
Marine Ferry Terminals

REVIEW OF THE YEAR 2009-10

ACTIVITIES

- Existing terminals : Central
Tsimshatsui
- Net registered tonnage of vessels berthed increased by 4.1 %
- Number of departing passengers decreased by 7.0 %

FINANCIAL PERFORMANCE

- Revenue increased by 4.2 %
- Expenditure decreased by 1.2 %
- Surplus after taxation increased by 15.5 %
- Return on Average Net Fixed Assets increased from 16.0 % to 19.1 %

Marine Ferry Terminals

OPERATING ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 \$M	2009 \$M
Revenue	2	306.9	294.5
Expenditure	2	<u>196.9</u>	<u>199.3</u>
Surplus before taxation		110.0	95.2
Taxation	1(d) and 3	<u>18.2</u>	<u>15.7</u>
Surplus after taxation	1(h)	<u><u>91.8</u></u>	<u><u>79.5</u></u>

FINANCIAL PERFORMANCE MEASURES

Average net fixed assets (ANFA)	1(g) and 4	480.5	497.6
Actual return		91.8	79.5
Target return		40.4	41.8
Actual return as % of ANFA	1(f)	19.1%	16.0%
Target return as % of ANFA		8.4%	8.4%

The annexed notes form part of these accounts.

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BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 \$M	2009 \$M
Net assets employed			
Fixed assets	1(b) & (c) and 4	471.5	489.4
Current assets	5	83.9	67.7
Current liabilities	6	(14.1)	(13.3)
Net current assets		69.8	54.4
Deferred tax	1(d) and 7	<u>(23.2)</u>	<u>(25.7)</u>
		<u>518.1</u>	<u>518.1</u>
Financed by			
Public capital account	8	<u>518.1</u>	<u>518.1</u>

The annexed notes form part of these accounts.

Marine Ferry Terminals

NOTES ON THE ACCOUNTS

1. Accounting Policies

(a) Basis of Accounting	The accounts have been prepared on the historical cost basis of accounting modified to include the valuation of certain assets and notional receipts and payments.								
(b) Fixed Assets	<p>(i) The seabed areas of the permanent ferry terminals are taken as areas covered by terminal structures and the costs included are assessed on the best alternative use assuming commercial retail purposes. The valuation was carried out in 1985 and 1987 for Central Terminal and Tsimshatsui Terminal respectively.</p> <p>(ii) For capital projects of the permanent ferry terminals, the costs include the actual direct expenditure, staff costs for design, planning and supervision during the construction period.</p> <p>(iii) All other fixed assets are stated at their costs of acquisition less accumulated depreciation except assets under construction which are stated at cost.</p>								
(c) Depreciation	<p>(i) Depreciation is provided on a straight-line basis calculated to write off the cost of assets less residual value over their estimated useful lives. The annual rates of depreciation used are :-</p> <table><tr><td>Buildings</td><td>2% - 15%</td></tr><tr><td>Plant and equipment</td><td>7% - 10%</td></tr><tr><td>Fixtures and fittings</td><td>15%</td></tr><tr><td>Pontoons</td><td>11%</td></tr></table> <p>(ii) Seabeds are regarded as non-depreciating assets.</p> <p>(iii) No depreciation is provided on assets under construction.</p>	Buildings	2% - 15%	Plant and equipment	7% - 10%	Fixtures and fittings	15%	Pontoons	11%
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Plant and equipment	7% - 10%								
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(d) Taxation	<p>(i) Notional profit tax is provided, where necessary, based on the expected taxable surplus for the year, using tax rates prevailing at the balance sheet date, and any adjustments to tax payable in respect of previous years. Provision for notional profits tax has been made in the accounts at the rate of 16.5% on the surplus for the year calculated on the basis of the provisions of the Inland Revenue Ordinance.</p> <p>(ii) Deferred tax is recognised, where appropriate, for all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the temporary differences can be utilized. Provision for deferred tax has been made in the accounts in respect of all material temporary differences attributable to depreciation allowances on fixed assets.</p>								
(e) Employee Benefits	Employee benefits including salaries, gratuities, pensions, housing benefits and annual leave are accrued and recognized as an expense in the year in which the associated services are rendered by employees.								
(f) Actual Return on ANFA	This is calculated as a percentage of surplus after taxation to average net fixed assets (ANFA).								
(g) Average Net Fixed Assets	The average net fixed assets (ANFA) represents the simple average of the opening and closing value of total fixed assets less aggregate depreciation.								
(h) Surplus and Dividend	Since the Marine Ferry Terminals do not have a separate legal identity, their financial resources form part of the General Revenue. All surpluses after taxation are deemed to be distributed to the Government as dividend.								

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NOTES ON THE ACCOUNTS

2. Revenue and Expenditure	Terminals		2010	2009
	Central \$M	Tsimshatsui \$M	Total \$M	Total \$M
Revenue				
Berthing fee	29.7	18.3	48.0	46.0
Embarkation fee	91.0	38.1	129.1	138.8
Rental income	51.7	77.6	129.3	109.2
Miscellaneous receipts	0.5	-	0.5	0.5
	172.9	134.0	306.9	294.5
Expenditure				
Staff costs	12.7	10.3	23.0	23.6
Operating and administration expenses	77.7	67.9	145.6	148.6
Depreciation	12.2	16.1	28.3	27.1
	102.6	94.3	196.9	199.3
Surplus before taxation	70.3	39.7	110.0	95.2

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NOTES ON THE ACCOUNTS

3. Taxation		2010 \$M	2009 \$M
	Notional profits tax charged for the year	20.7	17.6
	Deferred taxation for the year	<u>(2.5)</u>	<u>(1.9)</u>
	Taxation for the year	<u>18.2</u>	<u>15.7</u>

4. Fixed Assets	Seabeds	Terminal Buildings	Plant & Equipment	Fixtures & Fittings	Pontoons	Asset under Construction	Total	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
	Cost or Valuation							
	At 1 April 2009	135.0	458.2	175.7	1.6	4.4	10.3	785.2
	Additions	-	-	4.6	-	-	5.8	10.4
	Transfers	-	-	9.7	-	-	(9.7)	-
	Disposals	-	-	-	-	-	-	-
	At 31 March 2010	135.0	458.2	190.0	1.6	4.4	6.4	795.6
	Aggregate Depreciation							
	At 1 April 2009	-	199.9	89.9	1.6	4.4	-	295.8
	Charge for the year	-	14.1	14.2	-	-	-	28.3
	Written back on disposals	-	-	-	-	-	-	-
	At 31 March 2010	-	214.0	104.1	1.6	4.4	-	324.1
	Net Book Value							
	At 31 March 2010	135.0	244.2	85.9	-	-	6.4	471.5
	<i>At 31 March 2009</i>	<i>135.0</i>	<i>258.3</i>	<i>85.8</i>	<i>-</i>	<i>-</i>	<i>10.3</i>	<i>489.4</i>

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NOTES ON THE ACCOUNTS

5. Current Assets		2010 \$M	<i>2009 \$M</i>
	Debtors and prepayments	17.0	<i>11.0</i>
	Current account with Treasury	<u>66.9</u>	<u><i>56.7</i></u>
		<u>83.9</u>	<u><i>67.7</i></u>
6. Current Liabilities		2010 \$M	<i>2009 \$M</i>
	Creditors	2.4	<i>1.8</i>
	Deposits received	<u>11.7</u>	<u><i>11.5</i></u>
		<u>14.1</u>	<u><i>13.3</i></u>
7. Deferred Tax		2010 \$M	<i>2009 \$M</i>
	Balance as at 1 April	25.7	<i>27.6</i>
	Transfer to Operating Account	<u>(2.5)</u>	<u><i>(1.9)</i></u>
	Balance as at 31 March	<u>23.2</u>	<u><i>25.7</i></u>
8. Public Capital Account	The Public Capital Account represents the Government's investment in the Marine Ferry Terminals.		
		2010 \$M	<i>2009 \$M</i>
	Balance as at 31 March	<u>518.1</u>	<u><i>518.1</i></u>

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NOTES ON THE ACCOUNTS

9. Capital Commitments

As at 31 March 2010, the Marine Ferry Terminals had capital commitments, so far as not provided for in the Operating Accounts, as follows:

	2010	<i>2009</i>
	\$M	<i>\$M</i>
Capital expenditure contracted for	5.9	-
Capital expenditure authorised but not yet contracted for	<u>7.3</u>	<u>19.3</u>
	<u>13.2</u>	<u>19.3</u>