

# City of Reykjavik

## INTERIM FINANCIAL STATEMENT

1 January - 30 June 2015



City of Reykjavik  
Reg. No. 530269-7609  
City Hall  
Tjarnargata 11  
101 Reykjavík

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## INTERIM FINANCIAL STATEMENT

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Please note:

This is an English translation of the Icelandic 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 June 2015

	Reykjavik Municipal			Reykjavik Group		
		(A operation)			(A and B operation)	
	Interim Financial Statement Jan-Jun 2015	Budget with annexes Jan-Jun 2015	Interim Financial Statement Jan-Jun 2014	Interim Financial Statement Jan-Jun 2015	Budget with annexes Jan-Jun 2015	Interim Financial Statement Jan-Jun 2014
<b>OPERATING REVENUE</b>						
Tax revenues .....	32.697.853	32.624.301	31.065.312	32.486.085	32.246.807	30.862.822
Contributions from Equalisation Fund .....	2.717.266	2.989.860	2.566.815	2.717.266	2.989.860	2.566.815
Other revenues .....	7.330.815	7.239.163	6.997.221	33.413.238	33.948.165	30.113.503
<b>Total operating revenues</b>	<u>42.745.934</u>	<u>42.853.323</u>	<u>40.629.349</u>	<u>68.616.588</u>	<u>69.184.831</u>	<u>63.543.141</u>
<b>OPERATING EXPENSES</b>						
Wage cost and wage-related expenses .....	23.672.181	23.268.995	21.492.497	28.527.926	28.356.290	25.992.694
Changes in pension obligations .....	1.156.183	1.155.504	1.155.616	1.199.538	1.199.538	1.175.822
Other operating expenses .....	18.456.910	17.813.117	17.997.306	24.453.716	25.101.361	22.742.513
Depreciation .....	2.051.784	2.049.911	1.956.786	7.550.797	7.411.120	6.965.547
<b>Total operating expenses</b>	<u>45.337.058</u>	<u>44.287.527</u>	<u>42.602.206</u>	<u>61.731.976</u>	<u>62.068.308</u>	<u>56.876.577</u>
Operating result before financial items .....	( 2.591.124 )	( 1.434.204 )	( 1.972.857 )	6.884.612	7.116.523	6.666.564
Net financial items .....	( 447.293 )	( 431.282 )	( 379.670 )	( 7.811.929 )	( 5.467.297 )	( 3.601.822 )
Operating result before tax and effects of associated companies	( 3.038.417 )	( 1.865.485 )	( 2.352.527 )	( 927.317 )	1.649.226	3.064.741
Income tax .....	0	0	0	157.067	( 768.486 )	( 1.360.883 )
Changes in market value of investment assets .....	0	0	0	1.399.302	1.260.679	2.386.199
Share in associated companies' operating results .....	0	0	0	3.643	0	0
Minority interest .....	0	0	0	( 329.546 )	0	( 366.783 )
<b>Operating result</b>	<u>( 3.038.417 )</u>	<u>( 1.865.485 )</u>	<u>( 2.352.527 )</u>	<u>303.149</u>	<u>2.141.419</u>	<u>3.723.275</u>

## Balance Sheet as at June 30th 2015

Assets	Reykjavik Municipal		Reykjavik Group	
	(A operation)		(A and B operation)	
	Interim Financial Statement 30.06.2015	Financial Statement 31.12.2014	Interim Financial Statement 30.06.2015	Financial Statement 31.12.2014
<b>FIXED ASSETS</b>				
Intangible assets:				
Intangible assets .....	0	0	1.339.883	1.333.728
Fixed tangible assets:				
Real estate .....	89.814.996	88.873.468	107.924.961	107.087.171
Utilities .....	0	0	267.376.255	264.015.379
Investment assets .....	0	0	48.852.861	46.964.975
Road systems .....	12.173.703	12.448.152	13.090.599	13.338.596
Machinery and equipment .....	3.386.094	3.369.138	6.915.711	6.785.109
Lease properties .....	7.968.077	7.647.709	7.968.077	7.647.709
	<u>113.342.871</u>	<u>112.338.467</u>	<u>452.128.464</u>	<u>445.838.940</u>
Investments:				
Shares in companies .....	7.182.608	7.364.280	4.919.704	4.915.913
Long-term receivables from own companies .....	13.758.155	13.738.262	0	0
Hedge contracts .....	0	0	523.460	656.173
Deferred tax assets .....	0	0	3.629.617	2.727.075
Other long-term receivables .....	1.283.776	1.288.426	9.920.688	9.744.830
	<u>22.224.539</u>	<u>22.390.968</u>	<u>18.993.469</u>	<u>18.043.991</u>
<b>Total fixed assets</b>	<u>135.567.409</u>	<u>134.729.436</u>	<u>472.461.816</u>	<u>465.216.658</u>
<b>CURRENT ASSETS</b>				
Inventories .....	0	0	930.945	760.558
Short-term receivables:				
Unclaimed revenues and receivables .....	6.487.833	6.909.967	12.303.004	11.960.298
Next year's paym. of own comp. long-term receivab. ....	215.060	0	0	0
Next year's payment of other long-term receivables .....	192.724	228.434	565.210	591.344
Receivables from own companies .....	192.228	158.683	0	0
Pre-paid costs .....	0	0	83.406	7.819
Hedge contracts .....	0	0	681.158	237.282
Bank deposits, available from 3-12 months .....	0	0	1.250.000	3.000.144
Other receivables .....	2.317.534	2.186.432	2.978.241	2.745.074
Cash .....	8.931.550	8.004.670	21.953.242	19.877.287
<b>Total current assets</b>	<u>18.336.929</u>	<u>17.488.186</u>	<u>40.745.207</u>	<u>39.179.807</u>
<b>TOTAL ASSETS .....</b>	<u>153.904.338</u>	<u>152.217.622</u>	<u>513.207.024</u>	<u>504.396.465</u>

## Balance Sheet as at June 30th 2015

Equity and liabilities	Reykjavik Municipal		Reykjavik Group	
	(A operation)		(A and B operation)	
	Interim Financial Statement 30.06.2015	Financial Statement 31.12.2014	Interim Financial Statement 30.06.2015	Financial Statement 31.12.2014
<b>EQUITY</b>				
Equity account .....	84.605.637	87.644.054	208.650.688	205.978.100
Minority interest .....	0	0	11.743.994	11.273.819
<b>Total equity</b>	<b>84.605.637</b>	<b>87.644.054</b>	<b>220.394.682</b>	<b>217.251.919</b>
<b>OBLIGATIONS</b>				
Pension obligations .....	13.783.751	13.446.896	14.336.316	13.967.160
Deferred tax liabilities .....	0	0	5.510.851	4.698.962
Other obligations .....	0	0	221.601	209.574
<b>Total obligations</b>	<b>13.783.751</b>	<b>13.446.896</b>	<b>20.068.768</b>	<b>18.875.696</b>
<b>LONG-TERM LIABILITIES</b>				
Long-term debts .....	27.941.515	26.057.138	211.105.108	210.310.407
Lease liabilities .....	12.242.481	11.755.749	12.242.481	11.755.749
Embedded derivatives in electricity sales contracts .....	0	0	5.850.001	2.377.756
Hedge contracts .....	0	0	2.034.234	1.842.134
<b>Total long-term liabilities</b>	<b>40.183.997</b>	<b>37.812.887</b>	<b>231.231.825</b>	<b>226.286.045</b>
<b>CURRENT LIABILITIES</b>				
Debts to credit institutions .....	0	0	891.685	1.826.501
Accounts payable .....	1.994.586	3.321.665	3.601.912	5.381.403
Embedded derivatives in electricity sales contracts .....	0	0	1.363.837	649.933
Next year's payment of long-term debts .....	1.264.007	1.175.691	16.716.028	20.161.374
Next year's payment of lease liabilities .....	693.694	637.787	693.694	637.787
Next year's payment of pension obligations .....	1.634.200	1.634.200	1.659.200	1.659.200
Accounts payable to own companies .....	13.812	13.947	0	0
Hedge contracts .....	0	0	1.687.713	1.194.980
Other payables .....	9.730.656	6.530.495	14.897.679	10.471.626
<b>Total current liabilities</b>	<b>15.330.954</b>	<b>13.313.785</b>	<b>41.511.749</b>	<b>41.982.805</b>
<b>Total liabilities and obligations</b>	<b>69.298.702</b>	<b>64.573.568</b>	<b>292.812.341</b>	<b>287.144.546</b>
<b>TOTAL EQUITY AND LIABILITIES .....</b>	<b>153.904.338</b>	<b>152.217.622</b>	<b>513.207.024</b>	<b>504.396.465</b>

## Statement of Cash Flows 1 January - 30 June 2015

	Reykjavik Municipal			Reykjavik Group		
	Interim Financial Statement Jan-Jun 2015	(A operation) Budget with annexes Jan-Jun 2015	Interim Financial Statement Jan-Jun 2014	Interim Financial Statement Jan-Jun 2015	(A and B operation) Budget with annexes Jan-Jun 2015	Interim Financial Statement Jan-Jun 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating result according to Income Statement .....	( 3.038.417 )	( 1.865.485 )	( 2.352.527 )	303.149	2.141.419	3.723.275
Adjustments to reconcile net earnings with cash provided by operating activities						
Loss (gain) on sold assets .....	( 278.103 )	( 970.000 )	( 111.541 )	( 300.795 )	( 970.000 )	( 632.439 )
Depreciation .....	2.051.784	2.049.911	1.956.786	7.550.797	7.411.120	6.965.547
Indexation, discounts and exch.rate differences .....	495.020	1.117.853	288.327	404.672	2.143.273	940.054
Changes in provision of long-term receivables .....	231.820	0	0	231.820	0	0
Aluminium derivatives .....	0	0	0	4.186.149	1.266.023	209.561
Changes in market value of investment assets .....	0	0	0	( 1.399.302 )	( 1.260.679 )	( 2.386.199 )
Impact of own companies and minority interests .....	0	0	0	325.903	0	366.783
Changes in pension obligations .....	1.156.183	1.155.500	1.155.616	1.199.538	1.170.500	1.175.822
Changes in deferred taxes .....	0	0	0	( 157.067 )	768.486	1.360.883
Other changes .....	0	0	0	0	0	( 525 )
<b>Working capital provided by operating activities</b>	<b>618.287</b>	<b>1.487.779</b>	<b>936.660</b>	<b>12.344.864</b>	<b>12.670.141</b>	<b>11.722.762</b>
Changes in operating assets and liabilities:						
Inventories decrease (increase) .....	0	0	0	( 170.387 )	( 15.000 )	115.619
Unclaimed revenues (increase) decrease .....	649.574	0	2.495.123	502.706	( 117.303 )	2.363.823
Other current receivables (increase) decrease .....	( 379.592 )	0	( 839.869 )	( 1.575.416 )	( 1.473.053 )	( 1.884.063 )
Current liabilities (decrease) increase .....	1.894.131	0	1.999.603	3.599.975	65.309	4.244.504
Contributions to pension payments .....	( 819.328 )	( 875.000 )	( 715.344 )	( 830.383 )	( 875.000 )	( 725.936 )
<b>Change in operating assets and liabilities</b>	<b>1.344.785</b>	<b>( 875.000 )</b>	<b>2.939.513</b>	<b>1.526.496</b>	<b>( 2.415.048 )</b>	<b>4.113.948</b>
<b>Net cash provided by operating activities</b>	<b>1.963.073</b>	<b>612.779</b>	<b>3.876.173</b>	<b>13.871.360</b>	<b>10.255.094</b>	<b>15.836.710</b>
<b>INVESTMENT ACTIVITIES</b>						
Investments in fixed tangible assets .....	( 3.790.885 )	( 2.963.300 )	( 2.369.526 )	( 7.927.089 )	( 11.775.792 )	( 5.613.538 )
Investments in intangible assets .....	0	0	0	( 53.657 )	0	0
Road construction fees and building permits .....	724.933	1.105.000	736.900	806.088	1.105.000	1.002.699
Proceeds from sale of fixed tangible assets .....	287.867	970.000	250	355.943	1.195.000	76.585
Change in equity holdings .....	( 50.148 )	( 145.055 )	( 190.334 )	( 148 )	( 145.055 )	1.499.248
Bank deposits, available from 3-12 months .....	0	0	0	1.746.690	0	0
Long-term securities, change .....	39.177	136.792	861.082	( 169.652 )	( 1.088.129 )	( 167.155 )
<b>Net cash provided by investment activities</b>	<b>( 2.789.056 )</b>	<b>( 896.563 )</b>	<b>( 961.628 )</b>	<b>( 5.241.825 )</b>	<b>( 10.708.976 )</b>	<b>( 3.202.161 )</b>
<b>FINANCING ACTIVITIES</b>						
New long-term borrowings .....	2.803.202	1.093.455	83.800	3.002.123	7.243.860	6.352.109
Repayment of long-term liabilities and obligations .....	( 1.016.659 )	( 974.351 )	( 2.680.452 )	( 8.435.878 )	( 10.475.074 )	( 12.479.035 )
Paid-in capital .....	0	0	0	0	829.989	128.510
Short-term borrowings .....	0	0	0	( 1.052.232 )	200.000	( 1.602.469 )
Dividends paid .....	0	0	0	( 51.915 )	0	( 173.000 )
Other financing activities .....	( 33.680 )	8.022	( 240.533 )	0	0	0
<b>Net cash provided by financing activities</b>	<b>1.752.862</b>	<b>127.126</b>	<b>( 2.837.184 )</b>	<b>( 6.537.902 )</b>	<b>( 2.201.226 )</b>	<b>( 7.773.885 )</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIV. ....</b>	<b>926.879</b>	<b>( 156.658 )</b>	<b>77.361</b>	<b>2.091.633</b>	<b>( 2.655.107 )</b>	<b>4.860.664</b>
<b>CASH AND CASH EQUIV. AT BEGINNING OF YEAR .....</b>	<b>8.004.670</b>	<b>7.033.095</b>	<b>9.772.323</b>	<b>19.877.287</b>	<b>20.074.808</b>	<b>21.142.441</b>
<b>EFFECT OF CURRENCY FLUCTUATIONS ON CASH .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 15.678 )</b>	<b>0</b>	<b>19.891</b>
<b>CASH AND CASH EQUIV. AT YEAR-END .....</b>	<b>8.931.550</b>	<b>6.876.437</b>	<b>9.849.684</b>	<b>21.953.242</b>	<b>17.419.701</b>	<b>26.022.995</b>
<b>INVESTMENT AND FINANCING ACTIVITIES WITHOUT CASH FLOW AFFECT</b>						
Investments in fixed tangible assets .....	0	0	0	( 558.563 )	0	0
Short-term borrowings (change) .....	0	0	0	558.563	0	0