

# SSRO

Single Source  
Regulations Office



## SSRO Annual Report and Accounts 2024/25

The SSRO is an executive  
non-departmental public body,  
sponsored by the Ministry of Defence.



# **The Single Source Regulations Office**

## **Annual Report and Accounts 2024-2025**

For the period 1 April 2024 to 31 March 2025

Presented to Parliament pursuant to Paragraph 13 (5) of Schedule 4 of the Defence Reform Act 2014.

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## Chair's statement

The challenging global security situation has highlighted the need for speedy and efficient defence procurement. Further legislative changes to improve the operation of the single source framework were introduced at the start of last year, including new powers for the SSRO to issue guidance on any aspect of the application or interpretation of the regulatory framework.



**Hannah Nixon,**  
Chair

We have been building on our strong foundations by further supporting the effective use of the regulatory framework by both industry and the Ministry of Defence (MOD). In the last twelve months, we have worked hard to help both industry and the MOD to respond to the challenges in defence procurement.

We have been engaging widely across defence and better using the data we hold to make sure we are becoming the most trusted, accessible, visible, and relevant regulatory body that we can be.

We are actively contributing to government-led defence reviews and are working collaboratively with our stakeholders to make recommendations focused on pace and simplification - as well as ensuring value for money and fair and reasonable prices.

The workforce strategy, adopted by the Board in December 2023, continues to drive our efforts to ensure we have the right people with the necessary experience and skills to deliver our objectives.

I appreciate the increased engagement we've seen from stakeholders this year, which has helped us to benefit from regular and effective feedback on our work, providing meaningful enhancements to the services we offer.

I would like to thank my fellow SSRO Board members for their ongoing support and insights, which have helped to set the SSRO's strategic direction and ensure accountability across the organisation during the year. I am particularly grateful to those members who also served on committees during 2024/25.

## Chief Executive's perspective on performance<sup>1</sup>



**John Russell,**  
Chief Executive

It has been a busy and eventful year, and I am grateful for the continuing hard work and professionalism of our teams.

We have made good progress in delivering our strategic objectives and KPI targets as well as meeting the aspirations set out in our Corporate Plan, which increase our impact, effectiveness and contribution to faster, better value for money single source defence procurement.

Responding to changes to the Defence Reform Act 2014 we published pricing and reporting guidance to support the implementation of these within the single source regulatory framework. We have also provided new management information tools to the MOD, which have improved the utilisation of our Defence Contract Analysis and Reporting System (DefCARS) data.

Alongside our contribution to the Government's Strategic Defence Review, we have visited many defence companies across the UK; held drop-in sessions and given presentations to various parts of the MOD and its delivery bodies; as well as to defence trade and membership organisations. We have also launched our new advice service to aid users of the regime to resolve tricky issues. This is all part of our continuing commitment to be seen as visible, accessible, relevant and trusted by those who use the regulatory framework.

This also provides us with real-world insights about the practical application of the regulatory framework and suggestions for where our services could help even more.

Looking to the future, in a volatile and challenging international environment, I want the SSRO to play a full and effective role, using our regulatory tools to enable swift and efficient delivery of defence capabilities that also enhance the UK's industrial resilience.

<sup>1</sup> Note: the Chief Executive's perspective on performance forms part of the performance report.

# Performance Report

# Purpose and activities of the SSRO

The Single Source Regulations Office (SSRO) is an executive non-departmental public body, sponsored by the MOD. We were established by the Defence Reform Act 2014, which also created a regulatory framework for single source defence contracts, placing controls on the pricing of qualifying contracts and requiring greater transparency on the part of defence contractors.

Our purpose is to support and improve the operation of the regulatory framework through the delivery of our statutory functions. Through those functions, we help to ensure that good value for money is obtained for defence contracts awarded without competition, and that the defence industry receives a fair and reasonable price.

Our statutory functions are:

- Providing to the Secretary of State an annual assessment of the appropriate baseline profit rate and capital servicing rates for use in calculating contract profit rates.
- Giving opinions and making determinations on matters referred to the SSRO.
- Keeping an up-to-date record of qualifying contracts and receiving statutory reports from defence contractors.
- Publishing guidance on Allowable Costs, Contract Profit Rate steps, Reporting and Penalties, and any other guidance considered appropriate concerning the interpretation or application of the Act and Regulations.
- Keeping under review the extent to which reporting requirements are being complied with.
- Analysing reported data on request for the Secretary of State.
- Keeping the operation of the regulatory framework under review and making recommendations for changes to the Secretary of State.



## Performance overview

The following section summarises the SSRO's performance against each of its corporate objectives.

### 1. Maintain a pricing system that supports value for money and fair prices

Our pricing guidance and annual profit rate assessment help parties agree fair and reasonable contract prices and support the achievement of value for money. The guidance that we provide is crucial in enabling the MOD and industry to price contracts in accordance with the regulatory framework.

During the year we have:

- Issued our assessment of appropriate baseline profit and capital servicing rates for 2025/26, which was accepted by the Secretary of State.
- Consulted on and issued an enhanced baseline profit rate assessment methodology. In responding to our stakeholders we improved our well-established methodology to streamline the activity groups, simplifying the process and further strengthening its robustness.
- Responded to changes to the Defence Reform Act 2014 and Single Source Contract Regulations 2014, publishing refreshed pricing guidance to support the implementation of changes to the regulatory framework. We also held Teach-In sessions for stakeholders, which enabled discussion on the guidance and how the SSRO could make it as straightforward as possible to use.
- Issued new guidance on the Final Price Adjustment (FPA) to support contracting parties to swiftly resolve common issues encountered in the application of the FPA, which was welcomed by industry. In response to feedback from users, we have improved the utility of this guidance by including new real-world examples to help resolve common issues and signposting how to access additional SSRO support.
- Consulted on and republished our guidance on allowable costs, contract profit rates and alternative pricing to incorporate stakeholder feedback of their practical experience of regulatory changes introduced in the past year.

### 2. Support a well-functioning regulatory framework

We use our expertise in regulation to support the MOD and industry to apply the regulatory framework in a consistent, accurate and effective way. Our support is trusted, providing effective and timely responses to queries from stakeholders that range from simple questions requiring signposting to existing guidance, to complex queries that necessitate tailored responses.

During the year we have:

- Continued to work with the MOD – including as part of the current Strategic Defence Review (SDR) and development of the new Defence Industrial Strategy (DIS) – by considering how the single source contracting framework should evolve to deliver better outcomes for defence and the wider UK economy. This work was informed by the SSRO's engagement with those using the framework, both the MOD and industry, and their feedback.
- Formally launched our non-referral advice service, through which either contracting party can receive confidential advice on applying the regulatory framework. The service has been well received with a steady increase in the total number of enquiries and requests for advice.
- Provided a suite of support services to stakeholders, including training, a helpdesk, onboarding and responses to commonly asked questions for stakeholders, which have received positive feedback.
- Reviewed training for MOD Commercial Officers and made recommendations on how the SSRO can help the MOD to improve its training on the single source regulations.

### 3. Promote the utilisation of DefCARS data and insights

A key benefit of the regulatory framework is greater transparency, and the wealth of information this provides. DefCARS is our tool for capturing, storing and facilitating the use of this information. The SSRO analyses and provides insights from the data to support the MOD, and our compliance and data utilisation work drives the availability of good data quality.

During the year we have:

- Responded to requests from the MOD by releasing new DefCARS management information tools that help support informed discussions with contractors during price negotiations. We promoted these tools through demonstrations, brochures and training videos for MOD staff. We also proactively produced new management information tools to demonstrate the potential of DefCARS data and increase data utilisation.
- Further embedded the use of existing management information tools through participation in events with MOD Commercial staff and engagement with key stakeholders in the MOD, presenting at 17 events over the year.
- Published four statistics bulletins and a new, shorter annual compliance bulletin, and directly provided compliance management information to stakeholders at operating and delivery level.
- Reviewed and made minor updates to our compliance methodology, which aims to avoid duplication with the work of the MOD and unnecessary burden on industry.
- Issued new and updated reporting guidance, along with updates to DefCARS, to help contractors submit statutory reports following the legislative changes made to the Regulations on 1 April 2024. We issued the draft guidance and compliance methodology in advance of concluding the consultation to give stakeholders time to familiarise themselves as early as possible and to enable their feedback to benefit from initial use.

### 4. Engaging with our stakeholders

During the year we have:

- Continued our programme of stakeholder engagement, including teach-in sessions about the regulatory framework and the SSRO's products and services and attendance at industry forums.
- Given presentations and led information sharing sessions to industry membership bodies and at industry conferences with the aim of improving their knowledge and understanding of the regulatory framework.
- Continued to engage with stakeholders, including through our established Operational Working Group and Reporting & IT Subgroup.
- Undertaken industry site visits, involving Board members and staff, which provided opportunities for us to gain an overview of a company, its structure, capabilities and business. These have provided valuable insight and allowed us to engage in discussion about a company's perspective on and experience of working within the regulatory framework and how the SSRO can further support them.
- Enhanced our communications approach to reach a wider audience of industry, government and academic professionals who have an interest in our work. We have made improvements to our website and developed our presence on social media.

## **5. A skilled, agile and engaged SSRO team**

During the year we have:

- Focused on developing our existing talent; recruiting staff with the right experience, skills, and knowledge, with expertise from a range of relevant professional domains; and enhanced our recruitment processes ensuring equality and inclusion in all our processes.
- Secured short industry placements for our employees to build their understanding of industry perspectives, whilst expanding their knowledge and improving their skills. In addition, we were invited by the trade bodies of the UK, USA and Australia to attend a workshop on AUKUS, focused on industry's perspective around infrastructure readiness, skills and capabilities as well as the funding of the AUKUS Part II.
- Maintained and progressed our training programme for operational directorate staff, which includes the SSRO Commercial Training Pathway (developed from the MOD Defence Learning Environment). The course covers key areas of the procurement life cycle and other key topics such as cost engineering and analysis of pricing. Fifty percent of SSRO staff have completed this training.
- Rolled out formal succession planning for senior roles to improve our organisational resilience, identifying and providing staff development opportunities.
- Carried out a skills audit of staff, Board members and panel members and fully implemented our new Pay Management Guide.

## **6. Operate an efficient and effective organisation**

During the year we have:

- Reviewed and streamlined our committee structure and delegations to make our organisation more efficient, and continued to ensure our processes are proportionate.
- Maintained our Cyber Essentials Plus certification and migrated our MOD cyber accreditation to the MOD's Secure by Design maturity model.
- Undertaken initial work to identify the impacts and potential ethical and secure use of AI to support improvements and drive efficiency in our operations.

# Key issues and risks for the SSRO






Our key risks across the year are set out in the following table:

Key risk	Mitigation
The SSRO does not engage effectively, or in a timely way, with those shaping the regime	Continuing dialogue with the relevant policy owners and proactive engagement in the development of the regime.
	The SSRO has a legal duty to keep the provisions made by the Act and Regulations under review. The Secretary of State has a legal duty to have regard to recommendations the SSRO may make in respect of changes to that provision.
	In line with the aspirations set out in our Corporate Plan and our statutory duty to keep the operation of the regulatory framework under review, we are working collaboratively with others on various workstreams including defence-wide reviews and providing input on strategic issues.
The SSRO suffers an IT security or information breach, or key systems including DefCARS are unavailable to users	Continual programme of security monitoring, penetration testing and assurance supported by independent external security and information risk advice.
	The SSRO holds Cyber Essentials Plus certification and policies comply with the requirements of ISO27001.
	Maintaining and increasing SSRO Staff knowledge of Security Risks and Information and Knowledge Management.
	The Audit and Risk Assurance Committee (ARAC) received an update on cyber-security risk at each meeting.
	SSRO and IT supplier processes and systems updated in line with HMG technology and security guidance.
	Third party contracts for management, monitoring & updating of IT environment and DefCARS. Includes incident handling and response, including 24/7 cover for major incidents.
	In depth testing prior to each DefCARS release. Steps taken to maintain DefCARS security and resiliency.

# Performance analysis

## Delivery against the Corporate Plan

Our current Corporate Plan covers the three years from 2024 to 2027. We set Key Performance Indicators that represent achievement of our overall Corporate Plan. In 2024/25, our performance against these measures was:

Objective	Target	2024/25	Status
Objective 1: Maintain a pricing system that supports value for money and fair prices	Annual assessment of the baseline profit and capital servicing rates is submitted to the Secretary of State by 31 January AND accepted by the Secretary of State without change	Met	 Achieved
	Median agreed contract profit rates are within 2.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment) AND median actual profit rates are within 5.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment)	0.03 0.66	
	SSRO publishes guidance on the Final Price Adjustment and contract amendments within period of 2024-27 Corporate Plan	Met	
Objective 2: Support a well-functioning regulatory framework	Increase in requests for non-referral advice in the year by the MOD or contractor (target: 8)	19	 Exceeded
	Proportion of responses to questions raised with SSRO provided within target timeframes (target: 95% of query responses within target timeframes)	100%	
	New pricing and reporting guidance published in time to support the implementation of changes arising from Schedule 10 of the Procurement Act (target: Autumn 2024).	Met	
Objective 3: Promote the utilisation of DefCARS data and insights	Increase in MOD use of Power BI reports in our DefCARS MI reporting suite (target: +10%)	34%	 Partially achieved
	% of Section 36/37 requests for analysis responded to within the agreed initial timescales (target: 95%)	100%	
	% of reports submitted by contractors that are complete and meet the requirements of the legislation at the first attempt (target: 75%) AND % of reports submitted on time (target: 75%)	71% 55%	
Objective 4: Engaging with our stakeholders	Users satisfied with SSRO responses to questions raised with SSRO (target: 90 per cent)	93%	 Exceeded
	SSRO delivers at least two pieces of work providing thought-leadership during 2024/25 that are well received by stakeholders	6	
	Percentage of stakeholders who agree that the SSRO's pricing guidance is clear, applicable and useful in agreeing contract prices that support VFM and fair & reasonable prices (target: 75%)	82%	
Objective 5: A skilled, agile and engaged SSRO team	Employee survey shows staff are engaged (target: 70%)	58% <sup>[1]</sup>	 Partially achieved
	Number of staff who have undertaken a short term secondment (target: 5)	7	
Objective 6: Operate an efficient and effective organisation	SSRO has managed its financial expenditure to within 2% of corporate budget, without exceeding Grant-in-Aid limit	-3.2%	 Not met

[1] The Board is updated on the agreed action plan at each meeting.

# Financial performance during the year

This section provides a summary of the SSRO’s financial performance during the 2024/25 financial year. It explains how the grant funding received by the SSRO was utilised.

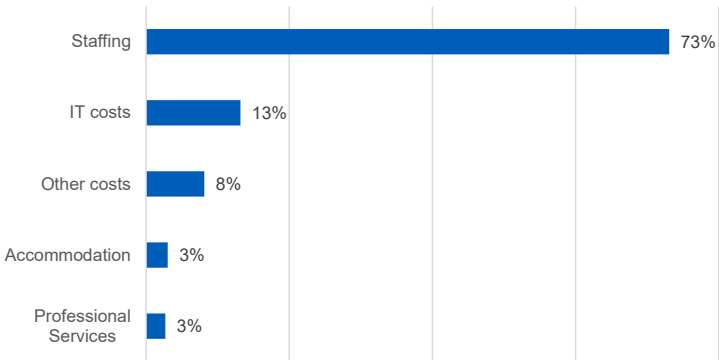
## Grant in Aid

The SSRO agreed Grant in Aid funding from the MOD totaling £6,780,000 (Note 12) to cover its planned expenditure (2023/24: £6,470,000).

The SSRO has agreed with the MOD that external costs arising from referrals to the SSRO are funded separately as they are incurred if the SSRO has insufficient Grant in Aid funding. There was no additional Grant in Aid requested during 2024/25 (2023/24: nil).

## Expenditure

The SSRO’s expenditure includes staff payroll and staff-related costs, ICT, accommodation, professional, and other supplies and services. Staff costs are the main area of expenditure for the SSRO (73%, 2023/24: 76%). Although these costs have decreased as a percentage of the SSRO’s overall expenditure in 2024/25, they have increased this year in absolute terms in line with Civil Service Pay Remit Guidance with a 5% pay award applied. Outside of staff costs, ICT expenditure remains one of the SSRO’s largest cost areas, as they support ongoing DefCARS developments (13%, 2023/24: 13%).



\*Chart as per the Statement of Comprehensive Expenditure


The SSRO continues to achieve value for money in its day-to-day operational expenditure and provision of corporate support services when delivering its statutory functions. Elements of the SSRO’s corporate operations are outsourced to support its in-house provision through a combination of government framework agreements and competitive procurement processes: these include finance, human resources and IT managed services.

	£000
Expenditure per Statement of Comprehensive Expenditure	6,583
Expenditure capitalised during the year (included in the Statement of Financial position)	222
Movement in the Right of Use asset	50
Less costs not included within the 2024/25 Grant in Aid budget	
Amortisation and depreciation	(295)
<b>Total Grant in Aid expenditure</b>	<b>6,560</b>

The SSRO’s outturn expenditure of £6,560,000 (2023/24: £6,378,000) represents utilisation of 96.8% of the total Grant in Aid (£6,780,000) provided by the MOD (2023/24: 98%).

## Creditor payments, target and performance

HM Treasury asks that government departments and other public sector bodies aim to pay 80% of undisputed invoices within five days. The SSRO paid 92% of undisputed invoices within the five-day target (2023/24: 98%). In line with the government’s and the SSRO’s commitment to transparency, the SSRO published its transparency reporting within the specified timescales during 2024/25.



Accounting Officer  
07 July 2025



# Accountability Report

# Corporate governance report

This section provides information about the SSRO's Board members, sets out their responsibilities and describes the SSRO's systems of internal control and actions against its whistleblowing responsibilities.

## Our Board Members during the year of review

The commentary relating to the Board reflects their activities during the year ending 31 March 2025.

Name		Start date	End date
<b>Non-executive Board members</b>			
Hannah Nixon	Chair	03/01/22	02/01/26
Roy Barker	Non-executive member Member of the ARAC and Regulatory Committee <sup>[1]</sup>	01/06/23	31/05/27
Peter Freeman	Non-executive member Chair of the Regulatory Committee	06/09/17	05/09/25
Alastair Groom	Non-executive member	01/10/21	30/09/25
Hugh Kelly	Non-executive member Chair of the ARAC and member of the People Committee <sup>[2]</sup>	01/06/21	31/10/28
Claire Williams	Non-executive member Chair of the People Committee Member of the ARAC <sup>[3]</sup> and Regulatory Committee	01/06/21	31/05/28
<b>Executive Directors</b>			
John Russell	Chief Executive	03/07/23	02/07/26
Joanne Watts	Chief Regulatory Officer <sup>[4]</sup>	01/06/22	-

[1] The Regulatory Committee was dissolved in September 2024. The committee's former responsibilities have either been exercised by the full Board or delegated to the executive.

[2] The People Committee was dissolved in September 2024. The committee's former responsibilities have either been exercised by the full Board or delegated to the executive. Claire Williams acts as People Champion on behalf of the Board.

[3] Claire Williams was appointed to the ARAC on 1 September 2024

[4] The CRO role carries the designation of COO for the purposes of Schedule 4 of the Defence Reform Act 2014.

The MOD sponsor is represented by Tara Usher, Deputy Director, Public Bodies and Appointments.

# Statement of responsibilities

## Board members' responsibilities

The SSRO's [Corporate Governance Framework](#) sets out the Board's responsibilities. The Board regulates its own proceedings and has approved Standing Orders for that purpose.

# Statement of Accounting Officer's responsibilities

## Our auditor's details

The financial statements are audited by the Comptroller and Auditor General (C&AG). The C&AG has not provided any other service to the SSRO during the year. The audit fee is disclosed in Note 4.

The Chief Executive confirms that:

- there is no relevant information of which the auditors are unaware;
- they have taken all the steps they ought to ensure that he is aware of all relevant audit information; and
- they have taken all the steps they ought to ensure that the Comptroller and Auditor General is aware of all relevant audit information.

Under paragraph 12 of Schedule 4 of the Defence Reform Act 2014, the Secretary of State has directed the SSRO to prepare for each financial year a statement of accounts in the form of and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SSRO and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, 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 the Secretary of State, 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 accounts on a going concern basis.

The Principal Accounting Officer of the MOD designated the Chief Executive as Accounting Officer of the SSRO. The Chief Executive was the Accounting Officer during the reporting year 2024/25. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SSRO's assets, are set out in Managing Public Money published by HM Treasury.

The Accounting Officer confirms that the annual report and accounts as a whole is 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 governance statement covers the period from 1 April 2024 to the date the accounts are signed.

As Accounting Officer, I am responsible for upholding sound internal controls that support the SSRO's policies and objectives. The internal controls, which have been applied throughout the financial year 2024/25, safeguard the public funds and assets for which I am personally responsible as set out in HM Treasury's Managing Public Money handbook.

### The purpose of the governance statement

The governance statement, for which I as Accounting Officer take personal responsibility, is intended to provide a clear understanding of the SSRO's business and its control structure. It sets out the stewardship arrangements for the SSRO and supplements the accounts and annual report, together providing a record of how the SSRO has performed in the last year. This statement also explains how the SSRO has complied with good governance principles and reviews the effectiveness of these arrangements.

### SSRO's structure and governance framework

The SSRO is a non-departmental public body that operates independently and at arm's-length from the MOD, its sponsor department. The SSRO operates under a Framework Document agreed between the SSRO and the MOD. Our governance structure is set out in our Corporate Governance Framework, which is published on our website.

The Board is subject to an annual effectiveness review. The 2024/25 review concluded that the Board is well-functioning and that it continues to fulfil its responsibilities effectively. The Board considered the findings of the 2024-25 review and the proposed areas for ongoing development in 2025/26 at its March 2025 meeting.

**The SSRO Board** provides the strategic leadership for the SSRO in delivering its objectives.

The Board has one standing committee - the **Audit and Risk Assurance Committee (ARAC)**, which provides scrutiny, oversight and assurance of risk management, information management, internal control and governance procedures to the Chief Executive, as Accounting Officer, and to the Board.

Additionally, the Board may appoint a **Referral Committee** as required to exercise the SSRO's functions, listed in paragraph 10(3) of Schedule 4 of the Act.

The Terms of Reference for the Board and its committees are set out in the Corporate Governance Framework.

Two other committees – the **People Committee** and the **Regulatory Committee** – operated for part of the year. Following a review of corporate governance arrangements, since September 2024, the committees' former responsibilities have either been exercised by the full Board or delegated to the executive, in line with the Corporate Governance Framework.

The Senior Leadership Team supports the Chief Executive in managing the SSRO. It comprises Executive Directors and senior managers that have responsibility for the major activities of the SSRO.

The attendance of Board members at the Board and its committees (during their tenure in office) was:

Name	Board	ARAC	Regulatory Committee <sup>[1]</sup>	People Committee <sup>[2]</sup>	Referral Committee
<b>Chair</b>					
Hannah Nixon	5/5	-	-	-	-
<b>Non-executive Board members</b>					
Roy Barker	5/5	4/4	1/1	-	1/1
Peter Freeman	5/5	-	1/1	-	1/1
Alastair Groom	3/5	-	-	-	-
Hugh Kelly	5/5	4/4	-	0/0	-
Claire Williams	5/5	3/3 <sup>[3]</sup>	1/1	0/0	-
<b>Referral panel members</b>					
Tim Walton	-	-	-	-	1/1
<b>Executive Directors</b>					
John Russell, Chief Executive	5/5	-	-	-	-
Joanne Watts, Chief Regulatory Officer	5/5	-	-	-	-

[1] The Regulatory Committee was dissolved in September 2024. The last meeting took place in July 2024.

[2] The People Committee was dissolved in September 2024. The last meeting took place in November 2023.

[3] Claire Williams was appointed to the ARAC on 1 September 2024.

## Internal controls

This statement describes the SSRO's system of internal control, records the assurances received and provides an assessment of the organisation's risk profile and effectiveness in managing those risks.

The SSRO has established robust risk control processes, which are considered regularly by the Senior Leadership Team, ARAC and the Board. At no time has any part of the SSRO's system of internal controls failed or been suspended.

## Risk management

Risk management is an integral part of the SSRO's internal control framework, for which the Chief Executive has responsibility.

The SSRO's risk management policy reflects the principles set out in all government guidance including The Orange Book – management of risks, principles and concepts; Managing Public Money; and the Audit and Risk Assurance Handbook. Responsibilities fall as follows:

- The SSRO Board is responsible for ensuring there are effective arrangements in place to provide assurance on risk management, governance and internal control.
- The ARAC provides assurance to the Board on the SSRO's risk management.
- The Chief Executive is responsible for the internal control framework, which incorporates risk management processes and the Corporate Risk Register (CRR).

- The CRR is owned by the Board, maintained by the Senior Leadership Team and reviewed regularly by the ARAC on behalf of the Board. The Board receives a high level overview of key risks at each meeting and also undertakes an annual review of the SSRO's risks and risk appetite.

The most significant current corporate risks are described in the "Key issues and risks for the SSRO" section.

As part of its 2024/25 internal audit programme, the Government Internal Audit Agency (GIAA) carried out a review of the SSRO's risk management arrangements, concluding that the SSRO has 'a robust risk management framework, with significant positive aspects' and resulting in a 'substantive' assurance opinion.

## Financial management

The SSRO has effective controls in place to forecast, manage and report on its expenditure.

The Board agreed a budget bid for 2024/25, which informs Grant in Aid funding from the MOD.

The use of Grant in Aid funding is documented and monitored throughout the year. The Board considers the SSRO's performance against our Corporate Plan and budget at each meeting. A review of management accounts is completed each month by the Senior Leadership Team and we deliver value for money through having robust internal financial controls.

The SSRO approves spending before supply, with all expenditure over £30,000 requiring approval by either a Director or the Chief Executive. The Board delegates to the Chief Executive the ability to approve contracts valued below the relevant threshold set for Part 3 of the Procurement Act 2023 for sub-central contracting authorities and within the SSRO's approved budget.

The SSRO operates in line with government mandated functional standards set out by HM Treasury.

## How we evaluate internal controls

### Internal audit

During 2024/25 internal audit has been provided by the GIAA, which reports its independent opinion on the adequacy and effectiveness of the SSRO's system of internal control and makes recommendations for improvement.

Internal audits completed in 2024/25:

Corporate governance	Advisory
Pricing guidance	Substantial
Risk management	Substantial
Key financial controls	Substantial

GIAA found there were no fundamental or systemic control weaknesses by design or application, and no fraud and other material irregularities in the business areas, systems and processes reviewed to report to the ARAC.

GIAA presented a summary of the work of internal audit during the reporting year to the ARAC at its March 2025 meeting and the Committee discussed an internal audit programme for 2024/25. A substantial Head of Internal Audit Opinion for 2024/25 was issued in June 2025.



## ***External audit***

The external auditor, the C&AG, is appointed by statute. The NAO comments in its annual Management Letter on governance and controls issues arising from the external audit of the SSRO's financial statements. A representative of the external auditor is invited to, and attends, all ARAC meetings and has direct access to the Accounting Officer, to GIAA and to the Chair of the ARAC. The internal and external auditors are afforded the opportunity for a private session with the ARAC at least once a year.

## ***Quality assurance over business critical models***

I am required to include confirmation that an appropriate quality assurance framework is in place and is used for all business-critical models. As part of our project delivery assurance processes, separate independent assurance at key stages of any project will be requested from either the contractor or via an external provider (for example GIAA).

There were no projects requiring such assurance during the period.

## ***Information assurance***

The SSRO is a data controller under the Data Protection Act 2018 and is subject to the Freedom of Information Act 2000 and meets these and other relevant regulatory and legal requirements. The SSRO pays regard to the requirements set out in the HMG Security Policy Framework and follows policy and guidance issued by the National Cyber Security Centre, Cabinet Office and the MOD.

The SSRO has maintained Cyber Essentials Plus certification since March 2016 and our information management policies and procedures are based on and checked against ISO 27001, the information security standard.

An Acceptable Use Policy is issued to all staff and updated annually. All staff are required to complete MOD Defence Learning Environment information management and security training and are provided with guidance on the Government Security Classifications, and the SSRO Information Classification and Handling Policy. Security accreditation was received and is being maintained for DefCARS and the SSRO IT environment, providing assurance to external stakeholders on the safe collection, storage, handling and analysis of sensitive data. In July 2024 the SSRO migrated to the MOD's Secure by Design maturity model.

Security and data breaches and near misses are reported to the Senior Leadership Team and the ARAC with individual breaches considered and escalated as appropriate, dependent on their seriousness. During the reporting period there were no data breach instances that the SSRO was required to report to the Information Commissioner's Office.

## ***Significant control issues***

No significant control issues arose during 2024/25 that need reporting in the Governance Statement. The NAO has not raised any issues of significance in their Management Letter for 2024/25.

I can confirm that the SSRO has not had any significant control issues during 2024/25 and currently has no significant weaknesses to address. The SSRO has upheld internal controls during the year through risk management and other sources of assurance, including internal audit and there are satisfactory controls in place to identify and manage any significant risks faced by the SSRO. All controls were in place for the entirety of the year under review up until the date of approval.

## **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the SSRO's internal controls. My review of the control framework is informed by the work of the internal auditors and the senior managers of the SSRO, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Management Letter and other reports. My attendance at the ARAC and other key meetings and access to internal and external auditors, alongside my knowledge of the organisation, provides me with assurance of the SSRO's internal controls and informs my approval of this statement.

## **Action on whistleblowing disclosures**

The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 requires the SSRO to publish each year a report on disclosures of information it has received which fall within the description of matters for which it is a prescribed person. There was one disclosure received during the reporting period which fell outside the SSRO's remit and which was referred to the MOD for further investigation.

The process by which whistleblowers may raise concerns with the SSRO, and the steps the SSRO will take to ensure whistleblowers are protected and that concerns are addressed are set out in the SSRO's Whistleblowing Policy, which is published on our website.

## **Environmental impact**

The SSRO operates a hybrid approach to working, with a combination of remote and office-based staff. Our day-to-day operation is entirely desk-based and we occupy office space through a third-party service agreement that seeks to use green energy suppliers. The SSRO does not operate machinery or vehicles and staff are expected to use public transport when travelling on SSRO business, whenever reasonably practicable.

The SSRO is exempt from the Greening Government Commitments due to the number of staff and size of office accommodation.

# Remuneration and staff report

## Remuneration policy

For the Chief Executive, remuneration is set by the SSRO Board. The appointment of the Chief Executive is approved by the Minister for Defence Procurement and Industry, as the delegated representative of the Secretary of State for Defence.

For the Executive Team members, remuneration is set by the Chief Executive, in line with the SSRO's terms and conditions of employment and the pay management guidance. All arrangements comply with current government guidance on public sector pay.

The Executive Team structure was agreed by the Board. Appointments were made by the SSRO Board, in line with the SSRO's terms and conditions of service and the Chief Executive and the Chief Regulatory Officer (Chief Operating Officer per the Act) are approved by the Minister for Defence Procurement and Industry, as the delegated representative of the Secretary of State for Defence.

## Salary and pension entitlements

The following sections provide remuneration and pension details of the SSRO during 2024/25 and have been subject to external audit.

### Salary

Salary includes gross salary and any other allowances to the extent that they are subject to UK taxation. This report is based on accrued payments made by the organisation and thus recorded in these accounts.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the SSRO and treated by HM Revenue and Customs as a taxable emolument.

All employees are eligible for a travel card or equivalent for travel to the office and within London.

### Non-consolidated pay

All staff are eligible for a non-consolidated performance payment. The total non-consolidated pay is calculated as a percentage of the SSRO's total wage bill, and it is apportioned based on staff performance as assessed, recorded and calibrated through the annual appraisal process.

No element of non-consolidated pay is pensionable. The performance payments reported relate to performance in 2024/25.

### Pension Cash Equivalent Transfer Value (CETV)

The Chief Executive, Executive Directors and employees are all auto enrolled in the Civil Service Pension Scheme but do have the option to opt out at any point. This scheme conforms to the requirements of auto-enrolment and is a defined benefit scheme, with the same level of benefits for all members. Contribution rates vary according to salary.

### Other terms of employment

The Chief Executive has been appointed on a fixed term contract and is required to give 12 weeks' notice if they resign.

The Chief Regulatory Officer has a permanent employment contract, and is required to give three months' notice if they resign.

All other terms and conditions for the Chief Executive and the Chief Regulatory Officer are the same as for other staff, excepting that the Chief Executive has a distinct performance-related pay scheme that allows for an annual maximum award of £17,000.

# Total remuneration and pension entitlements for the Executive Team (audited)

Executive Team remuneration										
Salary		Bonus payments		Benefits in kind (to nearest £100)		Pension benefits		Total Remuneration		
2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	
£000	£000	£000	£000	£	£	£000	£000	£000	£000	
<b>Chief Executive</b>										
John Russell	155-160	110-115	10-15	5-10	2,000	800	192	114	360-365	235-240
Annual equivalent	155-160	145-150			2,000	1,900				
<b>Executive Team</b>										
Colin Hill	75-80	75-80	0-5	0-5	1,700	1,300	38	50	115-120	130-135
Annual equivalent	75-80	75-80			1,700	1,300				
Joanne Watts	135-140	130-135	5-10	5-10	1,000	900	53	51	195-200	190-195
Annual equivalent	135-140	130-135			1,000	900				

[1] Executive Board members' job titles, start and end dates are included in the Board appointment dates table.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increases or decreases due to transfer of pension rights.

Executive Team pension entitlements					
Accrued pension at pension age and related lump sum as at 31 March 2025		Real increase in pension and related lump sum at pension age	CETV at 31 March 2025	CETV at 31 March 2024	Real increase in CETV
£000		£000	£000	£000	£000
Chief Executive					
John Russell	55-60 plus a lump sum of 145-150	7.5-10 plus a lump sum of 7.5-10	1,302	1,093	158
Executive Team					
Colin Hill	10-15	0-2.5	242	190	31
Joanne Watts	20-25	2.5-5	382	305	40

[1] The SSRO has not made any early retirement payments to Executive Team members during 2024/25 (2023/24: nil).

[2] The SSRO has not made any Employer contributions to the partnership pension account for the Executive Team during 2024/25 (2023/24: nil).

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the “McCloud judgment”).

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy<sup>6</sup> is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. 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).

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

### **Cash Equivalent Transfer Values**

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 buying 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.

### **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 transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Compensation for loss of office**

No compensation for loss of office was paid by the SSRO during 2024/25 (2023/24: nil).



## Remuneration for the Chair and non-executive Board members (audited)

The remuneration of the Chair and the non-executive Board members is set by the Minister for Defence Procurement and Industry, as the delegated representative of the Secretary of State for Defence. The SSRO Chair is paid for approximately 60 days per year time commitment, with any additional days paid £700 per day. Non-executive Board Members are paid for a 24 days per year time commitment, with any additional days paid £500 per day. The Chair and the non-executive Board members have no entitlement to performance-related pay, pension or any other benefits.

Non-executive Board members may be appointed to a referral committee and will work additional days as each referral requires. The SSRO requests separate additional funding from the MOD for this work, which the MOD provides if the expenditure cannot be met from existing Grant in Aid.

The following table summarises the salaries of the Chair and remuneration for the Chair and non-executive Board members.

		2024/25	2023/24
	Date appointed	£000	£000
<b>Chair</b>			
Hannah Nixon	January 2022	40-45	40-45
<b>Non-executive Board members</b>			
Roy Barker	June 2023	10-15	10-15
Peter Freeman	September 2017	10-15	10-15
Alastair Groom	October 2021	10-15	15-20
Hugh Kelly	June 2021	10-15	15-20
Claire Williams	June 2021	10-15	15-20
David Johnston	June 2016	0	0-5

[1] There were no other benefits paid to the Chair or non-executive Board members.

[2] Non-executive directors' titles, start and end dates are included in the Board appointment dates table.

[3] David Johnston's term ended on 31 May 2023.

[4] All amounts disclosed are equal to the annual equivalent bandings.

## Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

Remuneration includes salary, non-consolidated performance-related pay and benefits in kind. The figures do not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. This is summarised in the following table.

	31 March 2025			31 March 2024		
	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
	£	£	£	£	£	£
Highest paid director's total remuneration band	170,000-175,000			160,000-165,000		
Employee total remuneration	67,641	75,756	103,338	66,829	74,338	105,941
Employee salary	65,298	73,855	98,753	62,900	70,267	102,036
Ratio (total remuneration)	2.6	2.3	1.7	2.4	2.2	1.5

During the year to 31 March 2025 there were no employees receiving a higher remuneration than the highest paid director (2023/24: nil). SSRO employee remuneration ranges from £46,625 to £172,946 (2023/24: £38,699 to £161,374). Average remuneration and salary has increased in the 25th and median percentiles, and decreased in the 75th percentile as employees received an average 5% pay increase, and posts between the three percentiles have been restructured, with some employees changing roles.

The table below shows the year-on-year percentage change for salary, other benefits (excluding pension) and bonus for the highest paid director and the SSRO's employees (based on total full-time equivalent total reward for the relevant financial year).

		Salary	Other benefits	Bonus
Change from 2024 to 2025	Highest paid Director	5%	2%	42%
	SSRO employees	1%	24%	(42%)
Change from 2023 to 2024	Highest paid Director	(2%)	377%	(45%)
	SSRO employees	1%	194%	69%

Employees received an average 5% pay increase during 2024/25 (2023/24: 4.5%) unless they were near or at the top of their pay band, then reduced or zero increases were applied. The SSRO also restructured some posts as vacancies arose, which reduced the overall average employee salary increase for the year to 1%. Other benefits increased in 2024/25 as employees travelled into the office more regularly. Employee bonuses decreased in 2024/25 because an additional one off non-consolidated cost of living payment was awarded in 2023/24.

# Staff report

## Staff policies

During the 2024/25 financial year the SSRO has treated all employees in line with the Equalities Act 2010 and our internal policies. The SSRO gives full and fair consideration to all applications for employment, appointing to posts based on merit. The SSRO arranges appropriate training to ensure the continuing development of its employees.

## Staff numbers (audited)

The table below sets out the average number of full-time equivalent staff employed during the year.

	2024/25	2023/24
Permanent <sup>[1]</sup>	37	35
Non-payroll <sup>[2]</sup>	1	2
<b>Total</b>	<b>38</b>	<b>37</b>

[1] Permanent employee figures exclude non-executive Board members.

[2] Non-payroll figures include secondments and contractors.

## Staff costs (audited)

The following table provides an analysis of the staff costs included in the Statement of Comprehensive Expenditure.

	2024/25			2023/24		
	Employed staff	Non-payroll staff	Total	Employed staff	Non-payroll staff	Total
	£000	£000	£000	£000	£000	£000
Salary	3,378	57	3,435	3,242	183	3,425
Social security	414	0	414	394	0	394
Pension	915	0	915	874	0	874
Other benefits	46	0	46	36	0	36
<b>Total staff costs</b>	<b>4,753</b>	<b>57</b>	<b>4,810</b>	<b>4,546</b>	<b>183</b>	<b>4,729</b>

## Staff composition

The table below sets out the average full-time equivalent composition of SSRO permanent employees employed during the year.

	2024/25		2023/24	
	Male	Female	Male	Female
Chief Executive and Executive Team	2	1	2	1
Employees	25	9	24	8
<b>Total</b>	<b>27</b>	<b>10</b>	<b>26</b>	<b>9</b>

Non-executive Board members are not included in the staff composition figures.

## Staff sickness absence

During 2024/25 the average level of sickness absence was 3 days per employee (2023/24: 3 days).

## Staff turnover

The SSRO had a staff turnover of 5% during 2024/25 (2023/24: 14%).

## Exit packages (audited)

There were no redundancies or other departure costs during the year to 31 March 2025 (2023/24: nil).

## Contingent labour expenditure

The SSRO incurred costs of £57,000 on contingent labour during 2024/25 (2023/24: £183,000). These costs decreased in 2024/25 as the SSRO filled a permanent post previously occupied by a secondment.

## Consultancy expenditure

The SSRO had no consultancy expenditure during 2024/25 (2023/24: nil).

## Off-payroll engagements

During the year to 31 March 2025 the SSRO had three off-payroll engagements for more than £245 per day. (2023/24: 4). None of these engagements were subject to off-payroll legislation.

As at 31 March 2025 the SSRO had no existing off-payroll contract engagement for more than £245 per day (2023/24: 2).

## Engagements of Board members and senior officials with significant responsibility

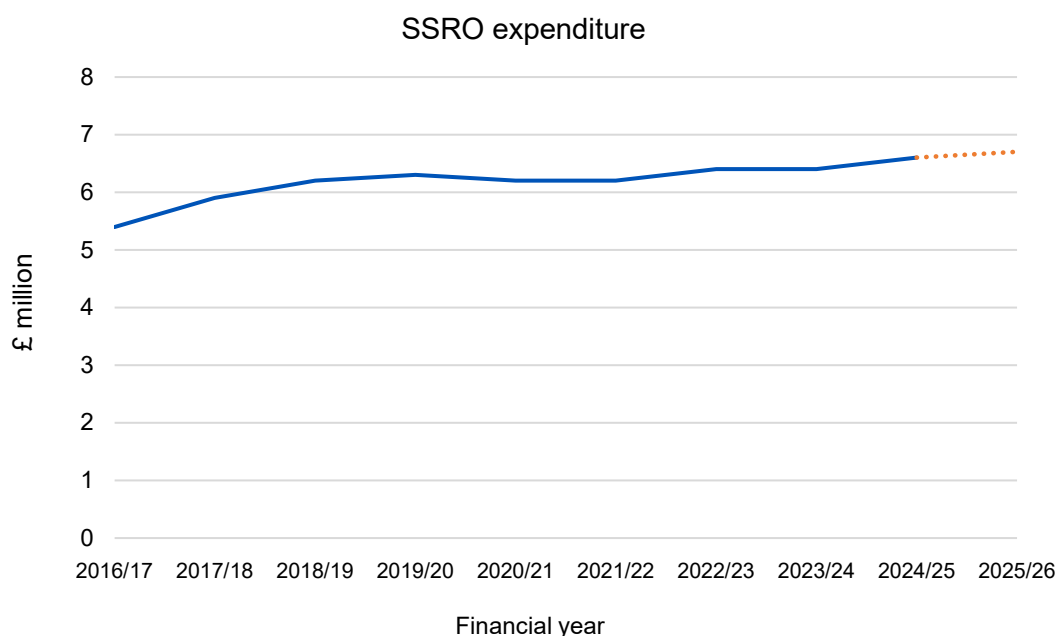
The SSRO had nine Board members and/or senior officials with significant responsibility during the period to 31 March 2025 (2023/24: 12). None of these Board members or senior officials were off-payroll engagements.

# Parliamentary accountability and audit report

## Regularity of expenditure (audited)

All expenditure incurred in the period to 31 March 2025 was in accordance with HM Treasury and other government guidance. All expenditure was regular and in line with the purposes for which Grant in Aid was provided.

The SSRO's recurrent costs are largely fixed with some one-off IT development capital costs being incurred during 2025. Its expenditure trend and forecast for the next 12 months is shown below.



## Losses and special payments (audited)

There were no losses or special payments during the year to 31 March 2025 (2023/24: nil).

## Remote contingent liabilities (audited)

The SSRO has no remote contingent liabilities as at 31 March 2025 (2023/24: nil).

Accounting Officer

07 July 2025

Signed in respect of the Accountability Report.

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

## Opinion on financial statements

I certify that I have audited the financial statements of the Single Source Regulations Office for the year ended 31 March 2025 under the Defence Reform Act 2014.

The financial statements comprise the Single Source Regulations Office's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' 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 UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Single Source Regulations Office's affairs as at 31 March 2025 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Defence Reform Act 2014 and Secretary of State 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 (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Single Source Regulations Office 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 Single Source Regulations Office'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 Single Source Regulations Office'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 certificate.



The going concern basis of accounting for the Single Source Regulations Office 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 certificate 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 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Defence Reform Act 2014.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Defence Reform Act 2014; and
- the information given in the Performance and Accountability Reports 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 Single Source Regulations Office and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 Single Source Regulations Office 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is 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 Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the board and Accounting Officer 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 Single Source Regulations Office 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 in accordance with Secretary of State directions issued under the Defence Reform Act 2014;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Defence Reform Act 2014; and
- assessing the Single Source Regulations Office'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 Single Source Regulations Office will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Defence Reform Act 2014.

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 Single Source Regulations Office's accounting policies.
- inquired of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Single Source Regulations Office'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 Single Source Regulations Office's controls relating to the Single Source Regulations Office's compliance with the Defence Reform Act 2014 and Managing Public Money.
- inquired of management, 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 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 Single Source Regulations Office for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals 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 Single Source Regulations Office's framework of authority and other legal and regulatory frameworks in which the Single Source Regulations Office 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 Single Source Regulations Office. The key laws and regulations I considered in this context included Defence Reform Act 2014 and Managing Public Money.

### **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 Committee 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 and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

### **Other auditor's responsibilities**

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

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

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date: 09 July 2025**

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

# **Financial Statements**

**31 March 2025**

# Statement of Comprehensive Net Expenditure

for the year to 31 March 2025

		Year to 31 March 2025	Year to 31 March 2024
	Note	£000	£000
<b>Operating income</b>	<b>2</b>	<b>0</b>	<b>9</b>
<b>Total operating income</b>			
<b>Operating expenditure</b>			
Staff costs	3	4,810	4,729
Information Technology	4	655	566
Accommodation	4	92	93
Purchase of other goods and services	4	731	486
Depreciation and amortisation	4 to 7	295	369
Provisions	4 & 11	0	(2)
<b>Total operating expenditure</b>		<b>6,583</b>	<b>6,241</b>
<b>Net expenditure for the year</b>		<b>6,583</b>	<b>6,232</b>
<b>Other comprehensive net income</b>			
Items which will not be classified to net operating costs			
Net (gain) on revaluation of intangibles assets	7 & 13	0	(22)
<b>Total other comprehensive net income</b>		<b>0</b>	<b>(22)</b>
<b>Total comprehensive net expenditure for the year</b>		<b>6,583</b>	<b>6,210</b>

The Notes to the Financial Statements on pages 42 to 54 form part of these accounts.



# Statement of Financial Position

as at 31 March 2025

		As at 31 March 2025	As at 31 March 2024
	Note	£000	£000
<b>Non-current assets</b>			
Plant and equipment	5	43	59
Right of use assets	6	469	526
Intangible assets	7	396	396
<b>Total non-current assets</b>		<b>908</b>	<b>981</b>
<b>Current assets</b>			
Other receivables within one year	8	148	132
Cash and cash equivalents	9	692	555
<b>Total current assets</b>		<b>840</b>	<b>687</b>
<b>Total assets</b>		<b>1,748</b>	<b>1,668</b>
<b>Current liabilities</b>			
Trade and other payables	10	(620)	(549)
Provisions	11	0	0
Obligations under leases	16	(52)	(50)
<b>Total current liabilities</b>		<b>(672)</b>	<b>(599)</b>
<b>Total assets less current liabilities</b>		<b>1,076</b>	<b>1,069</b>
<b>Non-current liabilities</b>			
Obligations under leases	16	(430)	(482)
<b>Total non-current liabilities</b>		<b>(430)</b>	<b>(482)</b>
<b>Total assets less total liabilities</b>		<b>646</b>	<b>587</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund	12	644	585
Revaluation Reserve	13	2	2
<b>Total equity</b>		<b>646</b>	<b>587</b>

The Notes to the Financial Statements on pages 42 to 54 form part of these accounts.



Accounting Officer, 07 July 2025

# Statement of Cash Flows

for the year to 31 March 2025

		Year to 31 March 2025	Year to 31 March 2024
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(6,583)	(6,232)
<b>Adjustments for non-cash transactions</b>			
Loss on asset impairment	7	0	4
Depreciation	5 & 6	89	160
Amortisation	7	206	209
(Increase)/decrease in other receivables (excluding accommodation lease)	8	(16)	8
Increase in trade payables	10	71	158
Adjustments for movements in payables relating to items not passing through the operating activities		(59)	0
(Decrease) in provisions	11	0	(130)
Interest on lease liabilities	16	18	14
<b>Net cash outflow from operating activities</b>		<b>(6,274)</b>	<b>(5,809)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(16)	(33)
Purchase of intangible assets		(147)	(279)
Proceeds from sub-lease receipts	17	0	22
<b>Net cash outflow from investing activities</b>		<b>(163)</b>	<b>(290)</b>
<b>Cashflows from financing activities</b>			
Grant in Aid	12	6,642	6,512
Capital payments against leases	16	(68)	(140)
<b>Net inflow from financing activities</b>		<b>6,574</b>	<b>6,372</b>
<b>Net increase in cash and cash equivalents</b>		<b>137</b>	<b>273</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>555</b>	<b>282</b>
<b>Cash and cash equivalents at the year end</b>		<b>692</b>	<b>555</b>

The Notes to the Financial Statements on pages 42 to 54 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

for the year to 31 March 2025

	General fund	Revaluation reserve	Taxpayers' equity
	£000	£000	£000
<b>Balance at 31 March 2023</b>	<b>273</b>	<b>12</b>	<b>285</b>
Total Grant in Aid received	6,512	0	6,512
Total comprehensive expenditure	(6,232)	0	(6,232)
Asset revaluation gains	0	22	22
Reserves transfer	32	(32)	0
<b>Balance at 31 March 2024</b>	<b>585</b>	<b>2</b>	<b>587</b>
Total Grant in Aid received	6,642	0	6,642
Total comprehensive expenditure	(6,583)	0	(6,583)
<b>Balance at 31 March 2025</b>	<b>644</b>	<b>2</b>	<b>646</b>

# Notes to the Financial Statements

The notes that follow form part of the financial statements.

## Note 1: Accounting conventions and policies

### 1.1 Basis of accounts preparation

These financial statements have been prepared in accordance with the 2024/25 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the SSRO for the purpose of giving a true and fair view has been selected. The policies adopted by the SSRO are outlined below. They have been applied consistently in dealing with items that are considered material to the accounts. We also include additional disclosures in line with our Accounts Direction issued by the MOD (Appendix 1).

### 1.2 Accounting convention

The SSRO prepares these accounts using the historical cost accounting convention, adjusted to account for the revaluation of non-current assets to their value to the business by reference to their current value in existing use.

### 1.3 Going concern

These financial statements are prepared on a going concern basis.

### 1.4 Recent changes to accounting standards affecting the preparation of accounts

The SSRO has considered, under International Accounting Standard (IAS) 8, whether there have been any changes to accounting policies arising from IFRS that have an impact on the current or prior year or may have an effect on future years. The SSRO has reviewed any new or amended standards issued by the International Accounting Standards Board, to decide whether they should make any disclosures in respect of those new IFRS standards that are, or will be, applicable.

HM Treasury is making changes that will impact the FReM adaptations and interpretations of IAS 16 Property Plant and Equipment and IAS 38 Intangible assets, which will take effect from 1 April 2025.

IAS 16 Property, plant and Equipment assets: the concept of assets held for their operational capacity is being introduced and specialised/non-specialised asset classification split for asset valuation purposes is removed. This is not expected to have a material impact for the SSRO.

IAS 38 Intangible assets: indexation of intangible Non-Current Assets will cease from 1 April 2025. The SSRO's intangible asset value at 1 April 2025 will be considered deemed historic cost.

IFRS 17 Insurance Contracts: becomes mandatory in FReM 2025/26. There will be no impact for the SSRO.

There is no impact to the 2024/25 financial statements.

### 1.5 Grant in Aid

The SSRO treats Grant in Aid from the MOD, whether revenue or capital, as a contribution from a controlling party giving rise to financial interest in our organisation and credits these funds directly to the fund reserve as the cash amounts are received.

## 1.6 Income

The SSRO received no income in 2024/25. Income was received in 2023/24 from subletting part of its third-floor accommodation in Finlaison House. This income is recognised in the Statement of Comprehensive Income in the year that it relates to. The SSRO's sublet of Finlaison House ended on 23 June 2023, so there will be no further cash amounts received in future years from this arrangement.

## 1.7 Value added tax (VAT)

The SSRO is registered for VAT relating to secondment income and any directly attributable costs. All other VAT incurred is not recoverable, and the SSRO expenses this VAT to the Statement of Net Expenditure or capitalises it for the purchase of non-current assets in the year it is incurred.

## 1.8 Property, plant and equipment

The SSRO capitalises office refurbishments, computer equipment purchases, and other equipment purchases for individual purchases over £1,000, or grouped purchases over £5,000. The SSRO capitalises all costs incurred to bring the asset into use, and where applicable any estimated costs to remove the asset at the end of its life.

## 1.9 Intangible assets

The SSRO capitalises internally generated assets and new software, including any licences that cover the life of the software for individual purchases over £1,000 or grouped purchases over £5,000. Internally generated assets are capitalised once they meet the criteria for the development phase under IAS 38. Research costs are expensed in the year they relate to.

## 1.10 Depreciation and amortisation

The SSRO provides for depreciation on all property, plant and equipment that are considered non-current assets and amortisation of intangible non-current assets. The SSRO calculates depreciation charges to write off the cost less the estimated residual value of each item in equal annual instalments over its expected useful life. Unless otherwise appropriate, the SSRO has set the expected useful life of each category of non-current asset as:

- leasehold improvements, over the remaining term of the lease;
- furniture, fittings and office equipment, five to seven years;
- computer equipment, three to five years; and
- intangible assets, three to five years.

The FReM requires that the subsequent measurement basis of all right-of-use assets should be consistent with the subsequent measurement of owned assets. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset

## 1.11 Non-current asset revaluation

Following initial recognition, the SSRO's leasehold and intangible non-current assets are reviewed and revalued annually to current value in existing use. In line with FReM guidance on Modified Historic Cost Accounting (MHCA), relevant MHCA indices are used to revalue these non-current assets.

## 1.12 Financial instruments

The fair value of the SSRO's financial instruments (other receivables and payables) are valued at their nominal amount as they are due in less than 12 months.

## 1.13 Leases

### *Initial recognition*

A contract is, or contains, a lease if it conveys the right to control the use of an asset for a period of time. If it is a lease, at the contract commencement date (or the IFRS 16 recognition date, if later), the SSRO recognises a right-of-use asset and a lease liability.

### *Right of use asset*

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus an estimate of the costs of obligations restore the underlying asset and the site on which it is located. The right of use assets is presented in Note 6.

The right-of-use asset is subsequently depreciated in equal instalments from the commencement date to the end of the lease term.

### *Lease liability*

The lease liability is measured at the total fixed payments over the lease term (or over for the remaining lease term, at the IFRS 16 recognition date, if later). The payments are discounted at the recognition date using the discount rate mandated by HM Treasury of 3.51%. The lease liability is presented within Note 16.

The lease liability is measured at amortised cost. It is remeasured when there is a change in future lease payments arising from any decision to exercise a break clause or termination option.

In accordance with IFRS 16, the SSRO excludes the following contracts, which will be recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

- Low-value items costing less than £1,000 when new, provided they are not highly dependent on or integrated with other items; and
- Contracts with a term shorter than twelve months.

## 1.14 Provisions

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal and constructive obligations in existence at the end of the reporting year if the payment amount to settle the obligation is probable and can be reliably estimated.

## 1.15 Accounting estimates

Judgements and estimates are required in applying our accounting policies that may affect the amounts the SSRO includes in its financial statements. The main areas are:

- Non-current assets (notes 5 - 7) - the SSRO reviews non-current assets each year for impairment and to ensure useful lives remain appropriate, in line with accounting standards. Where non-current assets are revalued at the year-end (Leasehold and Intangibles), the SSRO uses MHCA indices provided by the MOD (intangibles) and the Valuation Office Agency (Leasehold).
- Provisions (note 11) - the SSRO estimates dilapidation provisions based on an assessment of likely dilapidation costs when they plan to vacate a property. This assessment is based on a valuation report provided by an independent surveyor who has viewed the SSRO's accommodation.

## 1.16 Pensions

SSRO staff are eligible for a pension provided by the Principal Civil Service Pension Scheme (PCSPS). The SSRO has been included in Schedule 1 of the Superannuation Act 1972 as per Schedule 4 of the Defence Reform Act 2014.

The SSRO incurs Employer's contribution costs along with scheme administration costs. This expenditure is recognised in the Statement of Comprehensive Net Expenditure in the year it is incurred.



## Note 2: Other operating income

The note below provides a breakdown of the other operating income shown in the Statement of Comprehensive Net Expenditure.

	Year to 31 March 2025	Year to 31 March 2024
Other operating income	£000	£000
Accommodation sublet	0	9
<b>Total operating income</b>	<b>0</b>	<b>9</b>

The SSRO sublet part of its third-floor accommodation within Finlaison House to the Government Property Agency from August 2021 to the end of its lease term in June 2023.

## Note 3: Staff costs

The note below provides a breakdown of the staff costs shown in the Statement of Comprehensive Net Expenditure.

	Year to 31 March 2025	Year to 31 March 2024
Staff costs	£000	£000
Salary	3,435	3,425
Social security	414	394
Pension	915	874
Other benefits	46	36
<b>Total staff costs</b>	<b>4,810</b>	<b>4,729</b>

Further information on staff costs and numbers are included in the Staff Report.

## Note 4: Other expenditure

The note below provides a breakdown of the other expenditure shown in the Statement of Comprehensive Net Expenditure.

	Year to 31 March 2025	Year to 31 March 2024
Other expenditure	£000	£000
Information Technology	655	566
Amortisation	206	209
Publications and subscriptions	149	143
Outsourced services	139	78
Professional services	110	58
Staff training	95	43
Accommodation costs - other	92	93
Legal services	66	18
Depreciation - Right of use asset	57	114
Audit fee - internal	41	40
Audit fee - external	33	31
Travel and subsistence	33	16
Depreciation - Plant and equipment	32	46
Insurance	19	18
Finance cost	18	15
Office supplies and services	14	4
Recruitment	13	17
Bank charges	1	1
Intangibles - loss on impairment	0	4
Provisions	0	(2)
<b>Total other expenditure</b>	<b>1,773</b>	<b>1,512</b>

The external audit fee for 2024/25 is £33,000. (2023/24: £31,000). During the reporting year, the SSRO did not contract any non-audit services from its external auditor, the National Audit Office (NAO).

## Note 5: Property, plant and equipment

This note provides an analysis of the movements in property, plant and equipment shown in the Statement of Financial Position.

	Leasehold improvements	Furniture and Fittings	Information Technology	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2024	6	0	108	114
Additions	0	6	10	16
Disposals	0	0	0	0
<b>At 31 March 2025</b>	<b>6</b>	<b>6</b>	<b>118</b>	<b>130</b>
<b>Depreciation</b>				
At 1 April 2024	1	0	54	55
Charged in year	1	0	31	32
Disposals	0	0	0	0
<b>At 31 March 2025</b>	<b>2</b>	<b>0</b>	<b>85</b>	<b>87</b>
<b>Net book value</b>				
<b>At 31 March 2025</b>	<b>4</b>	<b>6</b>	<b>33</b>	<b>43</b>
<b>Cost</b>				
At 1 April 2023	414	99	336	849
Additions	5	0	28	33
Disposals	(413)	(99)	(256)	(768)
<b>At 31 March 2024</b>	<b>6</b>	<b>0</b>	<b>108</b>	<b>114</b>
<b>Depreciation</b>				
At 1 April 2023	401	96	280	777
Charged in year	13	3	30	46
Disposals	(413)	(99)	(256)	(768)
<b>Revaluation</b>				
<b>At 31 March 2024</b>	<b>1</b>	<b>0</b>	<b>54</b>	<b>55</b>
<b>Net book value</b>				
<b>At 31 March 2024</b>	<b>5</b>	<b>0</b>	<b>54</b>	<b>59</b>

All property, plant and equipment non-current assets are owned by the SSRO. There have been no impairments during the year to 31 March 2025. Apart from leasehold non-current assets, assets are held on a depreciated historical cost basis, as a proxy for their current value in existing use. In line with FReM guidance the SSRO reviews the current value of its leasehold assets at each published Statement of Financial Position date and uses Valuation Office BCIS indexation. The SSRO reviewed the useful economic life of its non-current assets at 31 March 2025.

## Note 6: Right of use lease assets

This note provides an analysis of the movements in the SSRO right of use assets in the Statement of Financial Position.

	31 March 2025	31 March 2024
	£000	£000
<b>Cost</b>		
At 1 April 2024	574	364
Additions	0	574
Disposal	0	(357)
Revaluation	0	(7)
<b>Total cost</b>	<b>574</b>	<b>574</b>
<b>Depreciation</b>		
Balance as at 1 April 2024	48	291
Charged in year	57	114
Disposal	0	(357)
<b>Total depreciation</b>	<b>105</b>	<b>48</b>
<b>Net book value</b>	<b>469</b>	<b>526</b>

The SSRO's lease relates to its accommodation at 100 Parliament Street. The SSRO agreed a 10-year lease, which was recognised as a Right of Use asset when it commenced in June 2023.

## Note 7: Intangible assets

This note provides an analysis of the movements in intangible non-current assets shown in the Statement of Financial Position.

	DefCARS	Asset under construction	31 March 2025	31 March 2024
			£000	£000
<b>Cost</b>				
At 1 April	1,054	0	1,054	724
Additions	23	183	206	279
Disposals	0	0	0	0
Impairment	0	0	0	(4)
Revaluation	0	0	0	55
<b>Total cost</b>	<b>1,077</b>	<b>183</b>	<b>1,260</b>	<b>1,054</b>
<b>Amortisation</b>				
At 1 April	658	0	658	416
Charged in year	206	0	206	209
Disposals	0	0	0	0
Revaluation	0	0	0	33
<b>Total amortisation</b>	<b>864</b>	<b>0</b>	<b>864</b>	<b>658</b>
<b>Net book value</b>	<b>213</b>	<b>183</b>	<b>396</b>	<b>396</b>

All intangible non-current assets are owned by the SSRO. The SSRO's additions and Asset under Construction are development costs relating to DefCARS. There have been no impairments during the year to 31 March 2025. The SSRO reviewed the useful economic life of its intangible assets as at 31 March 2025. In line with FReM guidance the SSRO reviews the current value of its intangible non-current assets at each published Statement of Financial Position date. MHCA indices were used to value these assets as at 31 March 2025.

## Note 8: Other receivables

This note provides an analysis of the other receivables line in the Statement of Financial Position.

	31 March 2025	31 March 2024
	£000	£000
Trade and other receivables	1	0
Prepayments	147	132
<b>Total other receivables</b>	<b>148</b>	<b>132</b>

All receivables are due within one year.

## Note 9: Cash and cash equivalents

The following note summarises the SSRO's cash and cash equivalents as shown in the Statement of Financial Position.

	31 March 2025	31 March 2024
	£000	£000
Balance at 1 April	555	282
Net change in cash and cash equivalents	137	273
<b>Total cash and cash equivalents</b>	<b>692</b>	<b>555</b>

All cash balances are held with the Government Banking Service.

## Note 10: Trade and other payables

This note analyses the SSRO's trade and other payables as shown in the Statement of Financial Position.

	31 March 2025	31 March 2024
	£000	£000
Trade and other payables	78	170
Accruals	419	279
HMRC - social security	123	100
<b>Total trade and other payables</b>	<b>620</b>	<b>549</b>

There were 13 unpaid invoices at 31 March 2025 (2023/24: 15). During the year to 31 March 2025, 92 per cent of undisputed invoices were paid within five days (2023/24: 98 per cent). All SSRO payables fall due within one year.

## Note 11: Provisions

This note shows the movement in provisions during the year.

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
<b>Opening balance 1 April</b>	<b>0</b>	<b>130</b>
Provision in the year	0	0
Utilised in the year	0	(120)
Released in year	0	(10)
<b>Total provisions 31 March</b>	<b>0</b>	<b>0</b>



## Note 12: General Fund

This note shows the movement in the general fund for activities during the year.

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
<b>General fund brought forward 1 April</b>	<b>585</b>	<b>273</b>
Grant in Aid received	6,642	6,512
Net operating expenditure	(6,583)	(6,232)
Transfer from revaluation reserve	0	32
<b>General Fund carried forward 31 March</b>	<b>644</b>	<b>585</b>

The SSRO agreed total Grant in Aid funding of £6,780,000 for the year to 31 March 2025. During the year the MOD netted prior year Grant in Aid totalling £138,000, against the 2024/25 quarterly instalment payments.

## Note 13: Revaluation Reserve

This note shows the movement in the revaluation reserve during the year.

	Year to 31 March 2025	Year to 31 March 2024
	£000	£000
<b>Revaluation reserve brought forward 1 April</b>	<b>2</b>	<b>12</b>
Net gain on revalued non-current assets	0	22
Transfer to general fund	0	(32)
<b>Revaluation reserve carried forward 31 March</b>	<b>2</b>	<b>2</b>

Following initial recognition, the SSRO's leasehold and intangible non-current assets are reviewed annually using relevant indices in line with FReM guidance. No revaluation was required as at 31 March 2025.

## Note 14: Financial Instruments

As the cash requirements of SSRO are met through Grant in Aid, financial instruments play a limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the SSRO's expected purchase and usage requirements. The SSRO has no material exposure to currency, credit, liquidity or market risk.

## Note 15: Capital commitments

The SSRO does not have any future contracted capital commitments as at 31 March 2025 (2023/24: nil).

## Note 16: Lease liabilities

The note below provides an analysis of contractual cash flows relating to lease liabilities.

	31 March 2025	31 March 2024
	£000	£000
<b>Maturity analysis on undiscounted lease liabilities</b>		
Payable within one year	68	68
Payable in two to five years	272	272
Over five years	215	283
<b>Total undiscounted lease liabilities</b>	<b>555</b>	<b>623</b>
Less interest element	(73)	(91)
Present value of lease liabilities in the financial statements	482	532

	31 March 2025	31 March 2024
	£000	£000
<b>Lease liabilities included in the statement of financial position</b>		
Current: payable within 12 months	52	50
Non-current: payable over 12 months	430	482
Total lease liabilities	482	532

	31 March 2025	31 March 2024
	£000	£000
<b>Lease amounts recognised in the statement of comprehensive income</b>		
Interest on lease liabilities	18	14

No payments were made during the year relating to short-term, low value leases or variable leases.

	31 March 2025	31 March 2024
	£000	£000
<b>Lease amounts recognised in the cashflow</b>		
Cash outflow for leases	68	140

## Note 17 Future lease income

The SSRO had no cash flows relating to lease liabilities during this financial year (2023/24: nil).

The SSRO sublet part of its third-floor accommodation within Finlaison House to the Government Property Agency until its lease expired in June 2023. The note below provides an analysis of the movements in the lease receivables during the financial year.

	31 March 2025	31 March 2024
	£000	£000
<b>As at 1 April</b>	0	24
Lease end date adjustment	0	(2)
Receipts	0	(22)
<b>Lease receivable as at 31 March 2025</b>	<b>0</b>	<b>0</b>

## Note 18: Contingent assets and liabilities

As at 31 March 2025, the SSRO has no contingent assets or liabilities (2023/24: nil).

## Note 19: Related party transactions

The SSRO's related party disclosures meet the requirements of IAS 24. Disclosure relates to key management personnel of the SSRO, or their close family members, who are in a position of significant influence resulting from being elected to, receiving remuneration from or being appointed to any organisation:

- that is a government department; or
- that is a provider or receiver of significant services to, or from, the SSRO.

All related party transactions and balances over £1,000 are disclosed below.

### Key management personnel

There are no related party transactions to report in the period to 31 March 2025 for key personnel. Details of the SSRO's key management personnel can be found in the Remuneration Report.

### Ministry of Defence (MOD)

The SSRO is a Non-Departmental Public Body sponsored by the MOD. During the year, the SSRO received Grant in Aid from the MOD of £6,642,000 (2023/24: £6,512,000). The SSRO participated in a secondment with the MOD during the year, for which it paid £24,000 (2023/24: £111,000).

There were no amounts payable by the SSRO as at 31 March 2025 (2023/24: nil).

### Other government departments

**Government Property Agency (GPA):** the SSRO paid GPA £154,000 for services during the year (2023/24: £233,000). There was £52,000 payable to GPA as at 31 March 2025 (2023/24: £3,000).

**Cabinet Office:** There was £1,000 payable to the Cabinet Office as at 31 March 2025 (2023/24: nil).

## Note 20: Events occurring after the end of the reporting year

The SSRO's financial statements are laid before the Houses of Parliament by the MOD. International Accounting Standard 10 (IAS 10) requires the SSRO to disclose the date on which the certified accounts are approved by the Accounting Officer.

These accounts will be authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.

# Appendix 1: Accounts Direction

## ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR DEFENCE IN ACCORDANCE WITH SCHEDULE 4, 12(2) OF THE DEFENCE REFORM ACT 2014

1. This direction applies to the Single Source Regulations Office (SSRO).
2. The SSRO shall prepare accounts in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for the financial year for which the accounts are being prepared. The accounts shall also comply with any additional disclosure or other requirements which have been agreed with the Department or are mandated by relevant UK legislation (for example The Companies Act) or are issued by HM Treasury or the Cabinet Office.
3. The accounts shall be prepared so as to:
  - a) give a true and fair view of the state of affairs as at 31<sup>st</sup> March each year and of the net operating costs, recognised gains and losses and cash flows for the financial year then ended; and
  - b) 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.
4. 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.
5. Annual Accounts shall be published for the reporting Year ending 31 March 2015 and subsequent financial years, and laid before the House of Commons in accordance with the Parliamentary reporting timetable for the year to which they relate.
6. In addition, SSRO shall operate governance arrangements sufficient to ensure all income and expenditure conforms with the rules on regularity and propriety set out in Managing Public Money.



DAVID WILLIAMS  
DIRECTOR GENERAL FINANCE

