

# **Financial Statements**

**April 30, 2004**



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**Report of Independent Auditors**

**To the Board of Governors  
of the International Monetary Fund:**

In our opinion, the accompanying balance sheets and the related statements of income, changes in resources and cash flows give a true and fair view of the financial condition of the General Department of the International Monetary Fund (the "IMF") as at April 30, 2004 and 2003, and its results of operations and cash flows for the years then ended in conformity with International Financial Reporting Standards. These financial statements are the responsibility of the IMF's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 164 to 169 is presented for purposes of adding additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

June 7, 2004

**General Department**  
**Balance Sheets**  
**as at April 30, 2004 and 2003**  
*(In thousands of SDRs)*

	2004	2003	2004	2003
<b>Assets</b>				
Credit outstanding .....		65,977,977		
Usable currencies .....	62,152,682	97,028,740	212,654	244,544
Other currencies .....	103,261,911	47,692,348	100,189	140,347
Total currencies (Notes 3 and 4) .....	46,671,529	210,699,065	1,495,019	1,401,019
SDR holdings .....	212,086,122	962,641	1,807,862	1,785,910
Gold holdings (Note 5) .....	506,029	5,851,771		
Receivables (Note 6) .....	5,851,771	576,570		
Other assets (Notes 7 and 14) .....	517,002	714,092		
Investments held in the Special Disbursement Account (Note 8) .....	751,655	2,590,349		
Structural Adjustment Facility loans (Note 3) .....	2,630,804	136,816		
Total Assets .....	85,908	221,531,304	2,716,712	2,727,165
	222,429,291		222,429,291	221,531,304
<b>Liabilities and Resources</b>				
Liabilities:				
Remuneration payable .....				
Other liabilities .....				
Special Contingent Account (Note 10) .....				
Total Liabilities .....				
Members' Resources:				
Quotas, represented by: .....				
Reserve tranche positions (Notes 2 and 4) .....				
Subscription payments: Usable .....				
Other .....				
Total quotas .....				
Reserves of the General Resources Account .....				
Accumulated resources of the Special Disbursement Account .....				
Total Liabilities and Resources .....				

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau  
Director, Finance Department

/s/ Rodrigo de Rato  
Managing Director

**General Department**  
**Income Statements**  
**for the Years Ended April 30, 2004 and 2003**  
*(In thousands of SDRs)*

	<b>2004</b>	<b>2003</b>
Operational Income		
Interest and charges (Note 6) .....	2,231,678	2,295,250
Interest on SDR holdings .....	16,630	28,038
Investment income of the Special Disbursement Account .....	40,938	61,431
Other charges and income (Note 6) .....	90,676	131,629
	<u>2,379,922</u>	<u>2,516,348</u>
Operational Expenses		
Remuneration (Note 9) .....	966,404	1,201,347
Administrative Expenses (Note 13) .....	548,792	607,086
	<u>1,515,196</u>	<u>1,808,433</u>
Total Net Income .....	<u>864,726</u>	<u>707,915</u>
Net Income of the General Department comprises:		
Net income of the General Resources Account .....	823,788	646,484
Income of the Special Disbursement Account .....	40,938	61,431
	<u>864,726</u>	<u>707,915</u>

The accompanying notes are an integral part of these financial statements.

**General Department**  
**Statements of Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	General Resources Account			Total Reserves	Special Disbursement Account Accumulated Resources
	Quotas	Special Reserve	General Reserve		
Balance at April 30, 2002	212,415,900	2,391,224	1,249,221	3,640,445	2,878,993
Quota subscriptions	315,400	—	—	—	—
Net (loss)/income	—	(9,770)	656,254	646,484	61,431
Transfers to the PRGF Trust	—	—	—	—	(149,259)
Transfers to the PRGF-HIPC Trust	—	—	—	—	(64,000)
Balance at April 30, 2003	<u>212,731,300</u>	<u>2,381,454</u>	<u>1,905,475</u>	<u>4,286,929</u>	<u>2,727,165</u>
Quota subscriptions	62,700	—	—	—	—
Net income	—	33,981	789,807	823,788	40,938
Transfers from the Supplementary Financing Facility Subsidy Account	—	—	—	—	139
Transfers from the PRGF Trust	—	—	—	—	6,170
Transfers to the PRGF-HIPC Trust	—	—	—	—	(57,700)
Balance at April 30, 2004	<u>212,794,000</u>	<u>2,415,435</u>	<u>2,695,282</u>	<u>5,110,717</u>	<u>2,716,712</u>

The accompanying notes are an integral part of these financial statements.

**General Department**  
**Statements of Cash Flows**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	2004	2003
<b>Usable currencies and SDRs from operating activities</b>		
Net income .....	864,726	707,915
Adjustments to reconcile net income to usable resources generated by operations:		
Changes in receivables and other assets .....	22,005	(37,005)
Changes in remuneration payable and other liabilities .....	(72,048)	(8,046)
Increase in the Special Contingent Account .....	94,000	94,000
Usable currencies and SDRs from credit to members:		
Purchases in currencies and SDRs, including reserve tranche purchases .....	(17,829,722)	(21,783,516)
Repurchases in currencies and SDRs .....	21,638,613	7,783,894
Repayments of Structural Adjustment Facility loans .....	50,908	204,876
<b>Net usable currencies and SDRs provided by (used in) operating activities .....</b>	<b>4,768,482</b>	<b>(13,037,882)</b>
<b>Usable currencies and SDRs from investment activities</b>		
Net acquisition of investments by the Special Disbursement Account .....	(40,455)	(53,048)
<b>Net usable currencies and SDRs used by investment activities .....</b>	<b>(40,455)</b>	<b>(53,048)</b>
<b>Usable currencies and SDRs from financing activities</b>		
Subscription payments in SDRs and usable currencies .....	15,675	78,850
Changes in composition of usable currencies .....	1,084,248	7,271,790
Transfers to the PRGF Trust, PRGF-HIPC Trust, and other accounts .....	(51,391)	(213,259)
<b>Net usable currencies and SDRs provided by financing activities .....</b>	<b>1,048,532</b>	<b>7,137,381</b>
Net increase (decrease) in usable currencies and SDRs .....	5,776,559	(5,953,549)
Usable currencies and SDRs, beginning of period .....	97,991,381	103,944,930
<b>Usable currencies and SDRs, end of period .....</b>	<b>103,767,940</b>	<b>97,991,381</b>

The accompanying notes are an integral part of these financial statements.

## General Department

### Notes to the Financial Statements as at April 30, 2004 and 2003

#### 1. Purpose and Organization

The IMF is an international organization of 184 member countries. It was established to promote international monetary cooperation and exchange stability and to maintain orderly exchange arrangements among members; to facilitate the expansion and balanced growth of international trade, and contribute thereby to the promotion and maintenance of high levels of employment; and to provide temporary financial assistance to member countries under adequate safeguards to help ease balance of payments adjustment. The IMF conducts its operations and transactions through the General Department and the Special Drawing Rights Department (the SDR Department). The General Department consists of the General Resources Account (GRA), the Special Disbursement Account (SDA), and the Investment Account. The latter has not been established. The IMF also administers trusts and accounts established to perform financial and technical services and financial operations consistent with the purposes of the IMF. The resources of these trusts and accounts are contributed by members or the IMF through the SDA. The financial statements of the SDR Department and these trusts and accounts are presented separately.

#### General Resources Account

The GRA holds the general resources of the IMF. Its resources reflect the receipt of quota subscriptions, use and repayment of IMF credit, collection of charges on the use of credit, payment of remuneration on creditor positions, borrowings, and payment of interest and repayment of borrowings.

#### Special Disbursement Account

The assets and resources of the SDA are held separately from other accounts of the General Department. Resources of the SDA include transfers received from the Trust Fund, a trust administered by the IMF as trustee (in liquidation), and part of the proceeds from the sales of the IMF's gold in the past. Income from the investment of gold profits in the SDA is to be transferred, as needed, to the Poverty Reduction and Growth Facility—Heavily Indebted Poor Countries Trust (PRGF-HIPC Trust), in accordance with decisions of the IMF. The SDA also holds outstanding loans extended under the Structural Adjustment Facility (SAF), which was established in March 1986 to provide balance of payments assistance on concessional terms to qualifying low-income developing country members.

Assets that exceed the financing needs of the SDA, excluding investments arising from the sales of gold undertaken pursuant to the 1999 decision on gold sales by the IMF, are transferred to the Reserve Account of the Poverty Reduction and Growth Facility Trust (PRGF Trust), which is administered separately by the IMF as trustee.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Revenue and Expense Recognition

The financial statements are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

##### Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000, and the new composition of the SDR valuation basket became effective on January 1, 2001. The currencies in the basket as of April 30, 2004 and 2003 and their amounts were as follows:

Currency	Amount
Euro	0.4260
Japanese yen	21.0000
Pound sterling	0.0984
U.S. dollar	0.5770

As of April 30, 2004, one SDR was equal to 1.45183 U.S. dollars (one SDR was equal to 1.38391 U.S. dollars as of April 30, 2003).

##### Credit Outstanding

The IMF provides balance of payments assistance in accordance with established policies by selling to members, in exchange for their own currencies, SDRs or currencies of other members. When members make purchases, they incur obligations to repurchase the IMF's holdings of their currencies arising from the purchases within specified periods by payments in SDRs or other currencies, as determined by the IMF. IMF credit is subject to specific repayment schedules over periods which vary depending on the type of facility used. Members are entitled to repurchase, at any time, the IMF's holdings of their currencies on which charges are levied and are expected to make repurchases as and when their balance of payments and reserve position improve.

The repurchase policies of the IMF are intended to ensure the revolving character of its resources. Programs supported by the IMF are guided by the requirement that members should be able to make repurchases in accordance with the normal terms of borrowing referred to as the obligation schedule, for the respective facilities. In keeping with a long-standing principle of the IMF that its resources should be repaid as soon as the balance of payments and reserve position improve, borrowers in a position to do so are expected to make repurchases ahead of the original schedule under pre-determined expectation schedules. However, if a member's external position is not sufficiently strong, it may request repayments on the expectation schedule be extended to the original obligation schedule by a period of up to one year for credit tranche and Supplemental Reserve Facility purchases (up to six months for purchases after February 21, 2003) or three years for Extended Fund Facility purchases. A member is considered overdue only after failure to make a payment on the repurchase obligation schedule.

### Overdue Obligations and the Burden Sharing Mechanism

It is the policy of the IMF to exclude from current income charges due by members that are six months or more overdue in meeting payments to the IMF. The IMF fully recovers this lost income from unpaid charges under the burden sharing mechanism, through adjustments, in the current period, to the rates of charge and remuneration. Members that have borne the financial consequences of overdue charges receive refunds to the extent that overdue charges that had given rise to burden sharing adjustments are settled.

An impairment loss is recognized only if there is objective evidence of impairment as a result of a past event that occurred after initial recognition, and is determined as the difference between the credit outstanding's carrying amount and the present value of the estimated future cash flows.

### First Special Contingent Account

In view of the risk resulting from overdue credit, the IMF accumulates balances in the first Special Contingent Account (SCA-1). Losses arising from overdue principal, if realized, would be charged against the SCA-1. The IMF has not realized any losses on overdue financial obligations. However, the IMF considers it prudent to maintain the SCA-1 as added protection until all arrears are fully settled. Balances in the SCA-1 are to be distributed to the members that shared the cost of its financing when there are no outstanding overdue repurchases and charges, or at such earlier time as the IMF may decide.

### Currencies

Currencies consist of members' currencies and securities held by the IMF. Each member has the option to substitute non-negotiable and non-interest-bearing securities for the IMF's holdings of its currency that exceed ¼ of 1 percent of the member's quota. These securities are encashable by the IMF on demand.

Each member is required to pay to the IMF its initial quota and subsequent quota increases partly in its own currency, with the remainder to be paid in usable currencies prescribed by the IMF, or SDRs. One exception was the quota increase of 1978, which was paid entirely in members' own currencies.

### Usable Currencies

Usable currencies consist of currencies of members considered by the IMF to have strong balance of payments and reserve positions. These currencies are included in the IMF's financial transactions plan to finance purchases and other transfers of the IMF. Participation in the financial transactions plan is reviewed on a quarterly basis. The IMF considers cash and cash equivalents to be usable currencies and SDR holdings. The changes in non-usable currency result from the IMF's transactions (purchases and repurchases) where a member's currency is exchanged for another member's currency, or from the inclusion/exclusion of a member's currency in the IMF's transaction plan.

### Valuation of Currencies

Currencies, including securities, are valued in terms of the SDR on the basis of the currency/SDR exchange rate determined for each currency. Securities are not marketable, but can be converted into cash on demand. Each member is obligated to maintain, in terms of the SDR, the value of the balances of its currency held by the IMF in the GRA. This requirement is referred to as

the maintenance-of-value obligation. Whenever the IMF revalues its holdings of a member's currency, a receivable or a payable is established for the amount required to maintain the SDR value of the IMF's holdings of that currency. The currency balances in the balance sheet include these receivables and payables. All currencies were revalued in terms of the SDR on April 30, 2004 and 2003.

### SDR Holdings

Although SDRs are not allocated to the IMF, the IMF may acquire, hold, and dispose of SDRs through the GRA. The IMF receives SDRs from members in the settlement of their financial obligations to the IMF and uses SDRs in transactions and operations with members. The IMF earns interest on its SDR holdings at the same rate as all other holders of SDRs.

### SDR Interest Rate

The SDR interest rate is determined weekly by reference to a combined market interest rate, which is a weighted average of yields on short-term instruments in the capital markets of the euro area, Japan, the United Kingdom, and the United States.

### Gold Holdings

The Articles of Agreement limit the use of gold in the IMF's operations and transactions. Any use provided for in the Articles requires a decision adopted by an 85 percent majority of the total voting power. In accordance with the provisions of the Articles, whenever the IMF sells gold held on the date of the Second Amendment of the IMF's Articles of Agreement (April 1, 1978), the portion of the proceeds equivalent at the time of sale to one SDR per 0.888671 gram of fine gold, which is equal to SDR 35 per fine troy ounce, must be placed in the GRA. Any excess over this value will be held in the SDA or transferred to the Investment Account. The IMF may also sell gold held on the date of the Second Amendment to those members that were members on August 31, 1975, in proportion to their quotas on that date, in exchange for their own currencies, at a price equivalent at the time of sale to one SDR per 0.888671 gram of fine gold.

The IMF values its gold holdings at historical cost using the specific identification method (see Note 5).

### SAF Loans in the Special Disbursement Account

Repayments of all SAF loans are transferred to the PRGF Trust Reserve Account when received. Allowances for loan losses would be established if and when there is objective evidence that an impairment loss on loans has been incurred.

### Investments in the Special Disbursement Account

Investments are made in debt securities and fixed-term deposits, which are classified as available for sale securities. Debt securities comprise securities issued by international financial organizations and domestic government bonds in the euro area, Japan, the United Kingdom and the United States. Investments are marked to market on the last business day of the accounting period. The carrying amounts of investments approximate their fair value and the unrealized gains and losses are included in the income statements. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, including currency valuation differences arising from exchange rate movements against the SDR.



Interest rate risk is managed by limiting the investment portfolio to a weighted average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR valuation basket.

### Fixed Assets

Fixed assets with a cost in excess of a threshold amount are capitalized at cost. Buildings and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 years for equipment to 30 years for buildings.

### Quotas

Each member is assigned a quota that forms the basis of its financial and organizational relationship with the IMF. A member's quota is related to, but not strictly determined by, economic factors such as national income, the value of external trade and payments, and the level of official reserves. Quotas determine members' subscriptions to the IMF, their relative voting power, access to financing, and their share in SDR allocations. Should a member withdraw from the Fund, quotas are repayable to the extent they are not needed to settle other net obligations of the member to the Fund.

### Reserve Tranche Position

A member has a reserve tranche in the IMF when the IMF's holdings of its currency, excluding holdings that reflect the member's use of IMF credit, are less than the member's quota. A member's reserve tranche is considered a part of the member's external reserves and the member may draw on the reserve tranche at any time when it represents that it has a balance of payments need. Reserve tranche purchases are not subject to repurchase obligations or charges.

### Reserves

The IMF's reserves, consisting of the General Reserve and the Special Reserve, provide it with protection against financial risk of a general nature. The IMF determines annually what part of its net income will be retained and placed to the General Reserve or the Special Reserve, and what part, if any, will be distributed. The Articles of Agreement permit the IMF to use the Special Reserve for any purpose for which it may use the General Reserve, except distribution. After meeting the cost of administering the PRGF Trust, net operational income generated from the surcharges on purchases under the SRF, the credit tranches, and the EFF has been transferred to the General Reserve. All other income has been transferred to the Special Reserve.

### Charges

The IMF levies periodic charges on members' use of IMF credit. The basic rate of charge is set as a proportion of the SDR interest rate, which is equivalent to the effective interest rate. For financial year 2004, the basic rate of charge was 132 percent of the SDR interest rate. The basic rate of charge is increased to offset the effect on the IMF's income of the nonpayment of charges and to finance the additions to the SCA-1. The average adjusted rate of charge before applicable surcharges for financial year 2004 was 2.17 per-

cent (for financial year 2003 the average rate was 2.74 percent). A surcharge progressing from 300 to 500 basis points above the rate of charge applies to use of credit under the SRF. In addition, credit outstanding in excess of 200 percent of quota, resulting from purchases after November 28, 2000 in the credit tranches and under the EFF (other than those under the SRF), is subject to a surcharge of 100–200 basis points. Special charges are levied on members' currency holdings that are not repurchased when due and on overdue charges. Special charges do not apply to members that are six months or more overdue to the IMF. A service charge is levied by the IMF on all purchases, except reserve tranche purchases. A refundable commitment fee is charged on Stand-By and Extended Arrangements. At the expiration or cancellation of an arrangement, the unrefunded portion of the commitment fee is taken into income.

### Remuneration

The IMF pays interest, referred to as remuneration, on a member's reserve tranche position. The rate of remuneration, which is equivalent to the effective interest rate, is equal to the SDR interest rate, adjusted downward to finance a share of the nonpayment of charges and additions to the SCA-1. The average adjusted rate of remuneration for the financial year ended April 30, 2004 was 1.48 percent (1.96 percent for the financial year ended 2003). A portion of the reserve tranche is unremunerated and is equal to 25 percent of the member's quota on April 1, 1978—that part of the quota that was paid in gold prior to the Second Amendment of the Fund's Articles. For a member that joined the Fund after that date, the unremunerated reserve tranche is the same percentage of its initial quota as the average unremunerated reserve tranche was as a percentage of the quotas of all other members when the new member joined the Fund. The unremunerated reserve tranche remains fixed for each member in nominal terms, but because of subsequent quota increases, it is now significantly lower when expressed as a percentage of quota. The average is equal to 3.8 percent of quota at April 30, 2004 and 2003, but the actual percentage is different for each member.

### Pension and Other Post-Retirement Obligations

The IMF operates two defined-benefit pension plans and provides post-retirement benefits to retired staff.

The pension plans are funded by payments from the staff and the IMF, taking into account the recommendations of independent actuaries. Assets of the plans are held in separate trustee-managed funds and are measured at fair value as of the balance sheet date. Pension obligations are measured using the Projected Unit Credit Method, which measures the present value of the estimated future cash outflows, using interest rates of government securities that have maturities approximating the terms of the pension liabilities.

The assets set aside for the provision of post-retirement benefits are held in an investment account administered by the IMF. This account is funded by contributions from the IMF. The expected costs of the post-retirement medical and life insurance benefits are accrued over the period of employment using the Projected Unit Credit Method. Valuations of these obligations are carried out by independent actuaries.

The pensions and other post-retirement benefits expense recognized include the actuarial gains and losses in excess of a 10 percent corridor which is amortized over the estimated service life remaining of IMF staff. The 10 percent corridor is the higher of 10 percent of the defined benefit obligation or the fair value of assets.

## Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

## Accounting and Reporting Developments

In December 2003, the International Accounting Standards Board issued International Accounting Standard 32 "Financial Instruments: Disclosure and Presentation," (IAS 32 revised). This standard clarifies, among other things, the definition of a financial liability, particularly as it relates to shareholder interests that have redemption features. The Fund will consider the implications of this revision for presentation of the balance sheet of the General Department. IAS 32 revised is effective for annual periods beginning on or after January 1, 2005, and will thus be effective for the Fund's Financial Year 2006.

### 3. Credit Outstanding

Credit outstanding in the General Resources Account and SAF loans in the SDA are carried at amortized cost which is historical cost.

Changes in the outstanding use of IMF credit under the various facilities of the GRA during the years ended April 30, were as follows:

	April 30, 2002	Purchases	Repur- chases	April 30, 2003	Purchases	Repur- chases	April 30, 2004
<i>In millions of SDRs</i>							
Credit tranches	28,227	9,664	(3,993)	33,898	12,874	(5,042)	41,730
Extended Fund Facility	15,491	1,451	(2,000)	14,942	1,132	(2,323)	13,751
Supplemental Reserve Facility	5,875	10,566	(741)	15,700	3,807	(13,479)	6,028
Systemic Transformation Facility	1,311	–	(667)	644	–	(490)	154
Enlarged Access	321	–	(42)	279	–	(3)	276
Compensatory and Contingency Financing Facility	746	–	(332)	414	–	(294)	120
Supplementary Financing Facility	110	–	(9)	101	–	(7)	94
Total credit outstanding	<u>52,081</u>	<u>21,681</u>	<u>(7,784)</u>	<u>65,978</u>	<u>17,813</u>	<u>(21,638)</u>	<u>62,153</u>

The IMF approved the following requests to extend the repurchase expectations by one year during financial years ended April 30:

	<b>Total Repurchase Expectations Extended</b>	
	<b>2004</b>	<b>2003</b>
<i>In millions of SDRs</i>		
Argentina	1,941	5,818
Brazil	8,096	–
Ecuador	–	14
Papua New Guinea	26	–
Serbia and Montenegro	19	–
Sri Lanka	–	52
Turkey	8,273	–
Uruguay	227	129

During financial year 2004, the IMF also approved, under its exceptional access policy, a three-year Stand-By Arrangement with Argentina for SDR 9 billion and augmented Brazil's Stand-By Arrangement by SDR 4.5 billion.

As of April 30, 2004 and 2003, SDA loans amounted to SDR 86 million and SDR 137 million, respectively, and interest due from members in arrears, computed at 0.5 percent a year, amounted to SDR 1 million.

Scheduled repurchases in the GRA and repayments of SAF loans in the SDA are summarized below:

<b>Financial Year Ending April 30</b>	<b>General Resources Account</b>	<b>Special Disbursement Account</b>
<i>In millions of SDRs</i>		
2005	12,478	40
2006	19,312	37
2007	17,706	–
2008	8,583	–
2009	2,057	–
2009 and beyond	1,274	–
Overdue	743	9
Total	<u>62,153</u>	<u>86</u>

The use of credit in the GRA by the largest users at April 30, was as follows:

	<b>2004</b>		<b>2003</b>	
<i>In millions of SDRs and as a percent of total GRA credit outstanding</i>				
Largest user of credit	18,139	29.2%	18,192	27.6%
Three largest users of credit	44,020	70.8%	45,382	68.8%
Five largest users of credit	53,680	86.4%	56,127	85.1%

The five largest users of credit as of April 30, 2004 were Brazil, Turkey, Argentina, Indonesia, and the Russian Federation. Outstanding credit, by member, is provided in Schedule 1. The concentration of GRA outstanding credit by regional geographical area as of April 30, was as follows:

	<b>2004</b>		<b>2003</b>	
<i>In millions of SDRs and as a percent of total GRA credit outstanding</i>				
Africa	1,397	2.3%	1,751	2.6%
Asia and Pacific	8,019	12.9%	8,742	13.3%
Europe	6,160	9.9%	7,704	11.7%
Latin America and the Caribbean	30,697	49.4%	30,824	46.7%
Middle East and Turkey	15,880	25.5%	16,957	25.7%
Total	<u>62,153</u>	<u>100%</u>	<u>65,978</u>	<u>100%</u>

### Overdue Obligations

At April 30, 2004 and 2003, four members were six months or more overdue in settling their financial obligations to the General Department.

GRA repurchases, GRA charges, SAF loan repayments, and SAF interest that are six or more months overdue to the General Department were as follows:

	<b>Repurchases and SAF Loans</b>		<b>Charges and SAF Interest</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<i>In millions of SDRs</i>				
Total overdue	752	746	1,009	993
Overdue for six months or more	743	726	1,001	982
Overdue for three years or more	650	663	939	900

The type and duration of the overdue amounts in the General Department as of April 30, 2004, were as follows:

	<b>Repurchases and SAF Loans</b>	<b>Charges and SAF Interest</b>	<b>Total Obligation</b>	<b>Longest Overdue Obligation</b>
<i>In millions of SDRs</i>				
Liberia	201	249	450	May 1985
Somalia	105	96	201	July 1987
Sudan	338	654	992	July 1985
Zimbabwe	108	10	118	February 2001
Total	<u>752</u>	<u>1,009</u>	<u>1,761</u>	

#### 4. Currencies

Changes in the IMF's holdings of members' currencies for the years ended April 30, 2004 and 2003 were as follows:

	April 30, 2002	Net Change	April 30, 2003	Net Change	April 30, 2004
<i>In millions of SDRs</i>					
Members' quotas	212,416	315	212,731	63	212,794
Members' outstanding use of IMF credit in the GRA	52,081	13,897	65,978	(3,825)	62,153
Members' reserve tranche positions in the GRA	(55,327)	(12,682)	(68,009)	5,153	(62,856)
Administrative currency balances	(4)	3	(1)	(4)	(5)
Total currencies	<u>209,166</u>	<u>1,533</u>	<u>210,699</u>	<u>1,387</u>	<u>212,086</u>

Receivables and payables arising from valuation adjustments at April 30, 2004, when all holdings of currencies of members were last revalued, amounted to SDR 9,311 million and SDR 3,139 million, respectively (SDR 20,947 million and SDR 4,985 million, respectively, at April 30, 2003). Settlements of these receivables or payables are required to be made promptly after the end of each financial year.

Other currency holdings, other than those resulting from the use of credit or usable currencies, amounted to SDR 46,672 million (SDR 47,692 million as of April 30, 2003).

#### 5. Gold Holdings

At April 30, 2004 and April 30, 2003, the IMF held 3,217,341 kilograms of gold, equal to 103,439,916 fine ounces of gold, at designated depositories. As of April 30, 2004, the value of the IMF's holdings of gold calculated at the market price was SDR 27.7 billion (SDR 25.2 billion at April 30, 2003).

#### 6. Interest and Charges

As of April 30, 2004, the total holdings on which the IMF levies charges amounted to SDR 62,153 million (SDR 65,978 million as of April 30, 2003). Charges and other receivables due to the IMF as of April 30 were as follows:

	2004	2003
<i>In millions of SDRs</i>		
Periodic charges	1,526	1,568
Amount paid through burden sharing	(825)	(808)
Other unpaid charges	(188)	(188)
	513	572
Other receivables	4	5
Receivables	<u>517</u>	<u>577</u>

Periodic interest and charges for the years ended April 30 consisted of the following:

	2004	2003
<i>In millions of SDRs</i>		
Periodic charges	2,224	2,323
Amounts paid through burden sharing adjustments, net of refunds	8	(28)
Total interest and charges	<u>2,232</u>	<u>2,295</u>

Interest earned on SAF loans for the years ended April 30, 2004 and 2003 amounted to SDR 0.5 million and SDR 8.4 million, respectively.

Special charges, service charges, and the unrefunded commitment fees are included in *Other Charges and Income*, which amounted to SDR 91 million (SDR 132 million for the year ended April 30, 2003).

#### 7. Fixed Assets

Other assets include fixed assets, which at April 30, 2004 and 2003 amounted to SDR 267 million and SDR 238 million, respectively, and consisted of:

	2004	2003
<i>In millions of SDRs</i>		
Land and buildings	363	326
Equipment	44	39
Total fixed assets	407	365
Less: accumulated depreciation	(140)	(127)
Net fixed assets	<u>267</u>	<u>238</u>

#### 8. Investments

As at April 30, 2004 the investments in the SDA consisted of fixed-term deposits with maturity of less than one year and amounted to SDR 2,631 million (SDR 2,590 million as at April 30, 2003). Fixed-term deposits include cash equivalents amounting to SDR 37 million (SDR 21 million as at April 30, 2003) comprising short-term deposits with maturities of less than ninety days.

Income of the SDA for the years ended April 30, 2004 and 2003, comprised of interest and special charges, was SDR 41 million and SDR 61 million, respectively.

#### 9. Remuneration

At April 30, 2004, total creditor positions on which the IMF paid remuneration amounted to SDR 56,241 million (SDR 61,428 million at April 30, 2003). Remuneration for the years ended April 30, 2004 and 2003 consisted of the following:

	2004	2003
<i>In millions of SDRs</i>		
Remuneration	974	1,173
Amount paid through burden sharing adjustment, net of refunds	(8)	28
	<u>966</u>	<u>1,201</u>

#### 10. Burden Sharing and Special Contingent Account

Cumulative charges, net of settlements, that have resulted in adjustments to charges and remuneration since May 1, 1986, amounted to SDR 825 million at April 30, 2004 (SDR 810 million at April 30, 2003). The cumulative refunds for the same period, resulting from the settlements of overdue charges for which burden sharing adjustments have been made, amounted to SDR 1,073 million (SDR 1,072 million at April 30, 2003).

The SCA-1 is financed by adjustments to the rate of charge and the rate of remuneration. Balances in the SCA-1 are to be distributed to the members that shared the cost of its financing when there are no outstanding overdue repurchases and charges, or at such earlier time as the IMF may decide. Losses arising from overdue obligations, if realized, would be shared by members in proportion to their cumulative contributions to the SCA-1. If the

loss exceeded the balance in the SCA-1, the remainder would be charged to current income. At April 30, 2004, the balances held in the SCA-1 amounted to SDR 1,495 million (SDR 1,401 million at April 30, 2003).

### 11. Borrowings

Under the General Arrangements to Borrow (GAB), the IMF may borrow up to SDR 18.5 billion when supplementary resources are needed, in particular, to forestall or to cope with an impairment of the international monetary system. The GAB became effective on October 24, 1962, and has been renewed through December 25, 2008. Interest on borrowings under the GAB is set at a rate equal to the SDR interest rate.

Under the New Arrangements to Borrow (NAB), the IMF may borrow up to SDR 34 billion of supplementary resources. The NAB is the facility of first and principal recourse, but it does not replace the GAB, which will remain in force. Outstanding drawings and commitments under these two borrowing arrangements are limited to a combined total of SDR 34 billion. The NAB became effective for a five-year period on November 17, 1998, and has been renewed through November 16, 2008. Interest on borrowings under the NAB is payable to the participants at the SDR interest rate or any such higher rate as may be agreed between the IMF and participants representing 80 percent of the total credit arrangements.

### 12. Arrangements and Commitments in the General Department

An arrangement is a decision of the IMF that gives a member the assurance that the IMF stands ready to provide SDRs or usable currencies during a specified period and up to a specified amount, in accordance with the terms of the arrangement. Credit under these arrangements is subject to interest and charges that are uniform to all members and that reflect the cost to the IMF of financing such credit, plus a margin. In addition, certain surcharges may apply. At April 30, 2004, the undrawn balances under the 13 arrangements that were in effect in the GRA amounted to SDR 19,799 million (SDR 23,620 million under 18 arrangements at April 30, 2003).

The IMF has committed to lease commercial office space through 2005. Expenditures totaling SDR 18.1 million will be incurred over this period.

### 13. Administrative Expenses

The administrative expenses for the years ended April 30, were as follows:

	2004	2003
<i>In millions of SDRs</i>		
Personnel	337	370
Pension and other related expenses	39	79
Travel	70	72
Other	104	88
Less: reimbursement for the administration of the SDR Department	(1)	(2)
Total administrative expenses, net of reimbursements	<u>549</u>	<u>607</u>

The majority of these expenses are incurred in U.S. dollars; exchange gains and losses incurred in the normal course of business are reflected in administrative expenses and are not significant.

The GRA is reimbursed for the cost of administering the SDR Department.

The GRA is to be reimbursed annually for expenses incurred in administering the SDA and the PRGF Trust. Following the establishment of the SRF and CCL

and the consequent increase in net operational income, the Executive Board decided to forgo reimbursement of the expenses incurred in administering the PRGF Trust for financial years 2004 and 2003 and to transfer the amounts that would otherwise have been reimbursed to the GRA from the PRGF Trust Reserve Account, through the SDA, to the PRGF-HIPC Trust. These transfers amounted to SDR 57.7 million for financial year 2004 (SDR 64.0 million for financial year 2003).

### 14. Pension and Other Post-Retirement Benefits

The IMF has a defined-benefit Staff Retirement Plan (SRP) that covers substantially all eligible staff and a Supplemental Retirement Benefits Plan (SRBP) for selected participants of the SRP. Participants contribute 7 percent of their pensionable remuneration and the IMF contributes the remainder of the cost of funding the plans and pays certain administrative costs of the plans. In addition, the IMF provides other employment and post-retirement benefits, including medical, life insurance, and other long-term benefits. In 1995, the IMF established a separate account, the Retired Staff Benefits Investment Account (RSBIA), to hold and invest resources set aside to fund the cost of the post retirement benefits.

A plan amendment was adopted in December 2002, and implemented in financial year 2004, to allow certain periods of past employment to qualify for determination of participants' benefits in the SRP and the SRBP. The estimated liability resulting from the amendment was included in the actuarial valuation (SDR 32 million) for financial year 2003.

The obligations of the SRP, SRBP, and RSBIA are valued annually by independent actuaries. The latest actuarial valuations were carried out as at April 30, 2004 using The Projected Unit Credit Method. The key assumptions used are as shown below.

The amounts recognized in the balance sheet are determined as follows:

	2004			2003	
	SRP	SRBP	Other	Total	Total
<i>In millions of SDRs</i>					
Fair value of plan assets	2,939	2	323	3,264	2,747
Present value of the defined benefit obligation	(2,848)	(201)	(520)	(3,569)	(2,454)
Unrecognized actuarial losses/(gains)	716	52	(34)	734	99
Unrecognized prior service cost	—	—	14	14	43
Net balance sheet asset/(liability)	<u>807</u>	<u>(147)</u>	<u>(217)</u>	<u>443</u>	<u>435</u>

The movement in the net balance sheet asset is reconciled as follows:

	2004			2003	
	SRP	SRBP	Other	Total	Total
<i>In millions of SDRs</i>					
Beginning of year	774	(122)	(217)	435	470
Income/(expense) recognized in income statement	15	(28)	(38)	(51)	(79)
Contributions paid	18	3	38	59	44
End of year	<u>807</u>	<u>(147)</u>	<u>(217)</u>	<u>443</u>	<u>435</u>

The expense recognized in the income statement for the year ended April 30, 2003 included SDR 40 million which represents the effect of a change in the actuarial cost resulting from a revision in some participants' data. This expense related for the most part to the present value of the defined benefit obligation as originally estimated when International Accounting Standard (IAS) 19 was introduced in financial year 2000. The amounts recognized in the income statements are as follows:

	2004				2003
	SRP	SRBP	Other	Total	Total
	<i>In millions of SDRs</i>				
Current service cost	51	5	39	95	106
Interest cost	124	7	26	157	203
Expected loss on assets	(204)	—	(22)	(226)	(274)
Amortization of actuarial (gain)/loss	—	(2)	(6)	(8)	2
Prior service cost	14	18	1	33	42
Total (income)/expense recognized in income statement	<u>(15)</u>	<u>28</u>	<u>38</u>	<u>51</u>	<u>79</u>
Actual return on assets/(loss)	<u>609</u>	<u>—</u>	<u>59</u>	<u>668</u>	<u>(72)</u>

The principal actuarial assumptions used were as follows:

	2004	2003
	<i>In percent</i>	
Discount rate	5.7	6.5
Expected return on plan assets	7.5	8.3
Future salary increases	6.4–10.8	4.0–6.75
Ultimate health care costs growth rates	4.0	4.0

Schedule 1

**General Department**  
**Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,**  
**and Members' Use of Resources**  
**as at April 30, 2004**

(In thousands of SDRs)

Member	General Resources Account				Credit Outstanding					
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA		SDA <sup>3</sup> (B)	+ (C)	PRGF Trust <sup>4</sup> =	Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent <sup>2</sup> +				
Afghanistan, Islamic State of	161,900	161,916	100.0	–	–	–	–	–	–	–
Albania	48,700	45,350	93.1	3,355	–	–	–	63,276	63,276	–
Algeria	1,254,700	1,750,150	139.5	85,082	580,531	0.93	–	–	–	580,531
Angola	286,300	286,445	100.1	–	–	–	–	–	–	–
Antigua and Barbuda	13,500	13,499	100.0	6	–	–	–	–	–	–
Argentina	2,117,100	12,412,772	586.3	74	10,295,744	16.57	–	–	–	10,295,744
Armenia, Republic of	92,000	99,036	107.6	–	7,031	0.01	–	132,350	139,381	–
Australia	3,236,400	2,064,217	63.8	1,172,241	–	–	–	–	–	–
Austria	1,872,300	1,119,531	59.8	752,787	–	–	–	–	–	–
Azerbaijan	160,900	211,948	131.7	10	51,048	0.08	–	105,018	156,066	–
Bahamas, The	130,300	124,051	95.2	6,253	–	–	–	–	–	–
Bahrain, Kingdom of	135,000	65,075	48.2	69,955	–	–	–	–	–	–
Bangladesh	533,300	533,119	100.0	186	–	–	–	99,000	99,000	–
Barbados	67,500	62,461	92.5	5,040	–	–	–	–	–	–
Belarus, Republic of	386,400	398,083	103.0	20	11,683	0.02	–	–	–	11,683
Belgium	4,605,200	2,753,359	59.8	1,851,851	–	–	–	–	–	–
Belize	18,800	14,562	77.5	4,239	–	–	–	–	–	–
Benin	61,900	59,721	96.5	2,188	–	–	–	47,838	47,838	–
Bhutan	6,300	5,280	83.8	1,020	–	–	–	–	–	–
Bolivia	171,500	226,958	132.3	8,875	64,320	0.10	–	115,704	180,024	–
Bosnia and Herzegovina	169,100	260,637	154.1	–	91,533	0.15	–	–	–	91,533
Botswana	63,000	38,417	61.0	24,586	–	–	–	–	–	–
Brazil	3,036,100	21,175,822	697.5	–	18,139,167	29.18	–	–	–	18,139,167
Brunei Darussalam	215,200	157,127	73.0	58,288	–	–	–	–	–	–
Bulgaria	640,200	1,435,837	224.3	32,778	828,395	1.33	–	–	–	828,395
Burkina Faso	60,200	52,911	87.9	7,294	–	–	1,264	82,306	83,570	–
Burundi	77,000	76,641	99.5	360	–	–	–	26,400	26,400	–
Cambodia	87,500	87,500	100.0	–	–	–	–	66,900	66,900	–
Cameroon	185,700	185,087	99.7	644	–	–	–	225,455	225,455	–
Canada	6,369,200	4,020,571	63.1	2,348,635	–	–	–	–	–	–
Cape Verde	9,600	9,596	100.0	5	–	–	–	4,920	4,920	–
Central African Republic	55,700	55,547	99.7	159	–	–	–	23,656	23,656	–
Chad	56,000	55,719	99.5	282	–	–	–	69,883	69,883	–
Chile	856,100	562,854	65.7	293,247	–	–	–	–	–	–
China	6,369,200	4,013,672	63.0	2,355,575	–	–	–	–	–	–
Colombia	774,000	488,202	63.1	285,803	–	–	–	–	–	–
Comoros	8,900	8,358	93.9	544	–	–	–	–	–	–
Congo, Democratic Republic of	533,000	533,000	100.0	–	–	–	–	500,067	500,067	–
Congo, Republic of	84,600	93,332	110.3	536	9,253	0.01	–	6,948	16,201	–
Costa Rica	164,100	144,113	87.8	20,000	–	–	–	–	–	–
Côte d'Ivoire	325,200	324,639	99.8	572	–	–	–	271,729	271,729	–
Croatia, Republic of	365,100	364,943	100.0	159	–	–	–	–	–	–
Cyprus	139,600	84,292	60.4	55,315	–	–	–	–	–	–
Czech Republic	819,300	506,908	61.9	312,397	–	–	–	–	–	–
Denmark	1,642,800	1,008,080	61.4	634,726	–	–	–	–	–	–
Djibouti	15,900	14,800	93.1	1,100	–	–	–	13,630	13,630	–
Dominica	8,200	11,165	136.2	9	2,973	–	–	2,666	5,639	–
Dominican Republic	218,900	350,239	160.0	3	131,340	0.21	–	–	–	131,340
Ecuador	302,300	513,245	169.8	17,153	228,096	0.37	–	–	–	228,096
Egypt	943,700	943,715	100.0	–	–	–	–	–	–	–



Schedule 1 (continued)

Member	General Resources Account				Credit Outstanding					
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA		SDA <sup>3</sup> (B)	PRGF Trust <sup>4</sup> (C)	=	Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent <sup>2</sup> +				
El Salvador	171,300	171,303	100.0	—	—	—	—	—	—	—
Equatorial Guinea	32,600	32,609	100.0	—	—	—	148	37	—	185
Eritrea	15,900	15,900	100.0	5	—	—	—	—	—	—
Estonia, Republic of	65,200	65,195	100.0	6	—	—	—	—	—	—
Ethiopia	133,700	126,520	94.6	7,188	—	—	2,824	110,491	—	113,315
Fiji	70,300	55,125	78.4	15,189	—	—	—	—	—	—
Finland	1,263,800	739,346	58.5	524,539	—	—	—	—	—	—
France	10,738,500	6,614,021	61.6	4,124,429	—	—	—	—	—	—
Gabon	154,300	190,241	123.3	179	36,114	0.06	—	—	—	36,114
Gambia, The	31,100	29,618	95.2	1,485	—	—	—	21,439	—	21,439
Georgia	150,300	161,863	107.7	10	11,563	0.02	—	168,825	—	180,388
Germany	13,008,200	7,850,102	60.3	5,158,155	—	—	—	—	—	—
Ghana	369,000	369,004	100.0	— <sup>6</sup>	—	—	—	298,065	—	298,065
Greece	823,000	528,592	64.2	294,411	—	—	—	—	—	—
Grenada	11,700	14,631	125.1	—	2,930	—	—	—	—	2,930
Guatemala	210,200	210,206	100.0	—	—	—	—	—	—	—
Guinea	107,100	107,026	99.9	75	—	—	—	86,114	—	86,114
Guinea-Bissau	14,200	15,265	107.5	— <sup>6</sup>	1,065	—	—	11,249	—	12,314
Guyana	90,900	90,902	100.0	—	—	—	—	59,696	—	59,696
Haiti	81,900	81,833	99.9	68	—	—	—	9,105	—	9,105
Honduras	129,500	120,874	93.3	8,627	—	—	—	124,573	—	124,573
Hungary	1,038,400	673,023	64.8	365,378	—	—	—	—	—	—
Iceland	117,600	99,016	84.2	18,585	—	—	—	—	—	—
India	4,158,200	3,271,225	78.7	887,011	—	—	—	—	—	—
Indonesia	2,079,300	8,674,546	417.2	145,500	6,740,742	10.85	—	—	—	6,740,742
Iran, Islamic Republic of	1,497,200	1,497,204	100.0	—	—	—	—	—	—	—
Iraq	504,000	504,013	100.0	—	—	—	—	—	—	—
Ireland	838,400	506,112	60.4	332,309	—	—	—	—	—	—
Israel	928,200	583,547	62.9	344,660	—	—	—	—	—	—
Italy	7,055,500	4,307,660	61.1	2,747,847	—	—	—	—	—	—
Jamaica	273,500	277,415	101.4	—	3,865	0.01	—	—	—	3,865
Japan	13,312,800	8,312,970	62.4	5,000,584	—	—	—	—	—	—
Jordan	170,500	427,520	250.7	69	257,081	0.41	—	—	—	257,081
Kazakhstan, Republic of	365,700	365,700	100.0	5	—	—	—	—	—	—
Kenya	271,400	258,720	95.3	12,680	—	—	—	75,586	—	75,586
Kiribati	5,600	5,596	99.9	9	—	—	—	—	—	—
Korea	1,633,600	1,125,953	68.9	507,657	—	—	—	—	—	—
Kuwait	1,381,100	859,184	62.2	521,923	—	—	—	—	—	—
Kyrgyz Republic	88,800	88,800	100.0	5	—	—	—	138,767	—	138,767
Lao People's Democratic Republic	52,900	52,900	100.0	—	—	—	—	28,091	—	28,091
Latvia, Republic of	126,800	128,668	101.5	55	1,906	—	—	—	—	1,906
Lebanon	203,000	184,168	90.7	18,833	—	—	—	—	—	—
Lesotho	34,900	31,359	89.9	3,543	—	—	—	21,000	—	21,000
Liberia	71,300	272,062	381.6	28	200,781	0.32	—	—	—	223,671
Libya	1,123,700	728,206	64.8	395,505	—	—	—	—	—	—
Lithuania, Republic of	144,200	168,337	116.7	16	24,150	0.04	—	—	—	24,150
Luxembourg	279,100	170,695	61.2	108,419	—	—	—	—	—	—
Macedonia, former Yugoslav Republic of	68,900	88,595	128.6	— <sup>6</sup>	19,693	0.03	—	22,638	—	42,331
Madagascar	122,200	122,174	100.0	27	—	—	—	138,143	—	138,143
Malawi	69,400	84,462	121.7	2,290	17,350	0.03	—	49,334	—	66,684
Malaysia	1,486,600	925,274	62.2	561,331	—	—	—	—	—	—
Maldives	8,200	6,646	81.0	1,554	—	—	—	—	—	—
Mali	93,300	84,387	90.4	8,924	—	—	—	105,626	—	105,626
Malta	102,000	61,741	60.5	40,261	—	—	—	—	—	—
Marshall Islands	3,500	3,500	100.0	1	—	—	—	—	—	—

Schedule 1 (continued)

Member	General Resources Account				Credit Outstanding				
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA		SDA <sup>3</sup> (B)	PRGF Trust <sup>4</sup> (C)	Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent <sup>2</sup> +			
Mauritania	64,400	64,404	100.0	—	—	—	65,633	65,633	
Mauritius	101,600	79,722	78.5	21,879	—	—	—	—	
Mexico	2,585,800	2,032,539	78.6	553,309	—	—	—	—	
Micronesia, Federated States of	5,100	5,100	100.0	1	—	—	—	—	
Moldova, Republic of	123,200	185,075	150.2	5	61,875	0.10	—	89,595	
Mongolia	51,100	50,996	99.8	107	—	—	31,317	31,317	
Morocco	588,200	517,758	88.0	70,443	—	—	—	—	
Mozambique	113,600	113,600	100.0	7	—	—	136,970	136,970	
Myanmar	258,400	258,402	100.0	—	—	—	—	—	
Namibia	136,500	136,447	100.0	55	—	—	—	—	
Nepal	71,300	65,536	91.9	5,774	—	—	7,130	7,130	
Netherlands	5,162,400	3,150,904	61.0	2,011,528	—	—	—	—	
New Zealand	894,600	547,026	61.1	347,595	—	—	—	—	
Nicaragua	130,000	130,010	100.0	—	—	—	155,749	155,749	
Niger	65,800	57,239	87.0	8,563	—	—	84,570	84,570	
Nigeria	1,753,200	1,753,121	100.0	143	—	—	—	—	
Norway	1,671,700	1,038,544	62.1	633,166	—	—	—	—	
Oman	194,000	129,874	66.9	64,181	—	—	—	—	
Pakistan	1,033,700	1,382,677	133.8	118	349,094	0.56	916,128	1,265,222	
Palau	3,100	3,100	100.0	1	—	—	—	—	
Panama	206,600	223,918	108.4	11,860	29,167	0.05	—	29,167	
Papua New Guinea	131,600	207,027	157.3	398	75,819	0.12	—	75,819	
Paraguay	99,900	78,428	78.5	21,475	—	—	—	—	
Peru	638,400	718,683	112.6	—	80,250	0.13	—	80,250	
Philippines	879,900	1,424,592	161.9	87,358	632,044	1.02	—	632,044	
Poland, Republic of	1,369,000	850,151	62.1	518,851	—	—	—	—	
Portugal	867,400	521,062	60.1	346,369	—	—	—	—	
Qatar	263,800	163,442	62.0	100,359	—	—	—	—	
Romania	1,030,200	1,406,884	136.6	—	376,679	0.61	—	376,679	
Russian Federation	5,945,400	8,863,793	149.1	1,546	2,919,830	4.70	—	2,919,830	
Rwanda	80,100	80,113	100.0	—	—	—	61,835	61,835	
St. Kitts and Nevis	8,900	8,819	99.1	82	—	—	—	—	
St. Lucia	15,300	15,295	100.0	7	—	—	—	—	
St. Vincent and the Grenadines	8,300	7,800	94.0	500	—	—	—	—	
Samoa	11,600	10,918	94.1	693	—	—	—	—	
San Marino, Republic of	17,000	12,900	75.9	4,101	—	—	—	—	
São Tomé and Príncipe	7,400	7,403	100.0	— <sup>6</sup>	—	—	1,902	1,902	
Saudi Arabia	6,985,500	4,440,699	63.6	2,544,804	—	—	—	—	
Senegal	161,800	160,296	99.1	1,512	—	—	155,373	155,373	
Serbia and Montenegro	467,700	1,051,273	224.8	—	583,559	0.94	—	583,559	
Seychelles	8,800	8,798	100.0	2	—	—	—	—	
Sierra Leone	103,700	103,685	100.0	24	—	—	117,700	117,700	
Singapore	862,500	574,306	66.6	288,255	—	—	—	—	
Slovak Republic	357,500	357,505	100.0	—	—	—	—	—	
Slovenia, Republic of	231,700	142,006	61.3	89,700	—	—	—	—	
Solomon Islands	10,400	9,852	94.7	550	—	—	—	—	
Somalia	44,200	140,907	318.8	—	96,701	0.16	8,840	112,004	
South Africa	1,868,500	1,867,998	100.0	504	—	—	—	—	
Spain	3,048,900	1,783,762	58.5	1,265,163	—	—	—	—	
Sri Lanka	413,400	586,250	141.8	47,855	220,670	0.37	38,390	259,060	
Sudan	169,700	507,342	299.0	11	337,622	0.54	—	396,850	
Suriname	92,100	85,976	93.4	6,125	—	—	—	—	
Swaziland	50,700	44,152	87.1	6,552	—	—	—	—	
Sweden	2,395,500	1,483,758	61.9	911,749	—	—	—	—	
Switzerland	3,458,500	2,145,706	62.0	1,312,765	—	—	—	—	
Syrian Arab Republic	293,600	293,603	100.0	5	—	—	—	—	
Tajikistan, Republic of	87,000	87,000	100.0	2	—	—	76,960	76,960	
Tanzania	198,900	188,903	95.0	9,999	—	—	293,483	293,483	
Thailand	1,081,900	995,883	92.0	86,020	—	—	—	—	
Timor-Leste, The Democratic Republic of	8,200	8,200	100.0	1	—	—	—	—	



Schedule 1 (concluded)

Member	General Resources Account				Credit Outstanding				
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA		SDA <sup>3</sup> (B)	PRGF Trust <sup>4</sup> (C)	Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent <sup>2</sup> +			
Togo	73,400	73,069	99.5	332	—	—	—	24,978	24,978
Tonga	6,900	5,195	75.3	1,712	—	—	—	—	—
Trinidad and Tobago	335,600	209,732	62.5	125,873	—	—	—	—	—
Tunisia	286,500	266,311	93.0	20,195	—	—	—	—	—
Turkey	964,000	16,436,148	1,705.0	112,775	15,584,920	25.08	—	—	15,584,920
Turkmenistan, Republic of	75,200	75,200	100.0	5	—	—	—	—	—
Uganda	180,500	180,506	100.0	— <sup>6</sup>	—	—	—	151,451	151,451
Ukraine	1,372,000	2,517,802	183.5	3	1,145,802	1.84	—	—	1,145,802
United Arab Emirates	611,700	395,011	64.6	217,301	—	—	—	—	—
United Kingdom	10,738,500	6,637,393	61.8	4,101,181	—	—	—	—	—
United States	37,149,300	23,143,656	62.3	13,997,168	—	—	—	—	—
Uruguay	306,500	2,025,607	660.9	—	1,719,100	2.77	—	—	1,719,100
Uzbekistan, Republic of	275,600	300,538	109.0	5	24,938	0.04	—	—	24,938
Vanuatu	17,000	14,506	85.3	2,496	—	—	—	—	—
Venezuela, República Bolivariana de	2,659,100	2,337,199	87.9	321,902	—	—	—	—	—
Vietnam	329,100	330,107	100.3	5	1,007	—	—	214,800	215,807
Yemen, Republic of	243,500	281,238	115.5	13	37,750	0.06	—	225,550	263,300
Zambia	489,100	489,101	100.0	18	—	—	72,700	504,193	576,893
Zimbabwe	353,400	470,579	133.2	328	117,505	0.19	—	81,378	198,883
<b>Total</b>	<b>212,794,000</b>	<b>212,086,122</b>		<b>62,856,110</b>	<b>62,152,682</b>	<b>100.00</b>	<b>85,776</b>	<b>6,699,728</b>	<b>69,026,767</b>

<sup>1</sup>Includes nonnegotiable, non-interest-bearing notes that members are entitled to issue in substitution for currencies, and outstanding currency valuation adjustments.

<sup>2</sup>Represents the percentage used by each member of total use of GRA resources (column A).

<sup>3</sup>The Special Disbursement Account (SDA) of the General Department had financed loans under Structural Adjustment Facility (SAF) and Poverty Reduction Growth Facility (PRGF) arrangements.

<sup>4</sup>For information purposes only. The PRGF Trust provides financing under PRGF arrangements and is not a part of the General Department.

<sup>5</sup>Includes outstanding Trust Fund loans to Liberia (SDR 23 million), Somalia (SDR 6 million), and Sudan (SDR 59 million).

<sup>6</sup>Less than SDR 500.

**General Department**  
**Financial Resources and Liquidity Position**  
**in the General Resources Account**  
**as at April 30, 2004 and 2003**

(In thousands of SDRs)

	2004	2003
<b>Total Resources</b>		
Currencies .....	212,086,122	210,699,065
SDR holdings .....	506,029	962,641
Gold holdings .....	5,851,771	5,851,771
Other assets <sup>1</sup> .....	955,814	905,771
Total resources .....	<u>219,399,736</u>	<u>218,419,248</u>
<b>Less: Non-Usable Resources<sup>2</sup></b> .....	115,631,796	120,427,867
of which: Credit Outstanding .....	62,152,682	65,977,977
<b>Equals: Usable Resources<sup>3</sup></b> .....	<u>103,767,940</u>	<u>97,991,381</u>
<b>Less: Undrawn balances under GRA arrangements<sup>4</sup></b> .....	19,799,322	23,620,403
<b>Equals: Uncommitted usable resources</b> .....	83,968,618	74,370,978
<b>Plus: Repurchases one year forward<sup>5</sup></b> .....	6,940,396	19,066,175
<b>Less: Prudential balance<sup>6</sup></b> .....	32,828,720	32,612,340
<b>Equals: One year forward commitment capacity (FCC)<sup>7</sup></b> .....	<u>58,080,294</u>	<u>60,824,813</u>
<b>Memorandum Items:</b>		
Resources available under borrowing arrangements .....	34,000,000	34,000,000
Quotas of members that finance IMF transactions .....	164,143,600	163,061,700
Net uncommitted usable resources <sup>8</sup> .....	75,051,056	60,589,269
Liquid Liabilities <sup>9</sup> .....	62,856,110	68,008,951
Liquidity ratio <sup>10</sup> .....	119.4%	89.1%

<sup>1</sup>Other assets reflect current assets (charges, interest, and other receivables) and other assets (which include capital assets such as land, buildings, and equipment), net of other liabilities including remuneration payable.

<sup>2</sup>Resources regarded as non-usable in the financing of the IMF's ongoing operations and transactions are (1) gold holdings, (2) currencies of members that are using IMF credit, (3) currencies of other members with relatively weak external positions, and (4) other assets.

<sup>3</sup>Usable resources consist of (1) holdings of currencies of members considered by the IMF as having balance of payments and reserve positions sufficiently strong for their currencies to be used in transfers, (2) SDR holdings, and (3) any unused amounts under credit lines that have been activated.

<sup>4</sup>Amounts committed under arrangements but not yet disbursed. This includes arrangements considered precautionary.

<sup>5</sup>Repurchases by member countries during the coming one-year period. It is assumed that repurchases would be made on an expectation basis for SRF, and on an obligation basis under all other facilities.

<sup>6</sup>Prudential balance is set at 20 percent of quotas of members that issue the currencies that are used in the financing of IMF transactions and any amounts activated under borrowing arrangements.

<sup>7</sup>FCC is a measure of the resources available for new financial commitments in the coming year. It is equal to uncommitted usable resources plus repurchases one-year forward minus the prudential balance.

<sup>8</sup>Net uncommitted usable resources are defined as usable resources less resources committed under arrangements (adjusted to exclude inoperative arrangements, one-half of the amounts committed under precautionary arrangements) and minimum working balances (set at 10 percent of the quotas of members' deemed sufficiently strong for their currencies to be used in operations and transactions).

<sup>9</sup>Liquid liabilities consist of (1) members' reserve tranche positions, and (2) the amount of any outstanding borrowing by the IMF under the GAB or NAB. Both reserve tranche positions and outstanding lending under the GAB and NAB (together called members' reserve positions in the IMF) are part of members' international reserves. A member may draw on its reserve position when it represents that it has a need, and the IMF must therefore at all times be in a position to meet such requests.

<sup>10</sup>The liquidity ratio is a measure of the IMF's liquidity position, represented by the ratio of its net uncommitted usable resources to its liquid liabilities.

**General Department**  
**Status of Arrangements**  
**as at April 30, 2004**

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
<b>General Resources Account</b>				
<b>Stand-By Arrangements</b>				
Argentina	September 20, 2003	September 19, 2006	8,981,000	4,810,000
Bolivia	April 2, 2003	June 15, 2004	85,750	21,430
Brazil	September 6, 2002	March 31, 2005	27,375,120 <sup>1</sup>	10,175,482
Colombia	January 15, 2003	January 14, 2005	1,548,000	1,548,000
Dominican Republic	August 29, 2003	August 28, 2005	437,800	306,460
Jordan	July 3, 2002	July 2, 2004	85,280	74,620
Macedonia, former Yugoslav Republic of	April 30, 2003	June 15, 2004	20,000	8,000
Paraguay	December 15, 2003	March 31, 2005	50,000	50,000
Turkey	February 4, 2002	February 3, 2005	12,821,200	1,360,800
Ukraine	March 29, 2004	March 28, 2005	411,600	411,600
Uruguay	April 1, 2002	March 31, 2005	2,128,300 <sup>2</sup>	559,200
Total Stand-By Arrangements			<u>53,944,050</u>	<u>19,325,592</u>
<b>Extended Arrangements</b>				
Serbia and Montenegro	May 14, 2002	May 13, 2005	650,000	350,000
Sri Lanka	April 18, 2003	April 17, 2006	144,400	123,730
Total Extended Arrangements			<u>794,400</u>	<u>473,730</u>
Total General Resources Account			<u>54,738,450</u>	<u>19,799,322</u>

<sup>1</sup>Includes SDR 7.61 billion available until September 5, 2003 under the Supplemental Reserve Facility, of which SDR 3.8 billion was drawn.

<sup>2</sup>Includes SDR 129 million available under the Supplemental Reserve Facility which has been fully drawn.



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**Report of Independent Auditors**

**To the Board of Governors  
of the International Monetary Fund:**

In our opinion, the accompanying balance sheets and the related statements of income and cash flows give a true and fair view of the financial condition of the SDR Department of the International Monetary Fund (the "IMF") as at April 30, 2004 and 2003, and its results of operations and cash flows for the years then ended in conformity with International Financial Reporting Standards. These financial statements are the responsibility of the IMF's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 176 to 181 is presented for purposes of adding additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A large, handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

June 7, 2004

**SDR Department**  
**Balance Sheets**  
**as at April 30, 2004 and 2003**  
*(In thousands of SDRs)*

	2004	2003	2004	2003
<b>Assets</b>				
Charges receivable .....	84,882	93,221	85,229	93,562
Overdue assessments and charges (Note 3) .....	88,933	85,849	16,767,772	15,971,257
Participants with holdings below allocations (Note 2)			9,594,484	9,465,384
Allocations .....	11,838,846	11,967,946	7,173,288	6,505,873
Less: SDR holdings .....	3,865,861	3,953,068	506,029	962,641
Allocations in excess of holdings .....	7,972,985	8,014,878	382,254	631,872
Total Assets .....	<u>8,146,800</u>	<u>8,193,948</u>	<u>8,146,800</u>	<u>8,193,948</u>
<b>Liabilities</b>				
Interest payable .....				
Participants with holdings above allocations (Note 2)				
SDR holdings .....				
Less: allocations .....				
Holdings in excess of allocations .....				
Holdings by the General Resources Account .....				
Holdings of SDRs by prescribed holders .....				
Total Liabilities .....				

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau  
 Director, Finance Department

/s/ Rodrigo de Rato  
 Managing Director

**SDR Department  
Income Statements  
for the Years Ended April 30, 2004 and 2003**

*(In thousands of SDRs)*

	<b>2004</b>	<b>2003</b>
<b>Revenue</b>		
Net charges from participants with holdings below allocations .....	131,593	173,884
Assessments on SDR allocations .....	1,400	1,600
	<u>132,993</u>	<u>175,484</u>
<b>Expenses</b>		
Interest on SDR holdings		
Net interest to participants with holdings above allocations .....	106,570	134,405
General Resources Account .....	16,630	28,038
Prescribed holders .....	8,393	11,441
	<u>131,593</u>	<u>173,884</u>
Administrative expenses .....	1,400	1,600
	<u>132,993</u>	<u>175,484</u>
Net Income .....	<u>—</u>	<u>—</u>

The accompanying notes are an integral part of these financial statements.

**SDR Department**  
**Statements of Cash Flows**  
**for the Years Ended April 30, 2004 and 2003**

*(In thousands of SDRs)*

	2004	2003
<b>Cash flows from operating activities</b>		
Receipts of SDRs		
Transfers among participants and prescribed holders	2,409,745	6,000,803
Transfers from participants to the General Resources Account	5,472,301	4,554,703
Transfers from the General Resources Account to participants and prescribed holders	5,928,914	5,076,989
Total Receipts of SDRs	<u>13,810,960</u>	<u>15,632,495</u>
Uses of SDRs		
Transfers among participants and prescribed holders	2,293,009	5,838,527
Transfers from participants to the General Resources Account	5,454,029	4,524,125
Transfers from the General Resources Account to participants and prescribed holders	5,928,914	5,076,989
Charges paid in the SDR Department	131,931	215,704
Other	3,077	(22,850)
Total Uses of SDRs	<u>13,810,960</u>	<u>15,632,495</u>

The accompanying notes are an integral part of these financial statements.

## SDR Department

### Notes to the Financial Statements as at April 30, 2004 and 2003

#### 1. Nature of Operations

The Special Drawing Right (SDR) is an international interest-bearing reserve asset created by the IMF following the First Amendment of the Articles of Agreement in 1969. All transactions and operations involving SDRs are conducted through the SDR Department. The SDR may be allocated by the IMF, as a supplement to existing reserve assets, to members participating in the SDR Department. Its value as a reserve asset derives, essentially, from the commitments of participants to hold and accept SDRs and to honor various obligations connected with its proper functioning as a reserve asset.

The resources of the SDR Department are held separately from the assets of all the other accounts of, or administered by, the IMF. They may not be used to meet the liability, obligations or losses of the Fund, incurred in the operations of the General Department or other accounts, except that the SDR Department reimburses the General Department for expenses incurred in conducting the business of the SDR Department.

At April 30, 2004, all members of the IMF were participants in the SDR Department. SDRs have been allocated by the IMF to members that are participants in the SDR Department at the time of the allocation in proportion to their quotas in the IMF. Six allocations have been made (in 1970, 1971, 1972, 1979, 1980, and 1981) for a total of SDR 21.4 billion. A proposed amendment of the IMF's Articles of Agreement was approved by the Board of Governors in January 1998 to allow for a special one-time allocation of SDRs equal to 21.4 billion. The amendment will enter into force after three-fifths of the members, having 85 percent of the total voting power, have accepted it. Upon termination of participation or liquidation of the SDR Department, the IMF will provide to holders the currencies received from the participants in settlement of their obligations. The IMF is empowered to prescribe certain official entities as holders of SDRs; at April 30, 2004, 15 institutions were prescribed as holders (16 institutions at April 30, 2003). Prescribed holders do not receive allocations.

The SDR is also used by a number of international and regional organizations as a unit of account or as the basis for their units of account. Several international conventions also use the SDR as a unit of account, notably those expressing liability limits for the international transport of goods and services.

#### Uses of SDRs

Participants and prescribed holders can use and receive SDRs in transactions and operations by agreement among themselves. Participants can also use SDRs in operations and transactions involving the General Resources Account, such as the payment of charges and repurchases. The IMF ensures, by designating participants to provide freely usable currency in exchange for SDRs, that a participant can use its SDRs to obtain an equivalent amount of currency if it has a need because of its balance of payments, its reserve position, or developments in its reserves.

#### General Allocations and Cancellations of SDRs

The IMF has the authority to provide unconditional liquidity through general allocations of SDRs to participants in the SDR Department in proportion to their quotas in the IMF. The IMF cannot allocate SDRs to itself or to other holders it prescribes. The Articles also provide for the cancellation of SDRs,

although to date there have been no cancellations. In its decisions on general allocations of SDRs, the IMF, as prescribed under its Articles, has sought to meet the long-term global need to supplement existing reserve assets in such a manner as will promote the attainment of the IMF's purposes and avoid economic stagnation and deflation, as well as excess demand and inflation.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the SDR Department are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The currencies in the basket as of April 30, 2004 and 2003 and their amounts were as follows:

Currency	Amount
Euro	0.4260
Japanese yen	21.0000
Pound sterling	0.0984
U.S. dollar	0.5770

As of April 30, 2004, one SDR was equal to 1.45183 U.S. dollars (one SDR was equal to 1.38391 U.S. dollars as of April 30, 2003).

#### Allocations and Holdings

At April 30, 2004 and 2003, IMF net cumulative allocations to participants totaled SDR 21.4 billion. Participants with holdings in excess of their allocations have established a net claim on the SDR Department, which is represented on the balance sheet as a liability. Participants with holdings below their allocations have used part of their allocations, which results in a net obligation to the SDR Department and is presented as an asset of the SDR Department. Participants' net SDR positions as of April 30, 2004 and 2003 were as follows:

	2004			2003		
	Total	Below Allocations	Above Allocations	Total	Below Allocations	Above Allocations
	<i>In millions of SDRs</i>					
Cumulative allocations	21,433.3	11,838.8	9,594.5	21,433.3	11,967.9	9,465.4
Holdings of SDRs by participants	20,633.6	3,865.8	16,767.8	19,924.4	3,953.1	15,971.3
Net SDR positions	799.7	7,973.0	(7,173.3)	1,508.9	8,014.8	(6,505.9)



A summary of SDR holdings is provided below:

	<b>2004</b>	<b>2003</b>
	<i>In millions of SDRs</i>	
Participants	20,633.6	19,924.4
General Resources Account	506.0	962.6
Prescribed holders	382.3	631.8
	<u>21,521.9</u>	<u>21,518.8</u>
Less: Overdue charges receivable	88.6	85.5
Total holdings	<u><u>21,433.3</u></u>	<u><u>21,433.3</u></u>

### Interest and Charges

Interest is paid on holdings of SDRs. Charges are levied on each participant's cumulative allocations plus any allocations in excess of holdings of the participant and unpaid charges. Interest on SDR holdings is paid quarterly. Charges on net cumulative allocations are also collected quarterly. Interest and charges are levied at the same rate and are settled by crediting and debiting individual holdings accounts on the first day of the subsequent quarter. The SDR Department is required to pay interest to each holder, whether or not sufficient SDRs are received to meet the payment of interest. If sufficient SDRs are not received because charges are overdue, additional SDRs are temporarily created.

The rate of interest on the SDR is determined by reference to a combined market interest rate, which is a weighted average of yields or rates on short-term instruments in the capital markets of the euro area, Japan, the United Kingdom, and the United States. The combined market interest rate used to determine the SDR interest rate is calculated each Friday, using the yields or rates of that day. The SDR interest rate, which is set equal to the combined market interest rate, enters into effect on the following Monday and applies through the following Sunday. The average SDR interest rate was 1.58 percent for the year ended April 30, 2004 (2.07 percent for the year ended April 30, 2003).

### Administrative Expenses

The expenses of conducting the business of the SDR Department are paid by the IMF from the General Resources Account, which is reimbursed in SDRs by the SDR Department at the end of each financial year. For this purpose, the SDR Department levies an assessment on all participants in proportion to their net cumulative allocations.

### Overdue Obligations

An allowance for losses resulting from overdue SDR obligations would be created if and when the IMF were to expect a loss to be incurred; no losses have been incurred to date.

### 3. Overdue Assessments and Charges

At April 30, 2004, assessments and charges amounting to SDR 88.9 million were overdue to the SDR Department (SDR 85.8 million at April 30, 2003). At April 30, 2004 and 2003, four members were six months or more overdue in meeting their financial obligations to the SDR Department.

Assessments and charges due from members that are six months or more overdue to the SDR Department were as follows as of April 30:

	<b>2004</b>	<b>2003</b>
	<i>In millions of SDRs</i>	
Total	88.9	85.8
Overdue for six months or more	87.4	83.9
Overdue for three years or more	75.9	68.1

The amount and duration of arrears as of April 30, 2004 were as follows:

	<b>Total</b>	<b>Longest Overdue Obligation</b>
	<i>In millions of SDRs</i>	
Iraq	54.3	November 1990
Liberia	24.2	April 1986
Somalia	10.3	February 1991
Sudan	0.1	April 1991
Total	<u><u>88.9</u></u>	

Schedule 1

**SDR Department**  
**Statements of Changes in SDR Holdings**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed Holders	Total	
				2004	2003
Total holdings, beginning of the year	19,924,326	962,641	631,872	21,518,839	21,541,689
<b>Receipts of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement	1,078,923		61,048	1,139,971	2,858,416
Operations					
Loans	15,675			15,675	464,746
Settlement of financial obligations	113,561		98,881	212,442	721,619
IMF-related operations					
SAF/PRGF loan	296,530			296,530	771,606
SAF repayments and interest			6,453	6,453	159,282
Special charges on SAF, PRGF, Trust Fund					95
PRGF contributions and payments	221,262		62,754	284,016	498,838
PRGF repayments and interest			332,338	332,338	334,263
HIPC payments					2,830
PRGF-HIPC contributions	937		4,153	5,090	26,174
Post-Conflict Subsidy payment	494			494	658
Net interest on SDRs	107,482		9,254	116,736	162,276
Transfers from participants to the General Resources Account					
Repurchases		2,981,392		2,981,392	1,954,711
Charges		2,455,568		2,455,568	2,505,183
Quota payment		15,675		15,675	62,468
Assessment on SDR allocation (Note 2)		1,394		1,394	1,763
Interest on SDRs		18,272		18,272	30,578
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	3,500,261			3,500,261	2,215,089
In exchange for currencies of other members acquisitions					
to pay charges	1,398,238			1,398,238	1,597,594
Remuneration	946,840			946,840	1,175,248
Other					
Refunds and adjustments	83,575			83,575	89,058
Total receipts	7,763,778	5,472,301	574,881	13,810,960	15,632,495

Schedule 1 (concluded)

**SDR Department**  
**Statements of Changes in SDR Holdings**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed Holders	Total	
				2004	2003
<b>Uses of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement . . . . .	932,718		207,253	1,139,971	2,858,416
Operations					
Loans . . . . .	15,675			15,675	464,746
Settlement of financial obligations . . . . .	114,556		97,886	212,442	721,619
IMF-related operations					
SAF/PRGF Loan . . . . .			296,530	296,530	771,606
SAF repayments and interest . . . . .	6,453			6,453	159,282
Special charges on SAF, PRGF, Trust Fund . . . . .					95
PRGF contributions and payments . . . . .	91,538		221,401	312,939	498,838
PRGF repayments and interest . . . . .	303,415			303,415	334,263
HIPC payments . . . . .					2,830
PRGF-HIPC contributions . . . . .	4,153		937	5,090	26,174
Post-Conflict Subsidy payment . . . . .			494	494	658
Transfers from participants to the General Resources Account					
Repurchases . . . . .	2,981,392			2,981,392	1,954,711
Charges . . . . .	2,455,568			2,455,568	2,505,183
Quota payment . . . . .	15,675			15,675	62,468
Assessment on SDR allocation (Note 2) . . . . .	1,394			1,394	1,763
Transfers from the General Resources Account to participants and prescribed holders					
Purchases . . . . .		3,500,261		3,500,261	2,215,089
In exchange for currencies of other members					
Acquisitions to pay charges . . . . .		1,398,238		1,398,238	1,597,594
Remuneration . . . . .		946,840		946,840	1,175,248
Other					
Refunds and adjustments . . . . .		83,575		83,575	89,058
Charges paid in the SDR department					
Net charges due . . . . .	135,008			135,008	192,854
Total uses . . . . .	7,057,545	5,928,914	824,501	13,810,960	15,632,495
Charges not paid when due . . . . .	3,240	—	—	3,240	5,873
Settlement of unpaid charges . . . . .	(163)	—	—	(163)	(28,723)
Total holdings, end of the year . . . . .	<u>20,633,633</u>	<u>506,029</u>	<u>382,254</u>	<u>21,521,916</u>	<u>21,518,839</u>

The ending balances contain rounding.

Schedule 2

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2004**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Total	Holdings	
			Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Afghanistan, Islamic State of	26,703	291	1.1	(26,412)
Albania	—	63,673	—	63,673
Algeria	128,640	9,547	7.4	(119,093)
Angola	—	145	—	145
Antigua and Barbuda	—	6	—	6
Argentina	318,370	843,583	265.0	525,213
Armenia, Republic of	—	17,598	—	17,598
Australia	470,545	117,508	25.0	(353,037)
Austria	179,045	118,805	66.4	(60,240)
Azerbaijan	—	4,630	—	4,630
Bahamas, The	10,230	70	0.7	(10,160)
Bahrain, Kingdom of	6,200	658	10.6	(5,542)
Bangladesh	47,120	1,982	4.2	(45,138)
Barbados	8,039	71	0.9	(7,968)
Belarus, Republic of	—	128	—	128
Belgium	485,246	520,390	107.2	35,144
Belize	—	1,577	—	1,577
Benin	9,409	90	1.0	(9,319)
Bhutan	—	256	—	256
Bolivia	26,703	26,763	100.2	60
Bosnia and Herzegovina	20,481	1,100	5.4	(19,381)
Botswana	4,359	33,745	774.2	29,386
Brazil	358,670	185,471	51.7	(173,199)
Brunei Darussalam	—	8,073	—	8,073
Bulgaria	—	70,513	—	70,513
Burkina Faso	9,409	186	2.0	(9,223)
Burundi	13,697	211	1.5	(13,486)
Cambodia	15,417	1,776	11.5	(13,641)
Cameroon	24,463	985	4.0	(23,478)
Canada	779,290	572,059	73.4	(207,231)
Cape Verde	620	4	0.6	(616)
Central African Republic	9,325	60	0.6	(9,265)
Chad	9,409	49	0.5	(9,360)
Chile	121,924	31,725	26.0	(90,199)
China	236,800	757,407	319.9	520,607
Colombia	114,271	113,404	99.2	(867)
Comoros	716	4	0.6	(712)
Congo, Democratic Republic of	86,309	5,027	5.8	(81,282)
Congo, Republic of	9,719	103	1.1	(9,616)
Costa Rica	23,726	170	0.7	(23,556)
Côte d'Ivoire	37,828	281	0.7	(37,547)
Croatia, Republic of	44,205	461	1.0	(43,744)
Cyprus	19,438	2,146	11.0	(17,292)
Czech Republic	—	—	—	—
Denmark	178,864	38,993	21.8	(139,871)
Djibouti	1,178	87	7.4	(1,091)
Dominica	592	61	10.4	(531)
Dominican Republic	31,585	1,120	3.5	(30,465)
Ecuador	32,929	11,888	36.1	(21,041)
Egypt	135,924	48,587	35.7	(87,337)
El Salvador	24,985	24,981	100.0	(4)
Equatorial Guinea	5,812	25	0.4	(5,787)
Eritrea	—	—	—	—
Estonia, Republic of	—	53	—	53
Ethiopia	11,160	1,633	14.6	(9,527)

Schedule 2 (continued)

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2004**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Total	Holdings	
			Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Fiji	6,958	5,222	75.0	(1,736)
Finland	142,690	113,585	79.6	(29,105)
France	1,079,870	525,263	48.6	(554,607)
Gabon	14,091	341	2.4	(13,750)
Gambia, The	5,121	25	0.5	(5,096)
Georgia	—	1,364	—	1,364
Germany	1,210,760	1,326,256	109.5	115,496
Ghana	62,983	28,716	45.6	(34,267)
Greece	103,544	15,327	14.8	(88,217)
Grenada	930	55	5.9	(875)
Guatemala	27,678	5,437	19.6	(22,241)
Guinea	17,604	—	—	(17,604)
Guinea-Bissau	1,212	662	54.6	(550)
Guyana	14,530	2,655	18.3	(11,875)
Haiti	13,697	2,170	15.8	(11,527)
Honduras	19,057	179	0.9	(18,878)
Hungary	—	32,951	—	32,951
Iceland	16,409	87	0.5	(16,322)
India	681,170	1,518	0.2	(679,652)
Indonesia	238,956	44,897	18.8	(194,059)
Iran, Islamic Republic of	244,056	268,488	110.0	24,432
Iraq	68,464	—	—	(68,464)
Ireland	87,263	54,174	62.1	(33,089)
Israel	106,360	7,227	6.8	(99,133)
Italy	702,400	138,569	19.7	(563,831)
Jamaica	40,613	459	1.1	(40,154)
Japan	891,690	1,842,560	206.6	950,870
Jordan	16,887	3,068	18.2	(13,819)
Kazakhstan, Republic of	—	778	—	778
Kenya	36,990	1,228	3.3	(35,762)
Kiribati	—	10	—	10
Korea	72,911	15,743	21.6	(57,168)
Kuwait	26,744	109,744	410.3	83,000
Kyrgyz Republic	—	9,866	—	9,866
Lao People's Democratic Republic	9,409	11,128	118.3	1,719
Latvia, Republic of	—	23	—	23
Lebanon	4,393	20,765	472.7	16,372
Lesotho	3,739	417	11.1	(3,322)
Liberia	21,007	—	—	(21,007)
Libya	58,771	465,033	791.3	406,262
Lithuania, Republic of	—	192	—	192
Luxembourg	16,955	8,684	51.2	(8,271)
Macedonia, former Yugoslav Republic of	8,379	4,383	52.3	(3,996)
Madagascar	19,270	124	0.6	(19,146)
Malawi	10,975	1,150	10.5	(9,825)
Malaysia	139,048	121,932	87.7	(17,116)
Maldives	282	307	108.6	25
Mali	15,912	558	3.5	(15,354)
Malta	11,288	30,048	266.2	18,760
Marshall Islands	—	—	—	—
Mauritania	9,719	48	0.5	(9,671)
Mauritius	15,744	17,301	109.9	1,557
Mexico	290,020	293,258	101.1	3,238
Micronesia, Federated States of	—	1,201	—	1,201
Moldova, Republic of	—	421	—	421

Schedule 2 (continued)

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2004**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Total	Holdings	
			Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Mongolia	—	26	—	26
Morocco	85,689	70,219	81.9	(15,470)
Mozambique	—	53	—	53
Myanmar	43,474	211	0.5	(43,263)
Namibia	—	17	—	17
Nepal	8,105	519	6.4	(7,586)
Netherlands	530,340	506,136	95.4	(24,204)
New Zealand	141,322	19,905	14.1	(121,417)
Nicaragua	19,483	713	3.7	(18,770)
Niger	9,409	161	1.7	(9,248)
Nigeria	157,155	1,065	0.7	(156,090)
Norway	167,770	217,918	129.9	50,148
Oman	6,262	8,128	129.8	1,866
Pakistan	169,989	164,209	96.6	(5,780)
Palau	—	—	—	—
Panama	26,322	966	3.7	(25,356)
Papua New Guinea	9,300	2,002	21.5	(7,298)
Paraguay	13,697	84,971	620.4	71,274
Peru	91,319	1,143	1.3	(90,176)
Philippines	116,595	4,973	4.3	(111,622)
Poland, Republic of	—	38,865	—	38,865
Portugal	53,320	62,380	117.0	9,060
Qatar	12,822	22,159	172.8	9,337
Romania	75,950	2,749	3.6	(73,201)
Russian Federation	—	17,371	—	17,371
Rwanda	13,697	20,061	146.5	6,364
St. Kitts and Nevis	—	1	—	1
St. Lucia	742	1,494	201.4	752
St. Vincent and the Grenadines	354	4	1.0	(350)
Samoa	1,142	2,406	210.7	1,264
San Marino, Republic of	—	506	—	506
São Tomé and Príncipe	620	15	2.4	(605)
Saudi Arabia	195,527	301,365	154.1	105,838
Senegal	24,462	1,720	7.0	(22,742)
Serbia and Montenegro	56,665	6,946	12.3	(49,719)
Seychelles	406	4	1.0	(402)
Sierra Leone	17,455	19,718	113.0	2,263
Singapore	16,475	182,183	1,105.8	165,708
Slovak Republic	—	867	—	867
Slovenia, Republic of	25,431	6,428	25.3	(19,003)
Solomon Islands	654	4	0.6	(650)
Somalia	13,697	—	—	(13,697)
South Africa	220,360	222,790	101.1	2,430
Spain	298,805	282,521	94.6	(16,284)
Sri Lanka	70,868	1,407	2.0	(69,461)
Sudan	52,192	217	0.4	(51,975)
Suriname	7,750	1,296	16.7	(6,454)
Swaziland	6,432	2,468	38.4	(3,964)
Sweden	246,525	117,141	47.5	(129,384)
Switzerland	—	22,695	—	22,695
Syrian Arab Republic	36,564	190	0.5	(36,374)
Tajikistan, Republic of	—	574	—	574
Tanzania	31,372	213	0.7	(31,159)
Thailand	84,652	1,052	1.2	(83,600)
Timor-Leste, The Democratic Republic of	—	—	—	—

Schedule 2 (concluded)

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2004**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings		
		Total	Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Togo	10,975	57	0.5	(10,918)
Tonga	—	222	—	222
Trinidad and Tobago	46,231	985	2.1	(45,246)
Tunisia	34,243	17,000	49.6	(17,243)
Turkey	112,307	148,035	131.8	35,728
Turkmenistan, Republic of	—	—	—	—
Uganda	29,396	5,016	17.1	(24,380)
Ukraine	—	7,027	—	7,027
United Arab Emirates	38,737	1,261	3.3	(37,476)
United Kingdom	1,913,070	222,721	11.6	(1,690,349)
United States	4,899,530	8,571,679	174.9	3,672,149
Uruguay	49,977	17,293	34.6	(32,684)
Uzbekistan, Republic of	—	200	—	200
Vanuatu	—	897	—	897
Venezuela	316,890	6,619	2.1	(310,271)
Vietnam	47,658	690	1.4	(46,968)
Yemen, Republic of	28,743	32,935	114.6	4,192
Zambia	68,298	2,088	3.1	(66,210)
Zimbabwe	10,200	9	0.1	(10,191)
Above Allocations	9,594,484	16,767,772	174.8	7,173,288
Below Allocations	11,838,846	3,865,861	32.7	(7,972,985)
Total Participants	21,433,330	20,633,633		
General Resources Account		506,029		
Prescribed Holders		382,254		
Overdue Charges	88,586			
	<u>21,521,916</u>	<u>21,521,916</u>		



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**Report of Independent Auditors**

**To the Board of Governors  
of the International Monetary Fund:**

We have audited the accompanying combined balance sheets as at April 30, 2004 and 2003, and the related combined statements of income, changes in resources, and cash flows for the years then ended of the Poverty Reduction and Growth Facility Trust.

We have audited the accompanying combined balance sheets as at April 30, 2004 and 2003, and the related combined statements of income and changes in resources for the years then ended of the Poverty Reduction and Growth Facility–Heavily Indebted Poor Countries Trust and Related Accounts.

We have also audited the accompanying balance sheets as at April 30, 2004 and 2003, and the related statements of income and changes in resources for the years then ended of the following entities:

Poverty Reduction and Growth Facility Administered Accounts

- Austria
- Belgium
- Botswana
- Greece
- Indonesia
- Islamic Republic of Iran
- Portugal

Other Administered Accounts

- Administered Account Japan
- Administered Account for Selected Fund Activities–Japan
- Framework Administered Account for Technical Assistance Activities
- Administered Account–Spain
- Supplementary Financing Facility Subsidy Account
- Post-Conflict Emergency Assistance Subsidy Account

These financial statements are the responsibility of management of the International Monetary Fund, as trustee or administrator of the trusts and accounts listed above. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of these statements in accordance with International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a true and fair view of the financial position of the trusts and accounts listed above as at April 30, 2004 and 2003, and the results of their operations for the years then ended in conformity with International Financial Reporting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 189 to 192 and 203 to 207 is presented for purposes of adding additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the respective financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

June 7, 2004



**Poverty Reduction and Growth Facility Trust**  
**Combined Balance Sheets**  
**as at April 30, 2004 and 2003**

(In thousands of SDRs)

	2004	2003
<b>Assets</b>		
Cash and cash equivalents .....	2,721,670	2,481,040
Investments (Note 3) .....	3,035,128	3,205,052
Loans receivable (Note 4) .....	6,699,728	6,667,296
Interest receivable .....	20,915	18,979
Total Assets .....	<u>12,477,441</u>	<u>12,372,367</u>
<b>Liabilities and Resources</b>		
Borrowings (Note 5) .....	7,512,656	7,431,854
Interest payable .....	34,518	39,333
Other liabilities .....	4,483	2,930
Total Liabilities .....	<u>7,551,657</u>	<u>7,474,117</u>
Resources .....	4,925,784	4,898,250
Total Liabilities and Resources .....	<u>12,477,441</u>	<u>12,372,367</u>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau  
Director, Finance Department

/s/ Rodrigo de Rato  
Managing Director

**Poverty Reduction and Growth Facility Trust**  
**Combined Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	2004	2003
Balance, beginning of the year .....	4,898,250	4,695,845
Investment income (Note 3) .....	75,377	119,657
Interest on loans .....	33,587	31,058
Interest expense .....	(106,300)	(137,618)
Other expenses .....	(3,286)	(3,238)
Operational (loss)/income .....	(622)	9,859
Contributions (Note 6) .....	34,326	43,287
Transfers from the Special Disbursement Account (Note 8) .....	33,704	53,146
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 8) .....	51,530	213,259
Net changes in resources .....	(57,700)	(64,000)
Balance, end of the year .....	<u>4,925,784</u>	<u>4,898,250</u>

The accompanying notes are an integral part of these financial statements.

**Poverty Reduction and Growth Facility Trust**  
**Combined Statements of Cash Flows**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	<b>2004</b>	<b>2003</b>
<b>Cash flows from operating activities</b>		
Net (loss)/income .....	(622)	9,859
Adjustments to reconcile net income to cash generated by operations		
Changes in interest payable and other liabilities .....	(3,262)	(225)
Changes in interest receivable .....	(1,936)	(2,986)
Cash from credit to members		
Loan disbursements .....	(865,215)	(1,217,527)
Loan repayments .....	832,783	723,079
Net cash used in operating activities .....	<b>(38,252)</b>	<b>(487,800)</b>
<b>Cash flows from investment activities</b>		
Net acquisition of investments .....	169,924	(575,767)
Net cash provided (used) by investment activities .....	<b>169,924</b>	<b>(575,767)</b>
<b>Cash flows from financing activities</b>		
Borrowings .....	864,978	1,192,875
Repayment of borrowings .....	(784,176)	(525,455)
Contributions .....	34,326	43,287
Transfers from the Special Disbursement Account .....	51,530	213,259
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust .....	(57,700)	(64,000)
Net cash provided by financing activities .....	<b>108,958</b>	<b>859,966</b>
Cash and cash equivalents, beginning of year .....	2,481,040	2,684,641
<b>Cash and cash equivalents, end of year .....</b>	<b><u>2,721,670</u></b>	<b><u>2,481,040</u></b>

The accompanying notes are an integral part of these financial statements.

## Poverty Reduction and Growth Facility Trust

### Notes to the Combined Financial Statements as at April 30, 2004 and 2003

#### 1. Nature of Operations

The Poverty Reduction and Growth Facility Trust (PRGF Trust or the Trust), for which the IMF is Trustee, was established in December 1987 and was extended and enlarged in February 1994 to provide loans on concessional terms to qualifying low-income developing country members. The resources of the Trust are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The operations of the Trust are conducted through a Loan Account, a Reserve Account, and a Subsidy Account. Combining balance sheets and statements of income and changes in resources for each of these accounts are provided in Note 9 to these financial statements.

##### Loan Account

The resources of the Loan Account consist of the proceeds from borrowings, repayments of principal, and interest payments on loans extended by the Trust. At April 30, 2004, loans totaling SDR 6,699.7 million were outstanding (SDR 6,667.3 million at April 30, 2003). At April 30, 2004, the resources of the Loan Account included cumulative advances from the Reserve Account of SDR 74.7 million resulting from the non-payment of principal by Zimbabwe (SDR 65.5 million at April 30, 2003).

##### Reserve Account

The resources of the Reserve Account consist of amounts transferred by the IMF from the Special Disbursement Account and net earnings from investment of resources held in the Reserve Account and in the Loan Account.

The resources held in the Reserve Account are to be used by the Trustee, in the event that borrowers' principal repayments and interest payments, together with the authorized interest subsidy, are insufficient to repay loan principal and interest on borrowings of the Loan Account.

##### Subsidy Account

The resources held in the Subsidy Account consist of contributions to the Trust, including transfers of net earnings from PRGF Administered Accounts, SDR 400 million transferred by the IMF from the Special Disbursement Account, net earnings on loans made to the Trust for the Subsidy Account, and the net earnings from investment of Subsidy Account resources.

The resources available in the Subsidy Account are drawn by the Trustee to pay the difference, with respect to each interest period, between the interest due from the borrowers under the Trust and the interest due on Loan Account borrowings.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the PRGF Trust are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of

assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### Revenue and Expense Recognition

The financial statements of the Trust are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

##### Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The currencies in the basket as of April 30, 2004 and 2003 and their amounts were as follows:

Currency	Amount
Euro	0.4260
Japanese yen	21.0000
Pound sterling	0.0984
U.S. dollar	0.5770

As of April 30, 2004, one SDR was equal to 1.45183 U.S. dollars (one SDR was equal to 1.38391 dollars as of April 30, 2003).

##### Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost, which approximates fair value. Interest on these instruments varies and is based on prevailing market rates.

##### Investments

The Trust invests in debt securities and fixed-term deposits, which are classified as available for sale securities. Investments are marked to market on the last business day of the accounting period. The carrying amounts of investments approximate their fair value and the unrealized gains and losses are included in the income statements. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest income, realized and unrealized gains and losses on investments, including currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR valuation basket.

## Loans

Loans in the Trust are initially recorded at the amount disbursed provided that the present value of the cash flows from stated interest due and the Subsidy Account is equal to or exceeds the disbursed amount. Thereafter, the carrying value of the loans is amortized cost.

## Overdue Obligations

It is the Trust's policy to exclude from income interest on loans that are six months or more overdue. An impairment loss is recognized only if there is objective evidence of impairment as a result of a past event that occurred after initial recognition and is determined as the difference between the outstanding loan's carrying amount and the present value of estimated future cash flows.

## Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

## Transfers

Internal transfers of resources within the IMF are accounted for under the accrual method of accounting.

## Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising from the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

## Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

## 3. Investments

The maturities of the investments are as follows:

Maturity as at April 30	2004	2003
	<i>In thousands of SDRs</i>	
Less than 1 year	2,831,390	2,612,829
1-3 years	168,542	566,905
3-5 years	—	4,982
Over 5 years	35,196	20,336
Total	<u>3,035,128</u>	<u>3,205,052</u>

At April 30, the investments consisted of the following:

	2004	2003
	<i>In thousands of SDRs</i>	
Debt securities	2,800,283	2,923,255
Fixed-term deposits	234,845	281,797
Total	<u>3,035,128</u>	<u>3,205,052</u>

At April 30, investment income comprised:

	2004	2003
	<i>In thousands of SDRs</i>	
Interest income	119,077	144,544
Realized losses, net	(70,151)	(52,803)
Unrealized gains, net	26,647	29,686
Exchange rate losses, net	(196)	(1,770)
Total	<u>75,377</u>	<u>119,657</u>

## 4. Loans Receivable

Resources of the Loan Account are committed to qualifying members for a three-year period, upon approval by the Trustee of three-year arrangements in support of the members' macroeconomic and structural adjustment programs. Interest on the outstanding loan balances is set at the rate of 1/2 of 1 percent per annum. Scheduled repayments of loans by borrowers are summarized below:

Period of Repayment, Financial Year Ending April 30	
	<i>In thousands of SDRs</i>
2005	881,952
2006	854,789
2007	726,142
2008	815,876
2009	820,734
2010 and beyond	2,525,537
Overdue	74,698
Total	<u>6,699,728</u>

The above includes one member that is overdue at the end of financial year 2004 for more than six months in the amount of SDR 74.7 million (SDR 65.5 million as at April 30, 2003).

As of April 30, use of credit in the Trust by the largest users was as follows:

	2004		2003	
	<i>In millions of SDRs and percent of total PRGF credit</i>			
Largest user of credit	916.1	13.7%	737.6	11.1%
Three largest users of credit	1,920.4	28.7%	1,820.8	27.3%
Five largest users of credit	2,512.0	37.5%	2,469.9	37.0%

## 5. Borrowings

The following summarizes the borrowing agreements concluded as of April 30:

	Amount Undrawn	
	2004	2003
	<i>In thousands of SDRs</i>	
Loan Account	4,856,812	5,718,318
Subsidy Account	65,167	3,330

The Trustee has agreed to hold and invest, on behalf of a lender, principal repayments of Trust borrowing in a suspense account within the Loan Account. Principal repayments will be accumulated until the final maturity of the borrowing, when the full proceeds are to be transferred to the lender. Amounts deposited in this account are invested by the Trustee, and payments of interest to the lender are to be made exclusively from the earnings on the amounts invested.

The Trust borrows on such terms and conditions as agreed between the Trustee and the lenders. Interest rates on borrowings as at April 30, 2004 varied between 0.5 percent and 6.5 percent a year (0.5 percent and 6.9 percent a year as at April 30, 2003). The principal amounts of the borrowings are repayable between 5½ and 16 years after the first drawing.

Scheduled repayments of borrowings are summarized below:

Period of Repayment, Financial Year Ending April 30	<i>In thousands of SDRs</i>
2005	953,566
2006	1,504,589
2007	982,706
2008	822,951
2009	822,916
2010 and beyond	2,425,928
Total	<u>7,512,656</u>

Borrowings and repayments during the financial year ended April 30, 2004 amounted to SDR 865 million and SDR 784 million, respectively (SDR 1,194 million and SDR 526 million, respectively, for the financial year ended April 30, 2003).

## 6. Contributions

The Trustee accepts contributions for the Subsidy Account on such terms and conditions as agreed between the Trustee and the contributors. At April 30, 2004, cumulative contributions received, including transfers from the Special Disbursement Account, amounted to SDR 2,430.0 million (SDR 2,395.8 million at April 30, 2003).

## 7. Commitments Under Loan Arrangements

An arrangement is a decision of the IMF that gives a member the assurance that the institution stands ready to provide foreign exchange or SDRs during a specified period and up to a specified amount in accordance with the terms of the decision. At April 30, 2004, undrawn balances under 36 loan arrangements amounted to SDR 2,088.9 million (SDR 2,473.8 million under 36 arrangements at April 30, 2003).

## 8. Transfers Through the Special Disbursement Account

The expenses of conducting the business of the Trust are paid by the General Resources Account of the IMF and reimbursed by the Reserve Account of the Trust through the Special Disbursement Account; corresponding transfers are made from the Reserve Account to the Special Disbursement Account when and to the extent needed. For financial years 2004 and 2003, the Executive Board of the IMF decided to forgo such reimbursement to the General Resources Account and to transfer an equivalent amount from the Reserve Account, through the Special Disbursement Account, to the PRGF-HIPC Trust. The amounts transferred for financial years 2004 and 2003 were SDR 57.7 million and SDR 64.0 million respectively.

Resources of up to SDR 250 million may be transferred, as needed, from the Reserve Account through the Special Disbursement Account to the PRGF-HIPC Trust to be used to provide grants or loans to eligible members under the HIPC initiative. At April 30, 2004 and 2003, SDR 43.5 million had been transferred for this purpose.

## 9. Combining Balance Sheets, Statements of Income, and Changes in Resources

The balance sheets, statements of income and changes in resources for each of the accounts in the PRGF Trust are presented below:

Note 9

### Combining Balance Sheets as at April 30, 2004 and 2003

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2004	2003	2004	2003	2004	2003	2004	2003
<b>Assets</b>								
Cash and cash equivalents	627,730	453,718	1,050,119	1,102,840	1,043,821	924,482	2,721,670	2,481,040
Investments (Note 3)	234,846	281,797	1,999,165	1,959,143	801,117	964,112	3,035,128	3,205,052
Loans receivable (Note 4)	6,699,728	6,667,296	—	—	—	—	6,699,728	6,667,296
Accrued account transfers	20,202	19,270	48,095	3,208	(68,297)	(22,478)	—	—
Interest receivable	19,866	17,338	961	1,329	88	312	20,915	18,979
Total Assets	<u>7,602,372</u>	<u>7,439,419</u>	<u>3,098,340</u>	<u>3,066,520</u>	<u>1,776,729</u>	<u>1,866,428</u>	<u>12,477,441</u>	<u>12,372,367</u>
<b>Liabilities and Resources</b>								
Borrowings (Note 5)	7,488,707	7,333,068	—	—	23,949	98,786	7,512,656	7,431,854
Interest payable	34,484	37,878	—	—	34	1,455	34,518	39,333
Other liabilities	4,483	2,930	—	—	—	—	4,483	2,930
Total Liabilities	<u>7,527,674</u>	<u>7,373,876</u>	<u>—</u>	<u>—</u>	<u>23,983</u>	<u>100,241</u>	<u>7,551,657</u>	<u>7,474,117</u>
Resources	74,698	65,543	3,098,340	3,066,520	1,752,746	1,766,187	4,925,784	4,898,250
Total Liabilities and Resources	<u>7,602,372</u>	<u>7,439,419</u>	<u>3,098,340</u>	<u>3,066,520</u>	<u>1,776,729</u>	<u>1,866,428</u>	<u>12,477,441</u>	<u>12,372,367</u>

Note 9 (concluded)

**Combining Statements of Income and Changes in Resources  
for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2004	2003	2004	2003	2004	2003	2004	2003
Balance, beginning of the year	65,543	41,494	3,066,520	2,869,791	1,766,187	1,784,560	4,898,250	4,695,845
Investment income (Note 3)	—	—	48,856	74,918	26,521	44,739	75,377	119,657
Interest on loans	33,587	31,058	—	—	—	—	33,587	31,058
Interest expense	(104,912)	(135,951)	—	—	(1,388)	(1,667)	(106,300)	(137,618)
Other expenses	—	—	(1,711)	(1,575)	(1,575)	(1,663)	(3,286)	(3,238)
Operational (loss) income	(71,325)	(104,893)	47,145	73,343	23,558	41,409	(622)	9,859
Contributions (Note 6)	—	—	—	—	34,326	43,287	34,326	43,287
	(71,325)	(104,893)	47,145	73,343	57,884	84,696	33,704	53,146
Transfers from the Special Disbursement Account (Note 8)	—	—	51,530	213,259	—	—	51,530	213,259
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 8)	—	—	(57,700)	(64,000)	—	—	(57,700)	(64,000)
Transfers between:								
Loan and Reserve Accounts	9,155	25,873	(9,155)	(25,873)	—	—	—	—
Loan and Subsidy Accounts	71,325	103,069	—	—	(71,325)	(103,069)	—	—
Net changes in resources	9,155	24,049	31,820	196,729	(13,441)	(18,373)	27,534	202,405
Balance, end of the year	74,698	65,543	3,098,340	3,066,520	1,752,746	1,766,187	4,925,784	4,898,250

**Poverty Reduction and Growth Facility Trust**  
**Schedule of Outstanding Loans**  
**as at April 30, 2004**

(In thousands of SDRs)

Member	PRGF Loan Account		Structural Adjustment Facility <sup>1</sup>	
	Balance	Percent	Balance	Percent
Albania	63,275	0.94	—	—
Armenia, Republic of	132,350	1.98	—	—
Azerbaijan	105,018	1.57	—	—
Bangladesh	99,000	1.48	—	—
Benin	47,838	0.71	—	—
Bolivia	115,704	1.73	—	—
Burkina Faso	82,306	1.23	1,264	1.47
Burundi	26,400	0.39	—	—
Cambodia	66,900	1.00	—	—
Cameroon	225,455	3.37	—	—
Cape Verde	4,920	0.07	—	—
Central African Republic	23,656	0.35	—	—
Chad	69,883	1.04	—	—
Congo, Democratic Republic of	500,067	7.46	—	—
Congo, Republic of	6,948	0.10	—	—
Côte d'Ivoire	271,729	4.06	—	—
Djibouti	13,630	0.20	—	—
Dominica	2,666	0.04	—	—
Equatorial Guinea	37	—	148	0.17
Ethiopia	110,491	1.65	2,824	3.29
Gambia, The	21,439	0.32	—	—
Georgia	168,825	2.52	—	—
Ghana	298,065	4.45	—	—
Guinea	86,114	1.29	—	—
Guinea-Bissau	11,249	0.17	—	—
Guyana	59,696	0.89	—	—
Haiti	9,105	0.14	—	—
Honduras	124,573	1.86	—	—
Kenya	75,585	1.13	—	—
Kyrgyz Republic	138,766	2.07	—	—
Lao People's Democratic Republic	28,091	0.42	—	—
Lesotho	21,000	0.31	—	—
Macedonia, former Yugoslav Republic of	22,638	0.34	—	—
Madagascar	138,143	2.06	—	—
Malawi	49,333	0.74	—	—
Mali	105,626	1.58	—	—
Mauritania	65,633	0.98	—	—
Moldova, Republic of	27,720	0.41	—	—
Mongolia	31,317	0.47	—	—
Mozambique	136,970	2.04	—	—
Nepal	7,130	0.11	—	—
Nicaragua	155,748	2.32	—	—
Niger	84,570	1.26	—	—
Pakistan	916,128	13.67	—	—
Rwanda	61,835	0.92	—	—
São Tomé and Príncipe	1,902	0.03	—	—
Senegal	155,372	2.32	—	—
Sierra Leone	117,700	1.76	—	—
Somalia	—	—	8,840	10.31
Sri Lanka	38,390	0.57	—	—
Tajikistan, Republic of	76,960	1.15	—	—
Tanzania	293,482	4.38	—	—
Togo	24,978	0.37	—	—
Uganda	151,451	2.26	—	—
Vietnam	214,800	3.21	—	—
Yemen, Republic of	225,550	3.37	—	—
Zambia	504,193	7.53	72,700	84.76
Zimbabwe	81,378	1.21	—	—
Total loans outstanding	<u>6,699,728</u>	<u>100.00</u>	<u>85,776</u>	<u>100.00</u>

<sup>1</sup>Since Structural Adjustment Facility (SAF) loans have been disbursed in connection with PRGF arrangements, the above list includes these loans, as well as loans disbursed to members under SAF arrangements. These loans are held by the Special Disbursement Account, and reflected in the financial statements of the General Department. Repayments of all SAF loans are transferred to the PRGF Reserve Account when received.

Schedule 2

**Poverty Reduction and Growth Facility Trust**  
**Contributions to and Resources of the Subsidy Account**  
**as at April 30, 2004**

*(In thousands of SDRs)*

Contributor <sup>1</sup>	Amount
<b>Direct contributions to the Subsidy Account</b>	
Argentina	20,400
Australia	6,770
Bangladesh	486
Canada	182,198
China	8,500
Czech Republic	10,004
Denmark	38,299
Egypt	10,002
Finland	22,684
Germany	132,832
Iceland	3,200
India	7,204
Ireland	4,740
Italy	150,261
Japan	506,997
Korea	32,191
Luxembourg	8,945
Morocco	7,284
Netherlands	94,372
Norway	28,074
Sweden	110,887
Switzerland	37,075
Turkey	6,000
United Kingdom	316,564
United States	126,079
Total direct contributions to the Subsidy Account	1,872,048
<b>Net income transferred from PRGF Administered Accounts</b>	
Austria	40,341
Belgium	77,953
Botswana	1,352
Chile	2,910
Greece	25,941
Indonesia	4,936
Iran, Islamic Republic of	1,364
Portugal	3,239
Total net income transferred from Administered Accounts	158,036
Total contributions received	2,030,084
Transfers from Special Disbursement Account	400,000
Total contributions received and transfers from Special Disbursement Account	2,430,084
Cumulative net income of the Subsidy Account	861,439
Resources disbursed to subsidize Trust lending	( 1,538,777)
Total resources of the Subsidy Account	1,752,746

<sup>1</sup>In addition to direct contributions, a number of members also make loans available to the Loan Account on concessional terms. See Schedule 3.



**Poverty Reduction and Growth Facility Trust**  
**Schedule of Borrowing Agreements**  
**as at April 30, 2004**

(In thousands of SDRs)

Member	Interest Rate (in percent)	Amount of Agreement	Amount Drawn	Outstanding Balance
<b>Loan Account</b>				
Prior to enlargement of PRGF				
Canada	Fixed <sup>1</sup>	300,000	300,000	70,671
France	0.5 <sup>2</sup>	800,000	800,000	114,286
Germany	Variable <sup>3</sup>	700,000	700,000	152,802
Italy	Variable <sup>3</sup>	370,000	370,000	73,438
Japan	Variable <sup>3</sup>	2,200,000	2,200,000	540,630
Korea	Variable <sup>3</sup>	65,000	65,000	4,195
Norway	Variable <sup>3</sup>	90,000	90,000	13,000
Total prior to enlargement of PRGF		<u>4,525,000</u>	<u>4,525,000</u>	<u>969,022</u>
For enlargement of PRGF				
Belgium	Variable <sup>3</sup>	350,000	242,331	242,331
Canada	Variable <sup>3</sup>	400,000	338,713	317,330
China	Variable <sup>3</sup>	200,000	153,492	140,610
Denmark	Variable <sup>3</sup>	100,000	100,000	100,000
Egypt	Variable <sup>3</sup>	155,600	100,000	87,362
France	Variable <sup>2</sup>	2,100,000	935,571	880,155
Germany	Variable <sup>3</sup>	2,050,000	909,834	866,852
Italy	Variable <sup>3</sup>	1,010,000	575,392	570,413
Japan	Variable <sup>3</sup>	2,934,800	1,992,778	1,931,423
Korea	Variable <sup>3</sup>	27,700	27,700	25,881
Netherlands	Variable <sup>3</sup>	450,000	140,355	140,355
Norway	Variable <sup>3</sup>	60,000	60,000	53,280
OPEC Fund for International Development	Variable <sup>3</sup>	34,439 <sup>4</sup>	36,990	36,990
Spain—Bank of Spain	Variable <sup>3</sup>	425,000	41,410	41,410
Spain—Government of Spain (ICO)	Fixed	67,000	67,000	62,504
Switzerland	Variable <sup>3</sup>	401,700	187,861	160,213
Total for enlargement of PRGF		<u>10,766,239</u>	<u>5,909,427</u>	<u>5,657,109</u>
Resources held pending repayment	5	—	—	862,576 <sup>5</sup>
Total—Loan Account		<u>15,291,239</u>	<u>10,434,427</u>	<u>7,488,707</u>
<b>Subsidy Account</b>				
Malta	0.50	1,365	1,365	1,365
Pakistan	0.50	10,000	7,337	7,337
Spain—Government of Spain (ICO)	0.50	67,000	4,496	4,496
Tunisia	0.50	3,551	3,551	3,551
Uruguay	Variable <sup>6</sup>	7,200	7,200	7,200
Total—Subsidy Account		<u>89,116</u>	<u>23,949</u>	<u>23,949</u>

<sup>1</sup>The loans under this agreement are made at market-related rates of interest fixed at the time the loan was disbursed.

<sup>2</sup>The agreement with France made before the enlargement of PRGF (SDR 800 million) provides that the interest rate shall be 0.5 percent on the first SDR 700 million drawn, and at variable, market-related rates of interest thereafter. The agreement with France made for the enlargement of the PRGF (SDR 2.1 billion) provides that the interest rate shall be 0.5 percent until the cumulative implicit interest subsidy reaches SDR 250 million, and at variable, market-related rates of interest thereafter.

<sup>3</sup>The loans under these agreements are made at variable, market-related rates of interest.

<sup>4</sup>The agreement with the OPEC Fund for International Development is for an amount of \$50 million, or SDR 34.4 million based on the exchange rate of 0.688785 SDR per US dollar as at April 30, 2004.

<sup>5</sup>This amount represents principal repayments held and invested on behalf of a lender.

<sup>6</sup>The interest rate payable on the borrowing from Uruguay is equal to the rate on SDR-denominated deposits less 2.6 percent a year.

Schedule 4

**Poverty Reduction and Growth Facility Trust**  
**Status of Loan Arrangements<sup>1</sup>**  
**as at April 30, 2004**

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration Date	Amount Agreed	Undrawn Balance
Albania	Jun. 21, 2002	Jun. 20, 2005	28,000	12,000
Armenia, Republic of	May 23, 2001	May 22, 2004	69,000	19,000
Azerbaijan	Jul. 6, 2001	Mar. 31, 2005	80,450	38,610
Bangladesh	Jun. 20, 2003	Jun. 19, 2006	347,000	248,000
Burkina Faso	Jun. 11, 2003	Jun. 10, 2006	24,080	17,200
Burundi	Jan. 23, 2004	Jan. 22, 2007	69,300	42,900
Cameroon	Dec. 21, 2000	Dec. 20, 2004	111,420	31,830
Cape Verde	Apr. 10, 2002	Apr. 9, 2005	8,640	3,720
Congo, Democratic Republic of	Jun. 12, 2002	Jun. 11, 2005	580,000	79,933
Côte d'Ivoire	Mar. 29, 2002	Mar. 28, 2005	292,680	234,140
Dominica	Dec. 29, 2003	Dec. 28, 2006	7,688	5,022
Ethiopia	Mar. 22, 2001	Jul. 31, 2004	100,277	10,429
Gambia, The	Jul. 18, 2002	Jul. 17, 2005	20,220	17,330
Ghana	May 9, 2003	May 8, 2006	184,500	131,800
Guinea	May 2, 2001	May 1, 2004	64,260	38,556
Guyana	Sep. 20, 2002	Mar. 19, 2006	54,550	43,030
Honduras	Feb. 27, 2004	Feb. 26, 2007	71,200	61,029
Kenya	Nov. 21, 2003	Nov. 20, 2006	175,000	150,000
Kyrgyz Republic	Dec. 6, 2001	Dec. 5, 2004	73,400	19,120
Lao People's Democratic Republic	Apr. 25, 2001	Apr. 24, 2005	31,700	13,580
Lesotho	Mar. 9, 2001	Jun. 30, 2004	24,500	3,500
Madagascar	Mar. 1, 2001	Mar. 1, 2005	91,650	22,695
Malawi	Dec. 21, 2000	Dec. 20, 2004	45,110	32,230
Mauritania	Jul. 18, 2003	Jul. 17, 2006	6,440	5,520
Mongolia	Sep. 28, 2001	Jul. 31, 2005	28,490	16,280
Nepal	Nov. 19, 2003	Nov. 18, 2006	49,910	42,780
Nicaragua	Dec. 13, 2002	Dec. 12, 2005	97,500	55,710
Niger	Dec. 22, 2000	Jun. 30, 2004	59,200	8,440
Pakistan	Dec. 6, 2001	Dec. 5, 2004	1,033,700	344,560
Rwanda	Aug. 12, 2002	Aug. 11, 2005	4,000	2,855
Senegal	Apr. 28, 2003	Apr. 27, 2006	24,270	17,330
Sierra Leone	Sep. 26, 2001	Mar. 25, 2005	130,840	28,003
Sri Lanka	Apr. 18, 2003	Apr. 17, 2006	269,000	230,610
Tajikistan, Republic of	Dec. 11, 2002	Dec. 10, 2005	65,000	39,200
Tanzania	Aug. 16, 2003	Aug. 15, 2006	19,600	14,000
Uganda	Sep. 13, 2002	Sep. 12, 2005	13,500	8,000
			<u>4,356,075</u>	<u>2,088,942</u>

<sup>1</sup>The Saudi Fund for Development may also provide resources to support arrangements under the PRGF through loans to qualifying members in association with loans under the PRGF. As at April 30, 2004, SDR 49.5 million of such associated loans had been disbursed.

## Poverty Reduction and Growth Facility Administered Accounts

### Balance Sheets as at April 30, 2004 and 2003

(In thousands of SDRs)

	Austria		Belgium		Botswana			
	2004	2003	2004	2003	2004	2003		
<b>Assets</b>								
Cash and cash equivalents	—	—	—	80,000	—	—		
Investments (Note 3)	15,000	25,000	—	—	—	6,894		
Advance payments to the PRGF Trust Subsidy Account	67	102	—	—	—	116		
Interest receivable	—	—	—	225	—	—		
<b>Total Assets</b>	<u>15,067</u>	<u>25,102</u>	<u>—</u>	<u>80,225</u>	<u>—</u>	<u>7,010</u>		
<b>Liabilities and Resources</b>								
Deposits (Note 4)	15,000	25,000	—	80,000	—	6,894		
Interest payable	67	102	—	2	—	116		
<b>Total Liabilities</b>	<u>15,067</u>	<u>25,102</u>	<u>—</u>	<u>80,002</u>	<u>—</u>	<u>7,010</u>		
Resources	—	—	—	223	—	—		
<b>Total Liabilities and Resources</b>	<u>15,067</u>	<u>25,102</u>	<u>—</u>	<u>80,225</u>	<u>—</u>	<u>7,010</u>		
	Greece		Indonesia		Iran, I. R. of		Portugal	
	2004	2003	2004	2003	2004	2003	2004	2003
<b>Assets</b>								
Cash and cash equivalents	—	—	25,000	25,000	—	—	—	—
Investments (Note 3)	—	7,000	—	—	5,000	5,000	8,764	10,517
Advance payments to the PRGF Trust Subsidy Account	—	15	—	—	23	23	42	50
Interest receivable	—	—	1	70	—	—	—	—
<b>Total Assets</b>	<u>—</u>	<u>7,015</u>	<u>25,001</u>	<u>25,070</u>	<u>5,023</u>	<u>5,023</u>	<u>8,806</u>	<u>10,567</u>
<b>Liabilities and Resources</b>								
Deposits (Note 4)	—	7,000	25,000	25,000	5,000	5,000	8,764	10,517
Interest payable	—	15	—	17	23	23	42	50
<b>Total Liabilities</b>	<u>—</u>	<u>7,015</u>	<u>25,000</u>	<u>25,017</u>	<u>5,023</u>	<u>5,023</u>	<u>8,806</u>	<u>10,567</u>
Resources	—	—	1	53	—	—	—	—
<b>Total Liabilities and Resources</b>	<u>—</u>	<u>7,015</u>	<u>25,001</u>	<u>25,070</u>	<u>5,023</u>	<u>5,023</u>	<u>8,806</u>	<u>10,567</u>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau  
Director, Finance Department

/s/ Rodrigo de Rato  
Managing Director

**Poverty Reduction and Growth Facility Administered Accounts**  
**Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	Austria		Belgium		Botswana			
	2004	2003	2004	2003	2004	2003		
Balance, beginning of the year	—	—	223	18	—	—		
Investment income	335	801	1,227	1,630	104	178		
Other expenses	(13)	(20)	—	—	(4)	(4)		
Interest expense on deposits	(102)	(130)	(399)	(400)	(115)	(138)		
Net income	220	651	828	1,230	(15)	36		
Transfers (to)/from the:								
PRGF Trust Subsidy Account	(220)	(651)	(1,051)	(1,025)	15	(36)		
Net changes in resources	—	—	(223)	205	—	—		
Balance, end of the year	—	—	—	223	—	—		
	Greece		Indonesia		Iran, I. R. of		Portugal	
	2004	2003	2004	2003	2004	2003	2004	2003
Balance, beginning of the year	—	—	53	96	—	—	—	—
Investment income	84	325	402	508	81	130	143	274
Other expenses	(3)	(8)	—	—	(4)	(3)	(6)	(7)
Interest expense on deposits	(26)	(61)	—	(62)	(25)	(25)	(44)	(53)
Net Income	55	256	402	446	52	102	93	214
Transfers (to)/from the:								
PRGF Trust Subsidy Account	(55)	(256)	(454)	(489)	(52)	(102)	(93)	(214)
Net changes in resources	—	—	(52)	(43)	—	—	—	—
Balance, end of the year	—	—	1	53	—	—	—	—

The accompanying notes are an integral part of these financial statements.

## Poverty Reduction and Growth Facility Administered Accounts

### Notes to the Financial Statements as at April 30, 2004 and 2003

#### 1. Nature of Operations

At the request of certain member countries, the IMF established the Poverty Reduction and Growth Facility Administered Accounts ("PRGF Administered Accounts" or "Administered Accounts") for the benefit of the Subsidy Account of the PRGF Trust. The Administered Accounts comprise deposits made by contributors. The difference between interest earned by the Administered Accounts and the interest payable on deposits is transferred to the Subsidy Account of the PRGF Trust.

The Saudi Fund for Development (SFD) Special Account was established at the request of the SFD to provide supplementary financing in association with loans under the Poverty Reduction and Growth Facility (PRGF). IMF acts as the agent of the SFD. Disbursements from the SFD Special Account are made simultaneously with PRGF disbursements. Payments of interest and principal due to the SFD under associated loans are to be transferred to the SFD.

The resources of each administered account are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the Administered Accounts are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The financial statements do not include a cash flow statement because the statement of income and changes in resources includes the Administered Accounts' main cash flows.

##### Revenue and Expense Recognition

The financial statements are maintained on the accrual basis; accordingly, income is recognized as it is earned and expenses are recorded as they are incurred.

##### Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The currencies in the basket as of April 30, 2004 and 2003 and their amounts were as follows:

Currency	Amount
Euro	0.4260
Japanese yen	21.0000
Pound sterling	0.0984
U.S. dollar	0.5770

As of April 30, 2004, one SDR was equal to 1.45183 U.S. dollars (1.38391 U.S. dollars as of April 30, 2003).

##### Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost, which approximates fair value. Interest received on these instruments varies and is based on prevailing market rates.

##### Investments

Investments are made in debt securities which are classified as available for sale securities. Investments are marked to market value on the last business day of the accounting period. The carrying amounts of investments approximate their fair value and the unrealized gains and losses are included in the income statements. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest income, realized and unrealized gains and losses, including currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR valuation basket.

##### Transfers

Internal transfers of resources within the IMF are accounted for under the accrual method of accounting.

##### Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising from the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

## Transfers to PRGF Trust Subsidy Account

The difference between the income earned by the Administered Accounts on the amount invested and the interest payable on the deposits of the Administered Accounts, net of any cost, is to be transferred to the Subsidy Account of the PRGF Trust.

## Administrative Costs

The expenses of conducting the activities of the Administered Accounts are incurred and borne by the General Department of the IMF.

## 3. Investments

The maturities of the Administered Accounts' investments, consisting of debt securities, are as follows:

Maturity as at April 30	2004	2003
	<i>In thousands of SDRs</i>	
Less than 1 year	28,433	50,374
1-3 years	331	3,950
3-5 years	—	87
Total	<u>28,764</u>	<u>54,411</u>

At April 30, investment income comprised:

	2004	2003
	<i>In thousands of SDRs</i>	
Interest income	2,928	4,313
Realized losses, net	(696)	(560)
Unrealized gains, net	144	93
Total	<u>2,376</u>	<u>3,846</u>

## 4. Deposits

### Austria

The Administered Account Austria was established on December 27, 1988 for the administration of resources deposited in the account by the Austrian National Bank. Two deposits (one of SDR 60.0 million made on December 30, 1988 and one of SDR 50.0 million made on August 10, 1995) are to be repaid in ten equal semiannual installments beginning five and a half years after the date of each deposit and ending at the end of the tenth year after the date of each deposit. The deposits bear interest at a rate of ½ of 1 percent a year. The first deposit from Austria had been repaid in full.

### Belgium

The Administered Account Belgium was established on July 27, 1988 for the administration of resources deposited in the account by the National Bank of Belgium. Four deposits (SDR 30.0 million made on July 29, 1988; SDR 35.0 million made on December 30, 1988; SDR 35.0 million made on June 30, 1989; and SDR 80.0 million made on April 29, 1994) have an initial maturity of six months and are renewable by the IMF on the same basis. The final maturity of each deposit, including renewals, will be ten years from the initial dates of the individual deposits. The deposits bear interest at a rate of ½ of 1 percent a year. In accordance with an addendum to the account, effective on July 24, 1998, the maturities of the first three deposits will be extended by the National Bank of Belgium, for further periods of six months, provided that the total maturity period of each deposit does not exceed five years. The

deposits are invested by the IMF as administrator, and the IMF as administrator pays the National Bank of Belgium interest on each deposit at an annual rate of ½ of 1 percent. The difference between the interest paid to the National Bank of Belgium and the interest earned on the deposits (net of any cost to the IMF) was retained in the account and invested. As of January 31, 2001, the Ministry of Finance of Belgium authorized a transfer of SDR 8.2 million in net earnings to the PRGF-HIPC Trust. All deposits have been repaid in full.

### Botswana

The Administered Account Botswana was established on July 1, 1994 for the administration of resources deposited in the account by the Bank of Botswana. The deposit, totaling SDR 6.9 million, is to be repaid in one installment ten years after the date of deposit. The deposit bears interest at a rate of 2 percent a year. The deposit was repaid in full on March 1, 2004.

### Greece

The Administered Account Greece was established on November 30, 1988 for the administration of resources deposited in the account by the Bank of Greece. Two deposits of SDR 35.0 million each (December 15, 1988 and April 29, 1994) are to be repaid in ten equal semiannual installments beginning five and a half years after the date of deposit and will be completed at the end of the tenth year after the date of the deposits. The deposits bear interest at a rate of ½ of 1 percent a year. The two deposits from Greece have been repaid in full.

### Indonesia

The Administered Account Indonesia was established on June 30, 1994 for the administration of resources deposited in the account by Bank Indonesia. The deposit, totaling SDR 25.0 million, is to be repaid in one installment ten years after the date the deposit was made. The interest payable on the deposit is equivalent to that obtained for the investment of the deposit less 2 percent a year.

### Islamic Republic of Iran

The Administered Account Islamic Republic of Iran was established on June 6, 1994 for the administration of resources deposited in the account by the Central Bank of the Islamic Republic of Iran (CBIRI). The CBIRI has made five annual deposits, each of SDR 1.0 million. All of the deposits will be repaid at the end of ten years after the date of the first deposit. Each deposit bears interest at a rate of ½ of 1 percent a year.

### Portugal

The Administered Account Portugal was established on May 16, 1994 for the administration of resources deposited in the account by the Banco de Portugal (BdP). The BdP has made six annual deposits, each of SDR 2.2 million. Each deposit is to be repaid in five equal annual installments beginning six years after the date of the deposit and will be completed at the end of the tenth year after the date of the deposit. Each deposit bears interest at a rate of ½ of 1 percent a year.

## 5. Associated Loans under the SFD Special Account

The SFD has provided additional resources to support arrangements under the PRGF. Funds become available under an associated loan after a bilateral agreement between the SFD and the recipient country has been effected.

Amounts denominated in SDRs, for disbursement to a recipient country under an associated loan, are placed by the SFD in the Saudi Fund for Development Special Account for disbursement by the IMF simultaneously with disbursements under a PRGF arrangement. These loans are repayable in ten equal semiannual installments commencing not later than the end of the first six months of the sixth year, and are to be completed at the end of the tenth year after the date of disbursement. Interest on the outstanding balance is currently set at a rate of  $\frac{1}{2}$  of 1 percent a year.

The receipts and uses of resources for the Saudi Fund for Development Special Account as of April 30 were as follows:

	<b>2004</b>	<b>2003</b>
	<i>In thousands of SDRs</i>	
<b>Receipts of Resources</b>		
Cumulative transfers from the Saudi Fund for Development	49,500	49,500
Cumulative repayments of associated loans	46,500	40,500
Cumulative receipts of interest on associated loans	1,893	1,858
Accrued interest on associated loans	8	18
	<u>97,901</u>	<u>91,876</u>
<b>Uses of Resources</b>		
Associated loans	49,500	49,500
Cumulative repayments to the Saudi Fund for Development	46,500	40,500
Cumulative payments of interest on transfers	1,893	1,858
Accrued interest on transfers	8	18
	<u>97,901</u>	<u>91,876</u>

**PRGF-HIPC Trust and Related Accounts**  
**Combined Balance Sheets**  
**as at April 30, 2004 and 2003**

(In thousands of SDRs)

	2004	2003
<b>Assets</b>		
Cash and cash equivalents	590,613	999,948
Investments (Note 3)	569,013	316,929
Interest receivable	1,311	4,180
Total Assets	<u>1,160,937</u>	<u>1,321,057</u>
<b>Liabilities and Resources</b>		
Borrowings (Note 5)	612,918	601,125
Interest payable	1,319	1,298
Total Liabilities	<u>614,237</u>	<u>602,423</u>
Resources	546,700	718,634
Total Liabilities and Resources	<u>1,160,937</u>	<u>1,321,057</u>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau  
 Director, Finance Department

/s/ Rodrigo de Rato  
 Managing Director

**PRGF-HIPC Trust and Related Accounts**  
**Combined Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	2004	2003
Balance, beginning of the year	718,634	863,755
Investment income (Note 3)	20,879	31,821
Interest expense	(2,075)	(1,938)
Other expenses	(339)	(265)
Operational income	18,465	29,618
Contributions received	27,287	35,425
Disbursements	(275,141)	(263,130)
	(229,389)	(198,087)
Transfers	57,455	52,966
Net changes in resources	<u>(171,934)</u>	<u>(145,121)</u>
Balance, end of the year	<u>546,700</u>	<u>718,634</u>

The accompanying notes are an integral part of these financial statements.



## PRGF-HIPC Trust and Related Accounts

### Notes to the Financial Statements as at April 30, 2004 and 2003

#### 1. Nature of Operations

The Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and for Interim PRGF Subsidy Operations (the PRGF-HIPC Trust or the Trust) and Related Accounts comprise the PRGF-HIPC Trust Account, the Umbrella Account for HIPC Operations, and the Post-SCA-2 Administered Account. The PRGF-HIPC Trust Account comprises three subaccounts: the PRGF-HIPC, PRGF, and HIPC subaccounts. Combining balance sheets and income statements and changes in resources for each of these accounts are provided in Note 6. Transactions between the above accounts are eliminated on combination in the combined balance sheets and combined income statements and changes in resources.

#### PRGF-HIPC Trust and Related Accounts

The PRGF-HIPC Trust, for which the IMF is trustee, was established on February 4, 1997 to provide balance of payments assistance to low-income developing members by making grants or loans to eligible members for the purpose of reducing their external debt burden and for interim PRGF subsidy purposes. The resources of the PRGF-HIPC Trust are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The operations of the PRGF-HIPC Trust are conducted through the PRGF-HIPC Trust Account and the Umbrella Account for HIPC Operations.

#### PRGF-HIPC Trust Account

The resources of the PRGF-HIPC Trust Account consist of grant contributions, borrowings, and other types of investments made by contributors; amounts transferred by the IMF from the Special Disbursement Account and the General Resources Account; and net earnings from investment of resources held in the PRGF-HIPC Trust Account.

The PRGF-HIPC subaccount holds resources that can finance either HIPC operations or interim PRGF subsidy operations; the PRGF subaccount holds resources earmarked for interim PRGF subsidy operations, while the HIPC subaccount holds resources earmarked for HIPC operations. PRGF-HIPC subaccount resources used to finance HIPC operations through the HIPC subaccount are repayable to the PRGF-HIPC subaccount and bear interest at a rate equal to the average return on investments in the Special Disbursement Account.

The resources held in the PRGF-HIPC Trust Account are to be used by the trustee to make grants or loans to eligible members that qualify for assistance under the HIPC Initiative and for subsidizing the interest rate on interim PRGF operations to PRGF-eligible members.

#### Umbrella Account for HIPC Operations

The Umbrella Account for HIPC Operations (the Umbrella Account) receives and administers the proceeds of grants or loans made to eligible members that qualify for assistance under the terms of the PRGF-HIPC Trust. Within the Umbrella Account, resources received are administered through the estab-

lishment of subaccounts for each eligible member upon the approval of disbursements under the PRGF-HIPC Trust.

The resources of a subaccount of the Umbrella Account consist of (1) amounts disbursed from the PRGF-HIPC Trust Account as grants or loans for the benefit of a member, and (2) net earnings from investment of the resources held in the subaccount.

The resources held in a subaccount of the Umbrella Account are to be used to meet the member's debt obligations to the IMF, or accounts administered by it, in accordance with the schedule agreed upon by the trustee and the member for the use of the proceeds of the PRGF-HIPC Trust disbursements.

#### Post-SCA-2 Administered Account

The Post-SCA-2 Administered Account, which is administered by the IMF on behalf of members, was established on December 8, 1999 for the temporary administration of resources transferred by members following the termination of the second Special Contingent Account (SCA-2) in the General Department of the IMF, prior to the final disposition of those resources.

Resources received from a member's cumulative SCA-2 contributions, together with the member's pro rata share of investment returns, shall be transferred to the PRGF-HIPC Trust or to the member, in accordance with the member's instructions. The assets held in the Post-SCA-2 Administered Account are held separately from the assets and property of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The financial statements of the PRGF-HIPC Trust and Related Accounts are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The financial statements do not include a cash flow statement because the statement of income and changes in resources includes the PRGF-HIPC Trust and Related Accounts' main cash flows.

##### Revenue and Expense Recognition

The financial statements are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

##### Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valua-

tion basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective from January 1, 2001. The currencies in the basket as of April 30, 2004 and 2003 and their amounts were as follows:

Currency	Amount
Euro	0.4260
Japanese yen	21.0000
Pound sterling	0.0984
U.S. dollar	0.5770

As of April 30, 2004, one SDR was equal to 1.45183 U.S. dollars (one SDR was equal to 1.38391 U.S. dollars as of April 30, 2003).

### Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost which approximates fair value. Interest received on these instruments varies and is based on prevailing market rates.

### Investments

The Trust invests in debt securities and fixed-term deposits, which are classified as available for sale securities. Investments are marked to market on the last business day of the accounting period. The carrying amounts of investments approximate their fair value and the unrealized gains and losses are included in the income statements. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations.

Investment income comprises interest income on investments, realized and unrealized gains and losses on investments, including currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. Risk is further minimized by ensuring that currency composition of the investment portfolio matches as closely as possible, the currency composition of the SDR valuation basket.

### Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

### Transfers

Internal transfers of resources within the IMF are accounted for under the accrual method of accounting.

### Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising from the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

### Administrative Costs

The expenses of conducting activities of the Trust and related accounts are incurred and borne by the General Department of the IMF.

### 3. Investments

The maturities of the investments are as follows:

Maturity as at April 30	2004	2003
	<i>In thousands of SDRs</i>	
Less than 1 year	564,272	287,084
1-3 years	4,741	29,205
3-5 years	—	640
Total	<u>569,013</u>	<u>316,929</u>

At April 30, investments consisted of the following:

	2004	2003
	<i>In thousands of SDRs</i>	
Debt securities	314,206	316,929
Fixed-term deposits	<u>254,807</u>	—
Total	<u>569,013</u>	<u>316,929</u>

At April 30, investment income was comprised of:

	2004	2003
	<i>In thousands of SDRs</i>	
Interest income	25,978	34,682
Realized losses, net	(7,722)	(2,711)
Unrealized gains/(losses), net	2,619	(130)
Exchange rate gains/(losses), net	4	(20)
Total	<u>20,879</u>	<u>31,821</u>

### 4. Transfers Receivable and Payable

At April 30, 2004, the HIPC subaccount had transfers payable to the PRGF-HIPC subaccount arising from past disbursements to the Umbrella Account under the HIPC Initiative in the amount of SDR 1,012.0 million, including interest (SDR 797.0 million at April 30, 2003). Interest payable between subaccounts is eliminated on combination.

### 5. Borrowings

The Trust borrows on such terms and conditions as agreed between the Trust and the lenders. Interest rates on borrowings at April 30, 2004 and 2003 varied between 0 percent and 2 percent a year. The principal amounts of the borrowings are repayable in one installment at their maturity dates. Scheduled repayments of borrowings are summarized below:

Financial Year Ending April 30	
	<i>In thousands of SDRs</i>
2005	15,000
2006	—
2007	310
2008	20,066
2009	25,000
2010 and beyond	<u>552,542</u>
Total	<u>612,918</u>

Borrowings, net of the effect of foreign currency fluctuations, during the financial year ended April 30, 2004 amounted to SDR 6 million (SDR 31 million for the financial year ended April 30, 2003). There were no repayments in the years ended April 30, 2004 and 2003.

## 6. Combining Balance Sheets and Statements of Income and Changes in Resources

The balance sheets and statements of income and changes in resources for each of the accounts and subaccounts in the PRGF-HIPC Trust and Related Accounts are presented below:

### PRGF-HIPC Trust and Related Accounts Combining Balance Sheets as at April 30, 2004 and 2003 (In thousands of SDRs)

	2004						2003			
	PRGF-HIPC Trust Account Subaccount		Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined Total	PRGF-HIPC Trust Account	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined Total	
	PRGF-HIPC	PRGF								HIPC
<b>Assets</b>										
Cash and cash equivalents	189,060	8,105	—	197,165	353,017	40,431	420,606	40,023	999,948	
Investments	554,864	14,149	—	569,013	—	—	—	—	316,929	
Transfers to and from subaccounts	1,011,958	—	(1,011,958)	—	—	—	—	—	—	
Interest receivable	682	—	—	682	470	159	703	174	4,180	
Total Assets	1,756,564	22,254	(1,011,958)	766,860	353,487	40,590	421,309	40,197	1,321,057	
<b>Liabilities and Resources</b>										
Borrowings	612,918	—	—	612,918	—	—	—	—	601,125	
Interest payable	1,319	—	—	1,319	—	—	—	—	1,298	
Total Liabilities	614,237	—	—	614,237	—	—	—	—	602,423	
Accumulated resources	1,142,327	22,254	(1,011,958)	152,623	353,487	40,590	421,309	40,197	718,634	
Total Liabilities and Resources	1,756,564	22,254	(1,011,958)	766,860	353,487	40,590	421,309	40,197	1,321,057	

Note 6 (concluded)

**PRGF-HIPC Trust and Related Accounts**  
**Combining Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	2004						2003									
	PRGF-HIPC Subaccount		PRGF-HIPC Trust Account		Umbrella Account for HIPC Operations		Post-SCA-2 Administered Account		PRGF-HIPC Trust Account		Umbrella Account for HIPC Operations		Post-SCA-2 Administered Account		Combined Total	
	PRGF-HIPC	PRGF	HIPC	Combined	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined Total	PRGF-HIPC Trust Account	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined Total					
Balance, beginning of the year	1,035,891	18,247	(797,010)	257,128	421,309	40,197	718,634	482,352	331,128	50,275	863,755	482,352	331,128	50,275	863,755	
Investment income	27,534	336	—	15,015 <sup>1</sup>	5,226	638	20,879	23,107	7,758	956	31,821	23,107	7,758	956	31,821	
Interest expense	(2,075)	—	(12,855)	(2,075) <sup>1</sup>	—	—	(2,075)	(1,938)	—	—	(1,938)	(1,938)	—	—	(1,938)	
Other expenses	(327)	(12)	—	(339)	—	—	(339)	(265)	—	—	(265)	(265)	—	—	(265)	
Operational income/(loss)	25,132	324	(12,855)	12,601	5,226	638	18,465	20,904	7,758	956	29,618	20,904	7,758	956	29,618	
Contributions received	23,604	3,683	—	27,287	202,093	—	27,287	35,425	345,553	—	35,425	35,425	345,553	—	35,425	
Grants	—	—	(202,093)	(202,093)	202,093	—	—	(345,553)	—	—	—	—	—	—	—	
Disbursements	—	—	—	—	(275,141)	—	(275,141)	—	(263,130)	—	(263,130)	—	(263,130)	—	(263,130)	
Transfers	48,736	4,007	(214,948)	(162,205)	(67,822)	638	(229,389)	(289,224)	90,181	956	(198,087)	(289,224)	90,181	956	(198,087)	
Net changes in resources	106,436	4,007	(214,948)	(104,505)	(67,822)	(245)	57,455	64,000	—	(11,034)	52,966	64,000	—	(11,034)	52,966	
Balance, end of the year	1,142,327	22,254	(1,011,958)	152,623	353,487	40,590	546,700	257,128	421,309	40,197	718,634	257,128	421,309	40,197	718,634	

<sup>1</sup>Interest payable between subaccounts amounting to SDR 12.9 million (SDR 14.5 million at April 30, 2003) has been eliminated in the combined totals.

**Post-SCA-2 Administered Account**  
**Holdings, Interest, and Transfers**  
**for the Year Ended April 30, 2004**

*(In thousands of SDRs)*

<b>Member</b>	<b>Balance Beginning of Year</b>	<b>Interest Earned</b>	<b>Transfers to PRGF-HIPC Trust</b>	<b>Balance End of Period</b>
Argentina	5,427	87	—	5,514
Dominican Republic	1,004	16	—	1,020
Fiji	216	—	(216)	—
Jordan	1,141	18	—	1,159
Tonga	29	—	(29)	—
Trinidad and Tobago	2,450	40	—	2,490
Vanuatu	49	—	—	49
Venezuela	29,881	477	—	30,358
Total at April 30, 2004	<u>40,197</u>	<u>638</u>	<u>(245)</u>	<u>40,590</u>

Schedule 2

**PRGF-HIPC Trust Account**  
**Contributions and Transfers**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

	Subaccount			Combined
	PRGF-HIPC	PRGF	HIPC	
<b>Period ended April 30, 2003</b>				
Belgium	3,625	—	—	3,625
Belize	20	—	—	20
Brazil	11,033	—	—	11,033
Denmark	2,188	—	—	2,188
Estonia, Republic of	1	—	—	1
Latvia, Republic of	142	—	—	142
Mexico	7,961	—	—	7,961
Netherlands	—	3,244	—	3,244
South Africa	4,000	—	—	4,000
St. Vincent and the Grenadines	11	—	—	11
Switzerland	3,200	—	—	3,200
	<u>32,181</u>	<u>3,244</u>	<u>—</u>	<u>35,425</u>
Transfers from SDA	64,000	—	—	64,000
	<u>96,181</u>	<u>3,244</u>	<u>—</u>	<u>99,425</u>
<b>Period ended April 30, 2004</b>				
Belgium	3,745	—	—	3,745
Belize	20	—	—	20
Fiji	21	—	—	21
Latvia, Republic of	142	—	—	142
Mexico	7,914	—	—	7,914
Netherlands	—	3,683	—	3,683
Nigeria	734	—	—	734
Norway	1,156	—	—	1,156
Poland, Republic of	2,630	—	—	2,630
South Africa	4,000	—	—	4,000
St. Vincent and the Grenadines	11	—	—	11
Switzerland	3,228	—	—	3,228
Tonga	3	—	—	3
	<u>23,604</u>	<u>3,683</u>	<u>—</u>	<u>27,287</u>
Transfers from SDA	57,700	—	—	57,700
	<u>81,304</u>	<u>3,683</u>	<u>—</u>	<u>84,987</u>

**Umbrella Account for HIPC Operations**  
**Grants, Interest, Disbursements and Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

(In thousands of SDRs)

Member	Opening Balance	Grants from PRGF-HIPC Trust Account	Interest Earned	Disbursements	Ending Balance
<b>Period ended April 30, 2003</b>					
Benin	693	12,680	49	3,735	9,687
Bolivia	39,057	—	735	7,746	32,046
Burkina Faso	25,748	1,342	513	6,967	20,636
Cameroon	736	—	11	325	422
Chad	840	1,475	29	2,327	17
Ethiopia	1,857	4,129	34	3,904	2,116
Gambia, The	65	—	1	26	40
Ghana	9,949	—	95	9,874	170
Guinea	27	2,746	31	1,888	916
Guinea-Bissau	5	—	—	—	5
Guyana	12,248	4,133	253	6,728	9,906
Honduras	2,296	—	13	2,278	31
Madagascar	1,465	2,887	28	2,182	2,198
Malawi	23	—	1	—	24
Mali	9,343	32,038	239	7,645	33,975
Mauritania	4,446	21,545	366	9,474	16,883
Mozambique	60,776	—	1,087	14,352	47,511
Nicaragua	—	1,888	9	665	1,232
Niger	1,101	1,812	9	1,098	1,824
Rwanda	309	838	8	1,068	87
Senegal	3,414	—	26	3,413	27
Sierra Leone	13,859	23,640	156	23,560	14,095
Tanzania	70,612	—	1,235	16,159	55,688
Uganda	68,639	—	1,224	16,917	52,946
Zambia	3,620	234,400 <sup>1</sup>	1,606	120,799	118,827
	<u>331,128</u>	<u>345,553</u>	<u>7,758</u>	<u>263,130</u>	<u>421,309</u>
<b>Period ended April 30, 2004</b>					
Benin	9,687	—	122	4,553	5,256
Bolivia	32,046	—	459	8,858	23,647
Burkina Faso	20,636	—	266	10,019	10,883
Cameroon	422	3,019	22	1,474	1,989
Chad	17	2,850	15	2,390	492
Congo, Democratic Republic of	—	1,131	9	567	573
Ethiopia	2,116	18,765	33	3,662	17,252
Gambia, The	40	—	—	39	1
Ghana	170	15,150	114	15,253	181
Guinea	916	—	6	894	28
Guinea-Bissau	5	—	—	—	5
Guyana	9,906	23,741	255	8,093	25,809
Honduras	31	4,300	11	1	4,341
Madagascar	2,198	609	16	2,195	628
Malawi	24	4,628	23	2,847	1,828
Mali	33,975	—	291	8,881	25,385
Mauritania	16,883	—	221	6,949	10,155
Mozambique	47,511	—	693	9,178	39,026
Nicaragua	1,232	69,275	264	3,571	67,200
Niger	1,824	18,239	33	4,753	15,343
Rwanda	87	—	1	8	80
Senegal	27	25,636	39	6,174	19,528
Sierra Leone	14,095	14,750	125	23,601	5,369
Tanzania	55,688	—	729	15,775	40,642
Uganda	52,946	—	696	17,273	36,369
Zambia	118,827 <sup>1</sup>	—	783	118,133	1,477
	<u>421,309</u>	<u>202,093</u>	<u>5,226</u>	<u>275,141</u>	<u>353,487</u>

<sup>1</sup>Includes an additional grant contribution by the Netherlands to Zambia in the context of the HIPC Initiative.

Schedule 4

**PRGF-HIPC Trust Account**  
**Cumulative Contributions and Transfers**  
**as at April 30, 2004**

*(In thousands of SDRs)*

Member	Subaccount			Combined
	PRGF-HIPC	PRGF	HIPC	
Algeria	412	—	—	412
Australia	—	—	17,019	17,019
Austria	—	—	9,981	9,981
Bangladesh	1,163	—	—	1,163
Barbados	250	—	—	250
Belgium	22,199	—	—	22,199
Belize	120	—	—	120
Brazil	11,033	—	—	11,033
Brunei Darussalam	4	—	—	4
Cambodia	27	—	—	27
Canada	32,929	—	—	32,929
China	13,132	—	—	13,132
Colombia	13	—	—	13
Croatia, Republic of	31	—	—	31
Cyprus	544	—	—	544
Denmark	13,068	—	—	13,068
Egypt	37	—	—	37
Estonia, Republic of	372	—	—	372
Fiji	21	—	—	21
Finland	2,583	—	—	2,583
France	55,892	—	—	55,892
Gabon	458	—	—	458
Greece	2,200	—	—	2,200
Iceland	643	—	—	643
India	390	—	—	390
Indonesia	124	—	—	124
Ireland	3,937	—	—	3,937
Israel	1,189	—	—	1,189
Italy	43,309	—	—	43,309
Jamaica	1,800	—	—	1,800
Japan	98,355	—	—	98,355
Korea	10,625	—	—	10,625
Kuwait	108	—	—	108
Latvia, Republic of	710	—	—	710
Luxembourg	488	—	—	488
Malaysia	478	—	—	478
Malta	706	—	—	706
Mauritius	40	—	—	40
Mexico	31,857	—	—	31,857
Morocco	49	—	—	49
Netherlands	—	20,019	16,347 <sup>1</sup>	36,366
New Zealand	1,158	—	—	1,158
Nigeria	6,150	—	—	6,150
Norway	11,854	—	—	11,854
Oman	73	—	—	73
Pakistan	105	—	—	105
Philippines	4,500	—	—	4,500
Poland, Republic of	4,742	—	—	4,742
Portugal	4,430	—	—	4,430
Russian Federation	10,200	—	—	10,200
Samoa	3	—	—	3
San Marino, Republic of	32	—	—	32
Saudi Arabia	978	—	—	978
Singapore	249	—	—	249
Slovak Republic	2,669	—	—	2,669



Schedule 4 (concluded)

**PRGF-HIPC Trust Account**  
**Cumulative Contributions and Transfers**  
**as at April 30, 2004**

*(In thousands of SDRs)*

Member	Subaccount			Combined
	PRGF-HIPC	PRGF	HIPC	
Slovenia, Republic of	311	—	—	311
South Africa	16,895	—	—	16,895
Spain	16,550	—	—	16,550
Sri Lanka	12	—	—	12
St. Vincent and the Grenadines	44	—	—	44
Swaziland	20	—	—	20
Sweden	5,322	—	—	5,322
Switzerland	12,828	—	—	12,828
Thailand	350	—	—	350
Tonga	3	—	—	3
Tunisia	136	—	—	136
United Arab Emirates	353	—	—	353
United Kingdom	23,551	—	33,837	57,388
United States	—	—	221,932	221,932
Vietnam	10	—	—	10
	<u>474,824</u>	<u>20,019</u>	<u>299,116</u>	<u>793,959</u>
Transfers from SDA	409,697	—	—	409,697
Transfers from GRA	72,456	—	—	72,456
	<u>482,153</u>	<u>—</u>	<u>—</u>	<u>482,153</u>
	<u>956,977</u>	<u>20,019</u>	<u>299,116</u>	<u>1,276,112</u>

<sup>1</sup>Includes an additional grant contribution by the Netherlands to Zambia in the context of the HIPC Initiative.

**Other Administered Accounts**  
**Balance Sheets**  
**as at April 30, 2004 and 2003**

	Administered Account for Selected Activities—Japan		Administered Account for Technical Assistance Activities		Administered Account—Spain		Supplementary Financing Facility Subsidy Account		The Post-Conflict Emergency Assistance Subsidy Account	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
<b>Assets</b>	← (in thousands of U.S. dollars) →									
Cash and cash equivalents	120,235	119,037	22,699	18,912	—	—	2,240	2,341	7,850	5,441
Interest receivable	—	—	—	—	—	—	9	10	—	—
Total Assets	<u>120,235</u>	<u>119,037</u>	<u>22,699</u>	<u>18,912</u>	<u>—</u>	<u>—</u>	<u>2,249</u>	<u>2,351</u>	<u>7,850</u>	<u>5,441</u>
<b>Resources</b>	← (in thousands of U.S. dollars) →									
Total Resources	<u>120,235</u>	<u>119,037</u>	<u>22,699</u>	<u>18,912</u>	<u>—</u>	<u>—</u>	<u>2,249</u>	<u>2,351</u>	<u>7,850</u>	<u>5,441</u>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau  
 Director, Finance Department

/s/ Rodrigo de Rato  
 Managing Director

**Other Administered Accounts**  
**Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2004 and 2003**

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account—Spain		Supplementary Financing Facility Subsidy Account		The Post-Conflict Emergency Assistance Subsidy Account	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Balance, beginning of the year	119,036	117,277	25,031	20,459	14,660	8,484	—	—	2,351	2,303	5,441	587
Interest income	1,199	1,760	290	227	148	142	—	—	37	48	101	103
Contributions received	—	—	20,374	25,508	16,156	14,834	40	40	—	—	2,801	5,409
Payments to and on behalf of beneficiaries	—	—	(22,996)	(21,163)	(12,052)	(8,801)	(40)	(40)	—	—	(493)	(658)
Net income	1,199	1,760	(2,332)	4,572	4,252	6,175	—	—	37	48	2,409	4,854
Transfers to the Special Disbursement Account (Note 4)	—	—	—	—	—	—	—	—	(139)	—	—	—
Net changes in resources	1,199	1,760	(2,332)	4,572	4,252	6,175	—	—	(102)	48	2,409	4,854
Balance, end of the year	120,235	119,037	22,699	25,031	18,912	14,659	—	—	2,249	2,351	7,850	5,441

The accompanying notes are an integral part of these financial statements.

**Other Administered Accounts**  
**Notes to the Financial Statements**  
**as at April 30, 2004 and 2003**

**1. Nature of Operations**

At the request of members, the IMF has established special purpose accounts to administer contributed resources and to perform financial and technical services consistent with the purposes of the IMF. The assets of each account and each subaccount are separate from the assets of all other accounts of, or administered by, the IMF and are not to be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

**Administered Account Japan**

At the request of Japan, the IMF established an account on March 3, 1989 to administer resources, made available by Japan or other countries with Japan's concurrence, that are to be used to assist certain members with overdue obligations to the IMF. The resources of the account are to be disbursed in amounts specified by Japan and to members designated by Japan.

**Administered Account for Selected Fund Activities—Japan**

At the request of Japan, the IMF established the Administered Technical Assistance Account—Japan on March 19, 1990 to administer resources contributed by Japan to finance technical assistance to member countries. On July 21, 1997, the account was renamed the Administered Account for Selected Fund Activities—Japan and amended to include the administration of resources contributed by Japan in support of the IMF's Regional Office for Asia and the Pacific (OAP). The resources of the account designated for technical assistance activities are used with the approval of Japan and include the provision of scholarships. The resources designated for the OAP are used as agreed between Japan and the IMF for certain activities of the IMF with respect to Asia and the Pacific through the OAP. Disbursements can also be made from the account to the General Resources Account to reimburse the IMF for qualifying technical assistance projects and OAP expenses.

**Framework Administered Account for Technical Assistance Activities**

The Framework Administered Account for Technical Assistance Activities ("the Framework Account") was established by the IMF on April 3, 1995 to receive and administer contributed resources that are to be used to finance technical assistance consistent with the purposes of the IMF. The financing of technical assistance activities is implemented through the establishment and operation of subaccounts within the Framework Account. Resources are to be used in accordance with the written understandings between the contributor and the Managing Director. Disbursements can also be made from the Framework Account to the General Resources Account to reimburse the IMF for its costs incurred on behalf of technical assistance activities financed by resources from the Framework Account.

**Subaccount for Japan Advanced Scholarship Program**

At the request of Japan, this subaccount was established on June 6, 1995 to finance the cost of studies and training of nationals of member countries in macroeconomics and related subjects at selected universities and institu-

tions. The scholarship program focuses primarily on the training of nationals of Asian member countries, including Japan.

**Rwanda—Macroeconomic Management Capacity Subaccount**

At the request of Rwanda, this subaccount was established on December 20, 1995 to finance technical assistance to rehabilitate and strengthen Rwanda's macroeconomic management capacity.

**Australia—IMF Scholarship Program for Asia Subaccount**

At the request of Australia, this subaccount was established on June 5, 1996 to finance the cost of studies and training of government and central bank officials in macroeconomic management so as to enable them to contribute to their countries' achievement of sustainable economic growth and development. The program focuses primarily on the training of nationals of Asian countries.

**Switzerland Technical Assistance Subaccount**

At the request of Switzerland, this subaccount was established on August 27, 1996 to finance the costs of technical assistance activities of the IMF that consist of policy advice and training in macroeconomic management.

**French Technical Assistance Subaccount**

At the request of France, this subaccount was established on September 30, 1996 to cofinance the costs of training in economic fields for nationals of certain member countries.

**Denmark Technical Assistance Subaccount**

At the request of Denmark, this subaccount was established on August 25, 1998 to finance the costs of technical assistance activities of the IMF that consist of advising on policy and administrative reforms in the fiscal, monetary, and related statistical fields.

**Australia Technical Assistance Subaccount**

At the request of Australia, this subaccount was established on March 7, 2000 to finance the costs of technical assistance activities of the IMF that consist of advising on the design of policy and administrative reforms in the fiscal, monetary and related statistical fields, as well as to provide training in the formulation and implementation of macroeconomic and financial policies.

**The Netherlands Technical Assistance Subaccount**

At the request of the Netherlands, this subaccount was established on July 27, 2000 to finance projects that seek to enhance the capacity of the members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

**The United Kingdom Department for International Development (DFID) Technical Assistance Subaccount**

At the request of the United Kingdom, this subaccount was established on June 22, 2001 to finance projects that seek to enhance the capacity of the

members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

#### *Italy Technical Assistance Subaccount*

At the request of Italy, this subaccount was established on November 16, 2001 to finance projects that seek to enhance the capacity of certain members to formulate and implement policies related to fiscal, financial, and statistical standards and codes, including training programs and projects that strengthen the legal and administrative framework in these core areas.

#### *Pacific Financial Technical Assistance Centre Subaccount*

At the request of Australia and New Zealand, this subaccount was established on May 22, 2002 to finance activities of the Pacific Financial Technical Assistance Centre that seek to enhance the capacity of Pacific island countries and territories to formulate and implement policies related to macroeconomic, fiscal, monetary, financial, and statistical fields, including training and activities that strengthen the legal and administrative framework in these core areas.

#### *Africa Regional Technical Assistance Centers Subaccount*

At the request of France, the Federal Republic of Germany, Italy, the Netherlands, Norway, Sweden, and the United Kingdom, this subaccount was established on August 9, 2002 to finance activities of the Africa Regional Technical Assistance Centers that seek to support the Poverty Reduction Strategy Paper process in sub-Saharan African countries through fostering the capacity for sound macroeconomic management, strong fiscal institutions and financial systems, and timely and accurate collection and dissemination of economic data, including training and activities that strengthen the legal and administrative framework in these core areas. The resources of this subaccount are contributed by the above governments and other governments or official agencies, including the Russian Federation, Luxembourg, and China, that reached an understanding with the IMF subsequent to the establishment.

#### *Sweden Technical Assistance Subaccount*

At the request of Sweden, this subaccount was established on November 25, 2002 to finance projects that seek to enhance the capacity of members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

#### *China Technical Assistance Subaccount*

At the request of the People's Republic of China, this subaccount was established on May 23, 2003 to finance projects that seek to enhance the capacity of members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

#### *Technical Assistance Subaccount for Iraq*

At the request of Australia, Canada, Italy and the United Kingdom, this subaccount was established on July 22, 2003 to finance technical assistance activities that seek to enhance the capacity of Iraq to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related

statistical fields, including training programs and activities that strengthen the legal and administrative framework in these core areas.

#### *Canada Technical Assistance Subaccount*

At the request of Canada, this subaccount was established on January 28, 2004 to finance projects that seek to enhance the capacity of members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

#### *Administered Account—Spain*

At the request of Spain, the IMF established an account on March 20, 2001 to receive and disburse resources up to \$1 billion contributed by Spain for Argentina. The resources of this account are to be used to assist Argentina in the implementation of the adjustment program supported by the IMF under the Stand-By Arrangement for Argentina approved on March 10, 2000 and augmented on January 12, 2001.

#### *Supplementary Financing Facility Subsidy Account*

The Supplementary Financing Facility Subsidy Account administered by the IMF was established in December 1980 to assist low-income developing country members to meet the costs of using resources made available through the IMF's Supplementary Financing Facility and under the policy on exceptional use. All repurchases due under these policies were scheduled for completion by January 31, 1991, and the final subsidy payments were approved in July 1991. However, two members (Liberia and Sudan), overdue in the payment of charges, remain eligible to receive previously approved subsidy payments of SDR 2.2 million when their overdue charges are settled. Accordingly, the Account remains in operation and has retained amounts for payment to these members after the overdue charges are paid.

#### *The Post-Conflict Emergency Assistance Subsidy Account*

The Post-Conflict Emergency Assistance Subsidy Account for PRGF-Eligible Members was established in May 2001 to administer contributed resources for the purpose of providing assistance to PRGF-eligible members in support of their adjustment efforts. Contributions to the account will be used to provide grants to PRGF-eligible members that have made post-conflict emergency assistance purchases under the IMF General Resources Account, effectively subsidizing the basic rate of charge on these purchases to 0.5 percent per annum. The subsidy to each eligible member would be prorated if resources are insufficient to reduce the basic rate of charge to 0.5 percent.

#### *Trust Fund*

In addition to the aforementioned accounts, the IMF is also the trustee of the Trust Fund, which is in liquidation. The Trust Fund was established in 1976 to provide balance of payments assistance on concessional terms to eligible members that qualify for assistance.

In 1980, the IMF, as trustee, decided that, upon the completion of the final loan disbursements, the Trust Fund would be terminated as of April 30, 1981, and after that date, the activities of the Trust Fund have been confined to the conclusion of its affairs. As of April 30, 2004 and 2003, the Trust Fund had no assets other than loans receivable of SDR 88.6 million. Resources exist in the Trust Fund to the full amount of the loans and are available to

absorb any losses should this occur. All interest is deferred. Cash receipts on these loans are to be transferred to the Special Disbursement Account.

Overdue loans, interest and charges at April 30, 2004 were as follows:

Member	Loans	Interest and Special Charges	Longest Overdue Obligation
<i>In millions of SDRs</i>			
Liberia	22.9	7.4	June 1985
Somalia	6.5	1.5	July 1987
Sudan	59.2	19.7	June 1985
Total	<u>88.6</u>	<u>28.6</u>	

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The financial statements of the Other Administered Accounts are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The financial statements do not include a cash flow statement because the statement of income and changes in resources includes the Other Administered Accounts' main cash flows.

### Unit of Account

*Administered Account Japan, Administered Account for Selected Fund Activities—Japan, and Framework Administered Account for Technical Assistance Activities, and Administered Account—Spain*

These accounts are expressed in U.S. dollars. All transactions and operations of these accounts, including the transfers to and from the accounts, are denominated in U.S. dollars, except for transactions and operations in respect of the OAP, which are denominated in Japanese yen, or transactions in other currencies as agreed between Japan and the IMF. Contributions denominated in other currencies are converted into U.S. dollars upon receipt of the funds.

*The Post-Conflict Emergency Assistance Subsidy Account, Trust Fund, and the Supplementary Financing Facility Subsidy Account*

These accounts are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the composition of the SDR valuation basket became effective from January 1, 2001. The currencies in the basket as of April 30, 2004 and 2003 and their amounts were as follows:

Currency	Amount
Euro	0.4260
Japanese yen	21.0000
Pound sterling	0.0984
U.S. dollar	0.5770

As of April 30, 2004, one SDR was equal to 1.45183 U.S. dollars (one SDR was equal to 1.38391 U.S. dollars as of April 30, 2003).

Transactions and operations of the accounts are denominated in SDRs. Contributions denominated in other currencies are converted into SDRs upon receipt of the funds.

### Revenue and Expense Recognition

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned and expenses are recorded as they are incurred.

### Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are carried at cost which approximates fair value. Interest on these instruments varies and is based on prevailing market rates.

### Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

### Payments to and on Behalf of Beneficiaries

Payments to and on behalf of beneficiaries are recognized when the specified conditions in the respective agreements are achieved.

### Transfers

Internal transfers of resources within the IMF are accounted for under the accrual method of accounting.

### Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising from the settlement of transaction at rates different from those at the date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

### Administrative Expenses

The expenses of conducting the activities of the Other Administered Accounts and the Trust Fund are incurred and borne by the General Department of the IMF. To help defray the expenses incurred by the IMF in the administration of the Administered Account for Selected Fund Activities—Japan and the Framework Administered Account for Technical Assistance Activities, reimbursement equal to 13 percent of the expenses financed from the accounts is paid to the General Department from these accounts. The Administered Account—Spain pays the General Department an annual fee of \$40,000 for administrative costs incurred. As at April 30, 2004 the administrative costs for the Administered Account for Selected Fund Activities—Japan amounted to \$2.8 million (\$2.1 million at April 30, 2003), and for the Framework Administered Account for Technical Assistance Activities \$1.6 million (\$1.0 million at April 30, 2003). These amounts are included in payments to and on behalf of beneficiaries on the income statements and changes in resources.

### Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

### 3. Cumulative Contributions and Disbursements

The cumulative contributions to and disbursements from these administered accounts are as follows:

Account	April 30, 2004		April 30, 2003	
	Cumulative Contributions	Cumulative Disbursements <sup>1</sup>	Cumulative Contributions	Cumulative Disbursements <sup>1</sup>
	<i>(In millions of U.S. dollars)</i>			
<b>Administered Account Japan</b>	135.2	72.5	135.2	72.5
<b>Administered Account for Selected Fund Activities—Japan</b>	224.4	209.3	204.1	186.3
Technical Assistance	200.6	188.3	184.4	169.8
Scholarships	15.7	13.4	13.0	11.2
Office of Asia and Pacific	8.1	7.6	6.7	5.3
<b>Framework Administered Account for Technical Assistance Activities</b>	58.3	40.8	42.1	28.7
Subaccount for Japan Advanced Scholarship Program	11.7	10.5	10.2	8.8
Rwanda—Macroeconomic Management Capacity Subaccount	1.5	1.6	1.5	1.6
Australia—IMF Scholarship Program for Asia Subaccount	2.6	2.6	2.2	2.2
Switzerland Technical Assistance Subaccount	11.4	10.0	9.5	8.1
French Technical Assistance Subaccount	0.8	0.5	0.8	0.5
Denmark Technical Assistance Subaccount	3.8	1.6	2.7	1.1
Australia Technical Assistance Subaccount	0.3	—	0.3	—
The Netherlands Technical Assistance Subaccount	3.2	2.6	2.6	2.0
The United Kingdom DFID Technical Assistance Subaccount	4.4	4.2	3.4	2.9
Italy Technical Assistance Subaccount	2.8	0.5	1.8	0.1
Pacific Financial Technical Assistance Centre Subaccount	2.3	1.5	1.1	0.8
Africa Regional Technical Assistance Centers Subaccount	8.7	4.8	4.9	0.6
Sweden Technical Assistance Subaccount	1.1	0.1	1.1	—
China Technical Assistance Subaccount	0.2	—	—	—
Canada Technical Assistance Subaccount	1.5	—	—	—
Technical Assistance Subaccount for Iraq	2.0	0.3	—	—
<b>Administered Account—Spain</b>	835.5	835.6	835.5	835.6
	<i>(In millions of SDRs)</i>			
<b>The Post-Conflict Emergency Assistance Subsidy Account</b>	9.6	1.9	6.8	1.4

<sup>1</sup>Disbursements had been made from resources contributed to these accounts as well as from interest earned on these resources.

### 4. Transfer of Resources

Resources of the Supplementary Financing Facility Subsidy Account in excess of the remaining subsidy payments are to be transferred to the Special Disbursement Account. At April 30, 2004 and 2003, subsidy payments totaling SDR 2.2 million had not been made to Liberia and Sudan and were being held pending the payment of overdue charges by these members.

### 5. Accounts Termination

#### Administered Account Japan

The account can be terminated by the IMF or by Japan. Any remaining resources in the account at termination are to be returned to Japan.

#### Administered Account for Selected Fund Activities—Japan

The account can be terminated by the IMF or by Japan. Any resources that may remain in the account at termination, net of accrued liabilities under technical assistance projects or in respect of the OAP, are to be returned to Japan.

#### Framework Administered Account for Technical Assistance Activities

The Framework Account or any subaccount thereof may be terminated by the IMF at any time. The termination of the Framework Account shall terminate each subaccount thereof. A subaccount may also be terminated by the contributor of the resources to the subaccount. Termination shall be effective on the date that the IMF or the contributor, as the case may be, receives notice of termination. Any balances, net of the continuing liabilities and commitments under the activities financed, that may remain in a subaccount upon its termination are to be returned to the contributor.

#### Administered Account—Spain

The account will be terminated when Argentina repays all the resources that were disbursed from the account to Argentina, or at an earlier time as agreed between Spain and the IMF, following consultations between Spain and Argentina. Any remaining resources in the account at termination are to be returned to Spain.

#### The Post-Conflict Emergency Assistance Subsidy Account

The account can be terminated by the IMF at any time. Any remaining balances after discharge of all obligations of the account upon the account's termination are to be returned to the contributors in proportion to their contributions.