

Abstract of the Financial Statements

2017

Helsinki

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1 2017 Financial Statements: City of Helsinki economy on firm footing

The economy of Helsinki has been managed with perseverance and the City's economy is on a firm footing.

The year 2017 in the economy of the City of Helsinki was more positive than what was expected in the budget. The City's operating margin was better than in the budget and the tax revenue grew more than what was anticipated in the budget. The interest payables were also less than in the budget. Thus, the annual contribution margin was €359 million better than in the budget and a little better than the previous year's level.

"Even in comparison to other large cities, Helsinki's investment level compared to the depreciations is significantly higher, which adds to the pressure for a good annual contribution in the upcoming years as well", Mayor Jan Vapaavuori sums up.

Even though Helsinki's economy is currently in a stable position, the pending regional government, health and social services reform, if implemented, brings insecurity to the City's economic development and to its investment capacity in the medium-term.

"Helsinki is a strongly growing City. In 2017, Helsinki received more than 9,000 new inhabitants, which is the biggest annual figure since the 1960's. To enable sustainable growth, the City has to make investments in services, housing construction and city infrastructure. The investment capacity of the growing City must be ensured under all circumstances and this is also an essential issue in terms of the promotion of the City's interests", says Mayor Jan Vapaavuori.

Lively housing development

The number of housing units under construction in Helsinki has remained at the 7,000 units level for the third consecutive year, which means about 5,000 completed housing units per year. In 2017, licences were granted for the construction of 8,200 housing units.

The City's investments without the investments by municipally owned companies were €546 million. Including the municipally owned companies, the investment expenditure was €621 million in 2017.

The largest pre-construction objects were located in Kalasatama (€30.4 million) and Länsisatama (€18.5 million).

Good result for the City's financial year

The City's profit for the financial year was €483 million. The previous year's figure was €470 million.

The annual contribution margin was €838 million. The annual contribution margin indicates the income financing left available for investments and loan instalments. The annual contribution margin was €359 million higher than anticipated in the budget. This was especially due to the tax revenue being better than anticipated.

The grand total of the balance sheet was €14,497 million. This represented a growth of €248 million compared to the previous year.

The equity ratio was 79.6 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.

Growth in tax revenue

The tax revenue amounted to €3,380 million, which means that the total tax revenue was €247 million more than in the budget and that the tax revenue accrued was 5.5 per cent higher than a year earlier.

The biggest growth occurred in the corporation tax revenue (+33 per cent compared to 2016), which can be explained by the increase in Helsinki's municipality-specific apportioned share, from 26.7 per cent in 2016 to 29.1 per cent in 2017. The national corporation tax accrual saw a positive development as well, for example thanks to the corporate acquisitions taking place during the 2016 fiscal year.

The municipal tax revenue was €2,595 million (0.4 per cent growth) with the tax rate at 18.5 per cent. The corporation tax revenue was €528 million. The real estate tax accrual landed at €257 million (15.7 per cent growth).

The state subsidies allocated to Helsinki were €220 million. The reduction in the state subsidies (-30.3 per cent from 2016) resulted especially from Kela taking over the social assistance administration and from the cuts to the state subsidies brought on by the Agreement on Competitiveness.

The City's loans amounted to €1,871 per capita, compared to €2,157 in the previous year. The loan stock at the end of 2017 was €1,206 million. The liquidity of the City at the end of the year was 99 days. The liquidity of the City also includes group subsidiaries' account funds deposited in the City's group account. The City's loan stock (loans from financial institutions and insurance institutions) decreased by €165 million.

The Helsinki City Group's annual contribution margin for 2017 amounted to 1,393 million, which represented an improvement of about €88 million compared to 2016. The liquidity of the City Group at the end of the year was 76 days.

2 Financial Statements

2.1 Profit and Loss Account

	2017-01-01 – 2017-12-31	2016-01-01 – 2016-12-31
Operating profit		
Sales income	327,589,174.96	329,067,549.81
Payment income	229,428,776.94	227,627,428.94
Supports and subsidies	48,768,874.68	112,333,426.93
Rental income	363,403,719.41	359,202,286.01
Other operating profit	210,545,201.03	292,767,989.45
	1,179,735,747.02	1,320,998,681.14
Production for own use	135,068,816.47	117,110,638.78
Operating expenses		
Personnel expenses		
Wages and salaries	-1,353,555,699.09	-1,349,744,040.98
Secondary personnel expenses		
Pensions	-334,559,819.87	-360,793,673.10
Other secondary personnel expenses	-66,023,072.19	-85,446,734.96
Procured services	-1,703,349,213.91	-1,640,090,361.25
Materials, supplies and goods	-192,186,276.91	-193,134,287.51
Subsidies	-311,648,833.92	-443,695,461.51
Rental costs	-196,655,233.23	-186,064,694.52
Other operating expenses	-17,187,757.01	-8,614,198.66
	-4,175,165,906.13	-4,267,583,452.49
OPERATING PROFIT MARGIN	-2,860,361,342.64	-2,829,474,132.57
Tax revenue and state subsidies		
Tax revenue	3,380,795,434.38	3,205,605,067.26
State subsidies	220,441,998.00	316,330,487.00
	3,601,237,432.38	3,521,935,554.26
Financing income and expenses		
Interest income	79,827,098.22	82,825,452.53
Other financing income	36,306,338.55	50,551,271.55
Interest expenses	-18,133,668.08	-18,006,535.53
Other financing expenses	-975,639.15	-442,267.93
	97,024,129.54	114,927,920.62
ANNUAL CONTRIBUTION MARGIN	837,900,219.28	807,389,342.31
Depreciation and impairment		
Depreciations according to plan	-354,807,206.58	-337,209,365.83
	-354,807,206.58	-337,209,365.83
RESULT FOR THE FINANCIAL PERIOD	483,093,012.70	470,179,976.48
Increase (-) or decrease (+) in depreciation difference	3,815,918.85	-13,908,201.74
Increase (-) or decrease (+) in provisions	-3,892,770.20	16,299,754.01
Increase (-) or decrease (+) in funds	-1,626,248.16	-7,532,850.66
	-1,703,099.51	-5,141,298.39
SURPLUS/DEFICIT (-) FOR THE FINANCIAL PERIOD	481,389,913.19	465,038,678.09

*) the 2016 comparatives have been changed to match the current accounting practices.

2.2 Cash Flow Statement

	2017	2016
Operating cash flow		
Annual contribution margin *)	837,900,219	807,389,342
Adjustments to internal financing	-173,704,368	-251,476,472
	664,195,851	555,912,870
Cash flow from investments		
Investment expenses	-621,442,850	-662,960,182
Financial contributions for investment expenses	9,667,190	18,806,010
Revenues from transfers of fixed assets	192,630,878	247,049,519
	-419,144,782	-397,104,653
OPERATING AND INVESTMENT CASH FLOW	245,051,069	158,808,217
CASH FLOW FROM FINANCING		
Changes in lending		
Additions to lending claims	-12,283,053	-9,912,083
Reductions to lending claims	69,482,771	67,329,983
	57,199,718	57,417,900
Changes in loan stock		
Additions to long-term loans	0	110,000,000
Repayments of long-term loans	-165,307,750	-320,728,881
	-165,307,750	-210,728,881
Changes in equity	0	0
Other changes in liquidity		
Changes in funds and capital for assignments	10,267,678	-5,899,825
Changes to current assets	-4,899,610	-2,246,830
Changes in receivables	21,756,900	-133,043,221
Changes in interest-free liabilities	32,630,470	315,124,337
	59,755,438	173,934,461
CASH FLOW FROM FINANCING	-48,352,594	20,623,480
CHANGE IN LIQUID ASSETS	196,698,475	179,431,697
Change in liquid assets		
Liquid assets, 31 Dec	1,316,561,156	1,119,862,681
Liquid assets, 1 Jan	1,119,862,681	940,430,984
	196,698,475	179,431,697

*) the 2016 comparatives have been changed to match the current accounting practices.

2.3 Balance Sheet

ASSETS	2017-12-31	2016-12-31
FIXED ASSETS		
Intangible assets		
Intangible rights	12,617,474.89	17,631,524.42
Other long-term expenses	74,467,009.26	82,187,580.03
Advance payments	4,012,823.41	2,651,250.78
	91,097,307.56	102,470,355.23
Tangible assets		
Land and water areas	3,223,738,970.90	3,216,005,991.32
Buildings	1,689,290,381.27	1,677,989,106.34
Fixed constructions and equipment	1,430,144,986.96	1,347,881,312.02
Machines and equipment	344,819,030.18	265,377,755.17
Other tangible assets	12,294,984.90	12,243,237.69
Advance payments and unfinished procurements	324,180,530.48	346,861,716.38
	7,024,468,884.69	6,866,359,118.92
Investments		
Shares and interests	3,223,741,711.94	3,150,722,224.78
Other loan receivables	1,894,225,768.87	1,951,425,487.26
Other receivables	546,462.37	546,462.37
	5,118,513,943.18	5,102,694,174.41
FUNDS FOR ASSIGNMENTS		
State assignments	124,511,358.61	132,139,837.06
Special contribution margins for endowment funds	4,391,541.49	4,380,746.45
Other assignment funds	456,356,001.73	543,780,658.89
	585,258,901.83	680,301,242.40
CURRENT ASSETS		
Current assets		
Materials and supplies	10,035,975.35	10,260,207.98
Unfinished products	12,228,571.29	7,110,419.10
Other inventories	94,527.73	88,837.43
	22,359,074.37	17,459,464.51
Receivables		
Long-term receivables		
Loan receivables	62,229.53	62,229.53
Other receivables	108,206,802.79	126,553,776.67
	108,269,032.32	126,616,006.20
Short-term receivables		
Sales receivables	87,696,248.91	53,303,856.13
Loan receivables	553,086.22	630,702.47
Other receivables	55,847,489.72	66,409,036.10
Transfer receivables	86,402,550.42	113,565,706.20
	230,499,375.27	233,909,300.90
Receivables in total	338,768,407.59	360,525,307.10
Marketable securities		
Investment in bonds	20,000,000.00	20,000,000.00
	20,000,000.00	20,000,000.00
Cash and bank receivables	1,296,561,155.88	1,099,862,680.72
ASSETS IN TOTAL	14,497,027,675.10	14,249,672,343.29

EQUITY AND LIABILITIES	2017-12-31	2016-12-31
EQUITY		
Initial capital	2,972,406,573.75	2,972,406,573.75
Revaluation reserve	1,800,089,797.50	1,806,409,169.60
Other internal funds	553,928,030.97	522,301,782.81
Other shareholders' equity	729,030,699.71	729,030,699.71
Surplus/deficit (-) from previous accounting periods	4,914,292,111.50	4,479,253,433.41
Surplus/deficit (-) for the financial period	481,389,913.19	465,038,678.09
	11,451,137,126.62	10,974,440,337.37
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS		
Depreciation difference	62,287,450.72	66,103,369.57
Voluntary provisions	5,705,092.43	1,812,322.23
	67,992,543.15	67,915,691.80
MANDATORY PROVISIONS		
Provisions for pensions	112,918,927.00	124,885,293.00
	112,918,927.00	124,885,293.00
EQUITIES FOR ASSIGNMENTS		
State assignments	125,553,689.48	133,336,273.80
Equities for endowments funds	4,391,541.49	4,380,746.45
Equities for other assignments	438,000,420.19	515,003,293.74
	567,945,651.16	652,720,313.99
LIABILITIES		
Long-term		
Loans from financial institutions and insurance companies	1,092,668,865.48	1,248,517,914.15
Loans from other institutions	7,437,802.77	7,437,802.77
Advance payments received	3,992,214.17	300,000.00
Accounts payable	1,235,000.00	1,165,000.00
Connection fees and other debts	7,551,735.97	7,551,735.97
	1,112,885,618.39	1,264,972,452.89
Short-term		
Loans from financial institutions and insurance companies	105,849,048.69	115,307,750.28
Advance payments received	12,696,538.44	11,381,225.07
Accounts payable	186,280,600.15	141,077,865.44
Connection fees and other debts	498,636,881.95	512,436,659.63
Deferred debts	380,684,739.55	384,534,753.82
	1,184,147,808.78	1,164,738,254.24
Liabilities in total	2,297,033,427.17	2,429,710,707.13
EQUITY AND LIABILITIES IN TOTAL	14,497,027,675.10	14,249,672,343.29

2.4 Consolidated Profit and Loss Account

1 000 euros	2017-01-01 – 2017-12-31	2016-01-01 – 2016-12-31
Operating income ^{*)}	3,368,014	3,430,380
Operating expenses ^{*)}	-5,549,282	-5,605,799
Share of associated company profit / loss (-)	23,333	9,883
OPERATING MARGIN	-2,157,935	-2,165,536
Tax revenue	3,380,795	3,205,605
State subsidies	220,442	316,330
Financing incomes and expenses		
Interest earnings	17,647	16,755
Other financing incomes	10,023	14,314
Interest expenses	-69,456	-73,753
Other financing expenses	-8,851	-8,902
	-50,638	-51,586
ANNUAL CONTRIBUTION MARGIN	1,392,664	1,304,813
Depreciation and impairment		
Depreciations according to plan	-708,445	-675,889
Over par and under par values for the financial period	-867	-451
Impairments	0	-291
	-709,312	-676,631
Extraordinary items	2,492	0
RESULT OF THE FINANCIAL PERIOD	685,844	628,182
Appropriations	-15,738	-12,546
Income tax expense	-12,602	-10,906
(Net) Deferred taxes	-10,462	-8,052
Minority shares	1,289	1,754
SURPLUS/DEFICIT (-) FOR THE FINANCIAL PERIOD	648,330	598,432
Key figures of the consolidated income statement		
Operating profits/Operating expenses, %	60.7	61.2
Annual contribution margin/Depreciations, %	196.6	193
Annual contribution margin, euros/inhabitant	2,160	2,053
Population	644,700	635,600

*) the 2016 comparatives have been changed to match the current accounting practices.

2.5 Consolidated Cash Flow Statement

1 000 euros	2017	2016
CASH FLOW FROM OPERATIONS		
Annual contributions margin *)	1,392,664	1,304,813
Extraordinary items *)	2,493	0
Income tax expense	-12,602	-10,906
Adjustments to internal financing	-188,918	-292,257
	1,193,637	1,001,650
CASH FLOW FROM INVESTMENTS		
Investment expenses	-1,385,994	-1,505,347
Financial contributions for investment expenses	33,379	20,003
Revenues from transfers of fixed assets	330,243	446,372
	-1,022,372	-1,038,972
OPERATING AND INVESTMENT CASH FLOW	171,265	-37,322
CASH FLOW FROM FINANCING		
Changes in lending		
Additions to lending claims	-10,709	-8,483
Reductions to lending claims	8,986	7,939
	-1,724	-544
Changes in loan stock		
Additions to long-term loans	417,793	534,986
Repayments of long-term loans	-347,200	-581,447
Change in short-term loans	-26,228	-24,788
	44,364	-71,249
Changes in shareholders' equity		
	24,163	24,671
Other changes in liquidity		
Changes in funds and capital for assignments	-5,774	9,628
Changes to current assets	-8,506	-13,370
Changes in receivables	-23,272	-115,793
Changes in interest-free liabilities	74,214	-36,373
	36,661	-155,908
CASH FLOW FROM FINANCING	103,464	-203,030
CHANGE IN LIQUID ASSETS	274,730	-240,352
Change in liquid assets		
Liquid assets, 31 Dec	1,532,441	1,257,711
Liquid assets, 1 Jan	1,257,711	1,498,063
	274,730	-240,352

Key figures of the group cash flow statement

Operations and investments cash flow accrual in 5 years, 1 000 euros	-111,905	-532,913
Internal financing of investments, %	103	87.8
Debt coverage ratio	3.5	2.1
Cash-solvency (days)	76	59

*) the 2016 comparatives have been changed to match the current accounting practices.

2.6 Consolidated Balance Sheet

1 000 euros	2017-12-31	2016-12-31
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	56,491	51,771
Other long-term expenses	206,939	233,348
Advance payments	6,035	13,008
	269,465	298,127
Tangible assets		
Land and water areas	3,295,118	3,286,803
Buildings	5,731,550	5,586,425
Fixed constructions and equipment	2,515,717	2,400,355
Machines and equipment	1,347,125	1,235,869
Other tangible assets	20,073	20,113
Advance payments and unfinished procurements	1,199,966	1,094,832
	14,109,550	13,624,397
Investments		
Shares in associated companies	264,097	245,148
Other shares and interests	459,315	451,449
Other loan receivables	480,390	478,671
Other receivables	2,123	2,120
	1,205,923	1,177,388
FUNDS FOR ASSIGNMENTS	456,847	536,330
CURRENT ASSETS		
Current assets	120,628	112,122
Receivables		
Long-term receivables	157,317	166,724
Short-term receivables	423,761	390,968
	581,078	557,692
Marketable securities	57,306	25,269
Cash and bank receivables	1,475,135	1,232,443
ASSETS IN TOTAL	18,275,933	17,563,768

1 000 euros	2017-12-31	2016-12-31
EQUITY AND LIABILITIES		
EQUITY		
Initial capital	2,972,407	2,972,407
Initial capital of associations and foundations	5,815	5,815
Revaluation reserve	1,804,950	1,811,270
Other internal funds	903,374	839,606
Other shareholders' equity	734,105	734,105
Surplus/deficit (-) from previous accounting periods	4,122,257	3,554,875
Surplus/deficit (-) for the financial period	648,330	598,431
	11,191,238	10,516,509
MINORITY SHARES	85,014	80,264
MANDATORY PROVISIONS		
Provisions for pensions	113,833	125,976
Other mandatory provisions	36,193	36,753
	150,025	162,729
EQUITIES FOR ASSIGNMENTS	572,266	657,523
LIABILITIES		
Long-term		
Long-term liabilities with interest	4,716,499	4,661,008
Long-term liabilities without interest	97,302	99,666
	4,813,801	4,760,674
Short-term		
Short-term liabilities with interest	268,250	279,017
Short-term liabilities without interest	1,195,339	1,107,052
	1,463,589	1,386,069
Liabilities in total	6,277,390	6,146,743
EQUITY AND LIABILITIES IN TOTAL	18,275,933	17,563,768
Group balance sheet key figures		
Equity ratio, %	61.7	60.3
Relative indebtedness, %	89.2	87.6
Debts and liabilities per cent of the operating income	97.8	93.3
Accrued surplus, euros	4,770,587	4,153,306
Accrued surplus, euros/inhabitant	7,400	6,534
Group loan portfolio 31 Dec, 1 000 euros	4,984,749	4,940,025
Group loan portfolio, euros/inhabitant	7,732	7,772
Group loans receivable 31 Dec, 1 000 euros	480,390	478,670
Group loans receivable, euros/inhabitant	745	753

The logo for the City of Helsinki, featuring the word "Helsinki" in a white, sans-serif font inside a white outline of a speech bubble or a stylized banner.

Helsinki

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