

Funds in Court in England and Wales

Annual Report and Accounts 2025-26

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Presented to Parliament pursuant to Section 45(3)(1) of the
Administration of Justice Act 1982

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* These collectively comprise the Authorised Fund Manager's Report.

Annual Report for the Accountant General's Accounts in respect of Funds in Court for the year ended 28 February 2026

Performance Report

Overview

These accounts have been prepared in accordance with the direction given by HM Treasury in pursuance of Section 45(1) of the Administration of Justice Act 1982 (the Act). The accounts record dealings in cash, securities and physical effects held in the civil courts of England and Wales. Deposits under the various enactments referred to in Section 40 of the Act are not segregated in the Accounts. The Accounts Direction can be found on page 45.

There are three parts to the accounts:

- Part A covers cash and securities paid in court and how these are then invested in Part B and in Part C.
- Part B covers the activity of the Commissioners for the Reduction of the National Debt (CRND) to invest those funds and is prepared by the UK Debt Management Office.
- Part C contains the full accounts for all monies invested in the Lord Chancellor's Common Investment Fund (CIF). The CIF is an Equity Index Tracker Fund (EITF), managed by Legal & General (L&G) on behalf of the Lord Chancellor, and holds funds for the Accountant General as well as other parties. Part C is prepared by L&G.

The Part A accounts present transactions and balances for which the Accountant General is responsible, in accordance with Section 38 of the Act, including the transfer of funds paid into court known as 'Funds in Court' to and from Parts B and C. Accordingly, the Part A accounts reflect all transactions relating to client funds, as the Accountant General is considered to hold overall responsibility for the relevant elements of Parts B and C. While Section 45(1) of the Act requires each Part to prepare separate accounts, they are laid before Parliament together as a consolidated report.

The Accountant General

As the Accountant General I am the designated Accounting Officer for Funds in Court. This means I am responsible for the safeguarding and investment of client funds paid into court. This includes, but is not limited to, ensuring:

- Funds ordered into court are correctly accounted for and protected once received.
- Funds receive the correct amount of interest or any equivalent earnings from dividends.
- Funds are paid out of court to the client at the correct time and they receive the correct amount due.

This responsibility includes the requirement to maintain a governance and control framework, ensuring that the above requirements are met, that fund balances and controls are audited annually by the Comptroller and Auditor General, and that any audit recommendations are implemented.

As the Accounting Officer for Funds in Court, I delegate the day-to-day delivery of my responsibilities to the Deputy Accountant General. At the date of signing the Deputy Accountant General is Vignesvaran Mahalingam. He in turn is supported by the Office of the Accountant General (OAG).

I was Chief Operating Officer for the Ministry of Justice until 13 October 2025 and am now Chief Executive Officer of HM Prisons and Probation Service. Should a conflict of interest between my roles arise (none during the reporting period) this would be discussed with the MoJ Principal Accounting Officer and appropriate mitigations put in place.

Purpose and principal activities related to 'Funds in Court'

Money and securities are paid into court under the provisions of a wide variety of legislation and circumstances. Such funds fall into three main categories:

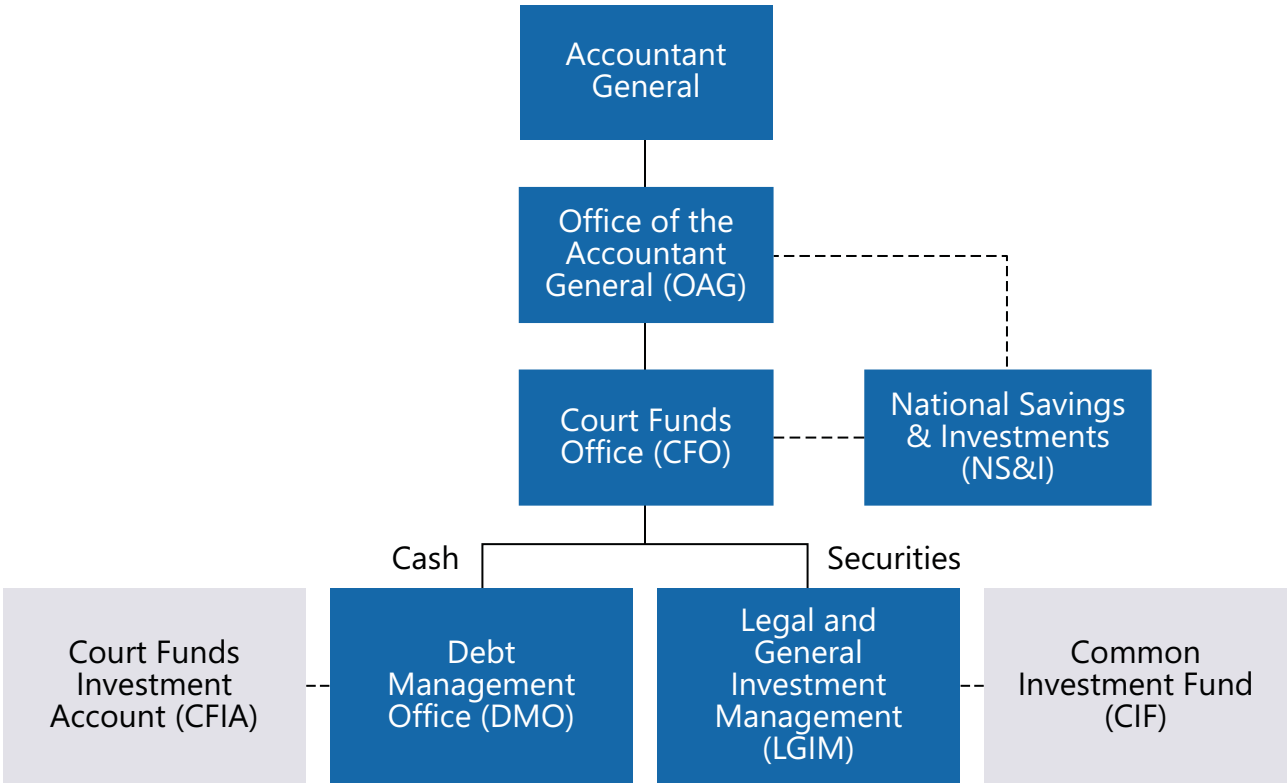
- Damages awarded to children because of civil legal action in a county court in England or Wales or the High Court of Justice. These assets are held on their behalf until the child reaches majority (18 years of age).
- Assets belonging to people who lack the capacity to manage their own financial affairs where the Court of Protection (CoP) has appointed someone to manage their affairs.
- Cases where money is held in court pending settlement of civil court action, or on behalf of dissenting shareholders, widows, and other clients whose funds are held under a variety of different statutes.

Client funds are classified as cash, liquid deposits and advances, or securities.

Cash holdings comprise sterling and foreign currency balances held with the NatWest Group. Liquid deposits and advances are invested in the UK Debt Management Office. The majority of client funds held in securities are invested in the Lord Chancellor's Common Investment Fund. Other securities, relate to legacy portfolios for which the Accountant General acts solely as custodian. Further detail on the investment of cash and securities is provided in the Performance Report.

The Court Funds Office (CFO) delivers client services in respect of Funds in Court and processes all client transactions. National Savings and Investments (NS&I), Executive Agency of the Chancellor of the Exchequer, is the outsourced provider of the CFO client service. NS&I subcontract the delivery of the CFO service to Atos. The OAG oversees the CFO and is responsible for commercial and contract management of outsourced suppliers, fund management, and legal and policy matters relating to Funds in Court.

Figure 1 – Key relationships
Funds in Court – Organisational Structure



The primary objective is to ensure client funds are safeguarded, administered correctly, and protected from fraud or loss.

Whilst I am satisfied the current business model is meeting this objective, I am keen to improve the service provided to clients and to ensure it remains fit for purpose in the dynamic environment of financial services. During the reporting year, we undertook a strategic review on the investment framework to ensure it continues to meet the needs of our clients, particularly those with long term growth requirements.

I am also considering the future strategy for the delivery of the Court Funds Office, which will provide a digitalised and modern banking service for CFO clients in the future. At the date of signing evaluation of options is still at an early stage, but I expect to make a decision on future strategic direction by the end of 2026-27.

Performance Analysis

Financial Performance

Interest earned on client funds reduced in 2025-26 to £164.496m compared to £178.533m in 2024-25, which was due to reductions to Bank of England (BoE) interest rates during the year partially offset by an increase in the balances held by the Court Funds Office on behalf of clients. This also meant that interest payable to clients fell to £135.860m in 2025-26 compared to £152.188m in 2024-25.

The cost of delivering the CFO client service and running the OAG in 2025-26 was higher than in 2024-25, increasing from £7.911m to £8.025m (1.4%). This was largely driven by OAG staff costs (£99k) as a result of recruitment to fill vacancies and additional staffing for the project work relating to the future strategy of the Court Funds Office.

The combination of the above resulted in Net Income of £27.016m in 2025-26 compared to £26.345m in 2024-25. Overall, this was an immaterial year-on-year movement.

It is difficult to forecast the longer-term position on the BoE Base Rate (BoEBR) but the current planning assumption for 2026-27 is the rate will not reduce to a level where the service cannot be self-funding. This assumption will be closely monitored over the next financial year.

Client fund levels increased by £355m from £4,266m to £4,621m (8.3%). These increases mainly relate to Special accounts, specifically the Court of Protection beneficiaries. These accounts tend to be high value and vary year on year.

The Lord Chancellor's Common Investment Fund, the Equity Index Tracker Fund managed by Legal & General, is invested in three different sectors and the performance benchmark was a composite of the following:

- Solactive L&G ESG UK Index 55%
- Solactive L&G Enhanced ESG Developed Index 35%
- FTSE All-World Emerging Markets Index 10%

The Net Asset Value (NAV) per unit increased from a year opening position of 2,227.53p to a year closing position of 2,580.38p, an increase of 352.85p (15.8%). The volume of units held increased from the opening position of 3,636,858 to a closing position of 3,719,396 an increase of 82,538 (2.3%). Taking account of both factors (NAV and volume of units), the total value of the fund increased by £14.962m (18.5%).

Further analysis and explanation of the Equity Index Tracker Fund and its performance over the reporting year is found in the accounts produced by Legal & General (Part C).

Further information on how cash and securities are invested can be found in the 'Investment Policy' section below.

CFO Performance Indicators

The CFO Service is managed by OAG through a Memorandum of Understanding (MoU) with NS&I, the outsourced provider. The MoU defines the terms of how the service is delivered and is measured by Performance Indicators (PIs). The average annual performance achieved for each indicator over the 2025-26 reporting year is shown in the table on pages 10 and 11.

Overall, the accumulated annual average performance was 98.99%. This is a small improvement compared to 2024-25 (98.19%). Of the 17 PIs (previously there were 15 with two new PIs introduced in the year) in 2025-26, against the agreed targets, seven were exceeded, seven were met and three were not met (three were not met in 2024-25).

During the year two new PIs were implemented. PI16 was implemented to ensure that no unclaimed balance account is transferred to the Consolidated Fund under the 30-year rule where there is a claim in progress. PI17 was implemented to ensure any mail returned to the Court Funds Office because it could not be delivered was allocated to a retracing process within an agreed timescale of 40 days.

Factors impacting on PI performance not met in the year included the misrouting of documents that caused delay in some transactions, a power outage and a system outage.

PI	Process	2025-26 Annual Performance %	Target %	Met/ Not Met/ Exceeded	2024-25 %
1	Cheque Deposits – to be banked on the day of receipt.	100.00	97.00	Exceeded	100.00
2	Transferred Funds – notification to DMO by 11.30am.	100.00	100.00	Met	100.00
3	Deposits – within 2 working days of receipt.	99.89	97.00	Exceeded	99.69
4	Form 212 Investment Decision – within 14 days.	100.00	100.00	Met	97.78
5	EITF Investment – to be placed with fund manager on same day.	99.17	100.00	Not Met	100.00
6	Form 212 Non-Securities Decision – within 5 working days.	99.85	97.00	Exceeded	98.75
7	Dividends – within 3 working days of receipt.	100.00	100.00	Met	100.00
8	Transfers – within 2 working days of receipt.	98.33	100.00	Not Met	100.00
9	Non EITF Sale & Purchase – processed the same day.	87.50	100.00	Not Met	100.00
10	EITF Sale – processed the same day.	100.00	100.00	Met	100.00
11	Payments – within 3 working days of receipt.	98.94	97.00	Exceeded	92.88
12	General Correspondence – within 5 working days.	99.19	97.00	Exceeded	83.83
13	Majority Statements – to be issued 3 weeks prior to child's 18th birthday.	100.00	100.00	Met	100.00

PI	Process	2025-26 Annual Performance %	Target %	Met/ Not Met/ Exceeded	2024-25 %
14	Review of Child Accounts – to be reviewed annually.	100.00	100.00	Met	100.00
15	Telephone Helpline – to be answered within 20 seconds from becoming answerable.	99.98	90.00	Exceeded	99.94
16	Accounts Blocked – all accounts blocked within 2 working days of a valid claim being submitted.	100.00	100.00	Met	N/A
17	Returned Undelivered Mail – tracing completed and first step of return actioned within 40 days of receipt.	100.00	97.50	Exceeded	N/A

Investment Policy

Liquidity

Under the Administration of Justice Act 1982, cash funds paid into court are transferred to the Commissioners for the Reduction of the National Debt (CRND). Liquidity risk is managed by the UK Debt Management Office (DMO) on behalf of CRND.

Cash funds are placed in the Court Funds Investment Account (CFIA) and invested by the DMO in short term deposits, generally of fixed term and short duration, typically up to seven days. Interest on CFIA balances is paid at a rate equivalent to the Bank of England base rate.

The objectives of this strategy are:

- Clients are protected against capital loss and will receive their capital amount as a minimum repayment.
- Maximum liquidity is maintained, and clients can be paid on demand or when due under the terms of the court order.
- Clients receive a return on the funds held in court which reflects the above two conditions.

Funds are transferred to and from the CRND daily as required to meet cashflow requirements.

Under the Administration of Justice Act 1982, where interest and dividends earned on funds held in the CFIA exceed the amounts payable to clients, the surplus is applied to meet the operational costs of the service, the Commissioners' costs in respect of the CFIA, and depreciation. Any remaining surplus is surrendered to the Consolidated Fund. Where interest and dividend income is insufficient to meet amounts payable to clients, the resulting deficit is met from the Consolidated Fund, as agreed with HM Treasury.

Detailed information on the performance of the CFIA is reported in the Commissioners for the Reduction of the National Debt Court Funds Investment Account (Part B).

Interest Rates

The interest rate earned on client funds invested in the CFIA is set at the Bank of England Base Rates. The rates applicable during the year were:

- | | |
|--|-------|
| • 1 March 2025 to 8 May 2025 | 4.50% |
| • 9 May 2025 to 7 August 2025 | 4.25% |
| • 8 August 2025 to 18 December 2025 | 4.00% |
| • 19 December 2025 to 28 February 2026 | 3.75% |

The interest rate payable on client funds is set by the Lord Chancellor with the concurrence of HM Treasury. The specific interest rate paid to clients depends on how they are categorised.

Special Accounts – interest was paid on:

- Damages awarded to children as a result of civil legal action in a county court in England or Wales or the High Court of Justice.
- Assets belonging to people who lack the capacity to manage their own financial affairs, mainly where the Court of Protection (CoP) has appointed someone else to manage their affairs.
- Widows and other beneficiaries where sums were invested prior to March 1983.

The rates applicable during the year were:

- | | |
|--------------------------------------|-------|
| • 1 March 2025 to 2 March 2025 | 4.75% |
| • 3 March 2025 to 29 May 2025 | 4.50% |
| • 30 May 2025 to 19 August 2025 | 4.25% |
| • 20 August 2025 to 8 January 2026 | 4.00% |
| • 9 January 2026 to 28 February 2026 | 3.75% |

Basic Accounts – interest was paid on:

- Cases where money is held in court pending settlement of civil court action, or on behalf of other clients whose funds are held under a variety of different statutes.

The rates applicable during the year were:

- | | |
|--------------------------------------|-------|
| • 1 March 2025 to 2 March 2025 | 3.56% |
| • 3 March 2025 to 29 May 2025 | 3.38% |
| • 30 May 2025 to 19 August 2025 | 3.19% |
| • 20 August 2025 to 8 January 2026 | 3.00% |
| • 9 January 2026 to 28 February 2026 | 2.81% |

Other Suitors Deposited in the Senior Courts – 0.0%

- Monies paid into court on behalf of dissenting shareholders and monies received from county courts as unclaimed are held as cash, as are some child funds where religious observance does not allow for the accrual of interest.

Unclaimed Balances – 0.0%

- The Court Funds Rules 2011 set out the criteria for identifying unclaimed funds and provide for their transfer to the Unclaimed Balances Account. This includes funds paid into court under certain statutes that are unclaimed at the point of receipt. Balances held in the account do not accrue interest. Where authority to release the funds is subsequently received, simple interest at the prevailing basic rate is applied for the period during which the funds were unclaimed.

Growth

Clients may be eligible to have their funds invested in the Lord Chancellor's Common Investment Fund (CIF), an Equity Index Tracker Fund managed by Legal & General on behalf of the Lord Chancellor (Part C to the Accounts). Access to the CIF is governed by the Court Funds Rules 2011 and is limited to Special Account holders who as a minimum satisfy the following two criteria: a minimum of cash balances of £10,000; and funds are expected to be held in court for five years. Investment in the CIF exposes clients to market risk, including the risk of capital loss. Any such risk is borne by the client and not by the Accountant General or the Consolidated Fund.

The EITF provides clients with long term growth and income through dividends in a low-risk investment environment.

Securities

Some clients hold portfolios of securities in court, including stocks, shares and unit trusts. These relate to Court of Protection cases where the securities were paid into court before changes to the Court Funds Rules 2011. OAG acts as custodian for these securities and carries out administrative actions such as executing instructions to buy, sell or transfer securities and crediting dividends received. OAG does not provide investment advice, and clients may appoint private brokers for this purpose. OAG has no relationship with these brokers other than in its capacity as custodian.

Foreign Currency

Foreign currency deposits are held at the request of the client and at the discretion of the court. Such deposits are invested in short term accounts with the NatWest Group. Clients receive all interest earned on these funds and bear any associated foreign exchange risk as well as paying any fees and charges. The OAG acts solely as custodian and undertakes administrative functions while the funds are held in court.

Unclaimed Balances dormant over 30 years

Legislation changes from the 1st of February 2024 were made within Administration of Justice Act 1982 and Court Funds Rules 2011, allowing for funds reaching the 30 year dormancy threshold to be transferred to the Consolidated Fund, at which point the liability to the beneficiary would cease.

The first surrender of dormant funds took place in 2024-25 when £39.6m was surrendered representing the cumulative balance of all cases over 30 years. In 2025-26 £615k was surrendered to the Consolidated Fund (see Statement of Cash Flows).

Other Key Events

There are no other key events to report.

James McEwen

Accountant General of the Senior Courts
29 June 2026

Accountability Report

Corporate Governance Report

Director's Report

The Office of the Accountant General (OAG) responsibilities and duties cover all aspects of my obligations under the Administration of Justice Act 1982 and other related legislation.

The OAG is a business unit of the Ministry of Justice (MoJ) within the Chief Operating Officer's Group (COOG). As the OAG is not an Arm's Length Body, it does not maintain separate corporate functions or its own board, audit committee or remuneration committee. Oversight is provided through the MoJ Board and its sub committees.

The OAG does not have any non executive directors. However, in my capacity as Accountant General, I am a member of the Lord Chancellor's Strategic Investment Board (SIB), which includes two non executive advisers who provide independent advice and technical expertise on investment matters.

Members of the SIB are required to declare any interests that could give rise to actual or perceived conflicts of interest. Such declarations are formally recorded, together with any agreed mitigating actions. All related party disclosures are included in the MoJ Annual Report and Accounts.

There were 36 (39 in 2024-25) personal data incidents during the reporting year. All incidents were reviewed by the MoJ Data Protection team and have been dealt with accordingly.

Statement of the Accountant General's Responsibilities

As set out in Section 38 of the Administration of Justice Act 1982 (the Act), the Accountant General of the Senior Courts is responsible for the management and investment of Funds in Court, specifically, monies, securities and other assets held under the control of the civil courts of England and Wales, including the Court of Protection (CoP).

Under Section 45(1) of the Act, the Accountant General is required to prepare a statement of accounts for each financial year in the form and on the basis as directed by HM Treasury. These accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Funds in Court and of the income and expenditure, statement of financial position and cash flows for the financial year.

The Secretary of State and Lord Chancellor has, under Section 97(2) of the Senior Courts Act 1981, as amended by the Public Trustee and Administration of Funds Act 1986, appointed me, James McEwen, as Accountant General of the Senior Courts on 29 August 2020. The Permanent Secretary of the MoJ has also appointed me as the Accounting Officer for Funds in Court. My responsibilities as Accounting Officer, including responsibilities for the propriety and regularity of the funds for which I am answerable and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by HM Treasury, and published in "*Managing Public Money*".

In preparing the accounts, I am required to observe the applicable accounting standards and comply with the relevant requirements of the Government Financial Reporting Manual (FReM), 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 have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis; and
- confirm that the annual report and accounts as a whole are fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining they are fair, balanced and understandable.

As 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 the auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

I understand and comply with the requirements of *"Corporate Governance in Central Government Departments: Code of Good Practice 2017"* to the extent they apply to these accounts. This Governance Statement explains how, as Accountant General, I meet those requirements.

There were no Ministerial directions given to me as the Accountant General in the year ending 28 February 2026.

Governance Framework

Office of the Accountant General

I delegate responsibility for the day-to-day delivery of my responsibilities to the Deputy Accountant General. He is supported in this role by the Office of the Accountant General (OAG).

The OAG operates within the core boundary of the Ministry of Justice (MoJ) as part of the Chief Operating Officer's Group (COOG) and is subject to all MoJ policies, procedures and governance frameworks. As the OAG does not have its own board of directors, oversight is provided by the MoJ Board and its Audit and Risk Committee.

The OAG has a governance framework which operates to provide me with assurance on the efficient and effective delivery of its objectives as defined in its annual Business Plan.

The OAG Management Team meets monthly to review performance against the Business Plan, consider strategic matters across policy, legal, commercial and finance areas, and review key risks. All decisions and actions are formally minuted and reported to me, as appropriate, by the Deputy Accountant General. I also hold regular meetings with the Deputy Accountant General, or my designated nominee, to review performance and progress against objectives and to provide strategic direction where required.

The Deputy Accountant General is supported by the Risk Review Group, which is responsible for assessing and monitoring risks to the delivery of the OAG's Business Plan objectives. In addition, the Finance Review Group supports the Deputy Accountant General by monitoring the overall financial position of the Fund and its operating costs. Both groups report to the monthly OAG Management Team meeting, where their outputs are formally reviewed and approved.

At the date of signing, the OAG was satisfied with the accuracy and completeness of its internal management information and the external performance indicator and financial information provided by NS&I.

For departmental-level assurance, the Funds in Court Annual Report is presented to the MoJ Audit and Risk Committee prior to submission to Parliament. The Committee receives biannual updates during the year on risk and control matters and is informed at any time of any material issues, including instances of fraud, should they arise. The Committee provides an independent view on the Annual Report, which constitutes a key source of assurance to the Accountant General on its accuracy, completeness and validity.

OAG staff

The OAG has a complement of 15 full time equivalent staff. Staff costs in 2025-26 were £1.155m (2024-25: £1.056m). All OAG employees, including the Deputy Accountant General, are civil servants on standard MoJ terms and conditions including salary and pension arrangements. Posts within the OAG are filled in accordance with the MoJ recruitment policy in line with the principles of open and fair competition. Candidates are assessed using the Civil Service success profiles framework.

All OAG employees are subject to the Civil Service Code and are required to act with honesty and integrity. There were no breaches of the Code and no performance or conduct issues during the year.

Lord Chancellor's Strategic Investment Board

The Lord Chancellor's Strategic Investment Board (SIB) is responsible for provision of advice and governance on the investment of funds including:

- Advice on investment strategy, performance benchmarks and related investment matters including guidelines for external managers.
- Advice on the appointment of external managers to invest the client monies coming within the care of the MoJ.

- Oversight of the Fund's performance against established industry benchmarks, providing robust challenge, advice and direction to the external managers as appropriate.

The Board meets quarterly and comprises two non executive investment advisers (the Chair, Karen Shackleton, and Deputy Chair, Richard Dunbar), the Accountant General of the Senior Courts (or Deputy), the Official Solicitor and Public Trustee (both posts held by the same individual), the Accountant General of Northern Ireland, and a representative from MoJ Commercial. The Lord Chancellor is kept regularly informed of the Board's activities and provides direction as required. The Accountant General attends the SIB on behalf of CFO clients.

CFO Service

The client operational service is outsourced to NS&I, which delivers all back-office and helpdesk functions for clients. The service requirements, including Performance Indicators (PIs) and the underlying control framework, are set out in the Memorandum of Understanding (MoU) between the Accountant General and NS&I, who subcontract the delivery of this service to Atos.

NS&I reports formally to the OAG on delivery of the CFO Service through the Operational Delivery Group (ODG), which is chaired by NS&I and attended by OAG. The ODG monitors service performance, ensuring that operational objectives are achieved, risks, issues and major incidents are effectively managed, and change requests are progressed. It provides a forum for OAG to challenge service quality, including PI breaches or delays in delivery. The ODG meets monthly, with all decisions and actions formally minuted, and its outputs are reported to the OAG Management Team.

The Deputy Accountant General and the NS&I Director for Business to Business (B2B) attend the ODG on a quarterly basis to review performance and provide strategic direction as required.

NS&I maintains its own internal assurance function and control framework covering delivery of the CFO Service.

Internal Audit

The MoJ Internal Audit function, part of the Government Internal Audit Agency (GIAA), acts on behalf of the MoJ and may review any area of the OAG's activities as it considers necessary. The annual audit programme is discussed and agreed between the OAG and GIAA at the start of each financial year. This enables both parties to plan the work, while not limiting GIAA's ability to undertake additional reviews should the need arise.

GIAA does not normally include the outsourced operations of NS&I within its annual audit plan, except where this is agreed under the risk based approach. However, under the terms of the Memorandum of Understanding with NS&I, GIAA has a right of access where the OAG determines this is necessary to ensure that the statutory duties of the Accountant General have been, or are being, properly discharged. No additional reviews were undertaken by GIAA at the request of the OAG during 2025-26.

GIAA has no authority to audit Legal & General in respect of the Common Investment Fund as agreed under the terms of the Deed of Appointment.

GIAA, in partnership with NS&I also provides an annual assurance report on NS&I's Business to Business operation, which includes the CFO Service and CFO specific audits. This assurance review covers a range of operational activities based on risk assessment of the key areas and is a rolling annual programme. For reporting year 2025-26, GIAA gave an overall opinion of "Moderate" (2024-25: "Moderate"). There are two audits marked as "Requiring Attention": Staff and Contractor Vetting and Physical and System Access Review. However, the findings have no financial impact on CFO clients. The final reports include recommendations accepted by NS&I management together with agreed action plans. OAG will work with NS&I, formally reviewing monthly, to ensure these recommendations are implemented over reporting year 2026-27.

Risk Management

The OAG manages risks against its strategic objectives, which are reviewed by the Risk Review Group and the monthly Management Team meeting. At the start of each year, the Risk Review Group assesses the nature and scale of risks associated with the objectives set out in the Business Plan, identifies appropriate mitigating controls, and determines any further actions required.

The Risk Review Group meets monthly to review the Risk Register, Incident Log and Issues Log, and provides an updated report to the OAG Management Team.

High-level risks are monitored closely to ensure that overall exposure remains within the agreed risk appetite. These risks are also monitored jointly with NS&I through a shared risk register, which is updated monthly and reported to the Operational Delivery Group (ODG). Progress on the annual audit assurance review is also reported to the monthly ODG.

The key risk categories are set out in the following sections.

Liquidity Risk

The Court Funds Office Performance Indicators define the agreed service standards for the payment of funds. As the target for making payments is three working days, it is essential that sufficient liquidity is maintained to ensure cash is available to meet this requirement. Liquidity risk is managed by the Debt Management Office (DMO) through the placement of cash in the Court Funds Investment Account (CFIA), which invests in short term deposits. These deposits are either fixed term with short maturities, typically of up to seven days, or instant access arrangements with funds available on demand. This approach generates a return equivalent to the Bank of England base rate while ensuring that sufficient cash is available to meet client payment requests.

Investment Risk

Funds in Court are guaranteed to the extent that the Administration of Justice Act 1982 provides that any shortfall in amounts payable to clients will be met from the Consolidated Fund. The approach adopted by the Debt Management Office (DMO) to manage liquidity risk means that returns on cash held in court are expected to be at, or close to, the Bank of England base rate, while ensuring there is no risk of capital loss. It is not the role of the Court Funds Office (CFO) to seek capital growth on funds held in court.

The Court Funds Rules 2011 allow, in certain cases and subject to minimum thresholds relating to both the duration and value of investment, for funds to be transferred to the Common Investment Fund (CIF) where directed by the Court. The CIF is an Equity Index Tracker Fund managed by Legal & General, which seeks to balance risk and return through diversification across UK, international and emerging market investments. Investment in the CIF transfers market risk to the client, as any loss in value is borne by the client and cannot be recovered from the Court Funds Investment Account (CFIA). In most cases, only a proportion of a client's funds is invested in the CIF, with the remainder retained in the CFIA.

This approach enables eligible clients to access the potential for long term capital growth, while ensuring that overall investment risk is managed through diversification and the continued holding of funds in the CFIA.

Operational Risk

The OAG manages operational risk primarily through the outsourcing of the administration of client funds to NS&I. Under the terms of the Memorandum of Understanding (MoU), NS&I is required to deliver the CFO Service in accordance with agreed service standards, including Performance Indicators (PIs). Where NS&I fails to meet the PI targets, financial penalties are applied. In addition, where a client incurs financial loss as a result of an error by NS&I, NS&I is liable for the resulting financial impact.

Management Risk (OAG)

The principal risk relates to resourcing constraints arising from the small size of the OAG team and the availability of appropriate capability, skills and experience. The Deputy Accountant General manages succession planning and cover arrangements to support the effective delivery of objectives. Business knowledge is maintained and transferred through the OAG's governance arrangements and compliance with MoJ corporate data-retention policies. Recruitment practices are designed to attract a diverse range of candidates with the skills and experience required to meet business needs.

Foreign Exchange Risk

Where client funds are paid into court in a currency other than Sterling, the Accountant General acts solely as custodian and undertakes the necessary administrative functions to support client transactions. These activities are managed as part of operational risk. Any foreign exchange risk arising from holding funds in a foreign currency is borne by the client and not by the OAG.

Market Risk (Securities)

Where securities are paid into court, the Accountant General acts solely as custodian and is responsible for the associated administrative functions required to support subsequent transactions. Where client funds are invested in the Equity Index Tracker Fund (EITF), clients bear the risk of movements in unit market values. Administrative activities are managed as operational risk, while all market risk associated with the holding of securities is borne by the client. Accordingly, the Accountant General bears no market risk in respect of securities held in custody.

Legal Risk

Funds in Court are subject to a range of legislative requirements, including legislation governing the management of funds held in court and wider financial services regulations, such as those relating to sanctions. Legal compliance is managed through the maintenance and regular review of the Court Funds (CF) Rules and Business Rules, which set out the processes and controls in place. Where legal issues arise, specialist advice is obtained from the Government Legal Department.

Control Framework

The CFO service, managed by NS&I, operates within its own internal control framework, supplemented by controls operated by its subcontractor, Atos, which undertakes its own Risk Control Self Assessment. NS&I is responsible for managing Atos and for ensuring that controls operate effectively, either through its internal assurance function or through audits conducted on its behalf by the Government Internal Audit Agency. The OAG meets monthly with NS&I and Atos through the Operational Delivery Group (ODG) to review the operation and effectiveness of these controls, with related matters also considered at the OAG Monthly Team meeting.

Under the previous Court Funds Rules, interest on foreign currency deposits was payable only where a court direction to invest had been received. Interest earned without such direction was therefore transferred to the Consolidated Fund. Owing to inconsistencies in the Court Funds Rules, we concluded that foreign currency interest should have been paid to clients from receipt of deposits. The Court Funds (Amendment) Rules 2025, effective from 19 January 2026, were introduced to clarify the interest accruals treatment. Client remediation to reinstate interest is underway, with an estimated outstanding liability of £1.62m at 28 February 2026, for which a provision has been recognised (see Note 14).

There were no material control incidents during the reporting year or at the signing date.

Administrative Obligations

Information assurance, particularly in relation to client data, is a critical area of responsibility for the Accountant General and the Ministry of Justice (MoJ). The OAG complies with MoJ information assurance policies to ensure adherence to the requirements applicable to public sector bodies. An OAG Information Asset Owner is responsible for reporting and escalating information related issues to the Senior Information Risk Owner, who provides appropriate oversight. All requirements of the General Data Protection Regulation (GDPR) have been implemented and are operating effectively.

Arrangements are also in place to manage health and safety risks, control weaknesses, whistleblowing, and compliance with MoJ policies on health and safety, fraud, bribery and corruption. These arrangements also support any local policies and procedures, where applicable.

Overall Assessment of Governance Framework

I am satisfied that the governance and risk management frameworks described in this statement are appropriate and that effective systems and processes are in place to support a sound system of internal control across the OAG. These arrangements support the delivery of policies, aims and objectives, while safeguarding the funds and assets for which I am personally accountable. I can confirm that these systems have operated throughout the year under review and up to the date of approval of the Annual Report and Accounts.

Parliamentary Accountability Report

Regularity of expenditure

All investments, income and expenditure relating to Funds in Court were applied to the purposes intended by Parliament.

The above statement has been audited.

Fees and charges

There were no fees or charges relating to Funds in Court.

The above statement has been audited.

The notional audit fee for the Funds in Court Part A financial statements for the year ended 28 February 2026 was £94,380 (2024-25 fee was £90,000). The audit fees are accounted for in the MoJ accounts. There have been no fees paid to the auditors in respect of non-audit work.

James McEwen

Accountant General of the Senior Courts

29 June 2026

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Funds in Court in England and Wales – Part A for the year ended 28 February 2026 under the Administration of Justice Act 1982.

The financial statements comprise the Funds in Court in England and Wales – Part A's:

- Statement of Financial Position as at 28 February 2026;
- Statement of Comprehensive Net Income and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Funds in Court in England and Wales – Part A's affairs as at 28 February 2026 and its total comprehensive net income for the year then ended; and
- have been properly prepared in accordance with the Administration of Justice Act 1982 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Funds in Court in England and Wales – Part A 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 opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Funds in Court in England and Wales – Part A's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Funds in Court in England and Wales – Part A's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accountant General as accounting officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Funds in Court in England and Wales – Part A is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accountant General is responsible for the other information.

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

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Administration of Justice Act 1982; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Funds in Court in England and Wales – Part A and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- adequate accounting records have not been kept by the Funds in Court in England and Wales – Part A or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accountant General as Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Funds in Court in England and Wales – Part A from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view in accordance with HM Treasury directions issued under the Administration of Justice Act 1982;
- preparing the annual report in accordance with HM Treasury directions issued under the Administration of Justice Act 1982; and
- assessing the Funds in Court in England and Wales – Part A'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 Accountant General as Accounting Officer anticipates that the services provided by the Funds in Court in England and Wales – Part A will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Administration of Justice Act 1982.

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Funds in Court in England and Wales – Part A's accounting policies;
- inquired of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Funds in Court in England and Wales – Part A's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Funds in Court in England and Wales – Part A’s controls relating to the Funds in Court in England and Wales – Part A’s compliance with the Administration of Justice Act 1982, the Court Fund Rules 2011 and Managing Public Money;
- inquired of management, and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and the relevant internal specialists, including IT audit specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Funds in Court in England and Wales – Part A for fraud and identified the greatest potential for fraud in the following areas: income recognition, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Funds in Court in England and Wales – Part A’s framework of authority and other legal and regulatory frameworks in which the Funds in Court in England and Wales – Part A operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Funds in Court in England and Wales – Part A. The key laws and regulations I considered in this context included the Administration of Justice Act 1982, the Court Fund Rules 2011 and Managing Public Money.

In addition, I considered the risks of non-compliance with laws and regulation arising from payments to sanctioned individuals or entities.

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 concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and internal audit reports;

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I assessed all identified payments made during the year to sanctioned individuals or entities to ensure appropriate approvals had been obtained (i.e. those payments made to individuals, organisations or countries which are subject to sanctions by the United Kingdom at the time of the payments).

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

02 July 2026

Financial Statements

Statement of Comprehensive Net Income for the year ended 28 February 2026

	Notes	28 February 2026 £000	28 February 2025 £000
Income			
Interest Income	2	164,496	178,533
Interest Due to Clients' Accounts	3	(135,860)	(152,188)
Foreign Currency Interest Repayment	3	(1,620)	–
Net Interest Income		27,016	26,345
Dividend Income	4	2,024	1,911
Gains Arising from Securities	5	13,125	9,108
Gains/(Losses) on Foreign Exchange	6	18,686	(13,689)
Gains/(Losses) Attributable to Clients	7	(33,835)	2,670
Net investment Income		–	–
Net Income		27,016	26,345
Expenses			
Administrative Expenses – OAG	8	(8,025)	(7,911)
Management Charges from CRND		(100)	(100)
Total Net Expenses		(8,125)	(8,011)
Total Comprehensive Net Income Transferred to Reserves		18,891	18,334

All income and expenditure are derived from continuing operations.

The notes on pages 33 to 44 form part of these Accounts.

Statement of Financial Position as at 28 February 2026

	Notes	28 February 2026 £000	28 February 2025 £000
Assets			
Current Assets			
Cash and Cash Equivalents	9	509,642	491,493
Deposits and Advances	10	4,160,704	3,821,081
Investment Securities	11	100,754	85,367
Total Assets		4,771,100	4,397,941
Liabilities			
Current Liabilities			
Cash and Cash Equivalents	9	(7,216)	(8,065)
Clients' Holdings in Investment Securities	11	(100,754)	(85,367)
Clients' Cash Account Balances	12	(4,621,140)	(4,265,836)
Other Liabilities	13	(28,515)	(25,518)
Non-Current Liabilities			
Long Term Provision	14	(1,620)	–
Total Liabilities		(4,759,245)	(4,384,786)
Total Assets Less Total Liabilities		11,855	13,155
Reserves	15	11,855	13,155

James McEwen

Accountant General of the Senior Courts
29 June 2026

The notes on pages 33 to 44 form part of these Accounts.

Statement of Cash Flows for the year ended 28 February 2026

	Notes	28 February 2026 £000	28 February 2025 £000
Cash Flows from Operating Activities			
Total Comprehensive Net Income		18,891	18,334
(Increase) in Deposits and Advances		(339,008)	(727,652)
(Increase) in Investment Securities		(15,387)	(8,026)
Increase in Clients' Cash Account Balances		355,304	831,908
Increase in Clients' Holdings in Investment Securities		15,387	8,026
Increase in Other Liabilities		413	3,116
Increase in Long Term Liabilities		1,620	–
Net Cash Flows from Operating Activities		37,220	125,706
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund			
		37,220	125,706
Payment of surplus in respect of previous years to the Consolidated Fund		(17,607)	(16,116)
Payment of unclaimed balances to the Consolidated Fund		(615)	(39,628)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		18,998	69,962
Opening cash and cash equivalents		483,428	413,466
Closing cash and cash equivalents	9	502,426	483,428

The notes on pages 33 to 44 form part of these Accounts.

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the direction made by HM Treasury under Section 45 of the Administration of Justice Act 1982, as detailed on page 5 of the Annual Report and Accounts. In applying this direction, all policies must be compliant with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the specific circumstances of the Funds in Court in England & Wales (Part A), for the purpose of giving a true and fair view has been selected. The specific policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

1.1. Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of certain financial assets and liabilities to the extent that such requirements are relevant to the activities of the Court Funds Office (CFO).

1.2. Funds in Court Boundaries

There are three parts to the accounts:

- Part A – Funds in Court – Accountant General’s Accounts.
- Part B – Court Funds Investment Account (CFIA) – Commissioners for the Reduction of the National Debt (CRND)’s Accounts.
- Part C – The Equity Index Tracker Fund (EITF) – Investment Manager’s Accounts.

The Part A accounts present transactions and balances for which the Accountant General is responsible, in accordance with Section 38 of the Administration of Justice Act 1982 (the Act), including the transfer of Funds in Court to and from Parts B and C.

The accounts have been prepared to show the combined position of Part A and Part B, together with the share of investments in Part C that relate to Court Funds, reflecting the Accountant General’s overall responsibility for the relevant elements of Parts B and C. This presentation is considered to best reflect the intent of the Act and the Accounts Direction. Note 10 discloses the value of transactions and balances between Part A and Part B during the year, in accordance with Section 38.8(b) of the Act, which provides for the transfer of monies in court to and from the Commissioners for the Reduction of the National Debt.

The Accountant General's Accounts (Part A) have been prepared in accordance with the direction given by HM Treasury under Section 45(1) of the Act. Deposits made under the various enactments referred to in Section 40 of the Act are not segregated within the accounts.

1.3. Cash and Cash Equivalents and Deposits and Advances

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less. Bank overdrafts are included within cash equivalents for the purposes of the Statement of Cash Flows.

Amounts invested in the Commissioners for the Reduction of the National Debt Court Funds Investment Account are presented as Deposits and Advances. These represent financial assets held to collect contractual cash flows of principal and interest on specified dates and are therefore measured at amortised cost, rather than being classified as cash and cash equivalents.

1.4. Recognition of Income

Interest earned and due for all interest-bearing financial instruments is recognised in "Interest Income" and "Interest Due to Clients' Accounts" in the Statement of Comprehensive Net Income using the Effective Interest Rate (EIR) method of allocating interest over the relevant period. Interest earned and due is recognised from the settlement date.

Income is recognised in the Accounts on the following bases:

- Interest on investments is recognised as it accrues on an EIR basis rather than on a cash received basis; dividends are accrued as they are declared.
- Realised gains and losses on disposals or maturities of investments are recognised in the period they arise.
- Valuation gains and losses on securities and collective investment schemes are recognised in the Statement of Comprehensive Net Income and are included in the carrying value of those securities in the Statement of Financial Position.

1.5. Valuation of Securities and Common Investment Funds

All securities and common investment funds are designated as financial assets held at fair value through profit or loss and are recognised in the Statement of Financial Position at market value, in accordance with IFRS 9 *Financial Instruments*.

The fair value of investment securities is determined by reference to quoted prices in active markets. Certain movements in securities occur without a cash transfer, including securities transferred into court by clients (deposits) and securities transferred to clients rather than being sold (transfers). For these transactions, values are determined using closing market prices on the date the transaction occurs. In respect of these legacy holdings, the Accountant General acts solely as custodian and bears no responsibility for the underlying investments. All associated risks, including market, interest rate and credit risk, are managed between the clients and their appointed brokers.

The fair value of the Equity Index Tracker Fund (the Common Investment Fund) is determined using the Net Asset Value on 28 February 2026. Investments in securities and derivatives are subject to normal market fluctuations. Legal & General, as the Authorised Fund Manager, is responsible for ensuring appropriate risk management arrangements are in place for each unit trust.

Interest rate risk reflects the potential for changes in the value of financial instruments arising from fluctuations in interest rates. The Fund's only interest-bearing financial instruments are its bank balances and overdraft facilities, which are held on normal commercial terms and earn, or bear, interest at market rates. As a result, changes in interest rates are not expected to have a material impact on the Fund's assets.

Credit risk represents the risk of financial loss arising from a counterparty's failure to meet its contractual obligations as they fall due. This risk is managed through assessment of the credit quality of financial instruments and issuers in line with the Fund's investment strategy. The Accountant General is responsible for CFO clients with holdings in the Fund.

Funds in Court Part C – Note 12 produced by L&G provides further information.

1.6. FRS 102 – Financial Reporting

The Part C Legal & General Equity Index Tracker Fund (EITF) accounts are prepared under FRS 102 and the investment SORP, while the Funds in Court Part A accounts are prepared in accordance with the Government Financial Reporting Manual (FReM). Although Parts A and C are prepared under different accounting frameworks, Part A applies a policy of ensuring that any differences in accounting standards do not result in a material difference in accounting treatment. As both FRS 102 and the FReM require such investments to be measured at fair value, no material differences arise in practice. This position is reviewed annually to ensure that future changes in accounting standards do not give rise to any material differences.

1.7. Reserves held by CRND

Reserves held by the Commissioners for the Reduction of the National Debt (CRND) arise from the timing of cash flows associated with surpluses generated within the Court Funds Investment Account (CFIA). These surpluses comprise amounts arising from an excess of interest earned over interest paid and operating costs, which are surrendered to the Exchequer in the following financial year, together with amounts arising from timing differences in the calculation of the surplus as prescribed by the Administration of Justice Act 1982. The latter give rise to a timing difference that is carried forward to the next financial year.

1.8. Administrative Expenses – OAG

The administrative expenses of the OAG are funded in advance by the Ministry of Justice (MoJ) and subsequently recovered from surplus interest earned on client funds during the year. The OAG incurs only those costs that are directly attributable to the delivery of its responsibilities to clients. Corporate services, including Information and Communication Technology (ICT), Human Resources and Legal Services, are provided by the MoJ as this represents a more cost effective approach than sourcing such services directly.

1.9. Client Fees

OAG clients do not pay fees for the services provided. OAG costs are recovered from surplus interest earned on client funds held in the Court Funds Investment Account (CFIA). Clients with investments in the Equity Index Tracker Fund (EITF) pay management fees directly to Legal & General, which are reflected in the Net Asset Value of those holdings.

1.10. Foreign Currency

Assets and liabilities with a functional currency different from the presentational currency are translated into Sterling at the closing exchange rate at 28 February 2026.

Foreign currency balances are held solely on behalf of clients who elect to hold Funds in Court in a currency other than Sterling. These balances are maintained in accounts with correspondent banks and earn interest in the relevant currency. Foreign exchange gains and losses are calculated based on monthly movements in exchange rates.

Foreign exchange gains and losses arising from revaluation are recognised in the Statement of Comprehensive Net Income. As the associated foreign exchange risk is borne by clients, a corresponding adjustment is made to clients' holdings in the functional currency.

1.11. Unclaimed Balances over 30 years old

Following a change introduced by the Finance Act 2023, unclaimed balances in accounts that have been dormant for more than 30 years are transferred to the Consolidated Fund. Where an account reaches the 30-year dormancy threshold and following the completion of checks by the Court Funds Office, the liability to the client expires and a liability is recognised for the transfer of the balance to the Consolidated Fund. No gain is recognised on the expiry of the liability to the client.

1.12. Changes in accounting policies and disclosures

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 March 2025 and not early adopted

IFRS 17 Insurance Contracts introduces a discounted cash flow approach to the accounting for insurance contracts and applies to accounting periods beginning on or after 1 January 2023. In central government, the implementation date is 1 April 2025, and accordingly the standard will first apply to the Funds in Court accounts in 2026-27. IFRS 17 is not expected to have an impact on these financial statements.

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

We do not consider that any other new, or revised standard, or interpretation will have a material impact.

1.13. Critical judgements in applying accounting policies

These accounts have been prepared without any requirement to make any critical judgements in applying accounting policies, nor are any financial balances subject to any estimation or uncertainty.

2. Interest Income

	28 February 2026	28 February 2025
	£000	£000
Foreign Exchange	2,444	4,056
Deposits & Advances	162,052	174,477
Total Interest Income	164,496	178,533

3. Interest Due to Clients' Accounts

	28 February 2026	28 February 2025
	£000	£000
Court Funds – Basic Account	(13,989)	(20,086)
Court Funds – Special Account	(119,427)	(128,046)
Foreign Exchange Balances	(2,444)	(4,056)
Foreign Currency Interest Repayment	(1,620)	–
Total Interest Due to Clients' Accounts	(137,480)	(152,188)

4. Dividend Income

	28 February 2026	28 February 2025
	£000	£000
Dividends Received in Year	1,961	1,890
Dividends Accrued – period end	998	935
Dividends Accrued – period start	(935)	(914)
Total Dividend Income	2,024	1,911

5. Gains Arising from Securities

	28 February 2026	28 February 2025
	£000	£000
Client Securities	13,125	9,108
Total Gains Arising from Securities	13,125	9,108

6. (Losses)/Gains Arising from Foreign Currency

	28 February 2026	28 February 2025
	£000	£000
US Dollars	(6,236)	326
Euros	24,976	(13,947)
AUS Dollars	(54)	(68)
Total (Losses)/Gains from Foreign Exchange	18,686	(13,689)

7. Income due to Clients' Holdings

	28 February 2026	28 February 2025
	£000	£000
Dividend Income	(2,024)	(1,911)
(Gains)/Losses Arising from Securities	(13,125)	(9,108)
(Gains)/Losses Arising from Foreign Exchange	(18,686)	13,689
Total (Gains)/Losses Attributable to Clients	(33,835)	2,670

	28 February 2026	28 February 2025
	£000	£000
US Dollars	(6,236)	326
Euros	24,976	(13,947)
AUS Dollars	(54)	(68)
Total (Losses)/Gains from Foreign Exchange	18,686	(13,689)

All dividend income, gains arising from securities and foreign exchange (gains)/losses are solely attributable to the clients.

8. Administrative Expenses – OAG

	28 February 2026	28 February 2025
	£000	£000
Staff Costs	(1,155)	(1,056)
General Support	(97)	(70)
Third Party Supplier	(6,773)	(6,785)
Total Administrative Expenses	(8,025)	(7,911)

Staff costs cover OAG team who are MoJ Civil Servants. Staff costs are charged to Funds in Court.

9. Cash and Cash Equivalents

	28 February 2026	28 February 2025
	£000	£000
Foreign Exchange Bank Accounts		
Balance at 1 March	491,493	419,124
Net change in cash and cash equivalents	18,149	72,369
Balance at Year End	509,642	491,493
Sterling Bank Accounts		
Balance at 1 March	(8,065)	(5,658)
Net change in cash and cash equivalents	849	(2,407)
Balance at Year End	(7,216)	(8,065)
Net Cash and Cash Equivalents	502,426	483,428

Included within the above Foreign Exchange bank account balance are €473m of funds that are not currently accessible due to imposed sanctions.

10. Deposits and Advances

	28 February 2026	28 February 2025
	£000	£000
Call Notice Deposits	4,160,704	3,821,081
Total Deposits and Advances	4,160,704	3,821,081

The transactions and balances between Part A and Part B where money has been passed to Part B to invest with the Debt Management Account are as follows:

Balance as at 28 February	Part B	
	£000	£000
CFO Funds held by Part B	4,132,542	3,795,915
Transactions in year		
Funds invested with Part B	(796,000)	(1,026,350)
Funds received from Part B	593,109	412,528
Net cash (invested)/received	(202,891)	(613,822)

11. Clients' Holdings in Investment Securities

Market Valuation Summary	28 February 2026	28 February 2025
	£000	£000
Equity Index Tracker Fund	95,975	81,012
Unit Trust Holdings	2,198	2,027
Stocks, Shares and Loan Notes	1,584	1,393
Total	99,757	84,432

Dividends and Coupons Due

Equity Index Tracker Fund	989	928
Unit Trust Holdings	5	3
Stocks, Shares and Loan Notes	3	4
Total	997	935

Total Value of Investment Securities

Equity Index Tracker Fund	96,964	81,940
Unit Trust Holdings	2,203	2,030
Stocks, Shares and Loan Notes	1,587	1,397
Total	100,754	85,367

Market Holdings Summary (Units)

	28 February 2026	28 February 2025
	000	000
Equity Index Tracker Fund	3,720	3,637
Unit Trust Holdings	1,064	1,068
Stocks, Shares and Loan Notes	158	176
Total Investment Securities	4,942	4,881

Movements in Holdings during the Year (Units)

	28 February 2026	28 February 2025
	000	000
Balance at start of year	4,881	4,853
Purchases during Year	416	362
Sold during Year	(289)	(391)
Net Transfers (to)/from Clients	(66)	57
Balance as at year end	4,942	4,881

Investment Securities relate to holdings held by the Accountant General on behalf of clients and comprise of:

- Holdings in the Equity Index Tracker Fund (EITF)
- Holdings of unit trusts deposited in court by clients
- Holdings of individual stocks and shares.

The note sets out the market value of these holdings along with the associated accrued income. The note also provides an analysis of the number of units held for investment securities and details for the in-year movements in terms of purchases, sales and transfers.

EITF holdings as at 28 February 2026 were valued at a Net Asset Value of 2,580.38p (2,227.53p as at 28 February 2025).

12. Clients' Cash Account Balances

	28 February 2026	28 February 2025
	£000	£000
Court Funds placed on Basic Account	292,384	357,166
Court Funds placed on Special Account	3,135,171	2,771,059
Unclaimed Balances	468,044	417,322
Other Suitors Deposited in the Senior Courts	215,899	228,796
Clients' Monies Held as Foreign Exchange	509,642	491,493
Total Client Balances	4,621,140	4,265,836

All client cash account balances other than those held as foreign exchange are invested in the UK Debt Management Office (UKDMO). Funds are invested by UKDMO in short term call notice deposits and guaranteed by HM Treasury. The interest rate earned on client funds is pegged to the Bank of England Base Rate and is guaranteed by HM Treasury. The interest rate payable to clients is set by the Lord Chancellor in agreement with HM Treasury.

Clients' monies held as foreign exchange are invested in foreign currency accounts managed by the Government Banking Service. Exchange rate risk and interest rate risk are borne by the clients.

12a. Clients' Receipts and Payments During Year

	28 February 2026	28 February 2025
	£000	£000
Opening Balance	4,265,836	3,433,928
Lodgements by Clients	1,626,427	1,739,771
Sales of EITF units and other securities	7,006	7,954
Dividends and Interest paid on securities	1,961	1,890
Total Lodgements from Clients	1,635,394	1,749,615
Payments to Clients	(1,423,780)	(1,048,627)
Purchase of EITF units and other securities	(10,853)	(8,149)
Total Payments to Clients	(1,434,633)	(1,056,776)
Interest Paid and Credited to Court Accounts	102,043	111,968
Gains/(Losses) Arising from Foreign Exchange	18,686	(13,690)
Closing Balance	4,587,326	4,225,045
Add Accrued Interest	33,814	40,791
Total Client Balances	4,621,140	4,265,836

14. Other Liabilities

	28 February 2026	28 February 2025
	£000	£000
OAG Administrative Expenses	8,025	7,911
Surplus to Consolidated Fund	20,191	17,607
Unclaimed Balances Due to Consolidated Fund	299	–
Total Other Liabilities	28,515	25,518

15. Long term Provision

	28 February 2026	28 February 2025
	£000	£000
Foreign Currency Interest Repayment	(1,620)	0
Total Balance	(1,620)	0

Historically, in accordance with the Court Funds Rules, the Court Funds Office transferred interest earned on clients' foreign currency deposits to the Consolidated Fund where no court direction had been received to pay such interest to clients. Owing to inconsistencies in the Court Funds Rules, we concluded that this interest should instead have been paid to clients from the date the deposits were received.

As a result, client remediation to reinstate interest is underway. A provision of £1.62m has been recognised in these accounts at 28 February 2026 in respect of the liability to remediate clients for interest they should have received, which was either surrendered to the Consolidated Fund or retained by the Court Funds Office.

16. Reserves

	28 February 2026	28 February 2025
	£000	£000
Opening Balance	13,155	12,428
Total Comprehensive Net Income	18,891	18,334
CFERs Payable to the Consolidated Fund	(20,191)	(17,607)
Closing Balance	11,855	13,155

17. Events after the Reporting Period

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

There were no events between the end of the reporting period and the date the financial statements were authorised for issue that would be considered to significantly affect these accounts.

18. Contingent Liabilities

There were no contingent liabilities as at 28 February 2026 (the 2024-25 accounts included a contingent liability for the remediation of £1.5-2m of foreign currency interest, which is now provided for (see Note 14 above)).

19. Physical Effects

The Accountant General acts as custodian for client physical effects that have been paid into court. These assets generally have no financial value and consist of legal documents, deeds and wills. There are two physical effects that have a notional financial value as follows:

- Sixteen gold US Dollar coins paid into court in the early 20th Century are held in a safety deposit box.
- A bag of 1,747 silver and 4 gold coins paid into court in the 18th Century are on loan to the British Museum. These coins were due to be transferred to the Consolidated Fund under the 30 years unclaimed balances rule, but the Accountant General authorised their retention within Funds in Court. These coins remain on indefinite loan to the British Museum but are effects of the Court Funds Office.

The total value of both sets of coins is estimated to be £60,000.

Both sets of coins were counted and verified during the production of the Annual Report and Accounts.

Accounts Direction given by HM Treasury

FUNDS IN COURT IN ENGLAND AND WALES – ACCOUNT OF THE TRANSACTIONS OF THE ACCOUNTANT GENERAL UNDER SECTION 38 OF THE ADMINISTRATION OF JUSTICE ACT 1982

HM Treasury, in pursuance of Section 45 of the Administration of Justice Act 1982, hereby gives the following Direction:

1 The Accountant General of the Senior Courts shall prepare accounts for the financial year ending 28 February 2018 and for each subsequent financial year ending on the last day of February. The financial statements shall include the following information:

- Annual Report comprising a Performance Report and an Accountability Report;
- Statement of Comprehensive Net Income;
- Statement of Financial Position; and
- Statement of Cash Flows

The financial statements shall include such notes as may be necessary, to explain the transactions of the Accountant General under Section 38 of the Administration of Justice Act 1982, and for the purposes referred to in the following paragraphs.

2 The financial statements shall be prepared to:

- a) give a true and fair view of the state of affairs as at 28 February 2018 and subsequent financial year ends and of the income and expenditure and cash flows of the year then ended.
- b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

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

4 The financial statements shall be sent to the Comptroller and Auditor General no later than the last day of July following the end of the accounting period.

- 5** The Annual Report shall state that the financial statements have been prepared in accordance with a Direction given by HM Treasury in pursuance of section 45(2) of the Administration of Justice Act 1982.
- 6** This direction shall be reproduced as an appendix to the financial statements.
- 7** This direction replaces the direction dated 19 February 2010.

Ian Bulmer

Deputy Director, Government Financial Reporting HM Treasury

4 July 2018

Commissioners for the Reduction of the National Debt

Court Funds Investment Account Report and Accounts for the year ended 28 February 2026

Performance Report

Overview

The purpose of the overview is to provide sufficient information to understand the Court Funds Investment Account (CFIA), its purpose, the key risks to the achievement of its objectives, and how it has performed during the year.

These accounts have been prepared by the Commissioners for the Reduction of the National Debt (CRND) under a direction issued by HM Treasury in accordance with section 45 of the Administration of Justice Act 1982 (the Act).

Purpose and principal activities of the Court Funds Investment Account

The CFIA facilitates the operation of the basic and special accounts operated by the Office of the Accountant General (OAG) for suitors' funds paid into court in England and Wales; it also contains funds due to the Consolidated Fund.

By virtue of rules made under section 38(7) of the Act, on days when the Accountant General of the Senior Courts (the Accountant General) has excess cash in their account they remit the excess to CRND for investment in the CFIA, and on days when the balance in their account is insufficient to meet demands they make a withdrawal from the CFIA to make good the shortfall.

Section 39(1) of the Act authorises HM Treasury to make regulations setting out the range of investments in which CRND may invest money transferred to them by the Accountant General. Currently, investment is limited to securities specified in paragraphs 1, 2, 3, 8, 9 and 9A of Part 2 of Schedule 1 to the Trustee Investments Act 1961. Until required to meet payments, the interest or dividends received on investments held by CRND are reinvested in authorised securities. The resulting investments are held in the CFIA.

Section 39(2) of the Act requires the payment into the Consolidated Fund of any surplus interest or dividends received in any accounting year by CRND and Section 39(3) provides for any deficiency of interest or dividends to be made good out of the Consolidated Fund. The amount of any surplus or deficiency is obtained by deducting from the interest and dividends received by CRND the sum of:

- 1 any sum required by HM Treasury to be set aside to provide for depreciation in the value of investments so made;
- 2 such sum as the Lord Chancellor may with the concurrence of HM Treasury direct to be paid to him in respect of the cost to him in that year of administering funds in court;
- 3 an amount equal to the expenses incurred by CRND in that year in making the investments above and disposing of investments so made; and
- 4 the interest due to be paid or credited on funds in court.

In the event of the CFIA having insufficient interest to meet its obligations, reserves would be used to cover the shortfall. Where reserves were insufficient to meet the obligations to suitors in any given year, section 39(5) of the Act provides a guarantee by the Consolidated Fund of the capital paid to CRND by the Accountant General in an instance when CRND are unable to pay a sum due to the Accountant General.

A deficit that exceeds the remaining reserves would lead to a call on the Consolidated Fund to meet any shortfall under section 39(3) of the Act.

Commissioners for the Reduction of the National Debt

CRND's main function is the investment and management of major Government funds. The investment powers differ from fund to fund.

The Secretary and Comptroller General and Assistant Comptroller, who are appointed by and act on behalf of the Commissioners, make the day-to-day decisions. There is no legislation that determines the specific responsibilities of the Secretary and Comptroller General and the Assistant Comptroller. However, in practice the role of the Secretary and Comptroller General is considered analogous to acting as the Accounting Officer for CRND. Therefore, the Secretary and Comptroller General takes responsibility for preparing and signing the accounts on behalf of the Commissioners.

The arrangements made between CRND and the OAG in respect of the investment service provided by CRND are set out in a Memorandum of Understanding, which describes how CRND intend to achieve the agreed investment objectives.

Performance summary

During 2025-2026, in accordance with the Memorandum of Understanding, the CFIA was invested in short-term deposits with the Debt Management Account. This strategy enabled the CFIA to earn a rate of interest very closely correlated with prevailing short-term sterling interest rates, whilst protecting its capital position and access to liquidity.

In accordance with section 39(2)(b) of the Act, the OAG obtained HM Treasury's concurrence to make a charge of £8.0 million (2024-2025: £7.9 million) in respect of the costs of administering funds in court. The OAG received no subsidy from the Ministry of Justice for these costs of administering funds in court, resulting in the full cost being charged to the CFIA (2024-2025: full cost charged to the CFIA).

The CFIA received sufficient interest during the year to meet its obligations to suitors (also described as 'interest payable on funds in court') after deducting the relevant amounts in respect of CRND's management expenses and the charge to the CFIA for OAG's costs of administering funds in court. This resulted in a surplus payable to the Consolidated Fund of £20.2 million (2024-2025: £17.6 million). This payable to the Consolidated Fund is an expense on the statement of comprehensive income and resulted in the CFIA generating a deficit for the year of £1.3 million (2024-2025: £0.7 million surplus). As such, the CFIA drew upon its reserves to cover this deficit. As at 28 February 2026, the CFIA had reserves of £11.9 million (28 February 2025: £13.2 million).

Performance analysis

During 2025-2026, total income before client or other expenses was £162.1 million (2024-2025: £174.5 million). The decrease in income was due to a fall in the average interest rate on the CFIA's investments with the Debt Management Account, which correspond to the official Bank Rate. Interest payable on funds in court was £135.0 million (2024-2025: £148.1million), CRND's management expenses were £0.1 million (2024-2025: £0.1 million), surplus payable to the Consolidated Fund was £20.2 million (2024-2025: £17.6 million) and the OAG's costs of administering funds in court were £8.0 million (2024-2025: £7.9 million). This resulted in an overall deficit for the year of £1.3 million (2024-2025: £0.7 million surplus).

The OAG invested £202.9 million (net of withdrawals) in the CFIA over the course of the year (2024-2025: £613.8 million net investment). Additionally, £163.4 million of interest received on the CFIA's deposits with the Debt Management Account (2024-2025: £173.8 million) were reinvested in the CFIA.

Paul Canty

Secretary and Comptroller General to the
Commissioners for the Reduction of the National Debt
29 June 2026

Accountability Report

The accountability report comprises two sections: a **corporate governance report** and a **parliamentary accountability and audit report**. The **corporate governance report** includes the following information: the responsibilities of the Secretary and Comptroller General; the composition, responsibilities and actions of the Advisory Board and the Audit and Risk Assurance Committee and how they have supported the Secretary and Comptroller General and enabled the objectives of the CFIA; and the key risks faced by the CFIA and how it seeks to manage them. The **parliamentary accountability and audit report** includes a formal opinion by the CFIA's external auditor to certify that the financial statements give a true and fair view of the state of the CFIA's affairs for the year and that they have been prepared in accordance with all relevant rules.

These two sections contribute to the CFIA's accountability to Parliament and comply with best practice in relation to corporate governance norms and codes. In particular, the **corporate governance report** seeks to do so by describing the key mechanisms the CFIA employs to ensure it maintains high standards of conduct and performance. This includes the statement of Secretary and Comptroller General's responsibilities which describes their accountability to Parliament for the CFIA's use of resources and compliance with rules set by HM Treasury to ensure best practice in financial management. The governance statement reflects the applicable principles of the Corporate Governance Code for Central Government Departments. The **parliamentary accountability and audit report** confirms that expenditure and income of the CFIA have been applied to the purposes intended by Parliament and confirms that information in the parliamentary accountability disclosures has been audited and approved by external auditors.

Corporate governance report

Directors' report

Operationally, the CRND is part of the UK Debt Management Office (DMO) and its staff are employees of the DMO. The CRND therefore has no staff of its own. The structure of the CRND is described on page 48.

Directors' conflicts of interest

In 2025-2026, no material conflicts of interest were declared by DMO Executive Committee members.

Reporting of personal data related incidents

The CFIA had no protected personal data related incidents during 2025-2026.

Paul Canty

Secretary and Comptroller General to the
Commissioners for the Reduction of the National Debt
29 June 2026

Statement of Secretary and Comptroller General's responsibilities

Section 45(2) of the 1982 Act requires the Commissioners to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the CFIA, its income and expenditure, statement of financial position and cash flows for the financial year.

The Commissioners have appointed the Secretary and Comptroller General to discharge their statutory responsibilities, a role that is analogous to acting as an Accounting Officer. Therefore, the Secretary and Comptroller General has responsibility for preparing the annual accounts.

In preparing the accounts, the Secretary and Comptroller General is required to observe the applicable accounting standards and be consistent with the relevant requirements of the Government Financial Reporting Manual (FReM), 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 have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis; and
- confirm that the annual report and accounts as a whole are fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining they are fair, balanced and understandable.

As the role of the Secretary and Comptroller General is analogous to acting as an Accounting Officer, it is considered that the responsibilities of an Accounting Officer, as set out in Managing Public Money published by HM Treasury, apply to the Secretary and Comptroller General. These include responsibility for the propriety and regularity of the public finances for which the Secretary and Comptroller General is answerable, for keeping proper records, and for safeguarding the CFIA's assets.

Section 45(1) of the Act requires the Commissioners to send accounts prepared by them to the Comptroller and Auditor General.

Under section 45(3) of the Act, the Comptroller and Auditor General examines, certifies and reports on the accounts and lays copies of them with his report before each House of Parliament.

The Comptroller and Auditor General charges no audit fee for undertaking this statutory audit.

As the Secretary and Comptroller General, 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 the CFIA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

Scope of responsibility

The Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt (CRND) is responsible for ensuring the operation of a sound system of internal control that supports the achievement of CRND's targets, policies and objectives in managing client investment portfolios whilst safeguarding the public funds for which they are accountable, in accordance with the responsibilities assigned to the Secretary and Comptroller General.

Paul Canty assumed responsibility over as Secretary and Comptroller General from 5 February 2026. Jo Whelan was Secretary and Comptroller General from 1 March 2025 to 4 February 2026.

CRND is a separate business entity managed within the control framework of the UK Debt Management Office (DMO). While the Secretary and Comptroller General is responsible for CRND's system of internal control, the Accounting Officer of the DMO is responsible for the wider control framework within which CRND is managed. In discharging the control responsibilities, the Secretary and Comptroller General takes assurance on the continued sound maintenance of the wider control framework from the governance statement for the DMO, although it is understood that only reasonable and not absolute assurance can be given that risks have been controlled.

It is also the responsibility of the Secretary and Comptroller General to ensure that all CRND fund management activities are conducted with due regard to value for money and operated in line with client instructions. The Secretary and Comptroller General has put arrangements in place to ensure that there is a proper evaluation of the balance of cost and risk in CRND operations.

CRND is committed to the highest standards of corporate governance and is subject to the guidance set out in the Corporate Governance Code for central government departments (the Code) and the principles laid down in that Code:

- Parliamentary accountability;
- The role of the Board;
- Board composition;
- Board effectiveness; and
- Risk management.

CRND does not conduct any part of its business with or through arm's length bodies (ALBs) and therefore CRND has not applied principle six which covers departmental governance arrangements with ALBs.

Advisory Board

The Secretary and Comptroller General was supported during 2025-2026 by the Advisory Board (the Board).

Paul Canty served as Managing Director, Financing Strategy until 4 February 2026 and was appointed Secretary and Comptroller General with effect from 5 February 2026. Jo Whelan served as Secretary and Comptroller General from 1 March 2025 until 4 February 2026.

In addition to the Secretary and Comptroller General, the Board comprised:

- Dame Sue Owen

Non-executive Chair – Dame Sue was a civil servant for 30 years, including 14 years at HM Treasury. Amongst other things, Dame Sue worked on fiscal policy and debt management policy at HM Treasury. Dame Sue has previously held senior roles at the Foreign and Commonwealth Office, Department for International Development and Department for Work and Pensions. Most recently Dame Sue served as the Permanent Secretary at the Department for Digital, Culture Media and Sport, from 2013 to 2019. Dame Sue has other current roles, including non-executive director at Pantheon International plc and Serco plc.

- Jessica Pulay

DMO Chief Executive and Accounting Officer

- Jim Juffs

Chief Operating Officer

- Paul Canty

Managing Director, Financing Strategy (until 4 February 2026)

- Stephen Farrington

Non-executive HM Treasury representative

- Gary Admans (from 2 June 2025)

Non-executive Director – Gary Admans is an experienced financial markets professional and team leader who, after a derivatives-based career in banking, moved to BP p.l.c. where he managed the Capital Markets and Banking Relations team and was a key member of the Treasury Leadership team. Gary worked at BP p.l.c. for 29 years, initially in the Risk Management team managing BP's foreign exchange exposures before moving to the Capital Markets team. Gary joined the Board of Metropolitan Thames Valley Housing in June 2022 where he is the Chair of the Treasury Committee and a member of the Audit and Risk Committee.

- Paul Fisher (until 30 November 2025)

Non-executive Director – During a 26-year career at the Bank of England, Paul Fisher served as a member of the Monetary Policy Committee from 2009 to 2014, the interim Financial Policy Committee from 2011 to 2013 and the PRA Board from 2015 to 2016. Paul has a number of current roles including Chair of the London Bullion Market Association.

- Martin Egan

Non-executive Director – Martin Egan has 37 years of experience in financial markets. Most of Martin's career was spent at BNP Paribas in various roles including Managing Director Global Co-Head Primary and Secondary Credit, Vice Chairman of the Global Markets Client Board, and Chair of BNPP UK Ltd. Martin was also Chair of the Diversity and Inclusion Network at BNPP UK. Earlier in his career Martin held roles at JP Morgan Ltd., UBS Investment Bank and Credit Suisse First Boston. Martin was also the Chair of the Board of the International Capital Market Association from May 2017 to May 2018, and a member of the Board for another five years before that.

The Minister for Pensions, or such other Minister as may be responsible for the UK Debt Management Office, in consultation with the Non-executive Chair of the Advisory Board and the Accounting Officer, appoints non-executive Board members. Non-executive directors have fixed terms defined in their contract of service. All non-executive Board members including the Non-executive Chair will receive an induction on joining and have access to additional information and training where it is considered necessary for the effective discharge of their duties.

One of the roles of the Board is to advise the Secretary and Comptroller General on any key decisions affecting CRND.

An executive sub-committee, the composition of which was expanded during 2025-2026, of the Board generally meets weekly and supports the Secretary and Comptroller General on operational decisions.

The Terms of Reference for the Advisory Board were set out on its formation in June 2022. The Board's effectiveness was reviewed in November 2024, after the new Accounting Officer was established in the role. Overall, the review found that the Advisory Board had been very effective in fulfilling its responsibilities. The Advisory Board Terms of Reference are due to be reviewed during 2026.

2025-2026 Advisory Board activities

Board meetings were held throughout 2025-2026 and covered regular agenda items, including risk management, staffing and progress against the operational business plan.

Board, as well as Audit and Risk Assurance Committee, attendance is outlined in the table below:

	Possible	Actual		
Dame Sue Owen	6	6		
Jessica Pulay	6	6		
Jo Whelan	6	6		
Jim Juffs	6	6		
Paul Canty	6	6		
Stephen Farrington	6	6		
			Audit and Risk Assurance Committee	
			Possible	Actual
Gary Admans	4	4	3	3
Paul Fisher	5	5	3	3
Martin Egan	6	6	4	4
Rodney Norman	n/a	n/a	3	3

Audit and Risk Assurance Committee

The Secretary and Comptroller General was supported during 2025-2026 by the Audit and Risk Assurance Committee on matters relating to risk, internal control and governance. The Audit and Risk Assurance Committee covers the activities of the DMO, Debt Management Account, PWLB lending facility and CRND. The members of the Audit and Risk Assurance Committee during 2025-2026 were:

- Gary Admans (from 2 June 2025 and Chair from 1 December 2025)
- Paul Fisher (Chair until 30 November 2025)
- Martin Egan
- Rodney Norman (until 31 December 2025)

Audit and Risk Assurance Committee member – Rodney was Finance Director of NS&I until 2018. Prior to that Rodney was the Treasury Accountant at HM Treasury. This was preceded by a career in the City where he qualified as a Chartered Accountant with PWC and was Finance Director of the Banking Division of Close Brothers. Rodney is currently a non-executive member of the Audit and Risk Committee of the Army. Rodney has previously been a senior advisor to the Bank of England and a non-executive director of a variety of organisations including the Pension Protection Fund, where he was also a member of its Risk and Audit Committee and chaired the Nominations Committee.

Audit and Risk Assurance Committee meetings are typically attended by the DMO Accounting Officer, the Secretary and Comptroller General, the Managing Director, Financing Strategy, the Chief Operating Officer, the Head of Internal Audit, the Head of Finance, the Head of Risk and the National Audit Office.

One of the Audit and Risk Assurance Committee's objectives is to give advice to the Secretary and Comptroller General on:

- The overall processes for risk, control and governance and the governance statement;
- Management assurances and appropriate actions to follow from internal and external audit findings, risk analysis and reporting undertaken;
- The financial control framework and supporting compliance culture;
- Accounting policies and material judgements, the Annual Report and Accounts, and management's letter of representation to the external auditors;
- Whistleblowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of the DMO's business;
- Processes to protect against money laundering, fraud and corruption; and
- The planned activity and results of both internal and external audits.

During the period under review the Audit and Risk Assurance Committee paid particular attention to the following areas:

- Audit and Risk Assurance Committee effectiveness review;
- Implementation of global Internal Audit standards;
- Cyber security threats and risks and mitigation actions;
- Artificial Intelligence (AI) – strategy and governance;
- Disclosure of market sensitive information;
- Key supplier dependency risk and continuity arrangements;
- HM Treasury Framework Document;
- Project management costings and budgets;
- Personnel and building security risks;
- SWIFT mandatory controls attestation;
- Credit and market risk policies & monitoring;
- Anti-money laundering policy;
- High level risks, operational and fraud risk registers;
- Finance processes;

- User access rights and permissions;
- Internal committees structure and effectiveness;
- Payment processes over the Debt Management Account;
- Settlements payments and reconciliations; and
- Adherence to previous implemented management actions.

The Audit and Risk Assurance Committee covers a regular programme of agenda items, together with other current topics, and receives updates from the Internal Audit function and external auditors. The Audit and Risk Assurance Committee met four times during the year to consider its regular agenda.

The Secretary and Comptroller General has also been informed by the following operational committees throughout the period under review:

Fund Management Review Committee

The Fund Management Review Committee monitors CRND activity relating to the performance of the government funds under management, including any reporting on compliance activities undertaken in relation to the funds.

The Fund Management Review Committee met four times in 2025-2026.

Business Delivery Committee

The Business Delivery Committee (BDC) reviews the status of the delivery of DMO's business and work plan as a collective cross-functional body, resolving emerging issues in a timely way, and agreeing priorities to ensure the plan stays on track. The most significant initiatives monitored by the BDC during the year were infrastructure upgrades, the IT strategy and the document management system.

The Business Delivery Committee met regularly (typically weekly) throughout 2025-2026.

Risk Committees

The Secretary and Comptroller General is informed by three risk committees covering credit and market risk, operational risk and risk controls. More detail on the roles, responsibilities and activities of these committees can be found in the sections below.

Risk management and internal control

The Secretary and Comptroller General is responsible for maintaining a sound system of internal control that supports the achievement of CRND's targets, policies and objectives in managing client investment portfolios whilst safeguarding the public funds for which they are accountable, in accordance with the responsibilities assigned to them in the Managing Public Money document.

CRND is managed within the wider DMO system of internal control which is based upon what the DMO Accounting Officer, with the support of the Board, considers to be appropriate, taking account of the DMO's activities, the materiality of risks inherent in those activities and the relative costs and benefits of implementing specific controls to mitigate those risks. The DMO's position differs to that of a commercial organisation in that it must always be in a position to transact the underlying business required to meet its remit. As a result, the risks associated with this activity cannot be avoided and the system of internal control can only provide reasonable assurance against failure to achieve aims and objectives.

The Risk and Control Framework

The Board has designed and put in place a formal risk management framework covering all the activities conducted and overseen by the DMO. This framework helps ensure that the DMO Accounting Officer is appropriately informed and advised of any identified risks and also allows the management of risks to be monitored. The risk management framework covers both regular operations and new business initiatives, and evolves as the range and nature of the DMO's activities change. The framework is supported by a clear 'three lines of defence' model:

First line of defence:

Day-to-day management of risk is the responsibility of management staff within business areas. The DMO considers effective risk management to be central to its operations and fosters a risk aware culture in which all members of staff, including Board members, are encouraged to understand and own the risks that are inherent in those operations. In particular, the DMO seeks to promote an environment in which staff feel comfortable to identify new risks and changes in previously identified risks, as well as weaknesses so that these may be assessed and appropriate mitigating actions put in place.

Mitigating actions typically include segregation of duties, staff training, clear lines of management delegation and reporting and robust business continuity arrangements.

Second line of defence:

Oversight of risk is provided by the Board and risk committees, whose role is to provide regular and systematic scrutiny of risk issues which lie within their remit and to support the DMO Accounting Officer in exercising their overall responsibility for risk management.

The DMO considers that the principal risks it faces arise in three broad areas: credit risk, market risk and operational risk. It has established committees to meet regularly to review the changing risk pattern for each of these areas and to set up appropriate responses. The work of these committees is described in more detail below.

Credit and Market Risk Committee

The Credit and Market Risk Committee (CMRC) meets on a regular basis, with more frequent meetings held when required, for example during times of market stress. The CMRC monitors and reviews the management of market, credit, and liquidity risk. The CMRC met eight times during 2025-2026.

Operational Risk Committee

The Operational Risk Committee (ORC) meets regularly to monitor operational risks and to review significant risk issues. The ORC is responsible for reviewing risk incidents identified through the DMO's risk incident reporting process, and for considering whether planned mitigating actions are appropriate. The ORC also reviews and tracks the progress of actions identified by Internal Audit. The ORC's scope includes issues relating to information risk, IT security, business continuity, anti-fraud and key supplier risks.

The ORC has advised the DMO Accounting Officer and the Board, during the year, on significant operational risk concerns, significant risk issues and trends as well as actions to mitigate such risks. This year, the ORC focussed on business continuity, information security, cyber security, physical security and personnel security. The ORC also reviewed operational resilience and key supplier risks. The operational resilience review focussed on the DMO's ability to prevent, adapt and respond to disruptions to DMO operations. The ORC met seven times during 2025-2026.

Controls Group

The Controls Group meets periodically to review issues affecting the DMO's system of internal control and to analyse material changes to the control environment. The Controls Group recommends actions to management to implement changes where appropriate. The Controls Group consists of representatives from Finance, Risk, Compliance and Internal Audit.

The Controls Group has advised the DMO Accounting Officer, the Board and senior management on any significant risk concerns stemming from the introduction of new business activities as well as risks relating to other change management activities. The Controls Group has also advised the DMO Accounting Officer on suitable mitigating actions where appropriate.

During the year, the Controls Group reviewed key project change proposals including deposit and payment process enhancements, physical security, enhanced reporting of transactions, and the use of technology and tools for efficiencies.

Risk Management Unit

The risk committees are supported by the DMO's Risk Management Unit (RMU) which ensures key risk issues arising from these committees are communicated to the DMO Accounting Officer and senior management on a regular basis, with additional ad-hoc reporting if an emerging issue requires it. The RMU also supports the formal risk reporting processes with defined outputs, including regular detailed risk reports which are reviewed by the Board and senior management.

As well as supporting the risk committee structure, the RMU provides control advice on risks. As part of the second line of defence the RMU is separate from, and independent of, the DMO's trading operations. The RMU conducts risk analysis and provides market, credit and operational risk capability for the DMO.

The identification, monitoring and mitigation of operational risk is facilitated by the RMU via quarterly consultations with heads of business units and functional teams. Significant risk issues are assessed for materiality and probability of occurrence. New risks, and risks to which exposure is increasing, are highlighted and actions are taken to ensure effective management of all risks. The DMO has Senior Risk Owners (SROs) who undertake a cross-functional moderation process to promote better prioritisation of operational risks across the organisation. The RMU maintains a central exception log to record all risk incidents raised, in order to identify control weaknesses and assign actions to improve controls. RMU continued to carry out compliance awareness training to all staff, throughout the year.

Third line of defence:

The DMO's Internal Audit function is the third line of defence and provides the Accounting Officer with independent and objective assurance on the overall effectiveness of the DMO's system of internal control. It does this through a risk-based work programme which is presented to and approved by the Audit and Risk Assurance Committee at the start of each year. All audit reviews performed consider the risk and control processes in place of the area under review. If any control weaknesses are identified, management actions are agreed to mitigate the underlying risks. Progress against agreed management actions is monitored on a regular basis to ensure issues highlighted by Internal Audit, as well as any issues raised by the external auditors, and other identified actions to improve the control environment, are managed and progressed within agreed deadlines. The function is independent of the DMO's trading activities and operations and has a direct reporting line to the Accounting Officer as well as the Chair of the Audit and Risk Assurance Committee. The work of Internal Audit includes assessing the effectiveness of both control design and control performance. With its independence and overall remit, Internal Audit provides a third line of defence against the risks that might prevent the DMO delivering its objectives.

Risk policies and procedures

The DMO's risk policies reflect the high standards and robust requirements which determine the way risks are managed and controlled. The DMO Accounting Officer, with the support of the Board, ensures that policies are regularly reviewed to reflect any changes in the DMO's operations and/or best practice. In 2025-2026, this included policies relating to physical security, spreadsheet control, anti-fraud, personal dealing, whistleblowing, gifts & hospitality and anti-money laundering.

Staff are asked to confirm that they have read and accepted the DMO's rules on personal dealing and the DMO's policy on the use of information systems and technology, and that they are aware of, and will continue to keep up to date with, the DMO's policies on whistleblowing, anti-fraud, anti-money laundering and information security. The DMO ensures that this exercise is undertaken on an annual basis allowing staff to maintain a good level of awareness of the DMO's policies in these areas. All members of staff have job descriptions which include reference to the specific key risks they are expected to manage.

Managers in each business function are responsible for ensuring that the operations within their area are compliant with plans, policies, procedures and legislation.

During 2025-2026, no concerns were raised by staff under the DMO's whistleblowing policy relating to CRND.

Key Developments

Geopolitical uncertainties

Risks arise from ongoing geopolitical uncertainties. The DMO continued to closely monitor actual and potential effects on activities, markets, counterparties and suppliers.

Cyber security

The DMO continued to work with partners across government to ensure all necessary steps were taken to maintain cyber security defences and also assurances were received from some strategic partners regarding their own arrangements, with details of the assurances put in place to mitigate against any disruption or impact. Internal assessments considered potential accounting or disclosure impacts and any effects through legal and regularity changes.

Budgetary constraints

Risks to effective delivery of the DMO's objectives arise from the constraints associated with pressures on public sector spending. As a result, effective budgetary control continues to be a critical element of financial management of the DMO.

The DMO continues to face particular challenges due to the nature of its role. First, it faces specific additional cost increases for certain third-party services it requires in order to undertake its role in the financial markets. Second, it competes for recruitment of suitably skilled staff with private sector banks and other financial institutions which are not subject to the same remuneration constraints as the DMO. Notwithstanding these exogenous cost pressures, the DMO's core objectives are non-discretionary, so it would be challenging to deprioritise certain objectives in order to reduce costs.

Risk Profile

The Secretary and Comptroller General and the DMO Board believe that the principal risks and uncertainties facing CRND are outlined in the table below together with the key actions taken to manage and mitigate them:

Principal risks and uncertainties	Mitigation and management
IT and data security The DMO could be the subject of an external attack on its IT systems and infrastructure. Through its activities the DMO gathers, disseminates and maintains sensitive information including market sensitive information and personal data about staff and market participants. The DMO seeks to ensure the highest standards of data protection and information management.	The DMO, including CRND, continues to work to maintain the required level of protective security covering physical, personnel and information security and is particularly aware of the growing threat posed by cyber security risk. IT and data security risks continued to be a specific area of focus in 2025 and the DMO's IT team have been enhancing the preventative, detective, and response security controls, alongside cyber security awareness training. Risks to data and information held by the DMO are owned and managed by designated Information Asset Owners in line with the Government Security Policy Framework and the NCSC Cyber Assessment Framework. The DMO has a Senior Information Risk Owner (SIRO) who is responsible for the information risk policy and the assessment and management of information risks. The SIRO provides advice and support to the Board on the management of information risks. In 2025-2026 the DMO continued its multi-year cyber and resilience plan, aligned to the Government Cyber Security Strategy and GovAssure expectations. The Cyber Security team strengthened identity and access management, security monitoring and alerting, vulnerability and patch management, and organisation wide security awareness and training. Monitoring has been upgraded across its infrastructure to improve visibility and response. The DMO applies Secure by Design principles to change and project delivery, including proportionate threat modelling and assurance before go-live. Due to critical third party and market infrastructures, supplier due diligence and ongoing assurance monitor cyber and operational resilience. The DMO continues to enhance data protection across on premises and cloud environments, including advanced access controls and data loss prevention.

Principal risks and uncertainties	Mitigation and management
IT systems and infrastructure	During the year, the DMO has progressed additional initiatives to strengthen further the resilience and security of its IT network and infrastructure. Strategic roadmap priorities were reviewed and the DMO carried out an internal health-check. The DMO closely follows government Artificial Intelligence (AI) governance frameworks in its everyday use of AI tools. The DMO has in place structured business continuity arrangements to ensure it is able to continue market operations in the event of an internal or external incident that threatens business operations. Arrangements to support critical operations were in place throughout the year with a core team in the office, support teams working from the disaster recovery site and staff working from home. Assessment of business continuity needs is also a specific requirement for new projects and major business initiatives.
Reliance on third parties	A number of the operational systems and services on which CRND relies are provided or supported by third party suppliers. To mitigate the risk of failure of a key third party supplier the DMO undertakes regular corporate risk assessments of each key supplier to assess a range of factors including its financial strength and operational capacity, including the reliance on sub-contractors. The DMO has dedicated contract owners who meet regularly with key suppliers and monitor performance against the agreed Service Level Agreements, where appropriate. The procurement manager and the vendor management group have been working to embed consistent standards of supplier management across account managers by improving visibility of key contracts and sharing best practice. The DMO has introduced enhanced monitoring for critical suppliers (i.e. strategic partners) that focuses on risk and strategic aspects. Scrutinised areas include inherent risks, scenario analysis, assessment of supply chain risks including fourth parties, monitoring and assessing residual risks, and mitigation planning. External consultancy work assisted with the approach. The DMO sought assurance that its key suppliers and strategic partners follow National Cyber Security Centre (NCSC) guidance on cyber security. This year, the DMO continued to explore alternative arrangements where over-reliance on particular key suppliers has been identified. The DMO procurement policies and procedures have been reviewed to ensure alignment with the new procurement legislation that came into force on 24 February 2025 and to ensure it remains up to date with the Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework.

Principal risks and uncertainties	Mitigation and management
Reliance on third parties <i>continued</i>	
	The DMO also conducted a review of third-party systems resilience and their business continuity plans. This largely involved capturing information on the impact of issues such as outages and other failures on the part of DMO critical system providers, particularly in relation to the Middle Eastern conflict and supply chain risks.
Transaction processing	
CRND relies on its operational processes to successfully execute a significant number of high value transactions on a daily basis. Reliance on the accurate execution of processes exposes CRND to operational risk arising from process breakdowns and human error.	A key component of CRND's control framework is the segregation of duties to ensure independent checking and reconciliation, and to avoid concentration of key activities or related controls in individuals or small groups of staff. In particular, segregation of duties takes place between front and back-office activities. All teams, including CRND, have documented procedures for their main activities. Committing the DMO externally is governed by clearly defined authorisation levels. The RMU conduct regular control and compliance testing of CRND activities, providing the executive sub-committee of the Board with assurance on the effectiveness of operational controls and compliance with relevant Financial Conduct Authority and Prudential Regulation Authority rules in the dealing and settlement areas. The DMO also maintains a strong audit and control environment which includes a well embedded incident reporting procedure which extends to cover CRND. This promotes the early identification and resolution of risk incidents and provides visibility to the DMO Accounting Officer and Board. Enhancements to compliance monitoring controls over transaction processing has been a continued focus, to provide assurance over controls standards. During the year, compliance refresher training was provided to staff, with targeted sessions for conduct risk mitigation in certain roles. There were also further enhanced controls implemented for oversight of market interactions. The importance of escalating identified issues timely was reiterated.

Principal risks and uncertainties	Mitigation and management
People risk The DMO, including CRND, relies on maintaining a sufficiently skilled workforce at all levels of the organisation in order to operate effectively and efficiently, ensuring delivery of its strategic objectives. The DMO is exposed to an increased risk of operational failure if it is unable to compete for, and retain, sufficiently skilled staff over time. Competition for skilled staff is generally against employers from the private financial services sector who have historically offered higher remuneration packages that are not subject to public sector remuneration controls.	DMO recruitment activity helps ensure that individuals with the appropriate level of skill and experience are appointed at all levels within the organisation. This helps mitigate the level of human error which could result in process failures. The DMO follows the Civil Service Commission's recruitment principles and selection process to ensure vacancies are filled on merit on the basis of fair and open competition. Challenges with recruitment and retention were again identified this year and were reviewed by the Advisory Board. These include pay, length of time to hire and staff turnover, particularly in more junior roles. The DMO is taking action to target these areas and seeing signs of greater stability in the workforce. The DMO has a formal performance appraisal process and all staff are given clear and achievable objectives. Progress is reviewed against these regularly. The DMO's training and development activity is designed to help ensure that staff have the right skills to meet its objectives. Induction training is provided to all new employees. Staff are encouraged to engage in activities which promote development and the DMO provides regular training opportunities and support for professional studies to enhance the skills base of its employees. The DMO also provides cross-training for different roles to help improve staffing flexibility and reduce turnover pressure. Teams are encouraged to ensure cross-skilling of staff to support resilience. Succession planning activities continued to identify key person risks and mitigations, with a focus on establishing deputies to provide resilience. Salaries are benchmarked annually to equivalent private sector pay levels to keep management aware of any significant disparities that are developing. The DMO has a policy to recognise those staff who have performed well in their roles through the payment of one-off non-consolidated performance related awards. Any awards are assessed annually by the DMO Performance Review Team. They are determined by individual performance and criteria associated with the DMO's performance management process, which are also aligned to the policy for public sector pay.

Principal risks and uncertainties	Mitigation and management
People risk <i>continued</i>	Risks to DMO staff are considered by an internal security group and include safety and physical, cyber and personnel security. This includes activity within the physical building and external factors. Risks arising from DMO staff are also considered. As well as risks resulting from under-skilled or under resourced teams, the DMO considers insider risk, both intentional and accidental. Addressing the threat of insider risk requires a multi-disciplinary approach encompassing cyber security, human resources, line management and robust risk controls. In addition, the DMO has continued to benchmark personnel security to identify the level of competence and areas for development. The DMO will continue to increase its security culture, building on screening and monitoring of the workforce, insider risk assessment and management, investigation and disciplinary processes. A Staff Council has met regularly throughout the year and enabled an open exchange of ideas and views between management and staff representatives. Staff Council discussed changes to policies including sickness absence and family policies. This has been an effective conduit for wider communication and consultation with all staff. On an annual basis all DMO staff are given the opportunity to take part in the Civil Service People survey. Any issues raised via this route, with suggested mitigating action if required, are considered by the Accounting Officer and the Board. The organisation continues to place emphasis on undertaking key person risk analysis for succession planning. This includes awareness of the age profile of the DMO workforce. This year, HR organised management development training to support the development of future managers. The DMO is committed to inclusivity. The DMO has signed up to the Women in Finance Charter and is a disability confident employer.

Review of effectiveness

I have reviewed the effectiveness of the system of internal control and confirm that an ongoing process designed to identify, evaluate and prioritise risks to the achievement of CRND's aims and objectives has been in place throughout 2025-2026. This review included an assessment of any material risk and control issues identified and reported during the relevant period.

I took over as Secretary and Comptroller General from 5 February 2026. Jo Whelan was Secretary and Comptroller General from 1 March 2025 to 4 February 2026. I am writing this statement reflecting on the work the DMO has undertaken during 2025 and with due regard to the transfer of Secretary and Comptroller General responsibilities after this period. My review has been informed by the advice of the risk committees, of which I was a member throughout 2025, the work of the internal auditors and the executive managers within the DMO, who have been delegated responsibility for the development and maintenance of the internal control framework. It has also been informed by comments made by the external auditors in their management letter and other relevant reports. I have also received assurances from my predecessor, Jo Whelan.

In my role as Secretary and Comptroller General, I have received advice from the Advisory Board and the Audit and Risk Assurance Committee on the implications of the results of my review.

In 2025-2026, no ministerial directions were given and no material conflicts of interest have been noted by the Board or Audit and Risk Assurance Committee members in the Register of Interests.

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

Paul Canty

Secretary and Comptroller General to the
Commissioners for the Reduction of the National Debt
29 June 2026

Parliamentary accountability and audit report

Regularity of expenditure

The income and expenditure of the CFIA were applied to the purposes intended by Parliament.

The above statement has been audited.

Fees and charges

The CFIA received no fees or charges during the year.

The above statement has been audited.

Remote contingent liabilities

The CFIA did not have any remote contingent liabilities as at 28 February 2026.

The above statement has been audited.

Paul Canty

Secretary and Comptroller General to the
Commissioners for the Reduction of the National Debt
29 June 2026

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Court Funds Investment Account for the year ended 28 February 2026 under the Administration of Justice Act 1982.

The financial statements comprise the Court Funds Investment Account's:

- Statement of Financial Position as at 28 February 2026;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Client Funds for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Court Funds Investment Account's affairs as at 28 February 2026 and its deficit for the year then ended; and
- have been properly prepared in accordance with the Administration of Justice Act 1982 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Court Funds Investment Account in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Court Funds Investment Account's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the Commissioners and the Secretary and the Comptroller General with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Court Funds Investment Account is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Commissioners and the Secretary and Comptroller General 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 certificate, I do not express any form of assurance conclusion thereon.

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Administration of Justice Act 1982; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

- adequate accounting records have not been kept by the Court Funds Investment Account or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Commissioners and the Secretary and Comptroller General for the financial statements

As explained more fully in the Statement of Secretary and Comptroller General's responsibilities, the Commissioners and the Secretary and the Comptroller General are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Court Funds Investment Account from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- preparing financial statements which give a true and fair view in accordance with HM Treasury issued under the Administration of Justice Act 1982;
- preparing the annual report in accordance with HM Treasury directions issued under the Administration of Justice Act 1982; and
- assessing the Court Funds Investment Account'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 Commissioners and the Secretary and Comptroller General anticipate that the services provided by the Court Funds Investment Account will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Administration of Justice Act 1982.

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below,

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Court Funds Investment Account's accounting policies.
- inquired of management, the Court Funds Investment Account's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Court Funds Investment Account's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Court Funds Investment Account's controls relating to the Court Funds Investment Account's compliance with the Administration of Justice Act 1982 and Managing Public Money;
- inquired of management, the Commissioners for the Reduction of the National Debt's head of internal audit 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 regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Court Funds Investment Account for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and posting of unusual journals. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Court Funds Investment Account's framework of authority and other legal and regulatory frameworks in which the Court Funds Investment Account operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Court Funds Investment Account. The key laws and regulations I considered in this context included the Administration of Justice Act 1982 and Managing Public Money.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and 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; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

30 June 2026

Accounts of the Court Funds Investment Account

Statement of comprehensive income

For the year ended 28 February 2026

		2026	2025
	Notes	£000	£000
Interest income		162,051	174,477
Total income		162,051	174,477
CRND management expenses		(100)	(100)
OAG costs of administering funds in court		(8,024)	(7,911)
Interest payable on funds in court		(135,036)	(148,132)
Surplus payable to the Consolidated Fund	2	(20,191)	(17,607)
(Deficit)/Surplus for the year		(1,300)	727

The notes on pages 79 to 82 form part of these accounts.

Statement of financial position

As at 28 February 2026

	Notes	2026 £000	2025 £000
Assets			
Demand deposits with the Debt Management Account		4,160,757	3,821,433
Total assets		<u>4,160,757</u>	<u>3,821,433</u>
Liabilities and client funds			
Liabilities			
OAG costs of administering funds in court		8,024	7,911
Surplus payable to the Consolidated Fund	2	20,191	17,607
		28,215	25,518
Client funds			
OAG funds		4,120,686	3,782,759
Reserves*		11,856	13,156
		4,132,542	3,795,915
Total liabilities and client funds		<u>4,160,757</u>	<u>3,821,433</u>

* These reserves are payable to the OAG and arise due to annual surpluses, as calculated in the statement of comprehensive income, combined with any reserve carried forward from the previous year.

The notes on pages 79 to 82 form part of these accounts.

Paul Canty

Secretary and Comptroller General to the
Commissioners for the Reduction of the National Debt
29 June 2026

Statement of cash flows

For the year ended 28 February 2026

	2026	2025
	£000	£000
Operating activities		
Interest received on deposits with the Debt Management Account	163,351	173,750
Increase in demand deposits with the Debt Management Account	(340,624)	(766,561)
CRND management expenses	(100)	(100)
OAG costs of administering funds in court	(7,911)	(4,795)
Surplus paid to the Consolidated Fund	(17,607)	(16,116)
Net cash used in operating activities	<u>(202,891)</u>	<u>(613,822)</u>
Financing activities		
Funds received from the OAG	796,000	1,026,350
Funds paid to the OAG	(593,109)	(412,528)
Net cash from financing activities	<u>202,891</u>	<u>613,822</u>
Increase in cash	<u>—</u>	<u>—</u>
Cash at the beginning of the year	<u>—</u>	<u>—</u>
Cash at the end of the year	<u>—</u>	<u>—</u>

The notes on pages 79 to 82 form part of these accounts.

Statement of changes in client funds

For the year ended 28 February 2026

	OAG funds	Reserves	Total OAG funds
	£000	£000	£000
At 29 February 2024	<u>3,020,805</u>	<u>12,429</u>	<u>3,033,234</u>
Surplus for the year	–	727	727
Interest payable on funds in court	148,132	–	148,132
Funds received from the OAG	1,026,350	–	1,026,350
Funds paid to the OAG	(412,528)	–	(412,528)
At 28 February 2025	<u>3,782,759</u>	<u>13,156</u>	<u>3,795,915</u>
Surplus for the year	–	(1,300)	(1,300)
Interest payable on funds in court	135,036	–	135,036
Funds received from the OAG	796,000	–	796,000
Funds paid to the OAG	(593,109)	–	(593,109)
At 28 February 2026	<u>4,120,686</u>	<u>11,856</u>	<u>4,132,542</u>

The notes on pages 79 to 82 form part of these accounts.

Notes to the accounts

For the year ended 28 February 2026

1 Accounting policies

(i) *Basis of preparation*

These accounts have been prepared in accordance with a direction made by HM Treasury under section 45(2) of the Administration of Justice Act 1982 in accordance with UK adopted international accounting standards as adapted or interpreted for the public sector context by the Government Financial Reporting Manual; and under the historical cost convention and on a going concern basis. In particular, the following standards have been applied:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements (revised 2007)
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events After the Reporting Period
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Certain IFRS have been issued or revised, but are not yet effective. Those issues or revisions expected to be relevant in subsequent reporting periods are:

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

These have been amended by *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)* to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. Application is required for reporting periods beginning on or after 1 January 2026. The CFIA expects to apply these revisions to IFRS 9 and IFRS 7 in 2026-2027. The application of these revisions, which affect specific issues relating to derecognition of certain financial liabilities, classification of certain financial assets and specific disclosures, are not expected to materially alter the presentation of the financial statements of the CFIA.

- IAS 7 Statement of Cash Flows and IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

These have been amended by *Annual Improvements to IFRS Accounting Standards – Volume 11*. Application is required for reporting periods beginning on or after 1 January 2026. The CFIA expects to apply these revisions to IAS 7, IFRS 9 and IFRS 7 in 2026-2027. The application of these revisions, which address a small number of very specific issues relating to IAS 7, IFRS 9 and IFRS 7, are not expected to materially alter the presentation of the financial statements of the CFIA.

- IFRS 18 Presentation and Disclosure in Financial Statements, which is a new standard issued by the International Accounting Standards Board. Although application is required for reporting periods beginning on or after 1 January 2027 for the private sector in the UK, the impact of IFRS 18 on the public sector in the UK is still being assessed by HM Treasury and a decision has not yet been taken on an implementation date. The application of IFRS 18, which replaces IAS 1 'Presentation of Financial Statements', aims at improving how entities communicate in their financial statements. This will likely alter the presentation of the financial statements of the CFIA.

A separate income statement, as required by the accounts direction, has not been presented as the content would be identical to the statement of comprehensive income. A statement of comprehensive income is required by IAS 1.

(ii) Assets

Deposits with the Debt Management Account are financial assets held by the CFIA in order to collect contractual cash flows of principal and interest on specified dates. Therefore, these deposits are treated as financial assets measured at amortised cost.

(iii) Income recognition

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the instrument.

2 Surplus payable to the Consolidated Fund

The surplus payable to the Consolidated Fund at the end of each year is calculated in the following way, as defined by Section 39(2) of the Administration of Justice Act 1982:

	2026	2025
	£000	£000
Interest received	163,351	173,750
Interest payable on funds in court	(135,036)	(148,132)
OAG costs of administering funds in court	(8,024)	(7,911)
CRND management expenses	(100)	(100)
Surplus payable to the Consolidated Fund	<u>20,191</u>	<u>17,607</u>

3 Risk

(i) Credit risk

Credit risk is the risk that a counterparty, or security issuer, will fail to discharge a contractual obligation resulting in financial loss to the CFIA.

The investments of the CFIA comprised deposits with the Debt Management Account. These deposits were considered to have no exposure to credit risk because they are obligations of HM Government.

There were no renegotiated assets or assets considered impaired at 28 February 2026 (28 February 2025: no renegotiated or impaired assets).

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the CFIA was considered to comprise interest rate risk.

The interest returns on deposits were closely linked to the official Bank Rate.

CRND monitored interest rate movements to help inform the OAG of potential issues and events. The CFIA was not subject to active management and thus no formal market risk parameters were in place.

(iii) Liquidity risk

Liquidity risk is the risk that the CFIA will encounter difficulty in meeting obligations associated with client withdrawal requests.

Assets held by the CFIA were highly liquid to enable all client obligations to be met as they fell due.

4 Related party transactions

CRND is a separate entity within the DMO. CRND client mandates are kept distinct from other DMO business.

During the year, the CFIA had a significant number of material transactions with the Debt Management Account, which is operated by the DMO. CRND's client mandates required the bulk of the funds to be invested in gilts or deposited with the Debt Management Account. The amount held by the Debt Management Account is shown in the statement of financial position, and the interest received and movement in amounts deposited are shown in the statement of cash flows.

During the year, the CFIA had a significant number of material transactions with the OAG due to the CFIA facilitating the operation of the basic and special accounts operated by the OAG for suitors' funds paid into court in England and Wales.

During the year, the OAG invested £202.9 million (net of withdrawals) in the CFIA (2024-2025: £613.8 million net investment).

As required by Section 39(2) of the Administration of Justice Act 1982, the annual surplus of the CFIA resulted in a payable to the Consolidated Fund during 2025-2026 of £20.2 million (2024-2025: £17.6 million). The Consolidated Fund is one of the government's Exchequer accounts, administered by HM Treasury.

5 Events after the reporting date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the Secretary and Comptroller General authorises the accounts for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General (page 69).

Accounts Direction

Accounts Direction given by the Treasury in accordance with Section 45 (2) of the Administration of Justice Act 1982

- 1** This direction applies to the Funds in Court in England and Wales Investment Account.
- 2** The Commissioners for the Reduction of the National Debt shall prepare accounts for the financial year ended 28 February 2012 (29 February in a leap year) and subsequent financial years which give a true and fair view of the state of affairs of the Account at the reporting date, and of its income and cash flows for the year then ended.
- 3** The accounts shall be prepared in accordance with applicable accounting standards, and shall be consistent with relevant requirements of the extant Government Financial Reporting Manual.
- 4** The accounts shall present an income statement, a statement of comprehensive income, a statement of financial position, a statement of cash flows, and a statement of changes in client funds. The statement of financial position shall present assets and liabilities in order of liquidity.
- 5** The notes to the accounts shall include disclosure of assets and liabilities, and of income and expenditure, relating to other central government funds including the National Loans Fund.
- 6** The report shall include:
 - a) a brief history of the Account, and its statutory background;
 - b) an outline of the scope of the Account, its relationship to HM Treasury and other central funds, and its management arrangements;
 - c) a management commentary, including information on financial performance and financial position, which reflects the relationship between the Account and other central funds; and
 - d) a governance statement.
- 7** This accounts direction shall be reproduced as an appendix to the accounts.

This accounts direction supersedes all previous Directions issued by HM Treasury.

Chris Wobschall

Head, Assurance and Financial Reporting Policy

Her Majesty's Treasury

23 March 2012

Ministry of Justice Equity Index Tracker Fund

Managed by Legal & General (Unit Trust Managers) Limited

Authorised and regulated by the Financial Conduct Authority

Authorised Fund Manager's Annual Report for the year ended 28 February 2026

Foreword

These accounts are presented under Section 45 of the Administration of Justice Act 1982 (the Act).

1. The Ministry of Justice Equity Index Tracker Fund

The Ministry of Justice Equity Index Tracker Fund was established on 1 September 2003. Within the Common Investment Fund, it replaced the previous Capital and High Yield Funds (which had merged on 10 April 2003).

2. What is the Common Investment Fund?

The Fund is only available for investment of money belonging to Clients or former Clients of the Ministry of Justice (MoJ), individually or under a trustee arrangement, or under the control of certain Courts in England and Wales. It operates in a similar way to a unit trust where investors can buy units in a Fund. New investment monies are added to those already invested in the Fund and the Authorised Fund Manager uses it to buy a mixture of Index tracking unit trusts. Depending on how the Fund performs, the value of units changes and so does the income paid out to the investors each year. Units can be sold back to the Fund and the investor will receive the value of the units at that time.

3. What does this report cover?

This report covers the performance of the Fund for the year ended 28 February 2026, together with some information for investors and their advisers.

4. What is the legal basis for the Fund?

The Fund is a Common Investment Fund and was created under the Act which authorises the Lord Chancellor to make Common Investment Schemes for the purposes of investing funds held in Court and money held by any other person authorised to hold units in the Fund. The current scheme is governed by the Common Investment Scheme 2004 (SI 2004 No. 266).

On 1 March 2004, the right to own units in the Fund was extended to the Official Solicitor, the Public Trustee and Clients of the Office of the Public Guardian (OPG)/Court of Protection wishing to hold units out of Court. In addition, certain former Clients of the OPG/Court of Protection, the Office of the Accountant General (OAG) and The Official Solicitor and the Public Trustee (OSPT) were authorised to retain units in the Fund on termination of their connection with those offices. These changes came into effect as a result of authorisation by the Lord Chancellor pursuant to Section 42(5)(b) of the Act.

5. Why invest in the Fund?

The Ministry of Justice Equity Index Tracker Fund is a simple and cost-effective means of investing in the stock market over the medium to long term. Legal & General manages the Fund's assets on an Index tracking basis aiming to match the returns of the major stock markets. 55% of the Fund has exposure to UK shares with the remainder invested in other global markets. Index trackers invest in a representative sample of all of the companies that make up the Index that they are tracking, instead of the Authorised Fund Manager actively choosing which stocks to hold in the Fund. The intention is simply to deliver the return of the Index being tracked.

6. What are the Lord Chancellor and the Accountant General's Responsibilities?

1. The Lord Chancellor's Responsibilities

Under Section 42(1) of the Act, the Lord Chancellor may make schemes ('Common Investment Schemes') establishing Common Investment Funds for the purpose of investing funds in Court and other monies defined under Section 42(5)(b) of the Act.

Under Section 42(2) of the Act, the Common Investment Schemes made by the Lord Chancellor shall provide for an Investment Manager to be appointed by the Lord Chancellor to manage and control the Common Investment Funds established.

The contractual relationship between Legal and General and the Lord Chancellor is set out in the Deed of Appointment. The previous deed expired on 14 February 2024. The Lord Chancellor extended the deed to run to 13 February 2029.

Under Section 42(5), units in the Common Investment Scheme shall be allotted to and held by the Accountant General and the Accountant General of the Supreme Court of Judicature of Northern Ireland and any other person authorised by the Lord Chancellor. In this context, since the inception of this Common Investment Scheme, the list of authorised investors to whom units in the Common Investment Fund may be allotted and held by, has been extended to include 'other' investors from the following:

- i. the Public Trustee either in his sole name or jointly with any person or persons with whom he acts as trustee or personal representative;
- ii. the Official Solicitor either in his sole name or jointly with any person or persons with whom he acts as trustee or personal representative;
- iii. any trustee or trustees, if more than one, of a trust from which the Public Trustee or Official Solicitor has retired as trustee, in relation to any units held in the trust immediately prior to such retirement;
- iv. any beneficiary of a trust or estate in respect of which the Public Trustee or Official Solicitor acts solely or jointly with any other person or persons as trustee or personal representative, in relation to any units held in the trust or estate to which the beneficiary has become absolutely entitled;

- v. any beneficiary of a trust from which the Public Trustee or Official Solicitor has retired as trustee, in relation to any units held in the trust to which the beneficiary has become absolutely entitled;
- vi. any person who lacks capacity whose property and affairs are managed by the Court of Protection and whose funds are not held in Court in the name of the Accountant General;
- vii. any person who is restored to the management of his property and affairs by order of the Court of Protection, in relation to any units held by him or by the Accountant General on his behalf immediately prior to the making of such an order;
- viii. any person entitled by a direction of the Court to withdraw Funds retained in Court under Part 21.11 of the Civil Procedure Rules 1998 on the ground that he is no longer incapable of managing and administering his own affairs, in relation to any units held on his behalf by the Accountant General immediately prior to the making of such a direction;
- ix. any person who has attained majority and on whose behalf units were held by the Accountant General during his minority, in relation to any units held on his behalf by the Accountant General upon the attainment of his majority;
- x. any person entitled to withdraw Funds from Court by application under Section 5(2) of the Law Reform (Miscellaneous Provisions) Act 1971, in relation to any units held by the Accountant General on his behalf immediately prior to the making of such an application;
- xi. the Investment Manager of the Fund on his own account in the ordinary course of fund management, subject to the terms of his appointment;
- xii. any person acting in his capacity as nominee for any person included in (i) to (viii) above.

The total value of 'other' investors is shown in note 18.

II. Appointment of the Accountant General

The Secretary of State and Lord Chancellor has, under Section 97(2) of the Senior Courts Act 1981, as amended by the Public Trustee and Administration of Funds Act 1986, appointed James McEwen as Accountant General on 29 August 2020.

The Permanent Secretary of the Ministry of Justice has also appointed the Accountant General as the Accounting Officer for Funds in Court.

His relevant responsibilities as Accounting Officer, including responsibilities for the propriety and regularity of the funds for which he is answerable and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by the Treasury and published in 'Managing Public Money'.

III. Management and Investment of Funds in Court

As set out in Section 38 of the Act, the Accountant General of the Senior Courts is responsible for the management and investment of the Funds in Court. Under Section 43 of the same Act, the Lord Chancellor is empowered to make any decisions relating to defaults with respect to any money, securities and effects for which he is responsible.

The operation of the investment fund itself is the responsibility of Legal & General (Unit Trust Managers) Limited as the appointed fund management company.

The Accountant General's responsibilities as Accounting Officer for Funds in Court therefore do not extend to these accounts and they are therefore signed by the Unit Trust Managers only.

7. How does the Accountant General honour his responsibilities?

The Accountant General manages his responsibilities and associated risks through the Office of the Accountant General (OAG).

The OAG manages funds held in Court in the name of the Accountant General of the Senior Courts under the Act. Certain funds may be invested in Common Investment Schemes. Under the direction of the Court and on behalf of the Accountant General, the responsibilities of the OAG include:

- buying and selling units in the Common Investment Scheme (on behalf of eligible investors);
- maintenance of a register of unit holders in the Common Investment Fund (albeit only on behalf of beneficiaries of the Court Funds Office (CFO) - see note 18 for the Split of Assets by Investment Channel);
- distribution to unitholders of dividends calculated by the Authorised Fund Manager;
- payment of Investment Manager's fees;
- investment management oversight through the OAG Management Team which advises on investment strategy and performance monitoring;
- oversight of a control framework with the Investment Manager to provide sufficient assurance to the Accounting Officer.

8. Accounts and Audit

These accounts are in respect of the Ministry of Justice Equity Index Tracker Fund for the year ended 28 February 2026 and have been prepared in accordance with an Accounts Direction issued by Treasury under Section 45(2) of the Act. The Comptroller and Auditor General is appointed external auditor under Section 45(3) of the Act. The responsibilities of the Comptroller and Auditor General are set out in the Certificate and Report as detailed on pages 97 to 102. The notional audit fee for the audit of the Ministry of Justice Equity Index Tracker Funds Financial Statements for the year ended 28 February 2026 is £31,440 plus VAT of £nil. This fee is borne by the Ministry of Justice.

The Legal & General (Unit Trust Managers) Limited Board of Directors and the Accountant General have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Fund's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the Fund's auditors are unaware. The Accountant General's responsibility only extends to CFO clients. For other clients, separate arrangements apply.

9. Investment Manager's Report

Investment Strategy

The Fund's strategy is to track the total return of the composite benchmark by investing in Legal & General Index Tracking Unit Trusts. The Fund's performance benchmark is a composite of the following:

		Control Range
Solactive L&G ESG UK Index	55%	+/- 2%
Solactive L&G Enhanced ESG Developed Index	35%	+/- 2%
FTSE All-World Emerging Markets Index	10%	+/- 0.5%

The Solactive L&G ESG UK Index exposure is provided by the purchase of units in the Legal & General Future World ESG Tilted and Optimised UK Index Fund.

The Solactive L&G Enhanced ESG Developed Index exposure is provided by the purchase of units in the Legal & General Future World ESG Tilted and Optimised Developed Index Fund.

The FTSE All-World Emerging Markets Index exposure is provided by the purchase of units in the Legal & General Global Emerging Markets Index Fund.

The investment objective of the Fund is to track the total performance of the composite benchmark Index to within +/-0.5% per annum for two years out of three, before fund costs.

The oversight of the Lord Chancellor's Common Investment Fund (CIF) on behalf of the Lord Chancellor is the responsibility of the Strategic Investment Board (SIB).

All rights in the Solactive L&G ESG UK Index, the Solactive L&G Enhanced ESG Developed Index and the FTSE All World Emerging Index (the "Indices") vest in FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Equity Index Tracker Fund (the "Fund") has been developed solely by Legal & General (Unit Trust Managers) Limited. The Indices are calculated by FTSE or its agent. FTSE and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Fund and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Indices or (b) investment in or operation of the Fund. FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Indices for the purpose of which they are being put by Legal & General (Unit Trust Managers) Limited.

Authorised Fund Manager's Investment Report

Over the year under review, the Equity Index Tracker Fund increased by 18.77%, while the composite Benchmark increased by 18.50% producing a tracking difference of +0.27%. The published price of the Fund's units valued at 12 noon increased by 15.71% during the year.

Tracking Deviation

The table below shows the Fund Performance for the period from 1 March 2025 to 28 February 2026, with the benchmark performance, which comprises of 55% Solactive L&G ESG UK Index, 35% Solactive L&G Enhanced ESG Developed Markets Index and 10% FTSE All World Emerging Markets Index from the 15 June 2020.

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	
Total Fund (%)	(4.01)	(0.86)	3.96	1.10	3.88	0.62	
Benchmark (%)	(4.06)	(0.88)	3.98	1.11	3.85	0.61	
Relative (%)	0.04	0.02	(0.02)	(0.01)	0.02	0.01	
	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	12 Months
Total Fund (%)	2.47	4.39	(0.19)	0.64	1.26	4.43	18.77
Benchmark (%)	2.39	4.39	(0.17)	0.62	1.23	4.37	18.50
Relative (%)	0.08	0.00	(0.02)	0.01	0.03	0.05	0.27

Past performance is not a guide to future performance.

The value of investments and income from them may go down as well as up.

In order to calculate the tracking performance of the Fund, the total performance of the underlying unit trusts is compared with the total performance of the composite benchmark. This is because adjustments have to be made for accrued income within the underlying trusts. We also use close of trade values for the underlying unit trusts in order to make a valid comparison with the Indices.

Distribution Review

Distributions were made by the Legal & General Future World ESG Tilted and Optimised UK Index Fund, Legal & General Future World ESG Tilted and Optimised Developed Index Fund and the Legal & General Global Emerging Markets Index Fund. These distributions are held in a cash income account within the Equity Index Tracker Fund (the "Fund").

Distribution dates for Legal & General Future World ESG Tilted and Optimised UK Index Fund and Legal & General Future World ESG Tilted and Optimised Developed Index Fund are 31 May and 30 November. The Legal & General Global Emerging Markets Index Fund distribution date is 30 September.

Market/Economic Review

The trade tariff announcements in the early months of US President Donald Trump's second term dominated proceedings for much of the 12 months, as the focus on the timing and scale of developed-market central bank interest rate cuts gradually diminished. Indeed, 'trade', along with the rapid rise of artificial intelligence (AI), were the major drivers of global financial markets over the year. The US administration's 'Liberation Day' on 2 April 2025 saw the announcement of a series of sizeable, and global, reciprocal tariffs. While most of these were postponed shortly afterwards, pending negotiations, those targeting China lingered on. Trade agreements were duly reached with Japan and the European Union, while the outline of an agreement with China was finally reached late in the year. February saw the US Supreme Court throw a spanner in the works as it ruled that most of the US administration's tariff hikes of the past 12 months were illegal.

UK Equities

Global equity indices rose very strongly in US Dollar terms over the past year, despite ongoing (albeit easing) inflationary worries, initially tight developed market monetary policy, recessionary fears in some parts, and ongoing global trade tensions.

Against this backdrop, UK equities delivered a strong double-digit return in Sterling terms, outperforming with the global average. There were stellar high double-digit showings from basic materials, telecoms and utilities, while financials, healthcare and industrials also posted strong double-digit returns. All sectors made gains for the year, barring technology, which endured a torrid 12 months.

Overseas Equities

US equity markets delivered strong returns for the 12 months, albeit underperforming the global average in US Dollar terms. Over the past year, high double-digit returns came from communication services, energy, technology (boosted by excitement around AI), utilities and materials. All sectors made ground over the year.

European equities enjoyed a strong 12 months, comfortably outperforming the global average in Euro terms. At the sector level, energy, banks and utilities led the way with truly stellar double-digit returns, while a very strong showings also came from banks. There were a number of areas of weakness, however, with negatives including consumer discretionary, chemicals, travel and leisure and autos and parts.

Asia Pacific excluding Japan equity markets made very strong gains over the past 12 months in US Dollar terms, outstripping global equities. Chinese equities made stellar gains for the year as a whole, despite ongoing fears about the state of its property market, the general health of its economy (as Beijing provided increasing support for the world's second largest economy) and trade war fears. Meanwhile, India endured a challenging 12 months but finished comfortably in positive territory.

Emerging markets soared over 12 months in US Dollar terms and comfortably outstripped the global average. As mentioned above, China soared, India rose, while Brazil also posted a knockout positive return.

Outlook

Looking ahead, the economic and earnings backdrop remains supportive for risk assets while several major central banks continue to have an easing bias as inflation pressures reduce. However, valuations are elevated and investors are starting to worry about the disruptive qualities of AI, particularly within higher risk credit markets. In addition, elevated oil prices would be a headwind to economic activity and the potential for monetary policy easing.

Legal & General Investment Management Limited
(Investment Manager)
April 2026

Important Note from the Authorised Fund Manager

Geopolitical Events

The uncertainty around the global economic outlook, global political events and regulatory changes, together with ongoing conflicts in the Middle East, including Iran, and Ukraine, have the potential to increase market volatility.

The Manager continues to monitor financial markets and any potential economic impact to the Fund on an on-going basis.

Legal & General (Unit Trust Managers) Limited
May 2026

A. J. C. Craven

Director; on behalf of Legal & General
(Unit Trust Managers) Limited
29 June 2026

J. McEwen

Accountant General of
the Senior Courts
29 June 2026

Respective Responsibilities of the Lord Chancellor, Accountant General and Investment Manager

Lord Chancellor's Responsibilities

Under Section 42(1) of the Administration of Justice Act 1982 (the Act), the Lord Chancellor may make schemes ('Common Investment Schemes') establishing Common Investment Funds for the purpose of investing funds in Court and other monies defined under Section 42(5)(b) of the Act.

Under Section 42(2) of the Act, the Common Investment Schemes made by the Lord Chancellor shall provide for an Investment Manager to be appointed by the Lord Chancellor to manage and control the Common Investment Funds established. On 1 September 2003, the Lord Chancellor appointed Legal & General (Unit Trust Managers) Limited as the Investment Manager of the Fund. This appointment is under a Deed of Appointment between Legal and General and the Lord Chancellor which is retendered every five years.

Accountant General's Responsibilities

The Secretary of State and Lord Chancellor has, under Section 97(2) of the Senior Courts Act 1981, as amended by the Public Trustee and Administration of Funds Act 1986, appointed James McEwen as Accountant General on 29 August 2020. The Permanent Secretary of the Ministry of Justice has also appointed the Accountant General as the Accounting Officer for Funds in Court.

His relevant responsibilities as Accounting Officer, including responsibilities for the propriety and regularity of the funds for which he is answerable and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by the Treasury and published in 'Managing Public Money'.

However, the operation of the investment fund is the responsibility of Legal & General (Unit Trust Managers) Limited as the appointed fund management company. The Accountant General's responsibilities as Accounting Officer for Funds in Court therefore do not extend to these accounts and are therefore signed by the Unit Trust Managers only. The Accountant General exercises his Accounting Officer responsibilities through the Funds in Court Part A Account which incorporates Part C.

Investment Manager's Responsibilities

Under Section 45(1)(c) of the Act, and in accordance with directions issued by Treasury, the Investment Manager is responsible for preparing the financial statements in respect of the Common Investment Scheme, Ministry of Justice Equity Index Tracker Fund.

The HM Treasury Accounts Direction requires the Investment Manager to follow best practice. In preparing the Funds Accounts, the Authorised Fund Manager follows the disclosure requirements of the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014 as updated by additional requirements from the Financial Conduct Authority (from time to time) and to the extent that such requirements are relevant to the Common Investment Fund. These require the Investment Manager to prepare accounts for each annual accounting period which give a true and fair view of the financial affairs of the Fund and of income/expenditure for the period.

In preparing the accounts the Authorised Fund Manager is required to:

- select suitable accounting policies and apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Financial Statements of UK Authorised Funds to the extent that such requirements are relevant to the Common Investment Funds;
- follow applicable accounting standards; and
- keep proper accounting records, which enable the Investment Manager to demonstrate that the accounts as prepared comply with the above requirements.

The Investment Manager is responsible for the management of the Funds in accordance with the Deed of Appointment with the Lord High Chancellor dated 3 July 2003 and the Common Investment Scheme Statutory Instrument 2004 No. 266. The current Deed of Appointment runs from 14 February 2024 to 13 February 2029 unless otherwise determined.

Governance Statement

Scope of responsibility

The Legal & General (Unit Trust Managers) Limited Board of Directors have responsibility for maintaining a sound system of internal controls that supports the achievement of the Ministry of Justice Equity Index Tracker Fund policies, aims and objectives, whilst safeguarding the assets of unitholders.

The operation of the Ministry of Justice Equity Index Tracker Fund is governed by the Strategic Investment Board (SIB) on behalf of the Lord Chancellor. The performance of the Fund is reported via quarterly management information, which ensures the objectives of Index tracking are fulfilled. Quarterly meetings are also held between Legal & General and the SIB to discuss performance, operational issues and investment strategy. These Accounts are also reviewed annually by the Ministry of Justice Audit and Risk Committee who also act on behalf of the Lord Chancellor. The Committee has scope to query any aspect of the accounts and the underlying funds to provide the Lord Chancellor with the necessary assurance to approve the account for laying in Parliament.

Assets of the Fund are held by an appointed Custodian who is separate to Legal & General, to ensure that the assets are safeguarded against misuse by ensuring all are held in the Fund's name.

System of internal controls

The system of internal controls is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, not absolute assurance of effectiveness. The system of internal controls is based on an ongoing process designed to identify the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and their potential impact, and to manage them efficiently, effectively and compliantly.

Risk Framework

Legal & General (Unit Trust Managers) Limited (UTM) of L&G – Asset Management Limited, as a subsidiary of Legal & General Group Plc (L&G), operates within a group-wide risk management framework.

The risk framework seeks to ensure all significant risks are identified, and that appropriate strategies are in place for their management. The framework consists of formal committees, risk management policies, risk assessment and reporting processes, and oversight functions. These enable the directors and senior management to debate key risks and draw assurance that they are being appropriately identified and managed, and that an independent assessment of risk is being performed.

Legal & General operates a 'three lines of defence' model of risk management and assurance. As the first line of defence, business management are responsible for managing risks, the second line Risk and Compliance functions (and Group level committees) oversee and challenge the management of risk, and the third line, Internal Audit, provide independent assurance that risks are effectively managed and that there is appropriate oversight.

Risk assessment is carried out on a bottom up and top down basis. On a monthly basis, business management carry out a self-assessment of the performance of the key controls in place to mitigate risk. This assessment is carried out using OneSumX risk management system.

Legal & General Compliance functions carry out periodic risk-based monitoring of controls. In addition, the Internal Audit function operates a similar risk-based programme of periodic audits of control. These functions report findings to key committees and record issues (identified control gaps and/or weaknesses) on the risk management systems, which ensure that associated actions are tracked and evidenced.

Such assurances assist the Group Board in forming their opinion on the effectiveness of the Group's risk management and internal control framework, in accordance with its obligations under the UK Corporate Governance Code. During the year, no material findings have been contained within the reports.

Corporate Governance

Legal & General (Unit Trust Managers) Limited is a Company authorised and regulated by the FCA and its Board members are persons approved by the FCA to carry out significant management and control functions. The Company is a subsidiary company of L&G – Asset Management Limited, which is itself a subsidiary of Legal & General Group Plc.

The UTM Board consists of four Directors (including two Non-Executive Directors) as listed on page 124, each with approved person responsibility for UTM and other Legal & General companies. The independent Chief Compliance Officer and Chief Risk Officer also attend the Board meetings. The Board of Legal & General Group Plc has a number of Non-Executive Directors.

The UTM Board is the legally accountable governance forum for the management of the firm and meets quarterly. The Board delegates the management of inherent risks to a series of Governance Committees with Terms of Reference that meet regularly. These include (but are not limited to) the LGIM Executive Risk Committee and Investment Oversight Committee, which respectively oversee the management of operational risks and fund risk on its behalf. These delegated authorities are periodically monitored and reviewed by the Board.

On an annual basis the UTM Board approves the firm's financial statements and the findings of the external auditor's report, which is then filed with the FCA. The business also approves the full documentation and output from the stress and scenario analysis of the firm's risks and capital, including the process and costs of winding the firm down in an orderly fashion, as required by the regulations. The output of this assessment is filed with the FCA according to an agreed cycle, currently every two years.

Review of effectiveness

The Board of UTM have responsibility for reviewing the effectiveness of the system of internal controls. The Board's review of internal control is informed by the work of the internal auditors, support functions and the Executive Managers within UTM who have responsibility for the development and maintenance of the risk management framework, and comments made by the external auditor in their management letter and other reports. On the basis of this information, The Board can confirm there are no significant internal control issues to report.

A. J. C. Craven

Director; on behalf of Legal & General (Unit Trust Managers) Limited

29 June 2026

Certificate and Report of the Comptroller and the Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Ministry of Justice Equity Index Tracker Fund for the year ended 28 February 2026 under the Administration of Justice Act 1982.

The financial statements comprise the Ministry of Justice Equity Index Tracker Fund's:

- Statement of Total Return for the year ended 28 February 2026;
- Statement of Change in Net Assets attributable to Unitholders for the year ended 28 February 2026;
- Balance Sheet as at 28 February 2026;
- Distribution Table for the year ended 28 February 2026; 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Ministry of Justice Equity Index Tracker Fund's affairs as at 28 February 2026 and of the change in net assets attributable to unitholders for the year then ended; and
- have been properly prepared in accordance with the Administration of Justice Act 1982 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on *Auditing (UK) (ISAs UK)*, *applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Ministry of Justice Equity Index Tracker Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Ministry of Justice Equity Index Tracker Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other Information

The other information comprises information included in the Foreword, the Respective Responsibilities of the Lord Chancellor, Accountant General and Investment Manager, the Governance Statement, the Portfolio Statement, the Summary of Material Portfolio Changes, the Fund Information, the Accounts Direction given by HM Treasury and the General Information, but does not include the financial statements and my auditor's certificate thereon. The Investment Manager is responsible for the other information.

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

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit the information given in the Annual Report, the Investment Manager's Report and the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Ministry of Justice Equity Index Tracker Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report, Investment Manager's Report and Governance Statement.

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

- adequate accounting records have not been kept by the Ministry of Justice Equity Index Tracker Fund or returns adequate for my audit have not been received from branches not visited by our staff; or
- I have not received all of the information and explanations I require for my audit; or
- the information given in the Foreword is not consistent with the financial statements and with information obtained during the course of the audit; or
- the financial statements are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Investment Manager for the financial statements

As explained more fully in the statement of Respective Responsibilities of the Lord Chancellor, Accountant General and Investment Manager, the Investment Manager is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Legal & General (Unit Trust Managers) Limited as Investment Managers of the Ministry of Justice Equity Index Tracker Fund from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with HM Treasury directions issued under the Administration of Justice Act 1982;
- preparing the annual report in accordance with HM Treasury directions issued under the Administration of Justice Act 1982; and
- assessing the Ministry of Justice Equity Index Tracker Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Investment Manager anticipates that the services provided by the Ministry of Justice Equity Index Tracker Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Administration of Justice Act 1982.

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Ministry of Justice Equity Index Tracker Fund's accounting policies, key performance indicators and performance incentives;

- inquired of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Ministry of Justice Equity Index Tracker Fund's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Ministry of Justice Equity Index Tracker Fund's controls relating to the Ministry of Justice Equity Index Tracker Fund's compliance with the Administration of Justice Act 1982, Common Investment Scheme 2004 and Managing Public Money;
- inquired of management 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 internal specialists, including IT audit and financial instrument specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Ministry of Justice Equity Index Tracker Fund for fraud and identified the greatest potential for fraud in the following areas: income recognition, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Ministry of Justice Equity Index Tracker Fund's framework of authority and other legal and regulatory frameworks in which the Ministry of Justice Equity Index Tracker Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Ministry of Justice Equity Index Tracker Fund. The key laws and regulations I considered in this context included the Administration of Justice Act 1982, Common Investment Scheme 2004 and Managing Public Money.

Audit response to the identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I performed other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate, including reviewing transactions for unusual trading activities or payments, confirming that transactions are in line with the activities permitted under the Administration of Justice Act 1982 and making enquiries of those charged with governance.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal 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 certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that 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.

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

02 July 2026

Financial Statements

Statement of Total Return for the year ended 28 February 2026

		28/02/26		28/02/25	
	Notes	£	£	£	£
Income					
Net capital gains	3		15,562,114		10,543,635
Revenue	4	2,489,827		2,423,039	
Expenses	5	(178,562)		(191,631)	
Interest payable and similar charges	7	—		(145)	
Net revenue before taxation		2,311,265		2,231,263	
Taxation	6	(1,486)		(2,141)	
Net revenue after taxation for the year			2,309,779		2,229,122
Total return before distributions			17,871,893		12,772,757
Distributions	7		(2,309,779)		(2,229,122)
Change in net assets attributable to Unitholders from investment activities			<u>£15,562,114</u>		<u>£10,543,635</u>

Statement of Change in Net Assets attributable to Unitholders for the year ended 28 February 2026

	28/02/26		28/02/25	
	£	£	£	£
Opening net assets attributable to Unitholders		96,566,448		88,070,219
Amounts received on issue of units	7,721,923		5,887,217	
Amounts paid on cancellation of units	(5,989,139)		(7,934,142)	
		1,732,784		(2,046,925)
Dilution levy		(231)		(481)
Change in net assets attributable to Unitholders from investment activities		15,562,114		10,543,635
Closing net assets attributable to Unitholders		£113,861,115		£96,566,448

The notes on pages 106 to 116 form part of these accounts.

Balance Sheet as at 28 February 2026

	Notes	28/02/26 £	28/02/25 £
ASSETS			
Fixed assets:			
Investments		113,819,681	96,562,980
Current assets:			
Debtors	8	106,696	26,547
Cash and bank balances	9	1,258,612	1,171,114
Total assets		115,184,989	97,760,641
LIABILITIES			
Creditors:			
Distributions payable	7	(1,173,737)	(1,105,841)
Other creditors	10	(150,137)	(88,352)
Total liabilities		(1,323,874)	(1,194,193)
Net assets attributable to Unitholders		£113,861,115	£96,566,448

The notes on pages 106 to 116 form part of these accounts.

A. J. C. Craven

Director; on behalf of
Legal & General (Unit Trust Managers) Limited
29 June 2026

Notes to the Financial Statements

1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP) and amended in June 2017.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. In making this assessment, the Authorised Fund Manager has considered, amongst other things, factors such as Fund size, cash flows through the Fund and Fund liquidity in its assessment of the Fund's ability to meet its liabilities as they fall due. Based on this assessment, the Authorised Fund Manager deems the basis of preparation appropriate.

The principal accounting policies which have been applied consistently are set out below.

(b) Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

(c) Recognition of Revenue

Revenue from distribution and accumulation units in Collective Investment Schemes is recognised when the distribution is quoted ex-dividend.

Equalisation on distributions received from Collective Investment Schemes is treated as capital property of the Fund.

All other revenue is recognised on an accruals basis.

(d) Treatment of Expenses

All expenses (other than those relating to the purchase or sale of investments) are charged against revenue on an accruals basis.

The Fund receives a rebate for managerial fees suffered by investments in underlying Collective Investment Schemes. These are treated as revenue or capital depending on the treatment of the Authorised Fund Manager's fees in the underlying investment.

(e) Distribution Policy

Realisable revenue, after deduction of those expenses which are chargeable in calculation of the distribution, will be paid to those Unitholders with a holding at ex-dividend date.

All expenses charged to the Fund, with the exception of professional fees, are deducted from revenue for the purpose of calculating the distribution.

In order to conduct a controlled dividend flow, interim distributions will be at the Authorised Fund Manager's discretion, up to a maximum of the distributable revenue for the period.

Distributions which have remained unclaimed by Unitholders for over six years are credited to the capital property of the Fund.

(f) Basis of valuation of investments

All investments have been valued at their fair value as at 12 noon on 27 February 2026, being the last working day of the accounting year. For the investments in Legal & General Future World ESG Tilted and Optimised UK Index Fund and Legal & General Global Emerging Markets Index Fund, the last available valuation is also 12 noon on 27 February 2026, however, for the Legal & General Future World ESG Tilted and Optimised Developed Index Fund, the latest valuation was 3pm on 26 February 2026. The fair value for units in Collective Investment Schemes is the cancellation price or bid price for dual priced funds and single price for single priced funds.

Investment in securities by Legal & General on behalf of Ministry of Justice Equity Index Tracker Fund are carried out on an arm's length basis following the best execution principles thereby ensuring that Legal & General meets its regulatory obligations in respect of best execution.

(g) Taxation

Provision is made for taxation at current rates on the excess of investment revenue over expenses.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply.

(h) Estimates and Significant Judgements

Management has not made any judgements in the process of applying the entity's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Net capital gains

	28/02/26	28/02/25
	£	£
The net capital gains during the year comprise:		
Currency losses	(2,773)	(7,313)
Non-derivative securities	15,565,602	10,552,003
Transaction charges	(715)	(1,055)
Net capital gains	<u>15,562,114</u>	<u>10,543,635</u>

4. Revenue

	28/02/26	28/02/25
	£	£
UK Franked distributions	2,427,433	2,354,794
Bank interest	12,113	20,382
Rebates from Legal & General Investment Management Limited	50,281	47,863
	<u>2,489,827</u>	<u>2,423,039</u>

5. Expenses

	28/02/26	28/02/25
	£	£
Payable to the Authorised Fund Manager, associates of the Authorised Fund Manager and agents of either of them:		
Authorised Fund Manager's periodic fee	182,276	163,598
Registration fees	12,052	21,462
	<u>194,328</u>	<u>185,060</u>
Payable to the Custodian, associates of the Custodian and agents of either of them:		
Safe custody fees	(15,766)	6,571
Total expenses	<u>178,562</u>	<u>191,631</u>

6. Taxation

(a) Analysis of taxation charge in year

	28/02/26	28/02/25
	£	£
Corporation Tax	–	–
Irrecoverable income tax	1,486	808
Prior year adjustment	–	1,333
Current tax [note 6(b)]	1,486	2,141
Deferred tax [note 6(c)]	–	–
Total taxation	<u>1,486</u>	<u>2,141</u>

(b) Factors affecting taxation charge for the year

The total tax charge excludes capital gains and losses for the reason that Common Investment Funds are not subject to Corporation Tax on these items. Total tax differs from taxation assessed on net revenue before taxation as follows:

	28/02/26	28/02/25
	£	£
Net revenue before taxation	<u>2,311,265</u>	<u>2,231,263</u>
Net revenue before taxation multiplied by the applicable rate of Corporation Tax at 20% (2025: 20%)	462,253	446,253
Effects of:		
Revenue not subject to taxation	(473,609)	(460,819)
Excess management expenses not utilised	11,356	14,566
Irrecoverable income tax	1,486	808
Prior year adjustment	—	1,333
Total tax	<u>1,486</u>	<u>2,141</u>

(c) Provision for deferred tax

There is no deferred tax provision in the current or preceding year. As at the balance sheet date, there is a potential deferred tax asset of £150,711 (28 February 2025: £139,194) due to surplus management expenses.

It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised (28 February 2025: same).

7. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprise:

	28/02/26	28/02/25
	£	£
Interim distribution	1,158,687	1,107,546
Final distribution	1,173,737	1,105,841
	<u>2,332,424</u>	<u>2,213,387</u>
Add: Revenue deducted on cancellation of units	49,089	75,898
Less: Revenue received on creation of units	(71,734)	(60,163)
Distributions for the year	2,309,779	2,229,122
Interest payable		
Bank overdraft interest	—	145
	<u>2,309,779</u>	<u>2,229,267</u>

8. Debtors

	28/02/26	28/02/25
	£	£
Accrued revenue	933	1,839
Income tax recoverable	27,305	16,913
Management fee rebates	17,278	7,795
Sales awaiting settlement	61,180	—
	<u>106,696</u>	<u>26,547</u>

9. Net uninvested cash

	28/02/26	28/02/25
	£	£
Cash and bank balances	1,258,612	1,171,114
Net uninvested cash	<u>1,258,612</u>	<u>1,171,114</u>

10. Creditors

	28/02/26	28/02/25
	£	£
Amounts payable for cancellation of units	79,501	47,011
Accrued expenses	70,636	41,341
	<u>150,137</u>	<u>88,352</u>

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (28 February 2025: same).

12. Financial Instruments and Associated Risks

The investments of a Fund in financial securities and derivatives are subject to normal market fluctuations and other risks inherent in investing in such instruments. Legal & General (Unit Trust Managers) Limited (UTM) is the Authorised Fund Manager and has responsibility for ensuring appropriate risk management processes are implemented for each Unit Trust.

The UTM Board has delegated the risk oversight function to the Investment Oversight Committee (IOC), a committee of the L&G – Asset Management Limited Board that meets six times a year. The primary objective of the IOC is to ensure proper oversight of the investment management activities and associated services performed by Legal & General Investment Management Limited (LGIM), its delegates and other Fund Managers, under the Investment Management Agreement (IMA), on behalf of UTM in its capacity as Authorised Fund Manager. The committee consists of senior members of L&G – Asset Management Limited. Other senior staff members are also in attendance, as required by the agenda.

Each Fund has investment guidelines, an investment objective and investment restrictions, against which the fund manager will operate as set out in Schedule 1 of the IMA between LGIM and UTM. The Schedule is maintained by each fund manager and approved by senior members of L&G – Asset Management Limited on behalf of the UTM Board. The Schedule provides the detail needed to determine the risk profile for each Fund. Fund managers are not permitted to invest into any new instruments without first gaining approval from UTM.

The Investment Strategy of this Fund is detailed on page 88.

(a) Market Risk arising from other price risk

Market Risk arises mainly from uncertainty about future prices. It represents the potential loss the Fund may suffer through holding market positions in the face of market movements.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar instruments traded in the market.

The assets held by the Fund can be seen in the Portfolio Statement on page 118. Given that the Fund invests in other Collective Investment Schemes, there is market risk exposure in respect of the financial instruments held by these entities. The Authorised Fund Manager adheres to the investment guidelines and borrowing powers established in the Fund Deed and Prospectus. In this way, the Authorised Fund Manager monitors and controls the exposure to risk from any type of security, sector or issuer.

As at the balance sheet date, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £5,690,984 (28 February 2025: £4,828,149).

(b) Interest Rate Risk

Interest Rate Risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Fund's only interest bearing financial instruments were its bank balances and overdraft facilities as disclosed in note 9. Cash is deposited and overdraft facilities utilised on normal commercial terms.

In the event of a change in interest rates, there would be no material impact upon the assets of the Fund.

(c) Foreign Currency Risk

Foreign Currency Risk is the risk of movements in the value of financial instruments as a result of fluctuations in exchange rates.

As at the balance sheet date, the Fund had no significant exposures to currencies other than Sterling, however, the underlying Collective Investment Schemes may have currency risk exposure (28 February 2025: same).

(d) Credit Risk

Credit Risk is the risk of suffering financial loss as a result of a counterparty to a financial transaction being unable to fulfill their financial obligations as they fall due.

As this Fund invests in Collective Investment Schemes, there is credit risk in respect of the assets held by these Schemes.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Fund's investment strategy.

(e) Liquidity Risk

Liquidity Risk relates to the capacity to meet liabilities as they fall due. The primary source of this risk to the Fund is the liability to Unitholders for any cancellation of units.

This risk is minimised by holding a large proportion of readily realisable assets, cash balances and via access to overdraft facilities.

(f) Fair Value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no material difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

The Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017 requires the classification of the Fund's financial instruments held at the year end into a 3 tiered fair value hierarchy. The 3 tiers of the hierarchy and the classification of the Fund's financial instruments as at the balance sheet date were:

28/02/26	Assets	Liabilities
Valuation technique	£	£
Level 1 – Quoted Prices	–	–
Level 2 – Observable Market Data	113,819,681	–
Level 3 – Unobservable Data	–	–
Total	<u>113,819,681</u>	<u>–</u>

28/02/25	Assets	Liabilities
Valuation technique	£	£
Level 1 – Quoted Prices	–	–
Level 2 – Observable Market Data	96,562,980	–
Level 3 – Unobservable Data	–	–
Total	<u>96,562,980</u>	<u>–</u>

Level 1

The unadjusted quoted price in an active market for assets or liabilities that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1.

Level 3

Valuation techniques using unobservable inputs.

13. Portfolio transaction costs

As the Fund mainly invests in Collective Investment Schemes, there are no transaction costs (28 February 2025: same).

Total purchases for the year: £6,091,246
(28 February 2025: £5,387,959)

Total sales for the year: £4,365,734
(28 February 2025: £7,531,750)

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.00%
(28 February 2025: 0.00%).

14. Unit classes

The Fund currently has one unit class: Distribution. The annual management charge on the unit class can be found in the table below. The net asset value per unit of the unit class and the number of units in the class are given in the comparative table on page 119.

The distributions per unit class are given in the distribution tables on page 117. All classes have the same rights on winding up.

	Distribution
Opening Units	4,335,134
Units issued	337,100
Units cancelled	(259,656)
Units converted	–
Closing Units	4,412,578

15. Ongoing Charges Figure

28 Feb 26	0.192%	28 Feb 25	0.206%
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The Ongoing Charges Figure is the ratio of the Fund's operating costs (excluding overdraft interest) and all costs suffered through holdings in underlying Collective Investment Schemes, to the average net assets of the Fund.

The Ongoing Charges Figure comprises the following:

Expense Type	Percentage of investment assets	Fee	Note
	%	£	
Annual Management Charge	0.149	151,897	5
VAT on Annual Management Charge	0.030	30,379	5
Registration Fees	0.012	12,052	5
Safe Custody Fees	—	—	
		194,328	
Transaction Charges	0.001	715	3
Costs incurred through underlying holdings (net of rebates)	—	—	
	0.192	195,043	

The Fund is invested in underlying Collective Investment Schemes (Legal & General Index Tracking Unit Trusts). Annual Management and Registration Charges are already applied at fund level, as illustrated in the table above. Rebates are received from the underlying holdings to ensure that this Fund does not suffer additional excessive charges from investing in Collective Investment Schemes which already have charges applied. The indirect costs suffered through investing in those Trusts amount to a charge of approximately 0.00% for the MoJ Equity Index Tracker Fund, as shown in the table in the previous page.

16. Post balance sheet events

Post balance sheet events are considered up to the date on which the Accounts are authorised for issue. The date the Accounts are authorised for issue is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General. As at the accounts authorisation date, no material post balance sheet events have occurred.

17. Ultimate controlling party and related party transactions

The Authorised Fund Manager is regarded as a related party to the Fund because it provides key management personnel services to the Fund. The ultimate controlling party of the Authorised Fund Manager is Legal & General Group Plc. Subsidiaries of Legal & General Group Plc are also considered related parties to the Fund.

Details of units created and cancelled are shown in the Statement of Change in Net Assets attributable to Unitholders. Note 18 shows the split of existing assets by investment channel.

Investments made on behalf of the Fund include those in Legal & General unit trusts, which had a market value of £113,819,681 at 28 February 2026 (28 February 2025: £96,562,980).

Management fees paid to Legal & General Investment Management Limited are shown in note 5. The balance due in respect of this fee is £64,560 (28 February 2025: £15,251). Management fee rebates received from Legal & General Investment Management Limited are shown in note 4. Rebates receivable at the year end amount to £17,278 (28 February 2025: £7,795).

Other than the related party transactions disclosed above, none of the key management staff nor any other related party has undertaken any material transactions with the Fund during the year.

18. Split of Assets by Investment Channel

Investment Channel	Net Asset Value Of Fund	Net Asset Value Per Unit	Number of Units in Issue	%
28/02/26				
Court Funds Office (CFO)	£95,974,393	2,580.38p	3,719,396	84.29%
Other	£17,886,722	2,580.38p	693,182	15.71%
Total	£113,861,115	2,580.38p	4,412,578	100.00%
28/02/25				
Court Funds Office (CFO)	£81,012,103	2,227.53p	3,636,858	83.89%
Other	£15,554,345	2,227.53p	698,276	16.11%
Total	£96,566,448	2,227.53p	4,335,134	100.00%

19. Fund's Structure and Investment Summary

The Fund is a Common Investment Fund and was created under the Act which authorises the Lord Chancellor to make Common Investment Schemes for the purposes of investing funds held in Court and money held by any other person authorised to hold units in the Fund. The current scheme is governed by the Common Investment Scheme 2004 (SI 2004 No. 266).

The Fund is invested in underlying Collective Investment Schemes (Legal & General Index Tracking Unit Trusts). Legal & General manages the Fund's assets on an Index tracking basis aiming to match the returns of the major stock markets. 55% of the Fund has exposure to UK shares with the remainder invested in other global markets.

20. Compliance Statement for Material Error

There have been no material errors identified to be made good by the Investment Manager.

Distribution Tables

Distribution Tables for the year ended 28 February 2026

Group 1: units purchased prior to a distribution period.

Group 2: units purchased during a distribution period.

Equalisation is the average amount of revenue included in the purchase price of all

Group 2 units and is refunded to the holders of these units as a return of capital.

As capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Interim dividend distribution in pence per unit			Period 01/03/25 to 31/08/25	
	Net Revenue	Equalisation	Distribution 12/10/25	Distribution 12/10/24
Distribution Units				
Group 1	26.4074	–	26.4074	25.5243
Group 2	8.8224	17.5850	26.4074	25.5243

Final dividend distribution in pence per unit			Period 01/09/25 to 28/02/26	
	Net Revenue	Equalisation	Distribution 10/04/26	Distribution 10/04/25
Distribution Units				
Group 1	26.5998	–	26.5998	25.5087
Group 2	0.7740	25.8258	26.5998	25.5087

Portfolio Statement (unaudited)

Portfolio Statement as at 28 February 2026

All investments are in distribution units unless otherwise stated. The percentages in brackets show the equivalent sector holdings at 28 February 2025.

Holding/ Nominal Value	Investment	Market Value £	% of Net Assets
	Unit Trusts investing in UK shares – 55.77% (55.98%)		
85,200,118	Legal & General Future World ESG Tilted and Optimised UK Index Fund 'L' Inc	63,499,648	55.77
	Unit Trusts investing in overseas shares – 44.19% (44.02%)		
39,302,627	Legal & General Future World ESG Tilted and Optimised Developed Index Fund 'L' Inc	38,830,995	34.10
14,435,279	Legal & General Global Emerging Markets Index Fund 'L' Inc	11,489,038	10.09
		50,320,033	44.19
Portfolio of investments		113,819,681	99.96
Net other assets		41,434	0.04
Total net assets		<u>£113,861,115</u>	<u>100.00</u>

Total purchases for the year: £6,091,246.

Total sales for the year: £4,365,734.

Fund Information (unaudited)

The Comparative Table below gives the performance of the only active unit class in the Fund.

The 'Return after charges' disclosed in the Comparative Table is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Fund's performance disclosed in the Authorised Fund Manager's report, which is calculated based on the latest published price.

Comparative Table

Distribution Unit

Change in Net Asset Value per Unit

Accounting Year ending	28/02/26 (pence per unit)	28/02/25 (pence per unit)	29/02/24 (pence per unit)
Opening net asset value per unit	2,227.53	1,987.43	1,924.04
Return before operating charges*	409.59	294.76	115.62
Operating charges (calculated on average price)	(3.73)	(3.63)	(3.26)
Return after operating charges*	405.86	291.13	112.36
Distributions on income unit	(53.01)	(51.03)	(48.97)
Closing net asset value per unit	2,580.38	2,227.53	1,987.43
* after direct transaction costs of:	0.01	0.01	–

Performance

Return after charges	18.22%	14.65%	5.84%
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Other Information

Closing net asset value (£)	113,861,115	96,566,448	88,070,219
Closing number of units	4,412,578	4,335,134	4,431,357
Operating charges†	0.192%	0.206%	0.226%
Direct transaction costs	–	–	–

Prices¹

Highest unit price	2,607.00p	2,284.00p	2,023.00p
Lowest unit price	1,953.00p	1,994.00p	1,821.00p

† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a fund and is calculated based on the last period's figures.

¹ Highest and lowest unit prices are based on published prices.

Past performance is not a guide to future performance.

The price of units and any income from them may go down as well as up.

Accounts Direction given by HM Treasury

Funds in Court in England and Wales – Account of the transactions of the Accountant General under Section 45(2) of the Administration of Justice Act 1982

The Treasury gives the following Direction in respect of the accounts mentioned in section 45(1)(c) of the Administration of Justice Act 1982 ("the Act"):

- 1** The Investment Manager of the Common Investment Funds shall prepare annual report and accounts for the Ministry of Justice Equity Index Tracker Fund ("the Fund") in respect of the period from 1 September 2003 to 29 February 2004 and thereafter for each period of one year ending on the last day of February.
- 2** The accounts shall give a true and fair view in accordance with generally accepted accounting practice of the financial position of the Fund at the period end and of the net income and movement in the net assets of the Fund for that year.
- 3** The annual report and accounts shall be prepared in accordance with a format and content to be agreed between the Investment Manager, the Comptroller and Auditor General and the Court Funds Office, with the consent of Treasury.
- 4** The accounts shall include:
 - i. a Statement of Total Return;
 - ii. a Statement of Change to Net Assets attributable to Unitholders;
 - iii. a Balance Sheet;
 - iv. such notes as may be necessary to present a true and fair view; and
 - v. a Distribution Table;
- 5** The annual report shall include:
 - i. a Foreword;
 - ii. a Statement of Responsibilities;
 - iii. a Governance Statement;
 - iv. a Portfolio Statement; and
 - v. a Summary of Material Portfolio Changes.

6 The Foreword shall include among other items:

- i. a statement that the accounts have been prepared in accordance with directions given by Treasury under section 45(2) of the Act;
- ii. relevant information in respect of the statutory background of the Fund;
- iii. the name and period of appointment of the Investment Manager;
- iv. details of the arrangements for reporting financial performance of the Fund to unitholders; and
- v. a statement on the external audit arrangements for the Fund, including commentary on the roles of the Comptroller and Auditor General and the auditors.

7 The notes shall include among other items:

- i. the accounting policies;
- ii. a statement of the regulatory basis of the accounts, with reference to best practice principles which apply to the funds in which the Fund is invested;
- iii. disclosure of the way in which the Investment Manager applies best execution principles when making investments;
- iv. a breakdown on material items within the Accounts;
- v. the tax computation;
- vi. distribution information;
- vii. a statement of movements between net income and distributions;
- viii. any contingent liabilities and contingent assets;
- ix. any units in issue;
- x. disclosure of fees and expenses in accordance with the tariff set out in the contract;
- xi. post balance sheet events;
- xii. related party transactions, recognising that the Lord Chancellor's Common Investment Fund and various entities within Legal and General are both related parties to the Fund, and therefore the disclosure principles laid down in FRS 102 need to be applied;
- xiii. a summary of the fund structure and the instruments invested in;
- xiv. a statement of any material errors made good by the Investment Manager and the impact of those errors on the accounts had they not been made good; and
- xv. the risk management policy.

- 8** When preparing the accounts, the Investment Manager shall comply with UK Financial Reporting Standard 102 (FRS 102), and in accordance with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Association in May 2014 (the IA SORP 2014), to the extent that such requirements are relevant to the Fund.
- 9** The Investment Manager will support the Accounts with a General Representation Letter, containing material matters that need to be confirmed to the Comptroller and Auditor General and the Court Funds Office.
- 10** The Investment Manager will employ best endeavours to complete the Accounts and enable the Comptroller and Auditor General to lay the Accounts before Parliament within 9 months of the period end in respect of the accounts for the year ended on 28 February 2004 and thereafter within 4 months of the period end.
- 11** This Direction shall be reproduced as an annex to the accounts.
- 12** This Direction replaces the Direction dated March 2018.

Charlotte Goodrich

Deputy Director, Government Financial Reporting
HM Treasury
May 2024

General Information (unaudited)

Accounting/Distribution Dates

The accounting and distribution dates for the Ministry of Justice Equity Index Tracker Fund in 2026 are:

Accounting Dates	Distribution Dates
28 February	10 April
31 August	12 October

Buying & Selling Units

Unit Prices

Unit prices may be found in the Financial Times under the MoJ Common Investment Funds heading, or are available from the MoJ.

The Fund is valued daily at noon and the prices for buying and selling units rise and fall depending on the market value of the Fund's investments at that time. If the prices are published as 'ex-dividend', a purchaser will not be entitled to the next income payment.

Management charge

There is no initial charge on the issue of units and no redemption charge is applied. The annual management charge is based on fund size as follows:

0.16% for the first £100 million
0.14% £100 million and above

The management charge is paid in arrears out of the total assets of the Fund at the end of each month and is exclusive of VAT.

Individual accounts are unaffected by the management charge deduction.

The actual Management Charge suffered during the year was 0.16% plus VAT.

Buying and Selling Securities

The Investment Manager buys and sells units in the underlying unit trusts on behalf of the MoJ Equity Index Tracker Fund using forward prices at the date of investment. The prices of the underlying trusts are published on the internet at: www.legalandgeneral.com/investments/fund-information/daily-fund-prices/fund-prices immediately after they become available.

The Authorised Fund Manager of the underlying trusts effects transactions based on Best Execution at all times and may, subject to Investment Restrictions, deal on any such markets or exchanges and with or through such brokers or counterparties as it thinks fit. The Authorised Fund Manager will act with good faith and due diligence in its choice and use of brokers and counterparties.

Taskforce on Climate related Financial Disclosures (TCFD) Report

In accordance with the Taskforce on Climate related Financial Disclosures (TCFD) requirements, UTM has prepared its public TCFD report which is available for investors to read and review at the following website link: https://am.landg.com/asset/4a93d0/globalassets/lgim/_document-library/responsible-investing/tcf-d-utm-legal-entity-report-2024.pdf

Authorised Fund Manager

Legal & General (Unit Trust Managers) Limited
Registered in England and Wales No. 01009418
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Telephone: 0370 050 3350
Authorised and regulated by the Financial Conduct Authority

Call charges will vary. We may record and monitor calls.

Directors of the Authorised Fund Manager

M. M. Ammon (resigned on 2 December 2025)
M. R. Champion* (appointed on 9 September 2025)
B. J. Cherrington (appointed on 29 September 2025)
E. Cowhey* (resigned on 10 September 2025)
A. J. C. Craven
D. V. Gibbs (resigned on 6 February 2026)
D. J. Hosie*

* Non-executive Director

Secretary

L. Cornish
One Coleman Street,
London EC2R 5AA

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Ministry of Justice

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Comptroller and Auditor General
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