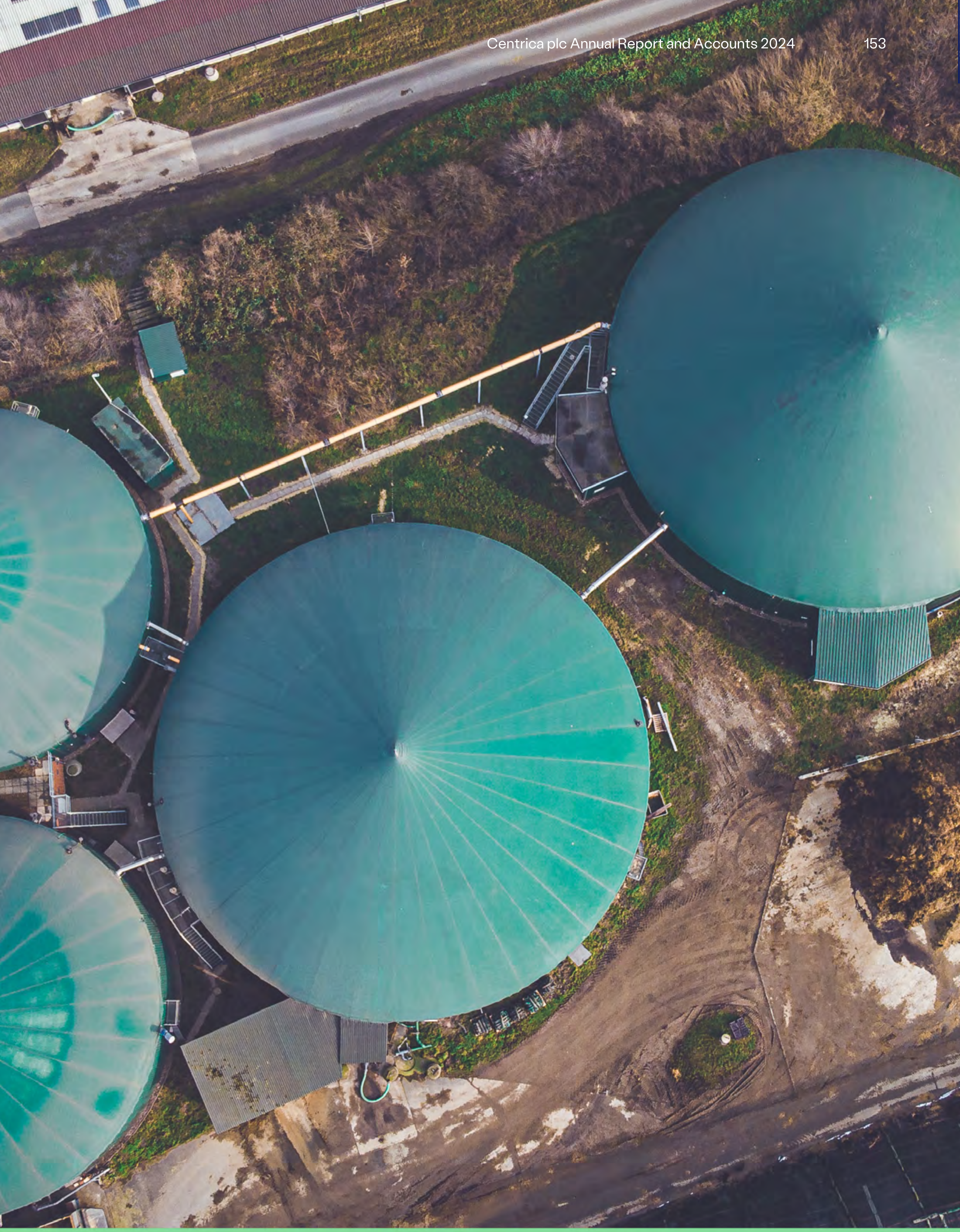
Financial Statements



Independent Auditor's Report

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Centrica plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group Statement of Changes in Equity;
- the Group Balance Sheet;
- the Group Cash Flow Statement;
- the related notes to the Group financial statements 1 to 27;
- the supplementary notes S1 to S11 of the Group financial statements;
- the Company Statement of Changes in Equity;
- the Company Balance Sheet; and
- the notes I to XVII to the Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note S9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters identified in the current year were: • the valuation of residential energy supply billed debt provisions within British Gas Energy; • revenue recognition in British Gas Energy; • the impairment of long-lived assets and investments, including estimates of future price assumptions; • accounting for the Electricity Generator Levy ("EGL"); • the valuation of complex energy derivative contracts; and • the valuation of the decommissioning provision in Spirit Energy. The valuation of the decommissioning provision in Spirit Energy is newly identified as a key audit matter in the current year. Within this report, key audit matters are identified as follows: ! Newly identified △ Increased level of risk ◁▷ Similar level of risk ▽ Decreased level of risk
Materiality	The materiality used for the audit of the Group financial statements is £79.8m (2023: £135m), determined based on adjusted profit before tax. Adjusted profit before tax is the pre-tax profit adjusted for the impact of exceptional items and certain remeasurements as presented in the Group Income Statement. The decrease in materiality in 2024 reflects the reduction in adjusted profit before tax.
Scoping	Other than the components presented below, all components of the Group were subject to an audit of the component's financial information. The following components were subject to an audit of specified account balances: • Centrica Business Solutions - Power Assets; • Bord Gáis; • British Gas Services and Solutions; and • Centrica Energy Storage+ (within the Upstream segment). New Energy Services (within the Centrica Business Solutions segment) continues to be subject to specified further audit procedures by the group engagement team. Our risk assessment procedures resulted in an increase in the group reporting scope for Centrica Business Solutions Energy Supply, from an audit of specified account balances in the prior year, to an audit of the component's financial information in the current year.
Significant changes in our approach	Other than the changes in key audit matters and scope discussed above, there were no significant changes in our audit approach when compared to 2023.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the Group's future cash flow forecasts, by considering actual cash flow performance in 2024, the current commodity price environment, historical accuracy of the Group forecasts and key assumptions underpinning the Group's going concern assessment;
- agreeing the level of committed undrawn facilities of £3.3bn (2023: £3.8bn) to signed facility agreements, the key terms of which have been reviewed by our treasury specialists;
- obtaining an understanding of the relevant controls over the going concern assessment;
- testing the clerical accuracy of the cash flow forecasts and assessing the appropriateness of the model used to prepare the forecasts;
- assessing whether the cash flow forecast considers the impact of Group's planned investment strategy announced in July 2023;
- assessing the sensitivities run by the directors and the linkage of these sensitivities to the Group's principal risks disclosed on pages 40 to 51 of the Annual Report & Accounts. These sensitivities include the impact of margin cash volatility, a reduction in the Group's credit rating, a reduction in commodity prices, adverse weather and worsening macroeconomic factors, or a reduction in commodity trading performance and the resultant impact on cashflows;
- assessing the mitigating actions that could be taken by the directors to maximise liquidity headroom including a reduction in capital expenditure and a reduction in discretionary spend; and
- assessing the appropriateness of the going concern disclosures in light of the above assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has 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.

5. Key audit matters

Key audit matters 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 The valuation of residential energy supply billed debt provisions within British Gas Energy ◁▷

Key audit matter description	The Group supplies gas and power to residential customers in the UK through its British Gas Energy segment. Of the Group total of £3,270m (2023: £2,991m) billed trade receivables, the British Gas Energy reporting segment contributes £2,768m (2023: £2,380m), which includes both residential and small business customers. Cost of living challenges and sustained high energy prices continue to affect customers' ability to pay their bills with high levels of fuel poverty and bad debt persisting in 2024. As a result, there continues to be judgement in determining the recoverability of customer debt, which raises the risk of material misstatement in determining the billed debt provision at 31 December 2024. Credit losses of £1,309m (2023: £1,077m) have been recognised on British Gas Energy billed trade receivables, of which £891m (2023: £764m) relates to UK residential customers. To determine the billed debt provision, certain key assumptions are made. These include the methodology used to assess the impact of macroeconomic factors on future cash collection. The need to record or release an additional provision ("additional macroeconomic" provision) beyond the provision that is indicated by past collection performance ("business-as-usual" provision) increases the level of judgement and accordingly the risk of material misstatement. We have therefore also identified this as a potential fraud risk area. In the current year the "business-as-usual" provision has increased as a result of declines in actual cash collection rates during 2024. Further details on billed debt provisions relating to trade receivables can be found in notes 3(b) and 17. These matters are also considered by the Audit and Risk Committee in its report on pages 100 to 111.

How the scope of our audit responded to the key audit matter	• We obtained an understanding of the controls relevant to the determination of billed debt provisions.
	• With involvement of our IT and data analytics specialists, we tested the completeness and accuracy of the underlying debt books, including the age of debt, and recalculated management's provision rates based on historical cash collection.
	• We assessed historical debt collection patterns over 2023 and 2024 in order to estimate an expected profile of the recovery of 31 December 2024 balances, on a "business-as-usual" basis. We applied this profile to 31 December 2024 debt and then assessed:
	  – the impact and sensitivity of this profile based on external forecasts, such as household disposable income and inflation forecasts, and the impact on billed debt provisions as the economic situation changes; and
	  – the accounting for the impact of these changes in the billed debt provision estimate.
	• We considered the extent to which the provision on a "business-as-usual" basis factors in the current macroeconomic environment and challenged the methodology over the determination and recording of the "additional macroeconomic" provision, with reference to available third-party analysis.
	• We performed procedures to challenge the completeness and the appropriateness of the "additional macroeconomic" provision by evaluating the reasonableness of management's assumptions and economic data (both forecast and historical) used to derive this.
	• We assessed the appropriateness of the disclosures provided relating to this key source of estimation uncertainty, and the range of sensitivities disclosed.

Key observations	We are satisfied that the billed debt provisions on residential customers, including the additional provision to reflect current macroeconomic conditions, and the associated methodology to determine this adjustment, are appropriate.

5.2. Revenue recognition in British Gas Energy ◁▷

Key audit matter description	In 2024, British Gas Energy generated revenues of £12.1bn (2023: £17.7bn) with 6.5m (2023: 5.4m) customers having been migrated to the new ENSEK billing platform by the year end, as seen on page 128. At 31 December 2024 ENSEK hence formed the main revenue billing platform, with 92% of British Gas Energy customers being invoiced through it, as seen on page 128. At the beginning of the year British Gas Energy was in a Software-as-a-Service ("SaaS") arrangement with ENSEK and the system was developed and controlled by a third party. British Gas Energy was therefore dependent on the efficacy of the general IT controls, application controls, and other controls that the third party operated on its behalf. On 29 July 2024 the Group announced the acquisition of ENSEK and the transaction completed on 20 September 2024. As highlighted in the Audit and Risk Committee's report on page 101, ENSEK's internal controls continue to develop. We identified a risk of material misstatement, whether due to fraud or error, relating to the completeness and accuracy of the volume and tariff data used by the system to generate revenue transactions.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the relevant controls over the recognition of revenue from customers, including those regarding the completeness and accuracy of consumption data. We did not plan to place reliance on these controls due to the maturity of the control environment, as detailed by the Audit and Risk Committee in its report on pages 100 to 111. • We performed tests of detail over the billed energy supply volume and pricing revenue data, agreeing amounts back to contractual tariffs and actual or estimated meter readings. • We calculated an expectation of the billed energy supply revenue, comparing differences to predetermined thresholds, and tested the completeness and accuracy of the key inputs to the expectation. • We worked with our data analytics specialists to recalculate unbilled revenue and to test the accuracy and completeness of the source data used in the recalculation, including over data that was migrated to ENSEK from the legacy SAP systems.
Key observations	We are satisfied that the accuracy and completeness of the revenue recognised through the British Gas Energy segment, including the methodology to generate unbilled revenue, is appropriate.

5.3. Impairment of long-lived assets and investments, including estimates on future price assumptions ◁▷

Key audit matter description	The Group makes judgements in considering whether the carrying amounts of its long-lived assets and investments (principally Upstream gas production assets, Nuclear investment, Batteries, Solar assets and Gas peakers) are recoverable, and applies estimates and assumptions in determining their recoverable amounts. Key assumptions in the determination of recoverable amount include: forecast future commodity prices; forecast cashflows including forecast production; and discount rates. During the year, following an internal review to map Centrica views around the evolution of each commodity market to specific, reputable, third party curve providers, the Group has refined its estimation methodology applied to forecasting longer-term commodity prices. We identified a key audit matter around the determination of the recoverable amount of these assets. The Group's balance sheet includes a net book value of £465m (2023: £325m) of power generation assets, £789m (2023: £1,023m) of gas production and storage assets and a £794m (2023: £903m) interest in its Nuclear investment. In the Upstream segment, an impairment of the Nuclear investment of £48 million (post-tax £48 million) (2023: £549 million (post-tax £549 million)) has been recorded. In the Centrica Business Solutions segment, an impairment of £27 million (post-tax £20 million) (2023: £14 million (post-tax £11 million)) has been recorded, predominantly related to Battery storage and Solar assets. The impairment charges have been recorded within the exceptional items and certain re-measurements column of the Group income statement, in line with the specific accounting measure disclosed in note 2(b). The details on the key sources of estimation uncertainty underpinning the impairment for these assets can be found in note 3(b). Details on the sensitivity of the above impairment reviews to changes in key assumptions such as gas and power prices are disclosed in note 7(c). For the Nuclear investment and Spirit gas assets, this includes sensitivities associated with the Group's commodity price curves if these curves were aligned with the Net Zero scenario ('Net Zero curve') which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. The matter is also considered by the Audit and Risk Committee in its report on page 109.
How the scope of our audit responded to the key audit matter	• We understood management's process for identifying indicators of impairment and impairment costs and for performing their impairment assessment. • We obtained an understanding of the relevant controls relating to the asset impairment models, the underlying forecasting process and the impairment reviews performed. • We evaluated the forecast future cash flows including key assumptions and inputs into the impairment models, which included performing sensitivity analysis, to evaluate the impact of selecting alternative assumptions. We also, where relevant, assessed judgements made in respect of life extensions and production outages. • We evaluated changes in key assumptions, in particular the refinement of the estimation methodology applied to forecasting commodity price assumptions. We worked with our commodity pricing specialists to derive an acceptable range against which we assessed the Group's refined forecast commodity prices. For Nuclear investment and Spirit gas assets, we performed sensitivity analysis with alternative future prices. These alternative scenarios included one which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. We recalculated management's disclosures relating to the sensitivity of the Group's impairment tests to reduced commodity prices, including the Net Zero curves. • With the involvement of our valuation specialists, we evaluated the discount rates, which involved benchmarking against available market views and analysis. • We tested the arithmetical accuracy of the impairment models. • We assessed the appropriateness of disclosures of the key assumptions and sensitivities including the presentation of the impairment cost within the exceptional items and certain re-measurements column of the Group income statement.
Key observations	We are satisfied that the key assumptions used to determine the recoverable amount of the Group's long-lived assets and investments, including production and availability forecasts, are within a reasonable range. We are also satisfied that the Group's discount rate assumptions are appropriate. The Group's future commodity price estimates fall within the acceptable range. We observed that the baseload and gas price forecasts from acceptable external sources were generally higher than the assumed prices in the net zero scenario for material assets. We consider the sensitivity disclosures related to the impact of future commodity price estimates arising from climate change on the Group's impairment reviews to be appropriate. We are satisfied that the impairment charge recognised by the Group for the year is appropriate and we found the presentation of this cost under the exceptional items and certain re-measurements column of the Group income statement to be consistent with the Group's exceptional items accounting policy.

5.4. Accounting for the Electricity Generator Levy ("EGL") ◁▷

Key audit matter description	EGL is a temporary levy applicable to receipts that the Group has realised from electricity generation in the UK from nuclear and renewable sources in the period from 1 January 2023 to 31 March 2028. The levy applies a 45% charge on receipts generated from the production of wholesale electricity sold at an average price in excess of £75/Mwh (adjusted for inflation prospectively from April 2024), exceeding an annual threshold of £10m. It applies to generators whose generation exceeds 50GWh annually, as well as off-take arrangements with significant minority shareholders in such generators. The interpretation and application of the EGL legislation remains unclear in respect of the Group's minority shareholding in its Nuclear offtake arrangements. There is a key source of estimation uncertainty related to the assessment of the proportion of generation that can be ascribed to wholesale purchases which could give rise to a tax deposit, in accordance with the 2019 IFRIC Agenda decision on deposits relating to taxes other than income taxes. The Group has made payments on account to HM Revenue & Customs (HMRC) totalling £365m (£285m in 2023 and £80m in 2024). However, if it were considered probable that the payments on account related to the proportion of generation that could be ascribed to wholesale purchases is recoverable, then management have assessed that up to £150m which has previously been recognised as a cost within the income statement could be recognised as a tax deposit asset on the balance sheet instead. Given the early stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date. Given the complexity of the legislation and the impact on the Group, we identified a key audit matter in respect of whether a tax deposit is probable, and whether the amounts paid should be recorded within the income statement or as a tax deposit on the balance sheet. The Group has recognised the full charge in the income statement. Further detail can be found in note 3(b). The Audit & Risk Committee also consider this matter on page 105.
How the scope of our audit responded to the key audit matter	• We gained an understanding of the Group's process and judgements applied in accounting for and recognising EGL amounts within the financial statements and evaluated the competence, capability and objectivity of management's experts and the appropriateness of the underlying source documents relied upon. • We gained an understanding of the relevant controls in relation to the directors' review of the judgements formed. • We tested EGL payments on account to HMRC during the year to supporting third party evidence. • We worked with our tax specialists to assess the appropriate interpretation of the EGL legislation in addition to reviewing legal advice received by the Group and evaluating the opinions of management's experts. We assessed the accounting for the EGL with a particular focus on whether any of the £150m should be recorded in the income statement or on the balance sheet as a tax asset. We then evaluated the appropriateness of management's conclusions, considering the identified sources of estimation uncertainty, the opinions of management's experts, and the views of our tax specialists. • We considered the appropriateness of the disclosures within the financial statements on the accounting position adopted and the judgements involved, including the disclosure of the range (of up to £150m) of the tax deposits recoverable in respect of EGL. • We considered the nature and impact of any contradictory audit evidence on management's assessment.
Key observations	We are satisfied that the EGL payments have been appropriately presented within the Group income statement, that the non-recognition of a tax deposit asset at this stage is appropriate, and that the disclosures within the financial statements relating to EGL are appropriate.

5.5. The valuation of complex energy derivative contracts ◁▷

Key audit matter description	Note 7 of the financial statements discloses a re-measurements profit of £421m for the year (2023: £3,573m) on energy derivative contracts. Details on the Group's energy contracts can be found in note 19 and note S3(a). The key sources of estimation uncertainty associated with energy contracts can be found in note 3(b) with further details on the presentation of certain re-measurement arising on derivatives disclosed in note 2(b). The matter is also considered by the Audit and Risk Committee in its report on page 107. The Group undertakes proprietary trading activities and enters into forward commodity contracts to optimise the value of its production and generation assets, as well as to meet the future needs of its customers. Certain of these arrangements entered into are accounted for as derivative financial instruments and are recorded at fair value. We identified a key audit matter related to the valuation of complex derivative trades performed internally by management's valuation specialists, including new hedging contracts entered into in the year to hedge long-term LNG supply arrangements. Valuing complex energy derivative contracts requires judgement, particularly where there are bespoke contractual terms, modelling complexity and significant unobservable inputs that are not corroborated by market data. Management use these with internally developed methodologies that result in their best estimate of fair value (level 3 in accordance with IFRS 13 'Fair Value Measurement'). Given the judgement involved and the potential for management bias in the modelling, we identified a potential risk of fraud. Level 3 complex energy derivative financial assets of £164m (2023: £156m) were recognised at 31 December 2024 and £131m (2023: £272m) level 3 complex energy derivative financial liabilities.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the Group's processes, including user access and segregation of duties controls, for authorising and recording commodity trades. • We obtained an understanding of the relevant controls relating to the valuation of complex energy derivatives within the Group's Centrica Energy business. • We assessed the competence, capability and objectivity of management's internal valuation specialists. • We worked with our financial instrument specialists to assess the value of material complex trades, either by creating an independent valuation or by testing how management developed their estimate. Particular emphasis was made to assess any new material models and material changes to relevant models and we performed additional procedures to assess the reasonableness and appropriateness of these. • We assessed the movement in the fair values based on the change in significant inputs, and tested these inputs, where relevant. • We considered the appropriateness of the relevant complex derivative energy contracts disclosures, including the key source of estimation uncertainty disclosures.
Key observations	We are satisfied that the valuation of complex derivative energy contracts is materially appropriate.

5.6. The valuation of the decommissioning provision in Spirit Energy !

Key audit matter description	A provision is recognised for the estimated cost of decommissioning at the end of the producing lives of gas fields in the Spirit Energy business unit within the Upstream segment. Decommissioning provisions of £1,459m (2023: £1,527m) have been recognised at 31 December 2024 and of these £1,139m (2023: £1,191m) are related to Spirit Energy. The liability arises in respect of both assets operated directly by Spirit Energy and assets operated by third-party operators (Spirit Energy non-operated assets). The decommissioning cost estimates include assumptions related to discount rates, management costs, wells costs, rates and norms that are sensitive and where a reasonably possible change would lead to a material difference in the provision. Given the level of management judgement applied throughout the recognition of decommissioning provisions, we have identified this as a key audit matter and a fraud risk area. Further details on decommissioning provisions can be found in notes 3(b) and 21. These matters are also considered by the Audit and Risk Committee in its report on pages 100 to 111.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the controls around the valuation of the decommissioning provision. • With involvement of our data analytics specialists, we identified the key assumptions to which the decommissioning model is most sensitive and performed focused audit procedures on the most sensitive inputs including corroborating and benchmarking those inputs to independent documentation, where available. • With the involvement of our valuation specialists, we evaluated the discount rates, which involved benchmarking against available, relevant market data, including US and UK government bond yields and peer data. • We assessed the objectivity, capability and competence of the experts employed by management to assess and calculate the decommissioning obligations. For non-operated assets, we assessed the competence of each operator. • For non-operated assets we agreed the estimated decommissioning liability to the third-party operator estimate and challenged management where Spirit Energy have not adopted the operator estimate. • We performed a retrospective review of costs incurred to assess the historical accuracy of decommissioning provision estimates. • We assessed the methodology applied in determining the decommissioning cost and the disclosures of the key sources of estimation uncertainty concerning the decommissioning provision in the group accounts.
Key observations	We are satisfied that decommissioning provisions, key assumptions employed to derive these provisions and the associated methodology to calculate them, are appropriate.

6. Our application of materiality

6.1 Materiality

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

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

	Group financial statements	Company financial statements
Materiality	£79.8 million (2023: £135.0 million)	£35.8 million (2023: £54.0 million)
Basis for determining materiality	We determined materiality on the basis of 5% (2023: 5%) of adjusted profit before tax. Adjusted profit before tax is the pre-tax profit adjusted for the impact of exceptional items and certain remeasurements as presented in the Group Income Statement.	We determined materiality based on 3.0% (2023: 3.0%) of net assets but capped materiality at 45% (2023: 40%) of the Group materiality. Our final materiality constituted 0.5% of net assets (2023: 0.7% of net assets).
Rationale for the benchmark applied	We considered adjusted profit before tax to be the most appropriate benchmark to measure the performance of the Group. We consider it appropriate to adjust for exceptional items and remeasurements as these items are volatile and not reflective of the underlying performance of the Group. In determining materiality, we also considered a range of alternative benchmarks. The materiality of £79.8m represents 0.3% (2023: 0.4%) of business performance revenue, 0.4% (2023: 0.6%) of total assets, and 8.1% (2023: 6.1%) of free cash flow.	We considered net assets to be the most appropriate benchmark given the primary purpose of the Company is a holding company. We increased the cap on Group materiality percentage in the current year to align to the group audit strategy.

6.2. Performance materiality

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

	Group financial statements	Company financial statements
Performance materiality	70% (2023: 70%) of Group materiality	70% (2023: 70%) of Company materiality
Basis and rationale for determining performance materiality	The factors we considered in setting performance materiality at 70% of Group and Company materiality included: • The overall quality of the control environment and that we were able to rely on controls in certain of the Group's businesses. • The nature, size and number of uncorrected misstatements identified in previous audits and management's willingness to correct those adjustments.	

6.3. Error reporting threshold

The decrease in materiality has led to a decrease in the error reporting threshold, which stands at £3.9m (2023: £6.8m). We have however, at the Audit and Risk Committee's request, continued to report individual audit differences in excess of £5.0m (2023: £5.0m), and in aggregate all audit differences in excess of £3.9m (2023: £5.0m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

The Group is organised into segments as outlined in note 4. These segments contain a number of individual businesses, and we use these businesses as the basis for identifying and scoping components. Changes in scoping have been outlined in section 3 above.

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Having performed this assessment, we established the following audit scope for each of the Group's businesses.

Segment	Business	Audit scope
British Gas Energy	British Gas Energy	Audit of the component's financial information
British Gas Services and Solutions	British Gas Services and Solutions	Audit of specified account balances of the component
Bord Gáis Energy	Bord Gáis Energy	Audit of specified account balances of the component
Centrica Energy	Centrica Energy (London)	Audit of the component's financial information
	Centrica Energy (Aalborg)	Audit of the component's financial information
Centrica Business Solutions	New Energy Services	Specific further audit procedures performed by the group engagement team
	Power – Assets	Audit of specified account balances of the component
	Energy supply	Audit of specified account balances of the component
Upstream	Nuclear	Audit of the component's financial information
	Spirit Energy	Audit of the component's financial information
	Centrica Energy Storage+	Audit of specified account balances of the component
Head office	Central functions	Audit of the component's financial information

This scoping resulted in 98% of Group revenue, 96% of Group adjusted profit before tax and 93% of Group shareholders' equity being subject to audit, excluding those where we performed review procedures. The equivalent figures in 2023 were 99% of Group revenue, 98% of the adjusted profit before tax and 88% of shareholders' equity.

7.2 Our consideration of the control environment

Our audit strategy is to rely on controls over certain processes within the more established businesses of the Group (such as revenue within British Gas Services and Solutions and Bord Gáis), and over the Group's central expenditure processes. We obtained an understanding of relevant controls in Centrica Energy (London) but chose to adopt a fully substantive approach; this approach used data analytics and enable us to test close to 100% of all trades.

Given the importance of IT to the recording of financial information and transactions, we tested general IT controls with the involvement of our IT specialists, and placed reliance on them in certain areas. The key IT systems we included in scope include the Group's SAP general ledger and consolidation financial reporting systems, the SAP reporting system in Bord Gáis Energy, the Endur trading system in Centrica Energy, and Workday which is used to manage the Group's payroll processes.

We were generally able to place reliance on controls within the more established processes. The control environment for the ENSEK platform has continued to evolve in 2024, and therefore we did not plan to place reliance on these controls this year.

Across some of Group's systems, we had interim findings in relation to the Group's approach to the oversight of user access controls. Management has implemented remediation activities during the year which improved the related controls as evidenced through our year end update testing. We have performed testing of Group's mitigating procedures and were able to rely on controls in planned areas.

As noted in the Audit and Risk Committee report on pages 100 to 111, the Group has been making preparations to ensure readiness to make an appropriate declaration under provision 29 of the UK Corporate Governance Code.

7.3 Our consideration of climate-related risks

Management performed an assessment of the resilience of their annual strategic and financial planning process in the face of climate-related issues. This included assessing the potential impact of the material risks and opportunities and its Climate Transition Plan on both the current balance sheet position and its accounting policies.

Management identified higher risks of material misstatement on the impact of the Net Zero price scenario on the non-current long-life asset Upstream impairment tests. In response, management performed further sensitivities based on forecast prices aligned to net zero price curves. The net zero price curves for Exploration and Production (E&P) and Nuclear consider prices from third party experts in forecast curves.

We reviewed management's climate change risk assessment and evaluated the completeness of the identified risks and impact on the financial statements. We also considered climate change within our audit risk assessment process in conjunction with our assessment of the balances.

To mitigate the Net Zero price scenario risk for the E&P assets and the Group's investment in Nuclear, we performed the following procedures:

- Assessed the reasonableness of management's net zero prices by comparing these to credible third-party net zero price curves.
- Evaluated the price providers' data utilised by the Group to assess whether net zero price curves are appropriate.
- Verified the mathematical accuracy of the conversion to Nominal 2024 prices by adjusting the raw external price forecast data for inflation.

With the involvement of our climate specialists, we:

- evaluated the financial statement disclosures to assess whether climate risk assumptions underpinning specific account balances were appropriately disclosed as well as climate related disclosures in note 3 (c) Critical accounting judgements and key sources of estimation uncertainty; and
- read the climate change-related statements (as disclosed in the 'People and Planet' section in the Strategic Report on page 58) and considered whether the information included in the narrative reporting is materially consistent with the financial statements and our knowledge obtained in the audit.

7.4 Working with other auditors

All components except for Bord Gáis Energy and Aalborg are audited from the UK and we oversee all component audits through regular meetings and direct supervision. Whilst we visited Aalborg during the year, the direction, supervision and oversight procedures on Bord Gáis were performed virtually.

The Group audit team was directly involved in overseeing the component audit planning and execution, through frequent conversations, virtual and in person meetings, debate, challenge and review of reporting and underlying work papers. We held a two-day planning meeting with all component teams and specialists to discuss audit execution and our risk assessment, including risks of material misstatement due to fraud. In addition to our direct interactions and detailed instructions to our component audit teams, Jane Boardman, as lead audit partner, was also the lead audit partner for the British Gas Energy segment. This enabled direct Group supervision on one of the most significant components of the Group.

We are satisfied that the level of involvement of the lead audit partner and Group audit team in the component audits has been extensive and has enabled us to conclude that sufficient appropriate audit evidence has been obtained in support of our opinion on the Group financial statements as a whole.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. This information comprises the Strategic report, the Directors' and Corporate Governance report, the Committee reports, the Remuneration Report and the Other Statutory Information. 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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the 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 Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- The valuation of residential energy supply billed debt provisions within British Gas Energy;
- Revenue recognition in British Gas Energy;
- The valuation of complex energy derivative contracts; and
- The valuation of decommissioning provisions in Spirit Energy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the UK Listing Rules, the Electricity Generator Levy, pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the regulations set by the Office of Gas and Electricity Markets (Ofgem) and Regulations levied by the UK Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA).

11.2. Audit response to risks identified
As a result of performing the above, we identified the following as key audit matters related to the potential risk of fraud: (1) the valuation of residential energy supply billed debt provisions within British Gas Energy; (2) revenue recognition in British Gas Energy; (3) the valuation of decommissioning provisions in Spirit Energy; and (4) the valuation of complex energy derivative contracts. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee, in-house legal counsel and the Group's ethics team concerning actual and potential litigation and claims;
- reviewing the reporting to the Audit and Risk Committee, on matters relating to fraud and potential non-compliance with laws and regulations including the Group's whistleblowing programme;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Ofgem, the FCA and the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

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

In our opinion 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.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 150;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 52 to 53;
- the directors' statement on fair, balanced and understandable set out on page 102;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 100; and
- the section describing the work of the Audit and Risk Committee set out on pages 100 to 111.

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

14.1 Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were reappointed by the shareholders on 5 June 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2017 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the Audit & Risk Committee

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

16. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Boardman FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 February 2025

Group Income Statement

Year ended 31 December	Notes	2024 Business performance £m	2024 Exceptional items and certain re-measurements £m	2024 Results for the year £m	2023 Business performance £m	2023 Exceptional items and certain re-measurements £m	2023 Results for the year £m
Group revenue	4,7	**23,836**	**(4,723)**	**19,113**	32,561	(6,916)	25,645
Insurance revenue	4,S7	**800**	**—**	**800**	813	—	813
Total Group revenue		**24,636**	**(4,723)**	**19,913**	33,374	(6,916)	26,458
Cost of sales before insurance service expenses (i)	5,7	**(20,368)**	**9,064**	**(11,304)**	(27,682)	17,497	(10,185)
Insurance service expenses recognised in cost of sales	5,S7	**(460)**	**—**	**(460)**	(475)	—	(475)
Re-measurement and settlement of derivative energy contracts	5,7	**—**	**(4,062)**	**(4,062)**	—	(6,175)	(6,175)
Gross profit	4,7	**3,808**	**279**	**4,087**	5,217	4,406	9,623
Operating costs before insurance service expenses, credit losses on financial assets and exceptional items	5	**(1,833)**	**—**	**(1,833)**	(1,778)	—	(1,778)
Insurance service expenses recognised in operating costs	5,S7	**(306)**	**—**	**(306)**	(294)	—	(294)
Credit losses on financial assets	5,17	**(373)**	**—**	**(373)**	(602)	—	(602)
Exceptional items	7	**—**	**(128)**	**(128)**	—	(645)	(645)
Operating costs	5	**(2,512)**	**(128)**	**(2,640)**	(2,674)	(645)	(3,319)
Share of profits/(losses) of joint ventures and associates, net of interest and taxation	6	**256**	**—**	**256**	209	(1)	208
Group operating profit	4	**1,552**	**151**	**1,703**	2,752	3,760	6,512
Financing costs	7,8	**(269)**	**(68)**	**(337)**	(308)	—	(308)
Investment income	8	**313**	**—**	**313**	269	—	269
Net finance income/(cost)	8	**44**	**(68)**	**(24)**	(39)	—	(39)
Profit before taxation		**1,596**	**83**	**1,679**	2,713	3,760	6,473
Taxation on profit	7,9	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)
Profit for the year		**1,043**	**322**	**1,365**	1,875	2,165	4,040
Attributable to:							
Owners of the parent		**984**	**348**	**1,332**	1,859	2,070	3,929
Non-controlling interests		**59**	**(26)**	**33**	16	95	111

Earnings per ordinary share		2024 Pence	2023 Pence
Basic	10	**25.7**	70.6
Diluted	10	**25.1**	69.4
Interim dividend paid per ordinary share	11	**1.50**	1.33
Final dividend proposed per ordinary share	11	**3.00**	2.67

(i) Cost of sales includes a £142 million debit (2023: £833 million credit) relating to movements in onerous contracts provisions within the certain re-measurements column. See notes 2 and 7.

The notes on pages 172 to 269 form part of these Financial Statements.

Group Statement of Comprehensive Income

Year ended 31 December	Notes	2024 £m	2023 £m
Profit for the year		**1,365**	4,040
Other comprehensive income			
Items that will be or have been reclassified to the Group Income Statement:			
Impact of cash flow hedging, net of taxation	S4	**2**	(2)
Exchange differences on translation of foreign operations (i)	S4	**(49)**	(44)
Items that will not be reclassified to the Group Income Statement:			
Net actuarial losses on defined benefit pension schemes, net of taxation	S4	**(84)**	(288)
(Losses)/gains on revaluation of equity instruments measured at fair value through other comprehensive income, net of taxation	S4	**(27)**	3
Share of other comprehensive income/(loss) of associates, net of taxation	14,S4	**38**	(95)
Other comprehensive loss, net of taxation		**(120)**	(426)
Total comprehensive income for the year		**1,245**	3,614
Attributable to:			
Owners of the parent		**1,211**	3,504
Non-controlling interests	S11	**34**	110

(i) Exchange differences on translation of foreign operations includes £50 million of losses (2023: £43 million) attributable to the equity holders of the parent, and £1 million of gains (2023: £1 million of losses) attributable to non-controlling interests.

The notes on pages 172 to 269 form part of these Financial Statements.

Group Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
1 January 2023	365	2,394	(466)	(1,276)	1,017	263	1,280
Profit for the year	—	—	3,929	—	3,929	111	4,040
Other comprehensive loss	—	—	—	(425)	(425)	(1)	(426)
Total comprehensive income/(loss)	—	—	3,929	(425)	3,504	110	3,614
Employee share schemes and other share transactions	—	—	(3)	45	42	—	42
Share buyback programme (note S4)	—	—	—	(500)	(500)	—	(500)
Dividends paid to equity holders (note 11)	—	—	(186)	—	(186)	—	(186)
Distributions to non-controlling interests	—	—	—	—	—	(17)	(17)
31 December 2023	365	2,394	3,274	(2,156)	3,877	356	4,233
Profit for the year	—	—	1,332	—	**1,332**	33	**1,365**
Other comprehensive (loss)/income	—	—	—	(121)	**(121)**	1	**(120)**
Total comprehensive income/(loss)	—	—	1,332	(121)	**1,211**	34	**1,245**
Employee share schemes and other share transactions	—	—	(8)	41	**33**	—	**33**
Share buyback programme (note S4)	—	—	—	(480)	**(480)**	—	**(480)**
Shares cancelled in the year (note 26)	(21)	—	(400)	421	**—**	—	**—**
Dividends paid to equity holders (note 11)	—	—	(219)	—	**(219)**	—	**(219)**
31 December 2024	344	2,394	3,979	(2,295)	**4,422**	390	**4,812**

The notes on pages 172 to 269 form part of these Financial Statements.

Group Balance Sheet

	Notes	31 December 2024 £m	31 December 2023 £m
Non-current assets			
Property, plant and equipment	13	**1,859**	1,846
Interests in joint ventures and associates	14	**794**	903
Other intangible assets	15	**318**	340
Goodwill	15	**478**	405
Deferred tax assets	16	**339**	456
Trade and other receivables, and contract-related assets	17	**179**	210
Derivative financial instruments	19	**267**	899
Retirement benefit assets	22	**129**	64
Other investments	24	**87**	61
Securities	25	**139**	116
		4,589	5,300
Current assets			
Trade and other receivables, and contract-related assets	17	**5,204**	5,409
Other intangible assets	15	**319**	293
Inventories	18	**904**	1,079
Derivative financial instruments	19	**1,309**	2,373
Current tax assets		**70**	64
Securities	25	**—**	405
Cash and cash equivalents	25	**6,338**	6,443
		14,144	16,066
Total assets		**18,733**	21,366
Current liabilities			
Derivative financial instruments	19	**(932)**	(2,391)
Trade and other payables, and contract-related liabilities	20	**(6,392)**	(7,000)
Insurance contract liabilities	S7	**(175)**	(165)
Current tax liabilities		**(181)**	(299)
Provisions for other liabilities and charges	21	**(368)**	(279)
Bank overdrafts, loans and other borrowings	25	**(854)**	(1,002)
		(8,902)	(11,136)
Non-current liabilities			
Deferred tax liabilities	16	**(88)**	(424)
Derivative financial instruments	19	**(455)**	(615)
Trade and other payables, and contract-related liabilities	20	**(175)**	(207)
Provisions for other liabilities and charges	21	**(1,493)**	(1,469)
Retirement benefit obligations	22	**(150)**	(181)
Bank loans and other borrowings	25	**(2,658)**	(3,101)
		(5,019)	(5,997)
Total liabilities		**(13,921)**	(17,133)
Net assets		**4,812**	4,233
Share capital	26	**344**	365
Share premium		**2,394**	2,394
Retained earnings		**3,979**	3,274
Other equity	S4	**(2,295)**	(2,156)
Total shareholders' equity		**4,422**	3,877
Non-controlling interests	S11	**390**	356
Total shareholders' equity and non-controlling interests		**4,812**	4,233

The Financial Statements on pages 167 to 269, of which the notes on pages 172 to 269 form part, were approved and authorised for issue by the Board of Directors on 19 February 2025 and were signed below on its behalf by:

Chris O'Shea
Group Chief Executive

Russell O'Brien
Group Chief Financial Officer

Centrica plc Registered No: 03033654

Group Cash Flow Statement

Year ended 31 December	Notes	2024 £m	2023 £m
Group operating profit including share of results of joint ventures and associates		**1,703**	6,512
Deduct share of profits of joint ventures and associates, net of interest and taxation	6	**(256)**	(208)
Group operating profit before share of results of joint ventures and associates		**1,447**	6,304
Add back/(deduct):			
Depreciation and amortisation	13,15	**473**	518
Impairments	4,7	**98**	669
Gain on disposals		**(4)**	—
Increase/(decrease) in provisions		**110**	(1,021)
Cash contributions to defined benefit schemes in excess of service cost income statement charge		**(208)**	(215)
Employee share scheme costs		**47**	31
Unrealised losses/(gains) arising from re-measurement of energy contracts		**96**	(2,949)
Operating cash flows before movements in working capital relating to business performance and payments relating to taxes, exceptional charges and operating interest		**2,059**	3,337
Decrease in inventories		**164**	186
Decrease in trade and other receivables and contract-related assets relating to business performance		**241**	2,911
Decrease in trade and other payables and contract-related liabilities relating to business performance		**(657)**	(2,853)
Operating cash flows before payments relating to taxes, exceptional charges and operating interest		**1,807**	3,581
Taxes paid	9	**(636)**	(803)
Operating interest paid	8	**(16)**	(20)
Payments relating to exceptional charges in operating costs	7	**(6)**	(6)
Net cash flow from operating activities		**1,149**	2,752
Purchase of businesses and assets, net of cash acquired	12	**(92)**	(34)
Sale of businesses, including receipt of deferred consideration		**4**	55
Purchase of property, plant and equipment and intangible assets	4	**(416)**	(335)
Investments in joint ventures and associates	14	**—**	(9)
Dividends received from joint ventures and associates	14	**355**	220
Interest received		**317**	267
Net purchase of other investments	24	**(56)**	(37)
Settlement of securities	25	**400**	—
Purchase of securities	25	**(19)**	(12)
Net cash flow from investing activities		**493**	115
Proceeds from exercise of share options	S4	**—**	6
Payments for own shares	S4	**(8)**	—
Share buyback programme	S4	**(499)**	(613)
Cash inflow from borrowings	25	**483**	930
Distributions to non-controlling interests		**—**	(17)
Financing interest paid	25	**(283)**	(286)
Cash outflow from repayment of borrowings and capital element of leases	25	**(1,022)**	(1,248)
Equity dividends paid	11	**(219)**	(186)
Net cash flow from financing activities		**(1,548)**	(1,414)
Net increase in cash and cash equivalents		**94**	1,453
Cash and cash equivalents including overdrafts as at 1 January		**5,629**	4,242
Effect of foreign exchange rate changes	25	**(30)**	(66)
Cash and cash equivalents including overdrafts at 31 December	25	**5,693**	5,629
Included in the following line of the Group Balance Sheet:			
Cash and cash equivalents	25	**6,338**	6,443
Overdrafts included within current bank overdrafts, loans and other borrowings	25	**(645)**	(814)

The notes on pages 172 to 269 form part of these Financial Statements.

Notes to the Financial Statements

Notes to the Financial Statements provide additional information required by statute, accounting standards or Listing Rules to explain a particular feature of the consolidated Financial Statements.

The notes to these Financial Statements focus on areas that are key to understanding our business. Additional information that we are required to disclose by accounting standards or regulation is disclosed in the Supplementary Information (notes S1 to S11).

In addition, for clarity, notes begin with a simple introduction outlining their purpose.

1. Basis of preparation and summary of significant new accounting policies and reporting changes

This section details new accounting standards, amendments to standards and interpretations, whether these are effective in 2024 or later years, and if and how these are expected to impact the financial position and performance of the Group.

The material accounting policies applied in the preparation of these consolidated Financial Statements are set out below and in the Supplementary Information (note S2). Unless otherwise stated, these policies have been consistently applied to the years presented.

(a) Basis of preparation

The consolidated Financial Statements have been prepared in accordance with United Kingdom adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006.

The consolidated Financial Statements have been prepared on the historical cost basis except for: certain gas inventory, derivative financial instruments, financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial instruments so designated at initial recognition, and the assets of the Group's defined benefit pension schemes that have been measured at fair value; the liabilities of the Group's defined benefit pension schemes that have been measured using the projected unit credit valuation method; and the carrying values of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, which reflects a period of twelve months from the date of approval of the accounts, with modelled analysis extending to 31 December 2027. The scenarios considered as part of the going concern assessment are consistent with those used in the longer-term viability statement. In particular, cash forecasts for the Group have been stress-tested for different scenarios including reasonably possible increases/decreases in commodity prices and the risk scenarios described in the viability statement, assessing reasonably possible combinations of risks, the largest of which is the increased margin outflows in our trading and upstream businesses. Risks considered also include the impact of a low commodity price environment, significant adverse weather events, increased bad debt charges, production falls in the Group's upstream business, trading and hedging underperformance and cyber risk. The Group's strong liquidity position, coupled with its ability to deploy effective mitigating actions, ensures resilience against a volatile external risk environment. The Group continues to manage the Group's financing profile through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity which support the Group's planned financial commitments. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further information on the Group's strong liquidity position, including its indebtedness and available committed facilities, is provided in note 25.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated Financial Statements are described in notes 2 and 3.

(b) New accounting policies, standards, amendments and interpretations effective or adopted in 2024

From 1 January 2024, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- Amendments to IAS 1 'Presentation of Financial Statements', Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants;
- Amendments to IFRS 16 'Leases', Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures', Supplier Finance Arrangements.

There has been no material impact on the consolidated Financial Statements from any of the above amendments during the year.

(c) Standards and amendments that are issued but not yet applied by the Group

At the date of authorisation of these consolidated Financial Statements, the Group has not applied the following new and revised standards and amendments that have been issued but are not yet effective:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' Lack of Exchangeability, effective from 1 January 2025;
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Amendments to the Classification and Measurement of Financial Instruments, effective from 1 January 2026;
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity, effective from 1 January 2026;
- IFRS 18 'Presentation and Disclosure in Financial Statements', effective from 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability', effective from 1 January 2027.

The potential impact of IFRS 18 'Presentation and Disclosure in Financial Statements', and the amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' in respect of Nature-dependent Electricity are given below.

IFRS 18 'Presentation and Disclosure in Financial Statements'

IFRS 18 will replace IAS 1 'Presentation of Financial Statements' and become effective on 1 January 2027. IFRS 18 will introduce five new requirements on presentation and disclosure in the financial statements, with a focus on the income statement and reporting of

1. Basis of preparation and summary of significant new accounting policies and reporting changes

financial performance. Income and expenses in the income statement will be classified into five categories – operating, investing, financing, income taxes and discontinued operations. Two new subtotals will be presented: 'Operating profit or loss' and 'Profit or loss before financing and income tax'.

IFRS 18 will also require disclosures about management-defined performance measures in the financial statements and disclosure of information based on enhanced general requirements on aggregation and disaggregation.

The Group is currently assessing the impact of IFRS 18 and tentatively notes that the presentation of the Group's share of profits and losses of joint ventures and associates is expected to be shown within investing activities, rather than Group operating profit or loss. The Group's assessment remains ongoing and further changes upon the implementation of IFRS 18 may be required.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) has introduced targeted amendments to IFRS 9 and IFRS 7 aimed at resolving the challenges in accounting for electricity contracts, such as power purchase agreements, dependent on uncontrollable natural factors, such as weather conditions. The amendments clarify how entities should assess whether these contracts qualify for the 'own-use' exemption available under IFRS 9. Key considerations include whether the entity is a net purchaser over a reasonable time frame, taking into account variability in electricity generation. Amendments to hedge accounting have also been made to allow entities to designate a variable nominal volume of forecasted purchases or sales as the hedged item, provided certain conditions are met.

The Group is currently assessing the impact of these amendments which become effective on 1 January 2026.

Management does not currently expect the other issued but not effective amendments or standards, or standards not discussed above to have a material impact on the consolidated Financial Statements.

2. Centrica specific accounting measures

This section sets out the Group's specific accounting measures applied in the preparation of the consolidated Financial Statements. These measures enable the users of the accounts to understand the Group's underlying and statutory business performance separately.

(a) Use of adjusted performance measures

The Directors believe that reporting adjusted measures (revenue, margin, profit, earnings per share and cash flow) provides additional useful information on business performance and underlying trends. These measures are used for internal performance purposes, are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

Management uses adjusted revenue, adjusted gross margin and adjusted operating profit to evaluate segment performance. They are defined as revenue/gross margin/operating profit before:

- Exceptional items; and
- Certain re-measurements.

Exceptional items and certain re-measurements are excluded to enable the Directors to convey to the users an enhanced understanding of the Group's business performance. See section (b) of this note for further details. Segmental adjusted gross margin and adjusted operating profit exclude the impact of the colleague profit share because management considers it unrelated to segmental business performance. Similarly, because Segmental adjusted gross margin and adjusted operating profit are presented as managed by the Board (Chief Operating Decision Maker), the elimination on consolidation of the internal margin and indirect costs on smart meter installation recognised in British Gas Services & Solutions and subsequently capitalised in the meter asset provider business within British Gas Energy is also excluded.

Adjusted earnings is defined as earnings before:

- Exceptional items net of taxation; and
- Certain re-measurements net of taxation.

A reconciliation of adjusted earnings and adjusted earnings per share is provided in note 10.

Free cash flow is used by management to assess the cash-generating performance of each segment. Segmental free cash flow is defined as net cash flow from operating and investing activities before:

- Deficit reduction payments made to the UK defined benefit pension schemes;
- Movements in variation margin and collateral;
- Interest received;
- Sale, settlement and purchase of securities; and
- Taxes paid and refunded.

Segmental free cash flow as assessed by management excludes cash flows relating to tax. This is because the effect of Group relief and similar reliefs could distort the measure of segment performance. As a Group-wide measure, free cash flow includes taxes paid and refunded.

Free cash flow gives a measure of the cash generation performance of the business after taking account of the need to maintain its capital asset base. By excluding deficit reduction payments and movements in variation margin and collateral, which are predominantly triggered by wider market factors and, in the case of collateral and margin movements, represent timing differences, free cash flow gives a measure of the underlying performance of the Group.

Interest received and cash flows from the sale, settlement and purchase of securities are excluded from free cash flow as these items are included in the Group's adjusted net cash/(debt) measure and are therefore viewed by the Directors as related to the manner in which the Group finances its operations.

Adjusted net cash/(debt) is used by management to assess the underlying indebtedness of the business. Adjusted net cash/(debt) is defined as cash and cash equivalents, net of bank overdrafts, borrowings, leases, interest accruals and related derivatives. This is adjusted for:

- Securities; and
- Sub-lease assets.

(b) Exceptional items and certain re-measurements

The Group reflects its underlying financial results in the business performance column of the Group Income Statement. To be able to provide users with this clear and consistent presentation, the effects of 'certain re-measurements' of financial instruments, and 'exceptional items', are reported in a different column in the Group Income Statement.

The Group is an integrated energy business. This means that it utilises its knowledge and experience across the gas and power (and related commodity) value chains to make profits across the core markets in which it operates. As part of this strategy, the Group enters into a number of forward energy trades to protect and optimise the value of its underlying production, generation, storage and transportation assets and contracts (and similar capacity or offtake arrangements including Liquefied Natural Gas (LNG)), as well as to meet the future needs of its customers (downstream demand). These trades are designed to reduce the risk of holding such assets, contracts or downstream demand and are subject to strict risk limits and controls.

Primarily because some of these trades include terms that permit net settlement, they are prohibited from being designated as 'own use' and so IFRS 9 'Financial Instruments' requires them to be individually fair valued.

Fair value movements on these commodity derivative trades do not reflect the underlying performance of the business because they are economically related to our upstream assets, capacity/offtake contracts or downstream demand, which are typically not fair valued. Similarly, where our downstream customer supply contracts or our LNG procurement contracts have become onerous as a result of significant market price movements (and the fact any associated commodity hedges have separately been recognised at fair value under IFRS 9 and therefore the onerous supply/LNG contract assessment must reflect the reversal of those gains in subsequent periods), Movements in the required provision are also reflected as a certain re-measurement in the 'Cost of sales' line item and separately disclosed in note 7.

Movements in this provision do not reflect the underlying performance of the business because they are economically related to both the hedges as well as forecast future profitability of the portfolio as a whole, in the case of the supply/LNG procurement contracts. Therefore, these certain re-measurements are reported separately and are subsequently reflected in business performance when realised, which is generally when the underlying transaction or asset impacts profit or loss. This enables the Group to convey the performance of the business both with and without the impact of such items.

The effects of these certain re-measurements are presented within either revenue or cost of sales when recognised in business performance depending on the nature of the contract. They are managed separately from proprietary energy trading activities where trades are entered into speculatively for the purpose of making profits in their own right. These proprietary trades are included in revenue in the business performance column of the Group Income Statement.

2. Centrica specific accounting measures

The Group's result for the year presents both realised and unrealised fair value movements on all derivative energy contracts within the 'Re-measurement and settlement of derivative energy contracts' line item.

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Again, to ensure the business performance column reflects the underlying results of the Group, these exceptional items are also reported in the separate column in the Group Income Statement. Items that may be considered exceptional in nature include disposals of businesses or significant assets, business restructuring, debt repurchase/refinancing costs, legacy contract costs associated with business activities that have ceased, certain pension past service credits/costs, asset impairments/write-backs, and the tax effects of these items.

The Group distinguishes between business performance asset impairments/write-backs and exceptional impairments/write-backs on the basis of the underlying driver of the impairment, as well as the magnitude of the impairment. Drivers that are deemed to be outside of the control of the Group (e.g. commodity price changes) give rise to exceptional impairments. Additionally, impairment charges that are of a one-off nature (e.g. reserve downgrades or one-time change in intended use of an asset) and significant enough value to distort the underlying results of the business are considered to be exceptional. Other impairments that would be expected in the normal course of business are reflected in business performance.

3. Critical accounting judgements and key sources of estimation uncertainty

This section sets out the key areas of judgement and estimation that have the most significant effect on the amounts recognised in the consolidated Financial Statements.

(a) Critical judgements in applying the Group's accounting policies

Management has made the following key judgements in applying the Group's accounting policies that have the most significant effect on the consolidated Group Financial Statements.

Spirit Energy consolidation

The Group judges that through its Board majority, it can control the relevant activities that most significantly influence the variable returns of the Spirit Energy business, including Board Reserved Matters. Consequently, Spirit Energy is fully consolidated. This assessment was carried out when the Group acquired Bayerngas Norge's exploration and production business and combined this with the Group's existing exploration and production business to form the Spirit Energy business in 2017 and is considered annually to ensure consolidation remains appropriate.

The Group holds a 69% interest in Spirit Energy. The 31% minority interest shareholder does have some influence over decision-making activities, but does not possess any controlling rights over the Spirit Energy business.

Liquefied Natural Gas (LNG) contracts

The Group is active in the LNG market, both procuring long-term LNG supply arrangements and transacting in shorter-term LNG cargoes. As part of its operations in the market, the Group optimises its contractual positions in order to meet customer demand for physical commodity. In response to the continuing development of the global LNG market which, consistent with prior years, is not considered to be active, the Group has reviewed its portfolio of LNG transactions and contracts. It has judged that its activities are carried out for the purpose of receipt or delivery of physical commodity in accordance with its expected purchase and sale requirements. As a result, the Group's contracts to buy and sell LNG are outside the scope of IFRS 9 and are accounted for on an accruals basis. As a consequence of this judgement, the LNG contracts are also assessed as to whether they may be onerous.

The Group considers it a critical judgement as to whether any onerous contract costs arising should be presented as a certain re-measurement until such time that the physical cargoes are delivered, or within business performance. The same judgement applies to the recognition, and timing, of unrealised hedging gains or losses relating to those contracts.

The onerous contract assessment ignores the portfolio of hedges associated with the LNG contracts because the hedges are separately marked to market. See note 2(b) for further details on the accounting treatment of LNG onerous contracts and hedging derivatives within certain re-measurements. In some instances, hedges may realise (with gains/losses recognised in the business performance column of the Group Income Statement) in advance of cargo delivery because of the pricing terms within the cargo contracts. In 2024, hedge gains of £52 million were realised and recorded within business performance which are notionally associated with cargo purchases that will be delivered in the first quarter of 2025. These cargo purchases are expected to result in a loss of a similar amount in 2025. This forecast loss, whilst included as part of the onerous contract provision at the balance sheet date, has not been recognised in business performance, as the LNG contracts are hedged on a portfolio basis and so the Group does not expect an unavoidable loss in business performance once future physical cargoes, and hedging re-measurements, are delivered and realised respectively. The portfolio is forecast to remain profitable in 2025 and beyond. See note 7.

(b) Key sources of estimation uncertainty

The sections below detail the assumptions the Group makes about the future and other major sources of estimation uncertainty when measuring its assets and liabilities at the reporting date. The information given relates to the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to those assets and liabilities in the next financial year. In some cases, the matter involves both a critical judgement as well as a key source of estimation uncertainty. That is, there is more than one judgemental aspect related to the matter. In these instances, all critical judgements and key sources of estimation uncertainty related to each area are discussed in the same section to provide a comprehensive understanding of the overall nature of the uncertainties involved.

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these estimates and associated assumptions are based on management's best knowledge of current events and circumstances, actual results may differ. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Electricity Generator Levy

At the end of 2022, the Government announced the implementation of the Electricity Generator Levy (EGL), a new, temporary levy applicable to receipts that the Group realises from electricity generation in the UK from nuclear and renewable sources in the period from 1 January 2023 to 31 March 2028. It was legislated in the Finance (No 2) Act 2023. The levy applies a 45% charge on receipts generated from the production of wholesale electricity sold at an average price in excess of £75/MWh (adjusted for inflation prospectively), exceeding an annual threshold of £10 million. The benchmark rate for 2024 was £77.94/MWh. It applies to generators whose generation exceeds 50GWh annually, as well as off-take arrangements with significant minority shareholders in such generators (e.g. generation within our Nuclear associate and potentially our off-take from that associate).

During the year, the Group's share of its Nuclear associate's EGL liabilities amounted to £86 million (31 December 2023: £41 million).

3. Critical accounting judgements and key sources of estimation uncertainty

This is recorded within the share of profit after tax from associates. The Group has also made payments on account to HMRC of £80 million (31 December 2023: £285 million) in relation to its estimated EGL liabilities for its minority shareholder Nuclear offtake arrangements during the year ended 31 December 2024 and recognised an expense of £80 million (31 December 2023: £285 million) within the Group Income Statement, as part of Cost of sales.

The Group continues to determine that the accounting for the levy falls within the scope of IAS 37 'Provisions, contingent liabilities, and contingent assets' and IFRIC 21 'Levies' on the basis that the levy represents a legislative liability imposed by the Government, calculated with reference to revenue generated. The Group recognises the levy progressively over time, as the related electricity is sold. The Group also considered the applicability of IAS 12 'Income Taxes', however the EGL is based on revenue generated, and not taxable profit and is therefore outside the scope of IAS 12.

The Group continues to review the EGL legislation and its application. The EGL legislation is new, and its interpretation and application is unclear in respect of the Group's minority shareholder Nuclear offtake arrangements. As such, the extent of the levy that will ultimately be due in this regard is not yet certain, and a lower amount may eventually be determined. If this were the case, a tax deposit asset would be recorded on the Group Balance Sheet, and as a credit within Cost of sales in the Group Income Statement, when it became probable that the asset would be recoverable, in accordance with the 2019 IFRIC Agenda decision on Deposits relating to taxes other than income taxes. Given the early stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date.

There is a key source of estimation uncertainty in relation to the amount of levy the Group owes for both 2023 and 2024 of up to £150 million, related to the assessment of the proportion of generation that can be ascribed to a wholesale purchase and therefore whether a related tax deposit asset should be recorded for the recovery of payments on account made to HMRC of up to £150 million. Whilst a material change in the accounting could occur in the next financial period, ultimate resolution of this uncertainty may take a number of years.

Credit provisions for trade and other receivables

The commodity price environment during the second half of 2024 has trended upwards and macroeconomic conditions including both higher interest rates and higher inflation remain challenging.

These factors result in the assessment and adequacy of credit provisions for trade and other receivables to continue to be a key source of estimation uncertainty given that the current macroeconomic conditions are expected to increase the probability of default and the overall loss allowance. See note 17 for further information.

The Group utilises a range of factors, including both internal and external, historic and forward-looking, to assess the adequacy of the Group's credit provisions. Whilst the Group utilises a matrix output model to record provision coverage, management recognises that the model does not always adequately capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic challenges. This was particularly applicable in the prior year. In the current year, the Group has continued to assess the model and has recorded a macroeconomic credit provision of £49 million (31 December 2023: £175 million) primarily on the basis that the upward trend in the commodity price environment in the second half of 2024 and resultant ability of customers to pay may not be fully reflected in the model. The assumptions included in the macroeconomic provision include the impact of the increase to Ofgem's Energy Price Cap, the continued cost of living challenges, higher level of interest rates and the fact that certain enforcement activity remains suspended. This results in a total credit provision for trade and other receivables at 31 December 2024 of £1,532 million (31 December 2023: £1,309 million).

Pensions and other post-employment benefits

The cost of providing benefits under defined benefit pension schemes is determined separately for each of the Group's schemes under the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the year in which they occur. The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits. Where a net pension scheme asset arises, recognition of the asset is permitted because the Group has an unconditional right to a refund on any winding up of the schemes or if gradual settlement of liabilities over time is assumed.

The Group's defined benefit schemes hold part of their plan asset portfolio as unquoted assets. These include private equity and property interests that are typically subject to valuation uncertainty. The valuation of these assets is based on the latest asset manager views and other relevant benchmarks.

The key source of estimation uncertainty is the assessment of the value of the pension liabilities (under IAS 19) within the scheme valuations. Key assumptions are the discount rate, inflation and life expectancy.

Further details, including sensitivities to these assumptions, are provided in note 22.

Impairment and impairment reversals of long-lived assets

The Group makes judgements in considering whether the carrying amounts of its long-lived assets (principally Upstream gas production assets, Nuclear investment (20% economic interest accounted for as an investment in associate), Batteries, Solar assets, Gas peakers and Goodwill) or cash-generating units (CGUs) are recoverable and estimates their recoverable amounts. See note 7(b) for details.

A key assumption in these judgements is forecast future commodity prices. For the first four years, observable market prices are used and thereafter an estimation of longer-term prices is required. During the year, the Group has refined the estimation methodology applied to forecasting these longer-term commodity prices. As the Group has announced its intention to invest between £600-800 million in capital expenditure annually over the next few years, including in assets with long-term commodity price exposure, it was considered important to derive a Centrica view of long-term prices to help assess both asset values and inform impairment assessments rather than continue to utilise an average of third-party comparator median curves. An internal review was conducted to map Centrica's beliefs around the evolution of each commodity market to specific, reputable, third party curve providers. This review evolved during the year and resulted in a more refined view using a balance of curve providers more aligned to our long-term view. Accordingly these long-term price assumptions are expected to help facilitate a better estimation of the recoverable amount of long-lived assets. The year-end price assumptions were broadly aligned with those that would have been calculated under the previous methodology. As a result, the outcome if the prior year methodology for deriving longer-term commodity prices was retained, would not be materially different to the new methodology used in the current year. The overall effect on future periods from this methodology change cannot be estimated because it will depend on the relative changes to future price forecasts from the third-party providers. The assets where the recoverable amount is determined by forecast future commodity prices and hence whose recoverable amounts are a key source of estimation uncertainty are:

3. Critical accounting judgements and key sources of estimation uncertainty

Upstream gas assets

Forward prices for gas are a key input in the determination of the recoverable amount of the Group's gas production assets. 2024 has seen increases in the prices of this commodity, both in terms of observable market prices and forecast forward prices. Impairment headroom remains for the Group's significant fields at the year-end. As at 31 December 2024, this remains a key source of estimation uncertainty due to potential future price decreases. As a sensitivity, were gas prices in the liquid period (2025-29) to fall by 50%, a post-tax impairment of £116 million would arise. Potential future price increases give rise to less estimation uncertainty, as the recoverable amounts of the Group's gas assets are capped at depreciated historic cost.

Further details of the assumptions used in determining the recoverable amounts and sensitivities to the assumptions are provided in note 7.

Nuclear investment

The recoverable amount of the Nuclear investment is based on the value of the existing UK nuclear fleet operated by EDF. The existing fleet value is calculated by discounting pre-tax cash flows derived from the stations based on forecast power generation and power prices, whilst taking account of outages and the likely operational lives of the stations. During the year, the recoverable amount has decreased, predominantly due to a fall in power prices both on a forecast and actuals basis, offset by the impact of life extensions at four of the stations. This has resulted in an impairment of £48 million.

The key source of estimation uncertainty is power price forecasts, other input assumptions include production levels, application of the Electricity Generator Levy and station lives. Further details of these uncertainties, together with the methodology, assumptions and impairment booked during the year are provided in note 7, together with related sensitivities.

Revenue recognition – unread gas and electricity meters

Revenue for energy supply activities includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue. It is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalisation of the accounts.

An assessment is also made of any factors that are likely to materially affect the ultimate economic benefits that will flow to the Group, including bill cancellation and re-bill rates. Estimated revenue is restricted to the amount the Group expects to be entitled to in exchange for energy supplied. The judgements applied, and the assumptions underpinning these judgements, are considered to be appropriate. However, a change in these assumptions would have an impact on the amount of revenue recognised. The primary source of estimation uncertainty relating to unread revenue arises in the respect of gas and electricity sales to UK downstream customers in British Gas Energy and Centrica Business Solutions, including where changes in customer behaviour in response to elevated prices affect estimated consumption. At 31 December 2024 unread revenue arising from these customers amounted to £2,732 million (2023: £2,992 million). A change in these assumptions of 2% would impact revenue and profit by £55 million. Additionally, there is some risk this change could be higher when considering the assumptions implicit in unread revenue and the extent to which revenue is constrained through the application of the IFRS 15 requirements.

Decommissioning costs

The estimated cost of decommissioning at the end of the producing lives of gas fields is reviewed periodically and is based on reserves, price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but are currently anticipated to be predominantly incurred by 2035.

The level of provision held is sensitive to both the estimated decommissioning costs (in particular for the non-operated assets and non-contracted expenditure) and the discount rate, hence each input is considered to be a key source of estimation uncertainty. During the year, there has been an increase in government gilt yields appropriate to the forecast profile of the decommissioning expenditure, and therefore the real discount rate used to discount the decommissioning liabilities at 31 December 2024 increased to 2% (31 December 2023: 1%). A 1% increase in the discount rate reduces the decommissioning liability by approximately £70 million whilst a 1% decrease in the discount rate would increase the provision by approximately £76 million. A 10% increase in forecast decommissioning costs would increase the provision by approximately £146 million.

Gas and liquids reserves

The volume of proven and probable (2P) gas and liquids reserves is an estimate that affects the unit of production method of depreciating producing gas and liquids property, plant and equipment (PP&E) as well as being a significant estimate affecting decommissioning and impairment calculations.

The impact of a change in estimated 2P reserves is dealt with prospectively by depreciating the remaining book value of producing assets over the expected future production. If 2P reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down (impairment) of the asset's book value. A change in reserves estimates could also change the timing of decommissioning activity, which could change the carrying value of the Group's provisions. The complex interaction of field-specific factors means that it is not possible to give a meaningful sensitivity of the Group's financial position or performance to gas and liquids reserves estimates. The factors impacting gas and liquids estimates, the process for estimating reserve quantities and reserve recognition and details of the Group's 2P reserves are given on page 281. Details of impairments of exploration and production fields and goodwill, along with associated sensitivities, are given in note 7.

Determination of fair values – energy derivatives

The fair values of energy derivatives classified as Level 3 in accordance with IFRS 13 'Fair Value Measurement' are determined to be a key source of estimation uncertainty as they are not actively traded and their values are estimated by reference in part to published price quotations in active markets and in part by using complex valuation techniques. The key source of estimation uncertainty is future commodity prices and their inclusion in the reliable estimation of the unobservable components of the Group's Level 3 derivatives in an elevated and volatile commodity price environment. More detail on the assumptions used in determining fair valuations of energy derivatives is provided in note S6 and on the sensitivities to these assumptions in note S3.

3. Critical accounting judgements and key sources of estimation uncertainty

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change in the context of the risks and opportunities identified in the Task Force on Climate-related Financial Disclosures (TCFD) disclosures on pages 67 to 77. There has been no material impact identified on the financial reporting judgements and estimates. The Directors specifically considered the impact of climate change in the following areas:

- Cash flow forecasts used in the impairment assessment of non-current assets, including goodwill and the Nuclear investment;
- Carrying value and useful economic lives of property, plant and equipment;
- Recoverability of deferred tax assets; and
- Going concern and viability of the Group over the next three years.

Whilst there is no short-term impact expected from climate change, the Directors are aware of the risks and regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

Further detail is provided in the 'Climate change' note below.

3. Critical accounting judgements and key sources of estimation uncertainty

(c) Climate change

The Group's assessment of how climate-related issues might affect the business has been integrated into its annual strategic and financial planning process. At the same time, the Group reviews the potential impact of the material risks and opportunities and its Climate Transition Plan on both the current balance sheet position and its accounting policies (including the useful economic lives of its assets).

Summary of our most material risks and opportunities

Climate-related trend	Potential impact
Transition away from fossil fuelled heating	Risk: Reduced GM from the sale and servicing of natural gas residential boilers and commercial Combined Heat and Power (CHP) units
Growth in low carbon heating market	Opportunity: Increased sales and servicing of electric and hydrogen fuelled heating systems Associated opportunities in fabric upgrade including insulation
Transition away from natural gas and energy efficiency	Risk: Reduced GM from the sale of natural gas and energy efficiency
Growth in low carbon heating market	Opportunity: Increased sales of electricity and green or low carbon hydrogen
Growth of EV transport market	Opportunity: Access to new and growing value pools related to EV charging installations, operation and maintenance (O&M) alongside energy supply
Growth in demand for renewable energy	Opportunity: Strong growth in solar and battery markets driven by decarbonisation
Rising mean temperatures	Risk: Reduced sales of natural gas and electricity for heat

IFRS dictates how each asset or liability should be accounted for (e.g. cost, fair value or other measurement criteria) and accordingly, there is a fundamental difference between the holistic forward-looking risk and opportunities business analysis (see TCFD disclosure on pages 67 to 77), and the possible sensitivity of current accounting carrying values to these risks and opportunities.

For example, whilst the activity of supplying gas to customers or servicing/installing gas boilers is clearly subject to climate-related risks (and opportunities), the balance sheet does not reflect an overall value of those businesses (aside from an element of goodwill). Instead, accounting balances related to these businesses generally manifest themselves in short-term working capital assets and liabilities associated with procuring and selling gas or servicing/installing boilers; with those balances generally settled within six months and so specifically less exposed to climate risks.

In a similar vein, Upstream assets are tested for impairment in accordance with relevant IFRS accounting standards. These generally require the recoverable amount of the asset to be calculated based on a best estimate of long-term forecast commodity prices, which the Group estimates based on current market prices and Centrica's view of long-term prices using a balance of reputable commodity pricing consultants' forecasts. However, these estimates are not consistent with net zero scenarios from the consultants (as they do not factor in any prospective, yet to be announced legislative or market changes that would be required to meet temperature targets) and hence impairment reviews are not based on net zero scenario forward prices. The Group instead discloses the impact on the carrying value of Upstream assets by way of sensitivity analysis (see note 7(c)).

3. Critical accounting judgements and key sources of estimation uncertainty

Accordingly, the Group is mindful of these dynamics when it considers which areas of the balance sheet are exposed to key estimation uncertainty from climate-related issues. The Group considers which assets are most exposed to impairment from climate risks and similarly whether there are any liabilities that are either currently unrecognised or might increase as a result of those risks.

The Group's assets/liabilities have been segmented into three tranches, grading each balance's exposure to climate risks/opportunities:

(i) Higher risk – As the consumption of gas and power is intrinsically linked to carbon emissions, their pricing is consequently exposed to climate and legislative risk. Accordingly, where assets or contract values have a key dependency on commodity price assumptions, those assets (or contracts) are deemed higher risk.

(ii) Medium risk – Gross margin energy transition considerations and their potential impact on forward-looking balances (e.g. Supply and Services and Energy Trading goodwill) and decommissioning balances in E&P.

(iii) Lower risk – No significant risk identified on the basis that positions are short-term in nature or are specifically linked to the energy transition or are immaterial.

The key non-current asset (and decommissioning provision) balance sheet items have been presented in more granular detail below, together with the groupings into the above risks and with rationale set out below the table:

As at 31 December 2024 (£m):	Goodwill	Intangibles	Investment in associates	Property, plant & equipment	Deferred tax assets	Decommissioning provision
Energy Supply	277					
Application software		104				
Meter assets				112		
Energy Services	63					
Brand (mainly Dyno-Rod)		57				
Application software		114				
Battery storage				116		
Electric vehicles (vans/cars)				45		
Non-electric vehicles (vans/cars)				41		
Energy Trading	138					
Application software		26				
LNG vessel leases				70		
Gas Assets (E&P and Storage)						
E&P fields (Spirit)				789	142	(1,139)
E&P tax losses (Spirit)					54	
Gas storage facility (Rough)				–	149	(302)
Power Assets						
Nuclear investment			794			
Gas-fired power stations/engines (i)				365		(18)
Combined Heat and Power (CHP)/other power assets				60		
Solar				40		
Group/Other						
Customer relationships		17				
Land & buildings (ii)				139		
Derivatives deferred tax (ii)					20	
Other (ii)				82	(26)	
Total (notes 13-16 and 21)	**478**	**318**	**794**	**1,859**	**339**	**(1,459)**

(i) The Property, plant and equipment balance includes £269 million in Bord Gáis, and £96 million in Centrica Business Solutions.

(ii) Land & buildings, Other Derivatives deferred tax and Other Property, plant & equipment/Deferred tax have not been allocated out across business type, and includes a £19 million elimination adjustment of internal margin and indirect costs on smart meter installation capitalised in the meter asset provider business within British Gas Energy. See note 4.

Higher
Medium
Lower

3. Critical accounting judgements and key sources of estimation uncertainty

All items noted above may be impacted by climate-related risks but are not currently considered to be key areas of judgement or sources of estimation uncertainty in the current financial year.

Higher risk

E&P field valuations are dependent on forecast commodity prices. Climate change risk means that there is uncertainty over gas demand and forecast prices. This climate change risk is not currently a key source of estimation uncertainty because current liquid commodity prices mean that there is impairment headroom over current carrying values. Nonetheless, valuation sensitivity information based on a net zero price forecast has been provided in note 7(c) to show field values can move significantly. (Note that the Group's intention is to run-off remaining fields with most production forecast in the next five years. Decommissioning obligations will be substantively met by the early 2030s, whilst further investment in exploring for new gas fields has ceased.) Recoverability of E&P deferred tax assets associated with historic losses is dependent on future field profitability and so is subject to climate change risk.

The valuation of the investment in Nuclear is also highly dependent on forecast commodity prices. Climate change risks and opportunities means there is uncertainty over electricity demand and forecast prices. The underlying Nuclear stations, which produce electricity with no carbon emissions, have different useful economic lives, with the last station forecast to cease operating in 2055. Valuation sensitivity information based on a net zero price forecast has been provided in note 7(c).

Medium risk

The Group's gas-fired power stations and engines (including Gas peakers) are exposed to climate change risk, with valuations dependent on forecast gas and electricity prices and electricity demand. However, they are deemed medium risk as a significant proportion of the overall carrying value relates to the Irish single electricity market, where the characteristics of the market and the capacity arrangements provide additional risk mitigation.

Similarly the Group's investment in CHP and other power assets are also exposed to climate risk. They have useful economic lives of up to 40 years but they do not, individually or in total, have material carrying values.

The Group's meter assets are exposed to climate change risk because they record usage of both gas and power. They are deemed medium risk because they are subject to contractual arrangements that provide for ongoing revenue security from suppliers.

LNG Vessels on the balance sheet are exposed to risk from climate change, but as they are leased assets with the current term remaining less than five years, this risk is reduced to medium.

The Group is in the process of transitioning to an electrified vehicle fleet. Non-electric vehicles are deemed medium risk because their remaining useful economic lives are generally quite short.

Decommissioning provisions are generally longer-term but this could be brought forward for E&P and Storage assets if the energy transition accelerates. However, as the decommissioning discount rate is only 2% (real), the balance sheet and income statement impact of earlier decommissioning would not be material.

Deferred tax associated with field accelerated capital allowances and decommissioning in E&P and Storage is not considered high risk due to the length of carry-back rules for decommissioning and the mechanical unwind of other temporary differences. Deferred tax assets associated with derivatives are considered medium risk as the derivatives generally realise within two years.

Energy Supply, Energy Services and Energy Trading Goodwill and Application Software are categorised as medium risk because the businesses are exposed to energy transition risk as a result of climate change. However, there are also significant opportunities for these businesses and the carrying values are not material.

Lower risk

All other assets denoted in the table above are considered lower risk because they are either specifically related to the energy transition (e.g. electric vehicles, battery storage, solar) or are immaterial. Note that designation as Lower risk does not mean these assets are not at risk of impairment (e.g. from reduced residual values or commodity price movements) but instead is an assessment of specific exposure to climate change risks.

Other contracts

The Group also has long-term LNG supply contracts with Cheniere, Delfin, Mozambique and Repsol. These are not reflected on the balance sheet but the Group has certain purchase commitments. The Group also has two long-term gas sale and purchase agreements with Coterra Energy, which similarly has long-term commitments (see note 23). The contracts currently have significant value (when considered together) because of gas price locational spreads but are exposed to climate-change risk and therefore could ultimately become onerous in net zero scenarios. The commitments note provides detail of the length of the contracts and commodity purchase commitments.

4. Segmental analysis

The Group's reporting segments are those used internally by management to run the business and make decisions. The Group's segments are based on products and services as well as the major factors that influence the performance of these products and services across the geographical locations in which the Group operates.

(a) Segmental structure

The types of products and services from which each reportable segment derived its income during the year are detailed below. All reportable segments are operating segments. Income sources are reflected in total Group revenue unless otherwise stated:

Segment	Description
British Gas Services & Solutions	• The installation, repair and maintenance of domestic central heating and related appliances (including smart meters), and the provision of fixed-fee maintenance/breakdown service and insurance contracts in the UK; and • the supply of new technologies and energy efficiency solutions in the UK.
British Gas Energy	• The supply of gas and electricity to residential and small business customers in the UK; and • the smart meter asset provider business.
Bord Gáis Energy	• The supply of gas and electricity to residential, commercial and industrial customers in the Republic of Ireland; • the installation, repair and maintenance of domestic central heating and related appliances in the Republic of Ireland; • the procurement, trading and optimisation of energy in the Republic of Ireland [i]; and • power generation in the Republic of Ireland.
Centrica Business Solutions	• The supply of gas and electricity to business customers in the UK [i]; • the supply of energy services and solutions to large organisations in the UK, Europe and North America; and • the development and operation of large-scale power assets in the UK and Europe.
Centrica Energy	• The procurement, trading and optimisation of energy in the UK and Europe [i]; and • the global procurement and sale of LNG.
Upstream	• The production and processing of gas and liquids principally within Spirit Energy [i]; • the sale of power generated from nuclear assets in the UK; and • gas storage in the UK.

(i) Where income is generated from contracts in the scope of IFRS 9, this is included in re-measurement and settlement of derivative energy contracts.

4. Segmental analysis
(b) Revenue

Gross segment revenue includes revenue generated from the sale of products and services to other reportable segments of the Group. Total Group revenue reflects only the sale of products and services to third parties. Sales between reportable segments are conducted on an arm's length basis.

Year ended 31 December	2024 Gross segment revenue £m	2024 Less inter-segment revenue £m	2024 Total Group revenue £m	2023 Gross segment revenue £m	2023 Less inter-segment revenue £m	2023 Total Group revenue £m
British Gas Services & Solutions	1,563	(136)	1,427	1,597	(57)	1,540
British Gas Energy	12,065	—	12,065	17,742	—	17,742
Bord Gáis Energy	1,271	—	1,271	1,815	—	1,815
Centrica Business Solutions	2,551	(8)	2,543	3,522	(6)	3,516
Centrica Energy	6,128	(405)	5,723	7,732	(476)	7,256
Upstream	2,628	(1,021)	1,607	2,935	(1,430)	1,505
Total Group revenue included in business performance	26,206	(1,570)	24,636	35,343	(1,969)	33,374
Less: revenue arising on contracts in scope of IFRS 9 included in business performance			(4,723)			(6,916)
Total Group revenue			19,913			26,458

The table below shows the total Group revenue arising from contracts with customers, and therefore in the scope of IFRS 15, and revenue arising from contracts in the scope of other standards. The key economic factors impacting the nature, timing and uncertainty of revenue and cash flows are considered to be driven by the type and broad geographical location of the customer. The analysis of IFRS 15 revenue below reflects these factors.

Year ended 31 December (2024)	Revenue from contracts with customers in scope of IFRS 15 [i] £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy services and solutions	627				
British Gas Services & Solutions	627	800	1,427	—	1,427
Energy supply – UK	12,065				
British Gas Energy	12,065	—	12,065	—	12,065
Energy supply – Republic of Ireland	1,021				
Bord Gáis Energy	1,021	—	1,021	250	1,271
Energy supply – UK	1,963				
Energy services	182				
Centrica Business Solutions	2,145	2	2,147	396	2,543
Energy sales to trading and energy procurement counterparties	3,077				
Centrica Energy	3,077	15	3,092	2,631	5,723
Gas and liquid production	161				
Upstream	161	—	161	1,446	1,607
	19,096	817	19,913	4,723	24,636

(i) As part of the finalisation process of the government support schemes, revenue of £21 million was reversed during the year in relation to the Energy Price Guarantee scheme for domestic customers in the British Gas Energy segment. During 2023, revenue of £3,698 million was recognised in relation to this scheme, whilst it was ongoing. A further £13 million (2023: £448 million) of revenue has been recognised in respect of non-domestic schemes. £8 million (2023: £320 million) of this total relates to Centrica Business Solutions customers and £5 million (2023: £128 million) relates to non-domestic customers in the British Gas Energy segment.

4. Segmental analysis

Year ended 31 December	2023				
	Revenue from contracts with customers in scope of IFRS 15 £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy services and solutions	727				
British Gas Services & Solutions	727	813	1,540	—	1,540
Energy supply – UK	17,742				
British Gas Energy	17,742	—	17,742	—	17,742
Energy supply – Republic of Ireland	1,438				
Bord Gáis Energy	1,438	—	1,438	377	1,815
Energy supply – UK	2,232				
Energy services	208				
Centrica Business Solutions	2,440	4	2,444	1,072	3,516
Energy sales to trading and energy procurement counterparties	3,132				
Centrica Energy	3,132	29	3,161	4,095	7,256
Gas and liquid production	133				
Upstream	133	—	133	1,372	1,505
	25,612	846	26,458	6,916	33,374

Geographical analysis of revenue and non-current assets

The Group monitors and manages performance by reference to its operating segments and not solely on a geographical basis. However, provided below is an analysis of revenue and certain non-current assets by geography.

Year ended 31 December	Total Group revenue (based on location of customer)		Non-current assets (based on location of assets) (i)	
	2024 £m	2023 £m	**2024 £m**	2023 £m
UK	**16,240**	22,207	**2,860**	2,875
Republic of Ireland	**1,021**	1,438	**325**	229
Europe (excluding UK and Republic of Ireland)	**1,423**	1,733	**376**	484
Rest of the world	**1,229**	1,080	**15**	12
	19,913	26,458	**3,576**	3,600

(i) Non-current assets comprise goodwill, other intangible assets, PP&E, interests in joint ventures and associates and non-financial assets within trade and other receivables, and contract-related assets.

4. Segmental analysis
(c) Adjusted gross margin and adjusted operating profit

The measure of profit used by the Group is adjusted operating profit. Adjusted operating profit is operating profit before exceptional items and certain re-measurements. This includes business performance results of equity-accounted interests.

This note also details adjusted gross margin. Both measures are reconciled to their statutory equivalents.

	Adjusted gross margin		Adjusted operating profit	
Year ended 31 December	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**633**	616	**67**	47
British Gas Energy	**1,521**	2,141	**297**	751
Bord Gáis Energy	**207**	139	**63**	1
Centrica Business Solutions	**258**	309	**73**	104
Centrica Energy	**536**	1,016	**307**	774
Upstream	**681**	999	**789**	1,083
Segmental adjusted gross margin/adjusted operating profit	**3,836**	5,220	**1,596**	2,760
Reconciling items to Group Income Statement:				
Colleague profit share [(i)]	**(9)**	(3)	**(25)**	(8)
Meter asset provider consolidation adjustment [(ii)]	**(19)**	—	**(19)**	—
Total Group adjusted gross margin/adjusted operating profit	**3,808**	5,217	**1,552**	2,752
Certain re-measurements (note 7):				
Onerous energy supply/LNG contract provision movement	**(142)**	833	**(142)**	833
Derivative contracts	**421**	3,573	**421**	3,573
Share of re-measurement of certain associates' energy contracts (net of taxation)	**—**	—	**—**	(1)
Gross profit	**4,087**	9,623		
Exceptional items in operating profit			**(128)**	(645)
Operating profit after exceptional items and certain re-measurements			**1,703**	6,512

(i) The impact of the colleague profit share is excluded because management considers it unrelated to segmental business performance.
(ii) In accordance with IFRS 8, Segmental adjusted gross margin and adjusted operating profit are presented as managed by the Board (Chief Operating Decision Maker) and accordingly the internal margin and indirect costs on smart meter installation recognised by British Gas Services & Solutions and subsequently capitalised in the meter asset provider business within British Gas Energy, are eliminated on consolidation and reported as a reconciling item to the Group Income Statement.

4. Segmental analysis
(d) Included within adjusted operating profit

Presented below are certain items included within adjusted operating profit, including a summary of impairments of property, plant and equipment and intangibles.

Year ended 31 December	Depreciation and impairments of property, plant and equipment 2024 £m	Depreciation and impairments of property, plant and equipment 2023 £m	Amortisation and impairments of intangibles 2024 £m	Amortisation and impairments of intangibles 2023 £m
British Gas Services & Solutions	**(31)**	(42)	**(12)**	(12)
British Gas Energy	**(5)**	(3)	**(37)**	(54)
Bord Gáis Energy	**(8)**	(9)	**(8)**	(11)
Centrica Business Solutions	**(12)**	(11)	**(12)**	(26)
Centrica Energy	**(29)**	(30)	**(10)**	(18)
Upstream	**(288)**	(281)	**—**	—
Other (i)	**(36)**	(28)	**(8)**	(17)
	(409)	(404)	**(87)**	(138)

(i) The Other segment includes corporate functions, subsequently recharged.

Impairments of property, plant and equipment

During 2024, £22 million of impairments of property, plant and equipment (2023: £9 million) were recognised within business performance.

Impairments of intangible assets

During 2024, £1 million of impairments of other intangible assets (2023: £15 million) were recognised within business performance.

4. Segmental analysis
(e) Capital expenditure

Capital expenditure represents additions, other than assets acquired as part of business combinations or asset purchase agreements, to property, plant and equipment and intangible assets. Capital expenditure has been reconciled to the related cash outflow.

	Capital expenditure on property, plant and equipment		Capital expenditure on intangible assets other than goodwill	
Year ended 31 December	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**11**	45	**19**	32
British Gas Energy	**114**	—	**628**	565
Bord Gáis Energy	**119**	69	**3**	7
Centrica Business Solutions	**133**	80	**206**	193
Centrica Energy	**7**	5	**9**	14
Upstream	**51**	95	**28**	18
Other	**37**	79	**—**	—
Segmental capital expenditure	**472**	373	**893**	829
Meter asset provider consolidation adjustment (i)	**(19)**	—	**—**	—
Total Group capital expenditure	**453**	373	**893**	829
Capitalised borrowing costs (note 8)	**(11)**	(2)	**—**	—
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(62)**	(89)	**(1)**	4
Purchases of emissions allowances and renewable obligation certificates (note 15) (ii)	**—**	—	**(856)**	(780)
Net cash outflow	**380**	282	**36**	53

(i) In accordance with IFRS 8, Segmental capital expenditure is presented as managed by the Board (Chief Operating Decision Maker) and accordingly the internal margin and indirect costs on smart meter installation recognised by British Gas Services & Solutions and subsequently capitalised in the meter asset provider business within British Gas Energy is eliminated on consolidation and reported as a reconciling item to Total Group capital expenditure.

(ii) Purchases of emissions allowances and renewable obligation certificates of £624 million (2023: £565 million) in British Gas Energy, £204 million (2023: £193 million) in Centrica Business Solutions, £28 million (2023: £18 million) in Upstream, and £nil (2023: £4 million) in Centrica Energy.

4. Segmental analysis
(f) Free cash flow

Free cash flow is used by management to assess the cash-generating performance of each segment, after taking account of the need to maintain its capital asset base. By excluding deficit reduction payments and movements in collateral and margin cash, which are predominantly triggered by wider market factors, and in the case of collateral and margin movements, represent timing movements, free cash flow is used by management as an adjusted measure of the cash generation of the business. Free cash flow excludes investing cash flows that are related to adjusted net cash/debt. This measure is reconciled to the net cash flow from operating and investing activities.

Year ended 31 December	2024 £m	2023 £m
British Gas Services & Solutions	**102**	64
British Gas Energy (i)	**(303)**	302
Bord Gáis Energy	**(35)**	(146)
Centrica Business Solutions	**(3)**	220
Centrica Energy (ii)	**649**	1,354
Upstream (iii)	**1,215**	1,236
Other (iv)	**—**	(20)
Segmental free cash flow excluding tax	**1,625**	3,010
Taxes paid	**(636)**	(803)
Total free cash flow	**989**	2,207
UK pension deficit payments (note 22)	**(176)**	(180)
Movements in variation margin and collateral (note 25)	**131**	585
Interest received	**317**	267
Settlement of securities (note 25)	**400**	—
Purchase of securities (note 25)	**(19)**	(12)
	1,642	2,867
Net cash flow from operating activities	**1,149**	2,752
Net cash flow from investing activities	**493**	115
Total cash flow from operating and investing activities	**1,642**	2,867

(i) British Gas Energy free cash flow in 2024 includes working capital outflows of £533 million driven by settling prior year commodity costs and refunding customer credit balances, both largely related to the impact of falling commodity prices. British Gas Energy free cash flow in 2023 includes significant working capital outflows of approximately £500 million largely related to the impact of falling commodity prices.

(ii) Centrica Energy free cash flow in 2024 includes operating cash inflows of £325 million (2023: £580 million) driven by profit on prior year derivative positions cash settling during the year.

(iii) Upstream free cash flow in 2024 includes inflows of £355 million (2023: £220 million) relating to dividends received from joint ventures and associates.

(iv) The Other segment includes corporate functions.

5. Costs

This section details the types of costs the Group incurs and the number of employees in each of our operations.

(a) Analysis of costs by nature

	2024			2023		
Year ended 31 December	**Cost of sales and settlement of certain energy contracts £m**	**Operating costs £m**	**Total costs £m**	Cost of sales and settlement of certain energy contracts £m	Operating costs £m	Total costs £m
Transportation, distribution, capacity market and metering costs	**(4,764)**	**—**	**(4,764)**	(4,813)	—	(4,813)
Commodity costs	**(13,109)**	**—**	**(13,109)**	(20,258)	—	(20,258)
Depreciation, amortisation and impairments	**(313)**	**(183)**	**(496)**	(324)	(218)	(542)
Employee costs	**(443)**	**(867)**	**(1,310)**	(608)	(777)	(1,385)
Other direct costs	**(2,199)**	**(1,089)**	**(3,288)**	(2,154)	(1,077)	(3,231)
Costs included within business performance before credit losses on financial assets	**(20,828)**	**(2,139)**	**(22,967)**	(28,157)	(2,072)	(30,229)
Credit losses on financial assets (net of recovered amounts) (note 17)	**—**	**(373)**	**(373)**	—	(602)	(602)
Total costs included within business performance	**(20,828)**	**(2,512)**	**(23,340)**	(28,157)	(2,674)	(30,831)
Adjustment for gross cost of settled energy contracts in the scope of IFRS 9 and onerous energy supply and LNG contract provisions (note 7)	**9,064**	**—**	**9,064**	17,497	—	17,497
Exceptional items and re-measurement and settlement of derivative energy contracts (note 7)	**(4,062)**	**(128)**	**(4,190)**	(6,175)	(645)	(6,820)
Total costs within Group operating profit	**(15,826)**	**(2,640)**	**(18,466)**	(16,835)	(3,319)	(20,154)

(b) Employee costs

Further information on key management personnel and Directors' remuneration is disclosed in note S8.

Year ended 31 December	**2024 £m**	2023 £m
Wages and salaries	**(1,050)**	(1,105)
Social security costs	**(122)**	(146)
Pension and other post-employment benefits costs (note 22)	**(138)**	(118)
Share scheme costs (note S4)	**(47)**	(31)
	(1,357)	(1,400)
Capitalised employee costs	**47**	15
Employee costs recognised in business performance in the Group Income Statement	**(1,310)**	(1,385)

5. Costs

(c) Average number of employees during the year

Year ended 31 December	2024 Number	2023 Number
British Gas Services & Solutions	**12,151**	12,309
British Gas Energy	**4,527**	3,979
Bord Gáis Energy	**438**	395
Centrica Business Solutions	**1,334**	1,334
Centrica Energy	**834**	780
Upstream	**721**	699
Group Functions	**1,699**	1,518
	21,704	21,014

6. Share of results of joint ventures and associates

Share of results of joint ventures and associates represents the results of businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates principally arises from its interest in Nuclear – Lake Acquisitions Limited, an associate, reported in the Upstream segment.

	2024			2023		
Year ended 31 December	Share of business performance £m	Share of exceptional items and certain re-measurements £m	Share of results for the year £m	Share of business performance £m	Share of exceptional items and certain re-measurements £m	Share of results for the year £m
Income	**808**	**—**	**808**	680	—	680
Expenses before depreciation, amortisation, exceptional items and certain re-measurements	**(295)**	**—**	**(295)**	(265)	—	(265)
Depreciation and amortisation	**(139)**	**—**	**(139)**	(132)	—	(132)
Exceptional items and re-measurement of certain contracts	**—**	**—**	**—**	—	(1)	(1)
Operating profit/(loss)	**374**	**—**	**374**	283	(1)	282
Taxation on profit/(loss)	**(118)**	**—**	**(118)**	(74)	—	(74)
Share of post-taxation results of joint ventures and associates	**256**	**—**	**256**	209	(1)	208

Further information on the Group's investments in joint ventures and associates is provided in notes 14 and S10.

7. Exceptional items and certain re-measurements

(a) Certain re-measurements

Certain re-measurements are the fair value movements on energy contracts entered into to meet the future needs of our customers or to sell the energy produced from our upstream assets. These contracts are economically related to our upstream assets, capacity/offtake contracts or downstream demand, which are typically not fair valued, and are therefore separately identified in the current period and reflected in business performance in future periods when the underlying transaction or asset impacts the Group Income Statement.

If the future costs to fulfil customer supply contracts, including the mark-to-market reversal of any energy hedging contracts entered into to meet this demand, exceed the charges recoverable from customers, an onerous contract provision will be recognised. Similarly, if the future revenues from LNG procurement contracts, including the mark-to-market reversals of hedging contracts entered into related to these purchases, do not exceed the purchase cost, an onerous contract provision will be recognised. Because the associated, unrealised hedging gains or losses will be recognised in certain re-measurements, the movements in these onerous provisions will also be recognised in certain re-measurements.

Year ended 31 December	**2024 £m**	2023 £m
Certain re-measurements recognised in relation to energy contracts:		
Net gains arising on delivery of contracts	**377**	3,529
Net gains arising on market price movements and new contracts	**44**	44
Net re-measurements included within gross profit before onerous supply contract provision	**421**	3,573
Onerous energy supply and LNG contracts provision movement (i)(ii)	**(142)**	833
Net re-measurements included within gross profit	**279**	4,406
Net loss arising on re-measurement of certain associates' contracts (net of taxation)	**—**	(1)
Net re-measurements included within Group operating profit	**279**	4,405
Taxation on certain re-measurements (note 9) (iii)	**161**	(1,649)
Certain re-measurements after taxation	**440**	2,756

(i) The onerous energy supply contract provision is based on the future costs to fulfil customer contracts on a current market price basis. This provision had fully unwound by 31 December 2023 and remains at £nil on 31 December 2024. However, the acquisition of AvantiGas ON Limited in 2022, included an opening balance sheet onerous contract provision, which is unwound to the business performance column of the Group Income Statement on a pre-determined acquisition date basis, to ensure this column reflects the true profit/loss relative to the acquisition date values. At each reporting date, the closing balance sheet value of the onerous contract provision is then updated to reflect actual market prices, with the required remaining movement in the provision posted to the certain re-measurements column. Because commodity prices generally fell after the 2022 acquisition, this meant that balance sheet onerous contract provision fell more quickly than originally expected. This led to a £69 million onerous contract provision movement credit in certain re-measurements column in 2023. Accordingly, there is a £60 million debit in this column in 2024, as this position has now mostly unwound. See note 2(b) for further details.

(ii) The onerous LNG contracts provision movement amounted to £82 million debit (2023: £nil). Cumulatively over time the onerous energy supply and LNG contracts provision movement will net to £nil. See notes 2(b) and 3(a) for further details.

(iii) Taxation on onerous energy supply and LNG contracts provision movement amounted to a £35 million credit (2023: £196 million debit) and taxation on other certain re-measurements amounted to a £126 million credit (2023: £1,453 million debit).

Year ended 31 December	**2024 £m**	2023 £m
Total re-measurement and settlement of derivative energy contracts	**(4,062)**	(6,175)
Excluding:		
IFRS 9 business performance revenue	**(4,723)**	(6,916)
IFRS 9 business performance cost of sales	**9,206**	16,664
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	**421**	3,573
Onerous contract provision movement (cost of sales)	**(142)**	833
Total certain re-measurements	**279**	4,406

The table below reflects the certain re-measurement derivative movements by business segment:

Year ended 31 December	**2024 £m**	2023 £m
UK Energy Supply (British Gas Energy and Centrica Business Solutions)	**1,975**	506
Upstream/Centrica Energy/Bord Gáis	**(1,554)**	3,067
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	**421**	3,573

7. Exceptional items and certain re-measurements

(b) Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses or significant assets, business restructuring, pension change costs or credits, significant debt repurchase costs and asset impairments and write-backs.

Year ended 31 December	2024 £m	2023 £m
Impairment of power assets (i)	(75)	(563)
Impairment of gas storage asset	—	(82)
Legacy contract costs (ii)	(53)	—
Exceptional items included within Group operating profit (iii)	(128)	(645)
Debt repurchase costs included within financing costs (iv)	(68)	—
Exceptional items included within Group profit before taxation	(196)	(645)
Net exceptional item taxation (note 9) (v)	78	54
Total exceptional items recognised after taxation	(118)	(591)

(i) In the Upstream segment, an impairment of the Nuclear investment of £48 million (post-tax £48 million) (2023: £549 million (post-tax £549 million)) has been recorded predominantly as a result of the reduction in both forecast and actual power prices partially offset by life extensions at four stations. In the Centrica Business Solutions segment, an impairment of £27 million (post-tax £20 million) (2023: £14 million (post-tax £11 million)) has been recorded, predominantly related to Battery storage and Solar assets, also following lower forecast power price capture, together with an increase in discount rate and an increase to operating and capital expenditure forecasts. See note 7(c).

(ii) Contracts associated with business activity that ceased a number of years ago, predominantly related to construction services, have led to an increase in provisions of £53 million (post-tax £45 million) during the period.

(iii) Exceptional items for 2024 included within Group operating profit, are non-cash. The cash flows recorded as payments relating to exceptional charges of £6 million (2023: £6 million) in the Group Cash Flow Statement relate to previous years' exceptional restructuring costs.

(iv) Exceptional financing costs have been recognised in relation to debt repurchase and refinancing exercises. £370 million of debt instruments have been repurchased in advance of their maturity date. Due to the premium paid above existing carrying value, and transaction fees, a one-off cost in the Group Income Statement of £50 million (post-tax £38 million) has been incurred. Refinancing of the 2075 hybrid bond, designated in a fair value hedge relationship, and with a carrying-value of £435 million, and repayment value of £453 million (including fees), has resulted in a one-off financing cost in the Group Income Statement of £18 million (post-tax £13 million).

(v) Exceptional item taxation includes a credit of £46 million associated with deferred tax in exploration and production, in the Upstream segment. This predominantly relates to an increase in the deferred tax asset position related to the recovery of abandonment tax losses, investment allowance and a re-measurement of the energy profits levy deferred tax liability, as a result of changes in forecast production profiles and commodity prices, and legislative changes. This item is unrelated to the other exceptional items.

7. Exceptional items and certain re-measurements

(c) Impairment accounting policy, process and sensitivities

The information provided below relates to the assets and CGUs (or groups of CGUs) that have been subject to impairment during the year and/or whose recoverable amount is a key source of estimation uncertainty. See note 3(b).

Exceptional impairment of assets measured on a value-in-use (VIU) basis

Segment	Asset/CGU	Basis for impairment assessment	Recoverable amount £m	Impairment £m
Upstream	Nuclear (i)	Decrease in forecast and actual baseload power prices partially offset by the impact of life extensions at Heysham 1 & 2, Torness and Hartlepool stations.	794	48

(i) During the year ended 31 December 2023, an impairment of £549 million was booked in relation to the Nuclear investment. The recoverable amount at the end of 2023 was £903 million.

Nuclear

A VIU calculation has been used to determine the recoverable amount of the Group's investment in Nuclear. The cash flows incorporated in the valuation are based on detailed business forecasts in the short term, extrapolated to future years to account for the expected generation profile of the fleet for its remaining life. Assumptions include forward commodity prices, capacity rates, fuel and network costs, and operating and capital expenditure requirements. Price assumptions are based on liquid market prices for 2025 to 2028 which are then blended over a one-year period to long-term price forecasts. Long-term price assumptions are based on Centrica's view of long-term prices, derived from a third-party market curve.

The Electricity Generator Levy, applying a 45% tax rate to revenues generated over £75/MWh (adjusted for inflation) until 31 March 2028, based on the above price assumptions, has also been included in the assessment. See note 3.

In December 2024, the Nuclear business announced that estimated operating lifetimes at the Heysham 2 and Torness stations would be extended by two years to March 2030, and at Heysham 1 and Hartlepool would be extended by one year to March 2027. Based on prices at 31 December 2024, the lifetime extensions increased the value of the Group's investment in Nuclear by £138 million.

The VIU calculation assumes that the Sizewell plant operates until 2055, reflecting a 20-year extension beyond its original design life. In the absence of this extension, the carrying value of the Group's investment in Nuclear based on cash flows from 2035 to 2055 would be reduced by £152 million. All other stations' life assumptions are aligned to lifetime closure dates announced by the operator (being between March 2027 and March 2030). A further adjustment of one year to the lifetime of two Advanced Gas-Cooled Reactor (AGR) stations would impact carrying value by £42 million.

The VIU calculation is also sensitive to changes in outage assumptions, and the base level generation volumes assumed for the fleet were increased during the period based on a review of planned and unplanned outages. An increase or reduction of 3% in the unplanned outage rate applied to volumes across the Nuclear fleet would lead to an impairment/write-back of £80 million.

The future pre-tax cash flows generated by the investment in the associate are discounted using a pre-tax nominal discount rate of 15.3% (2023: 17.3%). This equated to a post-tax rate of 8.5% (2023: 8.5%). The post-tax discount rate is initially derived from the Group weighted average cost of capital as adjusted for the risks associated with the asset and with reference to comparator companies. The pre-tax rate is then back-calculated by removing tax cash flows and assessing the rate that would give the same result as the post-tax rate. As baseload power prices for the liquid period remain higher than longer-term forecast prices, the near-term cash flows are elevated, which caused the pre-tax discount rate to remain high. A 1% increase in the post-tax discount rate would lead to an impairment of £37 million (when compared with the year-end carrying value). Similarly, a 1% reduction in the post-tax discount rate would lead to a write-back of £43 million.

The asset is particularly sensitive to changes in commodity price and the table below details average prices for the first 5- and 10-year periods and associated sensitivities. Note that the asset is valued based on cash flows arising over its entire economic life and not just this 15-year period.

	Five-year liquid and blended-period price (i)		Ten-year long-term average price (i)		Change in pre/post-tax write-back/(impairment) (ii)			
					+10%		-10%	
	2025-2029	2024-2028	2030-2039	2029-2038				
	31 December 2024 £/MWh	31 December 2023 £/MWh	**31 December 2024 £/MWh**	31 December 2023 £/MWh	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Baseload power	**71**	77	**61**	61	**190**	148	**(193)**	(191)
					+50% Five-year liquid and blended-period only		**-50% Five-year liquid and blended-period only**	
					436		**(632)**	

(i) Prices are shown in 2023 real terms.
(ii) A 10% change was historically deemed to represent a reasonably possible variation across the entire period covered by the liquid market and comparator curves used in the nuclear impairment test. Given the volatility in commodity prices during recent years, a further sensitivity has been included based on a 50% change in liquid and blend-period commodity prices only. Sensitivities are impacted by the effect of the Electricity Generator Levy threshold of £75/MWh (adjusted for inflation).

Furthermore, there is also uncertainty due to climate change and international governmental intervention to reduce CO_2 emissions and the likely impact this will have on both power demand and forecast prices. As a result, a further sensitivity is disclosed below based on the average forecast prices aligned to the net zero price curves issued by Aurora and Baringa (power analytics providers), which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. This sensitivity retains the prices for the liquid period (four years) but replaces the longer term thereafter with the average of Aurora and Baringa's forecast prices for net zero.

7. Exceptional items and certain re-measurements

	Ten-year long-term average price (i) 2030-2039 2024	Change in pre/post-tax impairment (ii) £m
Baseload power (£/MWh)	56	(97)

(i) Prices shown in 2023 real terms.
(ii) Change would lead to a further write-off of the carrying value.

Exceptional impairment of assets measured on a FVLCD basis

Segment	Asset/CGU (or group of CGUs)	Basis for impairment assessment	Recoverable amount (ii) £m	FV hierarchy	Impairment £m
Centrica Business Solutions	Batteries, Gas peakers and Solar assets (i)	The reduction in forecast price capture, together with an increase in discount rate and forecast capital and operating expenditure.	252	L3	27

(i) During the year ended 31 December 2023, an impairment of £14 million was booked in relation to the Centrica Business Solutions Batteries, Gas peakers and Solar assets.
(ii) Recoverable amount is for the portfolio of assets and relates to the Property, Plant and Equipment balance only.

Fair value less costs of disposal (FVLCD) is determined by discounting the post-tax cash flows expected to be generated by the assets or CGU, net of associated selling costs, taking into account those assumptions that market participants would use in estimating fair value. Post-tax cash flows used in the FVLCD calculation are based on the Group's Board-approved business plans and longer-term strategic plans together with, where relevant, long-term production, asset usage and cash flow forecasts. These calculations are then benchmarked back to market transactions, where available, to assess alignment with typical market participant views.

Centrica Business Solutions assets

An exceptional impairment has been recorded in 2024 for Centrica Business Solutions assets measured on a FVLCD basis.

For Batteries, post-tax cash flows are derived from projected revenue streams associated with wholesale power, balancing, reserve, response and capacity markets over the life of the asset. Where forward market prices are not available, prices are determined based on third-party price forecasts, together with an assessment of extrinsic value capture.

For Gas peakers, post-tax cash flows are derived from an assessment of the clean spark-spread, which is the difference between the power revenues from generation and the cost of generation (gas and carbon costs), together with other revenue streams associated with balancing mechanism and capacity and availability markets. Where forward market prices are not available, prices are determined based on third-party price forecasts.

The future post-tax cash flows for both Batteries and Gas peakers are discounted using a post-tax nominal discount rate of 8.0% (2023: 7.5%).

For Solar assets, post-tax cash flows are derived from an assessment of expected solar activity and the ability to capture future baseload power prices. Prices are determined based on a third-party capture price forecast.

The future post-tax cash flows for Solar assets, are discounted using a post-tax nominal discount rate of 6.0% (2023: 6.0%).

For all assets, post-tax cash flows also include an assessment of forecast capital and operating expenditure.

Upstream gas production assets

No Upstream gas production assets have been impaired during the year but they still have a significant carrying value on the balance sheet (see note 13) and accordingly further sensitivities are provided below.

For Upstream gas production assets post-tax cash flows are derived from projected production profiles of each field, taking into account forward prices for gas and liquids over the relevant period. Where forward market prices are not available (i.e. outside the active period for each commodity), prices are determined based on Centrica's view of long-term prices, derived from a third-party market curve. The date of cessation of production depends on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, production costs, the contractual duration of the licence area and the selling price of the gas and liquids produced. As each field has specific reservoir characteristics and economic circumstances, the post-tax cash flows for each field are computed using individual economic models. Price assumptions are critical and use liquid market prices for 2025 to 2028, blended over a one-year period to long-term price forecasts. Long-term price assumptions are Centrica's view of long-term prices as derived from a third-party market curve and are deemed best aligned with pricing that a reasonable market participant would use. Following the implementation of the Energy Profits Levy, the increased tax rates have been included in the FVLCD calculations until the sunset date of 31 March 2030.

The future post-tax cash flows are discounted using a post-tax nominal discount rate of 11.0% (2023: 11.0%).

As forward commodity prices are a key assumption in these valuations, average prices and associated impairment sensitivities for the Group's upstream gas assets are shown below. Note that the fields are valued over their respective economic lives and the 5- and 10-year pricing information shown below is just to provide context. Note that the asset portfolio reserves are predominantly gas (rather than liquids) and therefore only NBP gas prices have been shown on the next page.

7. Exceptional items and certain re-measurements

	Five-year liquid and blended-period price (i)		Ten-year long-term average price (i)		Change in post-tax write-back/(impairment) (ii) (iii)			
					+10%		-10%	
	2025-2029	2024-2028	2030-2039	2029-2038				
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
NBP (p/th)	**82**	76	**70**	66	**—**	6	**—**	(5)
					+50% Five-year liquid and blended-period only		**-50% Five-year liquid and blended-period only**	
					—		**(116)**	

(i) Prices are shown in 2023 real terms.
(ii) Sensitivity relates to Upstream exploration and production assets and CGUs. A 10% change was historically deemed to represent a reasonably possible variation across the entire period covered by both the liquid market and longer-term forecasts used in upstream gas impairment tests. Given the significant movements in commodity prices during the last few years, a further sensitivity has been included based on a 50% change in liquid and blend-period commodity prices only. The changes shown relate to further write-backs or impairments and are restricted because the most material fields have already been written back to their depreciated historic cost and have excess impairment headroom.
(iii) Whilst no write-back or impairment would be required with a +/-10% price movement, the post-tax recoverable amounts would move by +£62 million/-£64 million.

Furthermore, there is also uncertainty due to climate change and international governmental intervention to reduce CO_2 emissions and the likely impact this will have on gas demand and forecast prices. As a result, a further sensitivity is disclosed below based on forecast prices aligned to an average of the International Energy Agency's (IEA), Bloomberg NEF, Aurora and Baringa's net zero emissions by 2050, which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. This sensitivity retains the prices for the liquid period (four years) but replaces the longer term thereafter with the average of these forecast prices for net zero emissions by 2050.

	Ten-year long-term average price (i)	Change in post-tax impairment (ii)
	2030-2039	
	2024	£m
NBP (p/th)	**61**	**—**

(i) Prices shown in 2023 real terms.
(ii) Change in impairment is restricted due to the most material fields having already been written back to their depreciated historic cost and having excess impairment headroom, as well as most hydrocarbon production being in the liquid period and hence unaffected by net zero pricing.

8. Net finance income/(cost)

Financing costs mainly comprise interest on bonds and bank debt, the results of hedging activities used to manage foreign exchange and interest rate movements on the Group's borrowings and notional interest arising from the discounting of decommissioning provisions and pensions. An element of financing cost is capitalised on qualifying projects.

Investment income predominantly includes interest received from short-term investments in money market funds, bank deposits and government bonds.

	2024			2023		
Year ended 31 December	**Financing costs £m**	**Investment income £m**	**Total £m**	Financing costs £m	Investment income £m	Total £m
Financing (cost)/income from net debt:						
Interest income	**—**	**313**	**313**	—	269	269
Interest cost on bonds, bank loans and overdrafts	**(235)**	**—**	**(235)**	(262)	—	(262)
Interest cost on lease liabilities	**(13)**	**—**	**(13)**	(12)	—	(12)
	(248)	**313**	**65**	(274)	269	(5)
Net losses on revaluation	**—**	**—**	**—**	(2)	—	(2)
Notional interest arising from discounting	**(23)**	**—**	**(23)**	(14)	—	(14)
	(271)	**313**	**42**	(290)	269	(21)
Other interest charges (i)	**(9)**	**—**	**(9)**	(20)	—	(20)
Capitalised borrowing costs (ii)	**11**	**—**	**11**	2	—	2
Financing (cost)/income before exceptional items	**(269)**	**313**	**44**	(308)	269	(39)
Exceptional items (iii)	**(68)**	**—**	**(68)**	—	—	—
Financing (cost)/income	**(337)**	**313**	**(24)**	(308)	269	(39)

(i) Other interest charges includes interest charged on cash collateral, and fees for letters of credit. The cash flow associated is £16 million (2023: £20 million).
(ii) Borrowing costs have been capitalised using an average rate of 8.54% (2023: 8.39%).
(iii) During the year the Group repurchased £370 million of debt instruments and refinanced a hybrid bond designated in a fair value hedge relationship, resulting in an exceptional financing cost of £68 million (2023: £nil). See notes 7(b) and 25 for further details.

9. Taxation

The taxation note details the different tax charges and rates, including current and deferred tax arising in the Group. The current tax charge is the tax payable on this year's taxable profits together with amendments in respect of tax provisions made in earlier years. This tax charge excludes the Group's share of taxation on the results of joint ventures and associates. Deferred tax represents the tax on differences between the accounting carrying values of assets and liabilities and their tax bases. These differences are temporary and are expected to unwind in the future.

(a) Analysis of tax charge

	2024			2023		
Year ended 31 December	Business performance £m	Exceptional items and certain re-measurements £m	Results for the year £m	Business performance £m	Exceptional items and certain re-measurements £m	Results for the year £m
Current tax						
UK corporation tax	(383)	146	(237)	(535)	105	(430)
UK energy profits levy	(243)	—	(243)	(160)	11	(149)
UK petroleum revenue tax	37	—	37	1	—	1
Non-UK tax	(35)	(17)	(52)	(100)	—	(100)
Adjustments in respect of prior years – UK	(1)	(50)	(51)	3	(26)	(23)
Adjustments in respect of prior years – non-UK	(7)	—	(7)	2	—	2
Total current tax	(632)	79	(553)	(789)	90	(699)
Deferred tax						
Origination and reversal of temporary differences – UK	(8)	(22)	(30)	(92)	(1,312)	(1,404)
UK energy profits levy	70	188	258	34	(376)	(342)
Change in UK tax rate	—	—	—	(2)	(3)	(5)
UK petroleum revenue tax	(2)	—	(2)	—	52	52
Origination and reversal of temporary differences – non-UK	2	(9)	(7)	4	(20)	(16)
Adjustments in respect of prior years – UK	14	3	17	7	(26)	(19)
Adjustments in respect of prior years – non-UK	3	—	3	—	—	—
Total deferred tax	79	160	239	(49)	(1,685)	(1,734)
Total UK tax	(516)	265	(251)	(744)	(1,575)	(2,319)
Total non-UK tax	(37)	(26)	(63)	(94)	(20)	(114)
Total taxation on profit for the year (i)	(553)	239	(314)	(838)	(1,595)	(2,433)

(i) Total taxation on profit excludes taxation on the Group's share of results of joint ventures and associates.

UK tax rates

Most activities in the UK are subject to the standard rate for UK corporation tax of 25% (2023: 23.5%). Upstream gas production activities are taxed at a rate of 30% (2023: 30%), a supplementary charge of 10% (2023: 10%), plus the Energy Profits Levy of 35% from 1 January 2024 to 31 October 2024 and 38% from 1 November 2024 to 31 December 2024 (2023: 35%) to give an overall tax rate of 75.5% (2023: 75%). Certain upstream gas production assets in the UK are subject to the UK petroleum revenue tax (PRT) regime at the current tax rate of 0% (2023: 0%).

Non-UK tax rates

Taxation in non-UK jurisdictions, where the Group has a substantial presence, is calculated at the rate prevailing in those respective jurisdictions.

The main non-UK rates of corporation tax are 12.5% (2023: 12.5%) plus a top-up tax of 2.5% (2023: 0%) in the Republic of Ireland, 22% (2023: 22%) in Denmark and 17% (2023: 17%) in Singapore.

Prior year adjustments reflect changes made to estimates or to judgements when further information becomes available.

Movements in deferred tax liabilities and assets are disclosed in note 16. Tax on items taken directly to equity is disclosed in note S4.

9. Taxation

(b) Factors affecting the tax charge

The Group is expected to continue carrying out most of its business activities in the UK and accordingly considers the standard UK rate to be the appropriate reference rate.

The differences between the total taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation are as follows:

Year ended 31 December	2024 Business performance £m	2024 Exceptional items and certain re-measurements £m	2024 Results for the year £m	2023 Business performance £m	2023 Exceptional items and certain re-measurements £m	2023 Results for the year £m
Profit before taxation	**1,596**	**83**	**1,679**	2,713	3,760	6,473
(Deduct)/add back share of (profits)/losses of joint ventures and associates, net of interest and taxation	**(256)**	**–**	**(256)**	(209)	1	(208)
	1,340	**83**	**1,423**	2,504	3,761	6,265
Tax on profit at standard UK corporation tax rate of 25% (2023: 23.5%)	**(335)**	**(21)**	**(356)**	(588)	(884)	(1,472)
Effects of:						
Depreciation/impairment on non-qualifying assets	**–**	**(12)**	**(12)**	(1)	(129)	(130)
Other permanent differences	**5**	**1**	**6**	(16)	1	(15)
Electricity Generator Levy	**(20)**	**–**	**(20)**	(67)	–	(67)
Higher rates applicable to Upstream profits/losses	**(61)**	**121**	**60**	(44)	(180)	(224)
Energy Profits Levy charge for the year	**(173)**	**177**	**4**	(133)	(395)	(528)
Energy Profits Levy re-measurement of deferred tax balances	**–**	**11**	**11**	7	30	37
Petroleum revenue tax	**20**	**–**	**20**	–	52	52
Non-UK tax rates (excluding Upstream)	**10**	**16**	**26**	6	17	23
Movements in uncertain tax provisions	**–**	**–**	**–**	(1)	–	(1)
Write-back/(impairment) of deferred tax assets relating to Upstream losses and decommissioning	**–**	**13**	**13**	–	(55)	(55)
Changes in UK tax rate	**–**	**–**	**–**	(2)	(3)	(5)
Prior year adjustment	**9**	**(47)**	**(38)**	12	(52)	(40)
Other (non-tax deductible)/non-taxable items	**(8)**	**(20)**	**(28)**	(11)	3	(8)
Taxation on profit	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)
Less: movement in deferred tax	**(79)**	**(160)**	**(239)**	49	1,685	1,734
Total current tax	**(632)**	**79**	**(553)**	(789)	90	(699)

The Group is subject to taxation in a number of jurisdictions. The complexity of applicable rules may result in legitimate differences of interpretation between the Group and taxing authorities (or between different taxing authorities) especially where an economic judgement or valuation is involved. Resolution of these differences typically takes many years. The uncertain tax provisions represent multiple layers of estimation for different time periods and different jurisdictions.

The Group has applied IFRIC 23 'Uncertainty over Income Tax Treatments'. The interpretation requires consideration of the likelihood that the relevant taxing authority will accept an uncertain tax treatment in order to determine the measurement basis. The value is calculated in accordance with the rules of the relevant tax authority when acceptance is deemed probable.

The Group's uncertain tax provision relates to differences in the interpretation of tax legislation in the UK and Canada. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ. The uncertain tax provision represents management's assessment of the likely outcome of each issue.

At 31 December 2024 the provision for uncertain tax items was £42 million (2023: £43 million). The Group provided an indemnity to Sval Energi following the sale of Spirit Energy's Norwegian business and the transfer of the legal liabilities in respect of open tax disputes. Any movement in the underlying indemnity (excluding movements attributable to foreign exchange rates) will be recorded through the profit before tax of the Group. As at 31 December 2024 the indemnity in respect of the tax disputes was £100 million (2023: £123 million).

9. Taxation

(c) Factors that may affect future tax charges

The Group's effective tax rates are impacted by changes to the mix of activities and profitability across the territories in which it operates. Effective tax rates may also fluctuate where profits and losses cannot be offset for tax purposes. For example, losses arising in one territory cannot be offset against profits in another. The Group's effective tax rate is dependent on the proportion of Group profits and losses arising from its UK upstream and nuclear activities relative to lower taxed UK and other jurisdictions' profits and losses. The headline rate of tax on ring fence profits from gas production in the UK was 75.5% (consisting of ring fence corporation tax of 30%, supplementary charge of 10%, and the Energy Profits Levy of 35% to 31 October 2024 and 38% thereafter) versus 25% UK statutory corporation tax rate.

The Energy Profits Levy is a temporary measure and will apply to gas production profits until 31 March 2028. The Budget on 30 October 2024 announced that the Government would extend the Energy Profit Levy until 31 March 2030. The Finance Bill 2024 was not substantively enacted by 31 December 2024 and as a result the Group's deferred tax balances have not been re-measured to reflect the extension of the Energy Profit Levy. See note 16 for an estimate of the impact of the re-measurement of the Group's deferred tax balances that will arise as a result of the enactment of the Finance Bill 2024.

On 9 June 2023 the UK Government announced the Energy Security Investment Mechanism. As a result, the Energy Profits Levy will cease to apply if average oil and gas prices fall to historically normal levels for two consecutive quarters. Based on 20-year averages, normal levels would be achieved where both average oil and gas prices fall to, or below, US$71.40 per barrel for oil and 54 pence per therm for gas. If the Energy Profits Levy ceases to apply, the headline rate on ring fence profits will reduce to 40%. Based on the independent Office for Budget Responsibility's forecast, the Energy Security Investment Mechanism is not expected to be triggered before the planned end date for Energy Profits Levy of 31 March 2030.

PRT is set at 0% but may still give rise to historical refunds from the carry-back of excess reliefs (for example, from decommissioning).

The Electricity Generator Levy applies from 1 January 2023 to 31 March 2028 at the tax rate of 45% to electricity generation revenues, which will be determined by reference to revenue from sales exceeding a benchmark price of £77.94/MWh (2023: £75/MWh). The benchmark price is indexed on 1 April each year by reference to Consumer Price Index for the previous December. The Electricity Generator Levy is not an income tax for accounting purposes and therefore is included in the Group's cost of sales and share of the results of joint ventures' and associates' operating profits and is not deductible for the purposes of UK corporation tax. The Electricity Generator Levy legislation is complex and there remains some uncertainty over how the provisions are to be applied and consequently the amount of levy payable. See note 3(b) for details of the uncertainties regarding the application of the Electricity Generator Levy to the Group's revenues.

The Group monitors income tax developments in all the jurisdictions in which the Group operates, including the OECD Base Erosion and Profit Shifting (BEPS) initiative (Pillar 2), which may affect the Group's tax liabilities.

The Governments of the UK, Republic of Ireland, Denmark and Singapore (the main jurisdictions in which the Group operates) have legislated for a minimum tax rate of 15% to apply with effect from 1 January 2024 (or 1 January 2025 in Singapore).

The Group does not expect its tax liabilities to be materially increased as a result of the implementation of the Pillar 2 rules. The Group is currently assessing their detailed impact, but the Republic of Ireland is the only jurisdiction that is likely to be affected. The impact on the Group's effective tax rate based on 2024 profits is less than 1%.

(d) Relationship between current tax charge and taxes paid

	2024			2023		
Year ended 31 December	UK £m	Non-UK £m	Total £m	UK £m	Non-UK £m	Total £m
Current tax charge/(credit):						
Corporation tax	**531**	**59**	**590**	602	98	700
Petroleum revenue tax	**(37)**	**—**	**(37)**	(1)	—	(1)
Total tax on results for the year (per note 9(b))	**494**	**59**	**553**	601	98	699
Current tax included in other comprehensive income (i)	**(36)**	**—**	**(36)**	(29)	—	(29)
Total tax charge	**458**	**59**	**517**	572	98	670
Taxes paid/(refunded):						
Corporation tax	**493**	**144**	**637**	690	116	806
Petroleum revenue tax	**(1)**	**—**	**(1)**	(3)	—	(3)
	492	**144**	**636**	687	116	803
Included in the following lines of the Group Cash Flow Statement:						
Taxes paid			**636**			803
Included in Cost of Sales in the Group Income Statement:						
Electricity generator levy payable and paid (ii)			**80**			285

(i) Current tax movements relating to pension deficit payments are reported in other comprehensive income.
(ii) This excludes £86 million share of Electricity Generator Levy recognised in the Nuclear associate.

Differences between current tax charged and taxes paid arose principally due to the following factors:

- Corporation tax payments are generally made by instalment, based on estimated taxable profits, or the prior period's profits. Fluctuations in profits from year to year, one-off items and mark-to-market movements within the year may therefore give rise to divergence between the charge for the year and the taxes paid. In certain jurisdictions advance tax payments are required (based on estimated tax liabilities) which can result in overpayments. These are included as tax assets, to be refunded in a subsequent period; and
- PRT refunds are based on results in the preceding six-monthly PRT period, therefore PRT cash movements will reflect refunds on a six-month delay.

10. Earnings per ordinary share

Earnings per share (EPS) is the amount of profit or loss attributable to each share. Basic EPS is the amount of profit or loss for the year divided by the weighted average number of shares in issue during the year. Diluted EPS includes the impact of outstanding share options.

Basic earnings per ordinary share has been calculated by dividing the profit attributable to equity holders of the Company for the year of £1,332 million (2023: £3,929 million) by the weighted average number of ordinary shares in issue during the year of 5,187 million (2023: 5,569 million). The number of shares excludes 573 million ordinary shares (2023: 339 million), being the weighted average number of the Company's own shares held in the employee share trust and treasury shares repurchased during the year by the Group as part of the share buyback programme. These 573 million shares do not include shares expected to be repurchased as part of the Group's share buyback programme during 2025. See note S4.

The Directors believe that the presentation of adjusted basic earnings per ordinary share, being the basic earnings per ordinary share adjusted for certain re-measurements and exceptional items, assists with understanding the underlying performance of the Group, as explained in note 2.

Information presented for diluted and adjusted diluted earnings per ordinary share uses the weighted average number of ordinary shares as adjusted for 119 million (2023: 91 million) potentially dilutive ordinary shares as the denominator, unless it has the effect of increasing the profit or decreasing the loss attributable to each ordinary share.

Basic to adjusted basic earnings per ordinary share reconciliation

	2024		2023	
Year ended 31 December	£m	Pence per ordinary share	£m	Pence per ordinary share
Earnings – basic	1,332	25.7	3,929	70.6
Net exceptional items after taxation (notes 2 and 7) [(i)]	132	2.5	600	10.8
Certain re-measurement gains after taxation (notes 2 and 7) [(i)]	(480)	(9.2)	(2,670)	(48.0)
Earnings – adjusted basic	984	19.0	1,859	33.4
Earnings – diluted	1,332	25.1	3,929	69.4
Earnings – adjusted diluted	984	18.5	1,859	32.8

(i) Net exceptional items after taxation and certain re-measurement gains after taxation are adjusted to reflect the share attributable to non-controlling interests.

11. Dividends

Dividends represent the return of profits to shareholders. Dividends are paid as an amount per ordinary share held. The Group retains part of the profits generated to meet future investment plans or to fund share buyback programmes.

	2024			2023		
	£m	Pence per ordinary share	Date of payment	£m	Pence per ordinary share	Date of payment
Prior year final dividend	141	2.67	11 Jul 2024	113	2.00	20 Jul 2023
Interim dividend	78	1.50	14 Nov 2024	73	1.33	16 Nov 2023
	219			186		

The Directors propose a final dividend of 3.00 pence per ordinary share for the year ended 31 December 2024 (which would total £153 million based on shareholding at that date). The dividend will be paid on 5 June 2025 to those shareholders registered on 2 May 2025.

The Company has sufficient distributable reserves to pay dividends to its ultimate shareholders. Distributable reserves are calculated on an individual legal entity basis and the ultimate parent company, Centrica plc, currently has adequate levels of realised profits within its retained earnings to support dividend payments. Refer to the Centrica plc Company Balance Sheet on page 271. At 31 December 2024, Centrica plc's Company-only distributable reserves were c.£4.0 billion (2023: c.£4.5 billion). On an annual basis, the distributable reserve levels of the Group's subsidiary undertakings are reviewed and dividends paid up to Centrica plc as appropriate to replenish its reserves.

12. Acquisitions and disposals

This section details business combinations, asset acquisitions and disposals made by the Group.

(a) Business combinations and asset acquisitions

During the year, Centrica Business Solutions acquired a number of companies with existing grid connections for the purpose of building power assets in line with the Group's strategy of being a flexible energy provider. The total consideration was £13 million with the transactions being accounted for as asset acquisitions.

On 29 July 2024 the Group announced the acquisition of 100% of the issued share capital of Ensek Holdings Limited , a leading provider of digital transformation services in the energy sector, and its innovative customer account management platform, Ignition, for £91 million in cash consideration. The transaction completed on 20 September 2024. The acquisition will deliver strong returns aligned with the Group's capital allocation framework and investment thresholds and will enhance the Group's ability to offer innovative propositions to its customers as the energy system continues to develop.

There have been no material updates to the fair value of assets and liabilities recognised for businesses acquired in 2023.

Provisional fair value of the identifiable assets and liabilities

	Ensek Holdings Limited £m
Balance Sheet items:	
Intangible assets	**31**
Current assets (including £12 million of cash and cash equivalents)	**30**
Current liabilities	**(51)**
Net identifiable assets acquired	**10**
Goodwill	**81**
Net assets acquired	**91**
Consideration comprises:	
Cash consideration	**91**
Income Statement items:	
Revenue recognised since the acquisition date in the Group Income Statement (i)	**1**
Loss since the acquisition date in the Group Income Statement (i)	**(17)**

(i) Post-acquisition revenue recognised by Ensek included £11 million of intra-group trading, which has been eliminated on consolidation. The loss since the acquisition date reported by Ensek, including this internal revenue, totalled £6 million.

The goodwill is attributable to the workforce and the cost savings arising from owning and controlling the Ignition customer account management platform. It will not be deductible for tax purposes.

Pro forma information

The pro forma consolidated results of the Group, assuming the acquisitions had been made at the beginning of the year, would show revenue of £19,916 million (compared to reported revenue of £19,913 million) and profit after taxation of £1,327 million (compared to reported profit after taxation of £1,365 million).

(b) Disposals

During the year there have been no material disposals either individually or in aggregate.

13. Property, plant and equipment

PP&E includes significant investment in power generating assets, storage assets and gas and liquid production assets. Once operational, all assets are depreciated over their useful lives.

(a) Carrying amounts

	2024					2023				
	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m
Cost										
1 January	294	825	372	11,674	**13,165**	235	691	199	11,517	12,642
Acquisitions (note 12)	—	12	1	—	**13**	1	7	70	—	78
Additions and capitalised borrowing costs	11	203	188	51	**453**	53	123	108	89	373
Disposals/retirements	(8)	(33)	(9)	—	**(50)**	(8)	(33)	(3)	—	(44)
Decommissioning liability and dilapidations revisions and additions (note 21)	2	1	—	(10)	**(7)**	4	—	2	92	98
Lease modifications and re-measurements	18	(9)	—	4	**13**	12	50	—	8	70
Exchange adjustments	(5)	—	(16)	(68)	**(89)**	(3)	(13)	(4)	(32)	(52)
31 December	**312**	**999**	**536**	**11,651**	**13,498**	294	825	372	11,674	13,165
Accumulated depreciation and impairment										
1 January	149	464	55	10,651	**11,319**	131	396	45	10,322	10,894
Charge for the year (i)	24	80	13	270	**387**	24	85	12	274	395
Impairments	8	22	13	6	**49**	3	18	2	82	105
Disposals/retirements	(8)	(33)	(9)	—	**(50)**	(8)	(32)	(3)	—	(43)
Exchange adjustments	—	—	(1)	(65)	**(66)**	(1)	(3)	(1)	(27)	(32)
31 December	**173**	**533**	**71**	**10,862**	**11,639**	149	464	55	10,651	11,319
NBV at 31 December	**139**	**466**	**465**	**789**	**1,859**	145	361	317	1,023	1,846

(i) Depreciation of £313 million (2023: £324 million) has been recognised in cost of sales, and £74 million (2023: £71 million) in operating costs before exceptional items.

13. Property, plant and equipment

(b) Assets in the course of construction included in above carrying amounts

31 December	2024 £m	2023 £m
Plant, equipment and vehicles	150	99
Gas production and storage	11	29
Power generation	295	166

(c) Additional information relating to right-of-use assets included in the above

	2024					2023				
	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m
Additions	11	14	—	15	40	47	41	—	—	88
Depreciation charge for the year	(23)	(59)	—	(11)	(93)	(23)	(65)	—	(10)	(98)
NBV at 31 December	122	163	—	22	307	123	223	—	14	360

Further information on the Group's leasing arrangements is provided in note 23.

14. Interests in joint ventures and associates

Investments in joint ventures and associates represent businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%. These include the investment in Lake Acquisitions Limited, which owns the existing UK nuclear power station fleet.

(a) Interests in joint ventures and associates

	2024 Investments in joint ventures and associates £m	2023 Investments in joint ventures and associates £m
1 January	**903**	1,580
Additions	**—**	9
Impairments (i)	**(48)**	(549)
Share of profit for the year	**256**	208
Share of other comprehensive income/(loss) (ii)	**38**	(95)
Dividends	**(355)**	(220)
Disposals	**—**	(28)
Other movements	**—**	(2)
31 December	**794**	903

(i) The £48 million in 2024 relates to the Nuclear investment impairment (2023: £549 million). See note 7 for further details.
(ii) Share of other comprehensive income/(loss) mainly relates to actuarial changes on pension schemes within the Nuclear investment.

(b) Share of joint ventures' and associates' assets and liabilities

31 December	2024 £m	2023 £m
Share of non-current assets	**4,278**	3,888
Share of current assets	**758**	780
	5,036	4,668
Share of current liabilities	**(305)**	(270)
Share of non-current liabilities	**(2,843)**	(2,449)
	(3,148)	(2,719)
Cumulative impairment	**(1,094)**	(1,046)
Interests in joint ventures and associates	**794**	903
Net cash included in share of net assets	**73**	99

Further information on the Group's investments in joint ventures and associates is provided in notes 6 and S10.

15. Other intangible assets and goodwill

The Group Balance Sheet contains significant intangible assets. Goodwill, customer relationships and brands usually arise when we acquire a business. Goodwill is attributable to enhanced geographical presence, cost savings, synergies, growth opportunities, the assembled workforce and also arises from items such as deferred tax. Goodwill is not amortised but is assessed for recoverability each year.

The Group uses European Union Allowances (EUAs) and Renewable Obligation Certificates/Renewable Energy Certificates (ROCs/RECs) to satisfy its related obligations.

Upstream exploration and evaluation expenditure is capitalised as an intangible asset until development of the asset commences, at which point it is transferred to PP&E or is deemed not commercially viable and is written down.

(a) Carrying amounts

	2024					2023					
	Customer relationships and brands £m	**Application software (i)(ii) £m**	**EUA/ ROC/ REC (iii) £m**	**Goodwill £m**	**Total £m**	Customer relationships and brands £m	Application software (i)(ii) £m	EUA/ ROC/ REC (iii) £m	Exploration and evaluation expenditure £m	Goodwill £m	Total £m
Cost											
1 January	164	1,515	293	673	**2,645**	208	1,510	280	121	680	2,799
Acquisitions (note 12)	—	31	—	81	**112**	4	—	—	—	—	4
Additions and capitalised borrowing costs	—	37	856	—	**893**	—	49	780	—	—	829
Disposals/retirements and surrenders	—	(54)	(830)	—	**(884)**	(46)	(38)	(767)	(121)	—	(972)
Exchange adjustments	(3)	(4)	—	(10)	**(17)**	(2)	(6)	—	—	(7)	(15)
31 December	**161**	**1,525**	**319**	**744**	**2,749**	164	1,515	293	—	673	2,645
Accumulated amortisation and impairment											
1 January	84	1,255	—	268	**1,607**	111	1,180	—	121	271	1,683
Amortisation (iv)	5	81	—	—	**86**	16	107	—	—	—	123
Disposals/retirements and surrenders	—	(54)	—	—	**(54)**	(46)	(38)	—	(121)	—	(205)
Impairments	—	1	—	—	**1**	5	10	—	—	—	15
Exchange adjustments	(2)	(2)	—	(2)	**(6)**	(2)	(4)	—	—	(3)	(9)
31 December	**87**	**1,281**	**—**	**266**	**1,634**	84	1,255	—	—	268	1,607
NBV at 31 December	**74**	**244**	**319**	**478**	**1,115**	80	260	293	—	405	1,038

(i) Application software includes assets under construction with a cost of £28 million (2023: £110 million).
(ii) The remaining amortisation period of individually material application software assets, which have a carrying value of £132 million (2023: £65 million), is up to 15 years. Additionally, there is £13 million (2023: £82 million) of individually material software assets under construction.
(iii) The Group has assessed the expected submission dates of EUA/ROC/RECs currently held and where they are expected to be surrendered within a year of purchase, they are presented within current assets, otherwise as non-current. At 31 December 2024, £319 million (2023: £293 million) is presented within current assets.
(iv) Amortisation of £86 million (2023: £123 million) has been recognised in operating costs before exceptional items.

15. Other intangible assets and goodwill

(b) Carrying amount of goodwill and intangible assets with indefinite useful lives allocated to CGUs

Goodwill acquired through business combinations, and indefinite-lived intangible assets, have been allocated for impairment testing purposes to individual CGUs or groups of CGUs, each representing the lowest level within the Group at which the goodwill or indefinite-lived intangible asset is monitored for internal management purposes. See note S2 for further details on impairment assumptions.

		2024			2023		
31 December	Principal acquisitions to which goodwill and intangibles with indefinite useful lives relate	**Carrying amount of goodwill £m**	**Carrying amount of indefinite-lived intangible assets (i) £m**	**Total £m**	Carrying amount of goodwill £m	Carrying amount of indefinite-lived intangible assets (i) £m	Total £m
CGUs							
British Gas Services & Solutions	AlertMe/Dyno-Rod	**63**	**57**	**120**	63	57	120
British Gas Energy	Enron Direct/Electricity Direct/ Ensek	**202**	**—**	**202**	121	—	121
Centrica Business Solutions							
– Energy supply	Enron Direct/Electricity Direct	**60**	**—**	**60**	60	—	60
Bord Gáis Energy	Bord Gáis Energy	**15**	**—**	**15**	16	—	16
Centrica Energy	Neas Energy	**138**	**—**	**138**	145	—	145
		478	**57**	**535**	405	57	462

(i) The indefinite-lived intangible assets relate mainly to the Dyno-Rod brand.

The Group has considered the impact of climate change on the carrying value of goodwill, including the impact of the risks and opportunities. See note 3(c).

16. Deferred tax liabilities and assets

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities. The principal deferred tax assets and liabilities recognised by the Group relate to capital investments, decommissioning assets and provisions, tax losses, fair value movements on derivative financial instruments, petroleum revenue tax (PRT) and pensions.

	Accelerated tax depreciation (corporation tax) £m	Net decommissioning (i) £m	Losses carried forward (ii) £m	Other timing differences £m	Marked-to-market positions £m	Net deferred PRT (iii) £m	Retirement benefit obligation £m	Total £m
1 January 2023	(595)	455	216	4	1,713	29	(121)	1,701
Credit/(charge) to income	115	(13)	(122)	(6)	(1,738)	52	(22)	(1,734)
Credit to equity	—	—	—	6	—	—	64	70
Exchange and other adjustments	—	—	—	(5)	—	—	—	(5)
31 December 2023	(480)	442	94	(1)	(25)	81	(79)	**32**
Credit/(charge) to income	71	48	(33)	54	110	(2)	(9)	**239**
Charge to equity	—	—	—	(4)	—	—	(7)	**(11)**
Exchange and other adjustments	(5)	—	—	(4)	—	—	—	**(9)**
31 December 2024	**(414)**	**490**	**61**	**45**	**85**	**79**	**(95)**	**251**

(i) Net decommissioning includes deferred tax assets of £605 million (2023: £617 million) in respect of decommissioning provisions.
(ii) The losses arise principally from accelerated allowances for upstream investment expenditure, for which equivalent deferred tax liabilities are included under accelerated tax depreciation.
(iii) The deferred PRT amounts include the effect of deferred corporation tax as PRT is chargeable to corporation tax.

Certain deferred tax assets and liabilities have been offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2024		2023	
31 December	**Assets £m**	**Liabilities £m**	Assets £m	Liabilities £m
Gross deferred tax balances	**791**	**(540)**	1,007	(975)
Offsetting deferred tax balances	**(452)**	**452**	(551)	551
Net deferred tax balances (after offsetting for financial reporting purposes)	**339**	**(88)**	456	(424)

Deferred tax assets arise typically on decommissioning provisions, trading losses carried forward, retirement benefit obligations and marked-to-market positions. Forecasts indicate that there will be suitable taxable profits to utilise those deferred tax assets not offset against deferred tax liabilities. Specific legislative provisions applicable to gas production provide assurance that deferred tax assets relating to decommissioning costs and certain trading losses will be utilised.

The UK upstream deferred tax assets and liabilities were measured at the headline rate of tax of 78% applicable to the UK gas profits, consisting of 30% ring fence corporation tax, 10% supplementary charge and 38% Energy Profits Levy.

The Budget on 30 October 2024 announced that the Government would extend the Energy Profit Levy until 31 March 2030 from 31 March 2028. The Finance Bill 2024 was not substantively enacted by 31 December 2024 and as a result the Group's deferred tax balances have not been re-measured to reflect the extension of the Energy Profit Levy. It is estimated that the Group's deferred tax liabilities will increase by £79 million following substantive enactment of Finance Bill 2024.

At the balance sheet date, the Group had £1,295 million (2023 revised: £1,438 million) unrecognised deductible temporary differences related to carried forward tax losses and other temporary differences available for utilisation against future taxable profits.

At the balance sheet date, no taxable temporary differences existed in respect of the Group's overseas investments (2023: £nil).

We have applied the mandatory exception to recognising and disclosing information about the deferred tax assets and liabilities related to Pillar 2 income taxes in accordance with the amendments to IAS 12 adopted by the UK Endorsement Board on 19 July 2023.

17. Trade and other receivables and contract-related assets

Trade and other receivables include accrued income, and are amounts owed by our customers for goods we have delivered or services we have provided. These balances are valued net of expected credit losses. Other receivables include payments made in advance to our suppliers. Contract-related assets are balances arising as a result of the Group's contracts with customers in the scope of IFRS 15.

	2024		2023	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Financial assets:				
Trade receivables	**3,270**	**—**	2,991	—
Unbilled downstream energy income	**968**	**—**	1,065	—
Trading and energy procurement accrued income (i)	**1,653**	**—**	1,782	—
Other accrued income	**71**	**—**	76	—
Cash collateral posted	**191**	**—**	260	—
Other receivables (including contract assets) (ii)	**264**	**52**	221	104
	6,417	**52**	6,395	104
Less: provision for credit losses	**(1,532)**	**—**	(1,309)	—
	4,885	**52**	5,086	104
Non-financial assets: prepayments, other receivables and costs to obtain a contract with a customer (iii)	**319**	**127**	323	106
	5,204	**179**	5,409	210

(i) Trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, are settled in a short period of time and expected credit losses are not significant.

(ii) Other receivables includes amounts owed to Bord Gáis under public service obligation schemes of £90 million (2023: £97 million).

(iii) Includes costs of £28 million (2023: £10 million) incurred to obtain contracts with customers in the British Gas Energy and British Gas Services & Solutions segments. Costs are amortised over the expected tenure of the customer contract. See note S2.

The amounts above include gross amounts receivable arising from the Group's IFRS 15 contracts with customers of £3,195 million (2023: £2,782 million). Additionally, accrued income of £1,032 million (2023: £1,115 million) arising under IFRS 15 contracts is included.

Trade and other receivables include financial assets representing the contractual right to receive cash or other financial assets from residential customers, business customers and treasury, trading and energy procurement counterparties as follows:

	2024		2023	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Financial assets by business type:				
Residential customers	**2,897**	**—**	2,725	3
Business customers	**1,517**	**50**	1,516	98
Treasury, trading and energy procurement counterparties	**2,003**	**2**	2,154	3
	6,417	**52**	6,395	104
Less: provision for credit losses	**(1,532)**	**—**	(1,309)	—
	4,885	**52**	5,086	104

17. Trade and other receivables and contract-related assets

Credit loss charge for trade and other receivables and contract assets

The impairment charge in trade receivables is stated net of credits for the release of specific provisions made in previous years, which are no longer required. These relate primarily to residential and business customers in the UK. Movements in the provision for credit losses by business type are as follows:

	2024				2023			
	Residential customers £m	Business customers £m	Treasury, trading and energy procurement counterparties £m	**Total £m**	Residential customers £m	Business customers £m	Treasury, trading and energy procurement counterparties £m	Total £m
1 January	(850)	(443)	(16)	**(1,309)**	(567)	(305)	—	(872)
Increase in impairment of trade receivables (predominantly related to credit impaired trade receivables) (i) (ii) (iii)	(245)	(132)	(6)	**(383)**	(396)	(198)	(16)	(610)
Receivables written off (iv)	111	46	3	**160**	113	60	—	173
31 December	**(984)**	**(529)**	**(19)**	**(1,532)**	(850)	(443)	(16)	(1,309)

(i) Includes £364 million (2023: £587 million) of credit losses related to trade receivables resulting from contracts in the scope of IFRS 15.

(ii) All loss allowances reflect the lifetime expected credit losses on trade receivables and contract assets.

(iii) Excludes recovery of previously written-off receivables of £10 million (2023: £8 million). Due to the large number of individual receivables and the matrix approach employed, any reduction in provision is reflected in a reduced charge for the relevant period, rather than in separately identifiable reversals of previous provisions.

(iv) Materially all write-offs relate to trade receivables where enforcement activity is ongoing. The gross carrying value of write-offs related to trade receivables where enforcement activity is ongoing was £122 million (2023: £142 million).

Year ended 31 December	**2024 £m**	2023 £m
Increase in impairment provision for trade receivables (per above)	**(383)**	(610)
Less recovery of previously written-off receivables	**10**	8
Credit losses on financial assets (per Group Income Statement)	**(373)**	(602)

Enforcement activity continues in respect of balances that have been written off unless there are specific known circumstances (such as bankruptcy) that render further action futile.

17. Trade and other receivables and contract-related assets

Credit loss charge for trade and other receivables and contract assets

Receivables from residential and business customers are generally considered to be credit impaired when the payment is past the contractual due date. The Group applies different definitions of default for different groups of customers, ranging from sixty days past the due date to six to twelve months from the issuance of a final bill. Receivables are generally written off only once a period of time has elapsed since the final bill. Contractual due dates range from falling due upon receipt to falling due in thirty days from receipt.

The table below shows credit impaired balances in gross receivables (those that are past due) and those that are not yet due and therefore not considered to be credit impaired.

Gross trade and other receivables

31 December	2024 £m	2023 £m
Balances that are not past due	**4,091**	4,403
Balances that are past due [(i)]	**2,326**	1,992
	6,417	6,395

(i) The majority of balances that are past due relate to residential and business customers, ageing of these receivables is included in the credit risk tables in the sections below.

The IFRS 9 impairment model is applicable to the Group's financial assets including trade receivables, contract assets and other financial assets using the simplified approach as described in note S3. As the majority of the relevant balances are trade receivables and contract assets to which the simplified model applies, this disclosure focuses on these balances.

The provision for credit losses for trade receivables and contract assets is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. Expected credit losses on receivables due from treasury, trading and energy procurement counterparties are not significant (see note S3 for further analysis of this determination). For residential and business customers default rates are calculated initially by considering historical loss experience and applied to trade receivables within a provision matrix. The matrix approach allows application of different default rates to different groups of customers with similar characteristics. These groups are determined by a number of factors including: the nature of the customer, the payment method selected and, where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default. The rate of default increases once the balance is thirty days past due.

Concentration of credit risk in trade and other receivables

Treasury, trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, and that risk is assessed primarily by reference to the credit ratings rather than to the ageing of the relevant balance. Counterparty credit rating information is given in note S3.

The Group's posted cash collateral balance has decreased to £191 million in 2024 (2023: £260 million). Collateral counterparties typically have strong credit ratings and accordingly have low credit risk; the Group does not expect credit losses to arise on these balances. See note S3.

The majority of the Group's credit exposure arises in the British Gas Energy and Centrica Business Solutions segments and relates to residential and business energy customers. The credit risk associated with these customers is assessed as described above, using a combination of the age of the receivable in question, internal ratings based on a customer's payment history, and external data from credit rating agencies and wider macroeconomic information. The disclosures below reflect the information that is reported internally for credit risk management purposes in these segments.

17. Trade and other receivables and contract-related assets

British Gas Energy credit risk

Of the Group total of £3,270 million (2023: £2,991 million) billed trade receivables, the British Gas Energy reporting segment contributes £2,768 million (2023: £2,380 million). British Gas Energy includes small business customers on the basis that their profile closely matches those of residential customers. As described above, credit risk is concentrated in receivables from energy customers who pay in arrears. Gross receivables from British Gas Energy residential customers amount to £1,945 million (2023: £1,651 million) and are analysed below.

Trade receivables due from British Gas residential energy customers as at 31 December (i)	2024					2023				
Days beyond invoice date (ii)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Direct debits (iii)										
Gross receivables	303	67	227	**597**		310	55	171	536	
Provision	—	—	(10)	**(10)**		—	—	(7)	(7)	
Net	303	67	217	**587**	**2%**	310	55	164	529	1%
Payment on receipt of bill (iii)										
Gross receivables	89	56	815	**960**		114	71	650	835	
Provision	(4)	(8)	(445)	**(457)**		(4)	(9)	(412)	(425)	
Net	85	48	370	**503**	**48%**	110	62	238	410	51%
Final bills (iv)										
Gross receivables	19	22	347	**388**		21	27	232	280	
Provision	(7)	(14)	(311)	**(332)**		(4)	(12)	(199)	(215)	
Net	12	8	36	**56**	**86%**	17	15	33	65	77%
Total net British Gas residential energy customers trade receivables	**400**	**123**	**623**	**1,146**	**41%**	437	132	435	1,004	39%

(i) The receivables information presented in this table relates to downstream customers who pay energy bills using the methods presented. It excludes low residual credit risk amounts, such as balances in the process of recovery through pay-as-you-go energy (PAYGE) arrangements and amounts receivable from PAYGE energy vendors. Gross amounts in the process of recovery through PAYGE arrangements at 31 December 2024 are £114 million (2023: £154 million), against which a provision of £92 million is held (2023: £117 million).

(ii) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to residential energy customers. Amounts paid on receipt of a bill (PORB), which are settled using bank transfers, cash or cheques are typically due within fourteen days of invoicing. Direct debit customers typically pay in equal instalments over a twelve-month period.

(iii) Receivables settled by direct debit are deemed to present a lower credit risk than PORB amounts. This is reflected in the relative level of provision held for these types of receivables.

(iv) Final bill customers are those who are no longer customers of the Group and have switched energy supplier. These balances are deemed to have the highest credit risk.

17. Trade and other receivables and contract-related assets

Gross receivables from British Gas Energy small business customers amount to £709 million (2023: £575 million) and are analysed below.

Trade receivables due from British Gas small business energy customers as at 31 December	**2024**					2023				
Days beyond invoice date (i)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Small businesses										
Gross receivables	116	59	534	**709**		115	53	407	575	
Provision	(3)	(10)	(405)	**(418)**		(3)	(8)	(302)	(313)	
Total net British Gas small business energy customers trade receivables	**113**	**49**	**129**	**291**	**59%**	112	45	105	262	54%

(i) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to business energy customers. Standard credit terms for small business customers are ten working days.

Unbilled downstream energy income at 31 December 2024 includes gross balances of £670 million (2023: £693 million) in respect of British Gas energy customers against which a provision of £56 million (2023: £56 million) is held.

Centrica Business Solutions energy credit risk

Of the Group total of £3,270 million (2023: £2,991 million) billed trade receivables, the Centrica Business Solutions reporting segment contributes £238 million (2023: £313 million). As described above, credit risk is concentrated in receivables from business energy customers who pay in arrears, the remaining balances being immaterial in disaggregation. Gross receivables from these customers amount to £201 million (2023: £269 million) and are analysed below.

Trade receivables due from Centrica Business Solutions business energy customers as at 31 December	**2024**					2023				
Days beyond invoice date (i)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Commercial and industrial (ii)										
Gross receivables	22	4	15	**41**		75	9	26	110	
Provision	—	—	(10)	**(10)**		—	—	(13)	(13)	
Net	22	4	5	**31**	**24%**	75	9	13	97	12%
Medium-sized entities										
Gross receivables	41	14	105	**160**		50	19	90	159	
Provision	—	—	(64)	**(64)**		—	(1)	(57)	(58)	
Net	41	14	41	**96**	**40%**	50	18	33	101	36%
Total net Centrica Business Solutions business energy customers trade receivables	**63**	**18**	**46**	**127**	**37%**	125	27	46	198	26%

(i) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to business energy customers. Standard credit terms for medium-sized entity customers are ten working days. Credit terms for commercial and industrial customers are bespoke and are set based on the commercial agreement with each customer.
(ii) This category includes low credit risk receivables, including those from public sector and customers with high turnover (greater than £100 million).

Unbilled downstream energy income at 31 December 2024 includes gross balances of £148 million (2023: £239 million) in respect of Centrica Business Solutions business energy customers against which a provision of £6 million (2023: £14 million) is held.

The remaining reporting segments which are not shown above are not considered to have material credit risk.

17. Trade and other receivables and contract-related assets

Sensitivity to changes in assumptions

Typically, the most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and that there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the Group reviews and updates default rates, by group, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant. The Group also considers regulatory changes and customer segment specific factors that may have an impact, now or in the future, on the recoverability of the balance.

The specific consideration of forward-looking information in the impairment model does not usually give rise to significant changes in the levels of credit losses. However, wholesale gas and electricity costs have trended upwards during 2024 and continue to cause uncertainty in economic outlook; there remains a level of estimation uncertainty inherent in determining credit loss provisions for the Group's trade receivables.

Where customers experience difficulties in settling balances, the increased ageing of these amounts results in an increase in provisions held in respect of them under the provision matrix approach employed. The Group has also considered changes in customer payment patterns, the specific circumstances of the customers and the economic impacts of the factors identified above, on the sectors in which they operate. Whilst economic recovery is expected, a level of unpredictability remains apparent.

Customers are facing continued pressures relating to their cost of living, including increased energy bills and higher interest rates. The Group has considered macroeconomic forecasts and sensitivities, as well as disposable income analysis from a credit rating agency, to model and determine the level of provisions for credit losses.

During 2024 the Group recognised credit losses of £373 million (2023: £602 million) in respect of financial assets, representing 1.9% of total Group revenue (2023: 2.3%) and 1.5% (2023: 1.8%) of total Group revenue from business performance. As described above, the majority of the Group's credit exposure arises in respect of downstream energy receivables in British Gas Energy and Centrica Business Solutions. Credit losses in respect of these assets amounted to £359 million (2023: £554 million). This represents 2.5% (2023: 2.6%) of total UK downstream energy supply revenue from these segments of £14,424 million (2023: £21,046 million). Further details of segmental revenue are provided in note 4.

Due to the different level of risks presented by billed and unbilled receivables, these asset groups are considered separately in the analysis below.

Billed trade receivables

	31 December 2024 £m	31 December 2023 £m
Trade receivables	**3,270**	2,991
Provision	**(1,471)**	(1,240)
Net balance	**1,799**	1,751

	31 December 2024 %	31 December 2023 %
Provision coverage	**45**	41
Sensitivity	**£m**	£m
Impact on billed receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage [(i)]	**(33)/33**	(30)/30

(i) Credit risk in the Group is impacted by a large number of interacting factors.

17. Trade and other receivables and contract-related assets

The commodity price environment during the second half of 2024 has trended upwards, keeping the operating landscape challenging in line with wider macroeconomic conditions including higher interest rates and higher than targeted inflation rates. Total provision coverage has increased during the year primarily due to the continued deterioration in the collection performance of customers who pay on receipt of their bill. This decline is driven by older aged debt, accrued during the cost of living crisis. Improving the recovery of debt within this cohort of customers is a key focus for British Gas Energy. As a percentage of debt, the total provision has remained largely consistent compared to prior year. The increase in the provision coverage is also due to a change in the mix of debt within the portfolio as the proportion of unbilled debt has decreased due to shorter billing cycles processed by the Group's newly acquired digital customer management platform, Ensek.

Limited field activity has resumed during the year, although warrant visits remain suspended, with only a minimal level of voluntary credit to prepayment meter exchanges taking place. This has been partially mitigated by the resumption of litigation activity during the year, however debt levels relating to distressed customer accounts are continuing to increase. Final billed provision coverage has also increased during the year due to a decrease in the recovery of debt relating to change of tenancy customers. The increase in provision coverage in the Group's business portfolio has been driven primarily due to the change in mix of customers with typically lower-risk large customers making up a smaller proportion of business credit provisions as a result of management's strategic decision to exit this market. Similar to the residential portfolio, the lack of significant warrant activity during the year has an adverse impact on business collection performance, particularly in relation to older aged debt.

There remains significant uncertainty around the persistent impact of macroeconomic conditions on bad debt. Although leading debt indicators including the new customers going into debt, insolvency volumes in business and direct debit cancellation rates in residential have started to level off during 2024, they remain at levels higher than before the cost of living crisis. The delayed impact on customer payments are now broadly reflected in the underlying matrix output model used to record provision coverage, hence the reduction in the additional macroeconomic provision to £49 million (2023: £175 million). Management considers the impact of specific cohorts of customers referenced in the previous tables when making this assessment, recognising the different credit terms and different risk profiles that exist. This assessment also utilises a range of factors, both internal and external, historic and forward-looking, and considers the sensitivities of these to help management estimate the likely recovery of debt.

It remains uncertain as to when and how these factors will reduce the collectability of debt and at what scale. Future changes in commodity prices may also impact this. The table above and the unbilled section below provide details of the sensitivity of moving the debt provision by a further 1%.

The Group's services, upstream and trading operations are less susceptible to credit risk. No significant deterioration of credit risk has been experienced or is expected in the relevant segments in respect of billed trade receivables recognised at 31 December 2024, taking into account cash collection cycles in those areas of the Group and credit rating information (see note S3).

Unbilled downstream energy income

The table below shows the IFRS 15 unbilled downstream energy income for the Group as a whole.

	31 December 2024 £m	31 December 2023 £m
Gross unbilled receivables	968	1,065
Provision	(61)	(69)
Net balance	907	996

	31 December 2024 %	31 December 2023 %
Provision coverage	6	6
Sensitivity	£m	£m
Impact on unbilled receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage (i)	(10)/10	(11)/11

(i) Credit risk in the Group is impacted by a large number of interacting factors.

Unbilled downstream energy income is typically provided at a significantly lower rate than billed debt. This is because a large proportion of this debt once billed will be subject to the very short cash collection cycles of the Group's downstream energy supply businesses.

18. Inventories

Inventories represent assets that we intend to use in future periods, either by selling the asset itself (e.g. gas in storage) or by using it to provide a service to a customer.

31 December	2024 £m	2023 £m
Gas in storage and transportation (i)	745	824
Other raw materials and consumables	120	120
Finished goods and goods for resale	39	135
	904	1,079

(i) Includes gas in storage held at fair value of £364 million (2023: £263 million).

The Group consumed £1,806 million of inventories (2023: £1,912 million) during the year. Write-downs amounting to £14 million (2023: £5 million) were charged to the Group Income Statement in the year.

19. Derivative financial instruments

The Group generally uses derivative financial instruments to manage the risk arising from fluctuations in the value of certain assets or liabilities associated with treasury management and energy sales and procurement, and for proprietary energy trading purposes. The Group also uses derivatives to hedge exchange risk.

For accounting purposes, derivatives are either classified as held for trading, in which case changes in their fair value are recognised in the Group Income Statement, or they are designated in hedging relationships. Where derivatives are in hedging relationships, the treatment of changes in their fair value depends on the nature of that relationship, and whether it represents a fair value hedge or a cash flow hedge. Note S5 provides further detail on the Group's hedge accounting. The table below gives a high-level summary of the Group's accounting for its derivative contracts.

Purpose	Classification	Accounting treatment
Proprietary energy trading and treasury management.	Held for trading and fair value hedges.	Changes in fair value recognised in the Group's business performance results for the year.
Treasury management.	Cash flow hedges.	Effective portion of hedge initially recognised in the Group Statement of Other Comprehensive Income. Gains and losses are recycled to the Group Income Statement when the hedged item impacts profit or loss. Ineffective portions of the hedge are recognised immediately in the Group's business performance results for the year.
Energy procurement and optimisation.	Held for trading.	Changes in fair value recognised in the Group's exceptional items and certain re-measurements results for the year.

The carrying values of derivative financial instruments by product type for accounting purposes are as follows:

31 December	2024 Assets £m	2024 Liabilities £m	2023 Assets £m	2023 Liabilities £m
Derivative financial instruments – held for trading under IFRS 9:				
Energy derivatives – for procurement/optimisation	530	(251)	1,733	(1,715)
Energy derivatives – for proprietary trading	886	(913)	1,418	(993)
Foreign exchange derivatives	128	(83)	85	(144)
Derivative financial instruments in hedge accounting relationships:				
Interest rate derivatives	—	(134)	—	(136)
Foreign exchange derivatives	32	(6)	36	(18)
Total derivative financial instruments	1,576	(1,387)	3,272	(3,006)
Included within:				
Derivative financial instruments – current	1,309	(932)	2,373	(2,391)
Derivative financial instruments – non-current	267	(455)	899	(615)

The contracts included within energy derivatives are subject to a wide range of detailed specific terms, but comprise the following general components, analysed on a net carrying value basis:

31 December	2024 £m	2023 £m
Short-term forward market purchases and sales of gas and electricity:		
UK and Europe	125	1,163
Other derivative contracts including structured gas sale and purchase arrangements	127	(720)
Net total	252	443

Net gains/(losses) on derivative financial instruments due to change in fair value

31 December	2024 Income Statement £m	2024 Equity £m	2023 Income Statement £m	2023 Equity £m
Financial assets and liabilities measured at fair value:				
Derivative financial instruments – held for trading	20	—	3,024	—
Derivative financial instruments in hedge accounting relationships	(14)	(8)	48	(13)
	6	(8)	3,072	(13)

20. Trade and other payables and contract liabilities

Trade and other payables include accruals and are principally amounts we owe to our suppliers. Financial deferred income represents monies received from customers in advance of the delivery of goods or services that may be returned to the customer if future delivery does not occur. For example, downstream customers with a credit balance may request repayment of the outstanding amount in cash, rather than taking delivery of commodity. By contrast, contract liabilities and non-financial deferred income arise when the Group receives consideration from a customer in advance of performance, and has a non-financial liability to deliver future goods or services in return.

	2024		2023	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Financial liabilities:				
Trade payables	**(363)**	**(3)**	(474)	(4)
Deferred income (i)	**(935)**	**—**	(1,178)	—
Capital payables	**(137)**	**—**	(152)	—
Cash collateral received	**(162)**	**—**	(184)	—
Other payables (ii)	**(375)**	**(91)**	(389)	(197)
Accruals:				
Commodity costs	**(2,272)**	**—**	(2,464)	—
Transportation, distribution and metering costs	**(335)**	**—**	(319)	—
Operating and other accruals	**(887)**	**(77)**	(942)	—
	(3,494)	**(77)**	(3,725)	—
	(5,466)	**(171)**	(6,102)	(201)
Non-financial liabilities:				
Other payables and accruals (iii)	**(832)**	**—**	(761)	—
Contract liabilities	**(33)**	**—**	(30)	(3)
Deferred income	**(61)**	**(4)**	(107)	(3)
	(6,392)	**(175)**	(7,000)	(207)

(i) Includes downstream customer credit balances for amounts billed in advance of energy supply. The amount naturally peaks over summer as customers consume less and will unwind as consumption of gas and electricity increases over winter.
(ii) Other payables includes contingent consideration of £100 million (2023: £123 million) and the share buyback liability of £75 million (2023: £94 million). See S4 for further details on the share buyback programme.
(iii) Other non-financial payables and accruals includes ROCs creditors of £660 million (2023: £600 million).

Maturity profile of financial liabilities within current trade and other payables

31 December	**2024 £m**	2023 £m
Less than 90 days	**(5,090)**	(5,653)
90 to 182 days	**(128)**	(194)
183 to 365 days	**(248)**	(255)
	(5,466)	(6,102)

21. Provisions for liabilities and charges

Provisions are recognised when an obligation exists that can be reliably measured, but where there is uncertainty over the timing and/or amount of the payment. The main provisions relate to decommissioning costs for upstream assets we own, or have owned, which require restoration or remediation, along with onerous supply contracts. Further provisions relate to restructuring costs, and legal and regulatory matters.

	1 January 2024 £m	Charged in the year £m	Notional interest £m	Unused and reversed in the year £m	Utilised £m	Revisions and additions £m	Transfers (iv) £m	Exchange adjustments £m	**31 December 2024 £m**
Current									
Restructuring costs	(11)	(7)	—	5	5	—	—	—	**(8)**
Decommissioning costs (i) (ii)	(132)	—	—	—	80	—	(51)	—	**(103)**
Onerous contracts provision	(30)	(86)	—	14	6	—	(8)	—	**(104)**
Other (iii)	(106)	(103)	—	31	25	—	—	—	**(153)**
Total	**(279)**	**(196)**	**—**	**50**	**116**	**—**	**(59)**	**—**	**(368)**

	1 January 2024 £m	Charged in the year £m	Notional interest £m	Unused and reversed in the year £m	Revisions and additions £m	Transfers (iv) £m	Exchange adjustments £m	**31 December 2024 £m**
Non-current								
Restructuring costs	(4)	(3)	—	—	—	—	—	**(7)**
Decommissioning costs (i) (ii)	(1,395)	(21)	(23)	18	9	51	5	**(1,356)**
Onerous contracts provision	(25)	—	—	2	—	8	—	**(15)**
Other (iii)	(45)	(71)	—	3	(2)	—	—	**(115)**
Total	**(1,469)**	**(95)**	**(23)**	**23**	**7**	**59**	**5**	**(1,493)**

Included within the above liabilities are the following financial liabilities:

	2024		2023	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Restructuring costs	**(8)**	**(7)**	(11)	(4)
Provisions other than restructuring costs	**(249)**	**(113)**	(123)	(60)
	(257)	**(120)**	(134)	(64)

Maturity profile of decommissioning provisions

31 December	**2024 £m**
2025-2029	**(642)**
2030-2034	**(717)**
2035-2039	**(88)**
2040-2044	**(9)**
2045-2049	**(2)**
2050-2054	**(1)**
	(1,459)

(i) Provision has been made for the estimated net present cost of decommissioning gas production facilities at the end of their useful lives. The estimate has been based on 2P reserves, price levels and technology at the balance sheet date. The payment dates of decommissioning costs are dependent on the lives of the facilities, but utilisation of the provision is expected to occur until the 2050s. The maturity profile of total decommissioning provisions is analysed above. The rate used to discount decommissioning provisions is 2% (2023: 1%). See note 3.

(ii) Included in the provision balance as at 31 December 2024 is £1,139 million held in Spirit Energy, £302 million in relation to the Rough field, and £18 million in the remainder of the business.

(iii) Other provisions have been made for dilapidations, insurance, legal, warranty and various other claims.

(iv) Relates to amounts transferred between current and non-current provisions.

22. Post-retirement benefits

The Group manages a number of final salary and career average defined benefit pension schemes. It also has defined contribution schemes. The majority of these schemes are in the UK.

(a) Summary of main post-retirement benefit schemes

Name of scheme	Type of benefit	Status	Country	Number of active members as at 31 December 2024	Total membership as at 31 December 2024
Centrica Engineers Pension Scheme	Defined benefit final salary pension	Closed to new members in 2006	UK	1,372	8,369
	Defined benefit career average pension	Closed to new members in 2022	UK	2,522	7,104
Centrica Pension Plan	Defined benefit final salary pension	Closed to new members in 2003	UK	1,323	8,382
Centrica Pension Scheme	Defined benefit final salary pension	Closed to new members in 2003	UK	1	10,037
	Defined benefit career average pension	Closed to new members in 2008	UK	713	4,143
Centrica Savings Plan (i)	Defined contribution pension	Open to new members	UK	13,103	14,636
Centrica Leavers Savings Plan (i)	Defined contribution pension	Deferred members only	UK	—	9,746
Bord Gáis Energy Company Defined Benefit Pension Scheme	Defined benefit final salary pension	Closed to new members in 2014	Republic of Ireland	85	168
Bord Gáis Energy Company Defined Contribution Pension Plan	Defined contribution pension	Open to new members	Republic of Ireland	335	498

(i) In March 2024, the Centrica Leavers Savings Plan (CLSP), a defined contribution pension scheme, was established and the deferred membership in the Centrica Savings Plan at that time was transferred across. Ongoing, there will be a regular process to transfer the deferred membership in the Centrica Savings Plan to the CLSP.

The Centrica Engineers Pension Scheme (CEPS), Centrica Pension Plan (CPP) and Centrica Pension Scheme (CPS) form the significant majority of the Group's defined benefit obligation and are referred to below as the 'Registered Pension Schemes'. The other schemes are individually, and in aggregate, immaterial.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

Within the reporting period, the latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at the following dates: the Registered Pension Schemes at 31 March 2021 and the Bord Gáis Energy Company Defined Benefit Pension Scheme at 1 January 2023. These valuations have been updated to 31 December 2024 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value. In February 2025, full actuarial valuations of the Registered Pension Schemes at 31 March 2024 were agreed and finalised with the Pension Trustees. The impact on pension scheme contributions is shown in note 22(g). These valuations will be updated prospectively in future reporting periods for the purpose of meeting the requirements of IAS 19.

Governance

The Registered Pension Schemes are managed by trustee companies whose boards consist of both company-nominated and member-nominated Directors. Each scheme holds units in the Centrica Combined Common Investment Fund (CCCIF), which holds the majority of the combined assets of the Registered Pension Schemes. The board of the CCCIF is currently comprised of seven directors: two independent directors (including the Chair), two directors appointed by Centrica plc and one director appointed by each of the three Registered Pension Schemes.

Under the terms of the Pensions Act 2004, Centrica plc and each trustee board must agree the funding rate for its defined benefit pension scheme and a recovery plan to fund any deficit against the scheme-specific statutory funding objective. This approach was first adopted for the triennial valuations completed at 31 March 2006, and has been reflected in subsequent valuations, including the 31 March 2024 valuation.

22. Post-retirement benefits

(b) Risks

The Registered Pension Schemes expose the Group to the following risks:

Asset volatility

The pension liabilities are calculated using a discount rate set with reference to AA corporate bond yields. If the growth in plan assets is lower than this, this will create an actuarial loss within other equity. The CCCIF is responsible for managing the assets of each scheme in line with the risk tolerances that have been set by the trustees of the schemes, and invests in a diversified portfolio of assets. The schemes are relatively young in nature (the schemes opened in 1997 on the formation of Centrica plc on demerger from BG plc (formerly British Gas plc)), and only took on past service liabilities in respect of active employees.

The trustees reduce their tolerance to scheme valuation risk by hedging a significant majority of the long term inflation and interest rate risk. This de-risking includes the use of physical gilts and collateralised gilt holdings in the schemes' Liability-Driven Investment (LDI) portfolio (shown in the Pension scheme asset table in section (f) of this note within Liability matching assets). Since the last quarter of 2022, following significant volatility in gilt yields, the trustees have significantly reduced the levels of leverage within the LDI portfolio. The schemes also benefit from further hedging arising from the other long-dated income unquoted asset portfolio.

Interest rate

A decrease in bond interest rates will increase the net present value of the pension liabilities. The relative immaturity of the schemes means that the duration of the liabilities is longer than average for typical UK pension schemes, resulting in a relatively higher exposure to interest rate risk. This risk is reduced via the hedging referred to in the Asset volatility section.

Inflation

Pensions in deferment, pensions in payment and pensions accrued under the career average schemes increase in line with the Retail Prices Index (RPI) and the Consumer Prices Index (CPI). Therefore, scheme liabilities will increase if inflation is higher than assumed, although in some cases caps are in place to limit the impact of significant movements in inflation. Furthermore, a pension increase exchange (PIE) option implemented in 2015 is available to future retirees, which gives the choice to receive a higher initial pension in return for giving up certain future increases linked to RPI, again limiting the impact of significant movements in inflation. Inflation risk is reduced via the hedging referred to in the Asset volatility section.

Longevity

The majority of the schemes' obligations are to provide benefits for the life of scheme members and their surviving spouses; therefore increases in life expectancy will result in an increase in the pension liabilities. The relative immaturity of the schemes means that there is comparatively little observable mortality data to assess the rates of mortality experienced by the schemes, and means that the schemes' liabilities will be paid over a long period of time, making it particularly difficult to predict the life expectancy of the current membership. Furthermore, pension payments are subject to inflationary increases, resulting in a higher sensitivity to changes in life expectancy.

Salary

Pension liabilities are calculated by reference to the future salaries of active members, and hence salary rises in excess of assumed increases will increase scheme liabilities. During 2011, changes were introduced to the final salary sections of CEPS and CPP such that annual increases in pensionable pay are capped to 2%, resulting in a reduction in salary risk. During 2016, a salary cap on pensionable pay for the CPS career average and CPP schemes was implemented, and in 2019 a similar change took place for CEPS. All of the 2011, 2016 and 2019 changes result in a reduction in salary risk.

High Court ruling

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK. Based on a review undertaken and advice obtained by the trustees of the Registered Pension Schemes, the outcome of which they have shared with the Company and the Company's own consideration of that outcome, the Group does not believe there will be a material impact on the schemes as a result of this ruling.

Foreign exchange

Certain assets held by the CCCIF are denominated in foreign currencies, and hence their values are subject to exchange rate risk. The CCCIF has long-term hedging policies in place to manage interest rate, inflation and foreign exchange risks. The table below analyses the total liabilities of the Registered Pension Schemes, calculated in accordance with accounting principles, by type of liability, as at 31 December 2024.

22. Post-retirement benefits

Total liabilities of the Registered Pension Schemes

31 December	2024 %
Actives – final salary – capped	11
Actives – final salary – uncapped and crystallised benefits	5
Actives – career average	4
Deferred pensioners	38
Pensioners	42
	100

(c) Accounting assumptions

The accounting assumptions for the Registered Pension Schemes are given below:

Major assumptions used for the actuarial valuation

31 December	2024 %	2023 %
Rate of increase in employee earnings:		
Subject to 2% cap	1.6	1.6
Other not subject to cap	2.8	2.6
Rate of increase in pensions in payment	3.1	3.0
Rate of increase in deferred pensions:		
In line with CPI capped at 2.5%	2.5	2.3
In line with RPI	3.1	2.9
Discount rate	5.4	4.6

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date have been based on a combination of standard actuarial mortality tables, scheme experience and other relevant data, and include an allowance for future improvements in mortality. The longevity assumptions for members in normal health are as follows:

Life expectancy at age 65 for a member

	2024		2023	
31 December	Male Years	Female Years	Male Years	Female Years
Currently aged 65	22.2	23.7	22.0	23.5
Currently aged 45	23.4	24.8	23.2	24.6

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuations of the pension schemes.

For the Registered Pension Schemes, marginal adjustments to the assumptions used to calculate the pension liability, or significant swings in bond yields or stock markets, can have a large impact in absolute terms on the net assets of the Group. Reasonably possible changes as at 31 December to one of the actuarial assumptions would have affected the scheme liabilities as set out below:

Impact of changing material assumptions

	2024		2023	
31 December	Increase/ decrease in assumption	Indicative effect on scheme liabilities %	Increase/ decrease in assumption	Indicative effect on scheme liabilities %
Rate of increase in employee earnings subject to 2% cap	1.00%	+/-1	1.00%	+/-1
Rate of increase in pensions in payment and deferred pensions	1.00%	+13/-11	1.00%	+15/-12
Discount rate	1.00%	-14/+18	1.00%	-16/+20
Inflation assumption	1.00%	+14/-12	1.00%	+15/-12
Longevity assumption	1 year	+/-2	1 year	+/-3

The indicative effects on scheme liabilities have been calculated by changing each assumption in isolation and assessing the impact on the liabilities. For the reasonably possible change in the inflation assumption, it has been assumed that a change to the inflation assumption would lead to corresponding changes in the assumed rates of increase in uncapped pensionable pay, pensions in payment and deferred pensions.

The remaining disclosures in this note cover all of the Group's defined benefit schemes.

22. Post-retirement benefits

(d) Amounts included in the Group Balance Sheet

31 December	2024 £m	2023 £m
Fair value of plan assets	**5,563**	6,143
Present value of defined benefit obligation	**(5,584)**	(6,260)
Recognised in the Group Balance Sheet	**(21)**	(117)
Presented in the Group Balance Sheet as:		
Retirement benefit assets	**129**	64
Retirement benefit liabilities	**(150)**	(181)

The Trust Deed and Rules for the Registered Pension Schemes provide the Group with a right to a refund of surplus assets assuming the full settlement of scheme liabilities. The Trustees do not have the unilateral right to wind-up the schemes and cannot unilaterally enhance member benefits. The Group has not recognised any liability in relation to future contributions under its minimum funding agreement with the Trustees. No asset ceiling restrictions have been applied in the consolidated Financial Statements.

(e) Movements in the year

	2024		2023	
	Pension liabilities £m	Pension assets £m	Pension liabilities £m	Pension assets £m
1 January	**(6,260)**	**6,143**	(6,272)	6,312
Items included in the Group Income Statement:				
Current service cost	**(18)**	**—**	(22)	—
Contributions by employer in respect of employee salary sacrifice arrangements (i)	**(24)**	**—**	(24)	—
Total current service cost	**(42)**	**—**	(46)	—
Interest (expense)/income	**(282)**	**283**	(291)	300
Termination (cost)/benefit	**(1)**	**—**	1	—
Items included in the Group Statement of Comprehensive Income:				
Returns on plan assets, excluding interest income	**—**	**(830)**	—	(474)
Actuarial (loss)/gain from changes to demographic assumptions	**(16)**	**—**	357	—
Actuarial gain/(loss) from changes in financial assumptions	**721**	**—**	(49)	—
Actuarial gain/(loss) from experience adjustments	**12**	**—**	(215)	—
Items included in the Group Cash Flow Statement:				
Employer contributions	**—**	**227**	—	236
Contributions by employer in respect of employee salary sacrifice arrangements	**—**	**24**	—	24
Other movements:				
Benefits paid from schemes	**284**	**(284)**	257	(257)
Other	**—**	**—**	(2)	2
31 December	**(5,584)**	**5,563**	(6,260)	6,143

(i) A salary sacrifice arrangement was introduced on 1 April 2013 for pension scheme members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within the current service cost, with a corresponding reduction in salary costs.

In addition to current service cost on the Group's defined benefit pension schemes, the Group also charged £95 million (2023: £72 million) to operating profit in respect of defined contribution pension schemes. This included contributions of £39 million (2023: £25 million) paid via a salary sacrifice arrangement.

22. Post-retirement benefits

(f) Pension scheme assets

The market values of plan assets were:

31 December	2024 Quoted £m	2024 Unquoted £m	2024 Total £m	2023 Quoted £m	2023 Unquoted £m	2023 Total £m
Equities	**19**	**491**	**510**	23	503	526
Corporate bonds	**12**	**—**	**12**	6	—	6
High-yield debt	**14**	**1,063**	**1,077**	18	1,238	1,256
Liability matching assets	**2,388**	**—**	**2,388**	2,860	—	2,860
Other long-dated income assets	**—**	**1,025**	**1,025**	—	1,204	1,204
Property	**—**	**303**	**303**	—	305	305
Cash pending investment	**248**	**—**	**248**	391	—	391
Loan and interest	**—**	**—**	**—**	—	(405)	(405)
	2,681	**2,882**	**5,563**	3,298	2,845	6,143

Unquoted private equity, other long-dated income assets and debt funds are valued at fair value as calculated by the investment manager at the latest valuation date in accordance with generally accepted guidelines, adjusted for cash flow in the intervening period. Investment properties are valued in accordance with guidelines by independent valuers. These valuations are reviewed annually as part of the CCCIF audit and receive greater scrutiny now that unquoted assets make up a greater proportion of the scheme portfolio. Included within equities are £nil (2023: £nil) of ordinary shares of Centrica plc via pooled funds that include a benchmark allocation to UK equities. Included within corporate bonds are £nil (2023: £nil) of bonds issued by Centrica plc, albeit minor exposure may be held within pooled funds over which the CCCIF has no ability to direct investment decisions. Apart from the investment in the Scottish Limited Partnerships which form part of the asset-backed contribution arrangements described in section (g) of this note, no direct investments are made in securities issued by Centrica plc or any of its subsidiaries or property leased to or owned by Centrica plc or any of its subsidiaries. The corporate bond, high-yield debt and liability matching asset categories headings above have segregated portfolio mandates which include the cash, cash funds and derivatives associated with the mandates.

The liability matching assets in the table above relate to the quoted LDI and gilts portfolio used to hedge against movements in interest rates and inflation. The other long-dated income assets are unquoted investments in infrastructure and similar assets.

Included within the Group Balance Sheet within non-current securities are £108 million (2023: £104 million) of investments, held in trust on behalf of the Group, as security in respect of the Centrica Unapproved Pension Scheme. Of the pension scheme liabilities above, £48 million (2023: £49 million) relate to this scheme. More information on the Centrica Unapproved Pension Scheme is included in the Remuneration Report on pages 116 to 147.

(g) Pension scheme contributions

The Group estimates that it will pay £31 million of ordinary employer contributions during 2025 for its defined benefit schemes, together with £15 million of contributions paid via a salary sacrifice arrangement.

The actuarial valuation as at 31 March 2024 for the Registered Pensions Schemes has been agreed with the Pension Trustees. As at that date, the technical provisions deficit (funding basis) was £504 million. The Group committed to annual cash contributions to fund this pension deficit. The overall deficit contributions committed to, including the previously disclosed asset-backed contribution arrangements, totalled £175 million in 2024 (of which £99 million was after 31 March 2024), £146 million in 2025, £139 million in 2026 and £140 million in 2027; with a balancing payment of £44 million in 2028. Separately, a pension strain payment of £1 million associated with employee redundancies was also contributed in 2024 (2023: £5 million).

On a pure roll-forward basis, from 31 March 2024, using the same methodology and consequent assumptions, the technical provisions deficit (funding basis) would be around £450 million on 31 December 2024. Note that the valuation methodology and assumptions used for future assessments may differ from those previously used.

At the beginning of 2022, the Group had provided security of £745 million of letters of credit and £250 million cash in escrow to the Registered Pension Schemes. In October 2022, as part of a £400 million loan arrangement from Centrica plc to the Registered Pension Schemes to support the schemes' liquidity in the LDI portfolio at that time, this security was reduced by £545 million, so that only £450 million of letters of credit remained. This loan was repaid in October 2024, and replacement security was provided so that £819 million of letters of credit/surety bonds are in place at the year-end.

23. Leases, commitments and contingencies

(a) Commitments and leases

Commitments are not held on the Group's Balance Sheet as these are executory arrangements, and relate to amounts that we are contractually required to pay in the future as long as the other party meets its contractual obligations.

The Group's commitments in relation to commodity purchase contracts disclosed below are stated net of amounts receivable under commodity sales contracts where there is a right of offset with the counterparty, and are based on the expected minimum quantities of gas and other commodities that the Group is contracted to buy at estimated future prices.

The commitments in this note differ in scope and in basis from the maturity analysis of energy derivatives disclosed in note S3, as only certain procurement and sales contracts are within the scope of IFRS 9 and included in note S3, and the volumes used in calculating the maturity analysis in note S3 are estimated using valuation techniques, rather than being based on minimum contractual quantities.

The Group's 20-year agreement with Cheniere to purchase 89bcf per annum of LNG volumes for export from the Sabine Pass liquefaction plant in the US commits the Group to capacity payments of £3.2 billion (included in 'LNG capacity' below) between 2024 and 2039. It also allows the Group to make up to £4.6 billion of commodity purchases based on market gas prices and foreign exchange rates as at the reporting date.

During 2019, the Group signed a 20-year agreement to purchase LNG volumes from Mozambique LNG1 Company. The commercial start date is 2029 and under this agreement the Group is committed to make commodity purchases expected to amount to £7.9 billion based on market gas and oil prices at the reporting date.

During 2023, the Group signed a 15-year agreement to purchase LNG volumes from Delfin LNG. The provisional commencement date is 2029 and under this agreement the Group is committed to make commodity purchases expected to amount to £4.7 billion based on market gas prices at the reporting date.

During 2024, the Group signed a 3-year agreement to purchase LNG volumes from Repsol LNG Holding between 2025 and 2027. Under this agreement the Group is committed to make commodity purchases amounting to £556 million based on market gas prices and foreign exchange rates at the reporting date. The Group also signed two 10-year natural gas sale and purchase agreements with Coterra Energy and its subsidiary, Cimarex Energy, commencing in 2028. Under these agreements, the Group is committed to purchase natural gas amounting to £1.5 billion based on market gas prices and foreign exchange rates at the reporting date.

These LNG contracts are deemed to be own use and therefore are accounted for on an accruals basis. Based on forecast gas spreads, they are predicted to be profitable but due to their duration are exposed over a long period of time to the impact of governmental policy decisions in relation to climate change.

The Group has numerous renewable power purchase arrangements where renewable obligation certificates are purchased as power is produced. This gives rise to the commitments below.

31 December	2024 £m	2023 £m
Commitments in relation to the acquisition of PP&E	**72**	56
Commitments in relation to the acquisition of intangible assets:		
Renewable obligation certificates	**2,786**	3,369
Other intangible assets	**261**	323
Other commitments:		
Commodity purchase contracts	**32,461**	40,908
LNG capacity	**4,171**	4,230
Transportation capacity	**187**	266
Other long-term commitments [(i)]	**328**	414

(i) Other long-term commitments include amounts in respect of executory contracts and the smart meter roll-out programme.

The maturity analysis for commodity purchase contract commitments at 31 December is given below:

	Commodity purchase contract commitments			
	Fixed price commodity commitments		Commodity commitments that float with indices	
31 December	2024 £bn	2023 £bn	2024 £bn	2023 £bn
<1 year	**5.3**	5.9	**4.6**	6.3
1–2 years	**0.9**	1.3	**1.3**	5.0
2–3 years	**0.2**	0.2	**0.9**	1.9
3–4 years	**–**	0.2	**0.6**	1.6
4–5 years	**–**	–	**1.3**	1.2
>5 years	**–**	0.1	**17.4**	17.2
	6.4	7.7	**26.1**	33.2

23. Leases, commitments and contingencies

The Group enters into lease arrangements for assets including property, vehicles, vessels and assets used within the exploration and production business.

The carrying amount, additions and depreciation charge associated with right-of-use assets is disclosed in note 13 and the interest expense arising on the Group's lease liability is disclosed in note 8. The total Group cash outflow in the year for capital and interest from lease arrangements was £108 million (2023: £105 million), and the maturity analysis of cash flows associated with the Group's lease liability at the reporting date is shown in note S3.

The table below provides further information on amounts not included in the lease liability and charged to the Group Income Statement during the year.

Year ended 31 December	2024 £m	2023 £m
Expense related to short-term leases	**37**	71
Expense related to variable lease payments	**9**	9

During the year, the Group's expense related to short-term lease commitments predominantly related to the hire of LNG vessels and exploration and production drilling rigs. The commitment at the balance sheet date also relates to assets of a similar nature. The Group has £4 million of operating sub-lease arrangements mainly for LNG vessels. The Group does not have any material arrangements in which it acts as a lessor.

(b) Guarantees and indemnities

This section discloses any guarantees and indemnities that the Group has given, where we may have to provide security in the future against existing and future obligations that will remain for a specific period.

In connection with the Group's energy trading, transportation and upstream activities, certain Group companies have entered into contracts under which they may be required to prepay, provide credit support or provide other collateral in the event of a significant deterioration in creditworthiness. The extent of credit support is contingent upon the balance owing to the third party at the point of deterioration.

As at 31 December 2024 £401 million (2023: £279 million) of letters of credit and on-demand payment bonds have been issued in respect of decommissioning obligations included in the Group Balance Sheet.

(c) Contingent liabilities

The Group has no material contingent liabilities.

24. Other investments

Other investments include equity investments, where we do not have the ability to control or significantly influence the investment, and debt investments. Minority equity investments are measured at fair value with changes recognised in Other comprehensive income (FVOCI) or through the Group Income Statement (FVTPL). Convertible debt investments are measured at fair value with changes recognised through the Group Income Statement. Debt instruments are measured at amortised cost.

	2024					2023			
	Equity investments FVOCI £m	Equity investments FVTPL £m	Convertible debt investments FVTPL £m	Debt instruments amortised cost £m	Total £m	Equity investments FVOCI £m	Equity investments FVTPL £m	Convertible debt investments FVTPL £m	Total £m
1 January	54	6	1	—	61	—	—	—	—
Transfer of other investments from securities	—	—	—	—	—	20	6	1	27
Interest receivable	—	—	1	—	1	—	—	—	—
Additions (i) (ii)	27	—	26	3	56	35	2	—	37
Revaluation	(30)	—	—	—	(30)	1	—	—	1
Exchange adjustments	—	(1)	—	—	(1)	(2)	(2)	—	(4)
31 December	**51**	**5**	**28**	**3**	**87**	54	6	1	61

(i) Equity investment additions during 2024 of £27 million (2023: £35 million) comprise amounts invested into the Gresham House fund.

(ii) Convertible debt investment additions during 2024 included £25 million in convertible loan notes and ordinary shares which the Group has invested in Highview Enterprises Limited, which is developing a new cryogenic energy storage plant. The Group also provided financing to CryoBattery One Limited, a subsidiary of Highview Enterprises Limited, in the form of a £45 million senior debt facility of which £3 million has been drawn down at 31 December 2024 and is measured at amortised cost. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

25. Sources of finance

(a) Capital structure

The Group seeks to maintain an efficient capital structure with a balance of debt and equity as shown in the table below:

31 December	2024 £m	2023 £m
Gross debt	2,974	3,408
Shareholders' equity	4,422	3,877
Capital	**7,396**	7,285

Debt levels are restricted to limit the risk of financial distress and, in particular, to maintain a strong credit profile. The Group's credit standing is important for several reasons: to maintain a low cost of debt, limit collateral requirements in energy trading, hedging and decommissioning security arrangements, and to ensure the Group is an attractive counterparty to energy producers and long-term customers.

The Group monitors its current and projected capital position on a regular basis, considering a medium-term view of at least three years, and different stress case scenarios, including the impact of changes in the Group's credit ratings and significant movements in commodity prices. A number of financial ratios are monitored, including those used by the credit rating agencies.

The level of debt that can be raised by the Group is restricted by the Company's Articles of Association. Borrowing is limited to the higher of £10 billion and a gearing ratio of three times shareholders' equity. The Group funds its long-term debt requirements through issuing bonds in the capital markets and taking bank debt. Short-term debt requirements are met primarily through commercial paper or short-term bank borrowings. The Group maintains substantial committed facilities and uses these to provide liquidity for general corporate purposes, including short-term business requirements and back-up for commercial paper.

British Gas Insurance Limited (BGIL) is required to hold a minimum capital amount under PRA regulations and has complied with this requirement since its inception. BGIL's capital risk appetite, which is approved by the board, exceeds the PRA capital requirements.

BGIL's capital management policy and plan are subject to review and approval by the BGIL board. Reporting processes provide relevant and timely capital information to management and the board. A medium-term capital management plan forms part of BGIL's planning and forecasting process, embedded into approved timelines, management reviews and board approvals.

25. Sources of finance

(b) Liquidity risk management and going concern

The Group has a number of treasury and risk policies to monitor and manage liquidity risk. Cash forecasts identifying the Group's liquidity requirements are produced regularly and are stress-tested for different scenarios, including, but not limited to, reasonably possible increases or decreases in commodity prices and the potential cash implications of a credit rating downgrade. The Group seeks to ensure that sufficient financial headroom exists for at least a twelve-month period to safeguard the Group's ability to continue as a going concern, and as at the reporting date, the analysis performed by the Group extends to 31 December 2027. It is the Group's policy to maintain committed facilities and/or available surplus cash resources of at least £1,500 million, raise at least 75% of its gross debt (excluding non-recourse debt) in the capital market and to maintain an average term to maturity in the recourse long-term debt portfolio greater than five years.

At 31 December 2024 the Group had undrawn committed credit facilities of £3,293 million (2023: £3,784 million) and £5,578 million (2023: £5,525 million) of unrestricted cash and cash equivalents, net of outstanding overdrafts. 77% (2023: 80%) of the Group's gross debt has been raised in the long-term debt market and the average term to maturity of the long-term debt portfolio was 9.6 years (2023: 10.5 years). The Group's liquidity is impacted by the cash posted or received under margin and collateral agreements. The terms and conditions of these agreements depend on the counterparty and the specific details of the transaction. Margin/collateral is generally posted or received to support energy trading and procurement activities. It is posted when contracts with marginable counterparties are out of the money and received when contracts are in the money. Cash is generally returned to the Group or by the Group within two days of trade settlement. At 31 December 2024 the collateral position was as follows:

31 December	2024 £m	2023 £m
Collateral (received)/posted included within:		
Trade and other payables	**(162)**	(184)
Trade and other receivables	**191**	260
Collateral posted extinguishing:		
Net derivative liabilities (i)	**76**	164
Net collateral posted (ii)	**105**	240

(i) Variation margin on daily settled derivatives results in the extinguishment of the net derivative asset/liability. These contracts remain outstanding until a future delivery date, and therefore the cumulative daily settlement is considered collateral until that fulfilment date.
(ii) In-year movements of net collateral posted include a foreign exchange adjustment of £4 million debit (2023: £2 million credit).

The Group utilises initial margin waiver facilities to help manage its liquidity and working capital position in relation to derivative trading. For certain types of trade, initial margin is a requirement before entering into a transaction, as it provides credit assurance for the exchange. As initial margin is not a liability of the Group and is refundable, it is reflected as a margin asset on the Group's balance sheet. Accordingly, where counterparties waive any requirement to post initial margin, the Group has no liability.

The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that the Group has sufficient headroom to continue as a going concern. The statement of going concern is included in the Governance section – Other Statutory Information, on page 150.

25. Sources of finance
(c) Adjusted net cash/(debt) summary

Adjusted net cash/(debt) predominantly includes capital market borrowings offset by cash, securities and certain hedging financial instruments used to manage interest rate and foreign exchange movements on borrowings. Presented in the derivatives and current and non-current borrowings, leases and interest accruals columns shown below are the assets and liabilities that give rise to financing cash flows.

				Other assets and liabilities			
	Current and non-current borrowings, leases and interest accruals £m	Derivatives £m	Gross debt £m	Cash and cash equivalents, net of bank overdrafts (i) £m	Current and non-current securities (ii) £m	Sub-lease assets £m	Adjusted net cash/ (debt) £m
Group adjusted net (debt)/cash at 1 January 2023	(3,417)	(153)	(3,570)	4,242	525	2	1,199
Transfer of other investments from net debt	—	—	—	—	(27)	—	(27)
Acquisition of businesses	(13)	—	(13)	—	—	—	(13)
Cash outflow from net purchase of securities	—	—	—	(12)	12	—	—
Cash outflow for payment of capital element of leases	93	—	93	(93)	—	—	—
Cash outflow for repayment of borrowings	1,155	—	1,155	(1,155)	—	—	—
Cash inflow from borrowings	(930)	—	(930)	930	—	—	—
Net cash flow from operating activities	—	—	—	2,752	—	—	2,752
Net cash flow from other investing activities (iv)	—	—	—	106	—	—	106
Cash outflow for share buyback programme (v)	—	—	—	(613)	—	—	(613)
Net cash flow from other financing activities (v)	—	—	—	(197)	—	—	(197)
Revaluation	(59)	44	(15)	—	9	—	(6)
Interest receivable on securities	—	—	—	—	23	—	23
Interest received on securities	—	—	—	21	(21)	—	—
Financing interest paid	177	41	218	(286)	—	—	(68)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(186)	(51)	(237)	—	—	—	(237)
New lease agreements and re-measurement of existing lease liabilities	(158)	—	(158)	—	—	—	(158)
Exchange adjustments	49	—	49	(66)	—	—	(17)
Group adjusted net (debt)/cash at 31 December 2023	(3,289)	(119)	(3,408)	5,629	521	2	2,744
Cash outflow for purchase of securities	—	—	—	(19)	19	—	—
Cash inflow from settlement of securities (ii)	—	—	—	400	(400)	—	—
Cash outflow for payment of capital element of leases	97	—	97	(97)	—	—	—
Cash outflow for repayment of borrowings (iii)	842	15	857	(925)	—	—	(68)
Cash inflow from borrowings (iii)	(483)	—	(483)	483	—	—	—
Net cash flow from operating activities	—	—	—	1,149	—	—	1,149
Net cash flow from other investing activities (iv)	—	—	—	87	—	—	87
Cash outflow for share buyback programme (v)	—	—	—	(499)	—	—	(499)
Net cash flow from other financing activities (v)	—	—	—	(227)	—	—	(227)
Revaluation	13	(22)	(9)	—	5	—	(4)
Interest receivable on securities	—	—	—	—	19	—	19
Interest received on securities	—	—	—	25	(25)	—	—
Financing interest paid	171	76	247	(283)	—	—	(36)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(168)	(57)	(225)	—	—	—	(225)
New lease agreements and re-measurement of existing lease liabilities	(53)	—	(53)	—	—	(2)	(55)
Exchange adjustments	3	—	3	(30)	—	—	(27)
Group adjusted net (debt)/cash at 31 December 2024	**(2,867)**	**(107)**	**(2,974)**	**5,693**	**139**	**—**	**2,858**

(i) Cash and cash equivalents includes £115 million (2023: £104 million) of restricted cash. This includes cash totalling £3 million (2023: £2 million) within the Spirit Energy business that is not restricted by regulation but is managed by Spirit Energy's own treasury department. Cash and cash equivalents are net of £645 million bank overdrafts (2023: £814 million).

(ii) Settlement of securities in 2024 is in relation to the repayment of £400 million of loans previously made to the pension schemes. At 31 December 2024, the Securities balance includes £nil (2023: £405 million) of loans to the pension schemes and £31 million (2023: £12 million) of other loans receivable, both measured at amortised cost, as well as £73 million (2023: £72 million) other debt instruments and £35 million (2023: £32 million) equity instruments, both measured at fair value. See note 22 for further details on pension loans now settled.

(iii) Repayment of and inflow from borrowings is in relation to debt repurchase, refinance exercises and obtaining/repayment of short-term borrowing. £370 million of debt instruments have been repurchased in advance of the maturity date. The 2075 hybrid bond designated in a fair value hedge relationship, with a bond carrying value of £435 million and derivative carrying value of £15 million, has been replaced with a 2055 hybrid bond. The 2055 hybrid bond, with a first call date in 2030, resulted in the issue of £405 million notional debt, with £2 million of capitalised transaction fees. A one-off financing cost of £68 million was paid in relation to these repurchase and refinancing exercises. See note 7(b) for further information. Additionally, £37 million of short-term borrowing obtained during December 2023 has been repaid, and £80 million of other borrowings were obtained during the year.

(iv) Cash inflow from other investing activities excludes cash outflow relating to the purchase of securities of £19 million (2023: £12 million), cash inflow from the settlement of securities of £400 million, and interest received on securities of £25 million (2023: £21 million) during the year.

(v) Cash outflow of £499 million (2023: £613 million) relates to the share buyback programme, for which there is a liability of £75 million (2023: £94 million) recognised at 31 December 2024. See note S4 for further details on the share buyback programme. Cash outflow from other financing activities includes £219 million (2023: £186 million) payments of equity dividends and £8 million (2023: £nil) payments for own shares. Cashflows from other financing activities in 2023 also include £17 million of distributions to non-controlling interests and £6 million of proceeds from exercise of share options.

25. Sources of finance

(d) Borrowings, leases and interest accruals summary

31 December	Coupon rate %	Principal m	2024 Current £m	2024 Non-current £m	2024 Total £m	2023 Current £m	2023 Non-current £m	2023 Total £m
Bank overdrafts			**(645)**	**—**	**(645)**	(814)	—	(814)
Bank loans (> 5-year maturity)			**—**	**(124)**	**(124)**	—	(130)	(130)
Other borrowings			**(61)**	**(39)**	**(100)**	(37)	(20)	(57)
Bonds (by maturity date):								
4 September 2026 [i]	6.400	£52	**—**	**(50)**	**(50)**	—	(50)	(50)
16 April 2027	5.900	US$70	**—**	**(56)**	**(56)**	—	(55)	(55)
13 March 2029 [i]	4.375	£552	**—**	**(492)**	**(492)**	—	(497)	(497)
5 January 2032 [ii]	Zero	€50	**—**	**(70)**	**(70)**	—	(71)	(71)
19 September 2033 [i] [iii]	7.000	£400	**—**	**(319)**	**(319)**	—	(703)	(703)
16 October 2043	5.375	US$367	**—**	**(288)**	**(288)**	—	(284)	(284)
12 September 2044	4.250	£550	**—**	**(539)**	**(539)**	—	(539)	(539)
25 September 2045	5.250	US$50	**—**	**(39)**	**(39)**	—	(38)	(38)
21 May 2055 [i] [iv]	6.500	£405	**—**	**(401)**	**(401)**	—	—	—
10 April 2075 [v]	5.250	£450	**—**	**—**	**—**	—	(428)	(428)
			—	**(2,254)**	**(2,254)**	—	(2,665)	(2,665)
Obligations under lease arrangements			**(104)**	**(241)**	**(345)**	(98)	(286)	(384)
Interest accruals			**(44)**	**—**	**(44)**	(53)	—	(53)
			(854)	**(2,658)**	**(3,512)**	(1,002)	(3,101)	(4,103)

(i) Bonds or portions of bonds maturing in 2026, 2029, 2033 and 2055 have been designated in a fair value hedge relationship. See note S5 for details of hedge relationships.
(ii) €50 million of zero coupon notes have an accrual yield of 4.2%, which will result in a €114 million repayment on maturity.
(iii) Before the effect of the debt repurchase exercise during the year, the notional value of the 2033 bond was £770 million.
(iv) The Group has the right to repay at par on 21 May 2030 and every interest payment date thereafter.
(v) The 2075 hybrid bond, with a right to repay at par on 10 April 2025, has been repaid during the year.

26. Share capital

Ordinary share capital represents the total number of shares issued which are publicly traded. We also disclose the number of own and treasury shares the Company holds, which the Company has bought, principally as part of share buyback programmes.

Allotted and fully paid share capital of the Company

31 December	2024 £m	2023 £m
5,568,107,214 ordinary shares of $6^{14/81}$ pence each (2023: 5,907,846,138)	344	365

The closing price of one Centrica ordinary share on 31 December 2024 was 133.6 pence (2023: 140.7 pence). Centrica employee share ownership trusts purchase Centrica ordinary shares from the open market and receive treasury shares to satisfy future obligations of certain employee share schemes. The movements in own and treasury shares during the year are shown below:

	Own shares (i)		Treasury shares (i)	
	2024 million shares	2023 million shares	2024 million shares	2023 million shares
1 January	46.8	30.4	492.0	45.7
Shares purchased	6.8	1.4	—	—
Shares cancelled (ii)	—	—	(339.7)	—
Shares transferred from treasury and placed into trust	39.7	34.3	(39.7)	(34.3)
Shares released to employees on vesting	(10.0)	(19.3)	(21.2)	(31.7)
Share buyback programme (iii)	—	—	385.4	512.3
31 December (i)	**83.3**	46.8	**476.8**	492.0

(i) Own shares are shares held in trusts to meet employee share awards. Treasury shares are shares that have been purchased from the open market and have not been cancelled. The closing balance in the treasury and own shares reserves of own shares was £93 million (2023: £44 million) and treasury shares was £642 million (2023: £606 million), these are both held at weighted average cost.

(ii) During the period, the Group has cancelled 339,738,924 ordinary shares that were being held as treasury shares. Share capital has been reduced by the nominal value of these shares of £21 million, and a corresponding amount has been credited to the capital redemption reserve. In addition, £400 million has been transferred from treasury shares to retained earnings to account for the price paid for the shares when they were originally credited to treasury shares. This value has been calculated on a first-in-first-out basis.

(iii) See note S4 for further details of the share buyback programme.

27. Events after the balance sheet date

The Group updates disclosures in light of new information being received, or a significant event occurring, in the period between 31 December 2024 and the date of this report.

The Directors propose a final dividend of 3.00 pence per ordinary share for the year ended 31 December 2024 (which would total £153 million based on shareholding at that date). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 8 May 2025 and, subject to approval, will be paid on 5 June 2025 to those shareholders registered on 2 May 2025.

The Group also announced an intention to extend the existing share buyback programme of £1.5 billion by an additional £500 million.

In February 2025, the full, triennial actuarial valuations of the UK Registered Pension Schemes, as at 31 March 2024, were agreed and finalised with the Pension Trustees. See note 22 for further information, including updated prospective contribution details.

Supplementary information

Supplementary information includes additional information and disclosures we are required to make by accounting standards or regulation.

S1. General information

Centrica plc (the Company) is a public company limited by shares, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD. The Company, together with its subsidiaries, comprise the 'Group'. The nature of the Group's operations and principal activities are set out in note 4(a) and on pages 1 to 77.

The consolidated Financial Statements of Centrica plc are presented in pounds sterling. Operations and transactions conducted in currencies other than pounds sterling are included in the consolidated Financial Statements in accordance with the foreign currencies accounting policy set out in note S2.

S2. Summary of material accounting policies

This section sets out the Group's material accounting policies in addition to the critical accounting policies applied in the preparation of these consolidated Financial Statements. Unless otherwise stated, these accounting policies have been consistently applied to the years presented.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Company and entities controlled by the Company. Subsidiaries are all entities (including structured entities) over which the Group has control. Control is exercised over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that 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.

The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition (at which point the Group gains control over a business as defined by IFRS 3, and applies the acquisition method to account for the transaction as a business combination) or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to align the accounting policies with those used by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture, associate or financial asset.

Segmental reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to and regularly reviewed by the Group's Executive Committee (which is the Group's Chief Operating Decision Maker as defined by IFRS 8 'Operating segments') for the purposes of evaluating segment performance and allocating resources.

Revenue

Energy supply to business and residential customers

The vast majority of contractual energy supply arrangements have no fixed duration, and require no minimum consumption by the customer. No enforceable rights and obligations exist at inception of the contract and arise only once the cooling off period is complete and the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied as the customer consumes based on the units of energy delivered. This is the point at which revenue is recognised. In respect of energy supply contracts, the Group considers that it has the right to consideration from the customer for an amount that corresponds directly with the invoiced value delivered to the customer through their consumption. The Group's assessment of the amount that it has a right to invoice includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue and is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalisation of the accounts.

The Group holds a number of energy supply contracts that specify a minimum consumption volume over a specified contractual term. The transaction price for these contracts is the minimum supply volume multiplied by the contractually agreed price per unit of energy. Revenue from the sale of additional volumes is considered to be variable and not included in the transaction price. Revenue for these contracts continues to be recognised as invoiced.

In making disclosures under IFRS 15, the Group applies the practical expedient in paragraph 121 of IFRS 15 and therefore does not disclose information related to the transaction price allocated to remaining performance obligations on the basis that the Group recognises revenue from the satisfaction of the performance obligations within energy supply contracts in accordance with Paragraph B16.

S2. Summary of material accounting policies

Energy services provided to business and residential customers

Energy services relate to the installation, repair and maintenance of central heating, ventilation and air conditioning systems.

Delivery of an item is considered a separate performance obligation to the installation of the item, both satisfied at a point in time. Delivery is the point at which control passes to the customer as the customer takes physical possession of the asset. It is also the point at which the Group has the right to consideration. Delivery and installation usually occur at the same point in time and consequently revenue is recognised for both performance obligations simultaneously.

Costs to obtain or fulfil a contract

Under IFRS 15 'Revenue from contracts with customers', the incremental costs of obtaining a contract are recognised as an asset if they are expected to be recovered. These costs include expenditures that would not have been incurred if the contract had not been secured and typically relate to sales commissions payable in relation to both Energy supply and Energy service contracts.

Costs to fulfil a contract are recognised as an asset where they are directly related to a contract and where they generate or enhance resources of the entity that will be used in satisfying the performance obligations. Costs must be expected to be recoverable. Assets relating to costs to obtain or fulfil a contract are amortised over the period of the contract. See note 17.

Sales of Liquefied Natural Gas (LNG)

Revenue arising from sales of LNG is recognised when control of the commodity passes to the counterparty, with each cargo representing a separate performance obligation satisfied at a point in time.

Sales of own gas and liquid production

Revenue arising from the sale of produced gas is recognised in a manner consistent with energy supply contracts with the revenue recognition profile reflecting the supply of gas to the customer.

The rights and obligations identifiable within a contract where the Group holds sellers' nomination rights are considered to be enforceable from inception of the contract. The transaction price for the contract will include variable consideration based on forecast production and market prices. The point at which the performance obligation is satisfied and revenue recognised is the point at which control of the commodity passes to the customer according to the contractual trading terms, usually on shipment or delivery to a specified location.

Energy sales to trading and energy procurement counterparties

Revenue arising from the sale of energy procured from generation asset owners to trading and energy procurement counterparties is also recognised in a manner consistent with energy supply contracts. There is a single performance obligation being the supply of energy over the contractual term at spot prices and revenue is recognised at the point at which energy is supplied to the counterparty in accordance with the contractual terms.

Revenue arising from contracts outside the scope of IFRS 15

Revenue from sources other than the Group's contracts with customers is recognised in accordance with the relevant standard, as detailed below:

Fixed-fee service and insurance contracts: revenue from these contracts is recognised in the Group Income Statement with regard to the incidence of risk over the life of the contract, reflecting the seasonal propensity of claims to be made under the contracts and the benefits receivable by the customer, which span the life of the contract as a result of emergency maintenance being available throughout the contract term.

Power generation: revenue is recognised under IFRS 9 where contracts to supply power are measured at fair value.

Cost of sales

Energy supply includes the cost of gas and electricity produced and purchased during the year for own-use contracts, taking into account the industry reconciliation process for total gas and total electricity usage by supplier and related transportation, distribution, royalty costs and bought-in materials and services.

Cost of sales relating to fixed-fee service and insurance contracts includes direct labour and related overheads on installation work, repairs and service contracts in the year.

Cost of sales relating to gas production includes depreciation of assets used in production of gas, royalty costs and direct labour costs.

Cost of sales within power generation businesses includes the depreciation of assets included in generating power, fuel purchase costs, direct labour costs, electricity generator levy charges and carbon emissions costs.

Re-measurement and settlement of energy contracts

Re-measurement and settlement of energy contracts includes both realised (settled) commodity sales and purchase contracts in the scope of IFRS 9, as well as unrealised (fair value changes) on active contracts, as detailed further in note 2.

Financing costs

Financing costs that arise in connection with the acquisition, construction or production of a qualifying asset are capitalised and subsequently amortised in line with the depreciation of the related asset. Financing costs not arising in connection with the acquisition, construction or production of a qualifying asset are expensed.

S2. Summary of material accounting policies

Foreign currencies

The consolidated Financial Statements are presented in pounds sterling, the functional currency of the Company and the Group's presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency of the entity at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency of the relevant entity at the rate of exchange ruling at the balance sheet date and exchange movements included in the Group Income Statement for the period.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the entity concerned are translated using the exchange rate prevailing at the dates of the initial transaction.

For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's non-sterling functional currency subsidiary undertakings, joint ventures and associates are translated into pounds sterling at exchange rates prevailing at the balance sheet date. The monthly results of these (generally foreign) subsidiary undertakings, joint ventures and associates are translated into pounds sterling each month at the average rates of exchange for that month. The closing exchange rates, and the average of the rates used to translate the results of foreign operations to pounds sterling are shown below.

	Closing rate at 31 December		Average rate for the year ended 31 December	
Exchange rate per pounds sterling (£)	**2024**	2023	**2024**	2023
US dollars	**1.25**	1.27	**1.28**	1.24
Canadian dollars	**1.80**	1.68	**1.75**	1.68
Euro	**1.21**	1.15	**1.18**	1.15
Norwegian krone	**14.24**	12.90	**13.75**	13.14
Danish krone	**9.02**	8.59	**8.81**	8.58

Exchange adjustments arising from the retranslation of the opening net assets and results of non-sterling functional currency operations are transferred to the Group's foreign currency translation reserve, a separate component of equity, and are reported in other comprehensive income. In the event of the disposal of a non-sterling functional currency subsidiary, the cumulative translation difference arising in the foreign currency translation reserve is charged or credited to the Group Income Statement on disposal. Where the Group utilises net investment hedging, changes in the fair value of the hedging instrument are recognised in equity and remain there until the disposal of the specific, related investments, at which point the gains and losses are recycled to profit or loss.

Employee share schemes

The Group operates a number of employee share schemes, detailed in the Remuneration Report on pages 116 to 123, under which it makes equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant (excluding the effect of non-market-based vesting conditions). The fair value determined at the grant date is expensed on a straight-line basis together with a corresponding increase in equity over the vesting period, based on the Group's estimate of the number of awards that will vest, and adjusted for the effect of non-market-based vesting conditions.

The majority of the share-based payment charge arises from the Annual Incentive Plan. This scheme is applicable to senior executives, and senior and middle management. Shares issued under the scheme vest subject to continued employment within the Group in two stages (half after two years and the other half after three years). Employees leaving prior to the vesting date will normally forfeit their rights to unvested share awards. The fair value of the awards is measured using the market value at the date of grant.

More information is included in the Remuneration Report on pages 116 to 123.

S2. Summary of material accounting policies

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition method (at the point the Group gains control over a business as defined by IFRS 3). The cost of the acquisition is measured as the cash paid and the aggregate of the fair values, at the date of exchange, of other assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date.

Acquisition-related costs are expensed as incurred. The identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5. The Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill arising on a business combination represents the excess of the consideration transferred, the amount of the non-controlling interests and the acquisition date fair value of any previously held interest in the acquiree over the Group's interest in the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of a stake in a joint venture or an associate represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable assets and liabilities of the investee at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The goodwill arising on an investment in a joint venture or in an associate is not recognised separately, but is shown under 'Interests in joint ventures and associates' in the Group Balance Sheet. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Group Income Statement.

Acquisitions of joint operations that meet the definition of a business as defined in IFRS 3 are accounted for as business combinations.

On disposal of a subsidiary, associate or joint venture entity, any amount of goodwill attributed to that entity is included in the determination of the profit or loss on disposal. A similar accounting treatment is applied on disposal of assets that represent a business.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Capitalisation begins when expenditure for the asset is being incurred and activities necessary to prepare the asset for use are in progress and ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful lives and are tested for impairment, as part of the CGU to which they relate where necessary, annually and whenever there is an indication that the asset could be impaired. The amortisation period and method for an intangible asset are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for on a prospective basis by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually, and whenever there is an indication that the intangible asset could be impaired, either individually or at the CGU level. The indefinite life assessment is reviewed annually and, if not supportable, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The useful economic lives for the material categories of intangible assets are as follows:

Customer relationships and other contractual assets	Up to 20 years
Strategic identifiable acquired brands	Indefinite
Application software	Up to 15 years

Strategic identifiable acquired brands are deemed to have indefinite lives where evidence suggests that the brand will generate net cash inflows for the Group for an indefinite period.

Cloud computing arrangements

The Group has a number of contracts for Software as a Service (SaaS) and Platform as a Service (PaaS) Cloud Computing Arrangements. These contracts permit the Group to access vendor-hosted software and platform services over the term of the arrangement. The Group does not control the underlying assets in these arrangements and 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. Such costs typically relate to software coding which is capable of providing benefit to the Group on a standalone basis. Other implementation costs, primarily relating to the configuration and customisation of the Cloud software solution, are assessed to determine whether the implementation activity relating to these costs is distinct from the Cloud Arrangement, in which case costs are expensed as the activity occurs. If the configuration and customisation costs relate to activity which is integral to the Cloud Arrangement such that the activity is received over the term of the Cloud Arrangement, costs are recognised as a prepayment and expensed over the term of the Cloud Arrangement.

S2. Summary of material accounting policies

UK & EU Emissions Trading Scheme

Purchased carbon dioxide emissions allowances are recognised initially at cost (purchase price) within intangible assets. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the balance sheet date, with movements in the liability recognised in operating profit.

The intangible asset is surrendered and the liability is extinguished at the end of the compliance period. No amortisation is charged up to the date of surrender as the cost and residual value of the intangible asset are deemed to be the same with no consumption of economic benefit. Forward contracts for the purchase or sale of carbon dioxide emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the Group Income Statement.

Renewable certificates

The Group purchases renewable certificates both on a standalone basis, and through Power Purchase Agreements. The main types of renewable certificates acquired are Renewable Energy Guarantees of Origin (REGOs) which are certificates issued by Ofgem certifying that electricity has been produced from renewable sources, Renewable Obligation Certificates (ROCs) which are issued to accredited generators for the eligible renewable electricity they generate and Guarantees of Origin (GoOs) which are the EU equivalent of REGOs. The Group uses renewable certificates to meet its obligations under a number of Ofgem schemes, namely the Feed-in Tariff (FIT), the Contracts for Difference (CFD), the Fuel Mix Disclosure (FMD) and the Renewables Obligation (RO) scheme.

Purchased renewable certificates are recognised initially at cost within intangible assets as an indefinite life asset. A liability for the RO is recognised based on the level of electricity supplied to customers, and is calculated in accordance with percentages set by the UK Government and the renewable obligation certificate buyout price for that period.

The intangible asset is surrendered and the liability is extinguished at the end of the compliance period to reflect the consumption of economic benefits. Any recycling benefit related to the submission of renewable obligation certificates is recognised in the Group Income Statement when received. The Group also recognises supplier obligations for CFD and FIT schemes; renewable certificates are used to offset these liabilities.

Cash flows relating to renewable obligation certificates and similar schemes are recognised within cash flows from operating activities.

Exploration, evaluation, development and production assets

The Group used the successful efforts method of accounting for exploration and evaluation expenditure. Exploration and evaluation expenditures associated with an exploration well, including acquisition costs related to exploration and evaluation activities were capitalised initially as intangible assets. Certain expenditures such as geological and geophysical exploration costs were expensed. If the prospects were subsequently determined to be successful on completion of evaluation, the relevant expenditure was transferred to PP&E. If the prospects were subsequently determined to be unsuccessful, the associated costs were expensed in the period in which that determination was made.

All field development costs are capitalised as PP&E. Such costs relate to the acquisition and installation of production facilities and include development drilling costs, project-related engineering and other technical services costs. PP&E, including rights and concessions related to production activities, is depreciated from the commencement of production in the fields concerned, using the unit of production method, based on all of the 2P reserves of those fields. Changes in these estimates are dealt with prospectively.

The net carrying value of fields in production and development is compared annually on a field-by-field basis with the likely discounted future net revenues to be derived from the remaining commercial reserves. An impairment loss is recognised where it is considered that recorded amounts are unlikely to be fully recovered from the net present value of future net revenues. Exploration assets are reviewed annually for indicators of impairment and production and development assets are tested annually for impairment.

Interests in joint arrangements and associates

The Group's joint ventures and associates (as defined in note 6) are accounted for using the equity method.

The Group's interests in joint operations (gas exploration and production licence arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Where the Group has an equity stake or a participating interest in operations governed by a joint arrangement for which it is acting as operator, an assessment is carried out to confirm whether the Group is acting as agent or principal. As the terms and conditions negotiated between business partners usually provide joint control to the parties over the relevant activities of the gas fields that are governed by joint arrangements, the Group is usually deemed to be an agent when it is appointed as operator and not as principal as the contracts entered into presents gross liabilities and gross receivables of joint operations (including amounts due to or from non-operating partners) in the Group Balance Sheet in accordance with the netting rules of IAS 32 'Financial instruments – presentation'.

Property, plant and equipment

PP&E is included in the Group Balance Sheet at cost, less accumulated depreciation and any provisions for impairment.

Subsequent expenditure in respect of items of PP&E, such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure is expensed as incurred.

S2. Summary of material accounting policies

Freehold land is not depreciated. Other PP&E, with the exception of upstream production assets (see above), are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives. The depreciation periods for the material categories of assets are as follows:

Freehold and leasehold buildings	Up to 50 years
Plant	5 to 25 years
Equipment and vehicles	3 to 10 years
Power generation assets	Up to 40 years

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and, if necessary, changes are accounted for prospectively.

Impairment assumptions

The Group tests the carrying amounts of goodwill, PP&E and intangible assets (with the exception of exploration assets) for impairment at least annually. Interests in joint ventures and associates and exploration assets are reviewed annually for indicators of impairment and tested for impairment where such an indicator arises. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal (FVLCD).

At inception, goodwill is allocated to each of the Group's CGUs or groups of CGUs that expect to benefit from the business combination in which the goodwill arose. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Any impairment is expensed immediately in the Group Income Statement. Any CGU impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Further information on the assumptions used in the VIU calculations and FVLCD calculations that resulted in impairments during the year can be found at note 7.

VIU – Key assumptions used

Pre-tax cash flows used in the VIU calculations are derived from the Group's Board-approved business plans, and assumptions specific to the nature and life of the asset. The Group's business plans and assumptions are based on past experience and adjusted to reflect market trends, economic conditions and key risks. Commodity prices used in the planning process are based in part on observable market data and in part on estimates. Note S6 provides additional detail on the active period of each of the commodity markets in which the Group operates.

(a) VIU – Growth rates and discount rates

Unless stated otherwise in the table below, cash flows beyond the planned period have been extrapolated using long-term growth rates in the market where the CGU operates. Long-term growth rates are determined using a blend of publicly available historical data and long-term growth rate forecasts published by external analysts. Cash flows are discounted using a discount rate specific to each CGU. Discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital of each CGU. Additionally, risks specific to the cash flows of the CGUs are reflected within cash flow forecasts. Each CGU's weighted average cost of capital is then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate.

Long-term growth rates and pre-tax discount rates used in the VIU calculations for each of the Group's CGUs are shown below.

2024	**British Gas Services & Solutions %**	**British Gas Energy %**	**Centrica Business Solutions Energy Supply %**	**Bord Gáis Energy %**	**Centrica Energy %**	**Nuclear (i) %**
Growth rate to perpetuity (including inflation)	**2.0**	**2.0**	**2.0**	**2.1**	**2.0**	**N/A**
Pre-tax discount rate	**10.0**	**10.7**	**12.0**	**9.1**	**12.0**	**15.3**

2023	British Gas Services & Solutions %	British Gas Energy %	Centrica Business Solutions Energy Supply %	Bord Gáis Energy %	Centrica Energy %	Nuclear (i) %
Growth rate to perpetuity (including inflation)	2.1	2.1	2.1	1.6	2.1	N/A
Pre-tax discount rate	10.0	10.7	12.0	10.7	12.0	17.3

(i) Cash flows arising after the plan period have been derived from forecasts to the end of the asset lives. Due to the nature of these finite-lived assets, this provides a more appropriate valuation in later years.

S2. Summary of material accounting policies

(b) VIU – Inflation rates

Inflation rates used in the business plan were based on a blend of publicly available inflation forecasts and range from 2.0% to 2.1%.

(c) Key operating assumptions by CGUs using VIU

The key operating assumptions across all CGUs are gross margin, revenues and operating costs. These assumptions are tailored to the specific CGU using management's knowledge of the environment, as shown in the table below:

CGU	Gross margin	Revenues	Operating costs
All – base assumptions	Existing customers: based on contractual terms. Losses are forecast based on historic data and future expectations of the market. New customers and renewals: based on gross margins achieved in the period leading up to the date of the business plan. Both adjusted for current market conditions and cost of goods inflation. For Services businesses, future sales and related gross margins are based on planned future product sales and contract losses based upon past performance and future expectations of the competitive environment.	Existing customers: based on contractual terms. Losses are forecast based on historic data and future expectations of the market. Adjusted for: growth forecasts which are based on sales and marketing activity, recent customer acquisitions and the current economic environment in the relevant geography. Gas and electricity revenues based on forward market prices. Market share: percentage immediately prior to business plan.	Wages: projected headcount in line with expected efficiencies. Salary increases based on inflation expectations. Credit losses: historical assumptions regarding realised cash losses have been updated to reflect the current environment.
Centrica Energy	Existing and new markets: management's estimate of future trading performance.	As above.	Future development: increase in costs to support growth forecasts, adjusted for planned business process efficiencies.

Overlift and underlift

Offtake arrangements for gas produced from joint operations are often such that it is not practical for each participant to receive or sell its precise share of the overall production during the period. This results in short-term imbalances between cumulative production entitlement and cumulative sales, referred to as overlift and underlift.

An overlift payable, or underlift receivable, is recognised at the balance sheet date within trade and other payables or trade and other receivables respectively, and is measured at market value, with movements in the period recognised within cost of sales.

S2. Summary of material accounting policies

Leases

The Group assesses its contractual arrangements to determine whether they are or contain leases based on whether they convey the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The liabilities for the majority of the Group's lease portfolio are calculated using the incremental borrowing rate. This rate is calculated on a lease-by-lease basis, taking into account the credit rating of the Group at the inception of the lease and the lease term. The credit adjustment used in this calculation is modified to reflect the security implicit in a lease arrangement based on the specific class of asset being leased.

Lease payments included in the measurement of the lease liability comprise: fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual value guarantee, the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. When considering whether the Group is reasonably certain to exercise extension or termination options, various factors are considered, such as the level of lease payments relative to the market rate, the importance of the specific asset to the Group's operations and the period remaining until the option becomes exercisable. Such judgements are reconsidered when there is a significant event or change of circumstances that is within the control of the Group. Variable lease payments that do not depend on an index or rate are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, lease-term extension or termination option. Cash flows reflecting payment of capital and interest on leases are shown in cash flows from financing activities.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group recognises the lease payments associated with short-term leases (leases expiring within twelve months from commencement) and leases of low value assets (underlying asset value less than £5,000) on a straight-line basis over the lease term.

The Group holds interests in a number of joint operations within its exploration and production business. The Group has applied judgement in identifying the customer where a lease arrangement is to be used by a jointly controlled operation.

If the leased asset is dedicated to a specific joint operation and its usage is dictated by the joint operating agreement, the joint operation is deemed the customer. In such instances:

- When the Group signs a lease agreement on behalf of a joint operation and has primary responsibility for payments to the lessor, the Group recognises 100% of the lease liability and a right-of-use asset on its balance sheet. When the partner is obliged to reimburse the Group for its share of lease payments, a sub-lease receivable is recognised and an equal adjustment to the right-of-use asset is made; and
- When the partner has the primary responsibility for payments to the lessor and the Group is obliged to reimburse its share of the lease payments, a lease liability due to the partner and equal right-of-use asset are recognised.

If the leased asset is not dedicated to a specific joint operation or its usage is not dictated by the joint operating agreement of a joint operation to which it is dedicated, the signatory to the lease agreement is deemed the customer. If this is the Group, the lease liability and right-of-use asset are recognised in full. If it is the partner, no lease liability or right-of-use asset is recognised.

S2. Summary of material accounting policies

Inventories

Inventories of finished goods are valued at the lower of cost (using weighted-average cost) or estimated net realisable value after allowance for redundant and slow-moving items. The cost of inventories includes the purchase price plus costs of conversion incurred in bringing the inventories to their present location and condition.

Inventory of gas in storage held for the purpose of the Group's own use is measured on a weighted-average cost basis, whilst gas used for trading purposes is measured at fair value less any costs to sell. Changes in fair value less costs to sell are recognised in the Group Income Statement.

Government grants

Government grants are transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is designed to provide an economic benefit that is specific to an entity qualifying under certain criteria. The Group recognises government grants only when there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants are recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are deducted from the carrying amount of the asset.

Decommissioning costs

A provision is made for the net present value of the estimated cost of decommissioning gas production facilities at the end of the producing lives of fields and power stations at the end of their useful lives, based on price levels and technology at the balance sheet date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. The asset is subject to impairment review as detailed above. Changes in estimates and discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The discount rate used to calculate the provision is 2% as discussed in note 3. The unwinding of the discount on the provision is included in the Group Income Statement within financing costs.

Pensions and other post-employment benefits

The Group operates a number of defined benefit and defined contribution pension schemes. The cost of providing benefits under the defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the period in which they occur in other comprehensive income.

The cost of providing retirement pensions and other benefits is charged to the Group Income Statement over the periods benefitting from employees' service. Past service cost is recognised immediately. Costs of administering the schemes are charged to the Group Income Statement. Net interest, being the change in the net defined benefit liability or asset due to the passage of time, is recognised in the Group Income Statement within net finance cost.

The net defined benefit liability or asset recognised in the Group Balance Sheet represents the present value of the defined benefit obligation of the schemes and the fair value of the schemes' assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are paid, and that have terms of maturity approximating to the terms of the related pension liability.

Payments to defined contribution retirement benefit schemes are recognised in the Group Income Statement as they fall due.

In 2022 the Group provided a loan facility to the Group's three defined benefit pension schemes. The Group recognised the loan as a financial asset under IFRS 9 'Financial instruments' measured at amortised cost and classified as a receivable within Securities on the Group's balance sheet. The loan liability was deducted from plan assets on the basis that the loan did not relate to employee benefits in accordance with IAS 19 and was fully repaid during 2024.

S2. Summary of material accounting policies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Group will be required to settle that obligation. Provisions are discounted to present value where the effect is material.

Where discounting is used, the increase in the provision due to the passage of time is recognised in the Group Income Statement within interest expense. Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Contracts to purchase or sell energy are reviewed on a portfolio basis given the fungible nature of energy, whereby it is assumed that the highest priced purchase contract supplies the highest priced sales contract and the lowest priced sales contract is supplied by the lowest priced purchase contract.

Taxation

Current tax, including UK corporation tax, UK petroleum revenue tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. From time to time, the Group may have open tax issues with a number of revenue authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the dispute can be made, management provides for its best estimate of the liability. These estimates take into account the specific circumstances of each dispute and relevant external advice as well as the rules and regulations of the relevant tax authority in the jurisdiction of the dispute. Often the Group is unable to predict whether an uncertain tax treatment will be accepted by the relevant authority. In such instances the effects of uncertainty are reflected in management's assessment of the most likely outcome of each issue, as reviewed and updated on a regular basis. Each item is considered separately and on a basis that provides the better prediction of the outcome, unless the Group determines that it is appropriate to group certain items for consideration. See note 9 for further details on uncertain tax provisions.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future, against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences arising on subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

S2. Summary of material accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Group Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

(a) Trade receivables

Trade receivables are initially recognised at a value based on their transaction price, and are subsequently held at amortised cost using the effective interest method (taking into account the Group's business model, which is to collect the contractual cash flows owing) less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

(b) Trade payables

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

(c) Share capital

Ordinary shares are classified 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 (treasury or own shares) 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.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and money market deposits, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Money market funds are also included in cash and cash equivalents, and are required to be measured at fair value through profit or loss under IFRS 9, as noted in section (g) below. Cash and cash equivalents are presented net of outstanding bank overdrafts where there is a legal right of set off and, for the Group's cash pooling arrangements, to the extent the Group expects to settle its subsidiaries' year-end account balances on a net basis.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Interest-bearing loans and other borrowings

All interest-bearing loans and other borrowings with banks and similar institutions are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost using the effective interest method, except when they are hedged items in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Group Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium.

(f) Financial instruments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity instruments that the Group has elected to recognise the changes in fair value of in other comprehensive income. They are recognised initially at fair value in the Group Balance Sheet and are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in other comprehensive income. Dividends arising on these financial assets are recognised in the Group Income Statement.

Cumulative gains and losses on equity instruments at fair value through other comprehensive income are not recycled to the Group Income Statement.

(g) Financial assets at fair value through profit or loss

Money market funds (which are classified as cash equivalents) are required to be measured at fair value through profit or loss under IFRS 9, as the assets are not held solely for the purpose of collecting contractual cash flows related to principal and interest. Both mandatory and designated instruments are measured at fair value on initial recognition and are re-measured to fair value in each subsequent reporting period. Gains and losses arising from changes in fair value are recognised in the Group Income Statement within investment income.

(h) Securities

The Group holds debt and equity securities predominantly in respect of the Centrica Unapproved Pension Scheme (see note 22). Debt securities are required to be measured at fair value through profit or loss under IFRS 9, as the contractual terms of these assets do not give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding. The changes in fair value are recognised in finance costs. The Group has elected to recognise the changes in fair value of the equity securities in other comprehensive income.

The Group classified the loan facility provided to the Group's defined benefit pension schemes within Securities. It was recognised as a financial asset under IFRS 9 'Financial instruments' and measured at amortised cost. Correspondingly, the loan liability was deducted from plan assets on the basis the loan did not relate to employee benefits (scheme liabilities) in accordance with IAS 19 and was fully repaid during 2024.

Securities also includes a loan made to a minority shareholder which is similarly recognised as a financial asset under IFRS 9 and measured at amortised cost.

S2. Summary of material accounting policies

(i) Other investments

Other investments includes convertible loan notes which are measured at fair value through profit or loss under IFRS 9, as these assets do not meet the contractual cash flows characteristic test; namely, contractual cash flows are not solely payments of principal and interest on principal outstanding. Gains or losses arising from changes in fair value are recognised in operating expenses. Financial assets held solely for the purpose of collecting contractual cash flows related to principal and interest are initially recognised at fair value and then subsequently measured at amortised cost.

Other investments also include equity investments which the Group accounts for under IFRS 9, because it does not have the ability to control, or significantly influence the investment. According to the requirements of IFRS 9, the Group may either measure these investments at fair value with value changes recognised in profit or loss, or it may elect to recognise those value changes in other comprehensive income. For the majority of the Group's other investments, fair value movements are recognised in other comprehensive income; this election is made separately for each investment made.

(j) Derivative financial instruments

The Group routinely enters into sale and purchase transactions for physical delivery of gas and power. A portion of these transactions take the form of contracts that were entered into and continue to be held for the purpose of receipt or delivery of the physical commodity in accordance with the Group's expected sale, purchase or usage requirements ('own use'), and are not within the scope of IFRS 9. The assessment of whether a contract is deemed to be 'own use' is conducted on a Group basis without reference to underlying book structures, business units or legal entities.

Certain purchase and sales contracts for the physical delivery of gas and power are within the scope of IFRS 9 due to the fact that they net settle or contain written options. Such contracts are accounted for as derivatives under IFRS 9 and are recognised in the Group Balance Sheet at fair value. Gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the Group Income Statement for the year.

The Group uses a range of derivatives for both trading and to hedge exposures to financial risks, such as interest rates, foreign exchange and energy price risks, arising in the normal course of business. Where considered appropriate, the Group may use weather derivatives to protect against earnings volatility arising from unseasonal weather variations. The use of such derivatives did not have a material financial statement impact in 2024 or 2023. The use of derivative financial instruments is governed by the Group's policies which are approved by the Board of Directors. Further detail on the Group's risk management policies is included within the Strategic Report – Principal Risks and Uncertainties on pages 40 to 51 and in note S3.

The accounting treatment of derivatives is dependent on whether they are entered into for trading or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the Group in line with the Group's risk management policies and is in accordance with established guidelines. Certain derivative instruments used for hedging purposes are designated in hedge accounting relationships as described by IAS 39 (the Group has not applied the hedge accounting requirements of IFRS 9). In order to qualify for hedge accounting, the effectiveness of the hedge must be reliably measurable and documentation describing the formal hedging relationship must be prepared at the point of designation. The hedge must be highly effective in achieving its objective. The Group also holds derivatives that are used for hedging purposes which are not designated in hedge accounting relationships and are held for trading.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off, and the intention to net settle the derivative contracts is present. The disclosure of current and non-current derivative assets and liabilities is determined by the settlement date of the derivative.

The Group enters into certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives is estimated by reference in part to published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, the inputs to which include data that is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the transaction price, a fair value gain or fair value loss will arise. This is referred to as a day-one gain or day-one loss. Such gains and losses are deferred (not recognised) and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Group Income Statement.

Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative. For derivatives that do not qualify for cash flow or net investment hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Group Income Statement and are included within gross profit or investment income and financing costs. Where derivatives qualify for cash flow or net investment hedging, changes in fair value arising from the effective element of the hedge are recognised initially in the Group Statement of Comprehensive Income and are recycled to the Group Income Statement when the hedged item impacts profit or loss. Further details on the treatment of energy derivatives in the Group Income Statement is provided in note 2. Further detail on the treatment of derivatives in hedging relationships is provided in note S5.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the Group Income Statement. The closely related nature of embedded derivatives is reassessed when there is a change in the terms of the contract that significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the Group Income Statement. Gains and losses arising from changes in the fair value of energy derivative contracts are recognised within 'Re-measurement and settlement of energy contracts' in the Group's Results for the period under IFRS.

S2. Summary of material accounting policies

(k) Hedge accounting

The Group continues to apply the hedge accounting requirements of IAS 39 and has not adopted IFRS 9 hedge accounting.

For the purposes of hedge accounting, hedges are classified as either fair value hedges or cash flow hedges. Note S5 details the Group's accounting policies in relation to derivatives qualifying for hedge accounting under IAS 39.

(l) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The Group accounts for financial guarantee contracts under IFRS 9.

(m) Impairment of financial assets

In accordance with IFRS 9, the Group has applied the expected credit loss model to financial assets measured at amortised cost and to investments in debt instruments measured at fair value through other comprehensive income.

For trade receivables and contract assets the simplified approach is taken and the lifetime expected credit loss provided for.

For all other in-scope financial assets at the balance sheet date either the lifetime expected credit loss or a 12-month expected credit loss is provided for, depending on the Group's assessment of whether the credit risk associated with the specific asset has increased significantly since initial recognition. As the Group's financial assets are predominantly short-term (less than twelve months), the impairment loss recognised is not materially different using either approach. Further details of the assumptions and inputs used to calculate expected credit losses are shown in note 17.

Nuclear activity

The Group's investment in Lake Acquisitions Limited ('Nuclear') is accounted for as an associate. The following accounting policies are specific to this nuclear activity.

(a) Fuel costs – nuclear front end

Front-end fuel costs consist of the costs of procurement of uranium, conversion and enrichment services, and fuel element fabrication. All costs are capitalised into inventory and charged to the Group Income Statement in proportion to the amount of fuel burnt.

(b) Fuel costs – nuclear back end

Advanced gas-cooled reactors (AGR)

Spent fuel extracted from the reactors is sent for reprocessing and/or long-term storage and eventual disposal of resulting waste products. Back-end fuel costs comprise of a loading-related cost per tonne of uranium and a rebate/surcharge to this cost which is dependent on the out-turn market electricity price and the amount of electricity generated from AGR stations in the year. These costs are capitalised into inventory and charged to the Group Income Statement in proportion to the amount of fuel burnt.

Pressurised water reactor (PWR)

Back-end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back-end fuel costs are capitalised into inventory on loading and are charged to the Group Income Statement in proportion to the amount of fuel burnt.

(c) Nuclear PP&E – depreciation

The majority of the cost of the nuclear fleet is depreciated from the date of the Group acquiring its share of the fleet on a straight-line basis, with remaining depreciable periods currently of up to 31 years.

Other expenditure including amounts spent on major inspections and overhauls of production plant is depreciated over the period until the next outage which for AGR power stations is 2 to 3 years and for the PWR power station is 18 months.

(d) Nuclear Liabilities Fund (NLF) funding arrangements

Under the arrangements in place with the Secretary of State, the NLF will fund, subject to certain exceptions, qualifying uncontracted nuclear liabilities and qualifying decommissioning costs.

In part consideration for the assumption of these liabilities by the Secretary of State and the NLF, the former British Energy Group agreed to pay fixed decommissioning contributions each year and £150,000 (indexed to RPI) for every tonne of uranium in PWR fuel loaded into the Sizewell B reactor after the date of these arrangements.

(e) NLF and nuclear liabilities receivables

The UK Government indemnity is provided to indemnify any future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including PWR back-end fuel services) and qualifying nuclear decommissioning costs such that the receivable equals the present value of the associated qualifying nuclear liabilities (apart from a small timing difference due to timing of receipts from NLF).

(f) Nuclear liabilities

Nuclear liabilities represent provision for liabilities in respect of the costs of waste management of spent fuel and nuclear decommissioning.

(g) Unburnt fuels at shutdown

Due to the nature of the nuclear fuel process there will be quantities of unburnt fuel in the reactors at station closure. The costs relating to this unburnt fuel (final core) are fully provided for at the balance sheet date. The provision is based on a projected value per tonne of fuel remaining at closure, discounted back to the balance sheet date and recorded as a long-term liability.

S3. Financial risk management

The Group's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management processes are designed to identify, manage and mitigate these risks.

Further detail on the Group's overall risk management processes is included within the Strategic Report – Principal Risks and Uncertainties on pages 40 to 51.

Commodity price risk management is carried out in accordance with individual business unit policies and directives including appropriate escalation routes.

Treasury risk management, including management of currency risk, interest rate risk and liquidity risk is carried out by a central Group Treasury function in accordance with the Group's financing and treasury policy, as approved by the Board.

The wholesale credit risks associated with commodity trading and treasury positions are managed in accordance with the Group's credit risk policy. Downstream customer credit risk management is carried out in accordance with appropriate Group-wide and individual business unit credit policies.

Market risk management

Market risk is the risk of loss that results from changes in market prices (commodity prices, foreign exchange rates and interest rates). The level of market risk to which the Group is exposed at a point in time varies depending on market conditions, expectations of future price or market rate movements and the composition of the Group's physical asset and contract portfolios.

(a) Commodity price risk management

The Group is exposed to commodity price risk in its energy procurement and supply activities, production, generation and trading operations and uses specific limits to manage the exposure to commodity prices associated with the Group's activities to an acceptable level. The Group has a risk capital limit approved by the Board to manage the commodity price risk that the Group is exposed to. These are complemented by other limits including Value at Risk (VaR), volumetric or stop-loss limits to control risk around trading activities.

(i) Energy price exposed business activities

The Group's price exposed business activities consist of equity gas and liquids production, equity power generation, bilateral procurement and sales contracts, market-traded purchase and sales contracts and derivative positions primarily transacted with the intent of securing gas and power for the Group's supply customers, from a variety of sources at an optimal cost. The Group actively manages commodity price risk by optimising its asset and contract portfolios and making use of volume flexibility.

The Group's commodity price risk exposure within its business activities is driven by the cost of procuring gas and electricity to serve its supply customers and selling gas and electricity from its upstream production and generation, which varies with wholesale commodity prices. The primary risk is that market prices for commodities will fluctuate between the time that sales prices are fixed or tariffs are set and the time at which the corresponding procurement cost is fixed, thereby potentially reducing expected margins or making sales unprofitable.

The Group's supply activities are also exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including the weather, energy consumption changes, customer attrition and the economic climate. There is also risk associated with ensuring that there is sufficient commodity available to secure supply to customers. The Group's production and generation activities are also exposed to volumetric risk in the form of uncertain production profiles.

In order to manage the exposure to market prices associated with the Group's business operations the Group is delegated a risk capital limit, established by the Board and sub-delegated to the commercial leaders.

Risk capital is used to bring together the different individual market and credit risks from across the business in order to understand the diversified risk that the Group is exposed to. This is complemented by the PaR, VaR and credit limits that are then sub-delegated to the business to operate efficiently. PaR measures the estimated potential loss in a position or portfolio of positions associated with the movement of a commodity price for a given confidence level, over the remaining term of the position or contract. VaR measures the estimated potential loss for a given confidence level over a predetermined holding period. The standard confidence level used is 95%. In addition, regular stress and scenario tests are performed to evaluate the impact on the portfolio of possible substantial movements in commodity prices.

The Group measures and manages the commodity price risk associated with the Group's entire energy price exposed business portfolio. Only certain of the Group's energy contracts constitute financial instruments under IFRS 9 (see note S6).

As a result, while the Group manages the commodity price risk associated with both financial and non-financial energy procurement and sales contracts, it is the notional value of energy contracts being carried at fair value that represents the exposure of the Group's energy price exposed business activities to commodity price risk according to IFRS 7 'Financial Instruments: Disclosures'. This is because energy contracts that are financial instruments under IFRS 9 are accounted for on a fair value basis and changes in fair value immediately impact profit. Conversely, energy contracts that are not financial instruments under IFRS 9 are accounted for as executory contracts and changes in fair value do not immediately impact profit and, as such, are not exposed to commodity price risk as defined by IFRS 7. So, whilst VaR associated with energy procurement and supply contracts that are outside the scope of IFRS 9 are monitored for internal risk management purposes, only those energy contracts within the scope of IFRS 9 are within the scope of the IFRS 7 disclosure requirements.

S3. Financial risk management

(ii) Proprietary energy trading

The Group's proprietary energy trading activities consist of physical and financial commodity purchases and sales contracts taken on with the intent of benefitting from changes in market prices or differences between buying and selling prices. The Group conducts its trading activities in the over-the-counter market and through exchanges in the UK and continental Europe. The Group is exposed to commodity price risk as a result of its proprietary energy trading activities because the value of its trading assets and liabilities will fluctuate with changes in market prices for commodities.

The Group sets volumetric and VaR limits to manage the commodity price risk exposure associated with the Group's proprietary energy trading activities. VaR measures the estimated potential loss at a 95% confidence level over a one-day holding period. The carrying value of energy contracts used in proprietary energy trading activities at 31 December 2024 is disclosed in note 19.

As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation. VaR assumes that historical price behaviours will continue in the future and that the Group's trading positions can be unwound or hedged within the predetermined holding period. Furthermore, the use of a 95% confidence level, by definition, does not take into account changes in value that might occur beyond this confidence level.

(b) Currency risk management

The Group is exposed to currency risk on foreign currency denominated forecast transactions, firm commitments, monetary assets and liabilities (transactional exposure) and on its net investments in foreign operations (translational exposure). IFRS 7 only requires disclosure of currency risk arising on financial instruments denominated in a currency other than the functional currency of the commercial operation transacting. As a result, for the purposes of IFRS 7, currency risk excludes items that are not financial instruments, such as the Group's net investments in international operations as well as foreign currency denominated forecast transactions and firm commitments.

(i) Transactional currency risk

The Group is exposed to transactional currency risk on transactions denominated in currencies other than the underlying functional currency of the commercial operation transacting. The primary functional currencies remain pounds sterling in the UK, Danish krone in Denmark, euros in the Netherlands and the Republic of Ireland and US dollars in the Group's LNG business. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. Transactional exposure arises from the Group's energy procurement, production and generation activities, where many transactions are denominated in foreign currencies. In addition, in order to optimise the cost of funding, the Group has, in certain cases, issued foreign currency denominated debt or entered into foreign currency loans, primarily in US dollars, euros and Japanese yen.

It is the Group's policy to hedge material transactional exposures using derivatives (either applying formal hedge accounting or economic hedge relationships) to fix the functional currency value of non-functional currency cash flows, except where there is an economic hedge inherent in the transaction. At 31 December 2024, there were no material unhedged non-functional currency monetary assets or liabilities, firm commitments or probable forecast transactions (2023: £nil), other than transactions which have an inherent economic hedge and foreign currency borrowings used to hedge translational exposures.

(ii) Translational currency risk

The Group is exposed to translational currency risk as a result of its net investments in Europe. The risk is that the pounds sterling value of the net assets of foreign operations will decrease with changes in foreign exchange rates. The Group's policy is to protect the pounds sterling book value of its net investments in foreign operations where appropriate, subject to certain parameters, by holding foreign currency debt, entering into foreign currency derivatives, or a mixture of both.

The Group manages translational currency risk taking into consideration the cash impact of any hedging activity as well as the risk to the net asset carrying values in the Group's Financial Statements. The translation hedging programme including the potential cash impact is managed by the Group Treasury function and monitored by the Chief Financial Officer.

(c) Interest rate risk management

In the normal course of business the Group borrows to finance its operations. The Group is exposed to interest rate risk because the fair value of fixed-rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Group's policy is to manage the interest rate risk on long-term borrowings by ensuring the exposure to floating interest rates remains within a 30% to 70% range, including the impact of interest rate derivatives.

The return generated on the Group's cash balance is also exposed to movements in short-term interest rates. The Group manages cash balances to protect against adverse changes in rates whilst retaining liquidity.

S3. Financial risk management

(d) Sensitivity analysis

IFRS 7 requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Group's financial position and performance to changes in market variables (commodity prices, foreign exchange rates and interest rates) as a result of changes in the fair value or cash flows associated with the Group's financial instruments. The sensitivity analysis provided discloses the effect on profit or loss and equity at 31 December 2024, assuming that a reasonably possible change in the relevant risk variable had occurred at 31 December 2024, and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity. Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for energy prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgement and historical experience.

The sensitivity analysis has been prepared based on 31 December 2024 balances and on the basis that the balances, the ratio of fixed to floating rates of debt and derivatives, the proportion of energy contracts that are financial instruments, the proportion of financial instruments in foreign currencies and the hedge designations in place at 31 December 2024 are all constant. Excluded from this analysis are all non-financial assets and liabilities and energy contracts that are not financial instruments under IFRS 9. The sensitivity to foreign exchange rates relates only to monetary assets and liabilities denominated in a currency other than the functional currency of the commercial operation transacting, and excludes the translation of the net assets of foreign operations to pounds sterling.

The sensitivity analysis provided is hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced. This is because the Group's actual exposure to market rates is changing constantly as the Group's portfolio of commodity, debt and foreign currency contracts changes. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in fair value or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Group.

(i) Transactional currency risk

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in foreign exchange rates. The sensitivity analysis is performed upon the Group's foreign currency denominated monetary assets and monetary liabilities. At the reporting date, the exposure is driven primarily by the portfolio of foreign currency exchange derivatives held for trading under IFRS 9, which are hedging material transactional exposures as explained above in S3(b)(i). The Group deems 10% movements to US dollar and euro currency rates relative to pounds sterling to be reasonably possible.

The material impact of such movements on profit and equity, both after taxation, are as follows:

Incremental profit/(loss)	2024 Impact on profit £m	2023 Impact on profit £m
US dollar – increase/(decrease)	**192/(212)**	102/(54)
Euro – increase/(decrease)	**(59)/59**	(56)/128

All other currency sensitivities are not material.

(ii) Interest rate risk

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in interest rates. The Group deems a one percentage point move in UK, US and Euro interest rates to be reasonably possible. The impact of such movements on profit and equity, both after taxation, is immaterial.

(iii) Commodity price risk

The Group has performed a sensitivity analysis of the Group's commodity price risk. The financial assets and financial liabilities which are exposed to this risk are energy derivatives which are either for procurement/optimisation or proprietary trading. As explained above in S3(a)(i), the procurement/optimisation or 'non-proprietary' trades are hedging material commodity price exposures, whilst proprietary energy trading is explained in S3(a)(ii).

	2024			2023		
Energy prices	Active market base price (i)	Inactive market base price (ii)	Reasonably possible change in variable (iii) %	Active market base price (i)	Inactive market base price (ii)	Reasonably possible change in variable (iii) %
UK gas (p/therm)	**98**	**85**	**+/-32**	86	n/a	+/-54
European gas (€/MWh)	**39**	**33**	**+/-32**	33	26	+/-54
UK power (£/MWh)	**80**	**74**	**+/-39**	85	76	+/-13
UK emissions (€/tonne)	**66**	**n/a**	**+/-7**	80	n/a	+/-7
UK oil (US$/bbl)	**71**	**n/a**	**+/-46**	73	n/a	+/-10
North American gas (US cents/therm)	**38**	**38**	**+/-42**	34	37	+/-11
Japan Korea Marker (JKM) gas price (US$/MMBtu)	**12**	**n/a**	**+/-26**	12	n/a	+/-9

(i) The active market base price represents the average forward market price over the duration of the active market curve used in the sensitivity analysis provided.

(ii) The inactive market base price represents the average forward market price over the duration of the inactive market curve used in the sensitivity analysis provided. Inactive market base prices are not presented where there are no contracts in the illiquid period.

(iii) The reasonably possible change in variable is calculated using both the active and inactive market curves for energy prices.

S3. Financial risk management

The impacts of reasonably possible changes in commodity prices on profit applied to non-proprietary trades, both after taxation, based on the assumptions set out above are as follows:

Incremental profit/(loss)	2024 Impact on profit (i) £m	2023 Impact on profit (i) £m
UK gas price – increase/(decrease)	**258/(265)**	218/(218)
UK power price – increase/(decrease)	**406/(411)**	84/(83)
European gas price – (decrease)/increase	**(146)/144**	(167)/167
Other UK energy prices (oil and emissions) – (decrease)/increase	**(49)/49**	(2)/2
UK and European energy prices (combined) – increase/(decrease)	**469/(483)**	133/(132)
North American gas price – increase/(decrease)	**44/(52)**	35/(35)
JKM gas price – (decrease)/increase	**(2)/2**	60/(60)

(i) The impact on profit is calculated using both the active and inactive market curves for energy prices.

The impact on other comprehensive income of such price changes is immaterial.

(iv) Commodity price risk – proprietary trades

As at 31 December 2024 the VaR associated with proprietary trading was £6 million (2023: £4 million). This represents the statistical downside risk associated with the proprietary trade and associated hedging positions. The changes in the year only relate to changes in commodity prices. Intra-day trading positions are monitored using a live time risk management system. Proprietary trades are included in revenue in the business performance column of the Group Income Statement.

The impacts of reasonably possible changes using probability-based high and low gas and power price curves applied to level 3 proprietary trades are as follows:

Incremental profit/(loss)	2024 Impact on profit (i) £m	2023 Impact on profit (i) £m
Level 3 proprietary trades – increase/(decrease) (ii)	**72/(62)**	24/(24)

(i) The reasonably possible change in variable and the impact on profit are calculated using both the active and inactive market curves for energy prices, see note 7(c) for detail on market curves.
(ii) The level 3 proprietary financial instruments' sensitivity has been valued using one of the Group's valuation models, and excludes associated hedges which would mitigate this impact.

(v) Commodity price risk – other non-proprietary level 3 trades

Unrealised non-proprietary level 3 trades are reported within certain re-measurements and are subsequently reflected in business performance when realised, which is generally when the underlying transaction or asset impacts profit or loss. These derivatives are in respect of underlying contracts to purchase large volumes of commodity and are highly sensitive to changes in commodity prices. The impacts of reasonably possible changes using probability-based high and low gas and power price curves applied to other level 3 non-proprietary trades (including the newly signed Coterra contracts) are as follows:

Incremental profit/(loss)	2024 Impact on profit (i) £m	2023 Impact on profit (i) £m
Level 3 non-proprietary trades – increase/(decrease) (ii)	**(182)/152**	37/(37)

(i) The reasonably possible change in variable and the impact on profit are calculated using both the active and inactive market curves for energy prices.
(ii) The level 3 non-proprietary financial instruments' sensitivity has been valued using one of the Group's valuation models, and excludes associated hedges or the underlying hedged transaction/asset which would offset this impact.

S3. Financial risk management

Credit risk management

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract.

The Group continually reviews its rating thresholds for relevant counterparty credit limits and updates these as necessary, based on a consistent set of principles. It continues to operate within its limits. In respect of trading activities for both the US and Europe, there is an effort to maintain a balance between exchange-based trading and bilateral transactions. This allows for a reasonable balance between counterparty credit risk and potential liquidity requirements. In addition, the Group actively manages the trade-off between credit and liquidity risks by optimising the use of contracts with collateral obligations and physically settled contracts without collateral obligations.

The Group is exposed to credit risk in its treasury, trading, energy procurement and downstream activities. The maximum exposure to credit risk for financial instruments at fair value is equal to their carrying value. Gross amounts are shown by counterparty credit rating in the table below. Further details of other collateral and credit security not offset against these amounts is shown in note S6.

	2024							
	Financial assets at amortised cost				Financial assets at fair value			
31 December	Receivables including treasury, trading and energy procurement counterparties (i) £m	Securities (ii) £m	Other investments £m	Cash and cash equivalents £m	Cash and cash equivalents £m	Derivative financial instruments with positive fair values £m	Securities £m	Other investments £m
AAA to AA	—	—	—	—	5,002	—	108	—
AA- to A-	734	—	—	1,276	7	436	—	—
BBB+ to BBB-	819	—	—	9	—	580	—	—
BB+ to BB-	228	—	—	37	—	439	—	—
B+ or lower	83	—	—	1	—	65	—	—
Unrated (iii)	4,605	31	3	6	—	56	—	84
	6,469	31	3	1,329	5,009	1,576	108	84

	2023						
	Financial assets at amortised cost			Financial assets at fair value			
31 December	Receivables including treasury, trading and energy procurement counterparties (i) £m	Securities (ii) £m	Cash and cash equivalents £m	Cash and cash equivalents £m	Derivative financial instruments with positive fair values £m	Securities £m	Other investments £m
AAA to AA	65	—	—	4,859	—	104	—
AA- to A-	605	—	1,459	—	819	—	—
BBB+ to BBB-	1,054	—	41	—	1,646	—	—
BB+ to BB-	164	—	5	—	438	—	—
B+ or lower	58	—	8	—	45	—	—
Unrated (iii)	4,553	417	71	—	324	—	61
	6,499	417	1,584	4,859	3,272	104	61

(i) The Group holds a provision of £1,532 million (2023: £1,309 million) against receivables. The significant majority of this provision is held against amounts due from unrated counterparties. Further analysis of past due trade receivables may be found at note 17.

(ii) Securities held at amortised cost consist of loans to the pension schemes of £nil (2023: £405 million) and other loans receivable of £31 million (2023: £12 million) – see note 25.

(iii) The unrated counterparty receivables primarily comprise amounts due from downstream customers, subsidiaries of rated entities, exchanges or clearing houses.

S3. Financial risk management

Details of how credit risk is managed across the asset categories are provided below:

(a) Treasury, trading and energy procurement activities

Wholesale counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. The Group uses master netting agreements to reduce credit risk and net settles payments with counterparties where net settlement provisions exist (see note S6 for details of amounts offset). In addition, the Group employs a variety of other methods to mitigate credit risk: margining, various forms of bank and parent company guarantees and letters of credit.

The vast majority of Group credit risk associated with its treasury, trading and energy procurement activities is with counterparties in related energy industries or financial institutions together with smaller exposures to commodity traders and small independent renewable producers. The impairment considerations of IFRS 9 are applicable to financial assets arising from treasury, trading and energy procurement activities that are carried at amortised cost and debt instruments that are carried at fair value through other comprehensive income (FVOCI). Debt instruments measured at FVOCI are not material for further disclosure.

Included in the table above within receivables including treasury, trading and energy procurement counterparties is £2,005 million (2023: £2,157 million) of treasury, trading and energy procurement assets. The Group's risk assessment procedures and counterparty selection process ensure that the credit risk on this type of financial asset is always low at initial recognition.

Included within the table above is information about the exposure to credit risk arising from only certain of the Group's energy procurement contracts – those in the scope of IFRS 9. Whilst the Group manages the credit risk associated with both financial and non-financial energy procurement contracts, it is the carrying value of financial assets within the scope of IFRS 9 that represents the maximum exposure to credit risk in accordance with IFRS 7.

(b) Trade receivables and contract assets

The simplified approach of measuring lifetime expected credit losses has been applied to trade receivables and contract asset balances, which are the focus of this disclosure. Therefore, consideration of the significance of any change in credit risk since initial recognition for the purpose of applying this model is not required for any material component of the receivables balance.

In the case of business customers, credit risk is managed by checking a company's creditworthiness and financial strength both before commencing trade and during the business relationship. For residential customers, creditworthiness is ascertained normally before commencing trade to determine the payment mechanism required to reduce credit risk to an acceptable level. Certain customers will only be accepted on a prepayment basis or with a security deposit. In some cases, an ageing of receivables is monitored and used to manage the exposure to credit risk associated with both business and residential customers. In other cases, credit risk is monitored and managed by grouping customers according to method of payment or profile.

Liquidity risk management and going concern

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. The Group experiences significant movements in its liquidity position due primarily to the seasonal nature of its business and margin cash arrangements associated with certain wholesale commodity contracts. To mitigate this risk the Group maintains significant committed facilities and holds cash on deposit to ensure that there is sufficient liquidity headroom at all points in the seasonal trading cycle of the business. See note 25 for further information.

S3. Financial risk management

Maturity profiles

Maturities of derivative financial instruments, provisions, borrowings and leases are provided in the following tables (all amounts are remaining contractual undiscounted cash flows):

Due for payment 2024	<1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	>5 years £m	Total £m
Energy and interest derivatives in a loss position that will be settled on a net basis (i)	(126)	(31)	(20)	(17)	(17)	(30)	(241)
Gross energy procurement contracts and other derivative buy trades carried at fair value	(3,169)	(168)	(74)	(29)	(101)	(1,487)	(5,028)
Foreign exchange derivatives that will be settled on a gross basis:							
Outflow	(4,992)	(1,234)	(701)	–	–	–	(6,927)
Inflow	5,007	1,256	730	–	–	–	6,993
Trade and other payables	(5,466)	(142)	(25)	(6)	–	–	(5,639)
Borrowings (bank loans, bonds, overdrafts and interest)	(878)	(184)	(183)	(126)	(678)	(2,654)	(4,703)
	(9,624)	(503)	(273)	(178)	(796)	(4,171)	(15,545)
Leases: (ii)							
Minimum lease payments	(106)	(89)	(55)	(29)	(25)	(90)	(394)
Capital elements of leases	(104)	(78)	(48)	(24)	(21)	(70)	(345)

Due for payment 2023	<1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	>5 years £m	Total £m
Energy and interest derivatives in a loss position that will be settled on a net basis (i)	(300)	(80)	(30)	(21)	(17)	(47)	(495)
Gross energy procurement contracts and other derivative buy trades carried at fair value	(4,541)	(2,423)	(78)	(35)	(32)	(82)	(7,191)
Foreign exchange derivatives that will be settled on a gross basis:							
Outflow	(7,783)	(1,367)	(570)	(298)	–	–	(10,018)
Inflow	7,732	1,360	570	296	–	–	9,958
Trade and other payables	(6,267)	(130)	(41)	(20)	(2)	(8)	(6,468)
Borrowings (bank loans, bonds, overdrafts and interest)	(924)	(593)	(183)	(182)	(125)	(3,397)	(5,404)
	(12,083)	(3,233)	(332)	(260)	(176)	(3,534)	(19,618)
Leases: (ii)							
Minimum lease payments	(99)	(91)	(78)	(44)	(25)	(99)	(436)
Capital elements of leases	(98)	(80)	(68)	(38)	(21)	(79)	(384)

(i) Proprietary energy trades are excluded from this maturity analysis as the Group does not take physical delivery of volumes traded under these contracts. The associated cash flows are expected to be equal to the contract fair value at the balance sheet date. See note 19 for further details.

(ii) The difference between the total minimum lease payments and the total capital elements of leases is due to future finance charges.

S4. Other equity

This section summarises the Group's other equity reserve movements.

	Cash flow hedging reserve £m	Foreign currency translation reserve £m	Actuarial gains and losses reserve £m	Financial asset at FVOCI reserve £m	Treasury and own shares reserve £m	Share-based payments reserve £m	Merger, capital redemption and other reserves £m	Total £m
1 January 2023	(10)	(127)	(1,429)	3	(63)	30	320	(1,276)
Actuarial losses on defined benefit pension schemes	—	—	(381)	—	—	—	—	(381)
Employee share schemes:								
Exercise of awards	—	—	—	—	22	(20)	—	2
Value of services provided	—	—	—	—	—	31	—	31
Proceeds from exercise of share options	—	—	—	—	6	—	—	6
Share buyback programme:								
Purchase of Treasury shares	—	—	—	—	(615)	—	—	(615)
Movement on accrual for committed share purchases	—	—	—	—	—	—	115	115
Impact of cash flow hedging	(3)	—	—	—	—	—	—	(3)
Share of other comprehensive loss of joint ventures and associates, net of taxation	—	—	(95)	—	—	—	—	(95)
Exchange differences on translation of foreign operations	—	(43)	—	—	—	—	—	(43)
Revaluation of FVOCI securities	—	—	—	4	—	—	—	4
Taxation on above items	1	—	93	(1)	—	6	—	99
31 December 2023	(12)	(170)	(1,812)	6	(650)	47	435	(2,156)
Actuarial losses on defined benefit pension schemes	—	—	(113)	—	—	—	—	**(113)**
Employee share schemes:								
Exercise of awards	—	—	—	—	27	(21)	—	**6**
Value of services provided	—	—	—	—	—	47	—	**47**
Purchase of own shares	—	—	—	—	(8)	—	—	**(8)**
Share buyback programme:								
Purchase of Treasury shares	—	—	—	—	(504)	—	—	**(504)**
Movement on accrual for committed share purchases	—	—	—	—	—	—	24	**24**
Shares cancelled in the year (note 26)	—	—	—	—	400	—	21	**421**
Impact of cash flow hedging	2	—	—	—	—	—	—	**2**
Share of other comprehensive gain of joint ventures and associates, net of taxation	—	—	38	—	—	—	—	**38**
Exchange differences on translation of foreign operations	—	(50)	—	—	—	—	—	**(50)**
Revaluation of other investments and securities measured at FVOCI	—	—	—	(27)	—	—	—	**(27)**
Taxation on above items	—	—	29	—	—	(4)	—	**25**
31 December 2024	**(10)**	**(220)**	**(1,858)**	**(21)**	**(735)**	**69**	**480**	**(2,295)**

Merger, capital redemption and other reserves

During February 1997, BG plc (formerly British Gas plc) demerged certain businesses (grouped together under GB Gas Holdings Limited (GBGH)) to form Centrica plc. Upon demerger, the share capital of GBGH was transferred to Centrica plc and was recorded at the nominal value of shares issued to BG plc shareholders. In accordance with the Companies Act 1985, no premium was recorded on the shares issued. On consolidation, the difference between the nominal value of the Company's shares issued and the amount of share capital and share premium of GBGH at the date of demerger was credited to a merger reserve.

On 8 December 2017, the Group's existing exploration and production business was combined with that of Bayerngas Norge AS to form the Spirit Energy business. The Group acquired 69% of the Spirit Energy business and Bayerngas Norge's former shareholders acquired 31%. The non-controlling interest established on acquisition has been based on its share of the carrying value of the combined business, with the other reserve representing the difference between the fair value and this carrying value.

In accordance with the Companies Act, the Company has transferred to the capital redemption reserve an amount equal to the nominal value of shares repurchased and subsequently cancelled. As at 31 December 2024 the cumulative nominal value of shares repurchased and subsequently cancelled was £49 million (2023: £28 million).

At the year-end, the Group has recognised a financial liability of £75 million (2023: £94 million) relating to the share buyback programme. See Treasury and own shares reserve section for more details.

S4. Other equity

Treasury and own shares reserve

The own shares reserve reflects the cost of shares in the Group held in the Centrica employee share ownership trusts to meet the future requirements of the Group's share-based payment plans.

Treasury shares are acquired equity instruments of the Company.

The Group has continued with its share buyback programme during 2024. The £200 million tranche which was underway at the 2023 year-end concluded in March 2024, and a subsequent £250 million tranche, announced in 2023 and signed in March 2024, commenced and was concluded at the end of July.

Subsequently, in July 2024, the Group announced a further £200 million extension to the share buyback programme and as a result, the Group signed an agreement in August 2024 with a third party to undertake the repurchase of £200 million of shares which is expected to complete by February 2025.

In December 2024, the Group announced a further extension of £300 million to its share repurchase programme of which £30 million is an extension of the contract signed in August 2024 (taking it to a total of £230 million), and an additional tranche of £270 million was signed, and is expected to commence in March 2025. Once complete, this will take the total value of shares repurchased under the current programme to £1.5 billion.

During the year ended 31 December 2024, the Group purchased 385 million ordinary shares, representing approximately 6.9% of the issued ordinary share capital at 31 December 2024, at an average price of 130.8 pence per share, and an aggregate cost of £504 million under the share buyback programme. Of this £504 million, £497 million has been paid and £7 million relates to shares committed to being purchased at 31 December 2024 but not yet settled. £2 million has been paid in respect of shares committed to being purchased at 31 December 2023.

The Group has determined that the terms and conditions of the contract signed in August, and extended by £30 million in December, mean that, at 31 December 2024, it was unable to cancel the obligation arising under the contract signed. Accordingly, a financial liability of £75 million was recognised at 31 December 2024, representing the difference between purchases paid for to date under the current tranche, and the maximum potential repurchase under the contract of £230 million.

The £270 million tranche commencing in March 2025 has not been recognised as a financial liability on the basis that, under the terms of the contract, the obligation arising remains cancellable at 31 December 2024.

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the financial liability of £92 million recognised at 31 December 2023 were as follows:

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
January 2024	32,745,328	145.7	48	44
February 2024	32,398,499	132.0	43	1
March 2024	793,553	128.0	1	—
Total	**65,937,380**	**138.8**	**92**	**—**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the additional £250 million programme which began in March 2024 were as follows.

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
March 2024	33,868,000	128.8	44	206
April 2024	38,573,000	129.8	50	156
May 2024	26,371,824	139.1	37	119
June 2024	41,019,288	135.3	55	64
July 2024	46,557,864	137.7	64	—
Total	**186,389,976**	**134.1**	**250**	**—**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the further £230 million programme for the year ended 31 December 2024 were as follows. This includes £7 million relating to shares committed to being purchased at 31 December 2024 but not yet settled.

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
August 2024	8,870,552	127.2	11	219
September 2024	11,678,819	121.0	14	205
October 2024	71,936,724	120.0	86	119
November 2024	19,636,324	120.3	24	95
December 2024	21,037,000	129.8	27	68
Total	**133,159,419**	**122.0**	**162**	**68**

S5. Hedge accounting

The Group primarily applies hedge accounting to address interest rate and foreign currency risk on borrowings.

For the purposes of hedge accounting, hedges are classified either as fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

The fair values of derivatives and primary financial instruments in hedge accounting relationships at 31 December were as follows:

		2024			2023		
31 December	Hedge	Assets £m	Liabilities £m	Change in fair value £m	Assets £m	Liabilities £m	Change in fair value £m
Interest rate risk	Fair value	–	(134)	(14)	–	(136)	48
Foreign exchange risk	Cash flow hedge	32	(6)	(8)	36	(18)	(13)

2024	Hedge	Timing of nominal amount	Average rate	Nominal value	Hedged item	Change in fair value of hedged item in year £m	Cumulative amount of fair value hedge adjustments on hedged item £m	Accumulated gains/(losses) in equity (i) £m
Interest rate risk	Fair value	2026-2033	Fixed to floating at Fallback LIBOR/SONIA + 2%-5%	£50 million-£550 million	Bonds (ii)	13	136	N/A
Foreign exchange risk	Cash flow hedge	2032	GBP to euro at 1.171	€50 million	Euro bonds	3	N/A	5
	Cash flow hedge	2036-2038	GBP to yen at 192.81	¥20 billion	Yen bank loans	7	N/A	(20)

2023	Hedge	Timing of nominal amount	Average rate	Nominal value	Hedged item	Change in fair value of hedged item in year £m	Cumulative amount of fair value hedge adjustments on hedged item £m	Accumulated gains/(losses) in equity (i) £m
Interest rate risk	Fair value	2025-2033	Fixed to floating at Fallback LIBOR + 2%-5%	£50 million-£550 million	Bonds (ii)	(59)	138	N/A
Foreign exchange risk	Cash flow hedge	2032	GBP to euro at 1.171	€50 million	Euro bonds	(1)	N/A	3
	Cash flow hedge	2036-2038	GBP to yen at 158.87	¥20 billion	Yen bank loans	7	N/A	(21)

(i) In the years presented all amounts related to continuing cash flow hedge relationships.
(ii) The carrying amount of bonds designated as hedged items in hedging relationships is disclosed in note 25.

The Group's accounting policies in relation to derivatives qualifying for hedge accounting under IAS 39 are described below.

Fair value hedges

A derivative is designated as a hedging instrument and its relationship to a recognised asset or liability is classified as a fair value hedge when it hedges the exposure to changes in the fair value of that recognised asset or liability. The Group's fair value hedges consist of interest rate swaps used to protect against changes in the fair value of fixed-rate, long-term debt due to movements in market interest rates. Any gain or loss from re-measuring the hedging instrument to fair value is recognised immediately in the Group Income Statement in net finance cost. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the Group Income Statement within net finance cost. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the Group Income Statement. Amortisation may begin as soon as an adjustment exists and begins no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

S5. Hedge accounting

Cash flow hedges

A derivative is classified as a cash flow hedge when it hedges exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction. The Group's cash flow hedges consist primarily of:

- Forward foreign exchange contracts used to protect against the variability of functional currency denominated cash flows associated with non-functional currency denominated highly probable forecast transactions; and
- Cross-currency interest rate swaps and forward foreign exchange contracts used to protect against the variability in cash flows associated with borrowings denominated in non-functional currencies.

The portion of the gain or loss on the hedging instrument which is effective is recognised directly in equity while any ineffectiveness is recognised in the Group Income Statement. The Group does not have any material sources of ineffectiveness. The gains or losses that are initially recognised in the cash flow hedging reserve through other comprehensive income are transferred to the Group Income Statement in the period in which the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, no longer qualifies for hedge accounting or the Group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the hedged transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the Group Income Statement. Note S4 details movements in the cash flow hedging reserve.

S6. Fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group has documented internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

(a) Fair value hierarchy

Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities;
- Level 2: fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data; and
- Level 3: fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

31 December	2024 Level 1 £m	2024 Level 2 £m	2024 Level 3 £m	2024 Total £m	2023 Level 1 £m	2023 Level 2 £m	2023 Level 3 £m	2023 Total £m
Financial assets								
Derivative financial instruments:								
Energy derivatives	—	1,252	164	**1,416**	—	2,995	156	3,151
Foreign exchange derivatives	—	160	—	**160**	—	121	—	121
Debt instruments	73	—	28	**101**	72	—	1	73
Equity instruments	35	—	56	**91**	32	—	60	92
Cash and cash equivalents	—	5,009	—	**5,009**	—	4,859	—	4,859
Total financial assets at fair value	**108**	**6,421**	**248**	**6,777**	104	7,975	217	8,296
Financial liabilities								
Derivative financial instruments:								
Energy derivatives	—	(1,033)	(131)	**(1,164)**	—	(2,436)	(272)	(2,708)
Interest rate derivatives	—	(134)	—	**(134)**	—	(136)	—	(136)
Foreign exchange derivatives	—	(89)	—	**(89)**	—	(162)	—	(162)
Contingent consideration payable	—	—	(100)	**(100)**	—	—	(123)	(123)
Total financial liabilities at fair value	**—**	**(1,256)**	**(231)**	**(1,487)**	—	(2,734)	(395)	(3,129)

The reconciliation of the Level 3 fair value measurements during the year is as follows:

	2024 Financial assets £m	2024 Financial liabilities £m	2023 Financial assets £m	2023 Financial liabilities £m
Level 3 financial instruments				
1 January	**217**	**(395)**	610	(946)
Total realised and unrealised gains/(losses):				
Recognised in Group Income Statement	**95**	**45**	(297)	252
Recognised in Other Comprehensive Income	**(30)**	**—**	(1)	—
Net movement in contingent consideration liability	**—**	**23**	—	(27)
Purchase of other investments (note 24)	**53**	**—**	37	—
Settlements	**(72)**	**100**	(35)	194
Transfers between Level 3 and Level 2 [(i)]	**(15)**	**(3)**	(96)	131
Foreign exchange movements	**—**	**(1)**	(1)	1
31 December	**248**	**(231)**	217	(395)
Total gains/(losses) for the period for Level 3 financial instruments held at the end of the reporting period	**95**	**45**	(297)	252

(i) Transfers between levels are deemed to occur at the beginning of the reporting year.

S6. Fair value of financial instruments

(b) Valuation techniques used to derive Level 2 and Level 3 fair values and Group valuation process

Level 2 interest rate derivatives and foreign exchange derivatives comprise interest rate swaps and forward foreign exchange contracts. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Forward foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market, with the resulting market value discounted back to present value using observable yield curves.

Level 2 energy derivatives are fair valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and the quoted prices for those commodities in an active market. The average discount rate applied to value this type of contract during the year was 5% per annum (2023: average discount rate of 5% per annum).

For Level 3 energy derivatives, the main input used by the Group pertains to deriving expected future commodity prices in markets that are not active as far into the future as some of our contractual terms. This applies to certain contracts within Europe and North America. Fair values are then calculated by comparing and discounting the difference between the expected contractual cash flows and these derived future prices using an average discount rate of 5% (Europe) and 5% (North America) per annum (2023: average discount rate of 5% (Europe) and 5% (North America) per annum).

Active period of markets	Gas	Power	Coal	Emissions	Oil
UK (years)	4	4	3	3	4

Because the Level 3 energy derivative valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas, power, coal, emissions or oil prices may result in a higher or lower fair value for Level 3 financial instruments. The impact of reasonably possible changes in commodity prices on profit and loss are included in note S3. Other than commodity prices, there are no other unobservable inputs which would have a material impact.

It should be noted that the fair values disclosed in the tables above only concern those contracts entered into that are within the scope of IFRS 9. The Group has numerous other commodity contracts that are outside of the scope of IFRS 9 and are not fair valued. The Group's actual exposure to market rates is constantly changing as the Group's portfolio of energy contracts changes.

The Group's valuation process includes specific teams of individuals that perform valuations of the Group's derivatives for financial reporting purposes, including Level 3 valuations. The Group has an independent team that derives future commodity price curves based on available external data and these prices feed into the energy derivative valuations, subject to adjustments, to ensure they are compliant with IFRS 13 'Fair Value Measurement'. The price curves are subject to review and approval by the Group's Executive Committee and valuations of all derivatives, together with other contracts that are not within the scope of IFRS 9, are also reviewed regularly as part of the overall risk management process. The Group adjusts the market value of derivative instruments to account for counterparty credit risk and corresponding possibility of a counterparty default preventing full realisation of the risk-free market value of the derivative. The Group estimates Credit Valuation Adjustments by computing an expected evolution of the market value of a counterpart's derivatives portfolio over the life of the contracts weighted by the probability of a default and an assumption of the market value recoverable in the event of a default. The default probability is calibrated to the price of Credit Default Swaps – a debt instrument reflecting the insurance premium payable to protect against a debtor's default. Debit valuation adjustments are the amount added back to the derivative value to account for the expected gain from the Group's own default and are calculated using a similar methodology with reference to the Group's own probability of default.

Where the fair value at initial recognition for contracts which have significant unobservable inputs and the fair value differs from the transaction price, a day-one gain or loss will arise. These deferred gains are presented net against respective derivative assets and derivative liabilities. Such gains and losses are deferred and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available (see note S2 for further detail). The amount that has yet to be recognised in the Group Income Statement relating to the differences between the transaction prices and the amounts that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is as follows:

Day-one gains deferred	2024 £m	2023 £m
1 January	**142**	304
Net gains deferred on transactions in the period	**10**	98
Net amounts recognised in Group Income Statement	**(37)**	(254)
Exchange differences	**(5)**	(6)
31 December	**110**	142

Level 3 debt and equity financial instruments are measured at fair value in accordance with IFRS 13. These fair value measurements reflect the assumptions that market participants would use when pricing the asset based on an exit price concept. The fair value of investments in debt securities is determined using discounted cash flow techniques. The discount rates are derived from market observable interest rates adjusted by a credit spread applicable to the particular instrument. Unlisted equity instruments are valued using an income approach. The estimated future cash flows, usually based on management forecasts of future economic benefits to be derived from the ownership of these investees, are discounted using rates appropriate to the specific investment, business sector or recent economic rates of return. Recent transactions involving the sale of similar businesses may sometimes be used as a frame of reference in deriving an appropriate multiple.

S6. Fair value of financial instruments

(c) Fair value of financial assets and liabilities held at amortised cost

The carrying value of the Group's financial assets and liabilities measured at amortised cost are approximately equal to their fair value except as listed below:

31 December		Notes	2024 Carrying value £m	2024 Fair value £m	2024 Fair value hierarchy	2023 Carrying value £m	2023 Fair value £m	2023 Fair value hierarchy
Bonds	Level 1	25	**(2,184)**	**(2,229)**	**Level 1**	(2,594)	(2,769)	Level 1
	Level 2	25	**(70)**	**(81)**	**Level 2**	(71)	(79)	Level 2

Bank borrowings
The fair values of bonds classified as Level 1 within the fair value hierarchy are calculated using quoted market prices. The fair values of Level 2 bonds have been determined by discounting cash flows with reference to relevant market rates of interest. The fair values of overdrafts and bank loans are assumed to materially approximate their carrying values.

Other financial instruments
Due to their nature and/or short-term maturity, the fair values of trade and other receivables, cash and cash equivalents, trade and other payables, other borrowings and securities held at amortised cost are estimated to approximate their carrying values.

(d) Financial assets and liabilities subject to offsetting, master netting arrangements and similar arrangements

31 December 2024	**Gross amounts of recognised financial instruments £m**	**Gross amounts of recognised financial instruments offset in the Group Balance Sheet £m**	**Net amounts presented in the Group Balance Sheet £m**	**Related amounts not offset in the Group Balance Sheet (i): Financial instruments £m**	**Related amounts not offset in the Group Balance Sheet (i): Collateral £m**	**Net amount £m**
Derivative financial assets	**4,543**	**(2,967)**	**1,576**	**(38)**	**(162)**	**1,376**
Derivative financial liabilities	**(4,354)**	**2,967**	**(1,387)**	**38**	**191**	**(1,158)**
			189			**218**
Balances arising from commodity contracts:						
Accrued trading and energy procurement income and unbilled downstream energy income	**5,450**	**(2,829)**	**2,621**	**(1)**	**—**	**2,620**
Accruals for commodity costs	**(5,101)**	**2,829**	**(2,272)**	**1**	**—**	**(2,271)**
Cash and financing arrangements:						
Cash and cash equivalents	**6,338**	**—**	**6,338**	**(645)**	**—**	**5,693**
Bank loans and overdrafts	**(769)**	**—**	**(769)**	**645**	**—**	**(124)**

31 December 2023	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset in the Group Balance Sheet £m	Net amounts presented in the Group Balance Sheet £m	Related amounts not offset in the Group Balance Sheet (i): Financial instruments £m	Related amounts not offset in the Group Balance Sheet (i): Collateral £m	Net amount £m
Derivative financial assets	9,883	(6,611)	3,272	(77)	(184)	3,011
Derivative financial liabilities	(9,617)	6,611	(3,006)	77	260	(2,669)
			266			342
Balances arising from commodity contracts:						
Accrued trading and energy procurement income and unbilled downstream energy income	7,067	(4,220)	2,847	(2)	—	2,845
Accruals for commodity costs	(6,684)	4,220	(2,464)	2	—	(2,462)
Cash and financing arrangements:						
Cash and cash equivalents	6,443	—	6,443	(814)	—	5,629
Bank loans and overdrafts	(944)	—	(944)	814	—	(130)

(i) The Group has arrangements in place with various counterparties in respect of commodity trades which provide for a single net settlement of all financial instruments covered by the arrangement in the event of default or termination, or other circumstances arising whereby either party is unable to meet its obligations. The above table shows the potential impact of these arrangements being enforced by offsetting the relevant amounts within each Group Balance Sheet class of asset or liability, but does not show the impact of offsetting across Group Balance Sheet classes where the offsetting Group Balance Sheet class is not included within the above table.

S7. Fixed-fee service and insurance contracts

This section includes fixed-fee service (FFS) and insurance contract disclosures for services related to British Gas.

FFS non-insurance contracts in the UK are entered into with home services customers by British Gas Services Limited. FFS insurance contracts in the UK are entered into with home services customers by British Gas Insurance Limited, authorised by the PRA and regulated by the FCA and the PRA.

Product offerings include central heating, boiler and controls, plumbing and drains and electrical appliance insurance cover. Insurance contracts normally provide cover for twelve months with the option of renewal.

The contracts that protect policyholders against the risk of breakdowns result in risk transfer to the contract provider. Benefits provided to customers vary in accordance with terms and conditions of the contracts entered into. However, they generally include maintenance, repair and/or replacement of the items affected.

IFRS 17 'Insurance contracts' became effective on 1 January 2023 and replaced the existing insurance standard, IFRS 4. FFS insurance contracts fall within the scope of IFRS 17 where the Group reflects an assessment of the risk associated with an individual customer in setting the price of the contract, this captures materially all the Group's insurance contracts. The Group applies the simplified 'Premium Allocation Approach' to its contracts on the basis that the coverage period of the Group's insurance contracts is not greater than one year.

The levels of risk exposure and service provision to customers under the contract terms depend on the occurrence of uncertain future events, particularly the nature and frequency of faults, and the cost of repair or replacement of the items affected. Accordingly, the timing and the amount of future cash outflows associated with the contracts is uncertain. As the Group's insurance contract portfolio is comprised of a large number of contracts with small individual values, a high volume of claims with relatively low unit cost results. The characteristics of the business mean that material concentrations or aggregations of risk are relatively remote. The key terms and conditions that affect future cash flows are as follows:

- Provision of labour and parts for repairs, dependent on the agreement and associated level of service;
- A specified number of safety and maintenance inspections are carried out as set out in the agreement (usually once a year);
- No limit to the number of call-outs to carry out repair work; and
- Limits on certain maintenance and repair costs.

The most significant insurance risk is an extreme weather event for an extended period, which has the propensity to increase claim frequencies. The Group regularly assesses insurance risk sensitivities, the most significant relating to increases in breakdown frequency and increases in the average cost of repair. A reasonably possible increase in either would not have a material impact on the results of the Group.

Revenue is recognised over the life of contracts (usually a twelve-month period) regarding the incidence of risk, in particular the seasonal propensity of claims that span the life of the contract as a result of emergency maintenance being available throughout the contract term. Costs incurred to settle claims represent principally the engineer workforce employed by the Group within home services and the cost of parts utilised in repair or maintenance. Revenue is accounted for over a twelve-month period in accordance with the premium allocation approach required by IFRS 17, with adjustments made to reflect the seasonality of workload over a given year. Claims frequency is sensitive to the reliability of appliances as well as the impact of weather conditions. The contracts are not exposed to any interest rate risk or significant credit risk and do not contain any embedded derivatives.

Weather conditions and the seasonality of repairs both affect the profile of the workload and associated costs incurred across the year.

The risk exposure of these uncertain events is actively managed by undertaking the following risk mitigation activities:

- An initial service visit is provided to customers taking up most central heating contracts and in some instances pre-existing faults may lead to the contract being cancelled and no further cover being provided;
- An annual maintenance inspection is performed as part of most central heating contracts to help identify and prevent issues developing into significant maintenance or breakdown claims; and
- Contract limits are applied to certain types of maintenance and repair work considered to be higher risk in terms of frequency and cost.

Insurance service expenses recognised in cost of sales primarily relate to servicing claims including materials, labour and other costs required to fulfil the claim. Insurance service expenses recognised in operating costs largely relate to overhead expenses including non-engineer labour costs. These expenses are split for compatibility with the broader accounting policy of the Centrica group.

S7. Fixed-fee service and insurance contracts

The following table shows the reconciliation from the opening to the closing balances of the liability for the remaining coverage and the liability for incurred claims for insurance contracts measured under the Premium Allocation Approach.

	2024			2023		
Year ended 31 December	**Liability for remaining coverage £m**	**Liability of incurred claims £m**	**Total £m**	Liability for remaining coverage £m	Liability of incurred claims £m	Total £m
1 January	**(39)**	**(126)**	**(165)**	(36)	(124)	(160)
Changes in the Group Income Statement:						
Insurance revenue:						
Contracts under the modified retrospective approach	**800**	**—**	**800**	813	—	813
Insurance service expenses:						
Incurred claim and other insurance service expenses recognised in cost of sales	**—**	**(460)**	**(460)**	—	(475)	(475)
Incurred claim and other insurance service expenses recognised in operating costs	**—**	**(306)**	**(306)**	—	(294)	(294)
Total insurance service expenses	**—**	**(766)**	**(766)**	—	(769)	(769)
Total changes in the Group Income Statement and insurance service result	**800**	**(766)**	**34**	813	(769)	44
Cash flows:						
Premiums received	**(796)**	**—**	**(796)**	(816)	—	(816)
Claims and other service expenses paid	**—**	**752**	**752**	—	767	767
Total cash flows	**(796)**	**752**	**(44)**	(816)	767	(49)
31 December	**(35)**	**(140)**	**(175)**	(39)	(126)	(165)

S8. Related party transactions

The Group's principal related party is its investment in Lake Acquisitions Limited, which owns the existing UK nuclear fleet. The disclosures below, including comparatives, only refer to related parties that were related in the current reporting period.

During the year, the Group entered into the following arm's length transactions with related parties who are not members of the Group, and had the following associated balances:

	2024		2023	
31 December	Purchase of goods and services £m	Amounts owed to £m	Purchase of goods and services £m	Amounts owed to £m
Associates:				
Nuclear	**(772)**	**(52)**	(655)	(94)
Joint ventures	**—**	**—**	(1)	—
	(772)	**(52)**	(656)	(94)

During the year, there were no material changes to commitments in relation to joint ventures and associates.

At the balance sheet date, the Group had committed facilities to the Lake Acquisition Group totalling £40 million (2023: £120 million), although nothing has been drawn at 31 December 2024.

Remuneration of key management personnel

Year ended 31 December	2024 £m	2023 £m
Short-term benefits	**5.3**	5.0
Post-employment benefits	**0.2**	0.2
Share-based payments	**4.0**	4.6
	9.5	9.8

Key management personnel comprise members of the Board and Executive Committee, a total of 13 individuals at 31 December 2024 (2023: 14).

Remuneration of the Directors of Centrica plc

Year ended 31 December	2024 £m	2023 £m
Total emoluments [(i)]	**4.8**	4.6
Amounts receivable under long-term incentive schemes	**2.0**	7.7
Contributions into pension schemes	**0.1**	0.1
	6.9	12.4

(i) These emoluments were paid for services performed on behalf of the Group. No emoluments related specifically to services performed for the Company.

Directors' interests in shares are given in the Remuneration Report on pages 116 to 147.

S9. Auditors' remuneration

Year ended 31 December	2024 £m	2023 £m
Fees payable to the Company's auditors for:		
Audit of the Company's individual and consolidated Financial Statements	**5.5**	5.8
Audit of the Company's subsidiaries	**2.4**	2.0
Total fees related to the audit of the parent and subsidiary entities	**7.9**	7.8
Fees payable to the Company's auditors and its associates for other services:		
Audit-related assurance services (i)	**0.8**	0.7
Total fees	**8.7**	8.5
Fees in respect of pension scheme audits (ii)	**0.2**	0.1

(i) Predominantly relates to the review of the condensed interim Financial Statements.
(ii) The pension scheme audit continues to be performed by PricewaterhouseCoopers LLP.

S10. Related undertakings

The Group has a large number of related undertakings principally in the UK, US, Canada, and EU. These are listed below.

(a) Subsidiary undertakings

Investments held directly by Centrica plc with 100% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Centrica Beta Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Ireland Holdings Limited	Holding company	Republic of Ireland	B	Ordinary shares

Investments held indirectly by Centrica plc with 100% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Alertme.com GmbH	In liquidation	Germany	C	Ordinary shares
Astrum Solar, Inc.	Home and/or commercial services	United States	D	Ordinary shares
Bord Gáis Energy Limited	Energy supply and power generation	Republic of Ireland	B	Ordinary shares
Bord Gáis Energy Trustees DAC	Pension trustee company	Republic of Ireland	B	Ordinary shares
British Gas Finance Limited	Vehicle leasing	United Kingdom	A	Ordinary shares
British Gas Insurance Limited	Insurance provision	United Kingdom	A	Ordinary shares
British Gas Limited	Energy supply	United Kingdom	A	Ordinary shares
British Gas New Heating Limited	Electrical and gas installations	United Kingdom	A	Ordinary shares
British Gas Services (Commercial) Limited	Non-trading	United Kingdom	A	Ordinary shares
British Gas Services Limited	Home services	United Kingdom	A	Ordinary shares
British Gas Social Housing Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares
British Gas Trading Limited	Energy supply	United Kingdom	A	Ordinary shares
British Gas X Limited (ii)	Dormant	United Kingdom	A	Ordinary shares
Caythorpe Gas Storage Limited	Gas storage	United Kingdom	E	Ordinary shares
CBS Energy Assets Belgium B.V.	Construction and operation of battery storage	Belgium	F	Ordinary shares
CBS Energy Storage Assets UK Limited	Construction and operation of battery storage	United Kingdom	A	Ordinary shares
CBS Services Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
CBS Solar Assets UK Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica (Lincs) Wind Farm Limited (iii)	Dormant	United Kingdom	A	Ordinary shares
Centrica Barry Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Business Holdings Inc.	Holding company	United States	D	Ordinary shares
Centrica Business Solutions (Generation) Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Business Solutions B.V.	Energy management products and services	Netherlands	G	Ordinary shares
Centrica Business Solutions Belgium NV	Demand response aggregation	Belgium	F	Ordinary shares
Centrica Business Solutions Canada Inc.	Holding company	Canada	H	Ordinary shares
Centrica Business Solutions Deutschland GmbH	Demand response aggregation	Germany	I	Ordinary shares
Centrica Business Solutions France SAS	Demand response aggregation	France	J	Ordinary shares
Centrica Business Solutions International Limited (iii)	Dormant	United Kingdom	A	Ordinary shares
Centrica Business Solutions Ireland Limited	Energy management products and services	Republic of Ireland	B	Ordinary shares
Centrica Business Solutions Italia Srl	Energy management products and services	Italy	K	Ordinary shares
Centrica Business Solutions Management Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Business Solutions Romania Srl	Energy management products and services	Romania	L	Ordinary shares
Centrica Business Solutions Services, Inc.	Energy management products and services	United States	D	Ordinary shares
Centrica Business Solutions UK Limited	Energy management products and services	United Kingdom	A	Ordinary shares

S10. Related undertakings

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Centrica Business Solutions UK Optimisation Limited	Demand response aggregation	United Kingdom	A	Ordinary shares
Centrica Business Solutions US, Inc.	Energy management products and services	United States	D	Ordinary shares
Centrica Business Solutions Zrt	Energy management products and services	Hungary	M	Ordinary shares
Centrica Combined Common Investment Fund Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Directors Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Distributed Generation Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Energy Assets Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Energy Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares
Centrica Energy, LLC (iv)	Energy services and wholesale energy trading	United States	N	Membership interest
Centrica Energy Marketing Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares
Centrica Energy Storage Limited	Gas production and processing	United Kingdom	E	Ordinary shares
Centrica Energy Trading A/S	Energy services and wholesale energy trading	Denmark	O	Ordinary shares
Centrica Energy Trading GmbH	Energy services and wholesale energy trading	Germany	P	Ordinary shares
Centrica Energy Trading, LLC (iv)	Energy services and wholesale energy trading	United States	N	Membership interest
Centrica Energy Trading Pte. Ltd	Energy services and wholesale energy trading	Singapore	Q	Ordinary shares
Centrica Engineers Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Finance (Scotland) Limited	Holding company	United Kingdom	R	Ordinary shares
Centrica Finance Norway Limited	Dormant	Jersey	S	Ordinary shares
Centrica Gamma Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Hive Limited	Energy management products and services	United Kingdom	A	Ordinary shares
Centrica Hive Srl	In liquidation	Italy	T	Ordinary shares
Centrica Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Hydrogen Innovations Limited (v)	Holding company	United Kingdom	A	Ordinary shares
Centrica India Offshore Private Limited	Business services	India	U	Ordinary shares
Centrica Innovations UK Limited	Investment company	United Kingdom	A	Ordinary shares
Centrica Innovations US, Inc.	Investment company	United States	D	Ordinary shares
Centrica Insurance Company Limited	Insurance provision	Isle of Man	V	Ordinary and preference shares
Centrica Lake Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica LNG Company Limited	LNG trading	United Kingdom	A	Ordinary shares
Centrica LNG UK Limited	LNG trading	United Kingdom	A	Ordinary shares
Centrica Nederland B.V.	Holding company	Netherlands	G	Ordinary shares
Centrica Nigeria Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Offshore Investments Limited (iv)	Non-trading	United Kingdom	E	Ordinary shares
Centrica Offshore UK Limited	Gas and/or liquid exploration and production	United Kingdom	E	Ordinary shares
Centrica Overseas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Pension Plan Trustees Limited	Dormant	United Kingdom	A	Limited by guarantee
Centrica Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Production Limited	Dormant	United Kingdom	R	Ordinary shares
Centrica Resources (Nigeria) Limited	Non-trading	Nigeria	W	Ordinary shares
Centrica Secretaries Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Services Limited	Business services	United Kingdom	A	Ordinary shares
Centrica Smart Meter Assets Limited	Metering assets and services	United Kingdom	A	Ordinary shares
Centrica Storage Holdings Limited	Holding company	United Kingdom	E	Ordinary shares
Centrica Supply Chain Limited (v)	Non-trading	United Kingdom	A	Ordinary shares
Centrica Trading Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Trinidad and Tobago Limited	Business services	Trinidad and Tobago	X	Ordinary shares
Centrica Trust (No.1) Limited	Healthcare trust	United Kingdom	A	Ordinary shares

S10. Related undertakings

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
CP Energy Storage Assets Sweden 1 AB (iv)	Construction of battery storage	Sweden	Y	Ordinary shares
CP Energy Storage Assets Sweden 2 AB (iv)	Construction of battery storage	Sweden	Y	Ordinary shares
DEML Investments Limited	Holding company	Canada	H	Ordinary shares
DER Development No. 10 Ltd.	Holding company	Canada	H	Ordinary shares
Distributed Energy Customer Solutions Limited	Energy management products and services	United Kingdom	A	Ordinary shares
Dyno-Rod Limited	Operation of a franchise network	United Kingdom	A	Ordinary shares
ECL Contracts Limited	Dormant	United Kingdom	A	Ordinary shares
ECL Investments Limited	Dormant	United Kingdom	A	Ordinary shares
ENER-G Nagykanizsa Kft	Energy management products and services	Hungary	M	Ordinary shares
ENER-G Rudox, LLC	Energy management products and services	United States	D	Membership interest
Energy For Tomorrow	Not-for-profit energy services	United Kingdom	A	Limited by guarantee
Ensek Australia Pty Ltd (iv)	Dormant	Australia	Z	Ordinary shares
Ensek Holdings Limited (iv)	Holding company	United Kingdom	AA	Ordinary shares
Ensek Limited (iv)	Information technology consultancy activities	United Kingdom	AA	Ordinary shares
GB Gas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Generation Green Solar Limited	Dormant community benefit society	United Kingdom	A	Ordinary shares
Gerard Hall Energy Limited (iv)	Construction of battery storage	United Kingdom	A	Ordinary shares
GF One Limited (vi)	In liquidation	United Kingdom	AB	Ordinary shares
GF Two Limited (vi)	In liquidation	United Kingdom	AB	Ordinary shares
Greener Ideas Limited (vii)	Development of flexible power generation	Republic of Ireland	B	Ordinary shares
Inteligen Limited (iv)	Dormant	United Kingdom	AA	Ordinary shares
Leicestershire Solar 1 Limited	Construction of solar asset	United Kingdom	A	Ordinary shares
Neas Energy Limited	Energy services and wholesale energy trading	United Kingdom	A	Ordinary shares
Neas Invest A/S	Dormant	Denmark	O	Ordinary shares
P.H Jones Group Limited	Holding company	United Kingdom	A	Ordinary shares
Panoramic Power Ltd.	Energy management products and services	Israel	AC	Ordinary shares
Pioneer Shipping Limited	LNG vessel chartering	United Kingdom	A	Ordinary shares
Rolleston 2 Solar Farm Limited (iv)	Construction of solar asset	United Kingdom	A	Ordinary shares
SN12 6EF Limited	Power generation	United Kingdom	A	Ordinary shares
South Energy Investments, LLC	Power generation	United States	D	Membership interest
Vista Solar, Inc.	Energy management products and services	United States	D	Ordinary shares

S10. Related undertakings

Investments held indirectly by Centrica plc with 69% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Bowland Resources Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Bowland Resources (No.2) Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Elswick Energy Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Spirit Energy Limited	Holding company	United Kingdom	A	Ordinary and deferred shares
Spirit Energy Nederland B.V.	Gas and/or liquid exploration and production	Netherlands	AD	Ordinary Shares
Spirit Energy North Sea Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy North Sea Oil Limited	Gas and/or liquid exploration and production	United Kingdom	AE	Ordinary shares
Spirit Energy Norway AS	Non-trading	Norway	AF	Ordinary shares
Spirit Energy Production UK Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Resources Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Southern North Sea Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Treasury Limited	Finance company	United Kingdom	A	Ordinary shares
Spirit Europe Limited	Holding company	United Kingdom	A	Ordinary shares
Spirit Infrastructure B.V.	Decommissioning of exploration and production assets	Netherlands	AD	Ordinary shares
Spirit North Sea Gas Limited	Gas and/or liquid exploration and production	United Kingdom	AE	Ordinary shares
Spirit Norway Holdings AS	Holding company	Norway	AF	Ordinary shares
Spirit Norway Limited	Holding company	United Kingdom	A	Ordinary shares
Spirit Production (Services) Limited	Business services	United Kingdom	AE	Ordinary shares
Spirit Resources (Armada) Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares

(i) For list of registered addresses, refer to note S10(d).
(ii) Dissolved in January 2025.
(iii) Active proposal to strike off.
(iv) Incorporated or acquired in 2024.
(v) The following name changes were made during the year:
- Centrica Finance Investments Limited to Centrica Hydrogen Innovations Limited
- Centrica Titan Limited to Centrica Supply Chain Limited

(vi) GF One Limited and GF Two Limited are 75% indirectly owned by Centrica plc.
(vii) Greener Ideas Limited is 80% indirectly owned by Centrica plc.

S10. Related undertakings

(b) Subsidiary undertakings – partnerships held indirectly by Centrica plc with 100% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key [(i)]		Class of shares held
CF 2016 LLP	Group financing	United Kingdom	A	Membership interest
CFCEPS LLP	Group financing	United Kingdom	A	Membership interest
Direct Energy Resources Partnership	Holding entity	Canada	H	Membership interest
Finance Scotland 2016 Limited Partnership	Group financing	United Kingdom	R	Membership interest
Finance Scotland CEPS Limited Partnership	Group financing	United Kingdom	R	Membership interest

(i) For list of registered addresses, refer to note S10(d).

The following partnerships are fully consolidated into the Group Financial Statements and the Group has taken advantage of the exemption (as confirmed by regulation 7 of the Partnerships (Accounts) Regulations 2008) not to prepare or file separate accounts for these entities:

- Finance Scotland 2016 Limited Partnership; and
- Finance Scotland CEPS Limited Partnership.

(c) Joint arrangements and associates

31 December 2024	Principal activity	Country of incorporation/ registered address key [(i)]		Class of shares held	Indirect interest and voting rights
Joint ventures [(ii)]					
Allegheny Solar 1, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
C2 Centrica MT, LLC	Energy supply and/or services	United States	AH	Membership interest	50.0%
Eurowind Polska VI Sp z.o.o.	Operation of an onshore windfarm	Poland	AI	Ordinary shares	50.0%
Three Rivers Solar 1, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
Three Rivers Solar 2, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
Three Rivers Solar 3, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
Vindpark Keblowo ApS	Holding company	Denmark	AJ	Ordinary shares	50.0%
Associates [(ii)]					
Fuinneamh ÓG Teoranta [(iii)]	Offshore windfarm development	Republic of Ireland	AK	Ordinary shares	30.0%
Kestrel Energy Storage DAC [(iii)]	Offshore gas storage development	Republic of Ireland	AL	Ordinary shares	33.3%
Lake Acquisitions Limited	Holding company	United Kingdom	AM	Ordinary shares	20.0%
Tickd Limited [(iii)]	Trade of electricity	United Kingdom	AN	Ordinary shares	20.0%
Young Energy Holding Company Limited [(iii)]	Offshore windfarm development	Republic of Ireland	AK	Ordinary shares	30.0%

(i) For list of registered addresses, refer to note S10(d).
(ii) Further information on the principal joint ventures and associate investments held by the Group is disclosed in notes 6 and 14.
(iii) Acquired in 2024.

All Group companies principally operate within their country of incorporation unless noted otherwise.

S10. Related undertakings

(d) List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	1 Warrington Place, Dublin 2, Republic of Ireland
C	Thomas-Wimmer-Ring 1-3, 80539, Munich, Germany
D	2111 Ellsworth Boulevard, Malta NY 12020, United States [(i)(ii)(iii)(iv)(v)]
E	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom
F	Roderveldlaan 2 bus 2, 2600 Antwerp, Belgium
G	Wiegerbruinlaan 2A, 1422 CB Uithoorn, Netherlands
H	Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada [(vi)(vii)]
I	Neuer Wall 10, 20354 Hamburg, Germany
J	60 Avenue Charles de Gaulle, Cs 60016, 92573, Neuilly sur Seine Cedex, France
K	Milan (MI), Via Emilio Cornalia 26, Italy
L	Strada Martir Colonel Ioan Uță nr.28 camera 1, Municipiul Timisoara judet Timis, Romania
M	H-1106 Budapest Jászberényi út 24-36, Hungary
N	c/o Corporate Creations Network Inc., 1521 Concord Pike Suite 201, Wilmington, DE19803, United States
O	Skelagervej 1, 9000 Aalborg, Denmark
P	Esplanade 40, 20354 Hamburg, Germany
Q	220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852, Republic of Singapore
R	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG, United Kingdom
S	47 Esplanade, St Helier, JE1 0BD, Jersey, Channel Islands
T	Via Paleocapa Pietro 4, 20121, Milano, Italy
U	G-74, LGF, Kalkaji, New Delhi, South Delhi, 110019, India
V	3rd floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
W	Sterling Towers, 20 Marina, Lagos, Nigeria
X	48-50 Sackville Street, Port of Spain, Trinidad and Tobago
Y	Box 16285, 103 25 Stockholm, Sweden [(viii)]
Z	c/o Grant Thornton Australia Limited, Collins Square Tower Five, Level 22, 727 Collins Street, Docklands VIC 3008, Australia
AA	Hounds Gate, 30-34 Hounds Gate, Nottingham, NG1 7AB, United Kingdom
AB	1 More London Place, London, SE1 2AF, United Kingdom
AC	15 Atir Yeda Street, Kfar Saba, 44643, Israel
AD	Transpolis Building, Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
AE	5th floor, IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom
AF	c/o Advokatfirmaet Schjødt AS Kongsgärdbakken 3, Stavanger, Rogaland 4005, Norway [(ix)(x)]
AG	1209 Orange Street, Wilmington, New Castle County, DE 19801, United States
AH	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States [(xi)]
AI	Ul. Wysogotowska 23, 62-081 Przezmierowo, Wielkpolskie, Poland
AJ	Mariagervej 58B, DK 9500 Hobro, Denmark
AK	Block 1, Harcourt Centre, Harcourt Street, Dublin 2, DO2 YA40, Republic of Ireland
AL	1 Stokes Place, St Stephen's Green, Dublin, Republic of Ireland
AM	90 Whitfield Street, London, W1T 4EZ, United Kingdom
AN	4th Floor, Regent House, 50 Frederick Street, Birmingham, B1 3HR, United Kingdom

(i) Astrum Solar, Inc changed its registered address during the year from 2 Wisconsin Circle #700, Chevy Chase, MD 20815, United States to the address listed above.
(ii) Centrica Business Holdings Inc changed its registered address during the year from 3411 Silverside Road, Rodney Building #104, Wilmington, DE 19810, United States to the address listed above.
(iii) The following entities changed their registered address during the year from 3411 Silverside Road, Suite 104, Tatnall Building. Wilmington, DE 19810, United States to the address listed above: Centrica Business Holdings Inc., Centrica Business Solutions Services Inc., Centrica Business Solutions US Inc., and ENER-G Rudox LLC.
(iv) South Energy Investments LLC changed its registered address during the year from 6 Landmark Square, 4th floor, Stamford CT 06901, United States to the address listed above.
(v) Vista Solar Inc changed its registered address during the year from 4640 Admiralty Way, 5th floor, Marina del Rey, California 90292, United States to the address listed above.
(vi) The following entities changed their registered address during the year from 550 Burrard Street, Suite 2900, Vancouver BC V6C 0A3, Canada to the address listed above: Centrica Business Solutions Canada Inc., DEML Investments Limited, and DER Development No. 10 Ltd.
(vii) Direct Energy Resources Partnership changed its registered address during the year from 350 7th Avenue SW, Suite 3400, Calgary AB T2P 3N9, Canada to the address listed above.
(viii) The following entities changed their registered address in 2025 from c/o Mannheimer Swartling Advokatbyrå, Box 2235, 403 14 Göteborg, Sweden to the address listed above: CP Energy Storage Assets Sweden 1 AB and CP Energy Storage Assets Sweden 2 AB.
(ix) Spirit Energy Norway AS changed its registered address during the year from Veritasvien 29, 4007 Stavanger, Norway to the address listed above.
(x) Spirit Energy Norway Holdings AS changed its registered address during the year from Lilleakerveien 8, 0283 Oslo, Norway to the address listed above.
(xi) C2 Centrica MT, LLC changed its registered address during the year from 850 New Burton Road, Suite 201, Dover, DE 19904, United States to the address listed above.

S10. Related Undertakings

(e) Summarised financial information

Management has determined that the investment in Lake Acquisitions Limited is sufficiently material to warrant further disclosure on an individual basis. Accordingly, the Group presents summarised financial information, along with reconciliations to the amounts included in the consolidated Group Financial Statements, for this investee.

Lake Acquisitions Limited

Summarised statement of total comprehensive income

	2024				2023			
Year ended 31 December	**Associate information reported to Group £m**	**Unadjusted 20% share £m**	**Fair value and other adjustments £m**	**Group share £m**	Associate information reported to Group £m	Unadjusted 20% share £m	Fair value and other adjustments £m	Group share £m
Revenue	**4,040**	**808**	**—**	**808**	3,398	680	—	680
Operating profit/(loss) before interest and tax	**2,148**	**430**	**(56)**	**374**	1,671	334	(52)	282
Profit/(loss) for the year	**1,494**	**299**	**(43)**	**256**	1,242	248	(40)	208
Other comprehensive income/(loss)	**189**	**38**	**—**	**38**	(477)	(95)	—	(95)
Total comprehensive income/(loss)	**1,683**	**337**	**(43)**	**294**	765	153	(40)	113

Summarised balance sheet

	2024				2023			
31 December	**Associate information reported to Group £m**	**Unadjusted 20% share £m**	**Fair value and other adjustments (i) £m**	**Group share £m**	Associate information reported to Group £m	Unadjusted 20% share £m	Fair value and other adjustments (i) £m	Group share £m
Non-current assets	**18,201**	**3,640**	**638**	**4,278**	15,970	3,194	694	3,888
Current assets	**3,791**	**758**	**—**	**758**	3,901	780	—	780
Current liabilities	**(1,526)**	**(305)**	**—**	**(305)**	(1,350)	(270)	—	(270)
Non-current liabilities	**(13,710)**	**(2,742)**	**(101)**	**(2,843)**	(11,675)	(2,335)	(114)	(2,449)
Net assets	**6,756**	**1,351**	**537**	**1,888**	6,846	1,369	580	1,949

(i) Before cumulative impairments of £1,094 million (2023: £1,046 million) of the Group's associate investment.

During the year, dividends of £355 million (2023: £220 million) were paid by the associate to the Group.

Joint operations - fields/assets

31 December 2024	**Location**	**Percentage holding**
Cygnus	UK North Sea	61%

S11. Non-controlling interests

The Group has one subsidiary undertaking with a material non-controlling interest: Spirit Energy Limited, through which the Group carries out the majority of its exploration and production activities.

	2024					2023				
Year ended 31 December	**Non-controlling interests %**	**Profit for the year £m**	**Total comprehensive income £m**	**Total equity £m**	**Distributions to non-controlling interests £m**	Non-controlling interests %	Profit for the year £m	Total comprehensive income £m	Total equity £m	Distributions to non-controlling interests £m
Spirit Energy Limited	**31**	**33**	**34**	**390**	**—**	31	111	110	356	(17)

Summarised financial information

The summarised financial information disclosed is shown on a 100% basis. It represents the consolidated position of Spirit Energy Limited and its subsidiaries that would be shown in its consolidated financial statements prepared in accordance with IFRS under Group accounting policies before intercompany eliminations.

Summarised statement of total comprehensive income

Year ended 31 December	**2024 £m**	2023 £m
Revenue	**1,140**	974
Profit for the year	**106**	357
Other comprehensive income/(loss)	**3**	(1)
Total comprehensive income	**109**	356

Summarised balance sheet

31 December	**2024 £m**	2023 £m
Non-current assets	**992**	1,028
Current assets	**1,980**	2,099
Current liabilities	**(557)**	(481)
Non-current liabilities	**(1,158)**	(1,498)
Net assets	**1,257**	1,148

Summarised cash flow

Year ended 31 December	**2024 £m**	2023 £m
Net increase/(decrease) in cash and cash equivalents	**5**	(13)

Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity (note II) £m	Total equity £m
1 January 2023	365	2,394	3,248	(334)	5,673
Profit for the year (i)	—	—	2,258	—	2,258
Other comprehensive loss	—	—	—	(35)	(35)
Total comprehensive income/(loss)	—	—	2,258	(35)	2,223
Employee share schemes and other share transactions (ii)	—	—	(3)	39	36
Share buyback programme (iii)	—	—	—	(500)	(500)
Dividends paid to equity holders	—	—	(186)	—	(186)
31 December 2023	365	2,394	5,317	(830)	7,246
Profit for the year (i)	—	—	185	—	**185**
Other comprehensive income	—	—	—	5	**5**
Total comprehensive income	—	—	185	5	**190**
Employee share schemes and other share transactions (ii)	—	—	(8)	43	**35**
Share buyback programme (iii)	—	—	—	(480)	**(480)**
Shares cancelled in the period (iii)	(21)	—	(400)	421	**—**
Dividends paid to equity holders	—	—	(219)	—	**(219)**
31 December 2024	**344**	**2,394**	**4,875**	**(841)**	**6,772**

(i) Includes intercompany dividend income of £nil (2023: £2,635 million).
(ii) Includes taxation on employee share schemes and other share transactions attributable to the Company only.
(iii) See notes 26 and S4 of the Group consolidated Financial Statements for further details of the share buyback programme and share cancellation.

As permitted by Section 408(3) of the Companies Act 2006 no Income Statement or Statement of Comprehensive Income is presented.

Details of the interim and final dividends are provided in notes 11 and 27 to the Group consolidated Financial Statements.

Details of the Company's share capital are provided in the Group Statement of Changes in Equity and note 26 to the Group consolidated Financial Statements.

The notes on pages 272 to 280 form part of these Financial Statements, along with note 26 to the Group consolidated Financial Statements.

Company Balance Sheet

31 December	Notes	2024 £m	2023 £m
Non-current assets			
Property, plant and equipment	IV	**9**	11
Investments	V	**121**	94
Deferred tax assets	XII	**—**	11
Trade and other receivables	VI	**15,288**	14,274
Derivative financial instruments	VII	**103**	39
Retirement benefit assets	XIV	**42**	28
Securities	IX	**108**	104
		15,671	14,561
Current assets			
Trade and other receivables	VI	**483**	590
Derivative financial instruments	VII	**140**	66
Securities	IX	**—**	405
Cash and cash equivalents		**5,498**	5,482
		6,121	6,543
Total assets		**21,792**	21,104
Current liabilities			
Derivative financial instruments	VII	**(147)**	(116)
Trade and other payables	XI	**(11,543)**	(9,925)
Provisions for other liabilities and charges		**—**	(2)
Bank overdrafts, loans and other borrowings	XIII	**(694)**	(789)
		(12,384)	(10,832)
Non-current liabilities			
Deferred tax liabilities	XII	**(1)**	(3)
Derivative financial instruments	VII	**(204)**	(170)
Trade and other payables	XI	**—**	(3)
Provisions for other liabilities and charges		**(1)**	(1)
Retirement benefit obligations	XIV	**(48)**	(49)
Bank loans and other borrowings	XIII	**(2,382)**	(2,800)
		(2,636)	(3,026)
Total liabilities		**(15,020)**	(13,858)
Net assets		**6,772**	7,246
Share capital		**344**	365
Share premium		**2,394**	2,394
Retained earnings (i)		**4,875**	5,317
Other equity	II	**(841)**	(830)
Total shareholders' equity		**6,772**	7,246

(i) Retained earnings includes a net profit after taxation of £185 million (2023: £2,258 million) which includes intercompany dividend income of £nil (2023: £2,635 million).

The Financial Statements on pages 270 to 280, of which the notes on pages 272 to 280 form part, along with note 26 to the Group consolidated Financial Statements, were approved and authorised for issue by the Board of Directors on 19 February 2025 and were signed on its behalf by:

Chris O'Shea
Group Chief Executive

Russell O'Brien
Group Chief Financial Officer

Centrica plc Registered No: 03033654

Notes to the Company Financial Statements

I. GENERAL INFORMATION AND MATERIAL ACCOUNTING POLICIES OF THE COMPANY

General information

The Company is a public company limited by shares, incorporated and domiciled in the UK, and registered in England and Wales. The registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

The Company's principal activity is to act as an investment holding company that provides both management and treasury services to its subsidiaries.

(a) Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements are prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The Company Financial Statements are presented in pounds sterling which is the functional currency of the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, disclosure requirements relating to compensation of key management personnel, disclosure relating to prior year share capital reconciliation, standards not yet effective, statement of compliance with Adopted IFRSs and certain related party transactions. Where required, equivalent disclosures are given in the Group consolidated Financial Statements. The principal accounting policies adopted are the same as those set out in note S2 to the Group consolidated Financial Statements except as noted below. Investments in subsidiaries, are stated at cost less, where appropriate, provisions for impairment. The Company receives income from its subsidiaries in the form of interest and dividends. In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Measurement convention

The Company Financial Statements have been prepared on the historical cost basis except for: investments in subsidiaries that have been recognised at deemed cost on transition to FRS 101; derivative financial instruments, financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial assets so designated at initial recognition, and the assets of the defined benefit pension schemes that have been measured at fair value; the liabilities of the defined benefit pension schemes that have been measured using the projected unit credit valuation method; and the carrying values of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

Going concern

The accounts have been prepared on a going concern basis, as described in the Directors' Report and note 25(b) of the Group consolidated Financial Statements.

I. GENERAL INFORMATION AND MATERIAL ACCOUNTING POLICIES OF THE COMPANY

Critical accounting judgements and key sources of estimation uncertainty.

There were no critical judgements that would have a significant effect on the amounts recognised in the Company Financial Statements. The key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of other financial assets and credit losses for financial guarantee contracts

There is estimation uncertainty involved in determining expected credited losses for certain intercompany receivable balances where the ability of the counterparty to repay is based on the valuation of the underlying business. The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by Group undertakings.

All outstanding receivable balances are repayable on demand and arise from funding provided by the Company to its subsidiaries. A detailed review of the amounts owed by Group undertakings for the expected credit loss provision is carried out on an annual basis. The model considers whether the receivable is repayable on demand within a 12-month period and the probability of default by the counterparty, considering the financial position of that entity, and the effect of wider macroeconomic conditions on the business performance of the counterparty, which in turn have direct impact on both the amount that could be recovered from Group undertakings through generated future cash flows and on the timing of the recovery. The level of provision is sensitive to the assessment of credit worthiness of specific legal entities as a result. In the current year, the Company holds an expected credit loss provision for amounts owed by Group undertakings of £692 million on a gross balance of £16,444 million. This represents 4.2% of the gross amounts owed by Group undertakings balance.

Given the impact of expected business performance of Group undertakings on the determination of the level of provision for expected credit losses, it is reasonably possible that changes to wider macroeconomic conditions impacting the credit worthiness of Group undertakings could result in a material adjustment to the intercompany receivable carrying amount within the next financial year. Whilst impracticable to determine the full extent of the possible effects of these changes, based on historic analysis, such a reasonably possible change could lead to an increase or decrease in the provision of £82 million.

The company has provided financial guarantees relating to its subsidiaries' trading activities and decommissioning obligations. At 31 December 2024, the Group has derivative liabilities of £1,387 million (2023: £3,006 million), and decommissioning liabilities of £1,459 million (2023: £1,527 million). See notes 19 and 21 of the Group consolidated Financial Statements. In the current year, the Company holds an expected credit loss provision of £21 million (2023: £33 million) on these financial guarantee contracts. This represents 0.7% of the gross balances. A 0.5% change in the provision would lead to an increase or decrease of £14 million. As a result for current year, we do not consider expected credit losses on financial guarantee contracts to be a key source of estimation uncertainty.

Summary of material accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company Financial Statements.

Pensions and other post-employment benefits

The Company's employees participate in a number of the Group's defined benefit pension schemes. The total Group cost of providing benefits under defined benefit schemes is determined separately for each of the Group's schemes under the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the period in which they occur. The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits, on which further detail is provided in notes 3(b) and 22 to the Group consolidated Financial Statements. Asset-backed contribution assets are included within Company Financial Statements.

Investments

Fixed asset investments in subsidiaries' shares are held at deemed cost on transition to FRS 101 and at cost in accordance with IAS 27 'Separate Financial Statements', less any provision for impairment as necessary. The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Financial guarantees

The company has issued financial guarantees to its subsidiary undertakings, which it accounts for under IFRS 9. The Company has applied the impairment requirements of IFRS 9 to these financial guarantees. A financial guarantee contract is measured at fair value at the reporting date and where the expected credit loss is higher than calculated on recognition, an additional liability is recognised. Expected credit losses which arise on such arrangements have been calculated according to the nature of the guarantee and the Company's estimate of potential exposure at the balance sheet date.

Amounts owed by Group undertakings

Interest bearing amounts owed by Group undertakings are initially recognised at a value based on their transaction price, and are subsequently held at amortised cost using the effective interest method (taking into account the Group's business model, which is to collect the contractual cash flows owing) less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

Amounts due to Group undertakings

Interest bearing amounts due to Group undertakings are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

II. OTHER EQUITY

	Cash flow hedging reserve £m	Actuarial gains and losses reserve £m	Financial asset at FVOCI reserve £m	Treasury and own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Total £m
1 January 2023	(13)	(120)	11	(63)	30	(179)	(334)
Revaluation of FVOCI securities	—	—	3	—	—	—	3
Actuarial losses on defined benefit pension schemes	—	(48)	—	—	—	—	(48)
Employee Share Schemes:							
Exercise of awards	—	—	—	22	(20)	—	2
Value of services provided	—	—	—	—	31	—	31
Net proceeds from exercise of share options	—	—	—	6	—	—	6
Share buyback programme: (i)							
Purchase of Treasury shares	—	—	—	(615)	—	—	(615)
Movement on accrual for committed share purchases	—	—	—	—	—	115	115
Impact of cash flow hedging	(3)	—	—	—	—	—	(3)
Taxation on above items (ii)	1	12	(1)	—	1	—	13
31 December 2023	(15)	(156)	13	(650)	42	(64)	(830)
Revaluation of FVOCI securities	—	—	4	—	—	—	**4**
Actuarial gain on defined benefit pension schemes	—	1	—	—	—	—	**1**
Employee Share Schemes:							
Exercise of awards	—	—	—	27	(21)	—	**6**
Value of services provided	—	—	—	—	47	—	**47**
Purchase of own shares	—	—	—	(8)	—	—	**(8)**
Share buyback programme: (i)							
Purchase of Treasury shares	—	—	—	(504)	—	—	**(504)**
Movement on accrual for committed share purchases	—	—	—	—	—	24	**24**
Shares cancelled in the year (i)	—	—	—	400	—	21	**421**
Impact of cash flow hedging	2	—	—	—	—	—	**2**
Taxation on above items (ii)	(1)	—	(1)	—	(2)	—	**(4)**
31 December 2024	**(14)**	**(155)**	**16**	**(735)**	**66**	**(19)**	**(841)**

(i) See notes 26 and S4 of the Group consolidated Financial Statements for further details of the share buyback programme and share cancellation.
(ii) Includes current and deferred taxation on above items attributable to the Company only.

III. DIRECTORS AND EMPLOYEES

(a) Employee costs

Year ended 31 December	**2024 £m**	2023 £m
Wages and salaries	**(11)**	(12)
Other	**(9)**	(8)
	(20)	(20)

(b) Average number of employees during the year

Year ended 31 December	**2024 Number**	2023 Number
Administration	**229**	171
Power	**4**	11
	233	182

IV. PROPERTY, PLANT AND EQUIPMENT

	Plant, equipment & vehicles 2024 £m
Cost	
1 January	**16**
Additions	**5**
Lease modifications and re-measurements	**(1)**
31 December	**20**
Accumulated depreciation	
1 January	**(5)**
Charge for the year	**(6)**
31 December	**(11)**
NBV at 31 December (i)	**9**

(i) Included within the above are right-of-use assets relating to £7 million of staff salary sacrifice electric vehicles (2023: £5 million) and £2 million of infrastructure services (2023: £6 million).

V. INVESTMENTS IN SUBSIDIARIES

	2024 (i) £m	2023 (i) £m
Cost		
1 January	**94**	2,262
Write-downs (ii)	**–**	(863)
Disposals (iii)	**–**	(1,313)
Employee share scheme net capital movement (iv)	**27**	8
31 December	**121**	94
Provision		
1 January	**–**	(1,313)
Disposals (iii)	**–**	1,313
31 December	**–**	–
NBV at 31 December	**121**	94

(i) Direct investments are held in Centrica Beta Holdings Limited, which is incorporated in England, and Centrica Ireland Holdings Limited, which is incorporated in Ireland. The prior year direct investments also included CH4 Energy Limited and Rhodes Holdings HK Limited, which were incorporated in England and Hong Kong respectively, and have been dissolved in 2024. Related undertakings are listed in note S10 to the Group consolidated Financial Statements.
(ii) In prior year, the Investments in CH4 Energy Limited, and Centrica Beta Holdings Limited were largely written down as deemed irrecoverable at the reporting date.
(iii) In prior year, the disposals predominantly related to Centrica Holdings Limited, following a share for share exchange transaction, swapping the previous investment in Centrica Holdings Limited for shares in Centrica Ireland Holdings Limited.
(iv) Employee share scheme movement is the net change in shares to be awarded under employee share schemes to employees of Group undertakings.

The Directors believe that the carrying value of the investments is supported by their recoverable value.

VI. TRADE AND OTHER RECEIVABLES

	2024		2023	
31 December	Current (i) £m	Non-current (ii) £m	Current (i) £m	Non-current (ii) £m
Amounts owed by Group undertakings	**475**	**15,277**	582	14,262
Prepayments and other receivables	**8**	**11**	8	12
	483	**15,288**	590	14,274

(i) The amounts receivable by the Company include a gross balance of £290 million (2023: £480 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.6% and 5.5% per annum during 2024 (2023: 2.1% and 5.7%). The other amounts receivable from Group undertakings are interest free. All amounts receivable from Group undertakings are unsecured and repayable on demand. Amounts receivable by the Company are stated net of credit loss provision of £nil (2023: £nil). During the year, the Company recognised £nil (2023: £15 million release) of expected credit loss provision on amounts owed by Group undertakings.
(ii) The amounts receivable by the Company include a gross balance of £15,910 million (2023: £15,082 million) due after more than one year that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.6% and 5.5% per annum during 2024 (2023: 2.1% and 5.7%). The other amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured and not expected to be settled within 12 months from the reporting date. Amounts receivable by the Company are stated net of credit loss provisions of £692 million (2023: £655 million). During the year, the Company recognised £37 million (2023: £217 million release) of expected credit loss provision on amounts owed by Group undertakings.

VII. DERIVATIVE FINANCIAL INSTRUMENTS

31 December	2024 Current £m	2024 Non-current £m	2024 Total £m	2023 Current £m	2023 Non-current £m	2023 Total £m
Derivative financial assets	**140**	**103**	**243**	66	39	105
Derivative financial liabilities	**(147)**	**(204)**	**(351)**	(116)	(170)	(286)

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off and the intention to net settle the derivative contracts is present. The disclosure of current and non-current derivative assets and liabilities is determined by the settlement date of the derivative.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The details of external instruments, and the disclosures in respect of hedging, are presented in note 19 and note S5 to the Group consolidated Financial Statements.

Intercompany derivatives have equal and opposite terms to the external derivatives, therefore the impact on the Company's profit or loss is £nil. These instruments are used by the subsidiaries of the Company to economically hedge transactional currency risk of purchases and sales in foreign currencies.

VIII. FINANCIAL INSTRUMENTS

(a) Determination of fair values

The Company's policies for the classification and valuation of financial instruments carried at fair value are consistent with those of the Group, as detailed in note S6 to the Group consolidated Financial Statements.

(b) Financial instruments carried at fair value

31 December	Level 1 £m	Level 2 £m	2024 Total £m	Level 1 £m	Level 2 £m	2023 Total £m
Financial assets						
Derivative financial assets held for trading:						
Foreign exchange derivatives - External	—	128	**128**	—	69	69
Foreign exchange derivatives - Internal (i)	—	83	**83**	—	—	—
Derivative financial assets in hedge accounting relationships:						
Foreign exchange derivatives	—	32	**32**	—	36	36
Debt instruments	73	—	**73**	72	—	72
Equity instruments	35	—	**35**	32	—	32
Cash and cash equivalents (ii)	—	4,825	**4,825**	—	4,673	4,673
Total financial assets at fair value	**108**	**5,068**	**5,176**	104	4,778	4,882
Financial liabilities						
Derivative financial liabilities held for trading:						
Foreign exchange derivatives - External	—	(83)	**(83)**	—	(134)	(134)
Foreign exchange derivatives - Internal (i)	—	(128)	**(128)**	—	—	—
Derivative financial liabilities in hedge accounting relationships:						
Interest rate derivatives	—	(134)	**(134)**	—	(136)	(136)
Foreign exchange derivatives	—	(6)	**(6)**	—	(16)	(16)
Total financial liabilities at fair value	**—**	**(351)**	**(351)**	—	(286)	(286)

(i) In 2024, all internal derivative financial assets and liabilities held for trading are included in the table above whereas in 2023, £133 million of internal derivatives assets were included within Trade receivables in note VI, and internal derivative liabilities with a fair value of £66 million were included within Trade payables in note XI.

(ii) The cash and cash equivalents of £4,825 million (2023: £4,673 million) at Level 2 relates to money market funds.

IX. SECURITIES

	2024		2023	
	Current	Non-current	Current	Non-current
31 December	£m	£m	£m	£m
Debt instruments	—	73	—	72
Equity instruments	—	35	—	32
Other	—	—	405	—
	—	108	405	104

Within Non-current securities, £108 million (2023: £104 million) of investments were held in trust, on behalf of the Company, as security in respect of the Centrica Unapproved Pension Scheme (refer to note XIV(c)). Other Current securities represents the pension scheme loan arrangement (including interest) of £nil (2023: £405 million) as disclosed in note XIV(e) of Company Financial Statements and in note 22 to the Group consolidated Financial Statements.

X. LEASE LIABILITIES MATURITY ANALYSIS

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2024 £m	2023 £m
Less than one year	5	5
1-2 years	3	4
2-3 years	1	1
Total lease liabilities (undiscounted)	**9**	10

Future finance charges are expected to be £0.5 million (2023: £1 million).

Analysed as:	2024 £m	2023 £m
Non-current	4	5
Current	5	5
	9	10

XI. TRADE AND OTHER PAYABLES

31 December	2024 Current (i) £m	2024 Non-current (ii) £m	2023 Current (i) £m	2023 Non-current (ii) £m
Amounts owed to Group undertakings	**(11,430)**	**—**	(9,749)	(3)
Payable on financial guarantee contracts (iii)	**(21)**	**—**	(33)	—
Accruals and other creditors (iv)	**(91)**	**—**	(107)	—
Taxation and social security (v)	**(1)**	**—**	(36)	—
	(11,543)	**—**	(9,925)	(3)

(i) The current amounts payable by the Company include £10,667 million (2023: £9,582 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.6% and 5.5% per annum during 2024 (2023: 2.1% and 5.7%). Other amounts payable by the Company include group relief of £105 million (2023: £nil) and are interest free, unsecured and repayable on demand.

(ii) These other non-current amounts payable by the Company are interest free and unsecured.

(iii) During the year, the Company has released £12 million (2023: £126 million) of expected credit loss provision on financial guarantee contracts. See note XV for further details.

(iv) During the year, the Company recognised a financial liability of £75 million (2023: £94 million) relating to the share buyback programme. See 'Own and treasury shares reserve' section in note S4 of the Group consolidated Financial Statements for more details.

(v) Includes group relief creditor of £nil (2023: £36 million). This was the amount payable by the Group undertaking and therefore, was regrouped within XI(i) above in 2024.

XII. DEFERRED TAX LIABILITIES AND ASSETS

	Retirement benefit obligation £m	Other £m	Total £m
1 January 2023	3	(2)	**1**
(Charge)/credit to income	(5)	2	**(3)**
Credit to equity	9	1	**10**
Deferred tax assets at 31 December 2023	7	1	**8**
Charge to income	(3)	—	**(3)**
Charge to equity	(3)	(3)	**(6)**
Deferred tax assets/(liabilities) at 31 December 2024	**1**	**(2)**	**(1)**

Other deferred tax liabilities primarily relate to other temporary differences. All deferred tax crystallises in over one year.

XIII. BANK OVERDRAFTS, LOANS AND OTHER BORROWINGS

31 December	2024 Current £m	2024 Non-current £m	2023 Current £m	2023 Non-current £m
Bank loans and overdrafts	**(645)**	**(124)**	(731)	(130)
Bonds	**—**	**(2,254)**	—	(2,665)
Interest accruals	**(44)**	**—**	(53)	—
Lease obligations	**(5)**	**(4)**	(5)	(5)
	(694)	**(2,382)**	(789)	(2,800)

Disclosures in respect of the Group's financial liabilities are provided in notes 25 and S3 to the Group consolidated Financial Statements. With the exception of leases and overdrafts, materially all of the Group's financing activity is carried out through the Company.

XIV. PENSIONS

(a) Summary of main schemes

The Company's employees participate in the following Group defined benefit pension schemes: Centrica Pension Plan (CPP), Centrica Pension Scheme (CPS) and Centrica Unapproved Pension Scheme. Its employees also participate in the defined contribution Centrica Savings Plan. Information on these schemes is provided in note 22 to the Group consolidated Financial Statements.

Together with the Centrica Engineers Pensions Scheme (CEPS), CPP and CPS form the significant majority of the Group's and Company's defined benefit obligation and are referred to below and in the Group consolidated Financial Statements as the 'Registered Pension Schemes'.

(b) Accounting assumptions, risks and sensitivity analysis

The accounting assumptions, risks and sensitivity analysis for the Registered Pension Schemes are provided in note 22 to the Group consolidated Financial Statements.

(c) Movements in the year

	2024		2023	
	Pension liabilities £m	**Pension assets £m**	Pension liabilities £m	Pension assets £m
1 January	**(929)**	**908**	(731)	738
Items included in the Company Income Statement:				
Current service cost	**(1)**	**–**	(2)	–
Contributions by employer in respect of employee salary sacrifice arrangements (i)	**(2)**	**–**	(2)	–
Total current service cost	**(3)**	**–**	(4)	–
Interest (expense)/income	**(42)**	**41**	(40)	41
Items included in the Company Statement of Comprehensive Income:				
Returns on plan assets, excluding interest income	**–**	**(119)**	–	144
Actuarial loss from changes to demographic assumptions	**(2)**	**–**	(97)	–
Actuarial gain/(loss) from changes in financial assumptions	**122**	**–**	(60)	–
Actuarial loss from experience adjustments	**–**	**–**	(35)	–
Other movements:				
Employer contributions	**–**	**16**	–	21
Contributions by employer in respect of employee salary sacrifice arrangements	**–**	**2**	–	2
Benefits paid from schemes	**44**	**(44)**	38	(38)
31 December	**(810)**	**804**	(929)	908

(i) A salary sacrifice arrangement was introduced on 1 April 2013 for pension scheme members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within the current service cost, with a corresponding reduction in salary costs.

Presented in the Company Balance Sheet as:

31 December	**2024 £m**	2023 £m
Retirement benefit pension assets	**42**	28
Retirement benefit pension liabilities	**(48)**	(49)

The pension scheme liabilities relate to the Centrica Unapproved Pension Scheme.

XIV. PENSIONS

(d) Defined benefit pension scheme contributions

Note 22 to the Group consolidated Financial Statements provides details of the triennial review carried out at 31 March 2021 in respect of the UK Registered Pension Schemes and the future pension scheme contributions, including asset-backed arrangements, agreed as part of this review. Under IAS 19, the Company's contribution and trustee interest in the Scottish Limited Partnerships are recognised as scheme assets.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

Within the reporting period, the latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at 31 March 2021 in respect of the UK Registered Pension Schemes. These valuations have been updated to 31 December 2024 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value. In February 2025, full actuarial valuations of the Registered Pension Schemes at 31 March 2024 were agreed and finalised with the Pension Trustees. The impact on pension scheme contributions is shown in note 22(g) of the Group consolidated Financial Statements. These valuations will be updated prospectively in future reporting periods for the purpose of meeting the requirements of IAS 19.

The Company estimates that it will pay £2 million of ordinary employer contributions during 2025 for its defined benefit schemes, together with £1 million of contributions paid via the salary sacrifice arrangement.

For details of the weighted average duration of the liabilities of the Registered Pension Schemes, see note 22 of the Group consolidated Financial Statements.

(e) Pension scheme assets

The market values of plan assets were:

	2024			2023		
31 December	**Quoted £m**	**Unquoted £m**	**Total £m**	Quoted £m	Unquoted £m	Total £m
Equities	**19**	**491**	**510**	23	503	526
Corporate bonds	**12**	**—**	**12**	6	—	6
High-yield debt	**14**	**1,063**	**1,077**	18	1,238	1,256
Liability matching assets	**2,388**	**—**	**2,388**	2,860	—	2,860
Other long-dated income assets	**—**	**1,025**	**1,025**	—	1,204	1,204
Property	**—**	**303**	**303**	—	305	305
Cash pending investment	**248**	**—**	**248**	391	—	391
Loan and interest	**—**	**—**	**—**	—	(405)	(405)
Asset-backed contribution assets	**—**	**408**	**408**	—	469	469
Group pension scheme assets (i)	**2,681**	**3,290**	**5,971**	3,298	3,314	6,612

	2024 £m	2023 £m
Company share of the above	**804**	908

(i) Total pension scheme assets, including asset-backed contribution assets not recognised in the Group consolidated Financial Statements.

XV. COMMITMENTS AND FINANCIAL GUARANTEES

At 31 December 2024, the Company had commitments of £37 million (2023: £93 million) relating to contracts for outsourced services, £162 million (2023: £129 million) relating to other contracts and £6 million (2023: £5 million) relating to contracts for property services.

The Company has provided guarantees and letters of credit relating to its subsidiaries' trading activities and decommissioning obligations. At 31 December 2024, the Group has derivative liabilities of £1,387 million (2023: £3,006 million), and decommissioning liabilities of £1,459 million (2023: £1,527 million). See notes 19 and 21 to the Group consolidated Financial Statements for further information on these balances.

XVI. RELATED PARTIES

During the year the Company accepted cash deposits on behalf of the Spirit Energy group of companies giving rise to a Trade and other payables balance of £1,621 million (2023: £1,356 million). Spirit Energy Limited is a subsidiary of the Company, held indirectly, that is not wholly owned.

XVII. POST BALANCE SHEET EVENTS

The post balance sheet events disclosed by the Group are also applicable to the Company. See note 27 to the Group consolidated Financial Statements for further information.

Gas and Liquids Reserves (Unaudited)

The Group's estimates of reserves of gas and liquids are reviewed as part of the full year reporting process and updated accordingly.

A number of factors affect the volumes of gas and liquids reserves, including the available reservoir data, commodity prices and future costs. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.

The Group discloses 2P gas and liquids reserves, representing the central estimate of future hydrocarbon recovery. Reserves for Centrica operated fields are estimated by in-house technical teams composed of geoscientists and reservoir engineers. Reserves for non-operated fields are estimated by the operator but are subject to internal review and challenge.

As part of the internal control process related to reserves estimation, an assessment of the reserves, including the application of the reserves definitions, is undertaken by an independent technical auditor. An annual reserves assessment has been carried out by RISC Advisory for the Group's global reserves. Reserves are estimated in accordance with a formal policy and procedure standard.

The Group has estimated 2P gas and liquids reserves in Europe.

The principal retained fields in Spirit Energy are Cygnus, Morecambe Hub, Rhyl and Chiswick. The principal non-Spirit Energy field is Rough. The European reserves estimates are consistent with the guidelines and definitions of the Society of Petroleum Engineers, the Society of Petroleum Evaluation Engineers and the World Petroleum Council's Petroleum Resources Management System using accepted principles.

Estimated net 2P reserves of gas (billion cubic feet)	Spirit Energy (i)	Rough	**Total**
1 January 2024	242	15	**257**
Revisions of previous estimates (ii)	(16)	—	**(16)**
Production (iii)	(51)	(1)	**(52)**
31 December 2024	175	14	**189**

Estimated net 2P reserves of liquids (million barrels)	Spirit Energy (i)	Rough	**Total**
1 January 2024	1	—	**1**
Revisions of previous estimates (ii)	1	—	**1**
Production (iii)	(1)	—	**(1)**
31 December 2024	1	—	**1**

Estimated net 2P reserves (million barrels of oil equivalent)	Spirit Energy (i)	Rough	**Total**
31 December 2024 (iv)	30	3	**33**

(i) The movements represent Centrica's 69% interest in Spirit Energy.
(ii) Revision of previous estimates include those associated with Morecambe Hub, Chiswick and Cygnus.
(iii) Represents total sales volumes of gas and liquids produced from the Group's reserves.
(iv) Includes the total of estimated gas and liquids reserves at 31 December 2024 in million barrels of oil equivalent.

Liquids reserves include oil, condensate and natural gas liquids.

Five Year Summary (Unaudited)

Year ended 31 December	2020 (restated) [i] £m	2021 £m	2022 £m	2023 £m	**2024 £m**
Total Group revenue from continuing operations included in business performance	14,949	18,300	33,637	33,374	**24,636**
Operating profit/(loss) from continuing operations before exceptional items and certain re-measurements:					
British Gas Services & Solutions [i]	191	121	(9)	47	**67**
British Gas Energy [i]	82	118	72	751	**297**
Bord Gáis Energy [i]	42	28	31	1	**63**
Centrica Business Solutions [i]	(132)	(52)	44	104	**73**
Centrica Energy [i]	174	70	1,400	774	**307**
Upstream [i]	90	663	1,793	1,083	**789**
Colleague profit share	—	—	(23)	(8)	**(25)**
Meter asset provider consolidation adjustment	—	—	—	—	**(19)**
	447	948	3,308	2,752	**1,552**
Operating profit from discontinued operations before exceptional items and certain re-measurements [i]	252	—	—	—	**—**
Exceptional items and certain re-measurements after taxation	(520)	866	(2,755)	2,165	**322**
Profit/(loss) attributable to equity holders of the parent	41	1,210	(782)	3,929	**1,332**

	Pence	Pence	Pence	Pence	**Pence**
Earnings per ordinary share	0.7	20.7	(13.3)	70.6	**25.7**
Adjusted earnings per ordinary share	6.5	4.1	34.9	33.4	**19.0**
Dividend per ordinary share in respect of the year	—	—	3.0	4.0	**4.5**

ASSETS AND LIABILITIES

31 December (restated) [ii]	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**
Goodwill and other non-current intangible assets	1,940	1,161	1,116	745	**796**
Other non-current assets	4,767	6,040	7,234	4,555	**3,793**
Net current assets/(liabilities)	622	1,465	(1,023)	4,930	**5,242**
Non-current liabilities	(8,072)	(6,360)	(6,047)	(5,997)	**(5,019)**
Net assets of disposal groups held for sale	2,125	444	—	—	**—**
Net assets	1,382	2,750	1,280	4,233	**4,812**
Adjusted net (debt)/cash (note 25) [ii]	(2,998)	680	1,199	2,744	**2,858**

CASH FLOWS

Year ended 31 December (restated) [ii]	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**
Net cash flow from operating activities before exceptional payments	1,532	1,687	1,338	2,758	**1,155**
Payments relating to exceptional charges in operating costs	(132)	(76)	(24)	(6)	**(6)**
Net cash flow from investing activities	(285)	2,263	(566)	115	**493**
Net cash flow before cash flow from financing activities	1,115	3,874	748	2,867	**1,642**

(i) Results have been restated to reflect the new operating structure of the Group, effective during 2021.
(ii) Results have been restated to reflect the change in definition of adjusted net cash/debt in 2021.