



2011

# City of Barcelona Annual Report





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Ajuntament  
de Barcelona



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## City of Barcelona

### Municipal Council Plenum

Mayor of Barcelona	The Hon. Mr. Xavier Trias Vidal de Llobera (CiU)
1st Deputy Mayor	The Hon. Mr. Joaquim Forn Chiariello (CiU)
2nd Deputy Mayor	The Hon. Ms. Sònia Recasens Alsina (CiU)
3rd Deputy Mayor	The Hon. Mr. Antoni Vives Tomàs (CiU)
4th Deputy Mayor	The Hon. Ms. Teresa M. Fandos Payà (CiU)
5th Deputy Mayor	The Hon. Mr. Jaume Ciurana Llevadot (CiU)
Councillors	CiU: The Hon. Mr. Gerard Ardanuy Mata The Hon. Mr. Raimond Blasi Navarro The Hon. Mr. Eduard Freixedes Plans The Hon. Ms. Mercè Homs Molist The Hon. Mr. Jordi Martí Galbis The Hon. Mr. Joan Puigdollers Fargas The Hon. Ms. Irma Rognoni Viader The Hon. Ms. Francina Vila Valls
	PSC: The Hon. Ms. Carmen Andrés Añón The Hon. Mr. Jordi William Carnes Ayats The Hon. Mr. Gabriel Colomé García The Hon. Ms. M. Assumpta Escarp Gibert The Hon. Mr. David Escudé Rodríguez The Hon. Mr. Guillem Espriu Avendaño The Hon. Mr. Jordi Hereu Boher The Hon. Ms. Sara Jaurrieta Guarner The Hon. Mr. Jordi Martí Grau The Hon. Ms. Immaculada Moraleda Pérez The Hon. Mr. Joan Trullén Thomás
	PP: The Hon. Mr. Eduardo Bolaños Rodríguez The Hon. Ms. Miriam Casanova Doménech The Hon. Ms. Ángeles Esteller Ruedas The Hon. Mr. Alberto Fernández Díaz The Hon. Ms. Gloria Martín Vivas The Hon. Mr. Xavier Mulleras Vinzia The Hon. Ms. Maria Belén Pajares Ribas The Hon. Mr. Óscar Ramírez Lara The Hon. Mr. Alberto Villagrasa Gil
	ICV-EUiA: The Hon. Ms. Elsa Blasco Riera The Hon. Mr. Ricard Gomà Carmona The Hon. Mr. Joaquim Mestre Garrido The Hon. Ms. Isabel Ribas Seix The Hon. Ms. Janet Sanz Cid
	UpB: The Hon. Mr. Joan Laporta Estruch The Hon. Mr. Jordi Portabella Calvete

## **Government Commission**

<b>President</b>	<b>The Hon. Xavier Trias Vidal de Llobatera</b>
Members	<b>The Hon. Mr. Gerard Ardanuy Mata The Hon. Mr. Raimond Blasi Navarro The Hon. Mr. Jaume Ciurana Llevadot The Hon. Mr. Joaquim Forn Chiariello The Hon. Ms. Teresa M. Fandos Payà The Hon. Mr. Eduard Freixedes Plans The Hon. Ms. Mercè Homs Molist The Hon. Mr. Jordi Martí Galbis The Hon. Mr. Joan Puigdollers Fargas The Hon. Ms. Sònia Recasens Alsina The Hon. Ms. Irma Rognoni Viader The Hon. Ms. Francina Vila Valls The Hon. Mr. Antoni Vives Tomàs</b>
Non-elected members	<b>Ms. Cristina Iniesta Blasco</b>

## Executive Committee

President	<b>The Hon. Mr. Joaquim Forn Chiariello</b> 1st Deputy Mayor
Vicepresident	<b>Mr. Constantí Serrallonga Tintoré</b> City Manager
Members	<b>Mr. Juan Carlos Altamirano Delgado</b> Manager of Nou Barris District
	<b>Mr. Joan Angulo Arrese</b> Manager of Resources
	<b>Ms. Gemma Arau Ceballos</b> Manager of Sant Martí District
	<b>Mr. Carles Arias Casal</b> Manager of Human Resources and Organization
	<b>Mr. Jordi Campillo Gámez</b> Manager of Environment and Urban Services
	<b>Ms. Marta Clari Padrós</b> Manager of Culture, Knowledge, Creativity and Innovation
	<b>Mr. Salvador Coll Artés</b> Manager of Sant Andreu District
	<b>Mr. Joan Delort Menal</b> Manager of Prevention, Safety and Mobility
	<b>Mr. Carles Esquerra Corominas</b> Manager of Sarrià-Sant Gervasi District
	<b>Ms. Montserrat Filomeno Martí</b> Manager of Gràcia District
	<b>Mr. Josep Garcia Puga</b> Manager of Les Corts District
	<b>Mr. Vicent Guallart Furio</b> Manager of Urban Housing
	<b>Mr. Miquel Guiot Rocamora</b> Deputy Manager for Territorial Coordination
	<b>Mr. Francesc Jiménez Gusi</b> Manager of Sants-Montjuïc District
	<b>Mr. Jordi Joly Lena</b> Manager of Economy, Business and Employment



**Mr. Máximo López Manresa**  
Manager of Eixample District

**Mr. Carles Mas Lloveras**  
Manager of Horta-Guinardó District

**Ms. Mercè Massa Rincón**  
Manager of Ciutat Vella District

**Mr. Ramon Massaguer Meléndez**  
Deputy Manager for the Coordination of Municipal  
Companies and Entities

**Mr. Àngel Miret Serra**  
Manager of Quality of Life, Equality and Sports

2011

# Summary

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# Presentation

**Xavier Trias**  
Mayor of Barcelona

We remain immersed in a difficult economic climate. Given this environment, Barcelona has set itself the goal of re-profiling, preserving, and ensuring the solvency of this institution, isolating itself from the impact of State public finance effects. With the work, effort and commitment of all of us, we will be able to face the future with confidence.

Two government policies have been driving this institution's economic and financial management since September, 2011. The first, a strict focus on calculating public finance results in terms of the European System of Accounts, which are harmonized criteria for all European administrations designed to ensure the confidence and transparency of public accounts. The second, payment to all City Council suppliers at no more than 30 days from invoice receipt dates. This has become an indicator that reflects the commitment to good finances, companies and the work flow and management circuits of a competent, attentive and responsive administration.

People's welfare and economic recovery is the end result of all this. With these fundamental policy lines set out, defining priorities becomes a key factor. A new management model is being implemented with intensity to achieve a fusion of strategy, budget and financial results. An agreement between political and professional management. Only through competitive and professional organizations can we develop the best policies for the future of our city.

Barcelona has the potential and capacity to become the spearhead of our country's economic recovery. If anyone can get us out of this recession, it is the city of Barcelona and its Metropolitan Area. The capital will not fail in its responsibility.

Barcelona has a diversified economy that combines excellence in traditional areas with the drive of tomorrow's strategic sectors. Despite the adverse economic climate and weak demand, this open economy is excelling in terms of export ratios, making us the leading export area in Spain.

So, we have a strong economy, with a competitive industry, quality services, and a strong tourism sector.

Emerging sectors should continue to be promoted because they are the basis of new job creation and the future. We have built a new-look Barcelona Activa, a strong company that manages all the city's economic development, including trade and tourism, and also servicing the entire Metropolitan Area. Together, government and business is getting maximum returns on the extraordinary value of Barcelona's brand.

Barcelona is also the Mobile World Capital until 2018. This is a unique opportunity to attract talent and investment far beyond the Congress itself; a great deal of work is going into creating an industrial legacy for the city from all this work, and whose potential should go far beyond just the annual exhibition held at the Fira de Barcelona trade fair.

Barcelona's strategic position and its logistics infrastructure is a competitive advantage that has to be leveraged. We have a fully operational and coordinated portfolio of assets in the Metropolitan Area, providing unique potential in Europe. Nowhere in Europe do we find an area with an airport that has the potential to become an intercontinental hub, a constantly-growing port, and a logistics zone like the Zona Franca, or Fira de Barcelona and Mercabarna in such close proximity.

Our economy and businesses are well-prepared to compete in the world. And we, as an administration, have to be at the same level: providing outstanding services and generating the best environment for investment, knowledge generation and ultimately, the best situation for economic growth.

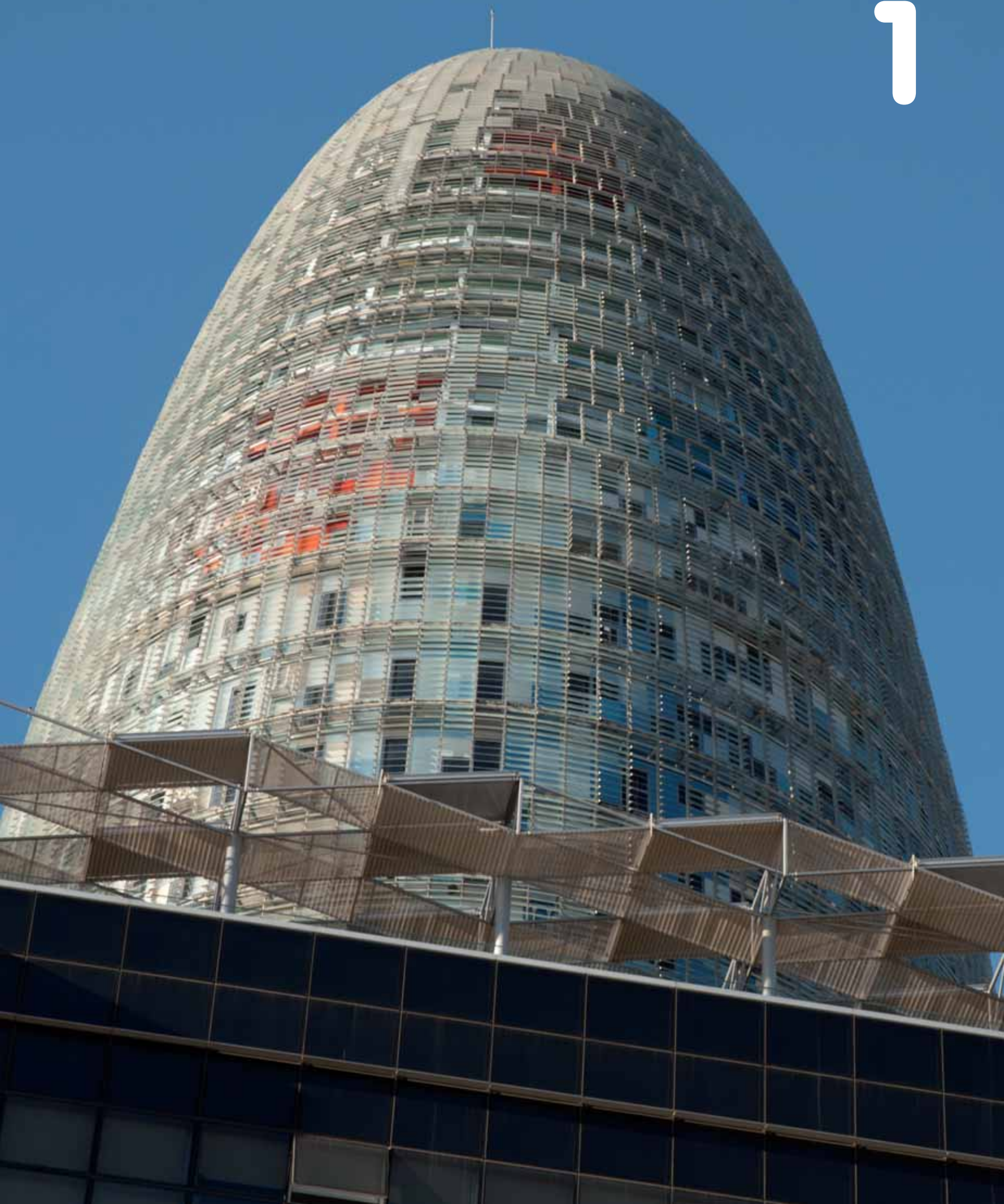




We will work alongside businesses that are making commitments to the future, and above all, we will work alongside the strong fabric of small and medium-sized firms in our own environment, companies that have the capacity to be highly innovative and entrepreneurial.

‘Barcelona Growth’ is a valuable tool that encapsulates the principles of strong public-private partnerships. Its working groups have defined 30 output targets that have been linked to Barcelona’s government’s strategic objectives for the city, and which form part of Barcelona Activa’s road map and daily work.

Thanks to the effort and commitment of both the public and private sector, Barcelona can look to the future in the confidence that it will not only overcome the current recession, but also come out of it stronger and better placed in the global arena.



# Political and administrative organization of the City of Barcelona

Barcelona's Municipal Charter regulates, among other matters, the council's municipal responsibilities, the organization of the municipal government, its districts, the municipal executive organization and citizen participation.

The organization of the City of Barcelona Council has two levels: the political level, which debates local policy making and takes the strategic decisions considered appropriate, and a management level, which is attributed to the management of services in accordance with the objectives established in the political arena.

## Governing Bodies

There are a number of bodies that constitute the political make-up of the government: the Municipal Council, the Mayor, the Government Commission and the District Councils.

The Municipal Council is the highest level of citizen political representation in the city government. It meets monthly in ordinary sessions and the meetings are public.

The Municipal Council is composed of 41 councilors. Municipal elections are held every four years, according to a proportional representation system. As a result of recent elections, held on May 22, 2011, the new CiU city government has 14 councilors from a total of 41 that make up the Municipal Council.

Table



**The number of councilors elected at the last two elections**

	May 2007 to May 2011	As from May 2011
CiU – Convergència i Unió	12	14
PSC – Partit dels Socialistes de Catalunya	14	11
PP – Partido Popular	7	9
ICV-EUiA – Iniciativa per Catalunya – Esquerra		
Unida i Alternativa	4	5
UxB – Unitat per Barcelona (*)	4	2
<b>Total</b>	<b>41</b>	<b>41</b>

(\*) Coalition of representatives of ERC (Esquerra Republicana de Catalunya), Reagrupament and Democràcia Catalana. The councilors from the last mandate correspond to ERC.

The Municipal Council performs decision-making, accounts and budgeting functions regarding the government and administration of action plans. The Municipal Council approves the Municipal Action Plan (PAM), budgets, the annual accounts, by-laws and urban plans.

The Municipal Council works in plenary sessions and in committees. The committees of the Municipal Council have decision-making and control responsibilities and they also provide information about their respective

competency areas. They deliver decisions that are submitted to the plenary session, and they also control and supervise the activities of governing bodies and their administration. Among their decision-making functions, we can highlight their power to authorize and award certain contracts based on their costs, and give initial approval for by-laws and regulations relating to their scope of responsibility. The vote of each political group on committees is proportional to the number of councilors that each has on the Council.

The six standing committees of the Municipal Council approved by the Plenary Council of July 14 2011 are:

Table

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Standing committees of the Municipal Council

Commission	Area of competency
Presidency and Internal Affairs	Council organization. Institutional and citizen relations. General services and coordination.
Economy, Business and Employment	Finance, tax and budgeting policies. Equity. Economic promotion of the city, business development and employment initiatives. Tourism and commerce.
Urban Habitat and Environment	Policies dealing with urban and regional balance. Infrastructure. Housing promotion. Maintenance of the city and urban services. Green zones and beaches. Environmental policies.
Quality of Life, Equality, Youth and Sports	Social services, primary care and social assistance. Civil rights and social participation. Policies for the elderly. Youth policy and immigration policy. Sports
Culture, Knowledge, Creativity and Innovation	Culture, education, knowledge and innovation
Safety and Mobility	Public safety and security, civil defense, public transport and traffic regulation

The mayor is the president of the municipal corporation and exercises the powers conferred by Barcelona's Municipal Charter, the general legislation applying to local by-laws, and related laws in this sector and municipal regulations. Mayoral responsibilities include the ordinary management of the municipal government, representing the city and the Presidency of the Municipal Council and the Government Commission.

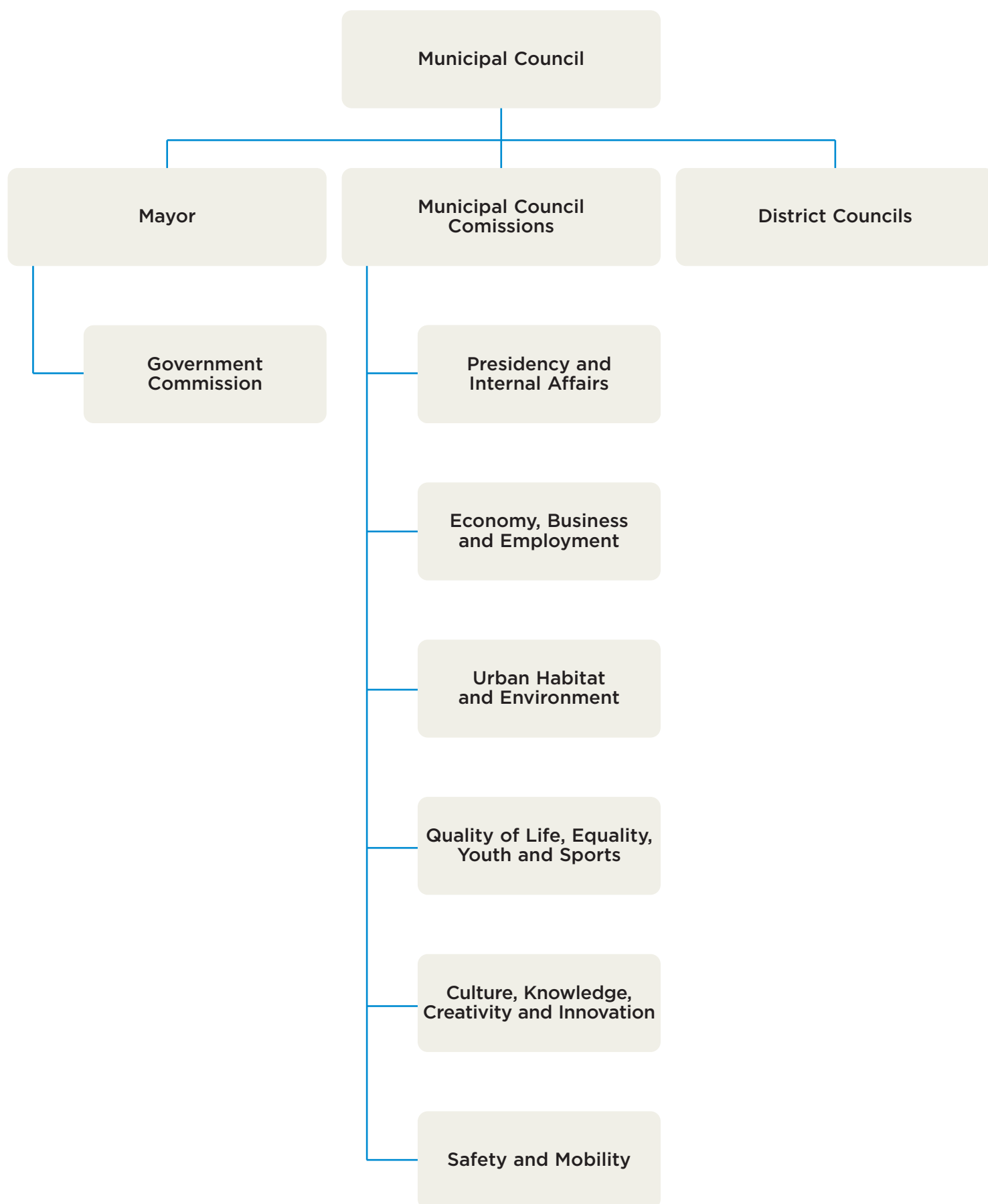
Coordination and political policy is decided in the Governance Committee, composed of the mayor and five deputy mayors.

The Government Commission is the collegiate body of the municipal government's executive. It is composed of 14 councilors and 1 non-elected member appointed by the mayor. It is held weekly. It is used to examine, approve or inform about -depending on the subject and the amount- the points on the plenary sessions' agendas and those on the standing committees of the Municipal Council; and reporting on and monitoring the municipal investment program. Previously, the issues are prepared and explained by the Executive Committee.

The City Council is decentralized in the form of ten districts, which is how the city is divided geographically: Ciutat Vella, Eixample, Sants-Montjuic, Las Cortes, Sarria-Sant Gervasi, Gràcia, Horta-Guinardó, Nou Barris, Sant Andreu and Sant Martí.

The highest organ of each district is the District Municipal Council, chaired by a councilor appointed by the mayor and made up by a number of members that depends on the number of residents in the district in question, according to a scale. The number of members is set at a minimum of 15 and a maximum of 23. In addition, the Mayor delegates powers to a councilor, appointed by way of the political groups' proposals, that can be exercised in the geographical boundaries of the district in question. The District councils have powers to report and propose plans, programs, budgets and planning instruments that affect the urban district in question and distribute expenses when allocated.

The districts are territorial bodies aimed at devolving management and decentralizing public participation.





## Organization and management

The City of Barcelona's municipal executive administration is managed and coordinated by the chief executive officer and in terms of functions, it is divided into six sectors, and geographically, into ten districts, and from the point of view of functional specialization, in a group of entities, each with their own legal standing: local autonomous agencies, public business entities and firms. Both sectors and districts are run by managers appointed by the mayor.

The six functional areas are:

- 1. Culture, knowledge and innovation:** education, knowledge and innovation, cultural centers, libraries.
- 2. Quality of life, equality and sports:** social services, primary care and social assistance, family, children, social development, social participation, civil rights, sports and public health.
- 3. Prevention, safety and mobility:** public safety and security, fire prevention services and civil defense, mobility, traffic and public transport, road safety and discipline, and car parks.
- 4. Urban Habitat:** urban planning and regional and town planning, urban landscape, infrastructure, housing and the environment and urban services (street cleaning, refuse collection and sanitation, maintenance, pavements, lighting and water, maintenance of parks and green spaces and beaches, energy saving measures and renewable energy, education and participation, monitoring and reducing pollution).
- 5. Economy, business and employment:** financial management, tax, accounting,

budget and investment control, the city's economic promotion, employment and innovation, commerce and trade, the network of local markets, trading standards and tourism.

**6. Resources:** central administration, and citizen participation and customer services; equity; information and telecommunications systems, human resources and organization.

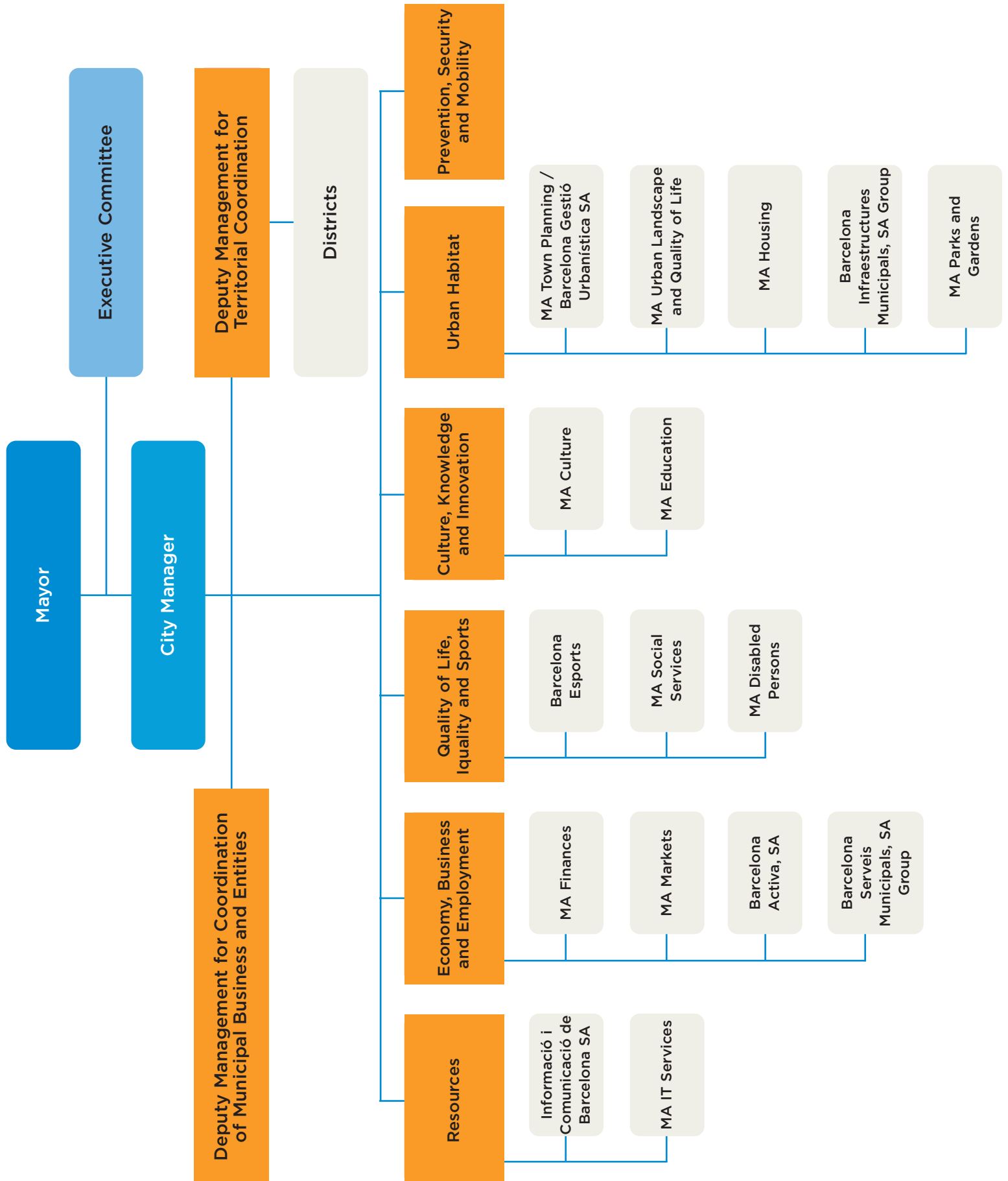
The first four sectors include, along with economic promotion functions, services or operational areas. The resources and economy sectors bring together the executive structure's corporate services.

The city manager, in addition to coordinating the municipal government's executive, also coordinates the council's districts, businesses and municipal entities.

The Executive Committee is a body that forms part of the executive management of the municipal administration. It is chaired by the person delegated in by the Mayor or Deputy Mayor, and the chief executive officer is the vice president. It is composed of all the managers of council sectors and districts and its main functions are: a) coordinate the activities of different activity sectors, b) establish criteria for general management, c) prepare and report on matters that must be subject to different government bodies, and d) inform managers about the political orientations and priorities of local government.

Public agencies and municipal firms are functionally integrated into the framework of the activity sectors according to the services they provide, and coordinated with the manager of the sector in question





## Citizen Participation

The City of Barcelona guarantees citizen participation, especially regarding matters that directly affect the quality of life of citizens, through various entities and mechanisms that encourage participation.

The citizen participation entities are the City Advisory Council, the District Citizens Advisory Council, and Sector Advisory Councils, which can be found at both city and district level.

The City Advisory Council, including representatives of the economic, social, cultural, and professional entities and representative city residents, is a body for debating the Municipal Action Plan, the municipal budget, major city projects and municipal management key performance indicators. It meets twice a year in ordinary session and also offers support to the District Citizens Advisory Council and Sector Advisory Councils.

The District Citizens Advisory Council is the highest advisory and citizen participation body in each district regarding matters relating to this jurisdiction. It is composed of district representatives and organizations, associations and individuals from the area.

Sector Advisory Councils are made up of councilors and representatives from the different political parties and prestigious personalities in the sector in question.

Some examples include the Social Welfare Council, the School Board, the Board for Immigration or the Mobility Pact. They express their opinions on issues related to the municipal area in question; they promote participatory processes and report their activities to the City Advisory Council.

Citizen participation mechanisms are diverse. As such, through public hearings, citizens can propose certain decisions for the Administration to adopt and also get information about these. A public hearing can be both at the city or district level. Public hearings on the state of districts are held at least every two months. Each year sees a monographic public hearing on the budget and tax proposals. For its part, this citizens' initiative is a mechanism by which citizens can ask the council to undertake a specific activity of public interest that is part of its local government competency and that they supply finances, property, rights or labor. Thirdly, entities, organizations, civic nonprofit associations and organizations may exercise jurisdiction in cases of municipal services and activities subject to their indirect management through public tender. Finally, the City of Barcelona and the districts can ask citizens for their opinion about issues that are part of their competency through public consultation.





# Barcelona's Economy

## International economic context

During 2011, the world economy managed to grow at a fairly good rate, although with more moderate growth than in 2010. The overall result is the sum of a series of diverse and divergent behaviors, such as the relative consolidation of U.S. growth, a decline in the Japanese economy due to the tsunami, a slowdown in growth in the European Union because of the sovereign debt crisis in the euro zone, and a loss in momentum regarding emerging economies' growth, even though they have continued to be, just as in recent years, the countries that contribute most to the world's economic growth.

In the European Union the estimated GDP in 2011 registered growth of around 1.6% per annum, a few decimals below the previous year, and according to all forecasts, much more than what is expected in 2012, with the European Commission saying there will be zero growth or a slight fall. Moving from forecasted figures to real but provisional data, all the economies in the euro area, with the exception of Portugal and Greece, managed to grow in 2011. The breakdown of the four most powerful countries in the area shows that Germany (3%) and France (1.7%) managed to record above average results, driving growth in the area, while Spain (0.7%) and Italy (0.2%) were the main brakes on growth. A position which has also been followed by the UK, the other major European economy.

## Evolution of the Spanish economy

According to estimates by the Quarterly National Accounts Office, Spain's inter-annual GDP grew relatively constantly at around 0.8% for most of 2011 until it hit a decline of 0.3% in the last quarter, shaving five decimals off the inter-annual percentage variation and which led to an annual average growth rate of 0.7%. While this result is an improvement on

the -0.1% recorded in 2010, the trend started in the last quarter of last year and forecasts for the euro zone predict another moderate recession for the Spanish economy. This situation is mainly attributable to persistent weaknesses and the imbalances of Spain itself and the situation in Europe, which has made these even more evident.

Regarding the demand side, changes in different components of GDP show that the change in the economic environment since mid-2011 is basically due to the contraction of domestic demand, estimated at -1.8% per annum. This downturn has affected both consumer spending and investment but with a novelty, and this is the importance of reduced consumption expenditure by the Public Administration. In 2010 this segment was still increasing spending by 0.2%, while in 2011 it fell by 2.2%. This was a direct consequence of the implementation of fiscal consolidation policies which were put in place to restore the confidence of financial markets in the long term solvency of the Spanish economy.

Exports, which since 2008 had really become a refuge for part of Spain's domestic production and a necessary resource to partially offset the decline in domestic demand in terms of GDP, are beginning to falter. After two years (2009-2010) of maintaining growth rates of around 15%, the trend in 2011 showed a relatively smoother profile with an average increase of around 9%. Lower growth in the European economy was the main reason, but not the only explanatory factor. In any case, foreign demand, thanks to a decline in imports, has increased its contribution to GDP growth and has become the only engine capable of injecting dynamism in a particularly difficult economic situation.

In this context of weak and even frightened demand due to the prospects of lower growth and very restricted access to credit, there has been an absence of investment. Only the capital goods segment maintained a slightly positive tone during the first half of the year and that got diluted as the economic recovery lost strength. Overall,

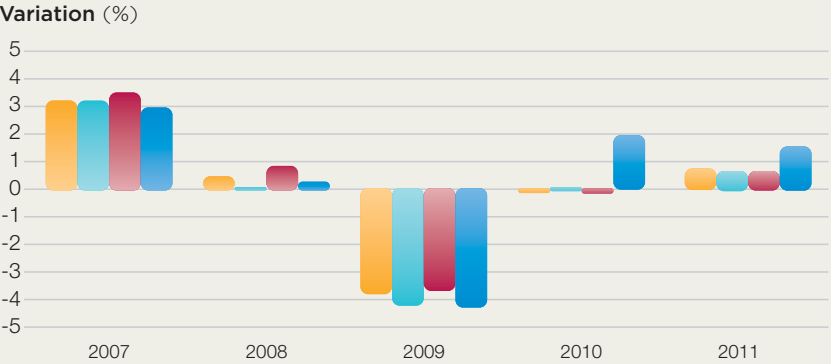


Graph

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Consumer Price Index (average inter-annual variation in %)

Barcelona and the Metropolitan Area Catalonia Spain European Union



Source: Eurostat, INE, Idescat and "Barcelona Economia".

Table

21

Registered Unemployment Rate

Period	Barcelona	Catalonia	Spain	UE
31/12/07	6.3	7.0	9.4	6.9
31/12/08	9.1	11.0	13.6	7.6
31/12/09	12.6	14.9	17.1	9.4
31/12/10	12.7	14.7	17.7	9.6
31/12/11	13.6	16.2	19.2	9.9

Source: INE, Eurostat and "Barcelona Economia".

Table

22

Consumer Price Index (average inter-annual, variation in %)

Year	Barcelona (1)	Catalonia	Spain	UE
2007	3.0	3.0	2.8	2.3
2008	4.0	4.1	4.1	3.7
2009	0.5	0.2	-0.3	1.0
2010	2.0	2.0	1.8	2.1
2011	3.2	3.3	3.2	3.1

(1) Province of Barcelona.

Source: INE and Eurostat.





poor growth in the Spanish economy proved insufficient to reverse the trend in the labor market and, in terms of the National Accounts, Spain's productive capacity cut back on the equivalent to almost 2% of all full time jobs. This slows the rate of loss experienced a year earlier, but still places the registered unemployment rate at above 19%.

Regarding the primary distribution of income, employees' salaries fell by 1% per annum on average solely due to the reduction in jobs, and labor costs per unit dropped nearly 2%. Apparently, productivity per worker increased per annum by over 2.5% and gross operating surpluses increased by 6.3%.

On the supply side, one of the remarkable features is that the construction sector has continued losing production and production capacity; and manufacturing has maintained a slightly positive tone despite falling away during the last quarter; and the services sector ended the year with a positive balance, despite showing a clearly bearish outlook, especially in terms of trade, transport and non-market services.

Regarding the evolution of consumer prices, the consumer price index (CPI) has followed a downward trend in terms of inter-annual variation from 3.8% since April -the year's maximum- to 2.4% at the end of the year, which is the year's minimum. A reduction in inflationary pressure is closely linked to the stability shown by so-called core inflation, conditioned by a contraction in consumer spending. This is a process that has reduced the inflation differential with the EU to a minimum, which at the start of this year was estimated to be 1.2 percentage points.

## Evolution of Barcelona's economy in 2011

It is not easy to define in a summarized way the behavior of Barcelona's economy in 2011. Given its strong dependence on the economic situation in Catalonia and Spain, the city's economy has followed a similar trend going from more to less, similar to the story reflected in the Quarterly National Accounts for the Spanish economy. The recovery seen in 2010, which seemed enough to leave behind the severe recession of the year previous, began to lose momentum during the following spring and the economy ended 2011 immersed in a new recession.

## Structure of production by sector

The city of Barcelona, with its production structure increasingly polarized in the tertiary sector, benefited from a particularly good year in terms of tourism and the metropolitan area's dynamic industrial exports. The other side of the coin, however, continues to be the construction industry, with little difference between public and private promotions. All together, the city has lost about 22,000 jobs (in terms of Social Security affiliates), approximately 2.2% of the total. A heightened variation on the previous year, but less than the declines seen in the period 2008-2009.

## Services

Barcelona's tertiary economy represented approximately 87.6% of all production employment, half a percent more than the previous year. This is a weaker growth rate, as predicted by its relative weighting, than during the upward phase of the cycle. In terms of GDP, the contribution of this sector is still dominant even though it is about three percent below that value.

According to Social Security records, at the end of 2011 there were about 868,000 Social Security members

Table

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**Social Security Affiliation**

	December 07	December 08	December 09	December 10	December 11
<b>Absolute Values</b>					
General Regime	953,000	917,061	880,584	874,976	853,132
Self-employed	123,958	121,170	115,972	114,151	112,678
Other Regimes	20,978	24,197	24,517	24,982	25,546
<b>Total</b>	<b>1,097,936</b>	<b>1,062,428</b>	<b>1,021,073</b>	<b>1,014,109</b>	<b>991,356</b>
<b>In Percentages (%)</b>					
General Regime	86.8	86.3	86.2	86.3	86.1
Self-employed	11.3	11.4	11.4	11.3	11.4
Other Regimes	1.9	2.3	2.4	2.5	2.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: "Barcelona Economia" with data from the Ministry of Employment and Immigration

Table

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**Distribution by Sectors of Social Security Affiliation**

	December 07	December 08	December 09	December 10	December 11
<b>Absolute Values</b>					
Agriculture, Farming and Fishing	4,858	3,113	3,230	3,036	3,128
Industry	111,208	101,289	91,220	85,582	81,690
Construction	62,032	60,600	52,544	46,177	38,595
Services	919,838	897,426	874,079	879,314	867,943
<b>Total</b>	<b>1,097,936</b>	<b>1,062,428</b>	<b>1,021,073</b>	<b>1,014,109</b>	<b>991,356</b>
<b>In Percentages (%)</b>					
Agriculture, Farming and Fishing	0.4	0.3	0.3	0.3	0.3
Industry	10.1	9.5	8.9	8.4	8.2
Construction	5.6	5.7	5.1	4.6	3.9
Services	83.8	84.5	85.6	86.7	87.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(1) The application of CNAE-2009 breaks the series after 2008.

Source: Generalitat de Catalunya's Department de Employment and "Barcelona Economia".

working in the city's tertiary sector, eleven thousand less than the previous year. This decline of 1.3% is much more moderate than seen in other sectors. The most severe decline was in the commerce and trade sector, support and administrative services for companies, and health and social services, which are three of the four aggregated areas that had most workers. In total, these represent about 39% of all employment in the city's tertiary sector. This is a regressive trend attributable to both reduced private consumption and a containment of public spending. In contrast to these falls, we see the hotel and catering sector not only increasing its number of jobs, but also managing to increase its weighting in the tertiary sector. According to 2011 year-end data, direct employment in companies in this sector already exceeded 8% of employment in Barcelona's tertiary sector.

Apart from the more extreme developments, most services have ended 2011 with a level of employment that is relatively similar to the previous year. Of

these, one could highlight the slightly upward trend in professional, scientific and technical activities, which stands in third place in terms of employees. Also slightly up is education and the Public Administration. On the other hand, equally important sectors such as information and communication services, and transportation and logistics are slightly down.

## Industry

For obvious reasons, if we limit our analysis on industrial activity and construction strictly to the central part of the city itself, we do not get a full picture of the real impact of these activities on the economy. Both play a more important role than reflected by their employment levels. To get a more accurate value of the weight of both these activities in the city, we need to take into account a metropolitan analysis at least. With this said, we will look at the urban area to maintain consistency across the rest of the analysis.

Table



### Services Sector in Barcelona

Employed Population Registered with the Social Security System

December 2011	Number	%
Commercial Services	155,719	17.9
Administrative and Support Services	95,733	11.0
Professional, Scientific, and Technical Services	85,403	9.8
Health and Social Services	84,426	9.7
Public Administration and Other Bodies	78,022	9.0
Hotels and Catering	70,726	8.1
Education	64,417	7.4
Personal, Cultural and Sports Services	60,770	7.0
Information and Communications Services	48,687	5.6
Transport and Logistics	47,741	5.5
Finances and Insurance	41,818	4.8
Home-related Services	22,805	2.6
Real Estate Activities	11,676	1.3
<b>Total</b>	<b>867,943</b>	<b>100.0</b>

Source: Generalitat de Catalunya's Department of Employment and "Barcelona Economia".

The industrial sector located in Barcelona at the end of 2011 employed 8.2% of all workers, two decimals less percentage-wise than the year previous. This percentage includes energy and water supplies, sanitation and waste management, all activities with a strong tertiary sector component. The large contraction in domestic demand, partially offset by the dynamism of exports, explains why Barcelona and the metropolitan area's industry have again continued adjusting their production capacity. At year-end 2011 there were nearly 82,000 employees paying Social Security, 4.5% less than the year previous. This trend, apart from its cyclical effect arising from a loss of momentum in GDP growth, incorporates a significant structural component.

Besides the main three areas in terms of employment levels, namely vehicles and other transport equipment, chemicals, pharmaceuticals and energy, water and waste management, that have all

managed to keep stable levels in terms of employee numbers, other industrial sub-sectors have chosen to adjust their production capacities. Summarizing, just over half of all industrial employment is concentrated in subsectors that have maintained stable staffing numbers while the rest have shed jobs during the year.

## Construction

The construction business, which was one of the sectors that propelled the rapid expansion of the Catalan and Spanish economies most during the period from 2003-2007 -characterized by the availability of abundant and affordable financing- has continued to lose weight in the overall production make-up of the city and in the whole country. Remember though, that employment data according to affiliation with the Social Security underestimates the relative importance of this activity in the city's economy. Apart from that, in a

Table



### Industry in Barcelona

Employed Population Registered with the Social Security System

December 2011	Number	%
Vehicles and other Transport Equipment	16,486	20.2
Chemicals and Pharmaceuticals Industry	14,038	17.2
Energy, Water and Waste Management	12,682	15.5
Food, Drink and Tobacco	6,523	8.0
Paper and Graphic Arts	5,790	7.1
Electrical, Electronic and Computer Equipment	5,204	6.4
Textiles, Clothing, Leather Goods and Footwear	4,130	5.1
Machinery and Mechanical Equipment	3,350	4.1
Metal Products Excluding Machinery	3,077	3.8
Other Industrial Activities	2,838	3.5
Machinery Installation and Maintenance	2,773	3.4
Non-metal Mineral Products	2,437	3.0
Rubber and Plastics	1,099	1.3
Wood, Cork and Furniture	736	0.9
Metallurgy	527	0.6
<b>Total</b>	<b>81,690</b>	<b>100.0</b>

Source: Generalitat de Catalunya's Department of Employment and "Barcelona Economia".



period like the current one with contractions in investment -including the public sector investment- and the limited availability of new credit, the construction sector is most limited in terms of growth potential. Currently, this sector provides direct employment to just 3.9% of almost one million Social Security affiliates. In terms of the whole metropolitan area, this percentage is around 6.2% and this a fairer reflection of the sector's contribution to value added generated in the city.

### **Some Economic Indicators for Barcelona and its Metropolitan Area**

The metropolitan area's production network benefited directly from the incipient revival of European economic growth seen over the last two years. The majority of indicators related to international trade, the transportation of goods and passengers and tourism services among others confirm this positive impact on the metropolitan area's economy. On the other hand, those that depend mainly on domestic demand, like the construction business, have not directly benefited from the effect of this pull effect. Basically, this is because it was not a solid revival, as has been seen since, and because it has prioritized corrections in the major imbalances that the recession highlighted, basically the level of private sector indebtedness and the abundant provision of public capital.

Key sector indicators show a trend of moderate industrial activity expansion in the metropolitan area during most of 2011 and a radical change of climate during the last quarter. This sector's GDP is again in the negative after six consecutive quarters of growth. Exports of manufactured goods -very polarized in just a few business segments- have recovered production volumes seen before the recession, but this has not offset the contraction of domestic demand that has led to falls in industrial production indices. Ex-factory prices, squeezed by the rising costs of energy, have not helped any increases in exports.

Overall, the sector has continued to downsize its production capacity, making it compatible with a slight reduction in the number of unemployed.

Freight traffic figures for the port of Barcelona show a variation on results experienced in terms of international trade in Catalonia in 2011. Overall, 43 million tonnes of freight passed through the city's port last year, which translates out to an irrelevant rate of growth compared to volumes recorded for 2010. But behind this picture of apparent stability, we can see a significant increase in volumes shipped outbound -largely in the form of exports- and an important decrease in the number of goods shipped inbound, basically imports and mainly natural gas and petroleum fuels. So, exports are rising to destinations outside the euro area with relatively strong growth rates, and a decline in imports as a result of the favorable climate and the contraction in domestic demand.

Thanks to growth in the cruise business and the dynamic nature of the regular ferries, maritime passenger traffic remains one of the activities that has done very well in what was a difficult year full of uncertainty affecting the development of the European economy, and especially so for southern member States. All in all, during 2011 some 3.8 million people embarked or disembarked in the port of Barcelona, a 10.7% rise on the previous year's results and as such a new port milestone. The cruise segment, which already represents over two thirds of all maritime passengers, registered an increase of 13.1%.

2011 was a particularly good year for Barcelona's airport as regards the number of passengers. Some 34.4 million people used this airport, representing an increase of 17.8% compared with the amount seen in 2010. This increase easily exceeded the previous maximum annual airport growth rate achieved in 2007 by 4.6%. International traffic, both with the European Union and the rest of the world, has grown strongly and now represents almost 60% of the total. Passenger throughput has also developed positively with the rest of Spain, including the Barcelona-Madrid



route, which is now recovering passengers after assimilating initial competition from the AVE high-speed train service.

These highly visible increases in activity in both the cruise and international air travel sectors relate to an expansion in activities related to visitors. Confirming the excellent results achieved the year previous, which put an end to a 2008-2009 stagnation period, the city's hotel sector managed to end 2011 with a record-breaking 15.5 million plus overnight stays per annum which came from 7.4 million visitors. These figures are the equivalent, in the case of overnight stays, of a rise of 10%, which would not have been possible without sustained investment in expanding and improving the supply of hotel rooms. These results confirm the appeal and interest in Barcelona around the world for both leisure and professional reasons.

Despite a moderation in sales prices, housing demand has been relatively chocked off by the uncertain economic climate and there doesn't seem to be a glimpse of any turnaround in this situation at least in the short and medium term, and because of the restrictive policies that banks have in fact maintained regarding getting a new mortgage. Fiscal measures promoted by the Central Government to encourage demand have encountered a daunting

financial and economic reality. This seems to be the same reality that the construction sector is again suffering from. If credit is made scarce and it's not possible to significantly reduce the stock of new homes for sale, which is a problem in the metropolitan area rather than in the city centre itself, then one might expect that the impact is that new residential promotions remain at a minimum. This can be seen by the fact that there were little more than one thousand new build homes started in Barcelona in 2011 and this reverses the effect of the upswing seen in the previous year.

In general, the evolution of Barcelona's economy in 2011 followed the same lines as the year previous. Very dynamic with regard to export activities and also in the tertiary sector. Fully occupied with visitor care and less intense in the other sectors. A reflection of this situation is seen by a weak labor market -reductions in employment and increases in unemployment- which has already accumulated four years of restraint.



Table

**27**

## Economic Activity (Barcelona and the Metropolitan Area)

	Period	Absolute Value	2011/2010 (%)	2010/2009 (%)	2009/2008 (%)
<b>Port. Freight and Passenger Traffic</b>					
Total Freight (thousands of tonnes)	2011	43,065	0.2	2.6	-17.3
Outbound Freight (thousands of tonnes)	2011	18,258	7.1	5.4	-18.4
Inbound Freight (thousands of tonnes)	2011	24,808	-4.3	0.8	-16.3
Containers (thousands of TEU)	2011	2,034	4.4	8.3	-30.1
Total Passenger Traffic (thousands)	2011	3,827	10.7	7.6	-0.7
Cruise Passengers (thousands)	2011	2,657	13.1	9.1	3.7
<b>Airport. Passenger Traffic</b>					
Total (thousands)	2011	34,399	17.8	6.5	-9.4
Barcelona-Madrid route (thousands)	2011	3,129	1.9	0.9	-11.4
International (thousands)	2011	21,664	23.5	8.1	-8.2
<b>Consumption and Tourism</b>					
New Vehicle Registrations	2011	32,414	-23.0	8.4	-25.5
Hotel Overnight Stays (thousands)	2011	15,529	10.5	9.6	2.7
Visitors in Hotels Overnight (thousands)	2011	7,391	3.6	10.2	-2.7
<b>Construction and Prices in the Real Estate Market</b>					
New-build Surface Area in Permits (m <sup>2</sup> )	2011	433,157	-21.7	-9.3	-41.1
Surface Area to be Refurbished or Extended (m <sup>2</sup> )	2011	296,801	47.3	-48.1	-19.3
Dwellings begun	2011	1,073	-43.9	106.2	-52.0
Average Price of Own Homes (€/m <sup>2</sup> )	2nd half 11	4,853	-7.4	-3.7	-8.0
Average Rental of Homes (€/m <sup>2</sup> /month)	4th qtr. 11	11,4	-1.3	-2.0	-3.8
<b>Employment and Unemployment</b>					
Total Registered Unemployed	Dec. 2011	108,624	7.7	-0.2	36.0
Youth Unemployment	Dec. 2011	6,766	6.8	-14.6	26.9
Employment Contracts Formalized	2011	772,822	-0.6	2.8	-15.0
Employed Registered with Social Security System	Dec. 2011	991,356	-2.2	-0.7	-3.9

Source: "Barcelona Economia".







# Results in Terms of Financing Capacity in Accordance with the European System of National and Regional Accounts (ESA-95)

## The General Budget Stability Law

The Legislative Royal Decree 2/2007, of 18 December, approving the amended text of the General Budget Stability Law, defines the principle of budget stability that must govern the action of public administrations. It also distinguishes between authorities subject to the budget—which make up the Public Administration—and entities that finance themselves in the main by commercial revenue (rule of 50%).

For local authorities that are capitals of provinces or autonomous communities, or which have a population equal to or more than 75,000 residents with full rights, and corresponding dependent agencies that are not financed in the main by commercial revenue, budget stability is defined as a balance or surplus calculated over the economic cycle, in terms of financing capacity, in accordance with the European system of national and regional accounts.

On May 1 the Organic Law 2/2012, of April 27, took effect regulating Budget stability and financial sustainability,

abrogating the Royal Decree Law 2/2007. Nevertheless, the Organic Law only has an effect, in terms of its control and application, on the economic and finance plans presented in 2012.

## The Objective of Budget Stability for Local Authorities

The Council of Ministers' meeting held on May 28, 2010, established the objective of budget stability for the period 2011-2013 and the Council of Ministers' meeting held on June 24, 2011, established the objectives for 2012-2014. In the case of local authorities, the objective of budget stability measured as capacity (+) need (-) for financing in terms of SEC-95 is 0% over GDP per year in the period. However, under exceptional circumstances, it does foresee exceptions to the obligation of presenting economic and financial plans for local entities that comply with the following objectives in their budget settlements (without including provisions for negative budget settlements of the system for sharing State incomes):

Table



	2010(1)	2011(1)	2012	2013	2014
Deficit in % of GDP	-0.4	-0.3	-0.3	-0.2	0.0
Equivalence in Terms of % on Non-financial Revenue (2)	-5.53	-4.39	n.a.	n.a.	n.a.

(1) The consolidation path including the effect of the negative settlement of the system of shared Central Government revenue in 2008 and 2009 stands at 0.6% of GDP for 2010 and 0.8% of GDP for 2011.

(2) Equivalences set by CNAL (Commission for National Local Administration). The equivalence data for the period 2012 to 2014 is not available (n.a.).

The summary of economic indicators published by the Ministry of Finance and Public Administration in February 2012 indicates that, according to early

budgetary Implementation figures, local authorities' deficit was 0.38% of GDP in 2011, which is 0.08% higher than the set figure in the fiscal consolidation path.

## The Consolidated Budget of the City of Barcelona According to the General Budget Stability Law

### 1. Perimeter of Consolidation

The perimeter of consolidation is the same as that established by the Municipal Charter of Barcelona, excluding Barcelona de Serveis Municipals group and the Municipal Housing Agency and including:

#### Consortia

- Infància i Món Urbà Institute
- Campus Interuniversitari Diagonal-Besòs Consortium
  - Ecologia Urbana de Barcelona Agency
  - Energia de Barcelona Local Agency
  - El Besòs Consortium
  - Biblioteques de Barcelona Consortium
  - Mercat de les Flors / Centre de les Arts de Moviment Consortium
    - El Far, Centre de Treballs del Mar Consortium
    - Localret Consortium

#### Foundations and other Bodies

- Navegació Oceànica Barcelona Private Foundation
- Barcelona Cultura Foundation
- Xarxa Internacional de Ciutats Educadores Association

The annual accounts of the entities dependent on the City of Barcelona are audited by UTE PricewaterhouseCoopers S.L. and Gabinet Técnico de Auditoría y Consultoría, S.A.

In 2011 the Localret Consortium became a body dependent on the City of Barcelona. Its annual accounts are not

audited by an independent external auditor. The financial data of this consortium have been included in the perimeter of consolidation from the close of the 2010 fiscal year.

### 2. 2010-2013 Economic and Financial Plan

Given that the consolidated budget approved for 2010 of this group of entities showed a deficit prior to financial operations amounting to 8.6% of non-financial revenues, the City of Barcelona simultaneously approved the 2010-2013 economic and financial plan in order to return to a balanced position.

With the approval of the Legislative Royal Decree 8/2010, of 20 May 2010, which introduced extraordinary measures to reduce the public deficit and initially prohibited local authorities from financing their investments by means of long-term debt in 2011, the economic and finance plan was revised, although the time line was still set to reestablish a balance in 2013. This plan was approved by the Plenary Council on July 23, 2010, and by the Generalitat of Catalonia on July, 27, 2010.

The economic and financial plan is produced following the principles of budget accounting adapted to national accounting standards defined by the European system of national and regional accounts (ESA-95).

The following summarizes the main indicators of the economic and financial plan 2010-2013:

The macroeconomic hypotheses used in the plan are the following:

Table



#### Macroeconomic Hypotheses

	2010	2011	2012	2013
Real GDP	-0.3%	0.9%	2.5%	2.7%
CI	0.0%	1.3%	2.0%	2.0%
Nominal GD	-0.3%	1.9%	4.5%	4.8%
Euribor 3 m	2.0%	2.5%	3.0%	3.0%

Table

**3** **2**

### Main indicators (thousands of euros)

	Settlement estimation 2010	2011 Projection	2012 Projection	2013 Projection
Current Revenue	2,198,661	2,211,917	2,223,609	2,307,110
Current Expenses	1,882,852	1,810,208	1,835,964	1,879,138
Gross Saving (1)	303,280	388,855	374,211	413,893
As % of Current Revenue	13.9	17.7	16.9	18.1
Non-financial Revenue	2,443,865	2,278,404	2,268,633	2,347,414
Non-financial Expenses	2,798,060	2,166,038	2,366,727	2,332,206
Capacity (Need) for Financing	(354,195)	112,366	(98,094)	15,208
As % of Non-financial Revenue	-14.5	4.9	-4.3	0.6
Gross Saving after Amortization	200,608	288,312	284,054	375,356
Debt (at 31/12)	1,202,385	1,101,842	1,211,686	1,208,149
Debt plus Guarantees (at 31/12)	1,202,958	1,102,238	1,212,021	1,208,429
As % of Current Revenue (1)	55.0	50.1	54.8	52.7

(1) Special contributions and urban planning quotas have been excluded from current revenue

### 3. Degree of Compliance with the Economic and Financial Plan

The following table shows the settlement data of the consolidated budget for fiscal years 2010 and 2011:

Table

**3** **3**

### City of Barcelona Consolidated Budget Settlement (thousands of euros)

	2010 Settled	2011 Settled
Current Revenue	2,387,0	2,406,6
Current Expenses	1,897,7	1,887,9
Gross Saving (1)	482,7	515,4
As % of Current Revenue	20.3	21.4
Non-financial Revenue	2,609,0	2,550,5
Non-financial Expenses	2,686,9	2,474,4
Capacity (Need) for financing prior to ESA-95 Adjustments	(77,8)	76,1
ESA-95 adjustments (2)	(219,4)	(468,7)
Capacity (Need) for Financing	(297,3)	(392,6)
As a % of Non-financial Revenue	-11.4	-15.4
<b>As a % of Non-financial Revenue (3)</b>	<b>-7.8</b>	<b>-4.2</b>
Debt (at 31/12)	1,201,5	1,090,1
Debt plus Guarantees (at 31/12)	1,202,1	1,090,5
% Debt / Current Revenue (1)	50.5	45.4
% Debt plus Guarantees / Current Revenue (1)	50.5	45.4

(1) Special contributions and urban planning quotas have been excluded from current revenue

(2) Fiscal year 2010 includes a negative adjustment of 93.5 million euros and in 2011 the amount was 285.6 million euros as a consequence of the negative settlement of fiscal years 2008 and 2009 regarding the share of State revenue.

(3) Excluding adjustments to the negative settlement of fiscal years 2008 and 2009 regarding the share of State revenue.



The 2010 fiscal year consolidated settlement established a need for funding over current revenue of less than -14.5% as expected in the Economic and Financial Plan (PEF) 2010-2013. However, the settlement of fiscal year 2011 indicates a need for higher funding than expected. This deviation has occurred mainly because of the execution in 2011 of part of the investments financed in the year 2010. This time lag explains that the figures

were better than forecast in the 2010 settlement, so too in the compensation provided in the 2011 settlement. However, the legislation that PEF is subject to determines the need to readjust the annual payment of 2011.

Debt at December 31 regarding the General Budget Stability Law was as follows:

Table

**3** **4**

#### Debt (thousand of euros)

	31.12.2010	31.12.2011
Short-term Debt City of Barcelona	0	0
Long-term Debt City of Barcelona	1,200,101	1,090,101
Total Debt City of Barcelona	1,200,101	1,090,101
Short-term Debt other Entities	0	0
Long-term Debt other Entities	1,428	0
Total Debt other Entities	1,428	0
Short-term Debt Public Administration	0	0
Long-term Debt Public Administration	1,201,529	1,090,101
Total Debt Public Administration	1,201,529	1,090,101

The Economic and Financial Plan foresaw debt at the end of 2010 to be 1,202.4 million euros, slightly higher than the figure at final closure. The debt at the end of 2011 was 11.7 million euros less than originally expected.

#### 4. Economic and Financial Consolidated Plan 2010-2012

The need to revise the Economic and Financial Plan in order to readjust closed annual payments, the local municipal government's commitment to budgetary stability objectives and the imminent entry in use of the Budget stability and financial sustainability Law brought about the agreement, adopted by the Plenary Council on April 27, 2012, to revise the current

Economic and Financial Plan 2010-2013 to achieve the objectives of budgetary stability and zero deficit in terms of national accounts in the same year 2012.

The Plenary Council of May 25, 2012, pursuant to the previous agreement, approved the 2010-2012 Consolidated Economic and Finance Plan of the City Council, which involves a revision of the Plan and modification of its timeline validity to achieve budget stability and zero deficit in terms of national accounts for the year 2012.

The new plan includes a revision of years 2010 and 2011 once they are settled and the estimated settlement of fiscal year 2012 applying the corresponding adjustments in terms of ESA-95. Shown in the following table is a summary of the main figures.

Table



**City of Barcelona Consolidated Budget Settlement** (thousands of euros)

	<b>2010 Settled</b>	<b>2011 Settled</b>	<b>2012 Projected Settlement</b>
Current Revenue	2,387,0	2,406,6	2,437,3
Current Expenses	1,897,7	1,887,9	1,944,8
Gross Saving (1)	482,7	515,4	484,8
As % of Current Revenue	20.3	21.4	20.0
Non-financial Revenue	2,609,0	2,550,5	2,496,0
Non-financial Expenses	2,686,9	2,474,4	2,444,5
Capacity (Need) for Financing prior to ESA-95 Adjustments	(77,8)	76,1	51,5
ESA-95 adjustments (2)	(219,4)	(468,7)	(-13,1)
Capacity (Need) for Financing	(297,3)	(392,6)	38,4
As a % of Non-financial Revenue	-11.4	-15.4	1.5
<b>As a % of Non-financial Revenue (3)</b>	<b>-7.8</b>	<b>-4.2</b>	<b>0.0</b>
Debt (at 31/12)	1,201,5	1,090,1	1,165,1
Debt plus Guarantees (at 31/12)	1,202,1	1,090,5	1,165,4
% Debt / Current Revenue (1)	50.5	45.4	48.0
% Debt plus Guarantees/ Current Revenue (1)	50.5	45.4	48.0

(1) Special contributions and urban planning quotas have been excluded from current revenue

(2) Fiscal year 2010 includes a negative adjustment of 93.5 million euro and in 2011 the amount was 285.6 million euro as a consequence of the negative settlement of fiscal years 2008 and 2009 regarding the share of State revenue. Fiscal year 2012 includes a positive adjustment of 37.9 million euros from the negative settlement of 2008 and 2009 of the share in State revenue.

(3) Excluding adjustments to the negative settlement of fiscal years 2008 and 2009 regarding the share of State revenue.

## Economic and Budgetary Framework 2012-2015

The City of Barcelona's Strategic Framework for the period 2012-2015 contains the vision and objectives established in current political mandate's roadmap. This document includes the economic and budgetary framework for the period, including the revenues and expenditure forecasts for the coming years, subject to compliance with the following financial targets:

- 1) Obtaining gross savings equivalent to 15% of current revenue
- 2) Limiting the amount of debt to 60% of current revenue
- 3) Complying with the budgetary stability objectives

The following shows the planned budget scenario for the period 2012-2015. It shows:

Table

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### 2012-2015 Budget Scenario (Amounts in thousands of euros)

(Public Sector Management of the City of Barcelona, (\*) in accordance with the European System of National and Regional Accounts-ESA-95)

	2012	2013	2014	2015
<b>Current Result (Ordinary)</b>				
Current Revenue (a)	2,350,038	2,241,630	2,264,964	2,288,875
Current Expenditure (b)	1,944,835	1,905,386	1,902,570	1,899,766
<b>Gross Saving (c)=(a)-(b)</b>	<b>405,203</b>	<b>336,244</b>	<b>362,394</b>	<b>389,109</b>
<b>% Gross Savings/Current Revenue</b>	<b>17.2%</b>	<b>15.0%</b>	<b>16.0%</b>	<b>17.0%</b>
<b>Capital Results (Investment)</b>				
Capital Revenue (d)	58,716	26,739	26,739	26,739
Capital Expenditure (e)	455,466	351,259	380,969	407,214
Adjustments (Financial Assets)	8,000	8,000	8,000	8,000
<b>Capital Surplus (Deficit) (f)=(d)-(e)-adjustments</b>	<b>(404,750)</b>	<b>(332,520)</b>	<b>(362,230)</b>	<b>(388,475)</b>
<b>Capacity (Need) for Financing (CNF)</b>	<b>453</b>	<b>3.724</b>	<b>165</b>	<b>634</b>
<b>% CNF /Non-financial Revenue</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Financial Operations</b>				
Amortizations of Debt	90,000	103,725	130,165	155,634
New Debt	165,000	100,000	130,000	155,000
<b>Balance of Financial Operation</b>	<b>73,871</b>	<b>(3,725)</b>	<b>(165)</b>	<b>(634)</b>
Forecast Debt as of 31/12	1,165,101	1,161,376	1,161,211	1,160,577
<b>% Debt / Current Revenue</b>	<b>49.6%</b>	<b>51.8%</b>	<b>51.3%</b>	<b>50.7%</b>

(\*) Formed by the City of Barcelona and dependent entities in which the City has more than 50% of the capital and majority voting rights, it appoints the majority of the members of the governing bodies and / or the majority of managers, and these are funded mainly by non-market revenue, and have been classified as pertaining to the public sector.

The objective of budgetary stability (zero deficit) is understood as excluding adjustments for the effect of negative assignments from the Share of State Revenues in 2008 and 2009, and involving a positive adjustment to the tune of 37.9 million euros in the years from 2012 to 2015.

Following on are detailed descriptions of adjustments in terms of ESA-95 incorporations into the budget scenario.

Table

**37**

<b>ESA-95 Adjustments (adjusted account item)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Cash Accounting Criteria for Local Fiscal Treatment (a)	-87,290	-87,157	-88,314	89,394
Investment Purchases with Adjourned Price (e)	19,388	9,826	-	-
Investment Carried out on Behalf of the City (e)	24,883	-	-	-

The application of these adjustments to each budget item explains the differences regarding gross savings and current revenue ratio estimations of budget settlements for the year 2012 and theyear on figures for 2012 in the 2012-2015 budget scenario building.







# Management Report (Equity Accounting)

The management report shows the consolidated data of the group formed by the City of Barcelona and its dependent bodies, in other words, its municipal agencies and the firms in which it has a majority stake, irrespective of their sources of financing.

The bodies that are consolidated with the City of Barcelona, in accordance with its Municipal Charter, are:

## Autonomous Agencies

- Municipal Agency of Disabled Persons
- Municipal Agency of Urban Landscape and Quality of Life
- Municipal Agency of Education
- Municipal Agency of IT Services
- Municipal Agency of Town Planning
- Municipal Agency of Finances
- Municipal Agency of Markets
- Barcelona Sports Agency
- Municipal Agency of Social Services

## Public Commercial Entities

- Barcelona Culture Agency
- Municipal Agency of Parks and Gardens
- Municipal Agency Mies van der Rohe Foundation
- Municipal Housing Agency (commercial entity)

## Municipal Firms

- Barcelona d'Infraestructures Municipals, SA
- Pro Nou Barris, SA
- 22 Arroba Bcn, SA
- Agència de Promoció del Carmel i Entorns, SA
- ProEixample, SA
- Foment de Ciutat Vella, SA
- Informació i Comunicació de Barcelona, SA
- Barcelona Activa, S.A., SPM
- S.M. Barcelona Gestió Urbanística, SA
- Grup Barcelona de Serveis Municipals (commercial entity)(1)

## Structure of Current Revenue

The current revenue of the City of Barcelona and its dependent bodies is made up of taxes, both local and those allocated by Central Government; other fiscal revenue, principally charges for services and for the use of the public domain; revenue from the sale of goods and the provision of services, including public prices; other operating revenue, which is mainly fines, rents, concessions and special uses, late payment surcharges, other surcharges and profit-sharing; current transfers; and financial revenue.

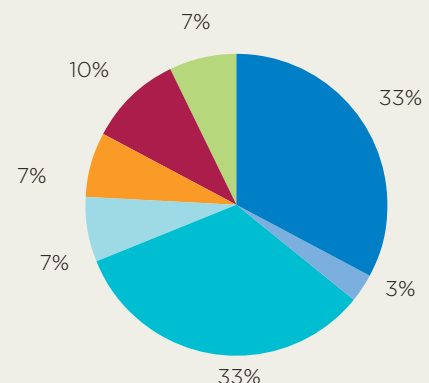
The breakdown of current revenue is as follows:

Graph

4 1

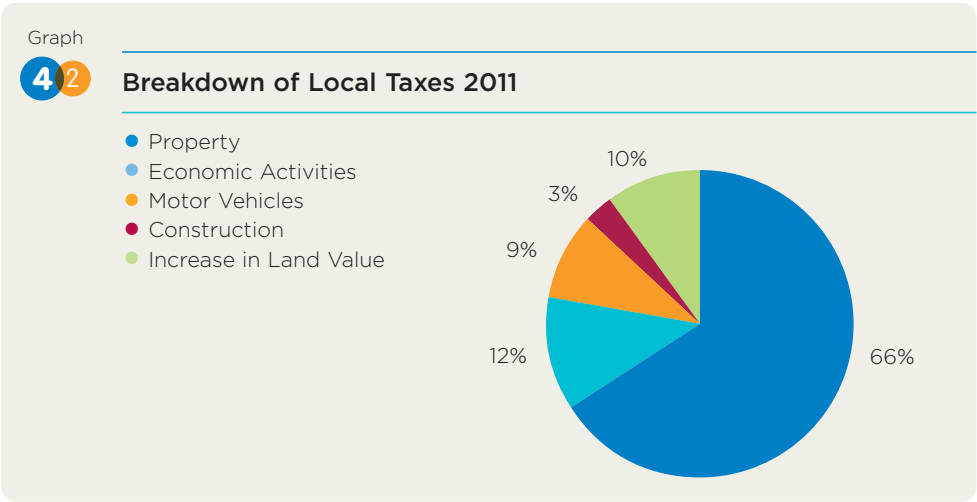
### Breakdown of Current Revenue 2011

- Local Taxes
- Shared Taxes
- Supplementary Finance Fund
- Other Transfers
- Charges
- Sales of Goods
- Other Revenues



(1) On April 13, 2011, the sale of 36% of the shares in Serveis Funeraris de Barcelona, SA (SFB) was formalized and, at the same time, a recovery process was carried out on 49% of the shares of Cementiris de Barcelona, SA (CdB). The City of Barcelona, via Barcelona de Serveis Municipals, SA, now has 15% of the shareholding of SFB and all of the shareholding of CdB. This fact means that the firm no longer appears in the perimeter of consolidation, and neither does its holding in Transports Sanitaris Parets, SL.

66% of local taxes come from property tax (IBI). The remaining local taxes are the tax on economic activities (IAE), the tax on increases in land value (IIVT), the tax on motor vehicles (IVTM), and the tax on construction, installations and works (ICIO).



The Central Government transfers part of the revenue it obtains from the different state-wide taxes once the amount payable to autonomous communities has been discounted. These shared taxes, after the fiscal year 2011, are 2.1336% of personal income tax, 2.3266% of VAT and 2.922% of special taxes levied on beer, wine and fermented beverages, intermediate products, alcohol and derived beverages, hydrocarbons and tobacco. In addition, the Supplementary Finance Fund is a non-earmarked transfer that increases every year in line with revenue collected by Central Government

from the taxes that are shared with town and city councils, and which includes compensation for the loss of revenue due to the reform of the tax on economic activities.

The sale of goods and services, financed through charges or non-fiscal revenue, and other operating revenue represent 24% of current revenue.

The remaining current transfers are basically earmarked resources from other public administrations—mainly the Generalitat of Catalonia and local entities—as well as private companies and not-for-profit organizations

## Activities of the City of Barcelona

The City of Barcelona exercises the powers laid down in the Municipal Charter and in current legislation on local government. The services it provides cover areas as diverse as maintenance of public highways, social services, municipal markets and public transport, to mention just a few examples. These services are provided through the organizational structure managed by the chief executive officer. The City of Barcelona's executive administration is divided in six sectors, and geographically in ten districts, and from the point of view of operational specialization, in legally standing entities: local municipal agencies, public business entities and firms. The six operational sectors are:

**a) Culture, Knowledge and Innovation:** education, knowledge and innovation, cultural centers, libraries.

**b) Quality of Life, Equality and Sports:** social services, primary care and social assistance, family, children, social development, social participation, civil rights, sports and public health.

**c) Prevention, Safety and Mobility:** public safety and security, fire prevention services and civil defense, mobility, traffic and public transport, road safety and discipline, and car parks.

**d) Urban Habitat:** urban planning and regional and town planning, urban landscape, infrastructure, housing, the environment and urban services (street cleaning, refuse collection and

sanitation, maintenance, pavements, lighting and water, maintenance of parks and green spaces and beaches, energy saving measures and renewable energy, environmental education and participation, monitoring and the reduction of pollution).

**e) Economy, Business and Employment:** financial management, tax, accounting, budget and investment control, the city's economic promotion, employment and innovation, commerce and trade, the network of local markets, trading standards and tourism.

**f) Resources:** central administration, and citizen participation and customer services; equity; information and telecommunications systems, human resources and organization.

The first four sectors include, along with business and employment functions, operational services or program areas. The resources and economy sectors bring together the executive structure's corporate services.

The chief executive, in addition to coordinating the municipal government's executive, also coordinates the council's districts, businesses and municipal entities.

Municipal firms that provide trading activities are grouped under Barcelona de Serveis Municipals Group. The group's responsibilities include municipal car parks, management of entertainment and leisure areas like the zoo, Tibidabo, Montjuïc and the Fòrum area, as well as cemeteries, refuse collection and recycling, and wholesale markets.

Human Resources

In 2011, the staff of the City of Barcelona Group numbered 12,827 people on average, 285 less than in 2010.

Table

43

Personnel (on average)

	2007	2008	2009	2010	2011
City of Barcelona	6,826	6,958	7,087	6,793	6,710
Public Agencies and Municipal Firms	6,491	6,614	5,610	6,319	6,117
Total	13,317	13,572	12,697	13,112	12,827

The average staffing of the group is not homogeneous in relation to 2010 because of the fact that one group member left the perimeter of consolidation - Serveis Funeraris de Barcelona, SA (in 2010 its average staff was 222 people). The City of Barcelona’s average staff numbers fell in 2011 because of downsizing measures, despite the increase of 150 officers in the

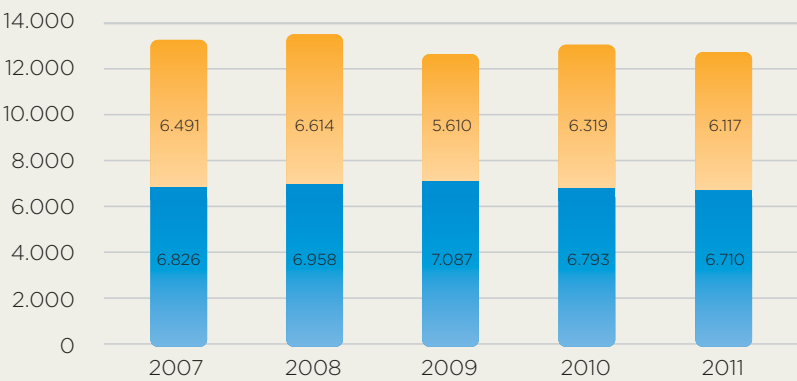
local police force. Regarding the overall staffing levels of public organisms and municipal firms, and taking into account the aforementioned changes regarding Serveis Funeraris de Barcelona, the average staffing levels have fallen by 56 workers, despite the incorporation of workers arising from new kindergartens and social centers.

Graph

44

Evolution of the Personnel of the City of Barcelona Group (on average)

City of Barcelona      Municipal Agencies and Firms



In 2011, 1.7% of the total gross payroll was allocated to staff training. A subsidy awarded within the framework of the Agreement on Continuing Training for Public Administrations (AFCAP) made it possible to finance 160 training initiatives

in which 1,394 people took part. In total, the City of Barcelona conducted 1,426 training activities, attended by 13,512 trainees and amounting to 120,614 teaching hours. A total of 6,027 people benefited from this training activity.

## Economic and Financial Evolution of the City of Barcelona

The following table details the resources generated by the City of Barcelona, municipal agencies and firms, and their applications. The difference shows any net requirements for external financing (cash deficit or surplus).

Table

4 5

### General Resources (thousands of euros)

	2007	2008	2009	2010	2011
(1) Current Revenue Before Financial Revenue	2,471,823	2,535,880	2,513,337	2,510,565	2,498,986
(2) Current Expenses Before Financial Expenses	1,763,726	1,897,211	2,001,179	2,029,488	2,046,098
<b>(3) Primary Saving</b>	<b>708,097</b>	<b>638,669</b>	<b>512,158</b>	<b>481,077</b>	<b>452,888</b>
Financial Revenue	14,163	17,530	4,128	1,640	5,536
Financial Expenses	41,636	43,002	34,082	33,930	41,787
<b>(4) Gross Saving</b>	<b>680,624</b>	<b>613,197</b>	<b>482,204</b>	<b>448,787</b>	<b>416,637</b>
(5) Net Investment	629,374	678,834	628,141	632,189	419,066
<b>(6) Surplus (Deficit)</b>	<b>51,250</b>	<b>(65,637)</b>	<b>(145,937)</b>	<b>(183,402)</b>	<b>(2,429)</b>
Cash Variation	56,904	195,104	98,207	(312,155)	115,553
<b>(7) Cash Surplus (Deficit)</b>	<b>108,154</b>	<b>129,467</b>	<b>(47,730)</b>	<b>(495,557)</b>	<b>113,124</b>
Debt Assumption	3,578	9,871	1,145	5,510	4,498
(8) Net Debt Variation	111,732	139,338	(46,585)	(490,047)	117,622
<b>(9) Total Debt at Year End</b>	<b>1,067,111</b>	<b>927,773</b>	<b>974,358</b>	<b>1,464,405</b>	<b>1,346,783</b>

Lines (1) to (4) of the table indicate how gross saving is generated. These are equity accounting figures and as such the revenue and expenses are allocated according to the accrual principle, including provisions for doubtful debts.

The fiscal year's surplus or deficit is the difference between gross saving and net investment. The cash surplus or deficit for the fiscal year is then arrived at by adding the cash variations, which include the adjustments needed to pass current revenue and expenses by the accrual

principle to current revenue and expenses by the cash principle.

Finally, to reconcile net debt variation with the cash surplus or deficit, we have to add, when necessary, credits given by third parties to the City of Barcelona, which pays the interest and the principal of the loan. And the opposite is also true, since mortgage loans given by the Municipal Housing Agency to buyers of the homes that it sells or which it cedes through land rights.



## Evolution of Current Revenue

City of Barcelona current revenue has risen over the last five years at an accumulative annual rate of 1.6%. The increase in revenue is essentially due to the implementation of new cadastral values, the increase in current transfers received, and improvements in collection. This evolution is conditioned by the fact that SFB no longer forms part of the consolidation perimeter, and this has an impact on the evolution of the sales of goods and services, and other operational incomes, which show an accumulated annual rate of -0.8% and -4.6% respectively.

In 2011, current revenue totaled 2,504 million euros, 0.3% less than in 2010.

In 2011, taxes collected by the City of Barcelona rose by 1.8%. The rise of 7.3% in the taxable revenue base is in contrast to the evolution of the rest of figures that, besides the tax on economic activities, show negative variation rates in general due to the economic situation. In the case of taxes on increases in land value, the -17.9% variation is due to the existence of high value sales of corporate headquarters produced in 2010.

The tax rates applied in 2011 were in general the same as those in place in 2010. In the case of property tax, the rate stood at 0.75% of the cadastral value in general terms and 1% for those 10% of

Table



### Current Revenue (thousand of euros)

	2007	2008	2009	2010	2011
Tax on Property	398,998	427,379	451,198	502,613	539,213
Tax on Economic Activities	97,269	99,191	99,357	97,871	98,556
Tax on Vehicles	74,529	74,052	72,241	71,288	69,243
Tax on Construction	50,511	37,401	24,273	26,058	23,799
Tax on Increased Land Value	108,497	97,262	93,623	101,678	83,447
<b>Subtotal</b>	<b>729,804</b>	<b>735,285</b>	<b>740,692</b>	<b>799,508</b>	<b>814,258</b>
Share of Income Tax, VAT and Special Taxes	85,714	92,603	101,179	84,798	86,061
<b>Total Local Taxes</b>	<b>815,518</b>	<b>827,888</b>	<b>841,871</b>	<b>884,306</b>	<b>900,319</b>
Other Fiscal Revenue: Charges	157,653	165,977	165,056	173,748	165,131
Sale of Goods and Provision of Services	286,538	290,928	290,164	306,260	253,015
Other Operating Revenue	225,339	220,732	194,634	185,710	180,590
<b>Total Local Revenue</b>	<b>1,485,048</b>	<b>1,505,525</b>	<b>1,491,725</b>	<b>1,550,024</b>	<b>1,499,055</b>
Supplementary Finance Fund	813,251	842,791	814,057	741,998	831,642
Other Current Transfers	173,524	187,564	207,555	218,543	168,289
<b>Total Current Transfers</b>	<b>986,775</b>	<b>1,030,355</b>	<b>1,021,612</b>	<b>960,541</b>	<b>999,931</b>
Financial Revenue	14,163	17,530	4,128	1,640	5,536
<b>Total Current Revenue</b>	<b>2,485,986</b>	<b>2,553,410</b>	<b>2,517,465</b>	<b>2,512,205</b>	<b>2,504,522</b>

non-residential properties with the highest cadastral value. The rate of tax on increases in land value was 30%, while the tax on construction was 3.25%.

Taxes transferred by Central Government rose by 1.5% in comparison with 2010 in accordance with the amounts paid on account by the Ministry of Finance and Public Administration.

Charges fell overall by 5% in 2011. Charges for use of the public domain fell by 5.9%, primarily due to the decrease in gross income from companies granted concessions to supply general interest services arising from the private use of the subsoil, land and the overhang of public highways, and non-repeating complementary tax payments made in

2010 for telecommunications companies.

On the other hand, charges for the sale of services fell by around 4.3% due to a reduction in urban planning licenses, despite maintaining the number of licensed activities. The sale of goods and services amounted to more than 253 million euros, even though there was a negative variation of 17.4% which is mainly explained by the fact that SFB no longer forms part of the perimeter of consolidation. As such, the sale of goods and services of group companies fell by 44 million euros due to the aforementioned reason. However, revenue related to commercial waste collection fell by 10 million euros, which corresponds to tax payment regularization in 2010. The

Table

**4** **7**

#### Current Revenue (in percentages)

	2007	2008	2009	2010	2011
Tax on Property	16.0	16.7	17.9	20.0	21.5
Tax on Economic Activities	3.9	3.9	4.0	3.9	3.9
Tax on Vehicles	3.0	2.9	2.9	2.8	2.8
Tax on Construction	2.0	1.5	1.0	1.0	1.0
Tax on Increased Land Value	4.4	3.8	3.7	4.1	3.3
<b>Subtotal</b>	<b>29.4</b>	<b>28.8</b>	<b>29.5</b>	<b>31.8</b>	<b>32.5</b>
Share of Income Tax, VAT and Special Taxes	3.4	3.6	4.0	3.4	3.4
<b>Total Local Taxes</b>	<b>32.8</b>	<b>32.4</b>	<b>33.5</b>	<b>35.2</b>	<b>35.9</b>
Other Fiscal Revenue:Charges	6.3	6.5	6.6	6.9	6.6
Sale of Goods and Provision of Services	11.5	11.4	11.5	12.2	10.1
Other Operating Revenue	9.1	8.7	7.7	7.4	7.2
<b>Total Local Revenue</b>	<b>59.7</b>	<b>59.0</b>	<b>59.3</b>	<b>61.7</b>	<b>59.9</b>
Supplementary Finance Fund	32.7	33.0	32.3	29.5	33.2
Other Current Transfers	7.0	7.3	8.2	8.7	6.7
<b>Total Current Transfers</b>	<b>39.7</b>	<b>40.3</b>	<b>40.5</b>	<b>38.2</b>	<b>39.9</b>
Financial Revenue	0.6	0.7	0.2	0.1	0.2
<b>Total Current Revenue</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

remaining operating revenue, including fines, rents and concessions, fell by 2.8%.

With regard to current transfers, overall they were 4.1% higher. The Central Government's Supplementary Finance Fund was 12.1% higher than payments on account made in 2010. This increase in advances reflects the forecast of increases in State cash revenue from income tax, VAT and special taxes (in other words, the State Fiscal Revenue [ITE] amount used

to index the Supplementary Finance Fund). In March 2012 the Ministry of Finance and Public Administration published their estimation of the definitive share in taxes for the year 2010 via the Secretary of State for Public Administration's Virtual Office. According to this information, the share in favor of the City of Barcelona amounts to 117 million euros (7 corresponding to the assignment of taxes and 110 million euros

Table

48

**Current Revenue** (rates of variation)

	2007	2008	2009	2010	2011
Tax on Property	7.6	7.1	5.6	11.4	7.3
Tax on Economic Activities	0.9	2.0	0.2	(1.5)	0.7
Tax on Vehicles	(0.5)	(0.6)	(2.4)	(1.3)	(2.9)
Tax on Construction	33.2	(26.0)	(35.1)	7.4	(8.7)
Tax on Increased Land Value	29.0	(10.4)	(3.7)	8.6	(17.9)
<b>Subtotal</b>	<b>9.9</b>	<b>0.8</b>	<b>0.7</b>	<b>7.9</b>	<b>1.8</b>
Share of Income Tax, VAT and Special Taxes	3.5	8.0	9.3	(16.2)	1.5
<b>Total Local Taxes</b>	<b>9.2</b>	<b>1.5</b>	<b>1.7</b>	<b>5.0</b>	<b>1.8</b>
Other Fiscal Revenue: Charges	(0.3)	5.3	(0.6)	5.3	(5.0)
Sale of Goods and Provision of Services	8.8	1.5	(0.3)	5.5	(17.4)
Other Operating Revenue	(1.3)	(2.0)	(11.8)	(4.6)	(2.8)
<b>Total Local Revenue</b>	<b>6.3</b>	<b>1.4</b>	<b>(0.9)</b>	<b>3.9</b>	<b>(3.3)</b>
Supplementary Finance Fund	7.5	3.6	(3.4)	(8.9)	12.1
Other Current Transfers	18.2	8.1	10.7	5.3	(23.0)
<b>Total Current Transfers</b>	<b>9.3</b>	<b>4.4</b>	<b>(0.8)</b>	<b>(6.0)</b>	<b>4.1</b>
Financial Revenue	24.8	23.8	(76.5)	(60.3)	237.6
<b>Total Current Revenue</b>	<b>7.6</b>	<b>2.7</b>	<b>(1.4)</b>	<b>(0.2)</b>	<b>(0.3)</b>

to the Supplementary Finance Fund) and this will be paid during 2012.

All in all, the rest of current transfers have fallen by 23%. Assignments from Central Government, without counting the Supplementary Finance Fund, have fallen by 65.9% compared to 2010 because, on the one hand, of the non consolidation of Central Government funds for local employment and sustainability destined to current expenses that are by nature social or educational, and on the other hand, a reduction of 36.9% in assignments to finance a wide range of municipal institutions.

The assignments by other local entities have fallen by around 16%, whilst assignments from the European Union have risen by 141%.

In terms of transfers from the Generalitat of Catalonia, these fell by 14.4%. However, funds destined to expenses on primary care, homes for the elderly and old age day care centers, and the application of the Dependency Law have increased by 7.3%. In 2011, 15.4 million euros corresponding to extraordinary local employment programs received in 2010 were not consolidated. On the other hand the consolidation process applied by the Generalitat has meant that there was a reduction of assignments to the local cooperation fund and earmarked assignments for education (nurseries and art-related education). The rest of current transfers include earmarked funds from Metropolitan Hydraulic Services and Waste Treatment Agency earmarked for waste management and earmarked funds from the European Union.

## Evolution of Current Expenses

Over the last five years, consolidated current expenditure has risen by an annual rate of 4.5%. During this period, the largest rises in current expenditure have been, in general terms, in services for people, including social care, education, culture, sports and public health, followed by maintenance of public spaces, in other words, public highways, parks and gardens in the city, street cleaning and waste collection and treatment, and finally safety and mobility.

In 2011, current expenses rose by 1.2%. Expenditure on personnel fell by 2%, thanks to developments in the average staffing situation, which saw 285 jobs eliminated. This reduction, however, is caused in part by the fact that SFB no longer forms part of the consolidation perimeter.

Works, supplies and external services fell by 3.6%. This reduction is explained, basically, by fewer firms in the consolidation perimeter and the change of contractual responsibility regarding water, gas and electricity supplies of municipal owned schools managed by the Barcelona Education Consortia. This change in ownership regarding supply contracts has reduced this account by 6.9 million euros, despite the rise in current transfers to the Education Consortia for management purposes.

Table

49

**Current Expenses** (thousands of euros)

	2007	2008	2009	2010	2011
Personnel Expenses	601,305	633,747	616,522	636,432	624,011
Works. Supplies and External Services	763,799	805,039	860,279	908,563	875,434
Current Transfers	337,227	400,014	477,886	419,888	452,607
Provisions	61,395	58,411	46,492	64,605	94,046
Financial Expenses	41,636	43,002	34,082	33,930	41,787
<b>Total Current Expenses</b>	<b>1,805,362</b>	<b>1,940,213</b>	<b>2,035,261</b>	<b>2,063,418</b>	<b>2,087,885</b>

Table

410

**Current Expenses** (in percentages)

	2007	2008	2009	2010	2011
Personnel Expenses	33.3	32.7	30.3	30.8	29.9
Works. Supplies and External Services	42.3	41.5	42.3	44.0	41.9
Current Transfers	18.7	20.6	23.5	20.3	21.7
Provisions	3.4	3.0	2.3	3.1	4.5
Financial Expenses	2.3	2.2	1.6	1.6	2.0
<b>Total Current Expenses</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

Table

411

**Current Expenses** (rate of variation)

	2007	2008	2009	2010	2011
Personnel Expenses	5.9	5.4	(2.7)	3.2	(2.0)
Works. Supplies and External Services	8.7	5.4	6.9	5.6	(3.6)
Current Transfers	11.9	18.6	19.5	(12.1)	7.8
Provisions	5.7	(4.9)	(20.4)	39.0	45.6
Financial Expenses	0.0	3.3	(20.7)	(0.4)	23.2
<b>Total Current Expenses</b>	<b>8.0</b>	<b>7.5</b>	<b>4.9</b>	<b>1.4</b>	<b>1.2</b>



Current transfers rose by 7.8% to 453 million euros. Notable was the 8.4% increase in the contribution to the Metropolitan Area of Barcelona as a consequence of the increased share of income from Central Government (Supplementary Finance Fund and transferred taxes). In second place, an agreement was signed with the Generalitat of Catalonia to promote and consolidate Barcelona and its area of influence, its infrastructure and related personnel as a benchmark destination for tourism, and this brought about an allocation of 15 million euros in 2011. The rest of the transfers, except for the rise in the allocation of the Education Consortium for the transfer of utilities, have shown very little changes compared to 2010. Regarding amounts, the most significant allocation is the current transfer for the Metropolitan Transport Authority to cover transport system operating expenses, which remained the same as 2010 and totals 72.9 million euros.

The allocation to the provision for doubtful debt was determined by applying the collection coefficients estimated by the City of Barcelona to outstanding debts owed by tax payers in the prompt-payment period and for fines in both the voluntary and prompt payment periods based on past historical data, on each of the tax figures in an individual way and in each concrete fiscal year. In addition, provisions were made for non-fiscal debt regarded as doubtful. The rise in provisions in 2011 is because of the allocation of all amounts taxed since 2008 on mobile telephone companies in accordance with the tax by-laws that regulate charges on the particular use or special use of the public domain by mobile telephone trading companies, with it being understood that this by-law has been challenged legally.

Consolidated financial expenses rose by 23.2% to 41.8 million euros. This trend, given the context of a reduction of 8% in debt and despite ending the 2011 financial year, as in the previous year, with an average cost of debt of 2.8%, is explained by the higher than average account amounts available in 2011.

Given the final objectives, current expenses in 2011 cover set objectives. On the one hand, this is due to the budgetary rigor holding back non priority expenses and the rationalization in the municipal structure and, on the other hand, the emphasis on reactivating the city's economy, social services, education and conservation of the public space, strengthening aspects like security and street cleaning.

Expenses allocated to services for people have risen by 1.5%, with noteworthy increases of 3.7% on protection and social promotion expenses (primary social care and specialized care, children, young people, the elderly and immigration), and 5.4% on educational programs and 16.6% of sports programs. On the other hand, expenses on cultural programs fell by 5.0%.

Expenditure on public health has fallen by 13.1% because, basically, the Generalitat of Catalonia has taken over responsibility for services that until now the City of Barcelona had assumed. We should highlight the overall fall in civil servants' health care quotas (PAMEN). The progressive fall in the number of civil servants assigned and their corresponding move over to the general regime of the Social Security system is the basic cause of this fall.

Expenses relative to services in the public domain have stayed constant to levels in 2010. Worth highlighting is the increase by 1.3% in expenses on community welfare. In this area of community welfare we can highlight a 1.5% increase in expenses related to waste collection and street cleaning, an increase of 1.8% in expenses on waste management and a 3% increase on expenses related to public lighting.

Expenditures on security, transport and mobility have fallen overall by 1.3%, caused basically by a fall in expenses regarding administration expenses, measures aimed traffic and parking control and fire services in the order of 11.1%, 8.2% and 5.1% respectively. At the same time we should say in this section that the increase of 3.3% in expenditures on programs related to security and public order are mainly due to the

addition of 150 new officers to the local police force. Expenditures on public transportation programs have remained at the same level as in 2010.

Expenditure on economic development, participation, information and community services increased 14.6% overall. In particular, we should note an increase of 31.4% in expenditures on economic development, including programs aimed at tourism, trade and small and medium enterprises, employment and training. Expenditure on programs aimed at promoting trade increased 1.2%.

Expenditures on participation increased by 1.0% and those on customer service fell by 1.3%.

The most significant reduction in the budget has been in general services costs, which fell 8.1% compared to the year 2010, in compliance with the so-called economic austerity plan and the

strengthening of government priorities passed by the Plenary Council. These costs include general administration, governing bodies, equity management and tax management. Expenses regarding governing bodies have decreased by 10.1%. Expenses related to general services fell by 6.2% and expenses relating to equity management and fiscal management were down 9.6%.

## Investments

In the last five years, consolidated capital expenditure has totaled in excess of 3,800 million euros, 3,570 million of which has been allocated to direct investments and the rest to capital transfers, principally to cultural amenities, and to capital increases, mainly to Fira 2000, S.A.

Table

4 12

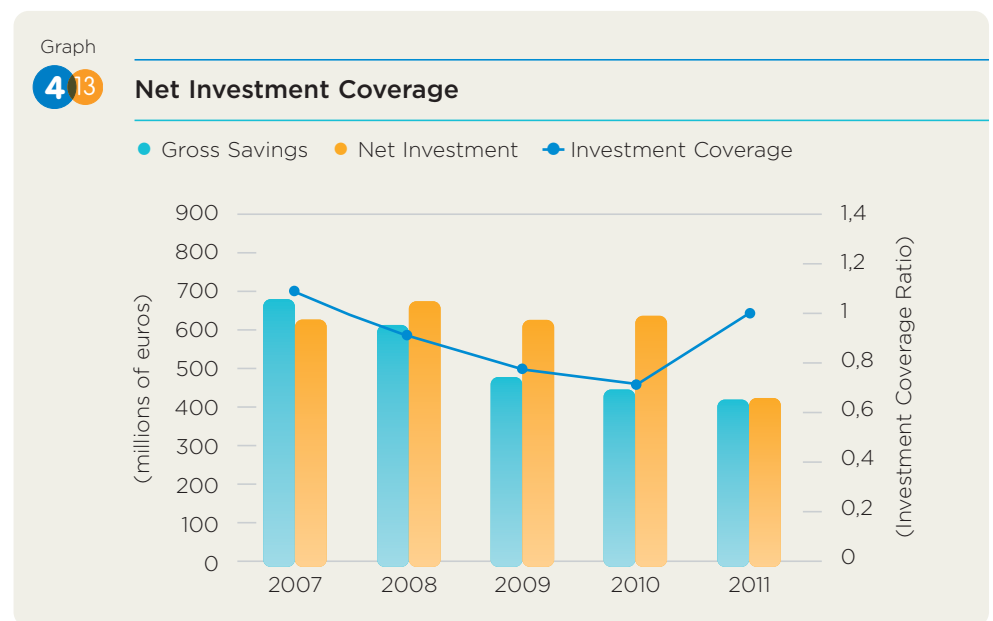
### Capital Revenue and Expenses (thousands of euros)

	2007	2008	2009	2010	2011
<b>Direct investments</b>	<b>613,937</b>	<b>684,237</b>	<b>889,994</b>	<b>814,036</b>	<b>569,980</b>
HOLSA	21,826	0	0	0	0
ATM	28,590	28,591	28,591	0	0
Non Municipal Entities	16,003	22,673	20,469	29,835	29,427
<b>Capital Transfers</b>	<b>66,419</b>	<b>51,264</b>	<b>49,060</b>	<b>29,835</b>	<b>29,427</b>
<b>Financial Investments</b>	<b>8,250</b>	<b>9,999</b>	<b>9,557</b>	<b>7,999</b>	<b>4,163</b>
<b>CAPITAL EXPENSES</b>	<b>688,606</b>	<b>745,500</b>	<b>948,611</b>	<b>851,870</b>	<b>603,570</b>
Capital Transfers	18,160	33,828	307,130	189,353	101,305
Assets Management	41,072	32,838	13,340	30,328	83,199
<b>CAPITAL REVENUE</b>	<b>59,232</b>	<b>66,666</b>	<b>320,470</b>	<b>219,681</b>	<b>184,504</b>
<b>NET INVESTMENT</b>	<b>629,374</b>	<b>678,834</b>	<b>628,141</b>	<b>632,189</b>	<b>419,066</b>

Capital revenue from capital transfers and asset management has amounted to 850 million euros, allowing for the financing of 22% of capital expenditure. Notable among the capital transfers received are those from Central Government deriving from the 2009 State Local Investment Fund and the 2010 State Fund for Employment and Local Sustainability. These two funds have made it possible to finance some

480 projects, between them amounting to 381 million euros. The amount corresponding to asset management in 2011 included 64.7 million euros from the sale of 36% of shares in Serveis Funeraris de Barcelona, SA.

Investment coverage for the entire period, measured as gross saving over net investments, stood at 0.88 times. In 2011 gross savings covered almost 100% of net investments.



The City of Barcelona's program of investments covers a wide variety of projects, notable among which are initiatives focusing on personal services, public space interventions, land and housing management, infrastructure and economic promotion.

Investments carried out in 2011 were distributed across a diverse set of programs.

Thanks to the Integral Improvement Plan, a number of public works were carried out, which included major improvement works on 42 roads - including the following streets: Arc de Sant Martí, Agudes, Lluís Sagnier, Art, Sant Nicolau, Béjar, Elisi, Castillejos, Ciutat

d'Asunción, Trafalgar and Lepant-; the complete remodeling of Passeig de Sant Joan and Joaquim Costa street, and improvements to the traffic light system across the city. Also, in the public domain, there have been significant works like the Garrofers rain collector and the overspill rainwater tank in Estatut Avenue, joining a network of rainwater tanks with an investment of 27 million euros.

Regarding facilities and amenities, 9 nurseries were built as part of the nurseries plan 2010-2011. In the cultural aspect, programs included improvements to the Frederic Marès Museum, the rehabilitation of the old La Seca minting factory, where a new creative center

called Espai Brossa Escènic has been set up, and an extension to the Picasso Museum with a new build annex.

There have been investments in several multipurpose facilities, like the Comte Urgell 145 facility with an investment of 13 million euros to create a library, kindergarten, a civic center and auditorium, and the rehabilitation of Palau Alòs, which also incorporates a nursery school, a school for adults and a civic center, or Mas Guinardó, and the recovery of the old Alchemika factory for the city, which has become a nursery school, a library and a neighborhood center.

Regarding sports facilities, here we can include the addition of two more centers to the municipal network, namely CEM Horta (Municipal Sports Centre) and CEM Cotxeres de Borbó.

The main economic development investments have been carried out on local markets, promoting their modernization with a view to also preserving their exteriors. In 2011, we can highlight the start of regeneration work on three of the city's most significant markets (Sants, Ninot and Sant Antoni), all of which will be completed in the coming years.

The city's land management policy is aimed at increasing public land intended for social housing and those for the elderly, for young people and other

specific groups. Thus, for example, in 2011, Barcelona's Municipal Housing Agency, one of the main developers of social and protected housing, delivered 96 apartments with services for the elderly in a promotion located in Reina Amàlia street in the Raval neighborhood.

Regarding mobility, investments made by Barcelona de Serveis Municipals are noteworthy, primarily because of their construction of 5 car parks opened in 2011 (Josep Amat, Via Augusta-FGC, Illa Borbó, Galícia and Parc de la Unitat streets, with more than 1,300 spaces in total) and another 5 car parks underway (Gardunya, plaça de les Navas, Ciutat Meridiana, rambla Poblenou and Badajoz).

In 2011, too, outstanding works financed by the 2010 State Fund for Employment and Local Sustainability were finalized.

Financing

The City of Barcelona's consolidated debt as at 31 December 2011 stood at 1,347 million euros, 8% less than in 2010. Of the total, 1,090 million corresponds to the City of Barcelona and 257 million to its commercial entities, meaning, the Municipal Housing Agency and the Barcelona de Serveis Municipals Group. Consolidated debt is 3.2 times the generated gross saving.

Table

Consolidated Financial Debt (thousands of euros)					
	2007	2008	2009	2010	2011
Public Administration	928,727	774,258	750,101	1,200,101	1,090,101
Commercial Entities	138,383	153,515	224,257	264,304	256,681
Total Debt	1,067,110	927,773	974,358	1,464,405	1,346,783

## Public Administration

The City of Barcelona's debt fell from 1,200 million euros at the end 2010 to 1,090 million euros as at 31 December 2011. All of this debt is long term.

The fall in debt of 110 million euros is the result, on the one hand, of contracted amortization in March 2011 of a bond issue -dated March 2004- to the tune of 100 million euros and, on the other hand, the anticipated amortization of a 10 million euro bank loan in application of Royal Decree Law 8/2010 regarding measures to reduce public deficits, and because of the application of savings derived from personnel salaries during 2010.

As at 31 December 2011, the public entities and dependent municipal firms

that are part of the public administration had no debt.

## Commercial Entities

Commercial entities' debt as at 31 December 2011 amounted to 257 million euros, of which 250 million were long-term operations. At the end of 2010, the commercial entities' level of debt stood at 264 million euros.

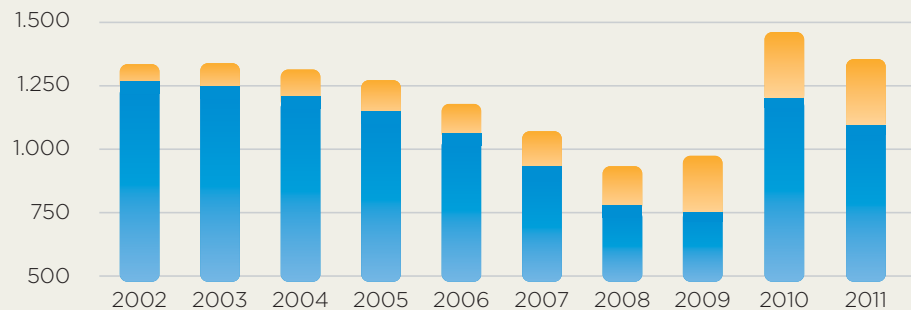
The debt of the Municipal Housing Agency increased by 22 million euros to 194 million euros, and that of the Barcelona de Serveis Municipals Group fell by 30 million euros, basically due to the sale of 36% of shares in Serveis Funeraris de Barcelona, SA.

Graph

4 15

### Consolidated Debt (millions of euros)

● Public Sector ● Commercial Entities





Table

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**Consolidated Debt** (thousands of euros)

	31.12.07	31.12.08	31.12.09	31.12.10	31.12.11
Bank Loans	627,110	487,773	584,358	1,074,405	1,050,058
Private Placements	340,000	340,000	290,000	290,000	290,000
Public Bond Issues	100,000	100,000	100,000	100,000	0
<b>Total Debt</b>	<b>1,067,110</b>	<b>927,773</b>	<b>974,358</b>	<b>1,464,405</b>	<b>1,346,783</b>
Long-term Debt	1,066,230	923,616	962,099	1,455,914	1,340,058
Short-term Debt	884	4,157	12,259	8,491	6,725

Table

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**Consolidated Debt** (in percentages)

	31.12.07	31.12.08	31.12.09	31.12.10	31.12.11
Bank Loans	58.8	52.6	60.0	73.4	78.5
Private Placements	31.8	36.6	29.8	19.8	21.5
Public Bond Issues	9.4	10.8	10.2	6.8	0.0
<b>Total Debt</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Long-term Debt	99.9	99.6	98.7	99.4	99.5
Short-term Debt	0.1	0.4	1.3	0.6	0.5

The City of Barcelona's financial policy is aimed at controlling the increase in financial expenses, assuming a reasonable financial risk. For this reason, the financial strategy is based on facilitating access to capital markets by offering financial information at the appropriate time; using short-term debt exclusively to cover transitory cash needs; improving the profile of debt by maturities, while

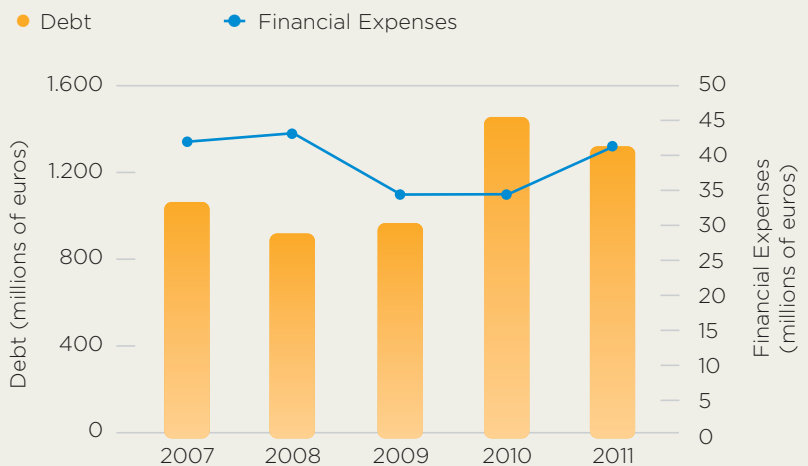
maintaining annual contractual amortizations of debt below the gross savings generated; and diversifying interest rate risk.

The City of Barcelona's debt is sourced in the euro zone. 78.5% of its debt corresponds to bank loans, while the remaining 21.5% has been borrowed on capital markets (private placements on the German market).

Graph

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## Debt and Financial Expenses



In 2011, the credit rating of the Central Government's public debt was revised downwards. The fact that resources from Central Government, from the Supplementary Finance Fund and shared taxes, account for 30% of the City of Barcelona's consolidated current revenue means that the State's credit rating

represents the ceiling of the City of Barcelona's credit rating. For this reason, the downgrading of the Central Government's credit rating is responsible - since this was the same for the City of Barcelona- for the downward revision of the City of Barcelona's rating. On May 31 2012, this rating was:

Table

**419**

## Credit Rating

Rating Agency	City of Barcelona	Central Government	Outlook (City/State)
Fitch	A	A	Negative/Negative
Standard & Poor's (*)	BBB+	BBB+	Negative/Negative
Moody's Investor Service	Under revision	A3	-/Negative

(\*) ICL (Indicative Credit Level) 'aa'. Note: ICL, in accordance with methodology used by S&P for rating Local and Regional Governments (LRGs), is not a rating, but rather an average to evaluate the intrinsic solvency of a LRG under the assumption that there is a limit on the qualification of the sovereign subject. ICL shows the result of a combination of the profile evaluation of the individual credit situation of a LRG and the institutional frame in which it operates.



# 5

## **2011 Annual accounts**

(along with the auditors' report)







Avda. Diagonal, 640  
08017 Barcelona



Gabinete Técnico  
de Auditoría y Consultoría, s.a.

Balmes, 89-91  
08008 Barcelona

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

#### AUDITOR'S REPORT ON ANNUAL ACCOUNTS

To the Mayor-President of  
the Barcelona City Council,

We have audited the annual accounts of the Barcelona City Council, consisting of the balance sheet as of December 31, 2011, the statement revenues and expenses, the budget reconciliation statement and the related notes to the annual accounts for the year then ended. The Corporation's Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the Entity (as identified in Note 1.1.a to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2011 present fairly, in all material respects, the net worth and financial position of the Barcelona City Council as of December 31, 2011 and the results of its operations as reflected in the statement of revenues and expenses and budget reconciliation statement referred to above, and its source and application of funds for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

PricewaterhouseCoopers Auditores, S.L.

Xavier Brossa i Galofré  
Partner

Barcelona, April 23, 2012

PricewaterhouseCoopers Auditores, S.L.  
R. M. Madrid, full 27.250-1, foli 75, tomo 9.267, llibre 8.054,  
secció 3<sup>a</sup>. Inscrita en el R.O.A.C. amb el número So242 -  
CIF: B-79 031290

Gabinete Técnico  
de Auditoría y Consultoría, S.A.

Jorge Vila López  
Partner

Gabinete Técnico de Auditoría y Consultoría, S.A.  
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**City of Barcelona**  
**Balance sheet as of December 31, 2011 and 2010**  
(thousands of euros)

Table			
51 Assets			
		As of December 31, 2011	As of December 31, 2010
	Note		
<b>Fixed Assets</b>		<b>7,855,967</b>	<b>7,567,338</b>
Intangible fixed assets	3	22,232	19,562
Tangible fixed assets	3	7,004,862	6,824,382
Public land assets	3	547,272	490,048
Tangible fixed assets assigned to municipal agencies and third parties	3 & 8	(586,555)	(588,346)
Fixed assets pending classification and in progress	3	1,509,338	1,358,805
Investments in infrastructures and assets for public use	3	6,797,316	6,657,198
Investments assigned for public use	3 & 8	(6,797,316)	(6,657,198)
Accumulated depreciation	3	(860,815)	(778,108)
Long-term financial investment	4	216,678	236,329
Long-term off-budget receivables	5	2,955	4,666
<b>Deferred expenses</b>	<b>6</b>	<b>810</b>	<b>983</b>
<b>Current assets</b>		<b>698,927</b>	<b>945,988</b>
On budget receivables	7	761,469	663,571
Allowance for bad debt	7	(389,964)	(332,951)
		371,505	330,620
Other off-budget receivables		44,790	32,717
Public administrations receivables	14	2,618	1,165
Short-term financial investment		220,901	484,495
Cash		49,113	96,991
Adjustments for prepayments	16	10,000	-
<b>Total Assets</b>		<b>8,555,704</b>	<b>8,514,309</b>

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2011.

**City of Barcelona**  
**Balance sheet as of December 31, 2011 and 2010**  
(thousands of euros)

Table

**5** **2**

**Liabilities**

**As of December 31, 2011**      **As of December 31, 2010**

	<b>Note</b>		
<b>Equity</b>	<b>8</b>	<b>5,798,720</b>	<b>5,531,692</b>
City of Barcelona equity		7,707,735	7,647,614
Property assigned to municipal agencies and third parties		(586,555)	(588,346)
Property delivered for public use		(6,797,316)	(6,657,198)
Property assigned by municipal agencies and third parties		58,741	58,121
Results of previous fiscal years		5,071,501	5,039,584
Results of fiscal year		344,614	31,917
<b>Deferred income</b>		<b>707,292</b>	<b>691,044</b>
Capital transfers and other capital income	9	607,785	592,281
Other deferred income	10	99,507	98,763
<b>Provisions for contingencies and expenses</b>	<b>11</b>	<b>85,063</b>	<b>90,595</b>
<b>Long-term liabilities</b>		<b>1,337,724</b>	<b>1,520,533</b>
Long-term loans and debentures	12	1,000,101	1,090,101
Long-term guarantees and deposits		28,277	27,976
Other long-term payables	13	309,346	402,456
<b>Short-term liabilities</b>		<b>626,905</b>	<b>680,445</b>
Short-term payables for loans and debentures	12	90,000	110,000
On-budget payables		331,407	434,260
Public administration payables	14	28,097	28,398
Other off-budget payables	15	165,188	95,462
Accrued expenses	16	10,563	12,123
Amounts pending application		1,650	202
<b>Total Liabilities</b>		<b>8,555,704</b>	<b>8,514,309</b>

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2011.

**City of Barcelona**  
**Statements of revenues and expenses for the fiscal years ended**  
**as of December 31, 2011 and 2010** (see Note 17) (in thousands of euros)

Table



Expenses	2011	2010	Revenues	2011	2010
<b>Personnel expenses</b>	<b>342,474</b>	<b>345,820</b>	<b>Sale of goods and services</b>	<b>41,967</b>	<b>51,408</b>
Wages and salaries	262,729	266,830	Sale of goods	428	355
Compensation for services	2,363	3,258	Charges on services	8,358	7,380
Social security expenses	76,009	74,665	Public prices for sale of services	33,181	43,673
Other welfare expenses	1,373	1,067			
<b>Welfare benefits</b>	<b>1,534</b>	<b>1,647</b>	<b>Other operating revenues</b>	<b>199,457</b>	<b>162,891</b>
			Interest	5,355	1,525
			Profit sharing	34,231	-
			Surcharge on collection proceedings	11,185	9,763
<b>Financial expenses</b>	<b>32,377</b>	<b>22,724</b>	Late payment surcharge	6,040	10,848
			Fines	97,152	90,362
			Rents, concessions and special uses	34,673	36,753
<b>Taxes</b>	<b>538</b>	<b>348</b>	Diverse	10,821	13,640
<b>Works, supplies and subcontracted services</b>	<b>532,086</b>	<b>539,819</b>	<b>Taxes</b>	<b>904,679</b>	<b>885,870</b>
Rent	22,871	22,431	Property tax (IBI)	542,418	504,177
Maintenance and repairs	13,427	13,024	Tax on economic activity (IAE)	99,406	97,871
Supplies	29,747	35,258	Tax on motor vehicles (IVTM)	69,282	71,288
Communications	7,314	8,207	Tax on construction, installations and works (ICIO)	23,799	26,058
Subcontracted work	402,007	396,547	Tax on the increase in land values (IIVT)	83,713	101,678
Miscellaneous expenses	56,720	64,352	Assignment of Central Government taxes	86,061	84,798
<b>Current transfers</b>	<b>881,700</b>	<b>871,066</b>	<b>Other tax revenues</b>	<b>165,481</b>	<b>174,792</b>
To municipal agencies and firms	500,475	563,992	Charges on services	59,660	62,367
To autonomous communities, metropolitan areas and consortia	322,588	251,286	Charges on use of public domain	105,822	112,425
Other current transfers	58,637	55,788	Replaced taxes	-1	-
<b>Provision to allowance for bad debt</b>	<b>91,761</b>	<b>61,077</b>	<b>Current transfers</b>	<b>980,016</b>	<b>943,036</b>
			Supplementary finance fund	831,642	741,998
			Other Central Government agencies	16,387	48,072
			From the Generalitat of Catalonia	71,496	90,408
			From local entities	59,024	60,378
			From foreign transfers	972	1,699
			Miscellaneous	495	481
<b>Total Operating Expenses</b>	<b>1,882,470</b>	<b>1,842,501</b>	<b>Total Operating Revenues</b>	<b>2,291,600</b>	<b>2,217,997</b>
<b>Operating result (before capital transfers)</b>	<b>409,130</b>	<b>375,496</b>			
<b>Capital transfers</b>	<b>55,029</b>	<b>38,208</b>			
<b>Operating result (after capital transfers)</b>	<b>354,101</b>	<b>337,288</b>			
<b>Negative extraordinary results</b>	<b>-</b>	<b>230,895</b>	<b>Positive extraordinary results</b>	<b>74,884</b>	<b>-</b>
<b>Provision for depreciation</b>	<b>83,500</b>	<b>74,036</b>			
<b>Financial investment provisions</b>	<b>871</b>	<b>440</b>			
<b>Result for the year</b>	<b>344,614</b>	<b>31,917</b>			
<b>Total</b>	<b>2,366,484</b>	<b>2,217,997</b>	<b>Total</b>	<b>2,366,484</b>	<b>2,217,997</b>

Notes 1 to 20 of the attached report form an integral part of the statement of revenues and expenses as of December 31, 2011.

## Integral report of the annual accounts corresponding to the fiscal year ending December 31, 2011

### Note 1 – Basis of presentation

#### 1.1. Accounting policies

a) These annual accounts have been drawn up from the City's accounting records corresponding to the fiscal year 2011 and have been prepared in accordance with the generally accepted accounting principles for public administrations, as laid down in the Instruction on Local Government Accounting Standards, order of November 23, 2004, which took effect on January 1, 2006, and in Law 1/2006, which governs Barcelona's special regime, for the purpose of presenting a faithful rendering of the equity, of the financial position, of the results of its operations reflected in the statement of revenues and expenses and in the budget account settlement, and of the resources obtained and applied during the fiscal year.

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

- Law 7/1985, of April 2, governing the basis of law for local legislation.
- Royal Decree Law 781/1986, of April 18, approving the Amended Text of the current provisions concerning the local regime.
- Legislative Decree 2/2003 of April 28, approving the Amended Text of the Municipal Law of the Local Government Regime System of Catalonia.
- Legislative Royal Decree 2/2004, of March 5, approving the Amended Text of the Law Regulating Local Taxation (Law 39/1988, of December 28).
- Royal Decree 500/1990, developing Law 39/1988.
- Documents on accounting principles issued by the Commission on Public Accounting Principles and Standards, created by the Resolution of the Secretary of State for Treasury on December 28, 1990.
- Order of April 27, 2007, on the deployment of Decree 94/1995, of February 21, modified by resolutions ECF/2901/2008, ECF/1769/2009, ECF/3210/2010 and ECF/1406/2011 on the financial monitoring of local entities.
- Law 15/2010, of July 5, of the

modification of Law 3/2004, of December 29, which established measures against arrears in commercial operations.

#### 1.2. Accounting system, annual accounts and general account

In accordance with the Law 1/2006, governing Barcelona's special regime, the accounting information system of the City of Barcelona consists mainly of the subsystems of financial accounting, consolidation of accounts and budget accountability.

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

- Balance sheet
- Statement of revenues and expenses
- Report

The balance sheet has basically been drawn up according to the models established by the Instruction on Local Government Accounting Standards (ICAL), applicable from January 1, 2006.

The statement of revenues and expenses has been published in more detail than required by the aforementioned standards in order to provide more thorough information on revenues and expenses.

The report is basically presented in accordance with the models established by the aforementioned ICAL.

The figures contained in the documents that go to make up these annual accounts are expressed in thousands of euros.

The consolidated accounts integrate the City of Barcelona's accounts and its autonomous local agencies, public business entities and dependent trading companies.

The budget account is composed of the state of the budget results statements:

- Summary of the status of the revenues account budget.
- Summary of the status of the expenses account budget.
- Budget results.
- Budget treasury reserves.

The budget results statement was approved by Decree, issued by the Mayor's



Office on February 29, 2012. Regarding the legal terms established, General Accounts will be submitted to the Municipal Council Plenary Session for approval within the established statutory period.

1.3. Comparability of the information

The annual accounts for the fiscal years 2011 and 2010 have been drawn up in accordance with ICAL provisions, with their preparation following uniform criteria regarding valuation, grouping, classification and monetary units, and as such information presented is therefore uniform and comparable.

Note 2 - Valuation criteria

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

2.1. Tangible fixed assets

These include the City's assets and those in the public domain that are directly assigned to the provision of public services, which constitute the local entity's long-term investments.

The valuation criteria for fixed assets are the following:

a) Land and buildings. Additions made prior to January 1, 1992 are valued according to an expert estimate of their current market value carried out by an independent valuation firm. For properties officially listed as of historic-artistic

interest, this value is equivalent to the cost of replacement. To this end, with regard to non-financial assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as "the sum of all the expenses necessary for the construction of an asset of identical nature and characteristics. In the case of buildings officially listed as of historic-artistic interest, this value will be that of reconstruction". Posterior additions are valued at their purchasing price or, in the case of assets received free of charge, at their appraised value, reduced by accumulated depreciation.

b) Machinery, installations, furniture, data processing equipment and vehicles. These are valued at their purchasing price, reduced by accumulated depreciation.

c) Fixed assets pending classification. Additions are valued at their purchasing price or construction cost and these are transferred to the corresponding fixed assets account or to the "Property delivered for public use" account upon full completion.

Repairs not contributing to an extension of useful life and maintenance costs are charged directly to the statement of revenues and expenses. The costs of any additions or improvements that extend an asset's useful life span are capitalized as an increase in its value.

The annual provision for asset depreciation is calculated by applying the straight-line method based on each asset's estimated useful lifespan, which, in

Table	
54	
Estimated years of useful life	
Buildings	65
Property assigned by municipal agencies or third parties	65
Technical installations and machinery	8-12,5
Vehicles	5
Fittings	6
Data-processing equipment	4
Livestock	7
Bibliographic archives and others	8

the case of property, begins one month after its incorporation into the City's Asset inventory.

The process of economic depreciation started in the fiscal year 1992. The estimated years of useful life corresponding to the "Buildings" and "Property assigned by municipal agencies and third parties" accounts are determined according to the criteria of the aforementioned independent appraisal.

In the case of properties with historic-artistic value, depreciation is calculated on the cost of an asset that would be needed to reproduce its capacity and usefulness. As such, the part of the registered book value corresponding to the building's historic-artistic component, which amounts to 221,573 thousand euros, is excluded from the depreciation calculation, with this based on the aforementioned independent appraisal. This treatment is justified by the fact that the aforementioned historic-artistic component is subject to maintenance to guarantee its long-term value.

Property assigned by municipal agencies or third parties shows the value of the property assigned to the City of Barcelona to manage and use, coming from other entities.

The "Tangible fixed assets assigned by municipal agencies and third parties" account shows the book value of those assets assigned free of charge by the City of Barcelona to its public agencies, firms or to third parties for their operation or use.

When an asset is assigned, its retirement is recorded through a charge to the "Property assigned to municipal agencies and third parties" account on the balance sheet (see note 8) and thus it is no longer depreciated.

## 2.2. Public land assets

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

Municipal-owned properties included in this account are as follows:

- Properties for social housing, managed by the City of Barcelona itself or municipal operators.
- Properties that have been awarded surface rights in favor of third parties status, to build social housing, homes for the elderly, care centers and other investments with a social aspect.
- Properties sited under investment projects which, when finished, will be given over for usage as social housing and other socially-oriented programs.

The valuation and depreciation criteria are as described in note 2.1.

## 2.3. Investments in infrastructures and assets assigned to public use

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

Additions made prior to January 1, 1992 are valued in accordance to the criteria described in note 2.1. Subsequent additions are valued at their purchasing price.

Upon completion of investments in infrastructures and property for public use, these are retired from the balance sheet with a charge to the "Property delivered for public use" account (see note 8).

For the purposes of presentation, the assets side of the balance sheet shows the value of assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory sums to reflect their retirement. Likewise, note 3 reflects the movements registered under these concepts over the fiscal year.

## 2.4. Long-term and short-term financial investments

Long-term financial investments made by the City of Barcelona prior to January 1, 1992 in its municipal agencies and firms, as well as other shareholdings, are recorded at their technical book value as

of December 31, 1991. Subsequent additions are registered at their purchasing price.

As of December 31, 2011, the difference between the book value and the recoverable value of those shareholdings with substantial losses has been provided for in the attached accounts (see note 4).

Except where there is better evidence of the recoverable value of these investments, the net equity of the company in which the shareholding is held has been considered, corrected for adjustments due to changes in the value of financial derivatives and for implied capital gains at the valuation date.

The balance of the "Short-term investment" account includes repos operations (public bond issues) and deposits in financial entities which possess at least an "A" credit rating from the leading risk qualification agencies.

## **2.5. On-budget receivables and payables**

These are registered according to their nominal value.

For on-budget debtors, a compensatory allowance has been set up for debts that are considered difficult to collect on.

The provision for bad debts is determined by applying a collectability ratio, which expresses the likelihood of payment, based on the past experiences of the City, on the budget settlement of each tax figure in an individualized way and in each fiscal year.

In addition, provision has been made for receivables owing for non-fiscal concepts when they are regarded as doubtful.

## **2.6. Capital transfers and other capital income**

Upon concession, capital transfers are recorded in the "Capital transfers and other capital income" account on the liabilities side of the balance sheet and moved to assets when the investment they were financing is assigned for public use or to the fiscal year's results in the proportion corresponding to the effective depreciation undergone, and recorded in the accounts.

Other capital income is registered at the moment when the administrative operation by which it is produced is actually carried out.

## **2.7. Other deferred income**

Early collection on amounts deferred to years subsequent to the year of collection

are recorded under the "Other deferred income" account (see Note 10), except for the portion of such amounts that has been deferred to the following year, which is recorded under the "Accrued expenses" account (see Note 16) under liabilities on the balance sheet prior to being credited to the statement of revenues and expenses.

## **2.8. Provisions for risks and expenses**

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

## **2.9. Classification of long and short-term debtors and creditors**

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

## **2.10. Revenues and expenses**

### **a) Financial and budget accounts**

Revenues and expenses are primarily recorded in the statement of revenues and expenses in the fiscal year in which they occur depending on the real flow of assets and services they represent and regardless of the timing of the monetary or financial movement from which they are derived, except for those capital grants and transfers derived from agreements or conventions requiring the treatment described in sections 2.6 and 2.10.b. respectively.

b) Revenues and expenses are included in the budget results account when the administrative measure recognizes the respective receivables and payables.

Grants and transfers deriving from agreements and conventions

To record the expenses for transfers and grants stemming from agreements subscribed to by different parties, which could take the form of collaborative agreements, cooperative agreements, contract programs or other similar agreements signed to co-finance or develop specific projects or activities (including capital grants to offset accumulated negative results), the grantor's obligation to pay arises at the moment when the debt matures and is liquid and payable on demand, in other words, when the requirements for payment have been met. The recognition

of the grantor's payment obligation is recorded upon passage of the resolution by which the beneficiary's right to collect is recognized and quantified.

c) Capital transfers

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

## 2.11. Corporate tax

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

## 2.12. Environment

Expenses derived from actions intended to protect and improve the environment are registered, where applicable, as expenses in the year they are incurred.

Notwithstanding this, if they entail investments as a result of actions to minimize impacts on the environment or to protect and improve it, the fixed asset in question is recorded at a higher value.

## Note 3 - Intangible fixed assets, tangible fixed assets and infrastructures

Movements registered in the different tangible and intangible fixed assets and infrastructures accounts are as follows:

Table



	12.31.2010	Additions	Retirements	Transfers	12.31.2011
<b>Intangible fixed assets</b>	<b>19,562</b>	<b>0</b>	<b>0</b>	<b>2,670</b>	<b>22,232</b>
Land	398,602	22,876	(94)	(70,666)	350,718
Buildings	5,560,015	30,006	(319)	164,063	5,753,765
Fixed assets assigned to municipal agencies and third parties	588,346	0	0	(1,791)	586,555
Vehicles	18,725	0	0	0	18,725
Machinery, equipment, installations and tools	67,676	1,709	(3)	3,509	72,891
Data-processing equipment	141,289	1,228	0	26,691	169,208
Office furniture and equipment	47,484	1,770	0	0	49,254
Others	2,245	1,510	(9)	0	3,746
<b>Tangible fixed assets</b>	<b>6,824,382</b>	<b>59,099</b>	<b>(425)</b>	<b>121,806</b>	<b>7,004,862</b>
<b>Public land assets</b>	<b>490,048</b>	<b>11,716</b>	<b>(1,735)</b>	<b>47,243</b>	<b>547,272</b>
Tangible fixed assets assigned to municipal agencies and third parties	(588,346)	0	0	1,791	(586,555)
Fixed assets pending classification	1,358,805	463,148	(400)	(312,215)	1,509,338
Investments in infrastructure and assets for public use	6,657,198	1,428	(160)	138,850	6,797,316
Investments assigned for public use	(6,657,198)	(1,428)	160	(138,850)	(6,797,316)
<b>Gross tangible and intangible fixed assets and infrastructure</b>	<b>8,104,451</b>	<b>533,963</b>	<b>(2,560)</b>	<b>(138,705)</b>	<b>8,497,149</b>
<b>Accumulated depreciation</b>	<b>(778,108)</b>	<b>(83,500)</b>	<b>22</b>	<b>771</b>	<b>(860,815)</b>
<b>Net tangible and intangible fixed assets and infrastructure</b>	<b>7,326,343</b>	<b>450,463</b>	<b>(2,538)</b>	<b>(137,934)</b>	<b>7,636,334</b>

In accordance with applicable regulations, the City of Barcelona records the value of lands containing any type of building under the “Buildings” and “Public land assets” accounts. These accounts include 2,498,479 thousand euros as of

December 31, 2011 and 2,461,998 thousand euros as of December 31, 2010, corresponding to the value of lands on which the buildings are constructed.

Additions during the fiscal year include the following concepts:

Table		
<b>5</b> <b>6</b>		
Investments carried out directly by the City of Barcelona		202,896
Capital transfers for investments:		
• Investments carried out by decentralized entities (autonomous local agencies, public business entities and municipal firms), pursuant to the terms of the Decree issued by the Mayor's Office on June 18, 2008		275,770
• Investments carried out by third parties		37,876
For collections in kind		360
Assets received in free assignment		16,441
Assets received by assignment (note 8)		620
		<b>533,963</b>

The net book value of retirements carried out during the fiscal year includes the following:

Table		
<b>5</b> <b>7</b>		
By Sale		2,513
Others		25
		<b>2,538</b>

The net book value of transfers during the fiscal year is as follows:

Table		
<b>5</b> <b>8</b>		
Assigned and Ceded Equity (note 8)		1,791
Property delivered for public use (note 8)		(138,850)
Long-term financial investments (assets received in exchange operations)		8,468
Tangible fixed assets losses		(24,952)
Profits from fixed assets		15,609
		<b>(137,934)</b>



The details of investments assigned for public use are as follows:

Table

**5** **9**

Thoroughfares	3,399,916
Parks and forests	1,504,421
Systems	646,937
Property for public use: HOLSA	628,125
Mixed	388,915
Municipal assets of an artistic nature	112,439
Urban furniture	73,225
Public facilities	33,946
Buildings	9,392
<b>Total</b>	<b>6,797,316</b>

Items totally written off and in use as of 31 December 2011 are the following:

Table

**5** **10**

Vehicles	12,538
Machinery, equipment, installations and tools	20,066
Data-processing equipment	74,656
Office furniture and equipment	28,411
Others	11,454
<b>Total</b>	<b>147,125</b>

The policy of the City of Barcelona is to contract those insurance policies that are considered necessary in order to cover any possible risks that could affect fixed assets.

## Note 4 – Long-term financial investments

Movements registered in the long-term financial investments account over the fiscal year 2011 were as follows:

Table

5

	31.12.2010	Additions	Retirements	Transfers	31.12.2011
Financial investments	181,553	4,163	-	-	185,716
Long-term credits AMB	27,942	-	(1,505)	(5,548)	20,889
Sale of long-term fixed assets and					
Future PMS property exchanges	67,973	3,200	-	(19,391)	51,782
Long-term deposits and guarantees	262	-	-	-	262
Provision for depreciation of financial fixed assets	(41,401)	(871)	301	-	(41,971)
<b>Total</b>	<b>236,329</b>	<b>6,492</b>	<b>(1,204)</b>	<b>(24,939)</b>	<b>216,678</b>

The additions in financial investments corresponds to the amount subscribed to and disbursed by the City of Barcelona in the increase in capital carried out by Fira 2000, SA, to the value of 1,999 thousand euros, taking the City of Barcelona's holding from 17.80% to 18.35%, and the acquisition of shares in the Nauta Tech Invest, SCR fund to the value of 2,164 thousand euros, taking the City of Barcelona's shareholding to 4.80%.

The retirements to long-term credits with the Metropolitan Area of Barcelona (AMB) correspond to accounts regularizations of the amount to be compensated by the City of Barcelona corresponding to the definitive settlement of the share in State taxes in the fiscal year 2009, which differs from the estimation of the City of Barcelona made at the closure of the fiscal year 2010 (note 17.6) by 19,806 thousand euros. Transfers refer to negative settlements from the fiscal years 2008 and 2009 due in 2012. In the short term, in the "Other off-budget receivables" account, 5,548 thousand euros are included from settlements from

the fiscal years 2008 and 2009 that fall due in fiscal year 2012.

Additions due to the sale of long-term fixed assets and future Municipal Land Equity (PMS) property exchanges correspond to amounts to be received deriving from the exchange of future assets.

Transfers have their balancing item in short-term off-budget receivables for amounts to be received in the year 2012 (10,923 thousand euros), and reception of assets for exchange operations (8,468 thousand euros) in fixed assets.

The additions to provisions for the amortization of financial assets correspond to adjustments in value due to the negative results originating in Fira 2000, SA, Nauta Tech Invest SCR and Barcelona Emprèn, CR, SA. The retirements for these concepts are due to the reversal of the provision made in previous fiscal years in Barcelona Holding Olímpic, SA.

The financial investments of the City of Barcelona as of 31 December 2011 are summarized in the following table:

Table

**5** **12**

**Long-term financial investments** (Data as of December 31, 2011)

Name	Interest held %	Equity as of 31 December/ Net Equity 2011 prior to results (1)	Fiscal year results 2011 (1)	Recoverable value 31.12.11 (1)	Net book value of the investment 31.12.11 (*)
<b>Autonomous agencies</b>					
Municipal Agency of Disabled Persons	100	692	(650)	42	-
Municipal Agency of Urban Landscape and Quality of Life	100	2,916	1,406	4,322	-
Municipal Agency of Education	100	7,023	(3,413)	3,610	-
Municipal Agency of IT Services	100	730	(13)	717	-
Municipal Agency of Town Planning	100	1,003	21	1,024	-
Municipal Agency of Taxes	100	1,734	489	2,223	-
Municipal Agency of Markets	100	2,877	386	3,263	-
Municipal Agency of Barcelona Sports	100	1,626	798	2,424	-
Municipal Agency of Social Services	100	2,719	1,128	3,847	-
<b>Public business entities</b>					
Municipal Agency of Housing	100	152,557	160	152,717	-
Municipal Agency of Culture	100	4,343	503	4,846	-
Municipal Agency of Parks and Gardens	100	5,388	279	5,667	-
Municipal Agency Mies Van der Rohe Foundation		9,898	26	9,924	-
<b>Total</b>		<b>193,506</b>	<b>1,120</b>	<b>194,626</b>	<b>-</b>
<b>Municipal firms</b>					
Barcelona de Serveis Municipals, SA Group	100	202,843	48,283	251,126	69,809
Barcelona Infraestructures Municipals, SA Group	100	21,251	(1,391)	19,860	12,949
Informació i Comunicació de Barcelona, SA	100	2,900	14	2,914	1,500
Barcelona Activa, SA, SPM	100	15,311	18	15,329	2,013
SM Barcelona Gestió Urbanística, SA	100	752	10	762	61
<b>Total</b>		<b>243,057</b>	<b>46,934</b>	<b>289,991</b>	<b>86,332</b>
<b>Interest of less than 50%</b>					
Barcelona Holding Olímpic, SA (HOLSA)	49.00	3,523	300	3,823	3,823
Barcelona Sagrera Alta Velocitat, SA	25.00	150	-	150	150
Barcelona Emprèn CR, SA	24.06	2,630	(33)	2,597	2,597
Barcelona Regional, SA	17.65	325	1	326	270
Fira 2000, SA	18.35	51,668	(2,884)	48,784	48,784
Port Fòrum Sant Adrià, SL	5.00	11	2	13	13
Nauta Tech Invest, SCR	4.80	1,997	(221)	1,777	1,777
<b>Total</b>		<b>60,304</b>	<b>(2,834)</b>	<b>57,470</b>	<b>57,414</b>
<b>Financial investments</b>					<b>143,746</b>
<b>Long-term surface rights</b>					<b>5,981</b>
<b>Long-term guarantees and deposits</b>					<b>262</b>
<b>Long-term disposal of fixed assets</b>					<b>13,106</b>
<b>Future assets swaps and exchanges</b>					<b>32,694</b>
<b>Long-term credits AMB</b>					<b>20,889</b>
<b>Total Long-term financial investments</b>					<b>216,678</b>

(\*) Appears in the individual financial statement of the City of Barcelona as of 31 December 2011.

(1) Adjusted according to the shareholding percentage, for autonomous agencies the value of their own equity is considered, and for public business entities and dependent firms the net equity is corrected for adjustments due to the change in the value of financial derivatives and for external partners in Consolidated Groups.

Culminating the bidding process organized by the City of Barcelona in the fiscal year 2010 for the sale of 36% of the shares in Serveis Funeraris de Barcelona, SA, and simultaneously the buyback of 49% of the private capital shares in Cementiris de Barcelona, SA, these two transactions were completed on April 13, 2011, with the result that the City of Barcelona, through Barcelona de Serveis Municipals, SA, now holds 15% of the equity of Serveis Funeraris de Barcelona, SA and all of the equity of Cementiris de Barcelona, SA.

On January 1, 2010, in accordance with its statutory provisions, Barcelona Holding Olímpic, SA entered a winding-up period prior to its final closure. The extraordinary meeting of shareholders held on 16 February 2010 set the winding-down process of the company in motion and constituted its liquidating committee.

The breakdown for the following two groups, Barcelona de Serveis Municipals, SA and Barcelona d'Infraestructures Municipals, SA, are as follows:

Table

513

Name	Interest held (%)	Net equity as of 31.12.11 prior to results (1)	Results of the fiscal year 2011 (1)	Net equity as of 31.12.11 (1)
<b>Barcelona de Serveis Municipals Group</b>				
Barcelona de Serveis Municipals, SA	100	179,434	55,841	235,275
Parc d'Atraccions Tibidabo, SA	100	8,526	(1,402)	7,124
Tractament i Selecció de Residus, SA	58.64	27,814	2,570	30,384
Selectives Metropolitanes, SA (2)	58.64	1,983	75	2,058
Solucions Integrals per als Residus, SA (2)	58.64	3,589	392	3,981
Cementiris de Barcelona, SA	100	5,620	(1,202)	4,418
Mercados de Abastecimientos de Barcelona, SA	50.69	36,641	2,036	38,677
<b>Barcelona d'Infraestructures Municipals Group</b>				
Barcelona d'Infraestructures Municipals, SA	100	17,148	26	17,174
Pro Nou Barris, SA	100	1,041	28	1,069
22 Arroba Bcn, SA	100	7,379	(490)	6,889
Agència de Promoció del Carmel i Entorns, SA	100	315	(42)	273
Proeixample, SA	62.12	6,922	(875)	6,047
Foment de Ciutat Vella, SA	63.75	4,958	(37)	4,922

(1) Adjusted according to the shareholding percentage, considering net equity corrected for adjustments due to the change in value of financial derivatives.

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

The balance sheet and the statement of revenues and expenses for the fiscal year 2011 refer to the City of Barcelona individually. The changes resulting from

the application of consolidation criteria to the City of Barcelona's individual annual statements are as follows (in thousands of euros):

Table  
**514**

	City of Barcelona	Consolidated
Fixed assets	7,856,777	8,484,757
Current assets	698,927	1,014,479
<b>Total assets</b>	<b>8,555,704</b>	<b>9,499,236</b>
Net equity before results	5,454,106	6,488,767
Result of the fiscal year	344,614	358,335
Other long-term liabilities	2,130,079	1,832,488
Current liabilities	626,905	819,646
<b>Total liabilities</b>	<b>8,555,704</b>	<b>9,499,236</b>
Ordinary revenues	2,291,600	2,504,522
Ordinary expenses	(2,021,870)	(2,258,329)
Extraordinary results	74,884	112,142
<b>Results of fiscal year</b>	<b>344,614</b>	<b>358,335</b>

The administrators intend to draw up separate consolidated annual statements and accounts.

The following shows the total amounts

corresponding to the City of Barcelona's transactions and balances with its municipal agencies and firms, and with other firms in which it holds an interest:

Table  
**515**

	Current and capital transfers	Other expenses	Revenues	Accounts receivable	Accounts payable
Municipal agencies	376,478	2,142	17,750	1,441	96,228
Municipal firms	147,675	1,474	90,808	919	76,391
Firms in which the City holds an interest	3,815	-	780	-	-
<b>Total</b>	<b>527,968</b>	<b>3,616</b>	<b>109,338</b>	<b>2,360</b>	<b>172,619</b>

Note 5 – Long-term off-budget receivables

This includes the long-term maturity amounts to be collected, deriving from the deferment and the division of tax receivables owing to the City of Barcelona.

Note 6 – Deferred expenses

The balance of this account corresponds entirely to expenses corresponding to note and bond issues and loan arrangements, which have registered the following movements:

Table

	Loan arrangement expenses
<b>Balance as of December 31, 2010</b>	<b>983</b>
Expenses for arranging new operations	-
Allocation to results as financial expenses	(173)
<b>Balance as of December 31, 2011</b>	<b>810</b>

The allocation to results as financial expenses is made annually and is calculated in a linear manner until the maturity of the formalized operations.

Note 7 – On-budget receivables

On-budget receivables as of December 31, 2011 are classified according to their nature, as shown below:

Table

Concept	Receivables
Direct taxes	207,617
Indirect taxes	10,179
Charges and other revenues	349,361
Current transfers	93,852
Capital gains	11,698
Disposal of real investments	190
Capital transfers	88,572
<b>Total receivable</b>	<b>761,469</b>



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

Table

**518**

<b>Balance as of December 31, 2010</b>	<b>332,951</b>
Amount charged to statement of revenues and expenses	91,761
Application of bad debts written off	(24,799)
Application for payments or recognition thereof	(9,949)
<b>Balance as of December 31, 2011</b>	<b>389,964</b>

The provision for bad debts is determined by applying the collectability ratio estimated by the City of Barcelona based on its past experience to the tax receivables on each of the tax figures in an individual way and in each concrete fiscal year. In addition, provisions have been made for non-tax receivables whose recovery is regarded as doubtful.

## Note 8 - Equity

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

Table

**519**

	Equity	Property assigned to municipal agencies and third parties (see note 2.1)	Property delivered for public use (see note 2.3)	Property assigned by mpal. agencies and third parties (see note 2.1)	Results of previous fiscal years	Result of the current fiscal year	Total
<b>Initial balance</b>	<b>7,647,614</b>	<b>(588,346)</b>	<b>(6,657,198)</b>	<b>58,121</b>	<b>5,039,584</b>	<b>31,917</b>	<b>5,531,692</b>
2011 results	-	-	-	-	-	344,614	344,614
Allocation of 2010 results	-	-	-	-	31,917	(31,917)	-
Change in property assigned to third parties (note 3)	-	1,791	-	-	-	-	1,791
Change in property assigned by third parties	-	-	-	620	-	-	620
Transfer of capital transfers and other capital income (note 9)	60,121	-	-	-	-	-	60,121
Property delivered for public use (note 3)	-	-	(138,850)	-	-	-	(138,850)
Additions delivered for public use (note 3)	-	-	(1,428)	-	-	-	(1,428)
Retirements in fiscal year delivered for public use (note 3)	-	-	160	-	-	-	160
<b>Final Balance</b>	<b>7,707,735</b>	<b>(586,555)</b>	<b>(6,797,316)</b>	<b>58,741</b>	<b>5,071,501</b>	<b>344,614</b>	<b>5,798,720</b>

## Note 9 – Capital transfers and other capital income

The movements in this account are as follows:

Table

<b>5<sup>20</sup></b>	<b>Balance as of 31.12.10</b>	<b>Transfers and other income received</b>	<b>Transfers to equity (note 8)</b>	<b>Transfers to results (note 17.6)</b>	<b>Balance as of 31.12.11</b>
	592,281	95,020	(60,121)	(19,395)	607,785

Additions in the fiscal year include 39,488 thousand euros corresponding to the contribution made by Central Government from the 2010 State Fund for Employment and Local Sustainability. The entire amount has been used for the aforesaid purpose.

Transfers to equity include, basically, 16,531 thousand euros corresponding to projects financed in their entirety by the 2009 State Fund for Local Investment and 40,357 thousand euros corresponding

to projects financed in their entirety by the 2010 State Fund for Employment and Local Sustainability, and which correspond to investments delivered for general use.

Transfers to results include 11,530 thousand euros corresponding to projects financed in their entirety by the 2009 State Fund for Employment and Local Investment that corresponds to non leveraged investments by the City of Barcelona.

## Note 10 – Other deferred income

Movements registered under this account during 2011 are as follows:

Table

<b>5<sup>21</sup></b>	<b>Balance as of 31 December 2010</b>	<b>98,763</b>
	Additions in the fiscal year	4,000
	Transfers to accrued revenues (note 16))	(3,216)
	Transfers to results	(40)
	<b>Balance as of 31 December 2011</b>	<b>99,507</b>

The balance as of December 31, 2011 corresponds to revenues received in advance for the usage of assets under municipal ownership. The revenues received in advance are transferred

annually to the statement of revenues and expenses in accordance with the straight-line method over the period corresponding to the assignment, which is set to a maximum of year 2080.

## Note 11 - Provisions for contingencies and expenses

The movement in this account is as follows:

Table

**5**<sup>22</sup>

<b>Balance as of 31 December 2010</b>	<b>90,595</b>
Charge to miscellaneous expenses	11,617
Cancellation of the provision registered in extraordinary results	(17,149)
<b>Balance as of 31 December 2011</b>	<b>85,063</b>

The purpose of this provision is to cover future contingencies arising from different issues.

## Note 12 - Debentures and loans

The outstanding amount as of December 31, 2011, corresponding to long-term loans and debentures subscribed by the City of Barcelona, can be broken down as follows:

Table

**5**<sup>23</sup>

### Loans and debentures

Description	Outstanding Amount as of 31.12.11	Long term	Short term
Banking system	800,101	800,101	–
Private placements	290,000	200,000	90,000
<b>Total debt</b>	<b>1,090,101</b>	<b>1,000,101</b>	<b>90,000</b>

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

The movements of subscribed long-term loans and debentures in the 2011 fiscal year are as follows:

Table

**5**<sup>24</sup>

<b>Balance as of 31 December 2010</b>	<b>1,200,101</b>
New operations	–
Contractual amortization	(100,000)
Pre-paid amortizations	(10,000)
<b>Balance as of 31 December 2011</b>	<b>1,090,101</b>

As of December 31, 2011 there were unexecuted stand-by lines for a total of 40 million euros.

The debt profile by maturities as of December 31, 2011 is as follows:

Table		
<b>5<sup>25</sup></b>	<b>Year of maturity</b>	<b>Amount</b>
	2012	90,000
	2013	102,125
	2014	126,159
	2015	146,159
	2016	156,158
	2017	126,125
	2018	46,125
	2019	46,125
	2020	71,125
	2021	63,000
	2022	53,000
	2023 and onwards	64,000
	<b>Total</b>	<b>1,090,101</b>

The average interest rate during the 2011 fiscal year was 2.8%.

As of December 31, 2011, 50.90% of the City of Barcelona's financial debt had a fixed interest rate, and 49.10% had a floating interest rate.

### Note 13 –Other long-term payables

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

Table		
<b>5<sup>26</sup></b>		
	Suppliers of fixed assets maturing at over 1 year	9,826
	Central Government – final settlement of the share of State taxes for 2008	56,092
	Central Government – definitive final settlement of share of State taxes for 2009	243,428
	<b>Balance as of 31 December 2011</b>	<b>309,346</b>

The total amount of the final settlement of the share in State taxes corresponding to the fiscal year 2008 stood at 93,487 thousand euros, which are due for maturity during the period 2011-2015 (note 15). The definitive settlement regarding the share in State taxes for the

fiscal year 2009 stood at 304,284 thousand euros and it is due for maturity in the period 2012-2016 (note 15). The amount due for maturity in 2012 is recorded under the Other off-budget short term creditor account.

## Note 14 -Public administrations

The breakdown of these accounts is as follows:

Table		
<b>5<sup>27</sup></b>		
	Receivable	Payable
Value added tax	1,614	–
Personal income tax	–	6,837
Social security	1,004	21,260
<b>Balance as of 31 December 2011</b>	<b>2,618</b>	<b>28,097</b>

## Note 15 - Other off-budget payables

The balance for this account as of December 31, 2011 is as follows:

Table		
<b>5<sup>28</sup></b>		
Deposits and guarantees received		19,048
Suppliers of short-term fixed assets		19,388
Bonus payments to personnel to pay in 2012 for attendance and punctuality in 2011 as well as the June bonus		18,111
Other payables		8,561
Central Government – short-term maturity of final settlement of the share of State taxes for 2008 and 2009 (note 13)		79,554
Payable to administrations for IAE and IBI surcharges		20,526
<b>Other short-term off-budget payables</b>		<b>165,188</b>

Movements regarding fixed asset short-term suppliers during the fiscal year 2011 are as follows:

Table		
<b>5<sup>29</sup></b>		
<b>Balance as of 31 December 2010</b>		<b>2,443</b>
Additions to the fiscal year		19,388
Payments in the fiscal year		(2,443)
<b>Balance as of 31 December 2011</b>		<b>19,388</b>

Note 16 – Accrued expenses


16.1 Adjustments for prepayments

The amount recorded for adjustments for prepayments on the assets side of the balance sheet refers to the balancing item of the quantity payable in the fiscal year 2012 to the Autonomous Regional Government of Catalonia in relation to the convention subscribed to, regarding the economic promotion and

consolidation of Barcelona and its area of influence as a benchmark tourism destination.

16.2 Accruals

This concept reflects liabilities of the City of Barcelona at December 31, 2011, in accordance with its accreditation period and independent of the payment or obligation date. It is made up by the following:

Table		
	Accrued interest as of 31 December 2011 that did not become payable on this date	7,347
	Transfer to short-term other deferred incomes (note 10)	3,216
	<b>Total</b>	<b>10,563</b>

Note 17 - Statement of results for the 2011 fiscal year

17.1. Personnel expenses

This entry includes the wages and salaries of the City of Barcelona personnel, social security and other welfare expenses.  
The average payroll of the City of Barcelona during the 2011 fiscal year comprised 6,710 workers (32% women and 68% men).

17.2. Welfare benefits

Welfare benefits basically include the amounts paid by the City of Barcelona in 2011 as grants to class D and E employees, as well as to the cleaning staff, parking attendants, night watchmen and the Municipal Police Force gold medal, amounting to 976 thousand euros.

17.3. Works, supplies and subcontracted services

This entry corresponds to the purchase of goods and services needed for municipal activities to run smoothly, as well as for the conservation and

maintenance of investments. It includes the service contracts subscribed by the City of Barcelona with different private firms to enhance the functioning of the city, for example, those for refuse collection and street cleaning.

17.4. Expenses for current transfers

For those activities carried out by autonomous local agencies, public business entities and municipal firms corresponding to the provision of public services that fall within the scope of City of Barcelona operations, through direct management as delegated by the City in accordance with the terms of legislation (the Law governing the basis of law for local legislation and the Regulation of works, activities and local entities' services), the City of Barcelona transfers the budgetary financing. This is reflected in the "Current transfers" account on the attached statement of revenues and expenses.

This budgeted current transfer is established bearing in mind the assumptions of a balanced budget set out in the Amended Law Regulating Local Taxation.



The main payees are as follows:

Table

**5** **31**

Autonomous local agencies (City of Barcelona)	212,108
Municipal public business entities (City of Barcelona)	145,877
Municipal Firms (City of Barcelona)	142,489
Metropolitan Area of Barcelona	136,376
Consortia	91,504
Public entities	6,821
Not-for-profit organizations	33,005
Metropolitan Transport Authority	72,886
Autonomous Community	15,000
Others	25,634
<b>Total</b>	<b>881,700</b>

### 17.5. Expenses for capital transfers

This entry includes transfers made by the City of Barcelona from its budget

to finance investment processes.  
The main payees are as follows:

Table

**5** **32**

Autonomous local agencies (City of Barcelona)	5,000
Municipal public business entities (City of Barcelona)	13,493
Municipal Firms (City of Barcelona)	5,184
Consortia	26,733
Metropolitan Areas	3,117
Others	1,502
<b>Total</b>	<b>55,029</b>

### 17.6. Extraordinary results

Extraordinary results can be broken down as follows:

Table

**5** **33**

	Expenses	Revenues
From fixed assets	26,690	33,787
Modification of receivables, payables and provisions	25,425	52,198
Adjustment for final settlement of share of Central Government taxes in 2009	–	19,806
Discount to AMB relating to the final settlement of the share of Central Government taxes for 2009 (note 4)	1,505	–
Capital transfers and other capital incomes allocated to results (note 9)	–	19,395
Other extraordinary results	–	3,318
<b>Net extraordinary results</b>		<b>74,884</b>

**17.7. Sales of goods and services**

This entry mainly includes public prices charged for the provision of services (mainly the collection of commercial and industrial waste and the selective collection of recyclable waste), as well as revenues deriving from the provision of a service under the private law regime.

**17.8. Other ordinary operating revenues**

Other ordinary operating revenues basically comprises of interest, revenue from the private use or special operations of municipal assets in the public domain (such as car parks, newsstands, outdoor tables for bars and restaurants, etc.), fines and other penalties for offences. In addition, this fiscal year includes revenues corresponding to a share premium from the firm Barcelona de Serveis Municipals, SA, amounting to 34,231 thousand euros.

**17.9. Revenues from taxes**

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

Also included in this account are amounts resulting from the assignment of Central Government taxes, as a consequence of the entry into effect of the public sector financing model, approved by Law 51/2002, of December 27, of the reform of Law 39/1988, of December 28, Regulating Local Taxation.

**17.10. Other tax revenues**

Basically, the "Other tax revenues" account groups together charges for the

sale of services and use of the public domain.

**17.11. Revenues from current grants and transfers**

This account includes the amounts received from the Central Government Supplementary Finance Fund, as well as earmarked grants from the European Community, Central Government, the autonomous communities and local entities.

**Note 18 – Other information and posterior facts**

As of December 31, 2011, the guarantees provided by the City of Barcelona to cover credit operations amounted to 6 thousand euros.

The fees to be received by the temporary consortium made up of PricewaterhouseCoopers Auditors, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A. for auditing services and expenses incurred for rendering these services in the fiscal year 2011 amount to 923.5 thousand euros, including VAT. Pursuant to the terms of the adjudication of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal financial group, and the appropriate part thereof in the ambit of the tender will be duly charged to each of the entities.

Pursuant to the provisions of Law 15/2010 of 5 July, setting out measures to deal with late payment in commercial transactions and with respect to the total liabilities paid in the second half of the year of 2010 for operating expenditure corresponding to caption two in the municipal budget, and capital expenses included in caption 6 of the municipal accounts, as of December 31, 2011.

Table

**5** **34**

	Current Fiscal Year (2011)		Last Fiscal Year (2010)	
	Amount (in euros)	%	Amount (in euros)	%
Payments within the legally established time limit	509,327,606	84.91	–	–
Difference	90,531,769	15.09	–	–
<b>Total payments within fiscal year</b>	<b>599,859,375</b>	<b>100</b>	<b>–</b>	<b>–</b>
Weighted average days past due date	16		–	
Adjournments that at date overshoot the maximum legal due date	1,919,672		4,374,776	

During the month of March of 2012 the Ministry of Treasury and Public Administration, via the Secretary for State of Public Administration, published an estimate of the positive final settlement of share in Central Government taxes in 2010. According to

this information, the expected settlement for the City of Barcelona rose to 117 million euros (7 tax assignments and 110 Central Government Supplementary Finance Fund assignments). The aforesaid figure will be registered in the 2012 fiscal year.

## Note 19 - Statement of source and application of funds for the fiscal years 2011 and 2010

Table

535

Application of funds	2011 Fiscal Year	2010 Fiscal Year	Source of funds	2011 Fiscal Year	2010 Fiscal Year
Tangible fixed asset acquisitions (1)	519,683	694,515	Funds generated from operations	396,793	50,395
Financial fixed asset acquisitions	7,363	44,292	Sale of tangible and financial fixed assets (1)	4,050	9,487
Long-term off-budget payables	–	1,746	Transfers of fixed assets to off-budget receivables	16,471	10,924
Amortization and transfers to short-term of long-term loans and debentures	90,000	110,000	Long-term off-budget receivables	1,711	–
Deferred expenses	–	–	Net change in long-term guarantees and deposits	301	373
Revenues transfers to short-term liabilities	3,216	3,151	Long-term loans and debentures	–	550,000
Transfer to short-term of suppliers of fixed assets	–	2,443	Long-term fixed-asset payables	6,250	3,576
Short-term transfer and cancellation settlement of share in Central Government taxes	97,855	25,767	Provisional settlement of share in Central Government taxes	–	324,090
			Deferred income	99,020	196,982
<b>Total applied funds</b>	<b>687,543</b>	<b>881,914</b>	<b>Total funds obtained</b>	<b>524,596</b>	<b>1,145,827</b>
Sources of funds in excess of applications of funds (increase in working capital)	–	263,913	Application of funds in excess of sources of funds (decrease in working capital)	193,521	–
<b>Total</b>	<b>687,543</b>	<b>1,145,827</b>	<b>Total</b>	<b>718,117</b>	<b>1,145,827</b>

Table

536

Change in working capital	2011		2010	
	Increase	Decrease	Increase	Decrease
Accounts receivable	54,411	–	–	21,040
Short-term financial investments	–	263,594	183,898	–
Cash	–	47,878	25,581	–
Adjustments for prepayments	10,000	–	–	–
Accounts payable	53,540	–	75,474	–
<b>Total</b>	<b>117,951</b>	<b>311,472</b>	<b>284,953</b>	
<b>Increase in working capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>263,913</b>
<b>Decrease in working capital</b>	<b>193,521</b>	<b>–</b>	<b>–</b>	<b>–</b>

Funds obtained from operations are as follows:

Table

**5** **37**

	2011	2010
<b>Net results for the fiscal year</b>	<b>344,614</b>	<b>31,917</b>
Provision for depreciation (note 3)	83,500	74,036
Variation provision for depreciation of financial assets (note 4)	570	(3,642)
Deferred expenses (note 6)	173	203
Allocation of long-term provisions (note 11)	11,617	15,776
Net result of fixed assets (note 17.6)	(7,097)	(45,948)
Deferred income transferred to results (notes 9 and 10)	(19,435)	(9,799)
Cancellation of long-term provisions (note 11)	(17,149)	(12,148)
<b>Funds generated through operations</b>	<b>396,793</b>	<b>50,395</b>

(1) Basically, this includes sales and investment of assets with budget affects.

## Note 20 – Budgetary information

### 2011 Budget account

Table

**5** **38**

#### Summary of status of revenue account budget (in thousands of euros)

Caption	Initial budget	Final budget	Net receivables	Receipts
1 Direct taxes	806,836	806,836	851,511	796,395
2 Indirect taxes	54,012	54,012	53,992	49,767
3 Charges and other revenues	288,928	292,347	340,076	242,629
4 Current transfers	953,253	970,641	963,718	885,865
5 Capital gains	69,744	72,007	78,692	70,973
6 Disposal of real property	18,525	18,525	7,966	7,966
7 Capital transfers	41,040	84,433	93,339	30,464
8 Financial assets	–	324,332	–	–
9 Financial liabilities	1,232	1,232	1,859	1,859
<b>Total</b>	<b>2,233,570</b>	<b>2,624,366</b>	<b>2,391,153</b>	<b>2,085,918</b>

Table

**5** **39**

#### Summary of status of expenses account budget (in thousands of euros)

Caption	Initial budget	Final budget	Net payables	Paid
1 Personnel expenses	350,701	356,998	341,481	341,140
2 Current goods and services expenses	524,299	541,946	523,335	429,031
3 Financial expenses	40,823	36,323	33,867	33,867
4 Current transfers	838,654	912,111	891,273	773,664
6 Investment	346,031	218,606	179,658	154,704
7 Capital transfers	22,830	422,022	351,575	267,942
8 Financial assets	9,000	24,600	21,263	21,263
9 Financial liabilities	101,232	111,760	111,558	111,308
<b>Total</b>	<b>2,233,570</b>	<b>2,624,366</b>	<b>2,454,010</b>	<b>2,132,919</b>

Table

**5**<sup>40</sup>**Budget result** (in thousands of euros)**Non-financial operations**

Revenues (caption 1 to 7)	2,389,294
Expenses (caption 1 to 7)	(2,321,188)

<b>Surplus before financial operations</b>	<b>68,106</b>
--	---------------

**Financial assets**

Revenues (caption 8)	–
Expenses (caption 8)	(21,263)
<b>Change in financial assets (caption 8)</b>	<b>(21,263)</b>

**Financial liabilities**

Revenues (caption 9)	1,859
Expenses (caption 9)	(111,558)
<b>Change in financial liabilities (caption 9)</b>	<b>109,699</b>

<b>Budget result</b>	<b>(62,856)</b>
----------------------	-----------------

**Adjustments**

Positive financial deviations	(22,612)
Negative financial deviations	142,275
Payables financed with budget reserves	134,805

<b>Adjusted budget result</b>	<b>191,612</b>
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Table

**5**<sup>41</sup>**Budget reserves** (in thousands of euros)

<b>1.- (+) Cash funds</b>	<b>270,014</b>
---------------------------	----------------

<b>2.- (+) Receivables pending</b>	<b>772,998</b>
------------------------------------	----------------

(+) from current budget	305,235
-------------------------	---------

(+) from previous budgets	456,234
---------------------------	---------

(+) from off-budget operations	13,179
--------------------------------	--------

(-) collections pending definitive application	(1,650)
--	---------

<b>3.- (-) Payables pending</b>	<b>407,029</b>
---------------------------------	----------------

(+) from current budget	321,091
-------------------------	---------

(+) from previous budgets	9,707
---------------------------	-------

(+) from off-budget operations	76,231
--------------------------------	--------

(-) pending payments definitive application	–
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<b>I.- Total budget reserves (1+2-3)</b>	<b>635,983</b>
--	----------------

<b>II.- Bad debts outstanding</b>	<b>389,964</b>
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<b>III.- Affected financing excess</b>	<b>39,393</b>
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<b>IV.- Budget reserves for general expenses (I-II-III)</b>	<b>206,626</b>
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# 6

## **2011 Consolidated annual accounts**

(along with the auditors' report)





Avda. Diagonal, 640  
08017 Barcelona



**Gabinete Técnico  
de Auditoría y Consultoría, s.a.**

Balmes, 89-91  
08008 Barcelona

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

## AUDITOR'S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

To the Mayor-President of  
the Barcelona City Council,

We have audited the consolidated annual accounts of the Barcelona City Council and its autonomous local agencies, municipal agencies and city-owned companies, which comprise the Consolidated Group, consisting of the consolidated balance sheet as of December 31, 2011, the consolidated statement of revenues and expenses and the related notes to the consolidated annual accounts for the year then ended. The Corporation's Directors are responsible for the preparation of these consolidated annual accounts in accordance with the financial reporting framework applicable to the Entity (as identified in Note 2.1.a to the accompanying annual accounts), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated net worth and consolidated financial position of Barcelona City Council and its autonomous local agencies, municipal agencies and city-owned companies (Consolidated Group) as of December 31, 2011 and of the consolidated results of its operations as reflected to above, and its consolidated source and application of funds for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

PricewaterhouseCoopers Auditores, S.L.

Xavier Brossa i Galofré  
Partner

April 23, 2012

PricewaterhouseCoopers Auditores, S.L.  
R. M. Madrid, full 87.250-1, foli 75, tomo 9.267, llibre 8.054,  
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CIF: B-79 031290

Gabinete Técnico  
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Jordi Vila López  
Partner

Gabinete Técnico de Auditoría y Consultoría, S.A.  
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58604745

**City of Barcelona Group**  
**Consolidated balance sheets as of December 31, 2011 and 2010**  
(in thousands of euros)

Table			
61 Assets			
		As of December 31, 2011	As of December 31, 2010
<b>Intangible fixed assets</b>	<b>Nota 4 a)</b>	<b>13,761</b>	<b>19,528</b>
Intangible fixed assets		46,108	48,285
Provisions and depreciations		(32,347)	(28,757)
<b>Tangible fixed assets and infrastructures</b>	<b>4 b)</b>	<b>8,276,663</b>	<b>7,990,897</b>
Tangible fixed assets		7,946,984	7,720,650
Public land assets		547,272	490,048
Fixed assets assigned to municipal agencies and third parties		(586,555)	(588,346)
Fixed assets in progress and pending classification		1,562,951	1,463,732
Investments in infrastructure and assets for public use		6,797,316	6,657,198
Investment assigned for public use		(6,797,316)	(6,657,198)
Accumulated depreciation and provisions		(1,193,989)	(1,095,187)
<b>Long-term financial investments</b>		<b>164,623</b>	<b>191,839</b>
Interests held in associated firms	5	16,595	23,818
Other financial investments	6	148,028	168,021
<b>Long-term trade receivables</b>	<b>3.7</b>	<b>27,435</b>	<b>29,514</b>
<b>Deferred expenses</b>	<b>7</b>	<b>2,275</b>	<b>2,630</b>
<b>Fixed assets</b>		<b>8,484,757</b>	<b>8,234,408</b>
Inventories	3.6	129,277	108,453
Provisions		(1,409)	(1,217)
		127,868	107,236
Accounts receivable	8	916,491	832,645
Provisions	8	(406,213)	(349,195)
		510,278	483,450
Public administrations receivable	16	15,377	23,606
Short-term financial investments	3.4	264,573	521,916
Cash		84,329	135,453
Adjustments for prepayments	17.1	12,054	2,851
<b>Current assets</b>		<b>1,014,479</b>	<b>1,274,512</b>
<b>Total assets</b>		<b>9,499,236</b>	<b>9,508,920</b>

Notes 1 to 20 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2011.

**City of Barcelona Group**  
**Consolidated balance sheets as of December 31, 2011 and 2010**  
(in thousands of euros)

Table

**6** **2**

**Liabilities**

		<b>As of December 21, 2011</b>	<b>As of December 21, 2010</b>
	<b>Note</b>		
<b>Equity</b>		<b>6.052.895</b>	<b>5.792.056</b>
City of Barcelona group equity	9.1	5,479,423	5,491,482
City of Barcelona group equity		12,815,316	12,689,048
Property Assigned		(586,555)	(588,346)
Property delivered for public use		(6,797,316)	(6,657,198)
Property in cession		47,978	47,978
Income allocable to the City of Barcelona	9.2	358,335	67,002
Consolidated results		361,904	78,437
Results attributed to minority interests	10	(3,569)	(11,435)
Consolidated reserves	9.3	215,137	233,572
<b>Minority interests</b>	<b>10</b>	<b>69,549</b>	<b>86,322</b>
<b>Capital transfers and other capital income</b>	<b>11</b>	<b>724,658</b>	<b>681,119</b>
<b>Net equity</b>		<b>6,847,102</b>	<b>6,559,497</b>
Other deferred income	12	145,022	141,862
Provisions for contingencies and expenses	13	87,433	95,958
Long-term loans and debentures	14	1,231,339	1,336,438
Long-term guarantees and deposits		28,277	29,696
Other long-term payables	15	340,417	437,168
<b>Long-term liabilities</b>		<b>1,832,488</b>	<b>2,041,122</b>
Short-term payables for loans and debentures	14	115,443	127,967
Trade accounts payable		316,224	454,427
Public administration payables	16	49,468	57,529
Other non-trade accounts payables		247,645	161,460
Accrued expenses	17.2	90,866	106,918
<b>Current liabilities</b>		<b>819,646</b>	<b>908,301</b>
<b>Total liabilities</b>		<b>9,499,236</b>	<b>9,508,920</b>

Notes 1 to 20 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2011.

**City of Barcelona Group**  
**Consolidated statement of revenues and expenses as of December 31, 2011 and 2010**  
(in thousands of euros)

Table

63

	Note	2011	2010		Note	2011	2010
Personnel expenses	18.1	624,011	636,432	Taxes	18.4	900,319	884,306
Works, supplies and subcontracted services	18.2	870,414	905,865	Other tax revenues	18.5	165,131	173,748
Financial expenses		41,787	33,930	Sale of services	18.6	253,015	306,260
Current transfers	18.3	452,607	419,888	Other operating revenues			
Provision to allowance for bad debts and others	8	94,046	64,605	Current Transfers	18.7	159,767	168,282
Share in operating result of firms consolidated by the equity method	2.2	5,020	2,698	Financial revenues	18.8	999,931	960,541
				Altres ingressos		5,536	1,640
				Share in operating result of firms consolidated by the equity method		20,522	17,280
					2.2	301	148
<b>Total operating expenses</b>		<b>2,087,885</b>	<b>2,063,418</b>	<b>Total operating revenues</b>		<b>2,504,522</b>	<b>2,512,205</b>
<b>Operating result before capital transfers</b>		<b>416,637</b>	<b>448,787</b>				
Capital transfers	18.3	45,457	24,983				
<b>Operating result before capital transfers</b>		<b>371,180</b>	<b>423,804</b>				
Provision for depreciation of fixed assets	4	120,362	113,228				
Extraordinary expenses	18.9	75,375	389,774	Extraordinary revenues	18.9	187,517	160,796
<b>Pre-tax consolidated results</b>		<b>362,960</b>	<b>81,598</b>				
Tax on profits	3.13	1,056	3,161				
<b>Consolidated results</b>		<b>361,904</b>	<b>78,437</b>				
Results allocated to minority interests	10	3,569	11,435				
<b>Results allocated to the City of Barcelona</b>		<b>358,335</b>	<b>67,002</b>				
<b>Total</b>		<b>2,692,039</b>	<b>2,673,001</b>	<b>Total</b>		<b>2,692,039</b>	<b>2,673,001</b>

Notes 1 to 20 of the attached report form an integral part of the consolidated statement of revenues and expenses as of December 31, 2011.



## The City of Barcelona Group

### Report on the consolidated annual statement for the fiscal year 2011

## Note 1 – Nature of the consolidated group

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

## Note 2 – Basis of presentation and consolidation principles

### 2.1. Accounting policies

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

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

- Law 7/1985, of April 2, governing the basis of law for local legislation.
- Royal Decree Law 781/1986, of April 18, approving the Amended Text of the current provisions concerning the local regime.

- Legislative Decree 2/2003 of April 28, approving the Amended Text of the Municipal Law of the Local Government System of Catalonia.

- Legislative Royal Decree 2/2004, of March 5, approving the Amended Text of the Law Regulating Local Taxation (Law 39/1988, of December 28).

- Royal Decree 500/1990, developing Law 39/1988

- Documents on accounting principles issued by the Commission on Public Accounting Principles and Standards, created by resolution of the State Secretariat for the Treasury on December 28, 1990.

- Order of April 27, 2007, on the deployment of Decree 94/1995, of February 21, modified by resolutions ECF/2901/2008, ECF/1769/2009, ECF/3210/2010 and ECF/1406/2011, regarding the financial monitoring of local entities.

- Law 15/2010, of July 5, modifying Law 3/2004, of December 29, which established measures against arrears in commercial operations.

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

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

The budget statements corresponding to the City of Barcelona and local

autonomous agencies were approved by the Decree issued by the Mayor's Office on February 2012, 28 and 29 respectively. The general account of the City of Barcelona and its local autonomous bodies, as well the annual accounts of the public business bodies and private municipal firms will be submitted to the Municipal Council

Plenary for approval within the established statutory period.

The annual consolidated accounts for the fiscal years 2011 and 2010 were drawn up in accordance with ICAL stipulations, following uniform criteria on valuation, grouping, classification and monetary units, as a result of which the information presented is standardized and comparable.

## 2.2. Consolidation principles

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

Table



Name	Interest held (%)	Equity/Net equity as of December 31, 2011 prior to results (1)	Fiscal year results 2011 (1)	Technical book value 31.12.11 (1)	Net book value of the holding investment 31.12.11 (*)
<b>Municipal agencies</b>					
Municipal Agency of Disabled Persons	100	692	(650)	42	–
M, Agency of Urban Landscape and Quality of Life	100	2,916	1,406	4,322	–
Municipal Agency of Education	100	7,023	(3,413)	3,610	–
Municipal Agency of IT Services	100	730	(13)	717	–
Municipal Agency of Town Planning	100	1,003	21	1,024	–
Municipal Agency of Taxes	100	1,734	489	2,223	–
Municipal Agency of Markets	100	2,877	386	3,263	–
Municipal Agency of Barcelona Sports	100	1,626	798	2,424	–
Municipal Agency of Social Services	100	2,719	1,128	3,847	–
<b>Public business entities</b>					
Municipal Agency of Housing	100	152,557	160	152,717	–
Municipal Agency of Culture	100	4,343	503	4,846	–
Municipal Agency of Parks and Gardens	100	5,388	279	5,667	–
Municipal Agency Mies Van der Rohe Foundation	100	9,898	26	9,924	–
<b>Subtotal municipal agencies</b>		<b>193,506</b>	<b>1,120</b>	<b>194,626</b>	<b>–</b>
<b>Municipal firms</b>					
Barcelona de Serveis Municipals, SA Group	100	202,843	48,283	251,126	69,809
Barcelona Infraestructures Municipals, SA Group	100	21,251	(1,391)	19,860	12,949
Informació i Comunicació de Barcelona, SA	100	2,900	14	2,914	1,500
Barcelona Activa, SA, SPM	100	15,311	18	15,329	2,013
SM Barcelona Gestió Urbanística, SA	100	752	10	762	61
<b>Subtotal municipal firms</b>		<b>243,057</b>	<b>46,934</b>	<b>289,991</b>	<b>86,332</b>
<b>Total</b>		<b>436,563</b>	<b>48,054</b>	<b>484,617</b>	<b>86,332</b>

(\*) Included in the individual financial statements of the City of Barcelona as of December 31, 2011,

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

The breakdown of the consolidated annual accounts of Barcelona de Serveis Municipals and Barcelona

d'Infraestructures Municipals groups are shown as follows:

Table



Name	Interest held (%)	New equity as of December 31, 2011 prior to results (1)	Result of the financial year 2011 (1)	Net equity as of 31.12.11 (1)
<b>Barcelona de Serveis Municipals Group</b>				
Barcelona de Serveis Municipals, SA	100	179,434	55,841	235,275
Parc d'Atraccions Tibidabo, SA	100	8,526	(1,402)	7,124
Cementiris de Barcelona, SA	100	5,620	(1,202)	4,418
Tractament i Selecció de Residus, SA	58.64	27,814	2,570	30,384
Selectives Metropolitanes, SA (2)	58.64	1,983	75	2,058
Solucions Integrals per als Residus, SA (2)	58.64	3,589	392	3,981
Mercados de Abastecimientos de Barcelona, SA	50.69	36,641	2,036	38,677
<b>Barcelona d'Infraestructures Municipals Group</b>				
Barcelona d'Infraestructures Municipals, SA	100	17,148	26	17,174
Pro Nou Barris, SA	100	1,041	28	1,069
22 Arroba Bcn, SA	100	7,379	(490)	6,889
Agència de Promoció del Carmel i Entorns, SA	100	315	(42)	273
Foment de Ciutat Vella, SA	63.75	4,958	(37)	4,922
ProEixample, SA	62.12	6,922	(875)	6,047

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

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

In accordance with article 289.2 of Decree 179/1995, of June 13, approving the Regulations for works, activities and services of local entities, once the period of life stipulated in the statutes of the firms ProEixample, SA and Foment de Ciutat Vella, SA, have expired, all of their assets in conditions of normal use, as well as their liabilities, will revert to the City of Barcelona. Likewise, the assets and liabilities for the provision of cemetery and cremation services will revert to the City of Barcelona once the time frame included in the management terms assigned to Cementiris de Barcelona, SA has expired.

Furthermore, the assets of Mercados de Abastecimientos de Barcelona, SA subject to public service (land, buildings

and installations) will be transferred to the City of Barcelona on March 30, 2021, with no compensation whatsoever to Mercados de Abastecimientos de Barcelona, SA or its shareholders.

In accordance with the statutory provisions of Foment de Ciutat Vella, SA, the second of four reductions of capital by amortizing 25% of the class B shares held by private shareholders was carried out in the fiscal year 2011, entailing an increase in the percentage holding of Barcelona d'Infraestructures Municipals, SA in the company's share capital.

Culminating the bidding process organized by the City of Barcelona in the fiscal year 2010 for the sale of 36% of shares in Serveis Funeraris de Barcelona, SA, and simultaneously the buyback

process of 49% of the private capital shares in Cementiris de Barcelona, SA, these two transactions were completed on 13 April 2011, with the result that the City of Barcelona, via Barcelona de Serveis Municipals, SA, now holds 15% of the equity of Serveis Funeraris de Barcelona, SA and all of the shares of Cementiris de Barcelona, SA. This fact means that this firm is not part of the consolidation process. The relevant impacts of this fact on some of the consolidated annual accounts are specified in the respective notes (see notes 4.a, 4.b., 9.3, 10 and 18.9).

Given that Serveis Funeraris de Barcelona, SA has a controlling share on its interest in Transports Sanitaris Parets, SL, the latter was also consolidated in the sphere of the City of Barcelona's dependent entities. The change in situation described in relation to the first of these companies means the disappearance of the second in the sphere of consolidation.

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

Table



Name	Interest held (%)	Net equity as of December 31, 2011 prior to results (1)	Results of fiscal year 2011 (1)	Net equity 31.12.11 (1)
Barcelona Holding Olímpic, SA (HOLSA)	49.00	3,523	300	3,823
Mediacomplex, SA (2) (3)	33.30	6,608	(64)	6,544
Barcelona Emprèn, SCR, SA (4)	26.04	2,846	(35)	2,811
Barcelona Sagrera Alta Velocitat, SA (2)	25.00	150	–	150
Catalana d'Iniciatives, SCR, de RC, SA (2) (6)	24.25	7,806	(4,920)	2,886
Barcelona Regional, AMDUI, SA (2) (5)	20.63	380	1	381
<b>Total</b>		<b>21,313</b>	<b>(4,718)</b>	<b>16,595</b>

(1) Adjusted according to interest held.

(2) Fiscal year 2011 audited annual accounts.

(3) Indirect shareholding through 22 Arroba Bcn, SA, belonging to Barcelona d'Infraestructures Municipals Group

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

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

(6) Indirect holding through Barcelona de Serveis Municipals, SA..

In accordance with the statutory provisions of Barcelona Holding Olímpic, SA, on January 1, 2010, the company entered a liquidation period prior to being dissolved. An extraordinary meeting of shareholders on February 16, 2010, started the process to wind down the company

and constituted its liquidation committee.

The rest of shareholdings of less than 20% held by the City of Barcelona and municipal entities in other commercial firms and interests in metropolitan entities, consortia and foundations are not consolidated, since there is no long-term

financial investment relationship that forms a stable and determined degree of dependence and they are valued in accordance with the criteria in note 3.4.

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

- Third parties holding an interest in the Group (mixed firms) have been considered minority interests.
- All significant balances and transactions between consolidated entities have been eliminated in the consolidation process.
- The entries included in the annual accounts of those entities that form part of the consolidated group have been subjected to prior homogenisation across all significant aspects, both with regard to temporary provisions, where applicable, and to the valuation criteria applied.

### Note 3 – Valuation criteria

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

#### 3.1. Intangible and tangible fixed

##### a) Intangible Fixed Assets

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

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

##### b) Tangible fixed assets

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

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

#### City of Barcelona

- Land and buildings. Additions made prior to January 1, 1992 are valued according to an expert estimate of their current real market value carried out by an independent appraisal firm. In the case of historic-artistic properties, this value takes the cost of replacement. In this respect, with regard to non-financial fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as "the sum of expenses necessary for the construction of an asset of identical nature and characteristics. In the case of buildings officially listed as of historic-artistic interest, this value will be that of reconstruction". Subsequent additions are valued at their purchasing price or estimated price for assets received free of charge. Constructions are reduced in value by their accumulated depreciation.

- Machinery, installations, office furniture and data-processing equipment and vehicles. These are valued at their purchasing price minus their accumulated depreciation.

- Fixed assets in construction and pending classification. Additions are valued at their purchasing price or construction cost and are transferred to the corresponding tangible fixed assets account or "Property delivered for public use" account upon completion of the whole investment.

#### Dependent entities

- In municipal agencies, tangible fixed assets are valued at their purchasing price less their accumulated depreciation.

- In public business entities and firms, valuation corresponds to the purchasing price less accumulated depreciation and, where this exists, the corrected value in accordance to Order EHA/733/2010 of March 25. In the case of Mercabarna, SA, the firm adopted this in previous fiscal years, and in 1996 with the readjustment of balances regulated by article 5 of Royal Decree Law 7/1996 which, in the 1996 fiscal year, signified an impact of 24,281 thousand euros; and the net effect as of

December 31, 2011, is 12,312 thousand euros, entailing a charge to the “Provision for depreciation of fixed assets” account in the 2011 consolidated statement of revenues and expenses of 569 thousand euros.

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

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

Table

67

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

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

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

historic-artistic component is subject to maintenance that guarantees its long-term value.

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

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

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

### 3.2. Public land assets

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

Municipal properties included under this account are as follows:

- Properties for social housing, administered by the City of Barcelona or municipal operators.
- Properties that have been awarded surface rights in favour of third parties to build social housing, homes for the elderly, care centres and other social investments.
- Properties under investment projects which, once finished, will be destined for social housing and other social proceedings.

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

### 3.3. Investments in infrastructures and assets assigned to public use

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

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

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

For the purposes of presentation, the assets side of the balance sheet shows assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory figures reflecting their retirement. Likewise, note

4.b shows the movements recorded under in these accounts over the year.

### 3.4. Long-term and short-term financial investments

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

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

Short-term financial investments are registered at their purchasing price, or their selling price, if this value is lower. The balance of this account includes, basically, repos operations (public bond issues) and deposits in financial entities which possess at least an "A" credit rating from the leading ratings agencies.

### 3.5. Deferred Expenses

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

### 3.6. Inventories

Inventories as of December 31, 2011 mainly corresponds to lands used for construction activities and real estate promotions, both currently in progress and completed, which are recorded at their purchasing price or production cost, depending on the direct costs incurred.

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



### 3.7. Accounts receivable and accounts payable

These are recorded at their nominal value.

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

- In the case of the City of Barcelona, the provision for bad debts is determined by applying the estimated collectability ratio calculated by the City based on historical data, regarding the budget settlement of each tax figure in an individualized way and in each fiscal year. In addition, provision has been made for receivables owing for non-fiscal concepts whose recovery is regarded as doubtful.
- In the case of municipal agencies and firms, this allowance is made for those amounts whose recovery is deemed uncertain.
- The "Long-term receivables" account on the attached consolidation balance sheet mainly includes debts to be collected at their nominal value, due to the fact they are correlated to one part of the "Other long-term accounts payable" under liabilities on the same balance sheet. The maximum maturity date of these debts is 2036. Also recorded under these accounts are the assets and liabilities for deferred taxes of entities subject and not exempt from Corporate Tax, which amount to 3,590 and 4,898 thousand euros, respectively.

### 3.8. Capital transfers and other capital income

The following criteria is applied to record received capital transfers and other capital income, in accordance with the applicable legislation:

- Upon their concession, capital transfers are recorded under the "Capital transfers" account on the liabilities side of the consolidated balance sheet and moved to "equity" when the investment that was being financed is assigned for public use or, when applicable, to the fiscal year's results, in the proportion corresponding to the effective depreciation undergone, and recorded in

the accounts.

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

### 3.9. Other deferred revenues

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

### 3.10. Classification of long and short-term receivables and debts

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

### 3.11. Revenues and expenses

#### a) General Criteria

Revenues and expenses are primarily recorded in the consolidated statement of revenues and expenses in the fiscal year in which they occur, depending on the real flow of assets and services they represent and independently of the timing of the monetary or financial flow from which they are derived, except for those capital grants and transfers derived from agreements or conventions that are treated in the same way as described in sections 3.8. and 3.11.b), respectively.

#### b) Grants and transfers deriving from agreements and conventions

Regarding the recognition of expenses for transfers and grants stemming from agreements subscribed by different parties, which can take the form of collaborative agreements, cooperative agreements, contract programmes or other similar agreements, and whose objective is to co-finance and develop

specific projects or activities, (including capital grants to compensate negative accumulated results), the grantor's obligation to pay arises at the moment when the debt matures and is liquid and payable on demand, in other words, when the requirements for payment have been met. Recognition of the grantor's payment obligation is realised upon passage of the resolution (approval of the budgets for each fiscal year) by which the beneficiary's right to collect is recognised and quantified.

#### **c) Capital transfers**

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

### **3.12 Provisions for contingencies and expenses**

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

### **3.13 Corporate tax**

In accordance with Legislative Royal Decree 4/2004 of March 5, approving the

Amended Text of the Corporate Tax Law, the City of Barcelona and its autonomous local agencies are exempt from payment of this tax and are not subject to the retention of profits from their investments.

For dependent public business entities and municipal firms, corporate tax is calculated based on their book result, which need not necessarily be the same as their fiscal result, the latter being construed as the taxable income for taxing, given that the corresponding long term differences are taken into account.

Pursuant to the aforementioned Amended Text of the Corporate Tax Law and article 25 of the Law on Local Taxation, most of these entities are eligible for a 99% rebate on taxes paid on their earnings from activities classified as public service under this legislation.

### **3.14. Environment**

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

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

### a) Intangible fixed assets

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

	31.12.10	Additions	Retirements	Transfers	31.12.11
Research and development expenses	587	–	–	–	587
Concessions	5,044	–	(3,761)	–	1,283
Patents, licenses and trademarks	1,272	3	(45)	–	1,230
Data processing applications	37,415	612	(2,821)	3,906	39,112
Others	3,967	105	(112)	(64)	3,896
<b>Intangible fixed assets</b>	<b>48,285</b>	<b>720</b>	<b>(6,739)</b>	<b>3,842</b>	<b>46,108</b>
<b>Accumulated depreciation</b>	<b>(28,757)</b>	<b>(5,983)</b>	<b>2,388</b>	<b>5</b>	<b>(32,347)</b>
<b>Net intangible fixed assets</b>	<b>19,528</b>	<b>(5,263)</b>	<b>(4,351)</b>	<b>3,847</b>	<b>13,761</b>

The main component in retirements regarding the consolidated accounts (see notes 2.2 and 6), at a net amount of 4,349 thousand euros, corresponds to Serveis Funeraris de Barcelona, SA. The elements totally written off as of December 31, 2011 are the following:

Concessions	4,414
Data-processing applications	7,227
Research and development expenses	575
<b>Total</b>	<b>12,216</b>

### b) Tangible fixed assets and infrastructures

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

Table



	31.12.10	Additions	Retirements	Transfers	31.12.11
Land	467,172	3,378	(94)	(70,666)	399,790
Constructions	6,040,938	49,750	(38,657)	261,268	6,313,299
Fixed assets assigned to municipal agencies and third parties	588,346	–	–	2,938	591,284
<b>Land and properties</b>	<b>7,096,456</b>	<b>53,128</b>	<b>(38,751)</b>	<b>193,540</b>	<b>7,304,373</b>
Vehicles	32,133	–	(19,179)	–	12,954
Machinery, equipment, installations and tools	350,833	6,384	(6,647)	5,974	356,544
Data-processing equipment	163,189	1,397	(38)	26,691	191,239
Office furniture and equipment	67,260	1,856	(1)	–	69,115
Other	10,779	2,252	(95)	(177)	12,759
<b>Other fixed assets</b>	<b>624,194</b>	<b>11,889</b>	<b>(25,960)</b>	<b>32,488</b>	<b>642,611</b>
<b>Total tangible fixed assets</b>	<b>7,720,650</b>	<b>65,017</b>	<b>(64,711)</b>	<b>226,028</b>	<b>7,946,984</b>
<b>Public land assets</b>	<b>490,048</b>	<b>11,716</b>	<b>(1,735)</b>	<b>47,243</b>	<b>547,272</b>
<b>Tangible fixed assets assigned to municipal agencies and third parties</b>	<b>(588,346)</b>	<b>–</b>	<b>–</b>	<b>1,791</b>	<b>(586,555)</b>
<b>Fixed assets pending classification</b>	<b>1,463,732</b>	<b>529,795</b>	<b>(17,606)</b>	<b>(412,970)</b>	<b>1,562,951</b>
<b>Infrastructures and assets for public use</b>	<b>6,657,198</b>	<b>1,428</b>	<b>(160)</b>	<b>138,850</b>	<b>6,797,316</b>
<b>Investments assigned for public use</b>	<b>(6,657,198)</b>	<b>(1,428)</b>	<b>160</b>	<b>(138,850)</b>	<b>(6,797,316)</b>
<b>Gross tangible fixed assets and infrastructures</b>	<b>9,086,084</b>	<b>606,528</b>	<b>(84,052)</b>	<b>(137,908)</b>	<b>9,470,652</b>
<b>Accumulated depreciation and provisions</b>	<b>(1,095,187)</b>	<b>(121,089)</b>	<b>21,903</b>	<b>384</b>	<b>(1,193,989)</b>
<b>Net tangible fixed assets and infrastructures</b>	<b>7,990,897</b>	<b>485,439</b>	<b>(62,149)</b>	<b>(137,524)</b>	<b>8,276,663</b>

In accordance with applicable regulations, group entities record the value of lands containing any type of building under the “Buildings” and “Public land assets” accounts. This account

includes 2,531,236 thousand euros as of December 31, 2011 and 2,522,647 thousand euros as of December 31, 2010 corresponding to the value of lands containing buildings..

Additions during the fiscal year are the following:

Table

611

Investments carried out directly by the City of Barcelona	181,358
Investments carried out by decentralized entities pursuant to the terms of the decree issued by the mayor's office on June 18, 2008	275,770
Investments carried out by third parties	37,876
Obligatory free assignments and profit-sharing	16,441
Assets received on exchange	620
Assets due to collection/payment in kind	360
Other investments carried out by dependent entities	94,103
<b>Total</b>	<b>606,528</b>

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

- Houses built on behalf of the Municipal Agency for Housing
- Barcelona de Serveis Municipals, SA, for the construction process of five car parks, and improvements to the premises of Zoo Ciutadella.

- Improvements to the energy valuation plant in the new municipal waste management program being developed by Tractament i Selecció de Residus, SA.

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

Table

612

For sales	2,513
For fixed asset replacement	14,906
Retirement of Serveis Funeraris de Barcelona, SA (see notes 2,2 and 6)	36,119
Others	8,611
<b>Total</b>	<b>62,149</b>

The net accounting value of transfers carried out over the fiscal year has the following offsets:

Table

613

Property delivered for public use	(138,850)
Tangible fixed assets losses	(24,952)
Tangible fixed assets profits	15,609
Other long term credits (reception of exchanges)	8,468
Property assigned to third parties	6,520
Others	(4,319)
<b>Total</b>	<b>(137,524)</b>

Consequently, the main components of the transfers for the fiscal year have their offsets mainly in the equity accounts (see note 9.1.).  
 The breakdown of the "Investments assigned for public use" account are as follows:

Table		
<b>6</b>	<b>14</b>	
Thoroughfares		3,399,916
Parks and forests		1,504,421
Systems		646,937
Property for public use: Holsa		628,125
Mixed		388,915
Municipal assets of an artistic nature		112,439
Urban furniture		73,225
Equipments		33,946
Buildings		9,392
<b>Total</b>		<b>6,797,316</b>

Elements totally written off and in use as of December 31, 2011 are the following:

Table		
<b>6</b>	<b>15</b>	
Data-processing equipment		81,649
Machinery, equipment, installations and tools		65,644
Office furniture and equipment		32,834
Vehicles		12,550
Buildings		1,772
Others		56,820
<b>Total</b>		<b>251,269</b>

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

## Note 5 – Interests held in associated firms

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

Table		
<b>6</b>	<b>16</b>	
Catalana d'Iniciatives, CR, SA		2,886
Mediacomplex, SA		6,544
Barcelona Holding Olímpic, SA (Holsa)		3,823
Barcelona Emprèn, CR, SA		2,811
Barcelona Regional, AMDUI, SA		381
Barcelona Sagrera Alta Velocitat, SA		150
<b>Total</b>		<b>16,595</b>

## Note 6 – Other financial investments

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

Table	
<b>6</b> <sup>17</sup>	
Investment portfolio	65,228
Deposits and guarantees	1,282
Other long-term credits	81,518
<b>Total</b>	<b>148,028</b>

The investment portfolio can be broken down as follows:

Table

618

	Firm's owner (*)	% Interest	Investment cost	Provisions	Net book value 31.12.11
Fira 2000, SA	AB	18,35	49,018	(235)	48,784
Port Fòrum Sant Adrià, SL	AB	5.00	15	(2)	13
Nauta Tech Invest III, SCR de règimen simplificad SA	AB	4.80	2,164	(387)	1,777
Clavegueram de Barcelona, SA	BSM	17.50	685	–	685
GL Events CCIB, SL	BSM	12.00	241	–	241
Catalunya Carsharing, SA	BSM	2.89	65	(65)	–
Túnels i Accessos de Barcelona, SA	BSM	1.04	3,805	–	3,805
Ecoenergies Barcelona Sud, Zona Franca i Gran Via l'Hospitalet, SA	BSM	17.55	2,475	–	2,475
Serveis Funeraris de Barcelona, SA	BSM	15.00	1,649	–	1,649
Districlima, SA	TERSA	11.73	4,020	–	4,020
Ecoparc del Mediterrani, SA	TERSA	11.73	960	–	960
Ecoparc de Barcelona, SA	TERSA	3.05	383	–	383
Gestora de runes de la construcció,SA	TERSA	8.21	135	–	135
Recuperació d'Energia, SA	TERSA	7.00	34	–	34
Ecoparc del Besòs, SA	TERSA	2.93	385	(118)	267
Grand Tibidabo, SA	PATSA	0.03	11	(11)	–
Financial investment portfolio			66,045	(818)	65,228

(\*) Where:

AB: City of Barcelona; BSM: Barcelona de Serveis Municipals, SA; PATSA: Parc d'Atraccions Tibidabo, SA; TERSA: Tractament i Selecció de Residus, SA



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

- The General Meeting of the firm Fira 2000, S.A. agreed to increase its share capital, taking the interest of the City of Barcelona from 17.80% to 18.35%
- With the sale of 36% of the shares of Serveis Funeraris de Barcelona, SA, (see note 2.2) this company becomes part of

the portfolio of investments, no longer consolidated as a dependent entity.

- The City of Barcelona is now a shareholder in the capital risk company Nauta Tech Invest III, SCR de régimen simplificado SA.

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

Table

**6**<sup>19</sup>

Sales of long-term assets and PMS	51,782
Long-term clients and receivables	21,830
Other	7,906
<b>Total</b>	<b>81,518</b>

## Note 7 – Deferred expenses

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

## Note 8 – Accounts receivable

Accounts receivable are classified as follows:

Table

**6**<sup>20</sup>

<b>a) City of Barcelona</b>	<b>803,899</b>
Direct taxes	207,617
Indirect taxes	10,179
Charges and other revenues	349,361
Current transfers	91,492
Capital gains	11,698
Disposal of real investments	190
Capital transfers	88,572
Others	44,790
<b>b) Municipal agencies and firms</b>	<b>112,592</b>
<b>Total receivable</b>	<b>916,491</b>

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

Table		
<b>6</b>	<b>21</b>	
<b>Balance as of December 31, 2010</b>		<b>349,195</b>
Amount charged to the statement of revenues and expenses		92,682
Application due to write-off of unrecoverable receivables		(25,329)
Application for payments and recognition thereof		(10,335)
<b>Balance as of December 31, 2011</b>		<b>406,213</b>

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

The provision for the fiscal year, 92.682 thousand euros, is shown under the debit

side of the consolidated statement of revenues and expenses, along with other provisions for sundry items amounting to 1.364 thousand euros.

## Note 9 – Equity

### 9.1. Equity

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

Table					
<b>6</b>	<b>22</b>				
	Equity	Property assigned to municipal agencies and third parties (see notes 3.1.b and 4.b)	Property assigned by municipal agencies and third parties	Property delivered for general use (see notes 3.3 and 4.b)	Total
<b>Inicial balance</b>	<b>12,689,048</b>	<b>(588,346)</b>	<b>47,978</b>	<b>(6,657,198)</b>	<b>5,491,482</b>
Allocation of City of Barcelona results 2010	31,917	–	–	–	31,917
Transfer from capital transfers	60,121	–	–	–	60,121
Change in property assigned	–	1,791	–	–	1,791
Distribution of reserves in participated interests	34,230	–	–	–	34,230
Property delivered for public use	–	–	–	(140,118)	(140,118)
<b>Final balance</b>	<b>12,815,316</b>	<b>(586,555)</b>	<b>47,978</b>	<b>(6,797,316)</b>	<b>5,479,423</b>

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

The distribution of reserves in participated interests reflects share premiums issued by Barcelona de Serveis Municipals, SA.

## 9.2. Results

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

Table



Results of the City of Barcelona	344,614
Aggregate result of municipal agencies and firms	61,650
Result of share by equity method	(4,718)
Consolidation adjustments	(39,642)
Consolidated results	361,904
Results allocable to minority interests before interim dividends (note 10)	(3,569)
<b>Results allocable to the City of Barcelona</b>	<b>358,335</b>

### 9.3 – Consolidation reserves

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

Table



	Balance as of 31.12.10	Results 2010 (a)	Transfers and others	Balance as of 31.12.11
<b>Fully consolidated</b>	<b>232,199</b>	<b>29,900</b>	<b>(45,200)</b>	<b>216,899</b>
Municipal Agency of Housing	40,043	93	1,022	41,158
Municipal Agency Disabled Persons	1,050	(356)	(1)	693
Foundation Mies Van der Rohe	1,560	99	1	1,660
Municipal Agency of IT	6,615	(1,186)	–	5,429
Municipal Agency of Town Planning	(1,206)	358	1,850	1,002
Municipal Agency of Taxes	3,962	53	(76)	3,939
Municipal Agency of Markets	2,591	286	3,473	6,350
Municipal Agency of Parks and Gardens	4,784	755	102	5,641
Municipal Agency of Education	7,220	287	–	7,507
Municipal Agency of Culture	3,252	761	320	4,333
Municipal Agency Barcelona Esports	1,254	372	290	1,916
Municipal Agency of Urban Landscape and Quality of Life	(9,360)	12,275	138	3,053
Barcelona de Serveis Municipals Group (b)1	147,238	12,640	(56,512)	103,366
Barcelona d'Infraestructures Municipals, Group (c)	7,516	593	2,114	10,223
Informac, i Comunicac, de Barcelona, SA	1,881	48	116	2,045
Barcelona Activa, SA	13,125	85	899	14,109
SM Barcelona Gestió Urbanística, SA	674	18	–	692
Municipal Agency of Social Services	–	2,719	1,064	3,783
<b>By the Equity Method</b>	<b>1,373</b>	<b>(2,550)</b>	<b>(585)</b>	<b>(1,762)</b>
Barcelona Holding Olímpic, SA	1,527	(119)	(1,108)	300
Barcelona Sagrera AV	–	–	–	–
Barcelona Emprèn, SCR, SA	(173)	(336)	567	58
Barcelona Regional, AMDUI, SA	19	–	–	19
Mediacomplex, SA	–	148	–	148
Catalana d'Iniciatives, SCR de RC, SA	–	(2,243)	(44)	(2,287)
<b>Total</b>	<b>233,572</b>	<b>27,350</b>	<b>(45,785)</b>	<b>215,137</b>

(a) Adjusted according to the interest held.

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

(c) Barcelona d'Infraestructures Municipals Group includes information regarding the parent firm and firms in which it holds an interest: Pro Nou Barris, SA, 22 Arroba Bcn, SA, Agència de Promoció del Carmel i Entorns, SA, ProEixample, SA i Foment de Ciutat Vella, SA. (see note 2.2).

Calculations of the consolidation reserves used the difference between the book and technical book values of the interests held, the dividends received during the 2011 fiscal year and other consolidated adjustments in order to homogenise receivables and payables between the City of Barcelona and its dependent firms.

The “Transfers and others” column includes, among others, the correction of the existing temporary difference

between capital transfers and the execution of the works and services financed by the aforesaid. Its main component corresponds to Barcelona de Serveis Municipals SA as it has a triple effect: Serveis Funeraris de Barcelona, SA (see notes 2.2 and 6), no longer for part of consolidation, the take-up of all shares in Cementiris de Barcelona, SA (see note 2.2), and the issuing of a share premium on Barcelona de Serveis Municipals, SA (see note 9.1) shares.

## Note 10 – Minority interests

The balance of this account reflects the proportion of equity and results for the fiscal year of dependent municipal firms included in the consolidation statements belonging to shareholders or associates

who are not members of the consolidated Group. Specifically, this comes from Barcelona de Serveis Municipals, SA Group and Barcelona d'Infraestructures Municipals, SA Group, whose details can be broken down as follows:

Table

6 25

	Capital	Reserves	Fiscal result for the year	Interim dividends	Grant, donations and bequests	Total
<b>BSM Group:</b>						
TERSA Group	5,973	16,501	2,142	–	1,015	25,631
Mercabarna, SA	6,996	28,037	1,981	–	613	37,627
<b>Total</b>	<b>12,969</b>	<b>44,538</b>	<b>4,123</b>	<b>–</b>	<b>1,628</b>	<b>63,258</b>
<b>BIM Group:</b>						
Foment de Ciutat Vella, SA	1,743	880	(19)	–	–	2,604
Proeixample, SA	2,846	1,375	(534)	–	–	3,687
<b>Total</b>	<b>4,589</b>	<b>2,255</b>	<b>(553)</b>	<b>–</b>	<b>–</b>	<b>6,291</b>
<b>TOTAL</b>	<b>17,558</b>	<b>46,793</b>	<b>3,569</b>	<b>–</b>	<b>1,628</b>	<b>69,549</b>

The drop in the amount in this account in relation to fiscal year 2010 is because Serveis Funeraris de Barcelona, SA left the consolidation and because of the transformation of Cementiris de Barcelona, SA, into a wholly owned municipal company (see notes 2.2 and 6). The values of these two concepts in the 2010 fiscal year

were 15,972 and 2,564 thousand euros, respectively.

## Note 11 – Capital transfers and other capital income

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

Table

6 26

<b>Balance as of December 31, 2010</b>	<b>681,119</b>
Additions	126,625
Transfers to equity (note 9.1)	(60,121)
Transfers to results	(21,241)
Others	(1,724)
<b>Balance as of December 31, 2011</b>	<b>724,658</b>

Additions in the fiscal year included 39,488 thousand euros corresponding to the contribution by Central Government from the 2010 State Fund for Employment and Local Sustainability. The whole of this amount was used for this purpose.

Transfers to equity include 16,531 thousand euros corresponding to projects financed in their entirety by the 2009 State Fund for Local Investment, and 40,357 thousand euros which correspond to investments financed in their entirety by the 2010 State Fund for Employment and Local Sustainability, which

correspond to investments delivered for general use.

Transfers to results include 11,530 thousand euros corresponding to projects financed in their entirety from the 2009 State Funds for Local Investment which correspond to non-activated investments by the City of Barcelona.

## Note 12 – Other deferred income

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

Table

**6**<sup>27</sup>

<b>Balance as of December 31, 2010</b>	<b>141,862</b>
Additions	10,610
Transfer to revenues for the year	(2,705)
Transfer to short-term	(5,351)
Others	606
<b>Balance as of December 31, 2011</b>	<b>145,022</b>

By nature, 141,242 thousand euros correspond to revenues received in advance for the usage of assets under municipal ownership and 3,780 thousand euros to income from the provision of diverse services.

The revenues received in advance are transferred annually to the consolidated statement of revenues and expenses in accordance with the straight-line method over the period corresponding to the assignment or award, which is set at year 2080 at the latest.

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

The amount transferred to short-term is

the one which is expected to be applied to the consolidated statement of revenues and expenses for the 2011 fiscal year and is shown in the “Accrued expenses” account on the liabilities side of the consolidated balance sheet for the fiscal year ended December 31, 2011 (see Note 17).

## Note 13 – Provisions for contingencies and expenses

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

The movement in this account is as follows:

Table

**6**<sup>28</sup>

<b>Balance as of December 31, 2010</b>	<b>95,958</b>
Additions	11,764
Cancellation of provisions with credit to extraordinary results	(19,404)
Others	(885)
<b>Balance as of December 31, 2011</b>	<b>87,433</b>

Additions have been charged to various operating expenses to the value of 11,764 thousand euros.

## Note 14 – Debentures and Loans

The outstanding amounts as of December 31, 2011 corresponding to debentures and loans, both short and long-term, can be broken down as follows:

Table

<b>629</b>	<b>Description</b>	<b>Outstanding amount 31.12.2011</b>	<b>Long term</b>	<b>Short term</b>
	<b>European Union</b>			
	Banking system	1,050,058	1,031,339	18,718
	Private placements	290,000	200,000	90,000
	Public bond issues	–	–	–
	<b>Total long-term debt</b>	<b>1,340,058</b>	<b>1,231,339</b>	<b>108,718</b>
	<b>Total short-term debt</b>	<b>6,725</b>	<b>–</b>	<b>6,725</b>
	<b>Total debt</b>	<b>1,346,783</b>	<b>1,231,339</b>	<b>115,443</b>

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

Movements of subscribed long-term loans and debentures during the 2011 fiscal year are as follows:

Table

<b>630</b>	<b>Balance as of December 31, 2010</b>	<b>1,455,914</b>
	Additions:	
	– New operations	30,880
	Retirements:	
	– Contractual repayments	(131,121)
	– Early amortization and assignment	(15,615)
	<b>Balance as of December 31, 2011</b>	<b>1,340,058</b>



The long-term debt profile by maturities as of December 31, 2011 is as follows (in thousands of euros):

Table  
**6 31**

Maturity	Amount
2012	108,718
2013	113,676
2014	148,604
2015	166,546
2016	172,852
2017	135,660
2018	52,504
2019	52,788
2020	78,102
2021	70,303
2022	60,645
2023 and onwards	179,660
<b>Total</b>	<b>1,340,058</b>

As of December 31, 2011 there were stand-by credit lines for a total of 47,000 thousand euros, of which 6,725 thousand euros have been executed.

The average interest rate during the 2011 fiscal year was 2.8%.

41.2% of the consolidated long-term financial debt as of December 31, 2011 had a fixed interest rate, and 58.8% had a floating interest rate.

## Note 15 – Other long-term payables

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

Table  
**6 32**

Suppliers of fixed assets with a due date greater than one year	9,826
Central Government – final settlement of the share of State taxes for 2008	56,092
Central Government – provision final settlement of the share of State taxes for 2009 (note 18,9,)	243,428
Others	31,071
<b>Balance as of December 31, 2011</b>	<b>340,417</b>

The definitive amount settled as part of the share in the State tax revenues corresponding to the fiscal year 2008 rose to 93,487 thousand euros which is due to mature in the period 2012-2015. The definitive amount settled as part of the share in the State tax revenues

corresponding to the fiscal year 2009 rose to 304,284 thousand euros, which is due to mature in the period 2012-2016. The amount due to mature in the fiscal year 2012 is registered under the “Other non commercial payables” account.

## Note 16 – Public Administrations

The breakdown of these accounts is as follows:

Concept	Debit Balance	Credit Balance
Social Security	1,018	6,360
Value added tax – IVA	12,091	7,827
Personal income tax – IRPF	–	12,013
Corporate tax	2,101	22,687
Grants	128	17
Others	39	564
<b>Total</b>	<b>15,377</b>	<b>49,468</b>

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

item of the quantity payable in the fiscal year 2012 to the Autonomous Regional Government of Catalonia in relation to the convention subscribed to, regarding the economic promotion and consolidation of Barcelona and its area of influence as a benchmark tourism destination.

## Nota 17 – Accruals and prepayments

### 17.1 Adjustments for prepayments

The amount recorded for adjustments for prepayments amounting to 10,000 thousand euros on the assets side of the balance sheet refers to the balancing

### 17.2 Accrued expenses

This account reflects the Group's definite liabilities as of December 31, 2011, in accordance with their accrual periods and independently of the date of requirement of payment on demand, as well as the capital grants given to the Group pending allocation. It has the following composition:

Capital and current transfers	30,753
Assigned land pending allocation to revenues	34,946
Urban development quotas	3,730
Transfers to short-term revenues	3,216
Annual users' fees	4,764
Concessions for graves	2,357
Fees for private-use concessions	1,026
Other advanced revenues	2,348
Unmatured accrued interests	7,726
<b>Total</b>	<b>90,866</b>

Accrued and unmatured payments to personnel are shown under the "Other non-trade payables" account and amount to 37,441 thousand euros.

## Note 18 – Statement of results for the fiscal year 2011

### 18.1 Personnel expenses

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

The average payroll of the City of Barcelona Group during the 2011 fiscal year was 12,827 workers (41% women and 59% men).

### 18.2 Works, supplies and subcontracted services

This entry corresponds to the purchase of

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

### 18.3 Current and capital transfers

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

Table



<b>Current Transfers</b>	<b>452,607</b>
Consortia and foundations	134,458
Barcelona Metropolitan Area	136,376
Metropolitan Transport Authority	72,886
Non-profit organizations	56,776
Other public agencies	6,821
Autonomous community	15,000
Firms	1,583
Others	28,707
<b>Capital Transfers</b>	<b>45,457</b>
Consortia and foundations	36,655
Non-profit organizations	585
Firms	29
Metropolitan areas	3,117
Others	5,071
<b>Total</b>	<b>498,064</b>

18.4 Tax Revenues

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

Under this grouping we find the following local taxes: property tax (IBI), levied on property; economic activities tax (IAE), on certain business activities, in accordance with the type of activity, the space occupied and the location; tax on motor vehicles (IVTM), which is levied on the ownership thereof, irrespective of the vehicle's class or category; taxes on construction, installations and works (ICIO), levied according to the cost of the

project for which the license has been requested; increase in urban land value (IIVT), a direct tax levied on the increase registered in the value of these lands made evident upon their transfer.

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

A breakdown reveals the following:

Table		
	Property tax	539,213
	Tax on economic activities	98,556
	Tax on the increase in land value	83,447
	Assignment of Central Government taxes	86,061
	Tax on motor vehicles	69,243
	Tax on construction, installations and works	23,799
	<b>Total</b>	<b>900,319</b>

18.5 Other tax revenues

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

18.6 Sale of services

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

18.7 Other operating revenues

Other operating revenues basically includes fines and other penalties for offences, interest, and late-payment

surcharges, income from concessions and special uses and profit-sharing. The account can be broken down in the following way:

Table		
637	Fines	97,152
	Concessions and special uses	40,123
	Late payment surcharges and surcharges on collection proceedings	19,891
	Profit sharing	1,264
	Others	1,337
	<b>Total</b>	<b>159,767</b>

18.8 Revenues from current transfers

This account includes the amounts received from the Central Government Supplementary Finance Fund, as well as

earmarked grants from the European Community, Central Government, the autonomous community and local entities, in accordance with the following:

Table		
638	Central Government	848,183
	Generalitat of Catalonia	79,784
	Local entities	60,690
	Foreign transfers	6,859
	Other entities	4,415
	<b>Total</b>	<b>999,931</b>

## 18.9 Extraordinary results

Extraordinary results can be broken down as follows:

Table  
**6**<sup>39</sup>

	Expenses	Incomes
Fixed assets	41.739	34.589
Modification of receivables, payables and provisions	25.645	52.290
Provision for final settlement of share in Central Government taxes in 2009	–	19.806
Discount to the AMB relating to settlements of the share of State taxes for 2009	1.505	–
Capital transfers allocated to the results	–	21.241
Results for disposals of financial fixed assets and others	2.169	55.271
Other extraordinary results	4.317	4.320
<b>Total</b>	<b>75.375</b>	<b>187.517</b>
<b>Net positive extraordinary result</b>	<b>112.142</b>	

The revenues included as results for disposals of financial fixed assets and others correspond to the net positive

result obtained for the sale of 36% of shares in Serveis Funeraris de Barcelona, SA (see notes 2.2 and 6).

## Note 19 – Other Information and posterior issues

As of December 31, 2011, the guarantees provided by the Group to cover credit operations amount to 4,202 thousand euros.

The fees to be received by the temporary consortium PriceWaterhouseCoopers Auditores, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A., for auditing services and the expenses incurred in the provision thereof in the 2011 fiscal year amount to 923,5 thousand euros, including VAT. Pursuant to the terms of the adjudication

of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal agencies and firms forming part of the City group, and the appropriate part thereof will be duly charged to each of them.

Pursuant to the provisions of Law 15/2015 of 5 July, setting out measures to deal with late payment in commercial transactions, and regarding the total liabilities paid in the second half of the year for operating expenditure corresponding to caption two of the municipal budget, and capital expenses included in caption six of the municipal budget, as of December 31, 2011:

Table

640

	Fiscal year 2011		Fiscal year 2010	
	Amount	%	Amount	%
Payments within the legally established time limit	753,108	67%		
Difference	376,828	33%		
<b>Total payments within fiscal year</b>	<b>1,129,936</b>	<b>100%</b>		
Weighted average past due date (days)	22,83			
Adjournments that at date overshoot the maximum legal due date	10,582		17,619	

During the month of March of 2012 the Ministry of Treasury and Public Administration, via the Secretariat for State of Public Administration, published an estimate in the Virtual Office of the positive final settlement of share in Central Government taxes in 2010.

According to this information, the expected settlement for the City of Barcelona rose to 117 million euros (7 tax assignments and 110 Central Government Supplementary Finance Fund assignments). The aforesaid figure will be registered in the 2012 fiscal year.



## Note 20 – Table of financing for the 2011 and 2010 fiscal years

Table



Applications	Fiscal year 2011	Fiscal year 2010	Sources	Fiscal year 2011	Fiscal year 2010
			Funds obtained	408,202	129,789
			Funds generated by the sale of 36% of the interests in Serveis Funeraris de Barcelona, SA (SFB)	64,659	–
Acquisitions of fixed assets:			Sale of assets:		
Tangible and intangible	614,043	777,281	Tangible and intangible	4,050	9,487
Financial	9,900	56,182	Retirements of financial assets	12,820	1,000
Transfer of deferred income to short-term	5,351	3,411	Retirement of tangible and intangible assets due to the sale of SFB	40,468	–
Application for provisions for contingencies and expenses	372	156	Transfers of fixed assets	16,471	10,924
			Long-term trade receivables	2,079	5,190
Long-term guarantees and deposits	1,419	–			
			Deferred income	11,216	18,715
Short-term transfer and cancellation settlement of share in Central Government taxes	97,855	25,767	Capital transfers	124,901	191,635
Amortization and transfers to short-term of long-term debentures	135,979	138,365	Long-terms loans	30,880	619,452
Minority interests for the sale of SFB	1,806	–			
			Long-term guarantees and deposits	–	683
Consolidation reserves from the sale of SFB	23,282	–	Provisional settlement of share in Central Government taxes	–	324,090
			Other long-term payables	2,882	2,734
<b>Total applications</b>	<b>890,007</b>	<b>1,001,162</b>	<b>Total sources</b>	<b>718,628</b>	<b>1,313,699</b>
Changes in working capital (increase)	–	312,537	Changes in working capital (decrease)	171,379	–
<b>Total</b>	<b>890,007</b>	<b>1,313,699</b>	<b>Total</b>	<b>890,007</b>	<b>1,313,699</b>

Table

6 42

Change in working capital	2011		2010	
	Increase	Decrease	Increase	Decrease
Inventories	22.271	–	1.531	–
Accounts receivable	30.169	–	32.008	–
Short-term financial investments	–	257.292	188.582	–
Cash	–	50.292	27.248	–
Accounts payable	76.907	–	63.168	–
Change in working capital due to the SFB effect	6.858	–	–	–
<b>Total</b>	<b>136.205</b>	<b>307.584</b>	<b>312.537</b>	<b>0</b>
<b>Increase in working capital</b>			<b>312.537</b>	
<b>Decrease in working capital</b>		<b>171.379</b>		

Funds obtained from operations include the following:

Table

6 43

	Note	2011	2010
<b>Result of the fiscal year</b>	–	<b>358,335</b>	<b>67,002</b>
Net results on fixed assets	18.9	7,150	(46,473)
Provision for depreciation	–	120,362	113,228
Provisions for contingencies and expenses	13	11,764	16,086
Deferred expenses	7	355	202
Cancellation long-term provisions	13	(19,404)	(12,285)
Deferred income transferred to statement of Revenues and expenses	12	(2,705)	(4,137)
Capital grants transferred to results	11	(21,241)	(13,104)
Changes in provisions for financial investments	6	570	(4,715)
Result of minority interests	10	3,569	11,435
Positive result for the sale of 36% of SFB	18.9	(55,271)	
Share by the equity method	2.2	4,718	2,550
<b>Funds from operations</b>		<b>408,202</b>	<b>129,789</b>

# 7

Five-year Data

Table

71

## City of Barcelona (2007-2011)

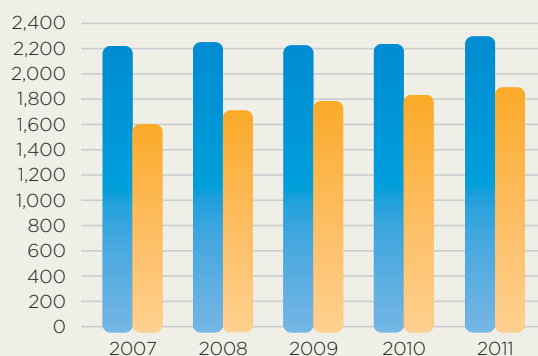
	2007	2008	2009	2010	2011	Annual Growth (%)
<b>Personnel</b> (on average)	<b>6,826</b>	<b>6,958</b>	<b>7,087</b>	<b>6,793</b>	<b>6,710</b>	<b>0.2%</b>
<b>Economic Position</b> (thousands of euros)						
Current Revenue	2,206,461	2,239,324	2,217,494	2,217,997	2,291,600	2.4%
Current Expenses	1,589,894	1,700,126	1,780,394	1,842,501	1,882,470	5.1%
Gross Saving	616,567	539,198	437,100	375,496	409,130	-6.4%
Net Investments	546,452	575,109	551,637	575,557	451,190	0.6%
Cash Surplus (Deficit)	133,359	157,745	20,000	-450,000	110,000	
<b>Total Debt as of 12/31</b>	<b>927,847</b>	<b>770,101</b>	<b>750,101</b>	<b>1,200,101</b>	<b>1,090,101</b>	<b>0.5%</b>
<b>Ratios</b>						
Gross Saving / Current Revenue (%)	27.9	24.1	19.7	16.9	17.9	
Interest Coverage (x)	25.9	38.2	23.7	18.7	16.1	
Capital Expenditure Coverage (x)	1.1	0.9	0.8	0.7	0.9	
Capital Expenditure / Total Expenses (%)	27.0	26.6	32.5	29.3	22.7	
Debt / Current Revenue (%)	42.1	34.4	33.8	54.1	47.6	
Debt / Primary Saving (x)	1.4	1.4	1.6	3.0	2.5	
Average Life of Long Term Debt (years)	5.9	4.5	5.8	5.9	5.4	

Graph

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## Current Revenue and Expenses (millions of euros)

● Current Revenue ● Current Expenses

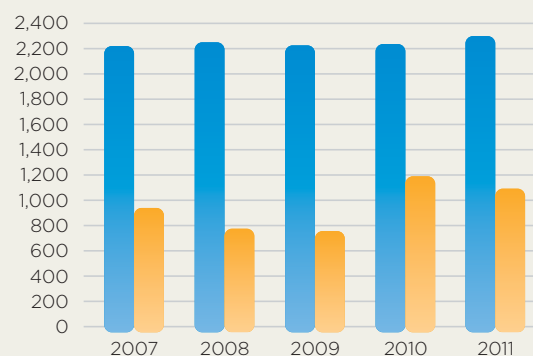


Graph

73

## Current Revenue and Total Debt (millions of euros)

● Current Revenue ● Total Debt as of 12/31

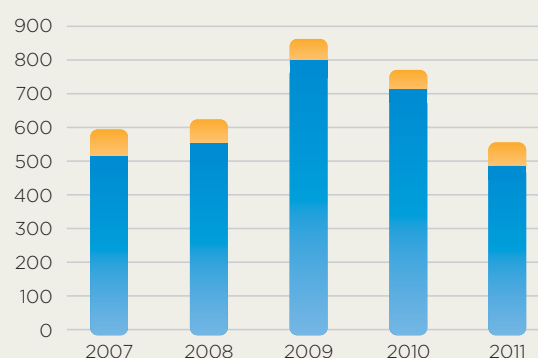


Graph

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## Direct and Indirect Capital Expenditures

● Direct Capital Expenditure ● Indirect Capital Expenditure



## Debt Ratings (at 2012/05/31)

**Standard & Poor's:** BBB+ neg (2012/05)

**Fitch:** A neg (2012/04)

**Moody's:** In Review

Table

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## City of Barcelona (2007-2011)

### Balance Summary

(thousands of euros)

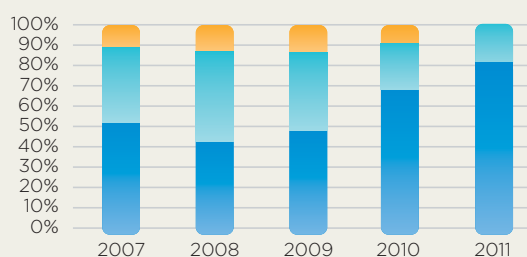
	2007	2008	2009	2010	2011	Annual Growth (%)
Intangible Fixed Assets	6,310	8,947	10,169	8,266	7,439	12.4%
Tangible Fixed Assets and Infrastructures	6,509,097	7,025,921	7,468,676	7,318,077	7,628,895	4.5%
Long-term Financial Investments	200,796	218,758	204,066	236,329	216,678	2.6%
Long-term Off-budget Receivables	1,980	1,909	2,920	4,666	2,955	-6.0%
Deferred Expenses	802	601	1,186	983		
<b>Fixed Assets</b>	<b>6,718,985</b>	<b>7,256,136</b>	<b>7,687,017</b>	<b>7,568,321</b>	<b>7,856,777</b>	<b>4.4%</b>
Accounts Receivable	284,992	295,344	385,542	364,502	428,913	7.4%
Cash	496,597	490,067	372,007	581,486	270,014	-8.2%
<b>Current Assets</b>	<b>781,589</b>	<b>785,411</b>	<b>757,549</b>	<b>945,988</b>	<b>698,927</b>	<b>-0.5%</b>
<b>Total Assets</b>	<b>7,500,574</b>	<b>8,041,547</b>	<b>8,444,566</b>	<b>8,514,309</b>	<b>8,555,704</b>	<b>4.0%</b>
City of Barcelona Equity	5,590,666	6,159,258	6,175,562	5,531,692	5,798,720	3.1%
Subsidies and Other Capital Income	214,257	257,350	555,568	592,281	607,785	20.6%
<b>Net Equity</b>	<b>5,804,923</b>	<b>6,416,608</b>	<b>6,731,130</b>	<b>6,123,973</b>	<b>6,406,505</b>	<b>4.2%</b>
Deferred Income	95,353	92,594	89,846	98,763	99,507	0.6%
Provisions for Contingencies and Expenses	110,276	111,363	86,967	90,595	85,063	-2.8%
Long-term Loans and and Debentures	927,847	770,101	750,101	1,200,101	1,090,101	0.5%
Other Long-term Liabilities	39,615	26,709	130,603	430,432	337,623	42.2%
<b>Long-term Liabilities</b>	<b>1,173,091</b>	<b>1,000,767</b>	<b>1,057,517</b>	<b>1,819,891</b>	<b>1,612,294</b>	<b>4.2%</b>
Short-term Payables for Loans and Debentures	0	0	0	0	0	-
Payables and Others	505,112	611,863	645,726	558,322	526,342	1.5%
Accrued Expenses	17,448	12,309	10,193	12,123	10,563	-10.3%
<b>Current Liabilities</b>	<b>522,560</b>	<b>624,172</b>	<b>655,919</b>	<b>570,445</b>	<b>536,905</b>	<b>1.2%</b>
<b>Total Liabilities</b>	<b>7,500,574</b>	<b>8,041,547</b>	<b>8,444,566</b>	<b>8,514,309</b>	<b>8,555,704</b>	<b>4.0%</b>

Graph

76

### Breakdown of Debt by Markets

- Bank Loans
- Private Placements
- Public Bond Issues

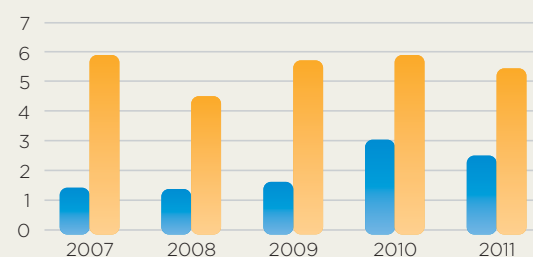


Graph

77

### Repayment Capacity and Average Life of Debt

- Debt / Primary Savings
- Average Life of Long-term Debt



Table

78

### Public Administration Debt According to the Excess Deficit Protocol (2007-2011)

#### Debt

(millions of euros)

	2007	2008	2009	2010	2011	Annual Growth (%)
Central Government	291,883	332,584	439,420	488,245	559,459	13.0%
Regional Government	61,039	72,625	90,962	119,460	140,083	18.9%
Local Authorities	29,385	31,775	34,700	35,431	35,420	5.1%
Spanish Municipalities	23,874	26,058	28,587	28,769	28,368	5.0%
City of Barcelona (1)	928	770	753	1,202	1,090	0.5%

(1) Includes consorcia and foundation consolidated for the purposes of the General Stability Law

Source: Banc of Spain ([www.bde.es/infocast](http://www.bde.es/infocast))

Table

79

## City of Barcelona Group (2007-2011)

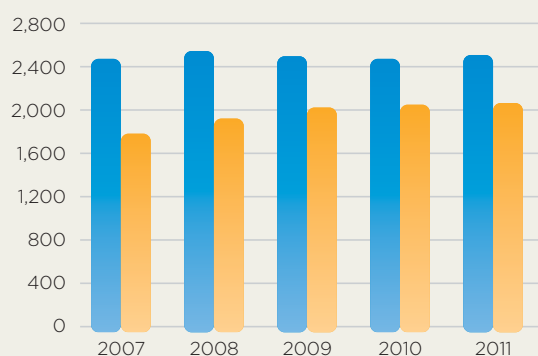
	2007	2008	2009	2010	2011	Annual Growth (%)
<b>Personnel</b> (on average)	<b>13,317</b>	<b>13,572</b>	<b>12,697</b>	<b>13,112</b>	<b>12,827</b>	<b>-0.3%</b>
<b>Economic Position</b> (thousands of euros)						
Current Revenue	2,485,986	2,553,410	2,517,465	2,512,205	2,504,522	1.6%
Current Expenses	1,805,362	1,940,213	2,035,261	2,063,418	2,087,885	4.5%
Gross Saving	680,624	613,197	482,204	448,787	416,637	-8.2%
Net Investments	629,374	678,834	628,141	632,189	419,066	-2.7%
Cash Surplus (Deficit)	108,154	129,467	-47,730	-495,557	112,112	
<b>Total Consolidated Debt as of 12/31</b>	<b>1,067,110</b>	<b>927,773</b>	<b>974,358</b>	<b>1,464,405</b>	<b>1,346,783</b>	<b>2.7%</b>
<b>Ratios</b>						
Gross Saving / Current Revenue (%)	27.4	24.0	19.2	17.9	16.6	
Interest Coverage (x)	25.8	25.1	17.1	14.9	12.5	
Capital Expenditure Coverage (x)	1.1	0.9	0.8	0.7	1.0	
Capital Expenditure / Total Expenses (%)	27.6	27.8	31.8	29.2	22.4	
Debt / Current Revenue (%)	42.9	36.3	38.7	58.3	53.8	
Debt / Primary Saving (x)	1.5	1.5	1.9	3.0	3.0	
Average Life of Long Term Debt (years)	6.6	5.5	7.0	6.6	6.4	

Graph

710

## Current Revenue and Expenses (millions of euros)

● Current Revenue ● Current Expenses

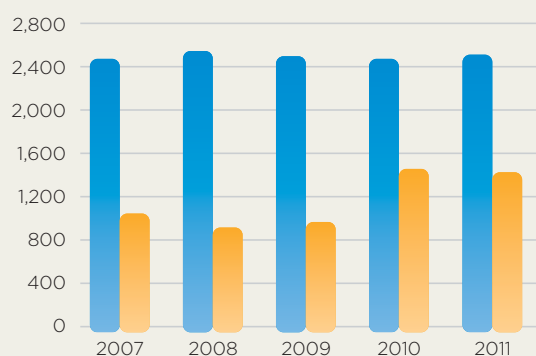


Graph

711

## Current Revenue and Total Debt (millions of euros)

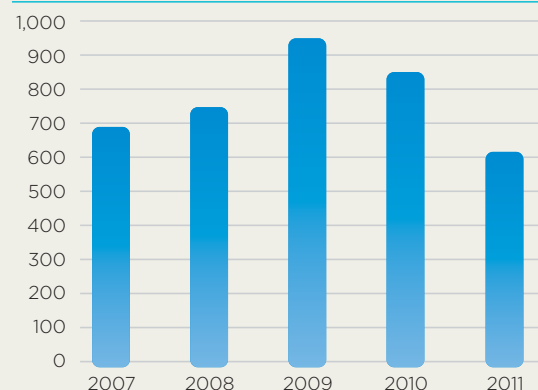
● Ingressos corrents ● Deute total consolidat a 31/12



Graph

712

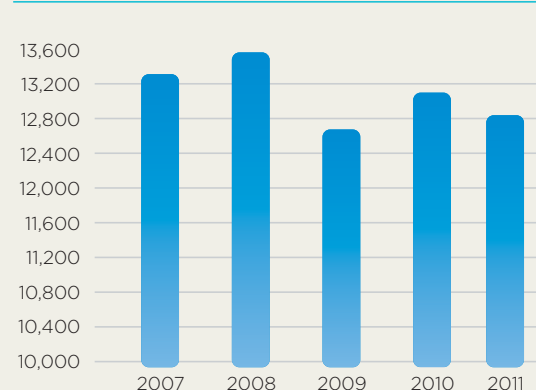
## Consolidated Gross Capital Expenditure (millions d'euros)



Graph

713

## City of Barcelona Group Personnel (on average)



Table

714

## City of Barcelona Group (2007-2011)

### Balance Summary

(thousands of euros)

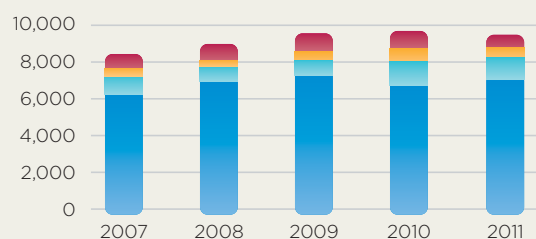
	2007	2008	2009	2010	2011	Annual Growth (%)
Intangible Fixed Assets	56,526	19,164	21,526	19,528	13,761	-22.8%
Tangible Fixed Assets and Infrastructures	7,031,640	7,637,578	8,111,805	7,990,897	8,276,663	4.7%
Financial Intangible Assets	154,834	158,827	142,866	191,839	164,623	3.9%
Accounts Receivable for Long-term						
Trade Operations	27,473	29,890	34,704	29,514	27,435	-2.3%
Deferred Expenses	2,474	2,247	2,832	2,630	2,275	-4.2%
<b>Fixed Assets</b>	<b>7,272,947</b>	<b>7,847,706</b>	<b>8,313,733</b>	<b>8,234,408</b>	<b>8,484,757</b>	<b>4.5%</b>
Inventories	52,179	60,715	105,705	107,236	127,868	24.4%
Accounts Receivable	390,270	386,271	473,607	507,056	525,655	5.7%
Cash	542,723	562,058	441,539	657,369	348,902	-5.9%
Accrued Expenses	2,844	1,476	4,292	2,851	12,054	45.6%
<b>Current Assets</b>	<b>988,016</b>	<b>1,010,520</b>	<b>1,025,143</b>	<b>1,274,512</b>	<b>1,014,479</b>	<b>2.1%</b>
<b>Total Assets</b>	<b>8,260,963</b>	<b>8,858,226</b>	<b>9,338,876</b>	<b>9,508,920</b>	<b>9,499,236</b>	<b>4.2%</b>
Equity	5,821,869	6,404,928	6,400,952	5,792,056	6,052,895	3.2%
Minority Interests	72,632	80,548	81,983	86,322	69,549	0.0%
Subsidies and Other Capital Income	247,348	343,333	640,989	681,119	724,658	21.7%
<b>Net Equity</b>	<b>6,141,849</b>	<b>6,828,809</b>	<b>7,123,924</b>	<b>6,559,497</b>	<b>6,847,102</b>	<b>4.4%</b>
Other Deferred Income	179,187	133,101	130,695	141,862	145,022	-3.3%
Provisions for Contingencies and Expenses	126,951	124,289	92,313	95,958	87,433	-4.8%
Long-term Loans and Debentures	1,067,110	923,616	962,099	1,455,914	1,340,057	2.6%
Other Long-term Liabilities	83,628	62,419	165,124	466,864	368,694	31.3%
<b>Long-term Liabilities</b>	<b>1,456,876</b>	<b>1,243,425</b>	<b>1,350,231</b>	<b>2,160,598</b>	<b>1,941,206</b>	<b>4.5%</b>
Short-term Payables for Loans and Debentures	0	4,157	12,260	8,491	6,725	-
Accounts Payable	611,277	726,918	773,743	673,416	613,337	0.4%
Accrued Expenses	50,961	54,917	78,718	106,918	90,866	18.5%
<b>Current Liabilities</b>	<b>662,238</b>	<b>785,992</b>	<b>864,721</b>	<b>788,825</b>	<b>710,928</b>	<b>2.1%</b>
<b>Total Liabilities</b>	<b>8,260,963</b>	<b>8,858,226</b>	<b>9,338,876</b>	<b>9,508,920</b>	<b>9,499,236</b>	<b>4.2%</b>

Graph

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### Composition of Liabilities (millions of euros)

- Net Equity
- Long-term Loans and Debentures
- Other Long-term Liabilities
- Current Liabilities

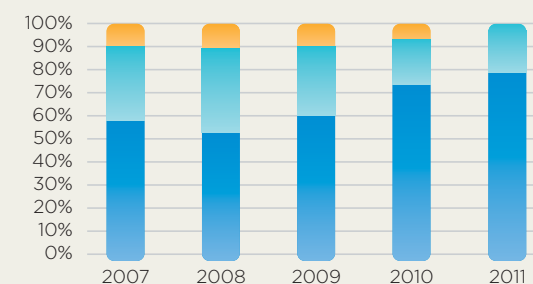


Graph

716

### Breakdown of Consolidated Debt by Markets

- Bank Loans
- Public Bond Issues
- Private Placements



Table

717

## Consolidated Debt of the City of Barcelona: Public Administration and Commercial Entities (2007-2011)

### Consolidated Debt

(millions of euros)

	2007	2008	2009	2010	2011	Annual Growth (%)
Public Administration	929	774	750	1,200	1,090	0.5%
Commercial Entities	138	154	224	264	257	16.9%
<b>Total Debt</b>	<b>1,067</b>	<b>928</b>	<b>974</b>	<b>1,464</b>	<b>1,347</b>	<b>2.7%</b>





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