



**Report of the Director of Audit
on the Accounts of the Government of
the Hong Kong Special Administrative Region
for the year ended 31 March 2009**

October 2009

REPORT
OF
THE DIRECTOR OF AUDIT
ON THE ACCOUNTS OF THE GOVERNMENT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION
FOR THE YEAR ENDED
31 MARCH 2009

Audit Commission,
Immigration Tower,
Hong Kong.

29 October 2009

The President of the Legislative Council,
Legislative Council Building,
Hong Kong.

Sir,

In accordance with section 12(1) of the Audit Ordinance I have the honour to submit the Report on my examination and audit of the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2009, and on matters relating to the performance of my duties and the exercise of my powers under the Ordinance, together with a copy of the following statements duly certified by me:

- the Statement of Assets and Liabilities of the Government and the Statement of Receipts and Payments by the Government; and
- the Statement of Assets and Liabilities of each fund, and the Statement of Receipts and Payments by each fund, other than the Lotteries Fund, established in accordance with section 29 of the Public Finance Ordinance.

Yours faithfully,

Benjamin Tang
Director of Audit

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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

General Revenue Account

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the General Revenue Account set out on pages 9 to 20, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the General Revenue Account as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

General Revenue Account

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments with the Exchange Fund	3	269,515,582	255,527,390
Deposits with banks	4	382,899	456,223
Cash and bank balances	5	3,288,404	4,658,772
Advances	6	2,383,800	2,086,076
Suspense Accounts	7	42,707	39,869
		275,613,392	262,768,330
Liabilities			
Deposits	8	(16,930,754)	(16,527,360)
Suspense Accounts	7	(108,757)	(109,997)
	9	(17,039,511)	(16,637,357)
		258,573,881	246,130,973
Representing:			
General Revenue Balance			
Balance at 1 April 2008		246,130,973	147,436,644
Surplus for the year		12,442,908	98,694,329
Balance at 31 March 2009	10	258,573,881	246,130,973

The accompanying Notes 1 to 13 form part of these accounts.

LI Kwok-tso
 Director of Accounting Services
 14 August 2009



General Revenue Account

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		4,658,772	3,090,671
Revenue	11	273,237,220	306,480,475
Expenditure	12	(260,794,312)	(207,786,146)
Surplus for the year		12,442,908	98,694,329
Other cash movements	13	(13,813,276)	(97,126,228)
Cash and bank balances at 31 March 2009		3,288,404	4,658,772

The accompanying Notes 1 to 13 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



General Revenue Account

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

- (i) The Public Finance Ordinance (Cap. 2) provides for the control and management of the public finances of Hong Kong and for incidental and connected purposes. The General Revenue Account records moneys raised or received for the purposes of the Government (except where provided otherwise in other Ordinances) and appropriations of expenditure in accordance with the Appropriation Ordinance and the Supplementary Appropriation Ordinance.
- (ii) The Statement of Assets and Liabilities and the Statement of Receipts and Payments of the General Revenue Account constitute the statement of the assets and liabilities and the annual statement of the receipts and payments of the Government as specified in section 11(1)(a) and (b) of the Audit Ordinance (Cap. 122). These Statements exclude the assets and liabilities and the receipts and payments of the Funds established under section 29 of the Public Finance Ordinance, viz 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, for which separate statements of accounts are prepared.

2. Accounting Policies

- (i) The General Revenue Account is kept on a cash basis. Transactions are recorded when moneys are received or paid, whether they relate to recurrent or capital transactions. The Statement of Assets and Liabilities does not include fixed assets, loans, investments other than those made under section 26 of the Public Finance Ordinance, and debtors and creditors other than those covered by sections 20, 21, 22, 23, 24, 27 and 30 of the Public Finance Ordinance.
- (ii) For the purposes of these accounts, a contingent liability is defined as:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
 - (b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.
- (iii) Currency balances other than Hong Kong dollar are stated at weighted average cost.

3. Investments with the Exchange Fund

- (i) These are investments and deposits held under section 26 of the Public Finance Ordinance:

	2009	2008
	\$'000	\$'000
Investments (see (ii) and (iii) below)	269,260,629	255,223,782
Deposits	254,953	303,608
	<u>269,515,582</u>	<u>255,527,390</u>

- (ii) The investments represent the cost of investments together with interest of \$23.15 billion received in the year ended 31 March 2009.
- (iii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

General Revenue Account

4. Deposits with Banks

These are Hong Kong dollar and foreign currency deposits placed with licensed banks in Hong Kong for investment under section 26 of the Public Finance Ordinance:

	2009	2008
	\$'000	\$'000
Hong Kong dollar	187,576	249,501
Foreign currency	195,323	206,722
	<u>382,899</u>	<u>456,223</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.

6. Advances

Advances are paid under the authority of warrants issued under section 20 of the Public Finance Ordinance for a variety of reasons and are either recoverable or chargeable to expenditure upon authority being given:

	2009	2008
	\$'000	\$'000
Expenditure on Vietnamese migrants (see (i) below)	1,161,991	1,161,991
Advances to Government officers	740,860	479,708
Payments on behalf of non-departmental public bodies, trading funds and non-statutory corporations wholly-owned by Government	354,452	316,364
Others	126,497	128,013
	<u>2,383,800</u>	<u>2,086,076</u>

- (i) The sum of \$1,161.991 million is the outstanding balance of expenditure on Vietnamese migrants recoverable from the United Nations High Commissioner for Refugees (UNHCR). The last repayment, amounting to \$3.865 million, was received in February 1998. In January 1998, the High Commissioner for Refugees informed the Government of the Hong Kong Special Administrative Region (HKSAR) that in the absence of further funding prospects, the repayment in February 1998 was the last reimbursement that the UNHCR could realistically foresee. If the UNHCR defaults on repayment of the outstanding advances, the Government of the HKSAR will not be able to enforce repayment through legal means as the UNHCR is immune from suit under the International Organisations and Diplomatic Privileges Ordinance (Cap. 190). Consequently, the full recovery of the amount due is doubtful.

During the financial year 2008-09, the Government of the HKSAR continued to pursue the repayment of the outstanding advances from the UNHCR and to urge it to make renewed efforts to look for donations with a view to settling the amount. So far, the Government of the HKSAR has not received any further repayments.

Efforts to press the UNHCR for early settlement of the outstanding advances will continue.

General Revenue Account

7. Suspense Accounts

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

	2009	2008
	\$'000	\$'000
Assets:		
Correctional Services Industries	36,583	33,836
Government Logistics Department — Unallocated Stores	6,124	6,033
	42,707	39,869
Liabilities:		
The Special Coin	(106,851)	(108,176)
The Financial Secretary Incorporated	(1,906)	(1,821)
	(108,757)	(109,997)
Net balance	(66,050)	(70,128)

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.

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.

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.

8. Deposits

These are moneys received from time to time from individuals or organisations under sections 23 and 24 of the Public Finance Ordinance for a variety of reasons and are in due course either repayable or transferable to General Revenue:

	2009	2008
	\$'000	\$'000
Tax reserve certificates	11,788,741	11,913,067
Water deposits	1,416,958	1,372,171
Tenancy deposits	960,314	842,079
Tax overpayments	472,640	318,295
Legal aid deposits	434,956	428,815
Private works	164,463	131,955
Receipts on behalf of non-departmental public bodies and trading funds	188	150
Others	1,692,494	1,520,828
	16,930,754	16,527,360

General Revenue Account

9. Liabilities

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

	2009	2008
	\$'000	\$'000
Outstanding Toll Revenue Bond	<u>1,932,460</u>	<u>2,637,620</u>

Following a resolution passed under section 3(1) of the Loans Ordinance (Cap. 61), the Government issued in May 2004 a \$6 billion Toll Revenue Bond to Hong Kong Link 2004 Limited to be repaid by the net toll revenue receivable of the specified Government-owned tunnels and bridges. The net proceeds were credited to the Capital Works Reserve Fund. Of the outstanding Toll Revenue Bond, \$0.8 billion matured in May 2009 and the rest will mature by May 2016 but may be fully repaid before then. During the financial year, repayments of \$0.71 billion principal and payments of \$0.11 billion interest were made.

10. Contingent Liabilities

There are contingent liabilities as listed below, with the maximum amount of each liability as at 31 March 2009 indicated in brackets:

- (i) Guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance (\$17,120 million);
- (ii) Guarantees provided under the SME Loan Guarantee Scheme (\$4,035 million);
- (iii) Guarantees provided under the Special Loan Guarantee Scheme (\$3,248 million); and
- (iv) Litigation (\$23 million).

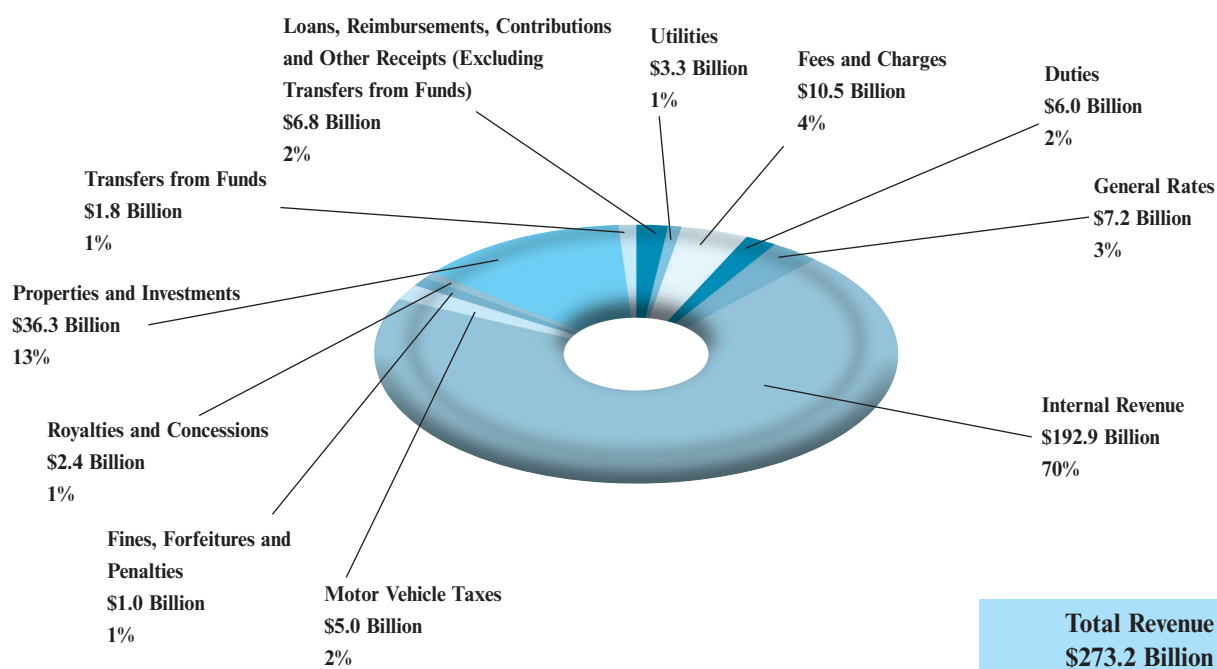
11. Revenue

Analysis of total revenue by Head:

Head	2009				2008
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
1 Duties	6,198,696	6,046,654	(152,042)	(2.5)	7,059,525
2 General Rates	7,333,000	7,174,835	(158,165)	(2.2)	9,494,544
3 Internal Revenue	162,950,517	192,949,724	29,999,207	18.4	200,801,441
4 Motor Vehicle Taxes	5,570,100	4,980,925	(589,175)	(10.6)	5,552,874
5 Fines, Forfeitures and Penalties	1,013,477	1,006,391	(7,086)	(0.7)	996,968
6 Royalties and Concessions	870,914	2,389,088	1,518,174	174.3	863,270
7 Properties and Investments	35,239,322	36,306,289	1,066,967	3.0	28,078,385
9 Loans, Reimbursements, Contributions and Other Receipts	28,794,812	8,592,659	(20,202,153)	(70.2)	37,993,181
10 Utilities	3,514,019	3,320,350	(193,669)	(5.5)	3,343,639
11 Fees and Charges	10,394,037	10,470,305	76,268	0.7	12,296,648
Total	<u>261,878,894</u>	<u>273,237,220</u>	<u>11,358,326</u>	4.3	<u>306,480,475</u>

General Revenue Account

Analysis of Revenue for the year ended 31 March 2009



12. Expenditure

Analysis of total expenditure by Head:

Head	2009				2008
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
21 Chief Executive's Office	79,145	80,747	1,602	2.0	77,429
22 Agriculture, Fisheries and Conservation Department	897,545	1,080,906	183,361	20.4	1,458,086
25 Architectural Services Department	1,432,348	1,454,642	22,294	1.6	1,391,110
24 Audit Commission	119,263	120,442	1,179	1.0	114,522
23 Auxiliary Medical Service	63,633	63,888	255	0.4	59,738
82 Buildings Department	825,042	838,141	13,099	1.6	783,243
26 Census and Statistics Department	484,715	470,711	(14,004)	(2.9)	455,302
27 Civil Aid Service	80,831	82,156	1,325	1.6	72,324
28 Civil Aviation Department	677,479	668,315	(9,164)	(1.4)	605,238
33 Civil Engineering and Development Department	1,431,120	1,446,107	14,987	1.0	1,302,260
30 Correctional Services Department	2,539,155	2,627,500	88,345	3.5	2,484,866
31 Customs and Excise Department	2,308,147	2,288,494	(19,653)	(0.9)	2,052,986
37 Department of Health	3,344,211	3,351,167	6,956	0.2	3,075,435
92 Department of Justice	949,200	937,044	(12,156)	(1.3)	855,181
39 Drainage Services Department	1,638,608	1,680,147	41,539	2.5	1,601,314

General Revenue Account

12. Expenditure (Continued)

Head	2009				2008
	Original Estimate	Actual	Over/(Under) the Estimate	Variance	Actual
	\$'000	\$'000	\$'000	%	\$'000
42 Electrical and Mechanical Services Department	309,160	327,393	18,233	5.9	302,889
44 Environmental Protection Department	3,349,442	2,541,740	(807,702)	(24.1)	3,254,009
45 Fire Services Department	3,427,865	3,518,546	90,681	2.6	3,123,397
49 Food and Environmental Hygiene Department	4,390,654	4,617,041	226,387	5.2	3,863,520
46 General Expenses of the Civil Service	3,385,233	2,913,271	(471,962)	(13.9)	3,282,475
166 Government Flying Service	257,280	232,511	(24,769)	(9.6)	213,090
48 Government Laboratory	329,049	325,499	(3,550)	(1.1)	278,693
59 Government Logistics Department	448,883	440,237	(8,646)	(1.9)	422,942
51 Government Property Agency	1,805,428	1,672,778	(132,650)	(7.3)	1,622,697
143 Government Secretariat: Civil Service Bureau	397,937	413,908	15,971	4.0	405,983
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	1,180,197	1,172,507	(7,690)	(0.7)	962,679
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch)	63,609	72,883	9,274	14.6	64,346
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	345,684	337,664	(8,020)	(2.3)	218,182
138 Government Secretariat: Development Bureau (Planning and Lands Branch)	96,604	296,475	199,871	206.9	84,086
159 Government Secretariat: Development Bureau (Works Branch)	221,117	199,554	(21,563)	(9.8)	181,876
156 Government Secretariat: Education Bureau	37,640,728	36,609,086	(1,031,642)	(2.7)	34,587,017
137 Government Secretariat: Environment Bureau	63,731	52,432	(11,299)	(17.7)	28,452
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)	127,327	8,726,867	8,599,540	6,753.9	103,796

General Revenue Account

12. Expenditure (Continued)

Head	2009				2008
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)	188,737	3,422,595	3,233,858	1,713.4	170,869
139 Government Secretariat: Food and Health Bureau (Food Branch)	65,423	43,568	(21,855)	(33.4)	37,599
140 Government Secretariat: Food and Health Bureau (Health Branch)	30,762,021	32,990,350	2,228,329	7.2	30,020,597
53 Government Secretariat: Home Affairs Bureau	1,384,989	7,459,789	6,074,800	438.6	982,921
155 Government Secretariat: Innovation and Technology Commission	507,943	502,533	(5,410)	(1.1)	470,120
141 Government Secretariat: Labour and Welfare Bureau	498,688	468,650	(30,038)	(6.0)	842,952
47 Government Secretariat: Office of the Government Chief Information Officer	564,184	559,836	(4,348)	(0.8)	541,628
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	498,406	454,103	(44,303)	(8.9)	512,948
96 Government Secretariat: Overseas Economic and Trade Offices	310,907	278,198	(32,709)	(10.5)	274,394
151 Government Secretariat: Security Bureau	160,491	154,579	(5,912)	(3.7)	124,585
158 Government Secretariat: Transport and Housing Bureau (Transport Branch)	121,693	116,833	(4,860)	(4.0)	106,649
60 Highways Department	2,109,209	2,141,206	31,997	1.5	1,997,255
63 Home Affairs Department	1,547,250	1,511,036	(36,214)	(2.3)	1,268,951
168 Hong Kong Observatory	203,416	206,315	2,899	1.4	196,560
122 Hong Kong Police Force	11,913,550	12,239,394	325,844	2.7	11,515,456
62 Housing Department	125,553	2,638,648	2,513,095	2,001.6	116,736
70 Immigration Department	2,709,371	2,821,346	111,975	4.1	2,627,279
72 Independent Commission Against Corruption	756,887	750,071	(6,816)	(0.9)	696,940
121 Independent Police Complaints Council	16,526	17,361	835	5.1	15,206

General Revenue Account

12. Expenditure (Continued)

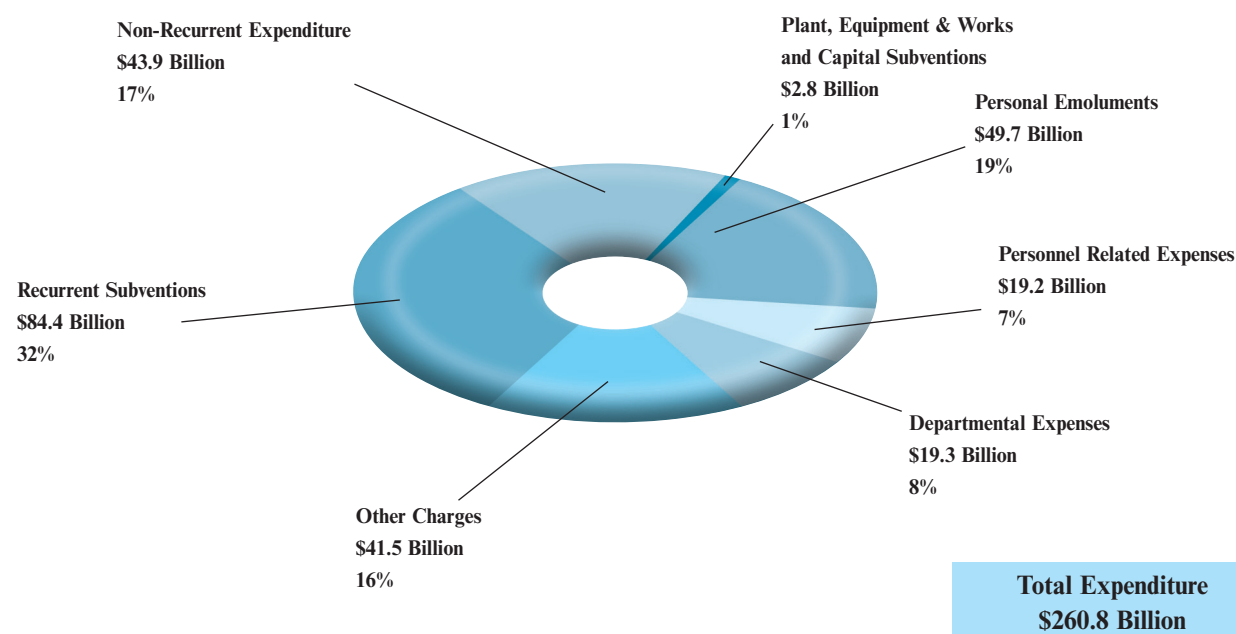
Head	2009				2008
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
74 Information Services Department	370,047	353,053	(16,994)	(4.6)	339,807
76 Inland Revenue Department	1,251,688	1,182,802	(68,886)	(5.5)	1,140,579
78 Intellectual Property Department	92,748	91,199	(1,549)	(1.7)	82,823
79 Invest Hong Kong	109,307	108,023	(1,284)	(1.2)	107,685
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	25,791	27,265	1,474	5.7	13,911
80 Judiciary	1,044,758	969,547	(75,211)	(7.2)	910,459
90 Labour Department	1,016,769	1,070,059	53,290	5.2	1,046,994
91 Lands Department	1,698,662	1,691,823	(6,839)	(0.4)	1,572,718
94 Legal Aid Department	758,863	661,163	(97,700)	(12.9)	646,780
112 Legislative Council Commission	385,927	399,269	13,342	3.5	358,389
95 Leisure and Cultural Services Department	5,054,876	5,097,452	42,576	0.8	4,961,859
100 Marine Department	918,973	915,454	(3,519)	(0.4)	879,430
106 Miscellaneous Services	40,887,954	46,580	(40,841,374)	(99.9)	81,541
114 Office of The Ombudsman	85,144	89,037	3,893	4.6	81,612
116 Official Receiver's Office	134,284	114,669	(19,615)	(14.6)	110,070
120 Pensions	16,525,011	15,699,877	(825,134)	(5.0)	14,736,368
118 Planning Department	468,647	459,879	(8,768)	(1.9)	435,600
136 Public Service Commission	17,886	18,138	252	1.4	15,597
160 Radio Television Hong Kong	490,757	470,758	(19,999)	(4.1)	432,145
162 Rating and Valuation Department	386,329	381,184	(5,145)	(1.3)	358,607
163 Registration and Electoral Office	352,739	323,385	(29,354)	(8.3)	229,203
169 Secretariat, Commissioner on Interception of Communications and Surveillance	11,524	10,129	(1,395)	(12.1)	8,653
170 Social Welfare Department	34,424,527	38,533,357	4,108,830	11.9	33,958,580
173 Student Financial Assistance Agency	3,649,222	3,550,987	(98,235)	(2.7)	3,258,269
180 Television and Entertainment Licensing Authority	147,820	132,447	(15,373)	(10.4)	105,128
181 Trade and Industry Department	454,395	541,867	87,472	19.3	435,954
186 Transport Department	1,108,874	1,089,278	(19,596)	(1.8)	916,735
188 Treasury	331,093	311,860	(19,233)	(5.8)	298,598

General Revenue Account

12. Expenditure (Continued)

Head	2009				2008
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
190 University Grants Committee	11,926,403	30,364,275	18,437,872	154.6	12,188,484
194 Water Supplies Department	5,139,042	5,302,286	163,244	3.2	5,146,135
Government Secretariat: Beijing Office	-	-	-	-	52,823
Government Secretariat: Economic Development and Labour Bureau (Economic Development Branch)	-	-	-	-	199,002
	<u>258,425,674</u>	<u>260,444,312</u>	<u>2,018,638</u>	<u>0.8</u>	<u>207,019,346</u>
184 Transfers to Funds	740,400	350,000	(390,400)	(52.7)	766,800
Total	<u>259,166,074</u>	<u>260,794,312</u>	<u>1,628,238</u>	<u>0.6</u>	<u>207,786,146</u>

Analysis of Expenditure for the year ended 31 March 2009



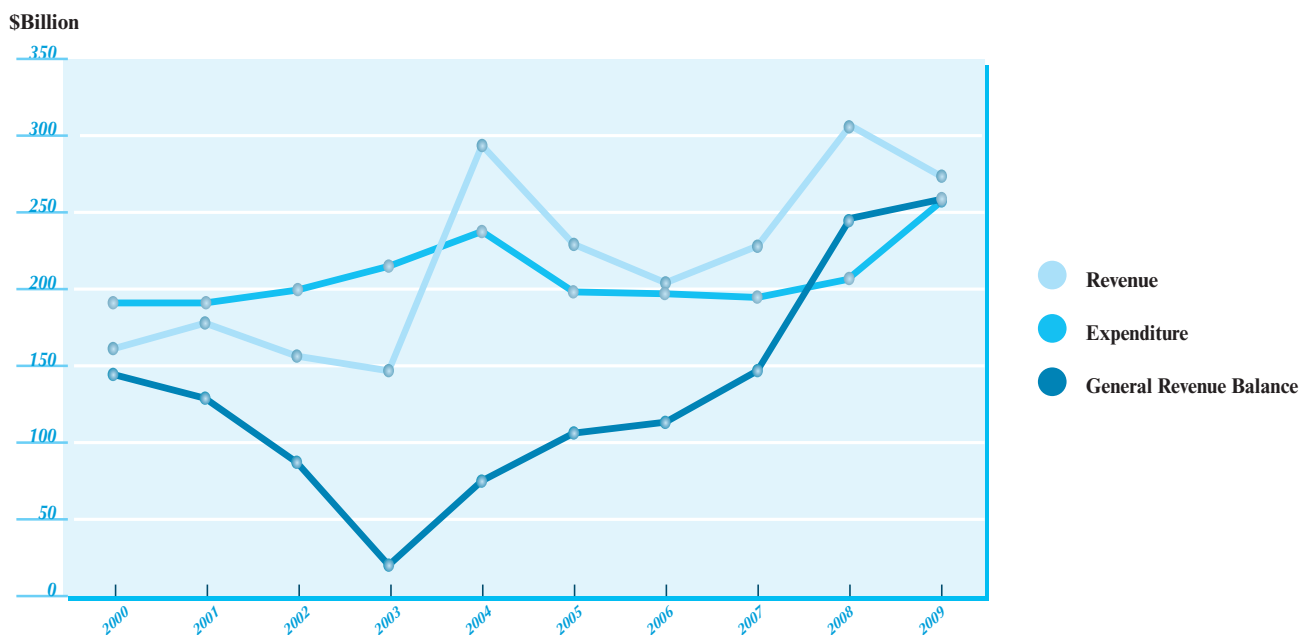
General Revenue Account

13. Other Cash Movements

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

	2009 \$'000	2008 \$'000
Reduction/(Increase) in Assets:		
Investments with the Exchange Fund	(13,988,192)	(98,196,047)
Deposits with banks	73,324	(90,194)
Advances	(297,724)	(16,772)
Suspense Accounts	(2,838)	7,177
	(14,215,430)	(98,295,836)
Increase/(Reduction) in Liabilities:		
Deposits	403,394	1,171,499
Suspense Accounts	(1,240)	(1,891)
	402,154	1,169,608
	(13,813,276)	(97,126,228)

Revenue, Expenditure and General Revenue Balance for the years ended 31 March 2000 to 2009



Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Capital Works Reserve Fund

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Capital Works Reserve Fund set out on pages 23 to 30, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Capital Works Reserve Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Capital Works Reserve Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments with the Exchange Fund	3	38,260,819	65,944,129
Deposits with banks	4	62	59
Cash and bank balances		1,850	6,850
Advances	5	86,409	95,589
		38,349,140	66,046,627
Liabilities			
Deposits	6	(798,358)	(931,400)
		37,550,782	65,115,227
Representing:			
Fund Balance			
Balance at 1 April 2008		65,115,227	51,803,733
(Deficit)/Surplus for the year		(27,564,445)	13,311,494
Balance at 31 March 2009		37,550,782	65,115,227

The accompanying Notes 1 to 10 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Capital Works Reserve Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		6,850	31,266
Revenue	8	23,154,852	66,376,086
Expenditure	9	(50,719,297)	(53,064,592)
(Deficit)/Surplus for the year		(27,564,445)	13,311,494
Other cash movements	10	27,559,445	(13,335,910)
Cash and bank balances at 31 March 2009		1,850	6,850

The accompanying Notes 1 to 10 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Capital Works Reserve Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Capital Works Reserve Fund was set up to finance public works programmes, acquisitions of land, capital subventions and major systems and equipment items. It was initially established on 1 April 1982 by a Resolution of the Legislative Council on 20 January 1982 and has been reconstituted since 1 January 1998 under another Resolution passed on 17 December 1997 (hereinafter referred to as the Resolution).

2. Accounting Policies

(i) The accounts of the Capital Works Reserve Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid, whether they relate to recurrent or capital transactions. The Statement of Assets and Liabilities of the Fund excludes fixed assets, loans, investments other than those made under paragraph (d)(iii) of the Resolution, and debtors and creditors other than those advances and deposits referred to in the Notes below.

(ii) Currency balances other than Hong Kong dollar are stated at weighted average cost.

3. Investments with the Exchange Fund

(i) These are investments and deposits held under paragraph (d)(iii) of the Resolution:

	2009	2008
	\$'000	\$'000
Investments (see (ii) and (iii) below)	38,159,559	65,817,184
Deposits	101,260	126,945
	<u>38,260,819</u>	<u>65,944,129</u>

(ii) The investments represent the cost of investments together with interest of \$6.08 billion received in the year ended 31 March 2009.

(iii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

4. Deposits with Banks

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

	2009	2008
	\$'000	\$'000
Foreign currency	<u>62</u>	<u>59</u>

Capital Works Reserve Fund

5. Advances

Advances are paid under the authority of warrants issued under section 20 of the Public Finance Ordinance for a variety of reasons and are either recoverable or chargeable to expenditure upon authority being given:

	2009	2008
	\$'000	\$'000
Advances for Tsing Ma Control Area non-scheduled maintenance works	9,047	18,227
Advances in respect of other capital works projects	77,362	77,362
	86,409	95,589

The advance account for the non-scheduled maintenance works of Tsing Ma Control Area (TMCA) was opened in July 2004 following the securitization of revenue receivable from the tolls on Government-owned tunnels and bridges. The balance on the advance account will be offset in each financial year by \$20 million collected upfront from the Lantau Link toll revenue and, starting from 2005-06, by another amount of up to \$10 million receivable from Hong Kong Link 2004 Limited pursuant to the arrangement set out in the prospectus for issuance of bonds relating to the securitization.

6. 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:

	2009	2008
	\$'000	\$'000
Contract retentions	472,539	525,497
Others	325,819	405,903
	798,358	931,400

7. Liabilities

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

	2009	2008
	\$'000	\$'000
Outstanding government bonds and notes	14,688,125	17,426,750

Following a resolution passed under section 3(1) of the Loans Ordinance (Cap. 61), the Government issued in July 2004 bonds and notes totalling \$20 billion to retail and institutional investors. These include institutional notes of US\$1.25 billion denominated in United States dollar. Of the outstanding amount, \$3.50 billion matured in July 2009 and the rest will mature within the period August 2014 to July 2019. During the financial year, interest payments of \$0.75 billion were made.

The institutional notes denominated in United States dollar are translated into Hong Kong dollar at the rate of exchange ruling on the last working day of the year.

Capital Works Reserve Fund

8. Revenue

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land premium:			
Sales by public auction and tender	-	813,660	33,373,780
Private treaty grants	-	6,645,555	10,804,691
Modification of existing leases, exchanges and extensions	-	9,026,913	17,741,737
Fees received in respect of short term waivers	-	449,730	397,672
	43,100,000	16,935,858	62,317,880
Investment income	2,470,737	6,083,361	4,003,170
Other revenue:			
Recovery from MTR Corporation Ltd.	131,000	-	-
Donations and contributions	9,000	2,000	6,262
Others	-	133,633	48,774
	140,000	135,633	55,036
	<u>45,710,737</u>	<u>23,154,852</u>	<u>66,376,086</u>

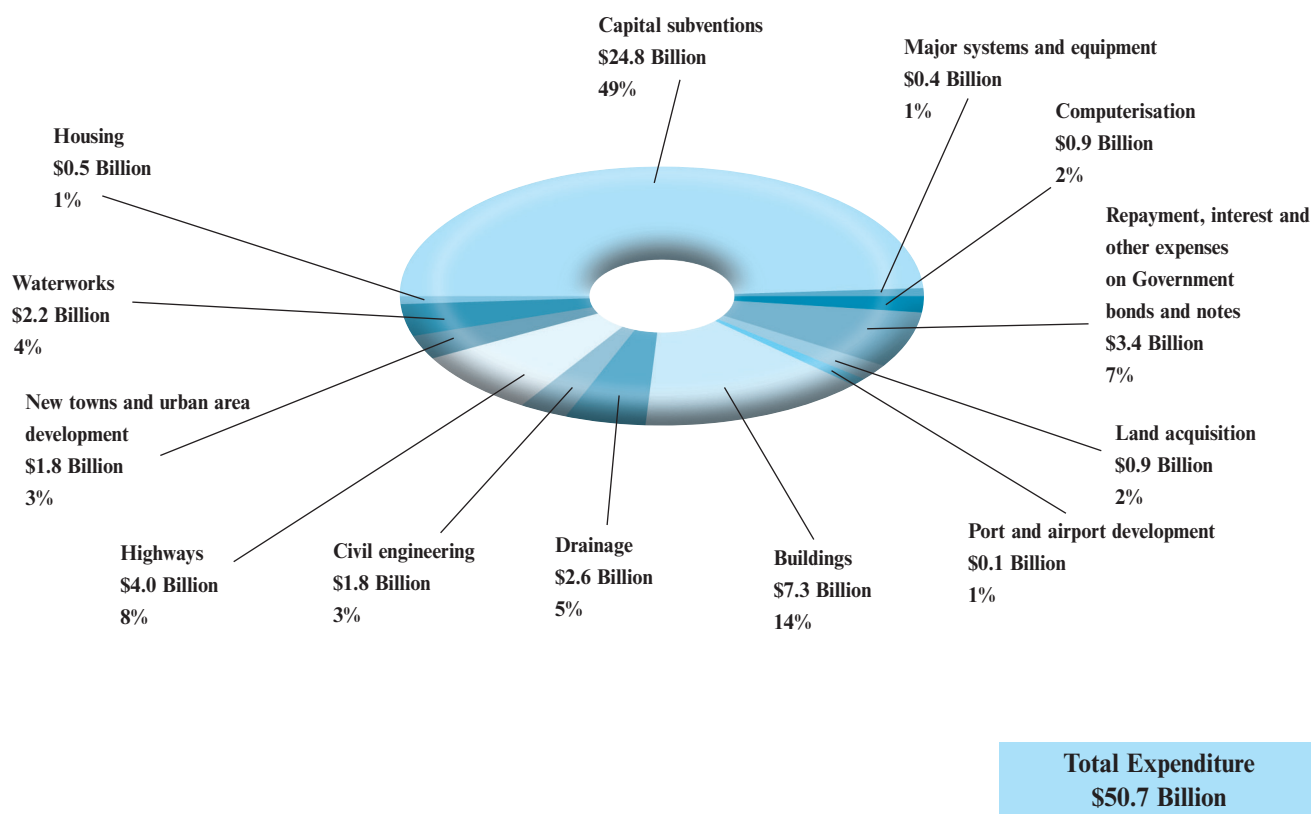
Capital Works Reserve Fund

9. Expenditure

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land acquisition	2,141,715	926,340	371,978
Public Works Programme:			
Port and airport development	1,957	2,556	3,791
Buildings	6,867,686	7,314,892	6,593,077
Drainage	2,293,818	2,651,799	1,643,648
Civil engineering	1,586,440	1,782,393	1,724,937
Highways	3,188,799	3,979,190	3,918,447
New towns and urban area development	1,752,498	1,823,176	1,388,467
Waterworks	1,735,613	2,152,895	1,588,235
Housing	432,613	547,924	330,326
	17,859,424	20,254,825	17,190,928
Capital subventions and major systems and equipment:			
Capital subventions	25,540,867	24,754,848	3,334,326
Major systems and equipment	878,477	359,625	275,741
	26,419,344	25,114,473	3,610,067
Computerisation	1,829,705	951,198	1,085,673
Government bonds and notes:			
Repayment	2,700,000	2,700,000	-
Interest and other expenses	753,906	752,638	799,913
	3,453,906	3,452,638	799,913
Transfer to General Revenue	20,000,000	-	30,000,000
Other payments:			
Refund of overpayment of land premium	-	19,823	6,033
	<u>71,704,094</u>	<u>50,719,297</u>	<u>53,064,592</u>

Capital Works Reserve Fund

Analysis of Expenditure for the year ended 31 March 2009



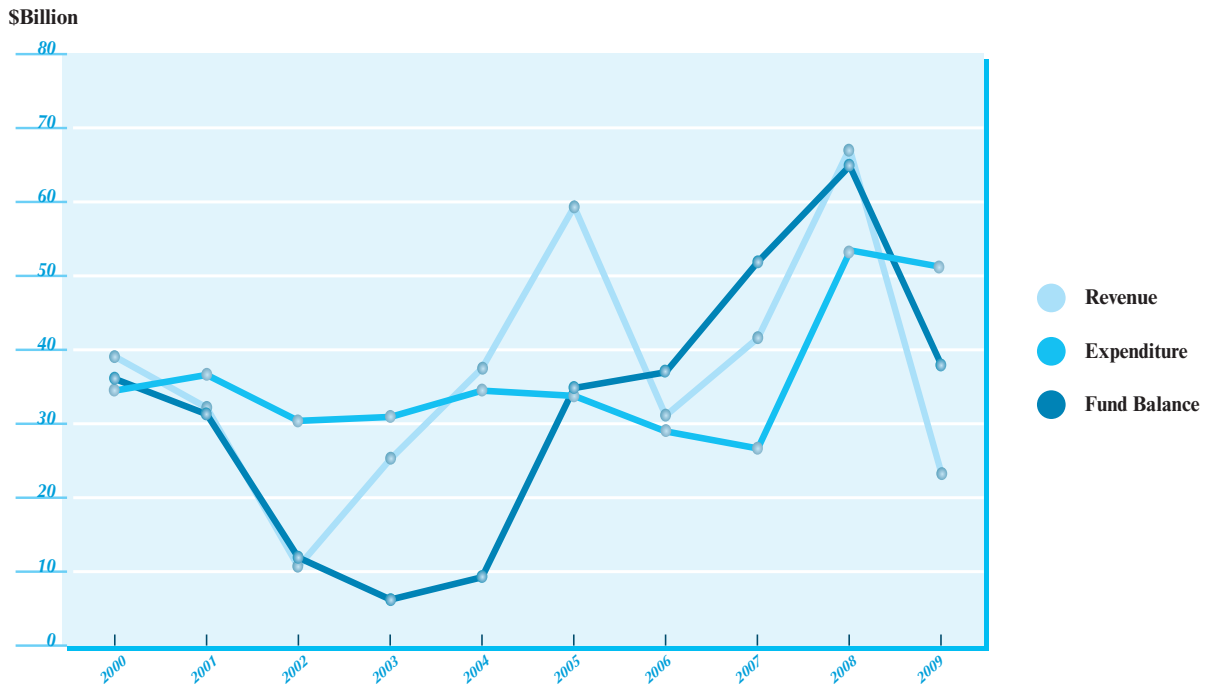
10. Other Cash Movements

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

	2009 \$'000	2008 \$'000
Reduction/(Increase) in Assets:		
Investments with the Exchange Fund	27,683,310	(13,273,189)
Deposits with banks	(3)	1,552
Advances	9,180	6,516
	27,692,487	(13,265,121)
Reduction in Liabilities:		
Deposits	(133,042)	(70,789)
	27,559,445	(13,335,910)

Capital Works Reserve Fund

Revenue, Expenditure and Fund Balance for the years ended 31 March 2000 to 2009



Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Capital Investment Fund

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Capital Investment Fund set out on pages 33 to 38, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Capital Investment Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Capital Investment Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments	3		
Equity Holdings		114,067,171	112,964,815
Other Investments		395,596,027	390,370,946
		509,663,198	503,335,761
Loans	4	7,056,961	7,090,880
		516,720,159	510,426,641
Current Assets			
Investments with the Exchange Fund	5	504,259	562,305
Cash and bank balances		1	2
		504,260	562,307
		517,224,419	510,988,948
Representing:			
Total Fund Balance			
Applied Fund	6	516,720,159	510,426,641
Available Fund	7		
Balance at 1 April 2008		562,307	55,571
(Deficit)/Surplus for the year		(58,047)	506,736
Balance at 31 March 2009		504,260	562,307
	8	517,224,419	510,988,948

The accompanying Notes 1 to 11 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Capital Investment Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		2	1
Revenue	9	1,917,224	2,206,776
Expenditure	10	(1,975,271)	(1,700,040)
(Deficit)/Surplus for the year		(58,047)	506,736
Other cash movements	11	58,046	(506,735)
Cash and bank balances at 31 March 2009		1	2

The accompanying Notes 1 to 11 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Capital Investment Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Capital Investment Fund finances investments in and loans to public sector bodies which are not part of the Government structure and such other bodies as the Finance Committee may specify. It was established with effect from 1 April 1990 by a Resolution passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 14 March 1990. Amendments to this Resolution were passed by the Legislative Council on 6 November 1991. (The Resolution as amended is hereinafter referred to as the Resolution.)

2. Accounting Policies

- (i) Subject to (ii) below, the accounts of the Capital Investment Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid, whether they relate to recurrent or capital transactions.
- (ii) The Statement of Assets and Liabilities is structured to include investments acquired and loans made by way of cash, waived land premium, donated works or other similar transactions.
- (iii) For the purposes of these accounts, a contingent liability is defined as:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
 - (b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

3. Investments (at cost/original valuation)

	2009			2008		
	Equity Holdings \$'000	Other Investments \$'000	Total \$'000	Equity Holdings \$'000	Other Investments \$'000	Total \$'000
Balance at 1 April 2008	112,964,815	390,370,946	503,335,761	111,939,698	386,213,924	498,153,622
Additions:						
Non-cash acquisitions	1,133,856	5,225,081	6,358,937	1,025,117	4,157,022	5,182,139
Deductions:						
Disposal	(31,500)	-	(31,500)	-	-	-
Balance at 31 March 2009	114,067,171	395,596,027	509,663,198	112,964,815	390,370,946	503,335,761

Capital Investment Fund

4. Loans Outstanding

	2009 \$'000	2008 \$'000
Balance at 1 April 2008	7,090,880	7,836,843
Additions:		
Loan payments	175,271	100,040
Capitalized interest	433,042	368,979
	608,313	469,019
Deductions:		
Loan repayments	(642,232)	(1,214,982)
Balance at 31 March 2009	<u><u>7,056,961</u></u>	<u><u>7,090,880</u></u>

5. Investments with the Exchange Fund

(i) These are investments and deposits held under paragraph 7 of the Resolution:

	2009 \$'000	2008 \$'000
Investments (see (ii) and (iii) below)	504,258	562,304
Deposits	1	1
	<u><u>504,259</u></u>	<u><u>562,305</u></u>

(ii) The investments represent the cost of investments together with interest of \$86 million received in the year ended 31 March 2009.

(iii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

6. Applied Fund

This represents the sum of investments acquired and loans made for the purposes of the Fund under paragraph 5 of the Resolution.

7. Available Fund

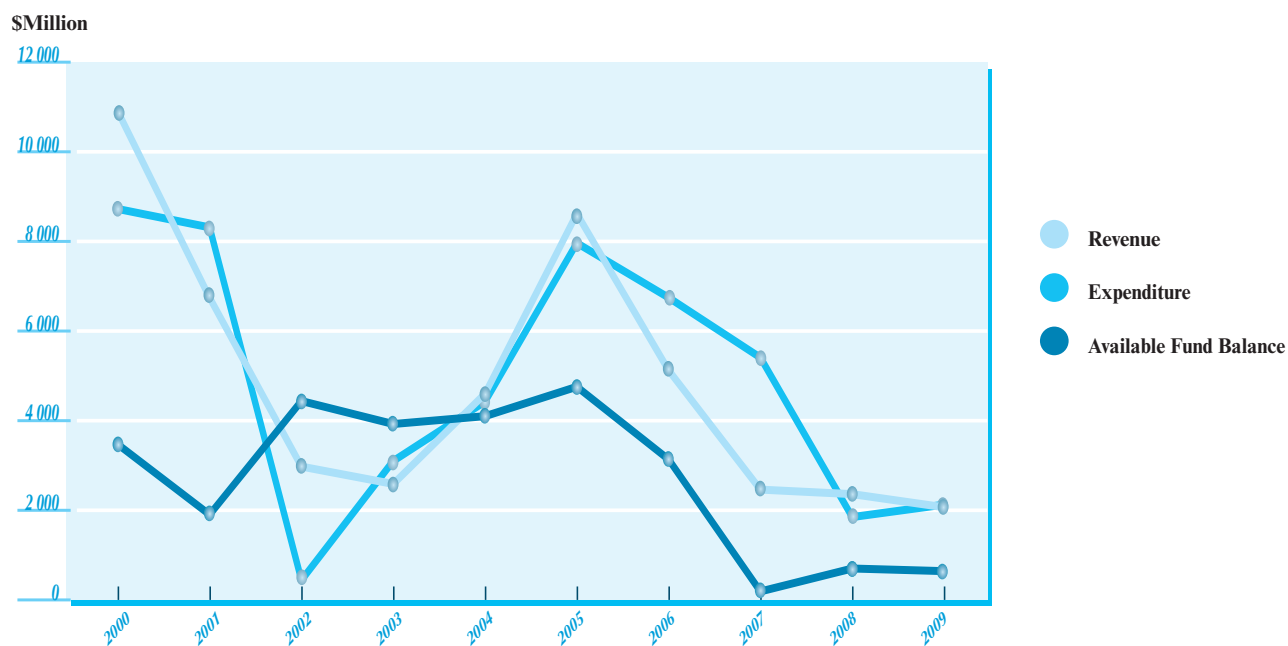
This represents funds available for acquiring investments or making loans for the purposes of the Fund under paragraph 5 of the Resolution.

8. Contingent Liabilities

As at 31 March 2009, the amount of possible capital subscriptions to the Asian Development Bank was \$2,070 million.

Capital Investment Fund

Revenue, Expenditure and Available Fund Balance for the years ended 31 March 2000 to 2009

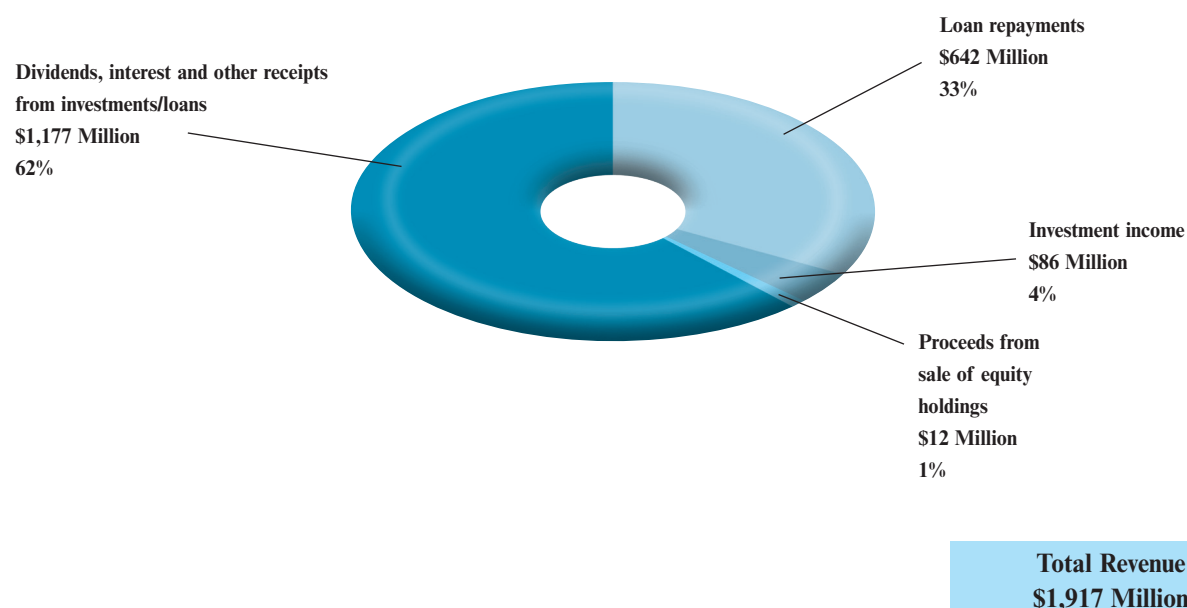


9. Revenue

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Dividends, interest and other receipts from investments/loans	1,123,911	1,177,096	969,218
Loan repayments	658,059	642,232	1,214,982
Investment income	15,078	85,674	22,576
Proceeds from sale of equity holdings	-	12,222	-
	<u>1,797,048</u>	<u>1,917,224</u>	<u>2,206,776</u>

Capital Investment Fund

Analysis of Revenue for the year ended 31 March 2009



10. Expenditure

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan payments	348,737	175,271	100,040
Transfer to General Revenue	1,700,000	1,800,000	1,600,000
	<u>2,048,737</u>	<u>1,975,271</u>	<u>1,700,040</u>

11. Other Cash Movements

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

	2009 \$'000	2008 \$'000
Reduction/(Increase) in Assets:		
Investments with the Exchange Fund	<u>58,046</u>	<u>(506,735)</u>

Report of the Director of Audit



Audit Commission
The Government of the Hong Kong Special Administrative Region

Loan Fund

Independent Audit Report To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Loan Fund set out on pages 41 to 47, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Loan Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Loan Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Loans Outstanding	3		
Housing Loans		3,184,514	3,214,559
Education Loans		11,407,911	10,677,657
Other Loans		3,722,452	3,850,095
		18,314,877	17,742,311
Net Current Assets			
Current Assets			
Investments with the Exchange Fund	4	1,526,132	1,650,028
Cash and bank balances		26,091	38,695
		1,552,223	1,688,723
Current Liabilities			
Deposits	5	(6,391)	(4,132)
		1,545,832	1,684,591
		19,860,709	19,426,902
Representing:			
Total Fund Balance			
Applied Fund	6	18,314,877	17,742,311
Available Fund	7		
Balance at 1 April 2008		1,684,591	2,138,810
Deficit for the year		(138,759)	(454,219)
Balance at 31 March 2009		1,545,832	1,684,591
	8	19,860,709	19,426,902

The accompanying Notes 1 to 11 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Loan Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		38,695	24,316
Revenue	9	2,101,121	2,598,299
Expenditure	10	(2,239,880)	(3,052,518)
Deficit for the year		(138,759)	(454,219)
Other cash movements	11	126,155	468,598
Cash and bank balances at 31 March 2009		26,091	38,695

The accompanying Notes 1 to 11 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Loan Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Loan Fund finances loans and advances for schemes of developments in Hong Kong and loans to students under schemes approved by the Finance Committee. It was established with effect from 1 April 1990 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 14 March 1990.

2. Accounting Policies

- (i) Subject to (ii) below, the accounts of the Loan Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid, whether they relate to recurrent or capital transactions.
- (ii) The Statement of Assets and Liabilities is structured to show the overall financial position of the Fund including the total outstanding loans.
- (iii) For the purposes of these accounts, a contingent liability is defined as:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
 - (b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

3. Loans Outstanding

	2009			2008		
	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000
Balance at 1 April 2008	3,214,559	10,677,657	3,850,095	3,279,161	10,040,967	3,063,977
Additions:						
Loan payments	103,685	2,051,133	85,033	89,612	1,917,459	1,045,447
Capitalized interest	875	-	69,310	1,365	-	27,864
	104,560	2,051,133	154,343	90,977	1,917,459	1,073,311
Deductions:						
Loan repayments	(62,231)	(1,320,129)	(264,122)	(90,907)	(1,280,126)	(269,411)
Loans written off	(4,304)	(750)	(17,864)	(1,380)	(643)	(17,782)
Proceeds from sale of loans	(68,070)	-	-	(63,292)	-	-
	(134,605)	(1,320,879)	(281,986)	(155,579)	(1,280,769)	(287,193)
Balance at 31 March 2009	3,184,514	11,407,911	3,722,452	3,214,559	10,677,657	3,850,095

Loan Fund

4. Investments with the Exchange Fund

(i) These are investments and deposits held under paragraph 8 of the Resolution:

	2009	2008
	\$'000	\$'000
Investments (see (ii) and (iii) below)	1,512,880	1,631,020
Deposits	13,252	19,008
	<u>1,526,132</u>	<u>1,650,028</u>

(ii) The investments represent the cost of investments together with interest of \$137 million received in the year ended 31 March 2009.

(iii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

5. 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:

	2009	2008
	\$'000	\$'000
Students	6,289	4,042
Others	102	90
	<u>6,391</u>	<u>4,132</u>

6. Applied Fund

This represents the outstanding loans made from the Fund under paragraph 6 of the Resolution.

7. Available Fund

This represents funds available for making loans under paragraph 6 of the Resolution.

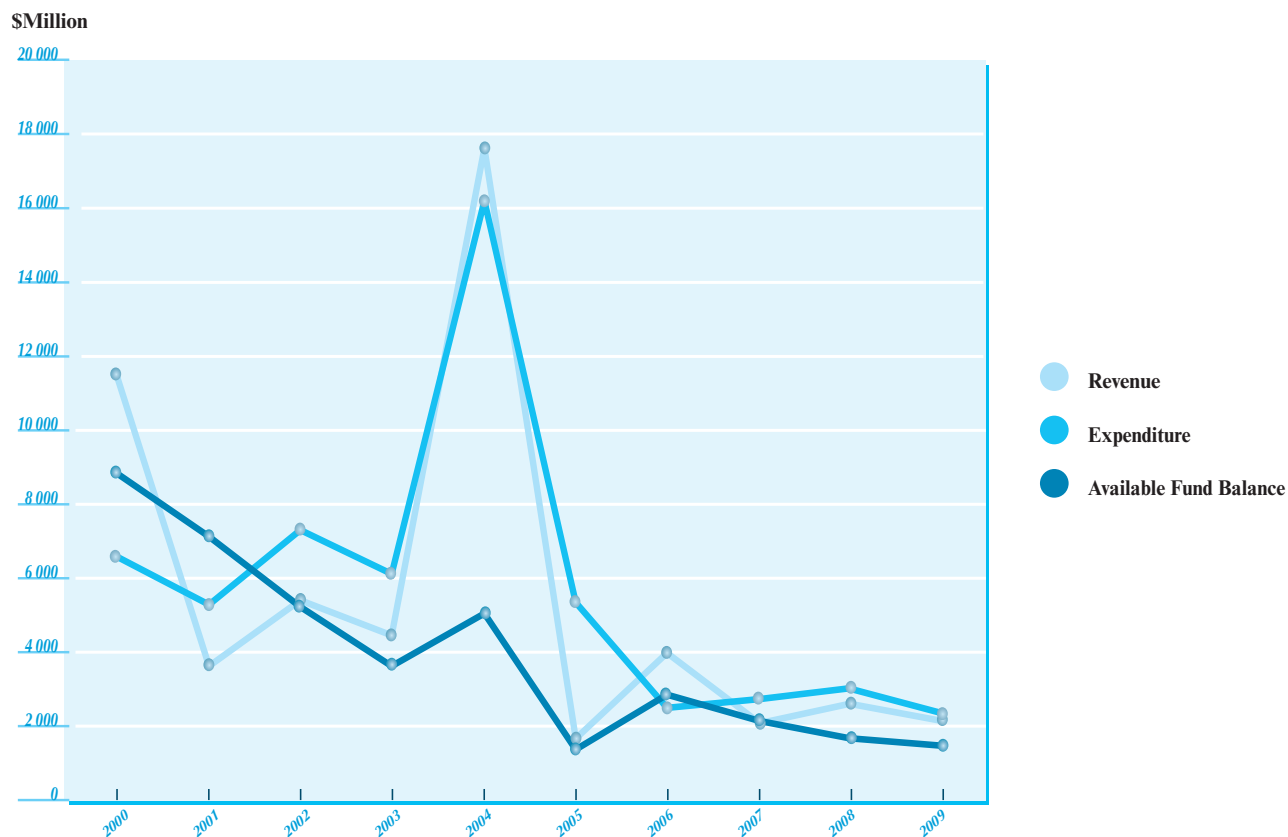
8. Contingent Liabilities

There are contingent liabilities as listed below, with the maximum amount of each liability as at 31 March 2009 indicated in brackets:

- (i) Guarantee provided for commercial loan of the Ocean Park Corporation (\$1,190 million); and
- (ii) Guarantee provided under a special finance scheme for small and medium enterprises (\$18 million).

Loan Fund

Revenue, Expenditure and Available Fund Balance for the years ended 31 March 2000 to 2009

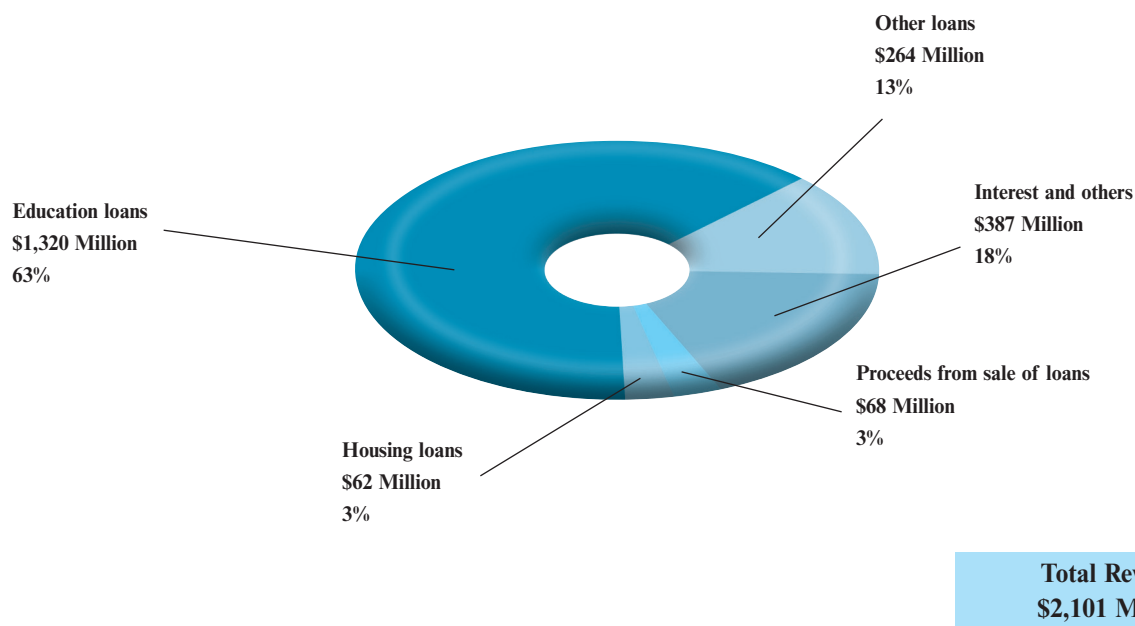


9. Revenue

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan repayments:			
Housing loans	60,004	62,231	90,907
Education loans	1,324,607	1,320,129	1,280,126
Other loans	280,639	264,122	269,411
	1,665,250	1,646,482	1,640,444
Interest on loans	336,754	247,399	288,924
Investment income	139,210	136,910	103,195
Surcharges on overdue loan repayments	2,100	2,250	2,372
Proceeds from sale of loans	87,397	68,070	63,292
Repayments waived now recovered	-	-	61
Others	-	10	11
Appropriation from General Revenue	700,000	-	500,000
	<u>2,930,711</u>	<u>2,101,121</u>	<u>2,598,299</u>

Loan Fund

Analysis of Revenue for the year ended 31 March 2009

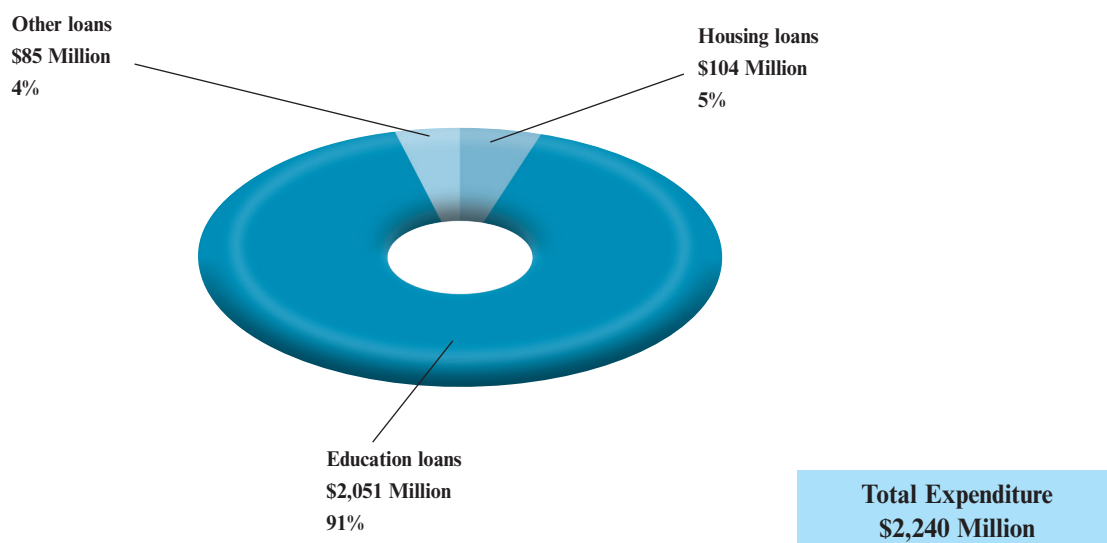


10. Expenditure

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan payments:			
Housing loans	105,000	103,685	89,612
Education loans	2,713,892	2,051,133	1,917,459
Other loans	175,324	85,033	1,045,447
	2,994,216	2,239,851	3,052,518
Others	-	29	-
	<u>2,994,216</u>	<u>2,239,880</u>	<u>3,052,518</u>

Loan Fund

Analysis of Expenditure for the year ended 31 March 2009



11. Other Cash Movements

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

	2009 \$'000	2008 \$'000
Reduction in Assets:		
Investments with the Exchange Fund	123,896	468,062
Increase in Liabilities:		
Deposits	2,259	536
	<u>126,155</u>	<u>468,598</u>

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Civil Service Pension Reserve Fund

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Civil Service Pension Reserve Fund set out on pages 51 to 53, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Civil Service Pension Reserve Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Civil Service Pension Reserve Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments with the Exchange Fund	3	<u>20,253,534</u>	<u>18,508,928</u>
Representing:			
Fund Balance			
Balance at 1 April 2008		18,508,928	17,294,055
Surplus for the year		<u>1,744,606</u>	<u>1,214,873</u>
Balance at 31 March 2009		<u>20,253,534</u>	<u>18,508,928</u>

The accompanying Notes 1 to 5 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Civil Service Pension Reserve Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		-	-
Revenue	4	1,744,606	1,214,873
Expenditure		-	-
Surplus for the year		1,744,606	1,214,873
Other cash movements	5	(1,744,606)	(1,214,873)
Cash and bank balances at 31 March 2009		-	-

The accompanying Notes 1 to 5 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Civil Service Pension Reserve Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Civil Service Pension Reserve Fund is intended to meet payment of civil service pensions in the most unlikely event that the Government cannot meet such liabilities from the General Revenue. It was established with effect from 27 January 1995 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 25 January 1995.

2. Accounting Policy

The accounts of the Civil Service Pension Reserve Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (f) of the Resolution. They represent the cost of investments together with interest of \$1.74 billion received in the year ended 31 March 2009.
- (ii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

4. Revenue

	<u>2009</u>	<u>2008</u>
	Original Estimate \$'000	Actual \$'000
Investment income	1,739,839	1,214,873
	<u>1,744,606</u>	<u>1,214,873</u>

5. Other Cash Movements

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

	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Increase in Assets:		
Investments with the Exchange Fund	<u>1,744,606</u>	<u>1,214,873</u>

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Disaster Relief Fund

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Disaster Relief Fund set out on pages 57 to 60, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Disaster Relief Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Disaster Relief Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments with the Exchange Fund	3	<u>36,455</u>	<u>28,034</u>
Representing:			
Fund Balance			
Balance at 1 April 2008		28,034	30,535
Surplus/(Deficit) for the year		<u>8,421</u>	<u>(2,501)</u>
Balance at 31 March 2009		<u>36,455</u>	<u>28,034</u>

The accompanying Notes 1 to 6 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Disaster Relief Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		-	-
Revenue	4	354,967	269,617
Expenditure	5	(346,546)	(272,118)
Surplus/(Deficit) for the year		8,421	(2,501)
Other cash movements	6	(8,421)	2,501
Cash and bank balances at 31 March 2009		-	-

The accompanying Notes 1 to 6 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Disaster Relief Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Disaster Relief Fund provides a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aid in relief of disasters that occur outside Hong Kong. It was established with effect from 1 December 1993 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on the same date.

2. Accounting Policy

The accounts of the Disaster Relief Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (i) of the Resolution. They represent the cost of investments together with interest of \$3.41 million received in the year ended 31 March 2009.
- (ii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

4. Revenue

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income	2,553	3,405	1,798
Appropriation from General Revenue	40,400	350,000	266,800
Refund of grants	-	1,562	519
Donations	-	-	500
	<u>42,953</u>	<u>354,967</u>	<u>269,617</u>

Disaster Relief Fund

5. Expenditure

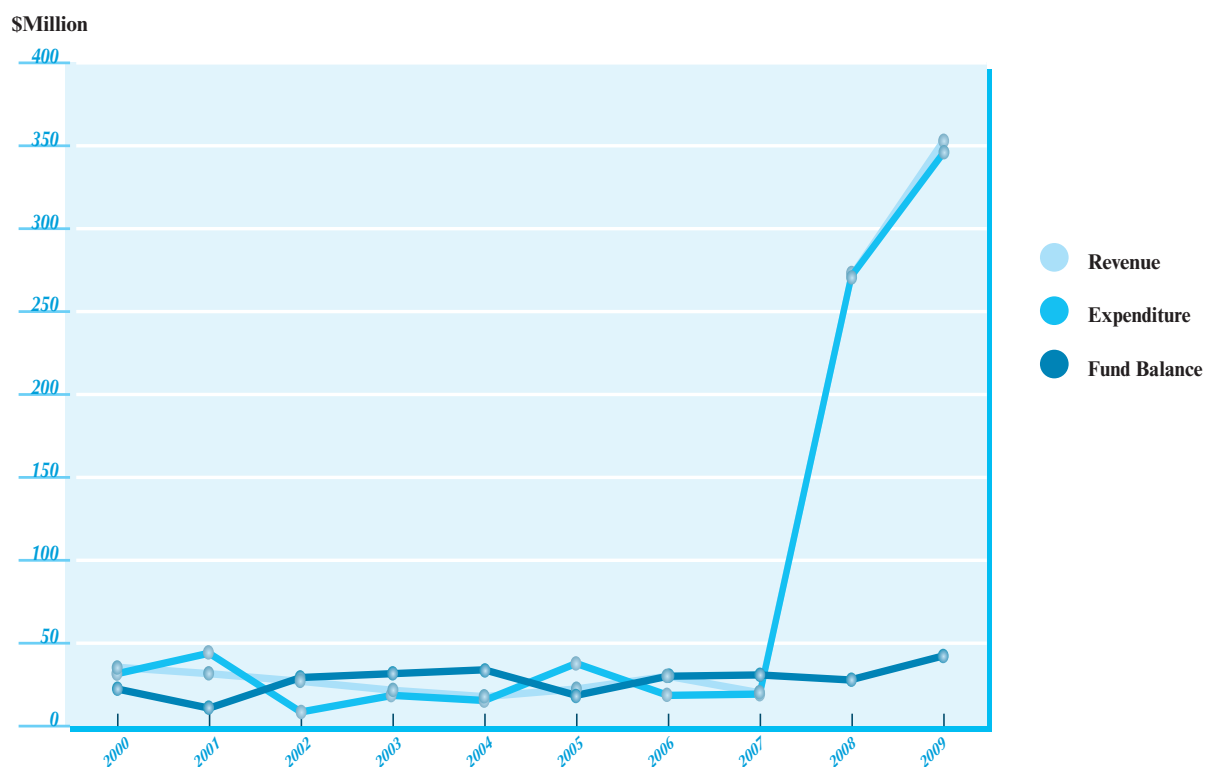
	2009 Actual \$'000	2008 Actual \$'000
Relief programmes for:		
earthquake victims in the Mainland	333,447	4,000
cyclone victims in Myanmar	5,560	-
flood victims in India	3,563	-
victims of food crisis in Kenya	2,700	-
snowstorm victims in the Mainland	1,276	237,430
flood victims in the Mainland	-	18,620
flood victims in South Asia	-	6,040
cyclone victims in Bangladesh	-	3,648
earthquake victims in Peru	-	1,500
cyclone and flood victims in Pakistan	-	880
	346,546	272,118

6. Other Cash Movements

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

	2009 \$'000	2008 \$'000
(Increase)/Reduction in Assets:		
Investments with the Exchange Fund	(8,421)	2,501

Revenue, Expenditure and Fund Balance for the years ended 31 March 2000 to 2009



Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Land Fund

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Land Fund set out on pages 63 to 65, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Land Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Land Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments with the Exchange Fund	3	<u>164,650,096</u>	<u>150,467,409</u>
Representing:			
Fund Balance			
Balance at 1 April 2008		150,467,409	140,591,160
Surplus for the year		<u>14,182,687</u>	<u>9,876,249</u>
Balance at 31 March 2009		<u>164,650,096</u>	<u>150,467,409</u>

The accompanying Notes 1 to 5 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Land Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		-	-
Revenue	4	14,182,687	9,876,249
Expenditure		-	-
Surplus for the year		14,182,687	9,876,249
Other cash movements	5	(14,182,687)	(9,876,249)
Cash and bank balances at 31 March 2009		-	-

The accompanying Notes 1 to 5 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Land Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Land Fund was set up with effect from 1 July 1997 by a Resolution (hereinafter referred to as the Resolution) passed by the then Provisional Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) in July 1997. The Hong Kong Monetary Authority has been directed by the Financial Secretary to manage the investment of the Fund's assets. From 1 July 1997 to 31 October 1998, the assets of the Fund were managed as a separate portfolio. With effect from 1 November 1998, the assets of the Fund have been merged into the Exchange Fund and invested in the same way as the other fiscal reserves placed with the Exchange Fund.

2. Accounting Policy

The accounts of the Land Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph 7 of the Resolution. They represent the cost of investments together with interest of \$14.18 billion received in the year ended 31 March 2009.
- (ii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

4. Revenue

	<u>2009</u>		<u>2008</u>
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income	14,143,937	14,182,687	9,876,249

5. Other Cash Movements

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

	2009 \$'000	2008 \$'000
Increase in Assets:		
Investments with the Exchange Fund	14,182,687	9,876,249

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Innovation and Technology Fund

Independent Audit Report

To the President of the Legislative Council

I certify that I have examined and audited the financial statements of the Innovation and Technology Fund set out on pages 69 to 72, which comprise the statement of assets and liabilities as at 31 March 2009, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director of Accounting Services' responsibility for the financial statements

In accordance with section 16(1) of the Public Finance Ordinance (Cap. 2), the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 12(1) of the Audit Ordinance (Cap. 122) and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and proper presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements properly present the assets and liabilities of the Innovation and Technology Fund as at 31 March 2009 and the receipts and payments for the year then ended in accordance with the cash basis of accounting as described in Note 2 to the financial statements and have been properly prepared in accordance with the Public Finance Ordinance and section 11(1) of the Audit Ordinance.

Benjamin Tang
Director of Audit

27 October 2009

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

Innovation and Technology Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Investments with the Exchange Fund	3	4,147,359	4,317,443
Cash and bank balances		1	1
		<u>4,147,360</u>	<u>4,317,444</u>
Representing:			
Fund Balance			
Balance at 1 April 2008		4,317,444	4,469,351
Deficit for the year		(170,084)	(151,907)
Balance at 31 March 2009	4	<u>4,147,360</u>	<u>4,317,444</u>

The accompanying Notes 1 to 7 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Innovation and Technology Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 \$'000	2008 \$'000
Cash and bank balances at 1 April 2008		1	2,883
Revenue	5	416,781	331,416
Expenditure	6	(586,865)	(483,323)
Deficit for the year		(170,084)	(151,907)
Other cash movements	7	170,084	149,025
Cash and bank balances at 31 March 2009		1	1

The accompanying Notes 1 to 7 form part of these accounts.

LI Kwok-tso
Director of Accounting Services
14 August 2009



Innovation and Technology Fund

NOTES ON THE ACCOUNTS

1. Purpose and Legislation

The Innovation and Technology Fund finances projects that contribute to innovation and technology upgrading in the manufacturing and service industries, as well as those that contribute to the upgrading and development of the manufacturing and service industries. It was established with effect from 30 June 1999 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on the same date.

2. Accounting Policy

The accounts of the Innovation and Technology Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

(i) These are investments and deposits held under paragraph 6 of the Resolution:

	2009	2008
	\$'000	\$'000
Investments (see (ii) and (iii) below)	4,147,358	4,317,442
Deposits	1	1
	4,147,359	4,317,443

(ii) The investments represent the cost of investments together with interest of \$393 million received in the year ended 31 March 2009.

(iii) Effective from 1 April 2007, the return on the investments is calculated on the basis of the average rate of return of the Exchange Fund's investment portfolio over the past six years, subject to the annual investment return in any year being guaranteed to be not lower than the average yield of three-year Exchange Fund Notes for the previous year.

4. Commitments

The approved grants that were unpaid as at 31 March 2009 amounted to \$531 million.

5. Revenue

	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income	377,972	398,529	309,860
Net income from projects	10	12	455
Refund of grants	-	18,240	21,101
	377,982	416,781	331,416

Innovation and Technology Fund

6. Expenditure

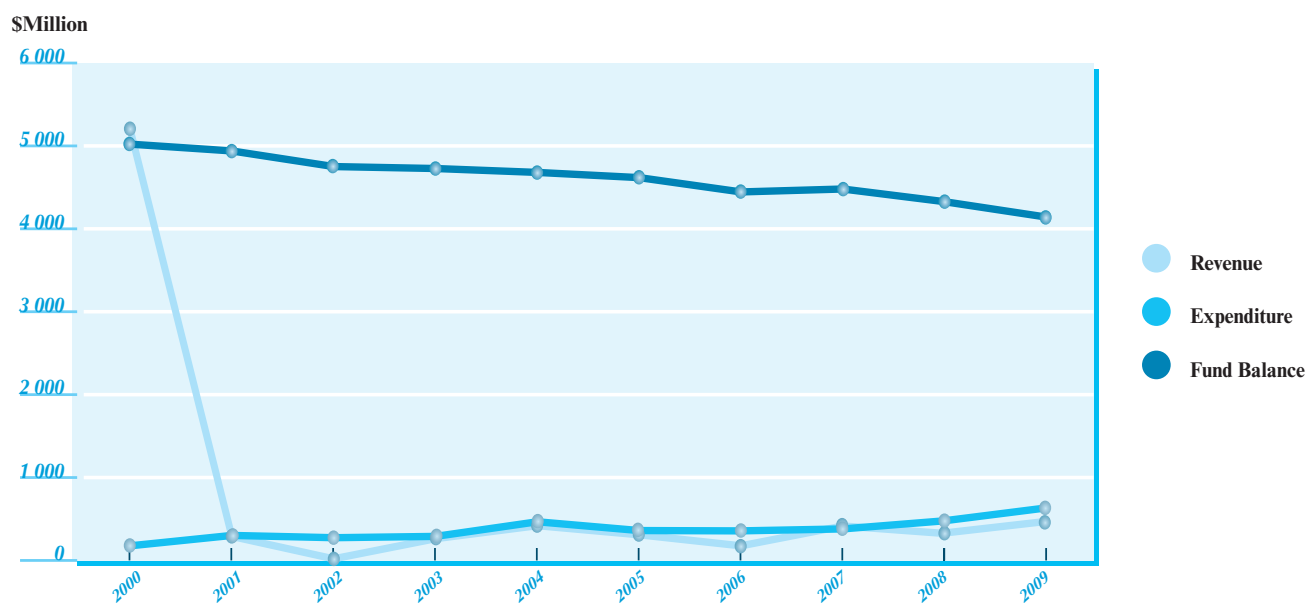
	2009		2008
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Grants	879,022	586,865	483,323

7. Other Cash Movements

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

	2009 \$'000	2008 \$'000
Reduction in Assets:		
Investments with the Exchange Fund	170,084	149,025

Revenue, Expenditure and Fund Balance for the years ended 31 March 2000 to 2009





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\$180