



HM Courts &
Tribunals Service

HM Courts & Tribunals Service

Trust Statement

2025-26





HM Courts &
Tribunals Service

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Trust Statement 2025-2026

For the period 1 April 2025 to 31 March 2026

Presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000.

Ordered by the House of Commons to be printed on 9 July 2026



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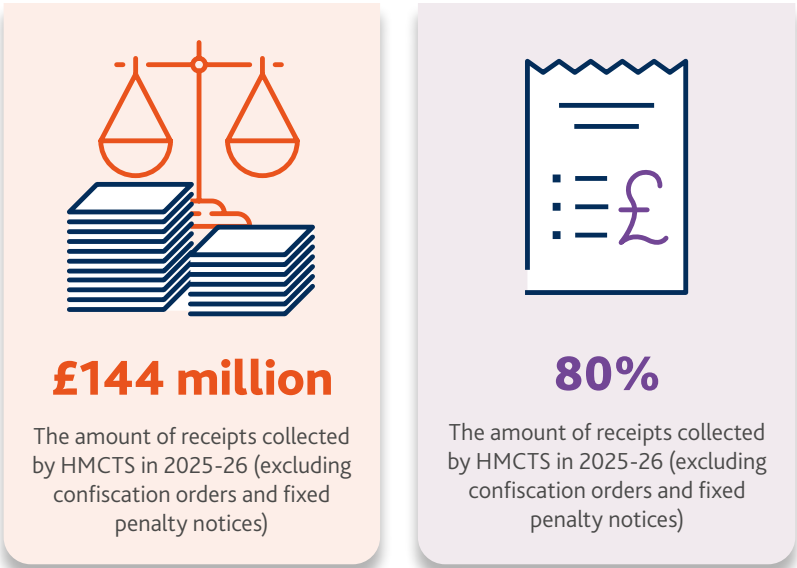
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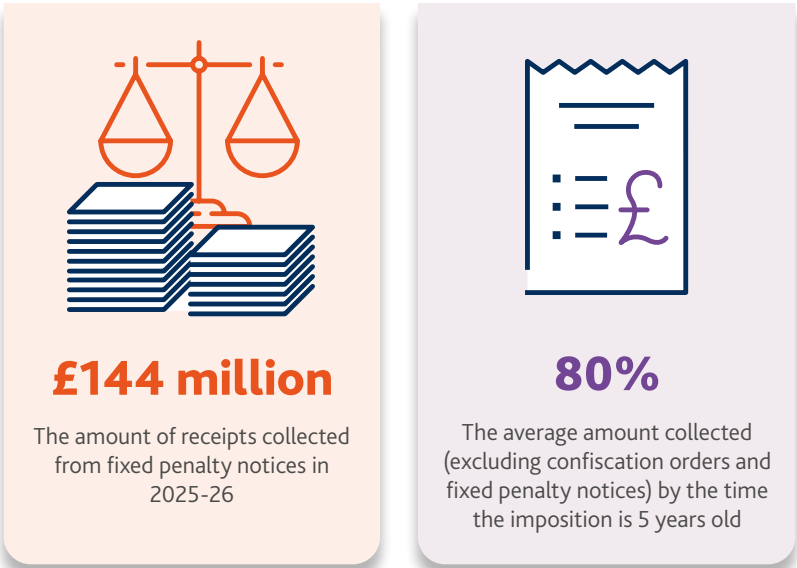
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Section 1: Introductions



Accounting Officer's Foreword to the Trust Statement



The Trust Statement reflects the collective efforts of multiple agencies that work together to collect and enforce payments due from offenders relating to fines, confiscation orders and other financial penalties imposed by the courts and police forces. Working together to ensure that justice is delivered.

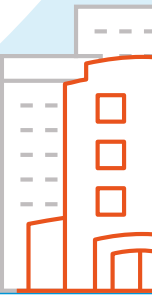
Every day, people across the country turn to our courts and tribunals during some of the most difficult moments of their lives. Whether they are facing criminal proceedings as a defendant, or a victim, witness or family member, they are placing their trust in us to deliver fair and accessible justice.

We strive to ensure that cases are administered as efficiently as possible and strong collaboration across the justice system will always be key to the operation of the Judicial system and to ensure that all users experience a system that is fair, efficient, and worthy of their trust.

HMCTS will continue to do everything that we can to make sure that offenders pay what they owe and I am delighted to once again produce a Trust Statement that the Comptroller And Auditor General has been able to provide an unqualified audit opinion on.

Nick Goodwin
Chief Executive and Accounting Officer

Introduction to the Trust Statement



Introduction

A Trust Statement provides an account of the collection of revenues, which by statute or convention are due to the Consolidated Fund¹, where the entity undertaking the collection and subsequent disbursements acts as agent rather than principal. The legislative requirement for the HM Courts & Tribunals Service Trust Statement is set out in section 7 of the Government Resources and Accounts Act 2000.

HM Courts & Tribunals Service (HMCTS) acts as an agent responsible for collecting financial penalties imposed by the judiciary and the police. These impositions comprise court fines, prosecutors' costs, compensation to victims, fixed penalty notices, confiscation orders and victim surcharge.

The Trust Statement records revenue and expenditure relating to these impositions, the third-party bodies to which the funds are disbursed and the year-end balance owed to the Consolidated Fund.

The Trust Statement accounts do not include the costs of HMCTS. These are reported separately in the HM Courts & Tribunals Service Annual Report and Accounts 2025-26 (HC449) that also sets out the general direction and priorities for the Agency, details of its management and the Chief Executive's report.

Scope

HMCTS collects the following principal types of financial imposition as described below.

Fines, prosecutors' costs and compensation orders - These elements of an imposition are imposed by both Magistrates' and Crown Courts and are enforced by the HMCTS Criminal Fines Collection and Enforcement Service. Fines, which represent the punitive element of an imposition, once collected by HMCTS are surrendered to the Consolidated Fund after any retentions permitted by HM Treasury. Prosecutors' costs awarded by the court, once received from the defendant, are passed to the relevant prosecuting authority. Compensation orders can be awarded to the victim of the crime by the court, this requires the defendant to pay compensation for any personal injury, loss of damage resulting from the offence to HMCTS, who pays any receipts received from the defendant in relation to compensation to the victims of the crime committed.

Victim surcharge - An additional surcharge is added to the financial impositions that are imposed and are enforced as described above. The receipts from the collection of the victim surcharge by HMCTS are passed to the justice reform directorate of the Ministry of Justice (MoJ), to fund victims' services. Its purpose is to ensure that offenders hold some responsibility towards the cost of supporting victims and witnesses, and it is a separate element to that of compensation orders awarded to victims. The surcharge helps to fund grants for Police and Crime Commissioners who commission local support services in their communities, and national services like the Court Based Witness Service and Homicide Service.

Criminal court charge - The criminal court charge was an additional financial imposition designed to recover a proportion of the costs of the criminal court from those convicted of an offence. On 3 December 2015 the Secretary of State laid a statutory instrument with the effect that from 24 December 2015 the criminal court charge would no longer be imposed. The charges in the 2025-26 accounts relate to remissions and appeals against levies of the criminal court charge raised prior to 24 December 2015. All charges imposed up to that date remain payable. Receipts from the criminal court charge are due to the MoJ and are recorded in the MoJ departmental accounts.

¹ The Consolidated Fund is the central account administered by HM Treasury which receives government revenues and makes issues to fund expenditure by Government Departments.



Confiscation orders - Confiscation orders are imposed by the Crown Court. These require the defendant to pay back the proceeds of acquisitive crime. Proceeds of acquisitive crime refers to the money, assets, or property gained through criminal activities aimed at acquiring material benefit for the offender. The orders are principally made under the Proceeds of Crime Act 2002 and can result in the seizure and sale of assets. 41% of confiscation orders by value are enforced by agencies other than HMCTS; these include the Crown Prosecution Service (CPS), Serious Fraud Office (SFO), Departmental for Work and Pensions (DWP), and local authorities. The typical composition of confiscation orders is a small volume of high value orders and a larger volume of low value orders. Confiscation order receipts are surrendered to the Home Office, with a proportion subsequently returned to the MoJ under the asset recovery incentivisation scheme.

Fixed penalty notices (FPNs) - Penalty notices are issued by police and include both the fixed penalty notices for traffic rule violations and penalty notices for disorder (PNDs) for anti-social and nuisance behaviours. Notices that remain unpaid after 28 days are converted into fines and enforced as described above. Receipts from penalty notices and the associated fines are surrendered to the Consolidated Fund after deduction of retentions permitted by HM Treasury.

Expenditure and disbursements - Disbursements reflect the components of an imposition issued in the year that are due to third parties and are shown as disbursements in the Statement of Revenue and Expenditure. They are reported net of impairment and write-offs.

The expenditure reported in the HMCTS Trust Statement relates to the administrative write-off of impositions and the impairment of outstanding balances related to outstanding impositions and confiscation orders.

As part of the current Spending Round settlement, HM Treasury permitted the MoJ to retain collections from fines and fixed penalty impositions. The amount permitted to be retained is managed with an overall income settlement for the MoJ set by HM Treasury according to their Consolidated Budgeting Guidance. The total amount retained for 2025-26 and 2024-25 is disclosed under disbursements in the Statement of Revenue and Expenditure as Revenue retained by the MoJ.

Section 2: Our performance



Business overview

Financial performance

Life cycle of an imposition

Upon conviction of an offence, a defendant is sentenced by the court. This may take the form of a financial penalty referred to as an **Imposition**. The imposition can be made up of various components including:

- Compensation – to compensate the victim of the crime
- Victim surcharge – used to fund victim services
- Costs – these will be the agreed costs incurred by the case prosecutor
- Fine – this is the punitive penalty associated with the crime
- Confiscation order – principally issued under the Proceeds of Crime Act

Impositions can also take the form of a penalty notice issued by the police or other sums which are enforced by the magistrates' court as if there has been a conviction.

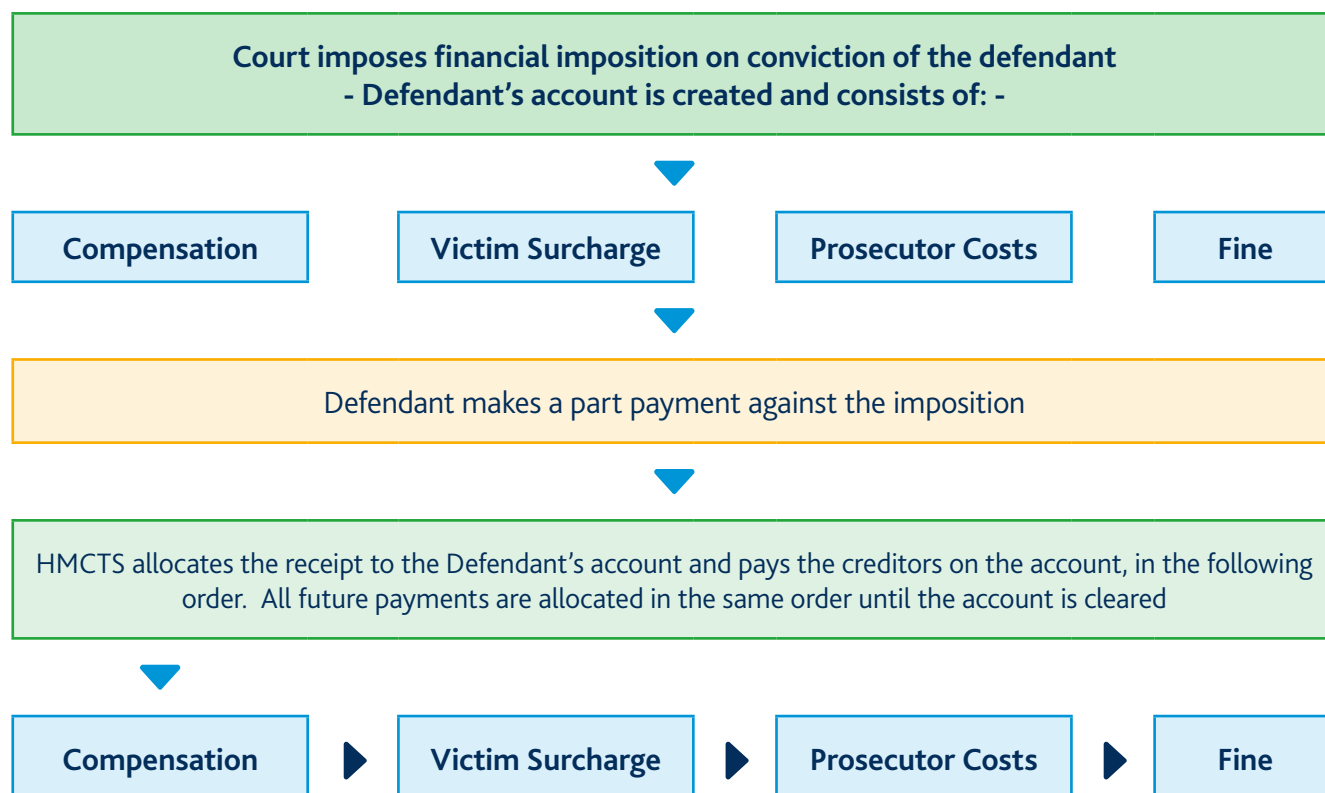
Upon the creation of the imposition, HMCTS will raise a debtor account for the amount that is owed by the defendant and corresponding creditor accounts for the various parties that are owed funds from the defendant because of the imposition. These accounts are created on the accounting segment of the case management system known as Libra. These amounts due to creditors are referred to as **disbursements**.

Courts will often agree for a defendant to pay the imposition over a period of time, meaning that the debtor account will remain open for the length of time taken to pay the imposition.

Note 4 of the accounts reports that £4,705 million was outstanding at the start of the 2025-26 financial year.

As receipts, referred to as **collections**, are received from defendants, funds are dispersed in accordance with a strict disbursement hierarchy which ensures that victims of the crime are reimbursed before any other creditor. No payments can be made to creditors until a receipt has been received from the debtor.

Overview of an imposition



In very limited scenarios, HMCTS may decide to administratively cancel the outstanding balance. The circumstances in which this can happen are severely restricted and only occur when there is no opportunity for the amount to be collected; for example, when a company has been dissolved with no distributable assets. The balance is **written off** for administrative purposes only. The imposition is still legally enforceable and if in the future it becomes apparent that assets are available to pay the balance, then the account is **written back**. There also remain specific and limited situations where the court can legally cancel any balance.

These adjustments are reported in Note 4. During 2025-26 the overall impact of these adjustments shows that HMCTS wrote-off £13 million.

In the event of an appeal or where the court has cancelled an imposition, HMCTS will recover any funds paid out to third parties, as they will no longer be entitled to the monies and will then refund back to the defendant.

The **closing outstanding balance** as shown in Note 4 consists of the balance brought forward from the last financial year plus new impositions, less collections and write-offs.

The amount shown on the Statement of Financial Position as **Receivables** is the net amount deemed, for accounting purposes only, to be collectable. It is calculated by reducing the closing outstanding balance, as described above, by an adjustment referred to as an impairment which has the effect of reducing the outstanding amount to the amount, which for accounting purposes, is deemed to be collectable.

Summary Financial position

Impositions balance brought forward from prior years	£4,705 million
+	
New impositions made in year	£1,204 million
-	
Collections	£698 million
-	
Write-offs	£13 million
=	
Gross outstanding	£5,198 million
-	
Impairment charge	£4,479 million
=	
Net closing impositions balance	£719 million



£143 million

The amount collected in 2025-26 for confiscation orders



£411 million

The amount of receipts collected by HMCTS in 2025-26 (excluding confiscation orders and fixed penalty notices)



80%

The amount of receipts collected by HMCTS in 2025-26 (excluding confiscation orders and fixed penalty notices)



£144 million

The amount of receipts collected by HMCTS in 2025-26 (excluding confiscation orders and fixed penalty notices)



120,000

The average number of fixed penalty notices payments collected by HMCTS per month



%

Interest is charged on confiscation orders outstanding at a rate of 8% per annum. The charge increases the balance daily.



66,000

The average number of payments made to third parties i.e. compensatees and prosecutors each month by BACS i.e. directly into their bank account

Overview of financial imposition collections

As the court considers the defendant's means when setting the level of impositions, it is often the case that a defendant can be allowed time to pay or will be permitted to pay in instalments. This is especially true for defendants who have multiple impositions, which have often been imposed over several years. In these cases, the impositions are usually all consolidated into one account and a payment plan agreed for the account. This can result in an imposition taking a longer period of time to be paid.

Chart 1 details the value of impositions imposed annually since 2016-17 (excluding confiscation orders and fixed penalty notices) and the balance of those impositions that remain outstanding as at 31 March 2026. It is usual that as an imposition gets older that more has been collected, for instance an imposition made in 2016-17 has now been due and thus collectable for 10 years whereas one issued in 2025-26 has had less than one year to be collected.

On average by the time the imposition is 5 years old, 80% of the amounts imposed have been collected. There are a number of reasons why the full amount of an imposition may not have been collected, such as if the defendant is paying multiple impositions, has very limited means or is serving a prison sentence and thus has limited opportunity or income from which to make a payment.

Chart 1: Annual amount of other impositions imposed and balance outstanding as at 31 March 2026

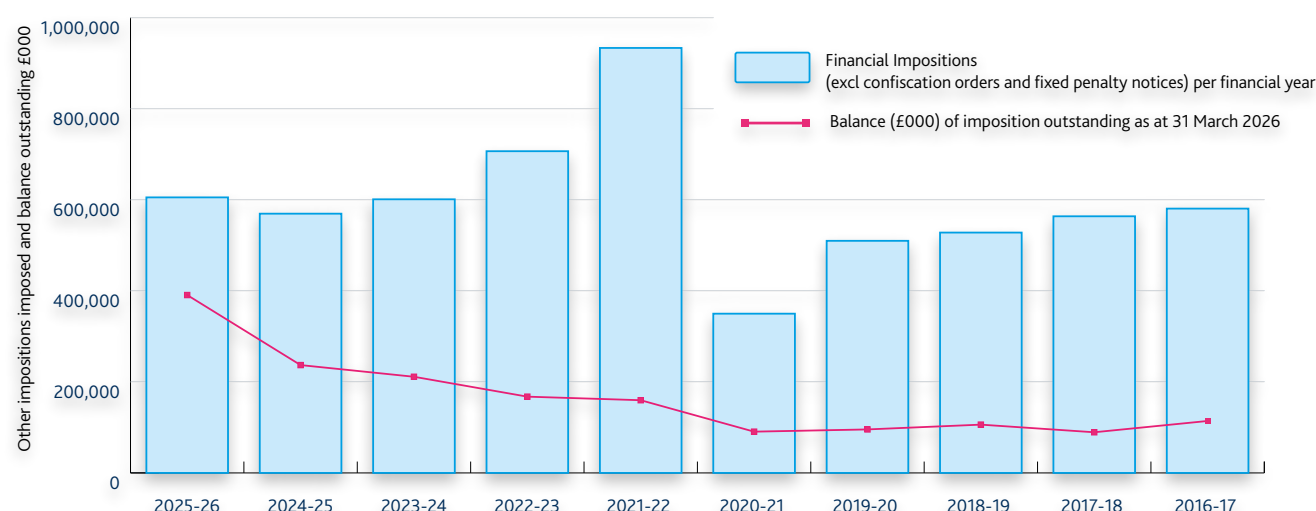
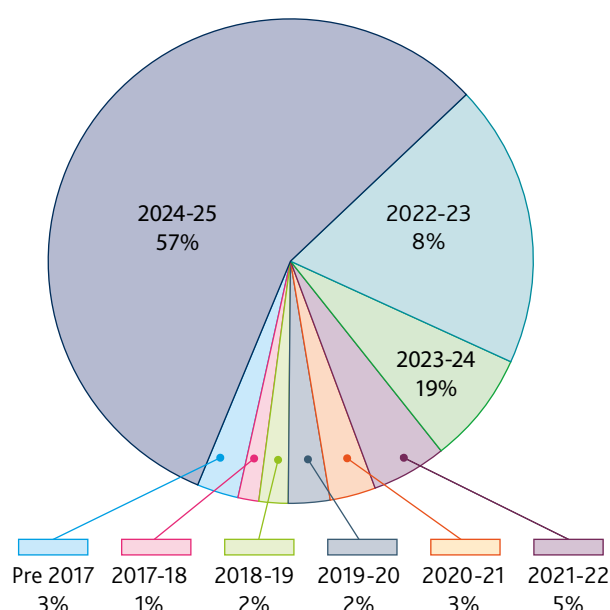


Chart 2: Percentage of receipts collected in 2025-26 (excluding confiscation and fixed penalty notices) by their year of imposition.



However, a court imposition remains enforceable until the balance is fully cleared, there is no time limit after which it is written off. As a result, enforcement continues regardless of the age of the imposition. In 2025-26, £197 million (48%) of the total receipts collected (excluding confiscation orders and fixed penalty notices) related to impositions issued in prior years, with the adjacent diagram detailing the imposition year to which they relate. As can be seen in chart 2, collections were still being made on impositions raised prior to 2017. HMCTS has always and will continue to enforce regardless of the age of the imposition to ensure that justice is served.

Impact of external factors on overall collectability

One of the key charges in the Trust Statement is the accounting assessment of the value of outstanding balance that will be recovered in future years (impairment charge in Note 4 to the accounts). This estimate is calculated by a model based on a number of factors, including the use of historic payment rates to predict future cash flows and individual assessment of high value cases.

HMCTS has significant enforcement powers to collect the amount which, for non-confiscation order impositions, include the ability to apply attachment of earnings/ benefits to defendants who do not comply with the court's ruling. These powers are reflected in the ongoing strong collections throughout 2025-26. HMCTS recognises that external factors such as high rates of inflation or cost of living increases may have a small impact on an individual's disposable income and thus, potentially on collections in the short-term for those defendants not on agreed payment plans but we do not believe that these will materially impact on the assessments of the recoverability of the outstanding balance as reported in Note 4.

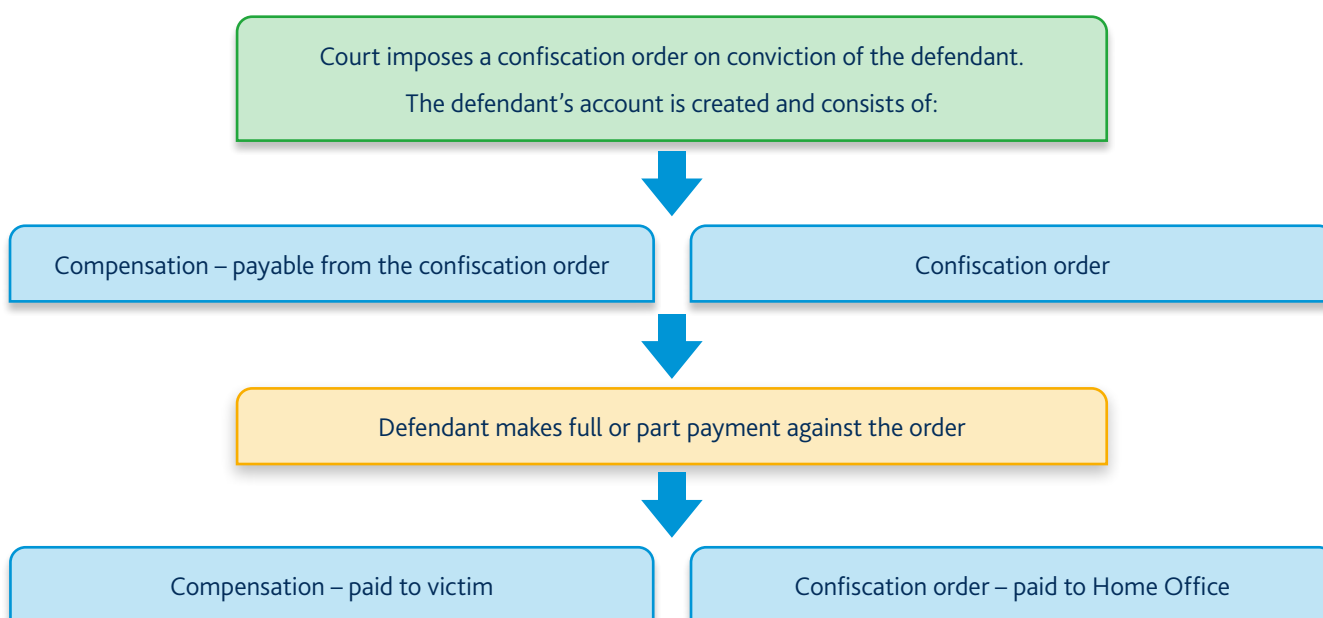
HMCTS assesses the assumptions used in the impairment models annually to determine if there are any material changes to external factors that would impact upon the recoverability of the outstanding balance and which would require a change to the models. No material changes have been identified in 2025-26 and thus no changes have been required to be made to the models.

For confiscation orders the amount due is often linked to specific assets that have been identified in the court case and it is the difficulty in tracing these assets that impacts the assessment on collectability.

The models used to calculate the recoverable amount (the impairment models) analyse the collections by financial year.

Confiscation orders

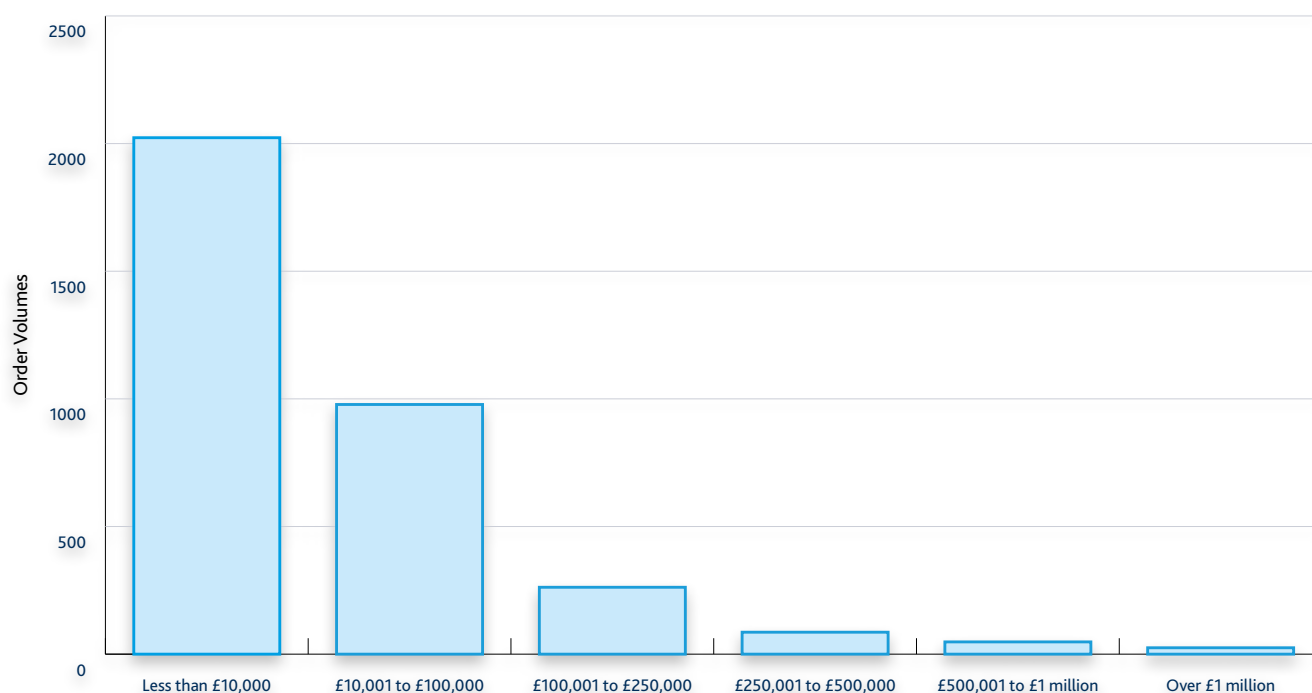
Overview of a confiscation order



Confiscation orders are the principal means by which the government carries out its policy to deprive criminals of the proceeds of their crime. They are used with the intent to disrupt and deter criminality and are principally issued under the Proceeds of Crime Act 2002.

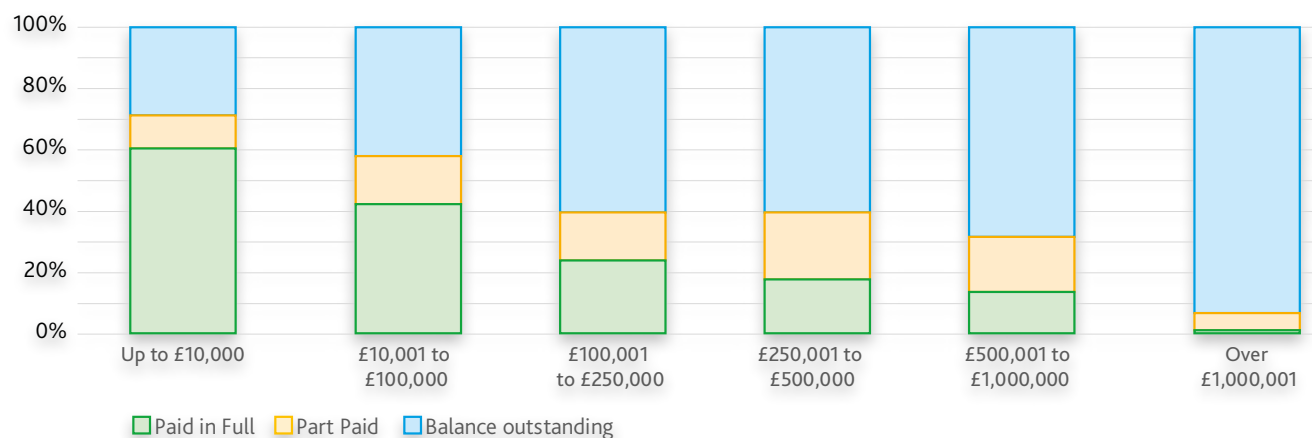
A confiscation order is issued against an individual after they have been convicted of an offence, ordering them to pay back the amount that the court has determined they had benefited from their crime. The court will determine the amount of the benefit received based upon the relevant criminal conduct and the defendant's available assets. In determining the benefit amount, the court can take into consideration all the financial assets of the defendant including gifts, "hidden assets" and the "criminal lifestyle" of the defendant. The burden is on the defendant's defence to prove that such assets do not exist to the satisfaction of the court. By including the value of assets such as those classed as "hidden" or "gifts", the court has effectively deprived the defendant of their use and has thus taken them out of circulation. The typical composition of confiscation orders is a small volume of high value orders and a larger volume of low value orders. Chart 3 illustrates the volumes of orders accounted for in 2025-26.

Chart 3: Volume of confiscation orders accounted for in 2025-26



Although assets may be listed and named in court as part of the benefit amount, unlike a forfeiture order, a confiscation order is not directed towards a particular asset. It does not, therefore, deprive the defendant or anyone else of title to any property, although the court has the power to employ receivers, with the instruction to sell assets to settle the order. Once assets have been identified, the process of seizing and liquidating assets, for example, houses, cars, jewellery, or cash in bank accounts overseas, can be a costly and lengthy process. This results in the order being open and collected over a considerably long period of time. Chart 4 details the status of all the orders accounted for in 2025-26.

Chart 4: Status of confiscation orders accounted for in 2025-26



A confiscation order can include a compensation order to compensate the victims of the crime which the court will instruct is to be paid from the proceeds of the confiscation order. In this situation the compensatees are paid from the first available receipts that are received.

The court may also allow a limited period of time for the confiscation order to be paid by the defendant; the maximum permitted time to pay is 6 months. In the event of non-payment, the outstanding balance on the order will begin to accrue interest at a rate, fixed by legislation, of 8% per annum. The interest continues to accrue until the order balance is paid in full. As at 31 March 2026, £1,457 million of the outstanding confiscation order balances relate purely to the outstanding interest charges. In addition to the above where the confiscation order remains unpaid the defendant will be brought back to court and the default sentence that was made at the time of the order will be invoked. However, serving a prison sentence does not reduce the amount of the confiscation order that is due to be paid, nor does it stop the interest from accruing on the balance.

Chart 5 illustrates that 46% of all outstanding confiscation orders relate to interest that has accrued on the overdue order balances. Of the balance, 20% relates to orders where the enforcement agency has established there are hidden assets or that the defendant is untraceable, has been deported or is deceased. The remaining 34% may still prove problematic to enforce as they can still contain orders where the assets have been given away or are complicated by complex asset ownership. It is a result of factors such as these that the balance is impaired to the degree that it is.

Chart 5: Percentage analysis of total outstanding confiscation order balances

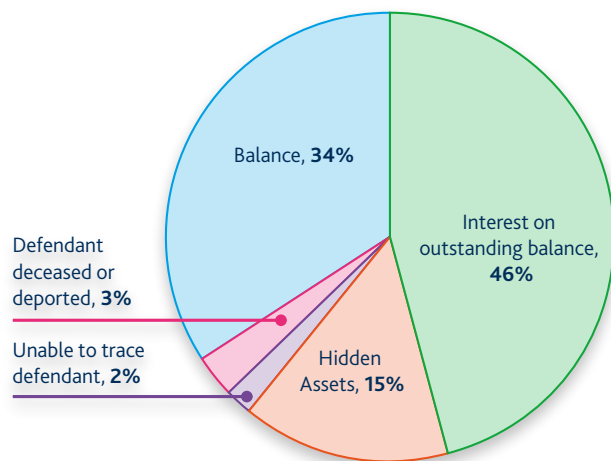
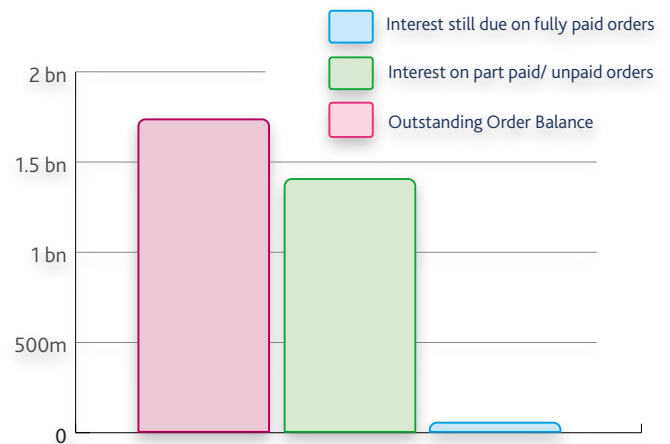


Chart 6: Analysis of confiscation order and interest balance as at 31 March 2026



Of the total amount outstanding as at 31 March 2026 the above chart (chart 6) depicts how much of that relates to the original order balance and how much relates to interest.

Impairment of outstanding balances

The impairment charge, as reported in Notes 2 and 4, is an accounting estimate of the amount of outstanding impositions which has been assessed as theoretically unrecoverable. The charge reduces the value of the overall outstanding amount to an amount that HMCTS has estimated, for accounting purposes only, to be recoverable and ensures that the financial statements do not value the outstanding balances at more than is potentially collectable.

The impairment charge and resulting net figure are solely accounting estimates and do not reflect the value of the imposition that is being enforced by HMCTS. HMCTS continues to enforce the full value of the imposition imposed by the court.

To calculate the impairment charge, each component of a financial imposition has been separately assessed to calculate the appropriate level of impairment. In calculating the charge, various factors are taken into consideration such as the historical payment rates for each of the imposition elements. This ensures the net debt figure reflects the estimated recoverable amount for each type of imposition.

The largest impairment charge in the financial statements relates to the charge on confiscation orders. This reflects the complexity and difficulty in enforcing payment where assets may have been hidden or held overseas, or where a large proportion of the outstanding balance is interest. The total value of outstanding confiscation balances estimated to be recoverable as at 31 March 2026 is £253 million, compared to a gross debt of £3,193 million.

The reasons for the high impairment charge are linked to the nature of the orders and the aim of depriving criminals of their assets. Orders are regularly set at levels which account for assets that the court believe the defendant has hidden, given away or moved overseas. In addition, the application of the interest charge (8% per annum) to an account which is already overdue and unpaid increases the balance daily. From an accounting perspective, components of the balance such as interest, hidden assets or orders where the offender has been deported, are heavily impaired as the probability of recovery is low. Furthermore, it is not possible to write-off confiscation order balances; it can only be cancelled by a court. This is called a judicial cancellation and is used in very specific circumstances, such as on the death of a defendant.

Financial analysis 2025-26

Overall assessment of the 2025-26 Financial Year

Impositions revenue

Total imposition revenue has increased by £216 million to £1,208 million in 2025-26 (2024-25: £992 million). This was principally driven by the following factor:

Two exceptionally high confiscation orders totalling £154 million.

Imposition revenue is made up of a number of components, one of which is the Criminal Court Charge. In 2025-26 there have continued to be remissions granted for Criminal Court Charges in line with the legislative provisions, due to the cessation of the charge in December 2015. These remissions appear as a negative imposition in the Statement of Revenue and Expenditure.

Disbursements and expenditure

Disbursements reflect the components of an imposition issued in the year that are due to third parties. The disbursements are shown net of impairment and write-offs. Note 3 details an analysis of the disbursement charges.

The disbursement charges shown do not reflect the actual receipts received in relation to the impositions. Receipts from confiscation orders, prosecution costs and compensation orders, once received are remitted to appropriate third parties, including government departments and the victims of crime.

Total disbursements and expenditure have increased by £224 million from £993 million in 2024-25 to £1,217 million in 2025-26.

The increase is primarily linked to the following:

- increase in the impairment charge of £170 million linked to the two high value confiscation orders
- increase in the disbursement for confiscation orders of £45 million as a result of the increased impositions, less impairment
- increase in the revenue retained by MoJ of £18 million offset by
- a decrease in the administrative write-off balances of £4 million to £13 million (2024-25: £17 million)

Of the administratively cancelled write-offs, the principal reasons were:

- £7 million (2024-25: £10.8 million) are as a result of the dissolution of companies
- £8.1 million (2024-25: £8.2 million) are as a result of the death of the defendant
- Less £2.5 million (2024-25: £1.6 million) due to the write back of accounts previously written off thus allowing active enforcement to recommence

The net revenue to the consolidated fund reflects the components of the impositions that are, by statute, due to the HM Treasury Consolidated Fund, less the change in impairment value and any write-offs that relate to this type of imposition.

Net revenue to the Consolidated Fund is £-8.9 million, a £8.4 million decrease from- £0.53 million in 2024-25. Note 6 provides an analysis of this charge.

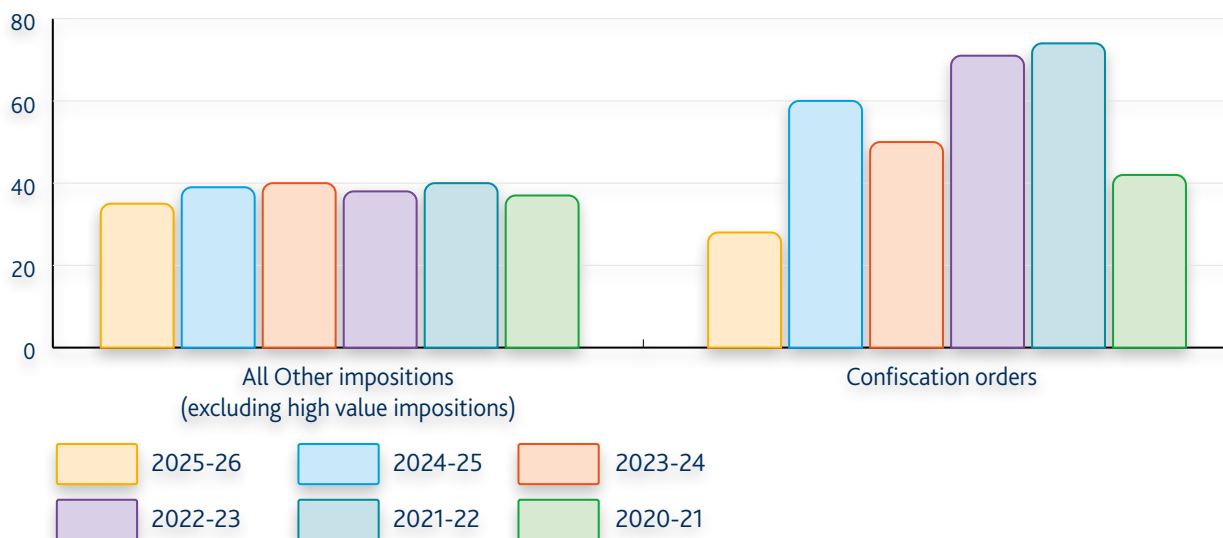
Collections

Collections relating to both in-year impositions and those relating to prior year impositions remain strong.

HMCTS has significant powers to enforce balances including the use of attachment of earnings and attachment of benefit orders which have contributed to the strong collection patterns.

Of the impositions imposed in 2025-26 HMCTS has already collected 28% of confiscation orders and 35% of other impositions, by value, as highlighted in Chart 7 below. The level for confiscation orders is lower due to the 2 high value orders issued in the year, one of which is subject to appeal.

Chart 7: Percentage of impositions by value, collected in year of issue



Nick Goodwin

Chief Executive and Accounting Officer

02 July 2026

Section 3: Our controls and governance



Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed HMCTS to prepare a Trust Statement for each financial year 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 collection of fines, penalties, costs awarded by the courts, compensation ordered by the courts, confiscation orders, and the associated revenue, expenditure and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- have taken all steps that ought to have been taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information, and that they are not aware of any relevant audit information of which the entity's auditors are unaware of
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the statement
- prepare the statement on a going concern basis, and
- confirm that the Trust Statement as a whole is fair, balanced and understandable, and take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury has appointed the Permanent Secretary of MoJ as Principal Accounting Officer of the Department. The Chief Executive of HMCTS holds the role of Accounting Officer for the purposes of the Trust Statement.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding HMCTS's assets, are set out in Managing Public Money¹, published by the HM Treasury.

Auditors

The Trust Statement is audited by the Comptroller and Auditor General (C&AG) under Section 7(4) of the Government Resources and Accounting Act 2000. The C&AG's fee for the audit of the 2025-26 Trust Statement was £135,000 (2024-25: £124,000). This is charged on a notional basis and recognised in the HMCTS Annual Report and Accounts 2025-26.

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

¹ www.gov.uk/government/publications/managing-public-money

Governance Statement

Introduction

HMCTS is an executive agency of the MoJ. Our main aim is to run an efficient and effective courts and tribunals system which enables the rule of law to be upheld and provides access to justice for all. The organisation operates in accordance with our published Framework Document² which sets out the basis of an operating partnership between the Lord Chancellor (Secretary of State for Justice), the Lady Chief Justice and the Senior President of Tribunals.

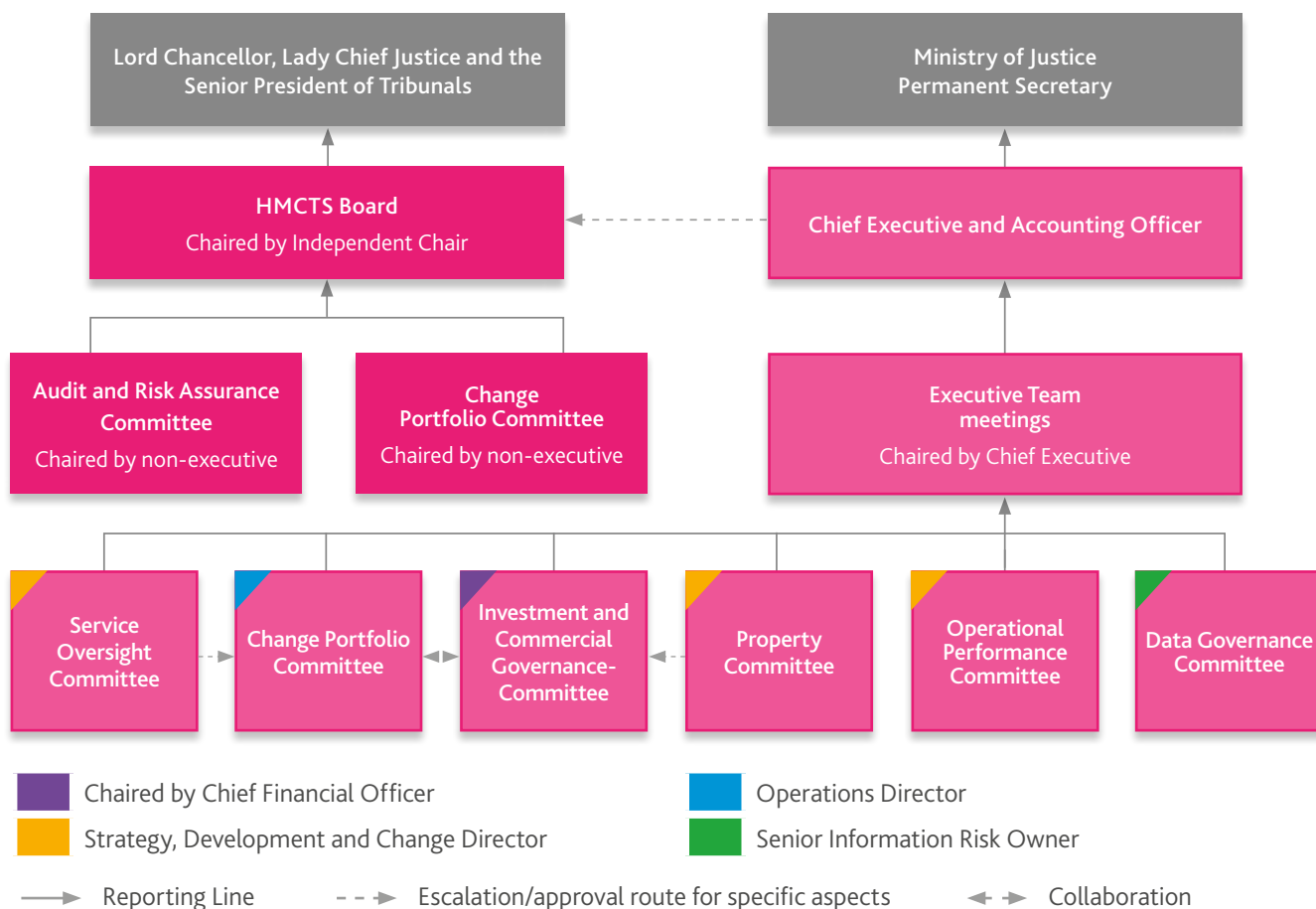
As Chief Executive I am responsible for the day-to-day operations and administration of the agency and leadership of its employees. I work under the general direction of the HMCTS Board. As Chief Executive and Accounting Officer I am accountable to the MoJ Permanent Secretary and Principal Accounting officer, and ultimately to Parliament.

As Accounting Officer, and working together with my directors, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of HMCTS policies, aims and objectives, while safeguarding the public funds and assets for which I am personally accountable. Overall, I am satisfied that HMCTS has had effective governance, risk management and internal controls in place during 2025-26. I take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced and understandable.

The Governance Statement covering the operation of HMCTS, including staffing, risk assessment and management, internal audit and National Audit Officer reports, Board Members and their interests and government functional standards, are reported in the HMCTS Annual Report and Accounts 2025-26 (HC449). This report covers areas that are specific to the Trust Statement.

Governance framework and management structure 2025-26

Our governance is delivered through the HMCTS Board and executive senior management team forum and their sub-committees. The top-level governance structure as at 31 March 2026 is set out below.



² www.gov.uk/government/publications/hm-courts-and-tribunals-service-framework-document

HM Treasury Corporate governance in central government departments – code of good practice

This code applies to MoJ directly and HMCTS has adopted key principles as best practice. HMCTS remains compliant with material requirements with the exception of the Nominations Committee as reported in previous years.

Governance arrangements for the organisation are overseen by the Audit and Risk Assurance Committee and the HMCTS Board, as well as by the executive team on a day-to-day basis.

Principal systems and controls

There are two main systems used to account for transactions relating to fines, fixed penalties and confiscation orders: Libra and Pentip. Libra is a case management system which is used to record all transactions except those relating to fixed penalties, which are recorded on Pentip. Pentip is owned by Northgate Software Solutions and the contract for this is owned and managed by the Home Office (HMCTS is a member of the Pentip executive committee). It is used by police forces in England and Wales to record penalty notices and by HMCTS to record receipt of payments.

Both systems operate under a comprehensive control framework. The main features of the control framework are described below.

- segregation of duties and controlled system access
- standard operating procedures for all key processes
- monthly and quarterly verification of all system control totals
- verification of cash balances by completion of daily, monthly and quarterly reconciliations

Inter-agency accountability

As Accounting Officer for HMCTS, I am responsible under the Road Traffic Offenders Act 1988 for the collection of penalty notices and for their subsequent remittance to the Consolidated Fund.

I maintain effective systems of control in the fixed penalty offices which operate as part of my organisation. However, the end-to-end system of controls and reporting for fixed penalties includes areas for which I have no responsibility. For example, roadside penalties are issued and registered by front line police operating within 43 different constabularies.

Although HMCTS does not have control over police policy and procedures, we participate in periodic Pentip stakeholder meetings in order to influence system control outcomes.

Similarly, I am responsible under the Proceeds of Crime Act 2002 for the collection of confiscation orders. I maintain effective systems of control in the courts and offices which operate as part of my organisation. However, end-to-end system of controls and reporting for confiscation orders includes areas for which I have no responsibility. The Home Office bear overall responsibility for policy.

Risk management 2025-26

HMCTS has a Risk Management Framework that aligns to the main principles in the government publication The Orange Book³. It brings together our overarching risk strategy and practical guidance on how risks and issues should be managed at all levels.

Our framework reflects the maturity of risk management in HMCTS and enables us to focus on where there is more to do and to formalise the risk arrangements that would apply in the event of an emergency situation, and activation of our national Gold Command structure.

Managing the risk of fraud, bribery and corruption

HMCTS has zero tolerance of fraud, bribery and corruption whether involving its own employees or other external individuals or bodies. There are clear policies which set out responsibilities for the prevention, detection and reporting of fraud, bribery and corruption, which applies to all staff. HMCTS has a dedicated counter fraud and investigations' function who proactively and reactively work with the business to manage the risk of fraud, bribery and corruption.

Our approach to information security

HMCTS deals with sensitive personal information on behalf of people involved in cases and we take our responsibility very seriously to ensure this information is appropriately protected. Our policy is to self-refer all significant data incidents to the Information Commissioner's Office (ICO). We continue to work closely with the ICO and other agencies to further improve our systems and learn lessons. We engage with operational and headquarters' colleagues to achieve full regulatory compliance.

3 www.gov.uk/government/publications/orange-book

Our approach to whistleblowing

Moj's whistleblowing policy encourages employees to raise concerns of wrongdoing. It advises on the protection afforded to whistleblowers and provides reassurance that concerns will be investigated responsibly and professionally.

It is within the terms of reference for the HMCTS Audit and Risk Assurance Committee to oversee and hold HMCTS to account on its effectiveness and adherence to the whistleblowing policy.

Governance and risk assurance oversight arrangements

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of my executive managers. They have the responsibility for the development, maintenance and reporting of the internal control framework. This, combined with observations and recommendations made by internal and external auditors in their management letters and other reports, has shaped the HMCTS approach to governance and assurance.

The organisation has in place control processes to provide executive management with assurance over financial and operational risks. These processes are subject to continuous improvement and review, to ensure they remain current, effective and relevant.

Compliance reporting and standard controls operate throughout the organisation. Quarterly assurance reporting arrangements are in place to report and escalate significant issues and risks to the next management layer, when appropriate.

In addition, I gain assurance through:

- up-to-date and comprehensive reports on performance and finance at all board meetings by the executive
- financial and administrative procedures which includes delegations of financial authority and segregation of duties on key financial processes
- the Audit and Risk Assurance Committee (ARAC) overseeing the adequacy and effectiveness of the risk management processes and the system of internal control for the organisation (the committee regularly reviews governance and assurance reports, the corporate risk register, undertakes deep dives on our key risks and oversees the production of our annual report and accounts, as does the executive and HMCTS Board)
- regular reviews of the risk profile and effectiveness of the systems of internal control through the receipt of minutes from ARAC, through review of performance reports and through direct feedback from the chair of the committee
- internal audit reports (see below)

Regularity

For the year ended 31 March 2026, no HMCTS staff authorised a course of action that infringed the requirements of regularity as set out in Managing Public Money.

Internal audit and annual audit opinion

One of the main sources of independent assurance comes from the activities of the internal audit service provided by the Government Internal Audit Agency. The internal audit programme is closely linked to the main risks for HMCTS and arrangements are in place to ensure that I am made aware of any significant issues which indicate that key risks are not being effectively managed.

For 2025-26, the Group Head of Internal Audit issued an annual overall opinion of 'limited'. The opinion recognises that HMCTS is seeking to continually improve its governance, oversight and internal control and assurance mechanisms, and the complexity of HMCTS's operating environment. In 2025-26 the audit programme was focused on areas that management had identified as higher-risk areas and known control challenges. This, therefore, meant that the audits have highlighted relatively more areas of weakness than in earlier years including in areas of operational processes. This has provided management with additional insight and action plans for the coming year. An area of particular focus will be on the design and consistent operation of our control and assurance processes across the organisation, as well as clarity as to where our control framework may need to be adapted to better reflect operational realities or constraints.

National Audit Office (NAO) reports

There were no HMCTS Trust Statement related NAO reports published in 2025-26.

Conclusion

I am satisfied that we have effective governance, risk management and assurance arrangements in place as set out in this statement and that of the HMCTS Annual Report and Accounts 2025-26 (HC449). Arrangements are kept under continuous review to adapt to our changing risk environment.

Nick Goodwin

Chief Executive and Accounting Officer

02 July 2026

Section 4: External scrutiny



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

Opinion on financial statements

I certify that I have audited the financial statements of the HM Courts and Tribunal Service (HMCTS)'s Trust Statement for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the HMCTS Trust Statement's

- Statement of Financial Position as at 31 March 2026;
- Statement of Revenue and Expenditure for the year then ended;
- Statement of Cash Flows for the year then ended;
- 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 HMCTS Trust Statement's affairs as at 31 March 2026 and its net revenue for the Consolidated Fund for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 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 HMCTS Trust Statement in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit, the information given in the Introductions, Our Performance, and Our Controls and Governance sections 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 HMCTS Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Introductions, Our Performance, and Our Controls and Governance sections of the annual 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 HMCTS Trust Statement or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

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

- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the HMCTS Trust Statement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the HMCTS Trust Statement will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the HMCTS Trust Statement's accounting policies,
- inquired of management, the Government Internal Audit Agency, and those charged with governance, including obtaining and reviewing supporting documentation relating to the HMCTS Trust Statement's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the HMCTS Trust Statement's controls relating to compliance with the Government Resources and Accounts Act 2000, Managing Public Money and relevant pieces of legislation stipulating court and tribunal fees.
- inquired of management, the Government Internal Audit Agency, and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal modelling specialists engaged to support on the significant risk over impairment models, 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 HMCTS Trust Statement for fraud and identified the greatest potential for fraud in the following areas: posting of unusual adjustments, complex transactions, bias in management estimates and significant and unusual 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 HMCTS Trust Statement's framework of authority and other legal and regulatory frameworks in which the HMCTS Trust Statement operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the HMCTS Trust Statement. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, and relevant pieces of legislation stipulating court and tribunal fees.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

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

07 July 2026

Comptroller and Auditor General

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



Section 5: Financial statements



Statement of Revenue and Expenditure for the period ended 31 March 2026

		2025-26	2024-25
	Notes	£000	£000
Impositions revenue			
Fines and penalties			
Court fines		341,291	316,843
Miscellaneous receipts		3,704	2,749
Criminal court charge (remissions) / impositions		(369)	(179)
Fixed penalty notices		136,844	134,211
Crown prosecutors' costs		27,494	26,414
Prosecutors' costs		97,196	85,740
Compensation		33,081	35,310
Confiscation orders		453,944	285,926
Victim surcharge		114,706	105,524
Total impositions revenue		1,207,891	992,538
Less expenditure			
Credit losses			
Impositions administratively cancelled	2.1	12,942	17,281
Increase/(Decrease) in Impairment Charge	4	450,630	280,395
Total expenditure		463,572	297,676
Less disbursements			
Revenue retained by the Ministry of Justice	3.1	377,803	359,544
Prosecutors' costs for the Crown Prosecution Service	3	21,601	23,450
Prosecutors' costs	3	65,741	61,305
Compensation for other parties	3	21,181	24,983
Confiscation orders for Home Office	3	188,510	143,285
Victim surcharge for the Ministry of Justice	3	78,442	82,826
Total disbursements		753,278	695,393
Total expenditure and disbursements		1,216,850	993,069
Net revenue for the Consolidated Fund	6.1	(8,959)	(531)

The notes on pages 31 to 43 form part of this statement.

Statement of Financial Position as at 31 March 2026

	Notes	2025-26 £000	2024-25 £000
Current assets			
Receivables	4	718,721	676,339
Cash at bank – fines & other impositions		162,751	128,773
Cash at bank – fixed penalties		34,434	32,916
Total assets		915,906	838,028
Current liabilities			
Payables	5	631,044	544,207
Total liabilities		631,044	544,207
Total net assets		284,862	293,821
Represented by:			
Balance on Consolidated Fund	6.2	284,862	293,821

Nick Goodwin

Chief Executive and Accounting Officer

02 July 2026

The notes on pages 31 to 43 form part of this statement.

Statement of Cash Flows for the period ended 31 March 2026

	Notes	2025-26 £000	2024-25 £000
Net cash inflow / (outflow) from operating activities	7	35,496	6,339
Cash paid to the Consolidated Fund	6.2	-	-
Increase /(decrease) in cash in the period		35,496	6,339

Analysis of changes in net funds

	2025-26 £000	2024-25 £000
Net funds at beginning of period – 1 April	161,689	155,350
Net funds at end of period – 31 March	197,185	161,689
Increase / (decrease) in cash in the period	35,496	6,339

The following balances as at 31 March were held at:

	2025-26 £000	2024-25 £000
Government Banking Service	196,694	161,502
Commercial banks	491	187
Total cash balances	197,185	161,689

The notes on pages 31 to 43 form part of this statement.

Notes to the Trust Statement

1. Statement of Accounting Policies

The Trust Statement is prepared in accordance with:

- the 2025-26 Financial Reporting Manual (FReM) issued by HM Treasury, in particular Chapter 8.2 which deals with Consolidated Fund revenue and Trust Statements. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as interpreted for the public sector.
- the 2025-26 accounts direction issued by HM Treasury on 18 December 2025 under section 7(2) of the Government Resources and Accounts Act 2000.

The particular policies adopted in the Trust Statement are described below. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1. Basis of preparation

The Trust Statement has been prepared under the historical cost convention modified to account for the valuation of receivables and payables.

The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates (see Note 1.9). It also requires management to exercise its judgement in the process of applying the accounting policies.

The income and associated expenditure recognised in these statements reflect those flows of funds which HMCTS receives and surrenders, in its capacity as agent, on behalf of the Consolidated Fund and other entities.

1.2. Changes in accounting policy and disclosures

Changes in accounting policies

There have been no changes in accounting policies for the period ended 31 March 2026.

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

IFRS 18 Presentation and disclosure in financial statements is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. HMCTS will apply IFRS 18 in accordance with the FReM, the implementation date is not yet known for FReM bodies.

HMCTS does not consider that any other new or revised standard or interpretation will have a material impact.

1.3. Revenue recognition

Fines and penalties are measured in accordance with Financial Reporting Manual (FReM), chapter 8.2. As there are no specific performance obligations associated with receiving revenue from financial impositions and penalties, the revenue is considered to be a non-exchange transaction and therefore outside the scope of IFRS 15.

They are measured at the fair value of amounts received or receivable, net of judicial cancellations and remissions.

Revenue is recognised at the full value when an imposition fine or penalty is validly imposed and an obligation to pay arises.

Revenue is derecognised and the derecognition of revenue is recorded as a reduction against revenue where a penalty is cancelled due to attendance at a training course, or a penalty or financial imposition is cancelled or remitted as a result of an appeal, for other legal reasons or as a result of settlement by other valid means including imprisonment. Revenue is de-recognised in the year that the cancellation/ remission is incurred. As a result, the financial statements reflect the financial position of the impositions after any income has been de-recognised.

1.4. Expenditure

Credit losses (imposition write-offs and the change in the value of impairment for the year) are accounted for on an accruals basis. Debts written off as uncollectable and any change in the value of impairment are shown as expenditure. Underlying legislation precludes the write-off of confiscation order debt and adjustments to reflect recoverability are included in the impairment charge.

1.5. Disbursements

Disbursements are shown net of impairment and write-offs in accordance with the requirements of the FReM and IFRS 9. An accrual for disbursements is made based on the value of impositions payable to parties, including compensates, other than the Consolidated Fund.

1.5.1. MoJ specific disbursements

The MoJ is permitted to retain as income part of the value of fines and fixed penalties collected. Where part of the revenue collected is permitted to be retained, the amount to be retained is required by the FReM to be recorded as an appropriation of net revenue in the Trust Statement. As such, these retentions are disclosed in the Statement of Revenue and Expenditure as a disbursement to the MoJ. The following retentions of revenue by the MoJ are permitted by HM Treasury.

Revenue retained towards the cost of collection and administration

Retention comprises of the criminal court charge which was an additional financial imposition designed to recover some of the costs of the criminal court from those convicted of an offence and was introduced in the Criminal Justice and Courts Act 2015. On 3 December 2015 the Secretary of State laid a statutory instrument with the effect that from 24 December 2015 the criminal court charge would no longer be imposed. All charges imposed up to that point remain payable and the retention due to the MoJ is based on receipts collected in the period.

The associated revenue from which the above retained amount is derived is recorded within criminal court charge imposition revenue at the gross amount of the imposition.

Revenue retained for Victims' Services

With the agreement of HM Treasury, MoJ's justice reform unit retains £30 million per annum of additional revenue raised from fixed penalties issued for motoring offences in order to fund services provided to the victims of crime. In respect of penalty notices for disorder (PND), an amount of £10 per penalty notice issued and paid is retained by the justice reform unit of MoJ in order to fund services provided to the victims of crime.

The associated revenue from which the amount retained is derived is recorded within fixed penalty notice imposition revenue at the gross amount of the imposition.

Revenue retained under Spending Round settlements

As part of the current Spending Round settlement for the financial year ended 2025-26 HM Treasury has permitted the MoJ to retain collections from fines, criminal court charge and fixed penalty impositions. The amount permitted to be retained by MoJ in 2025-26 and 2024-25 is within an overall departmental income cap.

1.6. Net revenue for the Consolidated Fund

Net revenue for the Consolidated Fund is the value of impositions for the year from court fines, criminal court charge and fixed penalty notices, net of: impairment, write-offs, revenue retained by the MoJ, either under statute or with permission from HM Treasury, and fixed penalty revenue retained by the MoJ for funding victims' services.

1.7. Receivables

Receivables are shown net of impairments in accordance with the requirements of the FReM and IFRS 9. Each class of debt has been assessed separately using performance reports to provide data concerning recoverability and the length of time it takes for debt to be repaid.

The fair value of receivables is determined by making an impairment to reduce the carrying value of receivables to the net present value of the estimated future flow of repayments discounted at HM Treasury's interest rate, currently 2.45% (2024-25: 2.15%).

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on any market. Receivables are derecognised when the rights to receive cash flows from the assets have expired.

1.8. Payables

Payables are accounted for on an accruals basis. Because HMCTS is acting as agent in the collection of all financial penalties imposed, the total value of payables, excluding the amount on which cash has been received at year end, is derived from the fair value of receivables net of impairment at the balance sheet date.

1.9. Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience, individual assessment for specific confiscation orders and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

When preparing the Trust Statement, HMCTS makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debt and credit losses

The Trust Statement enforces the full value of impositions ordered by court, writing this debt off only in specific circumstances such as company dissolution. The details of debt write-offs in year are disclosed in Note 2.1. However, the FReM requires the Trust Statement to include an expected credit loss allowance to estimate the value of outstanding impositions uncollectable, which is to be measured in accordance with IFRS 9, as adapted by the FReM. As a result, receivables for fines, penalties and confiscation orders are measured at amortised cost less an expected credit loss allowance. The full lifetime expected credit loss is recognised at recognition and there is therefore no need to continue to determine whether significant increases in credit risk have occurred. This allowance is calculated as the amount required to reduce the carrying value of receivables to the net present value of the estimated future flow of repayments, discounted at the interest rate set by HM Treasury.

The value of receivables is dependent on ongoing collection rates, and individual assessment of high value confiscation orders as well as the discount rate used in the valuation. The current year's impairment has been calculated based on an individual assessment of specific high value receivables and joint benefit orders combined with a collective assessment for all other debt. The individual assessments are undertaken by the enforcement agency leading on that order, in determining, for accounting purposes only, the overall collectable amount they will consider the nature of the assets available including recoverability of assets that are hidden, overseas or have been given away, the nature of these assets can result in them being heavily impaired. The collective impairment assessment is based on an analysis of past collection history. This is adjusted for external events such as legislative rulings, which directly impact collections. This is then projected forward to provide a payment stream which is then discounted back at the Treasury rate of 2.45% (2024-25: 2.15%) to calculate the net present value. Due to limitations in the data reports which can be extracted from the Libra system further segmentation of the debt, such as to differentiate between companies and individuals or debtors on payment plans such as attachments of earnings is not currently possible.

HMCTS has considered how the adverse macroeconomic conditions due to the current economic climate may impact collection rates in-line with IFRS 9. However, our current strong collection rates of both historic and in year impositions means that our use of historic collection rates is likely to still represent a suitable factor in estimating future collection. HMCTS accept that, in the current economic climate, there is limited forward-looking data to underpin the assessment. However, HMCTS has considerable enforcement powers including the use of attachment of benefits and earnings and ultimately custodial sentences for non-payment, this linked with the current strong collection rates have resulted in our assessment that the current impairment levels are appropriate.

A sensitivity analysis of the key assumptions of a change in the collection rate (caused by under or over recovery of the predicted rates) used in the impairment calculation is included in note 8 to these Financial Statements.

2. Credit losses

	Notes	2025-26 £000	2024-25 £000
Impositions administratively cancelled	2.1	12,942	17,281
Increase for year in impairment of receivables	4	450,630	280,395
Total		463,572	297,676

2.1. Debts written off

	2025-26 £000	2024-25 £000
Court fines	8,431	13,289
Criminal court charges	103	124
Crown prosecutors' costs	737	610
Prosecutors' costs	1,354	1,035
Compensation	1,170	1,309
Victim surcharge	1,147	914
Total	12,942	17,281

Debts written off are the amounts reportable to Parliament under rules on disclosure of losses and write-offs in Managing Public Money Annex A.4.10.24. under the category of 'Claims waived or abandoned'. There were 4 individual amounts over £300,000 totalling £2.6 million included in impositions administratively cancelled in 2025-26, all accounts related to dissolved companies (5 in 2024-25).

The details of the amounts written off in excess of £300,000 are as follows:

Reason	Amount in £
Company dissolved	403,912.38
Company dissolved	1,128,866.55
Company dissolved	441,984.44
Company dissolved	600,015.00

There are no other losses or special payments reportable.

3. Disbursements

2025-26	Crown Prosecutor costs £000	Prosecutor Costs £000	Compensation £000	Confiscation orders for Home Office £000	Victim Surcharge £000
New Impositions	27,494	97,196	33,081	453,944	114,706
(Increase) in impairment charge	(5,156)	(30,101)	(10,730)	(265,434)	(35,117)
(Written off)	(737)	(1,354)	(1,170)	-	(1,147)
Total	21,601	65,741	21,181	188,510	78,442

2024-25	Crown Prosecutor costs £000	Prosecutor Costs £000	Compensation £000	Confiscation orders for Home Office £000	Victim Surcharge £000
New Impositions	26,414	85,740	35,310	285,926	105,524
(Increase) in impairment charge	(2,354)	(23,400)	(9,018)	(142,641)	(21,784)
(Written off)	(610)	(1,035)	(1,309)	-	(914)
Total	23,450	61,305	24,983	143,285	82,826

3.1. Revenue retained by the Ministry of Justice

	2025-26 £000	2024-25 £000
Revenue retained by MoJ towards the cost of collection and administration:		
Criminal court charges	538	764
	538	764
Fixed penalty revenue retained by MoJ for Victims' Services:		
Retained from fixed penalties for motor offences	30,000	30,000
Retained from fixed penalties for PNDs	17	20
	30,017	30,020
Revenue retained by MoJ under Spending Round settlements:		
Retained from fine collections	232,819	231,398
Retained from fixed penalty collections	114,429	97,362
	347,248	328,760
Total	377,803	359,544

4. Receivables

Due to Consolidated Fund and third parties								Due to Home Office	Total	
2025-26	Compensation	Victim surcharge	Prosecutors' costs	Crown prosecutors' costs	Fines	Criminal court charges	Fixed penalty notices	Confiscation orders		
	£000	£000	£000	£000	£000	£000	£000	£000		
Impositions outstanding										
At 1 April 2025	108,959	181,301	260,101	75,752	1,139,193	15,909	41,175	2,882,300	4,704,690	
New impositions	33,081	114,706	97,196	27,494	341,291	(369)	136,844	337,790	1,088,033	
Confiscation order interest	-	-	-	-	-	-	-	116,154	116,154	
Collections	(22,090)	(73,993)	(63,801)	(21,312)	(229,115)	(538)	(144,446)	(142,938)	(698,233)	
Administratively cancelled	(1,170)	(1,147)	(1,354)	(737)	(8,431)	(103)	-	-	(12,942)	
At 31 March 2026	118,780	220,867	292,142	81,197	1,242,938	14,899	33,573	3,193,306	5,197,702	
Impairment										
At 1 April 2025	76,821	121,567	200,569	51,596	886,682	15,774	-	2,675,342	4,028,351	
Increase/(decrease) for the year	10,730	35,117	30,101	5,156	104,967	(875)	-	265,434	450,630	
At 31 March 2026	87,551	156,684	230,670	56,752	991,649	14,899	-	2,940,776	4,478,981	
Receivables Net Book Value at 31 March 2026	31,229	64,183	61,472	24,445	251,289	-	33,573	252,530	718,721	
Receivables Net Book Value at 31 March 2025	32,138	59,734	59,532	24,156	252,511	135	41,175	206,958	676,339	

As per the HMCTS Trust Statement revenue recognition accounting policy (note 1.3) impositions are shown net of all judicial adjustments, which can arise for a number of reasons including appeals, time served by imprisonment, remittances, S23 confiscation order amendments. For 2025-26 the adjustments for remittances, time served by imprisonment and appeals total £24.2 million (2024-25 £21.7 million).

4.1. Confiscation order debt – value banding by lead agency

	2025-26				2024-25			
	HMCTS £000	SFO £000	CPS £000	Total £000	HMCTS £000	SFO £000	CPS £000	Total £000
Gross debt								
Up to £250,000	319,946	36	55,211	375,193	306,934	36	47,721	354,691
£250,001 – £500,000	186,982	1,477	39,196	227,655	173,890	1,166	39,356	214,412
£500,001 – £1,000,000	253,308	3,789	66,286	323,383	232,320	2,759	61,821	296,900
Over £1,000,000	1,124,457	185,491	957,127	2,267,075	1,062,600	180,443	773,254	2,016,297
Total gross debt	1,884,693	190,793	1,117,820	3,193,306	1,775,744	184,404	922,152	2,882,300
Impairment								
Up to £250,000	299,885	36	39,420	339,341	286,216	36	32,824	319,076
£250,001 – £500,000	179,016	1,327	28,430	208,773	167,714	1,147	27,386	196,247
£500,001 – £1,000,000	242,098	3,389	57,254	302,741	226,503	2,736	54,792	284,031
Over £1,000,000	1,119,673	175,694	794,554	2,089,921	1,050,839	169,751	655,398	1,875,988
Total impairment	1,840,672	180,446	919,658	2,940,776	1,731,272	173,670	770,400	2,675,342
Net book value								
Up to £250,000	20,061	-	15,791	35,852	20,718	-	14,897	35,615
£250,001 – £500,000	7,966	150	10,766	18,882	6,176	19	11,970	18,165
£500,001 – £1,000,000	11,210	400	9,032	20,642	5,817	23	7,029	12,869
Over £1,000,000	4,784	9,797	162,573	177,154	11,761	10,692	117,856	140,309
Total net book value	44,021	10,347	198,162	252,530	44,472	10,734	151,752	206,958

The total gross debt is made up of 33,347 cases of which 13,295 have an outstanding order balance. Of the 13,295 cases: 12,210 (91.8%) are of a value up to £250,000; 483 (3.6%) are between £250,001 – £500,000; 320 (2.4%) are between £500,001 – £1,000,000, and; 282 (2.2%) are over £1,000,000.

4.2. Confiscation order debt – aged debt profile by lead agency

	2025-26				2024-25			
	HMCTS £000	SFO £000	CPS £000	Total £000	HMCTS £000	SFO £000	CPS £000	Total £000
Gross debt								
0 – 1 year	64,601	1,188	223,826	289,615	36,230	1,017	74,326	111,573
1 – 2 years	19,673	1,113	49,228	70,014	24,435	-	155,088	179,523
2 – 5 years	40,508	-	183,742	224,250	31,828	-	84,972	116,800
Over 5 years	1,759,911	188,492	661,024	2,609,427	1,683,251	183,387	607,766	2,474,404
Total gross debt	1,884,693	190,793	1,117,820	3,193,306	1,775,744	184,404	922,152	2,882,300
Impairment								
0 – 1 year	38,369	694	128,349	167,412	16,945	27	30,467	47,439
1 – 2 years	16,527	234	34,125	50,886	14,688	-	87,114	101,802
2 – 5 years	37,095	-	121,652	158,747	27,322	-	78,364	105,686
Over 5 years	1,748,681	179,518	635,532	2,563,731	1,672,317	173,643	574,455	2,420,415
Total impairment	1,840,672	180,446	919,658	2,940,776	1,731,272	173,670	770,400	2,675,342
Net book value								
0 – 1 year	26,232	494	95,477	122,203	19,285	990	43,859	64,134
1 – 2 years	3,146	879	15,103	19,128	9,747	-	67,974	77,721
2 – 5 years	3,413	-	62,090	65,503	4,506	-	6,608	11,114
Over 5 years	11,230	8,974	25,492	45,696	10,934	9,744	33,311	53,989
Total net book value	44,021	10,347	198,162	252,530	44,472	10,734	151,752	206,958

The total gross debt is made up of 33,347 cases of which 13,295 have an outstanding order balance. Of the 13,295 cases: 1,584 (11.9%) are between 0 – 1 years old; 713 (5.4%) are between 1 – 2 years old; 1,559 (11.7%) are between 2 – 5 years old, and; 9,439 (71%) are over 5 years old.

5. Payables

		2025-26	
	On which cash received	On which cash receivable	Total
	£000	£000	£000
Confiscation orders (Home Office)	52,765	252,530	305,295
Prosecutors' costs (incl. CPS Costs)	3,945	85,917	89,862
Compensation	23,883	31,229	55,112
Victim surcharge	18,779	64,183	82,962
Fines and fixed penalty receipts payable to MoJ	91,114	-	91,114
Other	6,699	-	6,699
Total	197,185	433,859	631,044

		2024-25	
	On which cash received	On which cash receivable	Total
	£000	£000	£000
Confiscation orders (Home Office)	38,281	206,958	245,239
Prosecutors' costs	2,241	83,688	85,929
Compensation	25,204	32,138	57,342
Victim surcharge	18,539	59,734	78,273
Fines and fixed penalty receipts payable to MoJ	65,489	-	65,489
Other	11,935	-	11,935
Total	161,689	382,518	544,207

6. Net Revenue and Balance on the Consolidated Fund account

6.1. Net Revenue for the consolidated fund

	2025-26 £000	2024-25 £000
New Impositions: -		
Court fines	341,291	316,843
Miscellaneous receipts	3,704	2,749
Criminal court charge (remissions)	(369)	(179)
Fixed penalty notices	136,844	134,211
Impairment charge (increases)/decreases: -		
Court fines	(104,967)	(81,970)
Criminal court charge	875	772
(Written off): -		
Court fines	(8,431)	(13,289)
Criminal court charge	(103)	(124)
Retained by MoJ	(377,803)	(359,544)
Net revenue for the consolidated fund	(8,959)	(531)

6.2. Balance on the consolidated fund

	2025-26 £000	2024-25 £000
Balance on the Consolidated Fund at 1 April	293,821	294,352
Net Revenue for the Consolidated Fund	(8,959)	(531)
Less: amount paid to the Consolidated Fund		-
Balance on the Consolidated Fund at 31 March	284,862	293,821

6.3. The balance on the Consolidated Fund comprises:

	On which cash received	2025-26 On which cash receivable	Total
	£000	£000	£000
Fines	-	251,289	251,289
Criminal Court Charge	-	-	-
Fixed penalty notices	-	33,573	33,573
Balance on consolidated fund as at 31 March	-	284,862	284,862

	On which cash received	2024-25 On which cash receivable	Total
	£000	£000	£000
Fines	-	252,511	252,511
Criminal Court charge	-	135	135
Fixed penalty notices	-	41,175	41,175
Balance on Consolidated Fund Account as at 31 March	-	293,821	293,821

7. Notes to the Statement of Cash Flows

	Notes	2025-26 £000	2024-25 £000
Net cash flow from operating activities is derived as follows:			
Net revenue for the Consolidated Fund	6.1	(8,959)	(531)
Adjustment for non-cash items:			
Increase in impairment provision	2	450,630	280,395
(Increase) in gross receivables	4	(493,012)	(283,543)
Increase in payables	5	86,837	10,018
Net cash inflow from operating activities		35,496	6,339

8. Financial instruments

On behalf of the Consolidated Fund and other parties, HMCTS is party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, receivables and payables.

IFRS 7, 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the year in creating or changing risks an entity faces in the course of its operations. As HMCTS is acting as agent on behalf of the Consolidated Fund and other parties in collecting and surrendering financial penalties imposed by the judiciary and the police, it cannot incur losses through the Trust Statement. Write-offs and impairment charges disclosed in the Revenue and Expenditure Statement reflect the non-recoverability of gross debt since its obligation to surrender financial penalties is limited to the amount it is able to collect in revenue. HMCTS, on behalf of the Consolidated Fund and other parties, has no requirement to borrow or invest surplus funds. As such, HMCTS, in its capacity as agent, is not exposed to the degrees of financial or market risk facing a business entity acting as principal.

a) Carrying amount and fair values

The fair value of cash balances approximates their carrying amount largely owing to the short-term maturity of this financial instrument which is less than three months.

The fair value of receivables is determined by making an impairment to reduce the carrying value of receivables to the net present value of the estimated future flow of repayments discounted at the Treasury rate of 2.45% (2024-25: 2.15%).

The key assumption inherent in the model used to calculate the impairment provision is that the estimated future flow of repayments reflects historical trends and, as such, there is inherent uncertainty in the estimated provision. The future financial impact of the current financial climate is currently unknown; however, HMCTS does not believe that it will materially impact on the assessments of the recoverability of outstanding debt. Given the complex nature of confiscation orders, including high levels of hidden assets and assets being overseas, the impact on the collection rates is inherently more uncertain, as a result the sensitivity analysis for these orders is assessed using a larger percentage change in the assumptions.

The impact of the following reasonable possible alternatives to this assumption is reflected in the table below:

Assumption	Change in assumption*	Increase / (decrease) in net receivables	
		2025-26	2024-25
		£m	£m
Projected cash collections – confiscation orders	+25%	14.0	13.6
Projected cash collections – all other impositions	+10%	43.3	43.4
Projected cash collections – confiscation orders	+10%	7.5	7.3
Projected cash collections – all other impositions	+5%	21.6	21.7
Projected cash collections – confiscation orders	-25%	(20.0)	(19.4)
Projected cash collections – all other impositions	-10%	(43.3)	(43.3)
Projected cash collections – confiscation orders	-10%	(8.0)	(7.8)
Projected cash collections – all other impositions	-5%	(21.6)	(21.7)

* The change in assumption is capped to ensure that the assessment does not predict that more than the original imposition can be collected.

The fair value of payables on which cash is receivable at the balance sheet date is derived from the fair value of the related receivables balance.

b) Liquidity risk

Liquidity risk is the risk that HMCTS, on behalf of the Consolidated Fund and other parties, will encounter difficulty raising liquid funds to meet commitments as they fall due. HMCTS is obliged to surrender only those funds that it has collected and banked. As such, HMCTS, in its capacity as agent, does not have significant liquidity risk.

c) Credit risk

Credit risk is the risk that a third party will default on its obligation to HMCTS on behalf of the Consolidated Fund and other parties, thereby causing the Consolidated Fund and other parties, for whom HMCTS acts as agent, to incur a loss.

Credit risk arises from deposits with banks and receivables. The maximum exposure to credit risk at the balance sheet date is:

	2025-26	2024-25
	£000	£000
Cash at bank	197,185	161,689
Receivables	718,721	676,339
	915,906	838,028

Cash at bank comprises liquid bank balances held with commercial banks, including those administered through the Government Banking Service.

The size of the risk inherent within the receivables balance (shown net of impairment above) is reflected in the receivables impairment which totals £4,479 million (£4,028 million 2024-25). HMCTS, through the Governance and Risk management structures outlined in the Governance Statement, continues to assess and implement programmes to increase collection of receivables.

d) Currency risk and interest rate risk

There is no exposure to currency risk as all financial penalties are imposed, collected and payable in sterling. Whilst interest is charged on unpaid confiscation orders, the interest charged on the outstanding receivable balance is only payable to the Home Office when received from the debtor.

9. Related Party transactions

There were no related party transactions in the period.

10. Events after the reporting period

In accordance with the requirements of IAS 10, 'Events After the Reporting Period', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

There were no non adjusting events.



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