Reclaim Fund Ltd

ANNUAL REPORT AND ACCOUNTS 2024/2025

UNLOCKING THE POTENTIAL OF DORMANT ASSETS

Reclaim Fund Ltd:
Annual Report and Accounts 2024/25

Presented to Parliament by the Economic Secretary to the Treasury by Command of His Majesty.

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HC1178

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UNLOCKING POTENTIAL TO DRIVE POSITIVE CHANGE

Reclaim Fund Ltd ('RFL') makes it possible for money in dormant financial products to be used to benefit social and environmental initiatives across the UK.

Unlocking potential to drive positive change, we are proud that the UK Dormant Assets Scheme has exceeded £1 billion in distributions to good causes.

CONNECTED FUTURES

BREAKING DOWN BARRIERS

Supporting transformative youth employment initiatives in Blackpool

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DORMANT ASSETS SCHEME

FROM DORMANCY TO DISTRIBUTION

Outlining the spend direction of surplus dormant funds, and their geographical impact

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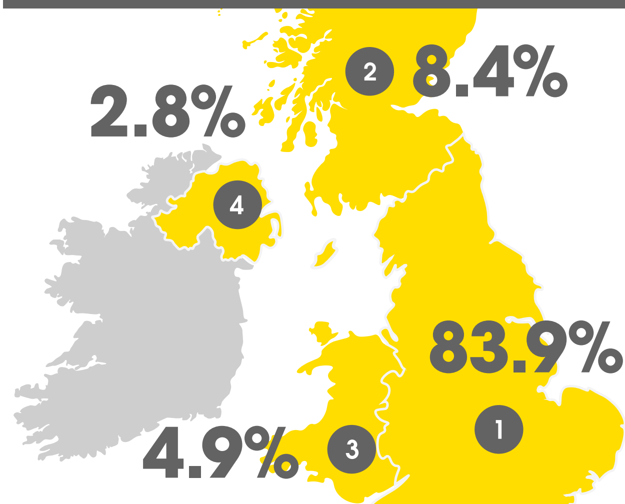

GOVERNANCE

INTRODUCING OUR BOARD

Meet the Directors ensuring the Scheme's effectiveness

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Front cover image:
Annie Goodson – Right to Succeed participant

For more details see pages 10 to 11

UNLOCKING POTENTIAL TO DRIVE POSITIVE CHANGE

RFL is the operator of the UK's Dormant Asset Scheme, and makes it possible for money from dormant financial products to be released to fund social and environmental initiatives across the UK. Active since 28 March 2011, the principal activity of RFL is the receipt and management of dormant asset monies.

The Dormant Assets Scheme enables participating financial institutions ('Participants') to transfer their eligible dormant asset balances to RFL, whilst maintaining the owner's right to reclaim the value of their asset at any time in the future. Any surplus money that is not required to meet future reclaims is then transferred to The National Lottery Community Fund ('TNLCF'). These monies are then distributed to good causes across the four nations of the UK.

OUR PURPOSE

We unlock the potential of dormant assets to enhance communities and enrich lives.

OUR MISSION

We safeguard the rights of dormant asset holders while optimising the financial benefits for good causes.

OUR VALUES

COLLABORATION

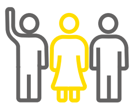
We share our skills and expertise for a better outcome

EVOLUTION

We embrace and celebrate change

INTEGRITY

We try to do the right thing, all of the time



RESPECT

We show respect to each other and all those we come into contact with

RESPONSIBILITY

We all have a personal role to play in meeting stakeholder expectations

DORMANT ASSETS SCHEME[1]

1 Excluding Alternative Scheme.

PRINCIPLES OF THE DORMANT ASSET SCHEME

1 REUNIFICATION FIRST

- Consumer protection is the first priority of the Dormant Assets Scheme ('the Scheme').
- Assets are only classed as 'dormant' and made available to the Scheme after concerted attempts to reunite them with their owners.

2 VOLUNTARY PARTICIPATION

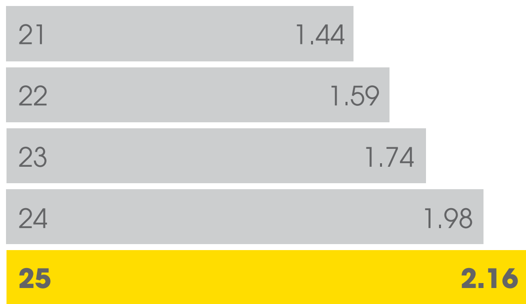
- The Scheme is voluntary for financial institutions.
- Eligible organisations can choose whether to contribute to the Scheme and to what extent.

3 RIGHT TO RECLAIM

- Owners and their beneficiaries can, at any time, reclaim the amount that would have been due to them had a transfer into the Scheme not occurred.
- RFL ensures that sufficient funds are always available so this guarantee can be fulfilled.
- Customers reclaim the value of assets through their provider, which is reimbursed by RFL.

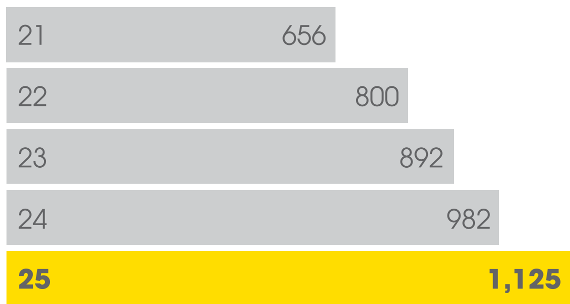
UNLOCKING POTENTIAL TO DRIVE POSITIVE CHANGE

RFL has now unlocked a landmark £1 billion for good causes, enabling this money to re-enter the economy and be put to work helping those communities which need it most. The annual report demonstrates some of the transformative impact of this funding and how RFL is driving continued growth of the Scheme.



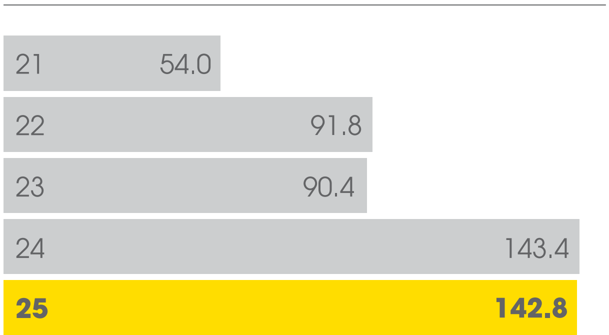
£2.1bn

DORMANT ASSET BALANCES TRANSFERRED SINCE INCEPTION



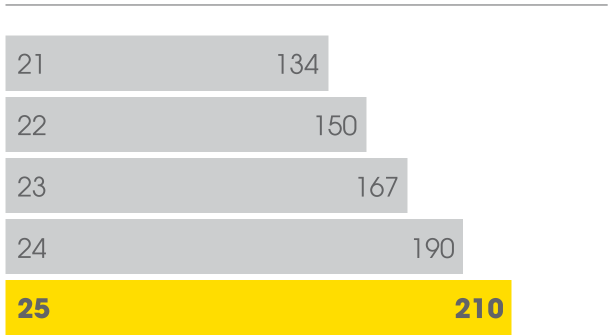
£1.1bn

TOTAL AMOUNT PAID TO TNLCF SINCE INCEPTION



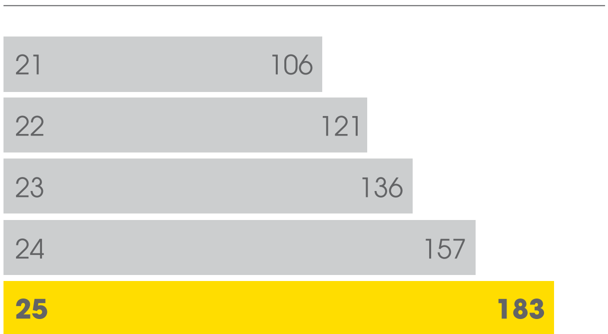
£142.8m

APPROVED FOR FURTHER DISTRIBUTION TO TNLCF



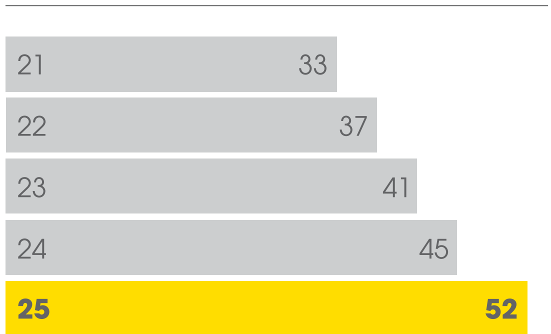
210k

ACCOUNTS RECLAIMED CUMULATIVELY



£183.3m

CUMULATIVELY RECLAIMED BY ACCOUNT HOLDERS



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PARTICIPATING FIRMS ACROSS ALL SCHEMES

A REAL IMPACT ON PEOPLE'S LIVES

PROVING THE MODEL

This has been a great year of delivery from our exceptional team at RFL. I am delighted to report that we have continued to break new ground in our work – with a landmark £1 billion now released from dormant financial products to help fund vital social and environmental initiatives.

RFL occupies a unique place within the UK financial services sector. Together with our participants and partners, our work to unlock sustainable funding is serving to strengthen the fabric of our society and drive long-term positive change across the UK.

CHANGING LIVES

This Annual Report and Accounts contains a number of examples of the real-world impact of the Scheme. This includes Blackpool and Fylde College, a beneficiary of dormant assets funding through Youth Futures Foundation (YFF), which RFL colleagues and I visited in November. YFF's flagship programme, Connected Futures, works with partners to test new, 'place-based' approaches in breaking down barriers to employment for marginalised young people.

£2.68 million is being invested over five years to support this approach, as a collective of local organisations work together to transform the support offered to young people and raise youth employment, education and training rates across Blackpool. A full case study about this can be read on page 11.

This is just one example of the thousands of initiatives supported through the Scheme.

I was struck by the stories of the young people I met in Blackpool, which underscored how – beyond the impressive numbers – the Scheme's true success is measured by the individual lives it is changing for the better.

CONTINUED DEDICATION

Our Board believes in the inherent potential that RFL unlocks from forgotten money to support good causes, and it is our duty to oversee the responsible management of dormant assets. The combined efforts of our Investment, Remuneration, Nomination, and Audit and Risk Committees, as well as the Board as a whole, ensure we continue to practice good governance and responsible stewardship of RFL.

In our fourth year of public ownership as an arm's-length body of HM Treasury, we remain in close and constructive collaboration with colleagues from central government as well as UK Government Investments. Their guidance and support continue to be instrumental in helping RFL to grow prudently.

In February 2025, I was delighted to welcome Colin Ledlie to the team as Non-Executive Director. A skilled actuary and risk professional, with a financial services career of over 30 years, Colin joins at a pivotal moment in RFL's development. We are already benefiting from his wealth of experience at both Executive and Non-Executive levels.

Colin replaces Katherine Garner, who reached the end of her term in December after six years on our Board. On behalf of all of us at RFL, I express our enormous gratitude for her involvement and wise counsel during her tenure and wish her the very best.

I also wish to recognise the efforts of our three Industry Champions: Kirsty Cooper CBE, Tom Riley and Jas Singh. Collectively, they are helping RFL spearhead an industry-led approach to including a wider range of assets in the Scheme. We are particularly grateful for their support in the Chancellor's Dormant Assets roundtable, where they continued to emphasise the transformational change that can be created when the public and private sectors work in partnership.

LOOKING AHEAD

Last year, I wrote about RFL's work with the Financial Conduct Authority and policymakers across Whitehall to open the Scheme to Investment and Wealth Management assets. I am pleased to report that the final regulatory barriers have now been lifted, and RFL is primed to take on investment participants in the near future.

In the 2025 Dormant Assets Scheme Strategy, the government set out its ambition for participation to become the best practice standard mechanism for firms to deal with dormancy. We welcome this objective and RFL is working at pace to realise it – carving out dedicated focus to create greater awareness, build relationships, and support firms' journeys to participation.

I am honoured to be part of this extraordinary organisation, inspired by what we have achieved to date, and look forward to the opportunities of the year ahead.

LAWRENCE M. WEISS
Chair

9 July 2025

"We have continued to break new ground in our work – with a landmark £1 billion now released from dormant financial products to help fund vital social and environmental initiatives."

LAWRENCE M. WEISS
Chair

CERTAINTY AND DELIVERY

SURPASSING EXPECTATIONS

In 2011, I helped to establish RFL with the ambition of receiving some £400 million of dormant assets. Fourteen years later, we have crossed the £2 billion mark of funds brought into the Scheme and exceeded £1 billion in distributions.

It is worth reflecting on this extraordinary achievement: billions of pounds that would otherwise lie forgotten have been unlocked – thanks to businesses who choose, year after year, to do what is right for their customers and our communities.

I am immensely proud of these two major milestones in RFL's history and our continued efforts to put dormant money to work, delivering social benefits right across the UK. These efforts have led to our 2024/25 distributions being the third largest in RFL's history – which, together with our 2023/24 successes and ability to release our operating profits, has increased our estimated funding flows over the 2024-28 period.

RFL is trusted by the financial services industry, proven to be safe for participants and the public, and is a strong strategic choice for boards and senior management looking to pursue their environmental, social, and governance commitments. We remain steadfast in our role as responsible custodians, safeguarding the rights of dormant asset holders while optimising the financial benefits for good causes.

I was delighted to be invited by the Chancellor of the Exchequer to join a Dormant Assets roundtable at Downing Street in June 2025. I welcomed the opportunity to speak about RFL's support for prospective and current participants and look forward to a fruitful ongoing relationship with those at the table and beyond.

Alongside the Secretary of State for the Department of Culture, Media and Sport, the Chancellor made clear the Government's support for the Scheme and announced their funding intentions for the next £440 million in England over 2024-28. This money will go to improving the lives of disadvantaged young people; tackling financial exclusion; maximising investment in charities and social enterprises; and establishing a community wealth fund. This announcement was made possible by RFL's work to release even more funding through the Scheme. It gives me great hope that such engagement and investment can make an increasing difference for the people and places that need it most and continues to be a humbling and invigorating reminder of the importance of our work to see the impact it can have on the ground.

The Scheme has surpassed all initial expectations – but we are not complacent. Even with such achievements under our belt, there is still more to do to deliver on our true potential.

DRIVING GROWTH

We have continued to nurture participation amongst financial institutions, with over fifty firms now engaged, resulting in significant growth this year. High UK interest rates also provided the backdrop to increase our investment income, and, for the first time, the Financial Conduct Authority has granted us the autonomy to distribute our surplus income.

With the Dormant Assets Act 2022 paving the way to open this Scheme to a wider range of assets, we welcomed further transfers from the Insurance and Pensions participants this year, and are preparing to welcome Investment and Wealth Management firms soon. RFL is placing even greater emphasis on our efforts to drive participation, and we continue to partner with stakeholders across the ecosystem to encourage this.

DELIVERING FOR THE FUTURE

We remain committed to managing our cost base and keeping our reserves under review, with a robust programme of work underway to enhance our modelling approach as we evolve into our role as a multi-asset-class reclaim fund.

I would like to take this opportunity to thank Helen Boyd, RFL's former Chief Operating Officer. Helen was instrumental in supporting RFL's journey to make the expansion of the Dormant Assets Scheme a reality and developing closer working relationships with other parts of the dormant asset ecosystem. The Board and staff at RFL wish Helen every success in her future endeavours.

We are a tightly run organisation and I echo our Chair's sentiments in thanking every one of our Board, Executive Committee, and dedicated team – past and present – for their unwavering resolve to making a difference to people's lives. Although there is still much to be done, I have full confidence in our team and partners to continue delivering on our true potential, enhancing communities and enriching lives across the country.

ADRIAN SMITH OBE
Chief Executive

9 July 2025

"We remain steadfast in our role as responsible custodians, safeguarding the rights of dormant asset holders while optimising the financial benefits for good causes."

ADRIAN SMITH OBE
Chief Executive

BREAKING DOWN BARRIERS

£2.68

MILLION INVESTED OVER FIVE YEARS FOR YOUNG PEOPLE IN BLACKPOOL

SUPPORTED BY

Connected Futures, one of Youth Futures Foundation's flagship programmes, works with place-based partnerships across England. The initiative develops and tests new approaches to breaking down barriers and improving access to employment for young people from marginalised backgrounds.

Over £2.68m is being invested over five years to support this approach in Blackpool. There, a collective of local organisations are working together to transform the support offered to young people to raise 16-24 employment, education and training rates in the town.

For more details see Connected Futures – Youth Futures Foundation.

"We are extremely proud to be part of this programme and, by working collaboratively with Youth Futures and sharing the learning and evidence of 'what works' in Blackpool, we are determined to ensure that this vital investment from dormant assets goes on to improve outcomes for young people both locally and nationally."

PAUL O'NEILL
Deputy CEO of Lead Project Partner 'Right to Succeed'

FROM DORMANCY TO DISTRIBUTION

The principal activity of RFL is the receipt and management of dormant asset monies.

ABOUT THE DORMANT ASSETS SCHEME

RFL is a Non-Departmental Public Body, owned by HM Treasury as its shareholder, and authorised and regulated by the Financial Conduct Authority (FCA).

The Dormant Bank and Building Society Accounts Act 2008 ('2008 Act') and the Dormant Assets Act 2022 ('2022 Act') together enable institutions in banking, insurance and pensions, investment and wealth management, and securities sectors to choose to participate in the Dormant Assets Scheme. Participants can transfer to RFL money held in eligible dormant assets, such as bank and building society accounts which have seen no customer-initiated transactions for the relevant amount of time defined for their sector. Legislation protects the right of dormant asset owners to reclaim their money at any time by transferring the individual's claim against the Participant to RFL. All activities are underpinned by the 2008 and 2022 Acts ('the Acts'), RFL's Framework Agreement with HM Treasury, as well as RFL's Articles of Association. A Transfer and Agency Agreement (TAA) is also in place between RFL and each Participant that establishes the contractual framework between the parties.

RFL manages the money that it receives prudently and in accordance with the Acts and relevant regulatory requirements. RFL ensures that it always has enough money available to meet any customer reclaims that may arise, as well as to satisfy its capital requirements and meet its reasonable expenses.

If the Board of RFL determines that there is surplus money available, the 2008 Act enables it to distribute this to TNLCF for social or environmental causes across the UK.

Participation in the Scheme by eligible institutions under the Acts is voluntary.

The Acts establish two variations of the Dormant Assets Scheme:

- a Main Scheme for eligible institutions across all four sectors; and
- an Alternative Scheme for smaller banks or building societies with balance sheet assets of less than £7bn.

Under the Main Scheme, the entire balance of a dormant asset is transferred to RFL. Under the Alternative Scheme (see page 16), a participating bank or building society may transfer an agreed portion of a dormant account's value to RFL and the remainder is distributed to charities that are aligned with the Participants' social purpose. The table on pages 88 and 89 list the organisations that participate in the Schemes and the value of dormant balances that they have transferred.

Before transferring any dormant asset monies to RFL, Participants must try to reunite dormant asset owners with their funds. Where this proves unsuccessful, balances that meet the criteria set out in the Acts and requirements in the TAA may be eligible for transfer to RFL.

If dormant asset owners subsequently wish to reclaim their money, the Participant is appointed under the TAA to act on behalf of RFL to reunite individuals with their funds. Participants remain responsible for managing all aspects of the customer relationship: RFL holds no customer information and customers therefore have no direct relationship with RFL.

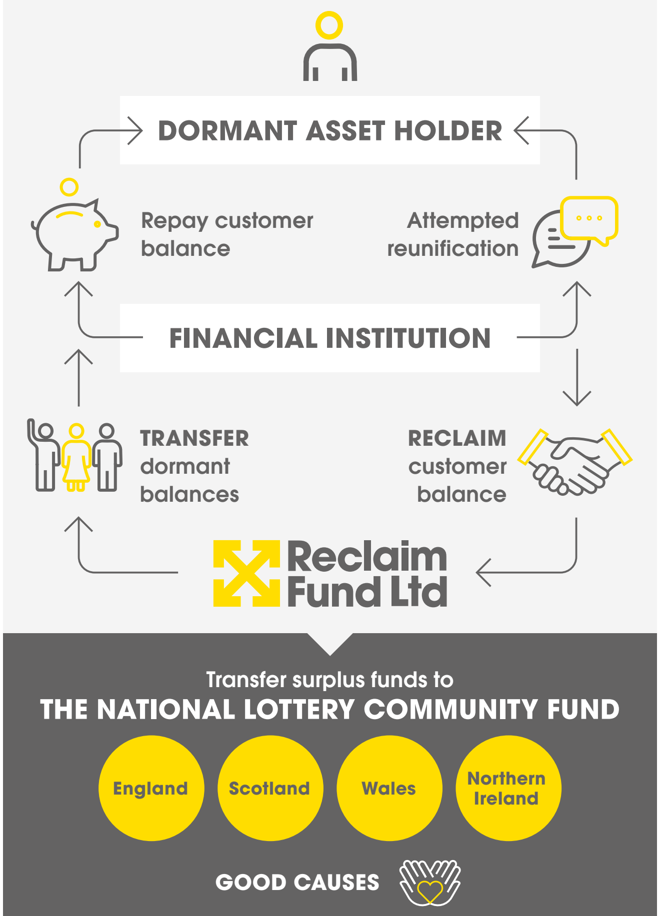
If RFL was, or looked likely to be, unable to meet its responsibility to repay the amount of owners' or beneficiaries' dormant asset balances owed to them, HM Treasury would assess the most appropriate course of action in line with these principles, which may include making a loan to RFL.

IF YOU THINK YOU HAVE A DORMANT ASSET:

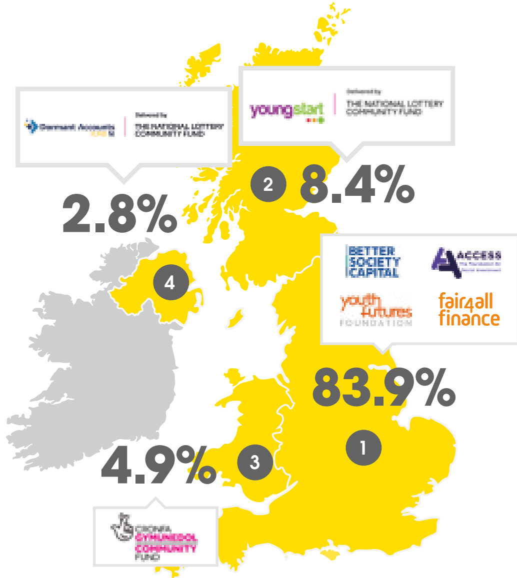
Please contact the participating institution concerned or, for bank and building society accounts, visit mylostaccount.

mylostaccount.org.uk

DORMANT ASSETS SCHEME[1]



1 Excluding Alternative Scheme.



THE OVERSIGHT TRUST

The Oversight Trust – Assets for the Common Good ('the Oversight Trust') is responsible for overseeing the four dormant assets spend organisations in England and for ensuring these organisations operate in line with their missions. It is the sole member of Fair4All Finance, Youth Futures Foundation and Access, which are companies limited by guarantee; and the majority shareholder of Better Society Capital, which is a company limited by shares. The Oversight Trust's aim is to ensure that each of these spend organisations remain true to their objects, with a particular focus on: ensuring good governance; ensuring strategic plans are in accordance with each spend organisation's objects; reviewing the achievement of each organisation's social impact; and reviewing transparency of financial and impact reporting.

WHERE DOES THE MONEY GO?

This year, RFL surpassed an important milestone in our history: unlocking over £1 billion for social and environmental causes. This has enabled money that would otherwise be lying unused to re-enter the economy and support vital charitable and community initiatives.

This has been achieved by transferring surplus funds that are not required to cover future reclaims to TNLCF, which apportions funds in line with the priorities determined in each of the four UK nations. In England, dormant asset spend priorities are determined by the Secretary of State for the Department for Culture, Media and Sport (DCMS), and in the devolved nations by the relevant administration. The current priorities for each nation are:

1	**ENGLAND** Financial inclusion; youth; social investment wholesalers; Community Wealth Funds[1]
2	**SCOTLAND** Young People (Young Start Programme)
3	**WALES** Climate Change; Environment; Sustainability; Young People
4	**NORTHERN IRELAND** increase the capacity, resilience and sustainability of the voluntary, community and social enterprise sector

1 A new cause with details yet to be confirmed.

In England, dormant assets funding is distributed to the four dormant assets spend organisations set out below, while TNLCF distributes directly in the devolved nations:

BETTER SOCIETY CAPITAL
bettersocietycapital.com

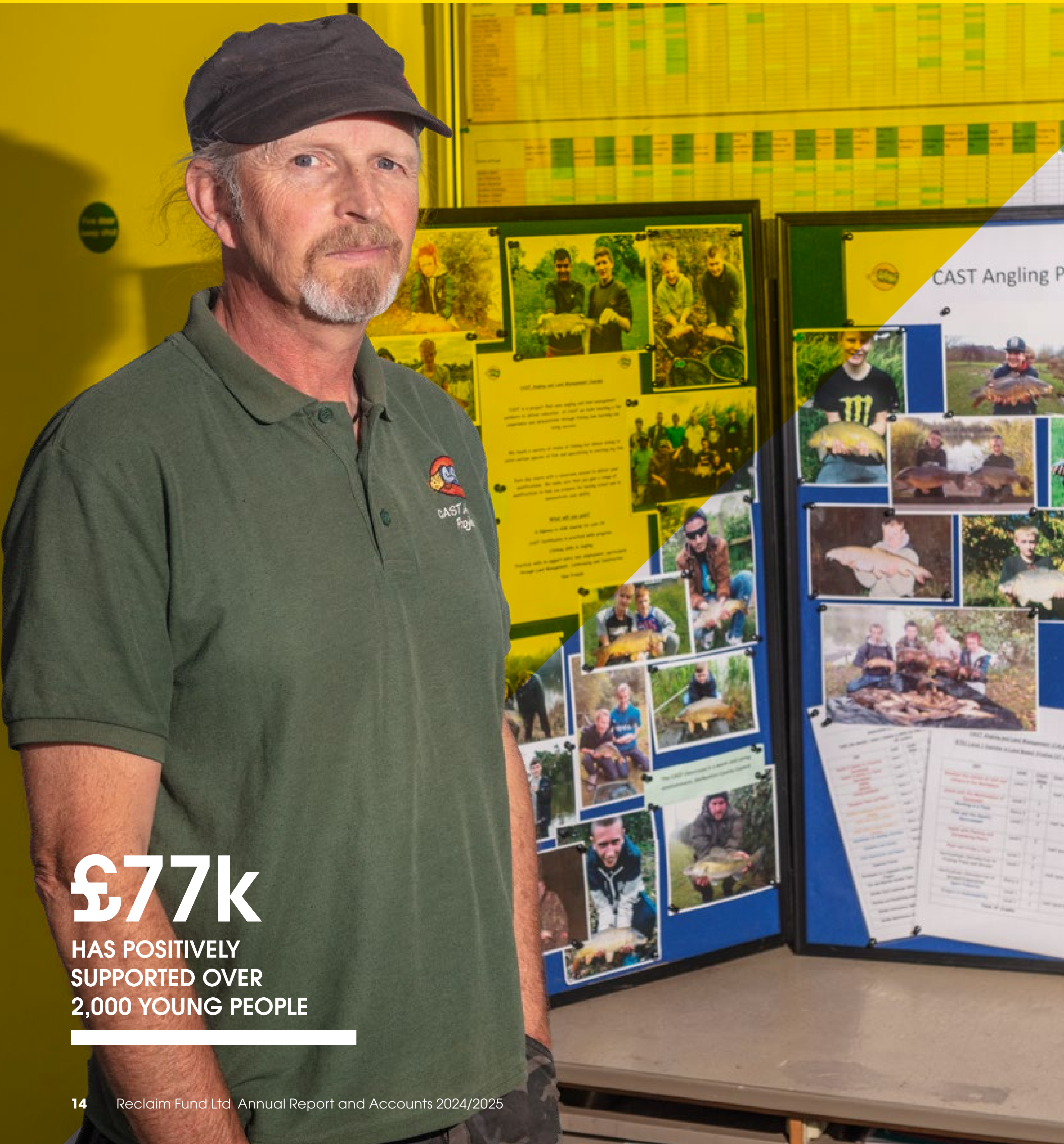
ACCESS The Foundation for Social Investment
access-social investment.org.uk

youth futures FOUNDATION
Youthfuturesfoundation.org

fair4all finance
fair4allfinance.org.uk

CAST (CORNERSTONE ANGLING SKILLS TRAINING)

LEARNING NEW SKILLS



£77k

HAS POSITIVELY SUPPORTED OVER 2,000 YOUNG PEOPLE

SUPPORTED BY

ACCESS The Foundation for Social Investment

CAST (Cornerstone Angling Skills Training) offers an alternative education for children who are struggling with a mainstream school environment.

They use fishing and other practical hands-on tasks to motivate students to learn new skills, and almost all young people leave with a recognised vocational award, certificate or diploma, as well as better communication skills and higher self-esteem.

Receiving £77k of investment through the Growth Fund – delivered by Access through a range of social investors – meant CAST could buy the building they had previously been leasing and set it up as their base, as well as take on five new members of staff to provide additional support for young people.

"It was hugely reassuring to have money in the bank for cashflow as we started out on our own."

MICK LEIVERS
Director of CAST

ALTERNATIVE SCHEME

The Alternative Scheme enables small banks and building societies with balance sheet assets of less than £7bn to support charities with their dormant accounts while transferring the liability to repay customers to RFL.

Under the Alternative Scheme, a participating Bank or Building Society may choose to transfer an agreed proportion of dormant account balances to RFL and the remaining proportion to one or more charities that are aligned with the Participant's social purpose.

Since the Alternative Scheme was first established for banks and building societies in 2019, over £8.9m in dormant assets has been transferred to RFL. Of this, £5.3m has been distributed to aligned or local charities of Participants' choice.

19	629,000
20	608,000
21–22	121,000
22–23	455,000
23–24	188,000
24–25	**1,574,000**

£3,575,000

ALTERNATIVE SCHEME TOTAL INCOME

NEW PARTICIPANT

HANLEY ECONOMIC BUILDING SOCIETY

In April 2024, Hanley Economic Building Society joined other building societies already participating in the Alternative Scheme. There are now nine Alternative Scheme Participants.

"Supporting our local community is one of our core values. Thanks to the Dormant Assets Scheme, we have been able to launch the Hanley at Home Fund, which enables us to give back and help local charities continue the vital work they do every day. We're excited to see the positive difference this initiative can make across the region."

MARK SELBY
CEO of Hanley Economic Building Society

SCHEME EXPANSION

The Scheme has been open to eligible banks and building societies since 2011 and continues to see good growth in participation from this sector. In 2024/25, we welcomed five new Participants to the Main Scheme.

The 2022 Act expanded the Dormant Assets Scheme to include a range of assets in the insurance and pensions, investment and wealth management, and securities sector. This expansion, which has been implemented in phases, has been slower than anticipated due to the complexity of the new assets and comprehensive regulatory and procedural changes that were required after the 2022 Act was passed. We have been working closely with the government, FCA, trade associations, and industry stakeholders to identify and implement pragmatic solutions to the challenges posed while continuing to protect dormant asset owners.

The Scheme was first opened to eligible institutions in the insurance and pensions sector in June 2023, and RFL was delighted to welcome Aviva plc and Legal & General as early adopters. We continue to engage with companies in the sector to raise awareness of the Scheme and invite participation.

We also encourage UK public limited companies to consider participating in the Scheme with their dormant shares and share proceeds, where eligible.

In August 2024, the FCA published rule changes that lifted regulatory barriers to participation from the investment and wealth management sector. Following significant work from RFL, we were delighted that the voluntary requirement (VREQ) that had prevented RFL from accepting investment assets was lifted in January 2025. With both the rule changes published and the VREQ lifted, the major hurdles have now been overcome for this sector and we look forward to welcoming our first investment Participants soon.

While the Scheme offers a unique opportunity both to reunite assets with their owners and to fund vital charitable and community activities at scale, it remains a voluntary Scheme. As such, its success will be based entirely on eligible institutions decision to participate and transfer the eligible assets they hold. RFL stands ready to support potential and current Participants in any way we can to drive continued growth.

DCMS

2025 PARLIAMENTARY REVIEW

Department for Culture, Media & Sport

In February 2025, DCMS published a Parliamentary Review of the Scheme's operation between 2022-2025.1 In it, RFL was recognised as a key partner in the Scheme's success. We were pleased to have received positive feedback from institutions on working with us to process reclaims and support tracing, verification, and reunification efforts – with one Participant noting that 'discussions with RFL are open and honest' and all respondents finding it 'easy' or 'very easy' to work with us.

www.gov.uk/government/publications/dormant-assets-parliamentary-review-2025

In the summary of its findings, DCMS noted:

"One of the Scheme's key benefits is providing participating firms with a proven mechanism for dealing with their dormant assets. Positive feedback on the ease of transfers into the Scheme is corroborated by the fact that participants in the banking sector continue to transfer on an ongoing basis, with no significant obstacles recorded thus far. {...} It is important to acknowledge that the original ambition for the Scheme to bring in around £400 million in transfers has been significantly exceeded, which demonstrates the successful operation of the Scheme to date, and helped to pave the way for its expansion."

PRINCIPAL ACTIVITIES

The principal activity of Reclaim Fund Ltd is the receipt and management of dormant asset monies. It has been actively operating since 28 March 2011.

As set out in the preceding chapters, legislation enables eligible organisations to voluntarily transfer dormant assets to RFL and for surplus funds to be distributed to TNLCF and then onward to good causes across the UK. This is known as the Main Scheme. Currently, eligible banks, building societies, insurance and pensions providers, and UK publicly limited companies can join the Main Scheme, and it will soon open to investment and wealth management firms.

In addition, RFL operates an Alternative Scheme for smaller banks and building societies with balance sheets assets of less than £7bn. This enables them to transfer an agreed proportion of a dormant account balance to RFL and the remaining proportion to charities with which they share a special connection, such as those supporting their local community.

Both Schemes ensure that the right of dormant asset owners, or their beneficiaries, to reclaim their money is protected in perpetuity. It achieves this by transferring the individual's claim against the financial institution to RFL, ensuring that customers can always get back the equivalent of what they would have received had a transfer into the Scheme not occurred. RFL therefore reserves a prudent portion of dormant assets to meet any future reclaims.

RFL's strategy is aligned to the operational activities permitted under the Acts, its Framework Document with HM Treasury as its shareholder, and its Articles of Association. It is permitted under the 2008 Act and its Articles to invest funds and to defray administrative costs and other reasonable expenses.

OUR STORY

RFL commenced operations in 2011, following the passage of the 2008 Act and receipt of regulatory authorisation to act as an authorised reclaim fund. The 2022 Act named RFL as the authorised operator of the UK Dormant Assets Scheme, and it remains its sole operator.

RFL was established by, and originally was a wholly owned subsidiary of the Co-Operative Group Limited. In late 2019, the Office for National Statistics ('ONS') conducted a review of RFL and classified RFL as part of the central government sector for statistical purposes, effective retrospectively from the point of RFL's establishment. The shares in RFL were subsequently transferred to the Solicitor for the Affairs of HM Treasury on 30 March 2021 and RFL became a Non-Departmental Public Body (NDPB), sponsored by HM Treasury.

As an NDPB, RFL has an important role in the processes of the government and works to deliver the Scheme in line with its priorities.

A Framework Document, setting out the broad governance framework within which RFL, HM Treasury, UK Government Investments (in its capacity as representative of HM Treasury) and DCMS (in its joint policy role with HM Treasury) operate, has been agreed between HM Treasury and RFL and has been approved by HM Treasury in accordance with HM Treasury's handbook *Managing Public Money*. The Framework Document does not, however, convey any legal powers or responsibilities.

More information can be found in the Corporate Governance Statement on page 36.

REVIEW OF THE YEAR

RFL accepted £164.5m (2023/24: £219.4m) of dormant account transfers from 19 of the 41 participating UK Banks and Building Societies in the Main Scheme (2023/24: 14 of 36). The Scheme is voluntary for financial institutions and as such eligible organisations can choose whether to contribute to the Scheme and to what extent. In 2023/24 RFL experienced an exceptional year with dormant account transfers received in 2024/25 settling to historic levels. Additionally, RFL accepted liability for £1.6m (2023/24: £0.2m) of dormant account monies from Alternative Scheme Participants, with two new Participants joining during the year. The Company also accepted £6.7m from an Insurance Participant (2023/24: £21.4m), and £0.3m from a Pensions Participant (2023/24: £5k).

Operating expenses consist of staff costs, Directors' fees, investment management fees, and other costs incurred in the normal course of operating an FCA-regulated business and arm's-length body, totalling £5.1m (2023/24: £4.4m) in the year. The RFL business model is built on a combination of in-house operations and outsourced suppliers. The primary driver for the increase in costs is the additional headcount required to deliver the strategic plans set by the Board.

Set-up costs of £1.2m (2023/24: £1.3m) have been incurred for Scheme expansion. These include fees for project management, business consultancy, and legal support on the new Transfer and Agency Agreement (TAA) in place for the new sectors eligible to join the Scheme, and regulatory advice. Significant progress has been made in opening the Scheme to the expanded range of Participants, notably including negotiations with Investment and Wealth Management stakeholders on a TAA for their sector. Building on the progress made over 2024/25, we are working to deliver a full opening to eligible investment organisations in 2025/26.

Distributions paid to TNLCF during 2024/25 were £143.4m (2023/24: £90.4m), the large increase reflecting the significant dormant asset contributions from Banks and Building Societies in 2023/24. A further distribution of £142.8m was approved by the Board on 9 July 2025 taking cumulative distributions to more than £1.2bn. The distribution amount approved for the year consists of amounts received from participants of £102.5m plus operating profits of £22.5m and £17.7m relating to 2024/25 and 2023/24 respectively.

Total assets have increased from £877.4m to £906.2m in the year, reflecting the large inflows of dormant assets in the year, net of distribution and reclaim payments. Of these assets, investment securities have increased by £136.3m from £331.0m to £467.3m at 31 March 2025. Following the decision made by the Board to cease reinvestment of maturing bonds in the previous year, the revised investment strategy was implemented in April 2024. This commenced the reinvestment of previous maturing bonds in line with the new floating rate notes investment strategy. A decision was also made to transfer a further £55.0m from cash held with the Bank of England to invest in floating rate notes, which was fully invested at 31 March 2025.

Trade and other payables has increased year on year due to a number of reclaims being outstanding at 31 March 2025. These were subsequently paid within the time period set in the Transfer and Agency Agreement.

RFL continues to set aside sufficient funds to meet the reclaims it is prudent to anticipate in perpetuity. The best estimate reclaim provision continues to be refined using significant actuarial expertise and has resulted in a reclaim provision of £186.7m at 31 March 2025 (2023/24: £173.9m). Further analysis and sensitivities can be seen in Notes 1 and 9.

A number of reclaims were paid to participants, amounting to £26.0m (2023/24: £21.3m). Of the £26.0m paid in the year, £24.6m related to dormant assets received to 31 March 2024 and the remaining £1.4m related to dormant assets received in the year to 31 March 2025. As at 31 March 2024, the best estimate model predicted reclaims of £24.6m, which closely aligns to the £26.0m paid out in the year. RFL continues to refine the model in light of additional reclaim experience.

The RFL team celebrate a milestone £2bn in transfers since the Scheme's inception.

KEY PERFORMANCE INDICATORS

During the year, the Board and its Committees have reviewed RFL's performance through key performance indicators (KPIs), the results of which provide an overview of its Participants, stakeholders, processes and financial strength.

NON-FINANCIAL STATISTICS

PARTICIPANTS[1]	Level of participation in the Scheme by eligible Participants.	During the year to 31 March 2025, amounts were received in respect of dormant assets from 19 of the 41 Main Scheme Participants (2023/24: 14 of 36), from 8 of the 9 Alternative Scheme Participants (2023/24: 4 of 7), and from each of the Participants in the Insurance and Pensions sectors.
SUPPLIERS	Agreements with outsourced service providers that comply with set service level standards on quality, cost and timeliness.	All outsourced services were provided to RFL at agreed costs and all services were delivered to standards set out in service level agreements.
PROCESSES	Compliance with regulations and contracts with external parties.	There were no known breaches of any regulations or contracts with external parties during the year.

1 Investment and wealth management firms were not eligible to participate during the 2024/25 financial year.

FINANCIAL KPIS

AMOUNTS RECEIVED FROM PARTICIPANTS

£173.0m

(2023/24: £241.0M)

In 2024/25, transfers exceeded management's expectation, taking total transfers since inception to more than £2.16bn. Contributions were received from all four active sectors of the Scheme. The Dormant Assets Scheme is voluntary, with participants providing indicative forecasts which management measure performance against. 2023/24 saw exceptionally high contributions from Banks and Building Societies with dormant transfers settling in 2024/25 to align with those seen historically.

LIQUIDITY - CASH HELD

£438.5m

(2023/24: £545.9M)

RFL predominantly holds cash balances with the Bank of England, which provides a high degree of security and liquidity, with the remaining cash being held by its investment manager. RFL undertook a review of its investment strategy in late 2023 and on completion of this, RFL transferred a further £55.0m from the cash held with Bank of England to invest in floating rate notes, which was fully invested at 31 March 2025.

ONGOING OPERATING COSTS

£5.1m

(2023/24: £4.4M)

Ongoing operating costs reflect the business activities undertaken in 2024/25. These include staff costs, outsourcing fees, consultancy fees, professional services, costs for legal and actuarial advice and investment management fees. Annual budgets are reviewed and approved by the Board, with costs being regularly monitored. The primary driver for the increase is the additional headcount required to deliver the strategic plans set by the Board.

INVESTMENT SECURITIES HELD

£467.3m

(2023/24: £331.0M)

We maintain a highly liquid and secure portfolio. Following the decision made by the Board to cease reinvestment of maturing bonds in the previous year, the revised investment strategy was implemented in April 2024. This commenced the reinvestment of previous maturing bonds in line with the new floating rate notes investment strategy, which results in a change of asset mix between fixed and floating income instruments within investment securities.

SCHEME EXPANSION SET-UP COSTS

£1.2m

(2023/24: £1.3M)

RFL has incurred costs for project management, business consultancy, legal support on the new TAA and regulatory advice required for the expanded Scheme. 2024/25 saw significant progress in tackling barriers to sectors' participation in the Scheme, notably including the passage of FCA regulations and negotiations with Investment and Wealth Management stakeholders in respect of a TAA for their sector.

AMOUNTS SET ASIDE TO SUPPORT THE LONG-TERM BUSINESS

£756.7m

(2023/24: £730.1M)

The total amount reflects both the reclaim provision and the Company's capital and reserves available to support the long-term viability of the business – i.e. amounts required to meet reclaims in perpetuity under stressed conditions and regulatory requirements. The Board has determined that RFL holds sufficient capital to run the business in the long term and to meet its regulatory requirements.

BRIDGING THE GAP

£100k

FOR YOUNG PEOPLE WITH ADDITIONAL SUPPORT NEEDS

SUPPORTED BY

Delivered by THE NATIONAL LOTTERY COMMUNITY FUND

The Hansel Alliance 'Bridging the Gap' project based in Ayr supports young people with additional support needs as they move from school towards paid employment. The project received a grant of £100,000 from Young Start Scotland, which has helped young individuals like 22-year-old Sam Wilson.

Before finding the project, Sam had been coasting through various college courses that didn't interest or excite her. The project provided horticulture work experience, and she quickly immersed herself in various aspects of ground maintenance, such as weeding and planting trees.

Over time, Sam progressed in her role and became a buddy, developing her leadership skills while supporting new participants as they join the project.

"I thought I had no opportunities, but with the support of Hansel Alliance, I am finally doing something that gets me outside, keeps me busy and most importantly is something that I love."

SAM
Participant of Bridging the Gap

DIRECTORS' DUTY TO RFL'S WIDER STAKEHOLDER BASE

RFL's unique status as an authorised reclaim fund is constituted in accordance with the Acts. The Directors of RFL have a duty to act in a manner that they consider in good faith will best achieve RFL's purpose.

The Board is acutely aware of its responsibilities to ensure the long-term success of RFL, and to demonstrate its alignment to the Section 172 statement required by the Companies Act 2006.

The Board has analysed the wider stakeholder base and has considered each stakeholder.

DORMANT ASSET OWNERS

Sufficient funds must be available to meet reclaims of any dormant asset balances in perpetuity.

As a result, careful analysis, including extensive work on reclaim modelling, has been undertaken by the Board to ensure dormant balance transfers to RFL from Participants are protected and invested prudently to meet all future obligations.

SCHEME BENEFICIARIES

RFL's purpose is to unlock the potential of dormant assets to enhance communities and enrich lives.

This is achieved by transferring surplus funds not required to cover future reclaims and regulatory capital to TNLCF, which then distributes funding to good causes. RFL communicates the benefits of the Scheme through its regular newsletter, website, and social media, as well as in discussions with prospective Participants. The Board agreed at the July 2025 meeting to release a further £142.8m to TNLCF to benefit good causes, taking the total value that RFL has unlocked to over £1.2 billion since 2011.

SCHEME PARTICIPANTS

RFL has regular communication with Scheme Participants, and provides proactive support for Scheme onboarding, transfers, and reclaims.

This includes, but is not limited to, regular meetings, the annual self-certification questionnaire, and introductions to other Participants to share experiences and best practices. RFL also participates in selected third-party events, such as the Building Societies Association's and Association of British Insurers' annual conferences. In 2024, DCMS launched a Call for Evidence to support its 2025 Parliamentary Review of the Scheme. Respondents all reported that they found it 'easy' or 'very easy' to work with RFL.

SHAREHOLDER

UK Government Investments (UKGI) acts as the representative of RFL's sole shareholder, HM Treasury, as outlined in the Framework Document.

HM Treasury's views are considered through a UKGI-employed Shareholder Representative Non-Executive Director, who attends Board and Committee meetings, and through close working relationships between representatives of UKGI, HMT and RFL. A quarterly meeting is chaired by UKGI in which RFL executives and government representatives attend to discuss RFL's business plan, strategic objectives, business performance and risks with deep dive sessions held periodically.

GOVERNMENT

RFL continues to engage closely with our government stakeholders, most notably HM Treasury and DCMS, with regular communications via senior management.

RFL attends the DCMS-led Dormant Assets Expansion Board (DAEB), a discussion forum that emerged from early work to expand the Scheme in 2018, which brings together government, regulatory and industry stakeholders to establish and deliver on the roadmap to Scheme expansion.

OUR REGULATOR

The Company is regulated by the FCA. RFL's Chief Executive and Chief Risk Officer maintain regular contact with RFL's FCA supervisor on regulatory and supervisory matters.

The Board and management have put robust systems and controls in place, which are regularly checked for effectiveness, to ensure that RFL continues to operate within its regulatory framework. Following productive discussions, the FCA confirmed in December 2024 that it no longer has a role in setting financial resource requirements for RFL and removed its ICG.

DIRECTORS' DUTY TO RFL'S WIDER STAKEHOLDER BASE CONTINUED

FAST PAYER

RFL has once again received the Good Business Pays CIC 'Fast Payer Award', which recognises those with the best supplier payment performance over the past year.

To win this award, a business must pay suppliers in less than 27 days (on average) and pay over 95% of their invoices or more on time over a 12-month period.

Our Finance & Procurement teams work hard to maintain positive supplier relationships and constantly work to improve payment processes.

"We are proud to receive the Fast Payer award, recognising our commitment to prompt payments. In the world of small businesses, cash flow is so important. Timely payments help strengthen relationships, support growth and create a thriving business community."

KIMBERLEY SNELL
Assistant Accountant

OUR SUPPLIERS

We rely on a range of key suppliers to support our operations, including technology and professional services.

Our procurement processes are aligned with the principles of the Procurement Act 2023 and the expectations set out in Managing Public Money, ensuring that all procurement activity is conducted with transparency, fairness and value for money. Key suppliers are reviewed at least annually to assess performance and ensure ongoing compliance with our contractual, regulatory and ethical standards – including the Modern Slavery Act, GDPR and other applicable requirements. We are committed to maintaining responsible and secure supply chains that align with our company values.

EMPLOYEES

RFL has a small, highly professional permanent team, complemented by contract project staff, and outsources several activities to specialist third parties.

Staff engagement is strong, an open culture is encouraged, and the Board supports management's investment in its workforce, including support for training and development. RFL adopts a flexible, hybrid working policy, whilst leveraging the office as a collaborative hub. RFL has been awarded a gold standard 'We Invest in Wellbeing' award, has Investors in People Gold status, and was accredited as a Living Wage employer once again in 2024.

The RFL team visit some of the young people in Blackpool taking part in the Connected Futures programme.

ENVIRONMENT

RFL is committed to managing its use of resources and its environmental impact. The Board and Executive continue to focus on the impact of RFL's core activities, notably the impact of its investment activities, people and suppliers.

The Company will continue to review climate change regulation and adapt its operations where necessary to ensure its work aligns to its purpose, mission and values. The Board has defined its sustainability risk and risk appetite statement in RFL's Sustainability Framework. More information can be found in the Sustainability Report on pages 28 to 30.

OUR ESG COMMITMENTS

RFL has an exemption from the UK Government Greening Commitments reporting, as an Arms Length Body with an operational footprint below the required threshold of 50 employees and an office size under 500m². RFL is committed in supporting sustainability and therefore chooses to disclose our ESG commitments on a voluntary basis.

RFL has assessed its energy consumption against energy and carbon criteria in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and it is under the 40,000 kWh minimum criteria. RFL has therefore taken the decision to omit these disclosures in the Sustainability Report.

The Board of RFL has taken the approach of setting out its Sustainability Framework, incorporating environmental, social and governance (ESG) elements, with a high-level policy statement outlining RFL's risk appetite and targets. This is set out in the diagram below.

RFL uses the Task Force on Climate-related Financial Disclosures (TCFD) framework to cover all three ESG elements.

SUSTAINABILITY FRAMEWORK

TCFD Methodology	Accountability	Responsible for	Sustainability Policy Statement		
GOVERNANCE	Board	Owning the Strategy	SUSTAINABILITY – ESG STRATEGY & BUSINESS MODEL		
	AARC[1]	Oversight	Environment	Social	Governance
	Management	Implementation			
STRATEGY	Board	Actual and potential impacts on RFL	• Transitional • Physical	• Diversity • Inclusion • Development	• Transparency • Accountability • Independence • Ethical Behaviour
RISK MANAGEMENT	AARC[1]	Reporting on key risks	ACCEPT – MITIGATE/ADAPT – AVOID		
	Management	Management within risk appetite	• Investment Strategy • Working practices	• Governance • Investment Strategy • Working practices	• Governance • Investment Strategy • Working practices
METRICS & TARGETS	AARC[1]	Set Targets	**Targets** – Taking into account: UN Social Development Goals (SDG), Green House Gas Emissions, Government commitments Metrics – Set to manage within appetite Reporting – HMT, Annual Report and Accounts		
	Management	Set KRIs			

1 AARC – Audit and Risk Committee.

KEY ELEMENTS OF RFL'S SUSTAINABILITY POLICY

The Board has defined what sustainability risk means to the Company and its appetite for risk, and has implemented a robust governance framework, including key targets and metrics, to ensure RFL operates in line with its defined risk appetite. The Board continues to reassess and evaluate progress and the suitability of the framework on a regular basis.

Definition of sustainability risk: 'An uncertain social, governance or environmental event or condition that, if it occurs, can cause significant negative impact on the Company.'

Risk appetite statement: 'The Board has no appetite for activities that could impact RFL's journey to a sustainable position, this being aligned to the UK Government's Net Zero by 2050 target, the 'Paris Agreement' and the Financial Conduct Authority's Social and Governance aims on diversity and inclusion.'

Risk assessment: The Board, supported by management, has carried out a risk assessment across the three elements of ESG to identify where RFL can have a material impact. This disclosure focuses primarily on the following:

- environmental: transition, physical and litigation risk factors and related opportunities;
- social: non-adherence of RFL's supply chain partners to RFL's modern slavery policy; and
- governance: a lack of diversity at Board or governing body level.

SUSTAINABILITY FRAMEWORK

The elements of the framework are set out below:

GOVERNANCE

The Board owns RFL's Sustainability Framework and provides oversight of the risks, opportunities and performance against targets. Responsibilities are then disseminated from Board Committees through to management who carry out the day-to-day assessment and management of climate-related risks and opportunities.

STRATEGY

The Board has assessed the RFL-specific risks and opportunities over the short, medium and long term. In carrying out this assessment, RFL ensures that its investment mandate and Sustainability targets are aligned and that any changes to operations and investment management are proportionate, manageable and cost-effective.

RISK MANAGEMENT

The Board integrates these risks and opportunities into RFL's Enterprise Risk Management Framework in order to ensure that they are assessed and managed appropriately and considered in RFL's Internal Capital Adequacy Assessment Process (ICAAP) and Operating Plan.

METRICS AND TARGETS

RFL's ESG targets are reviewed and approved by the RFL Board each year and are split between RFL's investment portfolio and governance and operational targets. A comparison of actual performance to these targets is tracked by management and Board, with performance ahead of target for the majority of metrics. The target range aims to meet the Government's Net Zero by 2050 commitment.

This year, a female Non-Executive Director (NED) on the Board reached the end of her term. The Nomination Committee recommended that Colin Ledlie be appointed as a Non-Executive Director of the Board, which was agreed by the Board and approved by the Economic Secretary to the Treasury. The outgoing NED brought actuarial experience to the Board and her successor was the only viable candidate similarly qualified with this key skillset. RFL is keenly aware of the importance of diversity at senior levels in the organisation and will continue to consider the gender balance of the Board in making recommendations for future appointments and proactively seeking a diverse pool of candidates for interview.

OUR ESG COMMITMENTS CONTINUED

The table below shows the position as at 31 March 2025.

	RFL 2022 to 2050 target range	RFL position at 31 March 2025	Status
Investment portfolio			
Environmental – Greenhouse gas (GHG) carbon intensity (MSCI `tCO2e/$MM')[1]	40 reducing to 0	23.8	On track
Environmental – Overall MSCI rating[2]	6.4 (A) increasing to 10 (AAA)	6.8 (AA)	On track
Social – Overall MSCI rating	5.0 (BBB) increasing to 8.6 (AA)	5.4 (BBB)	On track
Governance – Overall MSCI rating	5.0 (BBB) increasing to 8.6 (AA)	6.6 (A)	On track
RFL governance and operations			
Environmental – GHG emissions	RFL has an immaterial GHG operational footprint	RFL has an immaterial GHG operational footprint	On track
Social – modern slavery	Key supply chain monitoring of adherence to supply code of conduct	Based on RFL's active monitoring, RFL is unaware of any modern slavery concerns within its current supply chain.	On track
Governance – % women on Board	>=40%	25%	Monitoring[3]
Governance – Ethnic minority representation on the Board	>=1	1	On track

1 tCO_2e/$MM is defined as tonnes (t) of carbon dioxide (CO_2) equivalent (e) per USD millions of revenue.

2 MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. MSCI uses a rules-based methodology to identify industry leaders and less advanced companies according to their exposure to ESG risks and how well they manage those risks relative to peers. Their ESG ratings range from leader (AAA, AA) to average (A, BBB, BB) and less advanced (B, CCC).

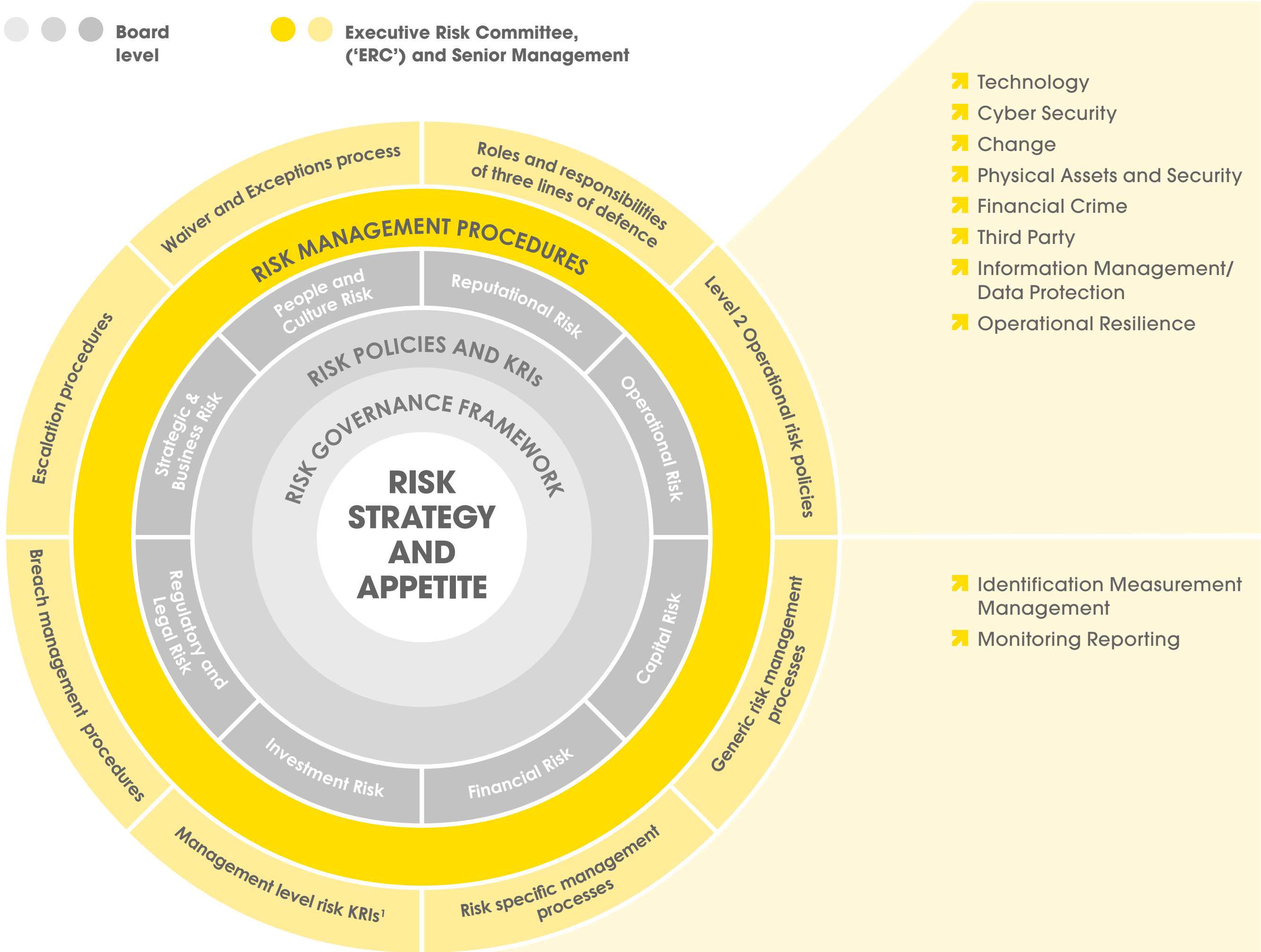
3 RFL recognises the current gender balance of the Board (75% male, 25% female) is lower than previously and is committed to promoting diversity in its broadest sense in future Board and leadership recruitment processes.

EVALUATING AND MANAGING RISKS

Risk management is the process of identifying, evaluating and managing risks in order to reduce threats and take opportunities in support of delivering RFL's strategy.

OUR RISK MANAGEMENT FRAMEWORK

The Board is responsible for setting RFL's risk appetite and ensuring that appropriate risk management systems are in place. The Board reviews the Risk Management Framework throughout the year as part of its rolling agenda and regularly assesses the principal risks. This approach facilitates a common, RFL-wide approach to the identification, analysis, and assessment of risks, including the way they are managed, controlled, and monitored. Throughout the year, RFL has managed its risks to ensure that it complies with the Acts and other relevant legislation.



1 KRI = Key risk indicator.

EVALUATING AND MANAGING RISKS CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

RFL operates in a regulated environment and is subject to legislative and regulatory requirements, with the sole regulator being the FCA. In line with the requirements of the Acts, the Board is responsible for strategy, risk, and overall corporate governance. This also includes ensuring that there are adequate systems of risk management in place, and that the level of capital held is consistent with the risk profile of the business and meets the Board Risk Appetite and any regulatory requirements.

OUR RISK MANAGEMENT FRAMEWORK

Whilst the Board retains oversight of risk management, day-to-day responsibility is delegated to the Chief Executive, supported by the Executive team. This includes the identification, evaluation, and monitoring of key risks and the implementation of RFL-wide risk management processes and controls.

The Executive is supported in this by the Executive Risk Committee, which reviews the effectiveness of RFL's risk management systems and reports to the Board on the results of its review. The occurrence of any material control issues; serious incidents; major commercial, financial or reputational issues; or new emerging risks is reported to the Audit and Risk Committee (AARC) and Board as appropriate on a timely basis.

HOW WE MANAGE RISK

RFL uses a 'three lines of defence' model through which it manages significant risks, overseen by the Board and AARC:

First line: Risk ownership and control by the business is part of day-to-day operations, under the direction of the Executive.

Second line: RFL's Risk and Compliance function, under the direction of the Chief Risk Officer (CRO), provides oversight of business activities, assesses risk across the business on a regular basis, and provides guidance on the application of risk management. The Second Line reports on a regular basis to the Board and AARC, and the CRO has direct access to the Chair of the AARC at any time.

Third line: Independent assurance over RFL's risk management, control, and governance processes is provided by RFL's internal audit service provider, Deloitte LLP, which has a direct reporting line to AARC.

KEY RISKS IN 2024/25

RFL is exposed to various risks both internally and externally. Through both first and second-line activities, Management has oversight of these risks. Where these risks have the potential to go beyond their acceptable risk threshold, Management takes decisive action to ensure that these risks do not materialise.

Some of the key risk areas include:

1. Macro-economic instability impacts RFL from a strategic and operational perspective. The level of geo-political uncertainty remains high, with uncertain outcomes. Whilst RFL has managed the impacts of this risk effectively over recent years, if it crystallised, this risk could lead to higher reclaim rates, volatility in investment performance and increased operational costs.
2. The expansion of the Dormant Assets Scheme, in line with the 2022 Act, is resulting in a significant amount of change over a short period of time, in particular in relation to opening to the Investments & Wealth Management sector. For example, the FCA has requested that RFL takes significant steps to manage dormant assets if a participating firm is subject to a disorderly insolvency with no successor to take on the obligations of their TAA. This would have considerable implications for RFL's operating model should the situation occur.

   Furthermore, such an event would require a change in regulatory approach and oversight. In this instance, RFL would become a business-to-customer operation and would be subject to increased regulatory requirements such as Consumer Duty. Moreover, taking on different asset classes, such as investment assets with a fluctuating reclaim value, will require RFL to adopt new ways of monitoring and reserving for these funds. Both changes require substantial operational adaptation, towards which RFL is currently working.

The expansion of the Dormant Assets Scheme, in conjunction with macro-economic instability poses potential risks to RFL that impact on:

- Its reserving policy for reclaims in perpetuity
- Pressure on current internal resources due to significant business and operational change; and
- Reduced bandwidth and/or lack of internal resource or expertise.

Key – Risk exposure:

Stable Increasing Decreasing

PRINCIPAL RISKS

The table below sets out the principal risks that have an impact on our strategy and objectives.

Principal risk	Detail	Trend	Mitigations
Reclaim risk	Reclaim risk is the risk that RFL does not retain sufficient funds to meet future reclaims in perpetuity. RFL recognises the increased risk from the new asset classes where, in contrast to our experience with banks and building societies, reclaim behaviour is unknown. When considered in aggregate with the asset classes with which RFL has more experience, RFL's overall exposure is assessed as stable.	Stable	• RFL's policy is to maintain prudent reclaim provisions and capital for future reclaims to reflect the longevity of the risk of reclaim. • The level of reclaims is rigorously monitored on an ongoing basis. • RFL continues to use actuarial expertise to consider stress events that could lead to an increase in reclaim rates.
Strategic and business risk	Strategic and business risk is defined as the risk of not being able to carry out RFL's Operating Plan and desired strategy. Strategic risk also encompasses RFL's exposure to a wide range of macro-economic, geo-political, banking, regulatory and other external risks, particularly relating to dormant assets. The overall risk level increases when a number of risks combine at a single point in time. RFL's risk exposure remains stable as the same as last year, for reasons including the impact of ongoing geo-political risk.	Stable	• The Board and Executive continually consider the impact of current events on RFL's strategic objectives. • Management undertakes horizon scanning for future developments which could impact on RFL and develops actions where needed.
Regulatory and Legal risk	RFL operates in a regulated environment and is subject to significant legislative requirements. By having the unique classification of 'Dormant Account Fund Operator', it is regulated by the FCA with regulatory obligations. RFL's risk exposure is assessed as stable following positive communications with the regulator on opening to new participants, including lifting the Voluntary Requirement that prevented RFL from accepting investment assets.	Stable	• Communication and collaboration with the regulator on any proposed internal or external material changes. • RFL uses a combination of in-house and external regulatory and legal experts to ensure proactive compliance with regulations/legislation.

EVALUATING AND MANAGING RISKS CONTINUED

Principal risk	Detail	Trend	Mitigations
Operational risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. RFL's risk exposure is assessed as increasing. This is due to the potential increased operational complexity driven by Scheme expansion, the ongoing systems implementations, the development of a new reserving and capital approach and the recruitment and integration of new members of staff. In addition, similarly to most other financial organisations, RFL faces cyber security threats which continue to evolve and have the potential to disrupt RFL's operations.	↑	• Twice-yearly Risk and Control Self-Assessment (RCSA) completed by second line and approved by AARC. The RCSA attests to the effectiveness of RFL's control environment against its identified risks. • Regular review of preventative and detective controls. • Second-line review of RFL operations and any proposed changes. • Early involvement of second line in all relevant operational initiatives. • Use of external specialists to address specific risks and provide third-line internal audit reviews. • Introduction of improved technology to reduce reliance on individuals and provide scalability. • Refined organisation design and new appointments to increase organisational depth, capacity and expertise. • Cyber strategy in place to anticipate and respond to cyber threats.
Change risk	Change risk is defined as the risk of relying on a small core RFL team to deliver and absorb the level of change created by strategic initiatives, most notably Scheme expansion. RFL's exposure is assessed as increasing due to the technological and process changes needed to support Scheme expansion, along with the ongoing implementation of the Customer Relationship Management ('CRM') and Risk system.	↑	• Use of external specialists to provide advice and guidance on more complex aspects of Scheme expansion. • Refined organisation structure and new appointments to increase organisational knowledge, capacity and expertise. • Regular monitoring of change delivery, risks and issues by Executive team.
Financial risk	Financial risk is defined as the risk that cash flow may not be available to pay obligations when due. Financial risk is also defined as the risk that statutory financial reporting is materially mis-stated. Financial risk remains stable due to effective cash management and robust financial reporting controls.	← →	• RFL's policy is to ensure it has sufficient funds to fulfil liabilities as they fall due. • RFL operates within a robust financial control environment, including appropriate segregation of duties and review. • All financial regulatory reporting is approved by the CFO and CEO before being submitted. The AARC and Board also review and approve the Annual Report and Accounts and ICAAP prior to submission to the regulator.

Key – Risk exposure:

Stable Increasing Decreasing

Principal risk	Detail	Trend	Mitigations
Investment risk	Investment risk is defined as the monetary loss due to fluctuations in the level and volatility of market prices of assets and the credit standing of issuers of securities. Since the end of the financial year there has been significant market volatility stemming from tariff policy uncertainty in the USA. RFL's investment securities are underpinned by a strict and cautious investment mandate, with purchases being restricted to investments graded no lower than BBB+ and concentrated in high-quality bank issuers. Whilst deep recessionary circumstances could put pressure on issuers and prompt asset impairments, potentially resulting in credit downgrades, the extent and severity of an economic downturn would need to be significant given the robustness of the financial sector to previous episodes of market stress. RFL's new investment strategy also focuses on the purchase of covered bonds, which by nature have a dual-recourse. These factors help to enhance the robustness of RFL's investments to the impact of any market uncertainty and investment risk. Investment risk remains stable as it continues to be mitigated through effective cash management and investment oversight.	Stable	• The Board has delegated responsibility for overseeing the investment mandate to an experienced Investment Committee. • RFL outsources its investment management to a respected fund manager. • Investment decisions are made in line with a strict investment mandate in order to manage RFL's exposure to credit risk. RFL actively reviews this mandate, working closely with the outsourced investment manager. • Any downgrading of investments is considered by our investment manager and by the Executive to determine whether it remains appropriate to continue to hold the affected investments with the Investment Committee informed of the decision.
Capital risk	Capital risk is defined as the risk that RFL does not hold appropriate levels of capital to withstand fluctuations in its assets and cannot meet reclaims nor long-term operating costs. The FCA confirmed in December 2024 that it no longer has a role in setting financial resource requirements for RFL and removed its ICG. The level of capital maintained is now a matter for RFL's Board, although the FCA note a regulatory requirement for RFL to hold appropriate financial resources in respect of its activities as a reclaim fund. In response, management is developing a new reserving and capital strategy which ensures RFL holds appropriate capital in line with its risk appetite. Capital risk remains stable due to effective management of cash flows.	Stable	• RFL's policy is to maintain prudent reclaim provisions and capital for future reclaims to reflect the longevity of the risk of reclaim. • Management is working through the development of the revised reserving and capital strategy to replace the current ICG. The approach will remain in place until the new reserving and capital strategy has been considered and approved by the Board, anticipated to be completed by the end of FY 2025/26.

The Strategic Report on pages 2 to 35 is approved by the Directors

ADRIAN SMITH OBE
Chief Executive

9 July 2025

GOVERNANCE

CONTENTS

INTRODUCING OUR BOARD

BOARD IN ACTION

To ensure the successful delivery of the Company's strategy, the Board consists of Directors with a wide range of relevant skills, knowledge and experience. RFL recognises the current gender balance of the Board (75% male, 25% female) is lower than it has been previously and is committed to promoting diversity in its broadest sense in future Board and leadership recruitment processes.

OUR COMMITTEES AND COMMITTEE CHAIRS

The Board has delegated certain responsibilities to the four Committees detailed below, each of which has written terms of reference covering the authority delegated to it by the Board. Each Committee has a role in ensuring RFL's effectiveness.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, systems of internal control, risk management, the internal capital adequacy assessment process, and internal and external audit. Its remit also includes matters relating to whistleblowing and compliance with applicable regulations and legislation, including the Acts.

The Investment Committee supports the Board and the Chief Executive in the development and implementation of the RFL Investment Strategy. It also monitors the ongoing performance and compliance of the outsourced investment manager and custodian and ensures adherence to the Board-agreed investment mandate.

The Nomination Committee supports the process for Board appointments, ensuring a rigorous search and selection process based on its evaluation of the balance of skills, knowledge and experience required on the Board. HM Treasury Ministers appoint the Chair of the Board after reasonable prior consultation with the Company's Nomination Committee and Board.

The Remuneration Committee considers and approves the remuneration arrangements for the Chair, the Executive Director and senior management. In line with the UK Corporate Governance Code, Non-Executive Director remuneration is a matter which is agreed by the whole Board, following recommendation from RFL's Nomination Committee.

GOVERNANCE FRAMEWORK FOR THE BOARD OF DIRECTORS

Audit and Risk Committee
The Audit and Risk Committee is chaired by Judith Buttigieg.

Investment Committee
The Investment Committee is chaired by Donal Quaid.

Nomination Committee
The Nomination Committee is chaired by Lawrence M. Weiss.

Remuneration Committee
The Remuneration Committee is chaired by Jenny Watson.

A full list of Directors who served during the year can be found in the Directors Report on page 55.

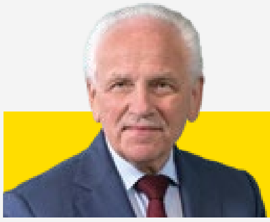
BOARD COMPOSITION

6	2
MALE	FEMALE

THE BOARD

AT 31 MARCH 2025

At the date of the approval of the Annual Report and Accounts, the Board of Directors was comprised as follows.



LAWRENCE M. WEISS
BA (Hons), MIA

Chair

I N R

Appointed: 11 July 2023

Experience: Lawrence served on the Board of UK Export Finance, the UK's export credit agency, including as Chair of the Audit Committee. He also served on the Audit and Risk Committee of the Department for International Trade. He was previously CEO of Bank Leumi (UK) plc and was Chair of its subsidiary companies. These positions followed nineteen years at Glencore UK Ltd., where Lawrence held the following positions: Chief Global Credit Risk Officer for the company's Energy Group, CFO and then CEO of TMR Energy Ltd. (a joint-venture between Glencore and TOTAL S.A.), Chair of the Trustees of the company's Pension Scheme, and Chair of the Trustees of the Glencore Foundation for Education and Welfare. Lawrence commenced his career in finance at The Chase Manhattan Bank in New York.

ADRIAN SMITH
OBE, MBA

Chief Executive

Appointed: 16 November 2010

Experience: Adrian was responsible for leading the project to establish Reclaim Fund Ltd during 2009/10 and was subsequently appointed as Chief Executive. He was previously a senior leader at Britannia Building Society, Bank of Ireland and Bristol & West Building Society and a former Non-Executive Director of Mutual Plus Ltd. Awarded an OBE for services to the financial sector in 2022, Adrian is also a Trustee of the Plunkett Foundation.

Committee membership key

- Committee Chair
- A Audit and Risk Committee
- I Investment Committee
- N Nomination Committee
- R Remuneration Committee

JUDITH BUTTIGIEG
MA (Oxon), FCA

Non-Executive Director

A I

Appointed: 13 February 2023

Experience: Judith is a Fellow of the Institute of Chartered Accountants and is CEO of Aviva International Insurance Ltd, Aviva plc group's internal reinsurer, and a member of its Board of Directors. Judith has over 30 years' experience in financial services and has held a number of senior executive positions within the Aviva plc group. She has also served as Non-Executive Trustee Director and Chair of the Audit, Operations & Governance Committee for the RAC Pension Scheme. Judith became Chair of RFL's Audit and Risk Committee in July 2023.

COLIN LEDLIE
MA FFA C.Act CERA

Non-Executive Director

A I

Appointed: 24 February 2025

Experience: Colin joined the Board in February 2025. Colin is an experienced actuary and risk professional with over 30 years' experience in the insurance industry. Colin is a Non-Executive Director at Liverpool Victoria and was previously a Non-Executive Director at Bupa, ReAssure and the National Records of Scotland. His executive career was with Standard Life where roles included Chief Actuary and Chief Risk Officer. He is also a charity trustee at Transition Edinburgh South.

DONAL QUAID
CFA, MBA, MSc

Non-Executive Director

I

Appointed: 30 August 2022

Experience: Donal has been Group Treasurer of NatWest Group since December 2019. Previous roles include Head of Derivatives & FX and Head of Treasury Markets, and he has over 20 years' experience working in capital markets across various treasury, trading, and risk management leadership roles. Donal is also a member of the Bank of England SONIA Stakeholder Advisory Council of the Fixed Income, Currencies and Commodities Markets Standards Board (FMSB). Donal became Chair of RFL's Investment Committee in July 2022.

SALEH SAEED
OBE

Non-Executive Director

N

Appointed: 14 December 2022

Experience: Since 2012, Saleh has been CEO at the Disasters Emergency Committee (DEC), which brings together 15 leading UK aid agencies at times of major humanitarian crises overseas. Saleh has previously held senior positions in the NGO sector, including Chief Executive of Islamic Relief Worldwide; and he has also led several programmes for local public sector partnerships in the UK, including an innovative programme to promote access to new learning and social activities using digital technologies.

HOLGER VIETEN
BSc (Hons), MSc, PhD

Non-Executive Director

A I N R

Appointed: 21 April 2022

Experience: Holger joined the Board in 2022 as a Shareholder Representative Non-Executive Director. He is Director of the Financial Institutions Group at UK Government Investments (UKGI). He is also a Non-Executive Director of UK Asset Resolution. Before joining UKGI in 2018, Holger spent over 20 years advising financial institutions at investment banks including Morgan Stanley, Moelis & Co, and Credit Suisse.

JENNY WATSON
CBE, BA, MA

Senior Independent Director

A N R

Appointed: 3 January 2019

Experience: Jenny joined the Board in 2019. She is Chair of Broadland Housing Association and of GAMSTOP and is a Non-Executive Director at the Financial Services Compensation Scheme. She is also a trustee of the Norfolk Community Foundation. Jenny started her career in the not-for-profit sector and has served as a board member of a number of public bodies, including as a past Chair of both the Electoral Commission and the Equal Opportunities Commission. Jenny was appointed Senior Independent Director in November 2023.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for managing RFL in the best interests of its stakeholders, including the Shareholder, the Scheme participants, and RFL's employees, among others. It recognises that good corporate governance is key to successfully managing this.

RFL has always sought after the highest standards of governance, voluntarily following the spirit of the UK Corporate Governance Code 2018 (the 'Code'). As part of the new Governance arrangements following the change in ownership from the Co-op Group to HM Treasury, RFL is required to comply with the principles and provisions of the Code. RFL continually reviews and seeks to improve its procedures to ensure the highest levels of governance.

Details of how RFL has dealt with each principle of the Code is set out on pages 40 to 57. The Board is aware of the latest revisions to the Code and has been considering the implications for RFL toward ensuring best practice and compliance by the implementation deadline in 2026.

GOVERNANCE STRUCTURE

RFL's governance structure is set out in the Framework Document, which has been agreed between HM Treasury and RFL.

The Framework Document provides that RFL shall operate corporate governance arrangements that, so far as practicable and in light of the other provisions of the Framework Document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations. In particular (but without limitation), RFL should seek to:

a) comply with the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code (as amended and updated from time to time) to the extent appropriate to RFL – or specify and explain any non-compliance in its annual report;

b) comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice to the extent appropriate to RFL;

c) comply with the government document *Managing Public Money*; and

d) take into account, as far as practicable, the codes of good practice and guidance set out in Appendix 6 of the Framework Document, as they apply to Arms' Length Bodies.

PURPOSE

The Framework Document sets out the broad governance framework within which RFL, the Shareholder, UKGI and DCMS, in its joint policy role with the Shareholder, operate. It does not convey any legal powers or responsibilities.

COMMON OBJECTIVES

HM Treasury and RFL share the common objective of delivering the operational activities related to the receipt and management of Dormant Assets, in line with the policy aims of His Majesty's Government, as permitted by legislation and the Articles. To achieve this, RFL and HM Treasury work together and with UKGI and DCMS (recognising each other's roles and areas of expertise), to provide an effective environment for RFL to achieve these objectives through the promotion of partnership and trust.

THE ROLE OF THE SHAREHOLDER

Ministerial responsibility

The Economic Secretary to the Treasury has ministerial responsibility for RFL and will account for RFL on all matters concerning RFL in Parliament. Relationships between the Shareholder, the Shareholder Representative (UKGI), and RFL are founded on professionalism, efficiency, and mutual trust.

BOARD APPOINTMENTS

The Shareholder has the following appointment and approval rights in relation to RFL's Board, although any such appointments are subject to applicable regulatory requirements and approvals:

- the Shareholder will appoint the Chair, subject to reasonable prior consultation with RFL's Nomination Committee and the Board. It is intended that this appointment will be made in accordance with the principles of the Governance Code for Public Appointments;
- the Shareholder will nominate a senior employee of the Shareholder representative as a Non-Executive Director on the Company's Board (the 'Shareholder Director').
- the Shareholder will approve the appointment of the Chief Executive on approval by the Board and on the advice of the Nomination Committee. The selection process must be fair and open and the request to the Shareholder for approval of the final appointment should be accompanied by an explanation in writing as to why such appointment is recommended by the Board. This process also applies to proposals to appoint an interim Chief Executive; and
- the Shareholder will approve the appointment of other Non-Executive Directors (NEDs) on approval by the Board and on the advice of the Nomination Committee. The selection process must be fair and open and the request to the Shareholder for approval of the final appointment should be accompanied by an explanation in writing as to why such appointment is recommended by the Board. This process also applies to proposals to reappoint existing NEDs.

CORPORATE GOVERNANCE STATEMENT CONTINUED

DELEGATED AUTHORITIES

RFL's delegated authorities are set out in the Delegation Letter from the Shareholder. RFL shall obtain, where appropriate, HM Treasury's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular Scheme previously approved by the Shareholder;
- making any change of policy or practice which has wider financial implications that might prove repercussive, or which might significantly affect the future level of resources required; and
- carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

OTHER SHAREHOLDER-RESERVED MATTERS

The Shareholder is answerable to Parliament for all matters concerning RFL. In addition, the Shareholder will review and, if in agreement, give prior written approval to the following Shareholder-Reserved Matters:

- the Operating Plan (following development and updating by the Board, the Shareholder will review and approve this annually);
- any changes to the approved capital structure and to the financial framework, including to the remuneration policy;
- the appointment of any external auditor; and
- acquisitions, disposals and joint ventures of a value greater than 15% of the Company's net assets at the relevant time.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board and its Committees ensure an appropriate balance of relevant skills, sector knowledge, experience, independence, and diversity to enable the Directors to exercise their duties and responsibilities effectively.

The Directors are committed to leading and controlling RFL effectively: using a framework of controls and policies; setting strategy and maintaining a rigorous decision-making process; ensuring that the necessary financial and human resources are in place to meet strategic aims; monitoring performance against key financial and non-financial indicators; overseeing the system of risk management; and setting values and standards in governance matters.

The Board is accountable for the careful direction of RFL's affairs, in particular the safe stewardship of funds held to meet any future reclaims by Dormant Asset owners and the optimisation of payments to TNLCF for good causes. This has been an area of key focus in the last financial year, as the Board continues with the expansion programme to include other types of financial assets in the Dormant Assets Scheme.

Under RFL's governance arrangements, certain key decisions can only be made by the Board and may not be delegated to management. The matters reserved to the Board are set out in a formal Schedule of Matters Reserved to the Board.

The Board manages these matters at its regular Board meetings. It met six times during the year to 31 March 2025 through a combination of in-person and virtual meetings. The attendance of individual directors at all meetings through the year is set out on page 46.

In line with the provisions of the Code, the assignment of responsibilities between the Chair and the Chief Executive is documented to ensure a clear division between running the Board and the Executive's responsibility for running RFL's business.

The Chair is responsible for leading the Board, ensuring its effective functioning and promoting the highest standards of corporate governance. He encourages all Directors to actively contribute to Board meetings and promotes constructive relations between the Executive and Non-Executive Directors. The Chair represents RFL and works with the Chief Executive to develop collaborative relationships with the Non-Executive Directors, HM Treasury, DCMS and other stakeholders. The Chair annually reviews the performance of the Chief Executive.

The Chief Executive holds responsibility for leading the delivery of RFL's strategy and ensuring its overall success. The Chief Executive is also the Accounting Officer for RFL and is accountable to Parliament and HMT's Principal Accounting Officer for the responsibilities set out on page 56. The Chief Executive, as Accounting Officer for RFL, is the only Director of RFL with financial responsibility.

Additionally, RFL has a Senior Independent Director ('SID'), who is responsible for providing a sounding board for the Chair and serving as an intermediary for the other Directors where necessary. The SID leads on the Chair's annual appraisal process.

CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD MEETINGS

The agenda for each Board meeting is set by the Chair in consultation with the Chief Executive and Company Secretary and is informed by a two-year rolling agenda. This sets the framework for Board meetings and seeks to ensure that each meeting covers an appropriate range of topics and that, over the two-year period, the Board covers its whole remit. The rolling agenda is reviewed at each Board meeting so that all Directors are aware of agenda items for forthcoming meetings.

Board and Committee papers are distributed five business days in advance of meetings. This provides the opportunity for Directors to prepare fully for meetings. The minutes of all meetings are available to all Directors. Tablets have been provided to Directors to provide all Board papers, including additional supporting material, solely in electronic format. This is more efficient for Directors, more environmentally sound, and more secure than providing Board documentation in paper format. The Board is satisfied by the quality and timeliness of information provided to them.

There is regular communication between the Directors, the Chair, the Chief Executive, and the Company Secretary between meetings. When a Director is unable to attend Board or Committee meetings, issues can be raised with the Chair. The Chair holds a private session with the Non-Executive Directors after each Board meeting. Communication between Non-Executive Directors and management is encouraged between meetings.

REGULAR BOARD BUSINESS

The Board receives reports from the Chief Executive, Chief Operating Officer, Chief Financial Officer and the Chief Risk Officer, as well as key performance indicators and an update from the Company Secretary. The Chairs of the four Board Committees (Audit and Risk, Investment, Nomination, and Remuneration) also present a summary of issues raised, decisions made, and recommendations proposed at recent Committee meetings. These are noted and discussed further by the Board as required.

SPECIFIC AREAS OF FOCUS

In addition to covering the regular business discussed above, Board meeting agendas are developed in line with RFL's strategic priorities, regulatory trends, and other external factors. A rolling agenda of items for Board consideration and approval is maintained and regularly updated. During 2024/25, significant matters discussed by the Board included:

- **Investment Strategy** – the Board monitors the performance of the Company's investment portfolio and in the year considered and approved proposed changes from the Investment Committee on RFL's investment strategy which encompassed any necessary changes to the investment mandate;
- **Reclaim Risk and Reserving Strategy** – in light of recent growth and work to expand the Scheme to new and more varied asset types, the Board assessed the Company's reclaim risk model and the appropriate balance between reserving and distributing funds;
- **Location Strategy** – the Board considered the need for and approach to establishing a satellite office in London to facilitate operations and provide a presence close to the offices of many current and potential future Scheme participants and other stakeholders;
- **3-Year Operating Plan** – the Board adopted a detailed business plan with internal operational goals aimed at aligning the organisation around the corporate strategy and facilitating Board accountability.

BOARD COMMITTEES

The Board has delegated certain specified responsibilities to four Committees: Audit and Risk, Investment, Nomination, and Remuneration. Each Committee plays an important governance function and has written terms of reference covering the authority delegated to it by the Board.

As defined within the Framework Document, the membership and terms of reference of each Committee shall be determined by the Board, and reviewed and updated as necessary by the Board on at least an annual basis. The Framework Document also requires the Shareholder Representative Non-Executive Director to always be a member of the Audit and Risk, Nomination, and Remuneration Committees. Although a shareholder representative, his appointment to each of these Committees is not considered to negatively impact their independence, although it does (in the case of Audit and Risk and Remuneration Committees) represent a departure from the Corporate Governance Code. The majority of the members of the Committees are independent Non-Executive Directors.

CORPORATE GOVERNANCE STATEMENT CONTINUED

A AUDIT AND RISK COMMITTEE

JUDITH BUTTIGIEG
Audit and Risk Committee Chair

During the year to 31 March 2025, the AARC comprised:

Judith Buttigieg	(Chair)
Katherine Garner	(until 19 December 2024)
Colin Ledlie	(from 24 February 2025)
Holger Vieten[1]	
Jenny Watson	

1 Pursuant to the Framework Document, the Shareholder Representative Non-Executive Director is required to be appointed to the AARC. Notwithstanding this, the Board considers that the Committee is sufficiently independent.

The AARC met five times during the year to 31 March 2025. As in previous years, the AARC reviewed the Annual Report and Accounts in detail, together with the external auditor's report that included confirmation of the external auditor's independence. The AARC paid particular attention to process and control issues and considered key areas of accounting judgement, with emphasis on measurement and key assumptions, including the underlying methodology for calculating the best estimate in the provision for reclaims of dormant assets, with importance given to the new insurance and pension assets received in the year which RFL has limited reclaim experience. The Committee reviewed management's going concern and viability assessment and monitored the continuing impact of the global economic environment on the potential for changes to reclaim rates.

The Committee satisfied itself that the Annual Report and Accounts, taken as a whole, were fair, balanced, and understandable; and provided the information necessary for stakeholders to assess the performance, strategy, and business model of RFL.

The Committee discussed RFL's approach to the annual distribution of funds to good causes and oversaw its capital adequacy review, an internal assurance exercise to provide comfort that RFL holds sufficient capital in its distribution approach.

The AARC reviewed the annual plans of the external auditors, the internal auditors, and the Risk function. The Committee oversaw a risk management framework refresh, which encompassed a review of Company policies and a new risk taxonomy that better suits the current risks faced by RFL.

The Committee reviewed and adopted a new Cyber Risk Strategy; received a report on a review of RFL's compliance against the Corporate Governance Code; and, in partnership with the Remuneration Committee, reviewed one of the bonus criteria for the Chief Executive relating to effective management of risk and internal control.

Also within the year, the Committee received reports on RFL's whistleblowing arrangements. The Committee satisfied itself that the whistleblowing arrangements in place were proportionate to the size of the business RFL operates and noted that there had been no whistleblowing incidents.

In May 2025 the Committee reviewed Management's indicative plan for the development of a revised reserving and capital strategy. The AARC concurred with Management's view that the current provisioning methodology will remain in place until the revised reserving and capital strategy has been reviewed by the AARC and approved by the Board. The Committee recognised that this work is a key strategic objective for 2025/26 and supports Management's utilisation of external expertise to deliver the plan.

The Board is satisfied that at least one member of the AARC has recent and relevant financial experience with competence in accounting and auditing, and that the Committee as a whole has competence relevant to the sector in which it operates.

CORPORATE GOVERNANCE STATEMENT CONTINUED

I INVESTMENT COMMITTEE

DONAL QUAID
Investment Committee Chair

During the year to 31 March 2025, the Committee comprised:

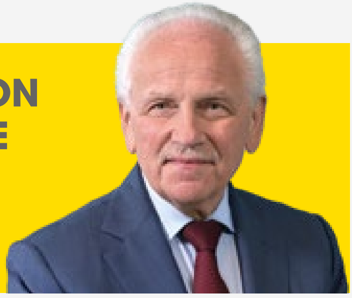
Donal Quaid	(Chair)
Judith Buttigieg	
Katherine Garner	(until 19 December 2024)
Colin Ledlie	(from 24 February 2025)
Holger Vieten	
Lawrence M. Weiss	

The Investment Committee supports the Board and the Chief Executive in the development and implementation of the RFL Investment Strategy and provides assurance to the Board with regard to the ongoing performance and compliance of the outsourced investment manager and custodian with the Board-agreed investment mandates and requirements.

The Committee met four times during the year to 31 March 2025. Regular investment management and monitoring continued to be provided by Goldman Sachs Asset Management (GSAM). At the start of the year, the Investment Committee finalised a review of RFL's Investment Strategy in particular appraising RFL's approach to investment risk. The review concluded that RFL continue to maintain a low risk appetite through the use of a new floating rate notes investment strategy, which reduces interest rate risk by earning a return aligned to the prevailing market interest rate. The new investment strategy results in a change of asset mix between fixed and floating income instruments within investment securities and cash held in the Bank of England.

During the year, the Committee held robust discussions around its investment mandate operated by GSAM and the changes needed in view of macro-economic trends. It received regular reports on the overall performance of the investment portfolio in general terms as well as with respect to sustainability and ESG. Regular reports from management were also received on the internal processes and controls relating to the investment portfolio.

N NOMINATION COMMITTEE



LAWRENCE M. WEISS
Nomination Committee Chair

During the year to 31 March 2025, the Committee comprised:

Lawrence M. Weiss	(Chair)
Saleh Saeed	
Holger Vieten[1]	
Jenny Watson	

1 Pursuant to the Framework Document, the Shareholder Representative Non-Executive Director is required to be appointed to the Nomination Committee. Notwithstanding this, the Board considers that the Committee is sufficiently independent.

Under the Framework Document, new Non-Executive Director appointments are subject to approval by the Shareholder, following approval by the Board and on the advice of the Nomination Committee. Director appointments and re-appointments are overseen by the Nomination Committee: it meets to consider the engagement of appropriate external search firms (where applicable); reviews longlists of candidates, with close involvement of the Shareholder, through its representative on the Committee; and participates in a panel interview of final candidates. Proposals are then made to the Board for agreement. All Non-Executive Director appointments are subject to final approval by the Economic Secretary to the Treasury. Directors disclose any connections with external search firms used for any search as part of their declarations of interests made prior to each Committee or Board meeting.

As part of the recruitment process, the Board takes into account other demands on Directors' time. At the time of the appointment of the Chair and Non-Executive Directors, an independence assessment is carried out. RFL maintains a Register of Interests that is reviewed at each Board meeting.

The Committee met twice during the year to 31 March 2025. During the year, the Committee oversaw the recruitment process for a new Non-Executive Director to replace Katherine Garner who retired from the Board in December 2024. The Committee recommended that Colin Ledlie be appointed as a Non-Executive Director of the Board, which was agreed by the Board and approved by the Economic Secretary to the Treasury. His appointment took effect on 24 February 2025.

The Committee is very conscious of the benefits of having diverse representation at Board level and considers this as part of succession planning. The Committee gave regard to this throughout the Non-Executive Director recruitment process, ensuring the external recruitment agency understood RFL's values in this regard and that the application process was open, transparent, and inclusive. The Committee recognises the current gender balance of the Board (75% male, 25% female) is lower than previously and is committed to promoting diversity in its broadest sense in future Board and leadership recruitment processes.

CORPORATE GOVERNANCE STATEMENT CONTINUED

R REMUNERATION COMMITTEE

JENNY WATSON
Remuneration Committee Chair

During the year to 31 March 2025, the Committee comprised:

Jenny Watson	(Chair)
Holger Vieten[1]	
Lawrence M. Weiss	

1 Pursuant to the Framework Document, the Shareholder Director is required to be appointed to the Remuneration Committee. Notwithstanding this, the Board considers that the Committee is sufficiently independent.

The Remuneration Committee considers and approves the remuneration arrangements for the Executive Director and senior management.

In line with the Corporate Governance Code, remuneration of the Chief Executive is agreed by the Board on the recommendation of the Remuneration Committee and reviewed on an annual basis. In reaching its recommendations, the Committee has regard to performance, affordability, and government pay policy.

Remuneration of the Chair is approved by the Shareholder on the recommendation of the Committee. This is in accordance with the Framework Document and represents a conscious departure from the Code. Remuneration of the other Non-Executive Directors is determined by the Board on the recommendation of the Committee.

No Director is involved in decisions relating to their own remuneration.

The Remuneration Committee also reviews the Chief Executive's recommendations on the remuneration packages of the other Executive Team members and the wider workforce at RFL. In this way, the Committee assesses and governs senior pay to ensure it is proportionate and justifiable and that terms and conditions of employment for all staff are aligned. Pay controls are examined to stay in line with RFL's status as an Arm's-Length Body and compliant with the guidance set out in the document Public Sector Pay Controls.

Benchmarking takes place to substantiate the appropriate level of pay. RFL partners with a specialist HR services provider to support its remuneration policy, pay points, and benefits proposition. This provider has access to benchmarking tools and supports RFL with market analysis for our staff roles. Benchmarking is conducted on a periodic basis and in more depth where there is a need to better understand the market, skills, and pay ranges.

The Committee met five times during the year to 31 March 2025.

During the year, the Remuneration Committee reviewed the 2024/25 annual pay and variable remuneration awards for the Chief Executive, senior management, and employees. It also conducted its annual reviews of the Remuneration Policy and the Committee Terms of Reference. RFL operates a remuneration policy that is annually reviewed and approved by the Board upon the recommendation of the Remuneration Committee. The policy is described in further detail in the Remuneration and Staff Report on pages 49 to 54.

The Committee received updates on strategic adjustments to the HR outsourced approach and senior executive appointments. It approved the establishment of a Payroll Giving scheme and also a recommendation to the Board on the starting remuneration for the new Non-Executive Director.

CORPORATE GOVERNANCE STATEMENT CONTINUED

ATTENDANCE

The following table sets out the number of Board and Board Committee meetings each Director was eligible to attend (number in brackets) along with the actual meetings attended during the year to 31 March 2025.

	Board	Audit and Risk Committee	Investment Committee	Nomination Committee	Remuneration Committee
Judith Buttigieg	4(5)	4(5)	3(4)	–	–
Katherine Garner	4(4)	4(4)	3(3)	–	–
Colin Ledlie (from 24 February 2025)	1(1)	1(1)	1(1)	–	–
Donal Quaid	5(5)	–	4(4)	–	–
Saleh Saeed	5(5)	–	–	2(2)	–
Adrian Smith	5(5)	5(5)	4(4)	2(2)	5(5)
Holger Vieten[1]	5(5)	5(5)	4(4)	2(2)	5(5)
Jenny Watson	5(5)	5(5)	–	2(2)	5(5)
Lawrence M. Weiss	5(5)	–	4(4)	2(2)	5(5)

1 Holger Vieten is the Shareholder Representative Non-Executive Director. In the period to 16 May 2024, an Alternate nominated Non-Executive Director was in place should Holger be unable to attend, with only one of these Directors being required to be present for the meetings to be quorate. At no point during the period to 16 May 2024 was the Alternate Director required. On 16 May 2024, UK Government Investments, HM Treasury and RFL agreed to remove the requirement for an Alternate Director, with RFL's Articles of Association and Framework Document amended to reflect this change.

PROVISION OF ADVICE TO DIRECTORS

There is an agreed procedure by which Directors may take independent professional advice at RFL's expense in furtherance of their duties.

TRAINING AND PROFESSIONAL DEVELOPMENT

The Board actively encourages the ongoing professional development of the Directors. During the year under review, training sessions were held on cyber security, responsibilities of Non-Executive Directors in public bodies, RFL's Individual Capital Guidance, and the development of the expanded Dormant Assets Scheme. Training sessions on diversity and inclusion, ESG, and continued sessions on Scheme expansion and cyber security are planned for 2025 and 2026.

THE SECRETARY TO THE BOARD

The Secretary is professionally qualified and is responsible for advising the Board through the Chair on all governance matters. The Directors have access to the advice and services of the Secretary.

The Articles of Association and the Schedule of Matters Reserved to the Board for Decision provide that the appointment and removal of the Secretary is a matter for the full Board. Vistra Company Secretaries Ltd was Secretary throughout 2023/24. In Spring 2024, RFL undertook a full tender of company secretariat services with Elemental CoSec Limited being appointed on 16 May 2024.

BOARD PERFORMANCE REVIEW

In accordance with the Corporate Governance code the Board undertakes a full independent review of its effectiveness and that of its Committees every three years, with a high-level internal review being undertaken in the intervening years.

The Board last conducted a full independent Board Effectiveness Review February 2024. Independent Audit Limited (IAL) was appointed to conduct the review. IAL is independent of the Board and has no connections with any Board members. In December 2024 a high-level internal review was carried out by RFL's outsourced company secretary provider Elemental CoSec Limited.

PROGRESS AGAINST THE PREVIOUS FULL INDEPENDENT REVIEW

The internal review considered the findings from last year, namely the role of the Board as RFL embarks on Scheme expansion, navigating the stakeholder ecosystem, monitoring of Board capacity as well as planning for succession. The review found that the majority of actions had been addressed with navigating the ecosystem being something the Board recognises as being a continual journey.

SCOPE OF HIGH-LEVEL 2024 INTERNAL REVIEW

The internal review was primarily focused on the completion of a questionnaire by Directors and management, which was designed around the Code's Principles with both scores and comments being carefully reviewed. The questionnaire was followed up with informal conversations between the Chair and individual Directors and management. The Board discussed the results from the questionnaire in early 2025.

The questionnaire was focused on five areas namely Board structure, Board interactions, Board focus and function, authority and sub-committee effectiveness. Across all categories the results were positive and there were no major areas of concern.

CORPORATE GOVERNANCE STATEMENT CONTINUED

FINDINGS

The main findings from the review centred on the Board's focus on strategic issues, succession planning for the CEO, clear KPIs to enable the Board to monitor performance, continued support of Scheme expansion and clarity in the governance journey for items presented to the Board and its sub-committees.

In particular, the review highlighted that the Board should continue to support and challenge management in building the organisation and delivering the expanded Scheme. The review again noted that positive dynamics were evident in the organisation, given that the Executives and all Non-Executive Directors expressed pride in RFL and in being associated with RFL's social purpose and the good causes it supports.

The Board discussed the findings of the Effectiveness Review at the February 2025 Board meeting. An action plan has been developed and is being tracked to ensure closure of all actions over the next 12 months. A number of points have already been addressed, namely the completion of a review of the Governance journey through which Policies are approved and additional KPIs being embedded into the three year Operating Plan. The Board continues to refine Board meeting agendas to ensure that its focus remains on RFL's strategic objectives.

OWNERSHIP

RFL is ultimately owned by the Treasury Solicitor as nominee for HM Treasury.

SHAREHOLDER ENGAGEMENT

In addition to the formal discussions at regular Board and Committee meetings, in which the views of the Shareholder representative are actively sought, there is regular and frequent communication between the Chair, the Chief Executive, and the Shareholder Representative. This includes the Quarterly Shareholder Meeting which discusses ongoing governance and best practice, to foster full engagement with the Shareholder and to ensure compliance with the requirements of the Framework Document.

EXTERNAL AUDIT

RFL's external auditors are the National Audit Office (NAO). The performance of the external auditors is regularly monitored by the AARC to ensure it meets RFL's needs.

RFL has a non-audit work policy that establishes the principles by which it can appoint the external and internal auditors for non-audit services. The policy also establishes a framework governing the process by which non-audit services are approved. The AARC reviews this policy on a triennial basis. No non-audit services were provided by the external auditors during 2024/25.

INTERNAL AUDIT

The internal audit function is an independent function, carried out by Deloitte LLP, which reports to the AARC. Its primary role is to provide assurance over the adequacy and effectiveness of RFL's internal control framework, including risk management practices.

Internal audit seeks to discharge the responsibilities set down in its charter by completing a risk-based internal audit plan that is approved by the AARC on an annual basis. The plan sets out a framework for the review of business processes and ensures that key business risks are effectively managed by key controls.

The AARC carries out a formal review of the effectiveness of the outsourced internal audit function every three years. The last formal review of the internal audit function was held in March 2025. The review concluded that the internal audit function has appropriate standing and independence within RFL and is seen to be an objective assurance function to attest to the effectiveness of RFL's risk and control environment. The next formal review of the effectiveness of the internal audit function will be completed in early 2028.

Internal audit also acts as a source of constructive advice and best practice, assisting senior management with its responsibility to improve the processes by which business risks are identified and managed. Internal audit representatives are always invited to attend AARC meetings. They attended four out of five during the financial year and also held private-session meetings with the AARC without management present.

Internal audit reports are submitted to, and significant issues arising are considered at, the AARC. No non-audit services were provided by the internal auditors during 2024/25.

THE EXECUTIVE TEAM

It is the responsibility of the Executive team to implement the strategic objectives agreed by the Board. The Executive team, led by the Chief Executive, is responsible for the day-to-day management of the Company.

CORPORATE GOVERNANCE STATEMENT CONTINUED

INTERNAL CONTROLS AND RISK MANAGEMENT FRAMEWORK

The Board and executive management have primary responsibility for identifying the key business risks facing the organisation.

Internal controls are the activities undertaken by management, the Board, and other parties to enhance risk management and increase the probability that established objectives and goals will be achieved. The Board has overall responsibility for RFL's system of internal controls, which aims to ensure effective and efficient operations; quality of internal and external reporting; safeguarding of RFL's assets; and compliance with laws and regulations. The Board recognises that any system can only be designed to manage rather than eliminate risks and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management framework includes an ongoing process for identifying, evaluating, and managing significant risks (including emerging risks) and has been in place for the whole period under review and up to the date of the approval of the Annual Report and Accounts. The Board considered and agreed with the assessment by the AARC that financial, operational, and compliance controls had operated with an appropriate risk, governance, and control framework throughout the period. Further detail is provided in the Risk Management section of the Strategic Report on pages 31 to 35.

A Conflicts of Interest Policy is in place to ensure the independence of Directors and the management of potential conflicts.

VIABILITY STATEMENT

The Directors' confirmation that they have adopted the going concern basis in preparing the Annual Report and Accounts is set out on page 56.

In addition to performing a review of the going concern status of RFL, the Directors have also, in accordance with the Corporate Governance Code, assessed its prospects over the period to 31 March 2028. A period of three future years has been selected to be short enough to be reasonably assessable but long enough to reflect RFL's risk profile. Three years also reflects the period over which RFL produces its Annual Operating Plan, which is supported by three-year forecasts from Scheme Participants.

The Company was originally established as an authorised reclaim fund under the Financial Services Authority ('FSA', now 'FCA') Regulating Reclaim Funds Policy Statement (PS09/12) and is required to produce liquidity and capital forecasts that are considered by the AARC and approved by the Board annually.

Liquidity and capital management forecasting are a key part of the risk management framework of RFL and incorporate stress and scenario tests designed to produce a comprehensive assessment of current and projected liquidity and capital positions. The process has assisted RFL in evaluating, over the period to 31 March 2028, the key known risks to which it is exposed and the levels of capital and other financial resources that should be maintained to safeguard the liquidity and capital positions of the business at all times, including during a stress scenario. A realistic stress scenario has been developed with actuarial support, based on a series of events. The series of events comprise an increase in societal awareness of RFL and dormancy, technological developments and a willingness from Participants, through choice and reputational pressure to apply the technology to dormant accounts retrospectively. This has been modelled to reflect a substantial fall in transfers into the Scheme and an increase in reclaim rates. As part of the stress testing, the scenario takes into consideration amounts already committed for distribution by RFL, and the additional costs of administering such large reclaims. A reverse stress test exercise was also performed. This test involved an assessment of the extent to which reclaim rates would need to increase before the Company would be unable to meet liabilities as they fall due. The Directors concluded that the likelihood of such a scenario occurring was extremely remote.

The Board has a number of mitigating actions that it can use to address any liquidity shortfalls, the most significant being amending the timing and amount of assumed distributions, which is in line with the Articles of Association of the Company, which determine that the Board has total discretion over such matters.

The Framework Document stipulates that RFL should continue to function independently from Government. The Board is therefore confident that its discretion as regards the amount of distributions remains unchanged.

Based on the results of the liquidity and capital management forecasting, and the assessment of the Company's legal position, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2028.

On behalf of the Board of Directors

LAWRENCE M. WEISS
Chair

9 July 2025

REMUNERATION AND STAFF REPORT

In accordance with the Framework Document, RFL is required to produce a Remuneration and Staff Report.

The report has been prepared under the Government Financial Reporting Manual, known as the FReM. RFL employs a small team of 18 staff who carry out work to support the day-to-day operations of the business, fulfilling first and second line responsibilities. Given the limited number of staff employed, it is not appropriate to detail the organisational structure of the business, as many roles span a number of responsibilities, thereby reducing any key person dependency. During the year to 31 March 2025, RFL also sourced external resource to support the work required for onboarding new asset classes following the introduction of the 2022 Act, which has temporarily grown the number of personnel working in the business. The disclosures in this report align to the requirements of being an Arm's Length Body whilst being proportionate to the size of RFL.

In this report, the disclosures on Directors' remuneration, pensions, fair pay, staff numbers, costs and exit payments have been audited. No other disclosures have been audited.

REMUNERATION POLICY

The remuneration of RFL's team is key to ensuring that the Company attracts, motivates and retains appropriate skills and talent.

RFL's goal is to ensure that its reward package is competitive in the business environment in which it is competing for skills and talent, while complying with its commitments as a publicly owned body and adhering to the principles of the document *Managing Public Money.*

RFL's policy is structured to achieve the following outcomes:

- an employment arrangement that links back to the business strategy and is aligned with the purpose and mission of the organisation achieving operating excellence, supporting its core values, and ultimately driving its organisational outcomes;
- the right behaviours and desired performance levels, encouraging colleagues to excel in their role, achieving the Company's success through it's people, and linking remuneration of all employees to performance in line with RFL's Operating Plan;
- appropriate reward to position RFL as an employer of choice for talent, where colleagues actively encourage other talented individuals to come and work for the Company, the offer being sufficient to attract and motivate high-calibre individuals to deliver RFL's purpose and mission;
- making employees feel valued, confident and committed to the future of RFL and helping them to understand how they can contribute to the success of the business and influence their own remuneration; and
- working within the framework of RFL's regulated status to align with the principles of delivering value for money, taking account of Managing Public Money, and considering remuneration levels within comparable public sector organisations, thereby ensuring that RFL's remuneration approach is consistent with wider public sector pay policy.

The Remuneration Policy is formally approved by the Shareholder.

REMUNERATION AND STAFF REPORT CONTINUED

DIRECTORS' EMOLUMENTS (AUDITED)

Details of the aggregate Directors' emoluments for the year ended 31 March 2025 and year ended 31 March 2024 are shown below. The aggregate emoluments of the Directors of Reclaim Fund Ltd for the year were £517k (year to 31 March 2024: £541k). In the year to 31 March 2024 the Board made a conscious decision to take on two new Board members in the first six months of 2023 prior to the departure of the Chair of the Board and Chair of the AARC to allow a smooth handover. This was not replicated in the year to 31 March 2025 resulting in a reduction in fees. The fees for Non-Executive Directors include only those for whom the Company incurs the direct cost. The level of remuneration paid by the Company to the non-governmental Non-Executive Directors reflects the time commitment and responsibilities of the role. The Shareholder-appointed Non-Executive Directors do not receive any fees.

Year Ended 31 March 2025	Salary/fees[6] £'000	Performance-related pay[1] £'000	Pension contributions[3] £'000	Benefits in kind[4,5] £	Total for the 12 months £'000	FYE[7] £'000
Executive Director						
Adrian Smith[2]	205-210	60-65	21	9,000	295-300	
Non-Executive Directors' Fees						
Judith Buttigieg	30-35	–	–	3,600	35-40	
Katherine Garner (to 19 December 2024)	20-25	–	–	3,700	20-25	(25-30)
Colin Ledlie (from 24 February 2025)	0-5	–	–	100	0-5	(25-30)
Donal Quaid	30-35	–	–	1,800	30-35	
Saleh Saeed	25-30	–	–	2,300	30-35	
Jenny Watson	35-40	–	–	1,700	35-40	
Lawrence M. Weiss	45-50	–	–	4,800	45-50	

Year ended 31 March 2024	Salary/fees[6] £'000	Performance-related pay[1] £'000	Pension contribution[3] £'000	Benefits in kind[4,5] £	Total for the 12 months £'000	FYE[7] £'000
Executive Director						
Adrian Smith[2]	195-200	60-65	20	9,000	290-295	
Non-Executive Directors' Fees						
Judith Buttigieg	30-35	–	–	2,400	35-40	
Katherine Garner	25-30	–	–	4,300	30-35	
Jane Hanson (to 31 August 2023)	15-20	–	–	2,100	20-25	(45-50)
Donal Quaid	30-35	–	–	–	30-35	
Saleh Saeed	25-30	–	–	3,000	30-35	
Glyn Smith (to 30 November 2023)	20-25	–	–	2,500	25-30	(35-40)
Jenny Watson (Senior Independent Director from 30 November 2023)	30-35	–	–	200	30-35	(35-40)
Lawrence M. Weiss (from 11 July 2023)	30-35	–	–	900	30-35	(45-50)

1 Performance-related pay is based on financial and non-financial performance targets and aligns with the period disclosed – see more detail below.

2 This represents emoluments of the highest paid Director of £300k (2023/24: £293k).

3 During the year one Director (2023/24: one) was a member of a money purchase pension scheme.

4 Benefits in kind for the Executive Director are in respect of a car allowance.

5 Benefits in kind for Non-Executive Directors relate to travel, accommodation and subsistence, on which Pay As You Earn tax and National Insurance contributions are payable.

6 Salary includes gross salary. All other forms of remuneration are separately disclosed in the table above.

7 Full Year Equivalent ('FYE') only shown for Directors who served for a part of the year.

SENIOR PAY

Unless alternative arrangements are agreed with HM Treasury Ministers, remuneration packages above the senior pay threshold require the approval of the Chief Secretary to HM Treasury in accordance with the guidance on the approval of senior pay which came into force on 1 January 2018, or any updates thereafter.

An exemption from government pay controls for existing staff, including the Executive Director, was made at the time of RFL's transfer to become a public body, and is part of RFL's Framework Document, recognising its previous ownership by the Co-operative Group and resulting protected terms and conditions.

REMUNERATION AND STAFF REPORT CONTINUED

PERFORMANCE-RELATED PAY

The Company operates a performance-related bonus scheme based on Company and individual performance, which is approved by its Remuneration Committee. The bonus scheme provides an opportunity for the Executive Director and staff to receive a bonus based on their personal contribution during the bonus year, as well as the performance of RFL. The business element is based on an assessment by the Board and Remuneration Committee of RFL's achievement against its strategic objectives during the bonus period. This element represents recognition of the commitment and effort that colleagues have collectively put into delivering RFL's purpose and mission. The personal element is determined by the performance rating agreed as part of the year-end performance review. Given the nature of the business, Executive bonus remuneration is not deferred, nor does it include clawback arrangements. Additionally as RFL is an Arm's Length Body of Government it does not issue share options to Directors or staff.

Bonus payments are based on performance levels achieved in the years to 31 March 2025 and 31 March 2024 respectively.

FAIR PAY DISCLOSURES (AUDITED)

As a reporting body, RFL is required to disclose the relationship between the remuneration of the highest paid Director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid Director employed by RFL in the year was £295k-300k[1] (2023/24: £290k-295k). This was 6.3 times (2023/24: 6.7 times) the median remuneration of the workforce, which was £45k-50k (2023/24: £40k-45k).

In 2024/25, no employees received remuneration in excess of the highest paid Director (2023/24: none). Staff remuneration ranged from £25k-30k to £295k-300k (2023/24: £20k-25k to £290k-295k).

Total remuneration within the calculations below includes salary, performance-related payments and benefits in kind. It does not include severance payments, employer pension contributions and the cash-equivalent transfer value of pensions (as RFL does not participate in the Civil Service pension scheme).

	Year to 31 March 2025		Year to 31 March 2024	
	Salary component £'000	**Total remuneration[1] £'000**	Salary component £'000	Total remuneration £'000
Band of highest paid Director's total remuneration (£'000)	205-210	275-280	195-200	270-275
Median remuneration (£'000)	35-40	40-45	35-40	40-45
Ratio		6.3		6.7
25th percentile remuneration (£'000)	30-35	35-40	25-30	30-35
Ratio		7.9		9.1
75th percentile remuneration (£'000)	60-65	65-70	50-55	55-60
Ratio		4.2		4.6

1 In accordance with the requirements of the FreM, the table above excludes employer pension contributions and thus does not correlate with the banded remuneration disclosures above.

With a small but growing team, fair pay ratios can change significantly between years when new staff come into the business. The decrease in the majority of ratios is a combination of new members of staff in the year earning higher than median pay alongside a small number of internal promotions in the business which have resulted in salary increases. These changes were made to support the business as we expand the Scheme into new asset classes.

RFL believes the median pay ratio for the financial period is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

REMUNERATION AND STAFF REPORT CONTINUED

STAFF NUMBERS AND RELATED COSTS (AUDITED)

The average number of full-time equivalent persons employed in 2024/25 was 18 (2023/24: 15). Permanent and full-time equivalent staff costs exclude Non-Executive Directors and contractors.

	Year to 31/03/2025 £'000	Year to 31/03/2024 £'000
Staff costs comprise:		
Wages and salaries	1,424	960
Social security costs	180	147
Other pension costs	107	85
Total staff costs – representing staff with a permanent (UK) employment contract with RFL	**1,711**	1,192
Full-time equivalent persons employed – representing staff with a permanent (UK) employment contract with RFL: average for the year	18	15

PERCENTAGE CHANGE IN TOTAL SALARY AND BONUSES FOR THE HIGHEST PAID DIRECTOR AND THE STAFF AVERAGE (AUDITED)

The 2024/25 salary and allowances pay change for staff and the highest paid Director are aligned, with the difference reflecting a small number of internal promotions for more senior staff in the business. Variable remuneration is at the discretion of the Remuneration Committee and Board and is based on Company and individual performance, with the weighting of each varying between Executives and staff, depending on individual objectives and organisational focus.

	Year to 31/03/2025		Year to 31/03/2024	
	Total salary and allowances	Bonus payments[1]	Total salary and allowances	Bonus Payments
Staff average	13%	3%	6%	–%
Highest paid Director	5%	(11%)	4%	(2%)

1 Bonus payments in the year reflect the average percentage change from the previous financial year in respect of the highest paid Director and the employees of the entity taken as a whole.

PENSIONS

A defined contribution plan is a pension arrangement where the employer pays fixed contributions into a separate fund. The costs for the defined contribution schemes are recognised as an expense in the Income Statement as incurred. For defined contribution plans, the employer has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. RFL does not participate in the Civil Service pension scheme. The pension contribution rates for Executive Directors are aligned with those available to other employees at RFL.

STAFF TURNOVER

During the year four members of permanent staff left the Company (2023/24: two).

Staff turnover, as defined in the Government Reporting Framework, requires disclosure for all changes to permanent staff and fixed-term contractors, which equated to 8 changes in staff in 2024/25 (2023/24: two). Disclosing the percentage change to staff turnover is not considered of benefit given the small numbers of staff involved.

SERVICE AGREEMENTS AND EXIT PAYMENTS (AUDITED)

Our policy is to employ Executive Directors on standard contracts of employment with a six month employer notice period; Non-Executive Directors' notice periods are three months. There were no exit payments made in 2024/25 or 2023/24.

REMUNERATION AND STAFF REPORT CONTINUED

MALE/FEMALE STAFF BREAKDOWN

The number of male and female staff at the end of each year was as follows:

	Year to 31/03/2025		Year to 31/03/2024	
	Male	**Female**	Male	Female
Non-Executive Directors	5	2	4	3
Executive Directors	1	–	1	–
Staff	3	15	3	12
Total	**9**	**17**	8	15

OFF-PAYROLL ENGAGEMENT

Off-payroll arrangements are engagements where personnel, either self-employed or acting through an intermediary company, are paid by invoice rather than via payroll. There were nine off-payroll engagements during 2024/25 (2023/24: seven).

The tables below show off-payroll engagements by RFL to 31 March 2025 where earnings exceeded £245 per day. There have been no Directors and/or senior officials with significant financial responsibility engaged under off-payroll engagement during 2024/25 and 2023/24.

All off-payroll appointments in place, earning at least £245 per day	**At 31 March 2025**	At 31 March 2024
That have existed for less than 1 year at reporting date	3	2
That have existed between 1 and 2 years at reporting date	1	1
That have existed between 2 and 3 years at reporting date	–	3
That have existed between 3 and 4 years at reporting date	1	–
That have existed for 4 or more years at reporting date	–	–
Total	**5**	6

All off-payroll appointments in place at any point during the period and earning at least £245 per day	**12 months to 31 March 2025**	12 months to 31 March 2024
Number where the off-payroll legislation does not apply	–	–
Number where off-payroll legislation does apply and assessed as within scope of IR35	–	–
Number where off-payroll legislation does apply and assessed as not within the scope of IR35	9	7
Number of appointments that were reassessed for consistency/assurance purposes during the year	–	–
Of which: Number of engagements that saw changes to the IR35 status following the assurance review	–	–
Total	**9**	7

CONSULTANTS

Total expenditure on external consultants during the year amounted to £1.0m, remaining consistent with the previous year (2023/24: £0.9m).

STAFF SICKNESS ABSENCE (ANNUAL WORKING DAYS LOST)

The average working days per employee lost to sickness absence during 2024/25 were 6.7 days (2023/24: 3.2 days). The increase is reflective of a small number of staff being out of the business for a period of time. RFL remains confident that this increase does not present any concerns to the business, this statistic being highly sensitive due to the size of the workforce.

MENTAL HEALTH AND WELLBEING

RFL has implemented a suite of individual and collective measures to ensure that employee welfare is robustly addressed: regular, informal, interactive weekly and periodic verbal and written communications supplement day-to-day team and line management interactions. Mental health first aiders have been trained within the business and RFL has recently secured 'We Invest in Wellbeing' certification.

EQUAL OPPORTUNITIES

RFL is an equal opportunities employer. Policies are in place to ensure that no job applicant or member of staff receives less favourable treatment on grounds of sex, gender, gender reassignment, marital or family status, colour, racial origin, sexual orientation, age, background, religion, disability, or any other condition or requirement.

REMUNERATION AND STAFF REPORT CONTINUED

RFL recognises diversity and inclusion as necessities, both from a human and business perspective, and champions this policy across the organisation.

Diversity and Inclusion approaches and targets feature in the RFL Sustainability ESG Framework. The FCA's proposed diversity and inclusion targets set out in its recent consultation paper (CP23/20 Diversity and inclusion in the financial services sector – September 23) is considered to be best practice and is adopted by RFL and reflected in its risk appetite. The paper builds on the consultation paper CP 21/20 issued in July 2021 on diversity and inclusion targets on company boards and executive committees.

Within RFL's Equal Opportunities, Diversity & Inclusion policy, the Board has agreed diversity and inclusion targets which aim to:

1 have >40% of women on the Board; and
2 have at least one member of the Board from a Black, Asian or other minority ethnic background.

RFL is very conscious of the benefits of having diverse representation at Board level and considers this as part of succession planning. The Nomination Committee gave regard to this throughout the Non-Executive Director recruitment process, ensuring the external recruitment agency understood the Company's values in this regard and that the application process was open, transparent and inclusive. The Nomination Committee recognises the current gender balance of the Board (75% male, 25% female) is lower than previously and is committed to promoting diversity in its broadest sense in future Board and leadership recruitment processes.

RFL's role as an Arm's Length Body within the UK Government provides access to a range of guidance around government-wide corporate legislation, codes of good practice and guidance. A key element of RFL's values is its application of the Equalities Act 2010.

RFL is committed to valuing diversity and seeks to provide all employees with the opportunity for employment, career and personal development on the basis of ability, qualifications and suitability for the work as well as individuals' potential to be developed into the job. RFL provides all reasonable assistance to employees who are or who become disabled, making reasonable adjustments wherever possible to provide continued employment.

HEALTH AND SAFETY

RFL recognises and accepts its responsibility as an employer to maintain, so far as is reasonably practical, the safety and health of its employees, and of other persons who may be affected by its activities.

DIRECTORS' REPORT

To ensure the successful delivery of the Company's strategy, RFL's Board consists of Directors with a wide range of relevant skills, knowledge and experience.

The composition of the Board during the year is set out in the Corporate Governance Statement within the Governance section of this Annual Report and Accounts.

EMPLOYEES

The average number of employees during 2024/25 was 18 (2023/24: 15).

The Company is responsible for recruitment of its own staff. It welcomes diversity and actively promotes a policy and practice of equality of opportunity for all staff regardless of age, disability, ethnicity, gender, religion or belief, or sexual orientation.

FINANCIAL INSTRUMENTS

Financial risk management objectives can be found in the risk management note on pages 86 to 87 in the notes to the Company Financial Statements.

ANNUAL REPORT AND ACCOUNTS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all requisite steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A statement by the Directors as to their responsibilities for preparing the Annual Report and Accounts is included in the Statement of Directors' responsibilities in the subsequent section of this Annual Report and Accounts.

The Directors of the Company during the period 1 April 2024 to 9 July 2025 were:

NON-EXECUTIVE DIRECTORS

Judith Buttigieg

Katherine Garner (to 19 December 2024)

Colin Ledlie (from 24 February 2025)

Donal Quaid

Saleh Saeed

Holger Vieten

Jenny Watson

Lawrence M. Weiss (Chair)

EXECUTIVE DIRECTOR

Adrian Smith (Chief Executive)

DISTRIBUTIONS

Under the Act, the only distributions the Company is permitted to make are to TNLCF. During the year £143.4m of distributions were paid to TNLCF (2023/24: £90.4m). The large increase reflects the significant dormant asset contributions from Banks and Building Societies in 2023/24.

No dividend distributions were made to the parent, the Treasury Solicitor for the Affairs of His Majesty's Treasury, in its capacity as nominee for HM Treasury, as this is not permitted by the Act.

GOING CONCERN AND VIABILITY STATEMENT

In accordance with the provisions within the Corporate Governance Code, the Directors have made a voluntary assessment of the viability of the Company. The Viability Statement, which supports the going concern basis, is included in the Risk Management section of the Corporate Governance Statement.

The Directors have considered the Company's business activities together with its financial position and the factors likely to affect its future development and performance. In particular, the Directors have given careful consideration to the expected cash outflows compared to the available cash and liquid assets in both normal and stressed scenarios. This includes consideration of a realistic scenario, based on a series of events. The series of events comprise of an increase in societal awareness of RFL and dormancy, technological developments and a willingness from Participants, through choice and reputational pressure to apply the technology to dormant accounts retrospectively. This has been modelled to reflect a substantial fall in transfers into the Scheme and an increase in reclaim rates.

Based on the above and noting the considerable cash headroom even under a reasonable stress event, the Directors believe that the Company will be able to meet liabilities as they fall due for a period of at least one year from the date of approval of the Financial Statements and therefore they consider it appropriate to prepare the Financial Statements on a going concern basis.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year (2023/24: £nil).

MATTERS COVERED IN THE STRATEGIC REPORT

All mandatory disclosures which the Directors consider to be of strategic importance are disclosed in the Strategic Report.

AUDITORS

Pursuant to the Framework Agreement in place, the auditors will be deemed to be reappointed and the Comptroller and Auditor General will therefore continue in office.

By order of the Board

ADRIAN SMITH OBE
Chief Executive

9 July 2025

Reclaim Fund Ltd

Registered number: 07344884

STATEMENT OF DIRECTORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES

In respect of the strategic report, the directors' report, the Directors' remuneration and staff report and the financial statements.

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration and Staff Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Annual Report and Accounts for each financial period. Under that law, the Directors have elected to prepare the Annual Report and Accounts in accordance with UK Adopted International Accounting Standards ('IAS').

Under company law, the Directors must not approve the Annual Report and Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. The accounts are prepared on an accruals basis.

In preparing the Annual Report and Accounts, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards ('IFRS') is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- in respect of the Annual Report and Accounts, state whether UK Adopted IAS have been followed, subject to any material departures disclosed and explained in the Annual Report and Accounts;
- prepare the Annual Report and Accounts on the going concern basis unless it is appropriate to presume that the Company will not continue in business; and
- prepare the information and disclosures required by the Dormant Bank and Building Societies Accounts Act 2008 and the 2022 Act.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that, to the best of their knowledge and belief:

- the Financial Statements, prepared in accordance with UK Adopted IAS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Directors' Report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, providing the information necessary for the Shareholder to assess the Company's position and performance, business model and strategy.

Under applicable United Kingdom law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

This report has been approved by the Board of Directors and is signed by the Chief Executive on behalf of the Board of Directors.

The Accounting Officer of HM Treasury has designated RFL's Chief Executive as the Accounting Officer of RFL. 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 RFL's assets, are set out in *Managing Public Money*, published by HM Treasury.

STATEMENT OF DIRECTORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES CONTINUED

In preparing the Financial Statements, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual where this requires additional disclosure that does not conflict with IFRS and the Companies Act, 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 Financial Statements;
- prepare the Financial Statements on a going concern basis; and
- take all the steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that RFL's auditors are aware of that information.

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

ADRIAN SMITH OBE
Chief Executive

on behalf of the Board

9 July 2025

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

The accounts of RFL are audited by the Comptroller and Auditor General under the terms of the Framework Document.

The audit fee charged (exclusive of VAT) was £195k (2023/24: £170k). The auditors did not provide any non-audit services. The auditors have been provided with all relevant audit information necessary to complete their audit and the Accounting Officer has taken all of the necessary steps to ensure that the auditors are aware of any relevant information.

All expenditure was applied to the purpose intended by Parliament (audited).

RFL has not incurred any losses or special payments requiring disclosure, nor made any gifts during the reporting year to 31 March 2025 (31 March 2024: none) (audited).

In accordance with the terms of the Act, RFL has inherited the liability for all dormant balances transferred from Participants and as such recognises remote contingent liabilities totalling £1,222.8m (2023/24: £1,117.6m) (audited); this balance represents the remaining exposure that RFL may be required to settle above and beyond the amounts already set aside within the provision for reclaims and capital reserves.

ADRIAN SMITH OBE
Chief Executive

9 July 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RECLAIM FUND LTD AND THE HOUSES OF PARLIAMENT

OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of Reclaim Fund Ltd for the year ended 31 March 2025 which comprise Reclaim Fund Ltd's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of Reclaim Fund Ltd's affairs as at 31 March 2025 and of the retained surplus for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON REGULARITY

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

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)'. My responsibilities under 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 Reclaim Fund Ltd in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Companies Act 2006
Parliamentary authorities	Dormant Bank and Building Society Accounts Act 2008 Dormant Assets Act 2022[1]
HM Treasury and related authorities	Managing Public Money Framework document between HM Treasury and Reclaim Fund Ltd dated 16 April 2021
Regulatory Authorities	Financial Conduct Authority regulation

1 Collectively, Dormant Assets Acts 2008 to 2022.

INDEPENDENT AUDITOR'S REPORT CONTINUED

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that Reclaim Fund Ltd's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of the management's liquidity and capital forecasts which evaluate known risks and a range of stress scenarios.

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

In relation to the entity's reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors' considered it appropriate to adopt the going concern basis of accounting.

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

OVERVIEW OF MY AUDIT APPROACH

KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed risk of fraud through management override of controls, an area where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 40 to 43.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

- As a result of the Dormant Assets Act 2022, in the year to 31 March 2024 I recognised a significant risk around the assumptions made by Reclaim Fund Ltd in determining the provision for reclaims relating to insurance and pension assets in the first year of receipts for these new asset classes. Reclaim Fund Ltd have recognised provisions of £4.5 million in respect of the insurance and pensions sectors as at 31 March 2025 (31 March 2024: £3.4 million). This amount is not material and given the lower level of inherent risk as this estimate is not being made for the first time, I do not consider this to be a significant risk and have not recognised a significant risk relating to the provision made for reclaims relating to insurance and pension assets.
- In the year to 31 March 2025, Reclaim Fund Ltd recognised additions to investment securities of £241.1 million (31 March 2024: £1.5million). I did not recognise a significant risk in the prior year due to the level of additions being immaterial but given the significant increase in 2024-25, I have therefore recognised a significant risk relating to investment security additions.
- In the year to 31 March 2024, I recognised a significant risk relating to Reclaim Fund Ltd's implementation of a new general ledger system on 1 April 2023. As the inherent risks were directly related to the implementation, they are no longer a risk for the year to 31 March 2025.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Description of risk	How the scope of my audit responded to the risk
RECLAIM PROVISIONS	
Dormant account balances are transferred to Reclaim Fund Ltd from UK financial institutions under the Dormant Assets Acts 2008 to 2022. Under the requirements of the Acts, the obligation to repay dormant account holders who subsequently reclaim their money is transferred to Reclaim Fund Ltd. As at 31 March 2025, Reclaim Fund Ltd recognised a provision of £182.1 million (31 March 2024: £170.6 million) in respect of dormant bank and building society accounts. I have not recognised a significant risk in relation to the provisions in respect of the insurance and pension sectors as these Schemes are not material and therefore do not pose a significant risk of material misstatement for my audit. The provision for reclaims of all dormant account balances is the main source of estimation uncertainty in the financial statements. For the provision for reclaims of dormant bank and building society asset balances, I identified significant risks of material misstatement around the method and model used to calculate the provision, assumptions made by management and the completeness and accuracy of disclosures made around estimation uncertainty. As explained in note 1 to the financial statements, management has measured the dormant bank and building society account provision using an actuarial model developed by experts which forecasts future cash flows based on historic experience of reclaims observed (the "base model"). Reclaim Fund Ltd adds an additional margin to reflect that historic reclaims have been in a benign environment and may not be indicative of future expectations. The assumptions made in measuring the provision, particularly in relation to the additional margin are an area of significant management judgement. As disclosed in note 1 to the financial statements, Reclaim Fund Ltd considers the measurement of the provision to be inherently complex with significant estimation uncertainty relating to the quantum of reclaims expected and the time period over which reclaims will continue.	I tested the design and implementation of key controls including the controls and governance in place over the best estimate model and additional margin for the dormant bank and building societies sector provision, and over assumptions made in calculating the estimate. I also performed the following procedures to address the significant risks of material misstatement: • I assessed the approach to measuring the provision against the requirements of IAS 37 to determine a best estimate of the expenditure required to settle the obligations. • I engaged an independent actuary as an auditor's expert to assess the methodological approach taken by management's experts to determine the best estimate of the provisions. • I assessed the actuarial experts used by management under ISA 500 Audit Evidence to enable me to use their work as audit evidence. • I assessed the application of the methods used to calculate the base model by using my auditor's expert to develop a challenger model to estimate the model output at the reporting date. • I tested the application of methods used to calculate the additional margin by reperforming management's calculations. • I evaluated the overall provision calculated by management against a range developed by my auditor's expert. • I assessed the completeness and appropriateness of significant assumptions in both the base model and additional margin using my auditor's expert, including the rationale for key judgements and the reasonableness of the assumptions made. • I evaluated management's assessment of estimation uncertainty and related disclosures. In addition to the procedures required to address the significant risks of material misstatement, I tested the completeness and accuracy of the input data used in the base model by testing a sample of transfers of dormant account balances and reclaims and reconciling these to the financial statements and input data used in the model.
Key observations I have obtained sufficient assurance over this risk through substantive testing. I did not identify significant misstatements in the reclaim provision as at 31 March 2025, as a result of the work I performed.	

INDEPENDENT AUDITOR'S REPORT CONTINUED

Description of risk	How the scope of my audit responded to the risk
INVESTMENT SECURITIES	
Reclaim Fund Ltd has a policy to invest in high grade investment securities with the objective that in the long term it will have sufficient assets to meet its liabilities as they fall due. Reclaim Fund Ltd holds its investments to maturity to collect the contractual cash flows which arise. As at 31 March 2025, Reclaim Fund Ltd held investment securities recognised at amortised cost of £467.3million (31 March 2024: £331.0 million). In the 12 months to 31 March 2025, £103.7 million (31 March 2024: £116.3 million) investments matured or were early calls; these were therefore derecognised. In the same period Reclaim Fund Ltd purchased £241.1 million (31 March 2024: £1.5 million) of new investment securities. Reclaim Fund Ltd manages its investments through an investment manager and asset custodian. Turnover in the portfolio, primarily due to investments maturing, reinvestment of the proceeds from those maturities and the investment of cash transferred to the fund manager for investment, is significant to the financial statements. The higher level of risk associated with these movements meant I recognised a significant risk of material misstatement in respect of additions and derecognitions of investments in the year ended 31 March 2025. My audit work also considered the valuation of the portfolio at the year end, and the expected credit loss recognised by Reclaim Fund Ltd in line with IFRS 9 financial instruments, which I did not consider to be significant risks of material misstatement.	I tested the design and implementation of key controls, including controls operated by the investment manager and asset custodian, who I considered to be service organisations under ISA 402 Audit considerations relating to an entity using a service organisation. I also performed the following procedures to address the significant risks of material misstatement: • I agreed the transactions and balances in the financial statements to reports provided to Reclaim Fund Ltd by its asset custodian and fund manager. • I tested all new investments recognised by Reclaim Fund Ltd during the year to confirm that they had occurred, been initially recognised at the correct value, classified appropriately and in the right period. • I tested all investments which had either matured or were early calls to confirm that they had occurred and had been appropriately removed from the financial records at the correct valuation and in the correct period. In addition to the procedures required to address the significant risks of material misstatement: • I developed a model to reperform the calculation of the amortised cost of the investment portfolio at the year-end. • I agreed the fair value of the investments disclosed by management to independent sources to confirm the disclosure was materially accurate. • I evaluated management's method to calculate the expected credit loss on the investment portfolio, including consideration of the data and assumptions used.

Key observations

I have obtained sufficient assurance over this risk through my substantive testing. I did not identify significant misstatements in the investment securities balance as a result of the work I have performed.

APPLICATION OF MATERIALITY

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for Reclaim Fund Ltd's financial statements as a whole as follows:

Materiality	£9,000,000
Basis for determining materiality	1% of total assets of £906.2 million (31 March 2024: £877.4 million)
Rationale for the benchmark applied	I have based materiality on total assets on the basis that this represents the assets received from dormant account holders and under the control of Reclaim Fund Ltd and therefore available to repay reclaims from dormant account holders or for making future distributions subject to the company continuing to hold sufficient regulatory capital. I assess this to be the primary interest of the key users of the accounts including Scheme participants, dormant account holders and The National Lottery Community Fund.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, I considered the governance and internal control system in place at Reclaim Fund Ltd. While the account contains significant judgements and estimations, I do not consider that these warrant a reduced level of performance materiality. I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £100,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

There were no unadjusted audit differences reported to the Audit and Risk Committee.

AUDIT SCOPE

The scope of my audit was determined by obtaining an understanding of Reclaim Fund Ltd and its environment, including the entity wide controls, and assessing the risks of material misstatement.

OTHER INFORMATION

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

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my 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 PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about Reclaim Fund Ltd corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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's Government Financial Reporting Manual; and
- The parts of the Annual Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.

MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of Reclaim Fund Ltd and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- whether the Governance Statement does not properly disclose a departure from the requirements of the UK Corporate Governance Code identified through the audit procedures.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Reclaim Fund Ltd's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 48;
- Directors' statement on fair, balanced and understandable set out on page 56;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 31-35;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 32; and
- The section describing the work of the audit and risk committee set out on page 43.

INDEPENDENT AUDITOR'S REPORT CONTINUED

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Reclaim Fund Ltd from whom the auditor determines it necessary to obtain audit evidence;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- preparing the information and disclosures required by the Dormant Assets Act 2008 to 2022;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report in accordance with the Companies Act 2006;
- preparing the Remuneration and Staff Report, which is included in the Annual Report, in accordance with the Government Financial Reporting Manual; and
- assessing Reclaim Fund Ltd's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 Reclaim Fund Ltd's accounting policies and performance incentives;
- inquired of management, head of Reclaim Fund Ltd's internal audit service and those charged with governance, including obtaining and reviewing supporting documentation relating to Reclaim Fund Ltd'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 Reclaim Fund Ltd's controls relating to Reclaim Fund Ltd's compliance with the Companies Act 2006, Dormant Assets Acts 2008 to 2022, regulatory requirements imposed by the Financial Conduct Authority and Managing Public Money;
- inquired of management, head of Reclaim Fund Ltd's internal audit service and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant external specialists, including actuaries, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITOR'S REPORT CONTINUED

As a result of these procedures, I considered the opportunities and incentives that may exist within Reclaim Fund Ltd for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and in particular the provisions for reclaims of dormant account balances. 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 Reclaim Fund Ltd's framework of authority and other legal and regulatory frameworks in which Reclaim Fund Ltd 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 Reclaim Fund Ltd. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, Dormant Assets Acts 2008 to 2022, employment law and tax legislation and regulatory requirements imposed by the Financial Conduct Authority.

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 legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed correspondence between Reclaim Fund Ltd and the Financial Conduct Authority

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including external specialists 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 report.

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.

STEPHEN YOUNG

Senior Statutory Auditor

10 July 2025

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

FINANCIAL STATEMENTS

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2024/25 £'000	2023/24 £'000
Amounts received in respect of dormant accounts	4	173,004	240,985
Interest income	5	36,756	29,772
Interest expense	5	(10)	(358)
Net income		**209,750**	270,399
Operating expenses	3	(5,067)	(4,436)
Set-up costs for expansion of Dormant Assets Scheme	3	(1,238)	(1,320)
Provision expense for reclaims of dormant account balances	9	(39,152)	(26,723)
Operating result before distributions		**164,293**	237,920
Provision for future distributions to TNLCF	10	(142,752)	(143,407)
Surplus before taxation		**21,541**	94,513
Taxation charge	6	(7,470)	(5,925)
Retained surplus for the financial year		**14,071**	88,588
Other comprehensive income for the year		–	–
Total comprehensive income for the financial year		**14,071**	88,588

Total comprehensive income is attributable to the equity holders of the Company. The Act prohibits the capital reserve being distributed to the parent Company.

The notes on pages 72 to 87 form part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Notes	**2024/25 £'000**	2023/24 £'000
Assets			
Cash and cash equivalents	8	438,478	545,922
Investment securities	7	467,320	330,959
Trade and other receivables		151	239
Intangible assets		22	34
Plant and equipment		109	73
Right-of-use assets		145	176
Total assets		**906,225**	877,403
Liabilities			
Trade and other payables		2,962	995
Deferred tax liability	6	10	34
Lease liabilities		171	204
Provision for future distributions	10	142,752	143,407
Provision for reclaims of dormant account balances	9	186,653	173,941
Current income tax liability		3,581	2,797
Total liabilities		**336,129**	321,378
Capital and reserves			
Share capital	12	–	–
Capital reserve	12	570,096	556,025
Total equity		**570,096**	556,025
Total liabilities and equity		**906,225**	877,403

The notes on pages 72 to 87 form part of the Financial Statements.

Approved by the Board of Directors on 9 July 2025 and signed on its behalf by:

ADRIAN SMITH OBE
Chief Executive

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2024/25 £'000	2023/24 £'000
Surplus before tax		**21,541**	94,513
Adjustments:			
Amortisation of intangibles		12	15
Depreciation of plant and equipment		60	96
Depreciation of right-of-use asset		31	31
Increase/(decrease) in trade and other receivables		88	76
Increase/(decrease) in accrued expenses		1,966	(141)
Change in provision for reclaims of dormant account balances	9	38,689	26,723
Additional provision for future distributions	10	142,752	143,407
Interest receivable	5	(36,756)	(29,772)
Interest expense on Participant reclaims	9	464	346
Interest expense on leases	5	10	12
Movement on expected credit loss	3	(2)	(52)
Subtotal of adjustments		**168,855**	235,254
Cash flows from operating activities			
Payments made in respect of Participant reclaims	9	(25,976)	(21,273)
Interest paid on Participant reclaims	9	(464)	(346)
Distribution payments	10	(143,407)	(90,374)
Corporation tax paid		(6,710)	(3,479)
Net cash flows from operating activities		**(7,702)**	119,782
Cash flows from investing activities			
Purchase of investment securities		(241,107)	(1,500)
Proceeds from maturity of investment securities		96,865	116,254
Proceeds from early call of investment securities		6,825	–
Interest received		37,814	30,799
Purchase of plant and equipment		(96)	(43)
Purchase of intangibles		–	(18)
Payments of lease liability		(43)	(43)
Net cash flows from investing activities		**(99,742)**	145,449
Net increase in cash and cash equivalents		**(107,444)**	265,231
Cash and cash equivalents at the beginning of the financial year		545,922	280,691
Cash and cash equivalents at the end of the financial year	8	**438,478**	545,922

The notes on pages 72 to 87 form part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2025

2024/25	Notes	Share capital £'000	Capital reserve £'000	Total £'000
Balance at 1 April 2024		–	556,025	556,025
Total comprehensive income for the financial year		–	14,071	14,071
Balance at 31 March 2025	12	**–**	**570,096**	**570,096**

2023/24				
Balance at 1 April 2023		–	467,437	467,437
Total comprehensive income for the financial year		–	88,588	88,588
Balance at 31 March 2024	12	**–**	556,025	556,025

The notes on pages 72 to 87 form part of the Financial Statements.

The Act prohibits the capital reserve being distributed to the Parent Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

Reclaim Fund Ltd is a limited liability company, incorporated and domiciled in the United Kingdom and registered in England and Wales.

The Financial Statements have been prepared under the historic cost convention. The Company's Financial Statements are prepared in accordance with UK Adopted International Accounting Standards, in conformity with the requirements of the Companies Act 2006 and, as appropriate, in relation to the Financial Statements and selected disclosures within the Annual Report only, the Government Financial Reporting Manual and other guidance issued by HM Treasury where the disclosure requirements of these go beyond the Companies Act 2006. All amounts presented are stated in thousands of GBP (£'000), unless otherwise stated. The Statement of Financial Position is ordered according to liquidity and gives prominence to principal balances.

STANDARDS AND ACCOUNTING POLICIES ADOPTED BY THE COMPANY

The accounting policies applied in preparing these Financial Statements are consistent with those described in the 2023/24 Annual Report and Accounts.

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 was issued in April 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK endorsement). RFL does not intend to early-adopt IFRS 18.

IFRS 18 sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements. The objective of IFRS 18 is to improve comparability of financial performance between organisations applying IFRS. Once effective, IFRS 18 will replace IAS 1 Presentation of Financial Statements. The impact of adopting this standard is still being assessed.

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

EXISTING POLICIES

Use of estimates and judgements

The preparation of the Annual Report and Accounts requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Significant areas of estimation uncertainty that have the most effect on the amounts recognised in the Annual Report and Accounts relate to the provisions for reclaims of dormant asset balances of £186.7m (2023/24: £173.9m). The provision for future distributions of £142.8m (2023/24: £143.4m) is also considered to be a key accounting judgement given the Board has total discretion over the amount of distributions. These are discussed below.

Provision for reclaims of dormant asset balances

Upon transfer of dormant account assets from UK financial institutions to the Company, the obligation to repay dormant asset holders who subsequently reclaim their money is also transferred to the Company. The Directors regard the provision as a key accounting estimate.

The Company therefore records a reclaim provision that is calculated as the best estimate which represents expected future cash flows required to settle future repayments of dormant asset balances.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Best estimate methodology

The methodology for calculating the best estimate provision utilises the quantity of historical reclaim information available for each sector. For bank and building society assets, RFL holds 14 years' worth of historical reclaim information, in significant contrast to the newer asset classes in the Insurance and Pensions sectors where only a small number of reclaims have been paid. The table below shows the split per sector.

Best Estimate Reclaim provision	31 March 2025 £'000	31 March 2024 £'000
Bank and Building Societies sector		
Main Scheme	181,836	170,400
Alternative Scheme	294	161
Bank and Building Societies sector total	182,130	170,561
Insurance sector	4,419	3,378
Pensions sector	104	2
At the end of the year	**186,653**	173,941

The approach to the sectors is detailed below:

Best estimate for Bank and Building Societies sector

The best estimate contains two components: a future reclaim projection derived by fitting a generalised linear model ('GLM') to the historical reclaims incurred, and an additional margin to allow for a potential expected increase in future reclaims compared to historical levels. The GLM is used to annually project future expected reclaims, which are then discounted to give a present value of future reclaims. With the limited historical data available there remains uncertainty in the GLM and the estimate has been adjusted to reflect this, and the additional margin added to allow for an expected increase in future reclaims compared to historic levels.

The additional margin was previously calculated by considering the likelihood and average impact of a range of scenarios that could lead to an increase in reclaim rates. The average impacts from each scenario were combined and calibrated by taking into account the fact that an individual reclaim can only be made once, and not across several scenarios.

The scenarios, likelihoods and impacts are reviewed annually by management through a facilitated workshop that gathers views from a range of external consultants in the Financial Services sector. During this year's workshop, one realistic scenario emerged based on a series of events. The series of events comprise of an increase in societal awareness of RFL and dormancy, technological developments and a willingness from Participants, through choice and/or reputational pressure to apply the technology to dormant accounts retrospectively. Management recognises that the consideration of one scenario differs to a range of scenarios considered in previous years, however the factors that could lead to an increase in reclaim rates were similar and no new areas of risk were identified.

The additional margin has been calculated by considering the likelihood and average impact of the one realistic scenario that could lead to an increase in reclaim rates.

To the extent that actual reclaims are different from those provided for, changes in the provision are reflected in the Income Statement.

The calculation of the provision for future repayments of dormant asset balances is inherently complex, with significant amounts of uncertainty in the quantum of reclaims expected and the time period for which reclaims will continue.

In addition, management continues to monitor actual reclaim rates to assess whether the provisioning methodology remains appropriate.

Assumptions used in the best estimate

The key assumptions within the best estimate as at 31 March 2025 are as follows:

1. Individual large amounts over £1m transferred to RFL are deemed to have a higher likelihood of reclaim, as to date there appears to be a relationship between reclaim size and reclaim proportion; and
2. The discount rate applied uses current government bond yields that reflects current market assessments of the time value of money. A discount rate of 4.6% was applied at 31 March 2025 (31 March 2024: 4.0%).

In previous years, the assumption was in place that accounts with a balance of over £1m would be 100% reclaimed. This assumption was reviewed in the year. The 31 March 2025 results reflect a revised assumption that accounts over £1m have a reclaim rate of 50% in the base provisions from the GLM.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

As explained in the accounting policy note above, there is an additional margin of 4% (2023/24: 4%) to allow for a potential expected increase in future reclaims compared to historical levels. The additional margin remains consistent with the previous year given the factors that could lead to an increase in reclaim rates were similar and no new areas of risk were identified.

With the exception of balances greater than £1m as described above, no dormant balance transfers are excluded from the source data input into the GLM, thereby ensuring all data is modelled irrespective of reclaim behaviour within the analysis. Transfers with either very high or very low reclaim rates are included to provide an accurate representation of the whole portfolio.

Sensitivity analysis

The Board recognises the inherent sensitivities of the assumptions in the best estimate given the limited data available. The key sensitivities to the underlying assumptions in the best estimate as at 31 March 2025 and 31 March 2024 are included in the tables below.

	Best estimate as at 31 March 2025 applying sensitivities £'000	**Change to best estimate as at 31 March 2025 £'000**	**Change to capital reserve as at 31 March 2025 £'000**
Current reclaim provision	182,130	–	–
The best estimate additional margin is higher by 1%[1]	203,420	21,290	(21,290)
The best estimate additional margin is lower by 1%[1]	160,841	(21,290)	21,290
Individual large balances deemed to have similar reclaim behaviour to lower balances, rather than 50% assumed reclaims	179,365	(2,765)	2,765
The discount rate is higher by 1%	177,945	(4,185)	4,185
The discount rate is lower by 1%	186,725	4,595	(4,595)

	Best estimate as at 31 March 2024 applying sensitivities £'000	Change to best estimate as at 31 March 2024 £'000	Change to capital reserve as at 31 March 2024 £'000
Current reclaim provision	170,561	–	–
The best estimate additional margin is higher by 1%[1]	190,190	19,629	(19,629)
The best estimate additional margin is lower by 1%[1]	150,932	(19,629)	19,629
Individual large balances deemed to have similar reclaim behaviour to lower balance , rather than 100% assumed reclaims	164,730	(5,831)	5,831
The discount rate is higher by 1%	166,735	(3,826)	3,826
The discount rate is lower by 1%	174,765	4,204	(4,204)

1 RFL has considered the sensitivity of the likelihood assumption in the scenario that could lead to an increase in reclaim rates. Were the likelihood to change by +-10% this would have a corresponding impact of +-1% on the additional margin.

The additional margin is linear and thus increments of +/- 1% would proportionally change the provision by £21.3m (2023/24: £19.6m). Further details on the movement in the provision for reclaims of dormant account balances are included in note 9.

Best estimate for Insurance and Pensions sectors

Management was supported by RFL's outsourced actuarial experts to undertake an assessment of the factors that would make it possible to model future reclaim experience in the Insurance and Pension sectors. The analysis carried out has confirmed that there is insufficient reclaim experience to perform meaningful modelling of expected reclaims for these sectors. Until such time as sufficient reclaim experience is known, the initial best estimate aligns to that of the bank and building societies' Scheme, being the expected reclaim rate over the lifetime of assets transferred to RFL. Any reclaims paid are offset against this, with an additional amount held as capital to cover possible severe reclaim events.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provision for future distributions

The Act dictates that the Company is obliged to pay over the excess of dormant asset monies received, after deduction of running costs, providing for reclaims and meeting regulatory capital requirements, to TNLCF for ongoing distribution for the benefit of the community.

Upon receipt of monies from Participants, the Company also creates a provision for future distributions. This represents amounts that the Company will expect to pay over to TNLCF in future years. The Directors regard this provision as a key accounting judgement given that the Board has total discretion over the amount of distributions.

Not all the surplus funds are paid over to TNLCF immediately as the exact timings of these future payments are uncertain and depend on the value and timing of reclaims made. Amounts are reclassified from the provision to trade creditors following Board approval of a distribution payment and in addition once clarity is received as to the timing of a request for payment.

Going concern

In determining whether it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts, the Directors have considered the Company's business activities and have assessed the impact of a severe stress scenario, based off a series of events which lead to an increase in reclaim rates. The series of events comprise of an increase in societal awareness of RFL and dormancy, technological developments and a willingness from Participants, through choice and reputational pressure to apply the technology to dormant accounts retrospectively. The Directors also continue to assess the legal form of the Company as an Arm's Length Body of Government. The Framework Document stipulates that RFL should continue to function independently from Government. The Board is therefore confident that its discretion as regards the amount of distributions remains unchanged. The Board has a number of mitigating actions that it could use to address any liquidity shortfalls, the most significant being amending the timing and amount of assumed distributions. This is in line with the Articles of Association of the Company, which determine that the Board has total discretion over such matters.

Having carefully considered the outputs of this analysis, the Directors are satisfied that the Company has sufficient resources to meet liabilities as they fall due for a period of at least one year from the date of approval of the Financial Statements and have, therefore, continued to adopt the going concern basis in preparing the Annual Report and Accounts.

Amounts received in respect of dormant assets

In the absence of an International Accounting Standard for recognition of dormant asset balances, management considers the conceptual framework in determining when it is appropriate to recognise the income and reasoned that reliable measurement of dormant asset balances is equivalent to the cash being receipted and therefore under RFL's control.

Amounts received in respect of dormant assets represent receipts, from Participants, of dormant asset monies and are recognised where there is a probability that future economic benefits will flow to the Company and these benefits can be measured reliably. RFL recognises income when cash is received as this is the point at which there are rights and obligations associated with the income.

Interest income

Interest income from investments is recognised on an effective interest rate ('EIR') basis, inclusive of directly attributable incremental transaction costs and fees, and discounts and premiums where appropriate. The EIR spreads the interest income over the expected life of the instrument. The EIR is the rate that, at inception, exactly discounts expected future cash payments and receipts through the expected life of the instrument to the initial carrying amount. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the instrument (for example, prepayment options), but does not consider future credit losses.

The basis of recognising interest income received from cash held in bank accounts is on a receipt basis.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Taxation

The Company is subject to UK corporation tax. In accordance with tax legislation, any profits arising from the Company's continuing activity of receiving dormant account monies and making distributions to TNLCF are exempt from tax. Any profits remaining from net investment income, after deduction of operating expenses, are taxable.

Corporation tax can consist of both current tax and deferred tax. Corporation tax is recognised in the Income Statement except to the extent it relates to items recognised directly as other comprehensive income, in which case it is recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be released or realised.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and balances with a maturity of three months or less from the acquisition date, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash is measured at fair value.

Financial assets

i Recognition and initial measurement

Investment securities are initially recognised when they are purchased, being the trade date. Investment securities are initially measured at fair value plus directly attributable transaction costs. Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets expire, or where the financial assets have been transferred, together with substantially all the risks and rewards of ownership.

ii Subsequent classification and measurement

Investment securities are subsequently valued at amortised cost. Amortised cost is determined using the effective interest rate ('EIR'). This rate discounts projected future cash flows to the present carrying amount of a financial asset. In RFL's case, management intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. In determining whether this is the case, management performs the following assessment:

a) Business model assessment

The overall business model is to hold investments and collect the cash flows on maturity, investing in a mix of UK Government securities, high-quality agency securities, corporate and covered bonds and deposits with credit institutions, which comprise of certificate of deposits and commercial papers. Management makes an assessment of this objective as part of its annual investment strategy review to establish if this approach is still appropriate.

b) Assessment of whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, management considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, such that it would not meet this condition. In making this assessment, management considers:

- contingent events that would change the amount or timing of cash flows; and
- terms that may adjust the contractual coupon rate, including variable-rate features.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

iii Impairment of investment securities

At each reporting period, in accordance with IFRS 9, management calculates the expected credit loss ('ECL') on the investment securities held. RFL has a credit downgrade and variation policy that defines a significant downgrade as being a reduction of two or more sub-grades, making clear the circumstances in which a lifetime credit loss requires calculation. Management considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade', namely Baa3 or higher per Moody's or BBB- or higher per Standard and Poor's. If an investment security experiences a significant downgrade, then the lifetime credit loss is calculated.

Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Twelve-month ECLs are applied where there has been no significant increase in credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

iv Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the EIR of the financial asset. ECLs are recognised within operating expenses in the profit and loss account, with an equal and opposite amount reducing the size of the investment securities balance.

Capital reserve

The capital reserve represents surplus funds, after costs, retained by the Company in order to maintain the necessary capital base to ensure the long-term viability of the organisation. This includes regulatory capital and amounts set aside to cover possible severe reclaim events.

Under the Act, the capital reserve is not distributable to the parent undertaking.

2. RETAINED SURPLUS

	2024/25 £'000	2023/24 £'000
Retained surplus for the year is stated after charging:		
Auditor's remuneration excluding VAT		
– audit of these Financial Statements	**195**	170

Fees for both 2024/25 and 2023/24 are for external audit services provided by the National Audit Office.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

3. OPERATING EXPENSES
The average number of employees during the year was 18 (2023/24: 15). A breakdown of the operating expenses for the years 2024/25 and 2023/24 is shown in the table below:

	2024/25 £'000	2023/24 £'000
Staff costs		
– Wages and salaries	1,424	960
– Social security costs	180	147
– Pension costs	107	85
	1,711	1,192
Non-Executive Directors' fees	199	233
Professional services	1,553	1,397
FCA fees and FSCS levies	24	22
IT and communication costs	765	619
Premises costs	73	89
Miscellaneous expenses	141	244
Depreciation and amortisation	103	141
Investment management fees	500	551
Expected credit loss movement	(2)	(52)
Total operating expenses	**5,067**	4,436

Further additional costs of £1.2m have been incurred over the year (2023/24: £1.3m) for Scheme expansion and consist of project management fees, business consultancy and legal support on the new transfer and agency agreement ('TAA') in place for the new Scheme, and regulatory advice.

Full details of the Executive and Non-Executive Directors' remuneration, including reporting required by the Companies Act 2006, are included within the Remuneration and Staff Report on page 49.

4. AMOUNTS RECEIVED IN RESPECT OF DORMANT ASSETS
During the year to 31 March 2025, £173.0m (year to 31 March 2024: £241.0m) was received in respect of dormant accounts. A detailed analysis of receipts by Participant is provided below:

Participant income	2024/25 £'000	2023/24 £'000
Bank and Building Societies sector		
Main Scheme	164,496	219,371
Alternative Scheme	1,574	188
Insurance sector	6,660	21,421
Pensions sector	274	5
Total amounts received in respect of dormant assets	**173,004**	240,985

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

4. AMOUNTS RECEIVED IN RESPECT OF DORMANT ASSETS CONTINUED
The tables below show the detailed amounts received per Participant by sector.

	2024/25 £'000	2023/24 £'000
Bank of China	33	–
Bank Hapoalim – London Branch	125	22
Barclays Bank UK PLC	44,956	68,142
Brown Shipley & Co	91	–
Butterfield Bank (UK)	–	25
Charities Aid Foundation Bank	129	–
Crown Agents Bank	254	–
Danske Bank	338	264
HSBC Bank plc	20,400	27,984
Lloyds Banking Group		
Lloyds Bank plc	18,202	16,038
Bank of Scotland plc	12,118	32,224
Mashreq Bank	644	–
Nationwide[1]		
Clydesdale	8,593	–
Nationwide Building Society	9,218	17,569
Virgin Money plc	4,155	3,277
NatWest Group		
Coutts & Co	290	1,243
National Westminster Bank plc	11,111	15,196
The Royal Bank of Scotland plc	3,597	3,866
Ulster Bank Limited	260	1,180
Santander UK plc	29,982	32,341
Amounts received in respect of the Bank and Building Societies sector – Main Scheme	**164,496**	219,371

1 Nationwide completed the acquisition of Virgin Money UK plc on 1 October 2024.

Alternative Scheme Participants	2024/25 £'000	2023/24 £'000
Buckinghamshire Building Society	–	40
Cambridge Building Society	90	–
Hanley Economic Building Society	50	–
Leek Building Society	26	28
Marsden Building Society	10	14
Newcastle Building Society	914	–
Saffron Building Society	231	–
Vernon Building Society	18	106
West Bromwich Building Society	235	–
Amounts received in respect of the Bank and Building Societies sector – Alternative Scheme	**1,574**	188

Insurance sector Participant	2024/25 £'000	2023/24 £'000
Aviva Life & Pensions UK Limited	6,660	21,421
Amounts received in respect of the Insurance sector	**6,660**	21,421

Pensions sector Participant	2024/25 £'000	2023/24 £'000
Legal and General Assurance Society Limited	274	5
Amounts received in respect of the Pensions sector	**274**	5
Total amounts received in respect of dormant assets	**173,004**	240,985

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

5. INTEREST INCOME AND EXPENSE

	2024/25 £'000	Restated 2023/24 £'000
Interest income:		
On investment securities	11,271	8,422
On cash deposits and cash equivalents	25,485	21,350
	36,756	29,772
Interest expense:		
On Participant reclaims	–	346
On lease liabilities	10	12
	10	358

The prior period comparatives have been restated for investment income relating to the Goldman Sachs Asset Management Money Market Fund, which has been reclassified from interest income from investment securities to interest income on cash deposits and cash equivalents. Total interest income in the year to 31 March 2024 remains unchanged.

Interest expense for participant reclaims is now reflected in the provision for reclaims of dormant asset balances in note 9.

6. TAXATION

The Company is subject to UK corporation tax. In accordance with tax legislation, any profit arising from the Company's continuing activity of receiving dormant account assets and making distributions to TNLCF is non-taxable. Any profit remaining from net investment income, after deduction of operating expenses, is taxable.

In accordance with IAS 12 Income Taxes, a reconciliation between accounting profit and tax charge for the period is provided below:

	2024/25 £'000	2023/24 £'000
Current tax		
UK corporation tax on profits at 25% (2023/24: 25%)	7,484	5,909
Adjustments in respect of previous years	10	(22)
	7,494	5,887
Deferred tax		
Origination and reversal of timing differences	10	18
Adjustments in respect of previous years	(34)	20
	(24)	38
Total tax charge for the year	**7,470**	5,925

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

6. TAXATION CONTINUED

	2024/25 £'000	2023/24 £'000
Reconciliation of effective tax rate		
Surplus before tax	**21,541**	94,513
UK corporation tax at 25% (2023/24: 25%)	5,385	23,628
Non-taxable income	(43,251)	(60,247)
Disallowable provision for reclaim repayments	9,672	6,681
Disallowable payments and provision for future distributions to TNLCF	35,688	35,865
Prior year adjustments	(24)	(2)
Total tax charge for the year	**7,470**	5,925

Since 1 April 2023, the statutory rate of UK corporation tax has been 25%. Deferred tax is calculated using the rate expected to apply when the relevant timing differences are forecast to unwind.

DEFERRED TAX

The movement on deferred tax is as follows:

	2024/25 £'000	2023/24 £'000
Liability/(asset) at the beginning of the financial period	34	(4)
Income Statement (charge)/release in the period	(24)	38
Liability at the end of the year	**10**	34

The opening and closing balances at the beginning represent taxable temporary differences on fixed assets.

7. INVESTMENT SECURITIES

	2024/25 £'000	Restated 2023/24 £'000
Central governments or central banks	9,654	13,911
Supranationals	86,911	109,904
Corporates	120,173	154,340
Covered bonds	201,984	50,060
Deposits with credit institutions	45,500	–
Accrued interest	3,208	2,856
Expected credit losses	(110)	(112)
	467,320	330,959

The prior period comparatives have been restated so they are presented on a consistent basis for the year ended 31 March 2025. The restatement relates to Corporates which have been split to distinguish between corporate and covered bonds. There is no change to the total investment securities for the year ended 31 March 2024.

The carrying value of financial instruments measured at amortised cost is determined in compliance with the accounting policies on pages 72 to 77. Investment securities primarily comprise GBP-denominated floating rate and fixed income instruments. All securities within central governments or central banks relate to those held with UK Government. The figure for Deposits with credit institutions comprises certificate of deposits and commercial papers, which have a maturity greater than three months from the acquisition date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

7. INVESTMENT SECURITIES CONTINUED

The table below sets out a summary of the carrying and fair values of financial assets classified as held at amortised cost:

	Carrying value £'000	Fair value £'000
31 March 2025		
Investment securities	**467,320**	461,392
31 March 2024		
Investment securities	330,959	318,211

The fair value of the investment securities differs from the carrying value due to movements in market rates of interest and market expectations, and is not indicative of a significant increase in credit risk on items within the investment portfolio.

Valuation hierarchy

RFL classifies debt securities in Level 1 only if it can be demonstrated on an individual security-by-security basis that these are quoted in an active market, i.e. that the price quotes obtained are representative of actual trades in the market (through obtaining binding quotes or through confirming against published market prices). In the case of investment securities, pricing providers cannot guarantee that the prices that they provide are based on actual trades in the market. Therefore, all investment securities are classified as Level 2.

Of the total investment securities held, £165.8m (2023/24: £103.2m) is due to mature in less than 12 months from the reporting date.

8. CASH AND CASH EQUIVALENTS

	2024/25 £'000	2023/24 £'000
Bank of England	427,082	470,672
HSBC	8,642	2,888
Goldman Sachs Asset Management	2,754	72,362
Cash and cash equivalents	**438,478**	545,922

Goldman Sachs Asset Management represents cash held by our investment manager which includes Money Market Funds. Money Market Funds invest in short-term, highly liquid debt securities which can be readily converted into cash.

9. PROVISION FOR RECLAIMS OF DORMANT ASSET BALANCES

The table below shows the movement in provision across all sectors and is further broken down into Banks and Building Societies and Insurance and Pensions sectors.

	2024/25 £'000	2023/24 £'000
Best Estimate Reclaim provision		
Bank and Building Societies sector		
Main Scheme	181,836	170,400
Alternative Scheme	294	161
Bank and Building Societies total	182,130	170,561
Insurance sector	4,419	3,378
Pensions sector	104	2
At the end of the year	**186,653**	173,941

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

9. PROVISION FOR RECLAIMS OF DORMANT ASSET BALANCES CONTINUED

Reconciliation of movement in best estimate for all Schemes		**2024/25 £'000**		2023/24 £'000
Total balance at the beginning of the year		**173,941**		168,490
Utilised in the year		(25,976)		(21,273)
Reclaim interest paid		(464)[1]		–
Change in modelling due to reclaim experience	14,279		(12,390)	
Unwind of discount rate	3,077		2,368	
Change to discount rate	(5,050)		(4,237)	
Best estimate in respect of new transfers received in the year	26,846		40,983	
Total change in Statement of Comprehensive Income		39,152		26,723
Total balance at the end of the year		**186,653**		173,941

Reconciliation of movement in best estimate for Bank and Building Societies Scheme		**2024/25 £'000**		2023/24 £'000
Total balance at the beginning of the year		**170,561**		168,490
Utilised in the year		(25,819)		(21,075)
Reclaim interest paid		(464)[1]		–
Change in modelling due to reclaim experience	14,172		(12,390)	
Unwind of discount rate	3,077		2,368	
Change to discount rate	(5,050)		(4,237)	
Best estimate in respect of new transfers received in the year	25,653		37,405	
Total change in Statement of Comprehensive Income		37,852		23,146
Total balance at the end of the year		**182,130**		170,561

1 Expected future reclaims are modelled gross of interest. To align with total reclaims paid, the interest has been included in the reconciliation above. Reclaim interest was previously disclosed within interest expense in note 5.

Aligned to the reclaim provision on dormant balances, the timing of any remote contingent liabilities is inherently uncertain and is dependent on the timing of Participant reclaims. Our model predicts reclaim payments to Participants of £20.2m (2023/24: £18.7m) for the next financial year. The largest proportion of reclaims typically occurs following transfer of dormant assets to RFL with reclaims in future years exponentially reducing as time elapses; however, this is dependent on both the Participant and the timing and value of reclaims made. The best estimate contains an additional margin that considers possible increased reclaims, the timing of which is inherently uncertain.

Reconciliation of movement in best estimate for Insurance and Pensions sectors		**2024/25 £'000**	2023/24 £'000
Total balance at the beginning of the year		**3,380**	–
Utilised in the year		(157)	(198)
Change in modelling due to reclaim experience	107		–
Unwind of discount rate	–		–
Change to discount rate	–		–
Best estimate in respect of new transfers received in the year	1,193		3,578
Total change in Statement of Comprehensive income		1,300	3,578
Total balance at the end of the year		**4,523**	3,380

The table above combines the individual Insurance and Pension sector balances as the balance for the Pension sector is small. If balances in the sectors were to increase in future years, a detailed split per sector will be provided.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

9. PROVISION FOR RECLAIMS OF DORMANT ASSET BALANCES CONTINUED

During the year to 31 March 2025, £26.0m (2023/24: £21.3m) of the provision for reclaims of dormant asset balances was utilised. The table below shows the total value of reclaims, categorised by the Participants at which each individual account was previously held:

Participant reclaims	**2024/25 £'000**	2023/24 £'000
Bank and Building Societies sector		
Main Scheme	25,690	20,927
Alternative Scheme	129	148
Insurance sector	157	198
Pensions sector	–	–
Amounts paid in respect of dormant assets	**25,976**	21,273

Main Scheme Participants	**2024/25 £'000**	2023/24 £'000
Bank Leumi	21	0
Barclays Bank UK PLC	6,654	5,201
The Co-operative Bank plc	320	669
Danske Bank	37	62
HSBC Bank plc	4,139	2,374
Lloyds Banking Group		
Lloyds Bank plc	643	802
Bank of Scotland plc	4,564	4,016
Nationwide[1]		
Clydesdale Bank plc	100	56
Nationwide Building Society	2,097	2,130
Virgin Money plc	852	1,011
NatWest Group		
Coutts	4	0
National Westminster Bank plc	728	484
The Royal Bank of Scotland plc	359	116
Ulster Bank Limited	73	26
Santander UK plc	5,054	3,832
Standard Chartered Bank	2	87
TSB Bank plc	43	61
Amounts paid in respect of the Bank and Building Societies sector – Main Scheme	**25,690**	20,927

1 Nationwide completed the acquisition of Virgin Money UK plc on 1 October 2024.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2025

9. PROVISION FOR RECLAIMS OF DORMANT ASSET BALANCES CONTINUED

Alternative Scheme Participants	2024/25 £'000	2023/24 £'000
Cambridge Building Society	52	59
Leek Building Society	–	1
Marsden Building Society	5	2
Newcastle Building Society	36	23
Saffron Building Society	36	63
Amounts paid in respect of the Bank and Building Societies sector – Alternative Scheme	**129**	148

Insurance Scheme Participant	2024/25 £'000	2023/24 £'000
Aviva Life & Pensions UK Limited	157	198
Amounts paid in respect of the Insurance Scheme	**157**	198
Total amounts paid in respect of dormant assets	**25,976**	21,273

In accordance with the terms of the Act, RFL has inherited the liability for all dormant balances transferred from Participants. The table below highlights the maximum remaining exposure that RFL may be required to settle above and beyond the amounts already set aside within the provision for reclaims and capital reserves, as follows:

Remaining exposure	2024/25 £'000	2023/24 £'000
Bank and Building Societies sector		
Main Scheme	1,201,527	1,102,832
Alternative Scheme	5,364	3,001
Insurance sector	15,444	11,782
Pensions sector	153	3
	1,222,488	1,117,618

Aligned to the reclaim provision of dormant balances, the timing of any remote contingent liabilities is inherently uncertain and is dependent on the timing of Participant reclaims. The remote contingent liability excludes future interest payments as this is inherently complex with estimation uncertainty over expected amounts and the time period over which reclaims will continue.

10. PROVISION FOR FUTURE DISTRIBUTIONS TO TNLCF

	2024/25 £'000	2023/24 £'000
At the beginning of the year	143,407	90,374
Provided in year		
– From Dormant Asset transfers	102,511	143,407
– From 2023/24 Operating surplus	17,732	–
– From 2024/25 Operating surplus	22,509	–
Provision utilised during the year	(143,407)	(90,374)
At the end of the year	**142,752**	143,407

£143.4m of funds were distributed to TNLCF during the year (2023/24: £90.4m) – this sum was paid in January 2025. The closing balance at 31 March 2025 of £142.8m was approved on 9 July 2025 for distribution to TNLCF. The balance is classified as current as it is expected to be drawn down by TNLCF within 12 months.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

11. PARENT UNDERTAKING
The shares in the Company are owned by the Treasury Solicitor for the Affairs of His Majesty's Treasury in its capacity as nominee for HM Treasury, and the Company considers the UK Government to be its ultimate parent and controlling party. As a Non-Departmental Government Body, RFL is consolidated into the 2024/25 HM Treasury Group Accounts, which are available at **gov.uk/official-documents**.

12. SHARE CAPITAL AND RESERVES

	2024/25 £	2023/24 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	**100**	100

	2024/25 £'000	2023/24 £'000
Capital reserve	**570,096**	556,025

The Shareholder, the Treasury Solicitor for the Affairs of His Majesty's Treasury in its capacity as nominee for HM Treasury, has full voting rights.

The capital reserve represents surplus funds, after costs, retained by the Company in order to maintain the necessary capital base to ensure the long-term viability of the organisation. This includes regulatory capital and amounts set aside to cover possible severe reclaim events. Under the Act, the capital reserve is not distributable to the parent undertaking.

13. RELATED PARTIES
The Company has not entered into any transactions with Directors of the Company or their immediate relatives, other than in respect of the emoluments that are due and paid. For further information, please see the Staff and Remuneration Report on pages 49 to 54.

UK GOVERNMENT
As described in note 11 to the Financial Statements, the Company considers the UK Government to be its ultimate controlling party. RFL is consolidated into the 2024/25 HM Treasury Group Accounts, thereby giving rise to the relationship with government departments and central government bodies.

HM Treasury is domiciled in the United Kingdom and is located at 1 Horse Guards Road, London SW1A 2HQ.

The Company's material balances with departments and bodies of the Government comprise deposits with the Bank of England as detailed in note 8, and amounts owed to HMRC for corporation tax and other employment-related taxes. RFL's investment mandate permits its investment manager to invest in GBP-denominated UK Government debt in the normal course of its investment activities and these investments are disclosed in note 7.

RFL is regulated by the FCA which is ultimately controlled by UK Government. All fees payable to the FCA were made in the ordinary course of business and are not unusual in their nature or conditions.

14. RISK MANAGEMENT
Following the decision made by the Board to cease reinvestment of maturing bonds in the previous year, the revised investment strategy was implemented in April 2024. This commenced the reinvestment of previous maturing bonds in line with the new floating rate notes investment strategy, which reduces interest rate risk by earning a return aligned to the prevailing market interest rate. The new investment strategy results in a change of asset mix between fixed and floating income instruments within investment securities and cash held in the Bank of England as detailed below.

LIQUIDITY AND FUNDING RISK
Liquidity and funding risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Operationally, this is the risk that unexpectedly high levels of reclaims are received and the Company does not have sufficient liquid assets to meet this obligation.

The Company's policy is to ensure that it has sufficient funds to meet its liabilities as they fall due. Liquidity and funding risk is mitigated through effective cash management. The Company operates to a strict investment mandate, which ensures that, at all times, a substantial proportion of the Company's assets are held in a highly liquid form.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2025

14. RISK MANAGEMENT CONTINUED

CREDIT RISK

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. Credit exposures arise in the normal course of the Company's business from the Company's cash deposits and investments.

Cash deposits are currently held with the Bank of England (2024/25: £427.1m; 2023/24: £470.7m), HSBC Bank plc (2024/25: £8.6m; 2023/24: £2.9m) and the investment manager (2024/25: £2.8m; 2023/24: £72.4m). The Company considers its credit risk on cash deposits to be minimal.

Investment decisions are made in line with a strict and cautious investment mandate in order to manage the Company's exposure to credit risk. Investments comprise fixed and floating income investments, with purchases being restricted to investments graded no lower than BBB+. The new investment strategy only permits the purchase of floating rate notes.

The maximum exposure to credit risk at the balance sheet date is £905.8m (2023/24: £876.9m), being £438.5m cash deposits and £467.3m investments (2023/24: £545.9m cash deposits and £331.0m investments).

MARKET RISK

Market risk is the risk of financial losses arising from fluctuations in values of assets (and income) due to adverse changes in market prices, encompassing various factors like interest rates and foreign exchange rates.

The Company has limited exposure to market risk as its investments are all held to maturity and accounted for as such. A financial loss would only arise if investment securities were required to be sold before their maturity date, and the fair value of the investment security was lower than its carrying value. Investment securities are only required to be sold before their maturity date in the event of a credit downgrade or ESG exception that falls outside of the guidelines in the investment mandate, or a liquidity shortfall.

The Company's exposure to interest rate risk primarily arises on its fixed income instruments, in the event that they are required to be sold before their maturity date. There is minimal exposure to interest rate risk on its floating rate notes as they earn a return aligned to the prevailing market interest rate.

The Company has limited exposure to foreign exchange risk, as its investment securities are all GBP-denominated.

Reinvestment risk refers to the possibility that an investor will be unable to reinvest cash flows received from an investment at a rate comparable to their current rate of return. This risk has reduced following the change in investment strategy to purposely invest in floating rate notes, to earn a return aligned to the prevailing market interest rate. In the unlikely event that there are no available floating rate notes to reinvest funds in line with our strict investment mandate, RFL has the option to or invest in Money Market Funds or return funds to the Bank of England.

As explained in note 7, the fair value of the investment securities (2024/25: £461.4m, 2023/24 £318.2m) differs from the carrying value (2024/25: £467.3m, 2023/24 £331.0m) due to movements in market rates of interest and market expectations. The difference between the carrying and fair value has reduced and will continue to reduce as fixed income instruments mature and we move towards floating rate note investments only.

15. CAPITAL MANAGEMENT

The Company's primary objective in respect of capital management is to ensure that it has sufficient capital now, and in the future, to support the risks in the business. The Directors are responsible for ensuring capital is managed appropriately on an ongoing basis to meet this objective. Capital adequacy is reviewed by the Board at each quarterly meeting as detailed within the Viability Statement in the Directors' Report.

The FCA confirmed in December 2024 that it no longer has a role in setting financial resource requirements for RFL and removed its ICG, which previously prescribed the minimum amount of capital that RFL was required to hold at all times to mitigate the risks that exist. The level of capital maintained is now a matter for RFL's Board, although the FCA note a regulatory requirement for RFL to hold appropriate financial resources in respect of its activities as a reclaim fund. Management is working through the development of a revised reserving and capital strategy. The current provisioning methodology will remain in place until the revised reserving and capital strategy has been agreed by the Board. The Company's capital resources are its capital and reserves of £570.1m (2023/24: £556.0m).

16. NON-ADJUSTING POST-BALANCE-SHEET EVENT

A distribution to TNLCF of £142.8m was approved by the Board on 9 July 2025.

PARTICIPATING FINANCIAL INSTITUTIONS

Bank and Building Societies sector Participants	Dormant assets received from Participants 2024/25 £'000	Dormant assets received from Participants Since inception £'000	Reclaims paid to Participants 2024/25 £'000	Reclaims paid to Participants Since inception £'000
Allied Irish Bank (UK) plc	–	9,873	–	124
Australia & New Zealand Bank – London Branch	–	3,063	–	14
Bank of China	33	33	–	–
Bank Hapoalim – London Branch	125	2,036	–	–
Bank Leumi UK plc	–	3,399	21	186
Barclays Bank UK PLC	44,956	456,019	6,654	31,663
Brown Shipley & Co	91	91	–	–
Butterfield Bank (UK) Limited	–	103	–	–
Charities Aid Foundation Bank	129	129	–	–
CIMB Berhad	–	38	–	–
Commonwealth Bank of Australia – London Branch	–	4	–	–
Consolidated Credit Bank Limited	–	53	–	–
The Co-operative Bank plc	–	37,184	320	3,509
Credit Agricole Corporate & Investment Bank – London Branch	–	652	–	–
Crown Agents Bank	254	254		–
Danske Bank	338	7,959	37	523
Duncan Lawrie Limited	–	17	–	–
DZ Bank	–	1	–	–
Emirates NBD PJSC – London Branch	–	107	–	1
HSBC Bank plc	20,400	159,247	4,139	14,899
HSBC – London Branch	–	606	–	–
Intesa Sanpaolo S.p.A. – London Branch	–	115	–	–
Lloyds Banking Group				–
Lloyds Bank plc	18,202	243,446	643	11,672
Bank of Scotland plc	12,118	297,008	4,564	43,372
Malayan Banking Berhad	–	95	–	–
Mashreq Bank	644	644	–	–
National Bank of Egypt (UK)	–	89	–	–
Nationwide[1]				
Clydesdale Bank plc	8,593	32,319	100	590
Nationwide Building Society	9,218	111,797	2,097	9,687
Virgin Money plc	4,155	45,904	852	8,960
N. M. Rothschild & Sons Limited	–	90	–	–
R. Raphael & Sons Limited	–	17	–	–
Riyad Bank – London Branch	–	4	–	–
NatWest Group				
Adam & Company plc	–	37	–	1
Coutts & Co	290	3,168	4	4
National Westminster Bank plc	11,111	194,775	728	6,130
The Royal Bank of Scotland plc	3,597	70,791	359	1,118
Ulster Bank Limited	260	12,202	73	518
Santander UK plc	29,982	411,077	5,054	45,169
Standard Chartered Bank	–	8,603	2	89
TSB Bank plc	–	12,354	43	4,281
Total Bank and Building Societies sector – Main Scheme	**164,496**	2,125,403	**25,690**	182,510

1 Nationwide completed the acquisition of Virgin Money plc UK on 1 October 2024.

PARTICIPATING FINANCIAL INSTITUTIONS CONTINUED

	Dormant assets received from Participants		Reclaims paid to Participants	
Alternative Scheme Participants	**2024/25 £'000**	Since inception £'000	**2024/25 £'000**	Since inception £'000
Buckinghamshire Building Society	–	40	–	–
Cambridge Building Society	90	515	52	182
Hanley Economic Building Society	50	50	–	–
Leek Building Society	26	68	–	1
Marsden Building Society	10	194	5	6
Newcastle Building Society	914	1,834	36	211
Saffron Building Society	231	515	36	130
Vernon Building Society	18	124	–	–
West Bromwich Building Society	235	235	–	–
Total Bank and Building Societies sector – Alternative Scheme	**1,574**	3,575	**129**	530

	Dormant assets received from Participants		Reclaims paid to Participants	
Insurance sector Participant	**2024/25 £'000**	Since inception £'000	**2024/25 £'000**	Since inception £'000
Aviva Life & Pensions UK Limited	6,660	28,081	157	355
Total – Insurance sector	**6,660**	28,081	**157**	355

	Dormant assets received from participants		Reclaims paid to participants	
Pensions sector Participant	**2024/25 £'000**	Since inception £'000	**2024/25 £'000**	Since inception £'000
Legal and General Assurance Society Limited	274	279	–	–
Total – Pensions sector	**274**	279	–	–
Total	**173,004**	2,157,338	**25,976**	183,395

GLOSSARY

AARC	Audit and Risk Committee
ALB	Arm's Length Body
B&BS	Bank and Building Societies
CEO	Chief Executive Officer
COO	Chief Operating Officer
CRO	Chief Risk Officer
DAEB	Dormant Assets Expansion Board
DCMS	Department for Culture, Media and Sport
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FSA	Financial Services Authority
GDPR	General Data Protection Regulation
GLM	Generalised Linear Model that takes into account historic reclaim experience and projects into the future using predictive factors in the underlying data
HMT	His Majesty's Treasury
HMRC	His Majesty's Revenue and Customs
ICAAP	Internal Capital Adequacy Assessment Process
ICG	Individual Capital Guidance
IFRIC	International Financial Reporting Interpretations Committee
MSCI	Morgan Stanley Capital International (tool used for ESG analysis)
RFL	Reclaim Fund Ltd
ONS	Office for National Statistics
TAA	Transfer & Agency Agreement
TCFD	Task Force on Climate-related Financial Disclosures
The Act	The combined Dormant Bank and Building Society Accounts Act 2008 and The Dormant Assets Act 2022
TNLCF	The National Lottery Community Fund
UKGI	UK Government Investments

COMPANY INFORMATION AND ADVISORS

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