

FOR
AGENDA

EBS/85/104
Supplement 1

CONFIDENTIAL

May 28, 1985

To: Members of the Executive Board

From: The Secretary

Subject: Review of the Fund's Income Position for
the Financial Years 1985 and 1986

This paper provides supplementary information to the paper on the review of the Fund's income position for the financial years 1985 and 1986, which was circulated as EBS/85/104 on April 25, 1985 and has been scheduled for Executive Board discussion on Wednesday, June 5, 1985.

Att: (1)

INTERNATIONAL MONETARY FUND

Review of the Fund's Income Position
for the Financial Years 1985 and 1986

Prepared by the Treasurer's Department

Approved by W. O. Habermeier

May 28, 1985

The Fund's accounts for the financial year ended April 30, 1985 are closed and the result, subject to audit by the External Audit Committee, is a deficit of SDR 30 million (see Table 1 attached). The actual deficit for FY 1985 is thus SDR 6 million lower than estimated in "Review of the Fund's Income Position for the Financial Years 1985 and 1986" (EBS/85/104, 4/25/85, Table 1).

The amount of nonaccrued charges at April 30, 1985 amounted to SDR 56.4 million compared with SDR 57.7 million that had been estimated and reflects payments received from two members in the last days of April. Net operational income (SDR 194 million) is SDR 1 million less than was estimated. The remaining difference in the final result for the year is due to administrative expenses being US\$3.1 million below the estimates provided by the Administration Department based on end February results and a decrease in the value of the U.S. dollar in terms of the SDR over the last two months of the financial year.

In the absence of nonaccrual of charges from members that are overdue in their obligations to the Fund by six months or more, the results would have been a net income of SDR 26.4 million.

The attached Tables 2 and 3 present for FY 1985 the estimated and actual purchases and repurchases and average balances on which income was earned and interest and remuneration paid.

Attachments

Table 1. Income and Expense
Financial Year 1985

(In millions of SDR)

| | Estimates (EBS/85/104) | Actual |
|-------------------------------|---------------------------|------------|
| <u>1. Operational Income</u> | | |
| a. Periodic charges: | | |
| Regular facilities | 1,341 | 1,339 |
| SFF | 797 | 801 |
| Enlarged Access | <u>831</u> | <u>829</u> |
| Total charges | 2,969 | 2,969 |
| b. Interest on SDR holdings | 478 | 478 |
| c. Other income: | | |
| Regular facilities | 20 | 22 |
| Enlarged Access | <u>13</u> | <u>13</u> |
| Total other income | 33 | 35 |
| Total operational income | 3,480 | 3,482 |
| <u>2. Operational Expense</u> | | |
| a. Remuneration | 1,721 | 1,721 |
| b. Interest expense: | | |
| SFF | 795 | 798 |
| Enlarged Access <u>1/</u> | <u>769</u> | <u>769</u> |
| Total interest expense | 1,564 | 1,567 |
| Total operational expense | 3,285 | 3,288 |
| 3. Net operational income | 195 | 194 |
| 4. Administrative expense | <u>231</u> | <u>224</u> |
| 5. Deficit | -36 | -30 |

1/ Less net income from temporary investments held in the Borrowed Resources Suspense Account.

Table 2. Purchases and Repurchases
Financial Year 1985

(In millions of SDR)

| | Estimates (EBS/85/104) | Actual |
|--|---------------------------|--------------|
| A. <u>Ordinary resources</u> | | |
| 1. Purchases: | | |
| Reserve tranche <u>1/</u> | 220 | 209 |
| Credit tranche | 2,250 | 2,250 |
| Compensatory financing and Buffer Stock | <u>1,260</u> | <u>1,248</u> |
| Total | 3,730 | 3,707 |
| 2. Repurchases | 2,100 | 2,076 |
| 3. Average SDR holdings | 5,425 | 5,428 |
| B. <u>Borrowed resources</u> | | |
| Supplementary Financing Facility: | | |
| Repayments of borrowing | 675 | 676 |
| Repurchases | 620 | 610 |
| Enlarged Access: | | |
| Purchases | 2,590 | 2,562 |
| Repayments of borrowing | 1,075 | 1,064 |
| Repurchases | 45 | 44 |

1/ For the purposes of financial analysis, only those purchases in the unremunerated reserve tranche are taken into consideration.

Table 3. Average Daily Balances and Rates of Periodic Charges,
SDR Interest, Remuneration, and Interest on Borrowing
Financial Year 1985

(In millions of SDR)

| | Estimates (EBS/85/104) | Actual |
|---|---------------------------|--------------|
| A. Ordinary Resources and GAB Borrowing | | |
| 1. Balances subject to periodic charges | 19,540 | 19,535 |
| Average rate of charge | 7.00 | 7.00 |
| 2. Holdings of SDR in the General Resources Account | 5,425 | 5,428 |
| Average rate of interest | 8.81 | 8.81 |
| 3. Revenue-producing balances | 24,965 | 24,963 |
| Weighted average rate of revenue | 7.40 | 7.39 |
| 4. Remunerated positions | 22,135 | 22,131 |
| Average rate of remuneration | 7.77 | 7.77 |
| 5. Expense-producing balances | 22,135 | 22,131 |
| Weighted average rate of expense | 7.77 | 7.77 |
| 6. Pro memoria | | |
| Margin between rate of charge and the average rate of remuneration | -0.77 | -0.77 |
| B. Borrowed Resources | | |
| 1. Balances subject to periodic charges: | | |
| SFF | 6,630 | 6,633 |
| Enlarged Access | <u>7,880</u> | <u>7,878</u> |
| Total | 14,510 | 14,511 |
| Average rate of charge: | | |
| SFF | 12.30 | 12.33 |
| Enlarged Access | 10.69 | 10.68 |
| Combined | 11.43 | 11.43 |
| 2. Borrowings: | | |
| SFF | 6,590 | 6,590 |
| Enlarged Access <u>1/</u> | <u>7,445</u> | <u>7,460</u> |
| Total | 14,035 | 14,050 |
| Average rate of interest: | | |
| SFF | 12.07 | 12.11 |
| Enlarged Access <u>2/</u> | 10.49 | 10.48 |
| Combined | 11.24 | 11.24 |

1/ Balances held in the Borrowed Resources Suspense Account averaged SDR 126 million during financial year 1985.

2/ Net cost of borrowing after deducting net income from investments.