

## **AUDITORS' REPORT**

### **AUDITORS' REPORT TO H.E. THE GOVERNOR AND MEMBERS OF THE BOARD OF DIRECTORS**

We have audited the final accounts of the Saudi Arabian Monetary Agency (SAMA) for the year ended 30 June 2007 and the attached notes numbered 1 to 4 which form an integral part of these final accounts prepared by SAMA. We conducted our audit in accordance with the generally accepted auditing standards and included such tests of the accounting records and other procedures we considered necessary to obtain a reasonable degree of assurance to enable us to express an opinion on the final accounts.

In our opinion, the final accounts mentioned above taken as a whole present fairly the financial position of SAMA as at 30 June 2007 and the results of its operations for the year then ended, in accordance with the basis of presentation and accounting policies set out in the notes attached to the final accounts.

**Al-Rashed**

**Abdulaziz Bin Rashed al-Rashed  
Certified Public Accountant  
Registration No. 50**

**Ernst & Young.**

**Abdulaziz A. Al Sowailim  
Certified Public Accountant  
Registration No. 277**

**SAUDI ARABIAN MONETARY AGENCY**  
**NOTES TO THE FINAL ACCOUNTS**  
**FOR THE YEAR ENDED**  
**15 JUMADA AL THANI 1428H ( 30 JUNE 2007 )**

**1. Basis of Presentation of the Final Accounts:**

**a. Banking Department:**

In accordance with its charter, SAMA acts as the bank of the Government of the Kingdom of Saudi Arabia (The Government). It maintains accounts for the Government, accepts deposits from Government organizations and others, and manages related investments. The cost of such funds and the income earned upon investment thereof are recorded directly through the Government's accounts shown in the Banking Department's balance sheet and are not recorded in SAMA's profit and loss account.

**b. Independent Organizations' Department:**

Balances relating to funds managed by SAMA on behalf of independent organizations and deposits, which are accepted from these organizations, are shown in a separate balance sheet to highlight them separately.

**2. Significant Accounting Policies:**

**a. Basis of Preparation of Final Accounts:**

These final accounts have been prepared in accordance with the accounting Policies described below, which are consistent with those followed in the previous year. The final accounts are approved by SAMA's Board of Directors.

**b. Basis of Accounting:**

SAMA follows the cash basis of accounting in recording its transactions. The final accounts are prepared under the historical cost convention.

**c. Investments:**

Investments are carried at cost. In accordance with policies followed by SAMA, gains or losses are recorded in the beneficiaries' accounts when realized.

**d. Foreign Currencies:**

SAMA records its foreign currency transactions and shows closing balances in foreign currency in Saudi Riyals using book rates fixed by management at the beginning of the financial year 1406H.

**e. Gold held as currency cover:**

In accordance with Royal Decree No. 38 dated 13 Rajab 1393 H, gold held as currency cover is valued at a rate of 0.20751 grams per one Saudi Riyal.

Gold shown in the Issue Department's balance sheet includes 67,390,878 Saudi Riyals paid by SAMA as part of the Kingdom's subscription to the International Monetary Fund (IMF) which is denominated in Special Drawing Rights with the IMF.

**f. Furniture, Equipment and Motor Vehicles:**

The cost of furniture, equipment and motor vehicles is expensed on purchase, and a nominal value for motor vehicles is included in other miscellaneous assets in the Banking Department's balance sheet.

**g. Land and Buildings:**

The cost of buildings is charged to expenses. Land is stated at cost and included in other miscellaneous assets.

**h. Profit and Loss Account:**

In accordance with Article 2 of its charter, SAMA earns fees for services rendered in order to cover its expenses. It also sets aside the excess of revenue over expenditure to finance the purchase of land and the construction of new premises for SAMA and its branches.

SAMA records the income arising from the investment of the balance reserved for the purchase of land and the construction of new premises for the head office and branches under other miscellaneous liabilities in the balance sheet and it is not shown in the Profit and Loss Account.

**3. Final Accounts Period:**

These final accounts are prepared for the period from 5 Jumada Al Thani 1427H to 15 Jumada Al Thani 1428H, corresponding to 1 July 2006 to 30 June 2007.

**4. Contribution to the General Pension Agency:**

Contribution to the Retirement Fund is made in accordance with Article 13 of the Civil Retirement Regulations issued by Royal Decree No. M/41 dated 29 Rajab 1393H.