



**International Monetary Fund**  
Washington, D.C.

**Financial Statements  
of the International Monetary Fund**

**for the Financial Years Ended  
April 30, 2005, and 2004**

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## **Part One**

# **Financial Statements of the International Monetary Fund**

# **I. Financial Statements of the General Department**

**General Department**  
**Balance Sheets**  
**as at April 30, 2005, and 2004**  
*(In thousands of SDRs)*

	2005	2004		2005	2004
<b>Assets</b>			<b>Liabilities (including Quotas)</b>		
Usable currencies .....	122,388,465	103,261,911	Remuneration payable .....	247,798	212,654
Credit outstanding (Note 4) .....	49,853,664	62,152,682	Other liabilities .....	151,530	100,189
Other currencies .....	41,244,248	46,671,529	Special Contingent Account (Note 12) .....	1,589,019	1,495,019
Total currencies (Note 5) .....	<u>213,486,377</u>	<u>212,086,122</u>	Quotas, represented by:		
SDR holdings .....	574,310	506,029	Reserve tranche positions (Note 5) .....	49,848,798	62,856,110
Gold holdings (Note 6) .....	5,851,771	5,851,771	Subscription payments .....	<u>163,629,602</u>	<u>149,937,890</u>
Receivables (Note 7) .....	568,416	517,002	Total Quotas .....	<u>213,478,400</u>	<u>212,794,000</u>
Other assets (Notes 8 and 15) .....	709,940	751,655	Total Liabilities (including Quotas) .....	<u>215,466,747</u>	<u>214,601,862</u>
Investments held in the Special Disbursement Account (Note 9) .....	2,518,613	2,630,804	<b>Reserves of the General Resources Account</b> .....	5,724,067	5,110,717
Structural Adjustment Facility loans (Note 4) .....	45,566	85,908	<b>Resources of the Special Disbursement Account</b> .....	<u>2,564,179</u>	<u>2,716,712</u>
Total Assets .....	<u>223,754,993</u>	<u>222,429,291</u>	Total Liabilities, Reserves and Resources .....	<u>223,754,993</u>	<u>222,429,291</u>

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

/s/ Michael G. Kuhn  
 Director, Finance Department

/s/ Rodrigo de Rato  
 Managing Director

**General Department**  
**Income Statements**  
**for the Years Ended April 30, 2005, and 2004**  
*(In thousands of SDRs)*

	2005	2004
Operational Income		
Interest and charges (Note 7) .....	2,270,044	2,231,678
Interest on SDR holdings .....	16,322	16,630
Investment income of the Special Disbursement Account (Note 9) .....	52,157	40,938
Other charges and income (Note 7) .....	34,035	90,676
	<u>2,372,558</u>	<u>2,379,922</u>
Operational Expenses		
Remuneration (Note 13) .....	1,033,847	966,404
Administrative Expenses (Note 14) .....	673,204	548,792
	<u>1,707,051</u>	<u>1,515,196</u>
Total Net Income .....	<u>665,507</u>	<u>864,726</u>
Net Income of the General Department comprises:		
Net income of the General Resources Account .....	613,350	823,788
Income of the Special Disbursement Account .....	52,157	40,938
	<u>665,507</u>	<u>864,726</u>

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

**General Department**  
**Statements of Changes in Reserves and Resources**  
**for the Years Ended April 30, 2005, and 2004**  
*(In thousands of SDRs)*

	General Resources Account			Special Disbursement Account Resources
	Special reserve	General reserve	Total reserves	
Balance at April 30, 2003 .....	2,381,454	1,905,475	4,286,929	2,727,165
Net income .....	33,981	789,807	823,788	40,938
Net transfers from the SDA (Note 9) .....	—	—	—	(51,391)
Balance at April 30, 2004 .....	<u>2,415,435</u>	<u>2,695,282</u>	<u>5,110,717</u>	<u>2,716,712</u>
Net income .....	31,394	581,956	613,350	52,157
Net transfers from the SDA (Note 9) .....	—	—	—	(204,690)
Balance at April 30, 2005 .....	<u>2,446,829</u>	<u>3,277,238</u>	<u>5,724,067</u>	<u>2,564,179</u>

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

**General Department**  
**Statements of Cash Flows**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	2005	2004
<b>Usable currencies and SDRs from operating activities</b>		
Net income	665,507	864,726
Adjustments to reconcile net income to usable resources generated by operations:		
Changes in receivables and other assets	49,412	65,104
Changes in remuneration payable and other liabilities	86,485	(72,048)
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	(1,613,933)	(17,829,722)
Repurchases in currencies and SDRs	13,907,177	21,638,613
Repayments of Structural Adjustment Facility loans	40,342	50,908
<b>Net usable currencies and SDRs provided by operating activities</b>	<b><u>13,228,990</u></b>	<b><u>4,811,581</u></b>
<b>Usable currencies and SDRs from investment activities</b>		
Net acquisition (disposal) of investments by the Special Disbursement Account	112,191	(40,455)
Acquisition of fixed assets	(59,111)	(43,099)
<b>Net usable currencies and SDRs provided by (used in) investment activities</b>	<b><u>53,080</u></b>	<b><u>(83,554)</u></b>
<b>Usable currencies and SDRs from financing activities</b>		
Subscription payments in SDRs and usable currencies	171,100	15,675
Changes in composition of usable currencies	5,946,355	1,084,248
Transfers to the PRGF Trust, PRGF-HIPC Trust, and other accounts	(204,690)	(51,391)
<b>Net usable currencies and SDRs provided by financing activities</b>	<b><u>5,912,765</u></b>	<b><u>1,048,532</u></b>
Net increase in usable currencies and SDRs	19,194,835	5,776,559
Usable currencies and SDRs, beginning of period	103,767,940	97,991,381
<b>Usable currencies and SDRs, end of period</b>	<b><u>122,962,775</u></b>	<b><u>103,767,940</u></b>

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

## General Department

### Notes to the Financial Statements as at April 30, 2005, and 2004

#### 1. Purpose and Organization

The International Monetary Fund ("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 assist in solving their balance of payments problems in a manner consistent with the provisions of the IMF's Articles of Agreement. 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 Investment Account has not been activated. 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 payment 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 the GRA and Investment Account of the General Department. The SDA is the vehicle for receiving and investing profits from the sale of the IMF's gold and for making transfers to other accounts (outside the General Department) for special purposes authorized in the Articles, in particular for financial assistance to low-income members of the IMF. Resources of the SDA include transfers received from the Trust Fund (in liquidation), a trust administered by the IMF as trustee, 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 has 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 Accounting

The financial statements of the General 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, 2005, and 2004 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, 2005, one SDR was equal to 1.51678 U.S. dollars (one SDR was equal to 1.45183 U.S. dollars as of April 30, 2004).

##### Currencies

Currencies consist of members' currencies and securities held by the IMF. Each member has the option of substituting 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 consist of currencies of member countries 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. Usable currencies and SDR holdings are cash equivalents. The changes in non-usable currencies (credit outstanding and other currencies) 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 financial transaction plan.

Currencies, including securities, are valued in terms of the SDR on the basis of the currency/SDR exchange rate determined for each currency. Securities can be substituted by members for currencies at their option. These securities are not marketable, but can be converted into currencies on demand. Each member is obligated to maintain, in terms of the SDR, the value of the balances of its currency, including its securities, held by the IMF in the GRA. This requirement is referred to as the maintenance-of-value obligation. The currency balances in the balance sheets include these receivables and payables. All currencies are revalued periodically in terms of the SDR, including at each financial year end. 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.

### 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 that 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, other than the Supplemental Reserve Facility (SRF), are guided by the requirement that members should be able to make repurchases in accordance with normal terms of the respective facilities (referred to as the obligation schedule). 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, debtors in a position to do so are expected to make repurchases under predetermined expectation schedules. However, if a member's external position is not sufficiently strong, it may request that repurchases on the expectation schedule be extended to the original obligation schedule. The extension period is one year for credit tranche and SRF purchases and three years for Extended Fund Facility (EFF) 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 any financial obligation to the IMF. The IMF fully recovers this lost income from 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 subsequently settled.

An impairment loss would be recognized 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 credit's carrying value and the present value of the estimated future cash flows. No impairment losses have been recognized.

### First Special Contingent Account

In view of the risk resulting from overdue obligations, the IMF accumulates balances in the first Special Contingent Account (SCA-1) by collecting resources under the burden sharing mechanism. 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 an added protection until all arrears are fully settled. Balances in the SCA-1 are refundable to the members that shared the cost of its financing in proportion to their contributions when there are no outstanding overdue repurchases and charges, or at such earlier time as the IMF may decide.

### 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. Under the Articles, the IMF may sell gold outright on the basis of prevailing market prices but cannot engage in any other gold transactions, such as loans, leases, swaps, or the use of gold as collateral. In addition, the IMF does not have the authority to buy gold, but it may accept payments from a member in gold instead of SDRs or currencies in any operation or transaction under the IMF's Articles at prevailing market prices.

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 equal to the historical cost must be placed in the GRA. Any portion of the proceeds in excess of the historical cost 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 the historical cost.

The IMF values its gold holdings at historical cost using the specific identification method. The carrying value of the Fund's gold holdings is derived from quota subscriptions prior to the Second Amendment and the settlement of financial obligations by members in 1992 and 1999 (see Note 6).

### Other Assets

Other assets include primarily fixed assets, net pension plan assets and net assets for other post-retirement benefits.

Fixed assets with a cost in excess of a threshold amount are capitalized at cost and depreciated over the estimated useful lives of the assets, using the straight-line method. Buildings, equipment, and furniture are depreciated over 30, 3, and 7 years, respectively. Software is amortized over 3 years.

The IMF operates two defined-benefit pension plans and provides post-retirement benefits to 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 pension plans are held in separate trustee-managed funds. The IMF also established a Retired Staff Benefits Investment Account (RSBIA) to hold and invest funds set aside to finance the cost of post-retirement employee benefits. The assets of RSBIA are administered by the IMF. Pension plans and other post-retirement assets are measured at fair value as of the balance sheet date. Pension costs and expected costs of the post-retirement medical and life insurance benefits are determined 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, and accrued over the period of employment. Valuations of these obligations are carried out annually by independent actuaries.

### SAF Loans in the Special Disbursement Account

SAF loans provide financial assistance to low-income members at an interest rate of one-half of one percent per annum for a period of ten years. 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 in the SDA are made in short-term deposits denominated in SDR with maturities of less than one year and are classified as fair-value-through-profit-and-loss. Investments are recorded on the settlement date at cost and the carrying value of the investments approximate their fair value. Investment income comprises interest earned on investments.

### 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.

### 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 IMF, its quota is repayable to the extent it is not needed to settle other net obligations of the member to the IMF. As a result of adopting IAS 32 Revised "Financial Instruments Disclosure and Presentation", quota subscriptions have been reclassified as liabilities effective May 1, 2003 retroactively, as these financial instruments also embody an unconditional obligation to redeem the instrument upon a member's withdrawal from the IMF.

### 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. Reserve tranches result from quota payments, part of which are to be made in reserve assets, and the use of the member's currency in the IMF's transactions or operations. A member's reserve tranche is considered a part of its external reserves and a liquid claim against the IMF. 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 of the General Resources Account

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 General Reserve may be used to meet capital losses or administrative deficits. 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 surcharges on purchases under the SRF, the credit tranches, and the EFF has been placed to the General Reserve. All other income has been placed to the Special Reserve.

### 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.

### Charges

The IMF levies periodic charges on members' use of GRA credit. The basic rate of charge is set as a proportion of the SDR interest rate, which is equivalent to the effective interest rate. Under the burden sharing mechanism (see Note 12), the basic rate of charge is increased to offset the effect on the IMF's income of the nonpayment of charges and also to finance the additions to the SCA-1.

A surcharge progressing from 300 to 500 basis points above the rate of charge applies to the use of credit under the SRF. In addition, credit outstanding exceeding 200 percent of quota, resulting from purchases in the credit tranches and under the EFF (other than those under the SRF) after November 28, 2000, is subject to a surcharge of 100 basis points, and credit in excess of 300 percent of quota, to a surcharge of 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 recognized as current income.

### Remuneration

The IMF pays interest, referred to as remuneration, on a member's reserve tranche position. 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, 2005, and 2004, but the actual percentage is different for each member.

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 under the burden sharing mechanism (see Note 12).

## Adoption of New International Financial Reporting Standards

In December 2003, the International Accounting Standards Board (IASB) issued a revised International Accounting Standard 32 "Financial Instruments: Disclosure and Presentation" (IAS 32 Revised) which requires the classification of certain financial instruments, including shareholder interests, as a financial liability if such financial instruments embody redemption features. The adoption of IAS 32 Revised required the IMF to reclassify its quota subscriptions, which are repayable upon members' withdrawal, as liabilities. IAS 32 Revised is effective for financial year 2006, but the IMF decided to adopt it early during financial year 2005, with retrospective effect as of May 1, 2003. The impact of the implementation of IAS 32 Revised on the balance sheet was to increase total liabilities and decrease members' resources by SDR 213.5 billion as of April 30, 2005 (SDR 212.8 billion as of April 30, 2004).

In December 2003, the IASB revised International Accounting Standard 39 "Financial Instruments: Recognition and Measurement", under which investments previously classified as available-for-sale are permitted to be reclassified as securities at fair-value-through-profit-and-loss. After the reclassification, changes in fair value of the investments would continue to be recognized in the income statement. The revised standard is effective for financial year 2006, but the IMF elected to adopt it in financial year 2005, with retrospective effect as of May 1, 2003. The implementation of the revised standard did not have an impact on the IMF's financial position or results of operations.

In December 2004, the IASB issued an amendment to IAS 19 "Employee Benefits Actuarial Gains and losses, Group Plans and Disclosures". The amended IAS 19 provides an additional option for recognizing actuarial gains and losses and requires additional disclosures on the plan assets held by the employee benefit plans as well as further disclosure on the net periodic cost and reconciliation of the funded status. This revised standard will become effective for financial year 2007. The IMF will consider the implications of this revision on the General Department's financial statements.

## Comparatives

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

### 3. Financial Risk Management

In providing financial assistance to member countries and conducting its operations, the IMF is exposed to various types of risks, including credit, interest rate, exchange rate, liquidity and operational risks. Because of its unique role in the international monetary system, the principal risk facing the IMF is credit risk.

#### Credit Risk

Credit risk refers to potential losses on the credit outstanding due to the inability, or unwillingness, of member countries to make repurchases. While the IMF is accorded preferred creditor status, credit risk is inherent since the IMF generally provides financing when other sources are not available to a member and has limited ability to diversify its loan portfolio. As a result, credit concentration is high (see Note 4).

The IMF's credit risk mitigating measures comprise policies on access limits; program design and monitoring, including conditionality attached to its financing; early repurchase; and preventative, precautionary, and remedial measures to cope with the financial consequences of protracted arrears.

The IMF has established access limits, including limits on overall access to resources in the GRA, as well as limits on access to the credit tranches under the Extended Fund Facility. The overall limit is currently set at an annual limit of 100 percent of a member's quota, with a cumulative limit of 300 percent of a member's quota. Access in excess of these limits can be granted in exceptional circumstances (exceptional access cases) subject to certain procedural requirements and substantive criteria that have been adopted by the Executive Board.

The IMF generally provides financial assistance to members in the context of a program that is designed to help the member overcome its balance of payments difficulties during the program period. IMF assistance is normally disbursed in tranches and subject to conditionality in the form of performance criteria and periodic reviews. To ensure the integrity of data provided to the Fund in the context of access to Fund resources and compliance with performance criteria, the IMF may apply remedies for misreporting by member countries by expecting early repurchases for non-complying drawings.

In accordance with the Articles of Agreement, member countries using IMF resources are expected to make early repurchases as their balance of payments and reserve positions improve. Moreover, members are expected to make repurchases resulting from purchases in the credit tranches or under the Compensatory Financing Facility made after November 20, 2000, under predetermined expectation schedules ahead of the obligation date to preserve the revolving character of the IMF's resources and reduce the duration of IMF credit exposure.

The IMF maintains precautionary balances consisting of the SCA-1 and the reserves of the GRA to cover possible overdue principal, and losses in income and to preserve the IMF's reputation as a prudent financial organization. The level of precautionary balances is determined by taking into consideration the amount of credit in protracted arrears and a margin for risk associated with credit in good standing. The Executive Board decided that in the current circumstances, the IMF should aim at precautionary balances in an amount of SDR 10 billion. In addition, the burden sharing arrangement is another risk mitigating mechanism unique to the IMF whereby the financial risk of overdue charges is passed on to creditor and debtor members and allows for the strengthening of the IMF's overall financial position.

#### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The IMF's cost structure and its income position are interest-rate driven. Fluctuations in interest rates could widen or narrow the spread between the rate of charge on credit outstanding and the rate of remuneration paid to member countries with remunerated reserve tranche positions. To minimize the effect of interest rate fluctuations on income, the IMF links the rate of charge directly to the SDR interest rate (which is equal to the rate of remuneration). Moreover, the Executive Board may decide to recover any net income shortfalls in the GRA caused by falling interest rates or other factors by increasing the net income target for the following financial year.

#### Exchange Rate Risk

Exchange rate risk is the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on an entity's financial position and cash flows. The IMF uses the SDR as the unit of account and conducts its transactions in terms of the SDR. It has no exchange rate risk exposure on its holdings of members' currencies since, under the Articles of Agreement, members are required to maintain the value of such holdings in terms of the

SDR. Any depreciation/appreciation in their currency vis-à-vis the SDR gives rise to a currency valuation adjustment receivable or payable that must be settled on an annual basis and that is included in the stock of the IMF's currency holdings. Therefore, the value of the IMF's currency holdings does not fluctuate in SDR terms.

Exchange rate risk on IMF investments is managed by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. The IMF also has other assets and liabilities, such as trade receivables and payables, denominated in currencies other than SDRs and makes administrative payments largely in U.S. dollars, but the exchange rate risk exposure is very limited.

### Liquidity Risk

Liquidity risk is the risk of non-availability of resources to meet the IMF's financing needs and obligations. The IMF must have usable resources available to meet members' demand for credit. While the IMF's sources are revolving, uncertainties in timing and amount of credit extended to members during financial crises expose the IMF to liquidity risk. Moreover, the IMF must also stand ready to meet the potential demands from members drawing upon their reserve tranche positions, which have no fixed maturity and are part of members' reserves.

The IMF manages its liquidity risk not by matching the maturity of assets and liabilities, but by closely scrutinizing developments in its liquidity position, especially as it relates to the adequacy of quota-based resources to meet liquidity needs. The Articles of Agreement require the IMF to conduct a general review of members' quotas at intervals of no more than five years in order to assess the adequacy of quota-based resources to meet members' demand for IMF financing. There have been eight quota increases, including an ad-hoc increase, as a result of the reviews. Should the available quota-based resources be inadequate to meet financing needs, the IMF may activate its standing credit lines totaling SDR 34 billion under the General Arrangements to Borrow and the New Arrangements to Borrow. The IMF also monitors its liquidity position over a shorter-term, using objective criterion such as the forward commitment capacity for the next twelve month period (Schedule 2 provides the IMF's available resources and liquidity position).

### Operational Risk

Operational risk includes risk of loss attributable to errors or omissions because of failures in executing or processing transactions, inadequate controls, human factors and/or failures in underlying support systems.

The IMF mitigates operational risk by (i) identifying key operational risks, (ii) maintaining a system of internal control, (iii) documenting policies and procedures on administrative and accounting and reporting processes, and (iv) conducting internal audits to ensure accurate processing of transactions and minimize the possibility of undetected errors. The design and effectiveness of controls are evaluated continuously and improvements are implemented on a timely basis. The results of the internal evaluation of the effectiveness of internal controls are reported by the Office of Internal Audit and Inspection to the External Audit Committee, which also exercises oversight over the external audit of the IMF's accounts and its controls.

The IMF has adopted a Code of Ethics to promote the highest standards of ethics among its staff, including senior management and members of the Executive Board. The enforcement of the Code of Ethics is further supplemented with procedures for the reporting and investigation of irregularities and improprieties, including fraudulent acts.

## 4. Credit and Loans Outstanding

Credit outstanding in the GRA and SAF loans in the SDA are carried at amortized cost.

Changes in the outstanding use of IMF credit under the various facilities of the GRA were as follows:

	April 30, 2003	Purchases	Repurchases	April 30, 2004	Purchases	Repurchases	April 30, 2005
<i>In millions of SDRs</i>							
Credit tranches	33,898	12,874	(5,042)	41,730	1,445	(7,717)	35,458
Extended Fund Facility	14,942	1,132	(2,323)	13,751	163	(4,549)	9,365
Supplemental Reserve Facility	15,700	3,807	(13,479)	6,028	–	(1,459)	4,569
Systemic Transformation Facility	644	–	(490)	154	–	(136)	18
Enlarged Access	279	–	(3)	276	–	(5)	271
Compensatory and Contingency Financing Facility	414	–	(294)	120	–	(36)	84
Supplementary Financing Facility	101	–	(7)	94	–	(5)	89
Total credit outstanding	<u>65,978</u>	<u>17,813</u>	<u>(21,638)</u>	<u>62,153</u>	<u>1,608</u>	<u>(13,907)</u>	<u>49,854</u>

The following repurchases were made by members during the financial years ended April 30:

	2005	2004
<i>(In millions of SDRs)</i>		
Early repurchases	2,645	328
Repurchase expectations	5,854	15,944
Repurchase obligations	<u>5,408</u>	<u>5,366</u>
Total repurchases	<u>13,907</u>	<u>21,638</u>

The IMF approved the following members' requests to extend repurchases from the expectation to the obligation schedule during financial years ended April 30:

	Total repurchase expectations extended	
	2005	2004
<i>(In millions of SDRs)</i>		
Argentina	779	1,941
Brazil	–	8,096
Dominica	1	–
Dominican Republic	11	–
Ecuador	33	–
Papua New Guinea	–	26
Serbia and Montenegro	–	19
Sri Lanka	74	–
Turkey	–	8,273
Uruguay	434	227

As of April 30, 2005, and 2004, outstanding SAF loans amounted to SDR 46 million and SDR 86 million, respectively.

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

Financial year ending April 30	General Resources Account	Special Disbursement Account
<i>In millions of SDRs</i>		
2006	18,612	37
2007	17,671	–
2008	8,793	–
2009	2,502	–
2010	1,156	–
2011 and beyond	397	–
Overdue	723	9
Total	<u>49,854</u>	<u>46</u>

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

	2005		2004	
	<i>In millions of SDRs and as a percentage of total GRA credit outstanding</i>			
Largest user of credit	15,356	30.8%	18,139	29.2%
Three largest users of credit	36,539	73.3%	44,020	70.8%
Five largest users of credit	44,190	88.6%	53,680	86.4%

The five largest users of credit as of April 30, 2005 were Brazil, Turkey, Argentina, Indonesia and Uruguay. 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:

	2005		2004	
	<i>In millions of SDRs and as a percentage of total GRA credit outstanding</i>			
Africa	1,168	2.3%	1,397	2.3%
Asia and Pacific	6,760	13.6%	8,019	12.9%
Europe	2,701	5.4%	6,160	9.9%
Latin America and the Caribbean	25,617	51.4%	30,697	49.4%
Middle East and Turkey	13,608	27.3%	15,880	25.5%
Total	<u>49,854</u>	<u>100%</u>	<u>62,153</u>	<u>100%</u>

## Overdue Obligations

At April 30, 2005, and 2004, 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 were as follows:

	Repurchases and SAF loans		Charges and SAF interest	
	2005	2004	2005	2004
	<i>In millions of SDRs</i>			
Total overdue	732	752	1,030	1,009
Overdue for six months or more	730	743	1,018	1,001
Overdue for three years or more	661	650	970	939

The type and duration of the overdue amounts in the General Department as of April 30, 2005, were as follows:

	Repurchases and SAF loans	Charges and SAF interest	Total obligation	Longest overdue obligation
	<i>In millions of SDRs</i>			
Liberia	201	255	456	May 1985
Somalia	106	99	205	July 1987
Sudan	316	663	979	August 1985
Zimbabwe	109	13	122	May 2001
Total	<u>732</u>	<u>1,030</u>	<u>1,762</u>	

## 5. Currencies

Net changes in the IMF's holdings of members' currencies for the years ended April 30, 2005 and 2004 were as follows:

	April 30, 2003	Net Change	April 30, 2004	Net Change	April 30, 2005
	<i>In millions of SDRs</i>				
Members' quotas	212,731	63	212,794	684	213,478
Members' outstanding use of IMF credit in the GRA	65,978	(3,825)	62,153	(12,299)	49,854
Members' reserve tranche positions in the GRA	(68,009)	5,153	(62,856)	13,007	(49,849)
Administrative currency balances	(1)	(4)	(5)	8	3
Total currencies	<u>210,699</u>	<u>1,387</u>	<u>212,086</u>	<u>1,400</u>	<u>213,486</u>

Receivables and payables arising from valuation adjustments at April 30, 2005, when all holdings of currencies of members were last revalued, amounted to SDR 8,521 million and SDR 5,435 million, respectively (SDR 9,311 million and SDR 3,139 million, respectively, at April 30, 2004). Settlements of these receivables or payables are required to be made promptly after the end of each financial year.

## 6. Gold Holdings

At April 30, 2005, and 2004, the IMF held 3,217,341 kilograms of gold, equal to 103,439,916 fine ounces of gold, at designated depositories. Gold holdings were valued at a historical cost of SDR 5,852 million as of April 30, 2005 and 2004.

	Cost		
	Ounces	Per ounce	Total
	<i>In millions</i>	<i>In SDRs</i>	<i>In millions of SDRs</i>
Gold acquired from quota subscriptions	90.474	35	3,167
Gold acquired from Cambodia in 1992	.021	241	5
Gold acquired through off-market transaction in 1999	12.944	207	2,680
Total	<u>103.439</u>		<u>5,852</u>

As of April 30, 2005, the market value of the IMF's holdings of gold was SDR 29.7 billion (SDR 27.7 billion at April 30, 2004). If realized, the excess of the market value over the cost of the IMF's gold holdings would be transferred to the SDA or to the Investment Account.

## 7. Interest and Charges

As of April 30, 2005, the total holdings on which the IMF levies charges amounted to SDR 49,854 million (SDR 62,153 million as of April 30, 2004). For the financial year 2005, the rate of charge was set at 154 percent of the SDR interest rate for the first half and 136 percent for the second half of the year (for financial year 2004, it was 132 percent of the SDR interest rate). After the retroactive reduction of charges due to income exceeding the net income target for financial year 2005, the basic rate of charge was 144 percent for the first half of the financial year. The average adjusted rate of charge before applicable surcharges for financial year 2005 was 3.1 percent (2.17 percent for financial year 2004). Charges and other receivables as of April 30 were as follows:

	2005	2004
	<i>In millions of SDRs</i>	
Periodic charges	1,598	1,526
Amount paid through burden sharing	(848)	(825)
Unpaid charges	(187)	(188)
	563	513
Other receivables	5	4
Total receivables	<u>568</u>	<u>517</u>

Interest and periodic charges for the years ended April 30 consisted of the following:

	2005	2004
	<i>In millions of SDRs</i>	
Interest and periodic charges	2,259	2,224
Amounts paid through burden sharing adjustments, net of refunds	11	8
Total interest and charges	<u>2,270</u>	<u>2,232</u>

Interest earned on SAF loans for the years ended April 30, 2005, and 2004 amounted to SDR 0.3 million and SDR 0.5 million, respectively.

Service charges, and commitment fees on canceled or expired arrangements are included in *Other Charges and Income*, which amounted to SDR 34 million (SDR 91 million for the year ended April 30, 2004).

### 8. Other Assets—Fixed Assets

Other assets include fixed assets, which at April 30, 2005, and 2004 amounted to SDR 311 million and SDR 267 million, respectively, and consisted of land, buildings, construction in progress, and equipment.

	Land	Buildings	Others	Total
	<i>In millions of SDRs</i>			
Cost				
Beginning of the year	96	215	96	407
Additions	—	—	59	59
Disposals	—	—	(3)	(3)
End of the Year	<u>96</u>	<u>215</u>	<u>152</u>	<u>463</u>
Accumulated depreciation				
Beginning of the year	—	107	33	140
Additions	—	7	8	15
Disposals	—	—	(3)	(3)
End of the Year	<u>—</u>	<u>114</u>	<u>38</u>	<u>152</u>
Net book value as at April 30, 2005	<u>96</u>	<u>101</u>	<u>114</u>	<u>311</u>
Net book value as at April 30, 2004	<u>96</u>	<u>108</u>	<u>63</u>	<u>267</u>

### 9. Special Disbursement Account

#### Investment

As at April 30, 2005, the investments in the SDA consisted of short term fixed-term deposits with maturities of less than one year and amounted to SDR 2,519 million (SDR 2,631 million as at April 30, 2004).

Investment income of the SDA for the years ended April 30, 2005, and 2004 was SDR 52 million and SDR 41 million, respectively.

#### Transfer of SDA resources

Assets in the SDA can be used for special purposes authorized in the Articles, including providing financial assistance to low-income member countries. Transfers for this purpose can be made from current and prior year's income. Such transfers are not considered an expense, but are equity like distributions approved separately by the Executive Board and transferred on an as-needed basis.

Proceeds from the repayment of SAF loans are transferred from the SDA to the PRGF Trust. During the financial years ended April 30, 2005 and 2004, such transfers amounted to SDR 41 million and SDR 52 million, respectively.

In addition, the accumulated investment earnings in the SDA are available for financing the PRGF-HIPC Trust on an as-needed basis. During the financial year ended April 30, 2005, the SDA transferred SDR 164 million to the PRGF-HIPC Trust (no such transfer was made for the financial year ended April 30, 2004).

#### Trust fund

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

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 con-

cluded to the conclusion of its affairs. The Trust Fund has no assets other than claims receivable, including interest and special charges, from Liberia, Somalia and Sudan amounting to SDR 117.6 million at April 30, 2005 (SDR 117.2 million at April 30, 2004). All interest is deferred. Cash receipts on these loans are to be transferred to the SDA.

### 10. 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. There was no balance outstanding as at April 30, 2005, and 2004 under the GAB or the NAB.

### 11. Arrangements

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. At April 30, 2005, the undrawn balances under the 12 arrangements that were in effect in the GRA amounted to SDR 7,927 million (SDR 19,799 million under 13 arrangements at April 30, 2004).

### 12. Burden Sharing and the Special Contingent Account

Under the burden sharing mechanism, the basic rate of charge is increased and the rate of remuneration is adjusted downward to offset the effect on the IMF's income of the nonpayment of charges and also to finance the additions to the SCA-1.

Cumulative charges, net of settlements, that have resulted in adjustments to charges and remuneration since May 1, 1986 (the date the burden sharing mechanism was adopted) amounted to SDR 848 million at April 30, 2005 (SDR 825 million at April 30, 2004). 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 at April 30, 2005 and 2004.

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. Amounts collected from members for the SCA-1 are akin to refundable cash deposits and are recorded as collections of cash and as a liability to those who paid it. Losses arising from overdue obligations, if realized, would be shared by members in proportion to their cumulative contributions to the SCA-1. For the financial years ended April 30, 2005 and 2004, the annual addition to the SCA-1 amounted to SDR 94 million.

### 13. Remuneration

At April 30, 2005, total creditor positions on which the IMF paid remuneration amounted to SDR 43,209 million (SDR 56,241 million at April 30, 2004). The average adjusted rate of remuneration for the financial year ended April 30, 2005, was 1.98 percent (1.48 percent for the financial year ended 2004). Remuneration consisted of the following for the years ended April 30:

	2005	2004
	<i>In millions of SDRs</i>	
Remuneration	1,045	974
Amount withheld for burden sharing adjustment, net of refunds	<u>(11)</u>	<u>(8)</u>
	<u>1,034</u>	<u>966</u>

### 14. Administrative Expenses

Administrative expenses, the majority of which were incurred in U.S. dollars, for the years ended April 30, were as follows:

	2005	2004
	<i>In millions of SDRs</i>	
Personnel	343	337
Pension and other long-term employee benefits	160	39
Travel	62	70
Exchange gains and losses	2	1
Other	108	103
Less: reimbursement for the administration of the SDR Department	<u>(2)</u>	<u>(1)</u>
Total administrative expenses, net of reimbursements	<u>673</u>	<u>549</u>

### 15. 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.

The defined benefit obligations are valued annually by independent actuaries. The latest actuarial valuations were carried out as at April 30, 2005, using the Projected Unit Credit Method.

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

	2005				2004
	SRP	SRBP	Other	Total	Total
	<i>In millions of SDRs</i>				
Fair value of plan assets	3,142	3	359	3,504	3,264
Present value of the defined benefit obligation	(2,901)	(245)	(574)	(3,720)	(3,569)
Unrecognized actuarial losses/(gains)	517	60	(17)	560	734
Unrecognized prior service cost	—	—	9	9	14
Net balance sheet asset/(liability)	<u>758</u>	<u>(182)</u>	<u>(223)</u>	<u>353</u>	<u>443</u>

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

	2005				2004
	SRP	SRBP	Other	Total	Total
	<i>In millions of SDRs</i>				
Beginning of year	807	(147)	(217)	443	435
Expense recognized in the income statement	(90)	(41)	(44)	(175)	(51)
Contributions paid	41	6	38	85	59
End of year	<u>758</u>	<u>(182)</u>	<u>(223)</u>	<u>353</u>	<u>443</u>

The pension and other post-retirement benefits expense recognized in the income statement include the amortization, over the estimated average remaining service lives of IMF staff, of actuarial gains and losses in excess of a corridor. The corridor is the higher of 10 percent of either the defined benefit obligation or the fair value of assets at the beginning of the financial year.

The amounts recognized in the income statements are as follows:

	2005				2004
	SRP	SRBP	Other	Total	Total
	<i>In millions of SDRs</i>				
Current service cost	107	26	39	172	95
Interest cost	166	13	31	210	157
Expected loss on assets	(219)	—	(25)	(244)	(226)
Amortization of actuarial (gain)/loss	36	3	(5)	34	(8)
Prior service cost	—	—	3	3	33
Total expense recognized in income statement	<u>90</u>	<u>42</u>	<u>43</u>	<u>175</u>	<u>51</u>
Actual return on assets	<u>337</u>	<u>—</u>	<u>43</u>	<u>380</u>	<u>668</u>

The principal actuarial assumptions used in the actuarial valuations were as follows:

	2005	2004
	<i>In percent</i>	
Discount rate	5.7	5.7
Expected return on plan assets	7.5	7.5
Future salary increases	6.4–10.8	6.4–10.8
Ultimate health care costs growth rates	4.0	4.0

### 16. Related Party Transactions

The GRA conducts its transactions with the SDR Department on the same terms and conditions applicable to participants in the SDR Department. During the financial years ended April 30, 2005, the receipts (consisting of repurchases, charges and interest on SDR holdings) and uses (consisting of purchases and remuneration) of SDRs by the GRA amounted to SDR 3,100 million (SDR 5,472 million for the financial year ended April 30, 2004) and SDR 3,032 (SDR 5,929 million for the financial year end April 30, 2004), respectively. As of April 30, 2005, and 2004, the GRA's SDR holdings amounted to SDR 574 million and SDR 506 million, respectively.

The costs of operating the SDR Department, the PRGF Trust and the PRGF-HIPC Trust are borne by the GRA. The SDR Department reimbursed the GRA SDR 1.5 million and SDR 1.4 million for the financial years ended April 30, 2005 and 2004, respectively. The IMF has waived the reimbursements by the PRGF Trust to the GRA, amounting to SDR 54.4 million and SDR 57.7 million for the financial years ended April 30, 2005 and 2004, respectively. The PRGF-HIPC Trust does not reimburse the GRA.

### 17. Lease Commitments

The IMF has committed to lease commercial office space through June 2005. Expenditures totaling SDR 3.2 million will be incurred over this period.

### *18. Subsequent Event*

On June 11, 2005, the G-8 Finance Ministers proposed an initiative that would involve debt relief, leading to full debt cancellation of outstanding obligations, of member countries eligible for HIPC assistance. Under this proposal, the cost of meeting the obligations of the eligible members would be met from existing IMF resources. In situations where other existing and projected debt relief obligations cannot be met from existing IMF resources (e.g., for the protracted arrears cases such as Liberia, Somalia,

Sudan), donors have committed to providing the extra resources necessary. IMF resources that will be considered to finance this debt relief operation consist of available resources already earmarked to provide debt relief or provide concessional financing (SDA, PRGF and PRGH-HIPC resources) for an estimated amount of approximately SDR 4.0 billion as of April 30, 2005. The precise modalities of the proposal have not yet been developed. The G-8 Finance Ministers call upon all shareholders to support the debt-relief proposals which would be put to the 2005 Annual Meetings.

**General Department**  
**Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,**  
**and Outstanding Credit and Loans**  
**as at April 30, 2005**

(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>	PRGF Trust <sup>4</sup>	Total <sup>5</sup>	
		Total	Percent of quota		Amount (A)	Percent <sup>2</sup> +				+ (B)
Afghanistan, Islamic State of	161,900	161,916	100.0	—	—	—	—	—	—	
Albania	48,700	45,350	93.1	3,355	—	—	65,846	65,846		
Algeria	1,254,700	1,527,333	121.7	85,082	357,713	0.72	—	357,713		
Angola	286,300	286,445	100.1	—	—	—	—	—		
Antigua and Barbuda	13,500	13,499	100.0	6	—	—	—	—		
Argentina	2,117,100	10,217,996	482.6	179	8,101,069	16.25	—	8,101,069		
Armenia, Republic of	92,000	93,411	101.5	—	1,406	—	131,573	132,979		
Australia	3,236,400	2,167,767	67.0	1,068,771	—	—	—	—		
Austria	1,872,300	1,330,845	71.1	541,468	—	—	—	—		
Azerbaijan	160,900	193,324	120.2	10	32,424	0.07	102,093	134,517		
Bahamas, The	130,300	124,041	95.2	6,260	—	—	—	—		
Bahrain, Kingdom of	135,000	63,843	47.3	71,203	—	—	—	—		
Bangladesh	533,300	533,098	100.0	209	—	—	148,500	148,500		
Barbados	67,500	62,317	92.3	5,185	—	—	—	—		
Belarus, Republic of	386,400	386,400	100.0	20	—	—	—	—		
Belgium	4,605,200	3,313,766	72.0	1,291,457	—	—	—	—		
Belize	18,800	14,562	77.5	4,239	—	—	—	—		
Benin	61,900	59,720	96.5	2,188	—	—	39,503	39,503		
Bhutan	6,300	5,280	83.8	1,020	—	—	—	—		
Bolivia	171,500	274,138	159.8	8,875	111,500	0.22	89,103	200,603		
Bosnia and Herzegovina	169,100	232,054	137.2	— <sup>6</sup>	62,949	0.13	—	62,949		
Botswana	63,000	44,040	69.9	18,961	—	—	—	—		
Brazil	3,036,100	18,392,832	605.8	—	15,356,228	30.80	—	15,356,228		
Brunei Darussalam	215,200	157,120	73.0	58,288	—	—	—	—		
Bulgaria	640,200	1,333,730	208.3	32,896	726,412	1.46	—	726,412		
Burkina Faso	60,200	52,884	87.8	7,318	—	—	316	77,862		
Burundi	77,000	76,641	99.5	360	—	—	33,550	33,550		
Cambodia	87,500	87,500	100.0	—	—	—	59,064	59,064		
Cameroon	185,700	185,022	99.6	696	—	—	202,081	202,081		
Canada	6,369,200	4,275,177	67.1	2,094,028	—	—	—	—		
Cape Verde	9,600	9,596	100.0	5	—	—	7,380	7,380		
Central African Republic	55,700	61,117	109.7	159	5,570	0.01	21,184	26,754		
Chad	56,000	55,719	99.5	282	—	—	63,502	63,502		
Chile	856,100	596,194	69.6	259,907	—	—	—	—		
China	6,369,200	4,510,001	70.8	1,859,246	—	—	—	—		
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	—	—	—	526,767	526,767		
Congo, Republic of	84,600	88,044	104.1	536	3,966	0.01	12,029	15,995		
Costa Rica	164,100	144,113	87.8	20,000	—	—	—	—		
Côte d'Ivoire	325,200	324,598	99.8	607	—	—	192,170	192,170		
Croatia, Republic of	365,100	364,943	100.0	159	—	—	—	—		
Cyprus	139,600	98,281	70.4	41,326	—	—	—	—		
Czech Republic	819,300	582,733	71.1	236,572	—	—	—	—		
Denmark	1,642,800	1,149,503	70.0	493,297	—	—	—	—		
Djibouti	15,900	14,800	93.1	1,100	—	—	13,357	13,357		
Dominica	8,200	11,165	136.2	9	2,973	0.01	4,205	7,178		
Dominican Republic	218,900	402,779	184.0	3	183,880	0.37	—	183,880		
Ecuador	302,300	418,776	138.5	17,153	133,627	0.27	—	133,627		
Egypt	943,700	943,722	100.0	—	—	—	—	—		
El Salvador	171,300	171,303	100.0	—	—	—	—	—		
Equatorial Guinea	32,600	32,605	100.0	—	—	—	—	—		
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	—	—	115,022	115,022		

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> +				
Fiji	70,300	55,039	78.3	15,268	—	—	—	—	—	
Finland	1,263,800	866,151	68.5	397,676	—	—	—	—	—	
France	10,738,500	7,640,478	71.2	3,098,181	—	—	—	—	—	
Gabon	154,300	215,181	139.5	179	61,057	0.12	—	—	61,057	
Gambia, The	31,100	29,618	95.2	1,485	—	—	15,600	—	15,600	
Georgia	150,300	152,613	101.5	10	2,313	—	—	165,745	168,058	
Germany	13,008,200	9,130,400	70.2	3,877,833	—	—	—	—	—	
Ghana	369,000	369,004	100.0	— <sup>6</sup>	—	—	—	294,799	294,799	
Greece	823,000	552,428	67.1	270,601	—	—	—	—	—	
Grenada	11,700	17,556	150.1	—	5,855	0.01	—	—	5,855	
Guatemala	210,200	210,206	100.0	—	—	—	—	—	—	
Guinea	107,100	107,026	99.9	75	—	—	—	71,769	71,769	
Guinea-Bissau	14,200	14,200	100.0	— <sup>6</sup>	—	—	—	9,149	9,149	
Guyana	90,900	90,902	100.0	—	—	—	—	62,392	62,392	
Haiti	81,900	92,063	112.4	68	10,230	0.02	—	6,070	16,300	
Honduras	129,500	120,874	93.3	8,627	—	—	—	128,877	128,877	
Hungary	1,038,400	724,386	69.8	314,016	—	—	—	—	—	
Iceland	117,600	99,016	84.2	18,585	—	—	—	—	—	
India	4,158,200	3,209,884	77.2	948,340	—	—	—	—	—	
Indonesia	2,079,300	7,949,000	382.3	145,500	6,015,196	12.07	—	—	6,015,196	
Iran, Islamic Republic of	1,497,200	1,497,204	100.0	—	—	—	—	—	—	
Iraq	1,188,400	1,314,413	110.6	171,100	297,100	0.60	—	—	297,100	
Ireland	838,400	578,050	68.9	260,365	—	—	—	—	—	
Israel	928,200	629,946	67.9	298,262	—	—	—	—	—	
Italy	7,055,500	4,785,684	67.8	2,269,833	—	—	—	—	—	
Jamaica	273,500	273,550	100.0	—	—	—	—	—	—	
Japan	13,312,800	9,399,825	70.6	3,913,958	—	—	—	—	—	
Jordan	170,500	367,861	215.8	88	197,440	0.40	—	—	197,440	
Kazakhstan, Republic of	365,700	365,700	100.0	5	—	—	—	—	—	
Kenya	271,400	258,685	95.3	12,722	—	—	—	116,078	116,078	
Kiribati	5,600	5,601	100.0	4	—	—	—	—	—	
Korea	1,633,600	1,161,100	71.1	472,501	—	—	—	—	—	
Kuwait	1,381,100	936,787	67.8	444,315	—	—	—	—	—	
Kyrgyz Republic	88,800	88,800	100.0	5	—	—	—	136,387	136,387	
Lao People's Democratic Republic	52,900	52,900	100.0	— <sup>6</sup>	—	—	—	23,399	23,399	
Latvia, Republic of	126,800	126,762	100.0	55	—	—	—	—	—	
Lebanon	203,000	184,168	90.7	18,833	—	—	—	—	—	
Lesotho	34,900	31,341	89.8	3,563	—	—	—	24,500	24,500	
Liberia	71,300	272,062	381.6	31	200,781	0.40	—	—	223,671	
Libya	1,123,700	728,203	64.8	395,505	—	—	—	—	—	
Lithuania, Republic of	144,200	144,185	100.0	16	—	—	—	—	—	
Luxembourg	279,100	198,289	71.0	80,825	—	—	—	—	—	
Macedonia, former Yugoslav Republic of	68,900	91,084	132.2	— <sup>6</sup>	22,182	0.04	—	17,182	39,364	
Madagascar	122,200	122,174	100.0	27	—	—	—	154,058	154,058	
Malawi	69,400	84,462	121.7	2,290	17,350	0.03	—	39,905	57,255	
Malaysia	1,486,600	1,007,505	67.8	479,101	—	—	—	—	—	
Maldives	8,200	10,746	131.0	1,554	4,100	0.01	—	—	4,100	
Mali	93,300	84,265	90.3	9,043	—	—	—	87,845	87,845	
Malta	102,000	61,741	60.5	40,261	—	—	—	—	—	
Marshall Islands	3,500	3,500	100.0	1	—	—	—	—	—	
Mauritania	64,400	64,404	100.0	—	—	—	—	54,708	54,708	
Mauritius	101,600	78,722	77.5	22,879	—	—	—	—	—	
Mexico	2,585,800	1,970,539	76.2	615,309	—	—	—	—	—	
Micronesia, Federated States of	5,100	5,100	100.0	1	—	—	—	—	—	
Moldova, Republic of	123,200	170,492	138.4	5	47,292	0.09	—	27,720	75,012	
Mongolia	51,100	50,977	99.8	125	—	—	—	27,384	27,384	
Morocco	588,200	517,758	88.0	70,443	—	—	—	—	—	
Mozambique	113,600	113,600	100.0	7	—	—	—	124,040	124,040	
Myanmar	258,400	258,402	100.0	—	—	—	—	—	—	
Namibia	136,500	136,443	100.0	60	—	—	—	—	—	

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> +				
Nepal	71,300	71,311	100.0	—	—	—	—	14,260	14,260	
Netherlands	5,162,400	3,712,487	71.9	1,449,918	—	—	—	—	—	
New Zealand	894,600	629,318	70.3	265,297	—	—	—	—	—	
Nicaragua	130,000	130,010	100.0	—	—	—	—	149,995	149,995	
Niger	65,800	57,237	87.0	8,563	—	—	—	84,290	84,290	
Nigeria	1,753,200	1,753,121	100.0	143	—	—	—	—	—	
Norway	1,671,700	1,178,514	70.5	493,193	—	—	—	—	—	
Oman	194,000	134,947	69.6	59,100	—	—	—	—	—	
Pakistan	1,033,700	1,139,308	110.2	118	105,725	0.21	—	1,028,224	1,133,949	
Palau	3,100	3,100	100.0	1	—	—	—	—	—	
Panama	206,600	217,252	105.2	11,860	22,500	0.05	—	—	22,500	
Papua New Guinea	131,600	142,982	108.6	426	11,803	0.02	—	—	11,803	
Paraguay	99,900	78,428	78.5	21,475	—	—	—	—	—	
Peru	638,400	691,933	108.4	—	53,500	0.11	—	—	53,500	
Philippines	879,900	1,186,821	134.9	87,431	394,347	0.79	—	—	394,347	
Poland, Republic of	1,369,000	942,909	68.9	426,099	—	—	—	—	—	
Portugal	867,400	584,073	67.3	283,342	—	—	—	—	—	
Qatar	263,800	182,604	69.2	81,197	—	—	—	—	—	
Romania	1,030,200	1,287,882	125.0	—	257,677	0.52	—	—	257,677	
Russian Federation	5,945,400	5,943,542	100.0	1,946	—	—	—	—	—	
Rwanda	80,100	80,113	100.0	—	—	—	—	58,788	58,788	
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	4,953,091	70.9	2,032,412	—	—	—	—	—	
Senegal	161,800	160,261	99.0	1,543	—	—	—	125,789	125,789	
Serbia and Montenegro	467,700	1,042,811	223.0	—	575,097	1.15	—	—	575,097	
Seychelles	8,800	8,798	100.0	3	—	—	—	—	—	
Sierra Leone	103,700	103,685	100.0	24	—	—	—	125,030	125,030	
Singapore	862,500	613,229	71.1	249,282	—	—	—	—	—	
Slovak Republic	357,500	357,505	100.0	—	—	—	—	—	—	
Slovenia, Republic of	231,700	164,923	71.2	66,784	—	—	—	—	—	
Solomon Islands	10,400	9,852	94.7	550	—	—	—	—	—	
Somalia	44,200	140,907	318.8	—	96,701	0.19	8,840	—	112,004	
South Africa	1,868,500	1,867,910	100.0	595	—	—	—	—	—	
Spain	3,048,900	2,194,850	72.0	854,071	—	—	—	—	—	
Sri Lanka	413,400	593,948	143.7	47,855	228,385	0.47	—	38,390	266,775	
Sudan	169,700	485,590	286.1	11	315,870	0.63	—	—	375,098	
Suriname	92,100	85,976	93.4	6,125	—	—	—	—	—	
Swaziland	50,700	44,147	87.1	6,562	—	—	—	—	—	
Sweden	2,395,500	1,682,566	70.2	712,934	—	—	—	—	—	
Switzerland	3,458,500	2,445,808	70.7	1,012,623	—	—	—	—	—	
Syrian Arab Republic	293,600	293,603	100.0	5	—	—	—	—	—	
Tajikistan, Republic of	87,000	87,000	100.0	2	—	—	—	87,834	87,834	
Tanzania	198,900	188,903	95.0	9,999	—	—	—	265,703	265,703	
Thailand	1,081,900	975,347	90.2	106,562	—	—	—	—	—	
Timor-Leste, The Democratic Republic of	8,200	8,200	100.0	1	—	—	—	—	—	
Togo	73,400	73,069	99.5	332	—	—	—	15,204	15,204	
Tonga	6,900	5,189	75.2	1,712	—	—	—	—	—	
Trinidad and Tobago	335,600	238,913	71.2	96,693	—	—	—	—	—	
Tunisia	286,500	266,297	92.9	20,222	—	—	—	—	—	
Turkey	964,000	13,932,753	1,445.3	112,775	13,081,525	26.24	—	—	13,081,525	
Turkmenistan, Republic of	75,200	75,200	100.0	5	—	—	—	—	—	
Uganda	180,500	180,506	100.0	—	—	—	—	119,968	119,968	
Ukraine	1,372,000	2,336,779	170.3	3	964,779	1.94	—	—	964,779	
United Arab Emirates	611,700	435,525	71.2	176,776	—	—	—	—	—	
United Kingdom	10,738,500	7,299,586	68.0	3,439,006	—	—	—	—	—	

## 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> +				+ =
United States	37,149,300	26,980,631	72.6	10,167,552	—	—	—	—	—	
Uruguay	306,500	1,942,107	633.6	—	1,635,600	3.28	—	—	1,635,600	
Uzbekistan, Republic of	275,600	283,913	103.0	5	8,313	0.02	—	—	8,313	
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	329,100	100.0	5	—	—	—	166,480	166,480	
Yemen, Republic of	243,500	275,321	113.1	13	31,833	0.06	—	198,150	229,983	
Zambia	489,100	489,098	100.0	18	—	—	36,350	540,430	576,780	
Zimbabwe	353,400	462,473	130.9	328	109,399	0.22	—	75,235	184,634	
<b>Total</b>	<b>213,478,400</b>	<b>213,486,377</b>		<b>49,848,798</b>	<b>49,853,664</b>	<b>100.00</b>	<b>45,506</b>	<b>6,588,065</b>	<b>56,575,816</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 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) arrangement.

<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 22.9 million), Somalia (SDR 6.5 million), and Sudan (SDR 59.2 million).

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

**General Department**  
**Financial Resources and Liquidity Position**  
**in the General Resources Account**  
**as at April 30, 2005 and 2004**

(In thousands of SDRs)

	2005	2004
<b>Total Resources</b>		
Currencies .....	213,486,377	212,086,122
SDR holdings .....	574,310	506,029
Gold holdings .....	5,851,771	5,851,771
Other assets <sup>1</sup> .....	879,028	955,814
Total resources .....	<u>220,791,486</u>	<u>219,399,736</u>
<b>Less: Non-Usable Resources<sup>2</sup></b> .....	97,828,711	115,631,796
of which: Credit Outstanding .....	49,853,664	62,152,682
<b>Equals: Usable Resources<sup>3</sup></b> .....	<u>122,962,775</u>	<u>103,767,940</u>
<b>Less: Undrawn balances under GRA arrangements<sup>4</sup></b> .....	7,926,545	19,799,322
<b>Equals: Uncommitted usable resources</b> .....	<u>115,036,230</u>	<u>83,968,618</u>
<b>Plus: Repurchases one year forward<sup>5</sup></b> .....	13,320,313	6,940,396
<b>Less: Prudential balance<sup>6</sup></b> .....	34,017,800	32,828,720
<b>Equals: One year forward commitment capacity (FCC)<sup>7</sup></b> .....	<u>94,338,743</u>	<u>58,080,294</u>
<b>Memorandum Item</b>		
Resources available under borrowing arrangements .....	34,000,000	34,000,000
Quotas of members that finance IMF transactions .....	170,089,000	164,143,600
Net uncommitted usable resources <sup>8</sup> .....	99,882,010	75,051,056
Liquid Liabilities <sup>9</sup> .....	49,848,798	62,856,110
Liquidity ratio <sup>10</sup> .....	200.4%	119.4%

<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 member's 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, 2005**

*(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	March 31, 2006	171,500	60,000
Bulgaria	August 6, 2004	September 5, 2006	100,000	100,000
Colombia	January 15, 2003	May 2, 2005	1,548,000	1,548,000
Croatia, Republic of	August 4, 2004	April 3, 2006	97,000	97,000
Dominican Republic	January 31, 2005	May 31, 2007	437,800	385,260
Gabon	May 28, 2004	June 30, 2005	69,440	27,776
Paraguay	December 15, 2003	September 30, 2005	50,000	50,000
Peru	June 9, 2004	August 16, 2006	287,279	287,279
Romania	July 7, 2004	July 6, 2006	250,000	250,000
Total Stand-By Arrangements			<u>11,992,019</u>	<u>7,615,315</u>
<b>Extended Arrangements</b>				
Serbia and Montenegro	May 14, 2002	May 13, 2005	650,000	187,500
Sri Lanka	April 18, 2003	April 17, 2006	144,400	123,730
Total Extended Arrangements			<u>794,400</u>	<u>311,230</u>
Total General Resources Account			<u><u>12,786,419</u></u>	<u><u>7,926,545</u></u>

## **II. Financial Statements of the SDR Department**

**SDR Department**  
**Balance Sheets**  
**as at April 30, 2005, and 2004**

*(In thousands of SDRs)*

	2005	2004		2005	2004
<b>Assets</b>			<b>Liabilities</b>		
Net charges receivable . . . . .	49,889	33,062	Net interest payable . . . . .	50,090	33,409
Overdue assessments and charges (Note 3) . . . . .	35,968	88,933	Participants with holdings above allocations (Note 2)		
Participants with holdings below allocations (Note 2)			SDR holdings . . . . .	16,617,864	16,767,772
Allocations . . . . .	12,133,536	11,838,846	Less: allocations . . . . .	9,299,794	9,594,484
Less: SDR holdings . . . . .	4,006,504	3,865,861	Holdings in excess of allocations . . . . .	7,318,070	7,173,288
Allocations in excess of holdings . . . . .	8,127,032	7,972,985	Holdings by the General Resources Account . . . . .	574,310	506,029
Total assets . . . . .	<u>8,212,889</u>	<u>8,094,980</u>	Holdings of SDRs by prescribed holders . . . . .	270,419	382,254
			Total liabilities . . . . .	<u>8,212,889</u>	<u>8,094,980</u>

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

/s/ Michael G. Kuhn  
Director, Finance Department

/s/ Rodrigo de Rato  
Managing Director

**SDR Department**  
**Income Statements**  
**for the Years Ended April 30, 2005, and 2004**  
*(In thousands of SDRs)*

	2005	2004
<b>Revenue</b>		
Net charges from participants with holdings below allocations .....	173,782	131,593
Assessment on SDR allocations .....	1,500	1,400
	<u>175,282</u>	<u>132,993</u>
<b>Expenses</b>		
Interest on SDR holdings		
Net interest to participants with holdings above allocations .....	149,673	106,570
General Resources Account .....	16,322	16,630
Prescribed holders .....	7,787	8,393
	<u>173,782</u>	<u>131,593</u>
Administrative expenses .....	1,500	1,400
	<u>175,282</u>	<u>132,993</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, 2005, and 2004**  
*(In thousands of SDRs)*

	2005	2004
<b>Cash flows from operating activities</b>		
Receipts of SDRs		
Transfers among participants and prescribed holders .....	4,499,083	2,409,745
Transfers from participants to the General Resources Account .....	3,100,437	5,472,301
Transfers from the General Resources Account to participants and prescribed holders .....	3,032,157	5,928,914
Total receipts of SDRs .....	<u>10,631,677</u>	<u>13,810,960</u>
Uses of SDRs		
Transfers among participants and prescribed holders .....	4,356,089	2,293,009
Transfers from participants to the General Resources Account .....	3,085,510	5,454,029
Transfers from the General Resources Account to participants and prescribed holders .....	3,032,157	5,928,914
Charges paid in the SDR Department .....	210,741	131,931
Other .....	(52,820)	3,077
Total uses of SDRs .....	<u>10,631,677</u>	<u>13,810,960</u>

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

## SDR Department

### Notes to the Financial Statements as at April 30, 2005, and 2004

#### 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, 2005, 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 SDR 21.4 billion. The amendment will enter into force as of the date the IMF certifies by formal communication to all members that 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, 2005, 14 institutions were prescribed as holders (15 institutions at April 30, 2004). 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 Accounting

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, 2005, and 2004 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, 2005, one SDR was equal to 1.51678 U.S. dollars (one SDR was equal to 1.45183 U.S. dollars as of April 30, 2004).

##### Allocations and Holdings

At April 30, 2005 and 2004, 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, 2005, and 2004 were as follows:

	2005			2004		
	Total	Below Allocations	Above Allocations	Total	Below Allocations	Above Allocations
	<i>In millions of SDRs</i>					
Cumulative allocations	21,433.3	12,133.5	9,299.8	21,433.3	11,838.8	9,594.5
Holdings of SDRs						
by participants	20,624.4	4,006.5	16,617.9	20,633.6	3,865.8	16,767.8
Net SDR positions	808.9	8,127.0	(7,318.1)	799.7	7,973.0	(7,173.3)

A summary of SDR holdings is provided below:

	2005	2004
	<i>In millions of SDRs</i>	
Participants	20,624.4	20,633.6
General Resources Account	574.3	506.0
Prescribed holders	270.4	382.3
	21,469.1	21,521.9
Less: Overdue charges receivable	35.8	88.6
Total holdings	21,433.3	21,433.3

### Interest and Charges

Interest is paid on holdings of SDRs. Charges are levied on each participant's net cumulative allocations plus any allocations in excess of its holdings 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 a Monday and applies through the following Sunday. The average SDR interest rate was 2.08 percent for the year ended April 30, 2005 (1.58 percent for the year ended April 30, 2004).

### 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.

### Comparatives

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

### 3. Overdue Assessments and Charges

At April 30, 2005, assessments and charges amounting to SDR 36.0 million were overdue to the SDR Department (SDR 88.9 million at April 30, 2004). At April 30, 2005 three members (as of April 30, 2004, 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:

	2005	2004
	<i>In millions of SDRs</i>	
Total	36.0	88.9
Overdue for six months or more	35.2	87.4
Overdue for three years or more	32.1	75.9

The amount and duration of arrears as of April 30, 2005 were as follows:

	Total	Longest Overdue Obligation
	<i>In millions of SDRs</i>	
Liberia	25.1	Apr-86
Somalia	10.8	Feb-91
Sudan	0.1	Apr-91
Total	36.0	

**SDR Department**  
**Statements of Changes in SDR Holdings**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed Holders	Total	
				2005	2004
Total holdings, beginning of the year	20,633,633	506,029	382,254	21,521,916	21,518,839
<b>Receipts of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement	3,017,287	—	22,313	3,039,600	1,139,971
Operations					
Loans	—	—	—	—	15,675
Settlement of financial obligations	66,727	—	85,686	152,413	212,442
IMF-related operations					
SAF/PRGF loans	238,394	—	—	238,394	296,530
SAF repayments and interest	—	—	2,639	2,639	6,453
PRGF contributions and payments	111,086	—	221,820	332,906	284,016
PRGF repayments and interest	95,888	—	488,884	584,772	332,338
PRGF-HIPC contributions	938	—	4,011	4,949	5,090
Post-Conflict subsidy payments	416	—	—	416	494
Net interest on SDRs	135,083	—	7,911	142,994	116,736
Transfers from participants to the General Resources Account					
Repurchases	—	739,803	—	739,803	2,981,392
Charges	—	2,344,061	—	2,344,061	2,455,568
Quota payment	—	—	—	—	15,675
Assessment on SDR allocation (Note 2)	—	1,646	—	1,646	1,394
Interest on SDRs	—	14,927	—	14,927	18,272
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	501,091	—	—	501,091	3,500,261
In exchange for currencies of other members acquisitions to pay charges	1,577,043	—	—	1,577,043	1,398,238
Remuneration	950,317	—	—	950,317	946,840
Other	—	—	—	—	—
Refunds and adjustments	3,706	—	—	3,706	83,575
Total receipts	<u>6,697,976</u>	<u>3,100,437</u>	<u>833,264</u>	<u>10,631,677</u>	<u>13,810,960</u>

**SDR Department**  
**Statements of Changes in SDR Holdings**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed Holders	Total	
				2005	2004
<b>Uses of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement	2,620,477	—	419,123	3,039,600	1,139,971
Operations					
Loans	—	—	—	—	15,675
Settlement of financial obligations	85,686	—	66,727	152,413	212,442
IMF-related operations					
SAF/PRGF Loans	—	—	238,394	238,394	296,530
SAF repayments and interest	2,639	—	—	2,639	6,453
PRGF contributions and payments	209,293	—	123,613	332,906	312,939
PRGF repayments and interest	488,884	—	95,888	584,772	303,415
PRGF-HIPC contributions	4,011	—	938	4,949	5,090
Post-Conflict subsidy payment	—	—	416	416	494
Transfers from participants to the General Resources Account					
Repurchases	739,803	—	—	739,803	2,981,392
Charges	2,344,061	—	—	2,344,061	2,455,568
Quota payment	—	—	—	—	15,675
Assessment on SDR allocation (Note 2)	1,646	—	—	1,646	1,394
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	—	501,091	—	501,091	3,500,261
In exchange for currencies of other members acquisitions to pay charges	—	1,577,043	—	1,577,043	1,398,238
Remuneration	—	950,317	—	950,317	946,840
Other	—	—	—	—	—
Refunds and adjustments	—	3,706	—	3,706	83,575
Charges paid in the SDR department					
Net charges due	157,921	—	—	157,921	135,008
Total uses					
	6,654,421	3,032,157	945,099	10,631,677	13,810,960
Charges not paid when due	2,805	—	—	2,805	3,240
Settlement of unpaid charges	(55,625)	—	—	(55,625)	(163)
Total holdings, end of the year	<u>20,624,368</u>	<u>574,310</u>	<u>270,419</u>	<u>21,469,097</u>	<u>21,521,916</u>

The ending balances contain rounding differences.

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2005**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Total	Holdings	
			Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Afghanistan, Islamic State of	26,703	177	0.7	(26,526)
Albania	—	68,685	—	68,685
Algeria	128,640	31,860	24.8	(96,780)
Angola	—	147	—	147
Antigua and Barbuda	—	6	—	6
Argentina	318,370	1,632,446	512.8	1,314,076
Armenia, Republic of	—	567	—	567
Australia	470,545	128,460	27.3	(342,085)
Austria	179,045	100,563	56.2	(78,482)
Azerbaijan	—	9,430	—	9,430
Bahamas, The	10,230	68	0.7	(10,162)
Bahrain, Kingdom of	6,200	552	8.9	(5,648)
Bangladesh	47,120	541	1.1	(46,579)
Barbados	8,039	52	0.7	(7,987)
Belarus, Republic of	—	11	—	11
Belgium	485,246	196,580	40.5	(288,666)
Belize	—	1,667	—	1,667
Benin	9,409	63	0.7	(9,346)
Bhutan	—	276	—	276
Bolivia	26,703	27,790	104.1	1,087
Bosnia and Herzegovina	20,481	852	4.2	(19,629)
Botswana	4,359	34,697	796.0	30,338
Brazil	358,670	214,793	59.9	(143,877)
Brunei Darussalam	—	9,125	—	9,125
Bulgaria	—	6,286	—	6,286
Burkina Faso	9,409	82	0.9	(9,327)
Burundi	13,697	151	1.1	(13,546)
Cambodia	15,417	380	2.5	(15,037)
Cameroon	24,463	201	0.8	(24,262)
Canada	779,290	604,045	77.5	(175,245)
Cape Verde	620	19	3.1	(601)
Central African Republic	9,325	100	1.1	(9,225)
Chad	9,409	2,766	29.4	(6,643)
Chile	121,924	34,680	28.4	(87,244)
China	236,800	823,510	347.8	586,710
Colombia	114,271	116,919	102.3	2,648
Comoros	716	5	0.7	(711)
Congo, Democratic Republic of	86,309	3,082	3.6	(83,227)
Congo, Republic of	9,719	1,935	19.9	(7,784)
Costa Rica	23,726	115	0.5	(23,611)
Côte d'Ivoire	37,828	365	1.0	(37,463)
Croatia, Republic of	44,205	285	0.6	(43,920)
Cyprus	19,438	2,630	13.5	(16,808)
Czech Republic	—	4,666	—	4,666
Denmark	178,864	27,950	15.6	(150,914)
Djibouti	1,178	362	30.8	(816)
Dominica	592	58	9.8	(534)
Dominican Republic	31,585	1,963	6.2	(29,622)
Ecuador	32,929	6,437	19.5	(26,492)
Egypt	135,924	62,150	45.7	(73,774)
El Salvador	24,985	24,980	100.0	(5)
Equatorial Guinea	5,812	440	7.6	(5,372)
Eritrea	—	—	—	—
Estonia, Republic of	—	54	—	54
Ethiopia	11,160	453	4.1	(10,707)

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2005**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings		
		Total	Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Fiji	6,958	5,403	77.7	(1,555)
Finland	142,690	93,347	65.4	(49,343)
France	1,079,870	576,969	53.4	(502,901)
Gabon	14,091	273	1.9	(13,818)
Gambia, The	5,121	112	2.2	(5,009)
Georgia	—	1,010	—	1,010
Germany	1,210,760	1,329,313	109.8	118,553
Ghana	62,983	10,655	16.9	(52,328)
Greece	103,544	18,175	17.6	(85,369)
Grenada	930	15	1.6	(915)
Guatemala	27,678	5,012	18.1	(22,666)
Guinea	17,604	109	0.6	(17,495)
Guinea-Bissau	1,212	434	35.8	(778)
Guyana	14,530	8,598	59.2	(5,932)
Haiti	13,697	1,774	13.0	(11,923)
Honduras	19,057	111	0.6	(18,946)
Hungary	—	39,355	—	39,355
Iceland	16,409	55	0.3	(16,354)
India	681,170	2,974	0.4	(678,196)
Indonesia	238,956	61,565	25.8	(177,391)
Iran, Islamic Republic of	244,056	274,054	112.3	29,998
Iraq	68,464	295,813	432.1	227,349
Ireland	87,263	58,455	67.0	(28,808)
Israel	106,360	10,682	10.0	(95,678)
Italy	702,400	115,004	16.4	(587,396)
Jamaica	40,613	266	0.7	(40,347)
Japan	891,690	1,805,260	202.5	913,570
Jordan	16,887	2,768	16.4	(14,119)
Kazakhstan, Republic of	—	793	—	793
Kenya	36,990	2,935	7.9	(34,055)
Kiribati	—	10	—	10
Korea	72,911	23,413	32.1	(49,498)
Kuwait	26,744	119,948	448.5	93,204
Kyrgyz Republic	—	16,022	—	16,022
Lao People's Democratic Republic	9,409	9,901	105.2	492
Latvia, Republic of	—	97	—	97
Lebanon	4,393	21,374	486.5	16,981
Lesotho	3,739	394	10.5	(3,345)
Liberia	21,007	—	—	(21,007)
Libya	58,771	479,770	816.3	420,999
Lithuania, Republic of	—	68	—	68
Luxembourg	16,955	10,244	60.4	(6,711)
Macedonia, former Yugoslav Republic of	8,379	2,859	34.1	(5,520)
Madagascar	19,270	129	0.7	(19,141)
Malawi	10,975	420	3.8	(10,555)
Malaysia	139,048	130,510	93.9	(8,538)
Maldives	282	311	110.3	29
Mali	15,912	327	2.1	(15,585)
Malta	11,288	31,063	275.2	19,775
Marshall Islands	—	—	—	—
Mauritania	9,719	114	1.2	(9,605)
Mauritius	15,744	17,624	111.9	1,880
Mexico	290,020	301,814	104.1	11,794
Micronesia, Federated States of	—	1,224	—	1,224
Moldova, Republic of	—	434	—	434

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2005**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Total	Holdings	
			Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Mongolia	—	27	—	27
Morocco	85,689	67,750	79.1	(17,939)
Mozambique	—	54	—	54
Myanmar	43,474	337	0.8	(43,137)
Namibia	—	18	—	18
Nepal	8,105	6,218	76.7	(1,887)
Netherlands	530,340	501,592	94.6	(28,748)
New Zealand	141,322	22,644	16.0	(118,678)
Nicaragua	19,483	213	1.1	(19,270)
Niger	9,409	606	6.4	(8,803)
Nigeria	157,155	1,084	0.7	(156,071)
Norway	167,770	200,196	119.3	32,426
Oman	6,262	9,314	148.7	3,052
Pakistan	169,989	156,230	91.9	(13,759)
Palau	—	—	—	—
Panama	26,322	401	1.5	(25,921)
Papua New Guinea	9,300	352	3.8	(8,948)
Paraguay	13,697	86,530	631.7	72,833
Peru	91,319	2,193	2.4	(89,126)
Philippines	116,595	3,992	3.4	(112,603)
Poland, Republic of	—	47,570	—	47,570
Portugal	53,320	67,671	126.9	14,351
Qatar	12,822	23,940	186.7	11,118
Romania	75,950	3,148	4.1	(72,802)
Russian Federation	—	1,497	—	1,497
Rwanda	13,697	19,027	138.9	5,330
St. Kitts and Nevis	—	1	—	1
St. Lucia	742	1,508	203.4	766
St. Vincent and the Grenadines	354	5	1.5	(349)
Samoa	1,142	2,434	213.1	1,292
San Marino, Republic of	—	580	—	580
São Tomé & Príncipe	620	10	1.6	(610)
Saudi Arabia	195,527	346,658	177.3	151,131
Senegal	24,462	444	1.8	(24,018)
Serbia and Montenegro	56,665	13,609	24.0	(43,056)
Seychelles	406	4	0.9	(402)
Sierra Leone	17,455	24,101	138.1	6,646
Singapore	16,475	191,262	1,160.9	174,787
Slovak Republic	—	883	—	883
Slovenia, Republic of	25,431	7,438	29.2	(17,993)
Solomon Islands	654	4	0.6	(650)
Somalia	13,697	—	—	(13,697)
South Africa	220,360	222,820	101.1	2,460
Spain	298,805	219,070	73.3	(79,735)
Sri Lanka	70,868	2,459	3.5	(68,409)
Sudan	52,192	318	0.6	(51,874)
Suriname	7,750	1,180	15.2	(6,570)
Swaziland	6,432	2,474	38.5	(3,958)
Sweden	246,525	116,331	47.2	(130,194)
Switzerland	—	12,128	—	12,128
Syrian Arab Republic	36,564	36,576	100.0	12
Tajikistan, Republic of	—	10,007	—	10,007
Tanzania	31,372	219	0.7	(31,153)
Thailand	84,652	550	0.6	(84,102)
Timor-Leste, The Democratic Republic of	—	—	—	—

**SDR Department**  
**Allocations and Holdings of Participants**  
**as at April 30, 2005**

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings		
		Total	Percent of Cumulative Allocations	(+) Above (-) Below Allocations
Togo	10,975	99	0.9	(10,876)
Tonga	—	252	—	252
Trinidad and Tobago	46,231	1,995	4.3	(44,236)
Tunisia	34,243	5,662	16.5	(28,581)
Turkey	112,307	167,300	149.0	54,993
Turkmenistan, Republic of	—	—	—	—
Uganda	29,396	2,972	10.1	(26,424)
Ukraine	—	8,683	—	8,683
United Arab Emirates	38,737	4,345	11.2	(34,392)
United Kingdom	1,913,070	201,656	10.5	(1,711,414)
United States	4,899,530	7,654,235	156.2	2,754,705
Uruguay	49,977	19,377	38.8	(30,600)
Uzbekistan, Republic of	—	109	—	109
Vanuatu	—	944	—	944
Venezuela	316,890	4,988	1.6	(311,902)
Vietnam	47,658	455	1.0	(47,203)
Yemen, Republic of	28,743	20,504	71.3	(8,239)
Zambia	68,298	19,219	28.1	(49,079)
Zimbabwe	10,200	64	0.6	(10,136)
Above Allocations	9,299,794	16,617,864	178.7	7,318,070
Below Allocations	12,133,536	4,006,504	33.0	(8,127,032)
Total Participants	21,433,330	20,624,368		
General Resources Account		574,310		
Prescribed Holders		270,419		
Overdue Charges	35,767			
	<u>21,469,097</u>	<u>21,469,097</u>		

## **Part Two**

# **Financial Statements of the Accounts Administered by the International Monetary Fund**

**I. Financial Statements  
of the Poverty Reduction  
and Growth Facility Trust**

**Poverty Reduction and Growth Facility Trust**  
**Combined Balance Sheets**  
**as at April 30, 2005, and 2004**

(In thousands of SDRs)

	2005	2004
<b>Assets</b>		
Cash and cash equivalents .....	1,945,902	2,721,670
Investments (Note 4) .....	3,900,371	3,035,128
Loans receivable (Note 5) .....	6,588,065	6,699,728
Interest receivable .....	25,669	20,915
Total assets .....	<u>12,460,007</u>	<u>12,477,441</u>
<b>Liabilities and resources</b>		
Borrowings (Note 6) .....	7,411,651	7,512,656
Interest payable .....	47,477	34,518
Other liabilities .....	6,399	4,483
Total liabilities .....	<u>7,465,527</u>	<u>7,551,657</u>
Resources .....	4,994,480	4,925,784
Total liabilities and resources .....	<u>12,460,007</u>	<u>12,477,441</u>

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

/s/ Michael G. Kuhn  
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, 2005, and 2004**

(In thousands of SDRs)

	2005	2004
Balance, beginning of the year .....	4,925,784	4,898,250
Investment income (Note 7) .....	98,373	75,377
Interest on loans .....	32,961	33,587
Interest expense .....	(126,912)	(106,300)
Other expenses .....	(2,986)	(3,286)
Operational income/(loss) .....	1,436	(622)
Contributions (Note 8) .....	26,668	34,326
Transfers from the Special Disbursement Account (Note 10) .....	40,592	51,530
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 10) .....	—	(57,700)
Net income/changes in resources .....	<u>68,696</u>	<u>27,534</u>
Balance, end of the year .....	<u>4,994,480</u>	<u>4,925,784</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, 2005, and 2004**

*(In thousands of SDRs)*

	2005	2004
<b>Cash flows from operating activities</b>		
Net income .....	68,696	27,534
Adjustments to reconcile net income to cash generated by operations		
Changes in interest receivable .....	(4,754)	(1,936)
Changes in interest payable and other liabilities .....	14,875	(3,262)
Cash from credit to members:		
Loan disbursements .....	(770,672)	(865,215)
Loan repayments .....	882,335	832,783
Net cash provided by/(used in) operating activities .....	<u>190,480</u>	<u>(10,096)</u>
<b>Cash flows from investment activities</b>		
Net (disposal)/acquisition of investments .....	(865,243)	169,924
Net cash (used in)/provided by investment activities .....	<u>(865,243)</u>	<u>169,924</u>
<b>Cash flows from financing activities</b>		
Borrowings .....	769,614	864,978
Repayment of borrowings .....	(870,619)	(784,176)
Net cash (used in)/provided by financing activities .....	<u>(101,005)</u>	<u>80,802</u>
Cash and cash equivalents, beginning of year .....	2,721,670	2,481,040
<b>Cash and cash equivalents, end of year .....</b>	<b><u>1,945,902</u></b>	<b><u>2,721,670</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, 2005, and 2004

#### 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 13 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.

##### 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. The Trustee reviews the adequacy of the Reserve Account semi-annually to determine whether sufficient resources are available to meet all obligations to the lenders to the Loan Account.

##### Subsidy Account

The resources held in the Subsidy Account consist of contributions to the Trust, including transfers of net earnings from the 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. To the extent that resources in the Subsidy Account are insufficient for subsidy operations, the Trustee will transfer to the Subsidy Account resources in the PRGF-HIPC Trust Account not earmarked for assistance under PRGF-HIPC operations.

#### 2. Summary of Significant Accounting Policies

##### Basis of Accounting

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.

##### 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, 2005, and 2004 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, 2005, one SDR was equal to 1.51678 U.S. dollars (one SDR was equal to 1.45183 U.S. dollars as of April 30, 2004).

##### 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.

##### 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

Investments are made in fixed-term deposits, domestic government bonds of the euro zone, Japan, the United Kingdom and the United States, and obligations of multilateral organizations. For deposits, the Trust may invest only in obligations issued by institutions with a credit rating of A and above. For other investments, the Trust may invest only in obligations issued by an agency of a government and a multilateral organization with a minimum credit rating of AA.

Investments in debt securities, classified as available-for-sale securities, are measured initially at cost, including transaction costs. Subsequent to initial

recognition, all available-for-sale assets are re-measured to fair value, based on the quoted market price at the balance sheet date. Gains and losses arising from a change in the fair value of available-for-sale investments are recognized in the statement of income.

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

## 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.

Loans are repayable in 5½ to 10 years in semi-annual installments. Interest on loans accrues at the stated interest rate of ½ of 1 percent per annum. It is the Trust's policy to exclude from income, interest on loans that are six months or more overdue. At each balance sheet date, the loans are reviewed to determine whether there is objective evidence of loan impairment. If any such evidence exists, an impairment loss is recognized to the extent that the present value of estimated future cash flows falls below the carrying amount.

## Contributions

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.

## Administrative Costs

The expenses of conducting the activities of the Trust are borne by the General Resources Account of the IMF. In financial years 2005 and 2004, the reimbursements for these costs have been waived.

## 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 revised International Accounting Standard 39 "Financial Instruments: Recognition and Measurement", which will become effective for financial year 2006. Upon adoption of the revised standard, and as permitted by the transition provisions, investments previously classified as available-for-sale will be reclassified as securities at fair-value-through-profit-and-loss. After the reclassification changes in fair value of the investments would continue to be recognized in the income statement.

## 3. Financial Risk Management

In providing financial assistance to eligible country members and conducting its operations, the Trust is exposed to various types of risks, including credit, interest rate, exchange rate and liquidity risks.

Credit risk refers to potential losses on credit outstanding owing to the inability, or unwillingness, of member countries to make loan repayments. To mitigate credit risk, the amount that eligible member countries may borrow is limited to 140 percent of their IMF quotas under three-year arrangements. Disbursements under PRGF arrangements are linked to performance criteria and the IMF, as trustee, conducts periodic reviews to ensure that such criteria are met. To protect the lenders to the Trust, resources are accumulated in the Reserve Account. These resources are available to repay the lenders in the event of delayed or nonpayment by borrowers.

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Interest rate risk on the Trust's investments is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years.

Exchange rate risk is the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on the Trust's financial position and cash flows. Exchange rate risk on the Trust's investments is managed by investing in securities denominated in SDRs or in the constituent currencies, with the same composition, of the SDR valuation basket.

Liquidity risk is the risk of non-availability of resources to meet the Trust's financing needs and obligations. The Trust conducts semi-annual reviews to determine the adequacy of the resources accumulated in the Subsidy and Reserve accounts to meet liquidity needs. Resources in the Subsidy Account are expected to exceed estimated needs and the balance in the Reserve Account is projected to increase until it reaches the level sufficient to cover all outstanding PRGF Trust obligations to lenders.

## 4. Investments

Investments consisted of the following at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Fixed-term deposits	1,185,595	234,845
Debt securities	<u>2,714,776</u>	<u>2,800,283</u>
Total	<u>3,900,371</u>	<u>3,035,128</u>

The maturities of the investments are as follows at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Less than 1 year	3,635,060	2,831,390
1-3 years	228,811	168,542
3-5 years	36,500	—
Over 5 years	—	35,196
Total	<u>3,900,371</u>	<u>3,035,128</u>

## 5. 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 loans, which is repayable in ten equal semi-annual installments beginning 5½ years after disbursement, is set at the rate of ½ of 1 percent per annum. At April 30, 2005, the resources of the Loan Account included cumulative advances from the Reserve Account of SDR 75.2 million resulting from the non-payment of principal by Zimbabwe (SDR 74.7 million at April 30, 2004). Scheduled repayments of loans by borrowers, including Zimbabwe's overdue obligations, are summarized below:

**Period of repayment,  
Financial Year Ending April 30**

	<i>In thousands of SDRs</i>
2006	854,789
2007	726,142
2008	815,876
2009	820,642
2010	836,220
2011 and beyond	2,459,161
Overdue	75,235
Total	<u>6,588,065</u>

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

	<b>2005</b>		<b>2004</b>	
	<i>In millions of SDRs and percent of total PRGF credit</i>			
Largest user of credit	1,028.2	15.6%	916.1	13.7%
Three largest users of credit	2,095.4	31.8%	1,920.4	28.7%
Five largest users of credit	2,655.9	40.3%	2,512.0	37.5%

The five largest users of credit as of April 30, 2005 were Pakistan, Zambia, the Democratic Republic of Congo, Ghana and Tanzania.

## 6. Borrowings

The Trust borrows on such terms and conditions as agreed between the Trustee and the lenders. Interest rates on borrowings as at April 30, 2005, were at a weighted average rate of 1.69 percent per annum (1.40 percent per annum as at April 30, 2004). 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>
2006	1,506,062
2007	984,181
2008	828,799
2009	827,633
2010	832,087
2011 and beyond	2,432,889
Total	<u>7,411,651</u>

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

	<b>Amount undrawn</b>	
	<b>2005</b>	<b>2004</b>
	<i>In thousands of SDRs</i>	
Loan Account	4,092,456	4,856,812
Subsidy Account	58,435	65,167

## 7. Investment Income

Investment income comprised the following at April 30:

	<b>2005</b>	<b>2004</b>
	<i>In thousands of SDRs</i>	
Interest income	142,021	119,077
Realized losses, net	(7,915)	(70,151)
Unrealized (losses)/gains, net	(35,427)	26,647
Exchange rate losses, net	(306)	(196)
Total	<u>98,373</u>	<u>75,377</u>

## 8. 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, 2005, cumulative contributions received, including transfers from the Special Disbursement Account, amounted to SDR 2,456.7 million (SDR 2,430.0 million at April 30, 2004).

## 9. Commitments Under Loan Arrangements

An arrangement under the PRGF is a decision of the IMF, as Trustee, that gives a member the assurance that the Trust 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, 2005, undrawn balances under 31 loan arrangements amounted to SDR 1,315.0 million (SDR 2,088.9 million under 36 arrangements at April 30, 2004).

## 10. Related Party Transactions

The expenses of conducting the business of the Trust are paid by the General Resources Account of the IMF and reimbursed by the Trust through the Special Disbursement Account; transfers corresponding to these expenses are made from the Reserve Account to the Special Disbursement Account when and to the extent needed. The Executive Board of the IMF decided to forgo such reimbursement to the General Resources Account, amounting to SDR 54.4 million and SDR 57.7 million for the financial years ended April 30, 2005 and 2004, respectively. For the financial year ended April 30, 2004, the Executive Board decided that an amount equivalent to the expenses should be transferred from the Reserve Account, through the Special Disbursement Account, to the PRGF-HIPC Trust. (No such decision was made for the financial year ended April 30, 2005).

Cumulative transfers from the IMF, through the Special Disbursement Account, to the Reserve Account and Subsidy Account as of April 30, 2005 amounted to SDR 2,630.0 million and SDR 400 million, respectively (SDR 2,589.0 million and SDR 400 million, respectively, as of April 30, 2004). The Subsidy Account also receives contributions from member countries that had placed deposits in the Poverty Reduction and Growth Facility Administered Accounts at low interest rates. Net investment income transferred from the Poverty Reduction and Growth Facility Administered Accounts to the Subsidy Account amounted to SDR 0.3 million and SDR 1.9 million for the financial years 2005 and 2004, respectively.

## 11. Loans under the Saudi Fund for Development Special Account

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 PRGF Trust. The SFD makes funds available after a bilateral agreement between it and a recipient country has been effected. The SFD places funds, denominated in SDRs, in the SFD Special Account for disbursement to a recipient country simultaneously with disbursements under a PRGF arrangement. These loans are repayable in ten equal semi-annual installments commencing 5½ years after the date of disbursement and interest on these loans is set at a rate of ½ of 1 percent per annum.

The cumulative receipts and uses of resources for the Saudi Fund for Development Special Account were SDR 100.9 million as of April 30, 2005 (SDR 97.9 million at April 30, 2004).

## *12. Subsequent Event*

On June 11, 2005, the G-8 Finance Ministers proposed an initiative that would involve debt relief, leading to full debt cancellation of outstanding obligations, of member countries eligible for HIPC assistance. Under this proposal, the cost of meeting the obligations of the eligible members would be met from existing IMF resources. In situations where other existing and projected debt relief obligations cannot be met from existing IMF resources (e.g., for the protracted arrears cases such as Liberia, Somalia, Sudan), donors have committed to providing the extra resources necessary. IMF resources that will be considered to finance this debt relief operation consist of available resources already earmarked to

provide debt relief or provide concessional financing (SDA, PRGF and PRGH-HIPC resources) for an estimated amount of approximately SDR 4.0 billion as of April 30, 2005. The precise modalities of the proposal have not yet been developed. The G-8 Finance Ministers call upon all shareholders to support the debt-relief proposals which would be put to the 2005 Annual Meetings.

## *13. 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 in the PRGF Trust are presented below:

**Poverty Reduction and Growth Facility Trust**  
**Combining Balance Sheets**  
**as at April 30, 2005, and 2004**

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Assets</b>								
Cash and cash equivalents	—	627,730	888,457	1,050,119	1,057,445	1,043,821	1,945,902	2,721,670
Investments (Note 4)	885,595	234,846	2,252,108	1,999,165	762,668	801,117	3,900,371	3,035,128
Loans receivable (Note 5)	6,588,065	6,699,728	—	—	—	—	6,588,065	6,699,728
Accrued account transfers	23,275	20,202	56,196	48,095	(79,471)	(68,297)	—	—
Interest receivable	23,827	19,866	1,789	961	53	88	25,669	20,915
Total Assets	<u>7,520,762</u>	<u>7,602,372</u>	<u>3,198,550</u>	<u>3,098,340</u>	<u>1,740,695</u>	<u>1,776,729</u>	<u>12,460,007</u>	<u>12,477,441</u>
<b>Liabilities and resources</b>								
Borrowings (Note 6)	7,391,721	7,488,707	—	—	19,930	23,949	7,411,651	7,512,656
Interest payable	47,407	34,484	—	—	70	34	47,477	34,518
Other liabilities	6,399	4,483	—	—	—	—	6,399	4,483
Total liabilities	<u>7,445,527</u>	<u>7,527,674</u>	<u>—</u>	<u>—</u>	<u>20,000</u>	<u>23,983</u>	<u>7,465,527</u>	<u>7,551,657</u>
Resources	<u>75,235</u>	<u>74,698</u>	<u>3,198,550</u>	<u>3,098,340</u>	<u>1,720,695</u>	<u>1,752,746</u>	<u>4,994,480</u>	<u>4,925,784</u>
Total liabilities and resources	<u>7,520,762</u>	<u>7,602,372</u>	<u>3,198,550</u>	<u>3,098,340</u>	<u>1,740,695</u>	<u>1,776,729</u>	<u>12,460,007</u>	<u>12,477,441</u>

**Poverty Reduction and Growth Facility Trust**  
**Combining Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance, beginning 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
Investment income (Note 7)	—	—	61,646	48,856	36,727	26,521	98,373	75,377
Interest on loans	32,961	33,587	—	—	—	—	32,961	33,587
Interest expense	(126,828)	(104,912)	—	—	(84)	(1,388)	(126,912)	(106,300)
Other expenses	—	—	(1,491)	(1,711)	(1,495)	(1,575)	(2,986)	(3,286)
Net operational income/(loss)	(93,867)	(71,325)	60,155	47,145	35,148	23,558	1,436	(622)
Contributions (Note 8)	—	—	—	—	26,668	34,326	26,668	34,326
Transfers from the Special Disbursement Account (Note 10)	—	—	40,592	51,530	—	—	40,592	51,530
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 10)	—	—	—	(57,700)	—	—	—	(57,700)
Transfers between:								
Loan and Reserve Accounts	537	9,155	(537)	(9,155)	—	—	—	—
Loan and Subsidy Accounts	93,867	71,325	—	—	(93,867)	(71,325)	—	—
Net income/changes in resources	<u>537</u>	<u>9,155</u>	<u>100,210</u>	<u>31,820</u>	<u>(32,051)</u>	<u>(13,441)</u>	<u>68,696</u>	<u>27,534</u>
Balance, end of the year	<u>75,235</u>	<u>74,698</u>	<u>3,198,550</u>	<u>3,098,340</u>	<u>1,720,695</u>	<u>1,752,746</u>	<u>4,994,480</u>	<u>4,925,784</u>

**Poverty Reduction and Growth Facility Trust**  
**Schedule of Outstanding Loans**  
**as at April 30, 2005**

(In thousands of SDRs)

Member	PRGF Loan Account		Structural Adjustment Facility <sup>1</sup>	
	Balance	Percent	Balance	Percent
Albania	65,846	1.00	—	—
Armenia, Republic of	131,572	2.00	—	—
Azerbaijan	102,093	1.55	—	—
Bangladesh	148,500	2.25	—	—
Benin	39,503	0.60	—	—
Bolivia	89,103	1.35	—	—
Burkina Faso	77,862	1.18	316	0.69
Burundi	33,550	0.51	—	—
Cambodia	59,064	0.90	—	—
Cameroon	202,081	3.06	—	—
Cape Verde	7,380	0.11	—	—
Central African Republic	21,184	0.32	—	—
Chad	63,502	0.96	—	—
Congo, Democratic Republic of	526,767	8.00	—	—
Congo, Republic of	12,029	0.18	—	—
Côte d'Ivoire	192,170	2.92	—	—
Djibouti	13,357	0.20	—	—
Dominica	4,205	0.06	—	—
Ethiopia	115,022	1.75	—	—
Gambia, The	15,600	0.24	—	—
Georgia	165,745	2.52	—	—
Ghana	294,799	4.47	—	—
Guinea	71,769	1.09	—	—
Guinea-Bissau	9,149	0.14	—	—
Guyana	62,392	0.95	—	—
Haiti	6,070	0.09	—	—
Honduras	128,877	1.96	—	—
Kenya	116,077	1.76	—	—
Kyrgyz Republic	136,386	2.07	—	—
Lao People's Democratic Republic	23,398	0.36	—	—
Lesotho	24,500	0.37	—	—
Macedonia, former Yugoslav Republic of	17,182	0.26	—	—
Madagascar	154,058	2.34	—	—
Malawi	39,905	0.61	—	—
Mali	87,845	1.33	—	—
Mauritania	54,708	0.83	—	—
Moldova, Republic of	27,720	0.42	—	—
Mongolia	27,384	0.42	—	—
Mozambique	124,040	1.88	—	—
Nepal	14,260	0.22	—	—
Nicaragua	149,995	2.28	—	—
Niger	84,290	1.28	—	—
Pakistan	1,028,224	15.61	—	—
Rwanda	58,788	0.89	—	—
São Tomé and Príncipe	1,902	0.03	—	—
Senegal	125,789	1.91	—	—
Sierra Leone	125,030	1.90	—	—
Somalia	—	—	8,840	19.43
Sri Lanka	38,390	0.58	—	—
Tajikistan, Republic of	87,834	1.33	—	—
Tanzania	265,702	4.03	—	—
Togo	15,204	0.23	—	—
Uganda	119,968	1.82	—	—
Vietnam	166,480	2.53	—	—
Yemen, Republic of	198,150	3.01	—	—
Zambia	540,430	8.20	36,350	79.88
Zimbabwe	75,235	1.14	—	—
Total loans outstanding	<u>6,588,065</u>	<u>100.00</u>	<u>45,506</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 repayments of all SAF loans are transferred to the PRGF Reserve Account when received.

**Poverty Reduction and Growth Facility Trust**  
**Cumulative Contributions to and Resources of the Subsidy Account**  
**as at April 30, 2005**

(In thousands of SDRs)

Contributor <sup>1</sup>	Amount
<b>Direct contributions to the Subsidy Account</b>	
Argentina .....	24,802
Australia .....	7,938
Bangladesh .....	532
Canada .....	186,098
China .....	9,200
Czech Republic .....	10,004
Denmark .....	38,299
Egypt .....	10,002
Finland .....	22,684
Germany .....	132,832
Iceland .....	3,200
India .....	7,891
Ireland .....	5,262
Italy .....	154,666
Japan .....	506,997
Korea .....	32,733
Luxembourg .....	8,954
Morocco .....	7,284
Netherlands .....	99,278
Norway .....	28,074
Sweden .....	110,887
Switzerland .....	41,205
Turkey .....	7,000
United Kingdom .....	316,564
United States .....	126,079
Total direct contributions to the Subsidy Account .....	<u>1,898,465</u>
<b>Net income transferred from PRGF Administered Accounts</b>	
Austria .....	40,455
Belgium .....	77,953
Botswana .....	1,352
Chile .....	2,910
Greece .....	25,941
Indonesia .....	5,003
Iran, Islamic Republic of .....	1,346
Portugal .....	3,328
Total net income transferred from PRGF Administered Accounts .....	<u>158,288</u>
Total contributions received .....	2,056,753
Transfers from Special Disbursement Account .....	400,000
Total contributions received and transfers from Special Disbursement Account .....	<u>2,456,753</u>
Cumulative net income of the Subsidy Account .....	896,587
Resources disbursed to subsidize Trust lending .....	<u>(1,632,645)</u>
Total resources of the Subsidy Account .....	<u><u>1,720,695</u></u>

<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, 2005**

(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	37,660
France	0.50 <sup>2</sup>	800,000	800,000	50,476
Germany	Variable <sup>3</sup>	700,000	700,000	85,469
Italy	Variable <sup>3</sup>	370,000	370,000	34,546
Japan	Variable <sup>3</sup>	2,200,000	2,200,000	273,786
Korea	Variable <sup>3</sup>	65,000	65,000	2,207
Norway	Variable <sup>3</sup>	90,000	90,000	5,927
Total prior to enlargement of PRGF		<u>4,525,000</u>	<u>4,525,000</u>	<u>490,071</u>
For enlargement of PRGF				
Belgium	Variable <sup>3</sup>	350,000	242,331	241,223
Canada	Variable <sup>3</sup>	400,000	348,483	298,959
China	Variable <sup>3</sup>	200,000	153,492	124,802
Denmark	Variable <sup>3</sup>	100,000	100,000	100,000
Egypt	Variable <sup>3</sup>	155,600	100,000	73,773
France	Variable <sup>3</sup>	2,100,000	1,048,363	910,777
Germany	Variable <sup>3</sup>	2,050,000	995,532	896,943
Italy	Variable <sup>3</sup>	1,010,000	692,641	670,819
Japan	Variable <sup>3</sup>	2,934,800	2,341,277	2,132,171
Korea	Variable <sup>3</sup>	27,700	27,700	23,700
Netherlands	Variable <sup>3</sup>	450,000	140,355	140,355
Norway	Variable <sup>3</sup>	60,000	60,000	44,942
OPEC Fund for International Development	Variable <sup>3</sup>	32,965 <sup>4</sup>	36,990	33,173
Spain—Bank of Spain	Variable <sup>3</sup>	425,000	123,946	123,946
Spain—Government of Spain (ICO)	Fixed	67,000	67,000	55,772
Switzerland	Variable <sup>3</sup>	401,700	194,199	144,700
Total for enlargement of PRGF		<u>10,764,765</u>	<u>6,672,309</u>	<u>6,016,055</u>
Resources held pending repayment		—	—	885,595
Total—Loan Account		<u>15,289,765</u>	<u>11,197,309</u>	<u>7,391,721</u>
<b>Subsidy Account</b>				
Malta	0.50	1,365	1,365	1,365
Spain—Government of Spain (ICO)	0.50	67,000	11,228	11,228
Pakistan	0.50	10,000	7,337	7,337
Total—Subsidy Account		<u>78,365</u>	<u>19,930</u>	<u>19,930</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 33 million based on the exchange rate of 0.659291 SDR per US dollar as at April 30, 2005.

**Poverty Reduction and Growth Facility Trust**  
**Status of Loan Arrangements**  
**as at April 30, 2005**

(In thousands of SDRs)

Member	Date of Arrangement	Expiration Date	Amount Agreed	Undrawn Balance
Albania	Jun. 21, 2002	Nov. 20, 2005	28,000	4,000
Azerbaijan	Jul. 6, 2001	Jul. 4, 2005	67,580	12,870
Bangladesh	Jun. 20, 2003	Jun. 19, 2006	400,330	251,830
Burkina Faso	Jun. 11, 2003	Aug. 15, 2006	24,080	10,320
Burundi	Jan. 23, 2004	Jan. 22, 2007	69,300	35,750
Cape Verde	Apr. 10, 2002	Jul. 31, 2005	8,640	1,260
Chad	Feb. 16, 2005	Feb. 15, 2008	25,200	21,000
Congo, Democratic Republic of	Jun. 12, 2002	Jun. 11, 2005	580,000	53,233
Congo, Republic of	Dec. 6, 2004	Dec. 5, 2007	54,990	47,130
Dominica	Dec. 29, 2003	Dec. 28, 2006	7,688	3,483
Gambia, The	Jul. 18, 2002	Jul. 17, 2005	20,220	17,330
Georgia	Jun. 4, 2004	Jun. 3, 2007	98,000	70,000
Ghana	May. 9, 2003	May. 8, 2006	184,500	105,450
Guyana	Sep. 20, 2002	Sep. 12, 2006	54,550	27,790
Honduras	Feb. 27, 2004	Feb. 26, 2007	71,200	40,687
Kenya	Nov. 21, 2003	Nov. 20, 2006	225,000	150,000
Kyrgyz Republic	Mar. 15, 2005	Mar. 14, 2008	8,880	7,620
Mali	Jun. 23, 2004	Jun. 22, 2007	9,330	6,670
Mongolia	Sep. 28, 2001	Jul. 31, 2005	28,490	16,280
Mozambique	Jul. 6, 2004	Jul. 5, 2007	11,360	8,120
Nepal	Nov. 19, 2003	Nov. 18, 2006	49,910	35,650
Nicaragua	Dec. 13, 2002	Dec. 12, 2005	97,500	41,780
Niger	Jan. 31, 2005	Jan. 30, 2008	6,580	5,640
Rwanda	Aug. 12, 2002	Feb. 11, 2006	4,000	1,142
Senegal	Apr. 28, 2003	Apr. 27, 2006	24,270	13,860
Sierra Leone	Sep. 26, 2001	Jun. 25, 2005	130,840	14,003
Sri Lanka	Apr. 18, 2003	Apr. 17, 2006	269,000	230,610
Tajikistan, Republic of	Dec. 11, 2002	Dec. 10, 2005	65,000	19,600
Tanzania	Aug. 16, 2003	Aug. 15, 2006	19,600	8,400
Uganda	Sep. 13, 2002	Sep. 12, 2005	13,500	4,000
Zambia	Jun. 16, 2004	Jun. 15, 2007	220,095	49,521
			<u>2,877,633</u>	<u>1,315,029</u>

**II. Financial Statements  
of the Poverty Reduction and  
Growth Facility Administered Accounts**

## Poverty Reduction and Growth Facility Administered Accounts

### Balance Sheets as at April 30, 2005, and 2004

(In thousands of SDRs)

	Austria		Belgium		Botswana			
	2005	2004	2005	2004	2005	2004		
<b>Assets</b>								
Cash and cash equivalents	1,399	4,713	—	—	—	—		
Investments (Note 4)	3,601	10,287	—	—	—	—		
Advance payments to the PRGF Trust Subsidy Account	31	67	—	—	—	—		
Interest receivable	—	—	—	—	—	—		
Total Assets	5,031	15,067	—	—	—	—		
<b>Liabilities and Resources</b>								
Deposits (Note 5)	5,000	15,000	—	—	—	—		
Interest payable	31	67	—	—	—	—		
Total Liabilities	5,031	15,067	—	—	—	—		
Resources	—	—	—	—	—	—		
Total Liabilities and Resources	5,031	15,067	—	—	—	—		
	Greece		Indonesia		Iran, I. R. of		Portugal	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Assets</b>								
Cash and cash equivalents	—	—	—	25,000	—	1,571	1,838	2,754
Investments (Note 4)	—	—	25,000	—	—	3,429	4,735	6,010
Advance payments to the PRGF Trust Subsidy Account	—	—	—	—	—	23	32	42
Interest receivable	—	—	192	1	—	—	—	—
Total Assets	—	—	25,192	25,001	—	5,023	6,605	8,806
<b>Liabilities and Resources</b>								
Deposits (Note 5)	—	—	25,000	25,000	—	5,000	6,573	8,764
Interest payable	—	—	28	—	—	23	32	42
Total Liabilities	—	—	25,028	25,000	—	5,023	6,605	8,806
Resources	—	—	164	1	—	—	—	—
Total Liabilities and Resources	—	—	25,192	25,001	—	5,023	6,605	8,806

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

/s/ Michael G. Kuhn  
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, 2005, and 2004**

(In thousands of SDRs)

	Austria		Belgium		Botswana			
	2005	2004	2005	2004	2005	2004		
Balance, beginning of the year	—	—	—	223	—	—		
Investment income (Note 4)	207	335	—	1,227	—	104		
Other expenses	(6)	(13)	—	—	—	(4)		
Interest expense on deposits	(51)	(102)	—	(399)	—	(115)		
Operational income/(loss)	150	220	—	828	—	(15)		
Transfers to the:								
PRGF Trust Subsidy Account	(150)	(220)	—	(1,051)	—	15		
PRGF HIPC Trust	—	—	—	—	—	—		
Net income/changes in resources	—	—	—	(223)	—	—		
Balance, end of the year	—	—	—	—	—	—		

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance, beginning of the year	—	—	1	53	—	—	—	—
Investment income (Note 4)	—	84	510	402	7	81	136	143
Other expenses	—	(3)	—	—	—	(4)	(4)	(6)
Interest expense on deposits	—	(26)	(28)	—	(2)	(25)	(33)	(44)
Operational income	—	55	482	402	5	52	99	93
Transfers to the:								
PRGF Trust Subsidy Account	—	(55)	(67)	(454)	(5)	(52)	(99)	(93)
PRGF HIPC Trust	—	—	(252)	—	—	—	—	—
Net income/changes in resources	—	—	163	(52)	—	—	—	—
Balance, end of the year	—	—	164	1	—	—	—	—

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

**Poverty Reduction and Growth Facility Administered Accounts**  
**Statements of Cash Flows**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	Austria		Belgium		Botswana			
	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)		
<b>Cash flows from operating activities</b>								
Net income/(loss)	-	-	-	(223)	-	-		
Adjustments to reconcile net income to cash generated by operations								
Changes in interest payable	(36)	(35)	-	(2)	-	(116)		
Changes in interest receivable and other assets	36	35	-	225	-	116		
Net cash used in operating activities	-	-	-	-	-	-		
<b>Cash flow from investment activities</b>								
Net disposal of investments	6,686	7,456	-	-	-	4,893		
Net cash provided by/(used in) investment activities	6,686	7,456	-	-	-	4,893		
<b>Cash flow from financing activities</b>								
Repayment of deposits	(10,000)	(10,000)	-	(80,000)	-	(6,894)		
Net cash used by financing activities	(10,000)	(10,000)	-	(80,000)	-	(6,894)		
Cash and cash equivalents, beginning of year	4,713	7,257	-	80,000	-	2,001		
<b>Cash and cash equivalents, end of year</b>	<u>1,399</u>	<u>4,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
	Greece		Indonesia		Iran, I. R. of		Portugal	
	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)
<b>Cash flows from operating activities</b>								
Net income/(loss)	-	-	163	(52)	-	-	-	-
Adjustments to reconcile net income to cash generated by operations								
Changes in interest payable	-	(15)	28	(17)	(23)	-	(10)	(8)
Changes in interest receivable and other assets	-	15	(191)	69	23	-	10	8
Net cash used in operating activities	-	-	-	-	-	-	-	-
<b>Cash flow from investment activities</b>								
Net disposal/(acquisition) of investments	-	4,968	(25,000)	-	3,429	120	1,275	1,454
Net cash provided by/(used in) investment activities	-	4,968	(25,000)	-	3,429	120	1,275	1,454
<b>Cash flow from financing activities</b>								
Repayment of deposits	-	(7,000)	-	-	(5,000)	-	(2,191)	(1,753)
Net cash used by financing activities	-	(7,000)	-	-	(5,000)	-	(2,191)	(1,753)
Cash and cash equivalents, beginning of year	-	2,032	25,000	25,000	1,571	1,451	2,754	3,053
<b>Cash and cash equivalents, end of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>1,571</u>	<u>1,838</u>	<u>2,754</u>

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, 2005, and 2004

#### 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 and PRGF-HIPC Trust Account. 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 and PRGF-HIPC Trust Account.

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 Accounting

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.

##### 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, 2005, and 2004 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, 2005, one SDR was equal to 1.51678 U.S. dollars (1.45183 U.S. dollars as of April 30, 2004).

##### 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.

The available-for-sale investments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all available-for-sale assets are re-measured to fair value based on the quoted market price at the balance sheet date. Gains and losses arising from a change in the fair value of available-for-sale investments are recognized in the statement of income.

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

##### Transfers

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

##### Administrative Costs

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

##### Accounting and Reporting Developments

In December 2003, the International Accounting Standards Board revised International Accounting Standard 39 "Financial Instruments: Recognition and Measurement", which will become effective for financial year 2006. Upon adoption of the revised standard, and as permitted by the transition provisions, investments previously classified as available-for-sale will be reclassified as securities at fair-value-through-profit-and-loss. After the reclassification, changes in fair value of the investments would continue to be recognized in the income statement.

##### Comparatives

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

#### 3. Financial Risk Management

In conducting their operations, the PRGF Administered Accounts are exposed to various types of risks, including interest rate and exchange rate risks.

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Interest rate risk on the PRGF Administered Accounts' investments is managed by limiting the investment

portfolio to a weighted-average effective duration that does not exceed three years.

Exchange rate risk is the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on the PRGF Administered Accounts' financial position and cash flows. Exchange rate risk on the investments is managed by investing in securities denominated in SDRs or in the constituent currencies, with the same composition of the SDR valuation basket.

#### 4. Investments

Investments consisted of the following at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Fixed-term deposits	25,000	—
Debt securities	8,336	19,726
Total	<u>33,336</u>	<u>19,726</u>

The maturities of the Administered Accounts' investments are as follows at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Less than 1 year	32,833	19,395
1–3 years	503	331
Total	<u>33,336</u>	<u>19,726</u>

Investment income comprised the following at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Interest income	1,094	2,928
Realized losses, net	(115)	(696)
Unrealized (losses)/gains, net	(119)	144
Total	<u>860</u>	<u>2,376</u>

#### 5. 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 semi-annual 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 has 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 semi-annual 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. Upon maturity in June 2004, the deposit was reinvested for another ten years (according to the amendment of the instrument) and investment income of 2 percent per annum (or any lesser amount if investment returns are below 2 percent) transferred to the PRGF-HIPC Trust.

##### 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 are to 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. All deposits have been repaid in full.

##### 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.

### *6. Related Party Transactions*

The difference between the income earned by the Administered Accounts on the amounts invested and the interest payable on the deposits of the

Administered Accounts, net of any cost, is transferred to the Subsidy Account of the PRGF Trust and the PRGF-HIPC Trust Account. As of April 30, 2005, and 2004, net investment income transferred from the Administered Accounts to the Subsidy Account amounted to SDR 0.3 million and SDR 1.9 million, respectively. Transfers to PRGF-HIPC Trust amounted to SDR 0.3 million as of April 30, 2005 (there were no transfers as of April 30, 2004).

### **III. Financial Statements of the PRGF-HIPC Trust and Related Accounts**

**PRGF-HIPC Trust and Related Accounts**  
**Combined Balance Sheets**  
**as at April 30, 2005, and 2004**

(In thousands of SDRs)

	2005	2004
<b>Assets</b>		
Cash and cash equivalents .....	503,226	590,613
Investments (Note 4) .....	705,406	569,013
Interest receivable .....	2,272	1,311
Total assets .....	<u>1,210,904</u>	<u>1,160,937</u>
<b>Liabilities and resources</b>		
Borrowings (Note 5) .....	610,324	612,918
Interest payable .....	1,277	1,319
Total liabilities .....	<u>611,601</u>	<u>614,237</u>
Resources .....	599,303	546,700
Total liabilities and resources .....	<u>1,210,904</u>	<u>1,160,937</u>

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

/s/ Michael G. Kuhn  
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, 2005, and 2004**

(In thousands of SDRs)

	2005	2004
Balance, beginning of the year .....	546,700	718,634
Investment income (Note 6) .....	22,408	20,879
Interest expense .....	(2,053)	(2,075)
Other expenses .....	(254)	(339)
Operational income .....	20,101	18,465
Contributions received .....	24,456	27,287
Disbursements .....	(156,051)	(275,141)
Transfers from the Special Disbursement Account .....	164,097	57,455
Net income (loss)/changes in resources .....	<u>52,603</u>	<u>(171,934)</u>
Balance, end of the year .....	<u>599,303</u>	<u>546,700</u>

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

**PRGF-HIPC Trust and Related Accounts**  
**Combined Statements of Cash Flows**  
**for the Years Ended April 30, 2005, and 2004**

*(In thousands of SDRs)*

	2005	2004 (Unaudited)
<b>Cash flows from operating activities</b>		
Net income/(loss) .....	52,603	(171,934)
Adjustments to reconcile net income to cash generated by operations		
Change in interest receivable .....	(961)	2,869
Change in interest payable .....	(42)	21
Foreign currency translation: Investments .....	(9,406)	(5,573)
Borrowings .....	9,406	5,573
Net cash provided by/(used in) operating activities .....	<u>51,600</u>	<u>(169,044)</u>
<b>Cash flows from investment activities</b>		
Net movement of investments .....	(126,987)	(246,511)
Net cash used in investment activities .....	<u>(126,987)</u>	<u>(246,511)</u>
<b>Cash flows from financing activities</b>		
Borrowings .....	3,000	6,220
Repayment of borrowing .....	(15,000)	-
Net cash (used in)/provided by financing activities .....	<u>(12,000)</u>	<u>6,220</u>
Cash and cash equivalents, beginning of year .....	590,613	999,948
<b>Cash and cash equivalents, end of year .....</b>	<b><u>503,226</u></b>	<b><u>590,613</u></b>

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, 2005, and 2004

#### 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 10. 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

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 and Related Accounts

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 establishment 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 Accounting

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.

##### 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, 2005 and 2004 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, 2005, U.S. one SDR was equal to 1.51678 U.S. dollars (one SDR was equal to 1.45183 U.S. dollars as of April 30, 2004).

### 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.

### 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 fixed-term deposits; domestic government bonds of the euro zone, Japan, the United Kingdom and the United States; and obligations of multilateral organizations. For deposits, the Trust may invest only in obligations issued by institutions with a credit rating of A and above. For other investments, the Trust may invest only in obligations issued by an agency of a government and a multilateral organization with a minimum credit rating of AA.

Investments in debt securities, classified as available-for-sale securities, are measured initially at cost, including transaction costs. Subsequent to initial recognition, all available-for-sale assets are re-measured to fair value, based on the quoted market price at the balance sheet date. Gains and losses arising from a change in the fair value of available-for-sale investments are recognized in the statement of income.

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

### Contributions

Contributions are reflected as increases in resources 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.

### Administrative Costs

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

### 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 revised International Accounting Standard 39 "Financial Instruments: Recognition and Measurement", which will become effective for financial year 2006. Upon adoption of the revised standard, and as permitted by the transition provisions, investments previously classified as available-for-sale will be reclassified as securities at fair-value-through-profit-and-loss. After the reclassification, changes in fair value of the investments would continue to be recognized in the income statement.

### 3. Financial Risk Management

In providing financial assistance to eligible country members and conducting its operations, the Trust is exposed to various types of risks, including interest rate and exchange rate risks.

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Interest rate risk on the Trust's investments is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years.

Exchange rate risk is the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on the Trust's financial position and cash flows. Exchange rate risk on the Trust's investments is managed by investing in securities denominated in SDRs or in the constituent currencies, with the same composition of the SDR valuation basket.

### 4. Investments

Investments consisted of the following at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Fixed-term deposits	414,213	254,807
Debt securities	<u>291,193</u>	<u>314,206</u>
Total	<u>705,406</u>	<u>569,013</u>

The maturities of the investments are as follows at April 30:

	2005	2004
	<i>In thousands of SDRs</i>	
Less than 1 year	687,839	564,272
1-3 years	<u>17,567</u>	<u>4,741</u>
Total	<u>705,406</u>	<u>569,013</u>

### 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, 2005, and 2004 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>
2006	—
2007	310
2008	20,066
2009	25,000
2010	277,416
2011 and beyond	<u>287,532</u>
Total	<u>610,324</u>

Borrowings, excluding the effect of foreign currency fluctuations, during the financial year ended April 30, 2005, amounted to SDR 3.0 million (SDR 6.2 million for the financial year ended April 30, 2004). During the year ended April 30, 2005, repayments amounted to SDR 15.0 million (none in 2004).

## 6. Investment Income

Investment income at April 30 comprised:

	2005	2004
	<i>In thousands of SDRs</i>	
Interest income	27,873	25,978
Realized losses, net	(3,418)	(7,722)
Unrealized (losses)/gains, net	(2,087)	2,619
Exchange rate gains, net	40	4
Total	<u>22,408</u>	<u>20,879</u>

## 7. Transfers Receivable and Payable

At April 30, 2005, 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 1,316.0 million, including interest (SDR 1,012.0 million at April 30, 2004). Interest payable between subaccounts is eliminated on combination.

## 8. Related Party Transactions

The expenses of conducting the business of the Trust are paid by the General Resources Account of the IMF.

Cumulative transfers from the Special Disbursement Account of the IMF to the PRGF-HIPC Trust amounted to SDR 573.8 million as of April 30, 2005

(SDR 409.7 million as of April 30, 2004). The PRGF-HIPC Trust also receives contributions from member countries that had placed deposits in the Poverty Reduction and Growth Facility Administered Accounts. Net investment income transferred from the Poverty Reduction and Growth Facility Administered Account to the PRGF-HIPC Trust amounted to SDR 0.3 million for financial year 2005 (none in 2004).

## 9. Subsequent Event

On June 11, 2005, the G-8 Finance Ministers proposed an initiative that would involve debt relief, leading to full debt cancellation of outstanding obligations, of member countries eligible for HIPC assistance. Under this proposal, the cost of meeting the obligations of the eligible members would be met from existing IMF resources. In situations where other existing and projected debt relief obligations cannot be met from existing IMF resources (e.g., for the protracted arrears cases such as Liberia, Somalia, Sudan), donors have committed to providing the extra resources necessary. IMF resources that will be considered to finance this debt relief operation consist of available resources already earmarked to provide debt relief or provide concessional financing (SDA, PRGF and PRGF-HIPC resources) for an estimated amount of approximately SDR 4.0 billion as of April 30, 2005. The precise modalities of the proposal have not yet been developed. The G-8 Finance Ministers call upon all shareholders to support the debt-relief proposals which would be put to the 2005 Annual Meetings.

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

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

### 10. 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, 2005, and 2004

(In thousands of SDRs)

	2005							2004			
	PRGF-HIPC Trust Account Subaccount			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
	PRGF-HIPC	PRGF	HIPC								
<b>Assets</b>											
Cash and cash equivalents	110,633	12,931	—	123,564	338,460	41,202	503,226	197,165	353,017	40,431	590,613
Investments	541,797	13,609	—	555,406	150,000	—	705,406	569,013	—	—	569,013
Transfers to and from subaccounts	1,316,300	—	(1,316,300)	—	—	—	—	—	—	—	—
Interest receivable	529	—	—	529	1,501	242	2,272	682	470	159	1,311
Total assets	<u>1,969,259</u>	<u>26,540</u>	<u>(1,316,300)</u>	<u>679,499</u>	<u>489,961</u>	<u>41,444</u>	<u>1,210,904</u>	<u>766,860</u>	<u>353,487</u>	<u>40,590</u>	<u>1,160,937</u>
<b>Liabilities and Resources</b>											
Borrowings	610,324	—	—	610,324	—	—	610,324	612,918	—	—	612,918
Interest payable	1,277	—	—	1,277	—	—	1,277	1,319	—	—	1,319
Total liabilities	<u>611,601</u>	<u>—</u>	<u>—</u>	<u>611,601</u>	<u>—</u>	<u>—</u>	<u>611,601</u>	<u>614,237</u>	<u>—</u>	<u>—</u>	<u>614,237</u>
Accumulated resources	1,357,658	26,540	(1,316,300)	67,898	489,961	41,444	599,303	152,623	353,487	40,590	546,700
Total liabilities and resources	<u>1,969,259</u>	<u>26,540</u>	<u>(1,316,300)</u>	<u>679,499</u>	<u>489,961</u>	<u>41,444</u>	<u>1,210,904</u>	<u>766,860</u>	<u>353,487</u>	<u>40,590</u>	<u>1,160,937</u>

Note 10 (concluded)

**PRGF-HIPC Trust and Related Accounts**  
**Combining Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	2005							2004			
	PRGF-HIPC Trust Account Subaccount			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
	PRGF-HIPC	PRGF	HIPC								
Balance, beginning 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
Investment income	32,865	506	—	14,264	7,290	854	22,408	15,015	5,226	638	20,879
Interest expense	(2,053)	—	(19,107)	(2,053)	—	—	(2,053)	(2,075)	—	—	(2,075)
Other expenses	(244)	(10)	—	(254)	—	—	(254)	(339)	—	—	(339)
Operational income/(loss)	30,568	496	(19,107)	11,957	7,290	854	20,101	12,601	5,226	638	18,465
Contributions received	20,666	3,790	—	24,456	—	—	24,456	27,287	—	—	27,287
Grants	—	—	(285,235)	(285,235)	285,235	—	—	(202,093)	202,093	—	—
Disbursements	—	—	—	—	(156,051)	—	(156,051)	—	(275,141)	—	(275,141)
Transfers from the Special Disbursement Account	164,097	—	—	164,097	—	—	164,097	57,700	—	(245)	57,455
Net income/changes in resources	215,331	4,286	(304,342)	(84,725)	136,474	854	52,603	(104,505)	(67,822)	393	(171,934)
Balance, end of the year	1,357,658	26,540	(1,316,300)	67,898	489,961	41,444	599,303	152,623	353,487	40,590	546,700

<sup>1</sup>Interest payable between subaccounts amounting to SDR 19.1 million (SDR 12.9 million at April 30, 2004) has been eliminated in the combined totals.

**Post-SCA-2 Administered Account**  
**Holdings, Interest, and Transfers**  
**for the Year Ended April 30, 2005**

(In thousands of SDRs)

Member	Balance Beginning of Year	Interest Earned	Transfers to PRGF-HIPC Trust	Balance End of Year
Argentina	5,514	116	—	5,630
Dominican Republic	1,020	22	—	1,042
Jordan	1,159	24	—	1,183
Trinidad & Tobago	2,490	52	—	2,542
Vanuatu	49	1	—	50
Venezuela	30,358	639	—	30,997
Total at April 30, 2005	<u>40,590</u>	<u>854</u>	<u>—</u>	<u>41,444</u>

**PRGF-HIPC Trust Account**  
**Contributions and Transfers**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

	Subaccount			Combined
	PRGF-HIPC	PRGF	HIPC	
<i>Period ended April 30, 2004</i>				
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>
<i>Period ended April 30, 2005</i>				
Belgium	3,731	—	—	3,731
Belize	20	—	—	20
Mexico	8,119	—	—	8,119
Netherlands	—	3,790	—	3,790
Norway	1,089	—	—	1,089
Indonesia	251	—	—	251
Poland, Republic of	258	—	—	258
South Africa	4,000	—	—	4,000
St. Vincent and the Grenadines	11	—	—	11
Switzerland	3,187	—	—	3,187
	<u>20,666</u>	<u>3,790</u>	<u>—</u>	<u>24,456</u>
Transfers from SDA	164,097	—	—	164,097
	<u>184,763</u>	<u>3,790</u>	<u>—</u>	<u>188,553</u>

**Umbrella Account for HIPC Operations**  
**Grants, Interest, Disbursements and Changes in Resources**  
**for the Years Ended April 30, 2005, and 2004**

(In thousands of SDRs)

Member	Opening Balance	Grants from PRGF-HIPC Trust Account	Interest Earned	Disbursements	Ending Balance
<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>
<b>Period ended April 30, 2005</b>					
Benin	5,256	—	75	2,885	2,446
Bolivia	23,647	—	362	11,294	12,715
Burkina Faso	10,883	11,595	229	10,485	12,222
Cameroon	1,989	—	18	1,984	23
Chad	492	1,375	5	808	1,064
Congo, Democratic Republic of	573	1,131	16	1,138	582
Ethiopia	17,252	19,364	359	3,603	33,372
Gambia, The	1	—	—	1	—
Ghana	181	69,239	900	13,866	56,454
Guinea	28	—	1	1	28
Guinea-Bissau	5	—	—	—	5
Guyana	25,809	17	434	8,744	17,516
Honduras	4,341	13,860	68	6,899	11,370
Madagascar	628	10,804	86	2,115	9,403
Malawi	1,828	—	10	1,810	28
Mali	25,385	—	429	9,133	16,681
Mauritania	10,155	—	163	3,827	6,491
Mozambique	39,026	—	678	9,313	30,391
Nicaragua	67,200	—	1,202	13,883	54,519
Niger	15,343	12,205	297	6,118	21,727
Rwanda	80	23,843	82	3,918	20,087
Senegal	19,528	4,602	301	13,181	11,250
Sierra Leone	5,369	—	51	5,357	63
Tanzania	40,642	—	678	9,879	31,441
Uganda	36,369	—	543	15,183	21,729
Zambia	1,477 <sup>1</sup>	117,200	303	626	118,354
	<u>353,487</u>	<u>285,235</u>	<u>7,290</u>	<u>156,051</u>	<u>489,961</u>

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

**PRGF-HIPC Trust Account**  
**Cumulative Contributions and Transfers**  
**as at April 30, 2005**

(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	25,930	—	—	25,930
Belize	140	—	—	140
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	375	—	—	375
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	39,977	—	—	39,977
Morocco	49	—	—	49
Netherlands	—	23,809	16,347 <sup>1</sup>	40,156
New Zealand	1,158	—	—	1,158
Nigeria	6,150	—	—	6,150
Norway	12,942	—	—	12,942
Oman	73	—	—	73
Pakistan	105	—	—	105
Philippines	4,500	—	—	4,500
Poland, Republic of	5,000	—	—	5,000
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

**PRGF-HIPC Trust Account**  
**Cumulative Contributions and Transfers**  
**as at April 30, 2005**

(In thousands of SDRs)

Member	Subaccount			Combined
	PRGF-HIPC	PRGF	HIPC	
Slovenia, Republic of	311	—	—	311
South Africa	20,895	—	—	20,895
Spain	16,550	—	—	16,550
Sri Lanka	12	—	—	12
St. Vincent and the Grenadines	55	—	—	55
Swaziland	20	—	—	20
Sweden	5,322	—	—	5,322
Switzerland	16,015	—	—	16,015
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>495,490</u>	<u>23,809</u>	<u>299,116</u>	<u>818,415</u>
Transfers from SDA	573,794	—	—	573,794
Transfers from GRA	72,456	—	—	72,456
	<u>646,250</u>	<u>—</u>	<u>—</u>	<u>646,250</u>
	<u>1,141,740</u>	<u>23,809</u>	<u>299,116</u>	<u>1,464,665</u>

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

## **IV. Financial Statements of Other Administered Accounts**

**Other Administered Accounts**  
**Balance Sheets**  
**as at April 30, 2005, and 2004**

	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 and Natural Disaster Emergency Assistance Subsidy Account	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	← (In thousands of U.S. dollars) →						← (In thousands of SDRs) →					
<b>Assets</b>												
Cash and cash equivalents	122,402	120,235	21,691	22,699	23,948	18,912	—	—	2,283	2,240	18,684	7,850
Interest/other receivables	—	—	—	—	—	—	40	—	13	9	—	—
Total Assets	<u>122,402</u>	<u>120,235</u>	<u>21,691</u>	<u>22,699</u>	<u>23,948</u>	<u>18,912</u>	<u>40</u>	<u>—</u>	<u>2,296</u>	<u>2,249</u>	<u>18,684</u>	<u>7,850</u>
<b>Liabilities</b>												
Other liabilities	—	—	—	—	—	—	40	—	—	—	—	—
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>40</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Resources</b>												
Total Resources	<u>122,402</u>	<u>120,235</u>	<u>21,691</u>	<u>22,699</u>	<u>23,948</u>	<u>18,912</u>	<u>—</u>	<u>—</u>	<u>2,296</u>	<u>2,249</u>	<u>18,684</u>	<u>7,850</u>

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

/s/ Michael G. Kuhn  
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, 2005, and 2004**

	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 and Natural Disaster Emergency Assistance Subsidy Account	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	← (In thousands of U.S. dollars) →						← (In thousands of SDRs) →					
Balance, beginning of the year	120,235	119,036	22,699	25,031	18,912	14,660	—	—	2,249	2,351	7,850	5,441
Interest income	2,167	1,199	562	290	438	148	—	—	47	37	199	101
Contributions received	—	—	20,849	20,374	24,407	16,156	40	40	—	—	11,051	2,801
Payments to and on behalf of beneficiaries	—	—	(22,419)	(22,996)	(19,809)	(12,052)	(40)	(40)	—	—	(416)	(493)
Operational income/(loss)	2,167	1,199	(1,008)	(2,332)	5,036	4,252	—	—	47	37	10,834	2,409
Transfers to the Special Disbursement Account (Note 4)	—	—	—	—	—	—	—	—	—	(139)	—	—
Net income/changes in resources	2,167	1,199	(1,008)	(2,332)	5,036	4,252	—	—	47	(102)	10,834	2,409
Balance, end of the year	122,402	120,235	21,691	22,699	23,948	18,912	—	—	2,296	2,249	18,684	7,850

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

**Other Administered Accounts**  
**Statements of Cash Flows**  
**for the Years Ended April 30, 2005, and 2004**

	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 and Natural Disaster Emergency Assistance Subsidy Account	
	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)	2005	2004 (Unaudited)
	← (In thousands of U.S. dollars) →						← (In thousands of SDRs) →					
<b>Cash flows from operating activities</b>												
Net income/(loss)	2,167	1,199	(1,008)	(2,332)	5,036	4,252	—	—	47	(102)	10,834	2,409
Adjustments to reconcile net income to cash generated by operations												
Changes in other liabilities	—	—	—	—	—	—	40	—	—	—	—	—
Changes in interest receivable and other assets	—	—	—	—	—	—	(40)	—	(4)	1	—	—
Net cash provided by/(used in) operating activities	2,167	1,199	(1,008)	(2,332)	5,036	4,252	—	—	43	(101)	10,834	2,409
<b>Cash flow from investment activities</b>												
Net cash provided by investment activities	—	—	—	—	—	—	—	—	—	—	—	—
<b>Cash flow from financing activities</b>												
Net cash used by financing activities	—	—	—	—	—	—	—	—	—	—	—	—
Cash and cash equivalents, beginning of year	120,235	119,036	22,699	25,031	18,912	14,660	—	—	2,240	2,341	7,850	5,441
<b>Cash and cash equivalents, end of year</b>	<u>122,402</u>	<u>120,235</u>	<u>21,691</u>	<u>22,699</u>	<u>23,948</u>	<u>18,912</u>	<u>—</u>	<u>—</u>	<u>2,283</u>	<u>2,240</u>	<u>18,684</u>	<u>7,850</u>

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

## Other Administered Accounts Notes to the Financial Statements as at April 30, 2005, and 2004

### *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 institutions. 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 29, 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, 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 by 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, China, and Switzerland, 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. The resources of this subaccount are contributed by the above governments and the Government of Sweden, which reached an understanding with the IMF subsequent to the establishment.

### *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.

### *Middle East Regional Technical Assistance Center Subaccount*

At the request of France and Lebanon, this subaccount was established on August 20, 2004, to finance the technical assistance activities of the Middle East Regional Technical Assistance Center (METAC). METAC seeks to support the efforts of the participating countries/territories to achieve effective 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 areas. The current METAC's participating countries/territories include Afghanistan, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen. The resources of this subaccount are contributed by the above governments and other governments or official agencies, including Egypt and Kuwait, that reached an understanding with the IMF subsequent to the establishment.

### *Technical Assistance Subaccount to Support Macroeconomic and Financial Policy Formulation and Management*

At the request of Norway, this subaccount was established on September 29, 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. The activities to be financed from the Subaccount will seek in the first instance to enhance the capacity of Poverty Reduction and Growth Facility-eligible countries to formulate and implement the strategies needed to achieve the goals described in their Poverty Reduction Strategy Papers in those core areas of competence of the Fund, including strengthening their anti-money laundering and countering the financing of terrorism legislation and implementation capacity, and improving central bank functions and operations in low-income countries.

### *Spain Technical Assistance Subaccount*

At the request of Spain, this subaccount was established on March 2, 2005, 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 and Natural Disaster 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. The account was amended on January 21, 2005, to provide for the subsidization of emergency assistance for natural disasters for PRGF-eligible members. Contributions to this account will be used to provide grants to PRGF-eligible members that have made post-conflict and natural disaster 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.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting

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.

### 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 Supplementary Financing Facility Subsidy Account, The Post-Conflict and Natural Disaster Emergency Assistance 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, 2005, and 2004 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, 2005, one SDR was equal to 1.51678 U.S. dollars (one SDR was equal to 1.45183 U.S. dollars as of April 30, 2004).

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

### 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 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 per cent of the expenses financed from the accounts is paid to the General Resources Account from these accounts. The Administered Account—Spain pays the General Resources Account an annual fee of \$40,000 for administrative costs incurred. As at April 30, 2005, the administrative costs for the Administered Account for Selected Fund Activities—Japan amounted to \$2.3 million (\$2.8 million at April 30, 2004), and for the Framework Administered Account for Technical Assistance Activities \$2.2 million (\$1.6 million at April 30, 2004). These amounts are included in payments to and on behalf of beneficiaries on the statements of income 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, 2005		April 30, 2004	
	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>	<b>135.2</b>	<b>72.5</b>	<b>135.2</b>	<b>72.5</b>
<b>Administered Account for Selected Fund Activities—Japan</b>	<b>245.3</b>	<b>231.7</b>	<b>224.4</b>	<b>209.3</b>
Technical Assistance	217.7	207.2	200.6	188.3
Scholarships	18.3	15.8	15.7	13.4
Office of Asia and Pacific	9.3	8.7	8.1	7.6
<b>Framework Administered Account for Technical Assistance Activities</b>	<b>82.7</b>	<b>60.6</b>	<b>58.3</b>	<b>40.8</b>
Subaccount for Japan Advanced Scholarship Program	13.2	12.3	11.7	10.5
Rwanda—Macroeconomic Management Capacity Subaccount	1.5	1.6	1.5	1.6
Australia—IMF Scholarship Program for Asia Subaccount	3.4	3.0	2.6	2.6
Switzerland Technical Assistance Subaccount	16.1	12.1	11.4	10.0
French Technical Assistance Subaccount	1.2	0.5	0.8	0.5
Denmark Technical Assistance Subaccount	5.6	3.9	3.8	1.6
Australia Technical Assistance Subaccount	0.3	0.1	0.3	—
The Netherlands Technical Assistance Subaccount	5.1	4.3	3.2	2.6
The United Kingdom DFID Technical Assistance Subaccount	6.6	5.4	4.4	4.2
Italy Technical Assistance Subaccount	2.8	1.0	2.8	0.5
Pacific Financial Technical Assistance Centre Subaccount	2.8	2.6	2.3	1.5
Africa Regional Technical Assistance Centers Subaccount	14.9	10.0	8.7	4.8
Sweden Technical Assistance Subaccount	1.1	0.5	1.1	0.1
China Technical Assistance Subaccount	0.2	0.1	0.2	—
Canada Technical Assistance Subaccount	1.5	0.6	1.5	—
Technical Assistance Subaccount for Iraq	4.5	2.1	2.0	0.3
Middle East Regional Technical Assistance Subaccount	1.3	0.5	—	—
Technical Assistance Subaccount to Support Macroeconomic and Financial Policy Formulation and Management	0.6	—	—	—
Spain Technical Assistance Subaccount	—	—	—	—

(concluded)

Account	April 30, 2005		April 30, 2004	
	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—Spain</b>	<b>835.5</b>	<b>835.6</b>	<b>835.5</b>	<b>835.6</b>
	<i>(In millions of SDRs)</i>			
<b>The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account</b>	<b>20.6</b>	<b>2.3</b>	<b>9.6</b>	<b>1.9</b>

<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, 2005, and 2004, 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 at any time. 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 at any time. 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 and Natural Disaster 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.

## **Part Three**

# **Financial Statements of the Staff Retirement Plans**

## **I. Financial Statements of the Staff Retirement Plan**

**Staff Retirement Plan**  
**Statements of Accumulated Plan Benefits**  
**and Net Assets Available for Benefits**  
**as at April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	2005	2004
<b>Accumulated Plan benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	1,309,577	1,220,018
Active participants	1,001,808	928,861
Nonvested benefits	1,027,449	972,249
Total actuarial present value of accumulated Plan benefits	<u>3,338,834</u>	<u>3,121,128</u>
<b>Assets available for benefits</b>		
Cash and cash equivalents	310,828	343,863
Investments, at fair value (Note 3)	4,438,284	3,905,781
	4,749,112	4,249,644
Receivables		
Accrued interest and dividends	20,591	18,351
Contributions	6,712	1,553
Other	710	499
	<u>28,013</u>	<u>20,403</u>
Total assets	<u>4,777,125</u>	<u>4,270,047</u>
<b>Liabilities</b>		
Accounts and benefits payable	5,000	8,107
Advance employer contributions (Note 4)	89,890	96,135
Total liabilities	<u>94,890</u>	<u>104,242</u>
Net assets available for benefits	4,682,235	4,165,805
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 4)	<u>1,343,401</u>	<u>1,044,677</u>

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

/s/ Michael G. Kuhn  
Director, Finance Department

/s/ Rodrigo de Rato  
Managing Director

**Staff Retirement Plan**  
**Statements of Changes**  
**in Accumulated Plan Benefits**  
**for the Years Ended April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	2005	2004
Actuarial present value of accumulated Plan benefits, beginning of the year	3,121,128	2,968,893
Increase (decrease) during the year attributable to		
Benefits accumulated (Note 2)	94,063	41,311
Interest accrued	230,162	211,215
Benefits paid	(106,519)	(100,291)
Net increase	<u>217,706</u>	<u>152,235</u>
Actuarial present value of accumulated Plan benefits, end of the year	<u>3,338,834</u>	<u>3,121,128</u>

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

**Staff Retirement Plan**  
**Statements of Changes**  
**in Net Assets Available for Benefits**  
**for the Years Ended April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	2005	2004
<b>Investment income (Note 3)</b> .....	514,215	875,339
<b>Contributions (Note 4)</b>		
Employer .....	71,525	42,965
Participants .....	36,297	35,956
Participants restored to service .....	775	974
Net transfers from retirement plans of other international organizations .....	494	—
Total contributions .....	<u>109,091</u>	<u>79,895</u>
Total increase .....	<u>623,306</u>	<u>955,234</u>
<b>Benefits</b>		
Pension .....	92,293	82,725
Commutation .....	10,378	14,486
Withdrawal .....	2,875	3,080
Death .....	1,330	—
Total payments .....	<u>106,876</u>	<u>100,291</u>
Net increase .....	516,430	854,943
<b>Net Assets Available for Benefits</b>		
Beginning of the year .....	4,165,805	3,310,862
End of the year .....	<u>4,682,235</u>	<u>4,165,805</u>

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

## Staff Retirement Plan

### Notes to the Financial Statements as at April 30, 2005, and 2004

#### *1. Description of the Plan*

The following brief description of the Staff Retirement Plan ("the Plan") is provided for general information only. Participants should refer to the Plan document for more complete information.

##### General

The Plan is a defined benefit pension plan covering most staff members of the International Monetary Fund (the "Employer"). All assets and income of the Plan are the property of the Employer and are held and administered by it separately from all its other property and assets and are to be used solely for the benefit of participants, retired participants, and their beneficiaries. At April 30, 2005, there were 1,572 retired participants receiving benefits, 2,950 active participants contributing to the Plan, and 242 inactive participants eligible to receive deferred pension benefits. This compares with 1,485 retired participants, 2,945 active participants, and 209 inactive participants at April 30, 2004.

##### Benefits

###### *Annual Pension*

Participants are entitled to unreduced pensions beginning at normal retirement age of 62 or beginning at the early retirement age of 55 if certain conditions of age and service are met. The amount of the pension is based on the number of years of service, age at retirement, and highest average gross remuneration. Pensions are augmented by cost of living adjustments. Participants may elect to commute a stated portion of their pension, allowing them to receive up to one-third of their pension as a lump sum payment. Under certain circumstances, participants may withdraw from the Plan or receive deferred pensions.

The accrual rate of benefits earned before May 1, 1990, was 2 percent of gross remuneration for each year of service, while the accrual rate of benefits earned after May 1, 1990, is 2.2 percent for the first 25 years of service and 1.8 percent for the next 10 years of service.

###### *Other Benefits*

The Plan also provides for disability pensions, death benefits, and benefits to surviving spouses and children of deceased participants.

##### Contributions

###### Participants

Regular staff members are required to participate in the Plan and contribute 7 percent of their gross remuneration to it. Certain other categories of staff members may elect to participate in the Plan.

###### *Employer*

The Employer meets certain administrative costs of the Plan, such as the actuary's fees, and contributes any additional amount not provided by the

contribution of participants to pay the costs and expenses of the Plan not otherwise covered. Required Employer contributions for financial year 2005 are based on an actuarial valuation and are equal to 15.15 percent of gross remuneration of participants. For the financial years beginning May 1, 2004, through 2007, actual employer contributions are normalized at 14 percent of pensionable gross remuneration, and the difference is offset against advance employer contributions. The employer may elect to make additional contributions to the Plan.

##### Plan Termination

In the event of the termination of the Plan by the Employer, the assets of the Plan will be used to satisfy all liabilities to participants, retired participants and their beneficiaries, and all other liabilities of the Plan. Any remaining Plan assets will be returned to the Employer.

#### *2. Summary of Significant Accounting Policies*

##### Basis of Accounting

The financial statements of the Plan 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.

##### Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the end of the financial year, 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 changes in net assets available for benefits.

##### Accumulated Plan Benefits

The actuarial present value of vested benefits is presented for two categories of participants. For retired participants, the amount presented equals the present value of the benefits expected to be paid over the future lifetime of the pensioner and, if applicable, the surviving spouse of the pensioner. For active participants, the amount presented equals the present value of the deferred pension earned to the valuation date for a participant, or, if greater, the value of the withdrawal benefit for that participant, summed over all participants.

The actuarial present value of nonvested benefits represents the estimated effect of projected salary increases on benefits expected to be paid, death

benefits, disability benefits, and the total of the withdrawal benefits of all participants with less than three years of eligible service.

The actuarial present value of accumulated plan benefits is determined annually by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment (see Note 4).

In contrast to the actuarial valuation for funding purposes, the actuarial present value of accumulated Plan benefits is determined using the Projected Unit Credit Method, as required. The obligation under this method represents the portion of the benefit obligation attributable to service through the financial statements date, and the effect of future salary increases. It reflects only the service to that date and does not take into account the fact that the actuarial present value of accumulated Plan benefits, which is the Plan's obligation, is expected to increase each year of additional service, and that, therefore, there will be additional benefit accruals. The assets are measured at fair value as of the financial statement date. The difference between the actuarial present value of accumulated Plan benefits and the market value of assets reflects the Plan's funded status. The funded status, adjusted for any unrecognized amounts, is the liability (or asset) of the Employer. Because these calculations are prepared for financial statements purposes only, they do not measure the amount that the Employer will be required to fund in the future.

#### 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 U.S. dollars 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.

#### Valuation of Investments and Income Recognition

Investments are recorded at fair value. For investments in securities listed on stock exchanges, fair value is the last reported market sales price on the last business day of the accounting period. For over-the-counter securities, fair value is the bid price on the last business day of the accounting period. For investments in real estate, fair value is the adjusted appraised value for the latest quarterly reporting period. For private equity funds, fair value is determined in good faith by the general partner, based on the fair value of the underlying investments and the Plan's proportional share of the pool of invested funds. Derivatives are valued at fair value, which is equivalent to the unrealized gain or loss, net of cost.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

The net gain or loss in the fair value of investments represents the gains and losses realized during the accounting period from the sale of investments, the unrealized appreciation and depreciation of the market value of investments, and, for investments denominated in currencies other than the U.S. dollar, valuation differences arising from exchange rate changes of other currencies against the dollar.

#### Risk-Management Instruments

The net fair value of forward contracts, futures contracts, swaps, and options is included in the net assets available for Plan benefits, and the changes in value of such contracts are recognized currently in the financial statements.

For forward and futures contracts and swap derivatives and options, the contract or notional amounts do not represent exposure to credit loss. The potential loss on these instruments, if any, approximates the unrealized loss on the open contract.

#### Comparatives

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

#### Tax Status

The Internal Revenue Service has determined and informed the Employer by a letter dated December 14, 2002, that the Plan was designed in accordance with applicable Internal Revenue Code requirements. The Employer believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan is tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

### 3. Investments

In accordance with its investment policy, the Plan invests in short-term investments, debt securities, equity securities, real estate and private equity funds. No single investment exceeds five percent of the net assets available for benefits. Investments also include financial instruments, such as futures, forward currency contracts, options, and swaps, entered into for risk-management purposes.

A summary of the Plan's investments, valued at market value or fair value, as at April 30:

	2005	2004
	<i>In millions of U.S. dollars</i>	
Debt securities	1,093	898
Equity securities	2,872	2,566
Real estate	142	190
Private Equities	331	252
	<u>4,438</u>	<u>3,906</u>

Net investment income comprised the following for the years ended April 30:

	2005	2004
	<i>In millions of U.S. dollars</i>	
Interest and dividends	108	89
Realized gains, net	276	250
Unrealized gains, net	147	552
Less: investment fees	<u>(17)</u>	<u>(16)</u>
	<u>514</u>	<u>875</u>

Included in investments are derivatives, which are aimed at optimizing investment positions, given the level of market, credit, counterparty, and foreign currency risk.

The notional value of the Plan's risk management investments was as follows at April 30:

	2005	2004
	<i>In millions of U.S. dollars</i>	
Futures		
Long positions	1,043	457
Short positions	296	485
Forwards		
Purchases	980	728
Sales	980	728

## Futures Contracts

A futures contract is a commitment to either purchase or sell a financial instrument at a future date for a specified price and may be settled in cash or through delivery of the underlying financial instrument. The credit risk of futures contracts is limited because of daily cash settlement of the net change in the value of open contracts. Therefore, there were no unrealized gains or losses on futures contracts as at April 30, 2005, and 2004.

The Plan enters into financial futures contracts to protect it against market price risks, interest rate risk, and to take investment positions. Contracts generally have terms of less than one year.

## Forward Contracts

Forward contracts are similar in character to futures contracts. However, they have a greater degree of credit risk, depending on the counterparties involved, because daily cash settlements are not required. To manage this exposure, the Plan deals with counterparties of good credit standing and enters into master netting agreements whenever possible.

The Plan's principal objective in entering into forward foreign currency exchange contracts is to manage foreign currency fluctuations relative to investments in its global portfolio. These contracts generally have terms of no more than three months. At April 30, 2005, the unrealized loss totaled \$1.9 million (\$4.9 million unrealized loss at April 30, 2004).

## 4. Actuarial Valuation and Funding Policy

Under the actuarial valuation used for funding purposes, it is assumed that the Plan will continue to exist and that active participants will continue to earn pension benefits beyond the date of the valuation until the date of withdrawal, disability, death, or retirement, but that no new participant will join the Plan (the "closed method").

Funding by the Employer is based on a valuation method known as the "Aggregate Cost Method," which expresses liabilities and contribution requirements as single consolidated figures that include provision for experi-

ence gains and losses and cost of living increases. The required Employer contribution rate for the financial year beginning May 1, 2004, was actuarially determined at 15.15 percent (8.82 percent for the financial year beginning May 1, 2003) of pensionable gross remuneration. The advance employer contribution (\$89.9 million and \$96.1 million at April 30, 2005, and April 30, 2004, respectively) represents the Employer's prepayment of future contributions.

The actuarial assumptions used in the valuation to determine the Employer's contributions and the actuarial present value of accumulated plan benefits include (1) life expectancy based on the 1993 United Nations mortality tables for men and women; (2) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender; (3) an average rate of return on investments of 7.5 percent a year; (4) a discount rate of 7.5 percent; (5) an average inflation rate of 4 percent a year; (6) salary increase percentages that vary with age; and (7) valuation of assets using a five-year moving-average method.

Actuarial valuations are carried out annually as at the end of the financial year. The results of the latest actuarial valuation for the financial year ended April 30 were as follows:

	2004	2003
	<i>In millions of U.S. dollars</i>	
Present value of benefits payable	5,089	4,645
Less: Assets for valuation purposes	<u>3,816</u>	<u>3,591</u>
Required future funding	1,273	1,054
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	<u>377</u>	<u>357</u>
Present value of future funding required from the Employer	<u><u>896</u></u>	<u><u>697</u></u>

## 5. Administrative Costs

For the financial year ended April 30, 2005, the administrative costs met by the Employer were approximately \$0.19 million (\$0.17 million for the financial year ended April 30, 2004).

**II. Financial Statements  
of the Supplemental Retirement  
Benefit Plan**

**Supplemental Retirement Benefit Plan**  
**Statements of Accumulated Plan Benefits**  
**and Net Assets Available for Benefits**  
**as at April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	<b>2005</b>	<b>2004</b>
<b>Accumulated Plan benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants .....	111,079	96,874
Active participants .....	33,355	28,026
Nonvested benefits .....	145,589	122,553
Total actuarial present value of accumulated Plan benefits .....	<u>290,023</u>	<u>247,453</u>
<b>Assets available for benefits</b>		
Cash at bank .....	4,197	3,029
Contributions receivable .....	6,450	39
Total assets .....	<u>10,647</u>	<u>3,068</u>
<b>Liabilities</b>		
Accounts payable .....	21	4
Advance Employer contributions (Note 3) .....	2,363	4,706
Total liabilities .....	<u>2,384</u>	<u>4,710</u>
Net assets (deficiency) .....	8,263	(1,642)
Actuarial present value of accumulated Plan benefits and net assets (deficiency) .....	<u>(281,760)</u>	<u>(249,095)</u>

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

/s/ Michael G. Kuhn  
Director, Finance Department

/s/ Rodrigo de Rato  
Managing Director

**Supplemental Retirement Benefit Plan**  
**Statements of Changes**  
**in Accumulated Plan Benefits**  
**for the Years Ended April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	<b>2005</b>	<b>2004</b>
Actuarial present value of accumulated Plan benefits, beginning of the year .....	<u>247,453</u>	<u>210,804</u>
Increase (decrease) during the year attributable to		
Benefits accumulated .....	33,734	27,538
Interest accrued .....	18,214	15,572
Benefits paid .....	(9,378)	(6,461)
Net increase .....	<u>42,570</u>	<u>36,649</u>
Actuarial present value of accumulated Plan benefits, end of the year .....	<u>290,023</u>	<u>247,453</u>

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

**Supplemental Retirement Benefit Plan**  
**Statements of Changes**  
**in Net Assets Available for Benefits**  
**for the Years Ended April 30, 2005, and 2004**  
*(In thousands of U.S. dollars)*

	2005	2004
<b>Investment income</b>		
Interest .....	99	11
	<u>99</u>	<u>11</u>
<b>Contributions (Note 3)</b>		
Employer .....	17,554	4,504
Participants .....	1,648	4,604
Participants restored to service .....	14	30
Total contributions .....	<u>19,216</u>	<u>9,138</u>
Total increase .....	<u>19,315</u>	<u>9,149</u>
<b>Benefits</b>		
Pension .....	7,079	6,072
Commutation .....	1,845	150
Withdrawal .....	156	239
Death .....	319	—
Total payments .....	<u>9,399</u>	<u>6,461</u>
Fees .....	11	14
Net increase .....	9,905	2,674
<b>Net assets (deficiency)</b>		
Beginning of the year .....	(1,642)	(4,316)
End of the year .....	<u>8,263</u>	<u>(1,642)</u>

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

## Supplemental Retirement Benefit Plan

### Notes to the Financial Statements as at April 30, 2005, and 2004

#### 1. Description of the Plan

The following brief description of the Supplemental Retirement Benefit Plan ("the Plan") is provided for general information only. Participants should refer to the Plan document for more complete information.

##### General

The Plan is a defined benefit pension plan covering certain participants of the Staff Retirement Plan of the International Monetary Fund ("the Employer") and operates as an adjunct to that plan. All assets and income of the Plan are the property of the Employer and are held and administered by it separately from all its other property and assets and are to be used solely for the benefit of participants and retired participants and their beneficiaries. At April 30, 2005, there were 226 retired participants receiving benefits and 299 active participants contributing to the Plan. This compares with 193 retired participants and 282 active participants at April 30, 2004.

##### Benefits

The Staff Retirement Plan has adopted limits to pensions payable from that plan. The Plan provides for the payment of any benefit that would otherwise have been payable if these limits had not been adopted.

Participants may elect to commute a stated portion of their pension, allowing them to receive up to one third of their pension as a lump sum payment.

##### Contributions

###### *Participants*

Regular staff members are required to participate if their gross remuneration is over Internal Revenue Service compensation limits, contributing to the Plan 7 percent of their gross remuneration in excess of those limits. Certain other categories of staff members may elect to participate in the Plan.

###### *Employer*

Required Employer contributions are based on an actuarial valuation and are equal to 15.15 percent of gross remuneration of participants. For the financial years beginning May 1, 2004, through 2007, actual employer contributions are normalized at 14 percent of pensionable gross remuneration, and the difference is offset against advance employer contributions. The employer may elect to make additional contributions to the Plan.

In addition, before retirement, the Employer partially prefunds the Plan for non-U.S. citizens who plan to retire in the United States, so that the tax liability of the participant on pension benefits is approximately equal to the liability that would have been incurred had the benefits been paid solely from the Staff Retirement Plan. The prefunded amounts are used to pay any of the benefits payable to non-U.S. staff. The Employer also meets certain administrative costs of the Plan, such as the actuary's fees, and contributes any additional amount not provided by the contribution of participants to pay the costs and expenses of the Plan not otherwise covered.

##### Plan Termination

In the event of the termination of the Plan by the Employer, the assets of the Plan shall be used to satisfy all liabilities to participants, retired participants and their beneficiaries, and all other liabilities of the Plan. Any remaining assets shall be returned to the Employer.

#### 2. Summary of Significant Accounting Policies

##### Basis of Accounting

The financial statements of the Plan 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.

##### Accumulated Plan Benefits

The actuarial present value of vested benefits is presented for two categories. For retired participants, the amount presented equals the present value of the benefits expected to be paid over the future lifetime of the pensioner and, if applicable, the surviving spouse of the pensioner. For active participants, the amount presented equals the present value of the deferred pension earned to the valuation date for a participant, or, if greater, the value of the withdrawal benefit for that participant, summed over all participants.

The actuarial present value of nonvested benefits represents the estimated effect of projected salary increases on benefits expected to be paid, death benefits, disability benefits, and the total of the withdrawal benefits of all participants with less than three years of eligible service.

The actuarial present value of accumulated plan benefits is determined by an independent actuary and is adjusted to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment (see Note 3).

In contrast to the actuarial valuation for funding purposes, the actuarial present value of accumulated Plan benefits is determined using the Projected Unit Credit Method. The obligation under this method represents the portion of the benefit obligation attributable to service through the financial statements date, and the effect of future salary increases. It reflects only the service to that date and does not take into account the fact that the actuarial present value of accumulated Plan benefits, which is the Plan's obligation, is expected to increase each year of additional service, and that, therefore, there will be additional benefit accruals. The assets are measured at market value as of the financial statement date. The difference between the actuarial present value of accumulated Plan benefits and the market value of assets reflects the Plan's funded status. The funded

status, adjusted for any unrecognized amounts, is the liability (or asset) of the Employer. Because these calculations are prepared for financial statements purposes only, they do not measure the amount that the Employer will be required to fund in the future.

### Comparatives

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

### *3. Actuarial Valuation and Funding Policy*

Under the actuarial valuation used for funding purposes, it is assumed that the Plan will continue to exist and that active participants will continue to earn pension benefits beyond the date of the valuation until the date of withdrawal, disability, death, or retirement, but that no new participant will join the Plan (the "closed method").

Funding by the Employer is based on a valuation method known as the "Aggregate Cost Method," which expresses liabilities and contribution requirements as single consolidated figures that include provision for experi-

ence gains and losses and cost of living increases. The required Employer contribution rate for the financial year beginning May 1, 2004, was actuarially determined at 15.15 percent (8.82 percent for the financial year beginning May 1, 2003) of pensionable gross remuneration. The advance employer contribution (\$2.4 million and \$4.7 million at April 30, 2005, and April 30, 2004, respectively) represents the Employer's prepayment of future contributions. The contribution amounts for the Staff Retirement Plan and the Supplemental Retirement Benefit Plan are determined on a combined basis. Should the assets of the Plan be exhausted, benefits are paid from additional contributions by the Employer.

The actuarial assumptions used in the valuation to determine the Employer's contributions and the actuarial present value of accumulated plan benefits include (1) life expectancy based on the 1993 United Nations mortality tables for men and women; (2) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender; (3) an average rate of return on investments of 7.5 percent a year; (4) a discount rate of 7.5 percent; (5) an average inflation rate of 4 percent a year; (6) salary increase percentages that vary with age; and (7) valuation of assets using a five-year moving-average method.

**III. Financial Statements  
of the Retired Staff Benefits  
Investment Account**

**Retired Staff Benefits Investment Account**  
**Balance Sheets**  
**as at April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	2005	2004
<b>Assets</b>		
Cash and cash equivalents .....	41,785	39,817
Investments (Note 3) .....	501,170	431,062
Accrued interest receivable .....	2,007	1,776
Other receivables .....	39	1,713
Total assets .....	<u>545,001</u>	<u>474,368</u>
<b>Liabilities and resources</b>		
Accounts payable .....	7,174	3,718
Resources .....	<u>537,827</u>	<u>470,650</u>
Total liabilities and resources .....	<u>545,001</u>	<u>474,368</u>

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

/s/ Michael G. Kuhn  
*Director, Finance Department*

/s/ Rodrigo de Rato  
*Managing Director*

**Retired Staff Benefits Investment Account**  
**Statements of Income and Changes in Resources**  
**for the Years Ended April 30, 2005, and 2004**

*(In thousands of U.S. dollars)*

	2005	2004
Balance, beginning of the year .....	470,650	371,669
Transfers from the General Resources Account (Note 5) .....	35,300	37,007
Investment income		
Interest and dividends .....	10,571	8,559
Realized gains, net .....	17,989	21,642
Unrealized gains, net .....	29,328	58,002
Less: investment fees .....	(1,455)	(2,152)
Net investment income .....	<u>56,433</u>	<u>86,051</u>
Transfers to the General Resources Account .....	<u>(24,556)</u>	<u>(24,077)</u>
Net increase .....	<u>67,177</u>	<u>98,981</u>
Balance, end of the year .....	<u>537,827</u>	<u>470,650</u>

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

## Retired Staff Benefits Investment Account

### Notes to the Financial Statements as at April 30, 2005, and 2004

#### 1. Purpose

The IMF established the Retired Staff Benefits Investment Account ("the RSBIA") to hold and invest resources transferred from the General Resources Account (GRA) and set aside such resources to finance the cost of post-retirement benefits of current and future retirees. These benefits consist of post-retirement medical and life insurance benefits and other non-pension long-term benefits, such as separation and repatriation benefits, accrued annual leave up to 60 days, payments in lieu of pension for contractual employees, and associated tax allowances. The defined benefit obligation is actuarially determined and reported by the GRA. The assets of the RSBIA are owned solely by the GRA, and consist of the GRA's transfers and the income earned thereon.

The assets of the RSBIA are kept 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.

#### 2. Summary of Significant Accounting Policies

##### Basis of Accounting

The financial statements of the RSBIA 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.

##### Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the end of the financial year, 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 investment income.

##### 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 U.S. dollars 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.

##### Valuation of Investments

In accordance with its investment policy, the RSBIA invests in short-term investments, debt securities, equity securities, real estate, and private equity

funds. The investments are classified as available-for-sale securities. Investments are marked to market on the last business day of the accounting period. Investments in securities listed on stock exchanges are valued at the last reported market sales price on the last business day of the accounting period. Over-the-counter securities are valued at their bid price on the last business day of the accounting period. For investments in real estate, market value is the adjusted appraised value for the latest quarterly reporting period. For private equity funds, fair value is determined in good faith by the general partner, based on the fair value of the underlying investments and the RSBIA's proportional share of the pool of invested funds. The fair value of derivatives is based on closing market prices or from recognized exchanges, or is calculated using prevailing foreign currency exchange rates as of the balance sheet date. The unrealized gains and losses are recognized in the statement of income. Income on investments comprises interest earned and realized and unrealized gains and losses on investments, including currency valuation differences arising from exchange rate movements against the US dollar.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

##### Accounting and Reporting Developments

In December 2003, the International Accounting Standards Board revised International Accounting Standard 39 "Financial Instruments: Recognition and Measurement", which will become effective for financial year 2006. Upon adoption of the revised standard, and as permitted by the transition provisions, investments previously classified as available-for-sale will be reclassified as securities at fair-value-through-profit-and-loss. After the reclassification, changes in fair value of the investments would continue to be recognized in the statements of income and changes in resources.

##### Comparatives

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

#### 3. Investments

A summary of the RSBIA's investments at fair value as at April 30 is as follows:

	2005	2004
	<i>In millions of U.S. dollars</i>	
Debt securities	127	107
Equity securities	295	261
Real estate	39	36
Private Equity & Other	40	27
	501	431

In addition to these investments, the RSBIA held commitments in fixed-income futures and forward contracts to minimize interest rate and foreign exchange risk. The notional value of these derivatives were as follows at April 30:

	<u>2005</u>	<u>2004</u>
	<i>In millions of U.S. dollars</i>	
Futures		
Long positions	17	10
Short positions	29	38
Forwards		
Purchases	104	84
Sales	104	84

#### *4. Actuarial Valuation*

The defined benefit obligation for long-term employee benefits other than pension benefits is actuarially determined using the Projected Unit Credit Method and was reported by the GRA at \$847 million at April 30, 2005 (\$737 million at April 30, 2004).

#### *5. Transfers*

The IMF transfers amounts from the GRA to the RSBIA to be held and invested pending their use by the IMF. During the year ended April 30, 2005, the transfer amounted to \$35.3 million (\$37.0 million during the year ended April 30, 2004). Cumulative transfers from the GRA to the RSBIA amounted to \$428.0 million at April 30, 2005 (\$392.7 million at April 30, 2004).

It is expected that the RSBIA will be a net recipient of resources until its assets meet the estimated cost of benefits to retirees.

#### *6. Account Termination*

The RSBIA can be terminated by the IMF at any time. After meeting any existing obligations, the resources remaining in the RSBIA are to be transferred to the GRA.