

Appendix A (1).

REPORT ON THE FINANCES FOR THE YEAR 1914.

REVENUE.

The total revenue for the year amounted to \$11,007,273 being \$1,254,313 in excess of the estimate and \$2,494,964 more than the revenue in 1913. Compared with that year there were increases under the heads Licences, Fees of Court, Railway, and Rent of Government Property.

2. The principal sub-heads showing an increase over the estimate are as follows:—

(a.) Assessed Taxes, - - - - -	\$104,187
(b.) Land Sales, - - - - -	15,186
(c.) Leased Lands, - - - - -	16,019
(d.) Forfeitures, - - - - -	37,181
(e.) Sunday Cargo Working Permits, - - - - -	11,950
(f.) Court Fees - - - - -	11,603
(g.) Possession Fees, - - - - -	12,576
(h.) Water Excess Supply, - - - - -	29,440
(i.) Opium Monopoly, - - - - -	1,168,300
(j.) Markets, - - - - -	12,506
(k.) Widows & Orphans' Pension Contributions,	13,865

Besides the above a bill against the British Post Offices in China on account of 1910 and amounting to \$12,440 was settled last year.

The increase under (d) is due to numerous arms and cocaine cases and under (i) to adoption of direct Government control, while the remainder with the exception of (g) which is a new item may be taken as generally due to the growth of the Colony.

3. The principal decreases were:—

(a.) Liquor Duties, - - - - -	\$58,044
(b.) Stamp Duties, - - - - -	80,172
(c.) Medical Examination of Emigrants, - - - - -	44,528
(d.) Conservancy Contracts, - - - - -	28,712
(e.) Post Office, - - - - -	41,573

Of these (a) was probably over-estimated, (b) is partly due to the War, while (c) Emigration to the Straits was stopped in August, (d) the fees due under the Contracts were reduced, and (e) was no doubt due to depression of trade on account of the War.

EXPENDITURE.

4. The total expenditure amounted to \$10,756,224, being \$160,368 over the estimate, and \$2,098,211 more than the expenditure in 1913. Compared with the estimates there were decreases under 14 heads as against 10 heads where there were increases. The excess, amounting to \$688,003, under Miscellaneous Services, was

largely due to loss on subsidiary coins, of which \$5,000,000 worth were sent home for sale as bullion. Military Expenditure exceeded the estimate on account of the War by \$122,070, and an excess of \$86,100 under Public Works Recurrent is largely accounted for by increases in respect of the votes Waterworks : Maintenance of City and Hill Districts, Maintenance of Roads and Bridges in the City, and Maintenance of Buildings. There was a decrease under Typhoon Damages.

5. The Imports and Exports Department over-estimated its expenditure by \$53,136 while the sum not required by the Post Office came to \$66,774. The Charge on account of Public Debt was over-estimated by \$33,042.

6. There was a saving of a sum of \$491,205 under the vote for Public Works Extraordinary, due to works being delayed or deferred, including Wireless Telegraph Station \$61,819, Tytam Tuk Waterworks \$199,740, the West Point Reservoir \$145,497, and the Repairing Yard for Government Launches \$23,612.

7. The revenue for the year exceeded the expenditure by a sum of \$251,048, whereas a deficit of \$842,896 was anticipated ; with the result that the credit balance of \$2,659,426 at the end of 1913 was increased to \$2,910,474 at the end of 1914.

8. The following statement shows the Liabilities and Assets on the 31st December, 1914 :—

LIABILITIES.	\$ c.	ASSETS.	\$ c.
Deposits not Available,...	258,995.86	Subsidiary Coins, ...	989,863.08
House Service,	1,855.75	Advances,	126,352.37
Crown Agents' Advances,	678,906.71	Imprest,	118,336.64
„ „ Drafts, ...	571,428.57	Railway Construction,	3,932,633.98
Postal Agencies in China,	8,745.43	Unallocated Stores,..	321,990.99
Overdraft, Bank,	1,066,755.63	Crown Agents' Current Account,	7,984.86
Total Liabilities,...	2,586,687.95		
Balance,...	2,910,473.97		
Total,...\$	5,497,161.92	Total,...\$	5,497,161.92

9. The following table shows the Revenue and Expenditure during the last five years :—

	1910.	1911.	1912.	1913.	1914.
	\$	\$	\$	\$	\$
Revenue,	6,960,869	7,497,231	8,180,694	8,512,308.84	11,007,273.09
Expenditure,	6,907,113	7,077,177	7,202,543	8,658,012.93	10,756,224.82
Surplus,	53,756	420,054	978,151	—	251,048.27
Deficit,	—	—	—	145,704.09	—

PUBLIC DEBT.

10. The Inscribed Stock Loans of 1893 and 1906 amount to £1,485,732 and the contributions to the Sinking Fund with accrued interest total £186,294 being £22,106 more than the amount at credit of that fund at the end of 1913. The market value of the fund's investments on the 31st December was unascertainable as no report of prices has reached this Department.

Of the loan of £1,100,000 to the late Viceroy of Wuchang £971,520 have been repaid and advanced to Railway Construction Account: (the arrears on account of 1914 have since been received).

KOWLOON-CANTON RAILWAY.

11. The expenditure on Railway Construction amounted at the end of the year to \$14,095,660, that during the year being \$574,429, chiefly in connection with the erection of a terminal station. The funds for this expenditure have been obtained by the advance of £971,520 from the Wuchang Loan, by advances from the Crown Agents in the sum of £109,404 and by advances from general account.

GENERAL REMARKS.

12. The only alteration of importance during 1914 in the revenue system was the abolition of the Opium Farm, substituted by direct Government control.

13. The total receipts and payments accounted for by the Treasury during the year were \$24,970,000 and \$25,666,000 respectively, compared with \$15,813,800 and \$15,542,520 in 1913. The figures not accounted for under revenue and expenditure relate to transactions under various heads such as Deposits, Advances, and Railway Construction.

14. Subsidiary coins in stock and in transit to London for redemption purposes on the 31st December was of the face value of \$989,863.08 as follows :—

50 cents,	\$	4,285.00
20 "		62,763.20
10 "		886,634.70
5 "		5,530.80
Copper,		30,649.38
		<u>\$989,863.08</u>

Coins of the face value of \$5,000,000 all in 10 cent pieces were sent to England during the year for purpose of demonetization.

15. The limits between which the rates of discount ranged were :—

50 cent-pieces	$1\frac{1}{4}$	per cent. to	$13\frac{3}{4}$	per cent.
20 "	2	"	$19\frac{1}{4}$	"
10 "	$2\frac{1}{2}$	"	$19\frac{3}{8}$	"
5 "	2	"	$14\frac{1}{2}$	"
Copper		par. to	11	"

On the 1st March, Ordinance No. 15 of 1913 prohibiting the circulation of foreign silver and nickel coins came into force and has effected the disappearance of foreign coins from circulation though owing to business depression and the War no permanent result has yet appeared in the way of decreasing the discount on the Colony's currency.

Owing to depression of trade silver dollars were in no great demand during the end of the year and consequently bank notes were at a premium ranging from 4 % to $10\frac{1}{2}$ %.

16. The circulation in December of notes of the three Banks having authorized issues was as follows :—

Hongkong & Shanghai Bank,	\$23,482,903
Chartered Bank of India, Australia & China,...	6,071,633
Mercantile Bank of India,	1,308,191
	\$30,862,727

A. M. THOMSON,
Treasurer.

9th April, 1915.