

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2021**

(Expressed in Hong Kong dollars)

	Note	2021 \$ million	2020 \$ million
Operating revenue			
Taxes, rates and duties	4	360,588	369,462
Rental income	5	33,449	36,819
Fees and charges	6	10,402	12,058
Utilities	7	3,448	3,764
Royalties and concessions	8	3,547	3,161
Other operating revenue	9	10,579	7,493
Total operating revenue		422,013	432,757
Operating expenses			
Salaries, allowances and other employee benefits	10	(124,558)	(125,035)
Other operating expenses	11	(351,845)	(123,903)
Recurrent subventions	12	(193,273)	(179,428)
Social security payments	13	(56,562)	(51,890)
Depreciation	28	(17,866)	(17,399)
Total operating expenses	14	(744,104)	(497,655)
Deficit from operating activities		(322,091)	(64,898)
Non-operating revenue / (expenses)			
Land premia	15	88,722	131,482
Net revenue from home ownership assistance schemes	16	10,138	14,333
Interest and investment income	17(a)	90,401	67,569
Capital expenses	18	(53,236)	(59,480)
Interest expenses	19	(34,006)	(37,376)
Actuarial (loss) / gain on pensions	24	(21,978)	33,431
Share of profits and losses of government business enterprises	20	(11,754)	19,554
Surplus / (Deficit) of the Exchange Fund	27	196,947	(79,365)
Net non-operating revenue		265,234	90,148
Net (deficit) / surplus for the year		(56,857)	25,250

The notes on pages 47 to 69 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$ million	2020 \$ million
Financial assets			
Investments with the Exchange Fund	17(b)	926,195	1,177,676
Investments in and loans to government business enterprises	20	390,561	405,632
Other investments	21	349,555	295,550
Loans and advances	22	35,225	33,636
Other assets	23	249,841	233,418
Cash and cash equivalents	3(c)	30,078	35,707
		1,981,455	2,181,619
Liabilities			
Provision for pensions	24	(1,031,063)	(1,003,217)
Bonds and notes issued	25	(154,149)	(106,475)
Other liabilities	26	(71,207)	(71,100)
		(1,256,419)	(1,180,792)
Net financial assets		725,036	1,000,827
Net assets of the Exchange Fund	27	833,622	636,515
Fixed assets	28	547,007	522,795
Net assets		2,105,665	2,160,137
Reserves			
General Reserve	29	725,036	1,000,827
Exchange Fund Reserve	27	833,622	636,515
Capital Expenditure Reserve	30	547,007	522,795
		2,105,665	2,160,137

The notes on pages 47 to 69 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

(Expressed in Hong Kong dollars)

	2021 \$ million	2020 \$ million
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit from operating activities	(322,091)	(64,898)
Adjustments for:		
Depreciation	17,866	17,399
Decrease / (Increase) in stocks, accounts receivable, etc.	6,425	(28,805)
Decrease in liabilities and provisions	(26,310)	(19,568)
Write-off	23	26
Donated fixed assets received	(14)	(6)
Loss on disposal of fixed assets	446	381
	(1,564)	(30,573)
Net cash outflow from operating activities	(323,655)	(95,471)
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipt of land premia	88,601	141,718
Capital expenses paid	(53,236)	(59,480)
Decrease in investments with the Exchange Fund	251,481	10,399
Receipt of interest and dividends	68,187	62,444
Additions to fixed assets	(42,558)	(23,964)
Increase in other investments (including government business enterprises)	(47,899)	(21,047)
Loans made	(2,737)	(2,349)
Loan repayments received	789	2,267
Interest paid	(2,056)	(2,370)
Net cash inflow / (outflow) from home ownership assistance schemes		
Development of properties	9,092	16,797
Home Purchase / Assistance Loans	(15)	(17)
Repayments of government bonds and notes	(20,209)	(41,664)
Proceeds from issue of government bonds	68,583	28,862
Proceeds from disposal of fixed assets	3	129
Net cash inflow from non-operating activities	318,026	111,725
Net (decrease) / increase in cash and cash equivalents	(5,629)	16,254
Cash and cash equivalents at beginning of year	35,707	19,453
Cash and cash equivalents at end of year	30,078	35,707

The notes on pages 47 to 69 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 2021

(Expressed in Hong Kong dollars)

	2021 \$ million	2020 \$ million
General Reserve	725,036	1,000,827
– 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	1,031,063	1,003,217
Bonds and notes issued	154,149	106,475
Other liabilities	33,183	32,862
	1,218,395	1,142,554
<u>Assets recognised under the accrual basis but not the cash basis</u> (Note (a))		
Investments	(294,796)	(264,237)
Loans	(32,600)	(30,510)
Other assets	(232,874)	(218,890)
	(560,270)	(513,637)
<u>Share of undistributed reserves of government business enterprises</u> (Note (b))	(223,090)	(240,427)
<u>Share of net financial assets of other entities</u> (Note (c))	(232,304)	(229,009)
	(455,394)	(469,436)
Fiscal Reserves – as reported in the cash-based Consolidated Account	927,767	1,160,308

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 47 to 69 form part of these financial statements.

STATEMENT OF RECONCILIATION BETWEEN THE DEFICITS REPORTED UNDER THE ACCRUAL BASIS AND UNDER THE CASH BASIS FOR THE YEAR ENDED 31 MARCH 2021

(Expressed in Hong Kong dollars)

	2021 \$ million	2020 \$ million
(Deficit) / Surplus	(56,857)	25,250
– 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 / (decrease) in pension liabilities	27,846	(18,454)
Net increase in other provisions	468	958
Depreciation of fixed assets	13,002	12,661
Net increase in interest expenses on Green Bonds and government notes	7	56
Net increase in stocks in hand	(327)	(98)
Loss on disposal of fixed assets	446	381
Exchange loss / (gain) on foreign currency translation	62	(73)
Net increase / (decrease) in accrued expenses	340	(107)
Net increase in prepaid expenses	(160)	(267)
Net increase in accrued revenue	(13,933)	(25,789)
	27,751	(30,732)
<u>Revenue / (Expenses) recognised under the cash basis but not the accrual basis (Note (a))</u>		
Proceeds from issue of Green Bonds	19,304	7,829
Repayments of government notes	-	(1,500)
Additions to fixed assets	(30,346)	(14,787)
Investments made	(2,594)	(3,927)
Net increase in loans	(2,194)	(473)
Proceeds from disposal of fixed assets	3	129
	(15,827)	(12,729)
<u>Share of (surpluses) and deficits of other consolidated entities not included in the cash-based Consolidated Account</u>		
Government business enterprises and the Exchange Fund (Note (b))	(185,193)	59,811
Net amount received from government business enterprises (Note (c))	8,083	7,037
Other entities (Note (d))	(10,498)	(59,212)
	(187,608)	7,636
Deficit – as reported in the cash-based Consolidated Account	(232,541)	(10,575)

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 47 to 69 form part of these financial statements.