

2007

Annual Report  
City of Barcelona





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Published by: Gerència Municipal  
Photos: Antonio Lajusticia (except pages 38 and 55: Daniel  
Diego, and page 63: Vicenç Zambrano)  
Published by: Imatge i Producció Editorial Municipal  
Legal Deposit: B. 33.180-2008



# Annual Report 2007

## City of Barcelona

### Municipal Council Plenum

Mayor of Barcelona

The Hon. Mr. Jordi Hereu Boher (PSC)

1st Deputy Mayor

The Hon. Mr. Carles Martí Jufresa (PSC)

2nd Deputy Mayor

The Hon. Ms. Immaculada Mayol Beltrán (ICV-EUiA)

3rd Deputy Mayor

The Hon. Mr. Jordi William Carnes Ayats (PSC)

4th Deputy Mayor

The Hon. Mr. Ramon García-Bragado Acín (PSC)

5th Deputy Mayor

The Hon. Mr. Ricard Gomà Carmona (ICV-EUiA)

Councillors

PSC:

The Hon. Ms. Carmen Andrés Añón  
The Hon. Ms. Montserrat Ballarín Espuña  
The Hon. Ms. M. Assumpta Escarp Gibert  
The Hon. Mr. Guillem Espriu Avedaño  
The Hon. Ms. Itziar González Virós  
The Hon. Ms. Sara Jaurieta Guarner  
The Hon. Ms. Immaculada Moraleda Pérez  
The Hon. Ms. Gemma Mumbrú Moliné  
The Hon. Mr. Francesc Narváez Pazos  
The Hon. Ms. Montserrat Sánchez Yuste

CiU:

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The Hon. Mr. Raimond Blasi Navarro  
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The Hon. Ms. Teresa M. Fandos Payà  
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The Hon. Mr. Eduard García Plans  
The Hon. Ms. Mercè Homs Molist  
The Hon. Mr. Joan Puigdollers Fargas  
The Hon. Ms. Sònia Recasens Alsina  
The Hon. Mr. Xavier Trias Vidal de Llobatera  
The Hon. Ms. Francina Vila Valls  
The Hon. Mr. Antoni Vives Tomàs

PP:

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The Hon. Mr. Jordi Cornet Serra  
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. Mr. Alberto Villagrasa Gil

ERC:

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The Hon. Mr. Xavier Florensa Cantons  
The Hon. Mr. Ricard Martínez Monteagudo  
The Hon. Mr. Jordi Portabella Calvete

ICV-EUiA:

The Hon. Ms. Elsa Blasco Riera  
The Hon. Mr. Joaquim Mestre Garrido

## Government Comission

President

The Hon. Mr. Jordi Hereu Boher (PSC)

## Members

The Hon. Ms. Carmen Andrés Añón (PSC)  
The Hon. Ms. Montserrat Ballarín Espuña (PSC)  
The Hon. Ms. Elsa Blasco Riera (ICV-EUiA)  
The Hon. Mr. Jordi William Carnes Ayats (PSC)  
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The Hon. Mr. Joaquim Mestre Garrido (ICV-EUiA)  
The Hon. Ms. Immaculada Moraleda Pérez (PSC)  
The Hon. Ms. Gemma Mumbrú Moliné (PSC)  
The Hon. Mr. Francesc Narváez Pazos (PSC)  
The Hon. Ms. Montserrat Sánchez Yuste (PSC)

## Non-elected members

Mr. Pere Alcober Solanas  
Mr. Ignasi Cardelús Fontdevila  
Mr. Jordi Martí Grau  
Ms. Isabel Ribas Seix  
Mr. Antoni Sorolla Edo

## Executive Committee

President

**The Hon. Mr. Carles Martí i Jufresa**  
**1st Deputy Mayor**

## Vicepresident

**Mr. Andreu Puig i Sabanés**  
**City Manager**

## Members

**Ms. Gemma Arau i Ceballos**  
**Manager of Les Corts District**

Mr. Carles Arias i Casal  
Manager of Human Resources and Organization

**Mr. Jordi Campillo i Gámez**  
**Manager of Environment**

**Ms. Pilar Conesa i Santamaria**  
-deputy Manager of e-Government and Information Systems

**Mr. Joan Albert Dalmau i Balagué**  
**Manager of Prevention, Safety and Mobility**

**Mr. Albert Duran i Escribà**  
**Manager of Sarrià-Sant Gervasi District**

**Ms. Mari Carme Fernández i González**  
**Manager of Gràcia District**

**Ms. M. Glòria Figuerola i Anguera**  
**Manager of Social Action and Citizenship**

**Ms. Montserrat Filomeno i Martí**  
**Manager of Horta-Guinardó District**

**Mr. Ricard Frigola i Pérez**  
**Manager of Economic Promotion**

**Mr. José García i Puga**  
**Manager of Nou Barris District**

**Mr. Víctor Gimeno i Sanjuan**  
**Manager of Sant Martí District**

Mr. Máximo López i Manresa  
Manager of Eixample District

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

Mr. Ramon Massaguer i Meléndez  
Manager of Urban Planning and Infrastructures

Mr. Josep Sans i Díez  
Manager of Sants-Montjuïc District

Ms. M. Pilar Solans i Huguet  
Manager of Finances

Mr. Albert Soler i Sicília  
Manager of Education, Culture and Welfare

Mr. Miguel Angel Valdueza i Romero  
Manager of Sant Andreu District

Mr. Eduardo Vicente i Gómez  
Manager of General Services and Territorial Coordination

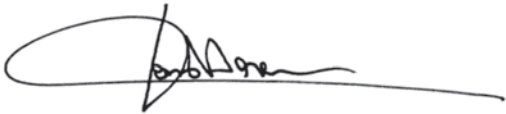
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The Barcelona of the subdistricts, the city-city, the city which works so actively for cohesion and quality, the creative, changing city. These are the different sides of one same reality, as is the Barcelona capital of Catalonia.

The priorities of the municipal government, the dimensions of Barcelona and its needs all share a common, and obvious, point of reference – the personality and wishes of the city and its people. But nothing would be possible without the structure of the City Council, the combined efforts of its workers and services. I want to place on record the value of the municipal organization, along with its determination to continue modernizing and placing itself at the service of the new vision that Barcelona demands, and of which this report is a palpable and fitting example.

A handwritten signature in dark ink, featuring a large, stylized initial 'J' followed by a series of loops and a long horizontal stroke extending to the right.

Jordi Hereu Boher  
Mayor of Barcelona

# Letter from the Mayor

Jordi Hereu Boher, Mayor of Barcelona

The year 2007 has been an intense one for Barcelona. It has, to a certain extent, been marked by a number of difficult episodes, this is undeniable, but we have also taken some highly significant steps forward and, above all, have set the course for the 2008-2011 mandate.

We have suffered major setbacks in the operation and execution of infrastructure and essential services, but the city has responded. Adversity has led to Barcelona once again reasserting its strength.

Citizens let me know their needs on an almost daily basis, and this is how it should be; as Mayor I want Barcelona residents to be demanding, because this is a sign of their involvement. At the same time, they tell me about their faith in what lies ahead, their fighting spirit, about how they want to look to the future. They are the first to set the example, to demonstrate, day in day out, that with effort and capability, ideas and energy, and with the conviction of their own possibilities, they can forge on.

We at City Hall will do everything in our power to respond to the needs of Barcelona citizens, and our sense of purpose in this respect is utmost in the city government.

A government which emerged from the Municipal Elections held in spring 2007 whose results endorsed an administration that would be both progressive and supportive of Catalan autonomy. A government that exercises the responsibility with which it has been entrusted without shirking the consequences. A government that has a clear picture of Barcelona's needs, and the ideas, proposals and instruments to meet them.

The route map to be followed is the Acord de Govern (Government Agreement), which is detailed in the Municipal Action Plan. During this mandate we want to guide Barcelona to take further steps forward. More steps and new accents for a changing society. The challenges are new and require new actions and proposals. We will carry these out on the basis of the groundwork already laid and the values that define us.

Cities that progress are sustained by certain collective values; the values that differentiate a city from a conglomeration of houses and businesses. They are the essence of life in society, and their strength or weakness provides clues to the strength or weakness of a society, of a city. Freedom, equality, solidarity, dialogue, coexistence, respect – these are the values that explain us as a city. Nothing of what has happened in this city over the last thirty years can be understood without the coming together of values between the city, its citizens and City Hall.



Or without the leadership of the City Council. A leadership with the style and form of the city itself, based on diligence, efficiency and tenacity. A synonym of institutional and political commitment and, thus, a commitment which is social, transparent, innovative and ambitious. And a synonym of proximity – this City Council has an undertaking with proximity as a philosophy, a method and a strategy.

Proximity means listening and reflecting. Proposing, explaining and sharing. It also means taking action with efficacy and efficiency, determination and certainty. And it means exercising authority with the legitimacy by which it is endorsed.

Proximity is the awareness of reality, knowing what goes on in each subdistrict. Proximity is the provision of goods and services with inherent quality. Proximity is the capability of exchanging views at the time and in the place where things happen.

The implementation of proximity takes us to the subdistricts. The city has 73 subdistricts and they make up the new frame of reference, the new unit of measurement, the new scale on which to act. A close-up vision that guarantees conscientious work and the pinpointing of objectives.

The subdistrict is public space, a meeting point, the place for living together. With well distributed services and facilities. This is the way to consolidate the basis of social cohesion.

The Barcelona of the subdistricts is the Barcelona which deliberates, works and gains, day by day, in wellbeing, cohesion and urban quality. And not all has been accomplished in this field, by a long way. I repeat the proposal I announced when I assumed the office of Mayor – cohesion is the fundamental principle of the municipal government and where we are concentrating our best endeavors.

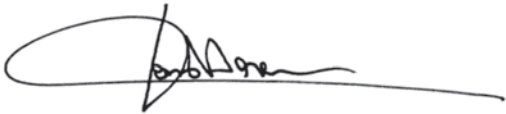
Like the efforts we are also concentrating on what must surely be Barcelona's other distinctive feature, a concept which is at the same time method and objective: creativity.

Creativity means added value, leading-edge and emerging sectors, an economic orientation founded in the use of technology, knowledge and innovation, also applied to developed sectors. Creativity is talent, creativity is Barcelona's "distinguishing feature", as it is culture and innovation.

It is also the driving force of transformation. Barcelona is a reality in constant change. This non-conformism is what enables us to advance and progress. Successive generations have understood how to reinvent the city, to bring it up to date. In terms of urban development, the city of Barcelona is not finished. Many projects remain, and the new mandate must represent a new step forward in this field too.

The Barcelona of the subdistricts, the city-city, the city which works so actively for cohesion and quality, the creative, changing city. These are the different sides of one same reality, as is the Barcelona capital of Catalonia.

The priorities of the municipal government, the dimensions of Barcelona and its needs all share a common, and obvious, point of reference – the personality and wishes of the city and its people. But nothing would be possible without the structure of the City Council, the combined efforts of its workers and services. I want to place on record the value of the municipal organization, along with its determination to continue modernizing and placing itself at the service of the new vision that Barcelona demands, and of which this report is a palpable and fitting example.

A handwritten signature in dark ink, featuring a large, stylized initial 'D' followed by a series of loops and a long horizontal stroke extending to the right.

# Forward

**Jordi William Carnes Ayats,**  
Chairman of the Finance and Budget  
Commission

## Economic Framework

Expectations for growth in the world economy are now less favorable as a result of sustained increase in the prices of oil and other materials which are basic for manufacturing activity and food supply. A further effect has been the extension throughout most markets of the financial crisis arising out of the American subprime mortgage collapse. The world economy is expected to have ended 2007 with an average growth rate in constant terms of about 4.5%, slightly lower than in previous years.

Once again, the most dynamic economies are to be found on the Asian continent, particularly in China, India and some of the region's emerging economies. In the case of the leading Western economies, that of the United States appears to be most affected by the growth crisis, while in the European Union this change in expectations has had less impact and been noted somewhat later. All indications point to a growth rate of 2.8% for fiscal year 2007, slightly lower than a year ago but exceeding, for the second straight year, that of the United States.

Of the main European economies, Great Britain and Germany, with GDP growth rates around 3% and 2.5% respectively, present the best results at year end. France may achieve an increase of some 2%, while Italy expects to show a rhythm of growth similar or slightly inferior to the French figure in 2007.

GDP growth in Spain in 2007 was 3.8% in real terms, only one decimal point less than a year ago. In contrast to the trend since 2003, the evolution shown by quarterly GDP growth during 2007 suffered a downturn. This may be attributed to a gradual cooling in national demand, basically motivated by increased interest rates and the reduction in house building. The negative contribution of external demand to economic growth has continued to diminish, thanks to the increase in exports and a certain containment in imports.

The progressive slow-down shown by GDP growth throughout 2007 was reflected in a deceleration in the process of creating new jobs. At year end, the number of persons subscribed to Social Security had risen by 1.5%, eight decimal points less than the 2006 increase. Stabilization of the actively employed population enabled the year to be closed maintaining a slightly lower level of unemployment

In the Metropolitan area, activity in the Port of Barcelona grew around 8% in volume, exceeding 50 million tonnes. Passenger transport through the Barcelona airport-harbor platform, with sustained increases for the third straight year of approximately 10% (13.4% in the case of the port, and 9.3% in that of the airport), is one of the factors which accounts for the expansion noted in the hotel sector. Provisional data from 2007 indicates that some 7.1 million people visited the City during the year, generating 13.6 million overnight stays in Barcelona hotels.

The Consumer Price Index for the Province of Barcelona closed 2007 with a year-on-year variation of 4.3%, similar to that of Spain and Catalonia, significantly up on the previous year, and one of the



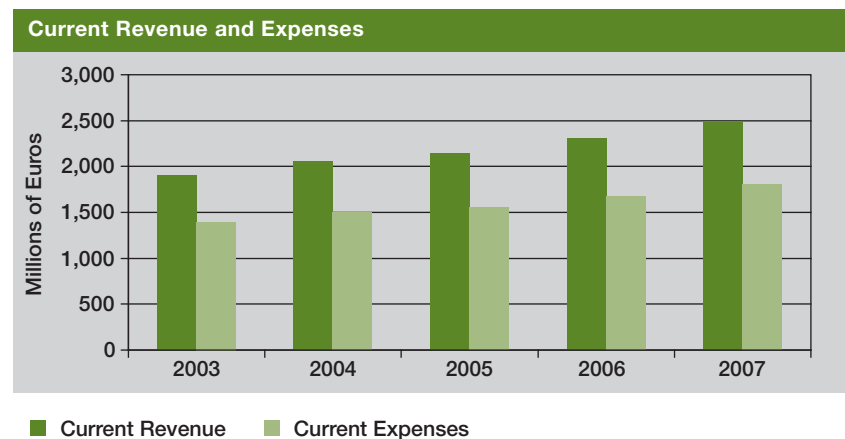
highest in recent times. This upturn in inflation rate was also felt in the rest of Catalonia and Spain, leading to a new increase in the index as compared with the EU average. This inflationist trend has been accentuated by the increasing costs of oil and food.

Stagnation characterized activity in the construction sector during 2007, in response to the containment of demand brought about by increases in real estate and finance prices. The change of cycle undergone by the residential construction sector in Barcelona has been less marked than in the rest of the country, as the excess of new supply did not reach the magnitude of other areas.

## Economic-financial Evolution of the City of Barcelona

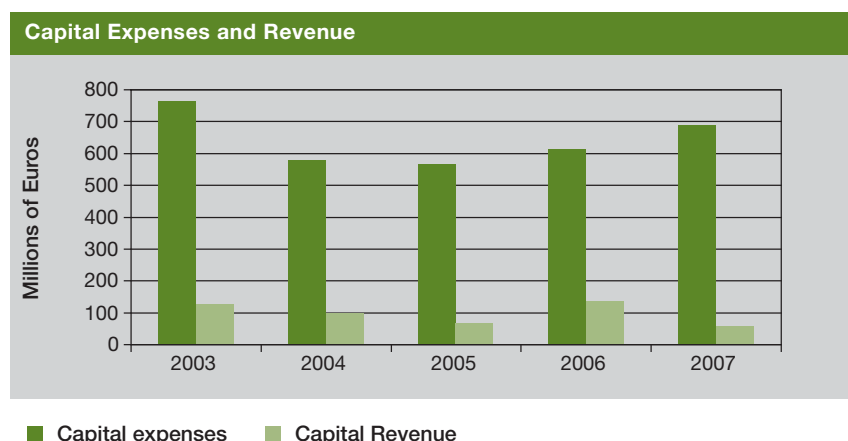
Over the last five years, current revenue has risen at an accumulative annual rate of 6.4%, while average annual inflation during the same period was 3.3%. The factors that have led to this evolution include: a) the gradual application over a period of ten years of the new public land register values approved at Central Government level in 2001; b) intense general activity in the building industry and property market during this period; c) the growing tendency for certain services to be partially paid for by users themselves, and d) the sustained growth in non-earmarked transfers from the Central Government, which have exceeded the average.

The structure of current revenue has changed over these last five years. Local taxes reflect the ongoing decrease in their contribution and have fallen from representing 35% of current revenue in 2002, to 29.4% in 2007. A slight increase in the contribution from the rest of local revenue was observed (especially income from the sale of goods and provision of services), which rose from 26.3% in 2002 to 26.9% in 2007. Likewise, current transfers have also gained five decimal points, rising from 38.1% in 2002 to 43.1% in 2007, if we take the share in Central Government taxes into account

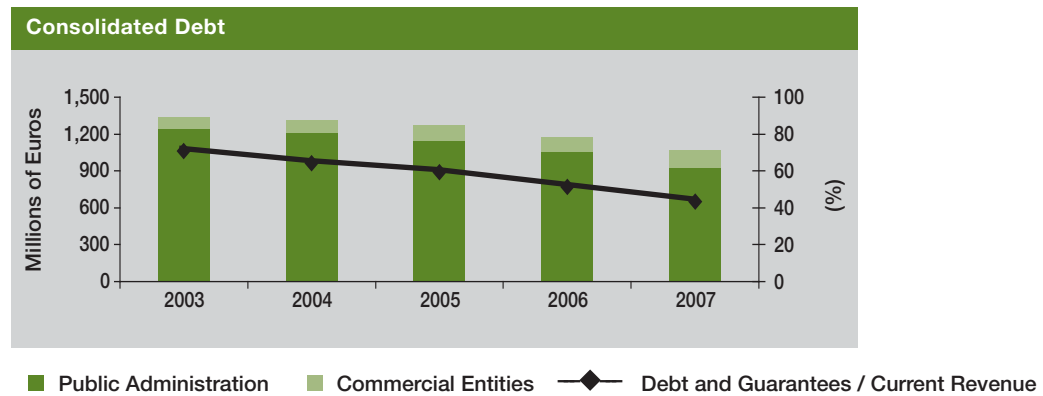


Over the last five years, current expenses have grown at an annual rate of 6.0%, four decimal points less than the growth registered in current revenue. Overall, this reduced growth has been possible due to the reduction in financial expenses by some 13.9% annually. There was a notable rise in expenses in works, supplies and external services, and in current transfers, which have grown at an annual rate of 9.3% and 10.8% respectively, substantially above the annual inflation rate for the same period. Together, the expenses in works, supplies and external services and those of current transfers have gained weight in the overall balance of current expenses, and have risen from representing 51.4% in 2002 to 61.0% in 2007, while expenses on personnel, provisions and financial expenses have had a reduced influence.

In the period 2003-2007, consolidated capital expenses exceeded 3,200 million euros. Some 83% has been allocated to direct investments and 17% to capital transfers to the Metropolitan Transport Authority (ATM), and Barcelona Holding Olímpico, S.A. (HOLSA), as well as to cultural installations. Assignments have also been made to increases in capital, basically in Fira 2000, SA. In April 2007, the City of Barcelona made the final capital transfer to HOLSA; this company thus cancels its debt, prior to December 31, 2007.



Some 85% of capital expenses were financed with the gross savings generated by current operations, and the remaining 15% with income generated by the management of assets and capital transfers. Investment coverage for the whole period, measured as gross savings on net investment, was 1.1, which has enabled consolidated debt to be reduced by almost 20%.



The consolidated debt of the City of Barcelona as of December 31, 2007 amounted to 1,067 million euros, of which 929 million correspond to the public sector of the City of Barcelona and 138 million euros to its commercial entities, in other words, to the Patronat Municipal de l'Habitatge (Municipal Housing Agency) and the Barcelona de Serveis Municipals group. In relation to the previous year, consolidated debt has been reduced by 112 million euros.

Finally, I wish to recognize the willingness to help and the hard work carried out by each and every one of the municipal employees, in their effort to offer a quality service to all who live, work and visit Barcelona.

# 1



## The Political and Administrative Organization of the City of Barcelona

The Barcelona Municipal Charter determines, among other subjects, municipal powers, the organization of the Municipal Government, the districts, executive municipal organization and citizen participation.

### 1.1. Municipal Government Structure

The organization of the City of Barcelona is structured into two different levels. First, a political level, in which local policies are discussed and strategic decisions concerning such policies adopted. Secondly, the management level, which deals with the administration of services in accordance with the aims established in the political sphere.

The political sphere is composed of different government bodies: the Municipal Council, the mayor, the Government Commission and the District Councils.

The Municipal Council is the highest government body in the city representing citizens, and is chaired by the mayor. It meets in ordinary session on a monthly basis and the sessions are open to the public.

The Municipal Council consists of 41 councilors. Municipal elections are held every four years on the basis of proportional representation. The results of the last elections, held in May 2007, yielded a coalition government of the PSC and ICV-EUiA, with a total of 18 councilors of the 41 that make up the Municipal Council.



#### Result of the municipal elections held on May 27th, 2007

	Number of Councilors
PSC - Partit dels Socialistes de Catalunya	14
CiU - Convergència i Unió	12
PP - Partit Popular	7
ERC – Esquerra Republicana de Catalunya	4
ICV-EUiA - Iniciativa per Catalunya Verds – Esquerra Unida i Alternativa	4
Total	41

The Municipal Council carries out the functions of deliberation, monitoring and overseeing of government and administration activities. It passes the municipal action program (PAM), the budget, the annual accounts, by-laws and urban development plans.

The Municipal Council functions through plenary sessions and commissions. The commissions of the Municipal Council have powers of decision and control as well as providing information in those areas that fall within their sphere of responsibility. They deal with those affairs which are to be submitted to the Plenary, and control and oversee the activity of the government bodies and administration. Included among their duties is the authorization and granting of certain contracts depending on the sums involved, as well as the initial approval of the budget, by-laws and regulations that fall within their jurisdiction. The distribution of votes among the political groups on the commissions is proportional to the number of councilors they have on the Municipal Council.

The eight standing commissions of the Municipal Council approved during the Municipal Council Plenary of July 3rd, 2007 are the following:

Commissions	Sphere of Action
Presidency, Territory and Public Function	Municipal Organization. Institutional and Citizen Relations
Finance and Budget	Financial, Taxation and Budgetary Policy.
Urban Planning, Infrastructures and Housing	Policies of Territorial Balance and Urban Planning. Infrastructures. Promotion of Housing.
Economic Promotion, Employment and Knowledge	Economic Promotion of the City, Business Support and Employment Initiatives. Tourism and Trade. Promotion of IT.
Sustainability, Urban Services and Environment	Maintenance of the City and Urban Services. Parks, Gardens and Beaches. Environmental Policy.
Culture, Education and Social Welfare	Education, Culture and Sport. Youth Policy and Immigration Policy.
Social Action and Citizenship	Primary Assistance and Social Work. Civil Rights. Policy for the Elderly.
Safety and Mobility	Citizen safety, Civil Protection, Public Transport and Traffic Control.

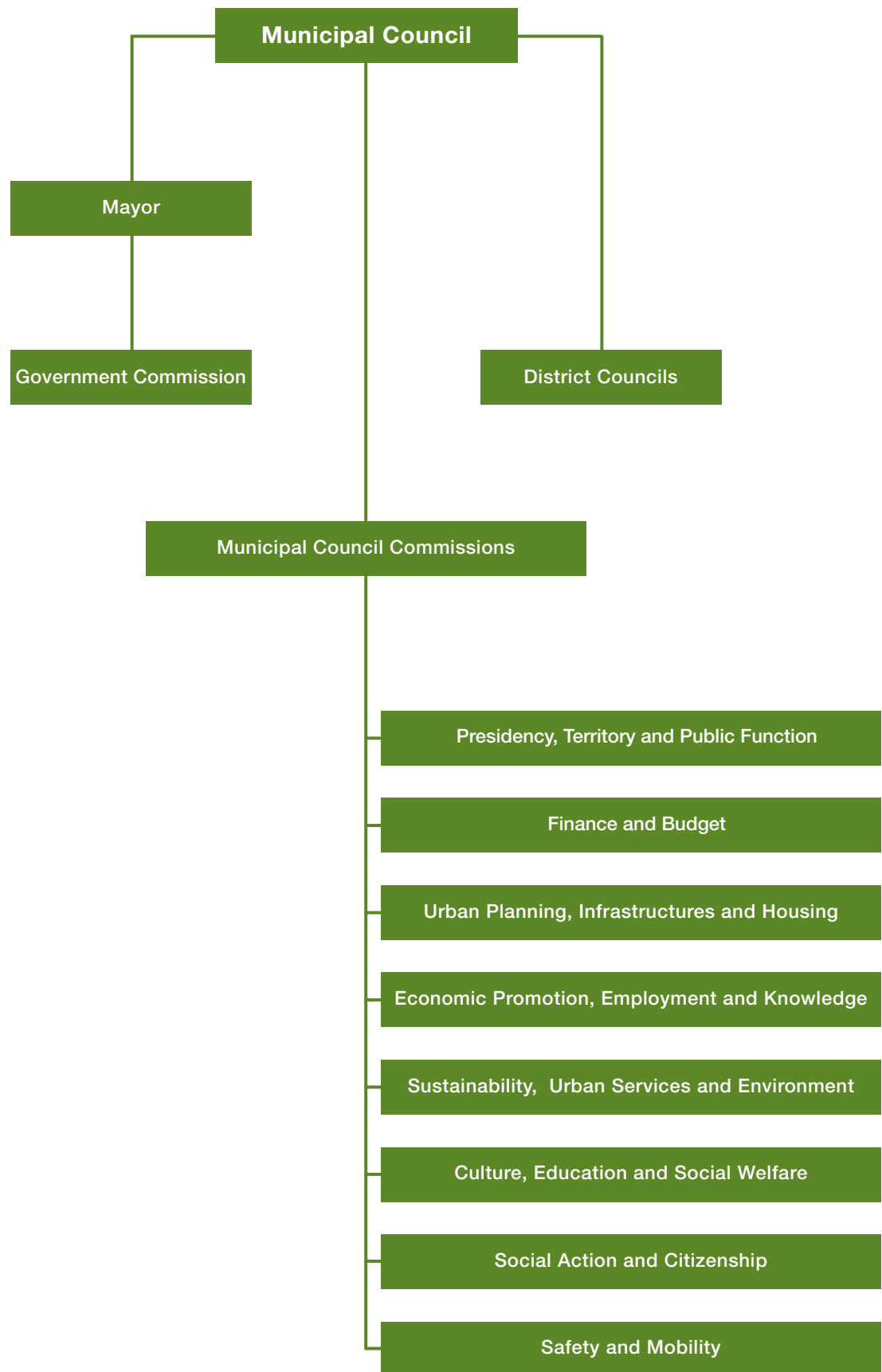
The mayor is the chairperson of the municipal corporation and exercises the powers conferred on him by the Barcelona Municipal Charter, general legislation concerning local government, and specific laws and municipal regulations. These powers include the ordinary management of the municipal government, the representation of the municipality, and the presidency of the Municipal Council and the Government Commission.

The Government Commission is the collegiate body of the executive municipal government and its members are appointed by the mayor. At present it is composed by the 18 councilors of the government coalition and 5 non-elected members appointed by the mayor. It generally meets twice a month. The main purpose of the first meeting is to approve or examine and report on the items of business included on the agenda of the Plenary and the Municipal Council commissions, depending on the subjects to be dealt with and the sums involved. The aim of the second meeting is to inform on and monitor the 2008-2011 Municipal Investment Plan. These items will have been prepared and reported on beforehand by the Executive Committee.

The City of Barcelona is administrated on a decentralized basis consisting of ten districts divided territorially: Ciutat Vella, Eixample, Sants-Montjuïc, les Corts, Sarrià-Sant Gervasi, Gràcia, Horta-Guinardó, Nou Barris, Sant Andreu and Sant Martí.

The highest governing body in each district is the District Municipal Council, chaired by a councilor appointed by the mayor and made up by a minimum of 15 and a maximum of 23 councilors, depending on the number of residents in the district and in accordance with a pre-established scale. Furthermore, the mayor delegates to a councilor appointed on the proposal of the municipal groups those powers required for the running of the district within its territorial boundaries. Furthermore, the mayor delegates to a councilor appointed on the proposal of the municipal groups those powers required for the running of the district within its territorial boundaries. The District Municipal Councils have authority to report and to make proposals on plans, programs, budgets and urban development instruments that affect their respective districts and the distribution of the expenses that are assigned to them.

The districts are territorial bodies whose purpose is to facilitate management and the decentralization of citizen participation.



## 1.2. Managerial Organization

The executive level of the municipal administration of the City of Barcelona is managed and coordinated by the City Manager and is divided functionally into nine sectors of activity, territorially into ten districts and from the functional specialization point of view into a group of legally constituted bodies –autonomous local agencies, public entities and municipal firms. The different sectors and districts are run by managers appointed by the mayor.

The nine functional sectors are:

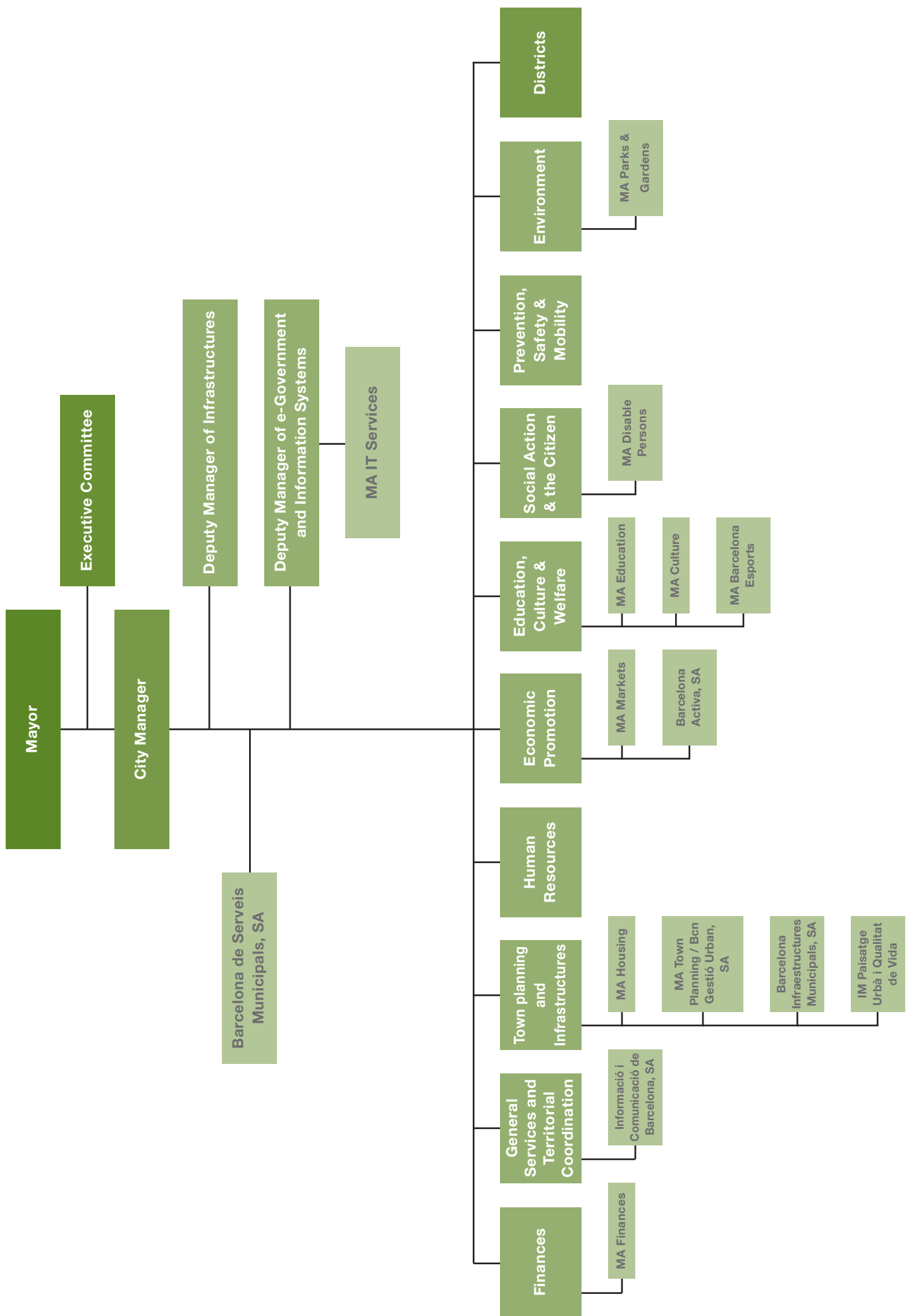
- a) Education, culture and social welfare: education, culture, sports, citizen participation, young people, women, and uses of time.
- b) Social action and citizenship: social services and civil rights.
- c) Environment and urban services: street cleaning, solid urban waste and sanitation; maintenance, paving, public lighting and water; maintenance of parks, green zones and beaches; energy saving and renewable energies, education and environmental participation, and the monitoring and reduction of pollution.
- d) Prevention, safety and mobility: public safety, fire prevention and civil protection services, mobility, traffic and public transport, road safety and parking.
- e) Urban planning and infrastructures: town planning and territorial and urban layout, urban landscape, infrastructures and housing.

- f) Economic promotion: economic promotion of the city, employment and innovation, commerce, municipal market network, consumer affairs, tourism and information technology.
- g) General services and territorial coordination: central administration, heritage and coordination of the districts.
- h) Human resources and organization: human resources policies and staff administration and organization.
- i) Finances: financial, accounts, budget and tax administration, coordination of municipal companies, agencies and dependent entities; and investment monitoring.

The Executive Committee is the collegiate managing body of the executive municipal Administration. It is chaired by the mayor or the deputy mayor delegate, and the municipal manager is the vicechairperson. It consists of all the sector and district managers and its main functions are: a) to coordinate the measures adopted by the different sectors of activity; b) to establish general management criteria; c) to prepare and report on matters to be submitted to the different collegiate government bodies; and d) to inform the managers of political approaches and the priorities of the Municipal Government.

The public bodies and municipal companies are functionally integrated into one of the sectors of activity according to the services they provide, and are coordinated with the manager of the sector in question.





### 1.3. Citizen Participation

The City of Barcelona guarantees citizen participation, especially in matters affecting citizens' quality of life most directly, by means of different bodies and mechanisms of participation.

The bodies of citizen participation are the Council of the City, the District Council of the City and the Sectorial Councils, which may be at either the city or the district level.

The Council of the City consists of representatives of the economic, social, cultural and professional entities as well as representatives of neighborhood associations. It is a body whose purpose is to discuss the Municipal Action Program, the municipal budgets, the principal projects in the city and the indicators arising from the results of municipal management. It meets twice a year in ordinary session and provides support for the District Councils of the City and the Sectorial Councils.

The District Council of the City is the highest consultative body and organ of citizen participation in each district, and is empowered to address all the questions that fall within its competence. It is composed of representatives from the district and local entities, as well as of associations and citizens within its territorial boundaries.

The Sectorial Councils are formed by councilors from the different political groups, representatives of different entities, and prestigious personalities belonging to the different sectors. Examples of these bodies include the Council for Social Welfare, the School Council, the Immigration Council and the Pact for Mobility. They issue reports on the municipal actions taken in their sector, foster participative processes and inform the Council of the City on their activities.

There are many mechanisms of citizen participation. For instance, through the public audience citizens can receive information and propose the adoption of certain agreements to the municipal administration. Public audiences may be at either the city or the district level, and those that address the state of the district are held a minimum of bimonthly. Every year there is a public audience devoted exclusively to the budget and tax by-laws. Furthermore, citizen initiative is the mechanism whereby citizens may request the City of Barcelona to take particular action or exercise municipal powers in the public interest, and for which they may contribute funding, material, rights or personal work. Thirdly, nonprofit-making citizens' entities, organizations and associations can exercise municipal powers in cases of activities and services liable to indirect management by means of public tenders. Finally, the City of Barcelona and the districts may request citizens' opinions on matters pertaining to their competence through citizen consultation.

# 2



## Barcelona Economic Evolution in 2007

### 2.1. Growth in the World Economy Decelerates

Growth expectations in the world economy are now less favorable as a result of the sustained increase in the price of oil and other basic materials for the manufacturing and food industries, coupled with the extension throughout most markets of the financial crisis brought about by the American sub-prime mortgages. In short, the slowdown in expansion in which the world economy is immersed has led to forecasts that 2007 will have closed with an average growth in constant terms of around 4.5%, slightly lower than that of previous years.

It comes as no novelty that, once again, the most dynamic economies are to be found on the Asian continent. In addition to the two huge demographic powers, China and India, whose increasingly more powerful economies registered GDP growth rates around 10%, the dynamism maintained by some of the region's emerging economies should not go unnoticed. This has largely been the result of the rise in prices of energy and raw materials due in part to increased demand from the biofuel industry, the same factors as explain the higher GDP in a good deal of Latin America.

As for the leading Western economies, the United States appears to be most affected by the growth crisis, with the dollar's depreciation being a clear symptom. Following almost five years as leaders of the world economy alongside China, the real-estate crisis has accentuated a deceleration that was expected to be smoother. In the case of the European Union this change in expectations has been less notable and has arrived later, with forecasts that the growth rate for end-2007 will be slightly lower than that of the previous year but exceeding for the second straight year that of the United States. Unfortunately, most predictions

suggest the first consistent signs of a recovery in growth will not appear until 2009.

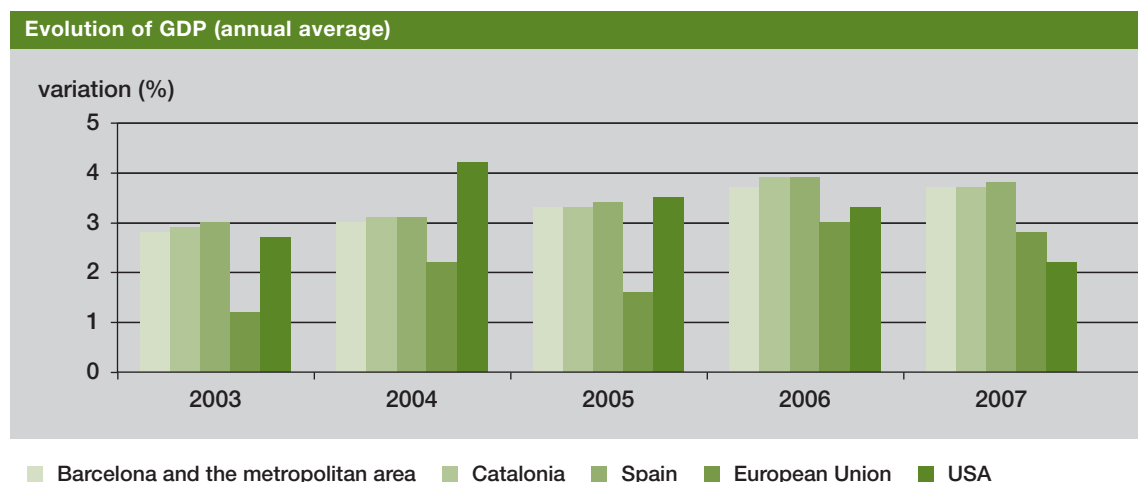
In the European context it is necessary to differentiate between EU-15 members and those countries that formed part of the latest enlargement. With certain exceptions, the peripheral economies and those of new EU members, whose degree of economic development is considerably lower than that of other members, have maintained extremely strong growth rates. This has offset in part the relatively accentuated deceleration suffered in economic expansion in the Euro zone. Early indicators suggest that year-end GDP for the EU as a whole will show a growth of around 2.8%, approximately three points less than a year ago.

Of the major European economies, the United Kingdom and Germany present the best results at year-end, with GDP growth of some 3% and 2.5% respectively. France may achieve an increase of around 2%, while Italy seems unlikely to maintain the upward trend of the previous year and is expected to close 2007 with a growth rate similar to or slightly lower than that of France.

## 2.2. The Spanish Economy Shows the First Symptoms of Deceleration

According to the Quarterly National Spanish Accounts prepared by the INE (National Statistics Institute), Spain's growth in 2007 was 3.8% in real terms, only one decimal point lower than the previous year. In financial terms the increase was 7%, relatively one point less than in 2006. These results complete a five-year period of sustained growth at an average annual rate of 3.5%, confirming yet again that the Spanish economy continues to show more dynamism than the European, duly widening the growth differential with the rest of the EU.

In contrast to the trend since 2003, the evolution shown by Spanish quarterly GDP growth figures in 2007 was one of deceleration. This slowdown is attributable to the steady cooling of national demand –from 5.1% in the first quarter to 3.9% in the last– without substantial differences being appreciated between investment and consumption. The negative contribution of foreign demand to economic growth has continued to shrink thanks to exports maintaining the slight upward



trend of the previous year and to the containment of imports.

The reduction in growth of the main components of national demand is basically explained by the increase in interest rates. The hardening of monetary policy has impacted on spending on consumption by household economies through the increased financial charges they now support. This is a consequence of the process of incurring increasingly higher debt, taking advantage of years of comparatively low interest rates, which were at times negative in real terms. In the case of the constraint in expenditure in gross fixed capital formation, the gradual standstill that affected house building as the year progressed must also be taken into consideration.

As regards the supply side, only the primary sector –with unpredictable results due to climatological effects and other factors– closed 2007 with significant growth in the value of production, thanks largely to the increase in price of certain basic products. Overall industrial activity including energy production maintained steady average annual real growth of around 2.7%. The tonic in the tertiary sector, which in absolute terms accounts for 60% of GDP, is one of stability in growth rates driven, once again this year, by off-market services.

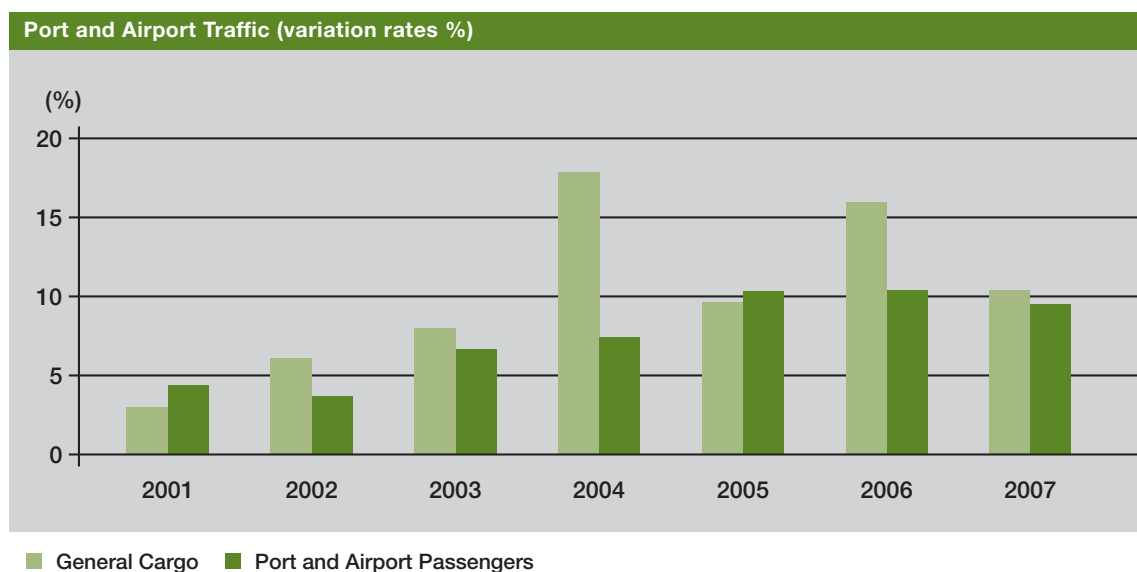
The first official assessments of GDP growth in Catalonia indicate an average annual rate of 3.7%, two decimal points below that of a year ago. By major economic sectors, only the tertiary sector, based as in the case of Spain in off-market services, was shown to be more dynamic than in 2006. Construction has lost its recent condition as the driving force behind

economic activity and presented annual results in line with overall GDP growth. Industrial activity was unable to maintain its early expansive trend and ended the year with an average annual growth of 2.3%.

### **2.3. Industry Loses Strength in Favor of Logistics Activities**

As observed in relation to the quarterly Spanish GDP and applicable also to the Catalan case, the evolution of economic activity in 2007 has presented a deceleration. A profile perfectly in line with the evolution of metropolitan industry and one which means that annual averages offer more positive results than those of year-end. Growing competition by products from the emerging economies and the revitalization of the euro together with an industrial fabric in transformation and increasingly limited in terms of installed production capacity are significant factors in explaining why growth in strictly industrial production in the metropolitan region is weaker than in overall economic activity.

A case apart from that of manufacturing industry in Catalonia and taking advantage of the notable expansion in world trade, activity in the Port of Barcelona has increased almost 8% in volume, some two percentage points more than a year ago, exceeding 50 million tons and reaching a new annual record. Leaving aside bulk transported goods, basically made up of raw materials, energy products and semi-manufactured products, the aggregate of general cargo which includes goods with higher added value has grown around 11% and now represents some 70% of total traffic in volume.



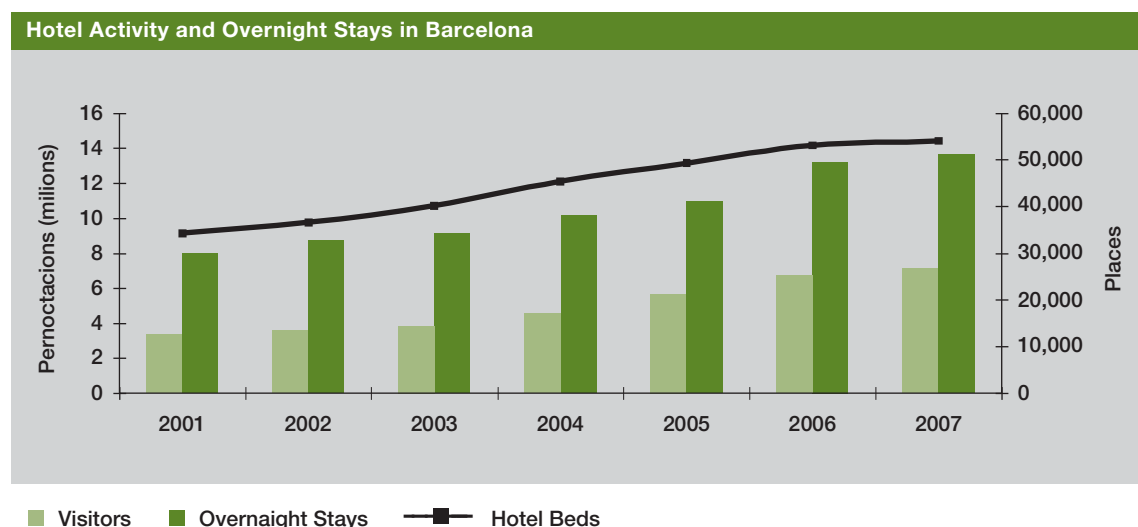
The increase in this type of merchandise is a major factor in the port's growing specialization in container traffic. The 2.6 million TEUs that passed through the port in 2007 amount to 12.6% annual growth and contribute to the consolidation of Barcelona as one of the Mediterranean's most significant ports in terms of container traffic.

## 2.4. Growth in Passenger Transport Sustained but more Moderate in Tourism

The almost 2.9 million passengers who have passed through the Port of Barcelona in 2007, including cruisers in transit, represent a 13.4% increase relative to the 2006 total and an increase in absolute terms of nearly a thousand passengers per day on average. These results give continuity to the intense growth experienced over the previous two-year period and are based essentially on the expansion of the cruiser sector, both those ships that simply put in at the city as well as those that have

established the port as their center of operations. The regular ferry segment has experienced a year of consolidation following the heavy growth registered in 2006. A result that also responds to the growing competition which the port must confront as a result of the increased offer of low-cost flights linking Barcelona with the Italian coast and the Balearic Islands.

As far as airport passenger traffic is concerned, the operational capabilities of the relatively recently inaugurated third runway have facilitated an increase in the offer of flights to a daily average of almost 1000 takeoff and landing operations. This has proved fundamental in enabling passenger numbers to grow 9.3% and approach the figure of 33 million per year. In line with that which has become a regular feature and which it is hoped will continue to be the future trend, international traffic -especially in the EU zone- has grown with much greater intensity than domestic flights, which present a more limited potential and must now compete with the AVE high speed train.



Passenger traffic through Barcelona's port and airport platform, with sustained increases of around 10% for the third year straight, is one of the factors that may explain the equally expansive variation in the city's hotel activity. Leaving aside the fact that the proliferation of low-cost flights has favored a greater propensity for residents to fly, a good deal of the rise in both airport and port traffic corresponds to an increase in the number of visitors to the city, both for pleasure as well as for professional or business reasons. The available data referring to the whole year –provisional at the closing of this edition– indicates that more than 7.1 million visitors generated 13.6 million overnight stays in 54,000 hotel beds.

## 2.5. Rising Prices Moderate the Increase in Consumption

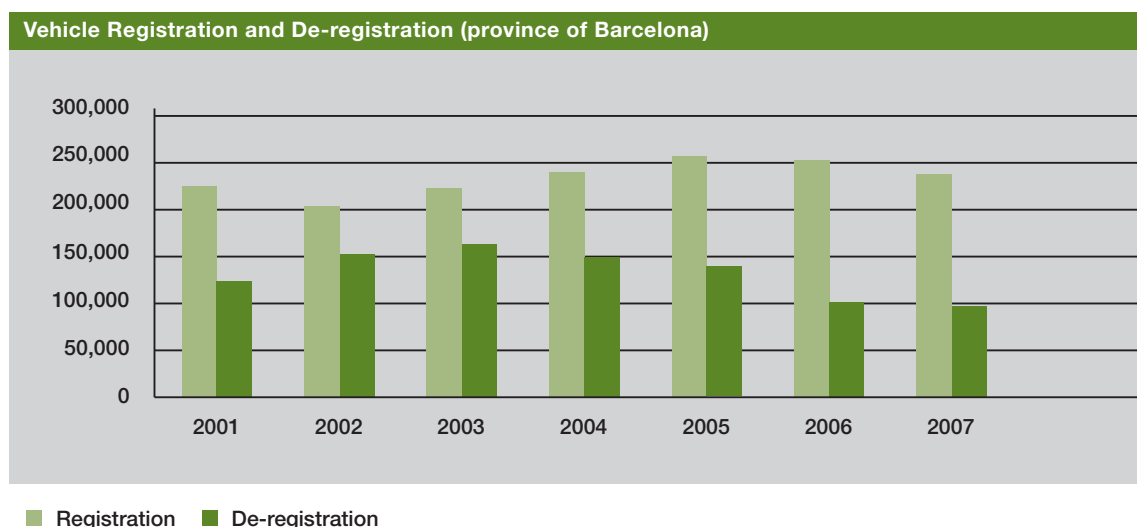
For the second year straight, the registration of vehicles in the province of Barcelona in 2007 did not surpass the volume of the previous year, though it remains in the zone of record highs. Besides the impact of expectations over medium-term evolution of the employment market and the

economy in general, such factors as the persistent increase in fuel and financing costs have proven fundamental when considering this type of acquisition. This seems to be confirmed by the fact that no particular type of vehicle –cars, commercial vehicles or motorcycles– has escaped the stagnation or even slight downturn in the number of new registrations. Despite this, the province's automobile fleet has put almost 160,000 new vehicles onto the road, 7% more than were added in 2006.

In a year when incidents in metropolitan public transport have been frequent, concentrated for the most part in the suburban railway services, which lost almost 2% of users in comparison to a year ago, initial estimates indicate that the system as a whole recorded over 930 million journeys, some 2.2% more than in 2006. This increase is basically attributable to the Metro and explained by its extended service at weekends, as well as by the rise in the population served and in the number of workplaces situated in the city and neighboring municipalities.

While in terms of average inflation the 3% registered in 2007 could be considered a



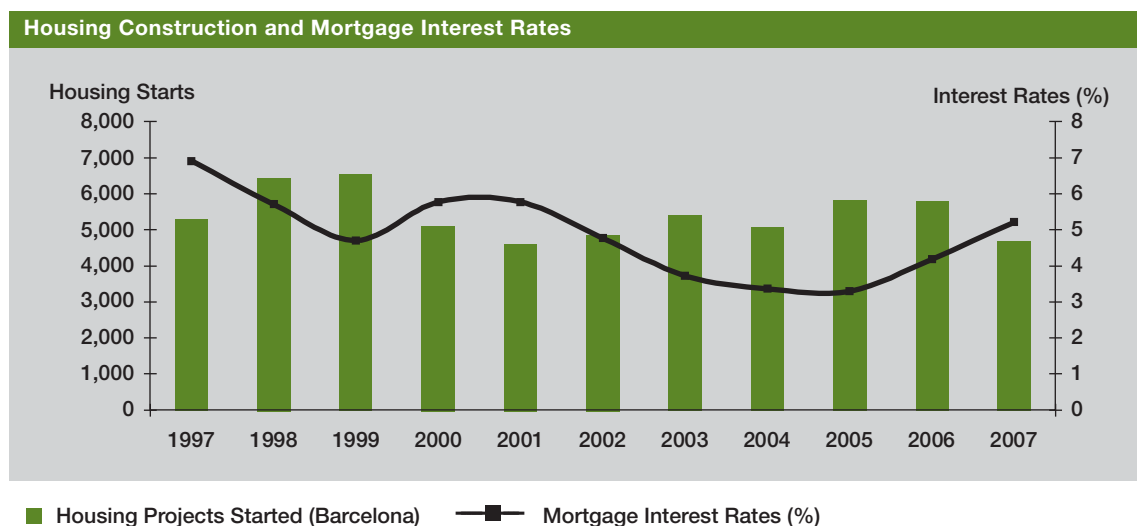


contained increase, especially when compared to the 3.8% of the previous year, this assessment would contrast with the rising trend of third quarter 2007. According to year-end data, the Consumer Price Index in the province of Barcelona closed 2007 with a year-on-year variation of 4.3%, considerably higher than a year ago and among the highest in recent years. This significant increase in the inflation rate was also produced in the rest of Catalonia and in Spain as a whole, leading to a further rise of the inflation differential relative to the EU average. In addition to relatively typical inflationist tensions

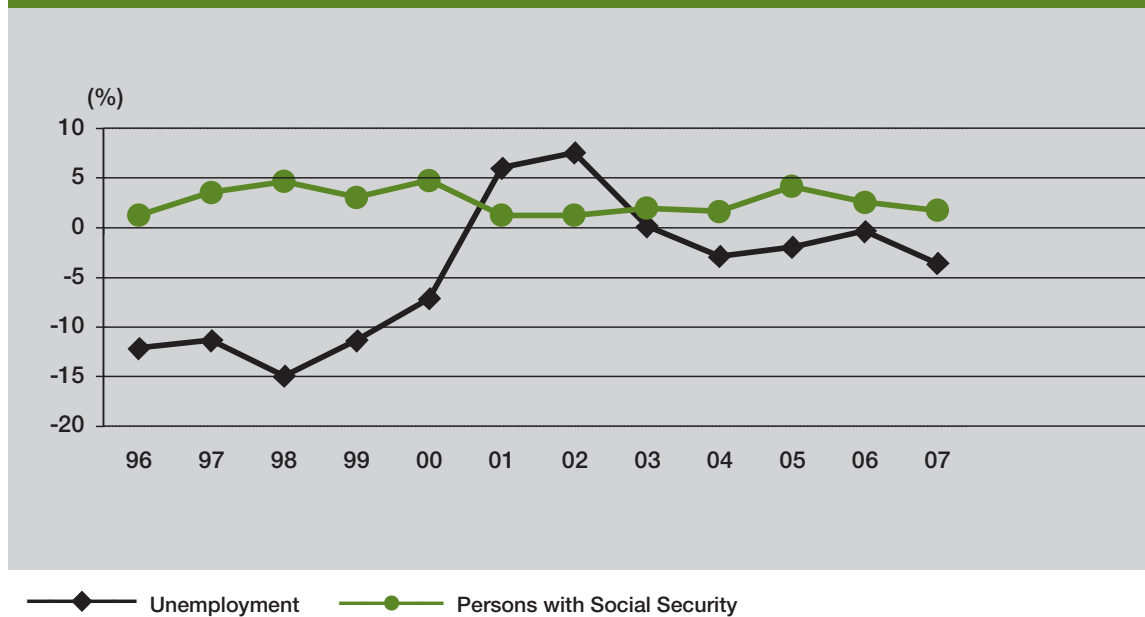
such as those connected with services to people, reasons for the intensity of this latest surge in inflation may also be found in the rising prices of oil and foodstuffs.

## 2.6. Point of Inflexion in the Expansive Trend of Construction

The total area of housing space included in licenses for new building sites and alterations and enlargements approved in 2007 exceeded 1.4 million m<sup>2</sup>, some 24% less than the annual



Evolution of Employment in Barcelona



average of the previous two-year period. The number of new houses planned –a little over 6,100– represents a 22% reduction. The standstill that has characterized housing development throughout 2007 responds, in the final analysis, to the decline in demand. A decline motivated by increases in prices and financing in the real estate market. All of which translates into a further hardening of the conditions of access to house ownership.

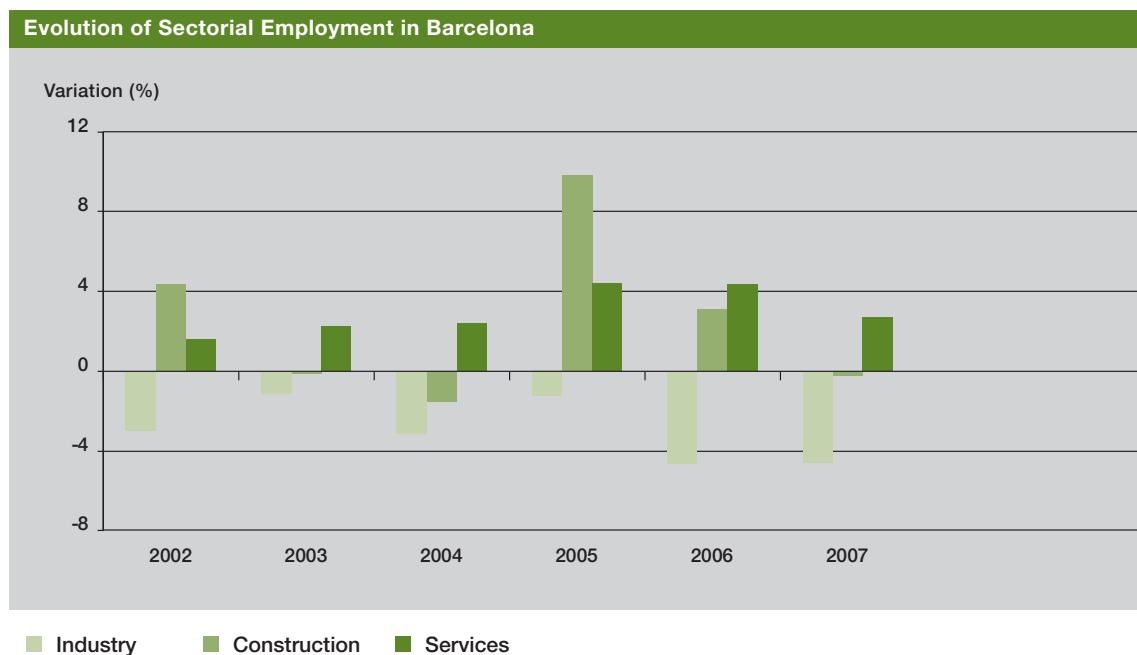
The change in cycle undergone by the residential real estate sector in Barcelona has been less dramatic than in the rest of the country. The main reason for this is that in the city and its metropolitan area the excess of new supply did not reach the magnitude of other areas, especially the more residential and tourism-oriented zones. Nonetheless, the process of residential housing price adjustment –with a result of zero growth in annual average– was notable, especially in the second-hand

market, the most significant in terms of number of transactions and operators.

## 2.7. Positive Balance in the Evolution of the Labor Market

The profile of a steady slowdown shown in GDP growth throughout 2007 was reflected in a relatively intense deceleration in the process of creating new jobs. At year-end the number of workers registered with the Social Security had risen by 1.5%, eight percentage points less than the 2006 increase. Stabilization of the active population, a further stage in the consolidation of the growth recorded at the end of 2005 as a consequence of the special regularization of foreign workers, enabled the year to close maintaining a slight reduction in unemployment.

The tertiary sector was the only segment of the economy able to generate new employment opportunities in Barcelona. Besides



compensating for the cutbacks in industry and construction, the service industries added almost 20,000 new jobs to the city's work market as a whole. The catering and hotel

industries, IT-related activities and, especially, the health, education and social services were the most dynamic areas in terms of creation of new employment.

# 3

## The City of Barcelona and its Services

### 3.1. Introduction

The City of Barcelona offers a wide variety of services that can be grouped into three main sections: a) services to citizens –services provided for all the city's inhabitants collectively, b) services to the city –services to the city as a physical space of public coexistence, and c) promotion of Barcelona's economic activity.

Like other large European cities, Barcelona is experiencing rapid, deep transformations at many levels, making it an increasingly more complex and more diverse city. From the Barcelona City Council we are working to adapt municipal services and actions to changes in social and economic structure in order to make Barcelona a competitive and socially united city.

### 3.2. Services to Citizens

#### Information, Documents and Most Frequent Procedures

The City of Barcelona has established different channels of attention and communication which provide citizens with access to all the information referring to the city and simplify administrative procedures.



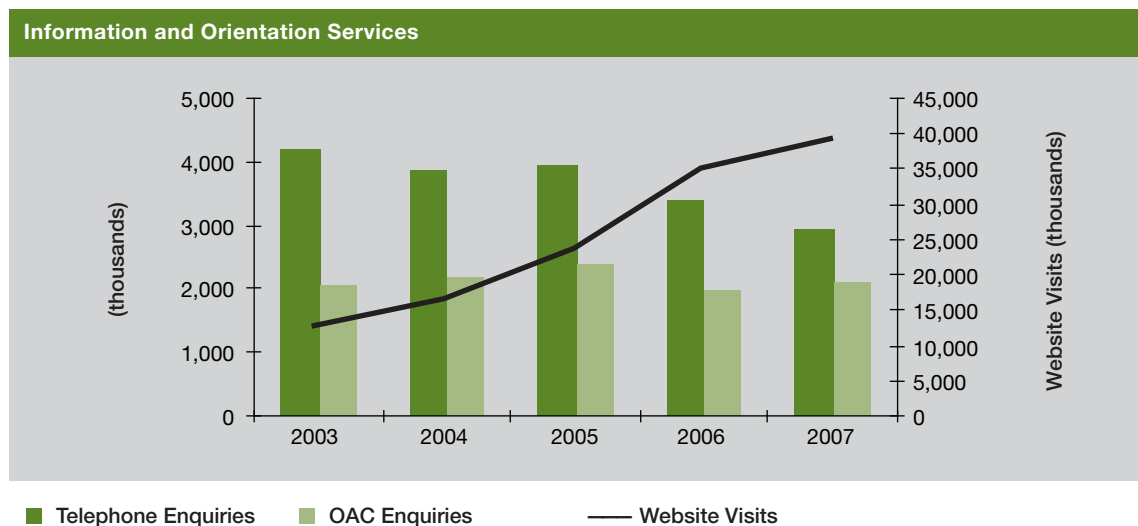
Information and Citizen Orientation Services					
	2003	2004	2005	2006	2007
Citizens' Telephone Service (Calls Attended)	4,218,420	3,882,137	3,943,597	3,388,600	2,958,150
Citizens' Information Centers (Procedures and Enquiries Handled)	2,073,859	2,185,896	2,385,791	1,968,060	2,101,591
Number of Website Visitors: www.bcn.cat	12,327,194	16,255,852	23,530,991	34,941,699	39,113,711
Administrative Procedures Carried out over the Internet	983,520	1,132,478	1,317,692	1,572,692	1,246,252

Personal attention to citizens is offered through 14 Municipal Information Centers –OACs– distributed around the city's 10 districts, which are complemented with specialized information and consultation offices for subjects like housing, education and attention for women. During 2007, OACs were opened in the Eixample district in May and in Nou Barris in October. Improvements have been introduced in the new centers aimed at reducing citizen waiting time and increasing the OACs' capacity to absorb the rising demand on their services.

A pilot test was carried out in 2007 involving the installation of a Self-service Kiosk in the new OAC in the Eixample, operating Monday to

Friday from 8.30 a.m. to 8 p.m. The service is presented as an alternative way for citizens to carry out the simplest and most frequently requested procedures through an interactive terminal. These processes include residence certificates, copies of certain documents and payment certificates for municipal taxes. The processing of residence certificates has been especially effective, representing 95% of the procedures carried out through this channel.

A campaign promoting the digital signature through the CAT ID digital identification certificate was also set in motion in the OACs in 2007, as part of the implementation process of the new Electronic Administration Regulatory



By-law (ORAE). In all, some 15,167 users have registered their signatures to date.

The 010 telephone service offers citizens information about facilities, events taking place, how to get around the city, municipal services and activities and those of other public organizations. It also helps with administrative procedures and formalities, and provides advice on how to administer municipal processes included in the list of services.

Since March 2007 a new automatic information service has been in service offering coverage when the 010 line is out of operational hours, in other words, Monday to Saturday from 10 p.m. to 8 a.m., on Sundays and bank holidays. Among others, the information options include the most important events taking place, duty pharmacies, Metro operating times, traffic hold-ups, and so on. The service also allows for new options to be added to the main menu to enable inclusion of special events and festivals or other activities. Events such as the Three Kings' Cavalcade for instance, which receives up-to-the-minute coverage of its progress through the city streets. In 2007 some 150,676 calls were handled by this service, which is provided in Catalan and Spanish.

In addition, Barcelona City Council offers its citizens the 900 226 226 free telephone line that centralizes the reception and channeling of incidents, complaints and suggestions related to municipal services and responsibilities, as well as the payment of taxes and fines by credit card. This service received 193,500 calls during 2007.

Access can be gained to all kinds of information about Barcelona via the city's Internet website

[www.bcn.cat](http://www.bcn.cat). This portal enables the City Council to foster citizen participation, facilitate information on activities and installations in the city, open up Barcelona to the world and provide details of municipal activity, services, management and organization. Some 50 new pages were incorporated into the site in 2007 and daily visits reached an average of 107,160, with downloads averaging 991,497 pages a day.

A new portal, "Tràmits On-line" (*On-line Procedures*), was incorporated into the municipal website in April 2007 aimed at making dealings with Barcelona City Council easier. One of the main objectives of this new tool is to increase and improve the administrative relationship between citizens and the Council through the use of the Internet channel, enabling the on-line processing of municipal procedures. The site includes information on some 800 procedures applying to municipal as well as other public administrations.

During 2007, the "barcelona.mobi" information service for cell phones initiated in 2006 underwent a change in design and improvement in content structure aimed at easing access to the most frequently-requested information. And the "barcelona.mobi" SMS service provided news and advice bulletins about the Mercè and the Three Kings' Cavalcade to subscribed users. In all, the portal received 13,427 visits and registered 5,450 messages, with some 535,109 pages being downloaded.

## **Education**

It is the responsibility of the Institut Municipal d'Educació (*Municipal Agency of Education*) (IMEB) ([www.bcn.cat/educacio](http://www.bcn.cat/educacio)), to plan and

manage the structure and administration of municipal education centers, as well as to oversee compliance with the objectives established in the Municipal Action Plan in the area of education.

Resulting from implementation of the Municipal Charter, since 2002 the Consorci d'Educació de Barcelona (*Education Consortium of Barcelona*) (CEB) ([www.edubcn.cat](http://www.edubcn.cat)), formed by Barcelona City Council and the Generalitat of Catalonia, has been the body responsible for functions, activities and services in the field of education in the city of Barcelona.

The CEB is now drawing up the Barcelona School Map, intended to adapt all schools to a city-wide profile through a model of local schooling. With this in mind, planners are working on predictions of urban land availability in growth areas, including both public and subsidized private schools in their calculations in order to offer sufficient school places, establishing the criteria for definition of catchment areas and strengthening training programs.

Fruit of the Barcelona School Map, pre-enrolment for the 2007-2008 school year was carried out under the criteria of a new model of school catchment areas, the first in Spain to be based on

where the family actually lives. With the new system, the criteria for assessing proximity are the same for public and subsidized private centers and are based on real distance, eliminating the boundaries between zones, with information being presented in the form of a map for each city block and center. In short, the new model represents benefits to families in terms of both local schooling and the free choice of center.

The municipal school network is made up of 94 educational centers of all non-university levels, with 1,371 teachers and 15,165 registered students, in addition to 431 participants in the complementary services for infant education.

The 2007-2008 school year saw the opening of two new nursery schools –EBM (*Municipal Nursery School*) Sant Medir, in the Gràcia district, and the EBM Manigua in the Sant Andreu district– with 81 places each, and four new schools are planned for the next academic year. The new school of music has also opened its doors in Nou Barris with initial capacity for 300 students, while in the framework of the service quality improvement plan, the IESM (*Secondary Education Institute*) Narcís Monturiol was the first Vocational Training center in the municipal network to be awarded the ISO 9001:2000 quality certificate.

#### Number of Students at Municipal Centers

School Year	Pre-Schools	Primary Education	Secondary Education	Fine Arts	Others	Total
2003-2004	2,972	2,781	3,442	3,000	1,175	13,370
2004-2005	3,209	2,747	3,820	2,953	1,483	14,212
2005-2006	3,304	2,741	3,587	3,058	1,543	14,233
2006-2007	3,688	2,719	3,637	3,263	1,775	15,082
2007-2008	3,797	2,782	3,806	3,517	1,263	15,165
No. of Centers 2007	59	13	9	7	6	94





## Barceloneta-La Fraternitat Library

Linked to the educational offer and with a view to guaranteeing access to educational opportunities and insertion into the labor market, the Projecte Èxit (*Success Project*) and Pla Jove Formació-Ocupació (*Youth Training-Employment Plan*) have been carried out once again this year, aimed at helping students in the passage from primary to secondary level and in the transition into the world of work. Various activities and programs were also set in motion to take culture into schools, many of them including initiatives from the students and teaching staff, such as La Mostra de Teatre i de dansa (*Theater and Dance Exhibition*), Les escoles van a l'Auditori (*Schools Go to the Auditorium*), Òpera a secundària (*Opera in High School*) and La mostra de programes culturals als instituts (*Cultural Program Exhibition at High Schools*).

The Municipal Institute of Education also promotes spaces for participation to give the city a voice in the shaping and running of education. The Consell Escolar Municipal (*Municipal School Board*), Consell de la Formació Professional (*Vocational Training Board*), Consell de Coordinació Pedagògica (*Pedagogical Coordination Board*) and Projecte Educatiu de Ciutat (*City Education Project*) are all fine examples of this.

## Culture

The Institut de Cultura de Barcelona - ICUB (*Barcelona Agency of Culture*) ([www.bcn.cat/cultura](http://www.bcn.cat/cultura)) is the institution responsible for carrying out the set of municipal policies aimed at promoting culture in Barcelona, both through its own programs as well as by supporting the different cultural agents active in the city.

The Barcelona Council of Culture was established in 2007 as an instrument of analysis of and reflection on local cultural policies and their key actions. The Council of Culture is one of the first initiatives to arise out of the revised Strategic Plan for Culture.

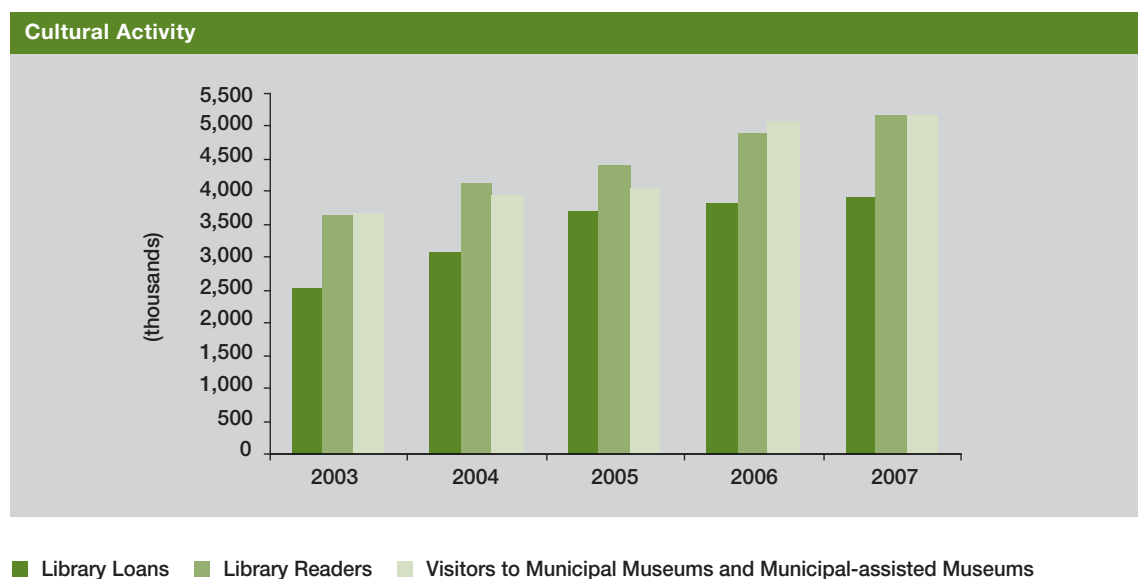
In October 2007, the program driven by the ICUB regarding the Fàbriques per a la Creació (*Centers for Cultural Creation*) was presented to the plenary session of the Municipal Council. The aim of this program, also the fruit of work on the Strategic Plan, is to transform singular buildings in Barcelona into spaces which generate culture, allocating them to organized groups and associations with a view to stimulating creation in the city. The first Center for Creation is located in the Forum Park, and it

has been decided to dedicate it to the circus. Management of this space has been agreed with the Catalan Association of Circus Professionals.

The offer in the city's municipal and subsidized museums and exhibition centers resulted in a balance for the year of more than five million visitors. This represented an increase over the previous year of 2%, with the most notable growth of 25% and 23% being registered in the Center for Contemporary Culture (CCCB) and the MACBA, respectively. A few outstanding features of the year include: improvements in the permanent collections and in the program of activities and temporary exhibitions; inauguration of the refurbished Museum of Music in its new headquarters at the Barcelona Auditorium; transfer of the Textile Museum to the Palau de Pedralbes to enable provisional re-housing of the Barcelona Design Center until such time as work on the new building has concluded; and the gradual implementation of a computer program for the integrated management of museum collections.

In the framework of the local calendar of festivals and traditions, the ICUB programmed such activities as the Three Kings' Cavalcade, a spectacular event involving 875 participants in a five-kilometer route lined and followed by more than 350,000 people; the Santa Eulàlia festival, the city's major festivity in winter, which commemorated its 25th anniversary in 2007; the Carnival, with holding of the first ever Gran Rua in the district of Gràcia; the Music Festival, with over 100 performances and coinciding on June 21st with the simultaneous participation of more than 100 countries around the world; and the Mercè, the city's most important festival with over 600 activities in 25 main locations. It began in 2007 on September 21st with the Opening Proclamation and lasted through September 24th, closing with the Pyromusical show, but this year featuring an Epilogue on the 29th and 30th in the shape of the Festival of Sky and Space.

The cultural program of the city of Barcelona has an unmissable date from June 26th to August 6th with the Grec Barcelona Festival.



The 22 theater productions, 9 dance performances, 31 concerts and 13 theatrical shows for children, circus, and hip-hop programmed in 19 venues around the city brought together over 165 thousand spectators. The accent in the 2007 edition was placed firmly on promoting Catalan creators, the festival's international dimension, its own productions, the predomination of textual theater and the emphasis on encounters between and blending of cultures.

headquarters. April 21st and 22nd saw celebration of the Món Llibre (*Book World*) Festival, with 130 activities programmed by the CCCB, the MACBA and the Plaça Joan Coromines. May was the month of the Setmana de la Poesia (*Poetry Week*) which, in 2007 gathered together 95 activities, outstanding among which was the Jocs Florals –the city's poetry prize– and to bring down the curtain, the Barcelona International Poetry festival.

Held in unique locations throughout the city and always featuring innovative formats, year after year the literary festivals fostered by the ICUB gain huge public acclaim. The first proposal, in February, was “BCNegra: la setmana de la Novel·la Negra de Barcelona” (*BCNegra: Barcelona's Week of the Crime Novel*) which, among other activities, offered the “Simulation of a Crime” activity in the Guardia Urbana police

Promoted by the ICUB, this time in close conjunction with the city's districts, is the “+a prop” (*Closer*) program, a series of cultural initiatives carried out through the different civic centers in the city. Collaboration in 2007 was received from 16 facilities for contemporary art, 12 for theater, 10 for dance and 123 for music, the four disciplines encompassed by the program.

Cultural Activity	2003	2004	2005	2006	2007
<b>Auditori (Auditorium)</b>					
No. of Concerts	277	311	282	396	624
No. of Spectators	335,093	393,907	375,908	399,047	481,047
<b>Palau de la Música Catalana (Concert Hall) <sup>(1)</sup></b>					
No. of Concerts	193	220	473	498	489
No. of Spectators	268,201	317,674	418,598	445,319	468,311
<b>Liceu (Opera House)</b>					
No. of Performances	195	240	218	224	195
No. of Spectators	314,100	355,734	297,353	336,061	284,812
<b>Teatre Lliure (Theater)</b>					
No. of Performances	344	291	334	367	285
No. of Spectators	62,499	67,115	68,513	79,397	70,070

(1) Includes, from 2005, concerts in the Petit Palau and those under the Education Service Program.

The inauguration took place in 2007 of the Sagrada Família and Sant Antoni libraries, in the Eixample district. This brought the city's public library network to a total of 31 installations, managed by the Barcelona Library Consortium and providing service to citizens' information, training and cultural leisure needs. Some 36% (578,044) of the inhabitants in Barcelona's census hold library cards, which grant them access to book and document loan, as well as free connection to the Internet and such additional benefits as discounts in museums, theaters and bookshops. The balance for 2007 was one of 5.2 million library visitors, over 3.9 million documents loaned and almost 600 thousand Internet connections.

A significant contribution in the field of cultural cooperation was made by the Barcelona-Catalunya Film Commission, established to promote the city of Barcelona as a location for filmmaking. The Commission's territorial area of operation was extended in 2007 with the inclusion of 10 new municipalities. Collaboration on the 435 productions -45 of them feature-length films- shot in the city and their subsequent production was made possible thanks to the Taula de Coordinació de Filmacions (*Film Coordination Commission*) of the city of Barcelona, made up of representatives from the Guardia Urbana (municipal police force), the Institut Municipal d'Informàtica (*Municipal Agency of IT Services*) and the Direcció de Patrimoni de l'Ajuntament (*City Council Heritage Directorate*).

Finally and in the area of sectoral relations and cooperation, mention must be made of other outstanding events, including the annual edition of the Premis Ciutat de Barcelona (*City of*

*Barcelona Awards*), which City Hall presents to the best cultural productions of the previous year, and presentation of the medals for artistic, scientific, cultural and civic merit. Numerous activities were also carried out on the international scene, both in terms of cultural exchange -through initiatives forming part of the Barcelona al món (*Barcelona in the World*) program- as well as in the institutional world, in the shape of the ICUB's presidency of the Culture Commission of United Cities and Local Governments (UCLG).

### **Personal Social Services**

Barcelona considers personal social services a key factor in achieving an inclusive and cohesive city.

With regard to social welfare services for the general population, the number of people receiving assistance at the 34 municipal social services centers rose by 5.9% in 2007. The number of households receiving some kind of home help has grown 14.7% and the tele-assistance scheme has been offered to more than 30,000 people, almost twice as many as in 2006.

During the last four months of 2007 the City Council designed the new model of Basic Social Services. Revision of the previous system was necessary to adapt it to the new Social Services Law approved by the Catalan Parliament in October 2007, and to requirements in the implementation of the Law of Personal Autonomy and Attention to People in Dependence Situations. It was also a response to demographic changes and alterations in the profiles of populations who accede to social services both now and in the future.





#### Example Citizen Service Office (OAC)

Implementation of the Law of Personal Autonomy and Attention to People in Dependence Situations represented a major change in the organization of Primary Care Social Services, and a thorough training plan was carried out for all the professionals involved. In December, primary care social services concluded the first Individual Care Programs (PIA), which received some 8,582 applications in 2007.

In the sphere of social inclusion, throughout 2007 the different services of assistance and shelter for the homeless located in the city's ten districts provided overnight accommodation to 4,010 people, an increase of 42%. Assistance offered in daycare centers rose from 1,104 people attended in 2006 to 1,332 in 2007.

The Municipal Program for Childhood and Adolescence 2007-2010 was presented in 2007. The Program sets out to make a priority of guaranteeing the rights of children and adolescents by placing special emphasis on

young people in situations of vulnerability or at risk of social exclusion. It also seeks to employ the socio-educational network as a space for social inclusion and the fostering of equality. Barcelona City Council currently offers 38 different types of services which range from the area of social assistance and promotion, to services in the fields of education, culture, sport and health.

As regards senior citizens, the Pla de Millora dels Casals i Espais de Gent Gran (*Barcelona Senior Citizens' Centers Improvement Plan*) commits the City Council to improving the 57 municipal installations, guaranteeing a service which is evenly distributed and whose basic provisions are adapted to the current needs of today's elderly, as well as those of future generations.

Furthermore, the Acord Ciutadà (*Civic Accord*) for an Inclusive Barcelona, together with other agencies promoting participation and engaged in the area of social action and citizenship, such as the Consell Municipal de Benestar Social

(Municipal Social Welfare Board), Consell Municipal del Poble Gitano (*Municipal Board for the Gipsy People*), Consell Assessor de la Gent Gran (*Assessment Board for Senior Citizens*) and the Associació Barcelona per l'Acció Social

(Barcelona Association for Social Action), among others, are all spaces for participation which enable the direct involvement of the city's citizens and its social fabric in municipal social policies.

Social Welfare	2003	2004	2005	2006	2007
<b>General Population</b>					
No. of Cases Dealt with by Primary Care Social Teams	132,765	132,969	137,890	144,099	153,099
No. of Persons Attended at Social Service Centers	39,456	38,429	41,793	42,444	44,943
No. of Households Receiving Home Help	4,275	4,480	5,409	6,370	7,308
Tele-Assistance: No. of Persons Attended	3,676	4,373	6,985	16,438	30,024
No. of Cases Dealt with by the Municipal Centre of Attention to Social Emergencies (CMAUS)	4,201	2,627	2,008	1,726	2,116
<b>Poverty and Homeless Persons</b>					
No. of Persons Attended to by Social Insertion Teams (SIS)	3,477	3,459	2,874	3,661	3,902
No. of Overnight Stays by Homeless Persons	83,390	81,741	83,610	165,236	234,764
No. of Meals Served at Social Canteens	246,179	253,240	232,754	248,238	243,126
<b>Children</b>					
No. of Children at High Social Risk Receiving Attention (EAIA)	3,374	3,086	2,946	3,069	3,315
No. of Immigrant Minors Lacking Family Support Attended	127	93	92	94	69
<b>Foreign Immigrants</b>					
No. Attended by the Attention to Immigrants, Foreigners and Refugees Service (SAIER)	20,126	21,545	24,123	21,018	20,417
No. of Persons Registered at the SAIER	14,947	17,141	18,473	15,859	17,286
<b>Senior Citizens</b>					
No. Benefitting from the Targeta Rosa (Pink Card)	261,846	263,501	262,366	261,813	260,767

## Care for the Disabled

Activities carried out in the city of Barcelona aimed at supporting and helping people with some kind of disability are the responsibility of the Institut Municipal de Persones amb Discapacitat (*Municipal Agency of Disabled Persons*) ([www.bcn.cat/imd](http://www.bcn.cat/imd)). The Agency's goal is to achieve a city without barriers or obstacles, working towards the social integration of the disabled and improving their quality of life.

A wide range of services are provided with a view to facilitating and promoting accessibility for people with disabilities. These include, for example, personalized attention, early care services for children up to 6 years old, employment advice, residential services and specially adapted public transport, among others.

The number of enquiries attended to by the Public Attention Service (SAP) rose by 18.6% in 2007, interventions made in the Nou Barris and Ciutat Vella Early Care Services grew some 8.8% and the employment contracts secured by the Equip d'Assessorament Laboral (*Work Advisory Team*) increased by 6.6%. Additionally this year, special emphasis has been placed on the provision of support services to the families

of people with intellectual disabilities; a promotion campaign has been carried out to guarantee easier access to shops; and work has been carried out to ensure communicative accessibility by facilitating written on-screen transcriptions for films, translations in sign language and into Braille in the case of documents such as the City Guide.

As regards accessibility on public transport and the city streets, 100% of the bus fleet is now fully adapted, some 70 Metro stations are equipped with elevators and there are over 1,000 kilometers of accessible thoroughfares. Furthermore, a program was set in motion to cover the irrigation bases of trees that impede access to bus stops, an initiative intended to benefit the elderly and people with impaired mobility.

The pilot project *Per l'Autonomia Personal i la Vida Independent* (*For Personal Autonomy and Independent Life*) was further developed in 2007. This is a pioneer initiative in Catalonia which enables people with serious physical disabilities to become more independent. Its novelty lies in the introduction of the figure of the personal assistant, with the project representing an alternative to living in residential centers or with the family.

Care for the Disabled					
	2003	2004	2005	2006	2007
No. of Disabled People Attended	17,778	18,770	19,870	21,833	21,627
No. of Entities Informed	5,689	5,500	5,396	5,400	5,400
No. of Enquiries (Information-Advice)	7,524	12,160	16,669	33,275	40,378
No. of Journeys by Special Transport	130,311	155,063	189,270	237,462	243,084



## Funeral Services

Management of the city's funeral services and its cemeteries and crematoriums is carried out by two mixed-economy companies in which Barcelona City Council holds a majority stake: Serveis Funeraris de Barcelona SA and Cementiris de Barcelona SA.

Serveis Funeraris de Barcelona SA ([www.sfbasa.es](http://www.sfbasa.es)) is mainly in charge of the management and financial operation of the viewing rooms, the organization of burials and the transfer of the deceased, while also offering a range of complementary services to bereaved families.

In 2007, the occupation level of the 71 viewing rooms situated in the Company's four funeral parlors in the city (Collserola, les Corts, Sancho de Ávila and Sant Gervasi) remained at around 82%, and the first center in Catalonia to be adapted for the observance of Muslim rites prior to burial was established in the Montjuïc Cemetery.

Cementiris de Barcelona, SA ([www.cbsa.es](http://www.cbsa.es)) is responsible for the management, development and financial operation of nine cemeteries (Collserola, Horta, Les Corts, Montjuïc, Poblenou, Sarrià, Sants, Sant Andreu and Sant Gervasi) and two crematoriums (Collserola and Montjuïc).

Reconditioning and improvement work has been carried out during 2007 in the monumental cemeteries of Montjuïc and Poblenou, with the building of new niches, tombs and family vaults and the reconstruction of sepulchers, some of them of outstanding artistic value.

With a view to ensuring protection and dissemination of the cultural heritage represented by Barcelona's cemeteries, an agreement has been signed with the UNESCO Center in Catalonia which will lend its support to the Barcelona Cemeteries Route. The aim of this initiative is to make citizens aware of the architectural heritage to be found in the city's cemeteries. The Poblenou Cemetery Route has been open since 2004 and work is currently in progress to offer a new itinerary through the Montjuïc graveyard.

Finally, initiatives worthy of note among the environmentally-friendly measures adopted in the management of funeral services include the use of electric vehicles, both for funeral services as well as for user-transport, the introduction of biodegradable cremation urns, and the operation of a filtration plant at the Collserola crematorium to reduce the release of dioxins and mercury into the atmosphere. In this sense, once again this year the ISO-9001-2000 certificate for these facilities was renewed.

Funeral Services					
	2003	2004	2005	2006	2007
No. of Funeral Services	20,770	19,244	20,340	17,868	17,641
Cremations	6,246	5,540	5,988	5,877	6,566

## Sports

The Institut Barcelona Esports (*Barcelona Sports Institute*), is a public body responsible for the management and promotion of physical activities and sports in the city of Barcelona. Its main functions are to promote sports for all citizens and organize sports events.

The year 2007 was declared Year of Sport in Barcelona. Celebration of this special occasion involved preparing more than 300 activities aimed at spreading awareness of the benefits to health of practical exercise, while consolidating Barcelona as a model of a sports city. In this sense, the *Practica Barcelona!* guide was published containing information about the network of facilities, organizations and urban spaces dedicated to sports in the city, along with the corresponding disciplines that can be practiced in them.

Work has continued in the area of promotion, fostering physical activity and sport in specific groups such as school children (both as part of the school timetable and as extra-scholar activities), the disabled, senior citizens and people who have recently arrived to the city or are at risk of social exclusion. These programs include *Aprèn a nedar (Learn to Swim)*, *Escacs Escolars (School Chess)* and the initiative promoting minority sports *Prova-ho (Try It)*.

Among the huge number of sports events organized in 2007 and worthy of special note for their importance to the city were the Barcelona Marathon, the Caminada Internacional de Barcelona (*Barcelona International Walk*) and the ninth edition of the Cursa dels Nassos (*Race of Noses*)-Sant Silvestre, held on the last day of

the year. There was also an entire series of singular international events, such as the Meridian Cup, the Table-Tennis World Cup, the European Baseball Championship and Olympic Qualifier, the start of the Barcelona World Race, the 4th Baesque Pelota World Cup and the 7th World Sub-22 Cesta Punta Championship. Once again this year, Barcelona was chosen to host the Presentation Ceremony of the Laureus Prizes, the world's most prestigious sports awards presented to sportspersons for the merits they achieved during the previous year.

Another outstanding event took place in 2007, namely inauguration of the new Olympic and Sports Museum. The project was initiated in 2001 and has finally materialized as a building of some 4,000 square meters dedicated to displaying the history of different sports disciplines from the time of the Ancient Greeks to the present day, bringing together the most famous international names ever associated with the world of sport.

## Housing Promotion and Improvement of the Urban Landscape

One of the primary objectives of the City Council is to provide access to decent and proper housing for all Barcelona citizens. To this end it drew up the 2004-2010 Municipal Housing Plan, one of whose principal lines of action is to promote the building of new dwellings and to implement social and housing rehabilitation policies.

More than 10,000 subsidized and/or easily affordable dwellings, both for sale and rent, were started in the period running from 2004 to 2007 to cover the needs of certain groups such

as the young and senior citizens. The Patronat Municipal d'Habitatge (*Municipal Housing Agency*) ([www.pmhb.org](http://www.pmhb.org)), a local public entity, is the city's main public developer with responsibility for promoting some 37% of the Plan's dwellings. Other developers involved include public administrations, cooperatives, non-profit-making institutions and firms from the private sector. Examples of projects carried out this year can be found in the handover of 32 dwellings for rent to young people in the Marina de Port district, and the allocation of 39 dwellings with services for the elderly in the Sant Martí district.

Precisely the aim of these apartments with services is to enable senior citizen tenants to maintain their levels of personal autonomy as long as possible by offering a support service including both direct and indirect assistance through the tele-assistance network. It should be emphasized that the development of this type of dwelling encompasses sustainable building methods characterized by the types of materials employed and their inherent energy-saving properties.

Management was assumed in 2007 of the Servei d'Habitatge Jove (*Housing for the*

*Young*), a service specialized in housing provision aimed at young people between the ages of 18 and 35 and intended to free up apartments to rent for this group, offering financial guarantees and advantages together with legal and technical advice. Likewise, 2007 saw creation of the Consell de l'Habitatge Social de Barcelona (*Barcelona Social Housing Board*), a new advisory body bringing together representatives from all related sectors in a move to monitor and assess the city's housing policies and propose measures and actions.

The recovery for public use of the inner court areas of city blocks is being carried out through the mixed-economy company ProEixample SA ([www.proeixample.com](http://www.proeixample.com)). The aim of this project is to ensure that one in every nine blocks has an interior space open for use by all citizens by the year 2010. Nine inner courts have been opened up this year, including the Mercè Vilaret Gardens and the Gardens of the Joan Oliver Library, bringing the number of spaces recovered to date to 38. Following the original idea of Ildefons Cerdà, the intention is to transform the Eixample district into a mosaic of new green zones in the very heart of urban Barcelona.

## Reconditioning, Housing and Urban Landscape Improvement

	2003	2004	2005	2006	2007
<b>Housing Stock of the Municipal Institute of Housing</b>					
Managed Dwellings to Let	4,248	5,268	5,386	5,201	5,218
Managed Dwellings for Sale	3,105	2,932	2,837	2,661	2,655
Commercial Premises	457	457	415	494	376
m <sup>2</sup> of Land Available	34,580	36,300	54,653	48,196	43,216

### 3.3. City Services

#### Maintenance of Services and Urban Infrastructure

Barcelona is a city that makes massive use of its public space. As is to be expected in a Mediterranean city, this use has intensified over recent years due both to sustained growth in the number of visitors the city receives and the great variety of public events it holds as well as to increased activity resulting from the city's newcomers. The City Council is thus constantly improving its provision of urban services, making them more cross-departmental, decentralizing them to the districts and involving more technical staff and general personnel to ensure their effectiveness.

Different urban characteristics and intensities of use require different types of cleaning services to keep the city tidy (manual, mechanical and mixed waste collection or hosing with water). These also include rapid intervention mobile units for emergencies, reinforcement teams to

collect fallen leaves, cleaning teams for the almost 4,600 linear meters of beach, and specialists equipped to remove graffiti, in addition to the emptying and collection of waste from the city's 22,000 waste-paper bins.

The collection of domestic waste in Barcelona is carried out using different types of containers distributed throughout the city, together with pneumatic disposal points. There are also 11 district Green Points or waste disposal points, 8 zone Green Points and 96 stops on the Mobile Green Point route. The city also offers collection services aimed at those shops and businesses that generate large amounts of waste, especially along the main shopping streets, as well as the collection and disposal of large objects.

The amount of waste collected in Barcelona in 2007 increased by 1.9% in relation to 2006, representing an average of 1.48 kg per inhabitant/day. Of the 865 thousand tonnes collected, 32% corresponded to selective collection, some 7.4% more than the previous year.

Lighting, Paving, Drainage Systems and Cleaning					
	2003	2004	2005	2006	2007
<b>Cleaning and Waste Collection</b>					
Urban Waste (tonnes)	833,455	848,771	858,868	849,332	865,095
Selective Collection (tonnes)	206,077	231,812	253,839	267,240	287,059
– Paper-Cardboard	57,200	65,163	79,268	85,945	94,856
– Glass	20,053	21,675	23,859	25,901	29,917
– Cans-Packaging	10,642	11,696	12,661	14,086	17,053
– Organic Waste FORM	67,639	86,269	86,296	86,210	86,915
– Textiles	498	1,489	1,666	1,499	1,921
– Other Green Point Waste	13,912	14,195	14,232	15,603	18,240
– Selective – Mercabarna	7,046	453	4,080	5,609	5,989
– Others: Selective – Parks	865	551	509	584	591
– Large Objects	28,222	30,322	31,267	31,803	31,577
Selective Collection/Total (%)	24.7	27.3	29.6	31.5	33.2
<b>Lighting (units)</b>	162,791	165,024	167,004	165,674	166,919
Street Lighting	137,047	139,261	139,639	140,681	143,239
Artistic Lighting	4,842	4,861	4,682	4,005	3,351
City Tunnel Lighting	10,524	10,524	12,305	10,610	9,951
Ring Road Lighting	10,378	10,378	10,378	10,378	10,378
<b>Street Paving (m²)</b>	464,465	323,464	866,631	1,183,589	540,502
<b>Drainage System (m)</b>	167,814	161,895	136,606	105,836	137,176

Implementation of the 2005-2007 Comprehensive Improvement Plan has had a significant impact with regard to the maintenance of public space, bringing an improvement to the streets of Barcelona through a variety of actions of different intensity coordinated with all the agents involved. Work has been carried out in some 1,800 streets, including repaving and improvements in accessibility, street structures, signposting, sidewalks, urban furniture, the sewer and drain system, traffic lights, urban green spaces, public fountains, street lighting and so on. Some 467,890 m² of sidewalk have been repaired and 927,182 m² of streets resurfaced, much of it with noise-reducing paving. The number of street lights replaced amounted to 12,802, along with the replacement of 2,350 contaminating

streetlamps. Furthermore, almost 12,000 lamp posts were treated with anti-poster paint, and a total of 7,192 sidewalk ramps adapted, 32 of which were replaced with more easily accessible single-level platform roads.

The public lighting in the city comprises 143,239 lighting points with an installed electrical power of 21,409 kW. The ongoing energy-saving program continued in 2007 with the renewal of existing streetlamps, enabling higher efficiency products to be introduced, as well as the installation of new control panels equipped with systems for reducing consumption. An overall energy saving of 1,326,899 kWh has been achieved thanks to the use of high-pressure sodium vapor lamps with higher performance and efficiency, which enable a reduction in consumption.

## Maintenance and Urban Services

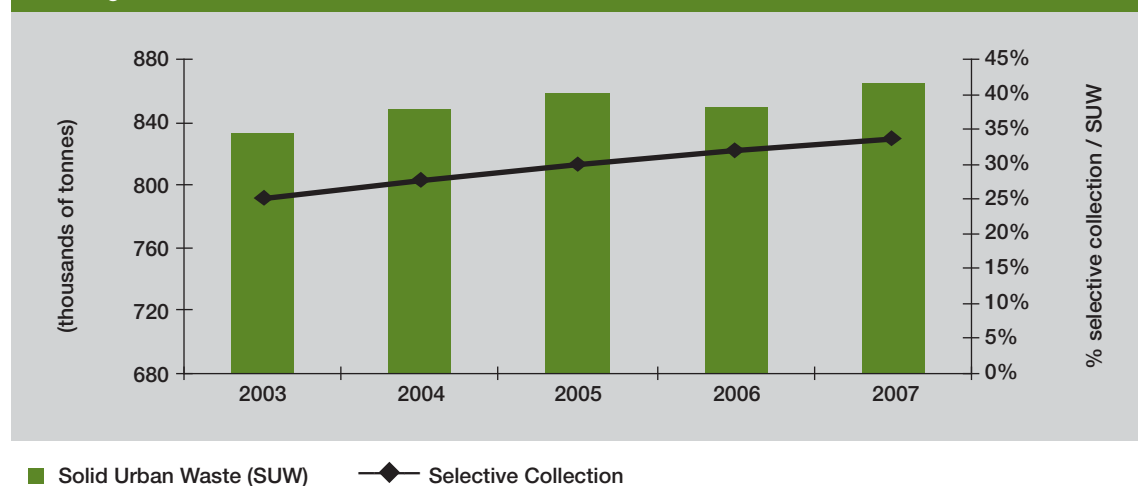
	2003	2004	2005	2006	2007
<b>Sanitation</b>					
Length of Sewer System (km)	1,509	1,526	1,533	1,545	1,563
Sewer and Drain Network Cleaning (km)	2,374	2,326	2,239	2,136	2,427
<b>Tapping Ground Water</b>					
Use of Ground Water (m³)	538,831	697,786	713,886	705,201	789,006
<b>Energy Plant of Besòs</b>					
Incinerations (tonnes)	360,193	328,832	336,418	330,844	327,671
Electricity Production (MWh)	174,037	155,409	160,406	131,579	156,649

Barcelona has 10 rainwater storage chambers and a 1,563 km-long network of sewers. Work is continuing on optimization of the system's maintenance, with new criteria of cleaning and work inspection being employed and special emphasis being given to improving environmental factors and sustainability in accordance with the Agenda 21 commitment. Treatment plants for the recovery of sand and for water purification were also put into operation in 2007, and the reduction in water consumption continued, with the use of combined vehicles equipped with a system for re-circulating water for cleaning drains and

sewers and the use of ground water in conventional vehicles.

With regard to the Barcelona Agenda 21, by the end of 2007 some 500 institutions and citizens' organizations had signed the *Compromís Ciutadà per a la Sostenibilitat (Citizen's Commitment to Sustainability)*. This undertaking is made up of ten goals, one of which is to make Barcelona a city with the highest levels of quality in terms of environment and health. Measures carried out to this end have centered on the control of noise pollution through the preparation of a Strategic Noise Map and an

## Cleaning and Waste Collection





increase in noise measurement and evaluation activities as a tool for support both in the districts as well as in other municipal departments.

The implementation of initiatives to promote renewable energy and the improvement of energy efficiency is carried out through the Local Energy Agency, a body specialized in energy matters and in providing support to municipal departments. During 2007, 18 new photovoltaic power plants were started up in different public facilities and the surface area covered by solar heating panels in the city of Barcelona reached 51,436 m<sup>2</sup>, with an estimated production of 41,149 MWatts per year and a total annual saving equivalent to 7,235 tonnes of CO<sub>2</sub> emissions. The new municipal power plants are equipped with a monitoring system which enables visualization of performance data in real time and may be followed via the *canal solar bcn* (BCN Solar Channel) on the city's website, [www.barcelonaenergia.cat](http://www.barcelonaenergia.cat).

### Spaces in Contact with Nature

The city's public green spaces and beaches make up an element of environmental balance which contributes to improving both the life quality of Barcelona residents as well as the quality of the city's environment.

It should be borne in mind that in a compact, Mediterranean city like Barcelona the management of these spaces presents singular characteristics from the ecological and social point of view. On the one hand, the climate and urban conditions are especially demanding on vegetation, and on the other, the city's green spaces and beaches are all subject to constant use.

In this respect, the Institut Municipal Parcs i Jardins de Barcelona (*Barcelona Municipal Agency of Parks and Gardens*) ([www.bcn.cat/parcsijardins](http://www.bcn.cat/parcsijardins)) is in charge of the creation and maintenance of these green spaces

Tibidabo Park and  
Viewpoint





as well as the management of almost 5 kilometers of beaches.

An entire series of infrastructure improvement projects was completed in 2007 in several of the city's parks, including the Parc de l'Estació del Nord, the Jardins de Montserrat, the Jardins de la Mediterrània, the Parc del Putget and in the Plaça de l'Assemblea de Catalunya. Among other measures, the work undertaken consisted in renovating pavements, lighting and sewers, and it was carried out simultaneously with the ongoing comprehensive rehabilitation of the city's eleven parks. In this sense, the Parc del Guinardó and the Parc del Turó are examples of areas where work has started this year. Mention must also be made of the "International Urban Landscape Award" which was presented to the architectural project for the Parc Central de Nou Barris. This prize is a recognition of excellence in the redesigning of urban spaces based on sustainability and innovation.

Once again this year work continued on guaranteeing accessibility to public green spaces for people with impaired mobility improving, among other measures, the entrances to the Parc de la Guineueta and the Plaça Soller.

Public green spaces are areas where people can enjoy nature side by side. With this in mind, every year a number of activities are organized with the aim of reinforcing the defense of and respect for the environment. Notable examples of this in 2007 were the Festa de la Primavera (*Spring Festival*) and the "Música als Parcs" (*Music in the Parks*) series of concerts.

In line with the Pla d'Actuació Municipal 2004-2007 (*Municipal Action Plan*), children's play

areas are being progressively remodeled to adapt them to current legislation, and the Àrees de Joc Accessibles i Integradores (*Accessible and Integrating Play Areas*) have been created. With one in every district, these spaces enable children with some kind of handicap to enjoy a play area just like the other kids.

The presence of urban allotments in the city has progressively extended in recent years since the initiative was first introduced in 1997, and there are currently ten urban allotments, one in each district. The three-fold aim of these spaces consists in recovering urban zones for public use, offering retired people a place to do some gardening and serving as an agricultural learning space for students.

With regard to the city's beaches, a new initiative launched in 2007 was the [www.bcn.cat/platges](http://www.bcn.cat/platges) website which provides live information on the state of Barcelona's seven beaches (Sant Sebastià, Barceloneta, Nova Icària, Bogatell, Mar Bella, Nova Mar Bella and Llevant). The site offers a wide spectrum of details about the quality of the water, sea conditions, the weather and the water temperature. Also worthy of note is the consolidation of the Centre de la Platja (*Beach Center*) as a service giving information and assistance to beach users as well as programming a range of activities. Some 10,500 people were attended in 2007 and over 3,600 took part in activities organized by the Center.

Barcelona beaches are fully accessible by people with impaired mobility, but they also offer two special services of great interest to the disabled: the free loan of amphibious chairs and the possibility of bathing with the assistance of

support staff. Users of the latter initiative increased by 89% with respect to 2006.

It should be added that the environmental management systems of Barcelona's public green spaces and beaches hold ISO 14001:1996

certification. Award of this certificate recognizes the planning and implementation of an environmental policy which includes a commitment to continuous improvement and the prevention of pollution, together with an undertaking to comply with current environmental legislation and regulations.

Public Spaces and Urban Facilities					
	2003	2004	2005	2006	2007
<b>Urban Green</b>					
Urban Green Zone (ha)	1,036	1,040	1,042	1,052	1,062
No. of Trees on Public Thoroughfare	155,279	155,433	153,343	151,772	153,746
Automatic Irrigation (thousands m <sup>3</sup> )	2,236	2,505	2,461	2,457	2,492
<b>Other Spaces</b>					
No. of Children's Play Areas	624	645	628	639	683

## Leisure Spaces

The municipal firm responsible for management of the Zoo, Tibidabo Amusement Park, the Montjuïc Park and the Fòrum Park is Barcelona de Serveis Municipals, SA ([www.bsmsa.es](http://www.bsmsa.es)).

Barcelona Zoo ([www.zoobarcelona.com](http://www.zoobarcelona.com)), located in the Parc de la Ciutadella and with more than a hundred years of history, has installations that reproduce the natural habitat and autochthonous flora of each of the more than 300 species in its animal collection. The number of visitors to the Zoo in 2007 rose by 8.4% with respect to the previous year, passing the 1.1 million mark.

Besides being a space for leisure, education and the dissemination of knowledge about the animal world, the Zoo is a place where endangered species are maintained and

reproduced, as well as a center for scientific research and development.

Educational activities are addressed to both students and adults. The year 2007 saw launching of the Aula Oberta (*Open Classroom*), an educational space in the open air, and with regard to the reproduction of species, more than fifty births took place, including one chimpanzee, two meerkats, one tapir, a leopard and several tortoises. Of special interest among the scientific investigation projects being carried out at the Zoo are the veterinary research studies and those of research into simians.

The Tibidabo Amusement Park ([www.tibidabo.es](http://www.tibidabo.es)), situated at the highest point of Barcelona, combines nature, fun, shows and services. Free access to the 500-metre mark on the side of Collserola Mountain was opened to the general public in 2007. The huge and now freely accessible boulevard known as the Camí



#### Tibidabo Leisure and Amusement Park

del Cel (*Pathway to the Sky*) is a unique part of city to be enjoyed by all. In a measure intended to improve accessibility to the park, public transport has been reinforced by raising the frequency of buses and increasing the passenger capacity of the Funicular. Another event this year was the opening of a new feature to be added to the more than 25 existing attractions, Dididabo, a 4-D cinema offering such visual thrills as speed and vertigo and tactile experiences involving water, fog and wind.

The Parc de Montjuïc is a meeting place for nature, culture and sport in the city of Barcelona. A new element of interest was unveiled in 2007, with the completion of work on the highest level of the Passeig dels Cims, a pathway which, besides giving access to the gardens and facilities located in that zone of the park, is also a boulevard-lookout point which provides outstanding views of the city. The new Montjuïc Teleferic cable car entered into service this year as a singular means of transport aimed at the tourism and leisure sectors and offering a

ride to the highest part of the mountain surrounded by the most magnificent panoramic views. Finally, mention should also be made of the inauguration of the Parc de la Primavera, a new green zone of some 1.9 hectares for public use located on the northern face of Montjuïc Mountain which features, among other services, a huge accessible play area for children.

For its part, the highly diverse offer of leisure activities combined with its excellent connection to the general urban network have converted the Fòrum Park ([www.bcn.cat/parcdelforum](http://www.bcn.cat/parcdelforum)) into one of the city's most important leisure areas. The Park is the venue for all kinds of events related with music and art, including concerts, festivals and fairs. It also presents other cultural proposals such as the Barcelona Sensacions and Ciutat Barcelona Projecte exhibitions, as well as activities addressed to school students and organized groups.

During the summer the Fòrum Park opens up a bathing area to the public, with monitored zones

of shallow sea which occupy an area of some 2 hectares. The Park also offers a wide variety of water activities such as underwater guided tours, diving courses, catamaran excursions, water-skiing and kayaking, among others. One of the new attractions this year has been the opportunity to carry out a variety of underwater activities to discover the Park dels Esculls, an example of the recovery of the Barcelona shoreline.

### Transport and Traffic

Barcelona is working to consolidate a model of mobility based on the principles of safety, sustainability and efficiency. The balance in different transport alternatives, the more rational use of private vehicles and the promotion of collective transport are characteristic aspects of this model. In this sense, once again this year the public transport service has continued to be expanded and improved.

The Metro is one of the main forms of transport used by Barcelona citizens. Improvements in accessibility have been made in a number of stations during 2007, infrastructure work has been carried out on certain lines and the service has been reinforced, arriving at a record number of 121 trains circulating simultaneously at peak times on working days. Uninterrupted service of the Metro network and urban railways on Saturday nights and the nights before bank holidays has been introduced with a view to fostering night-time travel on public transport.

Additionally, more than 50 bus routes have been reinforced with improved frequency and the incorporation of new vehicles, several routes such as the 102 and 130 have been extended,

and the number of buses using biodiesel as a renewable and less contaminating fuel has been increased.

As regards the Tram, the city currently has five routes and has continued expanding the service this year, extending the Trambaix T3 line to Sant Feliu de Llobregat and the Trambesòs T5 line to Badalona.

In a bid to promote sustainable travel and strengthen intermodality between different types of public transport, 2007 saw the launch of Bicing, a new system of individual public transport. Open 365 days a year, the initiative consists in making bicycles available for citizens to use to make short, everyday journeys in the city. Bicing stations are located close to Metro, railway station and car park entrances, and at year-end the number of subscribers to this service had exceeded 100,000, with 3,000 bicycles available at some 200 stations.

The Ona Glòries and Biomèdic municipal car parks came into service in 2007, and work concluded on construction of the first parking lot exclusively for motor cycles, situated in the Gràcia district. A further initiative, the

Neighborhood Bus  
(La Salut)

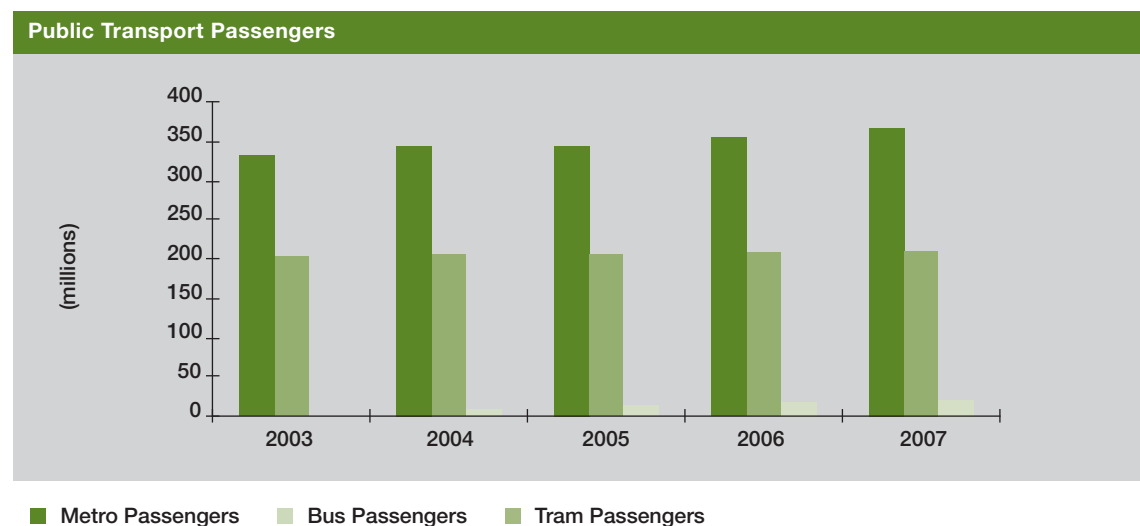


integral regulation of street parking, has achieved its objective of preferential use by residents, with only 3.8% of these parking places being occupied by vehicles from outside the vicinity.

As far as road safety is concerned, approval was granted to the new text of the traffic by-

laws for pedestrians and cyclists, numerous measures were applied to reduce the city's so-called risk points, more traffic lights were installed and signposting was reinforced. Furthermore, educational programs working content related to mobility and civism were offered during 2007, aimed at children from 3 to 18 years of age.

Mobility					
	2003	2004	2005	2006	2007
<b>Urban Mobility</b>					
No. of Metro Passengers (millions)	332.0	343.3	345.3	353.4	366.4
No. of TMB Bus Passengers (millions)	203.7	205.1	205.0	207.7	210.5
No. of Tram Passengers (millions)	-	7.7	13.0	16.9	20.9
Bus / Taxi Lane (km)	98.0	98.0	101.0	109.5	109.7
Cycle Lanes (km)	121.7	124.4	127.5	128.9	129.8
<b>Parking Spaces</b>					
No. of Loading and Unloading Areas	8,950	9,177	10,440	10,780	12,730
No. of Surface Parking Spaces (free)	147,068	181,198	138,438	137,326	137,119
No. of AREA Spaces (Blue Zone)	6,933	7,158	10,409	10,227	10,322
No. of Green Zone Spaces	-	-	33,484	33,484	30,160
No. of Motorcycle Parking Spaces	13,171	17,759	37,162	38,234	38,040





### 3.4. Promotion of Barcelona's Economic Activity

#### Promotion of the city's economy

The City of Barcelona's economic promotion sector is responsible for developing business activity in the city and helping to increase the competitiveness of the city's small and medium-sized businesses.

The City Hall offers the services of Barcelona Negocis (*Barcelona Businesses*) ([www.bcn.cat/barcelonanegocis](http://www.bcn.cat/barcelonanegocis)) to all those companies and professionals that decide to settle or do business in Barcelona. This service provides support and technical advice at every stage of the process, from taking the decision to invest in Barcelona to the development and consolidation of the project, including its installation and start-up.

The City of Barcelona also organizes activities to promote the city and its surrounding area in international markets, with the aim of attracting

foreign business. An example of this may be found in the Ponts Empresarials (*Business Bridges*), organized jointly with Barcelona Chamber of Commerce, which are aimed at helping to establish commercial and business contacts with other geographical areas and to study new models of economic and business development. Two such Bridges were organized in 2007: one in Ho Chi Minh City with an extension in Singapore, and the other in Mexico City and Monterrey. Other examples include the organization of economic prospection missions, participation in fairs and congresses and the reception of foreign business delegations. All with the aim of attracting innovative foreign companies with talent to Barcelona.

As a result of public-private collaboration, Barcelona is able to offer a range of platforms for the international promotion of economic sectors and future activity in which Barcelona has a positive edge over other cities and in which foreign promotion can be particularly useful. These platforms are grouped around the "Barcelona" trademark and encompass areas

Mobile World  
Congress at Fira de  
Barcelona (Barcelona  
Trade Fair)



such as the ITCs, the aeronautics and space industry, the environment, the food sector, design and biotechnology, among others.

The municipal company 22@ Barcelona, SA is currently engaged in a project of urban, economic and social renewal in the former industrial areas of the Poblenou district. The aim of this exercise is to transform Poblenou into a significant scientific, technological and cultural platform in which the proximity of a varied and ample supply of highly-qualified human capital will favor the creation of joint projects between the company's research teams and the business world. The main clusters being developed are in the audiovisual field, the information and communication technologies (ICTs), biotechnology and energy. Cutting edge companies, universities and centers for continuous training, research and technology transfer all coexist side by side with the everyday activities of the local neighborhood –commerce, small workshops and other services– making up a rich, productive fabric.

### **Fostering Employment and Entrepreneurial Initiative**

The City of Barcelona carries out a policy of fostering employment, entrepreneurial initiative and innovation through Barcelona Activa ([www.barcelonactiva.cat](http://www.barcelonactiva.cat)), a local development agency engaged in promoting coordination, agreements and cooperation with other public and private agents.

Barcelona Activa offers a wide and varied group of programs and activities which are progressively adapted to changing social and

economic requirements and which, overall, encompasses over 140 thousand participants.

The promotion of entrepreneurial initiative includes expert advice, customized programs for different groups, independent-access applications and contents, a system of access to financial institutions and the Barcelonanetactiva portal, which has been overhauled to provide increased contents and improved accessibility. The year 2007 also saw conclusion of the BCN Emprèn en Igualtat (*BCN Does Business in Equality*) program, through which 40 new companies formed by people with special difficulties were created.

Measures promoting business cooperation to assist the growth of young companies were intensified in 2007, with the organization of activities to facilitate access to finance through the direct participation of public and/or private investors, and technology and innovation bridges were held in Boston, Silicon Valley and China. The on-line business training program Eines Bàsiques de Gestió (*Basic Management Tools*), the network of expert mentors and the customized actions for businesswomen are just a few of the proposals aimed at improving company management. Members of the Xarxactiva (*Active Company Network*) increased to 603, multiplying the opportunities of business cooperation and networking.

Regarding employment access, inclusion and improvement, in 2007 a total of 642 unemployed people began their journey towards a job through the Barcelona Avança en Ocupació i Inclusió program (*Barcelona Advances in Employment and Inclusion*). Additionally, four workshop-schools were completed –Can



Saladrigas, Can Soler, Sant Llätzer and the Facilities Workshop-school for Sport and Culture– which have empowered some 400 unemployed young people through work experience. These initiatives have, at the same time, enabled the restoration of a baroque dome and a *masia* or country house, have contributed to the new library in the Poble Nou district and have facilitated the refurbishing of the Bàscula sports facilities.

The training opportunities provided by Barcelona Activa are addressed to people actively seeking employment who need a quality, training-based complement including practical experience to help them in their search. These opportunities are also aimed at professionals in active employment in small companies who need continual training to improve their professional prospects.

In terms of career guidance, competency training and the dissemination of new

employment tendencies, “Porta22, Espai de noves ocupacions” (*Place for New Jobs*) now registers more than 36,000 participants per year. This space was renovated and the program of activities widened to include a total of 387 initiatives in 2007. The policy of bringing new employment opportunities closer to educational centers was also intensified, reaching the figure of 712 groups with 14,000 participants.

For its part, the Cibernàrium is constantly revising its contents to be able to offer citizens a space in which to bring themselves up to date on the latest advances on the Internet and in the new technologies.

In the field of international cooperation, during 2007 Barcelona Active led or participated in such projects as @lis, Urb-AL, Detect-It, Invesat, EurOffices, and Equal, among others, and increased the volume of projects addressing the transfer of knowledge to other regions of the world.

Barcelona Activa Activities					
	2003	2004	2005	2006	2007
Firms Installed in Business Incubators and Technology Parks	121	114	110	122	116
Assisted Firms (Creation and Consolidation)	1,453	1,314	1,310	1,483	1,555
Total Number of Participants	109,790	126,941	143,442	154,573	140,044 <sup>(1)</sup>
Main Activities of Participants:					
Promotion of Entrepreneurial Initiative	20,869	27,425	33,353	39,260	15,944 <sup>(1)</sup>
Porta22, Espai Noves Ocupacions ( <i>Place of New Jobs</i> )	6,063	26,154	33,365	36,170	36,222
Cibernàrium	44,027	49,774	50,637	50,629	53,510
Services for Employment	24,901	17,678 <sup>(2)</sup>	17,103	17,292	20,651
Training Actions (Continual and Occupational)	3,091	2,070	2,341	2,379	2,253

<sup>1</sup> Not including members of the BarcelonaNetActiva virtual community, as the main contents have been opened to the general public.

<sup>2</sup> Since 2004 excludes students in training.

## Commerce and Urban Industry Renewal

Barcelona's commercial identity is based in the coexistence of a rich and diverse commercial offer: 19 shopping routes, 40 municipal markets, first-class malls and a wide spectrum of shops all over the city. In line with this reality, the aims of the Consell Ciutat i Comerç (*City Commerce Board*) are to propose, inform on and study municipal initiatives, projects and policies that affect the city's commercial sector.

The Institut Municipal de Mercats de Barcelona (*Municipal Markets Agency*) ([www.bcn.cat/mercatsmunicipals](http://www.bcn.cat/mercatsmunicipals)) is the City Council body responsible for improving, consolidating and modernizing municipal retail markets. A good deal of the Institute's activity is centered around the remodeling of markets and boosting their communication and commercial promotion possibilities.

Among other events in 2007, worthy of particular note was the inauguration of the new Barceloneta market, conclusion of the reconditioning of the Sarrià market and initiation of the remodeling works on the Llibertat and Les Corts markets. As part of the Improvement Plan, interventions have been carried out in 28 markets that are not in the remodeling process. All of these measures share the common objective of converting the markets into spaces that unite the commercial and sociocultural life of the city's different neighborhoods.

A variety of campaigns have been carried out with a view to fostering better knowledge and a wider use of markets among citizens. These include "Cap al mercat a fer salut" (*To the Market to be Healthy*), "Benvingut al teu mercat"

(*Welcome to Your Market*), "Apropa't al teu mercat" (*Get Closer to Your Market*), and "Els mercats es mouen. Véns?" (*Markets are on the Move. Are you Coming?*). This year, the customer card has been extended to markets where it did not previously exist, the home delivery service has been widened in Clot and Sants, activities have been launched promoting autochthonous products and the collaboration agreement with the Banc d'Aliments (*Food Bank*) has been extended. Festive events celebrated in the markets should not be forgotten, such as Carnival in the Markets, the Christmas and Three Kings at the Market campaigns and the Medieval Market in Santa Caterina.

Mercabarna ([www.mercabarna.cat](http://www.mercabarna.cat)) is a mixed capital company managed by the Unitat Alimentària de Barcelona (*Barcelona Food Unit*), a business cluster that encompasses the city's wholesale markets as well as numerous firms engaged in the production, sale and distribution of food products. Mercabarna covers an area of 90 hectares and houses around 800 companies. Besides the three central markets (fruit and vegetables, fish, and flowers) and the slaughterhouse, it also manages the Complementary Activities Zone which gathers together companies dedicated to the commercialization of prepared and semi-prepared products: frozen food, preserved food, dairy products, beverages, wines, eggs, cheeses, salted fish, spices, sausages, cakes, etc. These products complete the purchases made in the Central Markets by clients in the restaurant sector and retail shops.

The Complementary Activities Zone is also home to the distribution chain purchasing

centers, and service companies specializing in food and consumer support: quality control laboratories, packaging companies, mechanical

workshops, computer services companies and courier firms, restaurants, nursery schools, bank offices, and so on.

Mercabarna					
	2003	2004	2005	2006	2007
<b>Trading Tonnes</b>					
Fruit and Vegetables	961,294	967,009	1,066,955	1,085,609	1,097,733
Fresh Fish	78,827	80,712	76,195	71,628	69,547
Cattle Slaughtered	25,500	29,007	33,759	32,959	34,575
Frozen and Others	95,204	97,854	96,327	111,824	106,916

In the environmental field, Mercabarna follows a model for management of the solid waste produced by the activity of the Food Unit based fundamentally on the placing of containers around the markets, together with a general Green Point service at the disposition both of owners of Mercabarna points of sale as well as customers visiting the market to make their purchases. The evaluation index of waste that is similar to urban solid waste remains above 74% and the index of control and management of industrial waste from the Slaughterhouse was 100%.

#### Tourist Promotion

Barcelona is one of Europe's leading destinations for urban tourism and the most important cruiser port in the Mediterranean. Municipal action in the area of tourism is managed through Turisme de Barcelona ([www.turismebarcelona.com](http://www.turismebarcelona.com)), a consortium consisting of the City of Barcelona and the

Barcelona Chamber of Commerce. Its activities are aimed at reinforcing Barcelona's attraction to tourists by offering quality services while preserving the city's cultural values. The consortium uses a range of programs to offer products and services to professionals in the tourism sector as well as to individual tourists.

The Barcelona Convention Bureau is a specialized program aimed at providing advice and assistance with the planning and organization of congresses, conventions and incentive trips, as well as promoting the organization of this type of meetings in our city. Other programs include Barcelona Ciutat de Compres (*Shopping City*), which especially promotes the Barcelona Shopping Line – a 5 km-long commercial area, Barcelona Gastronomia, which brings together a selection of the 126 best restaurants in the Catalan capital, and Barcelona Sports, which promotes the international-level sports events that are held in the city.

## Tourist Promotion

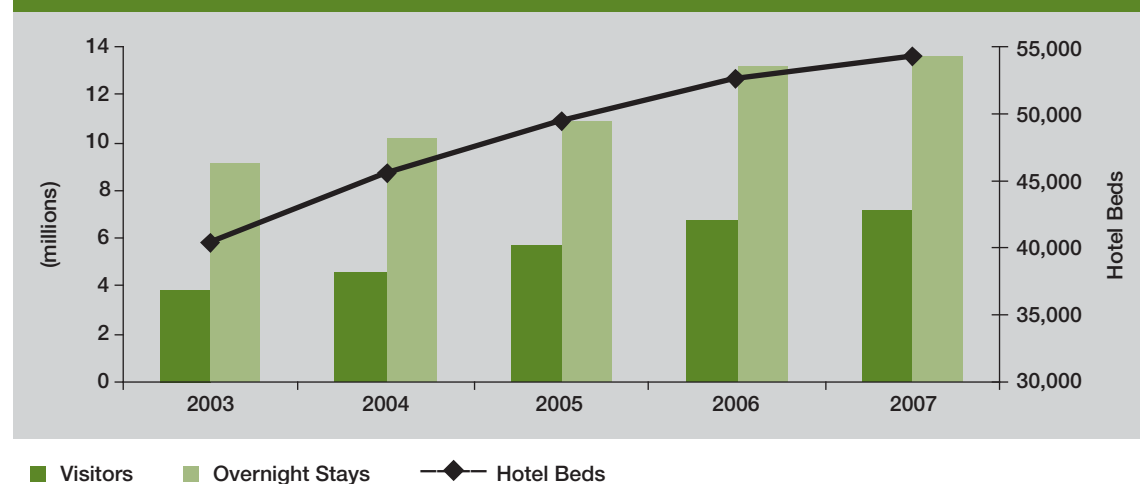
	2003	2004	2005	2006	2007
<b>Consorti de Turisme de Barcelona (Barcelona Tourism Consortium)</b>					
No. of Enquiries to Tourist Offices (000s)	1,738	2,008	2,333	2,502	2,680
No. of Visitors (000s)	3,848	4,550	5,061	6,709	7,108
No. Tourist Bus Users (000s)	1,223	1,475	1,654	1,873	2,181
No. of Barcelona Walking Tours Visits (000s)	6,1	8,8	15,5	16,3	17,5
No. of Barcelona Cards Sold (000s)	60	91	102	107	129

The tourist information service is mainly provided through a network of information points, with the main Information Center being located in Catalonia Square. These points publicize the city's tourism services in more than 20 languages and are reinforced in the summer at the city's more popular tourist zones with guides in the street. Additionally, tourist information stands are mounted at the most significant trade fairs and congresses held in the city.

Turisme de Barcelona also provides a wide range of tourist products to make visiting and staying in the city easier, such as the Tourist Bus and the Barcelona Card, which can be validated for two

or five days and offers public transport, free gifts and discounts in museums, cultural spaces, leisure facilities, shops, restaurants and certain unique forms of transport, as well as other services. And 2007 has seen the introduction of the Arqueoticket, which enables holders to visit 5 museums displaying part of the city's archeological heritage. Different types of guided tours of the Catalan capital may also be organized for professionals, including the Barcelona Walks, with their four different theme-based routes (Gothic, Picasso, Modernisme and Gourmet), tours by bicycle (Barcelona Bici) and motor-cycle visits (Barcelona Scooter), also introduced in 2007.

## Hotel Accommodation and Occupation in Barcelona



# 4



## Management report

The management report shows the consolidated data of the group made up of the City of Barcelona and its municipal agencies and firms, irrespective of their sources of financing.

### 4.1. Human Resources

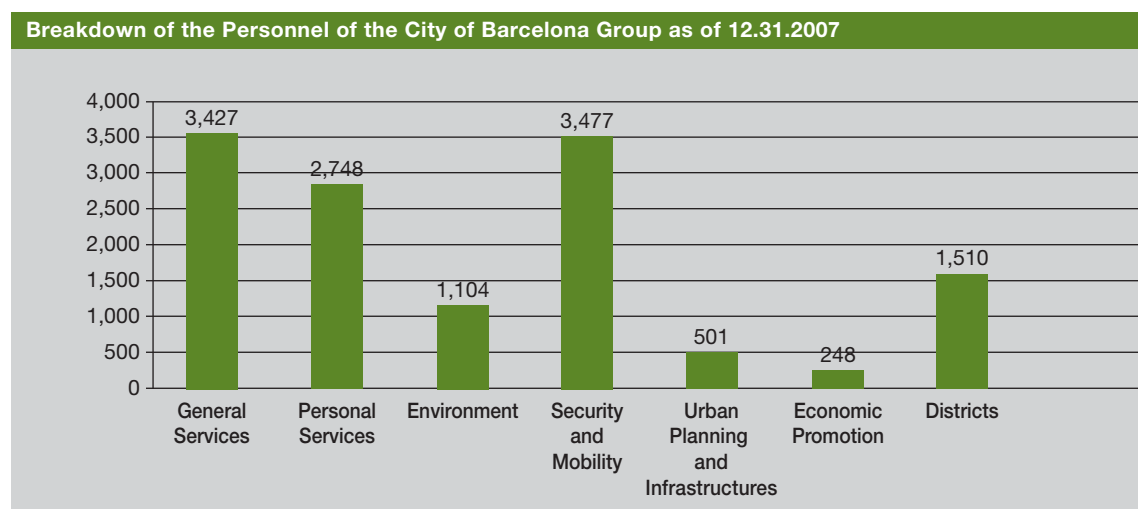
The staff of the City of Barcelona group as of December 31, 2007 consists of 13,015 employees, 156 workers more than in 2006.

#### Personnel of the City of Barcelona and its Municipal Agencies and Firms

	12.31.03	12.31.04	12.31.05	12.31.06	12.31.07
City of Barcelona	6,689	6,657	6,578	6,755	6,891
Municipal Agencies and Firms	5,677	5,753	5,897	6,104	6,124
<b>Total</b>	<b>12,366</b>	<b>12,410</b>	<b>12,475</b>	<b>12,859</b>	<b>13,015</b>

The most significant changes that took place in staffing during 2007 correspond to increases in the number of workers employed in Mobility Services (the Guàrdia Urbana municipal police force, and services mainly provided through the firm Barcelona de Serveis Municipals), educational services and the City Hall central bodies, in the latter case, deriving from organizational changes implemented following the last municipal elections. In 2007, 32 employees opted for the early retirement plan provided for the Municipal Police Force and the Fire Department.

The following graph shows the total workforce of the City of Barcelona group broken down by sectors. For the purposes of year-on-year comparison, Municipal Management and the Finance, Human Resources and Organization sectors, together with General Services and Territorial Organization have been grouped under the General Services caption; and the Social Action and Citizenship sectors, and Education, Culture and Welfare have been grouped under the Personal Services caption.



In 2007, the City of Barcelona devoted 2.26% of the gross payroll to personnel training. A total of 210,721 teaching hours –some 16% more than in 2006– were imparted in training courses, which were attended by 15,548 people. Within the framework of the National Agreement of Ongoing Training, the National Institute of Public Administration subsidized part of personnel training; in 2007, this subsidy accounted for the training activities of 1,654 municipal workers.

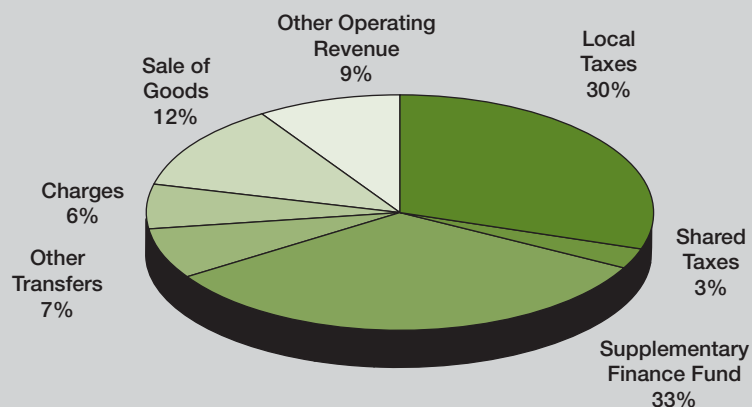
## 4.2. Current Revenue

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

The breakdown of current revenue is as follows:



**Breakdown of Current Revenue 2007**



Some 55% of local taxes comes from property tax (IBI). The rest of local taxes consist of the tax on economic activities (IAE), the tax on the increase in land value (IIVT), the tax on motor vehicles (IVTM) and the construction tax (ICIO).

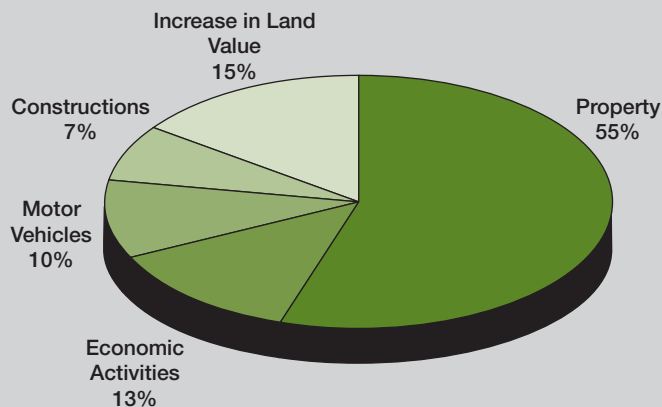
The Central Government allocates part of the returns from a range of Central Government taxes, less the allocation corresponding to the autonomous communities. The taxes assigned are: 1.6875% corresponding to income tax; 1.7897% of Value Added Tax; and 2.0454% of the special taxes levied on beer, wines and spirits, intermediate products, alcohol and derivatives, hydrocarbons and tobacco. The

Supplementary Finance Fund is a non-earmarked transfer that grows at the same annual rate as Central Government revenue collected for the taxes that are allocated to local authorities and which includes the offset for loss of revenue caused by the reforms effected in the tax on economic activities.

The sale of goods and provision of services, whether from tax or non-tax sources, and other ordinary income, accounted for 27% of current revenue.

The remaining current transfers correspond essentially to specific resources from other

**Breakdown of Local Taxes 2007**





public administration bodies, mainly from the Generalitat de Catalunya and local entities, as well as from private firms and non-profit organizations.

The accumulative growth in current revenue during the last five years has been an annual 6.4%, while inflation over the same period has been an annual 3.3%. The causes of this evolution are: a) the gradual application over ten

years of the new public land register values approved at Central Government level in 2001; b) the intense general activity in the building industry and property market during this period; c) the growing tendency for certain services to be partially paid for by users themselves, and d) the sustained growth in non-earmarked transfers from the Central Government, which have exceeded the average.

Current Revenue (thousands of euros)					
	2003	2004	2005	2006	2007
Property Tax	319,100	333,329	346,753	370,744	398,998
Tax on Economic Activities	89,248	84,817	93,860	96,409	97,269
Tax on Motor Vehicles	74,350	74,686	73,541	74,918	74,529
Tax on Construction	32,208	34,484	33,974	37,922	50,511
Tax on Increase in Land Values	79,086	80,055	93,459	84,099	108,497
<b>Subtotal</b>	<b>593,992</b>	<b>607,371</b>	<b>641,587</b>	<b>664,092</b>	<b>729,804</b>
Shared Taxes: Income Tax, VAT and Special Taxes	-	89,923	93,235	82,802	85,714
<b>Total Local Taxes</b>	<b>593,992</b>	<b>697,294</b>	<b>734,822</b>	<b>746,894</b>	<b>815,518</b>
Other Fiscal Revenue: Charges	135,560	137,385	162,495	158,184	157,653
Sale of Goods and Provision of Services	205,868	244,545	237,994	263,255	286,538
Other Operating Revenue	158,951	201,258	177,099	228,316	225,339
<b>Total Local Revenue</b>	<b>1,094,371</b>	<b>1,280,482</b>	<b>1,312,410</b>	<b>1,396,649</b>	<b>1,485,048</b>
Supplementary Finance Fund <sup>(1)</sup>	662,082	669,241	700,689	756,226	813,251
Other Current Transfers	142,670	100,336	125,679	146,838	173,524
<b>Total Current Transfers</b>	<b>804,752</b>	<b>769,577</b>	<b>826,368</b>	<b>903,064</b>	<b>986,775</b>
<b>Financial Revenue</b>	<b>8,031</b>	<b>5,630</b>	<b>6,455</b>	<b>11,347</b>	<b>14,163</b>
<b>Total Current Revenue</b>	<b>1,907,154</b>	<b>2,055,689</b>	<b>2,145,233</b>	<b>2,311,060</b>	<b>2,485,986</b>

(1) 2003, Share in Central Government Revenue (PIE)

The structure of current revenue has changed over these five years, reflecting the ongoing decrease in the contribution from local taxes, which fell from 35% of current revenue in 2002 to 29.4% in 2007, with a slight increase in the contribution from the rest of local revenue (in particular, income from the sale of goods and provision of services), which rose from 26.3% in

2002 to 26.9% in 2007. Likewise, current transfers have also gained 5 percentage points, rising from 38.1% in 2002 to 43.1% in 2007, if shared taxes assigned by Central Government are also taken into account.

Consolidated current revenue in 2007 was 2,486 million euros, 7.6% more than in 2006, while the

Consumer Price Index was 4.2%. Revenue generated by local taxes, despite maintaining the tax rates, underwent an increase of 9.9% with respect to the previous year, due to increased activity and improvements in collection. It is worth pointing out the increases in tax on construction and in taxation on the increase in land values, despite the deceleration process whose influence began to be felt in 2007 in the construction and property sector. In the case of the tax on construction, the increase is a consequence of improvements in its collection, and in that of the tax on increase in land values the increase is connected with the disappearance of the 40% reduction which was applied to public register land values in accordance with current legislation. The fact that local taxes linked to property transactions represent only 6.4% of total current revenue reveals the significant independence of the City of Barcelona to the fluctuations of this sector. Likewise, revenue from the property tax, which represents 55% of local revenue, has risen 7.6% as a result of aforementioned progressive application of the new public register land values in accordance with legislation introduced in 2001 following a generalized, collective assessment procedure carried out by Central Government General Administration. The tax rate on property has undergone no change since 2005, and amounts to 0.75% of the official land value in general terms, and 0.85% for 10% of non-residential property with greater official land value. Taxes assigned by Central Government rose by 3.5% in 2007.

The rest of local revenue has increased by 3%. Overall, charges and sales of goods and services have grown by 5.4%. The lower charges paid for the use of the public domain

are due to a reduction in the share in gross income of the service firms that operate in Barcelona, and respond to the ending in 2006 of the extraordinary settlements for inspections of fixed and mobile telephone companies carried out in previous years. This lower figure was offset by increased revenues from urban permits, refuse collection, tow-truck and vehicle clamping charges, and cemetery fees. Increases in revenue have also been registered in municipal agencies and companies that provide services to citizens, in particular Barcelona de Serveis Municipals, for the extension and higher occupation of car parks and the greater number of visitors to the different leisure-time installations run by the firm (Zoo, Montjuïc and Fòrum).

The remaining operating revenue fell by 1.3%. The sections that present reductions are late-payment surcharges (the late payment surcharge corresponding to the tax on economic activities of the savings banks (caixes d'estalvi) from 1992-1994 was paid in 2006) and fines, while income from rents and concessions rose. The new contract regarding publicity on urban furniture has been influential in the latter case. Financial revenue amounted to 14.1 million euros, up on the figure of 11.3 million euros registered in the previous year.

Revenue from current transfers rose to 987 million euros in 2007, some 9.3% more than on 2006. Funds transferred from Central Government through the Supplementary Finance Fund together with compensation for the tax on economic activities grew by 7.5%. The rest of current transfers increased by 18.2%. This caption includes 15 million euros transferred from Central Government to finance

cultural institutions, an amount which was received as capital transfers in 2006. If this item is eliminated, the final transfers received from public administrations have grown by 7.9%,

due largely to the increase in transfers from the Generalitat de Catalunya related to primary care, and homes for the elderly and day centers.

Current Revenue (percentages)					
	2003	2004	2005	2006	2007
Property Tax	16.7	16.2	16.2	16.1	16.0
Tax on Economic Activities	4.7	4.1	4.4	4.2	3.9
Tax on Motor Vehicles	3.9	3.6	3.4	3.2	3.0
Tax on Construction	1.7	1.7	1.6	1.6	2.0
Tax on Increase in Land Values	4.1	3.9	4.4	3.6	4.4
<b>Subtotal</b>	<b>31.1</b>	<b>29.5</b>	<b>30.0</b>	<b>28.7</b>	<b>29.4</b>
Shared Taxes: Income Tax, VAT and Special Taxes	-	4.4	4.3	3.6	3.4
<b>Total Local Taxes</b>	<b>31.1</b>	<b>33.9</b>	<b>34.3</b>	<b>32.3</b>	<b>32.8</b>
Other Fiscal Revenue: Charges	7.1	6.7	7.6	6.8	6.3
Sale of Goods and Provision of Services	10.8	11.9	11.1	11.4	11.5
Other Operating Revenue	8.4	9.8	8.2	9.9	9.1
<b>Total Local Revenue</b>	<b>57.4</b>	<b>62.3</b>	<b>61.2</b>	<b>60.4</b>	<b>59.7</b>
Supplementary Finance Fund	34.7	32.5	32.7	32.7	32.7
Other Current Transfers	7.5	4.9	5.8	6.4	7.0
<b>Total Current Transfers</b>	<b>42.2</b>	<b>37.4</b>	<b>38.5</b>	<b>39.1</b>	<b>39.7</b>
<b>Financial Revenue</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>0.6</b>
<b>Total Current Revenue</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### 4.3. Current Expenses

The City of Barcelona exercises the powers established in the Barcelona Municipal Charter and general legislation concerning local government. The services it provides include such diverse areas as maintenance of the public highway, social services, municipal markets and public transport, to name but a few examples. These services are described in Chapter 3 of this Annual Report and are carried out through the organizational structure made up of the central bodies of the City of

Barcelona, the districts and the municipal agencies and firms.

The annual rate of growth of current expenses over the last five years has been 6.0%, four decimal points less than the growth registered in current revenue. In general, this lower growth has been possible due to the 13.9% annual reduction in financial expenses. The increase in expenses has mainly centered on works, supplies and external services, and current transfers, which have grown at an annual rate of 9.3% and 10.8% respectively, substantially

higher than the annual inflation rate for the same period. Together, the expenses on works, supplies and external services, and current transfers have gained weight in the composition

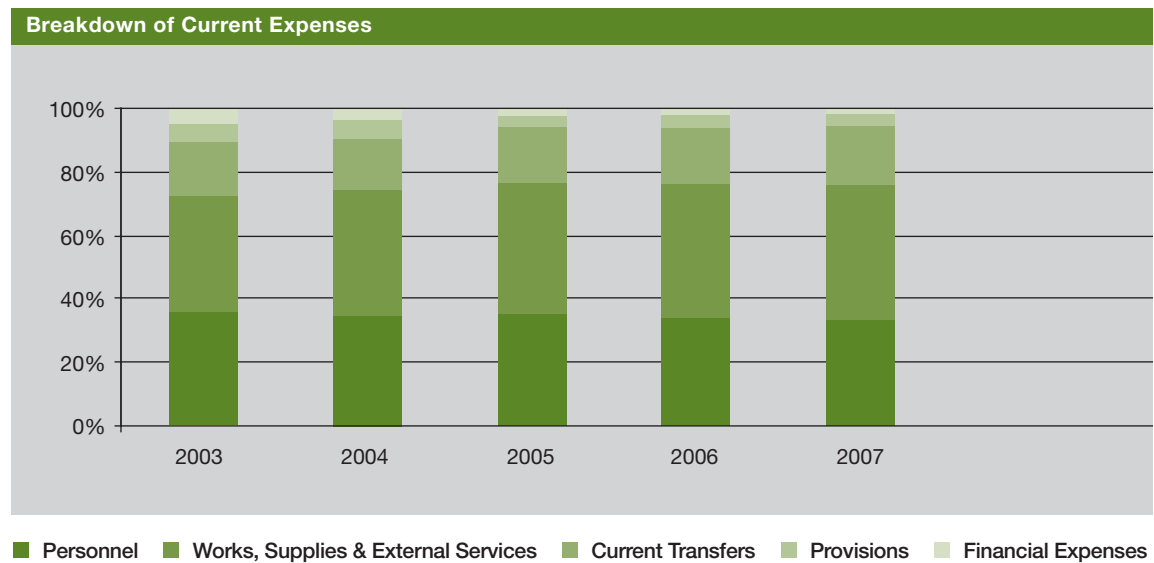
of current expenses, growing from 51.4% in 2002 to 61.0% in 2007, while the contribution from expenses on personnel, provisions and financial expenses has been reduced.

Current Expenses (thousands of euros)					
	2003	2004	2005	2006	2007
Personnel Expenses	493,273	517,555	543,793	568,027	601,305
Works, Supplies and External Services	516,203	592,007	643,286	702,936	763,799
Current Transfers	235,048	244,600	271,390	301,491	337,227
Provisions	79,975	83,480	54,843	58,081	61,395
Financial Expenses	71,147	60,598	39,909	41,623	41,636
<b>Total Current Expenses</b>	<b>1,395,646</b>	<b>1,498,240</b>	<b>1,553,221</b>	<b>1,672,158</b>	<b>1,805,362</b>

Current expenses in the 2007 fiscal year grew by 8.0%. Personnel expenses rose by 5.9%, reflecting the continued expansion of the workforce and the 2% increase in salaries in accordance with the Law governing the 2007 State budget and in relation to the improvements made in the 2004-2007 agreement. As regards works supplies and external services, and current transfers, the areas of expenses that experienced highest

growth were those of security and civil protection resulting from the promotion of the Guàrdia Urbana (Municipal Police), social welfare and assistance, education, the maintenance of urban space including street cleaning, waste collection and treatment, and culture. It is also worth pointing out that current transfers to the Metropolitan Transport Authority to subsidize public transport rose by 16%, reaching the amount of 52 million euros.

Current Expenses (percentages)					
	2003	2004	2005	2006	2007
Personnel Expenses	35.3	34.6	35.0	34.0	33.3
Works, Supplies and External Services	37.0	39.5	41.4	42.0	42.3
Current Transfers	16.8	16.3	17.5	18.0	18.7
Provisions	5.8	5.6	3.5	3.5	3.4
Financial Expenses	5.1	4.0	2.6	2.5	2.3
<b>Total Current Expenses</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



#### 4.4. Investments

Consolidated capital expenses over the 2003-2007 period were in excess of 3,200 million euros. Some 83% has been devoted to direct investments and the remaining 17% to capital transfers to the Metropolitan Transport Authority (ATM), Barcelona Holding Olímpico, S.A. (HOLSA) and to cultural facilities, as well as to increases in capital, basically in FIRA 2000, S.A. In April 2007 the City of Barcelona made the final capital transfer to HOLSA in order to totally cancel the company's debt prior to December 31, 2007.

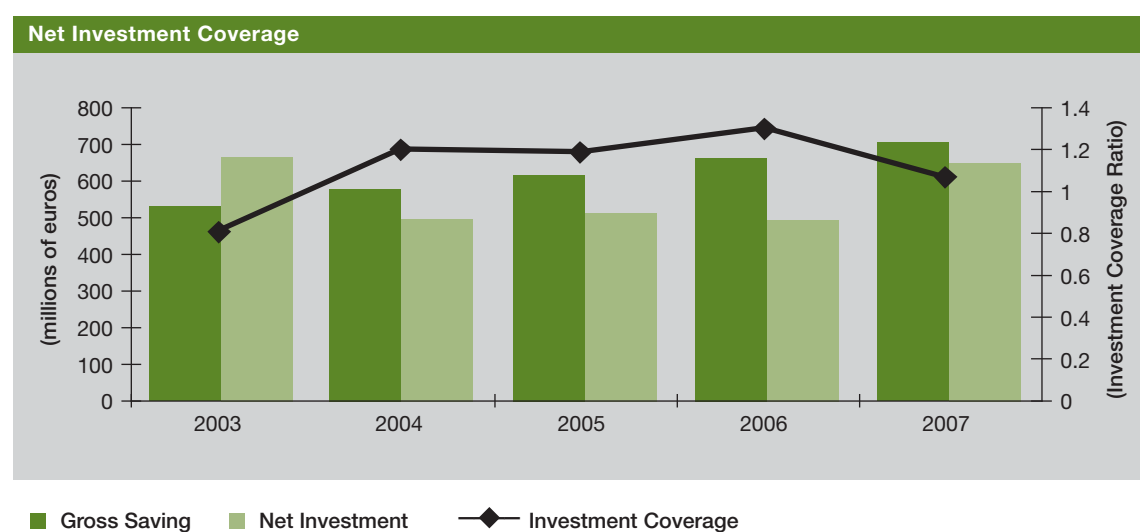
With regard to capital expenses, 15% were financed with revenue generated by the management of assets (sale of land, buildings and vacant lots, as well as the sale of housing and business premises) and with capital transfers from the European Union, mainly for environmental projects; from the Generalitat de Catalunya, for educational facilities and for the neighborhood Law; and from other bodies and institutions for the urban development of public spaces.

Capital Revenue and Expenses (thousands of euros)					
	2003	2004	2005	2006	2007
<b>Direct Investment</b>					
General Use	341,422	218,940	235,051	266,906	319,247
Related to Services	300,918	220,611	216,970	246,374	294,690
<b>Total Direct Investments</b>	<b>642,340</b>	<b>439,551</b>	<b>452,021</b>	<b>513,280</b>	<b>613,937</b>
<b>Capital Transfers</b>					
HOLSA	55,970	58,209	60,537	62,958	21,826
Metropolitan Transport Authority (ATM)	24,179	25,388	30,269	28,590	28,590
Non-municipal Entities	34,975	57,142	23,514	10,032	16,003
<b>Total Transfers</b>	<b>115,124</b>	<b>140,739</b>	<b>114,320</b>	<b>101,580</b>	<b>66,419</b>
<b>Financial Investment</b>	<b>8,910</b>	<b>255</b>	<b>188</b>	<b>12</b>	<b>8,250</b>
<b>Total Capital Expenses</b>	<b>766,374</b>	<b>580,545</b>	<b>566,529</b>	<b>614,872</b>	<b>688,606</b>
<b>Capital Revenue</b>					
Capital Transfers	75,632	28,894	19,549	46,043	18,160
Assets Management	49,439	69,750	47,932	89,504	41,072
<b>Total Capital Revenue</b>	<b>125,071</b>	<b>98,644</b>	<b>67,481</b>	<b>135,547</b>	<b>59,232</b>
<b>Net Investment</b>	<b>641,303</b>	<b>481,901</b>	<b>499,048</b>	<b>479,325</b>	<b>629,374</b>

Some 85% of capital expenses have been financed with gross savings from current operations. Investment coverage for the whole

period, measured as gross savings over net investment was 1.1 times, enabling consolidated debt to be reduced by almost 20%.

Capital Revenue and Expenses (percentages)					
	2003	2004	2005	2006	2007
<b>Direct Investment</b>					
General Use	53.2	45.4	47.1	55.7	50.7
Related to Services	46.9	45.8	43.5	51.4	46.8
<b>Total Direct Investment</b>	<b>100.1</b>	<b>91.2</b>	<b>90.6</b>	<b>107.1</b>	<b>97.5</b>
<b>Capital Transfers</b>					
HOLSA	8.7	12.1	12.1	13.1	3.5
Metropolitan Transport Authority (ATM)	3.8	5.3	6.1	6.0	4.5
Non-municipal Entities	5.5	11.8	4.7	2.1	2.6
<b>Total Transfers</b>	<b>18.0</b>	<b>29.2</b>	<b>22.9</b>	<b>21.2</b>	<b>10.6</b>
<b>Financial Investment</b>	<b>1.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1.3</b>
<b>Total Capital Expenses</b>	<b>119.5</b>	<b>120.5</b>	<b>113.5</b>	<b>128.3</b>	<b>109.4</b>
<b>Capital Revenue</b>					
Capital Transfers	11.8	6.0	3.9	9.6	2.9
Assets Management	7.7	14.5	9.6	18.7	6.5
<b>Total Capital Revenue</b>	<b>19.5</b>	<b>20.5</b>	<b>13.5</b>	<b>28.3</b>	<b>9.4</b>
<b>Net Investment</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>





The Municipal Action Plan for the 2004-2007 mandate has included 1,430 measures, of which 70% concern proximity (for an amount of less than 3 million euros). These actions are managed by different operators: sectors and districts of the City of Barcelona and its municipal agencies and firms. The breakdown of these measures shows that 38% of the investment is allocated to urban development (thoroughfares, green zones and the integral management plan); 34% to facilities and services (administrative buildings, cultural facilities, social services, schools and markets); 16% to land management; 8% to housing, and 4% to car parks.

## 4.5. Financing

The consolidated debt of the City of Barcelona as of December 31, 2007, is 1,067 million euros, of which 929 million euros correspond to the public administration of the City Hall and 138 million euros to the Municipal Agency for Housing and the Barcelona de Serveis Municipals group, entities which are mainly funded by commercial revenue. In relation to a year ago, consolidated debt has been reduced by 112 million euros. Consolidated debt represents 1.6 times the gross saving generated, 1.4 times when taking only the public administration debt into account.

Consolidated Financial Debt (thousands of euros)					
	12.31.03	12.31.04	12.31.05	12.31.06	12.31.07
Public Administration	1,244,525	1,206,640	1,148,353	1,061,206	928,727
Commercial Entities	91,793	104,387	121,520	117,637	138,383
<b>Total Debt</b>	<b>1,336,318</b>	<b>1,311,027</b>	<b>1,269,873</b>	<b>1,178,843</b>	<b>1,067,110</b>

### Public Sector

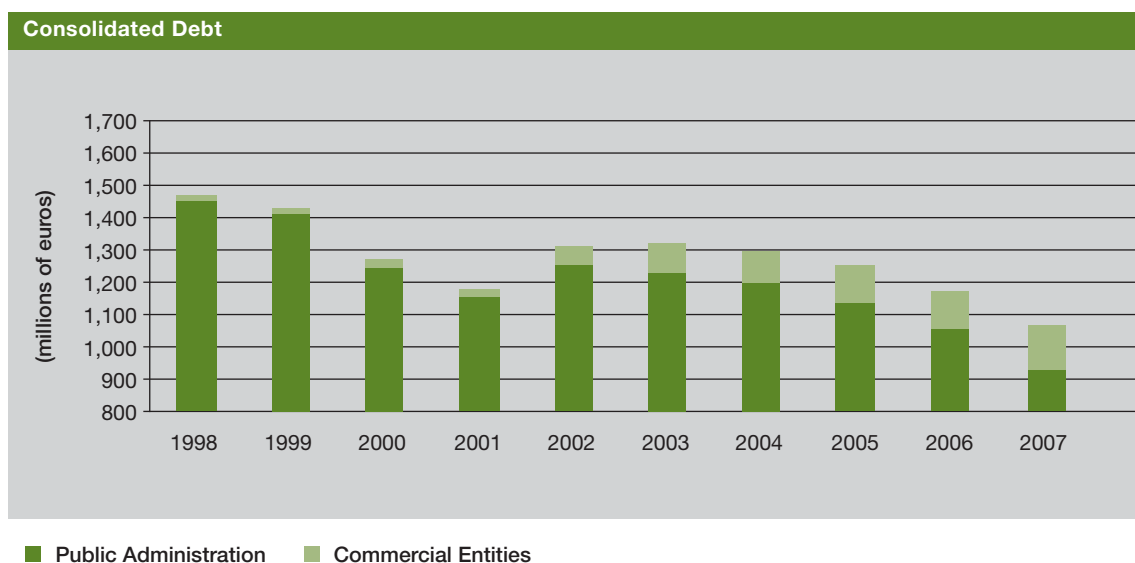
Debt in the public administration sector breaks down to 927.8 million euros of long-term debt by the City of Barcelona and a short-term stand-by line for 0.9 million euros subscribed by the municipal firm Barcelona Activa, S.A.

In 2007, the City of Barcelona carried out a debt replacement process by which it made early repayment of bank loans in the months of March and May to the amount of 80 million euros, with

a new loan being formalized for the same amount at year-end. The aim of this operation was to reduce the financial load of the fiscal year. Contractual repayments in 2007 amounted to 134 million euros.

### Commercial Entities

The debt of commercial entities increased by 21 million euros in 2007, due to the growth of the Municipal Agency for Housing's debt, while that of the Barcelona de Serveis Municipals group remained stable.



Consolidated Financial Debt (thousands of euros)					
	12.31.03	12.31.04	12.31.05	12.31.06	12.31.07
<b>European Union Market</b>					
Bank Loans	664,141	675,644	709,671	618,641	627,110
Private Placements	240,374	260,000	340,000	340,000	340,000
Public Bond Issues	276,622	220,202	220,202	220,202	100,000
<b>Subtotal</b>	<b>1,181,137</b>	<b>1,155,846</b>	<b>1,269,873</b>	<b>1,178,843</b>	<b>1,067,110</b>
<b>Non-European Union Market</b>					
Public Bond Issues	155,181	155,181	0	0	0
<b>Subtotal</b>	<b>155,181</b>	<b>155,181</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Debt</b>	<b>1,336,318</b>	<b>1,311,027</b>	<b>1,269,873</b>	<b>1,178,843</b>	<b>1,067,110</b>
<b>Long-term Debt</b>	<b>1,336,231</b>	<b>1,311,027</b>	<b>1,269,873</b>	<b>1,178,843</b>	<b>1,066,230</b>
<b>Short-term Debt</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>880</b>

The City of Barcelona's financial policy is aimed at controlling the increase in financial expenses, given a reasonable financial risk. For this reason, the financial strategy is based on obtaining resources in the financial markets of the Euro Zone; by using short-term debt

exclusively for covering transitory cash needs; by improving the profile of debt by maturities, maintaining annual contractual amortizations of debt substantially below gross saving, and by diversifying interest rate risk.

### Consolidated Financial Debt (percentages)

	12.31.03	12.31.04	12.31.05	12.31.06	12.31.07
<b>European Union Market</b>					
Bank Loans	49.7	51.6	55.9	52.5	58.8
Private Placement	18.0	19.8	26.8	28.8	31.8
Public Bond Issues	20.7	16.8	17.3	18.7	9.4
<b>Subtotal</b>	<b>88.4</b>	<b>88.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-European Union Market</b>					
Public Bond Issues	11.6	11.8	0.0	0.0	0.0
<b>Subtotal</b>	<b>11.6</b>	<b>11.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Debt</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Long-term Debt</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>99.9</b>
<b>Short-term Debt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>

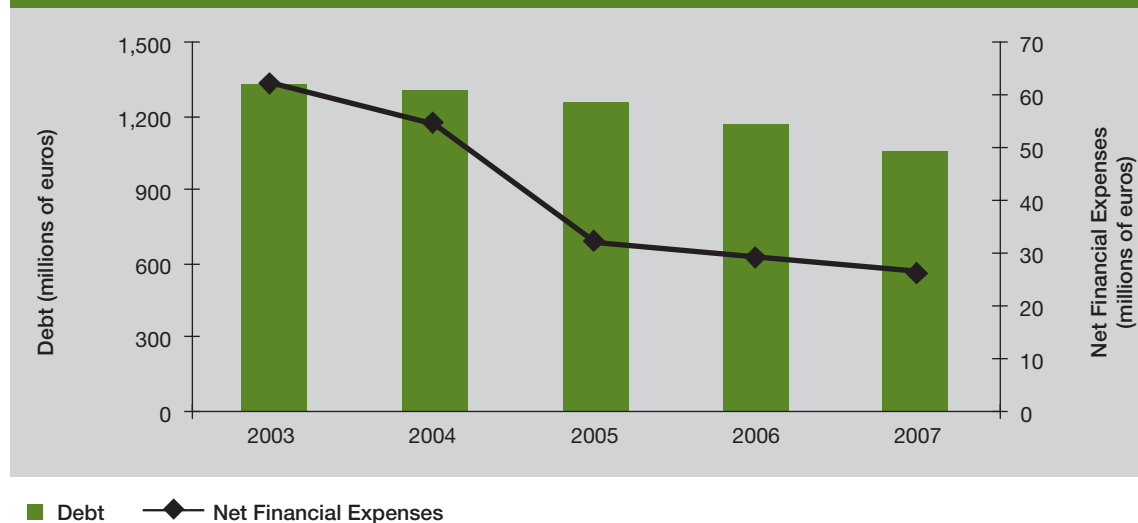
Currently, all the City of Barcelona debt originates in the Euro Zone; almost 60% corresponds to bank loans and the rest to private placements on the German market and a public bond issue.

Gross financial expenses in 2007 amounted to 41.6 million euros, the same figure as in 2006. The reduction in the average debt balance was

offset by the increase in market interest rates. The average cost of debt in 2007 was 3.8%, six decimal points higher than that of 2006.

The City of Barcelona's credit rating is AA+ according to Fitch and Standard & Poor's, and Aa1 according to Moody's Investors Service; in other words, all three agencies award the same rating.

### Debt and Net Financial Expenses



## 4.6. Prospects

The objective of this mandate, which encompasses the 2008-2011 period, consists in promoting policies of social cohesion and maintaining the rate of investment in the city, under the following conditions:

- a) No increase in fiscal pressure.
- b) Maintenance of a level of gross saving on current revenue above 20%.
- c) Establishment of the consolidated debt level of the entities which, according to the Budget Stability Law, forms part of the public administration.

The position and prospects of the City of Barcelona's main financial figures are outlined below. The forecasts are based on the following macroeconomic hypotheses: a) the inflation rate for 2009 is expected to be 4% and an annual 3.5% during the rest of the period under consideration; b) the increase in Central Government taxes collection (ITE) is estimated at 7% in 2009, and an annual 10% for the rest of the period and, c) the three-month EURIBOR (Euro Interbank Offered Rate) interest rate will be on average 4% annually from 2009 to 2012.

The 2008 figures are based on the general trends anticipated in the initially approved budget.

Current revenue for the 2009-2012 period has been estimated according to the following hypotheses:

- a) In general, both local taxes and shared taxes will grow at the same rate as the inflation forecast, except in 2009, when local taxes are

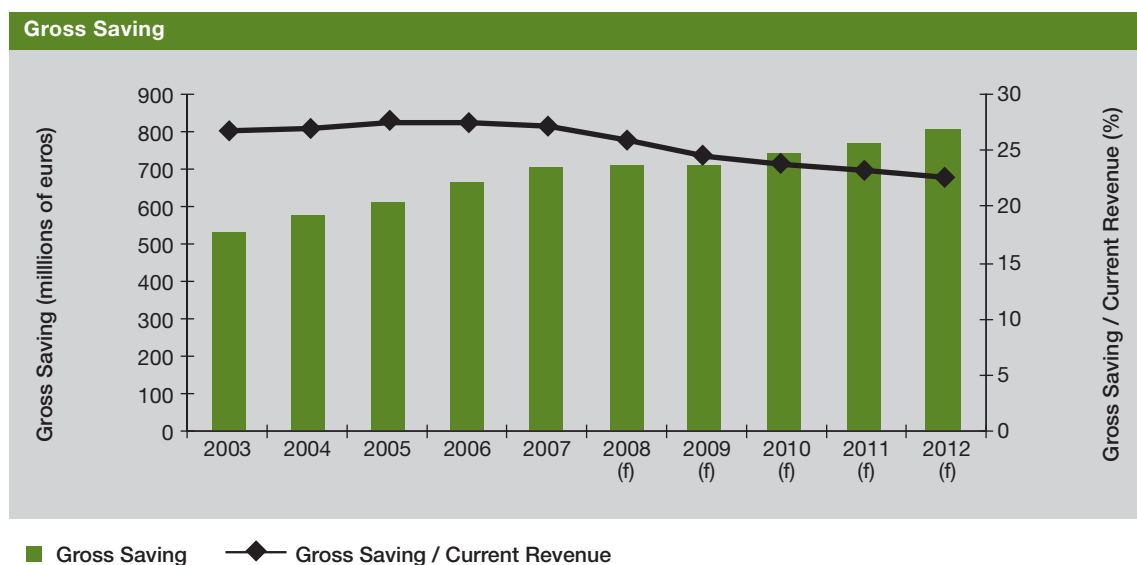
expected to grow half a percentage less than the CPI.

- b) The new land values approved in 2001 will continue to be introduced into property tax, a process which will conclude in 2011. During 2008, this rate will be maintained at 0.75% of the official land value in general terms, and at 0.85% for 10% of non-residential property with greater official land value. Tax rates on the increase in land values and on constructions are maintained at 30% and 3.25% respectively. Given the low influence of these two taxes in total revenue, the reduced activity in the property sector is not expected to have a significant impact on municipal income over the coming years.

- c) Revenue from charges, the sale of goods and provision of services, as well as from other operating revenue is expected to grow at 2 percentage points above the expected inflation rate. This estimate is based on an increased provision of services as well as on the growing trend for certain services to be fully or partially paid for by the users themselves.

- d) The Supplementary Finance Fund, which grows annually in line with the increase in certain Central Government taxes, is expected to grow by 7% in 2009 and by an annual average of 10% in subsequent years.

- e) As regards the rest of revenue from current transfers, this is expected to rise by around 12%, based on experience and the fact that recently approved legislation, such as the dependent persons Law, is yet to be fully implemented. This caption mainly includes



the transfers received from the Generalitat de Catalunya for social assistance and education, as well as the metropolitan charge on municipal waste that the City of Barcelona subsequently transfers to the Metropolitan Hydraulic Services and Waste Treatment Agency.

Estimation of current expenses for the 2009-2012 period is based on the following hypotheses:

a) It is anticipated that annual personnel expenses will increase by around 6%, the equivalent of 2 percentage points above the inflation rate in 2009 and 2.5% over inflation for the remaining years. This growth is mainly due to the policy of increasing the staff of the Municipal Police Force, the opening of new nursery schools and, in general, improving the quality of services. Salaries and wages will grow in accordance with the Laws governing the State budget for each of the corresponding years; the increase in salaries in 2008 is 2%.

b) Works, supplies and external services are expected to increase at an average of 4.5 points above inflation as a consequence of the policy of improving the quality of services provided.

c) Current transfers will increase on average at an annual rate of approximately 11%. The areas where greatest growth is expected are those devoted to the Municipal Association of the Barcelona Metropolitan Area, the Metropolitan Hydraulic Services and Waste Treatment Agency and public transport. In the latter case, a larger increase in current transfers is expected as from 2010, once capital transfers destined to the payment of transport companies' outstanding debt are completed in 2009.

d) The provision for bad debts is estimated by applying collection ratios to outstanding debts based on past experience and according to their period of maturity, bearing in mind the estimated evolution of local taxes and the balance of fines.

e) Financial expenses are based on the amount and structure of the estimated debt, and on the hypothesis that the three-month EURIBOR interest rate will be an annual 4% average.

As regards capital expenses, the figure for the 2008-2012 period is expected to be around

3,450 million euros, which includes the 2008-2011 municipal investment program and an estimation of the 2012 investments based on past experience. The ending in 2007, two years before the date originally established, of the transfers to HOLSA deriving from the agreement signed in 1993 will enable greater direct investment to be made.

Capital Revenue and Expenses (thousands of euros)					
	2008 (f)	2009 (f)	2010 (f)	2011 (f)	2012 (f)
<b>Total Direct Investment</b>	<b>608,195</b>	<b>631,873</b>	<b>654,741</b>	<b>678,738</b>	<b>699,100</b>
<b>Capital Transfers</b>					
Metropolitan Transport Authority (ATM)	28,590	28,590	0	0	0
Non-municipal Entities	15,068	15,520	15,985	16,465	16,959
<b>Total Transfers</b>	<b>43,658</b>	<b>44,110</b>	<b>15,985</b>	<b>16,465</b>	<b>16,959</b>
<b>Financial Investment</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>3,000</b>
<b>Total Capital Expenses</b>	<b>661,853</b>	<b>685,983</b>	<b>680,726</b>	<b>705,203</b>	<b>719,059</b>
<b>Capital Revenue</b>					
Capital Transfers	10,631	2,000	2,000	2,000	2,000
Assets Management	25,000	30,000	30,000	30,000	30,000
<b>Total Capital Revenue</b>	<b>35,631</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>	<b>32,000</b>
<b>Net Investment</b>	<b>626,223</b>	<b>653,983</b>	<b>648,726</b>	<b>673,203</b>	<b>687,509</b>

The expected capital revenue will come mainly from assets management, from the sale of land, buildings and vacant lots, together with surface rights and the sale of housing and business premises by the Municipal Housing Agency. The cessation of European Funds will result in a reduction in transfers of capital from other public administrations with respect to previous years.

Given the predicted evolution in gross saving and investment, and bearing in mind that one of the current mandate's financial conditions is to stabilize the level of consolidated debt of those entities which, according to the Law of budgetary stability, form part of the public administration, debt over the next few years is expected to be as follows:

Consolidated Financial Debt as of December 31 (millions of euros)						
	2007	2008 (f)	2009 (f)	2010 (f)	2011 (f)	2012 (f)
Public Administration	929	803	803	803	803	803
Commercial Entities	138	188	237	288	338	380
<b>Total Debt</b>	<b>1,067</b>	<b>991</b>	<b>1,040</b>	<b>1,091</b>	<b>1,141</b>	<b>1,182</b>
<b>Guarantees</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>0</b>
<b>Total Debt and Guarantees</b>	<b>1,074</b>	<b>996</b>	<b>1,042</b>	<b>1,092</b>	<b>1,142</b>	<b>1,183</b>
<b>Total Risk/Current Revenue (%)</b>	<b>43.2</b>	<b>37.9</b>	<b>37.5</b>	<b>36.8</b>	<b>35.9</b>	<b>34.8</b>



The City of Barcelona Group Economic and Financial Position and Forecast (in thousands of euros)										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
1. Current Revenue before Financial Revenue	1,899,123	2,050,059	2,138,778	2,299,713	2,471,823	2,611,797	2,768,431	2,959,329	3,166,011	3,389,946
2. Current Expenses before Financial Expenses	1,324,499	1,437,642	1,513,312	1,630,535	1,763,726	1,901,605	2,053,926	2,214,396	2,388,157	2,576,476
<b>3. Primary Saving</b>	<b>574,624</b>	<b>612,417</b>	<b>625,466</b>	<b>669,178</b>	<b>708,097</b>	<b>710,192</b>	<b>714,505</b>	<b>744,933</b>	<b>777,854</b>	<b>813,470</b>
Financial Revenue	8,031	5,630	6,455	11,347	14,163	14,517	12,339	9,871	10,216	10,574
Financial Expenses	71,147	60,598	39,909	41,623	41,636	39,351	39,984	41,127	43,399	44,805
<b>4. Gross Saving</b>	<b>511,508</b>	<b>557,449</b>	<b>592,012</b>	<b>638,902</b>	<b>680,624</b>	<b>685,358</b>	<b>686,860</b>	<b>713,677</b>	<b>744,671</b>	<b>779,239</b>
5. Net Investment	641,303	481,901	499,048	479,325	629,374	626,222	654,134	648,961	673,526	690,870
<b>6. Surplus (deficit)</b>	<b>(129,795)</b>	<b>75,548</b>	<b>92,964</b>	<b>159,577</b>	<b>51,250</b>	<b>59,136</b>	<b>32,726</b>	<b>64,716</b>	<b>71,145</b>	<b>88,369</b>
Cash Variation	118,530	(55,399)	(55,864)	(74,810)	56,904	16,950	(81,903)	(115,311)	(121,052)	(129,769)
<b>7. Cash Surplus (deficit)</b>	<b>(11,265)</b>	<b>20,149</b>	<b>37,100</b>	<b>84,767</b>	<b>108,154</b>	<b>76,086</b>	<b>(49,177)</b>	<b>(50,595)</b>	<b>(49,907)</b>	<b>(41,400)</b>
Assumption of Debt	2,299	5,142	4,054	6,263	3,578	0	0	0	0	0
8. Net Debt Variation	(8,966)	25,291	41,154	91,030	111,732	76,086	(49,177)	(50,595)	(49,907)	(41,400)
<b>9. Total Outstanding Debt at Year-end</b>	<b>1,336,318</b>	<b>1,311,027</b>	<b>1,269,873</b>	<b>1,178,843</b>	<b>1,067,111</b>	<b>991,025</b>	<b>1,040,202</b>	<b>1,090,797</b>	<b>1,140,704</b>	<b>1,182,104</b>

# 5

**City of Barcelona  
2007 Annual Accounts  
along with the auditors' report**



**A free translation of the report on the annual accounts originally issued in Catalan and prepared in accordance with generally accepted accounting principles for governmental entities in Spain. In the event of a discrepancy, the Catalan language version prevails.**

**AUDITORS' REPORT ON ANNUAL ACCOUNTS**

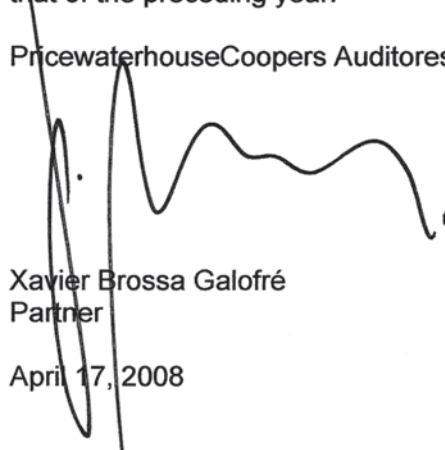
To the Mayor-President of  
the Barcelona City Council,

We have audited the annual accounts of the BARCELONA CITY COUNCIL, consisting of the balance sheet as of December 31, 2007, the statement of revenues and expenses, the budget reconciliation statement and the related notes to the annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Corporation. Our responsibility is to express an opinion on these annual accounts taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain which require the examination, on a test basis, of evidence supporting the annual accounts and evaluation of their presentation, the accounting principles used as applicable to governmental entities in Spain and the estimates made.

For comparative purposes only, the Directors of the Corporation have presented for each item of the balance sheet, the statement of revenues and expenses and the statement of source and application of funds, the corresponding amounts for the previous year as well as the amounts for 2007. Our opinion refers exclusively to the annual accounts for 2007. On April 20, 2007, we issued our audit report on the 2006 annual accounts in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for the year 2007 give, in all material respects, a true and fair view of the net worth and financial position of the BARCELONA CITY COUNCIL as of December 31, 2007, and of 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, and contain all the information, necessary for their interpretation and comprehension, in conformity with generally accepted accounting principles and standards for governmental entities in Spain, applied on a basis consistent with that of the preceding year.


PricewaterhouseCoopers Auditores, S.L.

  
Xavier Brossa Galofré  
Partner

April 17, 2008

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.

  
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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, 2007 and 2006**

(in thousands of euros)

Assets		As of December 31, 2007	As of December 31, 2006
	<b>Note</b>		
<b>Fixed Assets</b>		<b>6,718,183</b>	<b>6,330,138</b>
Intangible Fixed Assets	3	9,044	5,629
Tangible Fixed Assets	3	6,282,671	6,207,580
Public Land Assets	3	271,955	221,506
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	3	(581,105)	(590,578)
Fixed Assets Pending Classification and in Progress	3	1,115,733	795,506
Investments in Infrastructures and Assets for Public Use	3	5,530,653	5,422,441
Investments Assigned for Public Use	3 and 8	(5,530,653)	(5,422,441)
Investments Assigned for Public Use: HOLSA	2.3 and 3	–	24,629
Accumulated Depreciation	3	(582,891)	(528,281)
Long-term Financial Investment	4	200,796	190,120
Long-term Off-budget Receivables	5	1,980	4,027
<b>Deferred Expenses</b>	<b>6</b>	<b>802</b>	<b>1,024</b>
<b>Current Assets</b>		<b>781,589</b>	<b>715,252</b>
On-budget Receivables	7	559,149	575,342
Allowance for Bad Debt	7	(294,430)	(292,874)
		264,719	282,468
Other Off-budget Receivable		20,273	18,239
Short-term Financial Investment		305,443	290,462
Cash		191,154	124,083
<b>TOTAL ASSETS</b>		<b>7,500,574</b>	<b>7,046,414</b>

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2007.

## City of Barcelona

### Balance Sheet as of December 31, 2007 and 2006

(in thousands of euros)

Liabilities		As of December 31, 2007	As of December 31, 2006
	<b>Note</b>		
<b>Net Worth</b>	<b>8</b>	<b>5,590,666</b>	<b>4,987,660</b>
Net Worth		7,505,484	7,455,680
Property Assigned to Municipal Agencies and Third Parties		(581,105)	(590,578)
Property Delivered for Public Use		(5,530,653)	(5,422,441)
Property Assigned by Municipal Agencies and Third Parties		52,992	52,822
Results of Previous Fiscal Years		3,492,177	2,865,937
Results of Fiscal Year		651,771	626,240
<b>Deferred Income</b>		<b>309,610</b>	<b>335,168</b>
Capital Transfers and Other Capital Income	9	214,257	238,628
Other Deferred Income	10	95,353	96,540
<b>Provisions for Contingencies and Expenses</b>	<b>11</b>	<b>110,276</b>	<b>98,207</b>
<b>Log-term Liabilities</b>		<b>899,848</b>	<b>985,631</b>
Long-term Loans and Debentures	12	860,233	927,481
Long-term Guarantees and Deposits		25,528	23,930
Other Long-term Payables	13	14,087	9,591
Pluri-annual Transfers to HOLSA	2.3	–	24,629
<b>Short-term Liabilities</b>		<b>590,174</b>	<b>639,748</b>
Short-term Payables for Loans and Debentures	12	67,614	133,725
On-budget Payables		377,963	366,703
Public Administration Payables	14	27,918	29,908
Other Off-budget Payables	15	88,780	81,993
Accrued Expenses	16	17,448	18,182
Amounts Pending Application		10,451	9,237
<b>TOTAL LIABILITIES</b>		<b>7,500,574</b>	<b>7,046,414</b>

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2007.

## City of Barcelona

### Statements of Revenue and Expenses for the Fiscal Years Ended as of December 31, 2007 and 2006

(see Note 17)

(in thousands of euros)

Expenses	2007	2006	Revenue	2007	2006
<b>Personnel Expenses</b>	<b>322,378</b>	<b>304,167</b>	<b>Sale of Goods and Services</b>	<b>55,681</b>	<b>38,271</b>
Wages and Salaries	251,483	237,079	Sale of Goods	560	528
Compensation for Services	2,428	2,204	Charges on Services	7,892	7,089
Social Security Expenses	67,441	63,956	Public Prices for Sale of Services	47,229	30,654
Other Welfare Expenses	1,026	928			
			<b>Other Operating Revenue</b>	<b>204,453</b>	<b>212,098</b>
			Interest	10,248	9,144
			Profit Sharing	5,610	8,927
			Surcharge on Collection Proceedings	11,048	9,442
<b>Welfare Benefits</b>	<b>1,326</b>	<b>1,376</b>	Late Payment Surcharge	10,196	13,709
			Fines	105,361	129,232
<b>Financial Expenses</b>	<b>34,997</b>	<b>36,002</b>	Rents, Concessions and Special Uses	49,752	31,871
			Diverse	12,238	9,773
<b>Taxes</b>	<b>453</b>	<b>316</b>	<b>Taxes</b>	<b>818,208</b>	<b>749,025</b>
			Property Tax (IBI)	401,430	372,729
			Tax on Economic Activity (IAE)	97,454	96,504
			Tax on Motor Vehicles (IVTM)	74,565	74,950
			Tax on Construction, Installations and Works (ICIO)	50,511	37,922
			Tax on the Increase in Land Values (IIVT)	108,534	84,118
			Assignment of Central Government Taxes	85,714	82,802
<b>Works, Supplies and Subcontracted Services</b>	<b>465,965</b>	<b>429,960</b>	<b>Other Tax Revenue</b>	<b>156,203</b>	<b>155,477</b>
Rent	18,202	15,872	Charges on Services	70,192	65,382
Maintenance and Repairs	12,572	12,517	Charges on Use of Public Domain	86,003	90,126
Supplies	27,766	26,100	Replaced Taxes	8	(31)
Communications	7,892	6,767			
Subcontracted Work	324,555	287,551			
Miscellaneous Expenses	74,978	81,153			
			<b>Current Transfers</b>	<b>971,916</b>	<b>884,878</b>
<b>Current Transfers</b>	<b>706,872</b>	<b>644,312</b>	Supplementary Finance Fund	813,251	756,226
To Municipal Institutes and Firms	435,833	395,854	Other Central Government Agencies	17,901	1,739
To Consortia and Communities	222,841	206,407	From the Generalitat of Catalonia	84,328	72,926
Other Current Transfers	48,198	42,051	From Local Entities	53,190	52,130
			Foreign Transfers	1,217	954
			Miscellaneous	2,029	903
<b>Provision to Allowance for Bad Debt</b>	<b>57,903</b>	<b>53,841</b>			
<b>TOTAL OPERATING EXPENSES</b>	<b>1,589,894</b>	<b>1,469,974</b>	<b>TOTAL OPERATING REVENUE</b>	<b>2,206,461</b>	<b>2,039,749</b>
<b>Operating Surplus (Before Capital Transfers)</b>	<b>616,567</b>	<b>569,775</b>			
<b>Capital Transfers</b>	<b>68,564</b>	<b>106,584</b>			
<b>Operating Surplus (After Capital Transfers)</b>	<b>548,003</b>	<b>463,191</b>			
<b>Negative Extraordinary Results</b>	<b>-</b>	<b>-</b>	<b>Positive Extraordinary Results</b>	<b>160,415</b>	<b>217,594</b>
<b>Provision for Depreciation</b>	<b>56,647</b>	<b>54,545</b>			
<b>Financial Investment Provisions</b>	<b>-</b>	<b>-</b>			
<b>RESULT FOR THE YEAR</b>	<b>651,771</b>	<b>626,240</b>			
<b>TOTAL</b>	<b>2,366,876</b>	<b>2,257,343</b>	<b>TOTAL</b>	<b>2,366,876</b>	<b>2,257,343</b>

Notes 1 to 20 of the attached report form an integral part of the statement of revenue and expenses as of December 31, 2007.



## Report on the Annual Accounts for the Fiscal Year Ending December 31, 2007

November 23, 2004, taking effect on January 1, 2006.

### Note 1 – Basis of Presentation

#### 1.1. Accounting Policies

The annual accounts have been obtained from the City's accounting records for the fiscal year 2007 and have been prepared according to the generally accepted accounting principles for the Public Administrations in current Spanish legislation, in particular:

- a) Law 1/2006, of March 13, governing Barcelona's special regime.
- b) Law 7/1985, of April 2, governing the basis of law for local legislation.
- c) Royal Decree Law 781/1986, of April 18, approving the amendment to the current provisions for the local legislation.
- d) Legislative Decree 2/2003 of April 28, approving the amended text of the Municipal Law of the Local Government System of Catalonia.
- e) Legislative Royal Decree 2/2004, of March 5, approving the amended text of the Law Regulating Local Taxation (Law 39/1988, of December 28).
- f) Royal Decree 500/1990, implementing Law 39/1988.
- g) Normal Model of the Local Government Accounting Standards, order of

h) 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.

i) Order of June 28th, 1999, on the deployment of Decree 94/1995, of February 21, on the financial monitoring of local entities.

#### 1.2. Accounting System, Annual Accounts and General Account

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

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

- Balance sheet.
- Statement of revenue and expenses.
- Report.

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

The statement of revenue and expenses has been drawn up in more detail than required by said standards in order to provide more thorough information on revenue and expenses.

The report is basically presented according to the models established by the said ICAL.

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

The consolidated accounts consist of the City of Barcelona accounts, those of its autonomous local agencies, public entities and dependent firms.

The budget account is composed of the budget results statement:

- Summary of status of revenue account budget.
- Summary of status of expenses account budget.
- Budget results.
- Budget Reserves

The budget results statement was approved by the Decree issued by the Mayor's Office on February 27, 2008. The general account will be submitted to the Municipal Council Plenum for approval, within the established statutory period.

### **1.3. Comparability of the Information**

As the Supplementary Finance Fund accumulates the Central Government contribution of economic activities tax (IAE) compensation, and in order to ensure that the

comparison between fiscal years is uniform, in the 2007 fiscal year the amount of 70,096 thousand euros entered under the caption "From Central Government as IAE Compensation" in the 2006 Statement of Revenue and Expenses has been reclassified into the "Supplementary Finance Fund" caption.

## **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 directly assigned to the provision of public services, which together constitute the local entity's long-term investments.

The assessment criteria for fixed assets are the following:

- a) Land and buildings. Additions made prior to January 1, 1992, are assessed according to an expert estimate of their current real market value made by an independent appraisal 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 fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as "the sum of 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 should be that of reconstruction”. Subsequent additions are assessed at their purchasing price or, in the case of buildings received free of charge, at their appraised value.

b) Machinery, installations, furniture, data-processing equipment and vehicles. Additions are valued at their purchasing price.

c) Fixed assets pending classification. Additions are assessed at their purchasing price or cost of construction and are transferred to the corresponding tangible fixed assets caption or “Property delivered for public use” caption

upon completion of the investment they require.

Repairs not contributing to an extension of the useful life, as well as maintenance costs, are charged directly to the statement of revenue and expenses. The costs of any additions or improvements extending the useful life of an asset are capitalized as an increase in its value.

The annual provision for depreciation is calculated by applying the straight-line method based on each asset’s estimated useful life. For property, this begins one month upon its incorporation into the City’s Asset Inventory.

	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 Funds and Others	8

The process of economic depreciation began in the fiscal year 1992. The estimated years of useful life corresponding to “Buildings” and “Property Assigned by Municipal Agencies and Third Parties” are determined according to the criteria of the aforementioned independent appraisal.

For properties with historic-artistic value, the 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 portion of the book value corresponding to the historic-artistic component of these structures, which amounts

to 221,573 thousand euros, has been excluded from the calculation, in accordance with the aforementioned independent appraisal. This treatment is justified by the fact that the said historic-artistic component is subject to maintenance, which guarantees its permanent value.

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

The caption “Tangible Fixed Assets Assigned by 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 operation or use, respectively.

When an asset is assigned, its retirement is recorded through a charge to the caption “Property Assigned to Municipal Agencies and Third Parties” on the balance sheet (see Note 8) and thus, it ceases to be amortized.

## **2.2. Public Land Assets**

The Public Land Assets refers to the group of assets which, in accordance with Legislative Decree 1/2005, of July 26, approving the amendment 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.

The municipal properties included under this caption are as follows:

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

The assessment and amortization criteria employed are those described in Note 2.1.

## **2.3. Investments in Infrastructures and Assets Assigned to Public Use**

The property delivered for public use includes thoroughfare infrastructure (roads, pavement, sidewalks, public lighting, signs), the large facilities for public services (sewers and utility supplies), green spaces, trees, gardens and, in general, all assets constituting public property provided for the public use of citizens.

Additions made prior to January 1, 1992 are assessed according to the criteria described in Note 2.1. Subsequent additions are assessed at their purchasing price.

Upon completion of the investments in infrastructures and property for public use, their retirement is registered on the consolidated balance sheet with a charge to the “Property Delivered for Public Use” caption (see Note 8).

For the purposes of presentation, the assets caption on the balance sheet shows the 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 captions over the year.

Rule 220.2 of the Local Administration Standards in force until December 31, 2005 stated that, exceptionally, investments could be retained in the balance sheet even though they had been completed and assigned for public use. On December 31, 1994, in light of the extraordinary nature of the Olympic investments received from HOLSA, the City of Barcelona invoked this exception. Consequently, the

assignment of these investments for public use for an initial cost of 353,533 thousand euros was debited to the caption "Property Delivered for Public Use" and credited to the caption "Investments Assigned for Public Use" over a period of time similar to that which would have applied had they been ordinary investments. This period reflects the rate of reduction in the associated liability, which is recorded under the caption "Pluri-annual Transfers to HOLSA" on the attached balance sheet.

The balance of the caption "Pluri-annual Transfers to HOLSA" was reduced by 24,629 thousand euros in 2007 with a credit to extraordinary results (see Note 17.6), according to the amount of HOLSA debt as of December 31, 2007. In addition, the accounts "Property Delivered for Public Use" and "Investments Assigned for Public Used" were debited and credited, respectively, for the aforementioned costs (see Note 3).

With these movements, the balance as at December 31, 2007 of the aforementioned captions "Pluri-annual Transfers to HOLSA" and "Investments Assigned for Public Use to HOLSA" is cancelled.

#### **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 municipal 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, 2007, the differences between the book value and the technical book value of those shareholdings with substantial losses have been provided for in the attached accounts (see Note 4).

The balance of the "Short-term Investment" caption 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**

On-budget receivables and payables are registered at their nominal value.

An allowance has been made, established to cover bad debts.

The provision for bad debts is determined by applying the collectability ratio, estimated by the City based on its past experience, to the tax receivables currently under forcible collection and receivables for fines in both voluntary and enforced collection periods.

#### **2.6. Capital Transfers and Other Capital Income**

Upon their concession, capital transfers are recorded under the "Capital Transfers" caption in the liabilities column of the consolidated 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 accounts, when the investment it finances has been a fixed asset.

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

## **2.7. Other Deferred Revenue**

Early collection on amounts deferred to years subsequent to the year of collection are recorded under the caption “Other Deferred Income” (see Note 10) save for the portion of such amounts that has been deferred to the immediately following year, which is recorded under the caption “Accrued Expenses” (see Note 16) under liabilities on the balance sheet prior to being credited to results.

## **2.8. Long-term Provisions**

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

## **2.9. Classification of Long and Short-term Receivables and Debts**

On the attached balance sheet, receivables, credits and debts that mature 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. Revenue and Expenses**

### **a) Financial and Budget Accounts**

Revenue and expenses are primarily recorded in the statement of revenue 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 requiring the treatment described in sections 2.6 and 2.10.b, respectively.

Revenue and expenses are included in the budget results account when the administrative measure recognizing the respective receivables and payables is taken.

### **b) Grants and Transfers Deriving from Agreements and Conventions**

To record the expenses for transfers and grants stemming from agreements subscribed by different parties, be they 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 (approval of the budgets for each fiscal year).

### **c) Assigned Capital Transfers**

This entry includes the City of Barcelona’s contributions charged to the budget for financing investment processes not carried out by municipal agencies or firms belonging to the municipal group.

## 2.11. 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 is exempt from payment of this tax and is not subject to the withholding of profits from their investments.

## 2.12. Environment

Expenses derived from actions intended to protect and improve the environment are recorded, where applicable, as expenses in the year they are incurred. This notwithstanding, should they entail investments assets as a result of actions to minimize impacts on the environment or to protect and improve it, they are recorded as increased value of the fixed asset in question.

## Note 3 – Intangible Fixed Assets, Tangible Fixed Assets and Infrastructures

The movement registered in the different tangible and intangible fixed asset and infrastructure accounts was as follows:

	12.31.2006	Additions	Retirements	Transfers	12.31.2007
<b>Intangible Fixed Assets</b>	<b>5,629</b>	<b>70</b>	<b>–</b>	<b>3,345</b>	<b>9,044</b>
Land	439,430	16,756	(6,341)	(39,468)	410,377
Buildings	5,017,049	65,721	(12,779)	39,516	5,109,507
Fixed Assets Assigned to Municipal Agencies and Third Parties	590,578	15	(9,488)	–	581,105
Vehicles	12,538	3,525	–	–	16,063
Machinery, Equipment, Installations and Tools	52,282	98	–	1,029	53,409
Data-processing Equipment	62,330	490	–	11,836	74,656
Office Furniture and Equipment	31,830	3,804	–	354	35,988
Other	1,543	23	–	–	1,566
<b>Tangible Fixed Assets</b>	<b>6,207,580</b>	<b>90,432</b>	<b>(28,608)</b>	<b>13,267</b>	<b>6,282,671</b>
<b>Public Land Assets</b>	<b>221,506</b>	<b>26,881</b>	<b>(4,730)</b>	<b>28,298</b>	<b>271,955</b>
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	(590,578)	(15)	9,488	–	(581,105)
Fixed Assets Pending Classification	795,506	470,313	(21,823)	(128,263)	1,115,733
Investments in Infrastructure and Assets for Public Use	5,422,441	10,464	(721)	98,469	5,530,653
Investments Assigned for Public Use	(5,422,441)	(10,464)	721	(98,469)	(5,530,653)
Investments for Public Use: HOLSA	24,629	–	–	(24,629)	–
<b>Gross Tangible and Intangible Fixed Assets and Infrastructure</b>	<b>6,664,272</b>	<b>587,681</b>	<b>(45,673)</b>	<b>(107,982)</b>	<b>7,098,298</b>
<b>Accumulated Depreciation</b>	<b>(528,281)</b>	<b>(56,593)</b>	<b>1,248</b>	<b>735</b>	<b>(582,891)</b>
<b>Net Tangible and Intangible Fixed Assets and Infrastructure</b>	<b>6,135,991</b>	<b>531,088</b>	<b>(44,425)</b>	<b>(107,247)</b>	<b>6,515,407</b>



In accordance with applicable regulations, the City of Barcelona records the value of lands containing any type of building under the captions “Buildings” and “Public Land Assets”. This caption includes 2,390,765 thousand euros as of December 31, 2007, and 2,351,858 thousand euros as of December 31, 2006, corresponding to the value of lands containing buildings.

Additions over the fiscal year include the following:

Investments Carried Out Directly by the City of Barcelona	203,936
Capital Transfers for Investments:	
– Investments carried out by decentralized entities (autonomous local agencies, public entities and municipal firms), pursuant to the terms of the Decree issued by the Mayor’s Office on April 3, 1997	307,481
– Investments carried out by third parties	3,061
Investments Financed by Third Parties	37,934
Obligatory Free Assignments and Profit Sharing	25,182
Assets Received on Exchange	3,651
Acquisition of Assets through Collection of Tax Debts	6,436
<b>Total</b>	<b>587,681</b>

Retirements carried out over the fiscal year include the following:

By Sale	6,785
By Assets Assigned	7,085
By Free Assignments	848
By Retrocession of Reversion of Assets on Concession	21,823
By Exchange Operations	3,226
Others	5,906
<b>Total</b>	<b>45,673</b>

Transfers for the fiscal year were as follows:

Property Delivered for Public Use	98,469
VAT Receivable from Treasury for Assisted Contributions Registered at the Time as Greater	
Fixed Asset Value	2,503
Tangible Fixed Assets Losses	6,511
Assets Received by Assignment	(171)
Others	(65)
<b>Total</b>	<b>(107,247)</b>

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

Buildings	9,763
Equipments	7,167
Parks and Forests	1,278,887
Mixed	318,957
Systems	649,232
Thoroughfares	2,454,127
Municipal Assets of an Artistic Nature	111,107
Urban Furniture	73,224
Property for Public Use: HOLSA	628,125
Others	64
<b>Total</b>	<b>5,530,653</b>

In addition, the purchasing cost of the items completely written off as of December 31, 2007 is as follows:

Vehicles	8,075
Machinery, Equipment, Installations and Tools	15,061
Data-processing Equipment	40,838
Office Furniture and Equipment	15,228
Others	1,494
<b>Total</b>	<b>80,696</b>

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

#### Note 4 – Long-term Financial Investments

The movement registered under the long-term financial investments accounts over the fiscal year 2007 was as follows:

	12.31.2006	Additions	Retirements	Transfers	12.31.2007
Financial Investments	147,408	8,250	–	–	155,658
Sale of Long-term Fixed Assets	44,292	6,667	(90)	(4,151)	46,718
Long-term Deposits and Guarantees	262	–	–	–	262
Provision for Depreciation of Financial Fixed Assets	(1,842)	–	–	–	(1,842)
<b>Total</b>	<b>190,120</b>	<b>14,917</b>	<b>(90)</b>	<b>(4,151)</b>	<b>200,796</b>

Additions for the sale of long-term fixed assets were as follows:

Property to be Received in Future for Exchange Operations	5,803
Credit Selling of Land Assets	864
<b>Total</b>	<b>6,667</b>

The items registered for transfers in the sale of long-term fixed assets include Off-budget Receivables for amounts to be collected in 2008 from operations to be included in that budget (4,151 thousand euros).

The financial investments carried out by the City of Barcelona as of December 31, 2007 are shown in the table below:

**Long-term Financial Investments. Data as of December 31, 2007**

Name	Interest Held %	Net Worth as of December 31, 2007 Before Result (1)	2007 Fiscal Year Result (1)	Technical Book Value 12.31.07 (1)	Book Value of the Holding 12.31.07 (*)
<b>Municipal Agencies</b>					
MA Disabled Persons	100	866	535	1,401	–
MA Urban Landscape and Quality of Life	100	1,591	210	1,801	–
MA Mies Van Der Rohe Foundation	100	6,475	(24)	6,451	–
MA Education	100	5,280	1,020	6,300	–
MA IT Services	100	984	217	1,201	–
MA Town Planning	100	2,084	2	2,086	–
MA Finances	100	1,281	325	1,606	–
MA Markets	100	5,560	150	5,710	–
MA Housing	100	36,357	69	36,426	–
MA Culture	100	2,218	288	2,506	–
MA Parks and Gardens	100	2,820	650	3,470	–
MA Barcelona Sports	100	(5)	298	293	–
<b>Total</b>		<b>65,511</b>	<b>3,740</b>	<b>69,251</b>	<b>–</b>
<b>Municipal Firms</b>					
Grup Barcelona de Serveis Municipals, SA (2)	100	188,179	14,760	202,939	69,809
Grup Barcelona Infraestructures Municipals, SA (2)	100	16,777	1,167	17,944	12,949
Informació i Comunicació de Barcelona, SA	100	1,644	77	1,721	1,500
Barcelona Activa, SA, SPM	100	2,330	52	2,382	2,013
SM Barcelona Gestió Urbanística, SA	100	578	56	634	61
<b>Total</b>		<b>209,508</b>	<b>16,112</b>	<b>225,620</b>	<b>86,332</b>
<b>Interest of Less than 50%</b>					
Barcelona Holding Olímpic, SA (HOLSA)	49	43,196	392	43,588	42,878
Barcelona Sagrera Alta Velocitat, SA	25	150	–	150	150
Barcelona Emprèn CR, SA	22.99	1,297	(112)	1,185	1,598
Barcelona Ventures SGEGR, SA	22.99	113	–	113	102
Barcelona Regional AMDUI, SA	20.63	377	1	378	271
Fira 2000, SA	11.43	22,799	(26)	22,773	22,470
Port Fòrum Sant Adrià, SL	5	15	1	16	15
<b>Total</b>		<b>67,948</b>	<b>257</b>	<b>68,203</b>	<b>67,484</b>
<b>Total Financial Investments</b>					<b>153,816</b>
<b>Long-term Guarantees and Deposits</b>					<b>262</b>
<b>Long-term Disposal of Fixed Assets</b>					<b>19,858</b>
<b>Future Property Exchange</b>					<b>26,860</b>
<b>Total Long-term Financial Investments</b>					<b>200,796</b>

(\*) Figure in the City of Barcelona individual accounts as of December 31, 2007.

(1) Adjusted to interest held.

(2) Net Worth includes negative consolidation differences, which for the Barcelona de Serveis Municipals group amount to 2,652 thousand euros and for the Barcelona d'Infraestructures Municipals group, to 355 thousand euros.

The items for the Barcelona de Serveis Municipals, SA and Barcelona d'Infraestructures Municipals, SA groups are as follows (data as of December 31, 2007):

Name	Interest Held %	Net Worth as of December 31, 2007 Before Result (1)	2007 Fiscal Year Result (1)	Net Worth as 12.31.07 of (1)
<b>Barcelona de Serveis Municipals, SA Group</b>				
Barcelona de Serveis Municipals, SA	100	164,704	10,425	175,129
Parc d'Atraccions Tibidabo, SA	100	8,289	1,038	9,327
Tractament i Selecció de Residus, SA	58.64	21,485	1,177	22,662
Selectives Metropolitanes, SA (2)	58.64	1,855	(58)	1,797
Solucions Integrals per als Residus, SA (2)	58.64	1,942	461	2,403
Carreras i Fontanals, SA (2)	58.64	49	(11)	38
Cementiris de Barcelona, SA	51	99	487	586
Serveis Funeraris de Barcelona, SA	51	8,629	5,874	14,503
Transports Sanitaris Parets, SL (3)	26.01	33	15	48
Mercabarna, SA	50.69	29,776	2,005	31,781
<b>Barcelona d'Infraestructures Municipals, SA Group</b>				
Barcelona d'Infraestructures Municipals, SA	100	15,510	95	15,605
Pronoubarris, SA	100	698	152	850
22 Arroba Bcn, SA	100	6,954	21	6,975
Agència de Promoció del Carmel i entorns, SA	100	119	40	159
Proeixample, SA	62.12	6,453	265	6,718
Foment de Ciutat Vella, SA	51	3,754	593	4,347

(1) Adjusted to interest held.

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

(3) Interest held through Serveis Funeraris de Barcelona, SA.

The balance sheet and the statement of revenue and expenses for the fiscal year 2007 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):

	City of Barcelona	Consolidated
Fixed Assets	6,718,985	7,272,947
Current Assets	781,589	988,016
<b>Total Assets</b>	<b>7,500,574</b>	<b>8,260,963</b>
Capital Before Results	4,938,895	5,133,945
Rest of Long-term Liabilities	1,319,734	1,706,322
Current Liabilities	590,174	732,772
Result of the Fiscal Year	651,771	687,924
<b>Total Liabilities</b>	<b>7,500,574</b>	<b>8,260,963</b>
Ordinary Revenue	2,206,461	2,485,986
Ordinary Expenses	(1,715,105)	(1,981,602)
Extraordinary Results	160,415	183,540
<b>Results of Fiscal Year</b>	<b>651,771</b>	<b>687,924</b>

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

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

	Current and Capital Transfers	Other Expenses	Revenue	Accounts Receivable	Accounts Payable
Municipal Agencies	340,398	2,017	8,288	1,823	86,037
Municipal Firms	110,416	184	73,033	10,227	73,896
Firms in which the City holds an interest	28,885	50	–	–	5,736
<b>Total</b>	<b>479,699</b>	<b>2,251</b>	<b>81,321</b>	<b>12,050</b>	<b>165,669</b>

## Note 5 – Long-term Off-budget Receivable

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

## Note 6 – Deferred Expenses

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

Loan Arrangement Expenses	
Balance as of December 31, 2006	1,024
Allocation to Results as Financial Expenses	(222)
Balance as of December 31, 2007	802

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, 2007, were classified according to their nature as shown below:

Item	Receivable
Direct Taxes	166,682
Indirect Taxes	5,266
Charges and Other Revenues	287,096
Current Transfers	66,319
Capital Gains	15,014
Disposal of Real Investments	357
Capital Transfers	18,415
<b>Total Receivable</b>	<b>559,149</b>

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

Balance as of December 31, 2006	292,874
Amount Charged to Statement of Revenue and Expenses	57,903
Bad Debts Written Off	(56,347)
Balance as of December 31, 2007	294,430

The provision for bad debts is determined by applying the estimated collectability ratio estimated by the City of Barcelona based on its past experiences to the tax receivables currently under forcible collection (166,568 thousand euros) and receivables for fines in both voluntary and enforced collection periods (185,982 thousand euros).



## Note 8 – Net Worth

The amounts and movements registered in the Net Worth accounts over the fiscal year were as follows:

	Net Worth	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	Results of Fiscal Year 2007	Total
<b>Initial Balance</b>	<b>7,455,680</b>	<b>(590,578)</b>	<b>(5,422,441)</b>	<b>52,822</b>	<b>2,865,937</b>	<b>626,240</b>	<b>4,987,660</b>
Results 2007	–	–	–	–	–	651,771	651,771
Allocation of 2006 Results	–	–	–	–	626,240	(626,240)	–
Change in Property Assigned to Third Parties (Note 3)	–	9,473	–	–	–	–	9,473
Change in Property Assigned by Third Parties	–	–	–	170	–	–	170
Transfer of Capital Transfers and Other Capital Revenues (Note 9)	49,804	–	–	–	–	–	49,804
Property Delivered for Public Use (Note 3)	–	–	(98,469)	–	–	–	(98,469)
Additions Delivered for Public Use (Note 3)	–	–	(10,464)	–	–	–	(10,464)
Retirements Delivered for Public Use (Note 3)	–	–	721	–	–	–	721
<b>Final Balance</b>	<b>7,505,484</b>	<b>(581,105)</b>	<b>(5,530,653)</b>	<b>52,992</b>	<b>3,492,177</b>	<b>651,771</b>	<b>5,590,666</b>

## Note 9 – Capital Transfers and Other Capital Income

The movements under this caption were as follows:

<b>Balance as of 12.31.06</b>	Transfer and Other Income Received	Transfer to Net Worth (Note 8)	Transfer to Results (Note 17.6)	<b>Balance as of 12.31.07</b>
<b>238,628</b>	52,016	(49,804)	(26,583)	<b>214,257</b>

Of the 26,583 thousand euros transferred to results, 21,560 thousand euros correspond to regularization, and 2,265 thousand euros refer to capital financed by third-party investments.

## Note 10 – Other Deferred Income

The movement registered under this caption over 2007 was as follows:

<b>Balance as of December 31, 2006</b>	<b>96,540</b>
Additions during Fiscal Year	1,591
Transfer to Accrued Expenses (Note 16)	(2,778)
<b>Balance as of December 31, 2007</b>	<b>95,353</b>

The balance as of December 31, 2007 corresponds to revenue received in advance for the usage of assets under municipal ownership. The revenue received in advance is transferred annually to the statement of revenue and expenses in accordance with the straight-line method over the period corresponding to the assignment, which is set at 2080 at the latest.

## Note 11 – Provisions for Contingencies and Expenses

The movement in this caption was as follows:

<b>Balance as of December 31, 2006</b>	<b>98,207</b>
Amount Charged to “Miscellaneous Expenses”	23,922
Application of the Provision to its Purpose: Payable to Extraordinary Results	(11,853)
<b>Balance as of December 31, 2007</b>	<b>110,276</b>

The purpose of this provision is to cover future contingencies of a generic nature.

The provision for contingencies and expenses has been charged to the “Works, Supplies and Subcontracted Services” caption.

## Note 12 – Debentures and Loans

The outstanding amount as of December 31, 2007, corresponding to long-term loans and debentures subscribed by the City of Barcelona can be broken down as follows:

Debentures and Loans			
Description	Outstanding Amount as of 12.31.2007	Long Term	Short Term
Banking System	487,847	420,233	67,614
Private Investment	340,000	340,000	0
Public Issues	100,000	100,000	0
<b>Total Debt</b>	<b>927,847</b>	<b>860,233</b>	<b>67,614</b>

The part of the long-term debt which matures in less than a year is reclassified under the caption “Short-term Payables for Loans and Debentures”.

The movement of subscribed long-term loans and debentures in the 2007 fiscal year was as follows:

<b>Balance as of December 31, 2006</b>	<b>1,061,206</b>
New Operations	80,000
Contractual Repayments	(133,725)
Early Amortization	(79,634)
<b>Balance as of December 31, 2007</b>	<b>927,847</b>

As of December 31, 2007 there were unexecuted stand-by lines for a total of 238 million euros.

The debt profile by maturities as of December 31, 2007 was as follows:

Maturity	Amount
2008	67,614
2009	110,000
2010	100,000
2011	103,721
2012	93,721
2013	20,721
2014	92,754
2015	112,754
2016	32,754
2017	92,721
2018 and beyond	101,087
<b>Total</b>	<b>927,847</b>

The average interest rate over the 2007 fiscal year was 3.78%.

As of December 31, 2007, 49.6% of the City of Barcelona's financial debt had a fixed interest rate, and 50.4% had a floating interest rate.

### Note 13 – Other Long-term Payables

The caption “Other Long-term Payables” records debts with suppliers of tangible assets maturing in a period longer than a year. Movements during the fiscal year 2007 were as follows:

<b>Balance as of December 31, 2006</b>	<b>9,591</b>
Additions during the Fiscal Year	11,127
Transfers to Other Off-budget Payables (Note 15)	(6,631)
<b>Balance as of December 31, 2007</b>	<b>14,087</b>

### Note 14 – Public Administrations

The breakdown of these accounts is as follows:

	<b>Credit</b>
Value Added Tax	1,275
Personal Income Tax	6,556
Social Security	20,087
<b>Balance as of December 31, 2007</b>	<b>27,918</b>

### Note 15 – Other Off-budget Payables

The balance for this caption as of December 31, 2007 is as follows:

Deposits Received	21,715
Short-term Suppliers of Fixed Assets	19,206
Bonus Payments to Personnel in 2008 for Attendance and Punctuality in 2007 as well as the June Bonus	18,030
Other Payables	11,033
Payable to Administrations for IAE and IBI surcharges	18,796
<b>Other Short-term Off-budget Payables</b>	<b>88,780</b>

The movement for short-term suppliers of fixed assets during the fiscal year 2007 was as follows:

<b>Balance as of December 31, 2006</b>	<b>9,384</b>
Additions during the Fiscal Year	15,148
Transfers to Other Long-term Payables (Note 13)	6,631
Retirements during the Fiscal Year	(11,957)
<b>Balance as of December 31, 2007</b>	<b>19,206</b>

## Note 16 – Accrued Expenses

The “Accrued Expenses” account reflects the City of Barcelona’s definite liabilities as of December 31, 2007, in accordance with their accrual periods and regardless of the date of requirement of payment on demand, and is as follows:

Accrued Unmatured Interest as of December 31, 2007	7,157
Prepaid Income of Can Tunis Nou Housing Development	7,513
Short-term Transfer of Deferred Income (see Note 10)	2,778
<b>Total</b>	<b>17,448</b>

## Note 17 – Statement of Results for Fiscal Year 2007

### 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 fiscal year 2007 comprised 6,826 workers (2,504 women and 4,322 men).

### 17.2. Welfare Benefits

Welfare benefits include the amounts paid by the City of Barcelona in 2007 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 1,326 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, such as, 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 entities and municipal firms corresponding to the provision of public services that fall within the scope of operation of the City of Barcelona, through direct management as delegated by the City in accordance with the current terms of legislation (the Law governing the basis of law for local legislation and the Regulation for works, activities and services of local

entities), the City of Barcelona transfers the budgetary financing. This is reflected under the caption "Current Transfers" on the attached statement of revenue and expenses.

Such budget current transfer is established bearing in mind the assumptions of a balanced budget set out in the Law regulating local taxation.

The main payees were as follows:

Autonomous Local Agencies (City of Barcelona)	187,253
Municipal Public Entities (City of Barcelona)	139,927
Municipal Firms (City of Barcelona)	108,653
Municipal Association of the Barcelona Metropolitan Area and EMSHTR	127,157
Consortia	33,807
Non-profit Organizations	10,602
Metropolitan Transport Authority	53,041
Firms	8,987
Autonomous Community	5,315
Others	32,130
<b>Total</b>	<b>706,872</b>

#### 17.5. Expenses for Capital Transfers

This entry includes the transfers made by the City of Barcelona from its budget to finance investment processes.

The main payees were as follows:

Municipal Public Entities (City of Barcelona)	12,942
Municipal Firms (City of Barcelona)	1,502
Barcelona Holding Olímpic, SA	21,826
Consortia	342
Metropolitan Transport Authority	28,590
Others	3,362
<b>Total</b>	<b>68,564</b>

## 17.6. Extraordinary Results

Extraordinary results can be broken down as follows:

	Expenses	Revenue
Pluri-annual Transfers to HOLSA (see Note 2.3)	–	24,629
Fixed Assets	33,554	89,527
Modification of Receivables, Payables and Provisions	76,270	71,146
Reversion of Assets on Concession (Note 3)	21,823	–
Additional Settlements Carried Out in 2007 for Shared Central Government Taxes in Previous Fiscal Years	–	85,135
Capital Transfers and Other Capital Revenue Allocated to Results (Note 9)	–	26,583
Other Extraordinary Results	4,958	–
<b>Net Extraordinary Results</b>	<b>–</b>	<b>160,415</b>

## 17.7. Sale of Goods and Services

This entry mainly includes public prices charged for the provision of services, as well as revenue derived from the provision of services under private regime.

tax on motor vehicles, which is a tax levied on the ownership thereof, irrespective of the vehicle's class or category; taxes on construction, installations and works, levied according to the cost of the project for which the license has been requested; tax on the increase in urban land value, a direct tax levied on the increases registered in the value of these lands made evident upon their transfer.

## 17.8. Other Operating Revenue

Other operating revenue essentially comprises interest and profit-sharing, public prices for the private use or special operation of municipal assets in the public domain (such as parking lots, newsstands, outdoor tables for bars and restaurants, etc.), fines and other penalties for offences.

This caption also includes the amount resulting from the assignment of Central Government taxes, as a consequence of the entry into effect of the new model of financing for the public sector, approved by Law 51/2002, of December 27, of the reform of Law 39/1988, of December 28, Regulating Local Taxation.

## 17.9. Revenue from Taxes

This group includes the following local taxes: property tax, levied on property; tax on economic activities, levied on certain business activities, in accordance with the type of activity, the space occupied and the location;

## 17.10. Other Tax Revenue

Grouped under the caption "Other Tax Revenue" are, basically, the charges for the sale of services and use of the public domain.



**17.11. Revenue from Current Grants and Transfers**

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

**Note 18 – Other Information**

As of December 31, 2007, the guarantees provided by the City of Barcelona to cover credit operations amounted to 2,945 thousand euros.

The fees to be received by PriceWaterhouseCoopers Auditores, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A., for auditing services and the expenses incurred for the provision thereof in fiscal year 2007 came to 696 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 portion thereof will be duly charged each of them.

## Note 19 – Statement of Changes in Financial Position for the 2007 and 2006 Fiscal Years

Application of Funds	2007 Fiscal year	2006 Fiscal year	Source of Funds	2007 Fiscal year	2006 Fiscal year
Acquisition of Fixed Assets:			Funds from Operations	659,976	519,748
Tangible Fixed Assets (1)	520,217	432,987	Sale of Tangible Fixed assets (1)	21,782	57,351
Financial Fixed Assets	8,250	1,659	Transfers of Fixed Assets to Off-budget Receivables	6,654	25,041
Long-term Off-budget Receivables	–	4,027	Off-budget Receivables to Long-term	2,047	–
Repayment of Long-term Loans and Debentures	147,248	133,725	Net Change in Long-term Guarantees and Deposits	1,598	9,718
Pluri-annual Transfers to HOLSA	24,629	48,426	Capital Grants	52,016	53,525
Revenue Transfers to Short-term Liabilities	2,778	2,801	Deferred Income	1,591	3,522
Transfer to Short-term of Suppliers of Fixed Assets	6,631	–	Long-term Debts and Debentures	80,000	–
<b>Total Funds Applied</b>	<b>709,753</b>	<b>623,625</b>	<b>Total Funds Obtained</b>	<b>825,664</b>	<b>668,905</b>
Sources of Funds in Excess of Applications of Funds (Increase in Working Capital)	115,911	45,280	Application of Funds in Excess of Sources of Funds (Decrease in Working Capital)		–
<b>Total</b>	<b>825,664</b>	<b>668,905</b>	<b>Total</b>	<b>825,664</b>	<b>668,905</b>

Change in Working Capital	2007 Increase	2007 Decrease	2006 Increase	2006 Decrease
Accounts Receivable	–	15,715	–	51,144
Short-term Financial Investments	14,981	–	92,423	–
Cash	67,071	–	43,897	–
Accounts Payable	49,574	–	–	39,896
<b>Total</b>	<b>131,626</b>	<b>15,715</b>	<b>136,320</b>	<b>91,040</b>
<b>Increase in Working Capital</b>	<b>115,911</b>	<b>–</b>	<b>45,280</b>	<b>–</b>
<b>Decrease in Working Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The funds obtained from operations were as follows:

	2007	2006
<b>Net Results for the Fiscal Year</b>	<b>651,771</b>	<b>626,240</b>
Provision for Depreciation (see Note 3)	56,647	54,545
Deferred Expenses (see Note 6)	222	263
Allocation of Long-term Provisions (see Note 11)	23,922	27,219
Net Result of Fixed Assets	(34,150)	(166,824)
Capital Grants Transferred to Results (see Note 9)	(26,583)	(14,735)
Application of Long-term Provisions (see Note 11)	(11,853)	(6,960)
<b>Funds Generated Through Operations</b>	<b>659,976</b>	<b>519,748</b>

(1) Basically includes sales and investment of assets affecting budget.

## Note 20 – Budgetary Information

### 2007 Budget Account

#### Summary of Status of Revenue Account Budget (in thousands of euros)

Caption	Initial	Final	Net	
	Budget	Budget	Receivables	Receipts
1 Direct Taxes	689,400	689,400	735,736	691,428
2 Indirect Taxes	71,000	71,000	88,725	86,855
3 Charges and Other Revenue	252,342	303,430	387,991	277,120
4 Current Transfers	935,699	992,731	1,061,336	1,003,926
5 Capital Gains	30,510	47,243	64,352	50,189
6 Disposal of Real Property	21,520	26,693	26,434	26,431
7 Capital Transfers	21,025	35,625	14,516	13,947
8 Financial Assets	–	83,102	–	–
9 Financial Liabilities	100,000	101,517	3,361	3,361
<b>Total</b>	<b>2,121,496</b>	<b>2,350,741</b>	<b>2,382,451</b>	<b>2,153,257</b>

#### Summary of Status of Expense Account Budget (in thousands of euros)

Caption	Initial	Final		
	Budget	Budget	Payables	Paid
1 Personnel Expenses	317,005	328,010	319,379	317,357
2 Current Goods and Service Expenses	405,385	458,803	444,904	323,840
3 Financial Expenses	44,868	37,705	35,516	35,516
4 Current Transfers	685,913	726,106	708,921	610,257
6 Real property	457,890	241,230	199,928	157,028
7 Capital Transfers	66,710	413,394	379,224	275,961
8 Financial Assets	10,000	10,250	8,250	8,250
9 Financial Liabilities	133,725	135,243	135,123	134,857
<b>Total</b>	<b>2,121,496</b>	<b>2,350,741</b>	<b>2,231,245</b>	<b>1,863,066</b>

**Budget Result**

(in thousands of euros)

**Net Non-financial On-budget Receivables**

Revenue (Cap. 1 to 7)	2,379,090
Revenue (Cap. 8)	–
<b>Total</b>	<b>2,379,090</b>

**Net Non-financial On-budget Receivables**

Expenses (Cap. 1 to 7)	2,087,872
Expenses (Cap. 8)	8,250
<b>Total</b>	<b>2,096,122</b>

<b>Gross Saving</b>	<b>282,968</b>
---------------------	----------------

**Adjustments**

Revenue (Cap. 9)	3,361
Expenses (Cap. 9)	135,123
<b>Change in Financial Liabilities (Cap. 9)</b>	<b>(131,762)</b>

<b>Net Saving</b>	<b>151,206</b>
-------------------	----------------

**Adjustments**

Positive Financial Deviations	(23,862)
Negative Financial Deviations	28,600
Payables Financed with Budget Reserves	45,262

<b>Adjusted Budget Result</b>	<b>201,206</b>
-------------------------------	----------------

**Budget Reserves**

(in thousands of euros)

<b>1. (+) Cash Funds</b>	<b>496,597</b>
<b>2. (+) Receivables Pending</b>	<b>552,257</b>
(+) Current Budget	229,193
(+) Previous Budgets	329,955
(+) Off-budget Operations	3,560
(-) Collections Pending Definitive Application	(10,451)
<b>3. (-) Payables Pending</b>	<b>453,396</b>
(+) Current Budget	368,179
(+) Previous Budgets	8,902
(+) Off-budget Operations	76,315
(+) Payments Pending	–
<b>I. Total Budget Reserves (1+2-3)</b>	<b>595,458</b>
<b>II. Bad Debts Outstanding</b>	<b>294,430</b>
<b>III. Affected Financing Excess</b>	<b>31,587</b>
<b>IV. Budget Reserves for General Expenses (I-II-III)</b>	<b>269,441</b>

# 6

**The City of Barcelona Group  
2007 Consolidated Accounts  
along with the auditors' report**



A free translation of the report on the consolidated annual accounts originally issued in Catalan and prepared in accordance with generally accepted accounting principles for governmental entities in Spain. In the event of a discrepancy, the Catalan language version prevails.

## AUDITORS' 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, 2007, the consolidated statement of revenues and expenses and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Corporation. Our responsibility is to express an opinion on these consolidated annual accounts taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and evaluation of their presentation, the accounting principles used as applicable to governmental entities in Spain and the estimates made.

For comparative purposes only, the Directors of the Corporation have presented for each item of the consolidated balance sheet, the consolidated statement of revenues and expenses and the consolidated statement of source and application of funds, the corresponding amounts for the previous year as well as the amounts for 2007. Our opinion refers exclusively to the consolidated annual accounts for 2007. On April 20, 2007, we issued our audit report on the 2006 consolidated annual accounts in which we expressed an unqualified opinion.

In our opinion, the consolidated accompanying annual accounts for the year 2007 give, in all material respects, a true and fair view of the net worth and financial position of the BARCELONA CITY COUNCIL AND ITS AUTONOMOUS LOCAL AGENCIES, MUNICIPAL AGENCIES AND CITY-OWNED COMPANIES (Consolidated Group) as of December 31, 2007, and of the results of its operations as reflected in the consolidated statement of revenues and expenses and its source and application of funds for the year then ended, and contain all the information necessary for their interpretation and comprehension, in conformity with generally accepted accounting principles and standards for governmental entities in Spain, applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers Auditores, S.L.

Xavier Brossa Galofré  
Partner

April 17, 2008

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.

Enric Ribas Miràngels  
Partner

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



**The City of Barcelona Group**  
**Consolidated Balance Sheets as of December 31, 2007 and 2006**

(in thousands of euros)

<b>Assets</b>		<b>As of December 31, 2007</b>	<b>As of December 31, 2006</b>
	<b>Note</b>		
Intangible Fixed Assets	4 a)	56,526	50,039
Intangible Fixed Assets		80,695	70,743
Provisions and Depreciations		(24,169)	(20,704)
Tangible Fixed Assets and Infrastructures	4 b)	7,031,640	6,584,506
Tangible Fixed Assets		6,967,935	6,804,885
Public Land Assets		271,955	221,506
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties		(581,105)	(590,578)
Fixed Assets in Progress and Pending Classification		1,169,067	828,975
Investments in Infrastructure and Assets for Public Use		5,530,653	5,422,441
Investment Assigned for Public Use		(5,530,653)	(5,422,441)
Investments for Public Use: HOLSA	3.3	–	24,629
Accumulated Depreciation and Provisions		(796,212)	(704,911)
Long-term Financial Investments		154,834	135,962
Interests in Associated Firms	5	51,945	51,764
Other Financial Investments	6	102,889	84,198
Long-term Trade Receivables	3.7	27,473	30,871
<b>Fixed Assets</b>		<b>7,270,473</b>	<b>6,801,378</b>
<b>Deferred Expenses</b>	<b>7</b>	<b>2,474</b>	<b>2,824</b>
Inventories	3.6	53,822	44,701
Provisions		(1,643)	(1,805)
		52,179	42,896
Accounts Receivable	8	670,420	679,774
Provisions	8	(306,512)	(303,145)
		363,908	376,629
Public Administrations Receivable	15	26,362	22,567
Short-term Financial Investments		318,921	317,337
Cash		223,802	155,117
Accrued Expenses		2,844	1,840
<b>Current Assets</b>		<b>988,016</b>	<b>916,387</b>
<b>Total Assets</b>		<b>8,260,963</b>	<b>7,720,589</b>

Notes 1 to 19 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2007.

**The City of Barcelona Group**  
**Consolidated Balance Sheets as of December 31, 2007 and 2006**

(in thousands of euros)

Liabilities		As of December 31, 2007	As of December 31, 2006
	<b>Note</b>		
Capital		5,821,869	5,182,291
Net Worth	9.1	4,932,667	4,355,363
Net Worth		10,997,660	10,321,617
Property Assigned to Municipal Agencies and Third Parties		(581,105)	(590,578)
Property Delivered for Public Use		(5,530,653)	(5,422,441)
Property Assigned by Municipal Agencies and Third Parties		46,765	46,765
Income Allocable to the City of Barcelona	9.2	687,924	650,169
Consolidated Income		697,844	661,786
Income Allocable to Minority Interests	10	(9,920)	(11,617)
Consolidated Reserves	9.3	201,278	176,759
Minority Interests	10	72,632	69,491
Capital Transfers and Other Capital Income	11	247,348	271,194
Other Deferred Income	12	179,187	171,661
Provisions for Contingencies and Expenses	13	126,951	111,633
Long-term Loans and Debentures	14	996,576	1,042,828
Long-term Guarantees and Deposits		26,846	25,100
Other Long-term Payables	3.7	56,782	44,810
Pluri-annual Transfers to HOLSA	3.3	–	24,629
<b>Long-term Liabilities</b>		<b>7,528,191</b>	<b>6,943,637</b>
Short-Term payables for Loans and Debentures	14	70,534	136,015
Accounts Payable		409,919	387,049
Payable to Public Agencies	15	53,625	56,168
Other Non-trade Payables		147,733	158,904
Accrued Expenses	16	50,961	38,816
<b>Current Liabilities</b>		<b>732,772</b>	<b>776,952</b>
<b>Total liabilities</b>		<b>8,260,963</b>	<b>7,720,589</b>

Notes 1 to 19 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2007.

**The City of Barcelona Group**  
**Consolidated Statement of Revenue and Expenses for the Fiscal Years Ended as of December 31, 2007 and 2006**  
(in thousands of euros)

	Note	2007	2006	Note	2007	2006
Personnel Expenses	18.1	601,305	568,027			
Works, Supplies and Subcontracted Services				Taxes	18.4	815,518
Financial Expenses	18.2	763,799	702,866	Other Tax Revenue	18.5	157,653
Current Transfers		41,636	41,623	Sale of Services	18.6	286,538
Provision to Allowance for Bad Debts and Others	18.3	337,227	301,491	Other Operating Revenue	18.7	190,016
	8	61,395	58,081	Current Transfers	18.8	986,775
				Financial Revenue		14,163
Share in Operating Result of Firms Accounted for by the Equity Method	2.2	–	70	Other Revenue		35,142
				Share in Operating Result of Firms Accounted for by the Equity Method	2.2	181
<b>TOTAL OPERATING EXPENSES</b>		<b>1,805,362</b>	<b>1,672,158</b>	<b>TOTAL OPERATING REVENUE</b>		<b>2,485,986</b>
<b>Operating Result Before Capital Transfers</b>		<b>680,624</b>	<b>638,902</b>			<b>2,311,060</b>
Capital Transfers	18.3	66,407	101,580			
<b>Operating Result After Capital Transfers</b>		<b>614,217</b>	<b>537,322</b>			
Provision for Depreciation of Fixed Assets	4	90,294	87,581			
Extraordinary Expenses	18.9	118,158	107,033	Extraordinary Revenue	18.9	301,698
<b>Pre-tax Consolidated Surplus</b>		<b>707,463</b>	<b>674,132</b>			331,424
Corporate Income Tax	15	9,619	12,346			
<b>Consolidated Surplus</b>		<b>697,844</b>	<b>661,786</b>			
Surplus Allocated to Minority Interest	10	9,920	11,617			
<b>Surplus Allocated to the City of Barcelona</b>		<b>687,924</b>	<b>650,169</b>			
<b>TOTAL</b>		<b>2,787,684</b>	<b>2,642,484</b>	<b>TOTAL</b>		<b>2,787,684</b>
						<b>2,642,484</b>

Notes 1 to 19 of the attached report form an integral part of the statement of revenue and expenses as of December 31, 2007.

## The City of Barcelona Group Report on the Consolidated Annual Statement for the Year 2007

### Note 1 – Nature of the Consolidated Group

The City of Barcelona Group is comprised of the City of Barcelona, its municipal agencies (autonomous local agencies and public entities) and municipal firms that complement the City's activities through functional specialization and management improvement to offer maximum efficiency in service to its citizens.

### Note 2 – Basis of Presentation and Consolidation Principles

#### 2.1. Accounting Policies

The consolidated annual accounts are drawn up based on the audited individual accounts of each of the consolidated entities. The annual accounts of the City of Barcelona and its municipal agencies are prepared according to the accounting principles set out for public administrations in current Spanish legislation, in particular:

- a) Law 1/2006, of March 13, governing Barcelona's special regime.
- b) Law 7/1985, of April 2, governing the basis of law for local legislation.
- c) Royal Decree Law 781/1986, of April 18, approving the amendment to current provisions for the local legislation.

d) Legislative Decree 2/2003, of April 28, approving the amended text of the Municipal Law of the Local Government System of Catalonia.

e) Legislative Royal Decree 2/2004, of March 5, approving the amended text of the law Regulating Local Taxation (Law 39/1988, of December 28).

f) Royal Decree 500/1990, implementing Law 39/1988.

g) Normal Model of the Local Government Accounting Standards, order of November 23, 2004, taking effect on January 1, 2006.

h) 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.

i) Order of June 28, 1999, on the implementation of Decree 94/1995, of February 21, on the financial monitoring of local entities.

The annual accounts of the municipal public entities and municipal firms are drawn up in accordance with the Corporations Law, as amended, and with the directives set out in the Spanish General Accounting Plan approved by Royal Decree 1643/90.

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

The consolidated balance sheet has basically been drawn up according to the models

established by the Local Government Accounting Standards (ICAL) applicable from January 1, 2006. The consolidated statement of revenue and expenses has been drawn up in more detail than required by the said standards in order to provide more thorough information on revenue and expenses, thereby offering a faithful rendering of the net worth and financial position of the City of Barcelona Group and the results of its operations over the fiscal year, in accordance with the accounting principles and standards applied to the sphere of public administration and accounting. The report is basically presented according to the models established by said ICAL.

The budget statements corresponding to the City of Barcelona and its municipal agencies were approved by the Decree issued by the Mayor's office on February 27 and 28, 2008. The general account of the City of Barcelona and its

municipal agencies, as well as the annual accounts of the municipal firms, will be submitted to the Municipal Council Plenum for approval within the established statutory period.

With regard to municipal firms and municipal public entities, on November 20, 2007 Royal Decree law 1514/2007 was published approving the new General Accounting Plan (PGC), which came into effect on January 1, 2008 and whose application for the fiscal years beginning as from that date is compulsory.

Municipal firms are carrying out a transition program to adapt their accounting policies to the new Plan. This program includes, among other aspects, analysis of the differences in accounting criteria and standards and assessment of the modifications necessary in current procedures and information systems.

## 2.2. Consolidated Principles

The fully consolidated municipal agencies and municipal companies are as follows (data as of December 31, 2007):

Name	Interest Held %	Net Worth as of 12.31.07 Before Results (1)	2007 Fiscal Year Results (1)	Technical Book Value 12.31.07 (1)	Book Value of the Holding 12.31.07 (*)
<b>Municipal Agencies</b>					
MA Disabled Persons	100	866	535	1,401	–
MA Urban Landscape and Quality of Life	100	1,591	210	1,801	–
MA Mies Van Der Rohe Foundation	100	6,475	(24)	6,451	–
MA Education	100	5,280	1,020	6,300	–
MA IT Services	100	984	217	1,201	–
MA Town Planning	100	2,084	2	2,086	–
MA Finances	100	1,281	325	1,606	–
MA Markets	100	5,560	150	5,710	–
MA Housing	100	36,357	69	36,426	–
MA Culture	100	2,218	288	2,506	–
MA Parks and Gardens	100	2,820	650	3,470	–
MA Barcelona Sports	100	(5)	298	293	–
<b>Subtotal Municipal Agencies</b>		<b>65,511</b>	<b>3,740</b>	<b>69,251</b>	<b>–</b>
<b>Municipal Firms</b>					
Barcelona de Serveis Municipals, SA Group (2)	100	188,179	14,760	202,939	69,809
Barcelona Infraestructures Municipals, SA Group (2)	100	16,777	1,167	17,944	12,949
Informació i Comunicació de Barcelona, SA	100	1,644	77	1,721	1,500
Barcelona Activa, SA, SPM	100	2,330	52	2,382	2,013
SM Barcelona Gestió Urbanística, SA	100	578	56	634	61
<b>Subtotal Municipal Firms</b>		<b>209,508</b>	<b>16,112</b>	<b>225,620</b>	<b>86,332</b>
<b>Total</b>		<b>275,019</b>	<b>19,852</b>	<b>294,871</b>	<b>86,332</b>

(\*) Included in the individual financial statements of the City of Barcelona as of December 31, 2007.

(1) Adjusted to interest held.

(2) Net worth includes the negative differences of consolidation, which for the Barcelona de Serveis Municipals group amount to 2,652 thousand euros and for the Barcelona d'Infraestructures Municipals group to 355 thousand euros.

The details of the consolidated annual accounts of the Barcelona de Serveis Municipals and Barcelona d'Infraestructures Municipals groups are shown in the table below (data as of December 31, 2007):

Name	Interest Held %	Net Worth as of 12.31.2007 Before Results (1)	2007 Fiscal Year Results (1)	Net Worth as of 12.31.07 (1)
<b>Barcelona de Serveis Municipals Group</b>				
Barcelona de Serveis Municipals, SA (BSM)	100	164,704	10,425	175,129
Parc d'Atraccions Tibidabo, SA	100	8,289	1,038	9,327
Selectives Metropolitanes, SA (2)	58.64	1,855	(58)	1,797
Solucions Integrals per als Residus, SA (2)	58.64	1,942	461	2,403
Carreras i Fontanals, SA (2)	58.64	49	(11)	38
Tractament i Selecció de Residus, SA	58.64	21,485	1,177	22,662
Cementiris de Barcelona, SA	51.00	99	487	586
Serveis Funeraris de Barcelona, SA (SFB)	51.00	8,629	5,874	14,503
Transports Sanitaris Parets, SL (3)(4) (TSP)	26.01	33	15	48
Mercabarna, SA	50.69	29,776	2,005	31,781
<b>Barcelona d'Infraestructures Municipals Group</b>				
Barcelona d'Infraestructures Municipals, SA	100	15,510	95	15,605
Pronoubarris, SA	100	698	152	850
22 Arroba Bcn, SA	100	6,954	21	6,975
Agència de Promoció del Carmel i entorns, SA	100	119	40	159
Proeixample, SA	62.12	6,453	265	6,718
Foment de Ciutat Vella, SA	51.00	3,754	593	4,347

(1) Adjusted according to the percentage of the interest held.

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

(3) Holding through Tractament i Selecció de Residus, SA.

(4) Holding through Serveis Funeraris de Barcelona, SA.

(5) Despite a 26% holding, it is on the perimeter of full consolidation since BSM controls (51%) SFB and the latter controls (51%) TSP.

Pursuant to article 289.2 of Decree 179/1995, of June 13, approving the regulations for works, activities and services of local entities, once the periods of life stipulated in the bylaws of the mixed capital firms ProEixample, SA and Foment de Ciutat Vella, SA, have expired, all of their assets in conditions of normal use, as well as their liabilities, will revert to the City of Barcelona. Likewise, the assets and liabilities for the provision of cemetery and cremation

services will revert to the City of Barcelona once the term of management assigned to Cementiris de Barcelona, SA has expired.

Furthermore, the assets of Mercabarna, SA subject to public service (land, buildings and installations) will be transferred to the City of Barcelona on March 30, 2021, with no compensation whatever to Mercabarna, SA or its shareholders.

There has been no change in what is included in the consolidation accounts during the fiscal year 2007.

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

Name	Interest Held %	Net Worth as of 12.31.07 Before Results (1)	2007 Fiscal Year Results (1)	Net Worth as of 12.31.07 (1)
Barcelona Holding Olímpic, SA (HOLSA) (2)	49.00	43,196	392	43,588
Mediacomplex, SA (2) (3)	33.30	6,631	(100)	6,531
Barcelona Sagrera Alta Velocitat, SA	25.00	150	–	150
Barcelona Emprèn, SCR, SA (4)	22.99	1,297	(112)	1,185
Barcelona Ventures, SGEGR, SA (4)	22.99	113	–	113
Barcelona Regional, AMDUI, SA (2) (5)	20.63	377	1	378
<b>Total</b>		<b>51,764</b>	<b>181</b>	<b>51,945</b>

(1) Adjusted according to the percentage of interest held.

(2) Fiscal Year 2007 Audited Annual Accounts.

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

(4) The City of Barcelona holds a direct interest of 19.54% and an indirect interest, through the Institut de Cultura de Barcelona, of 3.45%.

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

The remaining interest of less than 20% held by the City of Barcelona and municipal entities in other firms and the holdings in metropolitan entities, associations of municipalities, consortia and foundations are not consolidated, there being no long-term financial investment relationship that forms a determined, stable degree of dependence; they are valued according to that described in Note 3.4.

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

Third parties holding interest in the Group (mixed firms) are considered minority interests.

All significant balances and transactions between consolidated entities are eliminated in the process of consolidation.

All significant aspects of the entities included in the individual annual accounts of those entities that comprise the consolidated group are subject to prior homogenization, both with regard to temporary provisions, where applicable, and to the assessment 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 Assets

##### a) Intangible Fixed Assets

Intangible fixed assets basically include:

- Administrative concessions. These mainly correspond to the concessions granted by third parties to Barcelona de Serveis Municipals, SA and refer to the four parking lots currently in use, the Barcelona Nord bus station and the shopping center at the Hospital del Mar. The period of concession oscillates between 30 and 50 years. These rights are recorded at the purchasing value of the assets to which they correspond, which primarily includes the cost of constructing the aforementioned parking lots and facilities.
- Data processing programs. These are recorded at their purchasing price. Maintenance expenses are recorded as they occur through debits to the results.

The annual provision for the depreciation of administrative concessions is calculated by applying the straight-line method to the useful life of the corresponding assets, beginning one month from when the asset in question is put into use, as shown in the following chart:

	Estimated Years of Useful Life
Civil Works	49
Machinery, Installations, Tools and Furniture	12-15

For those assets operated under concession whose useful life is greater than the concession period, the corresponding provisions are made for the reversion funds, for the purpose of covering the net book value of the revertible assets on the date of reversion (see Note 13).

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

##### b) Tangible Fixed Assets

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

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

##### The City of Barcelona

- Land and buildings. Additions made prior to January 1, 1992, are assessed according to an expert estimate of their current real market value made by an independent appraisal 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 fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as

“the sum of 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 should be that of reconstruction”. Subsequent additions are assessed at their purchasing price or, in the case of buildings received free of charge, at their appraised value.

- Machinery, installations, and data-processing equipment and vehicles. Additions are valued at their purchasing price.
- Fixed assets pending classification. Additions are assessed at their purchasing price or cost of construction and are transferred to the corresponding tangible fixed assets caption or “Property delivered for public use” caption upon completion of the investment they require.

#### **Municipal Agencies and Companies**

- Tangible fixed assets are valued at their purchasing price, except for those corresponding to Mercabarna, SA, which are shown updated in accordance with the provisions of State Budget Laws 50/1979, 74/1980 and 9/1983 and the Royal Decree Law 7/1996, which in 1996 signified an impact of 24,281 thousand euros. As of December 31, 2007 the net effect was 14,704 thousand euros, entailing a charge to the caption “Provision for Depreciation of Fixed Assets” on the 2007 consolidated statement of revenue and expenses of 571 thousand euros; the charge to this caption for 2008 is estimated at 568 thousand euros.

Repairs not contributing to an extension of the useful life, as well as maintenance costs, are charged directly to the consolidated statement of revenue and expenses. The costs of any additions or improvements extending the useful life of an asset are capitalized as an increase in its 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 life, basically beginning one month upon its incorporation into the inventory.

	Estimated Years of Useful Life
Buildings	33-65
Technical Installations and Machinery	8-16
Vehicles	5-10
Fittings	6-13
Data-processing Equipment	4-6
Others	8-10

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

For properties with historic-artistic value, the 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 portion of the book value corresponding to the historic-artistic component of these structures, which amounts to 221,573 thousand euros, has been excluded from the calculation, in accordance with the

aforementioned independent appraisal. This treatment is justified by the fact that the said historic-artistic component is subject to maintenance, which guarantees its permanent value.

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

The caption “Tangible Fixed Assets Assigned by 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 operation or use, respectively.

When an asset is assigned, its retirement is recorded through a charge to the heading “Property Assigned to Municipal Agencies and Third Parties” on the balance sheet (see Note 9.1) and, thus, it ceases to be amortized.

### **3.2. Public Land Assets**

The Public Land Assets refers to the group of assets which, in accordance with Legislative Decree 1/2005 of July 26, approved by the amendment 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.

The municipal properties included under this caption are as follows:

- Properties for social housing, administered by the City of Barcelona itself or municipal operators.

- Properties that have been awarded surface rights in favor of third parties, to build social housing, homes for the elderly, care centers and other social investments.
- Properties under investment projects which, once finished, are destined to be used for social housing and other social proceedings.

The assessment and depreciation criteria are those described in Note 3.1.

### **3.3. Investments in Infrastructure and Assets for Public Use**

The property delivered for public use include thoroughfare infrastructure (roads, pavement, sidewalks, public lighting, signs), the large facilities for public services (sewers and utility supplies), green spaces, trees, gardens and, in general, all assets constituting public property provided for the public use of citizens.

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

Upon completion of the investments in infrastructures and property for public use, their retirement is registered on the consolidated balance sheet with a charge to the “Property Delivered for Public Use” caption (see Note 9.1).

For the purposes of presentation, the assets caption on the consolidated balance sheet shows the assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory sums to reflect their retirement. Likewise, Note 4.b

reflects the movements registered under these captions over the year.

Rule 220.2 of the Local Administration Standards in force until December 31, 2005 stated that, exceptionally, investments could be retained in the balance sheet even though they had been completed and assigned for public use. On December 31, 1994, in light of the extraordinary nature of the Olympic investments received from HOLSA, the City of Barcelona invoked this exception. Consequently, the assignment of these investments for public use for an initial cost of 353,533 thousand euros was debited to the caption "Property Delivered for Public Use" and credited to the caption "Investments Assigned for Public Use" over a period of time similar to that which would have applied had they been ordinary investments. This period reflects the rate of reduction in the associated liability, which is recorded under the caption "Pluri-annual Transfers to HOLSA" on the attached consolidated balance sheet.

The balance of the caption "Pluri-annual Transfers to HOLSA" was reduced by 24,629 thousand euros in 2007 with a credit to extraordinary results (see Note 18.9), according to the amount of HOLSA debt as of December 31, 2007. In addition, the accounts "Property Delivered for Public Use" and "Investments Assigned for Public Used" were debited and credited, respectively, for the aforementioned costs (see Note 4.b).

With these movements, the balance as of December 31, 2007 of the aforementioned captions "Pluri-annual Transfers to HOLSA" and "Investments Assigned for Public Use Holsa" has been cancelled.

### **3.4. Investments and Short-term Financial Investments**

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

All other securities are recorded on the consolidated balance sheet at their purchasing price. The differences between the book value and the technical book value of those shareholdings with substantial losses have been provided for in the attached consolidated annual accounts.

Short-term financial investments are registered at their purchase price or selling price, if less. The balance of the corresponding caption in the balance sheet basically includes repos (public bonds) and deposits in financial entities which have at least an "A" credit rating from the leading debt rating agencies.

### **3.5. Deferred Expenses**

The caption "Deferred Expenses" includes goodwill for the amount of 1,646 thousand euros arising from the positive consolidation difference corresponding to the amounts yielded by the acquisition of shares in Parc d'Atraccions Tibidabo, SA and Societat Transports Sanitaris Parets, SL firms, and the value of these firms' net worth on their date of acquisition in fiscal years 2002 and 2005, respectively (see Note 7).

Goodwill is amortized linearly over a period of 20 years, given that this is the estimated period during which it will contribute to profits for the Group.

### 3.6. Inventories

Inventories as of December 31, 2007, mainly correspond to lands to be used for construction activities and real estate promotion, both currently underway and completed, which are recorded at their purchasing price or production cost, depending on the direct costs incurred.

Where appropriate, the necessary provision for depreciation is used to reduce 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 collectability ratio estimated by the City based on its past experience to the tax receivables currently under forcible collection and receivables for fines in both voluntary and enforced collection periods.
- In the case of municipal agencies and firms, this allowance is made for receivables whose recovery is deemed uncertain.

The caption “Long-term Trade Receivables” on the attached consolidation balance sheet includes mainly the debts to be collected. They are recorded at their nominal value, due to their correlation to the caption “Other Long-term

Accounts Payable” under liabilities on the same balance sheet. The maximum maturity date of these debts is 2035.

### 3.8. Capital Transfers and Other Capital Income

The following criteria are 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” caption in the liabilities column of the consolidated balance sheet and moved to assets when the investment they were financing is assigned for public use in the fiscal year’s results, in the proportion corresponding to the effective depreciation undergone and recorded in accounts, when the investment it finances has been a fixed asset.
- Other capital income is registered at the time when the administrative operation producing it is carried out.

### 3.9. Other Deferred Income

Early collection on amounts deferred to years subsequent to the year of collection are recorded under the caption “Other Deferred Income” (see Note 12) save for the portion of such amounts that has been deferred to the immediately following year, which is recorded under the caption “Accrued Expenses” (see Note 16) under liabilities on the consolidated balance sheet prior to being credited to results.

### **3.10. Classification of Long and Short-term Receivables and Debts**

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

### **3.11. Revenue and Expenses**

#### **a) General Criteria**

Revenue and expenses are primarily recorded in the consolidated statement of revenue 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 requiring the treatment described in Sections 3.8 and 3.11.b, respectively.

#### **b) Grants and Transfers Derived from Agreements and Conventions**

To record the expenses for transfers and grants stemming from agreements subscribed by different parties, be they collaborative agreements, cooperative agreements, contract programs or other similar agreements signed to co-finance or develop specific projects or activities, 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 (approval of the budgets for each fiscal year).

#### **c) Assigned Capital Transfers**

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

### **3.12. Provisions for Contingencies and Expenses**

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

### **3.13. Corporate Tax**

Pursuant to 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 withholding of profits from their investments.

For public business entities and municipal companies, the 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 the tax, given that the corresponding long-term differences are taken into account. Pursuant to the abovementioned amended corporate tax law and article 25 of the Law on local taxation, municipal firms 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. This notwithstanding,

should they entail incorporations to tangible fixed assets as a result of actions to minimize impacts on the environment or to protect and improve it, they are recorded as increased value of the fixed asset in question.

## Note 4 – Intangible Fixed Assets, Tangible Fixed Assets and Infrastructures

### Intangible Fixed Assets

The movement registered in the different accounts under intangible fixed assets was as follows:

	12.31.06	Additions	Retirements	Transfers	12.31.07
Start-up Expenses	89	–	(20)	(21)	48
R+D Expenses	572	–	–	–	572
Concessions, Patents, Licenses and Trademarks	49,966	19,440	(1,896)	(12,697)	54,813
Data-processing Applications	10,679	722	(352)	1,861	12,910
Rights on Assets Under Financial Leasing	3,021	–	(9)	(614)	2,398
Others	6,416	1,550	(118)	2,106	9,954
<b>Intangible Fixed Assets</b>	<b>70,743</b>	<b>21,712</b>	<b>(2,395)</b>	<b>(9,365)</b>	<b>80,695</b>
<b>Accumulated Depreciation</b>	<b>(20,704)</b>	<b>(8,284)</b>	<b>790</b>	<b>4,029</b>	<b>(24,169)</b>
<b>Net Intangible Fixed Assets</b>	<b>50,039</b>	<b>13,428</b>	<b>(1,605)</b>	<b>(5,336)</b>	<b>56,526</b>

The main entry under the caption “Concessions” (41,401 thousand euros) corresponds to the parking lots managed by Barcelona de Serveis Municipals, SA. (see Note 3.1.a), the cumulative depreciation of which came to 9,191 thousand euros.

The following items have been completely written off as of December 31, 2007:

	Thousands of euros
Concessions, Patents and Trademarks	9,872
Data-processing Applications	5,473
R+D Expenses	572
Others	199
<b>Total</b>	<b>16,116</b>

## Tangible Fixed Assets and Infrastructures

The movement registered in the different accounts for tangible fixed assets and infrastructures was as follows:

	12.31.06	Additions	Retirements	Transfers	12.31.07
Land	439,327	30,346	(6,341)	(44,341)	418,991
Buildings	5,372,815	67,126	(13,476)	98,517	5,524,982
Fixed Assets Assigned to Municipal Agencies and Third Parties	590,578	15	(9,488)	–	581,105
<b>Land and Properties</b>	<b>6,402,720</b>	<b>97,487</b>	<b>(29,305)</b>	<b>54,176</b>	<b>6,525,078</b>
Vehicles	16,437	4,162	–	166	20,765
Machinery, Equipment, Installations and Tools	221,010	7,163	(1,416)	10,582	237,339
Data-processing Equipment	71,622	1,471	(124)	10,682	83,651
Office Furniture and Equipment	67,333	6,054	(267)	1,041	74,160
Others	25,763	2,264	(2,546)	1,461	26,942
<b>Other Fixed Assets</b>	<b>402,165</b>	<b>21,114</b>	<b>(4,353)</b>	<b>23,931</b>	<b>442,857</b>
<b>Total Tangible Fixed Assets</b>	<b>6,804,885</b>	<b>118,601</b>	<b>(33,658)</b>	<b>78,107</b>	<b>6,967,935</b>
<b>Public Land Assets</b>	<b>221,506</b>	<b>26,881</b>	<b>(4,730)</b>	<b>28,298</b>	<b>271,955</b>
<b>Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties</b>	<b>(590,578)</b>	<b>(15)</b>	<b>9,488</b>	<b>–</b>	<b>(581,105)</b>
<b>Fixed Assets Pending Classification</b>	<b>828,975</b>	<b>515,649</b>	<b>(102)</b>	<b>(175,455)</b>	<b>1,169,067</b>
<b>Infrastructures and Assets for Public Use</b>	<b>5,422,441</b>	<b>10,464</b>	<b>(721)</b>	<b>98,469</b>	<b>5,530,653</b>
<b>Investments Assigned for Public Use</b>	<b>(5,422,441)</b>	<b>(10,464)</b>	<b>721</b>	<b>(98,469)</b>	<b>(5,530,653)</b>
<b>Investments for Public Use: HOLSA</b>	<b>24,629</b>	<b>–</b>	<b>–</b>	<b>(24,629)</b>	<b>–</b>
<b>Gross Tangible Fixed Assets and Infrastructures</b>	<b>7,289,417</b>	<b>661,116</b>	<b>(29,002)</b>	<b>(93,679)</b>	<b>7,827,852</b>
<b>Accumulated Depreciation and Provisions</b>	<b>(704,911)</b>	<b>(82,275)</b>	<b>5,001</b>	<b>(14,027)</b>	<b>(796,212)</b>
<b>Net Tangible Fixed Assets and Infrastructures</b>	<b>6,584,506</b>	<b>578,841</b>	<b>(24,001)</b>	<b>(107,706)</b>	<b>7,031,640</b>

In accordance with applicable regulations, the group entities record the value of lands containing any type of building under the caption “Buildings” and “Public Land Assets”. This caption includes 2,847,511 thousand euros as of December 31, 2007, and 2,848,253 thousand euros as of December 31, 2006 corresponding to the value of lands containing buildings.



Additions over the fiscal year include the following:

Investments Carried out Directly by the City of Barcelona	203,936
Investments Carried out by Dependent Entities, Pursuant to the Terms of the Decree of April 3, 1997, issued by the Mayor's Office	307,481
Other Investments Carried out by Dependent Entities	73,435
Investments Carried out by Third Parties	3,061
Investments Financed by Third Parties	37,934
Free and Compulsory Assignments and Profit-sharing	25,182
Assets Received on Exchange	3,651
Acquisition of Assets as Payment of Tax Receivables	6,436
<b>Total</b>	<b>661,116</b>

Included in the caption "Other Investments Carried out by Dependent Entities" are:

- Housing built on behalf of the Municipal Agency of Housing.
- Construction of the Olympic Museum, adaptation of the car pounds, refurbishment of Barcelona Teatre Musical, adaptation of installations at the Zoo and the surface parking space for buses at Cartagena-Consell de Cent streets, by Barcelona de Serveis Municipals, SA
- Investment carried out in the renovation of the Funicular train motor, in the new DIDIDADO ride, in a 4D cinema hall at the Parc del Tibidabo and in restoration centers at the Zoo.
- Investments made in the Central Flower Market, the Slaughterhouse and other installations in Mercabarna.
- Completion of restitution work, construction and start-up of the KKK steam turbine damaged during the 2006 fiscal year, at the Tractament i Selecció de Residus, SA energy plant.

Retirements carried out over the fiscal year are as follows:

By Sale	6,785
By Assignment by Third Parties	7,085
By Free Property Ownership Assignments	848
By Delivery of Assets on Exchange	3,226
By Fixed Asset Reconstruction	5,150
Others	5,908
<b>Total</b>	<b>29,002</b>

Transfers for the fiscal year were as follows:

Property Delivered for Public Use	98,469
VAT Receivable from Treasury for Assisted Contributions Registered at the Time as Greater Fixed Asset Value	2,503
Tangible Fixed Assets Losses	6,511
Others	223
<b>Total</b>	<b>107,706</b>

Thus the main components of the transfers for the fiscal year are largely offset by the net worth accounts (see Note 9.1).

The details of the “Investments Assigned for Public Use” caption are as follows:

Buildings	9,763
Equipments	7,167
Parks and Forests	1,278,887
Mixed	318,957
Systems	649,232
Thoroughfares	2,454,127
Municipal Assets of an Artistic Nature	111,107
Urban Furniture	73,224
Property for Public Use: HOLSA	628,125
Others	64
<b>Total</b>	<b>5,530,653</b>

The elements totally written off as of December 31, 2007, are the following:

Vehicles	9,596
Machinery, Equipment, Installations and Tools	43,750
Data-processing Equipment	45,966
Office Furniture and Equipment	28,019
Others	11,804
<b>Total</b>	<b>139,135</b>

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

## Note 5 – Interest Associated Firms

This heading reflects the investments made in dependent firms that are not fully consolidated but, rather, are consolidated by the equity method, as shown in the following chart:

Barcelona Holding Olímpic, SA (Holsa)	43,588
Mediacomplex, SA	6,531
Barcelona Sagrera Alta Velocitat, SA	150
Barcelona Emprèn, SCR, SA	1,185
Barcelona Ventures, SGEGR, SA	113
Barcelona Regional, AMDUI, SA	378
<b>Total</b>	<b>51,945</b>

## Note 6 – Other Financial Investments

The balance of this caption reflects the interests of less than 20% held in different firms by the City of Barcelona and the entities belonging to the Municipal Group, as well as other credits and long-term deposits and guarantees, as shown in the following chart:

Investment Portfolio	42,670
Deposits and Guarantees	838
Other Long-term Credits	59,381
<b>Total</b>	<b>102,889</b>

The investment portfolio can be broken down as follows:

	Firm's Owner (*)	% Interest Held	Investment Cost	Provisions	Net Book Value as of 12.31.07
Transferència i reciclatge de Runes, SA	SIRESA	17.59	180	–	180
Clavegueram de Barcelona, SA	BSM	17.50	685	–	685
Catalana d'Iniciatives, CR, SA	BSM	13.45	8,904	–	8,904
Fira 2000, SA	AB	11.43	23,021	(550)	22,471
GL Events CCIB, SL	BSM	12.00	241	–	241
Districlima, SA	TERSA	11.73	1,020	(76)	944
Ecoparc del Mediterrani, SA	TERSA	11.73	960	(960)	–
Ecoparc de Barcelona, SA	TERSA	3.05	383	(383)	–
Hotel Miramar de Barcelona, SA	BSM	10.00	1,562	(613)	949
Gestora de runes de la construcció, SA	TERSA	8.21	135	–	135
Recuperació d'Energia, SA	TERSA	4.69	34	–	34
Funeràries de Catalunya, SA	SFB	4.46	30	–	30
Port Fòrum Sant Adrià, SL	AB	5.00	15	–	15
Ecoparc del Besòs, SA	TERSA	2.93	386	(53)	333
Catalunya Carsharing, SA	BSM	2.89	50	(36)	14
Túnels i Accessos de Barcelona, SA	BSM	2.82	3,805	–	3,805
Grand Tibidabo, SA	PATSA	0.03	11	(11)	–
Interest in Barcelona Ventures	ICUB	–	1,000	–	1,000
Investment Fund	CdB	–	2,930	–	2,930
<b>Total Investment Portfolio</b>			<b>45,352</b>	<b>(2,682)</b>	<b>42,670</b>

(\*) Key:

AB: The City of Barcelona

BSM: Barcelona de Serveis Municipals, SA

PATSA: Parc d'Atraccions Tibidabo, SA

MCBN: Mercados de Abastecimientos de Barcelona, SA

SFB: Serveis Funeraris de Barcelona, SA

CdB: Cementiris de Barcelona, SA

TERSA: Tractament i Selecció de Residus, SA

SIRESA: Solucions Integrals, SA

ICUB: MA Culture

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

Sales of Long-term Fixed Assets	46,718
State Treasury Receivable for Early Corporate Tax	2,482
Long-term Clients and Receivables	10,175
Others	6
<b>Total</b>	<b>59,381</b>

## Note 7 – Deferred Expenses

The balance of this caption corresponds, on the one hand, to note and bond and loan arrangement expenses, which registered the following movements:

Loan Arrangement Expenses	
Balance as of December 31, 2006	1,024
Allocation to Results as Financial Expenses	(222)
Balance as of December 31, 2007	802

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

On the other hand, it includes the goodwill stemming from the acquisition, in 2002, of 100% of the share capital of Parc d'Atraccions Tibidabo, SA by Barcelona de Serveis Municipals, SA and of 51% of Societat Transports Sanitaris Parets, SL by Serveis Funeraris de Barcelona, SA in 2005. This goodwill stems from the positive consolidation difference arising from the amount paid for the acquisition of the shares and the net worth of acquired firms, and it will be amortized linearly over a period of 20 years, as this is the period for which it is estimated that it will contribute to the obtaining of profits for the group. The movement registered under this caption was as follows:

Goodwill	
Balance as of December 31, 2006	1,729
Readjustment of the book value of the interest held	33
Amortization for the Year	(116)
Balance as of December 31, 2007	1,646

The remainder of the balance for this caption, 26 thousand euros, corresponds to the financial expenses of financial leasing operations.

## Note 8 – Accounts Receivable

Accounts receivable are classified as follows:

<b>a) By the City of Barcelona</b>	<b>572,254</b>
Direct Taxes	166,682
Indirect Taxes	5,266
Charges and Other Revenue	280,069
Current Transfers	66,319
Capital Gains	15,014
Disposal of Real Investments	357
Capital Transfers	18,415
Others	20,132
<b>b) By Municipal Agencies and Companies</b>	<b>98,166</b>
<b>Total Receivable</b>	<b>670,420</b>

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

<b>Balance as of December 31, 2006</b>	<b>303,145</b>
Amount Charged to Statement of Revenue and Expenses	60,680
Bad Debts Written Off	(56,843)
Application to Extraordinary Results	(470)
<b>Balance as of December 31, 2007</b>	<b>306,512</b>

The provision for bad debts is determined by applying the estimated collectability ratio estimated by the City of Barcelona based on its past experience to the tax receivables currently under forcible collection (166,568 thousand euros) and receivables for fines in both voluntary and enforced collection periods (185,982 thousand euros).

The provision for the fiscal year, 60,680 thousand euros, is shown under liabilities on the consolidated statement of revenue and expenses, along with other provisions for sundry items amounting to 715 thousand euros.

## Note 9 – Capital

### 9.1. Net Worth

The amounts and movements registered in the net worth accounts during the fiscal year were as follows:

	Net Worth	Property Assigned to Municipal Agencies and Third Parties (see Notes 3.1.b and 4.b)	Property Delivered for Public Use (see Notes 3.3 and 4.b)	Property Assigned by Municipal Agencies and Third Parties	TOTAL
<b>Initial Balance</b>	<b>10,321,616</b>	<b>(590,578)</b>	<b>(5,422,441)</b>	<b>46,765</b>	<b>4,355,362</b>
Allocation of City of Barcelona Results 2006	626,240	–	–	–	626,240
Change in Property Assigned to Third Parties	–	9,473	–	–	9,473
Change in Property Assigned by Third Parties	–	–	–	–	–
Transfer of Capital Transfers	49,804	–	–	–	49,804
Property Delivered for Public Use	–	–	(108,212)	–	(108,212)
<b>Final Balance</b>	<b>10,997,660</b>	<b>(581,105)</b>	<b>(5,530,653)</b>	<b>46,765</b>	<b>4,932,667</b>

Property assigned by municipal agencies and third parties reflects the value of those assets assigned to the City of Barcelona by other entities for operation or use.

### 9.2. Results

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

Results of the City of Barcelona	651,771
Aggregate Result of Municipal Agencies and Firms	36,408
Share in Results by Equity Method	181
Consolidation Adjustments	9,484
Consolidated Results	697,844
Results Allocable to Minority Interests Before Interim Dividends (Note 10)	(9,920)
<b>Results Allocable to the City of Barcelona</b>	<b>687,924</b>

### 9.3. Consolidated Reserves

The consolidated reserves and their movement can be broken down as follows:

	Balance as of 12.31.06	2006 Result (a)	Transfers and Others	Balance as of 12.31.07
<b>Fully Consolidated</b>	<b>176,861</b>	<b>17,026</b>	<b>4,488</b>	<b>201,375</b>
MA Housing	21,845	(1,762)	19,266	39,349
MA Disabled Persons	(33)	212	687	866
MA Mies Van der Rohe Foundation	204	199	949	1,352
MA IT Services	4,605	317	284	5,206
MA Town Planning	1,607	55	560	2,222
MA Finances	2,362	542	498	3,402
MA Markets	5,465	44	48	5,557
MA Parks and Gardens	3,009	390	300	3,699
MA Education	4,803	560	672	6,035
MA Culture	3,579	2	(152)	3,429
MA Barcelona Sports	78	(83)	280	275
MA Urban Landscape and Quality of Life	1,350	241	–	1,591
Barcelona de Serveis Municipals Group (b)	105,392	15,659	(15,769)	105,282
Barcelona d'Infraestructures Municipals Group (c)	3,376	508	25	3,909
Informació i Comunicació de Barcelona, SA	5,403	48	(951)	4,500
Barcelona Activa, SA	13,118	39	901	14,058
SM Barcelona Gestió Urbanística, SA	698	55	(110)	643
<b>By the Equity Method</b>	<b>(102)</b>	<b>(65)</b>	<b>70</b>	<b>(97)</b>
Barcelona Holding Olímpic, SA	283	35	–	318
Barcelona Ventures SGEGR, SA	3	(9)	13	7
Barcelona Emprèn, SCR, SA	(402)	(93)	4	(491)
Barcelona Regional, AMDUI, SA	14	2	53	69
<b>Total</b>	<b>176,759</b>	<b>16,961</b>	<b>7,558</b>	<b>201,278</b>

(a) Adjusted according to the interest held.

(b) Barcelona de Serveis Municipals Group includes information regarding the parent firm and firms in which it holds an interest (Parc d'Atraccions del Tibidabo, SA, Tractament i Selecció de Residus, SA, Serveis Funeraris de Barcelona, SA, Cementiris de Barcelona, SA and Mercabarna, SA) aggregated together.

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



To calculate the consolidation reserves, the book and technical book values of the interests held, the dividends collected over the 2007 fiscal year and other consolidated adjustments were used to homogenize receivables and payables between the City of Barcelona and some of its dependent firms.

The “Transfers and Others” column includes the correction of the existing temporary difference between provision for capital transfers and execution of the works and services financed by them, as well as the effects deriving from reinstatement of the reversion of assets on concession and of the cancelation in the 2006 fiscal year of the long-term financial investment of the municipal agencies.

## Note 10 – Minority Interest

The balance of this caption reflects the proportion of the net worth and results for the fiscal year of those dependent municipal firms included in the consolidation belonging to shareholders or associates who are not members of the consolidated Group. Specifically, the figures refer to the Barcelona de Serveis Municipals and Barcelona d’Infraestructures Municipals groups, and can be broken down as follows:

	Capital	Reserves	Fiscal Year Results	Interim Dividend	TOTAL
<b>BSM Group:</b>					
TERSA Group	5,973	11,813	1,108	–	18,894
SFB Group	3,830	5,657	5,662	(1,127)	14,022
Cementiris de Barcelona, SA	30	409	468	(343)	564
Mercabarna	7,003	21,925	1,951	–	30,879
<b>Total</b>	<b>16,836</b>	<b>39,804</b>	<b>9,189</b>	<b>(1,470)</b>	<b>64,359</b>
<b>BIM Group:</b>					
Foment de Ciutat Vella, SA	2,945	662	570	–	4,177
Proeixample, SA	2,846	1,089	161	–	4,096
<b>Total</b>	<b>5,791</b>	<b>1,751</b>	<b>731</b>	<b>–</b>	<b>8,273</b>
<b>TOTAL</b>	<b>22,627</b>	<b>41,555</b>	<b>9,920</b>	<b>(1,470)</b>	<b>72,632</b>

## Note 11 – Capital Transfers and Other Capital Income

The amounts and movements registered under this caption were as follows:

<b>Balance as of December 31, 2006</b>	<b>271,194</b>
Additions	56,327
Transfer to Net Worth	(49,804)
Retirements for Delivery of Assets	(2,593)
Transfer to Extraordinary Revenue	(27,569)
Others	(207)
<b>Balance as of December 31, 2007</b>	<b>247,348</b>

Of the 27,569 thousand euros transferred to results, 21,560 thousand euros correspond to regularizations and 5,185 thousand euros to grants financed by third parties.

## Note 12 – Other Deferred Income

The movement under this caption is as follows (see Note 3.9):

<b>Balance as of December 31, 2006</b>	<b>171,661</b>
Additions	29,412
Transfer to Revenue for the Year	(926)
Transfer to Short-term	(3,895)
Delivery of Assets to the City of Barcelona	(17,065)
<b>Balance as of December 31, 2007</b>	<b>179,187</b>

By nature, 144,143 thousand euros correspond to revenue received in advance of the usage of assets under municipal ownership and 10,262 thousand euros to urban development fees payable by the owners of sites included in the urban planning co-operation actions, which co-finance municipal investments in the territory falling within the co-operation sphere, and 24,782 thousand euros to other types of revenue. The revenue received in advance is transferred annually to the consolidated statement of revenue and expenses in accordance with the straight-line method over the period corresponding to the assignment or award, which is set at 2080 at the latest. The urban development fees are charged for deliveries to the City of Barcelona of actions financed by them. Only in the case of public works does the City activate the corresponding fixed assets, which it credits to extraordinary results.

The most significant additions correspond basically to urban development fees from Barcelona de Gestió Urbanística, SA.

The amount transferred to short-term is the one set to be applied to the consolidated statement of revenue and expenses for the 2008 fiscal year and is shown in the caption “Accrued Expenses” of the liabilities of the balance sheet for the fiscal year ended December 31, 2007 (see Note 16).

The retirements for delivery correspond to the co-operative actions transferred to the City of Barcelona by the group’s managerial entities.

### Note 13 – Provisions for Contingencies and Expenses

The composition and movement under this caption is as follows:

	Balance as of 12.31.06	Provisions and Transfers	Allocations	Balance as of 12.31.07
Court Cases and Legal Claims	98,207	23,922	(11,853)	110,276
Major Overhauls	5,332	1,540	(2,273)	4,599
Reversion Funds	2,290	5,181	–	7,471
Others	5,804	713	(1,912)	4,605
<b>Total</b>	<b>111,633</b>	<b>31,356</b>	<b>(16,038)</b>	<b>126,951</b>

The balance for the provision for court cases and legal claims and for other provisions are intended to cover a variety of possible future commitments, whose maturity dates and amounts cannot yet be known with certainty.

The provision for court cases and legal claims has been charged to the caption “Works, Supplies and Subcontracted Services”.

The provisions for major overhauls include funds created by Barcelona de Serveis Municipals, SA, in order to cover pluri-annual repair expenses and the partial replacement of certain fixed assets.

## Note 14 – Debentures and Loans

The outstanding amount as of December 31, 2007 corresponding to long-term loans and debentures can be broken down as follows:

Description	Outstanding Amount		
	as of 12.31.2007	Long-term	Short-term
Bank Loans	627,110	556,576	70,534
Private Placements	340,000	340,000	–
Public Bond Issues	100,000	100,000	–
<b>Total Debt</b>	<b>1,067,110</b>	<b>996,576</b>	<b>70,534</b>

The part of the long-term debt which matures in less than a year is reclassified under the caption “Short-term Payables for Loans and Debentures”.

The movements during fiscal year 2007 of subscribed long-term loans and debentures were as follows:

<b>Balance as of December 31, 2006</b>	<b>1,178,843</b>
Additions:	
• New Operations	116,309
Disposals:	
• Contractual Repayments	(135,919)
• Early Amortization and Assignment	(92,123)
<b>Balance as of December 31, 2007</b>	<b>1,067,110</b>

The debt profile by maturities as of December 31, 2007 was as follows (in millions of euros):

Maturity	Amount
2008	71
2009	115
2010	105
2011	109
2012	101
2013	28
2014	105
2015	120
2016	40
2017	101
2018 and beyond	172
<b>Total</b>	<b>1,067</b>

As of December 31, 2007 there were unexecuted stand-by lines for a total of 244,920 thousand euros.

The average interest rate over the 2007 fiscal year was 3.8 %.

As of December 31, 2007, 43.4% of the long-term consolidated financial debt had a fixed interest rate and 56.6% had a floating interest rate.

## Note 15 – Public Administrations

The breakdown of these accounts is as follows:

Item	Debit Balance	Credit Balance
Social Security		25,835
Value Added Tax	21,202	9,094
Personal Income Tax		12,023
Corporate Tax	4,233	3,491
Others	927	3,182
<b>Total</b>	<b>26,362</b>	<b>53,625</b>

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

## Note 16 – Accrued Expenses

This account reflects the Group's definite liabilities as of December 31, 2007, in accordance with their accrual periods and regardless of the date of requirement of payment on demand, as well as the capital grants given to the Group pending allocation. It has the following composition:

Capital and Current Transfers	12,070
Grave Assignments	1,320
Revenue Transfers to Short-term	3,895
Prepaid Income on Can Tunis Housing Development	7,513
Urban Planning Fees	10,100
Assigned Land Pending Allocation to Revenue	2,898
Annual Users' Fees	2,658
Other Advanced Revenue	2,958
Accredited Unmatured Interest as of December 31, 2007	7,157
Other Deferred Expenses	392
<b>Total</b>	<b>50,961</b>

Accredited and unmatured payments to personnel are shown under the caption "Other Non-trade Payables" and amount to 36,325 thousand euros.

## Note 17 – Other Information

As of December 31, 2007, the guarantees provided by the group to cover credit operations amounted to 6,896 thousand euros.

The fees to be received by PriceWaterhouseCoopers Auditores, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A., for auditing services and the expenses incurred for the provision thereof in fiscal year 2007 came to 696 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 portion thereof will be duly charged each of them.

## Note 18 – Statement of Results

### 18.1. Personnel Expenses

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

The average payroll of the City of Barcelona Group during the 2007 fiscal year was 12,945 workers (5,349 women and 7,576 men).

### 18.2. 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 Group with different private firms to enhance the functioning of the city, such as, for example, those for refuse collection and street cleaning.

### 18.3. Current and Capital Transfers (Expenses)

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, companies and individuals in order to finance their operating expenses or investments. The main payees were as follows:

<b>Current Transfers</b>	<b>337,227</b>
Municipal Association of the Barcelona Metropolitan area and EMSHTR(*)	127,157
Consortia	64,302
Non-profit Organizations	29,240
Metropolitan Transport Authority	53,041
Firms	14,694
Autonomous Community	5,315
Local Entities	6,352
Others	37,126
<b>Capital Transfers</b>	<b>66,407</b>
Barcelona Holding Olímpic, SA	21,826
Consortia	8,976
Metropolitan Transport Authority	28,590
Non-profit Organizations	3,332
Others	3,683
<b>Total</b>	<b>403,634</b>

(\*) EMSHTR: Metropolitan Hydraulic Services and Waste Treatment Agency.

### 18.4. Taxes

This group includes the following local taxes levied by the City of Barcelona: property tax,

levied on property; tax on economic activities, levied on certain business activities, in accordance with the type of activity, the space occupied and the location; tax on motor vehicles, which is a tax levied on the ownership thereof, irrespective of the vehicle's class or category; taxes on construction, installations and works, levied according to the cost of the project for which the license has been requested; tax on the increase in urban land value, a direct tax levied on the increases registered in the value of these lands made evident upon their transfer.

This caption also includes the amount resulting from the assignment of Central Government taxes, as a consequence of the entry into effect of the new model of financing for the public sector, approved by Law 51/2002, of December 27, of the reform of Law 39/1988, of December 28, Regulating Local Taxation.

It can be broken down as follows:

Property Tax	398,998
Tax on Economic Activities	97,269
Tax on the Increase in Land Value	108,497
Assignment of Central Government Taxes	85,714
Tax on Motor Vehicles	74,529
Tax on Construction, Installations and Works	50,511
<b>Total</b>	<b>815,518</b>

### 18.5. Other Tax Revenue

Grouped under the caption "Other Tax Revenue" are, basically, the charges for the sale of services and use of the public domain.

#### 18.6. Sale of Services

This caption includes the charges and public prices invoiced for the provision of services and the revenue obtained by the entities within the sphere of their regular activities.

#### 18.7. Other Operating Revenue

The other ordinary administration revenue basically includes fines and other penalties for offenses, interest and late payment surcharges, income from concessions and special uses and profit-sharing. The caption can be broken down as follows:

Fines	105,361
Concessions and Special Uses	49,725
Profit-sharing	1,352
Late Payment Surcharges and Surcharges on Collection Proceedings	21,340
Others	12,238
<b>Total</b>	<b>190,016</b>

#### 18.8. Current Transfers (Revenue)

This caption includes the amounts received from the Central Government Supplementary Finance Fund, as well as the earmarked grants from the European Union, Central Government, the autonomous community and local entities, as detailed below:

Central Government	832,756
Generalitat of Catalonia	94,551
Local Entities	54,075
European Union	1,967
Non-profit Institutions	1,823
Private Firms	879
Other Entities	724
<b>Total</b>	<b>986,775</b>



### 18.9. Extraordinary Results

Extraordinary results can be broken down as follows:

	Note	Expenses	Revenue
Fixed Assets		35,793	89,723
Modification of Receivables, Payables and Provisions		76,837	72,099
Pluri-annual Transfers to HOLSA	3.3	–	24,629
Additional Settlements in 2007 for Shared Taxes from Previous Fiscal Years		–	85,135
Capital Transfers Allocated to the Results	11	–	26,844
Other Extraordinary Results		5,528	3,268
<b>Total</b>		<b>118,158</b>	<b>301,698</b>
<b>Net Extraordinary Result</b>			<b>183,540</b>

## Note 19 – Statements of Changes in Financial Position for the 2007 and 2006

Applications of Funds	2007 Fiscal Year	2006 Fiscal Year	Source of Funds	2007 Fiscal Year	2006 Fiscal Year
			Funds Obtained	722,474	590,505
Acquisitions of Fixed Assets:			Sale of Fixed Assets:		
Tangible and Intangible	634,952	507,872	Tangible and Intangible	27,158	46,479
Financial	20,146	10,347	Financial	–	–
			Fixed Assets Transfers	–	–
Long-term Trade Receivables	–	2,718	Long-term Trade Receivables	3,398	–
Deferred Expenses	–	–			
Minority Interests	–	–	Minority Interests	13,061	7,522
Capital Transfers and Other Capital Income	2,800	–	Capital Transfers	56,327	58,659
Transfer of Deferred Income to Short-term	3,895	7,199	Deferred Income	71,818	62,823
Applications of Deferred Income for Assignment of Assets	59,471	12,363	Long-term Loans	116,309	18,892
Applications of Provisions for Contingencies and Expenses	–	4,742	Long-term Guarantees and Deposits	1,746	9,697
Repayment and Transfer to Short-term of Long-term Debentures	162,561	156,904			
Other Long-term Payables	–	–	Other Long-term Payables	11,972	8,557
Pluri-annual Transfers to Holsa	24,629	48,426			
<b>Total Applications</b>	<b>908,454</b>	<b>750,571</b>	<b>Total Sources</b>	<b>1,024,263</b>	<b>803,134</b>
Changes in Working Capital (Increase)	115,809	52,563	Change in Working Capital (Decrease)	–	–
<b>Total</b>	<b>1,024,263</b>	<b>803,134</b>	<b>Total</b>	<b>1,024,263</b>	<b>803,134</b>

Change in Working Capital	2007		2006	
	Increase	Decrease	Increase	Decrease
Inventories	9,283	–	–	6,671
Accounts Receivable	–	7,923	–	29,460
Short-term Financial Investments	1,584	–	79,070	–
Cash	68,685	–	52,791	–
Accounts Payable	44,180	–	–	43,167
<b>Total</b>	<b>123,732</b>	<b>7,923</b>	<b>131,861</b>	<b>79,298</b>
<b>Increase in Working Capital</b>	<b>115,809</b>	<b>–</b>	<b>52,563</b>	

The funds obtained from operations were as follows:

	Note	2007	2006
<b>Net Surplus for the Fiscal Year</b>	<b>–</b>	<b>687,924</b>	<b>650,169</b>
Net Results on Fixed Assets	18.9	(53,930)	(164,147)
Provision for Depreciation	–	90,294	87,581
Provisions for Contingencies and Expenses	13	31,356	29,679
Deferred Expenses	7	350	437
Application of Long-term Provisions	18.8	(16,038)	(6,960)
Deferred Income Transferred to Statement of Revenue and Expenses	12	(926)	(876)
Capital Grants Transferred to Results	11	(27,569)	(16,204)
Changes in Provisions for Financial Investments	6	1,274	(861)
Result of Minority Interests	10	9,920	11,617
Share by the Equity Method	2.2	(181)	70
<b>Funds from Operations</b>		<b>722,474</b>	<b>590,505</b>

7

## Five-year Data

## City of Barcelona (2003-2007)

	2003	2004	2005	2006	2007	Annual Growth (%)
<b>Personnel</b>	<b>6.689</b>	<b>6.657</b>	<b>6.578</b>	<b>6.755</b>	<b>6.891</b>	<b>0,8%</b>

### Economic Position (thousands of euros)

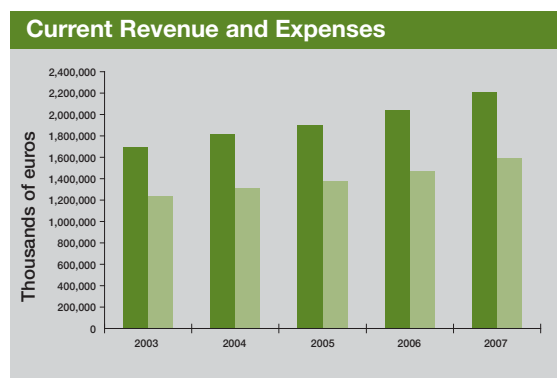
Current Revenue	1,697,039	1,821,239	1,905,643	2,039,749	2,206,461	6.2%
Current Expenses	1,237,225	1,313,656	1,372,890	1,469,974	1,589,894	6.0%
Gross Saving	459,814	507,583	532,753	569,775	616,567	6.8%
Net Investments	571,594	432,129	414,124	437,168	546,452	1.1%
Cash Surplus (Deficit)	20,674	37,799	58,288	87,147	133,359	–

<b>Total Debt as of 12/31</b>	<b>1,244,439</b>	<b>1,206,640</b>	<b>1,148,353</b>	<b>1,061,206</b>	<b>927,847</b>	<b>-6.0%</b>
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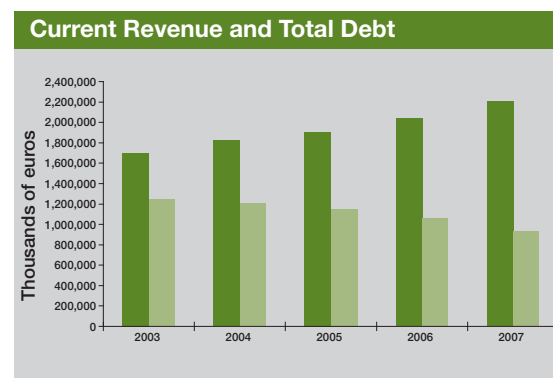
### Ratios

Gross Saving / Current Revenue (%)	27.1	27.9	28.0	27.9	27.9
Interest Coverage (x)	8.2	10.4	17.7	22.2	25.9
Capital Expenditure Coverage (x)	0.8	1.2	1.3	1.3	1.1
Capital Expenditure / Total Expenses (%)	34.8	26.9	25.0	26.7	27.0

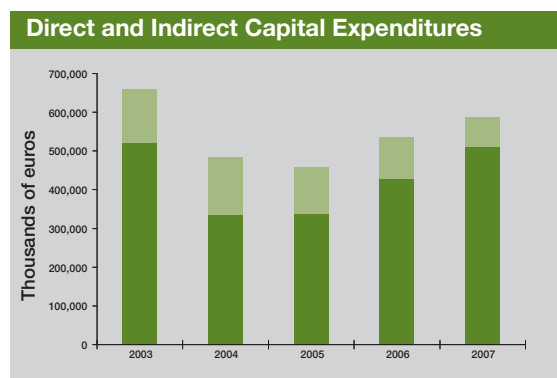
Debt / Current Revenue (%)	73.3	66.3	60.3	52.0	42.1
Debt / Primary Saving (x)	2.4	2.1	2.0	1.8	1.4
Average Life of Long-term Debt (years)	5.2	5.9	6.0	5.4	5.9



■ Current Revenue ■ Current Expense



■ Current Revenue ■ Total Debt as of 12/31



■ Direct Capital Expenditure ■ Indirect Capital Expenditure

### Debt Ratings

Moody's Investors Service: Aa1 (December 2006)

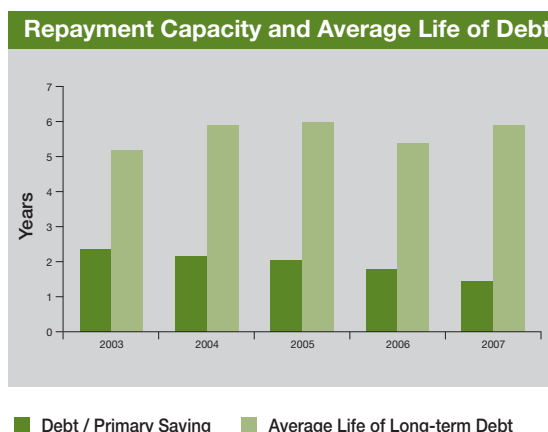
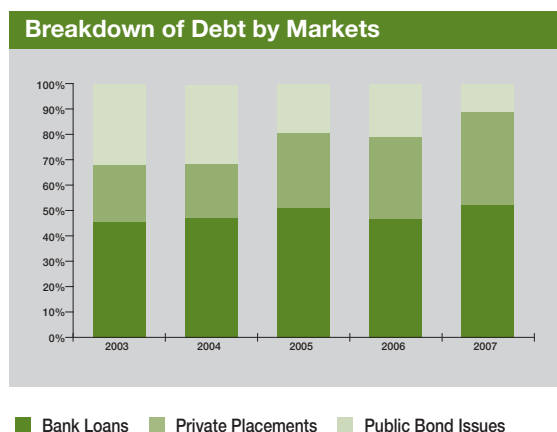
Rating & Investment Information: AAA (August 2006)

Standard & Poor's: AA+ (April 2006)

Fitch: AA+ (February 2006)

## City of Barcelona (2003-2007)

	2003	2004	2005	2006	2007	Annual Growth (%)
<b>Balance Summary (thousands of euros)</b>						
Fixed Assets	5,736,516	5,605,084	5,689,999	6,135,991	6,515,407	3.2%
Long-term Financial Investments	165,676	176,578	188,879	190,120	200,796	4.7%
Deferred Expenses	1,321	1,221	1,287	1,024	802	-27.8%
Long-term Accounts Receivable	0	0	0	4,027	1,980	–
<b>Fixed Assets</b>	<b>5,903,513</b>	<b>5,782,883</b>	<b>5,880,165</b>	<b>6,331,162</b>	<b>6,718,985</b>	<b>3.3%</b>
Accounts Receivable	339,809	325,174	351,851	300,707	284,992	1.2%
Cash	61,608	87,794	278,225	414,545	496,597	18.9%
<b>Current Assets</b>	<b>401,417</b>	<b>412,968</b>	<b>630,076</b>	<b>715,252</b>	<b>781,589</b>	<b>10.3%</b>
<b>Total Assets</b>	<b>6,304,930</b>	<b>6,195,851</b>	<b>6,510,241</b>	<b>7,046,414</b>	<b>7,500,574</b>	<b>3.9%</b>
Net Worth	4,043,023	4,052,779	4,340,476	4,987,660	5,590,666	7.0%
Capital Transfers Received	273,627	246,316	274,817	238,628	214,257	-0.5%
Long-term Loans and Debentures	1,244,439	1,206,640	1,148,353	1,061,206	927,847	-6.0%
Pluriannual Transfers to HOLSA	164,179	123,430	73,055	24,629	–	–
Other Long-term Liabilities	125,181	149,794	160,835	228,268	245,244	23.5%
<b>Long-term Liabilities</b>	<b>5,850,449</b>	<b>5,778,959</b>	<b>5,997,536</b>	<b>6,540,391</b>	<b>6,978,014</b>	<b>3.9%</b>
Accounts Payable	454,481	416,892	512,705	506,023	522,560	3.2%
Short-term Loans	0	0	0	0	0	–
<b>Current Liabilities</b>	<b>454,481</b>	<b>416,892</b>	<b>512,705</b>	<b>506,023</b>	<b>522,560</b>	<b>3.2%</b>
<b>Total Liabilities</b>	<b>6,304,930</b>	<b>6,195,851</b>	<b>6,510,241</b>	<b>7,046,414</b>	<b>7,500,574</b>	<b>3.9%</b>



## Public Administration Debt (2003-2007)

	2003	2004	2005	2006	2007	Annual Growth (%)
<b>Debt (millions of euros)</b>						
Central Government	308,374	311,090	307,544	302,779	290,928	-1.5%
Regional Government	48,993	51,977	56,847	57,953	59,711	5.1%
Local Authorities	22,914	24,153	25,480	27,460	29,103	6.2%
Spanish Municipalities	17,819	18,910	20,215	22,291	23,879	7.7%
City of Barcelona	1,244	1,207	1,148	1,061	928	-6.0%

Source: Bank of Spain ([www.bde.es/infoest](http://www.bde.es/infoest)) and City of Barcelona

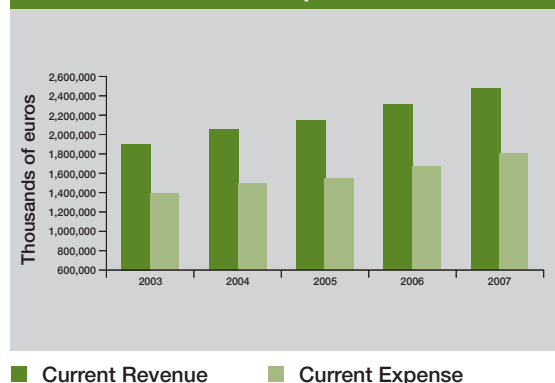
## City of Barcelona Group (2003-2007)

	2003	2004	2005	2006	2007	Annual Growth (%)
<b>Personnel</b>	<b>12,366</b>	<b>12,410</b>	<b>12,475</b>	<b>12,859</b>	<b>13,015</b>	<b>1.6%</b>
<b>Economic Position (thousands of euros)</b>						
Current Revenue	1,907,154	2,055,689	2,145,233	2,311,060	2,485,986	6.4%
Current Expenses	1,395,646	1,498,240	1,553,221	1,672,158	1,805,362	6.0%
Gross Saving	511,508	557,449	592,012	638,902	680,624	7.3%
Net Investment	641,303	481,901	499,048	479,325	629,374	1.7%
Cash Surplus (Deficit)	-11,266	20,149	37,102	84,766	108,154	-
<b>Total Consolidated Debt as of 12/31</b>	<b>1,336,318</b>	<b>1,311,027</b>	<b>1,269,873</b>	<b>1,178,843</b>	<b>1,067,110</b>	<b>-4.3%</b>

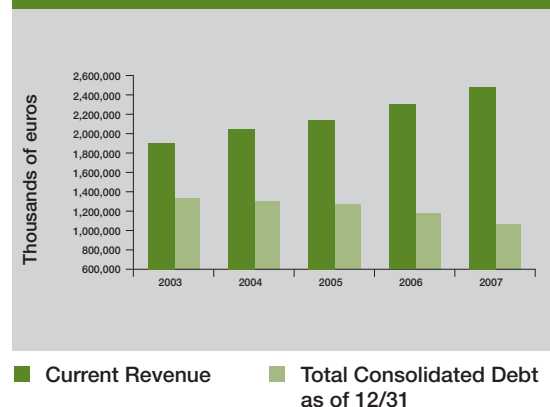
### Ratios

Gross Saving / Current Revenue (%)	26.8	27.1	27.6	27.6	27.4
Interest Coverage (x)	9.1	11.1	18.7	22.1	25.8
Capital Expenditure Coverage (x)	0.8	1.2	1.2	1.3	1.1
Capital Expenditures / Total Expenditures (%)	35.4	27.9	26.7	26.9	27.6
Debt / Current Revenue (%)	70.1	63.8	59.2	51.0	42.9
Debt / Primary Saving (x)	2.3	2.1	2.0	1.8	1.5
Average Life of Long-term Debt (years)	5.6	6.4	6.5	6.0	6.6

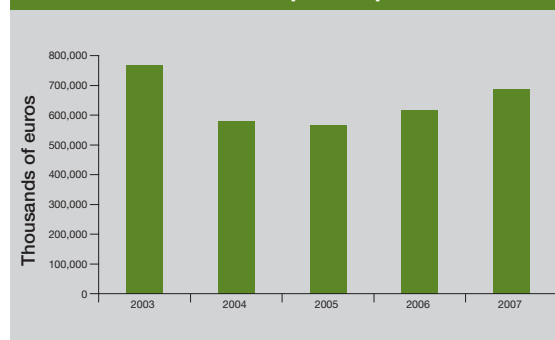
Current Revenue and Expenses



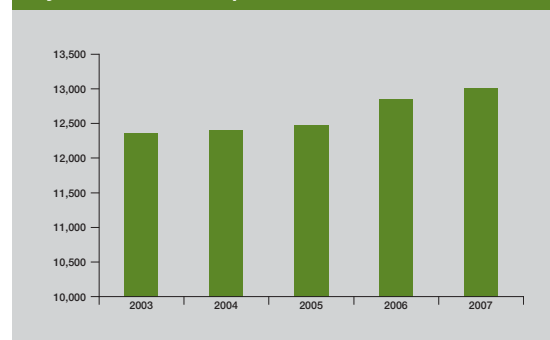
Current Revenue and Total Debt



Consolidated Gross Capital Expenditure

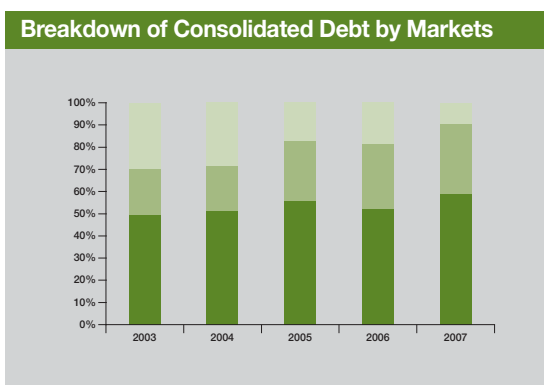
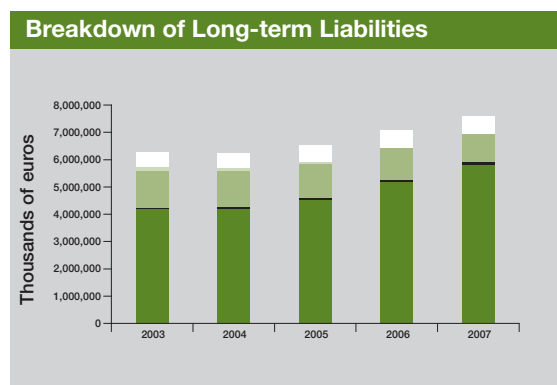


City of Barcelona Group Personnel



## City of Barcelona Group (2003-2007)

	2003	2004	2005	2006	2007	Annual Growth (%)
<b>Balance Summary (thousands of euros)</b>						
Intangible Fixed Assets	38,662	47,005	50,071	50,039	56,526	5.0%
Tangible Fixed Assets and Infrastructures	6,105,480	5,995,141	6,124,821	6,584,506	7,031,640	3.6%
Financial Intangible Assets	92,707	102,257	124,754	135,962	154,834	16.2%
Accounts Receivable for Long-term Trade Operations	34,452	37,318	28,154	30,871	27,473	-5.2%
Deferred Expenses	3,292	3,090	3,261	2,824	2,474	-16.6%
<b>Fixed Assets</b>	<b>6,274,593</b>	<b>6,184,811</b>	<b>6,331,061</b>	<b>6,804,202</b>	<b>7,272,947</b>	<b>3.8%</b>
Inventories	43,724	40,281	49,567	42,896	52,179	7.6%
Accounts Receivable	413,540	391,268	431,986	401,036	393,114	1.9%
Cash	146,037	156,157	340,593	472,455	542,723	15.0%
<b>Current Assets</b>	<b>603,301</b>	<b>587,706</b>	<b>822,146</b>	<b>916,387</b>	<b>988,016</b>	<b>8.3%</b>
<b>Total Assets</b>	<b>6,877,894</b>	<b>6,772,517</b>	<b>7,153,207</b>	<b>7,720,589</b>	<b>8,260,963</b>	<b>4.3%</b>
Capital	4,183,935	4,204,316	4,512,143	5,182,291	5,821,869	7.3%
Minority Interests	63,977	69,029	73,586	69,491	72,632	4.6%
Long-term Loans and Debentures	1,336,231	1,311,027	1,269,873	1,178,843	1,067,110	-4.2%
Pluriannual Transfers to HOLSA	164,179	123,430	73,055	24,629	0	-
Other Long-term Liabilities	531,666	540,262	578,306	624,398	637,114	7.8%
<b>Long-term Liabilities</b>	<b>6,279,988</b>	<b>6,248,064</b>	<b>6,506,963</b>	<b>7,079,652</b>	<b>7,598,725</b>	<b>4.4%</b>
Accounts Payable	597,819	524,453	646,244	640,937	662,238	2.9%
Short-term Loans	87	0	0	0	0	-
<b>Current Liabilities</b>	<b>597,906</b>	<b>524,453</b>	<b>646,244</b>	<b>640,937</b>	<b>662,238</b>	<b>2.7%</b>
<b>Total Liabilities</b>	<b>6,877,894</b>	<b>6,772,517</b>	<b>7,153,207</b>	<b>7,720,589</b>	<b>8,260,963</b>	<b>4.3%</b>



- Capital
- Long-term Loans and Debentures
- Bank Loans
- Private Placements
- Public Bond Issue
- Minority Interests
- Pluriannual Transfers to HOLSA
- Other Long-term Liabilities

## Consolidated Debt of the City of Barcelona: Public Administration and Commercial Entities (2003-2007)

	2003	2004	2005	2006	2007	Annual Growth (%)
<b>(millions of euros)</b>						
Public Administration	1,245	1,207	1,148	1,061	928	-6.0%
Commercial Entities	92	104	122	118	139	17.6%
<b>Total Debt</b>	<b>1,336</b>	<b>1,311</b>	<b>1,270</b>	<b>1,179</b>	<b>1,067</b>	<b>-4.3%</b>



