

Auditors' Report 2004/05

2004/05

Auditors' report to the Hong Kong Tourism Board ("the Board")

*(Established under the Hong Kong Tourist Association Ordinance and
reconstituted under the Hong Kong Tourist Association (Amendment)
Ordinance 2001 and the Hong Kong Tourism Board Ordinance)* 2001

We have audited the financial statements on pages 92 to 108 which have been prepared in accordance with accounting principles generally accepted in Hong Kong. 108 92

Respective responsibilities of Members of the Board and auditors

The Members of the Board are responsible for the preparation of 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, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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 Members of the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board'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.

2005 3 31

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Board's affairs as at 31 March 2005 and of its deficit and cash flows for the year then ended.

2005 10 14

KPMG

Certified Public Accountants
Hong Kong, 14 October 2005

Income Statement

for the year ended 31 March 2005 (Expressed in Hong Kong dollars) 2005 3 31

	Note	2005	2004
General Fund			
Principal source of income			
Government subvention	3	632,517,755	788,229,521
Other revenue			
Interest income		2,718,770	3,621,349
Realisation of deferred income – office premises	12	10,000,000	10,000,000
Sponsorships		9,345,546	5,090,000
Promotion and advertising income		6,218,604	1,190,442
Sundry income		8,871,307	7,204,466
		37,154,227	27,106,257
Other net income			
Gain on disposal of fixed assets		151,296	194,404
Total income		669,823,278	815,530,182
Promotional, advertising and literature expenses		354,033,507	422,379,504
Research and development		28,924,891	10,506,001
Local services and events		119,333,304	141,250,687
Staff costs	8	149,320,409	141,320,990
Rent, rates and management fees		12,343,722	11,033,927
Depreciation	10	15,522,550	16,272,017
Auditors' remuneration		312,530	276,600
Other operating expenses		22,346,993	15,511,420
Total expenditure		702,137,906	758,551,146
Net (deficit)/surplus from general fund		(32,314,628)	56,979,036
International Events Fund			
Operating income	7	–	3,705,031
Finance cost		–	3,000,000
Other operating expenditure		–	139,349
		–	3,139,349
Net surplus from International Events Fund		–	565,682
Tourism Development Fund			
Realisation of deferred income	12	2,380,694	–
Operating expenditure		1,982,954	–
Net surplus from Tourism Development Fund		397,740	–
Total net (deficit)/surplus for the year	4	(31,916,888)	57,544,718

The notes on pages 96 to 108 form part of these financial statements.

96 108

Balance Sheet

at 31 March 2005 (Expressed in Hong Kong dollars) 2005 3 31

	Note	2005	2004
Non-current assets			
Fixed assets	10	143,895,788	154,427,090
Defined benefit plan asset	13(a)	25,009,000	24,163,000
		168,904,788	178,590,090
Current assets			
Debtors, deposits and payments in advance	11	20,666,844	23,792,376
Deposits with banks and financial institutions		246,189,813	321,760,871
Cash at banks and in hand		18,370,922	15,279,471
		285,227,579	360,832,718
Current liabilities			
Receipts in advance		14,161,203	9,672,094
Accounts payable and accruals		135,792,598	181,335,348
Bank overdrafts		533,244	472,462
		150,487,045	191,479,904
Net current assets		134,740,534	169,352,814
Non-current liabilities			
Deferred income	12	141,666,667	154,047,361
Total non-current liabilities		141,666,667	154,047,361
NET ASSETS		161,978,655	193,895,543
Represented by:			
RESERVE			
General Fund		161,978,655	193,895,543

Approved and authorised for issue on 14 October 2005

2005 10 14

Clara Chong

Executive Director

The Hon Mrs Selina Chow GBS, OBE, JP

Chairman of the Board

Statement of Changes in Reserve

for the year ended 31 March 2005 (Expressed in Hong Kong dollars) 2005 3 31

	2005	2004
Accumulated surplus at the beginning of the year	193,895,543	136,350,825
(Deficit)/surplus for the year	(31,916,888)	57,544,718
Accumulated surplus at the end of the year	161,978,655	193,895,543

Cash Flow Statement

for the year ended 31 March 2005 (Expressed in Hong Kong dollars) 2005 3 31

Note	2005	2004
Operating activities		
(Deficit)/surplus for the year	(31,916,888)	57,544,718
Adjustments for:		
– Interest income	(2,718,770)	(3,621,349)
– Interest expenses	–	3,000,000
– Depreciation	15,522,550	16,272,017
– Gain on sale of fixed assets	(151,296)	(194,404)
Operating (deficit)/surplus before changes in working capital	(19,264,404)	73,000,982
(Increase)/decrease in defined benefit asset	(846,000)	1,073,000
Decrease in debtors, deposits and payments in advance	3,269,241	4,621,564
(Decrease)/increase in accounts payable, accruals and receipts in advance	(41,053,641)	17,178,768
Decrease in deferred income	(12,380,694)	(10,000,000)
Non-cash transactions arising from assets of International Events Fund held by investment manager	–	(3,500,647)
Net cash (used in)/generated from operating activities	(70,275,498)	82,373,667
Investing activities		
Interest received	2,575,061	3,983,767
Purchase of fixed assets	(4,991,248)	(5,882,215)
Proceeds from sale of fixed assets	151,296	194,404
Withdrawal of funds with investment manager	–	90,214,474
Net cash (used in)/generated from investing activities	(2,264,891)	88,510,430
Financing activities		
Interest paid	–	(8,000,000)
Repayment of government loans	–	(100,000,000)
Net cash used in financing activities	–	(108,000,000)
Net (decrease)/increase in cash and cash equivalents	(72,540,389)	62,884,097
Cash and cash equivalents at beginning of the year	15 336,567,880	273,683,783
Cash and cash equivalents at end of the year	15 264,027,491	336,567,880

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

1 Status of the Hong Kong Tourism Board

The Hong Kong Tourism Board (the "Board") is a subvented body corporate established in 1957 under the Hong Kong Tourist Association Ordinance and reconstituted under the Hong Kong Tourist Association (Amendment) Ordinance 2001 and the Hong Kong Tourism Board Ordinance. The principal activities of the Board are to market and promote Hong Kong as a world-class tourist destination.

1

1957

2001

2 Basis of preparation of the financial statements

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong.

2

The measurement basis used in the preparation of the financial statements is historical cost. A summary of the significant accounting policies adopted in the preparation of the financial statements is set out below.

3 Principal source of income

The subvention from the Government of the Hong Kong Special Administrative Region for the year is determined having regard to the needs of the Board as presented in its annual budget of 2004/05 and proposed programme of activities.

3

2004/05

4 Total net (deficit)/surplus for the year

Total net (deficit)/surplus for the years ended 31 March 2005 and 2004 reflect the timing of the recognition between the government subventions and the corresponding expenses, in which the subventions are recognised as revenues in respect of which they become receivable, whereas the expenses are accrued as incurred.

4

2005 3 31 2004 3 31

5 Significant accounting policies

5

(a) Films, publicity and advertising materials

Films, publicity and advertising materials are charged to the income statement on purchase, and no account is taken of stocks on hand at the balance sheet date.

(a)

(b) Fixed assets

(b)

(i) Fixed assets are stated in the balance sheet at cost less accumulated depreciation.

(i)

(ii) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

(ii)

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

5 Significant accounting policies *(continued)*

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Leasehold properties	25 years	
Leasehold improvements	10 years	25
Motor vehicles	4 years	10
Furniture, fixtures and equipment	Additions are fully depreciated in the year of acquisition	4

(d) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. For the purposes of the cash flow statement, cash equivalents include bank overdrafts repayable within three months.

(e) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Board has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5

(c)

(d)

(e)

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

5 Significant accounting policies (continued)

(f) Revenue recognition

Provided it is probable that the economic benefits will flow to the Board and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

- (i) Government subvention made to finance the general activities including normal capital expenditure of the Board is recognised as revenue in the income statement of the year in respect of which they become receivable. (i)
- (ii) Government subvention made for the purchase of office premises of the Board is included in the balance sheet as deferred income and is credited to the income statement by instalments over the expected useful life of the related asset on a basis consistent with the depreciation policy (note 5(c)). (ii) 5 c
- (iii) Government subvention made for the Tourism Development Fund for feasibility studies on tourism development projects is included in the balance sheet as deferred income and is credited to the income statement when the related expenditure have been spent on specific projects. (iii)
- (iv) Subscription fees are recognised on a time-apportioned basis. (iv)
- (v) Interest income from bank, financial institutions and borrowers is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable. (v)
- (vi) Donations and sponsorships received for non-subsented events are recognised in the income statement upon the completion date of the events. The net amount of expenses incurred to date less income received and receivable in respect of each incompleted event at the balance sheet date is deferred until completion of the events and is included in the balance sheet as debtors, deposits and payments in advance. Where the net amount is in credit balance, it is shown in the balance sheet as receipts in advance. Provision is made for any foreseeable losses as soon as such losses are anticipated by management. (vi)
- (vii) Promotion and advertising income received are accounted for on an accrual basis. (vii)

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

5 Significant accounting policies *(continued)*

(g) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement, with the exception of exchange gains or losses in respect of non-speculative forward foreign exchange contracts; no account is taken of such gains or losses during the commitment period in accordance with the provisions of Statement of Standard Accounting Practice No. 11.

Exchange differences arising from the translation of expenses incurred by worldwide offices have been included in the income statement.

(h) Operating lease charges

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Where the Board has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

(i) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Board of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Board. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) The Board operates a defined benefit and a defined contribution staff retirement scheme for the Hong Kong office, a defined benefit staff retirement scheme for the Japan office, and defined contribution staff retirement schemes for other offices. Contributions made under the schemes applicable to each year are charged to the income statement for the year. Contributions for the defined benefit scheme of the Hong Kong office are made in accordance with the recommendations made by the actuary whilst the costs of the defined benefit scheme of the Japan office are determined in accordance with the scheme rules. Assets of the schemes, other than the scheme of the Japan office, are held separately from those of the Board.

(iii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred.

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(g)

11

(h)

(i)

(i)

(ii)

(iii)

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

5 Significant accounting policies (continued)

(i) Employee benefits (continued)

- (iv) The Board's net obligation in respect of defined benefit retirement plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Board's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Board's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Board's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

- (v) Termination benefits are recognised when, and only when, the Board demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

5

(i)

(iv)

10%

v

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

5 Significant accounting policies *(continued)*

(j) Recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005 and would therefore be effective for the Board's financial statements for the year ending 31 March 2006.

The Board has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Board is in the process of making an assessment of the impact of these new HKFRSs and has so far concluded that the adoption of these new HKFRSs would not have a significant impact on its results of operations and financial position.

The Board will be continuing its assessment of the impact of the new HKFRSs and significant changes may be identified as a result.

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(j)

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6 Income tax

No provision for Hong Kong Profits Tax has been made in the financial statements as the Board has been granted exemption from all Hong Kong taxes by the Inland Revenue Department under Section 87 of the Inland Revenue Ordinance.

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7 Operating income from International Events Fund

Operating income from International Events Fund can be analysed as follows:

7

	2005	2004
Net realised gain on disposal of trading securities	-	1,602,721
Dividend income from investments in equity securities	-	112,459
Interest income from investments in debt securities	-	2,203,028
Net realised and unrealised exchange loss	-	(217,036)
Other income	-	3,859
	-	3,705,031

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

8 Staff costs

8

	2005	2004
Contributions to defined contribution plan	4,442,488	2,043,172
Expense recognised in respect of defined benefits plans (note 13(a)(ii))	1,520,000	3,772,000
Retirement costs	5,962,488	5,815,172
Salaries and other benefits	143,357,921	135,505,818
	149,320,409	141,320,990

9 Senior executives' pay and allowances

9

The senior executives of the Board include the Executive Director, Deputy Executive Director and General Managers and their total pay and allowances during the year were as follows:

	2005			2004
	Executive director	Other senior executives	Total	Total
Salaries and discretionary performance pay	3,461,000	10,779,000	14,240,000	12,882,000
Retirement benefit expenses, contract gratuities and other allowances	647,000	1,256,000	1,903,000	1,561,000
	4,108,000	12,035,000	16,143,000	14,443,000

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

9 Senior executives' pay and allowances *(continued)*

9

The salaries and discretionary performance pay for all senior executives of the Board fell within the following ranges:

		2005	2004
		No. of senior executives	No. of senior executives
\$0 to \$500,000	\$0 \$500,000	0	0
\$500,001 to \$1,000,000	\$500,001 \$1,000,000	0	0
\$1,000,001 to \$1,500,000	\$1,000,001 \$1,500,000	1	2
\$1,500,001 to \$2,000,000	\$1,500,001 \$2,000,000	3	3
\$2,000,001 to \$2,500,000	\$2,000,001 \$2,500,000	2	1
\$2,500,001 to \$3,000,000	\$2,500,001 \$3,000,000	0	0
\$3,000,001 to \$3,500,000	\$3,000,001 \$3,500,000	1	1
		7	7

During the year, the Chairman and Members of the Board did not receive any remuneration for their services rendered to the Board (2004: Nil).

2004

The movements in senior executives' pay and allowances for the year ended 31 March 2005 reflected the timing of discretionary performance payment and a senior executive position was vacant for some months during the year ended 31 March 2004.

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2004 3 31

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

10 Fixed assets

10

				Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:								
At 1 April 2004	2004	4	1	252,855,009	7,046,822	2,082,613	50,461,789	312,446,233
Additions				-	-	-	4,991,248	4,991,248
Disposals				-	-	-	(7,508,535)	(7,508,535)
At 31 March 2005	2005	3	31	252,855,009	7,046,822	2,082,613	47,944,502	309,928,946
Accumulated depreciation:								
At 1 April 2004	2004	4	1	99,456,304	6,929,372	1,171,678	50,461,789	158,019,143
Charge for the year				10,114,200	117,450	299,652	4,991,248	15,522,550
Written back on disposals				-	-	-	(7,508,535)	(7,508,535)
At 31 March 2005	2005	3	31	109,570,504	7,046,822	1,471,330	47,944,502	166,033,158
Net book value:								
At 31 March 2005	2005	3	31	143,284,505	-	611,283	-	143,895,788
At 31 March 2004	2004	3	31	153,398,705	117,450	910,935	-	154,427,090

Leasehold properties are all held on long term leases in Hong Kong.

11 Debtors, deposits and payments in advance

11

Included in debtors, deposits and payments in advance, is an amount of \$14,253,304 (2004: \$14,253,304) in respect of loans to event organisers, all of which has been fully provided for as at 31 March 2005 and 2004.

					14,253,304
	2004			14,253,304	
					2005 3
		31	2004	3	31

The gross amount of debtors, deposits and payments in advance at 31 March 2005 that is expected to be recovered after more than one year is \$4,909,608 (2004: \$1,157,478).

	2005	3	31		
	4,909,608	2004		1,157,478	

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

12 Deferred income

12

			Purchase of office premises	Tourism Development Fund	Total
Government subvention granted					
– 1994/95	– 1994/95		250,000,000	–	250,000,000
– 1996/97	– 1996/97		–	50,000,000	50,000,000
			250,000,000	50,000,000	300,000,000
Aggregate realisation:					
At 1 April 2004	2004 4 1		98,333,333	47,619,306	145,952,639
Realised during the year			10,000,000	2,380,694	12,380,694
At 31 March 2005	2005 3 31		108,333,333	50,000,000	158,333,333
Balance at 31 March 2005	2005 3 31		141,666,667	–	141,666,667
Balance at 31 March 2004	2004 3 31		151,666,667	2,380,694	154,047,361

13 Employee retirement benefits

13

(a) Defined benefit retirement plan

(a)

The Board makes contributions to a defined benefit retirement scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance. The scheme covers approximately 36% of the Board's employees based in Hong Kong. The scheme is administered by an independent trustee, and the assets are held in a trust separately from those of the Board.

36%

(i) The amounts recognised in the balance sheet are as follows:

(i)

	2005	2004
Present value of wholly or partly funded obligations	50,128,000	51,350,000
Fair value of plan assets	(82,100,000)	(77,955,000)
Net unrecognised actuarial gain	6,963,000	2,442,000
	(25,009,000)	(24,163,000)

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

13 Employee retirement benefits *(continued)*

(a) Defined benefit retirement plan *(continued)*

The plan assets total include investments in unit trust funds and deposits at bank with a fair value of \$82,100,000 (2004: \$77,955,000).

82,100,000 2004 77,955,000

A portion of the above asset is expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts recoverable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Movements in the net asset recognised in the balance sheet are as follows:

(ii)

		2005	2004
At the beginning of the year		24,163,000	25,236,000
Contributions paid to schemes		2,366,000	2,699,000
Expenses recognised in the income statement (note 8)	8	(1,520,000)	(3,772,000)
At the end of the year		25,009,000	24,163,000

(iii) Expenses recognised in the income statement are as follows:

(iii)

		2005	2004
Current service cost		3,828,000	4,167,000
Interest cost		2,423,000	2,689,000
Actuarial expected return on plan assets		(4,731,000)	(3,659,000)
Net actuarial losses recognised		-	575,000
		1,520,000	3,772,000

The expenses are recognised in the following line item in the income statement:

		2005	2004
Staff costs		1,520,000	3,772,000

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

13 Employee retirement benefits *(continued)*

13

(a) Defined benefit retirement plan *(continued)*

(a)

	2005	2004
(iv) Actual return on plan assets	5,464,000	20,131,000

(v) The principal actuarial assumptions used as at 31 March 2005 (expressed as weighted averages) are as follows:

(v) 2005 3 31

	2005	2004
Discount rate	4.5%	4.75%
Expected rate of return on plan assets	5.5%	6.0%
Future salary increases	3.5%	4.0%

(b) Defined contribution retirement plan

(b)

The Board also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement scheme. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.

5%

Notes on the Financial Statement

(Expressed in Hong Kong dollars)

14 Commitments

At 31 March 2005, the Board had commitments in respect of the following:

(a) Forward foreign exchange contracts totalling approximately \$96 million (2004: \$33 million) which had been entered into in order to meet future operating expenditure of the overseas representative offices.

(b) The total future minimum lease payments under non-cancellable operating leases are payable as follows:

14

2005 3 31

(a) 9,600
2004 3,300

(b)

	2005	2004
Within 1 year	6,034,549	8,632,708
After 1 year but within 5 years	9,416,803	8,188,754
After 5 years	582,698	1,102,193
	16,034,050	17,923,655

The Board leases a number of properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

15 Cash flow statement analysis

Analysis of the balance of cash and cash equivalents as shown in the cash flow statement:

15

	2005	2004
Deposits with banks and financial institutions	246,189,813	321,760,871
Cash at banks and in hand	18,370,922	15,279,471
Bank overdrafts	(533,244)	(472,462)
	264,027,491	336,567,880