

**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
Net surplus for the year		103,838	320,090

The notes on pages 45 to 65 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

(Expressed in Hong Kong dollars)

	Note	2019 \$ million	2018 \$ million
Financial assets			
Investments with the Exchange Fund	17(b)	1,188,075	1,117,372
Investments in and loans to government business enterprises	20	389,193	369,939
Other investments	21	276,010	270,034
Loans and advances	22	31,688	29,299
Other assets	23	208,625	184,203
Cash and cash equivalents	3(c)	19,453	12,982
		2,113,044	1,983,829
Liabilities			
Provision for pensions	24	(1,021,671)	(964,599)
Bonds and notes issued	25	(119,797)	(123,235)
Other liabilities	26	(69,870)	(65,821)
		(1,211,338)	(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

The notes on pages 45 to 65 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

(Expressed in Hong Kong dollars)

	2019 \$ million	2018 \$ million
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus from operating activities	23,424	48,383
Adjustments for:		
Depreciation	15,942	15,835
Increase in stocks, accounts receivable, etc.	(2,990)	(321)
Decrease in liabilities and provisions	(13,846)	(13,206)
Write-off	20	27
Donated fixed assets received	(11,228)	(72)
(Gain) / Loss on disposal of fixed assets	(104)	2
	(12,206)	2,265
Net cash inflow from operating activities	11,218	50,648
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipt of land premia	116,790	164,759
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		
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 issue of government bonds	19,448	19,417
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
Cash and cash equivalents at end of year	19,453	12,982

The notes on pages 45 to 65 form part of these financial statements.

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

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.

The notes on pages 45 to 65 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 2019

(Expressed in Hong Kong dollars)

	2019 \$ million	2018 \$ million
Surplus	103,838	320,090
– 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	57,072	45,402
Net increase / (decrease) in other provisions	3	(501)
Depreciation of fixed assets	11,563	11,634
Net increase in interest expenses on bonds and notes	1	1
Net decrease / (increase) in stocks in hand	43	(75)
(Gain) / loss on disposal of fixed assets	(104)	2
Exchange loss / (gain) on foreign currency translation	22	(26)
Net increase in accrued expenses	454	61
Net decrease in prepaid expenses	678	32
Net increase in accrued revenue	(24,564)	(26,919)
	45,168	29,611
<u>Revenue / (Expenses) recognised under the cash basis but not the accrual basis (Note (a))</u>		
Additions to fixed assets	(33,167)	(28,367)
Investments made	(3,988)	(456)
Net increase in loans	(1,997)	(3,369)
Proceeds from sale of housing loans	281	293
Proceeds from disposal of fixed assets	290	361
	(38,581)	(31,538)
<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))	(30,008)	(167,685)
Net amount received from government business enterprises (Note (c))	12,109	12,893
Other entities (Note (d))	(24,577)	(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.

The notes on pages 45 to 65 form part of these financial statements.