Our key performance indicators (KPIs)

We use a range of metrics through which we measure Group performance. In 2024/25, these metrics were aligned to our five strategic priorities.

Link to remuneration

Remuneration of our Executive Directors, and our employees, is aligned to the successful delivery of our strategy. We use a number of our KPIs/alternative performance measures as specific measures in determining the Annual Performance Plan (APP) and Long-Term Performance Plan (LTPP) outcomes for Executive Directors. These measures are either specifically accounted for in remuneration targets or considered as part of a review of wider business performance.

Read more in the Directors' Remuneration Report on **pages 121 – 149.**

Link to strategy

- Enable the energy transition for all
- Build the networks of the future now
- Deliver for our customers
- Operate safely and efficiently
- Build tomorrow's workforce today

Deloitte assured data

We engaged Deloitte LLP in the current year and PricewaterhouseCoopers LLP (PwC) in the prior years to undertake a limited assurance engagement, using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements' over a range of data points within our Responsible Business data tables. The metrics identified with the leaf symbol, featured on page 1, pages 20 – 21 and page 77 are included in the scope of their work. Details of Deloitte's assurance opinion and National Grid's reporting methodology are set out in the Responsible Business section. Please refer to page 58.

Indicates an alternative performance measure

Deloitte assured data 2024/25

PwC assured data 2023/24

Financial measures

KPI and performance

Underlying EPS (p)*

73.3p

2024/25	73.3p
2023/24	72.1p
2022/23	68.9p

Link to strategy

Description

This is a measure of the Group's profitability for the year attributable to equity shareholders of the Group. It excludes exceptional items, remeasurements, timing, impact of deferred tax in UK regulated businesses (NGET and NGED) and US major deferrable storms (net of in-year allowances and deductibles) if these exceed $100 million threshold in a year.

As part of our five-year financial framework, we aim to grow Underlying EPS by 6-8% CAGR over the period to March 2029**

Progress in 2024/25

Underlying EPS grew by 2% year-on-year, driven by strong performance in New York, New England and UK ET coupled with lower finance costs more than exceeding the increase in share count driven by the Rights Issue. This is partly offset by lower profit from our non-regulated business and lower contribution from our share in joint ventures.

KPI and performance

Group capital investment (£m)

£9,847m

2024/25	£9,847m
2023/24	£8,235m
2022/23	£7,593m

Link to strategy

Description

This KPI measures our annual investment into property, plant and equipment, including capital prepayments, intangible assets and equity contributions to joint ventures and associates. Investing in our assets helps to increase our future revenue allowances.

We expect to invest around £60 billion between April 2024 and March 2029

Progress in 2024/25

Group capital investment has increased by 20% on 2023/24 driven by a step up in critical energy infrastructure investment across our regulated businesses, including higher connections spend and early Accelerated Strategic Transmission Investment (ASTI) investment in UK ET and increased spend on new transmission projects in New York.

* Prior year comparatives restated to reflect the impact of the bonus element of the Rights Issue.
** From a baseline of 2024/25 Underlying EPS.

Financial measures

KPI and performance

Green capital investment (£m)

£7,667m

2024/25	£7,667m
2023/24	£5,992m
2022/23	£5,557m

Link to strategy

Description

In calculating green capital investment we measure the proportion of our capital investment that supports environmentally sustainable practices and contributes to the energy transition. Green capital investment excludes capital prepayments and equity investments in joint ventures and associates.

We expect to invest around £51 billion in green capital investment between April 2024 and March 2029

Progress in 2024/25

In 2024/25, we delivered £7.7 billion of green capital investment aligned to the EU Taxonomy, a £1.7 billion increase on 2023/24. This consisted primarily of investment in key infrastructure projects to support the energy transition, driven by a 33% increase in electricity network investments and a 16% increase in leak-prone pipe replacements across our gas networks.

KPI and performance

Group RoE (%)*

9.0%

2024/25	9.0%
2023/24	10.5%
2022/23	13.4%

Link to strategy

Description

In calculating Group RoE, we measure our performance in generating value for shareholders by dividing our regulated and non-regulated financial performance, after interest and tax, by our measure of equity investment in all our businesses, including our regulated businesses, NGV and other activities and joint ventures.

Our aim is to achieve around 10% Group RoE each year

Progress in 2024/25

During 2024/25 we achieved Group RoE of 9.0% compared with the 10.5% achieved in the prior year. In 2024/25 the metric has been impacted by lower gearing (as a result of the Rights Issue) which, along with ongoing asset growth, has increased the metric denominator.

KPI and performance

Asset growth (%)**

9.0%

2024/25	9.0%
2023/24	9.7%
2022/23	11.4%

Link to strategy

Description

Maintaining efficient growth in our regulated and non-regulated assets ensures we are well positioned to provide consistently high levels of service to our customers and increases our future revenue allowances. This includes critical investment for a changing climate and increased demand.

Our aim is to achieve c.10% CAGR asset growth April 2024 to March 2029 (from a March 2024 baseline)

Progress in 2024/25

Asset growth during the year was 9.0% compared with 9.7% in 2023/24 driven by £9.8 billion of Group capital investment. Asset growth is lower than in 2023/24 predominantly due to negative growth in our non-regulated businesses and reduced indexation on UK RAV due to lower inflation. Regulated asset growth is 10.5% compared with 9.1% in 2023/24 driven by a step-up in investment in UK ET and NY.

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* Prior year comparatives have been restated to reflect the change in our 'Group RoE' definition. Refer to page 294 for the updated definition and reason for methodology change.

** Normalised for the sale of UK ESO in the year.

Our key performance indicators (KPIs) continued

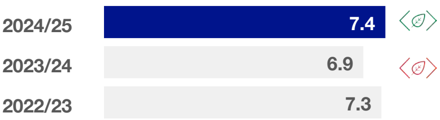
Non-financial measures

KPI and performance

GHG emissions

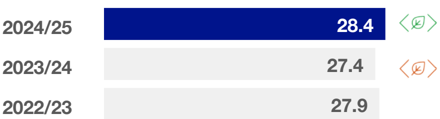
Scope 1 and 2 emissions (mtCO_2e)

7.4



Scope 3 emissions (mtCO_2e)

28.4



Figures are in million tonnes of CO_2 equivalent.

Link to strategy

Description

We are delivering new infrastructure to enable the digital, electrified economies of the future. Our biggest contribution to reducing greenhouse gas (GHG) emissions, both across society and in terms of our own emissions, is what we do to enable the transportation and distribution of clean energy in the regions where we operate. We understand the importance of partnership and are actively engaging with governments, regulators, and the energy industry to ensure the policy and regulatory frameworks required for future investments in decarbonising the energy sector, and reducing our emissions, are in place.

Ultimately, we are helping to tackle climate change by enabling the energy transition for all and targeting net zero for our own emissions by 2050.

Progress in 2024/25

Scope 1 and 2 emissions for 2024/25 were 7,422 ktCO_2e, outside of the range set out in our Climate Transition Plan, demonstrating the likely nonlinear trajectory of our emissions targets. This is a decrease of 4.4% against our 2018/19 baseline. The increase in emissions in 2024/25 is largely due to an exceptional year of increased combustion of oil and gas at National Grid Generation on Long Island, attributable to contractual obligations with the Long Island Power Authority (LIPA). Our Scope 3 emissions (excluding sold electricity) for 2024/25 as per our SBTi target were 25,566 ktCO_2e, representing a 5.8% increase against our 2018/19 baseline caused by our increased capital investment in constructing new energy infrastructure.

You can read more about our GHG emissions and environmental performance on pages 44 – 47.

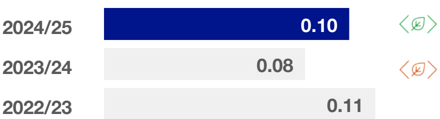
You can read more about the Task Force on Climate-related Financial Disclosures (TCFD) and our wider sustainability activities and performance on pages 59 – 77.

KPI and performance

Group lost time injury frequency rate (LTIFR)

(LTIs per 100,000 hours worked)

0.10



Link to strategy

Description

Every day we strive to do the right thing, find a better way, and make it happen. Safety is our highest priority for our employees and the public. One of our main safety indicators is LTIFR. This is the number of worker LTIs per 100,000 hours worked in a 12-month period (including fatalities) and includes our employee and contractor population.

Our aim is to achieve 0.1 or below LTIs per 100,000 hours worked per year

Progress in 2024/25

Safety is an important factor within decision making for our Executive Directors' remuneration, reflecting the expectation that safety is an integral part of how we work at National Grid.

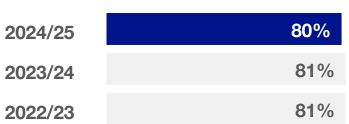
This year. we achieved a LTIFR of 0.10, compared to 0.08 in 2023/24, primarily driven by an increase in reporting of incidents such as trips, falls and manual handling injuries. This reflects our continued focus on encouraging good safety behaviours across the entire workforce.

You can read more about our LTIFR performance in the Responsible Business review on page 56.

KPI and performance

Employee engagement index (%)

80%



Link to strategy

Description

This is a measure of how engaged our employees feel, based on the percentage of favourable responses to questions repeated annually in our employee engagement survey.

Our aim is for our employee engagement metrics to remain at or above the high-performing norm (as benchmarked by our external survey provider)

Progress in 2024/25

We run an employee engagement survey, Grid:Voice, twice-yearly, to understand and act on colleague feedback. This allows us to build a culture that is purpose-led and results-driven, with a great colleague experience. As a result, we enjoy high engagement and strong advocacy, above external benchmarks.

This year, 79% of colleagues took part in the survey (last year: 78%) and our employee engagement index score was 80% favourable. The score has remained consistent to prior years, however, three points below the high performing companies norm in the current year.

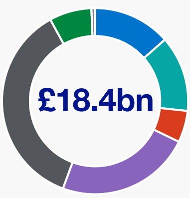
Financial review

A year of strong and consistent performance

Revenue

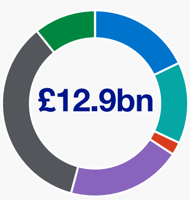
The vast majority of our revenues are set in accordance with our regulatory agreements (see pages 256 – 261) and are calculated based on a number of factors, including investment in network assets, performance on incentives, allowed returns on equity and cost of debt, and customer satisfaction.

Statutory revenue (%)



UK Electricity Transmission (UK ET)	14%
UK Electricity Distribution (UK ED)	13%
UK Electricity System Operator (ESO)	6%
New England	23%
New York	36%
National Grid Ventures (NGV)	7%
Other activities	1%

Underlying net revenue[1] (%)



UK Electricity Transmission (UK ET)	18%
UK Electricity Distribution (UK ED)	14%
UK Electricity System Operator (ESO)	2%
New England	20%
New York	35%
National Grid Ventures (NGV)	11%
Other activities	— %

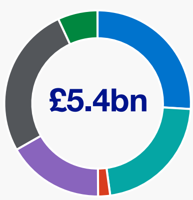
Profit and cash flows

Our ability to convert revenue to profit and cash is important. By managing our operations efficiently, safely and for the long term, we generate substantial operating cash flows. Coupled with long-term debt financing, as well as additional capital generated through the Rights Issue and take-up of the shareholder scrip dividend option during periods of higher investment, we are able to invest in growing our asset base and fund our dividends.

Statutory operating profit (%)

UK Electricity Transmission (UK ET)	26%
UK Electricity Distribution (UK ED)	32%
UK Electricity System Operator (ESO)	(4)%
New England	20%
New York	26%
National Grid Ventures (NGV)	—%
Other activities	—%

Underlying operating profit[1] (%)



UK Electricity Transmission (UK ET)	27%
UK Electricity Distribution (UK ED)	22%
UK Electricity System Operator (ESO)	2%
New England	17%
New York	27%
National Grid Ventures (NGV)	7%
Other activities	(2)%

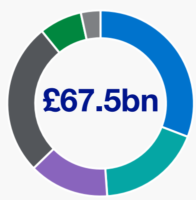
Investment

We invest efficiently in our networks to achieve strong and sustainable growth in our regulated asset base over the long term. We also invest in assets in our non-regulated businesses. We continually assess, monitor and challenge investment decisions so we can continue to run safe, reliable and cost-effective networks.

Capital investment (%)

UK Electricity Transmission (UK ET)	30%
UK Electricity Distribution (UK ED)	14%
UK Electricity System Operator (ESO)	—%
New England	18%
New York	33%
National Grid Ventures (NGV)	4%
Other activities	1%

Total assets (used for asset growth) (%)



UK Electricity Transmission (UK ET)	31%
UK Electricity Distribution (UK ED)	18%
UK Electricity System Operator (ESO)	—%
New England	14%
New York	27%
National Grid Ventures (NGV)	7%
Other activities	3%

1. Non-GAAP alternative performance measures (APMs). For further details and reconciliation to equivalent GAAP measures see ‘Other unaudited financial information’ on pages 279 – 294.

Financial review continued

Summary of Group financial performance for the year ended 31 March 2025

Statutory EPS[1]

60.0p

Underlying EPS[1]

73.3p

Group RoE[2]

9.0%

Asset growth

9.0%

1. From continuing operations. Comparative amounts have been restated to reflect the impact of the bonus element of the Rights Issue
2. Group RoE calculation methodology updated in 2024/25 (see page 295 for further details). Comparative amounts have been restated accordingly.

Financial summary for continuing operations

£m	2024/25	2023/24	Change
Accounting profit			
Gross revenue	**18,378**	19,850	(7%)
Other operating income	**–**	12	(100%)
Operating costs	**(13,444)**	(15,387)	13%
Statutory operating profit	**4,934**	4,475	10%
Net finance costs	**(1,357)**	(1,464)	7%
Share of joint ventures and associates	**73**	37	97%
Tax	**(821)**	(831)	1%
Non-controlling interest	**(3)**	(1)	(200%)
Statutory earnings	**2,826**	2,216	28%
Exceptional items and remeasurements	**(171)**	1,036	n/m
Tax on exceptional items and remeasurements	**(40)**	(152)	74%
Adjusted earnings	**2,615**	3,100	(16%)
Timing and major storm costs[1]	**592**	(689)	n/m
Tax on timing and major storm costs[1]	**(156)**	166	n/m
Deferred tax on underlying profits in NGET and NGED[1]	**401**	302	33%
Underlying earnings[1]	**3,452**	2,879	20%
Statutory EPS[2]	**60.0p**	55.5p	8%
Adjusted EPS[2]	**55.6p**	77.7p	(28%)
Underlying EPS[1,2]	**73.3p**	72.1p	2%
Dividend per share 'rebased'[1,3]	**46.72p**	45.26p	3%
Dividend cover – underlying[1]	**1.6x**	1.2x	27%
Economic profit			
Group financial performance after interest and tax (Group RoE numerator)[1]	**2,602**	2,336	11%
Group RoE[1,4]	**9.0%**	10.5%	-150bps
Capital investment and asset growth			
Capital investment	**9,847**	8,235	20%
Regulated asset growth[1]	**10.5%**	9.1%	140bps
Asset growth[1]	**9.0%**	9.7%	-70bps
Balance sheet strength			
RCF/adjusted net debt (Moody's)[1]	**9.8%**	9.2%	60bps
Net debt (note 29 to the financial statements)	**41,371**	43,607	(5%)
Add: held for sale net debt	**(55)**	(23)	n/m
Net debt (including held for sale)[1]	**41,316**	43,584	(5%)
Group regulatory gearing[1]	**61%**	69%	-800bps

1. Non-GAAP alternative performance measures (APMs) and/or regulatory performance measures (RPMs). For further details see 'Other unaudited financial information' on pages 279 – 294.
2. Comparative amounts have been restated to reflect the impact of the bonus element of the Rights Issue
3. Dividend per share (rebased) calculated by dividing the total dividend paid by the total number of shares in issue following the Rights Issue. The actual dividend per share paid to shareholders in respect of 2023/24 profits was 58.52p (an interim dividend per share of 19.40p and a final dividend per share of 39.12p).
4. Our calculation methodology for Group RoE changed in 2024/25. Comparative amounts have been restated accordingly. See page 291 for details.

Performance management framework

In managing the business, we focus on various non-IFRS alternative performance measures (APMs) and regulatory performance measures (RPMs) which provide meaningful comparisons of performance between years, monitor the strength of the Group's balance sheet and ensure profitability reflects the Group's regulatory economic arrangements. Such APMs and RPMs are supplementary to, and should not be regarded as a substitute for, IFRS measures, which we refer to as statutory results.

Our business performance as set out in our regulatory agreements can differ from accounting under IFRS, principally because our regulators allow for regulatory deferral accounting. Our allowed revenues are set in accordance with our regulatory price controls or rate plans. Statutory IFRS does not allow us to recognise regulatory assets or liabilities (for the difference between collected and allowed regulatory revenues). As a result we use a suite of APMs (defined by us) to help measure and monitor our underlying regulated business performance.

We explain the basis of these measures and, where practicable, reconcile these to statutory IFRS results (i.e. GAAP) in Other unaudited financial information on pages 279 – 294. Our RPMs have been calculated for the total Group (or individual entities where relevant) and these are not based on IFRS measures.

Specifically, we measure the financial performance of the Group from different perspectives:

- **Accounting profit:** In addition to statutory IFRS measures we report adjusted results (i.e. before exceptional items and remeasurements), and underlying results, which further take account of: (i) volumetric and other revenue timing differences arising from our regulatory contracts; (ii) major storm costs (net of in-year allowances and deductibles) which are recoverable in future periods when they exceed a $100 million threshold; and (iii) deferred tax in our UK regulated businesses (NGET and NGED). In doing so, we intend to make the impact of such items clear to users of the financial information in this Annual Report.
- **Economic profit:** Group Return on Equity (RoE) takes account of the regulated value of our assets and of our regulatory economic arrangements to show the returns on shareholder equity.
- **Capital investment and asset growth:** Capital investment comprises our additions to PP&E and intangible assets (excluding acquisitions), equity investments in joint ventures and associates, along with net movements in capex prepayments. Asset growth represents the year-on-year increase in RAV and US rate base in our regulated businesses (referred to as 'regulated asset growth'), plus the increase in net assets (excluding certain balances such as pensions, net debt and deferred taxes) in our non-regulated businesses, but excluding the impact of currency movements.
- **Balance sheet strength:** Maintaining a strong investment grade credit rating allows us to finance our growth ambitions at a competitive rate. Hence, we monitor credit metrics used by the major rating agencies to ensure we are generating sufficient cash flow to service our debts. Group regulatory gearing measures our Group net debt as a proportion of the Group's assets that are used to measure asset growth. This includes balances for businesses classified as held for sale under IFRS.

This balanced range of measures of financial wellbeing informs our dividend policy which, after the rebasing of the 2023/24 dividend per share (DPS) following the Rights Issue, aims to grow annual DPS in line with UK CPIH, thus maintaining the DPS in real terms.

Financial summary for continuing operations

Accounting profit: Statutory IFRS earnings were £2,826 million in 2024/25, £610 million (28%) higher than the prior year. Statutory earnings benefited from pre-tax net exceptional credits of £42 million and pre-tax remeasurement gains of £129 million (2024: pre-tax net exceptional charges of £1,011 million and pre-tax remeasurement losses of £25 million). For details on exceptional items refer to note 5 to the financial statements. Timing swings were £1,420 million adverse year-on-year, with a £505 million net under-recovery in 2024/25 (2024: £915 million net over-recovery), partly offset by £139 million lower major storms. These factors, the net impact of tax on these items and an improvement in underlying business performance meant that statutory EPS for continuing operations of 60.0p was 4.5p higher than the prior year.

Our 'adjusted' results exclude the impacts from exceptional items and remeasurements as explained on page 86. In 2024/25, adjusted earnings from continuing operations were £2,615 million, down £485 million (16%) from the prior year. Adjusted earnings in 2024/25 included a timing net under-recovery after tax of £372 million (2024: £688 million net over-recovery) and major storm costs (after tax) which are excluded from underlying results, of £64 million (2024: £165 million). As a result, adjusted operating profit of £4,765 million was down £697 million (2024: £5,462 million). Adjusted net finance costs of £1,361 million were £118 million lower, benefiting from the Rights Issue proceeds received in June 2024. Share of profits from joint ventures and associates of £75 million were down £26 million due to higher interconnector profits in the prior year. Adjusted tax of £861 million was £122 million lower, driven by lower profits, including in our UK Electricity System Operator business.

Underlying operating profit was up 12% driven by improved performance in: New York (KEDNY and KEDLI and NIMO rate increases and lower environmental costs), New England (higher rates and capital tracker revenues) along with higher allowed revenues in UK Electricity Transmission and UK Electricity Distribution. National Grid Ventures was down from 2023/24, driven by lower revenues on our legacy interconnector fleet, partly offset by a full year of our new Viking interconnector. Other activities were lower principally as a result of fair value movements in NG Partners. Our joint ventures and associates' contribution reduced primarily due to lower auction revenues in BritNed compared with 2023/24. Regulated controllable costs were only 1% higher, with inflation and workload increases being mostly offset by efficiency savings. Depreciation and amortisation were higher than the prior year due to our growing asset base. Net financing costs were lower, benefiting from the Rights Issue proceeds in June 2024. Other interest was favourable year on year driven by higher capitalised interest. Underlying profit after tax increased by 20% and resulted in a 2% increase in underlying EPS to 73.3p.

Economic profit: Our Group RoE for 2024/25 was 9.0%, 150bps lower than the 10.5% achieved in the prior year, impacted by lower gearing (as a result of the Rights Issue) which along with ongoing asset growth has increased the metric denominator.

Capital investment and asset growth: Capital investment of £9,847 million was £1,612 million (20%) higher than 2023/24, driven by increased ASTI and customer connections investment in UK Electricity Transmission, increased capital expenditure in New York, New England and UK Electricity Distribution, partly offset by lower investment in National Grid Ventures. Higher capital investment is partly offset by reduced year-on-year RAV indexation from lower inflation resulting in asset growth of 9.0% (2024: 9.7%).

Balance sheet strength: Net debt decreased from £43.6 billion at March 2024 to £41.4 billion at March 2025, primarily due to the £6.8 billion Rights Issue net proceeds which helped to fund £9.6 billion of investing cash outflows. Regulatory gearing was consequently lower at 61% (2024: 69%) and our calculation of Moody's RCF/adjusted net debt credit metric was 9.8%, an improvement of 60bps compared with 2023/24 and remains above the current rating threshold of 7.0%.

Dividend

The recommended full-year dividend per share of 46.72p is in line with our policy of increasing the prior year dividend (after rebasing this following the Rights Issue) in line with UK CPIH inflation and is covered 1.6 times by underlying EPS.

Financial review continued

Profitability and earnings

In calculating adjusted profit measures, where we consider it is in the interests of users of the financial statements to do so we exclude certain discrete items of income or expense that we consider to be exceptional in nature. The table below reconciles our statutory profit measures for continuing operations, at actual exchange rates, to adjusted and underlying versions. Further information on exceptional items and remeasurements is provided in notes 2, 5 and 6 to the financial statements.

Reconciliation of profit and earnings from continuing operations

	Operating profit			Profit after tax			Earnings per share		
£m	2024/25	2023/24	Change	2024/25	2023/24	Change	2024/25	2023/24	Change
Statutory results	**4,934**	4,475	10%	**2,829**	2,217	28%	**60.0p**	55.5p	8%
Exceptional items	**(42)**	1,011	n/m	**(118)**	852	n/m	**(2.4p)**	21.4p	n/m
Remeasurements	**(127)**	(24)	n/m	**(93)**	32	n/m	**(2.0p)**	0.8p	n/m
Adjusted results	**4,765**	5,462	(13%)	**2,618**	3,101	(16%)	**55.6p**	77.7p	(28%)
Timing	**505**	(915)	n/m	**372**	(688)	n/m	**7.9p**	(18.2p)	n/m
Major storm costs	**87**	226	(62%)	**64**	165	(61%)	**1.3p**	4.4p	(70%)
Deferred tax in NGET and NGED	**–**	–	–%	**401**	302	33%	**8.5p**	8.2p	4%
Underlying results	**5,357**	4,773	12%	**3,455**	2,880	20%	**73.3p**	72.1p	2%

Timing over/(under)-recoveries

In calculating underlying profit, we exclude regulatory revenue timing over- and under-recoveries, major storm costs (defined below) and deferred tax on underlying results of our UK regulated business (NGET and NGED), also defined below. Under the Group's regulatory frameworks, most of the revenues we are allowed to collect each year are governed by regulatory price controls in the UK and rate plans in the US. If more than this allowed level of revenue is collected, an adjustment will be made to future prices to reflect this over-recovery; likewise, if less than this level of revenue is collected, an adjustment will be made to future prices in respect of the under-recovery. These variances between allowed and collected revenues and timing of revenue collections for pass-through costs give rise to 'timing' over- and under-recoveries.

The following table summarises management's estimates of such amounts for the two years ended 31 March 2025 and 31 March 2024 for continuing operations. All amounts are shown on a pre-tax basis and, where appropriate, opening balances are restated for exchange adjustments and to correspond with subsequent regulatory filings and calculations, and are translated at the 2024/25 average exchange rate of $1.266:£1.

£m	2024/25	2023/24[1]
Balance at start of year (restated)	**1,029**	39
UK Electricity Transmission	**(151)**	363
UK Electricity Distribution	**407**	(159)
UK Electricity System Operator	**(479)**	800
New England	**61**	(69)
New York	**(343)**	(20)
In-year (under)/over-recovery (continuing)	**(505)**	915
Disposal of UK Electricity System Operator	**(462)**	–
Balance at end of year	**62**	954

1. March 2024 balances restated to correspond with 2023/24 regulatory filings and calculations.

In 2024/25, we experienced timing under-recoveries of £151 million in UK Electricity Transmission, over-recoveries of £407 million in UK Electricity Distribution and the return of prior period over-recoveries of £479 million in UK Electricity System Operator (up to 1 October 2024, the disposal date of that business). During 2023/24, BSUoS collected revenues in UK Electricity System Operator were significantly more than system balancing costs, resulting in a £800 million over-recovery in that year. In our US regulated businesses we experienced over-recoveries of £61 million in New England, and under-recoveries of £343 million in New York. In calculating the post-tax effect of these timing recoveries, we impute a tax rate based on the regional marginal tax rates, consistent with the relative mix of UK and US balances.

Major storm costs (US)

We exclude the impact of major storm costs in the US where the aggregate amount is sufficiently material in any given year. Such costs (net of in-year allowances and deductibles) are recoverable under our rate plans but are expensed as incurred under IFRS. Accordingly, where the aggregate total US major storm costs incurred (net of in-year allowances and deductibles) exceeds $100 million in any given year, we exclude the net costs from underlying earnings. In 2024/25, we incurred deferrable storm costs, which are eligible for future recovery of $110 million (2024: $285 million).

Deferred tax in UK regulated businesses

We exclude deferred tax in our UK regulated businesses (NGET and NGED) in our underlying earnings measure. Tax is generally considered to be a pass-through cost by our UK regulator, with revenue tax allowances linked to the level of cash tax expected to be paid in the year. The UK Government allows 'full expensing' tax relief for qualifying capital expenditure to encourage greater levels of investment from businesses. This results in these businesses paying lower levels of cash tax. IFRS requires us to recognise a total tax charge on current year profits, including deferred tax that will be paid in future periods. To represent underlying profitability more closely aligned to our regulatory agreements we report underlying earnings and underlying EPS excluding the impact of deferred tax in our UK regulated businesses (NGET and NGED).

In 2024/25, we excluded £401 million (2024: £302 million) of deferred tax charges from our underlying results.

Segmental operating profit

The tables below set out operating profit on statutory, adjusted, and underlying bases.

Statutory operating profit

£m	2024/25	2023/24	Change
UK Electricity Transmission	**1,277**	1,674	(24%)
UK Electricity Distribution	**1,598**	975	64%
UK Electricity System Operator	**(213)**	382	(156%)
New England	**1,008**	641	57%
New York	**1,269**	362	251%
National Grid Ventures	**5**	558	(99%)
Other activities	**(10)**	(117)	91%
Continuing operations	**4,934**	4,475	10%
Discontinued	**–**	–	–%
Total	**4,934**	4,475	10%

The notation 'n/m' is used throughout this section where the year-on-year percentage change is deemed to be 'not meaningful'.

Statutory operating profit increased in the year, primarily as a result of the non-recurrence of exceptional net charges of £1,011 million in 2023/24 compared with exceptional net gains of £42 million in 2024/25. For details on exceptional items refer to note 5 to the financial statements. This was partly offset by £1,420 million adverse year-on-year movements in timing net over-recoveries, £154 million favourable year-on-year movements in commodity derivative remeasurements, improved underlying performance in UK Electricity Transmission, New York and New England, partially offset by a shorter period of ownership of UK Electricity System Operator, along with lower profits in National Grid Ventures and 'Other activities' than 2023/24.

Adjusted operating profit

£m	2024/25	2023/24	Change
UK Electricity Transmission	1,277	1,677	(24%)
UK Electricity Distribution	1,610	993	62%
UK Electricity System Operator	(364)	880	(141%)
New England	982	643	53%
New York	1,023	860	19%
National Grid Ventures	380	469	(19%)
Other activities	(143)	(60)	(138%)
Continuing operations	**4,765**	5,462	(13%)

Underlying operating profit (a non-GAAP measure)

£m	2024/25	2023/24	Change
UK Electricity Transmission	1,428	1,314	9%
UK Electricity Distribution	1,203	1,152	4%
UK Electricity System Operator	115	80	44%
New England	924	802	15%
New York	1,450	1,016	43%
National Grid Ventures	380	469	(19%)
Other activities	(143)	(60)	(138%)
Continuing operations	**5,357**	4,773	12%

The reasons for the movements in underlying operating profit are described in the segmental commentaries below. Unless otherwise stated, the discussion of performance in the remainder of this Financial review focuses on underlying results.

UK Electricity Transmission

£m	2024/25	2023/24	Change
Revenue	2,619	2,735	(4%)
Operating costs	(1,342)	(1,061)	(26%)
Statutory operating profit	**1,277**	1,674	(24%)
Exceptional items	–	3	(100%)
Adjusted operating profit	**1,277**	1,677	(24%)
Timing	151	(363)	n/m
Underlying operating profit	**1,428**	1,314	9%
Analysed as follows:			
Net revenue	2,164	2,510	(14%)
Regulated controllable costs	(238)	(248)	4%
Post-retirement benefits	(55)	(38)	(45%)
Other operating costs	(54)	(26)	(108%)
Depreciation and amortisation	(540)	(521)	(4%)
Adjusted operating profit	**1,277**	1,677	(24%)
Timing	151	(363)	n/m
Underlying operating profit	**1,428**	1,314	9%

UK Electricity Transmission statutory operating profit was £397 million lower in the year. Timing under-recoveries were £151 million in 2024/25 compared with £363 million over-recoveries in 2023/24. This year-on-year swing is mainly the return of prior period balances (primarily tax allowances), a lower inflation true-up and a lower in-year recovery on volumes and pass-through costs than 2023/24. In the prior year, there were £2 million of exceptional costs related to our cost-efficiency programme and integration costs of £1 million.

UK Electricity Transmission underlying operating profit increased by 9%. Underlying net revenues were £168 million (9%) higher principally from higher totex allowances (including fast money on ASTI spend) and inflationary increases and the non-repeat of the beneficial tax allowance true-up in 2023/24.

Regulated controllable costs including pensions were £7 million (3%) higher from the impact of inflationary and workload increases mostly offset by efficiency savings. Other costs were higher, mainly relating to increased provision for project delivery risk and increased network innovation allowance costs.

The higher depreciation and amortisation principally reflects a higher asset base as a result of continued investment.

UK Electricity Distribution

£m	2024/25	2023/24	Change
Revenue	2,424	1,795	35%
Operating costs	(826)	(820)	(1%)
Statutory operating profit	**1,598**	975	64%
Exceptional items	12	18	(33%)
Adjusted operating profit	**1,610**	993	62%
Timing	(407)	159	n/m
Underlying operating profit	**1,203**	1,152	4%
Analysed as follows:			
Net revenue	2,239	1,562	43%
Regulated controllable costs	(281)	(270)	(4%)
Post-retirement benefits	(21)	(20)	(5%)
Other operating costs	(78)	(56)	(39%)
Depreciation and amortisation	(249)	(223)	(12%)
Adjusted operating profit	**1,610**	993	62%
Timing	(407)	159	n/m
Underlying operating profit	**1,203**	1,152	4%

UK Electricity Distribution statutory operating profit was £623 million higher in the year, reflecting the impact of £566 million favourable year-on-year timing movements. Timing over-recoveries of £407 million in 2024/25 were mainly due to inflation true-ups and the recovery of prior period balances. This compares with a timing under-recovery of £159 million in the prior year.

In 2024/25 there were £12 million of exceptional costs related to our major transformation programme compared with £18 million of exceptional integration costs in 2023/24.

UK Electricity Distribution underlying operating profit increased by £51 million (4%). Underlying net revenues were £111 million higher than the prior year due to the impact of higher inflation and higher engineering recharges and incentive revenues.

Regulated controllable costs including pensions were £12 million (4%) higher than the prior year from the impact of workload increases, combined with investment in capability build and inflationary increases, partly offset by efficiencies achieved. Other costs were £22 million higher as a result of the disruption from Storm Darragh (categorised as a 1 in 20 years storm event) and increased engineering recharges.

Depreciation and amortisation increased compared with the prior year due to the increasing asset base.

Financial review continued

UK Electricity System Operator

£m	2024/25	2023/24	Change
Revenue	**1,029**	3,788	(73%)
Operating costs	**(1,242)**	(3,406)	64%
Statutory operating (loss)/profit	**(213)**	382	(156%)
Exceptional items	**(151)**	498	n/m
Adjusted operating (loss)/profit	**(364)**	880	(141%)
Timing	**479**	(800)	n/m
Underlying operating profit	**115**	80	44%
Analysed as follows:			
Net revenue	**(188)**	1,183	(116%)
Controllable costs	**(159)**	(212)	25%
Post-retirement benefits	**(10)**	(21)	52%
Other operating costs	**(7)**	(9)	22%
Depreciation and amortisation	**—**	(61)	100%
Adjusted operating (loss)/profit	**(364)**	880	(141%)
Timing	**479**	(800)	n/m
Underlying operating profit	**115**	80	44%

UK Electricity System Operator was purchased by the UK Government on 1 October 2024 and had been classified as 'held for sale' since October 2023. Based on the scale and pass-through nature of the UK Electricity System Operator, it was not considered to be a separate major line of business and hence, did not meet the definition of a discontinued operation under IFRS 5. The year-on-year performance is driven by two significant factors: (i) a net £800 million over-collection of revenues during 2023/24 (and the consequential partial return of these over-recovered balances during 2024/25); and (ii) a shorter ownership period, with only six months' contribution in 2024/25.

UK Electricity System Operator statutory operating profit decreased by £595 million in the year as a result of adverse year-on-year timing swings (net of provisions for regulatory liabilities recognised under IFRS). In 2023/24 a £498 million exceptional provision was made for the return of the estimated remaining balance of over-collected revenues at the expected date of disposal (at that time, expected to be June 2024). This provision was partially reversed in 2024/25 generating an exceptional credit of £151 million in the current year. Under IFRS a regulatory liability is not usually recognised on balance sheet for the return of such over-recoveries, however due to the intended disposal of this business during 2024/25, a liability was recognised given these amounts were expected to be settled through the planned sale process as opposed to reduced future revenues. The remaining £347 million exceptional provision at the disposal date was reflected in the reported gain on disposal of this business.

During 2024/25, UK Electricity System Operator had a timing under-recovery of £479 million arising from the return of prior period balances (2024: £800 million net over-recovery). The 2023/24 over-recovery was the result of higher revenues collected through the BSUoS fixed price charges compared with total system balancing costs incurred during that year. At the disposal date, the impact of the residual net over-recovered position was assessed when calculating the overall net disposal proceeds.

UK Electricity System Operator underlying operating profit increased by £35 million. Underlying net revenue was £92 million lower, partly offset by lower costs mainly driven by the shorter ownership period in 2024/25. Depreciation and amortisation was £61 million lower, representing depreciation being charged for only the first seven months of the prior year, prior to classification as 'held for sale'.

New England

£m	2024/25	2023/24	Change
Revenue	**4,306**	3,948	9 %
Operating costs	**(3,298)**	(3,307)	— %
Statutory operating profit	**1,008**	641	57%
Exceptional items	**3**	17	n/m
Remeasurements	**(29)**	(15)	n/m
Adjusted operating profit	**982**	643	53%
Timing	**(61)**	69	n/m
Major storm costs	**3**	90	(97%)
Underlying operating profit	**924**	802	15%
Analysed as follows:			
Net revenue	**2,648**	2,295	15%
Regulated controllable costs	**(706)**	(701)	(1%)
Post-retirement benefits	**(21)**	(7)	(200%)
Bad debt expense	**(62)**	(79)	22%
Other operating costs	**(408)**	(445)	8%
Depreciation and amortisation	**(469)**	(420)	(12%)
Adjusted operating profit	**982**	643	53%
Timing	**(61)**	69	n/m
Major storm costs	**3**	90	(97%)
Underlying operating profit	**924**	802	15%

New England's statutory operating profit increased by £367 million, principally as a result of improved underlying operating profit and lower major storm costs, along with the impact of £130 million favourable year-on-year timing movements. Timing over-recoveries of £61 million in 2024/25 are mainly due to phasing of energy efficiency programme spend and the collection of previous under-recovery of commodity costs. This compares with a timing under-recovery of £69 million in the prior year. Exceptional items included £7 million of charges related to our major transformation programme and a £4 million gain related to environmental provision movements. In 2023/24, there were £11 million of exceptional items related to the disposal of the Narragansett Electric Company and £6 million related to our cost efficiency programme. Commodity remeasurements were £14 million favourable to the prior year.

New England's underlying operating profit increased by £122 million (15%) or £124 million (16%) on a constant currency basis. Underlying net revenue was £223 million higher driven by the benefits of rate case increases in Massachusetts Gas and Massachusetts Electric, higher capital tracker revenue and higher wholesale network revenues. New England controllable costs increased by £5 million as a result of additional workload and inflation, which were largely offset by efficiency savings. Bad debt expense decreased by £17 million as a result of higher accounts receivable cash recoveries. Depreciation and amortisation increased as a result of higher investment. Other costs (on an underlying basis) were higher due to higher investment-related expenses and higher property taxes, both driven by the growth in asset base.

New York

£m	2024/25	2023/24	Change
Revenue	6,689	6,094	10%
Operating costs	(5,420)	(5,732)	5%
Statutory operating profit	1,269	362	251%
Exceptional items	(133)	506	n/m
Remeasurements	(113)	(8)	n/m
Adjusted operating profit	1,023	860	19%
Timing	343	20	n/m
Major storm costs	84	136	(38%)
Underlying operating profit	1,450	1,016	43%
Analysed as follows:			
Net revenue	4,202	4,037	4%
Regulated controllable costs	(1,049)	(1,057)	1%
Post-retirement benefits	(33)	(21)	n/m
Bad debt expense	(141)	(96)	(47%)
Other operating costs	(1,225)	(1,345)	9%
Depreciation and amortisation	(731)	(658)	(11%)
Adjusted operating profit	1,023	860	19%
Timing	343	20	n/m
Major storm costs	84	136	(38%)
Underlying operating profit	1,450	1,016	43%

New York statutory operating profit increased by £907 million, principally as a result of £434 million higher underlying operating profit, £52 million lower major storms costs, £105 million higher commodity remeasurements gains and £639 million lower exceptional charges. Exceptional items included £9 million of charges related to our major transformation programme and a £142 million credit related to environmental provision movements (2024: £496 million cost). In 2023/24 we incurred £10 million of exceptional charges as part of our cost efficiency programme. These factors were partly offset by timing under-recoveries of £343 million in 2024/25 compared with timing under-recoveries of £20 million in 2023/24. The change in timing was primarily driven by lower auction sale prices on transmission wheeling, the return of prior period transmission wheeling over-collections, greater commodity under-recovery due to weather-driven gas bill volumes and KEDNY and KEDLI rates levelisation relating to new rates in 2024/25. These were partly offset by an over-recovery of energy efficiency programme costs in 2024/25.

New York underlying operating profit increased by £434 million (43%), driven by higher net underlying revenues which increased by £488 million (12%) principally driven by increased rates in KEDNY and KEDLI under the new rate plan along with higher NIMO revenues related to a capex tracker for incremental investment. Regulated controllable costs were £8 million lower year-on-year, with increased workload and the impact of inflation being offset by efficiency savings. Bad debt expense increased by £45 million driven by increased receivables, in line with revenue increases. Depreciation and amortisation increased due to the growth in assets. Other costs (on an underlying basis) decreased due to lower environmental costs (net benefit in 2024/25 compared with net charge in 2023/24 related to inflation impacts across multiple sites), partially offset by higher property taxes, driven by increasing asset base.

National Grid Ventures

£m	2024/25	2023/24	Change
Revenue	1,397	1,389	1%
Operating costs	(1,220)	(665)	(83%)
Depreciation and amortisation	(173)	(166)	(4%)
Statutory operating profit	5	558	(99%)
Exceptional items	360	(89)	n/m
Remeasurements	15	—	n/a
Adjusted/underlying operating profit	380	469	(19%)

National Grid Ventures' statutory operating profit reduced by £553 million, principally as a result of a £303 million impairment of Community Offshore Wind (COSW) investment, along with £57 million of exceptional transaction and separation costs for the planned disposal of National Grid Renewables and £15 million of commodity remeasurement losses all recognised in 2024/25. This compared with £89 million of net exceptional gains in 2023/24, consisting of £92 million of property damage insurance proceeds for the IFA1 fire, net of £3 million of exceptional charges related to our prior cost efficiency programme.

National Grid Ventures' underlying operating profit was £89 million lower than 2023/24. In the UK, interconnector profits decreased versus the prior year primarily as a result of lower interconnector revenues as market spreads returned to more historically normal conditions. On 30 September 2024, our Grain LNG business in the UK and our National Grid Renewables business in the US were reclassified as 'held for sale' with depreciation ceasing from that date onwards. In the US, profit was lower, primarily as a consequence of fewer renewable projects being sold to our Emerald joint venture.

Other activities

£m	2024/25	2023/24	Change
Statutory operating (loss)/profit	(10)	(117)	92%
Exceptional items	(133)	57	n/m
Adjusted operating (loss)/profit	(143)	(60)	(138%)
Analysed as follows:			
Property	54	30	80%
Corporate and Other activities	(197)	(90)	(119%)
Adjusted operating (loss)/profit	(143)	(60)	(138%)

Other activities' statutory operating loss of £10 million (2024: £117 million loss) includes a net exceptional gain of £133 million, consisting of a £187 million exceptional gain on disposal of the UK Electricity System Operator, net of £46 million of exceptional charges related to our major transformation programme and £8 million of exceptional transaction and separation costs incurred by our corporate function related to the planned disposal of our Grain LNG business. The prior year included £11 million of exceptional transaction, separation and integration costs related to the separation and disposal of UK Gas Transmission and the integration of National Grid Electricity Distribution and £46 million of exceptional charges as part of our cost efficiency programme.

Other activities' underlying operating loss was £143 million (including corporate costs) in 2024/25 compared with £60 million loss in 2023/24. This increase mainly relates to £69 million higher fair value losses within our NG Partners portfolio, £24 million lower insurance captive profits combined with £12 million higher corporate centre costs, partially offset by higher UK property sales in the year.

Financial review continued

Exceptional items and remeasurements in operating profit – continuing

In 2024/25, we classified a number of items as exceptional, which has the net impact of increasing our statutory operating profit by £42 million (2024: £1,011 million decrease) compared with our adjusted and underlying operating profit measures. These items comprise of an exceptional credit of £146 million in 2024/25 related to a decrease in our environmental provisions (2024: £496 million charge); a £151 million provision release (2024: £498 million provision charge) in UK Electricity System Operator for estimated timing over-recoveries returned prior to its disposal on 1 October 2024; a gain of £187 million on the disposal of the UK Electricity System Operator; a £303 million impairment of our investment in COSW; transaction, separation and integration costs of £65 million (2024: £44 million) and no insurance recoveries in the current year (2024: £92 million). Our 'Evolution' cost efficiency programme was completed in 2023/24 with £65m of exceptional costs in that year. For further details see note 5 to the financial statements. In 2024/25, we embarked on a new four-year major transformation programme designed to implement our 'pureplay networks business' strategy, incurring £74 million of exceptional costs. The expected future costs for this programme are anticipated to be around £200 million.

We also exclude certain unrealised gains and losses on mark-to-market financial instruments ('remeasurements') from adjusted and underlying profit. In 2024/25, net remeasurement gains on commodity contract derivatives (i.e. 'mark-to-market' movements on derivatives used to hedge the cost of buying wholesale gas and electricity on behalf of US customers and derivatives in our UK interconnectors business) were £127 million, compared with net remeasurement losses of £24 million in 2023/24.

Financing costs and taxation – continuing

Net finance costs

Statutory net finance costs of £1,357 million were down from £1,464 million in 2023/24 and included derivative remeasurement gains of £4 million (2024: £15 million gains). Underlying net finance costs for the year were 8% lower than last year at £1,361 million. The Rights Issue raised net proceeds of £6.8 billion in June 2024, resulting in lower average net debt than the prior year. The beneficial impact of this was partly offset by outflows for higher levels of capital investment and higher interest rates on new borrowings resulting in a net £80 million reduction in net debt related finance costs. Other interest was favourable year on year reflecting higher capitalised interest partly offset by higher discount unwind on provisions. The effective interest rate for continuing operations of 4.1% is 10bps lower than the prior year rate.

Joint ventures and associates

The Group's share of net profits from joint ventures and associates on a statutory basis increased to £73 million (2024: £37 million). This was net of derivative remeasurement losses of £2 million (2024: £64 million) in our NG Renewables joint venture. This investment was reclassified to held for sale on 30 September 2024, with no profits being recognised from that date onwards. On an adjusted basis, the share of net profits from joint ventures and associates decreased by £26 million compared with 2023/24, mostly reflecting lower BritNed revenues driven by lower auction prices.

Tax

The statutory tax charge for continuing operations was £821 million (2024: £831 million) including the impact of tax on exceptional items and remeasurements of £40 million credit (2024: £152 million credit). The adjusted tax charge for continuing operations was £861 million (2024: £983 million), resulting in an adjusted effective tax rate for continuing operations (excluding profits from joint ventures and associates) of 25.3% (2024: 24.7%).

The underlying tax charge for the year (a non-GAAP measure) was £616 million (2024: £515 million). The underlying effective tax rate (excluding joint ventures and associates) of 15.4% was 20bps lower than last year (2024: 15.6%). This is mainly due to increased investment in NGET leading to a lower underlying tax charge, partly offset by the change in geographic profit mix. The Group's tax strategy is detailed later in this review.

Discontinued operations

On 26 September 2024, we completed the sale of our residual 20% interest in National Gas Transmission for proceeds of £686 million, resulting in a gain on disposal after transaction costs of £25 million. The Group has not applied equity accounting in relation to this asset held for sale since 31 January 2023 (the date of sale of our 60% interest) resulting in no profits being recognised from that date onwards.

Capital investment and asset growth

Capital investment

Capital investment comprises capital expenditure in critical energy infrastructure, equity investments, equity funding contributions to joint ventures and associates, and net movements in capital expenditure-related prepayments to secure delivery of future capital investment projects.

	At actual exchange rates			At constant currency		
£m	2024/25	2023/24	Change	2024/25	2023/24	Change
UK Electricity Transmission	2,999	1,912	57%	2,999	1,912	57%
UK Electricity Distribution	1,426	1,247	14%	1,426	1,247	14%
UK Electricity System Operator	—	85	(100%)	—	85	(100%)
New England	1,751	1,673	5%	1,751	1,668	5%
New York	3,289	2,654	24%	3,289	2,645	24%
National Grid Ventures	378	662	(43)%	378	661	(43)%
Other activities	4	2	100 %	4	2	100 %
Total Group	9,847	8,235	20%	9,847	8,220	20%

UK Electricity Transmission investment increased by £1,087 million compared with 2023/24 due to increased expenditure on ASTI projects (including EGL1, EGL2, Yorkshire GREEN and North London reinforcement projects) and additional spend in customer connections, increased overhead line work, asset operations investment and IT-related capital projects.

UK Electricity Distribution increased by £179 million primarily due to additional asset replacement and refurbishment, growth in connections and higher reinforcement works.

New England, capital investment increased by £78 million primarily due to higher electric capital investment driven by asset conditioning and Advanced Metering Infrastructure (AMI) spend.

New York, capital investment was £635 million higher primarily due to a step up in gas capital investment in KEDNY and KEDLI following increases approved in the rate case (mains replacement and other mandated works) and along with higher electric investment in NIMO driven by the Climate Leadership and Community Protection Act programme spend, in addition to higher AMI investment.

Capital investment in National Grid Ventures was £284 million lower after completing the build of Viking Link in 2023/24 and with lower contributions from NG Renewables and Grain LNG (spend post reclassification to 'held for sale' is not included within capital investment).

UK Electricity System Operator has no reported capital investment since being classified as held for sale during 2023/24.

Asset growth and regulated asset growth (non-GAAP measures)

A key part of our investor proposition is growth in our regulated asset base. The regulated asset base is a regulatory construct, representing the invested capital on which we are authorised to earn a cash return. By investing efficiently in our networks, we add to our regulatory asset base over the long term and this in turn contributes to delivering shareholder value. Our regulated asset base comprises our regulatory asset value (RAV) in the UK, plus our rate base in the US (our regulated asset growth). We also invest in related activities that are not subject to network regulation and this further contributes to asset growth.

In total, asset growth in 2024/25 was 9.0% (2024: 9.7%). Asset growth tracks the overall increase in assets (excluding foreign exchange movements and the impact of significant increases or decreases from business acquisition or disposal transactions) using a combination of UK RAV and US rate base for our regulated businesses, and IFRS balances for our non-regulated businesses. Asset growth excludes the impact of the reduction in RAV as a result of the disposal of our UK Electricity System Operator business during 2024/25. A detailed calculation of asset growth is provided on pages 294.

In terms of asset growth by business sector, UK RAV growth was 9.8% (2024: 7.3%) driven by increased 'slow money' additions, partly offset by lower RAV indexation (lower year end CPIH inflation), along with higher RAV depreciation. US rate base grew strongly by 11.5% (2024: 11.5%), with continued high levels of capital expenditure (as measured under US GAAP) and more assets coming into service during the year resulting in increased rate base at 31 March 2025. On a combined basis, the increase in our UK RAV and US rate base (at constant currency) produced 'regulated asset growth' of 10.5% (2024: 9.1%).

Non-regulated businesses' growth was (2.1)% (2024: 14.4%) mainly as a result of lower ongoing investment in National Grid Ventures and the impact of asset write-downs.

Cash flow, net debt and funding

Net debt is the aggregate of cash and cash equivalents, borrowings, current financial and other investments and derivatives (excluding commodity contract derivatives) as disclosed in note 29 to the financial statements. 'Adjusted net debt' used for the RCF/adjusted net debt calculation is principally adjusted for pension deficits and hybrid debt instruments. For a full reconciliation see page 287. The following table summarises the Group's cash flow for the year, reconciling this to the change in net debt.

Summary cash flow statement

£m	2024/25	2023/24	Change
Cash generated from continuing operations	**6,991**	7,281	(4%)
Purchase of intangibles, PP&E, investments in JVs and acquisition of financial investments (net of disposals)[1]	**(9,713)**	(7,588)	(28%)
Dividends from JVs and associates	**126**	176	(28%)
Business net cash outflow from continuing operations	**(2,596)**	(131)	n/m
Net interest paid	**(1,588)**	(1,479)	(7%)
Net tax paid	**(183)**	(342)	46%
Cash dividends paid	**(1,529)**	(1,718)	11%
Other cash movements	**11**	16	(31%)
Net cash outflow (continuing)	**(5,885)**	(3,654)	(61%)
Disposals of subsidiaries and associates[2]	**1,263**	681	85%
Discontinued operations	**22**	102	(78%)
Rights Issue (net of costs)	**6,839**	—	n/m
Other, including net financing raised/(repaid) in year	**(1,474)**	3,298	n/m
Increase/(decrease) in cash and cash equivalents	**765**	427	79%
Reconciliation to movement in net debt			
Increase/(decrease) in cash and cash equivalents	**765**	427	79%
Less: other net cash flows from investing and financing transactions	**1,474**	(3,298)	n/m
Net debt reclassified to held for sale	**(55)**	(23)	n/m
Impact of foreign exchange movements on opening net debt	**528**	466	13%
Other non-cash movements	**(476)**	(206)	n/m
(Increase)/decrease in net debt	**2,236**	(2,634)	n/m
Net debt at start of year	**(43,607)**	(40,973)	(6%)
Net debt at end of year	**(41,371)**	(43,607)	5%

1. Net of disposals and also net of £143 million exceptional insurance recoveries in 2023/24.
2. Cash proceeds of £577 million for ESO (which is net of the balance of cash and cash equivalents disposed) and £686 million (2024: £681 million) for our 20% remaining interest in National Gas Transmission. The total consideration received for the disposal of ESO was £673 million.

Cash flow generated from continuing operations was £7.0 billion, £290 million lower than last year, mainly due to adverse timing movements (primarily in UK Electricity System Operator related to the return of BSUoS revenue over-recoveries which occurred in 2023/24). This impact was substantially offset by higher revenues in our retained regulated businesses compared with 2023/24, along with lower provisions and exceptional outflows. Cash expended on investment activities increased as a result of continued growth in our regulated businesses including a significant step-up of cash capital investment in UK Electricity Transmission which was £1.0 billion higher than the prior year, along with higher investment in New York, New England and UK Electricity Distribution. The £9.7 billion outflow in 2024/25 includes ongoing cash investment in Grain LNG, UK Electricity System Operator and National Grid Renewables, subsequent to these businesses being reclassified as held for sale. The prior year £7.6 billion outflow is net of insurance recoveries related to the rebuild of the IFA1 interconnector in the UK.

Financial review continued

Net interest paid increased mainly as a result of the timing of cash interest payments (accrued interest movements), partly offset by a lower average level of net debt which benefited from a net £6.8 billion inflow from the Rights Issue proceeds (net of transaction costs). The Group made net tax payments of £183 million (2024: £342 million) for continuing operations during 2024/25. This decrease mainly related to lower taxable profits driven by over-recovered revenues in the prior year in the UK Electricity System Operator business.

The lower cash dividend reflected the higher weighted average scrip uptake of 31% in the current year (2024: 18%), partly offset by the annual inflationary increase on a dividend per share basis (after rebasing for the impact of the Rights Issue).

In 2024/25, we completed the sale of our UK Electricity System Operator business to the UK Government for proceeds of £673 million (including £45 million from completion adjustments received after 31 March 2025). We also sold our final 20% interest in National Gas Transmission for proceeds of £686 million. In 2023/24 we reduced our interest in National Gas Transmission from 40% to 20% interest for proceeds of £681 million and received a dividend payment of £102 million in discontinued operations.

During the year we raised net £6.8 billion (net of transaction costs) of equity financing by means of a Rights Issue. This helped reduce overall Group regulatory gearing and will help finance capital investment across the Group during future years. In addition, we also raised £3.2 billion of new long-term senior debt to refinance maturing debt and to fund a portion of our significant capital programme.

Other cash movements principally relate to net financing inflows or outflows to maintain our cash balances at an appropriate level in accordance with the Group liquidity policy, but do not have an impact on the Group's net debt. Other non-cash movements which do impact net debt, primarily reflect changes in the sterling–dollar exchange rate, accretions on index-linked debt, lease additions and other derivative fair value movements, offset by the amortisation of fair value adjustments on acquired debt.

As at 14 May 2025, we have £7.8 billion of undrawn committed facilities available for general corporate purposes, all of which have expiry dates beyond May 2026. National Grid's balance sheet remains robust, with strong overall investment grade ratings from Moody's, Standard & Poor's (S&P) and Fitch.

The Board has considered the Group's ability to finance normal operations as well as funding a significant capital programme. This includes stress testing of the Group's finances under a 'reasonable worst-case' scenario, assessing the timing of the sale of businesses held for sale and the further levers at the Board's discretion to ensure our businesses are adequately financed. As a result, the Board has concluded that the Group will have adequate resources to do so.

Financial position

The following table sets out a condensed version of the Group's IFRS balance sheet.

Summary balance sheet

£m	31 March 2025	31 March 2024	Change
Goodwill and intangibles	**13,096**	13,160	—%
Property, plant and equipment	**74,091**	68,907	8%
Assets and liabilities held for sale	**2,194**	349	529%
Other net liabilities	**(805)**	106	(859%)
Tax balances	**(8,246)**	(7,728)	(7%)
Net pension assets	**1,916**	1,814	6%
Provisions	**(3,049)**	(3,109)	2%
Net debt	**(41,371)**	(43,607)	5%
Net assets	**37,826**	29,892	27%

Goodwill and intangibles reduced mainly as a result of changes in exchange rates and reclassifications to held for sale. Property, plant and equipment increased mainly as a result of the continuing capital investment programme offset by exchange rate movements and reclassifications to held for sale. Assets held for sale at 31 March 2025 comprised our UK Grain LNG business and our US National Grid Renewables business and at 31 March 2024 comprised the retained 20% minority interest in National Gas Transmission and all of the UK Electricity System Operator business, both of which were fully divested during 2024/25. Tax balances increased principally from accelerated tax depreciation due to ongoing capital investment, movements in other net temporary differences and the impact of exchange rate movements. Net pension assets increased as a result of increased employer contributions into other post-retirement benefit schemes, a decrease in liabilities primarily from higher discount rates and exchange rate movements. Provisions were reduced principally as a result of decreases in US environmental charges and the impact of the discount unwind. Other movements are largely explained by net working capital inflows and changes in the sterling–dollar exchange rate.

Regulatory gearing (a non-GAAP measure), is calculated as net debt as a proportion of total regulatory asset value and other business invested capital, reduced significantly in the year to 61% as at 31 March 2025. This was lower than the previous year-end level of 69% with benefits from the £6.8 billion Rights Issue net proceeds, £1.3 billion of proceeds from sales of businesses (UK Electricity System Operator and the final 20% interest in National Gas Transmission), partly offset with a £1.4 billion adverse swing in timing under/over-recoveries. Taking into account the benefit of our hybrid debt, adjusted gearing as at 31 March 2025 was 61% (2024: 67%), with the current overall Group credit rating of BBB+/Baa1 (S&P/Moody's).

Retained cash flow as a proportion of adjusted net debt was 9.8%, up 60bps from 2023/24 and above the long-term average level of 7.0% indicated by Moody's, as consistent with maintaining our current Group rating.

Off-balance sheet items

There were no significant off-balance sheet items other than the commitments and contingencies detailed in note 30 to the financial statements. In accordance with IFRS, regulatory assets and regulatory liabilities are not recognised on the balance sheet. Further information in respect of certain of the Group's energy purchase contracts and commodity price risk is disclosed in note 32(f) to the financial statements.

Economic returns (non-GAAP measures)

A principal way in which we measure our performance in generating value for shareholders is to divide regulated financial performance by regulatory equity, to produce RoE.

As explained on page 288, regulated financial performance adjusts reported operating profit to reflect the impact of the Group's various regulatory economic arrangements in the UK and US. In order to show underlying performance, we calculate RoE measures excluding exceptional items of income or expenditure.

Group RoE is used to measure our performance in generating value for our shareholders by dividing regulated and non-regulated financial performance, after interest and tax, by our measure of equity investment in all our businesses, including the regulated businesses, NGV and other activities and joint ventures. This metric's calculation methodology was updated during 2024/25 with comparative amounts restated accordingly. For further details please see page 291.

Regulated businesses' RoEs are measures of how the businesses are performing compared with the assumptions and allowances set by our regulators. US jurisdictional and UK entity regulated returns are calculated using the capital structure assumed within their respective regulatory arrangements and, in the case of the UK, assuming inflation of 2% CPIH under RIIO-2. As these assumptions differ between the UK and the US, RoE measures are not directly comparable between the two geographies. In our performance measures, we compare achieved RoEs to the level assumed when setting base rate and revenue allowances in each jurisdiction.

Return on Equity 'RoE' (non-GAAP measures)

%	2024/25	2023/24	Change
UK Electricity Transmission	**8.3%**	8.0%	30bps
UK Electricity Distribution	**7.9%**	8.5%	-60bps
New England	**9.1%**	9.2%	-10bps
New York	**8.7%**	8.5%	20bps
Group RoE[1]	**9.0%**	10.5%	-150bps

1. Our calculation methodology for Group RoE changed in 2024/25. Comparative amounts have been restated accordingly. See page 291 for details.

In 2024/25, UK Electricity Transmission achieved operational returns of 8.3%, delivering 100bps of outperformance under RIIO-T2, mainly from totex performance related to savings on capital delivery (2024: 8.0% achieved return, or 100bps above the allowed base return). UK Electricity Distribution achieved an operational return of 7.9% in 2024/25, including 20bps outperformance, mostly consisting of non-totex performance incentives. Outperformance was impacted by the costs associated with Storm Darragh and the adverse impact of the RIIO-ED2 Real Price Effect (RPE) mechanism, where lower than anticipated allowances due to reductions in commodity indices have not tracked actual costs incurred (2024: 8.5% achieved return, or 110bps above the allowed base return).

New England's achieved return of 9.1% was 92% of the allowed return in 2024/25 compared with an achieved return of 9.2% in 2023/24. New York's achieved return of 8.7% was 94% of the allowed return in 2024/25 compared with an achieved return of 8.5% in 2023/24. The quoted returns for New England and New York represent the weighted average return across operating companies within each jurisdiction.

Overall Group RoE, which incorporates NGV, property, corporate and other activities, and financing and tax performance, was 9.0% in 2024/25 compared with 10.5% achieved in 2023/24. This decrease was principally due to the impact of the Rights Issue proceeds increasing the equity denominator by means of reducing Group gearing.

Tax transparency

As a responsible taxpayer, we have voluntarily included additional tax disclosures, which we believe are of significant interest to many of our stakeholders. For information on the Company's activities, please see page 2, and for a definition of discontinued operations, please see note 10 to the financial statements.

Tax strategy

National Grid is a responsible taxpayer. Our approach to tax is consistent with the Group's broader commitments to doing business responsibly and upholding the highest ethical standards. This includes managing our tax affairs, as we recognise that our tax contribution supports public services and the wider economy. We endeavour to manage our tax affairs so that we pay and collect the right amount of tax, at the right time, in accordance with the tax laws in all the territories in which we operate. We will claim valid tax reliefs and incentives where these are applicable to our business operations, but only where they are widely accepted through the relevant tax legislation such as those established by government to promote investment, employment and economic growth. We do not have operations in tax havens or low-tax jurisdictions without commercial purpose.

We have a strong governance framework and our internal control and risk management framework helps us manage risks, including tax risk, appropriately. We take a conservative approach to tax risk. However, there is no prescriptive level or pre-defined limit to the amount of acceptable tax risk.

Our financial statements have been audited. The figures in the tax transparency disclosures in the Annual Report and Accounts have been taken from our financial systems, which are subject to our internal control framework.

We act with openness and honesty when engaging with relevant tax authorities and seek to work with tax authorities on a real-time basis. We engage proactively in developments of external tax policy and engage with relevant bodies where appropriate. Ultimate responsibility and oversight of our tax strategy and governance rests with the Finance Committee, with executive management delegated to our Chief Financial Officer who oversees and approves the tax strategy on an annual basis. For more detailed information, please refer to our published tax strategy on our website.

Financial review continued

Country-by-country reporting summary

We have disclosed in the table below data showing the scale of our activities in each of the countries we operate in. This allows our stakeholders to see the profits earned, taxes paid and the context of those payments. The Group's entities are tax resident in their jurisdiction of incorporation other than where indicated in the footnotes to note 34 to the financial statements.

2024/25	Revenue					
Tax jurisdiction	Unrelated party[1] £m	Related party[2] £m	Total £m	Profit/(loss) before income tax[3] £m	Income tax accrued – current year[4] £m	Tangible assets/(liabilities) other than cash and cash equivalents[5] £m
United Kingdom	6,707	241	**6,948**	2,703	67	34,680
United States	11,671	58	**11,729**	947	47	39,411
Isle of Man	–	51	**51**	51	–	–
Luxembourg	–	–	**–**	–	–	–
Belgium	–	–	**–**	1	–	–
Total	18,378	350	**18,728**	3,702	114	74,091

2023/24	Revenue					
Tax jurisdiction	Unrelated party[1] £m	Related party[2] £m	Total £m	Profit/(loss) before income tax[3] £m	Income tax accrued – current year[4] £m	Tangible assets/(liabilities) other than cash and cash equivalents[5] £m
United Kingdom	9,063	128	**9,191**	2,890	411	32,189
United States	10,787	68	**10,855**	181	82	36,718
Isle of Man	–	44	**44**	56	–	–
Luxembourg	–	–	**–**	–	–	–
Belgium	–	–	**–**	–	–	–
Total	19,850	240	**20,090**	3,127	493	68,907

1. Unrelated party revenue comprises revenue from continuing operations of £18,378 million (2024: £19,850 million) (see consolidated income statement) and revenue from discontinued operations of £nil (2024: £nil) (see note 10 to the financial statements).
2. Related party revenue only includes cross-border transactions and comprises related party revenue from continuing operations of £350 million (2024: £240 million) and related party revenue from discontinued operations of £nil (2024: £nil).
3. Profit/(loss) before income tax (PBT) from operations after exceptionals comprises continuing operations PBT of £3,650 million (2024: £3,048 million) (see consolidated income statement) and discontinued operations PBT of £52 million (2024: £79 million) (see note 10 to the financial statements).
4. Current year income tax accrued comprises current year income tax from continuing operations of £113 million (2024: £492 million) (see note 7 to the financial statements) and current year income tax from discontinued operations of £1 million (2024: £1 million). See the tax charge to tax paid reconciliation below for further information.
5. Tangible assets comprises property, plant and equipment (see consolidated statement of financial position) and excludes tangible fixed assets for businesses classified as 'held for sale' or disposed of during the year of £1,359 million (UK Electricity System Operator (ESO) £121 million, National Grid Renewables £340 million, Grain LNG £898 million) (2024: UK Electricity System Operator (ESO) £113 million) (see note 10 to the financial statements).

Our Isle of Man company is a captive insurance company which is treated as a controlled foreign company for UK tax purposes and, as such, UK corporation tax is paid on its profits.

Our presence in Luxembourg is to address a nationalisation risk which arose from a Labour Party proposal in 2019 to nationalise nearly all of National Grid's UK assets.

Transfer pricing is not a significant issue for the Group given the nature of our core businesses and the number of jurisdictions we operate in. Where there are related party transactions, these are taxed on an arm's length basis in accordance with the Organisation for Economic Co-operation and Development (OECD) principles.

Group's total tax charge to tax paid

The total tax charge for the year disclosed in the financial statements in accordance with accounting standards and the equivalent total corporate income tax paid during the year will differ.

The principal differences between these two measures are as follows:

Reconciliation of Group's total tax charge to tax paid

£m	2024/25	2023/24
Total Group tax charge[1]	**822**	832
Adjustment for Group non-cash deferred tax	**(783)**	(465)
Adjustments for Group current tax (charge)/credit in respect of prior years	**75**	126
Group current tax charge	**114**	493
Group tax charge not payable in the current year	**(46)**	(63)
Group tax instalment payments (repayable)/payable in respect of the prior year	**25**	2
Tax instalment payments over/(under) paid in the current year	**(27)**	(22)
Tax recoverable offset against current tax payments due	**–**	(72)
Tax instalment payments over/(under) paid due in the following year	**–**	–
Group tax payment/(refunds) in respect of prior years paid in the current year	**–**	3
Tax balance included with Other liabilities in note 10	**117**	1
Group tax paid	**183**	342
Profit before income tax[2]	**3,702**	3,127
	%	%
Effective cash tax rate	**4.9**	10.9
Effective tax rate[3]	**22.2**	26.6

1. Total Group tax charge from operations after exceptionals is comprised of tax charge of continuing operations of £821 million (2024: £831 million) and discontinued operations of £1 million (2024: £1 million).
2. Profit/(loss) before income tax (PBT) from continuing operations after exceptionals is comprised of continuing operations PBT of £3,702 million (2024: £3,048 million) and discontinued operations PBT of £52 million (2024: £79 million).
3. Effective tax rate for continuing operations after exceptionals is 22.5% (2024: 27.3%) and discontinued operations is 2.1% (2024: 1.3%).

Effective cash tax rate

The effective cash tax rate for the total Group is 4.9%. The difference between this and the accounting effective rate of 22.2% is primarily due to the following factors.

National Grid is a capital-intensive business, across both the UK and the US, and as such invests significant sums each year in its networks. In 2024/25 the Group's total capital expenditure was £9,847 million. To promote investment, tax legislation allows a deduction for qualifying capital expenditure at a faster rate than the associated depreciation in the statutory accounts. The impact of this is to defer cash tax payments into future years. As the Group's qualifying capital expenditure has increased from the prior year, the resulting available tax deductions have further reduced the effective cash tax rate.

The sale of the ESO in the year gave rise to a non-taxable gain as it met the conditions of the UK Substantial Shareholding Exemption. This also reduced the effective cash tax rate for the year.

The Group continued to make payments into the UK defined benefit pension schemes, National Grid Electricity Group section of the Electricity Supply Pension Scheme and the Western Power Pension Scheme during the course of the year. These payments have further reduced the overall cash tax paid in the UK.

Group's total tax contribution

The total amount of taxes we pay and collect globally year-on-year is significantly more than just the tax which we pay on our global profits. To provide a full picture, we have disclosed the Group's global total tax contribution which includes contributions from both continuing and discontinued businesses.

Group's total tax contribution 2024/25 (taxes borne/collected)

Taxes borne

Key:	£m
People	274
Product	215
Profit	183
Property	1,237
Miscellaneous	33
Total	**1,942**

Taxes collected

Key:	£m
People	865
Product	780
Miscellaneous	1
Total	**1,646**

Taxes borne are a cost to the Group. Taxes collected are taxes generated by the operations of the Group which we are obliged to administer on behalf of the government (e.g. income tax under PAYE, employees' national insurance contributions).

2024/25	Tax contribution					
Tax jurisdiction	Income tax paid/(repaid) on cash basis[1] £m	Property taxes £m	Other taxes borne[2] £m	Taxes collected £m	**Total tax contribution £m**	Number of employees[3] as at 31 March 2025
United Kingdom	156	247	140	858	**1,401**	13,477
United States	27	990	382	788	**2,187**	18,177
Ireland	–	–	–	–	**–**	–
Isle of Man	–	–	–	–	**–**	–
Luxembourg	–	–	–	–	**–**	–
Netherlands	–	–	–	–	**–**	–
Total	183	1,237	522	1,646	**3,588**	31,654

2023/24	Tax contribution					
Tax jurisdiction	Income tax paid/(repaid) on cash basis[1] £m	Property taxes £m	Other taxes borne[2] £m	Taxes collected £m	**Total tax contribution £m**	Number of employees[3] as at 31 March 2024
United Kingdom	341	227	151	1,102	**1,821**	13,956
United States	1	956	338	710	**2,005**	17,469
Ireland	–	–	–	–	**–**	–
Isle of Man	–	–	–	–	**–**	–
Luxembourg	–	–	–	–	**–**	–
Netherlands	–	–	–	–	**–**	–
Total	342	1,183	489	1,812	**3,826**	31,425

1. See the tax charge to tax paid reconciliation above for further information.
2. Other taxes borne is made up of People, Product and Miscellaneous taxes.
3. Number of employees is calculated as the total National Grid workforce across all parts of the business, including Non-executive Directors and Executive Directors and employees of the discontinued operations. All are active, permanent employees as well as both full-time and part-time employees.

For 2024/25, our total tax contribution was £3,588 million (2023/24: £3,826 million), taxes borne were £1,942 million (2023/24: £2,014 million) and taxes collected were £1,646 million (2023/24: £1,812 million). Our total tax contribution has decreased in the year primarily due to a reduction in product taxes collected (e.g. UK VAT) and profit taxes. This is principally as a result of the sale of the ESO part way through the year.

Two thirds of the tax borne by the Group continues to be in relation to property taxes, of which £990 million are paid in the US across over 1,200 cities and towns in Massachusetts, New Hampshire, New York and Vermont. These taxes are the municipalities principal source of revenue to fund school districts, police and fire departments, road construction and other local services.

In the UK, we participate in the 100 Group's Total Tax Contribution Survey. The survey ranks the UK's biggest listed companies in terms of their contribution to the total UK Government's tax receipts. The most recent result of the survey for 2023/24 ranks National Grid as the 15th highest contributor of UK taxes (2022/23: 13th), the 12th highest in respect of taxes borne (2022/23: 11th) and third (2022/23: 1st) in respect of capital expenditure of £3,052 million (2022/23: £3,057 million) on fixed assets. Our ranking in the survey is proportionate to the size of our business and capitalisation relative to the other contributors to the survey.

However, National Grid's contribution to the UK and US economies is broader than just the taxes it pays over to and collects on behalf of the tax authorities.

Both in the UK and the US we employ thousands of individuals directly. We also support jobs in the construction industry through our capital expenditure, which in 2024/25 was £9,847 million, as well as supporting a significant number of jobs in our supply chain. Furthermore, as a utility we provide a core essential service which allows the infrastructure of the country/states we operate in to run smoothly. This enables individuals and businesses to flourish and contribute to the economy and society.

Development of future tax policy

We believe that the continued development of a coherent and transparent tax policy across the Group is critical to help drive growth in the economy.

We continue to engage on consultations with policymakers where the subject matter impacts taxes borne or collected by our business, with the aim of openly contributing to the debate and development of tax legislation for the benefit of all our stakeholders.

To ensure that the needs of our stakeholders are considered in the development of tax policy we are a member of a number of industry groups which participate in the development of future tax policy, such as the Electricity Tax Forum, together with the 100 Group in the UK, which represents the views of Finance Directors of FTSE 100 companies and several other large UK companies. We undertake similar activities in the US, where the Group is an active member in the Edison Electric Institute, the American Gas Association, the Global Business Alliance, the American Clean Power Association, the Business Council for Sustainable Energy and the Solar Energy Industries Association.

Feedback from these groups, such as the results of the 100 Group Total Tax Contribution survey helps to ensure that we consider the needs of our stakeholders and are engaged at the earliest opportunity on tax issues which affect our business.

Financial review continued

Pensions

In 2024/25, defined contribution pensions, defined benefit pensions and other post-employment benefit operating costs were slightly higher than prior year at £305 million (2024: £273 million).

During the year, our pensions and other post-retirement benefit plans increased from a net surplus position of £1,814 million at 31 March 2024 to a net surplus of £1,916 million at 31 March 2025.

This was principally the result of actuarial losses on plan assets of £1,204 million (lower investment returns) and actuarial gains on plan liabilities of £1,175 million (higher discount rates from corporate bond yields and lower long-term RPI inflation expectations). Employer contributions during the year were £282 million (2024: £165 million), including £12 million (2024: £23 million) of deficit contributions. As at 31 March 2025, the total UK and US assets and liabilities and the overall net IAS 19 (revised) accounting surplus (2024: surplus) is shown below. Further information can be found in note 25 to the financial statements.

Net defined benefit asset

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Liabilities	**(51)**	(56)	**(196)**	(210)	**(326)**	(327)	**(573)**	(593)
Assets	**1,179**	1,317	**672**	618	**638**	472	**2,489**	2,407
Net defined benefit asset	**1,128**	1,261	**476**	408	**312**	145	**1,916**	1,814

Dividend

The Board has recommended a final dividend to 30.88p per ordinary share ($2.0545 per American Depository Share), which will be paid on 17 July 2025 to shareholders on the register of members as at 30 May 2025. If approved, this will bring the full-year dividend to 46.72p per ordinary share, representing an increase of 3% to the 45.26p 'rebased' dividend per share (as explained below) for 2023/24. This is in line with the increase in average UK CPIH inflation for the year ended 31 March 2025 as set out in our dividend policy.

As part of the Rights Issue, the Board announced that the overall cash dividend level would be maintained, with the additional shares from the Rights Issue resulting in a reduction to calculated dividend per share. The total dividend to shareholders (cash plus scrip) in respect of the financial year to 31 March 2024 was £2,167 million (58.52p per share). This total dividend of £2,167 million spread across a higher number of shares adjusted for the Rights Issue equated to a 'rebased' dividend per share in respect of 2023/24 of 45.26p (see calculation on page 295).

The Board aims to grow annual dividend per share (DPS) in line with UK CPIH, thus maintaining the DPS in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments.

At 31 March 2025, National Grid plc had £18.0 billion of distributable reserves, which is sufficient to cover more than five years of forecast Group dividends. If approved, the final dividend will absorb approximately £1,512 million of shareholders' funds. The 2024/25 full dividend is covered approximately 1.6x by underlying earnings.

The Directors consider the Group's capital structure at least twice a year when proposing an interim and final dividend and aim to maintain distributable reserves that provide adequate cover for dividend payments.

A scrip dividend alternative will again be offered in respect of the 2024/25 final dividend.

New accounting standards

We did not adopt any new accounting standards in 2024/25. Amendments to certain existing accounting standards were adopted during the year, but these had no material impact on the Group's results or financial statement disclosures.

Post balance sheet events

For further details, see note 36 to the financial statements.