

# Consolidated Account

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2013

	Note	2013 HK\$'000	2012 HK\$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	746,018,772	682,086,680
Deposits with banks	4	379,494	283,157
Cash and bank balances	5	3,303,765	3,263,566
Advances	6	2,519,239	2,415,177
	7	752,221,270	688,048,580
<b>Liabilities</b>			
Deposits	8	(18,226,749)	(18,835,504)
Suspense Accounts	9	(80,410)	(124,462)
	10	(18,307,159)	(18,959,966)
		<u>733,914,111</u>	<u>669,088,614</u>
<b>Representing:</b>			
<b>Consolidated Fund Balance</b>			
Balance at beginning of year		669,088,614	595,402,636
Surplus for the year		64,825,497	73,685,978
Balance at end of year	11, 12, 13	<u>733,914,111</u>	<u>669,088,614</u>

Notes 1 to 18 form part of these financial statements.

**Mrs Lesley Y C WONG**  
Director of Accounting Services  
15 August 2013



# Consolidated Account

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 HK\$'000	2012 HK\$'000
<b>Cash and bank balances at beginning of year</b>		<b>3,263,566</b>	2,576,029
Revenue	14, 15	442,150,110	437,722,961
Expenditure	14, 16	(377,324,613)	(364,036,983)
<b>Surplus for the year before repayment of government bonds and notes</b>	17	<b>64,825,497</b>	73,685,978
Repayment of government bonds and notes		-	-
<b>Surplus for the year after repayment of government bonds and notes</b>	17	<b>64,825,497</b>	73,685,978
<b>Other cash movements</b>	18	<b>(64,785,298)</b>	(72,998,441)
<b>Cash and bank balances at end of year</b>		<b>3,303,765</b>	3,263,566

Notes 1 to 18 form part of these financial statements.

**Mrs Lesley Y C WONG**  
Director of Accounting Services  
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# Consolidated Account

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Purpose

The Consolidated Account gives an overview of the financial position and cash resources of the Government of the Hong Kong Special Administrative Region.

### 2. Accounting Policies

- (i) The Consolidated Account covers the General Revenue Account and the following eight Funds: Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. It excludes the Bond Fund, the balance of which is not part of the fiscal reserves.
- (ii) The Consolidated Account is prepared on a cash basis. Fixed assets and liabilities including those in the Capital Investment Fund and the Loan Fund are not shown in the Statement of Assets and Liabilities of the Consolidated Account but are shown by way of note (Notes 7 and 10).
- (iii) The Consolidated Account excludes inter-fund transfers as set out in Note 14(i).
- (iv) Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Foreign currency balances are translated into Hong Kong dollars at weighted average cost.

### 3. Investments with the Exchange Fund

- (i) These are investments and deposits held:

	2013 HK\$'000	2012 HK\$'000
<b>Investments</b>		
General Revenue Account	415,471,751	372,446,696
Capital Works Reserve Fund	78,985,953	71,150,504
Capital Investment Fund	1,393,239	1,193,350
Civil Service Pension Reserve Fund	25,741,758	24,373,123
Disaster Relief Fund	5,514	6,651
Innovation and Technology Fund	2,369,979	2,847,444
Land Fund	209,266,342	198,140,097
Loan Fund	2,181,903	2,235,291
Lotteries Fund	10,287,996	9,388,130
(Note (ii) below)	745,704,435	681,781,286
<b>Deposits</b>		
General Revenue Account	266,524	257,644
Capital Works Reserve Fund	47,690	47,500
Loan Fund	23	150
Lotteries Fund	100	100
	314,337	305,394
	<b>746,018,772</b>	<b>682,086,680</b>

# Consolidated Account

## 3. Investments with the Exchange Fund *(Continued)*

(ii) The investments represent the cost of investments together with the investment income received in the year being reported. Effective from 1 April 2007, the investment income is calculated on the basis of the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year Exchange Fund Notes for the previous year subject to a minimum of zero percent, whichever is the higher. The investment income for the year ended 31 March 2013 was HK\$37.75 billion (2012: HK\$36.96 billion).

## 4. Deposits with Banks

These are Hong Kong dollar and foreign currency deposits placed with licensed banks in Hong Kong:

	2013 HK\$'000	2012 HK\$'000
General Revenue Account	<u>379,494</u>	<u>283,157</u>

## 5. Cash and Bank Balances

These balances cover cash in hand, in transit, with banks and agents, and with public officers for operating standing or special imprest accounts as provided under section 22 of the Public Finance Ordinance:

	2013 HK\$'000	2012 HK\$'000
General Revenue Account	3,273,636	3,228,912
Capital Works Reserve Fund	1,710	887
Capital Investment Fund	2,925	1
Innovation and Technology Fund	9,109	9,111
Loan Fund	16,384	24,655
Lotteries Fund	1	-
	<u>3,303,765</u>	<u>3,263,566</u>

## 6. Advances

These are moneys paid out from time to time to individuals or organisations for a variety of reasons and are either recoverable or chargeable to expenditure upon authority being given:

	2013 HK\$'000	2012 HK\$'000
General Revenue Account	<u>2,519,239</u>	<u>2,415,177</u>

# Consolidated Account

## 7. Assets

Apart from those assets shown in the Statement of Assets and Liabilities (Note 2(ii)), there are also the following assets:

	2013 HK\$'000	2012 HK\$'000
<b>Investments</b>		
Capital Investment Fund		
Equity holdings	123,054,913	122,879,572
Other investments	419,792,297	416,364,974
	<b>542,847,210</b>	539,244,546
<b>Loans Outstanding</b>		
Capital Investment Fund		
Loans to investees	2,824,132	2,275,177
Loan Fund		
Housing loans	3,115,810	3,084,860
Education loans	12,911,039	12,361,535
Other loans	3,323,327	3,434,893
	<b>22,174,308</b>	21,156,465
Total	<b>565,021,518</b>	560,401,011

## 8. Deposits

These are moneys received from time to time from individuals or organisations for a variety of reasons and are in due course either repayable or transferable to revenue:

	2013 HK\$'000	2012 HK\$'000
General Revenue Account	17,110,200	17,847,586
Capital Works Reserve Fund	1,044,769	918,854
Loan Fund	11,959	10,350
Lotteries Fund	59,821	58,714
	<b>18,226,749</b>	18,835,504

## 9. Suspense Accounts

These Suspense Accounts are established under Resolutions passed by the Legislative Council under section 30 of the Public Finance Ordinance:

	2013 HK\$'000	2012 HK\$'000
Correctional Services Industries (Note (i) below)	14,281	20,329
Government Logistics Department — Unallocated Stores (Note (i) below)	9,195	8,374
The Special Coin (Note (ii) below)	(96,041)	(95,867)
The Financial Secretary Incorporated (Note (iii) below)	(7,845)	(57,298)
	<b>(80,410)</b>	(124,462)

# Consolidated Account

## 9. Suspense Accounts (Continued)

- (i) The balances on the Correctional Services Industries Suspense Account and the Government Logistics Department — Unallocated Stores Suspense Account represent the cost of stocks in hand.
- (ii) The balance on The Special Coin Suspense Account represents the unutilised balance of net proceeds arising from issuing and dealing with special and commemorative coins.
- (iii) The balance on The Financial Secretary Incorporated Suspense Account represents the net amount arising from dealing with the regrant or renewal of Government Leases and managing the properties comprised therein.

## 10. Liabilities

The following outstanding liabilities under the Loans Ordinance (Cap. 61) are not included in the Statement of Assets and Liabilities (Note 2(ii)):

	2013 HK\$'000	2012 HK\$'000
Outstanding government bonds and notes (Notes (i) and (ii) below)	11,203,688	11,207,500

- (i) Following a resolution passed under section 3(1) of the Loans Ordinance, the Government issued in July 2004 bonds and notes totalling HK\$20 billion to retail and institutional investors. These include institutional notes of US\$1.25 billion denominated in United States dollar. The net proceeds were credited to the Capital Works Reserve Fund. The outstanding institutional notes will mature within the period from August 2014 to July 2019. During the financial year, there were payments of interest of HK\$573 million on the notes but no repayment of principal.
- (ii) The institutional notes denominated in United States dollar are translated into Hong Kong dollar at the exchange rate ruling at the end of the reporting period.

## 11. Contingent Liabilities

As at 31 March 2013, the Government had the following contingent liabilities:

- (i) guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance amounting to HK\$29,475 million (2012: HK\$23,751 million);
- (ii) guarantees provided under the SME Loan Guarantee Scheme amounting to HK\$7,452 million (2012: HK\$7,012 million);
- (iii) guarantees provided under the Special Loan Guarantee Scheme amounting to HK\$50,955 million (2012: HK\$62,751 million);
- (iv) guarantees provided under the Special Concessionary Measures under the SME Financing Guarantee Scheme amounting to HK\$20,924 million (2012: Nil);
- (v) legal claims, disputes and proceedings amounting to HK\$7,821 million (2012: HK\$3,168 million);
- (vi) possible capital subscriptions to the Asian Development Bank amounting to HK\$6,391 million (2012: HK\$6,607 million); and
- (vii) guarantees provided for a commercial loan of the Ocean Park Corporation amounting to HK\$1,388 million (2012: HK\$1,388 million).

# Consolidated Account

## 12. Consolidated Fund Balance

The consolidated fund balance comprises the following individual fund balances:

	2013 HK\$'000	2012 HK\$'000
General Revenue Account	404,720,034	360,659,538
Capital Works Reserve Fund	77,990,584	70,280,037
Capital Investment Fund	1,396,164	1,193,351
Civil Service Pension Reserve Fund	25,741,758	24,373,123
Disaster Relief Fund	5,514	6,651
Innovation and Technology Fund	2,379,088	2,856,555
Land Fund	209,266,342	198,140,097
Loan Fund	2,186,351	2,249,746
Lotteries Fund	10,228,276	9,329,516
	<u>733,914,111</u>	<u>669,088,614</u>

## 13. Commitments

### Innovation and Technology Fund

The approved grants that were unpaid as at 31 March 2013 amounted to HK\$1,164 million (2012: HK\$877 million).

### Lotteries Fund

The approved grants that were unpaid as at 31 March 2013 amounted to HK\$3,659 million (2012: HK\$2,912 million).

## 14. Revenue and Expenditure

(i) The consolidated revenue and expenditure exclude inter-fund transfers totalling HK\$552 million between the General Revenue Account and the eight Funds specified in Note 2(i).

(ii) Revenue

Revenue comprises operating revenue and capital revenue.

Operating revenue comprises all revenue items of the General Revenue Account (except certain items such as disposal proceeds of government quarters and other assets, estate duty, loan repayments received and recovery from Housing Authority, etc. which are classified as capital revenue) and the Land Fund.

Capital revenue comprises all receipts of the other seven Funds and capital revenue items of the General Revenue Account.

(iii) Expenditure

Expenditure comprises operating expenditure and capital expenditure.

Operating expenditure comprises all expenditure of the General Revenue Account, except equipment, works and capital subventions of a minor nature which are classified as capital expenditure.

Capital expenditure comprises all expenditure of the Capital Works Reserve Fund (excluding repayment of government bonds and notes), Capital Investment Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund and capital expenditure items of the General Revenue Account.

# Consolidated Account

## 15. Revenue

	2013		2012
	Original Estimate HK\$'000	Actual HK\$'000	Actual HK\$'000
<b>Operating revenue</b>			
Internal revenue	216,434,833	<b>243,915,466</b>	238,885,961
Duties	8,331,645	<b>8,976,510</b>	7,724,742
General rates	10,471,000	<b>11,204,421</b>	9,722,268
Motor vehicle taxes	7,360,111	<b>7,466,089</b>	7,070,073
Royalties and concessions	3,096,410	<b>2,736,265</b>	4,849,249
Other operating revenue	36,578,410	<b>39,156,768</b>	39,847,793
<b>Operating revenue before investment income</b>	282,272,409	<b>313,455,519</b>	308,100,086
<b>Investment income</b>			
Investments with the Exchange Fund	-	<b>30,909,244</b>	31,036,952
Others	-	<b>240,975</b>	283,798
	30,267,000	<b>31,150,219</b>	31,320,750
<b>Operating revenue after investment income</b>	312,539,409	<b>344,605,738</b>	339,420,836
<b>Capital revenue</b>			
Land premium	60,000,000	<b>69,562,627</b>	84,644,418
Asset sales	110,515	<b>265,924</b>	117,873
Other capital revenue	11,337,344	<b>20,870,930</b>	7,614,829
<b>Capital revenue before investment income</b>	71,447,859	<b>90,699,481</b>	92,377,120
<b>Investment income</b>			
Investments with the Exchange Fund	-	<b>6,839,902</b>	5,920,636
Others	-	<b>4,989</b>	4,369
	6,323,000	<b>6,844,891</b>	5,925,005
<b>Capital revenue after investment income</b>	77,770,859	<b>97,544,372</b>	98,302,125
<b>Total revenue</b>	390,310,268	<b>442,150,110</b>	437,722,961



# Consolidated Account

## 16. Expenditure

	2013		2012
	Original Estimate HK\$'000	Actual HK\$'000	Actual HK\$'000
<b>Operating expenditure</b>			
Recurrent expenditure			
Personal emoluments	56,963,102	<b>58,218,204</b>	54,689,661
Personnel related expenses	27,546,011	<b>26,134,710</b>	23,605,829
Departmental expenses	24,855,572	<b>23,926,392</b>	22,614,423
Other charges	50,659,284	<b>47,933,588</b>	44,887,879
Subventions	103,125,759	<b>106,108,498</b>	96,698,352
Additional commitments	1,199,000	-	-
Total recurrent expenditure	264,348,728	<b>262,321,392</b>	242,496,144
Non-recurrent expenditure	18,912,732	<b>40,620,828</b>	53,949,396
Additional commitments	31,739,000	-	-
Total non-recurrent expenditure	50,651,732	<b>40,620,828</b>	53,949,396
<b>Operating expenditure</b>	315,000,460	<b>302,942,220</b>	296,445,540
<b>Capital expenditure</b>			
Capital expenditure other than interest and other expenses on government bonds and notes	78,182,496	<b>73,808,938</b>	67,016,095
Interest and other expenses on government bonds and notes	576,159	<b>573,455</b>	575,348
<b>Capital expenditure</b>	78,758,655	<b>74,382,393</b>	67,591,443
<b>Total expenditure</b>	393,759,115	<b>377,324,613</b>	364,036,983

# Consolidated Account

## 17. Surplus/(Deficit)

	2013		2012
	Original Estimate HK\$'000	Actual HK\$'000	Actual HK\$'000
<b>Operating Account</b>			
Operating revenue	312,539,409	<b>344,605,738</b>	339,420,836
Operating expenditure	(315,000,460)	<b>(302,942,220)</b>	(296,445,540)
<b>Operating surplus</b>	(2,461,051)	<b>41,663,518</b>	42,975,296
<b>Capital Account</b>			
Capital revenue	77,770,859	<b>97,544,372</b>	98,302,125
Capital expenditure	(78,758,655)	<b>(74,382,393)</b>	(67,591,443)
<b>Capital surplus</b>	(987,796)	<b>23,161,979</b>	30,710,682
<b>Surplus for the year before repayment of government bonds and notes</b>	(3,448,847)	<b>64,825,497</b>	73,685,978
Repayment of government bonds and notes	-	-	-
<b>Surplus for the year after repayment of government bonds and notes</b>	(3,448,847)	<b>64,825,497</b>	73,685,978

## 18. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2013 HK\$'000	2012 HK\$'000
<b>Reduction/(Increase) in Assets</b>		
Investments with the Exchange Fund	<b>(63,932,092)</b>	(71,818,744)
Deposits with banks	<b>(96,337)</b>	14,521
Advances	<b>(104,062)</b>	76,518
	<b>(64,132,491)</b>	(71,727,705)
<b>Increase/(Reduction) in Liabilities</b>		
Deposits	<b>(608,755)</b>	(1,323,481)
Suspense Accounts	<b>(44,052)</b>	52,745
	<b>(652,807)</b>	(1,270,736)
	<b>(64,785,298)</b>	(72,998,441)

# Consolidated Account

Consolidated Revenue, Expenditure plus Repayment of Government Bonds and Notes, and Fund Balance for the years ended 31 March 2004 to 2013

HK\$Billion

