



2012

City of Barcelona Annual Report



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Ajuntament
de Barcelona

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)
Councilors	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. Pilar Díaz López The Hon. Ms. M. Assumpta Escarp Gibert The Hon. Mr. David Escudé Rodríguez The Hon. Mr. Guillem Espriu Avendaño The Hon. Ms. Sara Jaurrieta Guarner The Hon. Mr. Jordi Martí Grau The Hon. Ms. Immaculada Moraleda Pérez The Hon. Mr. Joan Trullén Thomàs
	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

President	The Hon. Mr. Xavier Trias Vidal de Llobatera
Members	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
Non-elected members	Ms. Cristina Iniesta Blasco

Executive Committee

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

Mr. Roman Llagostera Pujol

Deputy Manager of Environment and Urban Services

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

Ms. Pilar Soldevila García

Deputy Manager of Strategic Projects

Mr. Albert Vilalta Cambra

Manager of Urban Habitat

2012

Summary

11	Foreword by the Mayor
13	Foreword by the Second Deputy Mayor
15	Political and Executive Organization of the City of Barcelona
23	Politics and Management Deal Model
31	Barcelona's Economy
41	Results in Terms of Financing Capacity in Accordance with the European System of National and Regional Accounts (ESA-95)
49	Management Report (Equity Accounting)
67	2012 Annual Accounts (along with the auditors' report)
97	2012 Consolidated Accounts (along with the auditors' report)
133	Five-year Data

Presentations

Xavier Trias
Mayor of Barcelona

We are leaving behind a particularly difficult year. In 2012 the stagnation of the European economy and the slowdown in most of the world's advanced economies has been confirmed. The Spanish and Catalan economy has closed the year with a fall in GDP mitigated by tourism and rising exports.

In the light of this difficult economic and social situation, Barcelona City Council has accepted its responsibilities with the conviction that we have unique potential and that Barcelona and its metropolitan area are undoubtedly our major drivers for overcoming the crisis.

Internally we are doing our homework. We are a solvent city which has ended 2012 with a zero deficit and pays its suppliers at 30 days. For me as mayor, budgetary discipline is not an option but an obligation. That is because it is precisely this solvency and image of professionalism and reliability that will enable us to continue to position ourselves at the top of the tables of competitive cities.

So in 2012 we have continued to work steadily to achieve the three aims we set at the beginning of our term of office. The first is caring for people, especially those who have the greatest difficulties; the second is ensuring that Barcelona works with quality services; and the third is promoting a competitive city that generates opportunities for all.

Of these three aims, our top priority at the City Council is undoubtedly caring for vulnerable people. So we have increased resources for social policy by 15.5% over the last two years which has enabled us to improve important services such as our Home Care Service, telecare and soup kitchens. In addition, we have streamlined the management of council nursery schools so that more families can take their children there, and we have made a significant commitment to establish a stock of affordable public rental housing in Barcelona.

Our second priority is to make the city work and work well. We are making every effort to improve public safety, cleaning, lighting and public transport. Crime in the city has fallen by 8.9% and we have managed to reduce complaints about cleaning by 17%. As for public transport, we are implementing a new system of bus routes by stages to provide better service.

Last but by no means least, we also are committed to economic recovery and job creation to lay the foundations for a new economic model for the future, based on culture, knowledge, creativity and innovation, to improve welfare and quality of life for the people of Barcelona.

Barcelona has a diversified economy with strong cornerstones including industry, trade, tourism, design, cuisine and services which we want to enhance through Barcelona Growth, a strategy we are driving to promote business growth, an international outlook and attracting new investment and talent to the city.

We are adding to this economic potential with a long-range commitment to sectors that are strategic for the future, such as mobile technologies (taking advantage of Barcelona being the Mobile World Capital), smart cities, the green economy, electric vehicles and building on the logistics potential of our city's major infrastructures (port, airport, high-speed train, Zona Franca, Trade Fair, Mercabarna) as the core of a new economic mega-region in southern Europe and the Mediterranean.

Culture and sport are also factors that generate wealth in Barcelona and a very important source of economic activity for the city. Hence we are committed to hosting major international sports and cultural events.

I will never tire of insisting that we have the potential and ability to make lots of things happen in our city and in the following pages you will find the figures to prove it.

Finally, I would not wish to miss the opportunity here to thank again all the Council's employees for their effort and engagement which helps us keep making Barcelona into a leader in welfare and quality of life.

Sònia Recasens

2nd Deputy Mayor for Economy,
Business and Employment

I am pleased to present the City of Barcelona's Annual Report 2012 which you are now reading.

It is divided into chapters which cover the City Council's political and executive organisation; the politics and public management agreement model which establishes the City Map, in other words the strategic map which is the cornerstone of the City Council's entire planning and management by objectives model; the evolution of the economy of Barcelona and its surrounding area; results in terms of net lending/borrowing based on capacity/need for financing in accordance with the ESA-95, and the management report for 2012 after the individual and consolidated annual accounts have been closed and audited.

The Council's main public finance objective has been to safeguard Barcelona City Council's solvency and prevent it being affected by the economic plight of our surroundings and especially of the nearest levels of government.

The financial targets for 2012 have been met. A high level of liquidity has been maintained which makes it possible to pay City Council suppliers at 30 days. Gross savings have been above the target of 15% relative to current income to guarantee the City Council's investment capacity while debt, measured against current income, has been below the target of 60%.

In April 2012, and in anticipation of the coming into force of the Budgetary Stability and Financial Sustainability Law, Barcelona City Council decided to revise its Economic and Financial Plan which provided for a return to budgetary stability in 2013.

This review, based on the Council's commitment to budgetary stability targets, led to the adoption in May 2012 of the Economic and Financial Plan 2010-2012 which changed the timescale of the previous plan to provide for budgetary stability and zero deficit in national accounting terms in 2012.

Figures for 2012, including financing capacity in ESA-95 terms of more than €60 million, show that the objectives set in the Plan have been achieved and it is therefore completed in line with the Council's commitment.

Ensuring the sustainability of the City Council's finances by rigorously and transparently managing public resources is absolutely crucial in order to ensure compliance with the city government's strategic priorities and at the same time generate the confidence needed to drive the city's economic growth and job creation.

It is this commitment which underpins the hard work done on a daily basis by each and every Council employee, and I would like to commend them for their efforts and dedication in delivering quality service to all the people who live and work in and visit Barcelona.

Political and executive organisation of the City Council

The Municipal Charter of Barcelona, created by Law 22/1998, of 30 December, approved by the Parliament of Catalonia, and Law 1/2006, of 13 March, approved by the Spanish Parliament, is the special legal framework that reinforces the city's autonomy in the interests of effective administrative management that is accessible to the public, extends decentralisation, enhances municipal authority within the framework of partnership with institutions and strengthens mechanisms for citizen participation. It therefore regulates the organisation of the Municipal Government, the districts, municipal regulatory power, citizen participation and municipal authority.

According to the Municipal Charter of Barcelona, one of the essential criteria for the city's organisation is that the deliberative functions of organisation, programming and control must be clearly differentiated from the executive functions of government and administration. As a result, there are **two distinct levels of organisation** within Barcelona City Council: **the political level and the executive level**. The former comprises elected members or councillors whose duties may involve decision-making, providing information and/or consultation. The latter comprises different sectors or branches of direct intervention and is responsible for managing programmes and implementing the resolutions approved at the political level.

1.1. The political sphere

This comprises the different governmental, city and territorial bodies:

The **Municipal Council** is the highest body of political representation of citizens within the city government. Comprising all 41 of the councillors and presided over by the mayor, it establishes the courses of municipal action and resolves the most important issues. Its duties include constituting, planning, regulating and supervising executive duties and approving the Municipal Action Plan (PAM), the budget, annual accounts, bylaws and urban development plans.

Municipal elections are held every four years under a system of proportional representation. As a result of the last election held on 22 May 2011, the city government is headed by CiU with a total of 14 councillors of the 41 that make up the Municipal Council.

The Municipal Council acts in plenary sessions and commissions. It is responsible for the duties conferred upon it in the Municipal Charter, which can be broadly specified as:

- Promoting and controlling the operation of the other governmental bodies.
- Liaising with, delegating and/or transferring authority or duties to other administrations.
- Deciding upon the defining characteristics of the municipality, such as the municipal boundaries, its coat of arms, seal and flag.
- Approving and modifying the organic law and bylaws.

Table



Number of councillors at the last two elections

	May 2007 to 2011	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
Total	41	41

(*) Coalition made up of ERC (Esquerra Republicana de Catalunya), Reagrupament i Democràcia Catalana. Councillors in the previous term were ERC.

- Approving the general plans and programmes for municipal action.
- Approving urban development plans and regulations.
- Approving the budgets and accounts of the Council and large contracts.

The **Municipal Council Committees** are responsible for decision-making, overseeing and dealing with information. With regards to matters within their sphere of authority, they exercise the decision-making powers conferred by the Municipal Charter and the Organic Act and those delegated by the plenary assembly of the Municipal Council. They make decisions on issues that are to be submitted to the plenary assembly of the Municipal Council, although their resolutions are non-binding. They

promote, control and supervise the activity of the bodies of the executive municipal government and periodically monitor the implementation of the action plan with regard to the areas under their authority.

Their decision-making powers include the authorisation and awarding of certain public and private contracts as well as the initial approval of bylaws and regulations related to their respective areas.

The vote of each political group on the committees is proportional to the number of councillors they have on the Council.

The six permanent commissions of the Municipal Council, approved by the plenary assembly of the Municipal Council on 14 July 2011, are:

Table



Permanent commissions of the Municipal Council

Commission	Sphere of authority
Commission for Presidency and Internal Affairs	Municipal organisation. Institutional and citizen relations. General services and territorial coordination.
Commission for the Economy, Business and Employment	Financial, tax and budget policy. Property. The city's economic development, driving business and employment initiatives. Tourism and trade.
Commission for Urban Habitat and Environment	Policies for urban territorial balance. Infrastructure. Housing development. City and urban services maintenance. Green areas and beaches. Environmental policy.
Commission for Quality of Life, Equality, Youth and Sports	Social services, primary healthcare and social care. Civil rights and social participation. Policy for seniors. Youth policy and immigration policy. Sports.
Commission for Culture, Knowledge, Creativity and Innovation	Culture, education, knowledge and innovation.
Commission for Safety and Mobility	Public safety, civil defence, public transport and traffic regulation.

The **Spokespersons Board** consists of those councillors who are the spokespersons for the Municipal Groups and its meetings are chaired by the mayor or the delegated deputy mayor. Each group may also appoint a deputy spokesperson.

The **Mayor** is the head of the Council and exercises the roles conferred by the Municipal Charter of Barcelona, general legislation on local affairs, sector laws and the Municipal Organic Regulation. Their powers encompass the Council's ordinary operations, representing the city and chairing the Municipal Council and the Council Executive.

The **Council Executive** is the collegiate body of the executive municipal

government. It consists of the mayor, the deputy mayors and those councillors nominated by the mayor, informing the Municipal Council of these appointments. It performs those duties with which it is expressly entrusted by the Municipal Charter and those that are delegated by the mayor.

The **Government Committee**, which is formed by the deputy mayors responsible for the different political areas of government, is chaired by the mayor and is the political coordination and management body.

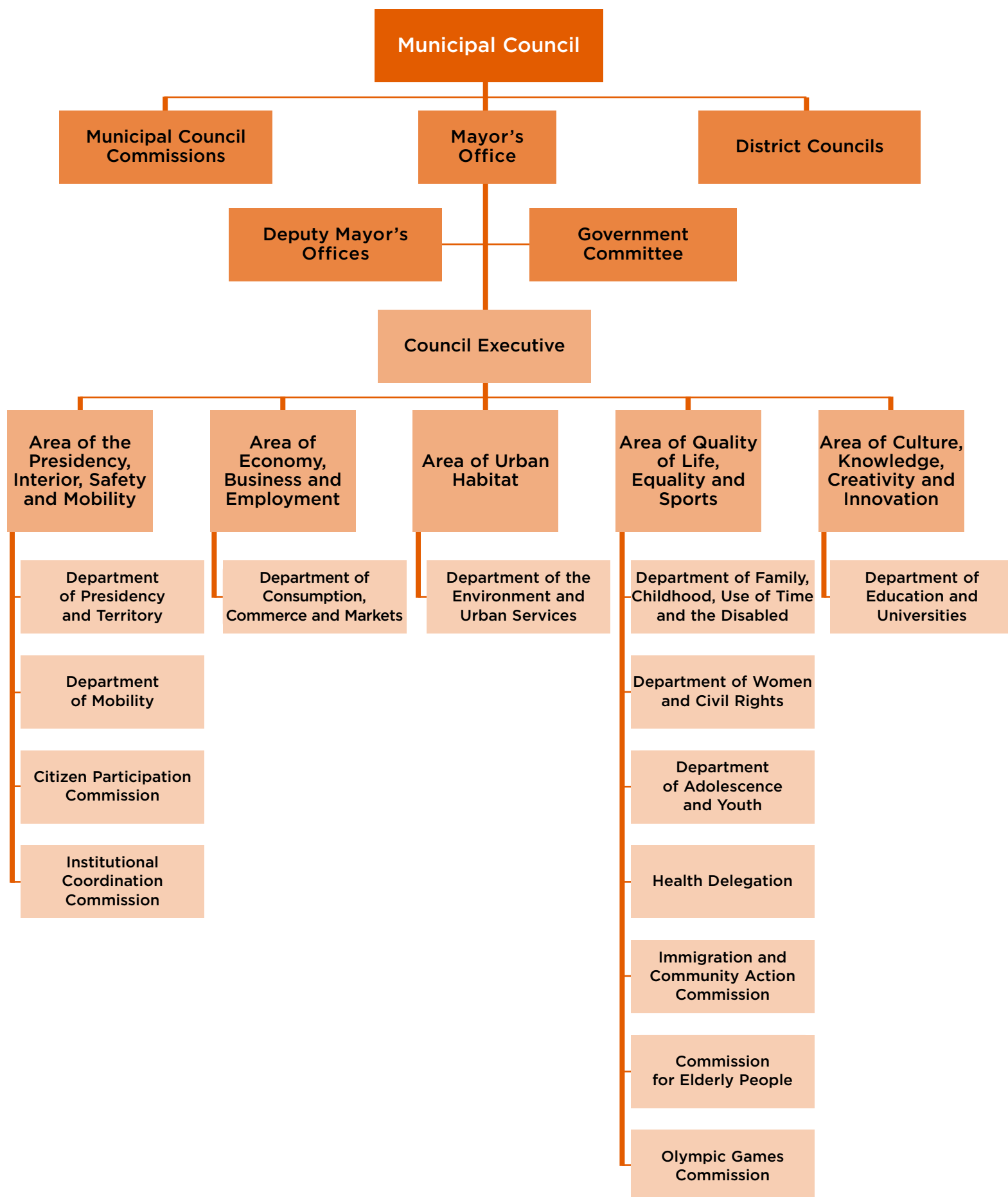
Political management is divided into the following **areas of government**:

Table	
13	Area of the Presidency, Interior, Safety and Mobility
	Area of Economy, Business and Employment
	Area of Urban Habitat
	Area of Quality of Life, Equality and Sports
	Area of Culture, Knowledge, Creativity and Innovation
	Area of Safety and Mobility

The structure of Barcelona City Council is decentralised in accordance with the ten **districts** into which the city is divided: Ciutat Vella, Eixample, Sants-Montjuïc, Les Corts, Sarrià-Sant Gervasi, Gràcia, Horta-Guinardó, Nou Barris, Sant Andreu and Sant Martí. The districts are territorial bodies for the de-concentration of management and the decentralisation of citizen participation.

The highest governance body of each district is the **District Council**, chaired by a councillor appointed by the mayor and

consisting of a number of councillors based on the number of residents in the district using a scale and which should be between a minimum of 15 and a maximum of 23. In addition the mayor delegates their powers to a councillor, appointed on the proposal of the municipal groups, so that they can exercise them in the district. District councils have the authority to report on and propose plans, programmes, budgets and urban development measures that affect the district and the distribution of its expenditure.



1.2. The executive sphere

The executive organisation of Barcelona City Council, which is headed and coordinated by the **Chief Executive**, consists of:

- Divisions and bodies integrated within the single legal entity of Barcelona City Council: **sectors and districts**, directed by executives appointed by the mayor.
- Bodies that have a separate legal personality: **local autonomous bodies, public business entities and companies**.

This management structure ensures that the services provided to citizens by Barcelona City Council are effective and efficient and respond to the city's values and needs, while also ensuring the planning, organisation and provision of public services, in order to guarantee that the objectives set out in the City Map are met.

The **Chief Executive** is the highest authority in the executive structure. He is tasked with the executive management of planning, organising and delivering public services so as to ensure the objectives set out by the Municipal Government are met and also with assessing and monitoring the implementation of municipal plans, the development of the resources invested and the measures designed to achieve the municipality's objectives. He is in charge of implementing and supervising the municipal group's budget and investment and steering and assessing the municipal group's executive office objectives. He attends the sessions of the Council Executive and the Government Committee.

Executive municipal administration consists of **six functional sectors**:

- **Culture, Knowledge, Creativity and Innovation**: education, knowledge and innovation, cultural facilities, libraries.
- **Quality of Life, Equality and Sports**: social services, primary healthcare and social care, family, children, social development, social participation, civil rights, sports and public health.
- **Prevention, Safety and Mobility**: public safety, fire prevention and civil defence services, mobility, travel and public transport, road safety and discipline and car parks.
- **Urban Habitat**: spatial and town planning, urban landscape, infrastructure, housing, environment and urban services (street cleaning, urban solid waste and sewerage; maintenance,

paving, street lighting and water; maintenance of parks, gardens and beaches; energy saving and renewable energy; education and environmental participation and pollution monitoring and reduction).

- **Economy, Business and Employment**: financial, tax, accounting and budget management and investment monitoring: the city's economic development, employment and innovation, trade, municipal markets, consumers and tourism.
- **Resources**: general administration, citizen participation and service, property, information and telecommunication systems, human resources and organisation.

The first four sectors, along with economic development, cover operational services or action areas. The resources and economic functions sectors encompass the executive structure's corporate services.

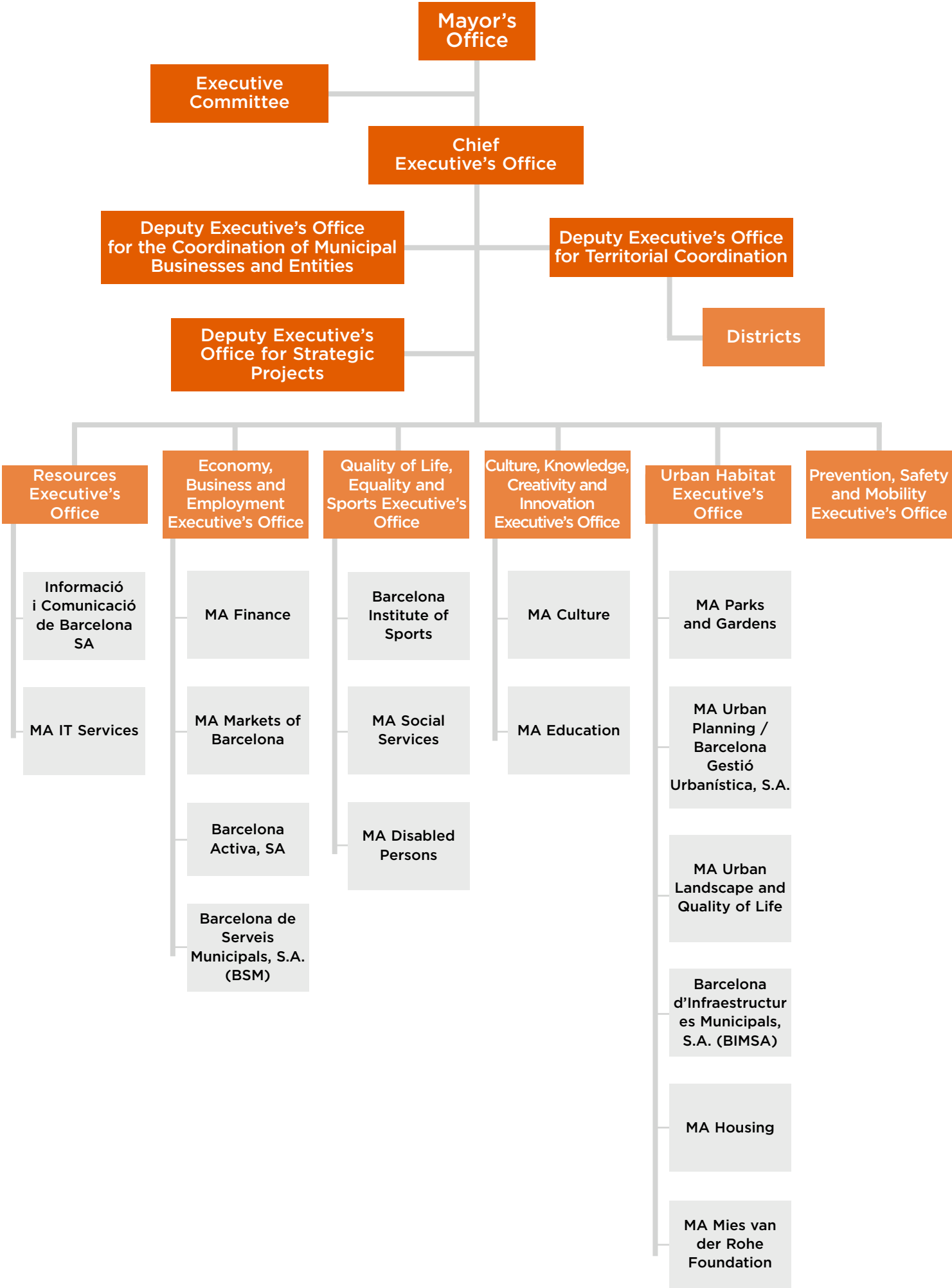
There are also **three Deputy Executive's Offices** reporting to the Chief Executive's Office: one for the Territorial Coordination of the ten district executive's offices, one for the Coordination of Municipal Businesses and Entities and one for Strategic Projects.

In addition, the territorial foundations of executive municipal administration consist of the **ten district executive's offices**, tasked with the day-to-day municipal management of the city's 73 neighbourhoods: Ciutat Vella, Eixample, Sants-Montjuïc, Les Corts, Sarrià-Sant Gervasi, Gràcia, Horta-Guinardó, Nou Barris, Sant Andreu and Sant Martí.

The **Executive Committee**, chaired by the mayor or deputy mayor, and the chief executive as Vice-Chair, brings together all of the sector, deputy and district executive's offices. Its main functions are to coordinate the activities of the various sectors, establish general management criteria, prepare and report on the issues that are to be submitted to the various joint government bodies and inform executives about the policy guidelines and priorities of the municipal government.

Executive municipal administration is organised through the **Management Council**, coordinated by the Chief Executive.

Public bodies (local autonomous bodies and public business entities) and



companies in which the City Council has a majority holding are functionally integrated in one of the sectors of activity based on the services they provide and coordinate with the executive for the sector concerned.

1.3. Citizen participation

Barcelona City Council ensures citizen participation, especially in matters that most directly affect the quality of life of its residents, through a number of bodies and mechanisms for participation.

Citizen participation bodies are the City Board, the District Citizens' Boards and the Sector Boards which can cover the entire city or a district.

The City Board, composed of members of the most representative economic, social, cultural, professional and residents' organisations, is a discussion body for the Municipal Action Programme, municipal budgets, major city projects and municipal management results indicators. It meets twice a year in ordinary session and supports the District Citizens' Boards and Sector Boards.

The District Citizens' Board is the highest consultative and citizen participation body in each district in all matters within its remit. It comprises representatives of district and local organisations, associations and the public.

The Sector Boards are made up of

councillors from the various political groups, representatives of organisations and leading figures in the relevant sector. Some examples are the Social Welfare Board, the School Board, the Immigration Board and the Mobility Agreement. They produce opinions about municipal activities related to their sector, sponsor participatory processes and report their activities to the City Board.

There are a number of citizen participation mechanisms. For instance, at public hearings members of the public can propose the adoption of resolutions to the municipal government and receive information. Public hearings may be at both the city and district level. Public hearings about the state of the district are held at least every two months. Each year there is a public hearing exclusively about the budget and tax bylaws. There are also citizen initiatives which are the mechanism through which the public may ask the City Council to carry out an activity of public interest and under municipal jurisdiction for which they provide economic resources, goods, rights or personal work. Thirdly, non-profit institutions, organisations and civic associations may exercise municipal powers in cases of activities and services that can be indirectly managed through public tender. Finally, the City Council and the districts may ask the public for their views on issues in their remit through public consultation.

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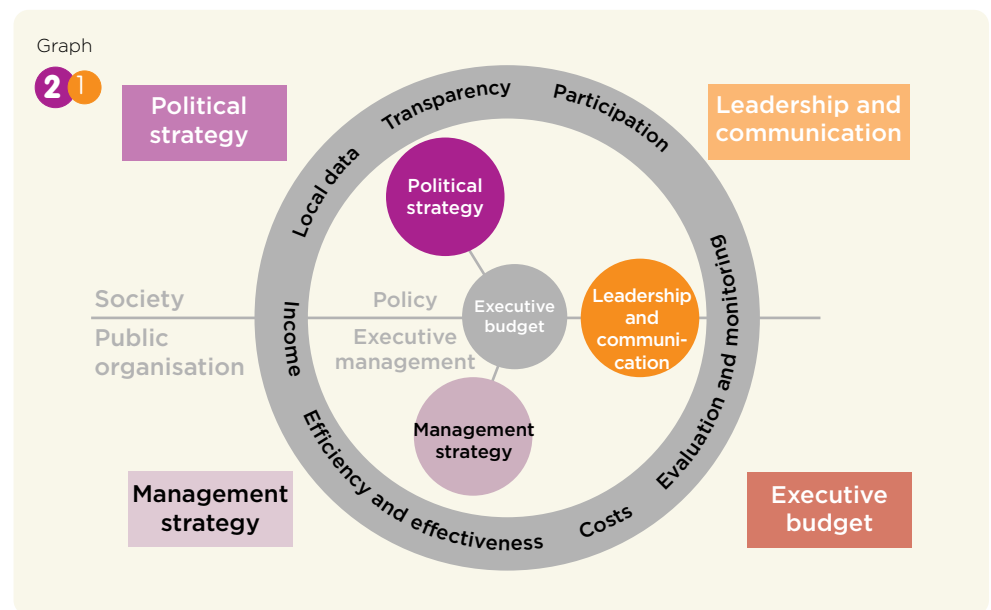
Politics and public management deal model

2.1. Politics and public management agreement model

The current socioeconomic climate, with declining levels of economic activity and very high unemployment and the social problems this entails, makes it more necessary than ever for government to reconsider its role, which was established during a long period of economic prosperity, and put on the public agenda those issues that will be of most help in achieving economic recovery and protecting those hardest hit by the crisis. Declining economic activity has a negative effect on public finances as it leads to both lower income and also

greater pressure for earmarked expenditure, in particular with respect to services delivering care for people. Hence it is crucial to streamline resources and allocate them to where they can achieve the best results. The challenge is to tackle the immediate needs of today while also mapping out a sustainable and encouraging future for the city.

Against this background Barcelona City Council has set up an administrative model to bring together its political objectives and management through executive budgets and strategy maps to align the organisation and assist with implementation. Ultimately the goal is to improve services to the public through the design and implementation of strategy.



The model covers the following areas:

- *Political strategy*. The objective is to define the global strategy linked to the political programme in line with the organisation's economic and financial framework.
- *Leadership and communication*. The Council Executive is initiating and leading the cultural change involved in the new management model.
- *Management strategy*. This consists of setting out management strategy in line with political strategy and aligning the entire organisation.
- *Executive budget*. This facilitates political and executive dialogue and is a tool for providing the strategy with resources and monitoring it.

Three levels of planning are required in order to build the executive budget:

A. Setting priorities:

- 1. Government Plan: city objectives (City Map).
- 2. Management Plans: strategic objectives of the sector executive's offices.

B. Implementation of the strategy:

- 3. Functional Plans: functional objectives. Specifying current measures and investment. Scheduling, allocation of managers and human, material and economic resources as part of the annual budget. They connect strategy with day-to-day implementation.

These three levels of planning correspond to a structure that is also based on three levels: the political, the managerial and the executive and technical management levels.

The executive budget is the instrument used by these managers and the organisation as a whole to link resources with objectives and results and facilitate the allocation of these resources and monitoring of their management in lockstep with verification of legality and financial performance.

The instruments used in the model include drawing up strategy maps and balanced scorecards to set out the strategy, establish interrelated objectives from a number of standpoints and choose indicators to monitor the degree to which these objectives are attained.

The objectives, which are the core of this model, have been drawn up in three stages which correspond to the three main decision-making and implementation organisational spheres at the City Council, as shown in the following diagram:

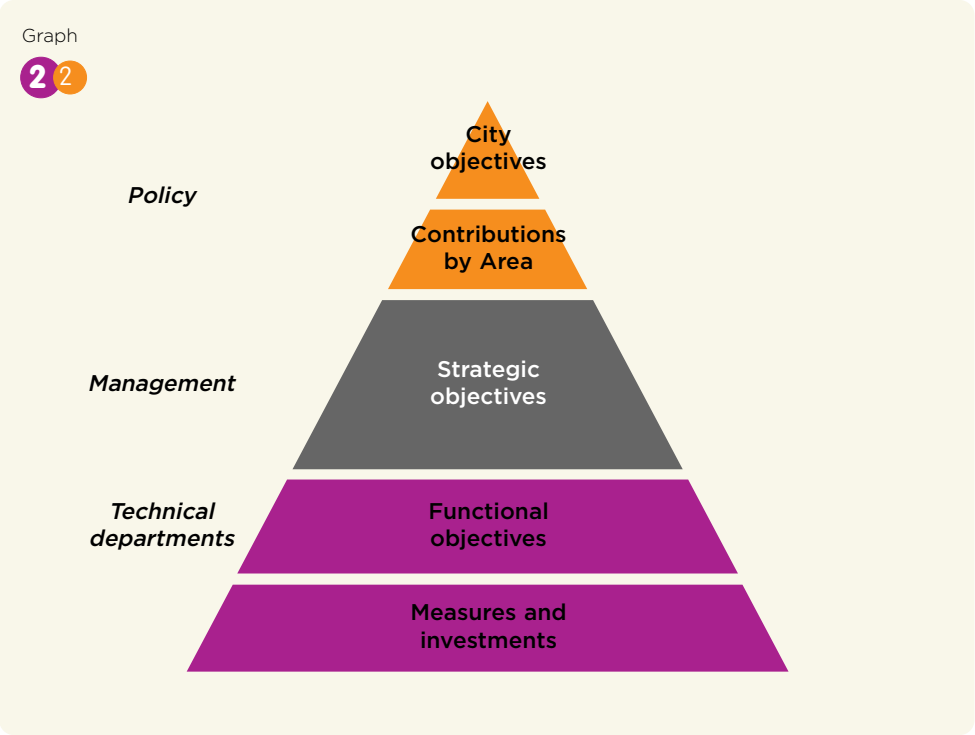
a. Establishment of the city objectives by the Council Executive

The Council Executive, led by the Mayor and consisting of the Deputy Mayors and the Councillors and Delegates, has set out its high-level vision for the city, the values that will guide its action and the strategic approach for achieving it.

From this starting point, the Council Executive has drawn up the city objectives (shown in the *City Map*) which will guide municipal action throughout its term of office. The city objectives form the basis of this model and specify the final results to be achieved.

b. Setting the strategic objectives of the executive's offices

The Mayor tasks the Chief Executive, and the latter their sector executive's offices, with drawing up strategies to achieve the results set out in the city objectives. This clearly conveys the idea of the politics and management agreement from a standpoint of mutual benefit in response to shared strategy and implementation.



Each sector executive's office looks at the specific set of city objectives that it may have an impact upon before drawing up its own strategic objectives in response. For the purposes of implementation, these strategic objectives must then be translated into even more specific and operational terms by the technical departments.

c. Establishing the functional objectives and measures of the technical departments

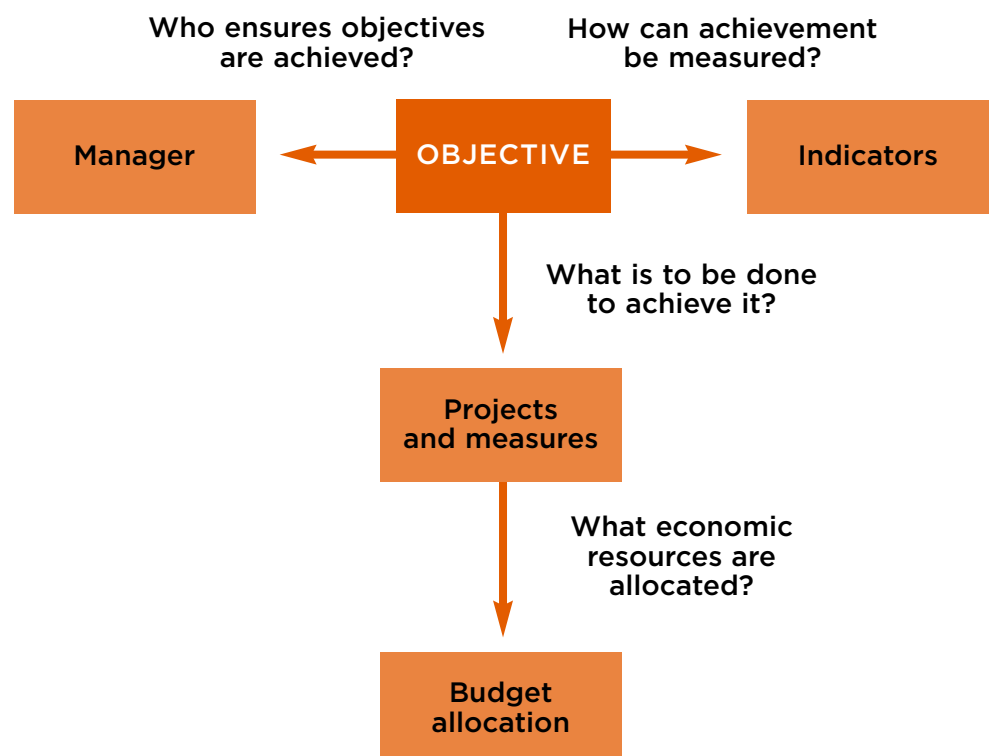
The strategy drawn up and planned by the executive's offices must be implemented through the departments. The departments, which have highly specialised fields of operation, are responsible for the City Council's day-to-day operations. This is why it is important to bring their more technical activities into line with the strategic objectives established by the executive's offices.

A distinction can be made between two types of functional objectives and measures: those that make a special contribution towards achieving the strategic objectives and those that are part of normal operations. When drawing up strategy and then making budgetary provision for it, it must be ensured that

resources are allocated to those measures that are strategic and will have the greatest impact on the city.

All of the objectives have the following:

- *Manager.* This is the model's key component as it means promoting accountability and enforceability at all levels. A manager is assigned to each of the strategic and functional objectives to ensure they are met.
- *Indicators.* It is not possible to manage something that cannot be measured. Based on this premise, one or more measurement indicators are established for each of the objectives at the model's three levels which enable their evolution to be quantitatively evaluated.
- *Projects and measures.* The objectives have associated measures and projects. The measures have a specific timeframe with a start and finish date and are geared towards achieving a specific objective. As noted above, the measures are identified by the technical departments as it is they who are most involved in carrying out tasks and delivering services.
- *Budget allocation.* Measures are the budget unit in this model. Financial resources for current expenditure and investment are allocated to those



measures designed to achieve the technical departments' functional objectives.

This focus on obtaining evaluable results is a necessity as well as a requirement in the current situation.

However, the proposed planning model is not meant to be rigid or closed. In a constantly changing world, the strategic framework for the period 2012-2015 does not seek to provide a detailed statement of everything that is to be done during these years. Instead it is an instrument that provides a focus, sets out a vision and establishes a set of values that will guide the daily work of politicians, managers and employees and enable us to move towards our objectives.

Precise specification will be conducted when drawing up the annual budget. Subsequently it will be necessary to explain what has been done and what it has not been possible to do, assess the impact and propose measures for improvement so as to ensure due accountability.

2.2. City Map

At the City Council the strategy map which is the cornerstone of the entire planning and management by objectives model is called the City Map. It contains the political strategy and main objectives of the Mayor and the Council Executive for their term of office. It sets out the final outcomes to be achieved by municipal action.

Thus the strategy map and balanced scorecard support Barcelona City Council's planning and management by objectives model. Broadly speaking a balanced scorecard is a management tool that helps organisations to translate strategy into specific objectives and courses of action with measurement indicators.

The City Map is used to summarise very briefly (on one page) what an organisation wants to achieve in the medium to long term. It contains a set of organisational goals that are classified and balanced from a number of perspectives. The perspectives, which may be specific to each organisation, are the value creation stages and there is a cause-and-effect relationship between them.

It consists of a number of features:

- *The organisation's vision* is the slogan that heads the City Map. It captures the essence of what it is ultimately sought to achieve in the long term. The organisation's values are another essential component. The Mayor and the Council Executive have established a set of values that are to guide and inspire the organisation's action.

The slogan is "The city that puts people first".

- The strategic areas make it possible to achieve the vision. Each of the City Map objectives contributes on a priority basis to one or more of these strategic areas. The strategic areas are structured around three main milestones:

- *Reactivating the economy.* Barcelona, Catalonia's driving force, a generator of jobs, the export capital of southern Europe and a model of economic rigour. The driving force behind an economy that generates opportunities for all, where creativity, innovation, knowledge and economic activity can flourish.

- *Caring for people.* Barcelona, a leader in caring for people, delivering services and ensuring quality of life. A city for people and families who value fairness, quality of life and safe surroundings, where education and culture are crucial.

- *Urban renewal.* Barcelona, a sustainable, smart urban model which serves its residents. Metropolitan Barcelona, a sustainable economic, regional and urban strategy.

- The perspectives are the value creation stages from resources to end beneficiaries:

1. Beneficiaries. The Council's objectives in terms of impact on the various groups of beneficiaries of municipal policies.

Answers the question "What results do we need to provide to beneficiaries to achieve the vision?" The City Map distinguishes between three groups of beneficiaries of municipal policies:

- People and families.
- Entities, associations and sports, social and cultural stakeholders.
- Economic stakeholders and knowledge centres.

2. *Structure*. The objectives in the City Map for facilities, the urban environment, communications and other infrastructures needed to meet the Council's commitments to the various beneficiary groups. Answers the question "What structure does the city need to achieve the objectives set out in the beneficiary perspective?" Usually it will be objectives concerning investment and maintenance of the city. In the City Map structural objectives come under Urban Habitat.

3. *Resources*. Objectives related to budgeting and human, technological and other less tangible resources (e.g. knowledge) that the City Council uses to deliver its services. Answers the question "Which key resources do we need and how should they be managed to achieve the objectives in the previous perspectives?" City Map resources are divided into three groups:

- The budget.
- Government, managers and human resources.
- Knowledge, technology, innovation and cooperation.
- *The city objectives* are the 40 priorities which will be the focus of municipal action over the term of office, established and agreed by the Mayor, the Deputy Mayors, Councillors, Delegates and Commissions. The Council Executive has established priorities when drawing up the City Map. This is because the latter does not seek to set out everything that the City Council is to do but instead specifies the focus of municipal action during this term of office.

Finally, the City Map is built largely from the top down, that is to say, from the

strategic vision and goals to beneficiaries followed by structure and ending with resources. However, it is essentially implemented the other way round, i.e. from the bottom up, since the key resources provide the necessary structure and the achievement of the beneficiaries' objectives translates into the achievement of the vision.

2.2.1. Contribution to the achievement of City Map objectives. Contributions matrix

Under the politics and management agreement model, each sector executive's office, supervised and coordinated by the Chief Executive, has to set out its strategic objectives that will help to achieve the city objectives.

A number of executive's offices can contribute towards the same city objective based on different standpoints and remits. Thus for example direct contributions to objective 1.5 "Barcelona health: promoting a healthy city" are made by the executive's office for Quality of Life, Equality and Sports (by means of objectives and measures specifically in the field of health but also through Sports) and more indirectly by other executive's offices such as Urban Habitat and Prevention, Safety and Mobility (since measures for re-greening the city, keeping it clean, improving mobility and cutting emissions, for instance, also help to make the city healthier).

Consequently the sector executive's office contributions matrix for the achievement of city objectives contains both main contributions and also secondary contributions.

The city that puts people first			
Beneficiaries	1. People and Families	2. Entities, associations and sports, social and cultural stakeholders	3. Economic stakeholders and knowledge centres
	The city of choice for those who value safety, fairness and quality of life	A City Council which cooperates with and participates in society	An economy that generates opportunities for everybody
	1.1. Guarantee accessibility, quality and fairness in services 1.2. Prioritise care for the most vulnerable sectors of society and dependent persons 1.3. Drive measures to support and protect families and children 1.4. Make education and culture key factors for wellbeing and success 1.5. Barcelona health: promoting a healthy city 1.6. Promote the social function of sport 1.7. Guarantee people's safety 1.8. Guarantee neighbourly living and preserve social cohesion so that nobody is discriminated against or sees their fundamental rights undermined 1.9. Promote equality between men and women based on respect and equity 1.10. Promote stable, quality employment for all 1.11. Create channels for all citizens to communicate with the Council, listening carefully to what they say and providing an effective response	2.1. Strengthen and regulate the channels for real and effective interaction between the City Council and the various entities, associations and sports, social and cultural stakeholders 2.2. Develop a model for the city based on cooperation, involvement and shared responsibility between the City Council and social stakeholders 2.3. Strengthen the city's associative network to ensure it fulfils its purpose of identifying and tackling citizens' problems and needs.	3.1. Make metropolitan Barcelona into the logistics capital of southern Europe 3.2. Promote emerging sectors with high added value, strengthen already developed economic sectors and establish Barcelona as a benchmark for quality 3.3. Generate the conditions for attracting capital to invest in the city 3.4. Drive international contributions to Barcelona's economy 3.5. Support SMEs and the self-employed and encourage entrepreneurship 3.6. Make Barcelona into a business-friendly city 3.7. Make Barcelona into a city of culture, knowledge, creativity and science by generating a favourable environment to attract and retain talent
Structure	4. Urban Habitat		
	A new model for a healthy city where the environment, urban planning, infrastructures and ICT are fully integrated		Productive neighbourhoods at a human pace in a hyperconnected and zero-emissions city
	4.1. Promote the re-greening of the city and the development of green corridors 4.2. Ensure excellence in urban and building design by promoting quality architecture 4.3. Drive a responsible environmental policy, ensuring air quality and the sustainability of water and materials cycles and energy efficiency 4.4. Lead the reinformation of public space: smart cities as driving forces behind a new urban services economy		4.5. Promote access to quality housing and ensure it is properly used 4.6. Foster self-sufficient city blocks and urban energy infrastructure refurbishment 4.7. Promote productive neighbourhoods where people can live and work 4.8. Improve urban mobility sustainably while guaranteeing the same opportunities for access throughout the city 4.9. Promote new urban attractions which give each district a focal point and bring tourists to all parts of the city 4.10. Drive the metropolitan area and integration of the port, airport and Zona Franca industrial district and develop opportunity areas
Resources	5. The budget	6. Government, managers and human resources	7. Knowledge, technology, innovation and cooperation
	From a spending culture to a cost culture that prioritises results	A competitive, motivated institution with pride of belonging and oriented towards its citizens	Barcelona, open innovation in public management
	5.1. Manage according to an executive budget designed to ensure the city objectives are achieved 5.2. Guarantee investment capacity 5.3. Improve efficiency, avoid duplication and free up resources for other priority programmes 5.4. Encourage a culture of results-driven spending austerity	6.1. Guarantee quality of service to citizens while preserving transparency and ethics in public management. 6.2. Develop the skills, expertise and capacity to innovate of the organisation's employees and foster their motivation and commitment 6.3. Make certain that all levels of the organisation are productive and work towards the same goals	7.1. Work proactively with other levels of government to achieve the best results 7.2. Improve ICT to make the Council more accessible and effective

3

Barcelona's Economy

International economic context

According to IMF estimates, the world economy in 2012 has grown at a rate slightly above 3%, about seven tenths of a percent less than a year earlier and also less than had been expected at the beginning of the year. As usual, this overall result conceals a wide range of variations between the main economic areas. While the advanced economies as a whole achieved growth coming to 1.3%, the emerging and developing economies managed to exceed 5%. In both cases, however, there is a downward trend with respect to 2011. The dynamism of emerging economies, especially in Asia, has once again been crucial in the world economy's expansion.

While the Chinese economy, with a rise in GDP of around 8%, has once more led growth among emerging and developing countries, the European Union, and especially the eurozone, has become a troublesome liability for the growth of the world economy. After moderately positive evolution in the two-year period 2010-2011, in 2012 economic activity in Europe has moved towards stagnation, influenced by fiscal restraint policies aimed at redirecting the explosive spiral of public debt and regaining the confidence of capital markets in the European financial system. Of the five major European economies, only Germany has closed 2012 with a positive balance, albeit meagre. For France and the United Kingdom it has been a lost year of stagnation in economic activity, while Italy and Spain have fallen back into a second recession in just four years. Worst of all is that the forecasts for 2013 predict that the European economy will continue to diverge from the slightly expansive evolution of other advanced economies.

The Spanish economy back into recession

According to the Quarterly Spanish National Accounts, GDP in 2012 has receded to just over €1.05 trillion, 1.4% less than the previous year at constant prices. If the end of the year is taken as the reference point, when there had already been five consecutive quarters of decline, the year-on-year fall increases to 1.9%. This notable difference is largely explained by the fact that the rate of decline, which had remained stable during the first three quarters, has increased during the last part of the year. This latest development has been strongly influenced by the decline in economic activity in the European Union as a whole.

Examination of the evolution of GDP by its main components shows that the duality that already characterised the evolution of economic activity a year earlier has been further enhanced throughout 2012. Thus domestic demand has shrunk so much (an estimated fall of 3.9%, double the previous year) that continued growing foreign demand (up by 2.5%) is longer able to offset it. Consequently GDP has gone from a moderate rise of 0.4% in 2011 to the aforementioned fall of 1.4% in 2012.

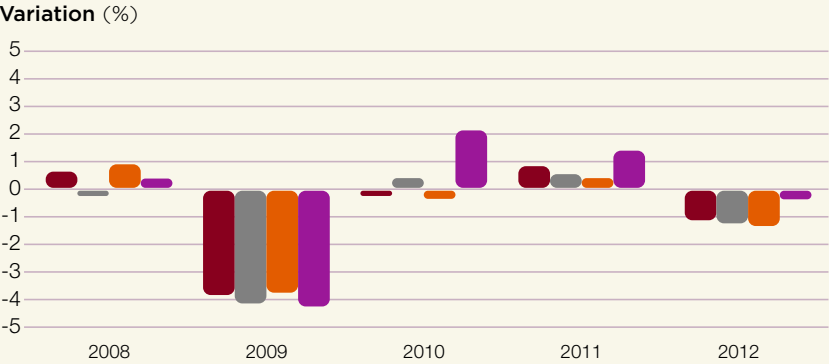
All components of domestic demand have moved downwards and closed in negative numbers, and most with a much larger fall than a year earlier. Private and public final consumption expenditure has registered a fall of 2.5% and fixed investment in construction and capital goods has declined by more than 9%. Investment in intangible fixed assets, which accounts for approximately 8% of total investment, is the exception to this almost depressive outlook and has closed 2012 in positive numbers.

Graph

31

Change in GDP (annual average)

● Barcelona and Metropolita Area ● Catalonia ● Spain ● European Union



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

Table

32

Registered Unemployment Rate

Period	Barcelona	Catalonia	Spain	EU
12/31/08	9.1	11.0	13.6	7.6
12/31/09	12.6	14.9	17.1	9.4
12/31/10	12.7	14.7	17.7	9.6
12/31/11	13.6	16.2	19.2	9.9
12/31/12	14.3	17.5	21.2	10.7

Source: Eurostat and *Barcelona Economia*.

Table

33

Consumer Price Index (annual average variation in %)

Year	Barcelona (1)	Catalonia	Spain	EU
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
2012	2.9	2.9	2.4	2.5

(1) Barcelona province.
Source: INE and Eurostat.

Exports, which since 2008 have become the haven for part of domestic production and the only means to partially offset the decline in domestic demand and ensure the viability of a large part of the production industry located in the country, are beginning to waver. After three years (2009-2011) in which growth rates remained between 10% and 15%, there has been a much more moderate upward trend in 2012 with an average increase of 3.1%. The gradual stagnation of the European economy is seen as the main explanatory factor. In any case foreign demand, mainly due to the sharp fall in imports, has changed direction in its contribution to GDP growth and is now the only driver capable of injecting dynamism into a particularly difficult economic climate.

The main victim of this situation has been the labour market. The inability of domestic demand to maintain spending volume (basically due to accumulated debt and the credit squeeze) has been fatal for the evolution of employment, which in turn adds to the precariousness of demand. In terms of National Accounts, in 2012 the Spanish production economy has shed approximately the equivalent of 4.4% of full-time jobs. This variation is more than double the loss of a year earlier and puts the registered unemployment rate at the end of the year above 21%.

In terms of supply, the most significant factors are that construction has continued to lead lost production and production capacity, manufacturing has switched from expansion a year ago to a fall of 3.9%, and most services have gone into negative numbers. The most important of these in terms of volume are trade, transport, hotel and food services and non-market services, the latter directly affected by public expenditure cuts.

As for the primary distribution of income, employee compensation has fallen by an annual average of more than

5%, the combined effect of reducing the number of staff and average wages, while labour costs per product unit are down by about 3.5%. This combination of changes explains the greater rise in apparent productivity per worker to over 3% while gross operating surplus has increased by 2.2%. The rise in VAT rates explains the change in the same respect of the relative importance of net taxes vis-à-vis production and imports.

Turning to consumer prices during 2012, the overall index (CPI) remained remarkably stable during the first half of the year at around 2% year-on-year, followed by a much more inflationary second half (due to the impact of higher VAT mentioned above) up to a peak of 3.5% in October. The end result has been an average increase in consumer prices of 2.4%, eight tenths less than the previous year despite the prices of oil and other commodities remaining high. Core inflation has picked up due to the tax increase, which has further hit consumer demand already greatly weakened by the uncertainty of the labour market.

The evolution of Barcelona's economy

The stagnation of the European economy and in particular the new recession that both the Catalan and Spanish economies have gone into has had a direct impact on the city's economic activity. As in the rest of the region, most of the production and consumption indicators moved downward as the year progressed. The city's production structure, increasingly polarised in the tertiary sector at the expense of construction and industrial activity, explains why the contraction of production activity and the labour market has been relatively more moderate in Barcelona than in the rest of the country. These differences are discussed in more detail below.

Table

3 4

Active Affiliates Registered with the Social Security

	Dec. 08	Dec. 09	Dec. 10	Dec. 11	Dec. 12
Absolute Values					
General Regime	917,061	880,584	874,976	853,132	824,745
Self-employed	121,170	115,972	114,151	112,678	110,485
Other Regimes	24,197	24,517	24,982	25,546	33,013
Total	1,062,428	1,021,073	1,014,109	991,356	968,243
In Percentages					
General Regime	86.3	86.2	86.3	86.1	85.2
Self-employed	11.4	11.4	11.3	11.4	11.4
Other Regimes	2.3	2.4	2.5	2.6	3.4
Total	100.0	100.0	100.0	100.0	100.0

Source: *Barcelona Economia*, with data from the Ministry of Employment and Social Security.

Table

3 5

Distribution by Sectors of Social Security Affiliation

	Dec. 08	Dec. 09	Dec. 10	Dec. 11	Dec. 12
Absolute Values					
Agriculture, Farming and Fishing	3,113	3,230	3,036	3,128	2,558
Industry	101,289	91,220	85,582	81,690	76,700
Construction	60,600	52,544	46,177	38,595	32,401
Services	897,426	874,079	879,314	867,943	856,584
Total	1,062,428	1,021,073	1,014,109	991,356	968,243
In Percentages					
Agriculture, Farming and Fishing	0.3	0.3	0.3	0.3	0.3
Industry	9.5	8.9	8.4	8.2	7.9
Construction	5.7	5.1	4.6	3.9	3.3
Services	84.5	85.6	86.7	87.6	88.5
Total	100.0	100.0	100.0	100.0	100.0

Source: Department of Employment of the Generalitat de Catalunya and *Barcelona Economia*.

Structure of production by sector

Following the trend in 2010-2011, the city of Barcelona has benefited particularly from its ability to attract visitors and also the growth of exports by metropolitan industry. The downside continues to the construction industry, with no major differences between private and public developments. Overall the city has lost 23,000 jobs (people registered with the Social Security), approximately 2.3% of the total. This change is almost exactly the same as a year earlier and continues a sustained reduction in the number of jobs that began in 2008.

Services

In late 2012, tertiary activities accounted for over 88% of jobs in Barcelona. Following the trend of recent years, while it has lost jobs the tertiary sector has gained in importance relative to the total for the city's production system. It is a remarkable and somewhat surprising rate

of growth given the relative importance achieved and is mainly due to the fall in other activities, especially construction. An estimation of GDP shows that the sector's contribution is equally dominant, but does not exceed 85% of the total.

According to Social Security records, at the end of 2012 there were almost 857,000 registered affiliates working in the tertiary sector in the city, 11,000 less than a year earlier. This represents a decrease of 1.3%, considerably smaller than in other sectors due to regulations that have brought to the surface some of the work being done at home. Leaving aside this segment and real estate activities, which are quantitatively largely irrelevant, only health and social services have ended the year with more employees than a year earlier. Hotels and restaurants and some business services have also maintained their employment levels during a tough 2012. Most, starting with commercial services, professional, scientific and technical activities, teaching, personal, cultural and sports services, information and communication services and public administration, among others,

Table



Services Sector in Barcelona

Employed Population registered with the Social Security

December 2012	Number	%
Commercial Services	151,178	17.6
Administrative and Support Services	95,359	11.1
Health and Social Services	85,199	9.9
Professional, Scientific and Technical	82,446	9.6
Public Administration and Extraterritorial Bodies	74,798	8.7
Hotels and Catering	70,226	8.2
Education	61,968	7.2
Personal, Cultural and Sports Services	58,929	6.9
Information and Communication Services	46,703	5.5
Transport and Logistics	46,109	5.4
Finance and Insurance	40,827	4.8
Household Services	30,888	3.6
Real Estate	11,954	1.4
Total	856,584	100.0

Source: Department of Employment of Generalitat de Catalunya and *Barcelona Economia*.

have lost personnel and relative presence compared to the sector total. This is associated with a sustained fall in domestic demand in both consumption and investment and policies to rein in public spending. The increase in visitor spending and exports has slowed the pace of decline.

Industry

The relative importance of industrial activity in the city's overall economy has continued to fall due to cyclical economic reasons (2012 has seen a new recession in the whole country) and, in particular, structural reasons owing to the relentless development of the services sector in the city. In fact, it is increasingly difficult to differentiate between industrial and tertiary activity and to some extent doing so is outdated and not very illustrative.

However, we will keep this "classic" division albeit stressing that it makes little sense to apply it strictly in a geographical area as small as the city of Barcelona.

According to Social Security records, industry in the Catalan capital in late 2012 provided jobs for 7.9% of the employed labour force, three tenths of a percent lower than a year before. This percentage almost doubles if we expand the scope of analysis to the entire metropolitan region. The aforementioned contraction of domestic demand, partially offset by exports, explains why in 2012 Barcelona and metropolitan industry has continued to adjust its production capacity for the umpteenth year in a row. At year-end it had almost 77,000 workers registered with the Social Security, 6.1% lower than a year earlier. This is a slightly larger fall than that registered in the metropolitan area and is substantially the result of the aforementioned structural factors.

Table



Industry in Barcelona
Employed Population Registered with the Social Security

December 2012	Number	%
Vehicles and other Transport Equipment	16,798	21.9
Chemical and Pharmaceutical Industry	13,464	17.6
Energy, Water and Waste Management	11,811	15.4
Food, Beverages and Tobacco	5,703	7.4
Paper and Graphic Arts	5,468	7.1
Electrical, Electronic and Computer Equipment	4,428	5.8
Textile, Clothing, Leather and Footwear	3,674	4.8
Machinery and Mechanical Equipment	3,017	3.9
Machinery Installation and Maintenance	2,710	3.5
Metal products excluding Machinery	2,674	3.5
Other Industrial Activities	2,593	3.4
Non-metallic Mineral Products	2,246	2.9
Rubber and Plastic	1,026	1.3
Furniture Manufacturing	627	0.8
Metallurgy	461	0.6
Total	76,700	100.0

Source: Department of Employment of the Generalitat de Catalunya and *Barcelona Economia*.

With the exception of the two most powerful lines of business in terms of employment, namely making vehicles and other transport equipment and chemical and pharmaceutical which have finished the year with a higher relative number of employees, the remaining industrial subsectors have seen a significant reduction in their production capacity.

Construction

The construction sector continues to rid itself of the excesses committed during the period 2003-2007, when financing was plentiful and affordable. These excesses, while quite general, were unevenly distributed across the country. The impact in Barcelona has been comparatively very small, to the extent that the percentage of new builds currently available is irrelevant in relative terms.

It should be emphasised, and even more so in this industry than in others given the high likelihood that business activity is not conducted in the same town as where the company's headquarters is located, that employment data by Social Security affiliation underestimate the relative importance of this activity in the city's economy as a whole. The fact that currently only 3.3% of jobs in Barcelona are in construction companies, six tenths of a percent less than a year earlier, should not be confused with the significance of the sector's production for the city's GDP. Consequently the 5.3% relative importance it has in the entire metropolitan region may be a more accurate reference point.

Some economic indicators for Barcelona and its metropolitan area

After two years in which the metropolitan area's production system has benefited from the budding revival of European economic growth, the results in 2012 for most of the indicators for the activities most exposed to developments abroad, including international trade and transport and tourism services, show the inadequacy of this drag effect in maintaining the slightly upward trend in 2010 and 2011. The propensity to stagnation in the European economy combined with the worsening situation in Catalonia and Spain have been crucial in such a drastic shift in trend reflected by most of the indicators.

As for metropolitan industrial activity, change in 2012 has been unreservedly poor as shown by the industrial climate index and summarised by the fall of just over 1% in sector GDP. Yet bearing in mind the adverse factors in domestic demand, the assessment cannot be extremely negative and should be interpreted as an expected correction to the markedly expansive performance of the previous two years. The most positive aspect has remained the increase in exports of manufactured goods, even though it has shown clear signs of slowdown. In line with the decline in GDP and the very poor short-term forecasts, the sector has continued to reduce its production capacity. Access to new financing has emerged as an additional obstacle.

The evolution of freight traffic channelled through the Port of Barcelona makes it possible to grasp both the good

performance of exports (goods shipped have grown for another year) and also the decline in total traffic as a result of lower domestic demand and reduced energy consumption. In the case of the significant decline in container traffic, temporary reasons have been supplemented by the business decisions of freight forwarders, since most of the decrease is in containers in transit. Broadly speaking, the 41.5 million tons that have gone through the city's port in 2012 entail a 3.6% decrease compared to the volume of a year earlier. It has fallen back to levels similar to those in 2009 in terms of total volume, while the city's port has gained presence as a starting block and has joined forces with the export growth of Catalan companies and its area of influence.

Passenger traffic by sea is possibly the indicator showing the most radical change of circumstances. After the intense and sustained growth in the cruise liner business since the beginning of the century and which led to setting a new record in passenger traffic through the port at more than 3.8 million, in 2012 a number of passengers has been lost similar to the one which had been gained a year earlier. In total, the year ended with just over 3.4 million passengers, and cruise liners on stopovers and regular ferries have been the most affected business segments. The reasons for this development lie in the worsening economic situation in the European Union as a whole, particularly in Spain and Italy, without underestimating the misgivings raised by the wreck of the Costa Concordia off the Italian coast.

2012 has been another year of growth at Barcelona airport in the number of passengers who have used it. The momentum of international traffic has largely offset the sharp decline in other routes, especially in the shuttle to Madrid, which has to share wilting demand with a powerful competitor in the AVE high-speed train. The more than 35 million people who have come to Catalonia or left from its facilities are an increase of 2.2% over the previous year's total. This is a modest rise but enough to set a new yearly airport traffic record and, more

importantly, increase its market share of passenger air transport in Spain. It has been the only airport in the twelve busiest in the country that ended the year in the black. International traffic has continued to grow strongly in the European Union and in the rest of the world and now accounts for more than two thirds of the total.

The combination of a contraction in sea traffic and a modest increase in air traffic gives a modestly positive tourism balance by number of visitors and overnight stays. The hardships of the Spanish market explain most of the loss of 180,000 visitors from the rest of the country in relation to the almost 1.65 million received a year earlier. Visitor segments from the European Union and the Americas have also failed to reach 2011 figures. The 0.7% increase in the number of visitors in 2012 who have stayed in hotels in Barcelona is attributable exclusively to people from Asia, Africa and European countries outside the European Union. This is a growing figure and already accounts for 17% of the 7.44 million visitors who have generated nearly 16 million overnight stays in the city's hotels.

The decline in leisure spending which highlights the moderation in visitor numbers is just an example of the contraction in consumer spending that has characterised the Catalan and Barcelona economies. This contraction comes in response to growing distrust in the evolution of the labour market and is exacerbated by the difficulties of getting new bank loans. Vehicle registration and home buying, at extremely low levels despite the range of incentives on offer, are other examples.

To summarise, the evolution of Barcelona's economy in 2012 has inevitably been influenced by the new recessionary phase which both Catalonia and Spain have entered. The stagnation of the European economy has also had a twofold negative impact by moderating the export growth of the Barcelona economy and generating fewer visitors for the city. This has forced a progressive and beneficial opening of the metropolitan economy towards new and more distant markets.

Table

38

Economic Activity (Barcelona and Metropolitan Area)

	Period	Absolute Value	2012/2011 (%)	2011/2010 (%)	2010/2009 (%)
Absolute Values					
Port, Freight and Passenger Traffic					
Total Freight (thousands of tons)	2012	41,487	-3.6	0.2	2.6
Outbound Freight (thousands of tons)	2012	19,114	4.7	7.1	5.4
Inward Freight (thousands of tons)	2012	22,373	-9.8	-4.3	0.8
Containers (thousands of TEUs)	2012	1,756	-13.7	4.4	8.3
Total Passenger Traffic (thousands)	2012	3,423	-10.6	10.7	7.6
Cruise Passengers (thousands)	2012	2,409	-9.4	13.1	9.1
Airport, Passenger Traffic					
Total (thousands)	2012	35,145	2.2	17.8	6.5
Barcelona-Madrid route (thousands)	2012	2,572	-18.9	1.9	0.9
International (thousands)	2012	23,640	9.1	23.5	8.1
Consumption and Tourism					
Vehicle Registrations	2012	28,454	-12.2	-23.0	8.4
Hotel Overnight Stays (thousands)	2012	15,932	2.6	10.5	9.6
Visitors in Hotels Overnight (thousands)	2012	7,440	0.7	3.6	10.2
Construction and Real Estate Market Prices					
New Area under Licences (m ²)	2012	225,196	-48.0	-21.7	-9.3
Area to Refurbish or Expand (m ²)	2012	297,448	0.2	47.3	-48.1
Housing Starts	2012	493	-54.1	-43.9	106.2
Average Selling Price of New Housing (€/m ²)	2nd half 12	4,364	-10.1	-7.4	-3.7
Average Housing Rent (€/m ² /mes)	4th Q 12	10,8	-5.6	-1.3	-2.0
Employment and Unemployment					
Total Registered Unemployment	Dec. 2012	112,192	3.3	7.7	-0.2
Youth Unemployment	Dec. 2012	5,676	-16.1	6.8	-14.6
Employment Contracts Formalised	2012	742,580	-3.9	-0.6	2.8
Active Social Security Affiliates	Dec. 2012	968,243	-2.3	-2.2	-0.7

Source: *Barcelona Economia*.

4

Results in terms of financing capacity in accordance with the European System of National and Regional Accounts (ESA-95)

4.1 Organic Law of Budgetary Stability and Financial Sustainability

On 1 May the Organic Law 2/2012, of 27 April, (hereinafter LOEPSF), of Budget Stability and Financial Sustainability came into force. And Legislative Royal Decree 2/2007, of 8 December, approving the amended text of the General Budget Stability Law, together with all other provisions conflicting with the LOEPSF, were repealed.

The LOEPSF sets out the principle of budgetary stability which is to govern the public sector and distinguishes between authorities subject to the budget, which make up public administration, and organisations that are financed mostly by commercial revenue (50% rule).

In the case of local authorities which are provincial or regional capitals or have a registered population of at least 75,000, and bodies controlled by them which are not financed mostly by commercial revenue, budgetary stability is defined as a position of balance or

surplus in terms of financing capacity under the European system of national and regional accounts (ESA-95).

4.2 The objective of budgetary stability and financial sustainability for local authorities

Under Article 15 of the LOEPSF, during the first half of the year the central government sets budgetary stability and public debt targets for the following three years for all levels of government by means of a cabinet decision. These targets must be accompanied by a report assessing the anticipated economic situation which is to include *inter alia* the expected reference rate for the Spanish economy to determine the spending rule. Once these targets have been approved, public administration budgets have to be drafted to take them into account.

The following targets for local corporations were set by Cabinet decision on 12 July 2012 and later passed by Parliament:

Table

4.1

	2013	2014	2015
Budgetary Stability Target [Lending (+) Borrowing (-), ESA-95, in % GDP]	0.0	0.0	0.0
Public Debt Target, in % GDP (*)	3.8	3.8	3.8
Spending Rule, in %	1.7	1.7	2.0

(*) The debt limits applicable to each local authority are nonetheless determined by the consolidated text of the Local Finance (Regulation) Law and are set at 75% of current revenue.

The stability programme (2013-2016), approved by the Cabinet on 26 April 2013, indicates that the deficit of local

authorities in 2012 was 0.15% of GDP, 0.3 percentage points less than the previous year.

4.3 The City Council's consolidated budget in accordance with the LOEPSF. Scope of public administration

4.3.1 Scope of consolidation

The scope of consolidation is the same as in the Municipal Charter of Barcelona, excluding the 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
Museu de Ciències Naturals Consortium

Foundations and other Bodies

Navegació Oceànica Barcelona Private Foundation
Barcelona Cultura Foundation
Xarxa Internacional de Ciutats
Educadores Association
Red de Juderías de España, Caminos de Sefarad

The financial statements of entities controlled by the City of Barcelona, except for the Localret Consortium and the Red de Juderías, are audited by UTE PricewaterhouseCoopers S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A.

The 2012 year-end includes the financial data of the Museu de Ciències Naturals Consortium and the Red de Juderías in the scope of consolidation. This is because they are classified as entities controlled by the City Council and part of the scope of public administration.

4.3.2 Consolidated Economic and Financial Plan 2010-2012

Since the consolidated budget of this group of entities approved for 2010 had a deficit before financial transactions of 8.6% in non-finance income, the City of Barcelona approved a simultaneous Economic and Financial Plan for the period 2010-2013 to restore a balanced budget.

After the enactment of Legislative Royal Decree 8/2010, of 20 May, which introduced extraordinary measures to reduce the public deficit and initially banned local authorities from financing their investments with long-term debt in 2011, the Economic and Financial Plan was revised while keeping the timeframe to restore balance in 2013. This plan was approved by the Plenary Council on 23 July 2010 and the Generalitat of Catalonia on 27 July 2010.

The need to revise the Economic and Financial Plan to readjust completed annual periods, the Council's commitment to budgetary stability targets and the imminent coming into force of the LOEPSF led to the agreement adopted by the Plenary Council on 27 April 2012 to revise the current 2010-2013 Economic and Financial Plan to achieve the budgetary stability and zero deficit target in terms of national accounts in 2012.

Pursuant to the above agreement the Plenary Council of 25 May 2012 passed the City of Barcelona Consolidated Economic and Financial Plan 2010-2012, which entailed a review of its predecessor and a change in its validity period as it provided for achieving budgetary stability and zero deficit in terms of national accounts in 2012.

The new plan, drawn up in line with the principles of budgetary accounting adapted to the national accounting standards set out in ESA-95, included the review of the years 2010 and 2011 once settled and the estimated settlement for 2012, applying the corresponding adjustments in terms of ESA-95. The settlement details for 2012, with a financing capacity of over €60 million, confirm the targets set by the plan have been met and are therefore considered complete.

Main figures and compliance with the Economic and Financial Plan

The table below summarises the main figures in the Economic and Financial Plan, including actual data at year-end 2012.

Table



City of Barcelona Consolidated Budget. Scope of Public Administration (millions of euros)

	2010 Settled	2011 Settled	2012 Forecast	2012 Settled
Current Revenue	2,387.0	2,406.6	2,437.3	2,379.3
Current Expenses	1,897.7	1,887.9	1,944.8	1,868.3
Gross Saving (1)	482.7	515.4	484.8	511.0
As % of Current Revenue	20.3	21.4	20.0	21.5
Non-financial Revenue	2,609.0	2,550.5	2,496.0	2,425.3
Non-financial Expenses	2,686.9	2,474.4	2,444.5	2,300.8
Non-financial surplus (Deficit) Budget	(77.8)	76.1	51.5	124.6
ESA-95 Adjustments	(219.4)	(468.7)	(13.1)	(57.5)
Capacity (Need) for Financing	(297.3)	(392.6)	38.4	67.1
As % of Non-financial Revenue	-11.4	-15.4	1.5	2.9
As % of Non-financial Revenue (2)	-7.8	-4.2	0.0	0.6
Debt (at 31 December)	1,201.5	1,090.1	1,165.1	1,165.1
Debt + Guarantees (at 31 December)	1,202.1	1,090.5	1,165.4	1,165.4
Debt as % Current Income (1)	50.5	45.4	48.0	49.0
Debt + Guarantees as % Current Income (1)	50.5	45.4	48.0	49.0

(1) Excluding current revenue from special charges and urban development fees.

(2) Excluding adjustments (positive or negative) resulting from the negative settlement in 2008 and 2009 in the share of central government revenue.

To obtain net capacity (need) for financing for the year in terms of national accounts, i.e. using ESA-95 principles, a number of adjustments to the resulting non-finance budget surplus (deficit) have to be made. The following table sets out the adjustments made each year:

Table

4³

ESA-95 Adjustments (millions of euros)

	2010 Settled	2011 Settled	2012 Forecast	2012 Settled
Cash Basis for Local Taxation	-91.3	-84.0	-87.3	-112.3
Supplementary Finance Fund and Transfer of Taxes	-93.5	-285.6	37.9	53.0
Paying Entity Criteria. Current and Capital Transfers	-25.1	8.9	–	-31.9
Dividends	–	-34.2	–	–
Accrual Basis for Financial Expenses	-1.5	1.6	–	0.3
Investment. Purchases with Deferred Price	–	-29.2	19.4	19.4
Investment carried out on Behalf of the City	–	-24.9	24.9	24.9
Capital Increases	-8.0	-21.3	-8.0	-10.9
Total Adjustments	-219.4	-468.7	-13.1	-57.5

Debt at 31 December, for the purposes of the LOEPSF, was as follows:

Table

4⁴

(thousands of euros)	12.31.2010	12.31.2011	12.31.2012
Short-term Debt City of Barcelona	0	0	0
Long-term Debt City of Barcelona	1,200,101	1,090,101	1,165,101
Total Debt City of Barcelona	1,200,101	1,090,101	1,165,101
Short-term Debt other Entities	0	0	0
Long-term Debt other Entities	1,428	0	0
Total Debt other Entities	1,428	0	0
Short-term Debt Public Administration	0	0	0
Long-term Debt Public Administration	1,201,529	1,090,101	1,165,101
Total Debt Public Administration	1,201,529	1,090,101	1,165,101

4.4 Economic and budgetary framework 2012-2015

The City of Barcelona's strategic framework for 2012-2015 contains the vision and objectives set out in the roadmap for the current term. The Council's strategic objective for 2012-2015 is to make Barcelona into the city that puts people first, focusing on three main areas: economic recovery, caring for people and urban renewal.

The achievement of these objectives has to be reconciled with the commitment to LOEPSF targets for the period 2013-2015 and the Council's commitment to preserve the solvency and liquidity of the institution as security for the achievement of the objectives set in the strategic framework and roadmap.

Based on these assumptions, the financial targets set are as follows:

a) Meet LOEPSF targets.

b) Maintain gross savings at over 15% of current revenue in terms of national accounting, i.e. applying ESA-95 principles, to enable planned investment to be financed.

c) Stabilise the debt level (according to the excessive deficit protocol or EDP) of public administration below 60% of current revenue.

In line with the financial targets established, the strategic framework includes the economic and budgetary framework for the period which in turn includes the estimate of anticipated income for the coming years and expenditure forecasts. These scenarios are reviewed once a year, incorporating real data from completed years and the best estimates available for the following years. Below is the most recent update of the budget scenario for the period 2012-2015.

Table

45

2012-2015 Budget Scenario

Scope of Public Administration of the City of Barcelona (based on the LOEPSF) (thousands of euros)

	2012 (Real)	2013 (Estimate)	2014 (Estimate)	2015 (Estimate)
Current Result (Ordinary)				
(+) Current Revenue	2,301,371	2,326,075	2,367,532	2,444,444
(-) Current Expenditure (*)	1,867,947	1,956,517	1,968,532	2,021,490
(=) Gross Savings	433,423	369,559	398,999	422,953
% Gross Savings/Current Revenue	18.8%	15.9%	16.9%	17.3%
Capital Result (Investment)				
(+) Capital Revenue	32,778	38,774	20,000	20,000
(-) Capital Expenditure	399,095	357,591	380,395	404,412
(=) Capital Surplus (Deficit)	(366,317)	(318,817)	(360,395)	(384,412)
Total Non-financial Income	2,334,149	2,364,850	2,387,532	2,464,444
Total Non-financial Expenses	2,267,043	2,314,108	2,348,928	2,425,902
(=) CNF [Capacity (Need) for Financing]	67,106	50,742	38,604	38,541
% CNF/Non-financial Revenue	2.9%	2.1%	1.6%	1.6%
CNF Financial Sources				
(-) Financial Revenue (1)	167,251	104,293	130,800	156,850
(+) Financial Expenses (1)	91,345	107,301	131,496	157,484
(+) Net Financial Transactions	75,906	(3,008)	(696)	(634)
(=) Annual Financing Surplus (Deficit)	143,012	47,734	37,907	37,907
Debt				
Debt Forecast at 12/31 (EDP2)	1,165,101	1,161,376	1,160,680	1,160,046
% Debt / Current Revenue	50.6%	49.9%	49.0%	47.5%

(*) Includes Contingency Fund.

(1) Includes income and expenditure respectively for urban development guarantees and garage entrances.

(2) EDP. Debt under the excessive deficit protocol. Includes debt of Barcelona City Council and controlled entities for the purposes of the LOEPSF.

The above scenario includes line items for the adjustments required to turn the budgetary estimates into ESA-95 estimates. The breakdown of the adjustments included by year is shown in the following table:

Table

46

ESA-95 Adjustments (millions of euros)	2012 (Real)	2013 (Estimate)	2014 (Estimate)	2015 (Estimate)
Cash Basis for Local Taxation	-112.3	-87.2	-88.3	-89.4
Supplementary Finance Fund and Transfer of Taxes	53.0	37.9	37.9	37.9
Paying Entity Criterion. Current and Capital Transfers	-31.9	–	–	–
Dividends	0.3	–	–	–
Accrual Basis for Finance Expenses	19.4	9.8	–	–
Investment. Purchases with Deferred Price	24.9	–	–	–
Investment carried out on Behalf of the City	-10.9	-7.7	-8.0	-8.0

Applying these adjustments to each line item in the budget explains the differences in gross savings and current income ratios between the 2012 settlement and the 2012 annual period in the budget scenario 2012-2015.

5

Management Report

The management report shows consolidated data for the group formed by the City of Barcelona and its dependent entities, i.e., public bodies and companies in which it has a majority holding, regardless of what their sources of financing may be.

Specifically, the entities consolidated with the City Council, according to its Municipal Charter, are as follows:

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
- 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, S.A. Group
- Informació i Comunicació de Barcelona, S.A.
- Barcelona Activa, S.A., S.P.M.
- SM Barcelona Gestió Urbanística, S.A.
- Barcelona de Serveis Municipals Group (commercial entity)

Structure of Current Revenue

The current revenue of the City of Barcelona and its dependent bodies consists of own taxes and taxes assigned by the central government; other fiscal revenue, primarily charges for services and public land use; revenues from sales of goods and service delivery, including public prices; other operating revenue which primarily includes fines, leases, concessions and special uses, default interest, late payment surcharges and profit-sharing; current transfers and financial income.

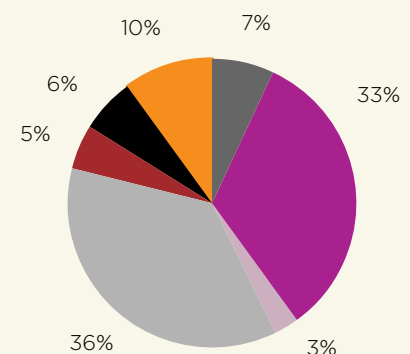
The structure of current revenue is as follows:

Graph

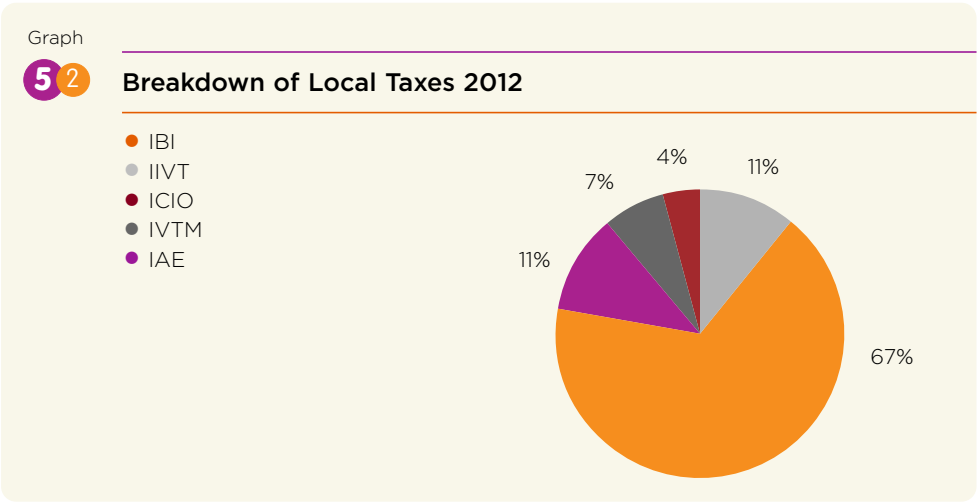
51

Structure of Current Revenue 2012

- Local Taxes
- Other Revenue
- Sale of Goods
- Charges
- Other Transfers
- Supplementary Finance Fund
- Shared Taxes



67% of local taxes come from property tax (IBI). Other local taxes are tax on economic activities (IAE), tax on increases in land value (IIVT), vehicle tax (IVTM) and the tax on constructions, installations and works (ICIO).



The central government assigns some of the revenue from a number of national taxes after deducting the part assigned to the regions. Assigned taxes are currently 2.1336% of personal income tax, 2.3266% of value-added tax and 2.9220% of excise duties on beer, wine and fermented drinks, intermediates, alcohol and derivative beverages, hydrocarbons and tobacco. In addition the Supplementary Finance Fund is a non-earmarked transfer that grows each year at the same rate as the revenue collected by the central government by way of taxes that are assigned to town and city councils and

which includes compensation for loss of revenue due to reform of tax on economic activities.

Resources from the central government account for 39% of current income.

Sales of goods and services, financed either through charges or through non-tax revenue, and other operating revenue account for 23% of current income.

The remaining current transfers are basically earmarked funds from other public administrations (mainly the Generalitat of Catalonia and local authorities), private companies and non-profit organisations.

The City of Barcelona Activities

The City of Barcelona exercises the powers determined by its Municipal Charter and local government legislation. The services it delivers cover areas as diverse as the maintenance of public roads, social services, municipal markets and public transport, to give just a few examples. These services are provided by the organisational structure directed and coordinated by the city's Chief Executive. The City of Barcelona's executive municipal administration is functionally divided into six sectors, territorially into ten districts, and from the point of view of functional specialisation into a number of organisations with their own legal personality: local autonomous bodies, public commercial entities and firms. The sectors and districts are run by executives appointed by the mayor. The organisational structure is summarised below.

The six functional sectors are:

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

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

c) Prevention, Safety and Mobility: public safety, fire prevention and civil defence services, mobility, travel and public transport, road safety and discipline and car parks.

d) Urban Habitat: spatial and town

planning, urban landscape, infrastructure, housing, environment and urban services (street cleaning, municipal solid waste and sewerage; maintenance, paving, street lighting and water; maintenance of parks, gardens and beaches; energy saving and renewable energy; education and environmental participation and pollution monitoring and reduction).

e) Economy, Business and Employment: financial, tax, accounting and budget management and investment monitoring, the city's economic development, employment and innovation, trade, municipal markets, consumers and tourism.

f) Resources: central administration, citizen participation and service, property, information and telecommunication systems and human resources and organisation.

The first four sectors, along with the business and employment functions, cover operational services and action areas. The resources and economic functions sectors encompass the executive structure's corporate services.

The chief executive's office coordinates executive municipal administration and also the districts, companies and municipal entities.

Municipal firms that carry out commercial activities are in the Barcelona de Serveis Municipals Group. This group covers municipal car parks, running leisure facilities such as the Zoo, Tibidabo, Montjuïc and the Forum area, as well as cemeteries, waste treatment and sorting and wholesale markets.

Human Resources

In 2012, the City of Barcelona group’s average workforce has been 12,830 workers, 3 more than the previous year. The distribution of personnel between the City Council and the public agencies and municipal firms has been as follows:

Table

53

Personnel (on average)

	2008	2009	2010	2011	2012
City Council	6,958	7,087	6,715	6,710	6,638
Public Agencies and Municipal Firms	6,614	5,610	6,319	6,117	6,192
Total	13,572	12,697	13,034	12,827	12,830

The City Council's average workforce has been reduced by 72 employees as a result of retirements, not offset by new hires due to regulatory limitations allowing a replacement rate of only 10%. However, the difference between the number of workers on staff in December 2012 and a year before means a fall of 369 people in absolute terms.

The increase in the workforce of public agencies and municipal firms by 75 people is due to the following changes: excluding the average workforces of the Municipal Agency of Education, the Municipal Agency of Social Services and Barcelona Activa, and in line with the implementation of adjustment measures derived from the austerity policy, the total average workforce has been reduced by 89. This change includes the effect of the merger by absorption by Barcelona d'Infraestructures Municipals of its investees Agència de promoció del Carmel i entorns,

Pro Nou Barris, 22@ Barcelona and ProEixample.

By contrast, and given the Council's priorities concerning care for people and economic recovery, the average workforces of the Municipal Institute of Education, the Municipal Institute of Social Services and Barcelona Activa have increased overall by 164 members of staff. This rise reflects the additions of personnel resulting from opening new nurseries and social facilities and redirecting the operations of Barcelona Activa.

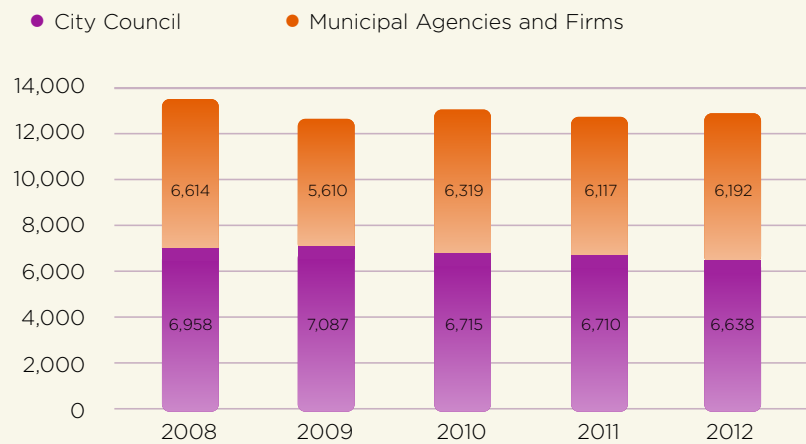
In 2012 1.8% of gross wages has gone on staff training. Grant awards under the Continuing Training for Public Administrations (AFCAP) have paid for 90 training activities for 1,837 people.

In total, the City Council has run 1,845 training activities, with 18,781 attendees and 144,989 hours of classroom time. A total of 7,942 people have benefited from this training.

Graph

5 4

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



Economic and Financial Evolution of the City of Barcelona 2008-2012

The following table sets out the resources generated by the City Council, municipal bodies and companies and their use. Net external borrowing (cash surplus or deficit) is given by the difference.

Table

5 5

Resources Generated (thousands of euros)

	2008	2009	2010	2011	2012
(1) Current Revenue before Financial Revenue	2,535,880	2,513,337	2,510,565	2,498,986	2,597,487
(2) Current Expenses before Financial Expenses	1,897,211	2,001,179	2,029,488	2,046,098	2,115,215
(3) Primary Saving	638,669	512,158	481,077	452,888	482,272
Finance Revenue	17,530	4,128	1,640	5,536	5,234
Finance Expenses	43,002	34,082	33,930	41,787	42,219
(4) Gross Saving	613,197	482,204	448,787	416,637	445,287
(5) Net Investment	678,834	628,141	632,189	419,066	408,418
(6) Surplus (Deficit)	(65,637)	(145,937)	(183,402)	(2,429)	36,869
Cash Variation	195,104	98,207	(312,155)	115,553	(101,801)
(7) Cash Surplus (Deficit)	129,467	(47,730)	(495,557)	113,124	(64,932)
Debt Subrogation	9,871	1,145	5,510	4,498	10,682
(8) Net Debt Variation	139,338	(46,585)	(490,047)	117,622	(54,249)
(9) Total Debt at Year-end	927,773	974,358	1,464,405	1,346,783	1,401,032

Line items (1) to (4) of the table show how gross saving is generated. These are equity accounting figures and therefore revenue and expenses are allocated on the accrual principle, including provisions for doubtful debtors.

The surplus or deficit for the year is calculated as the difference between gross saving and net investment. The cash surplus or deficit for the year is obtained by adding change in cash, which covers the adjustments required to move from current income and expenditure on an accrual basis to current revenue and expenditure on a cash basis.

Finally, any loans assigned by a third party to the City of Barcelona, which pays the interest and principal of the loan, and vice versa, as well as mortgages that the Municipal Housing Agency subrogates to buyers of the properties it sells or transfers via surface rights, have to be added to reconcile the net change in debt to the cash surplus or deficit.

Evolution of Current Revenue

City of Barcelona's current revenue has increased at a cumulative annual rate of 0.9%, which is based mainly on the gradual implementation of the new cadastral values and the rise in current transfers received. However, this evolution is conditioned by Serveis Funeraris de Barcelona, S.A., leaving the scope of consolidation which has had an impact on the evolution of sales of goods and provision of services, and other ordinary income, which as a result have a cumulative annual rate in this period of -1.9% and -4.3% respectively.

In 2012, current income amounted to €2.6 billion, 3.9% more than in 2011.

Table

56

Current Revenue (thousands of euros)

	2008	2009	2010	2011	2012
Tax on Property	427,379	451,198	502,613	539,213	576,049
Tax on Economic Activities	99,191	99,357	97,871	98,556	95,640
Tax on Vehicles	74,052	72,241	71,288	69,243	64,355
Tax on Constructions	37,401	24,273	26,058	23,799	31,910
Tax on Increase in Land Value	97,262	93,623	101,678	83,447	94,148
Subtotal	735,285	740,692	799,508	814,258	862,102
Share of Income Tax, VAT and Special Taxes	92,603	101,179	84,798	86,061	74,644
Total Local Taxes	827,888	841,871	884,306	900,319	936,746
Other Fiscal Revenue: Charges	165,977	165,056	173,748	165,131	153,382
Sale of Goods and Provision of Services	290,928	290,164	306,260	253,015	260,945
Other Operating Revenue	220,732	194,634	185,710	180,590	181,144
Total Local Revenue	1,505,525	1,491,725	1,550,024	1,499,055	1,532,217
Supplementary Finance Fund	842,791	814,057	741,998	831,642	924,394
Other Current Transfers	187,564	207,555	218,543	168,289	140,876
Total Current Transfers	1,030,355	1,021,612	960,541	999,931	1,065,270
Financial Income	17,530	4,128	1,640	5,536	5,234
Total Current Revenue	2,553,410	2,517,465	2,512,205	2,504,522	2,602,721

In 2012, taxes collected by the City Council have increased by 5.9%. The 6.8% increase in property tax is mainly due to the rise in the net tax basis and, to a lesser extent, the 10% increase in tax rates pursuant to Article 8 of Royal Decree Act 20/2011. The existence of limits on increasing total tax due minus tax credits explains the small impact that this change in tax rates has had on tax collection. Rates have been 0.825% of cadastral value in general and 1.1% for the 10% of non-residential properties with the highest cadastral value. There has been a 3% increase in tax rates for special real estate scheduled in the tax ordinances for 2012; the general rate has remained at 0.638% and the specific ones for the regasification plant and commercial port at 0.618% and 0.682% respectively.

As for the rest of local taxes, the current economic situation explains the 3% decrease in economic activities tax and 7.1% fall in vehicle tax. In the latter case, municipal coefficients have also been lowered, depending on the fiscal category and horsepower, and the tax rate has been reduced by between 3% and 7%. The 34.1% change in tax on buildings is primarily due to the effect of two inspection assessments conducted in 2012, although self-assessments have remained as in the previous year albeit at a tax rate of 3.35%, 3% more than the previous year. In the case of the tax on increased land value, the 12.8% rise is due to the fact that there has been an increase in the number of self-assessments and inspection assessments in 2012. The tax rate of 30% has not changed from the previous year.

Taxes assigned by the Central

Government have declined by 13.3% compared to 2011, according to the sums paid by the Ministry of Finance and Public Administration. Of the total amount, €68 million was advance payment of the 2012 settlement, a fall of 21.0% over the previous year, and €6.6 million was for the final settlement of 2010.

In 2012 charges have decreased by 7.1% overall. The negative variation of 8% in charges for the use of public land is mainly due to the fall in turnover of the large companies supplying services of general interest in 2011, the base amount for assessment in 2012. Moreover, the European Court of Justice ruling that only the owners of mobile telephone infrastructure may be charged a fee for the installation of this infrastructure on public land and that operators who merely use the infrastructure do not have to pay it has led to a fall in assessments under this item.

Charges for services sales, meanwhile, have fallen by 5.6%. This change is mainly due to the reduction in planning permission licences as a result of the economic situation and the change in vehicle towing and clamping services due to the 2% reduction in the applicable rate and reducing the number of services.

Sales of goods and provision of services have come to almost €261 million with a change of 3.1%. The 3.3% rise in income from commercial waste collection and 3.3% in sales by municipal companies explain this evolution.

Remaining ordinary income, which includes among other items fines, leases and concessions, has increased by 0.3%. Overall, local income excluding taxes has fallen by 0.5% in 2012.

Table

57

Current Revenue (in percentages)

	2008	2009	2010	2011	2012
Tax on Property	16.7	17.9	20.0	21.5	22.1
Tax on Economic Activities	3.9	4.0	3.9	3.9	3.7
Tax on Vehicles	2.9	2.9	2.8	2.8	2.5
Tax on Constructions	1.5	1.0	1.0	1.0	1.2
Tax on Increase in Land Value	3.8	3.7	4.1	3.3	3.6
Subtotal	28.8	29.5	31.8	32.5	33.1
Share of Income Tax, VAT and Special Taxes	3.6	4.0	3.4	3.4	2.9
Total Local Taxes	32.4	33.5	35.2	35.9	36.0
Other Fiscal Revenue: Charges	6.5	6.6	6.9	6.6	5.9
Sale of Goods and Provision of Services	11.4	11.5	12.2	10.1	10.0
Other Operating Revenue	8.7	7.7	7.4	7.2	7.0
Total Local Revenue	59.0	59.3	61.7	59.9	58.9
Supplementary Finance Fund	33.0	32.3	29.5	33.2	35.5
Other Current Transfers	7.3	8.2	8.7	6.7	5.4
Total Current Transfers	40.3	40.5	38.2	39.9	40.9
Financial Revenue	0.7	0.2	0.1	0.2	0.2
Total Current Revenue	100.0	100.0	100.0	100.0	100.0

Current transfers have increased globally by 6.5%. Revenue from the central government's Supplementary Finance Fund has grown by 11.2% compared to 2011, due to the €110 million in income for the final settlement of 2010. By contrast, payments on account for 2012 have been 2% lower than last year.

The remaining current transfers have been reduced by 16.3%. Central

government contributions, excluding the Supplementary Finance Fund, have been 84.8% lower than in 2011 due firstly to the non-consolidation of Central Government Funds for Employment and Local Sustainability earmarked for social and educational current expenses, and secondly the elimination of the contribution to financing municipal institutions.

Table

58

Current Revenue (rate of variation)

	2008	2009	2010	2011	2012
Tax on Property	7.1	5.6	11.4	7.3	6.8
Tax on Economic Activities	2.0	0.2	(1.5)	0.7	(3.0)
Tax on Vehicle	(0.6)	(2.4)	(1.3)	(2.9)	(7.1)
Tax on Constructions	(26.0)	(35.1)	7.4	(8.7)	34.1
Tax on Increase in Land Value	(10.4)	(3.7)	8.6	(17.9)	12.8
Subtotal	0.8	0.7	7.9	1.8	5.9
Share Income Tax, VAT and Special Taxes	8.0	9.3	(16.2)	1.5	(13.3)
Total Local Taxes	1.5	1.7	5.0	1.8	4.0
Other Fiscal Revenue: Charges	5.3	(0.6)	5.3	(5.0)	(7.1)
Sale of Goods and Provision of Services	1.5	(0.3)	5.5	(17.4)	3.1
Other Operating Revenue	(2.0)	(11.8)	(4.6)	(2.8)	0.3
Total Local Income	1.4	(0.9)	3.9	(3.3)	2.2
Supplementary Finance Fund	3.6	(3.4)	(8.9)	12.1	11.2
Other Current Transfers	8.1	10.7	5.3	(23.0)	(16.3)
Total Current Transfers	4.4	(0.8)	(6.0)	4.1	6.5
Financial Revenue	23.8	(76.5)	(60.3)	237.6	(5.5)
Total Current Revenue	2.7	(1.4)	(0.2)	(0.3)	3.9

Transfers received from the Generalitat of Catalonia have decreased by 8.6%. The fiscal consolidation process implemented by the Generalitat of Catalonia has led to the downward revision of contributions corresponding to the Local Cooperation Fund and earmarked contributions for education (kindergartens and arts education). However, funds for social spending, and especially for the implementation of the Dependency Act, have increased by 6%.

The remaining current transfers also include earmarked transfers from the Metropolitan Water Services and Waste Management Entity for waste management and earmarked contributions from the European Union. Contributions from other local authorities have grown by 2.1%, while contributions from the European Union have fallen by about 73%, mainly due to the completion of earmarked projects.

Evolution of Current Expenses

Over the past five years, consolidated current expenditure has grown at a rate of 3.6% per year. Current expenditure items accounting for most resources are, in general, services to people, including social care, education, culture, sports and public health, public space maintenance, i.e. upkeep of the city's roads, parks and gardens, street cleaning and waste collection and treatment, and public safety and mobility.

In 2012, current expenses have increased by 3.3%, six tenths less than current income. This has made it possible to improve gross savings by 6.9% over the previous year.

Staff costs have increased by 0.7% as a result of change in the group's average workforce. However, expenditure includes €28.8 million for the December bonus which should have been paid to group employees by the end of the year but has been abolished by Article 2.1 of Royal Decree Act 20/2012, of 13 July, on measures to ensure fiscal stability and promote competitiveness. Article 2.4 of this regulation states that "the amounts

resulting from the abolition of the special payment and of additional specific supplement payments or equivalent additional payments under this article shall be used in future years to make contributions to pension plans or group insurance policies which include retirement cover, subject to the provisions of the Fiscal Stability and Financial Sustainability Act 2/2012 and with the terms and scope determined in budget legislation." Consequently, since it is a confirmed due payment, this amount has been debited under "Personnel expenses" in the liabilities of the consolidated income statement with a credit to "Provisions for risks and expenses" in the liabilities of the consolidated balance sheet. Excluding this effect, changes in staff costs would have been -3.9%.

Works, utilities and external services have fallen by 0.8% in spite of the impact of the VAT increase in September. Energy utilities, cleaning and waste collection and other contracts with third-parties have risen. However, these increases were offset by reductions in other items, including communications expenses, studies, technical papers and reports, and publicity, advertising and public relations expenses.

Table

5⁹

Current Expenses (thousands of euros)

	2008	2009	2010	2011	2012
Personnel Expenses	633,747	616,522	636,432	624,011	628,604
Works, Supplies and External Services	805,039	860,279	908,563	875,434	868,858
Current Transfers	400,014	477,886	419,888	452,607	502,595
Provisions	58,411	46,492	64,605	94,046	115,158
Financial Expenses	43,002	34,082	33,930	41,787	42,219
Total Current Expenses	1,940,213	2,035,261	2,063,418	2,087,885	2,157,434

Table

5¹⁰

Current Expenses (in percentages)

	2008	2009	2010	2011	2012
Personnel Expenses	32.7	30.3	30.8	29.9	29.1
Works, Supplies and External Services	41.5	42.3	44.0	41.9	40.3
Current Transfers	20.6	23.5	20.3	21.7	23.3
Provisions	3.0	2.3	3.1	4.5	5.3
Financial Expenses	2.2	1.6	1.6	2.0	2.0
Total Current Expenses	100.0	100.0	100.0	100.0	100.0

Table

5¹¹

Current Expenses (rate of variation)

	2008	2009	2010	2011	2012
Personnel Expenses	5.4	(2.7)	3.2	(2.0)	0.7
Works, Supplies and External Services	5.4	6.9	5.6	(3.6)	(0.8)
Current Transfers	18.6	19.5	(12.1)	7.8	11.0
Provisions	(4.9)	(20.4)	39.0	45.6	22.4
Financial Expenses	3.3	(20.7)	(0.4)	23.2	1.0
Total Current Expenses	7.5	4.9	1.4	1.2	3.3

Current transfers have increased by 11% to nearly €503 million. The major rises over the previous year include the contribution of €86.8 million in the Barcelona Metropolitan Area, with an increase of 7% as a result of higher income from share of central government revenue (Supplementary Finance Fund and assignment of taxes), a 10% increase in current transfers for the Metropolitan Transport Authority to cover the operating costs of the passenger transport system up to €80.2 million, and the 12.5% increase in the contribution to the Barcelona Education Consortium. In 2012 there has also been the first contribution of €5 million to the Barcelona Mobile World Capital Foundation, an entity set up in 2012 following the selection of Barcelona to host the Mobile World Congress until 2018.

The allocation to the provision for doubtful debt is determined by applying the percentages of expectation of collection to tax receivables in the enforcement period and receivables for fines in the voluntary and enforcement period, calculated using actual historical series of individualised assessments for each tax item and in each accounting period. Additionally, provision is made for non-tax receivables where recovery is considered doubtful. The increase in provisions in 2012 is the result of the review of the expectation of collecting certain taxes and fines. In particular, the strict application of the ordinances affected by measures to ensure social

behaviour in Barcelona's public space and improvements in management applications have led to an increase in the number of fines in the last two years, which has led to an increase in assessments. Given their nature, the expectation of collection has been reduced, which entails a higher provision for this item. With this allowance, coverage of the general provision for non-payment of taxes and fines has come to 66.5% of total receivables for this item at 31 December 2012.

In spite of the 8% increase in borrowing, consolidated finance expenses have come to €42.2 million, with a change of 1% over the previous year. This is explained by lower average balances in 2012, which with a 1.1% reduction have offset the slight upward trend in the average cost of borrowing, which stands at 2.84% compared to 2.77% for a year before.

In terms of its purpose, current expenditure in 2012 meets the targets set in the budgeting process with respect to driving Barcelona as a city of people, prioritising social spending and the city's economic recovery and encouraging social harmony in quality public space. The following table compares the distribution of current expenditure between 2011 and 2012 by area of expenditure.

By purpose, public debt expense comprises interest on borrowing and other related financial services.

Basic public services include expenditure on public safety and mobility; housing and urban development; community

Table

512

Current Expenses (in percentages)

	2011	2012
Public Debt	1.4	1.3
Basic Public Services	42.4	41.7
Social Protection and Promotion Measures	10.6	12.2
Priority Public Goods	19.4	19.7
Economic Measures	10.4	9.3
General Measures	15.7	15.7
Total Current Expenses	100.0	100.0

welfare, which includes waste collection, disposal and treatment, street cleaning, cemeteries and street lighting, among others; and environment costs covering mainly parks and gardens.

Social protection and promotion measures include the cost of social services and promotion and fostering employment.

All expenses related to education, culture, sports and public health measures are recognised in priority public goods.

Economic measures include expenses for trading, tourism and business development, retail and wholesale markets and public transport.

Finally, under general measures expenses are recognised for government and general administration bodies, citizen participation and citizen services, financial and taxation management and transfers to other levels of government (especially contributions to the Barcelona Metropolitan Area).

Investment

Consolidated capital expenses have exceeded €3.62 billion in the last five years. Of this, €3.39 billion has been earmarked for direct investment and the rest for capital transfers, mainly to cultural facilities, and capital increases, basically Fira 2000, S.A.

Capital income from capital transfers and asset management amounted to €857 million which has financed 24% of capital expenses. Capital transfers received have included ones from central government under the Central Government Fund for Local Investment 2009 and the Central Government Fund for Employment and Local Sustainability 2010. Both funds have provided financing for about 480 projects amounting to €381 million. Compared to the previous year, the change in the asset management figure is explained by the income of €64.7 million in 2011 from the sale of 36% of the stake in Serveis Funeraris de Barcelona, S.A.

Table



Capital Revenue and Expenses (thousands of euros)

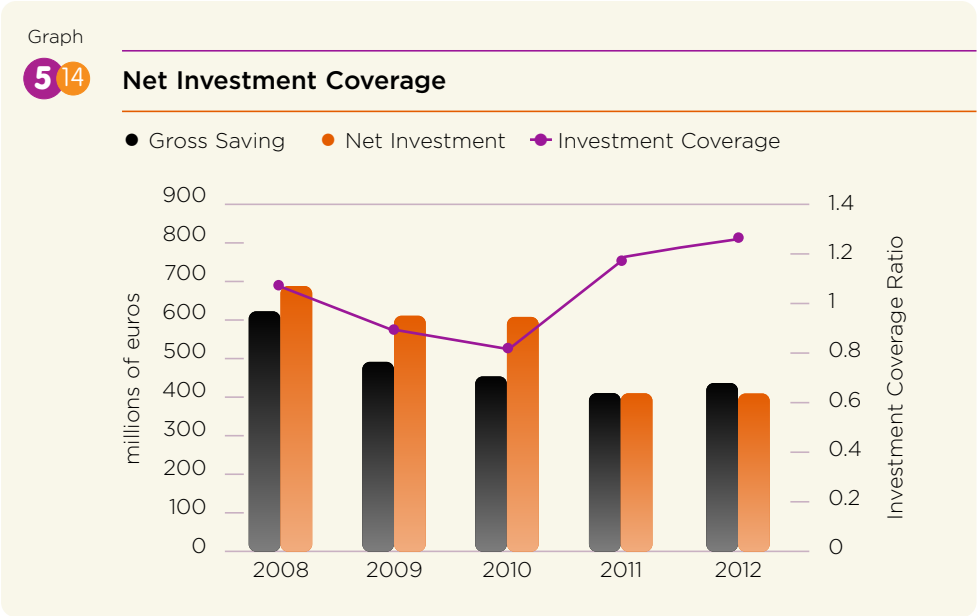
	2008	2009	2010	2011	2012
Direct Investment	684,237	889,994	814,036	569,980	434,742
ATM (Metropolitan Transport Authority)	28,591	28,591	0	0	0
Non-municipal Entities	22,673	20,469	29,835	29,427	28,060
Capital Transfers	51,264	49,060	29,835	29,427	28,060
Financial Investments	9,999	9,557	7,999	4,163	10,875
CAPITAL EXPENSES	745,500	948,611	851,870	603,570	473,677
Capital Transfers	33,828	307,130	189,353	101,305	32,184
Asset Management	32,838	13,340	30,328	83,199	33,076
CAPITAL INCOME	66,666	320,470	219,681	184,504	65,259
NET INVESTMENT	678,834	628,141	632,189	419,066	408,418

Investment coverage for the whole period, measured as gross saving over net investment, stood at 0.87. In 2012, gross saving has covered all of net investment.

The City of Barcelona's investment programme consists of a very varied set of projects. By type, they include measures for caring for people, interventions in public space, land and housing management, infrastructure and economic promotion. Investment made

during 2012 has been spread across a very diverse series of measures.

In the field of public roads, some of the main urban development projects of the year have been the development of Estatut de Catalunya avenue and Jerez street; development of the streets around the new Born Cultural Centre and Design Centre; arrangement and enhancement of Vista Park square; improving the accessibility of Santa Otilia street; the



redevelopment of Virgili street; development of the inner area of Costabona street with the installation of a new lift; and surface development of Salvador Allende square and Navas square.

A number of hallmark facility projects have been carried out, including the new Design Centre, interior architecture and systems at the Born Cultural Centre, upgrading Montjuïc Ethnological Museum, the new La Violeta Cultural Venue, refurbishment and expansion of the Ateneu de Nou Barris, and the construction of a new Cultural Centre in Albareda street.

Work in the city's markets has included investment in the latter stages of the

construction of the new Els Encants Market, remodelling Sant Antoni Market, refurbishment of La Guineueta Market and execution of the structural phase of Sants Market.

Amenities have included building a multi-purpose facility in Neptú street featuring a car park, sports centre and a nursery, and another in the Poblenou district for a school, a park and a neighbourhood facility.

The main investments in educational facilities include the new Mediterrània Infant and Primary School, refurbishment of Mercè Rodoreda Infant and Primary School and refurbishment of La Palmera and Jaume I Infant and Primary Schools with their new sports centres.

Work on sports facilities, in addition to general refurbishment and upgrading in municipal sports centres, has included improving the Olympic Ring and particularly the Palau Sant Jordi in order to host the X-Games and the Handball and Swimming World Championships in 2013. For the latter, work has begun on upgrading the Montjuïc Municipal Swimming Pool.

City of Barcelona's land management involves firstly buying properties in order to use them for municipal facilities (for example, the acquisition of the former Quirón Clinic and the former ONCE headquarters, and the acquisition of the property at 247-273 Entença street in the Colonia Castells as the site of a special school) and secondly, in terms of housing policy, increasing the amount of public land set aside for social and low rent housing for the elderly, young people and other specific groups. Hence in 2012 the Barcelona Municipal Housing Agency, one of the main developers of social and low rent housing, has completed construction of 490 properties and at year-end had another 320 under construction. Development operations have led to the signing of contracts and deeds involving the handover of 720 properties.

Significant measures in terms of mobility include the investment by Barcelona de Serveis Municipals Group in building a car park in Gardunya square and another in Badajoz street. There has also been the completion of an underground car park for 339 vehicles in Navas square in the Sants-Montjuïc district and the 285-space partially underground car park in Rasos de Peguera avenue in Ciutat Meridiana.

The other activities of the Barcelona de Serveis Municipals Group include investment to improve facilities at Ciutadella Zoo and Tibidabo Amusement

Park and investment by Mercabarna, manager of the slaughterhouse and central markets.

Financing

City of Barcelona's consolidated debt at 31 December 2012 amounted to €1.4 billion, an increase of €54 million over the previous year. Of this total, €1.17 billion corresponds to the City Council and €236 million to its business entities, i.e. the Municipal Housing Agency and Barcelona de Serveis Municipals Group. Consolidated debt is 3.1 times the gross savings generated.

Public Administration

City of Barcelona's debt has grown from €1.1 billion at the end of 2011 to €1.17 billion at 31 December 2012, and it is all long-term.

The €75 million change in debt volume is due firstly to the new bilateral loans for a total of €165 million and secondly to the contractual repayment in April 2012 of €90 million for the maturity of a private placement. New debt has been formalised in euro with financial institutions with a combined average life of 7.5 years.

At 31 December 2012 public agencies and dependent corporations included in public administration had no debt.

Commercial Entities

At 31 December 2012 the debt of commercial entities amounted to €236 million, of which €228 million correspond to long-term transactions.

Compared to 2011, the debt of business entities has been reduced by 8.1%. The Municipal Housing Agency debt has fallen by nearly €7 million to €187 million, and

Table



Consolidated Financial Debt (thousands of euros)

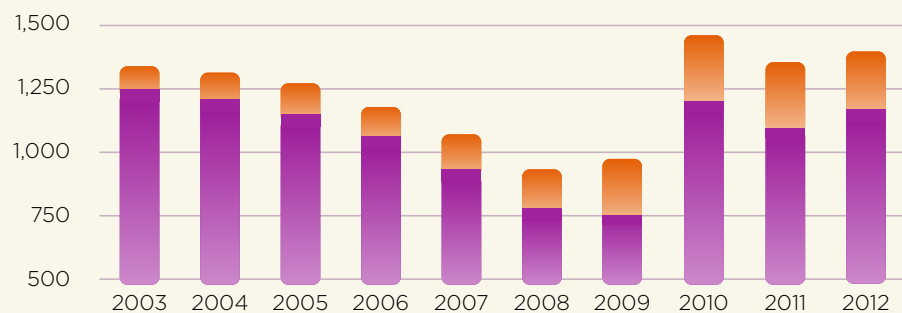
	2008	2009	2010	2011	2012
Public Administration	774,258	750,101	1,200,101	1,090,101	1,165,101
Commercial Entities	153,515	224,257	264,304	256,681	235,931
Total Debt	927,773	974,358	1,464,405	1,346,783	1,401,032

Graph

516

Consolidated Debt (millions of euros)

Public Sector Commercial Entities



Table

517

Consolidated Financial Debt (thousands of euros)

	12.31.08	12.31.09	12.31.10	12.31.11	12.31.12
Banking System	487,773	584,358	1,074,405	1,050,058	1,201,032
Private Placements	340,000	290,000	290,000	290,000	200,000
Public Issues	100,000	100,000	100,000	0	0
Total Debt	927,773	974,358	1,464,405	1,346,783	1,401,032
Long-term Debt	923,616	962,099	1,455,914	1,340,058	1,392,688
Short-term Debt	4,157	12,259	8,491	6,725	8,344

Table

5 **18**

Consolidated Financial Debt (in percentages)

	12.31.08	12.31.09	12.31.10	12.31.11	12.31.12
Banking System	52.6	60.0	73.4	78.5	85.7
Private Placements	36.6	29.8	19.8	21.5	14.3
Public Issues	10.8	10.2	6.8	0.0	0.0
Total Debt	100.0	100.0	100.0	100.0	100.0
Long-term Debt	99.6	98.7	99.4	99.5	99.4
Short-term Debt	0.4	1.3	0.6	0.5	0.6

Barcelona de Serveis Municipals Group debt is down by €14 million to €49 million.

City of Barcelona's financial policy seeks to control the growth of finance expenses, assuming a reasonable financial risk. To that end, its financial strategy is to facilitate access to capital markets by providing timely financial information, use short-term borrowing just to cover

temporary cash needs, enhance debt maturities while keeping annual contractual debt repayments below gross savings, and diversify interest rate risk.

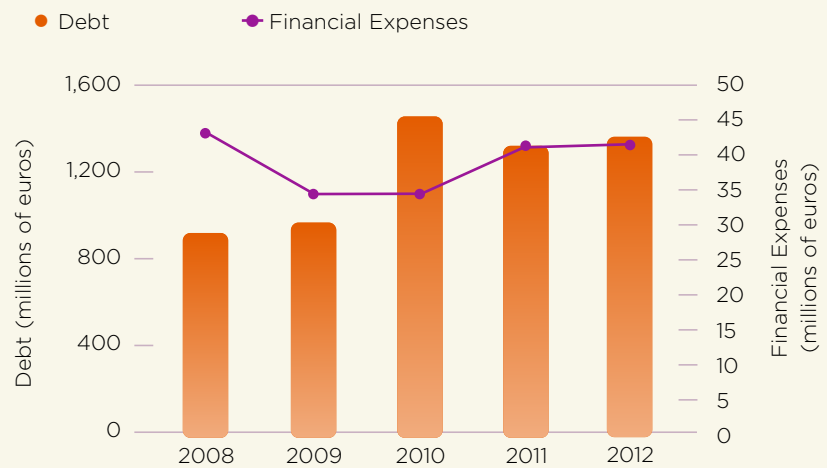
City of Barcelona group debt comes from the eurozone. At 31 December 2012, 44% of debt was at a fixed rate and 56% at a variable one.

In 2012 the credit rating of Central Government public debt has continued to

Graph

5 **19**

Debt and Financial Expenses



move downwards. The fact that resources from the Central Government, under the Supplementary Finance Fund and assignment of taxes, account for 39% of the City Council's consolidated current income means that the Central Government's credit rating is City of Barcelona's maximum credit rating. Hence reduced credit ratings for the Central Government have automatically downgraded the City Council's rating. At 30 April 2013 this rating was as follows:

Table



Credit Rating

Rating Agency	City of Barcelona	Central Government	Outlook (City/State)
Fitch	BBB	BBB	Negative/Negative
Standard & Poor's (*)	BBB- (*)	BBB-	Negative/Negative
Moody's Investor Service	Baa3	Baa3	Negative/Negative

(*) ICL (Indicative Credit Level) 'aa'. Note: under the methodology used by S&P for local and regional government (LRG) ratings, the ICL is not a rating but instead a means to assess the intrinsic solvency of an LRG in the event that there is no ceiling for the sovereign rating. The ICL shows the result of combining the assessment of the individual credit profile of an LRG and the institutional framework in which it operates.

6

2012 Annual accounts

(along with the auditors' report)



Av. Diagonal, 64
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, 2012, 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 2012 present fairly, in all material respects, the net worth and financial position of the Barcelona City Council as of December 31, 2012 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.

Sandra Deltell
Partner

April 30, 2013

Gabinete Técnico
de Auditoría y Consultoría, S.A.

Jorge Vila López
Partner

PricewaterhouseCoopers Auditores, S.L.
R. M. Madrid, full 87.250-1, foli 75, tomo 9.267, llibre 8.054,
secció 3ª. Inscrita en el R.O.A.C. amb el número S0242 -
CIF: B-79 031290

Gabinete Técnico de Auditoría y Consultoría, S.A.
R. M. Barcelona, Volum 10296, Llibre 9349, Foli 42, Sec. 2.
Full B-27831. Inscrita en el R.O.A.C. amb el número S0687
Inscrita en l'Institut de Censors Jurats de Comptes.
CIF A-58604745

City of Barcelona
Balance sheet as of December 31, 2012 and 2011
(thousands of euros)

Table

**Assets**

As of December 31, 2012 **As of December 31, 2011**

	Note		
Fixed Assets		7,710,560	7,855,967
Intangible fixed assets	3	25,044	22,232
Tangible fixed assets	3	7,378,805	7,004,862
Public land assets	3	488,647	547,272
Tangible fixed assets assigned to municipal agencies and third parties	3 & 8	(590,359)	(586,555)
Fixed assets pending classification and in progress	3	1,146,744	1,509,338
Investments in infrastructures and assets for public use	3	7,169,286	6,797,316
Investments assigned for public use	3 & 8	(7,169,286)	(6,797,316)
Accumulated depreciation	3	(949,593)	(860,815)
Long-term financial investment	4	202,239	216,678
Long-term off-budget receivables	5	9,033	2,955
Deferred expenses	6	709	810
Current assets		812,876	698,927
On budget receivables	7	833,549	761,469
Allowance for bad debt	7	(451,116)	(389,964)
		382,433	371,505
Other off-budget receivables		46,355	44,790
Public administrations receivables	14	2,691	2,618
Short-term financial investment		15,200	220,901
Cash		366,197	49,113
Adjustments for prepayments		-	10,000
TOTAL ASSETS		8,524,145	8,555,704

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2012.

City of Barcelona
Balance sheet as of December 31, 2012 and 2011
(thousands of euros)

Table

6 **2**

Liabilities

As of December 31, 2012 **As of December 31, 2011**

	Note		
Equity	8	5,726,736	5,798,720
City of Barcelona equity		7,740,096	7,707,735
Property assigned to municipal agencies and third parties		(590,359)	(586,555)
Property delivered for public use		(7,169,286)	(6,797,316)
Property assigned by municipal agencies and third parties		35,728	58,741
Results of previous fiscal years		5,416,115	5,071,501
Results of fiscal year		294,442	344,614
Deferred income		695,771	707,292
Capital transfers and other capital income	9	594,366	607,785
Other deferred income	10	101,405	99,507
Provisions for contingencies and expenses	11	76,188	85,063
Long-term liabilities		1,393,058	1,337,724
Long-term loans and debentures	12	1,061,376	1,000,101
Long-term guarantees and deposits		28,423	28,277
Other long-term payables	13	303,259	309,346
Short-term liabilities		632,392	626,905
Short-term payables for loans and debentures	12	103,725	90,000
On-budget payables		389,409	331,407
Public administration payables	14	26,781	28,097
Other off-budget payables	15	100,012	165,188
Accrued expenses	16	10,318	10,563
Amounts pending application		2,147	1,650
TOTAL LIABILITIES		8,524,145	8,555,704

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2012.

City of Barcelona

Statements of revenues and expenses for the fiscal years ended as of December 31, 2012 and 2011
(see Note 17) (thousands of euros)

Table

63

Expenses	2012	2011	Revenues	2012	2011
Personnel expenses	348,789	342,474	Sale of goods and services	42,739	41,967
Wages and salaries	252,735	262,729	Sale of goods	420	428
Compensation for services	2,527	2,363	Charges on services	8,609	8,358
Social security expenses	75,975	76,009	Public prices for sale of services	33,710	33,181
Other welfare expenses	17,552	1,373			
Welfare benefits	853	1,534	Other operating revenues	167,172	199,457
			Interest	2,678	5,355
			Profit sharing	0	34,231
			Surcharge on collection proceedings	10,460	11,185
Financial expenses	31,906	32,377	Late payment surcharge	7,322	6,040
			Fines	96,865	97,152
			Rents, concessions and special uses	37,189	34,673
Taxes	389	538	Other	12,658	10,821
Works, supplies and subcontracted services	525,417	532,086	Taxes	941,401	904,679
Rent	22,593	22,871	Property tax (IBI)	580,182	542,418
Maintenance and repairs	13,306	13,427	Tax on economic activity (IAE)	95,640	99,406
Supplies	34,174	29,747	Tax on motor vehicles (IVTM)	64,386	69,282
Communications	6,274	7,314	Tax on construction, installations and works (ICIO)	31,910	23,799
Subcontracted work	407,255	402,007	Tax on the increase in land values (IIVT)	94,639	83,713
Miscellaneous expenses	41,815	56,720	Assignment of Central Government taxes	74,644	86,061
Current transfers	932,046	881,700	Other tax revenues	153,724	165,481
To municipal agencies and firms	516,799	500,475	Charges on services	56,345	59,660
To autonomous communities, metropolitan areas and consortia	344,052	322,588			
Other current transfers	71,195	58,637	Charges on use of public domain	97,384	105,822
			Replaced taxes	(5)	(1)
Provision to allowance for bad debt	109,196	91,761	Current transfers	1,057,767	980,016
			Supplementary Finance Fund	924,394	831,642
			Other Central Government agencies	2,521	16,387
			From the Generalitat of Catalonia	65,878	71,496
			From local entities	62,846	59,024
			From foreign transfers	1,829	972
			Other	299	495
Total operating expenses	1,948,596	1,882,470	Total operating revenues	2,362,803	2,291,600
Operating result (before capital transfers)	414,207	409,130			
Capital transfers	36,770	55,029			
Operating result (after capital transfers)	377,437	354,101			
Negative extraordinary results	-	-	Positive extraordinary results	12,196	74,884
Provision for depreciation	90,267	83,500			
Financial investment provisions	4,924	871			
Result for the year	294,442	344,614			
Total	2,374,999	2,366,484	Total	2,374,999	2,366,484

Notes 1 to 20 of the attached report form an integral part of the statement of revenues and expenses as of December 31, 2012.

Integral report of the annual accounts corresponding to the fiscal year ending December 31, 2012

Note 1 – Basis of presentation

1.1. Accounting policies

1.1.a) These annual accounts have been drawn up from the City's accounting records corresponding to the fiscal year 2012 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.

1.1. 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, ECO/1406/2011 and ECO/2829/2012 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.

- Organic Law 2/2012, of April 27, of Budget Stability and Financial Sustainability.

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 26, 2013. 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 2012 and 2011 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 in progress and 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 life span, which, in 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

Table	
64	
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

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 be managed and used, 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, 2012, 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.

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

b) 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

6 **5**

	12.31.2011	Additions	Retirements	Transfers	12.31.2012
Intangible fixed assets	22,232	-	-	2,812	25,044
Land	350,718	8,852	(403)	(14,621)	344,546
Buildings	5,753,765	17,880	(8,915)	319,385	6,082,115
Fixed assets assigned to municipal agencies and third parties	586,555	-	-	3,804	590,359
Vehicles	18,725	-	-	-	18,725
Machinery, equipment, installations and tools	72,891	534	-	29,470	102,895
Data-processing equipment	169,208	256	-	15,215	184,679
Office furniture and equipment	49,254	973	-	212	50,439
Others	3,746	1,301	-	-	5,047
Tangible fixed assets	7,004,862	29,796	(9,318)	353,465	7,378,805
Public land assets	547,272	8,599	(1,304)	(65,920)	488,647
Tangible fixed assets assigned to municipal agencies and third parties	(586,555)	-	-	(3,804)	(590,359)
Fixed assets pending classification	1,509,338	361,481	(65,591)	(658,484)	1,146,744
Investments in infrastructure and assets for public use	6,797,316	2,100	(310)	370,180	7,169,286
Investments assigned for public use	(6,797,316)	(2,100)	310	(370,180)	(7,169,286)
Gross tangible and intangible fixed assets and infrastructure	8,497,149	399,876	(76,213)	(371,931)	8,448,881
Accumulated depreciation	(860,815)	(90,267)	36	1,453	(949,593)
Net tangible and intangible fixed assets and infrastructure	7,636,334	309,609	(76,177)	(370,478)	7,499,288

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 2,561,205 thousand euros as of December

31, 2012 and 2,498,479 thousand euros as of December 31, 2011, corresponding to the value of lands on which the buildings are constructed.

Additions during the fiscal year include the following concepts:

Table		
6.6	Investments carried out directly by the City of Barcelona	106,947
	Funds delivery for investments:	
	• To 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 January 30, 2012	269,474
	• Investments carried out by third parties	630
	Investments financed by third parties	13,684
	Assets received in free assignment	2,963
	Assets received in exchange	6,178
		399,876

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

Table		
6.7	By sale	(2,899)
	By exchange operations	(21)
	On completion of investment activities (pending classification assets not inventoried)	(73,257)
		(76,177)

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

Table		
6.8	Assigned and ceded equity (note 8)	(3,804)
	Property delivered for public use (note 8)	(370,180)
	Long-term financial investments (assets received in exchange operations)	3,441
	Profits from revaluations of fixed assets	65
		(370,478)

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

Table

6	9	Thoroughfares	3,676,474
		Parks and forests	1,584,918
		Systems	645,311
		Property for public use: HOLSA	628,125
		Mixed	403,853
		Municipal assets of an artistic nature	112,439
		Urban furniture	73,224
		Public facilities	35,303
		Buildings	9,639
Total			7,169,286

Items totally written off and in use as of 31 December 2012 are the following:

Table

6	10	Vehicles	16,063
		Machinery, equipment, installations and tools	21,530
		Data-processing equipment	89,639
		Office furniture and equipment	31,829
		Others	15,964
Total			175,025

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 2012 were as follows:

	12.31.2011	Additions	Retirements	Transfers	12.31.2012
Financial investments	185,716	5,875	(287)	-	191,304
Long-term credits AMB	20,889	-	-	260	21,149
Sale of long-term fixed assets and future PMS property exchanges	51,782	-	-	(15,365)	36,417
Long-term deposits and guarantees	262	-	-	-	262
Provision for depreciation of financial fixed assets	(41,971)	(4,924)	2	-	(46,893)
Total	216,678	951	(285)	(15,105)	202,239

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 3,000 thousand euros, taking the City of Barcelona's holding from 18.35% to 19.10%, and the acquisition of shares in the Nauta Tech Invest, SCR fund to the value of 2,875 thousand euros, taking the City of Barcelona's shareholding to 4.78%.

Long-term credits with the Metropolitan Area of Barcelona (AMB) refer to amounts that AMB has to compensate, with maturities exceeding one year, to the City of Barcelona corresponding to negative settlements of the share in State taxes in the fiscal years 2008 and 2009.

In sales of long-term fixed assets, transfers have as balancing items:

Reception of assets for exchange operations	3,441
Off-budget receivables for amounts to be collected in 2013 by sale operations:	
• By sale of surface rights	5,920
• By sale of property	6,004
Total	15,365

The additions to provisions for the amortization of financial assets correspond to adjustments in value due to the negative results originated in Fira 2000, SA, Nauta Tech Invest SCR, Barcelona Holding Olímpic, S.A and Barcelona Emprèn, CR, SA.

The financial investments of the City of Barcelona as of 31 December 2012 are summarized in the following table:

Table

6 **13**

Long-term financial investments (Data as of December 31, 2012)

Name	Interest held (%)	Equity as of 31 December/ Net Equity 2012 prior to results (1)	Fiscal year results 2012 (1)	Recoverable value 12.31.12 (1)	Net book value of the investment 12.31.12 (*)
Autonomous agencies					
Municipal Agency of Disabled Persons	100	42	908	950	–
Municipal Agency of Urban Landscape and Quality of Life	100	4,321	1,986	6,307	–
Municipal Agency for Education	100	3,610	(2,463)	1,147	–
Municipal Agency for IT Services	100	717	(420)	297	–
Municipal Agency for Town Planning	100	1,024	140	1,164	–
Municipal Agency for Taxes	100	2,223	160	2,383	–
Municipal Agency for Markets	100	3,263	324	3,587	–
Municipal Agency for Barcelona Sports	100	2,424	507	2,931	–
Municipal Agency for Social Services	100	3,847	(4,047)	(200)	–
Public business entities					
Municipal Agency for Housing	100	151,537	672	152,209	–
Municipal Agency for Culture	100	4,764	155	4,919	–
Municipal Agency for Parks and Gardens	100	5,834	(247)	5,587	–
Municipal Agency Mies Van der Rohe Foundation	100	9,754	6	9,760	–
Total		193,360	(2,319)	191,041	–
Municipal firms					
Barcelona de Serveis Municipals, SA Group	100	230,481	8,991	239,472	69,809
Barcelona Infraestructures Municipals, SA Group	100	19,883	13	19,896	12,949
Informació i Comunicació de Barcelona, SA	100	2,655	5	2,660	1,500
Barcelona Activa, SA, SPM	100	14,299	30	14,329	2,013
SM Barcelona Gestió Urbanística, SA	100	762	4	766	61
Total		268,080	9,043	277,123	86,332
Interest of less than 50%					
Barcelona Holding Olímpic, SA (HOLSA)	49.00	3,778	(80)	3,698	3,659
Barcelona Sagrera Alta Velocitat, SA	25.00	150	0	150	150
Barcelona Emprèn CR, SA	24.06	2,310	(48)	2,262	2,263
Barcelona Regional, SA	17.65	326	1	327	270
Fira 2000, SA	19.10	51,486	(4,299)	47,187	47,186
Port Fòrum Sant Adrià, SL	5.00	12	2	14	15
Nauta Tech Invest, SCR	4.78	2,782	(122)	2,660	2,661
Total		60,844	(4,546)	56,298	58,079
Acquisition of shares (increase in capital underway Nauta Tech Invest, S.C.R.)					1,875
Financial investments					144,411
Long-term surface rights					61
Long-term guarantees and deposits					262
Long-term disposal of fixed assets					7,103
Future assets swaps and exchanges					29,253
Long-term credits AMB					21,149
Total Long-term financial investments					202,239

(*) Appears in the individual financial statement of the City of Barcelona as of 31 December 2012.

(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.

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 general meeting of shareholders held on 15 March 2013 unanimously agreed the

liquidation of the company, the final liquidation balance sheet and the capital distribution, which was set at 7,470 thousand euros, of which 3,810 thousands correspond to the Central Government and 3,659 thousands to the City of Barcelona.

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

Table

6¹⁴

Name	Interest held (%)	Net equity as of 12.31.12 prior to results (1)	Results of the fiscal year 2012 (1)	Net equity as of 12.31.12 (1)
Barcelona de Serveis Municipals Group				
Barcelona de Serveis Municipals, SA	100	195,277	3,262	198,539
Parc d'Atraccions Tibidabo, SA	100	7,124	(87)	7,037
Tractament i Selecció de Residus, SA	58.64	29,905	2,571	32,476
Selectives Metropolitanes, SA (2)	58.64	1,471	304	1,775
Solucions Integrals per als Residus, SA (2)	58.64	2,222	216	2,438
Cementiris de Barcelona, SA	100	4,463	3,786	8,249
Mercados de Abastecimientos de Barcelona, SA	50.69	38,015	1,901	39,916
Barcelona d'Infraestructures Municipals Group				
Barcelona d'Infraestructures Municipals, SA	100	18,238	–	18,238
Foment de Ciutat Vella, SA	72.86	5,005	12	5,017

(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.

On December 21, 2012, the Plenary Council finally approved the merger through absorption of Barcelona d'Infraestructures Municipals, SA, as the acquiring company, and 22 Arroba Bcn, SA, Agència de Promoció del Carmel i Entorns, SA, Pro Nou Barris, SA and ProEixample, SA, as the acquired entities.

In accordance with Article 289.2 of Decree 179/1995, of 13 June, approving the Regulation for works, activities and services of local entities, once the period of life stipulated in the statutes of the firm Foment de Ciutat Vella, SA has expired, all of their assets in conditions of normal use, as well as their liabilities, will revert to the City of Barcelona. The company administrators have prepared the

accounts in accordance with the going concern principle, since they consider that its activity will continue as usual as long as the company meets its objectives and considering that there is not any significant impairment of property, financial or economic assets of the Company on the closing date as a result of this fact.

In accordance with the statutory provisions of Foment de Ciutat Vella, SA, in 2012 the third of four reductions of capital by amortizing 25% of the Class B shares held by private shareholders was carried out in the fiscal year 2012, entailing an increase in the percentage holding of Barcelona d'Infraestructures Municipals, SA in the company's share capital.

The balance sheet and the statement of revenues and expenses for the fiscal year 2012 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
6 15

	City of Barcelona	Consolidated
Fixed assets	7,711,269	8,315,950
Current assets	812,876	1,094,513
Total assets	8,524,145	9,410,463
Net equity before results	5,432,294	6,435,208
Result of the fiscal year	294,442	296,428
Other long-term liabilities	2,165,017	1,873,367
Current liabilities	632,392	805,460
Total liabilities	8,524,145	9,410,463
Ordinary revenues	2,362,803	2,602,721
Ordinary expenses	(2,080,557)	(2,319,829)
Extraordinary results	12,196	13,536
Results of the fiscal year	294,442	296,428

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
6 16

	Current and capital transfers	Other expenses	Revenues	Accounts receivable	Accounts payable
Municipal agencies	399,747	1,058	5,941	1,839	104,559
Municipal firms	135,861	146	65,228	1,082	69,936
Firms in which the City holds an interest	5,308	-	21	-	3,141
Total	540,916	1,204	71,190	2,921	177,636

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

6¹⁷

	Loan arrangement expenses
Balance as of December 31, 2011	810
Expenses for arranging new operations	–
Allocation to results as financial expenses	(101)
Balance as of December 31, 2012	709

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, 2012 are classified according to their nature, as shown below:

Table

6¹⁸

Concept	Receivables
Direct taxes	222,213
Indirect taxes	23,031
Charges and other revenues	374,561
Current transfers	121,737
Capital gains	14,780
Disposal of real investments	47
Capital transfers	77,180
Total receivable	833,549

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

Table

6 **19**

Balance as of December 31, 2011	389,964
Amount charged to statement of revenues and expenses	109,196
Application of bad debts written off	(35,588)
Application for payments or recognition thereof	(12,456)
Balance as of December 31, 2012	451,116

The applications have been credited to the "Extraordinary results" caption.

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.

The calculation of Budget Reserves

(note 20) includes an additional provision of 132.7 million euros relating to outstanding balances receivable from the Government of Catalonia, since they were considered, at year end, with low probability of short-term collection.

Note 8 - Equity

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

Table

6 **20**

	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 municipal agencies and third parties (see note 2.1)	Results of previous fiscal years	Result of the current fiscal year	Total
Inicial balance	7,707,735	(586,555)	(6,797,316)	58,741	5,071,501	344,614	5,798,720
2012 results	—	—	—	—	—	294,442	294,442
Allocation of 2011 results	—	—	—	—	344,614	(344,614)	—
Change in property assigned to third parties (note 3)	—	(3,804)	—	—	—	—	(3,804)
Change in property assigned by third parties	—	—	—	(23,013)	—	—	(23,013)
Transfer of capital transfers and other capital income (note 9)	32,361	—	—	—	—	—	32,361
Property delivered for public use (note 3)	—	—	(370,180)	—	—	—	(370,180)
Retirements in fiscal year delivered for public use (note 3)	—	—	310	—	—	—	310
Additions delivered for public use (note 3)	—	—	(2,100)	—	—	—	(2,100)
Final balance	7,740,096	(590,359)	(7,169,286)	35,728	5,416,115	294,442	5,726,736

Note 9 – Capital transfers and other capital income

The movements in this account are as follows:

Table

6²¹	Balance as a of 12.31.11	Transfers and other income received	Transfers to equity (note 8)	Transfers to results (note 17.6)	Balance as of 12.31.12
	607,785	28,400	(32,361)	(9,458)	594,366

The balance at year end includes 62,180 thousand euros corresponding to revenue from urban development operations and 532,186 thousand euros corresponding to

income from capital grants, all pending deferral as described in note 2.6.

The main subsidizers of the outstanding balance of these grants are as follows:

Table

6²²		
	Central Government	211,412
	Autonomous Community	144,724
	EU Institutions	82,960
	Local Entities	85,558
	Others	7,532
	Total	532,186

Note 10 – Other deferred income

Movements registered under this account during 2012 are as follows:

Table

6²³		
	Balance as of 31 December 2011	99,507
	Additions in the fiscal year	5,548
	Transfers to accrued revenues (note 16)	(3,293)
	Transfers to results	(357)
	Balance as of 31 December 2012	101,405

The balance as of December 31, 2012 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 2083.

Note 11 - Provisions for contingencies and expenses

The movement in this account is as follows

Table	
6 ²⁴	
Balance as of 31 December 2011	85,063
Charge to miscellaneous expenses	-
Charge to personnel expenses	16,392
Cancellation of the provision registered in extraordinary results	(25,267)
Balance as of 31 December 2012	76,188

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

This account includes the amount of 16,392 thousand euros, corresponding to the December bonus that should have been paid to the entity staff before year-end, but was removed by Article 2.1 of Royal Decree Law 20/2012, of July 13, on measures to ensure fiscal stability and promotion of competitiveness. Article 2.4 of this provision states that "the amounts resulting from the abolition of the bonus and of additional special allowances or additional equivalent bonus in accordance

with the provisions of this article will be used in future years to make contributions to pension plans or group insurance contracts that include coverage for the retirement contingency, subject to the provisions of the Organic Law 2/2012, of Budget Stability and Financial Sustainability in the terms and to the extent determined in the relevant budget laws". Therefore, since it is certain and due, this amount has been charged under the "Personnel Expenses" caption in the profit and loss debit account (note 17.1) with a credit to "Provisions for risks and expenses" in the liability balance sheet.

Note 12 - Debentures and loans

The outstanding amount as of December 31, 2012, corresponding to long-term loans and debentures subscribed by the City of Barcelona, can be broken down as follows:

Table				
6 ²⁵				
Loans and debentures Description	Outstanding Amount as of 12.31.2012	Long-term	Short-term	
Banking system	965,101	861,376	103,725	
Private placements	200,000	200,000	0	
Total debt	1,165,101	1,061,376	103,725	

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 2012 fiscal year are as follows:

Table

6²⁶	Balance as of 31 December 2011	1,090,101
	New operations	165,000
	Contractual amortizations	(90,000)
	Pre-paid amortizations	0
	Balance as of 31 December 2012	1,165,101

As of December 31, 2012, there are no stand-by lines contracted, pursuant to Article 14 paragraph three of Royal Decree-Law 8/2010, of May 20, approving extraordinary measures to reduce public deficit.

The debt profile by maturities as of December 31, 2012 is as follows:

Table

6²⁷	Year of maturity	Amount
	2013	103,725
	2014	129,696
	2015	155,634
	2016	169,384
	2017	164,350
	2018	91,833
	2019	51,333
	2020	76,333
	2021	68,208
	2022	57,271
	2023	7,334
	2024 and onwards	90,000
	Total	1,165,101

The average interest rate during the 2012 fiscal year was 2.85%, and the average life stood at 5.2 years.

As of December 31, 2012, 52.90% of the City of Barcelona's financial debt had a fixed interest rate, and 47.10% had a floating interest rate.

Note 13 – Other long-term payables

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

Table

6²⁸

Central Government – definitive final settlement of the share of State taxes for 2008	59,832
Central Government – definitive final settlement of the share of State taxes for 2009	243,427
Balance as of 31 December, 2012	303,259

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, while the amount corresponding to fiscal year 2009 stood at 304,284 thousand euros. In accordance with Law 2/2012, of June 29, of the General State Budget for 2012, the period to offset these negative settlements has

increased from 60 to 120 monthly payments. Thus, the negative settlement for 2008 is due for maturity in the period 2011-2021 and the negative settlement for 2009 matures in the period 2012-2021. The amount due for maturity in 2013 is recorded under the “Other off-budget short term creditor” account (note 15).

Note 14 – Public administrations

The breakdown of these accounts is as follows:

Table

6²⁹

	Receivable	Payable
Value added tax	1,832	–
Personal income tax	–	5,520
Social security	859	21,261
Balance as of 31 December, 2012	2,691	26,781

Note 15 - Other off-budget payables

The balance for this account as of December 31, 2012 is as follows:

Table		
6 ³⁰	Deposits and guarantees received	19,573
	Suppliers of short-term fixed assets	9,826
	Bonus payments to personnel to pay in 2013 for attendance and punctuality in 2012 as well as the June bonus	19,247
	Other payables	7,833
	Central Government – short-term maturity of final settlement of the share of State taxes for 2008 and 2009 (note 13)	22,779
	Payable to administrations for IAE and IBI surcharges	20,754
	Other short-term off-budget payables	100,012

Movements regarding fixed asset short-term suppliers during the fiscal year 2012 are as follows:

Table		
6 ³¹	Balance as of 31 December, 2011	19,388
	Long-term transfers	9,826
	Payments in the fiscal year	(19,388)
	Balance as of 31 December, 2012	9,826

Note 16 – Accrued expenses

This concept reflects liabilities of the City of Barcelona at December 31, 2012, in accordance with its accreditation period and independent of the payment or obligation date. It is made up by the following:

Table		
6 ³²	Accrued interest as of 31 December 2012 that did not become payable on this date	7,025
	Transfer to short-term other deferred incomes (note 10)	3,293
	Total	10,318

Note 17 - Statement of results for the 2012 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 2012 fiscal year comprised 6,638 workers (32% women and 68% men).

The caption "Other welfare expenses" includes the amount of 16,392 thousand euros, corresponding to the December bonus that should have been paid to the entity staff before year-end, but was removed by Article 2.1 of Royal Decree Law 20/2012, of July 13, on measures to ensure fiscal stability and promotion of competitiveness (note 11).

17.2. Welfare benefits

Welfare benefits basically include the amounts paid by the City of Barcelona in 2012 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 853 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

6 ³³

Autonomous local agencies (City of Barcelona)	234,877
Municipal public business entities (City of Barcelona)	147,969
Municipal Firms (City of Barcelona)	133,954
Metropolitan Area of Barcelona	144,779
Consortia	97,655
Public entities	7,444
Not-for-profit organizations	59,670
Metropolitan Transport Authority	80,174
Autonomous Community	14,000
Others	11,524
Total	932,046

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

6³⁴

Autonomous local agencies (City of Barcelona)	8,073
Municipal public business entities (City of Barcelona)	8,928
Municipal Firms (City of Barcelona)	3,326
Consortia	5,924
Metropolitan Areas	3,952
Autonomous Community	5,809
Others	758
Total	36,770

17.6. Extraordinary results

Extraordinary results can be broken down as follows:

Table

6³⁵

	Expenses	Revenues
From fixed assets	71,379	45,069
Modification of receivables, payables and provisions	50,080	74,129
Capital transfers and other capital incomes allocated to results (note 9)	–	9,458
Other extraordinary results	–	4,999
Net extraordinary results		12,196

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.

(such as car parks, newsstands, outdoor tables for bars and restaurants, etc.), fines and other penalties for offences. In addition, in fiscal year 2011 there were revenues included that corresponded to a share premium from the firm Barcelona de Serveis Municipals, SA, amounting to 34,231 thousand euros.

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

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.

In this account are also included 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. It includes 109,639 thousand euros corresponding to the final settlement of the share in State taxes for to the fiscal year 2010.

Note 18 - Other information and subsequent events

As of December 31, 2012, the guarantees provided by the City of Barcelona to cover credit operations amounted to 0.6 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 2012 amount to 464.7 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 July 5, setting out measures to deal with late payment in commercial transactions and with respect to the total liabilities paid for operating expenditure corresponding to caption 2 in the municipal budget, and capital expenses included in caption 6 of the municipal accounts, as of December 31, 2012.

Table



	Current Fiscal Year (2012)		Last Fiscal Year (2011)	
	Amount (in euros)	%	Amount (in euros)	%
Payments within the legally established time limit	429,004,396	83.48	509,327,606	84.91
Difference	84,914,649	16.52	90,531,769	15.09
Total payments within fiscal year	513,919,045	100	599,859,375	100
Weighted average days past due date	10		16	
Adjournments that at date overshoot the maximum legal due date	1,450,634		1,919,672	

Note 19 - Statement of source and application of funds for the fiscal years 2012 and 2011

Table

637

Application of funds	Fiscal year 2012	Fiscal year 2011	Source of funds	Fiscal year 2012	Fiscal year 2011
Tangible fixed asset acquisitions (1)	375,661	519,683	Funds generated from operations	397,023	396,793
Financial fixed asset acquisitions	5,875	7,363	Sale of tangible and		
Long-term off-budget payables	6,078	–	financial fixed assets (1)	6,947	4,050
Amortization and transfers			Transfers of fixed assets to		
to short-term of long-term			off-budget receivables	11,924	16,471
loans and debentures	103,725	90,000	Long-term off-budget receivables	–	1,711
Deferred expenses	–	–	Net change in long-term		
Revenues transfers to			guarantees and deposits	146	301
short-term liabilities	3,293	3,216	Long-term loans and debentures	165,000	–
Transfer to short-term of			Long-term fixed-asset payables	–	6,250
suppliers of fixed assets	9,826	–	Provisional settlement of share		
Short-term transfer and cancellation			in Central Government taxes	3,479	–
settlement of share in Central	–	97,855	Deferred income	28,400	99,020
Government taxes					
Total applied funds	504,458	718,117	Total funds obtained	612,919	524,596
Sources of funds in excess of applications			Application of funds in excess of sources		
of funds (increase in working capital)	108,461	–	of funds (decrease in working capital)	–	193,521
Total	612,919	718,117	Total	612,919	718,117

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

Table

638

Change in working capital	2012		2011	
	Increase	Decrease	Increase	Decrease
Accounts receivable	12,566	–	54,411	–
Short-term financial investments	–	205,701	–	263,594
Cash	317,084	–	–	47,878
Adjustments for prepayments	–	10,000	10,000	–
Accounts payable	–	5,488	53,540	–
Total	329,650	221,189	117,951	311,472
Increase in working capital	–	108,461	–	–
Decrease in working capital	–	–	193,521	–

Funds obtained from operations are as follows:

Table

6³⁹

	2012	2011
Net results for the fiscal year	294,442	344,614
Provision for depreciation (note 3)	90,267	83,500
Variation provision for depreciation of financial assets (note 4)	4,922	570
Deferred expenses (note 6)	101	173
Allocation of long-term provisions (note 11)	16,392	11,617
Net result of fixed assets (note 17,6)	25,981	(7,097)
Deferred income transferred to results (notes 9 and 10)	(9,815)	(19,435)
Cancellation of long-term provisions (note 11)	(25,267)	(17,149)
Funds generated through operations	397,023	396,793

Note 20 – Budgetary information

2012 Budget account

Table

6⁴⁰

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

Caption	Initial budget	Final budget	Net receivables	Receipts
1 Direct taxes	828,920	828,920	880,233	823,633
2 Indirect taxes	51,599	61,826	55,281	39,611
3 Charges and other revenues	270,477	270,730	326,931	229,241
4 Current transfers	904,341	1,022,351	1,008,876	944,449
5 Capital gains	38,713	38,782	42,144	35,853
6 Disposal of real property	12,204	12,204	11,570	11,560
7 Capital transfers	23,395	29,864	27,322	3,806
8 Financial assets	–	99,613	287	287
9 Financial liabilities	166,232	166,232	166,464	166,464
Total	2,295,881	2,530,522	2,519,108	2,254,904

Table

6⁴¹

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

Caption	Initial budget	Final budget	Net payables	Paid
1 Personnel expenses	350,617	354,401	329,210	328,893
2 Current goods and services expenses	548,892	550,049	528,161	414,344
3 Financial expenses	46,109	46,109	32,406	32,363
4 Current transfers	889,178	936,668	918,242	803,298
6 Investment	333,117	498,658	394,419	264,292
7 Capital transfers	28,736	42,267	32,280	15,718
8 Financial assets	8,000	10,936	10,875	9,000
9 Financial liabilities	91,232	91,434	91,318	91,181
Total	2,295,881	2,530,522	2,336,911	1,959,089

Table

6⁴²**Budget result** (thousands of euros)**Non-financial operations**

Revenues (caption 1 to 7)	2,352,357
Expenses (caption 1 to 7)	(2,234,718)

Surplus before financial operations	117,639
--	----------------

Financial assets

Revenues (caption 8)	287
Expenses (caption 8)	(10,875)

Change in financial assets (caption 8)	(10,588)
---	-----------------

Financial liabilities

Revenues (caption 9)	166,464
Expenses (caption 9)	(91,318)

Change in financial liabilities (caption 9)	75,146
--	---------------

Budget result	182,197
----------------------	----------------

Adjustments

Positive financial deviations	(6,816)
Negative financial deviations	38,116
Payables financed with budget reserves	67,754

Adjusted budget result	281,251
-------------------------------	----------------

Table

6⁴³**Budgets reserves** (thousands of euros)

1.- (+) Cash funds	381,397
---------------------------	----------------

2.- (+) Receivables pending	841,107
------------------------------------	----------------

(+) from current budget	264,204
(+) from previous budgets	569,345
(+) from off-budget operations	9,705
(-) collections pending definitive application	(2,147)

3.- (-) Payables pending	464,070
---------------------------------	----------------

(+) from current budget	377,823
(+) from previous budgets	11,305
(+) from off-budget operations	74,942
(-) pending payments definitive application	–

I.- Total budget reserves (1+2-3)	758,434
--	----------------

II.- Bad debts outstanding	583,814
-----------------------------------	----------------

III.- Affected financing excess	25,880
--	---------------

IV.- Budget reserves for general expenses (I-II-III)	148,740
---	----------------

Notes on pages 73 to 96 of this document form the annual accounts report for the fiscal year ended as of December 31, 2012.

7

2012 Consolidated annual accounts

(along with the auditors' report)



Av. Diagonal, 64
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, 2012, 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 2012 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, 2012 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.

Sandra Deltell
Partner

April 30, 2013

Gabinete Técnico
de Auditoría y Consultoría, S.A.

Jordi Vila López
Partner

PricewaterhouseCoopers Auditores, S.L.
R. M. Madrid, full 87.250-1, foli 75, tomo 9.267, llibre 8.054,
secció 3ª. Inscrita en el R.O.A.C. amb el número S0242 -
CIF: B-79 031290

Gabinete Técnico de Auditoría y Consultoría, S.A.
R. M. Barcelona, Volum 10296, Llibre 9349, Foli 42, Sec. 2.
Full B-27831. Inscrita en el R.O.A.C. amb el número S0687
Inscrita en l'Institut de Censors Jurats de Comptes.
CIF A-58604745

City of Barcelona Group
Consolidated balance sheets as of December 31, 2012 and 2011
(thousands of euros)

Table

**Assets**

		As of December 31, 2012	As of December 31, 2011
	Note		
Intangible fixed assets	4 a)	12,993	13,761
Intangible fixed assets		49,571	46,108
Provisions and depreciations		(36,578)	(32,347)
Tangible fixed assets and infrastructures	4 b)	8,119,983	8,276,663
Tangible fixed assets		8,377,041	7,946,984
Public land assets		488,647	547,272
Fixed assets assigned to municipal agencies and third parties		(590,359)	(586,555)
Fixed assets in progress and pending classification		1,149,276	1,562,951
Investments in infrastructure and assets for public use		7,169,286	6,797,316
Investment assigned for public use		(7,169,286)	(6,797,316)
Accumulated depreciation and provisions		(1,304,622)	(1,193,989)
Long-term financial investments		147,592	164,623
Interests held in associated firms	5	14,113	16,595
Other financial investments	6	133,479	148,028
Long-term trade receivables	3.7	33,208	27,435
Deferred expenses	7	2,174	2,275
Fixed assets		8,315,950	8,484,757
Inventories	3.6	109,320	129,277
Provisions		-	(1,409)
		109,320	127,868
Accounts receivable	8	979,590	916,491
Provisions	8	(468,659)	(406,213)
		510,931	510,278
Public administrations receivable	16	14,789	15,377
Short-term financial investments	3.4	45,563	264,573
Cash		411,551	84,329
Adjustments for prepayments		2,359	12,054
Current assets		1,094,513	1,014,479
Total assets		9,410,463	9,499,236

Notes 1 to 20 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2012.

City of Barcelona Group
Consolidated balance sheets as of December 31, 2012 and 2011
(thousands of euros)

Table

7 **2**

Liabilities

As of December 31, 2012 **As of December 31, 2011**

	Nota		
Equity		6,016,490	6,052,895
City of Barcelona group equity	9.1	5,450,776	5,479,423
City of Barcelona group equity		13,185,454	12,815,316
Property Assigned		(590,359)	(586,555)
Property delivered for public use		(7,169,286)	(6,797,316)
Property in cession		24,967	47,978
Income allocable to the City of Barcelona	9.2	296,428	358,335
Consolidated results		298,808	361,904
Results attributed to minority interests	10	(2,380)	(3,569)
Consolidated reserves	9.3	269,286	215,137
Minority interests	10	66,407	69,549
Capital transfers and other capital income	11	648,739	724,658
Net equity		6,731,636	6,847,102
Other deferred income	12	146,617	145,022
Provisions for contingencies and expenses	13	89,869	87,433
Long-term loans and debentures	14	1,273,037	1,231,339
Long-term guarantees and deposits		29,074	28,277
Other long-term payables	15	334,770	340,417
Long-term liabilities		1,873,367	1,832,488
Short-term payables for loans and debentures	14	127,995	115,443
Trade accounts payable		345,970	316,224
Public administration payables	16	53,112	49,468
Other non-trade accounts payables		195,870	247,645
Accrued expenses	17	82,513	90,866
Current liabilities		805,460	819,646
Total liabilities		9,410,463	9,499,236

Notes 1 to 20 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2012.

City of Barcelona Group
Consolidated statement of revenues and expenses as of December 31, 2012 and 2011
(thousands of euros)

Table							
73							
	Note	2012	2011		Note	2012	2011
Personnel expenses	18.1	628,604	624,011	Taxes	18.4	936,746	900,319
Works, supplies and subcontracted services	18.2	864,383	870,414	Other tax revenues	18.5	153,382	165,131
Financial expenses		42,219	41,787	Sale of services	18.6	260,945	253,015
Current transfers	18.3	502,595	452,607	Other operating revenues	18.7	154,461	159,767
Provision to allowance for bad debts and others	8	115,158	94,046	Current transfers	18.8	1,065,270	999,931
Share in operating result of firms consolidated by the equity method	2.2	4,475	5,020	Financial revenues		5,234	5,536
				Other revenues		26,682	20,522
				Share in operating result of firms consolidated by the equity method	2.2	1	301
Total operating expenses		2,157,434	2,087,885	Total operating revenues		2,602,721	2,504,522
Operating result before capital transfers		445,287	416,637				
Capital transfers	18.3	33,061	45,457				
Operating result before capital transfers		412,226	371,180				
Provision for depreciation of fixed assets	4	125,550	120,362				
Extraordinary expenses	18.9	121,920	75,375	Extraordinary revenues	18.9	135,456	187,517
Pre-tax consolidated results		300,212	362,960				
Tax on profits	3.13	1,404	1,056				
Consolidated results		298,808	361,904				
Results allocated to minority interests	10	2,380	3,569				
Results allocated to the City of Barcelona		296,428	358,335				
Total		2,738,177	2,692,039	Total		2,738,177	2,692,039

Notes 1 to 20 of the attached report form an integral part of the consolidated statement of revenues and expenses as of December 31, 2012.

The City of Barcelona Group

Report on the consolidated annual statement for the fiscal year 2012

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

2.1. 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.

2.1. 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, ECF/1406/2011 and ECO/2829/2012, 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.

- Organic law 2/2012, of 27 April, of Budgetary Stability and Financial Sustainability.

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 2013, 26 and 28 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 2012 and 2011 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 12.31.12 prior to results (1)	Fiscal year results 2012 (1)	Technical book value 12.31.12 (1)	Net book value of the holding investment 12.31.12 (*)
Municipal agencies					
Municipal Agency for Disabled Persons	100	42	908	950	–
Municipal Agency for Urban Landscape and Quality of Life	100	4,321	1,986	6,307	–
Municipal Agency for Education	100	3,610	(2,463)	1,147	–
Municipal Agency for IT Services	100	717	(420)	297	–
Municipal Agency for Town Planning	100	1,024	140	1,164	–
Municipal Agency for Taxes	100	2,223	160	2,383	–
Municipal Agency for Markets	100	3,263	324	3,587	–
Municipal Agency for Barcelona Sports	100	2,424	507	2,931	–
Municipal Agency for Social Services	100	3,847	(4,047)	(200)	–
Public business entities					
Municipal Agency for Housing	100	151,537	672	152,209	–
Municipal Agency for Culture	100	4,764	155	4,919	–
Municipal Agency for Parks and Gardens	100	5,834	(247)	5,587	–
Municipal Agency Mies Van der Rohe Foundation	100	9,754	6	9,760	–
Subtotal municipal agencies		193,360	(2,319)	191,041	–
Municipal firms					
Barcelona de Serveis Municipals, SA Group	100	230,481	8,991	239,472	69,809
Barcelona Infraestructures Municipals, SA Group	100	19,883	13	19,896	12,949
Informació i Comunicació de Barcelona, SA	100	2,655	5	2,660	1,500
Barcelona Activa, SA, SPM	100	14,299	30	14,329	2,013
SM Barcelona Gestió Urbanística, SA	100	762	4	766	61
Subtotal municipal firms		268,080	9,043	277,123	86,332
Total		461,440	6,724	468,164	86,332

(*) Included in the individual financial statements of the City of Barcelona as of December 31, 2012,

(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 12.31.12 prior to results (1)	Result of the financial year 2012 (1)	Net equity as of 12.31.12 (1)
Barcelona de Serveis Municipals Group				
Barcelona de Serveis Municipals, SA	100	195,277	3,262	198,539
Parc d'Atraccions Tibidabo, SA	100	7,124	(87)	7,037
Cementiris de Barcelona, SA	100	4,463	3,786	8,249
Tractament i Selecció de Residus, SA	58.64	29,905	2,571	32,476
Selectives Metropolitanes, SA (2)	58.64	1,471	304	1,775
Solucions Integrals per als Residus, SA (2)	58.64	2,222	216	2,438
Mercados de Abastecimientos de Barcelona, SA	50.69	38,015	1,901	39,916
Barcelona d'Infraestructures Municipals Group				
Barcelona d'Infraestructures Municipals, SA	100	18,238	-	18,238
Foment de Ciutat Vella, SA	72.86	5,005	12	5,017

(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,

On December 21, 2012, the Plenary Council finally approved the merger through absorption of Barcelona d'Infraestructures Municipals, SA, as the acquiring company, and 22 Arroba Bcn, SA, Agència de Promoció del Carmel i Entorns, SA, Pro Nou Barris, SA and ProEixample, SA, as the acquired entities.

The merger through absorption was formalized by Public Deed on February 28, 2013, applied for entry to the Mercantile Register of Barcelona on March 7, 2013, where it was favorably qualified on March 22, 2013. Therefore, in accordance with the mercantile legislation, as this operation was approved by the Plenary Council in the fiscal year 2012, the accounting purposes retroact to January 1, 2012. For this reason, the absorbed companies have not presented annual accounts for the fiscal year 2012, integrating their assets, liabilities, incomes and expenses in the absorbent company.

According to Article 289.2 of Decree 179/1995, of 13 June, approving the Regulation of works, activities and local entities' services, over the lifetime of the company stipulated in the bylaws of Foment de Ciutat Vella, SA, assets under normal conditions of use and the company's liabilities revert to Barcelona City Council. The company administrators have prepared the accounts in accordance with the going concern principle, since they consider that its activity will continue as usual as long as the company meets its objectives and considering that there is not any significant impairment of property, financial or economic assets of the Company on the closing date as a result of this fact.

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 third of four reductions of capital by

amortizing 25% of the class B shares held by private shareholders was carried out in the fiscal year 2012, entailing an increase in the percentage holding of Barcelona d'Infraestructures Municipals, SA in the company's share capital.

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

76

Name	Interest held (%)	New equity as of 12.31.12 prior to results (1)	Results of fiscal year 2012 (1)	Net equity 12.31.12 (1)
Barcelona Holding Olímpic, SA (HOLSA) (2)	49.00	3,778	(80)	3,698
Mediacomplex, SA (2) (3)	33.30	6,544	(112)	6,432
Barcelona Emprèn, SCR, SA (4)	26.04	2,501	(51)	2,450
Barcelona Sagrera Alta Velocitat, SA (2)	25.00	150	–	150
Catalana d'Iniciatives, SCR, de RC, SA (2) (6)	24.25	5,234	(4,232)	1,002
Barcelona Regional, AMDUI, SA (2) (5)	20.63	380	1	381
Total		18,587	(4,474)	14,113

(1) Adjusted according to interest held,

(2) Fiscal year 2012 audited annual accounts,

(3) Indirect shareholding through 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 general meeting of shareholders held on 15 March 2013 unanimously agreed the liquidation of the company, the final liquidation balance sheet and the capital distribution, which was set at 7,470 thousand euros, of which 3,811 thousand

euros correspond to the Central Government and 3,659 thousand euros to the City of Barcelona.

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, 2012, is 11,740 thousand euros, entailing a charge to the "Provision for depreciation of fixed assets" account in the 2012 consolidated statement of revenues and expenses of 572 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.
The City of Barcelona's economic depreciation process began in the fiscal

Table	
	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

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 rating 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, 2012 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 6,182 and 8,564 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. Provisions for contingencies and expenses

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

3.11. 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.

3.12. 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 3.12.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.

3.13. 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:

Table

7 **8**

	12.31.11	Additions	Retirements	Transfers	12.31.12
Research and development expenses	587	–	–	–	587
Concessions	1,283	–	–	–	1,283
Patents, licenses and trademarks	1,230	10	(8)	(2)	1,230
Data-processing applications	39,112	1,316	(1,527)	841	39,742
Others	3,896	40	–	2,793	6,729
Intangible fixed assets	46,108	1,366	(1,535)	3,632	49,571
Accumulated depreciation	(32,347)	(5,667)	1,436	–	(36,578)
Net intangible fixed assets	13,761	(4,301)	(99)	3,632	12,993

The elements totally written off as of December 31, 2012 are the following:

Table

7 **9**

Concessions	5,681
Data-processing applications	8,048
Research and development expenses	308
Others	12,831
Total	26,868

b) Tangible fixed assets and infrastructures

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

Table

710

	12.31.11	Additions	Retirements	Transfers	12.31.12
Land	399,790	11,501	(403)	(15,347)	395,541
Constructions	6,313,299	21,002	(42,452)	391,775	6,683,624
Fixed assets assigned to municipal agencies and third parties	591,284	-	-	8,070	599,354
Land and properties	7,304,373	32,503	(42,855)	384,498	7,678,519
Vehicles	12,954	-	(70)	-	12,884
Machinery, equipment, installations and tools	356,544	3,118	(3,336)	37,613	393,939
Data-processing equipment	191,239	472	(1)	15,210	206,920
Office furniture and equipment	69,115	1,138	(8)	217	70,462
Other	12,759	1,588	(116)	86	14,317
Other fixed assets	642,611	6,316	(3,531)	53,126	698,522
Total tangible fixed assets	7,946,984	38,819	(46,386)	437,624	8,377,041
Public land assets	547,272	8,599	(1,304)	(65,920)	488,647
Tangible fixed assets assigned to municipal agencies and third parties	(586,555)	-	-	(3,804)	(590,359)
Fixed assets pending classification	1,562,951	406,686	(84,063)	(736,298)	1,149,276
Infrastructures and assets for public use	6,797,316	2,100	(310)	370,180	7,169,286
Investments assigned for public use	(6,797,316)	(2,100)	310	(370,180)	(7,169,286)
Gross tangible fixed assets and infrastructures	9,470,652	454,104	(131,753)	(368,398)	9,424,605
Accumulated depreciation and provisions	(1,193,989)	(119,740)	3,481	5,626	(1,304,622)
Net tangible fixed assets and infrastructures	8,276,663	334,364	(128,272)	(362,772)	8,119,983

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 2,593,869 thousand euros as of December 31, 2012 and 2,531,236 thousand euros as of December 31, 2011 corresponding to the value of lands containing buildings.

Additions during the fiscal year are the following:

Table

7 **11**

Investments carried out directly by the City of Barcelona	106,947
Investments carried out by decentralized entities pursuant to the terms of the decree issued by the Mayor's office on January 30, 2012	269,474
Investments carried out by third parties	630
Assets received from decentralized entities financed by third parties	13,684
Assets received in free assignment	2,963
Assets received in exchange	6,178
Other investments carried out by dependent entities	54,228
Total	454,104

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 ten car parks, and improvements to the existing facilities.

- Improvements to the energy valuation plant in the new municipal waste management program being developed by Tractament i Selecció de Residus, SA.
- Rehabilitation and improvement of cemeteries and services related managed by Cemeteries of Barcelona, SA.

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

Table

7 **12**

For sales	(2,899)
For fixed asset replacement	(19,253)
On completion of investment activities (pending classification assets not inventoried)	(73,257)
Others	(32,863)
Total	(128,272)

The transfers carried out over the fiscal year has the following offsets:

Table

7 **13**

Property delivered for public use	(370,180)
Other long-term credits (reception of exchanges)	3,441
Property assigned to third parties	(6,616)
Others	4,957
Total	(368,398)

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

7 **14**

Thoroughfares	3,676,474
Parks and forests	1,584,918
Systems	645,311
Property for public use: Holsa	628,125
Mixed	403,853
Municipal assets of an artistic nature	112,439
Urban furniture	73,224
Equipments	33,303
Buildings	9,639
Total	7,169,286

Elements totally written off and in use as of December 31, 2012 are the following:

Table

7 **15**

Data-processing equipment	100,980
Machinery, equipment, installations and tools	100,645
Office furniture and equipment	37,395
Vehicles	16,364
Buildings	2,784
Others	5,511
Total	263,679

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

7 **16**

Catalana d'Iniciatives, CR, SA	1.002
Mediacomplex, SA	6,432
Barcelona Holding Olímpic, SA (Holsa)(*)	3,698
Barcelona Emprèn, CR, SA	2,450
Barcelona Regional, AMDUI, SA	381
Barcelona Sagrera Alta Velocitat, SA	150
Total	14,113

(*) See note 2.2 about settlement.

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

7 **17**

Investment portfolio	66,509
Deposits and guarantees	1,370
Other long-term credits	65,600
Total	133,479

The investment portfolio can be broken down as follows:

Table

718

	Firm's owner (*)	% Interest	Investment cost	Provisions	Net book value 12.31.12
Fira 2000, SA	AB	19.10	52,018	(4,832)	47,186
Port Fòrum Sant Adrià, SL	AB	5.00	15	–	15
Nauta TechInvest III, SCR de régimen simplificado SA	AB	4.78	3,164	(503)	2,661
Ongoing acquisition of shares (Nauta TechInvest III)	AB		1,875	–	1,875
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)	–
Túnel 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	–	385
Grand Tibidabo, SA	PATSA	0.03	11	(11)	–
Financial investment portfolio			71,920	(5,411)	66,509

(*) 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 18.35% to 19.10%.
- According to the schedule, the City of Barcelona has made capital contributions

to the joint venture company Nauta TechInvest III, SCR de Régimen Simplificado SA. It is currently part of the acquisition of shares, according to the commitments entered into, amounting to 1,875 thousand euros, which will be disbursed in accordance with the cash requirements of the Company.

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

Table

7 ¹⁹

Sales of long-term assets and PMS	36,417
Long-term credits AMB	21,149
Other	8,034
Total	65,600

The balance of "Long-term credits AMB" corresponds to amounts that Barcelona Metropolitan Area must compensate, with maturity greater than one year, to City of Barcelona relating to negative settlements of 2008 and 2009 of the share of state taxes.

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

7 ²⁰

a) The City of Barcelona	877,347
Direct taxes	222,213
Indirect taxes	23,031
Charges and other revenues	374,561
Current transfers	119,180
Capital gains	14,780
Disposal of real investments	47
Capital transfers	77,180
Others	46,355
b) Municipal agencies and firms	102,243
Total receivable	979,590

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

Table

7 ²¹

Balance as of December 31, 2011	406,213
Amount charged to the statement of revenues and expenses	111,736
Application due to write-off of unrecoverable receivables	(36,441)
Application for payments and recognition thereof	(12,849)
Balance as of December 31, 2012	468,659

The applications have been credited to the "Extraordinary results" caption.

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, 111,736 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 3,422 thousand euros.

Note 9 - Equity

9.1. Equity

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

Table

722

	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
Initial balance	12,815,316	(586,555)	47,978	(6,797,316)	5,479,423
City of Barcelona adjusted results 2011	308,533	-	-	-	308,533
Transfer from capital subsidies	61,605	-	-	-	61,605
Change in property assigned to third parties	-	(3,804)	-	-	(3,804)
Change in property assigned in cession	-	-	(23,011)	-	(23,011)
Property delivered for public use	-	-	-	(371,970)	(371,970)
Final balance	13,185,454	(590,359)	24,967	(7,169,286)	5,450,776

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

9.2. Results

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

Table

723

Results of the City of Barcelona	294,442
Aggregate result of municipal agencies and firms	13,719
Result of share by equity method	(4,474)
Consolidation adjustments	(4,879)
Consolidated results	298,808
Results allocable to minority interests before interim dividends (note 10)	(2,380)
Results allocable to the City of Barcelona	296,428

9.3 – Consolidation reserves

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

Table

7 24

	Balance as of 12.31.11	Results 2011 (a)	Transfers and others	Balance as of 12.31.12
Fully consolidated	216,899	48,054	1,934	266,887
Municipal Agency of Housing	41,158	160	5,732	47,050
Municipal Agency of Disabled Persons	693	(650)	193	236
MA Mies Van der Rohe Foundation	1,660	26	1	1,687
Municipal Agency of IT Services	5,429	(13)	–	5,416
Municipal Agency of Town Planning	1,002	21	(1)	1,022
Municipal Agency of Finances	3,939	489	33	4,461
Municipal Agency of Markets	6,350	386	–	6,736
Municipal Agency of Parks and Gardens	5,641	279	104	6,024
Municipal Agency of Education	7,507	(3,413)	54	4,148
Municipal Barcelona Culture Agency	4,333	503	(229)	4,607
Municipal Barcelona Esports Agency	1,916	798	92	2,806
Municipal Agency of Urban Landscape and Quality of Life	3,053	1,406	(137)	4,322
Municipal Agency of Social Services	3,783	1,128	(64)	4,847
Barcelona de Serveis Municipals Group (b))	103,366	48,283	(1,667)	149,982
Barcelona d'Infraestructures Municipals, Group (c)	10,223	(1,391)	(1,294)	7,538
Informac, i Comunicac, de Barcelona, SA	2,045	14	134	2,193
Barcelona Activa, SA	14,109	18	(1,017)	13,110
SM Barcelona Gestió Urbanística, SA	692	10	–	702
By the Equity Method	(1,762)	(4,718)	8,879	2,399
Barcelona Holding Olímpic, SA	300	300	(521)	79
Barcelona Sagrera AV	–	–	–	–
Barcelona Emprèn, SCR, SA	58	(35)	24	47
Barcelona Regional, AMDUI, SA	19	1	–	20
Mediacomplex, SA	148	(65)	(177)	(94)
Catalana d'Iniciatives, SCR de RC, SA	(2,287)	(4,919)	9,553	2,347
Total	215,137	43,336	10,813	269,286

(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 and Solucions Integrals per als Residus, SA (see note 2.2),

(c) Barcelona d'Infraestructures Municipals Group includes information regarding the parent firm and 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 2012 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.

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:

	Capital	Reserves	Fiscal result for the year	Interim dividends	Grants, donations and bequests	Total
BSM Group:						
TERSA Group	5,973	18,643	526	–	676	25,818
Mercabarna, SA	6,996	29,419	1,850	–	568	38,833
Total	12,969	48,062	2,376	–	1,244	64,651
BIM Group:						
Foment de Ciutat Vella, SA	1,142	610	4	–	–	1,756
Total	1,142	610	4	-	-	1,756
TOTAL	14,111	48,672	2,380	0	1,244	66,407

Note 11 – Capital transfers and other capital income

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

Balance as of December 31, 2011	724,658
Additions	33,262
Transfers to equity (note 9.1)	(61,605)
Transfers to results	(11,661)
Retirements	(32,848)
Others	(3,067)
Balance as of December 31, 2012	648,739

The balance at year end includes 62,180 thousand euros corresponding to revenue from urban development operations and 586,559 thousand euros corresponding to income from capital grants, all pending deferral as described in note 3.8.

The main subsidizers of the outstanding balance of these grants are as follows:

Table

7²⁷

Central Government	211,412
Autonomous Community	190,207
EU Institutions	82,960
Local Entities	85,558
Others	16,422
Total	586,559

Note 12 – Other deferred income

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

Table

7²⁸

Balance as of December 31, 2011	145,022
Additions	9,783
Transfer to revenues for the year	(3,327)
Transfer to short-term (note 17)	(5,410)
Others	549
Balance as of December 31, 2012	146,617

By nature, 143,783 thousand euros correspond to revenues received in advance for the usage of assets under municipal ownership and 2,834 thousand euros to income from the provision of diverse services.

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 2083 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 2012 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, 2012 (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

7²⁹	Balance as of December 31, 2011	87,433
	Additions	77
	Charge to personnel expenses (RDL 20/2012)	28,767
	Cancellation of provisions with credit to extraordinary results	(25,921)
	Others	(487)
	Balance as of December 31, 2012	89,869

This caption includes the amount of 28,767 thousand euros, corresponding to the December bonus that should have been paid to the entity staff before year-end, but was removed by Article 2.1 of Royal Decree Law 20/2012, of July 13, on measures to ensure fiscal stability and promotion of competitiveness. Article 2.4 of this provision states that “the amounts resulting from the abolition of the bonus and from additional special allowances or additional equivalent bonus in accordance with the provisions of this article will be used in future years to make plan contributions pension or group insurance contracts that include coverage for the retirement contingency, subject to the provisions of the Organic law 2/2012, of

Budgetary Stability and Financial Sustainability in the terms and to the extent determined in the relevant laws budget”. Therefore, since it is certain and due, this amount has been charged under the “Personnel Expenses” caption in the profit and loss debit account (note 18.1) with a credit to “Provisions for risks and expenses” in the liability balance sheet.

Note 14 – Debentures and Loans

The outstanding amounts as of December 31, 2012 corresponding to debentures and loans, both short and long-term, can be broken down as follows:

Table		Outstanding amount 12.31.2012	Long term	Short term
7³⁰	Description			
	European Union			
	Banking system	1,192,688	1,073,037	119,651
	Private placements	200,000	200,000	–
	Capital Markets	–	–	–
	Total Long-term debt	1,392,688	1,273,037	119,651
	Total short-term debt	8,344	–	8,344
	Total Debt	1,401,032	1,273,037	127,995

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 2012 fiscal year are as follows:

Table

7 ³¹

Balance as of December 31, 2011	1,340,058
Additions:	
- New operations	185,475
Retirements:	
- Contractual repayments	(114,990)
- Early amortization and assignment	(17,855)
Balance as of December 31, 2012	1,392,688

The long-term debt profile by maturities as of December 31, 2012 is as follows (in thousands of euros):

Table

7 ³²

Maturity	Amount
2013	119,651
2014	145,635
2015	171,862
2016	185,773
2017	173,406
2018	97,312
2019	56,990
2020	82,174
2021	74,238
2022	63,497
2023 and onwards	222,150
Total	1,392,688

As of December 31, 2012 there were stand-by credit lines for a total of 9,000 thousand euros, of which 8,344 thousand euros have been executed.

The average interest rate during the 2012 fiscal year was 2.84%.

As of December 31, 2012, 44% of the consolidated long-term financial debt had a fixed interest rate, and 56% had a floating interest rate.

Note 15 – Other long-term payables

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

Table	
7 33	Central Government – final settlement of the share of State taxes for 2008
	59,832
	Central Government – final settlement of the share of State taxes for 2009
	243,427
	Others
	31,511
	Balance as of December 31, 2012
	334,770

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, while the amount corresponding to fiscal year 2009 stood at 304,284 thousand euros. In accordance with Law 2/2012, of June 29, of the General State Budget for 2012, the period to offset these negative settlements has

increased from 60 to 120 monthly payments. Thus, the negative settlement for 2008 is due for maturity in the period 2011-2021 and the negative settlement for 2009 matures in the period 2012-2021. The amount due for maturity in 2013 is recorded under the “Other off-budget short term creditor” account.

Note 16 – Public Administrations

The breakdown of these accounts is as follows:

Table	
7 34	Concept
	Debit Balance
	Credit Balance
	Social security
	874
	27,668
	Value added tax – IVA
	8,073
	15,356
	Personal income tax – IRPF
	40
	9,268
	Corporate tax
	5,741
	35
	Grants
	17
	17
	Others
	44
	768
	Total
	14,789
	53,112

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.

Nota 17 – Accrued expenses

This account reflects the Group's definite liabilities as of December 31, 2012, 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:

Table

7 **35**

Capital and current transfers	26,627
Assigned land pending allocation to revenues	34,739
Urban development quotas	147
Transfers to short-term revenues (note 12)	5,410
Concessions for kiosks in parks	356
Annual users' fees	4,452
Concessions for graves	2,440
Fees for private-use concessions	128
Other advanced revenues	1,166
Unmatured accrued interests	7,048
Total	82,513

Accrued and unmatured payments to personnel are shown under the "Other non-trade payables" account and amount to 39,650 thousand euros.

Note 18 – Statement of results for the fiscal year 2012

18.1. Personnel expenses

This entry includes the wages and salaries of Group personnel, social security payments and other welfare expenses. Of the total amount, 28,767 thousand euros correspond to the December bonus that should have been paid to the Group staff before year end, but was removed by Article 2.1 of Royal Decree 20/2012 of July 13, on measures to ensure fiscal stability and promotion of competitiveness (see note 13).

The average payroll of the City of Barcelona Group during the 2012 fiscal year was 12,830 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		
7³⁶	Current Transfers	502,595
	Consortia and foundations	150,470
	Barcelona Metropolitan Area	144,779
	Metropolitan Transport Authority	80,174
	Non-profit organizations	63,522
	Other public agencies	8,312
	Autonomous community	14,000
	Firms	5,750
	Others	35,588
	Capital Transfers	33,061
	Consortia and foundations	18,283
	Non-profit organizations	3,971
	Autonomous Community	5,809
	Metropolitan areas	3,952
	Others	1,046
	Total	535,656

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		
7 ³⁷	Property tax	576,049
	Tax on economic activities	95,640
	Tax on the increase in land value	94,148
	Assignment of Central Government taxes	74,644
	Tax on motor vehicles	64,355
	Tax on construction, installations and works	31,910
	Total	936,746

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		
7 ³⁸	Fines	96,865
	Concessions and special uses	38,834
	Late payment surcharges and surcharges on collection proceedings	16,859
	Profit sharing	168
	Others	1,735
	Total	154,461

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:

The section "Central Government" includes 109,639 thousand euros relating to the final settlement of the share in State taxes for 2010.

Extraordinary results can be broken down as follows:

Table		
	Expenses	Incomes
Fixed assets	74,630	45,095
Modification of receivables, payables and provisions	50,164	74,205
Capital transfers allocated to the results	–	9,849
Other extraordinary results	126	6,307
Total	121,920	135,456
Net positive extraordinary result		13,536

Note 19 – Other Information and posterior issues

As of December 31, 2012, the guarantees provided by the Group to cover credit operations amount to 3,466 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 2012 fiscal year amount to 464,7 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 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, 2012 and 2011:

Table



	Fiscal year 2012		Fiscal year 2011	
	Amount	%	Amount	%
Payments within the legally established time limit	754,968	77%	753,108	67%
Difference	226,780	23%	376,828	33%
Total payments within fiscal year	981,748	100%	1,129,936	100%
Weighted average past due date (days)	15.70		22.83	
Adjournments that at date overshoot the maximum legal due date	4,091		10,582	

Note 20 – Table of financing for the 2012 and 2011 fiscal years

Table

742

Applications	Fiscal year 2012	Fiscal year 2011	Sources	Fiscal year 2012	Fiscal year 2011
			Funds obtained	447,838	408,202
			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	455,470	614,043	Tangible and intangible	9,817	4,050
Financial	5,875	9,900	Retirements of financial assets	8,500	12,820
Transfer of deferred income to short-term	5,410	5,351	Retirement of tangible and intangible assets due to the sale of SFB	–	40,468
Application for provisions for contingencies and expenses	–	372	Transfers of fixed assets	11,924	16,471
Long-term trade receivables	5,773	–	Long-term trade receivables	–	2,079
Long-term guarantees and deposits	–	1,419	Deferred income	10,332	11,216
Short-term transfer and cancellation settlement of share in Central Government taxes	–	97,855	Capital transfers and other capital revenues	33,262	124,901
Capital transfers and other capital revenues	3,067	–	Long-terms loans	185,475	30,880
Amortization and transfers to short-term of long-term debentures	143,777	135,979	Long-term guarantees and deposits	797	–
Minority interests for the sale of SFB	–	1,806	Provisional settlement of share in Central Government taxes	3,479	–
Consolidation reserves from the sale of SFB	–	23,282	Other long-term payables	2,168	2,882
Total applications	619,372	890,007	Total sources	713,592	718,628
Changes in working capital (increase)	94,220	–	Changes in working capital (decrease)	–	171,379
Total	713,592	890,007	Total	713,592	890,007

Table

7 43

Change in working capital	2012		2011	
	Increase	Decrease	Increase	Decrease
Inventories	–	18,548	22,271	–
Accounts receivable	–	9,630	30,169	–
Short-term financial investments	–	219,010	–	257,292
Cash	327,222	–	–	50,292
Accounts payable	14,186	–	76,907	–
Change in working capital due to the SFB effect	–	–	6,858	–
Total	341,408	247,188	136,205	307,584
Increase in Working Capital	94,220			
Decrease in Working Capital				171,379

Funds obtained from operations include the following:

Table

7 44

	Note	2012	2011
Result of the fiscal year	–	296,428	358,335
Net results on fixed assets	18.9	26,535	7,150
Provision for depreciation	–	125,550	120,362
Provisions for contingencies and expenses	13	28,844	11,764
Deferred expenses	7	101	355
Cancellation long-term provisions	13	(26,408)	(19,404)
Deferred income transferred to statement of Revenues and expenses	12	(3,327)	(2,705)
Capital grants transferred to results	11	(11,661)	(21,241)
Changes in provisions for financial investments	6	4,922	570
Result of minority interests	10	2,380	3,569
Positive result for the sale of 36% of SFB	–	–	(55,271)
Share by the equity method	2.2	4,474	4,718
Funds from operations		447,838	408,202

Notes on pages 103 to 131 of this document form the consolidated annual accounts report for the fiscal year ended as of December 31, 2012.

8

Five-year Data

Table

8 1

City of Barcelona (2008-2012)

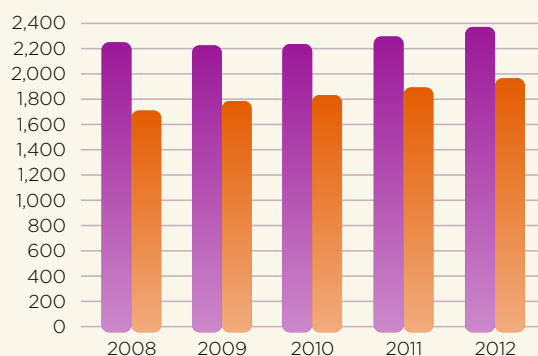
	2008	2009	2010	2011	2012	Annual Growth (%)
Personnel (on average)	6,958	7,087	6,715	6,710	6,638	-0.6%
Economic Position (thousands of euros)						
Current Revenue	2,239,324	2,217,494	2,217,997	2,291,600	2,362,803	1.4%
Current Expenses	1,700,126	1,780,394	1,842,501	1,882,470	1,948,596	4.2%
Gross Saving	539,198	437,100	375,496	409,130	414,207	-7.6%
Net Investments	575,109	551,637	575,557	451,190	398,683	-6.1%
Cash Surplus (Deficit)	157,745	20,000	-450,000	110,000	-75,000	
Total Debt as of 12/31	770,101	750,101	1,200,101	1,090,101	1,165,101	4.7%
Ratios						
Gross Saving / Current Revenue (%)	24.1	19.7	16.9	17.9	17.5	
Interest Coverage (x)	38.2	23.7	18.7	16.1	15.2	
Capital Expenditure Coverage (x)	0.9	0.8	0.7	0.9	1.0	
Capital Expenditure / Total Expenses (%)	26.6	32.5	29.3	22.7	18.3	
Debt / Current Revenue (%)	34.4	33.8	54.1	47.6	49.3	
Debt / Primary Saving (x)	1.4	1.6	3.0	2.5	2.6	
Average Life of Long Term Debt (years)	4.5	5.8	5.9	5.4	5.2	

Graph

8 2

Current Revenue and Expenses (millions of euros)

● Current Revenue ● Current Expenses



Graph

8 3

Current Revenue and Total Debt (millions of euros)

● Current Revenue ● Total Debt as of 12/31

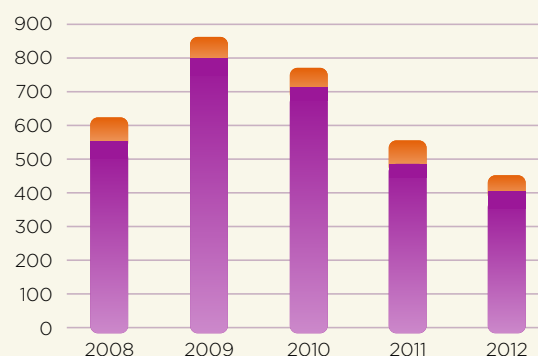


Graph

8 4

Direct and Indirect Capital Expenditures (millions of euros)

● Direct Capital Expenditure ● Indirect Capital Expenditure



Debt Rating at 2013/04/30

Standard & Poor's: BBB- neg (10/2012)

Moody's: Baa3 neg (12/2012)

Fitch: BBB neg (03/2013)

Table

8 5

City of Barcelona (2008-2012)

Balance Summary

(thousands of euros)

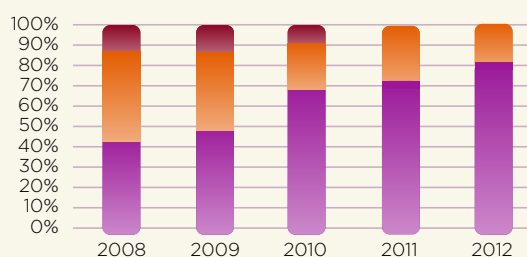
	2008	2009	2010	2011	2012	Annual Growth (%)
Intangible Fixed Assets	8,947	10,169	8,266	7,439	6,949	1.9%
Tangible Fixed Assets and Infrastructures	7,025,921	7,468,676	7,318,077	7,628,895	7,492,339	2.9%
Long-term Financial Investments	218,758	204,066	236,329	216,678	202,239	0.1%
Long-term Off-budget Receivables	1,909	2,920	4,666	2,955	9,033	35.5%
Deferred Expenses	601	1,186	983	810	709	-2.4%
Fixed Assets	7,256,136	7,687,017	7,568,321	7,856,777	7,711,269	2.8%
Accounts Receivable	295,344	385,542	364,502	428,913	431,479	8.6%
Cash	490,067	372,007	581,486	270,014	381,397	-5.1%
Current Assets	785,411	757,549	945,988	698,927	812,876	0.8%
Total Assets	8,041,547	8,444,566	8,514,309	8,555,704	8,524,145	2.6%
City of Barcelona Equity	6,159,258	6,175,562	5,531,692	5,798,720	5,726,736	0.5%
Subsidies and Other Capital Income	257,350	555,568	592,281	607,785	594,366	22.6%
Net Equity	6,416,608	6,731,130	6,123,973	6,406,505	6,321,102	1.7%
Deferred Income	92,594	89,846	98,763	99,507	101,405	1.2%
Provisions for Contingencies and Expenses	111,363	86,967	90,595	85,063	76,188	-7.1%
Long-term Loans and Debentures	770,101	750,101	1,200,101	1,090,101	1,165,101	4.7%
Other Long-term Liabilities	26,709	130,603	430,432	337,623	331,682	53.0%
Long-term Liabilities	1,000,767	1,057,517	1,819,891	1,612,294	1,674,376	7.4%
Short-term Payables for loans and Debentures	0	0	0	0	0	-
Payables and Others	611,863	645,726	558,322	526,342	518,349	0.5%
Accrued Expenses	12,309	10,193	12,123	10,563	10,318	-10.0%
Current Liabilities	624,172	655,919	570,445	536,905	528,667	0.2%
Total Liabilities	8,041,547	8,444,566	8,514,309	8,555,704	8,524,145	2.6%

Graph

8 6

Breakdown of Debt by Markets

- Bank Loans
- Public Bond Issues
- Private Placements

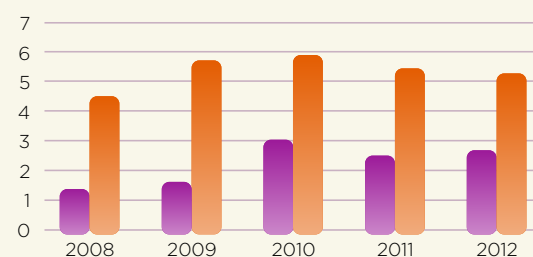


Graph

8 7

Repayment Capacity and Average Life of Debt

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



Table

8 8

Public Administration Debt According to the Excess Deficit Protocol (2008-2012)

Debt

(millions of euros)

	2008	2009	2010	2011	2012	Annual Growth (%)
Central Government	367,095	485,525	549,653	622,298	760,268	21.1%
Regional Government	72,625	90,962	120,778	141,363	184,500	24.8%
Local Authorities	31,775	34,700	35,431	35,420	41,964	7.4%
Spanish Municipalities	26,058	28,732	28,904	28,529	35,262	8.1%
City of Barcelona (1)	770	753	1,202	1,090	1,165	4.7%

Source: Banc of Spain (www.bde.es/infostet)

(1) Includes consorcia and foundations consolidated for the purposes of the Organic Law of Budgetary Stability and Financial Sustainability

Table

89

City of Barcelona Group (2008-2012)

	2008	2009	2010	2011	2012	Annual Growth (%)
Personnel (on average)	13,572	12,697	13,034	12,827	12,830	-0.7%
Economic Position (thousands of euros)						
Current Revenue	2,553,410	2,517,465	2,512,205	2,504,522	2,602,721	0.9%
Current Expenses	1,940,213	2,035,261	2,063,418	2,087,885	2,157,434	3.6%
Gross Saving	613,197	482,204	448,787	416,637	445,287	-8.1%
Net Investments	678,834	628,141	632,189	419,066	408,418	-8.3%
Cash Surplus (Deficit)	129,467	-47,730	-495,557	113,124	-64,932	
Total Consolidated Debt as of 12/31	927,773	974,358	1,464,405	1,346,783	1,401,032	5.6%
Ratios						
Gross Saving / Current Revenue (%)	24.0	19.2	17.9	16.6	17.1	
Interest Coverage (x)	25.1	17.1	14.9	12.5	13.0	
Capital Expenditure Coverage (x)	0.9	0.8	0.7	1.0	1.1	
Capital Expenditure / Total Expenses (%)	27.8	31.8	29.2	22.4	18.0	
Debt / Current Revenue (%)	36.3	38.7	58.3	53.8	53.8	
Debt / Primary Saving (x)	1.5	1.9	3.0	3.0	2.9	
Average Life of Long Term Debt (years)	5.5	7.0	6.6	6.4	6.1	

Graph

810

Current revenue and Expenses (millions of euros)

● Current Revenue ● Current Expenses

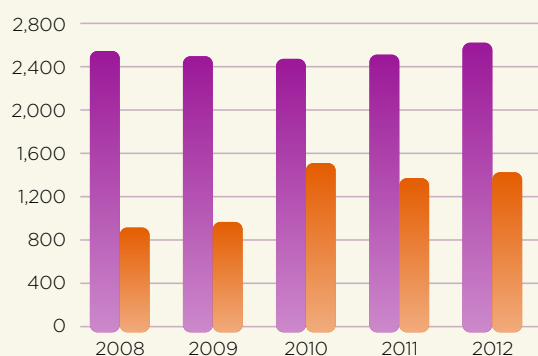


Graph

811

Current revenue and Total Debt (millions of euros)

● Current Revenue ● Total Consolidated Debt as of 12/31



Graph

812

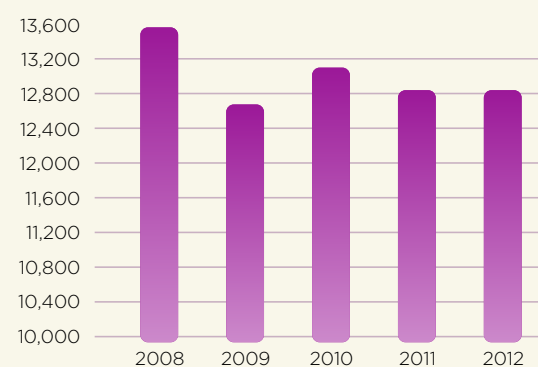
Consolidated Gross Capital Expenditure (millions of euros)



Graph

813

City of Barcelona Group Personnel (on average)



Table

814

City of Barcelona (2008-2012)

Balance Summary

(thousand of euros)

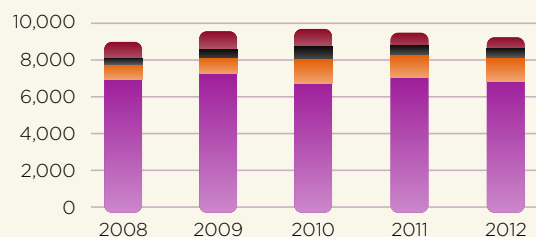
	2008	2009	2010	2011	2012	Annual Growth (%)
Intangible Fixed Assets	19,164	21,526	19,528	13,761	12,993	-25.5%
Tangible Fixed Assets and Infrastructures	7,637,578	8,111,805	7,990,897	8,276,663	8,119,984	2.9%
Financial Intangible Assets	158,827	142,866	191,839	164,623	147,592	-1.0%
Accounts Receivable for Long-term Trade Operations	29,890	34,704	29,514	27,435	33,208	3.9%
Deferred Expenses	2,247	2,832	2,630	2,275	2,174	-2.6%
Fixed Assets	7,847,706	8,313,733	8,234,408	8,484,757	8,315,950	2.7%
Inventories	60,715	105,705	107,236	127,868	109,320	15.9%
Accounts Receivable	386,271	473,607	507,056	525,655	525,720	6.1%
Cash	562,058	441,539	657,369	348,902	457,114	-3.4%
Accrued Expenses	1,476	4,292	2,851	12,054	2,359	-3.7%
Current Assets	1,010,520	1,025,143	1,274,512	1,014,479	1,094,513	2.1%
Total assets	8,858,226	9,338,876	9,508,920	9,499,236	9,410,463	2.6%
Equity	6,404,928	6,400,952	5,792,056	6,052,895	6,016,490	0.7%
Minority Interests	80,548	81,983	86,322	69,549	66,407	-1.8%
Subsidies and Other Capital Income	343,333	640,989	681,119	724,658	648,739	21.3%
Net Equity	6,828,809	7,123,924	6,559,497	6,847,102	6,731,636	1.9%
Other Deferred Income	133,101	130,695	141,862	145,022	146,617	-3.9%
Provisions for Contingencies and Expenses	124,289	92,313	95,958	87,433	89,869	-6.7%
Long-term Loans and Debentures	923,616	962,099	1,455,914	1,340,057	1,392,688	5.5%
Other Long-term Liabilities	62,419	165,124	466,864	368,694	363,844	34.2%
Long-term Liabilities	1,243,425	1,350,231	2,160,598	1,941,206	1,993,018	6.5%
Short-term Payables for Loans and Debentures	4,157	12,260	8,491	6,725	8,344	-
Accounts Payable	726,918	773,743	673,416	613,337	594,952	-0.5%
Accrued Expenses	54,917	78,718	106,918	90,866	82,513	10.1%
Current Liabilities	785,992	864,721	788,825	710,928	685,809	0.7%
Total Liabilities	8,858,226	9,338,876	9,508,920	9,499,236	9,410,463	2.6%

Graph

815

Composition of Liabilities (millions of euros)

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

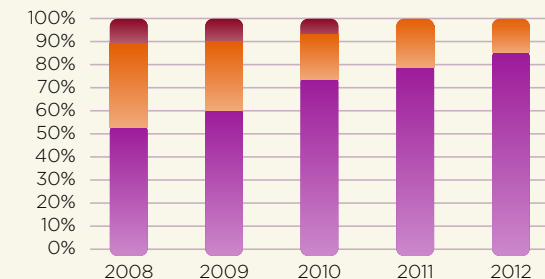


Graph

816

Breakdown of Consolidated Debt by Markets

- Bank Loans
- Private Placements
- Public Bond Issues



Table

817

Consolidated Debt of the City of Barcelona: Public Administration and Commercial Entities (2008-2012)

Consolidated Debt

(millions of euros)

	2008	2009	2010	2011	2012	Annual Growth (%)
Public Administration	774	750	1,200	1,090	1,165	4.6%
Commercial Entities	154	224	264	257	236	11.3%
Total Debt	928	974	1,464	1,347	1,401	5.6%

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