



Barcelona City Council Group

Consolidated annual accounts for the 2019 financial year

**AUDIT REPORT FOR THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE 2019¹ FINANCIAL
YEAR, ISSUED FOR BARCELONA CITY COUNCIL'S GENERAL INTERVENTION OF BARCELONA
CITY COUNCIL.**



Contents

| | |
|--|---|
| I. Opinion..... | 3 |
| II. Basis of opini3n..... | 3 |
| III. Key audit questions..... | 5 |
| IV. Other questions:..... | 6 |
| V. Responsibility of the City Council's Municipal Manager's Office in relation to the consolidated annual accounts | 6 |
| VI. Responsibilities of the auditor in relation to the audit of the consolidated annual accounts | 6 |
| ANEXO I.- ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2019..... | 8 |

I. Opinion

Barcelona City Council's Comptroller General, on exercising the powers granted to it under Articles 213 and 220 of Royal Legislative Decree 2/2004, of 5 March, approving the Consolidated Text of the Regulatory Act on Local Tax Offices and under Articles 3 and 29(3)(A) of Royal Decree 424/2017, of 28 April, governing the legal system for internal control in Local Public Sector organisations, has audited the consolidated annual accounts of Barcelona City Council and its subsidiaries (henceforth, Group), which include the consolidated balance sheet as at 31 December 2019, the consolidated income and expenses statement, the consolidated budget settlement statement, the consolidated changes in net equity statement, the consolidated cash-flow statement and the consolidated report for the financial year ending on this date.

In our opinion, on the basis of our audit and on the reports of other auditors (who are identified in Note 1.2 of the report) the accompanying consolidated annual accounts express a true and fair view, in every significant aspect, of the Group's equity and financial situation as at 31 December 2019, as well as its profits and cash flows and budget settlement statement, all consolidated, for the financial year finishing on this date, in accordance with the regulatory financial information framework in force (which is identified in Note 4.1 of the report) and, in particular, with its accounting and budgetary principles and criteria.

II. Basis of the opinion

We have carried out our audit in accordance with the regulations currently in force governing accounts auditing activities for the Public Sector in Spain. Our responsibilities under these rules are described later on in the section Responsibilities of the auditor in relation to the audit of the consolidated annual accounts of our report.

We are independent of the Group, in accordance with the ethics requirements, including those of independence, which apply to our audit of the consolidated annual accounts for the Public Sector in Spain as required by the regulations governing the accounts auditing activities of said Public Sector. We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

III. Key audit questions

The key audit issues are those which, in our professional opinion, were of greater significance in our audit of the consolidated annual accounts for the current period. These issues were dealt with in the context of our audit of the consolidated annual accounts as a whole, and in the formation of our opinion on these, and we do not express a separate opinion on these issues.

Recognition of tax revenues

Description

The Group's main source of income comes from tax revenues. These revenues are managed, collected and inspected through the independent body, the Barcelona Municipal Tax Office through specific IT systems, as well as various settlement and collection media.

Given the large volume of operations recorded during the period of analysis, their atomisation, as well as the diversity of channels, IT systems involved and case studies in their register, may result in an incorrect valuation of the figure for the Group, owing to errors in the integrity of the underlying data. For the above reasons, we have considered this area as a key issue for the audit.

Our response

Our audit procedures consisted, among other things, in:

- Understanding the internal process followed in identifying, recording and controlling the main tax revenues;
- Testing the general control environment of the ITs in the systems used for recording the revenues, along with tests on the controls that verify the integrity and accuracy of the revenues that are recorded through these systems;
- Carrying out tests on the design, implementation and operational effectiveness of key controls (applied automatically and manually) which support the systems, including the reconciliation of the monthly batches that arise from the tax-management and collection systems with entries into the revenue-operations logbook for Barcelona City Council's accounting records;
- Applying predictive analytical procedures (taking into account factors such as changes in the tax byelaws for the main taxes, number of settlements and payments made); and
- Carrying out substantive tests on a sample of settlements and payments of the main taxes to verify whether the proceeds are calculated in accordance with the tax byelaws that apply and whether the income has been recognised in accordance with the accounting policies that apply in each case.

Valuation of tangible fixed assets

Description

The Group had tangible fixed assets as at 31 December 2019 worth 12,055 million euros corresponding, mainly, to the net accounting value, of land, buildings, infrastructures and ongoing investments in its possession. A breakdown of the assets stated can be found in Note 14 of the accompanying consolidated report. The significance of the amounts involved led us to consider the valuation of the tangible fixed assets as a key aspect of our audit.

Our response

Our audit procedures consisted, among other things, in:

- Understanding the procedures established by the register and classification of assets and rights that are included in Barcelona City Council's inventory, as well as the criteria and guidelines established in that organisation's processes for investing in new buildings and/or infrastructures, for acquiring, leasing, real-estate exchanges, assigned uses and other asset-and-liability transactions;
- Identifying the procedures and controls implemented by Barcelona City Council regarding the above-mentioned processes;
- Carrying out tests on the operational effectiveness of the critical controls implemented through computer tools and manual controls in Barcelona City Council's accounting close;
- Obtaining the list of ongoing projects during the financial year and for a sample we have compared with the supporting documents that had been reviewed and approved in accordance with the authorisation levels established;
- Carrying out detailed tests on a sample of others to verify whether their accounting record meets the recognition criteria established in the recognition and valuation rules for tangible fixed assets; and
- Checking that the breakdowns included in the accompanying report meet the requirements established in the regulatory financial information framework that applies.

IV. Other questions:

Participation of private auditors The auditing company ERNST & YOUNG, S.L., under the services contract signed with Barcelona City Council on 29 December 2016, carried out the audit work referred to in the first section. During this work, Barcelona City Council's Comptroller General applied the Technical Rule on collaboration with private auditors in conducting public audits, approved on 11 April 2007 by the Comptroller General of the Spanish State.

Barcelona City Council's Comptroller General drafted this report on the basis of the work carried out by the auditing company ERNST & YOUNG, S.L.

V. Responsibility of the City Council's Municipal Manager's Office in relation to the consolidated annual

Barcelona City Council's Municipal Manager's Office is responsible for drawing up the accompanying consolidated annual accounts, ensuring that they express a true and fair view of the equity, the financial situation and the consolidated income and expense account and the implementation of the consolidated budget of the Group, in accordance with the regulatory financial-information framework that applies to the Group in Spain, and of the internal control that it considers necessary for enabling the preparation of the consolidated annual accounts free of material misstatement, due to fraud or error.

In preparing the consolidated annual accounts, the City Council's Municipal Manager's Office is responsible for valuing the Group's capacity to continue on the going-concern basis, revealing, as the case may be, the issues relating to the going concern and by using the going-concern accounting principle unless it had the intention or the legal obligation to liquidate the Group or cease its operations or there is no other realistic alternative.

VI. Responsibilities of the auditor in relation to the audit of the consolidated annual accounts

Our work did not include the audit of the annual accounts of the 12 trading companies owned by the City Council and identified in Note 1.2 of the report, which represent as a whole 14.3% (398 million euros) of the total expenses and 4.8% (749 million euros) of the total assets of the Group.

Those annual accounts were audited by the auditing company FauraCasas, Auditors Consultors, S.L., and our opinion expressed in this report on the consolidated annual accounts is solely based, in relation to the shareholdings stated, on the report of the other auditors.

Our goals are to obtain a reasonable assurance that the consolidated annual accounts as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit carried out in accordance with the regulations governing accounts audit activity for the Public Sector currently in force in Spain always detects any existing material misstatements. Misstatements may occur from fraud or error and are considered material where, on an individual or aggregate basis, they can be reasonably expected to influence the financial decisions that users take on the basis of the consolidated annual accounts.

As part of an audit in accordance with the current regulations in force governing the accounts audit activity, we have applied our professional judgement and maintained an attitude of professional scepticism throughout the audit.

Also:

- i. We have identified and assessed material misstatement risks in the consolidated annual accounts, due to fraud or error, we have designed and applied audit procedures to meet these risks and we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in a case of material misstatement due to error, as fraud can involve collusion, falsification, deliberate omissions,
- ii. intentionally untrue declarations and circumvention of internal control.
- iii. We obtained knowledge of the internal control that is relevant to the audit for the purposes of designing audit procedures that are appropriate according to the circumstances, and not for the purposes of expressing an opinion on the effectiveness of the Group's internal control.
- iv. We have assessed the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and corresponding information provided by Barcelona City Council's Municipal Manager's Office
- v. We give our conclusion on the appropriateness of the use made by Barcelona City Council's Municipal Manager's Office of the going-concern principle and, based on the audit evidence obtained, on whether or not there is a material uncertainty relating to the facts and conditions that may create significant doubts over the Group's capacity to continue as a going concern. Should we conclude that there is a material uncertainty, we would be required to draw attention in our audit report on the corresponding information revealed in the consolidated annual accounts or, should such revelations not be appropriate, we would have to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. Nevertheless, future facts or conditions may cause the Group to cease being a going concern.
- vi. We have assessed the overall presentation, structure and contents of the consolidated annual accounts revealed, including the information revealed, and whether the consolidated annual accounts represent the underlying transactions and facts in such a way that they manage to express a true and fair view.
- vii. We have obtained sufficient and appropriate evidence relating to the financial information of the financial organisations and activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the group's management, supervision and auditing as stated at the beginning of this section. We alone are responsible for our audit opinion.

We have determined which of the issues forwarded to Barcelona City Council's Municipal Manager's Office were of greater significance in the auditing of the current period's consolidated annual accounts and are therefore the audit's key issues. We have described these issues in our report, except where legal or regulatory provisions prohibit us from publicly revealing them.

Barcelona on the date of the electronic signature,

 **Ajuntament de Barcelona** AM22180
2020.10.06
16:57:21 +02'00'

¹ Translation of the report originally issued in Catalan. In case of discrepancy, the original version in Catalan prevails. Only the audit report issued in Catalan is authentic and is accompanied by the annual accounts.

ANNEXO I.- ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2019



**Consolidated Balance Sheet
as of 31 December 2019 (amounts in euros)**

| ASSETS | Notes in annual report | 2019 | 2018 |
|--|------------------------------|--------------------------|--------------------------|
| A) FIXED ASSETS | | 14,420,525,561.66 | 14,003,589,010.80 |
| I. Intangible fixed assets | 16 | 12,356,237.59 | 10,745,446.22 |
| 1. Consolidated goodwill | 8 | 878,794.00 | 1,025,260.00 |
| 2. Other intangible fixed assets | | 11,477,443.59 | 9,720,186.22 |
| II. Tangible fixed assets | 14 | 12,055,434,179.73 | 11,876,862,396.35 |
| 1. Land and buildings | | 6,694,085,410.49 | 6,679,873,846.81 |
| 2. Infrastructures and historical heritage assets | | 4,149,396,187.26 | 3,908,321,131.77 |
| 3. Other tangible fixed assets | | 203,368,605.17 | 210,328,890.76 |
| 4. Fixed assets under construction and advance payments | | 1,008,583,976.81 | 1,078,438,527.01 |
| III. Property investments | 15 | 234,192,048.35 | 233,000,103.42 |
| IV. Long-term financial investments in entities of the group, multi-group and associates | 17 | 1,182,169,114.80 | 985,836,534.34 |
| 1. Holdings consolidated under the equity method | | 1,069,116,926.05 | 887,536,987.33 |
| 2. Loans to entities that are consolidated proportionally or under the equity method | | 49,129,611.15 | 34,430,636.88 |
| 3. Other investments | | 63,922,577.60 | 63,868,910.13 |
| V. Public land assets | 14 | 654,468,003.59 | 629,837,578.45 |
| 1. Land and buildings | | 395,156,885.60 | 366,126,887.36 |
| 2. Under construction and advances | | 13,498,202.00 | 13,498,202.00 |
| 3. Other public land assets | | 245,812,915.99 | 250,212,489.09 |
| VI Long-term financial investments | 17 | 258,092,982.58 | 240,227,768.91 |
| VII Assets for deferred tax | | 1,425,408.96 | 2,675,732.43 |
| VIII. Long-term receivables and other accounts receivable | | 22,387,586.06 | 24,303,450.68 |
| B) CURRENT ASSETS | | 1,217,062,984.27 | 1,302,287,341.92 |
| I. Assets instate of sale | | 0.00 | 0.00 |
| II. Inventories | 5.11 | 54,439,486.84 | 45,800,518.84 |
| III. Receivables and other accounts receivable | | 330,364,538.13 | 308,246,073.74 |
| V. Short-term financial investments | 17 | 74,596,101.41 | 70,899,658.35 |
| VI Accruals and deferred income | | 6,871,884.52 | 6,926,535.99 |
| VII Cash and other equivalent liquid assets | | 750,790,973.37 | 870,414,555.00 |
| TOTAL ASSETS (A+B) | | 15,637,588,545.93 | 15,305,876,352.72 |

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet as at 31 December 2019



**Consolidated Balance Sheet
as of 31 December 2019 (amounts in euros)**

| NET EQUITY AND LIABILITIES | Notes in annual report | 2019 | 2018 |
|--|------------------------------|--------------------------|--------------------------|
| A) NET EQUITY | 19 | 13,167,212,323.27 | 12,688,791,018.76 |
| I. Equity contributed | | 7,851,335,788.43 | 7,855,120,877.81 |
| II. Equity created | | 4,346,893,060.07 | 3,900,553,964.81 |
| 2. Profit and loss brought forward | | 3,096,631,384.50 | 2,953,821,542.87 |
| 3. Financial year's results allocated to parent entity | | 266,875,367.86 | 184,225,884.40 |
| 4. Consolidated reserves | | 983,386,307.71 | 753,419,504.39 |
| III. Adjustments for changes in value | | 23,004,748.00 | 23,296,669.00 |
| IV. Other increases in equity pending recognition in the profit and loss account | | 858,968,713.77 | 828,086,229.14 |
| V. External shareholders | 10 | 87,010,013.00 | 81,733,278.00 |
| B) FIXED LIABILITIES | | 1,560,077,414.67 | 1,658,155,373.77 |
| I. Long-term provisions | 20 | 46,029,633.66 | 40,561,645.35 |
| II. Long-term debts | 18 | 1,075,492,650.04 | 1,154,685,548.68 |
| 1. Debentures and other marketable securities | | 95,000,000.00 | 95,000,000.00 |
| 2. Debts with credit institutions | | 769,587,399.28 | 830,543,599.37 |
| 3. Other debts | | 210,905,250.76 | 229,141,949.31 |
| III. Debts with group entities, multi-group and long term associates | | 0.00 | 60,287.98 |
| 1. Debts with entities integrated proportionally or by equity method | | 0.00 | 0.00 |
| 2. Other debts | | 0.00 | 60,287.98 |
| IV. Liabilities for deferred tax | | 6,422,615.44 | 6,797,381.72 |
| VI Short term accruals payable | 22 | 432,132,515.53 | 456,050,510.04 |
| C) CURRENT LIABILITIES | | 910,298,807.99 | 958,929,960.19 |
| I. Short-term provisions | 20 | 26,883,227.39 | 37,692,175.67 |
| II. Short-term debts | 18 | 256,992,947.89 | 224,422,360.54 |
| 1. Debentures and other marketable securities | | 900,240.98 | 895,162.14 |
| 2. Debts with credit institutions | | 90,417,881.60 | 64,805,073.26 |
| 3. Other payables | | 165,674,825.31 | 158,722,125.14 |
| III. Short-term debts with entities of the group, multi-group and associates | | 2,316,099.74 | 40,242,720.83 |
| 1. Debts with joint ventures or entities consolidated under the equity method | | 0.00 | 0.00 |
| 2. Other debts | | 2,316,099.74 | 40,242,720.83 |
| IV. Short term creditors and other accounts payable | | 508,852,398.28 | 544,299,165.01 |
| V. Accruals payable | 22 | 115,254,134.69 | 112,273,538.14 |
| TOTAL NET EQUITY AND LIABILITIES (A+B+C) | | 15,637,588,545.93 | 15,305,876,352.72 |

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet as at 31 December 2019



Consolidated Income and Expenditure Account as of 31 December 2019 (amounts in euros)

| | Notes in annual report | 2019 | 2018 |
|---|------------------------------|--------------------------|--------------------------|
| 1. Tax revenues and social security contributions | | 1,321,028,694.07 | 1,288,008,513.85 |
| a) Tax revenues | | 1,321,028,694.07 | 1,274,227,842.89 |
| b) Social security contributions | | 0.00 | 13,780,670.96 |
| 2. Transfers and subsidies received | | 1,167,694,256.72 | 914,915,285.13 |
| a) From the financial year | | 1,143,091,908.14 | 896,882,442.60 |
| b) Allocation of non-financial fixed-asset subsidies | | 9,987,233.08 | 1,227,263.17 |
| c) Allocation of subsidies for current and other assets | | 14,615,115.50 | 16,805,579.36 |
| 3. Net sales and services supplies | | 295,462,654.39 | 300,870,678.60 |
| a) Net sales | | 58,615,358.59 | 46,035,540.04 |
| b) Service supplies | | 236,847,295.80 | 254,835,138.56 |
| 4. Variation of inventories of finished products, products in the process of being manufactured and impairment losses | | 42,840.00 | -52,117.00 |
| 6. Other day-to-day management income | | 196,405,103.76 | 420,113,364.05 |
| 7. Provision surpluses | | 7,498,770.30 | 11,319,104.93 |
| A) TOTAL INCOME FROM DAY-TO-DAY MANAGEMENT | | 2,988,132,319.24 | 2,935,174,829.56 |
| 8. Staff expenditure | | -793,435,030.77 | -747,893,816.67 |
| a) Wages, salaries and similar expenses | | -601,628,079.18 | -580,148,191.17 |
| b) Social security contributions | | -191,806,951.59 | -167,745,625.50 |
| 9. Transfers and subsidies granted | | -607,370,103.09 | -561,734,664.43 |
| 10. Supplies | | -73,614,982.27 | -62,772,663.55 |
| a) Consumption of goods and other items | | -73,595,874.89 | -63,136,940.01 |
| b) Impairment loss in goods, raw materials and other supplies | | -19,107.38 | 364,276.46 |
| 11. Other day-to-day management expenses | | -984,942,045.17 | -1,106,024,666.16 |
| 12. Fixed asset depreciation | | -220,527,693.86 | -214,358,821.92 |
| B) TOTAL EXPENSES FROM DAY-TO-DAY MANAGEMENT | | -2,679,889,855.16 | -2,692,784,632.73 |
| I. Day-to-day management income and expenditure (saving and dissavings) (A+B) | | 308,242,464.08 | 242,390,196.83 |
| 13. Impairment losses and results from disposals of non-financial fixed assets and assets under sale | | -8,224,205.46 | 7,258,940.81 |
| a) Impairment losses | | 0.00 | 2,931,601.00 |
| b) Write-offs and disposals | | -11,077,058.22 | 5,456,331.51 |
| b) Allocation of non-financial fixed-asset subsidies | | 2,852,852.76 | -1,128,991.70 |
| 14. Other non-day-to-day items | | -6,677,652.48 | 2,870,543.42 |
| II. Results from non-financial transactions | | 293,340,606.14 | 252,519,681.06 |
| 17. Financial income | | 30,625,123.80 | 26,581,982.88 |
| a) From holdings in equity instruments | | 1,604,762.67 | 1,492,437.45 |
| b) From marketable securities and credit from fixed assets | | 29,020,361.13 | 25,089,545.43 |
| 18. Financial expenditure | | -17,326,948.20 | -15,220,669.47 |
| 19. Financial expenses allocated to assets | | 253,598.00 | -537,605.28 |
| 21. Exchange differences | | 893.85 | 845.65 |
| 22. Impairment losses, write-offs and disposals of financial assets and liabilities | | -41,852,883.73 | -94,935,489.66 |
| III. Results from financial transactions | | -28,300,216.28 | -84,110,935.88 |
| 23. Share in profits (losses) from entities consolidated under the equity method | 13 | 10,880,307.43 | 11,037,516.15 |
| IV. Pre-tax results | | 275,920,697.29 | 179,446,261.33 |
| 26. Capital gains tax | | -3,000,550.43 | -1,924,541.11 |
| IV Results from financial year arising from discontinued transactions net of taxes | | 0.00 | 12,028,786.18 |
| V Financial year's consolidated results (savings and dissavings) | | 272,920,146.86 | 189,550,506.40 |
| Results allocated to parent entity | | 266,875,367.86 | 184,225,884.40 |
| Results allocated to external shareholders | 10 | 6,044,779.00 | 5,324,622.00 |

Notes 1 to 25 of the accompanying annual report are an integral part of the Consolidated Income and Expenditure Account for the 2019 financial year

Consolidated Statement of Changes in Net Equity as at 31 December 2019 (amounts in euros)

1. Total Consolidated Statement of Changes in Net Equity

| | Notes in annual report | I. Equity | II. Equity created | III. Adjustments for changes in value | IV. Subsidies received | V. External shareholders | TOTAL |
|--|------------------------|-------------------------|-------------------------|---------------------------------------|------------------------|--------------------------|--------------------------|
| NET EQUITY ADJUSTED AT THE END OF THE 2018 FINANCIAL YEAR | | 7,855,120,877.81 | 3,900,553,964.81 | 23,296,669.00 | 828,086,229.14 | 81,733,278.00 | 12,688,791,018.77 |
| ADJUSTMENTS FOR CHANGES OF ACCOUNTING CRITERIA AND CORRECTIONS OF ERRORS | | 0.00 | 272,636.95 | 0.00 | 0.00 | 0.00 | 272,636.95 |
| INITIAL NET EQUITY ADJUSTED FOR THE 2019 FINANCIAL YEAR | | 7,855,120,877.81 | 3,900,826,601.77 | 23,296,669.00 | 828,086,229.14 | 81,733,278.00 | 12,689,063,655.72 |
| CHANGES IN NET EQUITY FOR THE 2019 FINANCIAL YEAR | | -3,785,089.38 | 446,066,458.31 | -291,921.00 | 30,882,484.63 | 5,276,735.00 | 478,148,667.56 |
| 1. Income and expenditure recognised for the financial year | | 0.00 | 266,875,367.86 | -292,057.00 | 40,547,130.02 | 5,875,641.00 | 313,006,081.88 |
| 2. Asset and liability transactions with the entity or owner entities | | 0.00 | -18,013,461.37 | 0.00 | 0.00 | -596,649.00 | -18,610,110.37 |
| 3. Other changes in net equity | | -3,785,089.38 | 197,204,551.82 | 136.00 | -9,664,645.39 | -2,257.00 | 183,752,696.05 |
| NET EQUITY AT THE END OF THE 2019 FINANCIAL YEAR | | 7,851,335,788.43 | 4,346,893,060.08 | 23,004,748.00 | 858,968,713.77 | 87,010,013.00 | 13,167,212,323.27 |

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2019 financial year

2. Consolidated Statement of Recognised Income and Expenditure

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| I. Income and expenditure | 266,875,367.86 | 184,225,884.40 |
| II. Income and expenditure recognised directly in net equity | | |
| 2. Financial assets and liabilities | -21,884.13 | 43,164.32 |
| 4. Other increases in equity | 76,448,830.44 | 115,573,470.94 |
| Total | 76,426,946.31 | 115,616,635.26 |
| III. Transfers to the Income and Expenditure Account or to the initial carrying amount of hedged items | | |
| 3. Accounting hedges | 0.00 | 0.00 |
| 4. Other increases in equity | -30,834,478.54 | -32,485,128.59 |
| 6. Tax effect | 538,246.25 | 764,133.79 |
| Total | -30,296,232.29 | -31,720,994.80 |
| IV. TOTAL recognised income and expenditure (I+II+III) | 313,006,081.88 | 268,121,524.86 |

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2019 financial year



Consolidated Cash Flow Statement as of 31 December 2019 (amounts in euros)

| | 2019 | 2018 |
|--|------------------------|------------------------|
| CONSOLIDATED CASH FLOW STATEMENT | | |
| I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per BCC and IB) | 216,610,543.54 | 248,465,053.17 |
| I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per PBE and PLC) | 77,766,874.13 | 67,159,186.12 |
| Net cash flows per management activity | 294,377,417.67 | 315,624,239.29 |
| II. CASH FLOWS FROM INVESTMENT ACTIVITIES (*) | | |
| C) Receipts: | 76,933,694.66 | 124,796,643.91 |
| 1. Sale of property investments | 42,049,559.92 | 45,122,822.08 |
| 2. Sale of financial assets | 1,603,660.00 | 0.00 |
| 3. Other receipts from investment activities | 33,280,474.74 | 79,673,821.83 |
| D) Payments: | -463,171,667.80 | -487,188,590.06 |
| 4. Purchase of property investments | -430,457,988.75 | -463,281,380.81 |
| 5. Purchase of financial assets | -25,201,090.82 | -22,233,007.92 |
| 6. Other payments from investment activities | -7,512,588.23 | -1,674,201.33 |
| Net cash flows from investment activities (+C-D) | -386,237,973.14 | -362,391,946.15 |
| III. CASH FLOWS FROM FUNDING ACTIVITIES | | |
| E) Receivables to the owner entity or entities | 17,048,565.77 | 15,761,066.05 |
| 2. Other receivables to owner entity or entities | 17,048,565.77 | 15,761,066.05 |
| F) Payments to the owner entity or entities | -13,662,098.06 | 0.00 |
| 5. Other payments to owner entity or entities | -13,662,098.06 | 0.00 |
| G) Receipts for issuing financial liabilities: | 59,712,774.52 | 82,427,622.89 |
| 5. Debentures and other marketable securities | 0.00 | 0.00 |
| 6. Loans received | 30,672,762.39 | 67,657,479.76 |
| 7. Other payables | 29,040,012.13 | 14,770,143.13 |
| H) Payments for financial liability redemptions | -92,885,761.27 | -84,723,426.71 |
| 9. Loans received | -66,009,334.83 | -62,688,968.22 |
| 10. Other debts | -26,876,426.44 | -22,034,458.49 |
| Net cash flows through funding activities (+E-F+G-H) | -29,786,519.04 | 13,465,262.23 |
| IV. CASH FLOWS PENDING CLASSIFICATION | | |
| I) Receipts pending | 2,128,708.60 | 222,957.34 |
| J) Payments pending | -105,236.96 | -318,688.28 |
| Net cash flows pending classification (+I-J) | 2,023,471.64 | -95,730.94 |
| V. EFFECT OF VARIATIONS IN EXCHANGE RATES | | |
| | -4.83 | -0.09 |
| VI NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENT LIQUID ASSETS (I+II+III+IV+V) | | |
| | -119,623,607.70 | -33,398,175.66 |
| Cash and cash-equivalent liquid assets at the start of the financial year (**) | 870,414,581.07 | 903,812,756.73 |
| Cash and cash-equivalent liquid assets at the end of the financial year | 750,790,973.37 | 870,414,581.07 |

(*) Cash flows from investment activities include payments made by Barcelona City Council for investments made directly or through subsidiary entities.

(*) This balance includes temporary financial investments.



The Entities' Consolidated Budget Settlement Statement with restrictive budget (amounts in euros)

Expenditure Budget Settlement. Financial classification

| BUDGETARY IMPLEMENTATION | DESCRIPTION | INITIAL CREDIT | NET RECOGNISED DEBENTURES |
|--------------------------|---|-------------------------|---------------------------|
| Chapter 1 | Staff expenses | 509,998,479.01 | 562,265,130.18 |
| Chapter 2 | Expenditure on current goods and services | 841,016,351.89 | 821,324,758.74 |
| Chapter 3 | Financial expenditure | 16,468,135.05 | 19,611,414.28 |
| Chapter 4 | Current transfers | 836,647,281.53 | 868,130,402.72 |
| Chapter 5 | Contingency funds | 38,862,805.33 | 0.00 |
| Chapter 6 | Property investments | 333,265,131.09 | 334,637,610.82 |
| Chapter 7 | Capital transfers | 16,367,369.69 | 14,105,622.29 |
| Chapter 8 | Financial assets | 43,715,212.73 | 22,919,816.81 |
| Chapter 9 | Financial liabilities | 52,858,333.33 | 57,205,736.15 |
| TOTAL | | 2,689,199,099.65 | 2,700,200,491.99 |

Income budget settlement

| BUDGETARY IMPLEMENTATION | DESCRIPTION | INITIAL FORECASTS | NET RECOGNISED COLLECTION RIGHTS |
|--------------------------|---------------------------|-------------------------|----------------------------------|
| Chapter 1 | Direct taxes | 1,074,993,965.98 | 1,079,828,267.68 |
| Chapter 2 | Indirect taxes | 76,718,511.85 | 92,391,335.39 |
| Chapter 3 | Charges and other revenue | 303,610,901.85 | 370,175,969.87 |
| Chapter 4 | Current transfers | 1,084,821,379.44 | 1,135,734,182.03 |
| Chapter 5 | Property income | 56,810,519.62 | 50,886,385.15 |
| Chapter 6 | Property investments | 101,130.00 | 7,314,186.93 |
| Chapter 7 | Capital transfers | 33,411,268.33 | 21,329,712.10 |
| Chapter 8 | Financial assets | 40.00 | 60,500.00 |
| Chapter 9 | Financial liabilities | 65,141,104.80 | 720,132.98 |
| TOTAL | | 2,695,608,821.87 | 2,758,440,672.13 |

Consolidated budgetary results

| ITEMS | NET RECOGNISED COLLECTION RIGHTS | NET RECOGNISED DEBENTURES | BUDGETARY INCOME AND EXPENDITURE |
|--|----------------------------------|---------------------------|----------------------------------|
| a) Current transactions | 2,729,016,140.12 | 2,271,331,705.92 | 457,684,434.20 |
| b) Capital transactions | 28,643,899.03 | 348,743,233.11 | -320,099,334.08 |
| 1.. Total non-financial transactions (a+b) | 2,757,660,039.15 | 2,620,074,939.03 | 137,585,100.12 |
| c) Financial assets | 60,500.00 | 22,919,816.81 | -22,859,316.81 |
| d) Financial liabilities | 720,132.98 | 57,205,736.15 | -56,485,603.17 |
| 2. Total financial transactions (c+d) | 780,632.98 | 80,125,552.96 | -79,344,919.98 |
| I. FINANCIAL YEAR'S CONSOLIDATED BUDGET RESULTS | | | 58,240,180.14 |



Barcelona City Council Group Consolidated annual report for the 2019 financial year

Note 1 – The Barcelona City Council Group – Entities of the group

1.1 Parent entity

For the purposes of carrying out its functions more effectively and efficiently in the service it offers the public, in accordance with functional specialisation and management streamlining criteria, the City Council has created a range of subsidiary entities with their own legal personality: independent bodies, public business entities and municipal trading companies.

In addition, for the purposes of participating in decision-making in Chapters where it may be affected or collaborating with other authorities or private entities in Chapters of mutual interest or shared jurisdiction, the City Council has direct or indirect holdings, and in different proportions, in a series of undertakings and is represented in several consortiums, foundations and associations.

For the purposes of preparing the consolidated annual accounts, a group shall be understood to exist where the parent entity has one or more subsidiaries, the latter being entities which the former has control over, whether directly or indirectly. The principles applied in preparing the Group's consolidated annual accounts, as well as the consolidation perimeter, are detailed below.

1.2 Subsidiary entities

Subsidiaries are all the entities that the City Council Group exercises or can exercise direct or indirect control over, such control being understood as the power to govern the financial policies and activities of another entity for the purposes of obtaining financial returns or the potential of the service. In particular, what is referred to under Article 2 of Order HAP/1489/2013.

In evaluating whether the Group controls another entity, account is taken of the existence and effect of potential voting rights that may currently be exercisable or convertible. Subsidiaries are consolidated on the basis of the date when control is transferred to the Group and excluded from the consolidation on the date when such control stops.

Any acquisition of a subsidiary Entity's control on the part of the Parent Entity (or another Entity of the Group) constitutes a combination of transactions that is entered in the accounts using the acquisition method. The acquisition cost is the fair value of the assets delivered, of the equity instruments issued and of the liabilities incurred or assumed on the exchange date, and the fair value of any additional consideration that depends on future events (provided it is probable and can be reliably valued).



Barcelona City Council's Own Resource entities

For bodies that comply with certain requirements, Article 32 of Act 9/2017, of 8 November, concerning Public Sector Contracts, establishes the condition of personalised own resources for the provision of construction, supply, service, concession of works and concession of services contracts, in exchange for a rated compensation. In this sense, Barcelona City Council has statutorily recognised this condition for the following bodies:

Independent bodies

Municipal Institute of Information Technology
Municipal Institute of Education
Municipal Tax Office
Barcelona Municipal Institute of Markets
Municipal Institute for People with Disabilities
Municipal Institute of Urban Landscape and Quality of Life
Municipal Institute of Social Services
Barcelona Municipal Sports Institute

Publicly Owned Business Organisations

Municipal Institute of Parks and Gardens
Barcelona Institute of Culture
Barcelona Municipal of Housing and Renovation Institute
Public-owned company of the Mies van der Röhe Foundation
Municipal Institute of Urban Planning

Municipal Mercantile Companies

Informació i Comunicació Barcelona, SA
Barcelona Activa, Sa SPM
Barcelona Cicle de l'Aigua, SA
Foment de Ciutat, SA
Barcelona d'Infraestructures Municipals, SA
Barcelona de Serveis Municipals, SA
Parc d'Atraccions Tibidabo, SA
Cementiris de Barcelona, SA

The requirements that must be met by these bodies, as defined in the above-mentioned Act, are summarised as follows:

- a) That the City Council exercises direct or indirect control over the own-resource body, analogous to that which it exercises over its own services or units.
- b) That over 80 percent of the own-resource body's activities are carried out in the execution of the functions assigned to them by Barcelona City Council. In this sense, the Act understands 'activity' as being the average of the Global volume of business, expenditure undertaken for the services



provided to the adjudicative power (City Council) in relation to the total amount of expenditure incurred by the own-resource body due to the services provided to any entity, or another alternative activity indicator that is reliable. All of this refers to the three financial years prior to the formalisation of the commission.

In accordance with the same precept and with the joint circular of 22 March 2019, from the State's Legal Counsel and the General Audit of the State Administration, on the criteria for calculating the requisite activity stipulated by the LCSP in entities that are considered medium-sized, only the revenues derived from the exercise of the administrative powers or public function undertaken by the entity shall be taken into account, if these activities are obligatory in nature and are compensated using a rates-based structure.

In the case of entities in which the entirety of the operations they perform are linked to their condition as entities that are functionally decentralised from the City Council, and which are statutorily established as an own-resource body, and in previous financial years have not expressly been commissioned to undertake management tasks under the terms provided for in the texts of the LCSP in force at the time, in the event that they are commissioned to undertake this type of task, an assessment will have to be carried out to determine whether the entity meets all the requirements provided for in Article 32 of the LSCP; among others, that more than 80% of the activities they perform are linked to the undertakings entrusted to them by the City Council or by entities dependent on or attached to the City Council. This percentage will be calculated in accordance with the criteria provided for in the above mentioned joint circular.

In the case of entities that undertake other operations different to those entrusted to them by Barcelona City Council and the functions provided for in their statutes as an own-resource body, functionally decentralised from the City Council, in which the criteria established by the above mentioned joint circular for calculating the requisite activity stipulated by the LSCP would result in the loss of the condition of own-resource with regard to the criteria applied in the annual accounts report corresponding to the previous financial year, given that they are instrumental entities of the City Council and their activity responds to mandates assigned by the same Municipal Council, and Barcelona City Council wishes to establish a rates-based compensation system for any activities that may be formulated as commissions for own-resource bodies, in this case the entirety of these revenues may be included in the calculation of the percentage, thereby exceeding the average of 80%.

c) Furthermore, when the body receiving the commission (own-resource body) is an entity with its own legal personality, all of its capital or assets must be publicly owned or publicly contributed.

d) The condition of own-resource body must be expressly recognised in its statutes or constituent instruments.

It should be stressed that these bodies are considered to be a means of functional decentralisation for the provision of municipal public services linked to matters that make up their social objectives or the functions established in their statutes, as a way of direct management and referring to Barcelona City Council's power of self-organisation.



1.2.a) Entities to be integrated into the consolidation.

The subsidiary entities consolidated using the global integration method are as follows:

| Entity | Integration method | Legal nature | Owner entity | Auditing firm |
|--|--------------------|--------------|--------------------------------------|---|
| Municipal Institute for People with Disabilities | Global | IB | Barcelona City Council | Auren Auditores SP, SLP - Uniaudit Oliver Camps, SL, Temporary Consortium (UTE) |
| Barcelona Sports Institute | Global | IB | Barcelona City Council | |
| Municipal Institute of Information Technology | Global | IB | Barcelona City Council | |
| Municipal Tax Office | Global | IB | Barcelona City Council | |
| Municipal Institute of Markets | Global | IB | Barcelona City Council | |
| Municipal Institute of Education | Global | IB | Barcelona City Council | |
| Municipal Institute of Urban Landscape and Quality of Life | Global | IB | Barcelona City Council | |
| Municipal Institute for Social Services | Global | IB | Barcelona City Council | |
| Municipal Institute of Parks and Gardens | Global | PBE | Barcelona City Council | Faura-Casas, Auditors Consultors, S.L. |
| Barcelona Institute of Culture | Global | PBE | Barcelona City Council | |
| Municipal Institute of Housing and Renovation | Global | PBE | Barcelona City Council | |
| Public-owned company of the Mies van der Röhe Foundation | Global | PBE | Barcelona City Council | |
| Municipal Institute of Urban Planning | Global | PBE | Barcelona City Council | |
| Barcelona d'Infraestructures Municipals, SA | Global | PLC | Barcelona City Council | Faura-Casas, Auditors Consultors, S.L. |
| Foment de Ciutat, SA | Global | PLC | Barcelona City Council | |
| Informació i Comunicació de Barcelona, SA | Global | PLC | Barcelona City Council | |
| Barcelona Activa, SAU SPMA | Global | PLC | Barcelona City Council | |
| Barcelona Cicle de l'Aigua, SA | Global | PLC | Barcelona City Council | |
| Barcelona de Serveis Municipals, SA | Global | PLC | Barcelona City Council | |
| Parc d'Atraccions Tibidabo, SA | Global | PLC | Barcelona de Serveis Municipals, SA | |
| Tractament i Selecció de Residus, SA | Global | PLC | Barcelona de Serveis Municipals, SA | |
| Selectives Metropolitanas, SA | Global | PLC | Tractament i Selecció de Residus, SA | |
| Solucions Integrals per als Residus, SA | Global | PLC | Tractament i Selecció de Residus, SA | |
| Cementiris de Barcelona, SA | Global | PLC | Barcelona de Serveis Municipals, SA | |
| Mercabarna, SA | Global | PLC | Barcelona de Serveis Municipals, SA | |

IB – Independent body
PBE – Public Business Entity
PLC – Public limited company

All the subsidiary entities that are incorporated into the consolidation using the global integration method closed the 2019 financial year on 31 December 2019, just like the parent entity. The entities'



corresponding annual accounts for the 2019 financial year have been audited with an unqualified opinion in all cases.

The General Audit of Barcelona City Council, making use of the powers attributed by Article 29.3.A of Royal Decree 424/2017, of 28 April, regulating the legal regime for the internal control of Local Public Sector entities, has audited the annual accounts of the autonomous bodies and publicly owned business organisations, with the collaboration of the auditing firms indicated in the table above. Likewise, the annual accounts of Barcelona City Council have been audited, based on the auditing work carried out by Ernst & Young, S.L.

| Entity | Shareholding (%) | Activity |
|--|------------------|--|
| Independent bodies | | |
| Municipal Institute for People with Disabilities | 100 | Managing promotional activities and care for people with disabilities |
| Barcelona Sports Institute | 100 | Promoting sports activities. |
| Municipal Institute of Information Technology | 100 | Performing IT work. |
| Municipal Tax Office | 100 | Managing, inspecting and collecting taxes, public-sector charges, fines and other revenue. |
| Municipal Institute of Markets | 100 | Administering and managing the municipal markets. |
| Municipal Institute of Education | 100 | Planning and managing the activities, structures and administration of teaching centres. |
| Municipal Institute of Urban Landscape and Quality of Life | 100 | Protecting, maintaining and improving landscape values. |
| Municipal Institute for Social Services | 100 | Promoting, organising, managing and coordinating the provision of social services. |
| Publicly Owned Business Organisations | | |
| Municipal Institute of Parks and Gardens | 100 | Conserving and improving parks, gardens and woodland Chapters. |
| Barcelona Institute of Culture | 100 | Developing services and Chapters of cultural action. |
| Municipal Institute of Housing and Renovation | 100 | Promoting and building housing. |
| Public-owned company of the Mies van der Röhe Foundation | 100 | Promoting and disseminating culture in the field of architecture. |
| Municipal Institute of Urban Planning | 100 | Managing urban planning activities. |
| Trading Companies | | |
| Barcelona Municipal Infrastructures, SA | 100 | Implementing urban-planning projects. |
| Foment de Ciutat, SA | 100 | Activities and services mainly in the Ciutat Vella district |
| Informació i Comunicació de Barcelona, SA | 100 | Providing and managing audiovisual media services in radio and television. |
| Barcelona Activa, SAU SPM | 100 | Fostering, promoting and stimulating employment and economic activity. |
| Barcelona Cicle de l'Aigua, SA | 100 | Managing the city's water cycle, beaches, coastline and the environment. |
| Barcelona de Serveis Municipals, SA | 100 | Managing, maintaining, administering and operating public services. |
| Parc d'Atraccions Tibidabo, SA (1)(3) | 100 | Running the amusement park. |
| Tractament i Selecció de Residus, SA (1)(3) | 58.64 | Managing, treating and eliminating solid waste. |
| Selectives Metropolitanas, SA (2)(3) | 58.64 | Services relating to urban-waste management. |
| Solucions Integrals per als Residus, SA (2)(3) | 58.64 | Services relating to urban-waste management. |
| Cementiris de Barcelona, SA (1)(3) | 100 | Managing, developing and operating cremation and cemetery services. |
| Barcelona wholesale market Mercabarna, SA (1)(3) | 50.69 | Managing, developing and operating the Barcelona Food Unit. |

- (1) Shareholding maintained through Barcelona de Serveis Municipals, SA.
(2) Shareholding maintained through Tractament i Selecció de Residus, SA.
(3) See Note 3 on entity subgroups.



1.2.b) Entities to be excluded from the consolidation

There are no subsidiary entities excluded from the consolidation.

1.3 Relative importance of the group's entities

The representative magnitude of relative importance is considered for the entities with a restrictive expenditure budget, the total amount of the net recognised debentures and for the entities with an estimated expenditure budget, the total amount of the financial year's operational expenses.

| Entity | Relative importance |
|--|---------------------|
| Municipal Institute for People with Disabilities | 12,692,556.64 |
| Barcelona Institute of Sports | 27,827,729.90 |
| Municipal Institute of Information Technology | 69,302,943.29 |
| Municipal Tax Office | 29,842,518.27 |
| Municipal Institute of Markets | 25,659,323.65 |
| Municipal Institute of Education | 71,837,145.47 |
| Municipal Institute of Urban Landscape | 8,789,058.43 |
| Municipal Institute for Social Services | 248,464,423.29 |
| Municipal Institute of Parks and Gardens | 59,667,103.98 |
| Barcelona Institute of Culture | 130,066,011.70 |
| Barcelona Municipal Institute of Housing and Renovation | 39,761,254.23 |
| Public-owned company of the Mies van der Röhe Foundation | 2,015,025.38 |
| Municipal Institute of Urban Planning | 7,800,410.16 |
| Barcelona Municipal Infrastructures, SA | 6,702,787.69 |
| Foment de Ciutat, SA | 10,163,487.99 |
| Informació i Comunicació de Barcelona, SA | 24,967,095.00 |
| Barcelona Activa, SAU SPM | 52,820,867.45 |
| Barcelona Cicle de l'Aigua, SA | 7,029,383.77 |
| Barcelona de Serveis Municipals, SA | 123,191,883.42 |
| Parc d'Atraccions Tibidabo, SA | 15,775,473.89 |
| Waste treatment and selection, SA | 90,055,108.06 |
| Selectives Metropolitanas, SA | 9,308,073.20 |
| Solucions Integrals per als Residus, SA | 11,081,680.99 |
| Cementiris de Barcelona, SA | 14,657,681.06 |
| Mercabarna, SA | 31,758,109.93 |



Note 2 – Entities of the multi-group and associates

2.1.a) Entities to be integrated into the consolidation.

In accordance with the provisions set out in Order HAP/1489/2013, multi-group entities are understood as entities managed by one or various group entities with a holding in their share capital or equity, in conjunction with one or more entities that are not part of the group.

The multi-group entities integrated into the consolidation using the equity method are:

| | Integration method | Legal nature | Owner entity | Shareholding (%) |
|---|--------------------|--------------|------------------------|------------------|
| Besòs Consortium (2) | EM | CO | Barcelona City Council | 20.00 |
| Mercat de les Flors Consortium (2) | EM | CO | Barcelona City Council | 57.00 |
| Museu de Ciències Naturals de Barcelona Consortium (1) | EM | CO | Barcelona City Council | 54.00 |
| Barcelona Urban Ecology Agency (1) | EM | CO | Barcelona City Council | 33.00 |
| Museu d'Art Contemporani de Barcelona (MACBA) Consortium (1) | EM | CO | Barcelona City Council | 42.00 |
| L'Auditori i l'Orquestra Consortium (1) | EM | CO | Barcelona City Council | 57.00 |
| Barcelona Libraries Consortium (1) | EM | CO | Barcelona City Council | 56.00 |
| Campus Interuniversitari Diagonal-Besòs Consortium (1) | EM | CO | Barcelona City Council | 21.43 |
| Localret Consortium (1) | EM | CO | Barcelona City Council | 1.00 |
| Barcelona Local Energy Agency (1) | EM | CO | Barcelona City Council | 53.00 |
| Fira Internacional de Barcelona Consortium (2) | EM | CO | Barcelona City Council | 33.00 |
| Turisme de Barcelona Consortium (2) | EM | CO | Barcelona City Council | 43.00 |
| Barcelona Housing Consortium (1) | EM | CO | Barcelona City Council | 40.00 |
| Barcelona Education Consortium (1) | EM | CO | Barcelona City Council | 40.00 |
| Barcelona Social Services Consortium | EM | CO | Barcelona City Council | 40.00 |
| Barcelona Public Health Agency (1) | EM | CO | Barcelona City Council | 60.00 |
| Barcelona Health Consortium (1) | EM | CO | Barcelona City Council | 40.00 |
| Institute of Municipal Staff Health Care Provision (PAMEM) (1) | EM | CO | Barcelona City Council | 60.00 |
| Gran Teatre del Liceu Consortium (1) | EM | CO | Barcelona City Council | 10.00 |
| Pla de Rehabilitació i Equipament de Teatres de Barcelona Consortium (1) | EM | CO | Barcelona City Council | 25.00 |
| Institut Ramon Llull Consortium (2) | EM | CO | Barcelona City Council | 15.00 |
| Mar Parc de Salut de Barcelona Consortium (1) | EM | CO | Barcelona City Council | 40.00 |
| Barcelona Mobile World Capital Consortium | EM | CO | Barcelona City Council | 20.00 |
| 3ª Edició Barcelona World Race Consortium | EM | CO | Barcelona City Council | 25.00 |
| Linguistic Normalisation Consortium (2) | EM | CO | Barcelona City Council | 1.00 |
| Barcelona High-Speed (AVE) Consortium | EM | CO | Barcelona City Council | 33.33 |
| Les Drassanes Reials i Museu Marítim de Barcelona Consortium | EM | CO | Barcelona City Council | 26.00 |
| Palau de la Música Catalana Consortium | EM | CO | Barcelona City Council | 17.00 |
| Museu Nacional d'Art de Catalunya (MNAC) Consortium (2) | EM | CO | Barcelona City Council | 16.00 |
| Barcelona Centre of Contemporary Culture, Casa Caritat (CCCC) | EM | CO | Barcelona City Council | 28.00 |
| Catalan Health and Social Care Consortium | EM | CO | Barcelona City Council | 1.00 |
| Zona Franca de Barcelona Consortium | EM | CO | Barcelona City Council | 35.00 |
| Metropolitan Transport Authority (1) | EM | CO | Barcelona City Council | 25.00 |
| Barri de la Mina Consortium (2) | EM | CO | Barcelona City Council | 10.00 |
| Besòs Tordera Consortium | EM | CO | Barcelona City Council | 9.00 |
| Universitat Internacional Menéndez Pelayo de Bcn - Centre Ernest Lluch Con. | EM | CO | Barcelona City Council | 25.00 |
| Parc Natural de la Serra de Collserola Consortium (1) | EM | CO | Barcelona City Council | 7.00 |
| Parc de Recerca Biomèdica de Barcelona Consortium (1) | EM | CO | Barcelona City Council | 30.00 |
| Institut d'Estudis Regionals i Metropolitans de Barcelona Consortium (1) | EM | CO | Barcelona City Council | 23.00 |
| Casa Asia (1) | EM | CO | Barcelona City Council | 25.00 |
| European Institute of the Mediterranean (1) | EM | CO | Barcelona City Council | 31.00 |
| Diplocat Consortium - Patronat Catalunya-Món | EM | CO | Barcelona City Council | 3.00 |
| Consortium for the Protection and Management of Natural Spaces in the Llobregat Delta | EM | CO | Barcelona City Council | 13.33 |

EM – Equity method in accordance with Art. 12 of Order HAP/1489/2013

CO – Consortium

(1) Annual accounts for 2018 audited with an unqualified opinion.

(2) Annual accounts for 2018 audited with exceptions.



The associate entities integrated into the consolidation using the equity method are:

| Entity | Integration method | Legal nature | Owner entity | Shareholding (%) |
|---|--------------------|--------------|-------------------------------------|------------------|
| Barcelona Sagrera Alta Velocitat, SA | EM | PLC | Barcelona City Council | 25.00 |
| Barcelona Emprèn CR, SA (1) | EM | PLC | Barcelona City Council | 26.04 |
| Fira 2000, SA (1) | EM | PLC | Barcelona City Council | 23.95 |
| Catalana d'iniciatives SA, in liquidation | EM | PLC | Barcelona de Serveis Municipals, SA | 24.25 |
| Barcelona d'Aparcaments Municipals SA (1) | EM | PLC | Barcelona de Serveis Municipals, SA | 40.00 |
| Barcelona Regional, SA (1) | EM | PLC | Barcelona City Council and MCBNA | 32.39 |
| Habitatge Metròpolis Barcelona, S.A. | EM | PLC | Barcelona City Council | 50.00 |

(1) Unqualified opinion of the annual accounts for 2019.

EM – Equity method

PLC – Public limited company

The associated entities that are incorporated into the consolidation using the equity method closed the 2019 financial year on 31 December 2019, just like the parent entity. However, the annual accounts for the 2018 financial year have been used to incorporate the multi-group entities into the consolidation by the same method, because it was not possible to gather all the annual accounts at the closure of 2019. The Manager's Office estimates that, given the relative importance of the multi-group entities in the Global consolidated accounts, the above-mentioned time difference does not have a significant effect on the annual consolidated accounts.

2.1.b) Entities to be excluded from the consolidation

Taking into account Article 8, Sections (b) and (c) of Order HAP/1489/2013, of 18 July, approving the rules for drawing up consolidated annual accounts in the public sector, multi-group entities have been excluded from the consolidation where there are important ongoing restrictions that pose substantial difficulties for the parent entity in exercising its rights over the equity and management of the subsidiary entity. It would only be possible to obtain the necessary information for establishing the consolidated accounts by incurring disproportionate expenses and with an inevitable delay that would make it impossible to draw up the aforementioned accounts within the deadline set by the applicable legislation. The entities excluded from the consolidation are as follows:

| Entity | Organisational classification - Assigned Area | Legal nature |
|--|--|--------------|
| Barcelona Cultura Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Navegació Oceànica Barcelona Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Carles Pi i Sunyer Foundation for Autonomous Region and Local Government Studies | Area of Culture, Education, Science and Community Affairs | F |
| Julio Muñoz Ramonet Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Barcelona Mobile World Capital Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Museu Picasso de Barcelona Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Barcelona Institute of Technology for Habitat (BIT HABITAT) Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Casa Amèrica a Catalunya Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Gran Teatre del Liceu Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Antoni Tàpies Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Joan Miró Foundation - Contemporary Art Studies Centre | Area of Culture, Education, Science and Community Affairs | F |
| Teatre Lliure - Teatre públic de Barcelona Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Museu Marítim i Drassanes Reials de Barcelona Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Artur Martorell Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Orfeo Català – Palau de la Música Catalana Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Joan Brossa Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Biblioteca Pública Arús Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Hospital de la Santa Creu i Sant Pau Private Foundation | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | F |
| Hospital Santa Creu i Sant Pau Health Management Private Foundation | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | F |
| Centre de Medicina Regenerativa de Barcelona Private Foundation | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | F |



| Entity | Organisational classification - Assigned Area | Legal nature |
|--|---|--------------|
| Institut de Salut Global Barcelona (IS Global) Private Foundation | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | F |
| Dieta Mediterrània Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Ulls del Món Private Foundation | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | F |
| BCN Formació Professional Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Escola de Puntaires de Barcelona | Area of Culture, Education, Science and Community Affairs | F |
| Escoles Domènech Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Institut Barcelona d'Estudis Internacionals (IBEI) Private Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Consejo España - China, Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Consejo España-India Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Consejo España-Japón Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Vol Private Foundation | Area Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | F |
| Urbs i Territori Ildefons Cerdà Private Foundation | Area of Urban Ecology | F |
| Eurecat Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| I2CAT, Internet i Innovació digital a Catalunya Private Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| BCD per a la Promoció del Disseny Industrial Foundation | Area of Culture, Education, Science and Community Affairs | F |
| Barcelona Graduate School of Economics Private Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Institut d'Economia de Barcelona Private Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Fòrum Ambiental Foundation | Area of Urban Ecology | F |
| Bioregió de Catalunya (Biocat) Private Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Sustainable and Safe Mobility, Private Foundation | Area of Urban Ecology | F |
| Centre for International Information and Documentation, Barcelona (CIDOB) Private Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Factor Humà Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Fòrum Universal de les Cultures Private Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Pagesia de Catalunya Private Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Barcelona Olímpica Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Centro de Estudios Internacionales Private Foundation | Area for the 2030 Agenda, Digital Transition and Sports | F |
| Festa Major de Gràcia Private Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Barcelona Zoo Foundation | Area for Economy, Resources and Economic Promotion. | F |
| Parc Científic de Barcelona Private Foundation | Area of Culture, Education, Science and Community Affairs | F |
| International Association of Educating Cities | Area for Economy, Resources and Economic Promotion. | A |
| Red de Juderías de España, Caminos de Sefarad | Area for Economy, Resources and Economic Promotion. | A |
| Barcelona Metropolitan Strategic Plan | Area for the 2030 Agenda, Digital Transition and Sports | A |
| Catalan Federation of Local Authorities | Area for Economy, Resources and Economic Promotion. | A |
| Catalan Association of Local Authorities and Counties (ACMC) | Area for Economy, Resources and Economic Promotion. | A |
| Communauté des Villes Ariane (CVA) | Area for Economy, Resources and Economic Promotion. | A |
| América-Europa de Regiones y Ciudades (AERYC) Association | Area for the 2030 Agenda, Digital Transition and Sports | A |
| United Cities and Local Governments (UCLG) | Area for the 2030 Agenda, Digital Transition and Sports | A |
| World Association of the Major Metropolises. Metropolis | Area for the 2030 Agenda, Digital Transition and Sports | A |
| Professional Training Network | Area of Culture, Education, Science and Community Affairs | A |
| Industrial Agreement for the Barcelona Metropolitan Region | Area for Economy, Resources and Economic Promotion. | A |
| Barcelona European Finance Centre | Area for Economy, Resources and Economic Promotion. | A |
| Barcelona - Catalonia Logistics Centre | Area for Economy, Resources and Economic Promotion. | A |
| Catalan Development Cooperation Fund (FCCD) | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | A |
| Barcelona Cluster Nàutic Association | Area for Economy, Resources and Economic Promotion. | A |
| Centro Iberoamericano de Desarrollo Estratégico Urbano - CIDEU | Area for the 2030 Agenda, Digital Transition and Sports | A |
| Airport Regions Conference (ARC) Association | Area for Economy, Resources and Economic Promotion. | A |
| Red de Ciudades AVE | Area for Economy, Resources and Economic Promotion. | A |
| Red de Ciudades Inteligentes (Spanish Smart Cities Network) | Area for the 2030 Agenda, Digital Transition and Sports | A |
| City Protocol Society Association | Area for the 2030 Agenda, Digital Transition and Sports | A |
| Association Délice Network of Good Food Cities | Area for Economy, Resources and Economic Promotion. | A |
| Observatori de les Dones en els Mitjans de Comunicació Association | Area for Social Rights, Global Justice, Feminism and LGBTI Affairs | A |
| H542744Red de Ciudades por la Bicicleta | Area of Urban Ecology | A |



| | | |
|---|---|---|
| Marcas Renombradas Españolas Association | Area for Economy, Resources and Economic Promotion. | A |
| Barcelona Observatory for Architectural Restoration (OBRA) | Area of Urban Ecology | A |
| Medcities Association | Area for the 2030 Agenda, Digital Transition and Sports | A |
| Xarxa de ciutats i pobles cap a la sostenibilitat, Association | Area of Urban Ecology | A |
| Network of Municipalities for the Social and Solidarity Economy Association | Area for Economy, Resources and Economic Promotion. | A |
| The Catalan Association of municipalities for public water management | Area of Urban Ecology | A |
| World Tourism Cities Federation | Area for Economy, Resources and Economic Promotion. | A |
| EIT Urban Mobility | Area for the 2030 Agenda, Digital Transition and Sports | A |

F: Foundation; A: Association

Note 3 – Information on entity subgroups

The Barcelona de Serveis Municipals Group has the following subsidiary entities:

| Entity | Shareholding | Owner entity |
|---|--------------|-------------------------------------|
| Parc d'Atraccions Tibidabo, SA | 100 | Barcelona de Serveis Municipals, SA |
| Tractament i Selecció de Residus, SA | 58.64 | Barcelona de Serveis Municipals, SA |
| Selectives Metropolitanas, SA | 58.64 | Waste treatment and selection, SA |
| Solucions Integrals per als Residus, SA | 58.64 | Waste treatment and selection, SA |
| Cementiris de Barcelona, SA | 100 | Barcelona de Serveis Municipals, SA |
| Mercabarna, SA | 50.69 | Barcelona de Serveis Municipals, SA |

Note 4 – Conditions for presenting the annual consolidated accounts

4.1 A true and accurate picture

The Consolidated Annual Accounts have been formulated by the Management Office of Barcelona City Council based on the accounting records of Barcelona City Council and attached entities, and they include the adjustments and reclassifications required to standardise the criteria established by the Group. The Group's Annual Consolidated Accounts for the 2019 financial year have been prEMared in accordance with the rules established in Order HAP/1781/2013, of 20 September, approving the Instruction on the Normal Accounting Model for Local Government (hereafter IMNCL), and in accordance with Order HAP/1489/2013 of 18 July, approving the regulations for formulating consolidated annual accounts in the public sector, and any other provisions within the applicable regulatory framework for financial information, with the aim of giving a faithful picture of the assets, the financial situation, the results, budget execution and consolidated cash flow of the Group for the financial year that ended on 31 December 2019, figures which are expressed in euros.

Information of a budgetary nature contains consolidated data for the City Council and its Independent Bodies; this is not the case for the subsidiary companies, which do not present a budget settlement given their commercial status.

The budget settlements corresponding to the City Council and local independent bodies were approved by the Mayoral Decrees of 26 February 2019. Under the legal terms established, the



General Accounts of the City Council and its local independent bodies will be presented for approval at the Full Municipal Council Meeting, as will the annual accounts of the public business entities and municipal trading companies.

The following current legislation has also been taken into account:

- Act 7/1985 of 2 April, regulating local government.
- Royal Decree Law 781/1986 of 18 April, approving the consolidated text of current provisions on local government.
- Legislative Decree 2/2003 of 28 April, approving the consolidated text of the Municipal and Local Government Act of Catalonia.
- Royal Legislative Decree 2/2004 of 5 March, approving the consolidated text of the regulatory Act on Local Tax Offices (Act 39/1988 of 28 December).
- Royal Decree 500/1990 of 20 April, developing Chapter I of Title VI of Act 39/1998 of 28 December, regulating budgets in local tax offices.
- Order ECF/138/2007, of 27 April 2007, on procedures relating to the financial oversight of local authorities, amended by the resolutions ECF/2901/2008, ECF/1769/2009, ECF/3210/2010, ECO/1406/2011, ECO/2829/2012 and ECO/2876/2014.
- Act 15/2010, of 5 July, on the amendment of Act 3/2004, of 29 December, establishing measures against arrears in commercial transactions.
- Framework Act 2/2012 of 27 April, on budget stability and financial sustainability, with amendments introduced by Framework Act 9/2013 of 20 December, on controlling commercial debt in the public sector.
- Framework Act 9/2013 of 20 December, on controlling commercial debt in the public sector.
- Act 27/2013, of 27 December, on the rationalisation and sustainability of local authorities.
- Act 22/1998, of 30 December, on the Barcelona Municipal Charter.

The accounting principles and criteria applied are heavily influenced by consideration of the importance they and their effects may have in relative terms. As a result, they do not need to be strictly applied, provided that the relative quantitative or qualitative importance of the variation recorded is hardly significant and does not therefore affect the true and accurate picture of the net equity situation and the income and expenditure. Entries and amounts whose relative importance is scarcely significant may appear grouped together with others of a similar nature or function.

There are no exceptional reasons, for the purposes of achieving the above goals, for current accounting provisions legally in force not to have been applied.

For accounting consolidation purposes, the subsidiary entities of the City Council (parent entity) are described as its local independent bodies, public business entities, subsidiary trading companies, associate entities and multi-group entities as detailed in Note 2.1.(a)



4.2 Comparison of the information

The annual consolidated accounts for the financial years 2019 and 2018 were drawn up in accordance with the framework established under the IMNCL applicable to the parent and subsidiary entities, and prepared under uniform valuation, grouping, classification and monetary-unit criteria, so the information presented is homogeneous and comparable.

4.3 Reasons for and effects on the consolidated annual accounts of changes in accounting criteria and error corrections.

There were no significant changes in the consolidated annual accounts arising from changes in accounting criteria or corrections of accounting errors, apart from the ones made for the purposes of adapting to the legislation in force.

4.4 Information on changes in accounting estimates where these are significant.

The consolidated annual accounts' preparation requires the Group to make certain accounting estimates and consider certain information. These are continually evaluated and based on historical experience and other factors, including expectations of future events, which were considered reasonable under the circumstances.

Although the estimates considered here were based on the best information available on the closing date of these annual accounts, any change in future to these estimates would apply prospectively, as of the aforementioned time, by recognising the effect of change on the estimate made in the Income and Expenditure Account for the financial year in question.

The main estimates and data considered in the preparation of the consolidated annual accounts are as follows:

- Useful lives of tangible fixed-asset elements, public land assets, property investments and intangible fixed assets (See Notes 5.3, 5.4, 5.5 and 5.6).
- Estimated potential impairment of goodwill (See Note 5.1).
- Fair value of financial instruments (See Note 5.9).
- Definition and valuation of financial hedge instruments (See Note 10).
- Estimated provisions for risks and expenses (See Note 16).



4.5 Transactions between entities of the consolidation perimeter and consolidation principles

- a) All the entities close their accounting year at the end of the calendar year. The annual accounts for the 2018 financial year have been used to incorporate the multi-group entities into the consolidation by the equity method.
- b) Consolidation principles.

The assets, liabilities, income, expenditure, cash flows and other entries in the annual accounts of the Group's subsidiary entities are incorporated into the consolidated annual accounts using the global integration method. This method requires the following:

1. Standardised timing. The consolidated annual accounts have to be established on the same date and for the same period as the annual accounts of the entity whose consolidation is required. Where an entity of the Group closes its financial year on a different date from that of the consolidated annual accounts, its inclusion in those accounts has to be done through interim statements referring to the same date and period that the consolidated accounts refer to.
2. Standardised valuation. The assets and liabilities, income and expenditure and other entries in the annual accounts of the Group's entities were valued according to uniform methods. The assets or liabilities or income or expenditure entries that were valued under non-uniform criteria with respect to the ones applied in consolidation were valued again with the necessary adjustments made, solely for consolidation purposes.
3. Aggregation. The various entries of the individual annual accounts standardised beforehand are aggregated according to their nature.
4. Net equity investment elimination. The representative accounting values for the equity instruments of the subsidiary entity possessed directly or indirectly by the Parent Entity are balanced with the proportional part of the net equity entries of that subsidiary Entity allocated to these holdings, generally, on the basis of the resulting values for applying the above-mentioned acquisition method. In consolidations subsequent to the financial year in which the control was acquired, the surplus or shortfall of the net equity generated by the subsidiary Entity from the acquisition data that is allocated to the Parent Entity is presented in the consolidated balance sheet inside the entries for reserves or adjustment for changes in value, according to their nature. The part that is allocated to external shareholders is included in the 'External Shareholders' entry.
5. External shareholders' holdings. External shareholders are valued according to their effective holdings in the subsidiary entity's net equity once the previous adjustments have been incorporated. The consolidation goodwill is not allocated to external shareholders. The surplus among the losses allocated to external shareholders of a subsidiary entity and the part of the



net equity that proportionately corresponds to it is allocated to them even if this implies a debit balance in that entry.

6. Intra-group entry eliminations. Credit and debt, income and expenditure and cash flows between the Group's entities are eliminated as a whole. All the results produced by internal transactions are likewise eliminated and deferred until they are realised before third parties not belonging to the group.

The associate entities and multi-group entities are included in the annual accounts by applying the equity method.

As regards multigroup and associate entities, the following are included in the equity method value:

- The amount of the contributions made as assets assigned from the City Council for a value corresponding to that of the assets at the time of assignment.
- The amount of the contributions made as assets assigned from City Council for a value corresponding to that of the assets handed over at the time of assignment.
- The amount of the direct equity contributions as well as subsequent increases for the assumption of new powers from the linked entities.

The difference between the net accounting value of the holding in the individual account and the amount mentioned in the above paragraph represents goodwill that appears in the 'Equity-method holdings' entry. In the exceptional event that the difference between the amount in which the investment is entered in the individual annual accounts and the proportional part of the fair value of the net assets of the entity is negative, this difference would be recorded in the Income and Expenditure Account, following a new evaluation of the allocation of the fair values to the associate entity's assets and liabilities.

In general, except where a negative difference arises in the acquisition of significant influence, the investment is initially valued at cost.

The results generated by the entity under the equity method are recognised from the data in which significant influence is acquired.

The accounting value of the holdings is amended (increased or decreased) in corresponding proportion, according to the variations experienced in the net equity of the subsidiary entity, from the initial valuation, once the proportion of unrealised results generated in transactions between that entity and the Group's entities has been eliminated.

The greater value allocated to the holding as a result of the application of the acquisition method is reduced in subsequent years, charged to the consolidated results or the corresponding net equity entry and to the extent that the corresponding equity elements depreciate, lead to write-offs or are alienated to third parties. It is similarly charged to consolidated results where losses are caused by



the impairments in value of equity elements of the subsidiary entity, limited to the appreciation assigned to them on the date of the first equity method application.

Variations in value of the holdings corresponding to results of the financial year of the subsidiary entity are part of the consolidated results, appearing in the 'Share in profits (losses) of equity-method entities' entry. However, where the associate entity incurs losses, the reduction in the investment will be limited to the actual accounting value of the share. Where the share has been reduced to zero, the additional losses and corresponding liability are recognised to the extent that legal, contractual, implied or tacit obligations have been incurred or whether the Group has made payments on behalf of the subsidiary entity.

The variations in the value of the share corresponding to other variations in the net equity are shown in the corresponding net equity captions, according to their nature.

The valuing and timing standardisations apply to associate investments in the same way as for subsidiary entities.

Note 5 – Recognition and valuation rules

The accounting criteria shown below apply to the following entries:

1. Goodwill and negative consolidation difference

Goodwill represents the surplus, on the acquisition date, of the acquisition cost of the holding of the entities of the group and multigroup, over the fair value of the identifiable net assets acquired in the transaction.

Goodwill does not depreciate but rather is subject to annual impairment-loss tests, by valuing, subsequent to its initial recognition, its cost less the losses from accumulated impairment.

Valuation corrections for goodwill are recognised as an expense in the income and expenditure statement and are not subject to reversal in subsequent years.

Goodwill is allocated to the cash-generating units (CGU) for the purposes of confirming impairment losses. It is assigned in CGUs that are expected to benefit from the combination of transactions in which that goodwill arises.



2. Transactions between entities included in the consolidation perimeter

Transactions between the group's entities are generally entered in the accounts initially at fair value. Where appropriate, if the price agreed to differs from its fair value, the difference is recorded in accordance with the transaction's economic reality. Subsequent valuations are made under the provisions set out in the corresponding regulations. The elimination criteria of the intragroup's entries are the ones explained in the previous note.

3. Tangible fixed assets

Capitalisation Criteria

These are tangible assets, movable and immovable property which:

- a) the Entity possesses for its own use in the production or supply of goods and services or for its own administrative purposes.
- b) These are expected to have a useful life of over a year.

Initial valuation

Investments in tangible fixed assets are valued at cost. This is the 'acquisition price', which includes the non-recoverable indirect taxes associated with the purchase, the acquisition costs directly relating to the purchase and, where necessary, the costs for putting the acquisition into service.

Assets that appear as a result of a physical inventory are entered under their fair value where it was not possible to obtain evidence of their original cost.

Received assets allocated for a period equal to or in excess of their economic life are entered under their net accounting value on their formal allocation.

Additions from before 1 January 1992 are valued according to an expert estimate of their real market value carried out by an independent valuation entity. For historical and artistic properties, the valuation includes their replacement value.

Capitalisation of financial expenditure

Financial expenditure is not incorporated in the tangible fixed assets' costs.



Subsequent valuation

Tangible fixed-asset elements are generally valued at cost, plus subsequent payments, less accumulated depreciation and valuation adjustments for impairment.

Assets subject to depreciation are reviewed where some event or change in circumstances may involve their accounting value becoming non-recoverable. Valuation adjustments for impairment are made when the asset's recoverable amount is below its net depreciation value, and that generally occurs because of physical impairment occurring, obsolescence or a reduction from the initially expected performance. Assets that have suffered an impairment loss are regularly reviewed for possible reversals of impairment losses.

Indications of impairment were evaluated at the close of the financial year for elements of fixed assets bringing in future financial revenue, taking the following circumstances into account:

- There were no significant changes to the technological environment or legacy during the financial year, or which were expected to occur in the short term and would have a negative impact on the Group.
- There were no significant reductions in the market value of assets.
- There are no obsolete assets or assets that are physically impaired in any significant way.
- There were no significant changes to the way in which the assets were used during the financial year that had a negative impact on the Group.
- There was no evidence to support the view that the assets' financial performance was significantly below that which was expected.

Extension, modernisation or improvement costs are capitalised as an increase in asset value where they increase its capacity or productivity or extend its useful life.

Costs for major repairs, inspections or refurbishments are capitalised and depreciated over their useful lives.

The Group does not usually use its own staff to carry out work that is subject to capitalisation.

Where the ownership or use of a property requires the site's dismantling and restoration, these costs are capitalised and depreciated over the period that the property's financial returns or service potential is expected to be obtained.



Depreciation

The elements that make up the tangible fixed assets, with the exception of the land, are subject to systematic depreciation using the straight-line method according to the estimated useful life of each. By default, each element's depreciable basis matches its book value, given that the residual values are deemed to be null. The depreciation process starts when the asset is put into operation, with the estimated useful years of life being as follows:

| | Years of useful life |
|---|-----------------------------|
| Buildings | 33 - 65 |
| General use equity – buildings, facilities and woodland areas | 50 |
| General use equity– systems and roadways | 40 |
| General use equity – mixed | 35 |
| General use equity – parks and gardens | 20 |
| Technical installations and machinery | 8-16 |
| Transport equipment | 5 - 10 |
| Furniture | 6 - 13 |
| Data-processing equipment | 4 - 6 |
| Livestock | 7 |
| Bibliographic archives and the like | 8-10 |

The economic depreciation process began in the 1992 financial year. The estimated years of useful life corresponding to 'Buildings' were set out under the criteria established by the above-mentioned independent valuation.

As for the historical and artistic properties, depreciation was calculated on the basis of the cost of a replacement of the fixed asset that would reproduce its capacity and utility; its depreciation base therefore excluded the book-value part that corresponded to the historical and artistic component of the building, which rose to 221,573 thousand euros during the 2019 financial year, all on the basis of the above-mentioned independent valuation. This treatment was justified by the fact that the above-mentioned historical and artistic component was subject to maintenance to ensure the long-term duration of its value.

4. Public Land Assets

Public Land Assets (PLA) refers to the group of assets that were allocated, under Legislative Decree 1/2005 of 26 July, approving the consolidated text of the Act on Urban Planning in Catalonia, and under the Barcelona Municipal Charter, for social-interest purposes established by legislation.



The municipally owned properties which fall under this item are as follows:

- Properties allocated for social housing, managed by the City Council itself or by municipal operators.
- Properties over which surface rights were awarded in favour of third parties, to build social housing, residences for elderly people, care centres and other social investments.
- Properties on which investment projects were being carried out, which, once completed, would enable their allocation to social housing and other social-interest initiatives.

As regards the 100 x 1000 Plan, the budget commitments implemented by this plan are treated as capital transfers, effecting the way they are recorded in the profit and loss statement.

Transactions associated with this plan therefore have a neutral effect on the profit and loss statement, the receipt of assets linked to the plan and their entry in the municipal inventory is recorded as a gain from public ownership of the land.

The valuation and depreciation criteria for the various types of assets are described in Note 5.3.

5. Property investments

These are properties (land or buildings) that are held for profit or capital gain or both, through their rents or alienation, without any of these being a purpose of the Entity. And, in any event, all those that may not be considered fixed assets. The tangible fixed asset valuation criteria described in Note 5.3 apply to these investments.

6. Intangible fixed assets

Capitalisation Criteria

These are intangible assets and rights capable of financial valuation as non-monetary assets without physical substance which are identifiable by satisfying the characteristics of endurance over the years and use in the production of goods and services or by constituting a source of the entity's resources. In other words:

- a) They are separable and capable of disposal, assignment, renting, exchange and delivery for their use.

- b) They arise from contractual and other legal rights, regardless of whether such rights are assignable or separable from other rights and obligations.

Initial valuation

Investments in intangible fixed assets are valued at cost. This is the 'acquisition price', which includes the non-recoverable indirect taxes associated with the purchase, the acquisition costs directly relating to the purchase and, where necessary, putting the acquisition into service, or the 'production costs' in these resulting from actual work.



Subsequent valuation

They are generally valued at cost, plus subsequent payments, less accumulated depreciation and valuation adjustments for impairment.

Valuation adjustments for impairment are made when the asset's recoverable amount is below its net depreciation value and that generally occurs because of rapid obsolescence or reduction in the initially expected performance.

Extension, modernisation or improvement costs are capitalised as an increase in asset value where they increase its capacity or productivity or extend its useful life.

Depreciation

The elements that make up intangible fixed assets will be subject to systematic depreciation using the straight-line method according to the estimated useful life of each. By default, each element's depreciable basis matches its book value, given that the residual values are deemed to be null. The depreciation process starts when the asset is put into service, with the estimated useful years of life being as follows:

| | Years of useful life |
|-------------------------------|-----------------------------|
| Industrial property | 4 |
| Other intangible fixed assets | 4 |

7. Leases

The Group does not have any assets at its disposal acquired through financial leasing.

8. Asset exchanges

The Group does not usually carry out asset-exchange transactions during the normal course of its activities. In any case, where these take place, their book value and inclusion in the accounts are to meet the provisions set down in Section 4(d) of the IMNCL's rules for recording and valuing tangible fixed assets.

9. Financial assets and liabilities

Financial assets and liabilities come from financial instruments, which are contracts that establish a right for one of the parties (financial asset) and an obligation (financial liability) or a component of the net worth (equity instrument) for the other party.



They are basically classified, valued and entered into the accounts according to the purpose they are maintained or have been issued for.

a) Financial assets

Financial assets consist of money in cash, capital or net worth instruments of another entity and the rights to receive cash or other financial assets from a third party or to exchange financial assets or liabilities with a third party in conditions that are potentially favourable for the entity.

Financial assets are classed, for valuation purposes, under:

Credit and receivables

They include:

- Credit for transactions arising from usual activities.
- Other financial assets that generate cash flows of a specified amount and regarding which all expenditure is expected to be recovered, except for reasons attributable to credit impairment.
- Debt-instrument acquisition transactions under subsequent agreements to sell at a fixed or initial price plus the supplier's normal profitability.

As a general rule, short-term credit and receivables are valued, on both initial and subsequent entering into the accounts, according to their nominal value, except where these incorporate a contractual interest. The same valuation is made with long-term credit and receivables where the effect of updating the flows is not significant. Otherwise, they are valued according to their fair value and subsequently at depreciated cost, by entering into the accounts the accrued interest according to its effective interest rate as the financial year's income.

Any guarantees and deposits made are always valued according to delivered value.

Financial assets available for sale

This includes financial assets that do not meet the requirements for inclusion in any of the previous categories. They are valued at all times at their fair value and any changes that occur in them are entered in the accounts as net worth up to their disposal or impairment.

Attribution

Financial assets are recognised in the books on the date established in the contract or agreement on which basis the entity acquires the right.

As a general rule, the costs of the transactions are allocated to the financial year's profit (loss), except where their scale makes it advisable to incorporate them into the value of the financial asset.



They are classed as fixed or current respectively, depending on whether they mature in over or under one year.

Impairment

In the case of credit and other receivables, at least at the close of the financial year, the appropriate revisions are carried out to detect the need for making valuation adjustments for impairment, in the event there is objective evidence that the amounts entered in the accounts will not be received in their entirety and it is advisable to revert them where they are no longer appropriate. Both the value adjustments and the reversals are recognised in the Income and Expenditure Account.

The impairment of tax receivables is calculated by applying ratios on how collectable receivables are, calculated according to real historical series, on the settlement made individually for each of the tax figures and in each specific financial year.

As a general rule, neither receivables for subsidies awarded by public bodies nor receivables guaranteed in the corresponding percentages are subject to impairment.

Both the above-mentioned valuation adjustments for impairment and their reversal are entered in the accounts as an expense or an income, respectively, in the financial year's results.

Write-offs of financial assets

A financial asset is wholly or partly written off in the accounts where it has expired or the rights over the cash flows it generates and the risks and advantages inherent in its ownership have been substantially assigned.

b) Financial liabilities

All financial liabilities are classed under the category of financial liabilities at depreciated cost. They include:

- Debt and accounts payable for transactions arising from usual activities.
- Debts with credit institutions.
- Debt represented in negotiated securities issued.
- Other debt and accounts payable.

As a general rule, short-term debt and accounts payable without contractual interest are valued, on both initial and subsequent entering into the accounts, according to their nominal value. The same valuation is made with long-term debt and account payables and long-term loans received with subsidised interest where the Global effect of not updating the flows is not significant. Where it is



significant, they are initially valued at the current value of the cash flows payable, at a rate equivalent to that which applies for deferred payments and, subsequently, at depreciated cost, and the accrued interest is entered in the books according to its effective rate as income for the financial year.

In any case, guarantees and deposits received are always valued according to received value.

Recognition

The financial liabilities are entered in the accounts on the date established in the contract or agreement on which basis the entity incurs the obligation. In liquid-asset transactions entered into with credit policies, the debentures are incurred with the reception of the successive liquid fund assets. They are classed as fixed or current respectively, depending on whether they mature in over or under one year.

Financial liability write-offs

As a general rule, a financial liability is wholly or partly written off when the obligation incurred has been satisfied or cancelled. Where there is a difference between the accounting value and the consideration delivered, this is recorded in the Income and Expenditure Account for the financial year in which it takes place.

c) Financial guarantee contracts

These are contracts that put the Entity under an obligation to make or receive specific payments to reimburse a third party for any loss incurred where a ('guaranteed') debtor fails to meet its payment obligations generally arising from debt instruments such as a loan guarantee.

10. Accounting hedges

These are valued under the same criteria as hedged items, i.e. at depreciated cost.

11. Inventories

The inventories are valued at cost or their net realisable value, whichever is the lesser. When the net realisable value of the inventories is below cost, the appropriate valuation corrections will be made, by recognising an expense in the income and expenditure account. Should the circumstances giving rise to the valuation correction come to an end, the amount of the correction is subject to reversal and entered as income in the income and expenditure account.



The cost is determined by its weighted average value.

The provisions entered for impairment of the units corresponding to parking places and commercial premises, for the amount resulting from the difference between the cost value of the buildings and their realisation value, where the latter is lower, calculated taking account of the location and commercial strategy aspects.

12. Assets built or acquired for other entities

The Group has no assets built or acquired for other entities.

13. Transactions in foreign currency

Transactions in a currency other than the euro are entered in the accounts as soon as they are recognised in euros, by applying the rate of exchange in the existing cash to the corresponding amount on the date of the transaction.

14. Income tax for the consolidation perimeter's entities

Barcelona City and its independent bodies are exempt from corporate tax and their capital gains are not subject to deduction, under Act 27/2014, of 27 November, on Corporate Tax.

The public business entities and trading companies that make up the Group pay their income tax individually. The expenditure (income) for income tax is the amount which accrues for this concept in the financial year and contains the expenditure (income) for both current tax and deferred tax.

The expenditure (income) for both current and deferred taxes is recorded in the Income and Expenditure Account. Despite that, the tax effect relating to items that are directly recorded in the net equity is recognised.

Current tax assets and liabilities are valued by the quantities that are expected to be paid or recovered from the tax authorities, under the legislation that is current or approved and pending publication on the date of the close of the financial year.

Deferred taxes are calculated under the liability method, on the temporary differences that appear between the tax bases of the assets and liabilities and their book value. Notwithstanding that, where the deferred taxes arise from the initial recognition of an asset or a liability in a different transaction from a combination of operations that do not affect either the account results or the tax base at the time of the transaction, they are not recognised. Deferred tax is determined by applying the tax rates approved or about to be approved on the date of the balance sheet. It is expected to be applied when the deferred tax asset is realised or the deferred tax liability is paid.



Deferred tax assets are recognised to the extent that future tax gains probably have to be disposed of to be able to compensate the temporary differences.

15. Income and expenditure

Income and expenditure are entered in the accounts according to the accrual principle and, where appropriate, the correlation principle between both.

As regards the budget, income and expenditure are incorporated into the budget settlement when the administrative procedure is produced, acknowledging the respective rights and debentures.

a) Income

Income and consideration

As a general rule, income is entered in the accounts according to the fair value of the consideration and represents the receivables for goods delivered and services provided during the ordinary course of the Entity's activities, less repayments, write-offs, discounts and VAT, where appropriate.

The Entity recognises income when its total can be reliably valued: it is probably that the Entity will receive the future financial profits and that the specific conditions for each of the activities, as detailed below, will be met.

Income from sales is registered when: the Entity has transferred to the purchaser the risks and advantages derived from the ownership of the goods, irrespective of ownership; it does not reserve for itself any involvement in the current management of the goods sold, nor does it retain effective control over them; and the expenditure associated with the transaction can be reliably measured.

Income for the provision of services is recorded when the results of the transaction can be reliably estimated, by considering the degree of progress or performance of the provision on the date of the annual accounts or under the straight-line method where the service is provided during a specific period.

Where the results cannot be reliably estimated, the income is entered in the accounts according to the total expenditure recognised that is deemed recoverable.

Income without consideration

In the case of taxes, income is entered in the accounts, as is the asset, when the taxable transaction takes place and the asset's recognition criteria are satisfied.



As for fines and penalties, these are entered in the accounts when the right to receive them arises.

b)

Expenditure

Staff and other day to day management expenses are entered in the Income and Expenditure Account when the obligation falls due, irrespective of when the current monetary expense arising from it is incurred.

16. Provisions and contingencies

A provision is recognised in the accounts where the entity has a present (legal, contractual or implied) obligation resulting from a past event which will probably involve the delivery of resources that can be reliably estimated.

Provisions are valued according to the current value of the payments expected to be necessary for settling the obligation, updated to a rate of discount equivalent to the type of public debt for an analogous maturity. Adjustments to provisions for the purposes of their updating are entered in the accounts as a financial expense as they are reported. Where the maturity is under or equal to one year and the financial effect is not significant they are not discounted.

Provisions are subject to review and adjusted, where necessary, at the close of the financial year, to reflect the best existing estimate at the time. Where they are no longer relevant or probable, they are then reverted under a balancing entry in the financial year's corresponding income account.

For the purposes of quantifying the provisions, reference is made to internal and external expert reports and to the entity's experience in similar matters, which enable a basis to be established for the estimates of each of the possible outcomes, as well as their financial effects.

As regards consortiums the existing risk is recorded, according to the City Council's share, in the organisations that have a negative net equity.

17. Transfers and subsidies

Transfers and subsidies received

Refundable subsidies are recognised in the accounts as liabilities until they meet the conditions for consideration as non-refundable, whereas non-refundable subsidies are recorded as income



allocated to net equity and are recognised accounts as income on a systematic and rational basis that correlates to subsidy-derived expenditure.

For these purposes, a subsidy is deemed non-refundable where there is a customised agreement for granting it and where all the conditions established for granting it have been met and there are no reasonable doubts that it will be received.

Monetary subsidiaries are valued at the fair value of the referred amount granted when entered in the accounts.

Non-refundable grants relating to the purchase of tangible fixed assets are allocated as income for the financial year in proportion to the depreciation of the corresponding assets or, where appropriate, where there is a sale, valuation adjustment for impairment or a shortfall in the balance sheet.

On the other hand, non-refundable subsidies relating to specific expenditure are entered in the profit and loss account in the same financial year that the payment for the corresponding expenditure falls due.

Transfers and subsidies granted

Authorised transfers and subsidies are recognised as expenditure as soon as it is recorded that the conditions established for their receipt have been met. Where one of the conditions established for their receipt is yet to be met at the close of the financial year, but there is no reasonable doubt as to its future compliance, a provision for the corresponding amounts is given, for the purposes of reflecting expenditure.

18. Joint activities

The Group has not carried out any joint activity during the financial year.

19. Assets under sale

The Group has no assets under sale.

20. Interrupted transactions

The Group has no interrupted transactions.



Note 6 – Adjustments and eliminations

Adjustments and eliminations recognised between the various entities of the Group are detailed below according to entity group:

| Entity group | Caption | Amount |
|---------------------------------------|---|-------------------------|
| Barcelona City Council | | 3,322,193,226.26 |
| | Buildings | 57,970.84 |
| | Receivables and other accounts receivable | 842,778.62 |
| | Holdings consolidated under the equity method | 509,630,573.55 |
| | Long-term financial investments in entities of the group, multi-group and associates | |
| | Other investments | 253,597,078.48 |
| | Sundry creditors and other accounts payable | 214,799,257.19 |
| | Short-term debts with entities of the group, multi-group and associates | 121,250,386.92 |
| | Long-term debts with entities of the group, multi-group and associate bodies | 30,599.27 |
| | Consolidated reserve | 845,268,376.93 |
| | Contributed equity | 266,748,264.77 |
| | Reservations | 298,834,246.64 |
| | Profit (loss) brought forward | 33,175,843.88 |
| | Other day-to-day management expenses | 26,817,180.52 |
| | Current transfers | 743,600,203.61 |
| | Capital transfers | 10,005,167.30 |
| | Other day-to-day management income | 2,050,741.01 |
| | Tax revenues and social security contributions | 2,514,159.80 |
| | Current transfers | 652,145.74 |
| | Net sales and service supplies | 1,841,724.61 |
| | Interest in profits (losses) from entities consolidated under the equity method | -9,523,473.43 |
| Public Owned Business Entities | | 341,787,220.29 |
| | Receivables and other accounts receivable | 140,755,850.44 |
| | Short-term investments | 529,119.81 |
| | Long-term financial investments | 13,549.43 |
| | Short-term prepayments and accruals | 1,731,311.36 |
| | Trade and other accounts payable | 974,381.71 |
| | Other day-to-day management expenses | 5,865,746.59 |
| | Other day-to-day management income | 4,777,852.07 |
| | Current transfers | 179,681,825.24 |
| | Services rendered | 4,018,342.15 |
| | Provision of services | 731,426.90 |
| | Derivatives and deductions - disposal of non-financial assets Write-offs and disposals. | 2,707,814.59 |
| Independent bodies | | 571,130,904.73 |
| | Receivables and other accounts receivable | 116,739,795.49 |
| | Short-term financial investments in entities of the group, multi-group and associates | 2,191,374.52 |
| | Short-term accruals payable | 1,012,851.96 |
| | Trade and other accounts payable | 2,924,256.30 |
| | Long-term debts with entities of the group, multi-group and associate bodies | 3,000,000.00 |
| | Other increases in equity pending recognition in the profit and loss account | 675,250.18 |
| | Other day-to-day management expenses | 7,354,043.78 |
| | Other day-to-day management income | 223.64 |
| | Current transfers | 435,754,912.76 |
| | Capital transfers | 15,000.00 |
| | Allocation of non-financial fixed-asset subsidies | 123,908.43 |
| | Net sales and service supplies | 1,339,287.67 |



Consolidated annual accounts for the 2019 financial year

| | |
|--|-------------------------|
| Municipal Trading Companies | 259,810,334.89 |
| Receivables and other accounts receivable | 79,432,104.43 |
| Long-term financial investments | 17,049.84 |
| Short-term accruals payable | 1,575,329.17 |
| Other increases in equity pending recognition in the profit and loss account | 1,143,582.63 |
| Sundry creditors and other accounts payable | 1,111,382.25 |
| Other day-to-day management expenses | 4,876,869.18 |
| Other day-to-day management income | 288,024.08 |
| Current transfers | 133,131,676.05 |
| Capital transfers | 1,029,083.91 |
| Net sales and service supplies | 37,205,233.35 |
| Total Eliminations | 4,494,921,686.16 |

| Entity group | Caption | Total Debt | Total Credit |
|---------------------------------------|--|-----------------------|-----------------------|
| Barcelona City Council | | 36,550,492.04 | 36,550,492.04 |
| | Receivables and other accounts receivable | 190,347.87 | 793,746.71 |
| | Consolidation reserve | 1,178,619.43 | 35,371,872.61 |
| | Sundry creditors and other accounts payable | 5,195,182.14 | 0.00 |
| | Other non-day-to-day items | 0.00 | 0.00 |
| | Other day-to-day management income | 1,140,927.81 | 0.00 |
| | Current transfers | 4,276.67 | 384,546.86 |
| | Provision of services | 0.00 | 325.86 |
| | Short-term payables to entities of the group, multi-group and associates | 15,158,433.42 | 0.00 |
| | Tax revenue | 1,669,243.33 | 0.00 |
| | Financial income from holdings in equity instruments | 12,013,461.37 | 0.00 |
| Public Owned Business Entities | | 260,667,764.95 | 260,667,764.95 |
| | Accumulated depreciation and provisions | 7,025,090.54 | 0.00 |
| | Receivables and other accounts receivable | 22,938.54 | 50,043.78 |
| | I.M. Infrastructures and historical heritage assets | 0.00 | 5,125,713.35 |
| | I.M. Land | 0.00 | 79,958,472.60 |
| | Allocation of non-financial fixed-asset subsidies | 446,070.80 | 0.00 |
| | Liabilities for deferred tax | 45,608.27 | 0.00 |
| | Equity contributed | 0.00 | 63,661,150.51 |
| | Consolidation reserve | 6,675,792.86 | 110,351,519.96 |
| | Trade and other accounts payable | 2,066.58 | 20,829.02 |
| | Capital subsidies | 204,129,652.29 | 0.00 |
| | Other day-to-day management expenses | 33,927.41 | 0.00 |
| | Adjustments for short-term accruals | 42,286,617.66 | 0.00 |
| | Other day-to-day management income | 0.00 | 9,742.03 |
| | Other day-to-day management expenses | 0.00 | 0.00 |
| | Current transfers | 0.00 | 829,067.30 |
| | Capital transfers | 0.00 | 661,000.00 |
| | Provision of services | 0.00 | 226.40 |
| Independent bodies | | 1,529,108.46 | 1,529,108.46 |
| | Receivables and other accounts receivable | 164,045.00 | 39,260.88 |
| | Allocation of non-financial fixed-asset subsidies | 338,540.37 | 0.00 |
| | Consolidation reserve | 120,493.45 | 1,408,615.01 |
| | Capital subsidies | 622,808.36 | 0.00 |
| | Transfers and subsidies received | 95,290.00 | 0.00 |
| | Sundry creditors and other accounts payable | 0.00 | 0.00 |
| | Other day-to-day management expenses | 19,379.80 | 81,232.57 |
| | Current transfers | 168,551.48 | 0.00 |
| Municipal Trading Entities | | 24,936,731.44 | 24,936,731.44 |
| | Assets for deferred tax | 80,680.37 | |
| | Accumulated depreciation and provisions | 3,125,260.60 | |
| | Receivables and other accounts receivable | 30,997.02 | 1,293,385.96 |



Consolidated annual accounts for the 2019 financial year

| | | |
|---|-----------------------|-----------------------|
| I.M. Buildings | 0.00 | 6,010,121.04 |
| Allocation of non-financial fixed-asset subsidies | 2,070,879.36 | 0.00 |
| Sundry creditors and other accounts payable | 837,631.09 | 91,776.00 |
| Consolidation reserve | 11,418,682.95 | 10,379,511.89 |
| Liabilities for deferred tax | 142,860.03 | 0.00 |
| Capital subsidies | 7,182,066.75 | 0.00 |
| Other day-to-day management expenses | 46,164.87 | 68,912.00 |
| Current transfers | 0.00 | 47,953.00 |
| Other day-to-day management income | 1,508.40 | 1,373,229.46 |
| Provision of services | 0.00 | 5,671,842.09 |
| Total adjustments | 323,684,096.89 | 323,684,096.89 |

Note 7 – Combinations of business restructuring operations and transactions

In the 2019 financial year, the following business restructuring operations were undertaken:

Barcelona Urban Planning Management was liquidated by agreement of the Plenary of 5 April 2019.

The Plenary of the Municipal Council of 23 March 2019 approved the acquisition by Barcelona City Council of 30 shares in the company Habitatge Metròpolis Barcelona, SA, on condition of its effective constitution, which took place on 19 March 2018, according to the articles of association.

Barcelona City Council has a 50% stake in the capital stock of the company Habitatge Metròpolis Barcelona, SA. In consolidated terms, it is included in the financial accounts of Barcelona City Council as an affiliated company using the equity method.

Note 8 – Consolidated goodwill

Variations in consolidated goodwill, which come from the Barcelona de Serveis Municipals, SA group and relate to its PATSA subsidiary, are as follows:

| | |
|-----------------------------|---------------------|
| 1 January 2019 | 1,025,260.00 |
| 31 December 2019 | |
| Cost | 1,464,658.00 |
| Accumulated depreciation | 585,864.00 |
| Net accounting value | 878,794.00 |

The goodwill is allocated to the cash-generating units (CGUs) of the Group in accordance with the business segment.



A CGU-level summary of the allocation of the goodwill is presented below:

| | 2019 |
|--------------------------------|-------------------|
| Parc d'Atraccions Tibidabo, SA | 878,794.00 |
| Total | 878,794.00 |

In accordance with the points stated in Note 5.1 of the valuation rules and on the basis of the Administrators' analysis and future business plans it was not deemed necessary to impair the explicit goodwill of the subsidiary entity Parc d'Atraccions Tibidabo, SA.

Note 9 – Negative consolidation difference.

There is no negative consolidation difference.

Note 10 – External shareholders

This chapter's balance corresponds to the equity and financial year's results part of the subsidiary entities included in the consolidation corresponding to shareholders or members external to the consolidated Group. More specifically, it comes from the Barcelona de Serveis Municipals, SA group, and breaks down as follows:

| Organisation | Social capital | Share premium and reserves | Profit (loss) for the year | Subsidiaries, donations and legacies | TOTAL |
|--|-------------------|----------------------------|----------------------------|--------------------------------------|-------------------|
| Waste Treatment and Selection Group | 5,973,014 | 24,177,335 | 2,351,495 | 0 | 32,501,844 |
| Mercados de Abastecimientos de Barcelona, SA | 6,995,989 | 43,595,613 | 3,693,284 | 223,283 | 54,508,169 |
| | 12,969,003 | 67,772,948 | 6,044,779 | 223,283 | 87,010,013 |

Note 11 – Changes in the percentage of holdings in the group's entities

In 2019, the following modifications were made to the share percentages of the following entities in the Group:

The Annual Meeting of the company Fira 2000, SA agreed to increase its share capital during the 2019 financial year with the Barcelona City Council shareholding rising from 23.47% to 23.95% Fira 2000, SA is an associate company consolidated by the equity method.



The Government Commission of 13 December 2018 agreed to approve the acquisition of 30 shares in the company Barcelona Regional, Agència de Desenvolupament Urbà, SA, owned by the company Urbanística Metropolitana de Rehabilitació i Gestió, SA (REGESA). The shares were purchased in 2019, and Barcelona City Council's shareholding rose from 17.647% to 29.412%. Barcelona Regional is an associate company consolidated by the equity method.

Note 12 – Entries corresponding to multi-group entities

All the multi-group entities in section 2(1)(a) have been consolidated under the equity method, see Note 13.

Note 13 – Holdings in entities consolidated under the equity method

| | |
|--|-------------------------|
| 1 January 2019 | 887,536,987.33 |
| Positive result in the profit and loss statement | 10,880,307.43 |
| Increase in financial holdings | 170,699,631.29 |
| 31 December 2019 | 1,069,116,926.05 |

The financial year's variations in holdings consolidated under the equity method include:

1. Profit in the profit and loss account corresponding to the proportional part of the financial year's results for the various entities integrated under the equity method (see table below).
2. Increase in financial holdings through integration into the consolidation of the multi-group's entities.

Consolidated annual accounts for the 2019 financial year

The value of the assets, liabilities, ordinary income, financial year's results and results under the equity method, according to the individual annual accounts of the 2018 financial year of the entities consolidated under the equity method is as follows:

| Organisation | Assets | Liabilities | Ordinary Income | Financial year's results | PE results |
|---|------------------|----------------|------------------|--------------------------|----------------------|
| Besòs Consortium | 23,849,992.12 | 18,465,496.55 | 2,677,239.91 | -26,711.86 | -5,342.37 |
| Mercat de les Flors Consortium | 10,735,574.43 | 7,834,046.02 | 5196337.3 | 2,892.49 | 1,648.72 |
| Natural Sciences Museum Consortium of Barcelona Consortium | 4,400,465.41 | 1,773,161.21 | 8,999,526.83 | 472,692.60 | 255,254.00 |
| Barcelona Urban Ecology Agency | 1,570,672.95 | 322,883.97 | 1,503,556.13 | 203,746.10 | 67,236.21 |
| Museu d'Art Contemporani de Barcelona (MACBA) Consortium | 41,983,905.69 | 5,273,092.23 | 12,654,451.71 | -619,482.71 | -260,182.74 |
| L'Auditori i l'Orquestra Consortium | 45,401,038.85 | 5,739,212.97 | 22,800,474.73 | -850,865.16 | -484,993.14 |
| Barcelona Libraries Consortium | 7,516,138.06 | 2,707,368.73 | 21,261,465.50 | 390,561.83 | 218,714.62 |
| Campus Interuniversitari Diagonal-Besòs Consortium | 67,525,786.44 | 9,057,713.92 | 271,646.54 | 53,786.39 | 11,526.42 |
| Localret Consortium | 3,017,816.48 | 399,791.21 | 1,688,461.28 | 256,620.44 | 2,566.20 |
| Barcelona Local Energy Agency | 1,780,312.26 | 292,913.50 | 1,138,863.45 | 209,318.51 | 110,938.81 |
| Gran Teatre del Liceu Consortium | 92,868,734.81 | 603,620.61 | 4,161,612.82 | 195,802.71 | 19,580.27 |
| Pla de Rehabilitació i Equipament de Teatres de Barcelona Consortium | 603,620.61 | 7,893,401.72 | 433,209.12 | 0.00 | 0.00 |
| Institut Ramon Llull Consortium | 10,401,947.12 | 109,883,720.38 | 8,968,399.40 | -104,599.07 | -15,689.86 |
| Mar Parc de Salut de Barcelona Consortium (formerly IMAS) | 311,454,263.19 | 5,697,295.65 | 331,514,459.69 | 281,750.11 | 112,700.04 |
| Barcelona Public Health Agency | 10,790,141.62 | 2,051,589.27 | 29,530,239.47 | -1,137,036.16 | -682,221.70 |
| Les Drassanes Reials i Museu Marítim de Barcelona Consortium | 94,229,694.31 | 0.00 | 7,656,477.23 | -1,252,404.54 | -325,625.18 |
| Palau de la Música Catalana Consortium | 0.00 | 5,382,519.00 | 0.00 | 0.00 | 0.00 |
| Museu Nacional d'Art de Catalunya (MNAC) Consortium | 246,549,077.00 | 2,921,248.31 | 23,431,937.00 | -776,375.00 | -124,220.00 |
| Barcelona Centre of Contemporary Culture, Casa Caritat (CCCB) | 33,240,967.30 | 1,811,362.65 | 10,066,493.53 | 160,936.13 | 45,062.12 |
| Catalan Hospital Consortium (Catalan Health-Care and Social Consortium) | 2,072,455.26 | 116,021,000.00 | 1,013,997.31 | 20,093.85 | 200.94 |
| Zona Franca de Barcelona Consortium | 557,842,000.00 | 848,947,876.49 | 66,365,000.00 | 25,606,000.00 | 8,962,100.00 |
| Metropolitan Transport Authority | 1,742,617,292.64 | 15,228,259.53 | 1,378,525,132.15 | 3,631,541.42 | 907,885.36 |
| Besòs Tordera Consortium | 48,257,853.18 | 21,437.21 | 22,178,394.74 | -2,103,076.67 | -189,276.90 |
| Universitat Internacional Menéndez Pelayo de Bcn - Centre Ernest Lluch Con. | 987,378.01 | 1,335,128.69 | 326,858.05 | 55,104.09 | 13,776.02 |
| Parc Natural de la Serra de Collserola Consortium | 22,597,084.54 | 46,724,686.00 | 6,067,924.58 | -105,846.55 | -7,409.26 |
| Parc de Recerca Biomèdica de Barcelona Consortium | 117,047,747.30 | 670,740.58 | 14,292,682.95 | 1,040,810.83 | 312,243.25 |
| Institut d'Estudis Regionals i Metropolitans de Barcelona Consortium | 991,839.60 | 578,270.24 | 3,182,349.50 | -25,221.87 | -5,801.03 |
| European Institute of the Mediterranean | 1,391,064.47 | 4,511,532.34 | 2,715,677.33 | -19,009.20 | 841,859.97 |
| Social Services Consortium | 14,199,044.08 | 64,687,866.00 | 68,039,143.37 | 3,593,047.23 | 1,437,218.80 |
| Fira Internacional de Barcelona | 71,694,930.00 | 369,034,771.87 | 206,244,627.00 | | 4,201,068.96 |
| Barcelona Sagrera Alta Velocitat, SA | 369,634,771.87 | 6,840.00 | 18,173,032.17 | 0.00 | 0.00 |
| Barcelona Emprèn CR, SA | 2,791,828.00 | 468,607,601.00 | 0.00 | -39,394.00 | -9,478.20 |
| Fira 2000, SA | 668,471,192.00 | 1,360,190.00 | 13,818,740.00 | -24,546,081.00 | -5,878,786.40 |
| Barcelona Regional, SA | 3,249,044.00 | 132,511,000.00 | 6,127,145.00 | 2,476.00 | 873.78 |
| Habitatge Metròpolis Barcelona, SA | 37,342.75 | 1,458.65 | 0.00 | -19,908.61 | -9,954.31 |
| Barcelona d'Aparcaments Municipals SA | 422,519,000.00 | 603,620.61 | 32,874,000.00 | 3,392,000.00 | 1,356,834.00 |
| | | | | | 10,880,307.43 |



Note 14 – Tangible fixed assets and Public Land Assets

Tangible fixed assets

| Item | Balance as of 01.01.2019 | (+) Income | (-) Expenditures | (+/-) Transfers | (-) Provision for depreciation | Balance as at 31/12/2019 |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|--------------------------------|-----------------------------|
| 1. Land | 2,944,986,065.80 | 24,192,939.38 | -187,987.69 | -14,785,182.37 | -1,348,319.28 | 2,952,857,516.09 |
| • Cost | 2,938,389,836.09 | 24,192,939.38 | -190,050.62 | -14,661,277.51 | 0.00 | 2,949,673,275.35 |
| • Accumulated depreciation | 6,698,436.30 | 0.00 | 2,062.93 | -123,904.86 | -1,348,319.28 | 3,286,447.33 |
| • Value adjustments | -102,206.59 | 0.00 | 0.00 | 0.00 | 0.00 | -102,206.59 |
| 2. Buildings | 3,734,887,781.01 | 14,641,969.39 | -10,318,519.29 | 90,247,001.86 | -88,230,318.62 | 3,741,227,894.39 |
| • Cost | 4,952,776,675.33 | 14,641,969.39 | -17,376,867.64 | 90,393,430.30 | 0.00 | 5,037,430,128.82 |
| • Accumulated depreciation | -1,217,888,894.32 | 0.00 | 7,058,348.35 | -146,428.44 | -88,230,318.62 | -1,296,202,234.43 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Infrastructures | 3,900,424,492.83 | 449,946.50 | -925,532.42 | 325,831,701.52 | -84,301,916.80 | 4,141,477,437.05 |
| • Cost | 4,894,312,567.18 | 449,946.50 | -6,772,822.29 | 325,831,701.52 | 0.00 | 5,213,783,035.28 |
| • Accumulated depreciation | -993,888,074.35 | 0.00 | 5,847,289.87 | 0.00 | -84,301,916.80 | -1,072,305,598.23 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Historical heritage assets | 7,896,638.94 | 20,856.75 | 0.00 | 0.00 | 0.00 | 7,918,750.21 |
| • Cost | 8,018,967.28 | 20,856.75 | 0.00 | 0.00 | 0.00 | 8,041,078.55 |
| • Accumulated depreciation | -122,328.34 | 0.00 | 0.00 | 0.00 | 0.00 | -122,328.34 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. Other tangible fixed assets | 210,328,910.53 | 7,972,827.61 | -100,825.33 | 22,008,957.27 | -36,841,264.91 | 203,368,605.17 |
| • Cost | 940,346,194.31 | 7,972,827.61 | -24,395,318.08 | 22,008,957.27 | 0.00 | 945,932,661.11 |
| • Accumulated depreciation | -729,566,210.17 | 0.00 | 24,294,492.75 | 0.00 | -36,841,264.91 | -742,112,982.33 |
| • Value adjustments | -451,073.61 | 0.00 | 0.00 | 0.00 | 0.00 | -451,073.61 |
| 6. Fixed assets under construction and in accounts | 1,078,438,527.01 | 401,313,832.72 | -11,860,142.30 | -459,308,240.62 | 0.00 | 1,008,583,976.81 |
| • Cost | 1,078,438,527.01 | 401,313,832.72 | -12,252,606.80 | -459,308,240.62 | 0.00 | 1,008,191,512.31 |
| • Accumulated depreciation | 0.00 | 0.00 | 392,464.50 | 0.00 | 0.00 | 392,464.50 |
| TOTAL | 11,876,962,396.35 | 448,592,372.35 | -23,393,007.03 | -36,005,762.34 | -210,721,819.61 | 12,055,434,179.72 |

The most important investments in the financial year correspond to:

| | Amount |
|---|-----------------------|
| • City Council direct investments | 34,096,870.14 |
| • Delivery of funds to third parties, for investment | 1,447,000.00 |
| • Delivery of funds to decentralised entities, for investment | 299,646,861.57 |
| - Free assignments of assets | 16,392,726.06 |
| • Investments funded by third parties | 6,971,100.74 |
| • Other investments made by subsidiary entities | 90,037,814.84 |
| TOTAL | 448,592,372.35 |



The main elements of the 'Other investments made by subsidiary entities' caption correspond to:

- The building of flats by the Municipal Housing Trust.
- In Barcelona de Serveis Municipals SA, the investment to replace the new parking metres in the city of Barcelona which is scheduled to be completed in the first quarter of 2020. Also the investments to install the Sahel at the zoo, the refurbishment of the Wellington store at the zoo, and the replacement of the climate control machines in Palau Sant Jordi, the purchase of new IT equipment by CHAPTER Scancar, and the installation of new electric vehicle charge points and improvements to those already installed, and other improvements to existing installations.
- Mercados de Abastecimientos de Barcelona SA, mainly for investments in the Central Fruit and Vegetable Market, and, l'Escorxador, in the Halls and in the Central Fish Market, among others.
- Cementiris de Barcelona SA, mainly for the renovation and improvement of niches, graves, pantheons and columbaria, as well as the enclosures of various cemeteries and the recovery of niches through expiry of funeral rights.
- A notable investment at Tibidabo Amusement Park is the investment to renovate the Tibidabo Funicular, which includes replacing the vehicles and the platform renovation works.
- In Tractament i Selecció de Residus SA, the renovation of the roofs of the packaging plant buildings and the mechanics workshop and the refurbishment of the Energy Recovery Plant in Sant Adrià del Besós.

At the close of the financial year, the acquisition cost of goods that were totally depreciated and which remained in use came to €452,328,834.66

It is the Group's policy to take out insurance policies deemed necessary for covering any risk that may affect the fixed assets.

Other substantive circumstances

At the close of the 2019 financial year, two property acquisition operations, for a total amount of €11,191,656.77 were still awaiting the conclusion of their legal transfers. The assets were incorporated into the City Council's assets as the corresponding records determining the recognition of the expenditure were entered.



Public Land Assets

Financial year's variations

| Item | Balance as of 31.12.2018 | (+) Income | (-) Expenditure | (+/-) Transfers | (-) Provision for depreciation | Balance as at 31.12.2019 |
|---|-----------------------------|----------------------|----------------------|----------------------|--------------------------------------|-----------------------------|
| 1. Land | 231,348,796.30 | 12,756,401.88 | -3,109,759.02 | 11,380,347.14 | 0.00 | 252,375,786.30 |
| • Cost | 231,348,796.30 | 12,756,401.88 | -3,109,759.02 | 11,380,347.14 | 0.00 | 252,375,786.30 |
| • Accumulated depreciation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. Buildings | 134,778,091.06 | 11,720,997.05 | 0.00 | -950,807.09 | -2,767,181.72 | 142,781,099.30 |
| • Cost | 154,227,646.71 | 11,720,997.05 | 0.00 | -950,807.09 | 0.00 | 164,997,836.67 |
| • Accumulated depreciation | -19,449,555.65 | 0.00 | 0.00 | 0.00 | -2,767,181.72 | -22,216,737.37 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Under construction and advances | 13,498,202.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,498,202.00 |
| • Cost | 13,498,202.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,498,202.00 |
| • Accumulated depreciation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Other public land assets | 250,212,489.09 | 0.00 | 0.00 | -4,399,573.10 | 0.00 | 245,812,915.99 |
| • Cost | 250,212,489.09 | 0.00 | 0.00 | -4,399,573.10 | 0.00 | 245,812,915.99 |
| • Accumulated depreciation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 629,837,578.45 | 24,477,398.93 | -3,109,759.02 | 6,029,966.95 | -2,767,181.72 | 654,468,003.59 |

The most important investments in the financial year correspond to:

| | Amount |
|---|----------------------|
| • transfer of land, compensation | 3,109,759.02 |
| • For free assignments of assets | 9,646,642.86 |
| Investments delivered by the Municipal Housing Trust, 100 x 1000 Plan | 11,720,997.05 |
| TOTAL | 24,477,398.93 |



Note 15 - Property investments

| | As of 31.12.2018 | (+) Income | (-) Expenditure | (+/-) Transfers | (-) Provision for depreciation | Balance as of 31.12.2019 |
|----------------------------|-----------------------|-------------------|-------------------|---------------------|--------------------------------|-----------------------------|
| 1. Land | 41,962,113.90 | 0.00 | 0.00 | 1,679,660.81 | 0.00 | 43,641,774.71 |
| • Cost | 41,962,113.90 | 0.00 | 0.00 | 1,679,660.81 | 0.00 | 43,641,774.71 |
| • Accumulated depreciation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. Buildings | 194,613,729.67 | 0.00 | 0.00 | 2,729,296.71 | -3,575,740.15 | 190,550,273.64 |
| • Cost | 241,796,558.70 | 459,595.25 | 0.00 | 2,729,296.71 | 0.00 | 244,985,450.66 |
| • Accumulated depreciation | -47,020,525.69 | 0.00 | 0.00 | 0.00 | -3,621,965.64 | -54,218,231.48 |
| • Value adjustments | -162,303.34 | 0.00 | -54,642.20 | 0.00 | 0.00 | -216,945.54 |
| TOTAL | 236,575,843.57 | 459,595.25 | -54,642.20 | 4,408,957.52 | -3,621,965.64 | 234,192,048.35 |

This lists those properties from which significant revenue is obtained, including the Convention Centre, the Auditorium in the Forum Building and the Port del Fòrum, as well as the property used for the Ecopark – solar.

Note 16 – Intangible fixed assets

The variations recorded in the intangible fixed assets' various accounts were as follows:

| Item | Balance as of 31.12.2018 | (+) Income | (-) Expenditure | (+/-) Transfers | (-) Provision for depreciation | Balance as at 31.12.2019 |
|--|-----------------------------|---------------------|------------------|-------------------|--------------------------------|-----------------------------|
| 1. Consolidated goodwill | 1,025,260.00 | 0.00 | 0.00 | 0.00 | -146,466.00 | 878,794.00 |
| • Cost | 1,464,658.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,464,658.00 |
| • Accumulated depreciation | -439,398.00 | 0.00 | 0.00 | 0.00 | -146,466.00 | -585,864.00 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2.1. Investments in R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| • Cost | 1,095,473.85 | 0.00 | 0.00 | 0.00 | 0.00 | 1,095,473.85 |
| • Accumulated depreciation | -1,095,473.85 | 0.00 | 0.00 | 0.00 | 0.00 | -1,095,473.85 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2.2. Industrial and intellectual property | 72,192.87 | 0.00 | -72.78 | 1,310.23 | -14,927.32 | 58,503.00 |
| • Cost | 564,485.42 | 0.00 | -11,292.90 | 1,310.23 | 0.00 | 554,502.75 |
| • Accumulated depreciation | -492,292.55 | 0.00 | 11,220.12 | 0.00 | -14,927.32 | -495,999.75 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2.3. IT applications | 8,959,364.62 | 4,404,196.04 | -5,885.00 | 611,039.55 | -3,191,560.69 | 10,777,154.52 |
| • Cost | 34,843,145.02 | 4,405,197.99 | -2,340,905.42 | 611,039.55 | 0.00 | 37,518,477.14 |
| • Accumulated depreciation | -25,666,206.61 | 0.00 | 2,335,020.42 | 0.00 | -3,191,560.69 | -26,522,746.88 |
| • Value adjustments | -217,573.79 | -1,001.95 | 0.00 | 0.00 | 0.00 | -218,575.74 |



| | | | | | | |
|---|----------------------|---------------------|------------------|-------------------|----------------------|----------------------|
| 2.5. Other intangible fixed assets | 688,628.73 | 20,613.22 | 0.00 | -3,683.00 | -63,772.88 | 641,786.07 |
| • Cost | 46,744,429.86 | 20,613.22 | 0.00 | -3,683.00 | 0.00 | 46,761,360.08 |
| • Accumulated depreciation | -46,055,801.13 | 0.00 | 0.00 | 0.00 | -63,772.88 | -46,119,574.01 |
| • Value adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 10,745,446.22 | 4,424,809.26 | -5,957.78 | 608,666.78 | -3,416,726.89 | 12,356,237.59 |

The breakdown of the 'other intangible fixed assets' item is as follows:

| | Amount |
|--------------------------------------|-------------------|
| Internet development | 1,620,800.60 |
| Re-engineering in municipal services | 41,925,824.71 |
| Other | 3,214,734.77 |
| Accumulated depreciation | -46,119,574.01 |
| TOTAL | 641,786.07 |

At the close of the financial year, the acquisition cost of intangible fixed assets that were totally depreciated and which remained in use came to 67,503,662.89 euros.

Note 17 – Financial assets

The financial assets appear in the following table:

| Classes Categories | Long-term financial assets | | | | | | Short-term financial assets | | | | | | Total | |
|-------------------------------------|----------------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------------|-------------|-------------------|-------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Capital investments | | Debt securities | | Other investments | | Capital investments | | Debt securities | | Other investments | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Credit and receivables | 0.00 | 0.00 | 3,230,788.00 | 4,730,946.00 | 149,631,840.91 | 150,501,599.22 | 0.00 | 0.00 | 331,780.00 | 256,440.49 | 74,264,321.41 | 64,944,295.86 | 227,458,730.32 | 220,433,281.57 |
| Financial assets available for sale | 105,230,353.67 | 84,995,223.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,698,922.00 | 105,230,353.67 | 90,694,145.69 |
| Total | 105,230,353.67 | 84,995,223.69 | 3,230,788.00 | 4,730,946.00 | 149,631,840.91 | 150,501,599.22 | 0.00 | 0.00 | 331,780.00 | 256,440.49 | 74,264,321.41 | 70,643,217.86 | 332,689,083.99 | 311,127,427.26 |

The credit balances for transactions arising from usual activities and financial investments in the undertakings of the group, multi-group and associates are not included in the table above.

| Variation Adjusting Accounts Financial asset classes | Initial balance | Reduced value owing to the financial year's credit impairment | Reversal of the financial year's credit impairment | Final balance |
|---|----------------------|---|--|----------------------|
| Long-term financial assets | 75,087,322.09 | 4,985,791.27 | 7,079,616.89 | 87,152,730.25 |
| Capital investments | 74,956,203.25 | 4,932,123.80 | 7,079,616.89 | 86,967,943.94 |
| Other investments | 131,118.84 | 53,667.47 | 0.00 | 184,786.31 |



Financial assets available for selling:

The financial assets available for sale include unlisted securities corresponding to the following companies:

| | 31 December 2019 | |
|---|-----------------------|-----------------------|
| | % Shareholdin g | Accounting Value |
| Ecoenergies Barcelona Sud, Zona Franca and Gran Via de l'Hospitalet, SA | 17.55% | 2,182,868.00 |
| Barcelona Funeral Service, SA | 15.00% | 26,941,286.00 |
| GL Events CCIB, SL | 12.00% | 240,600.00 |
| Gestora de Runes de la Construcció, SA | 8.21% | 135,185.00 |
| Ecoparc de Barcelona, SA | 3.05% | 382,720.00 |
| Ecoparc del Besòs, SA | 2.93% | 385,500.00 |
| Ecoparc del Mediterrani, SA | 11.73% | 960,000.00 |
| Districlima, SA | 11.73% | 4,019,576.00 |
| Port Forum Sant Adria, SL | 5.00% | 12,822.99 |
| Nauta Tech Invest III, SCR | 4.78% | 1,322,395.66 |
| Ethical bank contributions | - | 599.02 |
| Deposit for BSM portfolio management | - | 68,646,801.00 |
| | | 105,230,353.67 |



Note 18 – Financial liabilities

| Classes Categories | Long-term | | | | | | Short-term | | | | | | Total | |
|---------------------------|--|----------------------|--------------------------------|-----------------------|-----------------------|-----------------------|--|-------------------|--------------------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | Debentures and other marketable securities | | Debts with credit institutions | | Other debts | | Debentures and other marketable securities | | Debts with credit institutions | | Other debts | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| DebtS at depreciated cost | 95,000,000.00 | 95,000,000.00 | 769,587,399.28 | 830,543,599.37 | 210,905,250.76 | 229,141,949.31 | 900,240.98 | 895,162.14 | 90,417,881.60 | 64,805,073.26 | 165,674,825.31 | 158,722,125.14 | 1,332,485,597.93 | 1,379,107,909.22 |
| Total | 95,000,000.00 | 95,000,000.00 | 769,587,399.28 | 830,543,599.37 | 210,905,250.76 | 229,141,949.31 | 900,240.98 | 895,162.14 | 90,417,881.60 | 64,805,073.26 | 165,674,825.31 | 158,722,125.14 | 1,332,485,597.93 | 1,379,107,909.22 |

Debts with credit institutions

Debts with credit institutions mainly correspond to the City Council and the Municipal Housing Trust.

a) Breakdown of debt maintained by the City Council at the close of the financial year and valued at depreciation cost.

| DEBT IDENTIFICATION | DEBT OF AT 31/12/2018 | | CREATIONS | | ACCRUED INTEREST ACCORDING TO AER | | CANCELLED INTEREST (7) | REDUCTIONS | | DEBT AS OF 31/12/2019 | |
|---|-----------------------|-----------------------|-------------|-----------------|-----------------------------------|-------------|------------------------|-----------------------|--------------|--|--|
| | DEPRECIATED COST (1) | EXPLICIT INTEREST (2) | CASH (3) | EXPENDITURE (4) | EXPLICIT COST(5) | REST (6) | | ACCOUNTING VALUE (10) | RESULTS (11) | DEPRECIATED COST (12)=(1)+(3)-(4)+(6)+(8)-(10) | EXPLICIT INTEREST (13)=(2)+(5)-(7)+(9) |
| Loan €90 M (mt. 15/09/2023) | 40,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9,000,000.00 | 0.00 | 31,000,000.00 | 0.00 |
| Loan €50 M Section €30 M (mt. 15/12/2021) | 30,000,000.00 | 33,373.33 | 0.00 | 0.00 | 750,900.00 | 0.00 | 750,900.00 | 0.00 | 0.00 | 30,000,000.00 | 33,373.33 |
| Loan €50 M Section €20 M (mt. 15/12/2022) | 20,000,000.00 | 11,004.44 | 0.00 | 0.00 | 247,600.00 | 0.00 | 247,600.00 | 0.00 | 0.00 | 20,000,000.00 | 11,004.44 |
| Loan €25 M (mt. 03/03/2020) | 25,000,000.00 | 479.86 | 0.00 | 0.00 | 166,229.17 | 0.00 | 166,285.42 | 0.00 | 0.00 | 25,000,000.00 | 423.61 |
| Loan €75 M (mt. 13/04/2020) | 18,750,000.00 | 21,612.50 | 0.00 | 0.00 | 62,492.19 | 0.00 | 75,217.19 | 9,375,000.00 | 0.00 | 9,375,000.00 | 8,887.50 |
| Loan €240 M (mt. 19/03/2022) | 96,000,000.00 | 23,885.34 | 0.00 | 0.00 | 518,902.67 | 0.00 | 527,188.00 | 24,000,000.00 | 0.00 | 72,000,000.00 | 15,600.00 |
| Loan €40 M (mt. 28/10/2020) | 7,500,000.00 | 16,019.79 | 0.00 | 0.00 | 64,001.47 | 0.00 | 72,586.88 | 3,750,000.00 | 0.00 | 3,750,000.00 | 7,434.38 |
| Loan €50 M (mt. 20/12/2032) | 46,666,666.67 | 42,906.11 | 0.00 | 0.00 | 1,401,135.28 | 0.00 | 1,404,200.00 | 3,333,333.33 | 0.00 | 43,333,333.34 | 39,841.39 |
| Loan €200 M Section €160 M (mt. 21/12/2030) | 160,000,000.00 | 65,244.44 | 0.00 | 0.00 | 2,348,800.00 | 0.00 | 2,348,800.00 | 0.00 | 0.00 | 160,000,000.00 | 65,244.44 |
| Loan €200 M Section €40 M (mt. 15/12/2032) | 40,000,000.00 | 20,800.00 | 0.00 | 0.00 | 500,586.67 | 0.00 | 499,200.00 | 0.00 | 0.00 | 40,000,000.00 | 22,186.67 |
| Loan €73.5 M (mt. 31/12/2026) | 73,500,000.00 | 1,492.46 | 0.00 | 0.00 | 518,101.49 | 0.00 | 518,266.88 | 0.00 | 0.00 | 73,500,000.00 | 1,327.08 |
| Loan €70 M (mt.31/12/2029) | 70,000,000.00 | 1,421.39 | 0.00 | 0.00 | 493,430.00 | 0.00 | 493,587.5 | 0.00 | 0.00 | 70,000,000.00 | 1,263.89 |
| Loan €10 M (mt. 19/12/2026) | 10,000,000.00 | 1,189.59 | 0.00 | 0.00 | 32,710.79 | 0.00 | 33,400.00 | 1,250,000.00 | 0.00 | 8,750,000.00 | 500.38 |
| Loan €2.5 M (mt.22/12/2026) | 2,500,000.00 | 340.27 | 0.00 | 0.00 | 10,910.22 | 0.00 | 11,030.66 | 312,500.00 | 0.00 | 2,187,500.00 | 219.84 |
| Loan €15 M (mt.18/12/2027) | 15,000,000.00 | 3,900.00 | 0.00 | 0.00 | 113,605.56 | 0.00 | 113,750.00 | 1,666,666.66 | 0.00 | 13,333,333.34 | 3,755.56 |
| Loan €28.625 M (mt. 18/12/2027) | 28,625,000.00 | 0.00 | 0.00 | 0.00 | 203,496.59 | 0.00 | 202,980.63 | 3,180,555.56 | 0.00 | 25,444,444.44 | 515.96 |
| Loan €7.5 M (mt. 20/12/2032) | 7,500,000.00 | 433.13 | 0.00 | 0.00 | 12,182.91 | 0.00 | 12,393.75 | 0.00 | 0.00 | 7,500,000.00 | 222.29 |
| Schuldschein €60 M (mt. 21/09/2029) Sustainable Bond Issue €35 M (mt.20/12/2027) | 60,000,000.00 | 874,899.54 | 0.00 | 0.00 | 3,152,968.4 | 0.00 | 3,149,671.23 | 0.00 | 0.00 | 60,000,000.00 | 878,196.72 |
| Loan €100 M Section €50 M (mt. 12/12/2033) | 50,000,000.00 | 29,250.00 | 0.00 | 0.00 | 586,625.00 | 0.00 | 585,000.00 | 0.00 | 0.00 | 50,000,000.00 | 30,875.00 |
| TOTAL | 836,041,666.67 | 1,168,514.79 | 0.00 | 0.00 | 11,858,810.07 | 0.00 | 11,884,408.14 | 55,868,055.55 | 0.00 | 780,173,611.12 | 1,142,916.74 |



Barcelona City Council has current accounting hedges worth a total of €60,000,000 as at 31 December 2019. All the accounting hedges correspond to financial interest-rate swaps under contract to offset variations in the cash flows of the hedged items, given the interest-rate risks they are effectively exposed to. The nature of the hedged items corresponds to loans with credit institutions or private placements.

Given that the requirements established by ICAL were met, the interest-rate hedge instruments that Barcelona City Council kept current as at 31 December 2019 are valued under the same criterion as the hedged item and that is value at depreciated cost.

b) Details of the debts maintained by the Municipal Housing Trust

| Debt and accounts payable | Debts with credit institutions | | Total |
|---|--------------------------------|---------------------|-----------------------|
| | Long-term | Short-term | |
| Loans from credit entities (H.P.O) | 159,757,693.74 | 7,163,581.08 | 166,921,274.82 |
| Loans from the Institut Català del Sòl (H.P.P.) | 6,101,073.01 | 1,566,646.17 | 7,667,719.18 |
| Total | 165,858,766.75 | 8,730,227.25 | 174,588,994.00 |

The breakdown of the other long-term debts is as follows:

| CONCEPT | DEBT 31/12/2018 | CREATIONS | REDUCTIONS | DEBT 31/12/2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Long-term debt with the Spanish Central Government | 187,307,274.36 | 0.00 | 15,608,939.76 | 171,698,334.60 |
| Long-term deposits and guarantees | 39,403,668.74 | 896,366.42 | 2,964,345.78 | 37,335,689.38 |
| Short-term debts with the Spanish Central Government | 15,608,940.14 | 19,831,976.69 | 15,608,939.76 | 19,831,977.07 |
| Short-term guarantees and deposits | 31,605,182.29 | 5,340,648.54 | 3,458,758.30 | 33,487,072.53 |
| Other creditors liabilities | 57,452,001.81 | 138,114,220.18 | 159,525,277.28 | 36,040,944.71 |
| Urban development fees | 45,696,347.27 | 6,683,539.72 | 649,840.98 | 51,730,046.01 |
| Short-term accounts payable | 9,486,183.32 | 16,231,637.36 | 0.00 | 25,717,820.68 |
| Other | 1,304,476.52 | 0.00 | 566,285.43 | 738,191.09 |
| TOTAL | 387,864,074.45 | 187,098,388.91 | 198,382,387.29 | 376,580,076.07 |



The total amount for the final negative settlement of the share in Spanish Central Government taxes corresponding to the 2008 financial year came to €93,487,000, whereas the figure for the 2009 financial year was also negative by €304,284,000. In accordance with the provisions set down in Act 2/2012 of 29 June, on General State Budgets for the year 2012, the term up to December 2014 for offsetting these negative settlements was 120 monthly instalments. The sole additional provision in Royal Decree Act 12/2014 of 12 September, established amendments to the procedure for paying receivables to the Public Treasury arising from final settlements of shares in Spanish Central Government taxes for the financial years 2008 and 2009, as regulated by Act 2/2012 of 28 June, on the State's budgets for the year 2012, and allowed, as at January 2015 and subject to authorisation, extensions to the terms for paying the above-mentioned receivables in 120 additional monthly instalments. The negative settlement for 2008 matures during the 2011-2031 period while the negative settlement for 2009 matures during the 2012-2031 period. The amount maturing in the 2020 financial year is entered in the accounts under the 'Other short-term debts' caption .

On 22/11/2019, the final settlement corresponding to the 2017 financial year was received with a negative balance of €23,380,022.27, and in 2019, a net sum of €19,156,985.34 was reimbursed. The outstanding amount of €4,223,036.93 has been reimbursed with the payment of the share in Spanish central government taxes for the month of March.

| Share in Spanish Central Government Taxes | |
|--|-----------------------|
| Final settlement 2008 (long-term) | 33,875,393.26 |
| Final settlement 2009 (long-term) | 137,822,941.34 |
| Final settlement 2008 (short-term) | 3,079,581.14 |
| Final settlement 2009 (short-term) | 12,529,359.00 |
| Final settlement 2017 (short-term) | 4,223,036.93 |
| TOTAL | 191,530,311.67 |



Note 19 – Net equity

| Net equity | Initial Balance | Increases | Transfers | Reductions | Final Balance |
|--|--------------------------|-----------------------|-----------------|-----------------------|--------------------------|
| I. Equity contributed | 7,855,120,877.81 | 0.00 | 0.00 | -3,785,089.38 | 7,851,335,788.43 |
| II. Equity created | 3,900,553,964.81 | 487,755,138.03 | 0.00 | -41,416,042.77 | 4,346,893,060.07 |
| 1. Reservations | 762,506,537.55 | 220,879,770.17 | 0.00 | | 983,386,307.72 |
| Parent entity's reserves | 0.00 | 0.00 | 0.00 | | 0.00 |
| Reserves in consolidated entities | 426,454,088.06 | 44,542,890.96 | 0.00 | | 470,996,979.02 |
| Reserves in entities under the equity method | 336,052,449.49 | 176,336,879.21 | 0.00 | | 512,389,328.70 |
| 2. Profit (loss) brought forward | 2,953,821,542.87 | 0.00 | 184,225,884.40 | -41,416,042.77 | 3,096,631,384.50 |
| 3. Financial year's results allocated to parent entity | 184,225,884.40 | 266,875,367.86 | -184,225,884.40 | | 266,875,367.86 |
| III. Adjustments for changes in value | 23,296,669.00 | 136.00 | 0.00 | -292,057.00 | 23,004,748.00 |
| IV. Other increases in equity pending recognition in the profit and loss account | 828,086,229.14 | 32,701,317.44 | 0.00 | -1,818,832.81 | 858,968,713.77 |
| V. External shareholders | 81,733,278.00 | 6,009,201.00 | 0.00 | -732,466.00 | 87,010,013.00 |
| TOTAL | 12,688,791,018.76 | 526,465,792.47 | 0.00 | -48,044,487.96 | 13,167,212,323.27 |

Note 20 – Provisions and contingencies

20.1 Provisions

| Caption | Balance as at 31/12/2018 | | (+) Increases | | (+/-) Transfers | | (-) Decreases | | Balance as at 31/12/2019 | |
|--|--------------------------|----------------------|----------------------|-------------------|-----------------|-------------|----------------------|-----------------------|--------------------------|----------------------|
| | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term | Long-term | Short-term |
| Different contingencies | 36,808,381.81 | 0.00 | 11,470,596.81 | 0.00 | 0.00 | 0.00 | -9,264,915.51 | 0.00 | 39,014,063.11 | 0.00 |
| Provision for consortiums | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision for Ruling 632/2013 TSJC | 0.00 | 10,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -10,000,000.00 | 0.00 | 0.00 |
| IIVTNU provision (gain) | 0.00 | 21,125,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,125,000.00 |
| Provision for taxes | 1,258,261.82 | 0.00 | 3,690,447.51 | 0.00 | 0.00 | 0.00 | -695,171.49 | -215,000.00 | 4,253,537.84 | -215,000.00 |
| Extra salary payment 2012 RDL 208/2012 | 306,005.59 | -113,769.75 | 151,018.99 | 0.00 | 0.00 | 0.00 | 0.00 | -333.34 | 457,024.58 | -114,103.09 |
| Provision for environmental actions | 525,211.91 | 114,103.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 525,211.91 | 114,103.90 |
| Provision for staff remunerations | 1,670,676.00 | 632,125.84 | 99,935.00 | 113,000.00 | 0.00 | 0.00 | 0.00 | -443,826.65 | 1,770,611.00 | 301,299.19 |
| Provisions for upkeep and repair | 0.00 | 1,479,790.56 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -400,176.63 | 0.00 | 1,079,613.93 |
| Other provisions | -6,891.78 | 4,454,925.12 | 16,077.00 | 767,776.60 | 0.00 | 0.00 | 0.00 | -630,388.26 | 9,185.22 | 4,592,313.46 |
| TOTAL | 40,561,645.35 | 37,692,175.67 | 15,428,075.31 | 880,776.60 | 0.00 | 0.00 | -9,960,087.00 | -11,689,724.88 | 46,029,633.66 | 26,883,227.39 |



The balance of the provision is aimed at covering the financial costs of contingent or probable obligations.

The value of the provisions recorded is the nominal value it is expected will be required in the future to settle the obligations. They have not been valued at their current value as the financial effect of discounting them is not significant.

a) Various provisions

Provisions corresponding to cases that the City Council has open in courts and tribunals, which legal services have classified as probable, with an evaluation of responsibility, and the provisions that the municipal company Informació i Comunicació de Barcelona, SA must make for claims under review in courts.

Resolved cases correspond to legal proceedings that have received final judgements and others that have changed their occurrence classification, and are now not probable.

b) Provision for tax on increase in urban land value

Constitutional Court judgement (STC) 59/2017 of 11 May, declared unconstitutional and null and void articles 107.1, 107.2(a) and 110.4 of the Consolidated Text of the Local Tax Authorities Act (TRLRHL), approved by Royal Legislative Decree (RDL) 2/2004 of 5 March, inasmuch as they submit situations where there has been no increase in value to the tax on the increase in value of urban land.

Although the legislator has still not approved a law that regulates this matter, since the Supreme Court sentence of 9 July 2018 we now have the necessary elements to resolve presented claims and appeals.

The estimation is based on the report from the legal services of the Municipal Tax Office, an independent municipal body, which has performed a reliable estimate of the amounts arising from claims made through applications for correcting self-assessment or administrative appeals. Based on the above, it was considered probable that the City Council would have to spend resources in the following cases:

- Applications made by tax-payers for correcting self-assessments, which are in administrative channels, where it has been confirmed that there is no increase in the value making up the tax base: €16,682,000

Administrative appeals that have been resolved against the interests of the City Council: €4,228,000

c) Interest compliance TSJC judgement 632/2013

The City Council's compliance with judgement 632/2013 of the Supreme Court of Justice of Catalonia, in the financial year 2016, meant it was forced to increase civil servants' salaries for 2017 and 2018.

Judgement 528/2017 of 12 September 2017 upheld an appeal that recognised the right to receive



interest on the amounts paid by virtue of judgement 632/2013. For which it was estimated that this judgement would entail a cost of 10 million euros.

Finally, the execution of the ruling against the City Council entailed the payment of the amount claimed, charged to the 2019 budget and the cancellation of this provision.

20.2. Contingent liabilities

Barcelona City Council

At the closing date of the financial year, the City Council has three lawsuits pending which will probably result in an outflow of resources from the City Council to settle the obligation. Furthermore, it has not been possible to reliably estimate the amount of the obligation at the close of the financial year.

There are also 17 disputes currently going through the courts which are classified as a possible risk. The sum of the amounts for which it has been possible to reliably estimate the cost reaches a total of €38,475,000. These include three cases corresponding to a claim for €17,103,000 originating from a cease and desist order placed on a company for undertaking an activity that was different from the authorised one, and another for €10,451,000 originating from the definitive liquidation of a collaboration agreement.

There has been no provision for those claims regarding IIVNTU (municipal tax) whose existence must be confirmed by an unfavourable resolution for the City Council (€19,257,000), those in which there are no accrediting documents clarifying whether there has been an increase in the value of the liquidated object (€21,107,000) and those that have been resolved by definitive acts where the courts have not recognised the application of the benchmark sentence (€3,431,000).

Barcelona Activa, SA

As of 31 December 2019, it has guarantees with third parties for the amount of €20,124.89 as a guarantee for work carried out by the company (€20,124.89 as of 31 December 2018).

Barcelona d'Infraestructures Patrimoniales, SA

As at the date the annual accounts were formulated, the company had various legal disputes awaiting resolution. The Administrators, together with their lawyers, do not anticipate that the resolution of said cases will result in a significant asset variation in the Company's annual accounts that have not been recorded in them, given that they are all covered by the corresponding financial liability policy and therefore it would be the insurance company who would pay any compensation that may be agreed upon in the judicial process.

Barcelona de Serveis Municipals, SA



As at 31 December 2019, the guarantees awarded by the subsidiary companies to cover loan operations with participating companies amount to €1,047,755 (€1,209,174 in 2018). No additional liabilities are expected as a result of these guarantees. The company to which they were awarded is Ecoparc del Besòs, SA.

The Group BSM has various ongoing disputes from which it does not expect any significant liabilities that would affect the annual accounts as they are considered remote.

Barcelona Cicle de l'Aigua, SA

At the close of the 2019 financial year, there is a legal case in which the company is a defendant, which entails a contingent liability of €3,000 with €2,532.06 corresponding to the amount claimed and an estimated €467.94 in legal costs. The claim has been filed by one of the two previous BCASA vehicle fleet leasing companies, Lease Plan Servicios, S.A. The reference claim is being heard at the Court of First Instance No. 31 in Barcelona, Oral Judgement 354/19. Another contingent liability has been recorded for €19,846.70 corresponding to a formal claim from another BCASA vehicle fleet leasing company, Arval Service Lease, SA, a company that also no longer provides leasing services to the BCASA fleet. In its claim, it requests the payment of €19,846.70 for the reconditioning of the vehicles and mileage adjustment. It is for this reason that a short-term provision has been recorded in order to cover these costs in 2020.

Waste treatment and selection, SA

As at 31 December 2019, it has guarantees to cover loan operations with participating companies, for the amount of €1,047,754.55 (€1,209.174 in 2018). No additional liabilities are expected as a result of these guarantees.

Note 21 – Consolidated budget information
21.1) Debentures pending closed budget payment with restrictive budget

Aggregated data

| FINANCIAL STRUCTURE | DESCRIPTION | DEBENTURES PENDING PAYMENT AS OF 1 JANUARY | AMENDMENTS TO INITIAL BALANCE OR CANCELLATIONS | TOTAL OBLIGATIONS | LIMITATIONS | PAYMENTS MADE | DEBENTURES PENDING PAYMENT AS AT 31 DECEMBER |
|---------------------|---|--|--|-----------------------|-------------|-----------------------|--|
| Chapter 1 | Staff expenses | 434,828.01 | 0.00 | 434,828.01 | 0.00 | 434,808.01 | 0.00 |
| Chapter 2 | Expenditure on current goods and services | 160,071,463.26 | 45,402.28 | 160,015,836.02 | 0.00 | 159,875,641.61 | 140,194.41 |
| Chapter 3 | Financial expenditure | 96,728.12 | 0.00 | 96,728.12 | 0.00 | 96,728.12 | 0.00 |
| Chapter 4 | Current transfers | 217,901,870.90 | 480,042.67 | 217,417,661.57 | 0.00 | 209,635,424.44 | 7,782,237.13 |
| Chapter 5 | Contingency funds | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chapter 6 | Property investments | 238,045,382.76 | -36,857.34 | 238,008,525.42 | 0.00 | 207,166,984.29 | 30,841,541.13 |
| Chapter 7 | Capital transfers | 161,849,786.84 | -6,378.31 | 161,843,408.53 | 0.00 | 78,165,678.02 | 83,677,730.51 |
| Chapter 8 | Financial assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chapter 9 | Financial liabilities | 60,719.44 | 130.42 | 60,589.02 | 0.00 | 51,190.54 | 9,398.48 |
| TOTAL | | 778,460,779.33 | 482,339.72 | 777,877,576.69 | 0.00 | 655,426,455.03 | 122,451,101.66 |

21.2) Committed expenditure charged to budgets of subsequent financial years of entities with restricted budgets

Aggregated data

| | | EXPENDITURE COMMITMENTS ACQUIRED AND CHARGED TO THE FINANCIAL YEAR | | | | |
|---------------------|---|--|-----------------------|----------------------|----------------------|----------------------------|
| FINANCIAL STRUCTURE | DESCRIPTION | 2018 FINANCIAL YEAR | 2019 FINANCIAL YEAR | 2020 FINANCIAL YEAR | 2021 FINANCIAL YEAR | SUCCESSIVE FINANCIAL YEARS |
| Chapter 1 | Staff expenses | 314,313.76 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chapter 2 | Expenditure on current goods and services | 678,740,591.92 | 333,548,950.81 | 74,789,815.62 | 36,061,794.69 | 81,597,118.23 |
| Chapter 4 | Current transfers | 54,148,894.18 | 22,301,075.93 | 6,362,549.82 | 728,715.51 | 1,161,264.53 |
| Chapter 6 | Property investments | 23,858,388.13 | 5,406,480.52 | 483,271.05 | 126,064.00 | 0.00 |
| Chapter 7 | Capital transfers | 1,808,516.88 | 1,315,009.88 | 0.00 | 0.00 | 0.00 |
| Chapter 8 | Financial assets | 20,881,100.11 | 18,590,952.40 | 0.00 | 17,651,513.82 | 17,651,513.82 |
| TOTAL | | 779,751,804.98 | 381,162,469.54 | 81,635,636.49 | 54,568,088.02 | 100,409,896.58 |

21.3) Entitlements pending collection from closed budgets

Aggregated data

| FINANCIAL STRUCTURE | DESCRIPTION | ENTITLEMENTS PENDING COLLECTION AS OF 1 JANUARY | CHANGE TO INITIAL BALANCE | REVOKED COLLECTION RIGHTS | CANCELLED COLLECTION RIGHTS | COLLECTION | ENTITLEMENTS PENDING AS AT 31 DECEMBER |
|---------------------|------------------------------|---|---------------------------|---------------------------|-----------------------------|-----------------------|--|
| Chapter 1 | Direct taxes | 241,363,676.46 | 5,731,090.05 | 14,823,885.48 | 2,342,750.86 | 25,987,907.17 | 203,940,223.00 |
| Chapter 2 | Indirect taxes | 21,640,263.94 | 998.17 | 416,904.40 | 67,989.38 | 14,342,461.90 | 6,813,906.43 |
| Chapter 3 | Charges and other revenue | 380,693,511.15 | 19,738,257.54 | 37,177,409.01 | 9,875,431.33 | 39,495,171.15 | 313,883,757.20 |
| Chapter 4 | Current transfers | 103,781,108.46 | 0.00 | 0.00 | 0.00 | 99,702,349.08 | 4,078,759.38 |
| Chapter 5 | Property income | 8,881,666.36 | 0.00 | 33,051.78 | 0.00 | 2,230,686.75 | 6,617,927.83 |
| Chapter 6 | Sale of property investments | 37,041,586.96 | 0.00 | 0.00 | 0.00 | 27,527,305.53 | 9,514,281.43 |
| Chapter 7 | Capital transfers | 23,681,918.63 | 0.00 | 159.96 | 0.00 | 9,728,134.78 | 13,953,623.89 |
| TOTAL | | 817,083,731.96 | 25,470,345.76 | 52,451,410.63 | 12,286,171.57 | 219,014,016.36 | 558,802,479.16 |



21.4) Settlement of operational budgets and capital of entities with estimated budget

Aggregated data on operating budgets of entities with estimated budget:

| | Budget | Amount realised | Absolute variance |
|---|-----------------------|----------------------|-----------------------|
| 1. Net amount of business turnover. | 337,853,097.55 | 330,110,326.77 | 7,742,770.78 |
| 2. Variation in inventories of finished products and products in the process of being manufactured. | - | 42,839.80 | - 42,839.80 |
| 3. Tasks performed by the company for its assets. | - | - | - |
| 4. Supplies. | - 99,746,233.20 | - 92,551,361.36 | - 7,194,871.84 |
| a) Consumption of goods. | - 37,471,442.11 | - 24,527,775.38 | - 12,943,666.73 |
| b) Consumption of raw materials and other consumables. | - 8,023,790.64 | - 10,341,894.12 | 2,318,103.48 |
| c) Work performed for other companies. | - 54,256,000.45 | - 57,662,584.48 | 3,406,584.03 |
| d) Impairment loss in goods, raw materials and other supplies. | 5,000.00 | - 19,107.38 | 24,107.38 |
| 5. Other operating income. | 317,803,701.26 | 319,874,709.46 | - 2,071,008.20 |
| a) Accessory income and other current management revenue. | 41,617,132.55 | 63,508,184.34 | - 21,891,051.79 |
| b) Operational subsidies incorporated into the financial year's results. | 276,186,568.71 | 256,366,525.12 | 19,820,043.59 |
| 6. Staff expenditure. | - 218,773,223.69 | - 227,673,654.09 | 8,900,430.40 |
| a) Wages, salaries and similar expenses | - 164,986,689.90 | - 170,940,819.33 | 5,954,129.43 |
| b) Social security contributions. | - 53,786,533.79 | - 56,581,815.77 | 2,795,281.98 |
| c) Provisions. | - | - 151,018.99 | 151,018.99 |
| 7. Other operational expenses | - 280,548,334.52 | - 265,838,701.49 | - 14,709,633.03 |
| a) External services. | - 189,610,831.90 | - 182,686,467.06 | - 6,924,364.84 |
| b) Taxes. | - 8,281,335.37 | - 8,436,643.35 | 155,307.98 |
| c) Losses, impairment and variation of provisions for commercial transactions. | - 249,186.00 | - 1,153,605.10 | 904,419.10 |
| d) Other current management expenses. | - 82,406,981.25 | - 73,561,985.98 | - 8,844,995.27 |
| 8. Fixed-asset depreciation. | - 38,519,974.52 | - 38,072,057.11 | - 447,917.41 |
| a) Intangible fixed-asset depreciation. | - 9,131,538.13 | - 3,181,377.81 | - 5,950,160.32 |
| b) Fixed-asset depreciation. | - 29,384,236.39 | - 34,885,157.53 | 5,500,921.14 |
| c) Property investment depreciation. | - 4,200.00 | - 5,521.77 | 1,321.77 |
| 9. Allocation of non-financial fixed-asset subsidies. | 5,218,308.50 | 5,099,279.47 | 119,029.03 |
| 10. Provision surpluses. | - | 28,093.62 | - 28,093.62 |
| 11. Impairment and results for the alienation of fixed assets. | 816,170.00 | - 4,680,576.94 | 5,496,746.94 |
| a) Impairment and losses. | 537,055.00 | - 5,284,839.98 | 5,821,894.98 |
| Intangible fixed assets | - | - | - |
| Tangible fixed assets | 537,055.00 | - | 537,055.00 |
| Financial investments | - | - 5,284,839.98 | 5,284,839.98 |
| b) Results for alienation and other things. | 279,115.00 | 604,263.04 | - 325,148.04 |
| Intangible fixed assets | - | - 72.78 | 72.78 |
| Tangible fixed assets | 279,115.00 | 604,335.82 | - 325,220.82 |
| Financial investments | - | - | - |
| c) Impairment and results for alienation of the fixed assets of holding companies | - | - | - |
| 12. Negative business-combination difference | - | - | - |
| 12a. Subsidies granted and transfers made by the entity | - | - | - |
| - to the local administrative public sector | - | - | - |
| - to the local corporate or foundation public sector | - | - | - |
| - to others | - | - | - |
| 13. Other results | - 18,501.50 | - 8,005,086.91 | 7,986,585.41 |
| Exceptional expenditure | - 30,501.50 | - 239,455.87 | 208,954.37 |
| Exceptional income | 12,000.00 | - 7,765,631.04 | 7,777,631.04 |
| A1) OPERATIONAL RESULTS (1+2+3+4+5+6+7+8+9+10+11+12+12a+13) | 24,085,009.88 | 18,333,811.22 | 5,751,198.66 |
| 14. Financial income. | 2,324,617.72 | 2,503,337.44 | - 178,719.72 |
| a) From holdings in equity instruments. | 785,000.00 | 1,119,537.11 | - 334,537.11 |
| b) From negotiable securities and other financial instruments. | 1,539,417.72 | 1,383,800.33 | 155,617.39 |
| c) Allocation of financial subsidies, donations and financial legacies. | 200.00 | - | 200.00 |
| 15. Financial expenditure. | - 5,394,242.48 | - 3,742,644.04 | - 1,651,598.44 |
| a) For debts with the group and associate companies. | - | - | - |
| b) For debts with third parties. | - 5,304,242.48 | - 3,705,381.78 | - 1,598,860.70 |
| c) For updating provisions. | - 90,000.00 | - 37,262.26 | - 52,737.74 |
| 16. Variation in fair value in financial instruments. | - | - | - |
| 17. Exchange differences. | - 750.00 | 18.99 | - 768.99 |
| 18. Impairment and result for alienation of financial instruments. | - | 2,814,373.54 | - 2,814,373.54 |
| 19. Other financial income and expenditure | - | 253,600.00 | - 253,600.00 |
| A.2) FINANCIAL RESULTS (14+15+16+17+18+19). | - 3,070,374.76 | 1,828,685.93 | - 4,899,060.69 |
| A.3) RESULT BEFORE TAXES (A.1+A.2) | 21,014,635.12 | 20,162,497.15 | 852,137.97 |
| 20. Income tax. | - 1,480,017.66 | - 2,999,950.29 | 1,519,932.63 |
| A.4) RESULTS OF THE FINANCIAL YEAR FROM ONGOING OPERATIONS (A.3+20) | 19,534,617.46 | 17,162,546.86 | 2,372,070.60 |
| B) DISCONTINUED TRANSACTIONS | - | - | - |
| 21. Results from financial year arising from discontinued transactions net of taxes | - | - | - |
| A.5) RESULTS OF THE FINANCIAL YEAR (A.4+21) | 19,534,617.46 | 17,162,546.86 | 2,372,070.60 |



Aggregated data on the settlement of the cash-flow accounts of entities with estimated budget:

| | Budget | Amount realised | Absolute variance |
|--|-----------------------|-----------------------|-----------------------|
| I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per PBE and PLC) | | | |
| Financial year pre-tax results | 21,014,635.12 | 25,058,517.69 | - 4,043,882.57 |
| Adjustments to the results | 19,395,117.64 | 32,508,685.34 | - 13,113,567.70 |
| Fixed-asset depreciation | 38,469,974.52 | 38,218,522.03 | 251,452.49 |
| Valuation corrections for impairment | 44,186.00 | - | 44,186.00 |
| Variations in provision | - 498,647.95 | 8,506,649.48 | - 9,005,297.43 |
| Allocation of subsidies | - 5,218,308.50 | - 8,121,632.68 | 2,903,324.18 |
| Results for write-offs and disposal of fixed assets | - 816,170.00 | - 603,901.83 | - 212,268.17 |
| Results for write-offs and disposal of financial instruments | - | - 2,814,373.00 | 2,814,373.00 |
| Financial income | - 2,324,417.72 | - 2,493,337.60 | 168,919.88 |
| Financial expenditure | 5,394,242.48 | 3,092,148.10 | 2,302,094.38 |
| Exchange differences | 750.00 | 6.83 | 743.17 |
| Valuation corrections for impairment | - | 912,658.84 | - 912,658.84 |
| Other income and expenses | - 5,046,146.19 | - 2,831,220.83 | - 2,214,925.36 |
| Share in profits (losses) of entities under the equity method | - | - 1,356,834.00 | 1,356,834.00 |
| Changes in the current capital | 25,589,089.83 | 24,362,422.53 | 1,226,667.30 |
| Inventories | 5,550,433.14 | - 5,323,628.61 | 10,874,061.75 |
| Receivables and other accounts receivable | 45,417,708.39 | 82,303,686.62 | - 36,885,978.23 |
| Other current assets | - 422,362.67 | 5,846,558.97 | - 6,268,921.64 |
| Short term creditors and other accounts payable | - 28,172,340.73 | - 16,736,229.87 | - 11,436,110.86 |
| Other fixed assets and liabilities | 893,011.16 | - 10,952,251.25 | 11,845,262.41 |
| Other current liabilities | 2,423,260.54 | - 30,775,713.33 | 33,198,973.87 |
| Other cash flows from operational activities | - 3,363,174.90 | - 4,162,751.43 | 799,576.53 |
| Interest payments | - 4,356,789.22 | - 2,630,875.46 | - 1,725,913.76 |
| Interest collections | 1,537,767.72 | 1,383,800.60 | 153,967.12 |
| Income tax payment (collection) | - 1,329,153.40 | - 4,035,213.57 | 2,706,060.17 |
| Dividend collections | 785,000.00 | 1,119,537.00 | - 334,537.00 |
| Other payments | - | - | - |
| Cash flows from operational activities | 73,246,012.69 | 77,766,874.13 | -4,520,861.44 |
| II. CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| C) Receipts: | - 40,443,242.64 | 8,033,389.17 | - 48,476,631.81 |
| 1. Sale of property investments | - 16,809,169.00 | 1,261,760.00 | - 18,070,929.00 |
| 2. Sale of financial assets | - 23,637,073.64 | 2,985,737.17 | - 26,622,810.81 |
| 3. Other receipts from investment activities | 3,000.00 | 3,785,892.00 | - 3,782,892.00 |
| D) Payments: | - 35,187,792.65 | - 71,243,371.45 | 36,055,578.80 |
| 4. Purchase of property investments | - 61,491,273.74 | - 63,606,610.22 | 2,115,336.48 |
| 5. Purchase of financial assets | 26,303,481.09 | - 2,050,449.25 | 28,353,930.34 |
| 6. Other payments from investment activities | - | 365.19 | - 365.19 |
| Net cash flows through investment activities | -75,631,035.29 | -63,209,982.28 | -12,421,053.01 |
| III. CASH FLOWS FROM FUNDING ACTIVITIES | | | |
| E) Receivables to the owner entity or entities | - 5,745,306.56 | 17,048,565.77 | - 22,793,872.33 |
| 1. Sale of external members' shareholdings | - | - | - |
| 2. Other receivables to owner entity or entities | - 5,745,306.56 | 17,048,565.77 | - 22,793,872.33 |
| F) Payments to the owner entity or entities | - | - | - |
| 3. Acquisition of external members' shareholdings | - | - | - |
| 4. Other payments to owner entity or entities | - | - | - |
| G) Receipts for issuing financial liabilities: | 35,287,881.06 | 43,849,034.45 | - 8,561,153.39 |
| 5. Debentures and other marketable securities | - | - | - |
| 6. Loans received | 32,810,924.41 | 30,672,762.39 | 2,138,162.02 |
| 7. Other debts | 2,476,956.65 | 13,176,272.06 | - 10,699,315.41 |
| H) Payments for financial liability redemptions | - 25,842,378.42 | - 29,995,912.57 | 4,153,534.15 |
| 8. Debentures and other marketable securities | - | - | - |
| 9. Loans received | - 14,780,048.32 | - 10,141,279.28 | - 4,638,769.04 |
| 10. Other debts | - 11,062,330.10 | - 19,854,633.29 | 8,792,303.19 |
| Net cash flows through management activities | 3,700,196.08 | 30,901,687.65 | -27,201,491.57 |
| IV. CASH FLOWS PENDING CLASSIFICATION | | | |
| I) Receipts pending | - | - | - |
| J) Payments pending | - | - | - |
| Net cash flows pending classification | 0.00 | 0.00 | 0.00 |
| V. EFFECT OF VARIATIONS IN EXCHANGE RATES | | - 4.83 | 4.83 |
| VI NET INCREASE/REDUCTION IN CASH AND CASH-EQUIVALENT LIQUID ASSETS | 1,315,173.48 | 45,458,574.67 | -44,143,401.19 |
| Cash and cash equivalent liquid assets at the start of the financial year | 63,945,132.88 | 95,583,605.01 | - 31,638,472.13 |
| Cash and cash-equivalent liquid assets at the end of the financial year | 65,260,306.35 | 141,042,179.68 | - 75,781,873.33 |



Note 22 – Other information affecting the consolidated annual accounts

a) Accrued liabilities expenditure

The long-term variations in the accrued liabilities expenditure item for the 2019 financial year were as follows:

| | |
|---|-----------------------|
| Balance as of 31 December 2018 | 456,050,510.04 |
| Financial year's added entries | 8,385,548.71 |
| Updating | 461,272.64 |
| Short-term transfers to accrued expenditure | -28,796,100.67 |
| Allocation to results | -3,968,715.19 |
| Other reductions | 0.00 |
| Balance as at 31 December 2019 | 432,132,515.53 |

By nature, €424,763,000 correspond to income received in advance for the right to use municipally-owned assets and €7,369,000 to income for the provision of different services.

Income received in advance is transferred every year to the consolidated Profit and Loss Account using the straight-line method for the duration of the period of the corresponding concession or awarding, which will end, at the latest, by 2092.

The short-term amount transferred is the one planned for application in the Consolidated Profit and Loss Accounts for the 2019 financial year and appears under the 'Accrued Expenses' heading of the liabilities side of the Consolidated Balance Sheet for the financial year closed on 31 December 2019.

Short-term accrued expenditure for the 2019 financial year presents the following variations:

| | |
|--|-----------------------|
| Balance as of 31 December 2018 | 112,273,538.14 |
| Financial year's added entries | 78,274,700.05 |
| Updating | -97,559.40 |
| Long-term transfers to accrued expenditure | 28,796,100.67 |
| Allocation to results | -79,342,018.38 |
| Reductions in awards and other items | -5,372,927.38 |
| Other reductions | -19,277,699.01 |
| Balance as at 31 December 2019 | 115,254,134.69 |



b) Auditors' fees

The fees to be received by Ernst & Young, SL, corresponding to the audit services and expenditure incurred in the provision of these services during the 2019 financial year amounted to 120,000 euros, VAT included. Invoiced to Barcelona City Council under the audit contract's invitation-to-tender lot 1 file, these fees also include the audit work on the individual annual accounts of the Barcelona City Council group, quality control and coordination of the work and support for the General Audit in exercising financial control.

c) Taxes and social security contributions subject to inspection

All taxes and social-security contributions that the Entity is subject to are eligible for auditing for all the financial years during which the limitation period deadline established under the legislation in force did not lapse. No additional liabilities were expected to be considered for the Institute as a result of possible inspections.

d) Guarantees

As at 31 December 2019, the guarantees awarded by the group for covering credit transactions amounted to 614,403.27 euros.

Note 23 – Financial and equity indicators

- Immediate liquidity:

$$\frac{\text{Liquid funds}}{\text{Current liabilities}} = 0,82$$

- Short-term liquidity:

$$\frac{\text{Liquid funds} + \text{Entitlements pending collections}}{\text{Current liabilities}} = 1,19$$

- General liquidity:

$$\frac{\text{Current assets}}{\text{Current liabilities}} = 1,34$$

- Debt per resident:

$$\frac{\text{Liabilities}}{\text{Number of residents}} = 1.503,91 \text{ euros}$$

- Debt:

$$\frac{\text{Liabilities}}{\text{Liabilities} + \text{Net Equity}} = 0,16$$



- Debt ratio:

$$\frac{\text{Current liabilities}}{\text{Fixed liabilities}} = 0,58$$

- Cash flow:

$$\frac{\text{Liabilities}}{\text{New management flows}} = 8,39$$

- Income structure

| INCOME FROM DAY-TO-DAY MANAGEMENT (IFDM) | | | |
|--|--------------|-------------|---------------------|
| INC. TAX/IFDM | TRANSFR/IFDM | S & PS/IFDM | Remaining IFDM/IFDM |
| 44.21% | 39.08% | 9.89% | 6.83% |

- Expenditure structure

| DAY-TO-DAY MANAGEMENT EXPENSES (EFDM) | | | |
|---------------------------------------|--------------|-----------|-------------------|
| EXPENDITURE PERS. /EFDM | TRANSFG/EFDM | SUPP/EFDM | Rest of EFDM/EFDM |
| 29.61% | 22.66% | 2.75% | 44.98% |

- Coverage of current expenses: highlights the existing relationship between day-to-day management expenditure and income.

$$\frac{\text{Day – to – day management expenses}}{\text{Day – to – day management income}} = 89,68\%$$

Note 24 – Events subsequent to the close

No significant events occurred between closure and drafting of the annual accounts which would require reporting or lead to the inclusion of adjustments to the figures contained in the annual accounts.

Notwithstanding the above, we should highlight the situation caused in 2020 by the coronavirus SARS-CoV-2 which obliged the World Health Organisation to raise Covid-19 to the category of pandemic on 11 March.



The rapid development of events, at a national and international scale, has led to an unprecedented health crisis that will have an impact on the macroeconomic environment and how businesses evolve. In order to tackle this situation, among other measures, the Spanish State Government has declared a state of alert, through the publication of Royal Decree 463/2020, of 14 March, and approved a series of extraordinary urgent measures to deal with the economic and social impact of Covid-19 through Royal Decree Law 8/2020, of 17 March.

The Generalitat de Catalunya has also published Decree Law 7/2020, of 17 March, on urgent tax and economic measures among others, and Decree Law 8/2020, of 24 March, partially amending the previous one which also applies urgent tax and economic measures among others to deal with the economic and social impact of Covid-19.

Barcelona City Council's subsidiary entities have considered that these events do not entail an adjustment to the annual accounts or the financial year that ended on 31 December 2019, but that they could have a significant impact on operations and, consequently, on their future results and cash flows. Given the complexity of the situation and its rapid evolution, it is not practicable at this time to give a reliable quantified estimate of the potential impact on the entities which, where necessary, will be recorded prospectively in the annual accounts for the 2020 financial year.

On 14 September 2020, the Chief Executive of Barcelona City Council, acting in compliance with the requirements established by Article 64 of Act 1/2006 regulating the special system for Barcelona, hereby draws up the consolidated annual accounts in this document, pages 1 to 63, corresponding to the financial year ending 31 December 2019.

Municipal Manager