

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 HK\$ million	2014 HK\$ million
Operating revenue			
Taxes, rates and duties	4	336,568	277,418
Rental income	5	28,784	24,701
Fees and charges	6	14,530	11,920
Utilities	7	3,972	3,838
Royalties and concessions	8	2,900	4,430
Other operating revenue	9	6,761	7,794
Total operating revenue		393,515	330,101
Operating expenses			
Salaries, allowances and other employee benefits	10	(93,315)	(88,697)
Other operating expenses	11	(68,607)	(79,753)
Recurrent subventions	12	(122,797)	(114,381)
Social security payments	13	(36,751)	(36,830)
Depreciation	28	(12,022)	(11,680)
Total operating expenses	14	(333,492)	(331,341)
Surplus / (Deficit) from operating activities		60,023	(1,240)
Non-operating revenue / (expenses)			
Capital expenses	15	(52,469)	(66,533)
Land premia	16	76,554	67,851
Net revenue from home ownership assistance schemes	17	2,483	2,412
Interest and investment income	18(a)	45,369	46,733
Interest expenses	19	(28,004)	(26,850)
Actuarial loss on pensions	24	(52,004)	(14,242)
Share of profits and losses of government business enterprises	20	28,498	20,979
(Deficit) / Surplus of the Exchange Fund	27	(10,632)	9,573
Net non-operating revenue		9,795	39,923
Net surplus for the year		69,818	38,683

The notes on pages 43 to 61 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	2015 HK\$ million	2014 HK\$ million
Financial assets			
Investments with the Exchange Fund	18(b)	838,272	766,985
Investments in government business enterprises	20	314,024	300,242
Other investments	21	266,576	247,062
Loans and advances	22	22,817	21,024
Other assets	23	82,341	51,761
Cash and cash equivalents	3(c)	14,914	19,252
		1,538,944	1,406,326
Liabilities			
Provision for pensions	24	(815,832)	(747,157)
Bonds and notes issued	25	(113,655)	(105,197)
Other liabilities	26	(55,785)	(58,718)
		(985,272)	(911,072)
Net financial assets		553,672	495,254
Net assets of the Exchange Fund	27	627,036	637,668
Fixed assets	28	392,292	370,696
Net assets		1,573,000	1,503,618
Represented by:			
General Reserve	29	553,672	495,254
Exchange Fund Reserve	27	627,036	637,668
Capital Expenditure Reserve	30	392,292	370,696
		1,573,000	1,503,618

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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 HK\$ million	2014 HK\$ million
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) from operating activities	60,023	(1,240)
Adjustments for:		
Depreciation	12,022	11,680
Decrease / (Increase) in stocks, accounts receivable, etc.	2,449	(1,132)
Decrease in liabilities and provisions	(11,421)	(4,215)
Write-off	102	109
Gain on disposal of fixed assets	(417)	(990)
	2,735	5,452
Net cash inflow from operating activities	62,758	4,212
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipt of land premia	77,791	84,224
Capital expenses	(52,499)	(66,533)
Increase in investments with the Exchange Fund	(71,287)	(20,966)
Receipt of interest and dividends	19,273	55,286
Additions to fixed assets	(34,122)	(32,686)
Increase in other investments (including government business enterprises)	(12,716)	(46,941)
Loans made	(3,492)	(4,144)
Loan repayments received	1,920	2,375
Interest paid	(2,677)	(2,443)
Net cash inflow from home ownership assistance schemes		
Sale of flats	1,595	2,658
Home Purchase / Assistance Loans	48	46
Repayments of government bonds and notes	(30,535)	(7,000)
Proceeds from issue of government bonds	38,800	30,068
Proceeds from sale of housing loans	108	151
Proceeds from disposal of investments	-	4
Proceeds from disposal of fixed assets	697	2,164
Net cash outflow from non-operating activities	(67,096)	(3,737)
Net (decrease) / increase in cash and cash equivalents	(4,338)	475
Cash and cash equivalents as at the beginning of the financial year	19,252	18,777
Cash and cash equivalents as at the end of the financial year	14,914	19,252

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STATEMENT OF RECONCILIATION BETWEEN THE GENERAL RESERVE REPORTED UNDER THE ACCRUAL BASIS AND THE CONSOLIDATED FUND BALANCE (FISCAL RESERVES) REPORTED UNDER THE CASH BASIS AS AT 31 MARCH 2015

	2015 HK\$ million	2014 HK\$ million
General Reserve	553,672	495,254
– as reported in the accrual-based Consolidated Statement of Financial Position		
Adjustments for:		
<u>Liabilities recognised under the accrual basis but not the cash basis</u> (Note (a))		
Provision for pensions	815,832	747,157
Bonds and notes issued	113,655	105,197
Other liabilities	28,057	27,410
	957,544	879,764
<u>Assets recognised under the accrual basis but not the cash basis</u> (Note (a))		
Investments	(250,186)	(232,037)
Loans	(22,447)	(20,860)
Other assets	(75,030)	(46,262)
	(347,663)	(299,159)
<u>Share of undistributed reserves of government business enterprises</u> (Note (b))	(173,945)	(160,094)
<u>Share of net financial assets of other entities</u> (Note (c))	(161,094)	(160,048)
	(335,039)	(320,142)
Fiscal Reserves – as reported in the cash-based Consolidated Account	828,514	755,717

Note:

- (a) Refer to Note 35(a)(i), (iv) and (v) for a list of the entities.
- (b) Refer to Note 35(b)(ii) for a list of the entities.
- (c) Refer to Note 35(a)(i) item 9, (ii) and (iii) for a list of the entities.

The notes on pages 43 to 61 form part of these financial statements.

STATEMENT OF RECONCILIATION BETWEEN THE SURPLUSES REPORTED UNDER THE ACCRUAL BASIS AND UNDER THE CASH BASIS FOR THE YEAR ENDED 31 MARCH 2015

	2015 HK\$ million	2014 HK\$ million
Surplus	69,818	38,683
– as reported in the accrual-based Consolidated Statement of Financial Performance		
Adjustments for:		
<u>(Revenue) / Expenses recognised under the accrual basis but not the cash basis (Note (a))</u>		
Net increase in pension liabilities	68,675	32,412
Net increase in other provisions	1,017	1,395
Depreciation of fixed assets	8,738	8,566
Net (decrease) / increase in interest expenses on bonds and notes	(76)	6
Net (increase) / decrease in stocks in hand	(124)	110
Gain on disposal of fixed assets	(417)	(990)
Exchange gain on foreign currency translation	(10)	(3)
Exchange gain on bonds and notes	(9)	(7)
Net increase in accrued expenses	26	249
Net (increase) / decrease in prepaid expenses	(42)	716
Net (increase) / decrease in accrued revenue	(28,934)	17,541
	48,844	59,995
<u>Revenue / (Expenses) recognised under the cash basis but not the accrual basis (Note (a))</u>		
Additions to fixed assets	(22,343)	(23,585)
Return of capital	64	-
Investments made	(11)	(11)
Net increase in loans	(1,717)	(1,914)
Repayments of government bonds and notes	(9,688)	-
Proceeds from sale of housing loans	108	151
Proceeds from disposal of fixed assets	697	2,164
	(32,890)	(23,195)
<u>Share of surpluses of other consolidated entities not included in the cash-based Consolidated Account</u>		
Government business enterprises and the Exchange Fund (Note (b))	(17,866)	(30,552)
Less: Net amount received	14,211	11,467
Other entities (Note (c))	(9,320)	(34,595)
	(12,975)	(53,680)
Surplus – as reported in the cash-based Consolidated Account	72,797	21,803

Note:

- (a) Refer to Note 35(a)(i) (except item 9), (iv) and (v) for a list of the entities.
(b) Refer to Note 35(b) for a list of the entities.
(c) Refer to Note 35(a)(i) item 9, (ii) and (iii) for a list of the entities.

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