

Scotland Gas Networks plc

Unaudited interim financial information

for the six-month period ended 30 September 2024

# Scotland Gas Networks plc

## Unaudited interim financial information for the six-month period ended 30 September 2024

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# Scotland Gas Networks plc

## Profit and loss account

### for the six-month period ended 30 September 2024

		Unaudited		Audited
	Notes	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Turnover		193	213	434
Net operating costs <sup>1</sup>	3	(130)	(127)	(265)
<b>Operating profit</b>		<b>63</b>	86	169
Interest receivable and similar income	5	3	4	7
Interest payable and similar expenses	6	(30)	(36)	(63)
Fair value movement on derivatives	10	1	(4)	(4)
<b>Profit before taxation</b>	4	<b>37</b>	50	109
Tax charge on profit	7	(10)	(13)	(28)
<b>Profit for the financial period</b>		<b>27</b>	37	81

<sup>1</sup> Included within Net operating costs are exceptional items to the sum of £nil (30 September 2023: £nil and 31 March 2024: £1m), see note 9 for more details.

# Scotland Gas Networks plc

## Statement of comprehensive income for the six-month period ended 30 September 2024

	Notes	Unaudited		Audited
		Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Profit for the financial period		27	37	81
<b>Other comprehensive income/(loss)</b>				
Gain arising on cash flow hedges	20	1	12	2
Remeasurement on net pension asset	20	4	(10)	(14)
Income tax relating to components of other comprehensive income/(loss)	20	(1)	-	3
<b>Other comprehensive income/(loss) for the financial period net of income tax</b>		4	2	(9)
<b>Total comprehensive income for the period</b>		31	39	72

# Scotland Gas Networks plc

## Balance sheet as at 30 September 2024

		Unaudited	Audited
	Notes	30 September 2024 £'m	31 March 2024 £'m
<b>Fixed assets</b>			
Intangible assets	11	104	106
Tangible assets	12	2,348	2,305
Non-current financial assets	13	3	3
		<b>2,455</b>	2,414
<b>Current assets</b>			
Debtors	14	58	42
Cash at bank and in hand		18	18
		<b>76</b>	60
Creditors: amounts falling due within one year	15	(146)	(177)
<b>Net current liabilities</b>		<b>(70)</b>	(117)
<b>Total assets less current liabilities</b>		<b>2,385</b>	2,297
Creditors: amounts falling due after more than one year	16	(1,443)	(1,388)
Provisions for liabilities	17	(346)	(342)
Deferred income	18	(190)	(187)
Pension assets	19	92	87
<b>Net assets</b>		<b>498</b>	467
<b>Capital and reserves</b>			
Called up share capital		49	49
Hedging reserve		(19)	(20)
Profit and loss account		468	438
<b>Shareholders' funds</b>	20	<b>498</b>	467

# Scotland Gas Networks plc

## Statement of changes in equity as at 30 September 2024

	Notes	Called up share capital £'m	Hedging reserve £'m	Profit and loss account £'m	Total £'m
Balance at 1 April 2024		49	(20)	438	467
Profit for the financial period		-	-	27	27
Other comprehensive income		-	1	3	4
Total comprehensive income		-	1	30	31
Dividends paid	8	-	-	-	-
<b>Balance at 30 September 2024</b>		<b>49</b>	<b>(19)</b>	<b>468</b>	<b>498</b>

	Notes	Called up share capital £'m	Hedging reserve £'m	Profit and loss account £'m	Total £'m
Balance at 1 April 2023		49	(21)	400	428
Profit for the financial period		-	-	37	37
Other comprehensive income/(loss)		-	9	(7)	2
Total comprehensive income		-	9	30	39
Dividends paid		-	-	(12)	(12)
Balance at 30 September 2023		49	(12)	418	455

# Scotland Gas Networks plc

## Cash Flow Statement as at 30 September 2024

		Unaudited	Unaudited	Audited
		Six-month period ended 30 September 2024	Six-month period ended 30 September 2023	Year ended 31 March 2024
	Notes	£'m	£'m	£'m
<b>Cash flows from operating activities</b>				
Cash generated from operations	23	38	84	285
Interest paid		(14)	(15)	(50)
Tax paid		(2)	(1)	(13)
Net cash from operating activities		22	68	222
<b>Cash flows from investing activities</b>				
Purchase of intangible fixed assets		(3)	(1)	(6)
Purchase of tangible fixed assets		(76)	(75)	(151)
Customer contributions received		5	5	9
Net cash used in investing activities		(74)	(71)	(148)
<b>Cash flows from financing activities</b>				
Issue of debt		50	-	-
Repayment of debt		-	-	(65)
Payments of interest rate swaps		-	(3)	(1)
Receipts from inflation-linked swaps		2	5	5
Dividends paid		-	(12)	(33)
Net cash from/(used in) financing activities		52	(10)	(94)
<b>Decrease in cash and cash equivalents</b>		-	(13)	(20)
<b>Cash and cash equivalents at beginning of financial period</b>	24	18	38	38
<b>Cash and cash equivalents at end of the financial period</b>	24	18	25	18

# Scotland Gas Networks plc

## Notes to the financial information for the six-month period ended 30 September 2024

### 1 Basis of preparation

This interim report for Scotland Gas Networks plc (“the Company”) presents the unaudited financial information of the Company for the six-month period ended 30 September 2024. Unaudited profit and loss account comparative figures have been presented for the six-month period ended 30 September 2023. Comparative figures for the year ended 31 March 2024 have also been presented which have been derived from the audited statutory accounts of the Company.

This interim financial information does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006.

The accounting policies used are consistent with those as set out in the statutory accounts of the Company for the year ended 31 March 2024, and these accounts are therefore prepared under FRS 102.

### 2 Segmental reporting

Turnover arises entirely in the United Kingdom and is attributable to the continuing activity of transportation of natural gas and the provision of related services, which the Directors consider represents a single class of business.

### 3 Net operating costs

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Net operating costs	<b>130</b>	127	265



# Scotland Gas Networks plc

## 4 Profit before taxation

The profit is stated after charging/ (crediting):

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Depreciation	32	31	61
Loss on disposal of fixed assets	-	-	1
Goodwill amortisation	1	1	3
Computer software amortisation	4	3	6
Amortisation of customer contributions	<b>(2)</b>	(2)	(4)

## 5 Interest receivable and similar income

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Net defined benefit pension income	2	2	5
Other interest receivable	1	2	2
	<b>3</b>	4	7

## 6 Interest payable and similar expenses

	<b>Six-month period ended 30 September 2024</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Interest payable on fixed rate instruments	20	20	38
Interest payable on floating rate instruments	3	4	8
Interest payable on inflation-linked instruments	7	12	15
Other interest payable	-	-	2
	<b>30</b>	36	63

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## 6 Interest payable and similar expenses - continued

Included within interest payable on inflation-linked instruments is £8m of accretion on RPI-linked debt instruments (30 September 2023: £8m and 31 March 2024: £10m) and £3m of accretion on CPI-linked debt instruments (30 September 2023: £4m and 31 March 2024: £4m).

## 7 Tax charge on profit on ordinary activities

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Current tax charge	7	12	21
Deferred tax charge	3	1	7
Total tax charge for the period	10	13	28

## 8 Dividends

	<b>Six-month period ended 30 September 2024 £'m</b>	Year ended 31 March 2024 £'m
<b>Equity shares</b>		
Interim dividend paid nil pence per share (31 March 2024: cash dividend of 65.80 pence per share)	-	33

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## 9 Exceptional items

	<b>Six-month period ended 30 September 2024</b>	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
<b>Exceptional items included within Net operating costs:</b>			
Onerous provision*	-	-	1

\*During the year ended 31 March 2024, the Company recognised an onerous contract provision of £1m in respect of the obligation to complete the H100 Fife project to construct an end-to-end hydrogen system for approximately 300 homes in Scotland.

## 10 Fair value movements on derivatives

	<b>Six-month period ended 30 September 2024</b>	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
<b>Fair value movements on derivatives:</b>			
Net (gains)/losses on derivative financial instruments*	<b>(1)</b>	4	4
<b>Included within taxation:</b>			
Tax charge/(credit) on net (gains)/losses on derivative financial instruments	-	1	(1)

\* Net losses/(gains) on derivative financial instruments comprise gains and losses arising on derivative financial instruments reported in the Statement of Profit and Loss. These exclude gains and losses for which hedge accounting has been effective, which has been recognised directly in the statement of comprehensive income. Included within net losses on derivative financial instruments is £3m of accretion on CPI-linked swaps (30 September 2023: £5m and 31 March 2024: £6m).

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## 11 Intangible fixed assets

	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
<b>Cost</b>			
At 1 April 2024	143	44	187
Additions	-	3	3
<b>At 30 September 2024</b>	<b>143</b>	<b>47</b>	<b>190</b>
<b>Accumulated amortisation</b>			
At 1 April 2024	(54)	(27)	(81)
Amortisation for the period	(1)	(4)	(5)
<b>At 30 September 2024</b>	<b>(55)</b>	<b>(31)</b>	<b>(86)</b>
<b>Net book value</b>			
<b>At 30 September 2024</b>	<b>88</b>	<b>16</b>	<b>104</b>
At 31 March 2024	89	17	106

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## 12 Tangible fixed assets

	Freehold property £'m	Plant and machinery £'m	Motor vehicles and office equipment £'m	Total £'m
<b>Cost</b>				
At 1 April 2024	47	2,950	50	3,047
Additions	-	70	6	76
Disposals	-	(1)	-	(1)
<b>At 30 September 2024</b>	<b>47</b>	<b>3,019</b>	<b>56</b>	<b>3,122</b>
<b>Depreciation</b>				
At 1 April 2024	(16)	(691)	(35)	(742)
Charge for the period	(1)	(29)	(2)	(32)
Eliminated on disposal	-	-	-	-
<b>At 30 September 2024</b>	<b>(17)</b>	<b>(720)</b>	<b>(37)</b>	<b>(774)</b>
<b>Net book value</b>				
<b>At 30 September 2024</b>	<b>30</b>	<b>2,299</b>	<b>19</b>	<b>2,348</b>
At 31 March 2024	31	2,259	15	2,305

## 13 Non-current financial assets

	30 September 2024 £'m	31 March 2024 £'m
Derivative financial instruments - interest rate swaps not in hedge relationships	3	3

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## 14 Debtors

	<b>30 September 2024 £'m</b>	31 March 2024 £'m
Trade and other debtors	<b>26</b>	35
Amounts owed by group undertakings	<b>25</b>	-
Prepayments and accrued income	<b>7</b>	3
Corporation tax	-	4
	<b>58</b>	42

Amounts owed by group undertakings includes:

- an intercompany loan due from Southern Gas Networks plc of £38m (31 March 2024: due to Southern Gas Networks plc of £6m). The loan is repayable on demand and it bears interest at the Bank of England Base Rate (31 March 2024: Bank of England Base Rate plus 1 percent).

This is partially offset by:

- intercompany trade balances due to the Group of £13m (31 March 2024: £28m).

The intercompany loan balance between Southern Gas Networks plc and the Company is significantly different to the loan position as at the previous year end. This is driven by the net cashflow movements, as the intercompany loan is the result of the daily automated cash pooling.

## 15 Creditors: amounts falling due within one year

	<b>30 September 2024 £'m</b>	31 March 2024 £'m
Bank overdraft	<b>3</b>	-
£35m 2.407% fixed rate loan due 2025	<b>35</b>	35
Trade creditors	<b>32</b>	40
Other creditors	<b>5</b>	5
Amounts owed to group undertakings	-	34
Social security and other taxes	<b>4</b>	3
Accrued interest	<b>23</b>	12
Accruals	<b>27</b>	30
Deferred income	<b>17</b>	18
	<b>146</b>	177

For details of Amounts owed to group undertakings see Note 14.

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## 16 Creditors: amounts falling due after more than one year

	30 September 2024 £'m	31 March 2024 £'m
Derivative financial liabilities – interest rate swaps	24	25
Derivative financial liabilities - inflation-linked swaps	16	17
Inflation-linked debt	342	333
Fixed rate debt	981	933
Floating rate debt	80	80
	<b>1,443</b>	<b>1,388</b>

In September 2023, the Company submitted a notice of its intention to repay early some of its floating rate notes amounting to £65m, which were fully repaid as at 31 March 2024.

The Company has a total revolving credit facility of £150m (31 March 2024: £150m) which expires in March 2027, on which there are two 1-year extension options maturing in March 2025 and March 2026 respectively. This facility was undrawn at 30 September 2024 (31 March 2024: undrawn).

### Interest rate swaps

In October 2022, Scotland Gas Networks plc entered into three interest rate swaps totalling £90m that convert a portion of the £184m fixed rate notes, entered into within the same month, into floating rates based on SONIA:

- £30m of the £34m notes due 2032 converted from fixed to SONIA plus 2.115%, effective October 2022;
- £30m of the £30m notes due 2035 converted from fixed to SONIA plus 2.373%, effective March 2023;
- £30m of the £50m notes due 2035 converted from fixed to SONIA plus 2.2695%, effective October 2022.

In June 2022 the mandatory break on the Company's £80m IRS was extended by 10 years to March 2033. As part of this exercise, the swap was novated to another of the SGN Group's relationship banks and the fixed rate payable leg was increased by around 0.5%. The floating rate receivable was unchanged and remains the same as the floating rate payable on the hedged £80m floating rate bond due 2043.

In February 2023, the Company entered into a single £30m interest rate swap to 're-fix' the interest rate swap hedging the fixed rate notes due in 2032. The new swap's floating receive leg exactly offsets the original swap's floating pay leg, resulting in a net fixed exposure.

In May 2023, the Company entered into a single £30m interest rate swap to 're-fix' the interest rate swap hedging the fixed rate notes due in 2035 that was effective in March 2023. The new swap's floating receive leg exactly offsets the original swap's floating pay leg, resulting in a net fixed exposure.

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## 17 Provisions for liabilities

	Environmental £'m	Deferred tax £'m	Other provisions £'m	Total £'m
At 1 April 2024	5	331	6	342
Movement during the period	-	4	-	4
Reassessments during the period	-	-	-	-
<b>At 30 September 2024</b>	<b>5</b>	<b>335</b>	<b>6</b>	<b>346</b>

The environmental provision represents the Directors' best estimate of environmental restoration costs, where the Company has a legal obligation to restore sites at the balance sheet date. The provision has been discounted and is stated at the present value of the expenditure expected to be required to settle the obligation. The provision is expected to be utilised over the next 1.5 years in line with anticipated regulatory output requirements for land remediation.

Other provisions consist of asbestos related liabilities and other provisions relating to the operations of our gas networks. The other provisions represent management's best estimates of the future expenditure necessary to settle the obligations. The provision has been discounted and is stated at the present value of the estimated expenditure to settle the obligation. The asbestos related provision is expected to be utilised over the next 27.5 years. The other provisions relating to the operations of our gas networks are expected to be utilised in the next year.

During the year ended 31 March 2024, an onerous contract has been identified in relation to the H100 Fife project, as a result of cost overruns. The onerous provision of £1m, included within Other provisions, reflects the unavoidable costs under the contract, which are the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The provision represents management's best estimates of the future expenditure necessary to settle the obligations.

Deferred tax has been measured based upon corporation tax rates substantively enacted at the balance sheet date.

## 18 Deferred income

### Customer contributions

The Company has received customer contributions relating to plant and machinery. In accordance with the Company's accounting policy the assets are capitalised within fixed assets and the contributions are recognised as deferred income in the balance sheet. The connections contributions are from customers being connected to the network and replacement contributions are related to the diversion of gas mains.

The deferred income is released to the profit and loss account over the estimated lives of the related assets.



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## 18 Deferred income - continued

The amount deferred under this policy was as follows:

	Connections	Replacement	Total
	2024	2024	2024
	£'m	£'m	£'m
Customer contributions as at 1 April 2024	112	75	187
Customer contributions deferred in the period	3	2	5
Amortisation in year	(1)	(1)	(2)
	<u>114</u>	<u>76</u>	<u>190</u>

Customer contributions exclude Deferred income presented as part of Creditors: Amounts falling due within one year, as those amounts relate to unfinished projects, where the associated asset is not yet completed.

## 19 Pension assets

The Company is a wholly owned subsidiary of SGN MidCo Limited. The ultimate parent undertaking is Scotia Gas Networks Limited which operates the Scotia Gas Networks Pension Scheme ('the Scheme'), a defined benefit scheme. A significant proportion of the Company's employees are members of this Scheme. Under the Scheme, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death). The Scheme is open to future accrual of benefits and closed to new members.

The Scheme is operated by Scotia Gas Networks Limited and is funded with assets held in separate trustee administered funds. It is subject to independent valuations at least every three years, on the basis of which the qualified actuary determines the rate of employers' contribution, which, together with the specified contributions payable by the employees and proceeds from the Scheme's assets, are expected to be sufficient to fund the benefits payable under the Scheme.

The most recent triennial valuation of the Scheme was carried out at 31 March 2021. The next triennial valuation as at 31 March 2024 is in progress at the signing date of this report. The Company has employed an independent actuary to approximately update this valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Company to measure the Scheme's liabilities on the financial statements, as well as adjusting for benefit accrual and benefits paid by the Scheme. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. In accordance with FRS 102, a limited actuarial review has been carried out by Broadstone Corporate Benefits Limited at 30 September 2024 using the projected unit method.

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## 19 Pension assets – continued

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were:

<b>Fair value</b>	<b>30 September 2024 £'m</b>	31 March 2024 £'m
Government bonds	157	152
Corporate bonds	84	88
Cash	6	10
Insurance contracts	<u>74</u>	<u>77</u>
Total market value of assets	321	327
Actuarial value of liabilities	<u>(229)</u>	<u>(240)</u>
<b>Net pension asset</b>	<b><u>92</u></b>	<b><u>87</u></b>

Movements in the present value of defined benefit obligations were as follows:

	<b>30 September 2024 £'m</b>	31 March 2024 £'m
<b>Opening balance</b>	<b>(240)</b>	<b>(242)</b>
Current service cost	(1)	(3)
Interest cost	(6)	(11)
Actuarial gains	13	8
Benefits paid	<u>5</u>	<u>8</u>
<b>Closing balance</b>	<b><u>(229)</u></b>	<b><u>(240)</u></b>

Movement in the fair value of scheme assets were as follows:

	<b>30 September 2024 £'m</b>	31 March 2024 £'m
<b>Opening balance</b>	<b>327</b>	<b>340</b>
Interest income	8	16
Contributions from the Company	-	2
Remeasurement of scheme assets	(9)	(22)
Benefits paid	(5)	(8)
Administration costs	<u>-</u>	<u>(1)</u>
<b>Closing balance</b>	<b><u>321</u></b>	<b><u>327</u></b>

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## 19 Pension assets – continued

The actual loss on plan assets was:

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Loss on plan assets excluding interest income	(9)	(41)	(22)
Interest income on plan assets	<u>8</u>	<u>8</u>	<u>16</u>
<b>Actual loss on plan assets</b>	<b><u>(1)</u></b>	<b><u>(33)</u></b>	<b><u>(6)</u></b>

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Current service cost	(1)	(1)	(3)
Administration costs	<u>-</u>	<u>(1)</u>	<u>(1)</u>
<b>Total charged to net operating costs:</b>	<b>(1)</b>	<b>(2)</b>	<b>(4)</b>
Expected return on scheme assets	<b>8</b>	<b>8</b>	<b>16</b>
Interest charge on scheme liabilities	<u>(6)</u>	<u>(6)</u>	<u>(11)</u>
<b>Net interest credit</b>	<b><u>2</u></b>	<b><u>2</u></b>	<b><u>5</u></b>
<b>Total charge to the profit and loss account</b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>1</u></b>

	<b>Six-month period ended 30 September 2024 £'m</b>	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Actuarial losses on scheme assets	(9)	(41)	(22)
Actuarial gains on scheme obligations	<u>13</u>	<u>31</u>	<u>8</u>
<b>Gains/(Losses) recognised in other comprehensive income</b>	<b><u>4</u></b>	<b><u>(10)</u></b>	<b><u>(14)</u></b>

# Scotland Gas Networks plc

## 19 Pension assets – continued

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. While the ruling only applied to the specific pension scheme in question, if it stands, it will form part of case law and can therefore be expected to apply across other pension schemes. The ruling is subject to appeal and it may take some time for the outcome of the appeal to be known. The Company has not assessed the extent of any likely impacts from this ruling and considers that there is sufficient uncertainty not to warrant recognition of any potential obligation in respect of this in the statement of financial position at 30 September 2024 and 31 March 2024. Any subsequent developments following this ruling will be monitored by the Company.

## 20 Reconciliation of movements in shareholders' funds

	<b>Six-month period ended 30 September 2024 £'m</b>	Year ended 31 March 2024 £'m
Profit for the period	<b>27</b>	81
Gain arising on cash flow hedges	<b>1</b>	1
Remeasurement on net pension asset	<b>3</b>	(10)
Dividends paid	8	(33)
Net increase in shareholders' funds	<b>31</b>	39
Opening shareholders' funds	<b>418</b>	379
<b>Closing shareholders' funds</b>	<b>449</b>	418

## 21 Contingent liabilities

### Other legal and regulatory claims

The Company is party to various litigation, claims and investigations, including in relation to health and safety matters. These proceedings include claims and litigation matters which, based on the advice of legal counsel, management believes may result in potential liabilities. As of the reporting date, the ultimate outcome of these proceedings is either uncertain or the amount of the obligation cannot yet be reliably estimated. Accordingly, no provision has been recognised for these contingent liabilities.

Management continuously evaluates the progress of legal proceedings and assesses the likelihood of any potential loss, taking into account available information and legal advice. Should circumstances arise where it becomes probable that a loss will be incurred and the amount can be reliably estimated, appropriate provisions will be recognised in the financial statements at that time.

It is possible that the resolution of these proceedings could have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

# Scotland Gas Networks plc

## 22 Subsequent events

On 2 December 2024, Simon Kilonback, the Company's Chief Financial Officer, will succeed Mark Wild as Chief Executive Officer. At the date of this report, Jeremy Robinson is acting Interim Chief Financial Officer until Antony King takes up the position on a permanent basis on 2 December 2024.

On 20 November 2024, the Company raised £20m of private placement notes, all of which was drawn in December.

## 23 Reconciliation of profit before taxation to cash generated from operations

	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Profit before tax	37	50	109
Depreciation charges	32	31	61
Amortisation charges	5	4	9
Loss on disposal of fixed assets	-	-	1
Amortisation of deferred income	(2)	(2)	(4)
Decrease in provisions	-	(1)	-
Interest payable and similar expenses	30	36	63
Fair value movement on derivatives	(1)	4	4
Interest receivable and similar income	(3)	(4)	(7)
Other operating cash flows	(1)	-	(2)
	<b>97</b>	118	234
(Increase)/decrease in trade and other debtors	(54)	(2)	5
(Decrease)/Increase in trade and other creditors	(5)	(32)	46
<b>Cash generated from operations</b>	<b>38</b>	84	285

# Scotland Gas Networks plc

## 24 Analysis of changes in net debt

	At 1 April 2024 £'m	Cash flow £'m	Other non-cash changes £'m	At 30 September 2024 £'m
<b>Cash</b>				
Cash at bank	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
<b>Debt</b>				
Debts falling due within 1 year	(35)	-	(3)	(38)
Debts falling due after 1 year	<u>(1,346)</u>	<u>(50)</u>	<u>(7)</u>	<u>(1,403)</u>
	<u>(1,381)</u>	<u>(50)</u>	<u>(10)</u>	<u>(1,441)</u>
<b>Derivative financial instruments</b>				
Derivative financial assets	3	-	-	3
Derivative financial liabilities	<u>(42)</u>	<u>-</u>	<u>2</u>	<u>(40)</u>
	<u>(39)</u>	<u>-</u>	<u>2</u>	<u>(37)</u>
<b>Total</b>	<u><u>(1,402)</u></u>	<u><u>(50)</u></u>	<u><u>(8)</u></u>	<u><u>(1,460)</u></u>

Cash and cash equivalents contain £18m (31 March 2024: £18m) of cash which is contractually restricted to be used on designated innovation projects only and is not available for general use.

## 25 Major non-cash transactions

Other non-cash movements in borrowings relate to the amortisation of borrowing fees and loan accretion accruals.