

Reykjavíkurborg

(City of Reykjavik)

Interim Financial Statement 1 January - 30 September 2018



Reykjavíkurborg
(City of Reykjavik)
Reg. no. 530269-7609
City hall
Tjarnargötu 11
101 Reykjavík

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Interim Financial Statement 1 January - 30 September 2018

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Please note:

This is an English translation of the Icelandic 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 2018

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim Financial Statement Jan-Sep 2018	Budget with Annexes Jan-Sep 2018	Interim Financial Statement Jan-Sep 2017	Interim Financial Statement Jan-Sep 2018	Budget with Annexes Jan-Sep 2018	Interim Financial Statement Jan-Sep 2017
	Operating revenue					
Tax revenues	69.586.500	69.577.659	63.931.801	69.167.365	69.146.518	63.552.041
Contributions from Municipal Equalisation Fund	5.397.157	5.440.633	5.281.850	5.397.157	5.440.633	5.281.850
Other revenues	16.370.471	13.518.331	14.119.216	61.315.566	59.554.280	56.767.924
Total operating revenues	91.354.128	88.536.623	83.332.868	135.880.088	134.141.432	125.601.815
Operating expenses						
Wage cost and wage-related expenses	46.002.487	46.329.470	45.466.888	56.089.086	57.045.838	54.699.374
Changes in pension obligations, LsRb*	3.750.000	3.752.939	5.237.645	3.878.096	3.784.430	5.273.347
Other operating expenses	29.898.910	30.068.900	26.978.231	39.281.205	40.985.159	35.994.062
Total operating expenses	79.651.397	80.151.309	77.682.765	99.248.387	101.815.428	95.966.782
Operating result before depreciation, EBITDA	11.702.730	8.385.314	5.650.103	36.631.701	32.326.004	29.635.033
Depreciation	(3.673.256)	(3.674.366)	(3.475.602)	(11.774.820)	(11.985.276)	(11.614.059)
Operating result before financial items.....	8.029.475	4.710.949	2.174.501	24.856.880	20.340.728	18.020.974
Net financial items	136.089	16.872	(767.972)	(11.003.092)	(7.468.372)	(554.328)
Operating result before tax, adjustments and effects of associated companies	8.165.564	4.727.821	1.406.529	13.853.788	12.872.356	17.466.647
Income tax	0	0	0	(84.538)	(1.137.039)	(3.651.726)
Value adjustment of investment properties	0	0	0	2.046.803	4.202.250	8.177.967
Share in associated companies' operating results	0	0	0	6.033	0	2.004
Minority interests	0	0	0	(579.484)	0	(1.348.762)
Operating results.....	8.165.564	4.727.821	1.406.529	15.242.602	15.937.567	20.646.130

* 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.

Statement of Financial Position 30 September 2018

Assets	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement 30.9.2018	Financial Statement 2017	Interim Financial Statement 30.9.2018	Financial Statement 2017
Fixed assets				
Intangible assets	0	0	1.836.738	1.607.504
Fixed tangible assets:				
Real estate	111.780.581	103.868.042	136.503.604	128.456.052
Utilities	0	0	278.789.636	269.193.531
Investment properties	0	0	81.176.285	77.265.481
Road systems	14.261.018	13.463.124	14.860.939	14.029.611
Machinery and equipment	4.413.204	4.286.858	9.517.511	8.500.468
Lease properties	5.944.969	6.431.580	5.944.969	6.431.580
	<u>136.399.772</u>	<u>128.049.604</u>	<u>526.792.944</u>	<u>503.876.724</u>
Investments and long-term receivables:				
Capital contributions and shares in companies	8.183.256	8.116.673	6.172.027	6.165.794
Long-term receivables from own companies	9.788.555	10.554.956	0	0
Pre-paid costs	10.197.657	10.488.717	11.123.109	10.658.688
Embedded derivatives	0	0	0	1.877.811
Derivative contracts	0	0	734.975	738.800
Deferred tax assets	0	0	1.978.164	1.265.410
Other long-term receivables	7.511.153	3.786.423	8.183.583	4.645.913
	<u>35.680.621</u>	<u>32.946.770</u>	<u>28.191.857</u>	<u>25.352.416</u>
Total fixed assets	<u>172.080.393</u>	<u>160.996.374</u>	<u>556.821.539</u>	<u>530.836.644</u>
Current assets				
Inventories	0	0	1.661.426	1.429.094
Short-term receivables:				
Unclaimed revenues and receivables	10.312.284	11.025.289	18.963.307	17.827.309
Next year's paym. of own comp. long-term receivab.	1.327.947	1.198.760	0	0
Next year's payment of other long-term receivables	1.347.238	1.496.380	1.542.384	5.815.224
Receivables from own companies	273.594	388.370	0	0
Pre-paid costs	388.081	388.081	388.081	388.081
Embedded derivatives	0	0	0	346.301
Derivative contracts	0	0	345.031	36.081
Other receivables	2.626.683	2.593.823	4.777.275	3.227.851
Bank deposits and marketable securities	0	0	6.278.017	6.124.722
Cash and cash equivalents	11.257.566	7.219.713	29.131.324	17.902.524
	<u>27.533.392</u>	<u>24.310.416</u>	<u>63.086.844</u>	<u>53.097.186</u>
Total current assets	<u>27.533.392</u>	<u>24.310.416</u>	<u>63.086.844</u>	<u>53.097.186</u>
Total assets	<u>199.613.785</u>	<u>185.306.790</u>	<u>619.908.383</u>	<u>583.933.830</u>

Statement of Financial Position 30 September 2018

Equity and liabilities

	Reykjavik Municipal (A operation)		Reykjavik Group (A and B operations)	
	Interim Financial Statement 30.9.2018	Financial Statement 2017	Interim Financial Statement 30.9.2018	Financial Statement 2017
Equity				
Equity account	93.645.203	85.479.639	288.138.901	270.123.356
Minority interest	0	0	16.269.607	15.304.477
Total equity	93.645.203	85.479.639	304.408.508	285.427.832
Obligations				
Pension obligations	35.596.512	33.608.700	36.280.884	34.216.961
Deferred tax liabilities	0	0	11.043.053	11.265.113
Other obligations	0	0	343.347	310.817
Total obligations	35.596.512	33.608.700	47.667.283	45.792.891
Long-term liabilities				
Long-term debts	37.085.856	35.751.814	202.430.440	192.358.160
Current liabilities, own companies	80.219	139.989	0	0
Lease liabilities	10.788.534	11.165.940	10.788.534	11.165.940
Embedded derivatives in electricity contracts	0	0	1.499.066	0
Derivative contracts	0	0	498.286	737.006
Total long-term liabilities	47.954.609	47.057.743	215.216.326	204.261.107
Current liabilities				
Debts to credit institutions	0	0	1.400.674	1.881.321
Accounts payable	4.060.283	4.506.515	9.341.053	7.709.102
Embedded derivatives in electricity contracts	0	0	353.636	0
Next year's payments on long-term debts	1.697.249	1.628.043	16.350.257	15.952.483
Next year's payments on current liabilities, own companies	65.151	64.491	0	0
Next year's payments on lease liabilities	845.667	823.811	845.667	823.811
Next year's payments on pension obligations	2.195.000	2.195.000	2.220.000	2.220.000
Accounts payable to own companies	1.183.063	420.848	0	0
Pre-paid	1.860.000	1.200.000	3.865.308	1.200.000
Derivative contracts	0	0	875.943	2.898.249
Other payables	10.511.048	8.321.999	17.363.727	15.767.033
Total current liabilities	22.417.461	19.160.707	52.616.266	48.451.999
Total liabilities and obligations	105.968.582	99.827.150	315.499.875	298.505.997
Total equity and liabilities	199.613.785	185.306.790	619.908.383	583.933.830

Obligations off the Statement of Financial Position

Statement of Cash Flows 1 January - 30 September 2018

	Reykjavik Municipal (A operation)			Reykjavik Group (A and B operations)		
	Interim Financial Statement	Budget with Annexes	Interim Financial Statement	Interim Financial Statement	Budget with Annexes	Interim Financial Statement
	Jan-Sep 2018	Jan-Sep 2018	Jan-Sep 2017	Jan-Sep 2018	Jan-Sep 2018	Jan-Sep 2017
Cash flows from operating activities						
Operating results.....	8.165.564	4.727.821	1.406.529	15.242.602	15.937.567	20.646.130
Adjustments not affecting cash flow:	0			0		
Gain on sold assets	(4.900.993)	(2.378.793)	(3.107.857)	(5.222.730)	(2.378.793)	(3.118.140)
Depreciation	3.673.256	3.674.366	3.475.602	11.774.821	11.985.276	11.614.059
Indexation, discounts and exch.rate differences	660.356	643.638	1.069.015	2.721.446	1.996.061	5.519.925
Embedded derivatives, change	0	0	0	4.076.813	958.311	(8.805.601)
Value adjustment of investment properties	0	0	0	(2.118.156)	(4.202.250)	(8.177.967)
Effect of own companies and minority interests	0	0	0	573.451	0	1.346.758
Changes in pension obligations	3.750.000	3.752.939	9.117.645	3.846.221	3.784.431	9.153.347
Changes in deferred taxes	0	0	0	(1.066.738)	(1.470.135)	2.303.016
Other changes	0		0	0	0	17.746
Working capital provided by operating activities	11.348.182	10.419.971	11.960.934	29.827.732	26.610.468	30.499.270
Changes in operating assets and liabilities:						
Inventories decrease (increase)	0	0	0	(232.354)	(7.500)	(425.401)
Current receivables (increase) decrease	(465.281)	(480.851)	560.249	(1.459.330)	(475.950)	(341.400)
Current liabilities (decrease) increase	3.267.326	670.398	3.585.508	3.578.219	793.119	6.811.463
Contributions to pension payments	(1.762.188)	(1.901.250)	(1.541.661)	(1.782.299)	(1.901.250)	(1.560.359)
Prepaid contribution to Brú pension fund, changes	291.061	292.500	0	(464.420)	292.500	0
Change in operating assets and liabilities	1.330.917	(1.419.203)	2.604.096	(360.184)	(1.299.081)	4.484.303
Net cash provided by operating activities	12.679.100	9.000.768	14.565.030	29.467.548	25.311.387	34.983.573
Investment activities						
Investments in fixed tangible assets	(14.251.578)	(14.084.241)	(8.744.513)	(26.421.280)	(33.240.079)	(19.958.920)
Investment in investment properties	0	0	0	(1.864.001)	(4.229.250)	(1.339.040)
Investments in intangible assets	0	0	0	(336.221)	(238.500)	(149.038)
Paid road construction fees	2.705.566	2.725.575	1.396.502	2.705.566	2.725.575	1.705.483
Sales of building rights	4.854.493	1.755.000	2.840.982	4.854.493	1.755.000	2.840.982
Proceeds from sale of fixed tangible assets	67.188	623.790	1.622.769	506.861	837.165	824.482
Change in shareholdings	(66.583)	(678.376)	(20.466)	(200)	(678.376)	0
Short-term investments	660.000	0	0	(40.684)	0	0
Restricted bank deposits	0	0	0	(9.237)	0	(2.007.239)
Long-term receivables, change	(2.671.948)	211.007	(263.090)	494.327	3.553.797	(715.932)
Investment activities	(8.702.862)	(9.447.246)	(3.167.817)	(20.110.375)	(29.514.668)	(18.799.223)
Financing activities						
New long-term borrowings	2.036.232	5.019.700	6.425.408	15.839.114	20.657.950	12.359.323
Repayments of long-term liabilities	(1.353.116)	(1.521.988)	(1.099.022)	(10.965.129)	(12.008.663)	(11.983.394)
Payments on lease liabilities	(621.308)	(622.542)	(576.259)	(621.308)	(622.542)	(576.259)
Derivative contracts paid	0	0	0	(1.569.199)	(948.971)	0
Paid-in capital	0	0	0	0	853.500	0
Short-term borrowings, change	0	0	0	(799.011)	493.598	(1.753.813)
Dividends paid	0	0	0	(155.943)	0	(90.691)
Other financing activities	(192)	(494)	45.227	0	(437)	0
Financing activities	61.616	2.874.676	4.795.354	1.728.523	8.424.435	(2.044.833)
(Decrease) Increase in cash and cash equivalents.....	4.037.853	2.428.198	16.192.567	11.085.696	4.221.153	14.139.518
Cash and cash equivalents at beginning of year.....	7.219.713	2.764.088	8.678.075	17.902.524	18.280.460	26.588.117
Effect of currency fluctuations on cash.....	0	0	0	143.104	(2.707)	(17.746)
Cash and cash equivalents at year-end.....	11.257.566	5.192.286	24.870.642	29.131.324	22.498.906	40.709.889