IMMEDIATE ATTENTION

EBAP/07/98

June 27, 2007

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Audited Financial Statements for the Financial Year Ended April 30, 2007**

Attached are the audited financial statements, prepared in accordance with International Financial Reporting Standards, of the Fund and the accounts it administers as trustee for the financial year ended April 30, 2007. The external audit firm, Deloitte & Touche, has examined the financial statements under international and U.S. auditing standards, and has issued unqualified audit opinions thereon. The statements provide background for the briefing of the Executive Board scheduled for July 9, 2007 by the External Audit Committee.

Following the briefing of the Executive Board by the External Audit Committee, the audited financial statements will be transmitted through the Managing Director and the Executive Board to the Board of Governors in accordance with the By-Laws (Section 20(f)). A draft transmittal letter will be circulated separately.

Questions may be referred to Ms. Fennell (ext. 38341), Mr. Hemus (ext. 38263), and Mr. Yuen (ext. 37823) in FIN.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL
MONETARY
FUND

FINANCIAL
STATEMENTS

For the Years Ended April 30, 2007, and 2006

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I. Consolidated Financial Statements
of the
General Department

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying consolidated balance sheets of the General Department of the International Monetary Fund and subsidiary (the "Department") as of April 30, 2007 and 2006, and related consolidated statements of income, changes in reserves and resources, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the General Department of the International Monetary Fund at April 30, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedules listed on pages 39 to 45 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. These schedules are the responsibility of the Department's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

Deloitte & Touche LLP

June 25, 2007

General Department

Consolidated balance sheets
as at April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006		2007	2006
Assets			**Liabilities (including quotas)**		
Usable currencies	160,989,914	151,132,488	Remuneration payable	88,427	117,354
Credit outstanding (Note 4)	7,333,633	19,227,219	Other liabilities	166,864	93,901
Other currencies	40,766,433	40,519,674	Accrued MDRI-I Trust grants (Note 5)	299,024	380,198
Total currencies (Note 6)	209,089,980	210,879,381			
SDR holdings	2,597,564	3,640,792	Special Contingent Account (Note 14)	1,713,019	1,683,019
Interest and charges receivables (Note 8)	141,762	295,054	Quotas, represented by (Note 6):		
			Reserve tranche positions	14,995,543	21,826,022
Investments (Note 7)	6,536,292	384,296	Subscription payments	201,752,257	191,652,378
			Total quotas	216,747,800	213,478,400
			Total liabilities (including quotas)	219,015,134	215,752,872
Gold holdings (Note 10)	5,851,771	5,851,771			
			Reserves of the General Resources Account	5,877,073	5,959,591
Other assets (Note 9 and 17)	674,838	661,169	**Resources of the Investment Account**	--	--
Structural Adjustment Facility loans (Note 4)	8,840	8,840	**Resources of the Special Disbursement Account**	8,840	8,840
Total assets	224,901,047	221,721,303	Total liabilities, reserves, and resources	224,901,047	221,721,303

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

/s/ Michael G. Kuhn
Director, Finance Department

/s/ Rodrigo de Rato
Managing Director

General Department

Consolidated income statements for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Operational income		
Interest and charges (Note 8)	686,974	1,671,502
Interest on SDR holdings	124,444	58,330
Net income from investments (Note 7)	193,330	48,710
Other charges and income (Note 8)	16,421	22,558
	1,021,169	1,801,100
Operational expenses		
Remuneration (Note 15)	483,991	828,298
Administrative expenses (Note 16)	608,539	692,666
	1,092,530	1,520,964
Net operational (loss)/income	(71,361)	280,136
MDRI grant assistance (Note 5)	(11,157)	(1,499,842)
Transfer from Supplementary Financing Facility Subsidy Account to the Special Disbursement Account	195	--
Contribution from the Special Disbursement Account to Administered Accounts (Note 11)		
PRGF-ESF Trust	(195)	(507,109)
PRGF-HIPC Trust	--	(593,000)
Total net loss	(82,518)	(2,319,815)
Net loss of the General Department comprises:		
Net (loss)/income of the General Resources Account	(262,437)	235,524
Net income of the Investment Account	179,919	--
Net loss of the Special Disbursement Account	--	(2,555,339)
	(82,518)	(2,319,815)

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

General Department

Consolidated statements of changes in reserves and resources for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	General Resources Account			Special Disbursement Account resources	Investment Account resources
	Special reserves	General reserves	Total reserves		
Balance at April 30, 2005	2,446,829	3,277,238	5,724,067	2,564,179	--
Net (loss)/income	(7,510)	243,034	235,524	(2,555,339)	--
Balance at April 30, 2006	2,439,319	3,520,272	5,959,591	8,840	--
Net (loss)/income	(262,437)	--	(262,437)	--	179,919
Transfers	179,919	--	179,919	--	(179,919)
Balance at April 30, 2007	2,356,801	3,520,272	5,877,073	8,840	--

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

General Department

Consolidated statements of cash flows for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Usable currencies and SDRs from operating activities		
Net loss	(82,518)	(2,319,815)
Adjustments to reconcile net loss to usable resources generated by operations:		
Depreciation and amortization	21,793	18,552
Interest and charges	(686,974)	(1,671,502)
Interest on SDR holdings	(124,444)	(58,330)
Interest from investment	(193,330)	(48,710)
Remuneration	483,991	828,298
	(581,482)	(3,251,507)
Changes in interest and charges receivables and other assets	(81,815)	5,107
Changes in remuneration payable and other liabilities	58,107	(112,942)
Changes in accrued MDRI-I Trust grants	(81,174)	380,198
Increase in the Special Contingent Account	30,000	94,000
	(656,364)	(2,885,144)
Usable currencies and SDRs from credit to members:		
Purchases in currencies and SDRs, including reserve tranche purchases	(2,272,461)	(2,156,025)
Repurchases in currencies and SDRs	14,166,047	32,782,470
Repayments of Structural Adjustment Facility loans	--	36,726
	11,237,222	27,778,027
Interest received:		
Interest and charges	850,618	2,009,868
Interest on SDR holdings	128,953	31,345
Interest from investment	162,318	55,883
Remuneration paid	(498,062)	(903,429)
Net usable currencies and SDRs provided by operating activities	**11,881,049**	**28,971,694**
Usable currencies and SDRs from investment activities		
Acquisition of fixed assets	(11,113)	(20,080)
Net (acquisition)/disposition of investments	(6,078,378)	2,134,317
Net usable currencies and SDRs (used in)/provided by investment activities	**(6,089,491)**	**2,114,237**
Usable currencies and SDRs from financing activities		
Subscription payments in SDRs and usable currencies	817,350	--
Changes in composition of usable currencies	2,205,290	724,574
Net usable currencies and SDRs provided by financing activities	**3,022,640**	**724,574**
Net increase in usable currencies and SDRs	8,814,198	31,810,505
Usable currencies and SDRs, beginning of year	154,773,280	122,962,775
Usable currencies and SDRs, end of year	**163,587,478**	**154,773,280**

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

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

1. Purpose and organization

The International Monetary Fund (IMF) is an international organization of 185 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 under adequate safeguards to member countries 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), including the Multilateral Debt Relief Initiative-I Trust (MDRI-I Trust), for which the IMF is the Trustee and over which the SDA has substantial control, and the Investment Account. 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 MDRI-I Trust are consolidated with those of the General Department. The General Department does not have the power to govern the financial and operating polices of the SDR Department, or the trusts it administers as trustee, so as to derive benefits from their activities, and the financial statements of these entities are therefore 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 the 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 for special purposes authorized in the Articles, in particular for financial assistance on special terms to low-income member countries.

The SDA also holds claims receivable from outstanding loans extended under the Structural Adjustment Facility (SAF) and repayments of loans to the Trust Fund (in liquidation). Repayments of principal and interest from SAF loans and resources derived from the

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

termination of the Trust Fund are transferred from the SDA to the Reserve Account of the Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust (PRGF-ESF Trust), which is administered separately by the IMF as Trustee.

The Multilateral Debt Relief Initiative (MDRI) provides full debt relief to low-income member countries. For this purpose, the MDRI-I and MDRI-II Trusts were established on January 5, 2006, to provide grant assistance under the MDRI. The financial statements of the MDRI-II Trust are presented separately. Subsequent to the adoption of the MDRI, the resources held in the SDA were transferred to the MDRI-I Trust, the PRGF-HIPC Trust, and the PRGF-ESF Trust Subsidy Account (Note 11).

Investment Account

On April 28, 2006, the Executive Board of the IMF approved the establishment of the Investment Account within the General Department and authorized the transfer of currencies from the GRA in an amount equivalent to the total amount of the General and Special Reserves of the GRA on April 30, 2006. The transfer of SDR 5,960 million was made in June 2006. The objective of the Investment Account is to allow for the investment of a portion of the IMF's assets so as to generate income that may be used to help meet the expenses of conducting its business.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements of the General Department are prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements include the accounts of the GRA, the SDA, the Investment Account, and the MDRI-I Trust, an entity that is determined to be substantially controlled by the SDA owing primarily to the existence of the Trustee's power to terminate the Trust and the SDA's claim to the Trust's entire residual assets upon termination as long as there are no contributor resources in the Trust. All transactions and balances between these entities have been eliminated during the consolidation. Specific accounting principles and disclosure practices, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of consolidated financial statements requires the IMF's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as investments and net pension plan assets, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions and, in some cases, actuarial techniques. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the IMF is the SDR. 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 November 2005, and the new composition of the SDR valuation basket became effective on January 1, 2006. The currencies in the basket as of April 30, 2007, and 2006 and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (one SDR was equal to 1.47106 U.S. dollars as of April 30, 2006).

Currencies

Currencies consist of members’ currencies and debt 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 in full its quota subscription (both the initial quota subscription upon becoming a member and any subsequent quota increase) partly in its own currency, and partly (normally 25 percent) in usable currencies of other members prescribed by the IMF or SDRs. The only exception was the quota increase of 1978, which was paid entirely in members’ own currencies.

General Department

Notes to the consolidated financial statements
for the years ended April 30, 2007, and 2006

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 (FTP) to finance purchases and other transfers of the IMF. Participation in the FTP is reviewed on a quarterly basis. Usable currencies and SDR holdings readily available to finance IMF operations and transactions are considered cash equivalents. Other currencies consist of non-usable currencies of member countries not included in the FTP and, therefore, are not considered cash equivalents for financial statement presentation purposes. The changes in usable 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 FTP.

Currencies, including debt securities, are valued in terms of the SDR on the basis of the currency/SDR exchange rate determined for each currency. 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. 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. The currency balances in the balance sheet include these receivables and payables.

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.

The repurchase policies of the IMF are intended to ensure the revolving character of its resources. Purchases of currencies from the GRA are subject to repurchase obligations, which can differ depending on the policy or facility under which purchases are made. 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, members in a position to do so are entitled to make repurchases at any time; otherwise they are expected to make repurchases under predetermined time-based 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. A member is considered overdue only after failure to make a payment on the repurchase obligation schedule.

General Department

Notes to the consolidated financial statements
for the years ended April 30, 2007, and 2006

Overdue obligations and the burden sharing mechanism

It is the policy of the IMF to exclude from current income charges on the use of the Fund's general resources from members that are six months or more overdue in meeting any financial obligation to the IMF. The IMF fully recovers this lost income under the burden sharing mechanism, through adjustments, in the current period, to the rates of charge and remuneration. Members that have borne the financial consequences of overdue charges receive refunds to the extent that overdue charges that had given rise to burden sharing adjustments are 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 through adjustments to the rates of charge and remuneration. 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. 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.

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.

Investments

Financial assets at fair value through profit or loss

In accordance with its investment guidelines, the IMF's investments are managed and their performance is measured on a fair value basis. The IMF has designated its investments in fixed-income securities, other than fixed-term deposits, as financial assets held at fair value through profit or loss. Such designation may be made only upon initial recognition and cannot subsequently be changed. The designated assets are carried at fair value on the balance sheet with the change in fair value included in the income statement in the period in which they arise.

Recognition

Investments are recognized on the trade date at which the IMF becomes a party to the contractual provisions of the instrument.

Derecognition

Investments are derecognized when the contractual rights to the cash flows from the asset expire, or in transactions where substantially all the risks and rewards of ownership of the investment are transferred.

Fair value measurement

The determination of the fair values of the investments, other than fixed-term deposits, is based on quoted market prices for financial instruments traded in active markets. The carrying amount of fixed-term deposits, which typically have maturities of 12 months or less, approximates the fair value.

Investment income

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

Gold holdings

The IMF acquired the majority of its gold holdings from quota subscriptions and financial transactions prior to the date of the Second Amendment of the Articles of Agreement (April 1, 1978). The IMF also acquired gold through the settlement of obligations by members in 1992 and 1999 (see Note 10). The gold holdings are an important element in strengthening the IMF's overall financial position and serve as supplementary resources available to support the IMF's liquidity position. The IMF may also mobilize its gold holdings to assist in the financing of concessional balance of payments assistance to low-income member countries.

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.

Other assets

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

Tangible and intangible fixed assets with a cost in excess of a threshold amount are capitalized at cost and depreciated or amortized 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 to 5 years.

The IMF operates two defined benefit pension plans and provides post-retirement benefits to staff. The pension plans are funded by payments from 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 the 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 yields on high-quality corporate bonds that have maturities approximating the terms of the defined benefit obligation. Valuations of these obligations are carried out annually by independent actuaries.

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

Special Disbursement Account

Contributions to Administered Accounts

In connection with the implementation of the MDRI, the IMF transferred the resources of the SDA to the MDRI-I Trust, the PRGF-ESF Trust Subsidy Account, and the PRGF-HIPC Trust during the financial year ended April 30, 2006. The transfers were intended to benefit these trusts and there is no expectation of repayment, and they were recognized as contributions in the income statement for that financial year.

SAF Loans

SAF loans provided financial assistance to low-income members at an interest rate of ½ of 1 percent per annum for a period of 10 years. The last SAF loan disbursement was made in 1995. Currently there is one member with overdue repayment obligations under SAF loans. Repayments of all SAF loans are transferred to the PRGF-ESF 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.

Reserve tranche position

A member's reserve tranche in the IMF is equivalent to its quota less the IMF's holdings of its currency, excluding holdings that reflect the member's use of IMF credit. 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.

Quotas

Each member is assigned a quota expressed in SDRs 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, relative voting power, access to financing, and share in SDR allocations. Should a member withdraw from the Fund, quota subscriptions are repayable to the extent they are not needed to settle other net obligations of the member to the IMF.

The IMF conducts general reviews of all members' quotas every five years and assesses the adequacy of quotas in terms of members' needs for conditional liquidity and the IMF's

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

ability to finance those needs. A general review also allows for adjustments of members' quotas to reflect changes in their relative positions in the world economy.

In September 2006, the IMF approved ad hoc quota increases for China, Korea, Mexico, and Turkey of SDR 1,720.9 million, SDR 1,293.7 million, SDR 567.0 million, and SDR 227.3 million, respectively. Following their quota subscription payments, the new quotas for China, Korea, and Turkey became effective during the financial year ended April 30, 2007. Mexico made its quota payment on May 21, 2007. Montenegro joined the IMF in January 2007 and its initial quota was SDR 27.5 million.

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 General Reserve may be used to meet capital losses or operational deficits or for distribution. 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.

The IMF determines annually what part of its net income (if any) will be retained and placed to the General Reserve or the Special Reserve, and what part, if any, will be distributed. The net loss for the financial year ended April 30, 2007, has been charged against the Special Reserve. The investment income of the Investment Account for the financial year ended April 30, 2007, is to be transferred to the General Resources Account for meeting expenses of conducting the business of the IMF. For the financial year ended April 30, 2006, after meeting the cost of administering the PRGF-ESF Trust, net operational income generated from surcharges on purchases under the Supplemental Reserve Facility (SRF), the credit tranches, and the Extended Fund Facility (EFF) has been placed to the General Reserve. The remainder of the net loss was charged against 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 at the beginning of each financial year as the SDR interest rate plus a margin expressed in basis points determined by the Executive Board. Under the burden sharing mechanism (see Note 14), the basic rate of charge is increased (i) to offset the effect on the IMF's income of the nonpayment of charges and (ii) 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 3.7 percent of quota at April 30, 2007 (3.8 percent of quota at April 30, 2006), 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 14).

Adoption of New International Financial Reporting Standards

In December 2004, the International Accounting Standards Board (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 employee benefit plans as well as further disclosure on the net periodic cost and reconciliation of the funded status. The revised standard was adopted by the IMF in financial year 2007 and had no impact on the reported financial position and results of operations.

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In August 2005, the IASB issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the General Department's financial position or results of operations.

Provisions

Provisions are recognized when the IMF has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the amounts that are expected to be paid to settle the obligations.

Contingencies

Possible obligations of the IMF, the existence of which will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the IMF, and present obligations of the IMF where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably are not recognized in the balance sheet but are disclosed in the notes to the financial statements.

Possible assets of the IMF, the existence of which will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the IMF, are not recognized in the balance sheet and are disclosed only in the notes to the financial statements where an inflow of economic benefits is probable.

3. Risk management

In providing financial assistance to member countries and conducting its operations, the IMF is exposed to various types of operational and financial risks, including credit, interest rate, exchange rate, liquidity, and income risks. The principal risk facing the IMF is credit risk resulting from its unique role in the international monetary system. The measures in place to mitigate financial risks faced by the IMF are reviewed, beginning in financial year 2007, on an annual basis as part of the comprehensive risk assessment exercise that also covers strategic and core mission risks.

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Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

Credit risk

Credit outstanding

Credit risk refers to potential losses on the credit outstanding owing to the inability, or unwillingness, of member countries to make repurchases. 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 policies; 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 EFF. 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 purchases.

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 its reserves and the SCA-1 to cover possible overdue principal and losses in income, and to preserve the IMF's reputation as a prudent financial organization. A target level of precautionary balances is determined by

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Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

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. As of April 30, 2007, and 2006, precautionary balances amounted to SDR 7.6 billion. In addition, the burden sharing arrangement for overdue charges is another risk-mitigating mechanism unique to the IMF, whereby the financial risk from such charges is passed on to creditor and debtor members and allows for the strengthening of the IMF's overall financial position.

Investments

Credit risk on investments represents the potential loss that the IMF may incur if obligators and counterparties default on their contractual obligations. Credit risk is minimized by limiting eligible investments to financial instruments rated A or higher by a major credit rating agency.

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, by a fixed margin, to the SDR interest rate (which is equal to the rate of remuneration).

Interest rate risk on investments is mitigated by limiting the duration of the portfolio to strike a balance between returns and the volatility arising from changes in market interest rates.

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.

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Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

Exchange rate risk on investments is managed by investing in financial instruments denominated in SDRs or in constituent currencies of the SDR with the weight of each currency adjusted to reflect its weight in the SDR basket. Since the financial instruments included in the portfolio will change in value over time and generate cash flows, the weight of each currency in the portfolio will differ slightly from the weights in the SDR basket. This risk is mitigated through regular rebalancing of the portfolio.

The IMF 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 they relate 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. The last general review (the twelfth) was completed in January 2003 with no proposed quota increase. In January 2007, the IMF initiated the thirteenth general review, to be completed in January 2008. 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, and its associated agreement with Saudi Arabia for an additional SDR 1.5 billion.

The IMF also monitors its liquidity position over a shorter term, using objective criteria such as the forward commitment capacity for the next twelve-month period. (Schedule 2 provides the IMF's available resources and liquidity position.)

Liquidity risk on investments is limited by investing in readily marketable obligations of international financial organizations and short- and medium-term financial instruments.

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Income risk

The IMF has been relying principally on income from charges levied on outstanding credit to meet its operating costs. The level of IMF lending has declined significantly, and the IMF faces potential annual income shortfalls in the medium term. In May 2006, the Managing Director appointed a committee of well-known experts to study sustainable financing options for the IMF. The committee's report was publicly released at end-January 2007. The committee recommended that the IMF broaden its income sources so they are better aligned with its diverse activities. Work has commenced, based on the committee's report, on the development of a new income model aimed at broadening the IMF's income base.

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 controls, (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 Code of Ethics, enforced by the Ethics Officer, is supplemented by 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:

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Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

	April 30, 2005	Purchases	Repurchases	April 30, 2006	Purchases	Repurchases	April 30, 2007
				(In millions of SDRs)			
Credit tranches	35,458	1,967	(26,108)	11,317	2,270	(7,382)	6,205
Extended Fund Facility	9,365	189	(2,077)	7,477	2	(6,762)	717
Supplemental Reserve Facility	4,569	--	(4,569)	--	--	--	--
Systemic Transformation Facility	18	--	(18)	--	--	--	--
Enlarged access	271	--	(3)	268	--	(6)	262
Compensatory and Contingency Financing Facility	84	--	--	84	--	(5)	79
Supplementary Financing Facility	89	--	(8)	81	--	(11)	70
Total credit outstanding	49,854	2,156	(32,783)	19,227	2,272	(14,166)	7,333

Repurchases for the financial year ended April 30, 2007, include repurchase of SDR 11 million financed by grant assistance under the Multilateral Debt Relief Initiative (MDRI) (SDR 90 million for the year ended April 30, 2006). As of April 30, 2007, none of the members with outstanding GRA credit was eligible for MDRI grant assistance.

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

	2007	2006
	(In millions of SDRs)	
Early repurchases	7,086	21,968
Repurchase expectations	928	2,910
Repurchase obligations	6,152	7,905
Total repurchases	14,166	32,783

There were no extension of repurchases from the expectation to the obligation schedule during the financial year ended April 30, 2007 (for the financial year ended April 30, 2006, Argentina, Dominica, the former Yugoslav Republic of Macedonia, Turkey, and Uruguay’s requests to extend their repurchase expectations were approved for SDR 1,683 million, SDR 1 million, SDR 18 million, SDR 2,521 million and SDR 541 million, respectively).

As of April 30, 2007, and 2006, outstanding and overdue SAF loans amounted to SDR 9 million.

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

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Financial year ending April 30	General Resources Account	Special Disbursement Account
	(In millions of SDRs)	
2008	2,413	--
2009	1,923	--
2010	1,912	--
2011	496	--
2012	26	--
2013 and beyond	2	--
Overdue	561	9
Total	7,333	9

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

	2007		2006	
	(In millions of SDRs and as a percentage of total GRA credit outstanding)			
Largest user of credit	5,237	71.4%	8,898	46.3%
Three largest users of credit	6,020	82.1%	15,347	79.8%
Five largest users of credit	6,581	89.7%	16,738	87.1%

The five largest users of credit as of April 30, 2007, in descending order, were Turkey, Ukraine, the Dominican Republic, Iraq, and Sudan. Outstanding credit by member is provided in Schedule 1.

The concentration of GRA outstanding credit by region was as follows as of April 30:

	2007		2006	
	(In millions of SDRs and as a percentage of total GRA credit outstanding)			
Africa	593	8.1%	667	3.5%
Asia and Pacific	157	2.1%	5,616	29.2%
Europe	551	7.5%	1,934	10.0%
Latin America and Caribbean	351	4.8%	1,648	8.6%
Middle East and Turkey	5,681	77.5%	9,362	48.7%
Total	7,333	100%	19,227	100%

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Overdue obligations

At April 30, 2007, and 2006, three 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	
	2007	2006	2007	2006
	(In millions of SDRs)			
Total overdue	570	603	1,069	1,039
Overdue for six months or more	570	603	1,053	1,026
Overdue for three years or more	570	603	998	984

The type and duration of the overdue amounts in the General Department were as follows as of April 30, 2007:

	Repurchases and SAF loans	Charges and SAF interest	Total obligation	Longest overdue obligation
	(In millions of SDRs)			
Liberia	200	272	472	May 1985
Somalia	106	108	214	July 1987
Sudan	264	689	953	June 1985
Total	570	1,069	1,639	

5. Multilateral Debt Relief Initiative

Under the MDRI, effective January 5, 2006, debt relief is provided to qualifying Heavily Indebted Poor Countries (HIPCs) and non-HIPCs with annual per capita income of $380 or less, and to qualifying HIPCs with an annual per capita income of more than $380. Grant assistance from the MDRI Trusts (together with assistance under the HIPC Initiative) provides debt relief to cover the full stock of debt owed to the IMF as of December 31, 2004, that remains outstanding at the time the member qualifies for such relief.

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Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

During the financial year ended April 30, 2007, debt relief amounting to SDR 189 million under the MDRI was granted to 4 members (SDR 2,503 million to 20 members for the financial year ended April 30, 2006), allowing for early repayment of outstanding credit in the GRA of SDR 11 million and PRGF-ESF Trust loans of SDR 178 million (SDR 90 million and SDR 2,413 million for the financial year ended April 30, 2006, respectively). MDRI grant assistance provided from resources held in the MDRI-I Trust amounted to SDR 92 million and SDR 1,120 million for the financial years ended April 30, 2007, and 2006, respectively.

All HIPC member countries are entitled to receive MDRI assistance upon reaching the completion point under the HIPC Initiative. Since the stock of debt owed to the IMF as of December 31, 2004, decreases over time, the actual debt eligible for MDRI assistance for the remaining qualifying HIPCs depends on the timing of their completion points. The IMF periodically reviews the qualification of members for MDRI debt relief as these members make progress toward reaching the completion point under the HIPC Initiative.

MDRI grant assistance to the remaining eligible members is subject to the availability of resources and is accrued when it is probable that a liability has been incurred and the amount of such grant assistance can be reasonably estimated. The liability recorded in the MDRI-I Trust amounted to SDR 299 million and SDR 380 million as of April 30, 2007, and 2006, respectively, and is based on the evaluation of currently available facts with respect to each individual eligible member. It includes factors such as progress made toward reaching the completion point under the HIPC Initiative and the capacity to meet the macroeconomic performance and other objective criteria after reaching the completion point. As the qualification of members for MDRI debt relief is assessed, the amounts recorded are reviewed periodically and adjusted to reflect additional information that becomes available.

The reconciliation of accrued MDRI grant assistance for the financial year ended April 30, 2007, and from inception to April 30, 2006, is as follows:

	Financial year 2007	Inception to April 30, 2006
	(In millions of SDRs)	
Beginning of year/period	380	--
Additions	11	381
Amounts utilized	(92)	--
Reversals	--	(1)
End of year/period	299	380

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6. Currencies

Net changes in the IMF's holdings of members' currencies for the financial years ended April 30, 2007, and 2006 were as follows:

	April 30, 2005	Net change	April 30, 2006	Net change	April 30, 2007
			(In millions of SDRs)		
Members' quotas	213,478	--	213,478	3,270	216,748
Members' outstanding use of IMF credit in the GRA	49,854	(30,627)	19,227	(11,894)	7,333
Members' reserve tranche positions in the GRA	(49,849)	28,023	(21,826)	6,830	(14,996)
Administrative currency balances	3	(3)	--	5	5
Total currencies	213,486	(2,607)	210,879	(1,789)	209,090

Receivables and payables arising from valuation adjustments at April 30, 2007, when all holdings of currencies of members were last revalued, amounted to SDR 6,654 million and SDR 4,667 million, respectively (SDR 4,103 million and SDR 7,074 million, respectively, at April 30, 2006). Settlements of these receivables or payables are required to be made by members promptly after the end of each financial year.

7. Investments

Investments are held in the Investment Account (SDR 6,235 million at April 30, 2007) and the MDRI-I Trust (SDR 301 million and SDR 384 million, at April 30, 2007, and 2006, respectively) and are managed by external investment managers. These investments comprise fixed-term deposits; short-term investments and fixed-income investments, which include domestic government bonds of the euro area, Japan, the United Kingdom and the United States; and medium-term instruments issued by the Bank for International Settlements.

At April 30, investments consisted of the following:

	2007	2006
	(In millions of SDRs)	
Short-term investments	251	26
Fixed-term deposits	287	358
Fixed-income securities	5,998	--
Total investments	6,536	384

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At April 30, the maturities of the investments were as follows:

	2007	2006
	(In millions of SDRs)	
Less than 1 year	745	384
1–3 years	5,479	--
3–5 years	248	--
Over 5 years	64	--
Total	6,536	384

Investment income

Investment income comprised the following for the financial years ended April 30:

	2007	2006
	(In millions of SDRs)	
Interest income	193	49
Realized gains	5	--
Realized losses	(5)	--
Unrealized gains	7	--
Unrealized losses	(7)	--
Total	193	49

8. Interest and charges

As of April 30, 2007, the total holdings on which the IMF levies charges amounted to SDR 7,333 million (SDR 19,227 million as of April 30, 2006). For the financial years ended April 30, 2007, and 2006, the basic rate of charge was set at a fixed margin of 108 basis points above the SDR interest rate. The average adjusted rate of charge before applicable surcharges for the financial year ended April 30, 2007, was 5.28 percent (4.18 percent for the financial year ended April 30, 2006).

Interest and charges receivables as of April 30 were as follows:

	2007	2006
	(In millions of SDRs)	
Periodic charges	1,190	1,308
Amount paid through burden sharing	(889)	(859)
Unpaid charges	(186)	(186)
	115	263
Interest receivable	27	32
Total interest and charges receivables	142	295

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

	2007	2006
	(In millions of SDRs)	
Interest and periodic charges	672	1,667
Burden sharing adjustments, net of refunds	15	5
Total interest and charges	687	1,672

Interest earned on SAF loans for the financial years ended April 30, 2007, and 2006 amounted to SDR 0.04 million and SDR 0.1 million, respectively.

Service charges and commitment fees on cancelled or expired arrangements amounted to SDR 16 million (SDR 23 million for the year ended April 30, 2006), and are included in other charges and income.

9. Other assets—fixed assets

Other assets include fixed assets, which at April 30, 2007, and 2006 amounted to SDR 302 million and SDR 313 million, respectively, and consisted of land, buildings, and equipment, furniture and software.

	Land	Buildings	Other	Total
	(In millions of SDRs)			
Cost				
Beginning of the year	96	295	78	469
Additions	--	--	11	11
Disposals	--	--	(4)	(4)
End of the year	96	295	85	476
Accumulated depreciation and amortization				
Beginning of the year	--	122	34	156
Additions	--	10	12	22
Disposals	--	--	(4)	(4)
End of the year	--	132	42	174
Net book value as at April 30, 2007	96	163	43	302
Net book value as at April 30, 2006	96	173	44	313

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10. Gold holdings

At April 30, 2007, and 2006, 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, 2007, and 2006.

		Cost	
	Ounces	Per ounce	Total
	(In millions)	*(In SDRs)*	*(In millions of SDRs)*
Gold acquired from quota subscriptions	90.474	35	3,167
Gold acquired from Cambodia in 1992	.021	241	5
Gold acquired through off-market transactions in 1999	12.944	207	2,680
Total	103.439		5,852

As of April 30, 2007, the market value of the IMF's holdings of gold was SDR 45.9 billion (SDR 45.3 billion at April 30, 2006).

11. Special Disbursement Account

Contributions to Administered Accounts

Assets in the SDA can be used for special purposes authorized in the Articles of Agreement, including providing financial assistance on special terms to low-income member countries.

Proceeds from the repayment of SAF loans and Trust Fund loans and excess resources from the Supplementary Financing Facility Subsidy Account are transferred from the SDA to the PRGF-ESF Trust as contributions. These contributions amounted to SDR 0.2 million and SDR 37 million during financial years ended April 30, 2007, and 2006, respectively. The accumulated investment earnings in the SDA are available for financing the PRGF-HIPC Trust on an as-needed basis. No contributions were made from the SDA to the PRGF-HIPC Trust during the financial year ended April 30, 2007 (contributions amounted to SDR 63 million during the financial year ended April 30, 2006).

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Following the implementation of the MDRI, effective January 5, 2006, the resources held in the SDA were contributed to other accounts during financial year 2006 as follows:

	(In millions of SDRs)
PRGF-HIPC Trust Account	530
MDRI-I Trust	1,500
PRGF-ESF Trust Subsidy Account	470
Total	2,500

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. Since that date, the activities of the Trust Fund have been confined 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 118 million at April 30, 2007, and 2006. All interest is deferred. Cash receipts on these loans are to be transferred to the SDA from where they are transferred to the Reserve Account of the PRGF-ESF Trust.

12. Borrowings

Under the General Arrangements to Borrow (GAB) and an associated agreement with Saudi Arabia, 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, 2007, and 2006 under the GAB or the NAB.

13. 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, 2007, the undrawn balances under the 7 arrangements that were in effect in the GRA amounted to SDR 3,911 million (SDR 7,539 million under 11 arrangements at April 30, 2006; see Schedule 3).

14. 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 889 million at April 30, 2007 (SDR 859 million at April 30, 2006). 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 1,089 million and SDR 1,080 million at April 30, 2007, and 2006, respectively.

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, 2007, and 2006, the additions to the SCA-1 amounted to SDR 30 million and SDR 94 million, respectively.

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Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

15. Remuneration

At April 30, 2007, total creditor positions on which the IMF paid remuneration amounted to SDR 8,167 million (SDR 15,051 million at April 30, 2006). The average adjusted rate of remuneration for the financial year ended April 30, 2007, was 3.74 percent (2.68 percent for the financial year ended April 30, 2006). Remuneration consisted of the following for the years ended April 30:

	2007	2006
	(In millions of SDRs)	
Remuneration	499	833
Burden sharing adjustments, net of refunds	(15)	(5)
	484	828

16. Administrative expenses

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

	2007	2006
	(In millions of SDRs)	
Personnel	362	355
Pension and other long-term employee benefits	81	153
Travel	68	67
Other	98	118
Total administrative expenses, net of reimbursements	609	693

17. 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 gross remuneration and the IMF contributes the remainder of the cost of funding the plans and pays the 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.

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

The defined benefit obligations are valued annually by independent actuaries. The latest actuarial valuations were carried out as at April 30, 2007, using the Projected Unit Credit Method.

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

	2007				2006
	SRP	SRBP	Other	Total	Total
	(In millions of SDRs)				
Fair value of plan assets	4,402	14	512	4,928	4,468
Present value of the defined benefit obligation	(3,176)	(328)	(697)	(4,201)	(3,834)
Unrecognized actuarial (gains)/losses	(410)	57	(54)	(407)	(341)
Unrecognized prior service cost	--	--	6	6	7
Net balance sheets asset/(liability)	816	(257)	(233)	326	300

The IMF expects to contribute SDR 114 million to its defined benefit pension plans during the financial year ended April 30, 2008.

The reconciliation of the defined benefit obligation is as follows:

	2007				2006
	SRP	SRBP	Other	Total	Total
	(In millions of SDRs)				
Defined benefit obligation at beginning of year	2,983	279	572	3,834	3,720
Current service cost	97	29	39	165	179
Interest cost	190	19	37	246	218
Staff contributions	27	1	--	28	29
Benefits paid	(89)	(8)	(36)	(133)	(126)
Actuarial loss/(gain)	81	20	106	207	(312)
Exchange differences	(113)	(12)	(21)	(146)	126
Defined benefit obligation at end of year	3,176	328	697	4,201	3,834

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

The amounts recognized in the income statements are as follows:

	2007				2006
	SRP	SRBP	Other	Total	Total
	(In millions of SDRs)				
Current service cost	97	29	39	165	179
Interest cost	190	19	37	246	218
Expected returns on assets	(300)	(1)	(34)	(335)	(263)
Amortization of actuarial loss/(gain)	--	2	2	4	17
Prior service cost	--	--	1	1	2
Total (income)/expense recognized in income statements	(13)	49	45	81	153
Actual return on assets				622	855

The pension and other post-retirement benefits expenses 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 larger of 10 percent of either the defined benefit obligation or the fair value of assets at the beginning of the financial year.

The reconciliation of fair value of assets is as follows:

	2007				2006
	SRP	SRBP	Other	Total	Total
	(In millions of SDRs)				
Fair value of assets at beginning of year	4,003	7	458	4,468	3,504
Expected return on assets	300	1	34	335	263
Gain on assets	256	--	31	287	592
Employer contributions	53	13	41	107	100
Staff contributions	27	1	--	28	29
Benefits paid	(89)	(8)	(36)	(133)	(126)
Exchange differences	(148)	--	(16)	(164)	106
Actual fair value of assets at end of year	4,402	14	512	4,928	4,468

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

The funded status and the experience adjustments for the current and previous four financial years are as follows:

	2007	2006	2005	2004	2003
	(in millions of SDRs)				
Defined benefit obligation	(4,201)	(3,834)	(3,720)	(3,570)	(2,454)
Plan assets	4,928	4,468	3,504	3,265	2,747
Surplus/(deficit) in the Plans	727	634	(216)	(305)	293
Experience adjustments on:					
Plan liabilities	(195)	312	(45)	(1,103)	495
Plan assets	287	593	136	442	(367)
Exchange rates	(19)	(17)	25	3	(257)

The major categories of plan assets as a percentage of the total value of plan assets are as follows:

	2007	2006
	(In percent)	
Fixed income	17.8	14.9
Equity	62.7	66.4
Real estate	2.4	2.6
Private equity and other	17.1	16.1
	100.0	100.0

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

	2007	2006
	(In percent)	
Discount rate	5.9	6.25
Expected return on plan assets	7.5	7.5
Future salary increases	6.4–10.8	6.4–10.8
Health-care trend rate	4.0–9.0	4.0–8.0

The expected return on plan assets is set by reference to historical returns on each of the main asset classes, current market indicators such as long-term bond yields, and the expected long-term strategic asset allocation of each plan.

General Department

Notes to the consolidated financial statements for the years ended April 30, 2007, and 2006

The effects of the assumed health-care costs growth rates on the defined benefits plans are as follows:

	Increase of 1 percentage point	Decrease of 1 percentage point
	(In millions of SDRs)	
Effect on the aggregate of the service cost and interest cost	11	(8)
Effect on defined benefit obligation	110	(86)

18. 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 year ended April 30, 2007, 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 1,612 million (SDR 5,867 million for the financial year ended April 30, 2006) and SDR 2,655 million (SDR 2,801 million for the financial year ended April 30, 2006). As of April 30, 2007, and 2006, the GRA's SDR holdings amounted to SDR 2,598 million and SDR 3,641 million, respectively.

The administrative expenses of operating the SDR Department, the PRGF-ESF Trust, the PRGF-HIPC Trust, and the MDRI-I and MDRI-II Trusts are paid by the GRA. The SDR Department will reimburse the GRA SDR 1.0 million for the financial year ended April 30, 2007 (SDR 1.2 million for the financial year ended April 30, 2006). The MDRI-I Trust will reimburse the GRA SDR 2.3 million for the financial year ended April 30, 2007. The reimbursement for the financial year ended April 30, 2006, amounted to SDR 4.1 million. The IMF decided to forgo the reimbursements by the PRGF-ESF Trust to the GRA, amounting to SDR 48.0 million and SDR 50.9 million for the financial years ended April 30, 2007, and 2006, respectively. The PRGF-HIPC Trust and the MDRI-II Trust did not reimburse the GRA for the financial years ended April 30, 2007, and 2006.

Schedule 1

General Department

Quotas, IMF's holdings of currencies, reserve tranche positions, and outstanding credit and loans as at April 30, 2007

(In thousands of SDRs)

	General Resources Account				Outstanding credit and loans				
		IMF's holdings of currencies 1/		Reserve	GRA			PRGF-ESF	
Member	Quota	Total	Percent of quota	tranche position	Amount (A)	Percent 2/ +	SDA 3/ (B) +	Trust 4/ (C) =	Total 5/ (D)
Afghanistan, Islamic State of	161,900	161,916	100.0	--	--	--	--	24,500	24,500
Albania	48,700	49,003	100.6	3,355	3,653	0.05	--	57,599	61,252
Algeria	1,254,700	1,169,619	93.2	85,082	--	--	--	--	--
Angola	286,300	286,445	100.1	--	--	--	--	--	--
Antigua and Barbuda	13,500	13,499	100.0	6	--	--	--	--	--
Argentina	2,117,100	2,116,919	100.0	195	--	--	--	--	--
Armenia	92,000	92,005	100.0	--	--	--	--	105,015	105,015
Australia	3,236,400	2,999,258	92.7	237,514	--	--	--	--	--
Austria	1,872,300	1,733,680	92.6	138,623	--	--	--	--	--
Azerbaijan	160,900	170,702	106.1	10	9,802	0.13	--	68,528	78,330
Bahamas, The	130,300	124,041	95.2	6,260	--	--	--	--	--
Bahrain	135,000	63,843	47.3	71,203	--	--	--	--	--
Bangladesh	533,300	533,062	100.0	250	--	--	--	316,730	316,730
Barbados	67,500	62,013	91.9	5,517	--	--	--	--	--
Belarus	386,400	386,400	100.0	20	--	--	--	--	--
Belgium	4,605,200	4,266,518	92.6	338,728	--	--	--	--	--
Belize	18,800	14,562	77.5	4,239	--	--	--	--	--
Benin	61,900	59,720	96.5	2,188	--	--	--	1,760	1,760
Bhutan	6,300	5,280	83.8	1,021	--	--	--	--	--
Bolivia	171,500	172,298	100.5	8,875	9,660	0.13	--	--	9,660
Bosnia and Herzegovina	169,100	178,105	105.3	0 6/	9,000	0.12	--	--	9,000
Botswana	63,000	57,671	91.5	5,346	--	--	--	--	--
Brazil	3,036,100	3,036,452	100.0	--	--	--	--	--	--
Brunei Darussalam	215,200	199,008	92.5	16,395	--	--	--	--	--
Bulgaria	640,200	607,017	94.8	33,186	--	--	--	--	--
Burkina Faso	60,200	52,833	87.8	7,372	--	--	--	23,720	23,720
Burundi	77,000	76,641	99.5	360	--	--	--	62,150	62,150
Cambodia	87,500	87,500	100.0	--	--	--	--	--	--
Cameroon	185,700	184,978	99.6	726	--	--	--	7,950	7,950
Canada	6,369,200	5,900,816	92.6	468,390	--	--	--	--	--
Cape Verde	9,600	9,593	99.9	16	--	--	--	8,640	8,640
Central African Republic	55,700	55,547	99.7	159	--	--	--	30,592	30,592
Chad	56,000	55,719	99.5	282	--	--	--	42,828	42,828
Chile	856,100	790,081	92.3	66,020	--	--	--	--	--
China	8,090,100	7,495,063	92.6	595,084	--	--	--	--	--
Colombia	774,000	488,202	63.1	285,803	--	--	--	--	--
Comoros	8,900	8,358	93.9	544	--	--	--	--	--
Congo, Democratic Republic of the	533,000	533,000	100.0	--	--	--	--	553,467	553,467
Congo, Republic of	84,600	84,052	99.4	556	--	--	--	23,580	23,580
Costa Rica	164,100	144,113	87.8	20,000	--	--	--	--	--

Schedule 1 (*continued*)

General Department

Quotas, IMF's holdings of currencies, reserve tranche positions, and outstanding credit and loans as at April 30, 2007

(In thousands of SDRs)

	General Resources Account				Outstanding credit and loans				
		IMF's holdings of currencies 1/		Reserve	GRA			PRGF-ESF	
Member	Quota	Total	Percent of quota	tranche position	Amount (A)	Percent 2/ +	SDA 3/ (B) +	Trust 4/ (C) =	Total 5/ (D)
Côte d'Ivoire	325,200	324,518	99.8	692	--	--	--	91,412	91,412
Croatia	365,100	364,943	100.0	159	--	--	--	--	--
Cyprus	139,600	129,225	92.6	10,416	--	--	--	--	--
Czech Republic	819,300	756,685	92.4	62,620	--	--	--	--	--
Denmark	1,642,800	1,518,252	92.4	124,559	--	--	--	--	--
Djibouti	15,900	14,800	93.1	1,100	--	--	--	11,449	11,449
Dominica	8,200	9,242	112.7	9	1,051	0.01	--	7,688	8,739
Dominican Republic	218,900	546,383	249.6	3	327,484	4.47	--	--	327,484
Ecuador	302,300	285,149	94.3	17,153	--	--	--	--	--
Egypt	943,700	943,724	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	65,200	65,194	100.0	7	--	--	--	--	--
Ethiopia	133,700	126,390	94.5	7,334	--	--	--	--	--
Fiji	70,300	54,768	77.9	15,568	--	--	--	--	--
Finland	1,263,800	1,167,130	92.4	96,719	--	--	--	--	--
France	10,738,500	9,948,230	92.6	790,350	--	--	--	--	--
Gabon	154,300	186,692	121.0	245	32,627	0.44	--	--	32,627
Gambia, The	31,100	29,618	95.2	1,485	--	--	--	13,134	13,134
Georgia	150,300	150,300	100.0	10	--	--	--	157,650	157,650
Germany	13,008,200	12,053,331	92.7	954,888	--	--	--	--	--
Ghana	369,000	369,004	100.0	0 6/	--	--	--	105,450	105,450
Greece	823,000	762,738	92.7	60,293	--	--	--	--	--
Grenada	11,700	15,725	134.4	--	4,024	0.05	--	1,560	5,584
Guatemala	210,200	210,206	100.0	--	--	--	--	--	--
Guinea	107,100	107,026	99.9	75	--	--	--	43,697	43,697
Guinea-Bissau	14,200	14,200	100.0	-- 6/	--	--	--	4,773	4,773
Guyana	90,900	90,902	100.0	--	--	--	--	37,060	37,060
Haiti	81,900	81,833	99.9	68	--	--	--	28,100	28,100
Honduras	129,500	120,874	93.3	8,627	--	--	--	20,342	20,342
Hungary	1,038,400	962,311	92.7	76,090	--	--	--	--	--
Iceland	117,600	99,012	84.2	18,589	--	--	--	--	--
India	4,158,200	3,852,447	92.6	305,795	--	--	--	--	--
Indonesia	2,079,300	1,933,804	93.0	145,499	--	--	--	--	--
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	4.05	--	--	297,100
Ireland	838,400	776,815	92.7	61,596	--	--	--	--	--
Israel	928,200	857,384	92.4	70,824	--	--	--	--	--
Italy	7,055,500	6,520,701	92.4	534,838	--	--	--	--	--

Schedule 1 (*continued*)

General Department

Quotas, IMF’s holdings of currencies, reserve tranche positions, and outstanding credit and loans as at April 30, 2007

(In thousands of SDRs)

	General Resources Account				Outstanding credit and loans				
		IMF's holdings of currencies 1/			GRA			PRGF- ESF	
Member	Quota	Total	Percent of quota	Reserve tranche position	Amount (A)	Percent 2/ +	SDA 3/ (B) +	Trust 4/ (C) =	Total 5/ (D)
Jamaica	273,500	273,550	100.0	--	--	--	--	--	--
Japan	13,312,800	12,334,848	92.7	978,912	--	--	--	--	--
Jordan	170,500	252,089	147.9	230	81,799	1.12	--	--	81,799
Kazakhstan	365,700	365,700	100.0	5	--	--	--	--	--
Kenya	271,400	258,626	95.3	12,776	--	--	--	136,020	136,020
Kiribati	5,600	5,601	100.0	4	--	--	--	--	--
Korea	2,927,300	2,700,904	92.3	226,439	--	--	--	--	--
Kuwait	1,381,100	1,279,203	92.6	101,915	--	--	--	--	--
Kyrgyz Republic	88,800	88,800	100.0	5	--	--	--	102,312	102,312
Lao People's Democratic Republic	52,900	52,900	100.0	--	--	--	--	17,214	17,214
Latvia	126,800	126,762	100.0	55	--	--	--	--	--
Lebanon	203,000	234,918	115.7	18,833	50,750	0.69	--	--	50,750
Lesotho	34,900	31,315	89.7	3,620	--	--	--	23,450	23,450
Liberia	71,300	271,411	380.7	31	200,130	2.73	--	--	223,020
Libya	1,123,700	728,202	64.8	395,505	--	--	--	--	--
Lithuania	144,200	144,179	100.0	34	--	--	--	--	--
Luxembourg	279,100	257,615	92.3	21,526	--	--	--	--	--
Macedonia, former Yugoslav Republic of	68,900	95,072	138.0	-- 6/	26,170	0.36	--	5,925	32,095
Madagascar	122,200	122,174	100.0	27	--	--	--	27,060	27,060
Malawi	69,400	67,112	96.7	2,315	--	--	--	19,616	19,616
Malaysia	1,486,600	1,373,004	92.4	113,600	--	--	--	--	--
Maldives	8,200	10,746	131.1	1,554	4,100	0.06	--	--	4,100
Mali	93,300	83,897	89.9	9,409	--	--	--	6,659	6,659
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	--	--	--	--	6,450	6,450
Mauritius	101,600	93,644	92.2	7,956	--	--	--	--	--
Mexico	2,585,800	2,390,860	92.5	194,987	--	--	--	--	--
Micronesia, Federated States of	5,100	5,100	100.0	1	--	--	--	--	--
Moldova	123,200	143,200	116.2	5	20,000	0.27	--	67,434	87,434
Mongolia	51,100	50,967	99.7	136	--	--	--	18,889	18,889
Montenegro	27,500	20,900	76.0	6,601	--	--	--	--	--
Morocco	588,200	517,755	88.0	70,447	--	--	--	--	--
Mozambique	113,600	113,600	100.0	7	--	--	--	8,100	8,100
Myanmar	258,400	258,402	100.0	--	--	--	--	--	--
Namibia	136,500	136,434	100.0	76	--	--	--	--	--
Nepal	71,300	71,311	100.0	--	--	--	--	28,520	28,520
Netherlands	5,162,400	4,768,241	92.4	394,169	--	--	--	--	--
New Zealand	894,600	826,373	92.4	68,240	--	--	--	--	--
Nicaragua	130,000	130,010	100.0	--	--	--	--	41,780	41,780

Schedule 1 (*continued*)

General Department

Quotas, IMF's holdings of currencies, reserve tranche positions, and outstanding credit and loans as at April 30, 2007

(In thousands of SDRs)

	General Resources Account				Outstanding credit and loans				
		IMF's holdings of currencies 1/			GRA			PRGF-ESF	
Member	Quota	Total	Percent of quota	Reserve tranche position	Amount (A)	Percent 2/ +	SDA 3/ (B) +	Trust 4/ (C) =	Total 5/ (D)
Niger	65,800	57,193	86.9	8,611	--	--	--	23,500	23,500
Nigeria	1,753,200	1,753,114	100.0	143	--	--	--	--	--
Norway	1,671,700	1,546,064	92.5	125,650	--	--	--	--	--
Oman	194,000	179,767	92.7	14,275	--	--	--	--	--
Pakistan	1,033,700	1,062,019	102.7	119	28,437	0.39	--	922,076	950,513
Palau	3,100	3,100	100.0	1	--	--	--	--	--
Panama	206,600	203,918	98.7	11,860	9,167	0.12	--	--	9,167
Papua New Guinea	131,600	131,163	99.7	438	--	--	--	--	--
Paraguay	99,900	78,428	78.5	21,475	--	--	--	--	--
Peru	638,400	638,433	100.0	--	--	--	--	--	--
Philippines	879,900	792,368	90.1	87,545	--	--	--	--	--
Poland	1,369,000	1,264,691	92.4	104,324	--	--	--	--	--
Portugal	867,400	804,097	92.7	63,323	--	--	--	--	--
Qatar	263,800	243,962	92.5	19,839	--	--	--	--	--
Romania	1,030,200	1,057,761	102.7	--	27,556	0.38	--	--	27,556
Russian Federation	5,945,400	5,756,978	96.8	188,431	--	--	--	--	--
Rwanda	80,100	80,113	100.0	--	--	--	--	3,993	3,993
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	17,000	12,900	75.9	4,101	--	--	--	--	--
São Tomé and Príncipe	7,400	7,403	100.0	-- 6/	--	--	--	2,069	2,069
Saudi Arabia	6,985,500	6,453,985	92.4	531,519	--	--	--	--	--
Senegal	161,800	160,194	99.0	1,615	--	--	--	17,330	17,330
Serbia	467,700	467,714	100.0	--	--	--	--	--	--
Seychelles	8,800	8,798	100.0	3	--	--	--	--	--
Sierra Leone	103,700	103,685	100.0	24	--	--	--	23,113	23,113
Singapore	862,500	796,641	92.4	65,884	--	--	--	--	--
Slovak Republic	357,500	357,505	100.0	--	--	--	--	--	--
Slovenia	231,700	213,959	92.3	17,765	--	--	--	--	--
Solomon Islands	10,400	9,852	94.7	550	--	--	--	--	--
Somalia	44,200	140,907	318.8	--	96,701	1.32	8,840	--	112,004
South Africa	1,868,500	1,867,443	99.9	1,155	--	--	--	--	--
Spain	3,048,900	2,824,822	92.7	224,108	--	0.01	--	--	--
Sri Lanka	413,400	489,583	118.4	47,855	124,020	1.69	--	38,390	162,410
Sudan	169,700	433,717	255.6	11	263,997	3.60	--	--	323,225
Suriname	92,100	85,976	93.4	6,125	--	--	--	--	--
Swaziland	50,700	44,147	87.1	6,562	--	--	--	--	--
Sweden	2,395,500	2,218,983	92.6	176,519	--	--	--	--	--

Schedule 1 (*concluded*)

General Department

Quotas, IMF's holdings of currencies, reserve tranche positions, and outstanding credit and loans as at April 30, 2007

(In thousands of SDRs)

	General Resources Account				Outstanding credit and loans				
		IMF's holdings of currencies 1/			GRA			PRGF- ESF	
Member	Quota	Total	Percent of quota	Reserve tranche position	Amount (A)	Percent 2/ +	SDA 3/ (B) +	Trust 4/ (C) =	Total 5/ (D)
Switzerland	3,458,500	3,193,823	92.3	264,658	--	--	--	--	--
Syrian Arab Republic	293,600	293,603	100.0	5	--	--	--	--	--
Tajikistan	87,000	87,000	100.0	2	--	--	--	29,400	29,400
Tanzania	198,900	188,903	95.0	9,999	--	--	--	11,200	11,200
Thailand	1,081,900	1,000,540	92.5	81,367	--	--	--	--	--
Timor-Leste	8,200	8,200	100.0	1	--	--	--	--	--
Togo	73,400	73,069	99.5	332	--	--	--	3,258	3,258
Tonga	6,900	5,189	75.2	1,712	--	--	--	--	--
Trinidad and Tobago	335,600	311,336	92.8	24,270	--	--	--	--	--
Tunisia	286,500	266,274	92.9	20,249	--	--	--	--	--
Turkey	1,191,300	6,315,475	530.1	112,775	5,236,947	71.41	--	--	5,236,947
Turkmenistan	75,200	75,200	100.0	5	--	--	--	--	--
Uganda	180,500	180,506	100.0	-- 6/	--	--	--	6,000	6,000
Ukraine	1,372,000	1,827,293	133.2	3	455,293	6.21	--	--	455,293
United Arab Emirates	611,700	566,767	92.7	45,534	--	--	--	--	--
United Kingdom	10,738,500	9,956,996	92.7	781,545	--	--	--	--	--
United States	37,149,300	34,161,264	92.0	2,987,484	--	--	--	--	--
Uruguay	306,500	306,507	100.0	--	--	--	--	--	--
Uzbekistan	275,600	275,600	100.0	5	--	--	--	--	--
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	--	--	--	115,920	115,920
Yemen, Republic of	243,500	257,654	105.8	13	14,167	0.19	--	127,275	141,442
Zambia	489,100	489,101	100.0	18	--	--	--	27,512	27,512
Zimbabwe	353,400	353,075	99.9	328	--	--	--	74,951	74,951
Total	216,747,800	209,089,980		14,995,543	7,333,633	100.00	8,840	3,784,788	11,215,842

1/ Includes nonnegotiable, non-interest-bearing notes that members are entitled to issue in substitution for currencies, and outstanding currency valuation adjustments.
2/ Represents the percentage of total use of GRA resources (column A).
3/ The Special Disbursement Account (SDA) of the General Department had financed loans under Structural Adjustment Facility (SAF) and Poverty Reduction and Growth Facility (PRGF) arrangements.
4/ For information purposes only. The PRGF- ESF Trust provides financing under PRGF arrangements and is not a part of the General Department.
5/ Includes outstanding Trust Fund loans to Liberia (SDR 22.9 million), Somalia (SDR 6.5 million), and Sudan (SDR 59.2 million).
6/ Less than SDR 500.

Schedule 2

General Department

Financial resources and liquidity position in the General Resources Account as at April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Total resources		
Currencies	209,089,980	210,879,381
SDR holdings	2,597,564	3,640,792
Gold holdings	5,851,771	5,851,771
Other assets [1]	6,798,577	744,968
Total resources	224,337,892	221,116,912
Less: Non-usable resources [2]	60,750,415	66,343,632
of which: Credit outstanding	7,333,633	19,227,219
Equals: Usable resources [3]	163,587,477	154,773,280
Less: Undrawn balances under GRA arrangements	3,910,787	7,539,069
Equals: Uncommitted usable resources	159,676,690	147,234,211
Plus: Repurchases one year forward [4]	1,203,967	7,005,607
Less: Prudential balance [5]	34,765,360	34,162,440
Equals: One-year forward commitment capacity (FCC)	126,115,297	120,077,378
Memorandum item		
Resources available under borrowing arrangements	34,000,000	34,000,000
Quotas of members that finance IMF transactions	173,826,800	170,812,200
Liquid liabilities	14,995,543	21,826,022

[1] 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.

[2] Resources are regarded as non-usable if they cannot be used in the financing of the IMF's ongoing operations and transactions. These resources include (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.

[3] 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.

[4] 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.

[5] 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.

Schedule 3

General Department

Status of arrangements in the General Resources Account as at April 30, 2007

(In thousands of SDRs)

Member	Date of arrangement	Expiration	Total amount agreed	Undrawn balance
Stand-By Arrangements				
Dominican Republic	January 31, 2005	January 30, 2008	437,800	154,096
Iraq	December 23, 2005	September 28, 2007	475,360	475,360
Macedonia, former Yugoslav Republic of	August 31, 2005	August 30, 2008	51,675	41,175
Paraguay	May 31, 2006	August 31, 2008	65,000	65,000
Peru	January 26, 2007	February 28, 2009	172,368	172,368
Turkey	May 11, 2005	May 10, 2008	6,662,040	2,997,918
Total Stand-By Arrangements			7,864,243	3,905,917
Extended Arrangements				
Albania	February 1, 2006	January 31, 2009	8,523	4,870
Total Extended Arrangements			8,523	4,870
Total General Resources Account			7,872,766	3,910,787

II. Financial Statements of the SDR Department

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying balance sheets of the SDR Department of the International Monetary Fund (the "Department") as of April 30, 2007 and 2006, and related statements of income, and cash flows for the years then ended. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the SDR Department of the International Monetary Fund at April 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed on pages 59 to 65 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Department's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte + Touche LLP

June 25, 2007

SDR Department

Balance sheets as at April 30, 2007, and 2006

(*In thousands of SDRs*)

	2007	2006		2007	2006
Assets			**Liabilities**		
Net charges receivable	80,716	70,217	Net interest payable	80,816	70,419
Overdue assessments and charges (Note 3)	40,538	37,875			
Participants with holdings below allocations (Note 2)			Participants with holdings above allocations (Note 2)		
Allocations	11,033,877	12,477,679	SDR holdings	15,109,390	13,280,520
Less : SDR holdings	3,320,699	4,253,303	*Less:* allocations	10,399,453	8,955,651
Allocations in excess of holdings	7,713,178	8,224,376	Holdings in excess of allocations	4,709,937	4,324,869
			Holdings by the General Resources Account	2,597,564	3,640,792
			Holdings of SDRs by prescribed holders	446,115	296,388
Total assets	7,834,432	8,332,468	Total liabilities	7,834,432	8,332,468

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, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Revenue		
Net charges from participants with holdings below allocations	320,180	245,826
Assessment on SDR allocations	1,035	1,200
	321,215	247,026
Expenses		
Interest on SDR holdings		
Net interest to participants with holdings above allocations	180,493	179,686
General Resources Account	124,444	58,340
Prescribed holders	15,243	7,800
	320,180	245,826
Administrative expenses	1,035	1,200
	321,215	247,026
Net income	--	--

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

SDR Department

Statements of cash flows
for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Cash flows from operating activities		
Receipts of SDRs		
Transfers among participants and prescribed holders	2,773,068	4,142,521
Transfers from participants to the General Resources Account	1,482,993	5,835,916
Transfers from the General Resources Account to participants	2,655,279	2,800,779
Interest received by:		
Participants	167,681	187,060
General Resources Account	128,953	31,345
Prescribed holders	13,047	7,094
Total receipts of SDRs	7,221,021	13,004,715
Uses of SDRs		
Transfers among participants and prescribed holders	2,773,068	4,142,521
Transfers from participants to the General Resources Account	1,482,993	5,835,916
Transfers from the General Resources Account to participants	2,655,279	2,800,779
Charges paid by participants	306,915	223,593
Other	2,766	1,906
Total uses of SDRs	7,221,021	13,004,715

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

SDR Department

Notes to the financial statements for the years ended April 30, 2007, and 2006

1. Nature of operations

The International Monetary Fund (IMF) conducts its operations and transactions through the General Department and the Special Drawing Rights Department (the SDR Department). 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 liabilities, 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, 2007, 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 after three-fifths of the members having 85 percent of the total voting power have accepted it. As of April 30, 2007, 131 members representing 77.64 percent of the total voting power have accepted the proposed amendment. Upon termination of participation in, 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, 2007, and 2006, 15 institutions were prescribed as holders. 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.

SDR Department

Notes to the financial statements for the years ended April 30, 2007, and 2006

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. By designating participants to provide freely usable currency in exchange for SDRs, the IMF ensures 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 of Agreement 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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

SDR Department

Notes to the financial statements for the years ended April 30, 2007, and 2006

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the SDR Department is the SDR. 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 November 2005 and the new composition of the SDR valuation basket became effective on January 1, 2006.

The currencies in the basket as of April 30, 2007, and 2006, and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (one SDR was equal to 1.47106 U.S. dollars as of April 30, 2006).

Allocations and holdings

At April 30, 2007, and 2006, 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, 2007, and 2006 were as follows:

SDR Department

Notes to the financial statements for the years ended April 30, 2007, and 2006

	2007			2006		
	Total	Below allocations	Above allocations	Total	Below allocations	Above allocations
	(In millions of SDRs)					
Cumulative allocations	21,433.3	11,033.9	10,399.4	21,433.3	12,477.7	8,955.6
Holdings of SDRs by participants	18,430.1	3,320.7	15,109.4	17,533.8	4,253.3	13,280.5
Net SDR positions	3,003.2	7,713.2	(4,710.0)	3,899.5	8,224.4	(4,324.9)

A summary of SDR holdings is provided below:

	2007	2006
	(In millions of SDRs)	
Participants	18,430.1	17,533.8
General Resources Account	2,597.5	3,640.8
Prescribed holders	446.1	296.5
	21,473.7	21,471.1
Less: Overdue charges receivable	40.4	37.8
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 unpaid charges. Interest and charges are levied at the same rate and are settled by crediting and debiting the individual holdings accounts. 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 the 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 is calculated each Friday, using the yields or rates of that day. The SDR interest rate, which is set equal to the combined market interest rate, enters into effect on the following Monday and applies through the following Sunday. The average SDR interest rate was 3.97 percent for the financial year ended April 30, 2007 (2.92 percent for the financial year ended April 30, 2006).

SDR Department

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 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 (SDR 1.0 million and SDR 1.2 million for the financial years ended April 30, 2007, and 2006, respectively).

Overdue obligations

An allowance for losses resulting from overdue SDR obligations would be created if the IMF expected a loss to be incurred; no losses have been, or are expected to be, incurred.

3. Overdue assessments and charges

At April 30, 2007, assessments and charges amounting to SDR 40.5 million were overdue to the SDR Department (SDR 37.8 million at April 30, 2006). At April 30, 2007, two members were six months or more overdue in meeting their financial obligations to the SDR Department (three members were overdue as at April 30, 2006).

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

	2007	2006
	(In millions of SDRs)	
Total	40.5	37.8
Overdue for six months or more	39.0	36.8
Overdue for three years or more	34.5	33.5

The amount and duration of arrears as of April 30, 2007, were as follows:

	Total	Longest overdue obligation
	(In millions of SDRs)	
Liberia	28.1	April 1986
Somalia	12.4	February 1991
Total	40.5	

Schedule 1

SDR Department

Statements of changes in SDR holdings for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed holders	Total 2007	Total 2006
Total holdings, beginning of the year	17,533,823	3,640,792	296,388	21,471,003	21,469,097
Receipts of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	1,998,441	--	301,273	2,299,714	3,497,443
Operations					
Settlement of financial obligations	449	--	25,581	26,030	43,782
IMF-related operations					
SAF/PRGF-ESF Trust loans	83,854	--	--	83,854	38,473
SAF repayments and interest	--	--	--	--	1,549
PRGF-ESF Trust contributions and payments	37,659		32,508	70,167	180,627
PRGF-ESF Trust repayments and interest	--	--	274,733	274,733	367,069
PRGF-HIPC contributions	1,265	--	11	1,276	2,306
Emergency Assistance subsidy payments	6,450	--	--	6,450	4,572
Net interest on SDRs	167,681	--	13,047	180,728	194,154
MDRI grant assistance	10,844	--	--	10,844	6,700
Transfers from participants to the General Resources Account					
Repurchases	--	202,487	--	202,487	3,791,600
Charges	--	870,323	--	870,323	2,043,118
Quota payment	--	409,150	--	409,150	--
Assessment on SDR allocations (Note 2)	--	1,033	--	1,033	1,198
Interest on SDRs	--	128,953	--	128,953	31,345
Transfers from the General Resources Account to participants					
Purchases	1,479,924	--	--	1,479,924	437,046
In exchange for currencies of other members					
Acquisitions to pay charges	662,644	--	--	662,644	1,393,573
Remuneration	498,062	--	--	498,062	903,429
Other					
Refunds and adjustments	14,649	--	--	14,649	66,731
Total receipts	4,961,922	1,611,946	647,153	7,221,021	13,004,715

Schedule 1 *(concluded)*

SDR Department

Statements of changes in SDR holdings for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed holders	Total 2007	Total 2006
Uses of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	1,942,810	--	356,904	2,299,714	3,497,443
Operations					
Settlement of financial obligations	25,581	--	449	26,030	43,782
IMF-related operations					
SAF/PRGF-ESF Trust loans	--	--	83,854	83,854	38,473
SAF repayments and interest	--	--	--	--	1,549
PRGF-ESF Trust contributions and payments	32,508		37,659	70,167	180,627
PRGF-ESF Trust repayments and interest	274,733	--	--	274,733	367,069
PRGF-HIPC contributions	11	--	1,265	1,276	2,306
Emergency Assistance subsidy payments	--	--	6,450	6,450	4,572
MDRI grant assistance	--	--	10,844	10,844	6,700
Transfers from participants to the General Resources Account					
Repurchases	202,487	--	--	202,487	3,791,600
Charges	870,323	--	--	870,323	2,043,118
Quota payment	409,150	--	--	409,150	--
Assessment on SDR allocations (Note 2)	1,033	--	--	1,033	1,198
Transfers from the General Resources Account to participants					
Purchases	--	1,479,924	--	1,479,924	437,046
In exchange for currencies of other members					
Acquisitions to pay charges	--	662,644	--	662,644	1,393,573
Remuneration	--	498,062	--	498,062	903,429
Other					
Refunds and adjustments	--	14,649	--	14,649	66,731
Charges paid in the SDR Department					
Net charges due	309,681	--	--	309,681	225,499
Total uses	4,068,317	2,655,279	497,425	7,221,021	13,004,715
Charges not paid when due	2,766	--	--	2,766	2,021
Settlement of unpaid charges and assessments	(105)	105	--	--	(115)
Total holdings, end of the year	18,430,089	2,597,564	446,115	21,473,768	21,471,003

The ending balances contain rounding.

Schedule 2

SDR Department

Allocations and holdings of participants as at April 30, 2007

(In thousands of SDRs)

Participant	Net cumulative allocations	Holdings: Total	Holdings: Percent of cumulative allocations	Holdings: (+) Above (-) Below allocations
Afghanistan, Islamic Republic of	26,703	1,060	4.0	(25,643)
Albania	--	5,736	--	5,736
Algeria	128,640	2,376	1.8	(126,264)
Angola	--	157	--	157
Antigua and Barbuda	--	6	--	6
Argentina	318,370	320,554	100.7	2,184
Armenia	--	5,612	--	5,612
Australia	470,545	130,448	27.7	(340,097)
Austria	179,045	129,686	72.4	(49,359)
Azerbaijan	--	1,212	--	1,212
Bahamas, The	10,230	136	1.3	(10,094)
Bahrain	6,200	4,427	71.4	(1,773)
Bangladesh	47,120	523	1.1	(46,597)
Barbados	8,039	100	1.2	(7,939)
Belarus	--	25	--	25
Belgium	485,246	360,365	74.3	(124,881)
Belize	--	1,986	--	1,986
Benin	9,409	120	1.3	(9,289)
Bhutan	--	344	--	344
Bolivia	26,703	26,617	99.7	(86)
Bosnia and Herzegovina	20,481	477	2.3	(20,004)
Botswana	4,359	37,292	855.5	32,933
Brazil	358,670	4,416	1.2	(354,254)
Brunei Darussalam	--	11,466	--	11,466
Bulgaria	--	3,081	--	3,081
Burkina Faso	9,409	60	0.6	(9,349)
Burundi	13,697	177	1.3	(13,520)
Cambodia	15,417	267	1.7	(15,150)
Cameroon	24,463	3,077	12.6	(21,385)
Canada	779,290	641,727	82.3	(137,563)
Cape Verde	620	9	1.4	(611)
Central African Republic	9,325	3,076	33.0	(6,249)
Chad	9,409	990	10.5	(8,419)
Chile	121,924	35,563	29.2	(86,361)
China	236,800	719,019	303.6	482,219
Colombia	114,271	131,060	114.7	16,789
Comoros	716	17	2.3	(700)
Congo, Democratic Republic of the	86,309	1,184	1.4	(85,125)
Congo, Republic of	9,719	125	1.3	(9,594)
Costa Rica	23,726	149	0.6	(23,577)

Schedule 2 (*continued*)

SDR Department

Allocations and holdings of participants as at April 30, 2007

(*In thousands of SDRs)*

Participant	Net cumulative allocations	Holdings: Total	Holdings: Percent of cumulative allocations	Holdings: (+) Above (-) Below allocations
Côte d'Ivoire	37,828	433	1.1	(37,395)
Croatia	44,205	655	1.5	(43,550)
Cyprus	19,438	2,625	13.5	(16,813)
Czech Republic	--	11,566	--	11,566
Denmark	178,864	218,518	122.2	39,654
Djibouti	1,178	18	1.6	(1,160)
Dominica	592	66	11.1	(527)
Dominican Republic	31,585	33,522	106.1	1,937
Ecuador	32,929	706	2.1	(32,223)
Egypt	135,924	83,389	61.4	(52,535)
El Salvador	24,985	24,977	100.0	(8)
Equatorial Guinea	5,812	440	7.6	(5,372)
Eritrea	--	--	--	--
Estonia	--	58	--	58
Ethiopia	11,160	136	1.2	(11,024)
Fiji	6,958	6,049	86.9	(909)
Finland	142,690	128,458	90.0	(14,232)
France	1,079,870	631,168	58.4	(448,702)
Gabon	14,091	843	6.0	(13,248)
Gambia, The	5,121	238	4.7	(4,883)
Georgia	--	1,665	--	1,665
Germany	1,210,760	1,346,159	111.2	135,399
Ghana	62,983	837	1.3	(62,146)
Greece	103,544	19,225	18.6	(84,319)
Grenada	930	98	10.6	(832)
Guatemala	27,678	3,506	12.7	(24,172)
Guinea	17,604	2,822	16.0	(14,782)
Guinea-Bissau	1,212	90	7.4	(1,122)
Guyana	14,530	917	6.3	(13,613)
Haiti	13,697	5,094	37.2	(8,603)
Honduras	19,057	229	1.2	(18,828)
Hungary	--	50,238	--	50,238
Iceland	16,409	136	0.8	(16,273)
India	681,170	7,143	1.0	(674,027)
Indonesia	238,956	10,603	4.4	(228,353)
Iran, Islamic Republic of	244,056	276,069	113.1	32,013
Iraq	68,464	290,488	424.3	222,024
Ireland	87,263	63,396	72.6	(23,867)
Israel	106,360	12,326	11.6	(94,034)
Italy	702,400	187,696	26.7	(514,704)

Schedule 2 (*continued*)

SDR Department

Allocations and holdings of participants as at April 30, 2007

(*In thousands of SDRs*)

Participant	Net cumulative allocations	Holdings: Total	Holdings: Percent of cumulative allocations	Holdings: (+) Above (-) Below allocations
Jamaica	40,613	568	1.4	(40,045)
Japan	891,690	1,869,437	209.7	977,747
Jordan	16,887	3,235	19.2	(13,652)
Kazakhstan	--	846	--	846
Kenya	36,990	699	1.9	(36,291)
Kiribati	--	11	--	11
Korea	72,911	38,393	52.7	(34,518)
Kuwait	26,744	140,034	523.6	113,290
Kyrgyz Republic	--	16,262	--	16,262
Lao People's Democratic Republic	9,409	9,779	103.9	370
Latvia	--	106	--	106
Lebanon	4,393	23,271	529.7	18,878
Lesotho	3,739	130	3.5	(3,609)
Liberia	21,007	--	--	(21,007)
Libya	58,771	531,762	904.8	472,991
Lithuania	--	68	--	68
Luxembourg	16,955	12,413	73.2	(4,542)
Macedonia, former Yugoslav Republic of	8,379	3,791	45.3	(4,587)
Madagascar	19,270	249	1.3	(19,021)
Malawi	10,975	346	3.1	(10,629)
Malaysia	139,048	143,057	102.9	4,009
Maldives	282	342	121.1	60
Mali	15,912	157	1.0	(15,755)
Malta	11,288	34,630	306.8	23,342
Marshall Islands	--	--	--	--
Mauritania	9,719	132	1.4	(9,587)
Mauritius	15,744	18,385	116.8	2,641
Mexico	290,020	322,380	111.2	32,360
Micronesia, Federated States of	--	1,305	--	1,305
Moldova	--	374	--	374
Mongolia	--	5	--	5
Montenegro	--	--	--	--
Morocco	85,689	27,717	32.3	(57,972)
Mozambique	--	153	--	153
Myanmar	43,474	590	1.4	(42,884)
Namibia	--	19	--	19
Nepal	8,105	5,975	73.7	(2,129)
Netherlands	530,340	558,755	105.4	28,415
New Zealand	141,322	21,240	15.0	(120,082)
Nicaragua	19,483	264	1.4	(19,219)

Schedule 2 (*continued*)

SDR Department

Allocations and holdings of participants as at April 30, 2007

(*In thousands of SDRs)*

Participant	Net cumulative allocations	Holdings: Total	Percent of cumulative allocations	(+) Above (-) Below allocations
Niger	9,409	73	0.8	(9,336)
Nigeria	157,155	1,965	1.3	(155,190)
Norway	167,770	263,774	157.2	96,004
Oman	6,262	11,312	180.6	5,050
Pakistan	169,989	142,583	83.9	(27,406)
Palau	--	--	--	--
Panama	26,322	630	2.4	(25,692)
Papua New Guinea	9,300	146	1.6	(9,154)
Paraguay	13,697	92,577	675.9	78,880
Peru	91,319	2,579	2.8	(88,740)
Philippines	116,595	1,118	1.0	(115,477)
Poland	--	60,483	--	60,483
Portugal	53,320	76,082	142.7	22,762
Qatar	12,822	27,171	211.9	14,350
Romania	75,950	2,077	2.7	(73,873)
Russian Federation	--	4,799	--	4,799
Rwanda	13,697	15,203	111.0	1,506
St. Kitts and Nevis	--	2	--	2
St. Lucia	742	1,560	210.4	819
St. Vincent and the Grenadines	354	--	--	(354)
Samoa	1,142	2,531	221.6	1,389
San Marino	--	839	--	839
São Tomé and Príncipe	620	38	6.2	(582)
Saudi Arabia	195,527	433,539	221.7	238,013
Senegal	24,462	318	1.3	(24,144)
Serbia	56,665	2,247	4.0	(54,418)
Seychelles	406	7	1.8	(399)
Sierra Leone	17,455	19,459	111.5	2,004
Singapore	16,475	213,091	1,293.4	196,616
Slovak Republic	--	942	--	942
Slovenia	25,431	8,226	32.3	(17,204)
Solomon Islands	654	7	1.1	(647)
Somalia	13,697	--	--	(13,697)
South Africa	220,360	222,959	101.2	2,599
Spain	298,805	219,555	73.5	(79,250)
Sri Lanka	70,868	1,845	2.6	(69,023)
Sudan	52,192	593	1.1	(51,599)
Suriname	7,750	772	10.0	(6,978)
Swaziland	6,432	2,493	38.8	(3,939)
Sweden	246,525	264,178	107.2	17,653

Schedule 2 *(concluded)*

SDR Department

Allocations and holdings of participants as at April 30, 2007

(In thousands of SDRs)

		Holdings		
Participant	Net cumulative allocations	Total	Percent of cumulative allocations	(+) Above (-) Below allocations
Switzerland	--	175,513	--	175,513
Syrian Arab Republic	36,564	36,573	100.0	9
Tajikistan	--	2,367	--	2,367
Tanzania	31,372	521	1.7	(30,851)
Thailand	84,652	365	0.4	(84,287)
Timor-Leste	--	--	--	--
Togo	10,975	120	1.1	(10,855)
Tonga	--	358	--	358
Trinidad and Tobago	46,231	1,719	3.7	(44,512)
Tunisia	34,243	1,262	3.7	(32,981)
Turkey	112,307	114,238	101.7	1,931
Turkmenistan	--	--	--	--
Uganda	29,396	355	1.2	(29,041)
Ukraine	--	7,370	--	7,370
United Arab Emirates	38,737	8,396	21.7	(30,341)
United Kingdom	1,913,070	244,681	12.8	(1,668,389)
United States	4,899,530	5,924,533	120.9	1,025,003
Uruguay	49,977	680	1.4	(49,297)
Uzbekistan	--	12	--	12
Vanuatu	--	1,109	--	1,109
Venezuela	316,890	1,119	0.4	(315,771)
Vietnam	47,658	1,434	3.0	(46,224)
Yemen, Republic of	28,743	7,007	24.4	(21,736)
Zambia	68,298	8,253	12.1	(60,045)
Zimbabwe	10,200	120	1.2	(10,080)
Above allocations	10,399,453	15,109,390	145.3	4,709,937
Below allocations	11,033,877	3,320,699	30.1	(7,713,178)
Total participants	21,433,330	18,430,089		
General Resources Account	--	2,597,564		
Prescribed holders	--	446,115		
Overdue charges	40,438	--		
	21,473,768	21,473,768		

The ending balances contain rounding.

III. Combined Financial Statements of the Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying combined balance sheets of the Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust (formerly known as Poverty Reduction and Growth Facility Trust) ("the "Trust") as of April 30, 2007 and 2006, and the related combined statements of income and changes in resources and of cash flows for the years then ended. These combined financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the combined financial position of the Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust at April 30, 2007 and 2006, and the combined results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplemental schedules listed on pages 88 to 94 are presented for the purpose of additional analysis and are not a required part of the basic combined financial statements. These schedules are the responsibility of the Trust's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

June 25, 2007

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Combined balance sheets as at April 30, 2007, and 2006

(*In thousands of SDRs*)

	2007	2006
Assets		
Cash and cash equivalents	322,061	747,326
Investments (Note 4)	4,890,267	4,882,395
Loans receivable (Note 5)	3,784,788	3,819,760
Interest and other receivables	30,385	29,333
Total assets	9,027,501	9,478,814
Liabilities and resources		
Borrowings (Note 6)	4,384,835	4,979,466
Interest payable	46,833	41,507
Other liabilities	10,916	9,126
Total liabilities	4,442,584	5,030,099
Resources	4,584,917	4,448,715
Total liabilities and resources	9,027,501	9,478,814

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 and Exogenous Shocks Facility Trust

Combined statements of income and changes in resources for the years ended April 30, 2007, and 2006

(*In thousands of SDRs*)

	2007	2006
Balance, beginning of the year	4,448,715	4,994,480
Investment income (Note 8)	184,973	140,407
Interest on loans	18,465	27,936
Interest expense	(158,165)	(154,379)
Other expenses	(1,414)	(2,886)
Operational income	43,859	11,078
Contributions (Note 9) from:		
Bilateral donors	92,148	56,048
Special Disbursement Account	195	507,109
Contributions to MDRI-II Trust (Note 7)	--	(1,120,000)
Net income (loss)/changes in resources	136,202	(545,765)
Balance, end of the year	4,584,917	4,448,715

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

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Combined statements of cash flows for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Cash flows from operating activities		
Net income/(loss)	136,202	(545,765)
Adjustments to reconcile net income to cash generated by operations		
Interest income on investments	(180,626)	(161,763)
Interest income on loans	(18,465)	(27,936)
Interest expense	158,165	154,379
	95,276	(581,085)
Changes in other assets	(195)	--
Changes in other liabilities	1,790	2,727
Loan disbursements	(477,079)	(402,743)
Loan repayments	512,051	3,171,048
Cash provided by operations	131,843	2,189,947
Interest received	198,234	186,035
Interest paid	(152,839)	(160,349)
Net cash provided by operating activities	**177,238**	**2,215,633**
Cash flows from investment activities		
Net acquisition of investments	(7,872)	(982,024)
Net cash used in investment activities	**(7,872)**	**(982,024)**
Cash flows from financing activities		
Borrowings	525,673	412,029
Repayment of borrowings	(1,120,304)	(2,844,214)
Net cash used in financing activities	**(594,631)**	**(2,432,185)**
Net decrease in cash and cash equivalents	(425,265)	(1,198,576)
Cash and cash equivalents, beginning of the year	747,326	1,945,902
Cash and cash equivalents, end of the year	**322,061**	**747,326**

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

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

1. Nature of operations

The Poverty Reduction and Growth Facility Trust (the PRGF Trust), for which the IMF is Trustee, was established in December 1987 to provide loans on concessional terms to qualifying low-income country members. Assistance under the Poverty Reduction and Growth Facility (PRGF) is made available under three-year arrangements in support of macroeconomic and adjustment programs. Effective January 5, 2006, the PRGF Trust was renamed the Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust (the Trust) to also support programs under the Exogenous Shocks Facility (ESF) to facilitate member countries' adjustment to sudden and exogenous shocks. Programs under the ESF range from one to two years.

The operations of the Trust are conducted through the Loan Account, the Reserve Account, and three Subsidy Accounts—the PRGF-ESF Subsidy Account, the PRGF Subsidy Account, and the ESF Subsidy Account. 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. Combining balance sheets and statements of income and changes in resources for the Trust are provided in Note 12 of 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.

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 regularly to determine whether sufficient resources are available to meet all obligations to the lenders to the Loan Account.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Subsidy Accounts

The resources held in the Subsidy Accounts consist of bilateral contributions to the Trust, including transfers of net earnings from the PRGF Administered Accounts, resources transferred by the IMF from the Special Disbursement Account, and net earnings from investment of Subsidy Accounts resources.

The resources available in the Subsidy Accounts 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.

The resources in the PRGF Subsidy Account are earmarked for PRGF loans only, while the resources in the ESF Subsidy Account are earmarked for ESF loans only. The PRGF-ESF Subsidy Account can be used for both PRGF and ESF loans.

To the extent that resources in the PRGF-ESF Subsidy Account and the PRGF Subsidy Account are insufficient for PRGF subsidy operations, the Trustee will transfer to the PRGF Subsidy Account resources in the PRGF-HIPC Trust Account not earmarked for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the PRGF-ESF Trust are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the Trust is the SDR. 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 November 2005, and the new composition of the SDR valuation basket became effective on January 1, 2006. The currencies in the basket as of April 30, 2007, and 2006 and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (one SDR was equal to 1.47106 U.S. dollars as of April 30, 2006).

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 comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Investments

Financial assets at fair value through profit or loss

Investments are managed by external investment managers and their performance is measured on a fair value basis. The Trust has designated its investments in fixed-income securities, other than fixed-term deposits, as financial assets held at fair value through profit or loss. Such designation may be made only upon initial recognition and cannot subsequently be changed. The designated assets are carried at fair value on the balance sheet with the change in fair value included in the income statement in the period in which they arise.

Recognition

Investments are recognized on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

Derecognition

Investments are derecognized when the contractual rights to the cash flows from the asset expire, or in transactions where substantially all the risks and rewards of ownership of the investment are transferred.

Fair value measurement

The determination of the fair values of the investments, other than fixed-term deposits, is based on quoted market prices for financial instruments traded in active markets. The carrying amount of fixed-term deposits, which typically have maturities of 12 months or less, approximates the fair value.

Investment income

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

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

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 Accounts is equal to or exceeds the disbursed amount. Thereafter, the carrying value of the loans is amortized cost.

PRGF and ESF loans are repayable in 5½ to 10 years in semiannual 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 Trust are accounted for under the accrual method of accounting.

Administrative costs

The expenses of conducting the activities of the Trust are paid by the General Resources Account of the IMF and reimbursed by the Special Disbursement Account with resources from the PRGF-ESF Trust Reserve Account when and to the extent needed for such reimbursement.

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the PRGF-ESF Trust's financial position or results of operations.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

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 amounts that eligible member countries may borrow under a PRGF and ESF arrangement are limited to 140 percent (in exceptional cases up to 185 percent) and 50 percent (in exceptional cases in excess of this limit), respectively, of their IMF quotas. Disbursements under PRGF and ESF 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 and are available to repay the lenders in the event of delays in repayment or nonpayment by borrowers. Credit risk on investments represents the potential loss that the Trust may incur if the obligors or counterparties default on their contractual obligations. Credit risk is minimized by limiting eligible investments to marketable securities rated AA or higher by a major credit rating agency, and for deposits, the Trust may invest in obligations issued by institutions with a credit rating of A or higher.

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 semiannual reviews to determine the adequacy of the resources accumulated in the Subsidy and Reserve Accounts to meet liquidity needs. Resources in the Subsidy Accounts are expected to exceed estimated needs based on the present level of loans outstanding, and the balance in the Reserve Account is projected to increase until it reaches the level sufficient to cover all outstanding PRGF-ESF Trust obligations to lenders. Liquidity risk on investments is limited by investing in readily marketable obligations of international financial organizations and short- and medium-term government securities.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

4. Investments

Investments consisted of the following at April 30:

	2007	2006
	(In thousands of SDRs)	
Fixed-term deposits	834,641	1,838,961
Fixed-income securities	4,055,626	3,043,434
Total	4,890,267	4,882,395

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

	2007	2006
	(In thousands of SDRs)	
Less than 1 year	828,341	4,571,089
1–3 years	3,784,756	298,294
3–5 years	237,793	2,257
Over 5 years	39,377	10,755
Total	4,890,267	4,882,395

5. Loans receivable

Resources of the Loan Account of the PRGF-ESF Trust are committed to qualifying members for a three-year period, upon approval by the Trustee of three-year PRGF arrangements or ESF arrangements with durations of one to two years in support of the members' macroeconomic and structural adjustment programs. Interest on the outstanding loans, which is repayable in 10 equal semi-installments beginning 5½ years after disbursement, is set at the rate of ½ of 1 percent per annum.

At April 30, 2007, and 2006, the resources of the Loan Account included cumulative advances from the Reserve Account of SDR 75 million resulting from the nonpayment of principal by Zimbabwe.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Scheduled repayments of loans by borrowers, including Zimbabwe's overdue obligations, are summarized below:

Period of repayment, financial year ending April 30	*(In thousands of SDRs)*
2008	383,844
2009	411,712
2010	471,306
2011	534,989
2012	566,473
2013 and beyond	1,341,513
Overdue	74,951
Total	3,784,788

As of April 30, 2007, scheduled repayments of loans include loans totaling SDR 834 million due from members that are potentially eligible for debt relief under the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI).

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

	2007		2006	
	(In millions of SDRs and percent of total PRGF-ESF credit)			
Largest user of credit	922.1	24.4%	975.1	25.5%
Three largest users of credit	1,792.3	47.4%	1,811.7	47.4%
Five largest users of credit	2,085.9	55.1%	2,139.2	56.0%

The five largest users of credit as of April 30, 2007, in descending order, were Pakistan, the Democratic Republic of the Congo, Bangladesh, Georgia, and Kenya. Outstanding credit by member is provided in Schedule 1.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

6. Borrowings

The Trust borrows on such terms and conditions as agreed between the Trustee and the lenders. The weighted average interest rate on borrowings was 3.42 percent per annum for the financial year ended April 30, 2007 (2.38 percent per annum for the financial year ended April 30, 2006). The principal amounts of the borrowings are repayable between 5 ½ and 16 years after the first drawing.

During the financial year ended April 30, 2007 the PRGF-ESF Trust made early repayments of SDR 368 million (SDR 1,438 million for the financial year ended April 30, 2006) to lenders following the repayment of Trust loans by members that received MDRI debt relief.

Scheduled repayments of borrowings are summarized below:

Period of repayment, financial year ending April 30	
	(In thousands of SDRs)
2008	5,341
2009	595,071
2010	611,068
2011	594,531
2012	623,886
2013 and beyond	1,954,938
Total	4,384,835

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

	Amount undrawn	
	2007	2006
	(In thousands of SDRs)	
Loan Account	3,216,657	3,690,736
Subsidy Accounts	38,754	49,148

7. Multilateral Debt Relief Initiative

Under the MDRI, effective January 5, 2006, the IMF administers resources to provide debt relief to Heavily Indebted Poor Countries (HIPCs) and non-HIPCs with annual per capita income of $380 or less and to HIPCs with annual per capita income of more than $380.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Qualifying members at or below the per capita income threshold receive grant assistance from the MDRI-I Trust, which was funded initially by resources transferred from the Special Disbursement Account (SDR 1.5 billion). Grant assistance to the HIPCs with per capita income above the threshold is provided from the MDRI-II Trust by resources contributed by individual members. The initial contributions to the MDRI-II Trust were received through the transfer of a portion of members' contributions to the PRGF-ESF Trust Subsidy Account (SDR 1.12 billion). Grant assistance from the MDRI Trusts (together with assistance under the HIPC Initiative) provides debt relief to cover the full stock of debt owed to the IMF (including the PRGF-ESF Trust) as of December 31, 2004 that remains outstanding at the time the member qualifies for such relief.

For the financial year ended April 30, 2007, four HIPC members upon reaching the completion point received MDRI grant assistance of SDR 189 million to settle GRA and PRGF-ESF Trust obligations of SDR 11 million and SDR 178 million, respectively. Since the IMF adopted the MDRI, 22 HIPC members and 2 non-HIPC members received grant assistance totaling SDR 2,692 million. The eligible debt covered by the grant assistance included GRA and PRGF-ESF Trust obligations of SDR 101 million and SDR 2,591 million, respectively. No impairment loss has been recognized in the Loan Account.

Since the stock of debt owed to the IMF as of December 31, 2004 decreases over time, the actual debt eligible for MDRI assistance for the remaining potentially eligible members depends on the timing of their completion points. The qualification of members for MDRI debt relief is reviewed periodically as progress by these members toward reaching the completion point under the HIPC Initiative is being made.

8. Investment income

Investment income comprised the following for the financial years ended April 30:

	2007	*2006*
	(In thousands of SDRs)	
Interest income	180,626	161,763
Realized (losses)/gains, net	(3,128)	16,620
Unrealized gains/(losses), net	7,406	(37,848)
Exchange rate gains/(losses), net	69	(128)
Total	184,973	140,407

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

9. Contributions

The Trustee accepts contributions for the Subsidy Accounts of the PRGF-ESF Trust on such terms and conditions as agreed between the Trustee and the contributors. At April 30, 2007, cumulative contributions amounted to SDR 3,075 million (SDR 2,983 million as of April 30, 2006).

10. Commitments under loan arrangements

An arrangement under the PRGF or ESF is a decision that gives a member the assurance that the IMF as Trustee 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, 2007, undrawn balances under 29 loan arrangements amounted to SDR 592 million (SDR 736 million under 27 arrangements at April 30, 2006).

11. Related party transactions

For the financial years ended April 30, 2007, and 2006, the Executive Board of the IMF decided to forgo the reimbursement by the Trust to the General Resources Account for the cost of administering the Trust. Such reimbursement would have amounted to SDR 48 million and SDR 51 million, respectively.

The cumulative contributions to the Trust from the IMF, through the Special Disbursement Account, as of April 30, 2007, and 2006 were as follows:

	2007	2006
	(In millions of SDRs)	
Reserve Account	2,862	2,667
Subsidy Accounts	870	870
Total	3,732	3,537

The PRGF-ESF 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 PRGF-ESF Subsidy Account amounted to SDR 0.05 million and SDR 0.1 million for the financial years ended April 30, 2007, and 2006, respectively.

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

12. Combining balance sheets and statements of income and changes in resources

The balance sheets and statements of income and changes in resources of the PRGF-ESF Trust are presented below:

Note 12

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Combining balance sheets as at April 30, 2007, and 2006

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Accounts		Combined	
	2007	2006	2007	2006	2007	2006	2007	2006
Assets								
Cash and cash equivalents	34,123	274,873	57,088	178,230	230,850	294,223	322,061	747,326
Investments	594,341	944,080	3,316,598	3,077,307	979,328	861,008	4,890,267	4,882,395
Loans receivable	3,784,788	3,819,760	--	--	--	--	3,784,788	3,819,760
Accrued account transfers	(904)	15,450	58,572	58,412	(57,668)	(73,862)	--	--
Interest and other receivables	27,228	22,114	306	5,123	2,851	2,096	30,385	29,333
Total assets	4,439,576	5,076,277	3,432,564	3,319,072	1,155,361	1,083,465	9,027,501	9,478,814
Liabilities and resources								
Borrowings	4,307,024	4,950,249	--	--	77,811	29,217	4,384,835	4,979,466
Interest payable	46,692	41,454	--	--	141	53	46,833	41,507
Other liabilities	10,909	9,105	--	--	7	21	10,916	9,126
Total liabilities	4,364,625	5,000,808	--	--	77,959	29,291	4,442,584	5,030,099
Resources	74,951	75,469	3,432,564	3,319,072	1,077,402	1,054,174	4,584,917	4,448,715
Total liabilities and resources	4,439,576	5,076,277	3,432,564	3,319,072	1,155,361	1,083,465	9,027,501	9,478,814

Note 12 *(concluded)*

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Combining statements of income and changes in resources for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Accounts		Combined	
	2007	2006	2007	2006	2007	2006	2007	2006
Balance, beginning of the year	75,469	75,235	3,319,072	3,198,550	1,054,174	1,720,695	4,448,715	4,994,480
Investment income	27,418	10,754	113,891	85,151	43,664	44,502	184,973	140,407
Interest on loans	18,465	27,936	--	--	--	--	18,465	27,936
Interest expense	(157,822)	(154,255)	--	--	(343)	(124)	(158,165)	(154,379)
Other expenses	--	--	(972)	(1,640)	(442)	(1,246)	(1,414)	(2,886)
Operational (loss)/income	(111,939)	(115,565)	112,919	83,511	42,879	43,132	43,859	11,078
Contributions from:								
Bilateral donors	--	--	--	--	92,148	56,048	92,148	56,048
Special Disbursement Account	--	--	195	36,789	--	470,320	195	507,109
Contributions to MDRI-II Trust	--	--	--	--	--	(1,120,000)	--	(1,120,000)
Transfers between:								
Loan and Reserve Accounts	(378)	(222)	378	222	--	--	--	--
Loan and Subsidy Accounts	111,799	116,021	--	--	(111,799)	(116,021)	--	--
Net income (loss)/changes in resources	(518)	234	113,492	120,522	23,228	(666,521)	136,202	(545,765)
Balance, end of the year	74,951	75,469	3,432,564	3,319,072	1,077,402	1,054,174	4,584,917	4,448,715

Schedule 1

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Schedule of outstanding PRGF loans as at April 30, 2007

(*In thousands of SDRs*)

Member	Balance	Percent
Afghanistan, Islamic Republic of	24,500	0.65
Albania	57,599	1.52
Armenia	105,015	2.77
Azerbaijan	68,528	1.81
Bangladesh	316,730	8.37
Benin	1,760	0.05
Burkina Faso	23,720	0.63
Burundi	62,150	1.64
Cameroon	7,950	0.21
Cape Verde	8,640	0.23
Central African Republic	30,592	0.81
Chad	42,828	1.13
Congo, Democratic Republic of the	553,467	14.62
Congo, Republic of	23,580	0.62
Côte d'Ivoire	91,412	2.42
Djibouti	11,449	0.30
Dominica	7,688	0.20
Gambia, The	13,134	0.35
Georgia	157,650	4.17
Ghana	105,450	2.79
Grenada	1,560	0.04
Guinea	43,697	1.15
Guinea-Bissau	4,773	0.13
Guyana	37,060	0.98
Haiti	28,100	0.74
Honduras	20,342	0.54
Kenya	136,020	3.59
Kyrgyz Republic	102,312	2.70
Lao People's Democratic Republic	17,214	0.45
Lesotho	23,450	0.62
Macedonia, former Yugoslav Republic of	5,925	0.16
Madagascar	27,060	0.72
Malawi	19,616	0.52
Mali	6,659	0.18
Mauritania	6,450	0.17

Schedule 1 *(concluded)*

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Schedule of outstanding PRGF loans as at April 30, 2007

(*In thousands of SDRs*)

Member	Balance	Percent
Moldova	67,434	1.78
Mongolia	18,888	0.50
Mozambique	8,100	0.21
Nepal	28,520	0.75
Nicaragua	41,780	1.10
Niger	23,500	0.62
Pakistan	922,076	24.36
Rwanda	3,993	0.11
São Tomé and Príncipe	2,069	0.05
Senegal	17,330	0.46
Sierra Leone	23,112	0.61
Sri Lanka	38,390	1.01
Tajikistan	29,400	0.78
Tanzania	11,200	0.30
Togo	3,258	0.09
Uganda	6,000	0.16
Vietnam	115,920	3.06
Yemen, Republic of	127,275	3.36
Zambia	27,512	0.73
Zimbabwe	74,951	1.98
Total PRGF loans outstanding	3,784,788	100.00

Schedule 2

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Cumulative contributions to and resources of the Subsidy Accounts as at April 30, 2007

(*In thousands of SDRs*)

	Subsidy Accounts			
	PRGF-ESF	**PRGF**	**ESF**	**Total**
Direct contributions to the Subsidy Accounts 1/				
Argentina	27,068	--	--	27,068
Australia	10,498	--	--	10,498
Bangladesh	578	45	--	623
Canada	199,868	--	14,976	214,844
China	10,600	--	--	10,600
Czech Republic	10,004	--	--	10,004
Denmark	38,299	--	--	38,299
Egypt	10,002	--	--	10,002
Finland	22,684	--	--	22,684
Germany	153,443	--	--	153,443
Iceland	3,200	--	--	3,200
India	8,580	674	--	9,254
Ireland	6,347	--	--	6,347
Italy	174,497	--	--	174,497
Japan	517,251	--	--	517,251
Korea	34,269	--	--	34,269
Luxembourg	9,642	673	--	10,315
Morocco	7,284	--	--	7,284
Netherlands	99,278	--	--	99,278
Norway	28,074	--	5,374	33,448
Oman	2,243	--	--	2,243
Russian Federation	12,705	--	--	12,705
Spain	5,257	--	--	5,257
Sweden	110,887	--	--	110,887
Switzerland	41,205	--	--	41,205
Turkey	9,000	--	--	9,000
United Kingdom	345,280	--	--	345,280
United States	126,079	--	--	126,079
Total direct contributions to the Subsidy Accounts	2,024,122	1,392	20,350	2,045,864
Net income transferred to the Subsidy Accounts				
Austria	40,451	--	--	40,451
Belgium	77,953	--	--	77,953
Botswana	1,352	--	--	1,352
Chile	2,910	--	--	2,910
Greece	25,941	--	--	25,941
Indonesia	5,003	--	--	5,003
Iran, Islamic Republic of	1,346	--	--	1,346
Portugal	3,448	--	--	3,448
Spain (ICO)	681	--	--	681
Total net income transferred to the Subsidy Accounts	159,085	--	--	159,085
	2,183,207	1,392	20,350	2,204,949

Schedule 2 *(concluded)*

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Cumulative contributions to and resources of the Subsidy Accounts as at April 30, 2007

(*In thousands of SDRs*)

	Subsidy Accounts			
	PRGF-ESF	PRGF	ESF	Total
Contributions from Special Disbursement Account	870,320	--	--	870,320
Total contributions received	3,053,527	1,392	20,350	3,075,269
Cumulative net income of the Subsidy Accounts	980,322	1,754	522	982,598
Contributions to MDRI-II Trust	(1,120,000)	--	--	(1,120,000)
Transfers to PRGF Subsidy Account	(95,042)	95,042	--	--
Transfers to ESF Subsidy Account	(35)	--	35	--
Resources disbursed to subsidize Trust lending	(1,762,277)	(98,188)	--	(1,860,465)
Total resources of the Subsidy Accounts	1,056,495	--	20,907	1,077,402

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

Schedule 3

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Schedule of borrowing agreements as at April 30, 2007

(In thousands of SDRs)

Member	Interest rate *(in percent)*		Amount of agreement	Amount drawn	Outstanding balance
Loan Account					
Prior to enlargement of PRGF					
Germany	Variable	1/	700,000	700,000	867
Japan	Variable	1/	2,200,000	2,200,000	593
Total prior to enlargement of PRGF			2,900,000	2,900,000	1,460
For enlargement of PRGF					
Belgium	Variable	1/	350,000	244,689	67,702
Canada	Variable	1/	400,000	400,000	209,249
China	Variable	1/	200,000	176,298	90,806
Egypt	Variable	1/	155,600	100,000	29,723
France	Variable	1/	2,100,000	1,284,048	570,619
Germany	Variable	1/	2,050,000	1,077,256	404,101
Italy	Variable	1/	800,000	497,944	434,484
Japan	Variable	1/	2,934,800	2,682,763	2,083,018
Netherlands	Variable	1/	450,000	200,288	145,109
Spain—Bank of Spain	Variable	1/	425,000	150,367	108,957
Spain—Government of Spain (ICO)	Fixed		67,000	67,000	38,092
Switzerland	Variable	1/	401,700	236,790	118,364
Total for enlargement of PRGF			10,334,100	7,117,443	4,300,224
Resources held pending repayment		2/	--	--	5,340
Total—Loan Account			13,234,100	10,017,443	4,307,024
PRGF-ESF Subsidy Account					
Malta	0.50		1,365	1,365	1,365
Pakistan	0.50		10,000	9,338	9,338
Saudi Arabia	0.50		38,200	38,200	38,200
Spain—Government of Spain (ICO)	0.50		67,000	28,908	28,908
Total—Subsidy Accounts			116,565	77,811	77,811

1/ The loans under these agreements are made at variable, market-related rates of interest.
2/ This amount represents principal repayments held and invested on behalf of a lender.

Schedule 4

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Status of loan arrangements as at April 30, 2007

(In thousands of SDRs)

Member	Date of arrangement	Expiration date	Amount agreed	Undrawn balance
Afghanistan, Islamic Republic	Jun. 26, 2006	Jun. 25, 2009	81,000	56,500
Albania	Feb. 1, 2006	Jan. 31, 2009	8,523	4,870
Armenia	May 25, 2005	May 24, 2008	23,000	9,880
Bangladesh	Jun. 20, 2003	Jun. 19, 2007	400,330	83,600
Benin	Aug. 5, 2005	Aug. 4, 2008	6,190	4,430
Burkina Faso	Apr. 23, 2007	Apr. 22, 2010	6,020	5,520
Burundi	Jan. 23, 2004	Sep. 30, 2007	69,300	7,150
Cameroon	Oct. 24, 2005	Oct. 23, 2008	18,570	10,620
Central African Republic	Dec. 22, 2006	Dec. 21, 2009	36,200	18,600
Chad	Feb. 16, 2005	Feb. 15, 2008	25,200	21,000
Congo, Republic of	Dec. 6, 2004	Jun. 5, 2008	54,990	31,410
Gambia, The	Feb. 21, 2007	Feb. 20, 2010	14,000	12,000
Georgia	Jun. 4, 2004	Sep. 30, 2007	98,000	14,000
Grenada	Apr. 17, 2006	Apr. 16, 2009	10,530	8,970
Haiti	Nov. 20, 2006	Nov. 19, 2009	73,710	45,610
Kenya	Nov. 21, 2003	Nov. 20, 2007	150,000	37,500
Kyrgyz Republic	Mar. 15, 2005	Mar. 14, 2008	8,880	3,810
Madagascar	Jul. 21, 2006	Jul. 20, 2009	54,990	39,278
Malawi	Aug. 5, 2005	Aug. 4, 2008	38,170	16,222
Mali	Jun. 23, 2004	Oct. 31, 2007	9,330	1,341
Mauritania	Dec. 18, 2006	Dec. 17, 2009	16,100	9,650
Moldova	May 5, 2006	May 4, 2009	110,880	67,470
Mozambique	Jul. 6, 2004	Jul. 5, 2007	11,360	1,640
Nepal	Nov. 19, 2003	Nov. 18, 2007	49,900	21,380
Niger	Jan. 31, 2005	Jan. 30, 2008	26,320	2,820
Rwanda	Jun. 12, 2006	Jun. 11, 2009	8,010	5,730
São Tomé and Príncipe	Aug. 1, 2005	Jul. 31, 2008	2,960	1,268
Sierra Leone	May 10, 2006	May 9, 2009	31,110	22,000
Zambia	Jun. 16, 2004	Jun. 15, 2007	220,095	27,511
			1,663,668	591,780

Schedule 5

Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust

Disbursed Multilateral Debt Relief Initiative assistance as of April 30, 2007

(In thousands of SDRs)

	Eligible debt			Sources of grant assistance		
Member	**PRGF-ESF**	**GRA**	**Total**	**MDRI-I Trust**	**MDRI-II Trust**	**PRGF-HIPC Trust**
Benin	36,060	--	36,060	--	34,111	1,949
Burkina Faso	62,120	--	62,120	57,053	--	5,067
Bolivia	71,154	89,780	160,934	--	154,819	6,115
Cameroon	173,260	--	173,260	--	149,169	24,091
Ethiopia	112,073	--	112,073	79,645	--	32,428
Ghana	265,389	--	265,389	220,020	--	45,369
Guyana	45,058	--	45,058	--	31,572	13,486
Honduras	107,457	--	107,457	--	98,240	9,217
Cambodia	56,829	--	56,829	56,829	--	--
Madagascar	137,286	--	137,286	128,492	--	8,794
Malawi	27,027	10,844	37,871	14,527	--	23,344
Mali	75,066	--	75,066	62,434	--	12,632
Mauritania	32,909	--	32,909	--	30,228	2,681
Mozambique	106,560	--	106,560	83,039	--	23,521
Niger	77,554	--	77,554	59,815	--	17,739
Nicaragua	140,481	--	140,481	--	91,762	48,719
Rwanda	52,743	--	52,743	20,174	--	32,569
São Tomé and Príncipe	1,049	--	1,049	1,049	--	--
Senegal	100,323	--	100,323	--	94,762	5,561
Sierra Leone	117,343	--	117,343	76,755	--	40,588
Tajikistan	69,308	--	69,308	69,308	--	--
Tanzania	234,031	--	234,031	206,990	--	27,041
Uganda	87,728	--	87,728	75,845	--	11,883
Zambia	402,592	--	402,592	--	398,471	4,121
Total	2,591,400	100,624	2,692,024	1,211,975	1,083,134	396,915

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

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying balance sheets as of April 30, 2007 and 2006, and the related statements of income and changes in resources and of cash flows for the years then ended of the following entities:

Poverty Reduction and Growth Facility Administered Accounts (the "Accounts")

- Austria
- Indonesia
- Portugal

These financial statements are the responsibility of Accounts' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Accounts' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Poverty Reduction and Growth Facility Administered Accounts at April 30, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

Deloitte + Touche LLP

June 25, 2007

Poverty Reduction and Growth Facility Administered Accounts

Balance sheets
as at April 30, 2007, and 2006

(In thousands of SDRs)

	Austria	Indonesia		Portugal	
	2006	2007	2006	2007	2006
Assets					
Cash and cash equivalents	--	--	--	--	4,382
Investments (Note 4)	--	25,000	25,000	2,629	--
Advance payments to the					
PRGF-ESF Trust Subsidy Account	--	--	--	7	21
PRGF-HIPC Trust	--	179	--	--	--
Interest/other receivable	--	423	399	51	--
Total assets	--	25,602	25,399	2,687	4,403
Liabilities and resources					
Deposits (Note 5)	--	25,000	25,000	2,629	4,382
Interest payable	--	394	193	13	21
Total liabilities	--	25,394	25,193	2,642	4,403
Resources	--	208	206	45	--
Total liabilities and resources	--	25,602	25,399	2,687	4,403

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, 2007, and 2006

(In thousands of SDRs)

	Austria	Indonesia		Portugal	
	2006	2007	2006	2007	2006
Balance, beginning of the year	--	206	164	--	--
Investment income (Note 4)	35	957	706	105	129
Other expenses	(1)	--	--	--	(1)
Interest expense on deposits	(7)	(455)	(206)	(14)	(22)
Operational income	27	502	500	91	106
Transfers to the					
PRGF-ESF Trust Subsidy Account	(27)	--	--	(46)	(106)
PRGF-HIPC Trust	--	(500)	(458)	--	--
Net income/changes in resources	--	2	42	45	--
Balance, end of the year	--	208	206	45	--

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, 2007, and 2006

(In thousands of SDRs)

	Austria	Indonesia		Portugal	
	2006	2007	2006	2007	2006
Cash flows from operating activities					
Net income	--	2	42	45	--
Adjustments to reconcile net income to cash generated by operations					
Interest income	(46)	(957)	(706)	(105)	(136)
Interest expense	7	455	206	14	22
	(39)	(500)	(458)	(46)	(114)
Changes in other assets	31	(179)	--	14	11
Cash used in operations	(8)	(679)	(458)	(32)	(103)
Interest received	46	933	499	54	136
Interest paid	(38)	(254)	(41)	(22)	(33)
Net cash used in operating activities	**--**	**--**	**--**	**--**	**--**
Cash flow from investment activities					
Net disposal/(acquisition) of investments	3,601	--	--	(2,629)	4,735
Net cash provided by/(used in) investment activities	**3,601**	**--**	**--**	**(2,629)**	**4,735**
Cash flow from financing activities					
Repayment of deposits	(5,000)	--	--	(1,753)	(2,191)
Net cash used by financing activities	**(5,000)**	**--**	**--**	**(1,753)**	**(2,191)**
Net (decrease)/increase in cash and cash equivalents	(1,399)	--	--	(4,382)	2,544
Cash and cash equivalents, beginning of year	1,399	--	--	4,382	1,838
Cash and cash equivalents, end of year	--	--	--	--	4,382

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

Poverty Reduction and Growth Facility Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 PRGF-ESF Subsidy Account of the PRGF-ESF Trust and PRGF-HIPC Trust Account. The IMF is the Trustee of each of the Administered Accounts. 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 PRGF-ESF Subsidy Account of the PRGF-ESF 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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

Unit of account

The functional and presentation currency of the Administered Accounts is the SDR. 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 November 2005 and the new composition of the SDR valuation basket became effective on January 1, 2006.

The currencies in the basket as of April 30, 2007, and 2006 and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (1.47106 U.S. dollars as of April 30, 2006).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments consist of fixed-term deposits and their carrying amount approximates the fair value.

Administrative costs

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

Poverty Reduction and Growth Facility Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the PRGF Administered Accounts' financial position or results of operations.

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 fixed-term deposits with maturities of less than one year as of April 30, 2007, and 2006.

Investment income comprised the following for the financial years ended April 30:

	2007	2006
	(In thousands of SDRs)	
Interest income	1,062	888
Realized gains, net	--	51
Unrealized losses, net	--	(69)
Total	1,062	870

Poverty Reduction and Growth Facility Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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) were to be repaid in ten equal semiannual installments beginning five and one-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 bore interest at a rate of ½ of 1 percent a year. Both deposits from Austria have been repaid in full and the Account was closed during the financial year ended April 30, 2006.

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 million, is to be repaid in one installment 10 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 10 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) is to be transferred to the PRGF-HIPC Trust.

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 contributed to the PRGF-ESF Subsidy Account of the PRGF-ESF Trust and PRGF-HIPC Trust. For the financial years ended April 30, 2007, and 2006, net investment income from the Administered Accounts to the PRGF-ESF Subsidy Account amounted to SDR 0.05 million and SDR 0.1 million, respectively; contributions to the PRGF-HIPC Trust amounted to SDR 0.5 million in each financial year.

V. Combined Financial Statements
of the
PRGF-HIPC Trust
and Related Accounts

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying combined balance sheets of the Poverty Reduction and Growth Facility-Heavily Indebted Poor Countries Trust and Related Accounts ("the "Trust") as of April 30, 2007 and 2006, and the related combined statements of income and changes in resources and of cash flows for the years then ended. These combined financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the combined financial position of the Poverty Reduction and Growth Facility-Heavily Indebted Poor Countries Trust and Related Accounts at April 30, 2007 and 2006, and the combined results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplemental schedules listed on pages 125 to 130 are presented for the purpose of additional analysis and are not a required part of the basic combined financial statements. These schedules are the responsibility of the Trust's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

June 25, 2007

PRGF-HIPC Trust and Related Accounts

Combined balance sheets
as at April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Assets		
Cash and cash equivalents	143,529	346,630
Investments (Note 4)	1,088,217	897,128
Interest receivable	9,507	6,759
Total assets	1,241,253	1,250,517
Liabilities and resources		
Borrowings (Note 5)	621,523	609,723
Interest payable	1,548	1,241
Total liabilities	623,071	610,964
Resources	618,182	639,553
Total liabilities and resources	1,241,253	1,250,517

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, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Balance, beginning of the year	639,553	599,303
Investment income (Note 7)	45,259	32,345
Interest expense	(2,238)	(1,775)
Other expenses	(318)	(209)
Operational income	42,703	30,361
Contributions from:		
Bilateral donors	7,648	7,479
Special Disbursement Account	--	593,000
Disbursements	(71,722)	(590,590)
Net (loss) income/changes in resources	(21,371)	40,250
Balance, end of the year	618,182	639,553

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, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Cash flows from operating activities		
Net (loss)/income	(21,371)	40,250
Adjustments to reconcile net income to cash generated by operations		
Interest income	(46,406)	(33,489)
Interest expense	2,238	1,775
Foreign currency translation: Investments	(12,110)	601
Borrowings	12,110	(601)
Cash (used in)/provided by operations	(65,539)	8,536
Interest received	43,658	29,002
Interest paid	(1,931)	(1,811)
Net cash (used in)/provided by operating activities	**(23,812)**	**35,727**
Cash flows from investment activities		
Net acquisition of investments	(178,979)	(192,323)
Net cash used in investment activities	**(178,979)**	**(192,323)**
Cash flows from financing activities		
Repayment of borrowings	(310)	-
Net cash used in financing activities	**(310)**	**-**
Net decrease in cash and cash equivalents	(203,101)	(156,596)
Cash and cash equivalents, beginning of the year	346,630	503,226
Cash and cash equivalents, end of the year	**143,529**	**346,630**

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

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

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 IMF is the Trustee of the Trust and the related accounts. 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 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 (SDA); 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; and the HIPC subaccount holds resources earmarked for HIPC operations. PRGF-HIPC subaccount resources used to finance HIPC operations through the HIPC subaccount gave rise to interest-bearing balances between the two subaccounts, which were eliminated following the MDRI-related transfers (Note 8).

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

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 repay the member’s existing debt to the IMF (including as Trustee) in accordance with the schedule for using the proceeds of the Trust grants or loans agreed by the Trustee and the member.

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.

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements
for the years ended April 30, 2007, and 2006

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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the PRGF-HIPC Trust and related accounts is the SDR. 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 November 2005 and the new composition of the SDR valuation basket became effective on January 1, 2006. The currencies in the basket as of April 30, 2007, and 2006 and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (one SDR was equal to 1.47106 U.S. dollars as of April 30, 2006).

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 comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Financial assets at fair value through profit or loss

Investments are managed by external investment managers and their performance is measured on a fair value basis. The Trust has designated its investments in fixed-income securities, other than fixed-term deposits, as financial assets held at fair value through profit or loss. Such designation may be made only upon initial recognition and cannot subsequently be changed. The designated assets are carried at fair value on the balance sheet with the change in fair value included in the income statement in the period in which they arise.

Recognition

Investments are recognized on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

Derecognition

Investments are derecognized when the contractual rights to the cash flows from the asset expire, or in transactions where substantially all the risks and rewards of ownership of the investment are transferred.

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Fair value measurement

The determination of the fair values of the investments, other than fixed-term deposits, is based on quoted market prices for financial instruments traded in active markets. The carrying amount of fixed-term deposits, which typically have maturities of 12 months or less, approximates the fair value.

Investment income

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

Contributions

Bilateral contributions are reflected as increases in resources and are subject to bilateral agreements stipulating how the resources are to be used.

Administrative costs

The expenses of conducting activities of the Trust and related accounts were paid for by the General Resources Account of the IMF.

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the PRGF-HIPC Trust and Related Accounts' financial position or results of operations.

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.

Credit risk on investment represents the potential loss that the Trust may incur if the obligors or counterparties default on their contractual obligations. Credit risk is managed by limiting

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

eligible investments to marketable securities rated AA or higher by a major credit rating agency, and for deposits, the Trust may invest only in obligations issued by institutions with a credit rating of A or higher.

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:

	2007	2006
	(In thousands of SDRs)	
Fixed-term deposits	772,517	897,128
Fixed-income securities	315,700	--
Total	1,088,217	897,128

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

	2007	2006
	(In thousands of SDRs)	
Less than 1 year	423,940	897,128
1–3 years	587,947	--
3–5 years	53,377	--
5–10 years	22,953	--
Total	1,088,217	897,128

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

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, 2007, and 2006 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	*(In thousands of SDRs)*
2008	20,066
2009	25,000
2010	288,926
2011	70,842
2012	26,090
2013 and beyond	190,599
Total	621,523

There were no new borrowings, net of the effect of foreign currency fluctuations, during the financial years ended April 30, 2007, and 2006. Repayments for the financial year ended April 30, 2007 amounted to SDR 0.3 million (none for the financial year ended April 30, 2006).

6. Multilateral Debt Relief Initiative

Effective January 5, 2006, the IMF adopted the Multilateral Debt Relief Initiative (MDRI) to provide debt relief to qualifying Heavily Indebted Poor Countries (HIPCs) and non-HIPC members with an annual per capita income of $380 or less and to qualifying HIPCs with an annual per capita income of more than $380, and for this purpose established the MDRI-I and MDRI-II Trusts, respectively. Grant assistance from the MDRI Trusts (together with assistance under the HIPC Initiative) provides debt relief to cover the full stock of debt owed to the IMF (including the PRGF-ESF Trust) as of December 31, 2004, that remains outstanding at the time the member qualifies for such relief.

For the financial year ended April 30, 2007, four HIPC members upon reaching the completion point received Multilateral Debt Relief Initiative (MDRI) grant assistance of SDR 189 million, of which SDR 67 million was disbursed from the PRGF-HIPC Trust.

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

For the year ended April 30, 2006, 18 HIPC members and 2 non-HIPC members received MDRI grant assistance of SDR 2,503 million, of which SDR 330 million was disbursed as HIPC Initiative Assistance from the PRGF-HIPC Trust. Since the IMF adopted the MDRI, eligible debt covered by the grant assistance under the MDRI and the HIPC Initiative included GRA and PRGF-ESF Trust obligations of SDR 101 million and SDR 2,591 million, respectively.

Since the stock of debt owed to the IMF as of December 31, 2004, decreases over time, the actual debt eligible for MDRI assistance for the remaining potentially eligible members depends on the timing of their completion points. The IMF periodically reviews the qualification of members for MDRI debt relief as these members make progress toward reaching the completion point under the HIPC Initiative.

7. Investment income

Investment income comprised the following for the financial years ended April 30:

	2007	2006
	(In thousands of SDRs)	
Interest income	46,406	33,489
Realized losses, net	(1,862)	(15,865)
Unrealized gains, net	709	14,720
Exchange rate gains, net	6	1
Total	45,259	32,345

8. Transfers receivable and payable

The HIPC subaccount had been accumulating a negative balance to the PRGF-HIPC subaccount arising from past disbursements under the HIPC Initiative. Following the MDRI-related transfers during the financial year ended April 30, 2006, the inter-subaccount balance of SDR 1,182 million, including accrued interest, was eliminated.

9. Related party transactions

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

PRGF-HIPC Trust and Related Accounts

Notes to the combined financial statements for the years ended April 30, 2007, and 2006

Cumulative transfers from the SDA of the IMF to the PRGF-HIPC Trust amounted to SDR 1,167 million as of April 30, 2007, and 2006. 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 0.5 million each for the financial years ended April 30, 2007, and 2006.

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.

Note 10

PRGF-HIPC Trust and Related Accounts

Combining balance sheets
as at April 30, 2007, and 2006

(In thousands of SDRs)

	2007							2006			
	PRGF-HIPC Trust Account	Subaccount			Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined total	PRGF-HIPC Trust Account	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined total
	PRGF-HIPC	PRGF	HIPC	Combined							
Assets											
Cash and cash equivalents	66,934	22,153	10,007	99,094	503	43,932	143,529	298,788	5,527	42,315	346,630
Investments	624,115	14,102	450,000	1,088,217	--	--	1,088,217	897,128	--	--	897,128
Interest receivable	3,667	--	5,387	9,054	--	453	9,507	6,406	--	353	6,759
Total assets	694,716	36,255	465,394	1,196,365	503	44,385	1,241,253	1,202,322	5,527	42,668	1,250,517
Liabilities and resources											
Borrowings	621,523	--	--	621,523	--		621,523	609,723	--	--	609,723
Interest payable	1,548	--	--	1,548	--		1,548	1,241	--	--	1,241
Total liabilities	623,071	--	--	623,071	--	--	623,071	610,964	--	--	610,964
Accumulated resources	71,645	36,255	465,394	573,294	503	44,385	618,182	591,358	5,527	42,668	639,553
Total liabilities and resources	694,716	36,255	465,394	1,196,365	503	44,385	1,241,253	1,202,322	5,527	42,668	1,250,517

Note 10 *(concluded)*

PRGF-HIPC Trust and Related Accounts

Combining statements of income and changes in resources for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	2007							2006			
	PRGF-HIPC Trust Account Subaccount				Umbrella Account for HIPC	Post-SCA-2 Administered	Combined	PRGF-HIPC Trust	Umbrella Account for HIPC	Post-SCA-2 Administered	Combined
	PRGF-HIPC	PRGF	HIPC	Combined	Operations	Account	total	Account	Operations	Account	total
Balance, beginning of the year	47,122	31,155	513,081	591,358	5,527	42,668	639,553	67,898	489,961	41,444	599,303
Investment income	23,326	1,205	18,975	43,506	36	1,717	45,259	23,416	7,705	1,224	32,345
Interest expense	(2,238)	--	--	(2,238)	--	--	(2,238)	(1,775)	--	--	(1,775)
Other expenses	(296)	(22)	--	(318)	--	--	(318)	(209)	--	--	(209)
Operational income	20,792	1,183	18,975	40,950	36	1,717	42,703	21,432	7,705	1,224	30,361
Contributions from:											
Bilateral donors	3,731	3,917	--	7,648	--	--	7,648	7,479	--	--	7,479
Special Disbursement Account	--	--	--	--	--	--	--	593,000	--	--	593,000
Grants	--	--	(66,662)	(66,662)	66,662	--	--	(98,451)	98,451	--	--
Disbursements	--	--	--	--	(71,722)	--	(71,722)	--	(590,590)	--	(590,590)
Net income(loss)/changes in resources	24,523	5,100	(47,687)	(18,064)	(5,024)	1,717	(21,371)	523,460	(484,434)	1,224	40,250
Balance, end of the year	71,645	36,255	465,394	573,294	503	44,385	618,182	591,358	5,527	42,668	639,553

Schedule 1

Post-SCA-2 Administered Account

Holdings, interest, and transfers for the year ended April 30, 2007

(In thousands of SDRs)

Member	Beginning balance	Interest earned	Transfers to PRGF-HIPC Trust	Ending balance
Argentina	5,796	233	--	6,029
Dominican Republic	1,073	43	--	1,116
Jordan	1,218	49	--	1,267
Trinidad and Tobago	2,617	105	--	2,722
Vanuatu	51	3	--	54
Venezuela	31,913	1,284	--	33,197
	42,668	1,717	--	44,385

Schedule 2

PRGF-HIPC Trust Account

Contributions and transfers
for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

	Subaccount			
	PRGF-HIPC	PRGF	HIPC	Combined
Year ended April 30, 2007				
Belize	20	--	--	20
Indonesia	500			500
Netherlands	--	3,917	--	3,917
St. Vincent and the Grenadines	11	--	--	11
Switzerland	3,200	--	--	3,200
	3,731	3,917	--	7,648
Year ended April 30, 2006				
Belize	20	--	--	20
Indonesia	458			458
Netherlands	--	3,786	--	3,786
St. Vincent and the Grenadines	11	--	--	11
Switzerland	3,204	--	--	3,204
	3,693	3,786	--	7,479
Contributions from SDA	(164,097)	--	757,097	593,000
	(160,404)	3,786	757,097	600,479

Schedule 3

Umbrella Account for HIPC Operations

Grants, interest, disbursements, and changes in resources for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

Member	Opening balance	Grants from PRGF-HIPC Trust Account	Interest earned	Disbursements	Ending balance
Year ended April 30, 2007					
Burundi	46	87	2	88	47
Chad	13	--	--	--	13
Congo, Democratic Republic of the	593	--	4	587	10
Gambia, The	1	360	3	--	364
Guinea	27	--	1	1	27
Guinea-Bissau	5	--	--	--	5
Haiti	--	42	1	6	37
Malawi	1,395	25,624	8	27,027	--
Mauritania	3,409	--	16	3,425	--
Sierra Leone	38	40,549	1	40,588	--
	5,527	66,662	36	71,722	503

Schedule 3 *(concluded)*

Umbrella Account for HIPC Operations

Grants, interest, disbursements, and changes in resources for the years ended April 30, 2007, and 2006

(In thousands of SDRs)

Member	Opening balance	Grants from PRGF-HIPC Trust Account	Interest earned	Disbursements	Ending balance
Year ended April 30, 2006					
Benin	2,446	--	33	2,479	--
Bolivia	12,715	--	165	12,880	--
Burkina Faso	12,222	--	159	12,381	--
Burundi	--	87	1	42	46
Cameroon	23	28,118	76	28,217	--
Chad	1,064	--	12	1,063	13
Congo, Democratic Republic of the	582	1,132	20	1,141	593
Ethiopia	33,372	366	637	34,375	--
Gambia, The	--		1	--	1
Ghana	56,454	--	1,002	57,456	--
Guinea	28	--	--	1	27
Guinea-Bissau	5	--	--	--	5
Guyana	17,516	--	276	17,792	--
Honduras	11,370	3,697	197	15,264	--
Madagascar	9,403	--	177	9,580	--
Malawi	28	4,628	66	3,327	1,395
Mali	16,681	--	256	16,937	--
Mauritania	6,491	--	140	3,222	3,409
Mozambique	30,391	--	475	30,866	--
Nicaragua	54,519	--	918	55,437	--
Niger	21,727	198	370	22,295	--
Rwanda	20,087	16,752	494	37,333	--
Senegal	11,250	--	153	11,403	--
Sierra Leone	63	4,000	30	4,055	38
Tanzania	31,441	--	507	31,948	--
Uganda	21,729	--	273	22,002	--
Zambia	118,354	39,473	1,267	159,094	--
	489,961	98,451	7,705	590,590	5,527

Schedule 4

PRGF-HIPC Trust Account

Cumulative contributions and transfers as at April 30, 2007

(In thousands of SDRs)

	Subaccount			
Member	**PRGF-HIPC**	**PRGF**	**HIPC**	**Combined**
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	180	--	--	180
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	31	--	--	31
Cyprus	544	--	--	544
Denmark	13,068	--	--	13,068
Egypt	37	--	--	37
Estonia	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	1,333	--	--	1,333
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	710	--	--	710
Luxembourg	488	--	--	488
Malaysia	478	--	--	478
Malta	706	--	--	706
Mauritius	40	--	--	40
Mexico	39,977	--	--	39,977
Morocco	49	--	--	49

Schedule 4 *(concluded)*

PRGF-HIPC Trust Account

Cumulative contributions and transfers as at April 30, 2007

(In thousands of SDRs)

	Subaccount			
Member	**PRGF-HIPC**	**PRGF**	**HIPC**	**Combined**
Netherlands	--	31,512	16,347	47,859
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	5,000	--	--	5,000
Portugal	4,430	--	--	4,430
Russian Federation	10,200	--	--	10,200
Samoa	3	--	--	3
San Marino	32	--	--	32
Saudi Arabia	978	--	--	978
Singapore	249	--	--	249
Slovak Republic	2,669	--	--	2,669
Slovenia	311	--	--	311
South Africa	20,895	--	--	20,895
Spain	16,550	--	--	16,550
Sri Lanka	12	--	--	12
St. Vincent and the Grenadines	77	--	--	77
Swaziland	20	--	--	20
Sweden	5,322	--	--	5,322
Switzerland	22,419	--	--	22,419
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
	502,914	31,512	299,116	833,542
Transfers from SDA	409,697	--	757,097	1,166,794
Transfers from GRA	72,456	--	--	72,456
	482,153	--	757,097	1,239,250
	985,067	31,512	1,056,213	2,072,792

VI. Financial Statements
of the
Multilateral Debt Relief Initiative-II Trust

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying balance sheets of the Multilateral Debt Relief Initiative-II Trust (the "Trust") as of April 30, 2007 and 2006, and related statements of income and changes in resources and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Multilateral Debt Relief Initiative-II Trust at April 30, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

Deloitte & Touche LLP

June 25, 2007

Multilateral Debt Relief Initiative-II Trust

Balance sheets
as at April 30, 2007, and 2006

(In thousands of SDRs)

	2007	2006
Assets		
Cash and cash equivalents	1,483	43,941
Investments (Note 4)	39,000	25,000
Interest receivable	217	305
Total assets	40,700	69,246
Liabilities and resources		
Accrued MDRI grant assistance (Note 5)	32,231	69,246
Total liabilities	32,231	69,246
Resources	8,469	--
Total liabilities and resources	40,700	69,246

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

/s/ Michael G. Kuhn
Director, Finance Department

/s/ Rodrigo de Rato
Managing Director

Multilateral Debt Relief Initiative-II Trust

Statements of income and changes in resources for the year ended April 30, 2007, and from inception to April 30, 2006

(In thousands of SDRs)

	2007	Inception to April 30, 2006
Balance, beginning of the year/period	--	--
Investment income (Note 4)	1,682	2,153
Operational income	1,682	2,153
Contributions	--	1,120,000
MDRI grant assistance (Note 5)	6,787	(1,122,153)
Net income/changes in resources	8,469	--
Balance, end of the year/period	8,469	--

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

Multilateral Debt Relief Initiative-II Trust

Statements of cash flows
for the year ended April 30, 2007, and from inception to April 30, 2006

(In thousands of SDRs)

	2007	Inception to April 30, 2006
Cash flows from operating activities		
Net income	8,469	--
Adjustments to reconcile net income to cash generated by operations		
Interest income	(1,682)	(2,194)
Change in accrued MDRI grant assistance	(37,015)	69,246
Cash (used in)/provided by operations	(30,228)	67,052
Interest received	1,770	1,889
Net cash (used in)/provided by operating activities	**(28,458)**	**68,941**
Cash flows from investment activities		
Net acquisition of investments	(14,000)	(25,000)
Net cash used in investment activities	**(14,000)**	**(25,000)**
Cash flows from financing activities		
Net cash used in financing activities	**--**	**--**
Net (decrease)/increase in cash and cash equivalents	(42,458)	43,941
Cash and cash equivalents, beginning of the year/period	43,941	--
Cash and cash equivalents, end of the year/period	**1,483**	**43,941**
	======	======

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

Multilateral Debt Relief Initiative-II Trust

Notes to the financial statements for the years ended April 30, 2007, and 2006

1. Nature of operations

Effective January 5, 2006, the IMF adopted the Multilateral Debt Relief Initiative (MDRI) to provide full debt relief to qualifying low-income countries. For this purpose, the IMF established the Multilateral Debt Relief Initiative-I (MDRI-I) Trust and the Multilateral Debt Relief Initiative-II (MDRI-II) Trust. The IMF acts as Trustee for both trusts.

Under the MDRI, the IMF provides debt relief to HIPC and non-HIPC members with annual per capita income of $380 or less and to HIPCs with annual per capita income of more than $380. Qualifying members at or below the per capita income threshold receive grant assistance from the MDRI-I Trust, which was initially funded by resources transferred from the Special Disbursement Account (SDR 1.5 billion). Grant assistance to the remaining HIPC members with per capita income above the threshold is provided from the MDRI-II Trust by resources contributed by individual members. The initial contributions to the MDRI-II Trust were received through the transfer of a portion of members' contributions to the PRGF-ESF Trust Subsidy Account (SDR 1.12 billion). Grant assistance from the MDRI Trusts (together with assistance under the HIPC Initiative) provides debt relief to cover the full stock of debt owed to the IMF (including the PRGF-ESF Trust) as of December 31, 2004, that remains outstanding at the time the member qualifies for such relief.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the MDRI-II Trust (the Trust) are prepared in accordance with International Financial Reporting Standards (IFRS). Specific accounting principles and disclosure practices, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as accrued MDRI grant assistance, 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Multilateral Debt Relief Initiative-II Trust

Notes to the financial statements for the years ended April 30, 2007, and 2006

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the MDRI-II Trust is the SDR. 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 November 2005, and the new composition of the SDR valuation basket became effective on January 1, 2006. The currencies in the basket as of April 30, 2007, and 2006 and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (one SDR was equal to 1.47106 U.S. dollars as of April 30, 2006).

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 comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Multilateral Debt Relief Initiative-II Trust

Notes to the financial statements for the years ended April 30, 2007, and 2006

Investments

Investments are made in fixed-term deposits. For these deposits, the Trust may invest only in obligations issued by institutions with a credit rating of A and above. The carrying amount of fixed-term deposits, which typically have maturities of 12 months or less, approximates the fair value. The Trust may also invest in obligations issued by an agency of a government and a multilateral organization with a minimum credit rating of AA.

Investment income comprises interest income and 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.

Administrative costs

The expenses of conducting the business of the MDRI-II Trust were paid by the General Resources Account of the IMF.

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the MDRI-II Trust's financial position or results of operations.

3. Financial risk management

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

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 obligations. The IMF, as trustee, conducts periodic reviews to determine the adequacy of the resources accumulated to meet liquidity needs.

Multilateral Debt Relief Initiative-II Trust

Notes to the financial statements
for the years ended April 30, 2007, and 2006

4. Investments and investment income

Investments at April 30, 2007, and 2006, consisted of fixed-term deposits maturing in one year or less. Investment income for the financial year ended April 30, 2007, and from inception to April 30, 2006, comprised interest income of SDR 1.68 million, and interest income of SDR 2.19 million and exchange rate losses of SDR 0.04 million, respectively.

5. MDRI grant assistance

For the financial year ended April 30, 2007, four HIPC members upon reaching the completion point received MDRI grant assistance of SDR 189 million, of which SDR 30 million was disbursed from the MDRI-II Trust. From inception to April 30, 2006, 18 HIPC members and 2 non-HIPC members received MDRI grant assistance of SDR 2,503 million, of which SDR 1,053 million was disbursed from the MDRI-II Trust.

MDRI grant assistance to the remaining eligible members is subject to the availability of resources and is accrued when it is probable that a liability has been incurred and the amount of such grant assistance can be reasonably estimated. The amount of liability recorded (SDR 32 million and SDR 69 million as of April 30, 2007, and 2006, respectively) is based on the evaluation of currently available facts with respect to each individual eligible member and includes factors such as progress made toward reaching the completion point under the HIPC Initiative, and the capacity to meet the macroeconomic performance and other objective criteria after reaching the completion point. As the qualification of members for MDRI debt relief is assessed, the amounts recorded are reviewed periodically and adjusted to reflect additional information that becomes available.

The reconciliation of accrued MDRI grant assistance for the financial year ended April 30, 2007, and from inception to April 30, 2006 is as follows:

	Financial year 2007	Inception to April 30, 2006
	(In million of SDRs)	
Beginning of year/period	69	--
Additions	1	218
Amounts utilized	(30)	(149)
Reversals	(8)	--
End of the year/period	32	69

VII. Financial Statements
of the
Other Administered Accounts

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying balance sheets as of April 30, 2007 and 2006, and the related statements of income and changes in resources and of cash flows for the years then ended of the following entities:

Other Administered Accounts (the "Accounts")

- Administered Account Japan
- Administered Account for Selected Fund Activities - Japan
- Framework Administered Account for Technical Assistance Activities
- Supplementary Financing Facility Subsidy Account
- The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account
- Administered Account Austria-II

These financial statements are the responsibility of Accounts' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Accounts' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Other Administered Accounts at April 30, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

Deloitte + Touche LLP

June 25, 2007

Other Administered Accounts
Balance sheets
as at April 30, 2007, and 2006

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Supplementary Financing Facility Subsidy Account		The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account		Administered Account Austria-II	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(In thousands of U.S. dollars)						*(In thousands of SDRs)*					
Assets												
Cash and cash equivalents	133,935	127,127	22,638	24,266	28,382	29,642	2,239	2,345	13,054	12,547	45	--
Investments	--	--	--	--	--	--	--	--	7,585	12,000	7,000	--
Interest/other receivables	--	--	--	--	--	--	25	19	185	56	136	
Total assets	133,935	127,127	22,638	24,266	28,382	29,642	2,264	2,364	20,824	24,603	7,181	--
Liabilities												
Deposit	--	--	--	--	--	--	--	--	--	--	7,000	--
Interest payable and other liabilities	--	--	--	--	25	--	--	--	--	--	181	--
Total liabilities	--	--	--	--	25	--	--	--	--	--	7,181	--
Resources												
Total resources	133,935	127,127	22,638	24,266	28,357	29,642	2,264	2,364	20,824	24,603	--	--

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, 2007, and 2006

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Supplementary Financing Facility Subsidy Account		The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account		Administered Account Austria-II	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	(In thousands of U.S. dollars)						*(In thousands of SDRs)*					
Balance, beginning of the year	127,127	122,402	24,266	21,691	29,642	23,948	2,364	2,296	24,603	18,684	--	--
Interest and investment income	6,808	4,725	996	624	1,503	1,024	95	68	812	615	331	
Contributions received	--	--	19,313	22,133	18,201	21,634	--	--	1,859	9,877	--	--
Interest expense on deposits	--	--	--	--	--	--	--	--	--	--	(35)	--
Payments to and on behalf of beneficiaries	--	--	(21,937)	(20,182)	(20,989)	(16,964)	--	--	(6,450)	(4,573)	--	--
Operational income/(loss)	6,808	4,725	(1,628)	2,575	(1,285)	5,694	95	68	(3,779)	5,919	296	--
Transfers to (Note 4)												
Special Disbursement Account	--	--	--	--	--	--	(195)	--	--	--	--	--
Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account	--	--	--	--	--	--	--	--	--	--	(296)	--
Net income (loss)/changes in resources	6,808	4,725	(1,628)	2,575	(1,285)	5,694	(100)	68	(3,779)	5,919	--	--
Balance, end of the year	133,935	127,127	22,638	24,266	28,357	29,642	2,264	2,364	20,824	24,603	--	--

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

Other Administered Accounts

Statements of cash flows
for the years ended April 30, 2007, and 2006

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Supplementary Financing Facility Subsidy Account		The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account		Administered Account Austria-II	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<——(In thousands of U.S. dollars)——>						<——(In thousands of SDRs)——>					
Cash flows from operating activities												
Net income/(loss)	6,808	4,725	(1,628)	2,575	(1,285)	5,694	(100)	68	(3,779)	5,919	--	--
Adjustments to reconcile net income to cash generated by operations												
Interest income	(6,808)	(4,725)	(996)	(624)	(1,503)	(1,024)	(95)	(68)	(812)	(615)	(331)	--
Interest expense on deposits	--	--	--	--	--	--	--	--	--	--	35	--
Changes in other assets	--	--	--	--	--	--	--	--	(146)	--	--	--
Changes in other liabilities	--	--	--	--	25	--	--	--	--	--	146	--
Interest received	6,808	4,725	996	624	1,503	1,024	89	62	829	559	195	--
Net cash provided by/(used in) operating activities	**6,808**	**4,725**	**(1,628)**	**2,575**	**(1,260)**	**5,694**	**(106)**	**62**	**(3,908)**	**5,863**	**45**	**--**
Cash flow from investment activities	--	--	--	--	--	--	--	--	4,415	(12,000)	(7,000)	--
Net cash provided by/(used in) investment activities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**4,415**	**(12,000)**	**(7,000)**	**--**
Cash flow from financing activities	--	--	--	--	--	--	--	--	--	--	7,000	--
Net cash provided by financing activities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**7,000**	**--**
Net increase (decrease) in cash and cash equivalents	6,808	4,725	(1,628)	2,575	(1,260)	5,694	(106)	62	507	(6,137)	45	--
Cash and cash equivalents, beginning of year	127,127	122,402	24,266	21,691	29,642	23,948	2,345	2,283	12,547	18,684	--	--
Cash and cash equivalents, end of year	**133,935**	**127,127**	**22,638**	**24,266**	**28,382**	**29,642**	**2,239**	**2,345**	**13,054**	**12,547**	**45**	**--**

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

Other Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 IMF is the Trustee of each account. 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

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

General Resources Account to reimburse the IMF for its costs incurred on behalf of technical assistance activities financed by resources from the Framework Account.

As of April 30, 2007, the Framework Account comprised the following subaccounts:

Japan Advanced Scholarship Program Subaccount

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.

Other Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 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 frameworks 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 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 frameworks 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 frameworks in these core areas.

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

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 frameworks 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 frameworks in these core areas. The resources of this subaccount are contributed by the above governments and other governments or official agencies, including those of China, Luxembourg, the Russian Federation, and Switzerland, that reached an understanding with the IMF subsequent to the subaccount's 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 frameworks 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 frameworks in these core areas.

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

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 frameworks 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 subaccount's 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 frameworks 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 the Islamic Republic of Afghanistan, Iraq, Jordan, Lebanon, the Socialist People's Libyan Arab Jamahiriya, Sudan, the Syrian Arab Republic, West Bank and Gaza, and the Republic of 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 subaccount's 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 frameworks in

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

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 combating-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 frameworks in these core areas.

European Commission Technical Assistance Subaccount for the Middle East Regional Technical Assistance Center

At the request of the European Commission, this subaccount was established on June 13, 2005, to finance technical assistance activities of the Middle East Regional Technical Assistance Center.

European Investment Bank Technical Assistance Subaccount

At the request of the European Investment Bank, this subaccount was established on June 29, 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 frameworks in these core areas.

Central Africa Regional Technical Assistance Center Subaccount

At the request of France, this subaccount was established on November 10, 2006, to finance the technical assistance activities of the Central Africa Regional Technical Assistance Center (Central AFRITAC) that seek to enhance the capacity of members in the sub-Saharan African region to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs, seminars, and projects that strengthen the legal and administrative frameworks in these core areas.

Other Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

Islamic Development Bank Technical Assistance Subaccount

At the request of the Islamic Development Bank, this subaccount was established on March 30, 2007, to provide financing for projects that seek to enhance the capacity of members of the IMF that are also members of the Islamic Development Bank. The resources of the subaccount will be used for projects 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 frameworks in these core areas.

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 access. 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 in the General Resources Account of the IMF, effectively subsidizing the basic rate of charge on these purchases to ½ of 1 percent per annum. The subsidy to each eligible member will be prorated if resources are insufficient to reduce the basic rate of charge to ½ of 1 percent.

Other Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

Austria-II Administered Account

At the request of the Austrian National Bank, the IMF established this account on April 3, 2006, to provide resources to subsidize charges on purchases under the policy on emergency assistance for natural disasters ("ENDA") by PRGF-eligible countries. The account had no assets or liabilities as of April 30, 2006. The Austrian National Bank made a deposit of SDR 7 million on May 2, 2006, for a period of five years at an interest rate of ½ of 1 percent per annum. The resources in the account are to be invested, and the difference between the investment earnings and the interest due on the deposit is to be transferred to the ENDA sub-account of the Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account for PRGF-eligible members.

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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

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

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

The functional and presentation currency of these accounts is the U.S. dollar. 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.

Supplementary Financing Facility Subsidy Account, Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account, and Austria-II Administered Account

The functional and presentation currency of these accounts is the SDR. 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 November 2005 and the composition of the SDR valuation basket became effective from January 1, 2006. The currencies in the basket as of April 30, 2007, and 2006 and their amounts were as follows:

Currency	Amount
Euro	0.4100
Japanese yen	18.4000
Pound sterling	0.0903
U.S. dollar	0.6320

As of April 30, 2007, one SDR was equal to 1.52418 U.S. dollars (one SDR was equal to 1.47106 U.S. dollars as of April 30, 2006).

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 comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

As at April 30, 2007, the investments in the Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account and Administered Account Austria-II consisted of short-term

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

fixed-term deposits with maturities of less than one year. The carrying amount of these fixed-term deposits approximates the fair value.

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 transactions at rates different from those at the date of the transactions 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 paid by the IMF from the General Resources Account. Partial reimbursements were made by several Administered Accounts. For the Administered Account for Selected Fund Activities—Japan, the reimbursements were $2.4 million and $2.1 million for the financial years ended April 30, 2007, and 2006, respectively. The administrative expenses of the Framework Account that were reimbursed amounted to $2.4 million and $1.9 million for the financial years ended April 30, 2007, and 2006, respectively. These reimbursements are included in payments to and on behalf of beneficiaries in the statements of income and changes in resources.

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the Other Administered Accounts' financial position or results of operations.

3. Cumulative contributions and disbursements

The cumulative contributions to and disbursements from these Administered Accounts are as follows:

	April 30, 2007		April 30, 2006	
Account	Cumulative contributions[1]	Cumulative disbursements[2]	Cumulative contributions[1]	Cumulative disbursements[2]
	(In millions of U.S. dollars)			
Administered Account Japan	**135.2**	**72.5**	**135.2**	**72.5**
Administered Account for Selected Fund Activities—Japan	**286.7**	**273.8**	**267.4**	**251.9**
Technical assistance	250.6	241.5	235.3	223.3
Scholarships	23.4	20.8	21.0	18.4
Office of Asia and the Pacific	12.7	11.5	11.1	10.2
Framework Administered Account for Technical Assistance Activities	**122.6**	**98.5**	**104.3**	**77.5**
Japan Advanced Scholarship Program Subaccount	16.3	15.7	14.8	13.8
Rwanda—Macroeconomic Management Capacity Subaccount	1.5	1.6	1.5	1.6
Australia—IMF Scholarship Program for Asia Subaccount	4.2	4.1	3.9	3.5
Switzerland Technical Assistance Subaccount	17.5	14.5	17.5	13.2
French Technical Assistance Subaccount	1.2	0.7	1.2	0.7
Denmark Technical Assistance Subaccount	6.8	5.3	6.8	4.8

Other Administered Accounts

Notes to the financial statements for the years ended April 30, 2007, and 2006

Account	April 30, 2007 Cumulative contributions[1]	April 30, 2007 Cumulative disbursements[2]	April 30, 2006 Cumulative contributions[1]	April 30, 2006 Cumulative disbursements[2]
	(In millions of U.S. dollars)			
Australia Technical Assistance Subaccount	1.2	0.8	0.3	0.2
The Netherlands Technical Assistance Subaccount	5.3	5.1	4.6	4.4
The United Kingdom DFID Technical Assistance Subaccount	10.9	9.1	8.1	7.3
Italy Technical Assistance Subaccount	3.7	2.0	3.7	1.8
Pacific Financial Technical Assistance Centre Subaccount	5.4	5.1	4.4	3.6
Africa Regional Technical Assistance Centers Subaccount	25.8	20.8	20.8	15.0
Sweden Technical Assistance Subaccount	1.3	1.1	1.3	0.9
China Technical Assistance Subaccount	0.4	0.2	0.2	0.2
Technical Assistance Subaccount for Iraq	6.0	3.8	5.8	2.9
Canada Technical Assistance Subaccount	2.2	1.4	1.9	0.8
Middle East Regional Technical Assistance Center Subaccount	4.3	4.4	3.2	2.6
Technical Assistance Subaccount to Support Macroeconomic and Financial Policy Formulation and Management	1.1	0.8	0.6	0.1
Spain Technical Assistance Subaccount	2.0	0.5	2.0	--
European Commission Technical Assistance Subaccount for METAC	1.1	0.9	1.1	--
European Investment Bank Technical Assistance Subaccount	0.6	0.2	0.6	0.1
Central Africa Regional Technical Assistance Center Subaccount	3.8	0.4	--	--
Islamic Development Bank Technical Assistance Subaccount	--	--	--	--
	(In millions of SDRs)			
The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account	**32.4**	**13.4**	**30.5**	**6.9**

[1] Net of refunds of contributions to donors owing to termination of projects financed by resources in the Administered Account.

[2] Disbursements had been made from contributed resources as well as from interest earned on these resources.

Other Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

4. Transfer of resources

Supplementary Financing Facility Subsidy Account

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, 2007, and 2006, 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.

Administered Account Austria-II

The difference between investment earnings and the interest due on the deposit is transferred to the ENDA subaccount of the Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account for PRGF-eligible 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 or, in the case of a subaccount comprising resources from more than one contributor, by all the contributors participating in the subaccount at the time of termination, provided that a contributor to such a subaccount may cease its own participation in the subaccount at any time without termination of the subaccount. Termination shall be effective on the date that the IMF or the contributor, as the case may be, receives notice of termination. The disposition of any balances, net of continuing liabilities and commitments under the activities financed, is governed by the conditions agreed between the IMF and the contributor, or

Other Administered Accounts

Notes to the financial statements
for the years ended April 30, 2007, and 2006

contributors in the case of a subaccount with more than one contributor. Absent such agreement, the balances are returned to the contributor(s).

The Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account

The account can be terminated by the IMF at any time. Any balances remaining in the account after discharge of all obligations of the account upon its termination are to be transferred to each contributor in the proportion that the SDR equivalent of its respective contribution bears to the total contributions. In the case of earmarked contributions that have been fully used, no such transfer shall be made. A contributor may also designate its share or a specified portion for such other purposes as may be mutually agreed between the contributor and the IMF.

Austria-II Administered Account

The account will be terminated upon completion of its operation. Any assets remaining after the repayment of the deposit and interest due thereon will be transferred to the Natural Disaster Emergency Assistance subaccount of the Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account for PRGF-eligible members.

VIII. Financial Statements of the Staff Retirement Plan

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying statements of accumulated plan benefits and net assets available for benefits of the International Monetary Fund Staff Retirement Plan (the "Plan") as of April 30, 2007 and 2006, and the related statements of changes in accumulated plan benefits and changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial status of the International Monetary Fund Staff Retirement Plan at April 30, 2007 and 2006, and the changes in its financial status for the years then ended in conformity with International Financial Reporting Standards.

As discussed in Note 3 to the financial statements, the 2007 and 2006 financial statements include securities valued at $2,944 million (47 percent of net assets) and $2,447 million (45 percent of net assets), respectively, whose values have been estimated by the Plan's management in the absence of readily ascertainable market values. We have examined the procedures used by the management in arriving at its estimate of the value of such securities and have inspected underlying documentation, and in the circumstances, we believe that such procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Deloitte & Touche LLP

June 25, 2007

Staff Retirement Plan

Statements of accumulated Plan benefits and net assets available for benefits as at April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Accumulated Plan benefits		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	1,593,095	1,503,707
Active participants	1,121,757	1,078,729
Nonvested benefits	1,097,332	1,068,779
Total actuarial present value of accumulated Plan benefits	3,812,184	3,651,215
Assets available for benefits		
Cash and cash equivalents	386,213	397,318
Investments, at fair value (Note 3)	6,312,012	5,477,641
	6,698,225	5,874,959
Receivables		
Accrued interest and dividends	24,279	22,931
Contributions	5,146	6,974
Other	505	369
	29,930	30,274
Total assets	6,728,155	5,905,233
Liabilities		
Accounts and benefits payable	14,412	8,735
Advance employer contributions (Note 4)	37,265	69,416
Total liabilities	51,677	78,151
Net assets available for benefits	6,676,478	5,827,082
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 4)	2,864,294	2,175,867

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, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Actuarial present value of accumulated Plan benefits, beginning of the year	3,651,215	3,338,834
Increase (decrease) during the year attributable to		
Benefits accumulated	24,761	95,388
Interest accrued	268,953	245,812
Benefits paid	(132,745)	(124,924)
Change in actuarial assumptions	--	96,105
Net increase	160,969	312,381
Actuarial present value of accumulated Plan benefits, end of the year	3,812,184	3,651,215

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, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Net investment income (Note 3)	831,236	1,137,764
Contributions (Note 4)		
Employer	110,082	93,375
Participants	38,856	38,402
Participants restored to service	559	543
Net transfers from retirement plans of other international organizations	1,199	25
Total contributions	150,696	132,345
Total increase	981,932	1,270,109
Benefits		
Pension	113,246	102,495
Commutation	12,994	18,052
Withdrawal	5,901	4,010
Death	395	705
Total payments	132,536	125,262
Net increase	849,396	1,144,847
Net assets available for benefits		
Beginning of the year	5,827,082	4,682,235
End of the year	6,676,478	5,827,082

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

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

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 IMF (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, 2007, there were 1,763 retired participants receiving benefits, 2,917 active participants contributing to the Plan, and 279 inactive participants eligible to receive deferred pension benefits. This compares with 1,657 retired participants, 2,959 active participants, and 266 inactive participants at April 30, 2006.

Benefits

Annual pension

Participants are entitled to unreduced pensions beginning at the 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.

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

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 the financial year ended April 30, 2007, are based on an actuarial valuation and are equal to 20.09 percent of gross remuneration of participants (17.61 percent for the financial year ended April 30, 2006). 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 balance of the 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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as the valuation of Plan assets, 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.

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions and, in some cases, actuarial techniques. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Unit of account

The functional and presentation currency of the Plan is the U.S. dollar.

Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transactions. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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 5 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.

Investments are classified as fair-value-through-profit-and-and-loss securities, and are reported at market value or fair value as of the balance sheet date. Changes in fair value of investments are recognized as a component of the changes in net assets available for benefits. 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

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

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.

Securities Lending

The Plan engages in a securities lending program with the custodian, as lending agent, to enhance the return on its investments. Under this program, certain of the Plan's holdings of marketable securities are loaned temporarily to other institutions. The borrower gives collateral, and pays a fee in exchange for the securities. The Plan maintains effective control over securities loaned and therefore continues to report such securities as invested assets. The market value of the loaned securities was $517 million and $489 million at April 30, 2007, and 2006, respectively. The Plan's policy is to require initial collateral equal to at least 100% of the market value of the loaned securities and is indemnified by the lending agent against borrower insolvency. The Plan participates in the lending agent's collateral fund but does not recognize the receipt of the collateral held by the lending agent or the obligation to return the collateral as there exists no right to sell or repledge the collateral. The market value of the Plan's share of the collateral fund was $534 million and $506 million at April 30, 2007, and 2006, respectively.

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 gain on the open contract.

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

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 with 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 statements date.

The difference between the actuarial present value of accumulated Plan benefits and the fair market value of assets reflects the Plan's funded status. The funded status 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.

Tax status

The Internal Revenue Service has determined and informed the Employer on 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.

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 "Financial Instruments: Disclosures," which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the Plan's financial position or results of operations.

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

3. Investments

Summarized below are the Plan's investments, valued at market value or fair value, at April 30, 2007, and 2006:

	2007	2006
	(In millions of U.S. dollars)	
Publicly traded		
Fixed income	929	749
Equity	2,439	2,281
	3,368	3,030
Non-publicly traded		
Commingled funds - Fixed income	198	76
Commingled funds - Equity	1,570	1,389
Commingled funds - Other	471	454
Real estate	126	117
Private equities and other	579	411
	2,944	2,447
	6,312	5,477

The 2007 and 2006 financial statements include investments valued at $2,944 million (47 percent of net assets) and $2,447 million (45 percent of net assets), respectively, whose values have been estimated by the Plan's management in the absence of readily ascertainable market values.

Commingled funds, which are not publicly traded, may include publicly traded securities for which detailed holdings are reported to the Plan. If all such commingled funds are classified, based on the underlying holdings, to the appropriate publicly traded category, the Plan's publicly traded investment would amount to $5,537 million and $4,866 million, or 88 and 89 percent of total investments as of April 30, 2007, and 2006, respectively.

Fair values of investments are based on quoted market prices or dealer quotes. Fair values of alternative investments for which quoted market prices are not available are determined after consideration of valuations provided by the external investment managers adjusted for receipts, disbursements, and distributions through balance sheet date. The valuation of these alternative investments may involve estimates, appraisals, assumptions, and methods that are reviewed by management. Owing to the inherent limitations in any estimation technique, these fair value estimates are not necessarily indicative of the amounts that would be realized in a market transaction.

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

The methods and assumptions used to estimate the fair value of the Plan's investments are as follows:

(i) Fair values of publicly held securities are based on the quoted market prices or dealer quotes on the last business day of the accounting period.

(ii) Fair values of private equity funds represent the Plan's proportional share of the pool of invested funds based on the valuation determined by the general partner of each partnership;

(iii) Fair values of real estate investments are estimated based on the adjusted appraised value for the latest quarterly reporting period;

(iv) Fair values of derivatives are equivalent to the unrealized gains or losses, net of cost, of such instruments.

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

	2007	2006
	(In millions of U.S. dollars)	
Interest and dividend	134	129
Realized gains, net	345	411
Unrealized gains, net	369	618
	848	1,158
Less: investment fees	(17)	(21)
	831	1,137

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

The notional value of financial instruments held for risk-management purposes was as follows at April 30, 2007, and 2006:

	2007	2006
	(In millions of U.S. dollars)	
Futures		
Long positions	556	616
Short positions	60	617
Forwards		
Purchases	644	896
Sales	644	896

Futures contracts

A futures contract is a commitment either to purchase or to 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, 2007, and 2006.

The Plan enters into financial futures contracts to protect it against market price risks and 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 (counterparty 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, enters into close-out netting agreements, sets minimum credit-quality standards for counterparties, restricts time-to-maturity of forward and other over-the-counter instruments, and establishes quantitative restrictions on the use of counterparties to ensure adequate counterparty diversification.

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, 2007, the unrealized gain totaled $4.6 million ($5.7 million at April 30, 2006).

Staff Retirement Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 experience gains and losses and cost-of-living increases. The required Employer contribution rate for the financial year ending April 30, 2007, was actuarially determined at 20.09 percent (17.61 percent for the financial year ended April 30, 2006) of pensionable gross remuneration. The advance Employer contribution ($37.3 million and $69.4 million for financial years ended April 30, 2007, and 2006, respectively) represents the Employer's prepayment of future contributions.

The actuarial assumptions used in the valuation to determine the Employer's contributions include (i) life expectancy based on the 1993 United Nations mortality tables for men and women (the life expectancy was increased by one year); (ii) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender for withdrawal; (iii) an average rate of return on investments of 7.5 percent; (iv) a discount rate of 7.5 percent; (v) an average inflation rate of 4 percent a year; (vi) salary increase percentages that vary with age; and (vii) valuation of assets that spreads gains and losses above or below the expected rate of return over a five-year period, provided that the actuarial value of plan assets cannot be less than 90 percent, or more than 110 percent, of the fair market value for any particular year.

Actuarial valuations for funding 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:

	2006	2005
	(In millions of U.S. dollars)	
Present value of benefits payable	6,002	5,487
Less: Assets for valuation purposes	5,262	4,006
Required future funding	740	1,481
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	412	398
Present value of future funding required from the Employer	328	1,083

Staff Retirement Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

5. Administrative costs

Administrative costs of the Plan are paid by the Employer, as provided in the Plan document. For the financial year ended April 30, 2007, the administrative costs met by the Employer were approximately $0.82 million ($0.46 million for the financial year ended April 30, 2006).

IX. Financial Statements
of the
Supplemental Retirement Benefit Plan

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying statements of accumulated plan benefits and net assets available for benefits of the International Monetary Fund Supplemental Retirement Benefit Plan (the "Plan") as of April 30, 2007 and 2006, and the related statements of changes in accumulated plan benefits and changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial status of International Monetary Fund Supplemental Retirement Benefit Plan at April 30, 2007 and 2006, and the changes in its financial status for the years then ended in conformity with International Financial Reporting Standards.

Deloitte + Touche LLP

June 25, 2007

Supplemental Retirement Benefit Plan

Statements of accumulated Plan benefits and net assets available for benefits as at April 30, 2007, and 2006

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

	2007	2006
Accumulated Plan benefits		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	157,700	138,310
Active participants	49,153	42,084
Nonvested benefits	197,002	172,735
Total actuarial present value of accumulated Plan benefits	403,855	353,129
Assets available for benefits		
Cash at bank	21,317	10,453
Contributions receivable	13,142	10,061
Total assets	34,459	20,514
Liabilities		
Accounts and benefits payable	14	37
Advance Employer contributions (Note 3)	--	1,187
Total liabilities	14	1,224
Net assets available for benefits	34,445	19,290
Actuarial present value of accumulated Plan benefits and net deficiency	(369,410)	(333,839)

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, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Actuarial present value of accumulated Plan benefits, beginning of the year	353,129	290,023
Increase (decrease) during the year attributable to		
Benefits accumulated	36,947	46,235
Interest accrued	26,033	21,345
Benefits paid	(12,254)	(11,059)
Change in actuarial assumptions	--	6,585
Net increase	50,726	63,106
Actuarial present value of accumulated Plan benefits, end of the year	403,855	353,129

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, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Investment income		
Interest	848	424
	848	424
Contributions (Note 3)		
Employer	24,494	18,660
Participants	2,058	2,955
Participants restored to service	--	67
Total contributions	26,552	21,682
Total increase	27,400	22,106
Benefits		
Pension	10,270	8,559
Commutation	1,316	2,173
Withdrawal	645	306
Death	--	35
Total payments	12,231	11,073
Fees	14	6
Net increase	15,155	11,027
Net assets		
Beginning of the year	19,290	8,263
End of the year	34,445	19,290

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

Supplemental Retirement Benefit Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

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, 2007, there were 285 retired participants receiving benefits and 467 active participants contributing to the Plan. This compares with 268 retired participants and 372 active participants at April 30, 2006.

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.

Contributions

Participants

Regular staff members are required to participate if their gross remuneration is over Internal Revenue Service contribution 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 20.09 percent of gross remuneration of participants for the financial year ended April 30, 2007 (17.61 percent for the financial year ended April 30, 2006). Actual Employer

Supplemental Retirement Benefit Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

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.

Before a participant retires, 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 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 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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Unit of account

The functional and presentation currency of the Plan is the U.S. dollar.

Use of estimates

The preparation of financial statements 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as

Supplemental Retirement Benefit Plan

Notes to the financial statements for the years ended April 30, 2007, and 2006

historical experience and current and expected economic conditions and, in some cases, actuarial techniques. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 greater of the present value of the deferred pension earned to the valuation date for a participant, or 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 statement 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 with 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 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.

Supplemental Retirement Benefit Plan

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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 experience gains and losses and cost-of-living increases. The required Employer contribution rate for the financial year beginning May 1, 2006, was actuarially determined at 20.09 percent (17.61 percent for the financial year beginning May 1, 2005) of pensionable gross remuneration. The advance Employer contributions (none at April 30, 2007, and $1.2 million at April 30, 2006) represent the Employer's prepayment of future contributions. The employer's contributions 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 include (i) life expectancy based on the 1993 United Nations mortality tables for men and women (the life expectancy was increased by one year); (ii) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender for withdrawal; (iii) an average rate of return on investments of 7.5 percent; (iv) a discount rate of 7.5 percent; (v) an average inflation rate of 4 percent a year; (vi) salary increase percentages that vary with age; and (vii) valuation of assets that spreads gains and losses above or below the expected rate of return over a five-year period, provided that the actuarial value of plan assets cannot be less than 90 percent, or more than 110 percent, of the fair market value for any particular year.

X. Financial Statements
of the
Retired Staff Benefits Investment Account

Deloitte.

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Independent Auditors' Report

To the Board of Governors
of the International Monetary Fund
Washington, DC

We have audited the accompanying balance sheets of the International Monetary Fund Retired Staff Benefits Investment Account (the "Account") as of April 30, 2007 and 2006, and the related statements of income and changes in resources for the years then ended. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Account's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial condition of the International Monetary Fund Retired Staff Benefits Investment Account at April 30, 2007 and 2006, and the results of its operations for the years then ended in conformity with International Financial Reporting Standards.

As discussed in Note 3 to the financial statements, the 2007 and 2006 financial statements include securities valued at $368 million (50 percent of net assets) and $296 million (47 percent of net assets), respectively, whose values have been estimated by the Account's management in the absence of readily ascertainable market values. We have examined the procedures used by the management in arriving at its estimate of the value of such securities and have inspected underlying documentation, and in the circumstances, we believe that such procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Deloitte & Touche LLP

June 25, 2007

Retired Staff Benefits Investment Account

Balance sheets
as at April 30, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Assets		
Cash and cash equivalents	45,087	41,685
Investments (Note 3)	733,209	629,645
Accrued interest receivable	2,537	2,247
Other receivables	89	335
Total assets	780,922	673,912
Liabilities and resources		
Accounts payable	737	325
Resources	780,185	673,587
Total liabilities and resources	780,922	673,912

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, 2007, and 2006

(In thousands of U.S. dollars)

	2007	2006
Balance, beginning of the year	673,587	537,827
Transfers from the General Resources Account (Note 5)	38,984	37,198
Investment income		
Interest and dividends	14,542	13,446
Realized gains, net	36,822	41,993
Unrealized gains, net	49,766	74,122
	101,130	129,561
Less: investment fees	(2,285)	(1,565)
Net investment income	98,845	127,996
Transfers to the General Resources Account	(31,231)	(29,434)
Net increase	106,598	135,760
Balance, end of the year	780,185	673,587

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

Retired Staff Benefits Investment Account

Notes to the financial statements
for the years ended April 30, 2007, and 2006

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, as set out below, are in accordance with and comply with IFRS and have been applied consistently for all periods presented.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as the valuation of assets, 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. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions and, in some cases, actuarial techniques. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Retired Staff Benefits Investment Account

Notes to the financial statements
for the years ended April 30, 2007, and 2006

Unit of account

The functional and presentation currency of the Plan is the U.S. dollar.

Foreign currency translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transactions. 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 transactions 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 comprise cash on hand and demand deposits, and other highly liquid short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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. Investments are classified as fair-value-through-profit-and-loss securities and are reported at market value or fair value as of the balance sheet date. Unrealized gains and losses are recognized in the statements of income and changes in resources. Income on investments comprises interest earned and realized and unrealized gains and losses, including currency valuation differences arising from exchange rate movements against the U.S. dollar.

Securities Lending

The RSBIA engages in a securities lending program with the custodian, as lending agent, to enhance the return on its investments. Under this program, certain of the RSBIA 's holdings of marketable securities are loaned temporarily to other institutions. The borrower gives collateral, and pays a fee in exchange for the securities. The RSBIA maintains effective control over securities loaned and therefore continues to report such securities as invested assets. The market value of the loaned securities was $56 million and $45 million at April 30, 2007, and 2006, respectively. The RSBIA 's policy is to require initial collateral equal to at least 100% of the market value of the loaned securities and is indemnified by the lending

Retired Staff Benefits Investment Account

Notes to the financial statements
for the years ended April 30, 2007, and 2006

agent against borrower insolvency. The RSBIA participates in the lending agent's collateral fund but does not recognize the receipt of the collateral held by the lending agent or the obligation to return the collateral as there exists no right to sell or repledge the collateral. The market value of the RSBIA 's share of the collateral fund was $58 million and $46 million at April 30, 2007, and 2006, respectively.

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 gain on the open contract.

Adoption of new International Financial Reporting Standards

In August 2005, the International Accounting Standards Board (IASB) issued a new standard, IFRS 7 “Financial Instruments: Disclosures,” which requires enhanced quantitative and qualitative risk disclosures for all major categories of financial instruments. IFRS 7 will become effective for financial year 2008, and its implementation is not expected to have an impact on the RSBIA’s financial position or results of operations.

3. Investments

Summarized below are RSBIA’s investments, valued at market value or fair value, at April 30, 2007, and 2006:

Retired Staff Benefits Investment Account

Notes to the financial statements
for the years ended April 30, 2007, and 2006

	2007	2006
	(In millions of U.S. dollars)	
Publicly traded		
Fixed income	107	79
Equity	258	255
	365	334
Non-publicly traded		
Commingled funds - Fixed income	23	6
Commingled funds - Equity	151	132
Commingled funds - Other	54	46
Real estate	40	42
Private equities and other	100	70
	368	296
	733	630

The 2007 and 2006 financial statements include investments valued at $368 million (50 percent of net assets) and $296 million (47 percent of net assets), respectively, whose values have been estimated by RSBIA's management in the absence of readily ascertainable market values.

Commingled funds, which are not publicly traded, may include publicly-traded securities for which detailed holdings are reported to the RSBIA. If all such commingled funds are classified, based on the underlying holdings, to the appropriate publicly-traded category, the RSBIA's publicly-traded investment would amount to $588 million and $514 million, or 80 and 82 percent of total investments as of April 30, 2007, and 2006, respectively.

Fair values of investments are based on quoted market prices where available or dealer quotes. Fair values of alternative investments for which quoted market prices are not available are determined after consideration of valuations provided by the external investment managers adjusted for receipts, disbursements, and distributions through balance sheet date. The valuation of these alternative investments may involve estimates, appraisals, assumptions, and methods that are reviewed by management. Owing to the inherent limitations in any estimation technique, these fair value estimates are not necessarily indicative of the amounts that would be realized in a market transaction.

The methods and assumptions used to estimate the fair value of the RSBIA's investments are as follows:

Retired Staff Benefits Investment Account

Notes to the financial statements
for the years ended April 30, 2007, and 2006

(i) Fair values of publicly held securities are based on the quoted market prices or dealer quotes on the last business day of the accounting period;

(ii) Fair values of private equity funds represent the RSBIA's proportional share of the pool of invested funds based on the valuation determined by the general partner of each partnership;

(iii) Fair values of real estate investments are estimated based on the adjusted appraised value for the latest quarterly reporting period;

(iv) Fair values of derivatives are equivalent to the unrealized gains or losses, net of cost, of such instruments.

Futures contracts

A futures contract is a commitment either to purchase or to 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, 2007, and 2006.

The RSBIA enters into financial futures contracts to protect it against market price risks and 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 (counterparty risk), depending on the counterparties involved, because daily cash settlements are not required. To manage this exposure, the RSBIA deals with counterparties of good credit standing, enters into close-out netting agreements, sets minimum credit-quality standards for counterparties, restricts time-to-maturity of forward and other over-the-counter instruments, and establishes quantitative restrictions on the use of counterparties to ensure adequate counterparty diversification.

The RSBIA's principal objective in entering into forward foreign currency exchange contracts is to manage foreign currency fluctuations relative to investments in its global

Retired Staff Benefits Investment Account

Notes to the financial statements
for the years ended April 30, 2007, and 2006

portfolio. These contracts generally have terms of no more than three months. At April 30, 2007, the unrealized gain totaled $0.6 million ($0.7 million at April 30, 2006).

The notional value of these risk management instruments was as follows at April 30:

	2007	2006
	(In millions of U.S. dollars)	
Futures		
Long positions	36	20
Short positions	8	38
Forwards		
Purchases	72	106
Sales	72	106

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 $1,020 million at April 30, 2007 ($820 million at April 30, 2006).

5. Transfers

The IMF transfers amounts from the GRA to the RSBIA to be held and invested pending their use. During the financial year ended April 30, 2007, the transfers amounted to $39.0 million ($37.2 million during the financial year ended April 30, 2006). Cumulative transfers from the GRA to the RSBIA amounted to $504.2 million at April 30, 2007 ($465.2 million at April 30, 2006). 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.