

We have audited the financial statements on pages 55 to 65 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of the MPFA and the auditors

The Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) requires the MPFA to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the MPFA in the preparation of the financial statements, and of whether the accounting policies are appropriate to the MPFA’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the MPFA’s affairs as at 31 March 2002 and of its deficit and cash flows for the year then ended, and have been properly prepared in accordance with accounting principles generally accepted in Hong Kong.

Deloitte Touche Tohmatsu
18 June 2002

Auditors’ Report

to the Mandatory Provident
Fund Schemes Authority
 (“the MPFA”)

*Established in Hong Kong
under the Mandatory Provident
Fund Schemes Ordinance*

**Income and
Expenditure Account**
*for the year ended
31 March 2002*

Notes	2002 HK\$	2001 HK\$
Income		
	11,672,150	23,452,210
	111,540,910	291,364,370
4	103,008,589	(72,063,008)
	226,221,649	242,753,572
	26,240	166,909
	226,247,889	242,920,481
Expenditure		
	160,969,595	165,508,867
	22,395,341	12,715,467
	25,640,748	23,804,226
	12,103,404	53,937,066
	23,263,667	26,049,921
	244,372,755	282,015,547
6	(18,124,866)	(39,095,066)
	245,677,329	284,772,395
	227,552,463	245,677,329

There were no recognised gains or losses other than the deficit for the year.

	Notes	2002 HK\$	2001 HK\$
Assets			
Property and equipment	7	50,505,038	53,424,266
Projects in progress	8	89,250	403,198
Investments in securities	9	2,442,035,977	1,192,113,410
Debtors, deposits and prepayments		9,408,968	26,517,623
Interest receivable		43,686,263	27,692,314
Bank balances and cash	10	2,737,176,000	3,978,488,955
		5,282,901,496	5,278,639,766
Liabilities			
Creditors and accrued charges		49,871,833	27,588,387
Fees received in advance		5,477,200	5,374,050
		55,349,033	32,962,437
Net assets		5,227,552,463	5,245,677,329
Capital grant	11	5,000,000,000	5,000,000,000
Income and expenditure account		227,552,463	245,677,329
		5,227,552,463	5,245,677,329

Balance Sheet
at 31 March 2002

The financial statements on pages 55 to 65 were approved and authorised for issue by the Mandatory Provident Fund Schemes Authority on 18 June 2002 and are signed on its behalf by:

RAFAEL HUI
Managing Director

Cash Flow Statement
for the year ended
31 March 2002

	Notes	2002 HK\$	2001 HK\$
Net cash outflow from operating activities	12	(176,891,986)	(248,335,086)
Returns on investments and servicing of finance			
Dividend income		5,780,000	5,949,500
Interest received		213,422,778	332,181,887
Net cash inflow from returns on investments and servicing of finance		219,202,778	338,131,387
Investing activities			
Proceeds from disposal of property and equipment		115,786	–
Proceeds from disposal of investments in securities		1,952,918,227	239,793,672
Payment of property and equipment		(13,169,738)	(38,131,723)
Purchases of investments in securities		(3,223,488,022)	(1,213,427,587)
Decrease (increase) in deposits with banks maturing more than three months from date of deposit		702,400,000	(2,186,000,000)
Net cash outflow from investing activities		(581,223,747)	(3,197,765,638)
Decrease in cash and cash equivalents		(538,912,955)	(3,107,969,337)
Cash and cash equivalents brought forward		1,792,488,955	4,900,458,292
Cash and cash equivalents carried forward	13	1,253,576,000	1,792,488,955

1. Background and functions of the Mandatory Provident Fund Schemes Authority (“the MPFA”)

The MPFA was established under section 6 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) which came into effect on 24 July 1998. The functions of the MPFA are stated under section 6E of the Ordinance.

2. Adoption of statements of standard accounting practice

In the current year, the MPFA has adopted, for the first time, the following new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants.

SSAP 9 (Revised)	Events after the Balance Sheet Date
SSAP 14 (Revised)	Leases
SSAP 28	Provisions, Contingent Liabilities and Contingent Assets
SSAP 31	Impairment of Assets

Other than SSAP 14 (Revised) “Leases” as set out below, the adoption of these new and revised SSAPs has not resulted in any changes to the MPFA’s accounting policies that have affected the amounts reported for the current or prior years.

SSAP 14 (Revised) “Leases” has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the MPFA’s leasing arrangements. These changes have no effect on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required. Disclosures for all of the MPFA’s leasing arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised). Comparative amounts have been restated in order to achieve a consistent presentation.

3. Significant accounting policies

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investment in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

REVENUE RECOGNITION

Fee income consists of application fees and annual fees arising from the Occupational Retirement Schemes Ordinance schemes and Mandatory Provident Fund schemes and is accounted for on an accrual basis.

Interest income on bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Interest income on investments in securities is recognised on a time basis by reference to the principal outstanding and at the coupon rate applicable.

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established.

Notes to the Financial Statements

*for the year ended
31 March 2002*

Realised gains and losses on investments in securities are recognised when a sales and purchase contract is entered into.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight-line method, as follows:

Leasehold improvements	Over the remaining terms of the leases or 4 years whichever is shorter
Computer equipment and software	3-4 years
Office equipment and furniture	4 years
Motor vehicles	4 years

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income and expenditure account.

IMPAIRMENT

At each balance sheet date, the MPFA reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase under that SSAP.

INVESTMENTS IN SECURITIES

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the MPFA has the expressed intention and ability to hold to maturity are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of

the instrument so that the revenue recognised in each period represents a consistent yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in the income and expenditure account.

OPERATING LEASES

Rentals under operating leases are charged to the income and expenditure account on a straight-line basis over the relevant lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

4. Net investment income (loss)

	2002 HK\$	2001 HK\$
Interest income on investments in securities	117,875,817	157,997
Amortisation of premium/discount on held-to-maturity securities	(3,149,067)	–
	114,726,750	157,997
Dividends from investments in securities	5,780,000	5,949,500
Net realised gain on disposal of investments in securities	15,573,056	212,842
Net unrealised loss on investments in securities	(33,071,217)	(78,383,347)
	103,008,589	(72,063,008)

5. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the MPFA is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

6. Deficit for the year

Deficit for the year has been arrived at after charging:

	2002	2001
	HK\$	HK\$
Auditors' remuneration	83,000	125,600
Depreciation	22,395,341	12,715,467
Loss on disposal of property and equipment	28,787	24,492
Operating lease charges - property rentals	17,781,017	16,375,005
Staff costs		
<i>Directors' emoluments</i>		
- fee	-	-
- other emoluments	19,721,788	15,608,238
<i>Salaries, variable pay and other allowances</i>	127,535,661	135,070,037
<i>Retirement benefits</i>	7,773,998	9,287,170
	155,031,447	159,965,445

Directors' emoluments include salary, employer's MPF contributions and variable pay. The Managing Director's emoluments fell within these ranges:

	2002	2001
		(Note 1)
HK\$3,500,001 to HK\$4,000,000	-	1
HK\$5,000,001 to HK\$5,500,000	1	-

The other 4 Directors' emoluments fell within these ranges:

	2002	2001
	Number of directors	Number of directors
HK\$2,000,001 to HK\$2,500,000	-	1
		(Note 2)
HK\$2,500,001 to HK\$3,000,000	-	-
HK\$3,000,001 to HK\$3,500,000	3	3
HK\$3,500,001 to HK\$4,000,000	1	-

Note 1: Joined the MPFA on 7 June 2000.

Note 2: Joined the MPFA on 13 June 2000.

7. Property and equipment

<i>Notes to the Financial Statements continued</i>	Leasehold	Computer	Office	Motor	Total
	improvements	equipment	equipment	vehicles	
	HK\$	and software HK\$	and furniture HK\$	HK\$	HK\$
COST					
<i>At 1 April 2001</i>	23,252,099	38,516,532	7,723,224	1,362,901	70,854,756
<i>Additions</i>	1,733,244	17,163,632	723,810	–	19,620,686
<i>Disposals</i>	–	–	(77,572)	(282,099)	(359,671)
<i>At 31 March 2002</i>	24,985,343	55,680,164	8,369,462	1,080,802	90,115,771
ACCUMULATED DEPRECIATION					
<i>At 1 April 2001</i>	7,063,771	8,075,152	1,892,403	399,164	17,430,490
<i>Charge for the year</i>	7,894,565	12,230,471	1,929,580	340,725	22,395,341
<i>Eliminated on disposals</i>	–	–	(38,786)	(176,312)	(215,098)
<i>At 31 March 2002</i>	14,958,336	20,305,623	3,783,197	563,577	39,610,733
NET BOOK VALUES					
<i>At 31 March 2002</i>	10,027,007	35,374,541	4,586,265	517,225	50,505,038
<i>At 31 March 2001</i>	16,188,328	30,441,380	5,830,821	963,737	53,424,266

8. Projects in progress

Projects in progress consist of capital project expenditure in respect of IT systems not completed at 31 March 2002 of HK\$89,250 (2001: HK\$403,198).

9. Investments in securities

	Held to maturity securities		Other investments		Total	
	2002	2001	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Equity securities:						
<i>Listed</i>	–	–	190,400,000	219,300,000	190,400,000	219,300,000
Debt securities:						
<i>Listed</i>	79,317,781	–	1,072,435,764	300,594,150	1,151,753,545	300,594,150
<i>Unlisted</i>	418,303,103	–	681,579,329	672,219,260	1,099,882,432	672,219,260
	497,620,884	–	1,754,015,093	972,813,410	2,251,635,977	972,813,410
Total:						
<i>Listed</i>	79,317,781	–	1,262,835,764	519,894,150	1,342,153,545	519,894,150
<i>Unlisted</i>	418,303,103	–	681,579,329	672,219,260	1,099,882,432	672,219,260
	497,620,884	–	1,944,415,093	1,192,113,410	2,442,035,977	1,192,113,410
Market value of listed securities	80,554,700	–	1,262,835,764	522,242,327	1,343,390,464	522,242,327

10. Bank balances and cash

	2002 HK\$	2001 HK\$
Bank deposits maturing: <i>less than three months</i>	1,223,000,000	1,784,000,000
<i>more than three months</i>	1,483,600,000	2,186,000,000
Bank balances and cash	30,576,000	8,488,955
	<u>2,737,176,000</u>	<u>3,978,488,955</u>

11. Capital grant

On 3 April 1998 the Finance Committee of the Legislative Council of the Hong Kong Special Administrative Region approved a capital grant of HK\$5 billion as initial funding to cover the establishment and operating costs of the MPFA.

12. Reconciliation of deficit for the year to net cash outflow from operating activities

	2002 HK\$	2001 HK\$
Deficit for the year	(18,124,866)	(39,095,066)
Amortisation on held-to-maturity securities	3,149,067	–
Depreciation	22,395,341	12,715,467
Loss on disposal of property and equipment	28,787	24,492
Interest income on bank deposits	(111,540,910)	(291,364,370)
Interest income on investments in securities	(117,875,817)	(157,997)
Dividend income	(5,780,000)	(5,949,500)
Net realised gain on disposal of investments in securities	(15,573,056)	(212,842)
Net unrealised loss on investments in securities	33,071,217	78,383,347
Decrease (increase) in debtors, deposits and prepayments	17,108,655	(19,242,258)
Increase in creditors and accrued charges	16,146,446	11,549,591
Increase in fees received in advance	103,150	5,014,050
Net cash outflow from operating activities	<u>(176,891,986)</u>	<u>(248,335,086)</u>

13. Cash and cash equivalents

	2002 HK\$	2001 HK\$
Bank balances and cash	30,576,000	8,488,955
Bank deposits maturing less than three months from date of deposit	1,223,000,000	1,784,000,000
	<u>1,253,576,000</u>	<u>1,792,488,955</u>

14. Loans to directors and executives

There were no loans to directors or executives during the year and no loans were outstanding at the balance sheet date.

15. Capital commitments

At the balance sheet date, the MPFA had commitments for capital expenditure in respect of the acquisition of property and equipment:

	2002 HK\$	2001 HK\$
Contracted for but not provided for in the financial statements	2,261,614	16,260,281
Authorised but not contracted for	2,236,178	3,278,474
	<u>4,497,792</u>	<u>19,538,755</u>

16. Operating lease commitments

At the balance sheet date, the MPFA had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises as follows:

	2002 HK\$	2001 HK\$
Within one year	18,741,947	17,929,112
In the second to fifth year inclusive	20,455,497	39,197,444
	<u>39,197,444</u>	<u>57,126,556</u>

17. Mandatory Provident Fund Schemes Compensation Fund

Section 17 of the Ordinance requires the MPFA to establish a compensation fund and the MPFA may appoint an administrator for the compensation fund or where there is no such administrator, the MPFA must administer the compensation fund. In January 2001, MPFA was appointed as the administrator of the compensation fund until 31 March 2003. The Mandatory Provident Fund Schemes (General) Regulation requires the compensation fund to be maintained in separate bank accounts and separate financial statements are to be prepared in respect of the fund.

18. Comparative figures

In 2001, sundry receivables, interest receivable and bank balances held by the external investment fund manager were classified as investments in securities. During the current year, these balances have been included under the relevant balance sheet items.

Comparative figures of investments in securities, debtors, deposits and prepayments, interest receivable and bank balances and cash have been reclassified to conform with the current year's presentation.

Auditors' Report

to the Administrator of
the Mandatory Provident Fund
Schemes Compensation Fund
("the Fund")

*Established in Hong Kong
under the Mandatory Provident
Fund Schemes Ordinance*

We have audited the financial statements on pages 67 to 72 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of the administrator and auditors

The Mandatory Provident Fund Schemes Ordinance ("the Ordinance") requires the administrator to keep proper accounting records of the Fund and to prepare financial statements of the Fund which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the administrator in the preparation of the financial statements and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 31 March 2002 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with accounting principles generally accepted in Hong Kong.

Deloitte Touche Tohmatsu
18 June 2002

**Income
and Expenditure
Account**
*for the year ended
31 March 2002*

	Note	2002 HK\$	2001 HK\$
Income			
Levy fee		13,121,850	3,690,656
Interest income on bank deposits		20,812,990	39,672,385
Net investment income	3	7,860,771	–
		41,795,611	43,363,041
Expenditure			
Auditors' remuneration		40,000	37,000
Other operating expenses		46,238	6,750
		86,238	43,750
Surplus for the year		41,709,373	43,319,291
Surplus brought forward		81,192,048	37,872,757
Surplus carried forward		122,901,421	81,192,048

There were no recognised gains or losses other than the surplus for the year.

MPF Schemes Compensation Fund		Notes	2002 HK\$	2001 HK\$
Assets				
Investments in securities	5		177,529,310	–
Levy fee receivable			12,263,902	3,690,656
Interest receivable			8,554,588	11,770,024
Bank balances and cash	6		524,604,023	665,775,118
			722,951,823	681,235,798
Liabilities				
Creditors and accrued charges			50,402	43,750
			722,901,421	681,192,048
Net assets				
Compensation Fund				
Seed Money	7		600,000,000	600,000,000
Income and expenditure account				
			122,901,421	81,192,048
Compensation Fund				
			722,901,421	681,192,048

The financial statements on pages 67 to 72 were approved and authorised for issue by the Mandatory Provident Fund Schemes Authority on 18 June 2002 and signed on its behalf by:

RAFAEL HUI
Managing Director

Cash Flow Statement
for the year ended
31 March 2002

	Notes	2002 HK\$	2001 HK\$
Net cash inflow from operating activities	8	4,469,018	–
Cash inflow from returns on investments and servicing of finance			
Interest received		29,719,145	37,309,967
Investing activities			
Proceeds from disposal of investments in securities		103,056,500	–
Purchase of investments in securities		(278,415,758)	–
Decrease (increase) in deposits with banks maturing more than three months from date of deposit		95,760,000	(610,760,000)
Net cash outflow from investing activities		(79,599,258)	(610,760,000)
Decrease in cash and cash equivalents		(45,411,095)	(573,450,033)
Cash and cash equivalents brought forward		55,015,118	628,465,151
Cash and cash equivalents carried forward	9	9,604,023	55,015,118

**Notes to the
Financial Statements**

*for the year ended
31 March 2002*

1. Purpose and claim for payment

The Mandatory Provident Fund Schemes Compensation Fund (“the Fund”) is established for the purpose of compensating members of registered Mandatory Provident Fund schemes and other persons who have beneficial interests in those schemes for losses of accrued benefits that are attributable to misfeasance or illegal conduct committed by the approved trustees of those schemes or by other persons concerned with the administration of those schemes.

Application for compensation from the Fund has to be made to a court of law in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the Ordinance”). The administrator shall then make the compensation fund payment pursuant to the decisions of the court. During the year, the Mandatory Provident Fund Schemes Authority (“the MPFA”) was the administrator of the Fund. The MPFA has not charged any administration fee to the Fund during the year.

2. Significant accounting policies

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

REVENUE RECOGNITION

Levy fee consists of fees charged to the approved trustees of registered Mandatory Provident Fund Schemes and is accounted for on an accrual basis.

Interest income on bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Interest income on investments in securities is recognised on a time basis by reference to the principal outstanding and at the coupon rate applicable.

Realised gains and losses on investments in securities are recognised when a sales and purchase contract is entered into.

INVESTMENTS IN SECURITIES

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Fund has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a consistent yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in the income and expenditure account.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

3. Net investment income

	2002 HK\$	2001 HK\$
Interest income on investments in securities	5,690,719	–
Net realised gain on disposal of investments in securities	1,653,500	–
Net unrealised gain on investments in securities	516,552	–
	7,860,771	–

4. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Fund is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

5. Investments in securities

	2002 HK\$	2001 HK\$
Other investments:		
<i>Listed debt securities, at market value</i>	101,313,910	–
<i>Unlisted debt securities</i>	76,215,400	–
	177,529,310	–

6. Bank balances and cash

	2002 HK\$	2001 HK\$
Bank deposits maturing: <i>less than three months</i>	9,480,000	55,000,000
<i>more than three months</i>	515,000,000	610,760,000
Bank balances and cash	124,023	15,118
	524,604,023	665,775,118

7. Compensation fund seed money

On 12 March 1999, an amount of HK\$600 million was injected from the Government of the Hong Kong Special Administrative Region, as the seed money of the Fund.

8. Reconciliation of surplus for the year to net cash inflow from operating activities

	2002 HK\$	2001 HK\$
Surplus for the year	41,709,373	43,319,291
Interest income on bank deposits	(20,812,990)	(39,672,385)
Interest income on investments in securities	(5,690,719)	–
Net realised gain on disposals of investments in securities	(1,653,500)	–
Net unrealised gain on investments in securities	(516,552)	–
Increase in levy fee receivable	(8,573,246)	(3,690,656)
Increase in creditors and accrued charges	6,652	43,750
Net cash inflow from operating activities	4,469,018	–

9. Cash and cash equivalents

	2002 HK\$	2001 HK\$
Bank balances and cash	124,023	15,118
Bank deposits maturing less than three months from date of deposit	9,480,000	55,000,000
	9,604,023	55,015,118