

# **Contingencies Fund Account 2024-25**

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Return to an Order of the Honourable, the House of Commons, dated 16 June 2025.

That there be laid before this House an Account of the Contingencies Fund, 2024-25, showing (1) a Statement of Financial Position, (2) a Statement of Cash Flows and (3) Notes to the Accounts, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons paper No. 145 of 2024-25).

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## Contingencies Fund Account 2024-25

Treasury Chambers

**16 June 2025**

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James Murray MP

Ordered by the House of Commons to be printed on **16 June 2025**



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ISBN 978-1-5286-5664-1

E03316073 06/25

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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# Chapter 1

## Performance Report

### Overview

#### Purpose and activities of the Contingencies Fund

The Contingencies Fund was established in its current form by the Contingencies Fund Act 1974<sup>1</sup>, having been first established in May 1862. It is used to finance payments for urgent services in anticipation of provision for those services by Parliament. It can also be used to provide funds required temporarily by government departments and certain public sector bodies for necessary working balances, or to meet other temporary cash deficiencies.

HM Treasury controls access to the Contingencies Fund to ensure that all advances made are appropriate and consistent with the requirements set out in Managing Public Money and Supply Estimates: a guidance manual. Wherever possible and required, Parliament is made aware of the intention to use the Contingencies Fund and incur associated resources through a written ministerial statement made in advance of any advances being made. During periods of recess, when an advance must be made that requires a written ministerial statement, Parliament is informed of the advance as soon as possible after the House returns. All advances from the Contingencies Fund must be repaid. In the case of advances in support of voted expenditure, Parliamentary authority is needed to enable sums advanced to departments to be repaid to the Contingencies Fund.

Where practical, sums due to the Contingencies Fund are recovered within the same financial year. Generally, repayments of advances for voted services are provided for either in Supplementary Estimates<sup>2</sup> of the same year, or, if this is not possible, in the Estimates of the following year. No interest is payable by departments on advances made from the Contingencies Fund.

The Contingencies Fund is prepared on a going concern basis as it receives its funding from the Consolidated Fund and expects to recover all advances it makes to departments. In addition, the Contingencies Fund 2025-26 limit was notified and advance requests relating to 2025-26 authorised prior to 31 March 2025 (see Note 7, Commitments). There are no proposed changes to the process for government funding that would impact the going concern assessment.

#### Key issues and risks

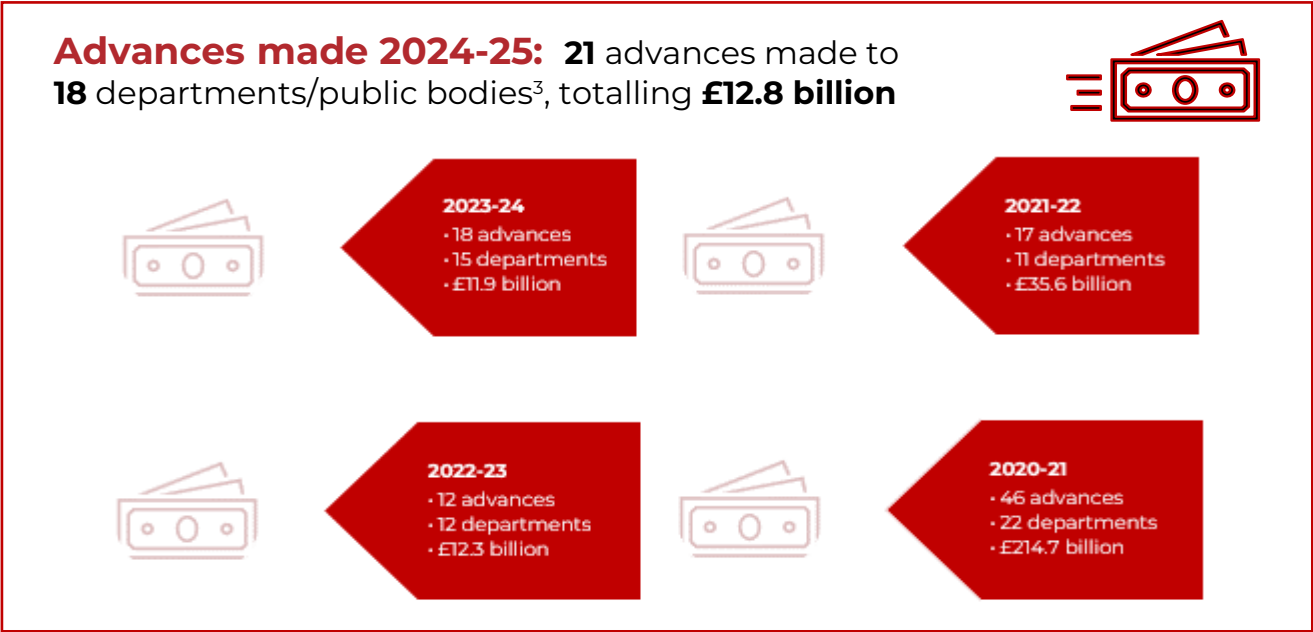
The cash requirements of the Contingencies Fund are met from the Consolidated Fund and so liquidity risk is borne by the Exchequer. The Contingencies Fund is not subject to foreign currency or interest rate risk. Credit risk is limited as advances are only made to public sector entities (see Note 6, Financial Risks to the Contingencies Fund). Other key issues and risks facing the Contingencies Fund are considered in the **Governance Statement** on pages 8 to 13.

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<sup>1</sup> <https://www.legislation.gov.uk/ukpga/1974/18/contents/>

<sup>2</sup> This and other terms are defined in the Glossary in Appendix B.

# Performance overview



## Performance analysis

In 2024-25, the Contingencies Fund advanced £12.8 billion to government departments and public sector bodies (2023-24: £11.9 billion). The allocation of advances is detailed in Note 5, Advances and Repayment. All advances were repaid in the year.

Advances from the Contingencies Fund may only be authorised under specific categories. The table below shows an analysis of the issues of advances in 2024-25 against each category of advance with comparatives for 2023-24. Further information on the categories of advance can be found in section 5.14 of Supply Estimates: a guidance manual<sup>4</sup>.

### Advances issued by category

	2024-25 £m	2023-24 £m
a During the Vote on Account period, to meet urgent cash requirements (other than supporting a new service) in excess of the net cash requirement granted in the Vote on Account	-	-
b to meet the cash requirement supporting an urgent service which Parliament has already approved through specific enabling legislation but for which existing provision is not available	7,856.2	30.3
c to meet the cash requirement supporting a new service which is urgent and cannot await Parliamentary approval of both the specific enabling legislation and the necessary Estimate	1.2	3.4
d to meet a further urgent cash requirement for existing services when provision for the total net cash requirement on the Estimate is exhausted	2,717.2	10,382.1
e in the case of an Estimate where expenditure is largely financed from income, advances may be made in anticipation of the receipt of cash associated with such income	2,235.0	1,485.0
<b>Sub total</b>	<b>12,809.6</b>	<b>11,900.8</b>
f in anticipation of revenue, as distinct from income, receipts	-	-
<b>Total</b>	<b>12,809.6</b>	<b>11,900.8</b>

**Category B** advances accounted for 61 per cent of funding issued in 2024-25. Of the £7.9 billion advanced in this category, £6.0 billion was to the Ministry of Defence, £0.8 billion to the Department of Health and Social Care, £0.8 to His Majesty Treasury and £0.2 to the Cabinet Office.

<sup>4</sup> <https://www.gov.uk/government/publications/supply-estimates-guidance-manual>



## The Capital of the Contingencies Fund

Section 3 of the Miscellaneous Financial Provisions Act 1946, as amended by the Contingencies Fund Act 1974, provides that the capital of the Contingencies Fund, including the permanent capital of £1.5 million (as per section 52 of the Finance Act 1921), may be increased as necessary up to an amount equal to 2 per cent of the authorised supply expenditure for the year ended the previous 31 March. The table below shows the limits for the current and prior year.

	2025-26 £m	2024-25 £m
Total cash supply expenditure authorised in <b>prior financial year</b>	831,616	764,603
<b>Maximum capital</b>		
(2% of prior year total cash supply expenditure and includes £1.5bn permanent capital)	16,632	15,292

The claims on the Contingencies Fund are monitored daily and kept regularly under review by the Exchequer Fund Accounts (EFA) Team in HM Treasury to ensure that issues are within the statutory limit. No interest is payable on capital issued to the Contingencies Fund from the Consolidated Fund.

## Long-term expenditure trends

The Contingencies Fund has no long-term expenditure trends since its function is to:

- I. finance payments for urgent services in anticipation of parliamentary provision for those services becoming available,
- II. provide funds required temporarily by government departments and certain public sector bodies for necessary working balances, or
- III. to meet other temporary cash deficiencies, it has no long-term expenditure trends.

## Sustainability reporting

Operationally, the Contingencies Fund is part of HM Treasury and does not have its own staff or buildings. The Fund's impact on the environment is the same as that of the Department. Further detail on environmental impact and climate change adaptation, including how it is embedded within overall decision making and assurance processes is provided within HM Treasury's Annual Report and Accounts<sup>5</sup>, Performance Report.

### Conrad Smewing

Accounting Officer  
HM Treasury

09 June 2025

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<sup>5</sup> <https://www.gov.uk/government/collections/hmt-annual-report>

# Chapter 2

## Accountability report

The accountability report contains the following sections:

- **Corporate governance report** which explains the composition and organisation of the Contingencies Fund's governance structures and how they support the achievement of the Contingencies Fund's objectives. It includes the **Statement of Accounting Officer's responsibilities** and the **Governance statement**.
- **Parliamentary accountability and audit report** which includes key Parliamentary accountability information on regularity of expenditure and remote contingent liabilities as well as the Report of the Comptroller and Auditor General to the House of Commons.

### Corporate governance report

Operationally, the Contingencies Fund is part of HM Treasury, and its staff are employees of HM Treasury. Details of which can be found in HM Treasury's Annual Report and Accounts<sup>2</sup>. The Contingencies Fund itself therefore has no employees of its own.

#### Conflicts of interest

In 2024-25, no material conflicts of interest have been noted by the senior management overseeing the Contingencies Fund (2023-24: none).

#### Personal data related incidents

The Contingencies Fund does not hold any protected personal data.

#### Statement of Accounting Officer's responsibilities

Under HM Treasury Minute of 13 May 1862, HM Treasury is required to prepare accounts for each financial year in the form and on the basis set out in the Accounts Direction, see Appendix B. In accordance with the Direction issued on 20 January 2025, the accounts of the Contingencies Fund are to be prepared in accordance with the requirements of the relevant version of the Government Financial Reporting Manual (FReM)<sup>6</sup>, except for the Statement of Cash Flows, which shall show only receipts and payments, and must give a true and fair view of the state of affairs of the Contingencies Fund and of its cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements of the FReM, and apply suitable accounting policies on a consistent basis.
- prepare the accounts on a going concern basis; and
- confirm that the annual report and accounts are fair, balanced, and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

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<sup>6</sup> <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

HM Treasury has appointed Conrad Smewing, Director General Public Spending, as Accounting Officer for the Contingencies Fund.

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

### Statement regarding the disclosure of information to auditors

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

I also confirm that the annual report and accounts are fair, balanced, and understandable and I take personal responsibility for judgements required for determining that they are fair, balanced and understandable.

### Audit arrangements

The accounts are audited by the Comptroller and Auditor General (C&AG) in accordance with HM Treasury Minute of 13 May 1862. The National Audit Office (NAO) bears the cost of all external audit work performed on the Contingencies Fund. During the financial year, no non-audit work was undertaken by the NAO in relation to the Contingencies Fund.

## Governance statement

### Governance Framework

The Contingencies Fund is managed within HM Treasury's overall risk and governance framework as set out in the [Governance Statement](#) in HM Treasury's Annual Report and Accounts<sup>7</sup>. This includes HM Treasury Board's assessment of its compliance with the Corporate Governance Code<sup>8</sup>. The Chancellor of the Exchequer, as Minister in charge of HM Treasury, is responsible and answerable to Parliament on all the policies, decisions, and actions of HM Treasury, and ultimately of the Contingencies Fund.

As Accounting Officer for the Contingencies Fund, I am personally responsible and accountable to Parliament for the organisation and quality of management of the Contingencies Fund, including its use of public money and the stewardship of its assets, in line with those responsibilities assigned to me in Managing Public Money.

### Audit and Risk Committee (ARC)

The ARC provides advice to HM Treasury Board, the Permanent Secretary and HM Treasury's Additional Accounting Officers to discharge effectively their duties and responsibilities relating to managing risk, internal control and governance. ARC considers the integrity of the financial statements in relation to the:

- Treasury Group's Annual Report and Accounts
- Exchange Equalisation Account
- National Loans Fund
- Consolidated Fund
- Contingencies Fund
- Whole of Government Accounts

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<sup>7</sup> <https://www.gov.uk/government/collections/hmt-annual-report>

<sup>8</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

In accordance with the ARC Handbook<sup>9</sup> the Committee provides independent challenge on the robustness of the mechanisms in place, and the evidence provided, to deliver the assurance needed by the Board and departmental Accounting Officer. ARC provides oversight of activity performed by the Government Internal Audit Agency (GIAA) and approves the Internal Audit Plan for the year which is developed to assure key risks and controls. The Group Chief Internal Auditor attends each ARC meeting and provides updates on the plan and reporting on key controls. The ARC oversees the work of the department's external auditors, the National Audit Office (NAO).

The NAO presents its audit plans, risk assessments and audit findings. The ARC meets privately with both GIAA and NAO to discuss any issues in detail. Members of ARC are appointed by the Chair along with the Principal Accounting Officer.

The membership of the committee during the year ended 31 March 2025 was:

- Zarin Patel (Chair of the Audit and Risk Committee and a Non-Executive Director of HM Treasury Board)
- Edward Braham
- Jane Hanson CBE

The ARC met six times during 2024-25. Attendance is outlined in the table below:

Name	Attendance
Zarin Patel	6/6
Edward Braham	5/6
Jane Hanson	6/6

### Internal Audit

During 2024-25, Internal Audit for the Contingencies Fund was provided by GIAA as part of their wider work on the departmental group.

A substantial opinion was provided for the period 2024-25. This assessment is based on the work that GIAA have conducted during the year in relation to the Contingencies Fund. It provides assurance on the adequacy and effectiveness of the risk management, control, and governance framework relevant to the annual report and accounts. There were no matters arising from the work of Internal Audit in the period that would give rise to separate comment in the [Governance Statement](#).

### Management of the Contingencies Fund

I have delegated authority for approval of most advances from the Contingencies Fund to the Estimates Clerk (or staff with authority delegated by the Estimates Clerk) in HM Treasury's Public Spending Group. I approve advances considered to be novel or contentious. HM Treasury's EFA Team administers the account.

Detailed guidance on the purpose of and procedures relating to the Contingencies Fund, including advice on processes when dealing with the Contingencies Fund, is set out in Managing Public Money and Supply Estimates: a guidance manual.

Once an advance has been made it is the responsibility of the receiving department to ensure that the cash is used only for the purpose(s) for which it was advanced and to make repayment at the earliest opportunity (though HM Treasury will follow up outstanding repayments as necessary).

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<sup>9</sup> <https://www.gov.uk/government/publications/audit-committee-handbook>.

## Reporting to HM Treasury's Boards

The department has a sound system in place to consider the risks faced, challenge the assumptions made and, where appropriate, offer advice on how best to mitigate them. Within this structure some key positions hold specific accountabilities.

HM Treasury's approach to risk management is informed by principles set out in The Orange Book. In line with the guidance, risk management forms an integral part of the department's governance, leadership, and activities. HM Treasury's ARC supports the Accounting Officers in overseeing the Risk Management Framework.

HM Treasury's risk management framework enables the identification and management of risks to the department's strategic objectives. The Framework is underpinned by Directors', Risk Groups', and the Operations Committee's responsibility for monitoring, challenging and reporting on performance against and risks to HM Treasury's objectives.

All key updates on performance and risk for Executive Management Board (EMB) and Treasury Board (Sub-Committee) (TB(SC)) are shared via the Quarterly Performance and Risk Report (QPRR), escalating critical issues and risks that exceed the department's risk appetite to enable senior managers to respond appropriately where these cannot be managed at a lower level of governance.

In 2024-25, a refreshed risk and performance reporting framework was introduced to strengthen the risk escalation routes through the department's risk governance structures, enabling the department to assess progress against the highest priority deliverables set out in the department's Outcome Delivery Plan.

Throughout 2024-25, EMB has taken an active approach to mitigating and managing specific risks and issues through its regular meetings and ad-hoc risk deep-dive meetings.

These have included discussions on policy issues – including economic, fiscal and financial stability risks, and HM Treasury's work to support the government's policy objectives on growth, climate and responding to geopolitical tensions.

## Risk management

Risk management is key to all Contingencies Fund processes, including business continuity resilience planning for public funds. Business continuity resilience is regularly tested locally and with business partners, and lessons learned feed into improved business continuity processes. The risk management approach includes regular horizon scanning to identify, evaluate and address any changes in risk exposure. Significant risk issues are recorded in a risk register and are assessed by likelihood and impact and assigned to a risk owner responsible for managing that risk. The risk register is reviewed quarterly and is circulated to me with the quarterly risks and controls report, following a review by the HM Treasury Finance Director.

The Treasury Accountant holds day-to-day responsibility for risk management of those Funds managed by EFA, ensuring that my financial, regularity and propriety responsibilities as Accounting Officer of the Contingencies Fund are met. Key operational staff with responsibilities relating to the Contingencies Fund are trained and equipped to manage risk appropriately within their roles.

## The system of internal control

As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of the Contingencies Fund's policies, aims and objectives, whilst safeguarding the public funds and assets, for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The system of internal control is designed to manage risk to an acceptable level, balancing the impact of potential risks with the resources required to manage them, rather than eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to

identify and prioritise the risks to the achievement of the Contingencies Fund's policies, aims, and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively, and economically.

The system of internal control has been in place throughout the year ended 31 March 2025 and up to the date of approval of the financial statements and accords with Treasury guidance. There were no significant changes to the control environment during the year.

As reported in the 2023-24 [Governance Statement](#), in April 2024, an advance of £90,000 from the Contingencies Fund was incorrectly issued. The error was subsequently identified through established controls, and the funds were promptly recovered and reissued to the correct recipient, with no loss to the Exchequer. Both the National Audit Office and Government Internal Audit Agency were informed, and measures have since been implemented to strengthen controls and prevent recurrence.

### **Risk profile**

The Contingencies Fund is managed generally within the framework of HM Treasury's system of internal control. This framework includes resourcing the administration of the Contingencies Fund, security, and the management of risks across HM Treasury's business.

The key risks in managing the Contingencies Fund and their associated controls are shown in the table below.

Risk	Status	Change since PY	Mitigating actions & controls
<b>Breach of the Contingencies Fund capital limit<sup>10</sup></b>			Before a payment is made from the Contingencies Fund, EFA review the outstanding advances and ensure that the capital limit will not be breached.
<b>Irregularity of transactions</b> (including fraudulent or erroneous payments)			Clear separation of duties is enforced for the authorisation, approval, and payment of Contingencies Fund advances. A robust payment authorisation process is in place, with appropriate user permissions within the banking system. Departments and certain public sector bodies seeking advances from the Contingencies Fund are required to comply with procedures set out in Managing Public Money and Supply Estimates: a guidance manual.
<b>Incorrect accounting</b>			Separation of duties is in place for all accounting entries. Daily bank reconciliations are carried out to ensure that all advances and repayments have been accurately recorded. A monthly report on the activity of the Contingencies Fund is produced, reviewed, and provided to me.
<b>Failure of IT systems</b>			HM Treasury network infrastructure, which is provided by an outsourced supplier, has a high level of resilience including a near instant failover should an issue arise.
<b>Failure to provide an effective service in adverse circumstances, including disasters</b>			To ensure operational resilience in key areas in the event of a business continuity incident, staff within EFA and the Public Spending Group are trained to provide cover for times when other staff members are absent. Business continuity arrangements are regularly reviewed and tested within the framework of HM Treasury's corporate Business Continuity Plan.
<b>Failure of principal counterparties to provide agreed services</b>			Well-developed Service Level Agreements are in place with principal counterparties. They cover details of the monitoring and control arrangements that both parties are expected to observe.
<b>Information risk</b>			Data and information risk are managed in accordance with HM Treasury policies, which involve a range of controls to prevent unauthorised disclosures. These include encryption, and physical and IT security. HM Treasury adheres to Cabinet Office guidelines <sup>11</sup> . Further guidance on information security and assurance is available to all HM Treasury staff on the intranet. EFA's own Data Handling Policy identifies risks specific to EFA. This policy is reviewed as required.

<sup>10</sup> Imposed by statute and set at two per cent of the previous year's approved cash supply.

<sup>11</sup> Available at <https://www.gov.uk/government/publications/security-policy-framework>

## Review of effectiveness

In line with HM Government guidance, set out within the Corporate Governance Code of Good Practice for central government departments, I have reviewed the effectiveness of the system of internal control.

My review is informed by the work of internal auditors who provided positive assurance as to the management and control of the Contingencies Fund in 2024-25 and the executive managers within EFA who have responsibility for the development and maintenance of the internal control framework, as well as comments made by external auditors in their management letter and other reports.

I have been supported by HM Treasury Group ARC, and risk owners in addressing weaknesses and ensuring continuous improvement of the system is in place. The ARC considered the 2024-25 accounts in draft and provided me with its views before I formally signed the accounts.

No significant internal control issues, including data-related incidents, have been identified in 2024-25, and no significant new risks specific to the operational management and performance of the Contingences Fund have been identified in the year. No ministerial directions have been given in 2024-25.

In my opinion, the system of internal control was effective throughout the financial year and remains so on the date I sign this report.

## Parliamentary accountability and audit report

### Regularity of expenditure (audited)

The advances of the Contingencies Fund were applied to the purposes intended by Parliament.

### Losses, special payments and gifts (audited)

During 2024-25 the Contingencies Fund had no losses, special payments or gifts totalling over £300,000.

### Fees and charges (audited)

The Contingencies Fund does not have any fees or charges.

### Remote contingent liabilities (audited)

The Contingencies Fund had no remote contingent liabilities as of 31 March 2025 (31 March 2024: Nil)

### Functional Standards

Operationally, the Contingencies Fund is part of HM Treasury. Further information on the Department's application of the Government Functional Standards is provided within the Parliamentary accountability and audit report included in HM Treasury Annual Report and Accounts.

**Conrad Smewing**

Accounting Officer  
HM Treasury

09 June 2025



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

## Opinion on financial statements

I have audited the financial statements of the Contingencies Fund for the year ended 31 March 2025 under the Treasury Minute dated 13 May 1862.

The financial statements comprise the Contingencies Fund's

- Statement of Financial Position,
- Statement of Cash Flows; 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 International Reporting Standards as interpreted by the HM Treasury's Government Financial Reporting Manual.

In my opinion, the financial statements:

- properly present the Contingencies Fund's receipts and payments for the year ended 31 March 2025; and
- have been properly prepared in accordance with the Treasury Minute dated 13 May 1862.

## 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 (revised 2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Contingencies Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. In applying the Ethical Standards I have considered the potential implications for my audit arising from extending a loan staff arrangement with the Office for Value for Money within HM Treasury to October 2025. The Contingencies Fund is administered by HM Treasury. The loan staff arrangements concerns one of my directors and was for an initial period of 12 months from September 2024. The arrangement was extended by a further two months so that the secondee is able to support the completion of the Office for Value for Money's work. I am satisfied that the appropriate safeguards have been implemented to protect my and the NAO's teams independence and objectivity

throughout the audit. 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 Contingencies Fund'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 Contingencies Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The going concern basis of accounting for the Contingencies Fund 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 directions made under the Treasury Minute dated 13 May 1862; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Contingencies Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- Adequate accounting records have not been kept by the Contingencies Fund 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 Contingencies Fund 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 and Annual Report which are in accordance with the applicable financial reporting framework; and

- assessing the Contingencies Fund'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 Contingencies Fund will not continue to be provided in the future.

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

My responsibility is to audit and report on the financial statements in accordance with the Treasury Minute dated 13 May 1862.

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 Contingencies Fund's accounting policies,
- inquired of management, the Contingencies Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Contingencies Fund'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 Contingencies Fund's controls relating to the Contingencies Fund's compliance with the Treasury Minute dated 13 May 1862, the Contingencies Fund Act 1974 and Managing Public Money;

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

As a result of these procedures, I considered the opportunities and incentives that may exist within the Contingencies Fund for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and posting of unusual journals. 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 Contingencies Fund's framework of authority and other legal and regulatory frameworks in which the Contingencies Fund 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 Contingencies Fund. The key laws and regulations I considered in this context included the Contingencies Fund Act 1974 and Managing Public Money.

I considered all advances issued in year to confirm the regularity of each advance and that the Capital Limit set by the Contingencies Fund Act 1974 was not breached during the year.

### **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 and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

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

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

**Gareth Davies**

Comptroller and Auditor General

10 June 2025

**National Audit Office**

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Chapter 3

## Financial Statements

### Statement of Financial Position as at 31 March 2025

	Note	31 March 2025 £m	31 March 2024 £m
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	1.5	1.5
<b>Total assets</b>		<b>1.5</b>	<b>1.5</b>
<b>Liabilities</b>			
<b>Sums repayable to the Consolidated Fund</b>			
Non-current liabilities	4	1.5	1.5
<b>Total liabilities</b>		<b>1.5</b>	<b>1.5</b>

The Contingencies Fund does not receive any income, nor does it incur any expenditure. Accordingly, no Statement of Comprehensive Net Expenditure is presented. There were no other gains or losses in the year (2023-24: none).

The notes on pages 22 to 26 form part of these accounts.

**Conrad Smewing**

Accounting Officer  
HM Treasury

09 June 2025

## Statement of Cashflows for the year ended 31 March 2025.

	Note	2024-25 £m	2023-24 £m
<b>Receipts</b>			
Issues from the Consolidated Fund		<b>10,000.0</b>	12,000.0
Recovered advances	5	<b>12,809.6</b>	11,900.7
<b>Total Receipts</b>		<b>22,809.6</b>	23,900.7
<b>Payments</b>			
Repayments to the Consolidated Fund		<b>(10,000.0)</b>	(12,000.0)
Recoverable advances	5	<b>(12,809.6)</b>	(11,900.7)
<b>Total Payments</b>		<b>(22,809.6)</b>	(23,900.7)
<b>Surplus of payments over receipts for the financial year</b>		-	-

The notes on pages 22 to 26 form part of these accounts.



# Notes to the accounts

## 1. Accounting policies

### Basis of preparation

The financial statements of the Contingencies Fund have been prepared in accordance with a Direction given by HM Treasury, see Appendix B, and the requirements of the 2024-25 Government Financial Reporting Manual (FReM)<sup>12</sup>. In line with that Direction the Statement of Cash Flows, shows receipts and payments only. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted and interpreted for the public sector context.

The accounts have been prepared under the historical cost convention.

The Contingencies Fund receives its funding annually from the Consolidated Fund and expects to recover all advances it makes to departments and public sector bodies. The limit for the Contingencies Fund in 2025-26 was set and advances authorised prior to 31 March 2025 (see Note 7, Commitments). There are no proposed changes to the process for government funding that would impact the going concern assessment. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

There are no areas of the financial statements that are reliant on management's judgement in the process of applying the Contingencies Fund's accounting policies. There are no sources of estimation uncertainty at the balance sheet date.

The financial statements of the accounts are rounded to the nearest £0.1 million.

### IFRS in issue but not yet effective

The Contingencies Fund has not early adopted any new or amended standards in preparing these financial statements.

#### IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts was issued in May 2017 and supersedes IFRS 4 Insurance contracts. The standard was effective for financial periods on or after 1 January 2023, however, adoption by the public sector is delayed to financial periods beginning on or after 1 January 2025.

This standard is not expected to have a material impact on the Contingencies Fund financial statements because the Contingencies Fund does not have, nor plan to sign any insurance contracts in the foreseeable future.

#### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure of Financial Statements* was issued in April 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK and Financial Reporting Advisory Board (FRAB) endorsement). IFRS 18 *Presentation and Disclosure of Financial Statements* sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements.

The objective of IFRS 18 *Presentation and Disclosure of Financial Statements* is to improve comparability of financial performance between organisations applying IFRS. Once effective, it will replace IAS 1 *Presentation of Financial Statements*. The impact of adopting this standard is still being assessed. The

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<sup>12</sup> <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

Contingencies Fund does not intend to early adopt IFRS 18 *Presentation and Disclosure of Financial Statements*.

### IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued in May 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK and Financial Reporting Advisory Board (FRAB) endorsement). The Standard permits certain eligible subsidiaries to apply reduced disclosure requirements when preparing their financial statements.

The Contingencies Fund does not have subsidiaries and is not itself a subsidiary, therefore this standard is not expected to impact the financial statements.

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the Contingencies Fund.

### Functional and presentation currency

The financial statements of the Contingencies Fund are presented in sterling, which is the Contingencies Fund's functional currency.

### Financial Assets and Liabilities

All assets and liabilities are accounted for as financial assets and liabilities.

## 2. Income and expenditure

As interest is not receivable on its advances nor payable on its liabilities, the Contingencies Fund does not receive any income, nor does it incur any expenditure. Consequently, no Statement of Comprehensive Net Expenditure is presented.

## 3. Cash and cash equivalents

Cash and cash equivalents comprise a cash balance held by Government Banking. A balance of £1,500,000 was held at both the start and end of the financial year 2024-25. This is equal to the permanent capital of the Contingencies Fund, as specified by section 52 of the Finance Act 1921.

## 4. Liabilities

The Contingencies Fund's has permanent capital amounting to £1,500,000. This is recorded as a **non-current liability** to the Consolidated Fund.

At the end of the financial year, there were no advances outstanding. Since there were no advances outstanding, there were also no **current liabilities** to the Consolidated Fund. This has been consistent for the past two financial years.

## 5. Advances and repayments

Contingencies Fund advances and repayments that contributed to cash flow in 2024-25 are detailed in the table below. There were no advances made, or repayments received in relation to advances in anticipation of revenue (Category (f)), as distinct from income, receipts in 2024-25 (2023-24: Nil). See Performance Analysis, Page 5 for more detail on the categories of advances.

All advances made were repaid within the financial year. Departments may have received more than one advance within each category.

Department	Category	2024-25 £m	2023-24 £m
Ministry of Defence	(b)	5,994.5	17.0
Department of Health and Social Care	(b)	837.0	-
HM Treasury	(b)	752.7	-
Cabinet Office	(b)	272.0	-
Northern Ireland Office	(b)	-	13.3
Ministry of Justice	(c)	1.2	-
Export Credits Guarantee Department	(c)	0.1	0.1
Department for Business and Trade	(c)	-	3.3
Department of Health and Social Care	(d)	1,400.0	-
Ministry of Defence	(d)	500.0	3,200.0
Ministry of Justice	(d)	300.0	-
Security and Intelligence Agencies	(d)	276.6	168.0
Crown Prosecution Service	(d)	60.0	-
National Savings and Investments	(d)	57.7	-
UK Atomic Energy Authority Pension Schemes	(d)	55.0	-
Independent Parliamentary Standards Authority	(d)	52.8	-
Serious Fraud Office	(d)	15.0	22.2
Department for Business and Trade	(d)	-	3,659.6
Home Office	(d)	-	2,600.0
Scotland Office and Office of the Advocate General	(d)	-	703.7
Statistics Board	(d)	-	28.5
NHS Pension Scheme	(e)	1,950.0	1,395.0
Teachers' Pension Scheme	(e)	175.0	-
Office of Gas and Electricity Markets	(e)	42.0	30.0
HM Procurator General and Treasury Solicitor	(e)	30.0	25.0
Office of Rail and Road	(e)	25.0	25.0
Water Services Regulation Authority	(e)	13.0	9.0
Government Actuary's Department	(e)	-	1.0
<b>Total</b>		<b>12,809.6</b>	<b>11,900.7</b>

## 6. Financial Risks related to the Contingencies Fund

### Liquidity risk

The cash requirements of the Contingencies Fund are met from the Consolidated Fund and so liquidity risk is borne by the Exchequer.

### Foreign currency & interest rate risk

All the transactions of the Contingencies Fund occur in sterling, and no interest is paid on issues to the Contingencies Fund from the Consolidated Fund, nor received on advances made by the Contingencies Fund. As a result, the Contingencies Fund is not subject to foreign currency or interest rate risk.

### Credit risk

The Contingencies Fund's advances are solely to public sector entities which limits credit risk. The largest advance in 2024-25 of £5,994.5m to the Ministry of Defence, was to meet the cash requirement supporting an urgent service which Parliament has already approved through specific enabling legislation but for which existing provision is not available (category (b)), was repaid once the relevant Supply and Appropriation Bill was granted Royal Assent.

The table below provides an assessment of credit risk for each category of advance.

Category	Credit risk assessment	Explanation
a	Limited risk	The Vote on Account provides authority for spending on continuing services by departments in the early part of the following financial year (until the legislation authorising the Main Estimates obtains Royal Assent). Credit risk is, therefore, limited since the department will seek cover in the relevant Main Estimates, and once the Main Estimates have been granted Royal Assent, the Contingencies Fund is repaid.
b	Limited risk	An advance may only be made once it has been confirmed that Parliamentary approval for provision in the Estimates will be sought for new enabling legislation. Repayment to the Contingencies Fund then occurs once Royal Assent is granted to the relevant Supply and Appropriation Bill.
c	Limited risk	An advance may only be made once the enabling legislation has received its second reading in the House of Commons. This provides assurance that the entity will obtain resource and capital cover in the Estimates to ensure repayment once Royal Assent has been granted to the enabling legislation.
d	Limited risk	Once the relevant Supply and Appropriation Bill has been granted Royal Assent, the Contingencies Fund is repaid.
e	Limited risk	Generally made to regulatory bodies that are expected to raise income by charging the industry that they regulate, or charge for work carried out. If, for any reason, the income was not forthcoming, an entity would either seek a Supplementary Estimate or find savings within its existing provision to repay the Contingencies Fund.

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f	Limited risk	Repayments are funded through tax revenue and normally repayable on the next working day, but no later than a week at the most.
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## 7. Commitments

Where an advance for payment in the 2025-26 financial year has been authorised before 31 March 2025 they are reported as commitments.

	Category	31 March 2025 £m	31 March 2024 £m
NHS Pension Scheme	(e)	1,923.0	1,950.0
Office of Gas and Electricity Markets	(e)	49.0	42.0
HM Procurator General and Treasury Solicitor	(e)	30.0	30.0
Office of Rail and Road	(e)	25.0	25.0
Water Services Regulation Authority	(e)	18.0	13.0
Export Credits Guarantee Department	(c)	-	0.1
		<b>2,045.0</b>	<b>2,060.1</b>

Category (c) are advances made to meet the cash requirement supporting a new service which is urgent and cannot await Parliamentary approval of both the specific enabling legislation and the necessary Estimate.

Category (e) advances made to regulatory bodies provide short-term liquidity until sufficient income is received from the industries regulated.

## 8. Related parties

HM Treasury has a custodian role in relation to the Contingencies Fund and is therefore considered a related party for advances from and repayments to the Contingencies Fund. During the year, HM Treasury received and fully repaid advances totalling £752.7m (2023-24: Nil). The Contingencies Fund has also transacted with several government departments and public sector bodies during the year, all of which are detailed in Note 5, Advances and Repayments.

Banking services are provided by Government Banking and its commercial banking partners. Government Banking itself is part of HM Revenue and Customs.

## 9. Events after the reporting period

There are no events after the reporting period to report.

## 10. Date of Authorisation for Issue of Accounts

These financial statements have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's Audit Report.

# Appendix A – Glossary

<b>Authorised supply expenditure</b>	See Supply
<b>Consolidated Fund</b>	The Government's current account, operated by HM Treasury, through which pass most government payments and receipts.
<b>Estimate</b>	A statement of how much money the government needs in the coming financial year, and for what purpose(s), by which parliamentary authority is sought for the planned level of expenditure by a government department.
<b>Financial Reporting Manual (FReM)</b>	A technical guide for producing the accounts of public bodies.
<b>Main Estimate</b>	The means through which departments seek parliamentary approval for their spending plans for the year ahead.
<b>Managing Public Money</b>	A publication produced by HM Treasury which is concerned with regularity and propriety and sets out the main principles for dealing with resources used by public sector bodies.
<b>National Audit Office (NAO)</b>	Office of the Comptroller and Auditor General, which audits accounts of government bodies and carries out value for money inspections within the bodies it audits
<b>National Loans Fund (NLF)</b>	The fund through which passes most of the government's borrowing transactions and some domestic lending transactions.
<b>Net Cash Requirement</b>	The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate. In the case of a negative net cash requirement, the department must generate a surplus of at least that amount.
<b>Supplementary Estimate</b>	The means by which departments seek to amend parliamentary authority provided through Main Estimates by altering the limits on resources, capital and/or cash or varying the way in which provision is allocated. Normally presented in January each year.
<b>Supply</b>	The process whereby Parliament gives statutory authority for both the consumption of resources (for resource and capital purposes) and for cash to be drawn from the Consolidated Fund.
<b>Vote on Account</b>	Presented to Parliament by HM Treasury in January to provide necessary provision for voted resources, capital and cash for each departmental Estimate in the early months of the following financial year. For each department it generally seeks up to 45 per cent of the amounts voted in the current year's Main Estimate.

# Appendix B – Accounts Direction

## Contingencies Fund Account - Accounts Direction given by HM Treasury

1. HM Treasury shall prepare accounts for the Contingencies Fund for the year ending 31 March 2025 and each subsequent financial year, that give a true and fair view of the state of affairs of the Contingencies Fund at the reporting date and of its cash flows for the year then ended.
2. The accounts shall be prepared in accordance with the requirements of the relevant version of the Government Financial Reporting Manual (FReM).
3. The statement of cash flows shall show only receipts and payments.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. 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 the Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.
6. This accounts direction shall be reproduced as an appendix to the accounts.
7. This accounts direction supersedes that issued on 6 January 2012.



Kevin Pertaub  
Deputy Director, Assurance and Financial Reporting Policy, HM Treasury  
20 January 2025

### **HM Treasury contacts**

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

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ISBN 978-1-5286-5664-1

E03316073