2025, and the cancellation of the Distribution facility of £0.25bn which is no longer required.

The details of the Group's committed facilities as at 31 March 2025 are:

- a £1.5bn revolving credit facility for SSE plc maturing October 2029 with two 1 year extension options; and
- a £1.5bn revolving credit facility for Scottish Hydro Electric Transmission plc maturing October 2029 with two 1 year extension options.

The re-financing of the committed facilities was undertaken to ensure the Group is set up to meet its funding obligations over the next five years, with available committed facilities on the entities that require them. The opportunity was also taken to increase the number of relationship banks from 11 to 15, which supports the Group's growth plans and funding requirements over the next five years. The £1.5bn revolving credit facility for SSE plc is in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans. The Scottish Hydro Electric Transmission plc facility, was entered into to help cover the capital expenditure and working capital of that business. The terms and conditions of the re-financed revolving credit facilities contain certain sustainability-linked features which may or may not adjust the interest margin applicable to the revolving credit facilities. The rate of interest is calculated annually, subject to fulfilling certain ESG KPIs and applied prospectively. At 31 March 2025, these terms had no impact on the carrying value of the debt.

As at 31 March 2025 there were £340m drawings on the Scottish Hydro Electric Transmission plc facility being 23% utilisation (2024: nil utilisation) and no drawings on the SSE plc facility (2024: nil utilisation).

During the year SSE plc issued a 7 year €600m Green Bond at a coupon of 3.5%. The bond has been predominantly left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. In the year, SSE plc also issued £0.9bn of debt and had £1.0bn of debt maturities. The issued debt primarily relates to £0.8bn of Commercial Paper being rolled at maturity, which also accounts for £0.8bn of the debt maturities, with the only additional debt maturity being €320m (£204m) of 12 year US Private Placements that matured in April 2024.

During the year Scottish Hydro Electric Transmission plc issued £0.9bn of new debt, in addition to the drawings on the committed facility. The three issuances of new debt were as follows:

- August 2024 – €850m (£715m) 8 year green Eurobond maturing 4 September 2032 with a coupon of 3.375% and an all-in GBP cost of 4.9127% once swapped back to Sterling;
- June 2024 – 1.5bn NOK (£111m) 10 year private placement maturing 26 June 2034 with a coupon of 4.731% and an all-in GBP cost of 5.3315% once swapped back to Sterling; and
- July 2024 – £30m 15 year private placement maturing 19 July 2039 with a coupon of 5.591%.

Analysis of borrowings

	2025 Weighted average interest rate[iv]	2025 Face value £m	2025 Fair value £m	2025 Carrying amount £m	2024 Weighted average interest rate[iv]	2024 Face value £m	2024 Fair value £m	2024 Carrying amount £m
Current								
Other Short term loans – non amortising[ii]	**5.0%**	**901.7**	**906.6**	**890.5**	5.8%	852.4	855.7	840.4
1.250% Eurobond repayable 16 April 2025[vi]	**1.3%**	**531.4**	**531.2**	**531.4**	–	–	–	–
0.875% €600m Eurobond repayable 8 September 2025[ix]	**0.9%**	**502.6**	**499.2**	**502.4**	–	–	–	–
US Private Placement 16 April 2024	**–**	**-**	**-**	**-**	4.4%	204.1	257.9	204.1
Within one year		**1,935.7**	**1,937.0**	**1,924.3**		1,056.5	1,113.6	1,044.5
Fair value adjustment[iii]				**(28.8)**				–
Total current borrowings		**1,935.7**	**1,937.0**	**1,895.5**		1,056.5	1,113.6	1,044.5
Non-Current								
Bank loans – non amortising[i]	**3.5%**	**500.0**	**493.1**	**500.0**	3.5%	500.0	484.2	499.9
Other loans – non amortising[ii]	**4.8%**	**340.0**	**340.0**	**340.0**	–	–	–	–
1.250% Eurobond repayable 16 April 2025[vi]	**–**	**–**	**–**	**–**	1.3%	531.4	518.8	531.4
0.875% €600m Eurobond repayable 8 September 2025[ix]	**–**	**–**	**–**	**–**	0.9%	513.0	493.0	512.2
US Private Placement 8 June 2026	**3.1%**	**64.0**	**63.0**	**63.8**	3.1%	64.0	48.7	63.6
US Private Placement 6 September 2026	**3.2%**	**247.1**	**258.9**	**246.2**	3.2%	247.1	242.1	245.6
US Private Placement 6 September 2027	**3.2%**	**35.0**	**33.3**	**34.8**	3.2%	35.0	25.9	34.7
1.375% €650m Eurobond repayable 4 September 2027[v] [ix]	**1.4%**	**591.4**	**573.7**	**590.9**	1.4%	591.4	553.7	590.7
1.50% Eurobond repayable 24 March 2028[ix]	**1.5%**	**250.0**	**227.5**	**249.5**	1.5%	250.0	221.5	249.3
8.375% Eurobond repayable on 20 November 2028	**8.4%**	**500.0**	**554.3**	**498.5**	8.4%	500.0	573.3	498.1
2.875% Eurobond repayable 1 August 2029[ix]	**2.9%**	**544.5**	**539.3**	**543.3**	–	–	–	–
Between two and five years		**3,072.0**	**3,083.1**	**3,067.0**		3,231.9	3,161.2	3,225.5
2.875% Eurobond repayable 1 August 2029[ix]	**–**	**–**	**–**	**–**	2.9%	555.7	543.3	554.3
1.750% Eurobond repayable 16 April 2030[vii]	**1.8%**	**442.9**	**413.9**	**442.9**	1.8%	442.9	403.5	442.9
5.50% Eurobond repayable on 7 June 2032	**5.5%**	**350.0**	**353.1**	**350.1**	5.5%	350.0	368.1	350.1
Private Placement 30 June 2032	**3.1%**	**175.0**	**152.1**	**175.0**	3.1%	175.0	148.0	175.0
2.25% Eurobond repayable 27 September 2035[ix]	**2.3%**	**350.0**	**252.4**	**347.8**	2.3%	350.0	266.3	347.6
2.125% Eurobond repayable 24 March 2036[ix]	**2.1%**	**250.0**	**175.4**	**248.7**	2.1%	250.0	184.7	248.5
4.625% Eurobond repayable on 20 February 2037	**4.6%**	**325.0**	**288.5**	**324.3**	4.6%	325.0	312.4	324.3
Private Placement 30 June 2037	**3.2%**	**175.0**	**135.5**	**175.0**	3.2%	175.0	146.2	175.0
6.25% Eurobond repayable on 27 August 2038	**6.3%**	**350.0**	**350.7**	**347.9**	6.3%	350.0	386.3	347.7
4.454% Index linked loan repayable on 27 February 2044	**4.5%**	**164.7**	**186.4**	**164.3**	4.5%	169.4	212.6	169.0
1.429% Index linked bond repayable on 20 October 2056	**1.4%**	**195.5**	**134.3**	**195.5**	1.4%	188.8	145.5	188.8
4.00% €750m Eurobond repayable 5 September 2031[viii] [ix]	**4.0%**	**628.2**	**646.5**	**626.8**	4.0%	641.2	661.7	639.5
5.50% £500m Eurobond maturing 15 January 2044[ix]	**5.5%**	**500.0**	**448.3**	**493.0**	5.5%	500.0	500.8	492.6
3.375% €850m Eurobond repayable 4 September 2032[ix][x]	**3.4%**	**715.3**	**702.7**	**713.6**	–	–	–	–
Private Placement 26 June 2034	**4.7%**	**111.3**	**107.8**	**111.3**	–	–	–	–
Private Placement 19 July 2039	**5.6%**	**30.0**	**28.4**	**30.0**	–	–	–	–
3.50% €600m Eurobond repayable 18 March 2032[ix][xi]	**3.5%**	**503.5**	**501.3**	**500.5**				
Over five years		**5,266.4**	**4,877.3**	**5,246.7**		4,473.0	4,279.4	4,455.3
Fair value adjustment[iii]				**(59.8)**				0.9
Total non-current borrowings		**8,338.4**	**7,960.4**	**8,253.9**		7,704.9	7,440.6	7,681.7
Total borrowings		**10,274.1**	**9,897.4**	**10,149.4**		8,761.4	8,554.2	8,726.2

Note: The Sterling-equivalent fair value reflects the fair value of non-Sterling denominated borrowings, post the impact of the hedges noted below.
(i) Balances include term loans and EIB debt and is a mixture of fixed and floating rate debt.
(ii) Balances include Commercial Paper and facility advances (£891m of Commercial Paper). At 31 March 2025, Scottish Hydro Electric Transmission plc had drawn £340.0m of borrowings under its £1.5bn revolving credit facility. The £340.0m has been classified as non-current within debt maturing in two to five years in accordance with IAS 1 paragraph 75A. The debt was repaid in April 2025, subsequent to the balance sheet date.
(iii) The fair value adjustment relates to the change in the carrying amount of the borrowings as a result of fair value hedges that are in place. The movement in the fair value adjustment is recognised in the income statement with a corresponding movement on the hedging instrument also being recognised in the income statement.
(iv) The weighted average interest rates (including the effect of interest rate swaps) for the year ended 31 March 2025 was 3.85% (2024: 3.40%).
(v) The 1.375% €650m Eurobond maturing 4 September 2027 has been swapped to Sterling giving an effective interest rate of 2.56%.
(vi) The 1.250% €600m Eurobond maturing 16 April 2025 has been swapped to Sterling giving an effective interest rate of 2.43%.
(vii) The 1.750% €500m Eurobond maturing 16 April 2030 has been swapped to Sterling giving an effective interest rate of 2.89%.
(viii) The 4.0% €750m Eurobond maturing 5 September 2031 has been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.
(ix) Bonds have been issued under the Group's Green Bond Framework.
(x) The 3.375% €850m Eurobond maturing 4 September 2032 has been swapped to Sterling giving an effective interest rate of 4.91%.
(xi) The 3.50% €600m Eurobond maturing 18 March 2032 has predominantly been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. €200m has been swapped to Sterling for a 1 year period giving an effective interest rate of 4.20%.

21 Sources of finance continued

21.3 Borrowing facilities continued

Lease liabilities

Amounts charged under lease arrangements are detailed within note 6, and right of use assets recognised under lease arrangements are detailed within note 14.

	2025 £m	2024 £m
At 1 April	**407.5**	405.9
Additions during the year	**139.8**	75.6
Disposals during the year	**(12.3)**	(1.9)
Unwind of discount	**26.9**	25.8
Repayment in the year	**(106.9)**	(97.9)
At 31 March	**455.0**	407.5

The weighted average incremental borrowing rate applied to lease liabilities during the year was 4.95% (2024: 4.98%). Incremental borrowing rates applied to individual lease additions in the year ranged between 3.85% to 7.46% (2024: 3.70% to 5.25%). The Group has additional committed payments under short term and low value leases at 31 March 2024 of £14.3m (2024: £11.2m).

The maturity of future lease liabilities are as follows:

	2025 £m	2024 £m
Within one year	**75.2**	91.8
Between one and five years	**233.5**	196.3
After five years	**403.2**	328.4
	711.9	616.5
Less: future finance charge	**(256.9)**	(209.0)
Present value of lease obligations	**455.0**	407.5

21.4 Reconciliation of net increase in cash and cash equivalents to movement in adjusted net debt and hybrid capital

	2025 £m	2024 £m
Increase in cash and cash equivalents	**54.6**	144.1
(Less)/add:		
New borrowing proceeds	**(2,592.2)**	(1,982.2)
Repayment of borrowings	**1,055.3**	1,744.0
Non-cash movement on borrowings	**113.7**	166.0
Increase in external net debt attributable to non-controlling interests	**327.7**	56.0
Decrease/(increase) in cash held and posted as collateral and other deposits	**289.9**	(669.5)
Increase in adjusted net debt and hybrid capital APM	**(751.0)**	(541.6)

Cash held and posted as collateral refers to amounts received and deposited on commodity trading exchanges which are reported within "Trade and other payables" and "Trade and other receivables" respectively on the face of the balance sheet, as well as other deposits with a maturity of more than 3 months.

21.5 Reconciliation of movements in financing liabilities

		Financing cash flows			Non-cash movements					
	At 31 March 2024 £m	New borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair value movements £m	Foreign exchange movements £m	Lease liabilities £m	Re-classification £m	Other £m	At 31 March 2025 £m
Financing liabilities										
Bank loans	**499.9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**500.0**
Private placement	**770.2**	**141.3**	**–**	**–**	**(60.2)**	**–**	**–**	**–**	**0.9**	**852.2**
Fixed rate Eurobonds	**6,059.7**	**1,220.4**	**–**	**–**	**(4.8)**	**(25.7)**	**–**	**(1,043.6)**	**(4.1)**	**6,201.9**
Index linked loans	**357.8**	**–**	**(10.8)**	**–**	**–**	**–**	**–**	**–**	**12.8**	**359.8**
Other loans – non amortising	**–**	**340.0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**340.0**
Total long term borrowings	**7,687.6**	**1,701.7**	**(10.8)**	**–**	**(65.0)**	**(25.7)**	**–**	**(1,043.6)**	**9.7**	**8,253.9**
Fixed rate Eurobonds	**–**	**–**	**–**	**–**	**(30.4)**	**(10.4)**	**–**	**1,043.6**	**2.2**	**1,005.0**
Other short term loans – non amortising	**840.4**	**890.5**	**(840.4)**	**–**	**–**	**–**	**–**	**–**	**–**	**890.5**
US private placement	**198.2**	**–**	**(204.1)**	**–**	**5.9**	**–**	**–**	**–**	**–**	**–**
Total short term borrowings	**1,038.6**	**890.5**	**(1,044.5)**	**–**	**(24.5)**	**(10.4)**	**–**	**1,043.6**	**2.2**	**1,895.5**
	8,726.2	**2,592.2**	**(1,055.3)**	**–**	**(89.5)**	**(36.1)**	**–**	**–**	**11.9**	**10,149.4**
Lease liabilities	**407.5**	**–**	**–**	**(106.9)**	**–**	**–**	**154.4**	**–**	**–**	**455.0**
Total loans and borrowings	**9,133.7**	**2,592.2**	**(1,055.3)**	**(106.9)**	**(89.5)**	**(36.1)**	**154.4**	**–**	**11.9**	**10,604.4**
Assets held to hedge long term borrowings	**18.5**	**–**	**–**	**–**	**29.7**	**–**	**–**	**–**	**–**	**48.2**
	9,152.2	**2,592.2**	**(1,055.3)**	**(106.9)**	**(59.8)**	**(36.1)**	**154.4**	**–**	**11.9**	**10,652.6**

		Financing cash flows			Non-cash movements					
	At 31 March 2023 £m	New borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair value movements £m	Foreign exchange movements £m	Lease liabilities £m	Re-classification £m	Other £m	At 31 March 2024 £m
Financing liabilities										
Bank loans	499.9	–	–	–	–	–	–	–	–	499.9
Private placement	978.1	–	–	–	(4.5)	–	–	(204.1)	0.7	770.2
Fixed rate Eurobonds	5,098.9	1,141.8	–	–	(143.3)	(30.7)	–	–	(7.0)	6,059.7
Index linked loans	338.6	–	(5.2)	–	–	–	–	–	24.4	357.8
Total long term borrowings	6,915.5	1,141.8	(5.2)	–	(147.8)	(30.7)	–	(204.1)	18.1	7,687.6
Bank loans	50.0	–	(50.0)	–	–	–	–	–	–	–
Fixed rate Eurobonds	514.5	–	(514.6)	–	–	–	–	–	0.1	–
Other short term loans – non amortising	1,019.2	840.4	(1,019.2)	–	–	–	–	–	–	840.4
US private placement	154.8	–	(155.0)	–	(5.9)	–	–	204.1	0.2	198.2
Total short term borrowings	1,738.5	840.4	(1,738.8)	–	(5.9)	–	–	204.1	0.3	1,038.6
	8,654.0	1,982.2	(1,744.0)	–	(153.7)	(30.7)	–	–	18.4	8,726.2
Lease liabilities	405.9	–	–	(97.9)	–	–	99.5	–	–	407.5
Total loans and borrowings	9,059.9	1,982.2	(1,744.0)	(97.9)	(153.7)	(30.7)	99.5	–	18.4	9,133.7
Assets held to hedge long term borrowings	(129.3)	–	–	–	147.8	–	–	–	–	18.5
	8,930.6	1,982.2	(1,744.0)	(97.9)	(5.9)	(30.7)	99.5	–	18.4	9,152.2

22 Equity

22.1 Share capital

	2025		2024	
	Number (millions)	**£m**	Number (millions)	£m
Allotted, called up and fully paid:				
At 1 April	**1,096.2**	**548.1**	1,093.9	547.0
Issue of shares[i]	**15.0**	**7.5**	2.3	1.1
At 31 March	**1,111.2**	**555.6**	1,096.2	548.1

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

(i) Shareholders were able to elect to receive ordinary shares in place of the final dividend of 40.0p per ordinary share (in relation to year ended 31 March 2024) and the interim dividend of 21.2p (in relation to the current year) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 12.2m and 2.8m new fully paid ordinary shares respectively (2024: 1.8m and 0.5m). In addition, the Company issued 1.7m (2024: 0.8m) shares during the year to satisfy awards to employees under certain employee share schemes (all of which were settled by shares held in Treasury) for a consideration of £17.8m (2024: £9.2m).

Under the share buyback programme in the year to 31 March 2025, 3.8m shares were repurchased for a total consideration of £71.7m (including stamp duty and commission). The scrip dividend take-up for the prior financial year was 18.0%, which was below the 25.0% required by the share buyback programme, therefore there were no share buybacks in the prior financial year ended 31 March 2024.

Of the 1,111.2m shares in issue, 4.9m are held as treasury shares. These shares will be held by SSE plc and used to satisfy awards to employees under certain employee share schemes.

During the year, on behalf of the Company, the employee share trust purchased 0.8m shares for a total consideration of £14.1m (2024: 1.3m shares, consideration of £21.8m) to be held in trust for the benefit of employee share schemes. At 31 March 2025, the trust held 6.7m shares (2024: 6.9m) which had a market value of £107.1m (2024: £113.9m).

22.2 Capital redemption reserve

The capital redemption reserve comprises the value of shares redeemed or purchased and cancelled by the Company from distributable profits.

22.3 Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge derivative instruments related to hedged transactions that have not yet occurred.

22.4 Translation reserve

Comprises exchange translation differences on foreign currency net investments offset by exchange translation differences on borrowings and derivatives classified as net investment hedges under IAS 39.

22.5 Hybrid Equity

	2025 £m	2024 £m
GBP 600m 3.74% perpetual subordinated capital securities[i]	**598.0**	598.0
EUR 500m 3.125% perpetual subordinated capital securities[i]	**453.0**	453.0
EUR 1,000m 4.00% perpetual subordinated capital securities[ii]	**831.4**	831.4
	1,882.4	1,882.4

(i) 2 July 2020 £600m and €500m Hybrid Capital Bonds

The hybrid capital bonds issued in July 2020 have no fixed redemption date, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential discretionary redemption of the £600m hybrid bond is 14 April 2026 and then every 5 years thereafter. The date for the first potential discretionary redemption of the €500m hybrid capital bond is 14 July 2027 and then every 5 years thereafter. For the £600m hybrid the discretionary coupon payments are made annually on 14 April and for the €500m hybrid the coupon payments are made annually on 14 July.

(ii) 12 April 2022 €1,000m Hybrid Capital Bonds

The hybrid capital bond issued in April 2022 has no fixed redemption date, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential discretionary redemption is 21 April 2028 and then every 5 years thereafter. The discretionary hybrid coupon payments are made annually on 21 April.

Coupon payments

In relation to the £600m hybrid equity bond a discretionary coupon payment of £22.4m (2024: £22.4m) was made on 14 April 2024. For the €500m hybrid equity bond a discretionary coupon payment of £16.5m (2024: £16.5m) was made on 14 July 2024 and for the €1bn hybrid equity bond a discretionary coupon payment of £34.8m (2024: £34.2m) was made on 21 April 2024.

The coupon payments in the year to 31 March 2025 consequently totalled £73.7m (2024: £73.1m).

The Company has the option to defer coupon payments on the bonds on any relevant payment date, as long as a dividend on the ordinary shares has not been declared. Deferred coupons shall be satisfied only on redemption; or on a dividend payment on ordinary shares, both of which occur at the sole option of the Company. Interest will accrue on any deferred coupon.

22.6 Equity attributable to non-controlling interests

This relates to equity attributable to non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. At 31 March 2025 the amount attributable to non-controlling interests is £628.8m (2024: £554.9m restated), which relates to SHET of £589.6m (2024: £514.1m restated) and SSE Pacifico £39.2m (2024: £40.8m). The profit and loss attributable to non-controlling interests for the year ended 31 March 2025 is £69.8m gain (2024: £100.8m gain), which relates to SHET £70.6m gain (2024: £101.5m gain) and SSE Pacifico £0.8m loss (2024: £0.7m loss).

The comparative has been restated. See note 1.2.

Details regarding SHET's principal activity and country of incorporation are included in A3.

SHET's summary financial information is as follows:

	2025 £m	2024 £m
Non-current assets	**6,701.3**	5,579.2
Current assets	**444.9**	337.0
Current liabilities	**(405.5)**	(509.0)
Non-current liabilities	**(4,418.5)**	(3,370.4)
	2,322.2	2,036.8

	2025 £m	2024 £m
Revenue	**807.0**	885.2
Operating profit	**435.5**	565.0
Net finance costs	**(60.3)**	(35.0)
Profit before taxation	**375.2**	530.0
Taxation	**(110.8)**	(132.5)
Profit after taxation	**264.4**	397.5

The summary financial information provided above is presented without Group eliminations, including £480.0m (2024: £780.0m) of internal loans with related interest of £29.0m, other consolidation adjustments of £4.7m and related taxation, which have been eliminated to calculate the non-controlling interest for adjusted profit.

	2025 £m	2024 £m
Net profit	**264.4**	397.5
add/(less):		
Interest elimination	**29.0**	16.2
Other consolidation adjustments	**(4.7)**	–
Current taxation on consolidation adjustments	**(5.9)**	(7.1)
Deferred taxation	**165.4**	102.0
	448.2	508.6
Adjusted net profit attributable to 25% non-controlling interests	**112.1**	127.1

23 Retirement benefit obligations

The Group has two funded final salary pension schemes which provide defined benefits based on final pensionable pay. The schemes are subject to independent valuations at least every three years. The future benefit obligations are valued by actuarial methods based on an appropriate assessment of the relevant parameters.

The Group provides pension benefits to most UK colleagues through SSE Pensions+, a defined contribution master trust agreement with Aviva. The Group generally matches employee contributions up to 6%, and provides additional contributions of 3% after two years and a further 3% after ten years continuous Group service. The Group also operates other pension arrangements, including a defined contribution master trust agreement with Zurich in the Republic of Ireland and an Unfunded Unapproved Retirement Benefit Scheme.

The Group presents its pension scheme valuations under two different measurement bases, an actuarial valuation and an IAS 19 valuation as required by accounting standards. The IAS 19 valuation is used to determine the assets and obligations recognised in the Group's consolidated balance sheet and is calculated annually by scheme actuaries, whereas the formal actuarial valuation is used to determine the contributions the Group makes to each scheme. The actuarial valuation is recalculated for each scheme every three years.

Actuarial valuations

The individual pension scheme details based on the latest formal actuarial valuations are as follows:

	Scottish Hydro Electric	SSE Southern
Latest formal actuarial valuation	31 March 2024	31 March 2022
Valuation carried out by	Hymans Robertson	Aon
Value of assets based on valuation	£1,376.3m	£2,395.6m
Value of liabilities based on valuation	£1,146.1m	£2,475.2m
Valuation method adopted	Projected Unit	Projected Unit
Average salary increase	RPI+0.25%	RPI+0.25%
Average pension increase	RPI	RPI
Value of fund assets/accrued benefits	120.1%	96.8%

Future contributions

Scottish Hydro Electric Pension Scheme

The last triennial actuarial valuation of the scheme was carried out at 31 March 2024 and showed a surplus of £230.2m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which does not require contributions to be paid to the scheme, unless there is a sustained deficit for two successive quarters on the trustees' long term funding basis. Consequently, the Group has not made contributions to the scheme in the year ending 31 March 2025 and does not expect to make any contributions during the year ended 31 March 2026. The next triennial funding valuation will be carried out as at 31 March 2027.

SSE Southern Group of the Electricity Supply Pension Scheme

The last triennial actuarial valuation of the scheme was carried out at 31 March 2022 and showed a deficit of £79.6m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2027. The next funding valuation will be carried out as at 31 March 2025. The Group also pays contributions in respect of current accrual. Total contributions of approximately £26.2m are expected to be paid by the Group during the year ending on 31 March 2026, including deficit repair contributions of £16.0m. Under the current schedule of contributions, the deficit repair contribution will be made until March 2027, increasing in line with inflation each year.

During the year ending 31 March 2025 the Group paid deficit contributions of £15.5m (2024: £16.3m).

Pension summary as measured under IAS 19:

	Scheme type	Net actuarial gain/(loss) recognised in respect of the pension asset in the statement of comprehensive income		Net pension asset	
		2025 £m	2024 £m	**2025 £m**	2024 £m
Scottish Hydro Electric	Defined benefit	**7.7**	(37.1)	**353.7**	339.3
SSE Southern	Defined benefit	**45.1**	(118.1)	**148.1**	82.3
		52.8	(155.2)	**501.8**	421.6

IFRC 14 surplus restrictions

As a result of the Group and the trustees to the Scottish Hydro Electric Pension Scheme agreeing in 2016/17 to an amendment to the scheme rules to clarify that the Company has a clear right to any surplus upon final winding up of the scheme, there are no restrictions on recognition of the scheme surplus. The net pension asset of the Scottish Hydro Electric Scheme at 31 March 2025 was £353.7m (2024: £339.3m).

At 31 March 2025, the SSE Southern Pension Scheme has a net surplus of £148.1m (2024: £82.3m), and unrecognised future contributions of £32.0m (2024: £46.8m), subject to increases in line with inflation. The Group has assessed that it has the right to recognise the current and any future surpluses on the scheme, therefore has not recognised a liability for future unrecoverable contributions.

Other matters

In July 2024 the Court of Appeal upheld the 16 June 2023 High Court ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others) calling into question the validity of rule amendments made to defined benefit pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. Relevant amendments to these pension schemes over this time required confirmation from the Scheme Actuary that the Reference Scheme Test would continue to be met. In the absence of such a confirmation, the Rule amendment would be void. This ruling could have wide ranging implications for many UK pension schemes. A further related case Verity Trustees v Wood is currently awaiting judgement, which is anticipated in the summer of 2025.

At 31 March 2025, the trustees of the Scottish Hydro Electric Pension Scheme and the trustees of the SSE Southern Pension Scheme have engaged legal advisers to review relevant rule amendments and Section 37 Confirmations, but have not yet have made a detailed assessment of the potential impact of these rulings. The defined benefit obligation for the Group's schemes has been calculated on the basis of the pension benefits currently being administered. Any subsequent developments are being monitored by the Group and the pension scheme trustees.

23.1 Pension scheme assumptions

Both schemes have been updated to 31 March 2025 by qualified independent actuaries. The valuations have been prepared for the purposes of meeting the requirements of IAS 19. The major assumptions used by the actuaries in both schemes were:

	At 31 March 2025	At 31 March 2024
Rate of increase in pensionable salaries	**3.3%**	3.4%
Rate of increase in pension payments	**3.0%**	3.1%
Discount rate	**5.8%**	4.8%
Inflation rate	**3.0%**	3.1%

The assumptions relating to longevity underlying the pension liabilities at 31 March 2025 are based on standard actuarial mortality tables, and include an allowance for future improvements in longevity. The assumptions, equivalent to future longevity for members in normal health at age 65, are as follows:

Scottish Hydro Electric

	At 31 March 2025		At 31 March 2024	
	Male	**Female**	Male	Female
Currently aged 65	**22**	**24**	22	24
Currently aged 45	**24**	**26**	24	26

SSE Southern

	At 31 March 2025		At 31 March 2024	
	Male	**Female**	Male	Female
Currently aged 65	**22**	**25**	22	25
Currently aged 45	**24**	**25**	24	26

23 Retirement benefit obligations continued

23.2 Sensitivity analysis

The impact on the schemes' liabilities of changing certain of the major assumptions is as follows:

Scottish Hydro Electric

	At 31 March 2025		At 31 March 2024	
	Increase/ decrease in assumption	Effect on scheme's liabilities	Increase/ decrease in assumption	Effect on scheme's liabilities
Rate of increase in pensionable salaries	**0.1%**	**+/– 0.1%**	0.1%	+/– 0.1%
Rate of increase in pension payments	**0.1%**	**+/– 0.6%**	0.1%	+/– 0.7%
Discount rate	**0.1%**	**+/– 0.6%**	0.1%	+/– 0.7%
Longevity	**1 year**	**+/– 1.9%**	1 year	+/– 2.0%

SSE Southern

	At 31 March 2025		At 31 March 2024	
	Increase/ decrease in assumption	Effect on scheme's liabilities	Increase/ decrease in assumption	Effect on scheme's liabilities
Rate of increase in pensionable salaries	**0.1%**	**+/– 0.1%**	0.1%	+/– 0.1%
Rate of increase in pension payments	**0.1%**	**+/– 1.2%**	0.1%	+/– 1.2%
Discount rate	**0.1%**	**+/– 1.2%**	0.1%	+/– 1.3%
Longevity	**1 year**	**+/– 3.0%**	1 year	+/– 3.5%

23.3 Valuation of combined pension schemes

	Quoted £m	Unquoted £m	Value at 31 March 2025 £m	Quoted £m	Unquoted £m	Value at 31 March 2024 £m
Equities	**173.2**	**–**	**173.2**	196.9	–	196.9
Government bonds	**1,180.6**	**–**	**1,180.6**	1,215.3	–	1,215.3
Insurance contracts(i)	**–**	**454.4**	**454.4**	–	500.3	500.3
Other investments	**942.1**	**–**	**942.1**	1,102.7	–	1,102.7
Total fair value of plan assets	**2,295.9**	**454.4**	**2,750.3**	2,514.9	500.3	3,015.2
Present value of defined benefit obligation			**(2,248.5)**			(2,593.6)
Surplus in the schemes			**501.8**			421.6
Deferred tax thereon(ii)			**(125.5)**			(105.4)
Net pension asset			**376.3**			316.2

(i) See details of valuations of insurance contracts in note 23.7(ii).
(ii) Deferred tax rate of 25% (2024: 25%) applied to net pension surplus position.

23.4 Movements in the combined defined benefit assets and obligations during the year

	2025			2024		
	Assets £m	Obligations £m	Total £m	Assets £m	Obligations £m	Total £m
At 1 April	**3,015.2**	**(2,593.6)**	**421.6**	3,188.6	(2,647.5)	541.1
Included in income statement						
Current service cost	**–**	**(15.0)**	**(15.0)**	–	(16.2)	(16.2)
Past service cost	**–**	**(4.7)**	**(4.7)**	–	(2.4)	(2.4)
Interest income/(cost)	**141.3**	**(120.6)**	**20.7**	148.5	(122.3)	26.2
	141.3	**(140.3)**	**1.0**	148.5	(140.9)	7.6
Included in other comprehensive income						
Actuarial gain/(loss) arising from:						
Demographic assumptions	**–**	**20.9**	**20.9**	–	29.3	29.3
Financial assumptions	**–**	**288.5**	**288.5**	–	53.7	53.7
Experience assumptions	**–**	**1.9**	**1.9**	–	(46.2)	(46.2)
Return on plan assets excluding interest income	**(258.5)**	**–**	**(258.5)**	(192.0)	–	(192.0)
	(258.5)	**311.3**	**52.8**	(192.0)	36.8	(155.2)
Other						
Contributions paid by the employer	**26.4**	**–**	**26.4**	28.1	–	28.1
Scheme participant's contributions	**0.1**	**(0.1)**	**–**	0.1	(0.1)	–
Benefits paid	**(174.2)**	**174.2**	**–**	(158.1)	158.1	–
	(147.7)	**174.1**	**26.4**	(129.9)	158.0	28.1
Balance at 31 March	**2,750.3**	**(2,248.5)**	**501.8**	3,015.2	(2,593.6)	421.6

23.5 Pension scheme contributions and costs

Charges/(credits) recognised:

	2025 £m	2024 £m
Service costs (charged to operating profit)	**19.7**	18.6
(Credited)/charged to finance costs:		
Interest from pension scheme assets	**(141.3)**	(148.5)
Interest on pension scheme liabilities	**120.6**	122.3
	(20.7)	(26.2)

The return on pension scheme assets is as follows:

	2025 £m	2024 £m
Return on pension scheme assets	**(117.2)**	(43.5)

Defined contribution scheme

The total contribution paid by the Group to defined contribution pension schemes was £98.8m (2024: £90.5m).

Unfunded Unapproved Retirement Benefit Scheme ("UURBS") pension costs

The decrease in the year in relation to UURBS was £3.6m (2024: decrease of £6.1m). This is included in Employee related provisions (note 20).

Staff costs analysis

The pension costs in note 8 can be analysed as follows:

	2025 £m	2024 £m
Service costs	**19.7**	18.6
Defined contribution scheme payments	**98.8**	90.5
	118.5	109.1

23 Retirement benefit obligations continued

23.6 Pension scheme risk assessment and mitigation

Risks to which the Pension Schemes exposes the Group

The nature of the Group's defined benefit pension schemes expose the Group to the risk of paying unanticipated additional contributions to the schemes in times of adverse experience. The most financially significant risks are likely to be:

(i) Asset volatility
The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The schemes hold a proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the schemes' long term objectives. The SHEPS has a much lower proportion of growth assets than the SSE Southern Pension Scheme reflecting the maturity of each scheme.

(ii) Changes in bond yields
A decrease in corporate bond yields will increase the value placed on the schemes' liabilities for accounting purposes. However, this will be partially offset by an increase in the value of the schemes' bond holdings and its interest rate hedging in both schemes.

(iii) Inflation risk
The majority of the schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). However, this will be substantially offset by the inflation hedging in both schemes.

(iv) Life expectancy
The majority of the schemes' obligations are to provide benefits for the life of the members, so an increase in the life expectancy will result in an increase in the liabilities. The sensitivity analysis disclosed is intended to provide an indication of the impact on the value of the schemes' liabilities of the risks highlighted.

(v) Liability versus asset risk
The risk that movement in the value of the schemes' liabilities are not met by corresponding movements in the value of the schemes' assets will expose the Group to movements in the overall funding surplus.

23.7 Risk mitigation

(i) De-risking

The trustees have taken a number of steps to control the level of investment risk including reducing the Schemes' exposures to higher risk assets and increasing the level of protection against adverse movements in interest rates and inflation. The trustees of both schemes continue to review the risk exposures in light of the longer term objectives of the respective schemes, including consideration of the impact of climate-related risk. Detailed below are further details on the hedging of pensioner longevity risk.

(ii) Asset buy-in

On 1 October 2019, the Scottish Hydro Electric Pension Scheme entered into an asset buy-in, transferring the risk of volatility in the assumptions used to calculate the obligation for 1,800 pensioners and 567 dependants (covering c£800m of the scheme's funding liabilities) to a third party. The asset buy-in is valued under the accounting principles of IFRS 13 and is considered a Level 3 instrument in the fair value hierarchy. This is in addition to a previous buy-in completed during the year ended 31 March 2018 when c.£250m of the scheme's assets and liabilities related to 617 pensioners and 190 dependants were transferred to a third party. The Group has now insured against volatility in obligations related to pensioners who retired before 1 October 2019 to third parties (insurer PIC) and is now only exposed to valuation fluctuations related to active and deferred members and any members who retired after 1 October 2019.

(iii) Asset-liability matching strategies used by the Scheme

The Group and trustees of the schemes have agreed a long term investment strategy that seeks to reduce investment risk as and when appropriate. The asset-liability matching strategy is part of this approach which aims to reduce the volatility of the funding level of the pension schemes by investing in assets which perform in line with the liabilities of the schemes so as to protect against inflation being higher than expected. This has been adopted for a proportion of the schemes' assets, which is designed to provide partial protection against adverse movements in interest rates and inflation. The trustees of the respective schemes review the schemes' asset allocation on an ongoing basis in light of changes in the funding position and market opportunities.

23.8 Risk assessment

(i) Maturity profile of the defined benefit obligations

The weighted average duration of the defined benefit obligation is 14 years (2024: 17 years) for the Scottish Hydro Electric Pension Scheme and 12 years (2024: 13 years) for the SSE Southern Pension Scheme.

(ii) Information about the defined benefit obligations

Status of members is weighted by the liabilities of each scheme

	Scottish Hydro Electric %	SSE Southern %
Active members	**17**	**16**
Deferred members	**12**	**8**
Pensioners	**71**	**76**
	100	**100**

23.9 Pension scheme policies

(i) Recognition of gains and losses

The Group recognises actuarial gains and losses in the statement of other comprehensive income following the re-measurement of the net defined benefit liabilities of the schemes.

(ii) Methods and assumptions used in preparing the sensitivity analyses

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the schemes' liabilities. While these have been calculated consistently with the previous financial year, the method applied may change over time with financial conditions and assumptions.

(iii) Asset recognition

The Group has recognised net pension assets in relation to the Scottish Hydro Electric and SSE Southern pension schemes due to a surplus existing under IAS 19 accounting. The Group will only recognise a surplus should it have rights to that surplus under the rules of the pension scheme. The Group no longer applies the "asset ceiling" restriction mandated by IFRIC 14. Details on this key accounting consideration are provided above.

(iv) Fair value assessment of scheme assets

The Group seeks to assess whether there is a quotable market value (referenced as "quotable" above) in relation to pension scheme assets held. This assessment is based on regular reviews conducted in conjunction with the trustees of the schemes. For assets where no quotable market value exists, these assets will be valued based on a set methodology agreed by trustees and scheme advisors and then regularly assessed.

Currently only one unquotable value exists within the two pension schemes of the Group, this being qualifying insurance contracts (or "buy-in") held by the Scottish Hydro Electric Pension Scheme. These assets are currently valued consistently with the scheme's liabilities with the expected return on these assets being set equal to the discount rate.

24 Financial instruments

For financial reporting purposes, the Group has classified derivative financial instruments into two categories, operating derivatives and financing derivatives. Operating derivatives include all qualifying commodity contracts including those for electricity, gas, oil, and carbon and the post-day 1 fair value movements on non-government backed contracts for difference in SSE Renewables. Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts. Non-hedge accounted contracts are treated as held for trading.

The Group provides guarantees in respect of certain activities of former subsidiaries and to certain current joint venture investments. As permitted by IFRS 17 "Insurance Contracts", the Group elected to apply the valuation principles of IFRS 9 to these contracts.

24.1 Financial instruments – income statement

	2025 £m	2024 £m
Operating derivatives		
Total result on operating derivatives(i)	**92.9**	(573.1)
Less: amounts settled(ii)	**(141.9)**	1,025.3
Movement in unrealised derivatives	**(49.0)**	452.2
Financing derivatives (and hedged items)		
Total result on financing derivatives(i)	**63.6**	370.6
Less: amounts settled(ii)	**(50.8)**	(364.5)
Movement in unrealised derivatives	**12.8**	6.1
Financial guarantee liabilities		
Total result on financial guarantee liabilities(iii)	**1.9**	12.5
Net income statement impact	**(34.3)**	470.8

(i) Total result on derivatives in the income statement represents the total amounts credited (or charged) to the income statement in respect of operating and financial derivatives, and is shown as certain re-measurements in note 7.
(ii) Amounts settled in the year represent the result on derivatives transacted which have matured or been delivered and have been included within the total result on derivatives, and is shown as certain re-measurements in note 7.
(iii) Total result on financial guarantee liabilities in the income statement represents the total amounts credited or (charged) to the income statement in respect of the unwind of the financial liabilities and recognition of new or expiring contracts.

The movement in unrealised operating derivative excludes a £11.1m loss (2024: £8.8m loss) on proprietary trades, which has been recognised in the underlying profit of the Group.

24 Financial instruments continued

24.2 Financial instruments – balance sheet

The derivative financial assets/(liabilities) are represented as follows:

Derivative financial assets	2025 £m	2024 £m
Non-current	**63.5**	64.2
Current	**178.4**	536.1
Total derivative assets	**241.9**	600.3
Derivative liabilities		
Non-current	**(167.7)**	(222.2)
Current	**(126.3)**	(345.2)
Total derivative liabilities	**(294.0)**	(567.4)
Net derivative (liability)/asset	**(52.1)**	32.9

The financial guarantee liabilities are represented as follows:

Financial guarantee liabilities	2025 £m	2024 £m
Non-current	**(23.1)**	(36.4)
Current	**(2.4)**	(3.1)
Total guarantee liabilities	**(25.5)**	(39.5)

Information on the Group's financial risk management and the fair value of financial instruments is available at A6 and A7.

25 Commitments and contingencies

25.1 Capital commitments

Capital expenditure	2025 £m	2024 £m
Contracted for but not provided	**4,438.3**	1,389.2

Contracted for but not provided capital commitments include the fixed contracted costs of the Group's major capital projects. In practice contractual variations may arise on the final settlement of these contractual costs. The increase from the prior year relates primarily to Transmission projects.

25.2 Contingent liabilities

Contingent liabilities for the Group solely relate to SSE plc, and have been disclosed within note 13 to the Company Financial Statements.

Accompanying information

A1 Basis of consolidation and significant accounting policies

A1.1 Basis of consolidation

The financial statements consolidate the results of the Company and its subsidiaries together with the Group's share of the results and net assets of its interests in joint arrangements and associates. Where necessary to ensure consistency, the accounting policies of the subsidiaries, joint arrangements or associates have been adjusted to align to the accounting policies of the Group. Intra-Group balances and any unrealised gains and losses or income and expenses arising from Intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with joint arrangements and associates are eliminated to the extent of the Group's interest in the entity. Non-controlling interests represent the equity in subsidiaries that is not attributable, either directly or indirectly, to SSE plc shareholders.

Subsidiaries (Accompanying Information A3)

Subsidiaries are those entities controlled by the Group or the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity in order to obtain variable returns from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases. Transactions with non-controlling interests that relate to their ownership interests and do not result in a loss of control are accounted for as equity transactions.

Interests in joint arrangements and associates (note 16 and Accompanying Information A3)

Joint arrangements, as defined by IFRS 11 "Joint Arrangements", are those arrangements that convey to two or more parties "joint control". Joint control exists when decisions about the "relevant activities", being the financial, operational or strategic policies of the arrangement, are made with the unanimous consent of the parties sharing control. Whilst this assessment is principally focused on any "reserved matters", being the material activities that typically require all significant shareholders to approve, other contractual agreements such as Power Purchase Agreements and Management Services Agreements are also considered. The Group's investments in joint arrangements are classified as either joint operations or joint ventures depending on the investee's legal form and the investor's contractual rights and obligations over the assets and liabilities of the investee.

Associates are those investments over which the Group has significant influence but neither control nor joint control.

The Group's interests in its joint operations are accounted for by recognising its share of the assets, liabilities, revenue and expenses of the operation. The Group's share of revenue from Greater Gabbard is eliminated on consolidation due to the offtake agreement where the Group purchases its share of the output from the arrangement.

The Group's joint ventures and associates are accounted for using the equity method of accounting where the joint venture and associate net investments (comprising both equity and long term loans) are carried at historical cost plus the Group's share of post-acquisition results, less any impairment in value. Where an impairment is recognised against the carrying value of an investment, it is recognised within the operating costs line of the consolidated financial statements. For those investments that were formerly subsidiaries of the Group, this will also include any fair value uplift arising from loss of control. The Group recognises its share of the results of these equity-accounted operations after tax and interest in the income statement.

Foreign currencies

The consolidated financial statements are presented in pounds Sterling, which is the functional currency of the parent. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured accordingly.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising on the restatement of such items is taken to the income statement as a finance cost, with the exception of exchange gains or losses on foreign currency borrowings that provide a hedge against a net investment in a foreign entity or exchange gains or losses incurred as part of a qualifying cash flow hedge. These exchange gains or losses are transferred to the translation reserve to the extent the hedge is effective. Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated at the historic rate at the date of transaction.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds Sterling at the balance sheet closing rate. The results of these operations are translated at the average rate in the relevant period. Exchange differences on retranslation of the opening net assets and the results of foreign operations are transferred to the translation reserve and are reported in the consolidated statement of comprehensive income.

The average and spot rates for the principal functional currencies that the Group's foreign operations are denominated in are shown in the table below.

		2025	2024	Change
EUR v GBP	Year end spot rate	**1.1938**	1.1697	2.1%
	Average spot rate	**1.1946**	1.1694	2.2%
US$ v GBP	Year end spot rate	**1.2907**	1.2623	2.2%
	Average spot rate	**1.2915**	1.2710	1.6%
JPY v GBP	Year end spot rate	**193.4770**	191.0290	1.3%
	Average spot rate	**192.5154**	190.4400	1.1%

A1.2 Significant accounting policies

Revenue (note 5)

Revenue from contracts with customers is recognised to the extent that it reflects the expected consideration for goods or services provided to the customer under contract, over the performance obligations they are being provided. For each separable performance obligation identified, the Group determines whether it is satisfied at a "point in time" or "over time" based upon an evaluation of the receipt and consumption of benefits, control of assets and enforceable payment rights associated with that obligation. If the criteria required for "over time" recognition are not met, the performance obligation is deemed to be satisfied at a "point in time".

Revenue principally arises as a result of the Group's activities in energy production, storage, transmission, distribution, supply and related services in the energy markets in Great Britain and Ireland. The key policies applied by each Business Unit are as follows:

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Transmission

Use of electricity transmission networks

Revenue from use of electricity transmission networks is derived from the allowed revenue as defined by the parameters in the relevant electricity transmission licence, which informs the tariffs set.

Electricity transmission revenue is determined in accordance with the regulatory licence, based on an Ofgem approved revenue model and is recognised "over time" as charged to National Grid. Where this revenue differs from the allowed revenue, there may be an over- or under-recovery of revenue which will be reflected in future financial years' allowed revenue as set out in the regulatory licence. No accounting adjustments are made for over- or under-recoveries in the year that they arise as they are contingent on future events (being the transmission of electricity in a future period). The over or under recovery adjustment is recognised in the subsequent period when included within the tariffs that form allowed revenue under the regulatory agreement.

Transmission network contracted services

Where the Group has an ongoing obligation to provide contracted services (transmission network connections), revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period. Any assets constructed in order to deliver the service are capitalised and depreciated over their useful life. Payments are typically received from customers in advance of providing the contracted service and are deferred on balance sheet. No extended warranty periods are offered.

Distribution

Use of electricity distribution networks

Revenue from use of electricity distribution networks is derived from the allowed revenue as defined by the parameters in the relevant electricity distribution licence, which informs the tariffs set.

Electricity distribution revenue is recognised based on the volume of electricity distributed "over time", as use of distribution service is determined by the customer, and the set customer tariff. As with electricity transmission revenue, any over- or under-recovery of revenue is reflected in future financial years' allowed revenue as set out in the regulatory licence. No accounting adjustments are made for over- or under-recoveries in the year that they arise as they are contingent on future events (being the distribution of electricity in a future period). The over or under recovery adjustment is recognised in the subsequent period when included within the tariffs that form allowed revenue under the regulatory agreement. The policy also applies to the Group's independent network business reported within Thermal.

Distribution network contracted services

Where the Group has an ongoing obligation to provide contracted services (such as for distribution network connections), revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period. Any assets constructed in order to deliver the service are capitalised and depreciated over their useful life. Payments are typically received from customers in advance of providing the contracted service and are deferred on balance sheet. The release of deferred income on customer or third party funded additions is removed from the Group's adjusted EBITDA measure. No extended warranty periods are offered.

Renewables

Electricity generation

Revenue from the physical generation of electricity is recognised "point in time" as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Renewables contracted services

Revenue from national support schemes, such as Renewable Obligation Certificates, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Thermal

Electricity generation

Revenue from the physical generation of electricity is recognised "point in time" as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Gas storage

Revenue from gas storage trading activities is recognised "point in time" as injected back into the gas network. Revenue is measured at the spot price at the time of delivery.

Thermal Generation contracted services

Revenue from national support schemes, such as the Capacity Market mechanism, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Customers

Supply of energy

Revenue on the supply of energy comprises sales to domestic (in Ireland) and business end-user customers (in GB and Ireland) is based on actual energy consumption including an estimate of the value of electricity and gas supplied to customers between the date of the last meter reading and the year end. Revenue is recognised "over time" consistent with the delivery of energy to the customer as the receipt and consumption of the benefits of the energy is considered to be simultaneous. Revenue is measured based on the applicable customer tariff rate and after deduction of any applicable contractual discounts.

Details of the judgements involved in the estimation process for the value of electricity and gas supplied to GB Business customers is given within note 4.1(iii).

Payments from customers may be received in advance of providing the contracted service and are deferred on balance sheet. Amounts received from customers in relation to energy management services provided by Third Party Intermediaries ("TPIs") are offset against payments to those TPIs, reflecting the responsibility for providing the energy management service.

Energy related services
Where the Group has an ongoing obligation to provide contracted energy related services, revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period at the fixed contracted rate. Where the Group has an obligation to perform a specific service, revenues are recognised "point in time", following performance of the service at the fixed contracted consideration. No extended warranty periods are offered.

SSE Energy Markets

Commodity optimisation and other services
Income from sales commodity optimisation trading occurring in any business unit is presented net in cost of sales alongside purchase commodity optimisation trades. Revenue on physical power and gas supplied is recognised "point in time" as delivered to the national settlements body or third parties. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Revenue arising on commodities purchased in excess of the Group's requirements and recorded as inventory assets, such as Renewables Obligation Certificates, REGOs or carbon allowances, is recognised "point in time" on disposal of these inventory assets to third parties.

Revenue from other ancillary services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Aside from where specifically noted above, consideration is due when the performance obligation has been satisfied. As the period between satisfaction of the performance obligation and receipt of consideration from the customer is expected to be less than a year, the Group has applied the practical expedient not to adjust revenue for the effect of any financing components.

Revenue from sources other than the Group's contracts with customers principally comprise meter rental income included within Corporate unallocated (previously within the SSE Enterprise business), and Contract for Difference income.

Income on meter rental agreements, which are classified as operating leases, are presented as revenue where they relate to the core operating activities of that business. Lease payments are recognised as income on a straight-line basis over the lease term.

Where the Group earns income from an asset during the commissioning period, the income is recognised in the income statement as revenue in accordance with the relevant asset accounting policy set out above.

Other operating income – Government Grants (note 6)

Under government customer support schemes, licensed energy suppliers are required to provide a discount on gas and electricity prices to customers. The level of discount applied to each customer varies dependent upon energy tariff and support scheme applicable to each customer. Where SSE provided a discount to customer through reduction of energy bill, the cost of applying these discounts is recovered from the Government. The amounts reclaimed under this scheme are recognised as government grant income within Other Operating Income in the consolidated income statement.

For the year ended 31 March 2025 the most significant customer support scheme administered by the Group was the Irish Government Electricity Costs Emergency Benefit Scheme IV applicable to eligible domestic electricity customers in the Republic of Ireland. The scheme was administered by SSE Airtricity with credits applied to customers' accounts, following receipt of funding from the Irish Government (see note 6).

Contracts for Difference ("CfD") are agreements between a low carbon electricity generator and the Low Carbon Contracts Company ("LCCC"), a UK Government owned entity responsible for delivering support mechanisms for low-carbon electricity generation. These agreements are not considered to be contracts with a customer, as the LCCC does not receive any goods or services from the generator. These arrangements are instead considered to be Government Grants, with income arising from these grants recognised in the income statement in the period in which generation takes place. In the year, the Group recognised no income or expense (2024: none) related to Contracts for Difference with the LCCC within its wholly owned subsidiaries. The Group's joint venture investment, Beatrice Offshore Windfarm Limited, has a CfD with the LCCC which resulted in payments from the LCCC of £245.7m in the year with SSE's share of £98.3m recognised within share of profit (2024: £217.3m, with SSE's share of £86.9m recognised within share of profit). The Group's wholly owned Viking wind farm and joint venture investments Seagreen Wind Energy Limited, and Doggerbank A & B, which are currently under construction, also have a CfD arrangement in place with the LCCC. The LCCC government agreements for Viking, Seagreen and Doggerbank are not yet effective and as such no income or cost was recognised during the year.

Where the CfD strike price falls below the spot price of generation and payments are made to the LCCC, these payments are expensed as incurred within operating costs. See "financial instruments" below for the Group's policy in relation to commercial Contracts for Difference.

Presentation of grants related to assets
Income received from Government towards the capital cost of an asset are deducted from the carrying value presented in the financial statements.

Cost of sales (note 6)

Cost of sales includes fuel and energy purchases, direct employee benefits, and depreciation of electricity generation property, plant and equipment.

The net result from sales and purchases of commodity optimisation trades – comprising both realised and unrealised gains and losses arising from optimisation trading activities – is also presented within cost of sales, reflecting the underlying economic purpose of this trading activity.

Finance income and costs (note 9)

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method. The issue costs and interest payable on bonds and all other interest payable and receivable is reflected in the income statement on the same basis.

Interest on the funding attributable to major capital projects is capitalised during the period of construction and depreciated as part of the total cost over the useful life of the asset.

The accounting policy for foreign exchange translation of monetary assets and liabilities is described on page 229 and for lease liability charges on page 234.

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Taxation (note 10)

Taxation on the profit for the year comprises current and deferred tax. Taxation is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities other than in business combinations that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the Group intends to either settle them on a net basis, or to realise the asset and settle the liability simultaneously. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

During the previous financial year, Finance (No.2) Act 2023 was enacted, bringing the Electricity Generator Levy ("EGL") into force, which is effective for periods from 1 January 2023 to 31 March 2028. The Group has assessed that the EGL has the characteristics of a levy rather than an income tax. The Group therefore recognises the costs associated with the levy for within cost of sales.

Business Combinations (note 12)

The acquisition of subsidiaries, and joint operations that meet the definition of a business, is accounted for under the acquisition method as defined by IFRS 3 "Business Combinations".

The cost of acquisition is measured as being the aggregate fair value of consideration to be transferred at the date control is obtained. Goodwill is measured at the acquisition date as the fair value of consideration transferred, plus non-controlling interests, less the net recognised amount (which is generally fair value) of the identifiable assets and liabilities assumed. Goodwill is subject to an annual review for impairment (or more frequently if necessary) in accordance with the Group's impairment accounting policy.

Contingent consideration is classified as a liability and subsequently re-measured through the income statement. Acquisition costs are expensed as incurred.

Changes in ownership that do not result in a change of control are accounted for as equity transactions.

Held for sale assets and liabilities and discontinued operations

Non-current assets are classified as held for sale if their recoverable value is likely to be recovered via a sale or distribution as opposed to continued use by the Group. In order to be classified as assets held for sale, assets must meet all of the following conditions: the sale is highly probable; it is available for immediate sale; it is being actively marketed; and the sale is likely to occur within one year.

Assets that qualify as held for sale and related liabilities are disclosed separately from other assets and liabilities in the balance sheet prospectively from the date of classification. Non-current assets determined as held for sale are measured at the lower of carrying value and fair value less costs to sell, no depreciation is charged in respect of these assets after classification as held for sale.

Assets or groups of assets and related liabilities that qualify as held for sale are classified as discontinued operations when they represent a separate major line of business or geographical area, are part of a single plan to dispose of a separate major line of business or geographical area or are acquired exclusively with a view to resale. Income and expenses relating to these discontinued operations are disclosed in a single net amount after taxes in the income statement, with comparative amounts re-presented accordingly.

Intra-Group balances and any unrealised gains and losses or income and expenses arising from trading between continuing and discontinued operations continue to be eliminated in preparing the consolidated financial statements.

Intangible assets (note 13)

Goodwill and impairment testing

Goodwill arising on a business combination represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least on an annual basis.

For the purpose of impairment testing, goodwill is allocated on initial recognition to the cash-generating units or groups of CGUs expected to benefit from the combination's synergies. The CGUs (or groups of CGUs) used for goodwill impairment testing purposes will represent how goodwill was attributed but may not represent reportable business segments.

Goodwill may also arise upon investments in joint arrangements and associates. Goodwill arising on a joint operation is recorded as a separate asset and any impairment loss is recognised in the income statement. Goodwill arising on a joint venture or associate is recorded within the carrying amount of the Group's investment and any impairment loss is included within the share of result from joint ventures and associates. On disposal or closure of a previously acquired investment or business, any attributed goodwill will be included in determining the profit or loss on disposal.

Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased obligations certificates. These allowances and certificates will be utilised in settlement of environmental obligations incurred by the Group's Thermal and SSE Business Energy businesses.

The EU Emissions Trading Scheme ("EU ETS") has been in operation since 1 January 2005, with the Group operating under the established EU ETS carbon pricing system from that date. Since 1 January 2021, following Brexit, the UK Government has established a UK Emissions Trading Scheme ("UK ETS") to replace the EU ETS with the Group's UK generation assets now operating under the UK ETS carbon pricing system. The Group continues to hold EU ETS certificates to settle obligations arising through the activities of its Irish Thermal generation assets. Carbon allowances purchased are recorded at cost within intangible assets. Forward carbon contracts are measured at fair value with gains or losses arising on re-measurement being recognised in the income statement. A liability is recognised based on the level of emissions recorded. Up to the level of allowances held, including forward carbon contracts, the liability is measured at the cost of purchase. When the carbon emission liability exceeds the carbon allowances held, the difference is measured at market value selling price. Subsequent movements in market value are prospectively recognised in operating profit.

The carbon allowance intangible asset is surrendered at the end of the compliance period to the extent requested reflecting the consumption of the economic benefit and is recorded as being utilised. As a result, no amortisation is booked but an impairment charge may be recognised should the carrying value of allowances exceed market or fair value.

Under the Renewable Obligations Certificates scheme, certificates obtained from own generation are awarded by a third party, Ofgem. ROCs can be traded with third parties and are ultimately used by suppliers to demonstrate to Ofgem that they have met their obligation to source a set proportion of the electricity they supply from renewable sources. The value of a ROC to a supplier comprises two elements: the "buy-out" price which is set annually in advance of the compliance period by Ofgem; and the "recycle" price which is determined after the compliance period by Ofgem. The recycle price element is estimated at the balance sheet date based on assumptions at that point in time around likely levels of renewable generation and supply over the remaining compliance period, and is therefore subject to possible future variation.

Where ROCs are self-generated or purchased to fulfil the Group's liability under the renewable obligation, they are recorded at market value at the point of generation or purchased within intangible assets. The Group can hold ROCs in excess of the Group's renewables obligation, which, due to limited evidence of liquidity or net settlement for ROC trades, are recorded at the lower of cost or net realisable value within inventories. Similarly, the fair value of any forward contracts entered into at the balance sheet date for the purchase or sale of ROCs in future periods are not recognised, as there is insufficient liquidity for net settlement. The Group's liability under the renewable obligation is recognised based on electricity supplied to customers, the obligation level set by Ofgem and the prevailing market price.

The Group's SSE Business Energy segment has a requirement under certain customer supply agreements to demonstrate the origin of electricity supplied to customers generated by renewable sources. Renewable Energy Guarantees of Origin certificates ("REGOs") are procured from third parties or generated by the Group's Renewable accredited assets and retained for surrender under the scheme. Tickets that are held to be surrendered are recorded as intangible assets at the prevailing market rate in line with the external obligation. Excess tickets held by the Group are held in inventories at the lower of cost or net realisable value.

The ROCS and REGO intangible assets are surrendered at the end of the compliance period reflecting the consumption of economic benefit and release of the associated liability. As a result, no amortisation is recorded during the period.

Research and development

Expenditure on research activities is charged to the income statement as incurred.

Expenditure on development activities is capitalised as intangible assets if the project or process is considered to be technically and commercially feasible and the Group intends to complete the project or process for use or for sale. Development projects include wind farm developments, battery storage and solar developments, thermal generation projects and other developments relating to proven technologies. Costs incurred in bringing these projects to the consent stage include options over land rights, planning application costs and environmental impact studies and may be costs incurred directly or part of the fair value exercise on acquisition of an interest in a project. At the point that the project reaches the consent stage and is approved by the Board, the carrying value of the project is transferred to property, plant and equipment as assets under construction. Revenue and costs incurred through pre-commissioning testing activities are reflected in the income statement. Once in operation, depreciation will be charged over the expected useful life of the asset. The asset is derecognised on disposal, or when no future economic benefits are expected to arise.

Software assets

Software assets that have been acquired separately by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally developed software assets and application software licences includes contractors' fees and directly attributable labour and overheads. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of these assets. The amortisation periods utilised are as follows:

	Years
Developed software assets and application software licences	3–15

The useful lives of all the intangible assets are reviewed annually and amended, as required, on a prospective basis. Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Cloud computing arrangements

The Group has contracts for Software as a Service ("SaaS") and Platform as a Service ("PaaS") Cloud Computing Arrangements. Where the Group does not control the underlying assets in these arrangements, costs are expensed as incurred. Implementation costs in respect of these contracts are capitalised when the definition and recognition criteria of an intangible asset under IAS 38 are met.

Property, plant and equipment (note 14)

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairments. The cost of self-constructed assets includes the cost of materials, direct labour and other directly attributable costs. Where the asset is a qualifying asset, for which a considerable period of time is required to prepare the asset for use or sale, borrowing costs will be capitalised as part of the asset's cost. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Property, plant and equipment (note 14) continued

Right of use assets

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Hydro civil assets

The Group is obliged under the Reservoirs Act 1975 to maintain its hydro infrastructure network, including its dams, tunnels and other hydro civil engineering structures (hydro civil assets). All items of property, plant and equipment within hydro civil assets, with the exception of land, are subject to depreciation.

In accordance with the transition provisions of IFRS 1 "First-time Adoption of IFRS", the Group identified the carrying value of these assets at privatisation and has treated this value as deemed cost. Following this assessment, the assets, and all subsequent enhancement and replacement expenditure, has been subject to depreciation over a useful economic life of 75 years. All subsequent maintenance expenditure is chargeable directly to the income statement.

Depreciation

Depreciation is charged to the income statement to write off cost, less residual values, on a straight line basis over their estimated useful lives. Heritable and freehold land is not depreciated. Depreciation policy, useful lives and residual values are reviewed at least annually, for all asset classes to ensure that the current method is the most appropriate. Depreciation commences following the asset commissioning period and when the asset is available for commercial operation. The estimated useful lives for assets depreciated on a straight line basis are as follows:

	Years
Hydro civil assets (classified within Renewable power generation assets)	75 to 100
Thermal and hydro power stations including electrical and mechanical assets (classified within Thermal power generation assets)	20 to 60
Onshore wind farms (classified within Renewable power generation assets)	20 to 25
Offshore wind farms (classified within Renewable power generation assets)	23 to 30
Gas storage facilities (classified within Other assets)	25 to 50
Overhead lines, underground cables and other network assets (classified within Distribution or Transmission network assets)	5 to 80
Office buildings (classified within Land and buildings)	30 to 40
Fixtures, IT assets, vehicles and mobile plant (classified within Other assets)	3 to 15

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease agreement.

Subsequent expenditure

It is the Group policy to capitalise qualifying replacement expenditure and depreciate it over the expected useful life of the replaced asset. Replaced assets are derecognised at this point and the costs recorded as costs of disposal. Where an item of property, plant and equipment is replaced and it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement adjusted for inflation will be used as an approximation of the cost of the replaced part at the time it was acquired or constructed.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the item of property, plant and equipment to which it relates. Maintenance and repair costs are expensed as incurred.

Derecognition

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount of the asset and are included in the income statement. Any gain or loss on derecognition of the asset is included in the income statement in the period of derecognition.

Lease arrangements (note 21)

Lease arrangements are separately distinguished from service contracts based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Group is deemed to control the use of an identified asset, a right of use asset and a corresponding lease liability are recognised on the balance sheet.

Right of use assets are capitalised and held as part of property, plant and equipment. The accounting policy for such arrangements is described above.

Lease liabilities are initially measured at the present value of the future lease payments discounted using the rate implicit in the lease if that can be readily determined. If the interest rate implicit in the lease cannot be readily determined the incremental borrowing rate is used. Where the interest rate implicit in the lease is not readily determinable, the Group has applied the intercompany borrowing rate which is based on the Group's external medium-term borrowing rates with premia adjustments for any subsidiary specific risk factors.

In determining whether any break and/or extension clauses should be included within the lease term, the Group has considered that where an internal decision has been made to break or extend the lease agreement, that decision shall be applied in determining the appropriate lease term. Where an internal decision has not been made, and where the non-cancellable element of the lease term has longer than five years remaining, it is considered that any clauses will not be triggered as any decision beyond that date is not reasonably certain. For all leases with less than five years remaining, an assessment is made at each reporting period on a lease-by-lease basis on whether the clause is reasonably certain to be triggered. Reassessment of break and/or extension judgements made in prior periods could result in recalculation of the lease liability and adjustments to associated balances.

The lease liability is subsequently adjusted for the unwind of discounting, repayments and other modifications to the underlying agreement. Lease modifications are accounted for as a separate lease where the scope of the lease increases through the right to use one or more underlying assets and where the consideration of the lease increases by an amount that is equivalent to the standalone price of the increase in scope. Where a modification decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease.

All other modifications are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Leases with a duration of 12 months or less and leases for assets which are deemed "low value" are expensed to the income statement on a straight-line basis over the lease term.

Impairment review (note 15)

The carrying amounts of the Group's property, plant and equipment and other intangible assets and the Group's investments in joint ventures and associates, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there are indications that a previously recognised impairment loss has reduced. For property, plant and equipment assets that have previously been identified as exhibiting indications of impairment, the review of impairment will be performed annually until there is sufficient evidence to confirm that any potential impairment loss has been appropriately recognised, or until previously recognised impairment losses have been fully written back. For goodwill and other intangible assets with an indefinite life or which are not yet ready for use, the test for impairment is carried out annually. In addition, financial assets measured at amortised cost are also reviewed for impairment annually.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's (or cash-generating unit's, in the case of goodwill), recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell ("FVLCS") and the value-in-use ("VIU") of the asset or cash-generating unit ("CGU"). For financial assets measured at amortised cost the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement. Reversals of previous impairment charges are recognised if the recoverable amount of the asset or CGU significantly exceeds the carrying amount. Previous impairments of goodwill are not reversed.

VIU calculations require the estimation of future cash flows to be derived from the respective assets (or CGUs) and the selection of an appropriate discount rate in order to calculate their present value. The VIU methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for reviews of property, plant and equipment assets and the Group's identified goodwill-related CGUs.
The methodology is based on the pre-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a pre-tax discount rate based on the Group's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

The fair value less costs to sell methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

Any impairment charge identified will initially be adjusted against the goodwill allocated to the cash-generating unit. Any excess charge will be allocated against the remaining assets of the cash-generating unit. Reversals of previous impairment charges are allocated against the carrying value of assets previously subject to an impairment charge.

Inventories (note 17)

Inventories – aside from inventory purchased by the Gas Storage business for trading activities – are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Gas inventory purchased by the Gas Storage business for trading activities is held at fair value with reference to the forward month market price. Gains and losses on re-measurement at fair value are recognised within the income statement, as a "certain re-measurement" item.

Provisions (note 20)

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Decommissioning

The Group engages independent experts to estimate the cost to decommission its Renewable (Wind, Solar and Battery assets), Thermal and Gas Storage assets every three years. In the intervening years, management updates the external valuation based on factors arising since the last formal valuation date. Provision is made for the net present value of the estimated cost of decommissioning gas storage facilities, wind farms and power stations at the end of the useful life of the facilities. This includes development assets, where if a present obligation exists, a provision is recognised during construction and prior to commencement of operations from the site. The estimates are based on technology and prices at the balance sheet date and exclude any salvage value related to those assets. A corresponding decommissioning asset is recognised and is included within property, plant and equipment when it gives access to future economic benefits, and is depreciated on a straight-line basis over the expected useful life of the asset. Changes in these provisions are recognised prospectively. The unwind of discounting of the provision is included in finance costs.

The Group retained a decommissioning obligation following the disposal of its Gas Production business. The decommissioning cost estimates are updated periodically by field operators based on current technology and prices. Field operators also provide estimated end of field life dates for each field, which can change based on market commodity prices.

Retirement benefit obligations (note 23)

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, one of which is operated by the Company. Pension scheme assets are measured using bid market values. Pension scheme liabilities are measured using the projected unit credit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Any increase in the present value of liabilities within the Group's defined benefit pension schemes expected to arise from employee service in the year is charged as service costs to operating profit.

Net interest costs are based on net scheme assets or liabilities, adjusted for minimum funding requirement and pension surplus restrictions under IFRIC 14 "IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Retirement benefit obligations (note 23) continued

Defined contribution pension schemes

The Group also operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged represent the contributions payable to the schemes in the year and are charged directly to the income statement.

Equity and equity-related compensation benefits

The Group operates a number of employee share schemes as described in the Remuneration Report. These schemes enable Group employees to acquire shares of the Company.

The exercise prices of the sharesave scheme are set at a discount to market price at the date of the grant. The fair value of the sharesave scheme option granted is measured at the grant date by use of a Black-Scholes model. The fair value of the options granted is recognised as an expense on a straight-line basis over the period that the scheme vests. Estimates are updated for non-market conditions at each balance sheet date with any adjustment in respect of the current and prior years being recognised in the income statement. The costs associated with the other main employee schemes are recognised over the period to which they relate. The charge related to the equity shares in the Company awarded under the share schemes is treated as an increase in the cost of investment held by the Company in the subsidiary companies of the Group. The disclosures on equity and equity-related compensation benefits have been removed on the grounds of materiality in relation to the Group.

Financial instruments (note 24)

The Group uses a range of financial instruments to hedge exposures to financial risks, such as interest rate, foreign exchange and energy price fluctuations in its normal course of business and in accordance with the Group's risk management policies. The Group's risk management policies are further explained in A6.

The Group's review of the IFRS 9 hedge accounting model concluded that, whilst adoption would not change the treatment of existing hedging arrangements, the changes made would not result in any additional hedge designations either. As such, the existing hedge accounting model under IAS 39 appropriately reflects the Group's risk management activities in the financial statements. Therefore, as permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. This policy choice will be periodically reviewed to consider any changes in our risk management activities.

Interest rate and foreign exchange derivatives

Financial derivative instruments are used by the Group to hedge interest rate and currency exposures. All such derivatives are recognised at fair value and are re-measured to fair value each reporting period. Certain derivative financial instruments are designated as being held for hedging purposes. The designation of the hedge relationship is established at the inception of the hedge and procedures are applied to ensure the derivative is highly effective in achieving its objective and that the effectiveness of the hedge can be reliably measured. The treatment of gains and losses on re-measurement is dependent on the classification of the hedge and whether the hedge relationship is designated as either a "fair value" or "cash flow" hedge. Derivatives that are not designated as hedges are treated as if held for trading, with all fair value movements being recorded through the income statement.

A derivative classified as a "fair value" hedge recognises gains and losses from re-measurement immediately in the income statement. Loans and borrowings are measured at cost except where they form the underlying transaction in an effective fair value hedge relationship. In such cases, the carrying value of the loan or borrowing is adjusted to reflect fair value movements with the gain or loss being reported in the income statement.

A derivative classified as a "cash flow" hedge recognises the portion of gains or losses on the derivative which are deemed to be effective directly in equity in the hedge reserve. Any ineffective portion of the gains or losses is recognised in the consolidated income statement. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At the point of discontinuation, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction affects profit or loss. On settlement, the cumulative gain or loss recognised in equity is recognised in the income statement.

Commodity derivatives

Within its regular course of business, the Group routinely enters into sale and purchase derivative contracts for commodities such as electricity, gas, carbon allowances and oil. Where the contract was entered into and continues to be held for the purpose of receipt or delivery in accordance with the Group's expected sale, purchase or usage requirements, the contracts are designated as "own use" contracts and are measured at cost. These contracts are not within the scope of IFRS 9.

Derivative commodity contracts which are not designated as own use contracts are accounted for as trading derivatives and are recognised in the balance sheet at fair value. Where a hedge accounting relationship is designated and is proven to be effective, the changes in fair value will be recognised in accordance with the rules noted above. There are currently no designated hedge relationships in relation to commodity contracts.

Other commodity contracts, where own use is not established and a hedge accounting relationship is not designated, are measured at fair value with gains and losses on re-measurement being recognised in the income statement in cost of sales.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives where the characteristics of the derivatives are not closely related to those of the host contracts.

Net investment hedges

Hedges of net investments in foreign operations are accounted in a manner similar to effective cash flow hedges. Any gain or loss on the effective portion of the hedge is recognised in equity, in the translation reserve, and any gain or loss on the ineffective portion of the hedge is recognised in the income statement. On disposal of the foreign operation, the cumulative value of any gains or losses recognised directly in equity is transferred to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables
Trade receivables do not carry any interest and are measured at cost less an appropriate allowance for lifetime expected credit losses.

At the end of each reporting period a review of the allowance for impairment of trade receivables (or bad debt provision) is performed by the respective businesses. Trade receivables do not contain a significant financing element, and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised on initial recognition. A provision matrix is utilised to estimate the lifetime expected credit losses, based on the age, status and risk of each class of receivable, which is updated periodically to include changes to both forward-looking and historical inputs.

Interest-bearing loans and borrowings
All such loans and borrowings are initially recognised at fair value including transaction costs and are subsequently measured at amortised cost, except where the loan or borrowing is the hedged item in an effective fair value hedge relationship.

Commercial (and affiliate) contracts for difference
The Group has commercial Contracts for Difference ("CfD") arrangements in place where the Group has agreed to provide a revenue support contract. Where the Group has entered into these arrangements and there is no relationship with a government entity, the instruments are classified as derivatives and accounted for under IFRS 9. The Group has assessed that due to the valuation complexity of these arrangements, they are Level 3 financial instruments in the fair value hierarchy. On day 1, the Group recognises no gain or loss arising from the instrument, but instead defers this gain or loss and recognises it progressively over the life of the instrument. At each balance sheet date the fair value of the instrument is assessed with any movement in fair value recognised in the income statement in the period it arises.

Financial guarantee liabilities
The Group issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if certain former subsidiaries and certain current joint venture investments fail to make payments when due in accordance with the original or modified terms of a debt instrument.

As permitted by IFRS 17, the Group has elected to apply IFRS 9 "Financial Instruments" to these contracts, as available under the transition arrangements of the standard. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the loss allowance for expected credit losses and the initial fair value less any income recognised.

Share capital
Ordinary shares are accounted for as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are reacquired are deducted from equity. No gain or loss is recognised in the Group income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Hybrid equity
Hybrid equity comprises issued bonds that qualify for recognition as equity. Accordingly, any coupon payments are accounted for as dividends and are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to equity. Coupon payments consequently do not have any impact on the income statement. Coupon payments are recognised in the cash flow statement in the same way as dividends to ordinary shareholders. Tax credits in relation to the coupon payments are linked to the past transactions or events that support the coupon payments and consequently the tax credits are reported in the income statement.

A2 Taxation

The Group's primary tax disclosures are included at note 10. The following tables represent enhanced disclosures adopted in order to assist stakeholder understanding of the Group's tax position and policies as part of the Group's commitment to its Fair Tax Mark accredited status.

Reconciliation of tax charge to adjusted underlying current tax

	2025 £m	2025 %	2024 £m	2024 %
Group profit before tax	**1,850.9**		2,495.1	
Less: share of results of associates and jointly controlled entities	**(89.9)**		(114.1)	
Profit before tax	**1,761.0**		2,381.0	
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (2024: 25%)	**440.3**	**25.0**	595.3	25.0
Tax effect of:				
Capital allowances less than depreciation	**(216.8)**	**(12.3)**	(55.7)	(2.3)
Impairment of investments	**65.1**	**3.7**	–	–
Movement in restructuring and settlement provisions	**(4.4)**	**(0.2)**	(0.6)	–
Non-taxable gain on sale of assets	**–**	**–**	(4.5)	(0.2)
Fair value movements on derivatives	**7.3**	**0.4**	(123.3)	(5.2)
Pension movements	**(8.0)**	**(0.5)**	(8.9)	(0.4)
Relief for capitalised interest and revenue costs	**(37.9)**	**(2.2)**	(38.0)	(1.6)
Hybrid equity coupon payments	**(18.4)**	**(1.0)**	(18.3)	(0.8)
Expenses not deductible for tax purposes	**15.2**	**0.9**	54.9	2.3
Utilisation of tax losses brought forward	**(1.2)**	**(0.1)**	(3.7)	(0.2)
Impact of foreign tax rates	**(15.3)**	**(0.9)**	(36.8)	(1.5)
Electricity Generator Levy not deductible for tax purposes	**19.8**	**1.1**	1.0	–
Adjustments to tax charge in respect of previous years	**(8.3)**	**(0.5)**	(25.6)	(1.0)
Other items	**(3.7)**	**(0.1)**	–	–
Reported current tax charge and effective rate	**233.7**	**13.3**	335.8	14.1
Depreciation in excess of capital allowances	**217.8**	**12.4**	74.5	3.1
Movement in provisions	**4.4**	**0.2**	0.6	–
Fair value movements on derivatives	**(7.3)**	**(0.4)**	123.3	5.2
Pension movements	**8.0**	**0.5**	8.9	0.4
Relief for capitalised interest and revenue costs	**37.9**	**2.2**	38.0	1.6
Impact of foreign tax rates	**3.5**	**0.1**	1.8	0.1
Adjustments to tax charge in respect of previous years	**19.1**	**1.1**	23.2	0.9
Unwind of tax on financial guarantee liabilities	**1.1**	**–**	–	–
Tax losses utilised	**–**	**–**	5.1	0.2
Other items	**(0.2)**	**–**	(0.5)	–
Reported deferred tax charge and effective rate	**284.3**	**16.1**	274.9	11.5
Group tax charge and effective rate	**518.0**	**29.4**	610.7	25.6

As noted at note 3 to the accounts, the Group's results are reported on an "adjusted" basis in order to allow focus on underlying business performance. The adjusted profit before tax is the measure utilised in calculation of the Group's "adjusted effective rate of tax".

The adjusted current tax charge can be reconciled to the adjusted profit before tax as follows:

	2025 £m	**2025 %**	2024 £m (restated*)	2024 % (restated*)
Adjusted profit before tax	**2,138.2**		2,200.9	
Tax on profit on ordinary activities at standard UK corporation tax rate	**534.6**	**25.0**	550.2	25.0
Tax effect of:				
Capital allowances in excess of depreciation	**(224.7)**	**(10.5)**	(107.5)	(4.9)
Non-taxable gain on sale of assets	**7.6**	**0.4**	(4.7)	(0.2)
Non qualifying depreciation	**25.2**	**1.2**	12.5	0.6
Adjustment for profit on internal trading	**4.3**	**0.2**	2.5	0.1
Movement in restructuring and settlement provisions	**(2.9)**	**(0.1)**	0.8	–
Pension movements	**(8.0)**	**(0.4)**	(8.9)	(0.4)
Relief for capitalised interest and revenue costs	**(21.9)**	**(1.0)**	(23.2)	(1.1)
Hybrid equity coupon payments	**(18.4)**	**(0.9)**	(18.3)	(0.8)
Expenses not deductible for tax purposes	**8.4**	**0.4**	23.6	1.1
Fair value movements on derivatives	**9.9**	**0.5**	–	–
Permanent benefit of super-deduction capital allowances	**–**	**–**	1.4	0.1
Electricity Generator Levy not deductible for tax purposes	**19.8**	**0.9**	–	–
Discount on losses on Scottish Hydro Electric Transmission plc	**(4.3)**	**(0.2)**	–	–
Share-based payments	**(2.6)**	**(0.1)**	–	–
Losses carried back to earlier years	**–**	**–**	7.2	0.3
Adjustments to tax charge in respect of previous years	**(10.7)**	**(0.5)**	(25.6)	(1.2)
Impact of foreign tax rates	**(20.6)**	**(1.0)**	(37.9)	(1.7)
Other	**0.7**	**–**	(1.1)	–
Adjusted current tax charge and effective rate APM	**296.4**	**13.9**	371.0	16.9

* The comparative adjusted effective rate of tax been restated. See note 1.2.

The reconciling adjustments differ from those analysed in the Group tax charge reconciliation above because they include SSE's share of associates and joint ventures, and are based on adjusted profit before tax.

The majority of the Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the year to 31 March 2025 (2024: 25%). Profits earned by the Group in the Republic of Ireland are taxable at either 12.5% or 25%, depending upon the nature of the income.

Capital allowances are tax reliefs provided in law for the expenditure the Group makes on property, plant and equipment. The rates are determined by Parliament annually and spread the tax relief due over a number of years. This contrasts with the accounting treatment for such spending, where the expenditure on property, plant and equipment is treated as an asset with the cost being depreciated over the useful life of the asset, or impaired if the value of such assets is considered to have reduced materially.

The different accounting treatment of property, plant and equipment for tax and accounting purposes means that the taxable income of the Group is not the same as the profit reported in the financial statements. The substantial reversals of impairments and impairments undertaken in previous years in relation to certain property, plant and equipment assets, result in the depreciation or impairment charge to profit for the year differing to the amount of capital allowances due to the Group.

Short term temporary differences arise on items such as provisions for restructuring costs and onerous contracts, and retirement benefit obligations, because the treatment of such items is different for tax and accounting purposes. These differences usually reverse in the year following that in which they arise, as is reflected in the deferred tax charge in these financial statements. Where interest charges or other costs are capitalised in the accounts, tax relief is either given as the charges are incurred or when the costs are taken to the income statement.

As explained at Accompanying Information A1 and A6, the Group measures its operating and financing derivatives at fair value under IFRS 9. As a result of the Group's subsidiaries applying the HMRC's "disregard regulations", the vast majority of the re-measurement movements have no current tax effect impacting only the deferred tax position.

As detailed at note 22 and explained in the Accompanying Information A1, the Group has issued Hybrid equity securities which are treated as a component of equity. While the coupon payments relating to these securities are treated as distributions to the holders of the equity instruments, tax relief is allowed on the amount paid in the year. These tax credits are linked to the past transactions or events that support the coupon payments and consequently the tax credits are reported in the income statement.

A3 Related undertakings

A3.1.1 Subsidiary undertakings

Details of the Group's subsidiary undertakings at 31 March are as follows:

Company	Registered address (Key)	2025 Holding %
United Kingdom		
Aberarder Wind Farm (Scotland) Limited	A	100.0
Aberarder Wind Farm LLP	B	100.0
Abernedd Power Company Limited	B	100.0
Aegletes III Holdco Limited	B	100.0
Aldbrough Pathfinder Limited	B	100.0
Berwick Bank A Limited	B	100.0
Berwick Bank B Limited	B	100.0
Berwick Bank C Limited	B	100.0
Berwick Bank Holdings A Limited	B	100.0
Berwick Bank Holdings B Limited	B	100.0
Berwick Bank Holdings C Limited	B	100.0
Berwick Bank Wind Farm Limited	A	100.0
Bhlaraidh Extension Wind Farm Limited	A	100.0
Bhlaraidh Wind Farm Limited	A	100.0
Building Automation Solutions Limited	D	100.0
By-Pass Farm Solar Limited	B	100.0
Coire Glas Hydro Pumped Storage Limited	A	100.0
Eastern Green Link 3 Limited	B	75.0
Enerveo Limited	T	100.0
Ferrybridge Hydrogen Limited	B	100.0
Fibre Fuel Limited	B	100.0
Fibre Power (Slough) Limited	B	100.0
Griffin Wind Farm Limited	A	100.0
Hydro Electric Pension Scheme Trustees Limited	A	100.0
Keadby Developments Limited	E	100.0
Keadby Generation Limited	E	100.0
Keadby Next Generation Limited (formerly Keadby Hydrogen Power North Limited)	B	100.0
Keadby Wind Farm Limited	B	100.0
LG-B-300 Limited	A	100.0
Littleton Pastures Solar Limited	B	100.0
Medway Power Limited	B	100.0
Optimal Power Networks Limited	B	100.0
Power from Waste Limited	B	100.0
Scottish and Southern Energy Power Distribution Limited	A	100.0
Scottish Hydro Electric Power Distribution plc	A	100.0
Scottish Hydro Electric Transmission plc	A	75.0
Slough Domestic Electricity Limited	B	100.0
Slough Electricity Contracts Limited	B	100.0
Slough Energy Supplies Limited	B	100.0
Slough Heat & Power Limited	B	100.0
Slough Utility Services Limited	B	100.0
Southern Electric Power Distribution plc	B	100.0
SSE Airtricity Energy Services (NI) Limited	Q	100.0
SSE Airtricity Energy Supply (NI) Limited	F	100.0
SSE Airtricity Gas Supply (NI) Limited	F	100.0
SSE Battery Monk Fryston Limited	B	100.0
SSE Battery Salisbury Limited	B	100.0

Company	Registered address (Key)	2025 Holding %
SSE Beatrice Offshore Windfarm Holdings Limited	A	100.0
SSE BTM HoldCo Limited	B	100.0
SSE BTM Operational Assets Limited	B	100.0
SSE Contracting Group Limited	B	100.0
SSE Cottered Solar Limited	B	100.0
SSE Daines BESS Limited	B	100.0
SSE DE Solar Holdco Limited	B	100.0
SSE Derrymeen BESS Limited (formerly Heron Storage No. 1 Limited)	F	100.0
SSE Digital Services Limited	B	100.0
SSE Eggborough Limited	B	100.0
SSE Energy Markets Limited	B	100.0
SSE Energy Supply Limited	B	100.0
SSE Enterprise Limited	B	100.0
SSE Ewerby Solar Holdco Limited	B	100.0
SSE Ewerby Solar Limited	B	100.0
SSE Fancott BESS Limited	B	100.0
SSE Ferrybridge Battery Limited	B	100.0
SSE Fiddlers Ferry Battery Limited	B	100.0
SSE Foxholes Solar Limited	B	100.0
SSE Generation Limited	B	100.0
SSE Group Limited	A	100.0
SSE Heat Networks (Battersea) Limited	B	100.0
SSE Heat Networks Limited	A	100.0
SSE Hornsea Limited	B	100.0
SSE HV Electricity Assets Limited (formerly SSE EV M7 Limited)	B	100.0
SSE Hydrogen Holdings Limited	B	100.0
SSE Hydrogen Developments Limited	B	100.0
SSE IAMP Microgrid Limited	B	100.0
SSE Imperial Park PN Limited	B	100.0
SSE Knapthorpe Solar Limited	B	100.0
SSE Low Carbon Developments Limited	B	100.0
SSE Low Carbon Holdings Limited	B	100.0
SSE Maple Limited	B	100.0
SSE Medway Operations Limited	B	100.0
SSE Micro Renewables Limited	A	100.0
SSE Multifuel Generation Holdings Limited	B	100.0
SSE Muskham Solar Limited	B	100.0
SSE Newchurch Solar Limited	B	100.0
SSE OWS Glasgow Limited	A	100.0
SSE Private Networks Holdco Limited	B	100.0
SSE Production Services Limited	B	100.0
SSE Renewables Holdings (UK) Limited	F	100.0
SSE Renewables International Holdings Limited	A	100.0
SSE Renewables Limited	A	100.0
SSE Renewables Offshore Windfarm Holdings Limited	A	100.0
SSE Renewables Onshore Windfarm Holdings Limited	F	100.0

Company	Registered address (Key)	2025 Holding %
United Kingdom continued		
SSE Renewables Poland Holdings Limited	A	**100.0**
SSE Renewables Services (UK) Limited	F	**100.0**
SSE Renewables Solar & Battery Holdings Limited	B	**100.0**
SSE Renewables UK Limited	F	**100.0**
SSE Renewables Wind Farms (UK) Limited	A	**100.0**
SSE Retail Limited	A	**100.0**
SSE Seabank Investments Limited	B	**100.0**
SSE Seabank Land Investments Limited	B	**100.0**
SSE Services plc	B	**100.0**
SSE Southern Group Trustee Limited	B	**100.0**
SSE Staythorpe Battery Limited	B	**100.0**
SSE Staythorpe Power Limited	B	**100.0**
SSE Staythorpe SGT Limited	B	**100.0**
SSE Staythorpe Solar Limited	B	**100.0**
SSE Southery Solar Limited	B	**100.0**
SSE Stock Limited	A	**100.0**
SSE Thermal Energy Holdings Limited	B	**100.0**
SSE Thermal Energy Operations Limited	B	**100.0**
SSE Thermal Generation (Scotland) Limited	A	**100.0**
SSE Thermal Generation Holdings Limited	B	**100.0**
SSE Toddleburn Limited	A	**100.0**
SSE Trading Limited	B	**100.0**
SSE Trustees Limited	B	**100.0**
SSE Utility Services Limited	B	**100.0**
SSE Utility Solutions Limited	B	**100.0**
SSE Venture Capital Limited	A	**100.0**
SSE Viking Limited	B	**100.0**
SSE(SE) Quest Trustee Limited	B	**100.0**
SSEN Distribution Limited	A	**100.0**
SSEPG (Operations) Limited	B	**100.0**
Strathy Wind Farm Limited	A	**100.0**
Tealing Solar Park Limited	B	**100.0**
TESGL Limited	D	**100.0**
The Energy Solutions Group Bidco Limited	D	**100.0**
The Energy Solutions Group Midco Limited	D	**100.0**
The Energy Solutions Group Topco Limited	D	**100.0**
Viking Energy (Scottish Partnership)	A	**100.0**
Viking Energy Wind Farm LLP	A	**100.0**
Ireland		
Airtricity Windfarm Finance Limited	C	**100.0**
Arklow Offshore Phase II Company Limited	C	**100.0**
Bindoo Windfarm (ROI) Limited	C	**100.0**
Brickmount Limited	C	**100.0**
Comhlacht Gaoithe Teoranta	C	**100.0**
Coomacheo Wind Farm Limited	C	**100.0**
Coomatallin Windfarm (ROI) Limited	C	**100.0***
Curragh Mountain Windfarm Limited	C	**100.0**
Dedondo Limited	C	**100.0**
Dromada Windfarm (ROI) Limited	C	**100.0**
Drumnahough Wind Farm Designated Activity Company	C	**100.0**
Enerveo Ireland Limited	Z	**100.0**
Galway Wind Park Phase 3 Designated Activity Company	C	**100.0**
Ganderoy Limited	C	**100.0**
Gartnaneane Limited	C	**100.0***
Glenora Wind Farm Designated Activity Company	C	**100.0**
Green Wind Energy (Wexford) Limited	C	**100.0**
Leanamore Wind Farm Limited	C	**100.0**
Limerick West Windfarm Limited	C	**100.0**
March Winds Limited	C	**100.0**
Meentycat Limited	C	**100.0**
Milane Holdings Limited	C	**100.0**
Mullananalt Wind Farm (ROI) Limited	C	**100.0**
Platin Power Limited	C	**100.0**
Richfield Windfarm (ROI) Limited	C	**100.0**
Sheskin South Renewables Power Designated Activity Company	C	**100.0**
SSE Airtricity Distributed Energy Limited	C	**100.0**
SSE Airtricity Energy Services Limited	C	**100.0**
SSE Airtricity Limited	C	**100.0**
SSE Cumarsáid Teoranta	C	**100.0**
SSE Generation Ireland Limited	C	**100.0**
SSE Renewables (Ireland) Limited	C	**100.0**
SSE Renewables Generation Ireland Limited	C	**100.0**
SSE Renewables Holdings (Europe) Limited	C	**100.0**
SSE Renewables Holdings Limited	C	**100.0**
SSE Renewables Off Shore Limited	C	**100.0**
SSE Renewables Wind (Ireland) Holdings Limited	C	**100.0**
SSE Renewables Wind Farms (Ireland) Limited	C	**100.0**
Sure Partners Limited	C	**100.0**
SSE Renewables Tinnycross Battery Storage Limited (formerly Thornsberry Battery Storage Limited)	C	**100.0**
Tournafulla Windfarm (ROI) Limited	C	**100.0**
France		
Société d'Exploitation de l'Installation de Stockage (SEIS) D'orchamps	AE	**100.0**
Société d'Exploitation de l'Installation de Stockage (SEIS) de la Cuesta	AE	**100.0**
Société d'Exploitation de la Centrale Photovoltaïque (SECPV) de Vireaux	AE	**100.0**
Société d'Exploitation de la Centrale Photovoltaïque (SECPV) des Jacquessons	AE	**100.0**
Société d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Champeaux SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Germainville SAS	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Belle Dame SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Brie des Etangs SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Monchot SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Tête des Boucs SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien (SEPE) de la Voie Pouçoise	AE	**100.0**

A3 Related undertakings continued

A3.1.1 Subsidiary undertakings continued

Company	Registered address (Key)	2025 Holding %
France continued		
Société d'Exploitation du Parc Eolien de Moulins du Puits SAS	AE	**100.0**
Société d'Exploitation du Parc Eolien de Pringy SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	AE	**100.0**
Société d'Exploitation du Parc Eolien (SEPE) de Salon Sud	AE	**100.0**
Société d'Exploitation du Parc Eolien de Souvans SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Vernierfontaine SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Villiers aux Chênes SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien des Fontaines SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien des Six Communes SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien des Voies de Bar SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien du Mont Égaré SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien du Vireaux SAS	AE	**100.0**
Société du Poste Privé (SPP) de la Cuesta SARL	AE	**100.0**
Société du Poste Privé (SPP) d'Orchamps SAS (formerly Société du Poste Privé (SPP) d'Orchamps SARL)	AE	**100.0**
Société du Poste Privé (SPP) du Tonnerrois	AE	**100.0**
SSE Renewables France SARL	AE	**100.0**
Germany		
SSE Renewables Developments (Germany) GmbH	U	**100.0**
Greece		
Enerfarm 3 Single Member S.A. Renewable Energy Sources	AB	**100.0**
Energiaki Kleidi Single Member S.A.	AB	**100.0**
Energiaki Mavrovouniou Single Member Private Company	AB	**100.0**
Energiaki Mesovouniou Single Member S.A.	AB	**100.0**
Energiaki Platorrachis Single Member S.A.	AB	**100.0***
Energiaki Velanidias Single Member S.A.	AB	**100.0**
SSE Renewables Hellas Single Member S.A.	AB	**100.0**
Isle of Man		
SSE Insurance Limited	G	**100.0**
Italy		
SPV Parco Eolico Libeccio S.r.l.	AC	**100.0**
SPV Parco Eolico Maestrale S.r.l.	AC	**100.0**
SPV Parco Eolico Tramontana S.r.l.	AC	**100.0**
SSE Renewables Italy S.r.l. (formerly Energia Levante S.r.l.)	AC	**100.0**

Company	Registered address (Key)	2025 Holding %
Japan		
Aichi Offshore Wind Power No. 1 G.K.	Y	**80.0**
Aichi Offshore Wind Power No. 2 G.K.	Y	**80.0**
Enshunada Offshore Wind Power No. 1 G.K.	Y	**80.0**
Goto-Fukue Offshore Wind Power G.K.	Y	**80.0**
Izu Islands Offshore Wind Power No. 1 G.K.	Y	**80.0**
Minami-Izu Offshore Wind Power No. 1 G.K.	Y	**80.0**
Niigata Offshore Wind Power No.1 G.K.	Y	**80.0**
Oki Islands Offshore Wind Power G.K.	Y	**80.0**
SSE Pacifico K.K.	Y	**80.0**
SSE Yuza Offshore Wind Power G.K.	Y	**80.0**
Tokushima Offshore Wind Power G.K.	Y	**80.0**
Wakayama-West Offshore Wind Power No. 1 G.K.	Y	**80.0**
Wakayama-West Offshore Wind Power No.2 G.K.	Y	**80.0**
Netherlands		
SSE Renewables (Netherlands) Holdings B.V.	AA	**100.0**
SSE Renewables Developments (The Netherlands) B.V.	AA	**100.0**
SSE Sunflower Offshore Wind Holdco B.V.	AA	**100.0**
SSE Sunflower Offshore Wind Limited Partner 1 B.V.	AA	**100.0**
SSE Sunflower Offshore Wind Limited Partner 2 B.V.	AA	**100.0**
SSE Sunflower Offshore Wind Limited Partner 3 B.V.	AA	**100.0**
SSE Sunflower Offshore Wind Limited Partner 4 B.V.	AA	**100.0**
SSE Tulip Offshore Wind Holdco B.V.	AA	**100.0**
SSE Tulip Offshore Wind Limited Partner 1 B.V.	AA	**100.0**
SSE Tulip Offshore Wind Limited Partner 2 B.V.	AA	**100.0**
SSE Tulip Offshore Wind Limited Partner 3 B.V.	AA	**100.0**
Poland		
IBC SE PL3 sp. z o.o	AJ	**100.0**
IBC SE PL20 sp. z o.o.	AJ	**100.0**
IBC SE PL22 sp. z o.o.	AJ	**100.0**
IBC SE PL23 sp. z o.o.	AJ	**100.0**
IBC SE PL24 sp. z o.o.	AJ	**100.0**
IBC SE PL34 sp. z o.o.	AJ	**100.0**
Pomerania PV sp z.o.o.	AJ	**100.0**
SSE Renewables Poland sp z.o.o.	X	**100.0**
Spain		
Sistemas Energéticos Ábrego S.L.U.	AD	**100.0**
Sistemas Energéticos Ariel S.L.U.	AD	**100.0**
Sistemas Energéticos Boreas S.L.U.	AD	**100.0**
Sistemas Energéticos Céfiro S.L.U.	AD	**100.0**
Sistemas Energéticos del Sur S.A.U.	AD	**100.0**
Sistemas Energéticos Eolo S.L.U.	AD	**100.0**
Sistemas Energéticos Erbania 1 S.L.U.	AD	**100.0**
Sistemas Energéticos Erbania 2 S.L.U.	AD	**100.0**
Sistemas Energéticos Gregal S.L.U.	AD	**100.0**
Sistemas Energéticos Júpiter S.L.U.	AD	**100.0**
Sistemas Energéticos Marte S.L. U.	AD	**100.0**
Sistemas Energéticos Mercurio S.L.U.	AD	**100.0**

Company	Registered address (Key)	2025 Holding %
Spain continued		
Sistemas Energéticos Neptuno S.L.U.	AD	**100.0**
Sistemas Energéticos Oberón S.L.U.	AD	**100.0**
Sistemas Energéticos Plutón S.L.U.	AD	**100.0**
Sistemas Energéticos Tablero Tabordo, S.L.U.	AD	**100.0**
Sistemas Energéticos Terral S.L.U.	AD	**100.0**
Sistemas Energéticos Titán S.L.U.	AD	**100.0**
Sistemas Energéticos Urano S.L.U.	AD	**100.0**
SSE Renewables Southern Europe S.L. (formerly Sistemas Energéticos Carril, S.L.U.)	AD	**100.0**
SSE Renewables Spain, S.L. (formerly Sistemas Energéticos Loma del Reposo, S.L.U.)	AD	**100.0**
United States		
SSE Renewables North America Inc.	W	**100.0**
SSE Renewables North America Offshore Wind LLC.	W	**100.0**
SSE Renewables North America Services Inc	W	**100.0**

All shares in subsidiary companies are ordinary share capital, unless otherwise stated.

* 100% of voting rights held.

Statutory audit exemptions

SSE plc parent company has provided guarantees under section 479C of the Companies Act 2006 over the liabilities of the following companies, which are therefore exempt from audit under the requirements of s479A-479C of the Companies Act 2006.

Company	Registered number
Aberarder Wind Farm LLP	OC398487
Aegletes III Holdco Limited	13665453
Aldbrough Pathfinder Limited	15238323
Bhlaraidh Wind Farm Limited	SC663027
By-Pass Farm Solar Limited	12558977
Fibre Power (Slough) Limited	02902170
Griffin Wind Farm Limited	SC245113
Keadby Next Generation Limited (formerly Keadby Hydrogen Power North Limited)	15866301
Keadby Wind Farm Limited	06852112
LG-B-300 Limited	SC765613
Littleton Pastures Solar Limited	12638974
Slough Utility Services Limited	03486590
SSE Airtricity Energy Services (NI) Limited	NI056373
SSE Beatrice Offshore Windfarm Holdings Limited	SC436255
SSE BTM Operational Assets Limited	14885059
SSE Contracting Group Limited	02471438
SSE Cottered Solar Limited	15346645
SSE Daines BESS Limited	15344013
SSE DE Solar HoldCo Limited	14189570
SSE Derrymeen BESS Limited (formerly Heron Storage No. 1 Limited)	NI697259
SSE Digital Services Limited	14621186
SSE Eggborough Limited	14939853
SSE Enterprise Limited	10060563
SSE Group Limited	SC126049
SSE HV Electricity Assets Limited (formerly SSE EV M7 Limited)	14418288
SSE Hydrogen Developments Limited	15238086
SSE Hydrogen Holdings Limited	15231331
SSE IAMP Microgrid Limited	15333093
SSE Imperial Park PN Limited	02631510
SSE Low Carbon Developments Limited	15069108

Company	Registered number
SSE Maple Limited	10604848
SSE Medway Operations Limited	02647585
SSE Micro Renewables Limited	SC386017
SSE Multifuel Generation Holdings Limited	12661566
SSE Newchurch Solar Limited	15348120
SSE OWS Glasgow Limited	SC228283
SSE Private Networks Holdco Limited	14921243
SSE Production Services Limited	02499702
SSE Renewables Holdings (UK) Limited	NI043239
SSE Renewables Offshore Windfarm Holdings Limited	SC436251
SSE Renewables Onshore Windfarm Holdings Limited	NI049557
SSE Renewables Poland Holdings Limited	SC723844
SSE Renewables Solar & Battery Holdings Limited	13561962
SSE Renewables UK Limited	NI048447
SSE Renewables Wind Farms (UK) Limited	SC654502
SSE Retail Limited	SC213458
SSE Seabank Investments Limited	02631512
SSE Seabank Land Investments Limited	07877772
SSE Southery Solar Limited	14953142
SSE Staythorpe Battery Limited	14046860
SSE Staythorpe Power Limited	14043534
SSE Staythorpe Solar Limited	14046913
SSE Thermal Energy Holdings Limited	12650549
SSE Thermal Generation Holdings Limited	12662248
SSE Toddleburn Limited	SC259104
SSE Viking Limited	06021053
SSE(SE) Quest Trustee Limited	03487059
SSEPG (Operations) Limited	02764438
Strathy Wind Farm Limited	SC663103
Tealing Solar Park Limited	08783684

A3 **Related undertakings** continued

A3.1.2 Joint arrangements (incorporated)

Company	Registered address (Key)	2025 Holding %
United Kingdom		
AtlasConnect Limited	A	**50.0**
Baglan Pipeline Limited	K	**50.0**
Beatrice Offshore Windfarm Holdco Limited	A	**40.0**
Beatrice Offshore Windfarm Limited	A	**40.0**
Clyde Windfarm (Scotland) Limited **	A	**50.1**
DB Operational Base Limited	J	**40.0**
Deeside Power (UK) Limited	AF	**50.0**
Deeside Power Operations Limited	AF	**50.0**
Digital Reach Partners Limited	A	**50.0**
Doggerbank Offshore Wind Farm Project 1 Holdco Limited	B	**40.0**
Doggerbank Offshore Wind Farm Project 1 Projco Limited	B	**40.0**
Doggerbank Offshore Wind Farm Project 2 Holdco Limited	B	**40.0**
Doggerbank Offshore Wind Farm Project 2 Projco Limited	B	**40.0**
Doggerbank Offshore Wind Farm Project 3 Holdco Limited	B	**40.0**
Doggerbank Offshore Wind Farm Project 3 Projco Limited	B	**40.0**
Doggerbank Offshore Wind Farm Project 3 And 4 Holdco Limited	B	**50.0**
Doggerbank Offshore Wind Farm Project 3 And 4 Leaseco Limited	B	**50.0**
Doggerbank Offshore Wind Farm Project 4 Holdco Limited	B	**50.0**
Doggerbank Offshore Wind Farm Project 4 Projco Limited	B	**50.0**
Dunmaglass Wind Farm Limited	A	**50.1**
Eastern Green Link 2 Limited ***	B	**50.0**
Fearna PSH Limited	B	**50.0**
Greater Gabbard Offshore Winds Limited ***	B	**50.0**
Green H2 Developments Hold Co Limited	B	**50.0**
Green H2 Developments Project Co Limited	B	**50.0**
H2NE Parentco Limited	H	**50.0**
H2Northeast Limited	H	**50.0**
Indian Queens Power Limited	AF	**50.0**
Marchwood Power Limited	N	**50.0**
Neos Networks Limited	A	**50.0**
NNXYZ Limited	B	**50.0**
North Falls Offshore Wind Farm Holdco Limited	AG	**50.0**
North Falls Offshore Wind Farm Limited	AG	**50.0**
Ossian Offshore Wind Farm Holdings Limited	A	**40.0**
Ossian Offshore Wind Farm Limited	A	**40.0**
Pride (SERP) Limited	AI	**50.0**
Saltend Cogeneration Company Limited	AF	**50.0**
Saltend Operations Company Limited	AF	**50.0**
SCCL Holdings Limited	AF	**50.0**
Seabank Power Limited	O	**50.0**
Seagreen 1A (Holdco) Limited	B	**49.0**
Seagreen 1A Limited	B	**49.0**
Seagreen Alpha Wind Energy Limited	B	**49.0**
Seagreen Bravo Wind Energy Limited	B	**49.0**
Seagreen Holdco 1 Limited	B	**49.0**
Seagreen Wind Energy Limited	B	**49.0**
Source EV Limited (formerly SSE DE EV Holdco Limited)	AK	**50.0**
Source EV UK Limited (formerly SSE EV Operational Assets Limited)	AK	**50.0**
SSE Slough Multifuel Holdco Limited	B	**50.0**
SSE Slough Multifuel Limited	B	**50.0**
Stronelairg Wind Farm Limited	A	**50.1**
Ireland		
Allbrite Heatpump Specialists Limited	R	**25.0**
Bellair Wind Farm Designated Activity Company	I	**50.0**
Cloosh Valley Wind Farm Designated Activity Company	L	**25.0**
Cloosh Valley Wind Farm Holdings Designated Activity Company	L	**25.0**
Coolnagun Wind Farm Designated Activity Company	I	**50.0**
Cornafulla Wind Farm Designated Activity Company	I	**50.0**
Derryfadda Wind Farm Designated Activity Company	I	**50.0**
Everwind Limited	S	**49.0**
Garryhinch Wind Farm Designated Activity Company	I	**50.0**
Green Energy Company Limited	M	**47.5**
Green Way Energy Limited	M	**50.0**
Kerry Power Limited	M	**49.0**
Kilberry Wind Farm Designated Activity Company	I	**50.0**
Lemanaghan Wind Farm Designated Activity Company	I	**50.0**
Lenalea Wind Farm Designated Activity Company	C	**50.0**
Littleton Wind Farm Designated Activity Company	I	**50.0**
Marron Activ8 Energies Limited	R	**50.0**
Midas Energy Limited	M	**49.0**
Source EV Ireland Limited (formerly SSE EV Ireland Operational Assets Limited)	C	**50.0**

Company	Registered address (Key)	2025 Holding %	Company	Registered address (Key)	2025 Holding %
Jersey					
Triton Power Holdings Limited	AH	50.0	Triton Power Limited	AH	50.0
Triton Power Intermediate Holdings Limited	AH	50.0			
Netherlands					
Lely Alpha Offshore Wind General Partner B.V.	AA	50.0	Lely Alpha Offshore Wind Projco C.V.	AA	50.0
Spain					
ICE Santa Engracia, S.L.U.	V	44.6			

** 50.1% of voting rights held
*** Joint Operation

A3.1.3 Associates

Company	Registered address (Key)	2025 Holding %	Company	Registered address (Key)	2025 Holding %
United Kingdom					
Corran Environmental LP	AL	100.0	St Clements Services Limited	P	25.0

A3.1.4 Registered address key

Reference	Company registered address
A	Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ
B	No 1 Forbury Place, 43 Forbury Road, Reading RG1 3JH
C	Red Oak South, South County Business Park, Leopardstown, Dublin 18
D	Ocean Court, Caspian Road, Atlantic Street, Altrincham, WA14 5HH
E	Keadby Power Station, Trentside, Keadby, Scunthorpe, North Lincs DN17 3AZ
F	3rd Floor, Millennium House, 25 Great Victoria Street, Belfast, BT2 7AQ
G	Tower House, Loch Promenade, Douglas, Isle of Man
H	Suite 1 7th Floor, 50 Broadway, London, United Kingdom, SW1H 0BL
I	Main St, Newbridge, Kildare, Ireland
J	One Kingdom Street, London, United Kingdom, W2 6BD
K	10 Fleet Place, London, EC4M 7QS
L	6th Floor, South Bank House, Barrow Street, Dublin 4
M	Lissarda Industrial Park, Lissarda, Macroom, County Cork
N	Oceanic Way, Marchwood Industrial Park, Marchwood, Southampton SO40 4BD
O	Severn Road, Hallen, Bristol, BS10 7SP
P	4 – 6 Church Walk, Daventry, NN11 4BL
Q	Unit 14 Maryland Industrial Estate, Ballygowan Road, Belfast
R	Nexus N2 Business Park, Carrickmacross, Monaghan, A81 XK73, Ireland
S	Gorthleahy, Macroom, Co Cork, Ireland
T	Second Floor Eagle Court 2, Hatchford Way, Birmingham B26 3RZ
U	c/o Bird & Bird LLP, Maximiliansplatz 22, Munich 80333
V	Calle de la Portalada, 50, 26.006, Logroño (La Rioja), Spain
W	United Agent Group Inc, 1521 Concord Pike, Suite 201, Wilmington DE 19803
X	Towarowa no.28, suite 00-839, Warsaw, Poland
Y	Roppongi Grand Tower, 3-2-1 Roppongi, Minato-ku, Tokyo, Japan
Z	Unit 42 Block 528, Grants View, Greenogue Business Park, Rathcoole, Dublin, Ireland
AA	Hofplein 20, Rotterdam, 3032 AC, Netherlands
AB	16 Kifissias Ave, 11526, Athens, Greece
AC	Viale Luca Gaurico, 91/93, 00143, Rome, Italy
AD	Spain: calle Buenos Aires, 12, 48.001, Bilbao, Spain
AE	97 allée Alexandre Borodine, Immeuble Cèdre 3, 69800, Saint Priest, France
AF	Saltend Power Station Saltend Chemicals Park, Hedon Road, Hull, East Riding of Yorkshire, England, HU12 8GA
AG	Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB
AH	22 Grenville Street, St Helier, Jersey, JE4 SPX
AI	Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG
AJ	Plac Marszałka Józefa Piłsudskiego 2 00-073 Warsaw
AK	19th Floor 10 Upper Bank Street, London, England, E14 5BF
AL	4th Floor, 7 Castle Street, Edinburgh, EH2 3AH

A4 Joint ventures and associates

The Directors have assessed that the investments in the following equity accounted joint ventures and associates are of a sufficiently material impact to warrant additional disclosure on an individual basis. Details of the financial position and financial results of the Group:

Company	Class of shares held	Proportion of shares held %	Group Interest %	Year end date	Consolidation basis
United Kingdom					
Seabank Power Limited	Ordinary	50.0	50.0	31 December	Equity
Marchwood Power Limited	Ordinary	50.0	50.0	31 December	Equity
SSE Slough Multifuel Holdco Limited	Ordinary	50.0	50.0	31 March	Equity
Clyde Windfarm (Scotland) Limited	Ordinary	50.1	50.1	31 March	Equity
Seagreen Holdco 1 Limited	Ordinary	49.0	49.0	31 March	Equity
Beatrice Offshore Windfarm Holdco Limited	Ordinary	40.0	40.0	31 March	Equity
Dunmaglass Wind Farm Limited	Ordinary	50.1	50.1	31 March	Equity
Stronelairg Wind Farm Limited	Ordinary	50.1	50.1	31 March	Equity
Neos Networks Limited	Ordinary	50.0	50.0	31 March	Equity
Doggerbank Offshore Wind Farm Project 1 Holdco Limited	Ordinary	40.0	40.0	31 March	Equity
Jersey					
Triton Power Holdings Limited	Ordinary	50.0	50.0	31 December	Equity

Summary information for material joint ventures and associates from unaudited financial statements is as follows:

	Seabank Power Limited 2025 £m	Marchwood Power Limited 2025 £m	SSE Slough Multifuel Holdco Limited 2025 £m	Clyde Windfarm (Scotland) Limited 2025 £m	Seagreen Holdco 1 Limited 2025 £m	Beatrice Offshore Windfarm Holdco Limited 2025 £m	Dunmaglass Wind Farm Limited 2025 £m	Stronelairg Wind Farm Limited 2025 £m	Triton Power Holdings Limited 2025 £m	Neos Networks Limited 2025 £m	Doggerbank Offshore Wind Farm Project 1 Holdco Limited 2025 £m	Other[(i)] 2025 £m	Total 2025 £m
Revenue	288.1	96.3	60.0	194.6	354.0	171.1	37.7	106.6	402.6	128.9	14.8	83.2	1,937.9
Other income	–	–	–	–	23.2	245.7	–	–	–	–	–	0.1	269.0
Depreciation and amortisation	(7.0)	(35.0)	(8.4)	(29.2)	(98.6)	(88.0)	(8.0)	(13.7)	(34.5)	(98.6)	(2.2)	(36.1)	(459.3)
Other operating costs	(241.9)	(19.5)	(21.0)	(41.4)	(89.6)	(94.8)	(8.1)	(20.4)	(420.3)	(74.7)	(6.8)	(59.4)	(1,097.9)
Movement on Derivatives	–	–	–	–	(53.8)	–	–	–	(3.4)	–	–	–	(57.2)
Operating profit	39.2	41.8	30.6	124.0	135.2	234.0	21.6	72.5	(55.6)	(44.4)	5.8	(12.2)	592.5
Interest expense	1.4	(1.6)	(15.2)	(18.5)	(209.3)	(59.3)	(6.2)	(11.9)	5.1	(22.3)	(1.5)	(8.7)	(348.0)
Profit before tax	40.6	40.2	15.4	105.5	(74.1)	174.7	15.4	60.6	(50.5)	(66.7)	4.3	(20.9)	244.5
Corporation tax	(11.1)	(9.2)	3.8	(26.9)	63.5	(22.7)	(3.4)	(14.8)	14.9	–	(1.1)	(0.7)	(7.7)
Profit after tax	29.5	31.0	19.2	78.6	(10.6)	152.0	12.0	45.8	(35.6)	(66.7)	3.2	(21.6)	236.8
Recognised in other comprehensive income													
Cash flow hedges	–	–	0.6	–	(3.3)	(12.8)	–	–	–	–	(49.8)	9.7	(55.6)
Taxation	–	–	–	–	0.8	3.3	–	–	–	–	12.5	(2.6)	14.0
Other	–	–	–	–	–	–	–	–	–	–	–	15.8	15.8
	–	–	0.6	–	(2.5)	(9.5)	–	–	–	–	(37.3)	22.9	(25.8)
Total comprehensive income/(loss)	29.5	31.0	19.8	78.6	(13.1)	142.5	12.0	45.8	(35.6)	(66.7)	(34.1)	1.3	211.0
SSE share of profit (based on % equity)	14.8	15.5	9.6	39.4	(5.2)	60.8	6.0	22.9	(17.8)	(33.4)	1.3	(24.0)	89.9
Dividends paid to shareholders	47.0	44.2	–	102.0	38.9	119.3	12.4	55.0	–	–	–	11.1	429.9
Non-current assets	82.8	114.1	471.4	510.1	3,027.6	1,750.4	165.2	304.7	184.1	493.9	3,670.4	5,966.4	16,741.1
Current assets	56.7	8.5	14.9	86.8	47.2	62.7	16.7	49.8	164.1	26.3	21.6	68.4	623.7
Cash and cash equivalents	51.8	20.7	21.9	45.1	95.3	104.0	18.4	27.7	5.1	23.1	60.6	255.7	729.4
Current liabilities	(44.9)	(18.2)	(11.1)	(42.8)	(13.0)	(199.7)	(7.3)	(25.5)	(68.7)	(121.2)	(86.7)	(227.5)	(866.6)
Non-current liabilities	(26.3)	(29.5)	(370.6)	(431.7)	(2,424.9)	(1,619.6)	(144.8)	(262.5)	(12.3)	(373.0)	(3,042.7)	(5,276.7)	(14,014.6)
Net assets	120.1	95.6	126.5	167.5	732.2	97.8	48.2	94.2	272.3	49.1	623.2	786.3	3,213.0
Group equity interest	50.0%	50.0%	50.0%	50.1%	49.0%	40.0%	50.1%	50.1%	50.0%	50.0%	40.0%	–	–
Net assets													
Group's share of ownership interest	60.1	47.8	63.3	83.9	358.8	39.1	24.1	47.2	136.2	24.6	249.3	359.9	1,494.3
Other adjustments	(20.4)	(0.3)	31.7	39.9	100.3	(1.1)	65.5	202.9	1.6	(23.3)	2.4	93.8	493.0
Carrying value of Group's equity interest	39.7	47.5	95.0	123.8	459.1	38.0	89.6	250.1	137.8	1.3	251.7	453.7	1,987.3

A4 **Joint ventures and associates** continued

	Seabank Power Limited 2024 £m	Marchwood Power Limited 2024 £m	SSE Slough Multifuel Holdco Limited 2025 £m	Clyde Windfarm (Scotland) Limited 2024 £m	Seagreen Holdco 1 Limited 2024 £m	Beatrice Offshore Windfarm Holdco Limited 2025 £m	Dunmaglass Wind Farm Limited 2024 £m	Stronelairg Wind Farm Limited 2024 £m	Triton Power Holdings Limited 2024 £m	Neos Networks Limited 2024 £m	Doggerbank Offshore Wind Farm Project 1 Holdco Limited 2024 £m	Other[i] 2024 £m	Total 2024 £m
Revenue	258.8	56.3	0.9	168.3	282.0	155.1	37.1	90.7	811.5	122.3	0.5	69.3	2,052.8
Other income	–	–	–	–	–	220.3	–	–	–	–	–	–	220.3
Depreciation and amortisation	(6.9)	(39.7)	–	(29.0)	(81.5)	(87.8)	(7.7)	(13.7)	(34.6)	(93.2)	(0.4)	(26.7)	(421.2)
Other operating costs	(197.0)	(28.8)	(4.4)	(38.3)	(36.1)	(112.1)	(7.3)	(19.5)	(750.9)	(93.7)	(2.8)	(28.0)	(1,318.9)
Movement on Derivatives	–	–	–	–	167.4	–	–	–	(41.2)	–	–	–	126.2
Operating profit	54.9	(12.2)	(3.5)	101.0	331.8	175.5	22.1	57.5	(15.2)	(64.6)	(2.7)	14.6	659.2
Interest expense	0.8	(3.2)	(0.5)	(16.8)	(121.0)	(62.2)	(5.8)	(10.8)	8.4	(20.4)	–	(8.0)	(239.5)
Profit before tax	55.7	(15.4)	(4.0)	84.2	210.8	113.3	16.3	46.7	(6.8)	(85.0)	(2.7)	6.6	419.7
Corporation tax	(13.9)	1.0	(4.1)	(21.9)	(55.3)	(38.8)	(4.2)	(12.0)	(4.2)	–	(0.7)	(3.8)	(157.9)
Profit after tax	41.8	(14.4)	(8.1)	62.3	155.5	74.5	12.1	34.7	(11.0)	(85.0)	(3.4)	2.8	261.8
Recognised in other comprehensive income													
Cash flow hedges	–	–	0.2	–	(46.3)	(1.4)	–	–	–	–	(31.9)	(46.6)	(126.0)
Taxation	–	–	(0.1)	–	11.6	0.4	–	–	–	–	8.0	11.7	31.6
	–	–	0.1	–	(34.7)	(1.0)	–	–	–	–	(23.9)	(34.9)	(94.4)
Total comprehensive income/(loss)	41.8	(14.4)	(8.0)	62.3	120.8	73.5	12.1	34.7	(11.0)	(85.0)	(27.3)	(32.1)	167.4
SSE share of profit (based on % equity)	20.9	(7.2)	(4.0)	31.2	76.2	29.8	6.1	17.4	(5.5)	(42.5)	(1.4)	(6.9)	114.1
Dividends paid to shareholders	38.0	14.3	–	146.0	42.8	34.3	33.0	70.0	65.0	–	–	18.4	461.8
Non-current assets	89.5	124.1	192.5	537.9	3,556.6	1,873.1	173.3	316.3	432.9	538.0	3,115.0	4,866.1	15,815.3
Current assets	37.3	37.4	229.2	80.8	47.8	70.9	19.3	41.9	3.6	32.0	34.2	57.8	692.2
Cash and cash equivalents	70.8	19.6	5.0	40.6	245.7	102.3	8.6	29.1	4.6	22.0	87.4	187.8	823.5
Current liabilities	(14.0)	(34.6)	(77.3)	(12.7)	(309.0)	(181.3)	(3.1)	(10.6)	(18.6)	(131.0)	(65.6)	(225.1)	(1,082.9)
Non-current liabilities	(46.0)	(37.7)	(20.6)	(434.4)	(3,005.8)	(1,752.9)	(145.4)	(261.4)	(328.9)	(346.0)	(2,726.1)	(4,138.2)	(13,243.4)
Net assets	137.6	108.8	328.8	212.2	535.3	112.1	52.7	115.3	93.6	115.0	444.9	748.4	3,004.7
Group equity interest	50.0%	50.0%	50.0%	50.1%	49.0%	40.0%	50.1%	50.1%	50.0%	50.0%	40.0%	–	–
Net assets	137.6	108.8	328.8	212.2	535.3	112.1	52.7	115.3	93.6	115.0	444.9	748.4	3,004.7
Group's share of ownership interest	68.8	54.4	164.4	106.1	262.3	44.8	26.4	57.8	46.8	57.5	178.0	324.3	1,391.6
Other adjustments	(20.4)	(0.3)	(79.1)	32.6	224.8	(16.0)	66.9	208.3	108.8	(22.9)	2.3	66.6	571.6
Carrying value of Group's equity interest	48.4	54.1	85.3	138.7	487.1	28.8	93.3	266.1	155.6	34.6	180.3	390.9	1,963.2

(i) In addition to the above the following joint ventures and associates have an equity carrying value that constitutes a material investment of the Group: Doggerbank Offshore Wind Farm Project 2 Projco Limited £118.8m (2024: £119.2m): Doggerbank Offshore Wind Farm Project 3 Projco Limited £90.6m (2024: £87.3m) and Ossian Offshore Wind Farm Limited £60.8m (2024: £55.3m).

In addition to the above at 31 March 2025, the Group was owed the following loans from its principal joint ventures: Marchwood Power Limited £nil (2024: £12.2m); Clyde Windfarm (Scotland) Limited £127.1m (2024: £127.1m); Dunmaglass Wind Farm Limited £46.6m (2024: £46.6m); Stronelairg Wind Farm Limited £88.7m (2024: £88.7m); Neos Networks Limited £83.5m (2024: £57.7m); Seagreen Wind Energy Limited £646.0m (2024: £686.4m); SSE Slough Multifuel Limited £181.3m (2024: £157.8m) and Doggerbank A Offshore Windfarm Limited £188.3m (2024: £87.7m).

This represents 92% (2024: 93%) of the loans provided to equity-accounted joint ventures and associates.

A5 Related party transactions

The immediate parent and ultimate controlling party of the Group is SSE plc (incorporated in Scotland). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

The following transactions took place during the year between the Group and entities which are related to the Group, but which are not members of the Group. Related parties are defined as those in which the Group has control, joint control or significant influence over.

	2025 Sale of goods and services £m	2025 Purchase of goods and services £m	2025 Amounts owed from £m	2025 Amounts owed to £m	2024 Sale of goods and services £m	2024 Purchase of goods and services £m	2024 Amounts owed from £m	2024 Amounts owed to £m
Joint arrangements:								
Marchwood Power Limited	**111.2**	**(116.1)**	**–**	**(5.0)**	42.6	(63.2)	–	(13.0)
Clyde Windfarm (Scotland) Limited	**5.6**	**(187.6)**	**0.1**	**(51.6)**	5.6	(153.9)	–	(48.7)
Beatrice Offshore Windfarm Limited	**6.3**	**(86.1)**	**1.2**	**(7.1)**	4.8	(75.5)	2.0	(6.8)
Stronelairg Wind Farm Limited	**2.6**	**(88.4)**	**0.1**	**(25.1)**	2.5	(75.6)	–	(20.8)
Dunmaglass Wind Farm Limited	**1.2**	**(32.6)**	**–**	**(9.0)**	1.1	(32.2)	–	(8.6)
Neos Networks Limited	**6.8**	**(28.2)**	**2.1**	**(4.0)**	3.8	(28.5)	6.1	(4.7)
Seagreen Wind Energy Limited	**54.6**	**(171.5)**	**13.6**	**(16.8)**	19.8	(113.4)	11.3	(11.7)
Doggerbank A, B, C and D	**47.7**	**(2.8)**	**36.5**	**(1.0)**	36.5	–	10.7	–
Other joint arrangements	**31.4**	**(172.1)**	**13.1**	**(54.3)**	18.0	(209.4)	6.7	(63.9)

The transactions with Marchwood Power Limited relate to the contracts for the provision of energy or the tolling of energy under power purchase arrangements.

Details of the Group's 15-year Affiliate Contract for Difference agreement with Seagreen Wind Energy Limited are included in note A7.2.

The amounts outstanding are trading balances, are unsecured and will be settled in cash. Aggregate capital loans to joint ventures and associates are shown in note 16.

A6 Financial risk management

This note presents information about the fair value of the Group's financial instruments, the Group's exposure to the risks associated with those instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Commodity risk
- Currency risk
- Interest rate risk

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's policies for risk management are established to identify the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Exposure to commodity, currency and interest rate risks arise in the normal course of the Group's business and derivative financial instruments are entered into to hedge exposure to these risks.

SSE has a Group wide Risk Committee reporting to the Group Executive Committee, which is responsible for reviewing the strategic, market, credit, operational and liquidity risks and exposures that arise from the Group's operating activities. In addition, the Group has two dedicated Energy Market risk committees reporting to the Group Executive Committee and Board respectively, with the Group Executive Sub-committee chaired by the Group Chief Commercial Officer (the "Group Energy Markets Exposures Risk Committee") and the Board Sub-committee chaired by Non-Executive Director Tony Cocker (the "Energy Markets Risk Committee (EMRC)"). These Committees oversee the Group's management of its energy market exposures, including its approach to hedging.

A6 Financial risk management continued

During the year ended 31 March 2025, the Group continued to be exposed to the economic conditions impacting the primary commodities to which it is exposed (Gas, Carbon and Power). The Group's approach to hedging, and the diversity of its energy portfolios (across Wind, Hydro, Thermal and Customers) has provided certain mitigation of these exposures.

At 31 March, the Group's collateral position was as follows:

	Note	**2025 £m**	2024 £m
Collateral posted included within trade and other receivables	18	**9.6**	9.3
Collateral held included within trade and other payables	19	**(82.5)**	(362.5)
Net collateral held		**(72.9)**	(353.2)

Exposure to the commodity, currency and interest rate risks noted arise in the normal course of the Group's business and derivative financial instruments are entered into to hedge exposure to these risks. The objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the year are explained below.

A6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations.

Credit risk arising from the Group's normal commercial operations is controlled by individual business units operating in accordance with Group policies and procedures. Generally, for significant contracts, individual business units enter into contracts or agreements with counterparties having investment grade credit ratings only, or where suitable collateral or other security has been provided. Counterparty credit validation is undertaken prior to contractual commitment.

Credit risk management for the Group's SSEN Transmission and SSEN Distribution businesses is performed in accordance with industry standards as set out by the Regulator and is financially controlled by the individual business units. The Group's greatest credit risks lie with the operations of the Customers business, the wholesale procurement activities conducted by SSE Energy Markets under a trust arrangement and the activities carried out by the Group's Treasury function. In all cases, specific credit risk controls that match the risk profile of those activities are applied. Exposure to credit risk in the retail supply of electricity and gas to end user customers arises from the potential of a customer defaulting on their invoiced payables. The Group exposure to domestic retail supply customers is limited to customers of the Group's Airtricity business. The creditworthiness of these customers is reviewed from a variety of internal and external information. The financial strength and creditworthiness of business customers is assessed prior to commencing, and for the duration of, their contract of supply.

Exposure to credit risk in the procurement of wholesale energy and fuel is managed by reference to agreed transaction credit limits which are determined by whether the counterparty:

- holds an investment grade credit rating; or
- can be assessed as adequately creditworthy in accordance with internal credit rules using information from other external credit agencies; or
- can provide a guarantee from an investment grade rated entity or post suitable collateral or provide other acceptable assurances in accordance with group procedures where they have failed to meet the above conditions; or
- can be allocated a non-standard credit limit approved by the relevant authority as delegated by the Group Board.

Credit support clauses and Master Netting Agreements are typically included or entered into in order to mitigate the impact to the Group against counterparty failure or non-delivery. As part of its normal activities, SSE Energy Markets transacts significant volumes of commodity derivative products through cleared exchanges to mitigate credit risk. Such exchanges are subject to strict regulation by the UK Financial Conduct Authority (FCA) and participants in these exchanges are obliged to meet rigorous capital adequacy requirements.

Individual counterparty credit exposures are monitored regularly and are subject to approved limits. At 31 March 2025, SSE Energy Markets had pledged no cash collateral (2024: £nil) and £494.9m (2024: £459.9m) of letters of credit, and had received £72.9m (2024: £353.2m) of cash collateral and £77.8m (2024: £130.8m) of letters of credit principally to reduce exposures on credit risk.

Bank credit exposures, which are monitored and reported on daily, are calculated on a mark-to-market basis and adjusted for future volatility and probability of default. Any issues relating to these credit exposures are presented for discussion and review by the Tax and Treasury Committee.

Credit exposure also exists in relation to financial guarantees issued by Group companies under which the total outstanding exposure at 31 March 2025 was £339.9m (2024: £684.9m) in respect of liabilities of joint ventures and associates and £479.3m (2024: £479.3m) in respect of the liabilities of former subsidiaries. An amount of £25.5m (2024: £39.5m) is recorded as a liability at 31 March 2025 in respect of the carrying value of these guarantees. Expected loss allowances for financial guarantee contracts have been reviewed at the balance sheet date and will be reviewed on an annual basis.

Cash and cash equivalents comprise cash in hand and deposits of three months or less which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

Derivative financial instruments are entered into to cover the Group's market risks – commodity risk, interest rate risk, currency risk – and are consequently covered elsewhere in this note.

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment.

A6.2 Concentrations of risk

Trade receivables recorded by reported segment held at the 31 March were:

	2025 £m	2024 £m (restated*)
SSEN Transmission	**14.0**	5.9
SSEN Distribution	**181.1**	133.5
SSE Renewables	**100.3**	97.9
Thermal		
SSE Thermal	**66.5**	43.6
Gas Storage	**1.0**	1.0
Energy Customer Solutions		
SSE Business Energy	**505.8**	553.2
SSE Airtricity	**172.2**	115.5
SSE Energy Markets	**423.8**	311.7
Corporate Unallocated	**15.5**	43.2
Total SSE Group	**1,480.2**	1,305.5

* The comparative has been restated to reallocate £12.3m trade receivables from SSE Enterprise to SSE Business Energy (£7.8m) and SSE Thermal (£4.5m).

Energy Customer Solutions (SSE Business Energy and SSE Airtricity) accounts for 45.8% (2024: 50.6%) of the Group's trade receivables from continuing operations. Trade receivables associated with the Group's 1.1 million electricity and gas customers are recorded within this business unit. The Group also has significant trade receivables associated with its SSE Energy Markets activities which are generally settled within two to four weeks from invoicing. The Group's exposure to credit risk is therefore subject to diversification with no exposure to individual retail customers totalling >10% of trade receivables. The largest customer balance, due from a SSE Energy Markets customer (also a SSE Energy Markets supplier), is 4% (2024: 3%) of the total trade receivables.

The ageing of trade receivables at the reporting date was:

	2025 £m	2024 £m
Not past due	**1,081.0**	962.6
Past due but not individually impaired:		
0 – 30 days	**140.0**	132.5
31 – 90 days	**142.7**	119.9
Over 90 days	**332.0**	343.9
	1,695.7	1,558.9
Less: allowance for impairment	**(215.5)**	(253.4)
Net trade receivables	**1,480.2**	1,305.5

The Group has past due debt which has not had an impairment allowance set aside to cover potential credit losses. The Group has certain procedures to pursue customers in significant arrears and believes its impairment policy in relation to such balances is appropriate. The level of aged debt across all periods remains consistent with the prior year, supported by the operational stability of SSE Business Energy's new billing platform, alongside decreasing levels of government support available to customers. The Group also considers various risk factors when assessing the level of provision to recognise. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

The debt impairment charge of £47.1m per the income statement (2024: £128.8m), primarily includes the write-off of £85.0m of trade receivables (2024: £44.6m) offset by a decrease in the bad debt provision of £37.9m (2024: £84.2m increase).

The Group has other receivables which are financial assets totalling £6.6m (2024: £4.1m).

The movement in the allowance for impairment of trade receivables was:

	2025 £m	2024 £m
Balance at 1 April	**253.4**	169.2
Increase in allowance for impairment	**48.8**	121.5
Impairment losses recognised	**(86.7)**	(37.3)
Balance at 31 March	**215.5**	253.4

A6 Financial risk management continued

A6.3 Liquidity risk and Going Concern

Liquidity risk, the risk that the Group will have insufficient funds to meet its liabilities, is managed by the Group's Treasury function. The Group can be exposed to significant movements in its liquidity position due to changes in commodity prices, working capital requirements, the impact of the seasonal nature of the business and phasing of its capital investment programme.

Treasury is responsible for managing the banking and liquidity requirements of the Group, risk management relating to interest rate and foreign exchange exposures, and for managing the credit risk relating to the banking counterparties with which it transacts. Short term liquidity is reviewed daily by Treasury, while the longer-term liquidity position is reviewed on a regular basis by the Board. The department's operations are governed by policies determined by the Board and any breaches of these policies are reported to the Tax and Treasury Committee and Audit Committee.

In relation to the Group's liquidity risk, the Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

During the year, the Group's internal approach to managing liquidity was to seek to ensure that the Group had available committed borrowings and facilities equal to at least 105% of forecast borrowings over a rolling 6 month period.

The Group uses cash flow forecasts to monitor its ongoing borrowing requirements. Typically, the Group will fund any short term borrowing positions by issuing commercial paper or borrowing from committed and uncommitted bank lines and will invest in money market funds when it has a cash surplus. Details of the Group's borrowings are disclosed at note 21. In addition to the borrowing facilities listed at note 21.3, the Group has a £21m overdraft facility.

The refinancing requirement in the 25/26 financial year is £1.9bn, being the £0.9bn of short term Commercial Paper that matures between April and June, and £1.0bn of medium to long term debt maturing being the €600m (£531m) Eurobond maturing 16 April 2025 and €600m (£503m) Eurobond maturing 8 September 2025. The Directors are confident in the ability of the Group to maintain a funding level above 105% for the Going Concern assessment period based on the strong credit standing and borrowing history of the Group for both fixed debt and commercial paper, as discussed more fully below.

Given the committed bank facilities of £3.0bn, £1.5bn excluding Scottish Hydro Electric Transmission plc facilities, maintained by the Group and the current commercial paper market conditions, the Directors have concluded that both the Group and SSE plc as parent company have sufficient headroom to continue as a Going Concern. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £16.9bn of medium to long term debt and Hybrid equity since February 2012, including £1.4bn of long term funding in the current financial year.

The Group's period of Going Concern assessment is performed to 31 December 2026, 21 months from the balance sheet date, which is at least 12 months from the filing deadline of its subsidiary companies. While the formal assessment period was to the period ending 31 December 2026, a period of three months beyond this date was reviewed for significant events that may result in a change to the conclusion of the assessment. No events or circumstances were identified in that period beyond the formal assessment. As well as taking account of the factors noted, the Going Concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including removal of proceeds from unconfirmed future divestments, negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments. The Group has also considered its obligations under its debt covenants. There have been no breaches of covenants in the year and the Group's projections support the expectation that there will be no breach of covenants over the period to 31 December 2026. The statement of Going Concern is included in the Audit Committee Report.

As at 31 March 2025, the net value of outstanding cash collateral held in respect of mark-to-market related margin calls on exchange traded positions was £72.9m (2024: £353.2m).

The contractual cash flows shown in the following tables are the contractual undiscounted cashflows under the relevant financial instruments. Where the contractual cashflows are variable based on a price, foreign exchange rate or index in the future, the contractual cashflows in the following tables have been determined with reference to the relevant price, foreign exchange rate, interest rate or index as at the balance sheet date. In determining the interest element of contractual cashflows in cases where the Group has a choice as to the length of interest calculation periods and the interest rate that applies varies with the period selected, the contractual cashflows have been calculated assuming the Group selects the shortest available interest calculation periods. Where the holder of an instrument has a choice of when to redeem, the amounts in the following tables are on the assumption the holder redeems at the earliest opportunity.

The following are the undiscounted contractual maturities of financial liabilities, including interest and excluding the impact of netting agreements:

Liquidity risk	2025 Carrying value £m	2025 Contractual cash flows £m	2025 0 – 12 months £m	2025 1 – 2 years £m	2025 2 – 5 years £m	2025 > 5 years £m
Financial liabilities						
Loans and borrowings						
Commercial paper and cash advances	1,230.5	(1,243.0)	(1,243.0)	–	–	–
Loans – floating	200.0	(233.3)	(11.1)	(11.1)	(211.1)	–
Loans – fixed	1,300.4	(1,669.0)	(54.6)	(346.7)	(459.1)	(808.6)
Unsecured bonds – fixed	7,507.1	(10,125.6)	(777.9)	(792.8)	(1,999.5)	(6,555.4)
Fair value adjustment	(88.6)	–	–	–	–	–
	10,149.4	(13,270.9)	(2,086.6)	(1,150.6)	(2,669.7)	(7,364.0)
Lease liabilities	455.0	(711.9)	(75.2)	(64.4)	(169.1)	(403.2)
	10,604.4	(13,982.8)	(2,161.8)	(1,215.0)	(2,838.8)	(7,767.2)
Derivative financial liabilities						
Operating derivatives designated at fair value	162.1	387.3	(81.1)	205.9	92.4	170.1
Interest rate swaps used for hedging	76.8	(76.8)	(45.5)	(17.4)	(12.6)	(1.3)
Interest rate swaps designated at fair value	31.0	(31.0)	(7.4)	(7.5)	(5.5)	(10.6)
Forward foreign exchange contracts held for hedging	19.9	(975.4)	(258.1)	(171.8)	(545.5)	–
Forward foreign exchange contracts designated at fair value	4.2	(474.0)	(413.6)	(56.2)	(4.2)	–
	294.0	(1,169.9)	(805.7)	(47.0)	(475.4)	158.2
Other financial liabilities						
Trade payables	710.7	(710.7)	(710.7)	–	–	–
Financial guarantee liabilities	25.5	(25.5)	(2.4)	(7.8)	(3.6)	(11.7)
	736.2	(736.2)	(713.1)	(7.8)	(3.6)	(11.7)
Total	11,634.6	(15,888.9)	(3,680.6)	(1,269.8)	(3,317.8)	(7,620.7)
Derivative financial assets						
Financing derivatives	(83.7)	793.5	544.2	172.9	70.9	5.5
Operating derivatives designated at fair value	(158.2)	366.5	304.6	26.0	24.0	11.9
	(241.9)	1,160.0	848.8	198.9	94.9	17.4
Net total[i]	**11,392.7**	**(14,728.9)**	**(2,831.8)**	**(1,070.9)**	**(3,222.9)**	**(7,603.3)**

A6 Financial risk management continued

A6.3 Liquidity risk and Going Concern continued

Liquidity risk	2024 Carrying value £m	2024 Contractual cash flows £m	2024 0 – 12 months £m	2024 1 – 2 years £m	2024 2 – 5 years £m	2024 > 5 years £m
Financial liabilities						
Loans and borrowings						
Commercial paper and cash advances	840.4	(852.4)	(852.4)	–	–	–
Loans – floating	200.0	(244.3)	(11.1)	(11.1)	(222.1)	–
Loans – fixed	1,367.0	(1,883.2)	(255.7)	(47.1)	(445.5)	(1,134.9)
Unsecured bonds – fixed	6,317.9	(8,964.7)	(218.8)	(1,174.7)	(856.4)	(6,714.8)
Fair value adjustment	0.9	–	–	–	–	–
	8,726.2	(11,944.6)	(1,338.0)	(1,232.9)	(1,524.0)	(7,849.7)
Lease liabilities	407.5	(616.5)	(91.8)	(54.1)	(142.1)	(328.5)
	9,133.7	(12,561.1)	(1,429.8)	(1,287.0)	(1,666.1)	(8,178.2)
Derivative financial liabilities						
Operating derivatives designated at fair value	428.4	(904.4)	(1,239.2)	(73.2)	90.2	317.8
Interest rate swaps used for hedging	57.4	(57.4)	(26.1)	(10.6)	(16.9)	(3.8)
Interest rate swaps designated at fair value	38.4	(38.4)	(5.2)	(5.2)	(9.8)	(18.2)
Forward foreign exchange contracts held for hedging	30.5	(1,340.9)	(557.7)	(99.8)	(647.6)	(35.8)
Forward foreign exchange contracts designated at fair value	12.7	377.1	352.2	22.1	2.8	–
	567.4	(1,964.0)	(1,476.0)	(166.7)	(581.3)	260.0
Other financial liabilities						
Trade payables	656.7	(656.7)	(656.7)	–	–	–
Financial guarantee liabilities	39.5	(39.5)	(2.9)	(2.7)	(7.8)	(26.1)
	696.2	(696.2)	(659.6)	(2.7)	(7.8)	(26.1)
Total	10,397.3	(15,221.3)	(3,565.4)	(1,456.4)	(2,255.2)	(7,944.3)
Derivative financial assets						
Financing derivatives	(120.5)	(168.3)	(179.7)	(1.3)	12.7	–
Operating derivatives designated at fair value	(479.8)	761.6	756.7	6.6	(1.7)	–
	(600.3)	593.3	577.0	5.3	11.0	–
Net total(i)	9,797.0	(14,628.0)	(2,988.4)	(1,451.1)	(2,244.2)	(7,944.3)

(i) The Group believes the liquidity risk associated with out-of-the-money operating derivative contracts needs to be considered in conjunction with the profile of payments or receipts arising from derivative financial assets. It should be noted that cash flows associated with future energy sales and commodity contracts which are not IFRS 9 financial instruments are not included in this analysis, which is prepared in accordance with IFRS 7 "Financial Instruments: Disclosures".

A6.4 Commodity risk

The Group's Energy Markets business implements the hedging policy through trading in the commodity markets and manages the requirement for the delivery of the Group's physical commodity needs as part of its normal course of business. The risk management activity carried out by SSE Energy Markets arises from the Group's requirement to source gas, electricity or other commodities such as renewable obligation certificates for SSE Business Energy and SSE Airtricity, and to procure fuel and other commodities and provide a route-to-market and risk management services for SSE Renewables, SSE Thermal, and Gas Storage.

Current hedging approach

The Group has traded in three principal commodities during the year, as well as the spreads between two or more commodity prices: power (baseload and other products); gas; and carbon (emissions allowances). Each commodity has different liquidity characteristics, which impacts on the degree of hedging possible. Similarly, each of the Group's assets carries different exposures to the commodity market and thus requires a different approach to hedging. As such, the Group's current hedging approach varies by each class of asset as follows:

Asset class	Minimum Hedge Target	Principal Commodity Exposures
GB Wind	Target to hedge less than 100% of anticipated wind energy output for the coming 12 months, progressively establishing the hedge over the 36 months prior to delivery. From September 2023, this has been around 80%.	Power, Gas, Carbon
Hydro	80% of forecast generation 12 months in advance of delivery, progressively established over the 36 months prior to delivery.	Power, Gas, Carbon
GB Thermal	100% of expected output 6 months in advance of delivery, progressively established over the 18 months prior to delivery.	Power, Gas, Carbon
Gas Storage	The assets were commercially operated throughout the year and the business managed its exposure to changes in the spread between summer and winter prices, market volatility and plant availability.	Gas
SSE Business Energy	Sales to contract customers are 100% hedged: at point of sale for fixed, upon instruction for flexi and on a rolling basis for tariff customers.	Power, Gas

However, there are three principal areas where significant variations in earnings cannot be fully mitigated through hedging:

- The impact of the weather on the volume of electricity produced from renewable sources;
- The impact of operational matters such as unplanned outages; and
- The ability of flexible thermal power stations to earn extrinsic income by providing services to the electricity system and by responding to shorter-term electricity market conditions.

Hedging is carried out by each asset class trading internally with SSE Energy Markets to affect these hedges and SSE Energy Markets then trading onwards with external counterparties and markets. SSE Energy Markets is only able to accept internal trades when there is sufficient liquidity to offset them in the external market or they can be offset with internal trades from other asset classes. In this way, the commodity risks to which SSE Energy Markets is individually exposed, are minimised.

The volumetric extent to which assets are hedged are reported monthly to the Group Energy Markets Exposures Risk Committee, and to the Energy Markets Risk Committee ("EMRC") on at least a quarterly basis. Variations to the hedging approach above will be required as markets and other factors (such as asset disposals) change. The EMRC also receives reporting on credit risk, other risk measures, and market liquidity in assessing whether any variations to the hedging approach are required.

The Group measures and manages the Commodity Risk associated with the financial and non-financial commodity contracts it is exposed to. However, within the Group's financial statements only certain commodity contracts are designated as financial instruments under IFRS 9. As a result, it is only the fair value of those IFRS 9 financial instruments which represents the exposure of the Group's commodity price risk under IFRS 7. This is a consequence of the Group's accounting policy which stipulates that commodity contracts which are designated as financial instruments under IFRS 9 should be accounted for on a fair value basis with changes in fair value reflected in profit or equity. Conversely, commodity contracts that are not designated as financial instruments under IFRS 9 will be accounted for as "own use" contracts. As fair value changes in own use contracts are not reflected through profit or equity, these do not represent the IFRS 7 commodity price risk. Furthermore, other physical contracts can be treated as the hedging instrument in documented cash flow hedging relationships where the hedged item is the forecast future purchase requirement to meet production or customer demand. The accounting policies associated with financial instruments are explained in the Accompanying Information section A1.

Sensitivity analysis

The Group's exposure to commodity price risk according to IFRS 7 is measured by reference to the Group's IFRS 9 commodity contracts. IFRS 7 requires disclosure of a sensitivity analysis for market risks that is intended to illustrate the sensitivity of the Group's financial position and performance to changes in market variables impacting upon the fair value or cash flows associated with the Group's financial instruments.

Therefore, the sensitivity analysis provided discloses the effect on profit or loss and equity at the balance sheet date assuming that a reasonably possible change in the relevant commodity price had occurred and been applied to the risk exposures in existence at that date. The reasonably possible changes in commodity prices used in the sensitivity analysis were determined based on calculated or implied volatilities where available, or historical data.

A6 Financial risk management continued

A6.4 Commodity risk continued

The sensitivity analysis has been calculated on the basis that the proportion of commodity contracts that are IFRS 9 financial instruments remains consistent with those at that point. Excluded from this analysis are all commodity contracts that are not financial instruments under IFRS 9.

	2025		2024	
	Base Price(i)	**Reasonably possible increase/ decrease in variable**	Base Price(i)	Reasonably possible increase/ decrease in variable
Commodity prices				
UK gas (p/therm)	**89**	**+50 / −40**	91	+73 / −54
EU gas (€/MWh)	**34**	**+19 / −15**	–	–
UK power (£/MWh)	**88**	**+39 / −34**	72	+43 / −34
UK carbon (£/tonne)	**45**	**+23 / −19**	37	+31 / −22
EU carbon (€/tonne)	**71**	**+40 / −32**	40	+20 / −16
IRL power (€/MWh)	**123**	**+59 / −48**	106	+86 / −63
EU power (€/MWh)	**31**	**+11 / −10**	24	+12 / −10

(i) The base price represents the weighted average forward market price over the duration of the active market curve used to calculate the sensitivity analysis. The reasonably possible increase/decrease in market prices has been determined via SSE Energy Markets price model simulations and the volatility assumptions of the model have been calibrated from a look-back analysis over the previous 12 month period.

The impacts of reasonably possible changes in commodity prices on profit after taxation based on the rationale described are as follows:

Incremental profit/(loss)	**2025 Impact on profit and equity (£m)**	2024 Impact on profit and equity (£m)
Commodity prices combined – increase	**(287.1)**	(7.1)
Commodity prices combined – decrease	**212.6**	(0.4)

The sensitivity analysis provided is hypothetical and is based on the exposure to energy-related commodities, and their corresponding valuation under IFRS 9, that the Group has at each year end. This analysis should be used with caution as the impacts disclosed are not necessarily indicative of the actual impacts that would be experienced given it does not consider all interrelationships, consequences and effects of such a change in those prices.

A6.5 Currency risk

The Group publishes its consolidated financial statements in Sterling but also conducts business in foreign currencies. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs or in the underlying foreign currency assets of its foreign operations.

The Group's policy is to use forward contracts, swaps and options to manage its exposures to foreign exchange risk. All such exposures are transactional in nature, and relate primarily to procurement contracts, commodity purchasing and related freight requirements, commodity hedging, long term plant servicing and maintenance agreements and the purchase and sale of carbon emission certificates. The policy is to seek to hedge 100% of its currency requirements arising under all committed contracts excepting commodity hedge transactions, the requirements for which are significantly less predictable. The policy for these latter transactions is to assess the Group's requirements on a rolling basis and to enter into cover contracts as appropriate.

The Group has foreign operations with significant Euro-denominated and JPY-denominated net assets. The Group's policy is to hedge its net investment in its foreign operations by ensuring the net assets whose functional currency cash flows are denominated in foreign currencies are matched by borrowings in the same currency. For SSE Pacifico, whose functional currency is JPY but which presently has limited capital commitments, SSE has no JPY denominated borrowings and hence has no current net investment hedge. For the acquired net assets whose functional cash flows are in Sterling, the Group will ensure Sterling denominated borrowings are in place to minimise currency risk.

Significant exposures are reported to, and discussed by, the Tax and Treasury Committee on an ongoing basis and additionally form part of the bi-annual Treasury report to the Audit Committee.

At the balance sheet date, the total nominal value of outstanding forward foreign exchange contracts that the Group has committed to is:

	2025 £m	2024 £m
Forward foreign exchange contracts	**4,086.1**	3,197.1

The Group's exposure to foreign currency risk was as follows:

	2025					2024				
	SEK (million)	**$ (million)**	**€ (million)**	**CNH (million)**	**CHF (million)**	SEK (million)	$ (million)	€ (million)	CNH (million)	CHF (million)
Loans and borrowings	**–**	**244.0**	**5,200.0**	**–**	**–**	–	564.0	3,750.0	–	–
Purchase and commodity contract commitments	**4,881.7**	**33.8**	**1,743.7**	**–**	**10.4**	5,344.7	10.7	1,296.1	530.0	10.4
Gross exposure	**4,881.7**	**277.8**	**6,943.7**	**–**	**10.4**	5,344.7	574.7	5,046.1	530.0	10.4
Forward exchange/swap contracts	**4,881.7**	**277.8**	**4,028.9**	**–**	**10.4**	5,344.7	574.7	2,671.3	530.0	10.4
Net exposure (in currency)	**–**	**–**	**2,914.8**	**–**	**–**	–	–	2,374.8	–	–
Net exposure (in £m)	**–**	**–**	**2,441.6**	**–**	**–**	–	–	2,030.2	–	–

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities. All sensitivity analysis has been prepared on the basis of the relative proportions of instruments in foreign currencies being consistent as at the balance sheet date. This includes only monetary assets and liabilities denominated in a currency other than Sterling and excludes the translation of the net assets of foreign operations but not the corresponding impact of the net investment hedge.

The following sensitivity analysis is provided for monetary assets in Euro only, as the only currency with significant net exposure as at the current and prior year end, as noted above. The sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations are based on linear extrapolations of rate changes which may not reflect the actual result which would impact upon the Group.

The majority of these contracts are held to limit exposure to foreign currency movements on asset procurement contracts. A 10% change in foreign currency exchange rates would have had the following impact on profit after taxation, based on the assumptions presented above:

	Equity		Income statement	
	At 31 March 2025 £m	At 31 March 2024 £m	**At 31 March 2025 £m**	At 31 March 2024 £m
Euro	**167.5**	142.5	**35.9**	26.7
	167.5	142.5	**35.9**	26.7

The impact of a decrease in rates would be an identical reduction in the annual charge.

A6.6 Interest rate risk

Interest rate risk derives from the Group's exposure to changes in the value of an asset or liability or future cash flows through changes in interest rates.

The Group's policy is to manage this risk by stipulating that a minimum of 50% of Group borrowings be subject to fixed rates of interest, either directly through the debt instruments themselves or through the use of derivative financial instruments. The floating rate borrowings are provided by banks including the European Investment Bank (EIB). Such instruments include interest rate swaps and options, forward rate agreements and, in the case of debt raised in currencies other than Sterling, cross currency swaps. These practices serve to reduce the volatility of the Group's financial performance.

Although interest rate derivatives are primarily used to hedge risk relating to current borrowings, under certain circumstances they may also be used to hedge future borrowings. Any such pre-hedging is unwound at the time of pricing the underlying debt, either through cash settlement on a net present value basis or by transacting offsetting trades. The floating rate borrowings mainly comprise cash advances from the European Investment Bank (EIB), however the Group is currently carrying a surplus cash position of £1,090.5m (2024: £1,035.9m).

A6 Financial risk management continued

A6.6 Interest rate risk continued

The impact of a change in interest rates is dependent on the specific details of the financial asset or liability in question. Changes in fixed rate financial assets and liabilities, which account for the majority of cash, loans and borrowings, are not measured at fair value through the income statement. In addition to this, changes to fixed-to-floating hedging instruments which are recorded under cash flow hedge accounting also do not impact the income statement. Changes in hedged items and hedging instruments recorded under fair value hedge accounting are recorded through the income statement. The exposure measured is therefore based on variable rate debt and instruments.

The net exposure to interest rates at the balance sheet date can be summarised thus:

	2025 Carrying amount £m	2024 Carrying amount £m
Interest bearing/earning assets and liabilities:		
– fixed	**(9,901.8)**	(8,766.1)
– floating	**349.1**	685.5
	(9,552.7)	(8,080.6)
Represented by:		
Cash and cash equivalents	**1,090.5**	1,035.9
Derivative financial (liabilities)/assets	**(38.8)**	17.2
Loans and borrowings	**(10,149.4)**	(8,726.2)
Lease liabilities	**(455.0)**	(407.5)
	(9,552.7)	(8,080.6)

Following from this, the table below represents the expected impact of a change of 100 basis points in short term interest rates at the reporting date in relation to equity and income statement. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. An increase in exchange rates would be a change to either the income statement or equity. The assessment is based on a revision of the fair value assumptions included in the calculated exposures in the previous table.

All sensitivity analysis has been prepared on the basis of the proportion of fixed to floating instruments being consistent as at the balance sheet date and is stated after the effect of taxation.

The sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations are based on linear extrapolations of rate changes which may not reflect the actual result which would impact upon the Group.

	2025 £m	2024 £m
Income statement	**5.6**	2.6

The impact of a decrease in rates would be an equal reduction in the annual charge. There is no impact on equity as the analysis relates to the Group's net exposure at the balance sheet date. Contracts qualifying for hedge accounting are, by definition, part of the Group's covered position.

A7 Fair value of financial instruments

A7.1 Fair value of financial instruments within the Group

The fair values of the primary financial assets and liabilities of the Group together with their carrying values are as follows:

	2025 Amortised cost(i) £m	2025 FVTPL/ FVTOCI(ii) £m	2025 Total carrying value £m	2025 Fair value £m	2024 Amortised cost(i) £m	2024 FVTPL/ FVTOCI(ii) £m	2024 Total carrying value £m	2024 Fair value £m
Financial assets								
Current								
Trade receivables	**1,480.2**	**–**	**1,480.2**	**1,480.2**	1,305.5	–	1,305.5	1,305.5
Other receivables	**6.6**	**–**	**6.6**	**6.6**	4.1	–	4.1	4.1
Cash collateral and other deposits	**19.2**	**–**	**19.2**	**19.2**	9.3	–	9.3	9.3
Cash and cash equivalents	**1,090.5**	**–**	**1,090.5**	**1,090.5**	1,035.9	–	1,035.9	1,035.9
Derivative financial assets	**–**	**178.4**	**178.4**	**178.4**	–	536.1	536.1	536.1
	2,596.5	**178.4**	**2,774.9**	**2,774.9**	2,354.8	536.1	2,890.9	2,890.9
Non-current								
Unquoted equity investments	**–**	**8.8**	**8.8**	**8.8**	–	3.2	3.2	3.2
Loan note receivable	**193.5**	**–**	**193.5**	**193.5**	170.1	–	170.1	170.1
Loans to associates and jointly controlled entities	**1,510.3**	**–**	**1,510.3**	**1,510.3**	1,352.9	–	1,352.9	1,352.9
Derivative financial assets	**–**	**63.5**	**63.5**	**63.5**	–	64.2	64.2	64.2
	1,703.8	**72.3**	**1,776.1**	**1,776.1**	1,523.0	67.4	1,590.4	1,590.4
	4,300.3	**250.7**	**4,551.0**	**4,551.0**	3,877.8	603.5	4,481.3	4,481.3
Financial liabilities								
Current								
Trade payables	**(710.7)**	**–**	**(710.7)**	**(710.7)**	(656.7)	–	(656.7)	(656.7)
Outstanding liquid funds	**(82.5)**	**–**	**(82.5)**	**(82.5)**	(362.5)	–	(362.5)	(362.5)
Loans and borrowings(iii)	**(1,924.3)**	**28.8**	**(1,895.5)**	**(1,937.0)**	(1,044.5)	–	(1,044.5)	(1,113.6)
Lease liabilities	**(68.5)**	**–**	**(68.5)**	**(68.5)**	(83.5)	–	(83.5)	(83.5)
Financial guarantee liabilities	**–**	**(2.4)**	**(2.4)**	**(2.4)**	–	(3.1)	(3.1)	(3.1)
Derivative financial liabilities	**–**	**(126.3)**	**(126.3)**	**(126.3)**	–	(345.2)	(345.2)	(345.2)
	(2,786.0)	**(99.9)**	**(2,885.9)**	**(2,927.4)**	(2,147.2)	(348.3)	(2,495.5)	(2,564.6)
Non-current								
Loans and borrowings(iii)	**(8,313.7)**	**59.8**	**(8,253.9)**	**(7,960.4)**	(7,680.8)	(0.9)	(7,681.7)	(7,440.6)
Lease liabilities	**(386.5)**	**–**	**(386.5)**	**(386.5)**	(324.0)	–	(324.0)	(324.0)
Financial guarantee liabilities	**–**	**(23.1)**	**(23.1)**	**(23.1)**	–	(36.4)	(36.4)	(36.4)
Derivative financial liabilities	**–**	**(167.7)**	**(167.7)**	**(167.7)**	–	(222.2)	(222.2)	(222.2)
	(8,700.2)	**(131.0)**	**(8,831.2)**	**(8,537.7)**	(8,004.8)	(259.5)	(8,264.3)	(8,023.2)
	(11,486.2)	**(230.9)**	**(11,717.1)**	**(11,465.1)**	(10,152.0)	(607.8)	(10,759.8)	(10,587.8)
Net financial liabilities	**(7,185.9)**	**19.8**	**(7,166.1)**	**(6,914.1)**	(6,274.2)	(4.3)	(6,278.5)	(6,106.5)

(i) Financial assets and liabilities that are measured at amortised cost.
(ii) Financial assets and liabilities that are measured at either Fair Value through Profit and Loss (Derivative Financial Assets and Liabilities) or Fair Value through other comprehensive income (Unquoted Equity Investments)
(iii) The fair value through profit or loss attributable to loans and borrowings totalling £88.6m (2024: (£0.9m)) relates to fair value hedges that are in place against the Group's loans and borrowings. At 31 March 2025, Scottish Hydro Electric Transmission plc had drawn £340.0m of borrowings under its £1.5bn revolving credit facility. The £340.0m has been classified as non-current within debt maturing in two to five years in accordance with IAS 1 paragraph 75A. The debt was repaid in April 2025, subsequent to the balance sheet date.

A7 Fair value of financial instruments continued

A7.1 Fair value of financial instruments within the group continued

A7.1.1 Basis of determining fair value

Certain assets and liabilities have been classified and carried at amortised cost on inception in line with IFRS 9 criteria. The carrying value of these assets are approximately equivalent to fair value due to short term maturity aside from loans and borrowings which are subject to longer maturity dates.

All other financial assets and liabilities are measured at either Fair Value through Profit and Loss ("FVTPL") or Fair Value through Other Comprehensive Income ("FVTOCI"). Fair values for energy derivatives are based on unadjusted quoted market prices, where actively traded. For energy derivatives that are not actively traded, interest rate instruments, foreign currency hedge contracts and cross currency swap contracts associated with foreign currency denominated long term fixed rate debt, the fair values are determined by reference to closing rate market prices for similar instruments. Fair values for unquoted equity instruments are derived from venture capital or growth equity firm valuation statements. Fair values for financial guarantee contracts are equal to the premium or fee received/charged.

The fair values are stated at a specific date and may be different from the amounts which will actually be paid or received on settlement of the instruments. The fair value of items such as property, plant and equipment, internally generated brands or the Group's customer base are not included as these are not considered financial instruments.

A7.2 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from unadjusted quoted market prices for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	2025				2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Energy derivatives	**71.5**	**80.9**	**5.8**	**158.2**	357.7	121.6	0.5	479.8
Interest rate derivatives	**–**	**68.9**	**–**	**68.9**	–	113.0	–	113.0
Foreign exchange derivatives	**–**	**14.8**	**–**	**14.8**	–	7.5	–	7.5
Unquoted equity investments	**–**	**–**	**8.8**	**8.8**	–	–	3.2	3.2
	71.5	**164.6**	**14.6**	**250.7**	357.7	242.1	3.7	603.5
Financial liabilities								
Energy derivatives	**–**	**(80.8)**	**(81.3)**	**(162.1)**	–	(327.1)	(101.3)	(428.4)
Interest rate derivatives	**–**	**(107.8)**	**–**	**(107.8)**	–	(95.8)	–	(95.8)
Foreign exchange derivatives	**–**	**(24.1)**	**–**	**(24.1)**	–	(43.2)	–	(43.2)
Loans and borrowings*	**–**	**88.6**	**–**	**88.6**	–	(0.9)	–	(0.9)
	–	**(124.1)**	**(81.3)**	**(205.4)**	–	(467.0)	(101.3)	(568.3)

* The £88.6m relates to fair value hedges that are in place against the Group's loans and borrowings and has been included in the table above within financial liabilities, as it is presented in loans and borrowings liabilities in the balance sheet.

The table above excludes financial guarantee liabilities measured in accordance with IFRS 17. There were no significant transfers out of Level 1 into Level 2 and out of Level 2 into Level 1 during the current and prior year. There were no significant transfers out of Level 2 into Level 3 or out of Level 3 into Level 2 during the current and prior year.

In the prior year, the Group entered into an additional Affiliate Contract for Difference ("ACfD") agreement with Seagreen Wind Energy Limited ("SWEL") with a 5 year term. SWEL is a wholly owned subsidiary of Seagreen Holdco 1 Limited, a joint venture between the Group (49%) and TotalEnergies (25.5%) and PTT Exploration & Production Public Company Limited (PTTEPP) (25.5%) (2024: TOTAL SE (51%)) and TOTAL SE entered into an equivalent ACfD with SWEL. In the period to 31 March 2025, the SWEL ACfD agreement was amended and under IFRS 9, the original agreement was de-recognised and then re-recognised on the amended basis. The Group also has some smaller commercial CfD arrangements entered into with non-government third parties that are also classified as derivatives. The ACfD and the commercial CfDs meet the definition of financial instruments and are classified as Level 3 on the fair value hierarchy due to significant unobservable inputs in the determination of fair value.

The fair value measurement impact in the income statement attributable to Level 3 CfDs was a gain of £23.9m (2024: £99.0m loss). The fair value was determined using the income approach with reference to future market prices which are beyond the liquid period in the forward market.

The non-government CfDs were issued for £nil consideration, being the deemed transaction price. The Group has calculated that the contracts had a fair value on day 1, being the difference between the strike price per the contract and the forward market spot price. This valuation is based on unobservable inputs and is considered judgemental. Key assumptions applied when deriving the fair value are related to discount rates; electricity volumes; and electricity prices. In line with IFRS 9, the day 1 gain is deferred and will be recognised over the life of the contract.

The following table represents the difference between the Level 3 financial instruments at fair value at the start of the reporting period and at the reporting date:

	2025 £m	2024 £m
Level 3 financial instrument fair value at 1 April	**(97.6)**	25.6
Additions	**3.4**	–
Transfer to/(from) financial assets	**4.6**	(24.1)
Disposals in year	**(0.1)**	(0.4)
Cash settlement	**(38.5)**	(0.4)
Re-measurement gain/(loss) recognised in income statement	**5.2**	(106.0)
Re-measurement (loss)/gain recognised in other comprehensive income	**(0.8)**	0.3
Additions – new instruments entered in the year	**342.3**	11.5
Deferred day 1 gains on instruments entered in the year	**(342.3)**	(11.5)
Instruments derecognised in the year	**(342.0)**	–
Deferred day 1 gains derecognised in the year	**370.7**	–
Amortisation of day 1 gains in the year	**28.4**	7.4
Level 3 financial instrument fair value at 31 March	**(66.7)**	(97.6)

The following table details the valuation technique, significant unobservable inputs and the range of values for the energy derivatives measured at fair value on a recurring basis and classified as Level 3.

	Carrying value (net) £m	Valuation technique	Significant unobservable input	Market price range (min-max) £/MWh
31 March 2025	75.5	Discounted cash flow	Electricity prices, Generation volumes	49 – 99
31 March 2024	100.8	Discounted cash flow	Electricity prices, Generation volumes	53 – 147

Deferred measurement differences

	2025 £m	2024 £m
Deferred measurement difference at 1 April	**413.5**	400.1
Deferred measurement difference adjustment in the year	**–**	9.3
Deferred measurement difference arising during the year on new instruments	**342.3**	11.5
Deferred measurement differences derecognised in the year	**(370.7)**	–
Deferred measurement difference recognised during the year	**(28.4)**	(7.4)
Deferred measurement difference at 31 March	**356.7**	413.5

The following table shows the impact on the fair value of the Level 3 energy derivatives when applying reasonably possible alternative assumptions to the valuation obtained using the discounted cash flow model.

	At 31 March 2025		At 31 March 2024	
Assumption	Increase/ decrease in assumption	Effect on fair value of deferred measurement differences £m	Increase/ decrease in assumption	Effect on fair value of deferred measurement differences £m
Discount rate	**+1%/-1%**	**(12.8)/13.9**	+1%/–1%	(22.2)/19.9
Volumes	**+10%/-10%**	**26.5/(28.7)**	+10%/–10%	29.3/(31.3)
Prices	**+10%/-10%**	**87.5/(87.5)**	+10%/–10%	135.7/(135.7)

A8 Hedge accounting

A8.1 Cash flow hedges

The Group designates contracts which qualify as hedges for accounting purposes either as cash flow hedges or fair value hedges. Cash flow hedges are contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates or foreign currency exchange rates and which meet the effectiveness criteria prescribed by IFRS 9. The Group's accounting policy on cash flow hedges is explained in the Accompanying Information section A1.

The following table indicates the contractual maturities of the expected transactions and the qualifying cash flow hedges associated. Non-Sterling denominated contractual cash flows have been converted at the forward foreign exchange rate.

	2025	2025	2025	2025	2025	2025	2024	2024	2024	2024	2024	2024
Cash flow hedges	**Carrying amount £m**	**Expected cash flows £m**	**0 – 12 months £m**	**1 – 2 years £m**	**2 – 5 years £m**	**> 5 years £m**	Carrying amount £m	Expected cash flows £m	0 – 12 months £m	1 – 2 years £m	2 – 5 years £m	> 5 years £m
Interest rate swaps:												
Assets	**15.4**	**16.5**	**5.9**	**5.3**	**5.3**	**–**	19.7	21.4	7.3	5.3	8.8	–
Liabilities	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–
	15.4	**16.5**	**5.9**	**5.3**	**5.3**	**–**	19.7	21.4	7.3	5.3	8.8	–
Cross currency swaps:												
Assets	**32.7**	**48.5**	**7.9**	**7.2**	**(46.1)**	**79.5**	71.7	72.4	51.4	1.5	19.5	–
Liabilities	**(74.2)**	**(75.4)**	**(43.2)**	**(13.4)**	**(37.1)**	**18.3**	(57.4)	(57.6)	(19.3)	(23.3)	(30.6)	15.6
	(41.5)	**(26.9)**	**(35.3)**	**(6.2)**	**(83.2)**	**97.8**	14.3	14.8	32.1	(21.8)	(11.1)	15.6
Forward foreign exchange contracts:												
Assets	**9.6**	**584.8**	**292.9**	**133.5**	**158.4**	**–**	0.5	35.0	34.6	0.4	–	–
Liabilities	**(19.7)**	**861.1**	**234.8**	**182.2**	**444.1**	**–**	(30.5)	(1,340.9)	(557.7)	(99.8)	(647.6)	(35.8)
	(10.1)	**1,445.9**	**527.7**	**315.7**	**602.5**	**–**	(30.0)	(1,305.9)	(523.1)	(99.4)	(647.6)	(35.8)

A8.2 Net investment hedge

The Group's net investment hedge consists of debt issued in the same currency (€) as the net investment in foreign subsidiaries with € denominated functional currencies being the Airtricity Supply business, the thermal plants in Ireland and wind farms in Ireland and Southern Europe. The hedge compares the element of the net assets whose functional cash flows are denominated in € to the matching portion of the € borrowings held by the Group. This therefore provides protection against movements in foreign exchange rates. There is no net investment hedge in relation to SSE Pacifico as the Group has no JPY denominated debt.

Gains and losses in the hedge are recognised in equity and will be transferred to the income statement on disposal of the foreign operation (2025: £36.0m gain, 2024: £30.9m gain). Gains and losses on the ineffective portion of the hedge are recognised immediately in the income statement (2025: £nil, 2024: £nil).

Company balance sheet
as at 31 March 2025

	Note	2025 £m	2024 £m
Assets			
Equity investments in joint ventures and associates	3	**4.0**	34.6
Loans to joint ventures and associates	3	**83.5**	69.8
Investments in subsidiaries	4	**1,976.2**	1,963.6
Trade and other receivables	5	**9,412.2**	10,948.8
Derivative financial assets	11	**25.1**	35.7
Retirement benefit assets	10	**353.7**	339.3
Non-current assets		**11,854.7**	13,391.8
Trade and other receivables	5	**2,317.8**	1,056.1
Cash and cash equivalents		**987.6**	796.9
Derivative financial assets	11	**22.1**	67.3
Current assets		**3,327.5**	1,920.3
Total assets		**15,182.2**	15,312.1
Liabilities			
Loans and other borrowings	8	**1,895.5**	1,044.5
Trade and other payables	6	**1,638.6**	2,827.2
Current tax liability	7	**36.5**	26.3
Financial guarantee liabilities	12	**9.3**	9.3
Provisions	14	**23.9**	19.7
Derivative financial liabilities	11	**53.6**	32.7
Current liabilities		**3,657.4**	3,959.7
Loans and other borrowings	8	**3,940.7**	4,561.7
Deferred tax liabilities	7	**83.5**	82.5
Financial guarantee liabilities	12	**90.8**	107.3
Provisions	14	**177.7**	200.0
Derivative financial liabilities	11	**53.0**	64.1
Non-current liabilities		**4,345.7**	5,015.6
Total liabilities		**8,003.1**	8,975.3
Net assets		**7,179.1**	6,336.8
Equity:			
Share capital	9	**555.6**	548.1
Share premium		**812.6**	820.1
Capital redemption reserve		**52.6**	52.6
Hedge reserve		**37.3**	17.0
Retained earnings		**3,838.6**	3,016.6
Equity attributable to ordinary shareholders of the parent		**5,296.7**	4,454.4
Hybrid equity	9	**1,882.4**	1,882.4
Total equity		**7,179.1**	6,336.8

Result for the year

In accordance with the concession granted under section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company have not been separately presented in these Financial Statements. The profit for the year attributable to ordinary shareholders dealt with in the financial statements of the Company was £1,338.2m (2024: £554.6m) including dividends received from subsidiaries of £1,615.0m (2024: £992.6m).

These financial statements were approved by the Board of Directors on 20 May 2025 and signed on their behalf by

Barry O'Regan,
Chief Financial Officer

Sir John Manzoni,
Chairman

SSE plc

Registered No: SC117119

Company statement of changes in equity

for the year ended 31 March 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity £m
At 1 April 2024	**548.1**	**820.1**	**52.6**	**17.0**	**3,016.6**	**4,454.4**	**1,882.4**	**6,336.8**
Profit for the year	**–**	**–**	**–**	**–**	**1,264.5**	**1,264.5**	**73.7**	**1,338.2**
Other comprehensive income	**–**	**–**	**–**	**20.3**	**5.3**	**25.6**	**–**	**25.6**
Total comprehensive income for the year	**–**	**–**	**–**	**20.3**	**1,269.8**	**1,290.1**	**73.7**	**1,363.8**
Dividends to shareholders	**–**	**–**	**–**	**–**	**(671.0)**	**(671.0)**	**–**	**(671.0)**
Scrip dividend related share issue	**7.5**	**(7.5)**	**–**	**–**	**268.9**	**268.9**	**–**	**268.9**
Issue of treasury shares	**–**	**–**	**–**	**–**	**17.8**	**17.8**	**–**	**17.8**
Distributions to Hybrid equity holders	**–**	**–**	**–**	**–**	**–**	**–**	**(73.7)**	**(73.7)**
Share buyback	**–**	**–**	**–**	**–**	**(71.7)**	**(71.7)**	**–**	**(71.7)**
Credit in respect of employee share awards	**–**	**–**	**–**	**–**	**22.3**	**22.3**	**–**	**22.3**
Investment in own shares(i)	**–**	**–**	**–**	**–**	**(14.1)**	**(14.1)**	**–**	**(14.1)**
At 31 March 2025	**555.6**	**812.6**	**52.6**	**37.3**	**3,838.6**	**5,296.7**	**1,882.4**	**7,179.1**

for the year ended 31 March 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity £m
At 1 April 2023	547.0	821.2	52.6	(3.0)	3,473.0	4,890.8	1,882.4	6,773.2
Profit for the year	–	–	–	–	481.5	481.5	73.1	554.6
Other comprehensive income/(loss)	–	–	–	20.0	(27.7)	(7.7)	–	(7.7)
Total comprehensive income for the year	–	–	–	20.0	453.8	473.8	73.1	546.9
Dividends to shareholders	–	–	–	–	(956.4)	(956.4)	–	(956.4)
Scrip dividend related share issue	1.1	(1.1)	–	–	38.6	38.6	–	38.6
Issue of treasury shares	–	–	–	–	9.2	9.2	–	9.2
Distributions to Hybrid equity holders	–	–	–	–	–	–	(73.1)	(73.1)
Credit in respect of employee share awards	–	–	–	–	20.2	20.2	–	20.2
Investment in own shares(i)	–	–	–	–	(21.8)	(21.8)	–	(21.8)
At 31 March 2024	548.1	820.1	52.6	17.0	3,016.6	4,454.4	1,882.4	6,336.8

(i) Investment in own shares is the purchase of own shares less the settlement of Treasury shares for certain employee share schemes.

Notes to the Company financial statements

for the year ended 31 March 2025

1 Principal accounting policies

1.1 General information

SSE plc (the "Company") is a company domiciled in Scotland. The address of the registered office is given on the back cover. The Company financial statements present information about the Company as a separate entity and not about the Group.

1.2 Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, "Reduced Disclosure Framework".

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement and related notes.

It has also taken advantage of the following disclosure exemptions available under FRS 101.

- A cash flow statement and related notes;
- Related party disclosures;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 "Fair value measurement" and the disclosures required by IFRS 7 "Financial instrument disclosures".

The Company previously assessed that, on the basis of materiality, the disclosures required under IFRS 2 "Share-based Payment" should be removed. The Company has assessed that at 31 March 2025 these disclosures continue to be immaterial to the Company's financial statements.

New standards, amendments and interpretations effected or adopted by the Company

During the year ended 31 March 2025, the Company adopted the amendment to IAS 1 "Presentation of Financial Statements" in relation to non-current liabilities with covenants. Adoption of this amendment had no material impact on these financial statements.

There were no other standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the year.

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future (further details are contained in A6 Accompanying Information of the consolidated financial statements). The financial statements are therefore prepared on a Going Concern basis.

Basis of measurement

The financial statements of the Company are prepared on the historical cost basis except for derivative financial instruments and assets of the Company pension scheme which are stated at their fair value, and liabilities of the Company pension scheme which are measured using the projected unit credit method. The Directors believe the financial statements present a true and fair view. The financial statements of the Company are presented in pounds Sterling and all values are rounded to the nearest million to one decimal place (£m), unless otherwise stated.

Critical accounting judgements and estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are noted in note 4.1 of the consolidated financial statements, with the most significant financial judgement areas as specifically discussed by the Audit Committee being highlighted separately. In particular, note 4.1(ii) Retirement benefit obligations, and the related disclosures in note 23, note 4.1(iv) Valuation of other receivables and note 4.3 Decommissioning costs, of the consolidated financial statements are relevant to the Company.

Significant accounting policies

The significant accounting policies applied in the preparation of these individual financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any impairment charges.

Interests in joint arrangements and associates

Associates are those investments over which the Company has significant influence but neither control nor joint control.

The Company's joint ventures and associates are stated at cost less any impairment.

Applicable Group accounting policies

The following significant accounting policies are consistent with those applied for the Group consolidated financial statements:

- Equity and equity-related compensation benefits (Supplementary information A1.2)
- Defined benefit pension scheme (Supplementary information A1.2)
- Taxation (Supplementary information A1.2)
- Financial instruments (Supplementary information A1.2 and A6)
- Financial guarantee liabilities (Supplementary information A1.2)

2 Supplementary financial information

2.1 Auditor's remuneration

The amounts paid to the Company's auditor in respect of the audit of these financial statements was £0.4m (2024: £0.4m).

Amounts paid to the Company's auditor in respect of services to the Company other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

2.2 Employee numbers

The average number of people employed by the Company (including Executive Directors) during the year was 3 (2024: 3).

The costs associated with the employees of the Company, who are the Executive Directors of the Group, are borne by Group companies. No amounts are charged to the Company.

2.3 Directors' remuneration and interests

Information concerning Directors' remuneration, shareholdings, options, long term incentive schemes and pensions is shown in the Remuneration Report on pages 126 to 153. No Director had, during or at the end of the year, any material interest in any other contract of significance in relation to the Group's business.

3 Investments in associates and joint ventures

	2025			2024		
	Equity £m	**Loans £m**	**Total £m**	Equity £m	Loans £m	Total £m
Share of net assets/cost						
At 1 April	**34.6**	**69.8**	**104.4**	50.4	81.6	132.0
Additions	**–**	**25.9**	**25.9**	30.0	47.7	77.7
Repayment of shareholder loans	**–**	**(12.2)**	**(12.2)**	–	(13.4)	(13.4)
Impairment	**(30.6)**	**–**	**(30.6)**	(45.8)	(46.1)	(91.9)
At 31 March	**4.0**	**83.5**	**87.5**	34.6	69.8	104.4

The impairment recognised in the current and prior year relates to the investment in Neos Networks Limited. The current year impairment of £30.6m (2024: £91.9m) aligns the Company's investment value (cost less impairment) with the carrying value in the Group financial statements, where the investment is equity accounted.

4 Subsidiary undertakings

Details of the Company's subsidiary undertakings are disclosed in the Accompanying Information section (A3).

Investment in subsidiaries

	2025 £m	2024 £m
At 1 April	**1,963.6**	1,958.1
Increase in existing investments(i)	**24.5**	22.1
Investment decrease in respect of financial guarantees(ii)	**(11.9)**	(16.6)
At 31 March	**1,976.2**	1,963.6

(i) The overall increase in investments held by the Company primarily relates to equity shares in the Company awarded to the employees of the subsidiaries of the Group under the Group's share schemes, which are recognised as an increase in the cost of investment in those subsidiaries as directed by IFRIC 11 (2025: £24.5m; 2024: £22.1m (both before tax)).
(ii) The investment decrease in respect of financial guarantees relates to £18.6m (2024: £19.6m) of unwind and expiry of guarantee contracts, less £6.7m (2024: £3.0m) for the fair value of fees receivable on guarantees granted to subsidiary investments during the year.

5 Trade and other receivables

The balances of current and non-current trade and other receivables in the current and prior financial year predominantly consists of amounts owed by subsidiary undertakings. At 31 March 2025 the Company assessed its exposure to expected credit losses on related party receivables under IFRS 9 and held a provision against future losses of £54.3m (2024: £59.2m).

During the year ended 31 March 2025 the Company waived £510.3m (2024: £624.0m) of intercompany funding receivables due from other SSE Group companies, with the related charge being expensed in the income statement.

6 Trade and other payables

The balances of current trade and other payables in the current and prior financial year predominantly consists of amounts due to subsidiary undertakings.

7 Taxation

Current tax liability

	2025 £m	2024 £m
Corporation tax liability	**36.5**	26.3

Deferred taxation

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

	Fair value gains/(losses) on derivatives £m	Retirement benefit obligations £m	Other £m	Total £m
At 31 March 2023	(7.6)	91.6	(5.7)	78.3
Charge to income statement	3.3	2.5	–	5.8
Charge/(credit) to other comprehensive income/(loss)	5.9	(9.3)	–	(3.4)
Charge to equity	–	–	1.8	1.8
At 31 March 2024	1.6	84.8	(3.9)	82.5
Charge/(credit) to income statement	**0.8**	**1.7**	**(8.7)**	**(6.2)**
Charge to other comprehensive income	**3.1**	**1.9**	**–**	**5.0**
Charge to equity	**–**	**–**	**2.2**	**2.2**
At 31 March 2025	**5.5**	**88.4**	**(10.4)**	**83.5**

Certain deferred tax assets and liabilities have been offset, including the asset balances analysed in the tables above. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025 £m	2024 £m
Deferred tax liabilities	**94.3**	86.8
Deferred tax assets	**(10.8)**	(4.3)
Net deferred tax liability	**83.5**	82.5

The deferred tax assets/liabilities disclosed include the deferred tax relating to the Company's pension scheme liabilities.

8 Loans and borrowings

	2025 £m	2024 £m
Current		
Other short term loans	**1,895.5**	1,044.5
	1,895.5	1,044.5
Non-current		
Loans	**3,940.7**	4,561.7
	3,940.7	4,561.7
Total loans and borrowings	**5,836.2**	5,606.2

8.1 Borrowing facilities

The Company has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 31 March 2025 there was £891m commercial paper outstanding (2024: £840m).

During the year the Company issued a 7 year €600m Green Bond at a coupon of 3.5%. The bond has been predominantly left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. In the year, the Company also issued £0.9bn of debt and had £1.0bn of debt maturities. The £0.9bn of issued debt relates to Commercial Paper being rolled at maturity, which also accounts for £0.8bn of the debt maturities, with the only additional debt maturity being €320m (£204m) of 12 year US Private Placements that matured in April 2024.

The Company also has £1.5bn (2024: £2.5bn) of a revolving credit facility (see note 21.3). On 23 October 2024 the Company's facilities were re-financed with the £2.5bn of facilities being reduced to £1.5bn by cancellation of a facility due to mature in February 2025. This facility provides back-up to the commercial paper programme and supports the Group's capital expenditure plans. As at 31 March 2025 this facility was undrawn (2024: undrawn).

8 Loans and borrowings continued

Analysis of borrowings

	2025 Weighted average interest rate	2025 Face value £m	2025 Fair value £m	2025 Carrying amount £m	2024 Weighted average interest rate	2024 Face value £m	2024 Fair value £m	2024 Carrying amount £m
Current								
Other short term loans – non-amortising(ii)	5.0%	901.7	906.6	890.5	5.8%	852.4	855.7	840.4
1.25% Eurobond repayable 16 April 2025(v)	1.3%	531.4	531.2	531.4	–	–	–	–
0.875% €600m Eurobond repayable 8 September 2025(viii)	0.9%	502.6	499.2	502.4	–	–	–	–
US Private Placement 16 April 2024	–	–	–	–	4.4%	204.1	257.9	204.1
Within one year		1,935.7	1,937.0	1,924.3		1,056.5	1,113.6	1,044.5
Fair value adjustment(iii)				(28.8)				–
Total current borrowings		1,935.7	1,937.0	1,895.5		1,056.5	1,113.6	1,044.5
Non-current								
Bank loans – non amortising(i)	5.5%	100.0	102.5	100.0	5.5%	100.0	102.5	100.0
1.25% Eurobond repayable 16 April 2025(v)	–	–	–	–	1.3%	531.4	518.8	531.4
0.875% €600m Eurobond repayable 8 September 2025(viii)	–	–	–	–	0.9%	513.0	493.0	512.2
US Private Placement 8 June 2026	3.1%	64.0	63.0	63.8	3.1%	64.0	48.7	63.6
US Private Placement 6 September 2026	3.2%	247.1	258.9	246.2	3.2%	247.1	242.1	245.6
US Private Placement 6 September 2027	3.2%	35.0	33.3	34.8	3.2%	35.0	25.9	34.7
1.375% €650m Eurobond repayable 4 September 2027(iv)(viii)	1.4%	591.4	573.7	590.9	1.4%	591.4	553.7	590.7
8.375% Eurobond repayable on 20 November 2028	8.4%	500.0	554.3	498.5	8.4%	500.0	573.3	498.1
2.875% Eurobond repayable on 1 August 2029(viii)	2.9%	544.5	539.3	543.3	–	–	–	–
Between two and five years		2,082.0	2,125.0	2,077.5		2,581.9	2,558.0	2,576.3
2.875% Eurobond repayable on 1 August 2029(viii)	–	–	–	–	2.9%	555.7	543.3	554.3
1.750% Eurobond repayable 16 April 2030(vi)	1.8%	442.9	413.9	442.9	1.8%	442.9	403.5	442.9
6.25% Eurobond repayable on 27 August 2038	6.3%	350.0	350.7	347.9	6.3%	350.0	386.3	347.7
4.00% €750m Eurobond repayable 5 September 2031(vii)(viii)	4.0%	628.2	646.5	626.8	4.0%	641.2	661.7	639.6
3.50% €600m Eurobond repayable 18 March 2032(viii)(ix)	3.5%	503.5	501.3	500.5	–	–	–	–
Over five years		1,924.6	1,912.4	1,918.1		1,989.8	1,994.8	1,984.5
Fair value adjustment(iii)				(54.9)				0.9
Total non-current borrowings		4,006.6	4,037.4	3,940.7		4,571.7	4,552.8	4,561.7
Total borrowings		5,942.3	5,974.4	5,836.2		5,628.2	5,666.4	5,606.2

(i) Balances include term loans and EIB debt and is a mixture of fixed and floating rate debt.
(ii) Balances include Commercial Paper and facility advances (£891m of Commercial Paper outstanding at 31 March 2025).
(iii) The fair value adjustment relates to the change in the carrying amount of the borrowings as a result of fair value hedges that are in place. The movement in the fair value adjustment is recognised in the income statement with a corresponding movement on the hedging instrument also being recognised in the income statement.
(iv) The 1.375% €650m Eurobond maturing 4 September 2027 has been swapped to Sterling giving an effective interest rate of 2.56%.
(v) The 1.250% €600m Eurobond maturing 16 April 2025 has been swapped to Sterling giving an effective interest rate of 2.43%.
(vi) The 1.750% €500m Eurobond maturing 16 April 2030 has been swapped to Sterling giving an effective interest rate of 2.89%.
(vii) The 4.0% €750m Eurobond maturing 5 September 2031 has been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.
(viii) Bonds have been issued under the Group's Green Bond Framework.
(ix) The 3.50% €600m Eurobond maturing 18 March 2032 has predominantly been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. €200m has been swapped to Sterling for a one year period giving an effective interest rate of 4.20%.

9 Equity

Details regarding SSE plc's share capital, hybrid equity and capital redemption reserve can be found in note 22 of the Group consolidated financial statements. The Company's hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge derivative instruments related to hedging transactions that have not yet occurred.

10 Retirement benefit obligations

Defined benefit scheme

The Company has a funded final salary pension scheme ("Scottish Hydro Electric Pension Scheme") which provides defined benefits based on final pensionable pay. The scheme is subject to an independent valuation at least every three years. The future benefit obligations are valued by actuarial methods on the basis of an appropriate assessment of the relevant parameters. Further details regarding SSE plc's defined benefit pension scheme can be found in note 23 of the Group consolidated financial statements, including details of the latest actuarial valuation, contributions, valuation assumptions, sensitivity analysis, and discussion of the pension scheme assets, obligations, polices, risks and strategy.

10.1 Valuation of pension scheme

	Quoted £m	**Unquoted £m**	**Value at 31 March 2025 £m**	Quoted £m	Unquoted £m	Value at 31 March 2024 £m
Equities	**–**	**–**	**–**	30.7	–	30.7
Government bonds	**396.0**	**–**	**396.0**	333.5	–	333.5
Insurance contracts	**–**	**454.4**	**454.4**	–	500.3	500.3
Other investments	**373.1**	**–**	**373.1**	464.1	–	464.1
Total fair value of plan assets	**769.1**	**454.4**	**1,223.5**	828.3	500.3	1,328.6
Present value of defined benefit obligation			**(869.8)**			(989.3)
Surplus in the scheme			**353.7**			339.3
Deferred tax thereon(i)			**(88.4)**			(84.8)
Net pension asset			**265.3**			254.5

(i) Deferred tax is recognised at 25% (2024: 25%) on the surplus.

10.2 Movements in the defined benefit assets and obligations during the year

	2025			2024		
	Assets	**Obligations £m**	**Total £m**	Assets £m	Obligations £m	Total £m
At 1 April	**1,328.6**	**(989.3)**	**339.3**	1,389.5	(1,022.9)	366.6
Included in income statement						
Current service cost	**–**	**(6.7)**	**(6.7)**	–	(7.3)	(7.3)
Past service cost	**–**	**(3.8)**	**(3.8)**	–	(1.4)	(1.4)
Interest income/(cost)	**62.4**	**(46.1)**	**16.3**	64.7	(47.2)	17.5
	62.4	**(56.6)**	**5.8**	64.7	(55.9)	8.8
Included in other comprehensive income						
Actuarial (loss)/gain arising from:						
Demographic assumptions	**–**	**3.8**	**3.8**	–	13.4	13.4
Financial assumptions	**–**	**108.6**	**108.6**	–	14.1	14.1
Experience assumptions	**–**	**3.8**	**3.8**	–	3.7	3.7
Return on plan assets excluding interest income	**(108.5)**	**–**	**(108.5)**	(68.3)	–	(68.3)
	(108.5)	**116.2**	**7.7**	(68.3)	31.2	(37.1)
Other						
Contributions paid by the employer	**0.9**	**–**	**0.9**	1.0	–	1.0
Benefits paid	**(59.9)**	**59.9**	**–**	(58.3)	58.3	–
	(59.0)	**59.9**	**0.9**	(57.3)	58.3	1.0
At 31 March	**1,223.5**	**(869.8)**	**353.7**	1,328.6	(989.3)	339.3

The return on pension scheme assets is as follows:

	2025 £m	2024 £m
Return on pension scheme assets	**(46.1)**	(3.6)

11 Financial instruments

For financial reporting purposes, the Company has classified derivative financial instruments as financing derivatives. Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts. Non-hedge accounted contracts are treated as held for trading.

The derivative financial assets and liabilities are represented as follows:

	2025 £m	2024 £m
Derivative assets		
Non-current	**25.1**	35.7
Current	**22.1**	67.3
Total derivative assets	**47.2**	103.0
Derivative liabilities		
Non-current	**(53.0)**	(64.1)
Current	**(53.6)**	(32.7)
Total derivative liabilities	**(106.6)**	(96.8)
Net (liability)/asset	**(59.4)**	6.2

Information on the Group's Financial risk management and the fair value of financial instruments is available at A6 and A7.

12 Financial guarantee liabilities

	2025 £m	2024 £m
Non-current liabilities		
Financial guarantee liabilities	**90.8**	107.3
Current liabilities		
Financial guarantee liabilities	**9.3**	9.3
Total financial guarantee liabilities	**100.1**	116.6

SSE plc has provided guarantees in respect of certain activities of subsidiaries, former subsidiaries and to certain current joint venture investments both held directly and indirectly by the Company's subsidiaries with carrying values as follows:

	2025				2024
	SSE on behalf of subsidiary £m	SSE on behalf of joint operations and ventures £m	SSE on behalf of 3rd parties £m	Total £m	Total £m
Financial guarantee liabilities	**75.3**	**14.5**	**10.3**	**100.1**	116.6

On transition to IFRS 17 on 1 April 2023, the Company elected to apply IFRS 9 "Financial Instruments" to the in scope financial guarantee contracts and the contracts were valued on initial recognition and subsequently measured at the higher of the loss allowance for expected credit loss and the initial value less any income recognised.

The decrease in financial guarantee liabilities during the year is primarily driven by the unwind and expiry of guarantee contracts of £23.3m, relating to guarantees entered into on behalf of subsidiaries of £9.0m, joint ventures of £13.1m and former subsidiaries of £1.2m. During the year, the Company provided new guarantees with a value of £6.4m on behalf of its subsidiaries and £0.4m on behalf of its joint ventures.

The Company continues to provide a guarantee to Group Trustee Independent Trustees in respect of SSE Southern Group of the Electricity Supply Pension Scheme in respect of funding required by the scheme.

On behalf of Scottish Hydro Electric Transmission plc, SSE plc continues to provide a guarantee to ABB Limited in connection with the use of HVDC Replica Control Panels for Caithness-Moray Project.

Furthermore, on behalf of SSE E&P (UK) Limited, previously a wholly owned subsidiary of the Company, now owned by a third party, SSE plc has provided the following three guarantees: a guarantee to Hess Limited in respect of decommissioning liabilities, a guarantee to Britoil Limited and Arco British Limited in respect of the acquisition of the Sean Field and also a guarantee to Perenco UK Limited in respect of a Sale and Purchase Agreement for the Minerva, Apollo and Mercury Fields.

13 Commitments and contingencies

Guarantees, indemnities and other contingent liabilities

Internal guarantees

The Company has in issue perpetual and long term guarantees of £2.3bn (2024: £10.4bn) in order to maintain the stand-alone credit ratings of certain subsidiaries and to support electricity distribution licence conditions. These guarantees are not expected to be called.

Letters of credit

The Company indemnifies letters of credit issued to the following:

	2025 £m	2024 £m
UK subsidiaries and certain joint ventures	**949.3**	849.9
European subsidiaries and certain joint ventures	**162.4**	119.7
Former UK subsidiaries	**182.0**	189.3
	1,293.7	1,158.9

Letters of credit in substitution of cash collateral

The Company provides standby letters of credit in substitution for cash covering initial and delivery margins for exchange traded products and is repayable on demand. As at 31 March 2025, there were letters of credit covering £100.0m (2024: £100.0m) of initial and variation margins.

Subsidiaries have provided guarantees on behalf of the Company as follows:

	2025 £m	2024 £m
Bank borrowings	**447.8**	656.0

14 Provisions

	2025 £m	2024 £m
At 1 April	**219.7**	201.4
(Decrease)/increase in decommissioning provision	**(17.9)**	9.9
Unwind of discount	**8.9**	8.9
Utilised during the year	**(9.1)**	(0.5)
At 31 March	**201.6**	219.7
Non-current	**177.7**	200.0
Current	**23.9**	19.7
	201.6	219.7

Decommissioning provision

The Company recognises a provision for the estimated net present value of decommissioning of Gas Production assets (retained as part of the disposal agreement for this business). Estimates are based on the forecast remediation or clean-up costs at the projected date of decommissioning and are discounted for the time value of money. Within the agreement for the disposal of its Gas Production assets to Viaro Energy through its subsidiary RockRose Energy Limited on 14 October 2021, the Company agreed to retain 60% of the decommissioning provision within the business. £17.9m (2024: £9.9m added to) has been removed from decommissioning during the current year due to reassessment, movements in inflation and discounting assumptions. It is expected that the costs associated with decommissioning of these Gas Production assets will be incurred between 2025 and 2040.

Independent Auditor's Report to the Members of SSE plc

Opinion

In our opinion:

- SSE plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 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 of SSE plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise:

Group	Parent company
Consolidated income statement for the year then ended	
Consolidated statement of comprehensive income for the year then ended	
Consolidated balance sheet as at 31 March 2025	Balance sheet as at 31 March 2025
Consolidated statement of changes in equity for the year then ended	Statement of changes in equity for the year then ended
Consolidated cash flow statement for the year then ended	
Related notes 1 to 25 and A1 to A8 to the financial statements, including material accounting policy information	Related notes 1 to 14 to the financial statements including material accounting policy information

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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

Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

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 and parent company's ability to continue to adopt the Going Concern basis of accounting included:

- Confirming our understanding of management's Going Concern process as well as the review of controls in place over the preparation of the group's Going Concern model and the memorandum on Going Concern;
- Engaging early with management to ensure all key matters were considered in their assessment;
- Obtaining management's board approved forecast cash flows, covenant forecasts and sensitivities prepared by management to 31 December 2026, ensuring the same forecasts are used elsewhere within the group for accounting estimates and that the forecasts reflect the spend on the committed part of the NZAP+ programme. We tested the models for arithmetical accuracy, as well as checking the net debt position at the year end date which is the starting point for the model. We assessed the reasonableness of the cashflow forecasts by analysing management's historical forecasting accuracy. We also ensured climate change considerations were factored into future cash flows. We performed reverse stress testing to understand how severe the downside scenarios would need be to result in negative liquidity or a covenant breach and the plausibility of the scenarios. Both management's and EY's assessment included consideration of all maturing debt through to 30 June 2027 to consider any post Going Concern significant repayments;
- Reviewing management's assessment of mitigating options potentially available to the group to reduce cash flow spend in the Going Concern period, to determine their plausibility and whether such actions could be implemented by management. We have obtained support to determine whether these are within the control of management and evaluated the impact of these mitigations in light of our understanding of the business and its cost structures;
- Reading the borrowing facilities agreements to assess their continued availability to the group and to ensure completeness of covenants identified by management;
- Assessing the appropriateness of the ability of management to refinance debt through to the period of 30 June 2027;
- Reviewing market data for indicators of potential contradictory evidence to challenge the company's Going Concern assessment including review of profit warnings within the sector and review of industry analyst reports. We held discussions with the Audit Committee to confirm the Going Concern position prepared by management; and
- Considering whether management's disclosures in the financial statements sufficiently and appropriately reflect the Going Concern assessment and outcomes.

The audit procedures performed in evaluating the directors' assessment were performed by the group audit team. We also considered the financial and non-financial information communicated to us from our component teams for sources of potential contrary indicators which may cast doubt over the Going Concern assessment.

Our key observations
The group is forecast to continue to be profitable and generate positive cashflows during the Going Concern period. Our reverse stress test scenario indicated that the group would need to be exposed to severe downside events impacting profitability and cash flows in order to breach liquidity or covenants. The severe downside scenario assumed full repayment of debt maturing over the Going Concern period and extended to 30 June 2027, no new refinancing over the Going Concern period, no uncommitted disposal proceeds, a £262m group contingency to mitigate any downside performance against budget, offset by mitigating actions within management's control. We consider such a scenario to be highly unlikely, however, in unlikely events, including the business not performing in line with budget, management consider that the impact can be mitigated by further cash and cost saving measures, which are within their control, or through external fund raising, or a combination of both during the Going Concern period.

Having considered our severe downside and reverse stress test scenarios, we have not identified a plausible scenario where the group would be unable to maintain cash flow liquidity and covenant headroom during the Going Concern period.

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 and parent company's ability to continue as a Going Concern for a period to 31 December 2026.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the Going Concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to Going Concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a Going Concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of 17 components and audit procedures on specific balances for a further 20 components and central procedures on pensions, derivatives, payroll, loans and taxation
Key audit matters (KAM)	– Impairment of specific non-current assets (being Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton")) – Group and parent pension obligation – Accounting for estimated revenue recognition
Materiality	– Overall group materiality of £111.8m which represents 5% of adjusted profit before tax.

An overview of the scope of the parent company and group audits

Tailoring the scope
In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the group financial statements, we considered our understanding of the group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that following components are subject to centralised procedures

Key audit area on which procedures were performed centrally	Component subject to central procedures
Pensions	2
Derivatives	17
Payroll	31
Loans	11
Taxation	All

We then identified 23 components as individually relevant to the group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components (or a pervasive risks of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components). In addition we have identified an additional 3 components of the group as individually relevant due to materiality or financial size of the component relative to the group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected a further 11 components of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component

Of the 37 components selected, we designed and performed audit procedures on the entire financial information of 17 components ("full scope components"). For 15 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining 5 components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the group audit engagement team, or by component auditors operating under our instruction.

The group audit team interacted regularly with the component teams where appropriate during various stages of the audit. For the full and specific scope components there were regular calls held between the lead audit engagement partner and component partners, with file reviews performed by the group audit team over audit documentation that has not been retained within the group audit file, or retention of key audit documentation within the group audit file. In total out of the 37 components, this split into a total of 9 component teams.

This was the third year where a non-EY auditor was involved in a full scope component, being the group's equity investment in Triton Power Holdings Limited. We issued instructions, held regular calls with them and attended an on-site file review and closing meeting. Other than the Irish Airtricity and Triton entities in scope, all other entities in scope were based within Scotland (Perth and Glasgow), where lead audit partner William Binns visited UK component teams throughout the year end audit. Management meetings were held in person and remotely throughout the year across both the UK and Ireland. Members of the group audit team also visited the non-EY component auditors of Triton.

The component teams and non-EY component team visits involved discussion of audit approach, attending planning and closing meetings (some of which were held virtually), meeting with local management and reviewing relevant audit working papers on risk areas. The group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

The financial statement and audit risks related to climate change and the energy transition remain an area of audit focus in 2025. Stakeholders are increasingly interested in how climate change will impact SSE plc. SSE operates principally within the UK and Ireland and both are seeking to achieve net zero across their economies by 2050.

SSE has determined that the most significant future impacts from climate change on its operations will be from variable wind generation risk caused by changes in climate patterns and storm damage network risk through increased severity of extreme weather events. These are explained on pages 71 to 78 in the required Climate-related financial disclosures and on pages 64 to 65 in the principal risks and uncertainties. These disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information". As described in note 4, the financial statement impact of climate is considered to have the most impact on the valuation of property, plant and equipment, impairment assessment of goodwill, valuation of decommissioning provisions, defined benefit schemes and Going Concern and viability statement.

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements. The group has explained in Note 4 how they have reflected the impact of climate change in their financial statements including where assumptions applied align with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050.

Significant judgements and estimates relating to climate change are included in note 4.

Government and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of IAS 36. Budgets and forecasts for SSE plc reflect the spend to come on the NZAP + investment programme. In notes 15 and 20 to the financial statements, supplementary sensitivity disclosures reflecting the impact of climate with regards to valuation of property, plant and equipment, impairment assessment of goodwill and valuation of decommissioning provisions and the impact of reasonably possible changes in key assumptions have been provided and significant judgements and estimates relating to climate change have been described within the aforementioned notes. We have ensured the completeness of climate consideration as part of our impairment and Going Concern audit procedures, including those referred to within our impairment KAM below.

In order to respond to the impact of climate change, we ensured we had the appropriate skills and experience on the audit team, utilising climate change internal specialists. Our audit team included professionals with significant experience in climate change and energy valuations. Our audit procedures were carried out by the group and component teams, with the component teams working under the direction of the group team.

Our audit effort in considering climate change focused on ensuring that the effects of material climate risks disclosed on pages 71 to 78 have been appropriately reflected within the Going Concern cashflows, asset values and useful life and associated disclosures where values are determined through modelling future cash flows, being impairment considerations over Intangible assets and Property, Plant &Equipment and in the timing and nature of liabilities recognised, being decommissioning provisions. In addition, we performed detailed testing of the sensitivities noted in the accounts. Details of our procedures and findings on impairment are included in our KAMs below.

In FY25 as in the previous year SSE conducted scenario analysis of its material climate related opportunities and risks. With the support of our climate change internal specialists, we considered management's scenario planning and modelling of the three risks and five opportunities disclosed on pages 71 to 78. We reviewed and challenged the impact pathways developed and basis of the key assumptions included within these scenarios. We verified the transition risk scenario frameworks used within the modelling to challenge the appropriateness, applicability to SSE's current and future business model to ensure the accuracy of the financial impact ranges disclosed on pages 71 to 78.

We challenged the directors' considerations of climate change in their assessment of Going Concern and viability and associated disclosures. We also read the Other information in the annual report, and in doing so, considered whether the Other information, which includes SSE's climate targets, is materially consistent with the financial statements. We also considered consistency with other areas of assumptions, judgements and estimates and where applicable the procedures performed have been included within our KAMs below.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: Impairment of specific non-current assets (being Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton")). Details of the impact, our procedures and findings are included in our explanation of KAMs below.

Key audit matters (KAMs)

Key audit matters (KAMs) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of specific non-current assets (Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton") (Impairment charge £249.5m; Impairment charge 2024: £212.7m) *Refer to the Audit Committee Report (page 115); Accounting policies – significant judgements (page 176); and Note 15 of the Consolidated Financial Statements (page 201)* **Renewables developments – Southern Europe and Pacifico** There is a risk that due to the early stage of the SSE Southern Europe and SSE Pacifico developments, there could be an impairment charge over the goodwill and development assets. This is due to the early stages of development, the passage of time between acquisition date, development progress and full operationalisation, and the high sensitivity of models to changes in key assumptions. For SSE Southern Europe, the key assumptions are power price, discount rate and the development probability of success, including greenfield. For SSE Pacifico, the key assumptions include revenue support contract price, generation volumes, the proportion of external funding achievable, discount rate and projected probability of success. **Great Island CCGT and Investment in Triton** We determined that Great Island CCGT and the investment in Triton are at risk of impairment or impairment reversal. This is due to a number of global and national factors reducing or increasing their value in use or fair value less costs of disposal, triggering an impairment assessment. The key assumptions include future power prices, price volatility, forecast power demand, carbon prices, load factors, discount rate, useful economic life and operating expenditure. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows as a result of the above factors.	**Scoping:** Testing was performed over this risk area, covering both full and specific scope components (covering three components), which represented 100% of the risk amount. All audit work in relation to this key audit matter was undertaken by the component audit teams, with oversight from the group audit team. We obtained management's assessment of potential impairment indicators in accordance with IAS 36 for each of these risk areas. **Audit procedures included:** We have understood management's process and methodology for assessing assets for indicators of impairment, including indicators of reversal and, where applicable, we have understood management's modelling of cash flows including the source of the key input assumptions. We checked the historical accuracy of management's forecasting and verified that the assumptions are consistent with those used in other areas such as fixed asset useful life and decommissioning provision. We also considered contradictory indicators and any external facts and circumstances to assist us in challenging management's assessment. **Renewables developments – Southern Europe and Pacifico** Due to the early stage of development of both the SSE Southern Europe and SSE Pacifico platforms, a fair value less costs to sell ('FVLCS') assessment was performed for each, based on discounted post-tax cash flows. We engaged EY specialists in our assessment: a discount rate specialist and a specialist with experience of assessing forward prices in the overseas market. We consulted with colleagues in Japan and in Southern Europe, with deep experience of the renewables sector. Using our sector experience and our specialists, we assessed any unusual or unexpected trends identified within the cashflows year on year and assessed the impact on the overall forecasted position. We assessed the appropriateness of the model parameters and clerical accuracy of the models used. We applied sensitivities to management's models to evaluate headroom. For SSE Southern Europe, this included sensitivities relating to discount rate, merchant price exposure, and the probability of success of each project. In performing our procedures, we independently calculated an estimated range for the recoverable amount of the CGU. For SSE Pacifico, this included sensitivities relating to discount rate, fixed prices, generation volumes and the debt-to-equity funding ratio.	**Renewables developments – Southern Europe and Pacifico** We confirmed that the impairment charge of £249.5m recognised for SSE Southern Europe is appropriately recognised, with no impairment charge recorded for SSE Pacifico, which we also concluded is appropriately recognised. We have concluded that the methodology applied is reasonable, the forecast period is appropriate, and the impairment models are mathematically accurate. We considered the appropriateness of the related disclosures provided in note 15, considering whether any reasonably possible change disclosures were required based upon the headroom within the sensitivity analysis. We are satisfied that management's disclosures are aligned with the requirements of IAS36. **Great Island CCGT and Investment in Triton** We confirmed that no impairment charge or reversal was required to be recognised for the Great Island CCGT, the equity investment in Triton. We communicated that the pricing assumptions applied were appropriate. We communicated that the discount rates used sat within our comparative range determined by our specialist. We also noted that we are satisfied with the adequacy of disclosure within the group financial statements including climate related disclosures.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of specific non-current assets (Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton") (Impairment charge £249.5m; Impairment charge 2024: £212.7m) continued	**Great Island CCGT and Investment in Triton** We considered prior period impairments for indication of reversal. This involved considering indicators of reversal, focussed on demand, load factors and prices. We involved two EY specialists in our assessment: a discount rate specialist and a specialist with industry experience of assessing forward energy prices. Using our sector experience and our specialists, we assessed any unusual or unexpected trends identified within the cashflows year on year and assessed the impact on the overall forecasted position. We considered incremental repairs and committed capital expenditure on commenced projects and obtained management's assessment of the technical feasibility of useful life extensions and reviewed the extensions to contracted power contracts. We assessed the appropriateness of the model parameters and clerical accuracy of the models used. We considered load factors relative to the UK Governments as yet unlegislated target of no unabated gas post 2030 and reviewed impact on carrying values included within the disclosures should this legislation arise. We applied sensitivities to management's models to evaluate headroom, including sensitivities relating to climate change reflecting useful life assessment versus climate commitments and price and margin sensitivities. **Key assumptions (all relevant assets):** Using our sector experience and our specialists, we benchmarked to industry sources, where appropriate, the directors' judgement on the key assumptions. For SSE Southern Europe this included power price, discount rate, and the development probability of success, including, greenfield. For SSE Pacifico, this included revenue support contract price, generation volumes, the proportion of external funding achievable, discount rate and projected probability of success For Thermal assets, this included future power prices, price volatility, mean reversion rate (MRR), forecast power demand, carbon prices, load factors, discount rate, useful economic life and operating expenditure. We verified that the assumptions are consistent with those used in other areas. **Disclosures** We assessed the accuracy and adequacy of the disclosures in line with IAS 36, ensuring key assumptions are included and that the disclosures adequately reflect the risks inherent in the valuation of non-current assets and the impact of changes in assumptions on the impairment booked.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Group and parent pension obligation (2025: £501.8m surplus, 2024: £421.6m surplus) *Refer to the Audit Committee Report (page 116); Accounting policies – significant judgements (page 177); and Note 23 of the group financial statements (page 222)* **Subjective valuation:** Small changes in the assumptions and estimates used to value the group and parent company pension obligations (before deducting scheme assets) would have a significant effect on the carrying value of those pension obligations. The effect of these matters is that, as part of our risk assessment, we determined that the group and parent company pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The principal assumptions considered include rate of increase in pensionable salaries and pension payments, discount rate and mortality rates. There has been no change in this risk from the prior year.	**Scoping:** We performed audit procedures over this risk area centrally by the group team, which covered 100% of the risk amount. Our procedures included: **Assessing management process:** We have understood management's process and methodology for calculating the pension liability for each scheme, including discussions with management's external actuaries, walkthrough of the processes, understanding the key inputs and the design and implementation of key controls. We performed a fully substantive audit approach rather than testing the operating effectiveness of key controls. **Assessing management experts:** We have assessed the independence, objectivity and competence of the group's external actuaries, which included understanding the scope of services being provided and considering the appropriateness of the qualifications of the external actuary. **Assessing source data:** We tested a sample of the membership data used by the actuaries to the group's records. **Benchmarking assumptions:** With the support of our pension actuarial specialists, we assessed the appropriateness of the assumptions adopted by the directors by comparing them to the expectations of our pension actuarial specialists which they derived from broader market data. **Disclosure:** We considered the adequacy of IAS 19 disclosures, including presentation of commitments associated with deficit recovery plans and in respect of sensitivity of the defined benefit obligation to changes in the key assumptions. We further considered the response and disclosure in relation to the Virgin Media ruling (note 23).	We conclude that management's actuarial assumptions are appropriate and sit within our independently determined range. We are satisfied with the adequacy of disclosure within the financial statements.

Risk

Accounting for estimated revenue recognition

Unbilled revenue (2025: £521.1m, 2024: £663.7m)

Refer to the Audit Committee Report (page 116); Accounting policies – significant judgements (page 177); and Note 18 of the group financial statements (page 212)

Subjective estimate:

56% of the unbilled revenue year end balance is recognised within the Business Energy division and is based on estimates of values and volumes of electricity and gas supplied to the year end date, less invoices raised.

The method of estimating such revenues is complex and judgemental for UK business customers.

The key estimates and assumptions are in relation to:

1. the volumes of electricity and gas supplied to the customers between the meter reading and year end;
2. the value attributed to those volumes in the range of tariffs; and
3. embedded impairment risk over the unbilled revenue.

As a result of the estimation uncertainty this has been identified as a significant risk.

Scoping:

The balance subject to the significant risk relates to one component, Business Energy. Testing was performed covering 100% of the unbilled balance in Business Energy. Unbilled revenue in Airtricity in the Republic of Ireland and Northern Ireland was not included in the scope of this KAM due to reduced estimation complexity and materiality respectively.

All audit work in relation to this key audit matter was undertaken by the component audit team with oversight from the group audit team.

Our response to the risk

Audit methodology:

Our response to the assessed risk included understanding the process for estimating unbilled revenue, testing selected IT general and key application controls, and undertaking substantive audit procedures and revenue data analytics.

Tests of detail:

We agreed the opening unbilled revenue to the closing 31 March 2024 balance sheet.

We agreed the volume data for customer usage of energy in the year used in the calculation to external settlement systems and agreed the volume data in relation to customer billings for the year to SSE's internal billing systems to assess consistency and to understand remaining estimation risk. We have understood and tested the historical accuracy of management's forecasting of final settlement volumes

We have tested the unbilled unit pricing by agreeing historical pricing to sample bills, tested a sample of billing dates from the listing to confirm billing frequency and agreeing to post year end billing prices.

We have also obtained and tested post year end billings to substantiate the basis of the unbilled revenue estimate at 31 March 2025.

Within the unbilled revenue balance, we estimated the impact of operational billing delays.

Analytical Review:

We set benchmark expectations as to the likely level of total unbilled revenue, and compared this with actual unbilled revenue accrual, obtaining explanation for significant variances. Benchmark expectation was derived from the external settlements data combined with billing frequency, usage and price movement from last billing date to year end. We also tested the appropriateness of manual adjustments made by management.

Disclosure:

We assessed the adequacy of the group's disclosures about the degree of estimation and judgement involved in arriving at the estimated revenue.

Key observations communicated to the Audit Committee

Overall, through procedures performed within Business Energy, we are satisfied that the unbilled revenue is appropriately recognised by management.

We are satisfied with the adequacy of disclosure within the financial statements.

In the prior year, our auditor's report included a key audit matter in relation to the 'Business Energy Evolve system migration'. As a result of this migration completing by 31 March 2024, this has not been included as a Key Audit Matter for the current financial year. We have also refined the Impairment KAM, removing the following power stations: Peterhead, Keadby, Keadby 2, Medway, Marchwood and the 2 Gas Storage locations (Atwick and Aldbrough). This reflects the increased headroom in the UK CCGTs, with no remaining impairment reversal available, and reflecting the low remaining carrying value of Gas storage assets.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £111.8 million (2024: £115.3 million), which is 5% (2024: 5%) of adjusted profit before tax. Our key criterion in determining materiality remains our perception of the needs of SSE's stakeholders. We consider which earnings, activity or capital-based measure aligns best with their expectations.

We determined materiality for the Parent Company to be £143.6 million (2024: £127.1 million), which is 2% (2024: 2%) of net assets. The materiality has been capped at the group materiality of £111.8m.

Starting basis	– Profit before tax – **£1,850.9m**
Adjustments	– Movement on operating and financing derivatives – **£65.7m** – Non-recurring exceptional items – **£309.4m** – JV Tax – **£9.0m**
Materiality	– Totals **£2,235.0m** adjusted profit before tax – Materiality of **£111.8m** (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and amended it for final adjusted profit before tax figures.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £83.8m (2024: £86.5m). We have set performance materiality at this percentage due to a low number and value of corrected and uncorrected misstatements in the prior year audit, with misstatements in the current year relating to one-off matters or having an immaterial impact on the consolidated income statement.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £13.0m to £36m (2024: £12.8m to £30.2m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £5.6m (2024: £5.8m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 160, including the strategic report and the directors' report (Governance section) set out on pages 1-83 and 84 to 160 respectively other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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.

Matters on which we are required to report by exception

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

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

- 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to Going Concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the Going Concern basis of accounting and any material uncertainties identified set out on page 83;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 83;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 83;
- Directors' statement on fair, balanced and understandable set out on page 114;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 61 to 69;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 118 to 119; and
- The section describing the work of the Audit Committee set out on pages 113 to 119.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 160, 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 and 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.

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code and relevant tax compliance regulations in the jurisdictions in which the group operates. We also considered non-compliance of regulatory requirements, including the Office of Gas and Electricity Markets (Ofgem) and regulations levied by the UK Financial Conduct Authority and Prudential Regulatory Authority. We confirmed our understanding with the Internal Head of Regulation.
- We understood how SSE plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We verified our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, group management, internal audit, business area management at all full and specific scope components; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the company on 18 July 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 6 years, covering the years ended 31 March 2020 to 31 March 2025.
- The audit opinion is consistent with the additional report to the Audit Committee.

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.

William Binns (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

20 May 2025