

Export Credits Guarantee Department

Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount (£)

Changes in resources

RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports

<u>Section</u>	<u>Reason for change</u>	<u>Increases</u>	<u>Reductions</u>
<u>Other changes</u>			
<u>Changes in operating appropriations-in-aid (fully offset by changes in spending)</u>			
E2 and E5	Increase in gross expenditure to cover the change to fair value accounting for Credit Default Swaps (CDS's) used in Active Portfolio Management (APM), offset by an increase in Appropriations -in- Aid.	15,999,000	-15,999,000
<u>Token increases</u>			
E2	Token increase to allow increase in Appropriations-in-Aid to be included in Estimate	1,000	
		<u>Total</u>	<u>-15,999,000</u>
Total change in resources for RfR2		16,000,000	1,000
Total change in resources for Estimate			1,000

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £1,000.

3. Symbols are explained in the Introduction to this booklet.

Export Credits Guarantee Department

Part I

£

RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports 1,000

Total additional net resource requirement 1,000

Additional net cash requirement 1,000

SUPPLEMENTARY amounts required in the year ending 31 March 2008 for expenditure by the Export Credits Guarantee Department on:

RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports

Interest support to banks and other lenders of export finance, grants towards financing of exports to match foreign competition, the funding of the refinancing programme, and on associated non-cash items

RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports

Export Credit guarantees given in the national interest or to render economic assistance to overseas countries, overseas investment insurance, residual commitments under discontinued facilities, the cost escalation scheme subvention for the active management of the portfolio, and on associated non-cash items

The **Export Credits Guarantee Department** will account for this Estimate.

Part II: Changes proposed

						£'000
Resources		Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports						
Non-Budget						
RfR2- E	APM	-	16,000	15,999	1	1
	Total RfR 2		16,000	15,999	1	
	Total Changes to RfRs		16,000	15,999	1	

		£000		
	Present Provision	Change in Provision	New Provision	
Capital and Cash				
Total Capital Expenditure	481	-	481	
Non-Operating A in A	-	-	-	
Net cash requirement	1	1	2	

Part II: Revised subhead detail including additional provision

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports								
-	74,784	45,340	120,124	51,022	69,102	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
A Fixed Rate Export Finance								
-	48,173	-	48,173	28,479	19,694	-	-	
Non-Budget								
B GEFCO Loans and interest equalisation								
-	26,611	45,340	71,951	22,543	49,408	-	-	
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports								
-	43,280	-	43,280	43,278	2	481	-	
Spending in Departmental Expenditure Limits(DEL)								
<i>Central Government spending</i>								
A Administration								
-	600	-	600	-	600	481	-	
Non-Budget								
B Admin - Running Costs								
-	26,680	-	26,680	560	26,120	-	-	
C Export Credits								
-	-	-	-	25,719	-25,719	-	-	
D Overseas Investment Insurance								
-	-	-	-	1,000	-1,000	-	-	
E APM								
-	16,000	-	16,000	15,999	1	-	-	
Total for Estimate:								
-	118,064	45,340	163,404	94,300	69,104	481	-	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+) Decrease (-)</u>	£'000 <u>Revised</u>
Net Resource Requirement	69,103	1	69,104
Voted capital items			
Capital	481	-	481
<i>Less:</i> Non-operating A in A	-	-	-
Total net voted capital	481	-	481
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-45,440	-	-45,440
Depreciation	-500	-	-500
New provisions and adjustments to previous provisions	-	-	-
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-183,531	-	-183,531
Increase(-)/decrease (+) in creditors	69,416	-	69,416
Use of provisions	-	-	-
Total accruals to cash adjustments	-160,055	-	-160,055
Excess cash to be CFERd	90,472	-	90,472
Net Cash Requirement	1	1	2

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

	£'000
	2007-08 provision
Net Programme Costs	
RfR1	69,102
RfR2	-249,777
Total Net Programme Costs	-180,675
Total Net Operating Cost	-180,675
<i>of which:</i>	
Net Resource Requirement	69,104
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-249,779
Resource Budget	-83,516

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2007-08 Provision
Net Resource Requirement (Estimates)	69,104
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	-
Consolidated Fund extra receipts in the OCS	-249,779
Other adjustments	-
Net Operating Costs (Accounts)	-180,675
<i>Adjustments to remove:</i>	
Gains/losses from sale of capital assets	-
Capital grants	-
European Union income related to capital grants	-
voted expenditure outside the budget	200,970
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	249,779
resource consumption of non departmental public bodies	-
unallocated resource provision	-
Other adjustments	-353,590
Resource Budget (Budget)	-83,516
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	600
Annually Managed Expenditure (AME)	-84,116

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2007-08 Provision
Net Voted Capital (Estimates)	481
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-267,818
capital spending by non departmental public bodies	-
capital grants	-
European Union income related to capital grants	-
supported capital expenditure (revenue)	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	-
Capital Budget (Budget)	-267,337
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	481
Annually Managed Expenditure (AME)	-267,818

Notes to the Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

Request for Resources 1 Patrick Crawford, Chief Executive of ECGD

Request for Resources 2 Patrick Crawford, Chief Executive of ECGD

Patrick Crawford as the Accounting Officer of the Export Credits Guarantee Department has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Export Credits Guarantee Department.

The responsibilities of an Accounting Officer are set out in chapter 3 of Managing Public Money. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims, and objectives and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

2007-08

RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports

Programme	51,022
<i>of which:</i>	
Interest and Dividends	51,022

Total RfR1	51,022 †
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† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the recovery of income from interest make-up receipts.

RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports

Programme	43,278
<i>of which:</i>	
Sale of goods and services	293,058
CFERs	-249,780

Total RfR2	43,278 †
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† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: premium and moratorium interest.

Total Operating A in A	94,300
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Notes to the Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	-	-	600	-	600
<i>of which:</i>					
Administration budget †	-	-	-	-	-
Near-cash in RDEL	-	-	-	-	-
Capital DEL ††	-	-	481	-	481
Less Depreciation †††	-	-	-500	-	-500
Total DEL	-	-	581	-	581

† The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

†† Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

††† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Cash which may be retained to offset expenditure

	£'000
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid	94,300