



FINANCIAL STATEMENTS

Primary statements	165
Notes to the departmental accounts	169

PRIMARY STATEMENTS

Statement of Comprehensive Net Income

For the year ended 31 March 2024

		2023/24	Restated 2022/23
	Note	£'000	£'000
Export Credit Guarantees and Insurance			
Income			
Gross premium income		427,404	384,930
Less ceded to reinsurers		(131,186)	(72,061)
Net premium income	3	296,218	312,869
Net investment return	4	25,011	21,834
Net foreign exchange gain	7	-	11,986
Total income		321,229	346,689
Expenses			
Net claims charge for the year	6	(5,790)	(16,080)
Changes in insurance liabilities (net of reinsurance)	16	(220,622)	(64,195)
Staff costs	8	(38,833)	(30,977)
Other administration and operating costs	9	(29,385)	(28,948)
Net foreign exchange loss	7	(11,021)	-
Total expenses		(305,651)	(140,200)
Net income/(loss) arising from Export Credit Guarantees and Insurance activities		15,578	206,489
Export Finance Assistance			
Income			
Net investment return	4	90,094	64,349
Net foreign exchange gain	7	-	78,426
Total income		90,094	142,775
Expenses			
Staff costs	8	(7,027)	(8,731)
Other administration and operating costs	9	(5,317)	(8,159)
Net foreign exchange loss	7	(44,554)	-
Total expenses		(56,898)	(16,890)
Net income/(loss) arising from Export Finance Assistance activities		33,196	125,885
Other non-EIGA* activities			
Other income		21	-
Other expenditure		(21)	-
Net income/(loss) from other non-EIGA* activities		-	-
Net operating income/(loss) for the year		48,774	332,374

*Export and Investment Guarantee Act 1991.

'Export Credit Guarantees and Insurance' represents UKEF's activities providing credit guarantees and insurance in the support of exports. 'Export Finance Assistance' represents UKEF's activities providing direct lending in support of exports. All income and expenditure are derived from continuing operations. The notes on pages 169 to 217 form part of these accounts.

Statement of Financial Position

As at 31 March 2024

		31 March 2024	Restated 31 March 2023
	Note	£'000	£'000
Non-current assets			
Right of use, equipment and intangible assets		5,643	5,160
Loans and receivables	10	2,632,939	2,335,008
Insurance assets	11	399,093	243,911
Reinsurers' share of insurance liabilities	12	650,979	606,168
Insurance and other receivables	13	90,161	211,126
Total non-current assets		3,778,815	3,401,373
Current assets			
Loans and receivables	10	324,310	256,597
Insurance assets	11	14,294	49,156
Insurance and other receivables	13	67,757	115,079
Cash and cash equivalents	14	259,498	681,217
Total current assets		665,859	1,102,049
Total assets		4,444,674	4,503,422
Current liabilities			
Consolidated Fund payable	14	(259,498)	(681,217)
Insurance and other payables	15	(100,161)	(158,610)
Total current liabilities		(359,659)	(839,827)
Non-current assets plus net current assets		4,085,015	3,663,595
Non-current liabilities			
Insurance liabilities	16	(2,369,667)	(2,104,234)
Insurance and other payables	15	(103,631)	(187,447)
Total non-current liabilities		(2,473,298)	(2,291,681)
Assets less liabilities		1,611,717	1,371,914
Taxpayers' equity			
Exchequer financing		(1,894,349)	(2,149,892)
Cumulative trading surplus		4,158,280	4,142,702
General fund		(652,214)	(620,896)
Total taxpayers' equity		1,611,717	1,371,914

The notes on pages 169 to 217 form part of these accounts.



Tim Reid

Chief Executive and Accounting Officer

29 July 2024

Statement of Cash Flows

For the year ended 31 March 2024

		2023/24	Restated 2022/23
	Note	£'000	£'000
Cash flows from operating activities			
Net operating income / (loss)		48,774	332,374
Adjustments for non-cash transactions:			
Depreciation of equipment	9	1,670	1,506
Impairment loss of plant, property and intangible assets	9	8	-
Other:			
Audit fees	9	527	270
Amortised loans and receivables income	10	(119,708)	(93,700)
Total net foreign exchange (gain)/loss	7	55,575	(90,412)
Provisions:			
Insurance liabilities net of reinsurance movement	16	220,622	64,195
Financial guarantees provision movement	15	10,750	12,389
Claims provision movement	6	(4,960)	3,691
Interest on claims provision movement	11(b)	13,129	10,863
Dilapidation provision	15	-	20
Impairment of uninsured capital loans	10	29,645	29,367
Movements in working capital other than cash:			
Claims assets before provisions	11(a)	(139,637)	(27,988)
Interest on claims assets before provisions	11(b)	3,942	5,529
Loans and receivables	10	97,790	90,652
Insurance and other receivables		167,421	126,749
Insurance and other payables		(140,905)	(149,870)
Financial assets held at fair value		-	52
Financial liabilities held at fair value		-	(2)
Net cash inflow/(outflow) from operating activities		244,643	315,685
Cash flows from investing activities			
Equipment and Intangible assets:			
Purchase of equipment and intangibles		(2,161)	(1,002)
Export Finance Assistance loans:			
Advances	10	(741,169)	(321,911)
Recoveries	10	311,120	192,594
Net cash inflow/(outflow) from investing activities		(432,210)	(130,319)
Net cash inflow/(outflow) from operating and investing activities		(187,567)	185,366
Cash flows from financing activities			
Lease payments		(564)	(962)
Receipts from the Consolidated Fund (Supply):			
Relating to the current year		450,000	500,000
Net cash inflow/(outflow) from financing activities		449,436	499,038

		2023/24	Restated 2022/23
	Note	£'000	£'000
Net foreign exchange gain/loss on cash assets	7	(2,371)	(3,187)
Net increase in cash and cash equivalents in the year before adjusting payments to the Consolidated Fund		259,498	681,217
Payments to the Consolidated Fund:			
Relating to the prior year		(681,217)	(329,685)
Net increase/(decrease) in cash and cash equivalents in the year		(421,719)	351,532
Cash and cash equivalents at the beginning of the year		681,217	329,685
Cash and cash equivalents at the end of the year		259,498	681,217

Cash interest received was £27,339,000 (£31,445,000 in 2022/23) for interest on unrecovered claims and £109,010,000 (£91,327,000 in 2022/23) for interest on loans and receivables.

Statement of changes in taxpayers' equity

For the year ended 31 March 2024

	Note	Exchequer financing £'000	Cumulative trading surplus £'000	General fund £'000	Total reserves £'000
Balance at 1 April 2022		(2,134,315)	3,936,213	(581,411)	1,220,487
Changes in taxpayers' equity for 2022/23					
Non-cash adjustments:					
Auditors' remuneration	9	270	-	-	270
Movements in reserves:					
Transfers between reserves		165,370	-	(165,370)	-
Recognised in Statement of Comprehensive Net Income		-	206,489	96,462	302,951
As reported total recognised income and expense for 2022/23		165,640	206,489	(68,908)	302,951
Amounts arising in year payable to the Consolidated Fund		(181,217)	-	-	(181,217)
As reported balance at 31 March 2023		(2,149,892)	4,142,702	(650,319)	1,342,491
Prior period adjustment (see Note 20 for further details)		-	-	29,423	29,423
As restated balance at 31 March 2023		2,149,892	4,142,702	(620,896)	1,371,914
Changes in taxpayers' equity for 2023/24					
Non-cash adjustments:					
Auditors' remuneration	9	527	-	-	527
Movements in reserves:					
Transfers between reserves		64,514	-	(64,514)	-
Recognised in Statement of Comprehensive Net Income		-	15,578	33,196	48,774
Total recognised income and expense for 2023/24		65,041	15,578	(31,318)	49,301
Amounts arising in year payable to the Consolidated Fund		190,502	-	-	190,502
Balance at 31 March 2024		(1,894,349)	4,158,280	(652,214)	1,611,717

The notes on pages 169 to 217 form part of these accounts.

NOTES TO THE DEPARTMENTAL ACCOUNTS

1. Accounting policies

(A) Basis of preparation

The financial statements have been prepared in accordance with the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of UKEF for the purpose of giving a true and fair view has been selected. These have been applied consistently in dealing with items considered material to the accounts. Details of the particular accounting policies adopted by UKEF are described in the sections below.

The primary economic environment within which UKEF operates is the United Kingdom and, therefore, its functional and presentational currency is pounds sterling. Items included in the UKEF financial statements are measured and presented in pounds sterling.

(B) Future accounting developments

Several accounting standards have either been issued or revised but have yet to come into effect. UKEF will apply the new and revised standards and consider their impact in detail once they have been adopted by the FReM.

The new standards (IFRS 9 and 17) set out below will have an impact on the financial statements when they become effective.

IFRS 9: Financial Instruments

This standard is designed to replace IAS 39 – Financial Instruments: Recognition and Measurement and amends some of the requirements of IFRS 7 – Financial Instruments: Disclosures. UKEF has not determined the detailed financial impact, however, the changes to loan impairments, particularly, will require changes to UKEF systems and may lead to increased volatility in reported numbers.

While the effective date of IFRS 9 was for annual periods beginning on or after 1 January 2018, the standard will be effective for UKEF at the same time as IFRS 17 becomes effective. This is because UKEF has utilised a temporary exemption from applying IFRS 9 as detailed below.

In September 2016, the IASB issued Applying IFRS 9: Financial Instruments with IFRS 4: Insurance Contracts (amendments to IFRS 4), to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17). The amendments introduced a temporary exemption that enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2023 and continue to apply IAS 39 to financial instruments. This was extended by the FReM for central government departments, including UKEF, to 1 January 2025.

An entity may apply the temporary exemption from IFRS 9 if it has not previously applied any version of IFRS 9 and its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The department met the eligibility criteria.

The department performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 March 2016 when UKEF's insurance liabilities were significant compared to the total amount of liabilities and the percentage of liabilities connected with insurance was greater than 90%.

The liabilities connected with insurance that are not liabilities arising from contracts within the scope of IFRS 4 mainly relate to UKEF's liability to the Consolidated Fund. The impact of the adoption of IFRS 9 on UKEF's financial statements will be largely dependent on the interaction with the new insurance contracts standard IFRS 17 and the ongoing combined implementation programme. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

UKEF is required to retest its eligibility for the temporary exemption of IFRS 9, if and only if there is a significant change in its business activities. UKEF's activities have not changed and the department continues to apply the temporary exemption from IFRS 9. The increase in the carrying value of UKEF's loan book, in relation to its direct lending activity, is not considered a significant change in business activities for the purposes of the temporary exemption.

IFRS 17: Insurance Contracts

This standard is designed to replace IFRS 4: Insurance Contracts. IFRS 4 allows entities to use different accounting policies to measure insurance contracts. IFRS 17 removes these inconsistencies and requires entities to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty. Entities will also be required to recognise profit as insurance services are delivered and to provide information about the insurance contract profits that are expected to be recognised in the future. These changes will necessitate a shift from UKEF's fund basis of accounting for insurance contracts.

The application of IFRS 17 in the public sector has been delayed by two years until 2025/26. There is therefore still some uncertainty about how it may affect UKEF. The effective date of IFRS 17 for central government departments including UKEF is for the annual period beginning on 1 April 2025.

An initial impact assessment of IFRS 9 and IFRS 17 was completed in 2019. Both these standards are expected to have a major impact on UKEF's accounting policies, data, systems and processes, as the vast majority of the department's portfolio is in scope of one of them. As a result, UKEF started a multiyear Financial Reporting Changes programme, involving cross departmental functions, to implement the two standards.

Management continues to assess the impact of these new standards as part of the ongoing programme to implement the changes. Management has considered several of the IFRS 9 and IFRS 17 technical decisions, options and accounting judgements that will shape the department's future accounting policies and their impact, including key design decisions. These decisions, options and judgements will form the basis of the working assumptions being used in the implementation of the two standards.

(C) Significant judgement and estimates

The preparation of these financial statements includes the use of significant judgements and estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses, and related disclosure of contingent assets and liabilities in the financial statements.

The critical judgements (apart from those involving estimations that are dealt with below) that management have made in preparing the financial statements, that have had a significant effect on the amounts recognised in the financial statements, are:

- the applications of the fund basis of accounting for insurance contracts (refer to note 1(D) for details)
- the deferral of the application of IFRS 9 (refer to note 1(B) for details)
- the estimation of the future cash flows in the calculation of impairment of financial assets (see note 1(J) for details)

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge, and management's predictions of future events and actions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, possibly significantly. There have been no major changes in these assumptions in the current year.

Significant uncertainty arising from the nature of UKEF's underwriting activity

Due to the long-term nature of the risk underwritten, the outcome of UKEF's activities is subject to considerable uncertainty, primarily as a result of:

- a) **unpredictability of claims payments and recoveries including interest on unrecovered claims** – losses that might arise are very difficult to assess and calculate with any degree of confidence, particularly over the longer term; the protracted underwriting cycle, which can be several decades if a Paris Club recovery is involved, means that the actual outturn may not be known for many years.
- b) **the narrow base of risk** – UKEF has a far narrower risk base than would normally apply in commercial insurance, which makes the underwriting outcome more vulnerable to changes in risk conditions. As the UK's export credit agency (ECA), UKEF's role and mandate result in the department's portfolio following where UK companies win business and where there are gaps in private sector provision of finance. This demand-led approach, and the small number of more significant large transactions underwritten per year, can result in risk concentrations.

Although the financial results cannot be established with certainty, UKEF sets provisions for unrecovered claims based on current perceptions of risk and employing a substantial degree of experience and judgement. The level of such provisions has been set on the basis of information which is currently available. The provision rates are made on a case-by-case basis and are approved by UKEF's Enterprise Risk and Credit Committee. Paris Club developments and related provision rates are also monitored and approved by the Enterprise Risk and Credit Committee. While UKEF considers that claims provisions and related recoveries are fairly stated, the ultimate liability will vary as a result of subsequent information and events. This may result in significant adjustments to the amounts provided. These estimates and methods of estimation are reviewed annually and, if adjustments prove necessary, they will be reflected in future accounts.

(D) Insurance contracts

In accordance with IFRS 4: Insurance Contracts, UKEF has applied existing accounting practices for insurance contracts. Additionally, UKEF has taken advantage of the option in IAS 39 – Financial Instruments: Recognition and Measurement and has elected to continue to regard some financial guarantee contracts as insurance contracts. This relates to contracts for products that are both financial guarantee contracts and insurance contracts by definition but were historically accounted for as insurance contracts. An election was made for such contracts to continue being accounted for as insurance contracts under IFRS 4. The liabilities representing IFRS 4 insurance contracts are shown as 'insurance liabilities' on the Statement of Financial Position.

Product classification

Insurance contracts are those contracts written by UKEF that transfer significant insurance risk at the inception of the contract, including some financial guarantee contracts. Insurance risk is transferred when UKEF agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Products that UKEF accounts for under IFRS 4 include its Buyer Credit Facility and Export Insurance Policy.

Fund Basis of Accounting for insurance contracts

The Fund Basis of Accounting has been applied rather than the Annual Basis (whereby the profit/loss is determined at the end of each accounting period for cover provided during that period). Insufficient information is available on expected future claims and recoveries for reliable estimates to be made at the end of each financial year. The use of the Fund Basis of Accounting is not recommended practice under the Association of British Insurers' Statement of Recommended Practice (which has now been withdrawn and replaced with FRS 103). However, UKEF considers it to be the most appropriate method to account for its insurance contracts.

Under the Fund Basis of Accounting, premium arising from policies allocated to each underwriting year, net of provisions for any unrecovered claims and expenses, is deferred until three years after the end of that underwriting year (for insurance contracts written in respect of business that does not extend credit to the customer after delivery) or until nine years after the end of that underwriting year (for insurance contracts where extended credit terms are provided to the customer from the start of the underwriting year).

Liability adequacy test

At the date of each Statement of Financial Position, UKEF performs liability adequacy tests to ensure that the carrying amount of insurance liabilities, net of any reinsurance, is sufficient to cover the current best estimate of future cash outflows under its insurance contracts. If, as a result of these tests, a deficiency is identified and the fund for any underwriting year is considered insufficient to meet estimated future net claims or losses, the deficiency is charged to the Statement of Comprehensive Net Income to cover the potential shortfall. In years subsequent to a shortfall, should the deficiency in the fund reverse, then any excess can be released back to the Statement of Comprehensive Net Income. However, the release is limited to the amount of the original charge. Where the fund for any underwriting year is in excess of the total amounts at risk, the excess is credited to the Statement of Comprehensive Net Income to reduce the fund value to the level of the maximum exposure.

In assessing the adequacy of a fund, account is taken of future investment income and, based on information available at the Statement of Financial Position date, provisions are estimated according to the categories of risk, as follows:

- a) **political:** risks associated with a sovereign country which could potentially affect every supported transaction in that country due to both political risks and economic risks
- b) **buyer:** risks directly associated with buyers, borrowers or guarantors, e.g. insolvency

Premium income

Premium income for the underwriting year is recognised on all guarantees and insurance contracts that become effective during the year (including income for which deferred payment terms have been agreed).

Reinsurance provided under co-operation agreements with other export credit agencies: premiums due based on notifications received in the year from the lead export credit agency.

Insurance assets

Claims are recognised as payables when authorised. Where a realistic prospect of full or partial recovery of an authorised claim exists, the estimated recovery proceeds (value of the claim less a provision), net of estimated expenses in achieving the recovery, are included as assets in the Statement of Financial Position, as 'insurance assets'. When UKEF considers that it is no longer practicable or cost effective to pursue recovery, recoveries are formally abandoned and the amounts are deducted from recoverable assets and written off to the Statement of Comprehensive Net Income for the year, if and to the extent that existing provisions are not adequate to cover such amounts.

UKEF determines that, based on its experience over recent years, interest accruing on recoverable claims is as likely to be recovered as the outstanding claims to which it relates. As a result, interest is provisioned at the same rate as the recoverable claim to which it applies.

Reinsurance assets

UKEF cedes reinsurance to the private sector and to other national export credit agencies. Reinsurance premiums ceded and movements in the reinsurers' share of insurance liabilities are included within the relevant expense and income accounts in the Statement of Comprehensive Net Income.

Reinsurance assets represent insurance premiums ceded to reinsurers, less any claims made by UKEF on reinsurance contracts. Reinsurance assets include the reinsurers' share of insurance liabilities and are recognised on the same basis as the underlying insurance liabilities recognised in the Statement of Financial Position. UKEF's reinsurance assets are reviewed for impairment. Any impairment losses identified are recognised through the Statement of Comprehensive Net Income.

(E) Financial guarantee contracts

Per IAS 39, liabilities under financial guarantee contracts not classified as insurance contracts are recorded initially at their fair value, which is generally the fee received or receivable. Subsequently, the financial guarantee liabilities are measured at the higher of the initial fair value less cumulative amortisation, and the best estimate of the expenditure required to settle the obligations. Where the liabilities are measured using the latter value they are disclosed as 'Provisions for likely claims on financial guarantees'. The liabilities representing financial guarantee contracts are shown in the Statement of Financial Position under 'Insurance and Other Payables.' Products that UKEF accounts for under IAS 39 include its Export Development Guarantee and General Export Facility.

(F) Foreign exchange

Transactions denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the subsequent settlement of these transactions, together with those arising from the retranslation of foreign currency denominated monetary assets and liabilities at year-end exchange rates, are recognised in the Statement of Comprehensive Net Income. Non-monetary items are translated in the Statement of Financial Position at the rates prevailing at the original transaction dates.

(G) Consolidated Fund payable

The amount payable to the Consolidated Fund is equivalent to UKEF's bank balances at the Statement of Financial Position date.

(H) Exchequer financing

To reflect the long-term nature of UKEF's activities and recognising that cash flows from operating and investing activities in a particular year may not always be sufficient to service operating commitments, as agreed with HM Treasury, a cumulative balance with the Exchequer is maintained and disclosed on the face of the Statement of Financial Position. The balance moves from year to year in response to the cash flows and accrued income arising from UKEF's operating and investing activities.

(I) Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded. UKEF recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Employees can opt to open a partnership pension account (Group Personal Pension), which is similar to a stakeholder pension with an employer contribution. UKEF makes age-related contributions, as a percentage of pensionable earnings.

Further information can be found in the Our People: Staff and Remuneration Report section of the annual report.

(J) Financial assets

Recognition and measurement

Financial assets are recognised and derecognised on the relevant trade date.

'Loans and receivables' include insurance receivables, loans (offered by UKEF under its Direct Lending Facility product line) and other receivables that have fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial and are therefore carried at their estimated net recoverable amount.

Amortised cost is the amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation (using the effective interest method) of any difference between the initial amount and the maturity amount minus any reduction for impairment.

For loans, in accordance with IAS 39.AG8, at any point in time the amortised cost is the net present value of the updated future expected cash flows, discounted by the original effective interest rate. Re-estimation of the future cash flows arising from a financial instrument carried at amortised cost normally results in a change in carrying amount, since the revised estimated cash flows are discounted at the original effective interest rate. The necessary adjustment is recognised in profit and loss.

The effective interest rate method allocates interest income or expense over the relevant period by applying the effective interest rate to the carrying amount of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition.

Impairment

Financial assets other than those at 'fair value through profit or loss', are regularly assessed for indicators of impairment on an incurred loss basis. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows from the financial asset have been affected. Among the criteria that UKEF's Enterprise Risk and Credit Committee will use to assess if there is objective evidence of an impairment loss include:

- overdue payments of interest and principal
- breach of material loan covenants or conditions
- significant deterioration in credit quality

If the carrying value of a financial asset is greater than the recoverable amount, the carrying value is reduced through a charge to the Statement of Comprehensive Net Income in the period of impairment.

For 'loans and receivables', the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original 'effective interest rate'. In the case of any loans the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Net income. The carrying amount of the asset is reduced directly only upon write off. Interest income on impaired loans is recognised based on the estimated recoverable amount. Reversals of impairments are only recognised where the decrease in the impairment can be objectively related to an event occurring after the write-down.

2. Segmental information

UKEF applies IFRS 8 – Operating Segments considering UKEF’s legal and regulatory reporting requirements.

These form the basis of the operating results that are regularly reviewed by the chief operating decision maker. The chief operating decision maker is the Accounting Officer who is responsible for allocating resources and assessing performance of the operating segments.

UKEF’s operations are categorised into one of the following accounts, the results of which the Accounting Officer reviews regularly:

Active accounts:

- **Account 2** – Guarantees and Insurance Account: relates to the credit risk arising from guarantees and insurance issued for business since April 1991.
- **Account 3** – National Interest Account: relates to guarantees and loans issued for business since April 1991 on the written instruction of ministers, which UKEF’s Accounting Officer had advised did not meet normal underwriting criteria.
- **Account 5** – Direct Lending Account: relates to the provision of direct lending (in the normal course of business) since 2014.

Closed accounts as at 31 March 2024:

- **Account 1** – Pre-1991 Guarantees and Insurance Account: relates to guarantees and insurance issued for business prior to April 1991, and insurance issued by the Insurance Services Group of UKEF (which was privatised on 1 December 1991) for which UKEF retains all contingent liabilities (‘Insurance Services Business’).
- **Account 4** – Fixed Rate Export Finance Account: relates to the provision of Fixed Rate Export Finance to banks, together with arrangements for reducing the funding cost of Fixed Rate Export Finance loans and for certain interest rate derivative arrangements. This account was closed to new business from 31 March 2011.
- **Account 6** – Temporary COVID-19 Support Account: relates to all business underwritten and booked under the Temporary COVID-19 Risk Framework (TCRF) – approved by HM Treasury since 2 April 2020 but closed to new business since 31 July 2022.

**i. Segmental Statement of Comprehensive Net Income for the year ended
31 March 2024**

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	National Interest Account	FREF Account	Direct Lending Account	TCRF Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Gross premium income	(1)	375,121	27,086	-	-	25,198	427,404
Less ceded to reinsurers	-	(130,539)	(647)	-	-	-	(131,186)
Net premium income	(1)	244,582	26,439	-	-	25,198	296,218
Net investment return income	16,452	4,464	17,675	-	72,419	4,095	115,105
Claims credit	5,948	-	-	-	-	-	5,948
Other non-EIGA* activities	-	21	-	-	-	-	21
Total income	22,399	249,067	44,114	-	72,419	29,293	417,292
Expenses							
Claims charge and provision for likely claims	-	(11,738)	-	-	-	-	(11,738)
Changes in insurance liabilities net of reinsurance	-	(32,130)	(188,208)	-	-	(284)	(220,622)
Staff costs	(275)	(33,157)	(2,890)	-	(6,420)	(3,118)	(45,860)
Other administration and operating costs	(208)	(25,090)	(2,186)	-	(4,858)	(2,360)	(34,702)
Net foreign exchange loss	(235)	(10,530)	-	-	(44,554)	(256)	(55,575)
Other non-EIGA* activities	-	(21)	-	-	-	-	(21)
Total expenses	(718)	(112,666)	(193,284)	-	(55,832)	(6,018)	(368,518)
Net income/(loss)	21,681	136,401	(149,170)	-	16,587	23,275	48,774

*Export and Investment Guarantee Act 1991.

ii. Segmental Statement of Comprehensive Net Income for the year ended 31 March 2023

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	National Interest Account	FREF Account	Direct Lending Account	TCRF Account	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Gross premium income	-	272,474	25	-	-	112,431	384,930
Less ceded to reinsurers	-	(44,833)	-	-	-	(27,228)	(72,061)
Net premium income	-	227,641	25	-	-	85,203	312,869
Net investment return income	13,162	4,762	16,217	35	48,097	3,910	86,183
Claims credit	11,397	-	-	-	-	-	11,397
Net foreign exchange gain	6,161	6,050	-	-	78,426	-	90,637
Total income	30,720	238,453	16,242	35	126,523	89,113	501,086
Expenses							
Claims charge and provision for likely claims	-	(27,477)	-	-	-	-	(27,477)
Changes in insurance liabilities net of reinsurance	-	(52,669)	(387)	-	-	(11,139)	(64,195)
Staff costs	(278)	(24,976)	(2,700)	(59)	(8,240)	(3,455)	(39,708)
Other administration and operating costs	(260)	(23,340)	(2,523)	(54)	(7,701)	(3,229)	(37,107)
Net foreign exchange loss	-	-	-	-	-	(225)	(225)
Total expenses	(538)	(128,462)	(5,610)	(113)	(15,941)	(18,048)	(168,712)
Net income/(loss)	30,182	109,991	10,632	(78)	110,582	71,065	332,374

iii. Segmental Statement of Financial Position at 31 March 2024

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	National Interest Account	FREF Account	Direct Lending Account	TCRF Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Right of use, Equipment and intangible assets	-	5,643	-	-	-	-	5,643
Loans & receivables	-	-	973,134	-	1,659,805	-	2,632,939
Insurance assets	75,945	323,148	-	-	-	-	399,093
Reinsurers' share of insurance liabilities	-	564,992	23,879	-	-	62,108	650,979
Insurance and other receivables	-	84,419	-	-	-	5,742	90,161
Total non-current assets	75,945	978,202	997,013	-	1,659,805	67,850	3,778,815
Current assets							
Loans & receivables	-	-	155	-	324,155	-	324,310
Insurance assets	13,879	415	-	-	-	-	14,294
Insurance and other receivables	19	65,044	-	-	(21)	2,715	67,757
Cash and cash equivalents ²⁸	73,793	(13,767)	35,391	-	104,448	59,633	259,498
Total current assets	87,691	51,692	35,546	-	428,582	62,348	665,859
Total assets	163,636	1,029,894	1,032,559	-	2,088,387	130,198	4,444,674
Current liabilities							
Consolidated Fund (payable)/receivable	(73,793)	13,767	(35,391)	-	(104,448)	(59,633)	(259,498)
Insurance and other payables	(338)	(99,816)	(6)	-	-	(1)	(100,161)
Total current liabilities	(74,131)	(86,049)	(35,397)	-	(104,448)	(59,634)	(359,659)
Non-current assets plus net current assets	89,505	943,845	997,162	-	1,983,939	70,564	4,085,015
Non-current liabilities							
Insurance liabilities	-	(1,967,468)	(297,657)	-	-	(104,542)	(2,369,667)
Insurance and other payables	-	(103,631)	-	-	-	-	(103,631)
Total non-current liabilities	-	(2,071,099)	(297,657)	-	-	(104,542)	(2,473,298)
Assets less liabilities	89,505	(1,127,254)	699,505	-	1,983,939	(33,978)	1,611,717
Taxpayers' equity							
Exchequer financing	(1,684,426)	(3,405,363)	1,000,000	-	2,407,026	(211,586)	(1,894,349)
Cumulative trading surplus	1,773,931	2,278,109	(71,455)	-	-	177,695	4,158,280
General fund	-	-	(229,040)	-	(423,087)	(87)	(652,214)
Total taxpayers' equity	89,505	(1,127,254)	699,505	-	1,983,939	(33,978)	1,611,717

28 Cash allocations by account are notional only and cash is not managed by UKEF by account. Negative cash balances by account reflect only a notional position whereby cash is 'owed' between accounts.

iv. Segmental Statement of Financial Position at 31 March 2023

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	National Interest Account	FREF Account	Direct Lending Account	TCRF Account	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Right of use, Equipment and intangible assets	-	5,160	-	-	-	-	5,160
Loans & receivables	-	-	969,568	-	1,365,440	-	2,335,008
Insurance assets	93,517	150,394	-	-	-	-	243,911
Reinsurers' share of insurance liabilities	-	520,828	23,232	-	-	62,108	606,168
Insurance and other receivables	22	117,669	-	-	-	93,435	211,126
Total non-current assets	93,539	794,051	992,800	-	1,365,440	155,543	3,401,373
Current assets							
Loans and receivables	-	-	39	-	256,558	-	256,597
Insurance assets	48,541	615	-	-	-	-	49,156
Insurance and other receivables	19	58,739	-	-	2	56,319	115,079
Cash and cash equivalents	61,948	123,372	8,844	1,019	431,071	54,963	681,217
Total current assets	110,508	182,726	8,883	1,019	687,631	111,282	1,102,049
Total assets	204,047	976,777	1,001,683	1,019	2,053,071	266,825	4,503,422
Current liabilities							
Consolidated Fund (payable)/receivable	(61,948)	(123,372)	(8,844)	(1,019)	(431,071)	(54,963)	(681,217)
Insurance and other payables	(460)	(134,821)	29	-	(200)	(23,158)	(158,610)
Total current liabilities	(62,408)	(258,193)	(8,815)	(1,019)	(431,271)	(78,121)	(839,827)
Non-current assets plus net current assets	141,639	718,584	992,868	-	1,621,800	188,704	3,663,595
Non-current liabilities							
Insurance liabilities	-	(1,891,174)	(108,802)	-	-	(104,258)	(2,104,234)
Insurance and other payables	-	(101,082)	-	-	-	(86,365)	(187,447)
Total non-current liabilities	-	(1,992,256)	(108,802)	-	-	(190,623)	(2,291,681)
Assets less liabilities	141,639	(1,273,672)	884,066	-	1,621,800	(1,919)	1,371,914
Taxpayers' equity							
Exchequer financing	(1,610,633)	(3,419,657)	1,000,000	-	2,032,351	(151,953)	(2,149,892)
Cumulative trading surplus	1,752,272	2,145,985	94,324	-	-	150,121	4,142,702
General fund	-	-	(210,258)	-	(410,551)	(87)	(620,896)
Total taxpayers' equity	141,639	(1,273,672)	884,066	-	1,621,800	(1,919)	1,371,914

3. Premium income

	2023/24	2022/23
Underwriting premium income	£'000	£'000
Insurance contracts premium receivable (IFRS4)		
Current underwriting year		
Gross premium	364,721	272,949
Less ceded to reinsurers	(117,382)	(65,963)
Net premium income	247,339	206,986
Previous underwriting years		
Gross premium	(9,632)	1,450
Less ceded to reinsurers	(13,804)	(6,098)
Net premium income	(23,436)	(4,648)
Total		
Gross premium	355,089	274,399
Less ceded to reinsurers	(131,186)	(72,061)
Net premium income	223,903	202,338
Financial guarantees premium amortised (IAS 39)		
Gross premium	72,315	110,531
Less ceded to reinsurers	-	-
Net premium income	72,315	110,531
Total net premium income	296,218	312,869

Insurance contracts premium receivable (IFRS 4) includes premium income from financial guarantee contracts that UKEF has elected to account for as insurance contracts (refer to Note 1(D) for more detail).

For the year ended 31 March 2024, there were three customers (the parties paying the premium) who accounted for more than 10% of the total premium revenue, net of amounts ceded to reinsurers. These customers accounted for net premium income of £139 million.

For more information about the businesses we have supported in the year, see the business supported annex on page 219.

4. Net investment return

				2023/24	2022/23	
		Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	TCRF Account	Total	Total
Note	£'000	£'000	£'000	£'000	£'000	£'000
Export Credit Guarantees and Insurance						
Interest income	5	16,356	-	-	16,356	16,677
Other income		96	5,370	4,095	9,561	5,157
Total income		16,452	5,370	4,095	25,917	21,834
Interest costs	5	-	(906)	-	(906)	-
Total costs		-	(906)	-	(906)	-
Net income		16,452	4,464	4,095	25,011	21,834
				2023/24	Restated 2022/23	
		National Interest Account	Direct Lending Account	Total	Total	
	Note	£'000	£'000	£'000	£'000	
Export Finance Assistance						
Amortised loans and receivables income	10	17,675	102,033	119,708	93,700	
Gain in fair value of derivatives		-	-	-	63	
Other income			31	31	9	
Total income		17,675	102,064	119,739	93,772	
Impairment of loans and receivables	10	-	(29,645)	(29,645)	(29,367)	
Loss in fair value of derivatives		-	-	-	(56)	
Total costs		-	(29,645)	(29,645)	(29,423)	
Net income		17,675	72,419	90,094	64,349	

5. Interest income

				2023/24	2022/23
	Note	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	Total £'000	Total £'000
Interest arising from claims					
- interest charged in the year	11(b)	15,017	8,380	23,397	25,916
- net (increase) / decrease in provisions for unrecovered interest	11(b)	(3,823)	(9,306)	(13,129)	(10,863)
Interest arising from claims net of provisions		11,194	(926)	10,268	15,053
Other Interest		5,162	20	5,182	1,624
Interest credit for the year		16,356	(906)	15,450	16,677

Other Interest includes bank interest on balances with commercial banks.

6. Net claims charge and provision for likely claims

				2023/24	2022/23
	Note	Pre-1991 Guarantees & Insurance Account £'000	Guarantees & Insurance Account £'000	Total £'000	Total £'000
Amounts authorised and paid in the year	11(a)	(98)	(257,687)	(257,785)	(122,009)
Expected recoveries on claims authorised and paid in the year		-	205,788	205,788	70,789
Provision on claims authorised and paid in the year		(98)	(51,899)	(51,997)	(51,220)
Net change in provisions for claims authorised and paid in previous years		6,046	50,911	56,957	47,529
Claims credit/(charge) for the year	11(a)	5,948	(988)	4,960	(3,691)
Change in provision for claims on financial guarantees	15	-	(10,750)	(10,750)	(12,389)
Net claims credit/(charge) and provision for likely claims		5,948	(11,738)	(5,790)	(16,080)

There is no reinsurance element included within the figures above.

7. Net foreign exchange gain/(loss)

				2023/24	2022/23	
		Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	TCRF Account	Total	Total
	Note	£'000	£'000	£'000	£'000	£'000
Export Credit Guarantees and Insurance						
Net foreign exchange gain/(loss) arising on:						
- recoverable claims after provisions	11(a)	(74)	(7,105)	-	(7,179)	11,699
- recoverable interest on claims after provisions	11(b)	(18)	(9)	-	(27)	2,540
- insurance premium receivables		-	(773)	(93)	(866)	936
- financial guarantees provisions	15	-	8	-	8	15
- insurance payables		(48)	(954)	(55)	(1,057)	(650)
- cash		(95)	(1,697)	(108)	(1,900)	(2,554)
Net foreign exchange gain/(loss) for year		(235)	(10,530)	(256)	(11,021)	11,986
					2023/24	2022/23
			Direct Lending Account		Total	Total
	Note	£'000			£'000	£'000
Export Finance Assistance						
Net foreign exchange gain/(loss) arising on:						
- loans and receivables	10	(56,678)			(56,678)	77,782
- payables			12,595		12,595	1,277
- cash			(471)		(471)	(633)
Net foreign exchange gain/(loss) for year			(44,554)		(44,554)	78,426
Summary:						
Net foreign exchange gain/(loss) for year on cash assets					(2,371)	(3,187)
Net foreign exchange gain/(loss) for year on net assets other than cash					(53,204)	93,599
Net foreign exchange gain/(loss) for year					(55,575)	90,412

Day-to-day transactions are converted at the rates prevailing on the original transaction date. Assets and liabilities are re-valued at the year-end rates. The table below shows the exchange rates applicable on the principal currencies.

Currency	Currency equivalent to £1	
	31 March 2024	31 March 2023
Euro	1.17	1.14
Japanese Yen	191.00	164.47
US Dollars	1.26	1.24

8. Staff costs

	2023/24	2022/23
	£'000	£'000
Salaries and wages	33,555	28,898
Social security costs	3,972	3,610
Other pension costs	8,333	7,200
Total staff costs	45,860	39,708
Of which:		
Export Credit Guarantees and Insurance	38,833	30,977
Export Finance Assistance	7,027	8,731

Details of staff numbers, exit packages and UKEF's remuneration policy can be found in the Our People: Remuneration and Staff report section of the annual report.

9. Other administration and operating costs

	2023/24	2022/23
	£'000	£'000
Agency staff	2,192	2,412
Training	606	668
Recruitment	238	286
Travel and subsistence	1,136	1,212
Accommodation	2,034	2,684
Other IT	6,034	6,143
Project costs	6,035	7,035
Legal	740	423
Marketing and business promotion	4,611	4,164
Depreciation	1,670	1,506
Impairments	8	-
Irrecoverable VAT	3,999	5,611
Other administration	5,399	4,963
Total other administrative costs	34,702	37,107
Of which:		
Export Credit Guarantees and Insurance	29,385	28,948
Export Finance Assistance	5,317	8,159
Included in the above figures:		
Audit fees	527	270

The 2023/24 audit fee includes £50,000 (2022/23, £45,000) for the auditor's engagement with the Financial Reporting Changes programme. See Accounting Policy note 1(B) for further details.

10. Loans and receivables

		31 March 2024	Restated 31 March 2023		
		£'000	£'000		
Loans and receivables		2,957,249	2,591,605		
Total		2,957,249	2,591,605		
Falling due:					
- within one year		324,310	256,597		
- after more than one year		2,632,939	2,305,585		
	National Interest Account	FREF Account	Direct Lending Account		
	Note	£'000	£'000		
		£'000	£'000		
Movements:					
Balance at 1 April 2022		967,461	1,047	1,442,317	2,410,825
Loans advanced	19	-	-	321,911	321,911
Loans recovered		-	(1,019)	(191,575)	(192,594)
Net foreign exchange gain/(loss)		-	-	77,782	77,782
Amortised income		17,749	28	64,137	81,914
Other movement in working capital		(14,071)	(56)	(76,525)	(90,652)
Revision to cash flows		(1,532)	-	13,318	11,786
Impairment provision		-	-	(29,367)	(29,367)
Restated balance at 31 March 2023		969,607	-	1,621,998	2,591,605
Loans advanced	19	-	-	741,169	741,169
Loans recovered		-	-	(311,120)	(311,120)
Net foreign exchange gain/(loss)		-	-	(56,678)	(56,678)
Amortised income		17,789	-	87,310	105,099
Other movement in working capital		(13,993)	-	(83,797)	(97,790)
Revision to cash flows		(114)	-	14,723	14,609
Impairment provision		-	-	(29,645)	(29,645)
Balance at 31 March 2024		973,289	-	1,983,960	2,957,249
Of which:					
Capital loans recoverable		1,000,000	-	2,407,026	3,407,026
Net interest receivable		155	-	9,313	9,468
Recoverable expenses incurred		-	-	-	-
Unamortised income		(19,087)	-	(314,010)	(333,097)
Re-estimation of cash flows		(7,779)	-	23,518	15,739
Impairment provisions		-	-	(141,887)	(141,887)
Falling due:					
- within one year		155	-	324,155	324,310
- after more than one year		973,134	-	1,659,805	2,632,939

Loans are calculated on the amortised cost basis (refer to accounting policy Note 1(J)). The fair value of Export Finance Loans for Account 3 was £881,124,000 (2022-23: £872,960,000) and Account 5 £2,336,733,000 (2022/23: £1,819,189,000).

11. Insurance assets

	31 March 2024	31 March 2023
	£'000	£'000
Recoverable claims	357,336	219,918
Interest on unrecovered claims	56,051	73,149
Total	413,387	293,067
Falling due:		
- within one year	14,294	49,156
- after more than one year	399,093	243,911

Insurance assets are shown at their expected recoverable amount. The majority of the balances are subject to market rates of interest.

11(a) Recoverable claims

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	Total
	£'000	£'000	£'000
Recoverable claims - gross			
Balance at 1 April 2022	240,151	294,320	534,471
Claims and recoverable expenditure approved in the year	-	122,009	122,009
Recoveries made in the year	(33,097)	(60,924)	(94,021)
Recoveries abandoned in the year	(14,487)	(2,444)	(16,931)
Net foreign exchange movements	4,981	9,732	14,713
Balance at 31 March 2023	197,548	362,693	560,241
Claims and recoverable expenditure approved in the year	98	257,687	257,785
Recoveries made in the year	(41,074)	(77,074)	(118,148)
Recoveries abandoned in the year	(6,198)	(1,025)	(7,223)
Net foreign exchange movements	(450)	(9,595)	(10,045)
Balance at 31 March 2024	149,924	532,686	682,610
Recoverable claims – provisions			
Balance at 1 April 2022	153,041	197,508	350,549
(Release)/increase of provisions in the year	(11,397)	15,088	3,691
Recoveries abandoned in the year	(14,487)	(2,444)	(16,931)
Net foreign exchange movements	1,126	1,888	3,014
Balance at 31 March 2023	128,283	212,040	340,323
(Release)/increase of provisions in the year	(5,948)	988	(4,960)
Recoveries abandoned in the year	(6,198)	(1,025)	(7,223)
Net foreign exchange movements	(376)	(2,490)	(2,866)
Balance at 31 March 2024	115,761	209,513	325,274

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	Total
	£'000	£'000	£'000
Net recoverable claims as at:			
- 31 March 2024	34,163	323,173	357,336
- 31 March 2023	69,265	150,653	219,918
- 31 March 2022	87,110	96,812	183,922

For further details about claims and recoveries, refer to the Chief Risk Officer's report in the Performance report. There are no recoverable claims on the Direct Lending Account, FREF Account or TCRF Account.

11(b) Interest on unrecovered claims

	Pre-1991 Guarantees & Insurance Account	Guarantees & Insurance Account	Total
	£'000	£'000	£'000
Interest on unrecovered claims – gross			
Balance at 1 April 2022	485,037	174,872	659,909
Interest charged in the year	13,121	12,795	25,916
Interest received in the year	(27,960)	(3,485)	(31,445)
Recoveries abandoned in the year	-	-	-
Net foreign exchange movements	6,852	326	7,178
Balance at 31 March 2023	477,050	184,508	661,558
Interest charged in the year	15,017	8,380	23,397
Interest received in the year	(28,308)	969	(27,339)
Recoveries abandoned in the year	-	-	-
Net foreign exchange movements	(1,661)	(134)	(1,795)
Balance at 31 March 2024	462,098	193,723	655,821
Interest on unrecovered claims – provisions			
Balance at 1 April 2022	398,348	174,560	572,908
Increase in provisions in the year	1,577	9,286	10,863
Recoveries abandoned in the year	-	-	-
Net foreign exchange movements	4,332	306	4,638
Balance at 31 March 2023	404,257	184,152	588,409
Increase in provisions in the year	3,823	9,306	13,129
Recoveries abandoned in the year	-	-	-
Net foreign exchange movements	(1,643)	(125)	(1,768)
Balance at 31 March 2024	406,437	193,333	599,770
Net interest on unrecovered claims as at:			
- 31 March 2024	55,661	390	56,051
- 31 March 2023	72,793	356	73,149
- 31 March 2022	86,689	312	87,001

12. Reinsurers' share of insurance liabilities

	£'000
Balance at 1 April 2022	631,729
Movements summary:	
Addition to the underwriting funds in the year	65,964
Net decrease in open cash funds	-
Net decrease in open credit funds	(57,247)
Other fund movements	(8,014)
Net increase in insurance liabilities on closed funds	(26,264)
Total movements	(25,561)
Balance at 31 March 2023	606,168
Movements summary:	
Addition to the underwriting funds in the year	117,382
Net decrease in open cash funds	-
Net decrease in open credit funds	(39,533)
Other fund movements	23,183
Net decrease in insurance liabilities on closed funds	(56,221)
Total movements	44,811
Balance at 31 March 2024	650,979

Movements are summarised within Note 16.

13. Insurance and other receivables

	31 March 2024	31 March 2023
	£'000	£'000
Insurance premium receivables	139,139	310,412
Insurance prepayments and accrued income	16,362	13,371
Other receivables	2,417	2,422
Total	157,918	326,205
Falling due:		
- within one year	67,757	115,079
- after more than one year	90,161	211,126

The insurance premium receivables include the premium amounts receivable for financial guarantees accounted for under IAS 39. The decrease in insurance premium receivables this year is as a result of some large Export Development Guarantee facilities closing in year following repayment of the guaranteed loan.

14. Cash and cash equivalents

Cash and cash equivalents comprise:	31 March 2024	31 March 2023
	£'000	£'000
Government Banking Service	30,371	502,846
Commercial banks and cash in hand	229,127	178,371
Total	259,498	681,217

The closing cash balance is payable to HM Treasury's Consolidated Fund.

15. Insurance and other payables

	31 March 2024	31 March 2023
	£'000	£'000
Insurance payables – amounts due to policyholders	-	97
Income tax and national Insurance	1,016	870
Lease payments	2,328	2,892
Deferred income and other payables	44,546	49,066
Financial guarantee liabilities	121,192	269,164
Dilapidations provision	20	20
Provisions for likely claims on financial guarantees	34,690	23,948
Total	203,792	346,057
Falling due:		
- within one year	100,161	158,610
- after more than one year	103,631	187,447

The movement in the provision for financial guarantees includes £10,750,000 (2022/23: £12,389,000) (see Note 6) and (£8,000) (2022/23: (£15,000)) movement on foreign currencies.

The decrease in financial guarantee liabilities this year is as a result of some large Export Development Guarantee facilities closing in year following repayment of the guaranteed loan.

16. Insurance liabilities

Each underwriting fund for an underwriting year is set at the higher of (i) the current expected loss, as defined below, on amounts at risk on unexpired insurance contracts, or (ii) accumulated premiums plus interest earned, less administration costs and provisions made for the unrecoverable proportion of paid claims. Premium income credited to a provision is net of any reinsurance premium ceded to re-insurers where UKEF, as lead insurer, has reinsured a proportion of the total contract risk.

The expected loss is management's best estimate of the mean of possible future losses on UKEF's insurance contracts.

Under the Fund Basis of Accounting, premium arising from policies allocated to each underwriting year, net of provisions for any unrecovered claims and expenses, is deferred until three years after the end of that underwriting year (for insurance contracts written in respect of business that does not extend credit to the customer after delivery) or until nine years after the end of that underwriting year (for insurance contracts where extended credit terms are provided to the customer from the start of the underwriting year). After this period, any excess of the net Underwriting Fund over the current 'expected loss' on amounts at risk on unexpired guarantees or policies written in the relevant year is released to income. Underwriting funds for those and prior years will be equal to the 'expected loss' on unexpired guarantees or insurance policies for the relevant underwriting year.

The following movements in underwriting funds have occurred in the year:

	Guarantees & Insurance Account	National Interest Account	TCRF Account	Total
	£'000	£'000	£'000	£'000
Insurance liabilities – Gross of reinsurance				
Balance at 1 April 2022	1,891,294	108,415	65,891	2,065,600
Movements:				
Addition to the underwriting funds in the year	197,384	-	37,700	235,084
Release of excess funds – cash	(264)	-	-	(264)
Release of excess funds – credit	(103,958)	-	-	(103,958)
Other fund movements	(60,622)	387	667	(59,568)
Change in insurance liabilities on closed funds	(32,660)	-	-	(32,660)
Total movements	(120)	387	38,367	38,634
Balance at 31 March 2023	1,891,174	108,802	104,258	2,104,234
Movements:				
Addition to the underwriting funds in the year	296,872	189,247	282	486,401
Release of excess funds – cash	(644)	-	-	(644)
Release of excess funds – credit	(75,237)	-	-	(75,237)
Other fund movements	(24,031)	(392)	2	(24,421)

	Guarantees & Insurance Account	National Interest Account	TCRF Account	Total
	£'000	£'000	£'000	£'000
Change in insurance liabilities on closed funds	(120,666)	-	-	(120,666)
Total movements	76,294	188,855	284	265,433
Balance at 31 March 2024	1,967,468	297,657	104,542	2,369,667

Insurance liabilities – Net of reinsurance

Balance at 1 April 2022	1,317,677	85,183	31,011	1,433,871
Movements:				
Addition to the underwriting funds in the year	158,648	-	10,472	169,120
Release of excess funds – cash	(264)	-	-	(264)
Release of excess funds – credit	(46,711)	-	-	(46,711)
Other fund movements	(52,608)	387	667	(51,554)
Change in insurance liabilities on closed funds	(6,396)	-	-	(6,396)
Total movements	52,669	387	11,139	64,195
Balance at 31 March 2023	1,370,346	85,570	42,150	1,498,066

Movements:				
Addition to the underwriting funds in the year	179,490	189,247	282	369,019
Release of excess funds - cash	(644)	-	-	(644)
Release of excess funds - credit	(35,704)	-	-	(35,704)
Other fund movements	(46,567)	(1,039)	2	(47,604)
Change in insurance liabilities on closed funds	(64,445)	-	-	(64,445)
Total movements	32,130	188,208	284	220,622
Balance at 31 March 2024	1,402,476	273,778	42,434	1,718,688

Summary of movements

2022/23				
Gross changes in insurance liabilities	(120)	387	38,367	38,634
Reinsurers' share of changes in insurance liabilities	52,789	-	(27,228)	25,561
Changes in insurance liabilities (net of reinsurance)	52,669	387	11,139	64,195
2023/24				
Gross changes in insurance liabilities	76,294	188,855	284	265,433
Reinsurers' share of changes in insurance liabilities	(44,164)	(647)	-	(44,811)
Changes in insurance liabilities (net of reinsurance)	32,130	188,208	284	220,622

Movements in reinsurance are analysed within Note 12.

17. Schedule of expected loss

As part of its liability adequacy testing process, UKEF assesses the carrying value of its insurance liabilities against a schedule of expected loss. The expected loss does not take into account any additional margins that are required to compensate UKEF for the inherent risk that actual losses may significantly exceed the expected loss. The derived expected loss is not therefore regarded by UKEF to be a reliable estimate of the likely eventual outturn (with insufficient information available for open fund years to determine definitively and with a high degree of confidence the level of claims that will be ultimately experienced) and is presented for indicative purposes. Credit funds up to and including 2014/15 and cash fund years up to and including 2020/21 are closed years.

The table shows the development of the expected losses for the fund years 2014/15 onwards. For individual fund years shown, the figure shown 'at end of year' shows the expected loss at the end of the year it was created. Each subsequent row shows the expected loss position at the end of the next following year. The final row for each fund year shows the current expected loss at the date of the Statement of Financial Position.

	2014/15 fund year	2015/16 fund year	2016/17 fund year	2017/18 fund year	2018/19 fund year	2019/20 fund year	2020/21 fund year	2021/22 fund year	2022/23 fund year	2023/24 fund year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Guarantees & Insurance, National Interest and TCRF Account:										
Credit funds										
At end of year	46,367	28,315	32,214	43,848	127,410	72,685	77,729	103,526	59,404	261,770
One year later	44,703	29,114	26,001	49,578	110,027	76,790	69,060	142,729	43,553	-
Two years later	48,413	21,070	24,134	42,298	183,377	147,227	72,502	126,958	-	-
Three years later	36,502	17,589	26,603	166,991	142,601	135,977	84,529	-	-	-
Four years later	44,479	17,535	35,966	101,218	125,417	140,282	-	-	-	-
Five years later	30,047	16,516	32,696	55,239	65,051	-	-	-	-	-
Six years later	65,202	13,008	24,833	19,723	-	-	-	-	-	-
Seven years later	54,012	9,202	18,109	-	-	-	-	-	-	-
Eight years later	84,192	3,420	-	-	-	-	-	-	-	-
Nine years later	39,152	-	-	-	-	-	-	-	-	-
Cash funds										
At end of year	261	480	689	383	6,365	91	668	461	775	6,558
One year later	291	-	16	100	2,575	20	118	135	138	-
Two years later	78	-	-	62	1,833	14	75	-	-	-
Three years later	40	-	-	43	1,140	2	4	-	-	-
Four years later	18	-	-	4	666	1	-	-	-	-
Five years later	20	-	-	-	364	-	-	-	-	-
Six years later	-	-	-	-	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-	-	-	-	-

	2014/15 fund year	2015/16 fund year	2016/17 fund year	2017/18 fund year	2018/19 fund year	2019/20 fund year	2020/21 fund year	2021/22 fund year	2022/23 fund year	2023/24 fund year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Eight years later	-	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-
Credit fund total	39,152	3,420	18,109	19,723	65,051	140,282	84,529	126,958	43,553	261,770
Cash fund total	-	-	-	-	364	1	4	-	138	6,558
Expected loss total	39,152	3,420	18,109	19,723	65,415	140,283	84,533	126,958	43,691	268,328
Summary										809,612
						funds 2014/15 to 2023/24 open	funds 2014/15 to 2023/24 closed	funds 2014/15 to 2023/24 total	funds years to 2013/14 closed	funds grand total
						£'000	£'000	£'000	£'000	£'000

Expected loss summary:

Guarantees & Insurance, National Interest and TCRF Account:

Credit fund total						763,395	39,152	802,547	25,076	827,623
Cash fund total						6,696	369	7,065	-	7,065
Expected loss total						770,091	39,521	809,612	25,076	834,688

18. Risk management: financial instruments and insurance contracts

This note describes the nature and extent of the risks for UKEF arising from financial instruments and insurance contracts and how UKEF manages them. UKEF has established a risk management framework that seeks to identify, consider and manage the risks it faces in line with its risk appetite, minimising its exposure to unexpected financial loss and facilitating the achievement of its business objectives.

Full details of UKEF's approach to managing financial risk can be found in the Chief Risk Officer's report in the Performance section of the annual report.

Operational risk is described in the Governance Statement which can be found in the accountability section of the annual report.

For the purpose of this note, risks are considered under the following headings:

- Market risk (including interest rate risk and foreign currency risk)
- Credit risk
- Insurance risk (including related foreign currency risk);
- Liquidity risk
- Risk measurement

18(a) Market risk

Market risk is the risk of adverse financial impact due to changes in the fair value or future cash flows of financial instruments from fluctuations in interest rates, foreign exchange rates (and other prices). UKEF has a significant exposure to foreign currency risk, primarily due to holding US dollar denominated assets in the form of loans and receivables and net unrecovered claims. UKEF is not authorised by HM Treasury to hedge its exposure to foreign currency risk (refer Note 18(a)(i) and 18(c)(iii)). In addition, there is some foreign exchange market risk which is explained in Note 18(a)(i).

UKEF has established principles and policies to be followed in respect of management of the significant market risks to which it is exposed.

18(a)(i) Foreign currency risk

Foreign currency risk arises from two main areas: transaction risk and translation risk. Transaction risk is the risk of movements in the sterling value of foreign currency receipts on conversion into sterling. Translation risk is the risk that UKEF's Statement of Financial Position and net operating income will be adversely impacted by changes in the sterling value of foreign currency denominated assets and liabilities from movements in foreign currency exchange rates. UKEF is heavily exposed to translation risk due to the value of non-sterling assets and liabilities held. The most significant exposure relates to insurance assets (refer Note 18(c)(iii) below).

The currency profile of UKEF's financial instruments and its capital loan commitments is set out below:

	Pound sterling	US dollar	Other	Total
	£'000	£'000	£'000	£'000
As at 31 March 2024				
Financial assets:				
National Interest Account loans at amortised cost	973,289	-	-	973,289
Direct Lending Account loans at amortised cost	18,532	795,624	1,169,804	1,983,960
Insurance and other receivables	90,935	20,525	46,458	157,918
Financial liabilities:				
Insurance and other payables	(168,497)	10,920	(46,215)	(203,792)
Financial commitments:				
Direct Lending Account amounts available	3,390	313,330	588,301	905,021
Total	917,649	1,140,399	1,758,348	3,816,396
As at 31 March 2023				
Financial assets:				
National Interest Account loans at amortised cost	969,607	-	-	969,607
Direct Lending Account loans at amortised cost	19,090	965,052	637,856	1,621,998
Insurance and other receivables	234,909	58,034	33,262	326,205
Financial liabilities:				
Insurance and other payables	(277,137)	(71,944)	3,024	(346,057)
Financial commitments:				
Direct Lending Account amounts available	3,715	438,288	576,934	1,018,937
Restated total	950,184	1,389,430	1,251,076	3,590,690

The sensitivity to changes in foreign exchange of US dollar denominated loans held at amortised cost at 31 March 2024 is as follows:

- 10% increase would increase the carrying value by £72,329,000 (31 March 2023: £87,732,000).

The sensitivity to changes in foreign exchange of EURO denominated loans held at amortised cost at 31 March 2024 is as follows:

- 10% increase would increase the carrying value by £106,345,806 (31 March 2023: £57,987,000).

18(b) Credit Risk

Credit risk is the risk of loss in value of financial assets due to lending counterparties failing to meet all or part of their obligations as they fall due. Credit risk related to UKEF's insurance contracts, including financial guarantees, is discussed under Insurance Risk (Note 18(c)(i) below)

UKEF has implemented policies and procedures that seek to minimise credit losses on the credit risk it takes. Full details can be found in the Chief Risk Officer's Report in the Performance section of the Annual Report.

18(b)(i) Credit risk

The following table summarises the credit exposure of loans at amortised cost and loan commitments. (Investment grade is defined as a credit rating of BBB minus or above):

	Investment grade £'000	Non-investment grade £'000	Total £'000
As at 31 March 2024			
National Interest Account: Direct Lending			
Loans at amortised cost	973,289	-	973,289
Direct Lending Account: Direct Lending			
Loans at amortised cost	467,333	1,516,627	1,983,960
Commitments	18,875	886,146	905,021
Total	1,459,497	2,402,773	3,862,270
As at 31 March 2023			
National Interest Account: Direct Lending			
Loans at amortised cost	969,607	-	969,607
Direct Lending Account: Direct Lending			
Loans at amortised cost	-	1,621,998	1,621,998
Commitments	-	1,018,937	1,018,937
Restated total	969,607	2,640,935	3,610,542

18(b)(ii) Credit

Concentration risk

The following table provides information regarding the credit concentration of loans at amortised cost and loan commitments:

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
As at 31 March 2024					
National Interest Account: Direct Lending					
Loans at amortised cost	-	-	973,289	-	973,289
Direct Lending Account: Direct Lending					
Loans at amortised cost	470,562	41,312	1,472,086	-	1,983,960
Commitments	18,875	91,764	794,382	-	905,021
Total	489,437	133,076	3,239,757	-	3,862,270
As at 31 March 2023					
National Interest Account: Direct Lending					
Loans at amortised cost	-	-	969,607	-	969,607
Direct Lending Account: Direct Lending					
Loans at amortised cost	783	33,916	1,587,299	-	1,621,998
Commitments			1,018,937	-	1,018,937
Restated total	783	33,916	3,575,843	-	3,610,542

18(c) Insurance risk

Insurance risk is the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities. The main insurance risk facing UKEF is credit risk accepted by it through the underwriting process. It is defined as the risk of financial loss resulting from the default of an obligor under a contingent liability or a legitimate claim under a policy of insurance or indemnity.

Underwriting funds

Under the Fund Basis of Accounting, premium arising from policies allocated to each underwriting year, net of provisions for any unrecovered claims and expenses, is deferred until three years after the end of that underwriting year (for insurance contracts written in respect of business that does not extend credit to the customer after delivery) or until nine years after the end of that underwriting year (for insurance contracts where extended credit terms are provided to the customer from the start of the underwriting year). Any excess of the net underwriting fund over the current expected loss on amounts at risk on unexpired guarantees or policies written in the relevant year is released to profit or loss. Underwriting funds for those and prior years will be equal to the expected loss on unexpired guarantees or policies for the relevant underwriting year.

The Expected Loss on UKEF's portfolio is calculated as the statistical mean of possible future losses, calculated based on the assessment of Probability of Default (PoD) and assumptions of the Loss Given Default (LGD). The PoD is the statistical likelihood of default by an obligor over a given time horizon and is dependent upon the credit standing of the obligor. As is common practice in the market, we derive our PoDs from an externally sourced corporate and public default database. Given the paucity of sovereign default events, any PoD derived from this data set would be statistically unreliable and at risk of significant year on year volatility. The LGD is the value of claims not expected to be recoverable in the event of default. The percentage derived is applied to the amount at risk in order to determine the Expected Loss on an insurance contract.

18(c)(i) Credit risk

UKEF has a significant exposure to credit risk which is measured in terms of expected loss and Unexpected Loss assessed at the time of underwriting the transaction, but both of which will vary over time.

Full details of the policies and procedures that have been implemented to seek to minimise credit risk can be found in the Chief Risk Officer's report in the Performance section of the annual report.

The following table provides information regarding the credit exposure of amounts at risk and expected loss within the UKEF Guarantees and Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolio as at 31 March 2024:

	Investment grade	Non-investment grade	Total
	£'000	£'000	£'000
Amounts at risk, gross of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,943,364	2,660,196	4,603,560
Other	1,956,451	16,834,209	18,790,660
Total	3,899,815	19,494,405	23,394,220
National Interest Account: Insurance Contracts			
Other	2,707,099	330,477	3,037,576
Total	2,707,099	330,477	3,037,576
TCRF Account: Insurance Contracts			
Asset-backed	400,449	1,142,303	1,542,752
Other	-	14,243	14,243
Total	400,449	1,156,546	1,556,995
Guarantees & Insurance Account: Financial Guarantees	2,646,537	6,580,383	9,226,920
TCRF Account: Financial Guarantees	-	2,041,842	2,041,842
Total	2,646,537	8,622,225	11,268,762
Grand total	9,653,900	29,603,653	39,257,553
Amounts at risk, net of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,164,599	1,667,861	2,832,460
Other	1,839,528	12,799,536	14,639,064
Total	3,004,127	14,467,397	17,471,524
National Interest Account: Insurance Contracts			
Other	1,659,388	330,477	1,989,865
Total	1,659,388	330,477	1,989,865
TCRF Account: Insurance Contracts			
Asset-backed	400,449	414,919	815,368
Other	-	14,243	14,243
Total	400,449	429,162	829,611
Guarantees & Insurance Account: Financial Guarantees	2,646,537	6,580,383	9,226,920
TCRF Account: Financial Guarantees	-	2,041,842	2,041,842
Total	2,646,537	8,622,225	11,268,762
Grand total	7,710,501	23,849,261	31,559,762

	Investment grade	Non-investment grade	Total
	£'000	£'000	£'000
Expected loss, gross of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	2,761	63,488	66,249
Other	7,742	721,821	729,563
Total	10,503	785,309	795,812
National Interest Account: Insurance Contracts			
Other	3,592	189,248	192,840
Total	3,592	189,248	192,840
TCRF Account: Insurance Contracts			
Asset-backed	3,294	4,705	7,999
Other	-	700	700
Total	3,294	5,405	8,699
Guarantees & Insurance Account: Financial Guarantees	15,443	159,634	175,077
TCRF Account: Financial Guarantees	-	30,439	30,439
Total	15,443	190,073	205,516
Grand total	32,832	1,170,035	1,202,867
Expected loss, net of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	2,489	34,888	37,377
Other	7,552	591,966	599,518
Total	10,041	626,854	636,895
National Interest Account: Insurance Contracts			
Other	2,407	189,248	191,655
Total	2,407	189,248	191,655
TCRF Account: Insurance Contracts			
Asset-backed	3,294	2,144	5,438
Other	-	700	700
Total	3,294	2,844	6,138
Guarantees & Insurance Account: Financial Guarantees	15,443	159,634	175,077
TCRF Account: Financial Guarantees	-	30,439	30,439
Total	15,443	190,073	205,516
Grand total	31,185	1,009,019	1,040,204

The following table provides information regarding the credit exposure of amounts at risk and expected loss within the UKEF Guarantees and Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolio as at 31 March 2023:

	Investment grade	Non-investment grade	Total
	£'000	£'000	£'000
Amounts at risk, gross of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,848,544	2,736,285	4,584,829
Other	2,058,335	15,830,383	17,888,718
Total	3,906,879	18,566,668	22,473,547
National Interest Account: Insurance Contracts			
Other	3,102,146	-	3,102,146
Total	3,102,146	-	3,102,146
TCRF Account: Insurance Contracts			
Asset-backed	438,550	1,212,903	1,651,453
Other	-	16,890	16,890
Total	438,550	1,229,793	1,668,343
Guarantees & Insurance Account: Financial Guarantees	1,365,768	4,347,528	5,713,296
TCRF Account: Financial Guarantees	1,174,250	5,092,122	6,266,372
Total	2,540,018	9,439,650	11,979,668
Grand total	9,987,593	29,236,111	39,223,704
Amounts at risk, net of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	1,086,507	1,851,020	2,937,527
Other	2,036,416	12,641,392	14,677,808
Total	3,122,923	14,492,412	17,615,335
National Interest Account: Insurance Contracts			
Other	1,996,681	-	1,996,681
Total	1,996,681	-	1,996,681
TCRF Account: Insurance Contracts			
Asset-backed	438,550	429,559	868,109
Other	-	16,890	16,890
Total	438,550	446,449	884,999
Guarantees & Insurance Account: Financial Guarantees	1,365,768	4,347,528	5,713,296
TCRF Account: Financial Guarantees	1,174,250	5,092,122	6,266,372
Total	2,540,018	9,439,650	11,979,668
Grand total	8,098,172	24,378,511	32,476,683

	Investment grade	Non-investment grade	Total
	£'000	£'000	£'000
Expected loss, gross of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	7,265	215,146	222,411
Other	5,533	793,595	799,128
Total	12,798	1,008,741	1,021,539
National Interest Account: Insurance Contracts			
Other	4,180	-	4,180
Total	4,180	-	4,180
TCRF Account: Insurance Contracts			
Asset-backed	4,620	26,757	31,377
Other	-	1,000	1,000
Total	4,620	27,757	32,377
Guarantees & Insurance Account: Financial Guarantees			
TCRF Account: Financial Guarantees	3,270	145,400	148,670
Total	8,154	269,532	277,686
Grand total	29,752	1,306,030	1,335,782
Expected loss, net of reinsurance			
Guarantees & Insurance Account: Insurance Contracts			
Asset-backed	4,664	114,772	119,436
Other	5,457	657,588	663,045
Total	10,121	772,360	782,481
National Interest Account: Insurance Contracts			
Other	2,937	-	2,937
Total	2,937	-	2,937
TCRF Account: Insurance Contracts			
Asset-backed	4,620	9,329	13,949
Other	-	1,000	1,000
Total	4,620	10,329	14,949
Guarantees & Insurance Account: Financial Guarantees			
TCRF Account: Financial Guarantees	3,270	145,400	148,670
Total	8,154	269,532	277,686
Grand total	25,832	1,052,221	1,078,053

Information is presented based on the grade of the ultimate obligor.

There are no amounts at risk and expected loss on the Pre-1991 Guarantees and Insurance Account.

Insurance assets – unrecovered claims

When a default event occurs, UKEF will seek to recover the amount of any claims paid under the insurance policy or guarantee. The total amount of the unrecovered claim is recorded within unrecovered claims, with a provision made for any amount estimated to be irrecoverable. Such provisions are determined on a case-by-case or, for sovereign risk, sometimes on a country-by-country basis and are derived from assessments of the likely recovery. Provisions are arrived at by using a variety of information including payment performance, expected Paris Club treatment, International Monetary Fund/World Bank debt sustainability analysis, and UKEF's own assessment of the economic risk.

Additionally, for certain unrecovered claims (e.g. related to guarantees for aerospace asset-backed financing), the amounts estimated as being recoverable will also be partly dependent on the value of the underlying assets. These are determined on the basis of industry standard worst-case values provided by an independent valuer. Individual provisions on unrecovered claims within the aerospace portfolio are assessed on a case-by-case basis. For cases where the aircraft remain with the airline during and following a debt restructuring, the calculation of provisions, using a portfolio risk model, aligns the calculation of provisions and expected loss as closely as possible with the calculation of expected loss for performing cases. For cases where aircraft are remarketed and sold or placed on an operating lease following repossession from the original airline, provisions are based on the current value of the exposure, less expected recoveries net of estimated future costs.

For claims paid under insurance contracts written in underwriting years still open, provisions are charged against the balance of the underwriting fund for the relevant underwriting year. Any excess of provisions over the available underwriting fund for the year is charged to net income. Any provisions against paid claims on insurance contracts written in years where the underwriting funds have been released are charged directly to net income.

The following table provides information regarding the credit exposure of the recoverable claims and related interest as at 31 March 2024:

	Investment grade	Non-investment grade	Total
	£'000	£'000	£'000
Recoverable claims – gross			
Pre-1991 Guarantees & Insurance Account	-	149,924	149,924
Guarantees & Insurance Account	-	532,686	532,686
Total	-	682,610	682,610
Recoverable claims – net of provisions			
Pre-1991 Guarantees & Insurance Account	-	34,163	34,163
Guarantees & Insurance Account	-	323,173	323,173
Total	-	357,336	357,336
Interest on unrecovered claims – gross			
Pre-1991 Guarantees & Insurance Account	-	462,098	462,098
Guarantees & Insurance Account	-	193,723	193,723
Total	-	655,821	655,821
Interest on unrecovered claims – net of provisions			
Pre-1991 Guarantees & Insurance Account	-	55,661	55,661
Guarantees & Insurance Account	-	390	390
Total	-	56,051	56,051

The following table provides information regarding the credit exposure of recoverable claims and related interest as at 31 March 2023:

	Investment grade	Non-investment grade	Total
	£'000	£'000	£'000
Recoverable claims – gross			
Pre-1991 Guarantees & Insurance Account	-	197,548	197,548
Guarantees & Insurance Account	-	362,693	362,693
Total	-	560,241	560,241
Recoverable claims – net of provisions			
Pre-1991 Guarantees & Insurance Account	-	69,265	69,265
Guarantees & Insurance Account	-	150,653	150,653
Total	-	219,918	219,918
Interest on unrecovered claims – gross			
Pre-1991 Guarantees & Insurance Account	-	477,050	477,050
Guarantees & Insurance Account	-	184,508	184,508
Total	-	661,558	661,558
Interest on unrecovered claims – net of provisions			
Pre-1991 Guarantees & Insurance Account	-	72,793	72,793
Guarantees & Insurance Account	-	356	356
Total	-	73,149	73,149

18(c)(ii) Credit concentration risk

UKEF assesses its concentration risk, and its exposure to catastrophic loss, through controls which set limits for exposure to individual countries. Additionally, the Enterprise Risk and Credit Committee reviews large corporate risks on a case-by-case basis, considering UKEF's risk appetite for new business in a given country and the rating and financial profile of the corporate concerned.

Information is presented based on the geographical location of the ultimate obligor.

The table below provides an indication of the concentration of credit risk within the UKEF Guarantees and Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolios as at 31 March 2024:

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
Amounts at risk, gross of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	2,954,767	324,611	837,777	486,405	4,603,560
Other	8,607,096	405,075	8,764,624	1,013,865	18,790,660
Total	11,561,863	729,686	9,602,401	1,500,270	23,394,220
National Interest Account: Insurance Contracts					
Other	1,378,188	-	1,659,388	-	3,037,576
Total	1,378,188	-	1,659,388	-	3,037,576
TCRF Account: Insurance Contracts					
Asset-backed	957,986	-	452,717	132,049	1,542,752
Other	14,243	-	-	-	14,243
Total	972,229	-	452,717	132,049	1,556,995
Guarantees & Insurance Account: Financial Guarantees					
	6,850,991	1,293,729	-	1,082,200	9,226,920
TCRF Account: Financial Guarantees					
	2,041,842	-	-	-	2,041,842
Total	8,892,833	1,293,729	-	1,082,200	11,268,762
Grand total	22,805,113	2,023,415	11,714,506	2,714,519	39,257,553
Amounts at risk, net of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	1,442,828	287,351	837,777	264,504	2,832,460
Other	4,594,715	405,075	8,625,408	1,013,866	14,639,064
Total	6,037,543	692,426	9,463,185	1,278,370	17,471,524
National Interest Account: Insurance Contracts					
Other	330,477	-	1,659,388	-	1,989,865
Total	330,477	-	1,659,388	-	1,989,865

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
TCRF Account: Insurance Contracts					
Asset-backed	230,603	-	452,715	132,050	815,368
Other	14,243	-	-	-	14,243
Total	244,846	-	452,715	132,050	829,611
Guarantees & Insurance Account: Financial Guarantees	6,850,991	1,293,729	-	1,082,200	9,226,920
TCRF Account: Financial Guarantees	2,041,842	-	-	-	2,041,842
Total	8,892,833	1,293,729	-	1,082,200	11,268,762
Grand total	15,505,699	1,986,155	11,575,288	2,492,620	31,559,762

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000

Expected loss, gross of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	41,520	3,089	4,479	17,161	66,249
Other	243,317	3,944	362,026	120,276	729,563
Total	284,837	7,033	366,505	137,437	795,812
National Interest Account: Insurance Contracts					
Other	190,433	-	2,407	-	192,840
Total	190,433	-	2,407	-	192,840
TCRF Account: Insurance Contracts					
Asset-backed	4,090	-	3,294	615	7,999
Other	700	-	-	-	700
Total	4,790	-	3,294	615	8,699
Guarantees & Insurance Account: Financial Guarantees	144,164	11,620	-	19,293	175,077
TCRF Account: Financial Guarantees	30,439	-	-	-	30,439
Total	174,603	11,620	-	19,293	205,516
Grand total	654,663	18,653	372,206	157,345	1,202,867

Expected loss, net of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	18,754	3,004	4,479	11,140	37,377
Other	119,651	3,944	355,647	120,276	599,518
Total	138,405	6,948	360,126	131,416	636,895
National Interest Account: Insurance Contracts					
Other	189,248	-	2,407	-	191,655
Total	189,248	-	2,407	-	191,655

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
TCRF Account: Insurance Contracts					
Asset-backed	1,529	-	3,294	615	5,438
Other	700	-	-	-	700
Total	2,229	-	3,294	615	6,138
Guarantees & Insurance Account: Financial Guarantees	144,164	11,620	-	19,293	175,077
TCRF Account: Financial Guarantees	30,439	-	-	-	30,439
Total	174,603	11,620	-	19,293	205,516
Grand total	504,485	18,568	365,827	151,324	1,040,204

The following table provides an indication of the concentration of credit risk within the UKEF Guarantees and Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolio as at 31 March 2023:

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
Amounts at risk, gross of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	2,744,752	293,538	901,292	645,247	4,584,829
Other	6,588,356	481,852	9,556,541	1,261,969	17,888,718
Total	9,333,108	775,390	10,457,833	1,907,216	22,473,547
National Interest Account: Insurance Contracts					
Other	590	-	3,101,556	-	3,102,146
Total	590	-	3,101,556	-	3,102,146
TCRF Account: Insurance Contracts					
Asset-backed	867,333	-	636,940	147,180	1,651,453
Other	16,890	-	-	-	16,890
Total	884,223	-	636,940	147,180	1,668,343
Guarantees & Insurance Account: Financial Guarantees	3,715,210	1,332,878	-	665,208	5,713,296
TCRF Account: Financial Guarantees	6,266,372	-	-	-	6,266,372
Total	9,981,582	1,332,878	-	665,208	11,979,668
Grand total	20,199,503	2,108,268	14,196,329	2,719,604	39,223,704
Amounts at risk, net of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	1,332,653	251,234	901,292	452,348	2,937,527
Other	3,548,249	481,852	9,385,737	1,261,970	14,677,808
Total	4,880,902	733,086	10,287,029	1,714,318	17,615,335

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
National Interest Account: Insurance Contracts					
Other	590	-	1,996,091	-	1,996,681
Total	590	-	1,996,091	-	1,996,681
TCRF Account: Insurance Contracts					
Asset-backed	222,870	-	498,060	147,179	868,109
Other	16,890	-	-	-	16,890
Total	239,760	-	498,060	147,179	884,999
Guarantees & Insurance Account: Financial Guarantees	3,715,210	1,332,878	-	665,208	5,713,296
TCRF Account: Financial Guarantees	6,266,372	-	-	-	6,266,372
Total	9,981,582	1,332,878	-	665,208	11,979,668
Grand total	15,102,834	2,065,964	12,781,180	2,526,705	32,476,683

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
Expected loss, gross of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	136,410	20,506	10,515	54,980	222,411
Other	260,145	5,232	343,502	190,249	799,128
Total	396,555	25,738	354,017	245,229	1,021,539
National Interest Account: Insurance Contracts					
Other	390	-	3,790	-	4,180
Total	390	-	3,790	-	4,180
TCRF Account: Insurance Contracts					
Asset-backed	21,270	-	7,600	2,507	31,377
Other	1,000	-	-	-	1,000
Total	22,270	-	7,600	2,507	32,377
Guarantees & Insurance Account: Financial Guarantees	106,187	17,295	-	5,534	129,016
TCRF Account: Financial Guarantees	148,670	-	-	-	148,670
Total	254,857	17,295	-	5,534	277,686
Grand total	674,072	43,033	365,407	253,270	1,335,782
Expected Loss, net of reinsurance					
Guarantees & Insurance Account: Insurance Contracts					
Asset-backed	51,917	20,048	10,515	36,956	119,436
Other	132,023	5,232	335,541	190,249	663,045

	Europe	Americas	Middle East and Africa	Asia Pacific	Total
	£'000	£'000	£'000	£'000	£'000
Total	183,940	25,280	346,056	227,205	782,481
National Interest Account: Insurance Contracts					
Other	390	-	2,547	-	2,937
Total	390	-	2,547	-	2,937
TCRF Account: Insurance Contracts					
Asset-backed	5,930	-	5,512	2,507	13,949
Other	1,000	-	-	-	1,000
Total	6,930	-	5,512	2,507	14,949
Guarantees & Insurance Account: Financial Guarantees	106,187	17,295	-	5,534	129,016
TCRF Account: Financial Guarantees	148,670	-	-	-	148,670
Total	254,857	17,295	-	5,534	277,686
Grand total	446,117	42,575	354,115	235,246	1,078,053

18(c)(iii) Foreign currency risk

Insurance assets – unrecovered claims

A material proportion of UKEF's insurance guarantees and policies are written in US Dollars, exposing UKEF to significant foreign currency risk. As noted above, UKEF is not permitted to hedge its exposure to foreign currency.

The following table sets out the underlying currency of UKEF's insurance assets at 31 March 2024:

	Pound sterling	US dollar	Other	Total
	£'000	£'000	£'000	£'000
Recoverable claims				
- Gross	264,168	220,988	197,454	682,610
- Provisions	(218,929)	(71,454)	(34,891)	(325,274)
Interest on unrecovered claims				
- Gross	573,799	75,940	6,082	655,821
- Provisions	(519,850)	(73,837)	(6,083)	(599,770)
Net insurance assets at 31 March 2024	99,188	151,637	162,562	413,387

The sensitivity to changes in foreign exchange of US dollar denominated net insurance assets at 31 March 2024 is as follows:

- 10% increase would increase the carrying value by £13,785,000 (31 March 2023: £8,714,000)
- the sensitivity of insurance assets denominated in other currencies is not considered significant

The following table sets out the underlying currency of UKEF's insurance assets at 31 March 2023:

	Pound sterling	US dollar	Other	Total
	£'000	£'000	£'000	£'000
Recoverable claims				
- Gross	271,820	143,539	144,882	560,241
- Provisions	(224,269)	(63,366)	(52,688)	(340,323)
Interest on unrecovered claims				
- Gross	565,978	89,483	6,097	661,558
- Provisions	(508,507)	(73,805)	(6,097)	(588,409)
Net insurance assets at 31 March 2023	105,022	95,851	92,194	293,067

18(d) Liquidity risk

Liquidity risk is the risk that a business, though solvent on a Statement of Financial Position basis, either does not have the financial resources to meet its obligations as they fall due or can secure those resources only at excessive cost. As a department of HM Government, UKEF has access to funds required to meet its obligations as they fall due, drawing on funds from the Exchequer as required.

The scheduled maturity profile of UKEF's insurance contracts and financial guarantees, expressed in terms of total amounts at risk and the dates at which those periods of risk expire, is set out in the following table:

	One year or less	Between one and five years	Between five and 10 years	Between 10 and 15 years	Between 15 years and more	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 2024:						
Guarantees & Insurance Account: Insurance Contracts						
Gross amounts at risk	2,942,098	9,320,270	7,796,267	3,012,507	323,078	23,394,220
Less: amounts at risk ceded to reinsurers	(709,267)	(2,231,659)	(1,844,177)	(936,150)	(201,443)	(5,922,696)
Net amounts at risk	2,232,831	7,088,611	5,952,090	2,076,357	121,635	17,471,524
National Interest Account: Insurance Contracts						
Gross amounts at risk	620,666	2,108,025	241,424	67,461	-	3,037,576
Less: amounts at risk ceded to reinsurers	(247,424)	(792,217)	(8,070)	-	-	(1,047,711)
Net amounts at risk	373,242	1,315,808	233,354	67,461	-	1,989,865
TCRF Account: Insurance Contracts						
Gross amounts at risk	184,278	692,915	659,644	20,158	-	1,556,995
Less: amounts at risk ceded to reinsurers	(84,756)	(322,172)	(309,701)	(10,755)	-	(727,384)

	One year or less	Between one and five years	Between five and 10 years	Between 10 and 15 years	Between 15 years and more	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net amounts at risk	99,522	370,743	349,943	9,403	-	829,611
Guarantees & Insurance Account: Financial Guarantees						
Gross amounts at risk	4,769,558	4,277,670	179,692	-	-	9,226,920
Less: amounts at risk ceded to reinsurers	-	-	-	-	-	-
Net amounts at risk	4,769,558	4,277,670	179,692	-	-	9,226,920
TCRF Account: Financial Guarantees						
Gross amounts at risk	2,041,842	-	-	-	-	2,041,842
Less: amounts at risk ceded to reinsurers	-	-	-	-	-	-
Net amounts at risk	2,041,842	-	-	-	-	2,041,842
Grand total – Net amounts at risk	9,516,995	13,052,832	6,715,079	2,153,221	121,635	31,559,762

	One year or less	Between one and five years	Between five and 10 years	Between 10 and 15 years	Between 15 years and more	Total
	£'000	£'000	£'000	£'000	£'000	£'000

As at 31 March 2023:

Guarantees & Insurance Account: Insurance Contracts						
Gross amounts at risk	4,000,303	8,879,112	6,409,286	2,788,119	396,727	22,473,547
Less: amounts at risk ceded to reinsurers	(690,016)	(2,053,136)	(1,349,013)	(668,886)	(97,161)	(4,858,212)
Net amounts at risk	3,310,287	6,825,976	5,060,273	2,119,233	299,566	17,615,335
National Interest Account: Insurance Contracts						
Gross amounts at risk	341,828	2,373,320	386,998	-	-	3,102,146
Less: amounts at risk ceded to reinsurers	(130,119)	(867,940)	(107,406)	-	-	(1,105,465)
Net amounts at risk	211,709	1,505,380	279,592	-	-	1,996,681
TCRF Account: Insurance Contracts						
Gross amounts at risk	176,271	671,144	740,815	80,113	-	1,668,343
Less: amounts at risk ceded to reinsurers	(81,094)	(310,769)	(350,193)	(41,288)	-	(783,344)
Net amounts at risk	95,177	360,375	390,622	38,825	-	884,999
Guarantees & Insurance Account: Financial Guarantees						
Gross amounts at risk	1,672,943	4,018,037	22,316	-	-	5,713,296
Less: amounts at risk ceded to reinsurers	-	-	-	-	-	-
Net amounts at risk	1,672,943	4,018,037	22,316	-	-	5,713,296

	One year or less	Between one and five years	Between five and 10 years	Between 10 and 15 years	Between 15 years and more	Total
	£'000	£'000	£'000	£'000	£'000	£'000
TCRF Account: Financial Guarantees						
Gross amounts at risk	3,733,569	2,532,803	-	-	-	6,266,372
Less: amounts at risk ceded to reinsurers	-	-	-	-	-	-
Net amounts at risk	3,733,569	2,532,803	-	-	-	6,266,372
Grand total – Net amounts at risk	9,023,685	15,242,571	5,752,803	2,158,058	299,566	32,476,683

By the nature of some of UKEF's products, significant payments could be required within a few days in the event of default. The necessary arrangements for this have been pre-agreed with HM Treasury.

18(e) Risk measurement

UKEF uses its own portfolio risk simulation model (PRISM) to undertake all portfolio-level credit risk modelling, and to monitor and report on its potential future exposure for its Guarantees and Insurance Account, National Interest Account and Temporary COVID-19 Risk Framework Account insurance business. See Chief Risk Officer's report, portfolio modelling section.

Scenario analysis and stress testing

UKEF uses PRISM to conduct regular scenario analysis and stress testing of the Guarantees and Insurance Account, the National Interest Account and the Temporary COVID-19 Support Account portfolios as a central part of UKEF's risk management framework, using criteria endorsed by the Enterprise Risk and Credit Committee (ERiCC) and reviewed by the board and Risk Committee. These simulate specific potential events, such as financial crises by geographical region or industry sector deterioration, and movements in the main factors that determine the insurance risk faced by the organisation. In addition to this, climate considerations and related scenarios are being considered as part of the portfolio risk management processes and reporting (for more details see the Chief Risk Officer's report in the Performance section).

The following table sets out the impact of stress tests on credit ratings, persistence of default and recovery rates, on: (i) total Expected Loss, and (ii) Statement of Comprehensive Net Income, which for insurance contracts, takes account of the utilisation of the underwriting fund.

	Across the board ratings downgrade by		Increased persistence	Reduced recovery rates
	1 notch	2 notches	+ 2 years	-20%
	£'000	£'000	£'000	£'000
As at 31 March 2024:				
Guarantees & Insurance Account: Insurance Contracts				
- Increase in expected loss	184,295	400,968	46,664	183,963
- Decrease in net income for the year	(25,704)	(81,416)	-	(31,277)
National Interest Account: Insurance Contracts				
- Increase in expected loss	52,132	65,415	436	11,066
- Decrease in net income for the year	(51,153)	(60,755)	-	(9,862)
TCRF Account: Insurance Contracts				
- Increase in expected loss	2,422	6,633	-	15
- Decrease in net income for the year	(142)	(200)	-	-
Guarantees & Insurance Account: Financial Guarantees				
- Decrease in net income for the year	-	(3,600)	-	-
As at 31 March 2023:				
Guarantees & Insurance Account: Insurance Contracts				
- Increase in expected loss	165,089	407,986	61,266	234,539
- Decrease in net income for the year	(21,714)	(95,110)	-	(41,524)
National Interest Account: Insurance Contracts				
- Increase in expected loss	1,226	5,507	1,324	1,276
- Decrease in net income for the year	-	(192)	-	-
TCRF Account: Insurance Contracts				
- Increase in expected loss	6,542	18,080	-	65
- Decrease in net income for the year	-	-	-	-
Guarantees & Insurance Account: Financial Guarantees				
- Decrease in net income for the year	(40)	(27,985)	-	-

There is no remaining exposure on the Pre-1991 Guarantees and Insurance Account.

Sensitivity analysis for Temporary COVID-19 Support Account Financial Guarantee Contracts is not considered to have any significant impact on net income for the year.

19. Capital loan commitments

The following table summarises the movement in amounts authorised and available to be drawn on issued and effective lending products, which are accounted for on an amortised cost basis under IAS 39:

	Direct Lending Account	Total
	£'000	£'000
Movements:		
Balance at 1 April 2022	1,003,183	1,003,183
Loans issued and effective	320,863	320,863
Amounts drawn	(321,911)	(321,911)
Net foreign exchange adjustments	57,656	57,656
Change in cover	(40,854)	(40,854)
Balance at 31 March 2023	1,018,937	1,018,937
Loans issued and effective	779,297	779,297
Amounts drawn	(741,169)	(741,169)
Net foreign exchange adjustments	(24,040)	(24,040)
Change in cover	(128,004)	(128,004)
Balance at 31 March 2024	905,021	905,021

20. Direct Lending Impairment – Prior Period Adjustment

The 2022/23 accounts have been restated to incorporate the impact of an adjustment for impairment. This adjustment increased the Net Operating Income by £29,423,000. The Statement and Comprehensive Net Income, Statement of Financial Position and related notes have been restated with the below tables showing the summarised impact. The Statement of Parliamentary Supply was not restated, the effect has been accounted for in 2023/24.

Statement of Parliamentary Supply

	As reported 2022/23	Adjustment	As reported 2022/23
	£'000	£'000	£'000
Total Resource AME Outturn	(302,951)	-	(302,951)

Restated Statement of Comprehensive Net Income

	As reported 2022/23	Adjustment	As restated 2022/23
	£'000	£'000	£'000
Impairment of uninsured capital loans	58,790	(29,423)	29,367
Net Operating Income	(302,951)	(29,423)	(332,374)

Restated Statement of Financial Position

	As reported 2022/23	Adjustment	As restated 2022/23
	£'000	£'000	£'000
Loans and Recievables	2,562,182	29,423	2,591,605
General Fund	(650,319)	29,423	(620,896)

21. Entities within the departmental boundary

The Export Guarantees Advisory Council is an advisory Expert Committee, which falls within the departmental boundary. For details, refer to the council's annual report included within the performance report of this annual report and accounts.

22. Related party transactions

UKEF is a government department and consequently has had various transactions with other government departments and other central government bodies.

None of the members of UKEF's Board or their related parties has undertaken any material transactions with UKEF during the year.

23. Events after the reporting period

In accordance with the requirements of IAS 10 Events After the Reporting Period, events are considered up to the date on which the accounts are authorised for issue. The date the accounts are authorised for issue is interpreted as the same date the accounts are certified by the Comptroller and Auditor General.

In April 2024, a MoU was signed by the creditors of the Government of Zambia on the terms of a debt restructuring. The UK, as a major member of the IMF and the Paris Club, was party to the agreement. This affects one loan that UKEF has issued to Zambia. UKEF will implement the terms via an amendment to the loan agreement in 2024-25. The restructure is significant and so under accounting standards, in the 2024-25 accounts, UKEF must derecognise the financial asset it currently holds representing a loan to Zambia and will recognise a new financial asset representing the restructured loan under the new terms when signed. The overall impact of this will be a gain to profit and loss because the initial fair value at recognition of the restructured loan will be higher than the impaired value of the original loan. This arises due to the difference between the effective interest rate of the original loan (used to derive the impaired value of the original loan) and today's discount rates (used to derive the valuation of the restructured loan). The gain to profit and loss for 2024-25 is currently unconfirmed as it will be dependent upon the market discount rates and foreign exchange rates at the time the amended loan agreement is signed. Upon signature of the MoU, UKEF is required to return approximately US\$37 million to Zambia of principal and interest repayments they made during 2023. The refund will be made in 2024/25.