Single Source Regulations Office

SSRO ANNUAL REPORT AND ACCOUNTS 2025-26

HC 344

The Single Source Regulations Office

Annual Report and Accounts 2025-2026

For the period 1 April 2025 to 31 March 2026

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2025/26 at a glance

The Single Source Regulations Office (SSRO) continued to deliver its statutory functions and support the effective operation of the single source regulatory framework during a year of significant external change. It also engaged extensively with the Ministry of Defence (MOD), industry and other stakeholders on the review of the Single Source Contract Regulations (SSCR) and wider defence reform activity, including the Strategic Defence Review (SDR) and the Defence Industrial Strategy (DIS), helping to improve understanding of the regime and the contribution it can make to better procurement outcomes.

Alongside the SSCR review, Arm's Length Body Reform and National Armaments Director (NAD) Group design work, the NAD Group Public Bodies Sponsorship team commissioned an independent review of the SSRO's form and functions. The review is ongoing and the SSRO is engaging fully and will apply any recommendations to improve delivery.

Highlights from the year which have directly helped to ensure value for money for taxpayers and fair and reasonable prices for contractors include:

- The recommendation of the 2026/27 baseline profit rate and capital servicing rates, which was submitted by the statutory deadline and accepted by the Secretary of State without change.
- Meeting increased demand for the SSRO's support services which continued to grow in 2025/26, with 30 requests for our non-referral advice service (up 58% from last year), which provides detailed advice on the application of the regime, and handling of 1,907 helpdesk queries (up 75% from last year) with 99 per cent of responses provided within target timescales.
- Supporting greater use of the Defence Contracts Analysis and Reporting System (DefCARS) management information by MOD teams, increasing usage by 43 per cent, with all requests for analysis under Sections 36 and 37 of the Act being delivered within agreed timescales.
- Updating pricing guidance, consulting on new guidance to support better application of contract pricing amendments, and issuing new guidance on Qualifying Sub-contracts in response to industry requests for a clearer summary of the regulatory provisions.
- Maintaining strong stakeholder satisfaction, with 93 per cent of users satisfied with responses to questions and 82 per cent agreeing that the SSRO's pricing guidance was clear, applicable and useful.
- Remaining financially sound and operationally resilient, continuing the controlled roll-out of Microsoft 365 Copilot, securing Cyber Essentials and Cyber Essentials Plus reaccreditation, and updating its Digital and Security Strategies.

Chair's statement

This has been an important year for the SSRO and for the wider framework in which it operates. A changing geopolitical and defence landscape has sharpened the focus on pace, resilience and value for money in defence procurement. At the same time, the ongoing review of the single source regulatory framework, the Strategic Defence Review and the Defence Industrial Strategy have reinforced the importance of regulation that is effective, proportionate and responsive to the needs of both government and industry.

In that context, the SSRO has continued to perform its statutory role with independence and professionalism, while contributing constructively to wider discussions about how the framework can better support defence outcomes.

The organisation's strategic focus on being relevant, visible, accessible and trusted has remained the right one, and it has helped to ensure that the SSRO is well placed to respond to change while maintaining confidence in its judgement and impartiality.

The Board has continued to focus on good governance, financial discipline, risk management and organisational resilience in a demanding environment. This has included close oversight of the SSRO's response to external change, continued attention to digital, data and cyber resilience, and careful consideration of risks relating to confidence in the framework, funding pressures and operational resilience. I would like to thank my fellow Board members for their commitment, insight and support during the year, and to record my appreciation to the SSRO staff for the professionalism and dedication they have shown throughout a period of significant change. I would also like to record the Board's sincere thanks to Peter Freeman and Alastair Groom for the valuable contribution they have made to the SSRO, following the completion of their terms after eight and four years of service respectively.

As we look ahead, the SSRO will continue to have an important role in supporting reform and improvement across the framework. I am confident that the organisation is well placed to meet that challenge.

Chief Executive's statement

This has been a productive and important year for the SSRO, and I would like to begin by thanking my colleagues for the professionalism, commitment and judgement they have shown throughout it. At a time of growing demand across the framework and significant change across Defence, they have continued to deliver our statutory functions to a high standard while responding with flexibility and purpose to new expectations and opportunities. I am proud of our shared achievements in delivering our corporate objectives of being a relevant, trusted, visible and accessible organisation.

Over the past year, we have remained focused on delivering our statutory functions, continuing to enhance the support we provide to those who use the framework. This has included improvements to our guidance, support services and the use of data and insight from DefCARS. This included the timely delivery of our statutory analysis, the publication of updated pricing guidance and continued improvement to the support provided to stakeholders through onboarding and training. This work makes a practical difference in assisting users within the regulatory framework, helping them to navigate the framework with greater confidence, resolve issues earlier and make better-informed decisions. In turn, this helps to support fair and reasonable prices, stronger value for money and more effective delivery.

That contribution has particular significance in a more uncertain and demanding environment. As the Government takes forward the Strategic Defence Review and the Defence Industrial Strategy, with their emphasis on pace, resilience, value for money and stronger partnership with industry, the SSRO has an important role to play in engaging with, and contributing to, proposed reforms, helping to ensure that the single source framework remains effective, proportionate and responsive. We have also continued to contribute our expertise to the review of the Single Source Contract Regulations, remaining engaged with the MOD as it develops new structures and governance arrangements. In doing so, we have sought to support reform in a way that is practical and proportionate, and aligned with the wider objective of speeding up and simplifying defence procurement.

Our engagement across the sector also deepened during the year. My colleagues and I participated in events and wider discussions with industry, the MOD and representative bodies, helping to ensure that our guidance, analysis and services remain relevant and grounded in the realities of the defence sector. These exchanges are important in helping us to understand the issues that matter most to those using the framework, facilitate the evolution of our services to address these and in strengthening the relationships that underpin a more resilient and effective procurement environment.

There is more to do, particularly in improving the timeliness and quality of reporting, and we will continue to support progress through our compliance work, guidance and engagement. As we move into 2026/27, our focus will remain on disciplined delivery, measured improvement and responsive adaptation. In doing so, we will continue to support a framework that serves the interests of taxpayers, Government and defence industry alike.

Performance report

Purpose and activities of the SSRO

The SSRO is an executive non-departmental public body, sponsored by the Ministry of Defence (MOD), and established by the Defence Reform Act 2014. The Act, together with the Single Source Contract Regulations 2014, created the regulatory framework for single source defence contracts, placing controls on the pricing of qualifying contracts and requiring greater transparency from defence contractors. The SSRO operates independently and at arm's length from the MOD in carrying out its statutory functions within that framework.

Our purpose is to support and improve the operation of the regulatory framework through the delivery of our statutory functions. Our statutory functions include recommending the appropriate baseline profit rate and capital servicing rates; giving opinions and making determinations on referred matters; maintaining records of qualifying contracts and receiving statutory reports; issuing guidance on the application and interpretation of the framework; monitoring compliance with reporting requirements; analysing reported data for the Secretary of State; and keeping the operation of the framework under review, including making recommendations for change where appropriate.

Performance overview

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

Chief Executive's statement on performance

In 2025/26, the SSRO delivered its statutory functions in line with its corporate plan, with performance against objectives and key performance indicators demonstrating effective delivery in a demanding operating environment. Overall performance was strong, with key indicators showing timely delivery across pricing, compliance, regulatory support and engagement. Capacity was adjusted as activity levels increased to maintain service standards and responsiveness. During the year, statutory and planned guidance was delivered to schedule, support services were expanded to meet demand, and the use of DefCARS management information by the MOD increased following the roll out of enhanced reporting tools supported by a campaign from the MOD Commercial Function's Digital and Data Portfolio Office to raise awareness of DefCARS and how to access the system. The organisation also met its planned commitments to regulatory review activity and wider defence reform. Financial management and operational controls remained effective throughout the year, with no material issues identified that affected delivery of objectives or KPIs.

Performance against KPIs

Overall, performance against the SSRO's key measures in 2025/26 was strong. Objectives 1, 2, 4 and 6 were achieved or exceeded, reflecting continued strength in pricing, stakeholder support, engagement and operational management. Performance under Objectives 3 and 5 were partially achieved. In particular, although the utilisation of DefCARS management information and the timeliness of our responses to analysis requests remained strong, the timeliness of contractor reporting remained below target. Staff capability measures improved, but staff engagement remained below the organisation's target and completion of Commercial Pathways training had not yet reached the year-end ambition. The SSRO will continue to address these areas through compliance work, support to users of the regime, workforce development and delivery of the agreed staff survey action plan.

Performance analysis

Summary of performance in 2025/26

Performance in 2025/26 was assessed against the SSRO's six corporate objectives, which provided the framework for monitoring progress and reporting how operational delivery supported the organisation's wider statutory and strategic role. Twelve key performance indicators were met and three were not met.

Objective 1: Maintain a pricing system that supports value for money and fair prices

The SSRO achieved all KPIs under Objective 1 in 2025/26. It delivered its annual assessment of the baseline profit rate and capital servicing rates within the required timetable, and its recommendation was accepted by the Secretary of State without change. During the year, the SSRO also updated its pricing guidance, developed new guidance on contract pricing amendments ready for publication in early 2026/27, and continued to support the MOD's review of the Single Source Contract Regulations through the provision of pricing and regulatory expertise.

Key Performance Indicators

KPI 1A: 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
KPI 1B: 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)	0.30 0.64

New indicator for 2025/26

KPI 1C: SSRO publishes guidance on contract amendments within the period of the 2025-28 Corporate Plan	Met

Objective 2: Support a well-functioning regulatory framework

The SSRO continued to make a strong contribution to the effective operation of the regulatory framework in 2025/26 through the provision of non-referral advice and wider stakeholder support, while also contributing to the MOD's review of the Single Source Contract Regulations. During the year, the SSRO responded to 30 requests for non-referral advice and 1,907 helpdesk queries. The SSRO responded to 99% of these questions within target timeframes while continuing to deliver onboarding and training support to stakeholders.

Key Performance Indicators

KPI 2A: Increase in requests for non-referral advice in the year	30
KPI 2B: Proportion of responses to questions raised with the SSRO provided within target timeframes (target: 95% of query responses within target timeframes)	99%
New indicator for 2025/26 **KPI 2C:** SSRO input provided to a review of the regulatory framework, in line with statutory deadlines	Met

Objective 3: Support the reporting of transparency data, and promote its utilisation

Good progress was made against Objective 3 in 2025/26. The use by MOD of Power BI reports in the DefCARS management information suite increased by 43%, demonstrating growing engagement with management information and analysis, supported by the MOD Commercial Function's Digital and Data Portfolio Office to raise awareness of DefCARS and how to access the system. The SSRO also maintained a strong service standard, responding to 100% of Section 36/37 requests for analysis within agreed initial timescales. During the year, the SSRO also strengthened compliance tracking and system security, progressed work on the compliance methodology, and took forward the procurement of a new DefCARS and IT Managed Service contract in support of the Reporting Transformation Project.

Key Performance Indicators

KPI 3A: Increase in MOD use of Power BI reports in our DefCARS MI reporting suite by 5% per annum	43%
KPI 3B: % of Section 36/37 requests for analysis responded to within the agreed initial timescales (target: 95%)	100%
KPI 3C: % of reports that are submitted on time (target >75%) AND % of reports that remain with reporting issues outstanding one month following the end of the twelve-month reporting period (target <5%)	66% 3%

Objective 4: Engaging with our stakeholders

Stakeholder engagement remained a clear strength in 2025/26, with positive feedback reflecting the quality and value of the SSRO's support. Satisfaction levels remained high, with 93% of users satisfied with responses to questions raised with the SSRO and 82% agreeing that the SSRO's pricing guidance was clear, applicable and useful. During the year, the SSRO maintained an active programme of engagement with senior stakeholders across the MOD and industry, refreshed its Stakeholder Engagement Strategy in response to the 2025 stakeholder survey, and enhanced the accessibility and reach of its communications through the launch of a new website in September 2025. The SSRO also developed and produced video content to support stakeholders, broadening the range of guidance and engagement tools available and making key information more accessible and easier to use.

Key Performance Indicators

KPI 4A: Users satisfied with responses to questions raised with the SSRO (target: 90 per cent) — **93%**

KPI 4B: 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

The SSRO continued to strengthen its people capability in 2025/26. The organisation remained fully staffed at year end and made further progress in developing skills across the team. It achieved its target for short-term placements, and embedded Commercial Pathways training across the Operations team, reaching 76% completion at year end. While staff engagement remained below target, an action plan to support improvement was in place. The organisation also used the results of the 2025 Staff Engagement Survey constructively, sharing findings with staff and the Board and developing an action plan to support further improvements in key areas including: succession planning, increased delegations and strengthening our commitment to equality, diversity and inclusion.

Key Performance Indicators

KPI 5A: Employee survey shows staff are engaged (target: 70%) — **55%**

KPI 5B: Number of staff who have undertaken a short-term secondment (target: 10) — **10**

New indicator for 2025/26

KPI 5C: Members of the Operations team to undertake 'Commercial Pathway' training on the Defence Learning Environment supported by the MOD (target: 90%) — **76%**

Objective 6: Operate an efficient and effective organisation

The SSRO remained on a strong operational footing throughout 2025/26, underpinned by sound financial management, investment in digital capability, and continued focus on governance and assurance. Expenditure remained within the agreed budget at year end, demonstrating continued financial discipline. During the year, the SSRO continued the controlled roll-out of Microsoft 365 Copilot, secured Cyber Essentials and Cyber Essentials Plus reaccreditation, maintained its Secure by Design maturity level, published its Digital Strategy and refreshed its Security Strategy, and progressed important governance and assurance work, including the Board Effectiveness Review and internal audit fieldwork.

Key Performance Indicators

KPI 6A: SSRO has managed its financial expenditure to within 2% of corporate budget, without exceeding Grant-in-Aid limit **1.00%**

Principal risks

The SSRO's principal risks in 2025/26 arose from a fast-moving and uncertain external environment, including the review of the Single Source Contract Regulations, wider defence reform and establishment of the National Armaments Director Group. These included risks associated with maintaining stakeholders' confidence in the regulatory regime and the SSRO as an independent regulatory body, the utilisation of DefCARS data and services, budget and capacity pressures, cyber and operational resilience, workforce capability, and the future support and development of DefCARS and the IT managed service.

These risks were mitigated through sustained senior engagement with the MOD and industry, regular review of the Corporate Risk Register by the Senior Leadership Team, quarterly scrutiny by the Audit and Risk Assurance Committee, and the application of established governance, audit and assurance processes. The SSRO also continued to manage budget and procurement pressures actively, maintain investment in cyber security and system assurance, and strengthen workforce planning and capability in support of organisational resilience. A 2025 internal audit review by the Government Internal Audit Agency concluded that the SSRO had a robust risk management framework with significant positive aspects, which was reflected in the substantial annual audit opinion for 2024/25.

Sustainability and 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 remains exempt from the Greening Government Commitments due to the number of staff and size of office accommodation.

Financial performance during the year

This section provides a summary of the SSRO's financial performance during the 2025/26 financial year and explains how the grant funding received by the SSRO was utilised.

Grant in Aid

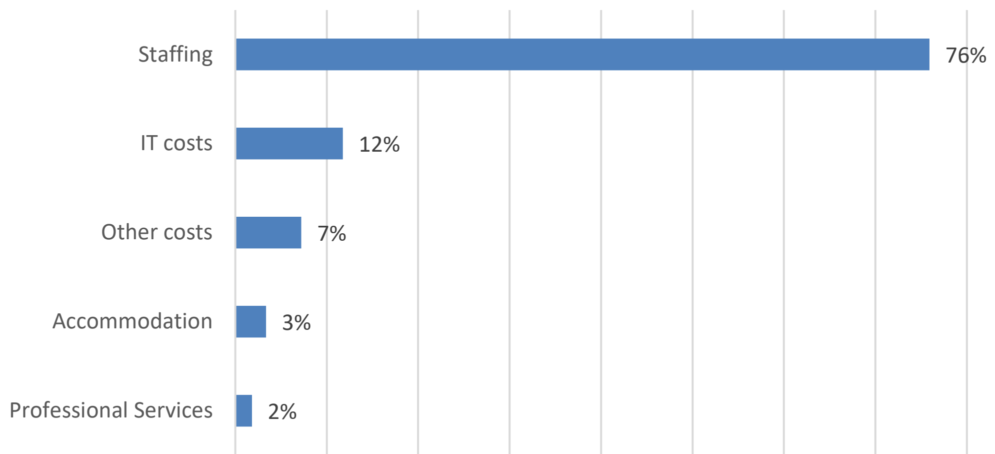
The SSRO received Grant in Aid funding from the MOD totalling £6,760,000 RDEL (Note 11) to cover its planned expenditure (2024/25: £6,780,000).

Capital funding of £108,000 was initially agreed by the MOD, based on the successful procurement and commencement of the new ITMS/DefCARS contract in 2025/26. This contract commenced in June 2026, so this funding has been re-allocated into 2026/27.

The SSRO has agreed with the MOD that costs arising from referrals to the SSRO are funded separately as they are incurred. There were no referral costs during 2025/26 (2024/25: 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 largest area of expenditure for the SSRO (2025/26: 76%, 2024/25: 73%). These costs have increased as a percentage of the SSRO's overall expenditure in 2025/26 in line with Civil Service Pay Remit Guidance with an average 3.25% pay award applied to eligible employees. In addition, vacant posts in the previous year have been filled. ICT, other costs and professional services have all marginally decreased (ICT 12%, 2024/25 13%, other costs 7%, 2024/25 8%, and professional services 2%, 2024/25 3%), as a percentage of overall expenditure in 2025/26 as the SSRO had fewer one-off projects in these spend categories in 2025/26.



The SSRO delivers value for money by generating substantial financial returns from small pricing improvements, while reducing costs through faster and more efficient contract resolution, avoiding unnecessary costs for both MOD and industry.

The SSRO aims 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.

The SSRO's outturn expenditure of £6,691,000 (2024/25: £6,560,000) represents utilisation of 99% of the total Grant in Aid (£6,760,000) provided by the MOD (2024/25: 96.8%).

	£000
Expenditure per Statement of Comprehensive Expenditure	6,784
Expenditure capitalised during the year (included in the Statement of Financial position)	135
Movement in the Right of Use asset	52
Less costs not included within the 2025/26 Grant in Aid budget	
Amortisation and depreciation	(280)
Total Grant in Aid expenditure	**6,691**

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 84% of undisputed invoices within the five-day target (2024/25: 92%). In line with the Government's and the SSRO's commitment to transparency, the SSRO published its transparency reporting within the specified timescales during 2025/26.

Accounting Officer

30 June 2026

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 taken in relation to whistleblowing responsibilities.

Our Board Members during the year of review

The commentary relating to the Board reflects its activities during the year ending 31 March 2026.

Name	Role	Start date	End date
Hannah Nixon	Chair	03/01/22	02/01/27
Roy Barker	Non-executive member; Member of the ARAC	01/06/23	31/05/27
Peter Freeman	Non-executive member	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	01/06/21	31/10/28
Claire Williams	Non-executive member; Member of the ARAC	01/06/21	31/05/28
John Russell	Chief Executive	03/07/23	30/06/27
Joanne Watts	Chief Regulatory Officer [Chief Operating Officer for DRA 2014 Schedule 4 purposes]	01/06/22	-

The MOD sponsor was represented by Tara Usher, Deputy Director, NAD Group Public Bodies and Appointments.

Attendance of Board members

Name	Board	ARAC
Hannah Nixon, Chair	5/5	-
Roy Barker	5/5	4/4
Peter Freeman	1/1[1]	-
Alastair Groom	2/2[2]	-
Hugh Kelly	5/5	4/4
Claire Williams	5/5	4/4
John Russell, Chief Executive	5/5	-
Joanne Watts, Chief Regulatory Officer	5/5	-

[1] Peter Freeman's term ended on 5 September 2025.

[2] Alastair Groom's term ended on 30 September 2025.

There were no Referral Committees in 2025/26.

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

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 expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual and, in particular, to observe the Accounts Direction issued by the Secretary of State; 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 2025/26. 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. 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.

Our auditor's details

The financial statements are audited by the Comptroller and Auditor General. The audit fee is disclosed in Note 4. The Chief Executive confirms that there is no relevant information of which the auditors are unaware, and that he has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Governance statement

The governance statement covers the period from 1 April 2025 to the date the accounts are signed. As Accounting Officer, I am responsible for maintaining effective governance, risk management and internal control arrangements across the SSRO, and this Governance Statement sets out how those arrangements operated during the year and the basis on which I have concluded that they remained effective.

The purpose of the governance statement

The governance statement sets out the SSRO's governance framework, explains how the organisation has complied with good governance principles, and reviews the effectiveness of its governance, risk management and internal control 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 with the MOD, and its governance structure is set out in its Corporate Governance Framework.

Organisational structure

The SSRO's governance and management arrangements continued to support delivery of its statutory responsibilities during 2025/26. The Board provides strategic leadership and oversight and includes the Chair, the Chief Executive, the Chief Regulatory Officer and a majority of non-executive Board members. The Board has one standing committee, the Audit and Risk Assurance Committee (ARAC), and may appoint Referral Committees as required to exercise relevant statutory functions. The Senior Leadership Team supports the Chief Executive in the day-to-day management of the organisation and comprises the directors and senior managers responsible for the SSRO's principal activities.

During the year, the organisation also implemented an internal reconfiguration, bringing together the IT and Data Platform teams and a number of corporate support functions under a new directorate. This change has strengthened strategic oversight of digital, data and corporate services and supported delivery in areas of growing operational importance.

The Board is subject to an annual effectiveness review. The 2025/26 Board Effectiveness Review concluded that the Board continues to operate effectively, with strong overall performance in strategic oversight, governance, risk and control, positive dynamics and effective meetings, with high levels of confidence in the Chair's leadership and the functioning of ARAC.

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 risk and 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 government guidance, including The Orange Book, Managing Public Money and the Audit and Risk Assurance Handbook.

The SSRO continued to manage these risks through a proportionate but robust risk management framework aligned to HM Treasury's Orange Book.

The Board is responsible for ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. 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. The Corporate Risk Register is owned by the Board, maintained by the Senior Leadership Team and reviewed regularly by ARAC on behalf of the Board.

The most significant current corporate risks are described in the "Principal risks" section.

Financial management

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

The Board agreed a budget bid for 2025/26, 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 sub-central contracting authorities contained in Schedule 1 of the Procurement Act 2023 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 2025/26 internal audit was provided by the Government Internal Audit Agency (GIAA), which reports its independent opinion on the adequacy and effectiveness of the SSRO's system of internal control and makes recommendations for improvement. Fieldwork for two internal audits was undertaken in 2025/26. The final reports for non-referral advice service and SSRO support (substantial opinion) and decision-making (substantial opinion) were presented to the June 2026 ARAC. The 2025/26 internal audit programme was revised during the year and noted by the Board in December 2025. 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. A substantial Head of Internal Audit Opinion for 2025/26 was issued in June 2026.

External audit

The external auditor, the Comptroller and Auditor General, is appointed by statute. A representative of the National Audit Office is invited to, and attends, ARAC meetings and has direct access to the Accounting Officer, GIAA and the Chair of ARAC.

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 and security

The SSRO is a data controller under the Data Protection Act 2018 and is subject to the Freedom of Information Act 2000 and other relevant legal and regulatory requirements. The SSRO pays regard to the requirements set out in the HMG Security Policy Framework and follows relevant policy and guidance.

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.

The SSRO's Security Strategy 2025–2030 sets out the organisation's framework for protecting government and defence assets, including people, property and information, across the physical, personnel, cyber, technical and industry security domains. It is aligned with Government Functional Standard 007: Security, and is supported by defined governance, assurance and risk management arrangements. Assurance is provided through operational management, oversight by the Security SRO, including cyber assurance using the MOD's Secure by Design maturity assessment, and independent assurance from internal and external specialists. The strategy is underpinned by regular review of security policies and controls, incident management, business continuity arrangements, and staff training and awareness activity.

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 severity. 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 2025/26 and the NAO has not raised any issues of significance in their Management Letter for 2025/26.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the Senior Leadership Team; the assurances provided by ARAC; reports from internal audit; the work of the external auditors; and the Board's own consideration of governance, risk and control during the year.

The 2025/26 Board Effectiveness Review concluded that the Board continues to operate effectively and that the ARAC is functioning effectively, while also identifying a small number of areas for ongoing development through the agreed action plan. The NAO's interim review of the financial statements did not identify material changes or issues. These sources of assurance support my conclusion that the SSRO's governance, risk management and internal control arrangements remained effective during 2025/26.

Action on whistleblowing disclosures

The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 require 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. The SSRO received one potential disclosure, for which we requested further information to assess whether the matter fell within the description of matters for which the SSRO is a prescribed person. No further information was received, and the matter was therefore not taken forward for 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.

Concluding statement

As Accounting Officer, I am satisfied that, for the year ended 31 March 2026 and up to the date of approval of these accounts, the SSRO's governance, risk management and internal control arrangements were in place and operating effectively. This conclusion is informed by the work of the Board and the ARAC, regular review of the Corporate Risk Register, the findings of internal and external audit, and the operation of established financial management and information assurance arrangements. No significant control issues arose during the year.

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 Readiness 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 Chief Executive and the Chief Regulatory Officer (Chief Operating Officer per the Act) are appointed by the SSRO Board. In line with the SSRO's terms and conditions of service, these appointments to the SSRO are approved by the Minister for Defence Readiness 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 2025/26 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

Eligible staff are entitled to 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 2025/26.

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 twelve weeks' notice if they resign.

The Chief Regulatory Officer has a permanent employment contract, and is required to give twelve weeks' 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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	£000	£000	£000	£000	£	£	£000	£000	£000	£000
Chief Executive										
John Russell Annual equivalent	160-165 160-165	155-160 155-160	15-20	10-15	2,000 2,000	2,000 2,000	56	192	235-240	360-365
Executive Team										
Colin Hill Annual equivalent	75-80 75-80	75-80 75-80	0-5	0-5	1,800 1,800	1,700 1,700	31	32	110-115	115-120
Akhlaq Shah Annual equivalent	25-30 120-125	0	5-10	0	300 1,200	0 0	10	0	140-145	0
Joanne Watts Annual equivalent	135-140 135-140	135-140 135-140	5-10	5-10	300 300	1,000 1,000	55	53	200-205	190-195

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

Akhlaq Shah was appointed as Director of Digital and Corporate Services on 19 January 2026.

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 (audited)

Executive Team pension entitlements					
	Accrued pension at pension age and related lump sum as at 31 March 2026	**Real increase in pension and related lump sum at pension age**	**CETV at 31 March 2026**	**CETV at 31 March 2025**	**Real increase in CETV**
	£000	**£000**	**£000**	**£000**	**£000**
Chief Executive					
John Russell	65-70 plus lump sum of 150-155	2.5-5 plus a lump sum of 0	1,418	1,302	36
Executive Team					
Colin Hill	15-20	0-2.5	284	242	24
Akhlaq Shah	30-35	0-2.5	373		5
Joanne Watts	25-30	2.5-5	444	382	42

[1] The SSRO has not made any early retirement payments to Executive Team members during 2025/26 (2024/25: nil).

[2] The SSRO has not made any Employer contributions to the partnership pension account for the Executive Team during 2025/26 (2024/25: nil).

[3] Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme 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 relevant legacy scheme 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.

Civil Service Pensions

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, are in alpha.

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.

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 remedy5 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. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2025 and 31 March 2026, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

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

Further details about the Civil Service pension arrangements can be found at: 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 2025/26 (2024/25: 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 Readiness and Industry, as the delegated representative of the Secretary of State for Defence. The SSRO Chair is paid for 60 days per year time commitment, with any additional days paid at £700 per day. Non-executive Board Members are paid for a 24-day per year time commitment, with any additional days paid at £500 per day. The SSRO reimburses the Chair and non-executive Board members for reasonable home-to-office related expenses, including tax, but they 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 remuneration for the Chair and non-executive Board members.

		2025/26	2024/25
	Date appointed	**£000**	**£000**
Chair			
Hannah Nixon Annual equivalent	January 2022	40-45 40-45	40-45
Non-executive Board members			
Roy Barker Annual equivalent	June 2023	10-15 10-15	10-15
Peter Freeman Annual equivalent	September 2017	5-10 10-15	10-15
Alastair Groom Annual equivalent	October 2021	5-10 10-15	10-15
Hugh Kelly Annual equivalent	June 2021	10-15 10-15	10-15
Claire Williams Annual equivalent	June 2021	10-15 10-15	10-15

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

[2] Peter Freeman's term ended on 5 September 2025

[3] Alastair Groom's term ended on 30 September 2025

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 2026			31 March 2025		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	£	£	£	£	£	£
Highest paid director's total remuneration band	180,000-185,000			170,000-175,000		
Employee total remuneration	68,353	78,025	101,975	67,641	75,756	103,338
Employee salary	66,470	75,437	98,753	65,298	73,855	98,753
Ratio (total remuneration)	2.7	2.3	1.8	2.6	2.3	1.7

During the year to 31 March 2026 there were no employees receiving a higher remuneration than the highest paid director (2024/25: nil). SSRO employee remuneration ranges from £36,228 to £181,610 (2024/25: £46,625 to £172,946). Average salary and remuneration increased at the 25th and median percentiles, reflecting an average 3.25% pay increase for employees and the impact of recent vacancies being regraded into this range. At the 75th percentile, pay remained unchanged and total remuneration decreased, reflecting a redistribution across the three percentiles as vacant posts were filled at lower grades while the highest pay level remains static.

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 2025 to 2026	Highest paid Director	3%	5%	25%
	SSRO employees	1%	(13%)	-1%
Change from 2024 to 2025	Highest paid Director	5%	2%	42%
	SSRO employees	1%	24%	(42%)

Employees received an average 3.25% pay increase during 2025/26 (2024/25: 5%) unless they were near or at the top of their pay band, then reduced or zero increases were applied and the SSRO also had some vacancies (one of which remained vacant at 31 March 2026) during the year which reduced the overall average employee salary increase to 1%. Other benefits decreased in 2025/26 as the SSRO has spent less on employee travel.

Staff report

Staff policies

During the 2025/26 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 and focuses training efforts to ensure that staff have the necessary skills to support the regime and its key stakeholders as effectively as possible.

Staff numbers (audited)

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

	2025/26	2024/25
Permanent[1]	40	37
Non-payroll[2]	1	1
Total	**41**	**38**

[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.

	2025/26			2024/25		
	Employed staff	Non-payroll staff	Total	Employed staff	Non-payroll staff	Total
	£000	£000	£000	£000	£000	£000
Salary	3,587	40	**3,627**	3,378	57	3,435
Social security	509	0	**509**	414	0	414
Pension	980	0	**980**	915	0	915
Other benefits	45	0	**45**	46	0	46
Total staff costs	**5,121**	**40**	**5,161**	**4,753**	**57**	**4,810**

Staff composition

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

	2025/26		2024/25	
	Male	Female	Male	Female
Chief Executive and Executive Team	2	1	2	1
Employees	27	10	25	9
Total	**29**	**11**	**27**	**10**

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

Staff sickness absence

During 2025/26 the average level of sickness absence was 4 days per employee (2024/25: 3 days).

Staff turnover

The SSRO had a staff turnover of 6 per cent during 2025/26 (2024/25: 5 per cent).

Exit packages (audited)

There were no redundancies or other departure costs during the year to 31 March 2026 (2024/25: nil).

Contingent labour expenditure

The SSRO incurred costs of £40,000 on contingent labour during 2025/26 (2024/25: £57,000). These costs decreased in 2025/26 as the SSRO filled a permanent post previously occupied by a secondment. There was a short-term requirement to fill a permanent post in 2025/26, which finished on 31 March.

Consultancy expenditure

The SSRO had no consultancy expenditure during 2025/26 (2024/25: nil).

Off-payroll engagements

During the year to 31 March 2026 the SSRO had one off-payroll engagement for more than £245 per day. (2024/25: 3). None of these engagements were subject to off-payroll legislation.

As at 31 March 2026 the SSRO had no existing off-payroll contract engagement for more than £245 per day (2024/25: nil).

Engagements of Board members and senior officials with significant responsibility

The SSRO had ten Board members and/or senior officials with significant responsibility during the period to 31 March 2026 (2024/25: 9). None of these Board members or senior officials were off-payroll engagements.

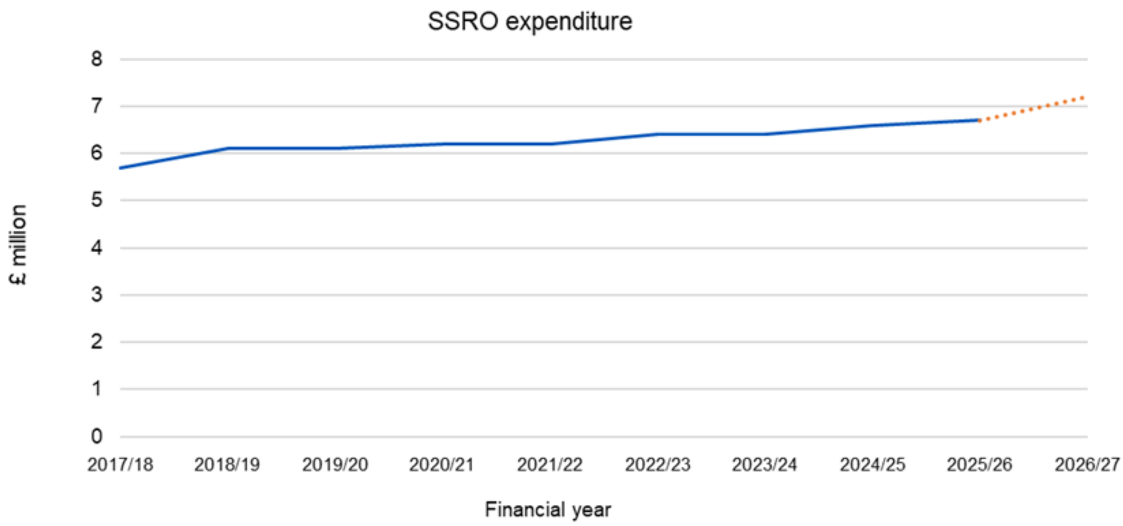
During the year to 31 March 2026, no one on the SSRO Board held directorships or significant interests in a SSRO related party other than John Russell, who is Chief Executive at the UK Regulators' Network (2024/25: nil). Related party transactions are disclosed in Note 17 of the financial statements.

Parliamentary accountability and audit report

Regularity of expenditure (audited)

All expenditure incurred in the period to 31 March 2026 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 expenditure is largely fixed with some one-off IT development capital costs being incurred. 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 2026 (2024/25: nil).

Remote contingent liabilities (audited)

The SSRO has no remote contingent liabilities as at 31 March 2026 (2024/25: nil).

Accounting Officer

30 June 2026

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 2026 under the Defence Reform Act 2014.

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

- Statement of Financial Position as at 31 March 2026;
- 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 2026 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 (2024). 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 regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the 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 and Risk Assurance 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. 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: 02 July 2026

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

Financial statements

31 March 2026

Statement of Comprehensive Net Expenditure

for the year to 31 March 2026

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 £000
Operating income	2	3	0
Total operating income		3	0
Operating expenditure			
Staff costs	3	5,161	4,810
Information Technology	4	588	655
Accommodation	4	135	92
Purchase of other goods and services	4	623	731
Depreciation and amortisation	4 to 7	280	295
Total operating expenditure		**6,787**	**6,583**
Net expenditure for the year		**6,784**	**6,583**
Other comprehensive net income			
Items which will not be classified to net operating costs		0	0
Net (gain) on revaluation of intangibles assets	7 & 12	0	0
Total other comprehensive net income		**0**	**0**
Total comprehensive net expenditure for the year		**6,784**	**6,583**

The Notes to the Financial Statements on pages 46 to 59 form part of these accounts.

Statement of Financial Position

as at 31 March 2026

	Note	As at 31 March 2026 £000	As at 31 March 2025 £000
Non-current assets			
Plant and equipment	5	**49**	**43**
Right of use assets	6	412	469
Intangible assets	7	302	396
Total non-current assets		**763**	**908**
Current assets			
Other receivables within one year	8	180	148
Cash and cash equivalents	9	418	692
Total current assets		**598**	**840**
Total assets		**1,361**	**1,748**
Current liabilities			
Trade and other payables	10	(529)	(620)
Obligations under leases	15	(54)	(52)
Total current liabilities		**(583)**	**(672)**
Total assets less current liabilities		**778**	**1,076**
Non-current liabilities			
Obligations under leases	15	(376)	(430)
Total non-current liabilities		**(376)**	**(430)**
Total assets less total liabilities		**402**	**646**
Taxpayers' equity and other reserves			
General Fund	11	402	644
Revaluation Reserve	12	0	2
Total equity		**402**	**646**

The Notes to the Financial Statements on pages 46 to 59 form part of these accounts.

D Russell

Accounting Officer, 30 June 2026

Statement of Cash Flows

for the year to 31 March 2026

	Note	Year to 31 March 2026 £000	Year to 31 March 2025 £000
Cash flows from operating activities			
Net operating expenditure		(6,784)	(6,583)
Adjustments for non-cash transactions			
Depreciation	5 & 6	78	89
Amortisation	7	202	206
(Increase)/decrease in other receivables	8	(32)	(16)
Increase/(Decrease) in trade payables	10	(91)	71
Adjustments for movements in payables relating to items not passing through the operating activities		(38)	(59)
Interest on lease liabilities	15	16	18
Net cash outflow from operating activities		**(6,649)**	**(6,274)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(27)	(16)
Purchase of intangible assets	7	(70)	(147)
Net cash outflow from investing activities		**(97)**	**(163)**
Cashflows from financing activities			
Grant in Aid	11	6,540	6,642
Capital payments against leases	15	(68)	(68)
Net inflow from financing activities		**6,472**	**6,574**
Net increase in cash and cash equivalents		**(274)**	**137**
Cash and cash equivalents at the beginning of the year		**692**	**555**
Cash and cash equivalents at the year end		**418**	**692**

The Notes to the Financial Statements on pages 46 to 59 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year to 31 March 2026

	General fund	Revaluation reserve	Taxpayers' equity
	£000	**£000**	**£000**
Balance at 31 March 2025	**585**	**2**	**587**
Total Grant in Aid received	6,642	0	6,642
Total comprehensive expenditure	(6,583)	0	(6,583)
Transfer to the general fund	0	0	0
Balance at 31 March 2026	**644**	**2**	**646**
Total Grant in Aid received	6,540	0	6,540
Total comprehensive expenditure	(6,784)	0	(6,784)
Transfer to the general fund	2	(2)	0
Balance at 31 March 2026	**402**	**0**	**402**

The Notes to the Financial Statements on pages 46 to 59 form part of these accounts.

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 2025/26 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 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. The SSRO's management assessment also considered the SSCR review, Arm's Length Body Reform, NAD group design work, and the MOD's independent review of the SSRO's form and functions, all of which are expected to conclude in 2026/27.

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 have reviewed, and any other new or amended standards issued by the International Accounting Standards Board as at 31 March 2026, to decide whether they should make any disclosures in respect of those new IFRS standards that are, or will be, applicable.

HM Treasury made changes that will impact the FReM adaptations and interpretations of IAS 16 Property Plant and Equipment and IAS 38 Intangible assets, which took 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. There is no impact for the SSRO.

IAS 38 Intangible assets: indexation of intangible Non-Current Assets ceased from 1 April 2025. The SSRO's intangible asset value at 1 April 2025 will be considered deemed as the historic cost carried forward which will be amortised.

IFRS 19 Subsidiaries without public accountability: IFRS 19 permits eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for private sector reporting periods beginning on or after 1 January 2027. The impact of IFRS 19 on the public sector is still under consideration, and no implementation date has yet been determined.

IFRS 18 Presentation and Disclosure in Financial statements: IFRS 18 will replace IAS 1: Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 17 Insurance Contracts: became mandatory in FReM 2025/26, but there is no impact for the SSRO.

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 income 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 and all reconciliations are now complete, 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 when the asset(s) is brought into use. 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 of 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

In line IAS 38 Intangible assets, the indexation of intangible non-current assets ceased from 1 April 2025. The SSRO's intangible asset value at 1 April 2025 is deemed the historic cost carried forward which will be amortised.

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 measured at cost as a proxy for current value in use or fair value which comprises the initial amount of the lease liability (or the IFRS 16 recognition date, if later, adjusted for any lease payments made at that date) plus an estimate of the costs of obligations restore the underlying asset and the site on which it is located. The SSRO's right of use asset 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 10 and 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.

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 2026	Year to 31 March 2025
Other operating income	**£000**	**£000**
Accommodation sublet	**3**	**0**
Total operating income	**3**	**0**

Following the end of a sublet agreement with GPA (Government Property Agency), they completed final reconciliations and a net balance of £3,000 was cleared.

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 2026	Year to 31 March 2025
Staff costs	**£000**	**£000**
Salary	3,627	3,435
Social security	509	414
Pension	980	915
Other benefits	45	46
Total staff costs	**5,161**	**4,810**

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 2026	Year to 31 March 2025
Other expenditure	**£000**	**£000**
Information Technology	588	655
Amortisation	202	206
Publications and subscriptions	154	149
Accommodation costs - other	135	92
Outsourced services	120	139
Staff training	94	95
Professional services	83	110
Depreciation - Right of use asset	57	57
Legal services	40	66
Audit fee - external	35	33
Audit fee - internal	34	41
Depreciation - Plant and equipment	21	32
Travel and subsistence	20	33
Insurance	17	19
Finance cost	16	18
Office supplies and services	8	14
Recruitment	1	13
Bank charges	1	1
Total other expenditure	**1,626**	**1,773**

The external audit fee for 2025/26 is £35,000 (2024/25: £33,000). 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
Cost				
At 1 April 2025	6	6	118	130
Additions	0	0	27	27
Disposals	0	0	(51)	(51)
At 31 March 2026	**6**	**6**	**94**	**106**
Depreciation				
At 1 April 2025	2	0	85	87
Charged in year	1	1	19	21
Disposals	0	0	(51)	(51)
At 31 March 2026	**3**	**1**	**53**	**57**
Net book value				
At 31 March 2026	**3**	**5**	**41**	**49**
Cost				
At 1 April 2024	6	0	108	114
Additions	0	6	10	16
Disposals	0	0	0	0
At 31 March 2025	**6**	**6**	**118**	**130**
Depreciation				
At 1 April 2024	1	0	54	55
Charged in year	1	0	31	32
Disposals	0	0	0	0
Revaluation				
At 31 March 2025	**2**	**0**	**85**	**87**
Net book value				
At 31 March 2025	**4**	**6**	**33**	**43**

All property, plant and equipment non-current assets are owned by the SSRO. There have been no impairments during the year to 31 March 2026. All assets are held on a depreciated historical cost basis, as a proxy for their current value in existing use.

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 2026	31 March 2025
	£000	**£000**
Cost		
At 1 April 2025	574	574
Total cost	**574**	**574**
Depreciation		
Balance as at 1 April 2025	105	**48**
Charged in year	57	**57**
Total depreciation	**162**	**105**
Net book value	**412**	**469**

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 2026	31 March 2025
			£000	**£000**
Cost				
At 1 April	1,077	183	1,260	1,054
Additions	0	108	108	206
Reclassification	96	(96)	0	0
Total cost	**1,173**	**195**	**1,368**	**1,260**
Depreciation				
At 1 April	864	0	864	658
Charged in year	202	0	202	206
Total amortisation	**1,066**	**0**	**1,066**	**864**
Net book value	**107**	**195**	**302**	**396**

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 2026. The SSRO reviewed the useful economic life of its intangible assets as at 31 March 2026. Following this year's review, the UEL of DefCARS has been extended by two years to align with the transition to the new contract and planned development of the system.

Note 8: Other receivables

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

	31 March 2026	31 March 2025
	£000	**£000**
Trade and other receivables	1	1
Prepayments	179	147
Total other receivables	**180**	**148**

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 2026	31 March 2025
	£000	**£000**
Balance at 1 April	692	555
Net change in cash and cash equivalents	(274)	137
Total cash and cash equivalents	**418**	**692**

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 2026	31 March 2025
	£000	**£000**
Trade and other payables	41	78
Accruals	353	419
HMRC - social security	135	123
Total trade and other payables	**529**	**620**

There were 13 unpaid invoices at 31 March 2026 (2024/25: 13). During the year to 31 March 2026, 84 per cent of undisputed invoices were paid within five days (2024/25: 92 per cent). All SSRO payables fall due within one year.

Note 11: General Fund

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

	Year to 31 March 2026	Year to 31 March 2025
	£000	**£000**
General fund brought forward 1 April	**644**	**585**
Grant in Aid received	6,540	6,642
Net operating expenditure	(6,784)	(6,583)
Transfer from revaluation reserve	2	0
General Fund carried forward 31 March	**402**	**644**

The SSRO agreed total Grant in Aid funding of £6,760,000 for the year to 31 March 2026. During the year the MOD netted prior year Grant in Aid totaling £220,000, against the 2025/26 quarterly instalment payments.

Note 12: Revaluation Reserve

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

	Year to 31 March 2026	Year to 31 March 2025
	£000	**£000**
Revaluation reserve brought forward 1 April	**2**	**2**
Transfer to general fund	(2)	0
Revaluation reserve carried forward 31 March	**0**	**2**

HM Treasury made changes that impacted the FReM adaptations and interpretations of IAS 16 Property Plant and Equipment and IAS 38 Intangible assets, which took effect from 1 April 2025 therefore no revaluation was required as at 31 March 2026.

Note 13: 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 that 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 14: Capital commitments

The SSRO does not have any future contracted capital commitments as at 31 March 2026 (2024/25: nil).

Note 15: Lease liabilities

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

	31 March 2026	31 March 2025
	£000	**£000**
Maturity analysis on undiscounted lease liabilities		
Payable within one year	68	68
Payable in two to five years	272	272
Over five years	147	215
Total undiscounted lease liabilities	**487**	**555**
Less interest element	(57)	(73)
Present value of lease liabilities in the financial statements	**430**	**482**

	31 March 2026	31 March 2025
	£000	**£000**
Lease liabilities included in the statement of financial position		
Current: payable within 12 months	54	52
Non-current: payable over 12 months	376	430
Total lease liabilities	**430**	**482**

	31 March 2026	31 March 2025
	£000	**£000**
Lease amounts recognised in the statement of comprehensive income		
Interest on lease liabilities	16	18

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

	31 March 2026	31 March 2025
	£000	**£000**
Lease amounts recognised in the cashflow		
Cash outflow for leases	68	68

Note 16 Contingent assets and liabilities

As at 31 March 2026, the SSRO has no contingent assets or liabilities (2024/25: nil).

Note 17: 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

The SSRO has one related party transaction to report in the period to 31 March 2026 for key personnel. Details of the SSRO's key management personnel can be found in the Remuneration Report.

John Russell is the chief executive officer at the UK Regulators Network (UKRN). The SSRO paid UKRN £19,000 in membership fees (2024/25: £19,000) on an arm's length basis. There were no amounts payable to the UKRN as at 31 March 2026 (2024/25: Nil).

Other

The SSRO is an executive non-departmental public body, sponsored by the Ministry of Defence. The Ministry of Defence is regarded as a related party. During the year, the SSRO received Grant in Aid from the MOD of £6,540,000 (2024/25: £6,642,000).

In addition, SSRO has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with Cabinet Office, GIAA, GPA and MyCSP.

Note 18: 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 31st 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

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