

Abstract of the Financial Statements

2018

Helsinki

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1 The year 2018 was positive in the economy of Helsinki

The operating margin was €81 million better than in the budget. The City's external operating expenses grew by 2.8 per cent compared to the previous year. The growth was moderate compared to the expenditure growth in other large cities or the entire municipality field. Helsinki's investment level was high, as was the case in 2017 and 2016.

The population of Helsinki was approximately 649,800 at the end of 2018. The population increased by 6,500 inhabitants. The increase was proportionally smaller than in the previous year, but still quite remarkable.

– Last year, the City invested €625 million in the needs of the growing City. Helsinki must make sure that the City grows sustainably. This calls for investments in services, traffic solutions and housing, notes Mayor Jan Vapaavuori.

Record-breaking year in housing development

At the end of 2018, there were 10,032 housing units under development, which is considerably more than in the previous years. The housing development goal of 6,000 housing units was exceeded. The construction of 7,943 housing units started as a consequence of strong urbanisation and a good situation in terms of plots, detailed plans and constructability. There were 4,843 housing units finished and 7,109 building permits issued.

City's result of the financial period still good

The City's result of the financial period was €386.8 million, which is €199 million better than in the budget. The 2017 result was €483.1 million, while the 2016 result was €470.2 million. The 2018 result became possible as the operating margin was better than in the budget (€81 million) and the tax revenue and the income from central government transfers to local government increased more than what was anticipated in the budget (€106 million). The debt interest payments were also less than in the budget (€12 million).

The City's external operating expenses grew by 2.8 per cent compared to the previous year. The growth was moderate compared to the expenditure growth in other large cities or the entire municipality field. The expenditure of the City Strategy's economic goal that concerns the scaling of the operational expenditure grew by approximately 2.0 per cent in 2018.

The annual contribution margin was €752 million. The annual contribution margin indicates the income financing left available for investments and loan instalments. The annual contribution margin was €206 million higher than anticipated in the budget. This was especially due to the tax revenue being better than anticipated.

Cash flows from operating and investing activities came out at €150.7 million positive. This key figure that describes the situation in the City economy was weaker than in the previous year (€245 million in 2017). The reason for the level being lower than in the previous year was the lower level of the annual contribution margin.

Slight growth in tax revenue

The accrued tax revenue was €3,416.6 million, which means that the total tax revenue was €35.8 million higher than in the previous year. The accrued tax revenue including corporation tax revenue and real estate tax revenue was 1.1 per cent more than in the previous year.

As of the beginning of 2018, the local income tax percentage was lowered by half a percentage point in Helsinki. Helsinki's tax revenue development was above the national average, even though Helsinki lowered its local income tax percentage. Helsinki's earned income tax base has grown better than the national average during the last few years.

The accounts of income from central government transfers were €197.3 million, which was almost €23 million less than in the previous year. This was mainly a result of the cuts related to the Competitiveness Pact and the growth in the tax revenue base-related balancing of the income from central government transfers.

Loans of €1,693 per capita

The City's loans amounted to €1,693 per capita, compared to €1,871 in 2017. The loan stock at the end of the year was €1,100 million. The liquidity of the City at the end of the year was 91 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 €106 million.

The Helsinki City Group's annual contribution margin for 2018 amounted to €1,358 million, a decrease of about €35 million compared to 2017. The City of Helsinki's annual contribution margin decreased by €86 million compared to the previous year. Thus, the elevating effect of the local authority subsidiaries on the annual contribution margin of the City Group was more than €50 million better than in the previous year. Especially Helen Ltd's operations were more profitable than in the previous year. The combined investment level of the local authority subsidiaries was €1,093.5 million and it was €328.9 million above the previous year's level (€764.6 million).

The City Council processes the financial statements in June

The City Board processes the Financial Statements on Monday 18 March. The Financial Statements will proceed to the City Council in June.

2 Financial Statements

2.1 Profit and Loss Account

million euros

	1.1.–31.12.2018	1.1.–31.12.2017
Operating profit		
Sales income	356.0	327.6
Payment income	226.9	229.4
Supports and subsidies	45.1	48.8
Rental income	366.8	363.4
Other operating profit	160.3	210.5
	1,155.1	1,179.7
Production for own use	163.2	135.1
Operating expenses		
Personnel expenses		
Wages and salaries	-1,372.5	-1,353.6
Secondary personnel expenses		
Pensions	-333.8	-334.6
Other secondary personnel expenses	-55.5	-66.0
Procured services	-1,772.7	-1,703.3
Materials, supplies and goods	-207.0	-192.2
Subsidies	-310.1	-311.6
Rental costs	-222.6	-196.7
Other operating expenses	-18.6	-17.2
	-4,292.8	-4,175.2
OPERATING PROFIT MARGIN	-2,974.6	-2,860.4
Tax revenue and state subsidies		
Tax revenue	3,416.6	3,380.8
State subsidies	197.3	220.4
	3,613.9	3,601.2
Financing income and expenses		
Interest income	77.7	79.8
Other financing income	52.5	36.3
Interest expenses	-16.9	-18.1
Other financing expenses	-0.7	-1.0
	112.7	97.0
ANNUAL CONTRIBUTION MARGIN	752.0	837.9
Depreciation and impairment		
Depreciations according to plan	-346.8	-354.8
	-346.8	-354.8
Extraordinary items		
Extraordinary expenses	-18.4	0.00
	-18.4	0.00
RESULT FOR THE FINANCIAL PERIOD	386.8	483.1
Increase (-) or decrease (+) in depreciation difference	-1.3	3.8
Increase (-) or decrease (+) in provisions	1.0	-3.9
Increase (-) or decrease (+) in funds	20.1	-1.6
	19.8	-1.7
SURPLUS/DEFICIT (-) FOR THE FINANCIAL PERIOD	406.6	481.4

2.2 Cash Flow Statement

million euros

	2018	2017
Operating cash flow		
Annual contribution margin	752.0	837.9
Extraordinary items	-18.4	0.00
Adjustments to internal financing	-107.2	-173.7
	626.4	664.2
Cash flow from investments		
Investment expenses	-625.3	-621.4
Financial contributions for investment expenses	11.9	9.7
Revenues from transfers of fixed assets	137.7	192.6
	-475.7	-419.1
OPERATING AND INVESTMENT CASH FLOW	150.7	245.1
CASH FLOW FROM FINANCING		
Changes in lending		
Additions to lending claims	-120.0	-12.3
Reductions to lending claims	70.3	69.5
	-49.7	57.2
Changes in loan stock		
Repayments of long-term loans	-105.8	-165.3
	-105.8	-165.3
Changes in equity	0	0
Other changes in liquidity		
Changes in funds and capital for assignments	-64.5	10.3
Changes to current assets	4.5	-4.9
Changes in receivables	-14.9	21.8
Changes in interest-free liabilities	4.5	32.6
	-70.3	59.8
CASH FLOW FROM FINANCING	-225.9	-48.4
CHANGE IN LIQUID ASSETS		
Liquid assets, 31 Dec	1,241.4	1,316.6
Liquid assets, 1 Jan	1,316.6	1,119.9
	-75.1	196.7

2.3 Balance Sheet

million euros

ASSETS	31.12.2018	31.12.2017
FIXED ASSETS		
Intangible assets		
Intangible rights	24.1	12.6
Other long-term expenses	75.3	74.5
Advance payments	5.6	4.0
	105.0	91.1
Tangible assets		
Land and water areas	3,256.0	3,223.7
Buildings	1,706.2	1,689.3
Fixed constructions and equipment	1,525.0	1,430.1
Machines and equipment	409.3	344.8
Other tangible assets	12.5	12.3
Advance payments and unfinished procurements	308.3	324.2
	7,217.3	7,024.5
Investments		
Shares and interests	3,239.8	3,223.7
Other loan receivables	1,944.0	1,894.2
Other receivables	0.5	0.5
	5,184.3	5,118.5
FUNDS FOR ASSIGNMENTS		
State assignments	113.4	124.5
Special contribution margins for endowment funds	5.1	4.4
Other assignment funds	544.7	456.4
	663.2	585.3
CURRENT ASSETS		
Current assets		
Materials and supplies	12.0	10.0
Unfinished products	5.7	12.2
Other inventories	0.1	0.1
	17.8	22.4
Receivables		
Long-term receivables		
Loan receivables	0.1	0.1
Other receivables	71.0	108.2
	71.1	108.3
Short-term receivables		
Sales receivables	96.2	87.7
Loan receivables	0.5	0.6
Other receivables	104.0	55.8
Transfer receivables	81.8	86.4
	282.6	230.5
Receivables in total	353.7	338.8
Marketable securities		
Investment in money market instruments	50.0	0.0
Investment in bonds	20.0	20.0
	70.0	20.0
Cash and bank receivables	1,171.4	1,296.6
ASSETS IN TOTAL	14,782.6	14,497.0

EQUITY AND LIABILITIES	31.12.2018	31.12.2017
EQUITY		
Initial capital	2,972.4	2,972.4
Revaluation reserve	1,798.4	1,800.1
Other internal funds	583.2	553.9
Other shareholders' equity	729.0	729.0
Surplus/deficit (-) from previous accounting periods	5,346.3	4,914.3
Surplus/deficit (-) for the financial period	406.6	481.4
	11,836.0	11,451.1
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS		
Depreciation difference	63.6	62.3
Voluntary provisions	4.7	5.7
	68.3	68.0
MANDATORY PROVISIONS		
Provisions for pensions	101.2	112.9
	101.2	112.9
EQUITIES FOR ASSIGNMENTS		
State assignments	115.3	125.6
Equities for endowments funds	5.1	4.4
Equities for other assignments	461.0	438.0
	581.4	567.9
LIABILITIES		
Long-term		
Loans from financial institutions and insurance companies	1,006.1	1,092.7
Loans from other institutions	7.4	7.4
Advance payments received	5.1	4.0
Accounts payable	1.2	1.2
Connection fees and other debts	7.6	7.6
	1,027.4	1,112.9
Short-term		
Loans from financial institutions and insurance companies	86.5	105.8
Advance payments received	7.6	12.7
Accounts payable	202.3	186.3
Connection fees and other debts	490.9	498.6
Deferred debts	381.0	380.7
	1,168.3	1,184.1
Liabilities in total	2,195.7	2,297.0
EQUITY AND LIABILITIES IN TOTAL	14,782.6	14,497.0

2.4 Consolidated Profit and Loss Account

million euros

	1.1.–31.12.2018	1.1.–31.12.2017
Operating income	3,551.6	3,368.0
Operating expenses	-5,797.5	-5,549.3
Share of associated company profit / loss (-)	14.5	23.3
OPERATING MARGIN	-2,231.3	-2,157.9
Tax revenue	3,416.6	3,380.8
State subsidies	197.9	220.4
Financing incomes and expenses		
Interest earnings	20.6	17.6
Other financing incomes	8.0	10.0
Interest expenses	-61.5	-69.5
Other financing expenses	7.8	-8.9
	-25.1	-50.6
ANNUAL CONTRIBUTION MARGIN	1,358.0	1,392.7
Depreciation and impairment		
Depreciations according to plan	-777.8	-708.4
Over par and under par values for the financial period	-2.6	-0.9
Impairments	-0.1	0.0
	-780.5	-709.3
Extraordinary items	-18,391	2.5
RESULT OF THE FINANCIAL PERIOD	559,114	685.8
Appropriations	2,050	-15.7
Income tax expense	-15,145	-12.6
(Net) Deferred taxes	-18,959	-10.5
Minority shares	1,311	1.3
SURPLUS/DEFICIT (-) FOR THE FINANCIAL PERIOD	528,372	648.3
Key figures of the consolidated income statement		
Operating profits/Operating expenses, %	61.3	60.7
Annual contribution margin, million euros	1,358	1,393
Annual contribution margin/Depreciations, %	174.6	196.6
Annual contribution margin, euros/inhabitant	2,090	2,160
Population	649,800	644,700

2.5 Consolidated Cash Flow Statement

million euros

	2018	2017
CASH FLOW FROM OPERATIONS		
Annual contributions margin	1,358.0	1,392.7
Extraordinary items	-18.4	2.5
Income tax expense	-15.1	-12.6
Adjustments to internal financing	-158.2	-188.9
	1,166.3	1,193.6
CASH FLOW FROM INVESTMENTS		
Investment expenses	-1,718.8	-1,386.0
Financial contributions for investment expenses	11.5	33.4
Revenues from transfers of fixed assets	506.4	330.2
	-1,200.8	-1,022.4
OPERATING AND INVESTMENT CASH FLOW	-34.5	171.3
CASH FLOW FROM FINANCING		
Changes in lending		
Additions to lending claims	-10.1	-10.7
Reductions to lending claims	11.5	9.0
	1.4	-1.7
Changes in loan stock		
Additions to long-term loans	366.4	417.8
Repayments of long-term loans	-305.6	-347.2
Change in short-term loans	-0.9	-26.2
	59.9	44.4
Changes in shareholders' equity	-16.4	24.2
Other changes in liquidity		
Changes in funds and capital for assignments	-58.3	-5.8
Changes to current assets	-2.9	-8.5
Changes in receivables	-6.0	-23.3
Changes in interest-free liabilities	33.2	74.2
	-33.9	36.7
CASH FLOW FROM FINANCING	11.0	103.5
CHANGE IN LIQUID ASSETS		
Liquid assets, 31 Dec	1,508.9	1,532.4
Liquid assets, 1 Jan	1,532.4	1,257.7
	-23.5	274.7

Key figures of the group cash flow statement

Operations and investments cash flow accrual in 5 years, 1 000 euros	90,701	-111,905
Internal financing of investments, %	79.5	103.0
Debt coverage ratio	3.3	3.5
Cash-solvency (days)	69	76

2.6 Consolidated Balance Sheet

million euros

	31.12.2018	31.12.2017
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	59.6	56.5
Other long-term expenses	203.4	206.9
Advance payments	7.9	6.0
	270.9	269.5
Tangible assets		
Land and water areas	3,328.9	3,295.1
Buildings	6,032.7	5,731.6
Fixed constructions and equipment	2,575.1	2,515.7
Machines and equipment	1,378.4	1,347.1
Other tangible assets	23.4	20.1
Advance payments and unfinished procurements	1,277.7	1,200.0
	14,616.2	14,109.6
Investments		
Shares in associated companies	272.9	264.1
Other shares and interests	484.1	459.3
Other loan receivables	478.2	480.4
Other receivables	2.9	2.1
	1,238.0	1,205.9
FUNDS FOR ASSIGNMENTS	542.5	456.8
CURRENT ASSETS		
Current assets	123.5	120.6
Receivables		
Long-term receivables	128.4	157.3
Short-term receivables	458.7	423.8
	587.0	581.1
Marketable securities	105.9	57.3
Cash and bank receivables	1,403.0	1,475.1
ASSETS IN TOTAL	18,887.2	18,275.9

	31.12. 2018	31.12. 2017
EQUITY AND LIABILITIES		
EQUITY		
Initial capital	2,972.4	2,972.4
Initial capital of associations and foundations	7.0	5.8
Revaluation reserve	1,803.3	1,805.0
Other internal funds	962.5	903.4
Other shareholders' equity	734.1	734.1
Surplus/deficit (-) from previous accounting periods	4,721.2	4,122.3
Surplus/deficit (-) for the financial period	528.4	648.3
	11,728.9	11,191.2
MINORITY SHARES	90.4	85.0
MANDATORY PROVISIONS		
Provisions for pensions	102.1	113.8
Other mandatory provisions	37.1	36.2
	139.2	150.0
EQUITIES FOR ASSIGNMENTS	599.6	572.3
LIABILITIES		
Long-term		
Long-term liabilities with interest	4,654.4	4,716.5
Long-term liabilities without interest	112.9	97.3
	4,767.4	4,813.8
Short-term		
Short-term liabilities with interest	329.4	268.3
Short-term liabilities without interest	1,232.2	1,195.3
	1,561.6	1,463.6
Liabilities in total	6,329.0	6,277.4
EQUITY AND LIABILITIES IN TOTAL	18,887.2	18,275.9
Group balance sheet key figures		
Equity ratio, %	62.6	61.7
Relative indebtedness, %	87.4	89.2
Debts and liabilities per cent of the operating income	96.9	97.8
Accrued surplus, euros	5,249,605	4,770,587
Accrued surplus, euros/inhabitant	8,079	7,400
Group loan portfolio 31 Dec, 1 000 euros	4,983,823	4,984,749
Group loan portfolio, euros/inhabitant	7,670	7,732
Group loans receivable 31 Dec, 1 000 euros	478,189	480,390
Group loans receivable, euros/inhabitant	736	745

Helsinki

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