CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

(Expressed in Hong Kong dollars)

	Note	2019 \$ million	2018 \$ million
Operating revenue			
Taxes, rates and duties	4	377,961	368,938
Rental income	5	36,441	34,538
Fees and charges	6	16,172	15,838
Utilities	7	4,397	4,408
Royalties and concessions	8	3,503	3,247
Other operating revenue	9	19,719	8,012
Total operating revenue		458,193	434,981
Operating expenses			
Salaries, allowances and other employee benefits	10	(113,669)	(106,981)
Other operating expenses	11	(88,444)	(75,409)
Recurrent subventions	12	(162,085)	(145,843)
Social security payments	13	(54,629)	(42,530)
Depreciation	28	(15,942)	(15,835)
Total operating expenses	14	(434,769)	(386,598)
Surplus from operating activities		23,424	48,383
Non-operating revenue / (expenses)			
Land premia	15	126,172	154,477
Net revenue from home ownership assistance schemes	16	4,624	6,049
Interest and investment income	17(a)	63,283	69,731
Capital expenses	18	(66,101)	(63,164)
Interest expenses	19	(37,682)	(35,844)
Actuarial loss on pensions	24	(39,890)	(27,227)
Share of profits and losses of government business enterprises	20	28,867	45,194
Surplus of the Exchange Fund	27	1,141	122,491
Net non-operating revenue		80,414	271,707
		100.000	
Net surplus for the year		103,838	320,090

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

(Expressed in Hong Kong dollars)

Financial assets Investments with the Exchange Fund Investments in and loans to government business enterprises Other investments Loans and advances Other assets Cash and cash equivalents	Note 17(b) 20 21 22 23 3(c)	2019 \$ million 1,188,075 389,193 276,010 31,688 208,625 19,453	2018 \$ million 1,117,372 369,939 270,034 29,299 184,203 12,982
Liabilities Provision for pensions Bonds and notes issued Other liabilities	24 25 26	2,113,044 (1,021,671) (119,797) (69,870) (1,211,338)	1,983,829 (964,599) (123,235) (65,821) (1,153,655)
Net financial assets		901,706	830,174
Net assets of the Exchange Fund	27	715,814	714,677
Fixed assets	28	516,676	486,317
Net assets		2,134,196	2,031,168
Reserves			
General Reserve	29	901,706	830,174
Exchange Fund Reserve	27	715,814	714,677
Capital Expenditure Reserve	30	516,676	486,317
		2,134,196	2,031,168

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Expressed in Hong Kong dollars)

Net cash inflow from operating activities	CASH FLOWS FROM OPERATING ACTIVITIES Surplus from operating activities Adjustments for: Depreciation Increase in stocks, accounts receivable, etc. Decrease in liabilities and provisions Write-off Donated fixed assets received (Gain) / Loss on disposal of fixed assets	2019 \$ million 23,424 15,942 (2,990) (13,846) 20 (11,228) (104)	2018 \$ million 48,383 15,835 (321) (13,206) 27 (72) 2
CASH FLOWS FROM NON-OPERATING ACTIVITIES Receipt of land premia (66,100) (63,165) (63,165) (66,100) (63,165) (66,100) (63,165) (66,100) (63,165) (66,100) (63,165) (66,100) (63,165) (66,100) (63,165) (10,100		(12,206)	2,265
Receipt of land premia	Net cash inflow from operating activities	11,218	50,648
Receipt of land premia	CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Capital expenses paid (66,100) (63,165) Increase in investments with the Exchange Fund (70,703) (152,636) Receipt of interest and dividends 52,460 40,012 Additions to fixed assets (35,336) (43,515) Decrease in other investments (including government business enterprises) 4,829 12,753 Loans made (7,289) (5,390) Loan repayments received 2,699 2,217 Interest paid (2,391) (2,173) Net cash inflow / (outflow) from home ownership assistance schemes 3,636 4,506 Development of properties 3,636 4,506 Home Purchase / Assistance Loans (14) (20) Repayments of government bonds and notes (23,347) (24,485) Proceeds from sale of housing loans 281 293 Proceeds from disposal of fixed assets 290 361 Net cash outflow from non-operating activities (4,747) (47,066) Net increase in cash and cash equivalents 6,471 3,582 Cash and cash equivalents at beginning of year 12,982 9,400 <th></th> <th>116,790</th> <th>164,759</th>		116,790	164,759
Increase in investments with the Exchange Fund Receipt of interest and dividends Additions to fixed assets Decrease in other investments (including government business enterprises) Loans made Loan repayments received Loan repayments received Interest paid Net cash inflow / (outflow) from home ownership assistance schemes Development of properties Home Purchase / Assistance Loans Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Cash and cash equivalents at beginning of year (152,636) 40,012 44,012 43,515 4829 12,753 4829 12,753 (2,390) 2,217 (2,391) (2,391) (2,173) (2,174) (2,174) (2,174) (2,174) (2,174) (2,174) (2,174) (2,174) (2,174) (2,1			
Receipt of interest and dividends Additions to fixed assets Decrease in other investments (including government business enterprises) Loans made Loan repayments received Loan repayments received Loans inflow / (outflow) from home ownership assistance schemes Development of properties Development of properties Development of government bonds and notes Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 52,460 40,012 43,515 62,336) 4,829 12,753 62,391 (2,391) (2,391) (2,391) (2,173) 62,391 (2,391) (2,173) 63,636 4,506 (14) (20) 62,347) (24,485) 63,347) (24,485) 64,717 (24,485) 64,717 (24,7066) Net increase in cash and cash equivalents 64,747 (47,066)		, , ,	` ' '
Decrease in other investments (including government business enterprises) Loans made Loan repayments received Loan repayments received Interest paid Net cash inflow / (outflow) from home ownership assistance schemes Development of properties Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 12,982 12,753 (5,390) (2,391) (2,173) (2,173) (2,173) (2,173) (3,636 4,506 (14) (20) (21,485) (24,485) (24,485) (24,485) (24,485) (24,485) (24,485) (24,485) (24,485) (24,485) (25,347) (24,485) (24,485) (24,485) (24,485) (25,347) (24,485			40,012
Loans made Loan repayments received Loan repayments received Interest paid Net cash inflow / (outflow) from home ownership assistance schemes Development of properties Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year (5,390) 2,699 2,217 (2,391) (2,391) (2,173) A 5,506 4,506 (20) (21,347) (24,485) 19,417 Proceeds from issue of government bonds 19,448 19,417 Proceeds from disposal of fixed assets 290 361 Net cash outflow from non-operating activities (4,747) (47,066)	Additions to fixed assets	(35,336)	(43,515)
Loan repayments received Interest paid Net cash inflow / (outflow) from home ownership assistance schemes Development of properties Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 2,217 (2,391) (2,391) (2,173) (2,	Decrease in other investments (including government business enterprises)	4,829	12,753
Interest paid Net cash inflow / (outflow) from home ownership assistance schemes Development of properties Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year (2,391) (2,173) (2,173) (2(,391) (2(,391) (2(,391) (2(,391) (14) (20) (23,347) (24,485) (19,448 (19,417 (29) 293 291 361 (4,747) (47,066)	Loans made	(7,289)	(5,390)
Net cash inflow / (outflow) from home ownership assistance schemes Development of properties Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year Net cash outflow from non-operating of year 12,982 9,400	Loan repayments received	2,699	2,217
Development of properties Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 3,636 (14) (20) (24,485) (24,485) 19,417 Pyd48 19,417 Pyd48 19,417 Pyd48 19,417 Pyd66) Net cash outflow from non-operating activities (4,747) (47,066) Net increase in cash and cash equivalents 6,471 3,582 Cash and cash equivalents at beginning of year		(2,391)	(2,173)
Home Purchase / Assistance Loans Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year (14) (20) (23,347) (24,485) (19,448 19,417 293 293 361 (4,747) (47,066) Net increase in cash and cash equivalents 6,471 3,582 Cash and cash equivalents at beginning of year			
Repayments of government bonds and notes Proceeds from issue of government bonds Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year (23,347) 19,448 19,417 293 293 361 Net cash outflow from non-operating activities (4,747) (47,066) Net increase in cash and cash equivalents 6,471 3,582 Cash and cash equivalents at beginning of year		3,636	4,506
Proceeds from issue of government bonds Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 19,448 293 293 290 361 (47,066) A 747) (47,066)		` '	, ,
Proceeds from sale of housing loans Proceeds from disposal of fixed assets Net cash outflow from non-operating activities Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 12,982 9,400		, , ,	
Proceeds from disposal of fixed assets Net cash outflow from non-operating activities (4,747) (47,066) Net increase in cash and cash equivalents 6,471 3,582 Cash and cash equivalents at beginning of year 12,982 9,400			
Net cash outflow from non-operating activities (4,747) (47,066) Net increase in cash and cash equivalents 6,471 3,582 Cash and cash equivalents at beginning of year 12,982 9,400			
Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year 12,982 9,400	Proceeds from disposal of fixed assets	290	361
Cash and cash equivalents at beginning of year 12,982 9,400	Net cash outflow from non-operating activities	(4,747)	(47,066)
	Net increase in cash and cash equivalents	6,471	3,582
Cash and cash equivalents at end of year 19,453 12,982	Cash and cash equivalents at beginning of year	12,982	9,400
	Cash and cash equivalents at end of year	19,453	12,982

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 2019

(Expressed in Hong Kong dollars)

	2019 \$ million	2018 \$ million
General Reserve – as reported in the accrual-based Consolidated Statement of Financial Position	901,706	830,174
Adjustments for:		
Liabilities recognised under the accrual basis but not the cash basis (Note (a))		
Provision for pensions Bonds and notes issued Other liabilities	1,021,671 119,797 32,470	964,599 123,235 32,664
	1,173,938	1,120,498
Assets recognised under the accrual basis but not the cash basis (Note (a))		
Investments Loans Other assets	(280,112) (30,069) (192,729)	(274,711) (28,454) (169,220)
	(502,910)	(472,385)
Share of undistributed reserves of government business enterprises (Note (b))	(227,559)	(216,688)
Share of net financial assets of other entities (Note (c))	(174,293)	(158,665)
	(401,852)	(375,353)
Fiscal Reserves – as reported in the cash-based Consolidated Account	1,170,882	1,102,934

Notes:

- (a) Refer to Note 34(a)(i), (iv), (v) and (vi) for a list of the entities.
- (b) Refer to Note 34(b)(ii) for a list of the entities.
- (c) Refer to Note 34(a)(i) item 9, (ii) and (iii) for a list of the entities.

STATEMENT OF RECONCILIATION BETWEEN THE SURPLUSES REPORTED UNDER THE ACCRUAL BASIS AND UNDER THE CASH BASIS FOR THE YEAR ENDED 31 MARCH 2019

(Expressed in Hong Kong dollars)

	2019 \$ million	2018 \$ million
Surplus – as reported in the accrual-based Consolidated Statement of Financial Performance	103,838	320,090
Adjustments for:		
(Revenue) / Expenses recognised under the accrual basis but not the cash basis (Note (a))		
Net increase in pension liabilities Net increase / (decrease) in other provisions Depreciation of fixed assets Net increase in interest expenses on bonds and notes Net decrease / (increase) in stocks in hand (Gain) / loss on disposal of fixed assets Exchange loss / (gain) on foreign currency translation Net increase in accrued expenses Net decrease in prepaid expenses Net increase in accrued revenue	57,072 3 11,563 1 43 (104) 22 454 678 (24,564)	45,402 (501) 11,634 1 (75) 2 (26) 61 32 (26,919)
Revenue / (Expenses) recognised under the cash basis but not the accrual basis (Note (a))	45,168	29,611
Additions to fixed assets Investments made Net increase in loans Proceeds from sale of housing loans Proceeds from disposal of fixed assets	(33,167) (3,988) (1,997) 281 290	(28,367) (456) (3,369) 293 361
	(38,581)	(31,538)
Share of surpluses of other consolidated entities not included in the cash-based Consolidated Account		
Government business enterprises and the Exchange Fund (Note (b)) Net amount received from government business enterprises (Note (c)) Other entities (Note (d))	(30,008) 12,109 (24,577)	(167,685) 12,893 (14,398)
_	(42,476)	(169,190)
Surplus – as reported in the cash-based Consolidated Account	67,949	148,973

Notes:

- (a) Refer to Note 34(a)(i) (except item 9), (iv), (v) and (vi) for a list of the entities.
- (b) Refer to Note 34(b) for a list of the entities.
- (c) Refer to Note 34(b)(ii) for a list of the entities.
- (d) Refer to Note 34(a)(i) item 9, (ii) and (iii) for a list of the entities.