



Barcelona City Council Group

Consolidated annual accounts for the 2018 financial year

(together with audit report)

Public Audit Report

BARCELONA CITY COUNCIL GROUP

**Consolidated Annual Accounts for the
year ended December 31, 2018**

PUBLIC AUDIT REPORT OF THE CONSOLIDATED ANNUAL ACCOUNTS OF THE BARCELONA CITY COUNCIL GROUP OF RELATED YEAR 2018¹

To the Municipal Council of the City of Barcelona:

Introduction

We have audited the accompanying annual accounts of the Barcelona City Council Group (the Group, hereinafter), in accordance with auditing standards for the Public Sector, which comprise the consolidated balance sheet as at December 31, 2018, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, the consolidated budget implementation settlement statement, and the consolidated notes thereto for the year then ended.

This audit has been carried out in accordance with the provisions of section 58.e) and 74 of Law 1/2006, of March 13, regulating the special regime of the municipality of Barcelona, and the stipulations of the administrative clauses and technical specifications of the contract for the provision of audit services for the separate and consolidated annual accounts of the Barcelona City Council and its municipal economic Group.

The Municipal Manager is responsible for the preparation of the consolidated annual accounts in accordance with the criteria for financial reporting described in note 4 to the accompanying notes and, specifically, with the conceptual framework for public accounting and the recognition and measurement standards included in Order HAP/1789/2013, of July 20, y which the instruction of the normal model of the local accounting is approved.

The annual consolidated accounts which this report refers to were prepared by the Municipal Manager on May 28, 2019.

Purpose and scope of the work: Auditor's responsibility

Our responsibility is to express an opinion on whether the accompanying consolidated annual accounts express, in all the significant aspects, the true and fair presentation of the equity, the financial situation and the results, based on the work that we have carried out in accordance with the auditing standards of the public sector.

These standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the consolidated annual accounts are free from material misstatement.

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

An audit requires performing procedures to obtain audit evidence on the amounts and information disclosed in the consolidated annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated annual accounts. In making those risk assessments, the auditor considers relevant management internal control for the preparation of the consolidated annual accounts, in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts.

Our work does not include the individual annual accounts audit of 26 autonomous organisms, public entities and companies that represent 29% (1.044 million euros) of the Group's total expenses, and 11% (1.771 million euros) of the Group's total assets. Those annual accounts have been audited by other auditors, as described in note 1 of the accompanying annual report, and our opinion is based, as far as these accounts are concerned, only in the opinion of the aforementioned auditors.

Audit opinion

In our opinion, based in our audit, and the audit reports of other auditors as described in note 1 of the accompanying annual report, the accompanying consolidated annual accounts of the Barcelona City Council Group express, in all material respects, the true image of the consolidated net equity and financial position as of December 31, 2018, the consolidated results of its operations, the consolidated cash flow, and the consolidated budget settlement as of that date, in accordance with the applicable financial information framework and, specifically, with the accounting principles and criteria contained therein.

ERNST & YOUNG, S.L.



Alejandro Martínez Gómez

July 10, 2019

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Consolidated Balance Sheet as of 31 December 2018 (amounts in euros)

ASSETS	Notes in annual report	2018	2017
A) FIXED ASSETS		14,003,589,010.80	13,749,597,581.46
I. Intangible fixed assets	16	10,745,446.22	12,599,329.46
1. Consolidated goodwill	8	1,025,260.00	1,171,726.00
2. Other intangible fixed assets		9,720,186.22	11,427,603.46
II. Tangible fixed assets	14	11,876,962,396.35	11,617,004,122.88
1. Land and buildings		6,679,873,846.81	6,581,285,231.71
2. Infrastructures and historical heritage assets		3,908,321,131.77	3,972,080,581.17
3. Other tangible fixed assets		210,328,890.76	207,714,615.89
4. Fixed assets under construction and advance payments		1,078,438,527.01	855,923,694.11
III. Property investments	15	233,000,103.42	236,575,843.57
IV. Long-term financial investments in entities of the group, multi-group and associates	17	985,836,534.34	999,864,245.65
1. Holdings consolidated under the equity method	13	887,536,987.33	915,675,811.61
2. Loans to entities that are consolidated proportionally or under the equity method		34,430,636.88	20,265,856.44
3. Other investments		63,868,910.13	63,922,577.60
V. Public land assets	14	629,837,578.45	617,317,976.02
1. Land and buildings		366,126,887.36	356,354,224.65
2. Under construction and advances		13,498,202.00	13,498,202.00
3. Other public land assets		250,212,489.09	247,465,549.37
VI Long-term financial investments	17	240,227,768.91	237,913,001.15
VII Assets for deferred tax		2,675,732.43	3,089,603.40
VIII. Long-term receivables and other accounts receivable		24,303,450.68	25,233,459.33
B) CURRENT ASSETS		1,302,287,341.92	1,327,939,065.72
I. Assets in state of sale		0.00	6,638,000.00
II. Inventories	5.11	45,800,518.84	60,043,293.01
III. Receivables and other accounts receivable		308,246,073.74	293,780,599.74
V. Short-term financial investments	17	70,899,658.35	59,088,090.98
VI Accruals and deferred income		6,926,535.99	4,557,934.44
VII Cash and other equivalent liquid assets		870,414,555.00	903,831,147.55
TOTAL ASSETS (A+B)		15,305,876,352.72	15,077,536,647.17

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet as of 31 December 2018

Consolidated Balance Sheet as of 31 December 2018 (amounts in euros)

NET EQUITY AND LIABILITIES	Notes in annual report	2018	2017
A) NET EQUITY	19	12,688,791,018.76	12,416,974,337.81
I. Equity contributed		7,855,120,877.81	7,847,132,316.01
II. Equity created		3,900,553,964.81	3,721,260,997.88
2. Profit and loss brought forward		2,953,821,542.87	2,780,678,500.38
3. Financial year's results allocated to parent entity		184,225,884.40	195,695,333.02
4. Consolidated reserves		753,419,504.39	744,887,164.48
III. Adjustments for changes in value		23,296,669.00	23,477,469.00
IV. Other increases in equity pending recognition in the profit and loss account		828,086,229.14	747,390,769.92
V. External shareholders	10	81,733,278.00	77,712,785.00
B) FIXED LIABILITIES		1,658,155,373.77	1,687,929,574.46
I. Long-term provisions	20	40,561,645.35	38,997,869.82
II. Long-term debts	18	1,154,685,548.68	1,167,675,015.77
1. Debentures and other marketable securities		95,000,000.00	95,000,000.00
2. Debts with credit institutions		830,543,599.37	830,820,027.66
3. Other debts		229,141,949.31	241,854,988.11
III. Debts with group entities, multi-group and long-term associates		60,287.98	53,380.57
1. Debts with entities integrated proportionally or by equity method		0.00	0.00
2. Other debts		60,287.98	53,380.57
IV. Liabilities for deferred tax		6,797,381.72	7,174,957.07
VI Short-term accruals payable	22	456,050,510.04	474,028,351.23
C) CURRENT LIABILITIES		958,929,960.19	972,632,734.91
I. Short-term provisions	20	37,692,175.67	12,582,115.73
II. Short-term debts	18	224,422,360.54	261,151,607.18
1. Debentures and other marketable securities		895,162.14	895,162.14
2. Debts with credit institutions		64,805,073.26	59,446,699.76
3. Other debts		158,722,125.14	200,809,745.28
III. Short-term debts with entities from the group, multi-group and associates		40,242,720.83	47,755,808.67
1. Debts with joint ventures or entities consolidated under the equity method		0.00	0.00
2. Other debts		40,242,720.83	47,755,808.67
IV. Short-term creditors and other accounts payable		544,299,165.01	537,107,890.89
V. Accruals payable	22	112,273,538.14	114,035,312.44
TOTAL NET EQUITY AND LIABILITIES (A+B+C)		15,305,876,352.72	15,077,536,647.18

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet at 31 December 2018



Consolidated Income and Expenditure Account as of 31 December 2018 (amounts in euros)

	Notes in annual report	2018	2017
1. Tax revenues and social-security contributions		1,288,008,513.85	1,304,749,135.87
a) Tax revenues		1,274,227,842.89	1,304,749,135.87
b) Social security contributions		13,780,670.96	0.00
2. Transfers and subsidies received		914,915,285.13	1,133,042,740.62
a) From the financial year		896,882,442.60	1,117,881,449.95
b) Allocation of non-financial fixed-asset subsidies		1,227,263.17	72,942.20
c) Allocation of subsidies for current and other assets		16,805,579.36	15,088,348.47
3. Net sales and services supplies		300,870,678.60	257,620,999.99
a) Net sales		46,035,540.04	34,114,153.13
b) Service supplies		254,835,138.56	223,506,846.86
4. Variation of inventories of finished products, products in the process of being manufactured and impairment losses		-52,117.00	44,108.00
6. Other day-to-day management income		420,113,364.05	155,969,960.90
7. Provision surpluses		11,319,104.93	11,553,534.86
A) TOTAL INCOME FROM DAY-TO-DAY MANAGEMENT		2,935,174,829.56	2,862,980,480.24
8. Staff expenditure		-747,893,816.67	-694,329,767.47
a) Wages, salaries and similar expenses		-580,148,191.17	-538,336,647.14
b) Social security contributions		-167,745,625.50	-155,993,120.33
9. Transfers and subsidies granted		-561,734,664.43	-596,929,557.59
10. Supplies		-62,772,663.55	-49,358,101.25
a) Consumption of goods and other items		-63,136,940.01	-47,641,138.65
b) Impairment loss in goods, raw materials and other supplies		364,276.46	-1,716,962.60
11. Other day-to-day management expenses		-1,106,024,666.16	-981,272,386.76
12. Fixed asset depreciation		-214,358,821.92	-214,362,881.36
B) TOTAL EXPENSES FROM DAY-TO-DAY MANAGEMENT		-2,692,784,632.73	-2,536,252,694.43
I. Day-to-day management income and expenditure (saving and dissavings) (A+B)		242,390,196.83	326,727,785.81
13. Impairment losses and results from disposals of non-financial fixed assets and assets under sale		7,258,940.81	-2,976,500.33
a) Impairment losses		2,931,601.00	-412,002.58
b) Write-offs and disposals		5,456,331.51	-516,621.94
b) Allocation of non-financial fixed-asset subsidies		-1,128,991.70	-2,047,875.81
14. Other non-day-to-day items		2,870,543.42	-20,039,217.68
II. Results from non-financial transactions		252,519,681.06	303,712,067.80
17. Financial income		26,581,982.88	27,655,067.48
a) From holdings in equity instruments		1,492,437.45	3,314,938.59
b) From marketable securities and credit from fixed assets		25,089,545.43	24,340,128.89
18. Financial expenditure		-15,220,669.47	-21,016,489.87
19. Financial expenses allocated to assets		-537,605.28	417,111.15
21. Exchange differences		845.65	-14,412.95
22. Impairment losses, write-offs and disposals of financial assets and liabilities		-94,935,489.66	-112,586,491.74
III. Results from financial transactions		-84,110,935.88	-105,545,215.93
23. Share in profits (losses) from entities consolidated under the equity method	13	11,037,516.15	959,196.85
IV. Pre-tax results		179,446,261.33	201,828,347.12
26. Capital gains tax		-1,924,541.11	-1,053,306.10
IV Results from financial year arising from discontinued transactions net of taxes		12,028,786.18	0.00
V Financial year's consolidated results (savings and dissavings)		189,550,506.40	200,775,041.02
Results allocated to parent entity		184,225,884.40	195,695,333.02
Results allocated to external shareholders	10	5,324,622.00	5,079,708.00

Notes 1 to 25 of the accompanying annual report are an integral part of the Consolidated Income and Expenditure Account for the 2018 financial year



Consolidated Statement of Changes in Net Equity as of 31 December 2018 (amounts in euros)

1. Total Consolidated Statement of Changes in Net Equity

	Notes in annual report	I. Heritage	II. Equity created	III. Adjustments for changes in value	IV. Subsidies received	V. External shareholders	TOTAL
NET EQUITY ADJUSTED AT THE END OF THE 2017 FINANCIAL YEAR		7,847,132,316.01	3,721,260,997.88	23,477,469.00	747,390,769.92	77,712,785.00	12,416,974,337.81
ADJUSTMENTS FOR CHANGES OF ACCOUNTING CRITERIA AND CORRECTIONS OF ERRORS		0.00	10,753.02	0.00	0.00	0.00	10,753.02
INITIAL NET EQUITY ADJUSTED FOR THE 2018 FINANCIAL YEAR		7,847,132,316.01	3,721,271,750.90	23,477,469.00	747,390,769.92	77,712,785.00	12,416,985,090.83
CHANGES IN NET EQUITY FOR THE 2018 FINANCIAL YEAR		7,988,561.80	179,282,213.92	-180,800.00	80,695,459.22	4,020,493.00	271,805,927.94
1. Income and expenditure recognised for the financial year		0.00	184,225,884.40	0.00	79,276,241.46	4,619,399.00	268,121,524.86
2. Asset and liability transactions with the entity or owners entities		0.00	0.00	0.00	0.00	-596,649.00	-596,649.00
3. Other changes in net equity		7,988,561.80	-4,943,670.48	-180,800.00	1,419,217.76	-2,257.00	4,281,052.08
NET EQUITY AT THE END OF THE 2018 FINANCIAL YEAR		7,855,120,877.81	3,900,553,964.82	23,296,669.00	828,086,229.14	81,733,278.00	12,688,791,018.77

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2018 financial year

2. Consolidated Statement of Recognised Income and Expenditure

	2018	2017
I. Income and expenditure	184,225,884.40	195,695,333.02
II. Income and expenditure recognised directly in net equity		
2. Financial assets and liabilities	43,164.32	-129,840.68
4. Other increases in equity	115,573,470.94	89,888,030.81
Total	115,616,635.26	89,758,190.13
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	-32,485,128.59	-40,328,706.75
6. Tax effect	764,133.79	590,141.28
Total	-31,720,994.80	-39,738,565.47
IV. TOTAL recognised income and expenditure (I+II+III)	268,121,524.86	245,714,957.68

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2018 financial year



Consolidated Cash Flow Statement as of 31 December 2018 (amounts in euros)

	2018	2017
CONSOLIDATED CASH FLOW STATEMENT		
I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per BCC and IB)	240,639,870.63	366,384,968.05
I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per PBE and PLC)	67,159,186.12	54,787,235.26
Net cash flows per management activity	307,799,056.75	421,172,203.31
II. CASH FLOWS FROM INVESTMENT ACTIVITIES (*)		
C) Receipts:	124,796,643.91	139,732,321.15
1. Sale of property investments	45,122,822.08	52,760,196.28
2. Sale of financial assets	0.00	84,712.98
3. Other receipts from investment activities	79,673,821.83	86,887,411.89
D) Payments:	-403,284,850.69	-504,371,030.26
4. Purchase of property investments	-379,377,641.44	-423,759,838.68
5. Purchase of financial assets	-22,233,007.92	-19,731,727.09
6. Other payments from investment activities	-1,674,201.33	-60,879,464.49
Net cash flows from investment activities (+C-D)	-278,488,206.78	-364,638,709.11
III. CASH FLOWS FROM FUNDING ACTIVITIES		
E) Receivables to the owner entity or entities	15,761,066.05	19,442,018.09
2. Other receivables to owner entity or entities	15,761,066.05	19,442,018.09
G) Receipts for issuing financial liabilities:	82,427,622.89	162,931,998.39
5. Debentures and other marketable securities	0.00	34,938,750.00
6. Loans received	67,657,479.76	98,034,471.89
7. Other payables	14,770,143.13	29,958,776.50
H) Payments for financial liability redemptions	-160,801,983.54	-156,265,031.41
9. Loans received	-139,355,634.89	-140,299,280.28
10. Other debts	-21,446,348.65	-15,965,751.13
Net cash flows through funding activities (+E-F+G-H)	-62,613,294.60	26,108,985.07
IV. CASH FLOWS PENDING CLASSIFICATION		0.00
I) Receipts pending	222,931.27	1,207,431.39
J) Payments pending	-318,688.28	-16,610.72
Net cash flows pending classification (+I-J)	-95,757.01	1,190,820.67
V. EFFECT OF VARIATIONS IN EXCHANGE RATES	-0.09	0.00
VI NET INCREASE/REDUCTION IN CASH AND CASH EQUIVALENT LIQUID ASSETS (I+II+III+IV+V)	-33,398,201.73	83,833,299.94
Cash and cash-equivalent liquid assets at the start of the financial year (**)	903,812,756.74	819,979,456.80
Cash and cash-equivalent liquid assets at the end of the financial year	870,414,555.00	903,812,756.74

(*) 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	510,641,480.82	529,656,901.34
Chapter 2	Expenditure on current goods and services	837,002,237.72	810,550,808.00
Chapter 3	Financial expenditure	16,468,135.05	11,944,770.13
Chapter 4	Current transfers	841,789,362.32	859,765,573.29
Chapter 5	Contingency fund	38,862,805.33	0.00
Chapter 6	Property investments	429,484,368.92	359,364,833.24
Chapter 7	Capital transfers	20,033,976.02	68,638,258.49
Chapter 8	Financial assets	43,715,212.73	22,194,824.55
Chapter 9	Financial liabilities	52,858,333.33	51,622,738.50
TOTAL		2,790,855,912.24	2,713,738,707.54

Income budget settlement

BUDGETARY IMPLEMENTATION	DESCRIPTION	INITIAL FORECASTS	NET RECOGNISED COLLECTION RIGHTS
Chapter 1	Direct taxes	1,074,993,965.98	1,053,778,966.44
Chapter 2	Indirect taxes	76,718,511.85	76,885,528.44
Chapter 3	Charges and other revenue	303,610,913.85	370,141,460.08
Chapter 4	Current transfers	1,086,302,105.86	1,106,933,120.21
Chapter 5	Property income	56,810,525.62	36,863,728.78
Chapter 6	Property investments	13,431,289.00	4,431,241.52
Chapter 7	Capital transfers	39,463,890.25	46,658,829.68
Chapter 8	Financial assets	60.00	0.00
Chapter 9	Financial liabilities	139,524,649.83	54,085,695.38
TOTAL		2,790,855,912.24	2,749,778,570.53

Consolidated budgetary results

ITEMS	NET RECOGNISED COLLECTION RIGHTS	NET RECOGNISED DEBENTURES	BUDGETARY INCOME AND EXPENDITURE
a) Current transactions	2,644,602,803.95	2,211,918,052.76	432,684,751.19
b) Capital transactions	51,090,071.20	428,003,091.73	-376,913,020.53
1..Total non-financial transactions (a+b)	2,695,692,875.15	2,639,921,144.49	55,771,730.66
c) Financial assets	0.00	22,194,824.55	-22,194,824.55
d) Financial liabilities	54,085,695.38	51,622,738.50	2,462,956.88
2. Total financial transactions (c+d)	54,085,695.38	73,817,563.05	-19,731,867.67
I. FINANCIAL YEAR'S CONSOLIDATED BUDGET RESULTS			36,039,862.99



Barcelona City Council Group

Consolidated annual report for the 2018 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, municipally owned business and municipal trading companies.

In addition, for the purposes of participating in decision-making in areas where it may be affected or collaborating with other authorities or private entities in areas 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 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 for Social Services
Barcelona Municipal Sports Institute

Publicly Owned Business Organisations

Municipal Institute of Parks and Gardens
Barcelona Institute of Culture
Barcelona Municipal 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 overall 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 order to calculate this criterion, the City Council considers it reasonable to include within the overall business volume of the bodies the transfers received from the adjudicative power (City Council) for achieving the goals of those bodies.

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.

Regarding consortia, the following meet all the necessary conditions to be considered as Barcelona City Council personalised own-resource bodies:

Besòs Consortium

Diagonal-Besòs Inter-university Consortium

Mercat de les Flors Consortium



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
Municipal Institute for People with Disabilities	Global	IB	Barcelona City Council
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
Barcelona Institute of Culture	Global	PBE	Barcelona City Council
Municipal Institute of Housing and Renovation	Global	PBE	Barcelona City Council
Municipal Institute 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
Foment de Ciutat, SA	Global	PLC	Barcelona City Council
Informació i Comunicació de Barcelona, SA	Global	PLC	Barcelona City Council
Barcelona Activa, SA	Global	PLC	Barcelona City Council
Barcelona Gestió Urbanística, SA	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 Eliminació de Residus, SA	Global	PLC	Barcelona de Serveis Municipals, SA
Selectives Metropolitanes, SA	Global	PLC	Tractament i Eliminació de Residus, SA
Solucions Integrals per als Residus, SA	Global	PLC	Tractament i Eliminació 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 2018 financial year on 31 December 2018, just like the parent entity. Their corresponding annual accounts for the 2018 financial year have been audited with an unqualified opinion in all cases.



Entity	Shareholding (%)	Assigned Activity/Area
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	Carrying out 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
Barcelona Institute of Culture	100	Developing services and areas of cultural action
Municipal Institute of Housing and Renovation	100	Promoting and building housing
Municipal Institute 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 d'Infraestructures Municipals, 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, radio and television
Barcelona Activa, SAU	100	Fostering, promoting and boosting employment and economic activity
Barcelona Gestió Urbanística, SA	100	Promoting urban-planning projects
Barcelona Cicle de l'Aigua, SA	100	Managing the water cycle, beaches, coasts and 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 Eliminació de Residus, SA (1)(3)	58.64	Managing, treating and removing solid household waste
Selectives Metropolitanes, 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
Mercados de Abastos de Barcelona, SA (1)(3)	50.69	Managing, developing and operating the Barcelona Food Unit

(1) Holding maintained through Barcelona de Serveis Municipals, SA.

(2) Holding 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 significance 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	12,580,342.49
Barcelona Sports Institute	30,928,817.08
Municipal Institute of Information Technology	73,546,793.55
Municipal Tax Office	26,691,657.69
Municipal Institute of Markets	45,151,896.87
Municipal Institute of Education	68,776,221.27
Municipal Institute of Urban Landscape	25,555,654.84
Municipal Institute for Social Services	226,365,344.54
Municipal Institute of Parks and Gardens	57,450,108.63
Barcelona Institute of Culture	132,543,324.71
Municipal Institute of Housing and Renovation	39,390,178.82
Municipal Institute of the Mies van der Röhe Foundation	1,744,422.77
Municipal Institute of Urban Planning	7,819,086.48
Barcelona d'Infraestructures Municipals, SA	3,605,825.68
Foment de Ciutat, SA	8,385,140.09
Informació i Comunicació de Barcelona, SA	13,275,101.94
Barcelona Activa, SA	51,572,255.89
Barcelona Gestió Urbanística, SA	43,233.25
Barcelona Cicle de l'Aigua, SA	6,728,457.23
Barcelona de Serveis Municipals, SA	119,117,374.19
Parc d'Atraccions Tibidabo, SA	15,848,540.75
Tractament i Eliminació de Residus, SA	76,037,300.12
Selectives Metropolitanes, SA	8,749,903.26
Solucions Integrals per als Residus, SA	10,907,271.56
Cementiris de Barcelona, SA	15,630,981.93
Mercabarna, SA	26,981,583.91



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
Institut d'Infància i Adolescència Consortium (1)	EM	CO	Barcelona City Council	36.00
Mercat de les Flors Consortium (1)	EM	CO	Barcelona City Council	57.00
Museu de Ciències Naturals de Barcelona Consortium (1)	EM	CO	Barcelona City Council	55.00
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	38.00
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	23.00
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
Gran Teatre del Liceu Consortium (1)	EM	CO	Barcelona City Council	28.00
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	13.00
Mar Parc de Salut de Barcelona Consortium (formerly IMAS) (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
Institute of Municipal Staff Health Care Provision (PAMEM) (1)	EM	CO	Barcelona City Council	60.00
Linguistic Normalisation Consortium (2)	EM	CO	Barcelona City Council	1.00
Barcelona High-Speed (AVE) Consortium	EM	CO	Barcelona City Council	33.33
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
Les Drassanes Reials i Museu Marítim de Barcelona Consortium (1)	EM	CO	Barcelona City Council	27.00
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	17.00
Barcelona Centre of Contemporary Culture, Casa Caritat (CCCCB) (1)	EM	CO	Barcelona City Council	27.00
Catalan Hospital Consortium (Catalan Health-Care and Social Consortium)	EM	CO	Barcelona City Council	1.00
Zona Franca de Barcelona Consortium (1)	EM	CO	Barcelona City Council	32.00
Metropolitan Transport Authority (1)	EM	CO	Barcelona City Council	22.00
Barri de la Mina Consortium (2)	EM	CO	Barcelona City Council	11.00
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	3.00
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 Àsia (2)	EM	CO	Barcelona City Council	25.00
European Institute of the Mediterranean (1)	EM	CO	Barcelona City Council	31.00

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

CO – Consortium

(1) Annual accounts for 2017 audited with unqualified opinion.

(2) Annual accounts for 2017 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 (1)	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	23.47
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	23.53

(1) Unqualified opinion of the annual accounts for 2018.

EM – Equity method

PLC – Public limited company

The associated entities that are incorporated into the consolidation using the equity method closed the 2018 financial year on 31 December 2018, just like the parent entity. However, the annual accounts for the 2017 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 2018. The Manager's Office estimates that, given the relative importance of the multi-group entities in the overall 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 Enterprise, Culture and Innovation	F
Barcelona Foundation for Oceanic Sailing	Area of Citizenship, Participation and Transparency	F
Carles Pi i Sunyer Foundation for Autonomous Region and Local Government Studies	Area of Enterprise, Culture and Innovation	F
Julio Muñoz Ramonet Private Foundation	Area of Enterprise, Culture and Innovation	F
Barcelona Mobile World Capital Foundation	Area of Enterprise, Culture and Innovation	F
Museu Picasso de Barcelona Foundation	Area of Enterprise, Culture and Innovation	F
Barcelona Institute of Technology for Habitat (BIT HABITAT) Foundation	Area of Work, Economy and Strategic Planning	F
Casa Amèrica a Catalunya Private Foundation	Area of Work, Economy and Strategic Planning	F
Gran Teatre del Liceu Foundation	Area of Enterprise, Culture and Innovation	F
Antoni Tàpies Private Foundation	Area of Enterprise, Culture and Innovation	F
Joan Miró Foundation - Contemporary Art Studies Centre	Area of Enterprise, Culture and Innovation	F
Teatre Lliure - Teatre públic de Barcelona Foundation	Area of Enterprise, Culture and Innovation	F
Museu Marítim i Drassanes Reials de Barcelona Private Foundation	Area of Citizenship, Participation and Transparency	F
Artur Martorell Private Foundation	Area of Social Rights	F
Orfeo Català – Palau de la Música Catalana Private Foundation	Area of Work, Economy and Strategic Planning	F
L'Auditori i l'Orquestra Private Foundation	Area of Citizenship, Participation and Transparency	F
Joan Brossa Private Foundation	Area of Citizenship, Participation and Transparency	F
Biblioteca Pública Arús Foundation	Area of Enterprise, Culture and Innovation	F
Hospital de la Santa Creu i Sant Pau Private Foundation	Area of Social Rights	F
Hospital de la Santa Creu i Sant Pau Health Management Private Foundation	Area of Social Rights	F
Centre de Medicina Regenerativa de Barcelona Private Foundation	Area of Social Rights	F



Entity	Organisational classification - Assigned area	Legal nature
Instituto de Salud Global Barcelona (IS Global) Private Foundation	Area of Social Rights	F
Dieta Mediterrània Foundation	Area of Citizenship, Participation and Transparency	F
Ulls del Món Private Foundation	Area of Social Rights	F
BCN Formació Professional Private Foundation	Area of Work, Economy and Strategic Planning	F
Escola de Puntaires de Barcelona	Area of Social Rights	F
Escoles Domènech Private Foundation	Area of Social Rights	F
Institut Barcelona d'Estudis Internacionals (IBEI) Private Foundation	Area of Work, Economy and Strategic Planning	F
Consejo España - China, Foundation	Area of Work, Economy and Strategic Planning	F
Consejo España-India Foundation	Area of Work, Economy and Strategic Planning	F
Consejo España-Japón Foundation	Area of Work, Economy and Strategic Planning	F
Vol Private Foundation	Area of Social Rights	F
Casa de Misericòrdia de Barcelona Foundation	Area of Social Rights	F
Urbs i Territori Ildefons Cerdà Private Foundation	Area of Ecology, Urban Planning and Mobility	F
Eurecat Foundation	Area of Work, Economy and Strategic Planning	F
I2CAT, Internet i Innovació digital a Catalunya Private Foundation	Area of Work, Economy and Strategic Planning	F
BCD per a la Promoció del Disseny Industrial Foundation	Area of Ecology, Urban Planning and Mobility	F
Barcelona Graduate School of Economics Private Foundation	Area of Work, Economy and Strategic Planning	F
Institut d'Economia de Barcelona Private Foundation	Area of Work, Economy and Strategic Planning	F
Fòrum Ambiental Foundation	Area of Ecology, Urban Planning and Mobility	F
Bioregió de Catalunya (Biocat) Private Foundation	Area of Work, Economy and Strategic Planning	F
Sustainable and Safe Mobility, Private Foundation	Area of Ecology, Urban Planning and Mobility	F
Centre d'Informació i Documentació Internacionals a Barcelona Private Foundation	Area of Work, Economy and Strategic Planning	F
Factor Humà Foundation (formerly Motivació dels Recursos Humans Foundation)	Manager's Office for Human Resources and Organisation	F
Fòrum Universal de les Cultures Private Foundation	Area of Work, Economy and Strategic Planning	F
Pagesia de Catalunya Private Foundation	Area of Work, Economy and Strategic Planning	F
Barcelona Olímpica Foundation	Area of Citizenship, Participation and Transparency	F
Centro de Estudios Internacionales Private Foundation	Area of Work, Economy and Strategic Planning	F
Festa Major de Gràcia Private Foundation	Area of Work, Economy and Strategic Planning	F
Barcelona Zoo Foundation	Area of Ecology, Urban Planning and Mobility	F
Parc Científic de Barcelona Private Foundation	Area of Social Rights	F
International Association of Educating Cities	Area of Citizenship, Participation and Transparency	A
Red de Juderías de España, Caminos de Sefarad Association	Area of Citizenship, Participation and Transparency	A
Barcelona Metropolitan Strategic Plan	Area of Work, Economy and Strategic Planning	A
Catalan Federation of Local Authorities	Area of Work, Economy and Strategic Planning	A
Catalan Association of Local Authorities and Counties (ACMC)	Area of Citizenship, Participation and Transparency	A
Communauté des Villes Ariane (CVA)	Area of Work, Economy and Strategic Planning	A
América-Europa de Regiones y Ciudades (AERYC) Association	Area of Citizenship, Participation and Transparency	A
United Cities and Local Governments (UCLG)	Area of Citizenship, Participation and Transparency	A
World Association of the Major Metropolises. Metropolis	Area of Citizenship, Participation and Transparency	A
Professional Training Network	Area of Citizenship, Participation and Transparency	A
Industrial Agreement for the Barcelona Metropolitan Region	Area of Work, Economy and Strategic Planning	A
Barcelona European Finance Centre	Area of Work, Economy and Strategic Planning	A
Barcelona - Catalonia Logistics Centre	Area of Work, Economy and Strategic Planning	A
Catalan Development Cooperation Fund (FCCD)	Area of Work, Economy and Strategic Planning	A
Barcelona Cluster Nàutic Association	Area of Ecology, Urban Planning and Mobility	A
Centro Iberoamericano de Desarrollo Estratégico Urbano - CIDEU	Area of Citizenship, Participation and Transparency	A
Airport Regions Conference (ARC) Association	Area of Work, Economy and Strategic Planning	A
Red de Ciudades AVE	Area of Work, Economy and Strategic Planning	A
Spanish Smart Cities Association	Area of Work, Economy and Strategic Planning	A
City Protocol Society Association	Area of Ecology, Urban Planning and Mobility	A
Délice Network of Good Food Cities	Area of Work, Economy and Strategic Planning	A
Observatori de les Dones en els Mitjans de Comunicació Association	Area of Social Rights	A
Red de Ciudades por la Bicicleta	Area of Social Rights	A
Marcas Renombradas Españolas Association	Area of Citizenship, Participation and Transparency	A
Barcelona Observatory for Architectural Restoration (OBRA)	Area of Ecology, Urban Planning and Mobility	A
Medcities Association	Area of Work, Economy and Strategic Planning	A
Xarxa de ciutats i pobles cap a la sostenibilitat, Association	Area of Ecology, Urban Planning and Mobility	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 Eliminació de Residus, SA	58.64	Barcelona de Serveis Municipals, SA
Selectives Metropolitanes, SA	58.64	Tractament i Eliminació de Residus, SA
Solucions Integrals per als Residus, SA	58.64	Tractament i Eliminació de Residus, SA
Cementiris de Barcelona, SA	100	Barcelona de Serveis Municipals, SA
Mercabarna, SA	50.69	Barcelona de Serveis Municipals, SA

Note 4 – Bases used for presentation of the consolidated annual accounts

4.1 True and accurate picture

These consolidated annual accounts have been prepared on the basis of the individual audited annual accounts of each of the consolidated entities. For the purposes of showing a true and accurate picture of the consolidated equity, the consolidated financial situation, the consolidated income and expenditure account, the changes in consolidated net equity, the consolidated cash flows and results of the consolidated budgetary implementation corresponding to the financial year ending on 31 December 2018 which are expressed in euros.

The annual accounts of the City Council and local independent bodies were drafted in accordance with the accounting principles for public authorities established under Order HAP/1781/2013, of 20 September, approving the Guidelines of the Local Standard Accounting Model (henceforth the IMNCL), and under Act 1/2006, governing Barcelona's special system, and the annual accounts of the public business entities and subsidiary trading companies were prepared in accordance with the consolidated text of the Limited Companies Act and the guidelines of the General Public Accounting Plan approved by Royal Decree 1514/2007 and the successive amendments to it introduced in their turn.

The consolidated annual accounts were prepared in accordance with Order HAP/1489/2013, of 18 July, approving the rules for drafting consolidated annual accounts in the area of the public sector, with Order HAP/1781/2013 of 20 September having come into effect on 1 January 2015.



The budget settlements corresponding to the City Council and local independent bodies were approved by the Mayoral Decrees of 25 February 2018. 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 of 27 April 2007 on the implementation of Decree 94/1995 of 21 February, as amended by ministerial decrees ECF/2901/2008, ECF/1769/2009, ECF/3210/2010, ECO/1406/2011, ECO/2829/2012 and ECO/2876/2014 on the financial supervision of local entities.
- 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 2018 and 2017 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 2017 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 entities will be incorporated into the consolidated annual accounts under 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 multi-group 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 book value of the holding in the individual account and the amount mentioned in the previous 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 consolidated under the equity method are recognised as from the date on which the 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 regulations

The accounting criteria shown below apply to the following items:

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 financial 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 regulation. The elimination criteria of the intragroup's items 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 valued as a consequence of carrying out a physical inventory are recorded by their fair value where it has not been 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.

Signs 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 roads	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 2018 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.

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.

Recognition

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 Income and Expenditure Account, 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 collectability percentages, based on real historical series, to 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 is made with long-term debt and account payables and long-term loans received with subsidised interest where the overall 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 spot rate existing on the date of the transaction to the corresponding amount.

14. Income tax for the consolidation perimeter's entities

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

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

Both the current and deferred tax expense (income) is entered in the Income and Expenditure Account. Despite that, the tax effect relating to the accounts directly recorded in the net worth is recognised.

Current tax assets and liabilities are valued by the amounts that are expected to be paid to or recovered from the tax authorities, under the current legislation or the approved legislation awaiting 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 result 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 recognised 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 recognised.

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		2,991,302,932.04
	Receivables and other accounts receivable	731,876.44
	Holdings consolidated under the equity method	333,536,937.07
	Long-term financial investments in entities of the group, multi-group and associates	
	Other investments	274,124,190.58
	Sundry creditors and other accounts payable	285,862,201.79
	Short-term debts with entities of the group, multi-group and associates	120,923,949.10



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Consolidated reserve	633,691,262.07
Contributed equity	269,646,665.91
Reserves	285,402,771.33
Profit (and loss) brought forward	28,995,794.49
Other day-to-day management expenses	857,945.60
Current transfers	722,418,179.79
Capital transfers	38,501,702.95
Other day-to-day management income	1,935,640.06
Tax revenues and social security contributions	2,517,690.75
Current transfers	39,864.38
Net sales and service supplies	1,882,975.87
Interest in profits (losses) from entities consolidated under the equity method	-9,766,716.15
Public Owned Business Entities	370,551,291.80
Receivables and other accounts receivable	164,313,949.77
Short-term investments	529,119.81
Short-term prepayments and accruals	14,357,942.91
Other increases in equity pending recognition in the profit and loss account	692,204.46
Sundry creditors and other accounts payable	1,162,499.94
Other day-to-day management expenses	3,061,558.55
Other day-to-day management income	1,382,687.45
Current transfers	176,184,119.78
Services rendered	4,645,031.80
Allocation of non-financial fixed-asset subsidies	4,222,177.33
Independent bodies	574,243,366.42
Receivables and other accounts receivable	140,217,666.24
Short-term financial investments in entities of the group, multi-group and associates	2,527,719.99
Short-term prepayments and accruals	1,079,141.46
Sundry creditors and other accounts payable	1,766,739.39
Other day-to-day management expenses	3,776,527.18
Current transfers	3,627,783.79
Current transfers	409,701,439.95
Allocation of non-financial fixed-asset subsidies	10,476,715.49
Net sales and service supplies	1,069,632.93
Municipal Trading Companies	254,607,855.29
Receivables and other accounts receivable	102,449,719.91
Short-term prepayments and accruals	1,332,038.23
Other increases in equity pending recognition in the profit and loss account	1,413,466.51
Sundry creditors and other accounts payable	1,200,024.88
Reserves	4,096,366.16
Other day-to-day management expenses	4,523,520.10
Current transfers	133,380,414.26
Allocation of non-financial fixed-asset subsidies	324,461.45
Total Eliminations	4,190,705,445.55



Entity group	Caption	Total Debt	Total Credit
Barcelona City Council		16,496,669.41	16,496,669.41
	Receivables and other accounts receivable	4,554.13	792,630.54
	Consolidated reserve	1,122,282.21	15,374,387.20
	Sundry creditors and other accounts payable	1,194,758.93	151,117.95
	Other non-day-to-day items	14,316.46	
	Current transfers		175,217.12
	Provision of services	10,056.68	3,316.60
	Short-term payables to entities of the group, multi-group and associates	14,150,701.00	
Public Owned Business Entities		260,625,895.06	260,625,895.06
	Accumulated depreciation and provisions	5,993,419.90	
	Receivables and other accounts receivable		761,015.30
	I.M. Infrastructures and historical heritage assets		5,125,713.35
	I.M. Land		66,708,630.53
	Allocation of non-financial fixed-asset subsidies	1,006,220.43	
	Liabilities for deferred tax	37,918.10	
	Equity contributed		67,446,239.89
	Consolidated reserve	5,924,748.41	120,546,276.23
	Capital subsidies	196,162,234.00	
	Other day-to-day management expenses	69,204.08	
	Adjustments for short-term accruals	51,360,430.14	
	Other day-to-day management income	71,720.00	
	Current transfers		34,959.00
	Provision of services		3,060.76
Independent bodies		1,763,157.29	1,763,157.29
	Receivables and other accounts receivable	178,098.00	67,878.17
	Allocation of non-financial fixed-asset subsidies	135,183.69	
	Consolidation reserve	78,000.44	1,685,156.85
	Capital subsidies	210,515.82	
	Transfers and subsidies received	470,015.88	
	Sundry creditors other accounts payable	606,597.31	684.27
	Other day-to-day management expenses	684.27	
	Current transfers	84,061.88	9,438.00
Municipal Trading Entities		7,839,896.12	7,839,896.12
	Assets for deferred tax	95,176.85	
	Accumulated depreciation and provisions	3,005,058.60	
	Receivables and other accounts receivable		7,500.78
	I.M. Buildings		6,010,121.04
	Allocation of non-financial fixed-asset subsidies	430,853.39	
	Sundry creditors other accounts payable	630,369.69	105,978.24
	Consolidation reserve	3,248,910.38	1,583,396.63
	Capital subsidies	356,447.04	
	Other day-to-day management expenses	28,745.65	112,047.27
	Current transfers	36,833.74	
	Other day-to-day management income	3,884.42	
	Provision of services	3,616.36	20,852.16
Total adjustments		286,725,617.88	286,725,617.88



Note 7 – Combinations of business restructuring operations and transactions

During the 2018 financial year, the independent body Municipal Institute of Urban Planning changed its legal status to that of public business entity.

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 2018	1,171,726.00
31 December 2018	
Cost	1,464,658.00
Accumulated depreciation	439,398.00
Net accounting value	1,025,260.00

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:

	2018
Parc d'Atraccions Tibidabo, SA	1,025,260.00
Total	1,025,260.00

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	Share capital	Share premium and reserves	Profit (loss) for the year	Subsidies, donations and legacies	TOTAL
Waste Treatment and Selection Group	5,973,014	23,210,089	967,247	0	30,150,350
Mercados de Abastecimientos de Barcelona, SA	6,995,989	39,970,703	4,357,375	258,861	51,582,928
	12,969,003	63,180,792	5,324,622	258,861	81,733,278

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

The Annual Meeting of the company Fira 2000, SA agreed to increase its share capital during the 2018 financial year with the Barcelona City Council shareholding rising from 23.15% to 23.47%
Fira 2000, SA is an associate company consolidated by the equity method.

The Full Council Meeting of 29 June 2018 accepted the irrevocable offer received from a third party for the acquisition of Mediacomplex, SA shares. For this reason, Mediacomplex, SA has ceased to belong to the Barcelona City Council Group and is not 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 2018	915,675,811.61
Positive result in the profit and loss statement	11,037,516.15
Decrease in financial holdings	-39,176,340.43
31 December 2018	887,536,987.33



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

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



Consolidated annual accounts for the 2018 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 2017 financial year of the entities consolidated under the equity method is as follows:

Entity	Assets	Liabilities	Ordinary Income	Financial year's results	PE results
Besòs Consortium	22,750,427.53	17,398,206.28	2,393,007.80	94,552.97	18,910.59
Institut d'Infància i Món Urbà Consortium	128,276.47	94,733.39	438,720.25	3,994.57	1,438.05
Mercat de les Flors Consortium	10,933,505.81	8,034,869.89	511,963.29	283,150.90	161,396.01
Museu de Ciències Naturals de Barcelona Consortium	3,876,326.61	1,790,836.76	8,939,780.67	483,008.02	265,654.41
Barcelona Urban Ecology Agency	1,483,372.49	428,833.63	1,632,396.40	237,077.34	78,235.52
Museu d'Art Contemporani de Barcelona (MACBA) Consortium	43,201,742.30	4,441,246.65	12,716,830.21	657,554.98	249,870.89
L'Auditori i l'Orquestra Consortium	48,598,041.76	7,375,112.91	22,133,764.70	-177,040.69	-100,913.19
Barcelona Libraries Consortium	6,781,090.06	2,831,112.40	19,570,756.27	158,482.52	88,750.21
Campus Interuniversitari Diagonal-Besòs Consortium	67,511,957.49	9,097,571.36	256,622.28	-260,167.96	-59,838.63
Localret Consortium	2,696,510.51	335,105.68	1,650,420.11	331,179.16	3,311.79
Barcelona Local Energy Agency	1,634,390.47	356,310.22	1,138,863.45	248,101.10	131,493.58
Habitatge de Barcelona Consortium	65,382,647.17	65,372,962.50	33,806,343.15	3,759.97	1,503.99
Gran Teatre del Liceu Consortium	94,859,899.76	26,191,228.93	3,985,418.44	183,410.80	51,355.02
Pla de Rehabilitació i Equipament de Teatres de Barcelona Consortium	1,306,383.68	1,306,383.68	558,303.30	0.00	0.00
Institut Ramon Llull Consortium	10,132,493.75	7,377,416.20	9,066,057.77	-21,115.09	-2,744.96
Mar Parc de Salut de Barcelona Consortium (formerly IMAS)	311,337,897.28	158,787,767.97	320,736,399.33	6,563,397.80	2,625,359.12
Barcelona Public Health Agency	13,001,108.40	6,770,872.37	27,353,350.81	-976,460.29	-585,876.17
Les Drassanes Reials i Museu Marítim de Barcelona Consortium	94,226,177.10	1,079,264.81	7,827,668.21	-589,050.66	-159,043.68
Palau de la Música Catalana Consortium	0.00	0.00	-300.00	-5,920.71	-1,006.52
Museu Nacional d'Art de Catalunya (MNAC) Consortium	244,667,332.00	7,308,120.00	23,214,617.00	-441,955.00	-75,132.35
Barcelona Centre of Contemporary Culture, Casa Caritat (CCCB)	31,971,909.29	2,394,225.30	29,577,683.99	914,172.89	246,826.68
Catalan Hospital Consortium (Catalan Health-Care and Social Consortium)	1,865,774.59	1,624,775.83	1,005,590.52	6,780.21	67.80
Zona Franca de Barcelona Consortium	549,221,000.00	134,376,000.00	62,957,000.00	31,695,000.00	10,142,400.00
Metropolitan Transport Authority	231,707,917.33	210,551,324.95	1,327,039,802.48	3,669,982.56	807,396.16
Besòs Tordera Consortium	50,183,796.20	16,010,403.86	14,773,707.88	-4,666,590.08	-419,993.11
Universitat Internacional Menéndez Pelayo de Bcn - Centre Ernest Lluch Con.	930,809.38	19,446.57	292,775.94	60,968.53	15,242.13
Parc Natural de la Serra de Collserola Consortium	22,312,758.53	1,385,692.51	5,673,580.47	-482,477.84	-14,474.34
Parc de Recerca Biomèdica de Barcelona Consortium	122,870,708.30	49,398,070.60	13,687,638.25	1,164,839.61	349,451.88
Institut d'Estudis Regionals i Metropolitans de Barcelona Consortium	1,163,370.45	817,049.56	2,466,965.54	-25,059.14	-5,763.60
European Institute of the Mediterranean	2,060,000.59	1,317,642.82	2,971,150.46	-18,642.06	921,056.64
Barcelona Sagrera Alta Velocitat, SA	343,251,728.50	342,631,728.50	20,995,693.17	0.00	0.00
Barcelona Emprèn CR, SA	2,331,141.00	10,830.00	0.00	-86,032.00	-20,699.30
Fira 2000, SA	690,979,501.00	490,953,085.00	14,346,823.00	-20,990,274.00	-4,949,506.61
Barcelona Regional, SA	3,500,097.00	1,613,720.00	6,724,863.00	9,637.00	1,988.11
Barcelona d'Aparcaments Municipals SA	425,418,000.00	135,698,000.00	24,539,000.00	3,177,000.00	1,270,800.00
					11,037,516.15



Note 14 – Tangible fixed assets and Public Land Assets

Tangible fixed assets

Item	Balance as of 01.01.2018	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as of 31/12/2017
1. Land	2,857,908,264.02	67,004,223.77	-2,397,778.22	23,739,632.10	-1,268,275.87	2,944,986,065.80
• Cost	2,850,043,758.44	67,004,223.77	-2,397,778.22	23,739,632.10	0.00	2,938,389,836.09
• Accumulated depreciation	7,966,712.17	0.00	0.00	0.00	-1,268,275.87	6,698,436.30
• Value adjustments	-102,206.59	0.00	0.00	0.00	0.00	-102,206.59
2. Buildings	3,723,376,967.69	35,020,541.50	-1,835,459.96	61,373,782.94	-83,048,051.16	3,734,887,781.01
• Cost	4,859,211,846.30	35,020,541.50	-2,788,487.19	61,332,774.72	0.00	4,952,776,675.33
• Accumulated depreciation	-1,135,834,878.61	0.00	953,027.23	41,008.22	-83,048,051.16	-1,217,888,894.32
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
3. Infrastructures	3,964,468,034.51	200,000.00	-19,532.32	14,243,005.16	-78,467,014.52	3,900,424,492.83
• Cost	4,879,889,094.34	200,000.00	-19,532.32	14,243,005.16	0.00	4,894,312,567.18
• Accumulated depreciation	-915,421,059.83	0.00	0.00	0.00	-78,467,014.52	-993,888,074.35
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
4. Historical heritage assets	7,612,546.66	284,092.28	0.00	0.00	0.00	7,896,638.94
• Cost	7,734,875.00	284,092.28	0.00	0.00	0.00	8,018,967.28
• 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	207,714,615.89	8,033,257.70	-461,051.86	33,174,224.03	-38,132,155.00	210,328,890.76
• Cost	904,051,848.25	8,033,257.70	-4,923,567.08	33,184,183.13	0.00	940,659,629.00
• Accumulated depreciation	-695,885,208.46	0.00	4,461,564.93	-9,959.10	-38,132,155.00	-729,879,664.63
• Value adjustments	-452,023.90	0.00	950.29	0.00	0.00	-451,073.61
6. Fixed assets under construction and in accounts	855,923,694.11	431,447,106.74	-33,482,564.57	-175,449,709.27	0.00	1,078,438,527.01
• Cost	855,923,694.11	431,447,106.74	-33,482,564.57	-175,449,709.27	0.00	1,078,438,527.01
TOTAL	11,617,004,122.88	541,989,221.99	-38,196,386.93	-42,919,065.04	-200,915,496.55	11,876,962,396.35

The most important investments in the financial year correspond to:

	Amount
• City Council direct investments	26,761,726.26
• Delivery of funds to third parties, for investment	22,517,256.46
• Delivery of funds to decentralised entities, for investment	319,841,875.96
• Free assignments of assets	39,145,849.40
• Investments funded by third parties	14,756,357.84
• Other investments made by subsidiary entities	118,966,156.07
TOTAL	541,989,221.99



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

- The building of flats by the Municipal Housing Trust.
- Barcelona de Serveis Municipals, SA, for its investment in the Sant Antoni Market car park, for payment on account for the manufacture of parking meters, adaptation of the Carrer Provença base centre and investment in the Zoo's Sahel installation. In addition to the LED lighting installations in the Olympic Ring, the acquisition of the Open Camp assets, the renovation of curtains and adaptations to the Palau Sant Jordi dressing rooms, the scenography electrical panels in the Olympic Stadium and, additionally, other improvements in 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.
- Tibidabo Amusement Park, for the transformation of the former Mystery Castle into the current 'Castle of Fairy tales' and the creation of the Operational Support Centre. Work is also being carried out on the renovation of the Tibidabo funicular railway.
- Tractament i Selecció de Residus SA, for the water desalination plant, among others.

At the close of the financial year, the acquisition cost of goods that were totally depreciated and which remained in use came to €466,365,554.12.

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 2018 financial year, three property acquisition operations, for a total amount of €23,568,932.51 were still awaiting the conclusion of their legal transfers. Notwithstanding that fact, the assets were incorporated into the City Council's equity given that the risks and benefits inherent in ownership thereof had been conveyed and there was no rational uncertainty or possibility of the contract being revoked.

On the date of these annual accounts, there is only one outstanding operation, in the above circumstances, for the amount of €6,677,152.51.



Public Land Assets

Financial year's variations

Item	Balance as of 31.12.2017	(+) Income	(-)Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as of 31.12.2018
1. Land	229,510,306.30	2,767,410.00	-2,099,449.02	1,170,529.02	0.00	231,348,796.30
• Cost	229,510,306.30	2,767,410.00	-2,099,449.02	1,170,529.02	0.00	231,348,796.30
• 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	126,843,918.35	6,251,193.48	0.00	5,351,415.85	-3,668,436.62	134,778,091.06
• Cost	142,625,037.38	6,251,193.48	0.00	5,351,415.85	0.00	154,227,646.71
• Accumulated depreciation	-15,781,119.03	0.00	0.00	0.00	-3,668,436.62	-19,449,555.65
• 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	247,465,549.37	0.00	0.00	2,746,939.72	0.00	250,212,489.09
• Cost	247,465,549.37	0.00	0.00	2,746,939.72	0.00	250,212,489.09
• 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	617,317,976.02	9,018,603.48	-2,099,449.02	9,268,884.59	-3,668,436.62	629,837,578.45

The most important investments in the financial year correspond to:

	Amount
• City Council direct investments	2,742,533.48
• For free assignments of assets	2,767,410.00
Investments delivered by the Municipal Housing Trust, 100 x 1000 Plan	3,508,660.00
TOTAL	9,018,603.48



Note 15 - Property investments

	As of 31.12.2017	(+) Income	(-)Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as of 31.12.2018
1. Land	41,962,113.90	0.00	0.00	0.00	0.00	41,962,113.90
• Cost	41,962,113.90	0.00	0.00	0.00	0.00	41,962,113.90
• 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	0.00	-3,575,740.15	191,037,989.52
• Cost	241,796,558.70	0.00	0.00	0.00	0.00	241,796,558.70
• Accumulated depreciation	-47,020,525.69	0.00	0.00	0.00	-3,575,740.15	-50,596,265.84
• Value adjustments	-162,303.34	0.00	0.00	0.00	0.00	-162,303.34
TOTAL	236,575,843.57	0.00	0.00	0.00	-3,575,740.15	233,000,103.42

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 31.12.2017	(+) Income	(-)Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as of 31.12.2018
1. Consolidated goodwill	1,171,726.00	0.00	0.00	0.00	-146,466.00	1,025,260.00
• Cost	1,464,658.00	0.00	0.00	0.00	0.00	1,464,658.00
• Accumulated depreciation	-292,932.00	0.00	0.00	0.00	-146,466.00	-439,398.00
• 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	74,296.45	15,635.67	0.00	25,196.21	-42,935.46	72,192.87
• Cost	508,077.42	15,635.67	-5,316.10	46,088.43	0.00	564,485.42
• Accumulated depreciation	-433,780.97	0.00	5,316.10	-20,892.22	-42,935.46	-492,292.55
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
2.3. IT applications	7,408,959.52	3,949,028.52	-110,102.40	440,465.09	-2,728,986.11	8,959,364.62
• Cost	31,654,190.47	3,949,028.52	-1,000,682.63	440,465.09	0.00	35,041,581.02
• Accumulated depreciation	-24,027,657.16	0.00	890,580.23	0.00	-2,728,986.11	-25,864,642.61
• Value adjustments	-217,573.79	0.00	0.00	0.00	0.00	-217,573.79
2.5. Other intangible fixed assets	3,944,347.49	0.00	0.00	25,042.27	-3,280,761.03	688,628.73
• Cost	46,688,319.01	0.00	0.00	25,042.27	0.00	46,713,361.28
• Accumulated depreciation	-42,743,971.52	0.00	0.00	0.00	-3,280,761.03	-46,024,732.55
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	12,599,329.46	3,964,664.19	-110,102.40	490,703.57	-6,199,148.60	10,745,446.22



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	3,197,804.55
Accumulated depreciation	-46,055,801.13
TOTAL	688,628.73

At the close of the financial year, the acquisition cost of intangible fixed assets that were totally depreciated and which remained in use amounted to 68,411,329.55 euros.

Note 17 – Financial assets

The financial assets appear in the following chart:

Classes Categories	Long-term financial assets						Short-term financial assets						Total	
	Capital investments		Debt securities		Other investments		Capital investments		Debt securities		Other investments			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Credit and receivables	0.00	0.00	4,730,946.00	5,930,912.00	150,501,599.22	137,304,623.42	0.00	0.00	256,440.49	314,744.00	64,944,295.86	58,773,346.98	220,433,281.57	202,323,626.40
Financial assets available for sale	84,995,223.69	94,677,465.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,698,922.00	0.00	90,694,145.69	94,677,465.73
Total	84,995,223.69	94,677,465.73	4,730,946.00	5,930,912.00	150,501,599.22	137,304,623.42	0.00	0.00	256,440.49	314,744.00	70,643,217.86	58,773,346.98	311,127,427.26	297,001,092.13

The credit balances for transactions arising from day-to-day 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	Reclassification of Consortia provisional balance	Reversal of the financial year's credit impairment	Final balance
Long-term financial assets	53,240,077.96	4,985,791.27	16,915,120.33	0.00	58,225,869.23
Capital investments	53,108,959.12	4,932,123.80	16,915,120.33	0.00	58,041,082.92
Other investments	131,118.84	53,667.47	0.00	0.00	184,786.31



Financial assets available for sales

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

	31 December 2018	
	% Shareholding	Accounting Value
Ecoenergies Barcelona Sud, Zona Franca and Gran Via de l'Hospitalet, SA	17.55%	2,672,940.00
Serveis Funeraris de Barcelona, 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%	1,600,560.68
Ethical bank contributions	-	599.02
Deposit for BSM portfolio management	-	47,643,434.00
		84,995,223.69



Note 18 – Financial liabilities

Classes	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 payables			
Categories	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Debts at depreciated cost	95,000,000.00	95,000,000.00	830,543,599.37	830,820,027.66	229,141,949.31	241,854,988.11	895,162.14	895,162.14	64,805,073.26	59,446,699.76	158,722,125.14	200,809,745.28	1,379,107,909.22	1,428,826,622.95
Total	95,000,000.00	95,000,000.00	830,543,599.37	830,820,027.66	229,141,949.31	241,854,988.11	895,162.14	895,162.14	64,805,073.26	59,446,699.76	158,722,125.14	200,809,745.28	1,379,107,909.22	1,428,826,622.95

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 AS OF 31/12/2017		CREATIONS		ACCRUED INTEREST ACCORDING TO AER		CANCELLED INTEREST (7)	REDUCTIONS		DEBT AS OF 31/12/2018	
	DEPRECIATED COST (1)	EXPLICIT INTEREST (2)	CASH (3)	EXPEND ITURE (4)	EXPLICIT COST (5)	REST (6)		ACCOUNTING VALUE (10)	RESUL TS (11)	DEPRECIATED COST (12)=(1)+(3)- (4)+(6)+(8)-(10)	EXPLICIT INTEREST (13)=(2)+(5)- (7)+(9)
Loan €90 M (mt. 15/09/23)	49,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	9,000,000.00	0.00	40,000,000.00	0.00
Loan €50 M Section €30 M (mt. 15/12/21)	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. 15/12/22)	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	1,397.92	0.00	0.00	171,062.49	0.00	171,980.55	0.00	0.00	25,000,000.00	479.86
Loan €75 M (mt. 13/04/2020)	28,125,000.00	32,562.50	0.00	0.00	113,721.88	0.00	124,671.88	0.00	0.00	18,750,000.00	21,612.50
Loan €240 M (mt. 19/03/2022)	120,000,000.00	29,076.67	0.00	0.00	692,810.00	0.00	698,001.33	9,375,000.00	0.00	96,000,000.00	23,885.34
Loan €40 M (mt. 28/10/2020)	11,250,000.00	23,745.31	0.00	0.00	109,295.01	0.00	117,020.53	24,000,000.00	0.00	7,500,000.00	16,019.79
Loan €50 M (mt. 20/12/2032)	50,000,000.00	45,970.83	0.00	0.00	1,501,435.28	0.00	1,504,500.00	3,750,000.00	0.00	46,666,666.67	42,906.11
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	3,333,333.33	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	499,200.00	0.00	499,200.00	0.00	0.00	40,000,000.00	20,800.00
Loan €73.5 M (mt. 31/12/26)	73,500,000.00	4,354.88	0.00	0.00	532,889.30	0.00	535,751.72	0.00	0.00	73,500,000.00	1,492.46
Loan €70 M (mt.31/12/2029)	70,000,000.00	4,147.50	0.00	0.00	507,513.61	0.00	510,239.72	0.00	0.00	70,000,000.00	1,421.39
Loan €10 M (mt. 19/12/2026)	10,000,000.00	1,182.47	0.00	0.00	33,207.12	0.00	33,200.00	0.00	0.00	10,000,000.00	1,189.59
Loan €2.5 M (mt.22/12/2026)	2,500,000.00	327.08	0.00	0.00	11,888.19	0.00	11,875.00	0.00	0.00	2,500,000.00	340.27
Loan €15 M (mt.18/12/2027)	15,000,000.00	3,900.00	0.00	0.00	117,000.00	0.00	117,000.00	0.00	0.00	15,000,000.00	3,900.00
Loan €28.625 M (mt. 18/12/2027)	28,625,000.00	0.00	0.00	0.00	211,864.77	0.00	211,864.77	0.00	0.00	28,625,000.00	0.00
Loan €7.5 M (mt. 20/12/2032)	7,500,000.00	427.50	0.00	0.00	13,149.38	0.00	13,143.75	0.00	0.00	7,500,000.00	433.13
Schuldschein €60 M (mt. 21/09/29) Sustainable Bond Issue €35 M (mt.20/12/2027)	60,000,000.00	874,899.54	0.00	0.00	3,150,000.00	0.00	3,150,000.00	0.00	0.00	60,000,000.00	874,899.54
Loan €100 M Section €50 M (mt. 12/12/2033)	0.00	0.00	50,000,000.00	0.00	29,250.00	0.00	0.00	0.00	0.00	50,000,000.00	29,250.00
TOTAL	835,500,000.00	1,172,677.01	50,000,000.00	0.00	11,713,937.03	0.00	11,718,099.25	49,458,333.33	0.00	836,041,666.67	1,168,514.79



Barcelona City Council has current accounting hedges worth a total of €60,000,000 as of 31 December 2018. 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 of 31 December 2018 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)	137,702,269.61	7,022,879.37	144,725,148.98
Loans from the Institut Català del Sòl (H.P.P.)	7,667,719.64	1,640,785.69	9,308,504.33
Total	145,369,988.25	8,663,665.06	154,033,653.31

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

CONCEPT	DEBT 31/12/2017	CREATIONS	REDUCTIONS	DEBT 31/12/2018
Long-term debt with the Spanish Central Government	202,916,214.12	0.00	15,608,939.76	187,307,274.36
Long-term deposits and guarantees	35,621,691.83	5,949,685.61	2,167,708.70	39,403,668.74
Short-term debts with the Spanish Central Government	15,608,940.14	15,608,939.76	15,608,939.76	15,608,940.14
Short-term guarantees and deposits	20,253,831.77	18,038,071.82	6,686,721.30	31,605,182.29
Other creditors - budgetary	94,017,198.52	127,853,994.63	164,419,191.34	57,452,001.81
Urban development fees	61,591,434.40	44,772,079.00	60,667,166.13	45,696,347.27
Short-term accounts payable	10,381,690.13	0.00	895,506.81	9,486,183.32
Other	2,273,732.48	0,007.928.04	977,184.00	1,304,476.52
TOTAL	442,664,733.39	212,230,698.86	267,031,357.80	387,864,074.45



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 2019 financial year is entered in the accounts under the "Other short-term debts" caption .

Share in Spanish Central Government Taxes	
Final settlement 2008 (long-term)	36,954,974.26
Final settlement 2009 (long-term)	150,352,300.10
Final settlement 2008 (short-term)	3,079,581.14
Final settlement 2009 (short-term)	12,529,359.00
TOTAL	202,916,214.50



Note 19 – Net equity

Net equity	Initial Balance	Increases	Transfers	Reductions	Final Balance
I. Equity contributed	7,847,132,316.01	7,988,561.80	0.00	0.00	7,855,120,877.81
II. Equity created	3,721,260,997.87	216,727,284.88	0.00	-37,434,317.94	3,900,553,964.81
1. Reserves	744,887,164.48	32,501,400.48	0.00	-14,882,027.41	762,506,537.55
Parent entity's reserves	0.00	0.00	0.00	0.00	0.00
Reserves in consolidated entities	393,952,687.58	32,501,400.48	0.00	0.00	426,454,088.06
Reserves in entities under the equity method	350,934,476.90	0.00	0.00	-14,882,027.41	336,052,449.49
2. Profit (loss) brought forward	2,780,678,500.38	0.00	195,695,333.02	-22,552,290.53	2,953,821,542.87
3. Financial year's results allocated to parent entity	195,695,333.02	184,225,884.40	-195,695,333.02	0.00	184,225,884.40
III. Adjustments for changes in value	23,477,469.00	0.00	0.00	-180,800.00	23,296,669.00
IV. Other increases in equity pending recognition in the profit and loss account	747,390,769.92	82,801,130.19	0.00	-2,105,670.97	828,086,229.14
V. External shareholders	77,712,785.00	4,619,399.00	0.00	-598,906.00	81,733,278.00
TOTAL	12,416,974,337.80	312,136,375.87	0.00	-40,319,694.91	12,688,791,018.76

Note 20 – Provisions and contingencies

Caption	Balance as of 31/12/2017		(+/-) Increases		(+/-) Transfers		(-) Decreases		Balance as of 31/12/2018	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Different contingencies	19,493,008.94	0.00	27,227,194.82	0.00	0.00	0.00	-9,911,821.95	0.00	36,808,381.81	0.00
Provision for consortiums	17,076,863.67	0.00	2,375,445.12	0.00	0.00	0.00	-19,452,308.79	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	0.00	0.00	10,000,000.00
IIVTNU provision (gain)	0.00	0.00	0.00	21,125,000.00	0.00	0.00	0.00	0.00	0.00	21,125,000.00
Provision for taxes	2,893,420.63	0.00	0.00	0.00	0.00	0.00	-1,635,158.81	0.00	1,258,261.82	0.00
Extra salary payment 2012 RDL 208/2012	-1,914,657.92	-173,930.54	2,223,579.21	107,305.57	0.00	0.00	-2,915.70	-47,144.78	306,005.59	-113,769.75
Provision for environmental initiatives	270,048.72	114,103.90	255,163.19	0.00	0.00	0.00	0.00	0.00	525,211.91	114,103.90
Provision for staff remunerations	0.00	899,085.65	1,670,676.00	632,126.65	0.00	0.00	0.00	-899,086.46	1,670,676.00	632,125.84
Provisions for repair and maintenance	0.00	1,623,776.53	0.00	0.00	0.00	0.00	0.00	-143,985.97	0.00	1,479,790.56
Other provisions	1,179,185.78	119,080.19	0.00	4,359,734.34	0.00	0.00	-1,186,077.56	-23,889.41	-6,891.78	4,454,925.12
TOTAL	38,997,869.82	12,582,115.73	33,752,058.34	26,224,166.56	0.00	0.00	-32,188,282.81	-1,114,106.62	40,561,645.35	37,692,175.67



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: €18,125,000

Administrative appeals that have been resolved against the interests of the City Council: €3,000,000

c) Provision for consortia

The decrease of €19,452,308.79 corresponds to a reclassification of liabilities, considering that the registered operations reflect a deterioration in the City Council's shareholding in the consortia which have a net negative equity rather than an obligation of a probable nature.



d) 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.

The City Council has applied for a judicial review but, given the possibility of it not being admitted or of an unfavourable judgement, Human Resources have estimated that complying with such a judgement would cost €10 million.

Contingent liabilities

Barcelona City Council

At the close of the financial year, the City Council has 21 contentious matters being processed in courts and tribunals which are classified as a possible risk, for an overall amount of €32.9 million. These include two cases corresponding to a claim for €17.1 million, originating from a cease and desist order placed on a company for undertaking an activity that was different from the authorised one, and another claim for €10.4 million, originating from the definitive liquidation of a collaboration agreement.

There is one matter where there is a probable risk but it has not been possible to quantify the cost of the judgement in this case. This matter corresponds to a claim against the definitive approval of the Special Urban Plan for Tourist Accommodation.

There has been no provision for those claims whose existence must be confirmed by an unfavourable resolution for the City Council (€21,159,000), those in which there are no accrediting documents clarifying whether there has been an increase in the value of the liquidated object (€20,752,000) and those that have been resolved by definitive acts where the courts have not recognised the application of the benchmark sentence (€3,920,000).

Barcelona Activa, SA

As of 31 December 2018, it has guarantees with third parties for the amount of €20,124.89 as a guarantee for work carried out by the company (€55,007.63 as of 31 December 2017).

Tractament i Eliminació de Residus, SA

As of 31 December 2018, it has guarantees to cover loan operations with participating companies, for the amount of €1,209,174 (€2,810,825 in 2017). No additional liabilities are expected as a result of these guarantees.

Informació i Comunicació de Barcelona, SA



Regarding VAT, since 2013, the company has received communications for the initiation of settlement inspections, given that the Tax Office considered that, in terms of this tax, the company has a dual nature, as it carries out economic activities (subject to VAT) and non-economic activities (not subject to VAT). The inspection established that the company could only deduct input VAT for the development of 'economic' activities that are subject to this tax, and in order to determine the deductible input VAT, for the above-mentioned settlement it applied the 'pro-rata rule'.

During this period, there were also a series of regulatory changes relating to VAT case studies:

- The modification of Article 7.8 of Act 37/92 of the VAT Law approved by Act 28/2014 of 27 November, established that, from 1 January 2015, in the area of public television and radio, activities that generate or are susceptible to generating advertising income not originating from the public sector shall be subject to VAT. As a consequence of this regulatory change, from 1 January 2015, the ICB has not estimated probable contingencies associated with VAT.
- The new Public Sector Contracts Law introduced a new modification to the VAT Law. This modification to Articles 7.8, 78 and 93 of the VAT Law once again changes the criteria. The Law considers that from 10 November 2017, the activities of public television channels are of general interest and that the subsidies they receive are not linked to prices. Therefore, the subsidies are no longer considered as compensation for a service and therefore not subject to VAT. Furthermore, the Law changes the regulation for VAT in dual companies, eliminating the articles that considered that the activities of public television channels were not dual provided that they obtained advertising revenue.

Regarding the workforce, there is a series of legal procedures under way due to claims made against the ICB for business succession since the 2014 financial year. For this reason, the ICB's management, in accordance with the opinion of its legal advisers, has made a 100% provision of the risk of economic contingencies arising from employment procedures where the ICB or BCN Audiovisual, SL are the respondent party, for the period between 2014 and 2018 and for the concepts corresponding to differences in remuneration, interest on arrears, social security, surcharges and fines.



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 OF 31 DECEMBER
Chapter 1	Staff expenses	383,566.78	0.00	383,566.78	0.00	383,566.78	0.00
Chapter 2	Expenditure on current goods and services	170,826,338.52	65,695.52	170,760,643.00	0.00	170,744,528.47	16,114.53
Chapter 3	Financial expenditure	58,796.69	656.19	58,140.50	0.00	58,140.50	0.00
Chapter 4	Current transfers	238,025,238.30	861,561.09	237,163,677.21	0.00	226,934,871.94	10,237,805.27
Chapter 5	Contingency funds	0.00	0.00	0.00	0.00	0.00	0.00
Chapter 6	Property investments	229,433,223.66	275,017.98	229,158,205.68	0.00	187,584,462.85	41,573,742.83
Chapter 7	Capital transfers	148,729,464.43	79,744.36	148,649,720.07	0.00	63,939,202.19	84,710,517.88
Chapter 8	Financial assets	1,000,000.00	1,000,000.00	0.00	0.00	0.00	0.00
Chapter 9	Financial liabilities	32,310.62	40.92	32,269.70	0.00	21,316.54	10,953.16
TOTAL		788,488,939.00	2,282,716.06	786,206,222.94	0.00	649,666,089.27	136,549,133.67



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	SUBSEQUENT FINANCIAL YEARS
Chapter 1	Staff expenses	348,045.60	0.00	0.00	0.00	0.00
Chapter 2	Expenditure on current goods and services	566,666,570.78	99,606,795.97	47,756,743.81	36,444,932.65	91,351,915.27
Chapter 4	Current transfers	80,744,410.48	41,886,577.53	18,993,994.33	5,741,385.54	1,371,252.39
Chapter 6	Property investments	27,564,018.86	3,048,372.18	309,544.00	186,912.80	0.00
Chapter 7	Capital transfers	1,432,000.00	0.00	0.00	0.00	0.00
Chapter 8	Financial assets	32,639,951.11	20,881,100.11	18,590,952.40	0.00	35,303,027.64
TOTAL		709,394,996.83	165,422,845.79	85,651,234.54	42,373,230.99	128,026,195.30

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 OF 31 DECEMBER
Chapter 1	Direct taxes	244,161,599.61	6,016,008.47	15,113,853.81	4,048,008.52	30,372,456.85	200,643,288.90
Chapter 2	Indirect taxes	21,719,434.80	367,453.17	607,716.28	46,761.78	902,988.53	20,529,421.38
Chapter 3	Charges and other revenue	397,256,873.60	16,645,092.14	30,023,364.97	44,792,234.86	37,250,324.42	301,836,041.49
Chapter 4	Current transfers	88,709,854.04	0.00	3,655.83	0.00	85,689,311.81	3,016,886.40
Chapter 5	Property income	10,526,132.18	893,430.41	1,813,534.17	63,523.11	3,289,200.81	6,253,304.50
Chapter 6	Sale of property investments	35,927,846.03	0.00	50,117.47	0.00	35,841,657.74	36,070.82
Chapter 7	Capital transfers	17,088,116.38	0.00	1,206.88	0.00	10,500,519.35	6,586,390.15
TOTAL		815,389,856.64	23,921,984.19	47,613,449.41	48,950,528.27	203,846,459.51	538,901,403.64



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,	317,158,234.75	313,126,224.11	4,032,010.64
2. Variation in inventories of finished products and products in the process of being manufactured.	-	- 52,117.49	52,117.49
3. Tasks performed by the company for its assets.	-	-	-
4. Supplies.	- 80,884,829.07	- 80,783,311.64	- 101,517.43
a) Consumption of goods.	- 7,050,935.82	- 12,435,481.25	5,384,545.43
b) Consumption of raw materials and other consumables.	- 7,237,772.60	- 12,461,953.82	5,224,181.22
c) Work performed for other companies.	- 66,601,120.65	- 56,318,491.53	- 10,282,629.12
d) Impairment loss in goods, raw materials and other supplies.	5,000.00	432,614.96	- 427,614.96
5. Other operating income.	318,189,190.22	296,981,801.15	21,207,389.07
a) Accessory income and other current management revenue.	37,507,332.51	46,129,924.81	- 8,622,592.30
b) Operational subsidies incorporated into the financial year's results.	280,681,857.71	250,851,876.34	29,829,981.37
6. Staff expenditure.	- 219,998,023.39	- 216,278,167.82	- 3,719,855.57
a) Wages, salaries and similar expenses	- 166,999,549.78	- 163,083,558.40	- 3,915,991.38
b) Social security contributions	- 52,998,473.61	- 53,047,627.28	49,153.67
c) Provisions.	-	- 146,982.14	146,982.14
7. Other operational expenses.	- 279,298,271.03	- 270,107,064.30	- 9,191,206.73
a) External services.	- 188,121,632.99	- 186,549,512.35	- 1,572,120.64
b) Taxes.	- 8,169,718.29	- 7,778,531.14	- 391,187.15
c) Losses, impairment and variation of provisions for commercial transactions.	- 599,938.50	1,328,501.60	- 1,928,440.10
d) Other current management expenses.	- 82,406,981.25	- 77,107,522.41	- 5,299,458.84
8. Fixed-asset depreciation.	- 36,229,291.34	- 34,632,134.34	- 1,597,157.00
a) Intangible fixed-asset depreciation	- 9,167,784.18	- 2,765,333.94	- 6,402,450.24
b) Tangible fixed-asset depreciation.	- 27,057,307.16	- 31,862,609.50	4,805,302.34
c) Property investment depreciation.	- 4,200.00	- 4,190.90	- 9.10
9. Allocation of non-financial fixed-asset subsidies.	6,741,954.66	6,807,347.93	- 65,393.27
10. Provision surpluses.	-	1,181,643.72	- 1,181,643.72
11. Impairment and results for the sale of fixed assets.	3,262,425.00	2,858,022.30	404,402.70
a) Impairment and loss.	- 150,000.00	- 106,515.78	- 43,484.22
Intangible fixed assets	-	- 92,187.88	92,187.88
Tangible fixed assets	- 150,000.00	- 14,327.90	- 135,672.10
Financial investments	-	-	-
b) Results for alienation and other things.	3,412,425.00	2,964,538.08	447,886.92
Intangible fixed assets	-	-	-
Tangible fixed assets	3,412,425.00	2,964,538.08	447,886.92
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 other entities	-	-	-
13. Other results	- 18,501.50	2,896,041.91	- 2,914,543.41
Exceptional expenditure	- 30,501.50	- 867,326.37	836,824.87
Exceptional income	12,000.00	3,763,368.28	- 3,751,368.28
A1) OPERATIONAL RESULTS (1+2+3+4+5+6+7+8+9+10+11+12+12a+13)	28,922,888.30	21,998,285.53	6,924,602.77
14. Financial income.	2,531,887.72	3,340,729.90	- 808,842.18
a) From holdings in equity instruments.	870,000.00	1,201,970.24	- 331,970.24
b) From marketable securities and other financial instruments.	1,661,687.72	2,138,759.66	- 477,071.94
c) Allocation of financial subsidies, donations and financial legacies.	200.00	-	200.00
15. Financial expenditure.	- 5,264,002.48	- 3,806,305.03	- 1,457,697.45
a) For debts with companies of the group and associates.	-	-	-
b) For debts with third parties.	- 5,199,002.48	- 3,726,768.61	- 1,472,233.87
c) For updating provisions.	- 65,000.00	- 79,536.42	14,536.42
16. Variation in fair value in financial instruments.	-	-	-
17. Exchange differences.	- 750.00	- 1,211.04	461.04
18. Impairment and results from disposals of financial instruments.	257,250.00	- 2,533,749.69	2,790,999.69
19. Other financial income and expenditure.	-	175,437.72	- 175,437.72
A.2) FINANCIAL RESULTS (14+15+16+17+18+19).	- 2,475,614.76	- 2,825,098.14	349,483.38
A.3) PRE-TAX RESULTS (A.1+A.2)	26,447,273.54	19,173,187.39	7,274,086.15
20. Income tax.	- 1,524,603.87	- 1,924,542.04	399,938.17
A.4) RESULT OF THE FINANCIAL YEAR ARISING FROM ONGOING TRANSACTIONS (A.3+20)	24,922,669.67	17,248,645.35	7,674,024.32
B) INTERRUPTED TRANSACTIONS	-	-	-
21. Financial year results arising from interrupted transactions net of taxes	-	12,028,786.18	- 12,028,786.18
A.5) RESULTS OF THE FINANCIAL YEAR (A.4+21)	24,922,669.67	29,277,431.53	- 4,354,761.86

Consolidated annual accounts for the 2018 financial year

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	26,447,273.54	31,708,493.51	- 5,261,219.97
Adjustments to the results	17,131,767.57	12,088,385.45	5,043,382.12
Fixed-asset depreciation	36,179,291.34	34,779,600.39	1,399,690.95
Valuation corrections for impairment	394,938.50	-	394,938.50
Variations in provision	- 399,981.95	5,995,476.73	- 6,395,458.68
Allocation of subsidies	- 5,175,264.66	- 9,052,918.36	3,877,653.70
Results for write-offs and disposal of fixed assets	- 99,137.79	- 2,911,399.45	2,812,261.66
Results for write-offs and disposal of financial instruments	- 257,250.00	- 9,355,834.18	9,098,584.18
Financial income	- 2,528,687.72	- 3,340,731.06	812,043.34
Financial expenditure	5,264,002.48	3,790,605.93	1,473,396.55
Exchange differences	750.00	1,217.56	- 467.56
Valuation corrections for impairment	-	- 1,511,751.75	1,511,751.75
Other income and expenses	- 5,636,547.63	- 5,035,080.36	- 601,467.27
Share in profits (losses) of entities under the equity method	-	- 1,270,800.00	1,270,800.00
Changes in the current capital	21,457,492.46	24,361,326.53	- 2,903,834.07
Inventories	5,584,428.52	18,261,210.74	- 12,676,782.22
Receivables and other accounts receivable	49,677,164.82	1,834,022.52	47,843,142.30
Other current assets	- 1,030,237.91	- 5,105,195.31	4,074,957.40
Short-term creditors and other accounts payable	- 37,290,300.82	19,699,912.42	- 56,990,213.24
Other fixed assets and liabilities	3,141,406.62	1,672,147.54	1,469,259.08
Other current liabilities	1,340,261.23	- 12,000,771.38	13,341,032.61
Other cash flows from operational activities	- 3,784,964.37	- 999,019.47	- 2,785,944.90
Interest payments	- 4,356,244.22	- 2,883,871.24	- 1,472,372.98
Interest collections	1,657,037.72	2,138,761.06	- 481,723.34
Income tax payment (collection)	- 1,962,230.86	- 1,455,879.29	- 506,351.57
Dividend collections	870,000.00	1,201,970.00	- 331,970.00
Other payments	6,472.99	-	6,472.99
Cash flows from operational activities	71,861,914.19	67,159,186.02	4,702,728.17
II. CASH FLOWS FROM INVESTMENT ACTIVITIES			
C) Receipts:	33,474,812.01	29,116,263.01	4,358,549.00
1. Sale of property investments	279,115.00	4,870,924.00	- 4,591,809.00
2. Sale of financial assets	33,195,697.01	2,731,033.60	30,464,663.41
3. Other receipts from investment activities	-	21,514,305.41	- 21,514,305.41
D) Payments:	- 125,449,132.30	- 73,340,998.52	- 52,108,133.78
4. Purchase of property investments	- 101,381,326.30	- 69,296,212.64	- 32,085,113.66
5. Purchase of financial assets	- 24,067,806.00	- 4,044,785.88	- 20,023,020.12
6. Other payments from investment activities	-	-	-
Net cash flows through investment activities	- 91,974,320.29	- 44,224,735.51	- 47,749,584.78
III. CASH FLOWS FROM FUNDING ACTIVITIES			
E) Receivables to the owner entity or entities	3,605,008.50	15,761,066.05	- 12,156,057.55
1. Sale of external members' shareholdings	-	-	-
2. Other receivables to owner entity or entities	3,605,008.50	15,761,066.05	- 12,156,057.55
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:	30,307,940.59	15,490,177.00	14,817,763.59
5. Debentures and other marketable securities	-	-	-
6. Loans received	32,810,924.41	17,657,479.76	15,153,444.65
7. Other debts	- 2,502,983.82	- 2,167,302.76	- 335,681.06
H) Payments for repayment of financial liabilities	- 18,679,692.24	- 20,100,541.08	1,420,848.84
8. Debentures and other marketable securities	-	-	-
9. Loans received	- 15,865,228.10	- 12,141,307.89	- 3,723,920.21
10. Other debts	- 2,814,464.14	- 7,959,233.19	5,144,769.05
Net cash flows through management activities	15,233,256.85	11,150,701.97	4,082,554.88
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	-	-	-
VI NET INCREASE/REDUCTION IN CASH AND CASH-EQUIVALENT LIQUID ASSETS	- 4,879,149.25	34,085,152.48	- 38,964,301.73
Cash and cash equivalent liquid assets at the start of the financial year	63,766,956.22	63,147,089.22	619,867.00
Cash and cash-equivalent liquid assets at the end of the financial year	58,887,806.98	97,232,241.70	- 38,344,434.72



Note 22 – Other information affecting the consolidated annual accounts

a) Accrued liabilities expenditure

The long-term variations in the accrued liabilities expenditure caption for the 2018 financial year were as follows:

Balance as of 31 December 2017	474,028,351.23
Financial year's added entries	4,648,615.44
Updating	196,774.69
Short-term transfers to accrued expenditure	-19,335,247.63
Allocation to results	-2,979,689.69
Other reductions	-508,294.00
Balance as of 31 December 2018	456,050,510.04

By nature, €448,786,000 correspond to income received in advance for the right to use municipally-owned assets and 7,263 thousand euros 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 2018 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 2018.

Short-term accrued expenditure for the 2018 financial year presents the following variations:

Balance as of 31 December 2017	114,035,312.44
Financial year's added entries	65,932,580.37
Updating	4,416.26
Long-term transfers to accrued expenditure	19,335,247.63
Allocation to results	-71,504,899.00
Reductions in awards and other chapters	-4,238,605.73
Other reductions	-11,290,513.83
Balance as of 31 December 2018	112,273,538.14



b) Auditors' fees

The fees to be received by Ernst & Young, SL, corresponding to the audit services and expenses incurred in the provision of these services during the 2018 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 over fifteen grants and subsidies.

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 2018, the guarantees awarded by the group for covering credit transactions amounted to €709,059.87.

Note 23 – Financial and equity indicators

- Immediate liquidity:

$$\frac{\text{Liquid funds}}{\text{Current liabilities}} = 0,91$$

- Short-term liquidity:

$$\frac{\text{Liquid funds} + \text{Entitlements pending collection}}{\text{Current liabilities}} = 1,23$$

- General liquidity:

$$\frac{\text{Current assets}}{\text{Current liabilities}} = 1,36$$

- Indebtedness per resident:

$$\frac{\text{Liabilities}}{\text{Number of residents}} = 1.615,14 \text{ euros}$$

- Indebtedness:

$$\frac{\text{Liabilities}}{\text{Liabilities} + \text{Net Equity}} = 0,17$$



- Indebtedness ratio:

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

- Cash flow:

$$\frac{\text{Liabilities}}{\text{New management flows}} = 8,50$$

- Income structure

INCOME FROM DAY-TO-DAY MANAGEMENT (IFDM)			
INC. TAX/IFDM	TRANSFR/IFDM	S & PS/IFDM	Remaining IFDM/IFDM
43.88%	31.17%	10.25%	14.70%

- Expenditure structure

DAY-TO-DAY MANAGEMENT EXPENSES (EFDM)			
STF EXP./EFDM	TRANSFG/EFDM	SUPP/EFDM	REST OF EFDM/EFDM
27.77%	20.86%	2.33%	49.03%

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

$$\frac{\text{Day – to – day management expenses}}{\text{Day – to – day management income}} = 91,74\%$$

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.



On 22 July 2019, 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 65, corresponding to the financial year ending 31 December 2018.

Municipal Manager