

**Barcelona City Council Group**  
**2016 Consolidated annual accounts**  
together with audit report





## **PUBLIC AUDIT REPORT OF THE CONSOLIDATE ANNUAL ACCOUNTS OF THE BARCELONA CITY COUNCIL GROUP OF RELATED YEAR<sup>1</sup>**

To the Municipal Council of the Barcelona City,

### **I. Introduction**

We have audited the accompanying consolidate annual accounts of the Barcelona City Council Group, in order to the standards of Public Sector, which comprise the consolidated balance sheet as at December 31, 2016, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, the consolidated budget implementation statement, and the notes there to 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 13 March 2006, 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 individual and consolidated annual accounts of the Group Barcelona City Council and its municipal economic Group.

The municipal manager is responsible for the preparation of these annual accounts in accordance with the criteria for financial reporting described in note 4 of the accompanying notes and, specifically, with the conceptual framework of public accounting and recognition and valuation rules includes on the Order HAP/1489/2013, of 18<sup>th</sup> July, by which the Instruction of the normal model of the local accounting is approved.

The annual accounts which this report refers to have been prepared by the municipal manager on 30 June 2017.

### **II. Purpose and scope of the work: Auditor's responsibility**

Our responsibility is to express an opinion on whether the accompanying consolidate annual accounts express in all the significant aspects, the true view based on the work that we have carried out in accordance with the auditing standards of the public sector.

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

<sup>1</sup> This report is a translation of the Barcelona City Council Group public audit report on the annual accounts for the year ended on December 31st, 2016 which is issued in Catalan in May 25th, 2017. Any opinion must be referred to the abovementioned Catalan audit report version. Only the audit report issued in Catalan is authentic, and is accompanied by the annual accounts.



An audit requires performing procedures to obtain audit evidence about the amounts and information in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts. In making those risk assessments, the auditor considers internal control relevant to entity's preparation of annual accounts in order to design audit procedures that are appropriate in the circumstance, 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 annual accounts.

Our work isn't include the annual accounts audit of 26 autonomous organisms, business public entities and mercantile companies that represent the 8% (205 million euros) about total expenses of the Group and the 7% (1.046 million euros) of the total asset Group. The annual accounts of these that they have been audited by other audits, described in note 1 of the accompanying notes, and our opinion expressed in this report about annual consolidate accounts, as far as on the indicates parts, is based only on the others audits report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

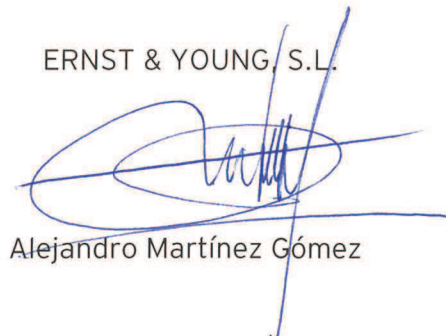
### **III. Audit opinion**

In our opinion, based in our audit and the other audit's reports, described in note 1 of the accompanying notes, the accompanying annual accounts present fairly, in all material respects, of the equity and financial position of the Barcelona City Council Group at December 31, 2016 and the consolidate results of its operations, consolidate cash flows and consolidate budget settlement framework for financial information and with the budgetary regulations applicable and, specifically, the conceptual framework of public accounting and the recognition and valuation rules contained therein.

### **IV. Other issues that do not affect to opinion.**

The annual accounts at 2015, the amounts of the account express a comparative effects with the annual accounts at 2016, were audited by other auditors, who gave a favourable opinion.

ERNST & YOUNG, S.L.



Alejandro Martínez Gómez

Barcelona, 10 de julio de 2017

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## Consolidated Balance Sheet as of 31 December 2016 (amounts in euros)

Assets	Notes in annual report	2016	2015
<b>A) Fixed assets</b>		<b>13,302,565,338.86</b>	<b>13,012,508,458.31</b>
<b>I. Intangible fixed assets</b>	<b>16</b>	<b>15,909,902.18</b>	<b>20,780,824.65</b>
1. Consolidated goodwill	8	1,318,192.00	1,464,658.00
2. Other intangible fixed assets		14,591,710.18	19,316,166.65
<b>II. Tangible fixed assets</b>	<b>14</b>	<b>11,453,224,081.85</b>	<b>11,224,800,574.15</b>
1. Land and buildings		6,600,100,561.98	6,569,209,580.56
2. Infrastructures and historical heritage assets		3,967,050,682.80	4,039,455,535.19
3. Other tangible fixed assets		207,223,865.63	217,405,084.99
4. Fixed assets under construction and advance payments		678,848,971.44	398,730,373.41
<b>III. Property investments</b>	<b>15</b>	<b>240,307,732.52</b>	<b>244,089,472.03</b>
<b>IV. Long-term financial investments in entities of the group, multigroup and associates</b>	<b>17</b>	<b>809,436,472.17</b>	<b>746,132,053.19</b>
1. Holdings consolidated under the equity method	13	736,737,120.97	682,209,475.59
3. Other investments		63,922,577.60	63,922,577.60
<b>V. Public land assets</b>	<b>14</b>	<b>568,261,469.48</b>	<b>564,346,507.98</b>
1. Land and buildings		297,853,529.26	268,880,716.50
2. Under construction and advances		13,498,202.00	13,498,202.00
3. Other public land assets		256,909,738.22	281,967,589.48
<b>VI. Long-term financial investments</b>	<b>17</b>	<b>185,742,366.34</b>	<b>180,911,742.46</b>
<b>VII. Assets for deferred tax</b>		<b>2,923,891.30</b>	<b>3,012,356.40</b>
<b>VIII. Long-term receivables and other accounts receivable</b>		<b>26,759,423.02</b>	<b>28,434,927.45</b>
<b>B) Current assets</b>		<b>1,326,102,067.67</b>	<b>1,289,018,683.95</b>
<b>I. Assets in state of sale</b>		<b>6,638,000.00</b>	<b>0.00</b>
<b>II. Inventories</b>	<b>5.11</b>	<b>67,704,249.78</b>	<b>90,279,531.62</b>
<b>III. Receivables and other accounts receivable</b>		<b>343,577,349.84</b>	<b>430,026,898.66</b>
<b>V. Short-term financial investments</b>	<b>17</b>	<b>83,667,510.39</b>	<b>73,385,731.47</b>
<b>VI. Accruals and deferred income</b>		<b>4,535,968.93</b>	<b>5,756,560.02</b>
<b>VII. Cash and other equivalent liquid assets</b>		<b>819,978,988.73</b>	<b>689,569,962.18</b>
<b>Total assets (A+B)</b>		<b>14,628,667,406.53</b>	<b>14,301,527,142.26</b>

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet as of 31 December 2016

**Consolidated Balance Sheet as of 31 December 2016** (amounts in euros)

Net equity and liabilities	Notes in annual report	2016	2015
<b>A) Net equity</b>	<b>19</b>	<b>11,974,337,916.89</b>	<b>11,581,066,020.12</b>
<b>I. Equity contributed</b>		<b>7,837,048,567.32</b>	<b>7,830,665,478.43</b>
<b>II. Equity created</b>		<b>3,324,559,823.12</b>	<b>2,998,181,778.79</b>
2. Profit and loss brought forward		2,510,249,787.79	2,191,822,793.88
3. Financial year's results allocated to parent entity		288,629,316.58	371,607,694.04
4. Consolidated reserves		525,680,718.75	434,751,290.86
<b>III. Adjustments for changes in value</b>		<b>23,307,776.00</b>	<b>23,536,663.00</b>
<b>IV. Other increases in equity pending recognition in the profit and loss account</b>		<b>716,808,258.46</b>	<b>659,549,251.90</b>
<b>V. External shareholders</b>	<b>10</b>	<b>72,613,492.00</b>	<b>69,132,848.00</b>
<b>B) Fixed liabilities</b>		<b>1,650,524,304.27</b>	<b>1,678,137,603.91</b>
<b>I. Long-term provisions</b>	<b>20</b>	<b>42,665,702.32</b>	<b>49,995,176.49</b>
<b>II. Long-term debts</b>	<b>18</b>	<b>1,113,873,334.13</b>	<b>1,115,537,146.85</b>
1. Debentures and other marketable securities		60,000,000.00	60,000,000.00
2. Debts with credit institutions		795,144,135.38	783,892,187.62
3. Other debts		258,729,198.75	271,644,959.23
<b>III. Debts with group entities, multigrup and long-term assicuates</b>		<b>38,227.96</b>	<b>0.00</b>
1. Debts with entities integrated proporcionally or by equity method		0.00	0.00
2. Other debts		38,227.96	0.00
<b>IV. Liabilities for deferred tax</b>		<b>7,158,069.97</b>	<b>7,301,233.58</b>
<b>VI. Short-term accruals payable</b>	<b>22</b>	<b>486,788,969.89</b>	<b>505,304,046.99</b>
<b>C) Current liabilities</b>		<b>1,003,805,185.37</b>	<b>1,042,323,518.23</b>
<b>I. Short-term provisions</b>	<b>20</b>	<b>3,422,658.60</b>	<b>76,394,558.77</b>
<b>II. Short-term debts</b>	<b>18</b>	<b>327,798,262.53</b>	<b>359,228,458.96</b>
1. Debentures and other marketable securities		892,732.88	877,868.85
2. Debts with credit institutions		137,857,529.92	168,665,330.87
3. Other debts		189,047,999.73	189,685,259.24
<b>III. Short-term debts with entities of the group, multigroup and associates</b>		<b>18,075,225.09</b>	<b>11,700,706.25</b>
1. Debts with joint ventures or entities consolidated under the equity method		177,348.57	1,909,758.00
2. Other debts		17,897,876.52	9,790,948.25
<b>IV. Short-term creditors and other accounts payable</b>		<b>565,853,989.33</b>	<b>524,015,446.61</b>
<b>V. Accruals payable</b>	<b>22</b>	<b>88,655,049.82</b>	<b>70,984,347.64</b>
<b>Total net equity and liabilities (A+B+C)</b>		<b>14,628,667,406.53</b>	<b>14,301,527,142.26</b>

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet as of 31 December 2016

## Consolidated Income and Expenditure Account as of 31 December 2016 (amounts in euros)

	Notes in annual report	2016	2015
<b>1. Tax revenue and social-security contributions</b>		<b>1,284,634,640.89</b>	<b>1,249,948,321.22</b>
a) Tax revenue		1,284,634,640.89	1,249,948,321.22
<b>2. Transfers and subsidies received</b>		<b>1,085,069,048.20</b>	<b>1,205,424,696.20</b>
a) From the financial year		1,072,422,176.37	1,193,448,302.30
b) Allocation of non-financial fixed-asset subsidies		3,446,616.32	11,909,335.92
c) Allocation of subsidies for current and other assets		9,200,255.51	67,057.98
<b>3. Net sales and service supplies</b>		<b>275,894,524.68</b>	<b>261,762,270.75</b>
a) Net sales		28,425,433.83	25,539,665.30
b) Service supplies		247,469,090.85	236,222,605.45
<b>4. Variation of inventories of finished products, products in the process of being manufactured and impairment losses</b>		<b>-36,521.00</b>	<b>17,741.00</b>
<b>6. Other day-to-day management income</b>		<b>164,386,828.23</b>	<b>166,848,585.17</b>
<b>7. Provision surpluses</b>		<b>28,070,541.67</b>	<b>23,055,869.30</b>
<b>A) Total income from day-to-day management</b>		<b>2,838,019,062.67</b>	<b>2,907,057,483.64</b>
<b>8. Staff expenditure:</b>		<b>-670,173,294.84</b>	<b>-630,604,305.68</b>
a) Wages, salaries and similar expenses		-523,036,067.11	-484,470,371.86
b) Social security contributions		-147,137,227.73	-146,133,933.82
<b>9. Transfers and subsidies granted</b>		<b>-618,856,299.80</b>	<b>-633,932,227.98</b>
<b>10. Supplies</b>		<b>-59,882,654.39</b>	<b>-55,337,219.21</b>
a) Consumption of goods and other items		-59,946,465.71	-55,449,966.18
b) Impairment loss in goods, raw materials and other supplies		63,811.32	112,746.97
<b>11. Other day-to-day management expenses</b>		<b>-904,220,042.40</b>	<b>-884,663,244.01</b>
<b>12. Fixed-asset depreciation</b>		<b>-217,520,649.60</b>	<b>-256,622,684.23</b>
<b>B) Total expenses from day-to-day management</b>		<b>-2,470,652,941.03</b>	<b>-2,461,159,681.11</b>
<b>I. Day-to-day management income and expenditure (saving and dissaving) (A+B)</b>		<b>367,366,121.64</b>	<b>445,897,802.53</b>
<b>13. Impairment losses and results from disposals of non-financial fixed assets and assets under sale</b>		<b>-2,374,532.43</b>	<b>406,878.39</b>
a) Impairment losses		-59,590.07	-9,073.07
b) Write-offs and disposals		-344,993.20	-376,422.31
b) Allocation of non-financial fixed-asset subsidies		-1,969,949.16	792,373.77
<b>14. Other non-day-to-day items</b>		<b>-2,153,368.29</b>	<b>564,066.28</b>
<b>II. Results from non-financial transactions</b>		<b>362,838,220.92</b>	<b>446,868,747.20</b>
<b>17. Financial income</b>		<b>23,596,076.07</b>	<b>29,082,213.83</b>
a) From holdings in equity instruments		775,636.00	588,859.00
b) From marketable securities and credit from fixed assets		22,820,440.07	28,493,354.83
<b>18. Financial expenditure</b>		<b>-22,159,466.81</b>	<b>-26,095,130.46</b>
<b>19. Financial expenses allocated to assets</b>		<b>458,039.47</b>	<b>687,766.05</b>
<b>21. Exchange differences</b>		<b>1,466.42</b>	<b>7,572.41</b>
<b>22. Impairment losses, write-offs and disposals of financial assets and liabilities</b>		<b>-66,632,933.59</b>	<b>-70,992,860.82</b>
<b>III. Results from financial transactions</b>		<b>-64,736,818.44</b>	<b>-67,310,438.99</b>
<b>23. Share in profits (losses) from entities consolidated under the equity method</b>	13	<b>-4,855,984.75</b>	<b>-3,543,412.46</b>
<b>IV Pre-tax results</b>		<b>293,245,417.73</b>	<b>376,014,895.75</b>
<b>26. Capital gains tax</b>		<b>-424,253.15</b>	<b>-365,399.71</b>
<b>IV Results from financial year arising from discontinued transactions net of taxes</b>		<b>0.00</b>	<b>0.00</b>
<b>V Financial year's consolidated results (savings and dissavings)</b>		<b>292,821,164.58</b>	<b>375,649,496.04</b>
<b>Results allocated to parent entity</b>		<b>288,629,316.58</b>	<b>371,607,694.04</b>
<b>Results allocated to external shareholders</b>	10	<b>4,191,848.00</b>	<b>4,041,802.00</b>

Notes 1 to 25 of the accompanying annual report are an integral part of the Consolidated Income and Expenditure Account for the 2016 financial year

## Consolidated Statement of Changes in Net Equity as of 31 December 2016 (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 2015 financial year		7,830,665,478.43	2,998,181,778.79	23,536,663.00	659,549,251.90	69,132,848.00	11,581,066,020.12
Adjustments for changes of accounting criteria and corrections of errors		0.00	-757,641.05	0.00	0.00	0.00	-757,641.05
Initial net equity adjusted for the 2015 financial year		7,830,665,478.43	2,997,424,137.74	23,536,663.00	659,549,251.90	69,132,848.00	11,580,308,379.07
Changes in net equity for the 2016 financial year		6,383,088.88	327,135,685.38	-228,887.00	57,259,006.56	3,480,644.00	394,029,537.82
1. Income and expenditure recognised for the financial year		0.00	288,629,316.58	0.00	73,281,974.29	4,079,550.00	365,990,840.87
2. Asset and liability transactions with the entity or owner entities		0.00	0.00	0.00	0.00	-596,649.00	-596,649.00
3. Other changes in net equity		6,383,088.88	38,506,368.80	-228,887.00	-16,022,967.73	-2,257.00	28,635,345.95
Net equity at the end of the 2016 financial year		7,837,048,567.31	3,324,559,823.12	23,307,776.00	716,808,258.46	72,613,492.00	11,974,337,916.89

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2016 financial year

### 2. Consolidated Statement of Recognised Income and Expenditure

	2016	2015
I. Income and expenditure	288,629,316.58	371,607,694.04
II. Income and expenditure recognised directly in net equity		
2. Financial assets and liabilities	167,141.93	-28,942.00
4. Other increases in equity	102,895,425.16	71,474,913.08
Total	103,062,567.09	71,445,971.08
III. Transfers to the Income and Expenditure Account or to the initial carrying amount of hedged items		
3. Accounting hedges	-13,185.81	
4. Other increases in equity	-26,245,161.20	-11,909,335.92
6. Tax effect	557,304.21	
Total	-25,701,042.80	-11,909,335.92
IV. TOTAL recognised income and expenditure (I+II+III)	365,990,840.87	431,144,329.20

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2016 financial year



## Consolidated Cash-Flow Statement as of 31 December 2016 (amounts in euros)

	2016	2015
<b>Consolidated cash-flow statement</b>		
<b>I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per BCC and IB)</b>	<b>396,651,460.52</b>	<b>531,982,712.30</b>
<b>I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per PBE and PLC)</b>	<b>50,593,441.09</b>	<b>80,591,430.85</b>
<b>Net cash flows per management activity</b>	<b>447,244,901.61</b>	<b>612,574,143.15</b>
<b>II. Cash flows from investment activities (*)</b>		
C) receipts:	105,486,249.12	101,142,004.02
1. Sale of property investments	39,412,477.48	61,430,642.75
2. Sale of financial assets	173,813.86	5,241,101.00
3. Other receipts from investment activities	65,899,957.78	34,470,260.27
D) payments:	-414,929,893.90	-567,042,138.83
4. Purchase of property investments	-392,512,521.85	-527,317,331.23
5. Purchase of financial assets	-16,751,992.71	-16,349,054.47
6. Other payments from investment activities	-5,665,379.34	-23,375,753.13
<b>Net cash flows from investment activities (+C-D)</b>	<b>-309,443,644.78</b>	<b>-465,900,134.81</b>
<b>III. Cash flows from funding activities</b>		
E) Receivables to the owner entity or entities	4,271,316.67	5,513,332.66
2. Other receivables to owner entity or entities	4,271,316.67	5,513,332.66
G) Receipts for issuing financial liabilities:	237,848,387.28	215,341,585.37
6. Loans received	170,203,488.24	180,062,294.76
7. Other debts	67,644,899.04	35,279,290.61
H) Payments for financial liability redemptions	-250,329,687.86	-375,525,086.66
9. Loans received	-188,752,825.66	-334,989,648.52
10. Other debts	-61,576,862.20	-40,535,438.14
<b>Net cash flows through funding activities (+E-F+G-H)</b>	<b>-9,132,423.22</b>	<b>-154,670,168.63</b>
<b>IV. Cash flows pending classification</b>	<b>0.00</b>	<b>0.00</b>
I) Receipts pending	1,738,344.09	5,475,606.51
J) Payments pending	1,848.81	-122,763.58
<b>Net cash flows pending classification (+I-J)</b>	<b>1,740,192.90</b>	<b>5,352,842.93</b>
<b>V. Effect of variations in exchange rates</b>	<b>0.04</b>	<b>14.58</b>
<b>VI. Net increase/reduction in cash and cash-equivalent liquid assets (I+II+III+IV+V)</b>	<b>130,409,026.55</b>	<b>-2,643,302.78</b>
<b>Cash and cash-equivalent liquid assets at the start of the financial year (**)</b>	<b>689,569,962.18</b>	<b>692,213,174.97</b>
<b>Cash and cash-equivalent liquid assets at the end of the financial year</b>	<b>819,978,988.73</b>	<b>689,569,962.18</b>

(\*) 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	480,233,647.00	521,206,311.08
Chapter 2	Expenditure on current goods and services	792,479,233.19	725,780,735.05
Chapter 3	Financial expenditure	24,890,793.84	23,066,875.06
Chapter 4	Current transfers	840,379,642.44	857,419,783.20
Chapter 5	Contingency funds	8,646,720.21	0.00
Chapter 6	Property investments	273,771,350.29	369,038,912.44
Chapter 7	Capital transfers	20,308,250.15	69,042,436.00
Chapter 8	Financial assets	48,810,892.17	16,598,916.76
Chapter 9	Financial liabilities	157,708,736.82	157,156,380.67
<b>TOTAL</b>		<b>2,647,229,266.11</b>	<b>2,739,310,350.26</b>

### Income budget settlement

Budgetary implementation	Description	Initial forecasts	Net recognised collection rights
Chapter 1	Direct taxes	989,186,570.07	1,061,479,555.32
Chapter 2	Indirect taxes	55,456,193.99	66,062,542.76
Chapter 3	Charges and other revenue	286,561,042.40	351,057,134.83
Chapter 4	Current transfers	1,078,902,494.65	1,056,947,110.40
Chapter 5	Property income	45,225,495.00	42,706,660.45
Chapter 6	Property investments	4,500,080.00	2,682,187.48
Chapter 7	Capital transfers	20,847,380.00	38,360,117.60
Chapter 8	Financial assets	5,000,010.00	169,813.86
Chapter 9	Financial liabilities	161,550,000.00	160,571,093.12
<b>TOTAL</b>		<b>2,647,229,233.11</b>	<b>2,780,036,215.82</b>

### Consolidated budgetary results

Items	Net recognised collection rights	Net recognised debentures	Budgetary income and expenditure
a).Current transactions	2,578,253,003.76	2,127,473,704.39	450,779,299.37
b).Capital transactions	41,042,305.08	438,081,348.44	-397,039,043.36
<b>1. Total non-financial transactions (a+b)</b>	<b>2,619,295,308.84</b>	<b>2,565,555,052.83</b>	<b>53,740,256.01</b>
c) Financial assets	169,813.86	16,598,916.76	-16,429,102.90
d) Financial liabilities	160,571,093.12	157,156,380.67	3,414,712.45
<b>2. Total financial transactions (c+d)</b>	<b>160,740,906.98</b>	<b>173,755,297.43</b>	<b>-13,014,390.45</b>
<b>I. Financial year's consolidated budget results</b>			<b>40,725,865.56</b>

**CONSOLIDATED ANNUAL  
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YEAR 2016**

**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).

**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
MA for Persons with Disabilities	Global	IB	Barcelona City Council
Barcelona Sports Institute	Global	IB	Barcelona City Council
MA for Information Technology	Global	IB	Barcelona City Council
MA for Urban Planning	Global	IB	Barcelona City Council
MA for Taxes	Global	IB	Barcelona City Council
MA for Markets	Global	IB	Barcelona City Council
MA for Education	Global	IB	Barcelona City Council
MA for Urban Landscape and Quality of Life	Global	IB	Barcelona City Council
MA for Social Services	Global	IB	Barcelona City Council
MA for Parks and Gardens	Global	PBE	Barcelona City Council
Barcelona Institute of Culture	Global	PBE	Barcelona City Council
Municipal Housing Trust	Global	PBE	Barcelona City Council
MA Mies van der Röhe Foundation	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 2016 financial year on 31 December 2016 just as the parent entity. Their corresponding annual accounts for the 2016 financial year have been audited with an unqualified opinion in all cases.

Entity	Shareholding (%)	Assigned Activity/Area
<b>Independent bodies</b>		
MA for People with Disabilities	100	Managing promotional activities and care for people with disabilities
Barcelona Sports Institute	100	Promoting sports activities
MA for Information Technology	100	Carrying out IT work
MA for Urban Planning	100	Managing urban planning activities
MA for Taxes	100	Managing, inspecting and collecting taxes, public-sector charges, fines and other revenue
MA for Markets	100	Administering and managing the municipal markets
MA for Education	100	Planning and managing the activities, structures and administration of schools
MA for Urban Landscape and Quality of Life	100	Protecting, maintaining and improving landscape values
MA for Social Services	100	Promoting, organising, managing and coordinating the provision of social services
<b>Publicly Owned Business Entities</b>		
MA for Parks and Gardens	100	Conserving and improving parks, gardens and woodland
Barcelona Institute of Culture	100	Developing services and areas of cultural action
Municipal Housing Trust	100	Promoting and building housing
MA Mies van der Röhe Foundation	100	Promoting and disseminating culture in the field of architecture
<b>Trading Companies</b>		
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, SA	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
Mercabarna, SA (1)(3)	50.69	Managing, developing and operating the Barcelona Food Unit
(1) Shareholding maintained through Barcelona de Serveis Municipals, SA. (2) Shareholding maintained through Tractament i Selecció de Residus, SA. (3) See Note 3 on entity subgroups.		

## 1.2.b) Entities to be excluded from the consolidation

There are no subsidiary entities excluded from the consolidation.



### 1.3. Relative importance of the group's entities

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

Entity	Relative importance
MA for People with Disabilities	11,495,404.34
Barcelona Sports Institute	30,819,302.27
MA for Information Technology	62,366,617.24
MA for Urban Planning	794,680.79
MA for Taxes	25,469,268.51
MA for Markets	36,843,053.88
MA for Education	66,088,865.93
MA for Urban Landscape	18,383,327.77
MA for Social Services	146,724,175.41
Municipal Institute of Parks and Gardens	54,841,759.60
Barcelona Institute of Culture	127,190,210.74
Municipal Housing Trust	37,849,935.90
Municipal Institute of the Mies van der Röhe Foundation	1,857,288.91
Barcelona d'Infraestructures Municipals, SA	5,851,366.69
Foment de Ciutat, SA	4,624,519.30
Informació i Comunicació de Barcelona, SA	12,685,921.18
Barcelona Activa, SA	51,492,512.65
Barcelona Gestió Urbanística, SA	13,482,890.83
Barcelona Cicle de l'Aigua, SA	7,864,171.12
Barcelona de Serveis Municipals, SA	112,892,036.62
Parc d'Atraccions Tibidabo, SA	14,795,573.40
Tractament i Eliminació de Residus, SA	53,125,894.25
Selectives Metropolitanes, SA	7,963,806.93
Solucions Integrals per als Residus, SA	9,232,901.73
Cementiris de Barcelona, SA	13,953,641.32
Mercabarna, SA	26,905,011.68

## Note 2 – Entities of the multigroup and associates

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

In accordance with the provisions set out in Order HAP/1489/2013, multigroup entities have been understood as entities managed by one or several of the group's 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 multigroup entities integrated into the consolidation using the equity method are:

	Integration method	Legal nature	Owner entity	Shareholding (%)
Besòs Consortium (1)	EM	CO	Barcelona City Council	25.00
El Far, Centre dels Treballs del Mar Consortium (1)	EM	CO	Barcelona City Council	36.00
Institut d'Infància i Món Urbà Consortium (1)	EM	CO	Barcelona City Council	33.00
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	50.00
Barcelona Urban Ecology Agency (1)	EM	CO	Barcelona City Council	33.00
Museu d'Art Contemporani de Barcelona (MACBA) Consortium (2)	EM	CO	Barcelona City Council	43.00
L'Auditori i l'Orquestra Consortium (2)	EM	CO	Barcelona City Council	57.00
Barcelona Libraries Consortium (1)	EM	CO	Barcelona City Council	56.00
Campus Interuniversitari Diagonal-Besòs Consortium (1)	EM	CO	Barcelona City Council	21.00
Localret Consortium (2)	EM	CO	Barcelona City Council	1.00
Barcelona Local Energy Agency (1)	EM	CO	Barcelona City Council	53.00
Fira Internacional de Barcelona (2)	EM	CO	Barcelona City Council	33.00
Barcelona Housing Consortium	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	EM	CO	Barcelona City Council	25.00
Institut Ramon Llull Consortium (1)	EM	CO	Barcelona City Council	19.00
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
3rd Barcelona World Race Consortium	EM	CO	Barcelona City Council	25.00
Barcelona World Jumping Challenge Consortium	EM	CO	Barcelona City Council	20.00
Institute of Municipal Staff Health Care Provision (PAMEM) (1)	EM	CO	Barcelona City Council	60.00
Linguistic Normalisation Consortium (CNL)	EM	CO	Barcelona City Council	1.00
Barcelona High-Speed (AVE) Consortium	EM	CO	Barcelona City Council	33.33
Barcelona Education Consortium	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	57.00
Barcelona Health Consortium	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	16.00
Barcelona Centre of Contemporary Culture, Casa Caritat (CCCB)	EM	CO	Barcelona City Council	27.00
Catalan Hospital Consortium (Catalan Health-Care and Social Consortium)	EM	CO	Barcelona City Council	1.00
Turisme de Barcelona Consortium (1)	EM	CO	Barcelona City Council	33.33
Zona Franca de Barcelona Consortium (1)	EM	CO	Barcelona City Council	40.00
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 Asia (1)	EM	CO	Barcelona City Council	16.00
European Institute of the Mediterranean (1)	EM	CO	Barcelona City Council	31.00
Patronat Catalunya-Món (2)	EM	CO	Barcelona City Council	3.00

EM – Equity method under Art 12 of Order HAP/1489/2013

CO – Consortium

(1) Annual accounts for 2015 audited with an unqualified opinion.

(2) Annual accounts for 2015 audited with exceptions.

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

Entity	Integration method	Legal nature	Owner entity	Shareholding (%)
Mediacomplex, SA (1)	EM	PLC	Barcelona d'Infraestructures Municipals, SA	33.30
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	22.96
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
BBarcelona Regional, SA (1)	EM	PLC	Barcelona City Council and MCBNA	20.63

(1) Unqualified opinion of the annual accounts for 2016.

EM - Equity method

PLC - Public limited company

All the entities that are incorporated into the consolidation using the equity method closed the 2016 financial year on 31 December 2016 just as the parent entity. However, the annual accounts for the 2015 financial year have been used to incorporate the multigroup entities into the consolidation by the same method.

## 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, multigroup entities have been excluded from the consolidation where there are important ongoing restrictions 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 for 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 for Enterprise, Culture and Innovation	F
Julio Muñoz Ramonet Private Foundation	Area for Enterprise, Culture and Innovation	F
Barcelona Mobile World Capital Foundation	Area for Enterprise, Culture and Innovation	F
Gran Teatre del Liceu Foundation	Area for Enterprise, Culture and Innovation	F
Antoni Tàpies Private Foundation	Area for Enterprise, Culture and Innovation	F
Joan Miró Foundation - Contemporary Art Studies Centre	Area for Enterprise, Culture and Innovation	F
Teatre Lliure - Teatre públic de Barcelona Foundation	Area for 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
Orfeó 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
Museu Picasso de Barcelona Foundation	Area for Enterprise, Culture and Innovation	F
Biblioteca Pública Arús Foundation	Area for Enterprise, Culture and Innovation	F
Hospital de la Santa Creu i Sant Pau Private Foundation	Area of Social Rights	F

Entity	Organisational classification - Assigned area	Legal nature
Hospital de la Santa Creu i Sant Pau Health Management Private Foundation	Area of Social Rights	F
Institut Guttmann Private Foundation	Area of Social Rights	F
Centre de Medicina Regenerativa de Barcelona Private Foundation	Area of Social Rights	F
Instituto de Salut 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 Puntares de Barcelona	Area of Social Rights	F
Escoles Domènech Private Foundation	Area of Social Rights	F
Casa Amèrica a Catalunya Private Foundation	Area of Work, Economy and Strategic Planning	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
Barcelona Institute of Technology for the Habitat (BIT HABITAT) Foundation	Area of Work, Economy and Strategic Planning	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
Promoció de Barcelona Foundation	Area of Work, Economy and Strategic Planning	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
Mobilitat Sostenible i Segura 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

Entity	Organisational classification - Assigned area	Legal nature
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 of the presentation of the consolidated annual accounts

#### 4.1 A 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, of the consolidated financial situation, consolidated income and expenditure account, of the changes in consolidated net equity, consolidated cash flows and results of the consolidated budgetary implementation corresponding to the financial year ending on 31 December 2016 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 28 February 2017. 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 Act 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 local tax offices in budgets.
- 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 multigroup entities as detailed in Note 2.1.(a)

## 4.2. Comparison of the information

The annual consolidated accounts for the financial years 2016 and 2015 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 might be 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 2015 financial year have been used to incorporate the multigroup 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 are incorporated into the consolidated annual accounts using the global integration method. This method requires the following:

1. Standardised timing. The consolidated annual accounts have to be established on the same date and for the same period as the annual accounts of the entity whose consolidation is required. Where an entity of the Group closes its financial year on a different date from that of the consolidated annual accounts, its inclusion in those accounts has to be done through interim statements referring to the same date and period that the consolidated accounts refer to.

2. Standardised valuation. The assets and liabilities, income and expenditure and other entries in the annual accounts of the Group's entities were valued according to uniform methods. The assets or liabilities or income or expenditure entries that were valued under non-uniform criteria with respect to the ones applied in consolidation were valued again with the necessary adjustments made, solely for consolidation purposes.
3. Aggregation. The various entries of the individual annual accounts standardised beforehand are aggregated according to their nature.
4. Net equity investment elimination. The representative accounting values for the equity instruments of the subsidiary entity possessed directly or indirectly by the Parent Entity are balanced with the proportional part of the net equity entries of that subsidiary Entity allocated to these holdings, generally, on the basis of the resulting values for applying the above-mentioned acquisition method. In consolidations subsequent to the financial year in which the control was acquired, the surplus or shortfall of the net equity generated by the subsidiary Entity from the acquisition data that is allocated to the Parent Entity is presented in the consolidated balance sheet inside the entries for reserves or adjustment for changes in value, according to their nature. The part that is allocated to external shareholders is included in the "External Shareholders" entry.
5. External shareholders' holdings. External shareholders are valued according to their effective holdings in the subsidiary entity's net equity once the previous adjustments have been incorporated. The consolidation goodwill is not allocated to external shareholders. The surplus among the losses allocated to external shareholders of a subsidiary entity and the part of the net equity that proportionately corresponds to it, is allocated to them even if this implies a debit balance in that entry.
6. Intra-group entry eliminations. Credit and debt, income and expenditure and cash flows between the Group's entities are eliminated as a whole. All the results produced by internal transactions are likewise eliminated and deferred until they are realised before third parties not belonging to the group.

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

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

- The value 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 value 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 capital contributions as well as subsequent increases for the assumption of new powers from the linked entities.

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

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

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

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

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

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

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

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

## **Note 5 - Recognition and valuation rules**

The accounting criteria shown below apply to the following entries:

### **1. Goodwill and negative consolidation difference**

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

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

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

Goodwill is assigned 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 rules. The elimination criteria of the intragroup's entries are the ones explained in the previous note.

### 3. Tangible fixed assets

#### Capitalisation Criteria

These are tangible assets, movable and immovable property which:

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

#### Initial valuation

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

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

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

Additions from before 1 January 1992 are valued according to an expert estimate of their real market value carried out by an independent valuation company. 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 (fair value) is below its net depreciation value, and which generally occurs because of: physical deterioration, rapid obsolescence or reduction in the initially expected performance. Assets that have suffered an impairment loss are regularly reviewed for possible reversals of impairment losses.

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

- There were no significant changes to the technological environment or legacy during the financial year or, which were expected to occur in the short term and which would have a negative impact on the Group.
- There were no significant reductions in the market value of the assets.
- There are no obsolete assets or assets that were 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 what had been 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 major repairs 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 the “Buildings” captions 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 2016 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 law.

The municipally owned properties which fell under this caption were 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, for building social housing, residences for elderly people, care centres and other social investments.
- Properties over 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 the ones 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 continuity over time and use in the production of goods and services or 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 exploitation.
- 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 equity (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 equity 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.

In any case, guarantees and deposits that are made are always valued according to delivered value.

### ***Financial assets available for selling***

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 equity up to their disposal or impairment.

### **Recognition**

Financial assets are entered in the accounts 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 financial asset's value. 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 collectibility ratios, calculated according to real historical series, on the settlement made individually for each of the tax figures and in each specific financial year.

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

Both the above-mentioned valuation adjustments for impairment and their reversal are entered in the accounts as an express 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.
- Debt with credit institutions.
- Debt represented in negotiated securities issued.
- Other debt and accounts payable.

As a general rule, short-term debt and accounts payable without contractual interest are valued, on both initial and subsequent entering into the accounts, according to their nominal value. The same valuation is made with long-term debt and account payables and long-term loans received with subsidised interest where the 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, the guarantees and deposits that are 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 receipt 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 Expense Account for the financial year it takes place in.

### **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 less. 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 constructed or acquired for other entities**

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

## **13. Transactions in foreign currency**

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

## **14. Income tax for the consolidation perimeter's entities**

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



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

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

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

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

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 run acknowledging the respective rights and obligations takes place.

### **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 enters income in the accounts where its amount can be reliably valued: it is likely that the Entity will receive the future financial gain and that the specific conditions for each of the activities, as detailed below, will be met.

Income by sale is recorded when: the Entity has transferred to the purchaser the risks and advantages derived from ownership of the goods, irrespective of ownership; it does not reserve for itself any involvement in the current management of the goods sold nor 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 ordinary management expenses are entered in the Income and Expense Account when the obligation falls due, irrespective of when the current monetary expense that comes from it is incurred.

**16. Provisions and contingencies**

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

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

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

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

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

**17. Transfers and subsidies****Transfers and subsidies received**

Refundable subsidies are entered 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 entered in the 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 according to the fair value of the referred amount granted when entered in the accounts.

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

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

#### **Transfers and subsidies granted**

Granted transfers and subsidies are entered in the accounts 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
<b>Barcelona City Council</b>		<b>2,269,509,180.78</b>
	Receivables and other accounts receivable	1,622,911.93
	Holdings consolidated under the equity method	125,966,384.36
	Long-term financial investments in entities of the group, multigroup and associates	
	Other investments	242,939,568.87
	Short-term creditors and other accounts payable	175,055,587.16
	Short-term debts with entities of the group, multigroup and associates	91,626,924.67
	Consolidation reserve	413,609,376.67
	Equity contributed	270,320,792.77
	Reserves	225,734,493.63
	Profit and loss brought forward	29,562,490.03
	Other day-to-day management expenses	1,357,571.95
	Current transfers	627,906,262.20
	Capital transfers	48,616,860.76
	Other day-to-day management income	6,441,888.94
	Tax revenue and social-security contributions	3,239,665.12
	Current transfers	200,078.47
	Capital transfers	343,538.49
	Net sales and service supplies	4,964,784.75
<b>Publicly Owned Business Entities</b>		<b>351,125,011.26</b>
	Receivables and other accounts receivable	135,815,254.66
	Short-term accruals payable	11,217,493.41
	Other increases in equity pending recognition in the profit and loss account	22,506,678.92
	Short-term and other accounts payable	204,162.79
	Other day-to-day management expenses	4,411,047.16
	Other day-to-day management income	1,168,266.13
	Current transfers	165,796,277.27
	Services provided	5,574,729.05
	Allocation of non-financial fixed-asset subsidies	4,431,101.87
<b>Independent bodies</b>		<b>462,343,896.39</b>
	Receivables and other accounts receivable	102,849,497.22
	Short-term financial investments in entities of the group, multigroup and associates	28,961,370.34
	Short-term accruals payable	4,042,534.84
	Short-term and other accounts payable	756,780.04
	Other day-to-day management expenses	429,010.37
	Current transfers	3,954,160.68
	Current transfers	45,170.69
	Capital transfers	312,800,748.14
	Allocation of non-financial fixed-asset subsidies	7,788,424.77
	Net sales and service supplies	716,199.30
<b>Municipal Trading Companies</b>		<b>358,567,150.18</b>
	Receivables and other accounts receivable	99,454,937.74
	Short-term investments	529,119.81
	Short-term accruals payable	2,491,627.41
	Other increases in equity pending recognition in the profit and loss account	1,416,897.54
	Short-term and other accounts payable	101,764,300.34
	Reservations	2,000,000.00
	Other day-to-day management expenses	8,315,668.94
	Other day-to-day management income	631,189.93
	Current transfers	135,947,522.55
	Allocation of non-financial fixed-asset subsidies	299,813.70
	Net sales and service supplies	5,716,072.22
<b>Total Eliminations</b>		<b>3,441,545,238.60</b>

Entity group	Caption	Total Debt	Total Credit
<b>Barcelona City Council</b>		<b>68,933.95</b>	<b>68,933.95</b>
	Receivables and other accounts receivable	68,933.95	
	Consolidation reserve		68,933.95
<b>Publicly Owned Business Entities</b>		<b>194,339,955.26</b>	<b>194,339,955.26</b>
	Accumulated depreciation and provisions	2,645,853.35	
	I.M. Infrastructures and historical heritage assets		5,125,713.35
	I.M. Land		44,665,547.14
	Allocation of non-financial fixed-asset subsidies	193,789.55	
	Current transfer income	1,008,216.85	
	Liabilities for deferred tax	9,579.87	
	Equity contributed		49,373,929.40
	Consolidation reserve	5,125,713.35	95,174,765.37
	Capital subsidies	145,106,961.89	
	Accruals payable	40,249,840.40	
<b>Independent bodies</b>		<b>427,141.54</b>	<b>427,141.54</b>
	Receivables and other accounts receivable	49,024.59	
	Allocation of non-financial fixed-asset subsidies	109,169.56	
	Current transfer income	49,024.59	
	Consolidation reserve		427,141.54
	Capital subsidies	226,922.80	
<b>Municipal Trading Entities</b>		<b>32,329,383.90</b>	<b>32,329,383.90</b>
	Assets for deferred tax	91,863.61	
	Other long-term liabilities	93,183.86	
	Accumulated depreciation and provisions	2,764,654.60	
	Receivables and other accounts receivable	2,621,279.41	601,444.43
	I.M. Buildings		6,010,121.04
	Allocation of non-financial fixed-asset subsidies	2,255,014.46	
	Transfers and subsidies received	11,495,005.60	
	Trade and other accounts payable	881,119.41	168,284.63
	Consolidation reserve	4,019,257.37	25,545,471.93
	Capital subsidies	8,099,438.90	
	Other day-to-day management expenses	8,566.68	
	Sales and service supplies		4,061.87
<b>Total adjustments</b>		<b>227,165,414.65</b>	<b>227,165,414.65</b>

## Note 7 - Combinations of business restructuring operations and transactions

No business restructuring operations or transactions took place during the 2016 financial year.

## 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:

<b>1 January 2016</b>	<b>1,464,658.00</b>
<b>31 December 2016</b>	
Cost	1,464,658.00
Accumulated depreciation	146,466.00
<b>Net accounting value</b>	<b>1,318,192.00</b>

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:

	<b>2016</b>
Parc d'Atraccions Tibidabo, SA	1,318,192.00
<b>Total</b>	<b>1,318,192.00</b>

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 depreciate 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	Financial year's profit and loss	Grants, donations and legacies	TOTAL
Group Tractament i Selecció de Residus	5,973,014	20,298,845	1,108,214	-	27,380,073
Mercabarna, SA	6,995,989	34,808,203	3,083,634	345,593	45,233,419
	<b>12,969,003</b>	<b>55,107,048</b>	<b>4,191,848</b>	<b>345,593</b>	<b>72,613,492</b>



## 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 2016 financial year with the Barcelona City Council shareholding going from 23.09% to 22.96%

Fira 2000, SA is an associate company consolidated by the equity method.

## Note 12 - Entries corresponding to multigroup entities

All the multigroup 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

<b>1 January 2016</b>	<b>682,209,475.58</b>
Losses in the profit and loss account	-4,855,984.75
Increase in financial holdings	59,383,630.144
<b>31 December 2016</b>	<b>736,737,120.97</b>

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

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

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 2015 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	22,810,702.54	17,383,730.30	3,144,015.14	-7,102.71	-1,775.68
El Far, Centre dels Treballs del Mar Consortium	1,553,999.98	127,198.37	1,052,454.15	-16,796.41	-6,046.71
Institut d'Infància i Món Urbà Consortium	44,941.40	24,409.94	209,285.27	-37,662.68	-12,428.68
Mercat de les Flors Consortium	10,148,423.07	1,536,989.13	522,5316.47	150,166.97	85,595.17
Museu de Ciències Naturals de Barcelona Consortium	2,777,014.95	1,978,774.40	8,409,935.21	547,690.79	273,845.40
Barcelona Urban Ecology Agency	918,549.47	255,580.85	1,234,524.81	-436,746.90	-144,126.48
Museu d'Art Contemporani de Barcelona (MACBA) Consortium	43,400,212.17	3,208,750.23	12,273,261.69	-19,744.93	-8,490.32
L'Auditori i l'Orquestra Consortium	50,538,422.83	6,382,004.70	6,382,004.70	-4,216,319.38	-2,403,302.05
Biblioteques de Barcelona Consortium	5,249,491.35	2,158,482.54	18,538,023.20	-5,999.09	-3,359.49
Campus Interuniversitari Diagonal-Besòs Consortium	64,775,197.82	6,130,419.08	181,501.00	25,529.14	5,361.12
Localret Consortium	2,211,538.42	200,542.24	1,560,187.55	87,689.31	876.89
Barcelona Local Energy Agency	1,122,427.62	246,981.61	1,041,844.08	103,394.01	54,798.83
Habitatge de Barcelona Consortium	45,687,843.94	45,683,001.33	17,350,139.20	-12.60	-5.04
Gran Teatre del Liceu Consortium	101,161.70	12,089.20	4,193.70	187.60	52.53
Pla de Rehabilitació i Equipament de Teatres de Barcelona Consortium	2,479,334.44	1,160,524.26	1,094,891.46	0.00	0.00
Institut Ramon Llull Consortium	8,416,094.65	5,444,764.03	7,011,938.20	-138,237.76	-26,265.17
Mar Parc de Salut de Barcelona Consortium (formerly IMAS)	317,929,264.27	186,538,330.43	303,665,246.00	5,589,337.49	2,235,735.00
Barcelona Public Health Agency	9,985,142.18	5,607,862.88	26,870,808.68	-120,063.24	-68,436.05
Les Drassanes Reials i Museu Marítim de Barcelona Consortium	93,909,021.79	518,917.04	5,156,026.97	-794,906.19	-214,624.67
Palau de la Música Catalana Consortium	5,941.94	21.23	0.00	-1,233,371.12	-209,673.09
Museu Nacional d'Art de Catalunya (MNAC) Consortium	225,244,607.00	6,265,804.00	22,054,857.00	-789,144.00	-126,263.04
Barcelona Centre of Contemporary Culture, Casa Caritat (CCCB)	32,634,489.05	2,083,985.95	9,215,947.08	-699,853.64	-188,960.48
Catalan Hospital Consortium (Catalan Health-Care and Social Consortium)	1,935,766.28	1,703,039.17	1,608,445.10	4,227.65	42.28
Zona Franca de Barcelona Consortium	544,009.00	171,389.00	56,252.00	4,533.00	1,813.20
Metropolitan Transport Authority	113,478,439.65	100,119,912.85	1,201,956,607.75	3,699,842.65	813,965.38
Besòs Tordera Consortium	57,549,144.38	17,007,428.12	15,518,209.08	-2,026,358.57	-182,372.27
Universitat Internacional Menéndez Pelayo de Bcn - Centre Ernest Lluch Con.	815,348.09	44,248.43	319,709.17	-52,452.22	-13,113.06
Parc Natural de la Serra de Collserola Consortium	21,929,746.56	715,486.35	5,550,342.78	-668,237.08	-20,047.11
Parc de Recerca Biomèdica de Barcelona Consortium	129,820,586.28	57,422,299.34	13,003,302.22	1,280,448.67	384,134.60
Institut d'Estudis Regionals i Metropolitans de Barcelona Consortium	789,532.47	434,750.85	1,554,701.41	58,222.31	13,391.13
European Institute of the Mediterranean	3,888,177.75	3,031,522.75	3,020,763.82	-22,681.52	-7,031.27
Patronat Catalunya-Món (formerly P.Català pro Europa)	571,865.59	283,710.27	2,101,974.42	-295,988.93	-8,849.67
Barcelona Sagrera Alta Velocitat, SA	270,507,988.46	269,907,988.46	5,369,149.23	0.00	0.00
Barcelona Emprèn CR, SA	4,765,586.00	17,464.00	0.00	105,113.00	25,290.19
Fira 2000, SA	742,950,880.93	573,021,713.57	17,131,486.89	-22,715,071.11	-5,215,380.33
Barcelona Regional, SA	3,043,529.00	1,173,392.00	5,401,986.00	4,189.00	864.19
Barcelona d'Aparcaments Municipals SA	415,647,000.00	129,850,000.00	10,167,000.00	-1,795,000.00	108,800.00
					<b>-4,855,984.75</b>

## Note 14 - Tangible fixed assets and Public Land Assets

### Tangible fixed assets

Item	Balance as of 01.01.2016	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31.12.16
<b>1. Land</b>	<b>2,807,742,983.71</b>	<b>13,458,303.78</b>	<b>-418,417.42</b>	<b>43,602,331.57</b>	<b>-980,372.07</b>	<b>2,863,404,829.57</b>
• Cost	2,808,778,697.96	13,458,303.78	-418,417.42	40,610,394.12	0.00	2,862,428,978.44
• Accumulated depreciation	-933,507.66	0.00	0.00	2,991,937.45	-980,372.07	1,078,057.72
• Valuation adjustments	-102,206.59	0.00	0.00	0.00	0.00	-102,206.59
<b>2. Buildings</b>	<b>3,761,466,596.85</b>	<b>65,173,989.75</b>	<b>-1,998,411.51</b>	<b>-7,175,373.93</b>	<b>-80,771,068.75</b>	<b>3,736,695,732.41</b>
• Cost	4,737,295,927.01	65,173,989.75	-4,173,220.74	-3,973,269.13	0.00	4,794,323,426.89
• Accumulated depreciation	-975,829,330.16	0.00	2,174,809.23	-3,202,104.80	-80,771,068.75	-1,057,627,694.48
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>3. Infrastructures</b>	<b>4,031,875,492.25</b>	<b>0.00</b>	<b>0.00</b>	<b>6,462,859.83</b>	<b>-78,896,751.22</b>	<b>3,959,441,600.86</b>
• Cost	4,790,143,818.88	0.00	0.00	6,251,827.29	0.00	4,796,395,646.17
• Accumulated depreciation	-758,268,326.63	0.00	0.00	211,032.54	-78,896,751.22	-836,954,045.31
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Historical heritage assets</b>	<b>7,580,042.94</b>	<b>29,039.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,609,081.94</b>
• Cost	7,702,371.28	29,039.00	0.00	0.00	0.00	7,731,410.28
• Accumulated depreciation	-122,328.34	0.00	0.00	0.00	0.00	-122,328.34
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>5. Other tangible fixed assets</b>	<b>217,405,084.99</b>	<b>9,614,819.71</b>	<b>-270,161.55</b>	<b>23,449,601.02</b>	<b>-42,975,478.54</b>	<b>207,223,865.63</b>
• Cost	839,166,200.81	9,739,641.09	-5,004,012.11	23,449,601.02	0.00	867,351,430.81
• Accumulated depreciation	-621,732,405.15	0.00	4,733,850.56	0.00	-42,975,478.54	-659,974,033.13
• Valuation adjustments	-28,710.67	-124,821.38	0.00	0.00	0.00	-153,532.05
<b>6. Fixed assets under construction and in accounts</b>	<b>398,730,373.41</b>	<b>377,587,290.65</b>	<b>-28,948,057.32</b>	<b>-68,520,635.30</b>	<b>0.00</b>	<b>678,848,971.44</b>
• Cost	398,730,373.41	377,587,290.65	-28,948,057.32	-68,520,635.30	0.00	678,848,971.44
<b>TOTAL</b>	<b>11,224,800,574.15</b>	<b>465,863,442.89</b>	<b>-31,635,047.80</b>	<b>-2,181,216.81</b>	<b>-203,623,670.58</b>	<b>11,453,224,081.85</b>

The most important investments in the financial year correspond to:

	Amount
• City Council direct investments	125,308,834.66
• Delivery of funds to third parties, for investment	5,147,665.94
• Delivery of funds to decentralised organisations, for investment	243,930,730.92
• For free assignments of assets	3,367,084.57
• Investments funded by third parties	4,202,674.80
• Other investments made by subsidiary entities	72,872,289.92
<b>TOTAL</b>	<b>465,863,442.89</b>

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

- The investment carried out in adapting signs to Barcelona Activa’s new corporate image, refurbishing the new office space for Barcelona Activa staff at the head office, replacing the air-conditioning machines, energy improvements in the various facilities and other improvements in Barcelona Activa’s network of facilities designed to improve accessibility and working conditions in general.
- The building of flats by the Municipal Housing Trust.
- The most significant additions at Barcelona de Serveis Municipals, SA in the 2016 financial year correspond to the construction of the Menéndez Pelayo-Güell Gardens Car Park. Other significant additions correspond to the acquisition of new computer equipment, strengthening the floor structure and accesses, and waterproofing the roof, of the Palau Sant Jordi, purchasing car-park ATMs and adapting them to the new chip cards (EMV standard), as well as improvements at existing car parks.
- At Tractament i Selecció de Residus, SA they correspond to the structural alterations at height 7 on the sea-facing side, the installation of frequency changers for the energy recovery plant and the acquisition of two trucks for the mobile green point service in Barcelona as part of the renovation of the current fleet.
- At Mercados de Abastecimientos de Barcelona, SA, mainly the investments in the Pavilions, the Management Centre, the Central Fish Market and the Central Fruit and Vegetable Market, among other things.
- Remodelling and improving cemeteries and related services run by Cementiris de Barcelona, SA.

At the close of the financial year, the acquisition cost of goods that were totally depreciated and which remained in use came to 474,870,347.05 euros.

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**

On 29 December 2016 the Government Commission agreed to acquire nine estates for the Catalan regional government in exchange for 46,201,392.95 euros.

As a result of circumstances involved in the various transactions, the legal conveyances of the above-mentioned estates were not completed by the date of these annual accounts. Notwithstanding that, the assets were incorporated into the City Council’s equity given that the risks and benefits inherent in the assets’ ownership had been conveyed and there was no rational uncertainty or possibility of the contract’s rescission.

## Public Land Assets

### Financial year's variations

Item	Balance as of 31.12.2015	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31.12.16
<b>1. Land</b>	<b>181,791,949.55</b>	<b>8,020,429.35</b>	<b>-6,652,097.76</b>	<b>17,245,325.16</b>	<b>0.00</b>	<b>200,405,606.30</b>
• Cost	181,791,949.55	8,020,429.35	-6,652,097.76	17,245,325.16	0.00	200,405,606.30
• Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>2. Buildings</b>	<b>87,088,766.95</b>	<b>7,434,599.23</b>	<b>0.00</b>	<b>5,048,664.20</b>	<b>-2,124,107.42</b>	<b>97,447,922.96</b>
• Cost	96,780,368.11	7,434,599.23	0.00	5,048,664.20	0.00	109,263,631.54
• Accumulated depreciation	-9,691,601.16	0.00	0.00	0.00	-2,124,107.42	-11,815,708.58
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>3. Under construction and advances</b>	<b>13,498,202.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>13,498,202.00</b>
• 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
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Other public land assets</b>	<b>281,967,589.48</b>	<b>0.00</b>	<b>0.00</b>	<b>-25,057,851.26</b>	<b>0.00</b>	<b>256,909,738.22</b>
• Cost	281,967,589.48	0.00	0.00	-25,057,851.26	0.00	256,909,738.22
• Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>564,346,507.98</b>	<b>15,455,028.58</b>	<b>-6,652,097.76</b>	<b>-2,763,861.90</b>	<b>-2,124,107.42</b>	<b>568,261,469.48</b>

The most important investments in the financial year correspond to:

	Amount
• City Council direct investments	1,121,550.10
• For free assignments of assets	8,020,429.35
• Investments delivered by the Municipal Housing Trust, 100x1000 plan	6,313,049.13
<b>TOTAL</b>	<b>15,455,028.58</b>

## Note 15 - Property investments

	As at 31.12.15	(+) Income	(-) Expenses	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31.12.16
<b>1. Land</b>	<b>41,962,113.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>41,962,113.90</b>
• Cost	41,962,113.90				0.00	41,962,113.90
• Accumulated depreciation	0.00				0.00	0.00
• Valuation adjustments	0.00				0.00	0.00
<b>2. Buildings</b>	<b>202,127,358.13</b>	<b>0.00</b>	<b>-156,131.33</b>	<b>134,997.04</b>	<b>-3,760,605.22</b>	<b>198,345,618.62</b>
• Cost	241,757,026.74		-183,970.12	223,502.08	0.00	241,796,558.70
• Accumulated depreciation	-39,537,466.98		1,700.92	0.00	-3,742,295.32	-43,278,061.38
• Valuation adjustments	-92,201.63		26,137.87	-88,505.04	-18,309.90	-172,878.70
<b>TOTAL</b>	<b>244,089,472.03</b>	<b>0.00</b>	<b>-156,131.33</b>	<b>134,997.04</b>	<b>-3,760,605.22</b>	<b>240,307,732.52</b>

This includes buildings that bring in significant rent such as the Convention Centre, the Auditorium of the Fòrum Building and the Fòrum Port, as well the building intended for the Ecopark – land site.



## Note 16 - Intangible fixed assets

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

Item	Balance as of 31.12.2015	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31.12.2016
<b>1.Consolidated goodwill</b>	<b>1,464,658.00</b>	<b>-146,466.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,318,192.00</b>
• Cost	1,464,658.00	0.00	0.00	0.00	0.00	1,464,658.00
• Accumulated depreciation	0.00	-146,466.00	0.00	0.00	0.00	-146,466.00
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>2.1. Investments in R&amp;D</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
• 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
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>2.2. Industrial and intellectual property</b>	<b>59,679.59</b>	<b>0.00</b>	<b>0.00</b>	<b>419.78</b>	<b>-19,177.55</b>	<b>40,921.82</b>
• Cost	777,597.81	0.00	-75,126.00	419.78	0.00	702,891.59
• Accumulated depreciation	-717,918.22	0.00	75,126.00	0.00	-19,177.55	-661,969.77
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>2.3. IT applications</b>	<b>4,773,790.91</b>	<b>2,786,907.04</b>	<b>-59,974.15</b>	<b>567,636.24</b>	<b>-2,405,232.73</b>	<b>5,663,127.31</b>
• Cost	26,685,026.94	2,926,222.28	-2,668,825.11	567,636.24	0.00	27,510,060.35
• Accumulated depreciation	-21,911,236.03	0.00	2,608,850.96	0.00	-2,405,232.73	-21,707,617.80
• Valuation adjustments	0.00	-139,315.24	0.00	0.00	0.00	-139,315.24
<b>2.5. Other intangible fixed assets</b>	<b>14,482,696.15</b>	<b>-7,179.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-5,587,856.10</b>	<b>8,887,661.05</b>
• Cost	46,737,858.01	-7,179.00	0.00	0.00	0.00	46,730,679.01
• Accumulated depreciation	-32,255,161.86	0.00	0.00	0.00	-5,587,856.10	-37,843,017.96
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>20,780,824.65</b>	<b>2,633,262.04</b>	<b>-59,974.15</b>	<b>568,056.02</b>	<b>-8,012,266.38</b>	<b>15,909,902.18</b>

The breakdown of the "other intangible fixed assets" caption is as follows:

	Amount
Internet development	1,620,800.60
Re-engineering in municipal services	41,925,824.71
Other	3,184,053.70
Accumulated depreciation	-37,843,017.96
<b>TOTAL</b>	<b>8,887,661.05</b>

At the close of the financial year, the acquisition cost of intangible fixed assets that were totally depreciated and which remained in use came to 41,802,317.49 euros.

## Note 17 – Financial assets

The financial assets appear in the following table:

Classes		Long-term financial assets					
		Capital investments		Debt securities		Other investments	
		2016	2015	2016	2015	2016	2015
Categories	Credit and receivables	0.00	0.00	7,239,084.00	8,468,101.00	139,968,404.13	133,034,144.03
	Financial assets available for selling	38,534,878.21	39,409,497.43	0.00	0.00	0.00	0.00
<b>TOTAL</b>		<b>38,534,878.21</b>	<b>39,409,497.43</b>	<b>7,239,084.00</b>	<b>8,468,101.00</b>	<b>139,968,404.13</b>	<b>133,034,144.03</b>

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

Variation Adjusting Accounts		Initial balance	Reduced value owing to the financial year's credit impairment	Reversal of the financial year's credit impairment	Final balance
Financial asset classes	Long-term financial assets	2,041,109.66	0.00	-25,275.60	2,015,834.06
	Capital investments	1,909,990.82	0.00	-25,275.60	1,884,715.22
	Other investments	131,118.84	0.00	0.00	131,118.84

Short-term financial assets						TOTAL	
Capital investments		Debt securities		Other investments			
2016	2015	2016	2015	2016	2015	2016	2015
0.00	0.00	350,529.00	516,700.00	83,316,981.39	72,869,031.47	89,860,306.39	214,887,976.50
0.00	0.00	0.00	0.00	0.00	0.00	0.00	39,409,497.43
<b>0.00</b>	<b>0.00</b>	<b>350,529.00</b>	<b>516,700.00</b>	<b>83,316,981.39</b>	<b>72,869,031.47</b>	<b>89,860,306.39</b>	<b>254,297,473.93</b>

#### Financial assets available for sale:

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

	31 December 2016	
	% Shareholding	Accounting Value
Ecoenergíes Barcelona Sud, Zona Franca and Gran Via de l'Hospitalet, SA	17.55%	2,475,000.00
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 Adrià, SL	5.00%	12,822.99
Nauta Tech Invest III, SCR	4.78%	2,981,589.20
Ethical bank contributions	-	599.02
		<b>38,534,878.21</b>

## Note 18 – Financial liabilities

Classes	Categories	Long term					
		Debentures and other marketable securities		Debts with credit institutions		Other debts	
		2016	2015	2016	2015	2016	2015
	Debt at depreciated cost	60,000,000.00	60,000,000.00	795,144,135.38	783,892,187.62	258,729,198.75	271,644,959.23
	<b>TOTAL</b>	<b>60,000,000.00</b>	<b>60,000,000.00</b>	<b>795,144,135.38</b>	<b>783,892,187.62</b>	<b>258,729,198.75</b>	<b>271,644,959.23</b>

## 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 at 31/12/15		Creations	
	Depreciated cost (1)	Explicit interest (2)	Cash (3)	Expenditure (4)
Loan €0 M (mt. 29/07/16)	20,033,736.82	30,868.05	0.00	0.00
Loan €0 M (mt. 15/09/2023)	67,000,000.00	33,373.33	0.00	0.00
Loan €0 M (mt. 28/11/2017)	80,000,000.00	11,004.44	0.00	0.00
Loan €0 M Section €0 M (mt. 15/12/2021)	30,000,000.00	117,819.44	0.00	0.00
Loan €0 M Section €0 M (mt. 15/12/2022)	20,000,000.00	257,300.00	0.00	0.00
Loan €5 M (mt. 03/03/2020)	25,000,000.00	5,284.72	0.00	0.00
Loan €0 M (mt. 22/03/2016)	90,000,000.00	808,690.00	0.00	0.00
Loan €5 M (mt. 13/04/2020)	46,875,000.00	83,437.50	0.00	0.00
Loan €40 M (mt. 19/03/2022)	168,000,000.00	124,350.78	0.00	0.00
Loan €0 M (mt. 28/10/2020)	18,750,000.00	48,716.15	0.00	0.00
Loan €0 M (mt. 20/12/2032)	50,000,000.00	45,970.83	0.00	0.00
Loan €60 M (mt.21/12/2030)	160,000,000.00	65,244.44	0.00	0.00
Loan €3.5 M (mt. 31/12/2026)	0.00	0.00	73,500,000.00	0.00
Loan €0 M (mt.31/12/2029)	0.00	0.00	70,000,000.00	0.00
Loan €0 M (mt. 19/12/2026)	0.00	0.00	10,000,000.00	0.00
Loan €2.5 M (mt.22/12/2026)	0.00	0.00	2,500,000.00	0.00
Schuldschein €0 M (mt. 21/09/2029)	60,000,000.00	877,868.85	0.00	0.00
<b>TOTAL</b>	<b>835,658,736.82</b>	<b>2,509,928.53</b>	<b>156,000,000.00</b>	<b>0.00</b>

(Aquesta taula continua a la pàgina següent)

Short term						TOTAL	
Debentures and other marketable securities		Debts with credit institutions		Other debts			
2016	2015	2016	2015	2016	2015	2016	2015
892,732.88	877,868.85	137,857,529.92	168,665,330.87	189,047,999.73	201,385,965.49	1,441,671,596.66	1,486,466,312.06
<b>892,732.88</b>	<b>877,868.85</b>	<b>137,857,529.92</b>	<b>168,665,330.87</b>	<b>189,047,999.73</b>	<b>201,385,965.49</b>	<b>1,441,671,596.66</b>	<b>1,486,466,312.06</b>

Accrued interest according to AER		Cancelled interest (7)	Reductions		Debt as of 31/12/16	
Explicit cost (5)	Rest (6)		Accounting value (10)	Results (11)	Depreciated cost (12)=(1)+(3)-(4)+(6)-(10)	Explicit interest (13)=(2)+(5)-(7)
26,161.37	0.00	57,029.42	20,033,736.82	0.00	0.00	0.00
2,573,748.62	0.00	2,500,150.39	9,000,000.00	0.00	58,000,000.00	106,971.56
2,461,431.12	0.00	2,192,235.56	0.00	0.00	80,000,000.00	280,200.00
666,453.89	0.00	750,900.00	0.00	0.00	30,000,000.00	33,373.33
1,304.44	0.00	247,600.00	0.00	0.00	20,000,000.00	11,004.44
630,339.58	0.00	634,678.47	0.00	0.00	25,000,000.00	945.83
230,647.50	0.00	1,039,337.50	90,000,000.00	0.00	0.00	0.00
251,876.31	0.00	289,980.48	9,375,000.00	0.00	37,500,000.00	45,333.33
3,375,658.56	0.00	3,382,613.56	24,000,000.00	0.00	144,000,000.00	117,395.78
215,288.46	0.00	231,829.61	3,750,000.00	0.00	15,000,000.00	32,175.00
1,504,500.00	0.00	1,504,500.00	0.00	0.00	50,000,000.00	45,970.83
2,348,800.00	0.00	2,348,800.00	0.00	0.00	160,000,000.00	65,244.44
2,968.58	0.00	0.00	0.00	0.00	73,500,000.00	2,968.58
2,827.22	0.00	0.00	0.00	0.00	70,000,000.00	2,827.22
1,577.81	0.00	0.00	0.00	0.00	10,000,000.00	1,577.81
338.19	0.00	0.00	0.00	0.00	2,500,000.00	338.19
3,164,864.03	0.00	3,150,000.00	0.00	0.00	60,000,000.00	892,732.88
<b>17,458,785.68</b>	<b>0.00</b>	<b>18,329,654.99</b>	<b>156,158,736.82</b>	<b>0.00</b>	<b>835,500,000.00</b>	<b>1,639,059.22</b>

Barcelona City Council has current accounting hedges worth a total of 298,000 thousand euros as of 31 December 2016. 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 2016 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)	133,224,197.00	6,042,712.23	139,266,909.23
Loans from the Institut Català del Sòl (H.P.P.)	11,459,758.38	2,150,310.35	13,610,068.73
<b>Total</b>	<b>144,683,955.38</b>	<b>8,193,022.58</b>	<b>152,876,977.96</b>

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

<b>Share in the Spain's Central Government Taxes</b>	<b>218,525,153.88</b>
Central Authority of the Spanish State – Final settlement of the share in Spain's Central Government taxes for 2008	43,114,136.19
Central Authority of the Spanish State – Final settlement of the share in Spain's Central Government taxes for 2009	175,411,017.69
<b>Long-term guarantees received</b>	<b>33,114,000.91</b>
<b>Others</b>	<b>7,090,043.96</b>
<b>TOTAL</b>	<b>258,729,198.75</b>

The total amount for the final negative settlement of the share in Spain's Central Government taxes corresponding to the 2008 financial year came to 93,487 thousand euros, whereas the figure for the 2009 financial year was also negative by 304,284 thousand euros. In accordance with the provisions set down in Act 2/2012, of 29 June, on the General Budgets of the State for the financial 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 Spain's 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 of January 2015 and subject to authorisation, extensions to the terms for paying the above-mentioned receivables during 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 2016 financial year is entered in the accounts under the "Other short-term debts" caption.



The breakdown of these other short-term debts is as follows:

Description	Amount
Central Authority of the Spanish State – Final settlement of the share in Spain's Central Government taxes for 2008	3,079,581.14
Central Authority of the Spanish State – Final settlement of the share in Spain's Central Government taxes for 2009	12,529,359.00
Guarantees and deposits received	14,371,557.99
Other liabilities - Current Budget (chapters 3,6,8 and 9)	95,653,749.47
Other liabilities - Closed Budget (chapters 3,6,8 and 9)	1,339,535.85
Urban development fees	50,247,404.26
Short-term accounts payable	11,826,812.02
<b>TOTAL</b>	<b>189.047.999,73</b>

## Note 19 – Net equity

Net equity	Initial Balance	Increases	Transfers	Reductions	Final Balance
<b>I. Equity contributed</b>	<b>7,830,665,478.43</b>	<b>6,383,088.89</b>	<b>0.00</b>	<b>0.00</b>	<b>7,837,048,567.32</b>
<b>II. Equity created</b>	<b>2,998,181,778.79</b>	<b>369,712,786.84</b>	<b>0.00</b>	<b>-53,180,700.13</b>	<b>3,324,559,823.12</b>
1. Reserves	434,751,290.87	90,929,427.88	0.00	0.00	525,680,718.75
Parent entity's reserves	0.00	0.00	0.00	0.00	0.00
Reserves in consolidated entities	362,360,800.00	32,504,266.80	0.00	0.00	394,865,066.80
Reserves in entities under the equity method	72,390,490.87	58,425,161.08	0.00	0.00	130,815,651.95
2. Profit and loss brought forward	2,191,822,793.88	0.00	371,607,694.04	-53,180,700.13	2,510,249,787.79
3. Financial year's results allocated to parent entity	371,607,694.04	288,629,316.58	-371,607,694.04	0.00	288,629,316.58
<b>III. Adjustments for changes in value</b>	<b>23,536,663.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-228,887.00</b>	<b>23,307,776.00</b>
<b>IV. Other increases in equity pending recognition in the profit and loss account</b>	<b>659,549,251.90</b>	<b>33,335,430.10</b>	<b>0.00</b>	<b>23,923,576.46</b>	<b>716,808,258.46</b>
<b>V. External shareholders</b>	<b>69,132,848.00</b>	<b>4,079,550.00</b>	<b>0.00</b>	<b>-598,906.00</b>	<b>72,613,492.00</b>
<b>TOTAL</b>	<b>11,581,066,020.12</b>	<b>423,356,813.45</b>	<b>0.00</b>	<b>-30,084,916.67</b>	<b>11,974,337,916.90</b>

## Nota 20 – Provisions i contingències

Caption	Balance as at 31/12/2015		(+ ) Increases	
	Long term	Short term	Long term	Short term
Different contingencies	9,537,820.51	0.00	10,595,973.77	0.00
Provision for consortiums	35,806,702.72	0.00	334,931.00	0.00
Provision for Ruling 632/2013 TSJC	0.00	61,112,939.78	0.00	0.00
Provision for taxes	3,122,989.69	0.00	289,051.11	0.00
Extra salary payment 2012 RDL 208/2012	76,190.46	12,472,598.48	33,447.05	21,366.74
Other provisions	1,451,473.11	2,809,020.51	463,591.12	739,831.22
<b>TOTAL</b>	<b>49,995,176.49</b>	<b>76,394,558.77</b>	<b>11,716,994.05</b>	<b>761,197.96</b>

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

### a) Provision for consortiums

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

### b) Extra salary payment 2012 RDL 20/2012

No extra pay was made in December 2012, as it was cancelled under Article 12.1 of the Royal Decree 20/2012, of 13 July, on Measures for Ensuring Budgetary Stability and Promoting Competitiveness.

Act 36/2014, of 26 December, on General Budgets of the State for 2015, under the Twelfth Additional Provision, Section 1(1), established that every Public Authority, within its jurisdiction, could approve the crediting of amounts as recovery of extra pay cheques and specific additional pay or equivalent additional pay.

In 2015, the City Council paid 50.27% of the accrued salary, following the Mayoral Decree of 11 November 2015, with the rest still to be paid in 2016, under the terms and conditions established in the Twelfth Additional Provision of Act 48/2015, of 29 October, on the General State Budgets for 2016, and the Mayoral Decree of 15 December 2015, the amount corresponding to the remaining 49.73% of the payment.

The corresponding payments were made in the financial year 2016 and, as a result, the application of the provision was entered into the accounts for 15,298,788.94 euros.

### c) Ruling 632/2013

The sum of 61,112,939.78 euros is included which relates to the financial estimate deriving from the enforcement of a ruling obliging the City Council and a part of its municipal economic group to raise the overall payroll of its civil servants corresponding to the 2007 and 2008 financial years, with the corresponding consolidation of increases up to the present year.

(+/-) Transfers		(-) Decreases		Balance as at 31.12.16	
Long term	Short term	Long term	Short term	Long term	Short term
0.00	0.00	-4,669,068.62	0.00	15,464,725.66	0.00
0.00	0.00	-13,461,814.20	0.00	22,679,819.52	0.00
0.00	0.00	0.00	-61,112,939.78	0.00	0.00
0.00	0.00	-730,838.00	0.00	2,681,202.80	0.00
0.00	0.00	0.00	-12,283,084.15	109,637.51	210,881.07
0.00	0.00	-184,747.40	-337,074.20	1,730,316.83	3,211,777.53
<b>0.00</b>	<b>0.00</b>	<b>-19,046,468.22</b>	<b>-73,733,098.13</b>	<b>42,665,702.32</b>	<b>3,422,658.60</b>

The corresponding salaries were updated and back payments made during the financial year 2016. For this reason, the existing provision is applied as at 31 December 2015 .

### Contingent liabilities

The Spanish Constitutional Court's ruling of 16 February 2017 declared several of the rules in Guipuzcoa's Provincial Regulations governing the Tax on Increases in the Value of Urban Land to be unconstitutional, in cases where "situations showing no sign of economic capacity are subject to taxation, preventing tax-payers from demonstrating that their property saw no effective increase in value".

Although the ruling made by the Constitutional Court is in accordance with Guipúzcoa's Provincial Regulations, its foundation extends its application at the state level (Articles 104 ff. of the Act on Local Tax Offices).

The ruling itself establishes that: "It is for the legislator to amend or adapt the tax's legal system so that situations showing no increased value of urban land are not subject to taxation."

On the other hand, note that the Tax Council has always followed the principle that the City Council is under an obligation to comply with the provisions set down in Article 107 of the Act on Local Tax Offices, under which the value of the land, when recognised, will be the one determined at the time for the purposes of the property tax, without there being any authorisation for using other verification systems or criteria.

Given the fact that the legislator makes no statement on the date of the drawing up of these annual accounts over the criteria to be considered for estimating the quantities which, where appropriate, would have to be returned, no provision was entered into the accounts since its amount cannot be reliably estimated.

Likewise, at the close of the financial year the City Council was in the middle of legal proceedings, described as being at possible risk, at the courts and tribunals. One case that needs to be mentioned is a claim under the heading of financial liability which originated from an order to halt the activity being carried out by a company as it differed from the one authorised.

There is also a case with a probable risk relating to the concession of a building permit for the construction of two single-family dwellings, where the City Council may have to compensate the claimant for and regarding which it was not possible to quantify this compensation objectively.

## 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	2,674,375.32	0.00	2,674,375.32	0.00	584,208.73	2,090,166.59
Chapter 2	Expenses on current goods and services	137,522,222.41	0.00	137,522,222.41	0.00	137,480,759.29	41,463.12
Chapter 3	Financial expenditure	62,412.44	0.00	62,412.44	0.00	61,756.25	656.19
Chapter 4	Current transfers	207,270,903.19	144,641.82	206,743,463.39	0.00	190,442,704.78	16,300,758.61
Chapter 5	Contingency funds	130,068,085.76	0.00	130,068,085.76	0.00	127,863,482.12	2,204,603.64
Chapter 6	Property investments	145,855,947.46	0.00	145,855,947.46	0.00	61,034,600.23	84,821,347.23
Chapter 7	Capital transfers	9,766,159.89	-232.16	9,765,927.73	0.00	7,531,559.64	2,234,368.09
Chapter 8	Financial assets	102,973.14	0.00	102,973.14	0.00	88,641.12	14,332.02
Chapter 9	Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>		<b>633,323,079.61</b>	<b>144,409.66</b>	<b>632,795,407.65</b>	<b>0.00</b>	<b>525,087,712.16</b>	<b>107,707,695.49</b>

### 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	2017 financial year	2018 financial year	2019 financial year	2020 financial year	Subsequent financial years
Chapter 1	Staff expenses	389,465.68	292,099.26	0.00	0.00	0.00
Chapter 2	Expenditure on current goods and services	564,955,036.56	396,948,711.91	285,024,400.52	30,781,067.86	31,778,356.97
Chapter 4	Current transfers	171,782,041.78	11,559,545.29	6,531,625.40	898,211.36	1,928,529.06
Chapter 6	Property investments	38,966,940.88	13,579,745.32	4,549,345.86	0.00	0.00
Chapter 7	Capital transfers	494,447.00	162,503.00	0.00	0.00	0.00
Chapter 8	Financial assets	22,955,077.11	26,187,630.11	26,669,951.11	20,881,100.11	8,000,044.11
<b>TOTAL</b>		<b>799,543,009.01</b>	<b>448,730,234.89</b>	<b>322,775,322.89</b>	<b>52,560,379.33</b>	<b>41,706,930.14</b>

## 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	241,248,200.54	10,757,477.56	20,059,639.76	5,141,597.29	33,564,139.67	193,240,301.38
Chapter 2	Indirect taxes	22,403,126.32	498,600.26	994,051.65	32,756.95	714,195.53	21,160,722.45
Chapter 3	Charges and other revenue	416,244,875.43	8,680,837.80	32,460,220.72	7,035,205.87	36,650,320.21	348,997,574.46
Chapter 4	Current transfers	119,093,965.59	500,000.00	500,000.00	0.00	99,579,118.82	19,514,846.77
Chapter 5	Property income	9,198,478.17	30,877.49	81,246.10	0.00	2,420,101.13	6,728,008.43
Chapter 6	Sale of property investments	23,480,081.53	0.00	0.00	0.00	23,444,010.81	36,070.72
Chapter 7	Capital transfers	66,424,549.97	0.00	763.12	0.00	36,513,769.45	29,910,017.40
<b>TOTAL</b>		<b>898,093,277.55</b>	<b>20,467,793.11</b>	<b>54,095,921.35</b>	<b>12,209,560.11</b>	<b>232,885,655.62</b>	<b>619,587,541.61</b>

## 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.	303,688,043.88	256,337,609.00	47,350,434.88
2. Variation of inventories of finished products or products in the process of being manufactured.	-	- 36,521.12	36,521.12
3. Work carried out by the company for its asset.	-	-	-
4. Supplies.	- 90,436,222.98	- 59,469,151.85	- 30,967,071.13
a) Consumption of goods.	- 878,233.15	- 1,977,745.88	1,099,512.73
b) Consumption of raw materials and other consumer materials.	- 35,490,191.33	- 15,565,837.50	- 19,924,353.83
c) Work carried out by other companies.	- 54,032,598.50	- 41,936,779.87	- 12,095,818.63
d) Impairment loss in goods, raw materials and other supplies.	- 35,200.00	11,211.40	- 46,411.40
5. Other operational income.	265,219,680.43	163,389,749.35	101,829,931.08
a) Accessory income and other current management revenue.	28,057,176.46	25,902,398.07	2,154,778.39
b) Operational subsidies incorporated into the financial year's results.	237,162,503.97	137,487,351.28	99,675,152.69
6. Staff expenditure.	- 179,075,787.30	- 169,670,411.00	- 9,405,376.30
a) Wages, salaries and similar expenses	- 136,601,159.86	- 128,396,990.30	- 8,204,169.56
b) Social security contributions	- 42,474,627.44	- 41,273,420.70	- 1,201,206.74
c) Provisions.	-	-	-
7. Other operational expenses.	- 245,290,432.36	- 139,714,050.14	- 105,576,382.22
a) External services.	- 162,358,527.71	- 120,390,913.13	- 41,967,614.58
b) Taxes.	- 7,472,352.64	- 4,848,315.16	- 2,624,037.48
c) Losses, impairment and variation of provisions for commercial transactions.	- 290,678.00	- 1,241,192.78	950,514.78
d) Other current management expenses.	- 75,168,874.01	- 13,233,629.07	- 61,935,244.94
8. Fixed-asset depreciation	- 33,260,098.82	- 25,958,403.58	- 7,301,695.24
a) Intangible fixed-asset depreciation	- 1,869,083.66	- 1,691,248.24	- 177,835.42
b) Tangible fixed asset depreciation	- 31,388,094.16	- 24,263,133.43	- 7,124,960.73
c) Property investment depreciation	- 2,921.00	- 4,021.91	1,100.91
9. Allocation of non-financial fixed-asset and other subsidies.	5,568,426.13	5,358,871.47	209,554.66
10. Provision surpluses	-	184,747.40	- 184,747.40
11. Impairment and results from disposals of fixed assets.	- 150,000.00	- 64,490.37	- 85,509.63
a) Impairment and loss.	- 150,000.00	- 133,677.91	- 16,322.09
Intangible fixed assets	-	-	-
Tangible fixed assets	- 150,000.00	- 141,505.88	- 8,494.12
Financial investments	-	7,827.97	- 7,827.97
b) Results for alienation and other things	-	69,187.54	- 69,187.54
Of intangible fixed assets	-	-	-
Of tangible fixed assets	-	70,772.02	- 70,772.02
Of financial investments	-	- 1,584.48	1,584.48
c) Impairment and results from disposals 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	- 109,414.52	- 4,972,461.85	4,863,047.33
Exceptional expenditure	- 115,711.37	- 5,224,398.44	5,108,687.07
Exceptional income	6,296.85	251,936.59	- 245,639.74
<b>A1) OPERATIONAL RESULTS (1+2+3+4+5+6+7+8+9+10+11+12+12a+13)</b>	<b>26,154,194.46</b>	<b>25,385,487.31</b>	<b>768,707.15</b>
14. Financial income	3,200,566.08	2,824,704.10	375,861.98
a) From holdings in equity instruments	339,000.00	810,342.86	- 471,342.86
b) From marketable securities and other financial instruments.	2,861,566.08	2,014,361.24	847,204.84
c) Allocation of financial subsidies, donations and financial legacies	-	-	-

(keep going)

	Budget	Amount realised	Absolute variance
15. Financial expenditure	- 8,067,538.05	- 818,640.69	- 7,248,897.36
a) For debts with companies of the group and associates.	-	-	-
b) For debts with third parties.	- 8,002,538.05	- 727,544.38	- 7,274,993.67
c) For updating provisions	- 65,000.00	- 91,096.31	26,096.31
16. Variation in fair value in financial instruments	-	-	-
17. Differences in exchange.	- 1,000.00	- 99.23	- 900.77
18. Impairment and result for disposals of financial instruments	- 2,700,000.00	247,500.00	- 2,947,500.00
19. Other financial income and expenditure	-	-	-
<b>A.2) FINANCIAL RESULTS (14+15+16+17+18+19).</b>	<b>- 7,567,971.97</b>	<b>2,253,464.18</b>	<b>- 9,821,436.15</b>
<b>A.3) PRE-TAX RESULTS (A.1+A.2)</b>	<b>18,586,222.49</b>	<b>27,638,951.49</b>	<b>- 9,052,729.00</b>
20. Income tax	- 1,139,091.89	- 414,737.73	- 724,354.16
<b>A.4) RESULT OF THE FINANCIAL YEAR ARISING FROM ONGOING TRANSACTIONS (A.3+20)</b>	<b>17,447,130.60</b>	<b>27,224,213.76</b>	<b>- 9,777,083.16</b>
<b>B) INTERRUPTED TRANSACTIONS</b>	-	-	-
21. Results of the Financial year arising from interrupted transactions net of taxes	-	-	-
<b>A.5) RESULTS OF THE FINANCIAL YEAR (A.4+21)</b>	<b>17,447,130.60</b>	<b>27,224,213.76</b>	<b>- 9,777,083.16</b>



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

	Budget	Amount realised	Absolute variance
<b>I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (Per PBE and PLC)</b>			
<b>Financial year's pre-tax results</b>	<b>19,279,033.21</b>	<b>29,135,764.44</b>	<b>- 9,856,731.23</b>
Adjustments to the results	17,891,503.47	21,333,241.92	- 3,441,738.45
Fixed-asset depreciation	33,280,442.90	26,552,441.30	6,728,001.60
Valuation corrections for impairment	- 61,514.00	-	- 61,514.00
Variations in provision	- 677,502.19	3,633,853.75	- 4,311,355.94
Allocation of subsidies	- 5,778,810.65	- 4,753,798.07	- 1,025,012.58
Results for write-offs and disposal of fixed assets	150,000.00	70,816.81	79,183.19
Results for write-offs and disposal of financial instruments	-	- 247,500.00	247,500.00
Financial income	- 3,201,066.08	- 3,366,027.88	164,961.80
Financial expenditure	7,857,589.28	4,534,857.36	3,322,731.92
Exchange differences	500.00	99.13	400.87
Valuation corrections for impairment	-	1,678,651.91	- 1,678,651.91
Other income and expenses	- 3,480,429.79	- 6,661,352.39	3,180,922.60
Share in profits (losses) of entities under the equity method	-	- 108,800.00	108,800.00
Changes in the current capital	21,562,439.92	2,761,267.61	18,801,172.31
Inventories	14,602,782.79	22,451,496.39	- 7,848,713.60
Receivables and other accounts receivable	74,444,560.01	- 28,432,218.49	102,876,778.50
Other current assets	- 11,013,247.33	3,320,198.38	- 14,333,445.71
Short-term creditors and other accounts payable	- 44,440,843.93	6,796,843.99	- 51,237,687.92
Other fixed assets and liabilities	1,983,418.98	- 6,279,361.12	8,262,780.10
Other current liabilities	- 23,869,110.66	4,904,308.46	- 28,773,419.12
Other cash flows from operational activities	-4,153,525.15	-2,636,830.25	- 1,516,694.90
Interest payments	- 6,038,232.91	- 3,973,998.22	- 2,064,234.69
Interest collections	1,216,702.08	2,590,391.88	- 1,373,689.80
Income tax payment (collection)	- 1,210,674.29	- 2,028,859.91	818,185.62
Dividend collections	- 2,679,204.00	775,636.00	- 3,454,840.00
Other payments	1,451,395.97	-	1,451,395.97
<b>Cash flows from operational activities</b>	<b>64,044,629.41</b>	<b>50,593,443.72</b>	<b>13,451,185.69</b>
<b>II. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
C) Receipts:	46,794,616.13	4,887,466.65	41,907,149.48
1. Sale of property investments	3,336,890.58	-	3,336,890.58
2. Sale of financial assets	22,781,165.64	4,000.00	22,777,165.64
3. Other receipts from investment activities	-	4,883,466.65	- 4,883,466.65
D) Payments:	- 139,394,990.98	- 53,260,961.78	- 86,134,029.20
4. Purchase of property investments	- 80,588,347.64	- 47,596,592.96	- 32,991,754.68
5. Purchase of financial assets	- 23,900,000.00	20,545.55	- 23,920,545.55
6. Other payments from investment activities	-	- 5,684,914.37	5,684,914.37
<b>Net cash flows through investment activities</b>	<b>-92,600,374.85</b>	<b>-48,373,495.13</b>	<b>-44,226,879.72</b>

(keep going)

	Budget	Amount realised	Absolute variance
<b>III. CASH FLOWS FROM FUNDING ACTIVITIES</b>			
E) Receivables to the owner entity or entities	13,082,908.30	63,198,741.58	- 50,115,833.28
1. Sale of external members' shareholdings	-	-	-
2. Other receivables to owner entity or entities	13,082,908.30	63,198,741.58	- 50,115,833.28
F) Payments to the entity or owning entities	-	- 922,439.31	922,439.31
3. Acquisition of external members' shareholdings	-	-	-
4. Other payments to owner entity or entities	-	- 922,439.31	922,439.31
G) Receipts for issuing financial liabilities:	620,592.82	14,203,488.24	- 13,582,895.42
5. Debentures and other marketable securities	-	-	-
6. Loans received	3,216,181.21	14,203,488.24	- 10,987,307.03
7. Other debts	- 2,595,588.39	-	- 2,595,588.39
H) Payments for financial liability redemptions	- 5,628,928.28	- 72,507,057.43	66,878,129.15
8. Debentures and other marketable securities	- 5,628,928.28	-	- 5,628,928.28
9. Loans received	-	- 32,594,088.84	32,594,088.84
10. Other debts	-	- 39,912,968.59	39,912,968.59
<b>Net cash flows through management activities</b>	<b>8,074,572.84</b>	<b>3,972,733.08</b>	<b>4,101,839.76</b>
<b>IV. CASH FLOWS PENDING CLASSIFICATION</b>	-	-	-
I) Receipts yet to be made	-	-	-
J) Payments yet to be made	-	-	-
<b>Net cash flows pending classification</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>V. EFFECT OF VARIATIONS IN EXCHANGE RATES</b>	-	0.04	- 0.04
<b>VI. NET INCREASE/REDUCTION IN CASH AND CASH-EQUIVALENT LIQUID ASSETS</b>	<b>-20,481,172.60</b>	<b>6,192,681.71</b>	<b>-26,673,854.31</b>
Cash and cash-equivalent liquid assets at the start of the financial year	47,970,086.54	50,157,363.68	- 2,187,277.14
Cash and cash-equivalent liquid assets at the end of the financial year	27,488,913.94	56,350,045.39	- 28,861,131.45

## 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 2016 financial year were as follows:

<b>Balance as of 31 December 2015</b>	<b>505,304,046.99</b>
Financial year's added entries	3,787,741.96
Updating 208,842.56	
Short-term transfers to accrued expenditure	-18,601,925.13
Allocation to results	-3,909,736.49
Other reductions	0.00
<b>Balance as of 31 December 2016</b>	<b>486,788,969.89</b>

By nature, 478,663 thousand euros correspond to income received in advance for the right to use municipally owned assets and 8,125 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 2016 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 2016.

Short-term accrued expenditure for the 2016 financial year presents the following variations:

<b>Balance as of 31 December 2015</b>	<b>70,984,347.64</b>
Financial year's added entries	82,920,093.07
Updating 0.00	
Long-term transfers to accrued expenditure	18,601,925.13
Allocation to results	-71,063,675.81
Reductions in awards and other items	-9,585,443.86
Other reductions	-3,202,196.35
<b>Balance as of 31 December 2016</b>	<b>88,655,049.82</b>

### b) Auditors' fees

The fees to be received by Ernst & Young, SL, corresponding to the audit services and expenditure incurred in the provision of these services during the 2016 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 Intitute 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 of 31 December 2016, the guarantees awarded by the group for covering credit transactions amounted to 2,038,546.30 euros.

## Note 23 - Financial and equity indicators

- Immediate liquidity:

$$\frac{\text{Liquid funds}}{\text{Current liabilities}} = 0,81$$

- Short-term liquidity:

$$\frac{\text{Liquid funds} + \text{Entitlements pending collection}}{\text{Current liabilities}} = 1,16$$

- General liquidity:

$$\frac{\text{Current assets}}{\text{Current liabilities}} = 1,32$$

- Indebtedness per resident:

$$\frac{\text{Liabilities}}{\text{Number of residents}} = 1.658,65 \text{ euros}$$

- Indebtedness:

$$\frac{\text{Liabilities}}{\text{Liabilities} + \text{Net Equity}} = 0,18$$

- Indebtedness ratio:

$$\frac{\text{Current liabilities}}{\text{Fixed liabilities}} = 0,61$$

- Cash flow::

$$\frac{\text{Liabilities}}{\text{New management flows}} = 5,95$$

- Income structure

INCOME FROM DAY-TO-DAY MANAGEMENT (IFDM)			
INC. TAX/IFDM	TRANSFR/IFDM	S & PS/IFDM	Remaining IFDM/IFDM
45.43%	38.37%	9.76%	6.44%

- Expenditure structure

DAY-TO-DAY MANAGEMENT EXPENSES (EFDM)			
STF EXP. / EFDM	TRANSFG/EFDM	SUPP/EFDM	REST OF EFDM/EFDM
27.13%	25.05%	2.42%	3.82%

- Covering current expenditure: highlights the existing relationship between day-to-day management expenditure and income.

$$\frac{\text{Day-to-day management expenses}}{\text{Day-to-day management income}} = 87,35\%$$

## Note 24 - Events subsequent to the close

No significant events occurred between the closing date and the drafting of the consolidated annual accounts which would require reporting or lead to the inclusion of adjustments to the figures contained in the annual accounts, except with regard to the payment, on 28 April, of part of the amounts derived from the enforcement of the ruling obliging the City Council to raise the overall payroll of its civil servants corresponding to the financial years 2007 and 2008, with the corresponding consolidation of increases up to the present financial year (see Note 16).

The Municipal Chief Executive of Barcelona City Council, on 30 June 2017, 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 61, corresponding to the financial year ending on 31 December 2016.

The Municipal Chief Executive