

# City of Reykjavik

## INTERIM FINANCIAL STATEMENT

1 January - 30 September 2014



City of Reykjavik  
Reg. No. 530269-7609  
City Hall  
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101 Reykjavík

# City of Reykjavik

## INTERIM FINANCIAL STATEMENT

1 January - 30 September 2014

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Please notice:

This is an English translation of the Icelandic Interim Financial Statement of the City of Reykjavik.

In the event of any discrepancy between the English and Icelandic versions the original

Icelandic text shall prevail.

## Interim Income Statement 1 January - 30 September 2014

	Reykjavik Municipal			Reykjavik Group		
	(A operation)		Interim Financial Statement Jan-Sept 2013	(A and B operation)		Interim Financial Statement Jan-Sept 2013
	Interim Financial Statement Jan-Sept 2014	Budget with annexes Jan- Sept 2014		Interim Financial Statement Jan-Sept 2014	Budget with annexes Jan-Sept 2014	
<b>OPERATING REVENUE</b>						
Tax revenues .....	48,409,274	47,864,513	45,663,013	48,105,140	47,331,329	45,187,708
Contributions from Equalisation Fund .....	3,911,547	4,078,502	3,725,909	3,911,547	4,078,502	3,725,909
Other revenues .....	9,686,618	10,180,385	9,825,571	45,910,287	48,056,597	46,057,723
<b>Total operating revenues</b>	<b>62,007,439</b>	<b>62,123,401</b>	<b>59,214,494</b>	<b>97,926,975</b>	<b>99,466,429</b>	<b>94,971,341</b>
<b>OPERATING EXPENSES</b>						
Wage cost and wage-related expenses .....	32,387,929	32,347,585	29,870,082	38,964,060	38,966,525	36,077,046
Changes in pension obligations .....	1,733,525	1,732,837	1,958,474	1,774,497	1,947,156	1,982,342
Other operating expenses .....	25,286,337	24,713,831	24,131,552	33,542,427	34,136,359	31,410,962
Depreciation .....	2,871,332	2,912,616	2,719,138	10,386,305	10,868,535	9,981,971
<b>Total operating expenses</b>	<b>62,279,124</b>	<b>61,706,869</b>	<b>58,679,247</b>	<b>84,667,289</b>	<b>85,918,575</b>	<b>79,452,321</b>
Operating result before financial items .....	( 271,685 )	416,532	535,246	13,259,686	13,547,854	15,519,020
Net financial items .....	( 105,500 )	( 224,475 )	( 256,136 )	( 2,724,136 )	( 7,980,620 )	( 8,247,769 )
Operating result before tax and effects of associated companies	( 377,184 )	192,057	279,110	10,535,550	5,567,234	7,271,251
Income tax .....	0	0	0	( 2,250,163 )	( 777,811 )	( 613,521 )
Changes in market value of investment assets .....	0	0	0	3,634,248	1,273,212	1,274,936
Share in associated companies' operating results .....	0	0	0	1,720	0	( 4,453 )
Minority interest .....	0	0	0	( 836,610 )	0	( 702,757 )
<b>Operating result</b>	<b>( 377,184 )</b>	<b>192,057</b>	<b>279,110</b>	<b>11,084,745</b>	<b>6,062,636</b>	<b>7,225,456</b>

## Balance Sheet as at September 30th 2014

Assets	Reykjavik Municipal		Reykjavik Group	
	(A operation)		(A and B operation)	
	Interim Financial Statement 30.09.2014	Financial Statement 31.12.2013	Interim Financial Statement 30.09.2014	Financial Statement 31.12.2013
<b>FIXED ASSETS</b>				
Intangible assets:				
Intangible assets .....	0	0	1,392,788	1,242,808
Fixed tangible assets:				
Real estate .....	85,158,830	84,369,983	103,255,976	102,537,376
Utilities .....	0	0	252,027,735	249,660,185
Investment assets .....	0	0	45,796,417	41,816,642
Road systems .....	11,726,409	11,775,804	12,629,369	12,555,030
Machinery and equipment .....	2,197,135	2,104,952	5,212,057	5,150,223
Lease properties .....	7,755,530	7,672,008	7,755,530	7,672,008
	<b>106,837,904</b>	<b>105,922,747</b>	<b>426,677,084</b>	<b>419,391,465</b>
Investments:				
Shares in companies .....	7,876,896	7,686,562	4,690,204	6,187,732
Long-term receivables from own companies .....	12,637,712	12,446,548	0	0
Embedded derivative contracts .....	0	0	760,808	965,916
Hedge contracts .....	0	0	609,533	1,127,246
Deferred tax assets .....	0	0	1,707,744	1,708,664
Other long-term receivables .....	2,339,503	3,297,649	9,557,817	9,008,336
	<b>22,854,111</b>	<b>23,430,760</b>	<b>17,326,106</b>	<b>18,997,894</b>
<b>Total fixed assets</b>	<b>129,692,015</b>	<b>129,353,507</b>	<b>445,395,979</b>	<b>439,632,166</b>
<b>CURRENT ASSETS</b>				
Inventories .....	0	0	746,196	859,621
Short-term receivables:				
Unclaimed revenues and receivables .....	5,412,900	7,290,741	10,365,580	13,643,631
Next year's paym. of own comp. long-term receivab. ....	0	60,895	0	0
Next year's payment of other long-term receivables .....	638,115	160,960	976,210	230,583
Receivables from own companies .....	282,853	85,879	0	0
Pre-paid costs .....	0	0	276,908	167,403
Hedge contracts .....	0	0	97,780	0
Bank deposits, available from 3-12 months .....	0	0	5,000,144	0
Other receivables .....	3,272,536	2,306,220	4,079,942	2,674,222
Cash and cash equivalents .....	10,711,330	9,772,323	25,504,178	21,142,441
<b>Total current assets</b>	<b>20,317,733</b>	<b>19,677,018</b>	<b>47,046,939</b>	<b>38,717,901</b>
<b>TOTAL ASSETS</b> .....	<b>150,009,748</b>	<b>149,030,524</b>	<b>492,442,918</b>	<b>478,350,067</b>

## Balance Sheet as at September 30th 2014

Equity and liabilities	Reykjavik Municipal		Reykjavik Group	
	(A operation)		(A and B operation)	
	Interim Financial Statement 30.09.2014	Financial Statement 31.12.2013	Interim Financial Statement 30.09.2014	Financial Statement 31.12.2013
<b>EQUITY</b>				
Equity account .....	86,558,857	86,936,041	194,902,734	182,181,438
Minority interest .....	0	0	10,823,706	9,836,961
<b>Total equity</b>	<b>86,558,857</b>	<b>86,936,041</b>	<b>205,726,440</b>	<b>192,018,399</b>
<b>OBLIGATIONS</b>				
Pension obligations .....	12,476,144	11,842,577	12,994,456	12,335,502
Deferred tax liabilities .....	0	0	2,395,508	135,446
Other obligations .....	0	0	36,806	111,948
<b>Total obligations</b>	<b>12,476,144</b>	<b>11,842,577</b>	<b>15,426,770</b>	<b>12,582,896</b>
<b>LONG-TERM LIABILITIES</b>				
Long-term debts .....	24,541,265	24,794,490	216,704,612	219,773,229
Lease liabilities .....	11,893,270	11,730,816	11,893,270	11,730,816
Other long-term liabilities (fair value derivatives) .....	0	0	1,344,151	0
<b>Total long-term liabilities</b>	<b>36,434,535</b>	<b>36,525,306</b>	<b>229,942,033</b>	<b>231,504,045</b>
<b>CURRENT LIABILITIES</b>				
Debts to credit institutions .....	0	0	801,570	1,880,847
Accounts payable .....	1,582,884	2,809,850	2,605,240	5,157,458
Embedded derivatives .....	0	0	176,542	548,176
Next year's payment of long-term debts .....	1,132,159	2,851,020	17,952,655	21,701,091
Next year's payment of lease liabilities .....	624,087	551,143	624,087	551,143
Next year's payment of pension obligations .....	1,485,880	1,485,880	1,510,880	1,510,880
Accounts payable to own companies .....	4,654	25,795	0	0
Hedge contracts .....	0	0	1,409,753	1,390,870
Other payables .....	9,710,550	6,002,913	16,266,949	9,504,261
<b>Total current liabilities</b>	<b>14,540,213</b>	<b>13,726,600</b>	<b>41,347,675</b>	<b>42,244,726</b>
<b>Total liabilities and obligations</b>	<b>63,450,891</b>	<b>62,094,483</b>	<b>286,716,478</b>	<b>286,331,668</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b>150,009,748</b>	<b>149,030,524</b>	<b>492,442,918</b>	<b>478,350,067</b>
<i>Off-Balance Sheet items</i>	190,953,840	190,953,840	19,980,898	19,980,898

## Statement of Cash Flows 1 January - 30 September 2014

	Reykjavik Municipal			Reykjavik Group		
	Interim Financial Statement Jan-Sept 2014	(A operation) Budget with annexes Jan-Sept 2014	Interim Financial Statement Jan-Sept 2013	Interim Financial Statement Jan-Sept 2014	(A and B operation) Budget with annexes Jan-Sept 2014	Interim Financial Statement Jan-Sept 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating result according to Income Statement .....	( 377,184 )	192,057	279,110	11,084,745	6,062,636	7,225,456
Adjustments to reconcile net earnings to cash provided by operating activities						
Loss (Gain) on sold assets .....	29,181	( 1,200,000 )	( 462,746 )	( 550,594 )	1,203,620	( 479,100 )
Depreciation .....	2,871,332	2,912,616	2,719,138	10,386,305	10,868,534	9,981,971
Indexation, discounts and exch.rate differences .....	316,359	486,026	687,037	( 2,406,580 )	3,542,243	( 6,510,333 )
Aluminium derivatives .....	0	0	0	( 166,526 )	0	10,155,984
Changes in market value of investment assets .....	0	0	0	( 3,634,248 )	( 1,273,212 )	( 1,274,936 )
Impact of own companies and minority interests .....	0	0	0	834,891	0	707,210
Changes in pension obligations .....	1,733,525	1,931,250	1,958,474	1,774,497	1,947,158	1,982,342
Changes in deferred taxes .....	0	0	0	2,250,163	777,811	605,828
Other changes .....	0	0	0	0	139,636	0
<b>Working capital provided by operating activities</b>	<b>4,573,212</b>	<b>4,321,948</b>	<b>5,181,014</b>	<b>19,572,652</b>	<b>23,268,426</b>	<b>22,394,422</b>
Changes in operating assets and liabilities:						
Inventories decrease (increase) .....	0	0	0	113,425	( 7,500 )	( 9,132 )
Unclaimed revenues (increase) decrease .....	1,805,624	0	1,091,212	1,615,468	54,225	485,343
Other current receivables (increase) decrease .....	( 953,590 )	0	( 1,278,045 )	( 1,341,361 )	( 1,981,569 )	( 2,539,871 )
Current liabilities (decrease) increase .....	2,540,163	0	2,014,663	7,195,790	( 23,054 )	5,333,538
<b>Change in operating assets and liabilities</b>	<b>3,392,197</b>	<b>0</b>	<b>1,827,830</b>	<b>7,583,322</b>	<b>( 1,957,898 )</b>	<b>3,269,879</b>
<b>Net cash provided by operating activities</b>	<b>7,965,409</b>	<b>4,321,948</b>	<b>7,008,843</b>	<b>27,155,974</b>	<b>21,310,528</b>	<b>25,664,301</b>
<b>INVESTMENT ACTIVITIES</b>						
Investments in fixed tangible assets .....	( 5,543,812 )	( 5,025,000 )	( 5,007,125 )	( 10,438,693 )	( 14,871,599 )	( 7,853,162 )
Acquisition of investment properties .....	0	0	0	( 470,927 )	0	0
Road construction fees and building permits .....	1,371,891	2,025,000	1,527,304	1,639,119	2,025,000	1,527,304
Proceeds from sale of fixed tangible assets .....	356,250	0	57,121	358,885	1,313,519	182,494
Change in equity holdings .....	( 190,334 )	( 216,750 )	( 68,678 )	1,499,248	1,208,250	( 10,833 )
Short-term items for investment .....	0	0	0	0	0	6,529
Long-term securities, change .....	612,500	151,666	( 3,317,701 )	( 390,369 )	318,174	249,253
Other investment activities .....	0	0	0	( 4,840,056 )	( 5,175 )	1,082
<b>Net cash provided by investment activities</b>	<b>( 3,393,505 )</b>	<b>( 3,065,084 )</b>	<b>( 6,809,078 )</b>	<b>( 12,642,793 )</b>	<b>( 10,011,832 )</b>	<b>( 5,897,333 )</b>
<b>FINANCING ACTIVITIES</b>						
New long-term borrowings .....	588,537	1,634,625	2,081,596	6,921,348	2,427,779	4,785,899
Repayment of long-term liabilities and obligations .....	( 2,903,361 )	( 1,471,717 )	( 1,312,482 )	( 15,615,388 )	( 17,536,498 )	( 22,103,510 )
Contributions to pension payments .....	( 1,099,958 )	( 1,162,500 )	( 1,015,808 )	( 1,125,157 )	( 1,162,500 )	( 1,029,856 )
Paid-in capital / other changes in equity .....	0	0	0	777,671	511,616	( 8,608 )
Short-term borrowings .....	0	0	0	( 1,073,588 )	( 11,250 )	846,401
Dividends paid .....	0	0	0	( 42,290 )	0	( 42,386 )
Other financing activities .....	( 218,115 )	6,127	( 108,396 )	0	0	0
<b>Net cash provided by financing activities</b>	<b>( 3,632,897 )</b>	<b>( 993,465 )</b>	<b>( 355,090 )</b>	<b>( 10,157,404 )</b>	<b>( 15,770,852 )</b>	<b>( 17,552,060 )</b>
Increase (decrease) in cash and equiv. ....	<b>939,007</b>	<b>263,399</b>	<b>( 155,325 )</b>	<b>4,355,777</b>	<b>( 4,472,156 )</b>	<b>2,214,908</b>
Cash and cash equiv. at beginning of year .....	<b>9,772,323</b>	<b>9,272,433</b>	<b>11,764,264</b>	<b>21,142,441</b>	<b>26,319,551</b>	<b>20,861,689</b>
Effect of currency fluctuations on cash .....	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,960</b>	<b>0</b>	<b>( 1,010,982 )</b>
Cash and cash equiv. at the end of period .....	<b>10,711,330</b>	<b>9,535,832</b>	<b>11,608,939</b>	<b>25,504,178</b>	<b>21,847,395</b>	<b>22,065,615</b>