

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement
1 January - 30 September 2019



Reykjavíkurborg
(City of Reykjavik)
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Reykjavíkurborg

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Interim Financial Statement

1 January - 30 September 2019

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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 September 2019

	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-Sept 2019	Jan-Sept 2019	Jan-Sept 2018	Jan-Sept 2019	Jan-Sept 2019	Jan-Sept 2018
Operating revenue						
Tax revenues	75.439.561	75.613.582	69.586.500	74.936.432	75.099.444	69.167.365
Contributions from Municipal Equalisation Fund	5.536.676	5.660.798	5.397.157	5.536.676	5.660.798	5.397.157
Other revenues	14.249.541	13.169.797	16.370.471	60.328.622	62.538.305	61.315.566
Total operating revenues	95.225.777	94.444.177	91.354.128	140.801.730	143.298.547	135.880.088
Operating expenses						
Wage cost and wage-related expenses	49.951.229	49.705.038	46.002.487	60.915.767	61.729.890	56.089.086
Changes in pension obligations, LsRb*	3.225.001	2.812.500	3.750.000	3.292.214	2.812.500	3.878.096
Other operating expenses	33.886.939	32.328.049	29.898.910	43.735.566	43.025.970	39.281.205
Total operating expenses	87.063.168	84.845.587	79.651.397	107.943.546	107.568.361	99.248.387
Operating result before depreciation, EBITDA	8.162.609	9.598.590	11.702.730	32.858.184	35.730.186	36.631.701
Depreciation	(3.967.917)	(3.858.905)	(3.673.256)	(14.061.499)	(12.701.807)	(11.774.820)
Operating result before financial items.....	4.194.692	5.739.685	8.029.475	18.796.685	23.028.380	24.856.880
Net financial items	967.246	17.368	136.089	(9.889.777)	(10.859.231)	(11.003.092)
Operating result before tax, adjustments and effects of associated companies	5.161.939	5.757.054	8.165.564	8.906.907	12.169.149	13.853.788
Income tax	0	0	0	146.660	(1.070.991)	(84.538)
Value adjustment of investment properties	0	0	0	3.891.561	1.033.225	2.046.803
Share in associated companies' operating results	0	0	0	(528)	750	6.033
Minority interests	0	0	0	(701.315)	0	(579.484)
Operating results.....	5.161.939	5.757.054	8.165.564	12.243.286	12.132.132	15.242.602

* 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 September 2019

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement	Financial Statement	Interim Financial Statement	Financial Statement
	30.9.2019	31.12.2018	30.9.2019	31.12.2018
Assets				
Fixed assets				
Intangible assets	0	0	2.326.603	1.999.523
Fixed tangible assets:				
Real estate	124.086.100	118.626.457	152.505.908	143.857.185
Utilities	0	0	305.930.173	294.237.974
Investment properties	0	0	90.373.382	83.202.731
Road systems	17.540.151	15.975.143	18.149.428	16.583.805
Machinery and equipment	4.742.599	4.890.248	10.129.751	10.188.154
Lease properties	5.384.859	5.790.960	7.481.460	5.790.960
	<u>151.753.710</u>	<u>145.282.808</u>	<u>584.570.102</u>	<u>553.860.808</u>
Investments and long-term receivables:				
Capital contributions and shares in companies	10.438.792	10.286.737	7.800.510	8.064.362
Long-term receivables from own companies	8.727.962	9.556.177	0	0
Pre-paid costs	9.714.037	10.002.370	10.571.230	10.884.997
Derivative contracts	0	0	64.726	295.670
Deferred tax assets	0	0	5.128.033	3.819.233
Other long-term receivables	4.128.620	4.677.361	4.515.197	5.245.617
	<u>33.009.410</u>	<u>34.522.645</u>	<u>28.079.697</u>	<u>28.309.880</u>
Total fixed assets	<u>184.763.119</u>	<u>179.805.453</u>	<u>614.976.401</u>	<u>584.170.211</u>
Current assets				
Inventories	0	0	1.473.355	1.608.102
Short-term receivables:				
Unclaimed revenues and receivables	11.147.668	9.517.650	17.535.981	16.911.457
Next year's paym. of own comp. long-term receivab.	1.369.909	1.341.934	0	0
Next year's payment of other long-term receivables	880.002	1.195.928	1.243.458	1.548.167
Receivables from own companies	291.878	344.158	0	0
Pre-paid costs	388.081	388.081	739.678	723.903
Derivative contracts	0	0	819.505	946.717
Other receivables	2.316.485	1.822.092	4.049.279	2.466.346
Bank deposits and marketable securities	0	0	7.750.440	7.223.231
Cash and cash equivalents	15.947.149	10.040.334	33.136.208	25.976.122
Total current assets	<u>32.341.173</u>	<u>24.650.178</u>	<u>66.747.904</u>	<u>57.404.045</u>
Total assets	<u>217.104.292</u>	<u>204.455.631</u>	<u>681.724.305</u>	<u>641.574.255</u>

Statement of Financial Position 30 September 2019

Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial	Financial	Interim Financial	Financial
	Statement	Statement	Statement	Statement
	30.9.2019	31.12.2018	30.9.2019	31.12.2018
Equity				
Equity account	101.470.028	96.308.090	315.981.814	299.968.020
Minority interest	0	0	18.016.675	17.219.445
Total equity	101.470.028	96.308.090	333.998.489	317.187.465
Obligations				
Pension obligations	36.970.359	35.642.169	37.698.759	36.324.573
Deferred tax liabilities	0	0	13.170.754	13.013.289
Capital contributions from state	0	0	846.155	629.786
Other obligations	0	0	384.426	348.905
Total obligations	36.970.359	35.642.169	52.100.095	50.316.553
Long-term liabilities				
Long-term debts	45.435.584	41.612.271	219.991.398	207.267.653
Current liabilities, own companies	15.034	77.952	0	0
Lease liabilities	10.350.401	10.706.000	12.141.702	10.706.000
Embedded derivatives in electricity contracts	0	0	5.946.904	4.270.604
Derivative contracts	0	0	829.637	777.053
Total long-term liabilities	55.801.018	52.396.224	238.909.642	223.021.310
Current liabilities				
Debts to credit institutions	0	210.487	2.396.421	1.169.079
Accounts payable	3.832.292	4.638.706	10.407.084	10.181.531
Embedded derivatives in electricity contracts	0	0	1.650.582	1.046.265
Next year's payments on long-term debts	1.486.562	1.554.896	16.113.447	18.824.173
Next year's payments on current liabilities, own companies	66.954	66.587	0	0
Next year's payments on lease liabilities	902.825	856.597	1.034.180	856.597
Pension obligations, short-term	2.507.000	2.507.000	2.534.700	2.534.700
Accounts payable to own companies	902.157	551.394	(0)	0
Prepayments	749.915	1.649.659	2.948.703	1.834.105
Derivative contracts	0	0	251.068	548.022
Other payables	12.415.181	8.073.821	19.379.896	14.054.454
Total current liabilities	22.862.886	20.109.149	56.716.080	51.048.927
Total liabilities and obligations	115.634.264	108.147.541	347.725.817	324.386.790
Total equity and liabilities	217.104.292	204.455.631	681.724.305	641.574.255

Statement of Cash Flows 1 January - 30 September 2019

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim	Budget with	Interim	Interim	Budget with	Interim
	Financial	Annexes	Financial	Financial	Annexes	Financial
	Statement	Annexes	Statement	Statement	Annexes	Statement
	Jan-Sept 2019	Jan-Sept 2019	Jan-Sept 2018	Jan-Sept 2019	Jan-Sept 2019	Jan-Sept 2018
Cash flows from operating activities						
Operating results.....	5.161.939	5.757.054	8.165.564	12.243.286	12.132.132	15.242.602
Adjustments not affecting cash flow:						
Gain on sold assets	(1.550.783)	(2.746.676)	(4.900.993)	(1.549.752)	(2.746.676)	(5.222.730)
Depreciation	3.967.917	3.858.905	3.673.256	14.061.499	12.701.807	11.774.821
Indexation, discounts and exch.rate differences	834.613	1.053.787	660.356	4.041.412	4.499.555	2.721.446
Embedded derivatives, change	0	0	0	2.280.616	911.234	4.076.813
Value adjustment of investment properties	0	0	0	(3.891.561)	(1.033.225)	(2.118.156)
Effect of own companies and minority interests	0	0	0	701.843	(750)	573.451
Changes in pension obligations	3.835.190	2.812.500	3.750.000	3.902.403	2.833.731	3.846.221
Changes in deferred taxes	0	0	0	(1.465.270)	(773.428)	(1.066.738)
Other changes	0	0	0	0	0	0
Working capital provided by operating activities	12.248.875	10.735.569	11.348.182	30.324.476	28.524.380	29.827.732
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	134.747	232.500	(232.354)
Current receivables (increase) decrease	(2.072.278)	2.114.501	(465.281)	(2.344.278)	2.058.961	(1.459.330)
Current liabilities (decrease) increase	3.575.185	1.219.588	3.267.326	6.580.728	1.434.910	3.578.219
Contributions to pension payments	(2.507.000)	(1.987.500)	(1.762.188)	(2.528.217)	(1.987.500)	(1.782.299)
Prepaid contribution to Brú pension fund, changes	288.334	294.000	291.061	313.768	298.500	(464.420)
Change in operating assets and liabilities	(715.760)	1.640.589	1.330.917	2.156.748	2.037.371	(360.184)
Net cash provided by operating activities	11.533.115	12.376.158	12.679.100	32.481.224	30.561.752	29.467.548
Investment activities						
Investments in fixed tangible assets	(12.037.548)	(15.520.407)	(14.251.578)	(31.735.428)	(33.613.832)	(26.421.280)
Investment in investment properties	0	0	0	(3.266.038)	(2.995.988)	(1.864.001)
Investments in intangible assets	0	0	0	(506.618)	(468.000)	(336.221)
Paid road construction fees	1.448.512	3.145.772	2.705.566	1.448.512	3.145.772	2.705.566
Sales of building rights	1.534.292	2.650.000	4.854.493	1.534.292	2.650.000	4.854.493
Proceeds from sale of fixed tangible assets	166.708	96.676	67.188	428.672	273.262	506.861
Change in shareholdings	(152.054)	(1.290.875)	(66.583)	5.987	(810.588)	(200)
Short-term investments	(517.865)	0	660.000	(884.357)	1.688	(40.684)
Restricted bank deposits	0	0	0	(10.083)	0	(9.237)
Long-term receivables, change	1.899.690	473.383	(2.671.948)	960.458	(312.795)	494.327
Investment activities	(7.658.265)	(10.445.451)	(8.702.862)	(32.024.602)	(32.130.482)	(20.110.375)
Financing activities						
Capital contributions from state	0	0	0	414.279	624.750	0
New long-term borrowings	4.209.957	3.850.000	2.036.232	20.123.382	18.558.779	15.839.114
New lease liabilities	57.548	0	0	2.233.321	0	0
Repayments of long-term liabilities	(1.294.054)	(1.286.421)	(1.353.116)	(16.350.101)	(14.541.306)	(10.965.129)
Payments on lease liabilities	(659.790)	(648.381)	(621.308)	(870.326)	(648.381)	(621.308)
Derivative contracts paid	0	0	0	(410.138)	(365.987)	(1.569.199)
Paid-in capital	0	0	0	200.000	49.964	0
Short-term borrowings, change	(210.487)	0	0	1.278.094	121.151	(799.011)
Dividends paid	0	0	0	(266.878)	(152.411)	(155.943)
Other financing activities	(71.208)	0	(192)	(71.208)	0	0
Financing activities	2.031.965	1.915.198	61.616	6.280.424	3.646.561	1.728.523
(Decrease) Increase in cash and cash equivalents.....	5.906.815	3.845.905	4.037.853	6.737.046	2.077.831	11.085.696
Cash and cash equivalents at beginning of year.....	10.040.334	7.088.392	7.219.713	25.976.122	24.020.115	17.902.524
Effect of currency fluctuations on cash.....	0	0	0	423.040	2.541	143.104
Cash and cash equivalents at year-end.....	15.947.149	10.934.297	11.257.566	33.136.208	26.100.487	29.131.324