



# International Association of Educating Cities

**Notes to the Annual Accounts  
for 2015**



**INTERNATIONAL ASSOCIATION OF EDUCATING CITIES**

Inscription number

15816

**ABRIDGE BALANCE SHEET FOR THE YEARS 2015 and 2014  
(en euros)**

<b>ASSETS</b>	<b>Notes to the Accounts</b>	<b>2015</b>	<b>2014</b>
<b>A) CURRENT ASSETS</b>		<b>948.327,22</b>	<b>834.657,41</b>
I. Users, sponsors and debtors for activities and other receivables	5	48.062,67	166.651,79
1. Receivables for sales and services	5	47.979,68	86.077,64
2. Current tax assets and other receivable contributions from public administrations	5	82,99	80.574,15
II. Long term financial investments	5	425.000,00	0,00
III. Cash and other cash equivalents		475.264,55	668.005,62
<b>TOTAL ASSETS (A)</b>		<b>948.327,22</b>	<b>834.657,41</b>
<b>NET EQUITY AND LIABILITIES</b>	<b>Notes to the Accounts</b>	<b>2015</b>	<b>2014</b>
<b>A) NET EQUITY</b>		<b>928.912,19</b>	<b>818.227,41</b>
A-1) Equity	7	928.912,19	818.227,41
I. Retained earnings		818.227,41	686.700,16
II. Net income for the year		110.684,78	131.527,25
<b>B) NON CURRENT LIABILITIES</b>		<b>0,00</b>	<b>1.864,00</b>
I. Long Term Provisions	10	0,00	1.864,00
<b>c) CURRENT LIABILITIES</b>		<b>19.415,03</b>	<b>14.566,00</b>
III. Trade and other payables	6	15.730,03	14.566,00
1. Sundry payables		12.055,75	10.749,08
2. Accrued wages and salaries	10	926,97	0,00
3. Current tax liabilities and other tax payable		2.747,31	3.816,92
VI. Short-term accruals		3.685,00	
<b>TOTAL NET EQUITY AND LIABILITIES (A+B)</b>		<b>948.327,22</b>	<b>834.657,41</b>

## INTERNATIONAL ASSOCIATION OF EDUCATING CITIES

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<b>ABRIDGE INCOME STATEMENT(in euros) 2015 and 2014</b>			
	Notes to the Accounts	2105	2014
<b>1. Income from activities</b>		273.679,50	305.055,50
a) Sales and services rendered		190.479,50	224.855,50
b) Grants, donations, bequest and other income	8	83.200,00	80.200,00
<b>2. Supplies</b>	11.3	-7.319,82	-15.773,69
<b>3. Staff costs</b>	11.4	-39.986,74	-34.420,76
<b>4. Other operating expenses</b>		-115.623,95	-128.660,53
<b>a) External Service</b>	11.5	-93.409,33	-130.190,53
<b>a1) Bank Services</b>		-1.242,34	-1.319,76
<b>a2) Others service</b>		-92.166,99	-128.870,77
<b>b) Loss, impairment and variation in provisions for activities</b>	5 i 11.6	-22.214,62	1.530,00
<b>6. Other earnings</b>	11.8	0,00	3.497,94
<b>A) OPERATING PROFIT (1+2+3+4+5+6)</b>		<b>110.748,99</b>	<b>129.698,46</b>
<b>7. Financial income</b>		16,38	2.850,45
<b>8. Financial expenses</b>		0,00	-60,00
<b>9. Exchange differences</b>	4.2	-76,49	-249,05
<b>B) NET FINANCIAL INCOME (EXPENSE) (7+8+9)</b>		<b>-60,11</b>	<b>2.541,40</b>
<b>C) NET INCOME BEFORE TAX (A+B)</b>		<b>110.688,88</b>	<b>132.239,86</b>
<b>10. Income tax</b>	9	-4,10	-712,61
<b>D) NET INCOME FOR THE YEAR (C+10)</b>		<b>110.684,78</b>	<b>131.527,25</b>

## Statement of changes in Net Equity

Year 2015 INTERNATIONAL ASSOCIATION OF EDUCATING CITIES

	Retained Earnings	Surplus for the year	TOTAL
<b>A. CLOSING BALANCE YEAR 2013</b>	<b>560.175,17</b>	<b>126.524,99</b>	<b>686.700,16</b>
I. Adjustments due to 2013 changes in prior criteria			
II. Adjustments due to 2013 and preceding misstatements			0,00
<b>B. ADJUSTED BALANCE BEGUNNING YEAR 2014</b>	<b>560.175,17</b>	<b>126.524,99</b>	<b>686.700,16</b>
I. Surplus for the year		131.527,25	131.527,25
II. Total recognised income and expenses in net equity			
III. Net equity transactions			
1. Increase in provisions/social provisions/special provisions			
2. (-) Decrease in provisions/social provisions/special provisions			
3. Conversion of financial liabilities into net equity (remission of debt)			
4. Other contributions			
IV. Other variations in net equity	126.524,99	-126.524,99	0,00
<b>C. CLOSING BALANCE YEAR 2014</b>	<b>686.700,16</b>	<b>131.527,25</b>	<b>818.227,41</b>
I. Adjustments due to 2014 changes in prior criteria			
II. Adjustments due to 2014 misstatements			0,00
<b>D. ADJUSTED BALANCE BEGUNNING YEAR 2015</b>	<b>686.700,16</b>	<b>131.527,25</b>	<b>818.227,41</b>
I. Surplus for the year		110.684,78	110.684,78
II. Total recognised income and expenses in net equity			0,00
III. Net equity transactions			
1. Increase in provisions/social provisions/special provisions			
2. (-) Decrease in provisions/social provisions/special provisions			
3. Conversion of financial liabilities into net equity (remission of debt)			
4. Other contributions			0,00
IV. Other variations in net equity	131.527,25	-131.527,25	0,00
<b>E. CLOSING BALANCE YEAR 2015</b>	<b>818.227,41</b>	<b>110.684,78</b>	<b>928.912,19</b>

# Notes to the Annual Accounts for 2015

## 1. ACTIVITY

The name in Spanish of the entity is *Asociación Internacional de Ciudades Educadoras*, or International Association of Educating Cities in English and *Association Internationale des Villes Educatrices* in French.

The Association is a non-profit association of local governments and has its own legal personality.

The registered office of the Association for corporate and tax purposes is: Avinyó nº 15, Barcelona.

Its Taxpayer Identification Number is G61045605.

The IAEC was inscribed in the Government Register of Associations on 26 September 1994, number 15816/1, classified as follows:

General classification: teaching, training and research.

The purposes of the entity are to comply with the principles of the Charter of Educating Cities, specifically:

- a) To proclaim and claim the importance of education in the city.
- b) To highlight the educative vertices of the political projects of the educating cities.
- c) To promote, inspire, foster and oversee compliance with the principles of the Charter of Educating cities (Declaration of Barcelona) by the member cities, and, to advise and inform the member cities on the fostering and implementation of the same.
- d) To represent the Members in the execution of the goals of the association, relating to and collaborating with international organisations, state territorial entities of all types, so that the IAEC can be a valid, significant interlocutor in influencing, negotiating, decision-making and drafting processes.
- e) To establish relations and collaboration with other associations, federations, groupings or territorial networks, especially of cities, in similar, complementary or competing areas of action.
- f) To cooperate in all the territorial areas within the framework of the purposes of the association.
- g) To boost membership in the Association of cities around the world.

- h) To increase our understanding of the concept of the Educating City and its specific applications to the policies of the cities through exchanges, meetings and joint projects, congresses and all types of activities and initiatives that reinforce the links between the members cities, in the area of bureaus, territorial networks, thematic networks and other groupings.

In 2015 work has centred on:

- The expansion of the IAEC to new cities, with 12 new member cities in 4 countries.
- Providing support to the different territorial networks for the consolidation of the Association and publicity activities for its expansion into countries where the IAEC has little or no presence.
- Municipal elections were held this year in Argentina, Colombia, Spain, Italy, Morocco, Mexico, and Uruguay. Consulting services were provided to the new municipal teams that were elected.
- Preparation and dissemination of the 14<sup>th</sup> International Congress of Educating Cities scheduled for Rosario from 1 to 4 June. More than 330 experiences from 110 cities were received and studied. Supervision and support work to the organisers.
- Updating of the information of the new portal of the Association. 300 web pages of member cities were created within the portal.
- The delivery of the fifth issue of the monographic collection. "City, Social Inclusion and Education" was sent to libraries and universities around the world. As well as bulletins nº 20, 21 y 22. An electronic Newsletter has also been made available for the first time.
- Periodical publication of best practices (experiences) through the International Documents Bank of Educating Cities: can be accessed through the IAEC portal ([www.edcities.org](http://www.edcities.org)). Having proceeded to the publication of the "Focus Experience".
- The traveling exhibition "Educating Cities. Local Actions. Global Values" and the Exhibition "Educating Cities, Principles in Action" were opened in various cities: Sao Carlos (Brazil), Esquel, Godoy Cruz, Pergamino, Río Cuarto, Rosario and Totoras (Argentina) and Montevideo (Uruguay). On the other hand, the exhibition of the Portuguese Network has been shown in Loulé, Fundao, Pombal, Santarem and Silves.
- Boost in the creation of a working group of North European member cities.
- Meeting with numerous delegations from cities, as well as experts and students interested in the IAEC and its activities.

The activity of the Association is addressed to providing services to its members, which are made up entirely of local governments around the world.

## **2. BASIS OF PRESENTATION**

### **2.1- FAIR VIEW**

The annual accounts for 2015 have been prepared on the basis of the accounting records of the Association and are presented in accordance with the legislation of the Government of Catalonia on foundations and associations:

- Law 4/2008/24 April, Book Three of the Civil Code of Catalonia, Titles I and III, and subsequent modifications thereto, as well as articles 51 and 52 of the Foundations Act, Law 5/2001/2 May, which are still in force.
- Decree 37/1987/29 January, which adopted the Directive for the organisation and operations of the Protectorate of the Government of Catalonia on Private Foundations in Catalonia.

For accounting matters, the Association is governed by Decree 259/2008/23 December, by virtue of which the Chart of Accounts was adopted for foundations and associations subject to the legislation of the Government of Catalonia and in accordance with successive amendments, as the case may be, in order to present fairly the equity, financial position and results of the operations of the Association.

There have not been any exceptional reasons by virtue of which, in order to fairly present the Association, other legal provisions in accounting have been applied having had an impact on equity, the financial position and the results of the operations of the Association.

In light of the provisions of article 3 of the Chart of Accounts for Foundations and Associations, the Association is classified as a minor entity, and accordingly, formulates abridged annual accounts at 31 December 2014 and 2013, as it meets the following conditions:

- Total assets cannot exceed Euros 1,000 thousand.
- Annual revenues cannot exceed Euros 2,000 thousand.
- The average number of workers employed during the year cannot exceed 10.

### **2.2- ACCOUNTING POLICIES**

In order to fairly present the accounts of the Association, there have been no

exceptional reasons justifying the lack of application of any obligatory accounting principles.

No other non-statutory accounting principles have been applied to present a fair view of the Association.

### 2.3- CRITICAL ASPECTS OF THE MEASUREMENT AND ESTIMATION OF UNCERTAINTY

There are no key cases or information on the estimation of uncertainty at the year end that would expose the Association to major risks or that could involve significant changes in the value of its assets and liabilities.

There have been no changes in the accounting estimates that are significant and affect the current year, or are expected to be able to affect future years.

Management is not aware of any major uncertainties relating to events or conditions that could create significant doubts as to the possibility of the Association continuing to operate normally.

### 2.4- COMPARABILITY

There are no causes impeding comparability of the aggregates in the 2015 Annual Accounts with the aggregates for last year, except for the following:

There is no comparative information in the 2014 Annual Accounts regarding the average payment period to suppliers, given that there have been changes in the regulations, hence the present Annual Accounts will be considered initial with this regard.

### 2.5- ASSETS AND LIABILITIES RECORDED IN VARIOUS ACCOUNTS

There are no assets or liabilities that have been recorded in two or more accounts on the Balance Sheet.

## 3. DISTRIBUTION OF RESULTS.

The Executive Committee will proposal the following distribution of the 2015 surplus to the General Assembly:

<b>Basis of distribution:</b>		<b>Amount</b>
Surplus for the year	.....	110,684.78
<b>Total</b>	.....	<b>110,684.78</b>
<b>Distribution:</b>		<b>Amount</b>
To surplus brought forward		110,684.78
<b>Total</b>	.....	<b>110,684.78</b>



The results for the year are stated pre-tax.

The amount accrued for year is 4.10 (see note 9).

#### **4. ACCOUNTING POLICIES.**

The following accounting policies have been applied to the different accounts:

##### **4.1- Financial instruments**

###### **Financial assets**

**Non-current and other financial assets.** When initially recognised these are recorded at their fair value plus, except in the case of financial assets at fair value through profit and loss, the directly attributable transactions costs.

The financial assets are classified on the balances sheet between current and non-current on the basis of whether they mature in less than, equal to, or more than/after than twelve months.

**Loans and other receivables.** These are non-derivative financial assets which payments are fixed or specifiable and which are not traded on an official market. After initial recognition, they are stated at their “amortised cost”, using the “effective interest rate” method.

“Amortised cost” is understood as the cost of acquisition of a financial asset or liability less the reimbursement of the principle and adjusted (more or less, as the case may be) by the part charged on a straight-line basis to the income statement for the difference between the initial cost and the respective reimbursement value upon maturity. In the case of financial assets the amortised cost also includes the impairment provisions.

The effective interest rate is the rate in force that exactly equalises the value of a financial instrument to the total estimated cash flows for all items during the remaining life of the asset.

Deposits and guarantee deposits are recognised at the amount paid in order to meet contractual obligations.

Provisions and reversals of provisions for impairment of financial assets due to the difference between the carrying value and current value of the recoverable cash flows are recognised in the income statement for the year.

###### **Financial liabilities**

Financial liabilities are classified depending on the contents of the contractual agreements and taking into account their economic substance.

Trade payables do not explicitly accrue interest and are recorded at their nominal value.

Classification of current and non-current payables. In the accompanying balance sheet the payables are classified depending on when they fall due, i.e., as current payable if they fall due in 12 months or less, and non-current payables, if they fall due after 12 months.

#### 4.2- Transactions in foreign currency

The creditor, debtor, trade receivable and payable balances denominated in foreign currency and not cancelled, are stated at their counter-value in Euros, according to the year end exchange rate, unless under the principle of relative importance the accounting value need not be modified, or if there is exchange fluctuation insurance.

The counter-valuation is denominated in Euros when added to equity. The real cost is used on the date of the settlement of the transaction.

If positive, insofar as the debt has not been cancelled, these are stated in Account 768 (Exchange gains).

The possible exchange losses on leveraged acquisitions, are recorded directly in Account 668 (Exchange losses). During the year the amount of Euros 76.49 has been recorded for this item. (249.05 Euros in 2014).

#### 4.3- Income tax

Income tax expense is the sum of the tax expense for the year and the effect of the variation in deferred tax assets and liabilities, deferred tax and tax credits.

The income tax expense for the year is calculated by adding the current tax based on the application of the tax rate to taxable income for the year, after subtracting all permitted tax deductions, plus the variation in the deferred tax assets and liabilities, deferred tax and tax credits for tax loss carryforwards and deductions.

Deferred tax assets and liabilities include the temporary differences that are identified for the amounts that are payable or recoverable due to differences between the carrying values of assets and liabilities and their tax value, as well as the tax loss carryforwards available for offset and the tax credits for tax deductions not applying for tax purposes. These amounts are recorded by applying the temporary difference or credit relating to the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recognised for all the taxable temporary differences except for the initial recognition (except in the case of business combinations) of other assets and liabilities in a transaction that does not affect either tax profit or accounting profit. Deferred tax assets matched to the temporary

differences are only recognised if it is likely that the entity will have sufficient tax profits in the future against which it can charge the former. The other deferred tax assets (tax loss carryforwards and deductions available for offset) are only recognised if it is likely that the entity will have sufficient tax profits in the future against which the former can be charged.

At each accounting close the deferred tax recorded is reviewed (both assets and liabilities) in order to verify that it is eligible, and the necessary provisions are recorded depending on the results of this review.

#### **4.4- Income and expense**

In general, all income and expenses as well as the interest they generate are recorded when they accrue, i.e., in the period in which the income or expense is earned or incurred rather than the period in which the cash is actually received or disbursed. Specifically, the income is calculated at the fair value of the consideration receivable and represents the amount receivable for the goods delivered and the services rendered after deducting rebates and tax.

The income under "Sales and services rendered" relate entirely to the instalments received from the cities that form part of the Association.

Current transfers received from public administrations for contributions to the financing of operations are recorded at the amounts received, which coincide with their fair value.

#### **4.5- Provisions and contingencies**

Provisions are recognised in the accounts when the Association has an implicit or tacit current legal or contractual obligation resulting from a past event that will likely involve a disbursement of funds that includes future profits for cancelling the obligation and which can be reliably estimated.

#### **4.6- Grants, donations and bequests**

Non-refundable grants, donations and bequests are recorded directly in net equity and recognised as income on a systematic rational basis side by side with the expenses incurred by the grant.

Refundable grants, donations and bequests are recorded as liabilities of the entity until they become non-refundable.

#### **4.7- Related-party transactions**

Related party transactions are made at fair value.

## 5. FINANCIAL ASSETS

The book values of each of the financial asset categories are set out below:

Short-term financial instruments			
Categories	Types	Loans, derivatives and others	
		2015	2014
Financial assets at amortised cost		473,062.67	166,651.79
<b>TOTAL</b>		<b>473,062.67</b>	<b>166,651.79</b>

The Financial Assets at amortized cost account includes the amount of Euro 425.000 which correspond to a short term bank deposit, expiring January 7<sup>th</sup> 2016, which is paid at a market interest rate.

There have been no transfers or reclassifications between the different financial assets during the year.

The breakdown of financial assets at amortised cost is as follows:

	<u><b>2015</b></u>	<u><b>2014</b></u>
Trade receivables	83,109.30	127,545.64
Impairment of trade receivables	(35.129,62)	(41,468.00)
Other receivables (see note 8)	82,99	80.574,00
<b>TOTAL</b>	<b>48.062,67</b>	<b>166,651.79</b>

The movement of the trade receivable impairment provision has been as follows:

	<u><b>2015</b></u>	<u><b>2014</b></u>
Opening balance	41,468.00	53,654.50
Utilisation	(19,657.50)	(27,620.00)
Charge to the provision	<u>13,319.12</u>	<u>15,433.50</u>
Closing balance	<b>35,129.62</b>	<b>41,468.00</b>

In 2015 debtor balances for prior years that were provided for have been booked directly as bad debts in the amount of Euros 15,232.00 (Euros 10,656.50 in 2014) while debtor balances for prior years not provided for total Euros 13,321.00.

## 6. FINANCIAL LIABILITIES

The carrying values of each of the financial liability accounts are set out as follows:

Short-term financial instruments		
Types	Derivatives and others	
Categories	2015	2014
Debits and other payables	12.055,75	10,749.08
<b>TOTAL</b>	<b>12.055,75</b>	<b>10,749.08</b>

The payables of the Association are made up in full of items carried under "Trade and other payables" and they fall due during the year following the close of this year.

Information on the average payment period to suppliers Third additional provision. Duty of Disclosure Act, Law 1/2010 of 5 July.

	2015
	Days
Average payment period to suppliers	-11.48
Ratio of transactions paid	-11.29
Ratio of outstanding payments transactions	-12.81
	Amount (Euros)
Total payments settled	82,674.70
Total outstanding payments	11,785.75

There are no payables with guarantees *in rem*.

The Association does not have any discounting lines or credit facilities.

There are no outstanding loans.

## 7. EQUITY

See movement for the year in the Statement of changes in net equity.

There are no outstanding disbursements, or non-cash contributions, or contributions received to offset losses brought forward.

There are no circumstances that would restrict the availability of reserves or retained earnings.

## 8. GRANTS, DONATIONS AND BEQUESTS

During the year the Association has received one operating grant, which origin and amount are set out below:

-City Council of Barcelona in the amount of Euros 83,200, collected on November 4<sup>th</sup> 2015. (Euros 80.200 in 2014 which were collected February the 2nd 2015.)

This grant has been granted and charged to the 2015 budget of this entity, as all the conditions related to the grant have been met during the year, together with their related expenses, and, accordingly, the grant has been taken to the income statement in full.

The purpose of the grant is to help cover current expenses for the year.

## 9. TAX SITUATION

### 9.1. Income tax

The Association meets the conditions for availing itself of the partial exemption regime under article No.109 and others of the Corporate Income Tax Act and is not subject to the tax regime of Law 49/2002/23 December.

The exempted revenues are deducted from Taxable Income as negative permanent differences and relate to the dues paid by the members and the grants earmarked for meeting the IAEC's founding purposes as per its articles of association.

The income and expenses related to tax exempt activities were deducted from Taxable Income as permanent differences.

Reconciliation of the Net Income for the year to taxable income for corporate income tax purposes is as follows:

		Increases	Decreases
Accounting profit	110,684.78		
Income tax		4.10	
Permanent differences		182,664.50	293,337.00
Taxable income	<b>16.38</b>		

As a result, amongst other things, of the different interpretations to which Spanish tax legislation lends itself. Additional tax assessments may be raised in the event of a tax audit. The members of the Executive Committee consider, however, that any additional assessment that might be made would not significantly affect these accounts.

The Association is open to audit by Tax Authorities for the main applicable taxes for the last four years.

## 9.2 Other taxes

The amounts set out on the liabilities side of the balance sheet payable to the Public Treasury are as follows:

Short-term financial instruments		
Class	Derivatives and others	
	2015	2014
Category		
Debits and other payables	2,747.31	3,816.92
<b>TOTAL</b>	<b>2,747.31</b>	<b>3,816.92</b>

These relate mainly to the outstanding payable with Social Security and the Public Treasury for withholding on account of Personal Income Tax.

## 10. LONG AND SHORT-TERM PROVISIONS

The long-term provisions account includes an initial amount of Euros 1,864 in relation to the extra pay for December 2012 that would have had to have been paid to Association personnel before the end of the fiscal year, but which was suppressed under article 2.1 of Royal Decree 20/2012 of 13 July, on measures for guaranteeing budgetary stability and stimulus for competitiveness. Article 2.4 of this decree states that "the amounts deriving from the suppression of the extra pay and specific additional complementary payments or equivalent additional payments as per the provision of this article will be earmarked in future years for making contributions to pension plans or collective insurance policies that will include retirement contingency coverage, under the provisions of the Organic Law on Budgetary Stability and Financial Sustainability and under the terms and scope that is set down in the respective budgets acts". Consequently, given that this is a certain current liability, the amount mentioned above was charged to "Staff costs" for 2012 in the profit and loss account and released to the account "provisions" for liabilities.

On 20 December 2015 part of this provision in the amount of Euros 937.03 was realized, therefore there is a final amount of Euros 926,97 which is classed under the account Wages and Salaries at December 31<sup>st</sup> 2015.

The General Budget Act, Law 36/2014, of 26 December for 2015, additional provision 12, section 1, states that each Public Administration, in its territory, can approve the payment of amounts to recoup the extra pay or the equivalent additional specific complementary pays. In the event that the competent authority of the City Council of Barcelona adopts the payment of these

amounts, the equivalent amount to be paid will be that determined under the 12<sup>th</sup> additional provision, section 1.2 of said Act.

## 11. INCOME AND EXPENSES

### 11.1 Expenses generated by the governing body

No expenses of this type have been stated in 2015 or in 2014.

### 11.2 Aid granted and other expenses

No additional aid has been given in 2015 or in 2014.

### 11.3 Supplies

The amount of Euros 7,319.82 that is carried under "Supplies" in the income statement is made up entirely of the account "Subcontracted work", which relates to the work invoiced by external advisors and administrative services. (Euros 15,773.69 in 2014.)

### 11.4 Social welfare expenses

This item includes the following expenses:

	<b>2015</b>	<b>2014</b>
Wages and salaries	30,268.00	26,096.00
Social Security paid by the Association	9,718.74	8,324.76
<b>Total</b>	<b>39,986.74</b>	<b>34,420.76</b>

### 11.5 External services

The breakdown in the income statement under "External services" is as follows:

	<b>2105</b>	<b>2014</b>
626 Banking services and the like	1,242.34	1,319.76
629 Other services	92,166.99	128,870.77
<b>Total</b>	<b>93,409.33</b>	<b>130,190.53</b>

Note: These items include the expenses incurred to support the territorial networks in 2015 and in 2014.

### 11.6 Loss, impairment and variation in provisions for activities

In 2015 a negative variation for impairment of receivables totalling Euros 22,214.62 was recorded (see note 5) (net positive variation of Euros 1,530.00 in 2014).



### 11.7 Swap-related services

The profit and loss account for 2015 and 2014 does not include operations of this type.

### 11.8 Other results

In 2015 there has been no extraordinary revenue.

2014 included extraordinary revenue totalling Euros 3,497.94.

## 12 ASSETS, LIABILITIES AND INCOME USED BY THE ASSOCIATION

### 12.1 Assets and rights of the social welfare provision

No appropriations have been made to a social welfare provision.

### 12.2 Allocation to foundation-related purposes of the legally established percentage

Under article 333-2 of Law 4/2008, Book Three of the Civil Code of Catalonia, the Association must allocate at least 70% of income and other net annual revenues obtained to compliance with foundation-related purposes.

The Association allocates all revenue from its operations to its statutory purposes.

## 13. ENVIRONMENT

The Association complies with environmental legislation and meets the requirements of the former in its activities.

No contingencies, indemnities or other risks of an environmental nature are expected to arise for which the Association would have to record a provision.

## 14. RELATED-PARTY TRANSACTIONS

As from 2009, upon the requirements of the Ministry of the Economy and Treasury, and more specifically, of the General Auditors of the Government, in spite of being an independent organisation, due to the fact that it is financed significantly by the City Council of Barcelona, the Association is part of a municipal group of companies and institutions, in respect of economic and financial oversight.

The operations of the Association and the group of companies and entities of the City Council of Barcelona have been:

- Collaboration agreement with the City Council of Barcelona: contribution of Euros 83,200 (Euros 80,200 in 2014). This amount has been collected at the year end. (Notes 5 and 8)
- City Council of Barcelona: Printing works totalling Euros 3,706.11 VAT inclusive (Euros 9,966.42 in 2014) and of this amount the outstanding payable totals Euros 512.35 at the year end. There are not outstanding payable from 2014.

In 2015 and 2014 neither management personnel nor members of the governing body of the Association have received any remuneration from the Association.

In 2015 and 2014 neither the members of the governing body or management personnel of the Association have received advances or loans; neither have pension obligations been borne in their favour, nor have any life insurance premiums been paid for which they are the beneficiaries, nor have any obligations been assumed on their account in the form of guarantees.

## 15. OTHER INFORMATION

### 15.1 Average staff

The average number of employees in 2015 and 2014 of the Association is broken down below by job category and gender:

#### 2015

<u>Job category</u>	<u>Men</u>	<u>Women</u>	<u>Total</u>
•			
• Technical staff	1,00	0,00	1,00
<b>TOTAL</b>	<b>1,00</b>	<b>0,00</b>	<b>1,00</b>

#### 2014

<u>Job category</u>	<u>Men</u>	<u>Women</u>	<u>Total</u>
•			
• Technical staff	1,00	0,00	1,00
<b>TOTAL</b>	<b>1,00</b>	<b>0,00</b>	<b>1,00</b>

### 15.2 Changes in the composition of the governing body

There have been no changes in the composition of the governing body during 2015. In 2014 the cities of Sorocaba and Santo André (Brazil), Medellín (Colombia), Oporto (Portugal) and Changwon (Korean Republic) became ordinary members while the cities of Sao Paulo (Brazil), Lyon (France) and Katowice (Poland) resigned their seats.

### 15.3 Authorisations of the Executive Committee

Neither in 2015 have operations been carried out requiring the authorisation of the Protectorate of Foundations and Associations. Neither have there been any operations of this type brought forward from prior years.

### 15.4 Auditors fees

The audit expenses for fees accrued during the years 2015 and 2014 to PricewaterhouseCoopers Auditores, S.L. and Gabinete Técnico de Auditoria y Consultoría, S.A. form part of the general auditing costs of the City Council of Barcelona.

### 15.5 Subsequent events

Between 31 December 2015 and the date of formulation of the annual accounts there have been no subsequent events requiring disclosure in these notes to the accounts.

## 16 SEGMENT REPORTING

Practically all income and expense have been generated by the activity of providing services to members, made up entirely of local governments around the world.