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BARCELONA CITY COUNCIL

Auditor's report on
consolidated annual accounts as at December 31, 2013

This version of our report on the consolidated annual accounts is a free translation of the original, which was issued in Catalan and prepared in accordance with generally accepted accounting principles for governmental entities in Spain. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

AUDITOR'S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

To the Mayor-President of
the Barcelona City Council,

We have audited the consolidated annual accounts of the Barcelona City Council and its autonomous local agencies, municipal agencies and city-owned companies, which comprise the Consolidated Group, consisting of the consolidated balance sheet as of December 31, 2013, the consolidated statement of revenues and expenses and the related notes to the consolidated annual accounts for the year then ended. The Corporation's Directors are responsible for the preparation of these consolidated annual accounts in accordance with the financial reporting framework applicable to the Entity (as identified in Note 2.1.a to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated net worth and consolidated financial position of Barcelona City Council and its autonomous local agencies, municipal agencies and city-owned companies (Consolidated Group) as of December 31, 2013 and of the consolidated results of its operations as reflected to above, and its consolidated source and application of funds for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

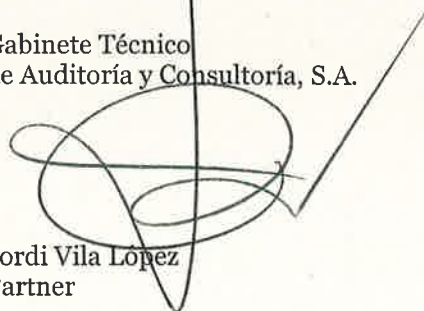
PricewaterhouseCoopers Auditores, S.L.



Sandra Deltell
Partner

April 30, 2014

Gabinete Técnico
de Auditoría y Consultoría, S.A.



Jordi Vila López
Partner

City of Barcelona Group

2013 Consolidated annual accounts

(along with the auditors' report)

City of Barcelona Group
Consolidated balance sheets as of December 31,
2013 and 2012
(thousands of euros)

ASSETS	Note	As of December 31, 2013	As of December 31, 2012
Intangible fixed assets	4 a)	16,446	12,993
Intangible fixed assets		58,211	49,571
Provisions and depreciations		(41,765)	(36,578)
Tangible fixed assets and infrastructures	4 b)	8,031,528	8,119,983
Tangible fixed assets		8,868,809	8,377,041
Public land assets		517,732	488,647
Fixed assets assigned to municipal agencies and third parties		(592,373)	(590,359)
Fixed assets in progress and pending classification		664,104	1,149,276
Investments in infrastructure and assets for public use		7,489,008	7,169,286
Investment assigned for public use		(7,489,008)	(7,169,286)
Accumulated depreciation and provisions		(1,426,743)	(1,304,622)
Long-term financial Investments		130,523	147,592
Interests held in associated firms	5	8,507	14,113
Other financial investments	6	122,016	133,479
Long-term trade receivables	3.7	27,300	33,208
Deferred expenses	7	2,101	2,174
Fixed assets		8,207,898	8,315,950
Inventories	3.6	102,108	109,320
Provisions		(253)	-
		101,855	109,320
Accounts receivable	8	1,029,713	979,590
Provisions	8	(526,043)	(468,659)
		503,670	510,931
Public administrations receivable	16	13,317	14,789
Short-term financial investments	3.4	91,763	45,563
Cash		503,615	411,551
Adjustments for prepayments		3,032	2,359
Current assets		1,217,252	1,094,513
TOTAL ASSETS		9,425,150	9,410,463

Notes 1 to 20 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2013.

City of Barcelona Group
Consolidated balance sheets as of December 31, 2013 and 2012
(thousands of euros)

LIABILITIES	Note	As of December 31, 2013	As of December 31, 2012
Equity		6,138,846	6,016,490
City of Barcelona group equity	9.1	5,466,110	5,450,776
City of Barcelona group equity		13,522,524	13,185,454
Property Assigned		(592,373)	(590,359)
Property delivered for public use		(7,489,008)	(7,169,286)
Property in cession		24,967	24,967
Income allocable to the City of Barcelona	9.2	401,438	296,428
Consolidated results		402,538	298,808
Results attributed to minority interests	10	(1,100)	(2,380)
Consolidated reserves	9.3	272,298	269,286
Minority interests	10	65,675	66,407
Capital transfers and other capital income	11	611,596	648,739
Net equity		6,817,117	6,731,636
Other deferred income	12	147,892	146,617
Provisions for contingencies and expenses	13	125,392	89,869
Long-term loans and debentures	14	1,167,243	1,273,037
Long-term guarantees and deposits		28,985	29,074
Other long-term payables	15	297,958	334,770
Long-term liabilities		1,767,470	1,873,367
Short-term payables for loans and debentures	14	158,807	127,995
Trade accounts payable		337,592	345,970
Public administration payables	16	58,150	53,112
Other non-trade accounts payables	17.1	216,034	195,870
Accrued expenses	17.2	69,980	82,513
Current liabilities		840,563	805,460
TOTAL LIABILITIES		9,425,150	9,410,463

Notes 1 to 20 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2013.

City of Barcelona Group

Consolidated statement of revenues and expenses as of December 31, 2013 and 2012 (thousands of euros)

	Note	2013	2012		Note	2013	2012
Personnel expenses	18.1	613,147	628,604	Taxes	18.4	972,777	936,746
Works, supplies and subcontracted services	18.2	867,875	864,383	Other tax revenues	18.5	146,633	153,382
Financial expenses		40,794	42,219	Sale of services	18.6	262,476	260,945
Current transfers	18.3	498,359	502,595	Other operating revenues	18.7	155,842	154,461
Provision to allowance for bad debts and others	8	107,559	115,158	Current Transfers	18.8	1,121,770	1,065,270
Share in operating result of firms consolidated by the equity method	2.2	204	4,475	Financial revenues		8,816	5,234
TOTAL OPERATING EXPENSES		2,127,938	2,157,434	Other revenues		22,336	26,682
Operating result before capital transfers		562,714	445,287	Share in operating result of firms consolidated by the equity method	2.2	2	1
Capital transfers	18.3	20,284	33,061	TOTAL OPERATING REVENUES		2,690,652	2,602,721
Operating result before capital transfers		542,430	412,226				
Provision for depreciation of fixed assets	4	130,191	125,550	Extraordinary revenues	18.9	113,997	135,456
Extraordinary expenses	18.9	115,908	121,920				
Pre-tax consolidated results		410,328	300,212				
Tax on profits	3.13	7,790	1,404				
Consolidated results		402,538	298,808				
Results allocated to minority interests	10	1,100	2,380				
Results allocated to the City of Barcelona		401,438	296,428				
TOTAL		2,804,649	2,738,177	TOTAL		2,804,649	2,738,177

Notes 1 to 20 of the attached report form an integral part of the consolidated statement of revenues and expenses as of December 31, 2013.

The City of Barcelona Group

Report on the consolidated annual statement for the fiscal year 2013

Note 1 – Nature of the consolidated group

The City of Barcelona Group comprises the City of Barcelona, its municipal agencies (autonomous local agencies and public business entities) and dependent firms that complement the City's activities by way of functional specialization and management improvements in order to achieve service efficiency for citizens.

Note 2 – Basis of presentation and consolidation principles

2.1. Accounting policies

2.1. a) These consolidated annual accounts have been drawn up based on the audited individual accounts of each of the consolidated entities. In order to present a faithful rendering of the equity, the financial position and the results of operations reflected in the statement of revenues and expenses and in the budget settlement, and of the resources obtained and applied during the fiscal year, the annual accounts of the City of Barcelona and its municipal agencies have been drawn up according to the generally accepted accounting principles set out for public administrations, as laid down in the Instruction on Local Government Accounting Standards, order of November 23, 2004, which took effect on January 1, 2006, and in Law 1/2006, which governs Barcelona's special regime, and the annual accounts of the dependent public business entities and firms have been drawn up in accordance with the Amended Text of Corporations Law and the directives of the General Accounting Plan, approved by Royal Decree 1514/2007, and with the successive modifications made to these rules and regulations.

These annual accounts have been prepared by using subsidiarily the consolidation methodology and procedures stipulated in Order HAP/1489/2013 of 18th July, which approves the standards for the preparation of the consolidated annual accounts in the public sector.

2.1. b) The following prevailing legislation was also taken into account:

- Law 7/1985, of April 2, governing the basis of law for local legislation.
- Royal Decree Law 781/1986, of April 18, approving the Amended Text of the current provisions concerning the local regime.
- Legislative Decree 2/2003 of April 28, approving the Amended Text of the Municipal Law of the Local Government System of Catalonia.
- Legislative Royal Decree 2/2004, of March 5, approving the Amended Text of the Law Regulating Local Taxation (Law 39/1988, of December 28).

- Royal Decree 500/1990, of April 20, developing Chapter I of Title VI of Law 39/1988, of December 28, on the regulation of local taxation in the area of budgeting.
- Documents on accounting principles issued by the Commission on Public Accounting Principles and Standards, created by resolution of the State Secretariat for the Treasury on December 28, 1990.
- Order of April 27, 2007, on the deployment of Decree 94/1995, of February 21, modified by resolutions ECF/2901/2008, ECF/1769/2009, ECF/3210/2010, ECO/1406/2011 and ECO/2829/2012, regarding the financial monitoring of local entities.
- Law 15/2010, of July 5, modifying Law 3/2004, of December 29, which established measures against arrears in commercial operations.
- Organic law 2/2012, of April 27, of Budgetary Stability and Financial Sustainability, with the amendments added in Organic Law 9/2013, of December 20, of control of commercial debt in the public sector.
- Law 27/2013, of December 27, of rationalisation and sustainability of the Local Administration.
- Organic Law 9/2013, of December 20, of control of commercial debt in the public sector.

The figures contained in the documents composing these consolidated annual accounts are expressed in thousands of euros.

In order to offer a faithful rendering of the equity and financial position of the City of Barcelona Group, and the results of its operations during the fiscal year, financial accounting is undertaken in accordance with generally accepted accounting principles. This is composed of:

- Balance sheet.
- Statement of revenues and expenses.
- Report.

The consolidated balance sheet has basically been drawn up according to the models established by the Instruction on Local Government Accounting Standards (ICAL), applicable from January 1, 2006, with the particularities deriving from the commercial subgroup, and the consolidated statement of revenues and expenses has been drawn up in more detail than required by the aforementioned standards with the objective of providing more thorough information on revenues and expenses in order to offer a faithful rendering of the equity and financial position of the City of Barcelona Group and the results of its operations during the fiscal year, in accordance with the accounting principles and standards applied to the accounting area in the public administration. This report is basically presented according to the models established by the aforementioned ICAL.

The budget statements corresponding to the City of Barcelona and local autonomous agencies were approved by the Decree issued by the Mayor's Office on February 2014, 21 and 28 respectively. The general account of the City of Barcelona and its local autonomous bodies, as well the annual accounts of the public business bodies and private

municipal firms will be submitted to the Municipal Council Plenary for approval within the established statutory period.

The annual consolidated accounts for the fiscal years 2013 and 2012 were drawn up in accordance with ICAL stipulations, following uniform criteria on valuation, grouping, classification and monetary units, as a result of which the information presented is standardized and comparable.

2.2. Consolidation principles

The fully consolidated dependent entities included in the global integration method are as follows:

Data as of December 31, 2013					
Name	Interest held %	Equity/net equity as of December 31, 2013 prior to results (1)	Fiscal year results 2013 (1)	Technical book value 12.31.13 (1)	Net book value of the holding investment 12.31.13 (*)
Municipal agencies					
Municipal Agency for Disabled Persons	100	949	56	1,005	-
Municipal Agency for Urban Landscape and Quality of Life	100	6,307	478	6,786	-
Municipal Agency for Education	100	1,147	(775)	373	-
Municipal Agency for IT Services	100	297	30	327	-
Municipal Agency for Town Planning	100	1,164	168	1,331	-
Municipal Agency for Taxes	100	2,384	201	2,585	-
Municipal Agency for Markets	100	3,587	695	4,282	-
Municipal Agency for Barcelona Sports	100	2,931	762	3,693	-
Municipal Agency for Social Services	100	(200)	867	667	-
Public business entities					
Municipal Agency for Housing	100	157,254	815	158,069	-
Municipal Agency for Culture	100	4,885	67	4,952	-
Municipal Agency for Parks and Gardens	100	5,333	517	5,850	-
Municipal Agency Mies Van der Rohe Foundation	100	9,755	36	9,791	-
Subtotal municipal agencies		195,793	3,918	199,711	-
Municipal firms					
Barcelona de Serveis Municipals, SA Group	100	274,436	5,960	280,397	69,124
Barcelona Infraestructures Municipals, SA Group	100	18,537	13	18,550	12,949
Informació i Comunicació de Barcelona, SA	100	2,498	(1,635)	864	864
Barcelona Activa, SA, SPM	100	13,589	30	13,619	2,013
SM Barcelona Gestió Urbanística, SA	100	766	45	811	61
Barcelona Cicle de l'Aigua, SA	100	60	-	60	60
Subtotal municipal firms		309,886	4,414	314,300	85,071
Total		505,679	8,332	514,011	85,071

(*) Included in the individual financial statements of the City of Barcelona as of December 31, 2013.

(1) Adjusted according to the shareholding percentage. For autonomous agencies the value of their own equity is considered, and for public business entities and municipal firms the net equity is corrected for adjustments due to the change in fair value and for external partners in consolidated groups.

In relation to the previous fiscal year, the company Barcelona Cicle de l'Aigua, SA has been set up (see note 6).

The breakdown of the consolidated annual accounts of Barcelona de Serveis Municipals and Barcelona d'Infraestructures Municipals groups are shown as follows:

Data as of December 31, 2013				
Name	Interest held %	New equity as of December 31, 2013 prior to results (1)	Result of the financial year 2013 (1)	Net equity as of 12.31.13 (1)
Barcelona de Serveis Municipals Group				
Barcelona de Serveis Municipals, SA	100	206,983	2,933	209,916
Parc d'Atraccions Tibidabo, SA	100	35,977	1,313	37,289
Cementiris de Barcelona, SA	100	5,939	3,208	9,148
Tractament i Selecció de Residus, SA	58.64	31,996	1,535	33,532
Selectives Metropolitanas, SA (2)	58.64	779	401	1,179
Solucions Integrals per als Residus, SA (2)	58.64	2,145	62	2,207
Mercados de Abastecimientos de Barcelona, SA	50.69	39,255	616	39,872
Barcelona d'Infraestructures Municipals Group				
Barcelona d'Infraestructures Municipals, SA	100	16,878	1,943	18,821
Foment de Ciutat Vella, SA	85.00	5,130	5	5,135

(1) Adjusted according to percentage holding. Net equity is corrected for adjustments due to the change in fair value.

(2) Interest held through Tractament i Selecció de Residus, SA.

The Municipal Council, met in plenary session on 18th October 2013, agreed to entrust the corporate governance bodies of Foment de Ciutat Vella, SA, with amending of Article 4 of the Articles of Association of Foment de Ciutat Vella, SA, which was drafted under the following terms: "The duration of the Company is established for an unlimited time. The General Shareholders' Meeting may, in compliance with the requirements stipulated by law and these articles of association, agree at any time to its dissolution and liquidation, as well as its merger with others or its spin-off into one or more companies, with an identical, comparable or similar purpose. The General Shareholders' Meeting of 21st October 2013 agreed to the amendment of the articles of association according to the mission assigned to the corporate governance bodies of Foment de Ciutat Vella, SA, by agreement of the plenary of the Municipal Council of 18th October 2013.

In accordance with the statutory provisions of Foment de Ciutat Vella, SA, the last of four reductions of capital by amortizing 25% of the class B shares held by private shareholders was carried out in the fiscal year 2013, entailing an increase in the percentage holding of Barcelona d'Infraestructures Municipals, SA in the company's share capital. Therefore, at year-end the only shareholders of the firm were the City of Barcelona, through Barcelona d'Infraestructures Municipals, SA, with 85% and the Diputació de Barcelona, with 15%.

The assets and liabilities for the provision of cemetery and cremation services will revert to the City of Barcelona once the time frame included in the management terms assigned to Cementiris de Barcelona, SA has expired.

Furthermore, the assets of Mercados de Abastecimientos de Barcelona, SA subject to public service (land, buildings and installations) will be transferred to the City of Barcelona on March 30, 2021, with no compensation whatsoever to Mercados de Abastecimientos de Barcelona, SA or its shareholders.

The entities consolidated by the equity method (since the City of Barcelona holds, directly or indirectly, more than 20% of shares, but is not a majority or controlling shareholder) were the following mixed capital firms:

Name	Interest held %	Net equity as of December 31, 2013 prior to results (1)	Results of fiscal year 2013 (1)	Net equity 12.31.13 (1)
Mediacomplex, SA (2) (3)	33.30	5,808	(91)	5,717
Barcelona Emprèn, SCR, SA (4)	26.04	2,370	(113)	2,257
Barcelona Sagrera Alta Velocitat, SA (2)	25.00	150	-	150
Barcelona Regional, AMDUI, SA (2) (5)	20.63	381	2	383
Total		8,709	(202)	8,507

(1) Adjusted according to interest held.

(2) Fiscal year 2013 audited annual accounts.

(3) Indirect shareholding through Barcelona d'Infraestructures Municipals Group.

(4) The City of Barcelona holds a direct interest of 24.06% and an indirect interest, through Barcelona's Municipal Agency for Culture, of 1.98%.

(5) The City of Barcelona holds a direct interest of 17.65% and an indirect interest, through Mercabarna, SA of 2.98%.

In relation to the previous fiscal year, two entities have been deregistered from the consolidation by the equity method:

In accordance with the statutory provisions of Barcelona Holding Olímpic, SA, on January 1, 2010, the company entered a liquidation period prior to being dissolved. An extraordinary meeting of shareholders on February 16, 2010, started the process to wind down the company and constituted its liquidation committee. The general meeting of shareholders held on 15 March 2013 unanimously agreed the liquidation of the company, the final liquidation balance sheet and the capital distribution, which was set at 7,470 thousand euros, of which 3,811 thousand euros correspond to the Central Government and 3,659 thousand euros to the City of Barcelona. On 31st July 2013 the liquidation deeds of the company were formalised, and on 17th October 2013, the adjudication of the balance resulting from the liquidation was accepted.

The General Shareholders' Meeting of Catalana d'Iniciatives, SCR, SA, on 5th December 2013 agreed to its liquidation and dissolution. For this reason, and given its negative equity balance at 31st December 2013, a provision of 3,896 thousand euro has been made for the entirety of the financial investment in the company.

The rest of shareholdings of less than 20% held by the City of Barcelona and municipal entities in other commercial firms and interests in consortia and foundations are not consolidated, since there is no long-term financial investment relationship that forms a stable and determined degree of dependence and they are valued in accordance with the criteria in note 3.4.

When applying consolidation methods, the following principles have been taken into consideration:

Third parties holding an interest in the Group (mixed firms) have been considered minority interests.

All significant balances and transactions between consolidated entities have been eliminated in the consolidation process.

The entries included in the annual accounts of those entities that form part of the consolidated group have been subjected to prior homogenisation across all significant aspects, both with regard to temporary provisions, where applicable, and to the valuation criteria applied.

2.3. Organisation

The Municipal Charter of Barcelona regulates, inter alia, municipal authority, the organisation of the Municipal Government, the districts, the municipal executive organisation and citizen participation.

2.4. Public services management

Municipal public services are managed directly, except for cleaning and waste-collection services and some municipal facilities linked to social services (housing services, homes and day care centres for the elderly, emergency accommodation, etc.).

Note 3 – Valuation criteria

The most significant accounting criteria applied in drawing up the annual consolidated accounts are the following:

3.1. Intangible and tangible fixed

a) Intangible Fixed Assets

Intangible fixed assets mainly include data-processing applications, which are recorded at their purchasing price. Maintenance expenses are recorded as debits to the results as they occur.

The annual provision for the depreciation of data-processing applications is calculated by applying the straight-line method to their useful lifespan, which is estimated at 4 years.

b) Tangible fixed assets

These include assets and those in the public domain directly assigned for the provision of public services, which make up the local economic group's long-term investments.

Regarding the valuation criteria for fixed assets, it is necessary to distinguish the following:

City of Barcelona

- Land and buildings. Additions made prior to January 1, 1992 are valued according to an expert estimate of their current real market value carried out by an independent appraisal firm. In the case of historic-artistic properties, this value takes the cost of replacement. In this respect, with regard to non-financial fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as "the sum of expenses necessary for the construction of an asset of identical nature and characteristics. In the case of buildings officially listed as of historic-artistic interest, this value will be that of reconstruction". Subsequent additions are valued at their purchasing price or estimated price for assets received free of charge. Constructions are reduced in value by their accumulated depreciation.
- Machinery, installations, office furniture and data-processing equipment and vehicles. These are valued at their purchasing price minus their accumulated depreciation.
- Historical, artistic and cultural heritage assets. These are valued at acquisition price and not subject to amortization).
- Fixed assets in construction and pending classification. Additions are valued at their purchasing price or construction cost and are transferred to the corresponding tangible fixed assets account or "Property delivered for public use" account upon completion of the whole investment and they are fully operational.

Dependent entities

- In municipal agencies, tangible fixed assets are valued at their purchasing price less their accumulated depreciation.
- In public business entities and firms, valuation corresponds to the purchasing price less accumulated depreciation and, where this exists, the corrected value in accordance to Order EHA/733/2010 of March 25. In the case of Mercabarna, SA, the firm adopted this in previous fiscal years, and in 1996 with the readjustment of balances regulated by article 5 of Royal Decree Law 7/1996 which, in the 1996 fiscal year, signified an impact of 24,281 thousand euros; and the net effect as of December 31, 2013, is 11,175 thousand euros, entailing a charge to the "Provision for depreciation of fixed assets" account in the 2013 consolidated statement of revenues and expenses of 565 thousand euros.

Repairs not contributing to an extension of useful lifespan, as well as maintenance costs, are charged directly to the consolidated statement of revenues and expenses. The costs of any additions or improvements extending the useful lifespan of an asset are capitalised as an increase in asset value.

The annual provision for the depreciation of tangible fixed assets is calculated by applying the straight-line method based on each asset's estimated useful lifespan, beginning basically one month after its incorporation into the inventory in the case of properties. In the case of administrative concessions, the annual provision for depreciation is calculated by applying the straight-line method to the shortest period of

the useful lifespan of the asset or the length of the concession, beginning one month after the asset in question comes into use.

	Estimated useful lifespan
Buildings	33-65
Property assigned by municipal agencies or third parties	65
Technical installations and machinery	8-16
Vehicles	5-10
Fittings and office furniture	6-13
Data-processing equipment	4-6
Others	8-10

The City of Barcelona's economic depreciation process began in the fiscal year 1992. The estimated years of useful lifespan corresponding to the "Buildings" account are determined according to the criteria of the aforementioned independent appraisal.

For properties listed as having historic-artistic value, depreciation is calculated based on the cost of the fixed assets that would be required to replace them in terms of their capacity and usefulness. Therefore, the amount of book value corresponding to the historic-artistic component of construction, which amounts to 221,573 thousand euros as of 31 December 2013, has been excluded from the calculation, with this based on the aforementioned independent appraisal. This treatment is justified by the fact that the mentioned historic-artistic component is subject to maintenance that guarantees its long-term value.

Property assigned by third parties shows the value of the property assigned to the City of Barcelona for its management or use, coming from other entities.

The "Tangible fixed assets assigned to municipal agencies and third parties" shows the book value of those assets freely assigned by the City of Barcelona to third parties for their management or use, respectively.

When an asset is assigned, its retirement is recorded through a charge to the "Property assigned to municipal agencies and third parties" account on the balance sheet (see note 9.1) and, consequently, it is no longer depreciated.

3.2. Public land assets

Public land assets (PMS) refers to the group of assets that, in accordance with Legislative Decree 1/2005, of July 26, approved by the Amended Text of the Town Planning Law of Catalonia, and in accordance with the Barcelona Municipal Charter, are affected for the purposes of social interest that the law establishes.

Municipal properties included under this account are as follows:

- Properties for social housing, administered by the City of Barcelona or municipal operators.
- Properties that have been awarded surface rights in favour of third parties to build social housing, homes for the elderly, care centres and other social investments.

- Properties under investment projects which, once finished, will be destined for social housing and other social proceedings.

The valuation and depreciation criteria employed are those described in note 3.1.

3.3. Investments in infrastructures and assets assigned to public use

Property delivered for public use includes thoroughfare infrastructure (roads, pavements, public lighting, and signs), large installations for public services (sewers and utility supplies), green spaces, trees, gardens and, in general, all assets constituting public property provided for citizens' public use.

Additions made prior to January 1, 1992 are valued according to the criteria described in note 3.1.b. Subsequent additions are valued at their purchasing price.

When investments in infrastructures and property for public use are completed and fully operational, their retirement is recorded in the consolidated balance sheet with a charge to the "Property delivered for public use" account (see note 9.1).

For the purposes of presentation, the assets side of the balance sheet shows assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory figures reflecting their retirement. Likewise, note 4.b shows the movements recorded in these accounts over the year.

3.4. Long-term and short-term financial investments

Equity securities representing more than 20% of the share capital in dependent firms that are not fully consolidated are valued by applying the equity method criteria mentioned in Note 2.2, on the basis of their annual accounts.

The rest of securities are recorded on the consolidated balance sheet at their purchasing price. The differences between the book value and the recoverable value of those shareholdings with substantial losses have been provided for in the attached consolidated annual accounts. Except where there is better evidence of the recoverable value of these investments, the net equity of the company in which the shareholding is held has been considered, corrected in terms of adjustments due to changes in the value of financial derivatives and for implied capital gains at the valuation date.

Short-term financial investments are registered at their purchasing price, or their selling price, if this value is lower. The balance of this account includes, basically, repos operations (public bond issues) and term deposits in financial entities.

3.5. Deferred Expenses

The balance of this account corresponds basically to the expenses corresponding to note and bond issues and loan arrangements.

3.6. Inventories

Inventories as of December 31, 2013 mainly correspond to lands used for construction activities and real estate promotions, both currently in progress and completed, which are recorded at their purchasing price or production cost, depending on the direct costs incurred.

When appropriate, the necessary provision for depreciation is used to correct these values to their real market value.

3.7. Accounts receivable and accounts payable

These are recorded at their nominal value.

An allowance has been established to cover bad debts, based on the following criteria:

- * In the case of the City of Barcelona, the provision for bad debts is determined by applying the estimated collectability ratio calculated by the City based on historical data, regarding the budget settlement of each tax figure in an individualized way and in each fiscal year. In addition, provision has been made for receivables owing for non-fiscal concepts whose recovery is regarded as doubtful.
- * In the case of municipal agencies and firms, this allowance is made for those amounts whose recovery is deemed uncertain.

The "Long-term receivables" account on the attached consolidation balance sheet mainly includes debts to be collected at their nominal value, due to the fact they are correlated to one part of the "Other long-term accounts payable" under liabilities on the same balance sheet. The maximum maturity date of these debts is 2036. Also recorded under these accounts are the assets and liabilities for deferred taxes of entities subject and not exempt from Corporate Tax, which amount to 1,707 and 5,524 thousand euros, respectively.

3.8. Capital transfers and other capital income

Capital subsidies are recorded, mainly, when the requirements have been met for their payment by the entity granting them, i.e. when they have been duly justified by the City Council.

Other capital income is registered at the time when the administrative operation producing it is carried out.

In both cases, the income is transferred to equity when the investment financed is destined for general use, or to the profit and loss for the year in the share corresponding to the effective impairment noted and booked.

3.9. Other deferred revenues

Early collection on amounts deferred to years subsequent to the year of collection are recorded under the caption "Other deferred income" (see note 12), except for the portion deferred to the immediately following year, which is recorded on the "Accrued expenses" account (see note 17) under liabilities on the balance sheet prior to being credited to results.

3.10. Provisions for contingencies and expenses

The balance of this account reflects the provisions established to cover the economic costs of contingent or probable costs.

3.11. Classification of long and short-term receivables and debts

On the attached consolidated balance sheet, receivables, credits and debts that mature in a period equal to or less than a year are classified as short term, and those which mature within a period greater than a year are classified as long-term.

3.12. Revenues and expenses

a) General Criteria

Revenues and expenses are primarily recorded in the consolidated statement of revenues and expenses in the fiscal year in which they occur, depending on the real flow of assets and services they represent and independently of the timing of the monetary or financial flow from which they are derived, except for those capital grants and transfers derived from agreements or conventions that are treated in the same way as described in sections 3.8 and 3.12.b), respectively.

b) Grants and transfers deriving from agreements and conventions

Regarding the recognition of expenses for transfers and grants stemming from agreements subscribed by different parties, which can take the form of collaborative agreements, cooperative agreements, contract programmes or other similar agreements, and whose objective is to co-finance and develop specific projects or activities, (including capital grants to compensate negative accumulated results), the grantor's obligation to pay arises at the moment when the debt matures and is liquid and payable on demand, in other words, when the requirements for payment have been met. Recognition of the grantor's payment obligation is realised upon passage of the resolution (approval of the budgets for each fiscal year) by which the beneficiary's right to collect is recognised and quantified.

c) Capital transfers

This entry includes the City of Barcelona's contributions charged to its budget for financing investment processes carried out directly by municipal agencies, firms belonging to the municipal group or third parties not owned by the City.

3.13. Corporate Tax

In accordance with Legislative Royal Decree 4/2004 of March 5, approving the Amended Text of the Corporate Tax Law, the City of Barcelona and its autonomous local agencies are exempt from payment of this tax and are not subject to the retention of profits from their investments.

For dependent public business entities and municipal firms, corporate tax is calculated based on their book result, which need not necessarily be the same as their fiscal result, the latter being construed as the taxable income for taxing, given that the corresponding long term differences are taken into account. Pursuant to the aforementioned Amended Text of the Corporate Tax Law and article 25 of the Law on Local Taxation, most of these entities are eligible for a 99% rebate on taxes paid on their earnings from activities classified as public service under this legislation.

3.14. Environment

Expenses derived from actions intended to protect and improve the environment are recorded, where applicable, as expenses in the year they are incurred. Despite this, if they entail investments in assets as a result of actions to minimise impacts on the environment or to protect and improve it, they are recorded as increases in the value of the fixed asset in question.

Note 4 – Intangible fixed assets, tangible fixed assets and infrastructures

a) Intangible fixed assets

The movement recorded in the different intangible fixed assets accounts is as follows:

	12.31.12	Additions	Retirements	Transfers	12.31.13
Research and development expenses	587	0	0	0	587
Concessions	1,283	0	0	0	1,283
Patents, licenses and trademarks	1,230	0	0	0	1,230
Data-processing applications	39,742	1,618	(1)	7,385	48,744
Others	6,729	11	(14)	(359)	6,367
Intangible fixed assets	49,571	1,629	(15)	7,026	58,211
Accumulated depreciation	(36,578)	(5,218)	31	-	(41,765)
Net intangible fixed assets	12,993	(3,589)	16	7,026	16,446

The elements totally written off as of December 31, 2013 are the following:

Concessions	5,958
Data-processing applications	10,140
Others	17,756
Total	33,854

b) Tangible fixed assets and infrastructures

The movement registered in the different tangible fixed assets and infrastructures account is as follows:

	12.31.12	Additions	Retirements	Transfers	12.31.13
Assets of historical, artistic and cultural heritage	-	-	-	11,992	11,992
Land	395,541	4,849	(726)	(65,739)	333,925
Constructions	6,683,624	28,474	(522)	472,525	7,184,101
Fixed assets assigned to municipal agencies and third parties	599,354	-	601	(7,582)	592,373
Land and properties	7,678,519	33,323	(647)	(411,196)	8,122,391
Vehicles	12,884	-	-	5,853	18,737
Machinery, equipment, installations and tools	393,939	4,689	(2,179)	48,551	445,000
Data-processing equipment	206,920	272	-	1,414	208,606
Office furniture and equipment	70,462	1,060	(214)	(9,203)	62,105
Other	14,317	1,276	(14)	(3,609)	11,970
Other fixed assets	698,522	7,297	(2,407)	43,006	746,418
Total tangible fixed assets	8,377,041	40,620	(3,054)	454,202	8,868,809
Public land assets	488,647	6,823	(172)	22,434	517,732
Tangible fixed assets assigned to municipal agencies and third parties	(590,359)	-	(601)	(1,413)	(592,373)
Fixed assets pending classification	1,149,276	329,763	(19,652)	(795,283)	664,104
Infrastructures and assets for public use	7,169,286	15,135	-	304,587	7,489,008
Investments assigned for public use	(7,169,286)	(15,135)	-	(304,587)	(7,489,008)
Gross tangible fixed assets and infrastructures	9,424,605	377,206	(23,479)	(320,060)	9,458,272
Accumulated depreciation and provisions	(1,304,622)	(124,973)	2,147	704	(1,426,744)
Net tangible fixed assets and infrastructures	8,119,983	251,233	(21,332)	(319,356)	8,031,528

In accordance with applicable regulations, group entities record the value of lands containing any type of building under the "Buildings" and "Public land assets" accounts. This account includes 2,652,439 thousand euros as of December 31, 2013 and 2,593,869 thousand euros as of December 31, 2012 corresponding to the value of lands containing buildings.

Additions during the fiscal year are the following:

Investments carried out directly by the City of Barcelona	118,706
Investments carried out by decentralized entities pursuant to the terms of the decree issued by the Mayor's office on January 30, 2012	201,113
Investments carried out by third parties	2,914
Assets received from decentralized entities financed by third parties	14,534
Assets received in free assignment	4,742
Assets received in exchange	178
Other investments carried out by dependent entities	35,019
Total	377,206

Included in the "Other investments carried out by dependent entities" account are:

- Houses built on behalf of the Municipal Agency for Housing.
- Barcelona de Serveis Municipals, SA, for the construction process of four car parks, and improvements to the existing facilities.
- Improvements to the energy valuation plant in the new municipal waste management program being developed by Tractament i Selecció de Residus, SA.
- Rehabilitation and improvement of cemeteries and services related managed by Cemeteries of Barcelona, SA.

The net accounting value of retirements carried out over the fiscal year covers the following concepts:

For sales	54
For fixed asset replacement	860
On completion of investment activities (pending classification assets not inventoried)	19,489
Others	929
Total	21,332

The transfers carried out over the fiscal year has the following offsets:

Property delivered for public use	(304,587)
Property assigned to third parties	(25,261)
Others	10,492
Total	(319,356)

Consequently, the main components of the transfers for the fiscal year have their offsets mainly in the equity accounts (see note 9.1).

The breakdown of the "Investments assigned for public use" account are as follows:

Thoroughfares	3,829,307
Parks and forests	1,696,379
Systems	644,963
Property for public use: Holsa	628,125
Mixed	454,328
Municipal assets of an artistic nature	112,439
Urban furniture	73,224
Equipments	40,708
Buildings	9,535
Total	7,489,008

Elements totally written off and in use as of December 31, 2013 are the following:

Data-processing equipment	130,083
Machinery, equipment, installations and tools	135,973
Office furniture and equipment	41,591
Vehicles	16,240
Buildings	2,868
Others	4,952
Total	331,707

The policy of the Group is to contract insurance policies that are considered necessary to cover the possible risks that could affect fixed assets.

Note 5 – Interests held in associated firms

This account reflects the investments made in dependent firms not because they are fully consolidated, but rather because they are consolidated by way of the equity method, as shown in the following chart:

Catalana d'Iniciatives, CR, SA (*)	-
Mediacomplex, SA	5,717
Barcelona Emprèn, CR, SA	2,257
Barcelona Regional, AMDUI, SA	383
Barcelona Sagrera Alta Velocitat, SA	150
Total	8,507

(*) See note 2.2 about settlement.

Note 6 – Other financial investments

The balance of this account reflects shareholdings held by the City of Barcelona and the entities belonging to the Municipal Group, inferior to 20%, and other credits and long-term deposits and guarantees, as shown in the following:

Investment portfolio	60,411
Deposits and guarantees	4,398
Other long-term credits	57,207
Total	122,016

The investment portfolio can be broken down as follows:

	Firm's owner (*)	% Interest	Investment cost	Provisions	Net book value 12.31.13
Fira 2000, SA	AB	19.50	55,018	(9,903)	45,113
Port Fòrum Sant Adrià, SL	AB	5.00	15	(2)	13
Nauta TechInvest III, SCR de règimen simplificado SA	AB	4.78	3,414	(721)	2,693
Ongoing acquisition of shares (Nauta TechInvest III)	AB		1,625	-	1,625
Clavegueram de Barcelona, SA	AB	17.50	685	-	685
GL Events CCIB, SL	BSM	12.00	241	-	241
Catalunya Carsharing, SA	BSM	1.33	65	(65)	-
Ecoenergies Barcelona Sud, Zona Franca i Gran Via l'Hospitalet, SA	BSM	17.55	2,475	-	2,475
Serveis Funeraris de Barcelona, SA	BSM	15.00	1,649	-	1,649
Districlima, SA	TERSA	11.73	4,020	-	4,020
Ecoparc del Mediterrani, SA	TERSA	11.73	960	-	960
Ecoparc de Barcelona, SA	TERSA	3.05	383	-	383
Gestora de runes de la construcció, SA	TERSA	8.21	135	-	135
Recuperació d'Energia, SA	TERSA	7.00	34	-	34
Ecoparc del Besòs, SA	TERSA	2.93	385	-	385
Grand Tibidabo, SA	PATSA	0.03	11	(11)	-
Financial investment portfolio			71,114	(10,703)	60,411

(*) Where:

AB: City of Barcelona

BSM: Barcelona de Serveis Municipals, SA

PATSA: Parc d'Atraccions Tibidabo, SA

TERSA: Tractament i Selecció de Residus, SA

The following changes took place over the course of the fiscal year:

- The General Meeting of the firm Fira 2000, S.A. agreed to increase its share capital, taking the interest of the City of Barcelona from 19.10% to 19.50%.
- According to the schedule, the City of Barcelona has made capital contributions to the joint venture company Nauta TechInvest III, SCR de Régimen Simplificado SA. It is currently part of the acquisition of shares, according to the commitments entered into, amounting to 1,625 thousand euros, which will be disbursed in accordance with the cash requirements of the Company.
- The City Council's stake in Clavegueram de Barcelona, SA, has become direct, rather than indirect through Barcelona de Serveis Municipals, SA. Under its Articles of Association, the financial year of the company ends on 31st December 2013. To formalise the reversion of the company's assets and liabilities to Barcelona City Council on 1st January 2014, the Full Municipal Council Meeting of 21st November 2013 gave approval to the return to the City Council of the shares in the company through the distribution of premiums on issued shares for Barcelona de Serveis Municipals, SA, for a net book value of the securities: 685 thousand euros. From 1st January 2014, the management of the city's sewer system will be performed by the new company Barcelona Cicle de l'Aigua, SA, which is entirely municipally owned.

Other long-term credits can be broken down as follows:

Sales of long-term assets and PMS	31,000
Long-term credits AMB	18,505
Other	7,702
Total	57,207

The balance of "Long-term credits AMB" corresponds to amounts that Barcelona Metropolitan Area must compensate, with maturity greater than one year, to City of Barcelona relating to negative settlements of 2008 and 2009 of the share of state taxes.

Note 7 – Deferred expenses

This account basically includes expenses corresponding to note and bond issues and loan arrangements. The allocation to results as financial expenses is made annually and is calculated in a lineal manner until the maturity of the formalised operations.

Note 8 – Accounts receivable

Accounts receivable are classified as follows:

a) The City of Barcelona	939,339
Direct taxes	237,428
Indirect taxes	25,957
Charges and other revenues	406,194
Current transfers	130,725
Capital gains	22,501
Disposal of real investments	1,443
Capital transfers	56,302
Others	58,789
b) Municipal agencies and firms	90,374
Total receivable	1,029,713

The amounts and movements registered in the provision for bad debts account is as follows:

Balance as of December 31, 2012	468,659
Amount charged to the statement of revenues and expenses	95,344
Application due to write-off of unrecoverable receivables and collections	(37,945)
Application to extraordinary results	(15)
Balance as of December 31, 2013	526,043

The applications have been credited to the "Extraordinary results" caption.

The provision for bad debts is determined by applying the estimated collectability ratio calculated by the City of Barcelona based on its historical data on budget settlements for each tax figure in an individual way in each and every fiscal year. Additionally, provision has been made for receivables owing for non-fiscal concepts whose recovery is regarded as doubtful.

The provision for the fiscal year, 95,344 thousand euros, is shown under the debit side of the consolidated statement of revenues and expenses, along with other provisions for sundry items amounting to 12,215 thousand euros, mainly for depreciation of financial investments.

Note 9 – Equity

9.1. Equity

The amounts and movements registered in the equity account are as follows:

	Equity	Property assigned to municipal agencies and third parties (see notes 3.1.b and 4.b)	Property assigned by municipal agencies and third parties	Property delivered for general use (see notes 3.3 and 4.b)	TOTAL
Initial balance	13,185,454	(590,359)	24,967	(7,169,286)	5,450,776
City of Barcelona adjusted results 2012	294,442	-	-	-	294,442
Transfer from capital subsidies	42,628	-	-	-	42,628
Change in property assigned to third parties and in cession	-	(2,014)	-	-	(2,014)
Property delivered for public use by transfer	-	-	-	(304,587)	(304,587)
Current-year additions delivered for public use	-	-	-	(15,135)	(15,135)
Final balance	13,522,524	(592,373)	24,967	(7,489,008)	5,466,110

Property assigned in cession brings together the value of assets assigned to the City of Barcelona for its management and use by third parties.

9.2. Results

The consolidated result allocable to the City of Barcelona can be broken down as follows:

Results of the City of Barcelona	399,724
Aggregate result of municipal agencies and firms	10,267
Result of share by equity method	(202)
Consolidation adjustments	(7,251)
Consolidated results	402,538
Results allocable to minority interests before interim dividends (note 10)	(1,100)
Results allocable to the City of Barcelona	401,438

9.3 – Consolidation reserves

The details of the consolidation reserves account and movements can be broken down as follows:

	Balance as of 12.31.12	Results 2012 (a)	Transfers and others	Balance as of 12.31.13
Fully consolidated	266,887	6,728	(533)	273,009
Municipal Agency of Housing	47,050	672	(1,812)	45,910
Municipal Agency of Disabled Persons	236	907	(194)	949
MA Mies Van der Rohe Foundation	1,687	6	(5)	1,688
Municipal Agency of IT Services	5,416	(420)	1	4,997
Municipal Agency of Town Planning	1,022	140	2	1,164
Municipal Agency of Finances	4,461	160	7	4,628
Municipal Agency of Markets	6,736	324	-	7,060
Municipal Agency of Parks and Gardens	6,024	(247)	(164)	5,613
Municipal Agency of Education	4,148	(2,463)	(46)	1,639
Municipal Barcelona Culture Agency	4,607	155	(92)	4,670
Municipal Barcelona Esports Agency	2,806	507	(123)	3,190
Municipal Agency of Urban Landscape and Quality of Life	4,322	1,986	(1)	6,307
Municipal Agency of Social Services	4,847	(4,047)	(1,000)	(200)
Barcelona de Serveis Municipals Group (b)	149,982	8,991	2,333	161,306
Barcelona d'Infraestructures Municipals. Group (c)	7,538	18	(27)	7,529
Informac. i Comunicac. de Barcelona, SA	2,193	5	(167)	2,031
Barcelona Activa, SA	13,110	30	641	13,781
SM Barcelona Gestió Urbanística, SA	702	4	41	747
By the Equity Method	2,399	(4,668)	1,558	(711)
Barcelona Holding Olímpic, SA	79	(78)	(1)	-
Barcelona Sagrera AV	-	-	-	-
Barcelona Emprèn, SCR, SA	47	(52)	103	98
Barcelona Regional, AMDUI, SA	20	1	-	21
Mediacomplex, SA	(94)	(65)	(671)	(830)
Catalana d'Iniciatives, SCR de RC, SA	2,347	(4,474)	2,127	-
Total	269,286	2,060	1,025	272,298

(a) Adjusted according to the interest held.

(b) Barcelona de Serveis Municipals Group includes information regarding the parent firm and firms in which it holds an interest: Parc d'Atraccions Tibidabo, SA, Tractament i Selecció de Residus, SA, Cementiris de Barcelona, SA, Mercados de Abastecimientos de Barcelona, SA, Selectives Metropolitanas, SA i Solucions Integrals per als Residus, SA. (see note 2.2).

(c) Barcelona d'Infraestructures Municipals Group includes information regarding the parent firm and Foment de Ciutat Vella, SA. (see note 2.2).

Calculations of the consolidation reserves used the difference between the book and technical book values of the interests held, the dividends received during the 2013 fiscal year and other consolidated adjustments in order to homogenise receivables and payables between the City of Barcelona and its dependent firms.

The "Transfers and others" column includes, among others, the correction of the existing temporary difference between capital transfers and the execution of the works and services financed by the aforesaid.

Note 10 – Minority interests

The balance of this account reflects the proportion of equity and results for the fiscal year of dependent municipal firms included in the consolidation statements belonging to shareholders or associates who are not members of the consolidated Group. Specifically, this comes from Barcelona de Serveis Municipals, SA Group and Barcelona d'Infraestructures Municipals, SA Group, whose details can be broken down as follows:

	Capital	Reserves	Fiscal result for the year	Interim dividends	Grants, donations and bequests	TOTAL
BSM Group:						
-TERSA Group	5,973	19,169	499	-	338	25,980
-Mercabarna, SA	6,996	30,669	600	-	525	38,790
Total	12,969	49,838	1,099	-	863	64,769
BIM Group:						
-Foment de Ciutat Vella, SA	541	364	1	-	-	906
Total	541	364	1	-	-	906
TOTAL	13,510	50,202	1,100	-	863	65,675

Note 11 – Capital transfers and other capital income

The amounts and movements registered under this account are as follows:

Balance as of December 31, 2012	648,739
Additions	24,794
Transfers to equity (note 9.1)	(42,628)
Transfers to results	(19,851)
Others	542
Balance as of December 31, 2013	611,596

The balance at year end includes 47,480 thousand euros corresponding to revenue from urban development operations and 564,116 thousand euros corresponding to income from capital grants, all pending deferral as described in note 3.8.

The main subsidizers of the outstanding balance of these grants are as follows:

Central Government	204,929
Autonomous Community	201,642
EU Institutions	58,750
Local Entities	81,203
Others	17,592
Total	564,116

Note 12 – Other deferred income

The movement in this account is as follows (see note 3.9):

Balance as of December 31, 2012	146,617
Additions	6,241
Transfer to revenues for the year	(2,178)
Transfer to short-term (note 17)	(3,749)
Others	961
Balance as of December 31, 2013	147,892

By nature, 145,288 thousand euros correspond to revenues received in advance for the usage of assets under municipal ownership and 2,604 thousand euros to income from the provision of diverse services.

Revenues received in advance are transferred annually to the consolidated statement of revenues and expenses in accordance with the straight-line method over the period corresponding to the assignment or award, which is set at year 2083 at the latest.

The most significant additions correspond basically to income received in advance for the right to use assets owned by the municipality.

The amount transferred to short-term is the one which is expected to be applied to the consolidated statement of revenues and expenses for the 2014 fiscal year and is shown in the "Accrued expenses" account on the liabilities side of the consolidated balance sheet for the fiscal year ended December 31, 2013 (see Note 17).

Note 13 – Provisions for contingencies and expenses

This account mainly corresponds to the provisions for court cases and legal claims to cover possible future commitments of a diverse nature.

The movement in this account is as follows:

Balance as of December 31, 2012	89,869
Additions charged to extraordinary results	64,191
Cancellation of provisions with credit to extraordinary results	(28,570)
Others	(98)
Balance as of December 31, 2013	125,392

This caption includes, among others, the amount of 28,767 thousand euros, corresponding to the December 2012 bonus that should have been paid to the entity staff before that year-end, but was removed by Article 2.1 of Royal Decree Law 20/2012, of July 13, on measures to ensure fiscal stability and promotion of competitiveness. Article 2.4 of this provision states that "the amounts resulting from the abolition of the bonus and from additional special allowances or additional equivalent bonus in accordance with the provisions of this article will be used in future years to make plan contributions

pension or group insurance contracts that include coverage for the retirement contingency, subject to the provisions of the Organic law 2/2012, of Budgetary Stability and Financial Sustainability and in the terms and to the extent determined in the relevant laws budget". Therefore, since it is certain and due, this amount was charged under the "Personnel Expenses" caption in the profit and loss debit account with a credit to "Long-term Provisions" in the liability balance sheet over the fiscal year 2012.

Similarly, 59,260 thousand euros have been included, which are associated with the maximum financial estimation that could result from the enforcement of a ruling obliging the City Council to apply an increase in civil servant payroll for the years 2007 and 2008, with the corresponding consolidation of increases up to the present year.

Note 14 – Debentures and Loans

The outstanding amounts as of December 31, 2013 corresponding to debentures and loans, both short and long-term, can be broken down as follows:

Debentures and loans			
Description	Outstanding amount 12.31.2013	Long term	Short term
European Union			
Banking system	1,121,635	1,027,243	94,392
Private placements	200,000	140,000	60,000
Capital Markets	-	-	-
Total Long-term debt	1,321,635	1,167,243	154,392
Total short-term debt	4,415	-	4,415
Total debt	1,326,050	1,167,243	158,807

The part of the long-term debt which matures in less than a year is reclassified under the account "Short-term payables for loans and debentures".

Movements of subscribed long-term loans and debentures during the 2013 fiscal year are as follows:

Balance as of December 31, 2012	1,392,688
Additions:	
- New operations	57,603
Retirements:	
- Contractual repayments	(119,766)
- Early amortization and assignment	(8,891)
Balance as of December 31, 2013	1,321,635

The long-term debt profile by maturities as of December 31, 2013 is as follows (in thousands of euros):

Maturity	Amount
2014	154,392
2015	177,203
2016	187,967
2017	175,594
2018	99,493
2019	89,164
2020	82,340
2021	74,397
2022	63,646
2023	13,901
2024 and onwards	203,537
Total	1,321,635

As of December 31, 2013 there were stand-by credit lines for a total of 26,000 thousand euros, of which 4,415 thousand euros have been executed.

The average interest rate during the 2013 fiscal year was 2.68%, and the average life stood at 5.6 years.

All financial debts are in euro. For interest rate risk management, Barcelona City Council has taken out eight interest-rate swap operations for a total face value of 486,000 thousand euros, each assigned to an underlying operation in accordance with the implementation basis for budgets. As of December 31, 2013, 44.2% of the consolidated long-term financial debt had a fixed interest rate, and 55.8% had a floating interest rate.

Note 15 – Other long-term payables

The other long-term payables account includes the following concepts:

Suppliers of fixed assets with maturity exceeding one year	4,608
Central Government – final settlement of the share of State taxes for 2008	52,353
Central Government – final settlement of the share of State taxes for 2009	212,999
Others	27,998
Balance as of December 31, 2013	297,958

The total amount of the final settlement of the share in State taxes corresponding to the fiscal year 2008 stood at 93,487 thousand euros, while the amount corresponding to fiscal year 2009 stood at 304,284 thousand euros. In accordance with Law 2/2012, of June 29, of the General State Budget for 2012, the period to offset these negative settlements has increased from 60 to 120 monthly payments. Thus, the negative settlement for 2008 is due for maturity in the period 2011-2021 and the negative settlement for 2009 matures in the period 2012-2021. The amount due for maturity in 2014 is recorded under the "Other off-budget short term creditor" account.

Note 16 – Public Administrations

The breakdown of these accounts is as follows:

Concept	Debit Balance	Credit Balance
Social security	1,158	26,787
Value added tax – IVA	4,087	16,960
Personal income tax – IRPF	201	13,014
Corporate tax	7,853	891
Grants	17	17
Others	1	481
Total	13,317	58,150

The entirely municipally owned company, Informació i Comunicació de Barcelona, SA, is undergoing a VAT tax audit as the tax office questions the total deductibility of input VAT since the company performs two activities: television and advertising. Given the level of probability that the grounds for the audit will be successful, the company has recorded in the profit and loss, the input VAT considered non-deductible for the years 2012, for the amount of 5,390 thousand euro, offset in provisions for 2,014 thousand euro and deteriorating the amount pending tax collection by the tax office for 3,376 thousand euro.

Similarly, the mixed-capital company Mercabarna has an audit under way that questions the application to the company's entire activities of the tax relief of 99% in corporate tax for the years 2008-2012. Given the level of probability that the grounds for the audit will be successful, the company has recorded in the profit and loss for the year a share of the differential quota claimed by the tax office, for the amount of 2,529 thousand euro offset in the section "Allowances for liabilities and costs".

Inspection is pending for Group entities regarding those fiscal years not prescribed for all applicable taxes. No significant additional liabilities are expected for entities as a result of possible inspections.

Note 17 – Other non-trade payables and accrued expenses**17.1. Other non-trade payables**

The balance of this account as of December 31, 2013 is as follows:

Urban development fees for urban development actions	39,138
Central Government – Short-term maturity of final settlement of the share of State taxes for 2008 and 2009 (note 15)	37,907
Bonds and deposits received	32,340
Credit administrations for economic-activity-tax (IAE) and property-tax (IBI) charges	21,272
Extraordinary staff payments	30,529
Short-term accounts payable	16,218
Other payables	33,369
Other recognised expenses	5,261
Altres creditors no pressupostaris a curt termini	216,034

17.2. Accrued expenses

This account reflects the Group's definite liabilities as of December 31, 2013, in accordance with their accrual periods and independently of the date of requirement of payment on demand, as well as the capital grants given to the Group pending allocation. It has the following composition:

Capital and current transfers	17,639
Assigned land pending allocation to revenues	32,406
Urban development quotas	154
Transfers to short-term revenues (note 12)	3,749
Concessions for kiosks in parks	238
Annual users' fees	4,989
Concessions for graves	2,467
Fees for private-use concessions	128
Other advanced revenues	2,495
Unmatured accrued interests	5,715
Total	69,980

Accrued and unmatured payments to personnel are shown under the "Other non-trade payables" account and amount to 37,467 thousand euros.

Note 18 – Statement of results for the fiscal year 2013**18.1. Personnel expenses**

This entry includes the wages and salaries of Group personnel, social security payments and other welfare expenses.

The average payroll of the City of Barcelona Group during the 2013 fiscal year was 12,534 workers (43% women and 57% men).

18.2. Works, supplies and subcontracted services

This entry corresponds to the purchase of goods and services needed for everyday functioning of municipal activities, and the maintenance of investments. It includes the service contracts subscribed to by the Group with different private firms to enhance the functioning of the city, such as, for example, refuse collection and street cleaning.

18.3. Current and capital transfers

These entries include the current and capital transfers made by the Group from its own budget or on behalf of third parties to external entities, firms and individuals in order to finance their operating expenses or investments. The main recipients are as follows:

Current Transfers	498,359
Consortia and foundations	147,230
Barcelona Metropolitan Area	151,504
Metropolitan Transport Authority	80,174
Non-profit organizations	89,197
Other public agencies	7,303
Autonomous community	4,000
Firms	1,595
Others	17,356
Capital Transfers	20,284
Consortia and foundations	5,489
Non-profit organizations	9,900
Others	4,895
Total	518,643

18.4. Tax Revenues

This account includes the following local taxes levied by the City of Barcelona:

Under this grouping we find the following local taxes: property tax (IBI), levied on property; economic activities tax (IAE), on certain business activities, in accordance with the type of activity, the space occupied and the location; tax on motor vehicles (IVTM), which is levied on the ownership thereof, irrespective of the vehicle's class or category; taxes on construction, installations and works (ICIO), levied according to the cost of the project for which the license has been requested; increase in urban land value (IIVT), a direct tax levied on the increase registered in the value of these lands made evident upon their transfer.

This account also includes amounts resulting from the assignment of Central Government taxes as a consequence of the application of the new model of financing for the public sector, approved by Law 51/2002, of December 27, reforming Law 39/1988, of December 28, Regulating Local Taxation.

A breakdown reveals the following:

Property tax	596,837
Tax on economic activities	91,686
Tax on the increase in land value	113,647
Assignment of Central Government taxes	85,880
Tax on motor vehicles	63,154
Tax on construction, installations and works	21,573
Total	972,777

18.5. Other tax revenues

Grouped under the "Other tax revenues" account, these are basically charges for the sale of services and use of the public domain.

18.6. Sale of services

This entry includes charges and public prices invoiced for the provision of services and revenues obtained by entities during their regular activities.

18.7. Other operating revenues

Other operating revenues basically includes fines and other penalties for offences, interest, and late-payment surcharges, income from concessions and special uses and profit-sharing. The account can be broken down in the following way:

Fines	96,804
Concessions and special uses	37,585
Late payment surcharges and surcharges on collection proceedings	19,245
Profit sharing	214
Others	1,994
Total	155,842

18.8. Revenues from current transfers

This account includes the amounts received from the Central Government Supplementary Finance Fund, as well as earmarked grants from the European Community, Central Government, the autonomous community and local entities, in accordance with the following:

Central Government	977,846
Generalitat of Catalonia	75,769
Local entities	63,978
Foreign transfers	2,335
Other entities	1,842
Total	1,121,770

18.9. Extraordinary results

Extraordinary results can be broken down as follows:

	Expenses	Incomes
Fixed assets	13,040	24,399
Modification of receivables, payables and provisions	35,228	66,515
Court ruling on increase in payroll	59,260	
Capital transfers allocated to the results	-	19,851
Other extraordinary results	8,380	3,232
Total	115,908	113,997
Net positive extraordinary result	(1,911)	

Income from changes in rights, obligations and allowances includes 37,945 thousand euro from the application of the allowance for coverage of difficult to implement rights and 28,570 thousand euro from the application of the allowance for liabilities and charges

Note 19 – Other Information and posterior issues

As of December 31, 2013, the guarantees provided by the Group to cover credit operations amount to 3,161 thousand euros.

The fees to be received by the temporary consortium PriceWaterhouseCoopers Auditores, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A., for auditing services and the expenses incurred in the provision thereof in the 2013 fiscal year amount to 464,7 thousand euros, including VAT. Pursuant to the terms of the adjudication of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal agencies and firms forming part of the City group, and the appropriate part thereof will be duly charged to each of them.

Pursuant to the provisions of Law 15/2010 of 5 July, setting out measures to deal with late payment in commercial transactions, and regarding the total liabilities paid for operating expenditure corresponding to caption two of the municipal budget, and capital expenses included in caption six of the municipal budget, as of December 31, 2013 and 2012:

	Fiscal year 2013		Fiscal year 2012	
	Amount	%	Amount	%
Payments within the legally established time limit	755,682	77%	754,968	77%
Difference	274,641	23%	226,780	23%
Total payments within fiscal year	1,030,323	100%	981,748	100%
Weighted average past due date (days)	14.60		15.70	
Adjournments that at date overshoot the maximum legal due date	8,441		4,091	

Under the aforementioned Act 15/2010, the maximum term for payment until 31st December 2012 was 40 days; since 1 January 2013 this term has been reduced to 30 days.

Note 20 – Table of financing for the 2013 and 2012 fiscal years

APPLICATIONS	Fiscal year 2013	Fiscal year 2012	SOURCES	Fiscal year 2013	Fiscal year 2012
			Funds obtained	541,173	447,838
Acquisitions of fixed assets:			Sale of assets:		
Tangible and intangible	343,385	455,470	Tangible and intangible	197	9,817
Financial	7,368	5,875	Retirements of financial assets	3,805	8,500
Transfers of fixed assets	8,550	-			
Transfer of deferred income to short-term	3,749	5,410	Transfers of fixed assets	9,648	11,924
Long-term trade receivables	-	5,773	Long-term trade receivables	5,908	-
Long-term guarantees and deposits	89	-	Deferred income	7,202	10,332
Short-term transfer and cancellation settlement of share in Central Government taxes	37,907	-			
Capital transfers and other capital revenues	-	3,067	Capital transfers and other capital revenues	25,336	33,262
Amortization and transfers to short-term of long-term debentures	163,283	143,777			
			Long-terms loans	57,603	185,475
			Long-term guarantees and deposits	-	797
			Provisional settlement of share in Central Government taxes	-	3,479
			Other long-term payables	1,095	2,168
TOTAL APPLICATIONS	564,331	619,372	TOTAL SOURCES	651,967	713,592
Changes in working capital (increase)	87,636	94,220	Changes in working capital (decrease)		
TOTAL	651,967	713,592	TOTAL	651,967	713,592

Change in working capital	2013		2012	
	Increase	Decrease	Increase	Decrease
Inventories	-	7,465	-	18,548
Accounts receivable	-	8,060	-	9,630
Short-term financial investments	46,200	-	-	219,010
Cash	92,064	-	327,222	-
Accounts payable	-	35,103	14,186	-
TOTAL	138,264	50,628	341,408	247,188
INCREASE IN WORKING CAPITAL				
DECREASE IN WORKING CAPITAL	87,636	-	94,220	-

Funds obtained from operations include the following:

	Note	2013	2012
Result of the fiscal year	-	401,438	296,428
Net results on fixed assets	18.9	(11,359)	26,535
Provision for depreciation	4	130,191	125,550
Provisions for contingencies and expenses	13	64,191	28,844
Deferred expenses	-	73	101
Cancellation long-term provisions	13	(28,668)	(26,408)
Deferred income transferred to statement of Revenues and expenses	12	(2,178)	(3,327)
Capital grants transferred to results	11	(19,851)	(11,661)
Changes in provisions for financial investments	6	6,034	4,922
Result of minority interests	10	1,100	2,380
Share by the equity method	2.2	202	4,474
Funds from operations		541,173	447,838

The Municipal Management of Barcelona City Council, on 30th April 2014, and in compliance with the requirements established by Article 64 of Act 1/2006 which regulates the special regime of Barcelona, proceeds to prepare the consolidated annual accounts in this document, pages 1 to 36, corresponding to the financial year ending on 31st December 2013.