

---

# Marine Ferry Terminals

---

## *REVIEW OF THE YEAR 2022-23*

### **ACTIVITIES**

- Existing terminals : Central  
TsimShaTsui
- Net registered tonnage of vessels berthed increased by 2,094.7%
- Number of departing passengers increased by 640,000

### **FINANCIAL PERFORMANCE**

- Revenue increased by 35.3%
- Expenditure increased by 7.2%
- Deficit before taxation increased from \$191.1M to \$201.2M
- Return on Average Net Fixed Assets decreased from -41.5% to -43.4%

---

# Marine Ferry Terminals

---

## *OPERATING ACCOUNT FOR THE YEAR ENDED 31 MARCH*

	Note	2023 \$M	2022 \$M
Revenue	2	18.0	13.3
Expenditure	2	<u>219.2</u>	<u>204.4</u>
Deficit before taxation		(201.2)	(191.1)
Taxation	1(d) and 3	<u>-</u>	<u>-</u>
Deficit after taxation	1(h)	<u>(201.2)</u>	<u>(191.1)</u>

## **FINANCIAL PERFORMANCE MEASURES**

Average net fixed assets (ANFA)	1(f) and 4	463.1	460.5
Actual return		(201.2)	(191.1)
Target return		22.7	25.8
Actual return as % of ANFA	1(g)	-43.4%	-41.5%
Target return as % of ANFA		4.9%	5.6%

*The annexed notes form part of these accounts.*

---

# Marine Ferry Terminals

---

## *STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH*

	Note	2023 \$M	2022 \$M
<b>Net assets employed</b>			
Fixed assets	1(b) & (c) and 4	463.5	462.7
Current assets	5	2.9	1.4
Current liabilities	6	(488.2)	(316.4)
Net current liabilities		(485.3)	(315.0)
		<u>(21.8)</u>	<u>147.7</u>
<b>Financed by</b>			
Public capital account	7	<u>(21.8)</u>	<u>147.7</u>

*The annexed notes form part of these accounts.*

---

# Marine Ferry Terminals

---

## NOTES TO 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 cost 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 to amortise the cost of fixed 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>5% - 20%</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	5% - 20%	Fixtures and fittings	15%	Pontoons	11%
Buildings	2% - 15%								
Plant and equipment	5% - 20%								
Fixtures and fittings	15%								
Pontoons	11%								
d) Taxation	<p>Notional profits tax is excluded from reporting with effect from 2022-23. Prior to 2022-23, notional profits tax was reported in the operating accounts in accordance with the following accounting policies -</p> <p>No provision for notional profits tax had been made in the accounts as the utility had no taxable surplus for the year. No provision for deferred tax in respect of all material temporary differences had been made in the accounts as the utility had no taxable surplus against which the temporary differences could be utilised.</p>								
e) Employee Benefits	Employee benefits including salaries, gratuities, pensions, housing benefits and annual leave are accrued and recognised as an expense in the year in which the associated services are rendered by employees.								
f) 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 accumulated depreciation.								
g) Actual Return on ANFA	This is calculated as a percentage of surplus/deficit before taxation (2022: after taxation) to ANFA.								
h) Surplus and Dividend/Deficit	Since the Marine Ferry Terminals do not have a separate legal identity, their financial resources form part of the General Revenue. All surpluses are deemed to be distributed to the Government as dividend. All deficits are deemed to be financed by the General Revenue and adjusted to the Public Capital Account of the utility.								

# Marine Ferry Terminals

## NOTES TO THE ACCOUNTS

2. Revenue and Expenditure	Terminals		2023	2022
	Central \$M	Tsimshatsui \$M	Total \$M	Total \$M
<b>Revenue</b>				
Berthing fee	2.0	0.5	2.5	0.1
Rental income #	10.5	4.9	15.4	13.1
Miscellaneous receipts	0.1	-	0.1	0.1
	<u>12.6</u>	<u>5.4</u>	<u>18.0</u>	<u>13.3</u>
<b>Expenditure</b>				
Staff costs	18.4	17.2	35.6	30.7
Operating and administration expenses	77.2	75.5	152.7	144.3
Depreciation	18.1	12.8	30.9	29.4
	<u>113.7</u>	<u>105.5</u>	<u>219.2</u>	<u>204.4</u>
Deficit before taxation	<u>(101.1)</u>	<u>(100.1)</u>	<u>(201.2)</u>	<u>(191.1)</u>

# The marine ferry terminals offered rental concessions of \$7.6M (Central: \$5.5M; Tsimshatsui: \$2.1M) for 2022-23 and \$16.1M (Central: \$9.2M; Tsimshatsui: \$6.9M) for 2021-22.

# Marine Ferry Terminals

## NOTES TO THE ACCOUNTS

**3. Taxation** | The Marine Ferry Terminals are no longer required to report notional profits tax with effect from 2022-23. Accordingly, no notional profits tax has been provided by the Marine Ferry Terminals for the year ended 31 March 2023.

The taxation charged to the Operating Account for the year ended 31 March 2022 represented -

	2022 \$M
Notional profits tax charged for the year	-
Deferred tax not provided for*	(74.2)

\* No provision for deferred tax in respect of all material temporary differences arising from depreciation allowances and tax losses has been made in the accounts as it was not probable that taxable surplus would be available against which the temporary differences could be utilised.

## 4. Fixed Assets

	Seabeds	Terminal Buildings	Plant & Equipment	Fixtures & Fittings	Pontoons	Asset under Construction	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>At Cost or Valuation</b>							
At 1 April 2022	135.0	499.4	391.7	2.9	4.4	43.5	1,076.9
Additions	-	3.6	8.5	-	-	19.6	31.7
Transfers	-	-	33.0	-	-	(33.0)	-
Disposals	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>135.0</b>	<b>503.0</b>	<b>433.2</b>	<b>2.9</b>	<b>4.4</b>	<b>30.1</b>	<b>1,108.6</b>
<b>Accumulated Depreciation</b>							
At 1 April 2022	-	352.6	254.3	2.9	4.4	-	614.2
Charge for the year	-	11.1	19.8	-	-	-	30.9
Written back on disposals	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>-</b>	<b>363.7</b>	<b>274.1</b>	<b>2.9</b>	<b>4.4</b>	<b>-</b>	<b>645.1</b>
<b>Net Book Value</b>							
<b>At 31 March 2023</b>	<b>135.0</b>	<b>139.3</b>	<b>159.1</b>	<b>-</b>	<b>-</b>	<b>30.1</b>	<b>463.5</b>
At 31 March 2022	135.0	146.8	137.4	-	-	43.5	462.7

# Marine Ferry Terminals

## NOTES TO THE ACCOUNTS

5. Current Assets	2023 \$M	2022 \$M
Debtors and prepayments	2.9	1.4
	2.9	1.4
6. Current Liabilities	2023 \$M	2022 \$M
Creditors	2.7	3.9
Deposits received	4.2	4.9
Current account with Treasury	481.3	307.6
	488.2	316.4
7. Public Capital Account	The Public Capital Account represents the Government's investment in the Marine Ferry Terminals.	
	2023 \$M	2022 \$M
Balance as at 1 April	147.7	305.0
Less: Deficit for the year	(201.2)	(191.1)
Additional cash investment by the Government	31.7	33.8
	(21.8)	147.7
8. Commitments	Outstanding commitments as at 31 March 2023 and 31 March 2022 not provided for in the operating account were as follows -	
	2023 \$M	2022 \$M
Capital works projects, property, plant and equipment and capital subvention	25.2	22.7
	25.2	22.7