

Southern Gas Networks plc
Unaudited interim financial information
for the six-month period ended 30 September 2024

Southern Gas Networks plc

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Profit and loss account

for the six-month period ended 30 September 2024

		Unaudited		Audited
		Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
	Notes			
Turnover		392	443	901
Net operating costs ¹	3	(273)	(273)	(538)
Operating profit		119	170	363
Interest receivable and similar income	5	26	8	16
Interest payable and similar expenses	6	(66)	(89)	(160)
Fair value movement on derivatives	10	5	3	(12)
Profit before taxation	4	84	92	207
Tax charge on profit	7	(22)	(24)	(56)
Profit for the financial period		62	68	151

¹ Included within Net operating costs are exceptional items to the sum of £nil (30 September 2023: £nil and 31 March 2024: £5m), see note 9 for more details.

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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		62	68	151
Other comprehensive income/(loss)				
Remeasurement on net pension asset	21	6	(15)	(22)
(Loss)/Gain arising on cash flow hedges	21	(2)	2	(1)
Income tax relating to components of other comprehensive income/(loss)	21	(1)	3	6
Other comprehensive income/(loss) for the financial period net of income tax		3	(10)	(17)
Total comprehensive income for the period		65	58	134

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Balance sheet as at 30 September 2024

		Unaudited	Audited
	Notes	30 September 2024 £'m	31 March 2024 £'m
Fixed assets			
Intangible assets	11	205	210
Tangible assets	12	5,294	5,154
Non-current financial assets	13	-	1
		5,499	5,365
Current assets			
Stock	14	14	11
Debtors	15	71	116
Short term deposits		298	32
Cash at bank and in hand		13	12
		396	171
Creditors: amounts falling due within one year	16	(587)	(608)
Net current liabilities		(191)	(437)
Total assets less current liabilities		5,308	4,928
Creditors: amounts falling due after more than one year	17	(3,096)	(2,779)
Provisions for liabilities	18	(768)	(765)
Deferred income	19	(309)	(306)
Pension assets	20	139	131
Net assets		1,274	1,209
Capital and reserves			
Called up share capital		160	160
Hedging reserves		(7)	(5)
Profit and loss account		1,121	1,054
Shareholders' funds	21	1,274	1,209

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Statement of changes in equity as at 30 September 2024

	Notes	Called up share capital £'m	Hedging reserves £'m	Profit and loss account £'m	Total £'m
Balance at 1 April 2024		160	(5)	1,054	1,209
Profit for the financial period		-	-	62	62
Other comprehensive (loss)/income		-	(2)	5	3
Total comprehensive (loss)/income		-	(2)	67	65
Dividends paid	8	-	-	-	-
Balance at 30 September 2024		160	(7)	1,121	1,274

	Notes	Called up share capital £'m	Hedging reserves £'m	Profit and loss account £'m	Total £'m
Balance at 1 April 2023		160	(4)	944	1,100
Profit for the financial period		-	-	68	68
Other comprehensive income/(loss)		-	1	(11)	(10)
Total comprehensive income		-	1	57	58
Dividends paid		-	-	-	-
Balance at 30 September 2023		160	(3)	1,001	1,158

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Cash Flow Statement as at 30 September 2024

		Unaudited	Unaudited	Audited
		Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
	Notes			
Cash flows from operating activities				
Cash generated from operations	24	245	242	414
Interest paid		(40)	(48)	(124)
Tax paid		(4)	(18)	(34)
Net cash from operating activities		201	176	256
Cash flows from investing activities				
Purchase of intangible fixed assets		(6)	(2)	(11)
Purchase of tangible fixed assets		(212)	(155)	(320)
Sale of tangible fixed assets		1	-	-
Customer contributions received		7	7	13
Interest received		5	4	9
Net cash used in investing activities		(205)	(146)	(309)
Cash flows from financing activities				
Issue of debt		326	436	496
Repayment of debt		(61)	-	(600)
Receipts from inflation-linked swaps		8	9	17
Receipts from cross-currency swaps		162	-	4
Payments of inflation-linked swaps		-	-	(1)
Payments of cross-currency swaps		(164)	(2)	(5)
Dividends paid		-	-	(25)
Net cash from/(used in) financing activities		271	443	(114)
Increase/(Decrease) in cash and cash equivalents		267	473	(167)
Cash and cash equivalents at beginning of the financial period	25	44	211	211
Cash and cash equivalents at end of the financial period	25	311	684	44

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

1 Basis of preparation

This interim report for Southern 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

	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Net operating costs	273	273	538

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4 Profit before taxation

The profit is stated after charging/ (crediting):

	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Depreciation	65	65	129
Loss on disposal of fixed assets	1	2	4
Goodwill amortisation	3	3	6
Computer software amortisation	7	4	12
Amortisation of customer contributions	(4)	(4)	(7)

5 Interest receivable and similar income

	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Net defined benefit pension income	3	3	7
Deposit account interest	7	5	9
Other interest receivable	16	-	-
	26	8	16

6 Interest payable and similar expenses

	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Interest payable on fixed rate instruments	56	43	91
Interest payable on floating rate instruments	-	8	10
Interest payable on inflation-linked instruments	5	31	46
Other interest payable	5	7	13
	66	89	160

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6 Interest payable and similar expenses - continued

Included within interest payable on inflation-linked instruments is £7m of accretion on RPI-linked debt instruments (30 September 2023: £33m and 31 March 2024: £51m).

7 Tax charge on profit on ordinary activities

	Six-month period ended 30 September 2024 £'m	Six-month period ended 30 September 2023 £'m	Year ended 31 March 2024 £'m
Current tax charge	19	20	47
Deferred tax charge	3	4	9
Total tax charge for the period	22	24	56

8 Dividends

	Six-month period ended 30 September 2024 £'m	Year ended 31 March 2024 £'m
Equity shares		
Interim dividends paid nil pence per share (31 March 2024: 15.61 pence per share)	-	25

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9 Exceptional items and fair value movements on derivatives

	Six-month period ended 30 September 2024	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
Exceptional items included within Net operating costs:			
Impairment of tangible fixed assets*	-	-	5

*During the year ended 31 March 2024, the Company recognised an impairment loss of £5m relating to the development of the property at Balcombe Road, Horley following the decision to abandon the build of the new Head Office. The recoverable amount of the asset was determined based on the fair value less cost to sell using a market valuation.

10 Fair value movements on derivatives

	Six-month period ended 30 September 2024	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
Fair value movements on derivatives:			
Net (gains)/losses on derivative financial instruments*	(5)	(3)	12
Included within taxation:			
Tax charge/(credit) on net (gains)/losses on derivative financial instruments	1	1	(3)

*Net (gains)/losses 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 (gains)/losses on derivative financial instruments is £11m of accretion on CPI-linked swaps (30 September 2023: £22m and 31 March 2024: £25m).

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11 Intangible fixed assets

	Goodwill	Software	Total
	£'m	£'m	£'m
Cost			
At 1 April 2024	288	80	368
Additions	-	5	5
At 30 September 2024	288	85	373
Accumulated amortisation			
At 1 April 2024	(109)	(49)	(158)
Amortisation for the period	(3)	(7)	(10)
At 30 September 2024	(112)	(56)	(168)
Net book value			
At 30 September 2024	176	29	205
At 31 March 2024	179	31	210

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12 Tangible fixed assets

	Freehold property £'m	Plant and machinery £'m	Motor vehicles and office equipment £'m	Total £'m
Cost				
At 1 April 2024	101	6,527	78	6,706
Additions	1	200	6	207
Disposals	-	(4)	-	(4)
At 30 September 2024	102	6,723	84	6,909
Depreciation				
At 1 April 2024	(46)	(1,454)	(52)	(1,552)
Charge for the period	(1)	(61)	(3)	(65)
Eliminated on disposal	-	2	-	2
At 30 September 2024	(47)	(1,513)	(55)	(1,615)
Net book value				
At 30 September 2024	55	5,210	29	5,294
At 31 March 2024	55	5,073	26	5,154

13 Non-current financial assets

	30 September 2024 £'m	31 March 2024 £'m
Derivative financial instruments - cross-currency swaps in hedge relationships	-	1

14 Stocks

	30 September 2024 £'m	31 March 2024 £'m
Materials and supplies	14	11

The amount of inventory recognised as an expense in the period amounted to £nil (2024: £nil).

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15 Debtors

	30 September 2024 £'m	31 March 2024 £'m
Trade debtors	55	76
Amounts owed by group undertakings	-	30
Prepayments and accrued income	16	10
	71	116

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

16 Creditors: amounts falling due within one year

	30 September 2024 £'m	31 March 2024 £'m
£350m 2.5% fixed rate note due 2025	350	350
Floating rate debt	-	60
Trade creditors	27	54
Social security and other taxes	25	15
Other creditors	8	7
Accrued interest	45	28
Accruals	67	69
Deferred income	23	25
Amounts owed to group undertakings	42	-
	587	608

Amounts owed to group undertakings includes:

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

- Also included is an intercompany loan due to SGN Evolve Network Limited of £6m (31 March 2024: £5m). The loan is repayable on demand and bears interest at the Bank of England Base Rate (31 March 2024: Bank of England Base Rate).

These are partially offset by:

- intercompany trade balances due from the Group of £2m (31 March 2024: £29m).

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16 Creditors: amounts falling due within one year – continued

The intercompany loan balance between Scotland 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.

The Company has a total revolving credit facility of £450m (31 March 2024: £450m) 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: £60m drawn). Included within Floating rate debt for the comparative period is the £60m of drawn down revolving credit facility, which was repayable on 2 April 2024, thus this balance was classified as amounts falling due within one year as at 31 March 2024.

17 Creditors: amounts falling due after more than one year

	30 September 2024 £'m	31 March 2024 £'m
Derivative financial liabilities - inflation-linked swaps	66	71
Derivative financial liabilities – cross-currency swaps	20	20
Inflation-linked debt	658	651
Fixed rate debt	2,350	2,037
	3,096	2,779

In September 2023, the Company submitted a notice of its intention to repay early its floating rate notes amounting to £300m, which were fully repaid as at 31 March 2024.

In September 2023, the Company issued £500m of new fixed rate public bonds with net proceeds (£436m) used to repay and prepay maturing bond and EIB debt in October 2023. £200m of these bonds were raised by 'tapping' an existing 1.25% fixed rate instrument maturing in December 2031 for a cash price of £68 leading to proceeds received of £135m, where the difference between the amounts issued and received is amortised over the remaining life of the instrument.

Cross-currency swaps

In October 2022, Southern Gas Networks plc issued a total of \$132m in private placement notes, for which drawing occurred in March 2023:

- \$66m 5.63% fixed rate notes due 2033;
- \$66m 5.73% fixed rate notes due 2035.

In March 2024, Southern Gas Networks plc issued a total of \$202m in private placement notes, for which the drawings occurred in April and June 2024:

- \$101m 5.77% fixed rate notes due 2034;
- \$101m 5.87% fixed rate notes due 2036.

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17 Creditors: amounts falling due after more than one year – continued

In line with the Company's hedging policy, the entire principal amounts and interest payments under these notes have been hedged using cross currency-swaps with effective dates matching the drawdown profiles of the notes. Under these cross-currency swaps, the Company receives a USD upfront payment and fixed USD payments equal to the principal amounts and coupons under the notes respectively, and pays fixed GBP amounts:

- \$41m converted to £36m with fixed 6.2435% GBP interest payable, due 2033, effective March 2023;
- \$25m converted to £22m with fixed 6.2585% GBP interest payable, due 2033, effective March 2023;
- \$66m converted to £59m with fixed 6.2800% GBP interest payable, due 2035, effective March 2023.
- \$20m converted to £16m with fixed 5.496% GBP interest payable, due 2034, effective June 2024;
- \$30m converted to £24m with fixed 5.495% GBP interest payable, due 2034, effective June 2024;
- \$51m converted to £40m with fixed 5.495% GBP interest payable, due 2034, effective June 2024;
- \$20m converted to £16m with fixed 5.625% GBP interest payable, due 2036, effective April 2024;
- \$30m converted to £24m with fixed 5.627% GBP interest payable, due 2036, effective April 2024;
- \$51m converted to £40m with fixed 5.627% GBP interest payable, due 2036, effective April 2024.

18 Provisions for liabilities

	Environmental £'m	Deferred tax £'m	Other provisions £'m	Total £'m
At 1 April 2024	5	741	19	765
Movement during the period	-	4	-	4
Reassessments during the period	-	-	(1)	(1)
At 30 September 2024	5	745	18	768

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 0.5 years.

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

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19 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.

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	178	128	306
Customer contributions deferred in the period	5	2	7
Amortisation in period	(2)	(2)	(4)
	<u>181</u>	<u>128</u>	<u>309</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.

20 Pension asset

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.

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20 Pension asset – continued

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.

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

Fair value	30 September 2024 £'m	31 March 2024 £'m
Government bonds	235	228
Corporate bonds	127	132
Cash	8	14
Insurance contracts	<u>111</u>	<u>116</u>
Total market value of assets	481	490
Actuarial value of liabilities	<u>(342)</u>	<u>(359)</u>
Net pension asset	<u><u>139</u></u>	<u><u>131</u></u>

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

	30 September 2024 £'m	31 March 2024 £'m
Opening balance	(359)	(364)
Current service cost	(1)	(4)
Interest cost	(8)	(17)
Actuarial gains	19	12
Benefits paid	<u>7</u>	<u>14</u>
Closing balance	<u><u>(342)</u></u>	<u><u>(359)</u></u>

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

	30 September 2024 £'m	31 March 2024 £'m
Opening balance	490	512
Interest income	11	24
Contributions from the Company	1	3
Remeasurement of scheme assets	(13)	(34)
Benefits paid	(7)	(14)
Administration costs	<u>(1)</u>	<u>(1)</u>
Closing balance	<u><u>481</u></u>	<u><u>490</u></u>

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20 Pension asset – continued

The actual loss on plan assets was:

	Six-month period ended 30 September 2024	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
Loss on plan assets excluding interest income	(13)	(61)	(34)
Interest income on plan assets	<u>11</u>	<u>12</u>	<u>24</u>
Actual loss on plan assets	<u>(2)</u>	<u>(49)</u>	<u>(10)</u>

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

	Six-month period ended 30 September 2024	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
Current service cost	(1)	(2)	(4)
Administration costs	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Total charged to net operating costs:	(2)	(3)	(5)
Expected return on scheme assets	11	12	24
Interest charge on scheme liabilities	<u>(8)</u>	<u>(9)</u>	<u>(17)</u>
Net interest credit	<u>3</u>	<u>3</u>	<u>7</u>
Total charge to the profit and loss account	<u>1</u>	<u>-</u>	<u>2</u>

	Six-month period ended 30 September 2024	Six-month period ended 30 September 2023	Year ended 31 March 2024
	£'m	£'m	£'m
Actuarial losses on scheme assets	(13)	(61)	(34)
Actuarial gains on scheme obligations	<u>19</u>	<u>46</u>	<u>12</u>
Gains/(Losses) recognised in other comprehensive income	<u>6</u>	<u>(15)</u>	<u>(22)</u>

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20 Pension asset – 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.

21 Reconciliation of movements in shareholders' funds

	Six-month period ended 30 September 2024 £'m	Year ended 31 March 2024 £'m
Profit for the period	62	151
Remeasurement on net pension asset	5	(16)
Movement in cash flow hedges	(2)	(1)
Dividends paid	8	(25)
Net increase in shareholders' funds	65	109
Opening shareholders' funds	1,049	940
Closing shareholders' funds	1,114	1,049

22 Contingent liabilities

Galpin's Road Investigation

The Company has been subject to a detailed investigation by the police and Health and Safety Executive regarding the gas explosion at Galpin's Road on 8 August 2022. The Company is continuing to support the investigation. Due to the current stage of the investigation, and the wide range of potential outcomes due to the nature of the sentencing guidelines, it is not possible for management to reliably estimate the financial impact or timing of any future obligation as at 30 September 2024.

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 in the financial statements for these contingent liabilities.

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22 Contingent liabilities - continued

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.

23 Subsequent events

On 9 October 2024, the Company priced a 6yr €500m bond with a 3.50% coupon, which settled on 16 October 2024 and matures on 16 October 2030. In line with the Company's hedging policy, the entire principal amount and interest payments under this bond were hedged using cross-currency swaps with effective dates matching the settlement date of the bond. Under these cross-currency swaps, the Company receives a EUR upfront payment and fixed EUR payments equal to the principal amount and coupons under the bond respectively and pays fixed GBP amounts such that the weighted average GBP interest cost is 5.2325%.

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 £100m of private placement notes, with a £50m drawdown occurring in December 2024 and a further £50m drawdown occurring in March 2025.

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24 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	84	92	207
Depreciation charges	65	65	129
Amortisation charges	10	7	18
Loss on disposal of fixed assets	1	2	4
Amortisation of deferred income	(4)	(4)	(7)
Decrease in provisions	-	(1)	(1)
Interest payable and similar expenses	66	89	160
Fair value movement on derivatives	(5)	(3)	12
Interest receivable and similar income	(26)	(8)	(16)
Other operating cashflows	-	-	6
	191	239	512
Decrease in stocks	(3)	-	(11)
Decrease/(increase) in trade and other debtors	15	12	(80)
Increase/(decrease) in trade and other creditors	42	(9)	(7)
Cash generated from operations	245	242	414

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25 Analysis of changes in net debt

	At 1 April 2024 £'m	Cash flow £'m	Other non-cash changes £'m	At 30 September 2024 £'m
Cash				
Cash at bank	12	1	-	13
Short term deposits	<u>32</u>	<u>266</u>	<u>-</u>	<u>298</u>
	<u>44</u>	<u>267</u>	<u>-</u>	<u>311</u>
Debt				
Debts falling due within 1 year	(410)	61	(1)	(350)
Debts falling due after 1 year	<u>(2,688)</u>	<u>(326)</u>	<u>6</u>	<u>(3,008)</u>
	<u>(3,098)</u>	<u>(265)</u>	<u>5</u>	<u>(3,358)</u>
Derivative financial instruments				
Derivative financial assets	1	(1)	-	-
Derivative financial liabilities	<u>(91)</u>	<u>2</u>	<u>3</u>	<u>(86)</u>
	<u>(90)</u>	<u>1</u>	<u>3</u>	<u>(86)</u>
Total	<u>(3,144)</u>	<u>3</u>	<u>8</u>	<u>(3,133)</u>

Cash and cash equivalents contain £5m (31 March 2024: £2m) of cash which is contractually restricted to be used on designated innovation projects only and is not available for general use.

26 Major non-cash transactions

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