



SFO

SERIOUS FRAUD OFFICE

ANNUAL REPORT AND ACCOUNTS 2023-24

HC 179



SFO

SERIOUS FRAUD OFFICE

ANNUAL REPORT AND ACCOUNTS 2023-2024

For the period 1 April 2023 to 31 March 2024

Accounts presented to the House of Commons pursuant to Section 6(4)
of the Government Resources and Accounts Act 2000

Annual Report presented to Parliament pursuant to Section 1(15) and
Paragraph 3 of Schedule 1 to the Criminal Justice Act 1987

Accounts presented to the House of Lords by Command of His Majesty

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Statement from the Director



I am pleased to present the Annual Report and Accounts for the Serious Fraud Office for the reporting year 2023-24.

It is a privilege to take on this role and to work alongside all of the committed staff of the SFO. I want to pay tribute to the hard work of my predecessor, Lisa Osofsky, and to the accomplishments achieved during her tenure. In the months since I joined the organisation, much has already been achieved to build on these foundations. The recently published five-year strategy is the distillation of a wide-ranging consultation exercise across our organisation and with stakeholders. It represents an exciting, ambitious yet realistic manifesto for change.

I have made my intentions for the organisation clear; focusing on sharpening our casework to bring results more quickly, building strong, supportive and mutually beneficial relationships with domestic and international colleagues and re-energising our working culture by investing in our people and the tools they need to succeed. Ultimately, the SFO must use specialism, innovation and collaboration to lead the fight against serious and complex fraud, bribery and corruption.

These intentions are already becoming a reality. We have carried out multiple executive action initiatives, with 15 sites searched and 15 individuals arrested. As well as taking three cases to trial this year, we have opened six criminal investigations and taken the decision to close a further six following rigorous discussions and application of the Code Test. Throughout, we have offered sustained, personal support to victims affected by the

cases we are investigating, helping them to understand the processes underway and how we are delivering justice.

We continue to relentlessly target the proceeds of crime, even in legacy cases. For example, we traced a further £250,000, hidden in a London sports club, which was linked to a conman we convicted over a decade ago of a £740m fraud. Our investigation into his other assets continues.

We drew heavily on staff feedback to develop a new set of values – professional, collaborative and innovative – to define what it should mean to work at the SFO. These values will underpin our refreshed employee offer, designed to attract top talent to the SFO and to retain that talent within the organisation. In addition, we have defined the qualities which we aspire to and which will characterise the SFO as we pursue our strategy; strong, dynamic, confident and pragmatic.

All of this is exciting, but there remain very significant obstacles that must be overcome. This year, we were disappointed by the outcome of a civil case brought against the SFO in relation to historical casework; we have sought permission to appeal the decision and developments will continue into 2024-25.


I am confident that our team of talented, dedicated professionals across the disciplines, using our unique and specialist powers and energised by our ambitious strategic intention, will continue to build on our successes and rise to the challenges we face.



Nick Ephgrave QPM
Director

Serious Fraud Office
25 July 2024



**I am confident that
our team will
continue to build on
our successes and
rise to the challenges
we face** 

Statement from the Chair

As Chair of the Board, I'm delighted to present this inaugural message on behalf of the SFO's Non-Executive Directors.

In September 2023, the Board thanked Lisa Osofsky for her dedication throughout her tenure as Director and welcomed Nick Ephgrave QPM into the role. As this Annual Report lays out, he joined the SFO at a time of change, both within the organisation and in the wider economic crime landscape.

At the end of 2023, we welcomed major legislative changes which will have a direct impact on casework. Royal Assent of the Government's Economic Crime and Corporate Transparency Act brought in a new 'failure to prevent fraud offence', introducing a new statutory identification doctrine for economic crimes and creating new powers to seize, freeze and forfeit cryptoassets. It also strengthened the SFO's existing section 2A powers, making it easier for investigators to obtain key information at earlier stages of the investigation. Some of these changes have already had a material impact on live cases and they will enable the organisation to more effectively deliver justice for years to come.

Throughout the reporting period, the organisation continued to drive for changes to the UK's disclosure regime, which currently places an untenable burden on both the prosecution and defence in complex cases. The SFO worked closely with the Home Office this year to support the first stage of the independent review of disclosure and fraud offences. The organisation will continue to collaborate closely with the review chair and his team as they move into the second stage of their work.

Over the year, the organisation worked with partners at home and abroad to develop responses to the evolving and global threat



of economic crime. Almost all serious fraud, bribery and corruption cases have an international component, making cooperation with other jurisdictions extremely important; this year, the SFO continued to build, maintain and enhance vital links with sister agencies all over the world. Within the UK, the SFO worked closely with partners throughout the criminal justice system and supported the Government's 'Stop! Think Fraud' campaign, reflecting the significant danger that fraud in all guises presents to the public.

As members of the Board, the Non-Executive Directors are responsible for shaping and approving the SFO's vision, mission, direction and values. I hope that this Annual Report demonstrates the progress made to realise that vision over the last twelve months and our ambitions for the year to come.

A handwritten signature in black ink, appearing to read 'Claire Bassett'.

Claire Bassett
Chair of the Board
Serious Fraud Office
25 July 2024

2023-24 Performance

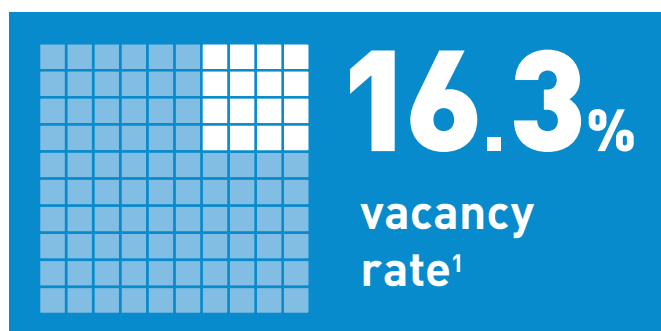
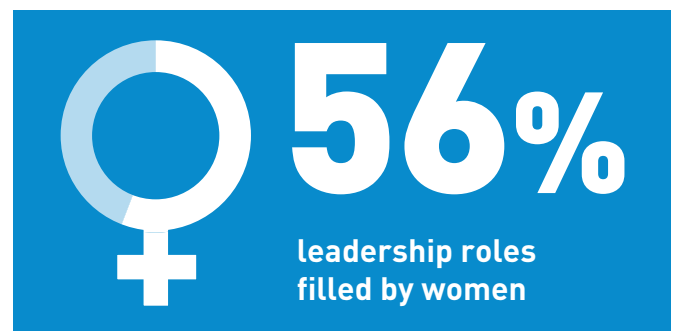
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Performance Overview

This section sets out a summary of the SFO's performance over the year. It outlines the mission, structures and objectives of the organisation, alongside a brief summary of the activities taken within the year to deliver against our ambitions and the risks that we have identified to success.

The SFO at a Glance

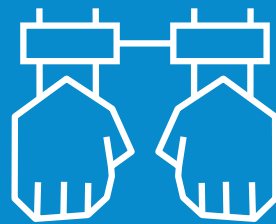


1. The SFO's vacancy rate calculation method changed during the reporting period, meaning this figure is not directly comparable with that set out in the 2022-23 Annual Report

15 sites searched across four cases



76 days at trial, across three cases



15 individuals arrested and questioned



16 witnesses supported to give evidence

4 people convicted



c.10,000

victims affected on average within our fraud cases

Statement of Purpose and Activities

Who we are

The SFO is a non-ministerial department superintended by the Attorney General's Office. A Framework Agreement sets out the relationship between the Attorney General, Solicitor General (the Law Officers) and the Director of the SFO.

Our core purpose is the investigation and prosecution of serious and complex fraud, bribery and corruption.

The SFO operates within the UK criminal justice system with jurisdiction over England, Wales and Northern Ireland.

The SFO's mission

The SFO fights complex financial crime, delivers justice for victims and protects the UK's reputation as a safe place to do business. In so doing, the SFO also recovers proceeds of crimes and assists law enforcement agencies in the UK and overseas in their investigations into fraud, bribery and corruption.

How the SFO delivers its mission

The investigation and prosecution of our cases is carried out by multi-disciplinary case teams of lawyers, investigators, forensic accountants, digital technology experts with external counsel and other specialists as required. This joint investigatory prosecutorial case-team structure is known as the 'Roskill' model. Unique powers of compulsion under section 2 of the Criminal Justice Act 1987 enable the SFO to enforce the requirement of attendance at interview or the production of information¹ or, in certain circumstances, to apply for a warrant to enter and search premises to seize information.

The SFO will investigate cases which call for the legal powers and multi-disciplinary approach available to the SFO. In considering whether to take on an investigation, the Director applies a Statement of Principle and considers the resources which the organisation has available to undertake an effective investigation:

The Director may investigate any suspected offence which appears to them on reasonable grounds to involve serious or complex fraud, bribery or corruption.

In considering whether to authorise an investigation the Director will take into account the actual or intended harm that may be caused to:

- The public, or
- The global reputation and integrity of the UK as an international financial centre and as a safe place to invest and do business, or
- The economy and prosperity of the UK

And whether the complexity and nature of the suspected offence warrants the application of the SFO's specialist skills, powers and capabilities to investigate and prosecute.

1. Failure to comply is a criminal offence.

SFO Structure



Strategic Objectives

Objectives



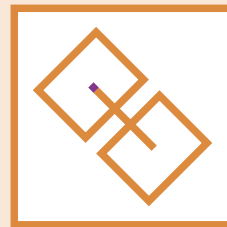
To investigate and prosecute the most serious or complex cases of fraud, bribery and corruption.



To deter criminals and require offending companies to reform in order to protect the UK's economy and global reputation as a safe place to invest and do business.



To uphold the rule of law, deliver justice for victims and recover the proceeds of financial crime.



To collaborate with partners in the UK and overseas to ensure there is no safe haven for those who commit serious financial crime.



Strategy

To deliver on its mission, the SFO sets areas of focus to prioritise over a number of years. In 2023-24, the organisation developed a new five-year strategy. After the end of the reporting period, this strategy replaced the previous three-year plan.

To support the delivery of this strategy, the SFO designs and publishes an annual business plan which sets out the major projects to be delivered over the course of the year.

Summary of Performance During the Year



Our people

This year saw a significant change in SFO leadership with the arrival of a new Director, Nick Ephgrave QPM, in October 2023.

We recruited new talent and further invested in developing our culture. We ran a number of successful recruitment campaigns and reduced our vacancy rate from 23.0% to 16.3%. We continued to work with the Inclusion Council and staff networks on the development of our equity, diversity and inclusion strategy, further bolstering it by requesting independent external advice from the Government Internal Audit Agency on areas for improvement. We defined opportunities for development within our leadership and management skills, designing a new programme for rollout in 2024-25.

Staff feedback provided assurance that our internal culture is changing for the better, with our 2023 Civil Service People Survey results showing progress across all nine engagement areas and improvements in our overall Employee Engagement Index.

Our operations

Over the year, we took several complex cases to court. In April 2023, we secured sentences of over 13 years for executives behind a \$500m fraud and March 2024 saw the conclusion of our case against two individuals related to GPT Special Project Management: a jury found Jeffrey Cook and John Mason not guilty of corruption but Cook, a former Ministry of Defence official and later director of the defence contractor GPT, was found guilty of misconduct in public office. In addition, we took action on three separate cases where individuals showed contempt for the courts or our investigation.

We made significant progress on existing cases. In June 2023, we charged three people connected to London Mining Plc with conspiring to make multiple corrupt payments to secure preferential treatment in Sierra Leone. In September 2023, we charged four individuals with fraud in relation to the collapse of the Patisserie Valerie high street chain and, in January 2024, we charged two former company directors with fraud

in relation to the nationwide car leasing scheme, Buy2Let Cars. The following month, we charged two former Petrofac senior executives with bribery.

We also opened a number of new cases. In October 2023, we opened a new investigation into suspected fraud at Safe Hands Plans Limited and its parent company SHP Capital Holdings Limited. In November 2023, we launched our investigation into collapsed law firm Axiom Ince, carrying out searches across nine sites and arresting seven individuals. The next month, we announced the launch of an investigation into AOG Technics Ltd, carrying out a search of one address and making one arrest. Searches and arrests continued into 2024: we announced a new £140m fraud investigation in February, carrying out searches across three residences and arresting four individuals and in March we searched two sites and made three arrests as part of an investigation into an alleged £76m fraud related to the Carlauren Group.

We continuously pursued the proceeds of crime, using a new approach to victim repatriation in June 2023 to support the recovery of over £500,000 for the victims of a global fraud. We recovered a property worth £200,000 and over £8,000 in rental profits from Dr Guang Jiang, who breached bail conditions in a bribery case in 2014 and appointed management receivers to take control of three UK properties worth over £20m as part of our civil recovery case against Gulnara Karimova, the daughter of former Uzbekistan President Islam Karimov. We also confiscated a further £250,000 from Achilleas Kallakis, who was imprisoned in 2013 following our investigation into a £740m fraud, after we traced the funds to a debenture at The Queen's Club, a sports club in London. In December 2023, we confiscated over £466,000 from two former Balli Steel Plc.

executives who are currently serving over 12 years in prison.

Throughout our casework, we provided expert support to victims and witnesses. We understand how valued this service is; 100% of witnesses surveyed reported satisfaction with the work of their SFO Witness Care Officer.

As part of our work to improve the way that we actively manage live cases, we review our investigations to ensure that they can deliver the best possible outcomes for victims and the public. During 2023-24, following thorough reviews of the facts and after considering appropriate advice, we took the decision to close four investigations. In each case, the threshold set out in the Code for Crown Prosecutors – which sets stringent evidence and public interest tests – was not met.

We were disappointed in December 2023 to see the Commercial Court's judgment in favour of Eurasian Natural Resources Corporation Ltd (ENRC), in relation to ENRC's claim that the SFO's criminal investigation into it, which started in 2013, was caused by wrongdoing identified in the Court's earlier judgment of May 2022. The SFO is seeking permission to appeal in respect of findings in both judgments.

Our tools

We secured new powers through the Government's Economic Crime and Corporate Transparency Act 2023, which brought about a new 'failure to prevent fraud' offence, introduced a new statutory identification doctrine for economic crimes and created new powers to seize, freeze and forfeit cryptoassets. It also expanded our section 2A pre-investigation powers, allowing us to secure high-value information early and progress cases to full investigation more

quickly. We used our new section 2A powers for the first time in early 2024, within one month of their creation.

We continue to take a practical view of changes that would support the wider criminal justice system. Since 2021, the SFO has highlighted the challenges posed by the criminal disclosure regime. Effective disclosure is critical to a fair trial for both victims and suspects, but the current approach is no longer viable for complex cases; it requires the prosecution to read, review and describe hundreds of thousands of documents and requires the defence to review schedules with thousands of items. In 2023-24, we worked closely with the Independent Review of Disclosure and Fraud Offences, chaired by Jonathan Fisher KC, sharing our ideas for solutions which would allow law enforcement and the defence to work together to identify the most pertinent documents at the earliest stages of a case.

We made significant progress on an ambitious programme of continuous improvement. We worked with HM Crown Prosecution Service Inspectorate (HMCPISI) on an inspection into disclosure practices and commissioned an external root cause analysis of successful and unsuccessful outcomes within our casework. We also completed our e-Discovery platform migration, rolled out a new portal for the forensic case management system and developed a new enterprise resource planning tool ahead of its adoption in the next reporting period.

During this year we reviewed our approach to e-Discovery on some cases, current and historic. This work remains ongoing, and we are committed to disclosing any relevant matters on our cases, past or present, if anything is identified.



Our partnerships

We continued to build our reputation as a valuable and influential collaborator within the domestic and global justice system.




Alongside our multi-jurisdictional casework, we shared our expertise with partners from Canada, France, Ghana, Jersey, New Zealand and the US. Within the UK, we supported Parliamentarians to develop their understanding of serious fraud, bribery and corruption and scrutinise our work by giving evidence to Select Committees.

In response to the scale of the threat that fraud now presents to the UK public, we collaborated with other Government departments on the national 'Stop! Think Fraud' campaign. Designed to help the public protect themselves, spot fraud and report it, the national campaign was developed by the Home Office and is also supported by the National Crime Agency, City of London Police and HMRC alongside private sector partners.

Principal Risks in 2023-24

The SFO identifies principal risks which could critically affect the successful delivery of our mission and strategic objectives. Below is a description of the risks we faced as of 31 March 2024, their level of severity and an indication of their status compared to that outlined in the 2022-23 annual report.

Risk category	Risk level	Risk description
 Digital & Technology	Very high	Risk arising from a failure of technology to deliver the expected services needed to meet organisational goals; due to inadequate or deficient system/process development and performance or inadequate resilience.
 Information Management	High	Risk arising from a failure to securely and effectively manage data and information, which may lead to SFO not meeting its obligations under General Data Protection Regulation (GDPR) law.
 Legal Decision Making & Casework	Medium	Risk arising from defective casework practices, transactions or some other legal event that results in a liability, loss or failure by SFO to meet ethical, legal or regulatory requirements.
 Security	Medium	Risk arising from a failure to prevent unauthorised and/or inappropriate access to SFO systems and assets; includes the loss or compromise of sensitive information, cyber-attack and eavesdropping, leading to potential major disruption to core business operations.
 Commercial	Medium	Risk arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud and/or failure to meet business requirements/objectives.
 Projects	Medium	Risk arising from the development, planning and delivery of organisational change programs and projects, including: <ol style="list-style-type: none"> Cost risks Scope risks Time risks Specification (performance) risks Schedule (planning) risks Communications risks etc

Risk category	Risk level	Risk description
 Finance	Medium	<p>Risk arising from organisational inability to demonstrate the effective use of public monies and/ or the achievement of value for money criteria in delivering organisational goals, aims and objectives; also the loss of public funds through inadequate control arrangements and/or criminal activity against the department. Risks include:</p> <ul style="list-style-type: none"> a. Liquidity risks - Insufficient funding to deliver organisational goals, aims and objectives b. Operational risk - Operational failures such as mismanagement or technical failures, leading to financial losses, damage or harm c. Legal risks - Legal constraints such as lawsuits (compensation, penalties etc) d. Opportunity risks - Uncertainty of delivering speculative improvements, resulting in financial losses, damage or harm to the organisation
 People	Medium	<p>Risk that can negatively impact the performance, success and output of our people, including:</p> <ul style="list-style-type: none"> a. Leadership b. Engagement c. Organisational culture d. Organisational change e. Resourcing
 Governance	Medium	<p>Risk arising from unclear or ineffective oversight of SFO decision-making arrangements and/or failures to apply organisational standards criteria in the delivery of our services.</p>

Further information on how risks are managed can be found within the Governance Statement on page 40.

Going Concern Basis

The SFO Statement of Financial Position shows a net liability as at 31 March 2024. However, these accounts are produced on a going concern basis in accordance with the Government Financial Reporting Manual. The SFO is a non-ministerial department providing services that are anticipated to continue, evidenced by the provision of AME funding for legal provisions and future supply funding voted by Parliament.

The Board reviews our going concern on an annual basis. It considers government funding, our business plan, our risk management framework and our principal risks. In common with other government departments, future financing of the SFO's liabilities is met by future grants of supply and the application of future income, both of which are approved by Parliament each year. The SFO has secured funding for the next financial year via Spending Review 2021 and will agree future funding as part of the next Spending Review. In consequence there is no reason to believe that future approvals will not be forthcoming. It was therefore appropriate to prepare these financial statements on a going concern basis.



Performance Analysis



Our Performance During the Year

This section provides a detailed examination of the SFO's performance. It includes a summary of progress on key indicators which are used to measure performance, as well as descriptions of significant milestones across all areas of the organisation in 2023-24 and a precis of our financial outlook.

Key indicators

On average, the time taken from formally opening an investigation to the first outcome is



£1.7bn

secured since 2015-16 to the end of this reporting period through the continued use of Deferred Prosecution Agreements.

100%

of cases successfully progressed past the 'no case to answer' stage in criminal trials where a jury is sworn and the judge allows the case to proceed to the jury at the end of the prosecution case.

100% 

of victims and witnesses who are called to give evidence are satisfied with the experience provided by the SFO.

64%

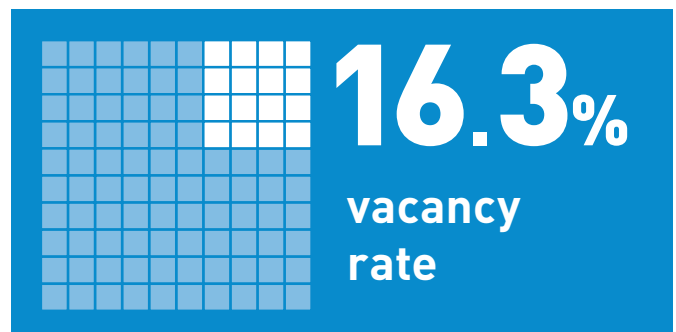
recovery rate against new financial orders secured on realisable assets, totalling £429,000. 

Our People

We are committed to ensuring that the SFO is a great place to work for all of our staff. We pride ourselves on the skills and experience of our people; we make use of the pioneering Roskill model, which sets out that experts should work side by side in multi-disciplinary teams. We work hard to give staff the opportunities they need to develop existing skills and learn new ones.

In 2023-24, we focused on building and retaining the in-house skills and resource that we need to confidently carry out our mission; we reduced our vacancy rate by almost a third from 23.0% to 16.3% and the high-calibre of our staff was recognised by the Attorney General when she formally named those who had worked on the Glencore corporate case as 'Prosecution Team of the Year'. We also delivered several successful recruitment campaigns for our operational teams and ensured that new arrivals felt well-supported by refreshing our corporate induction process. We provided opportunities for staff to engage with and understand the SFO's work, bringing all teams together at an all-staff conference in November.

We strengthened our in-house skills, knowledge and culture. We drew on staff feedback to develop a new set of values and a new set of organisational characteristics. We created new forums under the People Committee (see p.44) focused on learning and development and recruitment. This enabled us to scope leadership and management training needs, as recommended by HMCPST in their 2023 report on case progression. We also supported staff to experience opportunities in the wider Civil Service such as the Future Leaders Scheme. We continued to demonstrate our commitment to an inclusive environment; the Inclusion Council and staff networks used communication channels and events to share experiences, raise awareness and support each other.



We responded to the changing needs of our people over the course of the year, building feedback from the Civil Service People Survey and day-to-day channels into our work. We also made use of constructive discussions with our three recognised Trade Unions: the First Division Association (FDA), Prospect, and the Public and Commercial Services Union (PCS).

We continued to reflect on whether the structures we have in place at the SFO best serve our needs. We carried out an assessment of our current organisational design and worked with the Cabinet Office to explore pay and reward options which reflect the unique skills required by a specialist law enforcement agency. Our 2023-24 pay award gave all staff in Bands A – D an increase of 4.5% and all staff in Band E an increase of 5%. We also provided a one-off payment of £1500 to all permanent staff in Bands A-E and £1000 to all temporary staff who had been in post for three months or more.

Intelligence



The Intelligence division handles the sourcing and development of new cases and provides support to ongoing investigations. Cases can be generated by the SFO or by referrals from law enforcement partners, government agencies, members of the public, whistle blowers and companies who wish to make a self-report. Individuals who wish to refer allegations of fraud, bribery or corruption can contact the SFO directly through our online portal.

This year the Intelligence division received, researched and analysed c.1300 referrals. Around 800 intelligence reports were generated, many of which were shared with other law enforcement agencies.

The SFO developed its knowledge of relevant changes to its operating environment by updating its control strategy. In 2023-24, this work focused on the developing threats posed by cryptoassets, international bribery and corruption, kleptocracy and domestic bribery and corruption.



Casework

The SFO's three casework divisions investigate and prosecute serious fraud, bribery and corruption. Using the Roskill model, multi-disciplinary teams of experts work together to develop cases, review evidence, interview witnesses or suspects and bring cases before the courts. The SFO currently has an active caseload of around 130 cases, including criminal, civil, proceeds of crime and international assistance cases. In 2023-24 we opened six criminal cases, we took three to court and closed six.

In 2023-24, we continued to develop our casework processes and mechanisms.

We worked with HMCPSP as they carried out inspections into case progression and disclosure. The former found that the organisation had made good progress since its 2019 inspection on the same topic, whilst the latter – published in April 2024 – highlighted several areas for consideration by the SFO and the need for the Government to consider the wider disclosure regime.



During the reporting period, we also sought external support to carry out a root cause analysis of the outcomes in two recent cases, identifying the lessons which could be applied to the wider organisation. In May 2023, we drew to a close the second stage of our Case Progression Project, which developed a series of tools to improve the way that we support, monitor and assess the progress of our cases.

In early 2024, we launched an overarching workstream to draw together these internal and external insights to enable sharper, faster casework.

Proceeds of Crime and International Assistance

The Proceeds of Crime and International Assistance division seeks and seizes the proceeds of crime; where appropriate, they recover funds for the benefit of the UK taxpayer. The division works with other jurisdictions across the world to provide mutual support in the investigation and prosecution of serious fraud, bribery and corruption.

In 2023-24, the team secured over £1.7m proceeds of crime for the benefit of the UK taxpayer. The SFO does not retain any of the funds recovered which go directly to HM

Treasury. The proceeds of crime team also returned over £271,000 paid as compensation to victims.

The SFO continues to uphold its longstanding record in proceeds of crime work. The Asset Recovery Statistical Bulletin, published in September 2023 by the Home Office, showed that the SFO successfully secured the largest value of confiscation recoveries in the previous financial year and that, overall, the SFO had the highest combined recovery across confiscation and forfeiture when compared with other agencies.

Timeline 2023-24

APRIL 2023 >>>

We secured sentences of over 13 years for the executives behind a \$500m fraud. Nasser Alaghband, the CEO of British steel trading company Balli Steel Plc, was sentenced to six and a half years in prison, while two senior executives received sentences of over three years each.

MAY
>>>

Michael Thomson, former Chief Executive Officer of London Capital & Finance Plc, was given a 10-month suspended sentence following his breach of a restraint order. Thomson tried to hide £95,000 after the order was imposed by paying it into an account owned by his wife.

JUNE
>>>

We charged three directors with fraud related to a forestry investment in Costa Rica. Former company directors Stephen Greenaway, Paul Laver and Matthew Pickard were charged in relation to a collapsed scheme through which 3,500 UK investors lost millions of pounds.

We trialled a new approach to victim repatriation, identifying a way to recover over £393,000 for the victims of a 2002 worldwide unsolicited email scam by freezing money bound for a sanctioned Lebanese bank. We secured High Court approval to trial this interpretation of the law and expect that each victim will be able to recover approximately what was stolen from them.

We charged London Mining Plc Chief Executive Officer Graeme Hossie, Chief Financial Officer Rachel Rhodes and international business consultant Ariel Armon with conspiring to make multiple corrupt payments to secure preferential treatment in Sierra Leone. London Mining Plc went into administration in 2014.

JULY
>>>

We secured the recovery of property worth £200,000 and over £8,000 in rental profits from Dr Guang Jiang, an agent who helped British technology company Sarclad Ltd to pay bribes to secure £17m worth of contracts in China. Since Dr Jiang breached bail conditions and fled to China in 2014, we have recovered over £350,000 from his personal and company bank accounts.

We took the decision to close four cases on the basis that they no longer met the Code Test for Crown Prosecutors. These related to the Eurasian Natural Resources Company, the Rio Tinto Mining Group, the Alpha and Green Park Group of companies and an investigation not disclosed to the public.

AUGUST

Management receivers were successfully appointed on application of the SFO over three UK properties worth over £20m as part of our civil recovery case against Gulnara Karimova, the daughter of former Uzbekistan President Islam Karimov.

We charged four individuals with fraud in relation to the collapse of the Patisserie Valerie high street chain. All four have been charged with conspiring to inflate the cash in Patisserie Holdings' balance sheets and annual reports from 2015 to 2018, including by providing false documentation to the company's auditors. During this time, the company reported holding £28m in accounts, yet concealed £10m in debts from its investors and creditors. The collapse led to the closure of 70 stores and the loss of 900 jobs.

SEPTEMBER

OCTOBER

We opened a new criminal investigation into suspected fraud at Safe Hands Plans Limited and its parent company SHP Capital Holdings Limited. Approximately 46,000 plan holders had paid toward funeral plans before the company collapsed.

We carried out searches across nine sites, arresting seven individuals as part of the launch of an investigation into collapsed law firm Axiom Ince. The company stopped trading in October 2023 after approximately £66m was found to be missing from its accounts and spent.

NOVEMBER

We secured the conviction of William Osmond, a lawyer who disclosed confidential details about an investigation and forged a legal document in an attempt to mislead investigators, following the SFO's first prosecution of a solicitor for 'tipping off' a client. Osmond was sentenced to a nine-month sentence, suspended for 18 months.



NOVEMBER



We confiscated £250,000 from Achilleas Kallakis, who was imprisoned in 2013 following the SFO's successful investigation into a £740m fraud. The money had been held as a debenture at The Queen's Club, a prestigious West London sports club. SFO investigators traced the funds through a complex chain of offshore accounts prior to confiscation. In total, the SFO has secured over £3.5m from Mr Kallakis to the end of the reporting period.

DECEMBER



A Commercial Court judgment found in favour of ENRC in a civil case which the company brought against the SFO. In April 2024 the SFO sought permission to appeal against past rulings in the case.

We announced the launch of an investigation into AOG Technics Ltd, an aircraft parts supplier, searching one address and arresting one individual.

Solar panel fraudster David Hardie – formerly known as David Black and David Diaz – was convicted for the second time after investigators discovered he was using a different name in business dealings in breach of conditions enacted after his release from prison. This marked the SFO's first prosecution of a breach of a Serious Crime Prevention Order. In February 2024, he received a 16-month custodial sentence, suspended for two years.

We confiscated £275,000 from two former Balli Steel Plc. executives who are currently serving over 12 years in prison following a successful prosecution by the SFO for fraud in 2023. In February 2024, a further £153,500 was confiscated from a third offender in the Balli Steel Plc. case.

JANUARY 2024



With the assistance of overseas partners, we secured a further £220,000 from Jeffrey Revelle-Reade to be paid in compensation to victims of an investor fraud. Revelle-Reade was convicted of conspiracy to defraud in 2014 following an investigation into what is believed to be one of the largest boiler room frauds ever pursued by a UK authority.

We charged former company directors Reginald Larry-Cole and Scott Martin with fraud in relation to the nationwide car leasing scheme, Buy2Let Cars. They are accused of providing those who signed up with false information, encouraging people to pay in whilst knowing that investments were not really backed up by the cars they had been promised.



FEBRUARY

We charged two former Petrofac senior executives, Marwan Chedid and George Salibi, with bribery. From 2012 to 2018, the SFO alleges that they were involved in offering and paying agents over \$30m to influence the awarding of contracts worth approximately \$3.3bn in Petrofac's favour.

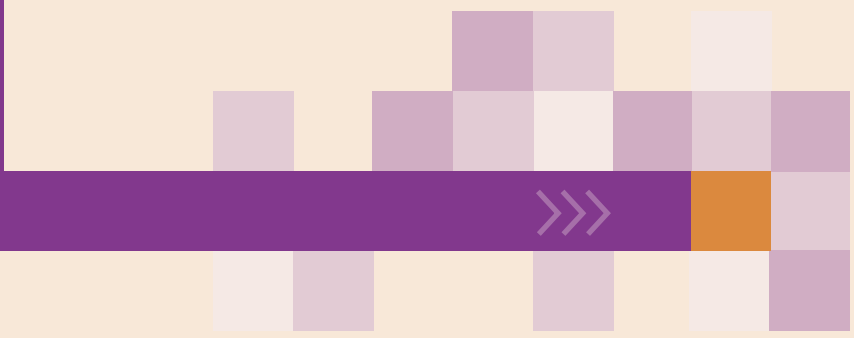
We announced a new £140m fraud investigation, searching three residences and arresting four individuals related to Signature Group. The business attracted over a thousand UK and international investors in the redevelopment of iconic landmarks, including Belfast's Scottish Mutual Building and the Coal Exchange in Cardiff.

MARCH

We carried out searches at two sites and made three arrests across the south of England as part of a new investigation into an alleged £76m fraud. The investigation relates to the Carlauren Group, which collapsed into administration in November 2019; requiring some elderly residents to vacate their homes and creating losses for over 600 investors.

Our case against three individuals related to GPT Special Project Management came to a close. Jeffrey Cook and John Mason were both found not guilty of corruption but Cook, a former Ministry of Defence official and later director of the defence contractor GPT, was found guilty of misconduct in public office after we proved he took more than £70,000 in secret payments whilst employed as a civil servant at the MoD. In 2021, GPT pleaded guilty to corruption between December 2008 and July 2010 in relation to contracts awarded to GPT in respect of work carried out for the Saudi Arabian National Guard.

We reached a settlement agreement with the acquitted defendants on our G4S prosecution, which was subsequently confirmed after the end of the reporting period.



Victim & Witness Care



The SFO values the victims and witnesses in our investigations; without their support, we could not bring cases to trial. Our Victim and Witness Care team supports the victims and witnesses who are crucial to our cases by explaining processes, communicating developments, signposting to specialist advice and assisting those required to give evidence at court.

During 2023-24, we supported 16 witnesses across two trials, enabling 13 to give evidence in person. Feedback showed that witnesses attending trial continue to highly value the assistance that we are able to provide, with 100% reporting satisfaction with the work of their SFO Witness Care Officer.

We worked hard this year to provide meaningful and useful support to victims and witnesses across multiple cases, helping them to understand the process and what would be expected of them.

We responded to continuing changes across the justice system by working with our partners on the embedding of the Victims' Code.

19 instances of support provided pre-charge

82 witnesses updated regarding charge

86 witnesses sent letters introducing them to Witness Care

58 witnesses updated on future trial dates

53 witnesses offered needs assessments

29 victims offered Victims' Right to Review

Policy and Engagement

Our Policy and Engagement team works with law enforcement agencies, Government departments and external partners to ensure that the SFO has the tools, powers and support that it needs to deliver swift, effective justice.

Investigating and prosecuting complex financial crime requires extensive collaboration with other agencies at home and abroad. This year, we continued to build trust and open new lines of communication with international partners. We acted as the UK law enforcement lead for the OECD Working Group on Bribery, worked with the UN to give a seminar to 150 law enforcement officers worldwide and exchanged best practice with partners across the world, including France, Ghana, Jersey, the Netherlands, Switzerland and the US. At home, we supported legislators and policymakers to develop their understanding of serious fraud, bribery and corruption by giving evidence to the Justice, Home Affairs and Business and Trade Parliamentary Select Committees, as well as the London Assembly.

We strengthened our investigation powers by working with other Government departments on the Economic Crime and Corporate Transparency Act 2023, which gained Royal Assent in October. The Act created a new 'failure to prevent fraud' offence and introduced a new statutory identification doctrine for economic crimes. It also created new powers to seize, freeze and forfeit cryptoassets and expanded our section 2A pre-investigation powers, which allow our Intelligence division to secure high-value information more quickly. The identification doctrine came into force at the end of 2023 and the expanded section 2A powers followed suit in January 2024; we made use of the latter within one month. We are putting

We used our expanded section 2A powers within one month after they came into force

further preparations in place so that we are ready to use the remaining measures when they become available.

The financial crime environment is constantly changing, requiring a proactive and dynamic response. We worked with other agencies and Government bodies to support a new 'Stop! Think Fraud' public awareness campaign and took part in the first Global Fraud Summit, hosted by the Home Secretary.

We continued to call for practical changes to the UK's current disclosure regime which would make it fit for use in today's justice system. We worked closely with Jonathan Fisher KC, the Chair of the Independent Review of Disclosure and Fraud Offences, sharing the SFO's experiences of the challenges presented by the disclosure regime when applied within complex casework.

Independent Reviews

In April 2021, following the end of the R v Woods & Marshall trial, the Director of the SFO commissioned Brian Altman KC to conduct a review into the SFO's handling of the case. In December 2021, following the Court of Appeal's decision to overturn a conviction in the Unaoil case, the Attorney General commissioned Sir David Calvert-Smith to conduct a review into the SFO's handling of that case. Both reviews were published in July 2022, alongside the SFO's response to the Altman review and the Attorney General's Office's (AGO) response to the Calvert-Smith review. The reviews made a total of 29 recommendations for the SFO and AGO to implement.

In May 2023, we confirmed that the SFO was on track to implement all recommendations in both reviews in full. In the same month, the Attorney General updated Parliament on the SFO's work to deliver on the Calvert-Smith review, noting the significant action against all 11 recommendations. We continued to embed the recommendations throughout 2023-24.

Technology

The SFO is committed to using technology in ways that allow staff to deliver work more quickly and efficiently, enabling better operational outcomes. Teams within our IT division manage physical evidence, carry out digital forensics and e-Discovery work, prepare court materials, develop innovative technological solutions, keep the SFO secure and provide day-to-day support.

In 2023-24, the SFO's technology teams continued to demonstrate the importance of technology and digital capabilities to the SFO's mission. The Digital Forensics Unit took part in searches, working alongside other frontline colleagues on site to advise on the seizure of evidence, whilst the e-Discovery team supported the ingestion and processing of materials on our secure platforms. Materials and graphics were prepared for court, enabling the prosecution teams to make powerful and engaging cases.

We strengthened the SFO's tools, making it easier to work efficiently and collaboratively. We completed our e-Discovery platform migration, successfully transferring millions of items, and launched a new case team portal into the forensic case management system to support our casework. We took steps to develop a new enterprise resource planning system ahead of a full launch in the next financial year. Work to migrate to a new document management system is underway, with pilots completed throughout 2023-24. Finally, we adopted new hardware for everyday use, updating our meeting room equipment and replacing over 300 laptops.

During this year we reviewed our approach to e-Discovery on some cases, current and historic. This work remains ongoing, and we are committed to disclosing any relevant matters on our cases, past or present, if anything is identified.



We continued to adapt to the SFO's changing needs by preparing for the organisation's move to its new offices and by completing the relocation of the SFO's core IT infrastructure to an offsite data centre. Extensive work has been carried out to ensure that the new site fits the specialist requirements of the Digital Forensics Unit and Materials Management team.

Throughout the year, we remained alert to the security threats and risks which face an active law enforcement agency. We carried out business continuity exercises and further improved our resilience to cyber-attacks.

Change Delivery



The Change Delivery division supports the management and delivery of major internal projects which transform the ways in which the SFO operates.

We continued to build the SFO's capability, embedding the structures and processes required to give staff the confidence to deliver major changes within the organisation.

The projects within the 2023-24 Change Portfolio strengthened the organisation's ability to deliver on its mission and react to its changing environment. The team supported the successful migration from our legacy e-Discovery platform, the launch of our new intranet platform and the introduction of a new forensic case management portal.

We also carried out preparations for the upcoming office move, an assessment of the SFO compensation structures, a refresh of the

SFO's equity, diversity and inclusion strategy and completed the first stage of a review of the SFO's organisational design, ahead of further work in 2024-25. The year marked the final stage of SFO's multi-year culture change programme.

The Change Delivery division also supports the organisation to make pragmatic choices about the prioritisation of its work; this year, the decision was made to delay the scoping of a new case management system project until 2024-25 in order to prioritise a new enterprise resource planning platform.

Financial Performance

The SFO's net spending is broken down into several different spending totals, for which Parliament's approval is sought. The Department's running costs are covered by the DEL and our provision for legal costs arising from events in year but expected to be paid in future financial years are classified as AME.

Where costs are recovered on our cases, these are shown as receipts in DEL, up to the amounts agreed by Parliament. Any amounts in excess of this are surrendered to HM Treasury. Fines and penalties not included in the Trust statement, attached to these accounts, are paid directly to HM Treasury via the Court Service.

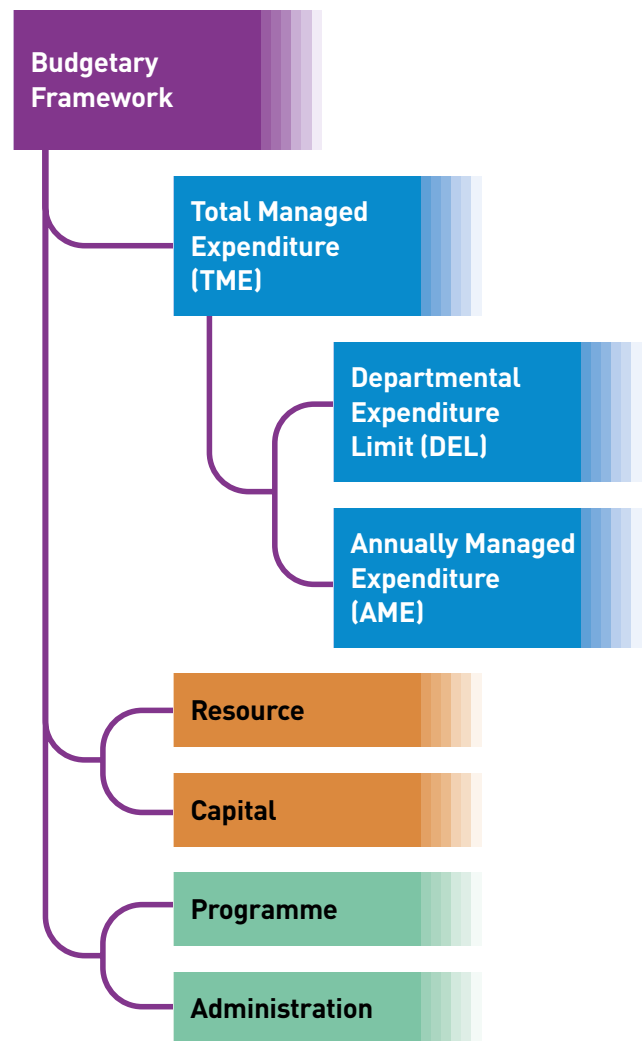
Resource DEL budgets are also divided into Programme and Administration budgets. Programme refers expenditure that relates directly to delivery of departmental objectives and front-line services. All other income and spending is treated as Administration, which covers administrative functions and other overheads. In order to maximise spending on front-line services, departments are set limits on Administration spend. These limits are not voted on by Parliament but are still treated as control totals with any breach resulting in an Excess Vote.

Resource AME budgets are always treated as Programme.

Departments are also set a limit on Net Cash Requirement. This is the cash funding requirement arising from Resource and Capital budgets, together with planned movements in working capital. It is effectively the maximum amount of Parliamentary funding that the department can draw down, and breaching this limit results in an Excess Vote.

Control totals are set on a net basis – there are no separate controls on income and expenditure and, subject to HM Treasury approvals on the retention of income, additional income can be offset against additional expenditure.

A further control on spending is that budgets for depreciation and impairment of assets are treated as ring-fenced. These elements of Resource DEL budgets may not be used for other spending without HM Treasury approval. However, the ring-fence is not a control voted on by Parliament.



Where our funding comes from

Our funding comes directly from government as part of the Spending Review, which normally occurs every three to five years.

HM Treasury set limits for DEL budgets, as DEL budgets are understood and controllable. AME budgets are agreed with HM Treasury each year, as these capture spending which is more volatile or demand-led.

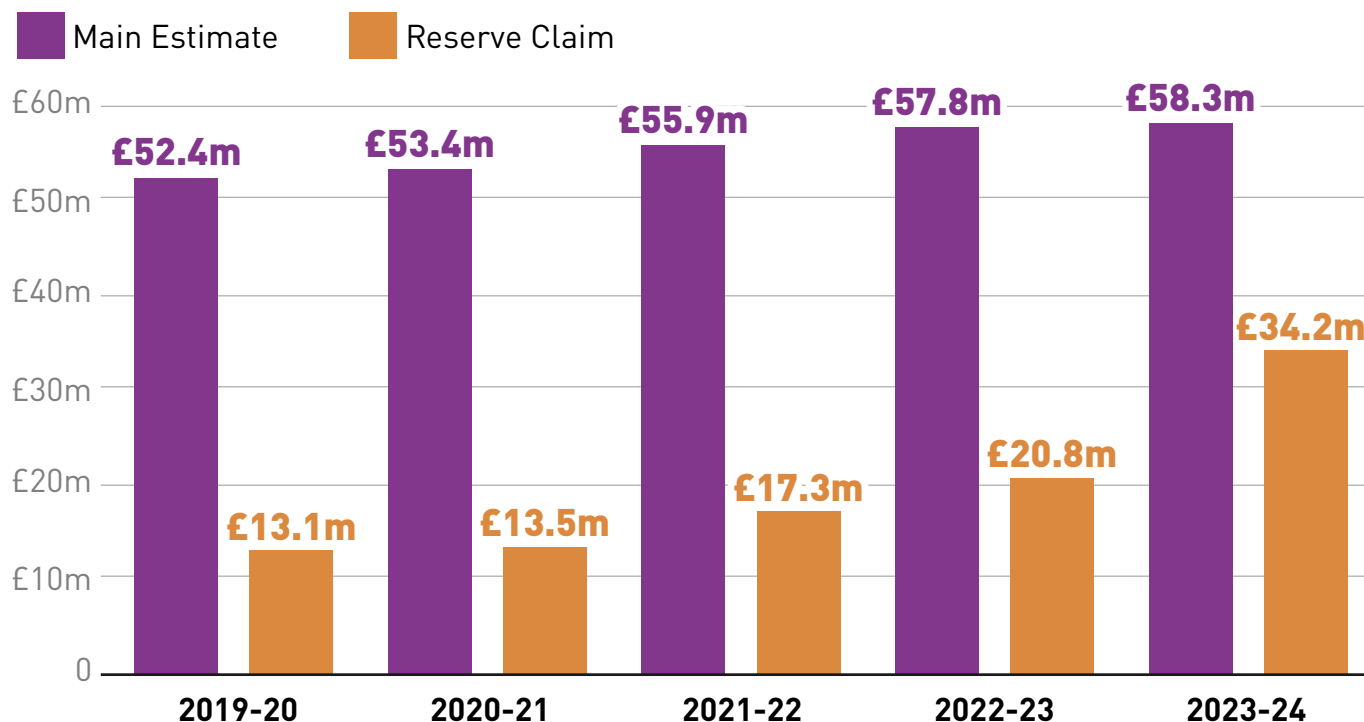
The 2021 Spending Review set the SFO's financing for 2023-24 and renewed the principle that access to Reserve funding will continue to be a part of the SFO's settlement for those cases where individual case costs are above 4% of non-ringfenced DEL.

This additional financing will continue to be agreed with HM Treasury on a year-by-year basis and confirmed in the Supplementary Estimate.

Specific control totals for the current financial year are then confirmed through Estimates, which are voted on by Parliament. There are two Estimate publications during the financial year: in May the Main Estimate sets the initial budgets for the year, whilst in February the Supplementary Estimate allows for adjustments to be made and confirms the final budgets against which outturn will be measured. If outturn exceeds the controls voted by Parliament, then this results in an Excess Vote.

The chart below shows our Resource DEL funding over the last five year period.

Resource DEL funding



The net Resource DEL has increased by £34.3m since the Main Estimate was agreed, this is reflective of the particular circumstances of the SFO whereby access to the Reserve is available for the additional cost of cases above 4% of non-ringfenced Resource DEL. Of the £34.3m increase, £22.3m is attributed to cases which will cost above the 4% threshold for the year and £12.0m to cover a payment on account for an ongoing case.

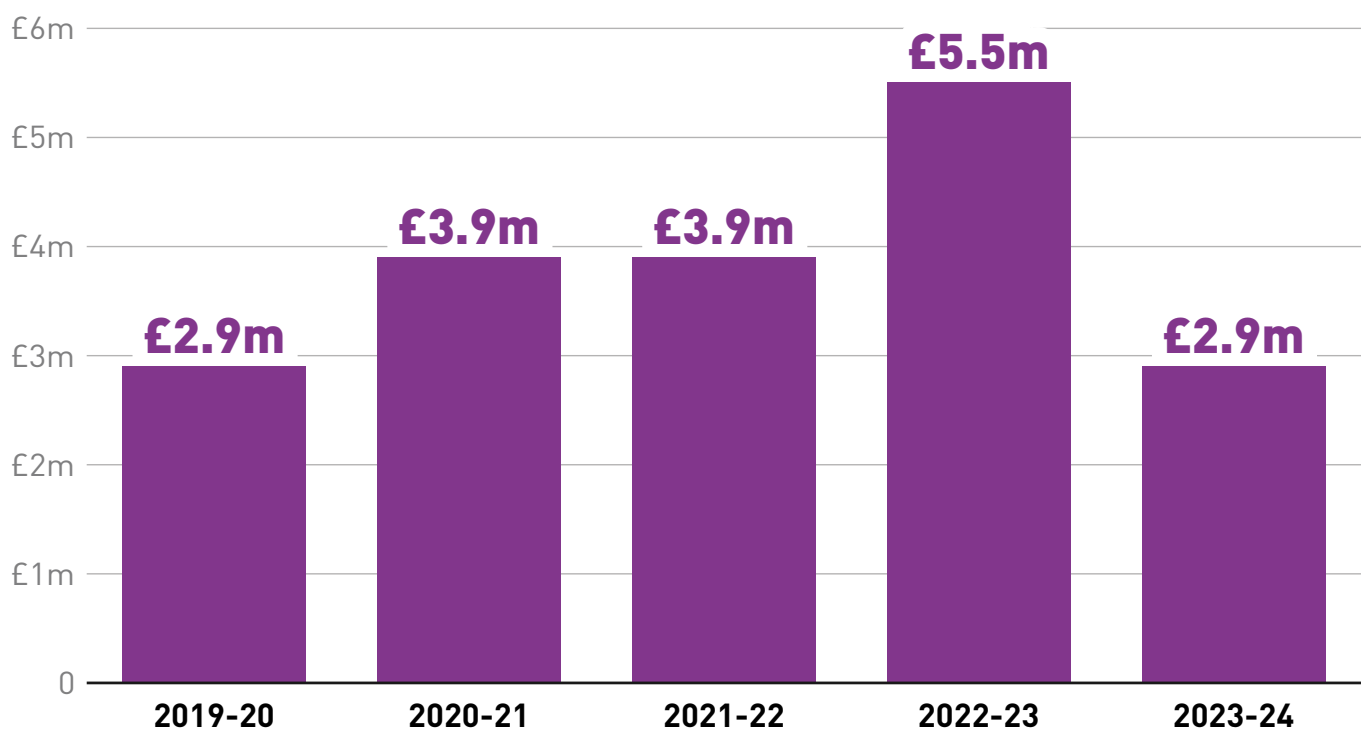
Capital DEL is in line with the Main Estimate, but has decreased by £2.6m since against last years Supplementary estimate, this is due to the accommodation lease capitalised under IFRS16 in 2022-23. The core capital budget for this year of £2.9m (£3.1m in 2022-23),

is to enable the SFO to continue to invest in essential IT and digital infrastructure to respond to the increasing volume and complexity of case data and the challenges this poses for disclosure.

AME DEL is £231.7m higher than agreed at Mains this year. AME at the SFO is used exclusively for the recording of new, or increases in existing, legal provisions at the end of the financial year. This is not a predictable value as there can be significant movements due to in year events not anticipated during the Spending Review.

The chart below shows our Capital DEL funding over the last five year period

Capital DEL



Our summary expenditure

There were no breaches of Parliamentary control totals and we are confident that our future spending plans will continue to utilise a high proportion of our budget without the risk of a Parliamentary control total breach.

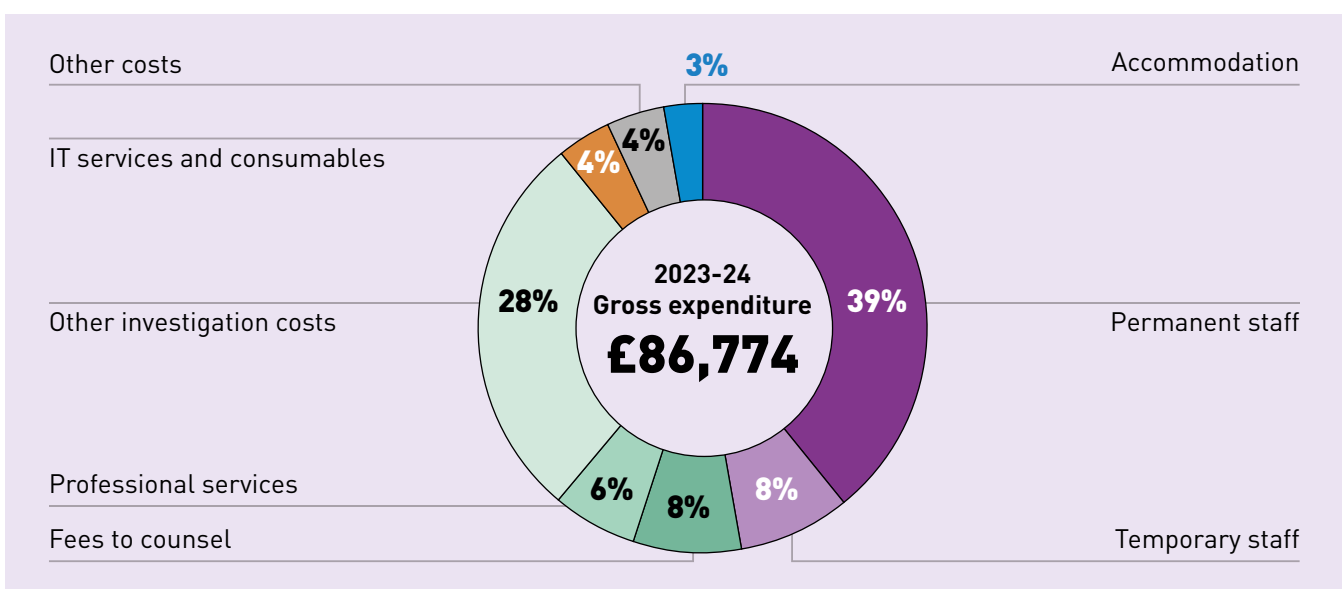
Significant variances between Estimate and outturn are discussed below.

Resource DEL

Operational expenditure			
	Funding £m	Outturn £m	Variance £m
Total RDEL	92.5	89.6	2.9

The SFO's Resource Departmental Expenditure Limit (DEL) outturn for the year totals £89.6m an underspend of £2.9m or 3.1%.

A summary breakdown of SFO expenditure is shown in the chart below. The main categories of spending are staff costs, counsel fees, accommodation and IT costs.



Capital DEL

Capital investment			
	Funding £m	Outturn £m	Variance £m
Total CDEL¹	2.9	1.9	1.0

Overall, our capital investment this year was £1.9m, which was £1.0m less than our Capital DEL funding.

The capital forecast was reduced by £0.9m in Q4 to reflect capital project slippage. This is primarily capital accommodation move spend which is now being project managed by the Government Property Agency (GPA).

1. Capital department expenditure limit

Resource AME

Annually Managed Expenditure (AME) outturn was £231.7m, an underspend of £18.3m.

Our provisions

During the year SFO agreed a full and final settlement with G4S of £2.9m. At the beginning of the year a provision of £6m was set aside for G4S. As a result of the settlement £3.1m has been written back into the accounts.

ENRC: A provision for special payments has been included in respect of ENRC – the judgment handed down in December 2023. This judgment held the SFO liable for a share of the losses incurred by ENRC in the period from August 2011 to August 2023. There will be a Phase 2 trial, likely to be in late 2025 or early 2026, to determine ENRC losses as a result of the opening of the SFO's criminal investigation (the period April 2013 to August 2023) and what share the SFO and other Defendants should respectively pay.

Sustainability

Information on SFO progress can be found at page 120.

Contributions to the United Nations Sustainable Development Goals (SDGs)

We are committed to playing an important role in achieving the United Nations SDGs. Our remit means that we focus on Goal 16:

“Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.”

Within this goal, the SFO actively contributes to two targets:

16.5 – Substantially reduce corruption and bribery in all their forms.

16.10 – Ensure public access to information and protect fundamental freedoms in accordance with national legislation and international agreements.

Future Plans

SFO Strategy 2024-29





MISSION:

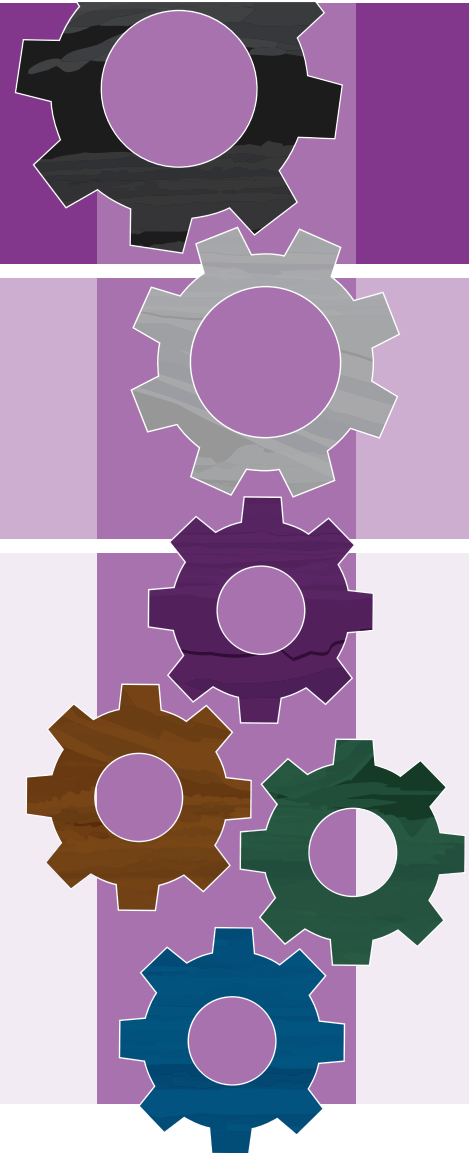
We fight complex financial crime, deliver justice for victims and protect the UK's reputation as a safe place to do business.

2029 VISION:

We specialise, collaborate and innovate to lead the fight against serious fraud, bribery and corruption.

STRATEGY OUTCOMES:

-  We have a highly specialised, engaged and skilled workforce
-  We are ready and able to harness the technology and tools of a changing world
-  We combat crime effectively through intelligence, enforcement and prevention
-  We are a proactive, authoritative player in the global and domestic justice system



Between September 2023 and March 2024, we developed a new SFO five-year strategy. Published in April 2024, it sets out a time-bound vision for the organisation to achieve by 2029, underpinned by four outcomes.

This strategy will support the SFO to respond to threats and seize opportunities over the next five years. 2024-25 marks the first year

of its delivery; work aligned to each of the four outcomes has been laid out in the SFO's business plan.

Nick Ephgrave QPM
Accounting Officer

25 July 2024

Accountability Report

SFO
Serious Fraud Office

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The Accountability Report includes a corporate governance report, a remuneration and staff report and a parliamentary accountability and audit report. These sections reflect financial reporting and parliamentary accountability reporting requirements.

Corporate Governance Report

Reportable data related incidents



No personal data breaches were reported to ICO.

Auditors

The SFO's Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. No further assurance or other advisory services were provided by the auditors.

Remuneration to auditors for non-audit work

The SFO did not pay any remuneration to its auditors for non-audit work. The notional fee for the audit of the Department's Accounts for 2023-24 was £67,000 (2022-23: £63,000), and £9,500 (2022-23: £7,250) for the audit of the Trust Statement.

Statement of Accounting Officer's Responsibilities

Under Section 5(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the SFO to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SFO and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis

HM Treasury has appointed the Director of the SFO as Accounting Officer of the SFO. 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 SFO's assets, are set out in Managing Public Money published by HM Treasury.

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

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

Governance Statement

Scope of responsibility

This statement covers the SFO's governance arrangements for the year ended 31 March 2024 for both the Departmental Resource Accounts and the SFO's Trust Statement at page 103.

The SFO was set up in 1988 as a non-ministerial department and given its powers under the Criminal Justice Act 1987. Ministerial oversight and accountability to Parliament lies with the Attorney General.

The Director is responsible for the discharge of the organisation's functions through the SFO's Board, Executive Committee, Audit Risk & Assurance Committee and other supporting governance forums. He is supported by the Chief Operating Officer (COO), Chief Capability Officer (CCO), General Counsel (GC) and Chief Financial Officer (CFO). The COO, CCO and GC have direct responsibility for overseeing the organisation's operational work and corporate functions.

The Director is responsible for maintaining a sound system of internal control which supports the achievement of the SFO's aims and objectives and compliance with its policies. The Director is also charged with safeguarding public funds and Departmental assets, for which he is personally responsible, in accordance with the responsibilities assigned to him in Managing Public Money.

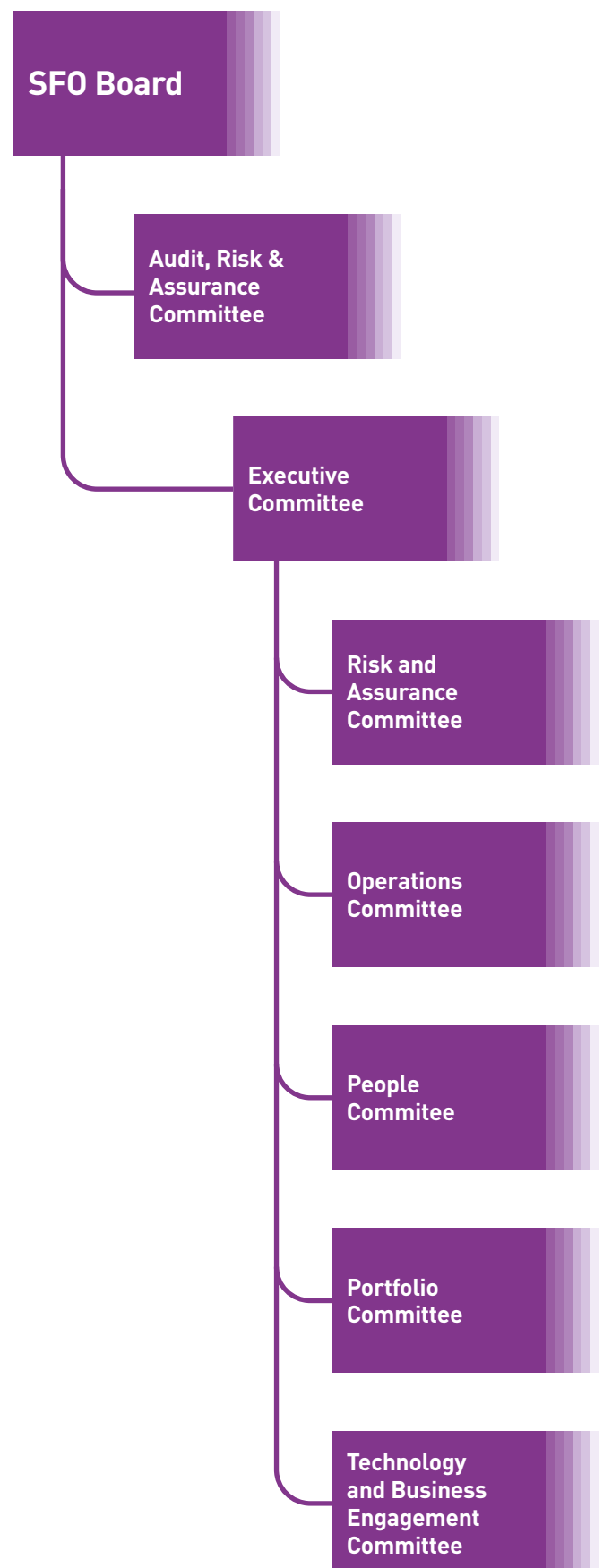
Governance structure

The SFO's governance arrangements are in line with HM Treasury's and Cabinet Office's Code of Good Practice for Corporate Governance. The three main governance forums are the Board, the Executive Committee, and the Audit, Risk & Assurance Committee (ARAC). There are also five committees and two sub-committees which support the Executive Committee in achieving the SFO's objectives and risk management. Alongside this, there are a number of supporting working groups, all of which feed into the work and responsibilities of at least one of the main governance forums.

A Framework Agreement published in January 2019 sets out the relationship between the Law Officers and the Director. This relationship is an essential component of our governance. In accordance with the sponsorship and statutory superintendence arrangements, the Director meets with the Law Officers regularly. The Framework Agreement describes the Ministerial Strategic Board (MSB), which meets four times per year. The MSB's overarching aims are to oversee the strategic direction for the SFO and to hold the SFO to account for delivery of its strategic objectives. Other responsibilities include supporting the roles and responsibilities of the Law Officers and the Director, agreeing and supporting the SFO's engagement priorities and reviewing financial management, performance and efficiency.

The MSB is chaired by the Attorney General or the Solicitor General and its membership comprises the Law Officers, the Director, the COO, the Director-General (AGO) and the chair of the SFO Board (a Non-Executive Director). The Chief Inspector of HMCPsi and the SFO CCO attend by invitation as required.

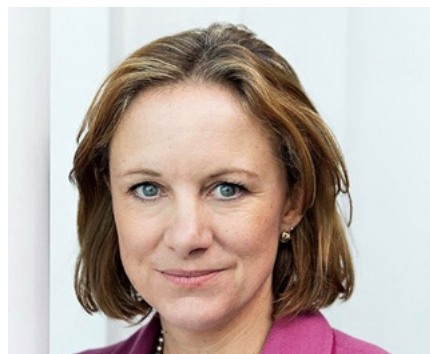
The following sections set out the membership and arrangement of the SFO's key governance structures.



The Board in 2023-24

Due to staff changes, the composition of the Board changed over 2023-24 and following the end of the reporting period, the Board's membership comprises the Director, COO, CCO, GC, CFO and the four Non-Executive Directors. In line with Cabinet Office's Code of Good Practice for Corporate Governance, a Non-Executive Director took on the role of chair on an interim basis on 25 September 2023. This arrangement will be reviewed in summer 2024.

Membership as at 31 March:



**Claire Bassett,
Interim Chair and
Non-Executive Director**



**Nick Ephgrave QPM,
Director**



**Sanjay Bhandari,
Non-Executive Director**



**Liz Corrin,
CFO¹**



**Michelle Crotty,
CCO²**



**Magnus Falk,
Non-Executive Director**



**Abigail Howarth,
COO**



**Sara Lawson KC,
GC**



**James Thomson,
Chair of ARAC and
Non-Executive Director**

1. Liz Corrin left the organisation on 5 April, after the end of the reporting period. Her role as CFO has been filled by Tanya de Jager
2. Michelle Crotty left the organisation on 12 April, after the end of the reporting period. Whilst a permanent replacement is sought, her role will be filled on a temporary basis by Freya Grimwood

Number of Board meetings attended, by committee member



This graph lays out attendance of Board members over the year.¹

The Board:

The Board concerns itself with the following areas:

Review policy by:

- Approving the SFO's vision, mission, direction and values
- Providing appropriate support and challenge to the Executive Team

Review SFO strategy by:

- Approving the priorities for the SFO's strategic plan
- Approving the priorities for the SFO's annual business plan

Oversight and accountability for the SFO strategic direction and delivery by:

- Monitoring progress against the strategic plan and annual business plan
- Reviewing the Annual Report and Accounts
- Approving the SFO's annual budget
- Ensuring that a sound system of internal control is maintained

- Providing independent, effective and robust challenge and support to the Executive Team as appropriate whilst holding Executive members to account for delivery
- Ensuring functions are performing effectively, efficiently and delivered in an ethical manner

Accountability to stakeholders by:

- Reviewing how SFO engages with both external and internal stakeholders

It aims to reach decisions by consensus but in exceptional cases a decision may be taken by the Director alone because of his ultimate personal responsibility for the SFO as Accounting Officer.

Cabinet Office and HM Treasury's Code of Good Practice for Corporate Governance cites a nominations and governance committee as good practice. Because the SFO is a small, non-ministerial department, the Board does not consider that a separate nominations and governance committee is necessary. Instead, the Board carries out the nominations and governance function as part of its normal terms of reference.

1. Board members joined and left the committee during the year, affecting the total number of meetings that they could attend as a result

Executive Committee

The Executive Committee, comprising the Director, CCO, COO and GC, is the principal senior management authority responsible for delivering the SFO's strategic plan effectively, efficiently and economically through its business planning process.

The Executive Committee:

- Provides assurance to the Board on implementation of the SFO's strategic plan
- Is accountable for delivery of the SFO's business plan by reviewing, challenging, and scrutinising performance against the business plan and taking appropriate action to ensure successful delivery
- Assures the Board through its Audit, Risk and Assurance Committee that controls are in place, fit for purpose and are operating as intended
- Ensures the SFO's core values are embedded within the culture of the organisation
- Develops and communicates strategic plans and decisions
- Delegates regular operational oversight and decision making arrangements to the supporting committees and requires that they escalate issues as necessary in accordance with their roles and responsibilities
- Oversees the work of and decides upon matters escalated by sub-committees or divisions
- Ensures sound financial management and scrutiny to achieve business objectives
- Discusses important issues that could affect the SFO's strategy, results or performance

The Executive Committee aims to reach decisions by consensus. In exceptional cases a decision may be taken by the Director alone because of his ultimate personal responsibility for the SFO as Accounting Officer.

Risk and Assurance Committee

The Risk and Assurance Committee is an Executive-level group which is chaired by the Director and attended by the chairs of the four committees with delegated authority. It provides organisational-wide oversight of risk and issue management and assurance. Established during the reporting period, this committee replaces the Risk Management Group.

Delegated Committees

The following committees have delegated authority from the Executive Committee. During the year, they were chaired by either the CCO, GC, COO, CFO, Chief Technology Officer or Head of Strategy Group.

The Operations Committee is responsible for governance and oversight of all operational activity and relevant working groups responsible for effective case progression, operational guidance and training and organisational learning to ensure that all operational activity is conducted lawfully and in accordance with the DSFO's Statement of Principle.

The People Committee is responsible for overseeing the delivery of the people outcomes from the SFO's strategic vision 2025 - 2029 - to ensure that the SFO has a highly specialised, engaged and skilled workforce. It makes sure that the SFO has the right capacity, resource and expertise to deliver its mission and that the SFO's values and behaviours are embedded within

the organisation, including through tracking progress against the SFO's equity, diversity and inclusion strategy.

It has two sub-committees: the Learning and Development Committee, which oversees and supports the Learning and Development Team in the identification and delivery of coherent operational, non-operational and professional training programmes and processes, and a Recruitment Committee, which monitors and prioritises recruitment campaigns, assessing the scheduling of recruitment and considering and amending necessary recruitment policies.

The Portfolio Committee oversees the effective assurance and delivery of the SFO's Change Portfolio, ensuring that it remains

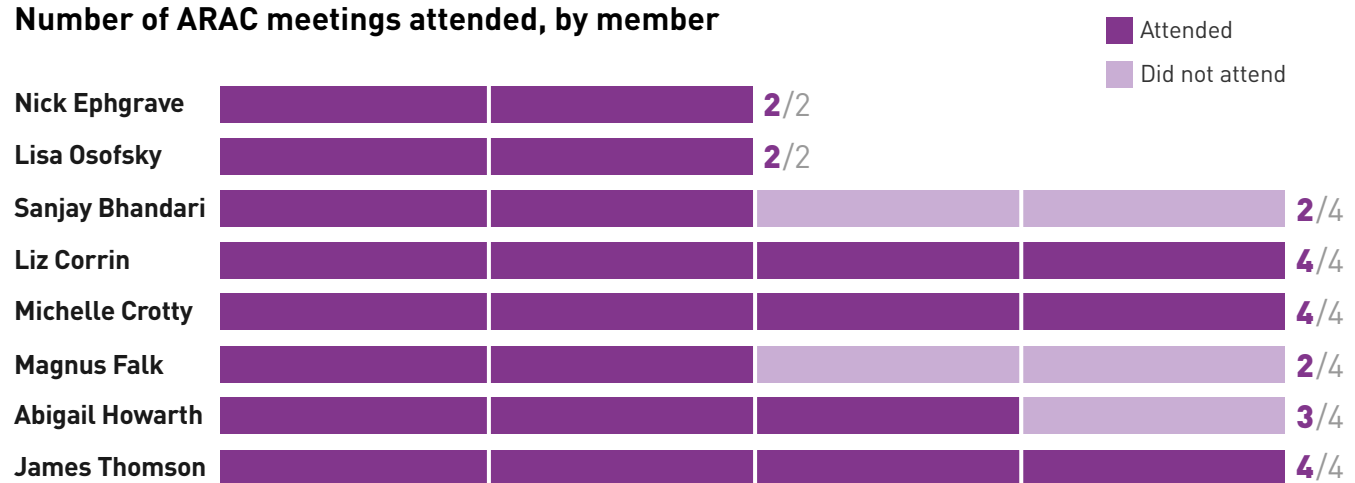
focused on achieving its objectives and realising the benefits associated with SFO's investment in major change and improvement.

The Technology and Business Engagement Committee oversees the digital, data and technology strategy for the SFO and provides authority and guidance as required to ensure its delivery. It also ensures that the strategy, approach and solutions are underpinned by the needs and requirements of the SFO business and are fully aligned to its strategic objectives and business plan.

During 2023-24, the Stakeholder Engagement Committee was disbanded in order to reflect the increasing need for engagement activity to be owned locally across the business.

Audit Risk & Assurance Committee (ARAC)

Number of ARAC meetings attended, by member



This graph lays out attendance of ARAC members over the year.¹

ARAC is chaired by a Non-Executive Director and attended by all current Non-Executive Directors. Other attendees who receive standing invitations for each meeting include: the Director (in his capacity as Accounting Officer); COO; CCO; CFO; and the Head of Strategy, Planning, Performance and Risk. Representatives from the Government

Internal Audit Agency (GIAA), HMCPSP and the National Audit Office (NAO) provide ARAC with the independent assurance to discharge its responsibilities appropriately.

ARAC supports the Director in discharging his role as Accounting Officer. It reviews and assesses the reliability of the assurances

1. ARAC members joined and left the committee during the year, affecting the total number of meetings that they could attend as a result

that the Director and Executive Committee receive. ARAC oversees the organisation's internal and external auditing arrangements, plans, results, and management responses. It also considers the adequacy of the SFO's risk assessment and risk management procedures.

Other forums

Intelligence Division Oversight Committee

The Oversight Committee provides the COO's senior leadership team with oversight of intelligence operations within the Intelligence division, prioritising for Case Evaluation Boards as necessary and aligning appropriate resources across operational divisions.

Case Evaluation Board (CEB)

CEBs enable the Director to make an informed decision to open or decline to open an investigation, as well as make a decision to prosecute or close/discontinue a case. Following a review of the process in 2024, there are now four distinct CEB types which consider:

- The opening of a case
- The closure of a case pre-charge
- The charging of a case
- The discontinuation of a case post charge

Core members of the CEB are the Director, CCO, COO, GC, the relevant operational Head of Division, the Case Controller (if appointed), Associate General Counsel, the Communication and e-Discovery teams.

Case Review Meetings (CRM)

CRMs are chaired by the Head of Division with responsibility for the case in question. The purpose of the CRM is to ensure that sound judgement and appropriate investigative and legal expertise are being brought to bear on

cases, and that cases are progressing in an appropriate manner in compliance with all relevant obligations and legal and operational guidance.

Risk management and internal control systems

The SFO has a multi-layered approach to identifying and managing potential risks to the organisation which relies on clear leadership and delegating authority to appropriate levels. Each Head of Division is accountable for risk and risk mitigation in their respective divisions.

The Board and Executive Committee members lead on the SFO's risk management, supported by the Risk and Assurance Committee and the four delegated committees.

The SFO has a risk management policy which is aligned to the HM Treasury Orange Book and that sets out the corporate approach to managing risk and the organisation's expectations and standards.

The SFO has continued to strengthen its approach to risk management, building greater expertise in-house and increasing second line assurance opportunities through the creation of the Risk and Assurance Committee.

The SFO's principal risks as of 31 March 2024 are outlined on page 14.

Risk registers

The SFO has three tiers of risk register:

- **The principal risk register:** This sits at the top of the organisation and consists of significant thematic risks that have the potential to disrupt the SFO's ability to achieve its mission, goals, aims or objectives
- **Functional risk registers:** These are overseen and managed at an intermediate level by the four delegated committees or areas of the business with a particular remit
- **Local risk registers:** Local teams, projects and cases have a risk register. Where aggregated case risks are identified, they are escalated up to the relevant delegated committee

Risk appetite

Our risk appetite is measured in accordance with the standards, requirements and criteria outlined within the HM Treasury Orange Book. We use a tiered five-bar scale to measure actual levels of risk against what is deemed acceptable by the Board. Our appetite ratings are formally reviewed by the Risk and Assurance Committee each year and whenever a significant change in environmental or risk conditions occurs. This process ensures that our organisational appetites reflect the Board's willingness to accept and tolerate changing risk conditions.

Functional standards

The SFO's functional arrangements are continuously improved towards compliance with appropriate Government Functional Standards, which are designed to promote consistent and coherent working within government organisations.

Security assurance

The SFO's security programme delivers continuous protective security improvements with the aim of achieving full compliance with mandated government security standards.

The programme includes addressing recommendations from security assessments, providing information and security assurance for new and existing services or solutions and prioritising organisational learning. By investing in a full review and update of security policies, clearer definitions of roles, responsibilities and accountability and the introduction of mandatory in-person inductions, we can ensure that SFO assets (people, information, systems and property) are appropriately protected.

The SFO's security education and awareness plan includes the delivery of information handling training to all staff to ensure information assets are classified and managed according to the Government's classification policy, access to industry standard cyber security awareness training for all staff provided by the City of London Police, strategic security training options for senior leaders and the testing of strategic cyber resilience and business continuity plans.

The SFO's Departmental Security Unit provides expert protective security advice, working collaboratively with supporting agencies to strengthen the SFO's security posture and ensuring that robust security vetting procedures are in place. The focus is on developing a greater understanding of security threats posed to SFO operations and its people, ensuring proportionate risk mitigations are in place for business-critical activities and systems, supporting the SFO's office relocation plans to ensure commensurate security measures are

implemented and assuring the SFO's supply chain against emerging risks posed to the wider government security landscape.

Casework Assurance

Our Operational Handbook defines the casework assurance mechanisms for staff. This year, the handbook was migrated to a new platform, making it easier for staff to navigate the resource and quickly identify relevant information. A specific 'Casework Assurance' chapter sets clear expectations for staff on the processes to follow and the points at which casework decisions will be scrutinised. The SFO works continuously to strengthen and improve its casework assurance mechanisms.

Register of interests

Senior managers within the SFO, including the Non-Executive Directors, are required to complete a declaration of any interest.

Details of Board members' declarations of interest can be found on our website. Note 15 to the accounts, page 102, confirms that no member of the Board, including Non-Executive Directors, has any related-party interests and no conflicts of interest or potential conflicts of interest have been identified.

Departmental assurance process on management of interests and business appointments

The SFO has a policy for the declaration and management of interests in place for all staff. This policy aims to ensure that all staff are able to recognise any potential conflict of interest and ensure that this does not affect, or appear to allow their judgement or integrity to be compromised. The policy exists to protect the SFO and its investigations and prosecutions and adheres to the requirements

of the Civil Service Management Code (section 4.3). It also ensures that any outside employment held by senior civil servants does not present a conflict of interest.

In particular:

- All staff are required to complete a 'Register of Interests' form as part of the SFO recruitment checks, whether they have a conflict of interest or not
- All staff are required to re-submit the Register of Interest form whenever their circumstances change
- All staff must declare any new conflicts as part of the annual security appraisal process or if circumstances change
- All staff are required to declare conflicts before any access is granted to case information once they are assigned to a SFO investigation
- When an interest is declared, it must be risk assessed and a mitigation strategy must be agreed. All decisions must be recorded on the Register of Interests

Whistleblowing

Whistleblowing is covered by the SFO's 'Raising a concern (including whistleblowing)' policy which is available to all staff via the SFO intranet. The policy sets out how staff can raise a concern and has a section specifically covering whistleblowing with a link to the Public Interest Disclosure Act 1998 (PIDA).

The SFO is committed to ensuring high standards of conduct in all that it does. We believe our people share this commitment and understand that if they suspect wrongdoing, they have a responsibility to speak up.

We are committed to:

- Ensuring everyone understands their responsibility and feels able to speak up when they see something that does not feel right
- Listening to those who raise a concern and treating them with respect
- Handling concerns responsibly, professionally and in a positive manner
- Ensuring those raising a concern are afforded protection as detailed in the procedure
- Supporting those involved

Complaints about the organisation to the Parliamentary Ombudsman

The Parliamentary Ombudsman has not received any complaints regarding the SFO in the financial year.

The Parliamentary Ombudsman allows victims to exercise their right to complain where their needs are not being met under the Victims' Code.

Inspection

HMCPsi has a statutory duty to inspect the Crown Prosecution Service and the SFO. By providing independently assessed evidence, HMCPsi inspections drive improvement and build public confidence in the criminal justice process. HMCPsi's inspection programme is set out in their annual business plan.

In May 2023, HMCPsi published the findings of a thematic inspection into case progression which was carried out during 2022-23. The report noted that, whilst some challenges remain, 'action taken since 2019 has made a real difference to the delivery and management of SFO cases'. The SFO took

action on the recommendations throughout the year; steps included the development of new resource management tools and scoping for new leadership training.

In 2023-24, one thematic inspection was undertaken by HMCPsi. It examined the handling of disclosure within two SFO cases, one of which was successful and one which was not.

The report was published in April 2024 and made six recommendations, focusing on changes to the SFO's guidance and disclosure review processes, the management of Legal Professional Privilege material, the incentivisation of Disclosure/Deputy Disclosure Officers and the need for the Government to consider how the organisation is funded. HMCPsi's overall assessment following the inspection was that 'the SFO have made a number of changes to how it manages and assures its casework which should provide a degree of assurance that the SFO has the skills and infrastructure to discharge its disclosure obligations'. These actions were incorporated into the business plan for 2024-25 and are being folded into a wider programme of change in order to ensure there is effective oversight for delivery.

Effectiveness of the risk management and governance framework

The Director, as Accounting Officer, is responsible for reviewing the effectiveness of the system of internal control. His review of its effectiveness is informed by the work of the internal auditors, quality assurance and comments made by the external auditors in their Audit Completion Report and other reports. The Head of Internal Audit (HIA) provides an annual report and opinion on the adequacy and effectiveness of the SFO's framework of governance, risk management and controls.

The annual internal audit opinion is a key element of the assurance framework, which the Accounting Officer needs to inform his annual Governance Statement. It does not detract from the Accounting Officer's personal responsibility for the framework of governance, risk management and control, on the effectiveness of which he takes assurance from his senior management and format controls, as well as from internal audit.

The SFO internal audit function is provided by GIAA, an executive agency of HM Treasury. The SFO Annual Opinion and Report covered the period 1 April 2023 to 31 March 2024. The Head of Internal Audit issued an annual opinion of Moderate. This means that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

During 2023-24, GIAA has held regular meetings with HMCPST to discuss where each party can place reliance on each other's work and this working relationship will continue during 2024-25. GIAA has ensured that the agreed audit plan was reviewed, prioritised and delivered. The planned internal audit programme, including revisions to the programme during the course of the year, were reviewed and endorsed by the ARAC and the Accounting Officer. GIAA has delivered a proportionate programme of internal audit engagements in 2023-24 which includes reviews of the Divisional Business Manager role, Equity, Diversity and Inclusion, progress against previous internal audit recommendations and operational risk.

The arrangements set out in this Governance Statement are adequate and meet the requirements set out in Managing Public Money and Corporate Governance in Central Government Departments: Code of Good Practice, as they apply to the SFO. In line with our usual practice, a Board Effectiveness

Review was undertaken during the year, as recommended within the Code. Learning from the review has been implemented throughout the year. Data reported to the Board is based on existing SFO systems such as the central reporting database which are accurate and fit for purpose. Papers submitted to the Board during the year include the annual report of the ARAC on its activity, quarterly reports on performance and regular reports by the COO, CCO, CFO, and General Counsel. ARAC conducts a cyclical assessment of its arrangements.

The Board and ARAC have advised the Director on the effectiveness of the system of internal control. There is a continuing plan to address weaknesses and make sure the system is continuously improved. We continue to take action on the following:

- Regular reports by the internal auditors, based on the annual internal audit plan, and in line with the Government Internal Audit Standards, together with any recommendations for improvement
- Improved business and strategic planning processes
- Improved data security procedures and supporting communications
- Regular reports from the chair of the ARAC to the Board
- Regular advice on the effectiveness of the system of internal control



Nick Ephgrave QPM
Accounting Officer

25 July 2024

Remuneration and Staff Report

Remuneration

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body considers:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving public services including the requirement on departments to meet the output targets for the delivery of departmental services
- The funds available to departments as set out in the Government's departmental expenditure limits

- The Government's inflation target

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. The Director's salary is linked to that of a High Court Judge.

Remuneration committee

The remuneration of senior civil servants (SCS) is determined in accordance with the report of the Senior Salaries Review Body.

The SFO's SCS Pay Committee meets annually to consider pay increases and bonus payments in accordance with these recommendations.

The committee is chaired by the Director and consists of two Non-Executive Directors, and a senior HR professional from another Government Department.

Performance appraisal

Performance management of staff below the SCS is covered by the SFO's performance appraisal system. The system supports all staff in improving their performance through continuous dialogue between managers and staff. It provides a framework for conversations about objective setting, how people have performed against their objectives, and what development needs they have. Bonuses can be paid in-year to individuals to reward work on particularly demanding tasks or situations. The 2023-24 bonus budget was utilised in full for in-year bonus awards.

In 2023-24, the annual performance bonus accrual for grades below the SCS totalled £0 (2022-23: £0) and for SCS grades was £0 (2022-23: £0).

Senior official appointments

Nick Ephgrave was appointed to the role of Director from 25 September 2023. He previously served as Assistant Commissioner of the Metropolitan Police Service and Chief Constable for Surrey Police. Most recently, he was Chair of the National Police Chiefs' Council Criminal Justice Coordination Committee, and held roles on the Criminal Procedure Rules Committee and at the Sentencing Council.

Remuneration (including salary) and pension entitlements

This information has been audited.

The following sections provide details of the remuneration and pension interests of the SFO's senior management (i.e. Board members) during the year.

Non-Executive Board members' remuneration

Name and title	Salary £000		Benefits in Kind (to nearest £100)		Total £000	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Claire Bassett Non-Executive Director and Interim Chair	15-20 (20-25 FYE)	10-15 (10-15 FYE)	-	-	15-20 (20-25 FYE)	10-15 (10-15 FYE)
Sanjay Bhandari Non-Executive Director	10-15	10-15	-	-	10-15	10-15
Magnus Falk Non-Executive Director	10-15	10-15	-	-	10-15	10-15
James Thomson Non-Executive Director	10-15	5-10 (10-15 FYE)	-	-	10-15	5-10 (10-15 FYE)

The Non-Executive Directors have been appointed on a three-year renewable contract with their remuneration determined by the number of days required for their duties at a rate per diem plus reimbursement of expenses. None of the current Non-Executive Directors are members of the Civil Service Pension Scheme as a result of their contract with the SFO.

Executive Board members remuneration¹

	Salary £000		Bonus payment £000		Pension benefits to nearest £1,000 ²		Total £000	
	2023 - 24	2022 - 23	2023 - 24	2022 - 23	2023 - 24	2022 - 23	2023 - 24	2022 - 23
Lisa Osofsky Director (to 24 September 2023)	95-100 (185-190 FYE)	185-190	-	-	37	72	135-140	255- 260
Nick Ephgrave QPM Director (from 25 September 2023)	90-95 (180-185 FYE)	-	-	-	36	-	130-135	-
Liz Corrin CFO	95-100	90-95	-	0-5 ³	68	-25	165-170	65-70
Sara Lawson KC GC	160-165	150-155	-	5-10	62	59	220-225	215- 220
Michelle Crotty CCO	135-140	125-130	0-5	15-20	53	50	185-190	190- 195
Abigail Howarth COO	125-130	25-30 (120-125 FYE)	-	-	50	10	175-180	35-40

Salary

'Salary' includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts.

1. Any members affected by the [Public Service Pensions Remedy](#) were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

2. 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 increase or decrease due to a transfer of pension rights.

3. All eligible staff received a one off bonus during 2022-23

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no benefits in kind paid in the current or previous financial year.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year prior to which they become payable to the individual. The bonuses reported in 2023-24 relate to performance in 2022-23, and the comparative bonuses reported for 2022-23 relate to performance in 2021-22.

Fair pay

The SFO is required to disclose the relationship between the remuneration of the highest-paid individual and the median remuneration of the SFO's workforce.

	2023-24	2022-23
Highest paid individual (£000)	185-190	185-190
Median total (£)	40,951	40,500
Remuneration ratio	4.57	4.63

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid individual in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. The banded remuneration of the highest-paid individual in SFO in the financial year 2023-24 was £185,000-190,000 (2022-23: £185,000-190,000). This was 4.57 times (2022-23: 4.63) the median remuneration of the workforce, which was £40,951 (2022-23: £40,500). The ratios for 2023-24 have decreased compared to 2022-23 due to staff receiving pay increases and cost of living payments in line with the pay remit.

Year	25th percentile pay ratio for pay and benefits	25th percentile pay ratio for salary only	75th percentile pay ratio for pay and benefits	75th percentile pay ratio for salary only
2023-24	32,797	32,797	58,372	56,672
	5.71	5.71	3.21	3.30
2022-23	30,490	29,990	57,361	56,861
	6.15	6.25	3.27	3.30

	2023-24 Total Salary	2023-24 Bonus Payments	2022-23 Total Salary	2022-23 Bonus Payments
Staff average	13.6%	199.3%	-0.1%	9.6%
Highest-paid director	0.0%	0.0%	1.6%	0.0%

In 2023-24, nil (2022-23: nil) employees received remuneration in excess of the highest-paid Board member. The figures include both permanent and non-permanent staff. Remuneration ranged from £20,000 - £25,000 to £185,000 - £190,000 (2022-23: £20,000 - £25,000 to £185,000 - £190,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits Board Executive Members

	Accrued pension at pension age as at 31/3/24 or date of leaving and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/24 £000	CETV at 31/3/23 £000	Real increase in CETV ¹ £000
Lisa Osofsky Director	20-25	0-2.5	413	338	30
Nick Ephgrave QPM Director	0-5	0-2.5	34		27
Liz Corrin CFO	60-65	2.5-5	1,316	1,164	63
Sara Lawson KC GC	15-20	2.5-5	289	207	44
Michelle Crotty CCO	35-40	2.5-5	584	483	36
Abi Howarth COO (from 16 Jan 23)	20-25	2.5-5	315	243	35

1. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha 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 pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members

joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make

contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

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.

Staff

Staff costs (subject to audit)

	2023-24 £000			2022-23 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	25,114	6,764	31,878	27,594
Social security costs	2,831	-	2,831	2,611
Other pension costs	6,438	-	6,438	5,840
Sub Total	34,383	6,764	41,147	36,045
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	34,383	6,764	41,147	36,045

No staff costs have been capitalised in 2023-24 (2022-23: £nil).

£6,764k of contingent labour¹ expenditure was incurred in 2023-24 (2022-23: £5,630k). There are nil members of staff on short-term loan and four on long-term loan to other government departments with an average duration of two years. The cost of staff on short-term loans are classified as programme.

For 2023-24, employers' contributions of £6,333k were payable to the PCSPS (2022-23: £5,735k) at one of four rates in the range of 20.0% to 25.5% of pensionable pay, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £100k (2022-23: £119k) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil (2022-23: £nil), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £16k (2022-23: £17.8k). Contributions prepaid at that date were £nil (2022-23: £nil).

1. Non-Civil Service temporary labour - contractors, agency workers and temps - who will often, but not always, be recruited to undertake work

High paid off-payroll appointments

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2013, departments must publish information on their high paid and/or senior off-payroll engagements.

For the SFO, these engagements are principally made up of temporary agency ICT staff to undertake specific IT tasks, in addition to some who have been there for longer periods.

Off-payroll Engagements (e.g. contractors, consultants) as at 31 March 2024, for more than £245 per day and that last for longer than six months (not subject to audit)

Number of existing engagements as at 31 March 2024	3
of which:	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four years or more at time of reporting	1

All existing off-payroll engagements have been subject to a risk-based assessment as to whether assurance is required that the individual is paying the correct amount of tax and, where necessary, that assurance has been sought.

Off-payroll temporary off-payroll appointments (e.g. contractors, consultants) engaged between 1 April 2022 and 31 March 2024, for more than £245 per day and that last for longer than six months (not subject to audit).

Number of temporary off-payroll appointments engaged between 1 April 2023 and 31 March 2024	3
of which:	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	3
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: No. of engagements that saw a change to IR35 status following review	0

All Board members, and/or senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024 were on payroll. (2022-23: all Board members on payroll).

Reporting of Civil Service and other compensation schemes – exit packages (subject to audit)

Exit package cost band	2023-24		2022-23
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000			-
£10,000 – £25,000			-
£25,000 – £50,000			-
£50,000 – £100,000		1	1
£100,000 – £150,000			-
£150,000 – £200,000			-
Total Number of exit packages		1	-
Total cost £000		95	67.6

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Average number of employees (subject to audit)

The average number of full-time equivalent employees during the year was as follows:

			2023-24	2022-23
Permanently employed staff	Fixed Term Appointments	Agency Staff	Total	Total
474.3	29.1	103.9	607.3	564.8

The staff turnover percentage for 2023-24 for SFO was 16.6% (2022-23: 17.6%). This has been calculated as the number of leavers within that period divided by the average of staff in post over the period (headcount) in accordance with the definition for 'Departmental Turnover' (staff leaving the Civil Service or a particular department) provided by the Cabinet Office.

SCS by pay band

The number of SCS staff by pay band in the SFO as at 31 March 2023 was as follows:

	2023-24	2022-23
SCS 3	1	1
SCS 2	3	3
SCS 1	12	11
Total (excluding non-executives)	16	15

Staff composition

The gender breakdown of permanent and fixed term staff at the SFO as at 31 March 2024 was as follows:

	Male	Female
SCS	7	9
Non SCS staff	321	301
Total	328	310

The SFO is committed to equality of opportunity and diversity in all its employment practices, policies and procedures. This means that no employee or potential employee will receive less favourable treatment due to their race, sexual orientation, nationality, ethnic origin, disability, religion and belief, gender identity or marital status. We are committed to the employment and career development of people with disabilities. To demonstrate our commitment we display the 'Disability Confident' symbol in all our recruitment literature.

As an accredited Disability Confident Employer we:

- Have undertaken and successfully completed the Disability Confident self-assessment
- Are taking all of the core actions to be a Disability Confident employer
- Are offering at least one activity to get the right people for our business and at least one activity to keep and develop our people

In addition, the SFO operates a guaranteed interview scheme which means that it is committed to interviewing all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities. On a case by case basis the SFO seeks to make reasonable adjustments to support employees who are, or become, disabled to make sure they stay in employment.

The SFO is committed to providing an environment where everyone is treated with dignity and respect, recognising the differences between people and positively valuing the spectrum of skills and talent of its people. The SFO's Dignity at Work policy emphasises the importance of treating everyone with dignity and respect, irrespective of any of the protected characteristics. The SFO's policy offers guidance on what to do if unacceptable behaviour occurs.

The development and implementation of the SFO's equity, diversity and inclusion action plan is overseen by a Diversity Champion at SCS level.

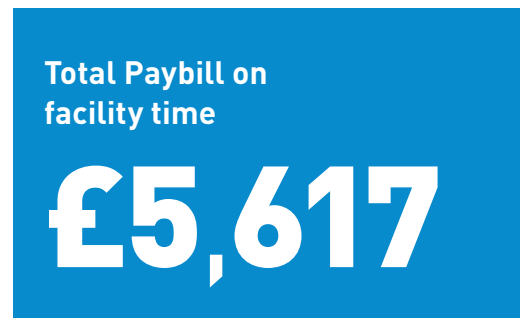
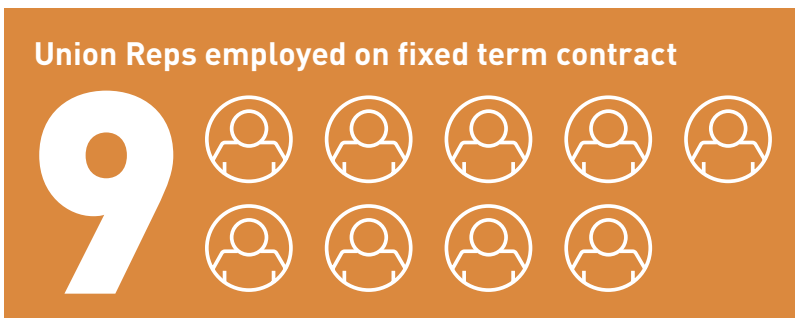
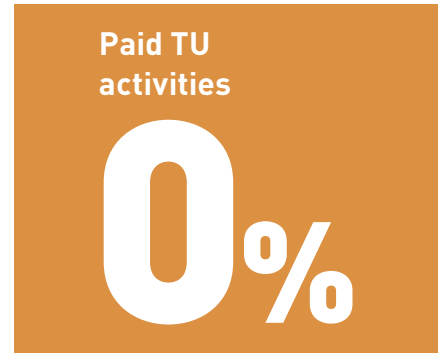
Staff feedback

The SFO takes engagement with staff very seriously. The annual Civil Service People Survey is one of the tools that we use to gather feedback and understand what is important to our staff. In 2023-24, the response rate from staff increased by 8% to 71% and the overall engagement score survey increased to 60%. Scores increased across all of the nine core themes, with the biggest changes in Learning & Development score (5%), Resources & Workload (7%) and Leadership & Managing Change (7%). Despite a small increase from the previous year, Pay and Benefits remains challenging, with an overall score of 17%. The findings from the survey were an important consideration when developing the SFO's 2024-25 Business Plan.

Sickness absence

There has been a decrease in Average Working Days Lost (AWDL) from 5.8 days in 2022-23 to 4.85 days in 2023-24.

Trade union facility time information



Nick Ephgrave QPM
Accounting Officer

25 July 2024

Parliamentary Accountability and Audit



2023 10
OCTOBER

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Statement of Outturn against Parliamentary Supply (SoPS)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the SFO to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise.

The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (SOPS 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (SOPS 2); a reconciliation of outturn to net cash requirement (SOPS 3); and, an analysis of income payable to the Consolidated Fund (SOPS 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An explanation of the budgeting framework and of key terms is provided on page 31, in the financial performance section of the Performance Analysis. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial performance section, in the Performance Analysis, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOPS disclosures.

Summary tables - mirrors part 1 of the Estimates

Summary table, 2023-24, all figures presented in £000's

	Note	2023-24 £000						2022-23 £000	
		Outturn			Estimate			Outturn	
		Voted	Non Voted	Total	Voted	Non Voted	Total	Total	
Departmental Expenditure Limit									
Resource	1.1	89,588	-	89,588	92,552	-	92,552	2,964	71,595
Capital	1.2	1,896	-	1,896	2,900	-	2,900	1,004	3,752
Annually Managed Expenditure									
Resource	1.1	231,710	-	231,710	250,000	-	250,000	18,290	4,230
Total Budget		323,194	-	323,194	345,452	-	345,452	22,258	79,577
Total Resource		321,298	-	321,298	342,552	-	342,552	21,254	75,825
Total Capital		1,896	-	1,896	2,900	-	2,900	1,004	3,752
Total		323,194	-	323,194	345,452	-	345,452	22,258	79,577

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

Net Cash Requirement

				2023-24 £000	2022-23 £000
				Outturn compared with Estimate: saving/ (excess)	Outturn
	SoPS Note	Outturn	Estimate		
Net Cash Requirement	3	72,394	92,727	20,333	63,886

Administration Costs

				2023-24 £000	2022-23 £000
				Outturn compared with Estimate: saving/ (excess)	Outturn
		Outturn	Estimate		
Administration Costs		9,910	9,987	77	8,062

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanation of variances between Estimate and Outturn are given in SoPS Note 1.

SoPS1 Outturn detail, by Estimate Line

SoPS1.1 Analysis of resource outturn by Estimate Line

										2023- 24 £000	2022- 23 £000		
	Administration						Programme			Outturn	Estimate		Outturn
	Gross	Income	Net	Gross	Income	Net	Net Total	Virements	Net Total	Net total compared to Estimate	Total		
Spending in Departmental Expenditure Limit													
Voted: Investigations and Prosecutions	9,910	-	9,910	79,774	(96)	79,678	89,588	-	92,552	2,964	71,595		
Spending in Annually Managed Expenditure													
Voted: New provision and adjustment to existing provisions	-	-	-	231,710	-	231,710	231,710	-	250,000	18,290	4,230		
Total	9,910	-	9,910	311,484	(96)	311,388	321,298	-	342,552	21,254	75,825		

Explanation of variation between Estimate and Outturn (net total resources):

There has been an overall underspend against the Estimate.

The underspend on Resource DEL was £2,964k. In line with HMT's consolidated budgeting guidelines, the SFO held a contingency of 5% to meet unforeseen pressures, which has contributed to the underspend. In addition, there were budgeted costs relating to our cases which did not crystallise as planned in the last quarter of the year.

The AME outturn was £231.7m, a small underspend of £18.3m (or 7.3%) against the estimate.

The SFO's AME outturn represents our legal provisions, which by their nature are difficult to predict.

SoPS1.2 Analysis of capital outturn by Estimate line

						2023-24 £000	2022-23 £000
	Outturn					Estimate	Outturn
	Gross	Income	Net	Virements	Net Total	Net total compared to Estimate	Total
Spending in Departmental Expenditure Limit							
Voted: Investigations and Prosecutions	1,896	-	1,896	-	2,900	1,004	3,752
Total	1,896	-	1,896	-	2,900	1,004	3,752

Explanation of variance between Estimate and Outturn:

Capital DEL has a small underspend of £1,004k. The underspend is largely due to project slippage as a result of global supply shortages for IT equipment and a shift in our cost profile, away from physical hardware to cloud services in some areas.

Our capital expenditure in 2023-24 was focused on enabling the SFO to continue to invest in essential IT and digital infrastructure to respond to the increasing volume and complexity of case data and the challenges this poses for disclosure

SoPS2 Reconciliation of outturn to net operating expenditure

	SoPS Note	2023-24 £000	2022-23 £000
		Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	1.1	321,298	75,825
Less income payable to the Consolidated Fund	4.1	-	(4,071)
Net Operating Cost in Statement of Comprehensive Net Expenditure		321,298	71,754

As noted in the introduction to the SOPS (page 65), outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

SoPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	2023-24 £000			2022-23 £000
		Outturn	Estimate	Net total outturn compared with Estimate: saving / (excess)	
Resource Outturn	1.1	321,298	342,552	21,254	75,825
Capital outturn	1.2	1,896	2,900	1,004	3,752
Accruals to cash adjustments: Adjustments to remove non-cash items:					
Depreciation		(3,775)	(5,301)	(1,526)	(2,022)
New Provisions and adjustments to previous provisions		(234,620)	(250,000)	(15,380)	(6,000)
(Increase) / Decrease in payables		(19,193)	2,576	21,769	(3,316)
Increase / (Decrease) in receivables		2,083		(2,083)	(1,706)
Other non-cash items		(120)		120	(2,747)
Leased asset additions and adjustments		1,915		(1,915)	(1,670)
Use of provision		2,910		(2,910)	1,770
Net cash requirement		72,394	92,727	20,333	63,886

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement. SoPS4 Income payable to the Consolidated Fund.

SoPS4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income is payable to the Consolidated Fund.

	2023-24		2022-23	
	Outturn £000		Outturn £000	
	Income	Receipts	Income	Receipts
Income outside ambit of the Estimate	-	(1,623)	(4,071)	(12,944)
Excess cash surrenderable to the Consolidated Fund			-	-
Total payable to the Consolidated Fund	-	(1,623)	(4,071)	(12,944)

Income outside the ambit of the Estimate primarily refers to receipts from the Asset Recovery Incentivisation Scheme (ARIS). The ARIS scheme permits investigators and prosecutors to receive a percentage of confiscated criminal assets and income from civil settlements.



Nick Ephgrave QPM
Accounting Officer

25 July 2024

Accountability

This information has been audited.

Losses and special payments

HM Treasury's Managing Public Money requires a statement showing losses and special payments by value and by type to be shown where they exceed £300k in total, and those individually that exceed £300k.

Losses

During the year the SFO agreed a full and final settlement with G4S of £2.9m. The payment covers all recoverable costs incurred in their defence up to the end of the case in March 2023. (2022-23, £2.7m).

Special payments

A provision for special payments has been included in respect of the judgment related to ENRC handed down in December 2023. This judgment held the SFO liable for a share of the losses incurred by ENRC in the period from August 2011 to August 2023. An interim costs payment was ordered at the consequential hearing and the SFO was ordered to pay £9.0m on account towards ENRC's costs for the proceedings to that date. There will be a Phase 2 trial, likely to be in late 2025 or early 2026, to determine ENRC losses as a result of the opening of the SFO's criminal investigation (the period April 2013 to August 2023) and what share the SFO and other Defendants should respectively pay.

Contingent liabilities

There are no contingent liabilities (2022-23, none).

Long-term expenditure trends (not audited)

The SFO's planned expenditure as agreed with HM Treasury is shown below, this covers the net expenditure which is met from the Parliamentary Estimate. Totals for 2019-20 were set in the 2015 Spending Review but were amended by the Chief Secretary to the Treasury in March 2018. Spending Round 2019 set the totals for 2020-21 and the Spending Review 2021 for 2021-22, 2022-23 and 2023-24. For details of the final outturn for the year see the Statement of Parliamentary Supply on page 65.

	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000
Non-ring fenced DEL	49,760	50,677	53,214	52,434	317,523
Ring fenced DEL	2,700	2,700	2,700	5,339	3,775
Resource DEL	52,460	53,377	55,914	57,773	321,298
Capital DEL	2,900	3,600	3,900	5,502	1,896

The Resource Departmental Expenditure Limit (DEL) funding is to cover the costs of the SFO incurred in investigating and, where appropriate, prosecuting cases of serious or complex fraud, bribery and corruption. Ring fenced DEL is non cash funding to cover the anticipated costs of depreciation of non-current assets financed via Capital DEL.

In addition to the above the SFO currently has access to HM Treasury Reserve funding to finance the costs of investigating very large and complex cases. This financing is agreed with HM Treasury on a case by case and year by year basis.

The Capital DEL Funding is to enable the SFO to invest in improving and developing its IT infrastructure to meet its operational needs, procure a new Document Review and Case Management System and keep pace with technological developments.



Nick Ephgrave QPM
Accounting Officer

25 July 2024

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Serious Fraud Office for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Serious Fraud Office's:

- Statement of Financial Position as at 31 March 2024
- 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 Serious Fraud Office's affairs as at 31 March 2024 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of matter

I draw attention to the disclosures made in note 13 to the financial statements concerning the provision related to an ongoing legal case with ENRC. As set out in this note, there is significant uncertainty related to the outcome

of the legal proceedings and therefore the value of this provision. My opinion is not modified in respect of this matter.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Serious Fraud 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 Serious Fraud 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 Serious Fraud 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 Serious Fraud 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 and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except

to the extent otherwise explicitly stated in my 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000.

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 HM Treasury directions issued under the Government Resources and Accounts Act 2000;

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 Serious Fraud Office and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- adequate accounting records have not been kept by the Serious Fraud 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
- 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 Serious Fraud 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Serious Fraud 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 Serious Fraud Office will not continue to be provided in the future.

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance

with the Government Resources and Accounts Act 2000.

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 Serious Fraud Office's accounting policies.
- inquired of management, the Government Internal Audit Agency, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Serious Fraud 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 Serious Fraud Office's controls relating to the Serious Fraud Office's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2023.
- inquired of management, the Government Internal Audit Agency 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 Serious Fraud Office for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common

with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Serious Fraud Office's framework of authority and other legal and regulatory frameworks in which the Serious Fraud 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 Serious Fraud Office. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023, Criminal Justice Act 1987, the Prosecution of Offences Act 1985, the Criminal Procedure and Investigations Act 1996, Employment Law and tax legislation.

Audit response to identified risk

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

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

other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

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

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

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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

26 July 2024

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

Financial Statements

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Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Income			
Cost awards and other income	4	96	1,900
Consolidated fund extra receipts	4	-	4,071
Total operating income		96	5,971
Expenditure			
Staff costs	2	41,147	36,045
Purchase of goods and services	3	39,419	27,042
Accommodation	3	2,313	3,869
Depreciation and impairment charges	3	3,775	2,022
Increase/(decrease) in provision	3	234,620	6,000
Other operating expenditure	3	120	2,747
Total		321,394	77,725
Net		321,298	71,754

No other comprehensive expenditure has been incurred.

The notes on pages 86-102 form part of these accounts.

Statement of Financial Position

As at 31 March 2024

	Note	2023-24 £000	2022-23 £000
Non-Current Assets:			
Property, plant and equipment	5	3,133	2,895
Intangible assets	6	1,418	1,715
Trade and other receivables	11	6	41
Right-of-use asset	14	239	2,029
Total non-current assets		4,796	6,680
Current Assets:			
Trade receivables and other current assets	11	3,786	3,615
Cash and cash equivalents	10	20,333	15,030
Total current assets		24,119	18,645
Total assets		28,915	25,325
Current liabilities:			
Trade payables and other current liabilities	12	(48,101)	(27,502)
Provisions	13	(238,160)	(6,451)
Lease liability	14	(68)	(1,841)
Total current liabilities		(286,329)	(35,794)
Non-current assets plus/less net current assets/liabilities		(257,414)	(10,469)
Non-current liabilities			
Lease liability	14	(209)	(277)
Total non-current liabilities		(209)	(277)
Assets less liabilities		(257,623)	(10,746)
Taxpayers' equity:			
General fund		(257,734)	(10,857)
Revaluation reserve		111	111
Total taxpayers equity		(257,623)	(10,746)



Nick Ephgrave QPM,
Accounting Officer, 25 July 2024

The notes on pages 86-102 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Cash flows from operating activities			
Net operating cost		(321,298)	(71,754)
Adjustments for non-cash transactions	3	238,515	10,769
(Increase)/Decrease in trade and other receivables	11	(136)	17,336
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure			
Increase/(Decrease) in trade payables		20,599	(1,096)
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(3,356)	4,412
Use of provisions		(2,910)	(1,770)
Use of leases		(1,915)	(492)
Net cash outflow from operating activities		(70,501)	(42,595)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,092)	(1,468)
Purchase of intangible assets	6	(804)	(122)
Net cash outflow from investing activities		(1,896)	(1,590)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		77,700	75,104
Net financing		77,700	75,104
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		5,303	30,919

	Note	2023-24 £000	2022-23 £000
Payments of amounts due to the Consolidated Fund		-	(19,701)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		5,303	11,218
Cash and cash equivalents at the beginning of the period	10	15,030	3,812
Cash and cash equivalents at the end of the period	10	20,333	15,030

The notes on pages 86-102 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2022		1,012	111	1,123
Net Parliamentary Funding		75,104	-	75,104
Net Parliamentary Funding – deemed		3,812	-	3,812
Supply (payable)/receivable adjustment	12	(15,030)	-	(15,030)
CFERS payable to the Consolidated Fund	4	(4,071)	-	(4,071)
Comprehensive Net Expenditure		(71,754)	-	(71,754)
Non-Cash Adjustments				
Non-cash charges - auditor's remuneration	3	70	-	70
Balance at 31 March 2023		(10,857)	111	(10,746)
Net Parliamentary Funding - drawn down		77,700	-	77,700
Net Parliamentary Funding – deemed		15,030	-	15,030
Supply (payable)/receivable adjustment	12	(18,386)	-	(18,386)
CFERS payable to the Consolidated Fund	4	-	-	-
Net operating expenditure		(321,298)	-	(321,298)
Non-Cash Adjustments				
Non-cash charges - auditor's remuneration	3	77	-	77
Balance at 31 March 2024		(257,734)	111	(257,623)

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2023-24 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 the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SFO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SFO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention and where material modified to account for the revaluation of property, plant and equipment and intangible assets at their value to the business by reference to their current costs.

Going Concern

These accounts have been prepared on a going concern basis. Further information is included on page 16.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the SFO becomes a party to the contractual provisions of the instrument. The Department is subject to a limited range of financial instruments as its cash requirements are met through the Estimates process, and it is not exposed to significant credit, liquidity or market risk.

Borrowings

The SFO has limited powers to borrow money to fund short-term fluctuations in cash flow.

Trade receivables

Trade and other receivables are non-interest bearing and stated at fair value. Provision is made where there is evidence that the balances will not be recovered in full. Note 11 on page 98 sets out the closing receivable values at 31 March.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly-liquid deposits with a maturity period of three months or less. Note 10 on page 97 sets out the closing cash balances held by the SFO.

Trade payables

Trade payables are not interest bearing and are stated at their fair value. Note 12 on page 99 sets out the closing payable values at 31 March.

Property, plant and equipment and intangible assets

The Department does not own any freehold land or buildings. Property, plant and equipment assets are included in the Statement of Financial Position at their fair values. Expenditure on property, plant and equipment and intangible assets is capitalised when that expenditure, on an individual basis, is £2,000 or more. For IT expenditure the £2,000 threshold is applied to assets on a grouped basis. Development expenditure represents internally generated assets under construction.

Property, plant and equipment and intangible assets are subject to consideration for an annual impairment review if there are any indicators of such impairments arising. Notes 5.1 page 93 and 6.1 page 95 detail the closing position at 31 March.

Revaluation reserve

The unrealised element of the Revaluation Reserve is disclosed in the Statement of Financial Position. Realised elements are transferred from the reserve to the General Fund. Downward revaluations are charged to the existing balance brought forward for that particular asset. If there is no previous balance, the charge is expensed in-year and disclosed in the Statement of Comprehensive Net Expenditure.

Depreciation and amortisation

Depreciation and amortisation are provided monthly on a straight line basis at rates calculated to write off the valuation of property, plant and equipment and intangible assets, less the estimated residual value, over their estimated useful lives. Depreciation and amortisation are provided from the month of acquisition up to and including the month of disposal.

The useful lives, residual values and depreciation and amortisation methods are reviewed annually with any revisions to those estimates accounted for retrospectively. The respective useful lives are as follows:

Property, plant and equipment	
Improvements to leasehold property	Over the unexpired term of the lease
Information technology	5 years
Furniture and fittings	5-10 years
Right of use assets	Over the unexpired term of the lease

Intangible assets	
Software licenses	Over the term of the software license
Information technology	5 years or over the unexpired term of the software license (whichever is the shorter)
Website	5 years

Development expenditure is not amortised until the assets are brought into use, at which point amortisation is applied in accordance with the asset category to which the asset is transferred on coming into use.

Costs awarded to the SFO

Costs may be awarded to the SFO as prosecutor under Section 18 of the Prosecution of Offences Act 1985 following a successful prosecution, or as a result of subsequent appeal proceedings. Where costs are awarded, they may subsequently be revoked or reduced as a result of a successful appeal by the defendant. The court may order that they are not to be recovered without leave of the court, defer recovery until a future date, or subsequently vary the amount and/or timing of recovery or waive it altogether. Responsibility for the recovery of costs awarded rests with the appropriate magistrates' court. The SFO has no powers to recover costs awarded to it.

Where costs are awarded, they are shown as receivables on the Statement of Financial Position. Where they may not be recovered without leave of the court, full provision is made against them until leave is obtained. In other cases, the SFO makes a judgement on the likelihood of costs being recovered based on the circumstances of each case, and may make provisions accordingly. In practice, full

provision is made one year after the debt becomes due except where the defendant is making regular payments to the SFO. Where costs are subject to appeal proceedings, full provision is made against them until all proceedings are finally determined. Subsequent treatment of these receivables and provisions will depend on the outcome of the proceedings.

Costs awarded to the SFO are written off after a period of five years unless there are compelling reasons to believe that payment will be received.

Costs awarded against the SFO

Any costs awarded against the SFO are included under prosecution costs for the year in which the awards are made unless awarded against the SFO due to inadequacy on the part of the SFO. In such cases costs awarded against the SFO are included within the losses and special payments note on page 72 as part of the Parliamentary Accountability and Audit section.

Asset Recovery Incentivisation Scheme

SFO receipts from the Asset Recovery Incentivisation Scheme (ARIS) for Civil Recovery and Confiscation Orders are recognised at the point that settlement is confirmed by the Courts. From April 2014 all ARIS receipts are paid to the Consolidated Fund as a Consolidated Fund Extra Receipt (CFER) and recorded as such in the Statement of Parliamentary Supply note 4.1 on page 71. The SFO does not retain any receipts from ARIS.

Other income

Any amounts relating to income not covered above is recognised at the point of payment and includes both budgetary and non-budgetary income. Non-budgetary income is outside the ambit of the Department and is

surrenderable to the Consolidated Fund as a CFER and recorded as such in the Statement of Parliamentary Supply note 4.1 on page 71.

Foreign exchange

The presentational currency used for the financial statements is sterling. Transactions which are denominated in a foreign currency are translated at the rate of exchange ruling on the date of the transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new scheme, alpha, was introduced with transition arrangements in place for staff who were members of the prior scheme the Principal Civil Service Pension Scheme (PCSPS). Both alpha and PCSPS schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on alpha and the PCSPS.

Provisions – Legal, Leasehold and Other

The Department provides for legal and constructive obligations, which are of uncertain timing or amount, at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate. Note 13 on page 100 sets out the current value of provisions at the SFO.

Value Added Tax (VAT)

Most of the activities of the Department are outside the scope of VAT, and in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Third party assets

The Department may seize monetary assets. If the Department retains any monetary assets, it invests the sums in an interest-bearing account. The principal and the interest earned are held on behalf of the third party and are not a part of the Department's accounts, details of sums held are disclosed in note 16 on page 102.

Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

Operating segments

The Department does not have any operating segments to report.

Right of use assets

Right-of-use assets are depreciated on a straight line basis over the associated lease term, or estimated useful life where this is shorter. Impairment losses are charged in the same way as those arising on property, plant and equipment.

As permitted by the FReM, right-of-use assets are subsequently measured using the cost model as a proxy for the measurement of the cost value in use. This is because lease terms require lease payments to be updated for market conditions, for example, rent reviews for leased properties, which will be captured in the IFRS 16 cost measurement provisions.

Right-of-use assets also have shorter useful lives and values than their respective underlying assets and, as such, cost can be used as a proxy for assets with shorter economic lives or lower values in accordance with the FReM.

Leases

The SFO adopted IFRS 16, as interpreted and adapted in the FReM, with effect from 1 April 2022.

Where a lease has been identified, the SFO recognises a right-of-use asset and a corresponding lease liability, except for short term leases and leases for which the underlying asset is of low value. For such leases, the lease payments are recognised as an expense on a straight line basis over the lease term.

The SFO has not set a specific threshold for identifying assets that are of low value, and applies the guidance in IFRS 16 on a case by case basis.

Where the interest rate implicit in a lease cannot be readily determined, the SFO calculates the lease liability using the HM

Treasury discount rates promulgated in PES papers as the incremental borrowing rate. For leases that commence or are re-measured in the 2023 calendar year, this rate is 3.51%.

IFRS 16 Leases

IFRS 16 "Leases" introduces a single lessee accounting model, removing the distinction between operating and finance leases and requiring a lessee to recognise 'right of use' assets and liabilities for all leases (apart from the exemptions included below). For government bodies reporting under the FReM, IFRS 16 was implemented on 1 April 2022 and replaces IAS 17 (Leases).

The SFO leasing activities relate to being a lessee in respect of buildings occupied for operational purposes.

Implementation and assumptions

HM Treasury has withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with IAS 8. At the date of initial application, therefore, the SFO has recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of taxpayers' equity.

HM Treasury has also withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. The SFO therefore initially applied IFRS 16 to any contracts previously identified as a lease, or containing a lease, under IAS 17 and did not apply IFRS 16 to any contracts not previously identified as such. The following leased assets were identified in this way:

- Land and buildings – Property lease commitments relate to office space and offsite IT hosting for business continuity. Under IAS 17, these contracts were treated as operating leases and under IFRS16 they are treated as right of use assets.

- Multi-Function Devices (MFDs) – The SFO leases MFDs to provide printing, scanning and copying functionality. Under the contract in force on 1 April 2022, the pricing model for the majority of these devices was on a usage driven 'per click' basis with no minimum charges. Under IAS 17, these devices were treated as operating leases with zero minimum lease rental. Additionally, some MFDs were outside the 'per click' model and subject to a fixed charge. On transition to IFRS 16, these leases were treated as short term leases as the contract was expected to end within 12 months.

In accordance with the FReM, the SFO has elected not to recognise right of use assets and lease liabilities for the following leases:

- Low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment) and
- Leases with a lease term of 12 months or less

On initial application of IFRS 16, the SFO has recognised right-of-use assets at an amount equal to the initial lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application. The initial lease liability has been calculated based on the present value of future cash flows for each lease over the applicable lease term determined in accordance with the new standard.

As required by the standard, provisions for dilapidations on leased properties, where a right-of-use asset has been recognised, are capitalised as part of the asset value. On initial application of IFRS 16, the value of existing dilapidations provisions has been

included in initial right-of-use asset values through an adjustment to the opening balance of taxpayers' equity.

1.2 Application of newly issued accounting standards not yet effective

IFRS 17 Insurance Contracts, which replaces IFRS4, was issued in May 2017 and applies to the public sector for annual reporting periods beginning on or after 1 January 2025. An assessment has been made and this standard will have no impact on SFO's financial statements.

1.3 Significant judgements and estimates

Provisions - The recognition and valuation of provisions relies on the application of professional judgement, historical experience, and other factors expected to influence future

events. A provision is recognised where, on the balance of probability, we expect to have to settle an existing liability as a result of past event(s) at some point after 31 March 2023, and where we can make a reasonable estimate of that future liability, but where the timing or exact amount are uncertain. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

Right of use assets - As noted above, the SFO has adopted IFRS16 Leases. Management have applied their professional judgement in determining the period of the lease on Cockspur Street as a formal lease extension is currently in negotiation with our Landlords.

2. Staff costs

	2023-24 £000			2022-23 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	25,114	6,764	31,878	27,594
Social security costs	2,831	-	2,831	2,611
Other pension costs	6,438	-	6,438	5,840
Total net costs	34,383	6,764	41,147	36,045

£nil of other staff costs have been capitalised and are not included in the figures above (2022-23: £nil).

3. Operating costs

	Note	2023-24 £000	2022-23 £000
Purchase of goods and services:			
Counsel costs		7,266	9,025
IT costs		3,243	4,157
General administration		6,713	4,564
Rentals under operating leases		32	1,715
Costs awarded against the SFO		11,772	1,363
Other accommodation costs		2,281	2,154
Other case costs		10,034	7,759
Travel and subsistence		263	174
Consultancy		125	-
Write off of asset expense		3	-
		41,732	30,911
Non-cash items:			
Depreciation		854	600
Amortisation		1,058	842
Lease depreciation		1,789	492
Lease interest		74	88
Increase/(decrease) in provision		234,620	6,000
Loss on disposal of property, plant and equipment		43	2,677
External Auditors' remuneration		77	70
		238,515	10,769
Total		280,247	41,680

4. Income

	2023-24 £000	2022-23 £000
Costs awards	96	1,900
Total income within the ambit	96	1,900
Payable to the Consolidated Fund Consolidated Fund Extra Receipts	-	4,071
Total income	96	5,971

5. Property, plant and equipment

5.1 Property, plant and equipment 2023-24

All assets are owned.

	Improvements to Leasehold Property £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2023	1,820	9,333	202	11,355
Additions	-	1,084	8	1,092
Disposals	-	(1,671)	-	(1,671)
At 31 March 2024	1,820	8,746	210	10,776
Depreciation				
At 1 April 2023	1,820	6,577	63	8,460
Charged in year	-	833	21	854
Disposals	-	(1,671)	-	(1,671)
At 31 March 2024	1,820	5,739	84	7,643
Net book value at 31 March 2024	-	3,007	126	3,133
Net book value at 31 March 2023	-	2,756	139	2,895

Reconciliation of cash flows to property, plant and equipment additions

	2023-24 £000	2022-23 £000
Total property, plant and equipment additions	1,092	1,468
Cash flows for property, plant and equipment additions	1,092	1,468

5.2 Property, plant and equipment 2022-23

	Improvements to Leasehold Property £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2022	1,820	8,061	63	9,944
Additions	-	1,329	139	1,468
Disposals	-	(57)	-	(57)
At 31 March 2023	1,820	9,333	202	11,355
Depreciation				
At 1 April 2022	1,820	6,052	45	7,917
Charged in year	-	582	18	600
Disposals	-	(57)	-	(57)
At 31 March 2023	1,820	6,577	63	8,460
Net book value at 31 March 2023	-	2,756	139	2,895
Net book value at 31 March 2022	-	2,009	18	2,027

6. Intangible assets

6.1 Intangible assets 2023-24

	Information Technology £000	Software Licenses £000	Website Costs £000	Development Expenditure £000	Total £000
Cost or valuation					
At 1 April 2023	3,600	4,902	169	42	8,713
Additions	-	804	-	-	804
Disposals	-	-	-	(42)	(42)
At 31 March 2024	3,600	5,706	169	-	9,475
Amortisation					
At 1 April 2023	3,600	3,230	169	-	6,999
Charged in year	-	1,058	-	-	1,058
At 31 March 2024	3,600	4,288	169	-	8,057
Net book value at 31 March 2024	-	1,418	-	-	1,418
Net book value at 31 March 2023	-	1,673	-	42	1,715

Reconciliation of cash flows to intangible asset additions

	2023-24 £000	2022-23 £000
Total intangible asset additions	804	122
Cash flows for intangible assets additions	804	122

6.2 Intangible assets 2022-23

	Information Technology £000	Software Licenses £000	Website Costs £000	Development Expenditure £000	Total £000
Cost or valuation					
At 1 April 2022	3,600	6,481	169	2,719	12,969
Additions	-	122	-	-	122
Disposals	-	(1,700)	-	-	(1,700)
Impairments	-	-	-	(2,677)	(2,677)
At 31 March 2023	3,600	4,903	169	42	8,714
Amortisation					
At 1 April 2022	3,600	4,089	169	-	7,858
Charged in year	-	841	-	-	841
Disposals	-	(1,700)	-	-	(1,700)
At 31 March 2023	3,600	3,230	169	-	6,999
Net book value at 31 March 2023	-	1,673	-	42	1,715
Net book value at 31 March 2022	-	2,392	-	2,719	5,111

7. Capital commitments and other commitments

7.1 Capital commitments

Capital commitments at 31 March 2024 totalled £nil (2022-23: £nil).

8. Other financial commitments

The Department has not entered into any non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements.

9. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the expected purchase and usage requirements and the Department is therefore not exposed to significant credit, liquidity or market risk.

10. Cash and cash equivalents

	2023-24 £000	2022-23 £000
Balance at 1 April	15,030	3,812
Net change in cash and cash equivalent balances	5,303	11,218
Balance at 31 March	20,333	15,030
The following balances at 31 March were held at:		
Government Banking Service	20,333	15,030
Balance at 31 March	20,333	15,030

11. Trade receivables and other current assets

11(a) Due within one year

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
VAT receivable	157	67
Deposits and advances	(7)	73
Other receivables	90	133
Prepayments and accrued income	1,443	1,019
Costs awarded to the SFO	2,138	411
Provision for bad and doubtful debt	(35)	(35)
Consolidated Fund extra receipts	-	1,947
	3,786	3,615

11(b) Due after more than one year

	2023-24 £000	2022-23 £000
Amounts falling due after more than one year:		
Costs awarded to the SFO	6	41
	6	41

12. Trade payables and other current liabilities

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Taxation and social security	733	643
Trade payables	1,653	516
Accruals and deferred income	24,680	8,733
Payable to other Government Departments	-	-
Pension providers	702	633
Amounts issued from the Consolidated Fund for supply but not spent at year end	18,386	15,030
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
Received	1,947	-
Receivable	-	1,947
	48,101	27,502

13. Provisions for liabilities and charges

	Legal costs £000	Leasehold property dilapidations £000	Total £000
Balance at 1 April 2023	6,000	450	6,450
Provided in the year	237,710	-	237,710
Provisions not required written back	(3,090)	-	(3,090)
Provisions utilised in the year	(2,910)	-	(2,910)
Balance at 31 March 2024	237,710	450	238,160
Amounts falling due within one year	237,710	450	238,160
Amounts falling due after one year	-	-	-
Total	237,710	450	238,160

13.1 Leasehold property dilapidations

This provision is for the estimated costs of restoring the Cockspur Street property to a state specified within the property lease when the SFO's occupation of the building ends.

13.2 Legal claims

With regards to the claim by ENRC, permission to appeal on nine grounds has been lodged with the Court of Appeal for the matter described in the Losses and Special Payments section in the Accountability Report. The implications of the case are uncertain in terms of the outcome and value. A decision on permission is expected in September, but it could be later. If successful at appeal, the SFO may not be liable for any ENRC losses; and in principle the SFO would expect to be able to recover some or all of its own costs and the costs already paid to ENRC. There is still a great deal of uncertainty in this case because ENRC will not provide supporting information and initial disclosure until August 2024, and, depending on what is provided, it could take some time for the SFO to be able properly to assess that information. We have some indication of the losses which ENRC claims it has suffered as a result of being the subject of a criminal investigation from a letter written by its legal team in the course of these proceedings. In the letter, it was said that the increasing borrowing costs to ENRC from the existence of the SFO criminal investigation are in excess of \$90 million per year. For losses incurred following the opening of the criminal investigation, ENRC has pleaded that, as a result of the opening of the investigation, it incurred US\$93m of direct losses (legal and other fees) by March 2019. Once we obtain evidence of the losses our solicitors and counsel will need to undertake a preliminary assessment of the material provided. In due course it is likely that experts will need to be instructed to provide opinion evidence on ENRC's documents and claims, and advice on possible claim amounts and the likelihood of success, but informed expert opinions are unlikely to be available until sometime in 2025 following full disclosure by ENRC and proper consideration of all the underlying material and circumstances. The liability split as between the SFO and the other Defendants has yet to be decided for Phase 2. We have taken the view that the judge will probably apply the same approach adopted in Phase 1A, which would mean the SFO is 25% liable for post 2013 losses.

14. Leases

14.1 Quantitative disclosures around right-of-use assets

2023-24	Buildings £000	Other £000	Total £000
Right-of-use assets			
Initial adoption of IFRS16 on 1 April 2022	-	359	359
Right of use assets at 1 April 2022	-	359	359
Recognised in year	2,162	-	2,162
Depreciation expense	(432)	(60)	(492)
Balance as at 31 March 2023	1,730	299	2,029
Depreciation expense	(1,730)	(60)	(1,790)
Balance as at 31 March 2024	-	239	239

14.2 Quantitative disclosures around lease liabilities of right-of-use assets

	2023-24 £000	2022-23 £000
Buildings		
Not later than 1 year	-	(1,840)
Less interest element	-	62
Present Value of obligations	-	(1,778)
Other:		
Not later than 1 year	(78)	(75)
Later than 1 and not later than 5 years	(223)	(301)
Less interest element	24	36
Present Value of obligations	(277)	(340)
Total Present value of obligations	(277)	(2,118)
Current portion	(68)	(1,841)
Non-current portion	(209)	(277)
Balance as at 31 March 2024	(277)	(2,118)

Property lease commitments relate to office space and offsite IT hosting for business continuity purposes:

- Buildings: 2-4 Cockspur Street to 31 March 2024
- Other: Spring Park, Corsham and Farnborough to 31 March 2028

14.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure 22-23

	2023-24 £000	2022-23 £000
Expense related to low-value asset leases (excluding short-term leases)	-	8

14.4 Quantitative disclosures around cash outflow for leases

	2023-24 £000	2022-23 £000
Total cash outflow for leases	1,915	492

15. Related-party transactions

The SFO has had a small number of transactions with other Government Departments. No Board member, key manager or other related party has undertaken any material transactions with the Department during the year.

16. Third party assets

The SFO manages a small number of sterling interest-bearing accounts containing seized monies. These are not SFO assets but are held as part of the SFO's law enforcement activities and, as such, do not form part of these accounts. Once legal proceedings have been completed, any seized cash is forfeited to the Home Office, confiscated by the court or, if the defendant is found not guilty, returned. The assets held at the reporting date to which it was practical to ascribe monetary values comprised monetary assets such as bank balances and monies on deposit. The balance held at 31 March 2024 was £30,764 (2022-23: £30,402).

17. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

There have been no events after the reporting period requiring disclosure.

Trust Statement



Accounting Officer's Foreword

Scope

This Trust Statement reports on receipts arising from Deferred Prosecution Agreements concluded by the SFO during the financial year. These sums are paid in total into HM Treasury's Consolidated Fund. The SFO does not obtain any receipts from these agreements.

Deferred Prosecution Agreements are a means of disposing of cases involving corporate defendants and arise from the operational activity of the Serious Fraud Office, the costs of which are accounted for in the separate financial statements contained in this Annual Report.

Statutory background

Deferred Prosecution Agreements were introduced on 24 February 2014, under the provisions of Schedule 17 of the Crime and Courts Act 2013. A Deferred Prosecution Agreement (DPA) is an agreement reached between a prosecutor and an organisation which could be prosecuted, under the supervision of a judge. They are available to the SFO and there is a Code of Practice for Prosecutors which was published jointly by the SFO and Crown Prosecution Service on 14 February 2014 after a public consultation.

A DPA allows a prosecution to be suspended for a defined period provided the organisation meets certain specified conditions. DPAs can be used for fraud, bribery and other economic crime. They apply to organisations only, never individuals. The key features of DPAs are:

- They enable a corporate body to make full reparation for criminal behaviour without the collateral damage of a conviction (for example sanctions or reputational damage that could put the company out of business and destroy the jobs and investments of innocent people)

- They are concluded under the supervision of a judge, who must be convinced that the DPA is 'in the interests of justice' and that the terms are 'fair, reasonable and proportionate'
- They avoid lengthy and costly trials
- They are transparent, public events

Under a DPA, a prosecutor charges a company with a criminal offence but proceedings are automatically suspended if the DPA is approved by the judge. A company would only be invited to enter DPA negotiations if there was full cooperation with an SFO investigation.

If the negotiations go ahead, the company agrees to a number of terms, including paying a financial penalty, paying compensation, paying the costs of the SFO and co-operating with future prosecutions of individuals. If the company does not honour the conditions, the prosecution may resume. Arrangements for monitoring compliance with the conditions are set out in the terms of the DPA. Once all the terms of the DPA have been met at the conclusion of the time period of the DPA, the court is notified and DPA is agreed as concluded.

Financial background

The receipts from DPAs relating to financial penalties and compensation are not retained by the SFO and are payable to HM Treasury's Consolidated Fund. Where the terms of the DPA include payment of the SFO's investigation costs in cases funded from the Reserve, the applicable portion of those costs is also payable to the Consolidated Fund and included in this Trust Statement.

In cases which are funded from the SFO's core vote, any relevant costs awards are retained by the SFO and accounted for as income in the accompanying separate financial statements for that vote. Costs in excess of SFO limits for retained income that arise from a DPA are also included in this Trust Statement.

No material expenditure was incurred in the process of collecting and processing these receipts.

Business review

No DPAs were entered into during 2023-24.

Results and appropriations

The net revenue for the Consolidated Fund for the year was £nil (2022-23: £nil). Total transfers to the Consolidated Fund from the Trust amounted to £28m (2022-23: £28m), which left a balance due to the Consolidated Fund of £2m at 31 March 2024 (2022-23: £30m). Cash balances at the year-end were £nil (2022-23: £nil).



Nick Ephgrave QPM
Director

25 July 2024

Statement of the Accounting Officer's Responsibilities

Under Section 2(3) of the Exchequer and Audit Departments Act 1921 HM Treasury has directed the SFO to prepare, for each financial year, a Trust Statement in the form 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 Trust Statement and of its: Statement of revenue, other income and expenditure; Statement of financial position; and Statement of cash flows cash flows for the financial year.

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

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

HM Treasury has appointed the Director of the SFO as Accounting Officer. 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 SFO's assets, are set out in Managing Public Money published by the HM Treasury.

Accounting Officer's confirmation

As Accounting Officer, as far as I am aware, there is no relevant audit information of which the SFO's auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the National Audit Office are aware of that information.

The annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Nick Ephgrave QPM
Director

25 July 2024

Performance Report and Accountability Report

The Department's Performance Report covering both the Department and the Trust Statement is shown on page 5.

The Department's Accountability Report covering both the Department and the Trust Statement is shown on page 72.

Governance Statement

The Department's governance statement covering both the Department and the Trust Statement is shown on page 40.

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I have audited the financial statements of the Serious Fraud Office - Trust Statement for the year ended 31 March 2024 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise: the Serious Fraud Office - Trust Statement's

- Statement of Financial Position as at 31 March 2024;
- Statement of Revenue, Statement of Other Income and Expenditure, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Serious Fraud Office - Trust Statement's affairs as at 31 March 2024 and its net revenue for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

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

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Serious Fraud Office - Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Serious Fraud Office - Trust Statement's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other information

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

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

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the

work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- the information given in the 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 Serious Fraud Office - Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- adequate accounting records have not been kept by the Serious Fraud Office - Trust Statement or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Serious Fraud Office - Trust Statement] from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- preparing the annual report, in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the Serious Fraud Office - Trust Statement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Serious Fraud Office - Trust Statement will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-

compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Serious Fraud Office - Trust Statement's accounting policies.
- inquired of management, Government Internal Audit Agency, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Serious Fraud Office - Trust Statement's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Serious Fraud Office - Trust Statement's controls relating to the its compliance with the Exchequer and Audit Departments Act 1921 and Managing Public Money;
- inquired of management, Government Internal Audit Agency, 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 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 Serious Fraud Office - Trust Statement for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transactions. 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 Serious Fraud Office - Trust Statement's framework of authority and other legal and regulatory frameworks in which the Serious Fraud Office - Trust Statement operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Serious Fraud Office - Trust Statement. The key laws and regulations I considered in this context included Exchequer and Audit Departments Act 1921 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 Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I addressed the risk of fraud in revenue recognition through testing the completeness and recognition of revenue arising from deferred prosecution agreements.

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

26 July 2024

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

Statement of Revenue, Other Income and Expenditure

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Revenue			
Deferred Prosecution Agreements:			
Financial penalties		-	-
Interest income		-	-
Compensation		-	-
Total		-	-
Other income			
DPA costs payable to the Consolidated Fund		-	-
Compensation		-	-
(Gain)/loss on DPA		-	-
Total revenue		-	-
Expenditure			
Other expenditure		-	-
Total operating expenditure		-	-
Net revenue for the Consolidated Fund		-	-



Nick Ephgrave QPM
Accounting Officer

25 July 2024

The notes on pages 116-117 form part of these accounts.

Statement of Financial Position

As at 31 March 2024

	Note	2023-24 £000		2022-23 £000	
Non-Current Assets					
Trade and other receivables	2(b)	2,070		2,070	
Total non-current assets			2,070		2,070
Current Assets:					
Trade and other receivables	2(a)	-		27,950	
Cash and cash equivalents		-		-	
Total current assets			-		27,950
Total assets			2,070		30,020
Current liabilities:					
Trade payables and other current liabilities		-		-	
Total current liabilities			-		-
Assets less liabilities			2,070		30,020
Balance on Consolidated Fund			2,070		30,020



Nick Ephgrave QPM
Accounting Officer

25 July 2024

The notes on pages 116-117 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Cash flows from revenue activities		27,950	27,950
Cash paid to Consolidated Fund		(27,950)	(27,950)
Increase/(decrease) in cash and cash equivalents		-	-

Notes to the Statement of cash flows

Reconciliation of net cash flows to movement in net funds	Note	2023-24 £000	2022-23 £000
Net revenue for Consolidated Fund		-	-
Decrease/(Increase) in non-cash assets	2	27,950	27,950
Increase in liabilities		-	-
Adjustments to non-cash transactions		-	-
Net cash flow from revenue activities		27,950	27,950

Analysis of changes in net funds	Note	2023-24 £000	2022-23 £000
Increase/(decrease) in cash in this period		-	-
Net funds as at 1 April (opening cash at bank)		-	-
Net cash as at 31 March (closing cash at bank)		-	-

The notes on pages 116-117 form part of these accounts.

Notes to the Trust Statement

1. Principal accounting policies

Basis of accounting

The Trust Statement is prepared in accordance with the accounts direction issued by HM Treasury in accordance with section 2(3) of the Exchequer and Audit Departments Act 1921. The Trust Statement is prepared in accordance with the 2022-23 FReM issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SFO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SFO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The income and associated expenditure contained in this statement are those flows of funds which the SFO handles on behalf of the Consolidated Fund and Treasury where it is acting as an agent rather than principal.

Accounting convention

These accounts have been prepared under the historical cost convention.

Revenue recognition

Receipts from DPA are recognised at the point that settlement is confirmed by the Courts. DPA cost awards, where they are payable to the Consolidated Fund are also recognised at the point that settlement is confirmed by the Courts. Due to the uncertainty of the DPA process and a lack of historic data to indicate the probability of a DPA being agreed the SFO does not classify DPAs in progress as

contingent assets. For the purposes of the accounting treatment DPA's are recognised at the point that the agreement is approved.

Interest

Interest is recognised separately to the principal as it is based on future LIBOR rates and cannot be reliably estimated due to uncertainty about those rates.

Payables

Payables are stated at their fair value and includes interest payable as specified in the DPA agreement where applicable.

Receivables

Receivables are stated at their fair value and includes interest payable as specified in the DPA agreement where applicable, note 2 on page 117 refers.

Expenditure

The notional audit fee for the Trust Statement is included within operating costs note 3 of the SFO accounts. Any expenditure included in the Trust Statement is the direct cost of collection of sums owing.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly-liquid deposits with a maturity period of three months or less.

Foreign exchange

The presentational currency used for the financial statements is sterling. Transactions which are denominated in a foreign currency are translated at the rate of exchange ruling on the date of the transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used.

2. Receivables

2(a) Due within one year

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Financial penalties and disgorgement of profits	-	27,950
Compensation	-	-
Costs awarded to the SFO	-	-
	-	27,950

2(b) Due after more than one year

	2023-24 £000	2022-23 £000
Amounts falling due after one year:		
Financial penalties and disgorgement of profits	2,070	2,070
Compensation	-	-
Costs awarded to the SFO	-	-
	2,070	2,070

3. Events after the reporting period

There were no events after the reporting period.

The financial statements were approved by the Accounting Officer for issue on the date they were certified by the Comptroller and Auditor General.

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

1. This direction applies to those government departments listed in appendix 2.
2. The Department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2023 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2022-23.
3. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 8). The Department shall also agree with

HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.

6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.

8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Charlotte Goodrich
Deputy Director,
Government Financial Reporting
Her Majesty's Treasury

14 December 2023

Extract from Appendix 2

No	Sponsoring Department	Income Stream	Responsible Entity
8	Serious Fraud Office	Deferred Prosecution Agreements	SFO

Annex A – Sustainability Report

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Sustainability Report

Greening government

The Serious Fraud Office is committed to play a part in meeting the government's ambitious goals for 2025 to improve sustainability. The SFO is working towards meeting the Greening Government Commitment (GGC) targets against our 2017-18 baseline.

The GGC's for 2021-25 were published in 2020-21 and set out the actions that UK Government departments and their partner organisations need to take to reduce their impact on the environment. The key changes to the new GGC's are:

- The baseline of 2009-10 used to measure performance has changed and the new baseline has been set using sustainable data from 2017-18. This new baseline will more accurately reflect the current government estate and ensure the government builds on the progress it has already achieved since 2009 to 2010
 - Setting more stretching targets on the core areas of emissions, water, waste and domestic flights
 - Introducing new measures on biodiversity, climate adaptation and food waste and integrating the transparent reporting requirements into the core GGC targets for biodiversity and climate adaptation
 - Reorganising the targets into headline commitments and sub-commitments, so that departments can commit to common overall objectives, with sub-commitments which contribute to the overall aims
- The headline targets for GGC for 2021-25 are as follows:
- Reduce the overall greenhouse gas emissions from a 2017 to 2018 baseline (49%) and also reduce direct greenhouse gas emissions from estate and operations from a 2017 to 2018 baseline (25%)
 - Reduce the overall amount of waste generated by 15% from the 2017 to 2018 baseline
 - Reduce water consumption by at least 8% from the 2017 to 2018 baseline
 - Continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society
 - Departments and partner organisations with the greatest potential to improve biodiversity should develop and deliver Nature Recovery Plans for their land, estates, development, and operations
 - Develop an organisational Climate Change Adaptation Strategy across estates and operations
 - Departments should report on the adoption of the [Greening Government: ICT and Digital Services Strategy](#) and associated targets and ensure they provide membership to the Sustainable Technology Advice and Reporting team, who manage and deliver the Greening Government Commitments ICT reporting

Area	2023-24 Performance		
	2023-24	2025 Target	2022-23
Greenhouse Gas emissions (Scopes 1, 2 & 3 business travel including air and rail travel)	226 (tCO2e)	311 (tCO2e)	275 (tCO2e)
Estate Energy			
Consumption	985,295kWh	-	1,149 kWh
Expenditure	£358k	-	£162k
Estate Waste			
Amount	50 tonnes	33.15 tonnes	71 tonnes
Expenditure	£5k	-	£17k
Estate Water			
Consumption	1,418 m ³	3,223 m ³	1,518 m ³
Expenditure	£13k	-	£10k

Compared to last year our total Greenhouse Gas emissions reduced by 18%, the decrease can be attributed to the SFO vacating the 5th floor on the 1st December 2022 in order to return this floor back to the landlord. Following the return of the fifth floor, the SFO total estate size reduced from 3601m² to 3035m² and we have felt the full impact in this reporting period. We have also seen the continuing use of hybrid working patterns in the organisation contributing to the reduction.

Estate Waste has also reduced by 29%, this was expected as last year the significant increase was a direct result of disposing large volumes of waste from the fifth floor.

Water usage for the estate has decreased by 6.6%, again this is the ongoing effects of a full year of us relinquishing the fifth floor and hybrid working patterns.

NB Although electricity consumption reduced for this reporting period the cost per kWh significantly increased in line with market rates, this was also the case for Water usage.

Greenhouse Gas Emissions

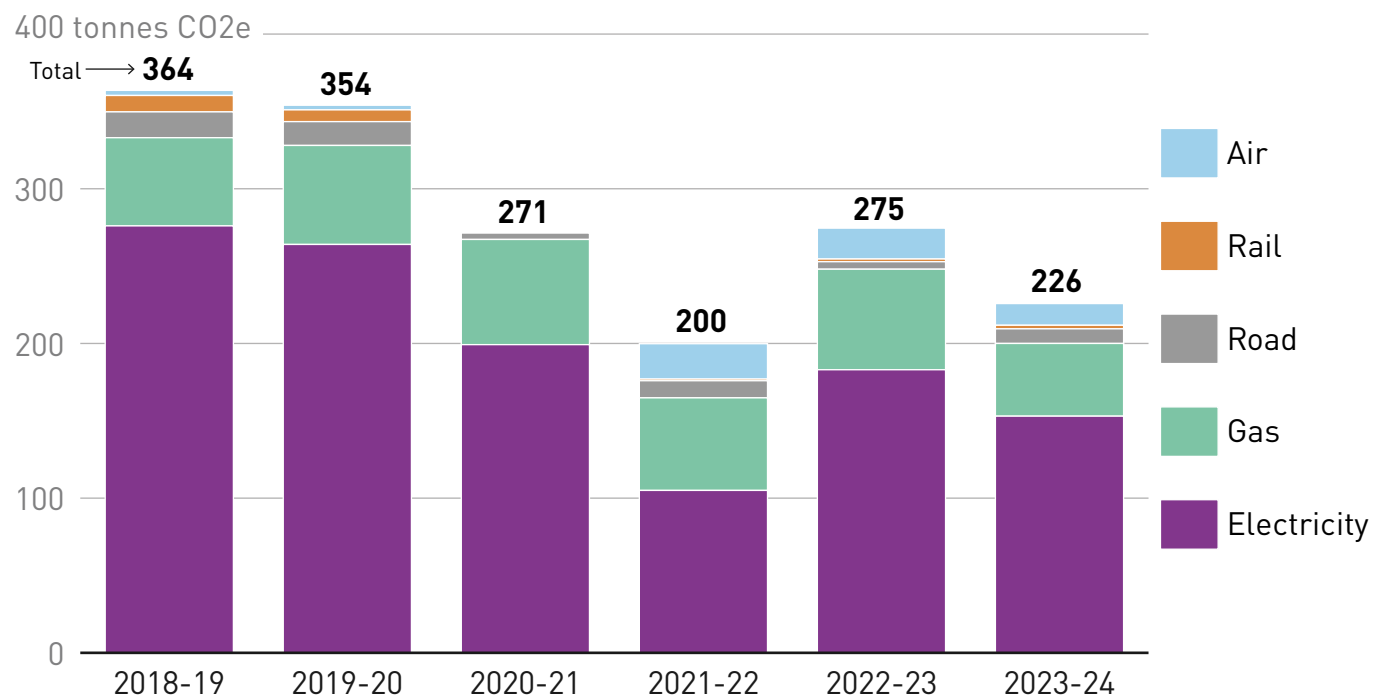
There are three different classifications of greenhouse emissions, known as Scopes:

Scope 1: Direct emissions occurring from sources owned or controlled by the department, for example, emissions from combustible boilers and from fleet vehicles.

Scope 2: Indirect emissions occurring from electricity consumed which is supplied by another party.

Scope 3: Other indirect emissions. All other emissions which occur as a consequence of our activity but which are not owned or controlled by the department. For example emissions as a result of staff travel on public transport, taxis or airline flights.

Greenhouse gas emissions, by financial year



Greenhouse Gas Emissions		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Non-financial indicators (tCO₂e)	Total Gross Emissions for Scopes 1 & 2	540	313	307.75	251.22	156.09	233.60	187.73
	Total Net Emission for Scopes 1 & 2	540	313	307.75	251.22	156.09	233.60	187.73
	Gross Emissions Scope 3 Business Travel	33	31	26.03	4.19	34.99	26.55	25.80
	Other Scope 3 Emissions Measured	37	22	20.76	15.65	8.52	14.90	12.84
Related Energy Consumption (kWh, 000s)	Electricity: Non Renewable	990	900	860	648	453	793	726
	Electricity: Renewable	0	0	0	0	0	0	0
	Gas	717	312	349	367	326	355	260
Financial Indicators (£k)	Expenditure on Energy	135	134	174	143	72	162	358
	CRC Licence Expenditure	0	0	0	0	0	0	0
	Expenditure on Accredited Offsets	0	0	0	0	0	0	0
	Expenditure on Official Business Travel	125	106	104	38	76	174	263

Scope 1 – Direct emissions

The 2025 target for the AGO offices for direct emissions is an overall reduction of 25% on the 2017-18 baseline figure. In 2017-18 the SFO consumed 717,110kwh of energy via gas, which is within the scope 1 emissions. For 2023-24 the SFO consumed 259,540kwh, this is reduction of 64% against the baseline.

Overall greenhouse gas emissions

The 2025 target for the AGO offices for overall emissions is to achieve a reduction of 49% on the 2017-18 baseline figure. In 2017-18 the SFO generated 610 tCO₂e, so our 2025 target is to reduce this to 311 tCO₂e. Our current consumption of 239tCO₂e, 71tCO₂e below target.

Flights

In 2017-18 there were 46 domestic flights covering a total of 32,807km, in 2023-24 we had six domestic flights covering a total of 8186km, this is 75% reduction on the baseline figure.

For 2023-24 there were 26 international flights taken, this is a decrease 33% compared with last year. At the beginning of the year there was an increase of flights to North America due to SFO's executives attending conferences.

All the flights were Economy in 2023/24 apart from two flights that were premium economy, the short haul has increased 9.3% compared with 2022-23 period. Long Haul has increased 3.3% compared with 2022/23. This is due to some of the SFO executives having to travel for conferences during 2023-24.

The table below show the details for international air travel for each category and class.

Flight Category	Short-haul	Long-haul
Business (km)	0	0
Premium Economy (km)	0	22,933
Economy (km)	25,635	116,626

This area is demand led by the SFO's operational case requirements and the SFO's climate change adaptation strategy will be used to promote and aim to reduce the number of international and domestic flights where possible.

Hire cars

The SFO does not own any vehicles. All vehicles are hired from a supplier via a Crown Commercial Services framework contract. 136 vehicles were hired in 2023-24 this has increased in 38% from last year, 2.2% were electric cars, this is a decrease from last year (12%), this could be due to long distance travels but this needs further investigation. The SFO are seeking to increase this by encouraging through its travel policies and practices the booking of electric and hybrid vehicles. Furthermore, we are working with our supplier to ensure that where possible we are supplied with electric/hybrid vehicle as we have experienced difficulties with availability.

Paper usage

For 2023-24 the SFO ordered 1000 reams of A4 paper compared to 979 in 2022-23, and 23 reams of A3 paper compared to 47 in 2022-2023 – this is the equivalent to a total of 1046 reams of A4. In 2017-18 the SFO ordered the equivalent of 4414 reams of A4 paper. 2023-24 has seen a 76% reduction against the baseline figure as the SFO is using more digital data. This area is demand led by the SFO's operational case requirements and those of the courts. Despite multiple trials scheduled for 2023-24 there has been very little increase in A4 paper and a decrease in A3.

Waste minimisation and management

The SFO's baseline figure for waste is 39 tonnes and by 2025 the SFO are required to achieve an overall reduction of 15% i.e. 33.15 tonnes. For 2023-24, 50 tonnes of waste was generated - next year we expect a significant increase due our planned office relocation to a government hub in Canary Wharf. After the move we would expect to meet, or get close to the target figure.

The SFO operates in a flexible working environment where waste is collected at central points on each floor, encouraging recycling and an overall reduction in the volume of waste. The SFO also recycles 100% of its waste paper and uses 100% recycled paper for its floor printers. In relation to disposal of IT equipment the SFO complies with the requirements under the WEEE Directive.

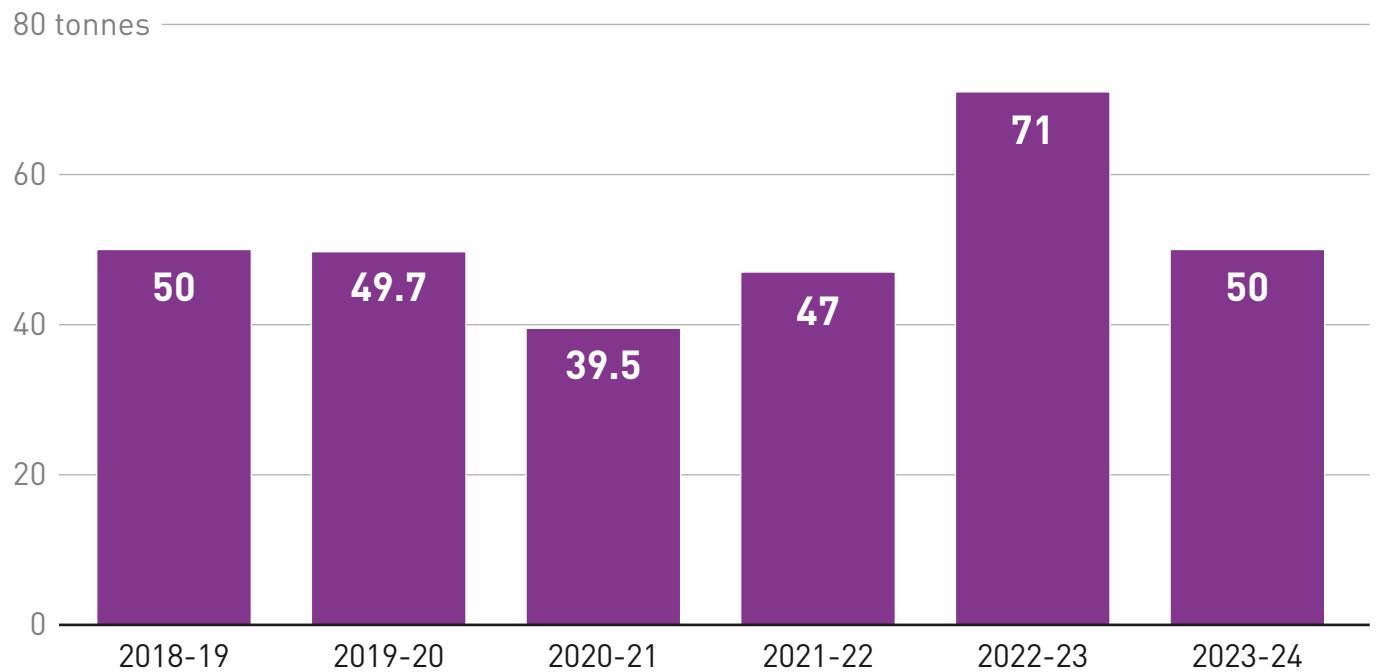
The SFO continues to work with our landlords seeking initiatives to reduce and manage its waste further.

Westminster Council waste collection continues to use mixed recycling (which is processed dependant on materials) and landfill materials are incinerated to produce electricity for 50,000 homes and businesses, the TFL tube system and residual ash is used in road building and repair.

For 2023-24 the SFO had a total of 363 CSUP (consumer single use plastics) items compared to 366 in 2022-23, a slight reduction. These items were all stationery items i.e. pens, highlighters, plastic wallets and dividers. The SFO align its policies to reduce CSUP items where possible, however the total number of items may fluctuate depending on the number of trials to occur. The SFO does not provide food and refreshments on its estate.

Waste Volumes

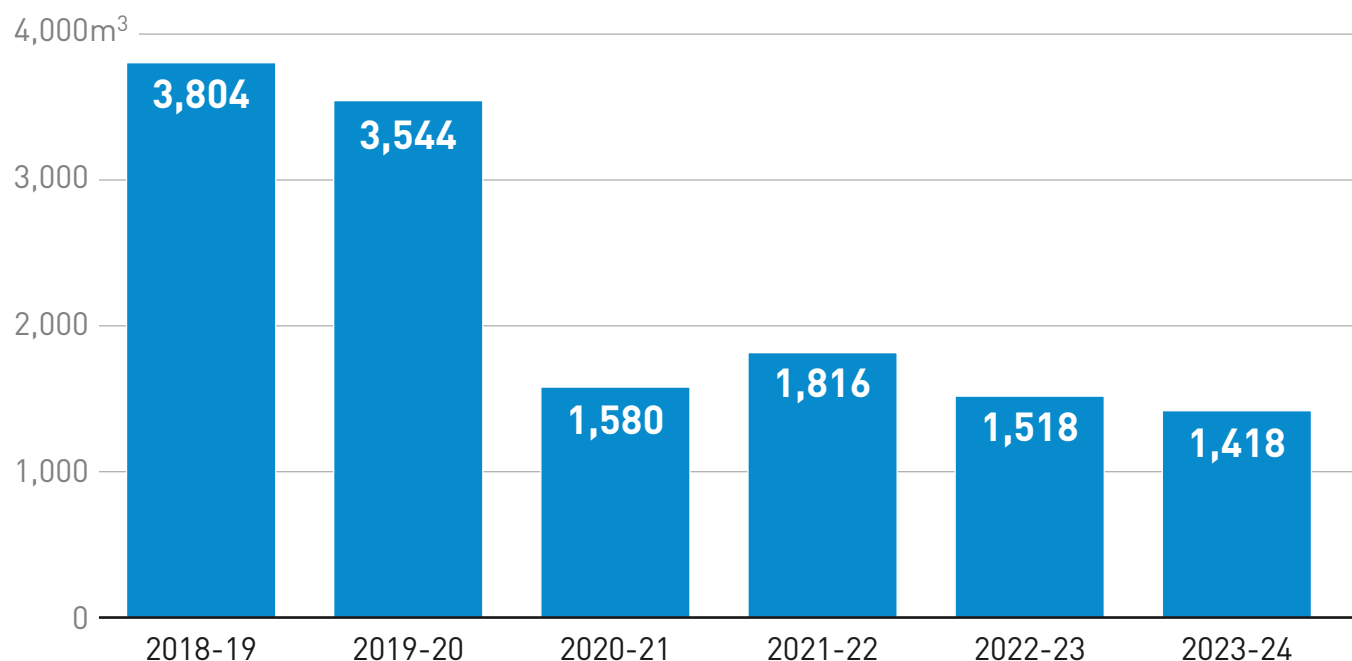
Waste volumes, by financial year



			2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Weight (t)	Non Hazardous Waste	Landfill	0	2	0	0	0	0	0
		Reused/ Recycled	22	30	32	22.5	25	37	37
		Incinerated/ Energy from waste	17	17	17	17	22	34	13
Cost (£k)	Non Hazardous Waste	Landfill	0	0.5	0	0	0	0	0
		Reused/ Recycled	3	3	3	0.6	14	7	5
		Incinerated/ Energy from waste	5	6	5	5	3	7	5

Finite Resource (Water) Consumption

Water actuals, by financial year



Finite Resource Consumption		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Non-financial indicators (m³)	Water Consumption	3,503	3,804	3,544	1,580	1,816	1,518	1418
Financial Indicators (£k)	Water Supply Costs	4.5	11	11	0.1	10	10	13

The SFO's 2025 target (3223m³) for water usage is to achieve an overall reduction of 8% on the baseline figure of 3503m³. For 2023-24, the SFO used 1418m³ which is 56% below the 2025 target.

The SFO occupies a shared building and does not have overall control of water consumption throughout the estate. The landlord's managing agent holds responsibility for water consumed on the estate and the SFO pays a percentage through the service charge.

Sustainable procurement

The SFO makes use of centralised government framework contracts where appropriate and they embed the Government Buying Standards (GBS) within them. If there are no centralised contracts available, where appropriate contracts will meet the GBS requirements.

Climate change adaption strategy

As part of its relocation to a government hub the SFO will work with GPA in supporting the development and implementation of the climate change adoption strategy.

Governance

The Solicitor General represents the Law Officers' Departments (LODs) on Sustainable Development matters. Under the GGC targets the SFO are part of the AGO's departments for reporting.

Our results against the GGC targets are reported annually.

Notes:

1. Estimates have been used in some instances where complete data was not available from suppliers or service providers.
2. Electricity figures only relate to SFO consumption, they do not include electricity consumption for common parts of the building.

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