

Financial Management

Fiscal management focuses on the prevention and management of risk in order to promote financial stability and ensure long term funding. Over the past year, the ICDF has continued to strengthen investment and lending operations, including the financing and managing of contracts with commissioned banks. To reduce operational expenses, the ICDF has been reviewing all investment and lending plans, while managing repayments and monitoring overdue loans.

In addition, the ICDF has adopted appropriate investment tools to prevent interest rate fluctuations and other risks from having a negative impact on the organization's financial resources. It has also taken a non single currency portfolio to hedge the foreign exchange. Furthermore, the ICDF has fully computerized the financial asset management system, to present real-time investment data in a way that allows managers to review the ICDF's investments and assess the state of profits and losses at any time. Revised procedural standards for all aspects of fiscal management are raising overall efficiency, minimizing risk, providing a basis for internal auditing, and generating an internal control mechanism.

Fund Usage

As of 31 December 2002, the ICDF had committed US\$466 million in investments or financing. Of this amount, US\$341 million (73.2 percent) had been appropriated. Recovered loans, unappropriated funds and uncommitted funds are kept as bank deposits or invested in short term notes and bonds. To improve fund revenue, the ICDF Board of Directors has authorized, on a trial basis, the investment of up to NT\$500 million in stocks or mutual funds.

Income and Expenses

Income

The ICDF's two types of income can be distinguished as interest returns from long term loans and financial operating income. Interest income from long term loans totaled NT\$244.7 million during FY 2002, while financial operations income totaled NT\$265.8 million. Other income and profit during the year totaled NT\$169 million. Total income was NT\$679.5 million, all of which was used to pay for ICDF operations worldwide.

Expenses

Expenses during FY 2002 totaled NT\$520.4 million, with a surplus (expenses subtracted from income) of NT\$159 million. During FY 2002, ICDF investment and lending expenses totaled NT\$174.4 million; technical assistance service expenses were NT\$88.5 million; education and training expenses were NT\$112.7 million; Business plan expenses were NT\$49.6 million; general and administrative expenses were NT\$92.2 million; and other expenses and losses totaled NT\$3 million. The following table presents an overview of ICDF income and expenses during FY 2002.

ICDF FY 2002 Income and Expenses (NT\$)

Income	Amount
Interest income from long term lending	244,701,987
Financial operations income	265,865,127
Other income and profit	169,016,953
Total income	679,584,067

Expenses	Amount
Investment and lending expenses	174,396,433
Technical assistance expenses	88,490,999
Education and training expenses	112,694,463
Business plan expenses	49,660,017
General and administrative expenses	92,170,096
Other expenses and losses	3,005,803
Total expenses	520,417,811
Surplus	159,166,256

Exchange Rate Note: The exchange rate from Bank of Taiwan on 31 December 2002 was NTD34.75 to USD 1.