

Barcelona City Council
2017 Consolidated annual accounts
together with audit report



PUBLIC AUDIT REPORT OF THE CONSOLIDATED ANNUAL ACCOUNTS OF THE BARCELONA CITY COUNCIL GROUP FOR THE YEAR ENDED ON DECEMBER 31, 2017¹

To Members of Council of the City of Barcelona

I. Introduction

We have audited the accompanying consolidated annual accounts of the Barcelona City Council Group (the Group, hereinafter), in accordance to the Public Sector Audit Standards, which comprise the consolidated balance sheet as at December 31, 2017, the consolidated income and expenditure account, the consolidated statement of changes in net equity, the consolidated cash flow statement, the consolidated budget settlement statement, and the consolidated annual report for the year then ended.

This audit has been performed in accordance with the provisions of article 58.e) and 74 of the Law 1/2006, of March 13, 2006, regulating the special regime of the City of Barcelona, and the stipulations of the administrative clauses and technical specifications of the contract for the provision of audit services for both, the individual annual accounts of the Barcelona City Council, and the consolidated annual accounts of the Group.

The Municipal Financial Manager is responsible for the preparation of the consolidated annual accounts in accordance with the criteria described in note 4 of the accompanying annual report and, specifically, with the conceptual framework established in the Ministerial Order HAP/1489/2013, of July 18, 2013, by which the instruction of the normal model of the local accounting is approved.

The annual consolidated accounts which this audit report refers to have been prepared by the Municipal Financial Manager on July 23, 2018.

¹ This report is a translation of the Public Audit Report of the Consolidated Annual Accounts of the Barcelona City Council Group for the year ended on December 31, 2017, which was issued in Catalan in July 25, 2018. 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.

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

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

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

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

Our work does not include the individual annual accounts audit of 26 autonomous organisms, public entities and companies that represent 37% (926 million euros) of the Group's total expenses, and 10% (1.531 million euros) of the Group's total assets. Those annual accounts have been audited by other auditors, as described in note 1 of the accompanying annual report, and our opinion is based, as far as these accounts are concerned, only in the opinion of the aforementioned auditors.

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 audit reports of other auditors as described in note 1 of the accompanying annual report, the accompanying consolidated annual accounts of the Barcelona City Council Group express, in all material respects, the true image of the consolidated net equity and financial position as of December 31, 2017, the consolidated results of its operations, the consolidated cash flow, and the consolidated budget settlement as of that date, in accordance with the applicable financial information framework and, specifically, with the accounting principles and criteria contained therein.

ERNST & YOUNG, S.L.



Alejandro Martínez Gómez

October 18, 2018

Consolidated Balance Sheet as of 31 December 2017 (amounts in euros)

Assets	Notes in annual report	2017	2016
A) Fixed assets		13,749,597,581.46	13,302,565,338.86
I. Intangible fixed assets	16	12,599,329.46	15,909,902.18
1. Consolidated goodwill	8	1,171,726.00	1,318,192.00
2. Other intangible fixed assets		11,427,603.46	14,591,710.18
II. Tangible fixed assets	14	11,617,004,122.88	11,453,224,081.85
1. Land and buildings		6,581,285,231.71	6,600,100,561.98
2. Infrastructures and historic heritage assets		3,972,080,581.17	3,967,050,682.80
3. Other tangible fixed assets		207,714,615.89	207,223,865.63
4. Fixed assets under construction and advance payments		855,923,694.11	678,848,971.44
III. Property investments	15	236,575,843.57	240,307,732.52
IV. Long-term financial investments in entities of the group, multigroup and associates	17	999,864,245.65	809,436,472.17
1. Holdings consolidated under the equity method	13	915,675,811.61	736,737,120.97
2. Loans to entities that are consolidated proportionally or under the equity method		20,265,856.44	8,776,773.60
3. Other investments		63,922,577.60	63,922,577.60
V. Public land assets	14	617,317,976.02	568,261,469.48
1. Land and buildings		356,354,224.65	297,853,529.26
2. Under construction and advances		13,498,202.00	13,498,202.00
3. Other public land assets		247,465,549.37	256,909,738.22
VI. Long-term financial investments	17	237,913,001.15	185,742,366.34
VII. Assets for deferred tax		3,089,603.40	2,923,891.30
VIII. Long-term receivables and other accounts receivable		25,233,459.33	26,759,423.02
B) Current assets		1,327,939,065.72	1,326,102,067.67
I. Assets in state of sale		6,638,000.00	6,638,000.00
II. Inventories	5.11	60,043,293.01	67,704,249.78
III. Receivables and other accounts receivable		293,780,599.74	343,577,349.84
V. Short-term financial investments	17	59,088,090.98	83,667,510.39
VI. Accruals and deferred income		4,557,934.44	4,535,968.93
VII. Cash and other equivalent liquid assets		903,831,147.55	819,978,988.73
Total assets (A+B)		15,077,536,647.17	14,628,667,406.53

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet as of 31 December 2017

Consolidated Balance Sheet as of 31 December 2017 (amounts in euros)

Net equity and liabilities	Notes in annual report	2017	2016
A) Net equity	19	12,416,974,337.81	11,974,337,916.89
I. Equity contributed		7,847,132,316.01	7,837,048,567.32
II. Equity created		3,721,260,997.88	3,324,559,823.12
2. Profit and loss brought forward		2,780,678,500.38	2,510,249,787.79
3. Financial year's results allocated to parent entity		195,695,333.02	288,629,316.58
4. Consolidated reserves		744,887,164.48	525,680,718.75
III. Adjustments for changes in value		23,477,469.00	23,307,776.00
IV. Other increases in equity pending recognition in the profit and loss account		747,390,769.92	716,808,258.46
V. External shareholders	10	77,712,785.00	72,613,492.00
B) Fixed liabilities		1,687,929,574.46	1,650,524,304.27
I. Long-term provisions	20	38,997,869.82	42,665,702.32
II. Long-term debts	18	1,167,675,015.77	1,113,873,334.13
1. Debentures and other marketable securities		95,000,000.00	60,000,000.00
2. Debts with credit institutions		830,820,027.66	795,144,135.38
3. Other debts		241,854,988.11	258,729,198.75
III. Debts with group entities, multigroup and long-term associates		53,380.57	38,227.96
1. Debts with entities integrated proportionally or by equity method		0.00	0.00
2. Other debts		53,380.57	38,227.96
IV. Liabilities for deferred tax		7,174,957.07	7,158,069.97
VI. Short-term accruals payable	22	474,028,351.23	486,788,969.89
C) Current liabilities		972,632,734.91	1,003,805,185.37
I. Short-term provisions	20	12,582,115.73	3,422,658.60
II. Short-term debts	18	261,151,607.18	327,798,262.53
1. Debentures and other marketable securities		895,162.14	892,732.88
2. Debts with credit institutions		59,446,699.76	137,857,529.92
3. Other debts		200,809,745.28	189,047,999.73
III. Short-term debts with entities from the group, multi-group or associates		47,755,808.67	18,075,225.09
1. Debts with joint ventures or entities consolidated under the equity method		0.00	177,348.57
2. Other debts		47,755,808.67	17,897,876.52
IV. Short-term creditors and other accounts payable		537,107,890.89	565,853,989.33
V. Accruals payable	22	114,035,312.44	88,655,049.82
Total net equity and liabilities (A+B+C)		15,077,536,647.18	14,628,667,406.53

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated balance sheet at 31 December 2017

Consolidated Income and Expenditure Account as of 31 December 2017 (amounts in euros)

	Notes in annual report	2017	2016
1. Tax revenues and social-security contributions		1,304,749,135.87	1,284,634,640.89
a) Tax revenues		1,304,749,135.87	1,284,634,640.89
2. Transfers and subsidies received		1,133,042,740.62	1,085,069,048.20
a) From the financial year		1,117,881,449.95	1,072,422,176.37
b) Allocation of non-financial fixed-asset subsidies		72,942.20	3,446,616.32
c) Allocation of subsidies for current and other assets		15,088,348.47	9,200,255.51
3. Net sales and services supplies		257,620,999.99	275,894,524.68
a) Net sales		34,114,153.13	28,425,433.83
b) Service supplies		223,506,846.86	247,469,090.85
4. Variation of inventories of finished products, products in the process of being manufactured and impairment losses		44,108.00	-36,521.00
6. Other day-to-day management income		155,969,960.90	164,386,828.23
7. Provision surpluses		11,553,534.86	28,070,541.67
A) Total income from day-to-day management		2,862,980,480.24	2,838,019,062.67
8. Staff expenditure		-694,329,767.47	-670,173,294.84
a) Wages, salaries and similar expenses		-538,336,647.14	-523,036,067.11
b) Social security contributions		-155,993,120.33	-147,137,227.73
9. Transfers and subsidies granted		-596,929,557.59	-618,856,299.80
10. Supplies		-49,358,101.25	-59,882,654.39
a) Consumption of goods and other items		-47,641,138.65	-59,946,465.71
b) Impairment loss in goods, raw materials and other supplies		-1,716,962.60	63,811.32
11. Other day-to-day management expenses		-981,272,386.76	-904,220,042.40
12. Fixed-asset depreciation		-214,362,881.36	-217,520,649.60
B) Total expenses from day-to-day management		-2,536,252,694.43	-2,470,652,941.03
I. Day-to-day management Income and expenditure (savings or dissavings) (A+B)		326,727,785.81	367,366,121.64
13. Impairment losses and results from disposals of non-financial fixed assets and assets under sale		-2,976,500.33	-2,374,532.43
a) Impairment losses		-412,002.58	-59,590.07
b) Write-offs and disposals		-516,621.94	-344,993.20
b) Allocation of non-financial fixed asset subsidies		-2,047,875.81	-1,969,949.16
14. Other non-day-to-day items		-20,039,217.68	-2,153,368.29
II Results from non-financial transactions		303,712,067.80	362,838,220.92
17. Financial income		27,655,067.48	23,596,076.07
a) From holdings in equity instruments		3,314,938.59	775,636.00
b) From marketable securities and credit from fixed assets		24,340,128.89	22,820,440.07
18. Financial expenditure		-21,016,489.87	-22,159,466.81
19. Financial expenses allocated to assets		417,111.15	458,039.47
21. Exchange differences		-14,412.95	1,466.42
22. Impairment losses, write-offs and disposals of financial assets and liabilities		-112,586,491.74	-66,632,933.59
III. Results from financial transactions		-105,545,215.93	-64,736,818.44
23. Share in profits (losses) from entities consolidated under the equity method	13	959,196.85	-4,855,984.75
IV Pre-tax results		201,828,347.12	293,245,417.73
26. Capital gains tax		-1,053,306.10	-424,253.15
IV Results from financial year arising from discontinued transactions net of taxes		0.00	0.00
V Financial year's consolidated results (savings and dissavings)		200,775,041.02	292,821,164.58
Results allocated to parent entity		195,695,333.02	288,629,316.58
Results allocated to external shareholders	10	5,079,708.00	4,191,848.00

Notes 1 to 25 of the accompanying annual report are an integral part of the Consolidated Income and Expenditure Account for the 2017 financial year

Consolidated Statement of Changes in Net Equity as of 31 December 2017 (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 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
Adjustments for changes of accounting criteria and corrections of errors		0.00	408,754.03	0.00	0.00	0.00	408,754.03
Initial net equity adjusted for the 2017 financial year		7,837,048,567.31	3,324,968,577.15	23,307,776.00	716,808,258.46	72,613,492.00	11,974,746,670.92
Changes in net equity for the 2017 financial year		10,083,748.70	396,292,420.72	169,693.00	30,582,511.46	5,099,293.00	442,227,666.88
1. Income and expenditure recognised for the financial year		0.00	195,695,333.02	0.00	44,321,424.66	5,698,200.00	245,714,957.68
2. Asset and liability transactions with the entity or owners entities		0.00	0.00	0.00	0.00	-596,649.00	-596,649.00
3. Other changes in net equity		10,083,748.70	200,597,087.71	169,693.00	-13,738,913.20	-2,258.00	197,109,358.21
Net equity at the end of the 2017 financial year		7,847,132,316.01	3,721,260,997.88	23,477,469.00	747,390,769.92	77,712,785.00	12,416,974,337.81

Notes 1 to 25 of the accompanying annual report are an integral part of the Consolidated Statement of changes in net equity for the 2017 financial year

2. Consolidated Statement of Recognised Income and Expenditure

	2017	2016
I. Income and expenditure	195,695,333.02	288,629,316.58
II. Income and expenditure recognised directly in net equity		
2. Financial assets and liabilities	-129,840.68	167,141.93
4. Other increases in equity	89,888,030.81	102,895,425.16
Total	89,758,190.13	103,062,567.09
III. Transfers to the Income and Expenditure Account or to the initial carrying amount of hedged items		
3. Accounting hedges	0.00	-13,185.81
4. Other increases in equity	-40,328,706.75	-26,245,161.20
6. Tax effect	590,141.28	557,304.21
Total	-39,738,565.47	-25,701,042.80
IV. TOTAL recognised income and expenditure (I+II+III)	245,714,957.68	365,990,840.87

Notes 1 to 25 of the accompanying annual report are an integral part of the consolidated statement of changes in net equity for the 2017 financial year

Consolidated Cash-Flow Statement as of 31 December 2017 (amounts in euros)

	2017	2016
Consolidated cash-flow statement		
I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (by BCC and IB)	366,384,968.05	396,651,460.52
I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (by PBE and PLC)	54,787,235.26	50,593,441.09
Net cash flows per management activity	421,172,203.31	447,244,901.61
II. Cash flows from investment activities (*)		
C) Receipts:	139,732,321.15	105,486,249.12
1. Sale of property investments	52,760,196.28	39,412,477.48
2. Sale of financial assets	84,712.98	173,813.86
3. Other receipts from investment activities	86,887,411.89	65,899,957.78
D) Payments:	-504,371,030.26	-414,929,893.90
4. Purchase of property investments	-423,759,838.68	-392,512,521.85
5. Purchase of financial assets	-19,731,727.09	-16,751,992.71
6. Other payments from investment activities	-60,879,464.49	-5,665,379.34
Net cash flows from investment activities (+C-D)	-364,638,709.11	-309,443,644.78
III. Cash flows from funding activities		
E) Receivables to the owner entity or entities	19,442,018.09	4,271,316.67
2. Other receivables to owner entity or entities	19,442,018.09	4,271,316.67
G) Receipts for issuing financial liabilities:	162,931,998.39	237,848,387.28
5. Debentures and other marketable securities	34,938,750.00	0.00
6. Loans received	98,034,471.89	170,203,488.24
7. Other debts	29,958,776.50	67,644,899.04
H) Payments for financial liability redemptions	-156,265,031.41	-250,329,687.86
9. Loans received	-140,299,280.28	-188,752,825.66
10. Other debts	-15,965,751.13	-61,576,862.20
Net cash flows through funding activities (+E-F+G-H)	26,108,985.07	-9,132,423.22
IV. Cash flows pending classification	0.00	0.00
I) Receipts pending	1,207,431.39	1,738,344.09
J) Payments pending	-16,610.72	1,848.81
Net cash flows pending classification (+I-J)	1,190,820.67	1,740,192.90
V. Effect of variations in exchange rates	0.00	0.04
VI. Net increase/reduction in cash and cash-equivalent liquid assets (I+II+III+IV+V)	83,833,299.94	130,409,026.55
Cash and cash-equivalent liquid assets at the start of the financial year (**)	819,979,456.80	689,569,962.18
Cash and cash-equivalent liquid assets at the end of the financial year	903,812,756.74	819,978,988.73

(*) 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	664,784,851.32	657,504,180.27
Chapter 2	Expenditure on current goods and services	1,049,659,834.79	1,005,333,628.32
Chapter 3	Financial expenditure	22,855,601.54	18,326,095.04
Chapter 4	Current transfers	1,195,721,120.61	582,893,469.89
Chapter 5	Contingency fund	13,746,168.10	0.00
Chapter 6	Property investments	441,669,834.17	375,956,130.02
Chapter 7	Capital transfers	26,939,706.51	42,860,066.09
Chapter 8	Financial assets	31,541,194.43	19,489,126.95
Chapter 9	Financial liabilities	127,751,895.00	127,801,507.87
TOTAL		3,574,670,206.47	2,830,164,204.45

Income budget settlement

Budgetary implementation	Description	Initial forecasts	Net recognised collection rights
Chapter 1	Direct taxes	1,039,801,038.77	1,075,150,555.48
Chapter 2	Indirect taxes	60,929,532.86	71,447,282.37
Chapter 3	Charges and other revenue	434,548,329.17	416,344,730.23
Chapter 4	Current transfers	1,734,360,665.71	1,110,934,962.58
Chapter 5	Property income	49,060,075.16	75,560,213.42
Chapter 6	Property investments	4,250,459.51	2,643,956.53
Chapter 7	Capital transfers	40,737,232.24	10,672,824.36
Chapter 8	Financial assets	5,994,085.71	144,814.19
Chapter 9	Financial liabilities	205,833,196.34	129,473,585.33
TOTAL		3,575,514,615.47	2,892,372,924.49

Consolidated budgetary results

Items	Net recognised collection rights	Net recognised debentures	Budgetary income and expenditure
a) Current transactions	2,749,437,744.08	2,264,057,373.52	485,380,370.56
b) Capital transactions	13,316,780.89	418,816,196.11	-405,499,415.22
1. Total non-financial transactions (a+b)	2,762,754,524.97	2,682,873,569.63	79,880,955.34
c) Financial assets	144,814.19	19,489,126.95	-19,344,312.76
d) Financial liabilities	129,473,585.33	127,801,507.87	1,672,077.46
2. Total financial transactions (c+d)	129,618,399.52	147,290,634.82	-17,672,235.30
I. Financial year's consolidated budget results			62,208,720.04

**CONSOLIDATED ANNUAL
REPORT FOR THE FINANCIAL
YEAR 2017**

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

1.1. Parent entity

For the purposes of carrying out its functions as effectively and efficiently as possible within the services offered to citizens, under 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, the City Council, so as to participate in decision-taking in areas where it may be affected, or to collaborate with other authorities or private entities in areas of mutual interest or shared jurisdiction, 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 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 Inst. of Culture	Global	PBE	Barcelona City Council
Mun. 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 incorporated into the consolidation under the global integration method ended the 2017 financial year on 31 December 2017, as did the parent entity. Their annual accounts corresponding to the 2017 financial year were audited with unchanged opinions in every case.

Entity	Shareholding (%)	Assigned Activity/Area
Independent bodies		
MA for People with Disabilities	100	Managing promotional activities and care for people with disabilities
Barcelona Sports Institute	100	Promoting sports activity
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 revenues
MA for Markets	100	Administering and managing municipal markets
MA for Education	100	Planning and managing 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
Publicly Owned Business Entities		
MA for Parks and Gardens	100	Conserving and improving parks, gardens and woodland
Barcelona Inst. of Culture	100	Developing services and areas of cultural action
Municipal Housing Trust	100	Promoting and building dwellings
MA Mies van der Róhe Foundation	100	Promoting and disseminating culture in the field of architecture
Trading Companies		
Barcelona d'Infraestructures Municipals, SA	100	Implementing urban planning projects
Foment de Ciutat, SA	100	Activities and services, mainly in the Ciutat Vella district
Informació i Comunicació de Barcelona, SA	100	Providing and managing audiovisual media services, radio and television
Barcelona Activa, 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, the 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 cremations and cemetery services
Mercados de Abastos de Barcelona, SA (1) (3)	50.69	Managing, developing and operating the Barcelona Food Unit
(1) Holding maintained through Barcelona de Serveis Municipals, SA. (2) Holding maintained through Tractament i Selecció de Residus, SA. (3) See note 3, on entity subgroups		

1.2.b) Entities to be excluded from the consolidation

There are no subsidiary entities excluded from the consolidation.

1.3. Relative significance of the group's entities

Account is taken of the representative magnitude of the relative significance, for entities that have a restrictive expenditure budget, the total amount of recognised 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
BarcelonaSports 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 and Quality of Life	18,383,327.77
MA for Social Services	146,724,175.41
Mun. Inst. of Parks and Gardens	54,841,759.60
Barcelona Inst. of Culture	127,190,210.74
Mun. Housing Trust	37,849,935.90
Mun. Inst. 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 multi-group and associates

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

Account has been taken of entities of the multi-group, under the provisions set out in Order HAP/1489/2013, the entities that are managed by one or several entities of the group that have holdings in its share capital or equity, together with one or other entities from outside the group.

The multi-group's entities consolidated under the equity method are as follows:

	Integration method	Legal nature	Owner entity	Shareholding (%)
Besós Consortium (1)	EM	CO	Barcelona City Council	25.00
Institut d'Infància i Adolescència de Barcelona Consortium (1)	EM	CO	Barcelona City Council	33.00
Mercat de les Flors Consortium (1)	EM	CO	Barcelona City Council	57.00
Museu de les 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 Consortium (MACBA) (2)	EM	CO	Barcelona City Council	43.00
L'Auditori i l'Orquestra Consortium (2)	EM	CO	Barcelona City Council	57.00
Biblioteques de Barcelona Consortium (1)	EM	CO	Barcelona City Council	56.00
Diagonal-Besòs Interuniversity Campus 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
Barcelona Theatre Renovation and Equipment Plan Consortium	EM	CO	Barcelona City Council	25.00
Ramon Llull Institute Consortium (1)	EM	CO	Barcelona City Council	19.00
Parc de Salut Mar 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 Edition Barcelona World Race Consortium	EM	CO	Barcelona City Council	25.00
Barcelona World Jumping Challenge Consortium	EM	CO	Barcelona City Council	20.00
Institute for Providing Municipal Staff with Medical Assistance (PAMEM) (1)	EM	CO	Barcelona City Council	60.00
Linguistic Normalisation Consortium (CNL)	EM	CO	Barcelona City Council	1.00
Barcelona High Speed 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	40.00
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 Consortium (MNAC) (2)	EM	CO	Barcelona City Council	16.00
Centre de Cultura Contemporània de Barcelona, Casa de la Caritat (CCCB)	EM	CO	Barcelona City Council	27.00
Hospitalari de Catalunya Consortium (Salut i Social de Catalunya 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
La Mina Neighbourhood Consortium (2)	EM	CO	Barcelona City Council	11.00
Besós Tordera Consortium	EM	CO	Barcelona City Council	9.00
Universitat Internacional Menéndez Pelayo de Barcelona - Centre Ernest Lluch Consortium	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
Barcelona Institute of Regional and Metropolitan Studies Consortium (1)	EM	CO	Barcelona City Council	23.00
Casa Àsia (1)	EM	CO	Barcelona City Council	25.00
European Institute of the Mediterranean (1)	EM	CO	Barcelona City Council	31.00

EM: under the equity method in accordance with the provisions set out in Art. 12 of Order HAP/1489/2013

CO: consortium

(1) Annual accounts for 2016 audited with unqualified opinion.

(2) Annual accounts for 2016 audited with exceptions.

The associated entities consolidated under the equity method are as follows:

Entity	Integration method	Legal nature	Owner entity	Shareholding (%)
Mediacomplex, SA (1)	EM	PLC	Barcelona d'Infraestructures Municipals, SA	33.30
Barcelona Sagrera Alta Velocidad, SA (1)	EM	PLC	Barcelona City Council	25.00
Barcelona Emprèn CR, SA (1)	EM	PLC	Barcelona City Council	26.04
Fira 2000, SA (1)	EM	PLC	Barcelona City Council	23.15
Catalana de iniciativas SA, in liquidation	EM	PLC	Barcelona de Serveis Municipals, SA	24.25
Barcelona d'Aparcaments Municipals SA (1)	EM	PLC	Barcelona de Serveis Municipals, SA	40.00
Barcelona Regional, SA (1)	EM	PLC	Barcelona City Council and MCBNA	20.63

(1) Opinion of audit of annual accounts for 2017 unaltered.

EM - consolidated under the equity method

PLC - public limited company

All the associated entities incorporated into the consolidation under the equity method ended the 2017 financial year on 31 December 2017, as did the parent entity. By contrast, to incorporate the multi-group entities into the consolidation under the same method, and facing the impossibility of having all the annual accounts at the close of 2017, the annual accounts corresponding to the 2016 financial year have to be used. The Manager's Office estimates that, given the relative significance of the multi-group entities over the total of the consolidated accounts, this temporary difference has no significant effect on the above-mentioned consolidated annual accounts.

2.1.b) Entities to be excluded from the consolidation

In accordance with Article 8, sections b) and c) of Order HAP/1489/2013, of 18 July, approving the regulations for drafting consolidated annual accounts in the area of the public sector, the multi-group entities have been excluded where there are important and permanent restrictions that make it substantially difficult for the parent entity to exercise its rights over the equity or the subsidiary entity's management. Obtaining the necessary information for establishing the consolidated annual accounts would only be possible by incurring disproportionate expenses and with an inevitable delay that would make it impossible to prepare the above-mentioned accounts within the deadline established under the relevant regulations. The entities excluded from the consolidation are as follows:

Entity	Organisational classification - Assigned area	Legal nature
Barcelona Cultura Foundation	Area of Enterprise, Culture and Innovation	F
Barcelona Foundation for Oceanic Sailing	Area of Citizenship, Participation and Transparency	F
Carles Pi i Sunyer Foundation for Autonomous Region and Local Government Studies	Area of Enterprise, Culture and Innovation	F
Julio Muñoz Ramonet Private Foundation	Area of Enterprise, Culture and Innovation	F
Barcelona Mobile World Capital Foundation	Area of Enterprise, Culture and Innovation	F
Gran Teatre del Liceu Foundation	Area of Enterprise, Culture and Innovation	F
Antoni Tàpies Private Foundation	Area of Enterprise, Culture and Innovation	F
Joan Miró Foundation -Contemporani Art Studies Centre	Area of Enterprise, Culture and Innovation	F
Teatre Lliure-Teatre Públic de Barcelona Foundation	Area of Enterprise, Culture and Innovation	F
Museu Marítim i Drassanes Reials de Barcelona Private Foundation	Area of Citizen Rights, 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 of Enterprise, Culture and Innovation	F
Biblioteca Pública Arús Foundation	Area of Enterprise, Culture and Innovation	F
Hospital de la Santa Creu i Sant Pau Private Foundation	Area of Social Rights	F

(keep going)

Entity	Organisational classification - Assigned area	Legal nature
Hospital de la Santa Creu i Sant Pau's 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 Catalunya Private Foundation	Area of Work, Economy and Strategic Planning	F
Barcelona Institute of International Studies (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 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
Barcelona Institute of Economy Private Foundation	Area of Work, Economy and Strategic Planning	F
Fórum 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 (formerly Fundació per a la Motivació dels Recursos Humans)	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
Centre d'Estudis Internacionals 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 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 Citizen Rights, 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
Profesional 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 Financial Centre	Area of Work, Economy and Strategic Planning	A

(keep going)

Entity	Organisational classification - Assigned area	Legal nature
Barcelona-Catalonia Logistics Centre	Area of Work, Economy and Strategic Planning	A
Catalan Development Cooperation Fund	Area of Work, Economy and Strategic Planning	A
Barcelona Clúster 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 Renovation (OBRA) Association	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 Municipal Services group includes the following subsidiary entities:

Entity	Shareholding	Owner entity
Parc d'Atraccions Tibidabo, SA	100	Barcelona de Serveis Municipals, SA
Tractament i Eliminació de Residus, SA	58.64	Barcelona de Serveis Municipals, SA
Selectives Metropolitanes, SA	58.64	Tractament i Eliminació de Residus, SA
Solucions Integrals per als Residus, SA	58.64	Tractament i Eliminació de Residus, SA
Cementiris de Barcelona, SA	100	Barcelona de Serveis Municipals, SA
Mercabarna, SA	50.69	Barcelona de Serveis Municipals, SA

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

4.1. True and Accurate picture

These consolidated annual accounts have been drafted on the basis of each of the consolidated entities' individual audited annual accounts. For the purposes of showing an accurate picture of the consolidated equity, consolidated financial situation, consolidated net worth statement, changes in consolidated equity, consolidated cash flows and results of the consolidated budgetary implementation corresponding to the financial year ended on 31 December 2017, which are expressed in euros.

The annual accounts of the City Council and the local independent bodies have been drafted under the accounting principles for public authorities established in Order HAP/1781/2013, of 20 September, approving the Instructions on the normal accounting model for Local Authorities (henceforth, IMNCL), and under

Act 1/2006, governing Barcelona's special system; and the annual accounts of the public business entities and subsidiary trading entities have been drafted in accordance with the consolidated text of the Corporate Enterprises Act and the guidelines of the General Accountability Plan approved by Royal Decree 1514/2007 and with the subsequent amendments introduced where applicable.

The consolidated annual accounts have been drafted in accordance with Order HAP/1489/2013, of 18 July, approving the regulations for drafting consolidated annual accounts in the area of the public sector, as soon as Order HAP/1781/2013, of 20 September had come into force, on 1 January 2015.

The budget settlements corresponding to the City Council and local independent bodies were approved by Mayoral decrees of 28 February 2017. The General Account of the City Council and its local independent bodies will be presented within the established legal timeframes for approval from the Full City Council Meeting, as will the annual accounts of the public business entities and municipal trading companies.

In addition, the following legislation in force has also been taken into consideration:

- Act 7/1985, of 2 April, governing local government regulations.
- Royal Decree Act 781/1986, of 18 April, approving the consolidated text of current provisions on local government.
- Legislative Act 2/2003, of 28 April, approving the consolidated text of the Municipal Act on Catalan local government.
- Royal Legislative Decree 2/2004, of 5 March, approving the consolidated text of the Act governing local tax offices (Act 39/1988, of 28 December).
- Royal Decree 500/1990, of 20 April, implementing Chapter 1 of Title 6 of Act 39/1998, of 28 December, governing local tax offices over budgetary matters.
- Order of 27 April 2007, on implementing Decree 94/1995 of 21 February, amended by ECF/2901/2008, ECF/1769/2009, ECF/3210/2010, ECO/1406/2011, ECO/2829/2012 and ECO/2876/2014 decisions on the matter of financial guardianship of local entities.
- Act 15/2010, of 5 July, amending Act 3/2004, of 29 December, establishing measures for fighting against delayed payments in commercial transactions.
- Framework Act 2/2012, of 27 April, on budgetary stability and financial sustainability, with the amendments introduced by Framework Act 9/2013, of 20 December, on commercial debt control in the public sector.
- Framework Act 9/2013, of 20 December, on commercial debt control in the public sector.
- Act 27/2013, of 27 December, on the local authority's streamlining and sustainability.
- Act 22/1998, of 30 December, on the Barcelona Municipal Charter.

The accounting principles and criteria applied are subject to consideration of the importance in relative terms that they and their effects may present. As a result, it is acknowledged here that some of the above are not strictly complied with, where the relative significance in quantitative or qualitative terms of the variation stated is practically immaterial and does not therefore alter the true picture of the equity situation and the profits and losses. The items or amounts whose relative significance is practically immaterial may appear grouped with others of a similar nature or function.

There are no exceptional grounds, for the purposes of achieving the above-mentioned goals, for accounting-related legal provisions not to have not been applied.

For accounting consolidation purposes, the City Council's subsidiary entities shall be understood as its local independent bodies, public business entities, subsidiary trading entities, associated entities and multi-group entities listed in note 2.1.a.

4.2. Comparison of information

The consolidated annual accounts for the 2017 and 2016 financial years have been drafted in accordance with the structure established in the IMNCL which applies to the parent entity and to the subsidiary entities; and, for the purposes of their drafting, uniform evaluation, grouping, classification and monetary-unit criteria have been followed to ensure that the information presented is homogeneous and comparable.

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

No significant changes have occurred in the annual accounts arising from changes in accounting criteria or correction of accounting errors, except where these result from adaptations to the legislation in force.

4.4. Information on changes in accounting estimates where might be significant

Preparation of the consolidated annual accounts require the group to make certain accounting estimates and consider certain elements of judgement. These are continually evaluated and based on historical experience and other factors, including the expectations of future events, which have been deemed reasonable under the circumstances.

While the weighted estimates have been made on the basis of the best information available at the date of closure of these consolidated annual accounts, any future amendment of these estimates shall apply prospectively as from the time stated, 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 the 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 the financial instruments (see note 5.9).
- Definition and evaluation of financial hedging instruments (see note 10).
- Estimated provision for risk and expenses (see note 16).

4.5. Transactions between entities of the consolidation perimeter and consolidation principles

a) All the entities close their accounting periods at the end of the calendar year. For the purposes of incorporating the multi-group entities into the consolidation under the equity method, the annual accounts corresponding to the 2016 financial year were used.

b) Consolidation principles.

The assets, liabilities, income, expenditures, cash flows and other entries in the annual accounts of the group's entities will be incorporated into the consolidated annual accounts under the global integration method. This method requires the following:

1. Standardised timing. The consolidated annual accounts must be established on the same date and period as the annual accounts of the entity to be consolidated. Where an entity of the group ends its financial year on a different date from that of the consolidated annual accounts, it will have to be included in these accounts through intermediate accounts referring to that same date and period that the consolidated accounts refer to.

2. Standardised valuation. The elements under the heading of assets and liabilities, income and expenditure and other items from the annual accounts of the group's entities have been valued under uniform methods. The elements under the heading of assets or liabilities or the items listed under income and expenditure that have been valued under non-uniform criteria with respect to the ones applied in consolidation have been re-valued and the necessary adjustments made, for the sole purposes of consolidation.
3. Aggregation. The various items from the previously standardised annual accounts are aggregated according to their nature.
4. Net equity investment elimination. The representative accounting values of the subsidiary entity's equity instruments possessed directly or indirectly by the parent entity are offset by a proportional part of the equity items of the subsidiary entity attributable to these holdings, generally, on the basis of the resulting values from applying the above-described acquisition method. In consolidations subsequent to the financial year in which the control was acquired, a surplus or shortfall in the equity generated by the entity from the date of acquisition that is attributable to the parent entity is presented in the consolidated balance sheet within the reserve entries or adjustments 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. The evaluation of the minority interests is made according to their effective holdings in the equity of the subsidiary entity once the previous adjustments have been incorporated. The consolidated 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 deficit balance in that entry.
6. Intra-group entry eliminations. Credit and debt, income and expenditure and cash flows between the group's entities are wholly eliminated. Likewise, all profits and losses from internal transactions are eliminated and deferred until they are made before third parties outside the group.

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

As for the multi-group and associated entities, included in the value of the consolidation under the equity method is:

- The amount of the contributions made under the heading of assignment of assets by the City Council to entities that are subsidiaries or linked through a value equivalent to that of the assets assigned at the time of the assignment.
- The amount of the contributions made under the heading of assignment of assets by the City Council to entities that are subsidiaries or linked by a value equivalent to that of the assets assigned at the time of the assignment.
- The amount of initial direct equity contributions, as well as the subsequent increases owing to the assumption of the new powers of the linked entities.

The difference between the net book value of the holdings in the individual accounts and the amount mentioned in the previous paragraph constitutes goodwill that is recognised under the heading 'Holdings consolidated under the equity method'. In the exceptional case that the difference between the amount where the investment is entered in the individual annual accounts and the proportional part of the fair value of the entity's net assets is negative, this difference would be recorded in the Income and Expenditure Account, having again evaluated the allocation of the fair values to the associated entity's assets and liabilities.

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

The results generated by the entity consolidated under the equity method are recognised as from the date on which the significant influence is acquired.

The accounting value of the holdings is amended (increased or reduced), in the corresponding proportion, through the variations experienced in the net equity of the subsidiary entity from the initial evaluation, once the proportion of unrealised results generated in transactions between that entity and the group's entities is eliminated.

The largest value allocated to the holdings as a consequence of applying the acquisition method in subsequent financial years, with a debit entry in consolidated results or under the corresponding equity heading and insofar as the corresponding equity elements depreciate, cause write-offs or are disposed of to third parties. Similarly, the consolidated results incur a debit entry where losses arise through impairment of the investee's equity elements, subject to a limit of the capital gain assigned to them on the date of the first consolidation under the equity method.

The variations in the value of the holdings corresponding to the results of the financial year are part of the consolidated results, which appear under the heading 'Share in profits (losses) of equity-method entities' entry. Nonetheless, if the associated entity incurs losses, the reduction of 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 will be recognised insofar as they have incurred implicit or tacit legal and contractual obligations or whether the group has made payments on behalf of the subsidiary entity.

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.

Consistency in valuation and timing applies to the associated investments in the same way as for the subsidiary entities.

Note 5 - Recognition and valuation rules

The accounting criteria are shown below which apply to the following items:

1. Goodwill and negative consolidation difference

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

Goodwill does not depreciate, but it is subject to tests for annual impairment of value, by valuing, after its initial recognition, its costs less the accumulated impairment losses.

The valuation corrections for the impairment of goodwill are recognised as an expense in the equity statement and may not be reversed in subsequent financial years.

The goodwill is allocated to the cash-generating units (CGUs) for the purposes of testing impairment losses. The allocation is made to the CGUs that are expected to benefit from the combination of businesses in which the above-mentioned goodwill arises.

2. Transactions between entities included in the consolidation perimeter

In general, transactions between the group's entities are initially entered in the books according to their fair value. Where appropriate, if the agreed price differs from its fair value, the difference is recorded according to the economic reality of the transaction. A subsequent valuation is made in accordance with the provisions set out in the corresponding regulations. The elimination criteria of the intra-group's items are explained in the previous note.

3. Tangible fixed assets

Capitalisation criteria

These are tangible assets, movable and immovable, which:

- a) They are owned in the entity for their use in the production or supply of goods and services or for their own administrative purposes.
- b) They 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', including the non-recoverable indirect taxes associated with the purchase, the acquisition costs directly relating to the purchase and the commissioning costs, where appropriate.

Assets valued as a consequence of carrying out a physical inventory are recorded by their fair value where it has not been possible to obtain evidence of their original cost.

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

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

Capitalisation of financial expenditure

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

Subsequent valuation

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

Assets subject to depreciation are reviewed where some event or change in circumstances may involve their accounting value becoming non-recoverable. Valuation adjustments for impairment are made where the asset's recoverable amount (fair value) is below its net depreciation value, which generally results from physical deterioration, rapid obsolescence or reduction in the initially expected performance. Assets that have suffered an impairment loss are subject to regular reviews for possible reversals of the losses.

Signs of impairment of the elements of the fixed assets bearing future financial returns were evaluated at the close of the financial year taking the following circumstances into account:

- No significant changes occurred in the technological or inherited environment during the financial year or were expected to occur in the short term or to have a negative impact on the group.

- No significant reductions occurred in the assets' market value.
- There were no significant obsolete or physically impaired assets.
- There were no significant changes to the way the assets were used during the financial year which had a negative impact on the group.
- There was no evidence for the economic performance of the assets having been significantly less than expected.

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

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

The group does not usually use its own staff for work that is subject to capitalisation.

Where the ownership or use of a piece of land requires the site's dismantling and renovation, these costs are capitalised and depreciated over the period that the land'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 one. 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 City Council's economic depreciation process began in the 1992 financial year. The estimated years of useful life corresponding to the 'Buildings' heading were set out under the criteria established by the above-mentioned independent valuation.

As for the historical and artistic immovable 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 was therefore excluded from the book-value part that corresponded to the historical and artistic component of the building, which rose to 221,573 thousand euros during the 2017 financial year, all on the basis of the above-mentioned independent valuation. This treatment was justified by the fact that the above-mentioned historical and artistic component was subject to maintenance to ensure the long-term duration of its value.

4. Public Land Assets

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

The municipally owned properties recorded under this heading were as follows:

- Properties allocated for social housing and managed by the City Council itself or 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 where 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 property (land or buildings) that are held for profit or capital gain or both, through their rents or alienation, without any of these being one of the entity's purposes. And in any case, all the immovable properties that cannot be considered fixed assets. The tangible fixed-asset valuation criteria described in note 5.3 apply to these investments.

6. Intangible fixed assets

Capitalisation criteria

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

- a) They are separable and capable of being disposed, assigned, leased, exchanged or delivered for their use.
- b) They arise from contractual and other legal rights, regardless of whether such rights are assignable or separable from other rights and obligations.

Initial valuation

Investments in intangible fixed assets are valued at cost. This is the 'acquisition price', including the non-recoverable indirect taxes associated with the purchase, the acquisition costs directly relating to the purchase and the commissioning costs, where appropriate, or the 'production costs' where they are the result of 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 where the asset's recoverable amount is below its net depreciation value, which generally results from rapid obsolescence or reduction in the initially expected performance.

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

Depreciation

The elements that make up the 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 it 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 acquired through financial leases.

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 entering into the accounts are adjusted to meet the provisions set down in Section 4(d) of the IMNCL's rules for recording and valuing tangible fixed assets.

9. Financial assets and liabilities

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

They are basically classed, valued and entered into the accounts according to the purpose for which they are maintained or issued.

a) Financial assets

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

Financial assets are classed, for valuation purposes, under

Credit and receivables

They include:

- Credit for transactions arising from usual activities.
- Other financial assets that generate cash flows of a specified amount and regarding which all expenditure are expected to be recovered, except for reasons attributable to credit impairment.
- Debt-instrument acquisition transactions with a subsequent agreement to sell at a fixed price or the 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, at 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 recognising the accrued interest according to its effective interest rate as the financial year's income.

In any case, the guarantees and deposits that are made are always valued according to the 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 worth up to their disposal or impairment.

Recognition

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

As a general rule, the costs of 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 made to detect the need for making valuation adjustments for impairment losses, where there is objective evidence that the amounts entered in the accounts will not be received in their entirety, just as it is also advisable to revert them where they are no longer appropriate. Both the value adjustments and the reversals are recognised in the Income and Expenditure Account.

The impairment of tax receivables is calculated by applying collectability percentages, based on real historical series, to the settlement made individually for each of the tax figures and in each specific financial year.

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

The above-mentioned valuation adjustments for impairment as well as their reversal are recognised as an expense or an income, respectively, in the financial year's results.

Write-offs of financial assets

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

b) Financial liabilities

All financial liabilities are classed under the category of financial liabilities at depreciated cost. These 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 are valued, on both initial and subsequent entering into the accounts, at 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 of interest as the financial year's income.

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 reception of the successive liquid fund assets. They are classed as fixed or current respectively depending on whether they mature in over or under one year.

Financial liability write-offs

As a general rule, a financial liability is wholly or partly written off when the obligation incurred has been satisfied or cancelled. Where there is a difference between the accounting value and the consideration delivered, this is recorded in the profits and losses 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 their cost or net realisable value, whichever is less. Where the net realisable value of the stocks is less than cost, the appropriate valuation adjustments will be made, by recognising an expense in the income and expenditure account. Where the circumstances causing the value correction no longer exist, the amount of the correction is subject to reversal and is recognised as income in the income and expenditure account.

The cost is determined by its average weighted value.

The provisions recorded for impairment of units corresponding to commercial parking places and premises, for the resulting value of the difference between the cost value of the buildings and their realisation value, where the latter is less, calculated by considering commercial location and strategy aspects.

12. Assets built or acquired for other entities

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

13. Transactions in foreign currency

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

14. Income tax for the consolidation perimeter's entities

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

Public business entities and trading entities that make up the group pay their income tax individually. The expenditure (income) from the tax on profits is the amount that accrues during the financial year under this heading and which includes the expense (income) for both the current tax and the deferred tax.

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

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

Deferred taxes are calculated under the liability method, on the temporary differences that appear between the tax bases of the assets and liabilities and their book value. Nevertheless, if the deferred taxes result from the initial recognition of an asset or liability in a different transaction from a combination of businesses which, at the time of the transaction, affects neither 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 regulations and tax rates that have been or are about to be approved on the date of the balance sheet and which is expected to apply when the corresponding deferred tax asset is realised or the deferred tax liability is paid.

Deferred tax assets are recognised insofar as it proves probable that future tax gains must be disposed of for the purposes of offsetting the temporary differences.

15. Income and expenditure

Income and expenditure are entered in the accounts under the accrual accounting principle and, where relevant, under the correlation principle between both.

As for the budget, income and expenditure are incorporated into the budget settlement once the administrative proceedings recognising the respective rights and obligations have taken 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 the amount can be reliably valued; it is probable the entity will be receiving future financial profits and the specific conditions for each of the activities, as detailed below, will be met.

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

Income for provision of services is recognised where 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 recorded under the total of recognised expenditure that are deemed recoverable.

Income without consideration

In the case of taxes, both the income and the asset will be recognised where the taxable transaction takes place and the asset's recognition criteria are satisfied.

As for fines and penalties, these are recognised where the right to collect them arises.

b) Expenditure

Staff and other day-to-day management expenses are entered in the profits and losses account when the obligation falls due, irrespective of when the current monetary expense arising from it is incurred.

16. Provisions and contingencies

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

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

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

For the purposes of quantifying the provisions, reference is made to internal and, if necessary, 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.

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

17. Transfers and subsidies

Transfers and subsidies received

Refundable subsidies are recognised as liabilities until they meet the conditions to be deemed non-refundable, whereas non-refundable subsidies are recorded

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

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

Monetary subsidiaries are valued at the fair value of the referred amount granted when recognised.

Non-refundable grants relating to the purchase of tangible fixed assets are allocated as the financial year's income 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 profits and losses account in the same financial year that the payment for the corresponding expenditure falls due.

Transfers and subsidies granted

Authorised transfers and subsidies are recognised as expenditure as soon as it has been 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 are no reasonable doubts over its future compliance, a provision for the corresponding amounts is given, for the purposes of reflecting expenditure.

18. Joint activities

The group did not carry out any joint activity during the financial year.

19. Assets under sale

The group had no assets under sale.

20. Interrupted transactions

The group had no interrupted transactions.

Note 6 – Adjustments and eliminations

The adjustments and eliminations recognised among the group's various entities are given below by entity group:

Entity group	Caption	Amount
Barcelona City Council		2,909,263,506.70
	Receivables and other accounts receivable	1,318,469.77
	Holdings consolidated under the equity method	348,948,561.33
	Long-term financial investments in entities from the group, multi-group and associates	
	Other investments	272,815,297.08
	Sundry creditors and other accounts payable	299,057,754.89
	Short-term debts with entities from the group, multi-group or associates	81,324,303.14
	Consolidated reserve	630,142,838.41
	Contributed equity	268,647,664.79
	Reserves	252,249,021.64
	Profit and loss brought forward	33,684,438.99
	Other day-to-day management expenses	1,220,726.96
	Current transfers	652,933,517.43
	Capital transfers	55,460,671.87
	Other day-to-day management income	6,920,720.83
	Tax revenues and social security contributions	2,628,559.38
	Current transfers	214,634.87
	Capital transfers	2,183,967.76
	Interest in profits (losses) from entities consolidated under the equity method	-529,596.85
Public owned business entities		390,985,489.85
	Receivables and other accounts receivable	173,041,671.16
	Short-term prepayments and accruals	31,141,290.33
	Other equity increases to be allocated to profits and losses	1,093,220.92
	Sundry creditors and other accounts payable	455,624.12
	Other day-to-day management expenses	3,432,680.81
	Other day-to-day management income	160,819.68
	Current transfers	170,243,029.30
	Services rendered	6,516,675.39
	Allocation of subsidies for non-financial fixed assets	4,900,478.14
Independent bodies		469,876,560.45
	Receivables and other accounts receivable	121,928,468.85
	Short-term financial investments in entities from the group, multi-group and associates	4,992,007.78
	Short-term prepayments and accruals	385,000.00
	Sundry creditors and other accounts payable	457,208.51
	Other day-to-day management expenses	2,172,964.22
	Current transfers	4,603,334.17
	Current transfers	78,090.94
	Capital transfers	328,589,943.71
	Allocation of subsidies for non-financial fixed assets	5,971,803.74
	Net sales and services rendered	697,738.53
Municipal trading companies		259,490,592.94
	Receivables and other accounts receivable	81,479,275.42
	Short-term financial investments	529,119.81
	Short-term prepayments and accruals	319,888.55
	Other equity increases to be allocated to profits and losses	1,241,207.76
	Sundry creditors and other accounts payable	2,066,224.56
	Reserves	13,183,399.31
	Other day-to-day management expenses	8,695,076.82
	Other day-to-day management income	802,731.48
	Current transfers	146,420,264.34
	Allocation of subsidies for non-financial fixed assets	299,695.19
	Net sales and services rendered	4,296,235.65
	Other debts	157,474.05
Total Eliminations		4,029,616,149.94

Entity group	Caption	Total debt	Total credit
Barcelona City Council		926,187.30	926,187.30
	Receivables and other accounts receivable	20,000.00	748,829.96
	Consolidated reserve	803,424.23	102,763.07
	Sundry creditors and other accounts payable		143.20
	Other non-ordinary items	98,114.44	
	Net sales and services rendered. Services rendered	1,824.68	
	Other day-to-day management income	2,037.86	
	Tax revenues and social security contributions	786.09	
	Short-term financial investments in entities from the group, multi-group and associates		74,451.07
Public owned business entities		239,493,845.68	239,493,845.68
	Accumulated depreciation and adjustments	5,050,391.06	
	Receivables and other accounts receivable	44,836.80	
	I.M. Infrastructures and historic heritage assets		5,125,713.35
	I.M. Land		65,080,962.94
	Allocation of non-financial fixed asset subsidies	210,723.77	
	Liabilities for deferred tax	14,285.93	
	Equity Contributed		59,457,678.09
	Consolidation reserve	5,217,912.13	109,737,292.52
	Capital subsidies	185,309,794.25	
	Sundry creditors and other accounts payable	28,745.65	92,198.78
	Other day-to-day management expenses	17,799.18	
	Short-term accruals prepayable	42,131,958.19	
	Current transfers	1,106,742.45	
	Services rendered	360,656.27	
Independent bodies		824,755.45	824,755.45
	Receivables and other accounts receivable	74,451.07	450,346.50
	Allocation of non-financial fixed asset subsidies	108,880.78	
	Consolidationreserve	452,036.67	372,718.78
	Capital subsidies	189,386.93	
	Trade and other accounts payable		1,690.17
Municipal trading companies		22,150,414.00	22,150,414.00
	Assets for deferred tax	104,782.21	
	Other long-term liabilities	156,767.57	
	Accumulated depreciation and adjustments	2,884,856.60	
	Receivables and other accounts receivable	1,005,766.25	601,444.43
	Municipal Institute Buildings		6,010,121.04
	Allocation of non-financial fixed asset subsidies	2,382,693.85	
	Transfers and subsidies received	1,763,614.74	
	Sundry creditors and other accounts payable	142,305.10	388,179.41
	Consolidation reserve	4,124,602.04	15,087,572.36
	Capital subsidies	7,625,870.66	
	Other day-to-day management expenses	62,374.15	8,566.68
	Current transfers	1,896,780.83	54,530.08
Total adjustments		263,395,202.43	263,395,202.43

Note 7 - Combinations of business restructuring operations and transactions

No business restructuring operations or transactions took place during the 2017 financial year.

Note 8 – Consolidated goodwill

Variations in consolidated goodwill arose from the group Barcelona de Serveis Municipals, SA, with respect to its subsidiary PATSA, as follows:

1 January 2017	1,318,192.00
31 December 2017	
Cost	1,464,658.00
Accumulated depreciation	-292,932.00
Net accounting value	1,171,726.00

Goodwill is allocated to the group's cash-generating units (CGUs), in accordance with the business sector.

A CGU-level summary of allocated goodwill is presented below:

	2017
Parc d'Atraccions Tibidabo, SA	1,171,726.00
Total	1,171,726.00

Under the provisions stated in note 5.1 of the valuation regulations and on the basis of the directors' analysis and the future business plans, no impairment was deemed necessary for the explicit goodwill of the subsidiary entity Parc d'Atraccions Tibidabo, SA.

Note 9 – Negative consolidation difference

There was 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 group Barcelona de Serveis Municipals, SA, broken 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	21,407,058	1,803,031		29,183,103
Mercats d'Abastaments de Barcelona, SA	6,995,989	37,292,932	3,276,677	964,084	48,529,682
	12,969,003	58,699,990	5,079,708	964,084	77,712,785

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

The General Meeting of Shareholders of the company Fira 2000, SA, agreed during the 2017 financial year to increase its share capital, with Barcelona City Council's shareholding rising from 22.96% to 23.15%.

Fira 2000, SA, is an associated company that is incorporated into the consolidation under 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

1 January 2017	736,737,120.97
Positive result in the profit and loss statement	959,196.85
Increase in financial holdings	66,035,909.42
31 December 2017	803,732,227.24

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

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

The value of the assets, liabilities, income, financial year's results and results under the equity method, according to the individual annual accounts of the 2016 financial year for the entities consolidated under the equity method is as follows:

Entity	Assets	Liabilities	Ordinary income	Financial year's results	PE results
Besós Consortium	25,371,740.92	20,113,010.24	2,310,127.10	-167,179.16	-41,794.79
El Far, Centre dels Treballs del Mar Consortium	176,663.93	43,248.33	995,316.98	45,424.36	16,352.77
Institut d'Infància i Món Urbà Consortium	76,851.62	47,303.11	368,117.03	9,017.05	2,975.63
Mercat de les Flors Consortium	10,428,079.70	1,834,906.51	4,806,677.26	-45,661.29	-26,026.94
Museu de Ciències Naturals de Barcelona Consortium	3,529,620.54	2,479,868.10	8,276,063.11	40,034.82	20,017.41
Barcelona Urban Ecology Agency	1,427,480.61	610,019.09	1,453,461.90	154,492.90	50,982.66
Museu d'Art Contemporani de Barcelona (MACBA) Consortium	43,327,700.73	3,810,529.95	13,111,832.52	905,439.93	389,339.17
L'Auditori i l'Orquestra Consortium	49,460,580.72	6,920,864.46	23,123,234.07	159,828.52	91,102.26
Biblioteques de Barcelona Consortium	5,666,168.41	2,403,151.34	20,756,339.53	215,464.24	120,659.97
Campus Interuniversitari Diagonal-Besòs Consortium	64,815,406.54	6,140,852.45	181,501.00	29,775.35	6,252.82
Localret Consortium	2,183,332.43	153,106.76	1,409,740.86	19,229.49	192.29
Barcelona Local Energy Agency	1,277,352.85	247,373.70	1,117,075.68	154,533.14	81,902.56
Barcelona Housing Consortium	52,366,042.73	52,360,118.03	34,980,049.12	1,082.09	432.84
Gran Teatre del Liceu Consortium	97,033,220.45	10,382,672.91	4,010,939.30	150,919.46	42,257.45
Barcelona Theatre Renovation and Equipment Plan Consortium	1,520,320.40	1,520,320.40	959,891.36	964.28	241.07
Institut Ramon Llull Consortium	8,851,165.42	6,031,157.15	7,719,202.46	-113,376.31	-21,541.50
Parc de Salut Mar de Barcelona Consortium (formerly IMAS)	340,743,910.40	201,651,049.87	303,865,151.67	3,969,192.17	1,587,676.87
Barcelona Public Health Agency	13,886,118.73	6,679,422.41	32,271,668.90	2,831,292.14	1,613,836.52
Les Drassanes Reials i Museu Marítim de Barcelona Consortium	94,701,677.10	1,135,702.82	7,309,736.30	-979,774.83	-264,539.20
Palau de la Música Catalana Consortium	0.00	0.00	-300.00	-5,920.71	-1,006.52
Museu Nacional d'Art de Catalunya (MNAC) Consortium	234,909,327.00	5,813,678.00	21,971,130.00	-1,628,363.00	-260,538.08
Centre de Cultura Contemporània de Barcelona, Casa de la Caritat (CCCB)	33,034,645.75	4,023,350.38	9,661,087.65	-1,654,879.47	-446,817.46
Hospitalari de Catalunya Consortium (Salut i Social de Catalunya Consortium)	2,623,423.77	2,389,205.22	1,574,933.99	1,491.44	14.91
Zona Franca de Barcelona Consortium	536,922,000.00	154,827,000.00	57,351,000.00	8,307,000.00	3,322,800.00
Metropolitan Transport Authority	163,103,256.45	145,616,646.63	1,273,217,910.40	4,128,083.02	908,178.26
Besòs Tordera Consortium	54,479,081.28	14,550,735.83	17,241,504.53	-640,697.28	-57,662.76
Universitat Internacional Menéndez Pelayo de Barcelona -Centre Ernest Lluch Consortium	867,152.65	16,758.37	336,285.23	79,294.62	19,823.66
Parc Natural de la Serra de Collserola Consortium	22,310,425.22	1,198,791.54	5,201,303.02	-477,216.23	-14,316.49
Parc de Recerca Biomèdica de Barcelona Consortium	127,327,573.28	54,277,463.71	13,097,601.33	1,394,134.11	418,240.23
Barcelona Institute of Regional and Metropolitan Studies Consortium	956,538.65	585,158.62	2,044,247.91	16,598.41	3,817.63
European Institute of the Mediterranean	2,894,236.26	2,101,346.10	2,907,793.31	8,332.17	901,415.93
Catalunya-Món (formerly P.Català pro Europa) Board of Trustees	863,558.46	664,501.74	2,112,681.21	-89,098.91	-2,672.97
Barcelona Sagrera Alta Velocitat, SA	280,178,713.74	279,578,713.74	3,459,124.16	0.00	0.00
Barcelona Emprèn CR, SA	2,428,731.31	9,887.26	0.00	-2,821,547.73	-2,821,547.73
Fira 2000, SA	714,803,078.00	522,744,522.00	14,351,362.00	-22,081,269.00	-5,111,813.83
Barcelona Regional, SA	3,521,950.18	1,645,210.44	6,243,315.48	6,602.93	1,362.18
Barcelona d'Aparcaments Municipals, SA	418,199,000.00	131,204,000.00	19,657,000.00	1,074,000.00	429,600.00
					959,196.85

Note 14 - Tangible fixed assets and public land assets

Tangible fixed assets

Item	Balance as of 01/01/2017	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31/12/17
1. Land	2,863,404,829.57	34,432,406.57	-4,045,932.82	22,309,269.19	-1,046,593.21	2,857,908,264.02
• Cost	2,862,428,978.44	34,432,406.57	-4,045,932.82	22,309,269.19	0.00	2,850,043,758.44
• Accumulated depreciation	1,078,057.72	0.00	0.00	0.00	-1,046,593.21	7,966,712.17
• Value adjustments	-102,206.59	0.00	0.00	0.00	0.00	-102,206.59
2. Buildings	3,736,695,732.41	34,112,823.32	-36,483,620.82	74,877,712.19	-79,815,558.37	3,723,376,967.69
• Cost	4,794,323,426.89	34,112,823.32	-37,910,040.70	74,695,757.83	0.00	4,859,211,846.30
• Accumulated depreciation	-1,057,627,694.48	0.00	1,426,419.88	181,954.36	-79,815,558.37	-1,135,834,878.61
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
3. Infrastructures	3,959,441,600.86	0.00	0.00	83,493,448.17	-78,467,014.52	3,964,468,034.51
• Cost	4,796,395,646.17	0.00	0.00	83,493,448.17	0.00	4,879,889,094.34
• Accumulated depreciation	-836,954,045.31	0.00	0.00	0.00	-78,467,014.52	-915,421,059.83
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
4. Historical heritage assets	7,609,081.94	3,464.72	0.00	0.00	0.00	7,612,546.66
• Cost	7,731,410.28	3,464.72	0.00	0.00	0.00	7,734,875.00
• Accumulated depreciation	-122,328.34	0.00	0.00	0.00	0.00	-122,328.34
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
5. Other tangible fixed assets	207,223,865.63	10,638,211.50	-150,598.85	29,869,037.17	-39,865,899.56	207,714,615.89
• Cost	867,351,430.81	10,936,827.87	-4,105,447.60	29,869,037.17	0.00	904,051,848.25
• Accumulated depreciation	-659,974,033.13	0.00	3,954,724.23	0.00	-39,865,899.56	-695,885,208.46
• Value adjustments	-153,532.05	-298,616.37	124.52	0.00	0.00	-452,023.90
6. Fixed assets under construction and advances	678,848,971.44	406,218,543.52	-46,360,606.99	-182,783,213.86	0.00	855,923,694.11
• Cost	678,848,971.44	406,218,543.52	-46,360,606.99	-182,783,213.86	0.00	855,923,694.11
TOTAL	11,453,224,081.85	485,405,449.63	-87,040,759.48	27,766,252.86	-199,195,065.66	11,617,004,122.88

The most important investments in the financial year correspond to:

	Amount
• Direct investments from the City Council	50,635,862.26
• Delivery of funds to third parties, for investments	6,514,815.74
• Delivery of funds to decentralised entities, for investments	285,767,354.38
• For free assignments of assets to third parties	5,808,278.05
• Reversal of allocation of assets to subsidiaries	1,339,633.02
• Reversal of free assignments of assets to third parties	338,570.15
• Investments funded by third parties	8,547,583.57
• Other investments made by subsidiary entities	126,453,352.46
TOTAL	485,405,449.63

The main elements under the heading 'Other investments made by subsidiary entities' correspond to:

- The building of flats by the Municipal Housing Trust.
- In Barcelona de Serveis Municipals SA, through an investment in Aparcament Mercat de Sant Antoni and the renovation of the building on Av Sant Josep de la Muntanya del Parc Güell. And for the purchase of 6 tow trucks, the installation of set design electric panels in the Palau Sant Jordi, the Olympic Stadium's emergency exit stairs, the adaptation of the toilets in Barcelona Nord bus station, the adaptation of the automated parking ticket machines to new chip cards (EMV standard), the acquisition of 340 walkie talkies for AREA activities and other improvements in currently existing facilities.
- In Mercats d'Abastaments de Barcelona, SA, mainly through investments in the Mercat Central de Fruites i Hortalisses, in the Halls and in the Mercat Central del Peix, among other things.
- In Cementiris de Barcelona SA, mainly through renovating and improving niches, tombs, family vaults and columbariums and the sites of several cemeteries and by reclaiming niches where funeral rights have lapsed.
- In Parc d'Atraccions del Tibidabo, notably by carrying out a project for boosting the Cam del Cel, renovating the Tibiari attraction, etc.
- In Tractament i Selecció de Residus SA, by acquiring land attached to the Sant Adrià plant, among other things.

At the close of the financial year, the acquisition cost of goods that were totally depreciated and which remained in use amounted to 435,093,675.38 euros.

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

Other substantive circumstances

The Government Commission agreed to acquire eight estates in the 2017 financial year for a total value of 48,040,206.55 euros.

As a result of circumstances involved in the various transactions, the legal title to those estates had not been fully transferred by the date of these annual accounts. Nevertheless, the assets were incorporated into the City Council's equity, seeing that the risks and advantages inherent in the ownership of the non-existing assets had been transferred; therefore, in rational uncertainty terms, the possibility of contractual annulment.

Public land assets

Financial year's variations

Item	Balance as of 31/12/2016	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31/12/2017
1. Land	200,405,606.30	17,020,792.81	-2,621,913.03	14,705,820.22	0.00	229,510,306.30
• Cost	200,405,606.30	17,020,792.81	-2,621,913.03	14,705,820.22	0.00	229,510,306.30
• 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
2. Buildings	97,447,922.96	26,662,865.61	-232,071.32	6,934,103.55	-3,968,902.45	126,843,918.35
• Cost	109,263,631.54	26,662,865.61	-235,563.32	6,934,103.55	0.00	142,625,037.38
• Accumulated depreciation	-11,815,708.58	0.00	3,492.00	0.00	-3,968,902.45	-15,781,119.03
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
3. Under construction and advances	13,498,202.00	0.00	0.00	0.00	0.00	13,498,202.00
• Cost	13,498,202.00	0.00	0.00	0.00	0.00	13,498,202.00
• Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
• Valuation adjustments	0.00	0.00	0.00	0.00	0.00	0.00
4. Other public land assets	256,909,738.22	0.00	0.00	-9,444,188.85	0.00	247,465,549.37
• Cost	256,909,738.22	0.00	0.00	-9,444,188.85	0.00	247,465,549.37
• 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
TOTAL	568,261,469.48	43,683,658.42	-2,853,984.35	12,195,734.92	-3,968,902.45	617,317,976.02

The most important investments in the financial year correspond to:

	Amount
• Direct investments from the City Council	18,711,447.42
• For free assignments of assets to third parties	7,919,172.19
• Investments delivered by the Municipal Housing Trust, Plan 100 × 1000	17,053,038.81
TOTAL	43,683,658.42

Note 15 - Fixed-asset investments

	At 31/12/2016	(+) Income	(-) Expenses	(+/-) Transfers	(-) Provision for depreciation	Balance as at 31/12/2017
1. Land	41,962,113.90	0.00	0.00	0.00	0.00	41,962,113.90
• Cost	41,962,113.90	0.00	0.00	0.00	0.00	41,962,113.90
• Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
2. Buildings	198,345,618.62	0.00	0.00	0.00	-3,731,888.95	194,613,729.67
• Cost	241,796,558.70	0.00	0.00	0.00	0.00	241,796,558.70
• Accumulated depreciation	-43,278,061.38	0.00	0.00	0.00	-3,742,464.31	-47,020,525.69
• Value adjustments	-172,878.70	0.00	0.00	0.00	10,575.36	-162,303.34
TOTAL	240,307,732.52	0.00	0.00	0.00	-3,731,888.95	236,575,843.57

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

Note 16 - Intangible fixed assets

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

Item	Balance at 31/12/2016	(+) Income	(-) Expenditure	(+/-) Transfers	(-) Provision for depreciation	Balance at 31/12/2017
1. Consolidated goodwill	1,318,192.00	0.00	0.00	0.00	0.00	1,171,726.00
• Cost	1,464,658.00	0.00	0.00	0.00	0.00	1,464,658.00
• Accumulated depreciation	-146,466.00	0.00	0.00	0.00	-146,466.00	-292,932.00
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
2.1. Investments in R&D	0.00	0.00	0.00	0.00	0.00	0.00
• Cost	1,095,473.85	0.00	0.00	0.00	0.00	1,095,473.85
• Accumulated depreciation	-1,095,473.85	0.00	0.00	0.00	0.00	-1,095,473.85
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
2.2. Industrial and intellectual property	40,921.82	48,000.00	-20.52	3,845.39	-18,450.24	74,296.45
• Cost	702,891.59	48,000.00	-246,659.56	3,845.39	0.00	508,077.42
• Accumulated depreciation	-661,969.77	0.00	246,639.04	0.00	-18,450.24	-433,780.97
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
2.3. IT applications	5,663,127.31	3,382,453.98	-81,879.48	847,832.64	-2,401,154.50	7,408,959.52
• Cost	27,510,060.35	3,460,712.53	-164,415.05	847,832.64	0.00	31,654,190.47
• Accumulated depreciation	-21,707,617.80	0.00	82,535.57	0.00	-2,401,154.50	-24,027,657.16
• Value adjustments	-139,315.24	-78,258.55	0.00	0.00	0.00	-217,573.79
2.5. Other intangible fixed assets	8,887,661.05	330,318.00	0.00	-372,678.00	-4,900,953.56	3,944,347.49
• Cost	46,730,679.01	330,318.00	0.00	-372,678.00	0.00	46,688,319.01
• Accumulated depreciation	-37,843,017.96	0.00	0.00	0.00	-4,900,953.56	-42,743,971.52
• Value adjustments	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	15,909,902.18	3,759,351.55	-81,900.00	479,000.03	-7,467,024.30	12,599,329.46

The 'other intangible fixed assets' caption is broken down as follows:

	Amount
Internet development	1,620,800.60
Re-engineering in municipal services	41,925,824.71
Other	3,141,693.70
Accumulated depreciation	-42,743,971.52
TOTAL	3,944,347.49

At the close of the financial year, the acquisition cost of intangible fixed assets that were completely depreciated and which remained in use amounted to 53,258,621.86 euros.

Note 17 – Financial assets

Financial assets appear in the following chart:

Classes		Long-term financial assets					
		Capital investments		Debt securities		Other investments	
		2017	2016	2017	2016	2017	2016
Categories	Credit and receivables	0.00	0.00	5,930,912.00	7,239,084.00	137,304,623.42	139,968,404.13
	Financial assets available for selling	94,677,465.73	38,534,878.21	0.00	0.00	0.00	0.00
TOTAL		94,677,465.73	38,534,878.21	5,930,912.00	7,239,084.00	137,304,623.42	139,968,404.13

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

Variation Adjusting Accounts		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	2,015,834.06	51,224,243.90	0.00	53,240,077.96
	Capital investments	1,884,715.22	51,224,243.90	0.00	53,108,959.12
	Other investments	131,118.84	0.00	0.00	131,118.84

Short-term financial assets						TOTAL	
Capital investments		Debt securities		Other investments			
2017	2016	2017	2016	2017	2016	2017	2016
0.00	0.00	314,744.00	350,529.00	58,773,346.98	83,316,981.39	202,323,626.40	89,860,306.39
0.00	0.00	0.00	0.00	0.00	0.00	94,677,465.73	0.00
0.00	0.00	314,744.00	350,529.00	58,773,346.98	83,316,981.39	297,001,092.13	89,860,306.39

Financial assets available for sale

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

	31 December 2017	
	% Shareholding	Accounting Value
Ecoenergíes Barcelona Sud, Zona Franca and Gran Via de l'Hospitalet, SA	17.55%	2,688,248.00
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 Fòrum Sant Adrià, SL	5.00%	12,822.99
Nauta Tech Invest III, SCR	4.78%	2,910,928.72
Contributions from ethical banking	-	599.02
		38,677,465.73

Note 18 – Financial liabilities

Classes	Categories	Long term					
		Debentures and other marketable securities		Debts with credit institutions		Other debts	
		2017	2016	2017	2016	2017	2016
	Debts at depreciated cost	95,000,000.00	60,000,000.00	830,820,027.66	795,144,135.38	241,854,988.11	258,729,198.75
	TOTAL	95,000,000.00	60,000,000.00	830,820,027.66	795,144,135.38	241,854,988.11	258,729,198.75

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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 31/12/16		Creations	
	Depreciated cost (1)	Explicit interest (2)	Cash (3)	Expenditure (4)
Loan €90 M (mt. 15/09/2023)	58,800,000.00	106,971.56	0.00	0.00
Loan €80 M (mt. 28/11/2017)	80,000,000.00	280,200.00	0.00	0.00
Loan €50 M Section €30 M (mt. 15/12/2021)	30,000,000.00	33,373.33	0.00	0.00
Loan €50 M Section €20 M (mt. 15/12/2022)	20,000,000.00	11,004.44	0.00	0.00
Loan €25 M (mt. 03/03/2020)	25,000,000.00	945.83	0.00	0.00
Loan €75 M (mt. 13/04/2020)	37,500,000.00	45,333.33	0.00	0.00
Loan €240 M (mt. 19/03/2022)	144,000,000.00	117,395.78	0.00	0.00
Loan €40 M (mt. 28/10/2020)	15,000,000.00	32,175.00	0.00	0.00
Loan €50 M (mt. 20/12/2032)	50,000,000.00	45,970.83	0.00	0.00
Loan €200 M Section €160 M (mt. 21/12/2030)	160,000,000.00	65,244.44	0.00	0.00
Loan €200 M Section €40 M (mt. 15/12/2032)	0.00	0.00	40,000,000.00	0.00
Loan €73.5 M (mt. 31/12/2026)	73,500,000.00	2,968.58	0.00	0.00
Loan €70 M (mt. 31/12/2029)	70,000,000.00	2,827.22	0.00	0.00
Loan €10 M (mt. 19/12/2026)	10,000,000.00	1,577.81	0.00	0.00
Loan €2.5 M (mt. 22/12/2026)	2,500,000.00	338.19	0.00	0.00
Loan €15 M (mt. 18/12/2027)	0.00	0.00	15,000,000.00	0.00
Loan €28.625 M (mt. 18/12/2027)	0.00	0.00	28,625,000.00	0.00
Loan €7.5 M (mt. 20/12/2032)	0.00	0.00	7,500,000.00	0.00
Schuldschein €60 M (mt. 21/09/2029)	60,000,000.00	892,732.88	0.00	0.00
Sustainable Bond Issue €35 M (mt. 20/12/2027)	0.00	0.00	35,000,000.00	0.00
TOTAL	835,500,000.00	1,639,059.22	126,125,000.00	0.00

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Short term						TOTAL	
Debentures and other marketable securities		Debts with credit institutions		Other debts			
2017	2016	2017	2016	2017	2016	2017	2016
895,162.14	892,732.88	59,446,699.76	137,857,529.92	200,809,745.28	189,047,999.73	1,428,826,622.95	1,441,671,596.66
895,162.14	892,732.88	59,446,699.76	137,857,529.92	200,809,745.28	189,047,999.73	1,428,826,622.95	1,441,671,596.66

Accrued interest according to AER		Cancelled interest (7)	Reductions		Debt as of 31/12/17	
Explicit cost (5)	Rest (6)		Accounting value (10)	Results (11)	Depreciated cost (12)=(1)+(3)-(4)+(6)-(10)	Explicit interest (13)=(2)+(5)-(7)
2,161,304.06	0.00	2,268,275.62	9,000,000.00	0.00	49,000,000.00	0.00
2,002,853.35	0.00	2,283,053.35	80,000,000.00	0.00	0.00	0.00
750,900.00	0.00	750,900.00	0.00	0.00	30,000,000.00	33,373.33
247,600.00	0.00	247,600.00	0.00	0.00	20,000,000.00	11,004.44
170,508.34	0.00	170,056.25	0.00	0.00	25,000,000.00	1,397.92
162,617.19	0.00	175,388.02	9,375,000.00	0.00	28,125,000.00	32,562.50
3,080,370.90	0.00	3,168,690.01	24,000,000.00	0.00	120,000,000.00	29,076.67
153,635.57	0.00	162,065.26	3,750,000.00	0.00	11,250,000.00	23,745.31
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
20,800.00	0.00	0.00	0.00	0.00	40,000,000.00	20,800.00
532,193.09	0.00	530,806.79	0.00	0.00	73,500,000.00	4,354.88
506,850.56	0.00	505,530.28	0.00	0.00	70,000,000.00	4,147.50
43,904.66	0.00	44,300.00	0.00	0.00	10,000,000.00	1,182.47
11,863.89	0.00	11,875.00	0.00	0.00	2,500,000.00	327.08
3,900.00	0.00	0.00	0.00	0.00	15,000,000.00	3,900.00
7,545.87	0.00	7,545.87	0.00	0.00	28,625,000.00	0.00
427.50	0.00	0.00	0.00	0.00	7,500,000.00	427.50
3,132,166.66	0.00	3,150,000.00	0.00	0.00	60,000,000.00	874,899.54
20,262.60	0.00	0.00	0.00	0.00	0.00	20,262.60
16,863,004.24	0.00	17,329,386.45	126,125,000.00	0.00	835,500,000.00	1,172,677.01

Barcelona City Council had current accounting hedges worth a total of 60,000 thousand euros at 31 December 2017. 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 at 31 December 2017 were valued under the same criterion as the hedged item, being 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 (HPO)	130,469,856.22	6,470,270.96	136,940,127.18
Loans from the Institut Català del Sòl (HPP)	9,308,504.77	2,151,253.60	11,459,758.37
Total	139,778,360.99	8,621,524.56	148,399,885.55

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

Concept	Debt as at 31/12/2016	Creations	Reductions	Debt as at 31/12/2017
Long-term debts with the State's General Authority	218,525,153.88	0.00	15,608,939.76	202,916,214.12
Long-term guarantees and deposits	35,780,886.05	3,357,478.35	3,516,672.57	35,621,691.83
Short-term debts with the State's General Authority	15,608,940.14	15,608,939.76	15,608,939.76	15,608,940.14
Short-term guarantees and deposits	14,371,557.99	7,830,588.84	1,948,315.06	20,253,831.77
Other creditors - budgetary	96,993,285.32	241,636,324.69	244,612,411.49	94,017,198.52
Urbanisation fees	51,143,439.03	10,447,995.37	0.00	61,591,434.40
Short-term suppliers of fixed assets	11,826,812.02	108,218.80	1,553,340.69	10,381,690.13
Other	3,527,124.05	0.00	1,253,391.57	2,273,732.48
TOTAL	447.777.198,48	278.989.545,81	284.102.010,90	442.664.733,39

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, while the corresponding figure for the 2009 financial year was also negative by 304,284 thousand euros. Under 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 over 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 2017 financial year is recorded under the heading 'Other short-term debts'.

Share in the State's Taxes	
Final (long-term) settlement for 2008	40,034,555.26
Final (long-term) settlement for 2009	162,881,658.86
Final (short-term) settlement for 2008	3,079,581.14
Final (short-term) settlement for 2009	12,529,359.00
TOTAL	218,525,154.26

Note 19 – Net equity

Net equity	Initial balance	Increases	Transfers	Reductions	Final balance
I. Equity contributed	7,837,048,567.32	10,083,748.69	0.00	0.00	7,847,132,316.01
II. Equity created	3,324,559,823.12	415,814,157.97	0.00	-19,112,983.21	3,721,260,997.88
1. Reserves	525,680,718.75	220,076,870.54	0.00	-912,379.22	744,845,210.07
Parent entity's reserves	0.00	0.00	0.00	0.00	0.00
Subsidiary entities' reserves	394,865,066.80	0.00	0.00	-912,379.22	393,952,687.58
Reserves in entities consolidated under the equity method	130,815,651.95	220,076,870.54	0.00	0.00	350,892,522.49
2. Profit and loss brought forward	2,510,249,787.79	0.00	288,629,316.58	-18,200,603.99	2,780,678,500.38
3. Financial year's results allocated to parent entity	288,629,316.58	195,737,287.43	-288,629,316.58	0.00	195,737,287.43
III. Adjustments for changes in value	23,307,776.00	169,693.00	0.00	0.00	23,477,469.00
IV. Other increases in equity pending recognition in the profit and loss account	716,808,258.46	28,248,082.78	0.00	2,334,428.68	747,390,769.92
V. External shareholders	72,613,492.00	5,698,200.00	0.00	-598,906.00	77,712,785.00
TOTAL	11,974,337,916.90	460,013,882.44	0.00	-17,377,461.53	12,416,974,337.81

Nota 20 – Provisions and contingencies

Caption	Balance as at 31/12/2016		(+) Increases	
	Long term	Short term	Long term	Short term
Different contingencies	15,464,725.66	0.00	9,464,260.88	0.00
Provision for consortiums	22,679,819.52	0.00	251,575.65	0.00
Provision for TSJC Ruling 632/2013	0.00	0.00	0.00	10,000,000.00
Provision for taxes	2,681,202.80	0.00	281,545.11	0.00
Extra salary payment 2012 RDL 208/2012	109,637.51	0.00	42,864.26	0.00
Provision for environmental initiatives	341,114.48	114,103.90	0.00	0.00
Provision for staff remuneration	0.00	847,831.22	0.00	552,547.92
Provision for repairs and maintenance	0.00	2,460,723.48	0.00	0.00
Other provisions	1,389,202.35	0.00	184,097.43	119,080.59
TOTAL	42,665,702.32	3,422,658.60	10,224,343.33	10,671,628.51

(This table is continued in next page)

The balance 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 have a negative net equity.

b) Ruling 632/2013

The financial year 2016 saw the City Council comply with the High Court of Justice of Catalonia Ruling 632/2013, under which it was obliged to raise the overall payroll of its civil servants corresponding to the years 2007 and 2008.

Ruling 528/2017 of 12 September 2017 upheld an appeal, recognising the right for civil servants to receive interest on the amounts paid to them as a result of Ruling 632/2013.

The City Council lodged an appeal to the Spanish Supreme Court, but given the possibility of that appeal's dismissal or of an unfavourable ruling, the Manager's Office for Human Resources calculated that compliance with the second ruling would cost an estimated 10 million euros.

Contingent liabilities

Constitutional Court Ruling 59/2017, of 11 May, declared as unconstitutional and null Articles 107.1, 107.2.(a) and 110.4 of the Consolidated Text of the Act Regulating Local Tax Offices (TRLRHL), approved by Royal Decree Act 2/2004, of 5 March, insofar as they tax situations of non-increases in value with regard to the tax on the increased value of urban land.

The ruling itself states that 'the way of determining whether or not there is a taxable increase falls to the legislator alone, through their freedom to lay down legislation, as from the publication of this Ruling, by making the relevant amendments or adaptations under the tax's legal system which allow a way to be found for not taxing situations of non-increases in value of urban land'.

(+/-) Transfers		(-) Decreases		Balance as at 31/12/2017	
Long term	Short term	Long term	Short term	Long term	Short term
0.00	0.00	-5,435,977.60	0.00	19,493,008.94	0.00
0.00	0.00	-5,854,531.50	0.00	17,076,863.67	0.00
0.00	0.00	0.00	0.00	0.00	10,000,000.00
0.00	0.00	-69,327.28	0.00	2,893,420.63	0.00
0.00	0.00	-2,067,159.69	-173,930.54	-1,914,657.92	-173,930.54
0.00	0.00	-71,065.76	0.00	270,048.72	114,103.90
0.00	0.00	0.00	-501,293.49	0.00	899,085.65
0.00	0.00	0.00	-836,946.95	0.00	1,623,776.53
0.00	0.00	-394,114.00	-0.40	1,179,185.78	119,080.19
0.00	0.00	-13,892,175.83	-1,512,171.38	38,997,869.82	12,582,115.73

It was not until 9 March 2018, despite the lapse of time since the above-mentioned Constitutional Court ruling, that a Proposed Act amending the consolidated text of the Act Regulating Local Tax Offices, approved by Royal Decree Act 2/2004, of 5 March, as well as other tax regulations, reached the Congress of Deputies, through publication in the Official Gazette of the Cortes Generales, for the purposes of adapting the text of the statute on local tax offices so that it would comply with the Constitutional Court's ruling.

Given that no Act had yet been approved by the date of these annual accounts' drafting, no provision was recorded since its value could not be reliably assessed until a validly approved text was available.

Likewise, on the date of the close of the financial year, the City Council had to deal with legal cases at the courts and described as possible risks, notably including a financial-liability case arising from an injunction against an activity carried out by a company on its performing an activity different from the one it was authorised to do.

There are three cases with probable risk but it has not been possible to quantify the costs of their judgments. These cases concern a work permit for building two single-family dwellings and two work permits for building two hotels.

Note 21 – Consolidated budget information

21.1. Debentures pending closed budget payments with restrictive budgets

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	2,722,056.79	0.00	631,890.20	0.00	630,690.20	1,200.00
Chapter 2	Expenses on current goods and services	185,557,093.36	0.00	185,455,948.77	0.00	185,414,185.65	41,763.12
Chapter 3	Financial expenditure	46,878.19	0.00	46,878.19	0.00	46,222.00	656.19
Chapter 4	Current transfers	247,079,181.71	0.00	246,568,155.75	0.00	232,178,954.97	14,389,200.78
Chapter 5	Contingency funds	0.00	0.00	0.00	0.00	0.00	0.00
Chapter 6	Property investments	190,515,768.87	0.00	190,492,010.57	0.00	149,858,172.32	40,633,838.52
Chapter 7	Capital transfers	149,620,406.64	0.00	149,620,406.64	0.00	60,461,687.18	89,084,268.39
Chapter 8	Financial assets	1,000,575.00	0.00	1,000,575.00	0.00	575.00	1,000,000.00
Chapter 9	Financial liabilities	78,065.91	0.00	78,065.91	0.00	66,843.95	11,221.96
TOTAL		776,620,026.47	0.00	773,893,931.03	0.00	628,657,331.27	145,162,148.96

21.2. Committed expenditure charged to budgets of subsequent financial years of the 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	909,420.16	0.00	0.00	0.00	0.00
Chapter 2	Expenses on current goods and services	620,186,101.01	350,954,410.69	53,198,336.75	32,021,401.89	119,749,842.62
Chapter 4	Current transfers	80,213,712.64	57,723,975.13	32,601,423.91	13,103,065.91	1,815,338.68
Chapter 6	Property investments	34,766,006.04	5,193,148.09	65,557.37	0.00	0.00
Chapter 7	Capital transfers	1,532,185.85	1,432,000.00	0.00	0.00	0.00
Chapter 8	Financial assets	26,187,630.11	26,669,951.11	20,881,100.11	8,000,044.11	0.00
TOTAL		763,795,055.81	441,973,485.02	106,746,418.14	53,124,511.91	121,565,181.30

21.3. Entitlements pending collection from closed budgets

Aggregated data

Financial structure	Description	Entitlements pending collection as of 1 january	Change to initial balance	Revoked collection rights	Cancelled collection rights	Collection	Entitlements pending collection as of 31 december
Chapter 1	Direct taxes	240,615,269.77	3,636,984.07	16,234,072.97	2,293,473.71	27,637,161.18	198,087,545.98
Chapter 2	Indirect taxes	21,669,476.35	159,514.66	264,531.04	68,229.82	519,256.82	20,976,973.33
Chapter 3	Charges and other revenue	437,276,027.87	14,408,867.00	25,027,663.88	53,042,343.53	39,602,067.25	334,371,648.48
Chapter 4	Current transfers	125,910,632.34	0.00	0.00	0.00	121,561,044.70	4,349,587.64
Chapter 5	Property income	9,932,162.70	0.00	6,452.70	0.00	2,586,393.68	7,339,316.32
Chapter 6	Sale of property investments	28,082,859.33	0.00	0.00	0.00	27,996,671.04	86,188.19
Chapter 7	Capital transfers	51,413,877.24	0.00	171,443.23	0.00	41,890,090.48	9,352,343.53
TOTAL		914,900,305.60	18,205,365.73	41,704,163.82	55,404,047.06	261,792,685.15	574,563,603.47

21.4. Settlement of operational budgets and capital of entities with estimated budgets

Aggregated data on operating budgets of entities with estimated budgets:

	Budget	Amount realised	Absolute variance
1. Net amount of business turnover	290,994,454.38	88,053,874.31	202,940,580.07
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	- 65,705,408.46	- 40,663,803.83	- 25,041,604.63
a) Consumption of goods	- 536,901.48	- 675,855.06	138,953.58
b) Consumption of raw materials and other consumer materials	- 14,659,814.53	- 3,838,906.18	- 10,820,908.35
c) Work carried out by other companies	- 50,508,692.45	- 36,153,859.18	- 14,354,833.27
d) Impairment loss in goods, raw materials and other supplies	-	4,816.59	- 4,816.59
5. Other operational income	290,103,301.76	279,890,616.54	10,212,685.22
a) Accessory income and other current management revenue	32,761,679.30	23,762,729.45	8,998,949.85
b) Operational subsidies incorporated into the financial year's results	257,341,622.46	256,127,887.09	1,213,735.37
6. Staff expenditure	- 203,612,640.87	- 120,543,796.97	- 83,068,843.90
a) Wages, salaries and similar expenses	- 154,778,615.30	- 93,779,159.38	- 60,999,455.92
b) Social security contributions	- 48,834,025.57	- 26,660,140.85	- 22,173,884.72
c) Provisions	-	- 104,496.74	104,496.74
7. Other operational expenses	- 262,538,378.79	- 195,893,472.56	- 66,644,906.23
a) External services	- 173,877,580.77	- 116,299,065.26	- 57,578,515.51
b) Taxes	- 7,603,888.77	- 1,643,861.89	- 5,960,026.88
c) Losses, impairment and variation of provisions for commercial transactions	- 628,355.50	8,590.63	- 636,946.13
d) Other current management expenses	- 80,428,553.75	- 77,959,136.04	- 2,469,417.71
8. Fixed-asset depreciation	- 35,833,266.05	- 9,789,987.23	- 26,043,278.82
a) Intangible fixed-asset depreciation	- 2,238,118.91	- 1,318,169.91	- 919,949.00
b) Tangible fixed-asset depreciation	- 33,590,147.14	- 8,467,795.41	- 25,122,351.73
c) Property investment depreciation	- 5,000.00	- 4,021.91	- 978.09
9. Allocation of non-financial and other fixed-asset and other subsidies	5,813,996.27	4,138,175.09	1,675,821.18
10. Provision surpluses	-	184,747.40	- 184,747.40
11. Impairment and results from disposals of fixed assets	575,833.00	- 1,740.58	577,573.58
a) Impairment and loss	575,833.00	7,827.97	568,005.03
Of intangible fixed assets	-	-	-
Of tangible fixed assets	- 135,767.00	-	- 135,767.00
Of financial investments	711,600.00	7,827.97	703,772.03
b) Results for alienation and other things	-	- 9,568.55	9,568.55
Of intangible fixed assets	-	-	-
Of tangible fixed assets	-	- 9,568.55	9,568.55
Of financial investments	-	-	-
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 foundational public sector	-	-	-
— to other entities	-	-	-
13. Other results	21,000.00	- 4,500,403.82	4,521,403.82
Exceptional expenditure	-	- 4,595,422.55	4,595,422.55
Exceptional income	21,000.00	95,018.73	- 74,018.73
A1) OPERATIONAL RESULTS (1+2+3+4+5+6+7+8+9+10+11+12+12a+13)	19,818,891.24	837,687.23	18,981,204.01
14. Financial income	2,731,428.67	1,943,324.86	788,103.81
a) From holdings in equity instruments	864,258.00	492,098.08	372,159.92
b) From marketable securities and other financial instruments	1,866,970.67	1,451,226.78	415,743.89
c) Allocation of financial subsidies, donations and financial legacies	200.00	-	200.00

(keep going)

	Budget	Amount realised	Absolute variance
15. Financial expenditure	- 5,023,470.54	- 706,754.85	- 4,316,715.69
a) For debts with companies of the group and associates	- 400,023.00	-	- 400,023.00
b) For debts with third parties	- 4,558,447.54	- 615,658.54	- 3,942,789.00
c) For updating provisions	- 65,000.00	- 91,096.31	26,096.31
16. Fair value variations in financial instruments	-	-	-
17. Exchange differences	- 750.00	- 353.51	- 396.49
18. Impairment and results from disposals of financial instruments.	257,250.00	247,500.00	9,750.00
19. Other financial income and expenditure	-	-	-
A.2) FINANCIAL RESULTS (14+15+16+17+18+19)	- 2,035,541.87	1,483,716.50	- 3,519,258.37
A.3) PRE-TAX RESULTS (A.1+A.2)	17,783,349.37	2,321,403.73	15,461,945.64
20. Income tax	- 303,995.82	- 338,996.66	35,000.84
A.4) FINANCIAL YEAR'S RESULTS ARISING FROM ONGOING TRANSACTIONS (A.3+20)	17,479,353.55	1,982,407.07	15,496,946.48
B) INTERRUPTED TRANSACTIONS	-	-	-
21. Financial year's results arising from interrupted transactions net of taxes	-	-	-
A.5) RESULTS OF THE FINANCIAL YEAR (A.4+21)	17,479,353.55	1,982,407.07	15,496,946.48

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

	Budget	Amount realised	Absolute variance
I. CASH FLOWS FROM MANAGEMENT ACTIVITIES (by PBE and PLC)			
Financial year's pre-tax results	17,986,867.58	15,980,302.29	2,006,565.29
Adjustments to the results	5,071,824.54	32,503,697.59	- 27,431,873.05
Fixed-asset depreciation	35,969,033.05	32,717,189.98	3,251,843.07
Valuation corrections for impairment	438,355.50	-	438,355.50
Variations in provision	- 276,930.35	4,505,312.81	- 4,782,243.16
Allocation of subsidies	- 6,714,276.10	- 7,218,639.89	504,363.79
Results for write-offs and disposal of fixed assets	- 575,833.00	178,957.03	- 754,790.03
Results for write-offs and disposal of financial instruments	- 257,250.00	589,753.00	- 847,003.00
Financial income	- 2,731,428.67	- 3,256,161.58	524,732.91
Financial expenditure	- 3,196,529.46	3,890,280.60	- 7,086,810.06
Exchange differences	750.00	8,430.64	- 7,680.64
Valuation corrections for impairment	-	1,127,458.55	- 1,127,458.55
Other income and expenses	- 7,146,687.43	391,433.50	- 7,538,120.93
Share in profits (losses) from entities consolidated under the equity method	-	- 430,317.05	430,317.05
Changes in the current capital	23,850,854.97	5,910,641.46	17,940,213.51
Inventories	- 5,134,877.49	- 1,864,851.57	- 3,270,025.92
Receivables and other accounts receivable	92,560,528.46	- 20,836,728.14	113,397,256.60
Other current assets	- 3,083,569.85	- 5,792,349.37	2,708,779.52
Short-term creditors and other accounts payable	- 55,511,476.14	- 3,013,434.23	- 52,498,041.91
Other fixed assets and liabilities	2,749,916.27	33,649,801.87	- 30,899,885.60
Other current liabilities	- 7,660,914.28	3,768,202.90	- 11,429,117.18
Other cash flows from operational activities	9,045,769.46	392,593.92	8,653,175.54
Interest payments	4,063,137.00	- 3,092,983.07	7,156,120.07
Interest collections	1,503,699.83	1,949,752.58	- 446,052.75
Income tax payment (collection)	18,774.97	229,415.41	- 210,640.44
Dividend collections	550,000.00	1,306,409.00	- 756,409.00
Other payments	2,910,157.66	-	2,910,157.66
Cash flows from operational activities	66,392,695.54	54,787,235.26	11,605,460.28
II. CASH FLOWS FROM INVESTMENT ACTIVITIES			
C) Receipts:	21,550,363.68	34,813,592.43	- 13,263,228.75
1. Sale of property investments	711,600.00	227,507.68	484,092.32
2. Sale of financial assets	18,000,000.00	35,639,084.75	- 17,639,084.75
3. Other receipts from investment activities	2,838,763.68	- 1,053,000.00	3,891,763.68
D) Payments:	- 135,651,138.62	- 105,686,343.81	- 29,964,794.81
4. Purchase of property investments	- 112,986,561.62	- 46,814,215.96	- 66,172,345.66
5. Purchase of financial assets	- 19,970,000.00	- 58,872,127.85	38,902,127.85
6. Other payments from investment activities	- 2,694,577.00	-	- 2,694,577.00
Net cash flows through investment activities	-114,100,774.94	-70,872,751.38	-43,228,023.56
(keep going)			

	Budget	Amount realised	Absolute variance
III. CASH FLOWS FROM FUNDING ACTIVITIES			
E) Receivables to the owner entity or entities	10,749,697.15	7,658,618.78	3,091,078.37
1. Sale of external members' shareholdings	-	-	-
2. Other receivables to owner entity or entities	10,749,697.15	7,658,618.78	3,091,078.37
F) Payments to the entity or owning entities	-	11,783,399.31	- 11,783,399.31
3. Acquisition of external members' shareholdings	-	-	-
4. Other payments to owner entity or entities	-	11,783,399.31	- 11,783,399.31
G) Receipts for issuing financial liabilities:	28,900,192.82	25,395,623.89	3,504,568.93
5. Debentures and other marketable securities	-	-	-
6. Loans received	15,112,539.43	4,120,625.89	10,991,913.54
7. Other debts	13,787,653.39	21,274,998.00	- 7,487,344.61
H) Payments for repayment of financial liabilities	- 14,932,080.54	- 22,212,104.51	7,280,023.97
8. Debentures and other marketable securities	-	-	-
9. Loans received	- 12,117,616.40	- 11,385,434.28	- 732,182.12
10. Other debts	- 2,814,464.14	- 10,826,670.23	8,012,206.09
Net cash flows through management activities	24,717,809.43	22,625,537.47	2,092,271.96
IV. CASH FLOWS PENDING CLASSIFICATION	-	-	-
I) Receipts yet to be made	-	-	-
J) Payments yet to be made	-	-	-
Net cash flows pending classification	0.00	0.00	0.00
V. EFFECT OF VARIATIONS IN EXCHANGE RATES	-	-	-
VI. NET INCREASE/REDUCTION IN CASH AND CASH-EQUIVALENT LIQUID ASSETS	-22,990,269.96	6,540,021.35	-29,530,291.31
Cash and cash-equivalent liquid assets at the start of the financial year	49,171,223.03	56,350,045.73	- 7,178,822.70
Cash and cash-equivalent liquid assets at the end of the financial year	26,180,953.07	62,890,067.08	- 36,709,114.01

Note 22 - Other information affecting the consolidated annual accounts

a) Accrued liabilities expenditure Prepayments and accruals

The long-term variations in the accrued liabilities expenditure caption for the 2017 financial year were as follows:

Balance as of 31 December 2016	486,788,969.89
Financial year's added entries	8,912,497.58
Updating	223,388.53
Short-term transfers to accrued expenditure	-18,696,334.78
Allocation to results	-3,200,169.99
Other reductions	0.00
Balance as of 31 December 2017	474,028,351.23

By nature, 413,208 thousand euros correspond to income received in advance for the right to use municipally owned assets and 6,575 thousand euros to income through the provision of different services.

Income received in advance is transferred every year to the consolidated Profit and Loss Account under 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 2017 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 2017.

Short-term accrued expenditure for the 2017 financial year presents the following variations:

Balance at 31 December 2016	146,767,545.87
Financial year's added entries	104,873,829.47
Updating	15,082.73
Long-term transfers to accrued expenditure	18,126,393.58
Allocation results	-63,912,592.75
Reductions in awards and other Chapters	-5,115,242.49
Other reductions	-12,741,566.90
Balance at 31 December 2017	188,013,449.51

b) Auditors' fees

The fees to be received by Ernst & Young, SL, corresponding to the audit services and expenses incurred for the provision of these services during the financial year 2016 came to 120,000 euros, including VAT. Invoiced to Barcelona City Council under the batch 1 contract-award file for the audit's invitation to tender, these fees also included audit work on the individual annual accounts of the Barcelona City Council group, quality control and work coordination and support for the General Audit in exercising financial control with respect to fifteen subsidies.

c) Taxes and social security contributions subject to inspection

All taxes and social security contributions that the entity is subject to are eligible for auditing for all the financial years during which the limitation period established under the current legislation has not lapsed. No additional liabilities were expected to be considered for the Institute as a result of possible inspections.

d) Guarantees

At 31 December 2016, the guarantees awarded by the group for covering credit transactions amounted to 1,702,813.12 euros.

Note 23 - Financial and equity indicators

- Immediate liquidity:

$$\frac{\text{Liquid funds}}{\text{Current liabilities}} = 0.94$$

- Short-term liquidity:

$$\frac{\text{Liquid funds} + \text{Entitlements pending collection}}{\text{Current liabilities}} = 1.24$$

- General liquidity:

$$\frac{\text{Current assets}}{\text{Current liabilities}} = 1.38$$

- Indebtedness per resident:

$$\frac{\text{Liabilities}}{\text{Number of residents}} = 1,636.34 \text{ euros}$$

- Indebtedness:

$$\frac{\text{Liabilities}}{\text{Liabilities} + \text{Net Equity}} = 0.18$$

- Indebtedness ratio:

$$\frac{\text{Current liabilities}}{\text{Fixed liabilities}} = 0.57$$

- Cash flow::

$$\frac{\text{Liabilities}}{\text{New management flows}} = 6.30$$

- Income structure

INCOME FROM DAY-TO-DAY MANAGEMENT (IFDM)			
INC. TAX/IFDM	TRANSFR/IFDM	S & PS/IFDM	Remaining IFDM/IFDM
45.57%	39.58%	9.00%	5.85%

- Expenditure structure

DAY-TO-DAY MANAGEMENT EXPENSES (EFDM)			
STF EXP. / EFDM	TRANSFG/EFDM	SUPP/EFDM	REST OF EFDM/EFDM
27.38%	23.54%	1.95%	5.31%

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

$$\frac{\text{Day-to-day management expenses}}{\text{Day-to-day management income}} = 88.59\%$$

Note 24 - Events subsequent to the close

Between the closing date and the drafting of the consolidated annual accounts, no significant events occurred that required reporting or the inclusion of adjustments to the figures contained in the annual accounts.

The Municipal Chief Executive of Barcelona City Council, on 23 July 2018, acting in accordance with the requirements established under Article 64 of Act 1/2006 regulating the special system for Barcelona, hereby draws up the consolidated annual accounts included in this document, from pages 1 to 58, corresponding to the annual financial year ending on 31 December 2017.

The Municipal Chief Executive