



North Sea  
Transition  
Authority

# Oil and Gas Authority Annual Report and Accounts 2025–26

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(for the year ended 31 March 2026)



# **Annual Report and Accounts of the Oil and Gas Authority 2025-26**

Accounts presented to Parliament pursuant to Article 6 of the Government  
Resources and Accounts Act 2000 (Audit of Non-profit Making Companies)  
Order 2009.

Report presented to Parliament by Command of His Majesty.

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*On 21<sup>st</sup> March 2022, the Oil and Gas Authority (OGA) became known by a new business name: North Sea Transition Authority (NSTA), to reflect its evolving role in the energy transition. The OGA remains the legal name of the company. References to the NSTA should be interpreted as the OGA.*



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Any enquiries regarding this publication should be sent to us at:

North Sea Transition Authority  
3<sup>rd</sup> floor  
1 Marischal Square  
Broad Street Aberdeen AB10 1BL  
[nsta.correspondence@nstauthority.co.uk](mailto:nsta.correspondence@nstauthority.co.uk)

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## Chair's foreword

2025-26 saw significant developments, as the UK government published its North Sea Future Plan and operators consolidated their positions through substantial mergers and acquisitions. Globally, conflict in the Middle East brought volatility in energy markets and an increased focus on energy security.

The UK's North Sea Future Plan, together with the anticipated Energy Independence Bill to enable it, describes a growing offshore clean energy industry, with offshore wind, carbon storage and hydrogen alongside oil and gas production and with innovations, subject to legislation, to enable oil and gas production in areas adjacent to existing fields. The NSTA will be ready to implement any changes as appropriate.

In terms of current production, the NSTA is working with operators to make the most of existing fields. An initiative to quickly reactivate 200 shut-in wells showed great promise, with more than 50 back online, contributing more than eight million barrels of annual production. We will continue to collaborate with more operators to unlock further opportunities and drive cost efficiency.

Decommissioning remains a core obligation for operators and it is critical that the pace of activity matches these obligations. The annual cost report showed that operators spent £2.4bn on decommissioning in 2024 and expect to commit £27bn between 2023 and 2032. In December 2025, the NSTA published operator well plug and abandonment performance data showing the number of wells out of consent. Transparency, together with other initiatives, can be an important tool in driving timely well decommissioning. Early evidence suggests that industry is responding with increased action on well decommissioning.

With an increasingly diverse mix of energy sectors in the North Sea and challenges of low activity levels for some parts of the supply chain, initiatives to enable supply chain diversification are important. In July 2025, with support from Scottish Renewables and RenewableUK, we launched our improved Energy Pathfinder site with increasing numbers of wind energy projects on the portal, making it easier for supply chain companies to have visibility across various markets. The portal also

hosts dozens of contracts linked to carbon capture and storage and significant oil and gas decommissioning projects.

Momentum in the carbon storage sector continues, with new milestones reached throughout the year. The NSTA issued three permits to the HyNet carbon storage project this year, in addition to the one already awarded to Endurance, and a second carbon storage licensing round - offering 14 potential locations - was launched in December 2025. Progress in the sector should become ever more visible next year as project activity ramps up further. Together with the chairs of other relevant regulators and organisations, I was able to visit Teesside to see first-hand the impressive strides this growing industry is making.

With increasingly diverse activity in the North Sea, spatial coordination becomes more important and we are pleased to have cemented closer relationships with The Crown Estate, Crown Estate Scotland and NESO. The NSTA will continue to play a full and active role in spatial planning and coordination, collaborating with other regulators to ensure as seamless a process as possible for industry.

The NSTA has benefitted from considerable stability in our board and leadership team in recent years. Iain Lanaghan, Sarah Deasley and Nic Granger are stepping down in 2026 and have served with distinction, providing valuable support and challenge to the organisation during a period when we revised our strategy, changed our name, played a leading role in the carbon storage industry's growth, and took on responsibility for regulating offshore hydrogen storage. In April 2026, we were delighted to welcome Ian Chisholm, Rebecca Wiles and Mitch Flegg to the board. They all bring a depth and breadth of experience that will serve us well into the coming years.

The board reviewed and approved this Annual Report and Accounts on 18th June 2026.

**Liz Ditchburn**

Chair



## Chief Executive's statement

We have lived through a year of significant change.

And none more significant than the government's announcement of the North Sea Future Plan in November.

This response to the consultation on Building the Future of the North Sea laid out in explicit terms how the government intends to create a prosperous and sustainable future for the North Sea.

In line with a commitment not to issue new licences to explore new fields, and to support existing oil and gas fields for their lifespan, we will work with government and industry to introduce new Transitional Energy Certificates to enable oil and gas production on or near to existing fields. These measures are subject to government introducing new legislation and are intended to deliver the government's promise of protecting existing jobs and creating the next generation of good jobs in sectors such as clean energy.

The plan envisages an ongoing and enhanced role for the NSTA. We have been given three objectives which we expect to see formalised in forthcoming legislation:

- to maximise economic value to the UK
- to support the Energy Secretary in meeting net zero goals
- to consider the impact [of activities] for North Sea workers, communities, and supply chains.

We will also have a balancing requirement set out in law to weigh up and balance these three objectives as we best see fit.

The government is proposing to introduce a number of new powers for the NSTA whilst strengthening and clarifying some of our existing powers to ensure a clear, robust regulatory framework. These include exploring binding dispute resolution powers, new decommissioning powers, higher financial penalties, and a stronger fit and proper test.

The past year was a period of significant delivery. In carbon storage we awarded three permits to the HyNet project, hot on the heels of one we awarded to Endurance at the end of 2024; we also saw the first carbon storage appraisal well drilled - on the Hewett field, in the Southern North Sea; and Perenco's successful test injection into a depleted gas reservoir also in the Southern North Sea. And to cap a big year, we launched the UK's second carbon storage licensing round in December.

In oil and gas, we ran a successful Annual Consents Exercise, helping producers to continue providing energy security as cleanly as possible, worked with many operators to support mergers and acquisitions (M&A) in the Basin, and demonstrated robust regulation with tough enforcement action when necessary, and publishing details of operators' performance in meeting their decommissioning obligations.

We continued to work hard with the industry and supply chain to make the case for ongoing investment in what remained a challenging economic climate.

It was also a year of significant challenges. The NSTA spent much of the year engaged with complex legal cases which took a great deal of resource from across the organisation.

And now we have a hugely significant year ahead of us.

The North Sea Future Plan will lead to new legislation which, in turn, we will need to incorporate and implement in our day-to-day stewardship.

We expect to deal with some important Field Development Plans, and more M&A work and, of course, we will continue to steward oil and gas and carbon storage projects.

Decommissioning will remain a huge priority. We identified the 2020s as the decade of decommissioning with spending forecast to peak at £2.5bn per year. Decommissioning can ensure that the UK's supply chain is equipped to help operators clean up their oil and gas infrastructure and support the carbon storage sector, which relies on many of the same resources, and we will work with the sector to help them meet their obligations.

Of course, some things in the coming year will be entirely new. We are living through a period of change for the NSTA and for the sectors that we work with. For our part, the NSTA - supported by the confidence government has placed in us and the quality of our work - will ensure we are well-equipped to meet the challenges to come.

**Stuart Payne**  
Chief Executive

*The Oil and Gas Authority (OGA) is a government company whose sole shareholder is the Secretary of State for Energy Security and Net Zero.*

*On 21<sup>st</sup> March 2022, the OGA became known as the North Sea Transition Authority (NSTA) to reflect its role in the UK's energy transition. The OGA remains the legal name of the company. References to the NSTA should be interpreted as the OGA.*

*The NSTA is headquartered in Aberdeen, with a second office in London.*

*This report covers the financial year 1 April 2025 to 31 March 2026 and includes detailed information on the NSTA's objectives, performance, expenditure and governance.*

## Strategic report

### **Our strategic objectives and priorities**

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The NSTA's principal objective, as set out in Section 9A of the Petroleum Act 1998 and the OGA Strategy, is to maximise the economic recovery of petroleum from the UK Continental Shelf (UKCS) and in doing so incorporate net zero considerations.

The NSTA licenses, regulates and influences the UK oil and gas, offshore hydrogen transportation and storage, and carbon storage industries. We support UK energy security, drive emissions reduction from UK supplies, and help accelerate the transition to net zero to realise the potential of the North Sea as an integrated energy basin. We work with government, industry and other regulators to achieve our three main objectives: energy production and security, accelerate the energy transition, emissions reduction.

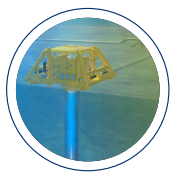
### **Some of our work in the past year**

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#### **NSTA announces greater transparency:**

The NSTA is providing more details of ongoing investigations on its Case Register and also publishing well P&A data. It is becoming clear that increased transparency will help to drive cost effective well decommissioning.



#### **Carbon storage permits**

In April 2025 the NSTA awarded three permits to Eni for Liverpool Bay CCS, the CO<sub>2</sub> transportation and storage system which will serve HyNet. Phase one of HyNet is designed to store 109m tonnes of CO<sub>2</sub> – equivalent to taking 60 million cars off the road for a year.



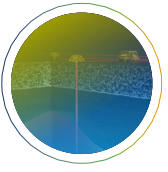
### **North Sea Future Plan**

The government published the North Sea Future Plan in November 2025, which will, subject to legislation, change the remit of the NSTA. Two meetings of the North Sea Future Board, set up in accordance with the Plan, have already taken place.



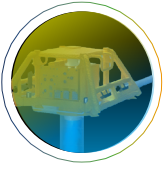
### **NSTA wins Nobel case**

In August 2025 the NSTA successfully defended two Judicial Reviews issued by Nobel Oil E&P North Sea Limited in respect of the Nobel/Gryphon FPSO.



### **Carbon Storage Stewardship Expectations published**

The NSTA published a suite of Expectations for the carbon storage industry in September 2025, helping operators comply with regulations



### **Second carbon storage Licensing Round launched**

The UK's second carbon storage licensing round opened in December 2025. The application window closed in March 2026, and the bids are being evaluated.



### **Offshore Europe 2025**

The NSTA made a significant contribution at the industry's most important annual conference in September. In addition to announcing the latest Emissions Monitoring Report, speakers from across the organisation addressed audiences.



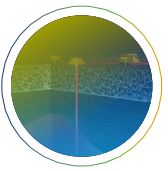
### **IT successes**

The Corporate directorate worked with colleagues to make improvements for staff and external stakeholders. Important outcomes included a new HR system, a refreshed intranet and a new GIS platform.



### **Data and Digital Strategy**

In February 2026 the NSTA unveiled its 2026-2030 data and digital strategy which outlines how data and digital will support energy production and security, drive emissions reduction, and accelerate the energy transition.



### **Carbon storage appraisal well**

In March 2026 the NSTA consented an appraisal well which could become a build-out of the Endurance project. It is an important step towards first injection.

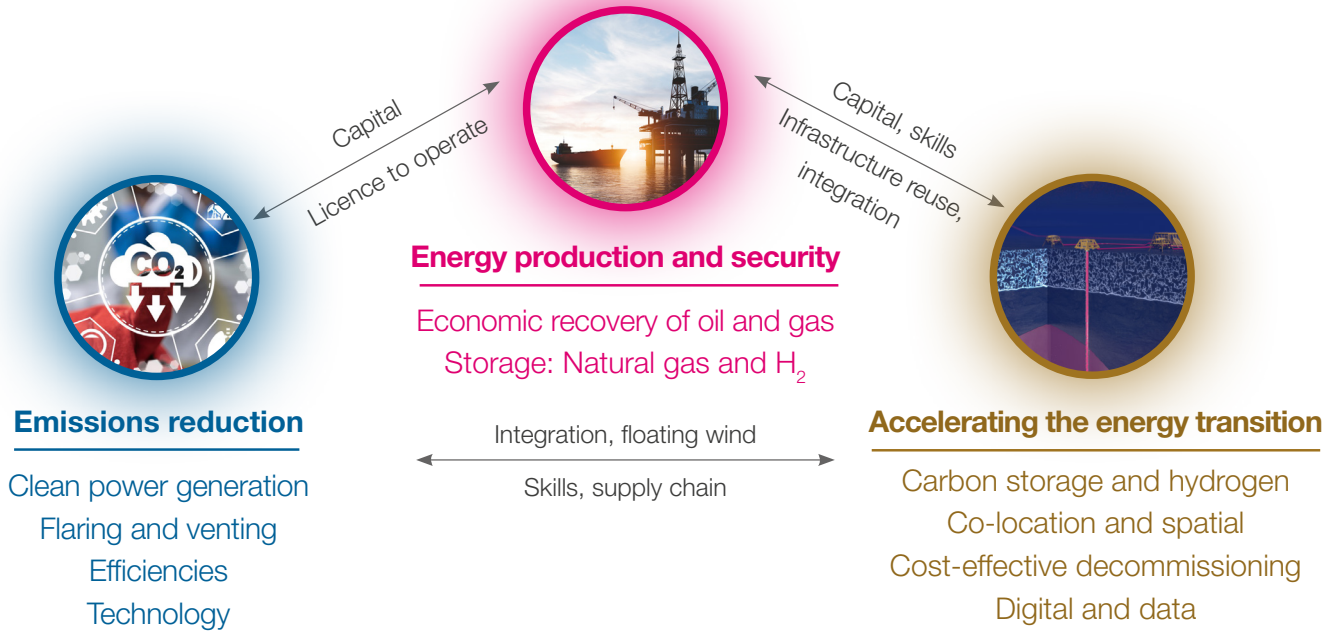


### **New Non-Executive Directors**

In April 2026 Ian Chisholm, Mitch Flegg and Rebecca Wiles took roles as non-executive directors. At the same time, Iain Lanaghan stepped down after six years' service.

# Our role

The NSTA regulates and influences the oil, gas, offshore hydrogen transportation and storage and carbon storage industries. We work with government, industry and other regulators to achieve our three main objectives.



The NSTA seeks to exercise its powers in a proportionate way to achieve its principal objective of maximising the economic recovery of the UK’s oil and gas resources (MER UK) whilst taking appropriate steps to assist the Secretary of State in meeting the government’s net zero target. The NSTA also regulates the exploration and development of the UK’s onshore oil and gas resources; the UK’s offshore carbon storage, gas storage and offloading activities; and the UK’s offshore hydrogen pipeline transport and storage activities.

We work with government, industry and other regulators to accelerate the move to net zero while supporting the UK’s energy production and security. We aim to be a value creator in everything we do, encouraging and enabling economic benefit and job creation across the UK. We drive greater efficiency through technology leadership, open access data, economic analysis, asset stewardship and the use of our powers.

Oil and gas currently meet three quarters of UK energy demand and will play an important role in the energy mix for years to come. Though production from the basin is declining, domestic production reduces the UK’s reliance on imports and the NSTA uses its powers to ensure operators stay focused on cutting production emissions to safeguard public confidence in the industry. Our annual Emissions Monitoring Report tracks industry performance against emissions reduction targets.

Regulatory compliance is essential for a level playing field and for industry to maintain its social licence to operate. As the North Sea basin matures, the NSTA has increased its focus on compliance with flaring and venting consents and well decommissioning obligations. The NSTA takes a tiered approach to stewardship to ensure operators meet their obligations.

The NSTA ensures the supply chain can play a full and leading role in the energy transition. Its Energy

Pathfinder portal is a free, one-stop-shop for valuable information about near-term contracting opportunities for energy production and decarbonisation projects in the UK, promoting fairness and collaboration.

## **Performance**

The NSTA's performance against the key performance measures set out in its 2022-27 Corporate Plan is set out on pages 15 to 22.

## **Our budget**

The board sets the NSTA's annual budget in consultation with the Department for Energy Security and Net Zero (DESNZ). The NSTA recovers its costs from a levy on licence holders and via direct fees for specific activities and services. This is in line with the established 'user pays' principle, where the regulator recovers its costs from those benefiting from its services. In addition, the NSTA receives some direct funding from its parent department, DESNZ, for non-leviable activities such as carbon storage licensing and stewardship and offshore hydrogen transport and storage regulation.

## **Our role and responsibilities**

The North Sea has been helping to provide light and warmth for UK homes and industry for more than 50 years and will continue to be an essential resource for supporting UK energy security for many years to come. The UK Continental Shelf (UKCS) is home to more than 269 fields producing around one million barrels of oil and gas equivalent per day – a significant contribution to the nation's energy position.

The UKCS can make a major contribution to net zero. Oil and gas infrastructure and capabilities can be leveraged for carbon capture and storage (CCS), offshore wind deployment, and hydrogen transport and storage. The NSTA is fully committed to enabling the achievement of the UK government's commitment to reach net zero emissions by 2050. The North Sea has the natural resources, infrastructure and industrial capability to deliver an orderly energy transition. By integrating abundant wind, carbon storage and hydrogen resources with repurposed oil and gas infrastructure, the UK can unlock their full potential and create a new economic success story.

The NSTA is making more data available to more people than ever before through our Digital Energy Platform, which has an impressive and growing range of award-winning tools, including – with The Crown Estate – an interactive energy map for the UKCS. Innovative use of data is playing a vital role in accelerating the North Sea's energy transition. We continuously explore new ways to share valuable data which facilitates better decision-making and supports the delivery of a holistic, interconnected energy system.

## **Developing our people**

The NSTA ensures that its recruitment, training, performance management and reward policies combine to make the NSTA a great place to work and well placed to attract, develop and retain a talented and diverse workforce to deliver its objectives. The NSTA embraces inclusion and diversity and ensures it promotes equality of opportunity. The NSTA strives to ensure that these commitments, reinforced by the NSTA's values and positive behaviours policy, are embedded in day-to-day working practices for all staff, our partners in government and in industry. The NSTA's values and its inclusion and diversity report are detailed in the remuneration and staff report from page 39.

## Financial overview

### Revenue

The NSTA raised £40 million (2024-25: £38 million) in levy funding and £4.3 million (2024-25: £2.9 million) in fees and charges during the year to meet the core operating costs of the organisation. Fees and charges were higher than in the previous year, reflecting an increase in application volumes, including a number of complex cases, as well as the award of out of round carbon storage licences.

As in previous years, where levy funding is unspent it will be returned to licence holders. This year there will be a rebate of approximately £6.1 million (2024-25: £nil) returned to licence holders, due to the fall in expenditure outlined below, which has therefore been excluded from the Statement of Comprehensive Income. The NSTA will continue to set the levy in a fair and transparent manner, returning any levy that is not required to the industry each year.

### Expenditure

The NSTA financed its core business during the year and made significant investment in enhancing digital and data services, including further development of the National Data Repository (NDR). Staff vacancies were also filled during the year. In addition, the London accommodation enhancements were completed alongside the office move to 50 Broadway.

The fall in expenditure reflects a combination of active financial management and changes in circumstances over the year, rather than budgeted reductions in spending. This includes the reversal of litigation costs that are no longer considered probable, lower

than expected accommodation reinstatement costs, contractor expenditure that is no longer required, and reduced travel costs arising from increased use of internal facilities for events.

In all decisions with a financial impact, the NSTA ensured that value for money was achieved.

### Viability statement

The Directors have assessed the company's prospects over the 2022-27 Corporate Plan period, taking into account the current financial position, its historical performance, the 2022-27 Corporate Plan and the principal risks and mitigating factors described on page 8.

Whilst the principal risks all have the potential to affect future performance, none are considered likely to threaten the viability of the NSTA over the Corporate Plan period. The Board regularly reviews the financial position of the NSTA, including its project funding requirements.

The NSTA has typically recorded underspends and, with robust financial controls in place, is confident that it will continue to deliver steady financial outcomes over the Corporate Plan period. The NSTA's cash flow is actively managed during the year.

The Directors are satisfied that responsibility is delegated systematically in the NSTA, by way of a delegation framework which is regularly reviewed by the Leadership Team.

Directors agree that information provided to the Board is concise and clear and can be readily scrutinised.

The NSTA has reviewed its strategic financial framework and is confident that its financial management processes will ensure that its

expenditure and liabilities will be covered by its income, as set out in the 2022-27 Corporate Plan. The directors are not aware of any impending regulatory or legal changes which would impact the viability of the NSTA's operations over the period of the 2022-27 Corporate Plan. Based on this review, the directors confirm that they have a reasonable expectation that the NSTA will continue

in operation and meet its liabilities as they fall due.

### Summary

In summary, the NSTA has used the available funding to deliver value adding activities, ensuring best value for money for both the industry and the Exchequer.

### Principal risks

The NSTA refreshed its risk management approach during 2025 to ensure it continues to properly reflect its strategic priorities and operating environment. We developed a new two level corporate risk register, with the status of principal risks shown on level one, and assurance on mitigation actions on level two. The new risk register was endorsed by the leadership team and approved by the audit and risk committee. The risk register is regularly reviewed and amended. The NSTA's principal risks were recalibrated following a board and leadership team clean sheet review in March 2026.

Principal risks are assigned to the appropriate leadership team member, who is accountable for mitigating and monitoring the risk. Regular leadership team check-ins give leadership team members the opportunity to discuss existing and emerging risks and decide whether changes need to be made to the corporate risk register. Risk ratings are determined by calculating their potential impact and likelihood. The residual risk score shows the net position after the effect of mitigation actions.

The NSTA's risk management approach reflects the principles of DESNZ's risk management policy and framework and HM Treasury's 'Management of risk - principles and concepts' (the Orange Book). The Chief Executive/

Accounting Officer (AO), supported by the board and the leadership team, is responsible for maintaining the risk management framework.

The Company Secretary leads the NSTA's risk management process on a day-to-day basis to promote and embed a strong risk awareness culture. He runs sessions with operational and policy teams to embed active risk management and ensure the organisation's risk appetite is considered and applied consistently.

Leadership team members are responsible for identifying, rating and monitoring risks within their work streams, assigning a risk owner and deciding which mitigation action and controls are required. Risk owners must review controls and ratings, capture risks in a risk register and escalate risks to leadership team members as appropriate.

Risk owners escalate risks if their potential impact goes beyond their level of control or influence (including financial delegated authority); could impact other NSTA projects, programmes or work streams; or they have a high current risk rating. The Head of Governance ensures that strategic risks are considered when agreeing the internal audit plan. Ultimately, everyone in the NSTA is responsible for managing risks within their directorate work streams and programmes and for effective risk management.

## Principal risks

The NSTA's risk appetite descriptors are defined as follows:

Risk appetite	Definition
<b>Averse</b>	Low appetite for risk – avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
<b>Minimal</b>	Low/moderate appetite for risk – preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
<b>Cautious</b>	Moderate appetite for risk – preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
<b>Open</b>	Moderate / high appetite for risk, mitigations to be put in place if proximity and probability high, can be deprioritised if needed
<b>Eager</b>	High appetite for risk – eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

The NSTA's principal risks and mitigations are set out below, by risk category:

### 1. Risk category: Strategy

**Risk appetite level: Cautious/open**

Identified risk	Risk to the NSTA	Mitigation actions
<b>NSTA does not achieve the right balance of the energy trilemma.</b>	<p>The NSTA is unable to deliver the potential of the UKCS: OGA Strategy (value), energy security, emissions reduction and energy transition.</p> <p>Lack of effective powers, regulation and processes hinders our ability to deliver emissions reductions.</p>	<p>Focused stewardship on key hubs with potential for significant emissions reduction.</p> <p>Careful and robust due diligence at licence events.</p> <p>Work closely with government so policy is informed by facts and expertise.</p>

**Residual risk level: High**

**2. Risk category: Stewardship**

**Risk appetite level: Cautious/open**

Identified risk	Risk to the NSTA	Mitigation actions
<p><b>A disorderly UKCS transition where fields cease production earlier than planned, with a potential domino effect, leading to job losses, loss of economic value to the UK and increased decommissioning costs (could be caused by safety incident or loss of investor confidence).</b></p>	<p>Industry/NSTA reputational risk of failing to meet decommissioning cost target.</p> <p>NSTA/DESNZ financial risk as decommissioner of last resort.</p> <p>NSTA perceived to fail to act to prevent a known risk, with significant impact on supply chain.</p>	<p>Take security where appropriate and possible.</p> <p>Operations and Decommissioning teams review cessation of production dates to identify risks; implementation of Asset Transition Process (ATP).</p> <p>Develop milestones for well plugging and abandonment planning within existing consenting process.</p> <p>Work with the Health and Safety Executive (HSE) as appropriate to focus on risk areas.</p>

**Residual risk level: Medium**

**3. Risk category: Stewardship**

**Risk appetite level: Cautious/open**

Identified risk	Risk to the NSTA	Mitigation actions
<p><b>The NSTA's standing with industry (including legal challenges and policy misalignments) is damaged.</b></p>	<p>Relationship with industry becomes unduly adversarial, stewardship becomes less effective, opportunities for collaboration reduce, conflict (including judicial reviews) increases, all impacting NSTA's ability to efficiently deliver statutory objectives.</p>	<p>Stewardship activities are consultative and follow measured escalation process.</p> <p>Regulatory activities and decisions are proportionate and reasonable.</p> <p>Regular dialogue with key industry stakeholders is maintained.</p> <p>Interventions are prioritised, focusing on areas with the biggest impacts.</p> <p>NSTA policies and strategies carefully balance NSTA's statutory objectives and consulted on as appropriate.</p>

**Residual risk level: Medium**

#### 4. Risk category: Reputation

Risk appetite level: Minimal/cautious

Identified risk	Risk to the NSTA	Mitigation actions
<b>Reputation, including relationship with government and volatility in the political arena.</b>	The NSTA's ability to influence policy diminishes.	Collaborate with DESNZ and industry to implement North Sea Future Plan and new powers.  Continue to work with industry, government and political stakeholders to ensure our role is understood and we can deploy it to best effect.

Residual risk level: Medium

#### 5. Risk category: Stewardship

Risk appetite level: Cautious/open

Identified risk	Risk to the NSTA	Mitigation actions
<b>NSTA fails to deliver its role in carbon storage.</b>	Failure of carbon storage project leads to criticism of the NSTA.	Plan to bring carbon storage licensing and stewardship closer together to allow more focus across operators over full lifecycle.  Regular contact with HSE and OPRED* colleagues to ensure alignment on risks and appropriate actions.  Maintain focus on legacy well reviews as a key safety measure as early as possible in the project lifecycle.  Work with DESNZ on stewardship role and legislative reviews.

Residual risk level: Low

\* Offshore Petroleum Regulator for Environment and Decommissioning

## 6. Risk category: Security

Risk appetite level: Minimal

Identified risk	Risk to the NSTA	Mitigation actions
<b>A security breach - including data breach</b>	<p>The NSTA is unable to operate - staff cannot access systems and industry cannot access systems and data.</p> <p>Data loss, including personal data.</p>	<p>Comprehensive crisis management plan in place.</p> <p>NSTA Security Operations Centre monitors threats 24/7 and NCSC monitors external network.</p> <p>MS Advanced Threat Protection and other security protection tools in place.</p> <p>Regular staff training on phishing and other threats.</p> <p>Regular 3rd party testing to validate existing controls.</p>

Residual risk level: Medium

## 7. Risk category: People

Risk appetite level: Cautious

Identified risk	Risk to the NSTA	Mitigation actions
<b>The NSTA fails to recruit and retain the staff it needs to enable it to adapt to its evolving role.</b>	<p>The NSTA lacks the staffing capacity, capability, talent and adaptability.</p>	<p>Maintain a workplace culture based on the NSTA's values.</p> <p>Regular cycle of leadership training embedded.</p> <p>Recruitment strategy for all roles promotes wider benefits of working for the NSTA.</p> <p>Consistent focus on succession planning and talent management.</p> <p>Advocacy for the greatest available pay &amp; benefits freedoms to consider options to mitigate impact of pay disparities.</p> <p>Structured learning and development opportunities, professional and personal, to meet evolving needs.</p>

Residual risk level: Medium

# Sustainability report

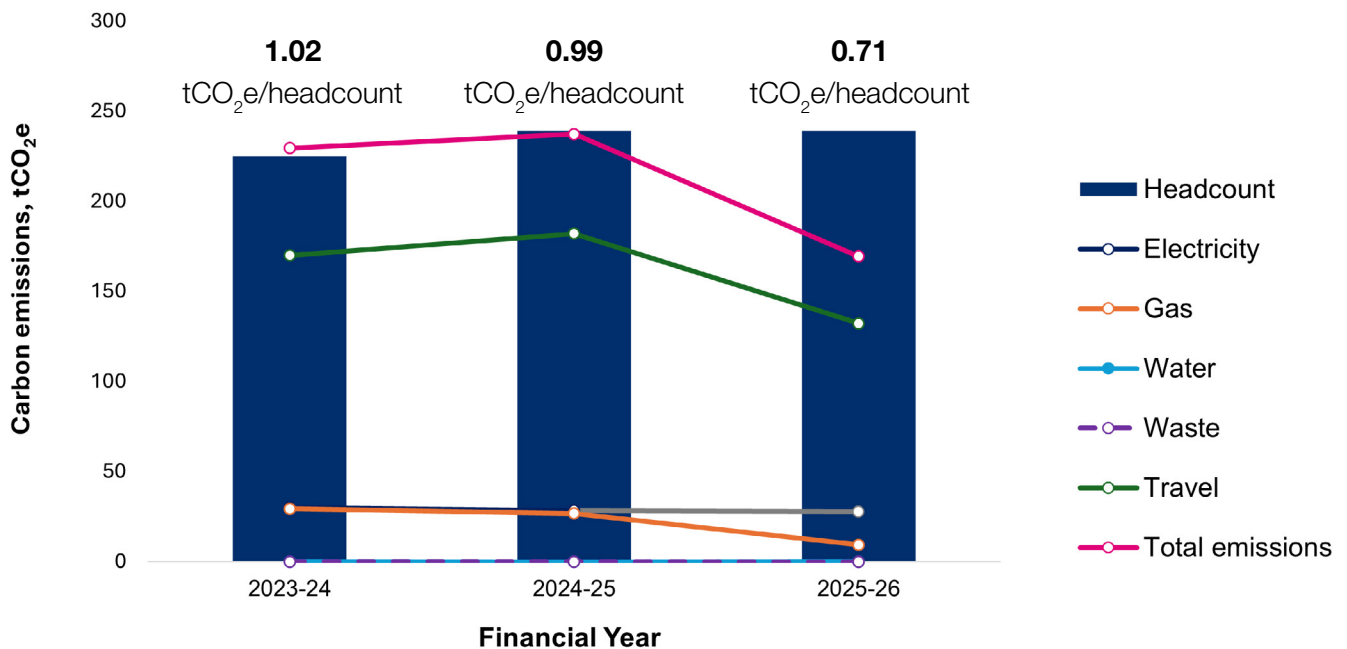
At the centre of our ESG strategy is a commitment to embed sustainability across all aspects of our operations:

**Environmentally**, this year, we continued to strengthen our culture of sustainability awareness, sharing practical bi-weekly tips that support colleagues in making more environmentally conscious choices. Building on last year's consolidation of sustainability data, we have now developed a comprehensive sustainability dashboard. The dashboard is designed to provide clear insights, increase visibility of key metrics, and help teams better understand their environmental impact. We expect it to become an important tool for driving engagement, supporting informed decision-making, and encouraging more environmentally minded behaviours across the organisation.

**Socially**, we continued to deepen our social impact by supporting a wide range of community initiatives and charitable causes. We raised funds for Parkinson's UK through several colleague-led activities, and some of our team contributed their time to Tonic Housing, a groundbreaking organisation creating the UK's first LGBTQ+ affirming retirement community. Other colleagues supported local efforts by helping clean and prepare Santa's Grotto for the festive season and cleaned a community centre in Aberdeen. In addition, the organisation held various awareness sessions around health and wellbeing.

**In terms of Governance**, we have continued to strengthen our ESG governance framework with a clear focus on transparency, compliance and responsible decision making. We maintained full alignment with the Greening Government Commitments and Functional Standards, and further embedded improvements following last financial year's internal audit. We also enhanced our approach to responsible procurement in line with the Procurement Act 2023, ensuring that, where relevant, each contract considers its potential to improve the social, environmental and economic wellbeing of our local area. With around 75% of our spend directed to SMEs, our procurement practices continue to support both good governance and wider community benefit. We have also published a new risk management approach to strengthen how we identify, assess and manage strategic risks. Aligned with HM Treasury guidance, the framework clarifies risk ownership and appetite, supporting more informed decision making and a more consistent approach to risk management across the NSTA.

## Annual greenhouse emission by activity type (% of total)



The NSTA's operational activities in 2025-26 generated 169.43 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), with business travel remaining the largest source of emissions.

Emissions generated decreased by 67.88 tCO<sub>2</sub>e compared with the previous financial year. This reduction reflects lower levels of both domestic and international flights, which nevertheless remain the largest sources of travel emissions, accounting for over 62% of the total generated emissions. Overall, business travel has decreased this year, including rail travel.

Utility emissions for the Aberdeen and London offices are provided by facilities management and estimated based on occupied floorspace. Emissions from utilities have decreased this financial year, as data relates to one office per location, following completion of the fit out of the new London office. Emissions generated from waste and water are 0.03 and 0.01 tCO<sub>2</sub>e respectively.

# Accountability report

## Key Performance Indicators

---

In May 2022, the NSTA published an updated 'NSTA Corporate Plan 2022-2027', which provided a clear operational framework and identified the key performance indicators used to benchmark both the NSTA and industry, measure success and hold industry to account. 2023 was the first year in which the NSTA could report quantitatively on progress for the full calendar year 2022. The NSTA can identify and report trends and progress from full calendar years 2022 to 2025 against these published KPIs.

*Of particular note:*

### **Production Efficiency**

2025 UKCS economic production efficiency increased by 1 percentage point from 2024, to 76%.

### **Emissions Targets**

According to DESNZ data published February 2026, UKCS upstream emissions of GHGs fell by more than 30% between 2018 and 2024\*.

### **Supply chain**

For 2025, the NSTA estimates that 71% of the value of decommissioning contracts awarded were to UK based organisations, exceeding the target of 50%.

### **Carbon Storage Licences (CS)**

During 2025, three UK Energy Portal programme developments went live: Energy Pathfinder service supply chain interface upgrade, user phase of the new Energy Portal accounts service, Modernised platform for the existing PWA service (phase 1 of 2).

\*Based on revised and updated NAEI 2024.

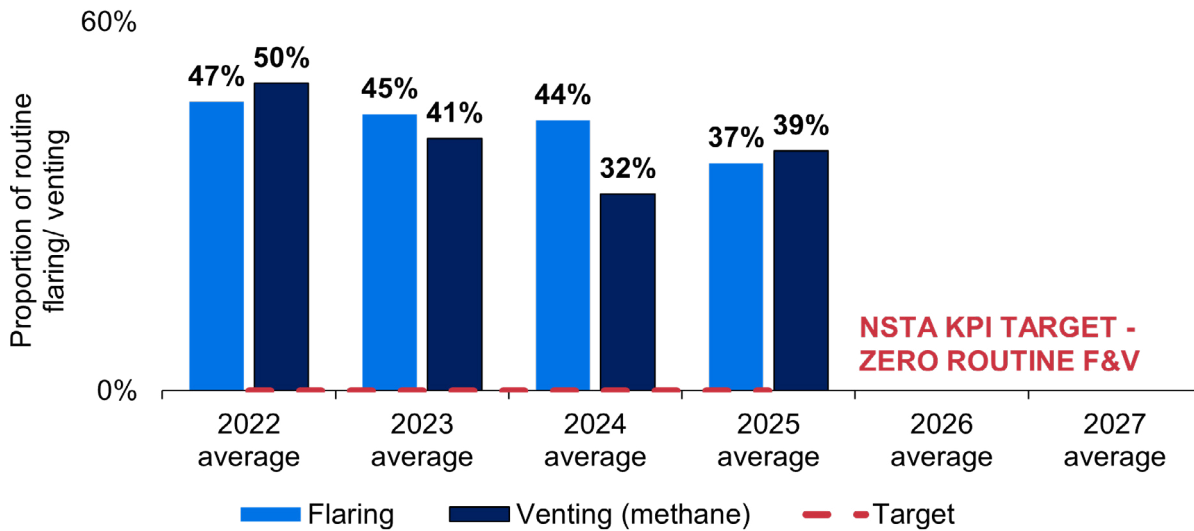
## 2022 Key Performance Indicators: 2025 updates

● “On target” +/- 10%    ● Behind target 10 – 20%    ● Behind target >20%

### Energy

#### Stewardship:

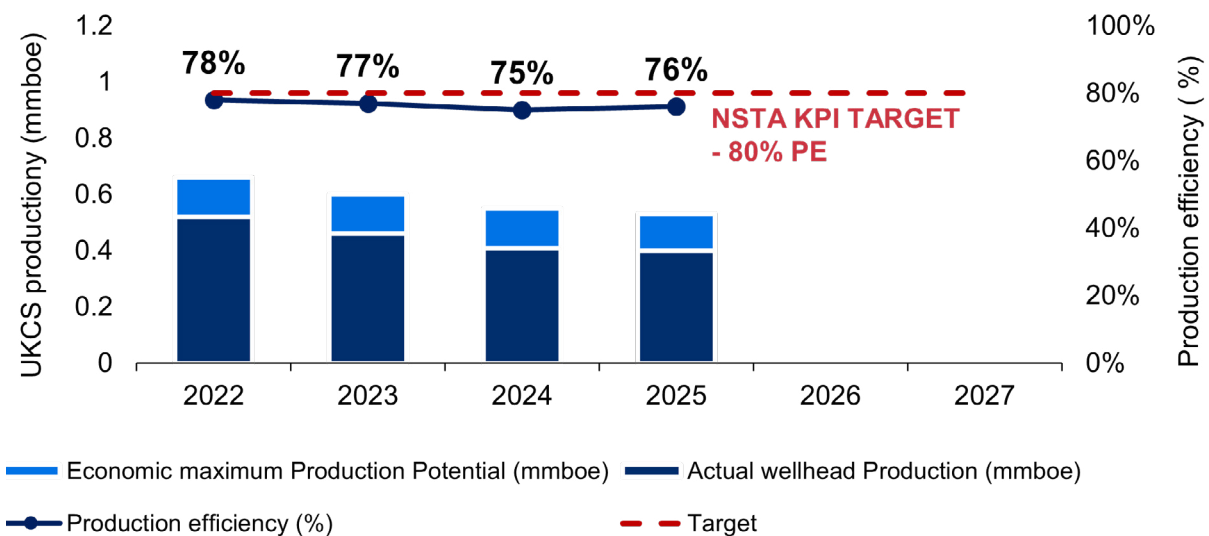
#### 1. Zero routine flaring and venting by 2030 ●



The average proportion of routine flaring decreased from 44% in 2024 to 37% in 2025\*.

Routine venting increased slightly by 4% in the first 9 months of 2025. The proportion of routine venting also rose to 39% in 2025 from 32% in 2024\* however it remains lower than in 2023. As overall venting values are relatively small, any change can have a notable effect on the proportion percentages.

#### 2. Maintain average UKCS production efficiency at 80% ●

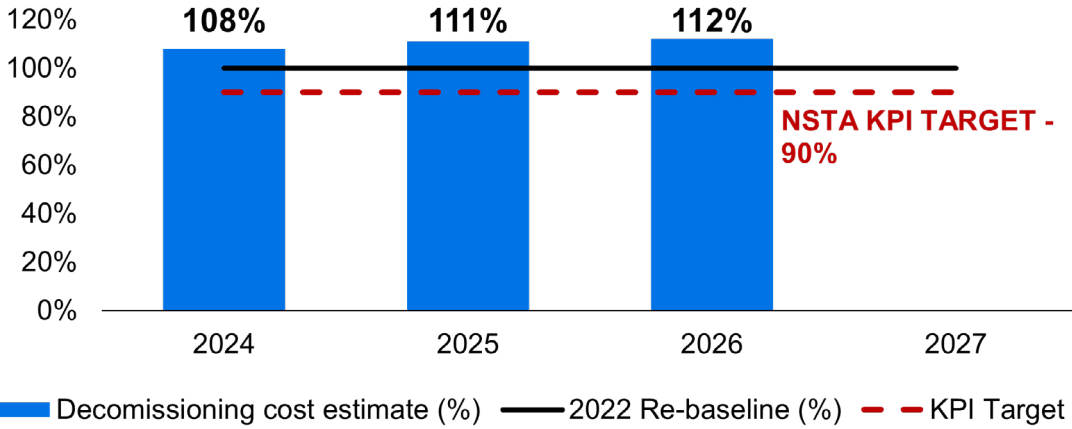


2025 UKCS economic production efficiency increased by 1 percentage point from 2024, to 76%.

\*Updated and revised figures for 2024 may not match previously published figures:

- Data is received annually in September.
- Previous figures for 2024 were based on the 9 months to September 2024 – now updated to include 12 months.
- Figures for 2025 based on 9 months to September 2025.

3. 10% reduction in the cost of decommissioning between 2023 and 2028 (from £37bn to £33.3bn, from an updated 2022 baseline) ●



The 2026 cost estimate\* of decommissioning is £41.7bn (in 2021 prices) – a 12% increase since 2022 re-baseline, reflecting an ongoing challenging and unpredictable year for the economy, coupled with sustained and increasing global competition for decommissioning equipment and resources.

\*2026 estimate is inclusive of cumulative actual decommissioning spend for 2023-2025.

Meeting demand / security of supply:

4. Optimise UKCS production within the effective net zero test.

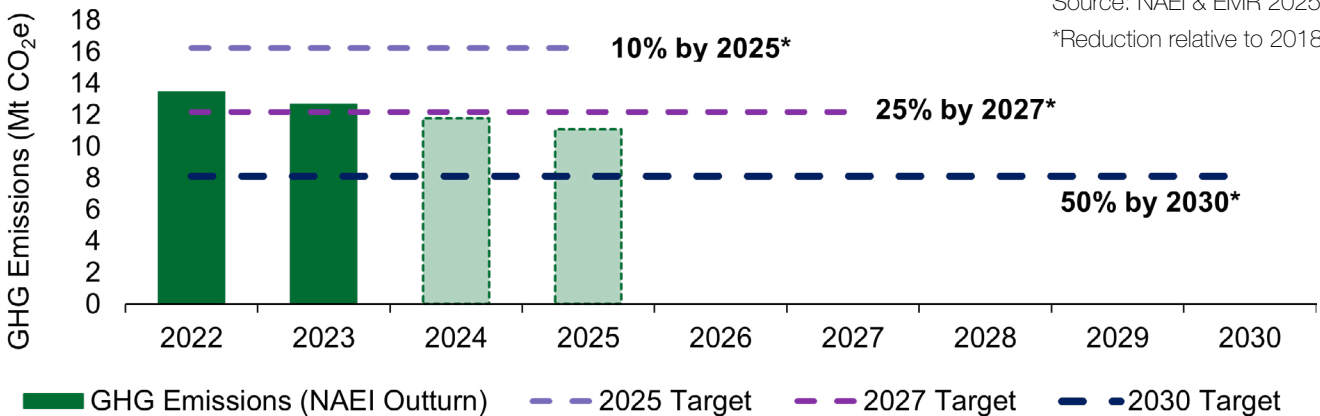
No projects were assessed in 2025.

Transition

Emissions targets:

5. As a minimum, reduce UKCS upstream greenhouse gas emissions by 50% by 2030\*, 10% by 2025, and 25% by 2027 ●

Source: NAEI & EMR 2025  
\*Reduction relative to 2018.



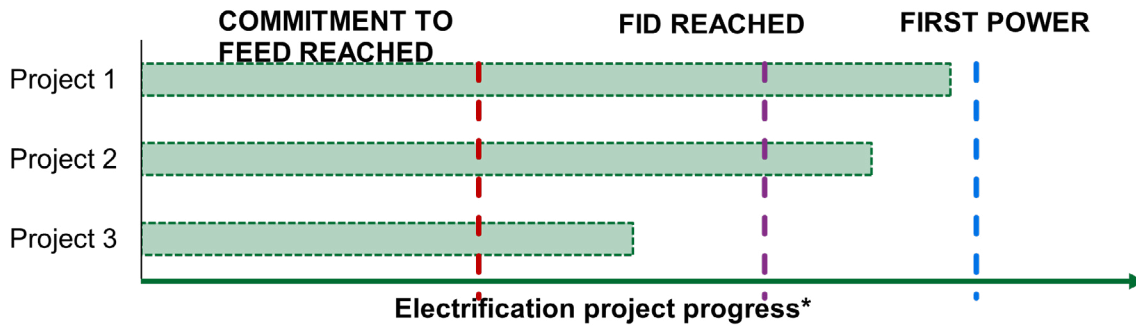
According to DESNZ data published February 2026, UKCS upstream emissions of GHGs fell by more than 30% between 2018 and 2024\*\*. The NSTA will give an up-to-date estimate in its 2026 Emission Monitoring Report.

\*Emissions targets include all greenhouse gases emitted from offshore production facilities, onshore terminals, drilling rigs and associated logistics.

\*\*Based on revised and updated NAEI 2024.

Energy integration:

6. At least two electrification projects to be commissioned by 2027 ●

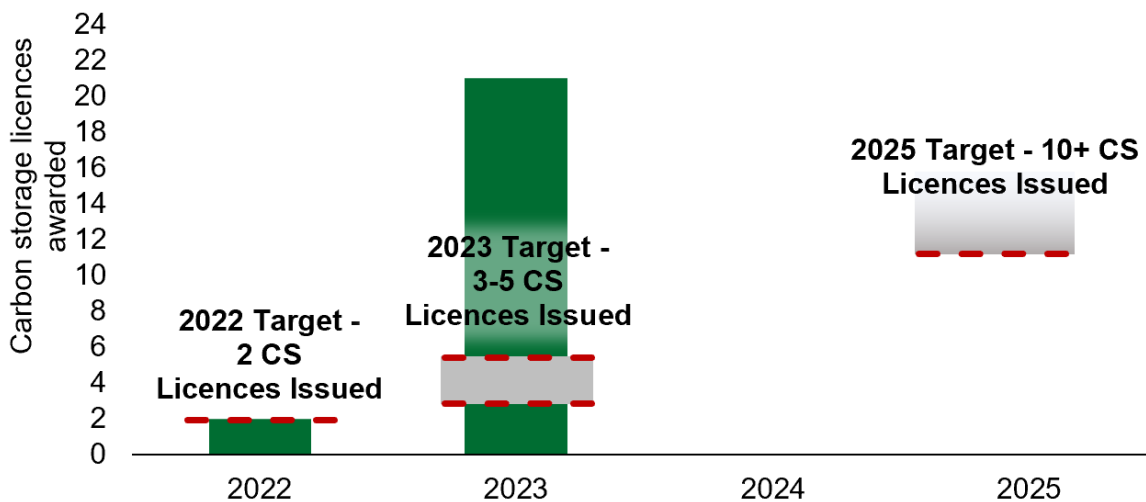


\*By stage gate

One floating wind demonstrator project has taken Final Investment Decision (FID) and is forecast to supply first power around mid-year 2026. Electrification of an oil and gas terminal from grid has taken FID and is forecast to achieve emissions savings from 2027 onwards. One Innovation and Targeted Oil & Gas (INTOG) project continues its front-end (FEED) work.

Carbon storage (CS):

7. To support ambition of capturing **20-30 million tonnes of CO<sub>2</sub> per year by 2030**.  
 The NSTA will aim to award two licences in 2022, 3-5 in 2023, and 10+ by 2025.\* ●



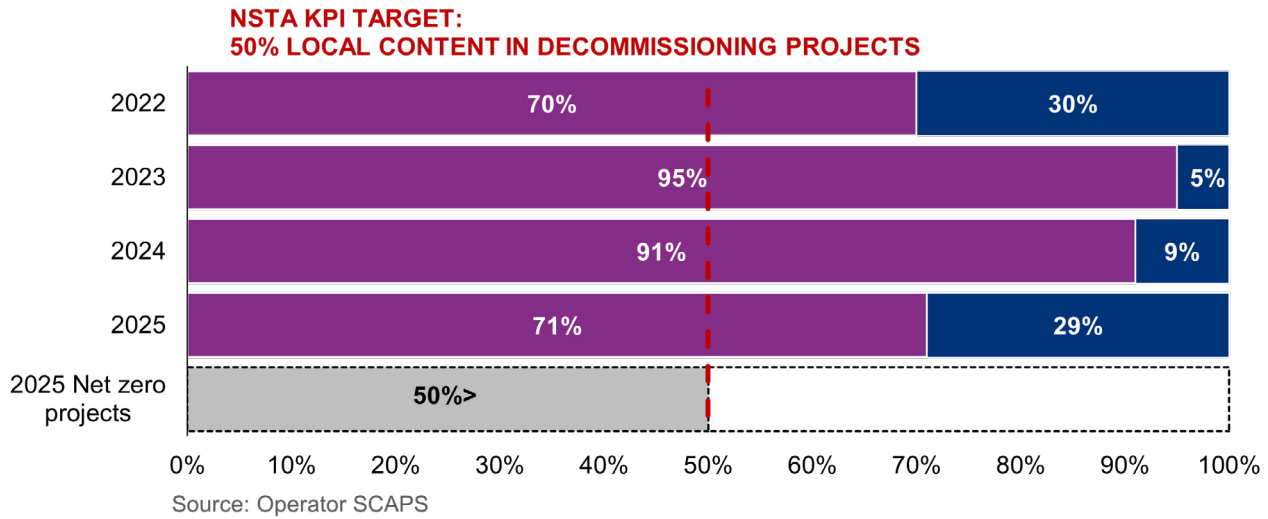
The number of CS licences on the UKCS is 27. The NSTA continues to steward these licences through their work programmes and licence obligations. The 2nd carbon storage licensing round was launched on 9th December 2025 and subsequently closed on 24th March 2026. Evaluation of applications will proceed during 2026.

\*This target will remain under re-evaluation as existing carbon storage projects develop; however, it is already clear that the scale and pace of activity will need to increase to meet the UK’s long-term domestic net zero targets. The government has since revisited this target.

## Value

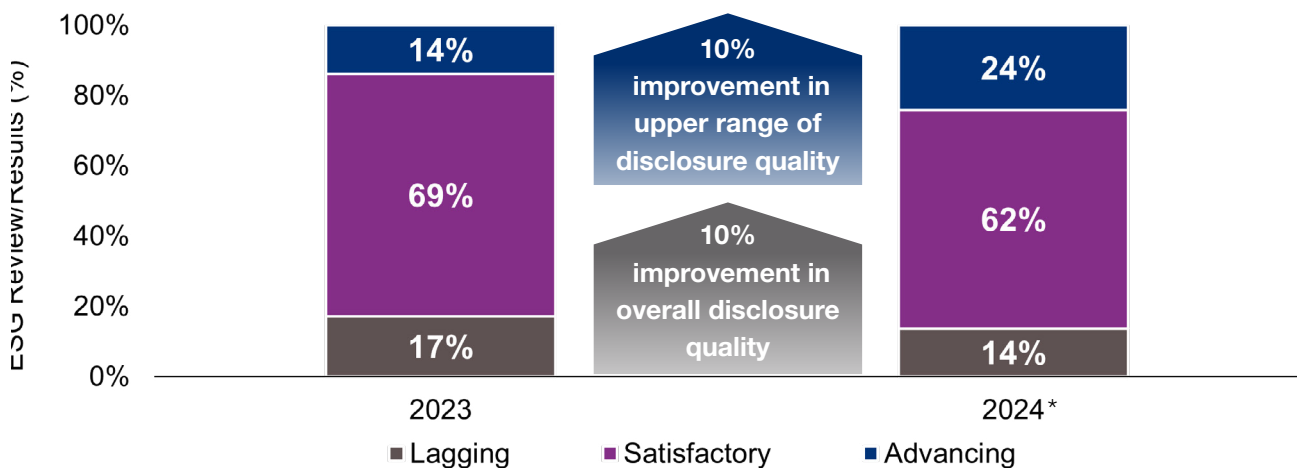
### Supply chain:

#### 8. Evidence of meeting North Sea Transition Deal content commitments for net zero and decommissioning projects ●



For 2025, the NSTA estimates that 71% of the value of decommissioning contracts awarded were to UK based organisations, exceeding the target of 50%. Due to the small sample of CCUS projects the data sample, it is not possible to disclose an exact figure, however data shows encouraging levels of local content exceeding 50%.

#### 9. Compliance with environmental, social and governance reporting standards ●

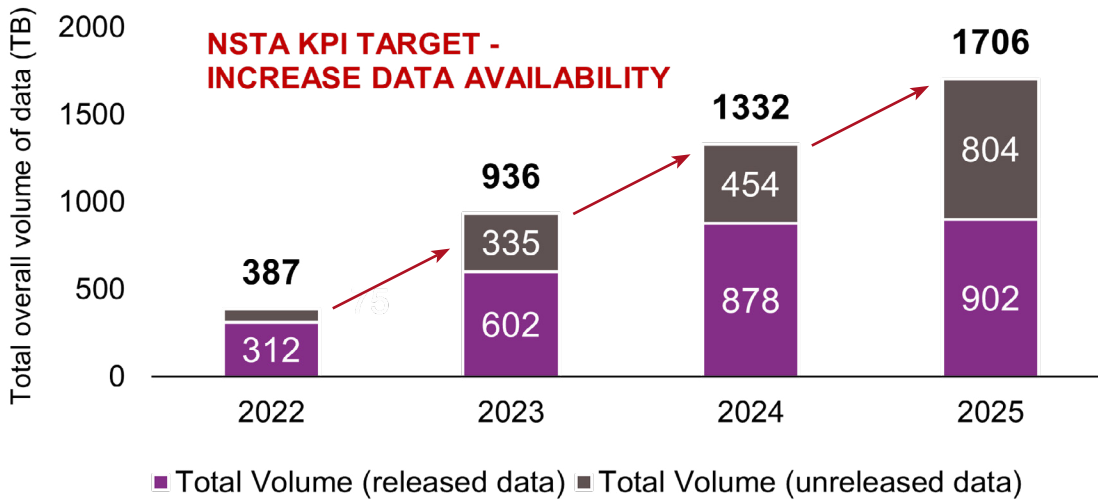


\*Data relates to 2024-25 and 2025 observations from the third ESG disclosure report.

4 companies out of 29 examined lagged behind expectations, compared with 5 in the previous year.

Digital / technology

10. Increasing volume of data available from the Digital Energy Platform ●

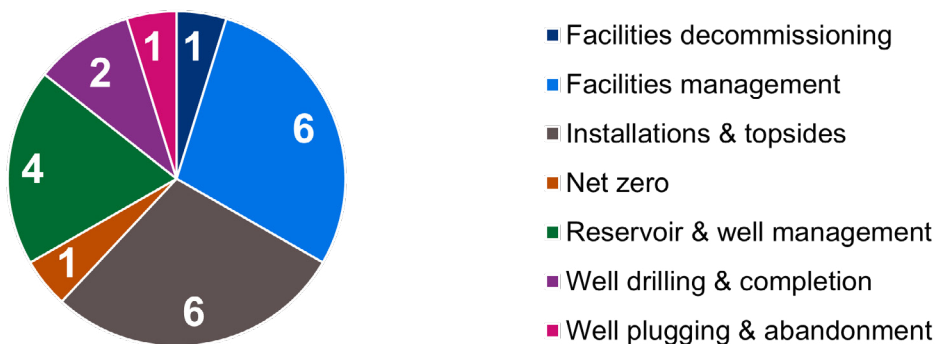


In 2025, 374 Terabytes (TB) of reportable data was loaded to the National Data Repository, 73 TB of this data is publicly available to download.

The full year 2025 represents a 1421%\* increase in the amount of data publicly available for download measured against the 2021 baseline and represents a 3% increase measured against 2024. During the year, the overall National Data Repository collection increased by 28% to 1.67 Petabytes.

\*The percentage of publicly available data has changed since the previously reported figures, due to a correction to the release status of some legacy data in mid-2025. Inaccuracies were identified and corrected though the data was never published.

11. Successful technology development / deployment case studies ●

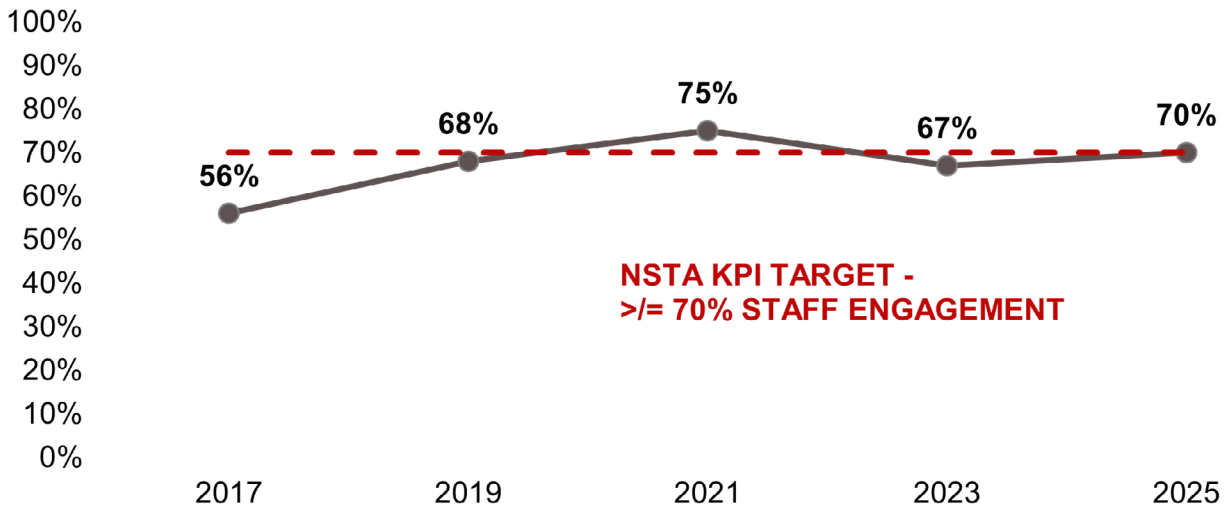


In 2025, the NSTA tracked the successful deployment of 21 technologies within the UKCS, compared with 13 technologies deployed in the same period for 2024.

## Corporate

### Great Place to Work:

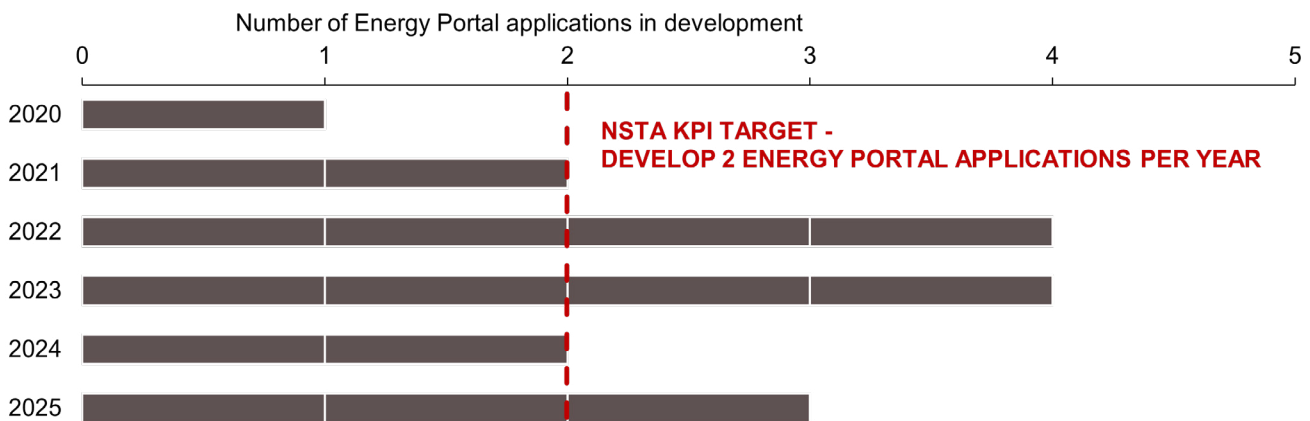
12. Sustain staff engagement at 70% or above as measured by the bi-annual NSTA staff survey ●



The 2025 NSTA staff survey showed an overall engagement score of 70% reaching the target, representing a 3% increase from 2023. The next full staff engagement survey will take place in 2027.

### Digital excellence:

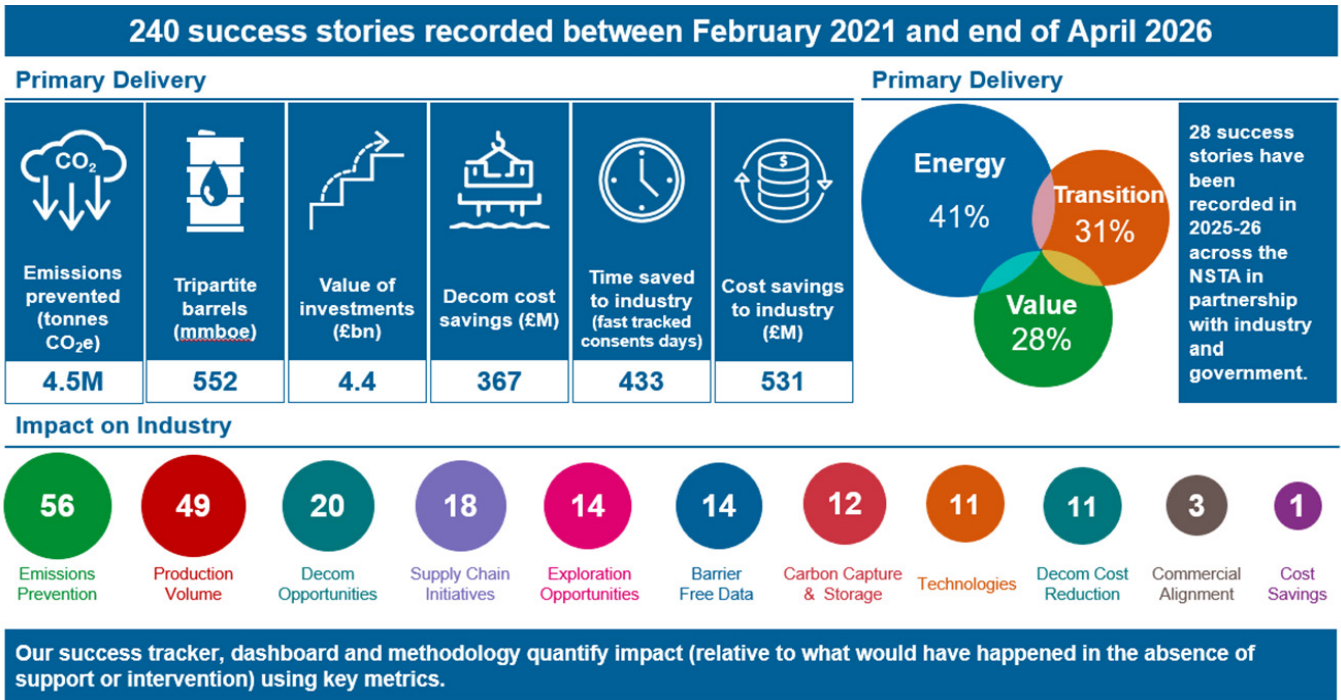
13. Delivery of internal Digital Excellence programme of developments ●



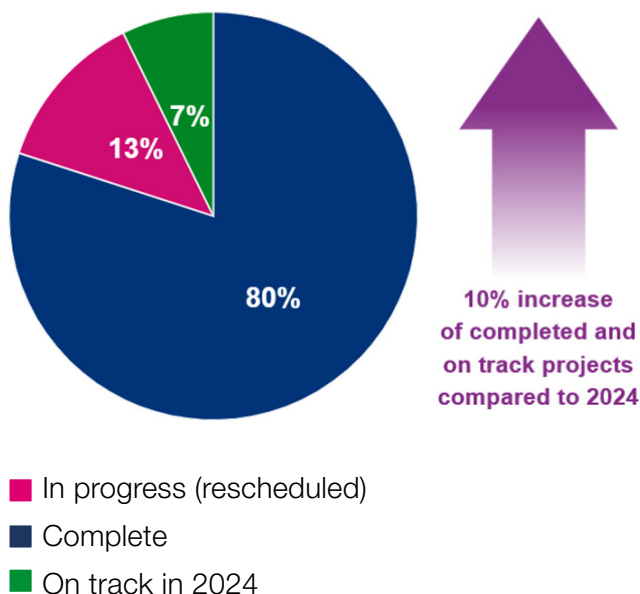
A five year Roadmap commenced in April 2023 to modernise the UK Energy Portal. During 2025, three UK Energy Portal programme developments went live: an Energy Pathfinder service supply chain interface upgrade, the user phase of the new Energy Portal accounts service, a modernised platform for the existing Pipeline Works Authorisation (PWA) service (phase 1 of 2). In addition, a multiyear Licence Management Service (LMS) project is underway.

## Success Stories Dashboard

The NSTA continues to measure success using a success stories tracker which allows the impact of the NSTA to be identified and quantified using key metrics. These metrics include expected future volume of oil and gas production, capital expenditure committed to new projects, reduced or avoided costs through improved or accelerated outputs and greenhouse gas emissions prevented through proactive NSTA intervention.



## NSTA Project Summary: 2025



## Commentary

At the outset of 2025 the NSTA commenced tracking a total of 63 new high level and cross cutting projects.

The NSTA continuously prioritises and during 2025, 16 of those projects were rescheduled accordingly. An additional 3 priority projects were identified during the year and added to the project schedule.

2025 closed out with 87% of projects either completed or proceeding to plan.

Signed for and on behalf of the board



Stuart Payne, Chief Executive  
29<sup>th</sup> June 2026

# Parliamentary accountability and audit report

## **Regularity of Expenditure (audited)**

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No special payments have been made which exceed £300,000.

No material gifts have been made by the NSTA.

No losses have been incurred in excess of £300,000.

No severance payments were made during the year.

## **Fees and charges disclosures (audited)**

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The NSTA, as a Public Sector Information Holder, has complied with the cost allocation and charging requirements set out in HM Treasury and the Office of Public Sector Information guidance.

Analysis disclosed for fees and charges includes:

- i. The financial objective(s) and performance against the financial objective(s).
- ii. The full cost and unit costs charged in year.
- iii. The total income received in year.
- iv. The nature/extent of any subsidies or overcharging.

In line with its statutory function, the NSTA does not seek to make a profit from its charges but merely to recover costs in carrying out its functions. All payers of the levy will receive a proportionate rebate of any surplus.

## **Remote contingent liabilities (audited)**

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The NSTA is not exposed to any remote contingent liabilities.

# Directors' report

## Board of Directors



**Liz Ditchburn**  
Chair



**Stuart Payne**  
Chief Executive



**Nic Granger**  
Chief Information  
and Financial Officer  
(until 10th July 2026)



**Iain Lanaghan**  
Non-Executive Director  
(until 30th April 2026)



**Ian Chisholm**  
Non-Executive Director  
(from 7th April 2026)



**Dr Sarah Deasley**  
Non-Executive Director



**Mitch Flegg**  
Non-Executive Director  
(from 1st May 2026)



**Rebecca Wiles**  
Non-Executive Director  
(from 1st May 2026)



**Sara Vaughan**  
Non-Executive  
Director



**Vicky Dawe**  
Shareholder  
Director



**Malcolm Brown**  
Non-Executive  
Director

## Directors' report

Directors hereby present their annual report on the company together with the audited accounts for the company for the year ended 31 March 2026. The corporate governance report forms part of the Directors' report. The Directors' report is followed by the internal auditor's opinion, the remuneration and staff report, the auditor's report and the company's financial statements for the year from 1 April 2025 to 31 March 2026. The Trust financial statements follow those of the Company however the Accounting Officer, rather than the company's directors, is accountable for the Trust financial statements.

The directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 36.

No director has had any material interest in any contractual agreement, other than an employment contract, which is or may be significant to the company.

When making decisions, directors have regard to their duties as directors, including their broad duty under section 172 of the Companies Act 2006 to consider the views of relevant stakeholders when acting on behalf of the company.

Directors agree that data and information provided to the board is accurate, presented clearly and concisely and can be readily scrutinised. The board invites industry and regulatory experts to engage with the board at stakeholder meetings and at its annual strategy meeting with the executive.

Directors recognise the importance of meeting staff outside the board and committee cycle. A majority of directors attended the 2025 all staff meeting. The board periodically invites staff to informal lunches coinciding with board meetings and regularly invites members of the extended leadership team to present at board meetings.

Directors appreciate the considerable contribution of the NSTA's skilled, experienced and committed staff in delivering the company's objectives and functions and directors take care to consider the impact on staff of the board's decisions. The NSTA is a fair and considerate employer which offers flexible and hybrid working arrangements and recognises the value of a workforce from diverse backgrounds.

The NSTA provides access to a broad range of training opportunities and encourages career, leadership and personal development, including through mentoring. All applications for employment are treated equally and are fully considered. A code of conduct and related policies are in place and are available to all staff on the NSTA intranet.

The company encourages open and honest communication between employees and senior management. An employee engagement forum offers a structured opportunity for staff to contribute ideas and share their views. Regular company briefings, spanning both offices, provide a further opportunity for staff to raise questions and concerns.

The executive's work to improve leadership capability and enhance career development

and learning opportunities was reflected in the results of the 2025 staff survey.

The NSTA publishes a large volume of data on its website and seeks to continuously improve the collection, storage, analysis and publication of UKCS data across the oil and gas, carbon storage and hydrogen industries. The data team seeks customer feedback on the discoverability and usability of its data and insights. The NSTA is committed to minimising its own impact on the environment and has implemented its sustainability strategy. The company presents its sustainability report on page 13.

The company made no charitable donations during the year. NSTA staff raised money in raffles to support a number of local charities.

Directors are satisfied that the company engages constructively with its suppliers and that it settles all payments in accordance with contractual obligations.

The company has prepared its 2025-26 financial statements in accordance with UK adopted International Financial Reporting Standards (IFRS). The audited financial statements for the year ended 31 March 2026 are set out on pages 61 to 88.

The NSTA is a not-for-profit company funded primarily by an annual levy on industry and fees charged for the regulatory services it provides for the sector. Additional interim grant-in-aid funding is provided by its shareholder. Any surplus operational levy funding is returned to levy payers.

This refund is recognised in the financial statements.

The NSTA had 239 (2024-25: 240) employees on 31 March 2026 (including secondees and executive directors, but excluding non-executive directors). There were no interim contractors as at 31 March 2026.

The financial results for the period reflect a neutral profit position.

### **Directors' indemnity provisions**

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The government's standard indemnity for board members applies, as set out in Managing Public Money, Annex 5.4. This states that "The government has indicated that an individual board member who has acted honestly and in good faith will not have to meet out of his or her personal resources any personal civil liability, including costs, which is incurred in the execution or the purported execution of his or her board functions, save where the board member has acted recklessly."

### **Going concern statement**

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The directors have a reasonable expectation that the company has adequate resources to continue as a going concern for a period of at least twelve months from when the company financial statements have been authorised for issue, and therefore they have been prepared on a going concern basis. The basis of this view is outlined in more detail in note 2.3 to the financial statements.

The directors have assessed the company's prospects and are satisfied that the company's financial arrangements minimise the risk of the company being unable to meet its liabilities.

Furthermore, the directors do not envisage any changes to the current regulatory and legal regime which would adversely affect the operation of the company within the next twelve months.

### **Directors' responsibility statement**

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The directors are responsible for preparing the Strategic Report, Directors' Report and the company financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK adopted International Accounting Standards.

Directors are satisfied that the financial statements give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for the year. In particular, directors are satisfied that:

- i. the company's accounting policies are reasonable and have been applied correctly.
- ii. judgements taken and accounting estimates are reasonable and prudent.
- iii. applicable IFRS standards have been followed and any material departures

have been disclosed and explained in the company financial statements.

- iv. the financial statements have been prepared on a going concern basis.
- v. the company has taken reasonable steps to prevent and detect fraud and other irregularities.
- vi. adequate accounting records have been kept so as to demonstrate that the financial statements comply with IFRS and Companies Act 2006 requirements, as applicable.
- vii. Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholder to assess the company's position, performance, business model and strategy.
- viii. such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

## Principal risks

Directors carefully consider the way the company manages and mitigates the risks which could adversely impact the company's ability to deliver its objectives. Directors have carried out a robust assessment of the company's emerging and principal risks and the principal risks are set out on page 8 above.

## Auditor

Directors are not aware of any relevant audit information of which the auditor is unaware when giving its opinion on the accounts.

In line with the Government Resources and Accounts Act 2000 (Audit of Non-Profit Making Companies) Order 2009, the Comptroller and Auditor General was appointed as the company's auditor at its annual general meeting.

Directors reviewed the effectiveness of the external auditor. No non-audit services were provided by the external auditor.

By order of the Board



**Dr. Russell Richardson**

Company Secretary

29<sup>th</sup> June 2026

# Corporate Governance Report

The North Sea Transition Authority (NSTA) is the business name of the Oil and Gas Authority (OGA), a company registered in England and Wales with registered number 09666504. The company has one shareholder, the Secretary of State for Energy Security and Net Zero, as a Corporation Sole.

The OGA remains the legal name of the company. References to the NSTA should be interpreted as the OGA, and references to the OGA include the NSTA.

The NSTA is classified by the Office for National Statistics (ONS) as a central government organisation and is administratively classified by the Cabinet Office as a Non-Departmental Public Body. The NSTA has day-to-day operational independence from the Department for Energy Security and Net Zero and undertakes its activities in accordance with all applicable laws and regulations and the Strategy.

A Framework Document sets out the relationship between the NSTA and Government. This relationship is summarised below:

The Secretary of State for Energy Security and Net Zero:

- Sets the overall policy and legislative framework within which the NSTA operates.
- Is ultimately responsible to Parliament for the NSTA.
- Must agree to any extension of the NSTA's remit; any material deviation from the NSTA's Corporate Plan; any changes to the Strategy; and any increase in the maximum £1m financial sanction (up to a maximum of £5m).

The NSTA Board of Directors:

- Is responsible for providing clear strategic direction for the NSTA.
- Is accountable to the Secretary of State for Energy Security and Net Zero.
- Acts in accordance with Company Law and the Code of Conduct for Board Members of Public Bodies.
- Provides assurance on the effectiveness of internal controls and risk management.

The NSTA's Chief Executive is also the Accounting Officer, accountable to Parliament for the performance of the NSTA. The Accounting Officer is responsible for the Trust financial statements on pages 99 to 108. The role of Accounting Officer is delegated by the Principal Accounting Officer of DESNZ, the Permanent Secretary.

The NSTA has a principal objective to maximise the economic recovery of petroleum from the UK Continental Shelf whilst assisting the Secretary of State in meeting the UK government's net zero greenhouse gas emissions target. The NSTA encourages and supports industry in identifying and taking the steps necessary to reduce its greenhouse gas emissions as far as is reasonable in the circumstances.

The company's primary constitutional document is its Articles of Association. In addition, there is a Framework Document – supplemented by a Finance Letter and a Chair's Letter – which sets out the NSTA's financial and performance accountabilities to Parliament and to its shareholder, the Secretary

of State of DESNZ. A revised Framework Document was published in early 2023.

The third review of the NSTA was undertaken by DESNZ in 2025 and the review report was published on 28th April 2026.

## Board practice

Directors are collectively responsible for the overall strategic direction of the company and for monitoring its performance. Strategic discussions form a significant part of board meetings and the board sets aside a day every year to meet offsite with the leadership team to review the strategic direction of the NSTA.

The NSTA recognises the value of good corporate governance and complies with the applicable principles of the Code of Good Practice for Corporate Governance in Public Bodies and the UK Corporate Governance Code.

The NSTA has set out the powers which are reserved to directors and those which have been delegated to management. Matters reserved to the board include:

- a. approving the NSTA's annual budget and overall financial policy;
- b. approving the NSTA's annual report and accounts;
- c. approving the NSTA's corporate plan, long term objectives and overall strategic policy framework;
- d. approving the terms of reference of board committees.

The board met seven times in 2025-26. Seven board meetings are scheduled for 2026-27.

The Chair periodically meets the non-executive directors independently of the executive directors, normally after board meetings.

## Board composition

Of the directors in post at the end of the financial year, the board considers Liz Ditchburn, Iain Lanaghan, Sarah Deasley, Malcolm Brown and Sara Vaughan to be independent directors.

## Induction of directors

Directors receive a tailored induction to the NSTA and its broader context, with a programme of meetings with the leadership team and their senior management teams. The Company Secretary briefs directors on their legal duties both as company directors and board members of a public body.

Directors receive appropriate guidance on matters of corporate governance and have full and open access to the Company Secretary, professional advisers and senior managers for information or advice when required, including access to appropriate training opportunities. The Board Secretary notifies directors by email between meetings of NSTA announcements, press releases and significant developments.

## Board committees

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The board has three standing committees: audit and risk, remuneration and nomination.

### Audit and risk committee

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The audit and risk committee reviews and monitors the company's financial accounting, reporting and control processes. It takes assurance on the company's financial statements and the effectiveness of management's actions to identify and mitigate strategic risks. It scrutinises the independence and effectiveness of the internal and external auditor. Information security and data protection are standing agenda items.

Iain Lanaghan chaired the committee for the whole of the reporting year and until 30th April 2026, when he handed over to Ian Chisholm. Iain is a chartered accountant with current and relevant financial experience. Iain Lanaghan, Sarah Deasley, Sara Vaughan and Malcolm Brown were committee members during the year. The audit and risk committee met three times in 2025-26.

All members of the committee are independent, non-executive directors.

The audit and risk committee reviewed the external and internal audit plans and reports, took assurance on the NSTA's financial statements, financial management, and management of strategic risks. The committee received assurance on management's actions to defend the NSTA against fraud and cyber attack. In line with the Government Resources and Accounts Act 2000 (Audit of Non-Profit Making Companies) Order 2009, the Comptroller and Auditor General was appointed as the company's auditor at the company's annual general meeting.

### Remuneration committee

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The remuneration committee reviews and recommends to the board the framework and policy for the remuneration of executive directors and senior management, and for implementing the remuneration policy. The remuneration committee is chaired by Liz Ditchburn. Liz Ditchburn, Iain Lanaghan, Sarah Deasley, Sara Vaughan and Malcolm Brown were committee members during the financial year. The remuneration committee met four times in 2025-26. It reviewed 2025-26 performance management outcomes and approved annual bonuses; it reviewed and approved 2025-26 pay awards; it reviewed the Chief Executive's 2025 performance and reviewed and approved his 2026 objectives.

The NSTA's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by DESNZ and HM Treasury. The NSTA has no delegated power to amend these pay related terms and conditions. Rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, are made in accordance with the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the Department to vary such rates.

The NSTA abides by public sector pay controls, including the relevant approvals process dependent on the organisation's classification as detailed in the Cabinet Office Pay Remit Guidance, HM Treasury Guidance for Approval of Senior Pay and other relevant public sector pay and terms guidance.

The NSTA operates a performance-related pay scheme that is in line with approvals received from HM Treasury and forms part of the annual aggregate pay budget approved by DESNZ, where relevant, with due regard to the relevant delegated and senior pay guidance.

### **Nomination committee**

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The nomination committee reviews the size, composition and effectiveness of the board and its committees and ensures that the board has the necessary breadth of skills, knowledge and experience to execute its duties. The committee recommends appointable candidates for board approval and appointment.

The nomination committee is chaired by Liz Ditchburn. Liz Ditchburn, Iain Lanaghan, Sarah Deasley, Malcolm Brown and Sara Vaughan were committee members during the financial year. The nomination committee met twice in 2025-26 to discuss non-executive director succession.

### **Board performance review**

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The board undertakes an internal review of its effectiveness every year and commissions an external performance review once every three years. The 2025 external board performance review was conducted by Campbell Tickell and concluded in July 2025. The review focused heavily on board dynamics and ways of working, including with the leadership team. The report described a strong, collaborative board, with strong mutual respect among directors and the leadership team and a very good relationship with the parent department. Campbell Tickell's recommendations focused on strengthening

board and leadership team development; making more strategic use of the board's time; and building momentum on staff and stakeholder engagement. Campbell Tickell particularly underlined the importance of bringing in new non-executive directors soon to maintain the board's strength and ensure sufficient overlap with current directors before their tenure ends.

The board accepted the findings of the review report and agreed a plan to make more of everyone's strengths. Directors agreed pairings/groupings to focus on strategy, people and culture, industry engagement, succession planning, risk, and the conduct of board business. A Chair's report has been added to the standing board agenda.

The board will conduct an internal performance review in autumn 2026.

The Chair appraised the performance of non-executive directors in May 2026.

## Declaration of directors' financial interests

In accordance with the NSTA's conflict of interest policy, directors must declare any financial interests which may, or may be perceived to, influence their judgment in performing their duties as directors of the NSTA. This is done on appointment and annually. Directors are further asked to declare any conflicts of interest at the start of each board meeting. If a director declares a conflict of interest with any agenda item, they will not participate in the discussion of that item.

The board does not consider the interests held by Iain Lanaghan, Sarah Deasley, Ian Chisholm and Rebecca Wiles – as declared in the table below – to be sufficiently significant to impair their independent judgement in board discussions. The board does not consider that any decision within the NSTA's powers could materially impact the value of their shareholdings.

Director	Date first advised Board Secretary	Nature of interest	Total value (£) at 31 March 2026
<b>Iain Lanaghan</b>	21 April 2020	1,017 BP ordinary shares	£6,163
		358 Shell ordinary shares	£12,827
	9 April 2024	450 SSE ordinary shares	£11,839
<b>Sarah Deasley</b>	12 April 2024	10,495 BEPC (Brookfield Renewable COR-A) shares	£316,070
		Family member holding: 597.5 BEPC (Brookfield Renewable COR-A) shares	£17,994
<b>Ian Chisholm</b>	16 March 2026	1,633 Shell ordinary shares	£58,510
<b>Rebecca Wiles</b>	1 May 2026	3,348 BP ordinary shares	£19,150*

It is a requirement of Sarah Deasley's BEPC directorship that she builds up a financial stake in the company to a pre-agreed level within a five-year period of joining the BEPC board. Malcolm Brown holds an investment portfolio which is independently managed. Liz Ditchburn, Sara Vaughan, Stuart Payne, Nic Granger and Mitch Flegg submitted nil returns. Vicky Dawe and Fiona Mettam submitted a nil return to DESNZ.

\* At 1 May 2026.

## Directors' other directorships and offices

Director	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
<b>Liz Ditchburn</b>	Commissioner, Independent Commission for Aid Impact.	<p>Board member, Net Zero Technology Centre, and Chair of the Audit and Risk Committee until December 2025.</p> <p>Trustee of NESTA (until September 2025).</p> <p>Trustee and Co-Chair, The David Hume Institute.</p> <p>Honorary Professor, Adam Smith Business School, University of Glasgow (until February 2026).</p>	
<b>Stuart Payne</b>		<p>Director, Energy Transition Zone Limited.</p> <p>Chair of the Advisory Board, Barnardo's Scotland.</p>	<p>Fellow, Energy Institute (FEI).</p> <p>Fellow of the Chartered Institute of Personnel &amp; Development.</p> <p>Associate Fellow of the British Psychological Society.</p>
<b>Nic Granger</b>	<p>Independent member of Stonewater Housing's technology and data assurance panel.</p> <p>Chair, The Data Lab (from 4<sup>th</sup> December 2025).</p>	<p>Chair of the Risk, Audit and Finance Committee (RAFC) and trustee, BCS (Chartered Institute for IT) (until 30 April 2026).</p> <p>Trustee of the Centre for the Acceleration of Social Technology (CAST) and Chair of its finance and audit committee.</p> <p>Trustee of the Bat Conservation Trust.</p>	<p>Fellow, Institute of Chartered Accountants in England and Wales.</p> <p>The Chartered Institute of Public Finance and Accountancy.</p> <p>Chartered Fellow, BCS (Chartered Institute for IT).</p>

Director	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
<b>Iain Lanaghan</b>	<p>Lead Non-executive Director, The UK Supreme Court.</p> <p>Audit Chair, Scottish Water (owned by the Scottish Government) and two subsidiaries (until September 2025).</p> <p>Occasional consultancy as Iain M. Lanaghan.</p>	<p>Member of the Royal United Services Institute (RUSI) Audit and Risk Committee.</p>	<p>Institute of Chartered Accountants of Scotland.</p>
<b>Sarah Deasley</b>	<p>Executive Director, Frontier Economics.</p> <p>Independent Director, Brookfield Renewable (Brookfield Renewable BEP and BEPC and two Bermuda Holding Entities: BRP Bermuda GP Limited and Brookfield Renewable Investments Limited).</p> <p>Director of Brookfield BRP Holdings (Canada) Inc.</p>	<p>Trustee, Sustainability First.</p> <p>Advisory Board, Carbon Connect.</p>	
<b>Sara Vaughan</b>	<p>Chair, Elexon Limited and the Balancing and Settlement Code (BSC) Panel.</p> <p>Director, BSC CO Limited*.</p> <p>Director, EMR Settlement Limited*.</p> <p>Director, Elexon Clear Limited*.</p> <p>*A subsidiary of Elexon Limited.</p> <p>Chair, South Staffordshire Water plc (1 May 2025 until 26 March 2026). Deputy Chair, South Staffordshire plc (from 16 April 2026) and Deputy Chair, South Staffordshire Water plc (from 26 March 2026).</p> <p>Co-chair of Icebreaker One's Steering Group on Open Energy (as consultant).</p>	<p>Member of Energy Advisory Panel and Energy Policy Debates Committee, Energy Institute (until June 2025).</p> <p>Parish Councillor and Vice-Chair, Birdingbury Parish Council and Chair from 1st May 2025</p>	<p>Member of The Law Society.</p> <p>Fellow, Energy Institute (FEI).</p>

Director	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
<b>Malcolm Brown</b>		Chair, Imperial College Trust.  Chair of the Development Committee, Geological Society (until October 2025).	The Geological Society of London.  Energy Exploration Society of Great Britain.
<b>Fiona Mettam</b>	-	Trustee of a local community hub	-
<b>Vicky Dawe</b>	-	-	-
<b>Ian Chisholm</b>	Audit and Risk Committee Chair, Sanctuary Housing Association  Investment and Funding Committee Member and Chair of ESG Forum, Shell Pensions Trust Limited  Finance Committee Chair, British Geological Survey		Fellow, Association of Corporate Treasurers  Member, Chartered Institute of Management Accountants.
<b>Mitch Flegg</b>	-	-	-
<b>Rebecca Wiles</b>	Non-executive director, Tullow Oil Plc.	-	Fellow, The Geological Society of London

## Directors' dates of appointment

At the end of the reporting year, and at the date of signing, the company had seven directors.

Name	Date of appointment	In office during the year and at the date of signing the financial statements
Nic Granger	2 November 2016	Yes
Iain Lanaghan	20 April 2020	No, resigned on 30 <sup>th</sup> April 2026
Sarah Deasley	1 October 2020	Yes
Malcolm Brown	1 October 2021	Yes
Sara Vaughan	1 October 2021	Yes
Fiona Mettam	3 November 2021	No, resigned on 22 <sup>nd</sup> July 2025
Vicky Dawe	11 July 2022	Yes
Stuart Payne	1 January 2023	Yes
Liz Ditchburn	22 October 2024	Yes
Ian Chisholm	7 April 2026	No
Rebecca Wiles	1 May 2026	No
Mitch Flegg	1 May 2026	No

## Directors – attendance at board meetings and committees

	Board	Audit and risk committee	Remuneration committee	Nomination committee
Liz Ditchburn	7	N/A	4	1
Stuart Payne*	7	3	4	1
Nic Granger	7	3	N/A	N/A
Iain Lanaghan	7	3	4	1
Sarah Deasley	7	3	4	1
Malcolm Brown	7	3	4	1
Sara Vaughan**	7	2(3)	4	1
Fiona Mettam / Vicky Dawe***	7	3	4	1

Numbers in brackets denote the number of meetings held during a director's board or committee tenure.

\*Stuart Payne has a standing invitation to attend remuneration committee meetings to present evidence in support of committee decisions.

\*\*Sara Vaughan provided comments on the papers before the November 2025 meeting.

\*\*\*Only one Shareholder Director attends board and committee meetings. Fiona Mettam resigned as a Shareholder Director on 22nd July 2025.

Ian Chisholm, Rebecca Wiles and Mitch Flegg joined the board after the 2025-26 financial year.

## **Staff policies**

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The NSTA periodically reviews its Code of Conduct and related policies, which set out the obligations and responsibilities of staff and directors, including under Statute.

## **Quality assurance of analytical models**

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The NSTA has appropriate quality assurance (QA) procedures in place for modelling and analysis purposes which are subject to active monitoring. The arrangements are compliant with Aqua Book guidance and adhere to the principles of proportionality and risk with an emphasis on business-critical models.

## **Government functional standards for arm's length bodies**

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The NSTA was compliant with the mandatory elements of all applicable government functional standards in 2025-26, including procurement regulations which came into effect in February 2025.

## **Information security**

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The Chief Digital Officer chairs the NSTA's security advisory board (SAB). The Head of Information Security produces dashboards for both the SAB and the audit and risk committee. The NSTA's security operations centre monitors the overall threat environment.

## **Fraud risk**

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The audit and risk committee takes assurance on fraud risk once a year. The NSTA's assessment of its fraud risk level is low.

## **Whistleblowing**

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During the financial year no concerns were raised under the raising concerns at work (whistleblowing) policy. The NSTA has seven whistleblowing officers, including one non-executive director, who was nominated as a whistleblowing officer in autumn 2025.

## **Data protection**

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The NSTA's Data Protection Officer monitors compliance with data protection law. Staff are required to undertake mandatory annual security and data protection online training and are invited to attend an annual refresher session on information governance.

## **Declaration of staff financial interests**

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The NSTA identified no material conflicts of interest following the annual declaration by staff and board directors of any financial interests in oil and gas, carbon capture or offshore energy or related supply chain companies.

## Risk management

Directors have agreed the NSTA's risk appetite and they review it once a year. They have delegated regular review of the NSTA's management of corporate risk to the audit and risk committee. The NSTA maintains a corporate risk register which lists the principal external and internal risks facing the company, including those identified and escalated from within the organisation and those identified by the leadership team or by the board or one of its committees.

All risks in the corporate risk register have a named leadership team risk owner. All risks have mitigation controls and actions to reduce the residual risk to an acceptable level, wherever possible. The corporate risk register is regularly reviewed by the leadership team and the audit and risk committee takes assurance on the NSTA's management of corporate risks at least three times a year.

The board and the leadership team jointly reviews corporate risks from a 'clean sheet' perspective once a year.

The Chief Executive and the leadership team continue to foster a strong culture of risk awareness and risk management in the organisation. The principal risks identified by the NSTA are detailed on page 8.

By order of the Board signed



**Stuart Payne**

Chief Executive

29<sup>th</sup> June 2026

## Internal auditor's statement

The Government Internal Audit Agency (GIAA) is required to provide the Accounting Officer with an opinion, where relevant, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion should be provided in a timely manner to contribute to the governance statement.

The NSTA's focus continues to evolve, with ongoing changes aligned with key risk areas, strategic priorities and business objectives. Internal audit continues to provide assurance related to these changes and are also assessing core controls.

Although there is room for minor improvement in certain areas, audit testing confirms that controls are proportionate in their design and working as intended.

The Head of Internal Audit's opinion on the NSTA's framework of governance, risk management and management control is 'Moderate'. Where potential weaknesses have been identified through our internal audit reviews, we have worked with management to agreed appropriate actions and a timescale for improvement.

# Remuneration and staff report

## Remuneration policy

The remuneration policy for NSTA staff, including former senior civil servants, is set by the NSTA board, as recommended by the remuneration committee, in consultation with both DESNZ and HM Treasury.

Whilst governed in large part by the rules relating to public bodies, specific arrangements were reached with HM Treasury in 2016 to better align the basic salary arrangements of staff to the relevant talent markets for those roles. This was a one-off adjustment.

## Performance and reward

The NSTA has a policy and procedure for managing the performance of all staff to drive performance and reward delivery against clearly articulated goals.

All staff are reviewed during the year and a final assessment of their delivery against agreed goals is made in May. Annual bonus awards are dependent on the consistent attainment or exceeding of goals. No bonus payments are made if staff fail to meet their goals.

## Recruitment policy

NSTA recruitment is underpinned by the company's values:

<b>Considerate</b>	the best available candidate will be appointed.
<b>Accountable</b>	those involved take responsibility for their campaigns.
<b>Robust</b>	the selection processes must be objective, impartial and applied consistently.
<b>Fair</b>	opportunities are advertised openly and there is no bias in the assessment of candidates.

Recruiting and retaining a diverse range of people to work in the NSTA and ensuring that there is an inclusive environment for them to deliver, is something the company is serious about and demonstrates the NSTA's values in action. As part of this commitment the NSTA is a Disability Confident

Committed employer. The NSTA has also been awarded silver accreditation for the Gender Diversity Benchmark through Business in the Community, The King's Responsible Business Network. In addition, the NSTA implemented the Race at Work Charter's five principles and, as a further commitment to attracting, retaining and developing a diverse workforce, signed up to the Axis Pledge.

As we make clear in our job application process, candidates with a disability who apply for a post in the NSTA (under the Guaranteed Interview Scheme) automatically go forward to the interview stage, provided they satisfy the minimum criteria.

The NSTA is committed to supporting employees who become disabled or develop health conditions during their employment. This includes providing access to occupational health services, workplace assessments and reasonable adjustments to working arrangements, including the provision of appropriate equipment where required. Support is available to all employees where needed, including those experiencing longer-term or episodic health conditions, to enable them to continue in their roles and perform to the best of their ability. The NSTA also ensures that employees with disabilities have equal access to training, career development and promotion opportunities. Policies and practices are applied consistently to support progression and to ensure that all employees are able to develop their skills and advance within the organisation, in line with business needs and individual capability.

Staff covered by this report hold open-ended appointments, with eight exceptions: the Chief Executive holds a fixed term appointment, which terminates on 31st July 2031, and seven employees are covering periods of maternity leave. Early termination of any appointment other than for misconduct would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

## Payments to executive directors (audited)

The salary and pension entitlements of executive directors were:

Member	Salary (actual) 2025-26 (£'000)	Bonus Payment 2025-26 (£'000)	Pension Benefits 2025-26 (£'000)	Total 2025-26 (£'000)	Total 2024-25 (£'000)	Accrued pension at pension age at 31/3/26 (£'000)	Real increase in pension and related lump sum at pension age to 31/3/26 (£'000)	CETV at 31/3/26 (£'000)	CETV at 31/3/25 (£'000)	Real increase in CETV (£'000)
<b>Stuart Payne</b>	285-290*	55-60**	107***	450-455	410-415	50-55	5-7.5	715	611	63
<b>Nic Granger</b>	165-170	5-10	59	235-240	215-220	30-35	2.5-5	434	377	32

\*Includes £5k of bought out annual leave.

\*\*Chief Executive's 2025-26 bonus is for the 2025 performance year (calendar year).

\*\*\*Pension benefits represent the increase in the actuarial value of the defined benefit pension during the year, as calculated by the pension scheme administrator.

'Salary' includes gross salary, recruitment and retention allowances and any other allowance that is subject to UK taxation.

## Fees and benefits in kind paid to non-executive directors during the year (audited)

Non-executive directors	Expiry date of contract	Fee 2025-26 (£)	Fees 2024-25 (£)
<b>Liz Ditchburn</b> Non-executive Chair (wef 22 October 2024)	21 October 2027	80,000	35,483*
<b>Iain Lanaghan</b> Non-executive director (wef 20 April 2020) and from 1 October 2021 Chairman of Audit and Risk Committee.	30 April 2026	26,000	25,200
<b>Sarah Deasley</b> Non-executive director (wef 1 October 2020)	30 September 2026	21,000	20,200
<b>Malcolm Brown</b> Non-executive director (wef 1 October 2021)	30 September 2027	21,000	20,200
<b>Sara Vaughan</b> Non-executive director (wef 1 October 2021)	30 September 2027	21,000	20,200
<b>Tim Eggar</b> Non-executive Chairman (wef 6 March 2019)	30 September 2024	-	40,000

\*Annual fee of £80,000 pro-rated from 22 October 2024 to 31 March 2026.

Ian Chisholm was appointed as a Non-Executive Director and Chair of the Audit and Risk Committee with effect from 7 April 2026, replacing Iain Lanaghan. Rebecca Wiles and Mitch Flegg were appointed to the board on 1st May 2026. As these appointments were made after the end of the financial year, no fees were paid or accrued to them during the year ended 31 March 2026.

No senior management or non-executive directors were in receipt of benefits in kind for the financial year 2025–26.

The shareholder representative director receives no remuneration from the NSTA. The post is held by a senior civil servant employed by DESNZ.

## Fair pay disclosures (audited)

The table below shows the relationship during the year between the remuneration of the highest paid executive director and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest paid executive director in 2025–26 was £340,000–£345,000 (2024–25: £330,000–£335,000).

In 2025–26, nil (2024–25: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £32,000 to £345,000 (2024–25: £29,000 to £335,000).

The assessment in the current year is in line with the performance management period. The NSTA believes the median pay ratio for the

relevant financial year is consistent with the pay, reward and progression policies for the NSTA's employees taken as a whole. NSTA pay ratios have been calculated by determining the total full-time-equivalent (FTE) remuneration for all of the company's workforce for the relevant financial year; ranking those individuals from low to high, based on their total remuneration; and identifying the people whose remuneration places them at the 25th, 50th (median) and 75th percentile points.

The slight decrease in the pay ratios compared with the previous year reflects a combination of factors, including changes in the Chief Executive's total remuneration in-year and an overall increase in remuneration across the lower and median percentiles. This was driven in part by workforce changes, including progression within pay bands and the impact of pay awards, which increased average staff pay relative to the highest-paid individual.

Fair pay disclosures	25th percentile	Median	75th percentile
<b>2025-26</b>			
<b>Total remuneration (£)</b>	58,512	85,832	97,974
<b>Salary component of total remuneration (£)</b>	54,691	83,305	94,080
<b>Pay remuneration ratio information</b>	<b>5.85:1</b>	<b>3.99:1</b>	<b>3.50:1</b>
<b>2024-25</b>			
<b>Total remuneration (£)</b>	54,555	82,257	94,475
<b>Salary component of total remuneration (£)</b>	50,793	80,053	91,132
<b>Pay remuneration ratio information</b>	<b>6.09:1</b>	<b>4.04:1</b>	<b>3.52:1</b>

The table below shows the percentage change from the previous year in total salary and allowances, and in performance pay and bonuses, for the highest-paid Director and for the average workforce. The reported changes represent estimates and have been calculated using salary band midpoints rather than actual remuneration, in line with the requirements of the FReM.

The year on year change in the remuneration of the highest paid Director reflects the application of the annual Senior Civil Service (SCS) pay award to salary and allowances, together with changes in performance-related pay. Performance pay and bonuses for the highest-paid Director remained

unchanged compared with the prior year, resulting in a nil percentage change.

The increase in remuneration for the average workforce during the year reflects the operation of the organisation's annual pay award and performance pay arrangements, in line with agreed pay policy and the organisation's pay remit. The decrease in performance pay and bonuses for the average workforce compared with the prior year reflects variations in performance outcomes, workforce composition, and the application of the organisation's performance pay framework within the agreed pay remit. It does not indicate any decline in overall workforce performance.

### Percentage change since prior financial year (audited)

	Highest paid director	Average workforce
<b>2025-26</b>		
Salary and allowances	3.60%	4.26%
Performance pay and bonuses	0.00%	5.91%
<b>2024-25</b>		
Salary and allowances	5.71%	3.03%
Performance pay and bonuses	21.05%	10.19%

### Staff costs (audited)

	Permanent staff (£'000)	Others* (£'000)	Total 2025-26 (£'000)	Total 2024-25 (£'000)
Wages and salaries	18,892	34	18,926	17,953
Social security costs	2,774	-	2,774	2,237
Pension costs	5,160	-	5,160	4,841
<b>Sub total</b>	<b>26,826</b>	<b>34</b>	<b>26,860</b>	<b>25,031</b>
Other staff costs	-	-	-	-
Less recoveries in respect of outward secondments	-	-	-	-
<b>Total</b>	<b>26,826</b>	<b>34</b>	<b>26,860</b>	<b>25,031</b>

\*Others include contractor costs and inward secondees for the financial year ending 31 March 2026.

### Average number of people employed (audited)

	2025-26	2024-25
Permanent staff	239	235
Others	1	2
<b>Total</b>	<b>240</b>	<b>237</b>

The average number of staff increased as the NSTA makes progress into reaching our approved headcount target of 249. The increase in costs is mainly due to this successful filling of vacant posts combined with reduced turnover.

## Senior civil service (or equivalent) staff by band (audited)

SCS Band (or equivalent)	2025–26	2024–25
SCS1	7	7
SCS2	1	1
<b>Total</b>	<b>8</b>	<b>8</b>

### The Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits in one of the final salary sections of the PCSPS having those benefits based on their final benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### Pension arrangements

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme was introduced – the Civil Servants and Others Pension Scheme, or alpha, which provides benefits on a career average basis, with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date all newly appointed staff and the majority of those already in service joined alpha. Prior to that date, staff participated in the Principal Civil Service Pension Scheme (PCSPPS). The PCSPPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPPS after 1

April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see above). All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier salary when they leave alpha (the pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited

with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Inclusion and diversity report

The NSTA embraces inclusion and diversity and ensures that it promotes equality of opportunity. The company's goal is to ensure that these commitments, reinforced by our values, are embedded in day-to-day working practices with all staff, partners in government and in industry. It is our belief that this makes the NSTA a Great Place to Work.

The NSTA has a dual role in this regard, recognising our responsibilities as an employer of public servants and also as an industry authority. Additionally, the NSTA Chief Executive is a member of the POWERful Women Energy Leaders Coalition which comprises CEOs from the energy sector who have made a public declaration, and are actively working together, to improve gender diversity in their companies and in the sector as a whole.

In recognition of the NSTA's work as an employer, it is silver accredited in the Gender Diversity Benchmark, run by Business in the Community and the King's Responsible Business Network. The NSTA has also continued our commitments to the Axis Pledge, the Business in the Community Race Charter, as a Disability Confident employer and the Tech Talent Charter. The NSTA continues to look at what further actions it can take to improve this recognition and to learn from and interact with other organisations.

The NSTA has an inclusion and diversity action plan and our progress and commitments to inclusion will continue to be set out annually in this report. The report focuses on key developments over the year and where activity has become embedded in our ways of working.

Having been refreshed and relaunched last year, the NSTA's mentoring scheme continues to be popular with staff. During the year nine new pairings were matched. The training offered to mentors and mentees receives excellent feedback in terms of its overall practicality and helpfulness

in setting a positive tone for all parties involved. The HR Team follows up with both parties during the year to check in on progress and ask if any additional support is required.

The NSTA has continued to run regular sessions on staff wellbeing with good engagement and positive feedback from staff. Topics covered this year included; Alzheimer's and dementia awareness, osteoporosis and bone health, breast cancer and men's health and wellbeing. Alongside wellbeing sessions, the NSTA continues to hold storytelling sessions run by staff. These sessions aim to both educate and inform with the personal experience angle making the topics easier to relate to and talk about.

We ran our biennial employee engagement survey in Summer 2025. The results from this show that the NSTA has an employee engagement score of 70% which meets the Corporate Plan KPI target. Learning and Development reached an engagement score of 54% which was just below the 55% target. An action plan will be developed in 2026 for implementation ahead of the next full employee engagement survey in 2027 and the interim HSE wellbeing survey in 2026.

The NSTA continues to have a positive relationship with Developing the Young Workforce. Over the year, sixteen NSTA staff members have supported thirteen schools across Aberdeen City and Aberdeenshire with twenty-two mock interview sessions for senior pupils. This was a rewarding experience for all involved. A diverse range of staff members have volunteered to help with mock interviews; some very experienced interviewers and others who took the opportunity to start building a new skill. Through the year there have been other opportunities for staff to get involved; two examples being a Young Enterprise Event and the other being a perfect interview selection process.

The NSTA advertises all external vacancies using the Diversity Jobs Group Network. This is a suite of ten diversity and inclusion job boards which focus on engaging and attracting talent from marginalised and underrepresented communities, providing a broader choice of talent. The Diversity Jobs Group provides job seekers with bespoke and safe job boards that embrace diversity by building supportive communities that grow in confidence and representation.

Last year and, as part of our Disability Confident Commitment, the NSTA commenced working with Enable. A short work placement was provided for a senior phase school pupil and was very successful with a notable increase in the student's confidence by the end of the placement. Excellent feedback was received from both the student and Enable. The NSTA plans to continue to offer this placement on an annual basis.

The NSTA continues to work with social mobility charity, Career Ready. Last year three students completed the programme supported by NSTA mentors. The programme includes mentoring, masterclasses on a variety of skills and a summer internship. During the internship, the students worked very well together on a group project and presentation. There were learning sessions set up for the students covering areas such as the role of the NSTA, staff sharing their career paths and skills sessions such as presentation skills and CV writing. Some external activities were arranged for the students to widen their knowledge of the energy sector. In the forthcoming year the NSTA will be supporting two students through the programme. In 2026-27, we will look to further embed and promote all the above initiatives and the previous years' commitments. The results of the employee engagement survey will drive any further activity once the action plan is finalised.

%	Male	Female
<b>Gender</b>	48	52
<b>Directors (Executive)</b>	50	50
<b>SCS (or equivalent)</b>	50	50

%	Full Time	Part Time
<b>Working Pattern</b>	90	10

%	Not Disabled	Declared Disabled	Undeclared	Prefer Not to Say
<b>Disability</b>	81	3	10	6

%	White	All Other Ethnic Groups Combined	Undeclared	Prefer Not to Say
<b>Ethnicity</b>	68	20	8	4

%	Below 20	21-30	31-40	41-50	51-60	61 and over
<b>Age</b>	0	6	30	34	22	8

%	Heterosexual/ Straight	LGBT+	Undeclared	Prefer Not to Say
<b>Sexual Orientation</b>	82	2	7	9

%	Same as at Birth	Different from Birth	Undeclared	Prefer Not to Say
<b>Gender Identity</b>	81	0	14	5

%	No Religion	Christian	All Other Religious Groups Combined	Undeclared	Prefer Not to Say
<b>Religion and Belief</b>	50	27	6	7	10

## Sickness Absence data

The NSTA is committed to supporting the physical and mental health of its people and fostering employee wellbeing is a key element of our focus. The company has a comprehensive attendance management policy and provides access to occupational health provision and employee assistance to offer additional support to our people. Where staff are identified as needing reasonable adjustments, these will be provided.

The table below shows the average number of days lost due to sickness absence:

	Days
<b>2025-26</b>	3.9
<b>2024-25</b>	3.7

## Staff turnover

Staff turnover has been calculated as the number of leavers divided by the average number of staff in post (headcount) over the period.

	%
<b>2025-26</b>	5.9
<b>2024-25</b>	5.15

## Consultancy and temporary staff

Spend on consultancy and temporary staff:

	2025-26 £'000	2024-25 £'000
<b>Consultancy</b>	-	-
<b>Temporary staff</b>	34	130
<b>Total</b>	<b>34</b>	<b>130</b>

The NSTA has introduced model 'payment of tax' clauses into its standard terms and conditions, following HM Treasury's review of the tax arrangements of public sector appointees. Crown Commercial Service has provided assurance that its resourcing frameworks, which the NSTA uses to source all its contractors, meet the new tax requirements.

For 2025-26 the NSTA undertook a risk-based,

review of tax assurance for all contractors, as required under IR35 legislation.

## Off-payroll engagements

The number of off-payroll engagements (for more than £245 per day and lasting for longer than six months) as at 31 March 2026 was:

<b>Total number of existing engagements as of 31 March 2026</b>	0
<b>Of which;</b>	
<b>Number that have existed for less than one year at the time of reporting</b>	0
<b>Number that have existed for between one to two years at the time of reporting</b>	0
<b>Number that have existed for between two to three years at the time of reporting</b>	0
<b>Number that have existed for between three to four years at the time of reporting</b>	0
<b>Number that have existed for between four or more years at the time of reporting</b>	0

The number of new off-payroll engagements or those that reached six months in duration between 1 April 2025 and 31 March 2026 (for more than £245 per day and that last for longer than six months) was:

<b>No. of temporary off-payroll workers engaged during the year ended 31 March 2026</b>	0
<b>Of which;</b>	
<b>Not subject to off-payroll legislation</b>	0
<b>Subject to off-payroll legislation and determined as in-scope of IR35</b>	0
<b>Subject to off-payroll legislation and determined as out-of-scope of IR35</b>	0
<b>No. of engagements reassessed for compliance or assurance purposes during the year</b>	0
<b>No. of engagements that saw a change to IR35 status following review</b>	0

There were thirteen on payroll directors and/or leadership team members with significant financial responsibility between 1 April 2025 and 31 March 2026, including five non-executive directors whose fees are paid via payroll.

All recruitment of contractors in the NSTA is undertaken in compliance with the principles of the Alexander tax review of off-payroll workers.

## Exit Packages (audited)

Reporting of civil service and other compensation schemes - exit packages to 31 March 2026:

Exit package cost band	Number of compulsory redundancies 2025-26	Number of compulsory redundancies 2024-25	Number of other departures agreed 2025-26	Number of other departures agreed 2024-25	Total number of exit packages by cost band 2025-26	Total number of exit packages by cost band 2024-25
<£10,000	0	0	0	0	0	0
£10,001-£25,000	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0
£50,001-£100,000	0	0	1	0	1	0
£100,001-£150,000	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0
<b>Total number of exit packages</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>
					<b>2025-26(£)</b>	<b>2024-25(£)</b>
<b>Total cost</b>	<b>0</b>	<b>0</b>	<b>76,061</b>	<b>0</b>	<b>76,061</b>	<b>0</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. When the NSTA has agreed early departures, the additional costs are met by the NSTA and not the Civil Service pension scheme.

Signed on behalf of the Board



**Stuart Payne**

Chief Executive

29<sup>th</sup> June 2026

# Accounting Officer statement

As the Accounting Officer of the North Sea Transition Authority (NSTA), I am responsible for reviewing the effectiveness of its corporate governance. My review is based on the work of our internal auditor and the directors and managers who are responsible for developing and maintaining our governance framework. I also take into account the comments of the external auditor.

During 2025-26, the NSTA undertook the following work:

- Reviewed its strategic risks on a quarterly basis and provided assurance on mitigation actions to the Audit and Risk Committee.
- Worked closely with the Government Internal Audit Agency on the 2025-26 internal audit and developing the 2026-28 internal audit plan.
- Worked collaboratively with the National Audit Office on the 2025-26 audit.
- Ensured statutory insurance cover was in place.
- Ensured it was compliant with data protection law.
- Ensured it monitored all IT activity and maintained effective defences against internal and external threats, in line with National Cyber Security Centre guidance.

## **NSTA Annual Report and Accounts 2025-26**

I have taken all the steps necessary to make myself aware of any relevant audit information and to establish that the NSTA's auditor is aware of that information.

I confirm that, as far as I am aware, there is no relevant audit information of which the auditor is unaware.

I confirm that the annual report and financial statements are fair, balanced and understandable.

I take personal responsibility for the annual report and financial statements and the judgments required for determining that it is fair, balanced and understandable.



**Stuart Payne**

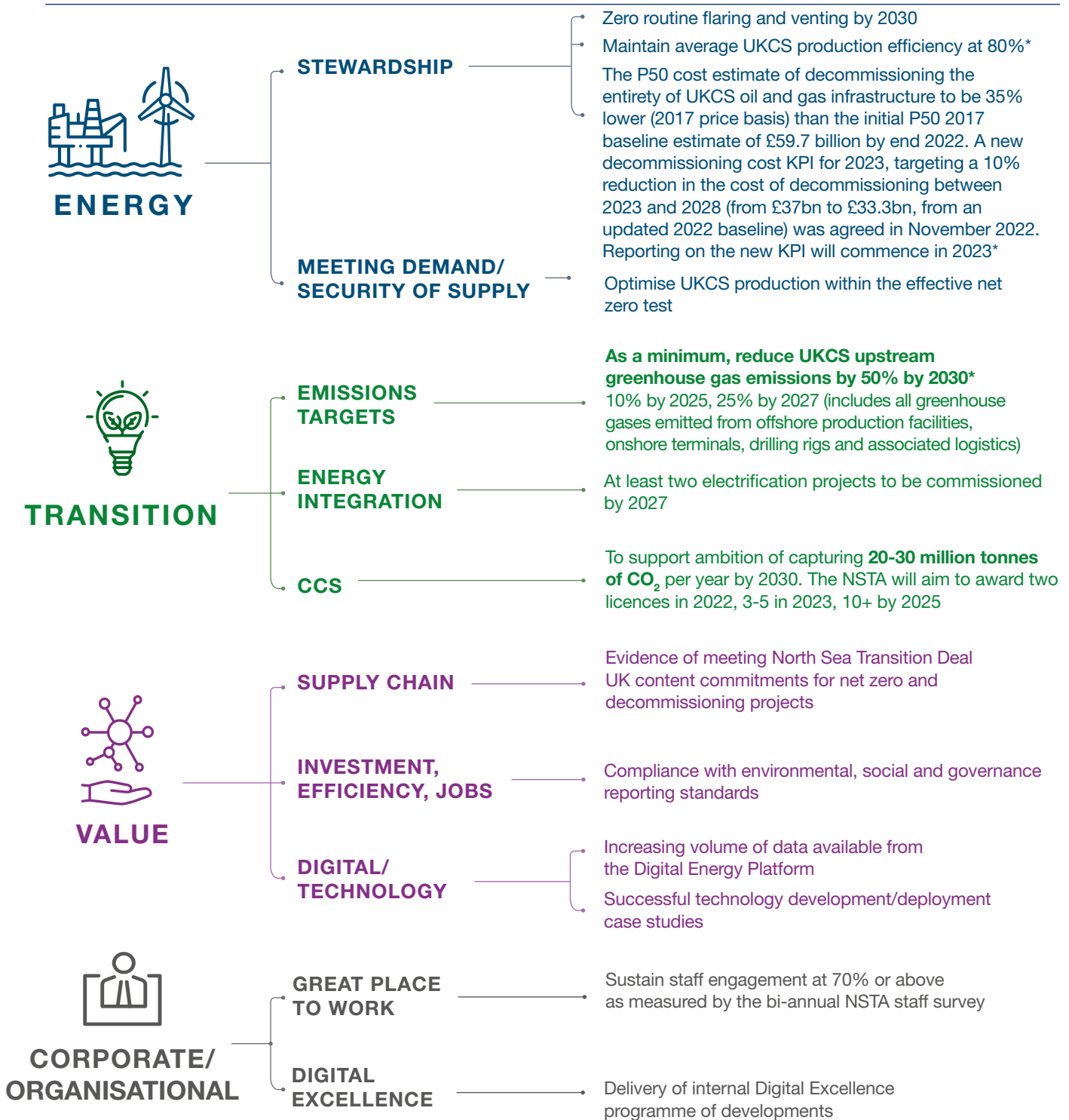
Accounting Officer

29<sup>th</sup> June 2026

# Future Developments

On 13th May 2026, the government announced that it would introduce an Energy Independence Bill, which would include measures set out in its North Sea Future Plan. These measures would enhance the NSTA's role and the company is preparing plans to implement them, subject to legislation being passed.

## Summary of NSTA KPIs



\*Existing NSTA KPI



# Company

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Financial statements

# The Certificate and Report of the Comptroller and Auditor General to the Sole Shareholder of Oil And Gas Authority and the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Oil and Gas Authority (“the Company”) for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000. The financial statements comprise the Company’s:

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 March 2026 and of total net income for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 ‘*Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*’. My responsibilities under ISAs (UK) are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of my certificate.

ISAs (UK) require me and my staff to comply with the Financial Reporting Council’s *Revised Ethical Standard 2024*. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities	
<b>Authorising legislation</b>	<ul style="list-style-type: none"> <li>• Infrastructure Act 2015</li> <li>• Energy Act 2016 and 2023</li> <li>• Companies Act 2006</li> </ul>
<b>Parliamentary authorities</b>	<ul style="list-style-type: none"> <li>• The Oil and Gas Authority (Levy and Fees) Regulations 2025</li> <li>• The Oil and Gas Authority (Fees) Regulations 2016 <i>and subsequent amendment</i></li> </ul>
<b>HM Treasury and related authorities</b>	<ul style="list-style-type: none"> <li>• Articles of Association</li> <li>• Framework document between the Secretary of State and the Company.</li> <li>• HM Treasury and related authorities to the extent they are applicable to the Company.</li> </ul>

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Company's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing the provisions of the legislation under which the Company collects the levy it uses to fund operating costs;
- considering internal budget and cash flow information; and
- considering additional funding options available to the Company.

I consider the key aspects of the directors' assessment to be their view that:

- operating costs are funded through an industry levy that is set by new regulations each year;
- the legislation relating to the 2026-27 levy has already been enacted and there is no reason to believe that future regulations will not be forthcoming; and
- there are options available to the Company to mitigate forecast operating cash flow and funding shortfalls, should they arise.

The assertions made by the directors are materially consistent with my review of the legislation relating to the industry levy and the Company's framework agreement with the Department for Energy Security and Net Zero.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the 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) identified by the auditor, including 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 the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

I have not identified any key audit matters throughout the course of my audit. This is consistent with the prior year.

I identified the risk of management override of controls as a significant audit risk in accordance with the requirements of *ISA (UK) 240 The Auditor's Responsibility Relating to Fraud in Financial Statements*. This was not a key audit matter and my work in this area has not identified any matters to report.

## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Company's financial statements as a whole as follows:

	<b>Oil and Gas Authority</b>
<b>Materiality</b>	£880,000
<b>Basis for determining materiality</b>	2% of gross expenditure (2024-25); 2% of gross expenditure
<b>Rationale for the benchmark applied</b>	The Company's operating expenditure reflects the costs incurred in delivering its role of licensing, regulating and influencing the UK oil and gas, offshore hydrogen transportation and storage, and carbon storage industries. Income is recognised to cover relevant expenditure incurred. I therefore chose gross expenditure as the benchmark as I consider it to be principal interest to the users of the financial statements.

### Performance Materiality

I 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.

Performance materiality was set at 75% of materiality for the 2025-26 audit (2024-25: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

### Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

### Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £17,600, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements, that in our view warranted reporting on qualitative grounds.

### Audit scope

The scope of my audit was determined by obtaining an understanding of the Company and its environment, including the entity wide controls, and assessing the risks of material misstatement.

## Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

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

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Companies Act 2006 as if the requirements of Schedule 8 to the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) applied to the Company.

In my 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;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' Report;

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made.

## Corporate governance statement

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We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's voluntary compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 26;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 7;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities set out on page 26.
- Directors' statement on fair, balanced and understandable set out on page 27;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 27;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and
- The section describing the work of the Audit and Risk Committee set out on page 30.

## Responsibilities of the directors for the financial statements

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As explained more fully in the Directors' Responsibility Statement, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Company from whom the auditor determines it necessary to obtain audit evidence.
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006; and
- assessing 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 intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Government Resources and Accounts Act 2000 and International Standards on Auditing (UK) (ISAs (UK)).

My 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 a certificate that includes my 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.

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Company's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Company's head of internal audit and those charged with governance, including obtaining and reviewing

supporting documentation relating to the Company's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Company's controls relating to the Company's compliance with the Companies Act 2006, Managing Public Money, The Oil and Gas Authority (Levy and Fees) Regulations 2025 and The Oil and Gas Authority (Fees) Regulations 2016;
- inquired of management, the Company's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant IT auditor specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Company for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Company's framework of authority and other legal and regulatory frameworks in which the Company operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law, pensions legislation, tax legislation, the Energy Act 2016, the Oil and Gas

Authority (Levy and Fees) Regulations 2024 and the Oil and Gas Authority (Fees) Regulations 2016.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on 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; and
- I reviewed the recognition and measurement of levy income and fees and charges income against the provisions of legislation these are charged under.

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

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the

less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### **Gareth Davies**

3<sup>rd</sup> July 2026

### **Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**Oil and Gas Authority****Statement of Comprehensive Income for the year ended 31 March 2026**

	Note	31 March 2026 £'000	31 March 2025 £'000
<b>Income</b>			
Income from sale of goods and services	3	4,289	2,914
Other income	3	37,785	41,219
<b>Total operating income</b>		<b>42,074</b>	<b>44,133</b>
<b>Expenditure</b>			
Staff costs	4	(26,860)	(25,031)
Other operating costs	5.1	(14,141)	(17,828)
Depreciation and amortisation charges	5.2	(1,081)	(1,159)
Provision expense	5.3	155	(29)
Finance cost	5.4	(147)	(86)
<b>Total operating expenditure</b>		<b>(42,074)</b>	<b>(44,133)</b>
<b>Total net income</b>		<b>-</b>	<b>-</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

The notes on pages 65 to 88 form part of these financial statements.

## Oil and Gas Authority Statement of Financial Position as at 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
<b>Non-current assets</b>			
Property, plant and equipment	6	1,021	725
Right-of-use assets	7	7,479	8,084
Intangible assets	8	13	18
<b>Total non-current assets</b>		<b>8,513</b>	<b>8,827</b>
<b>Current assets</b>			
Cash and cash equivalents	9	12,151	8,754
Trade and other receivables	10	1,463	1,129
<b>Total current assets</b>		<b>13,614</b>	<b>9,883</b>
<b>Total assets</b>		<b>22,127</b>	<b>18,710</b>
<b>Current liabilities</b>			
Trade and other payables	11	(11,961)	(6,741)
Lease liabilities	12	(851)	(623)
Provisions	13	-	(1,822)
<b>Total current liabilities</b>		<b>(12,812)</b>	<b>(9,186)</b>
<b>Total assets less current liabilities</b>		<b>9,315</b>	<b>9,524</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	(1,051)	(701)
Lease liabilities	12	(7,667)	(8,451)
Provisions	13	(597)	(372)
<b>Total non-current liabilities</b>		<b>(9,315)</b>	<b>(9,524)</b>
<b>Total liabilities</b>		<b>(22,127)</b>	<b>(18,710)</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Shareholders' equity and other reserves</b>			
Share capital	14	-	-
Retained earnings		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>

The notes on pages 65 to 88 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18<sup>th</sup> June 2026 and signed on its behalf on 29<sup>th</sup> June 2026 by



**Stuart Payne**

Director

Company registered number: 09666504

## Oil and Gas Authority

### Statement of Cash Flows for the year ended 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
<b>Cash flows from operating activities</b>			
<b>Comprehensive income for the year</b>		-	-
Adjustments to reconcile comprehensive income to net cash flows:			
Depreciation of property, plant and equipment	5.2	273	205
Depreciation of right-of-use assets	5.2	803	934
Amortisation of intangible assets	5.2	5	20
Interest expense	5.4	147	86
Working capital adjustments:			
(Increase)/decrease in trade and other receivables	10	(334)	32
Increase/(decrease) in trade and other payables excluding capital funding from government grant: current year	11	5,000	(1,224)
Remeasurement of lease liability	12	(70)	-
Provisions capitalised in year	7	(198)	-
Provisions provided in year	13	244	1,449
Provisions utilised in year	13	(185)	-
Provisions reversed in year	13	(1,656)	-
<b>Net cash inflow from operating activities</b>		<b>4,029</b>	<b>1,502</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(569)	(545)
Purchase of intangible assets	8	-	(16)
Capitalised direct lease costs		-	(30)
<b>Net cash outflow from investing activities</b>		<b>(569)</b>	<b>(591)</b>
<b>Cash flows from financing activities</b>			
Capital funding from DESNZ: current year	11	570	600
Repayment of lease liabilities		(633)	(747)
<b>Net cash outflow from financing activities</b>		<b>(63)</b>	<b>(147)</b>
Net increase in cash and cash equivalents in the year		3,397	764
Cash and cash equivalents at the beginning of the year	9	8,754	7,990
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>12,151</b>	<b>8,754</b>

The notes on pages 65 to 88 form part of these financial statements.

**Oil and Gas Authority**  
**Statement of Changes in Equity for the year ended 31 March 2026**

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>As at 1 April 2024</b>	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance as at 31 March 2025</b>	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance as at 31 March 2026</b>	-	-	-

The notes on pages 65 to 88 form part of these financial statements.

# Notes to the Financial Statements

## 1. General information

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The North Sea Transition Authority (NSTA) is the business name of the Oil and Gas Authority (OGA). The OGA adopted the new business name in March 2022 in order to better reflect its evolving role in the energy transition. The OGA is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006. The company registration number is 09666504. The registered office of the company is situated at 50 Broadway, London, SW1H 0DB. The company is wholly owned by the Secretary of State for Department for Energy Security and Net Zero (DESNZ) (the shareholder). The company's principal activities are to work with government and industry to ensure the United Kingdom (UK) gets the maximum economic benefit from its oil and gas reserves, whilst also supporting the move to net zero carbon by 2050. The Strategy, which was laid before Parliament on 16 December 2020, came into force on 11 February 2021 and is a revision of the Maximising Economic Recovery (MER) UK Strategy which originally came into force in 2016. The Strategy reflects the ongoing energy transition, featuring a range of net zero obligations on the oil and gas industry, and calling on industry to work collaboratively with the supply chain by actively supporting carbon capture storage and hydrogen supply projects.

The OGA was incorporated on 1 July 2015 and commenced operations on 1 October 2016, following the transfer of assets and liabilities from the OGA executive agency. The OGA acquired

the status of a Non-Departmental Public Body (NDPB) on 23 July 2020, sponsored by DESNZ.

Under the Companies Act 2006, Section 454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

## 2. Accounting policies

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### 2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention and are presented in pounds sterling, with all values rounded to the nearest thousand pounds (£'000), except as otherwise disclosed.

These financial statements have been prepared in accordance with UK adopted International Accounting Standards.

These financial statements are exempt from the requirements of Part 16 of the Companies Act under section 482 of that Act (non-profit-making companies subject to public sector audit) and are subject to audit under section 25(6) of the Government Resources and Accounts Act 2000.

### 2.2 New or amended accounting standards and interpretations

The NSTA has reviewed all new accounting standards, amendments and interpretations of standards that are effective during the year ended 31 March 2026 to determine the impact on the company's financial statements.

The following new standards, amendments and interpretations are effective for periods beginning on 1 January 2025 and therefore relevant to these financial statements. These have had no material effect on the company.

IFRS	IASB Effective Date	UKEB (UK Endorsement Board) Status
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	Endorsed
Amendments to the SASB standards to enhance their international applicability	1 January 2025	Endorsed

- IAS21: The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- SASB: The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics

#### 2.2.1 New or amended accounting standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations that are issued, but not yet effective for the year ended 31 March 2026, and accordingly have not been applied in preparing these financial statements are detailed below. The company has not sought early adoption of any standards or amendments. The amendments are not expected to have a significant impact on the NSTA.

The following amendments are effective for the period beginning 1 January 2026:

- Amendments IFRS 9 and IFRS 7 regarding the classification and

measurement of financial instruments

- Annual Improvements to IFRS Accounting Standards — Volume 11 - Amendments to IFRS1, 7, 9, 10 & IAS7
- Amendments to IFRS 9 and IFRS 7 regarding power purchase arrangements

#### 2.3 Going concern

In accordance with the Energy Act 2016, the OGA has been established as a government company. The legislative powers enable the OGA to impose a levy on persons holding licences for the exploitation of petroleum, providing funding to deliver operations. The day to day operational costs of the company are funded by the oil and gas industry levy and the licensing fees and charges income received through the assignment and relinquishment of petroleum licences. The industry levy is set by new regulations made each year. The directors note the low risk that annual regulations may not be made until after the commencement of the relevant financial year (which could result in the company experiencing a timing mismatch in its funding requirements). The directors are of the view that there is no reason to believe that future regulations will not be forthcoming. The 2026-27 levy regulations were laid before parliament on 2 March 2026, guaranteeing the company's ability to charge the levy for the coming year.

During the course of the year, the company may, where it identifies that there is likely to be a shortfall in the collection of the industry levy against its requirements, request the Department for Energy Security and Net Zero to provide additional grant in aid funding.

The directors also note that there is a low risk of total operational costs exceeding the levy income set for a year or that a timing mismatch might arise between the time when monies are raised by the levy and the time when monies are required to meet spend commitments made by the company.

The Statement of Financial Position at 31 March 2026 shows net current assets/liabilities of nil.

As at 31 May 2026, 75% of 2026-27 levy has been collected and the NSTA received confirmation of the 2026-27 funding of £3.1m from DESNZ. There is therefore no indication that the NSTA will be adversely affected by default of invoices.

The directors have a reasonable expectation that the company has adequate resources to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. The financial statements are, therefore, prepared on a going concern basis. In forming this view, the directors note that the company:

- a. applies prudent financial management in order to ensure that its commitments are accommodated within the timing of its collection of its levy, fees and charges;
- b. undertakes a robust and detailed annual business planning and budgeting process to establish its operational cost requirements each financial year;
- c. has considered the potential impact of credit risk and liquidity risk detailed in note 15; and
- d. assesses the viability of the NSTA, outlined on page 7.

## 2.4 Income

Income represents the amounts, exclusive of VAT, arising from the operating activities of the NSTA. Income is recognised when contractual obligations have been performed, the income can be measured reliably, and it is probable that the economic benefits will flow to the company.

### i. Industry Levy

The NSTA is primarily funded by an industry levy. The legal basis for the NSTA to charge a levy was introduced by the Infrastructure Act 2015, which states that regulations must be brought forward every year to set the levy rate. The Oil and Gas Authority (Levy and Fees) Regulations 2025 were laid in Parliament to set the levy charges rate for the year from 1 April 2025 to 31 March 2026. Levy income is recognised in the Statement of Comprehensive Income to match expenditure not funded from elsewhere. The regulations state that any surplus at the end of the financial year must be reimbursed to levy payers. Therefore, any excess collected is not recognised in the Statement of Comprehensive Income and is shown as a payable due to industry on the Statement of Financial Position.

The industry levy is recognised as income in the financial year to which it relates and is presented net of any industry levy repayable to levy payers. The levy is recognised on an accrued basis.

## ii. Fees and charges

The NSTA provides a range of services to specific licence holders. These services include issuing petroleum licences, as well as consents issued under the petroleum licences (both onshore and offshore), offshore methane gas storage licences, carbon dioxide storage licences and for pipeline works authorisations. This income is credited to the Statement of Comprehensive Income net of any refunds due to erroneous information provided by the applicant.

## iii. Other government grant

The NSTA receives funding from DESNZ to assist the company with its day to day operations and the funding is accounted for in accordance with IAS 20. DESNZ grants are provided to cover general expenditure so are recognised as the NSTA incurs the costs for which this funding is intended to compensate. DESNZ also provides funding for capital expenditure. At the point the NSTA incurs capital costs which give rise to a right to capital funding from DESNZ, the company recognises both an asset and capital loan owed to DESNZ. Any capital costs incurred by the NSTA that are not recoverable through the levy or other income are funded through the capital loan from DESNZ.

## iv. Other government project grant

The NSTA received funding from other government departments. During the period, funding was received from Department for Science, Innovation and Technology (DSIT), for cross government project collaboration. Grants from the

Government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the company will comply with all the attached conditions.

## v. Miscellaneous income

Miscellaneous income primarily relates to funds received on account in respect of litigation cost recoveries, together with interest receivable.

## 2.5 Property, plant and equipment

The NSTA capitalises assets as property, plant and equipment if they are intended for use on a continuing basis and the original purchase cost of the asset on an individual or grouped basis is £5,000 or more. The company's assets are funded through a capital loan from DESNZ and are stated at cost or their current value in existing use at the reporting date. Property, plant and equipment are depreciated at rates calculated to write them down to their estimated residual value (if any) on a straight line basis over their estimated useful lives.

Assets in the course of construction are valued at cost and when they are brought into use the relevant value is transferred to assets, at which point depreciation commences.

Following initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The depreciation expense is charged to the Statement of Comprehensive Income.

## 2.6 Intangible assets

The NSTA capitalises assets as intangible if they are without physical substance and the cost of the asset on an individual basis is £5,000 or more and can be reliably measured.

The company's intangible assets are funded through a capital loan from DESNZ, have finite lives and capitalised at cost where they satisfy the capitalisation criteria. The cost of intangible assets comprises the purchase cost and any directly attributable costs incidental to their acquisition. Software licences are amortised over the shorter of the term of the licence and the useful economic life. The estimated useful life of third party developed software licences is five years.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The amortisation expense is charged to the Statement of Comprehensive Income.

## 2.7 Depreciation and amortisation

Property, plant and equipment are depreciated on a straight line basis in order to write-off the value of the assets less any estimated residual values over the assets expected useful life or the period of the lease, if shorter. The company reviews the useful lives of assets on a regular basis. The useful lives are as follows:

### Depreciation

Furniture and fittings	5 to 10 years
Information technology	3 to 4 years
Leasehold improvements	9 years
Right-of-use assets (leased office in London)	9 years
Right-of-use assets (leased office in Aberdeen)	11 years

### Amortisation

Software licences	3 to 5 years
Websites	5 years

## 2.8 Impairment

The NSTA reviews the carrying amount of property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss on an annual basis. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are charged to the Statement of Comprehensive Income and prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

## 2.9 Financial instruments

The NSTA does not hold any complex financial instruments. The only financial instruments included in the financial statements are the following assets and liabilities: receivables and payables, as disclosed in notes 10 and 11 respectively. These are non-derivative financial assets and liabilities with fixed or

determinable payments that are not traded in an active market and, as they are expected to be realised within 12 months of the reporting date, there is no material difference between fair value, amortised cost and historical cost. Trade and other receivables are recognised at fair value and upon recognition, a loss allowance is recognised for an amount equal to the lifetime expected credit losses. Trade and other payables are recognised at fair value.

All financial assets and liabilities are recognised when the company becomes party to the contractual provisions to receive or make cash payments. The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability was held or acquired. Management determine categorisation of the asset or liability at initial recognition and then annually re-evaluate.

### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash held in the bank.

### 2.11 Receivables

A receivable is recognised if an amount of consideration that is unconditional is due from a customer, that is, only the passage of time is required before payment of the consideration is expected. Trade and other receivables may be measured at fair value or amortised cost depending on the nature of the individual balance. Where the balance is measured at amortised cost, the carrying value is subject to an expected credit loss calculation.

The company always measures the loss allowance for trade receivables on a simplified expected credit loss allowance and on a collective basis. The expected loss rates are

based on the company's historical credit losses experienced and an analysis of the customers' current financial position, adjusted for current and forward-looking information on factors affecting the customers. The company has recognised a loss allowance of 100 per cent against all receivables over 2 years past due and when a company that has been placed under liquidation because these receivables are generally not recoverable. Receivables between 1 to 2 years have been subject to an allowance of 50 per cent. NSTA writes off a trade receivable when there is information indicating that the customer has been dissolved and there is no realistic prospect of recovery.

### 2.12 Leases

Determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, it is a lease.

#### Leases as lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i. Right-of-use assets

The company recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs,

prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value. Right-of-use assets are depreciated on a straight-line basis over the lease term and the estimated useful lives of the assets. The right-of-use asset is also subject to impairment. Refer to note 15.1.1.

#### ii. Lease Liabilities

The lease liability is initially measured at the present value of future lease payments, discounted at the rate of 0.95%-4.81% in accordance with the published rate by HMT. The Company's management agreed to use the rate published by HMT, due to no interest rate implicit in the lease in addition to not having a readily available alternative corporate borrowing rate. The lease payments include fixed payments. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

#### iii. Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date

and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

#### 2.13 Employee benefits

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the company has an obligation to pay them. This includes the cost of any untaken leave as at the reporting date, which is recognised as an accrual.

#### 2.14 Pensions

The majority of past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Remuneration Report. The NSTA is unable to identify its share of liabilities in these multi-employer schemes so accounts for its expenses as if the schemes were on a defined contribution basis, as required by IAS19. Expenditure accrues to the extent contributions are payable by the NSTA as employer. The employer contribution rates payable by the NSTA for employees covered by the PCSPS in 2026-27 are expected to be in a range of 28.97% for all pay bands (2025-26: 28.97%).

#### 2.15 Corporation tax

The NSTA is liable for corporation tax in relation to income earned from business activities. The vast majority of the company's activity is non-business as it has a statutory obligation to regulate and provide services to the oil and gas industry and is not in

competition with the private sector in carrying out this activity, as no-one else has the right to maintain this role. Non-business activity is further characterised by the fact that the company does not receive any payment in consideration for regulating the oil and gas industry; instead it is funded from levies charged. Non-business activities are not subject to corporation tax.

The company does not have any business activities that are subject to corporation tax in this financial year. Where tax is to be paid, it is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### 2.16 Value Added Tax (VAT)

The NSTA has trading activities where VAT is charged at the prevailing rate and where the related input VAT costs are recoverable. Input VAT is also recoverable on certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets. Where output tax is charged on business activities or input tax is recoverable, the amounts are stated net of VAT.

### 2.17 Provisions

Provisions are recognised when the NSTA has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation. The provisions represent the directors' best estimate of the expenditure required to settle the obligation, often with the benefit of technical advice.

### Dilapidation Provision

The NSTA is required to restore the leased premises at 48 Huntly Street, Aberdeen and the 4th Floor, 21 Bloomsbury Street, London to their original condition at the end of their respective lease terms. The transitional provisions have not been applied to these two premises when IFRS16 was adopted. They are measured at the present value of the expenditure expected to be required to settle the obligation. The accounting policy allows for an increase in the provision due to the passage of time (time value of money) which would be recognised as an expense. The lease agreement for 48 Huntly Street ended on 25 June 2025, the dilapidations were settled on 24 July 2025. The lease agreement for 21 Bloomsbury Street ended on 30 September 2022, the dilapidations were released on 27th March 2026.

The leases for the premises at 1 Marischal Square, Aberdeen & 50 Broadway, London, obliged the company to return the office to its original state, at the end of the lease term. This will be assessed under the requirement of IFRS 16, which requires dilapidation provisions to be capitalised as part of the cost of the right-of-use asset. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised and are depreciated over the term of the lease and the useful life of the assets. The NSTA discounts the provisions to its present value using the discount rate set by HM Treasury which is 4.22-5.32%. Provision discount rates set by HM Treasury are updated annually and have an effect on liabilities. The

main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

### Other Provision

Other provisions include legal obligations and other matters requiring financial settlement. These provisions are based on management's assessment of the risks and uncertainties associated with each obligation, including the stage of any legal proceedings, external legal advice received, and the probability and magnitude of potential outflows. Judgement is required in determining whether an obligation meets the criteria for recognition under IAS 37. Where updated information indicates that an outflow is no longer probable, the provision is reversed. Further details of movements in these provisions are disclosed in Note 13.

### 2.18 Financial risk identification and management

The NSTA's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the company.

The company is not exposed to significant interest rate, credit or cash risks. The trade receivables are reviewed at year end and where it is considered there is a risk in relation to recoverability of these monies, an impairment provision is included within the financial statements. The Expected Credit Loss Allowance at 31 March 2026 is analysed in Note 15.1.

Under IFRS 9, financial assets are required to be assessed for impairment based on expected credit losses. The Government Financial Reporting Manual (FReM) 2025-26 states that balances with core central government departments are excluded from recognising impairments under IFRS 9; while

the NSTA is a non-FReM body, receivables from DESNZ have been excluded from this assessment as the NSTA considers there to be no recoverability risk. The company has experienced some historical credit losses with regards to trade receivables, therefore a review of outstanding balances at 31 March 2026 was carried out to establish a 'loss rate' to apply. The company will continue to reflect identified losses using the calculated loss rate methodology on an ongoing basis.

### 2.19 Critical accounting judgements, estimates and assumptions

The preparation of the NSTA's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The results form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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.

The key assumptions concerning the future and other 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 described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

### 2.19.1 Estimates

#### **Estimating useful lives of property, plant and equipment and intangible assets**

At each reporting date, the useful lives and residual values of property, plant and equipment and intangible assets are reviewed. Assessing the appropriateness of useful life requires the company to consider a number of factors such as the physical condition of the asset, technological advancement, expected period of use of the asset by the company, and expected disposal proceeds (if any) from the future sale of the asset. An incorrect estimate of the useful life will affect the depreciation/amortisation expense recognised in the Statement of Comprehensive Income and the asset's carrying amount.

#### **Determining the lease term (IFRS 16)**

NSTA has applied judgement to determine the lease term for those lease contracts that include a break option. The assessment of whether the NSTA is reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the Statement of Financial Position. The importance of the underlying assets to the NSTA's operation and business plan is a key factor in making this assumption.

#### **Provisions**

Judgement and estimation techniques are employed in determining the best estimate of the amount required to settle obligations, including assessing the likelihood that an outflow of economic benefits will be required. The Company holds provisions relating to future dilapidation costs for its leased premises and other provisions relating to legal obligations.

In forming these estimates, management considers the nature of the obligation, the stage and status of any legal or contractual processes, external professional advice, and the range of potential outcomes. Significant judgement is required in determining whether the criteria for recognising a provision under IAS 37 have been met, particularly for legal matters where the probability of an outflow may change as cases progress. Provisions relating to dilapidations are remeasured annually using discount rates set by HM Treasury, which affects the carrying value of the liabilities. Legal provisions are reassessed at each reporting date, and where updated information indicates that an outflow is no longer probable, the provision is reversed. Further details of movements in provisions are disclosed in Note 13.

During the year, the Company released the £1.4m legal provision recognised in the previous year. Following the conclusion of the legal case in the Company's favour, management reassessed the obligation based on updated legal advice and determined that an outflow of economic benefits is no longer probable. The provision has therefore been written back in full. The Company also recognised £750k received on account, in respect of court-ordered cost awards as income in the current year, based on the information available at the reporting date. The final recoverable amount has yet to be determined.

### 3. Income

In 2025-26, the NSTA received income from fees and charges; levy on industry; and grant from DESNZ to assist with the company's activities. The tables below detail the breakdown of income received for the year to 31 March 2026.

	2025-26 £'000	2024-25 £'000
<b>a) Income</b>		
Income from fees and charges	4,289	2,914
<b>Income from sale of goods and services</b>	<b>4,289</b>	<b>2,914</b>
Income from the industry levy	34,086	38,465
Income from other government grant	2,781	2,690
Income from other government project grant	46	-
Miscellaneous income	872	64
<b>Other income</b>	<b>37,785</b>	<b>41,219</b>
<b>b) Reconciliation of levy collected and levy income recognised</b>		
Industry levy collected	40,042	38,465
Industry Levy collected in excess of the legislated annual amount	127	-
Levy income recognised in the year (matched to expenditure funded by the industry levy)	(34,086)	(38,465)
<b>Underspent levy balance refundable to industry</b>	<b>6,083</b>	<b>-</b>

The reconciliation explains the difference between industry levy cash collected and levy income recognised in the year. Levy income is recognised only to the extent that qualifying expenditure has been incurred, with any surplus collections retained as underspent levy refundable to industry in accordance with the legislative framework. Amounts collected above the legislated annual levy limit are excluded from income recognition.

### 4. Staff costs

Staff costs comprise:

			2025-26	2024-25
	Permanently employed staff	All other staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	18,892	34	18,926	17,953
Social security costs	2,774	-	2,774	2,237
Other pension costs	5,160	-	5,160	4,841
<b>Total net costs</b>	<b>26,826</b>	<b>34</b>	<b>26,860</b>	<b>25,031</b>

The average number of staff employed by the company (including executive directors) during the year:

	2025-26	2024-25
	FTE	FTE
Permanent staff	239	235
Agency and contracted staff	1	2
<b>Total</b>	<b>240</b>	<b>237</b>

Key management personnel include executive directors and their compensation is disclosed in the Remuneration Report on pages 39 to 49.

## 5. Other expenditure

	SoCI Reference	2025-26 £'000	2024-25 £'000
Project delivery costs		4,744	6,595
IT outsourcing		4,150	3,827
IT expenditure		1,812	1,538
Accommodation		923	889
Travel and subsistence		510	679
Training		344	505
Other		339	506
Legal, professional and consultancy		391	2,516
Subscriptions		352	316
Office services		284	278
Personnel related		227	116
Auditors' remuneration and expenses - National Audit Office		65	63
	5.1	<b>14,141</b>	<b>17,828</b>
<b>Non-cash items</b>			
Depreciation of right-of-use assets		803	934
Depreciation of property, plant and equipment assets		273	205
Amortisation of intangible assets		5	20
	5.2	<b>1,081</b>	<b>1,159</b>
<b>Provision expense</b>			
Provision provided in year		55	17
Provision unwinding of discount		28	12
Provision change in discount rate		(2)	-
Provision no longer required		(236)	-
	5.3	<b>(155)</b>	<b>29</b>
<b>Finance costs</b>			
Interest expense on lease liabilities		147	86
	5.4	<b>147</b>	<b>86</b>
<b>Total</b>		<b>15,214</b>	<b>19,102</b>

Project delivery costs include £1.7m (2024-25: £1.2m) in relation to the Data warehouse and £0.3m relates to HR system development (2024-25: £0.1m).

Accommodation costs includes rates and service charges. The long term operating lease rental is recognised in the Statement of Financial Position per IFRS 16.

Legal costs in the year include the net impact of the reversal of a £1.4m provision recognised in the previous year. The provision had been established in respect of ongoing legal matters, including litigation support, external legal assistance and advisory services.

Following the conclusion of the case in the Company's favour, the provision has been released, resulting in a reduction in the current year's legal expenditure. Further details of the provision release and the status of ongoing cost negotiations are provided in Note 13.

Other costs include events, bank charges, telecommunications, insurance, health and safety, printing & publications, design and incidentals costs.

## 6. Property, plant and equipment

	IT equipment £'000	Furniture and fittings £'000	Leasehold Improvements £'000	2025-26 total £'000
<b>Cost or valuation</b>				
<b>At 1 April 2025</b>	<b>1,206</b>	<b>1,370</b>	<b>269</b>	<b>2,845</b>
Additions	555	14	-	569
Disposals	(467)	(1,022)	-	(1,489)
<b>At 31 March 2026</b>	<b>1,294</b>	<b>362</b>	<b>269</b>	<b>1,925</b>
<b>Depreciation</b>				
<b>At 1 April 2025</b>	<b>1,000</b>	<b>1,120</b>	<b>-</b>	<b>2,120</b>
Charged in year	157	93	23	273
Disposals	(467)	(1,022)	-	(1,489)
<b>At 31 March 2026</b>	<b>690</b>	<b>191</b>	<b>23</b>	<b>904</b>
<b>Net book value at 31 March 2026</b>	<b>604</b>	<b>171</b>	<b>246</b>	<b>1,021</b>
<b>Asset financing:</b>				
Owned	604	171	246	1,021
<b>Net book value at 31 March 2026</b>	<b>604</b>	<b>171</b>	<b>246</b>	<b>1,021</b>
	IT equipment £'000	Furniture and fittings £'000	Leasehold Improvements £'000	2024-25 total £'000
<b>Cost or valuation</b>				
<b>At 1 April 2024</b>	<b>1,123</b>	<b>1,177</b>	<b>-</b>	<b>2,300</b>
Additions	83	193	269	545
Disposals	-	-	-	-
<b>At 31 March 2025</b>	<b>1,206</b>	<b>1,370</b>	<b>269</b>	<b>2,845</b>
<b>Depreciation</b>				
<b>At 1 April 2024</b>	<b>899</b>	<b>1,016</b>	<b>-</b>	<b>1,915</b>
Charged in year	101	104	-	205
Disposals	-	-	-	-
<b>At 31 March 2025</b>	<b>1,000</b>	<b>1,120</b>	<b>-</b>	<b>2,120</b>
<b>Net book value at 31 March 2025</b>	<b>206</b>	<b>250</b>	<b>269</b>	<b>725</b>
<b>Asset financing:</b>				
Owned	206	250	269	725
<b>Net book value at 31 March 2025</b>	<b>206</b>	<b>250</b>	<b>269</b>	<b>725</b>

The company acquired £555k (2024-25: £83k) of IT equipment, which includes new laptops and networking infrastructure equipment, and acquisitions of £14k of Furniture and fittings (2024-25: £193k). There were no acquisitions of Leasehold improvements in the year (2024-25: £269k).

The company disposed of £467k of IT equipment, which includes Monitors & Peripherals. These were disposed for refurbishment. No proceeds were received and the items had no net book value at disposal.

The company also disposed of £1.0m of Furniture and fittings. These were fittings costs relating to the leased premises at 48 Huntly Street, which has now ended. No proceeds were received and the items had no net book value at disposal.

## 7. Right-of-use assets

	<b>Buildings</b> £'000	<b>2025-26 Total</b> £'000
<b>Cost or valuation</b>		
<b>At 1 April 2025</b>	<b>11,665</b>	<b>11,665</b>
Disposals	(2,159)	(2,159)
Capitalised Provision	198	198
<b>At 31 March 2026</b>	<b>9,704</b>	<b>9,704</b>
<b>Depreciation</b>		
<b>At 1 April 2025</b>	<b>3,581</b>	<b>3,581</b>
Charged in year	803	803
Disposals	(2,159)	(2,159)
<b>At 31 March 2026</b>	<b>2,225</b>	<b>2,225</b>
<b>Net book value at 31 March 2026</b>	<b>7,479</b>	<b>7,479</b>
<b>Asset financing:</b>		
Leased	7,479	7,479
<b>Net book value at 31 March 2026</b>	<b>7,479</b>	<b>7,479</b>
	<b>Buildings</b> £'000	<b>2024-25 Total</b> £'000
<b>Cost or valuation</b>		
<b>At 1 April 2024</b>	<b>9,816</b>	<b>9,816</b>
Additions	1,773	1,773
Remeasurement	76	76
<b>At 31 March 2025</b>	<b>11,665</b>	<b>11,665</b>
<b>Depreciation</b>		
<b>At 1 April 2024</b>	<b>2,647</b>	<b>2,647</b>
Charged in year	934	934
<b>At 31 March 2025</b>	<b>3,581</b>	<b>3,581</b>
<b>Net book value at 31 March 2025</b>	<b>8,084</b>	<b>8,084</b>
<b>Asset financing:</b>		
Leased	8,084	8,084
<b>Net book value at 31 March 2025</b>	<b>8,084</b>	<b>8,084</b>

**Amounts recognised in Statement of Comprehensive Income**

	<b>2025-26 Total</b> £'000	<b>2024-25 Total</b> £'000
Depreciation expense on right-of-use assets	803	934
Interest expense on lease liabilities	147	86
Expenses relating to short term leases	8	7

None of the NSTA's property leases contain variable payment terms. The total cash outflow relating to leases in the year amounted to £633k (2024-25: £747k).

During the year, the leases relating to the Sanctuary Buildings premises and 48 Huntly Street expired. The related Right-of-Use assets, with carrying values of £0.2m and £1.9m respectively, were derecognised and accounted for as disposals in the financial statements.

**8. Intangible fixed assets**

	<b>Finance and HR software</b> £'000	<b>Software licences</b> £'000	<b>Website</b> £'000	<b>2025-26 Total</b> £'000
<b>Cost</b>				
<b>At 1 April 2025</b>	<b>205</b>	<b>299</b>	<b>104</b>	<b>608</b>
<b>At 31 March 2026</b>	<b>205</b>	<b>299</b>	<b>104</b>	<b>608</b>
<b>Amortisation</b>				
<b>At 1 April 2025</b>	<b>187</b>	<b>299</b>	<b>104</b>	<b>590</b>
Charged in year	5	-	-	5
<b>At 31 March 2026</b>	<b>192</b>	<b>299</b>	<b>104</b>	<b>595</b>
<b>Net book value at 31 March 2026</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Asset financing:</b>				
Owned	13	-	-	13
<b>Net book value at 31 March 2026</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>13</b>

	Finance and HR software £'000	Software licences £'000	Website £'000	2024-25 Total £'000
<b>Cost</b>				
<b>At 1 April 2024</b>	<b>189</b>	<b>299</b>	<b>104</b>	<b>592</b>
Additions	16	-	-	16
<b>At 31 March 2025</b>	<b>205</b>	<b>299</b>	<b>104</b>	<b>608</b>
<b>Amortisation</b>				
<b>At 1 April 2024</b>	<b>167</b>	<b>299</b>	<b>104</b>	<b>570</b>
Charged in year	20	-	-	20
<b>At 31 March 2025</b>	<b>187</b>	<b>299</b>	<b>104</b>	<b>590</b>
<b>Net book value at 31 March 2025</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>18</b>
<b>Asset financing:</b>				
Owned	18	-	-	18
<b>Net book value at 31 March 2025</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>18</b>

There were no acquisitions of Finance and HR software (2024-25: £16k) or Software licences (2024-25: £nil) in the year.

## 9. Cash and cash equivalents

	2025-26 £'000	2024-25 £'000
<b>Balance at 1 April</b>	<b>8,754</b>	<b>7,990</b>
Net change in cash and cash equivalent balances	3,397	764
<b>Closing balance</b>	<b>12,151</b>	<b>8,754</b>
<b>The following balances were held at:</b>		
Government Banking Service	12,151	8,754
<b>Balance at 31 March</b>	<b>12,151</b>	<b>8,754</b>

## 10. Trade and other receivables

	2025-26 £'000	2024-25 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	341	44
Trade receivables – expected credit losses	(35)	-
Other receivables	20	10
Prepayments	977	926
DESNZ receivable	160	149
<b>Total trade and other receivables at 31 March</b>	<b>1,463</b>	<b>1,129</b>

The carrying value of trade and other receivables approximates their fair value.

## 11. Trade and other payables

	Note	2025-26 £'000	2024-25 £'000
<b>Amounts falling due within one year</b>			
Trade payables		2,127	2,685
Current year levy underspend – refundable to industry	3	6,083	-
Prior years' levy underspend – refundable to industry *		34	34
VAT payable		63	50
Taxation and social security		1,259	1,164
Accruals		2,174	2,644
DESNZ capital loan **		221	164
<b>Total current payables at 31 March</b>		<b>11,961</b>	<b>6,741</b>
<b>Amounts falling due after more than one year</b>			
DESNZ capital loan **		1,051	701
<b>Total non-current payables at 31 March</b>		<b>1,051</b>	<b>701</b>
<b>Total trade and other payables at 31 March</b>		<b>13,012</b>	<b>7,442</b>

The carrying value of trade and other payables approximates their fair value.

\*£34k of the 2023-24 levy underspend is still due to levy payers at 31 March 2026. The NSTA are actively liaising with levy payers to ensure these funds are returned.

\*\* The DESNZ capital loan includes current year funding of £570k to purchase assets.

## 12. Lease liabilities

	Note	2025-26 £'000	2024-25 £'000
<b>Land &amp; Buildings</b>			
<b>Balance at 1 April</b>		<b>9,074</b>	<b>7,916</b>
Additions		-	1,743
Interest expense	5.4	147	86
Remeasurement	7	(70)	76
Lease payments		(633)	(747)
<b>Closing balance</b>		<b>8,518</b>	<b>9,074</b>
<b>Amount falling due within one year</b>			
Current lease liability		851	623
<b>Amount falling due after more than one year</b>			
Non-current lease liability		7,667	8,451
<b>Total lease liabilities</b>		<b>8,518</b>	<b>9,074</b>
<b>Maturity analysis</b>			
Not later than 1 year		851	623
Later than 1 year and not later than 5 years		2,910	2,437
Later than 5 years		4,757	6,014
		<b>8,518</b>	<b>9,074</b>

## 13. Provisions

	Dilapidations £'000	Other £'000	2025-26 Total £'000
<b>At 1 April 2025</b>	<b>774</b>	<b>1,420</b>	<b>2,194</b>
Change in discount rate	(2)	-	(2)
Provided in the year	218	-	218
Unwinding of discount	28	-	28
Provision utilised in the year	(185)	-	(185)
Provision not required	(236)	(1,420)	(1,656)
<b>At 31 March 2026</b>	<b>597</b>	<b>-</b>	<b>597</b>

### Analysis of expected timing of discounted flows:

Not later than 1 year	-	-	-
Later than 5 years	597	-	597
	<b>597</b>	<b>-</b>	<b>597</b>

	Dilapidations £'000	Other £'000	2024-25 Total £'000
<b>At 1 April 2024</b>	<b>745</b>	<b>-</b>	<b>745</b>
Provided in the year	17	1,420	1,437
Unwinding of discount	12	-	12
<b>At 31 March 2025</b>	<b>774</b>	<b>1,420</b>	<b>2,194</b>

### Analysis of expected timing of discounted flows:

Not later than 1 year	402	1,420	1,822
Later than 1 year and not later than 5 years	-	-	-
Later than 5 years	372	-	372
	<b>774</b>	<b>1,420</b>	<b>2,194</b>

The dilapidations provision relates to the company's leased premises as disclosed in note 2.17. At the end of the lease term, the company is obliged to return the offices to their original state. The provision represents the best estimate of the expenditure required to settle that obligation, with the benefit of technical advice. The total undiscounted provision liability as at 31 March 2026 is at £nil (2024-25: £402k) and the total discounted provision liability as at 31 March 2026 is £597k (2024-25: £372k).

During the year, the company settled the dilapidation obligation of £185k, for its former premises at 48 Huntly Street. The company has also released the dilapidation provision of £236k for the former premises at 21 Bloomsbury Street as there is no longer an expected outflow. The provision has been written back. Provision discount rates are set by HM Treasury and are updated annually. During the year, the Company released the £1.4m legal provision recognised in the previous year, following the conclusion of the legal case in the Company's favour. Management reassessed the obligation based on updated legal advice and determined that an outflow of economic benefit is no longer probable. In accordance with IAS 37, the provision has therefore been written back in full. Although the case has been won, cost negotiations with the counterparty remain ongoing. An initial payment on account has been received and recognised as income, pending final assessment. At the reporting date, no obligation exists that meets the recognition criteria for a provision, and no further outflows are expected. Management continues to monitor developments and will update disclosures as appropriate.

## 14. Share capital

	Number
<b>Authorised shares</b>	
1 Ordinary share of £1 each	1

Ordinary share capital issued £1 each and fully paid.

## 15. Financial instruments

IFRS 7 requires minimum disclosures about the nature and extent of credit risk, liquidity risk and market risk that the company faces in undertaking its activities. Due to the way in which Government entities are financed, the company is not exposed to the degree of financial risk faced by many business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The company has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the company in undertaking its activities. Nevertheless, the company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The core operations of the company are resourced from funds raised through the industry levy and so the company's activities are largely dependent on revenues from customers. This has an impact on the financial risks to which the company is exposed.

### 15.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the company's customers or counterparties fail to fulfil their contractual obligations to the company. The majority of the company's customers are private companies which increases the company's exposure to credit risk. In order to mitigate this, the company has policies and procedures in place to ensure credit risk is kept to a minimum and receivables are impaired where a specific receivable is deemed to be irrecoverable, based on the information available. The carrying amount of financial assets in the financial statements represents the maximum credit risk exposure of the company.

The following table provides an overview of the ageing profile of the financial assets comprising trade and other receivables at 31 March.

	<b>2025-26</b> £'000	<b>2024-25</b> £'000
<b>Ageing of financial assets</b>		
Neither past due nor impaired	353	62
Past due 1-30 days	11	136
Past due 30-60 days	119	-
Past due 61-90 days	6	-
Past due > 90 days	33	4
<b>Total at 31 March</b>	<b>522</b>	<b>202</b>

The loss allowance as at 31 March 2026 for trade receivables over 90 days, has been determined as follows:

	<b>Between 1-2 years</b> %	<b>&gt; 2 years</b> %
Expected Loss Rate	50	100

The following table below shows the movement in expected credit loss that has been recognised during the reporting period.

	<b>2025-26</b> £'000	<b>2024-25</b> £'000
<b>At 1 April</b>	<b>-</b>	<b>2</b>
New allowances in the reporting period	35	-
Released on repayment	-	(2)
ECL utilised when written-off	-	-
<b>At 31 March</b>	<b>35</b>	<b>-</b>

### 15.1.1 Impairment of financial assets

The company assesses at each year end whether there is objective evidence that financial assets are impaired based on historical credit loss rates. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows from receivables are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### 15.2 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations when they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The company's policy is to determine its liquidity requirements by using forecasts and mitigating funding constraints by requesting annual payments from levy payers in advance. The company believes that its contractual obligations, including those shown in notes 16, 17, and 18, can be met under the short and long term funding structure currently in place.

### 15.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures where these are considered to materially impact the business and operations of the company.

#### 15.3.1 Interest rate risk

This is the risk that the company will suffer financial loss due to interest rate fluctuations. The company's financial assets and its financial liabilities carry nil or fixed rates of interest; therefore the company is not exposed to significant interest rate risk.

#### 15.3.2 Exchange rate risk

This is the risk that the company will suffer financial loss due to changes in exchange rates. The company undertakes very few foreign currency transactions and is not exposed to significant exchange risk. Given the quantum of transactions in foreign currency, the company has assessed that a strengthening or weakening in these exchange rates will not have any significant impact on the financial statements.

#### 15.3.3 Fair values

Set out below are the carrying amounts and fair values of the company's financial assets and liabilities that are carried in the financial statements. The company considers that the carrying amounts for trade and other receivables and trade and other payables approximate their fair value due to the short term maturities of these instruments.

	<b>2025-26</b> £'000	<b>2024-25</b> £'000
<b>Carrying amounts and fair values</b>		
Trade and other receivables	1,463	1,129
Trade and other payables	(13,012)	(7,442)
<b>Total at 31 March</b>	<b>(11,549)</b>	<b>(6,313)</b>

## 16. Losses and special payments

### Losses statement

The Statement of Comprehensive Income includes the following losses, including write-offs of unrecoverable debts and fruitless payments.

	<b>2025-26</b>	<b>2024-25</b>
Number of cases	-	2
<b>£'000</b>	<b>-</b>	<b>-</b>

The two cases of unrecoverable debts that have been written off in the previous year amount to less than £100.

## 17. Related party transactions

DESNZ publishes a consolidated Annual Report and Accounts for the core department each year. The NSTA is classified within the DESNZ consolidation boundary; therefore, any transaction that the company carries out within the group is considered a related party transaction. During the year, the company received grant in aid of £2.8m (2024-25: £2.7m) and a capital loan of £570k (2024-25: £600k) from DESNZ.

At the balance sheet date, the company has a balance of £160k (2024-25: £149k) in trade and other receivables, which is due from DESNZ. The company has a capital loan of £1.3m (2024-25: £865k) included in trade and other payables which is due to DESNZ and will be repaid through the annual depreciation which is funded by the levy.

During the year, NSTA engaged in transactions totalling £102k (2024-25: £198k) with Net Zero Technology Centre Limited, an entity where NSTA chair, Liz Ditchburn is a board member. Net Zero Technology Centre Limited provided services to NSTA such as CCS (Carbon Capture and Storage) technology projects and a secondee to support decommissioning data management. All transactions were conducted at arm's length and in accordance with standard commercial terms. No other board members, key managers or other related parties have undertaken any material transactions with the company during the year. There are no conflicts of interest to report.

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## 18. Events after the reporting period

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In accordance with the requirements of IAS 10, Events after the Reporting Period, events are considered up to the date on which the financial statements are authorised for issue, which is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

As of the date of issuance of these financial statements, there has been no further significant financial impact on the company's financial statements.

# Trust Statement

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Financial statements

# Accounting Officer's Foreword to the Trust Statement

## Scope

The North Sea Transition Authority (NSTA) is a business name of the Oil and Gas Authority (OGA), the company is responsible for the collection and allocation of receipts from the Petroleum Licensing Regime. The Petroleum Licence fees collected by the NSTA and paid over to the Consolidated Fund are included in this Trust Statement, along with the revenues, expenditure, assets, and liabilities relating to the receipts of Petroleum Licences under The Petroleum Act 1998 for the financial year 2025-26.

This statement is also prepared to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

## Background

The Petroleum Act 1998 vests in the Crown all rights to the nation's petroleum resources. The Act gives the Secretary of State power to grant licences that confer exclusive rights to "search and bore for and get" petroleum. The Secretary of State transferred these rights to the OGA on vesting of the OGA as a government company on 1 October 2016. Each of these licences confers such rights over a limited area and for a limited period.

The NSTA is responsible for issuing and administering these licences. This process is carried out with a view to realising the full benefit to the UK of its petroleum resources in a way which balances the interests of potential developers with the interests of the nation as the owner of the resource. As part of this regulatory oversight, the NSTA also imposes fines and sanctions on licence holders who fail to comply with licence conditions, reinforcing industry accountability and adherence to established guidelines.

Licences are awarded in periodic "rounds" subject to a requirement that the holder will make annual payments (known as 'Licence Rental Fees') to the NSTA, which remits them, via the Department of Energy Security and Net Zero (DESNZ), to the Consolidated Fund. These payments are calculated on the basis of the acreage under licence, and incorporate an escalating scale of pre-determined rates per square kilometre, designed to encourage licensee-companies to relinquish acreage not undergoing productive activity, thus making it available for relicensing to other potential interested applicants.

## Future developments

The government published its response to the consultation on the North Sea Future Plan in November 2025. The Plan stipulates that no new licences will be granted to explore new fields, but commits to introducing Transitional Energy Certificates (TECs) to support the management of existing fields for their lifespan.

As a result, the NSTA is currently working with DESNZ to help define and prepare for the new TECs. However, while current legislation remains in place, the NSTA will continue to collaborate with the government, which has a stated policy on licensing.

## Financial Review

Fees received in respect of Petroleum licences amounted to £43.7m for the period to 31 March 2026 (£47.2m in 2024-25). Fees received in respect of Fines and Penalties amounted to £675k for the period to 31 March 2026 (£875k in 2024-25). Under Section 2 of the Miscellaneous Financial Provisions Act 1968, the Northern Ireland Government is entitled to a share of the proceeds received under the regime. The Northern Ireland Government payment for the 2025-26 year has been calculated in the current year at £1.3m and will be paid in the 2026-27 financial year (£1.3m in 2024-25 and paid in 2025-26 financial year). These payments are recognised in the Statement of Revenue, Other Income and Expenditure.

## Auditors

These financial statements have been audited, under Section 3 of the Exchequer and Audit Departments Act 1921, by the Comptroller and Auditor General (C&AG), who is appointed under statute and reports to Parliament. The audit opinion is on pages 94 to 98. The auditor's notional remuneration of £17.0k (2024-25: £16.2k) is included within the DESNZ accounts. There were no fees in respect of non-audit work.

## Basis for preparation

The HM Treasury Accounts Direction, issued under Section 2 of the Exchequer and Audit Departments Act 1921, requires the NSTA to prepare the Trust Statement to give a true and fair view of the situation relating to the collection of receipts from the Petroleum Licences regime (together with the revenue, expenditure, and cash flows for the financial year). Regard is given to all relevant accounting and disclosure requirements given in Managing Public Money and other guidance issued by HM Treasury.

## Accounting judgements

As the Accounting Officer, it is my responsibility to apply suitable accounting policies in the preparation of the Trust Statement. These are all detailed in Note 1 to the Trust Statement.

## Events after the reporting period

Details of events after the reporting period are given in Note 9 to the Trust Statement.



## Stuart Payne

Chief Executive and Accounting Officer  
29<sup>th</sup> June 2026

# Statement of the Accounting Officer's responsibilities in respect of the Trust Statement

Under Section 2 of the Exchequer and Audit Departments Act 1921, HM Treasury has directed the Oil and Gas Authority (OGA) to prepare a Trust Statement for each financial year in the form and on the basis set out in the Accounts Direction.

HM Treasury has appointed the Chief Executive as Accounting Officer of the North Sea Transition Authority (NSTA) with overall responsibility for preparing the Trust Statement and for transmitting it to the Comptroller and Auditor General.

The Accounting Officer is responsible for ensuring that there is a high standard of financial management, including a sound system of internal control; that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity; that financial considerations are fully taken into account in decisions on policy proposals; and that risk is considered in relation to assessing value for money.

The Accounting Officer is responsible for the collection of Petroleum Licences receipts and their onward transmission to the Consolidated Fund.

The responsibilities of the Accounting Officer including; responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the assets, are set out in Managing Public Money, published by HM Treasury.

The Trust Statement must give a true and fair view of:

- the statement of affairs of the Petroleum Licensing Schemes and penalties issued. These streams of income are recognised on an accruals basis;
- the revenue collected, and expenditure incurred together with the net amounts surrendered to the Consolidated Fund.

In preparing the Trust Statement, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the Trust Statement on a going concern basis.

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole are fair, balanced, and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced, and understandable.

## **Governance Statement**

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The NSTA's Governance Statement, covering both the Accounts and the Trust Statement, is included in the Governance section of this report on page 28.

# The report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I have audited the financial statements of the Oil and Gas Authority Trust Statement for the year ended 31 March 2026 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise: the Oil and Gas Authority Trust Statement's:

- Statement of Financial Position as at 31 March 2026;
- Statement of Revenue, Other Income and Expenditure, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Oil and Gas Authority Trust Statement's affairs as at 31 March 2026 and its net revenue for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes

intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Oil and Gas Authority Trust Statement in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Oil and Gas Authority Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties

relating to events or conditions that, individually or collectively, may cast significant doubt on the Oil and Gas Authority Trust Statement'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.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Oil and Gas Authority Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

### Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

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

I have nothing to report in this regard.

### Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accounting Officer's foreword to the Trust Statement subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- the information given in the Accounting Officer's Foreword to the Trust Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

### Matters on which I report by exception

- In the light of the knowledge and understanding of the Oil and Gas Authority Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Accounting Officer's Foreword to the Trust Statement.
- I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept by the Oil and Gas Authority

Trust Statement or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of the Accounting Officer's responsibilities in respect of the Trust Statement, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Oil and Gas Authority Trust Statement from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- preparing the annual report in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the Oil and Gas Authority Trust Statement'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 Accounting Officer anticipates that the services provided by the Oil and Gas Authority Trust Statement will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

My 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 a report that includes my 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.

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

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

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Oil and Gas Authority Trust Statement's accounting policies.
- inquired of management, Oil and Gas Authority Trust Statement's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Oil and Gas Authority Trust Statement's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

including the Oil and Gas Authority Trust Statement's controls relating to the Oil and Gas Authority Trust Statement's compliance with the Exchequer and Audit Departments Act 1921, Managing Public Money, the Petroleum Act 1998 and the Miscellaneous Financial Provisions Act 1968.

- inquired of management, the Oil and Gas Authority Trust Statement's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Oil and Gas Authority Trust Statement for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Oil and Gas Authority Trust Statement's framework of authority and other legal and regulatory frameworks in which the Oil and Gas Authority Trust Statement operates. I focused on those

laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Oil and Gas Authority Trust Statement. The key laws and regulations I considered in this context included Exchequer and Audit Departments Act 1921, Managing Public Money and the Petroleum Act 1998 and the Miscellaneous Financial Provisions Act 1968.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### Report

I have no observations to make on these financial statements.

#### **Gareth Davies**

Date: 3<sup>rd</sup> July 2026

#### **Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Statement of Revenue, Other Income and Expenditure for the year ended 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
<b>Revenue</b>			
<b>Licence fees and taxes</b>			
Petroleum licences	2.1	43,749	47,162
<b>Total licence fees and taxes</b>		<b>43,749</b>	<b>47,162</b>
<b>Fines and penalties</b>			
Fines and penalties	2.2	675	875
<b>Total fines and penalties</b>		<b>675</b>	<b>875</b>
<b>Total revenue and other income</b>		<b>44,424</b>	<b>48,037</b>
<b>Expenditure</b>			
Disbursements	3	(1,304)	(1,732)
<b>Total expenditure</b>		<b>(1,304)</b>	<b>(1,732)</b>
<b>Net revenue for the Consolidated Fund</b>		<b>43,120</b>	<b>46,305</b>

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes on pages 102 to 108 form part of this statement.

## Statement of Financial Position as at 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
<b>Current assets</b>			
Receivables and accrued fees	4	6,536	5,702
Cash and cash equivalents	5	21,804	24,811
<b>Total current assets</b>		<b>28,340</b>	<b>30,513</b>
<b>Current liabilities</b>			
Payables	6	(5,220)	(4,208)
<b>Total current liabilities</b>		<b>(5,220)</b>	<b>(4,208)</b>
<b>Net current assets</b>		<b>23,120</b>	<b>26,305</b>
<b>Total net assets</b>		<b>23,120</b>	<b>26,305</b>
<b>Represented by:</b>			
<b>Balance on Consolidated Fund Account</b>	7	<b>23,120</b>	<b>26,305</b>

The notes on pages 102 to 108 form part of this statement.

The financial statements were approved by the Board of Directors on 18<sup>th</sup> June 2026 and signed on its behalf on 29<sup>th</sup> June 2026 by



**Stuart Payne**

Chief Executive Officer  
29<sup>th</sup> June 2026

## Statement of Cash Flows for the year ended 31 March 2026

	Note	31 March 2026 £'000	31 March 2025 £'000
<b>Net cash flows from operating activities</b>		<b>43,298</b>	<b>47,233</b>
Cash paid to the Consolidated Fund	7	(46,305)	(44,983)
<b>(Decrease)/Increase in cash in this year</b>		<b>(3,007)</b>	<b>2,250</b>

### Notes to the Statement of Cash Flows

#### A: Reconciliation of Net Cash Flow to Movement in Net Funds

Net revenue for the Consolidated Fund	7	43,120	46,305
(Increase) in receivables and accrued fees	4	(834)	(146)
Increase in payables	6	1,012	1,074
<b>Net cash flows from operating activities</b>		<b>43,298</b>	<b>47,233</b>

#### B: Analysis in changes in Net Funds

(Decrease)/Increase in cash in this year		(3,007)	2,250
Net Funds as at 1 April (net cash at bank)	5	24,811	22,561
<b>Net Funds as at 31 March (closing balance)</b>	<b>5</b>	<b>21,804</b>	<b>24,811</b>

The notes on pages 102 to 108 form part of this statement.

# Notes to the Trust Statement

## 1. Statement of Accounting Policies

### 1.1 Basis of Accounting

The Trust Statement is prepared in accordance with the Accounts Direction issued by HM Treasury under Section 2 of the Exchequer and Audit Departments Act 1921. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between the North Sea Transition Authority (the Company) and HM Treasury and have been developed with reference to International Financial Reporting Standards (IFRS) and other relevant guidance. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The income and associated expenditure contained in these statements are those flows of funds which the company handles on behalf of the Consolidated Fund and where it is acting as agent rather than as principal.

The financial information in the Trust Statement is presented in pounds sterling and in the notes is rounded to the nearest thousand.

### 1.2 Accounting convention

The Trust Statement has been prepared in accordance with the historical cost convention.

### 1.3 Changes in accounting policy and disclosures

There have been no changes in accounting policies for the year ended 31 March 2026.

### 1.4 Revenue recognition

Taxes, licence fees and penalties are recognised on an accrual basis and are measured in accordance with FReM 8.2.4. They are measured at the fair value of amounts received or receivable net of repayments. Revenue is recognised when:

- A taxable event has occurred, the revenue can be measured reliably, and it is probable that the economic benefits from the taxable event will flow to the Exchequer. A taxable event occurs when a liability arises to pay a tax or licence fee; or
- A penalty is validly imposed and an obligation to pay arises.

Revenue in respect of petroleum licence fees is recognised when it falls due, which is on the anniversary date of each existing licence. In the event that HM Treasury retrospectively waives certain petroleum licence fees, the waiver is recognised as a reduction to revenue and receivables at the date of its approval. Petroleum licence fees collected by the company as agent on behalf of the Welsh and Scottish Governments are not recognised as revenue.

### 1.5 Receivables

Receivables are shown net of impairments in accordance with the requirements of the FReM and IFRS 9. The NSTA enforces the full collection of rental income, therefore any rental income debt written off is only where specific circumstances apply, such as company in liquidation. The FReM requires the NSTA Trust to include expected credit loss allowances, estimating the value of outstanding debt, which are measured in accordance with IFRS 9. The impairment estimate has been determined based on our assessment of recoverability of debt at the year-end date that have been outstanding for more than 90 days.

Debts will be written off by following the appropriate approval process, when there is information indicating that the company has been dissolved and there is no realistic prospect of recovery. Therefore, receivables for rental income are measured at amortised cost, less any expected credit loss allowance. The details of debt write-offs in year are disclosed in Note 8.2.

### 1.6 Financial instruments

The only financial instruments included in the financial statements are the following assets and liabilities: receivables and payables, as disclosed in notes 4 and 6. These are non-derivative financial assets and liabilities with fixed or determinable payments that are not traded in an active market and, as they are expected to be realised within twelve months of the reporting date, there is no material difference between fair value, amortised cost and historical cost. Trade and other receivables are recognised at amortised cost and upon recognition, a loss allowance is recognised for an amount equal to the lifetime expected credit losses. Trade and other payables are recognised at amortised cost.

All financial assets and liabilities are recognised when the trust becomes party to the contractual provisions to receive or make cash payments. The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability was held or acquired. Management determine categorisation of the asset or liability at initial recognition and then annually re-evaluate.

### 1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash held in the bank.

## 2. Revenue

### 2.1 Petroleum licence income

	<b>2025-26</b> £'000	<b>2024-25</b> £'000
Fees receivable	43,749	47,162
<b>Total</b>	<b>43,749</b>	<b>47,162</b>

The responsibility for the collection of petroleum licences is with the Company.

### 2.2 Revenue from fines and penalties

	<b>2025-26</b> £'000	<b>2024-25</b> £'000
Repsol North Sea Limited	-	350
Perenco UK Limited	-	225
NEO Energy Production UK Limited	-	100
ONE-Dyas UK Limited	-	75
CNOOC Petroleum Europe Limited	-	125
CNR International (U.K) Limited	250	-
CATS North Sea Limited	175	-
Chrysaor North Sea Limited	150	-
NEO NEXT+ Energy Petroleum Limited	100	-
<b>Total</b>	<b>675</b>	<b>875</b>

Fines and penalties served with a Sanction Notice for breaching a licence condition.

### 3. Expenditure and disbursements

	2025-26 £'000	2024-25 £'000
Payments to Northern Ireland Government	1,302	1,282
Expected credit losses	2	450
<b>Total</b>	<b>1,304</b>	<b>1,732</b>

The company makes payments to the Northern Ireland Government to reflect their share of the proceeds received by the company under the Petroleum Licensing Regime. These payments are made under Section 2 of the Miscellaneous Financial Provisions Act 1968. The calculation has been adjusted to reflect the change in the population figures from the latest Census update. The amounts outstanding at the reporting date are disclosed under the payables note 6.

The Expected credit losses (ECL) are detailed under note 8.3.

### 4. Receivables and accrued fees

	2025-26 £'000	2024-25 £'000
Petroleum licence fees receivable	6,995	6,159
Trade receivables – expected credit losses	(459)	(457)
<b>Total</b>	<b>6,536</b>	<b>5,702</b>

Petroleum licence fees receivable represent the amounts due from the licensees where invoices for payment have been issued but not paid at the year end.

There have been no waivers approved by HM Treasury during this financial year.

The expected credit loss allowance at 31 March 2026 is analysed in Note 8.2.

### 5. Cash and cash equivalents

	2025-26 £'000	2024-25 £'000
<b>Balance as at 1 April</b>	<b>24,811</b>	<b>22,561</b>
Net change in cash and cash equivalent balances	(3,007)	2,250
<b>Balance at 31 March</b>	<b>21,804</b>	<b>24,811</b>
<b>The following balances were held at:</b>		
Government Banking Service	21,804	24,811
<b>Total</b>	<b>21,804</b>	<b>24,811</b>

## 6. Payables

	2025-26 £'000	2024-25 £'000
Northern Ireland Government	1,302	1,282
Other payables	3,918	2,926
<b>Total</b>	<b>5,220</b>	<b>4,208</b>

Other payables represent monies owed to the Welsh Government and the Scottish Government.

## 7. Balance on the Consolidated Fund Account

	2025-26 £'000	2024-25 £'000
<b>Balance on the Consolidated Fund as at 1 April</b>	<b>26,305</b>	<b>24,983</b>
Net revenue for the Consolidated Fund	43,120	46,305
Less amounts paid to the Consolidated Fund	(46,305)	(44,983)
<b>Balance on the Consolidated Fund as at 31 March</b>	<b>23,120</b>	<b>26,305</b>

## 8. Financial instruments

### 8.1 Classification and categorisation of financial instruments

	2025-26 £'000	2024-25 £'000
<b>Financial assets:</b>		
Cash and cash equivalents	21,804	24,811
Petroleum licence fees receivable	6,536	5,702
<b>Total cash and receivables</b>	<b>28,340</b>	<b>30,513</b>
<b>Financial liabilities:</b>		
Northern Ireland Government payables	(1,302)	(1,282)
Other payables	(3,918)	(2,926)
<b>Total other financial liabilities</b>	<b>(5,220)</b>	<b>(4,208)</b>

## 8.2 Risk exposure to financial instruments

The fees receivable under the Petroleum Licensing Regime are subject to credit risk. The majority of the licensees are private companies which increases the exposure to credit risk. To mitigate this, management has policies and procedures in place to ensure credit risk is kept to a minimum and receivables are impaired where a specific receivable is deemed to be irrecoverable, based on the information available. The company assesses at each year end whether there is objective evidence that financial assets are impaired. IFRS 9 Financial Instruments allows an entity to use a simplified method for calculating expected losses using historical default rates over the expected life of the trade receivables and adjusting for forward-looking estimates. Forward-looking information such as macroeconomic factors and entity specific situations are considered for entities with significant outstanding balances. The carrying amount of financial assets in the financial statements represents the maximum credit risk exposure of the Trust Statement.

There is no foreign exchange risk as all the fees under this regime are receivable in sterling. The market risk is limited due to there being a current demand for licences. The company operates as an agent for the Consolidated Fund with devolved administrations and is only required to surrender amounts due to the extent they are collected.

The following table provides an overview of the ageing profile of the financial assets comprising trade and other receivables at 31 March:

	2025-26 £'000	2024-25 £'000
<b>Ageing of financial assets:</b>		
Neither past due nor impaired	2,237	2,341
Past due 1-30 days	166	452
Past due 30-60 days	-	-
Past due 61-90 days	66	134
Past due >90 days	4,525	3,233
<b>Total at 31 March</b>	<b>6,995</b>	<b>6,159</b>

The above balances are generally considered to be a very low credit risk under the current legislation, particularly those under 90 days.

Expected credit loss rates are applied only to balances that are more than 90 days past due. This excludes balances relating to Welsh and Scottish Licensing, which represent 86% of the total balance (2024-25: 88%).

## 8.3 Credit losses

The following table shows the movement in expected credit loss that has been reported during the reporting period:

	<b>2025-26</b> £'000	<b>2024-25</b> £'000
<b>Balance as at 1 April</b>	<b>457</b>	<b>6</b>
New allowances in the reporting period	2	460
Released on repayment	-	(9)
<b>Total at 31 March</b>	<b>459</b>	<b>457</b>

Debts written off are the amounts reportable to Parliament under rules on disclosure of losses and write-offs in Managing Public Money Annex A.4.10.24. Managing Public Money (6.5.1) does not allow the NSTA accounting officer to write off revenues without HM Treasury approval.

No individual losses have been incurred in excess of £300,000 in the current or previous financial year.

### 9. Events after the reporting period

In accordance with the requirements of IAS 10, Events after the Reporting Period, events are considered up to the date on which the Trust Statement is authorised for issue, which is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

As of the date of the issuance of these financial statements, there has been no further significant financial impact on the Trust Statement.

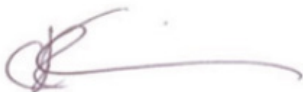
The Accounting Officer has duly authorised the issue of the Trust Statement on the date of the Comptroller and Auditor General's audit certificate.

## Annex D

### Accounts Direction given by HM Treasury in accordance with Section 2 of the Exchequer and Audit Departments Act 1921

1. This direction applies to the Oil and Gas Authority (OGA), a government company (and previously an executive agency) of the Department of Energy Security and Net Zero (DESNZ).
2. The OGA shall prepare a Trust Statement (“the Statement”) for the financial year ended 31 March 2026 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of Government Financial Reporting Manual (“FReM”) 2025-26.
3. The Statement shall be prepared, as prescribed in Appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 11). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer’s Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

7. 7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.
8. 8. The Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.



**Charlotte Goodrich**

Deputy Director, Government Financial  
Reporting

His Majesty's Treasury

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# North Sea Transition Authority

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