



2009

City of Barcelona Annual Report

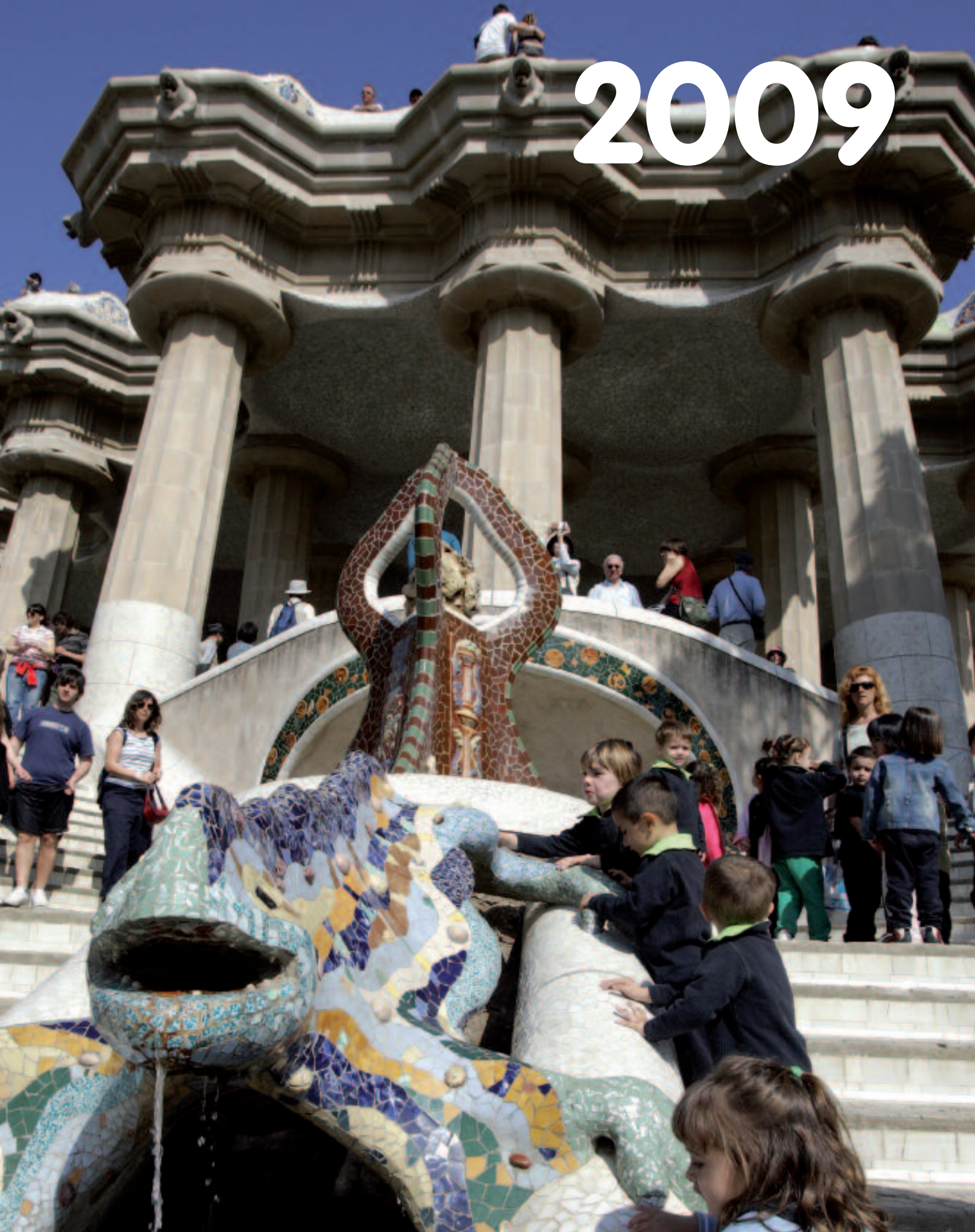


City of Barcelona
2009 Annual Report



Ajuntament de Barcelona

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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. Mr. Ricard Gomà Carmona (ICV-EUiA)
3rd Deputy Mayor	The Hon. Mr. Jordi William Carnes Ayats (PSC)
4th Deputy Mayor	The Hon. Mr. Ramon Garcia-Bragado Acín (PSC)
5th Deputy Mayor	The Hon. Ms. Immaculada Mayol Beltrán (ICV-EUiA)
Councilors	<div>PSC:<div>The Hon. Ms. Carmen Andrés Añón</div><div>The Hon. Ms. Montserrat Ballarín Espuña</div><div>The Hon. Ms. M. Assumpta Escarp Gibert</div><div>The Hon. Mr. Guillem Espriu Avendaño</div><div>The Hon. Ms. Itziar González Virós</div><div>The Hon. Ms. Sara Jaurrieta Guarner</div><div>The Hon. Ms. Immaculada Moraleda Pérez</div><div>The Hon. Ms. Gemma Mumbrú Moliné</div><div>The Hon. Mr. Francesc Narváez Pazos</div><div>The Hon. Ms. Montserrat Sánchez Yuste</div></div> <div>CiU:<div>The Hon. Mr. Gerard Ardanuy Mata</div><div>The Hon. Mr. Raimond Blasi Navarro</div><div>The Hon. Mr. Jaume Ciurana Llevadot</div><div>The Hon. Ms. Teresa M. Fandos Payà</div><div>The Hon. Mr. Joaquim Forn Chiariello</div><div>The Hon. Mr. Eduard Freixedes Plans</div><div>The Hon. Ms. Mercè Homs Molist</div><div>The Hon. Mr. Joan Puigdollers Fargas</div><div>The Hon. Ms. Sònia Recasens Alsina</div><div>The Hon. Mr. Xavier Trias Vidal de Llobatera</div><div>The Hon. Ms. Francina Vila Valls</div><div>The Hon. Mr. Antoni Vives Tomàs</div></div> <div>PP:<div>The Hon. Ms. Emma Balseiro Carreiras</div><div>The Hon. Mr. Jordi Cornet Serra</div><div>The Hon. Ms. Ángeles Esteller Ruedas</div><div>The Hon. Mr. Alberto Fernández Díaz</div><div>The Hon. Ms. Gloria Martín Vivas</div><div>The Hon. Mr. Xavier Mulleras Vinzia</div><div>The Hon. Mr. Alberto Villagrasa Gil</div></div> <div>ICV-EUiA:<div>The Hon. Ms. Elsa Blasco Riera</div><div>The Hon. Mr. Joaquim Mestre Garrido</div></div> <div>ERC:<div>The Hon. Ms. Ester Capella Farré</div><div>The Hon. Mr. Xavier Florensa Cantons</div><div>The Hon. Mr. Ricard Martínez Monteagudo</div><div>The Hon. Mr. Jordi Portabella Calvete</div></div>

Government Commission

President	The Hon. Mr. Jordi Hereu Boher (PSC)
Members	<div><div>The Hon. Ms. Carmen Andrés Añón (PSC)</div><div>The Hon. Ms. Montserrat Ballarín Espuña (PSC)</div><div>The Hon. Ms. Elsa Blasco Riera (ICV-EUiA)</div><div>The Hon. Mr. Jordi William Carnes Ayats (PSC)</div><div>The Hon. Ms. M. Assumpta Escarp Gibert (PSC)</div><div>The Hon. Mr. Guillem Espriu Avendaño (PSC)</div><div>The Hon. Mr. Ramon Garcia-Bragado Acín (PSC)</div><div>The Hon. Mr. Ricard Gomà Carmona (ICV-EUiA)</div><div>The Hon. Ms. Itziar González Virós (PSC)</div><div>The Hon. Ms. Sara Jaurrieta Guarner (PSC)</div><div>The Hon. Mr. Carles Martí Jufresa (PSC)</div><div>The Hon. Ms. Immaculada Mayol Beltrán (ICV-EUiA)</div><div>The Hon. Mr. Joaquim Mestre Garrido (ICV-EUiA)</div><div>The Hon. Ms. Immaculada Moraleda Pérez (PSC)</div><div>The Hon. Ms. Gemma Mumbrú Moliné (PSC)</div><div>The Hon. Mr. Francesc Narváez Pazos (PSC)</div><div>The Hon. Ms. Montserrat Sánchez Yuste (PSC)</div></div>
Non-elected members	<div><div>Mr. Pere Alcober Solanas</div><div>Mr. Ignasi Cardelús Fontdevila</div><div>Mr. Jordi Martí Grau</div><div>Ms. Isabel Ribas Seix</div><div>Mr. Antoni Sorolla Edo</div></div>

Executive Committee

President	The Hon. Mr. Carles Martí Jufresa 1st Deputy Mayor
Vicepresident	Mr. Andreu Puig Sabanés City Manager
Members	Ms. Gemma Arau Ceballos Manager of Les Corts District
	Mr. Carles Arias Casal Manager of Human Resources and Organization
	Mr. Jordi Campillo Gámez Manager of Environment
	Ms. Pilar Conesa Santamaria Deputy Manager of e-Government and Information Systems
	Mr. Joan Albert Dalmau Balagué Manager of Prevention, Safety and Mobility
	Mr. Albert Duran Escribà Manager of Sarrià-Sant Gervasi District
	Ms. Mari Carme Fernández González Manager of Gràcia District
	Ms. M. Glòria Figuerola Anguera Manager of Social Action and Citizenship
	Ms. Montserrat Filomeno Martí Manager of Horta-Guinardó District
	Mr. José García Puga Manager of Nou Barris District
	Mr. Víctor Gimeno Sanjuan Manager of Sant Martí District
	Mr. Mateu Hernández Maluquer Manager of Economic Promotion
	Mr. Máximo López Manresa Manager of Eixample District
	Ms. Mercè Massa Rincón Manager of Ciutat Vella District
	Mr. Ramon Massaguer Meléndez Manager of Urban Planning and Infrastructures

Mr. Marc Murtra Villar

Manager of Education, Culture and Welfare

Mr. Josep Sans Díez

Manager of Sants-Montjuïc District

Ms. M. Pilar Solans Huguet

Manager of Finances

Mr. Miguel Angel Valdueza Romero

Manager of Sant Andreu District

Mr. Eduardo Vicente Gómez

Manager of General Services and Territorial Coordination

2009

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Presentation

Jordi Hereu Boher
Mayor of Barcelona

2009 has been a difficult year, but Barcelona has triumphed in adversity. Even though the city has had to cope with the consequences of the first global economic crisis, we have not sat back but have continued to forge ahead with projects that look to the future. Projects that are intended to position Barcelona as a leading city in Europe and the world in the new global context; projects that ensure Barcelona is a city capable of fulfilling the needs and ambitions, challenges and desires of its residents.

The recession has not held Barcelona back. On the contrary, the city has been active in tackling it. Not one of our proposed projects has been dropped; instead we have worked strenuously to combat the effects of the crisis. The most significant aspect of our efforts is without question the City's budget, as we have made the largest investment ever in the history of Barcelona. Indeed, no other city in Spain can match Barcelona's per capita investment, the total of which amounted to more than 900 million euros.

In addition, we have continued to work together with economic and social agents under public leadership in order to find solutions to the difficult conditions. A prime example of this is the renewal of the Local Pact for Quality Employment. Moreover, dialogue and partnership also mean that we can build the future with ambition and an assurance of success, as we have begun to do with the Spanair deal.

Since responding to the adverse circumstances of today should not prevent us from looking ahead to the future. Consequently, we have redoubled our efforts to lay the solid economic foundations that will enable Barcelona to lead the way out of the crisis in Catalonia and Spain.

To achieve this, we have presented major projects to attract new and emerging sectors. The most emblematic of these this year was the Barcelona Innovation Zone. We will be transforming a 20th-century industrial zone into a focal point for innovation for new-economy industries, a space for fresh growth. Where once cars were made, now there will be sectors of the future, such as the audiovisual and food industries and the life sciences. This is a good example of the way Barcelona is unique: its ability to convert places from the past to create opportunities for the future.

Another example is 22@, the technology district that continued to make progress in 2009. There are now more than 42,000 jobs in 22@, an area of creativity and innovation that is home to over 1,400 companies—44% of them new start-ups—with a total turnover of 53,000 million euros.

In 2009, we also put in place new tools to support entrepreneurs, among them the Innoactiva service offered by Barcelona Activa, a pioneering unit that helps small and medium-sized companies obtain R&D&I grant. Another such measure is the agreement between the City Council, universities and the Chamber of Commerce to promote the transfer of knowledge from universities to companies.

Another issue in the economic sphere to highlight is the considerable trade fair and exhibition activity that took place. Despite the impact of the crisis, La Fira congress centre continued in 2009 to host major global events such as the Mobile World Congress and the Barcelona International Motor Show, which was the most successful in its 90-year-long history. Newly-created events were also held, among them The Brandery fashion trade show and HiT, a pioneering world summit that brought together leading innovators, experts and investors from sectors at the forefront of the new economy.

In addition, we have begun to turn our attention to modernising tourism, one of the most successful economic sectors in the city. A success that brings with it undoubted difficulties to which we must respond both responsibly and with ambition in order to support the competitiveness of the sector in the city while at the same time ensuring its quality. The Strategic Tourism Plan is intended to find answers to the new challenges: to tailor tourism to suit the city and to promote it.

2009 was also a positive year with regard to infrastructure. We managed to pursue landmark projects that will prove essential in the future and are of prime importance in stimulating the economy today. And we have achieved all this in a time of recession. The list of our successes in this sphere is extensive and includes the inauguration of the new T-1 terminal at El Prat Airport, the new Commuter Train Plan, the opening of the first stations on the L-9 Metro line, the award of the tender for La Sagrera Station and the remodelling and expansion of the Port,

for which they have been given a loan of 150 million euros by the European Investment Bank (EIB).

These are not minor achievements. We have battled for many years and we have worked hard to obtain consensus and to mobilise resources. And we have accomplished our goals. In 2009, we cast aside doubt and embraced certainty. Infrastructure that was unthinkable only a few years ago is now a reality and we have set in motion projects that will bring about the greatest transformation the city has known in the last 30 years.

Even as these major changes occur, we should not forget the importance of the small scale: our neighbourhoods, streets and squares, the true settings for citizens' everyday lives. It is time to pay greater attention to neighbourhoods. We have significantly improved the quality of the public space and must now focus on new circumstances and on citizens' new demands. It is for this reason that we have stepped up work to achieve a city that is safer and cleaner and one that runs smoothly.

To this end, we have implemented important measures such as the new street cleaning contract. More resources will be allocated and will be used more efficiently in order to keep the city clean and tidy, despite the new complexities and challenges we face.

With regard to security, we are pursuing a policy to ensure that the city is both tolerant and safe. Social harmony, freedom and security are three complementary and interconnected elements in the city of Barcelona. As part of our policy, the urban police force took on more than 200 new police officers in 2009 and we completed the deployment of the local police. In addition, over 200 new police officers in the Catalan police force, the Mossos d'Esquadra, have been patrolling the city since June 2009, and we set up the Ciutat Vella Local Security Board.

Neighbourhoods have also been the focus of our efforts to achieve one of our major priorities, social cohesion. We are striving to provide services to all who need them near their own home, in their own neighbourhood, a goal that we are pursuing through constant efforts to improve neighbourhoods by giving them more facilities and eliminating inequalities, above all through the Facilities Plan.

We opened four new nurseries in 2009 and began work on another 24. We set the city's 35th library in motion and continued to work to fulfil our commitment that there should be a sports centre within ten minutes of every citizen's home, and we have gone ahead with the investment of 411 million euros in education.

Lastly, we also raised our Mediterranean and global image and presence by hosting major international events in 2009, such as the Tour de France and the Davis Cup. In addition, we initiated the works to reform Sant Pau, the area where the Euro-Mediterranean projects are concentrated. Barcelona also led the network of Catalan and French mayors keen to make Europe aware of the importance of the high-speed train connection between Catalonia and France through the Mediterranean corridor.

In short, our efforts ensured that, despite the crisis, Barcelona continued to forge ahead in 2009. And we have done this with foresight, setting in motion major investment projects for the coming years, and beginning to shape the ambitious and successful city that we want to see in the future.

As I write these lines, at the very start of 2010, we have just published the Barcelona Agenda for the next ten years, a period that will be decisive. For now, it is fitting that our priority remains combating the crisis. But our immediate needs should not blind us to the future. A future which, if we are to be successful, we need to begin thinking about today. And this is precisely what we are doing by establishing the priority areas that Barcelona is already working on, including Barcelona's candidacy as host for the 2022 Winter Olympics.

Because when the difficulties are behind us, it will be the cities that have equipped themselves with the right infrastructure and services and which have a good international image that will win the race for competitiveness, economic leadership and quality of life. And Barcelona will, I am sure, be one of those cities.

Presentation

Jordi William Carnes Ayats
Deputy Mayor for Treasury
and Economic Promotion

Economic and Financial Framework

2009 was the worst year in the international economic recession that we are immersed in since the middle of 2008. The crisis, which started in the mortgage market in the States, quickly affected liquidity and then the real economy.

The evolution in the Spanish economy over the course of the year was similar to that of the EU economy but with more moderate variations, and was characterised by a severe downturn in activity during the first half of the year, followed by two quarters of deceleration in the downward trend. In annual terms, the estimated contraction in GDP is 3.6% in constant terms.

The worsening of the crisis in the first half of 2009 was especially evident in the labour market. During last year, the Spanish economy lost the equivalent of 1.27 million full-time jobs, 6.7% of estimated employment at the end of 2008. The dynamic in the economies of Catalonia and Barcelona was similar.

The efforts of the city government were, therefore, focused on palliating the situation of the unemployed and on promoting active policies on training and employment. In 2010, there will be a considerable increase in the number of initiatives and projects aimed at the unemployed, as there is a clear need to expand the mechanisms of career advice and retraining, of customized guidance to young people failing in school, of training in sectors that generate employment and support job placements, all with a greater dose of territorial proximity.

Despite the situation, the diversification of the business fabric in Barcelona and the openness of our companies to the outside world have allowed the trends in most economic indicators to be more positive in the city than elsewhere in Spain. Barcelona still retains more than the historic milestone of a million jobs (1,021,073), and the fourth quarter of 2009 was the first since the start of the crisis in which no jobs were lost. In fact, Barcelona has also created employment in one of the key sectors of the city's economy, services to companies (+0.6%), and has maintained its slightly more positive behaviour than the territorial benchmark, with a year-on-year reduction in the number of wage-earners that is lower than the figures for the province, Catalonia and Spain.

The second half of 2009 confirmed the improvement in business activity and consumption indicators such as the registration of new vehicles, tourist indicators, house buying, airport traffic and the investment climate.

In these adverse circumstances, Barcelona remains well placed in terms of entrepreneurial activity (with the highest ratio of companies per thousand residents), innovation (utility models and number of innovative companies) and exports (more than 20% of the Spanish total).

So, the city of Barcelona enjoys a series of favourable factors of high value, enabling it to prepare for economic recovery and to advance towards the necessary transformation of the model of production. Barcelona has a broad entrepreneurial base and an entrepreneurial activity rate of 7.5%, higher than countries traditionally regarded as competitive, such as Finland, and higher than the average for Europe (6%) and Spain (7%). This entrepreneurial capacity needs to be fostered and the economic environment nurtured by putting in place the mechanisms required to reactivate economic activity and by creating the right space for the development and expansion of sectors that are strategic to the sustained growth and competitiveness of the economy of the city and its area of influence.

Barcelona also has a solid and diversified economic structure that is significantly tertiarised. There is a need to boost sectors that are part of the city's economy, such as industry and trade, to ensure that they embrace innovation for growth, and we must also promote sectors and activities with

a high capacity for development and quality job creation in which the city can boast a competitive position, such as the cultural industries, biotechnology, design and services for individuals and the community.

With regard to the holding of trade fairs and congresses in the city, the figures for 2009 are very positive. For the first time, Fira de Barcelona invoicing exceeded that of the Feria de Madrid. The city attracts important congresses such as Alimentària (the international food and beverages exhibition), the Mobile World Congress, EIBTM (the business tourism fair), the European Respiratory Society Annual Congress, the United European Gastroenterology Week and Global Sports Forum. The Brandery has strengthened its position with its winter and summer events, and 2010 will see Barcelona further consolidate its standing as the Mediterranean capital of creativity and a worldwide centre of fashion and the latest trends

Barcelona has maintained its international competitiveness and is the fourth best city in Europe for doing business (according to European Cities Monitor), the fifth European city of the future and the first in southern Europe (according to *fDi* magazine, published by the Financial Times Group). It is important that we make the most of Barcelona's international positioning to capture new economic activity and foreign talent, while at the same time fostering talent here and the internationalisation of the companies in the city.

The global economic crisis over the last two years has occasioned sweeping changes in the economic and social structures of countries and cities in the developed world. After an economic boom, expansion in the construction industry and a rise in consumption that continued for years, the worst economic crisis in the last 70 years has forced us to reflect on the sustainability of our existing economic structures and, above all, to tackle problems such as the rise in unemployment.

Currently, the City of Barcelona is making a significant effort by investing 949 million euros, and 836 million euros in 2010. An investment in Barcelona complemented by considerable investments in infrastructure by other administrations, examples of such works being the Sants-Sagrera high-speed train link, the Barcelona-France high-speed train line, Sagrera station, the expansion of the port and Line 9 of the underground.

Presentation

Andreu Puig Sabanes
City Manager

Despite the economic circumstances that prevailed in Spain in 2009, the City of Barcelona was able to maintain a high level of current revenue without raising the municipal tax burden.

An active policy was implemented to contain general structure costs and priority was given to current expenditure allocated to undertaking active policies to achieve economic growth in the city and meet the rise in social expenditure and spending on services for people. Measures were put in place to contain staff numbers, which rose due to the intake of new members of the Guardia Urbana, the urban police force, and to the increase in expert personnel required to deal with the implementation of the Dependency Law.

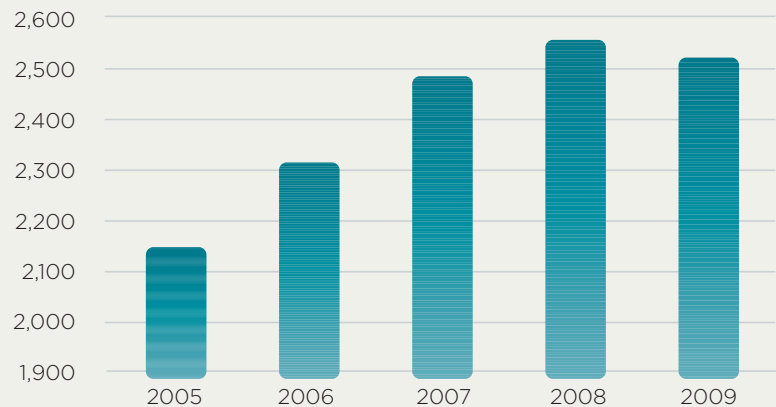
Current savings fell in comparison with previous years, but a level was maintained that made it possible to continue the high rate of investment without the need to significantly increase the level of indebtedness.

In the light of the existing economic climate, the City of Barcelona made considerable investments in order to contribute to revitalising the city's economy, despite the fact that current income fell by 1.4%. This drop is due to a number of factors: firstly local income, which reduced by 0.9% as a consequence of tax collection related to construction and to the fall in revenue from fines; secondly, the complementary financing fund, which shrank by 3.4%; and lastly, to other transfers allocated to social action, education, immigration, etc., which rose by 10.7%.

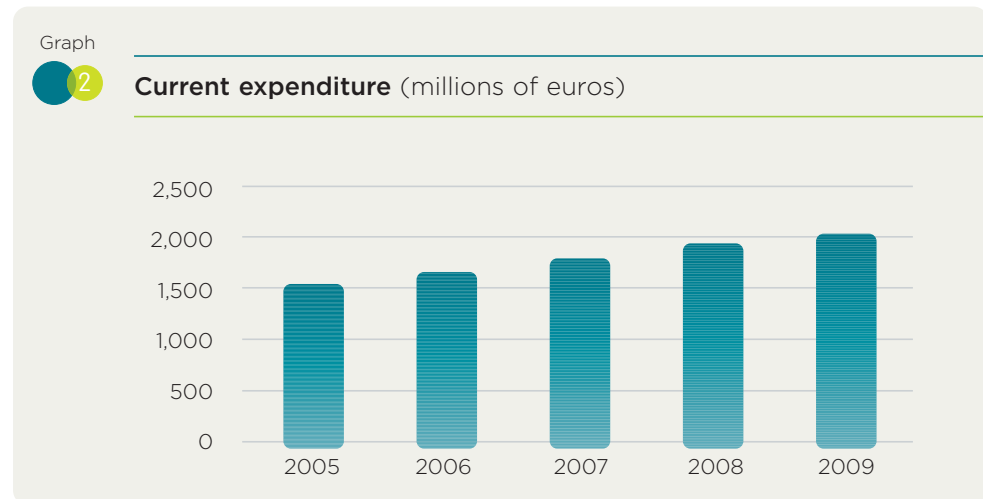
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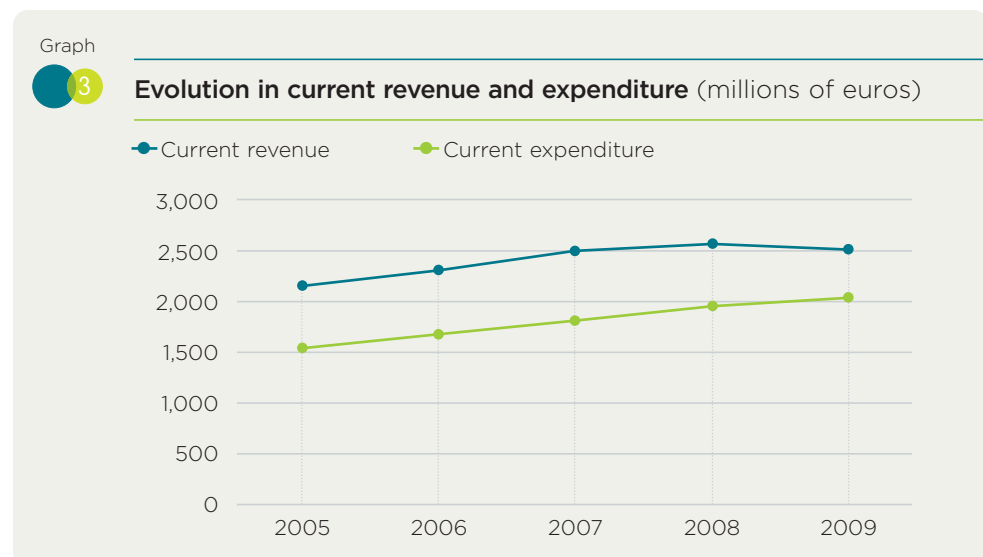
Current revenue (millions of euros)



In 2009, current expenditure rose by 4.9%. The priority was spending related to services for people, in particular social action, improvements to the urban space, security, public transport and economic growth.

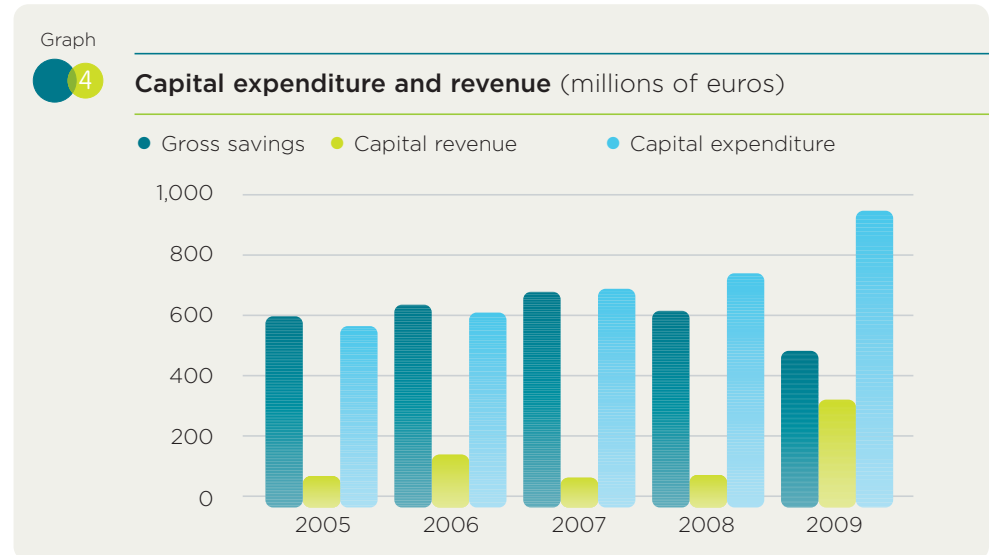


Overall, gross savings—current revenue minus current expenditure—were positive, going from 613 million euros in 2008 to 482 million euros in 2009, representing 24% and 19% of current revenue respectively.

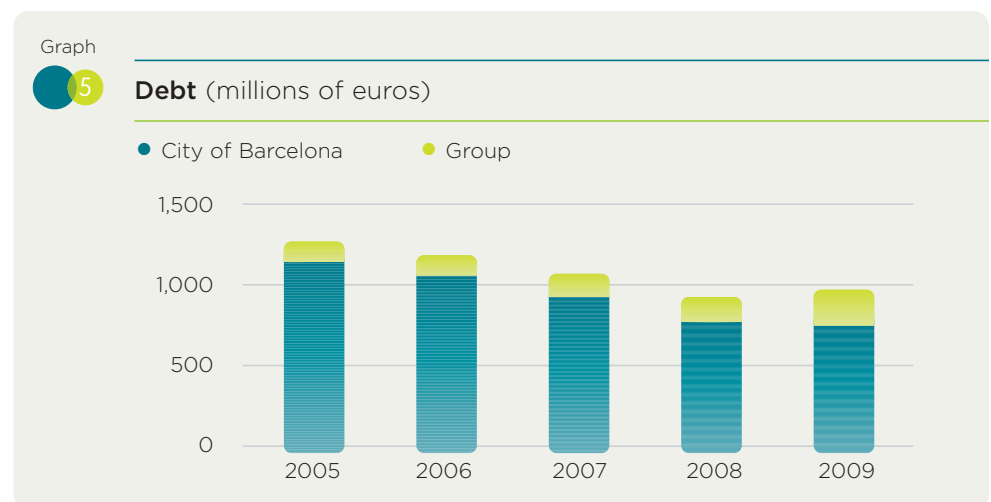


Capital expenditure amounted to 949 million euros, 705 million of which were financed by the City of Barcelona Group, the remaining 244 million by the central government's Local Investment Fund. Key investments in 2009 included plans for nurseries, social centres, creation centres, music schools, integrated improvements to the public space, car parks, markets, housing for young people and the elderly, the environment, etc. With regard to the projects approved

by the Government Commission, 42% of the total amount was allocated to urban development works, 35% to facilities and the remaining 23% to land management.



In 2009, the City of Barcelona had a consolidated deficit of 146 million euros, more, therefore, than in the previous year, when it stood at 66 million euros. Consolidated debt amounted to 974 million euros, an increase of 5% over the year before. Of this debt, 750 million corresponded to the City of Barcelona and the remaining 244 million to dependent entities.



The economic situation at the close of 2009 enables the City Council to continue with policies laid out in the budget for 2010. During the coming year, we will carry on containing non-priority current expenditure and we will keep up investments by working towards citizens' goals as regards social cohesion and economic growth.



Barcelona's Economic Evolution

Sector Structure

Before we go on to consider the evolution in economic activity in Barcelona in 2009, it is worth studying the make-up of the city's productive fabric and the changes that have occurred in recent years. Of all the various statistical sources that best reflect this situation, the most detailed and up-to-date is the record of the number of employed people registered with the Social Security System. These figures provide an accurate picture of the regulated labour market at any given moment and also reflect changes over time.

There were 1.021 million workers registered with the Social Security System at the close of 2009 in the city of Barcelona, accounting for 33% of everyone in work in Catalonia and around 6% of the total in Spain. In comparison with the previous year, the city saw a fall of 3.9% in jobs, whereas the figure for the rest of Catalonia was a drop of 5.1%. The difference is fundamentally due to the greater importance of the services sector in the city's productive structure. [See table 1-1]

The new national classification of economic activities (CNAE 2009) came into effect, updating and replacing the previous classification of 1993 and altering the sector-by-sector distribution of the active population. The availability of data for 2008 for both classifications puts the loss into context, showing that even though the impact of the recession on the employment market in Barcelona this last year was especially severe in the construction and manufacturing industries, it is in the tertiary sector that most jobs were lost in absolute numbers. [See table 1-2]

Services

The economy of the city of Barcelona is becoming increasingly services oriented, a trend that has continued over recent decades and which the adverse economic circumstances of the last two years have served to accentuate. According to the records of workers registered with the Social Security System under the General

Regime and as self-employed, 85.5% of jobs in Barcelona at the close of 2009 were in the tertiary sector. This represents an increase of 1.1 percentage points in just one year and reflects the loss of jobs and the decline in relative importance of other sectors.

In short, the number of people employed in the non-market services segment, which accounts for approximately a quarter of all tertiary-sector employment, has risen by around 2%. This increase is concentrated essentially in the areas of education, health and dependency care. In contrast, the rest of the tertiary sector, with the notable exceptions of research and development and the information technologies and services, showed an overall fall of just over 4% in the number of people employed. The activities most affected were those connected with consumption and services for companies, in other words, commercial services, auxiliary and administrative services, and transport and logistics services. There was a moderate contraction in employment in the hotel and catering sector, an especially dynamic sector driven by the increasing importance of tourism to the city's economy. [See table 1-3]

Industry

In keeping with the trend in major cities in Europe, the modernisation and expansion of manufacturing infrastructure and the improvement in living conditions in the densely populated central city have encouraged the strong industrial base that operated in Barcelona for most of the last century—and responsible for the city's reputation as "the factory of Spain"—to gradually move out towards the surrounding metropolitan area. The manufacturing industry located in the capital today provides jobs for 7.7% of the labour force, a percentage that rises a further 1.5% if we include energy and water supply and waste treatment and management as part of the strictly industrial sector. [See table 1-4]

Barcelona based industry has been forced to adjust its output capacity,

Table

1 1

Employed population registered with the Social Security System

	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09
Absolute values					
General Regime	904,935	935,931	953,000	917,061	880,584
Self-employed	120,746	122,218	123,958	121,170	115,972
Other systems	30,864	23,883	20,978	24,197	24,517
Total	1,056,545	1,082,032	1,097,936	1,062,428	1,021,073
In percentages					
General Regime	85.7	86.5	86.8	86.3	86.2
Self-employed	11.4	11.3	11.3	11.4	11.4
Other systems	2.9	2.2	1.9	2.3	2.4
Total	100.0	100.0	100.0	100.0	100.0

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

Table

1 2

Distribution by sectors of Registration with the Social Security (General Regime and self-employed)

	Dec. 05	Dec. 06	Dec. 07	Dec. 08 (1)	Dec. 09 (1)
Absolute values					
Agriculture, stockbreeding & fishing	1,820	1,893	2,348	464	444
Industry	122,247	116,558	111,208	101,289	91,220
Construction	60,329	62,186	62,032	60,600	52,544
Services	841,116	877,512	901,370	875,878	852,348
Total	1,025,512	1,058,149	1,076,958	1,038,231	996,556
In percentages					
Agriculture, stockbreeding & fishing	0.2	0.2	0.2	0.0	0.0
Industry	11.9	11.0	10.3	9.8	9.2
Construction	5.9	5.9	5.8	5.8	5.3
Services	82.0	82.9	83.7	84.4	85.5
Total	100.0	100.0	100.0	100.0	100.0

(1) The implementation of the CNAE-2009 altered the series from 2008.

Source: Department of Employment of the Generalitat de Catalunya and City of Barcelona, "Barcelona Economia".

Table

1 **3**

Services sector in Barcelona

Wage earners registered with the General Regime of the Social Security System

December 2009	Number	%
Commercial services	161,412	18.9
Administrative and support services	97,248	11.4
Health and social services	85,453	10.0
Prof., scientific and tech. services	84,737	9.9
Public administration and extra-territorial bodies	79,786	9.4
Hotel and catering	65,456	7.7
Personal, cultural and sporting services	63,630	7.5
Education	61,095	7.2
Publishing and information services	49,518	5.8
Transport and logistics	49,038	5.8
Finance and insurance	43,554	5.1
Real estate activities	11,421	1.3
Total	852,348	100.0

Source: Department of Employment of the Generalitat de Catalunya and City of Barcelona, "Barcelona Economia".

Table

1 **4**

Industry in Barcelona

Wage earners registered with the General Regime of the Social Security

December 2009	Number	%
Vehicles and other transport material	17,187	22.4
Food, drink and tobacco	7,764	10.1
Pharmaceutical industry	7,656	10.0
Paper and graphic arts	6,882	9.0
Chemical industry	6,167	8.0
Other industrial activities	5,163	6.7
Textile, clothing, leather goods and footwear	5,111	6.7
Electrical materials and equipment	4,943	6.4
Machinery and mechanical equipment	4,057	5.3
Metal products exc. machinery	3,894	5.1
Non-metal mineral products	3,101	4.0
Wood, cork and furniture	1,734	2.3
Rubber and plastics	1,363	1.8
IT, electronic and optical products	926	1.2
Metallurgy	769	1.0
Total	76,717	100.0

Source: Department of Employment of the Generalitat de Catalunya and City of Barcelona, "Barcelona Economia".

due to a lower investment by companies and families over the course of 2009, and the fall in expenditure on private consumption and exports—one of the sector's strengths—.In terms of the number of people in work, the staffing cuts over the year are equivalent to an average fall of 1% per month. The figures for capital goods manufacturing and the textile, clothing and footwear industries are lower than the more moderate dips in the chemical, pharmaceutical, publishing and food industries. Only waste water and waste treatment companies, a sector on the rise in an economy working towards sustainability, closed 2009 with a positive balance.

Construction

The construction industry, which was one of the driving forces of the robust expansion in the Catalan and Spanish economies in recent years, is of little relative importance in the city's production fabric. Even though the new CNAE has broadened the sector by including industrial and service activities, construction in Barcelona, with its urban economy, provides direct employment for 5.3% of the million people in the city registered with the Social Security System under the General Regime or as self-employed. In the surrounding metropolitan area, the percentage is almost twice as high.

The contraction in this sector for the second consecutive year is explained by the unsustainable growth in construction during the five-year period from 2003 to 2007, stimulated by low interest rates throughout the eurozone and by expanding public budgets. Construction activity in the city has not suffered from the change in economic circumstances to the same extent as the rest of the country, essentially because residential property development has never predominated, as non-residential development, public works and refurbishment have also been dynamic. The volume of employment in the sector showed a fall of more than 13% at the close of the year.



The Economy in 2009

International Economic Context

The views of the various international bodies differ in minor and logical ways, yet they all concur in their assessment that the behaviour of the world economy in 2009 was that of recession. This situation is unprecedented in modern history. Equally unheard-of is the fact that whereas the block of the leading developed economies experienced significant falls in GDP, the main emerging and newly-industrialised economies of Asia and the Americas continue to post high rates of growth. This twin evolution has proved crucial in keeping the spectre of depression at bay and in speeding up recovery from the crisis.

Among our immediate neighbours, the preliminary figures for year-on-year variations in GDP in the EU as a whole and in the eurozone show that there were significant improvements in the closing quarter of 2009 in comparison with the previous quarters. Midway through the year, the negative growth rate was estimated to be around 5%; by the end of 2009, it was just slightly above 2%. This turnabout was encouraged by the

co-ordination of public expenditure policies and suggests that the European economy return to growth during the second half of 2010. [See graph 1-1]

Evolution in the Spanish Economy

In keeping with the situation in virtually all European economies, 2009 was a bad year for the Spanish economy. Its evolution over the course of the year, parallel to but with more moderate variations than those of the economy of the EU as a whole, was characterised by a significant fall in activity during the first half of the year, followed by two quarters in which the downward trend slowed. In annual terms, the contraction in GDP is estimated to be 3.6% in constant terms. The most positive news is that during the closing months of the year, the economy stabilised and the fall in the final quarter over the one before was just 0.1 percentage point.

The fall in internal demand for the second consecutive year was partially compensated for by the positive contribution made by external demand. The fall in consumption, and especially in private investment, had a bearing on a reduction in imports that was far greater

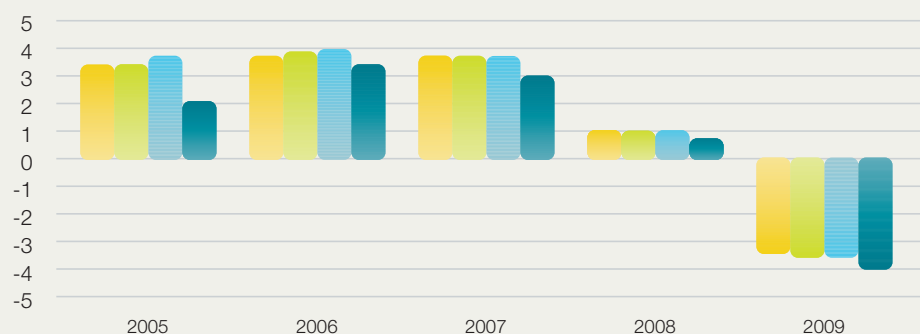
Graph



Evolution in GDP (annual average)

• Barcelona and metropolitan area • Catalonia • Spain • European Union

Variation (%)



Source: Eurostat, INE, Idescat and City of Barcelona, "Barcelona Economía".

than that suffered by exports, which were affected by the recession in Western economies. The effort made by the public sector to stimulate activity and employment was reflected in an increase in consumption expenditure by the public authorities, in particular during the first three quarters of the year.

The increased severity of the recession during the first half of 2009 was especially felt in the employment market. Over the course of last year, the Spanish economy lost the equivalent of 1.27 million full-time jobs, 6.7% of estimated employment at the end of 2008. This loss particularly affected construction and industry. The fall in the number of people employed in the tertiary sector was concentrated in market services, those directly dependent on output volumes and private sector expenditure. [See table 1-5]

One of the positive effects of the economic recession for the Spanish economy was that it brought to an end the persistent differential in inflation between Spain and the eurozone average. The holding back of the prices of petroleum and raw materials from the second half of 2008 and, above all, the change in circumstances in internal demand, put the variation in the general consumer price index at the close of the year at 0.8%, a tenth lower than in the eurozone as a whole. In terms of the annual average, consumer prices in Spain in 2009 dropped three tenths of a per cent, six more than in the eurozone. This represents an initial step towards improving the competitiveness of the Spanish economy in the European market. [See table 1-6]

Table

15

Registered unemployment rate

Period	Barcelona	Catalonia	Spain	EU
12/31/05	6.5	7.3	9.9	8.7
12/31/06	6.6	7.0	9.3	7.7
12/31/07	6.3	7.0	9.4	6.9
12/31/08	9.1	11.0	13.6	7.6
12/31/09	12.5	14.9	17.1	9.6

Source: INE, Eurostat and City of Barcelona, "Barcelona Economía".

Table

16

Consumer price index (annual average variation, in %)

Year	Barcelona (1)	Catalonia	Spain	EU
2005	4.0	3.9	3.4	2.2
2006	3.7	3.7	3.5	2.2
2007	3.0	3.0	2.8	2.3
2008	4.0	4.1	4.1	3.7
2009	0.5	0.2	-0.3	1.0

(1) Province of Barcelona.
Source: INE and Eurostat.



Economic Indicators Relating to Barcelona and the Metropolitan Area

[See table 1-7]

The metropolitan economy suffered the impact of the worldwide financial and economic crisis that dragged the Spanish and Catalan economies into recession over the course of 2009. The metropolitan economy has achieved a notable degree of openness thanks to its vigorous industrial fabric focussed on exports and its tertiary sector in which tourism and logistics revealed themselves to be the most dynamic emerging areas. This openness to international markets—traditionally a competitive advantage of the Catalan economy—exposed the metropolitan economy to the radical change in economic circumstances and was a factor in the spread of the crisis.

This knock-on effect is unavoidable in a globalised economy. At the same time, however, the metropolitan economy's proven ability to compete successfully in international markets is the most viable way out of recession.

The contraction in external demand, especially from the rest of the EU, the main destination for Catalan manufacturing exports, has left the Catalan production sector unable to exploit exports as a way to compensate for the downturn in internal demand. The outcome has been a decline in the industrial production index, especially in the intermediate and capital assets segments, that continued for a year and a half. This trend is about to come to an end according to the results of the final quarter of 2009, which confirm the signs of change discernible in the previous quarter.

Freight transport is one of the areas of the tertiary sector most affected by the reduction in international trade. The volume of freight traffic through the port fell by 17% in comparison with the previous year. This decline is due above all to container traffic and, in consequence, to higher added value cargoes, partly compensated for in terms of volume by the sustained imports of hydrocarbons and iron and steel products and some raw materials for the food industry.

The 3.2 million passengers who passed through the Port of Barcelona in 2009 virtually equalled the historic high reached the year before. This result is especially laudable given the context in which it occurred. Moreover, it seems to consolidate the levels of activity achieved following the four-fold increase in the number of passengers in just over ten years. Particularly notable is the cruise sector, which now accounts for two-thirds of all travellers and which closed the year with gains.

The airport, the other major passenger transport infrastructure in the Barcelona area, suffered the effects of the worldwide crisis for the second consecutive year. The slowdown in leisure flights, and especially journeys made for professional and business purposes, accentuated the downwards trend caused by the launch of the high-speed train service on the Barcelona-Madrid line.

The year-end data seem to indicate that tourist activity in Barcelona is beginning to pick up. The contraction seen in 2008 and the first quarter of 2009 is now in the past. The available, though not definitive, figures support the forecast of the hotel sector invoicing more than 12.8 million overnight stays, the third highest number ever, generated by almost 6.5 million visitors. These results are an improvement over predictions made at the beginning of the year.

One of the indicators that best reflect the slowdown in internal demand and the difficulties in acquiring new credit from financial institutions, that characterised most of 2009, is new vehicle registrations. The annual results show a fall of 25% for the second consecutive year in the province of Barcelona and the rest of the country. Beginning in the final quarter of the year, there was a healthy upturn, correcting this fall, thanks to government incentives and discounts offered by car manufacturers.

An analysis of the evolution in the construction industry and the real-estate market must take into account the difficulties of accessing credit, but should also consider the gradual worsening of the labour market and the short-term outlook. Despite the downward trend in interest rates throughout most of 2009, new-build property supply and demand remained low, irrespective of the intended use of the real estate: supply, because most of the effort was focussed on finding an outlet for the empty stock that had accumulated during the recent years of strong growth; demand, because of the degree of uncertainty generated by the economic situations and the increase in idle production capacity, what has postponed major investments in fixed capital. Another contributory factor is the resistance on the part of the various players involved in the real-estate sector

to adapt prices to suit the new circumstances.

In short, Barcelona's economic evolution in 2009 was unable to avoid the harsh effects of the recession that has affected the economies of Catalonia and Spain. However, it is no less true that the impact was overall less than that recorded in the rest of the country. The evolution in the number of people in work and the unemployment rate may serve to sum up this situation. The total number of jobs in Barcelona fell by 7.6% in the last 18

months, whereas the contraction in the rest of Catalonia was more than 10%. With regard to the unemployment rate, the percentage and rate of increase in the last two years are higher in the rest of the country than in the capital. The city benefits from having a diverse and dense production fabric, a base that it is committed to nurturing, while at the same time making determined efforts over a long period to support activities related to the knowledge industries and new technologies.

Table



Economic activity (metropolitan area)

	Period	Absolute value	2009/2008 (%)	2008/2007 (%)	2007/2006 (%)
Port. Freight and passenger traffic					
Total freight (thousands of tonnes)	2009	41,793	-17.7	1.0	7.8
Outward freight (thousands of tonnes)	2009	16,111	-18.6	1.5	11.5
Inward freight (thousands of tonnes)	2009	25,682	-16.5	0.7	5.6
Containers (thousands of TEU)	2009	1,800	-29.9	-1.6	12.6
Total passenger traffic (thousands)	2009	3,202	-0.7	12.0	13.4
Cruise passengers (thousands)	2009	2,151	3.7	17.5	25.8
Airport. Passenger traffic					
Total (thousands)	2009	27,312	-9.8	-8.0	9.6
Barcelona-Madrid route (thousands)	2009	3,056	-11.0	-28.4	10.7
International (thousands)	2009	16,103	-8.9	0.3	14.0
Consumption and tourism					
New vehicle registration	2009	38,853	-25.5	-26.9	n.d.
Hotel Overnight stays (thousands)	2009	12,817	2.7	-8.3	3.2
Visitors staying overnight (thousands)	2009	6,476	-2.7	-6.3	6.0
Construction and prices in the real-estate market					
New-build surface area in permits (m ²)	2009	609,869	-41.1	-4.0	-30.1
Surface area to be refurbished or extended (m ²)	2009	387,816	-19.3	37.2	-9.9
Dwellings begun	2009	1,309	-52.0	-42.0	-18.9
Average price of new own homes (€/m ²)	2nd half 09	5,442	-8.0	-0.6	2.5
Average rental price of homes (€/m ² /month)	4th qtr. 09	16	-3.8	5.5	11.6

Source: City of Barcelona, "Barcelona Economía".

2



Management Report

The Management Report shows the consolidated data of the group consisting of the City of Barcelona and its dependent bodies; in other words, its municipal agencies and the firms in which it is a majority shareholder, irrespective of their sources of financing.

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

Autonomous Bodies

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

Public Commercial Entities

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

Municipal Firms

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

2.1. Structure of Current Revenue

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

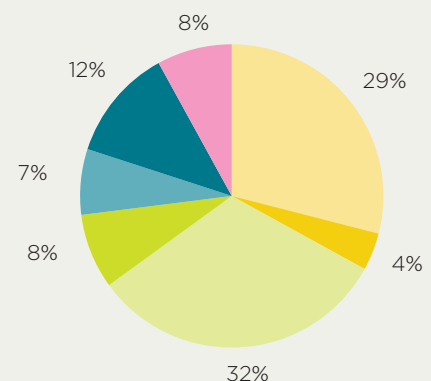
The breakdown of current revenue is as follows:

Graph

21

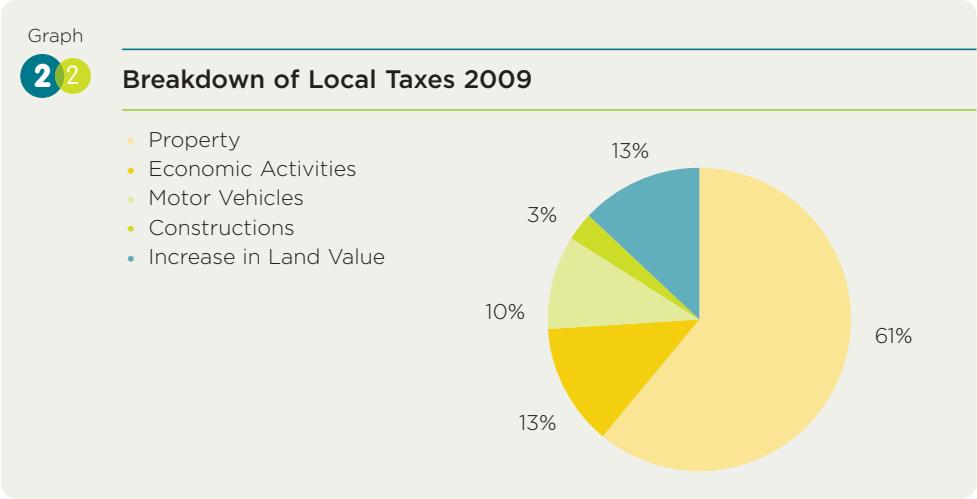
Breakdown of Current Revenue 2009

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



Property Tax (IBI) accounts for 61% of local taxes. The remaining local taxes are the Tax on Economic Activities (IAE), the Tax on Increase in Land

Value (IIVT), the Tax on Motor Vehicles (IVTM) and the Tax on Constructions, Installations and Works (ICIO).



The central government transfers part of the revenue it obtains from a series of state-wide taxes once the amount payable to autonomous communities has been discounted. These shared taxes are 1.6875% of personal income tax, 1.7897% of VAT and 2.0454% of special taxes levied on beer, wine and fermented beverages, intermediate products, alcohol and derived beverages, hydrocarbons and tobacco. In addition, the Supplementary Finance Fund is a non-earmarked transfer that increases each year in line with revenue collected by central government from the taxes that are shared with town and city councils, and which includes compensation for the loss of revenue due to the reform of the Tax on Economic Activities.

The sales of goods and services, financed through charges or non-fiscal revenue, and other operating revenue represent approximately 26% of current revenue.

The remaining current transfers are essentially earmarked resources from other public administrations, mainly

from the Generalitat de Catalunya and local entities, private companies and non-profit organisations.

2.2. Activities of the City of Barcelona

The City of Barcelona exercises the powers laid down in the Municipal Charter and in current legislation on local government. The services it provides cover areas as diverse as maintenance of public highways, social services, municipal markets and public transport, to mention but a few examples. These services are offered via the organisational structure comprising the central bodies of the City Council and its district offices and municipal entities and companies. The organisational structure is described in brief below.

The operational sectors are:

Education, Culture and Welfare: education, culture, sports and citizens' participation. Some of the services are



provided via the Municipal Agency of Education, Barcelona Culture Agency and the Barcelona Sports Agency.

Social Action and Citizenship: social services and civil rights. This includes the Municipal Agency of Disabled Persons and the Municipal Agency of Social Services.

Environment: street cleaning, solid urban waste collection and sanitation; maintenance, paving, street lighting and water; maintenance of parks, green areas and beaches; energy saving and renewable energies, environmental education and participation; and pollution monitoring and reduction. Some of these services are provided via the Municipal Agency of Parks and Gardens.

Prevention, Safety and Mobility: citizens' safety, fire prevention and civil protection services, mobility, traffic and public transport, road safety and discipline, and parking.

Urban Planning and Infrastructure: territorial and urban planning and layout, the urban landscape, infrastructure and housing. The dependent bodies responsible for these areas are the Municipal Housing Agency, the Municipal Agency of the Urban Landscape and Quality of Life, the Municipal Agency of Town Planning, Barcelona Gestió Urbanística, S.A. and the Barcelona d'Infraestructures Municipals Group.

Economic Promotion: economic promotion of the city, employment and innovation, commerce, the network of municipal markets, consumer affairs, tourism and information technologies. The organisations operating in this area are the Municipal Markets Agency, Barcelona Activa, S.A., and 22 Arroba Bcn, S.A.



The corporate sectors are:

General Services and Territorial

Co-ordination: central administration, heritage and co-ordination of the districts. This sector includes the municipal firm Informació i Comunicació de Barcelona, S.A.

Human Resources and Organisation: staff-related and organisational policies and administration.

E-Government and Information

Systems: municipal information and telecommunications systems and e-government. Many of the services are provided through the Municipal Agency of IT Services.

Finance: financial and tax administration, and co-ordination of municipal firms and public bodies. Powers in the field of taxation are exercised by the Municipal Treasury Agency.

The municipal management team co-ordinate the executive municipal administration and are also responsible for the City Council's financial management, which includes accounting and budget administration and monitoring of investments.

The municipal companies that pursue activities of a commercial nature are concentrated in the Barcelona de Serveis Municipals Group. The group's

responsibilities include municipal car parks; managing leisure areas such as the Zoo, Tibidabo, Montjuïc and the Fòrum area; funerary services and cemeteries; waste collection and treatment, including separated waste for recycling, and wholesale markets.

2.3. Human Resources

In 2009, the average staff size of the City of Barcelona Group has been 12,702 people, 97 workers fewer than the year before. The reduction is due, on one hand, to the increase in personnel in the central administration of the City Council as well as in its dependent public agencies and municipal firms; and on the other, to the incorporation of 1,000 people to the Education Consortium of Barcelona in December 2008.

Table



Personnel (on average)

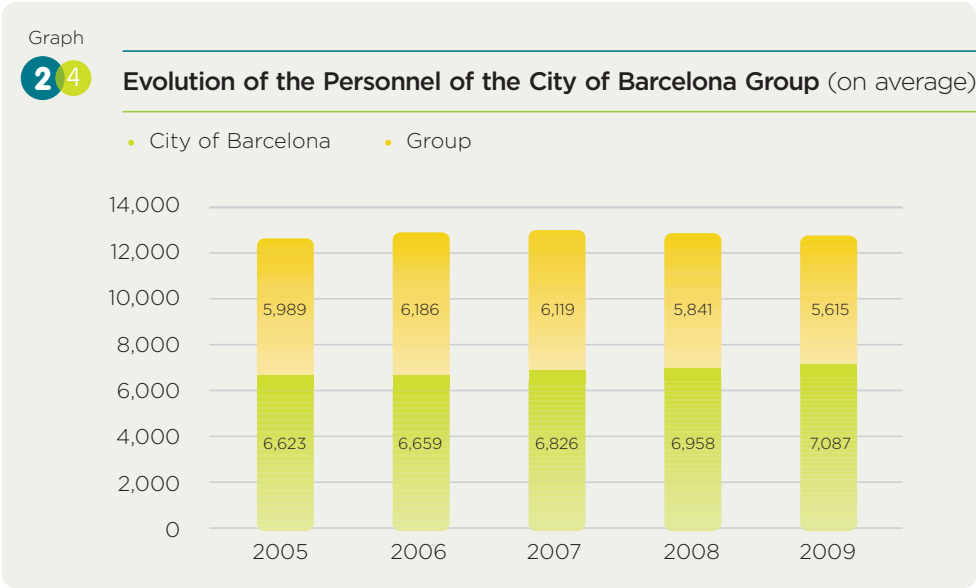
	2005	2006	2007	2008	2009
City of Barcelona	7,087	6,958	6,826	6,659	6,623
Public Agencies and Municipal Firms	5,615	5,841	6,119	6,186	5,989
Total	12,612	12,845	12,945	12,799	12,702

In the first place, it is worth pointing out the increase in personnel in general services and the reduction in the district offices, in both cases due to the organisational changes being implemented since the last municipal elections. Equally noteworthy is the increase in the staff of Barcelona de

Serveis Municipals in order to strengthen the mobility division due to the wider implementation of the regulation on parking at street level in the third belt around the city. In addition, the Guardia Urbana police force took on new agents in the last quarter of the year, enabling it to roll out the Proximity Plan around the

entire city, thereby improving the quality of service to citizens on matters to do with civic responsibility, peaceful cohabitation with neighbours, prevention and the quality of the urban space. New firefighters were also employed in order to expand and bring younger members into the firefighting and rescue service. Lastly, even though this is less significant in relative terms, in the case

of Social Action and Citizenship, the teams of professionals in social services centres were increased in order to implement the new Social Services Law and the Law on Promoting Personal Independence and Care for Dependent People. In 2009, the Early Retirement Plan was only offered to firefighters, 35 of whom took up the possibility.



In 2009, 2.25% of the total gross payroll was allocated to staff training. A subsidy awarded within the framework of the Agreement on Continuing Training for Public Administrations (AFCAP) covered 18% of staff training costs. These funds enabled training to be given to 6,690 members of staff. Considerably more training courses were taught in 2009 than in 2008, due to training related to projects on managing the changeover to Barcelona

2.0: for example, e-government, management by targets, the new territorial model, the social services model and the licenses and inspections model. In 2009, a total of 2,091 training initiatives were run, attended by 21,399 trainees and amounting to 404,586 teaching hours, representing increases of 30%, 21% and 80%, respectively, over the same figures for 2008. In total, 6,404 people benefited from the training activity.

2.4. Economic and Financial Evolution of the City of Barcelona 2005-2009

The following table details the resources generated by the City of Barcelona, the municipal agencies and firms, and their applications. The difference shows any net requirements for

external financing (cash deficit or surplus).

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

Table

25

Economic and Financial Evolution (thousands of euros)

	2005	2006	2007	2008	2009
(1) Current Revenue before Financial Revenue	2,138,778	2,299,713	2,471,823	2,535,880	2,513,337
(2) Current Expenses before Financial Expenses	1,513,312	1,630,535	1,763,726	1,897,211	2,001,179
(3) Primary Saving	625,466	669,178	708,097	638,669	512,158
Financial Revenue	6,455	11,347	14,163	17,530	4,128
Financial Expenses	39,909	41,623	41,636	43,002	34,082
(4) Gross Saving	592,012	638,902	680,624	613,197	482,204
(5) Net Investment	499,048	479,325	629,374	678,834	628,141
(6) Surplus (Deficit)	92,964	159,577	51,250	(65,637)	(145,937)
Cash Variation	(55,864)	(74,810)	56,904	195,104	98,207
(7) Cash Surplus (Deficit)	37,100	84,767	108,154	129,467	(47,730)
Assumption of Debt	4,054	6,263	3,578	9,871	1,145
(8) Net Debt Variation	41,154	91,030	111,732	139,338	(46,585)
(9) Total Debt at Year End	1,269,873	1,178,843	1,067,111	927,773	974,358

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

revenue and expenses by the cash principle.

Lastly, in order to reconcile net debt variation with the cash surplus or deficit, credits given by third parties to the City of Barcelona, which pays interest and the principal of the loan, must be added where applicable. The opposite is also

true, examples being the mortgage loans given by the Municipal Housing Agency to buyers of the homes it sells or which it cedes through land rights.

2.5. Evolution of Current Revenue

Current revenue has risen over the last five years at an annual rate of 4.1%,

whereas average inflation has been 2.6%. This increase in revenue is due essentially to transfers from central government and the Generalitat de Catalunya, to the implementation of the new cadastral values approved in 2001 and to improvements in collection.

In 2009, current revenue totalled 2,517 million euros, representing a fall of 1.4% in comparison with the previous year.

Table

26

Current Revenue (thousands of euros)

	2005	2006	2007	2008	2009
Tax on Property	346,753	370,744	398,998	427,379	451,198
Tax on Economic Activities	93,860	96,409	97,269	99,191	99,357
Tax on Vehicles	73,541	74,918	74,529	74,052	72,241
Tax on Constructions	33,974	37,922	50,511	37,401	24,273
Tax on Increase in Land Value	93,459	84,099	108,497	97,262	93,623
Subtotal	641,587	664,092	729,804	735,285	740,692
Share of Income Tax, VAT and Special Taxes	93,235	82,802	85,714	92,603	101,179
Total Local Taxes	734,822	746,894	815,518	827,888	841,871
Other Fiscal Revenue: Charges	162,495	158,184	157,653	165,977	165,056
Sale of Goods and Provision of Services	237,994	263,255	286,538	290,928	290,164
Other Operating Revenue	177,099	228,316	225,339	220,732	194,634
Total Local Revenue	1,312,410	1,396,649	1,485,048	1,505,525	1,491,725
Supplementary Finance Fund	700,689	756,226	813,251	842,791	814,057
Other Current Transfers	125,679	146,838	173,524	187,564	207,555
Total Current Transfers	826,368	903,064	986,775	1,030,355	1,021,612
Financial Revenue	6,455	11,347	14,163	17,530	4,128
Total Current Revenue	2,145,233	2,311,060	2,485,986	2,553,410	2,517,465

In 2009, the taxes collected by the City of Barcelona rose by 0.7%. The revenue from Property Tax increased by 5.6% due to the increase in the number of cadastral units and to the progressive implementation, beginning in 2002, of the new official cadastral values, approved by central government, the result of which is an annual increase in the net tax base. The increase in this tax compensates for the decline in revenue from other taxes, affected mainly by the situation of the construction industry and by the prevailing economic circumstances. It should be noted that the Tax on Increase in Land Value fell by 3.7% due to the

reduction of 7.4% in the average value, whereas the number of transactions rose by 1.7% in comparison with 2008.

Tax rates were unchanged in 2009 and stood in the case of Property Tax at 0.75% of the cadastral value of a general nature and 0.85% for the 10% of non-residential properties with the highest cadastral values; at 30% for the Tax on the Increase in Land Value; and at 3.25% for the Tax on Constructions.

Taxes transferred by central government increased by 9.3% in comparison with 2008 in accordance with the amounts paid on account by the Ministry of the Economy and the Treasury.

Table

27

Current Revenue (in %)

	2005	2006	2007	2008	2009
Property Tax	16.2	16.1	16.0	16.7	17.9
Tax on Economic Activities	4.4	4.2	3.9	3.9	4.0
Tax on Vehicles	3.4	3.2	3.0	2.9	2.9
Tax on Constructions	1.6	1.6	2.0	1.5	1.0
Tax on Increase in Land Value	4.4	3.6	4.4	3.8	3.7
Subtotal	30.0	28.7	29.4	28.8	29.5
Share of Income Tax, VAT and Special Taxes	4.3	3.6	3.4	3.6	4.0
Total Local Taxes	34.3	32.3	32.8	32.4	33.5
Other Fiscal Revenue: Charges	7.6	6.8	6.3	6.5	6.6
Sale of Goods and Provision of Services	11.1	11.4	11.5	11.4	11.5
Other Operating Revenue	8.2	9.9	9.1	8.7	7.7
Total Local Revenue	61.2	60.4	59.7	59.0	59.3
Supplementary Finance Fund	32.7	32.7	32.7	33.0	32.3
Other Current Transfers	5.8	6.4	7.0	7.3	8.2
Total Current Transfers	38.5	39.1	39.7	40.3	40.5
Financial Revenue	0.3	0.5	0.6	0.7	0.2
Total Current Revenue	100.0	100.0	100.0	100.0	100.0



Charges remained stable overall as a group, yet individually they behaved very differently. Whereas the value of urban development permits fell by 45.3%, the charge for the private use of the municipal public domain directly allocated to supply companies of general interest rose by 5.4% and the vehicle parking tax by 8.5%.

Current transfers fell by 0.8% in comparison with 2008. Firstly, payments on account from the central government's Supplementary Finance Fund fell by 3.4%,

reflecting the fall in central government tax collection due to the economic crisis. This fund constitutes a non-earmarked transfer that varies each year in line with the collection of certain taxes by central government and includes compensation for the loss of revenue resulting from the 2004 reform of the Tax on Economic Activities.

Other current transfers rose by 10.7% and include 15 million euros from central government to finance cultural institutions, as well as earmarked transfers

Table

28

Current Revenue (Rates of Variation)

	2005	2006	2007	2008	2009
Property Tax	4.0	6.9	7.6	7.1	5.6
Tax on Economic Activities	10.7	2.7	0.9	2.0	0.2
Tax on Vehicles	(1.5)	1.9	(0.5)	(0.6)	(2.4)
Tax on Constructions	(1.5)	11.6	33.2	(26.0)	(35.1)
Tax on Increase in Land Value	16.7	(10.0)	29.0	(10.4)	(3.7)
Subtotal	5.6	3.6	9.9	0.8	0.7
Share of Income Tax, VAT and Special Taxes	3.7	(11.2)	3.5	8.0	9.3
Total Local Taxes	5.4	1.6	9.2	1.5	1.7
Other Fiscal Revenue: Charges	18.3	(2.7)	(0.3)	5.3	(0.6)
Sale of Goods and Provision of Services	(2.7)	10.6	8.8	1.5	(0.3)
Other Operating Revenue	(12.0)	28.9	(1.3)	(2.0)	(11.8)
Total Local Revenue	2.5	6.4	6.3	1.4	(0.9)
Supplementary Finance Fund	4.7	7.9	7.5	3.6	(3.4)
Other Transfers	25.3	16.8	18.2	8.1	10.7
Total Current Transfers	7.4	9.3	9.3	4.4	(0.8)
Financial Revenue	14.7	75.8	24.8	23.8	(76.5)
Total Current Revenue	4.4	7.7	7.6	2.7	(1.4)

from other administrations, in the main from the Generalitat de Catalunya for education, primary care, housing and day centres for the elderly, and immigration, and from the Metropolitan Hydraulic Services and Waste Treatment Agency (EMSHTR).

2.6. Evolution of Current Expenses

Over the last five years, current expenses have risen by 6.3% a year, 2.2 percentage points more than current revenue. In broad outline, 28% of resources were allocated to personal services, which include social care, education, culture, sports and public health; around a quarter was allocated to maintaining the public space, in other words, maintenance of the public highway, parks and gardens in the city, street cleaning and waste collection and treatment; and 18% to security and mobility.

Table



Current Expenses (thousands of euros)

	2005	2006	2007	2008	2009
Personnel Expenses	543,793	568,027	601,305	633,747	616,522
Works, Supplies and External Services	643,286	702,936	763,799	805,039	860,279
Current Transfers	271,390	301,491	337,227	400,014	477,886
Provisions	54,843	58,081	61,395	58,411	46,492
Financial Expenses	39,909	41,623	41,636	43,002	34,082
Total Current Expenses	1,553,221	1,672,158	1,805,362	1,940,213	2,035,261

Current expenses increased in 2009 by 4.9%. The rise in current expenditure reflects the efforts made by the municipal authority to ensure social cohesion and harmony and economic growth.

Personnel expenditure fell by 2.7%, a variation that occurred for two reasons. Firstly, in January 2009 the Municipal Agency of Education transferred responsibility for managing infants, primary and secondary education centres, as well as art education, special education and adult training to the Education Consortium. The associated personnel expenditure has therefore been converted

into current transfers. Secondly, there was an increase in expenditure due to the rise in staffing numbers, the 2% pay increase awarded in the 2009 Central Government Budget Law, changes in category and the application of the new approved collective agreement, which covers the period 2008-2011.

The Works, Supplies and External Services caption rose by 6.9% in 2009. The areas of expenditure that increased most were those related to personal care services, public space cleaning and maintenance, and economic promotion.

Expenditure directly associated with care services and social promotion increased by more than 20% in order to meet present-day social needs and to ensure the roll-out of the Social Services Law and the Law on Promoting Personal Independence and Care for Dependent People. In May 2009, implementation of

the new approach to home care services began. The purpose of this new model, which covers personal, preventive and socio-educational care, is to allow dependent people to enjoy greater independence in their daily lives and to attend to the needs of children and teenagers at risk.

Table



Current Expenses (in %)

	2005	2006	2007	2008	2009
Personnel Expenses	35.0	34.0	33.3	32.7	30.3
Works, Supplies and External Services	41.4	42.0	42.3	41.5	42.3
Current Transfers	17.5	18.0	18.7	20.6	23.5
Provisions	3.5	3.5	3.4	3.0	2.3
Financial Expenses	2.6	2.5	2.3	2.2	1.6
Total Current Expenses	100.0	100.0	100.0	100.0	100.0

One of the municipal authority's priorities is to ensure that the public space is of a high quality and meets environmental standards. Notable among the various initiatives undertaken was the new street cleaning contract for the period 2009 to 2017, which came into effect in November 2009. This entailed an increase in cleaning and waste collection costs of 7% in comparison with 2008. Under this new contract, there is an increase in street cleaning; specially adapted containers are located within easier reach for citizens; organic waste collection is extended to cover the entire city; separate waste collection for recycling purposes is increased; and more sustainable vehicles that produce fewer emissions and less noise are being used.

With regard to economic promotion, new programmes were run to promote

employment, the range of training for the unemployed and careers guidance was expanded, progress was made on simplifying the administrative procedure for starting up new companies, and support for entrepreneurs was increased, all through the municipal firm Barcelona Activa. In addition, through the economic promotion sector, the City of Barcelona continued to support neighbourhood retail trade and to promote the model of shopping high streets. It also set in motion new initiatives to promote competitive development that generates quality employment in sectors of strategic importance to the growth of the city. Moreover, it promoted the hosting of national and international events as a means to attract economic activity and talent to Barcelona and as a vehicle for raising the city's international profile. The Barcelona

Sports Agency was charged with promoting the organisation of major sporting events, such as the Global Sports Forum, the arrival of the Tour de France and the final of the Davis Cup, as well as popular events such as the La Mercè Race, the Marathon and the Media Marathon.

Also notable was the current expenditure on the roll-out of e-government, for the modernisation and transformation of the organisation, based on simplifying processes, using the advantages offered by technology. As part of its e-government Plan, the City of Barcelona promoted e-dossiers on

Table



Current Expenses (Rate of Variation)

	2005	2006	2007	2008	2009
Personnel Expenses	5.1	4.5	5.9	5.4	(2.7)
Works, Supplies and External Services	8.7	9.3	8.7	5.4	6.9
Current Transfers	11.0	11.1	11.9	18.6	19.5
Provisions	(34.3)	5.9	5.7	(4.9)	(20.4)
Financial Expenses	(34.1)	4.3	0.0	3.3	(20.7)
Total Current Expenses	3.7	7.7	8.0	7.5	4.9

contracting and employment, licences and permits, and inspections.

The 19.5% increase in current transfers is due to the 14.7% rise in transfers to the Metropolitan Transport Authority for public transport and to the increased allocations to consortia joint-owned by the City Council and the Generalitat de Catalunya as a consequence of the Barcelona Municipal Charter. Work continued in 2009 to implement the Barcelona Education Consortium, as described earlier. In addition, the Housing Consortium began to operate and the Social Services Consortium consolidated its position. Subsidies for charitable and care purposes also increased.

The allocation to the provision for doubtful debt was determined by applying estimated collection coefficients to outstanding debts based on past experience and in accordance with how long the debt has been due.

Consolidated financial expenses fell by 20.7%, reducing from 43 million euros in 2008 to 34 million in 2009. This variation is due to the reduction in the average cost of debt, which dropped from 3.9% in 2008 to 3.4% in 2009, and a slight fall in the average debt balance, though the outstanding balance at the end of 2009 was higher than 2008.

2.7. Investments

In the period 2005-2009, the City of Barcelona's consolidated capital expenditure totalled in excess of 3,560 million euros. 88% of capital expenditure was allocated to direct investments and the rest to capital transfers, mainly to the Metropolitan Transport Authority, to Barcelona Holding Olímpic, S.A. (HOLSA), to cultural facilities and to capital increases, mainly of Fira 2000, S.A.

In April 2007, the Central Government General Administration and the City of Barcelona made the last capital transfers to HOLSA to enable the company to cancel its entire debt prior to 31 December 2007. In 2009, the City

of Barcelona made the last capital transfer to the Metropolitan Transport Authority to clear transport companies' old debt and to make the final settlement of the programme-contracts that ended on 31 December 2004.

Table

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Capital Revenue and Expenses (thousands of euros)

	2005	2006	2007	2008	2009
Direct Investments	452,021	513,280	613,937	684,237	889,994
HOLSA	60,537	62,958	21,826	0	0
Metropolitan Transport Authority	30,269	28,590	28,590	28,591	28,591
Non-municipal Entities	23,514	10,032	16,003	22,673	20,469
Capital Transfers	114,320	101,580	66,419	51,264	49,060
Financial Investments	188	12	8,250	9,999	9,557
Capital Expenses	566,529	614,872	688,606	745,500	948,611
Capital Transfers	19,549	46,043	18,160	33,828	307,130
Assets Management	47,932	89,504	41,072	32,838	13,340
Capital Revenue	67,481	135,547	59,232	66,666	320,470
NET INVESTMENT	499,048	479,325	629,374	678,834	628,141

The gross investment in the fiscal year 2009 includes the investment initially proposed by the City of Barcelona Group, as well as the investment deriving from the State Local Investment Fund (FEIL), approved by central government to reactivate the economy. The projects

included in the FEIL are financed by capital transfers received from central government.

The FEIL amounted to a total of 266 million euros, of which 244 million corresponded to 2009, broken down as follows:

Table

213

State Local Investment Fund (millions of euros)

Improvements to the Public Space	134
Facilities	100
Municipal Markets	15
Improvements to Infrastructure	17
Total	266



The investments made in 2009 covered a wide range of projects. In the case of urban improvement, noteworthy initiatives included the project to remodel Plaça de les Glòries, begun in 2008, the entire remodelling of the Espanya Industrial Park, the restoration of L'Hivernacle in La Ciutadella Park and development of the roof over Sants Station. Within the framework of the Plan of Integrated Improvements to the Public Space, major improvements were made to 86 streets, including, for example, street redesign, burial of electricity lines underground, improved accessibility, sewage, lighting and the laying of sound-reducing paving. The renewal of traffic lights throughout the city and the extension of pneumatic waste collection continued.

With regard to facilities and services, examples include the opening of five nurseries, providing a total of 405 new places; the opening of the Espai Jove La Fontana youth amenity; the works to construct new sports facilities such as the one in Horta and that of Cotxeres Borbó; 157 sheltered homes, bringing the total to 925 apartments at the end of the year, allowing elderly people to keep their independence by guaranteeing them the support services they need; in the realm of culture, the start of works on the 'factories for creation' (La Central del Circ, El Graner, L'Hangar, Fabra i Coats, etc.); the opening of new libraries, such as Can Saladrigas Library; the opening of the refurbished La Llibertat market; and starting the renovation of the markets of El Ninot, Sant Antoni, Encants, Sants and Bon Pastor.

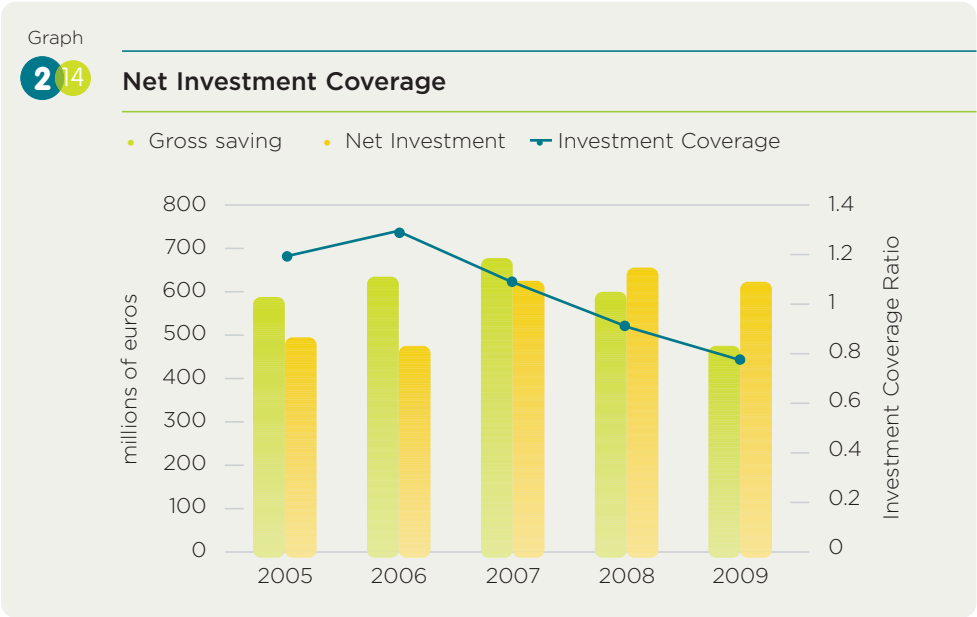
The implementation of land management policies continued with the purchase of buildings, premises and plots of land, which have been added to the City of Barcelona's property portfolio and which, in many instances, will be used for short-term accommodation for people with special needs, offices and social services.

Lastly, the Systems Plan includes the expansion and improvement of information technology structures, the introduction of the new SAP economic and financial system,



the Telecommunications Infrastructure Plan, the Human Resources Systems Plan, and the building of e-government and systems to provide information to citizens.

82% of capital expenditure for the period 2005-2009 was financed by gross savings generated by current operations and the remaining 18% by revenue generated by asset management (sale of plots of land, buildings and excess land on the public highway, as well as the sale of housing and business premises) and by capital transfers. These capital transfers were from the European Union, mainly for environmental projects; from central government for educational facilities and for the Neighbourhood Law; and from other bodies and institutions for the development of public spaces.



Investment coverage for the entire period, measured as gross saving over net investments, stands at just over 1,

allowing consolidated debt to be reduced by more than 25%.

2.8. Financing

In 2009, the City of Barcelona's consolidated debt increased by 46.6 million euros, taking it to a total of 974.4 million euros. 77% of the debt corresponds to the public

administration of the City Council and the rest to its commercial entities, that is to say, the Municipal Housing Agency and to the Barcelona de Serveis Municipals Group. Consolidated debt is twice the generated gross saving.

Table

215

Consolidated Financial Debt (thousands of euros)

	2005	2006	2007	2008	2009
Public Administration	1,148,353	1,061,206	928,727	774,258	750,101
Commercial Entities	121,520	117,637	138,383	153,515	224,257
Total Debt	1,269,873	1,178,843	1,067,110	927,773	974,358

Public Administration

The City of Barcelona's debt fell from 770 million euros at the end 2008 to 750 million euros as of 31 December 2009. All of this debt is long term.

In 2009, the City of Barcelona financed itself by means of a loan from the European Investment Bank (EIB) and by a private placement in the eurozone (*Schuldscheindarlehen*). The loan from the EIB financed a series of investment projects to do with drains and the sewage system, traffic management, street lighting and social services and facilities. The loan is capped at 50 million euros, 30 million euros of which has been made available, as projects are implemented, over a term of 12 years. The second financial operation consisted

of a private placement of 60 million euros over a 20-year term. In addition, two private placements of 50 and 60 million euros were repaid in accordance with the conditions of the contracts.

On 31 December 2009, the dependent agencies that are part of the public administration had no debt whatsoever. On 31 December 2008, agency debt stood at 4.2 million euros, corresponding to lines of credit drawn by Informació i Comunicació de Barcelona, S.A.

Commercial Entities

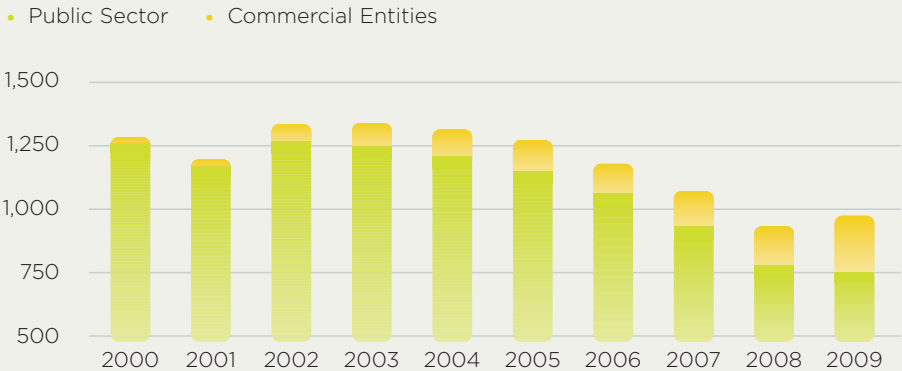
The debt of the City of Barcelona's commercial entities as of 31 December 2009 stood at 224.3 million euros, of which 212 million were long-term operations and the rest short-term lines of credit.

The total debt of the commercial entities was 70.8 million euros higher than on the same date in 2008. The debt of the Municipal Housing Agency increased by 29.8 million euros and that of the Barcelona de Serveis Municipals Group by 40.9 million euros, basically due to investments in car parks.

Graph

216

Consolidated Debt (millions of euros)



Table

217

Consolidated Financial Debt (thousands of euros)

	31.12.05	31.12.06	31.12.07	31.12.08	31.12.09
Bank Loans	709,671	618,641	627,110	487,773	584,358
Private Placements	340,000	340,000	340,000	340,000	290,000
Public Bond Issues	220,202	220,202	100,000	100,000	100,000
Total Debt	1,269,873	1,178,843	1,067,110	927,773	974,358
Long-term Debt	1,269,873	1,178,843	1,066,230	923,616	962,099
Short-term Debt	0	0	884	4,157	12,259

The City of Barcelona's financial policy is aimed at controlling the increase in financial expenses, assuming a reasonable financial risk. For this reason, the financial strategy is based on obtaining resources in the financial markets of the eurozone, using short-term debt exclusively to cover transitory cash needs, improving the profile of debt by maturities, while maintaining annual contractual amortisations of debt significantly below the gross saving generated, and diversifying interest rate risk.

Table

218

Consolidated Financial Debt (in %)

	31.12.05	31.12.06	31.12.07	31.12.08	31.12.09
Bank Loans	55.9	52.5	58.8	52.6	60.0
Private Placements	26.8	28.8	31.8	36.6	29.8
Public Bond Issues	17.3	18.7	9.4	10.8	10.2
Total Debt	100.0	100.0	100.0	100.0	100.0
Long-term Debt	100.0	100.0	99.9	99.6	98.7
Short-term Debt	0.0	0.0	0.1	0.4	1.3

The City of Barcelona's debt is sourced in the eurozone. 60% of its debt corresponds to bank loans and the

remaining 40% to investment markets (private placements on the German market and a public bond issue).

Graph

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Debt and Financial Expenses



On 30 April 2010, the City of Barcelona's credit rating was AA+ with Stable Outlook according to Fitch, Aa1 with Stable

Outlook according to Moody's Investors Service and AA/Negative according to Standard & Poor's.

3



2010-2013 Economic and Financial Plan

3.1. General Budget Stability Law

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

For local authorities that govern the capitals of provinces or autonomous communities, or which have a population equal to or more than 75,000 residents with full rights, together with their corresponding dependent agencies that are not financed in the main by

commercial revenue, budget stability is defined as a balance or surplus calculated over the economic cycle, in terms of financing capacity in accordance with the European system of national and regional accounts.

3.2. Objective of Budget Stability for Local Authorities

By agreement of the meeting of the Council of Ministers held on 19 June 2009, the following deficit limits were approved as an extraordinary measure in the light of the current economic climate. Local authorities are exempted from approval of the Economic and Financial Plan, as laid down by law, below these deficit limits.

Table



	2010	2011	2012
Deficit as % of GDP	-0.4	-0.3	-0.2

The review of the central government's stability programme submitted to the Council of Ministers on 29 January 2010 forecasts that local authorities' deficits will amount to 0.7% of GDP in 2010, 1% in 2011, 0.3% in 2012 and 0.2% in 2013.

The National Local Administration Commission (CNAL) must determine the equivalence of the deficit in terms of non-financial income. As the CNAL had not issued a statement on the matter at the time the City of Barcelona Economic and Financial Plan was drawn up, it was

hypothesised that a deficit of 0.4% of GDP would be the equivalent of a deficit of 6.41% of non-financial income, thereby maintaining the same proportion as for 2008, when the CNAL determined that a deficit of 0.3% of GDP would be equivalent to a deficit of 4.81% of non-financial income. Notwithstanding this, on 7 April 2010, the CNAL determined that for the 2009 fiscal year, a deficit of 0.35% of GDP was equivalent to a deficit of 5.17% of non-financial income.

3.3. 2010 Consolidated Budget of the City of Barcelona According to the General Budget Stability Law

3.3.1. Perimeter of Consolidation

The bodies dependent on the City of Barcelona for the purposes of compliance with the General Budget Stability Law are:

Autonomous Bodies

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

Public Commercial Entities

- Barcelona Culture Agency
- Municipal Agency of Parks and Gardens
- Municipal Agency of the Mies van der Rohe Foundation

Municipal Firms

- Barcelona d'Infraestructures Municipals, S.A.
- Pro Nou Barris, S.A.
- 22 Arroba Bcn, S.A.
- Agència de Promoció del Carmel i Entorns, S.A.
- ProEixample, S.A.
- Foment de Ciutat Vella, S.A.
- Informació i Comunicació de Barcelona, S.A.
- Barcelona Activa, S.A., S.P.M.
- SM Barcelona Gestió Urbanística, S.A.

Consortia

- Infància I Món Urbà Institute
- Campus Interuniversitari Diagonal – Besòs Consortium

- Ecologia Urbana de Barcelona Agency
- Energia de Barcelona Local Agency
- El Besòs Consortium
- Biblioteques de Barcelona Consortium
- Mercat de les Flors / Centre de les Arts de Moviment Consortium
- El Far, Centre de Treballs del Mar, Consortium

Foundations and Other Bodies

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

3.3.2. 2010 Consolidated Budget: Budget Deficit

The 2010 consolidated budget of this group of entities shows a deficit prior to financial operations amounting to 8.6% of non-financial income. As the deficit is higher than 6.41% of non-financial income, the City of Barcelona was obliged to approve an economic and financial plan for the period 2010-2013 in order to make up the balance.

3.3.3. 2010-2013 Economic and Financial Plan

3.3.3.1. Preamble

The Economic and Financial Plan was drawn up in accordance with the principles of budget accounting.

The Economic and Financial Plan was approved by the Council of Ministers at its plenary meeting held on 23 December 2009. The approval of the Generalitat de Catalunya (Government of Catalonia) was obtained on 27 January 2010.

3.3.3.2. Summary

The main figures in the approved 2010-2013 Economic and Financial Plan are outlined below.

Table

3 **2**

Revenue (thousands of euros)

	2010	2011	2012	2013
Caption 1. Direct Taxes	780,018	791,549	833,753	879,509
Caption 2. Indirect Taxes	53,087	43,819	44,670	45,664
Caption 3. Charges and Other Revenue	363,037	372,556	387,987	406,021
Caption 4. Current Transfers	953,951	871,264	907,571	950,002
Caption 5. Capital Gains	49,721	51,104	53,243	55,746
Total Current Operations	2,199,814	2,130,291	2,227,224	2,336,942
Caption 6. Disposal of Real Property	15,000	15,150	15,529	15,994
Caption 7. Capital Transfers	80,514	81,319	52,538	84,189
Total Capital Operations	95,514	96,469	98,067	100,184
Caption 8. Financial Assets	3,743	3,781	3,837	3,914
Caption 9. Financial Liabilities	312,070	401,232	201,251	1,276
Total Financial Operations	315,813	405,013	205,088	5,190
Total Revenue	2,611,141	2,631,772	2,530,380	2,442,316

Table

3 **3**

Expenditure (thousands of euros)

	2010	2011	2012	2013
Caption 1. Personnel Expenses	560,670	566,276	574,771	586,266
Caption 2. Expenses on Current Goods and Services	759,439	764,762	770,498	785,908
Caption 3. Financial Expenses	41,674	44,409	55,029	54,818
Caption 4. Current Transfers	498,443	497,279	504,810	520,518
Total Current Operations	1,860,226	1,872,726	1,905,107	1,947,510
Caption 6. Investment	615,906	626,112	502,251	456,124
Caption 7. Capital Transfers	15,553	15,631	15,866	16,183
Total Capital Operations	631,459	641,743	518,116	472,307
Caption 8. Financial Assets	15,584	15,622	15,856	16,173
Caption 9. Financial Liabilities	103,871	101,681	91,300	6,326
Total Financial Operations	119,455	117,303	107,156	22,499
Total Expenditure	2,611,141	2,631,772	2,530,380	2,442,316

Table

34

Main Indicators

	2010	2011	2012	2013
Gross Savings (1) (thousands of euros)	327,059	244,683	308,689	375,365
As % of Current Revenue	15.0	11.6	13.9	16.2
Financing Capacity (Need)	(196,358)	(287,710)	(97,932)	17,309
As % of Non-financial Revenue	-8.6	-12.9	-4.2	0.7
Gross Savings after Amortisations	224,439	144,265	218,670	370,322
Debt (as at 31.12)	985,651	1,285,233	1,395,215	1,390,196
Debt + Guarantees (as at 31.12)	986,234	1,285,641	1,395,563	1,390,490
As % of Current Revenue (1)	45.0	60.7	63.0	59.9

(1) Current revenue from special contributions and urban development fees are excluded.

Initial 2010 Budget

The data relating to 2010 correspond to the initial consolidated budget in accordance with the General Budget Stability Law approved by the Plenum of the Municipal Council on 23 December 2009.

Macroeconomic Hypotheses

The macroeconomic hypotheses used in the Economic and Financial Plan are as follows:

Table

35

Macroeconomic Hypotheses

	2010	2011	2012	2013
Real GDP	-0.3%	1.8%	2.7%	2.7%
RPI	0.0%	1.0%	1.5%	2.0%
Nominal GDP	-0.3%	2.8%	4.2%	4.8%
3-m Euribor	2.0%	2.5%	3.0%	3.0%

The hypotheses concerning real GDP for the period 2010-2012 correspond to those that appear in the report on the cyclical position of the Spanish economy submitted to the Council of Ministers on

12 June 2009. The forecast economic growth in 2013 is the same as that forecast for 2012. With regard to the Retail Price Index (RPI), it is thought that it will be 0% in 2010, the same

as the GDP deflator detailed in the same report, and that the RPI will gradually rise to 2% in 2013. The hypothesis on the three-month Euribor was drawn up in-house.

Current Revenue: Captions 1 to 5

The following estimates have been calculated for the period 2011-2013:

a) Direct Taxes

- Property Tax (IBI). It is estimated that this will grow by 7.5% a year due to the gradual application up to 2011 of the new cadastral values approved in 2001 and due to the progressive disappearance beginning in 2012 of the current limits on the rise in payments. The tax rate applied by the City Council is 0.75% of the cadastral values in most cases, and 1% for the 10% of non-residential property with the highest cadastral values.
- Tax on Economic Activities (IAE). Based on the evolution in this tax over the last three years, it is expected that this will increase by 2% each year over the entire period.
- Tax on Motor Vehicles (IVTM). The changes in this tax in the past indicate that it will remain stable.
- Tax on Increase in Land Value (IIVT). It is expected that this will stabilise in 2011 at the levels forecast for 2010 and that it will rise in 2012 and 2013 at the same rate as the forecast inflation.
- With regard to the transfer of income tax by central government, the estimates are based on the same parameters as the estimate of the Supplementary Finance Fund, which is explained in the section on current transfers. For 2011, a fall of 44.5% in comparison with 2010 is expected.

b) Indirect Taxes

- Tax on Constructions, Installations and Works (ICIO). It is expected that this will still show a downward correction of 5% in 2011 and that it will stabilise from 2012.
- With regard to the transfer of VAT and special taxes by central government, the estimates are based on the same

parameters as the estimate of the Supplementary Finance Fund, which is explained in the section on current transfers. It is forecast that transferred taxes will fall 28.5% in 2011 in comparison with 2010.

c) Charges and Other Revenue. It is forecast that charges and other revenue will grow in general at the same rate as forecast GDP in nominal terms, if we exclude development permits and charges, which are expected to fall 5% in 2011 before later stabilising.

d) Current Transfers

- With regard to the Supplementary Finance Fund, transfers on account have been calculated on the basis of forecasts of growth in GDP, the elasticities of tax collection in relation to GDP in the period of economic recovery from 1994 to 2000, and the reform of autonomous community financing approved in 2010. With regard to the final settlement in 2009, which has been calculated as being negative, the hypothesis is that it will begin to be returned from 2012 within four years, following the same criteria applied to the negative settlement in 2008. The 2009 settlement is based on the 2009 estimated settlement that appears in the draft State Budget for 2010. This hypothesis represents a fall in the Supplementary Finance Fund of 7.5% in 2011. For 2012 and 2013, it is expected that a new model for financing local authorities will have been approved and that the Supplementary Finance Fund will grow at the same rate as nominal GDP.
- With regard to other current transfers, it is expected that in general they will grow at the same rate as nominal GDP, principally due to transfers to be received from the Generalitat de Catalunya for education, primary care and care for children, teenagers and the elderly, and for persons with disabilities and immigrants. In addition, it is expected that the transfers of 15 million euros from central government deriving from the Municipal Charter will continue.

e) Capital Gains. It is estimated that capital gains will in general rise at the same rate as nominal GDP, except for financial revenue, which will rise in accordance with changes in the three-month Euribor rate.

Current Expenses: Captions 1 to 4

a) Personnel expenditure has been calculated taking into account the collective agreement governing employment terms and conditions for the period 2008-2011 and changes in staff numbers. For the years 2011, 2012 and 2013, personnel expenditure will increase in line with inflation.

b) Purchases of goods and services are expected to grow in 2011 and 2012 at the equivalent of half the forecast rate of inflation. Priority will be given to expenditure related to social care, the public space and economic promotion, and a plan to contain other expenditure will be implemented. For 2013, it is expected that expenses will grow in general at the same rate as inflation.

c) Financial expenses are based on the expected debt level and structure and on the hypotheses concerning the evolution in the three-month Euribor.

d) In current transfers, the same rates of variation as those for expenditure on purchasing goods and services have been applied. Particularly noteworthy is the extraordinary contribution to the Federation of Municipalities in the Metropolitan Area of Barcelona which, in accordance with the approval of the Plenum, corresponds to 7.6% of the share of revenue from central government from transferred taxes and the Supplementary Finance Fund, excluding compensation

due to the reform of the Tax on Economic Activities. Consequently, the evolution of this transfer is linked to the expected evolution in these concepts.

Capital Revenue: Captions 6 and 7

a) Disposal of Real Property. The value of sales falls in 2010 but it is expected to rise moderately thereafter.

b) Capital Transfers. The transfers of capital received by the City of Barcelona come from other public administrations to finance particular investments. It is expected that these transfers will rise on average at the same rate as forecast inflation.

Capital Expenses: Captions 6 and 7

a) Capital expenses will in broad terms follow a downward trend in order to arrive at a budgetary balance in 2013, while the level of gross savings will stand constantly above 10% to prevent any negative impact on the City Council's financial solvency.

Increases in Capital and Others: Caption 8

a) The increases in capital considered are the City Council's current commitments to Fira de Barcelona up to 2011, which amount to 8 million euros a year. From 2012, it is estimated that growth will be at the rate of forecast inflation.

b) Other capital includes the variations in the financial statement that are not budgetary in nature and that correspond to the translation of the statements of forecast revenue and expenses and the statements of income and expenditure of the public commercial entities, firms and foundations to budget accounting in order to present the consolidated budget.

Borrowing

a) The revenue provisions in Caption 9 include the new debt needed to finance overall forecast capital expenditure.

b) The expenditure provisions in Caption 9 include the contractual repayments of financial operations currently in force.

The breakdown of the evolution in debt by entities is as follows:

Table

3 **6**

City of Barcelona (thousands of euros)

	2010	2011	2012	2013
Initial Outstanding Balance (1)	770,101	980,101	1,280,101	1,390,101
New Long-term Debt	310,000	400,000	200,000	0
Long-term Amortisations	100,000	100,000	90,000	5,000
Variation Short-term Debt	0	0	0	0
Final Outstanding Balance	980,101	1,280,101	1,390,101	1,385,101
Short-term Debt	0	0	0	0
Long-term Debt	980,101	1,280,101	1,390,101	1,385,101

(1) See section 3.3.3.3. Final Note.

Table

3 **7**

Other Entities (thousands of euros)

	2010	2011	2012	2013
Initial Outstanding Balance (1)	7,307	5,550	5,132	5,114
New Long-term Debt	850	0	0	0
Long-term Amortisations	2,620	418	18	19
Variation Short-term Debt	13	0	0	0
Final Outstanding Balance	5,550	5,132	5,114	5,095
Short-term Debt	4,300	4,300	4,300	4,300
Long-term Debt	1,250	832	814	795

(1) See section 3.3.3.3. Final Note.

Table

38

Total Public Administration (thousands of euros)

	2010	2011	2012	2013
Initial Outstanding Balance (1)	777,408	985,651	1,285,233	1,395,215
New Long-term Debt	310,850	400,000	200,000	0
Long-term Amortisations	102,620	100,418	90,018	5,019
Variation Short-term Debt	13	0	0	0
Final Outstanding Balance	985,651	1,285,233	1,395,215	1,390,196
Short-term Debt	4,300	4,300	4,300	4,300
Long-term Debt	981,351	1,280,933	1,390,915	1,385,896

(1) See section 3.3.3.3. Final Note.

3.3.3.3. Final Note

Given that the 2010-2013 Economic and Financial Plan was drawn up before the end of the 2009 fiscal year, the amount of debt as of 31 December was an estimate.

Once the fiscal year 2009 had been closed and audited, the debt as of 31 December 2009 for the purposes of the General Budget Stability Law was as follows:

Table	
39	Debt (thousands of euros)
	12.31.2009
City of Barcelona	
Long-term Debt	750,101
Short-term Debt	0
Total Debt City of Barcelona	750,101
Other Public Administration Bodies	
Long-term Debt	3,006
Short-term Debt	225
Total Debt Other Bodies	3,231
Total Public Administration	
Long-term Debt	753,107
Short-term Debt	225
Total Debt Public Administration	753,332

4

2009 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, 2009, 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 2009. Our opinion refers exclusively to the annual accounts for 2009. On April 20, 2009, we issued our audit report on the 2008 annual accounts in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for the year 2009 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, 2009, 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.



Miguel Alfocea Marti
Partner

April 15, 2010

Gabinete Técnico
de Auditoría y Consultoría, S.A.



Jorge Vila López
Partner

City of Barcelona
Balance Sheet as of December 31, 2009 and 2008
(in thousands of euros)

Table			
41	Assets	As of December 31, As of December 31,	
		2009	2008
	Note		
Fixed Assets		7,685,831	7,255,535
Intangible Fixed Assets	3	17,756	12,832
Tangible Fixed Assets	3	6,477,216	6,331,210
Public Land Assets	3	447,556	383,010
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	3 & 8	(561,057)	(562,628)
Fixed Assets Pending Classification and in Progress	3	1,802,576	1,511,986
Investments in Infrastructures and Assets for Public Use	3	5,870,064	5,562,332
Investments Assigned for Public Use	3 & 8	(5,870,064)	(5,562,332)
Accumulated Depreciation	3	(705,202)	(641,542)
Long-term Financial Investment	4	204,066	218,758
Long-term Off-budget Receivables	5	2,920	1,909
Deferred Expenses	6	1,186	601
Current Assets		757,549	785,411
On-budget Receivables	7	656,620	563,233
Allowance for Bad Debt	7	(293,327)	(298,661)
		363,293	264,572
Other Off-budget Receivables		22,017	30,772
Public Administrations Receivables	14	232	–
Short-term Financial Investment		300,597	261,190
Cash		71,410	228,877
Total Assets		8,444,566	8,041,547

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2009.

City of Barcelona
Balance Sheet as of December 31, 2009 and 2008
(in thousands of euros)

Table

4 **2**

Liabilities

As of December 31, 2009 **As of December 31, 2008**

	Note		
Equity	8	6,175,562	6,159,258
City of Barcelona Equity		7,510,425	7,505,527
Property Assigned to Municipal Agencies and Third Parties		(561,057)	(562,628)
Property Delivered for Public Use		(5,870,064)	(5,562,332)
Property Assigned by Municipal Agencies and Third Parties		56,674	53,171
Results of Previous Fiscal Years		4,725,520	4,143,948
Results of Fiscal Year		314,064	581,572
Deferred Income		645,414	349,944
Capital Transfers and Other Capital Income	9	555,568	257,350
Other Deferred Income	10	89,846	92,594
Provisions for Contingencies and Expenses	11	86,967	111,363
Long-term Liabilities		780,704	686,810
Long-term Loans and Debentures	12	650,101	660,101
Long-term Guarantees and Deposits		27,603	26,709
Other Long-term Payables	13	103,000	–
Short-term Liabilities		755,919	734,172
Short-term Payables for Loans and Debentures	12	100,000	110,000
On-budget Payables		527,011	477,690
Public Administration Payables	14	30,266	27,936
Other Off-budget Payables	15	84,971	103,247
Accrued Expenses	16	10,193	12,309
Amounts Pending Application		3,478	2,990
Total Liabilities		8,444,566	8,041,547

Notes 1 to 20 of the attached report form an integral part of the balance sheet as of December 31, 2009.

City of Barcelona

Statements of Revenues and Expenses for the Fiscal Years Ended as of December 31, 2009 and 2008
(see Note 17) (in thousands of euros)

Table

43

Expenses	2009	2008	Revenues	2009	2008
Personnel Expenses	360,512	343,413	Sale of Goods and Services	37,519	38,660
Wages and Salaries	281,329	270,268	Sale of Goods	315	471
Compensation for Services	3,278	2,716	Charges on Services	8,118	7,141
Social Security Expenses	74,698	69,426	Public Prices for Sale of Services	29,086	31,048
Other Welfare Expenses	1,207	1,003			
Welfare Benefits	1,222	1,258	Other Operating Revenues	174,007	188,105
			Interest	3,946	16,566
			Profit Sharing	9,526	–
			Surcharge on Collection Proceedings	11,393	10,797
Financial Expenses	23,161	31,073	Late Payment Surcharge	8,115	7,036
			Fines	87,373	102,295
			Rents, Concessions and		
			Special Uses	40,275	40,812
Taxes	198	314	Diverse	13,379	10,599
Works, Supplies and Subcontracted Services	538,316	494,118	Taxes	844,729	830,596
Rent	23,049	19,812	Property Tax (IBI)	454,030	428,592
Maintenance and Repairs	12,348	13,695	Tax on Economic Activity (IAE)	99,357	100,519
Supplies	32,021	30,472	Tax on Motor Vehicles (IVTM)	72,267	74,078
Communications	7,823	8,436	Tax on Construction, Installations and Works (ICIO)	24,273	37,462
Subcontracted Work	387,725	351,080	Tax on the Increase in Land Values (IIVT)	93,623	97,342
Miscellaneous Expenses	75,350	70,623	Assignment of Central Government Taxes	101,179	92,603
Current Transfers	812,359	775,918	Other Tax Revenues	164,324	164,269
To Municipal Agencies and Firms	501,768	483,201	Charges on Services	61,830	67,240
To Consortia and Communities	252,608	237,924	Charges on Use of Public Domain	102,505	97,032
Other Current Transfers	57,983	54,793	Replaced Taxes	(11)	(3)
Provision to Allowance for Bad Debt	44,626	54,032	Current Transfers	996,915	1,017,694
			Supplementary Finance Fund	814,057	842,791
			Other Central Government Agencies	18,533	18,063
			From the Generalitat of Catalonia	101,783	96,709
			From Local Entities	61,216	58,447
			Foreign Transfers	854	1,025
			Miscellaneous	472	659
Total Operating Expenses	1,780,394	1,700,126	Total Operating Revenues	2,217,494	2,239,324
Operating Result (Before Capital Transfers)	437,100	539,198			
Capital Transfers	55,032	55,468			
Operating Result (After Capital Transfers)	382,068	483,730			
Negative Extraordinary Results	–	–	Positive Extraordinary Results	38,210	159,319
Provision for Depreciation	64,209	58,989			
Financial Investment Provisions	42,005	2,488			
Result For The Year	314,064	581,572			
Total	2,255,704	2,398,643	Total	2,255,704	2,398,643

Notes 1 to 20 of the attached report form an integral part of the statement of revenues and expenses as of December 31, 2009

Report on the Annual Accounts for the Fiscal Year Ending December 31, 2009

Note 1 - Basis of presentation

1.1. Accounting Policies

The annual accounts have been obtained from the City's accounting records corresponding to the fiscal year 2009 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 amended text 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 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 April 27, 2007, 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 generally accepted accounting principles in order to offer a faithful rendering of the equity and financial position of the City of Barcelona, and the results of its operations during the fiscal year. This is composed of:

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

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

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

The report is basically presented according to the models established by the mentioned 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 agencies, public entities and dependent firms.

The budget account is composed of the budget results statements:

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

The budget results statement was approved by the Decree issued by the Mayor's Office on February 24, 2010. The general account will be submitted to the Municipal Council Plenum for approval within the established statutory period.

1.3. Comparability of the Information

The annual accounts for the 2009 and 2008 fiscal years have been drawn up in accordance with that provided in

the ICAL, and their preparation has followed uniform valuation, grouping, classification and monetary criteria. The information presented is therefore uniform and comparable.

Note 2 – Valuation Criteria

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

2.1. Tangible Fixed Assets

These include the City’s assets and those in the public domain 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 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 shall 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 fixed assets caption or “Property Delivered for Public Use” caption upon completion of the investment they require.

Repairs not contributing to an extension of useful life, as well as maintenance costs, are charged directly to the statement of revenues 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.

Table	
44	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 mentioned 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 and use, coming from other entities.

The caption “Tangible Fixed Assets Assigned by Municipal Agencies and Third Parties” shows the book value of those assets assigned free of charge 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 (PMS) refers to the group of assets which, in accordance with Legislative Decree 1/2005, of July 26, approving the amendments 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, pavements, 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 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 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.

2.4. Long-term and Short-term Financial Investments

Long-term financial investments made by the City of Barcelona prior to January 1, 1992 in its municipal agencies and firms, as well as other shareholdings, are recorded at their technical book value as of December 31, 1991. Subsequent additions are registered at their purchasing price.

As of December 31, 2009, 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 and Other Capital Income" caption in the liabilities column of the consolidated balance sheet and moved to equity when the investment they were financing is assigned for public use or the fiscal year's results, in the proportion corresponding to the effective depreciation undergone, and recorded in accounts.

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

2.7. 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 10), except 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 in a period equal to or less than a year are classified as short-term. Those which mature within a period greater than a year are classified as long-term.

2.10. Revenues and Expenses

a) Financial and Budget Accounts

Revenues and expenses are primarily recorded in the statement of revenues and expenses in the fiscal year in which they occur depending on the real flow of assets and services they represent and regardless of the timing of the monetary or financial 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.

Revenues 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 its 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 5 March, 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 retention 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 in 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 mentioned fixed asset.

Note 3 - Intangible Fixed assets, Tangible Fixed Assets and Infrastructures

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

Table

45

	12.31.2008	Additions	Retirements	Transfers	12.31.2009
Intangible Fixed Assets	12,832	828	–	4,096	17,756
Land	362,232	7,832	(5,577)	(13,881)	350,606
Buildings	5,204,778	38,139	(26,041)	106,580	5,323,456
Fixed Assets Assigned to Municipal Agencies and Third Parties	562,628	–	–	(1,571)	561,057
Vehicles	16,216	2,368	–	–	18,584
Machinery, Equipment, Installations and Tools	53,571	721	–	–	54,292
Data-processing Equipment	89,639	2,841	–	29,352	121,832
Office Furniture and Equipment	40,402	3,588	–	1,332	45,322
Other	1,744	323	–	–	2,067
Tangible Fixed Assets	6,331,210	55,812	(31,618)	121,812	6,477,216
Public Land Assets	383,010	20,047	(2,502)	47,001	447,556
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	(562,628)	–	–	1,571	(561,057)
Fixed Assets Pending Classification	1,511,986	763,107	(5)	(472,512)	1,802,576
Investments in Infrastructure and Assets for Public Use	5,562,332	3,047	(373)	305,058	5,870,064
Investments Assigned for Public Use	(5,562,332)	(3,047)	373	(305,058)	(5,870,064)
Gross Tangible and Intangible Fixed Assets and Infrastructure	7,676,410	839,794	(34,125)	(298,032)	8,184,047
Accumulated Depreciation	(641,542)	(65,070)	762	648	(705,202)
Net Tangible and Intangible Fixed Assets and Infrastructure	7,034,868	774,724	(33,363)	(297,384)	7,478,845

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". These captions include 2,472,135 thousand euros as

of December 31, 2009 and 2,479,270 thousand euros as of December 31, 2008, corresponding to the value of lands containing buildings.

Additions during the fiscal year include the following:

Table		
4.6		
Investments Carried Out Directly by the City of Barcelona		459,930
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 18 June 2008	303,334	
• Investments carried out by third parties	49,063	
Obligatory Free Assignments and Profit Sharing	23,485	
Assets Received on Exchange	3,100	
Assets Received on Assignment	882	
		839,794

Retirements carried out during the fiscal year include the following:

Table		
4.7		
By Sale	32,698	
By Free Assignments	579	
By Exchange Operations	848	
		34,125

Transfers during the fiscal year are as follows:

Table		
4.8		
Property Delivered for Public Use (Note 8)	305,058	
Property Assigned to Third Parties (Note 8)	(1,571)	
Tangible Fixed Assets Losses	14,255	
Application to Fixed Asset Profits	(20,358)	
		297,384

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

Table

4.9

Buildings	8,057
Equipments	23,954
Parks and Forests	1,338,970
Mixed	330,729
Systems	646,743
Thoroughfares	2,707,823
Municipal Assets of an Artistic Nature	112,439
Urban Furniture	73,224
Property for Public Use: HOLSA	628,125
Total	5,870,064

Items totally written off as of 31 December 2009 are the following:

Table

4.10

Vehicles	9,648
Machinery, Equipment, Installations and Tools	17,903
Data-processing Equipment	53,033
Office Furniture and Equipment	21,985
Others	3,457
Total	106,026

The policy of the City of Barcelona is to contract the insurance policies that are considered necessary

in order to cover any possible risks that could affect the fixed asset elements.

Note 4 – Long-term Financial Investments

The movement registered under the long-term financial investments account over the fiscal year 2009 was as follows:

Table

4 **11**

	12.31.2008	Additions	Retirements	Transfers	12.31.2009
Financial Investments	165,554	7,999	–	–	173,553
Sale of Long-term Fixed Assets and Future PMS Property Exchange	55,980	26,996	(3,224)	(4,458)	75,294
Long-term Deposits and Guarantees	262	–	–	–	262
Provision for Depreciation of Financial Fixed Assets	(3,038)	(42,005)	–	–	(45,043)
Total	218,758	(7,010)	(3,224)	(4,458)	204,066

In accordance with the statutory provisions of Barcelona Holding Olímpic, S.A., on 1 January 2010 the company entered into the liquidation period prior to being dissolved. Consequently, and as a preliminary step, Barcelona Holding Olímpic, S.A. wrote off in the fiscal year 2009 the assets and liabilities balances due to grants from shareholders in its balance sheet, which will no longer be necessary due to the forthcoming winding up of the company. As established in the HOLSA financing agreement between its shareholders, the purpose of these grants was to cover the return of the company's financial indebtedness, which at the date of the start of the period of dissolution was already completely paid off. HOLSA's negative result for the 2009 fiscal year was 81,525 thousand euros, which has entailed the allocation of a provision in the City of Barcelona's financial statements of 40,528 thousand euros to adapt its net value in the asset to the company's theoretical accounting value.

The General Board of the company Fira 2000, S.A. agreed to increase its capital, increasing the City of Barcelona's shareholding from 12.84% to 15.43%. This company's negative results in the fiscal year 2009 prompted the allocation of a provision by the City of Barcelona of 1,477 thousand euros to adapt its net value in the asset with the company's theoretical accounting value.

Additions due to "Sale of Long-term Fixed Assets" and "Future PMS Property Exchanges" correspond basically to amounts to be received deriving from the sale of heritage property.

Retirements under this item correspond to the receipt in 2009 of swapped assets, valued at 3,224 thousand euros.

Transfers have the balancing item of "Short-term Off-budget Receivables" for amounts to be received in the year 2010 (4,458 thousand euros).

The financial investments of the City of Barcelona as of 31 December 2009, are summarized in the following table:

Table

412

Long-term Financial Investments (Data as of December 31, 2009)

Name	Interest Held %	Equity as of December 31, 2009 Before Result (1)	2009 Fiscal Year Result (1)	Technical Book Value 12.31.09 (1)	Book Value of the Holding 12.31.09
Municipal Agencies					
MA Disabled Persons	100	1,186	(138)	1,048	–
MA Urban Landscape and Quality of Life	100	1,829	(11,188)	(9,359)	–
MA Mies Van Der Rohe Foundation	100	6,685	(2)	6,683	–
MA Education	100	6,460	276	6,736	–
MA IT Services	100	836	1,079	1,915	–
MA Town Planning	100	598	46	644	–
MA Finances	100	1,556	125	1,681	–
MA Markets	100	2,501	270	2,771	–
MA Housing	100	41,065	(3,461)	37,604	–
MA Culture	100	3,068	184	3,252	–
MA Parks and Gardens	100	3,608	95	3,703	–
MA Barcelona Sports	100	537	717	1,254	–
Total		69,929	(11,997)	57,932	–
Municipal Firms					
Barcelona de Serveis Municipals Group	100	207,008	10,057	217,065	69,809
Barcelona Infraestructures Municipals Group	100	18,349	639	18,988	12,949
Informació i Comunicació de Barcelona, S.A.	100	2,012	(131)	1,882	1,294
Barcelona Activa, S.A., S.P.M.	100	2,433	53	2,486	2,013
SM Barcelona Gestió Urbanística, S.A.	100	656	79	735	61
Total		230,458	10,697	241,155	86,125
Interest of Less than 50%					
Barcelona Holding Olímpic, S.A. (HOLSA)	49.00	43,589	(39,947)	3,642	3,642
Barcelona Sagrera Alta Velocitat, S.A.	25.00	150	0	150	150
Barcelona Emprèn CR, S.A. (BE)	26.04	3,228	(45)	3,183	3,164
Barcelona Regional AMDUI, S.A.	20.63	379	1	380	271
Fira 2000, S.A.	15.43	36,935	(1,791)	35,144	35,144
Port Fòrum Sant Adrià, S.L.	5.00	13	2	15	15
Total		84,294	(41,781)	42,513	42,385
Total Financial Investments		384,681	(43,082)	341,600	128,510
Long-term Guarantees and Deposits					262
Long-term Disposal of Fixed Assets					39,934
Future PMS Property Exchange					35,360
Total Long-term Financial Investments					204,066

(1) Adjusted to interest held.

The breakdown for Barcelona de Serveis Municipals, SA and Barcelona d'Infraestructures Municipals, SA groups

are as follows (data as of 31 December 2009):

Table

413

Name	Interest Held %	Equity as of December 31, 2009 Before Result (1)	2009 Fiscal Year Result (1)	Equity as of 12.31.09 (1)
Barcelona de Serveis Municipals Group				
Barcelona de Serveis Municipals, S.A.	100	176,885	7,096	183,981
Parc d'Atraccions Tibidabo, S.A.	100	9,520	1,207	10,727
Tractament i Selecció de Residus, S.A.	58.64	25,106	343	25,450
Selectives Metropolitanes, S.A. (2)	58.64	1,734	50	1,784
Solucions Integrals per als Residus, S.A. (2)	58.64	2,722	332	3,054
Cementiris de Barcelona, S.A.	51.00	458	716	1,174
Serveis Funeraris de Barcelona, S.A.	51.00	9,874	4,764	14,638
Mercado de Abastecimientos de Barcelona, S.A.	50.69	32,299	1,872	34,171
Transports Sanitaris Parets, S.L. (3)	26.01	13	(1)	11
Barcelona d'Infraestructures Municipals Group				
Barcelona d'Infraestructures Municipals, S.A.	100	15,759	22	15,781
Pro Nou Barris, S.A.	100	940	97	1,037
22 Arroba Bcn, S.A.	100	6,996	18	7,014
Agència de Promoció del Carmel i entorns, S.A.	100	185	70	255
ProEixample, S.A.	62.12	6,782	50	6,832
Foment de Ciutat Vella, S.A.	51.00	4,396	381	4,777

(1) Adjusted to interest held.

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

(3) Interest held through Serveis Funeraris de Barcelona, S.A. Although it has a 26% participation, it is incorporated within the consolidation perimeter through overall integration given that BSM has control (51%) of SFB and that SFB at the same time has control (51%) of TSP.

The balance sheet and the statement of revenues and expenses for the fiscal year 2009 refer to the City of Barcelona individually. The changes resulting from

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

Table

4 14

City of Barcelona Consolidated

Fixed Assets	7,687,017	8,313,733
Current Assets	757,549	1,025,143
Total Assets	8,444,566	9,338,876
Equity Before Results	5,861,498	6,818,693
Result of the Fiscal Year	314,064	305,231
Other Long-term Liabilities	1,513,085	1,243,483
Current Liabilities	755,919	971,469
Total Liabilities	8,444,566	9,338,876
Ordinary Revenues	2,217,494	2,517,465
Ordinary Expenses	(1,941,640)	(2,208,756)
Extraordinary Results	38,210	(3,478)
Results of Fiscal Year	314,064	305,231

The administrators 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 and firms, and with other firms in which it holds an interest:

Table

4 15

	Current and Capital Transfers	Other Expenses	Revenues	Accounts Receivable	Accounts Payable
Municipal Agencies	383,531	1,199	6,548	3,252	94,849
Municipal Firms	126,914	1,571	76,581	18,523	108,458
Firms in which the City holds an interest	4,893	104	0	0	1,845
Total	515,338	2,874	83,129	21,775	205,152

Note 5 – Long-term Off-budget Receivables

This 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 have registered the following movements:

Table

4 **16**

	Loan Arrangement Expenses
Balance as of December 31, 2008	601
Expenses for Arranging New Operations	763
Allocation to Results as Financial Expenses	(178)
Balance as of December 31, 2009	1,186

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, 2009 are classified according to their nature, as shown below:

Table

4 **17**

Item	Receivable
Direct Taxes	179,370
Indirect Taxes	7,568
Charges and Other Revenues	283,699
Current Transfers	60,890
Capital Gains	4,776
Disposal of Real Investments	193
Capital Transfers	120,124
Total Receivable	656,620

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

Table

4.18

Balance as of December 31, 2008	298,661
Amount Charged to Statement of Revenues and Expenses	44,626
Bad Debts Written Off	(49,960)
Balance as of December 31, 2009	293,327

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 (175,105 thousand euros) and receivables for fines in both voluntary and enforced collection periods (170,476 thousand euros).

Note 8 - Equity

The amounts and movements registered in the Equity accounts during the fiscal year are as follows:

Table

4.19

	City of Barcelona Equity	Property Assigned to Mpal. Agencies and Third Parties (See Note 2.1)	Property Delivered for Public Use (See Note 2.3)	Property Assigned by Mpal. Agencies and Third Parties (See Note 2.1)	Results of Previous Fiscal Years	Results of Fiscal Year 2009	Total
Initial Balance	7,505,527	(562,628)	(5,562,332)	53,171	4,143,948	581,572	6,159,258
2009 Results	–	–	–	–	–	314,064	314,064
Allocation of 2008 Results	–	–	–	–	581,572	(581,572)	–
Change in Property Assigned to Third Parties (Note 3)	–	1,571	–	–	–	–	1,571
Change in Property Assigned by Third Parties	–	–	–	3,503	–	–	3,503
Transfer of Capital Transfers and Other Capital Income (Note 9)	4,898	–	–	–	–	–	4,898
Property Delivered for Public Use (Note 3)	–	–	(305,058)	–	–	–	(305,058)
Additions Delivered for Public Use (Note 3)	–	–	(3,047)	–	–	–	(3,047)
Retirements in Fiscal Year Delivered for Public Use (Note 3)	–	–	373	–	–	–	373
Final Balance	7,510,425	(561,057)	(5,870,064)	56,674	4,725,520	314,064	6,175,562

Note 9 – Capital Transfers and Other Capital Income

The movements under this caption are as follows:

Table 4 ²⁰				
	Balance as of 12.31.08	Transfers and Other Income Received	Transfers to Equity (Note 8)	Transfers to Results (Note 17.6)
	257,350	305,286	(4,898)	(2,170)
				555,568

Additions in the fiscal year include 249,598 thousand euros corresponding to the contribution by Central Government from the 2009 State Fund for Local

Investment. Of this total amount, 244,392 thousand euros have been used for their purpose, and the remaining amount will be used in the fiscal year 2010.

Note 10 – Other Deferred Income

The movement registered under this caption during 2009 is as follows:

Table 4 ²¹		
	Balance as of December 31, 2008	92,594
	Transfers to Accrued Revenues (Note 16)	(2,748)
	Balance as of December 31, 2009	89,846

The balance as of December 31, 2009 corresponds to revenues received in advance for the usage of assets under municipal ownership. The revenues received in advance are transferred

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

Note 11 - Provisions for Contingencies and Expenses

The movement in this caption is as follows:

Table 4 ²²		
	Balance as of December 31, 2008	111,363
	Amount Charged to "Miscellaneous Expenses"	14,254
	Cancellation of the Provision registered:	
	- Payable to Extraordinary Results	(38,650)
	Balance as of December 31, 2009	86,967

The purpose of this provision is to cover future contingencies of different natures.

Note 12 – Debentures and Loans

The outstanding amount as of December 31, 2009, corresponding to long-term loans and debentures subscribed by the City of Barcelona can be broken down as follows:

Table

4²³

Debentures and Loans

Description	Outstanding Amount as of 12.31.2009	Long Term	Short Term
Banking System	360,101	260,101	100,000
Private Placements	290,000	290,000	0
Public Issues	100,000	100,000	0
Total Debt	750,101	650,101	100,000

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

The movement of subscribed long-term loans and debentures in the 2009 fiscal year is as follows:

Table

4²⁴

Balance as of December 31, 2008	770,101
New Transactions	90,000
Contractual Repayments	(110,000)
Early Amortization	0
Balance as of December 31, 2009	750,101

As of December 31, 2009 there were unexecuted stand-by lines for a total of 220 million euros.

The debt profile by maturities as of December 31, 2009 is as follows:

Table

4²⁵

Maturity	Amount
2010	100,000
2011	100,000
2012	90,000
2013	5,000
2014	89,033
2015	109,034
2016	29,034
2017	89,000
2018	9,000
2019	9,000
2020 and beyond	121,000
Total	750,101

The average interest rate during the 2009 fiscal year was 3.3%.

As of December 31, 2009, 64.0% of the City of Barcelona's financial debt had a fixed interest rate, and 36.0% had a floating interest rate.

Note 13 – Other Long-term Payables

The caption “Other Long-term Payables” includes the following concepts

Table	
4²⁶	Suppliers of Fixed Assets Maturing in a Period Longer than One Year
	2,443
	Central Government – Provision Final Settlement of Share of Central Government Taxes in 2008 (Note 17.6)
	100,557
	Balance as of December 31, 2009
	103,000

Note 14 – Public Administrations

The breakdown of these accounts is as follows:

Table

	Receivable	Payable
Value Added Tax	232	–
Personal Income Tax	–	7,556
Social Security	–	22,710
Balance as of December 31, 2009	232	30,266

Note 15 – Other Off-budget Payables

The balance for this caption as of December 31, 2009 is as follows:

Table	
4²⁸	
Deposits and Guarantees Received	24,594
Fixed Assets Short-term Suppliers	2,850
Bonus Payments to Personnel to Pay in 2010 for Attendance and Punctuality in 2009 as well as the June Bonus	19,449
Other Payables	17,677
Payable to Administrations for IAE and IBI Surcharges	20,401
Other Short-term Off-budget Payables	84,971

The movement for fixed assets short-term suppliers during the fiscal year 2009 is as follows:

Table		
4.29	Balance as of December 31, 2008	14,087
	Additions in the Fiscal Year	2,850
	Payments in the Fiscal Year	(14,087)
	Balance as of December 31, 2009	2,850

Note 16 – Accrued “Expenses

The “Accrued Expenses” account reflects the City of Barcelona’s definite liabilities

as of December 31, 2009, in accordance with their accrual periods and regardless of the date of requirement of payment on demand, and is as follows:

Table		
4.30	Accrued Unmatured Interest as of December 31, 2009	7,445
	Transfer to Short-term of Other Deferred Income (Note 10)	2,748
	Total	10,193

Note 17 – Statement of Results for the 2009 Fiscal Year

17.1. Personnel Expenses

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

The average payroll of the City of Barcelona during the 2009 fiscal year comprised 7,087 workers (37% women and 63% men).

17.2. Welfare Benefits

Welfare benefits include the amounts paid by the City of Barcelona in 2009

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 1,222 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 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 revenues 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 are as follows:

Table

4 ³¹	Autonomous Local Agencies (City of Barcelona)	223,290
	Municipal Public Entities (City of Barcelona)	145,411
	Municipal Firms (City of Barcelona)	133,067
	Municipal Association of the Barcelona Metropolitan Area and EMSHTR	135,076
	Consortia	37,613
	Other Public Entities	9,712
	Non-profit Organizations	13,243
	Metropolitan Transport Authority	69,415
	Autonomous Community	6,617
	Others	38,915
	Total	812,359

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 are as follows:

Table

4 ³²	Autonomous Local Agencies (City of Barcelona)	5,200
	Municipal Public Entities (City of Barcelona)	9,861
	Municipal Firms (City of Barcelona)	5,585
	Consortia	161
	Metropolitan Transport Authority	28,591
	Others	5,634
	Total	55,032

17.6. Extraordinary Results

Extraordinary results can be broken down as follows:

Table		
4.33		
	Expenses	Revenues
From Fixed Assets	21,075	52,447
Modification of Receivables, Payables and Provisions	73,013	88,798
Additional Settlements Carried Out in 2009 for Shared Central Government Taxes in Previous Fiscal Years	–	94,044
Provision Final Settlement of Share of Central Government Taxes in 2008 (Note 13)	100,557	–
Capital Transfers and Other Capital Income Allocated to Results (Note 9)	–	2,170
Other Extraordinary Results	4,604	–
Net Extraordinary Results		38,210

17.7. Sale of Goods and Services

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

17.8. Other Operating Revenues

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

17.9. Revenues 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; tax on motor vehicles, which is levied on the ownership thereof, irrespective of the vehicle's class or category; taxes on construction, installations and works, 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 increase 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 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.

17.10. Other Tax Revenues

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

17.11. Revenues 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 communities and local entities.

Note 18 – Other Information

As of December 31, 2009, the guarantees provided by the City of Barcelona to cover credit operations amounted to 1,084 thousand euros.

The fees to be received by the temporary consortium PricewaterhouseCoopers, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A., for auditing services and

the expenses incurred for rendering these services in the fiscal year 2009 amount to 926.5 thousand euros, including VAT. Pursuant to the terms of the adjudication of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal financial group, and the appropriate part thereof will be duly charged to each of the entities in the ambit of the tender.

Note 19 – Statement of Source and Application of Funds for the 2009 and 2008 Fiscal Years

Table

434

Application of Funds	2009 Fiscal Year	2008 Fiscal Year	Source of Funds	2009 Fiscal Year	2008 Fiscal Year
Tangible Fixed Asset Acquisitions (1)	807,286	532,977	Funds from Operations	363,377	548,769
Financial Fixed Asset Acquisitions	7,999	9,999	Sale of Tangible and Financial Fixed assets (1)	3,183	19,514
Long-term Off-budget Payables	1,011	–	Transfers of Fixed Assets to Off-budget Receivables	4,458	4,200
Amortization and Transfers to Short-term of Long-term Loans and Debentures	100,000	200,132	Long-term Off-budget Receivables	–	71
Deferred Expenses	763	–	Net Change in Long-term Guarantees and Deposits	894	1,181
Revenues Transfers to Short-term Liabilities	2,748	2,759	Long-term Loans and Debentures	90,000	–
Transfer to Short-term of Suppliers of Fixed Assets	–	14,087	Long-term Fixed-asset Payables	2,443	–
			Provisional Settlement Share		
			Central Government Taxes	100,557	–
			Deferred Income	305,286	46,042
Total Funds Applied	919,807	759,954	Total Funds Obtained	870,198	619,777
Sources of Funds in Excess of Applications of Funds (Increase in Working Capital)	–	–	Application of Funds in Excess of Sources of Funds (Decrease in Working Capital)	49,609	140,177
Total	919,807	759,954	Total	919,807	759,954

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

Table

4 35

Change in Working Capital	2009		2008	
	Increase	Decrease	Increase	Decrease
Accounts Receivable	90,198	–	10,352	–
Short-term Financial Investments	39,407	–	–	44,253
Cash	–	157,467	37,723	–
Accounts Payable	–	21,747	–	143,999
Total	129,605	179,214	48,075	188,252
Increase in Working Capital	–	–	–	–
Decrease in Working Capital	49,609	–	140,177	–

The funds obtained from operations are as follows:

Table

4 36

	2009	2008
Net Results for the Fiscal Year	314,064	581,572
Provision for Depreciation (Note 3)	64,209	58,989
Provision for Depreciation of Financial Fixed Assets (Note 4)	42,005	2,488
Deferred Expenses (Note 6)	178	201
Allocation of Long-term Provisions (Note 11)	14,254	12,137
Net Result of Fixed Assets	(30,513)	(91,370)
Capital Grants Transferred to Results (Note 9)	(2,170)	(2,906)
Cancellation of Long-term Provisions (Note 11)	(38,650)	(12,342)
Funds Generated Through Operations	363,377	548,769

Note 20 – Budgetary Information

2009 Budget Account

Table

437

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

Caption	Initial Budget	Final Budget	Net Receivables	Receipts
1 Direct Taxes	756,851	759,351	790,596	739,862
2 Indirect Taxes	67,113	67,113	56,400	52,633
3 Charges and Other Revenues	304,546	312,276	331,565	229,734
4 Current Transfers	1,084,159	1,095,425	1,095,009	1,040,875
5 Capital Gains	55,719	60,905	55,099	51,316
6 Disposal of Real Property	25,000	25,000	3,981	3,981
7 Capital Transfers	34,670	321,097	300,021	193,179
8 Financial Assets	–	101,607	–	–
9 Financial Liabilities	110,000	111,905	92,497	92,497
Total	2,438,058	2,854,679	2,725,168	2,404,077

Table

438

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

Caption	Initial Budget	Final Budget	Payables	Paid
1 Personnel Expenses	351,579	367,844	366,077	365,805
2 Current Goods and Services Expenses	513,789	550,055	527,193	372,213
3 Financial Expenses	41,811	31,832	26,227	25,895
4 Current Transfers	797,046	825,442	814,073	701,082
6 Investment	567,133	533,717	463,686	342,656
7 Capital Transfers	48,700	425,433	407,429	277,034
8 Financial Assets	8,000	8,000	7,999	7,999
9 Financial Liabilities	110,000	112,356	111,605	111,360
Total	2,438,058	2,854,679	2,724,289	2,204,044

Table

4³⁹

Budget Result (in thousands of euros)

Non-financial Operations

Revenues (Caption 1 to 7)	2,632,671
Expenses (Caption 1 to 7)	2,604,685

Surplus before Financial Operations	27,986
--	---------------

Financial Assets

Revenues (Caption 8)	-
Expenses (Caption 8)	7,999

Change in Financial Assets (Caption 8)	(7,999)
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Financial Liabilities

Revenues (Caption 9)	92,497
Expenses (Caption 9)	111,605

Change in Financial Liabilities (Caption 9)	(19,108)
--	-----------------

Budget Result	879
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Adjustments

Positive Financial Deviations	(16,602)
Negative Financial Deviations	30,912
Payables Financed with Budget Reserves	92,285

Adjusted Budget Result	107,474
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Table

4⁴⁰

Budget Reserves (in thousands of euros)

1.- (+) Cash Funds	372,007
---------------------------	----------------

2.- (+) Receivables Pending	659,508
------------------------------------	----------------

(+) Current Budget	321,091
(+) Previous Budgets	335,528
(+) Off-budget Operations	6,367
(-) Collections Pending Definitive Application	(3,478)

3.- (-) Payables Pending	610,236
---------------------------------	----------------

(+) Current Budget	520,245
(+) Previous Budgets	6,766
(+) Off-budget Operations	83,225
(+) Pending Payments	-

I.- Total Budget Reserves (1+2-3)	421,279
--	----------------

II.- Bad Debts Outstanding	293,327
-----------------------------------	----------------

III.- Affected Financing Excess	36,000
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IV.- Budget Reserves for General Expenses (I-II-III)	91,952
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5

2009 Consolidated Accounts

(along with the auditor's 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, 2009, 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 2009. Our opinion refers exclusively to the consolidated annual accounts for 2009. On April 20, 2009, we issued our audit report on the 2008 consolidated annual accounts in which we expressed an unqualified opinion.

In our opinion, the consolidated accompanying annual accounts for the year 2009 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, 2009, 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.



Miguel Alfocea Martí
Partner

April 15, 2010

Gabinete Técnico
de Auditoría y Consultoría, S.A.



Jorge Vila López
Partner

The City of Barcelona Group
Consolidated Balance Sheets as of December 31, 2009 and 2008
(in thousands of euros)

Table

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Assets

As of December 31, As of December 31,
de 2009 de 2008

	Note		
Intangible Fixed Assets	4 a)	21,526	19,164
Intangible Fixed Assets		43,623	35,628
Provisions and Depreciations		(22,097)	(16,464)
Tangible Fixed Assets and Infrastructures	4 b)	8,111,805	7,637,578
Tangible Fixed Assets		7,355,146	7,125,150
Public Land Assets		447,556	383,010
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties		(561,057)	(562,628)
Fixed Assets in Progress and Pending Classification		1,863,521	1,596,431
Investments in Infrastructure and Assets for Public Use		5,870,064	5,562,332
Investment Assigned for Public Use		(5,870,064)	(5,562,332)
Accumulated Depreciation and Provisions		(993,361)	(904,385)
Long-term Financial Investments		142,866	158,827
Interests in Associated Firms	5	13,821	53,516
Other Financial Investments	6	129,045	105,311
Long-term Trade Receivables	3.7	34,704	29,890
Deferred Expenses	7	2,832	2,247
Fixed Assets		8,313,733	7,847,706
Inventories	3.6	107,088	61,846
Provisions		(1,383)	(1,131)
		105,705	60,715
Accounts Receivable	8	765,850	671,258
Provisions	8	(309,140)	(313,820)
		456,710	357,438
Public Administrations Receivable	15	16,897	28,833
Short-term Financial Investments	3.4	333,334	302,404
Cash		108,205	259,654
Accrued Expenses		4,292	1,476
Current Assets		1,025,143	1,010,520
Total Assets		9,338,876	8,858,226

Notes 1 to 19 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2009.

The City of Barcelona Group Consolidated Balance Sheets as of December 31, 2009 and 2008 (in thousands of euros)

Table

52

Liabilities

		As of December 31, 2009	As of December 31, 2008
	Note		
Equity		6,400,952	6,404,928
City of Barcelona Group Equity	9.1	5,853,439	5,573,130
City of Barcelona Group Equity		12,237,795	11,651,325
Property Assigned to Municipal Agencies and Third Parties		(561,057)	(562,628)
Property Delivered for Public Use		(5,870,064)	(5,562,332)
Property Assigned by Municipal Agencies and Third Parties		46,765	46,765
Income Allocable to the City of Barcelona	9.2	305,231	601,683
Consolidated Results		313,198	611,531
Results Allocable to Minority Interests	10	(7,967)	(9,848)
Consolidated Reserves	9.3	242,282	230,115
Minority Interests	10	81,983	80,548
Capital Transfers and Other Capital Income	11	640,989	343,333
Net Equity		7,123,924	6,828,809
Other Deferred Income	12	130,695	133,101
Provisions for Contingencies and Expenses	13	92,313	124,289
Long-term Loans and Debentures	14	855,351	797,558
Long-term Guarantees and Deposits		29,013	29,339
Other Long-term Payables	3.7	136,111	33,080
Long-term Liabilities		1,243,483	1,117,367
Short-Term Payables for Loans and Debentures	14	119,008	130,215
Accounts Payable		581,859	510,282
Public Administration Payables	15	49,963	53,013
Other Non-trade Payables		141,921	163,623
Accrued Expenses	16	78,718	54,917
Current Liabilities		971,469	912,050
Total Liabilities		9,338,876	8,858,226

Notes 1 to 19 of the attached report form an integral part of the consolidated balance sheet as of December 31, 2009.

The City of Barcelona Group
Consolidated Statement of Revenues and Expenses for the Fiscal Years Ended
as of December 31, 2009 and 2008 (in thousands of euros)

Table

53

	Note	2009	2008		Note	2009	2008
Personnel Expenses	17.1	616,522	633,747	Taxes	17.4	841,871	827,888
Works, Supplies and Subcontracted Services	17.2	860,199	805,039	Other Tax Revenues	17.5	165,056	165,977
Financial Expenses		34,082	43,002	Sale of Services	17.6	290,164	290,928
Current Transfers	17.3	477,886	400,014	Other Operating Revenues	17.7	166,606	182,483
Provision to Allowance for Bad Debts and Others	8	46,492	58,411	Current Transfers	17.8	1,021,612	1,030,355
Share in Operating Result of Firms Consolidated by the Equity Method	2.2	80		Financial Revenues		4,128	17,530
				Other Revenues		28,027	36,680
				Share in Operating Result of Firms Consolidated by the Equity Method	2.2	1	1,569
Total Operating Expenses		2,035,261	1,940,213	Total Operating Revenues		2,517,465	2,553,410
Operating Result Before Capital Transfers		482,204	613,197				
Capital Transfers	17.3	56,228	51,263				
Operating Result After Capital Transfers		425,976	561,934				
Provision for Depreciation of Fixed Assets	4	102,188	93,855				
Extraordinary Expenses	17.9	243,933	117,630	Extraordinary Revenues	17.9	240,455	268,643
Pre-tax Consolidated Results		320,310	619,092				
Corporate Income Tax	3.13	7,112	7,561				
Consolidated Results		313,198	611,531				
Results Allocated to Minority Interests	10	7,967	9,848				
Results Allocated to the City of Barcelona		305,231	601,683				
Total		2,757,920	2,822,053	Total		2,757,920	2,822,053

Notes 1 to 19 of the attached report form an integral part of the consolidated statement of revenues and expenses as of December 31, 2009.

The City of Barcelona Group Report on the Consolidated Annual Statement for the Year 2009

Note 1 – Nature of the Consolidated Group

The City of Barcelona Group comprises the City of Barcelona, its municipal agencies (autonomous local agencies and public entities) and municipal firms that complement the City's activities through functional specialisation 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 generally accepted 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 amended text of 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 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 April 27, 2007, 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 Limited Corporations Law, as amended, and with the directives set out in the Spanish General Accounting Plan approved by Royal Decree 1514/2007 and in force since January 1, 2008.

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

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

The budget statements corresponding to the City of Barcelona and local autonomous agencies were approved by the Decree issued by the Mayor's Office on 24 and 26 February 2010 respectively. The general account of the City of Barcelona and its local autonomous bodies, as well as the annual accounts of the public business bodies and private municipal firms, will be submitted to the Municipal Council Plenum for approval within the established statutory period.

The annual consolidated accounts for the fiscal years 2009 and 2008 were drawn up in accordance with the stipulations of the ICAL, following uniform

criteria on appraisal, grouping, classification and monetary units, as a result of which the information presented is standardised and comparable.

2.2. Consolidation Principles

The fully consolidated municipal agencies and municipal firms are as follows (data as of December 31, 2009):

Table

54

Name	Interest Held %	Equity as of 12.31.09 Before Results (1)	2009 Fiscal Year Results (1)	Technical Book Value 12.31.09 (1)	Book Value of the Holding 12.31.09 (*)
Municipal Agencies					
MA Disabled Persons	100	1,186	(138)	1,048	–
MA Urban Landscape and Quality of Life	100	1,829	(11,188)	(9,359)	–
MA Mies Van der Rohe Foundation	100	6,685	(2)	6,683	–
MA Education	100	6,460	276	6,736	–
MA IT Services	100	836	1,079	1,915	–
MA Town Planning	100	598	46	644	–
MA Finances	100	1,556	125	1,681	–
MA Markets	100	2,501	270	2,771	–
MA Housing	100	41,065	(3,461)	37,604	–
MA Culture	100	3,068	184	3,252	–
MA Parks and Gardens	100	3,608	95	3,703	–
MA Barcelona Sports	100	537	717	1,254	–
Subtotal Municipal Agencies		69,929	(11,997)	57,932	–
Municipal Firms					
Barcelona de Serveis Municipals Group	100	207,008	10,057	217,065	69,809
Barcelona Infraestructures Municipals Group	100	18,349	639	18,988	12,949
Informació i Comunicació de Barcelona, S.A.	100	2,012	(131)	1,881	1,294
Barcelona Activa, S.A., S.P.M.	100	2,433	53	2,486	2,013
SM Barcelona Gestió Urbanística, S.A.	100	656	79	735	60
Subtotal Municipal Firms		230,458	10,697	241,155	86,125
Total		300,387	(1,300)	299,087	86,125

(*) Included in the individual financial statements of the City of Barcelona as of December 31, 2009.

(1) Adjusted to interest held.

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, 2009):

Table



Name	Interest Held %	Equity as of 12.31.09 Before Results (1)	2009 Fiscal Year Results (1)	Technical Book Value 12.31.09 (1)
Barcelona de Serveis Municipals Group				
Barcelona de Serveis Municipals, S.A.	100	176,885	7,096	183,981
Parc d'Atraccions Tibidabo, S.A.	100	9,520	1,207	10,727
Tractament i Selecció de Residus, S.A.	58.64	25,106	343	25,450
Selectives Metropolitanes, S.A. (2)	58.64	1,734	50	1,784
Solucions Integrals per als Residus, S.A. (2)	58.64	2,722	332	3,054
Cementiris de Barcelona, S.A.	51.00	458	716	1,174
Serveis Funeraris de Barcelona, S.A.	51.00	9,874	4,764	14,638
Mercados de Abastecimientos de Barcelona, S.A.	50.69	32,299	1,872	34,171
Transports Sanitaris Parets, S.L. (3)	26.01	13	(1)	11
Barcelona d'Infraestructures Municipals Group				
Barcelona d'Infraestructures Municipals, S.A.	100	15,759	22	15,781
Pro Nou Barris, S.A.	100	940	97	1,037
22 Arroba Bcn, S.A.	100	6,996	18	7,014
Agència de Promoció del Carmel i Entorns, S.A.	100	185	70	255
ProEixample, S.A.	62.12	6,782	50	6,832
Foment de Ciutat Vella, S.A.	51.00	4,396	381	4,777

(1) Adjusted to interest held.

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

(3) Interest held through Serveis Funeraris de Barcelona, S.A. Despite a 26% participation it is on the perimeter of full consolidation since BSM controls (51%) of SFB and the latter controls (51%) of TSP.

In accordance with article 289.2 of Decree 179/1995, of June 13, approving the Regulations for Works, Activities and Services of Local Entities, once the period of life stipulated in the bylaws of the mixed capital firms ProEixample, S.A. and Foment de Ciutat Vella, S.A., 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, S.A. has expired.

Furthermore, the assets of Mercados de Abastecimientos de Barcelona, S.A. 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.

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) were the following mixed capital firms:

Table

56

Name	Interest Held %	Equity as of 12.31.09 Before Results (1)	2009 Fiscal Year Results (1)	Equity as of 12.31.09 (1)
Barcelona Holding Olímpic, S.A. (HOLSA) (2)	49.00	43,589	(39,947)	3,642
Mediacomplex, S.A. (2) (3)	33.30	6,501	(35)	6,466
Barcelona Emprèn, SCR, S.A. (4)	26.04	3,228	(45)	3,183
Barcelona Sagrera Alta Velocitat, S.A. (2)	25.00	150	–	150
Barcelona Regional, AMDUI, S.A. (2) (5)	20.63	379	1	380
Total		53,847	(40,028)	13,821

(1) Adjusted according to interest held.

(2) Fiscal Year 2009 Audited Annual Accounts.

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

(4) The City of Barcelona holds a direct interest of 24.06% and an indirect interest, through Barcelona MA Culture, of 1.98%.

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

In accordance with the statutory provisions of Barcelona Holding Olímpic, S.A., on 1 January 2010 the company entered the liquidation period prior to being dissolved. Consequently, and as a preliminary step, Barcelona Holding Olímpic, S.A. wrote off in the fiscal year 2009 the assets and liabilities balances due to transfers from shareholders in its balance sheet, which will no longer be necessary due to the forthcoming winding up of the company. As established in the HOLSA financing agreement between its shareholders, the purpose of these grants was to cover the return of the company's financial indebtedness, which at the date of the start of the period of dissolution was already fully paid off. HOLSA's negative result for the 2009 fiscal year amounted to 81,525 thousand

euros, of which 39,947 thousand euros must be attributed to Barcelona City Council due the level of its holding. Given the nature of this negative balance, which developed over previous fiscal years, this amount is classified in the consolidated accounts as an extraordinary result (see note 17.9.), in keeping with the treatment used by the company.

In the 2009 fiscal year, Barcelona Emprèn, S.A., completed the process of capital increase begun in 2008, as a result of which the municipal holding rose to 26.04%.

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 in accordance with the criteria detailed in Note 3.4.

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

- Third parties holding an 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 homogenisation, 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 data-processing applications, which 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 data-processing applications is calculated by applying the straight-line method to their useful life, which is estimated at four 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.

In 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. In the case of properties officially listed as of historic-artistic interest, this value is equivalent to the cost of replacement. In this respect, with regard to non-financial fixed assets, the document on accounting principles issued by the Commission on Public Accounting Principles and Standards defines replacement value as "the sum of expenses necessary for the construction of an asset of identical nature and characteristics. In the case of buildings officially listed as of historic-artistic interest, this value 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 in construction and 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 Firms

- In municipal agencies and firms, tangible fixed assets are valued at their purchasing price.
- In municipal agencies and firms, the assessment corresponds to the purchasing price less accumulated depreciation and, where applicable, it is adjusted by the negative difference between the net book value and their cost of recuperation, in accordance with the provisions of the General Accounting Plan. In the case of Mercabarna, SA, the firm adopted in previous fiscal years and in that of 1996 the readjustment of balances regulated by article 5 of Royal Decree Law 7/1996 which, in the 1996 fiscal year, signified

an impact of 24,281 thousand euros; and the net effect as of December 31, 2009 is 13,449 thousand euros, entailing a charge to the caption “Provision for Depreciation of Fixed Assets” on the 2009 consolidated statement of revenues and expenses of 566 thousand euros.

Administrative concessions mainly correspond to the concessions granted by third parties to Barcelona de Serveis Municipals, S.A. and refer to four car parks currently in use, the Barcelona Nord bus station and the shopping centre 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 car parks and facilities. In accordance with the General Accounting Plan, the concessions are recorded in the captions of tangible fixed assets

according to the nature of the assets which were the object of the investment (see Note 4).

Repairs not contributing to an extension of the useful life, as well as maintenance costs, are charged directly to the consolidated statement of revenues and expenses. The costs of any additions or improvements extending the useful life of an asset are capitalised 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. In the case of administrative concessions, the annual provision for depreciation is calculated by applying the straight-line method to the lowest period of useful life of the asset or of the term of the concession, beginning one month from when the assets in question are put into use.

Table

57

Estimated Years of Useful Life

Buildings	33–65
Property Assigned by Third Parties	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 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 mentioned 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, consequently, it ceases to be amortised.

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 favour of third parties to build social housing, homes for the elderly, care centres and other social investments.
- Properties under investment projects which, once finished, will be destined to be used for social housing and other social proceedings.

The assessment and amortisation criteria employed are those described in Note 3.1.

3.3. Investments in Infrastructures and Assets Assigned to Public Use

The property delivered for public use includes thoroughfare infrastructure

(roads, pavements, public lighting, and 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 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 in 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 balance sheet shows the assets assigned to municipal agencies or third parties for public use, as well as the corresponding compensatory figures to reflect their retirement. Likewise, Note 4.b reflects the movements registered under these captions over the year.

3.4. Long-term and Short-term Financial Investments

Equity securities representing more than 20% of the share capital in dependent firms that are not fully consolidated are assessed by applying the equity method criteria mentioned in Note 2.2., on the basis of their 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 purchasing price or selling price, if less. The balance of the "Short-term Investment" caption includes, basically, repos operations (public bond issues) and deposits in financial entities which possess at least an "A" credit rating from the leading rating agencies.

3.5. Deferred Expenses

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

3.6. Inventories

Inventories as of December 31, 2009 mainly correspond to lands used for construction activities and real estate promotion, both currently in progress and completed, which are recorded at their purchasing price or production cost, depending on the direct costs incurred.

When appropriate, the necessary provision for depreciation is used to 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 estimated 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 Receivables" on the attached consolidation balance sheet mainly includes 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. Also

recorded under these captions are the assets and liabilities for deferred taxes of entities subject and not exempt from Corporate Tax, which amount to 2,991 and 5,760 thousand euros, respectively.

3.8. Capital Transfers and Other Capital Income

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

- Upon their concession, capital transfers are recorded under the "Capital Transfers" caption in the liabilities column of the consolidated balance sheet and moved to equity when the investment they were financing is assigned for public use or, when applicable, to the fiscal year's results, in the proportion corresponding to the effective depreciation undergone, and recorded in the accounts.
- Other capital income is registered at the time when the administrative operation producing it is carried out.

3.9. Other Deferred Revenues

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

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

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

3.11. Revenues and Expenses

a) General Criteria

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

b) Grants and Subsidies 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 programmes 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 recognised 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 directly carried out by 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 costs.

3.13 Corporate Tax

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

For public business entities and municipal firms, 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 investments in assets as a result of actions to minimise 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

a) Intangible Fixed Assets

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

Table

58

	12.31.08	Additions	Retirements	Transfers	12.31.09
Research and Development Expenses	587	–	–	–	587
Concessions	5,044	–	–	–	5,044
Patents, Licenses and Trademarks	1,199	17	(8)	–	1,208
Data-processing Applications	14,240	1,421	(255)	2,175	17,581
Rights on Assets Under Financial Leasing	65	–	(65)	–	–
Others	14,493	5,367	–	(657)	19,203
Intangible Fixed Assets	35,628	6,805	(328)	1,518	43,623
Accumulated Depreciation	(16,464)	(5,863)	66	164	(22,097)
Net Intangible Fixed Assets	19,164	942	(262)	1,682	21,526

The elements totally written off as of December 31, 2009 are the following:

Table

59

Concessions	2,458
Data-processing Applications	7,355
Research and Development Expenses	571
Industrial Property	70
Others	122
Total	10,576

b) Tangible Fixed Assets and Infrastructures

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

Table



	12.31.08	Additions	Retirements	Transfers	12.31.09
Land	434,126	7,832	(5,577)	2,241	438,622
Buildings	5,609,790	66,749	(27,299)	132,512	5,781,752
Fixed Assets Assigned to Municipal Agencies and Third Parties	562,628	–	–	(1,571)	561,057
Land and Properties	6,606,544	74,581	(32,876)	133,182	6,781,431
Vehicles	29,876	2,368	–	–	32,244
Machinery, Equipment, Installations and Tools	299,712	7,599	(6,346)	24,334	325,299
Data-processing Equipment	111,812	3,404	(463)	29,412	144,165
Office Furniture and Equipment	64,947	3,816	(22)	(4,115)	64,626
Others	12,259	752	(656)	(4,974)	7,381
Other Fixed Assets	518,606	17,939	(7,487)	44,657	573,715
Total Tangible Fixed Assets	7,125,150	92,520	(40,363)	177,839	7,355,146
Public Land Assets	383,010	20,047	(2,502)	47,001	447,556
Tangible Fixed Assets Assigned to Municipal Agencies and Third Parties	(562,628)	–	–	1,571	(561,057)
Fixed Assets Pending Classification	1,596,431	805,922	(2,333)	(536,499)	1,863,521
Infrastructures and Assets for Public Use	5,562,332	3,047	(373)	305,058	5,870,064
Investments Assigned for Public Use	(5,562,332)	(3,047)	373	(305,058)	(5,870,064)
Gross Tangible Fixed Assets and Infrastructures	8,541,963	918,489	(45,198)	(310,088)	9,105,166
Accumulated Depreciation and Provisions	(904,385)	(97,655)	7,311	1,368	(993,361)
Net Tangible Fixed Assets and Infrastructures	7,637,578	820,834	(37,887)	(308,720)	8,111,805

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 2,554,322 thousand euros as of December 31, 2009 and 2,567,520 thousand euros as of December 31, 2008 corresponding to the value of lands containing buildings.

Additions during the fiscal year are the following:

Table

511

Investments Carried out Directly by the City of Barcelona	459,102
Investments Carried out by Dependent Entities, Pursuant to the Terms of the Decree of 18 June 2008, issued by the Mayor's Office	303,334
Other Investments Carried out by Dependent Entities	79,523
Investments Carried out by Third Parties	49,063
Compulsory Free Assignments and Profit-sharing	23,485
Assets Received on Exchange	3,100
Assets Received on Assignment	882
Total	918,489

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

- Houses built on behalf of the Municipal Agency for Housing.
- Barcelona de Serveis Municipals, S.A., for the completion of three car parks and the start of five new-build car parks, the purchase of land for siting the crane, and improving the premises of the Zoo Ciutadella and the project for the new Zoo Marino.

- Cementiris de Barcelona, for refurbishing and improving the various types of funerary constructions.
- Serveis Funeraris de Barcelona, for the new construction of the coffin manufacturing plant, the new restaurant at the Collserola funeral home and general improvements to the service provision centres.

Retirements carried out over the fiscal year are the following:

Table

512

By Sale	32,698
By Fixed Asset Reconstruction	3,572
By Delivery of Assets on Exchange	848
By Free Property Ownership Assignments	579
Others	7,501
Total	45,198

Transfers for the fiscal year had the following offsets:

Table

513

Property Delivered for Public Use	305,058
Property Assigned to Third Parties	(1,571)
Application to Tangible Fixed Assets Losses	18,255
Application to Tangible Fixed Assets Profits	(20,358)
Others	7,336
Total	308,720

Consequently, the main components of the transfers for the fiscal year are largely offset by the equity accounts (see Note 9.1.).

The breakdown of the “Investments Assigned for Public Use” caption is as follows:

Table		
5 14	Buildings	8,057
	Equipments	23,954
	Parks and Forests	1,338,970
	Mixed	330,729
	Systems	646,743
	Thoroughfares	2,707,823
	Municipal Assets of an Artistic Nature	112,439
	Urban Furniture	73,224
	Property for Public Use: HOLSA	628,125
	Total	5,870,064

The elements totally written off as of December 31, 2009 are the following:

Table		
5 15	Vehicles	11,172
	Machinery, Equipment, Installations and Tools	73,975
	Data-processing Equipment	59,986
	Office Furniture and Equipment	28,761
	Others	15,584
	Total	189,478

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 in Associated Firms

This caption 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:

Table		
5 16	Barcelona Holding Olímpic, S.A. (HOLSA)	3,642
	Mediacomplex, S.A.	6,466
	Barcelona Sagrera Alta Velocitat, S.A.	150
	Barcelona Emprèn, SCR, S.A.	3,183
	Barcelona Regional, AMDUI, S.A.	380
	Total	13,821

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:

Table	
5 ¹⁷	
Investment Portfolio	50,046
Deposits and Guarantees	697
Other Long-term Credits	78,302
Total	129,045

The investment portfolio can be broken down as follows:

Table

518

	Firm's Owner (*)	% Interest Held	Investment Cost	Provisions	Net Book Value as of 12.31.09
Fira 2000, S.A.	AB	15.43	39,019	(3,875)	35,144
Port Fòrum Sant Adrià, S.L.	AB	5.00	15	–	15
Clavegueram de Barcelona, S.A.	BSM	17.50	685	–	685
Catalana d'Iniciatives, CR, S.A.	BSM	16.44	10,446	(2,894)	7,552
GL Events CCIB, S.L.	BSM	12.00	241	–	241
Catalunya Carsharing, S.A.	BSM	2.89	65	(65)	–
Túnels i Accessos de Barcelona, S.A.	BSM	1.04	3,805	–	3,805
Districlima, S.A.	TERSA	11.73	1,020	–	1,020
Ecoparc del Mediterrani, S.A.	TERSA	11.73	960	(960)	–
Ecoparc de Barcelona, S.A.	TERSA	3.05	383	(383)	–
Gestora de runes de la construcció, S.A.	TERSA	8.21	135	–	135
Recuperació d'Energia, S.A.	TERSA	4.69	34	–	34
Ecoparc del Besòs, S.A.	TERSA	2.93	385	–	385
Funeràries de Catalunya, S.A.	SFB	4.46	30	–	30
Grand Tibidabo, S.A.	PATSA	0.03	11	(11)	–
Interest in Barcelona Emprèn, SCR, S.A.	ICUB	–	1,000	–	1,000
Financial Investments			58,234	(8,188)	50,046

(*) Key:

AB: The City of Barcelona; BSM: Barcelona de Serveis Municipals, S.A.; PATSA: Parc d'Atraccions Tibidabo, S.A.; SFB: Serveis Funeraris de Barcelona, S.A.; TERSA: Tractament i Selecció de Residus, S.A.; ICUB: MA Culture.

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

- The General Meeting of the firm Fira 2000, S.A. agreed to increase its share capital, taking the interest of Barcelona City Council from 12.84% to 15.43%.
- As a result of the sale by another shareholder of its interest in Catalana d'Iniciatives, CR, S.A., and exercising its right to preferential acquisition of the holdings of the other partners, the participation of Barcelona de Serveis Municipals in this company rose from 13.45% to 16.44%.
- In the light of the expansion of the territorial ambit of Túnels i Accessos de Barcelona, S.A., the company increased its capital, which Barcelona de Serveis Municipals, S.A. did not pursue, as a result of which its interest fell in percentage terms from 2.82% to 1.04%.
- Barcelona de Serveis Municipals, S.A. assigned its shares in Hotel Miramar de Barcelona, S.A., to the other shareholder in the company, and hence no longer has an interest in the aforementioned company.
- The company Transferència i Reciclatge de Runes, S.A. was dissolved during the fiscal year and its corporate assets were distributed among the shareholders.
- The company Barcelona Ventures, SCR, S.A. was absorbed by Barcelona Emprèn, SCR, S.A. As a result, the participation account of the Barcelona Institute of Culture with the former has been established with the second one.

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

Table

5 19

Future Asset Exchanges	35,360
Sales of Long-term Fixed Assets	39,933
Long-term Clients and Receivables	2,485
Others	524
Total	78,302

Note 7 – Deferred Expenses

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

Note 8 – Accounts Receivable

Accounts receivable are classified as follows:

Table

5²⁰

a) By the City of Barcelona	656,584
Direct Taxes	179,370
Indirect Taxes	7,568
Charges and Other Revenues	261,874
Current Transfers	60,890
Capital Gains	4,778
Disposal of Real Investments	193
Capital Transfers	120,124
Others	21,787
b) By Municipal Agencies and Firms	109,266
Total Receivable	765,850

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

Table

5²¹

Balance as of December 31, 2008	313,820
Amount Charged to the Statement of Revenues and Expenses	45,819
Bad Debts Written Off	(50,246)
Application to Extraordinary Results	(253)
Balance as of December 31, 2009	309,140

The provision for bad debts is determined by applying the estimated collectability ration estimated by the City of Barcelona based on its past experience to the tax receivables

currently under forcible collection (175,105 thousand euros) and receivables for fines in both voluntary and enforced collection periods (170,476 thousand euros).

The provision for the fiscal year, 45,819 thousand euros, is shown under debit on the consolidated statement of revenues

and expenses, along with other provisions for sundry items amounting to 673 thousand euros.

Note 9 – Equity

9.1. City of Barcelona Group Equity

The amounts and movements registered in the City of Barcelona Group Equity accounts during the fiscal year are as follows:

Table

5 22

	City of Barcelona Group Equity	Property Assigned to Municipal Agencies and Third Parties (see Notes 3.1.b and 4.b)	Property Assigned by Municipal Agencies and Third Parties	Property Delivered for Public Use (see Notes 3.3 and 4.b)	Total
Initial Balance	11,651,325	(562,628)	46,765	(5,562,332)	5,573,130
Allocation of City of Barcelona Results 2008	581,572	–	–	–	581,572
Transfer from Capital Transfers	4,898	–	–	–	4,898
Change in Property Assigned	–	1,571	–	–	1,571
Property Delivered for Public Use	–	–	–	(307,732)	(307,732)
Final Balance	12,237,795	(561,057)	46,765	(5,870,064)	5,853,439

Property assigned by municipal agencies or third parties shows the value of the property assigned to the City of Barcelona for their operation and use.

9.2. Results

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

Table

5 23

Results of the City of Barcelona	314,064
Aggregate Result of Municipal Agencies and Firms	13,161
Share in Results by Equity Method	(79)
Consolidation Adjustments	(13,948)
Consolidated Results	313,198
Results Allocable to Minority Interests Before Interim Dividends (Note 10)	(7,967)
Results Allocable to the City of Barcelona	305,231

9.3. Consolidation Reserves

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

Table

524

	Balance as of 12.31.08	2008 Result (a)	Transfers and Others	Balance as of 12.31.09
Fully Consolidated	230,735	15,674	(5,002)	241,407
MA Housing	44,271	507	(1,220)	43,559
MA Disabled Persons	1,404	(214)	–	1,190
MA Mies Van der Rohe Foundation	1,326	233	–	1,559
MA IT Services	5,805	348	(200)	5,953
MA Town Planning	374	362	(1,988)	(1,252)
MA Finances	3,727	298	(149)	3,876
MA Markets	5,710	85	(2,621)	3,173
MA Parks and Gardens	4,507	156	(290)	4,373
MA Education	6,783	160	–	6,944
MA Culture	2,506	563	–	3,068
MA Barcelona Sports	293	244	–	537
MA Urban Landscape and Quality of Life	1,801	29	–	1,829
Barcelona de Serveis Municipals Group (b)	127,471	12,835	2,243	142,549
Barcelona d'Infraestructures Municipals Group (c)	7,015	407	1,040	8,462
Informació i Comunicació de Barcelona, S.A.	3,562	(413)	(331)	2,818
Barcelona Activa, S.A.	13,607	52	(1,485)	12,174
SM Barcelona Gestió Urbanística, S.A.	573	22	–	595
By the Equity Method	(620)	765	730	875
Barcelona Holding Olímpic, S.A.	(581)	748	(748)	(581)
Barcelona Sagrera Alta Velocitat, S.A.	–	–	–	–
Barcelona Emprèn, SCR, S.A.	(56)	17	1,477	1,438
Barcelona Regional, AMDUI, S.A.	17	–	1	18
Total	230,115	16,438	(4,272)	242,282

(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, S.A.; Tractament i Selecció de Residus, S.A.; Serveis Funeraris de Barcelona, S.A.; Transports Sanitaris Parets S.L.; Cementiris de Barcelona, S.A.; Mercados de Abastecimientos de Barcelona, S.A.; Selectives Metropolitanes, S.A.; Solucions Integrals per als Residus, S.A.) (see Note 2.2).

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

To calculate the consolidation reserves, the book and technical book values of the interests held, the dividends collected over the 2009 fiscal year and other consolidated adjustments were used to homogenise receivables and payables between the City of Barcelona and 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.

Note 10 – Minority Interests

The balance of this caption reflects the proportion of the equity and results for the fiscal year for 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, SA and Barcelona d'Infraestructures Municipals, SA groups, and can be broken down as follows:

Table

5²⁵

	Capital	Reserves	Fiscal Year Results	Interim Dividend	Subsidies, Donations and Bequests	Total
BSM Group:						
TERSA Group	5,973	14,821	512	–	1,691	22,997
SFB Group	3,830	6,790	4,550	(1,127)	6	14,049
Cementiris de Barcelona, S.A.	29	754	688	(343)	1,434	2,562
Mercabarna, S.A.	6,996	24,426	1,821	–	463	33,706
Total	16,828	46,791	7,571	(1,470)	3,594	73,314
BIM Group:						
Foment de Ciutat Vella, S.A.	2,945	1,232	366	–	–	4,543
ProEixample, S.A.	2,846	1,250	30	–	–	4,126
Total	5,791	2,482	396	–	–	8,669
Total	22,619	49,273	7,967	(1,470)	3,594	81,983

Note 11 – Capital Transfers and Other Capital Income

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

Table

5²⁶

Balance as of December 31, 2008	343,333
Additions	307,323
Transfer to Accruals	(5,409)
Transfer to Equity	(4,898)
Transfer to Results (Note 17.9)	(3,540)
Others	4,180
Balance as of December 31, 2009	640,989

Additions in the fiscal year included 249,598 thousand euros corresponding to the contribution by central government from the 2009 Local Investment Fund. Of the total amount

of this contribution, the figure of 244,392 has been used for its designated purpose, and the remaining amount will be used in the 2010 fiscal year.

Note 12 – Other Deferred Income

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

Table

5²⁷

Balance as of December 31, 2008	133,101
Additions	4,374
Transfer to Revenues for the Year	(2,519)
Transfer to Short-term	(2,930)
Delivery of Assets to the City of Barcelona	(1,619)
Transfers	280
Others	8
Balance as of December 31, 2009	130,695

By nature, 122,782 thousand euros correspond to revenues received in advance of the usage of assets under municipal ownership and 7,913 thousand euros to income from the provision of diverse services.

The revenues received in advance is transferred annually to the consolidated statement of revenues and expenses in accordance with the straight-line method over the period corresponding to the assignment or award, which is set at 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 income received in advance for the right to use assets owned by the municipality.

The amount transferred to short-term is the one which is set to be applied to the consolidated statement of revenues and expenses for the 2010 fiscal year and is shown in the caption "Accrued Expenses" of the liabilities of the consolidated balance sheet for the fiscal year ended December 31, 2009 (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 mainly correspond to the

provisions for court cases and legal claims to cover possible future commitments of a diverse nature.

The movement in this caption is as follows:

Table

5²⁸

Balance as of December 31, 2008	124,289
Additions	16,984
Cancellation of Provisions with Credit to Extraordinary Results	(40,972)
Applications	(7,988)
Balance as of December 31, 2009	92,313

Additions have been charged to the caption “Works, Supplies and Subcontracted Services” for the amount of 14,446 thousand euros and 2,538 thousand euros for “Extraordinary Expenses”.

Note 14 – Debentures and Loans

The outstanding amounts as of December 31, 2009 corresponding to debentures and loans, both short and long-term, can be broken down as follows:

Table

5²⁹

Description	Outstanding Amount as of 12.31.2009	Long-term	Short-term
European Union Market			
Banking System	572,099	465,351	106,748
Private Placements	290,000	290,000	–
Public Bond Issues	100,000	100,000	–
Total Long-term Debt	962,099	855,351	106,748
Total Short-term Debt	12,260	–	12,260
Total Debt	974,359	855,351	119,008

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 during the 2009 fiscal year is as follows:

Table

530

Balance as of December 31, 2008	923,616
Additions:	
- New Operations	166,310
Disposals:	
- Contractual Repayments	(125,800)
- Early Amortization and Assignment	(2,027)
Balance as of December 31, 2009	962,099

The long-term debt profile by maturities as of December 31, 2009 is as follows (in thousands of euros):

As of December 31, 2009 there were stand-by lines for a total of 240,000 thousand euros, of which 12,260 thousand euros are executed.

The average interest rate during the 2009 fiscal year was 3.4%.

As of December 31, 2009, 49.3% of the City of Barcelona’s consolidated long-term financial debt had a fixed interest rate, and 50.7% had a floating interest rate.

Table

531

Maturity	Amount
2010	106,748
2011	108,603
2012	111,999
2013	20,334
2014	111,123
2015	122,779
2016	41,001
2017	97,450
2018	13,944
2019	14,184
2020 and beyond	213,934
Total	962,099

Note 15 – Public Administrations

The breakdown of these accounts is as follows:

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

Table

532

Item	Debit Balance	Credit Balance
Social Security	16	28,449
Value Added Tax	14,306	7,050
Personal Income Tax	28	12,464
Corporate Tax	2,007	1,116
Grants	479	366
Others	61	518
Total	16,897	49,963

Note 16 – Accrued Expenses

This account reflects the Group's definite liabilities as of December 31, 2009, 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:

Table

5³³

Capital and Current Transfers	26,055
Assigned Land Pending Allocation to Revenues	32,345
Annual Users' Fees	4,625
Revenues Transfers to Short-term	2,748
Grave Assignments	1,766
Fees for Private-use Concessions	1,567
Other Advanced Revenues	2,027
Unmatured Accrued Interest	7,585
Total	78,718

Accredited and unmatured payments to personnel are shown under the caption "Other Non-trade Payables" and amount to 38,303 thousand euros.

Note 17 – Statement of Results

17.1. 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 2009 fiscal year has been 12,702 workers (40% women and 60% men).

17.2. 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.

17.3. Current and Capital Transfers

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

Table

5³⁴

Current Transfers	477,886
Consortia and Foundations	170,713
Municipal Association of the Barcelona Metropolitan Area and EMSHTR(*)	135,076
Metropolitan Transport Authority	69,415
Non-profit Organizations	39,281
Other Public Agencies	9,712
Autonomous Community	6,617
Firms	5,383
Others	41,689
Capital Transfers	56,228
Metropolitan Transport Authority	28,591
Consortia and Foundations	11,325
Non-profit Organizations	10,181
Firms	302
Others	5,829
Total	534,114

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

17.4. Tax Revenues

This caption 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 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 increase 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.

Its breakdown is as follows:

Table

535

Property Tax	451,198
Tax on Economic Activities	99,357
Tax on the Increase in Land Value	93,623
Assignment of Central Government Taxes	101,179
Tax on Motor Vehicles	72,241
Tax on Construction, Installations and Works	24,273
Total	841,871

17.5. Other Tax Revenues

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

17.6. Sale of Services

This caption includes the charges and public prices invoiced for the provision of services and the revenues obtained by the entities

within the sphere of their regular activities.

17.7. Other Operating Revenues

Other operating revenues essentially comprises fines and other penalties for offences, interest and late-payment surcharges, income from concessions and special uses and profit-sharing. The caption can be broken down as follows:

Table

536

Fines	87,499
Concessions and Special Uses	57,098
Late Payment Surcharges and Surcharges on Collection Proceedings	19,616
Profit Share	2,264
Others	129
Total	166,606

17.8. Revenues from Current 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 communities and local entities, as detailed below:

Table

5³⁷

Central Government	833,025
Generalitat of Catalonia	114,557
Local Entities	62,730
Foreign Transfers	1,762
Other Entities	9,538
Total	1,021,612

17.9. Extraordinary Results

Extraordinary results can be broken down as follows:

Table

5³⁸

	Expenses	Revenues
Fixed Assets	21,784	52,716
Modification of Receivables, Payables and Provisions	73,818	90,666
Provision for Final Settlement of Share in Central Government Taxes in 2008	100,557	–
Additional Settlements in 2009 for Shared Taxes from Previous Fiscal Years	–	94,044
Provision for Depreciation in the Share Portfolio	1,986	–
HOLSA Result Attributable to City of Barcelona (Note 2.2.)	39,947	–
Capital Transfers Allocated to the Results (Note 11)	–	2,635
Other Extraordinary Results	5,841	394
Total	243,933	240,455
Net Negative Extraordinary Result	(3,478)	

Note 18 – Other Information

As of December 31, 2009, the guarantees provided by the Group to cover credit operations amount to 3,863 thousand euros.

The fees to be received by the temporary consortium PriceWaterhouseCoopers Auditores, S.L. and Gabinete Técnico de Auditoría y Consultoría, S.A., for auditing services and the expenses incurred in the

provision thereof in the 2009 fiscal year amount to 926.5 thousand euros, including VAT. Pursuant to the terms of the adjudication of the audit tender, these fees, invoiced to the City of Barcelona, include those of the municipal agencies and firms forming part of the City group, and the appropriate part thereof will be duly charged to each of them.

Note 19 – Statement of Sources and Application of Funds for the 2009 and 2008 Fiscal Years

Table

539

Applications of Funds	2009 Fiscal Year	2008 Fiscal Year	Source of Funds	2009 Fiscal Year	2008 Fiscal Year
			Funds Obtained	397,470	619,291
Acquisitions of Fixed Assets:			Sale of Fixed Assets:		
Tangible and Intangible	906,681	609,530	Tangible and Intangible	22,658	19,514
Financial	11,383	6,640	Financial		–
			Transfers of Fixed Assets	–	–
Long-term Trade Receivables	4,814	2,417	Long-term Trade Receivables	–	–
Deferred Expenses	763	–	Deferred Income	4,374	2,682
Minority Interests	–	–	Minority Interests	–	–
Capital Transfers and Other Capital Income	5,409	37,906	Capital Transfers	311,503	114,678
Transfer of Deferred Income to Short-term	2,930	3,110			
Applications of Deferred Income for Assignment of Asset	1,619	4,169	Long-term Loans	166,310	29,510
Transfers to Deferred Income	–	16,460	Transfers to Deferred Income	288	–
Applications of Provisions for Contingencies and Expenses	7,988	12,480			
Long-term Guarantees and Deposits	326	–	Long-term Guarantees and Deposits	–	2,493
Payment and Transfer to Short-term of Long-term Debentures	108,517	228,528			
Other Long-term Payables	–	23,702	Other Long-term Payables	2,474	–
			Provision Settlement Share Central Government Taxes	100,557	–
Total Applications	1,050,430	944,942	Total Sources	1,005,634	788,168
Changes in Working Capital (Increase)			Changes in Working Capital (Decrease)	44,796	156,774
Total	1,050,430	944,942	Total	1,050,430	944,942

Table

5 **40**

Change in Working Capital

	2009		2008	
	Increase	Decrease	Increase	Decrease
Inventories	44,990		8,536	–
Accounts Receivable	90,152	–	–	5,367
Short-term Financial Investments	30,930	–	–	16,517
Cash	–	151,449	35,852	–
Accounts Payable	–	59,419	–	179,278
Total	166,072	210,868	44,388	201,162
Increase in Working Capital				
Decrease in Working Capital		44,796		156,774

The funds obtained from operations have been as follows:

Table

5 **41**

	Note	2009	2008
Result of the Fiscal Year	–	305,231	601,683
Net Results on Fixed Assets	17.9	(30,932)	(91,386)
Provision for Depreciation	–	102,188	93,855
Provisions for Contingencies and Expenses	13	16,984	20,888
Deferred Expenses	7	178	201
Cancellation Long-term Provisions	13	(40,972)	(11,070)
Deferred Income Transferred to Statement of Revenues and Expenses	12	(2,519)	(2,379)
Capital Grants Transferred to Results	11	(3,540)	(3,427)
Changes in Provisions for Financial Investments	6	2,859	2,647
Result of Minority Interests	10	7,967	9,848
Extraordinary Result of HOLSA	17.9	39,947	–
Share by the Equity Method	2.2	79	(1,569)
Funds from Operations		397,470	619,291

6

Five-year Data

Table

61

City of Barcelona (2005-2009)

	2005	2006	2007	2008	2009	Annual Growth (%)
Personnel	6,578	6,755	6,891	6,979	7,264	1.8%
Economic Position (thousands of euros)						
Current Revenue	1,905,643	2,039,749	2,206,461	2,239,324	2,217,494	4.0%
Current Expenses	1,372,890	1,469,974	1,589,894	1,700,126	1,780,394	6.3%
Gross Saving	532,753	569,775	616,567	539,198	437,100	-2.9%
Net Investments	414,124	437,168	546,452	575,109	551,637	5.0%
Cash Surplus (Deficit)	58,288	87,147	133,359	157,745	20,000	–
Total Debt as of 12/31	1,148,353	1,061,206	927,847	770,101	750,101	-9.1%
Ratios						
Gross Saving / Current Revenue (%)	28.0	27.9	27.9	24.1	19.7	
Interest Coverage (x)	17.7	22.2	25.9	38.2	23.7	
Capital Expenditure Coverage (x)	1.3	1.3	1.1	0.9	0.8	
Capital Expenditure / Total Expenses (%)	25.0	26.7	27.0	26.6	32.5	
Debt / Current Revenue (%)	60.3	52.0	42.1	34.4	33.8	
Debt / Primary Saving (x)	2.0	1.8	1.4	1.4	1.6	
Average Life of Long-term Debt (years)	6.0	5.4	5.9	4.5	5.8	

Graph

62

Current Revenue and Expenses (Thousands of euros)

- Current Revenue
- Current Expenses

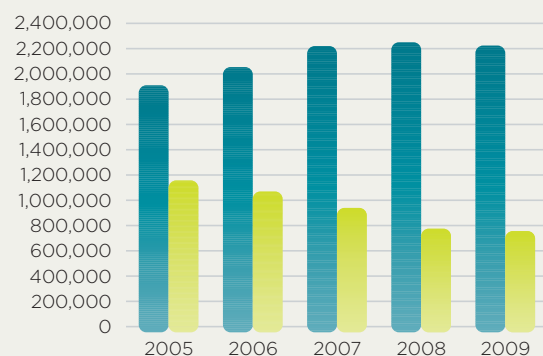


Graph

63

Current Revenue and Total Debt (Thousands of euros)

- Current Revenue
- Total Debt as of 12/31

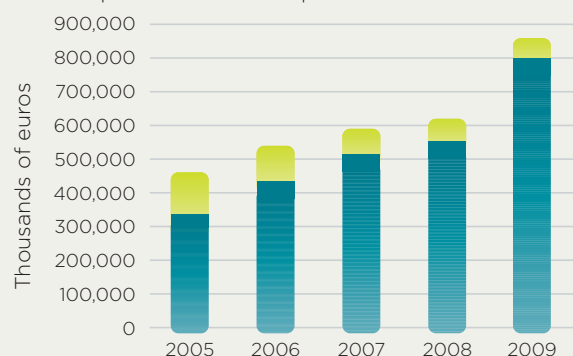


Graph

64

Direct and Indirect Capital Expenditures

- Direct Capital Expenditure
- Indirect Capital Expenditure



Debt Ratings

Moody's Investors Service: Aa1 st (December 2006)

Rating & Investment Information: AA+ neg (April 2010)

Standard & Poor's: AA neg (April 2010)

Fitch: AA+ st (February 2006)

Table

65

City of Barcelona (2005-2009)

Balance Summary

(thousands of euros)

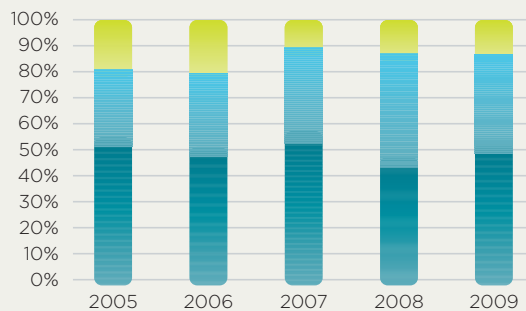
	2005	2006	2007	2008	2009	Annual Growth (%)
Fixed Assets	5,689,999	6,135,991	6,515,407	7,034,868	7,478,845	5.9%
Long-term Financial Investments	188,879	190,120	200,796	218,758	204,066	2.9%
Deferred Expenses	1,287	1,024	802	601	1,186	-0.6%
Long-term Accounts Receivable	0	4,027	1,980	1,909	2,920	–
Fixed Assets	5,880,165	6,331,162	6,718,985	7,256,136	7,687,017	5.9%
Accounts Receivable	351,851	300,707	284,992	295,344	385,542	3.5%
Cash	278,225	414,545	496,597	490,067	372,007	33.5%
Current Assets	630,076	715,252	781,589	785,411	757,549	12.9%
Total Assets	6,510,241	7,046,414	7,500,574	8,041,547	8,444,566	6.4%
Net Worth	4,340,476	4,987,660	5,590,666	6,159,258	6,175,562	8.8%
Capital Transfers Received	274,817	238,628	214,257	257,350	555,568	17.7%
Long-term Loans and Debentures	1,148,353	1,061,206	927,847	770,101	750,101	-9.1%
Pluriannual Transfers to HOLSA	73,055	24,629	–	–	–	–
Other Long-term Liabilities	160,835	228,268	245,244	230,666	307,416	15.5%
Long-term Liabilities	5,997,536	6,540,391	6,978,014	7,417,375	7,788,647	6.2%
Accounts Payable	512,705	506,023	522,560	624,172	655,919	9.5%
Short-term Loans	0	0	0	0	0	–
Current Liabilities	512,705	506,023	522,560	624,172	655,919	9.5%
Total Liabilities	6,510,241	7,046,414	7,500,574	8,041,547	8,444,566	6.4%

Graph

66

Breakdown of Debt by Markets

- Bank Loans
- Private Placements
- Public Bond Issues

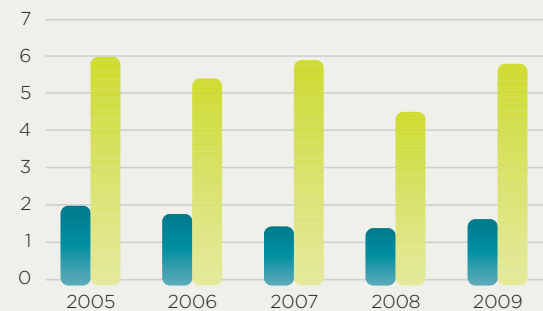


Graph

67

Repayment Capacity and Average Life of Debt (years)

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



Table

68

Public Administration Debt According to the Excess Deficit Protocol (2005-2009)

Debt

(millions of euros)

	2005	2006	2007	2008	2009	Annual Growth (%)
Central Government	307,622	302,975	291,442	331,963	438,795	7.1%
Regional Government	56,849	57,961	59,826	68,553	86,260	10.7%
Local Authorities	25,535	27,570	29,392	31,717	34,594	7.4%
Spanish Municipalities	20,215	22,291	23,993	26,128	28,770	8.8%
City of Barcelona (1)	1,148	1,061	928	770	753	-9.0%

(1) Includes consortia and foundations consolidated for the purposes of the General Budget Stability Law.

Source: Bank of Spain (www.bde.es/infoest).

Table

69

City of Barcelona Group (2005-2009)

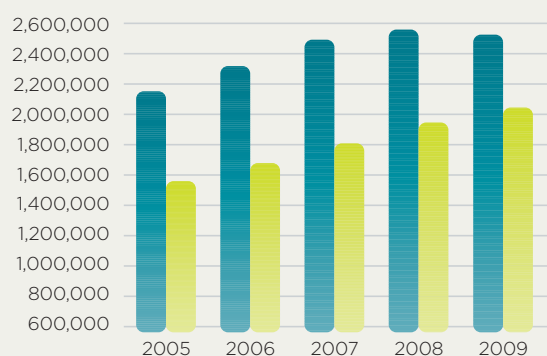
	2005	2006	2007	2008	2009	Annual Growth (%)
Personnel	12,475	12,859	13,015	12,031	12,587	0.3%
Economic Position (thousands of euros)						
Current Revenue	2,145,233	2,311,060	2,485,986	2,553,410	2,517,465	4.1%
Current Expenses	1,553,221	1,672,158	1,805,362	1,940,213	2,035,261	6.3%
Gross Saving	592,012	638,902	680,624	613,197	482,204	-2.9%
Net Investments	499,048	479,325	629,374	678,834	628,141	5.4%
Cash Surplus (Deficit)	37,102	84,766	108,154	129,467	-47,730	-
Total Consolidated Debt as of 12/31	1,269,873	1,178,843	1,067,110	927,773	974,358	-5.8%
Ratios						
Gross Saving / Current Revenue (%)	27.6	27.6	27.4	24.0	19.2	
Interest Coverage (x)	18.7	22.1	25.8	25.1	17.1	
Capital Expenditure Coverage (x)	1.2	1.3	1.1	0.9	0.8	
Capital Expenditure / Total Expenses (%)	26.7	26.9	27.6	27.8	31.8	
Debt / Current Revenue (%)	59.2	51.0	42.9	36.3	38.7	
Debt / Primary Saving (x)	2.0	1.8	1.5	1.5	1.9	
Average Life of Long-term Debt (years)	6.5	6.0	6.6	5.5	7.0	

Graph

610

Current Revenue and Expenses (Thousands of euros)

- Current Revenue
- Current Expenses

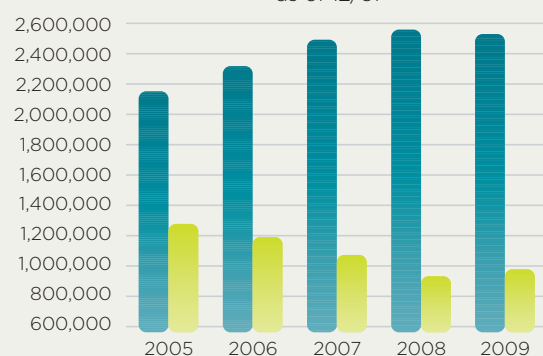


Graph

611

Current Revenue and Total Debt (Thousands of euros)

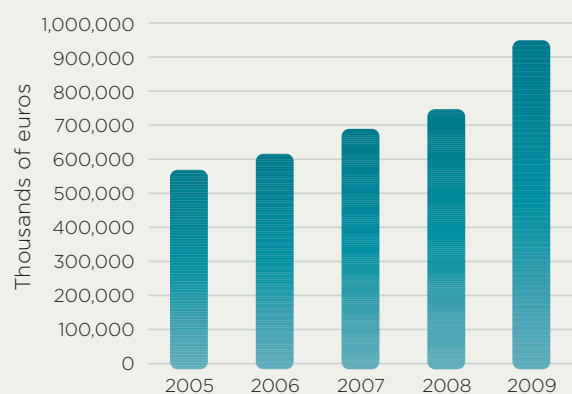
- Current Revenue
- Total consolidated Debt as of 12/31



Graph

612

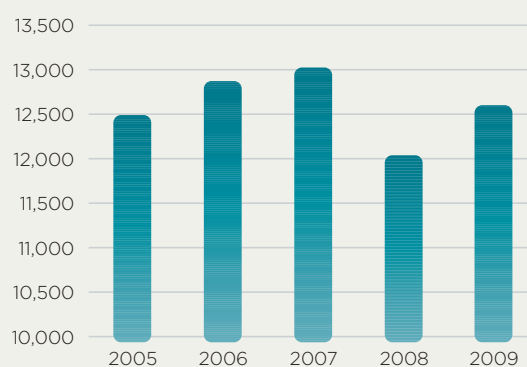
Consolidated Gross Capital Expenditure



Graph

613

City of Barcelona Group Personnel



Table

614

City of Barcelona Group (2005-2009)

Balance Summary

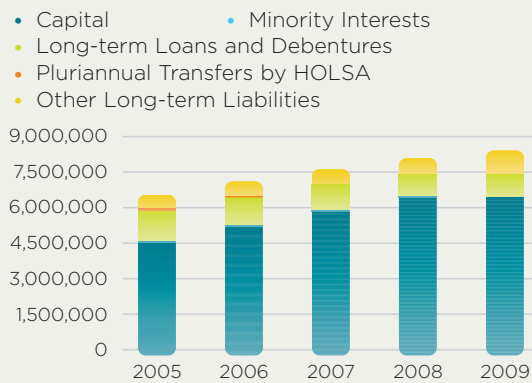
(thousands of euros)

	2005	2006	2007	2008	2009	Annual Growth (%)
Intangible Fixed Assets	50,071	50,039	56,526	19,164	21,526	-14.5%
Tangible Fixed Assets and Infrastructures	6,124,821	6,584,506	7,031,640	7,637,578	8,111,805	6.2%
Financial Intangible Assets	124,754	135,962	154,834	158,827	142,866	6.9%
Accounts Receivable for Long-term Trade Operations	28,154	30,871	27,473	29,890	34,704	-1.4%
Deferred Expenses	3,261	2,824	2,474	2,247	2,832	-1.7%
Fixed Assets	6,331,061	6,804,202	7,272,947	7,847,706	8,313,733	6.1%
Inventories	49,567	42,896	52,179	60,715	105,705	21.3%
Accounts Receivable	431,986	401,036	393,114	387,747	477,899	4.1%
Cash	340,593	472,455	542,723	562,058	441,539	23.1%
Current Assets	822,146	916,387	988,016	1,010,520	1,025,143	11.8%
Total Assets	7,153,207	7,720,589	8,260,963	8,858,226	9,338,876	6.6%
Capital	4,512,143	5,182,291	5,821,869	6,404,928	6,400,952	8.8%
Minority Interests	73,586	69,491	72,632	80,548	81,983	3.5%
Long-term Loans and Debentures	1,269,873	1,178,843	1,067,110	923,616	962,099	-6.0%
Pluriannual Transfers to HOLSA	73,055	24,629	0	0	0	-100.0%
Other Long-term Liabilities	578,306	624,398	637,114	663,142	1,029,021	13.8%
Long-term Liabilities	6,506,963	7,079,652	7,598,725	8,072,234	8,474,055	6.3%
Accounts Payable	646,244	640,937	662,238	781,835	852,461	10.2%
Short-term Loans	0	0	0	4,157	12,260	-
Current Liabilities	646,244	640,937	662,238	785,992	864,721	10.5%
Total Liabilities	7,153,207	7,720,589	8,260,963	8,858,226	9,338,776	6.6%

Graph

615

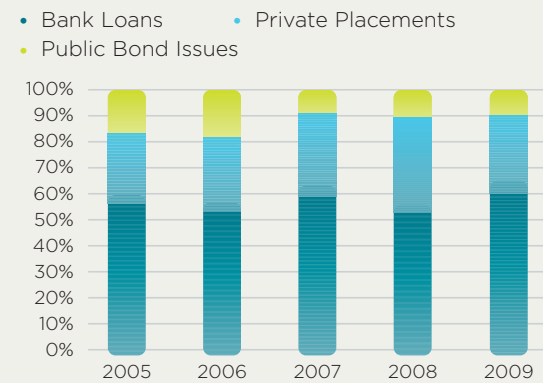
Breakdown of Long-term Liabilities (Thousands of euros)



Graph

616

Breakdown of Consolidated Debt by Markets



Table

617

Consolidated Debt of the City of Barcelona: Public Administration and Commercial Entities (2005-2009)

Consolidated Debt

(millions of euros)

	2005	2006	2007	2008	2009	Annual growth (%)
Public Administration	1,148	1,061	928	774	762	-8.8%
Commercial Entities	122	118	139	154	212	15.2%
Total Debt	1,270	1,179	1,067	928	974	-5.8%

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