KUWAIT FUND
FOR
ARAB ECONOMIC DEVELOPMENT

FOURTH ANNUAL REPORT

1965 - 1966

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INTRODUCTION

The fourth financial year of the operations of the Kuwait Fund for Arab Economic Development has witnessed substantial and fruitful activities. Several projects, in various parts of the Arab World, and pertaining to various economic sectors, have been intensively studied. Four of these have culminated in loan agreements that were approved by the Board of Directors of the Fund. However, only the loan agreement with Sudan was signed during the year 1965/66. Of the remaining three, two with Morocco were signed at a later date (May 29, 1966) ; and the third, with Lebanon, is expected to be signed soon. Studies on the other projects are progressing well and several of these are expected to be finalized in 1966-67.

The processing of some loan applications has taken quite a long time due to the fact that the feasibility studies submitted to the Fund for consideration have not been up to an acceptable standard of preparation, and could not therefore be considered by the Fund as a basis for a loan application. The technical, economic, financial or management aspects of these projects were given light and summary treatment only. The Fund, consequently, has found itself at times drawn into active participation in advising on the preparation of feasibility studies of projects.

Some staff members of the Fund have also participated with the Netherlands Economic Institute in a reconnaissance mission to Yemen that has been commissioned and financed by the Fund. The purpose of the Mission was to study the possibility and usefulness of carrying out an economic survey of Yemen and, in the event that the latter is neither possible nor useful, to indicate those development projects that are suitable for Fund financing. The Netherlands Economic Institute has submitted its report on the work of the Reconnaissance Mission, in which it has recommended that an economic survey be carried out. The Fund has accepted the recommendation and has engaged the Institute to carry out the survey which is expected to be completed in early 1967.

The Fund is happy to report that during the past year the execution of several projects has successfully been completed. These are the Sudan Railways Project, the Oil Pipeline Project (Phate I) in Algeria, La Goulette Power Project (Phase I) and the Medjerda Valley Project — both in Tunisia.

The capital resources of the Fund have increased in 1965/66 as a result of a capital payment by the Kuwait Government of KD. 9 million, and of an increase in reserves equivalent to the net income of the Fund during the year and income accrued but not paid during previous years. The increase in resources has approximately matched the amounts of new loans approved by the Board of Directors of the Fund, but has exceeded loan disbursements during the year, leaving an amount to be added to the investment portfolio. The Fund has also received two repayments on loans previously concluded, thus increasing further its non-committed resources. *

The Fund continued to strengthen its ties with the United Nations Organization and its Specialized Agencies, and with the local and foreign private financial institutions, in keeping with its policy of cooperating with these agencies to facilitate the study and the implementation of development projects in the Arab countries.

THE YEAR'S LENDING

The Fund has during 1965/1966 signed a loan agreement in the value of KD. 1.7 million to help in the completion of

* The Council of Ministers has recently decided to increase the authorized capital of the Fund to KD 200 million. A law to this effect was passed by the National Assembly on June 28, 1966.

a sugar cane plant and plantation project in Khashm el Girba in Sudan. The purpose of the loan is to finance in part the purchase of agricultural and transportation vehicles and equipment, industrial equipment for the sugar plant, and the construction of buildings, other than that of the plant.

In addition, the Fund has during the year approved three loans totalling KD. 12.45 million. One of these loans, in the value of KD. 7.35 million, is to help in financing the Tessaout Agricultural Project in Morocco. The project comprises the construction of a reservoir dam at Ait Adel, a diversion dam, a diversion tunnel and an irrigation network. The purpose is to improve on the present utilization of land and water resources of the area, putting some 27,200 ha. under perennial irrigation. The total cost of the project is estimated at KD. 16.75 million.

Another loan, in the value of KD. 2.7 million, is to help in the execution of the Tadla Agricultural Development Project also in Morocco. The purpose of the project is to extend irrigation over an additional area of 23,000 ha. in central Morocco, by the utilization of the excess water which is now being discharged into the river Oued Rbia from a power station at the existing Ben el Widan dam. The project comprises irrigation and drainage facilities, roads and flood protection works. The project is estimated to cost about KD. 8.0 million. *

The third loan, pending signature, is to help in the installation of a third hydroelectric power station at Joun in Lebanon, which forms part of the Litani River Project. The capacity of the proposed power station is 48,000 kW. The loan is for KD. 2.4 million, and the proejct is estimated to cost about KD. 5.15 million.

By the time the latter loan agreement is signed, hopefully during the third quarter of 1966, the number of countries to

* The two loan agreements with Morocco were signed on May 29, 1966.

which loans would have been extended by the Fund would rise from five to seven and the total loan commitments would increase to KD. 51.95 million.

FINANCIAL POLICY

The year 1965-66 witnessed no significant change in the Fund's policies governing its disbursement and investment operations.

The Fund's disbursement procedures afford alternative methods for meeting loan withdrawals, including reimbursement to borrowers of expenditures previously effected, direct payment to suppliers, and the assumption of claims resulting from the borrowers' letters of credit. To accommodate the special requirements of individual projects, the Fund has been careful to adopt flexible disbursement procedures. This has been done without losing sight of he basic objective, namely, the proper utilization of funds withdrawn to finance expenditures on the project for which a loan has been granted, in accordance with the terms and conditions agreed upon. Furthermore, the Fund has been aware of the importance of making its procedures understood and accepted by the borrowers in order to avoid unnecessary delays.

As regards the investment of free funds, which consist of the uncommitted part of the Fund's resources and the undisbursed part of the committed funds, the Fund's added experience during the year has allowed further rationalization of its policy through its enhanced ability to project the size, trend, and structure of the liquidity requirements of its loan operations. More currencies were added to the Fund's portfolio during the year and its average maturity was considerably lengthened. A limited amount of funds was placed in first grade bonds. The distribution of the Fund's deposits with the banks was conditioned by its policy of cultivating its relations with major banks in the various financial centres.

Subject to considerations related to the Fund's liquidity, safety of assets, and banking requirements, the object of the investment policy has been to maximize the return on the Fund's portfolio. The average return on the Fund's portfolio did in fact rise over the year, partly because of more rational planning and partly because of tighter monetary conditions prevailing in the capital markets of the world.

FINANCIAL POSITION

The Fund's net assets showed an increase of KD. 12.80 million over the year. This corresponds to the Kuwait Government's new contribution towards the Fund's paid up capital, which totalled KD. 9 million during the year, plus the increase in the Fund's reserves on account of the year's income and adjustment to prior years' income, which totalled KD. 3.80 million.

The year's income, reckoned on the accrual basis, amounted to KD. 3.56 million. To this was added an adjustment of KD. 242,000 to prior years' income arising from the Fund's revision of its accounting policy with respect to income determination. Whereas in the past the Fund applied the cash basis of accounting for income from loans — observing the accrual basis in relation to income from investments — it was decided during the past year that a consistent application of the accrual basis of accounting for both sources of income would reflect a truer picture of the results of the operations of the Fund over time, hence the previous years income adjustment.

The year's gross income amounted to KD. 3.80 million, as compared with KD. 2.30 million for previous year.* In come derived from investments accounted for 79 per cent of the total in 1965-66, against 81 per cent in the previous year. The year's expenses amounted to about KD. 240,000, as compared with KD. 160,000 in the previous year. Including the year's income, the Fund's equity reserves stood at KD. 7 million as of the end of the year, that is at 7 per cent of the authorized capital and at 11 per cent of the paid up capital.

Of the Fund's total net assets, KD. 39.50 million had been committed by the end of the year in loans to the Arab countries ; and of the total commitments, KD. 24.24 million had been disbursed. The first two repayment instalments on outstanding loans fell due and were paid on schedule during the year.

The Fund's investment portfolio amounted to KD. 44.02 million at the end of the year, which represented 63 per cent of the Fund's total net assets. As it stood on March 31, 1966, it reflected a more diversified currency structure, a longer maturity structure, and a substantially higher average return than a year before.

The Fund's management of its portfolio has been geared to maintaining a conservative measure of liquidity at all times. The Fund's cash and call money accounts have been maintained at such a high level, and maturities have been so phased, as to permit a comfortable and prompt accommodation of all anticipated loan disbursements. A more balanced liquidity position could be achieved as the Fund's experience grows with time.

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* Including the adjustment connected with the changeover from cash to accrual accounting relative to income from loans.

PROGRESS OF EXECUTION OF PROJECTS

The Fund is happy to note that, on the whole, execution of the projects to which the Fund has extended financial assistance is progressing satisfactorily. Four projects have been virtually completed during the year. Work on other projects is proceeding well, though in some instances and for various reasons, execution lagged behind schedule ; and implementation of others started during the year.

A ssummary description of the progress of work on the projects financed by the Fund is given below :

(i) Sudan Railways, Sudan.

The Fund is happy to note that this project, the first to be financed by it, has been virtually completed. Disbursements thereto amounted to KD. 6.88 million by the end of the year, *i.e.* 98.2 per cent of the loan. The project constitutes the second phase in the long range modernization programme of the railways, the first phase of which was carried out with the help of a World Bank loan made in 1958. The Fund's loan was disbursed for purchasing 30 large main line and 21 shunting diesel locomotives, 350 underframe freight wagons, 60 oil tank wagons, 97 underframe service wagons and 100 livestock underframe wagons. The loan was also used to re-rail 200 kms of the Khartoum-Atbara line with heavier rail (90 lbs/yd) for speedier traffic. The loan also enabled the laying down of a 70-km railway extension from Khashm el Girba dam on Atbara river, to the newly developed agricultural area of Khashm el Girba. Construction of two additional berths at Port Sudan, the only Sudanese port, was undertaken and 80 per cent of the work was carried out ; it is expected to be completed in October 1966. The Railways has requested, and the Fund has approved, an extension of the disbursement period to that date.

Railways play a vital role in the economy of Sudan. They are the predominant means of transport for both goods and passengers. Eighty per cent of Sudan's freight traffic, mostly foreign trade, is transported by railways. The operational efficiency of the railways, therefore, is of paramount importance to the economic development of the country. The long-range programme of the Sudan Railways to phase out steam locomotives completely and re-rail increasing sections of the present lines with heavier rail would certainly lead to increased freight capacity of the railways and to a substantial reduction in transportation time and costs per ton/km.

(ii) The Yarmouk Project, Jordan

The Yarmouk irrigation project forms part of the Arab plan to utilize the water of River Jordan and tributaries. The overall project comprises an irrigation system (dams, reservoirs, main tunnels and canals, etc.) and hydro-electric power plants. The plan has been undergoing further studies and modifications to achieve more intensive utilization of the water of the main river and its tributaries. The Jordan River and Tributaries Corporation, set up recently to undertake the execution of the overall Arab plan, awarded in September 1965 a contract for the construction of the Mokhaiba dam and its tunnel. Work on these was officially inaugurated on 25th May 1966.

The Fund loan would finance the irrigation system and network downstream of the Mokhaiba dam. As a preliminary step to carry out the work, a number of consulting firms were invited to make proposals for carrying out an agro-economic study of the Jordan Valley in order to insure optimal utilization of water and land resources. The JRTC is now studying these proposals and it is expected to commission one of the firms for the work soon.

(iii) Phosphate Mines, Jordan.

Work on this project aiming at the exploitation of the phosphate deposits in El-Hasa region is proceeding well. The construction of the plant, of an annual capacity of 500,000 tons, is virtually completed, and production is expected to start shortly with an initial output of 3,000 tons per month. The power station and the phosphate beneficiation unit will be put in operation in early 1967.

As of March 31, 1966, the El-Hasa Phosphate Project was merged with the Jordanian Phosphate Mines Company, a mixed enterprise that has been undertaking the exploitation of the phosphate mines at Rusaifeh. The Fund loan is being made available by the Jordanian Government to the Company, partly in the form of equity participation and partly in the form of a loan. The Jordanian Government will continue to be responsible to the Fund for the payment of principal and interest.

Disbursements on the project amounted to KD. 1.76 million, *i.e.* 58.8 per cent of the loan. The first repayment instalment on the loan, amounting to KD 200,000, was made during the year as scheduled.

(iv-A) **Jerusalem Electricity, Jordan.**

The loan, made available to the Jerusalem Electricity Company, intended to finance the installation of 22 diesel generating units of 1,280 kW each in the Company's central power station at Shufat, north of Jerusalem, the extension of 33 kV high tension lines to the neighbouring areas, and a new distribution system for the town of Jericho.

The project was completed in 1964/65 and is successfully in operation. Demand has kept up with expectations, and the Company is planning to extend the distribution system to new villages and small towns in the area.

During the past year, the first instalment on the loan was repaid ; the repayment amounted to KD. 7,500.

(iv-B) **Jerusalem Intercontinental Hotel**

The Kuwait Fund loan of KD. 175,000 to the Government of Jordan, which was made available to the Holyland Hotels Company, was used mainly for the purchase of furniture, linen, silver, china and glassware, equipments and their installations for the Jerusalem Intercontinental Hotel.

The Hotel started operating in March 1964 ; its performance in 1964/65 was not up to expectations. In 1965/66 the rate of occupancy increased to 45 per cent ; it is hoped that in 1966/67 it would rise further to 60 per cent — enough to enable the Hotel to make a modest profit.

(iv-C) **Al-Urdon Hotel, Jordan.**

The project aims at the reconditioning of the existing Al-Urdon Hotel in Amman, Jordan, in order to upgrade it to the standard of a first-class hotel of an international management company. The purpose of the loan is to help bring about those changes, improvements, repairs and the installation of furniture, fixtures and equipment that are deemed necessary to bring the hotel up to the required standard.

The management of the hotel has, since the conclusion of the agreement, decided on the enlargement of the hotel by building an annex and revising the rooms-lay-out of the existing structure. Consequently, the modernization plan envisaged in the agreement had to be extended over a longer period. Upon request, the Fund has extended the disbursement period of the loan to end June 1966. Disbursements have so far totalled KD. 27,401, amounting to 32.24 per cent of the loan.

(v) **La Goulette Power, Tunisia**

The project, which is Stage A of La Goulette II power generation and distribution programme, forms part of the long range plan to instal a national electrical grid that makes power available to the principal local centres in Tunisia. Stage A comprises the installation of two 25 MW steam units and a 90 kV transmission line and substations for the Tunis Ring and from there to Menzel Bourgiba to the northwest of Tunis.

The project is virtually completed. It was officially inaugurated on March 19, 1966. Disbursements amounted to KD. 2.71 million, *i.e.* 67.8 per cent of the total loan. But this does not reveal actual progress of the work since disbursement claims have not all been submitted during the year 1965/66.

It is to be noted that demand for electricity in Tunisia has exceeded expectations to such an extent that the Tunisian Company for Electricity and Gaz is making plans to go into Stage B of La Goulette II which comprises the installation of two more steam units of 25.5 MW each, that would be put into operation successively in the years 1968 and 1969.

(vi) Irrigation of Medjerda Valley, Tunisia

The project is part of the long-term programme of developing Medjerda Valley to ultimately irrigate 60,000 ha. It aims at bringing 8,000 ha. under irrigation, and improving agriculture on about 4,500 ha. of non-irrigated land. The project comprises the improvement and the extension of existing primary and secondary canal networks, the opening of new access roads, the construction of farm houses and public utilities and the provision of agricultural extension services.

The project is virtually completed ; total disbursements amounted to KD. 1.84 million, representing 92.22 per cent of the loan.

(vii) Haoud El Hamra-Arzew Oil Pipeline, Algeria

The project consists of 805 km. of crude oil pipeline, 28 inches in diameter, from the oil fields at Haoud el Hamra (near Hassi Messaoud), to the Mediterranean port of Arzew (near Oran), with pumping stations, storage facilities at the receviing and the shipping terminals, and sea-line tanker berths at the shipping terminal (Arzew). Phase I of this project, which is financed by the Fund, is designed for a throughput of 10 million tons annually.

After a delay of some six months the pipeline was officially put into operation in March 1966. The new discoveries of oil in the area assure sufficient demand for the transportation facilities of the project to the extent that Algeria is planning to implement simultaneously PhasesII and III of the project to increase throughput to the maximum designed capacity of the pipeline of 22 million tons annually. This shall be made possible by the addition of new pumping stations, pumping units at existing stations and a corresponding increase in storage facilities. The last two phases include also the construction of two more berths at Arzew.

(viii) Suez Canal Improvement Project, U.A.R.

The Fund had extended a loan of KD. 9.8 million to the Suez Canal Authority to carry out a number of basic improvements on the canal and its installations and equipment. The project consists primarily of deepening the canal to permit ships with a maximum draught of 40 feet to use the canal, thus allowing the passage of oil tankers of about 55,000 tons d.w. fully loaded ; the present maximum allowable draught is 38 feet. The project also includes the deepening and widening of Port Said harbour, improving the shipyards at Port Fouad and increasing their ship building capacity, as well as adding to and improving the existing canal equipment.

The overall project has moved rather slowly, but it is expected that the pace of work will acclerate to compensate for some of the time lost. Still, the part of the project financed by the Fund is expected to be completed a year behind schedule. Disbursements on the project amounted to KD. 2.46 million, which is 25.11 per cent of the loan.

(ix) Khashm El Girba Sugar Scheme, Sudan

The Fund has extended to the Sudan Government during this year a loan in the value of KD. 1.7 million to help in the financing of a second sugar plant in the country. The loan is to be relent to the Industrial Development Corporation — a fully government owned agency executing and operating the scheme.

The project comprises the establishment of a sugar cane plant of a capacity ranging between 67,000 and 81,000 tons of refined sugar and the cultivation of sugar cane on an area of 19,500 feddans at any one time. The project is estimated to cost KD. 7.8 million.

The plant and the plantations are situated in Khashm el Girba to the north of Kassala near River Atbara. A dam has been built on the latter river for the purpose of ultimately providing water for the development, in successive stages, of half a million feddans. The scheme was prompted originally by the necessity of resettling the people of Wadi Halfa.

The purpose of the loan is to help in the purchase of some industrial and agricultural equipment and vehicles for the plantations, intermediate goods as part of the working capital of the whole project, and in the construction of housing and public buildings. Disbursements during the year amounted to KD. 0.77 million, *i.e.* 45.5 per cent of the loan. Disbursements have lagged behind schedule because of the delay in contracting the housing and public buildings works. The Corporation has requested, and the Fund approved, that the disbursement period be extended one year, *i.e.* to the end of December 1967. The plant started operation on March 20, 1966 and is expected to produce during this season about 13,000 tons of sugar from cane harvested off 3,800 feddans. The sugar cane yield has been quite favourable, amounting to 45 tons per feddan. It is hoped that with increasing plantation of sugar cane, and the installation of new equipment in the plant, next year's production will exceed 40,000 tons, and that production in 1967/68 will reach the designed capacity.

June 30, 1966.

APPENDIX I

Loans by Country

(Amounts in KD.)

Country	1961/62	1962/63	1963/64	1964/65	1965/66	Total	Percent of Total Loans
Algeria ..	—	—	—	7,500,000	—	7,500,000	14
Jordan ..	—	7,000,000	415,000	85,000	—	7,500,000	14
Lebanon ..	—	—	—	—	2,400,000 *	2,400,000	5
Morocco ..	—	—	—	—	10,050,000 *	10,050,000	19
Sudan	7,000,000	—	—	—	1,700,000	8,700,000	17
Tunisia	—	—	6,000,000	—	—	6,000,000	12
U.A.R.	—	—	—	9,800,000	—	9,800,000	19
Total ..	7,000,000	7,000,000	6,415,000	17,385,000	14,150,000	51,950,000	100

* *These loans have been approved by the Board of Directors, but have not been signed during that year.*

APPENDIX II

Loans by Economic Activity

Purpose	Total KD.	Percent of Grand Total
Electric Power		
Generation and distribution ..	6,640,000*	12.8
Transportation	24,300,000	46.8
Railroads	7,000,000	13.5
Ports and waterways ..	9,800,000	18.9
Pipelines	7,500,000	14.4
Agriculture & Forestry		
Irrigation and land reclamation	16,050,000*	30.9
Mining and Industry	4,700,000	9.0
Phosphates	3,000,000	5.8
Sugar	1,700,000	3.2
Tourism		
Hotels	260,000	0.5
Grand Total	51,950,000	100.0

Includes loans approved. See footnote to Appendix I.

APPENDIX III

Amounts and Terms of Loans

Ser. No.	Borrower	Project	Loan No.	Amount in KD.	Interest Rate	Date of Agreement	Disbursement Closing Dates	Interest Payment Dates	Principal Repayment Dates
1.	Sudan	Sudan Railways	1	7,000,000	4 %	25. 3.62	31.12.66	31/12,30/6	31.12.66—31.12.77
2.	Jordan	Yarmouk	2	4,000,000	3 %	3. 4.62	n.s.	31/3 *	31. 3.68—31. 3.82
3.	—do—	El-Hasa Mines	3	3,000,000	4 %	3. 4.62	n.s.	31/3 *	31. 3.66—31. 3.72
4.	—do—	Jerusalem Electricity	4A	240,000	3 %	5. 2.64	31.12.65	1/5, 1/11	1.11.65— 1. 5.81
5.	—do—	Jerusalem Inter-continental Hotel	4B	175,000	4 %	5. 2.64	28. 2.65	1/5, 1/11	1. 5.66— 1.11.75
6.	—do—	Al-Urdon Hotel	4C	85,000	$3\frac{1}{2}$%	8. 3.65	30. 6.66	1/5, 1/11	1. 5.66— 1.11.79
7.	Tunisia	La Goulette Power	5	4,000,000	4 %	21.12.63	31.12.67	15/1,15/7	15. 1.68—15. 7.79
8.	—do—	Medjerda Valley	6	2,000,000	3 %	21.12.63	31.12.66	15/5,15/11	15.11.68—15. 5.88
9.	Algeria	Oil Pipeline	7	7,500,000	4 %	23. 6.64	1.10.66	1/4, 1/10	1.10.67— 1. 4.79
10.	U.A.R.	Suez Canal	8	9,800,000	4 %	5. 7.64	31.12.66	1/1, 1/7	1. 1.68— 1. 7.80
11.	Sudan	Khashm El Girba	9	1,700,000	4 %	15. 7.65	30. 6.67	15/6,15/12	15. 6.68—15.12.79
12.	Morocco	Tessaout	10	7,350,000	3 %	29. 5.66	31.12.72	1/1, 1/7	1. 1.71— 1. 7.90
13.	—do—	Tadla	11	2,700,000	3 %	29. 5.66	31.12.70	1/1, 1/7	1. 1.71— 1. 7.85
14.	Lebanon	Joun	12	2,400,000	4 %	Has not been signed yet			

n.s. Not specified

• Commences from first repayment date

Appendix V

THE KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

Balance Sheet as at 31st March, 1966

	KD.	KD.	KD.
CAPITAL AND RESERVES			
Authorized Capital		100,000,000	
Paid-up Capital		63,000,000	
Reserve			
Brought forward from previous years	3,204,778		
Add — Interest on Loans accrued up to 31.3.1965 payable with Loan Instalments	241,977		
Net Income for current year per account annexed	3,555,693	7,002,448	
Total of Capital & Reserve			70,002,448
CURRENT LIABILITIES			
Advance from Ministry of Finance & Oil		50,000	
Sundry Creditors and Accruals		57,341	
		107,341	
Provision for Staff Indemnities & Leave		19,970	
Total Current Liabilities			127,311
Contra Accounts			
Banks — Irrevocable Commitments		1,905,512	
Staff Pensions		1,139	
		1,906,651	70,129,759

	KD.	KD.	KD.
CURRENT ASSETS			
Cash on Hand and at Banks	170,091		
Sundry Debtors & Prepayments	8,991	179,082	
Investments — Deposits & Investments including Call Accounts		44,016,782	
Accrued Interest on Investments & Loans		1,892,167	46,088,031
LOANS — Committed		39,500,000	
Less — Undisbursed Balance		15,259,970	
		24,240,030	
Amounts Redeemed		207,500	24,032,530
FIXED ASSETS — at cost less Depreciation			9,198
Contra Accounts			
Irrevocable Commitments		1,905,512	
Ministry of Finance & Oil — Pension Fund		1,139	
		1,906,651	70,129,759

AUDITOR'S REPORT

We have examined the Balance Sheet of the Kuwait Fund for Arab Economic Development as at 31st March, 1966, and the Income and Expenditure Account for the year ended at that date. We have obtained all the information and explanations considered necessary for the purposes of our audit. The Fund has kept proper Books of Account and the Financial Statements are in accordance therewith.

Our examination was conducted in accordance with generally recognized Auditing Standards and accordingly included such tests of the Accounting Records and such other auditing procedures as we considered necessary in the circumstances.

The management decided to consider as earned and hence transferred to Reserve Account the interest on loans accrued upto 31st March, 1965, which is due for collection and payable with Loan Instalments ; interest accrued for the year ended 31st March, 1966, was taken to Income of the year then ended.

In our opinion and according to information and explanations given to us and subject to aforesaid remarks, the Balance Sheet shows a true and fair view of the Financial situation of the Fund as at 31st March, 1966, and the Income and Expenditure Account reflects its net income for the year then ended and as appears from the Fund's Books.

PROF. Y. NAWAR F.C.A.
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Chartered Accountants — London