

Abstract of the Financial Statements

2020

Helsinki

Contents

1	2020 Financial Statements: Economy of Helsinki remained steady amidst crisis	3
2	Financial Statements	5
2.1	Key Indicators 2020	5
2.2	City of Helsinki Income Statement	6
2.3	City of Helsinki Cash Flow Statement	7
2.4	Balance Sheet	8
2.5	Consolidated Income Statement	10
2.6	Consolidated Cash Flow Statement	11
2.7	Consolidated Balance Sheet	12

1 2020 Financial Statements: Economy of Helsinki remained steady amidst crisis

The city's investments rose above the previous year's level according to Helsinki's Financial Statements for 2020. The balance in the economy of the city in 2020 was better than in the budget. The cash flow from operations and investments was negative by only 9 million euros, despite a considerably higher investment level than in the previous year. The financial result was 234 million euros above the budget. The result was substantially influenced by the government's non-recurring compensations for financial losses caused by the coronavirus pandemic.

According to Helsinki's Financial Statements for 2020, the economy of the city remained steady despite the coronavirus outbreak. The city's cash flow from operations and investments, a key figure in describing the economic balance of growing cities, was at the same level as in the previous year. The cash flow from operations and investments was negative by 9 million euros, despite a considerably higher investment level than in the previous year. This became possible, as the cash flow financing was also better than in the previous year.

The coronavirus compensations contributed significantly to the city's tax funding, including central government transfers to local government and the tax revenue, which was 176 million euros better than in the budget. The tax revenue was 57 million euros below the budget, while the central government transfers to local government were 234 million euros above the budget. The non-recurring coronavirus compensations for 2020 amounted to 214 million euros through the central government transfers to local government.

"The coronavirus pandemic has dealt a severe blow to Helsinki, where the service-intensive economic structure and the culture and events business have suffered badly from the crisis. As a whole, we are talking about a very complicated crisis affecting health, economy and social well-being, whose subsequent restoration work will pose an enormous challenge. This is yet another issue where the cities, with Helsinki at the forefront, will carry the biggest responsibility. Thus far, we have navigated the acute health crisis well, but when the pandemic is prolonged, its management and, above all, the multitude of negative side effects connected to it, require new knowledge and prowess, but also economic investments", says Mayor Jan Vapaavuori.

The city's annual contribution margin was 863 million euros, which was 228 million euros above the budget and slightly higher than in the previous year. The impact of the coronavirus on the city's annual contribution margin remained almost neutral in 2020, but predicting the future will become harder. The coronavirus epidemic has caused a service deficit in the city services, and addressing it from 2021 onwards will increase the city's expenditure. The financial result for the accounting period in 2020 was 497 million euros, which is 234 million euros better than in the budget. The city's borrowing portfolio was 992 million euros at the year-end. At the end of 2019, it was approximately 1.01 billion euros. At the end of 2020, the debt per capita was 1,508 euros.

The operating expenses increased compared to the previous year

The city's external operating income in 2020 was 1.3 billion euros, which included the sales profits from land sales and sale of buildings and shares. This was 3.4 per cent less than in the previous year, but approximately 72 million euros above the budget. The operating expenses were 4.7 billion euros. The operating expenses increased by 3.6 per cent compared to the previous year and exceeded the budget by 25 million euros.

The coronavirus outbreak caused additional expenses of 129 million euros in total. The biggest expense items were the coronavirus testing and the acquisitions of protective equipment in the social and health care division.

Rise in investment level enables city growth in upcoming years

The investment expenses in 2020 were 1.047 billion euros. Of the investments, 130 million euros came from the investment of the sales income from the Kinteistö Oy Kalasataman Kymppi building, which was built for the urban environment division, into the joint-stock property company in question.

The investment expenses were 892 million euros with the exclusion of the city-owned companies and 762 million euros with the exclusion of the non-recurrent capitalisation of the Kymppitalo, or 19 per cent more than in 2019. During the last few years, the rise in the investment level has focused especially at construction projects in the education division, pre-construction in new housing areas and new construction and renovation of streets and traffic lanes.

“The constant growth of the city challenges our economy, and supporting the growth sustainably requires investment capacity. The health and social services reform, which is currently in parliamentary proceedings, will weaken the investment capacity of growing cities and this is a substantial problem not only for the financing of the growth of the entire national economy, but also in terms of how we can secure the availability of important services. Only a small portion of Helsinki's investments concern healthcare and social welfare and the city makes considerable investments in, for example, new housing areas and homes, day-care centres and schools and traffic links for a growing number of city residents”, Mayor Vapaavuori stresses.

Construction in Helsinki remained on a high level in 2020 and its emphasis was especially on housing development. Residential buildings covering about 750 000 square metres of surface area were under construction during the entire year. The number of housing units started and completed exceeded the housing production goal. During the year, 7,280 housing units were completed and the construction of 7,187 housing units was started.

The city's own production accounted for a 21 per cent share, or 1,530 housing units, of all the units completed. More than half of these were government-subsidised ARA rental homes for Helsingin kaupungin asunnot Oy. The rest of the housing units were right-of-occupancy homes for Helsingin Asumisoikeus Oy, as well as Hitas owner-occupied homes. The construction of 1,551 housing units started in the city's own production. The goal for the city's own production is 1,500 housing units per year.

2 Financial Statements

2.1 Key Indicators 2020

	Group		City	
	2020	2019	2020	2019
Income statement indicators				
Operating revenue of operating expenses, %	59,4	61,5	25.6	27.9
Annual contribution margin, EUR million	1,438.0	1 377	863.0	741.0
Annual contribution margin, % of depreciations	170.4	166,8	229.7	203.4
Annual contribution margin, EUR per capita	2,187.0	2,160.0	1,313.0	1,134.0
Financial indicators of cash flow statement				
Operating and investment cash flow accumulation over five years, EUR million	-495.0	-283.1	512.9	354.7
Internal financing of investments, %	63,7	62,8	84.6	96.9
Debt-service coverage ratio	4,8	3,1	9.1	7.4
Cash sufficiency, days	66.0	62.0	85.0	77.0
Balance sheet indicators				
Equity ratio, %	62,1	62,7	80.8	81.6
Relative indebtedness, %	90,3	88,6	44.7	43.8
Surplus/deficit accumulation, EUR million	6,238.0	5,724.0	6,541.0	6,102.0
Surplus/deficit accumulation, EUR per capita	9,485.0	8,755.0	9,945.0	9,333.0
Loans 31 Dec., EUR million	5,552.0	5,171.0	992.0	1,014.0
Loans, EUR per capita	8,442.0	7,909.0	1,508.0	1,550.0
Loans and lease liabilities 31 Dec., EUR million	6,432.0	5,663.0	1,483.0	1,250.0
Loans and lease liabilities, EUR per capita	9,780.0	8,661.0	2,256.0	1,912.0
Loan receivables 31 Dec., EUR million	484.0	474.0	1,895.0	1,950.0
City Group loan receivables 31 Dec., EUR per capita	736.0	725.0
Total population 31 December			657,674	653,835

Total population based on preliminary data for 2019 has been updated to reflect confirmed total population. The indicators for 2019 have been similarly updated.

2.2 City of Helsinki Income Statement

EUR million	1 January–31 December 2020	1 January–31 December 2019
Operating revenue		
Sales proceeds	340.5	338.0
Fees and charges	207.8	230.8
Subsidies and grants	53.7	52.7
Rental revenue	364.8	387.7
Other operating revenue	178.6	196.0
	1,145.4	1,205.2
Production for own use	192.6	176.6
Operating expenses		
Personnel expenses		
Salaries and fees	-1,453.2	-1,402.2
Social security expenses		
Pension expenses	-341.1	-310.4
Other social security expenses	-52.9	-51.5
Procured services	-2,014.5	-1,967.1
Materials, supplies and goods	-216.3	-209.2
Allowances and grants	-333.9	-318.0
Rental expenses	-226.1	-218.6
Other operating expenses	-24.5	-23.2
	-4,662.4	-4,500.2
Operating margin	-3,324.3	-3,118.5
Tax revenue and central government transfers to local government		
Tax revenue	3,565.6	3,493.7
Central government transfers to local government	479.6	232.8
	4,045.2	3,726.5
Financing income and expenses		
Interest income	70.8	77.8
Other financing income	87.9	72.5
Interest expenses	-15.6	-16.6
Other financing expenses	-0.6	-0.3
	142.6	133.4
Annual contribution margin	863.4	741.4
Depreciations and reduction in value		
Depreciations according to plan	-375.9	-364.4
	-375.9	-364.4
Extraordinary items		
Extraordinary expenses	9.3	0.0
	9.3	0.0
Financial result for the accounting period	496.7	377.0
Increase (-) or decrease (+) in depreciation difference	-2.1	-0.3
Increase (-) or decrease (+) in voluntary provisions	2.2	-2.7
Increase (-) or decrease (+) in funds	1.8	5.2
	1.9	2.3
Surplus/deficit for the accounting period	498.6	379.2

2.3 City of Helsinki Cash Flow Statement

EUR million	2020	2019
Cash flow from operations		
Annual contribution margin	863.4	741.4
Extraordinary items	9.3	0.0
Adjustments to internal financing	-143.6	-190.2
	729.1	551.2
Cash flow from investment		
Investment expenses	-1,046.6	-780.4
Allotments for capital expenditure	25.7	15.0
Proceeds from sale of non-current assets	283.0	181.2
	-737.9	-584.2
Operating and investment cash flow	-8.8	-32.9
Cash flow from financing		
Change in long-term receivables		
Increase in granted loans	-32.1	-86.3
Decrease in granted loans	87.8	79.9
	55.7	-6.4
Change in loans		
Increase in long-term loans	60.0	0.0
Repayments of long-term loans	-81.5	-86.5
	-21.5	-86.5
Change in operating capital	0.0	0.0
Other changes in liquidity		
Change in funds and capital from assignments	7.0	-30.2
Change in current assets	-28.3	-3.9
Change in receivables	6.2	-33.7
Change in interest-free liabilities	197.9	64.2
	182.7	-3.5
Net cash flow from financing	216.9	-96.4
Change in liquid assets	208.1	-129.4
Liquid assets 31 December	1,320.2	1,112.0
Liquid assets 1 January	1,112.0	1,241.4
	208.1	-129.4

2.4 Balance Sheet

EUR million	31 December 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	19.8	23.1
Other capitalized long-term expenses	94.8	75.5
Advance payments	6.0	5.4
	120.6	104.0
Tangible assets		
Land and water area	3,463.9	3,345.8
Buildings	1,884.7	1,789.8
Fixed structures and installations	1,721.6	1,623.1
Machinery and equipment	451.9	447.9
Other tangible assets	12.9	12.8
Advance payments and construction in progress	525.0	384.2
	8,060.0	7,603.6
Investments		
Subscribed capital	3,250.8	3,228.8
Other loan receivables	1,894.6	1,950.3
Other receivables	0.5	0.5
	5,146.0	5,179.6
FUNDS FROM ASSIGNMENTS		
State assignments	98.8	91.8
Special margins for donation funds	5.5	5.4
Other reserves from assignments	663.6	565.0
	767.8	662.3
CURRENT ASSETS		
Current assets		
Materials and supplies	33.2	10.8
Work in process	16.6	10.8
Other current assets	0.1	0.1
	49.9	21.7
Receivables		
Long-term receivables		
Loan receivables	0.1	0.1
Other receivables	19.2	51.4
	19.3	51.5
Short-term receivables		
Sales receivables	83.3	119.3
Loan receivables	0.3	1.0
Other receivables	196.6	164.5
Prepayments and accrued income	81.6	51.0
	361.9	335.8
Total receivables	381.1	387.3
Shares and holdings		
Investments in money market instruments	695.1	625.0
Bond receivables	20.0	20.0
	715.1	645.0
Cash in hand and at banks	605.0	467.0
BALANCE SHEET TOTAL	15,845.7	15,070.5

EUR million	31 December 2020	31 December 2019
LIABILITIES		
CAPITAL AND RESERVES		
Initial capital	2,972.4	2,972.4
Revaluation reserve	1,794.5	1,796.8
Other internal funds	666.2	608.0
Other capital and reserves	729.0	729.0
Surplus/deficit from previous accounting periods	6,042.1	5,722.9
Surplus/deficit for the accounting period	498.6	379.2
	12,702.9	12,208.3
DEPRECIATION DIFFERENCE AND VOLUNTARY PROVISIONS		
Depreciation difference	66.0	63.9
Voluntary provisions	5.2	7.4
	71.2	71.3
MANDATORY PROVISIONS		
Provisions for pensions	59.1	67.2
	59.1	67.2
CAPITAL FROM ASSIGNMENTS		
State assignments	98.8	100.2
Capital from donation funds	5.5	5.4
Other capital from assignments	558.6	444.7
	662.8	550.3
LIABILITIES		
Long-term liabilities		
Loans from financial institutions and insurance companies	905.7	924.6
Loans from other creditors	7.4	7.4
Advances received	4.7	5.1
Accounts payable	1.3	5.8
Connection fees and other debts	5.4	7.6
	924.5	950.5
Short-term liabilities		
Loans from financial institutions and insurance companies	78.9	81.5
Advances received	27.2	10.8
Accounts payable	313.3	307.6
Connection fees and other debts	642.3	485.0
Accrued expenses and deferred income	363.4	338.0
	1,425.2	1,222.9
Total liabilities	2,349.7	2,173.4
BALANCE SHEET TOTAL	15,845.7	15,070.5

2.5 Consolidated Income Statement

EUR million	1 January–31 December 2020	1 January–31 December 2019
Operating revenue	3,803.50	3,739.70
Operating expenses	-6,402.10	-6,076.80
Share of profit (loss) of associated companies	32.70	16.80
Operating margin	-2,565.90	-2,320.30
Tax revenue	35,655.98	3,493.70
Central government transfers to local government	480.10	233.30
Financing income and expenses		
Interest income	13.30	22.90
Other financing income	10.20	9.00
Interest expenses	-57.50	-60.10
Other financing expenses	-7.30	-1.50
	-41.30	-29.70
Annual contribution margin	1,438.40	1,377.10
Depreciations and reduction in value		
Depreciations according to plan	-843.90	-824.80
Ownership elimination differences	0.70	-9.40
Reductions in value	-0.1	-0.6
	-843.30	-834.80
Extraordinary items	10.30	-0.1
Financial result for the accounting period	605.50	542.20
Appropriations	1.00	1.50
Current tax	-12.10	-24.30
Deferred tax	-28.70	-15.70
Minority interest	3.30	0.1
Surplus/deficit for the accounting period	568.90	503.70
Indicators of consolidated income statement		
Operating revenue of operating expenses, %	59.4	61.5
Annual contribution margin, % of depreciations	170.4	166.8
Annual contribution margin, EUR per capita	2,187	2,106
Population	657,674	653,835

2.6 Consolidated Cash Flow Statement

EUR million	2020	2019
Cash flow from operations		
Annual contribution margin	1,438.40	1,377.10
Extraordinary items	10.30	-0.10
Current tax	-12.10	-24.30
Adjustments to internal financing ¹	-94.90	-137.00
	1,341.80	1,215.70
Cash flow from investment		
Investment expenses	-2,274.00	-2,210.60
Allotments for capital expenditure	16.70	16.60
Proceeds from sale of non-current assets	646.70	645.10
	-1,610.60	-1,548.80
Operating and investment cash flow¹	-268.80	-333.10
Cash flow from financing		
Change in long-term receivables		
Increase in granted loans	-21.40	-10.70
Decrease in granted loans	11.20	14.90
	-10.20	4.20
Change in loans		
Increase in long-term loans	652.90	566.80
Repayments of long-term loans	-254.40	-396.90
Change in short-term loans	-17.70	17.60
	380.90	187.40
Change in operating capital	3.30	-0.10
Other changes in liquidity		
Change in funds and capital from assignments	-18.30	-15.00
Change in current assets	-39.50	17.90
Change in receivables	3.40	-24.80
Change in interest-free liabilities	82.60	150.80
	28.20	128.90
Net cash flow from financing¹	402.10	319.50
Change in liquid assets	133.30	-13.60
Change in liquid assets		
Liquid assets 31 December	1,628.60	1,495.30
Liquid assets 1 January	1,495.30	1,508.90
	133.30	-13.60

Indicators of consolidated cash flow statement

Operating and investment cash flow accumulation over five years, EUR 1,000	-495.30	-283.10
Internal financing of investments, %	63.7	62.8
Debt-service coverage ratio	4.8	3.1
Cash sufficiency, days	66	62

2.7 Consolidated Balance Sheet

EUR million	31 December 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	28.30	40.20
Other capitalized long-term expenses	213.00	198.70
Advance payments	8.20	7.90
	249.40	246.90
Tangible assets		
Land and water area	3,549.80	3,429.50
Buildings	6,625.60	6,266.60
Fixed structures and installations	2,784.10	2,694.20
Machinery and equipment	1,343.70	1,374.90
Other tangible assets	24.50	23.60
Advance payments and construction in progress	2,051.60	1,736.90
	16,379.20	15,525.70
Investments		
Holdings in associated companies	312.30	285.10
Other subscribed capital	487.10	473.80
Other loan receivables	484.20	474.00
Other receivables	2.90	2.90
	1,286.60	1,235.80
FUNDS FROM ASSIGNMENTS	659.50	526.20
CURRENT ASSETS		
Current assets	145.10	105.60
Receivables		
Long-term receivables	107.00	129.00
Short-term receivables	501.50	482.90
	608.50	611.90
Shares and holdings	772.80	717.70
Cash in hand and at banks	855.80	777.60
BALANCE SHEET TOTAL	20,956.90	19,747.20

EUR million	31 December 2020	31 December 2019
LIABILITIES		
CAPITAL AND RESERVES		
Initial capital	2,972.40	2,972.40
Initial capital of foundations	7.00	7.00
Revaluation reserve	1,795.80	1,801.70
Other internal funds	1,085.50	1,000.00
Other capital and reserves	734.10	734.10
Surplus/deficit from previous accounting periods	5,668.90	5,220.80
Surplus/deficit for the accounting period	568.90	503.70
	12,832.70	12,239.70
MINORITY INTEREST	171.40	151.30
MANDATORY PROVISIONS		
Provisions for pensions	59.80	68.00
Other mandatory provisions	34.80	37.10
	94.60	105.10
CAPITAL FROM ASSIGNMENTS	683.30	568.30
LIABILITIES		
Long-term liabilities		
Long-term interest-bearing liabilities	5,234.90	4,855.30
Long-term non-interest-bearing liabilities	148.90	130.90
	5,383.80	4,986.30
Short-term liabilities		
Short-term interest-bearing liabilities	317.20	315.90
Short-term non-interest-bearing liabilities	1,473.90	1,380.60
	1,791.10	1,696.60
Total liabilities	7,174.90	6,682.80
BALANCE SHEET TOTAL	20,956.90	19,747.20

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