

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2020**

(Expressed in Hong Kong dollars)

	Note	2020 \$ million	2019 \$ million
Operating revenue			
Taxes, rates and duties	4	369,462	377,961
Rental income	5	36,819	36,441
Fees and charges	6	12,058	16,172
Utilities	7	3,764	4,397
Royalties and concessions	8	3,161	3,503
Other operating revenue	9	7,493	19,719
Total operating revenue		432,757	458,193
Operating expenses			
Salaries, allowances and other employee benefits	10	(125,035)	(113,669)
Other operating expenses	11	(123,903)	(88,444)
Recurrent subventions	12	(179,428)	(162,085)
Social security payments	13	(51,890)	(54,629)
Depreciation	28	(17,399)	(15,942)
Total operating expenses	14	(497,655)	(434,769)
(Deficit) / Surplus from operating activities		(64,898)	23,424
Non-operating revenue / (expenses)			
Land premia	15	131,482	126,172
Net revenue from home ownership assistance schemes	16	14,333	4,624
Interest and investment income	17(a)	67,569	63,283
Capital expenses	18	(59,480)	(66,101)
Interest expenses	19	(37,376)	(37,682)
Actuarial gain / (loss) on pensions	24	33,431	(39,890)
Share of profits and losses of government business enterprises	20	19,554	28,867
(Deficit) / Surplus of the Exchange Fund	27	(79,365)	1,141
Net non-operating revenue		90,148	80,414
Net surplus for the year		25,250	103,838

The notes on pages 46 to 67 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 MARCH 2020**

(Expressed in Hong Kong dollars)

	Note	2020 \$ million	2019 \$ million
Financial assets			
Investments with the Exchange Fund	17(b)	1,177,676	1,188,075
Investments in and loans to government business enterprises	20	405,632	389,193
Other investments	21	295,550	276,010
Loans and advances	22	33,636	31,688
Other assets	23	233,418	208,625
Cash and cash equivalents	3(c)	35,707	19,453
		2,181,619	2,113,044
Liabilities			
Provision for pensions	24	(1,003,217)	(1,021,671)
Bonds and notes issued	25	(106,475)	(119,797)
Other liabilities	26	(71,100)	(69,870)
		(1,180,792)	(1,211,338)
Net financial assets		1,000,827	901,706
Net assets of the Exchange Fund	27	636,515	715,814
Fixed assets	28	522,795	516,676
Net assets		2,160,137	2,134,196
Reserves			
General Reserve	29	1,000,827	901,706
Exchange Fund Reserve	27	636,515	715,814
Capital Expenditure Reserve	30	522,795	516,676
		2,160,137	2,134,196

The notes on pages 46 to 67 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

(Expressed in Hong Kong dollars)

	2020 \$ million	2019 \$ million
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / Surplus from operating activities	(64,898)	23,424
Adjustments for:		
Depreciation	17,399	15,942
Increase in stocks, accounts receivable, etc.	(28,805)	(2,990)
Decrease in liabilities and provisions	(19,568)	(13,846)
Write-off	26	20
Donated fixed assets received	(6)	(11,228)
Loss / (Gain) on disposal of fixed assets	381	(104)
	(30,573)	(12,206)
Net cash (outflow) / inflow from operating activities	(95,471)	11,218
CASH FLOWS FROM NON-OPERATING ACTIVITIES		
Receipt of land premia	141,718	116,790
Capital expenses paid	(59,480)	(66,100)
Decrease / (Increase) in investments with the Exchange Fund	10,399	(70,703)
Receipt of interest and dividends	62,444	52,460
Additions to fixed assets	(23,964)	(35,336)
(Increase) / Decrease in other investments (including government business enterprises)	(21,047)	4,829
Loans made	(2,349)	(7,289)
Loan repayments received	2,267	2,699
Interest paid	(2,370)	(2,391)
Net cash inflow / (outflow) from home ownership assistance schemes		
Development of properties	16,797	3,636
Home Purchase / Assistance Loans	(17)	(14)
Repayments of government bonds and notes	(41,664)	(23,347)
Proceeds from issue of government bonds	28,862	19,448
Proceeds from sale of housing loans	-	281
Proceeds from disposal of fixed assets	129	290
Net cash inflow / (outflow) from non-operating activities	111,725	(4,747)
Net increase in cash and cash equivalents	16,254	6,471
Cash and cash equivalents at beginning of year	19,453	12,982
Cash and cash equivalents at end of year	35,707	19,453

The notes on pages 46 to 67 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 2020

(Expressed in Hong Kong dollars)

	2020 \$ million	2019 \$ million
General Reserve	1,000,827	901,706
– 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	1,003,217	1,021,671
Bonds and notes issued	106,475	119,797
Other liabilities	32,862	32,470
	1,142,554	1,173,938
<u>Assets recognised under the accrual basis but not the cash basis</u> (Note (a))		
Investments	(264,237)	(280,112)
Loans	(30,510)	(30,069)
Other assets	(218,890)	(192,729)
	(513,637)	(502,910)
<u>Share of undistributed reserves of government business enterprises</u> (Note (b))	(240,427)	(227,559)
<u>Share of net financial assets of other entities</u> (Note (c))	(229,009)	(174,293)
	(469,436)	(401,852)
Fiscal Reserves – as reported in the cash-based Consolidated Account	<u>1,160,308</u>	<u>1,170,882</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 46 to 67 form part of these financial statements.

**STATEMENT OF RECONCILIATION BETWEEN THE SURPLUSES / DEFICITS REPORTED
UNDER THE ACCRUAL BASIS AND UNDER THE CASH BASIS
FOR THE YEAR ENDED 31 MARCH 2020**

(Expressed in Hong Kong dollars)

	2020 \$ million	2019 \$ million
Surplus	25,250	103,838
– 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 (decrease) / increase in pension liabilities	(18,454)	57,072
Net increase in other provisions	958	3
Depreciation of fixed assets	12,661	11,563
Net increase in interest expenses on bonds and notes	56	1
Net (increase) / decrease in stocks in hand	(98)	43
Loss / (Gain) on disposal of fixed assets	381	(104)
Exchange (gain) / loss on foreign currency translation	(73)	22
Net (decrease) / increase in accrued expenses	(107)	454
Net (increase) / decrease in prepaid expenses	(267)	678
Net increase in accrued revenue	(25,789)	(24,564)
	(30,732)	45,168
<u>Revenue / (Expenses) recognised under the cash basis but not the accrual basis (Note (a))</u>		
Proceeds from issue of government bonds	7,829	-
Repayments of government bonds and notes	(1,500)	-
Additions to fixed assets	(14,787)	(33,167)
Investments made	(3,927)	(3,988)
Net increase in loans	(473)	(1,997)
Proceeds from sale of housing loans	-	281
Proceeds from disposal of fixed assets	129	290
	(12,729)	(38,581)
<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))	59,811	(30,008)
Net amount received from government business enterprises (Note (c))	7,037	12,109
Other entities (Note (d))	(59,212)	(24,577)
	7,636	(42,476)
(Deficit) / Surplus – as reported in the cash-based Consolidated Account	(10,575)	67,949

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 46 to 67 form part of these financial statements.