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SM/84/263
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

December 3, 1984

To: Members of the Executive Board.
From: The Secretary
Subject: Cyprus - Staff Report for the 1984 Article IV Consultation

The following correction has been made in the proposed decision contained in SM/84/263 (11/29/84):

Page 13, para. No. 2, line 5: for "current political and economic circumstances"
read "current economic circumstances"

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

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1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is essential for ensuring the integrity of the financial statements and for providing a clear audit trail. The text also mentions that proper record-keeping is a key requirement for compliance with various regulatory standards.

2. In the second section, the focus is on the role of internal controls in preventing errors and fraud. It describes how a well-designed internal control system can help management to identify and address weaknesses in the organization's processes. The text further explains that internal controls are not only a means of risk management but also a way to improve operational efficiency and ensure that the organization's resources are used effectively.

3. The final part of the document addresses the importance of transparency and communication in financial reporting. It states that providing clear and concise information to stakeholders is crucial for building trust and confidence in the organization's financial performance. The text concludes by noting that transparency is a key component of good corporate governance and is essential for the long-term success of any business.

IV. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision relating to Cyprus's exchange measures subject to Article VIII, Sections 2 and 3, and in concluding the 1984 Article XIV consultation with Cyprus, in the light of the 1984 Article IV consultation with Cyprus conducted under Decision No. 5392-(77/63) adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. Cyprus maintains a restriction on the amount of foreign exchange made available for foreign travel. The Fund notes that the authorities have decided to raise the amount of the allowance effective January 1, 1985 and, in the light of the current economic circumstances of the country, it grants approval for its retention until the conclusion of the next Article IV consultation with Cyprus.

Fund Relations with Cyprus

(As of October 31, 1984; in millions of SDRs)

I. Membership status

Cyprus became a member of the Fund on December 21, 1961. Cyprus continues to avail itself of the transitional arrangements under Article XIV of the Articles of Agreement.

A. Financial Relations

II. General department

- (a) Quota: SDR 69.7 million.
- (b) Total Fund holdings of Cyprus pounds: SDR 69.27 million (99.38 percent of quota).
- (c) Fund credit: SDR 4.24 million (6.1 percent of quota) arising from the stand-by. No resources used under enlarged access and no compensatory financing.
- (d) Reserve tranche position: SDR 4.675 million.
- (e) Current operational budget: no use of the Cyprus pound is planned in the current budget.
- (f) Lending to the Fund: Cyprus is not a participant.

III. Stand-by or Extended Arrangements and Special Facilities

A one-year stand-by program (first credit tranche) equivalent to SDR 8.5 million covered the period June 1980-June 1981 with one purchase of SDR 8.5 million in August 1980.

IV. SDR Department

- (a) Net cumulative allocation: SDR 19.4 million.
- (b) Holdings: SDR 0.592 million or 3.04 percent of net cumulative allocation.
- (c) Current designation plan: Cyprus is not included in the current plan.

V. Administered accounts

Not applicable.

VI. Overdue obligations to the Fund

None.