

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement 1 January - 30 June 2020



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Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement

1 January - 30 June 2020

Table of contents

	Page
Income Statement	2
Statement of Financial Position	3-4
Statement of Cash Flows	5

Please note:

This is an English translation of the Icelandic Interim Financial Statements of Reykjavíkurborg (the City of Reykjavik). In the event of any discrepancy between the English and Icelandic versions the original Icelandic text shall prevail.

Income Statement 1 January - 30 June 2020

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial	Budget with	Financial	Financial	Financial	Financial
	Statement	Annexes	Statement	Statement	Statement	Statement
	Jan-Jun 2020	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2020	Jan-Jun 2019
Operating revenue						
Tax revenues	49.802.445	52.093.597	49.652.856	49.445.573	51.740.762	49.337.213
Contributions from Municipal Equalisation Fund	3.628.099	3.973.586	3.653.364	3.628.099	3.973.586	3.653.364
Other revenues	7.328.800	10.698.322	9.074.726	39.095.057	44.464.977	39.775.981
Total operating revenues	60.759.345	66.765.505	62.380.946	92.168.729	100.179.325	92.766.557
Operating expenses						
Wage cost and wage-related expenses	35.912.207	35.666.651	33.383.069	44.326.757	44.128.197	40.752.891
Changes in pension obligations, LsRb*	1.125.000	1.675.000	2.350.000	1.062.174	1.675.000	2.408.581
Other operating expenses	23.480.611	24.518.673	22.199.462	30.387.440	31.679.365	28.783.822
Total operating expenses	60.517.818	61.860.324	57.932.531	75.776.371	77.482.562	71.945.294
Operating result before depreciation, EBITDA	241.527	4.905.181	4.448.415	16.392.358	22.696.763	20.821.263
Depreciation	(2.889.482)	(2.822.017)	(2.637.871)	(10.011.435)	(9.691.205)	(9.154.265)
Operating result before financial items.....	(2.647.955)	2.083.163	1.810.544	6.380.923	13.005.558	11.666.999
Net financial items	(462.702)	(1.347.479)	(157.167)	(13.950.884)	(6.870.848)	(7.242.290)
Operating result before tax, adjustments and effects of associated companies	(3.110.657)	735.684	1.653.377	(7.569.961)	6.134.710	4.424.709
Income tax	0	0	0	2.805.205	(960.659)	292.407
Value adjustment of investment properties	0	0	0	78.810	742.196	3.417.372
Share in associated companies' operating results	0	0	0	4.137	500	(528)
Minority interests	0	0	0	177.803	0	(389.431)
Operating results.....	(3.110.657)	735.684	1.653.377	(4.504.005)	5.916.746	7.744.529

* For the evaluation of pension obligations, it is assumed that the national mortality rate will continue to decrease and that life expectancy will increase instead of basing assumptions on the experience of previous years. See note 40.

Statement of Financial Position 30 June 2020

Assets	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement 30.6.2020	Financial Statement 31.12.2019	Interim Financial Statement 30.6.2020	Financial Statement 31.12.2019
Fixed assets				
Intangible assets	0	0	2.652.279	2.498.099
Fixed tangible assets:				
Real estate	123.639.638	122.802.005	152.761.891	151.198.694
Utilities	0	0	334.470.956	319.444.939
Investment properties	0	0	94.101.742	92.103.198
Road systems	21.064.150	20.197.587	21.645.818	20.793.439
Machinery and equipment	5.456.698	5.652.043	12.381.995	11.486.601
Lease properties	5.866.856	5.234.104	7.511.537	6.833.511
	<u>156.027.343</u>	<u>153.885.739</u>	<u>622.873.938</u>	<u>601.860.382</u>
Investments and long-term receivables:				
Capital contributions and shares in companies	11.712.391	11.275.007	9.992.898	9.940.200
Long-term receivables from own companies	2.742.197	8.433.646	0	0
Pre-paid costs	9.425.703	9.617.925	10.257.462	10.466.641
Derivative contracts	0	0	74.985	229.072
Deferred tax assets	0	0	8.638.545	4.879.759
Other long-term receivables	2.849.831	2.778.644	3.262.373	3.038.257
	<u>26.730.121</u>	<u>32.105.222</u>	<u>32.226.262</u>	<u>28.553.929</u>
Total fixed assets	<u>182.757.464</u>	<u>185.990.961</u>	<u>657.752.479</u>	<u>632.912.411</u>
Current assets				
Inventories	0	0	1.991.556	1.623.232
Short-term receivables:				
Unclaimed revenues and receivables	11.915.399	10.880.301	19.018.039	17.823.931
Next year's paym. of own comp. long-term receivab.	6.521.189	1.377.777	(0)	(0)
Next year's payment of other long-term receivables	549.504	556.891	762.161	918.856
Receivables from own companies	449.912	441.819	0	0
Pre-paid costs	388.081	388.081	1.067.478	1.411.554
Derivative contracts	0	0	224.954	388.451
Other receivables	1.959.451	1.391.611	2.941.048	2.056.818
Bank deposits and marketable securities	0	0	13.090.507	9.833.014
Cash and cash equivalents	8.328.814	8.840.324	27.681.334	21.946.655
Total current assets	<u>30.112.351</u>	<u>23.876.804</u>	<u>66.777.077</u>	<u>56.002.512</u>
Total assets	<u>212.869.815</u>	<u>209.867.765</u>	<u>724.529.556</u>	<u>688.914.922</u>

Statement of Financial Position 30 June 2020

Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Equity				
Equity account	94.555.717	97.666.374	341.921.297	325.008.983
Minority interest	0	0	4.544.682	18.883.544
Total equity	94.555.717	97.666.374	346.465.980	343.892.527
Obligations				
Pension obligations	36.027.076	36.312.318	36.672.636	37.035.402
Deferred tax liabilities	0	0	15.319.724	14.909.556
Capital contributions from state	0	0	1.732.201	1.078.670
Other obligations	0	0	411.045	390.040
Total obligations	36.027.076	36.312.318	54.135.606	53.413.669
Long-term liabilities				
Long-term debts	50.094.293	45.254.273	245.228.491	225.009.419
Current liabilities, own companies	6.258	11.669	0	(0)
Lease liabilities	10.703.701	10.159.461	12.221.915	11.625.604
Embedded derivatives in electricity contracts	0	0	10.028.619	5.307.027
Derivative contracts	0	0	407.555	613.778
Total long-term liabilities	60.804.251	55.425.402	267.886.580	242.555.828
Current liabilities				
Debts to credit institutions	80.108	190.928	873.121	219.871
Accounts payable	2.413.831	4.472.789	7.014.196	10.501.422
Embedded derivatives in electricity contracts	0	0	2.388.190	1.372.302
Next year's payments on long-term debts	1.904.861	1.510.317	18.565.108	16.475.728
Next year's payments on current liabilities, own companies	11.182	68.366	0	0
Next year's payments on lease liabilities	987.458	914.300	1.114.803	1.059.075
Pension obligations, short-term	2.463.000	2.463.000	2.493.000	2.493.000
Accounts payable to own companies	524.646	1.092.454	0	(0)
Prepayments	175.489	390.063	2.337.572	539.799
Derivative contracts	0	0	401.589	317.233
Other payables	12.922.195	9.361.452	20.853.812	16.074.468
Total current liabilities	21.482.771	20.463.670	56.041.390	49.052.897
Total liabilities and obligations	118.314.098	112.201.390	378.063.577	345.022.394
Total equity and liabilities	212.869.815	209.867.765	724.529.556	688.914.921

Statement of Cash Flows 1 January - 30 June 2020

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim		Interim	Interim		Interim
	Financial	Budget with	Financial	Financial	Budget with	Financial
	Statement	Annexes	Statement	Statement	Annexes	Statement
	Jan-Jun 2020	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2020	Jan-Jun 2019
Cash flows from operating activities						
Operating results.....	(3.110.657)	735.684	1.653.377	(4.504.005)	5.916.746	7.744.529
Adjustments not affecting cash flow:					0	
Gain on sold assets	38.770	(2.497.712)	(1.108.553)	(306.223)	(2.497.712)	(1.114.559)
Depreciation	2.889.482	2.822.017	2.637.871	10.011.435	9.691.205	9.154.264
Indexation, discounts and exch.rate differences	589.833	864.618	703.243	4.075.238	2.700.862	2.988.338
Embedded derivatives, change	0	0	0	5.737.480	(256.917)	589.145
Value adjustment of investment properties	0	0	0	(78.810)	(742.196)	(3.417.372)
Effect of own companies and minority interests	0	0	0	(4.137)	(500)	389.959
Changes in pension obligations	1.125.000	1.675.000	2.350.000	1.062.190	1.691.522	2.408.581
Changes in deferred taxes	0	0	0	(2.805.205)	131.810	(1.232.819)
Other changes	351.200	0	0	351.200	0	0
Working capital provided by operating activities	1.883.627	3.599.607	6.235.938	13.539.163	16.634.821	17.510.066
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	(368.325)	(10.000)	10.829
Current receivables (increase) decrease	(2.292.268)	66.904	(4.176.988)	(2.643.611)	6.834	(5.495.728)
Current liabilities (decrease) increase	933.899	25.000	2.219.207	3.338.274	10.592	6.701.374
Contributions to pension payments	(1.410.242)	(1.300.000)	(1.264.469)	(1.424.956)	(1.300.000)	(1.280.355)
Prepaid contribution to Brú pension fund, changes	192.222	192.222	192.222	209.178	195.237	208.888
Change in operating assets and liabilities	(2.576.389)	(1.015.873)	(3.030.028)	(889.439)	(1.097.337)	145.008
Net cash provided by operating activities	(692.762)	2.583.734	3.205.910	12.649.724	15.537.484	17.655.075
Investment activities						
Investments in fixed tangible assets	(5.641.270)	(8.275.271)	(5.859.260)	(15.691.210)	(18.725.165)	(16.595.447)
Investment in investment properties	0	0	0	(1.830.170)	(2.593.067)	(1.808.803)
Investments in intangible assets	0	0	0	(316.030)	(400.000)	(359.527)
Paid road construction fees	599.932	1.671.750	529.800	599.932	1.671.750	529.800
Sales of building rights	(43.583)	2.199.798	1.092.334	(43.583)	2.199.798	1.092.334
Proceeds from sale of fixed tangible assets	15.066	297.914	93.894	553.464	391.864	320.289
Change in shareholdings	(437.384)	(847.150)	117.455	(48.561)	(540.150)	209.506
Short-term investments	(214.574)	0	(441.543)	(2.034.697)	0	138.749
Restricted bank deposits	0	0	0	14.558	0	(6.974)
Long-term receivables, change	914.245	(325.284)	1.408.275	212.783	(892.674)	754.158
Investment activities	(4.807.568)	(5.278.243)	(3.059.045)	(18.583.514)	(18.887.644)	(15.725.915)
Financing activities						
Capital contributions from state	0	0	0	495.256	99.438	255.625
New long-term borrowings	5.600.565	3.000.000	4.209.957	18.566.583	12.014.324	16.843.614
New lease liabilities	951.865	0	0	988.664	0	458.755
Repayments of long-term liabilities	(1.031.005)	(971.170)	(1.121.803)	(8.480.911)	(8.934.960)	(11.768.125)
Payments on lease liabilities	(472.792)	(449.862)	(429.662)	(494.474)	(449.862)	(461.623)
Derivative contracts paid	0	0	0	90.757	(57.623)	(263.747)
Paid-in capital	0	0	0	5.632	0	0
Short-term borrowings, change	(110.820)	0	0	579.940	47.881	(843.819)
Dividends paid	0	0	0	(440.278)	(103.590)	(169.770)
Other financing activities	51.007	711.445	407.643	50.929	711.445	407.643
Financing activities	4.988.820	2.290.413	3.066.135	11.362.098	3.327.053	4.458.555
(Decrease) Increase in cash and cash equivalents.....	(511.510)	(404.096)	3.213.000	5.428.308	(23.108)	6.387.714
Cash and cash equivalents at beginning of year.....	8.840.324	7.922.463	10.040.334	21.946.655	21.994.780	25.976.122
Effect of currency fluctuations on cash.....	0	0	0	306.371	0	299.713
Cash and cash equivalents at year-end.....	8.328.814	7.518.367	13.253.334	27.681.334	21.971.673	32.663.550