

The City of
Helsinki

2016

Financial Statements





City of Helsinki 2016 Profit and Loss Account, Funds Statement and Balance Sheet

City of Helsinki 2016 Consolidated Profit and Loss Account, Funds Statement and Balance Sheet

Possible enquiries:

Finance Manager Tuomo Mäkinen, Tel. +358 50 377 3479, tuomo.makinen@hel.fi
Financial Specialist Keijo Härkönen, Tel. +358 50 589 5055, keijo.harkonen@hel.fi





1 THE CITY OF HELSINKI FINANCIAL STATEMENTS 2016	4
1.1 Economy stabilising – economic goals of the strategy have directed the operations well.....	4
1.2 Expenses controlled.....	4
1.3 The future is being prepared	4
1.4 Lively housing development	4
 2 FINANCIAL STATEMENTS	 6
2.1 Profit and Loss Account	6
2.2 Funds Statement.....	7
2.3 Balance Sheet.....	8
2.4 Consolidated Profit and Loss Account.....	10
2.5 Consolidated Funds Statement	11
2.6 Consolidated Balance Sheet	12



1 The City of Helsinki Financial Statements 2016

1.1 Economy stabilising – economic goals of the strategy have directed the operations well

“The year 2016 in the economy of the City of Helsinki was more positive than expected. The operating margin of the City was better than the budgeted figure and the tax revenue grew more than expected. Thus, the annual contribution margin was €300 million better than the budgeted target.”

Due to the exceptionally high land sales incomes, the City’s cash flow financing was enough to cover the investments. In 2016, the cash flow from operations and investments turned out around €160 million positive. This made it possible to reduce the City’s loan stock.

1.2 Expenses controlled

The total expenditure of the City fell below the budgeted figure and the comparable expenditure growth remained low, only about 0.5 per cent.

“The restrictive growth target for running costs that has been outlined in the strategy has proved to be a viable method for directing the expenditure growth of the City. It has played a crucial role in balancing the economy of the City,” notes Pajunen.

The expenditure was even slightly less than the previous year.

The expenditure growth in social and health care services remained comparatively low, 0.9 per cent. The expenditure growth in education and training services produced by the City was also relatively low at 1.6 per cent.

1.3 The future is being prepared

The City operations in 2016 were characterised by the preparation of the City’s new leadership system and sector organisation, and by the preparations made for the health care reform and the provincial administration reform. The City Council approved the changes to the leadership system in June 2016 and made the decision to introduce the sector organisation starting 1 June 2017. The new Helsinki City Plan, which the City Council approved in October, enables the growth of Helsinki.

Startup Maria Oy started its operations in August 2016. The aim of the company is to create prerequisites for growth entrepreneurship and support the growth and internationalisation of growth enterprises.

1.4 Lively housing development

Just like in the previous year, the housing development was lively in 2016. The number of housing units under construction remained at around 7,000 units. In 2016, there were more residential buildings started than there were housing units completed.

The City’s investments without municipally owned companies were €486 million. The investments by municipally owned companies amounted to 177 million, which means that the total investment expenditure was €663 million.

The biggest pre-construction projects were located in Kalasatama, €14 million, in Länsisatama, €22 million, and in Pasila, €9 million.

The City's profit for the financial year was €470 million. The comparable result for 2015 was €18.6 million and the comparable result for 2014 was €188.5 million. 2014 was the last year, when Helsingin Energia was included before the incorporation.

The annual contribution margin was €569 million. The annual contribution margin indicates the income financing left available for investments and loan instalments.

The basic assumption is that the income financing of a municipality is sufficient if the annual contribution margin covers the write-offs. The annual contribution margin covered 169 per cent of the write-offs. The annual contribution margin was €300 million more than what was anticipated in the budget.

The tax revenue amounted to €3,206 million which means that the total tax revenue was €142 million more than the budgeted figure and that the tax revenue accrual was 4.5 per cent higher than a year earlier. The municipal tax revenue was €2,586 million (4.2 per cent growth) with the tax rate at 18.5 per cent. The corporation tax profits were €397 million, which represents an increase of 6.7 per cent. The real estate tax revenue was €222 million; an increase of €7.6 million or 3.5 per cent from the previous year.

The state subsidies allocated to Helsinki were €316 million.

The loans amounted to €2,157 per capita, compared to €2,518 in the previous year. The loan stock at the end of 2016 was €1,371 million. The liquidity of the City at the end of the year was 79 days. Unlike previous years, the liquidity of the City now also includes group subsidies' account funds deposited in the City's group account. The City's loan stock (loans from financial institutions and insurance institutions) decreased by €210 million.

The equity ratio was 77 per cent. The equity ratio of the City has stayed above 75 per cent during the last few years, when the average goal in the municipal economy is 70 per cent.

The grand total of the balance sheet is €14,249 million. The figure increased by €648 million compared to the previous year.

The Helsinki City Group's annual contribution margin amounted to 1,032 million, and improved by some €194 million compared to 2015. The liquidity of the City Group at the end of the year was 59 days.

2 Financial Statements

2.1 Profit and Loss Account

	2016-01-01 – 2016-12-31	2015-01-01 – 2015-12-31
Operating profit		
Sales income	329 067 549,81	310 712 156,72
Payment income	227 627 428,94	213 373 782,89
Supports and subsidies	112 333 426,93	116 477 232,36
Rental income	359 202 286,01	345 695 275,04
Other operating profit	53 238 531,71	55 302 537,19
	1 081 469 223,40	1 041 560 984,20
Production for own use	117 110 638,78	114 806 740,12
Operating expenses		
Personnel expenses		
Wages and salaries	-1 349 744 040,98	-1 374 274 830,41
Secondary personnel expenses		
Pensions	-360 793 673,10	-381 266 404,84
Other secondary personnel expenses	-85 446 734,96	-82 180 418,16
Procured services	-1 640 090 361,25	-1 658 467 733,77
Materials, supplies and goods	-193 134 287,51	-185 398 030,43
Subsidies	-443 695 461,51	-428 572 296,24
Rental costs	-186 064 694,52	-180 877 423,95
Other operating expenses	-7 096 461,25	-11 790 807,67
	-4 266 065 715,08	-4 302 827 945,47
OPERATING PROFIT MARGIN	-3 067 485 852,90	-3 146 460 221,15
Tax revenue and state subsidies		
Tax revenue	3 205 605 067,26	3 067 915 155,51
State subsidies	316 330 487,00	273 171 631,00
	3 521 935 554,26	3 341 086 786,51
Financing income and expenses		
Interest income	82 825 452,53	86 160 771,68
Other financing income	50 551 271,55	18 698 560,55
Interest expenses	-18 006 535,53	-22 175 521,78
Other financing expenses	-442 267,93	-12 195 452,69
	114 927 920,62	70 488 357,76
ANNUAL CONTRIBUTION MARGIN	569 377 621,98	265 114 923,12
Depreciation and impairment		
Depreciations according to plan	-337 209 365,83	-329 573 458,19
Impairments	0,00	-56 122 030,88
	-337 209 365,83	-385 695 489,07
Extraordinary items		
Extraordinary income	239 529 457,74	139 774 982,72
Extraordinary expenses	-1 517 737,41	-593 052,36
	238 011 720,33	139 181 930,36
RESULT FOR THE FINANCIAL PERIOD	470 179 976,48	18 601 364,41
Increase (-) or decrease (+) in depreciation difference	-13 908 201,74	3 066 599,27
Increase (-) or decrease (+) in provisions	16 299 754,01	-2 115 804,78
Increase (-) or decrease (+) in funds	-7 532 850,66	9 281 702,82
	-5 141 298,39	10 232 497,31
SURPLUS/DEFICIT (-) FOR THE FINANCIAL PERIOD	465 038 678,09	28 833 861,72

2.2 Funds Statement

	2016	2015
Operating cash flow		
Annual contribution margin	569 377 622	265 114 923
Extraordinary items	238 011 720	139 181 930
Adjustments to internal financing	-251 476 472	-151 426 837
	555 912 870	252 870 016
Cash flow from investments		
Investment expenses	-662 960 182	-571 167 435
Financial contributions for investment expenses	18 806 010	5 266 651
Revenues from transfers of fixed assets	247 049 519	146 066 807
	-397 104 653	-419 833 977
OPERATING AND INVESTMENT CASH FLOW	158 808 217	-166 963 961
CASH FLOW FROM FINANCING		
Changes in lending		
Additions to lending claims	-9 912 083	-23 305 331
Reductions to lending claims	67 329 983	101 527 493
	57 417 900	78 222 162
Changes in loan stock		
Additions to long-term loans	110 000 000	120 000 000
Repayments of long-term loans	-320 728 881	-116 640 612
	-210 728 881	3 359 388
Changes in equity	0	0
Other changes in liquidity		
Changes in funds and capital for assignments	-5 899 825	-13 705 733
Changes to current assets	-2 246 830	-331 455
Changes in receivables	-133 043 221	-11 382 318
Changes in interest-free liabilities	315 124 337	43 338 512
	173 934 461	17 919 006
CASH FLOW FROM FINANCING	20 623 480	99 500 556
CHANGE IN LIQUID ASSETS	179 431 697	-67 463 405
Change in liquid assets		
Liquid assets, 31 Dec	1 119 862 681	940 430 983
Liquid assets, 1 Jan	940 430 984	1 007 894 388
	179 431 697	-67 463 405

2.3 Balance Sheet

ASSETS	2016-12-31	2015-12-31
FIXED ASSETS		
Intangible assets		
Intangible rights	17 631 524,42	19 824 200,77
Other long-term expenses	82 187 580,03	84 037 356,90
Advance payments	2 651 250,78	1 064 142,70
	102 470 355,23	104 925 700,37
Tangible assets		
Land and water areas	3 216 005 991,32	3 142 539 056,75
Buildings	1 677 989 106,34	1 622 494 096,86
Fixed constructions and equipment	1 347 881 312,02	1 313 801 629,44
Machines and equipment	265 377 755,17	172 954 625,35
Other tangible assets	12 243 237,69	12 055 722,60
Advance payments and unfinished procurements	346 861 716,38	311 149 601,82
	6 866 359 118,92	6 574 994 732,82
Investments		
Shares and interests	3 150 722 224,78	3 143 429 452,33
Debenture bonds receivables	1 951 425 487,26	2 008 843 387,31
Other loan receivables	546 462,37	546 462,37
Other receivables	5 102 694 174,41	5 152 819 302,01
FUNDS FOR ASSIGNMENTS	132 139 837,06	139 714 782,59
State assignments	4 380 746,45	4 343 876,04
Special contribution margins for endowment funds	543 780 658,89	441 766 687,70
Other assignment funds	680 301 242,40	585 825 346,33
CURRENT ASSETS		
Current assets	10 260 207,98	9 450 777,76
Materials and supplies	7 110 419,10	5 674 958,94
Unfinished products	88 837,43	86 897,54
Other inventories	17 459 464,51	15 212 634,24
Receivables		
Long-term receivables	0,00	65 000,00
Trade receivables	62 229,53	62 229,53
Loan receivables	126 553 776,67	24 107 375,79
Other receivables	126 616 006,20	24 234 605,32
Short-term receivables	53 303 856,13	58 019 982,37
Sales receivables	630 702,47	428 490,95
Loan receivables	66 409 036,10	40 477 692,97
Other receivables	113 565 706,20	104 321 314,45
Transfer receivables	233 909 300,90	203 247 480,74
	360 525 307,10	227 482 086,06
Receivables in total		
Marketable securities	0,00	554 000 000,00
Investment in bonds	20 000 000,00	20 000 000,00
	20 000 000,00	574 000 000,00
Cash and bank receivables	1 099 862 680,72	366 430 983,37
ASSETS IN TOTAL	14 249 672 343,29	13 601 690 785,20

EQUITY AND LIABILITIES	2016-12-31	2015-12-31
EQUITY		
Initial capital	2 972 406 573,75	2 972 406 573,75
Revaluation reserve	1 806 409 169,60	1 808 363 726,30
Other internal funds	522 301 782,81	514 768 932,15
Other shareholders' equity	729 030 699,71	729 030 699,71
Surplus/deficit (-) from previous accounting periods	4 479 253 433,41	4 450 419 571,69
Surplus/deficit (-) for the financial period	465 038 678,09	28 833 861,72
	10 974 440 337,37	10 503 823 365,32
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS		
Depreciation difference	66 103 369,57	52 195 167,83
Voluntary provisions	1 812 322,23	18 112 076,24
	67 915 691,80	70 307 244,07
MANDATORY PROVISIONS		
Provisions for pensions	124 885 293,00	138 100 682,00
	124 885 293,00	138 100 682,00
EQUITIES FOR ASSIGNMENTS		
State assignments	133 336 273,80	140 636 570,51
Equities for endowments funds	4 380 746,45	4 343 876,04
Equities for other assignments	515 003 293,74	419 163 796,41
	652 720 313,99	564 144 242,96
LIABILITIES		
Long-term		
Loans from financial institutions and insurance companies	1 248 517 914,15	1 253 825 664,42
Loans from other institutions	7 437 802,77	7 437 802,77
Advance payments received	300 000,00	13 118 446,30
Accounts payable	1 165 000,00	1 160 000,00
Connection fees and other debts	7 551 735,97	105 085,45
	1 264 972 452,89	1 275 646 998,94
Short-term		
Loans from financial institutions and insurance companies	115 307 750,28	320 728 881,34
Advance payments received	11 381 225,07	11 581 927,92
Accounts payable	141 077 865,44	135 062 592,98
Connection fees and other debts	512 436 659,63	169 676 663,63
Deferred debts	384 534 753,82	412 618 186,04
	1 164 738 254,24	1 049 668 251,91
Liabilities in total	2 429 710 707,13	2 325 315 250,85
EQUITY AND LIABILITIES IN TOTAL	14 249 672 343,29	13 601 690 785,20

2.4 Consolidated Profit and Loss Account

1 000 euros	2016-01-01 – 2016-12-31	2015-01-01 – 2015-12-31
Operating income	3 156 032	3 114 365
Operating expenses	-5 604 281	-5 559 544
Share of associated company profit / loss (-)	9 883	7 794
OPERATING MARGIN	-2 438 366	-2 437 385
Tax revenue	3 205 605	3 067 915
State subsidies	316 330	273 172
Financing incomes and expenses		
Interest earnings	16 755	19 519
Other financing incomes	14 314	16 692
Interest expenses	-73 753	-90 085
Other financing expenses	-8 902	-11 985
	-51 586	-65 859
ANNUAL CONTRIBUTION MARGIN	1 031 983	837 843
Depreciation and impairment		
Depreciations according to plan	-675 889	-658 686
Over par and under par values for the financial period	-451	14 003
Impairments	-291	-976
	-676 631	-645 659
Extraordinary items	272 830	115 565
RESULT OF THE FINANCIAL PERIOD	628 182	307 749
Appropriations	-12 546	-470
Income tax expense	-10 906	-19 924
(Net) Deferred taxes	-8 052	-6 280
Minority shares	1 754	1 370
SURPLUS/DEFICIT (-) FOR THE FINANCIAL PERIOD	598 432	282 445
Key figures of the consolidated income statement		
Operating profits/Operating expenses, %	56,3	56,0
Annual contribution margin/Depreciations, %	152,6	127,0
Annual contribution margin, euros/inhabitant	1 624	1 334
Population	635 600	628 200

2.5 Consolidated Funds Statement

1 000 euros	2016	2015
CASH FLOW FROM OPERATIONS		
Annual contributions margin	1 031 983	837 843
Extraordinary items	272 830	115 565
Income tax expense	-10 906	-19 924
Adjustments to internal financing	-292 257	-120 047
	1 001 650	813 437
CASH FLOW FROM INVESTMENTS		
Investment expenses	-1 505 347	-1 074 671
Financial contributions for investment expenses	20 003	7 008
Revenues from transfers of fixed assets	446 372	197 594
	-1 038 972	-870 069
OPERATING AND INVESTMENT CASH FLOW	-37 322	-56 632
CASH FLOW FROM FINANCING		
Changes in lending		
Additions to lending claims	-8 483	-9 853
Reductions to lending claims	7 939	14 164
	-544	4 311
Changes in loan stock		
Additions to long-term loans	534 986	269 182
Repayments of long-term loans	-581 447	-168 807
Change in short-term loans	-24 788	-30 345
	-71 249	70 030
Changes in shareholders' equity	24 671	19 186
Other changes in liquidity		
Changes in funds and capital for assignments	9 628	-17 661
Changes to current assets	-13 370	3 317
Changes in receivables	-115 793	25 162
Changes in interest-free liabilities	-36 373	78 243
	-155 908	89 061
CASH FLOW FROM FINANCING	-203 030	182 588
CHANGE IN LIQUID ASSETS	-240 352	125 956
Change in liquid assets		
Liquid assets, 31 Dec	1 257 711	1 498 063
Liquid assets, 1 Jan	1 498 063	1 372 107
	-240 352	125 956

Key figures of the group cash flow statement

Operations and investments cash flow accrual in 5 years, 1 000 euros	-637 460	-639 593
Internal financing of investments, %	69,5	78,5
Debt coverage ratio	1,7	3,6
Cash-solvency (days)	59	79

2.6 Consolidated Balance Sheet

1 000 euros	2016-12-31	2015-12-31
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	51 771	56 849
Other long-term expenses	233 348	240 701
Advance payments	13 008	8 195
	298 127	305 745
Tangible assets		
Land and water areas	3 286 803	3 213 124
Buildings	5 586 425	5 542 485
Fixed constructions and equipment	2 400 355	2 352 083
Machines and equipment	1 235 869	1 140 282
Other tangible assets	20 113	20 191
Advance payments and unfinished procurements	1 094 832	724 059
	13 624 397	12 992 224
Investments		
Shares in associated companies	245 148	244 504
Other shares and interests	451 449	445 297
Other loan receivables	478 671	475 906
Other receivables	2 120	2 117
	1 177 388	1 167 824
FUNDS FOR ASSIGNMENTS	536 330	455 667
CURRENT ASSETS		
Current assets	112 122	98 752
Receivables		
Long-term receivables	166 724	63 573
Short-term receivables	390 968	376 391
	557 692	439 964
Marketable securities	25 269	496 434
Cash and bank receivables	1 232 443	1 001 630
ASSETS IN TOTAL	17 563 768	16 958 240

1 000 euros	2016-12-31	2015-12-31
EQUITY AND LIABILITIES		
EQUITY		
Initial capital	2 972 407	2 972 407
Initial capital of associations and foundations	5 815	5 815
Revaluation reserve	1 811 270	1 813 224
Other internal funds	839 606	812 676
Other shareholders' equity	734 105	734 105
Surplus/deficit (-) from previous accounting periods	3 554 875	3 276 798
Surplus/deficit (-) for the financial period	598 431	282 445
	10 516 509	9 897 470
MINORITY SHARES	80 264	69 574
MANDATORY PROVISIONS		
Provisions for pensions	125 976	140 137
Other mandatory provisions	36 753	39 445
	162 729	179 582
EQUITIES FOR ASSIGNMENTS	657 523	567 232
LIABILITIES		
Long-term		
Long-term liabilities with interest	4 661 008	4 443 558
Long-term liabilities without interest	99 666	97 892
	4 760 674	4 541 450
Short-term		
Short-term liabilities with interest	279 017	567 717
Short-term liabilities without interest	1 107 052	1 135 215
	1 386 069	1 702 932
Liabilities in total	6 146 743	6 244 382
EQUITY AND LIABILITIES IN TOTAL	17 563 768	16 958 240
Group balance sheet key figures		
Equity ratio, %	60,3	58,8
Relative indebtedness, %	91,2	95,6
Accrued surplus, euros	4 153 306	3 559 243
Accrued surplus, euros/inhabitant	6 534	5 666
Group loan portfolio 31 Dec, 1 000 euros	4 940 025	5 011 275
Group loan portfolio, euros/inhabitant	7 772	7 977
Group loans receivable 31 Dec, 1 000 euros	478 671	475 906
Group loans receivable, euros/inhabitant	753	758



City of Helsinki
City Executive Office

Pohjoisesplanadi 11-13
00170 Helsinki
P.O. Box 1
00099 City of Helsinki

telephone +358 9 310 1641
www.hel.fi/www/helsinki/en