

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

EBS/83/75
Supplement 2

CONFIDENTIAL

June 3, 1983

To: Members of the Executive Board

From: The Secretary

Subject: The Fund's Net Income for Financial Year 1983

The attached paper reports a change in the Fund's net income from that set out in EBS/83/75, Supplement 1 (5/13/83), and asks the Executive Board to reaffirm the decision taken at Executive Board Meeting 83/70 (5/16/83), to place the net income to special reserve and to continue the present rates for charges and remuneration as well as interest on the SDR.

In the absence of a request for discussion by an Executive Director prior to noon on Tuesday, June 7, 1983, the decision adopted at Executive Board Meeting 83/70 will be considered to have been reaffirmed by the Executive Board and the reaffirmation will be recorded in the minutes of the next meeting thereafter.

Att: (1)

INTERNATIONAL MONETARY FUND

The Fund's Net Income for Financial Year 1983

Prepared by the Treasurer's Department

Approved by W. O. Habermeier

June 3, 1983

Net Income for Financial Year 1983

The statement of the Fund's income and expenses provided in EBS/83/75, Supplement 1 (5/13/83) showed a net income for financial year 1983 of SDR 61 million. Because of a computer error that was discovered only now, the amount of the accrual for the recognition of the value of accumulated leave and earned separation grants that was charged against income in the financial year ended April 30, 1983 was overstated in EBS/83/75, Supplement 2, by the amount of SDR 4.4 million. As a result, the net income for the financial year 1983, which is also subject to external audit, is SDR 65 million, and not SDR 61 million, as previously reported (see Table 1).

In the view of the staff this change of net income does not warrant a change in the conclusions set forth in the earlier paper, "Review of the Fund's Income Position for the Financial Years 1983, and 1984", EBS/83/75 (4/18/83). The net income target for the application of Rule I-6(4)(b) would remain about SDR 30.0 million (3 per cent of reserves at the beginning of the financial year). It is proposed that the Executive Board reaffirm the conclusion recorded at EBM/83/70 (5/16/83) on the review of the Fund's income position for financial years 1983 and 1984.

Attachment

Table 1. Income and Expense
for Financial Year 1983 1/

(In millions of SDRs)

	EBS/83/75 Supplement 1 Actual	Revised
1. <u>Operational Income</u>		
a. Periodic charges:		
Regular facilities	752	752
Oil Facility	20	20
SFF	596	596
Enlarged Access	<u>177</u>	<u>177</u>
Total periodic charges	1,545	1,545
b. Interest on SDR holdings	444	444
c. Other income		
Service and other charges:		
Regular facilities	40	40
SFF	10	10
Enlarged Access	<u>6</u>	<u>6</u>
Total	2,045	2,045
2. <u>Operational Expense</u>		
a. Remuneration	981	981
b. Interest expense:		
GAB	31	31
Oil Facility	17	17
SFF	586	586
Enlarged Access <u>2/</u>	<u>173</u>	<u>173</u>
Total	1,788	1,788
3. Net operational income	257	257
4. Administrative expense:		
Budget	165	165
Building	15	15
Cumulative effect (to April 30, 1982) of changing the method of accounting for compensated absences and accumu- lated termination grants	<u>16</u>	<u>12</u>
Total administrative expense	<u>196</u>	<u>192</u>
5. Net income	61	65

1/ Subject to audit.

2/ Less net income from temporary investments held in the Borrowed Resources Suspense Accounts.