



North Sea
Transition
Authority

Oil and Gas Authority Annual Report and Accounts 2024–25

(for the year ended 31 March 2025)

Annual Report and Accounts of the Oil and Gas Authority 2024-25

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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Company number 09666504

On 21st 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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Chair's foreword

2024-25 has been a year of significant change globally with resulting turbulence in some markets and economies. In the UK there has been political change, with a new government following the election in July and some important legal cases with judgements of relevance to the energy sector. Throughout the year, the North Sea Transition Authority has focused on our three priorities of energy security, reducing emissions and helping to accelerate the energy transition; driving implementation of the OGA Plan published in March 2024.

In May 2024 we granted development and production consent to Serica for the Belinda oil and gas field in the central North Sea, a field that makes use of existing infrastructure to minimise emissions. As with all other fields in production, the NSTA works closely with operators to steward their assets for their full lifespan and to plan for cost effective and safe decommissioning. The scale of decommissioning activity for the UKCS is vast and licensees must work collaboratively with the supply chain if we are to achieve the ambitious cost reduction targets that have been established.

September 2024 saw the publication of the latest emissions data showing that North Sea emissions had been cut for the fourth year in a row. Industry is making significant progress but there is no room for complacency. The challenges of tackling the decarbonisation of offshore power, for example through electrification, remain significant and are something that governments, industry and regulators are all focused on.

In a historic milestone for carbon capture and storage and a sign of significant momentum building in the industry, in December 2024 we awarded the UK's first ever carbon storage permit to Net Zero North Sea Storage Limited. The award is testament to detailed and painstaking work by the operator and regulators to ensure that all the terms of the regulations are met.

As a regulator, we have an important role in creating value and enabling investment and growth. To do this we continue to act on several different fronts: we make available ever-increasing amounts of data through the National Data Repository and other tools such as Pathfinder that can help companies identify future opportunities or give visibility of upcoming activity to the supply chain; we seek to streamline the regulatory path for businesses as much as possible, working ever more closely with agencies such as The Crown Estate, Crown Estate Scotland, OPRED and other bodies to support efficient decision making; we

steward current assets to ensure that focus on efficient production operations and best use of infrastructure delivers energy security and value. All this work is underpinned by our values – to be fair, accountable, robust and considerate.

When industry fails to meet their obligations, we will not fail to call that out and take appropriate action. In November 2024, we issued our largest fine to date for commercial unreasonable practices. In addition, we have issued fines elsewhere for failure to comply with venting and flaring consents and this year we announced the opening of investigations relating to alleged failures to complete timely plugging and abandonment of wells in line with approved plans.

I was appointed Chair of the NSTA in October 2024, taking over from Tim Eggar who had led the board and organisation very ably for more than five years and to whom our thanks are due. This gave a strong foundation and legacy to build on. I have also benefitted from an experienced and committed cohort of non-executive Directors, comprising Malcolm Brown, Sarah Deasley, Iain Lanaghan and Sara Vaughan, and a highly effective leadership team led by our Chief Executive, Stuart Payne. There has been continuity throughout the year with no change in the board composition other than the change of Chair.

Given change globally and in the UK, 2024-25 has been a year marked by uncertainty. Uncertainty is never helpful for making investment decisions and industry has been calling for as much certainty and future policy stability as possible. In this context, the UK government launched three consultations: on the oil and gas price mechanism, the North Sea's energy future, and supplementary environmental impact assessment following the Finch judgement. The decisions that government takes on these issues and the way that industry responds will arguably shape the North Sea for years to come. They will also shape our work and our role. In the ten years since it was established, the NSTA has already shown itself able to evolve and change. I am confident that the organisation has the agility, adaptability and, above all, the people ready to take on the next stage in this evolution.

The board reviewed and approved this Annual Report and Accounts on 19 June 2025.

A handwritten signature in black ink, appearing to read 'Liz Ditchburn'. The signature is fluid and cursive, with a horizontal line underneath the name.

Liz Ditchburn
Chair



Chief Executive's statement

Once again it has been a major year for the North Sea and the North Sea Transition Authority, with a new government as well as the Finch legal judgment. Subject to consultation, the government has set out a framework for the future, including potentially substantial changes for the NSTA. It is now up to industry to respond to those proposals.

The NSTA continues to be rapidly adaptable, and I know that in the coming year we will deliver whatever is required of us, focusing relentlessly on the three pillars - energy production and security, accelerating the transition, and reducing emissions.

Oil and gas are declining resources but they will be needed for decades to come, and the rate of decline is in industry's hands. With collaboration, innovation, and decarbonisation oil and gas will remain a vital part of our energy mix.

The North Sea is a great energy success story. It boasts abundant natural resources, including up to 3.75 bn boe of oil and gas, 78 billion tonnes of potential carbon storage, and vast wind capability. It also has onshore terminals, offshore facilities and hundreds of pipelines, and, crucially, it has the necessary skills – a world class supply chain, and centres of technical and academic excellence capable of delivering the complex transition we need.

The way to make the transition work is through integration of different energy systems and we are heading into the era of hubs - oil and gas will feed industrial processes, with the carbon dioxide emissions captured, transported, and stored offshore, potentially through repurposed pipelines into depleted fields. By integrating these systems, we make a virtue of what is currently a challenge – how to co-locate different technologies in the same relatively small area of sea.

None of this is a vague aspiration – it is already happening. Ambition is becoming reality.

In 2024-25 we awarded carbon storage permits for Endurance and Hynet and issued an injection permit for Poseidon. These projects will prevent hundreds of millions of tonnes of CO₂ from entering the atmosphere, and kick-start an industry which will drive investment, offer thousands of skilled jobs and establish the UK's supply chain as a world leader in this growing sector.

We are working with more than 20 carbon storage licensees on further projects, producing stewardship expectations and guidance.

Emissions are being cut elsewhere but we are never complacent and know that the targets are difficult to meet. That, in part, is why we created the OGA Plan, which lays out the expectations we have for industry to achieve low-carbon production.

The transition requires vision to repurpose the skills and experience gained over 60+ years of the oil and gas industry and the NSTA models that transition: our licensing, permitting, geoscience, engineering, wells, policy, commercial and legal teams have all taken the experience and skills gained from oil and gas into carbon storage; and our technologists, geoscientists, policy and permitting experts are applying their skills to hydrogen.

Decommissioning remains a challenge for the industry, an opportunity for the supply chain, and a key part of our work. The total cost will be around £40 billion, with £24bn to be spent between 2023-32, and we continue to work with industry to bring costs down and save money for UK taxpayers. We are urging industry to meet their commitments. We expect 1,500 wells to be decommissioned by 2030. 122 were completed in 2023, so the pace must increase, and we will continue to use all the tools at our disposal to drive this activity.

The NSTA's success tracker, where we record the value we have added to industry, added a new metric this year – cost savings to industry. The figure we calculated was £531 million. A sizeable chunk of that came when two operators submitted plans to develop their respective fields, using standalone FPSOs. We analysed the plans and showed them that they could save £257m by developing the two fields with a single FPSO, instead of two – and they did. A big win for them, and a vindication of the quality of our work.

The coming 12 months will be challenging; they always are. But the NSTA has the people and skills that will underpin and meet those challenges and carry on supporting energy security, energy transition and reducing emissions.

Stuart Payne
Chief Executive

Strategic report

Performance report

Governance

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 21st 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's Board of Directors is responsible for setting the authority's strategic direction, policies and priorities. The NSTA works closely with industry and governments to attract investment and jobs to retain and develop vital skills and expertise in the United Kingdom.

The NSTA recovers its costs from a levy on licence holders and via direct fees for specific activities. This is in line with the established 'user pays' principle, where the regulator recovers its costs from those benefiting from its services. In addition, it receives some direct funding from its parent department, the Department for Energy Security and Net Zero (DESNZ), for non-leviable activities.

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.

Regulatory compliance is essential for a level playing field and for industry to maintain its social licence to operate. The NSTA takes a tiered approach to ensure operators meet their obligations.

The NSTA is also spearheading efforts to ensure the supply chain plays a full and leading role in the energy transition by highlighting contracting opportunities and promoting fairness and collaboration.

The NSTA's performance against the key performance measures in its 2022-27 Corporate Plan is set out on pages 13 to 22.

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

Ten years of the NSTA

The NSTA's purpose has continuously evolved and developed since our launch in 2015 following the Wood Review, which called for an independent regulator to maximise the North Sea's potential.

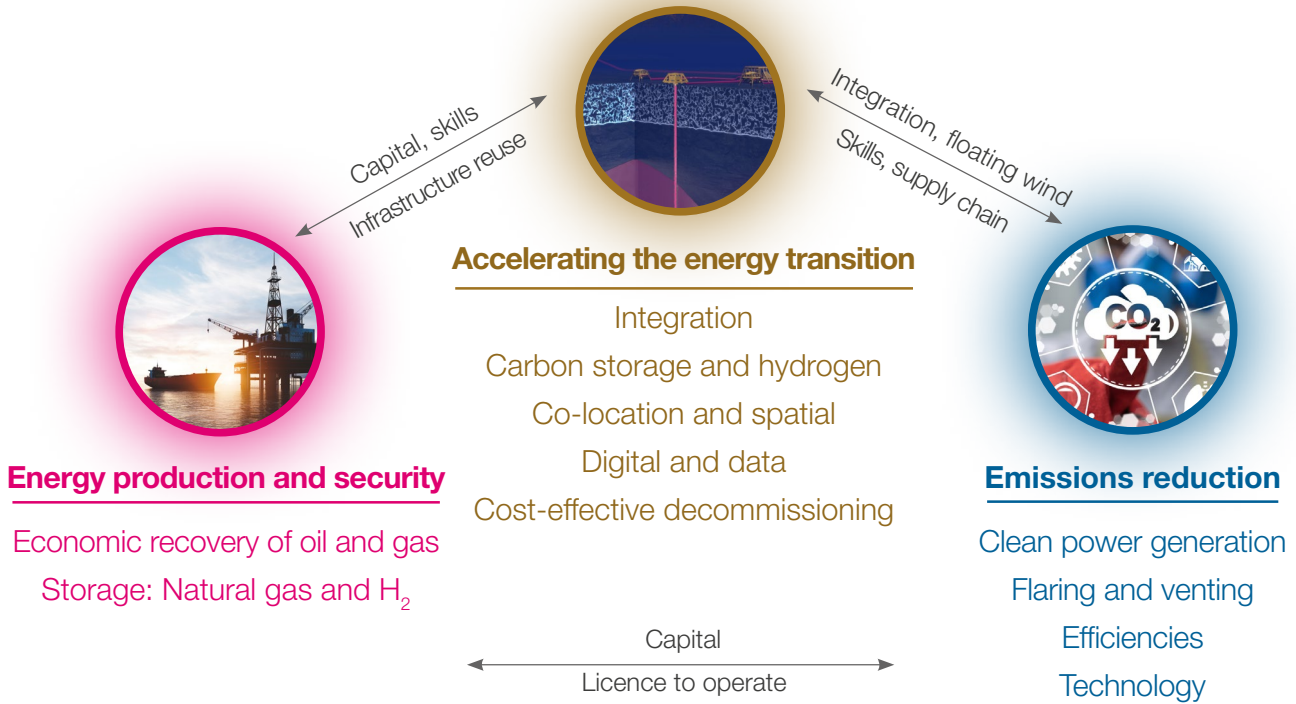


The North Sea has been helping to provide light and warmth for UK homes and industry for more than 50 years and will continue to be an essential resource for supporting UK energy security for many years to come. The UK Continental Shelf (UKCS) is home to more than 280 fields producing around 1 million 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 NSTA Role

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



North Sea transition – the UK’s growth opportunity

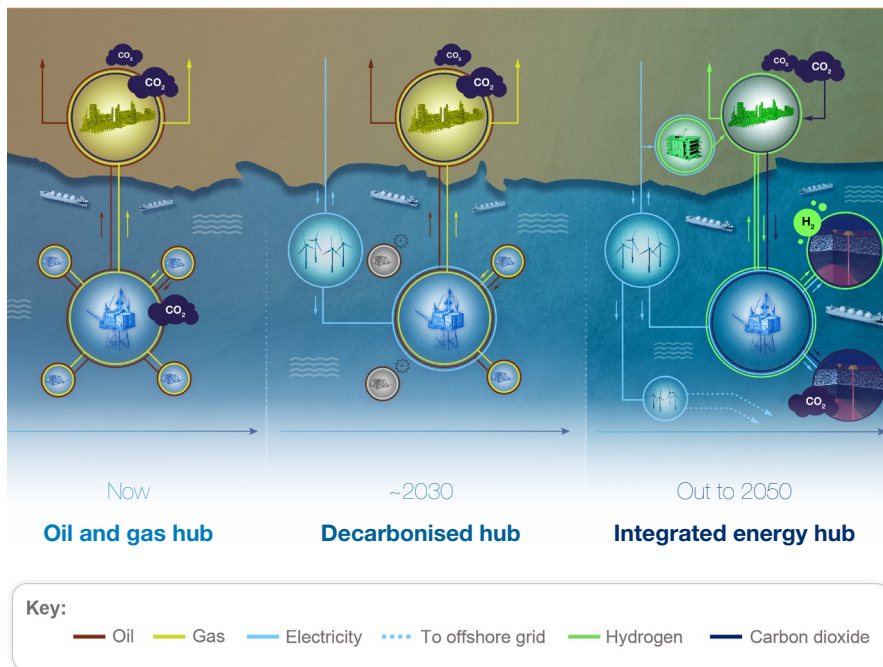
The North Sea has the resources, infrastructure and industrial capability to deliver an orderly energy transition. By harnessing these assets, the UK can benefit from a new economic success story.

Industrial potential	Infrastructure	Natural resources
<p>£170bn expenditure to 2030</p> <ul style="list-style-type: none"> £85bn Oil and gas¹ £7bn CCS² £76bn Offshore wind² £4bn Hydrogen² 	<p>100+ pipelines with repurposing potential</p>	<p>up to 78GT of CO₂ storage potential⁴</p>
<p>200,000+ Good, skilled jobs²</p>	<p>250+ subsea installations</p>	<p>3.75bn barrels of oil and gas remain to be produced¹</p>
<p>Existing world class energy supply chain from oil and gas sector</p>	<p>Integration of multiple energy systems</p>	<p>50GW fixed and floating offshore wind³</p>

Sources: ¹ – NSTA ² – OEUK ³ – UK Government target ⁴ – ETI, BGS, et al. UK Storage Appraisal Project (2011)

Integrated energy hubs

The North Sea has abundant wind, carbon storage and hydrogen resources. Integrating these assets, including with repurposed oil and gas infrastructure, will help them reach their full potential.



Now – Oil and gas hub

Producing oil and gas with offshore emissions from gas/diesel-powered equipment.

~2030 – Decarbonised hub

Tied into grid and offshore wind, minimising offshore emissions and enable floating wind.

Out to 2050 – Integrated energy hub

Repurposing and linking oil and gas, carbon storage, hydrogen and wind operations to maximise their potential.

Innovative use of data is playing a vital role in accelerating the North Sea’s energy transition to net zero. We continuously explore new ways to share valuable data which facilitates better decision-making and supports the delivery of a holistic, interconnected energy system.

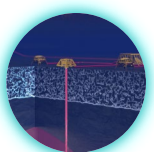
Data and digital capabilities

The NSTA is making more data available to more people than ever before through our Digital Energy Platform, which boasts an impressive and growing array of award-winning tools.

Data powered transition



1 petabyte of free geoscience and engineering data



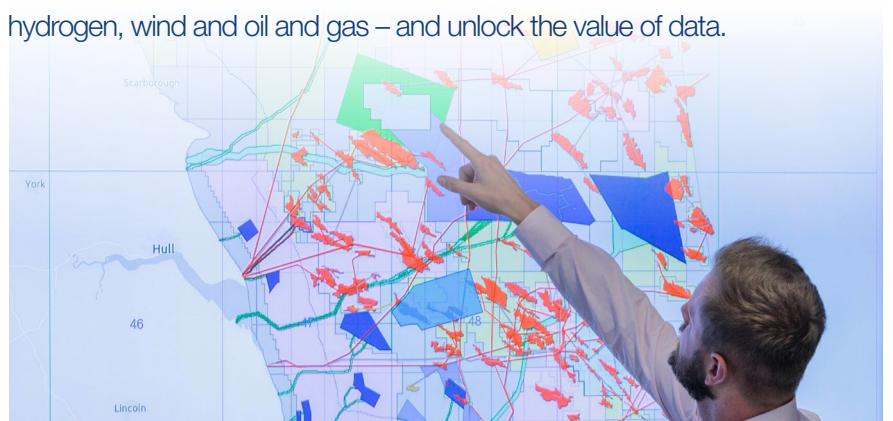
Carbon storage exploration



Offshore wind project siting

Spatial mapping tools

Our spatial and subsurface mapping tools are being used to accommodate and integrate a range of technologies offshore – such as carbon storage, hydrogen, wind and oil and gas – and unlock the value of data.



Interactive energy map for UKCS

We have worked with The Crown Estate (TCE) and Crown Estate Scotland (CES) to create the app, which, at launch, listed more than 60 in-construction or active wind, wave and tidal sites on the UKCS as well as recently awarded CCS licences and 489 petroleum licences.

The application is automatically updated as each organisation logs new information and is the first time that the locations of all oil and gas and renewables sites have been presented together.

The application shows the proximity of existing oil and gas infrastructure to wind farms, electrical cables and CCS sites, which will assist in gauging the potential for reuse when decommissioning assessments are being made. It has also provided valuable information in prioritising areas for seismic shooting before a wind farm development is built.



Scan to see how it works:



Board of Directors and Company Secretary



Liz Ditchburn

Chair



Stuart Payne

Chief Executive



Dr Sarah Deasley

Non-Executive Director



Iain Lanaghan

Non-Executive Director



Nic Granger

Chief Information
and Financial Officer



Sara Vaughan

Non-Executive Director



Fiona Mettam

Shareholder Director



Vicky Dawe

Shareholder Director



Malcolm Brown

Non-Executive Director



Dr Russell Richardson

General Counsel and
Company Secretary

Leadership Team



Stuart Payne

Chief Executive



Hedvig Ljungerud

Director of Strategy



Andy Brooks

Director of New Ventures



Dr Russell Richardson

General Counsel and
Company Secretary



Nic Granger

Chief Information
and Financial Officer



Pauline Innes

Director of Supply Chain
and Decommissioning



Tom Wheeler

Director of Operations



Jane de Lozey

Director of Regulation



Suzanne Lilley

Head of Human
Resources

The NSTA's values

We aim to create a diverse, high-performing team and be a great place to work, where employees are supported to develop their capability, in an organisation with simple processes and systems.

Our values and behaviours are at the heart of everything we do. Created by our people, they guide how we act and how we expect to be treated, providing a sound basis for decisions.



ACCOUNTABLE

We are reasonable and responsible in exercising our powers and take the appropriate actions to deliver our commitments with pace.



FAIR

In our work we are honest and straightforward. We are open and data-led in our analysis, proportionate and balanced in our decisions.



ROBUST

We support security of supply, whilst championing the transition to net zero, holding all parties to account.



CONSIDERATE

We are a respectful and inclusive organisation that supports collaboration. We seek to understand the views of others and engender trust.

Developing our people

The NSTA has policies in place which ensure its recruitment, performance management, training and reward activity together contribute to making the NSTA a great place to work and mean that the NSTA can 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. Our values are at the heart of everything we do. Created by our people, they guide how we act and how we expect to be treated, providing a sound basis for decision making.

The NSTA's goal is to ensure that these principles, reinforced by the NSTA's values, are embedded in day-to-day working practices for all staff, our partners in government and in industry.

The NSTA's inclusion report forms part of the remuneration and staff report.

Financial overview

Revenue

The NSTA raised levy funding for the year of £38M and fees and charges of £2.9M to cover the core costs of running the organisation. Fees and charges were slightly higher this year due to an award of out-of-round carbon storage licences.

Expenditure

The NSTA financed its core business as well as having made significant investment in enhancing digital and data services. In the year investment was also made in a new London office.

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

Viability statement

The directors have assessed the company's viability and prospects over the next two years, which aligns with the 2022-27 Corporate Plan period. Their assessment considered the current financial position, historical performance, the 2022-27 Corporate Plan and the principal risks described on page 11. Whilst all the principal risks 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 historically recorded underspends and, with robust financial controls in place, is confident that it will continue to deliver consistent financial outcomes over the Corporate Plan period. The NSTA 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 board has reviewed the NSTA's 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. Directors are not aware of any impending regulatory or legal changes which would impact the viability of NSTA's operations over the period of the Corporate Plan. Based on this review, directors confirm that they have a reasonable expectation that the NSTA will continue in operation and meet its liabilities as they fall due over the relevant period.

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 board undertakes a clean sheet review of strategic risks, taking into account the current strategic risk register and the board's risk appetite statement, once a year.

The board has delegated regular review of strategic risk management to the audit and risk committee (ARC).

The ARC reviews the strategic risk register to gain assurance that management is properly identifying and mitigating strategic risks. The ARC meets three times a year: in March, June and November.

The leadership team is responsible for identifying strategic risks, articulating their causes and impacts, and for putting in place - and monitoring the effectiveness of – appropriate mitigation actions.

The Table below sets out the principal risks with identified mitigations:

Risk	Mitigation action
<p>Uncertain political and economic landscape undermines attractiveness of the UKCS.</p>	<ul style="list-style-type: none"> • Ongoing senior engagement with DESNZ and other government departments as appropriate • Ongoing senior engagement with industry and investors • Work with industry and DESNZ to support delivery of North Sea Transition Deal measures
<p>Industry/NSTA lose social licence to operate (up to 3B boe production at risk).</p>	<ul style="list-style-type: none"> • OGA Plan for emissions reductions • Carbon storage licensing and stewardship programme • Effective use of sanction powers and soft powers, including on corporate governance
<p>Complex regulatory landscape hinders developments and energy integration ambitions.</p>	<ul style="list-style-type: none"> • Ongoing work to finalise electrification reasonableness assessment • Participation in cross government work relating to simplification and co-ordination activity including Marine Spatial Prioritisation and "Whole of Seabed" initiative • Participation in DESNZ-hosted Government and Regulators Electrification Group • Work with parties on specific conflicts as they arise and offer DESNZ technical and commercial input should any conflict require ministerial views.

Sustainability report

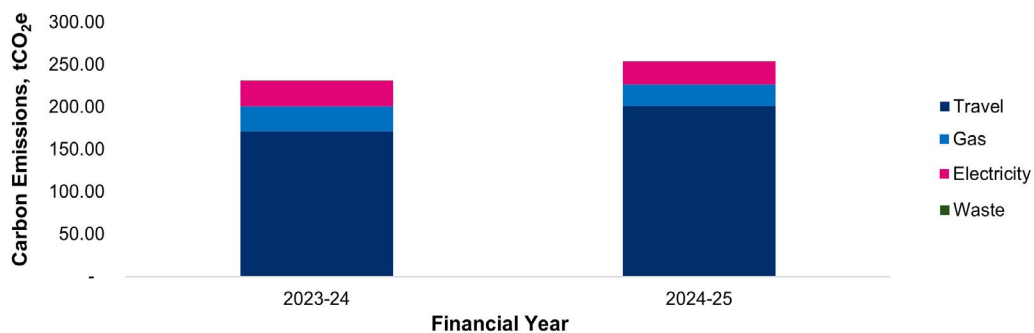
At the centre of our ESG strategy is a commitment to embed sustainability across all aspects of our operations:

Environmentally, we are fostering a culture of awareness and action. Weekly sustainability tips are shared across the organisation to encourage environmentally conscious behaviours. We’ve consolidated all sustainability data into a single source and now clearly track KPIs and targets throughout the year.

Socially, we are actively engaged in supporting our communities and talent. Our team have participated in a variety of volunteering activities, and we’ve supported the Career Ready programme by hosting internships. Sustainability awareness sessions are frequently delivered across the organisation, and we’ve integrated internal sustainability into our new starter induction to ensure new colleagues are aligned with our values from day one.

In terms of **Governance**, we uphold transparency and compliance. Throughout the year we have complied with governance requirements such as the Greening Government Commitments and Functional Standards. Our internal sustainability processes underwent an internal audit in the year with only one low level recommendation, which has since been implemented.

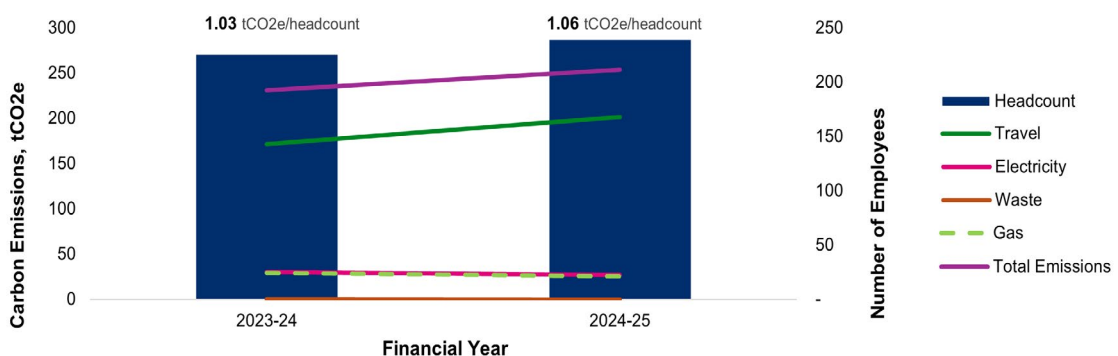
Annual greenhouse emission by activity type (% of total)*



Utility data for the Aberdeen and London offices are provided by building facilities management and are estimated based on the floorspace occupied. Annual electricity consumption across both offices, based on meter readings, is estimated at 128,884 kWh. Annual gas consumption is based on occupied floorspace and is estimated at 99,052 kWh. The Aberdeen office accounts for the majority due to its larger size. Energy supply is managed by building management who aim to source from the most sustainable providers.

Year on year carbon emissions analysis

Total carbon emissions have increased in line with headcount growth. However, emissions per head rose by only 3%, from 1.03 tCO₂e in 2023–2024 to 1.06 tCO₂e in 2024–2025.



Accountability report

Key Performance Indicators

In May 2022, the NSTA published an updated 'NSTA Corporate Plan 2022-2027', which provides a clear operational framework and identifies the key performance indicators that will be 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. 2024 reporting allows the NSTA to identify and report trends and progress from full calendar years 2022 and 2023 against these published KPI's.

A review and update of the NSTA Corporate Plan and key performance indicators is planned post the outcome of the recent government consultations and clarity on any change to our principal objective and role.

Of particular note:

Emissions Targets

UKCS upstream emissions of GHGs fell by **29%** between 2018 and 2023. This decline also signifies that industry currently exceeds the target of reducing emissions by 25% by 2027.

However, industry needs to continue with further emissions reduction measures to meet the 2030 target.

Carbon Capture and Storage (CCS)

The UK's **first storage permit** and one of the Track 1 Government supported CCS cluster projects, NEP (Endurance) project, was approved in December 2024 with **3 more** carbon storage permits awarded in April 2025 for the HyNet project.







Data

The full year 2024 represents a **1480%** increase in the amount of data publicly available for download measured against the 2021 baseline and represents a **46%** increase measured against 2023.

During the year, the overall National Data Repository collection increased by **42%** to **1.3PB**.

2022 Key Performance Indicators: 2024 updates (arrows denote direction of travel)

Energy

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Stewardship	1. Zero routine flaring and venting by 2030.	Overall flaring reduced by 10% in 2024, with Category A (routine) flaring down by 9.6%. Due to Category B (non-routine) & C (safety) flaring decreasing by a larger amount than Category A, the proportion of routine flaring has increased to 47% in 2024*, from 45% in 2023*. Routine venting decreased from 40% in 2023 to 33% in 2024*.		
Stewardship	2. Maintain average UKCS production efficiency at 80%.	2024 UKCS Economic Production Efficiency dropped by 2 percentage points from 2023, to 75%. This was driven by an 8% fall in economic maximum production potential and a 10% fall in actual production.		
Stewardship	3. 10% reduction in the cost of decommissioning between 2023 and 2028 (from £37bn to £33.3bn, from an updated 2022 baseline).	The 2025 cost estimate** of decommissioning is £41bn (in 2021 prices) – which is a 11% increase since 2022 re-baseline, reflecting another challenging and unpredictable year for the economy, coupled with sustained and increasing global competition for decommissioning equipment and resources.		


*Updated and revised figures for 2023 may not match previously published figures:



- Data is received annually in September.
- Previous figures for 2023 were based on the 9 months to Sept 2023 – now updated to include 12 months.
- Figures for 2024 based on 9 months to Sept 2024.

**2025 estimate is inclusive of actual decom spend for 2023 and 2024.

 "On target" +/- 10%


 Behind target 10 – 20%

 Behind target >20%







KPI Area	Key Performance Indicator	April 2024 update	RAG
<p>Meeting demand/security of supply</p>	<p>4. Optimise UKCS production within the effective net zero test.</p>	<p>Two projects were sanctioned in 2024. Both have been subjected to proportionate effective net zero tests.</p> <p>They total just under 40 mmmboe UK potential production, and incremental UK 'life of field' emissions (Mid/P50 Case) of 173,000 tCO₂e - giving an average production GHG emissions intensity of less than 5 kgCO₂e/boe. This is significantly below the 2023 offshore average of 24 kgCO₂e/boe.</p>	<p> </p>

 "On target" +/- 10%

 Behind target 10 – 20%

 Behind target >20%

Transition

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Emissions targets	5. As a minimum, reduce UKCS upstream greenhouse gas emissions by 50% by 2030*, 10% by 2025, and 25% by 2027.	UKCS upstream emissions of GHGs fell by 29% between 2018 and 2023**. Full data for 2024 from EEMS and ETS has not yet been released.		
Energy integration	6. At least two electrification projects to be commissioned by 2027.	The NSTA is monitoring several projects which are making progress. One project is due to supply first power in 2H of 2025. One project is on course to take Final Investment Decision (FID) around Q4 2025, and one Innovation and Targeted Oil & Gas (INTOG) project has been successful in Auction Round six and is now engaging potential oil and gas customers in relation to supplying them with clean power. Other INTOG projects continue to progress their work to be ready for future Auction Rounds.		
CCS	7. To support ambition of capturing 20-30 million tonnes of CO ₂ 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 25 (two licences have been relinquished). The NSTA continues to steward these licences through their work programmes and licence obligations. The UK's first storage permit and one of the Track 1 Government supported CCS cluster projects, NEP (Endurance) project, was approved in December 2024. 3 more carbon storage permits were awarded in April 2025 for the HyNet project.		


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

**Based on revised and updated NAEI 2023 data. Full details were published in the 2024 Emissions Monitoring Report.

***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.

 "On target" +/- 10%

 Behind target 10 – 20%

 Behind target >20%

Value

KPI Area	Key Performance Indicator	April 2024 update	RAG	
<p>Supply Chain</p>	<p>8. Evidence of meeting North Sea Transition Deal content commitments for Net Zero and decommissioning projects.</p>	<p>From data exported from approved Decommissioning SCAPs detailing open contracts awarded in the business year 1st April 2024 to 31st March 2025, the NSTA estimates that 91% of the value of these contracts awarded were to UK based organisations, exceeding the target of 50% agreed as part of the North Sea Transition Deal. Actual expenditure from 2024 UKSS data shows UK supply chain accounts for 90% of overall abandonment expenditure (AbEx) global spend, which ties with SCAPS data.</p> <p>Developers have commenced the SCAP process for the first contracts being placed from the Track 1 CCUS projects and indications show encouraging levels of local content greater than 50%.</p>	<p>●</p>	<p>➔</p>
<p>Investment, efficiency, jobs</p>	<p>9. Compliance with environmental, social and governance reporting standards.</p>	<p>Analysis as part of the ESG Disclosure Report 2023, identified that five companies out of the 29 companies involved, demonstrated ESG disclosure that the NSTA considered to be lagging behind expectations*. The ESG Disclosure Report 2024 will be available in 2025.</p> <p>ESG engagements have been undertaken throughout the year with a variety of stakeholders as well as multiple ESG roundtables, most recently, focusing on the increased regulatory requirement for ESG reports to be audited/assured.</p>	<p>●</p>	<p>➔</p>

* there is no data as yet.



“On target” +/- 10%



Behind target 10 – 20%



Behind target >20%

KPI Area	Key Performance Indicator	April 2024 update	RAG	
<p>Digital/ technology</p>	<p>10. Increasing volume of data available from the Digital Energy Platform</p>	<p>From January to end December 2024, 396 Terabytes (TB) of well and seismic data was loaded to the National Data Repository, 210 TB of this data is publicly available to download.</p> <p>The full year 2024 represents a 1480% increase in the amount of data publicly available for download measured against the 2021 baseline and represents a 46% increase measured against 2023.</p> <p>During the year, the overall National Data Repository collection increased by 42% to 1.3PB.</p>	<p>●</p>	<p>↗</p>
<p>Digital/ technology</p>	<p>11. Successful technology development/deployment case studies.</p>	<p>During 2024, the NSTA tracked the successful deployment of 13 technologies within the UKCS, compared with 14 technologies deployed in 2023.</p> <p>The deployments fall into four distinct categories including: well P&A, reservoir and well management, facilities management and installation and topsides, also two cross cutting categories, Net Zero and Digital and Data. Deployments in Facilities Management were the most abundant throughout the year, with five examples recorded.</p>	<p>●</p>	<p>↗</p>

● "On target" +/- 10%

● Behind target 10 – 20%

● Behind target >20%

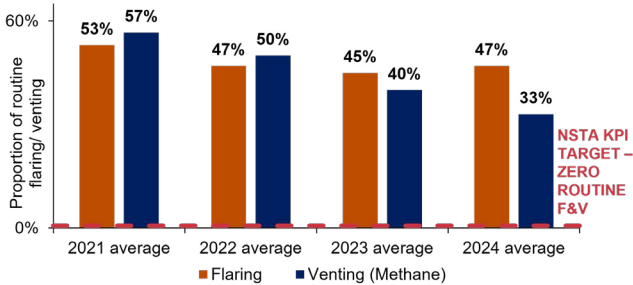
Corporate

KPI Area	Key Performance Indicator	April 2024 update	RAG	
<p>Great Place to Work</p>	<p>12. Sustain staff engagement at 70% or above as measured by the bi-annual NSTA staff survey.</p>	<p>The next full staff engagement survey will take place in 2025.</p> <p>The 2023 NSTA staff survey showed an overall engagement score of 67%, representing an 8% decrease from 2021 and 3 percentage points below target.</p> <p>In the 2024 HSE wellbeing survey the NSTA scored above the 75th percentile benchmark on 6 out of the 7 categories which is comparable to previous years. We also scored a Net Promoter Score of 33. Any score above 30 is deemed “excellent”.</p>	<p>●</p>	<p>→</p>
<p>Digital Excellence</p>	<p>13. Delivery of internal Digital Excellence programme of developments.</p>	<p>A 5-year Roadmap commenced in April 2023, for the modernisation of the UK Energy Portal.</p> <p>In 2024 the Well and Installation Operator Service (WIOS) and new Field Consents Service went live.</p> <p>The Resource Maturation Interface (ReMI) development is well advanced. Development commenced of a supply chain interface for the Energy Pathfinder Service and a new Identity Service.</p> <p>The discovery phase to create a new end-to-end Licence Management Service was conducted in 2024 to enable start of development from 2025.</p>	<p>●</p>	<p>↗</p>

2022 Key Performance Indicators: 2024 updates shown in charts

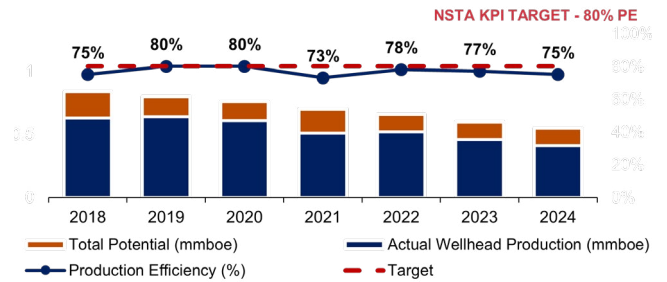
Energy

1. Stewardship: Routine Flaring and Venting



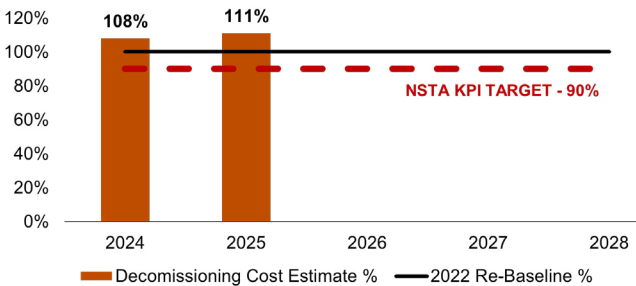
Energy

2. Stewardship: Production Efficiency



Energy

3. Stewardship: Decommissioning Cost



Energy

4. Security of Supply: Optimize Production

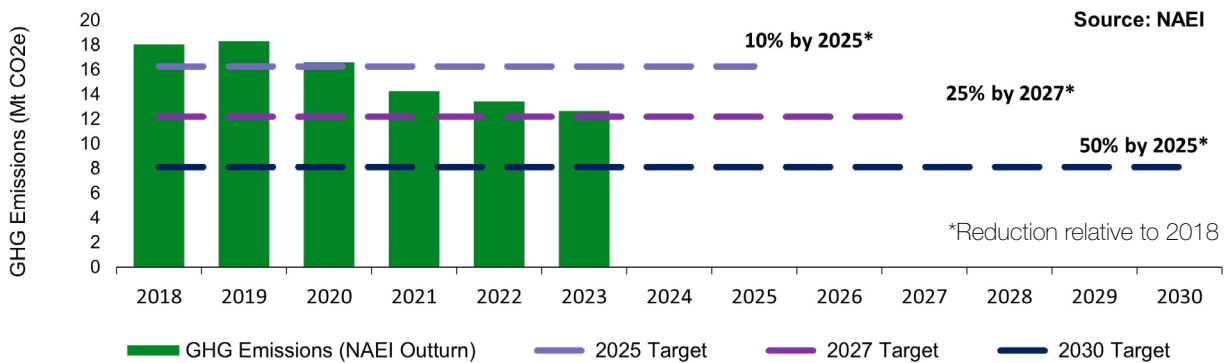
Just under 40 mmboe sanctioned in the UK in 2024.



Both new projects subject to a proportionate effective net zero test.

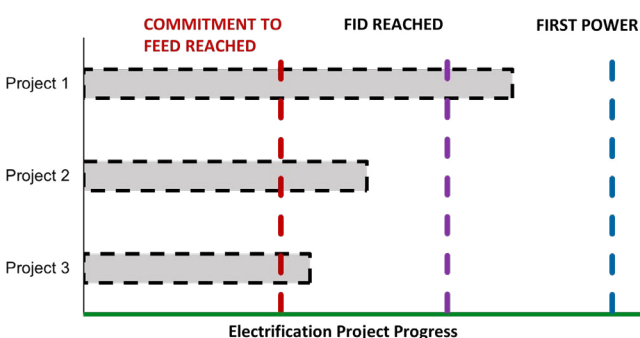
Transition

5. Emissions: Reduce Upstream Emissions



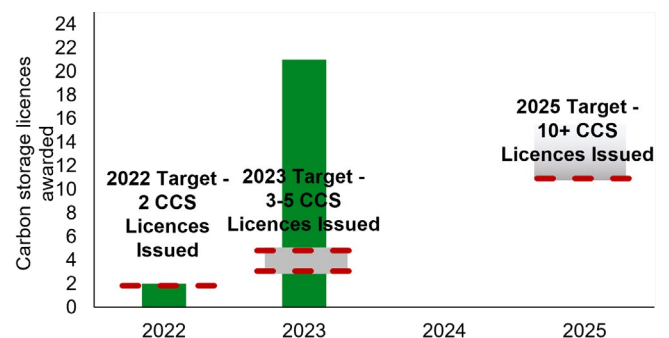
Transition

6. Energy Integration: Electrification



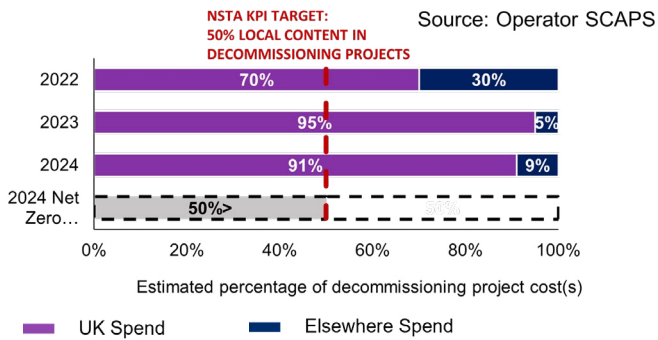
Transition

7. Carbon Storage: Licences



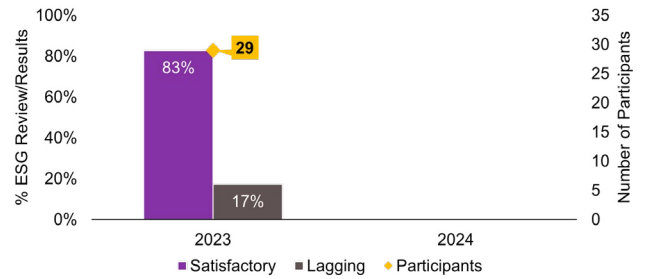
Value

8. Supply Chain: Local Content



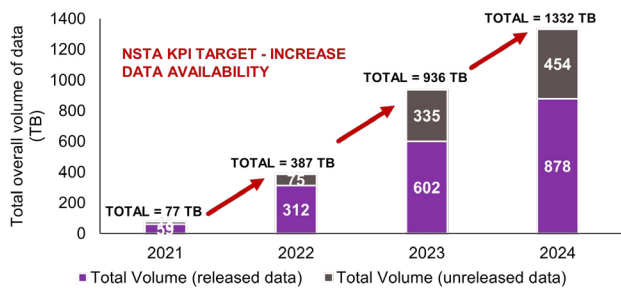
Value

9. ESG: Reporting Standards



Value

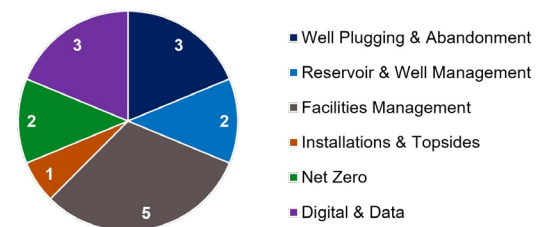
10. Digital/Technology: Data Availability



Value

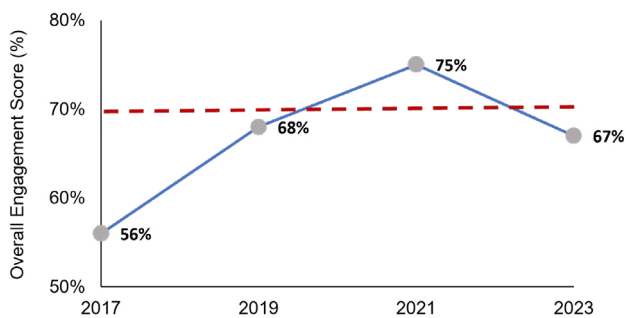
11. Digital/Technology: Technology Deployment

13 x Successful technology deployment case studies tracked in the UKCS in 2024



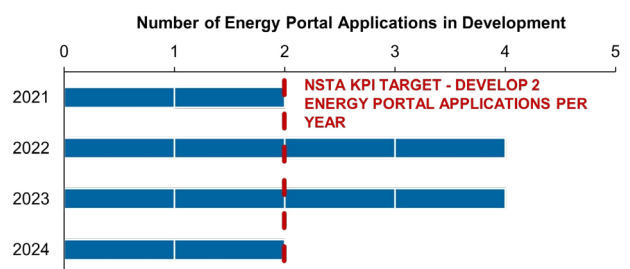
Corporate/Organisational

12. Great Place to Work: Staff Engagement



Corporate/Organisational

13. Digital Excellence: Programme of Developments

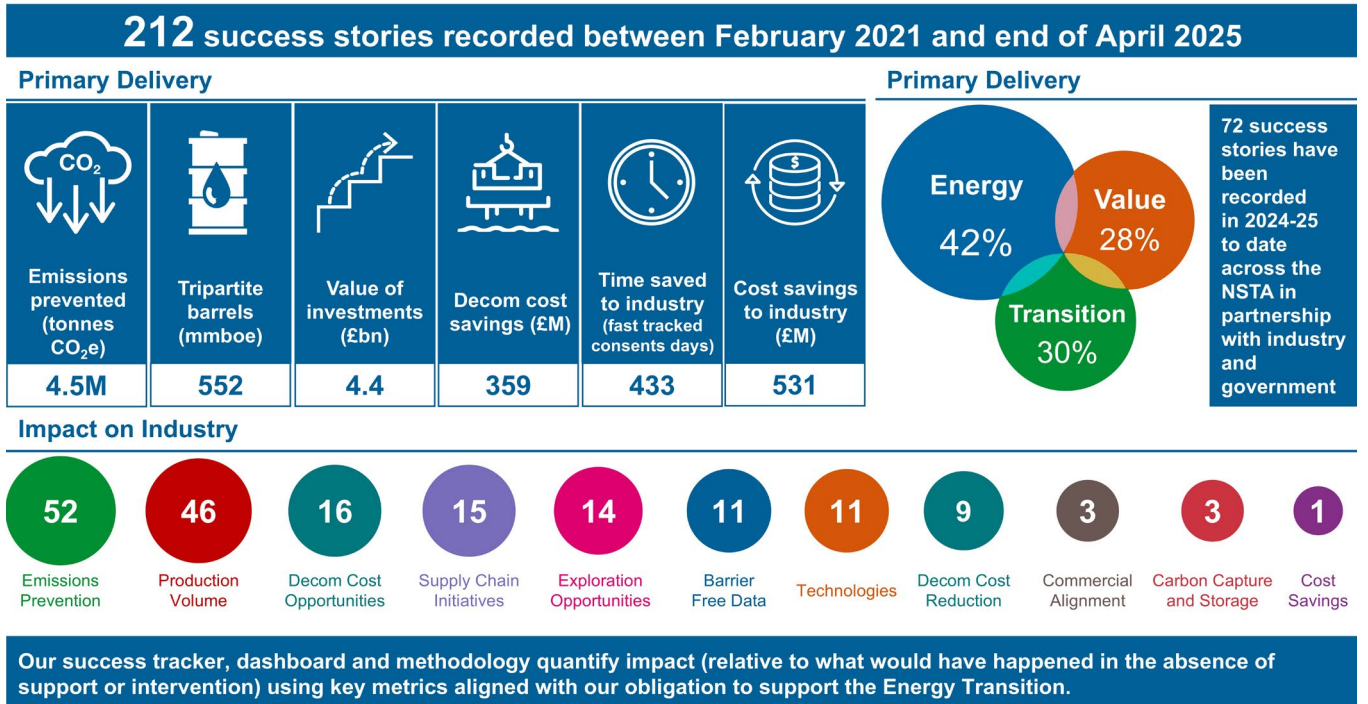


*The Success Stories Dashboard format was updated in February 2021 to reflect the Strategy.

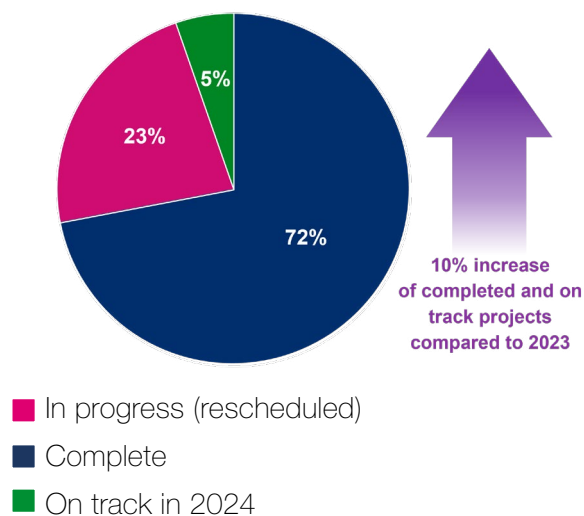
Success Stories Dashboard

The NSTA continues to measure success through the use of 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: 2024



The NSTA continuously prioritises and accordingly in 2024, 17 projects were rescheduled, and 1 additional priority project was identified and accommodated into the project schedule.

2024 closed out with 77% of projects either completed or proceeding to plan.

Signed for and on behalf of the board

Stuart Payne
Chief Executive

8th July 2025

Commentary

As of January 1st, 2024, the NSTA commenced tracking a total of 77 high level projects. This represented a significant increase compared to the 53 projects defined in early 2023.

Parliamentary accountability and audit report

Regularity of Expenditure (audited)

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

No material gifts have been made by the NSTA.

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

Fees and charges disclosures (audited)

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 (see Note 3.a.) 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)

The NSTA is not exposed to any remote contingent liabilities.

* The Managing Public Money threshold mandated for financial statements prepared under the government financial reporting manual.

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 2025. 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 2024 to 31 March 2025.

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 34.

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 present at board 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 its 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 decisions it takes. 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 has acted on feedback from the 2023 staff survey to further improve leadership capability and enhance career development and learning opportunities. The strong re-clarification of the positive behaviours element of performance reviews has been well received by staff.

The NSTA publishes a large volume of data on its website and is working to transform 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 12.

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 2024-25 financial statements in accordance with UK adopted International Financial Reporting Standards (IFRS). The audited financial statements for the year ended 31 March 2025 are set out on pages 59 to 85.

The NSTA is a not-for-profit company largely funded by an annual levy on industry and fees. 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 240 employees on 31 March 2025 (including secondees and executive directors, but excluding interim contractors and non-executive directors). There were no interim contractors as at 31 March 2025.

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

Directors' third-party indemnity provisions

Directors have been provided with an indemnity against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such third-party indemnity remains in force as at the date of approving this Directors' report.

Going concern statement

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

The directors are responsible for preparing the Strategic Report, Directors' Report and the 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.

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 11 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

8th July 2025

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's Chief Executive is also the Accounting Officer, accountable to Parliament for the performance of the NSTA. The role of Accounting Officer is delegated by the Principal Accounting Officer of the Department for Energy Security and Net Zero (DESNZ), the DESNZ 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 NSTA is classified by government as a Non-Departmental Public Body (NDPB), sponsored by DESNZ.

The second review of the NSTA was undertaken by DESNZ in 2022 and the review report was published on 22 June 2023. All the recommendations of the review report have been implemented.

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 every board meeting 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 all 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 2024-25. Seven board meetings are scheduled for 2025-26. The Chair meets the non-executive directors independently of the executive directors after every board meeting.

Board composition

The Secretary of State appointed Liz Ditchburn as NSTA Chair on 22nd October 2024, succeeding Tim Eggar, who stepped down at the end of September 2024. 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, including a programme of meetings with executive directors, directorates and senior industry leaders. 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

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

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, the internal auditor and the effectiveness of management's actions to identify and mitigate strategic risks. It scrutinises the independence and effectiveness of the external auditor. Cyber security and data protection are standing agenda items.

The audit and risk committee is chaired by Iain Lanaghan and met three times in 2024-25.

Iain Lanaghan, Sarah Deasley, Sara Vaughan and Malcolm Brown were committee members during the year.

The committee Chair is a chartered accountant with current and relevant financial experience. 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 ARC 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.

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. There are nine leadership team members: five women and four men

The remuneration committee is chaired by Liz Ditchburn. It was chaired by Tim Eggar until September 2024. Liz Ditchburn, Tim Eggar, Iain Lanaghan, Sarah Deasley, Sara Vaughan and Malcolm Brown were committee members during the financial year.

The remuneration committee met four times in 2024-25. It reviewed 2024-25 performance management outcomes and approved annual bonuses; it reviewed and approved 2024-25 pay awards and 2025-26 objectives setting; it reviewed the Chief Executive's 2024 performance and reviewed and approved his 2025 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.

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:

- Builds capacity and capability at the board and executive level to ensure the NSTA has the appropriate experience and expertise to fulfil its mission and corporate objectives.
- Ensures clear succession plans are in place for the board and senior leadership and remain committed to championing diversity and inclusion across the organisation.
- Provides insight to the succession planning process to help set out the expertise that the board needs to target to operate effectively. This includes the appointment/re-appointment of non-executive Directors.
- Evaluates the performance of the board and directors, involving the Senior Independent Director and Chief Executive, and subsequently shares and discusses the findings with the board to ensure it is operating at maximum strength.

The nomination committee is chaired by Liz Ditchburn. Liz Ditchburn, Tim Eggar, Iain Lanaghan, Sarah Deasley, Malcolm Brown and Sara Vaughan were committee members during the financial year. The nomination committee did not meet in 2024-25.

Board performance review

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 started in May 2025 and is due to conclude after the July 2025 board meeting. The outcomes of this review will be reported in the 2025-26 annual report and accounts.

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 and Sarah Deasley (and former Chairman Tim Eggar), as declared 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. Directors' declared interests are shown below.

Director	Date first advised Board Secretary	Nature of interest	Total value (£) at 31 March 2024
Iain Lanaghan	21 April 2020	1,017 BP ordinary shares	4,434
		358 Shell ordinary shares	10,113
	9 April 2024	450 SSE ordinary shares	7,173
Sarah Deasley	12 April 2024	10,495 BEPC (Brookfield Renewable COR-A) shares	226,839
		Family member holding: 597.5 BEPC (Brookfield Renewable COR-A) shares	12,914
Tim Eggar	6 March 2019	140,511 equity shares MyCelx Technologies Corporation	36,533
		Family member holdings: 4,099 BP ordinary shares	17,872
		1,875 Shell ordinary shares	52,969

Sarah Deasley declared her and her family member's holdings in BEPC after the NSTA revised its conflict of interest policy to reflect its expanded remit. It is a requirement of Sarah's BEPC Directorship that she builds up a financial stake in the company to a pre-agreed level within a five-year period from joining the board. She purchased an additional 1,496 shares on 28th June 2024.

Iain Lanaghan disclosed his SSE holding after the NSTA revised its conflict of interest policy to reflect its extended remit.

Malcolm Brown's investments are held in managed funds over which he has no control. Sara Vaughan, Stuart Payne and Nic Granger submitted nil returns.

Fiona Mettam and Vicky Dawe submitted a nil return to DESNZ.

Directors' other directorships and offices

Director	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
Liz Ditchburn	Commissioner, Independent Commission for Aid Impact	<p>Board member of the Net Zero Technology Centre.</p> <p>Trustee of NESTA.</p> <p>Director of Women's Enterprise Scotland (until March 2025).</p> <p>Trustee and Co-Chair, The David Hume Institute.</p> <p>Honorary Professor, Adam Smith Business School, University of Glasgow.</p>	
Tim Eggar	<p>Chairman of Haulfryn Holdings Limited; Director of its subsidiary Haulfryn Limited; Director of Haulfryn Limited's subsidiary Lleyn Estates Limited.</p> <p>Chairman of Suffolk Street Holdings Limited; Director of its subsidiary Haulfryn Group Limited.</p> <p>Director, The Gipsy Hill Brewing Company Limited. (until 29th October 2024).</p>	Strategic Advisory Board, Braemar Energy Ventures.	
Stuart Payne		<p>Director, Energy Transition Zone Limited.</p> <p>Chairman, The Brightside Trust.</p> <p>Chairman of the Advisory Board, Barnardo's Scotland.</p>	<p>Fellow, Energy Institute (FEI).</p> <p>Fellow of the Chartered Institute of Personnel & Development.</p> <p>Associate Fellow of the British Psychological Society.</p>

Director	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
Nic Granger	Independent member of Stonewater Housing's technology and data assurance panel (from 1 st October 2024).	<p>Chair of the Risk, Audit and Finance Committee (RAFC) and trustee, BCS (Chartered Institute for IT) (from 12th March 2025. Member of the RAFC until 12th March 2025).</p> <p>Trustee of the Centre for the Acceleration of Social Technology (CAST) and Chair of its finance and audit committee (from 24th September 2024).</p> <p>Trustee, Falklands Conservation (UK) (until 4th December 2024).</p> <p>Trustee (co-opted) of the Bat Conservation Trust (from 4th October 2024).</p>	<p>Institute of Chartered Accountants in England and Wales.</p> <p>The Chartered Institute of Public Finance and Accountancy.</p> <p>BCS (Chartered Institute for IT).</p>
Iain Lanaghan	<p>Lead Non-executive Director, The UK Supreme Court.</p> <p>Non-executive Board Member and Audit Chair, Scottish Water (owned by the Scottish Government) and two subsidiaries.</p> <p>Occasional consultancy as Iain M. Lanaghan.</p>	Member of the Royal United Services Institute (RUSI) Audit and Risk Committee.	Institute of Chartered Accountants of Scotland.

Director	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
Sarah Deasley	<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. (from 3rd May 2024).</p>	<p>Trustee, Sustainability First.</p> <p>Advisory Board, Carbon Connect.</p>	
Sara Vaughan	<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>Co-chair of Icebreaker One's Steering Group on Open Energy (as consultant).</p> <p>*A subsidiary of Elexon Limited.</p> <p>Director, South Staffordshire Water plc (from 10th February 2025), and Chair from 1st May 2025.</p>	<p>Member of Energy Advisory Panel (until June 2025) and Energy Policy Debates Committee, Energy Institute.</p> <p>Parish Councillor and Vice-Chair, Birdingbury Parish Council. Chair from 19 May 2025.</p>	<p>Member of The Law Society.</p> <p>Fellow, Energy Institute.</p>
Malcolm Brown		<p>Chair, Imperial College Trust.</p> <p>Chair of the Development Committee, Geological Society.</p>	<p>The Geological Society of London.</p> <p>Energy Exploration Society of Great Britain.</p>
Fiona Mettam	-	Trustee and Chair of the Board of Trustees of a local community hub.	-
Vicky Dawe	-	-	-

Directors' dates of appointment

At the end of the reporting year, and at the date of signing, the company had nine directors, as follows.

Name	Date of appointment
Liz Ditchburn	22 October 2024
Stuart Payne	1 January 2023
Vicky Dawe*	11 July 2022
Fiona Mettam*	3 November 2021
Sara Vaughan	1 October 2021
Malcolm Brown	1 October 2021
Sarah Deasley	1 October 2020
Iain Lanaghan	20 April 2020
Nic Granger	2 November 2016

* Only one of the two Shareholder Directors attends board and committee meetings.

Directors – attendance at board meetings and committees

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

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

*Liz Ditchburn attended the November 2024 meeting as an observer, as part of her induction.

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

***Only one of the two Shareholder Directors attends board and committee meetings.

Staff policies

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

Quality assurance of analytical models

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

The NSTA was compliant with the mandatory elements of all applicable government functional standards in 2024-25. New procurement regulations came into effect on 1st February 2025 and functional standards have been reviewed and aligned with the regulations.

Declaration of staff financial interests

The NSTA identified no new 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.

Fraud and whistleblowing

The Chief Information and Financial Officer chairs the NSTA's security advisory board (SAB). The Information Security Manager produces dashboard reports for the SAB and the audit and risk committee. The NSTA's security operations centre monitors cyber security and fraud threats. Staff undertake mandatory online fraud prevention training.

During the financial year no concerns were raised under the raising concerns at work (whistleblowing) policy. The NSTA has six whistleblowing officers.

Data protection

The NSTA's Data Protection Officer monitors the NSTA's compliance with data protection law. Staff are required to undertake annual security and data protection online training.

Risk management

Directors have delegated the regular review of management's handling of the company's strategic risks to the audit and risk committee. The NSTA maintains a strategic 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 strategic risk register have a named leadership team risk owner. All risks have mitigation measures in place to reduce the potential impact to an acceptable level, wherever possible.

Material changes to the risks, including any new or escalated risks, are reviewed quarterly by the leadership team. The audit and risk committee takes assurance on management's handling of strategic risks three times a year.

The board reviews strategic risks, from a 'clean sheet' perspective, once a year. In 2024-25, the board reviewed strategic risks in November 2024 and continues to monitor them closely.

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 11.

By order of the board signed



Stuart Payne

Chief Executive

8th July 2025

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:

Considerate	the best available candidate will be appointed.
Accountable	those involved take responsibility for their campaigns.
Robust	the selection processes must be objective, impartial and applied consistently.
Fair	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 Prince'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.

Staff covered by this report hold open-ended appointments, with three exceptions: the Chief Executive holds a fixed term appointment, which terminates on 31st December 2027 and two 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 directors (audited)

The salary and pension entitlements of executive directors were:

Member	Salary (actual) 2024-25 (£'000)	Bonus Payment 2024-25 (£'000)	Pension Benefits 2024-25 (£'000)	Total 2024-25 (£'000)	Total 2023-24 (£'000)	Accrued pension at pension age at 31/3/25 (£'000)	Real increase in pension and related lump sum at pension age to 31/3/25 (£'000)	CETV at 31/3/25 (£'000)	CETV at 31/3/24 (£'000)	Real increase in CETV (£'000)
Stuart Payne	*275-280	55-60**	79	410-415	395-400	45-50	5-7.5	611	489	59
Nic Granger	165-170	10-15	43	215-220	210-215	30-35	2.5-5	377	310	31

*Includes £5k of bought out annual leave.

**Chief Executive's 2024-25 bonus is for the 2024 performance year (calendar year).

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

The final figures for the closing CETV balance were not confirmed in July 2025. They will be confirmed later in 2025.

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

Non-executive directors	Expiry date of contract	Fee 2024-25 (£)	Fees 2023-24 (£)
Liz Ditchburn Non-executive Chair (wef 22 October 2024)	21 October 2027	35,483	-
Tim Eggar Non-executive Chairman (wef 6 March 2019)	30 September 2024	40,000	80,000
Iain Lanaghan Non-executive director (wef 20 April 2020) and from 1 October 2021 Chairman of Audit and Risk Committee.	30 April 2026	25,200	25,200
Sarah Deasley Non-executive director (wef 1 October 2020)	30 September 2026	20,200	20,200
Malcolm Brown Non-executive director (wef 1 October 2021)	30 September 2027	20,200	20,200
Sara Vaughan Non-executive director (wef 1 October 2021)	30 September 2027	20,200	20,200

Fair pay disclosures (audited)

The relationship to the remuneration of the organisation's workforce is disclosed in the table below (based on the annualised banded remuneration of the highest paid executive director of £330,000-335,000):

	25th percentile	Median	75th percentile
2024-25			
Total remuneration (£)	54,555	82,257	94,475
Salary component of total remuneration (£)	50,793	80,053	91,132
Pay remuneration ratio information	6.09:1	4.04:1	3.52:1
2023-24			
Total remuneration (£)	52,256	78,997	91,247
Salary component of total remuneration (£)	48,993	77,062	88,815
Pay remuneration ratio information	5.98:1	3.96:1	3.42:1

The slight increase in the pay ratios compared to the previous year is due to a number of factors including the higher performance bonus of the CEO and a number of staff leaving being replaced by individuals with a lower starting salary.

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 percentage changes in the highest paid director salary and allowances is 5.71% (2023-24: -13.22%) and for performance pay and bonuses payable is 21.05% (2023-24: -34.48%). The variance in the

2024-25 percentage reflects the annual Senior Civil Service (SCS) pay award, which was applied across all staff, including the highest-paid Director. In addition, the Director's remuneration includes a payment for outstanding annual leave and an increased annual performance bonus. The reported percentage change is an estimate, as it is calculated using salary band midpoints rather than exact figures. The variance in the percentage from 2023-24 to 2024-25 is due to 2024-25 being the first full year that the current highest paid Director has been in role. In 2023-24 the previous highest paid Director was on a higher salary than our current highest paid Director.

The average percentage changes for the employees of the NSTA compared to the prior year in respect of salary and allowances is 3.03% (2023-24: 4.96%) and for performance pay and bonuses payable is -10.19% (2023-24: -4.23%). The fluctuation in the percentages, is a result of a number of factors including the annual pay award, an increasing headcount and new employees joining on lower starting salaries.

In 2024-25, nil (2023-24: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £29,000 to £335,000 (2022-23: £28,000 to £315,000).

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.

No senior management or non-executive directors were in receipt of benefits in kind for the financial year 2024-25.

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

Staff costs

	Permanent staff (£'000)	Others* (£'000)	2024-25 Total (£'000)	2023-24 Total (£'000)
Wages and salaries	17,823	130	17,953	16,149
Social security costs	2,237	-	2,237	1,984
Pension costs	4,841	-	4,841	4,203
Sub total	24,901	130	25,031	22,336
Other staff costs	-	-	-	-
Less recoveries in respect of outward secondments	-	-	-	-
Total	24,901	130	25,031	22,336

*Others include contractor costs and inward secondees for the financial year ending 31 March 2025.

During the reporting period, the average number of staff increased from 216 to 237 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. Therefore an increased number of employees being eligible for in-year and end of year bonus payments and the addition of a 5% pay award together with higher associated costs led to an increase in staffing costs. Furthermore, this was impacted by an increase in holiday pay, driven by fewer staff taking their annual leave in the first quarter of the period. However, at the same time our spend on interim contractors decreased as more roles were filled on a permanent basis.

Average number of people employed (audited)

	Number
Permanent staff	235
Others	2
Total	237

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 member's 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 (PCSPS). The PCSPS 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 PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS 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

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 on 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.

The NSTA's mentoring scheme was refreshed and relaunched this year and provided advice and guidance for mentees and mentors. During the year over seventeen pairings were formed. Mentees and mentors were offered training to ensure everyone was clear on their role and the scheme had quality assurance. There are two opportunities each year to join the scheme and the HR team carries out an annual review to assess whether the relationships continue to be effective or if they have concluded, having met their original purpose.

The NSTA was keen to develop a closer working relationship with Developing The Young Workforce. Over the year, thirteen NSTA staff members have supported schools across Aberdeen City and Aberdeenshire with eleven mock interviews sessions for senior pupils, which was a rewarding experience for all involved. Alongside helping the next generation develop valuable skills, it also presented an opportunity for staff less experienced with interviews to develop their confidence.

The NSTA has continued to run regular sessions on staff wellbeing.

We ran our biennial staff wellbeing survey in Summer 2024. The results from this showed that the NSTA scored above the 75th percentile in five out of the six HSE indicator categories and achieved a net promoter score of 33 (any score above 30 is considered excellent).

The NSTA now 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.

As part of our Disability Confident Commitment, the NSTA has commenced working with Enable and will shortly be providing a short work placement for a senior phase school pupil. Enable works with students who may otherwise find it challenging to obtain work experience due to barriers they may face. The NSTA hopes to give students a great experience and to learn how, as a company, to be more accessible.

This year the NSTA entered its third year working with social mobility charity, Career Ready. Two students completed the programme supported by NSTA mentors. The programme includes mentoring, masterclasses on a variety of skills and a summer internship. As in previous years, our internship included the completion of a project along with sessions on the activities of the various teams at the NSTA, career paths of staff and skills sessions such as CV writing. The opportunity to take part in some external activities to widen knowledge was again offered this year which was valuable to the students. In the forthcoming year the NSTA will be supporting three students through the programme.

In 2025-26, 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.

%	Male	Female
Gender	49	51

%	Full Time	Part Time
Working Pattern	91	9

%	Not Disabled	Declared Disabled	Undeclared	Prefer Not to Say
Disability	80	4	10	6

%	White	All Other Ethnic Groups Combined	Undeclared	Prefer Not to Say
Ethnicity	76	14	5	5

%	Below 20	21-30	31-40	41-50	51-60	61 and over
Age	0	7	32	31	21	9

%	Heterosexual/ Straight	LGBT+	Undeclared	Prefer Not to Say
Sexual Orientation	82	3	6	9

%	Same as at Birth	Different from Birth	Undeclared	Prefer Not to Say
Gender Identity	74	4	17	5

%	No Religion	Christian	All Other Religious Groups Combined	Undeclared	Prefer Not to Say
Religion and Belief	47	28	9	6	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 average number of days lost due to sickness absence was 3.7 days for 2024-25 (1.7 days for 2023-24).

Staff Turnover

The staff turnover percentage for 2024-25 for NSTA was 5.15% (2023-24: 10.5%). This has been calculated as the number of leavers within that period divided by the average of staff in post over the period (headcount).

Consultancy and temporary staff

Spend on consultancy and temporary staff:

	£'000
Consultancy	-
Temporary staff	130
Total	130

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 2024-25 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 2025 was:

Total number of existing engagements as of 31 March 2025	3
Of which;	
Number that have existed for less than one year at the time of reporting	3
Number that have existed for between one to two years at the time of reporting	0
Number that have existed for between two to three years at the time of reporting	0
Number that have existed for between three to four years at the time of reporting	0
Number that have existed for between four or more years at the time of reporting	0

The number of new off-payroll engagements or those that reached six months in duration between 1 April 2024 and 31 March 2025 (for more than £245 per day and that last for longer than six months) was:

No. of temporary off-payroll workers engaged during the year ended 31 March 2025	3
Of which;	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	3
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: No. of engagements that saw a change to IR35 status following review	0

There were thirteen on payroll directors and/or senior officials with significant financial responsibility between 1 April 2024 and 31 March 2025, 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 2025:

Exit package cost band	Number of compulsory redundancies 2024-25	Number of compulsory redundancies 2023-24	Number of other departures agreed 2024-25	Number of other departures agreed 2023-24	Total number of exit packages by cost band 2024-25	Total number of exit packages by cost band 2023-24
<£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	1	0	1
£50,001- £100,000	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0
Total number of exit packages	0	0	0	1	0	1
Total cost (£000)	0	0	0	£27,583		£27,583

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

8th July 2025

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 2024-25, 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 2024-25 internal audit and the 2024-27 internal audit plan.
- Worked collaboratively with the National Audit Office on the 2024-25 audit.
- Renewed all statutory and other appropriate insurance cover.
- 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.

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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.



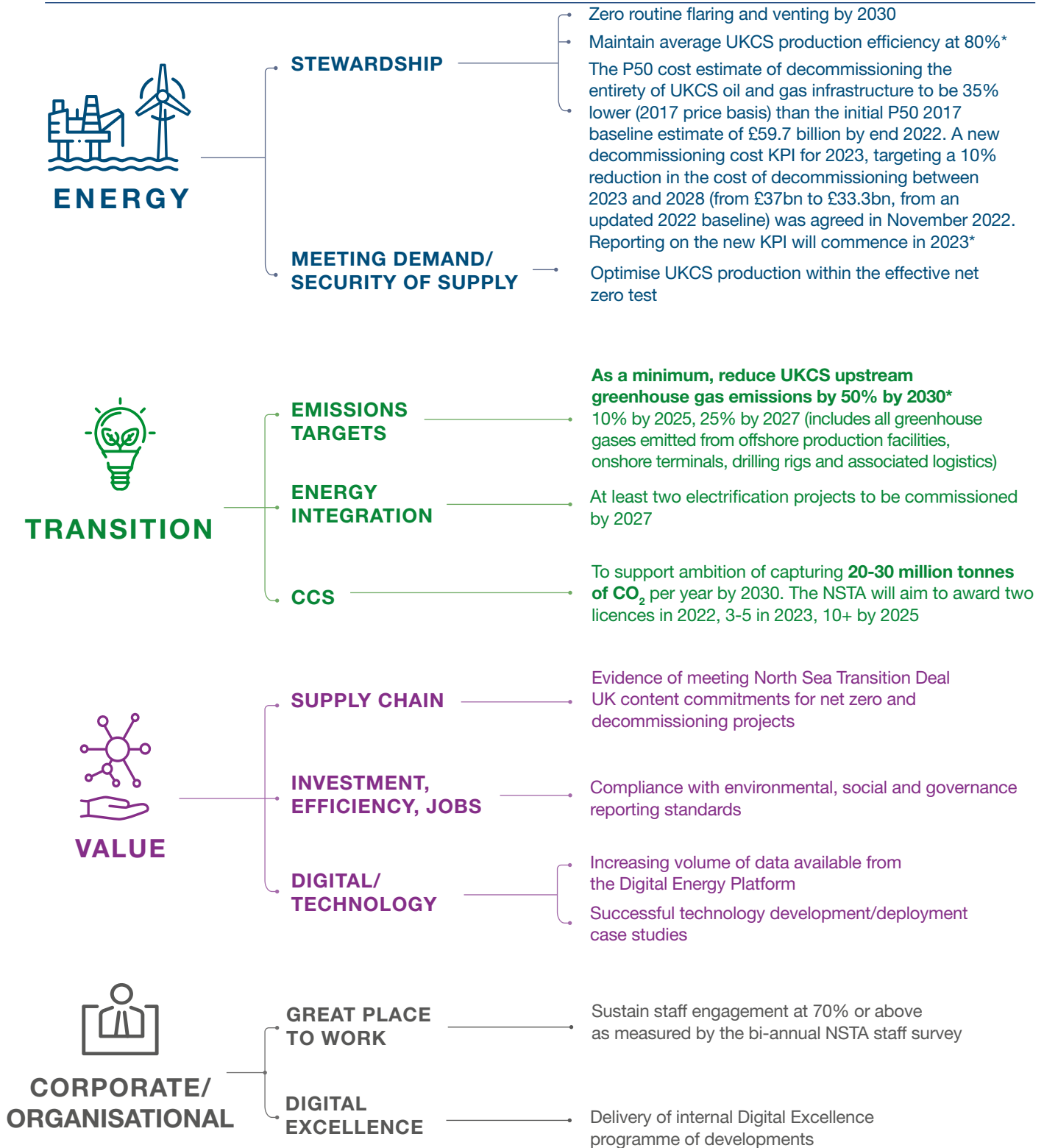
Stuart Payne

Accounting Officer

8th July 2025

Future Developments

Summary of NSTA KPIs



*Existing NSTA KPI

Company

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 2025 under the Government Resources and Accounts Act 2000. The financial statements comprise the Company’s:

- Statement of Financial Position as at 31 March 2025;
- 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 2025 and of the net income for the year then ended;
- have been properly prepared in accordance with the 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 2019*. 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	
Authorising legislation	<ul style="list-style-type: none"> • Infrastructure Act 2015 • Energy Act 2016 and 2023 • Companies Act 2006
Parliamentary authorities	<ul style="list-style-type: none"> • The Oil and Gas Authority (Levy and Fees) Regulations 2024 • The Oil and Gas Authority (Fees) Regulations 2016 <i>and subsequent amendments</i>
Shareholder, HM Treasury and related authorities	<ul style="list-style-type: none"> • Articles of Association • Framework document between the Secretary of State and the Company • HM Treasury and related authorities to the extent they are applicable to the Company

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 made each year;
- the legislation relating to the 2024-25 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:

	Audited Entity
Materiality	£750,000 (2023-24: £690,000)
Basis for determining materiality	2% of gross expenditure (2023-24: 2% of gross expenditure)
Rationale for the benchmark applied	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, 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 of 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. Group performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 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 £15,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit 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 certificate, 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 parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Companies Act 2006 as if the requirements of Schedule 8 to 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 its 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

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 25;
- 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 10;
- Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on pages 25
- Directors' statement on fair, balanced and understandable set out on pages 26;
- 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 principle risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 26;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 36; and
- The section describing the work of the Audit and Risk committee set out on page 28.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities 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 statements 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, certify 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 and 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 2024 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 directors, 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. This description forms part of my certificate.

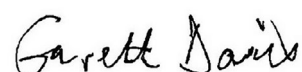
Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements, in all material respects, 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

14th July 2025

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 2025**

	Note	31 March 2025 £'000	31 March 2024 £'000
Income			
Income from sale of goods and services	3	2,914	2,618
Other income	3	41,219	35,059
Total operating income		44,133	37,677
Expenditure			
Staff costs	4	(25,031)	(22,336)
Other operating costs	5.1	(17,828)	(14,115)
Depreciation and amortisation charges	5.2	(1,159)	(1,133)
Provision expense	5.3	(29)	(16)
Finance cost	5.4	(86)	(77)
Total operating expenditure		(44,133)	(37,677)
Total net income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

The notes on pages 63 to 85 form part of these financial statements.

Oil and Gas Authority Statement of Financial Position as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Non-current assets			
Property, plant and equipment	6	725	385
Right-of-use assets	7	8,084	7,169
Intangible assets	8	18	22
Total non-current assets		8,827	7,576
Current assets			
Cash and cash equivalents	9	8,754	7,990
Trade and other receivables	10	1,129	1,161
Total current assets		9,883	9,151
Total assets		18,710	16,727
Current liabilities			
Trade and other payables	11	(6,741)	(7,801)
Lease liabilities	12	(623)	(731)
Provisions	13	(1,822)	(236)
Total current liabilities		(9,186)	(8,768)
Total assets less current liabilities		9,524	7,959
Non-current liabilities			
Trade and other payables	11	(701)	(265)
Lease liabilities	12	(8,451)	(7,185)
Provisions	13	(372)	(509)
Total non-current liabilities		(9,524)	(7,959)
Total liabilities		(18,710)	(16,727)
Net assets		-	-
Shareholders' equity and other reserves			
Share capital	14	-	-
Retained earnings		-	-
Total equity		-	-

The notes on pages 63 to 85 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19 June 2025 and signed on its behalf on 8th July 2025 by



Stuart Payne

Director

Company registered number: 09666504

Oil and Gas Authority

Statement of Cash Flows for the year ended 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Cash flows from operating activities			
Comprehensive income for the year		-	-
Adjustments to reconcile comprehensive income to net cash flows:			
Depreciation of property, plant and equipment	5.2	205	215
Depreciation of right-of-use assets	5.2	934	900
Amortisation of intangible assets	5.2	20	18
Interest expense	5.4	86	77
Working capital adjustments:			
Decrease/(increase) in trade and other receivables	10	32	(171)
(Decrease) in trade and other payables excluding capital funding from government grant: current year	11	(1,224)	(751)
Provisions provided in year	13	1,449	44
Net cash inflow from operating activities		1,502	332
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(545)	(99)
Purchase of intangible assets	8	(16)	-
Capitalised direct lease costs		(30)	-
Net cash outflow from investing activities		(591)	(99)
Cash flows from financing activities			
Capital funding from DESNZ: current year	11	600	100
Repayment of lease liabilities		(747)	(398)
Net cash outflow from financing activities		(147)	(298)
Net increase/(decrease) in cash and cash equivalents in the year		764	(65)
Cash and cash equivalents at the beginning of the year	9	7,990	8,055
Cash and cash equivalents at the end of the year	9	8,754	7,990

The notes on pages 63 to 85 form part of these financial statements.

Oil and Gas Authority
Statement of Changes in Equity for the year ended 31 March 2025

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2023	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 March 2024	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 March 2025	-	-	-

The notes on pages 63 to 85 form part of these financial statements.

Notes to the Financial Statements

1. General information

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 (CCS) and hydrogen production 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

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 2025 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 2024 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
Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024	Endorsed
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	Endorsed
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	Endorsed

- IAS1: The amendments aim to promote consistency in applying the requirements by helping companies determine whether liabilities with an uncertain settlement date should be classified as current or non-current.
- IFRS16: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy requirements of IFRS 15.
- IAS7 & IFRS7: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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 2025, 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 2025:

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates.

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 2025-26 levy regulations were laid before parliament on 3 March 2025, 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 2025 shows net current assets/liabilities of nil.

As at 31 May 2025, 93% of 2025-26 levy has been collected and the NSTA received £740k of the 2025-26 funding of £3.0m 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 10.

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. Miscellaneous income

Miscellaneous income mainly relates to income received from other 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 fitting	5 to 10 years
Information technology	3 to 4 years
Leasehold improvement	10 years
Right-of-use assets (leased office in London)	0.3 to 10 years
Right-of-use assets (leased office in Aberdeen)	0.3 to 13 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 any 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.

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 2025-26 are expected to be in a range of 28.97% for all pay bands (2024-25: 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 were not 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 21 Bloomsbury Street ended on 30 September 2022. Progress has been made on finalising dilapidations but no settlement had been made as at 31 March 2025.

The lease for the premise at 1 Marischal Square, Aberdeen, 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 provision to its present value using the discount rate set by HM Treasury which is 4.81%. 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 provision 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 obligations. Further details of the movement can be found on 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 2025 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) 2024-25 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 2025 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.

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 the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the company. The company has provisions which relate to a future liability for dilapidations costs for its leased premises and other provisions relating to legal obligations. Provisions relating to dilapidations are remeasured annually by using discount rates set by HM Treasury and have an effect on liabilities.

3. Income

In 2024-25, 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 2025.

	2024-25 £'000	2023-24 £'000
a) Income		
Income from fees and charges	2,914	2,618
Income from sale of goods and services	2,914	2,618
Income from the industry levy	38,465	32,325
Income from other government grant	2,690	2,721
Miscellaneous income	64	13
Other income	41,219	35,059
b) Reconciliation of levy collected and levy income recognised		
Industry levy collected	38,465	35,030
Income from the industry levy (matched by expenditure funded by the industry levy)	(38,465)	(32,325)
Underspent levy refundable to industry	-	2,705

4. Staff costs

Staff costs comprise:

			2024-25	2023-24
	Permanently employed staff	All other staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	17,823	130	17,953	16,149
Social security costs	2,237	-	2,237	1,984
Other pension costs	4,841	-	4,841	4,203
Total net costs	24,901	130	25,031	22,336

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

	2024-25	2023-24
	FTE	FTE
Permanent staff	235	211
Agency and contracted staff	2	5
Total	237	216

Key management personnel include executive directors and their compensation is disclosed in the Remuneration Report on pages 37 to 47.

5. Other expenditure

	SoCI Reference	2024-25 £'000	2023-24 £'000
Project delivery costs		6,595	5,593
IT outsourcing		3,827	3,579
Legal, professional and consultancy		2,516	428
IT expenditure		1,538	1,406
Accommodation		889	880
Training		505	440
Other		506	448
Travel and subsistence		679	649
Subscriptions		316	277
Office services		278	251
Personnel related		116	107
Auditors' remuneration and expenses – National Audit Office		63	57
	5.1	17,828	14,115
Non-cash items			
Depreciation of right-of-use assets		934	900
Depreciation of property, plant and equipment assets		205	215
Amortisation of intangible assets		20	18
	5.2	1,159	1,133
Provision expense			
Provision provided in year		17	17
Provision unwinding of discount		12	27
Provision written off		-	(28)
	5.3	29	16
Finance costs			
Interest expense on lease liabilities		86	77
	5.4	86	77
Total		19,102	15,341

Project delivery costs include £1.6m (2023-24: £1.5m) in relation to the Data warehouse and £0.7m relates to Data set purchases (2023-24: £1.1m).

NSTA have experienced an increase in legal fees primarily due to the recognition of a provision related to ongoing legal matters and various legal costs such as litigation support, external legal assistance to address complex cases and advisory services.

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

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

6. Property, plant and equipment

	IT equipment £'000	Furniture and fittings £'000	Leasehold Improvements £'000	2024-25 total £'000
Cost or valuation				
At 1 April 2024	1,123	1,177	-	2,300
Additions	83	193	269	545
At 31 March 2025	1,206	1,370	269	2,845
Depreciation				
At 1 April 2024	899	1,016	-	1,915
Charged in year	101	104	-	205
At 31 March 2025	1,000	1,120	-	2,120
Net book value at 31 March 2025	206	250	269	725
Asset financing:				
Owned	206	250	269	725
Net book value at 31 March 2025	206	250	269	725
	IT equipment £'000	Furniture and fittings £'000	Leasehold Improvements £'000	2023-24 total £'000
Cost or valuation				
At 1 April 2023	1,125	1,177	-	2,302
Additions	99	-	-	99
Disposals	(101)	-	-	(101)
At 31 March 2024	1,123	1,177	-	2,300
Depreciation				
At 1 April 2023	891	910	-	1,801
Charged in year	109	106	-	215
Disposals	(101)	-	-	(101)
At 31 March 2024	899	1,016	-	1,915
Net book value at 31 March 2024	224	161	-	385
Asset financing:				
Owned	224	161	-	385
Net book value at 31 March 2024	224	161	-	385

The company acquired £83k (2023-24: £99k) of IT equipment, which includes a new server and routers. In addition, the company also capitalised Furniture and fittings of £193k and £269k of Leasehold improvement works upon finalising the lease of a new office in London, no such expenditure in the prior year.

7. Right-of-use assets

	Buildings £'000	2024-25 Total £'000
Cost or valuation		
At 1 April 2024	9,816	9,816
Additions	1,773	1,773
Remeasurement	76	76
At 31 March 2025	11,665	11,665
Depreciation		
At 1 April 2024	2,647	2,647
Charged in year	934	934
At 31 March 2025	3,581	3,581
Net book value at 31 March 2025	8,084	8,084
Asset financing:		
Leased	8,084	8,084
Net book value at 31 March 2025	8,084	8,084
	Buildings £'000	2023-24 Total £'000
Cost or valuation		
At 1 April 2023	9,890	9,890
Capitalised Provision	(74)	(74)
At 31 March 2024	9,816	9,816
Depreciation		
At 1 April 2023	1,747	1,747
Charged in year	900	900
At 31 March 2024	2,647	2,647
Net book value at 31 March 2024	7,169	7,169
Asset financing:		
Leased	7,169	7,169
Net book value at 31 March 2024	7,169	7,169

Amounts recognised in Statement of Comprehensive Income

	2024-25 Total £'000	2023-24 Total £'000
Depreciation expense on right-of-use assets	934	900
Interest expense on lease liabilities	86	77
Expenses relating to short term leases	7	-

None of the NSTA's property leases contain variable payment terms. The total cash outflow relating to leases in the year amounted to £747k (2023-24: £398k).

The NSTA's lease at 50 Broadway, London started on 13 March 2025, this gave rise to an addition in the right of use assets and a corresponding liability (see note 12).

8. Intangible fixed assets

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

	Finance and HR software £'000	Software licences £'000	Website £'000	Total £'000
Cost				
At 1 April 2023	189	299	104	592
At 31 March 2024	189	299	104	592
Amortisation				
At 1 April 2023	149	299	104	552
Charged in year	18	-	-	18
At 31 March 2024	167	299	104	570
Net book value at 31 March 2024	22	-	-	22
Asset financing:				
Owned	22	-	-	22
Net book value at 31 March 2024	22	-	-	22

Included in Finance and HR software additions, the company made some enhancements to the existing finance system by developing a new expense management application which was rolled out in December 2024.

9. Cash and cash equivalents

	2024-25 £'000	2023-24 £'000
Balance at 1 April	7,990	8,055
Net change in cash and cash equivalent balances	764	(65)
Closing balance	8,754	7,990
The following balances were held at:		
Government Banking Service	8,754	7,990
Balance at 31 March	8,754	7,990

10. Trade and other receivables

	2024-25 £'000	2023-24 £'000
Amounts falling due within one year		
Trade receivables	44	99
Trade receivables – expected credit losses	-	(2)
Other receivables	10	12
Prepayments	926	938
DESNZ receivable	149	114
Total trade and other receivables at 31 March	1,129	1,161

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

11. Trade and other payables

	Note	2024-25 £'000	2023-24 £'000
Amounts falling due within one year			
Trade payables		2,685	2,197
Current year levy underspend – refundable to industry	3	-	2,706
Prior years' levy underspend – refundable to industry *		34	39
VAT payable		50	41
Taxation and social security		1,164	1,063
Accruals		2,644	1,620
DESNZ capital loan **		164	135
Total current payables at 31 March		6,742	7,801
Amounts falling due after more than one year			
DESNZ capital loan **		701	265
Total non-current payables at 31 March		701	265
Total trade and other payables at 31 March		7,442	8,066

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 2025. The NSTA are actively liaising with levy payers to ensure these funds are returned.

** The DESNZ capital loan includes current year funding of £600k to purchase assets.

12. Lease liabilities

	Note	2024-25 £'000	2023-24 £'000
Land & Buildings			
Balance at 1 April		7,916	8,086
Additions		1,743	-
Interest expense	5.4	86	77
Remeasurement	7	76	151
Lease payments		(747)	(398)
Closing balance		9,074	7,916
Amount falling due within one year			
Current lease liability		623	731
Amount falling due after more than one year			
Non-current lease liability		8,451	7,185
Total lease liabilities		9,074	7,916
Maturity analysis			
Not later than 1 year		623	110
Later than 1 year and not later than 5 years		2,437	367
Later than 5 years		6,014	7,439
		9,074	7,916

13. Provisions

	Dilapidations £'000	Other £'000	2024-25 Total £'000
At 1 April 2024	745	-	745
Change in discount rate	-	-	-
Provided in the year	17	1,420	1,437
Unwinding of discount	12	-	12
Provision utilised in the year	-	-	-
At 31 March 2025	774	1,420	2,194

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
	774	1,420	2,194

	Dilapidations £'000	Other £'000	2023-24 Total £'000
At 1 April 2023	926	-	926
Provided in the year	17	-	17
Unwinding of discount	27	-	27
Provision utilised in the year	(225)	-	(225)
At 31 March 2024	745	-	745

Analysis of expected timing of discounted flows:

Not later than 1 year	236	-	236
Later than 1 year and not later than 5 years	150	-	150
Later than 5 years	359	-	359
	745	-	745

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 2025 is at £402k (2023-24: £386k) and the total discounted provision liability as at 31 March 2025 is £372k (2023-24: £359k). Provision discount rates are set by HM Treasury and are updated annually.

As of March 31, 2025, the Company has recognised a provision of £1.4m for legal expenses related to ongoing litigation. The provision represents the best estimate of the expenditure required to settle the present obligation based on internal legal advice and the support of management. The outcome of the litigation is subject to uncertainties and may be adjusted based on new information or developments in the case. There are no expected reimbursements related to this provision.

Disclaimer: The information disclosed in this note is intended solely for the purpose of financial reporting and should not be construed as an admission of liability or an indication of the Company's position in the ongoing litigation. The Company reserves the right to adjust the provision as necessary based on the progress and outcome of the case.

14. Share capital

	Number
Authorised shares	
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.

	2024-25 £'000	2023-24 £'000
Ageing of financial assets		
Neither past due nor impaired	62	79
Past due 1-30 days	136	16
Past due 30-60 days	-	8
Past due 61-90 days	-	3
Past due > 90 days	4	6
Total at 31 March	202	112

The loss allowance as at 31 March 2025 for trade receivables over 90 days, has been determined as follows:

	Between 1-2 years %	< 2 years %
Expected Loss Rate	50	100

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

	2024-25 £'000	2023-24 £'000
At 1 April	2	30
New allowances in the reporting period	-	-
Released on repayment	(2)	(1)
ECL utilised when written-off	-	(27)
At 31 March	0	2

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.

15.3.3 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.

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.

	2024-25 £'000	2023-24 £'000
Carrying amounts and fair values		
Trade and other receivables	1,129	1,161
Trade and other payables	(7,442)	(8,066)
Total at 31 March	(6,313)	(6,905)

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.

	2024-25	2023-24
Number of cases	2	5
£'000	-	27

The two cases of unrecoverable debts that have been written off during the 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 £2.7m (2023-24 £2.7m) and a capital loan of £600k (2023-24: £100k) from DESNZ.

At the balance sheet date, the company has a balance of £149k (2023-24: £114k) in trade and other receivables, which is due from DESNZ. The company has a capital loan of £865k (2023-24: £400k) 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 £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.

18. 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 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

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 2024-25.

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 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 NSTA launched the 33rd Offshore Petroleum Licensing Round on 7 October 2022. The NSTA has awarded the remaining tranche in May 2024.

In August 2024, the Government announced its plans for new environmental guidance for oil and gas firms, to provide stability for industry and support investment, and to consult on the implementation of its manifesto position not to issue new oil and gas licences to explore new fields. This consultation closed on 30 April 2025.

With this in mind, the NSTA has paused issuing any invitations to applications for new licences (including out-of-round invitations) pending the finalisation of the process. And the NSTA does not expect to run an Offshore Petroleum Round, or Out of Round, in 2025/26.

Financial Review

Fees received in respect of Petroleum licences amounted to £47.2m for the year to 31 March 2025 (£45.8m in 2023-24). Fines and penalties received during the year amounted to £875k (£160k in 2023-24). 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 2024-25 year has been calculated in the current year at £1.3m and will be paid in the 2025-26 financial year (£1.2m in 2023-24 and paid in 2024-25 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 91 to 94. The auditor's notional remuneration of £16.2k (2023-24: £15.6k) 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
8th July 2025

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

The NSTA's Governance Statement, covering both the Accounts and the Trust Statement, is included in the Governance section of this report on page 27.

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 2025 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 2025;
- Statement of Revenue, Statement of Other Income and Expenditure, and 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's affairs as at 31 March 2025 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 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 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 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 Accounting Officer's Responsibilities, 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 will not continue to be provided in the future.

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 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, the Oil and Gas Authority'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'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 the Exchequer and Audit Departments Act 1921, Managing Public Money and the Petroleum Act 1998 and the Miscellaneous Financial Provisions Act 1968 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; and

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. This description forms part of my certificate.

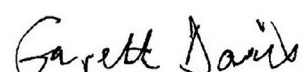
Other auditor's responsibilities

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

14th July 2025

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 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Revenue			
Licence fees and taxes			
Petroleum licences	2	47,162	45,779
Total licence fees and taxes		47,162	45,779
Fines and penalties			
Fines and penalties	2.2	875	160
Total fines and penalties		875	160
Total revenue and other income		48,037	45,939
Expenditure			
Disbursements	3	(1,732)	(956)
Total expenditure		(1,732)	(956)
Net revenue for the Consolidated Fund		46,305	44,983

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

The notes on pages 98 to 104 form part of this statement.

Statement of Financial Position as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Current assets			
Receivables and accrued fees	4	5,702	5,556
Cash and cash equivalents	5	24,811	22,561
Total current assets		30,513	28,117
Current liabilities			
Payables	6	(4,208)	(3,134)
Total current liabilities		(4,208)	(3,134)
Net current assets		26,305	24,983
Total net assets		26,305	24,983
Represented by:			
Balance on Consolidated Fund Account	7	26,305	24,983

The notes on pages 98 to 104 form part of this statement.



Stuart Payne

Chief Executive Officer

8th July 2025

Statement of Cash Flows for the year ended 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Net cash flows from operating activities		47,233	45,909
Cash paid to the Consolidated Fund	7	(44,983)	(44,514)
Increase in cash in this year		2,250	1,395

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	46,305	44,983
(Increase)/decrease in receivables and accrued fees	4	(146)	418
Increase in payables	6	1,074	508
Net cash flows from operating activities		47,233	45,909

B: Analysis in changes in Net Funds

Increase in cash in this year		2,250	1,395
Net Funds as at 1 April (net cash at bank)	5	22,561	21,166
Net Funds as at 31 March (closing balance)	5	24,811	22,561

The notes on pages 98 to 104 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 administers on behalf of the Consolidated Fund and where it is acting as agent rather than as principal.

The Trust Statement is presented in pounds sterling, which is the functional currency. The financial information in the Trust Statement 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 2025.

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

	2024-25 £'000	2023-24 £'000
Fees receivable	47,162	45,779
Total	47,162	45,779

The responsibility for the collection of petroleum licences is with the Company. The fees receivable in the prior year includes waivers that have been approved by HM Treasury. The waivers amounted to £4.6m (2023-24 - £2.2m and 2022-23 - £2.4m).

2.2 Revenue from fines and penalties

	2024-25 £'000	2023-24 £'000
Repsol North Sea Limited	350	160
Perenco UK Limited	225	-
NEO Energy Production UK Limited	100	-
ONE-Dyas UK Limited	75	-
CNOOC Petroleum Europe Limited	125	-
Total	875	160

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

3. Expenditure and disbursements

	2024-25 £'000	2023-24 £'000
Payments to Northern Ireland Government	1,282	1,210
Expected credit losses	450	(254)
Total	1,732	956

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

	2024-25 £'000	2023-24 £'000
Petroleum licence fees receivable	6,159	10,030
Provision of waivers	-	(4,646)
Trade receivables – expected credit losses	(457)	(6)
Accrued petroleum licences receivable	-	178
Total	5,702	5,556

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.

On 16 May 2024, HM Treasury approved the waivers for some petroleum licence rentals in respect of financial periods 2022-23 and 2023-24. These were reflected in the prior year as a provision for waivers as an adjusting post balance event. There have been no waivers approved during this financial year.

The expected credit loss allowance at 31 March 2025 is analysed in Note 8.2.

Petroleum licence fees accrued in 2023-24 relate to licence fees arising from Tranche 1 in the 33rd round. There have been no accrued petroleum fees in the current financial year.

5. Cash and cash equivalents	2024-25 £'000	2023-24 £'000
Balance as at 1 April	22,561	21,166
Net change in cash and cash equivalent balances	2,250	1,395
Balance at 31 March	24,811	22,561
The following balances were held at:		
Government Banking Service	24,811	22,561
Total	24,811	22,561

6. Payables

	2024-25 £'000	2023-24 £'000
Northern Ireland Government	1,282	1,210
Other payables	2,926	1,924
Total	4,208	3,134

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

7. Balance on the Consolidated Fund Account

	2024-25 £'000	2023-24 £'000
Balance on the Consolidated Fund as at 1 April	24,983	24,514
Net revenue for the Consolidated Fund	46,305	44,983
Less amounts paid to the Consolidated Fund	(44,983)	(44,514)
Balance on the Consolidated Fund as at 31 March	26,305	24,983

8. Financial instruments

8.1 Classification and categorisation of financial instruments

	2024-25 £'000	2023-24 £'000
Financial assets:		
Cash and cash equivalents	24,811	22,561
Petroleum licence fees receivable	5,702	5,556
Total financial assets	30,513	28,117
Financial liabilities:		
Northern Ireland Government payables	(1,282)	(1,210)
Other payables	(2,926)	(1,924)
Total financial liabilities	(4,208)	(3,134)

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:

	2024-25 £'000	2023-24 £'000
Ageing of financial assets:		
Neither past due nor impaired	2,341	2,520
Past due 1-30 days	452	791
Past due 30-60 days	-	1,253
Past due 61-90 days	134	323
Past due >90 days	3,233	5,321
Total at 31 March	6,159	10,208

The above balances are generally considered to be a very low credit risk under the current legislation, particularly those under 90 days. The expected credit losses have been applied to the 90 days past due aged balances that do not relate to Welsh and Scottish Licensing - 88% (2023-24: 35%) and amounts waived - 0% (2023-24: 64%). Refer to Note 4 for more information on the waiver.

8.3 Credit losses

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

	2024-25 £'000	2023-24 £'000
Balance as at 1 April	6	260
New allowances in the reporting period	460	-
Released on repayment	(9)	(12)
Written off	-	(242)
Total at 31 March	457	6

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. There were no individual amounts over £300k, of approved debts written off in 2024-25. During 2023-24 debts written off amounted to £242k, which relate to fruitless payments as a result of dissolved or liquidated companies. There have been no debts written off during this 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 2025 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") 2024-25.
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. 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. 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.

Kevin Pertaub

Deputy Director, Government Financial Reporting
His Majesty's Treasury Thursday,
19 December 2024



North Sea Transition Authority

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The North Sea Transition Authority is the business name for the Oil and Gas Authority, a limited company registered in England and Wales with registered number 09666504 and VAT registered number 249433979. Our registered office is at 50 Broadway, London SW1H 0DB.

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