

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong dollars)

	Note	2023 \$ million	2022 \$ million
Operating revenue			
Taxes, rates and duties	4	402,457	403,303
Rental income	5	37,808	35,531
Fees and charges	6	12,562	11,528
Utilities	7	3,090	3,158
Royalties and concessions	8	3,470	5,755
Other operating revenue	9	10,185	9,841
Total operating revenue		469,572	469,116
Operating expenses			
Salaries, allowances and other employee benefits	10	(129,131)	(126,109)
Other operating expenses	11	(293,314)	(188,347)
Recurrent subventions	12	(209,752)	(199,259)
Social security payments	13	(63,893)	(60,351)
Depreciation	28	(19,946)	(18,493)
Total operating expenses	14	(716,036)	(592,559)
Deficit from operating activities		(246,464)	(123,443)
Non-operating revenue / (expenses)			
Land premia	15	67,704	144,508
Net revenue from home ownership assistance schemes	16	7,129	8,978
Interest and investment income	17(a)	16,003	118,556
Capital expenses	18	(64,049)	(55,337)
Interest expenses	19	(39,695)	(36,605)
Actuarial gain / (loss) on pensions	24	35,523	(11,297)
Share of profits and losses of government business enterprises	20	(881)	7,849
Deficit of the Exchange Fund	27	(69,599)	(125,031)
Net non-operating (expenses) / revenue		(47,865)	51,621
Net deficit for the year		(294,329)	(71,822)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$ million	2022 \$ million
Financial assets			
Investments with the Exchange Fund	17(b)	830,997	955,769
Investments in and loans to government business enterprises	20	387,047	395,003
Other investments	21	447,601	408,306
Loans and advances	22	40,321	37,630
Other assets	23	175,638	267,443
Cash and cash equivalents	3(c)	36,767	43,029
		1,918,371	2,107,180
Liabilities			
Provision for pensions	24	(1,015,397)	(1,047,790)
Bonds issued	25	(336,441)	(235,879)
Other liabilities	26	(74,191)	(72,863)
		(1,426,029)	(1,356,532)
Net financial assets		492,342	750,648
Net assets of the Exchange Fund	27	638,886	708,557
Fixed assets	28	608,397	576,971
Net assets		1,739,625	2,036,176
Reserves			
General Reserve	29	492,342	750,648
Exchange Fund Reserve	27	638,886	708,557
Capital Expenditure Reserve	30	608,397	576,971
		1,739,625	2,036,176

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

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong dollars)

	2023 \$ million	2022 \$ million
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit from operating activities	(246,464)	(123,443)
Adjustments for:		
Depreciation	19,946	18,493
(Increase) / Decrease in stocks, accounts receivable, etc.	(7,934)	12,790
Decrease in liabilities and provisions	(29,336)	(25,188)
Write-off	63	21
Donated fixed assets received	(11)	(1,389)
Loss on disposal of fixed assets	229	150
	(17,043)	4,877
Net cash outflow from operating activities	(263,507)	(118,566)
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipt of land premia	69,515	143,008
Capital expenses paid	(64,049)	(55,337)
Decrease / (Increase) in investments with the Exchange Fund	124,772	(29,574)
Receipt of interest and dividends	125,203	101,350
Additions to fixed assets	(51,663)	(47,392)
Increase in other investments (including government business enterprises)	(46,436)	(61,018)
Loans made	(2,138)	(3,409)
Loan repayments received	3,725	802
Interest paid	(5,919)	(3,818)
Net cash inflow / (outflow) from home ownership assistance schemes		
Development of properties	4,693	5,378
Home Purchase / Assistance Loans	(12)	(12)
Repayments of government bonds	(35,425)	(17,786)
Proceeds from issuance of government bonds	134,972	99,226
Proceeds from disposal of fixed assets	7	43
Proceeds from refund and disposal of investments	-	56
Net cash inflow from non-operating activities	257,245	131,517
Net (decrease) / increase in cash and cash equivalents	(6,262)	12,951
Cash and cash equivalents at beginning of year	43,029	30,078
Cash and cash equivalents at end of year	36,767	43,029

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 2023

(Expressed in Hong Kong dollars)

	2023 \$ million	2022 \$ million
General Reserve	492,342	750,648
– 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	1,015,397	1,047,790
Bonds issued	336,441	235,879
Other liabilities	33,195	32,904
	1,385,033	1,316,573
<u>Assets recognised under the accrual basis but not the cash basis</u> (Note (a))		
Investments	(386,170)	(346,404)
Loans	(36,823)	(35,371)
Other assets	(151,193)	(245,344)
	(574,186)	(627,119)
<u>Share of undistributed reserves of government business enterprises</u> (Note (b))	(215,208)	(228,249)
<u>Share of net financial assets of other entities</u> (Note (c))	(253,191)	(254,725)
	(468,399)	(482,974)
Fiscal Reserves – as reported in the cash-based Consolidated Account	<u>834,790</u>	<u>957,128</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 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 2023

(Expressed in Hong Kong dollars)

	2023 \$ million	2022 \$ million
Deficit	(294,329)	(71,822)
– as reported in the accrual-based Consolidated Statement of Financial Performance		

Adjustments for:

(Revenue) / Expenses recognised under the accrual basis but not the cash basis (Note (a))

Net (decrease) / increase in pension liabilities	(32,393)	16,727
Net decrease in other provisions	(1,047)	(689)
Depreciation of fixed assets	14,475	13,435
Net increase in interest expenses on Green Bonds	600	168
Net decrease / (increase) in stocks in hand	244	(151)
Loss on disposal of fixed assets	229	150
Loss on disposal of investment	-	877
Exchange (gain) / loss on foreign currency translation	(306)	202
Net increase in accrued expenses	863	707
Net increase in prepaid expenses	(917)	(127)
Net decrease / (increase) in accrued revenue	90,305	(12,338)
	72,053	18,961

Revenue / (Expenses) recognised under the cash basis but not the accrual basis (Note (a))

Proceeds from issuance of Green Bonds	65,992	29,124
Additions to fixed assets	(41,490)	(37,125)
Investments made	(5,044)	(1,604)
Net decrease / (increase) in loans	3,096	(2,745)
Proceeds from disposal of fixed assets	7	43
Proceeds from refund and disposal of investments	-	56
	22,561	(12,251)

Share of deficits and (surpluses) of other consolidated entities not included in the cash-based Consolidated Account

Government business enterprises and the Exchange Fund (Note (b))	70,480	117,182
Net amount received from government business enterprises (Note (c))	10,010	6,180
Other entities (Note (d))	(3,114)	(28,888)
	77,376	94,474

(Deficit) / Surplus – as reported in the cash-based Consolidated Account

(122,339)	29,362
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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.