

# **BARCELONA MOBILE WORLD CAPITAL FOUNDATION**

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## **ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2018**

- **BALANCE SHEET AT 31 DECEMBER 2017 AND 2018**
- **PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2017 AND 2018**
- **STATEMENT OF CHANGES TO NET WORTH FOR FINANCIAL YEAR 2017 AND 2018**
- **CASH FLOW STATEMENT FOR FINANCIAL YEAR 2017 AND 2018**
- **REPORT FOR FINANCIAL YEAR 2018**

**April 2019**

FOUNDING PARTNERS



**BARCELONA MOBILE WORLD CAPITAL FOUNDATION**  
**BALANCE SHEET AT 31 DECEMBER 2017 AND 2018**

<b>ASSETS</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
<b>A) NON-CURRENT ASSETS</b>		<b>4,396,819.28</b>	<b>5,456,977.90</b>
<b>I. Intangible fixed assets</b>	<b>5</b>	<b>9,773.97</b>	<b>13,705.32</b>
Other intangible fixed assets		9,773.97	13,705.32
<b>II. Tangible fixed assets</b>	<b>6</b>	<b>138,090.97</b>	<b>164,139.59</b>
Other facilities		68,130.50	89,282.97
Furniture		11,635.43	13,289.82
Data processing equipment		54,509.34	61,566.80
Advance payments for material fixed assets		3,815.70	-
<b>V. Long-term investments in Group and Associate Companies</b>	<b>11</b>	<b>4,196,246.34</b>	<b>5,239,548.99</b>
Equity Instruments		4,196,246.34	5,239,548.99
<b>VI. Long-term financial investments</b>	<b>7</b>	<b>52,708.00</b>	<b>39,584.00</b>
Other financial assets		52,708.00	39,584.00
<b>B) CURRENT ASSETS</b>		<b>8,931,524.49</b>	<b>9,644,994.03</b>
<b>II. Users, sponsors and trade debtors and other receivables</b>		<b>718,898.36</b>	<b>1,960,032.32</b>
Receivables, group companies, associates and other related parties	<b>7 and 16</b>	527,015.00	532,614.42
Other receivables	<b>7</b>	44,206.02	769,964.07
Other loans with the Public Authorities	<b>12</b>	147,677.34	657,453.83
<b>V. Short-term financial investments</b>	<b>7</b>	<b>17,510.76</b>	<b>590.96</b>
<b>VI. Short-term accruals</b>	<b>4.6</b>	<b>6,100.00</b>	<b>105,869.71</b>
<b>VII. Cash and other equivalent liquid assets</b>		<b>8,189,015.37</b>	<b>7,578,501.04</b>
Cash and banks		8,189,015.37	7,578,501.04
<b>TOTAL ASSETS</b>		<b>13,328,343.77</b>	<b>15,101,971.73</b>

Notes 1 to 18 described in the attached Report form part of the balance sheet as at 31st December 2018.

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**BARCELONA MOBILE WORLD CAPITAL FOUNDATION**  
**BALANCE SHEET AT 31 DECEMBER 2017 AND 2018**

NET WORTH AND LIABILITIES	Notes	2018	2017
<b>A) NET WORTH</b>		<b>8,493,777.01</b>	<b>9,410,906.81</b>
<b>Shareholder equity</b>		<b>4,300,530.67</b>	<b>4,174,357.82</b>
<b>I. Institutional funds</b>	<b>8</b>	<b>60,000.00</b>	<b>60,000.00</b>
Institutional funds		60,000.00	60,000.00
<b>III. Surplus from prior financial years</b>		<b>4,110,120.09</b>	<b>3,962,678.44</b>
Surplus		4,110,120.09	3,962,678.44
<b>V. Surplus from the financial year</b>	<b>3</b>	<b>130,410.58</b>	<b>151,679.38</b>
<b>Subsidies, donations and contributions received</b>	<b>10.4</b>	<b>4,193,246.34</b>	<b>5,236,548.99</b>
<b>C) CURRENT LIABILITIES</b>		<b>4,834,566.76</b>	<b>5,691,065.12</b>
<b>I. Short-term provisions</b>	<b>13</b>	<b>150,000.00</b>	<b>-</b>
<b>II. Short-term payables</b>	<b>9</b>	<b>-</b>	<b>103,265.00</b>
Other short-term financial liabilities		-	103,265.00
<b>IV. Trade and other payables</b>		<b>4,080,857.79</b>	<b>3,762,407.63</b>
Suppliers	<b>9</b>	3,848,415.12	3,567,639.81
Employee payables (remunerations pending payment)	<b>9</b>	156,886.62	128,875.78
Other debts with the Public Authorities	<b>12</b>	75,556.05	65,892.04
<b>V. Short-term accruals</b>	<b>4.6 and 9.6</b>	<b>603,708.97</b>	<b>1,825,392.49</b>
<b>TOTAL NET WORTH AND LIABILITIES</b>		<b>13,328,343.77</b>	<b>15,101,971.93</b>

Notes 1 to 18 described in the attached Report form part of the balance sheet as at 31st December 2018.

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**BARCELONA MOBILE WORLD CAPITAL FOUNDATION**  
**PROFIT AND LOSS ACCOUNT CORRESPONDING TO FINANCIAL YEAR**  
**ENDING 31 DECEMBER 2017 AND 2018**

	Notes	2018	2017
<b>1. Operating revenues</b>		<b>18,654,732.64</b>	<b>19,370,230.52</b>
Sale of goods		169,592.79	130,589.24
Provision of services	14.4	1,572,291.48	2,637,300.15
Revenues from promotions, sponsors and partnerships	14.5	1,361,830.10	340,624.62
Official operating subsidies	10.1	15,371,018.27	15,111,716.51
Donations and other operating subsidies	10.3	180,000.00	1,150,000.00
<b>7. Personnel expenses</b>	14.1	<b>-2,295,483.55</b>	<b>-2,297,470.87</b>
Wages, salaries and similar expenses		-1,860,360.36	-1,835,072.18
Employee welfare expenses		-435,123.19	-462,398.69
<b>8. Other operating expenses</b>		<b>-16,169,737.75</b>	<b>-15,989,305.13</b>
External services		-16,166,850.69	-15,982,193.02
Lease and rental expenses	14.3	-849,477.94	-1,285,222.65
Repairs and upkeep		-136,782.65	-306,375.83
Independent professional services	16.1	-12,309,882.33	-11,730,075.19
Insurance premiums		-8,629.12	-5,475.64
Banking services		-2,868.52	-2,399.14
Advertising, propaganda and public relations		-1,627,662.30	-1,453,891.70
Utilities		-105,237.75	-215,189.59
Other services		-1,126,310.08	-983,563.28
Taxes		-435.09	-109.20
Losses, impairment and variation of provisions due to trade operations		-2,451.97	-7,002.91
<b>9. Depreciation of fixed assets</b>	5 and 6	<b>-58,764.50</b>	<b>-376,571.09</b>
<b>10. Subsidies transferred to earnings</b>	10	<b>1,143,302.65</b>	<b>2,037,673.69</b>
<b>12. Impairment and earnings from disposal of fixed assets</b>	5.2	<b>-5,216.42</b>	<b>-550,286.25</b>
<b>13. Other earnings</b>		<b>6,188.59</b>	<b>24.62</b>
<b>I) OPERATING EARNINGS</b>		<b>1,275,021.66</b>	<b>2,194,295.49</b>
<b>14. Financial revenues</b>		<b>31.80</b>	<b>2,102.76</b>
Other financial instruments with third parties		31.80	2,102.76
<b>15. Financial expenses</b>		<b>-</b>	<b>-6,555.03</b>
Due to payables to third parties		-	-6,536.88
Other financial expenses		-	-18.15
<b>17. Exchange rate differences</b>		<b>-1,340.23</b>	<b>-490.15</b>
<b>18. Impairment and earnings from allocations of financial instruments</b>	11	<b>-1,143,302.65</b>	<b>-2,037,673.69</b>
Impairment and losses		-1,143,302.65	-2,037,673.69
<b>II) FINANCIAL EARNINGS</b>		<b>-1,144,611.08</b>	<b>-2,042,616.11</b>
<b>III) PRE-TAX EARNINGS</b>		<b>130,410.58</b>	<b>151,679.38</b>
<b>IV) FINANCIAL YEAR EARNINGS</b>		<b>130,410.58</b>	<b>151,679.38</b>

Notes 1 to 18 described in the attached Report form part of the profit and loss account as at 31st December 2018.

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**BARCELONA MOBILE WORLD CAPITAL FOUNDATION**

**STATEMENT OF CHANGES TO THE CORRESPONDING NET WORTH  
FOR FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2018**

**A) STATEMENT OF POSTED REVENUES AND EXPENSES CORRESPONDING TO FINANCIAL  
YEAR ENDING 31 DECEMBER 2017 AND 2018**

	<b>Report notes</b>	<b>2019</b>	<b>2018</b>
<b>a) Earnings from the profit and loss account</b>		130,410.58	151,679.38
<b>b) Total revenues and expenses allocated directly to net worth</b>	11	100,000.00	1,350,000.00
<b>c) Total transfers to the profit and loss account</b>	11	<u>-1,143,302.65</u>	<u>-2,037,673.69</u>
<b>TOTAL POSTED REVENUES AND EXPENSES</b>		<u><b>-912,892.07</b></u>	<u><b>-535,994.31</b></u>

Notes 1 to 18 described in the attached Report form part of the statement of changes to net worth for financial year 2018

FOUNDING PARTNERS



**BARCELONA MOBILE WORLD CAPITAL FOUNDATION**

**STATEMENT OF CHANGES TO THE CORRESPONDING NET WORTH  
FOR FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2018**

B) TOTAL STATEMENT OF CHANGES TO NET WORTH FOR FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2018.

	<b>Institutional funds</b>	<b>Earnings from prior financial years</b>	<b>Financial year earnings</b>	<b>Subsidies, donations and contributions received</b>	<b>TOTAL</b>
<b>BALANCE AT START OF FINANCIAL YEAR 2017</b>	<b>60,000.00</b>	<b>2,456,573.94</b>	<b>1,506,104.50</b>	<b>5,924,222.68</b>	<b>9,946,901.12</b>
I. Total posted revenues and expenses	0.00	0.00	151,679.38	-687,673.69	-535,994.31
III. Other changes to net worth	0.00	1,506,104.50	-1,506,104.50	0.00	0.00
<b>BALANCE AT END OF FINANCIAL YEAR 2017</b>	<b>60,000.00</b>	<b>3,962,678.44</b>	<b>151,679.38</b>	<b>5,236,548.99</b>	<b>9,410,906.81</b>
<b>BALANCE AT START OF FINANCIAL YEAR 2018</b>	<b>60,000.00</b>	<b>3,962,678.44</b>	<b>151,679.38</b>	<b>5,236,548.99</b>	<b>9,410,906.81</b>
I. Total posted revenues and expenses			130,410.58	-1,043,302.65	-912,892.07
III. Other changes to net worth	0.00	147,441.65	-151,679.38	0.00	-4,237.73
<b>BALANCE AT END OF FINANCIAL YEAR 2018</b>	<b>60,000.00</b>	<b>4,110,120.99</b>	<b>130,410.58</b>	<b>4,193,246.34</b>	<b>8,493,777.01</b>

Notes 1 to 18 described in the attached Report form part of the statement of changes to net worth for financial year 2018

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**BARCELONA MOBILE WORLD CAPITAL FOUNDATION**  
**CASH FLOW STATEMENT FOR FINANCIAL YEAR**  
**ENDING 31 DECEMBER 2017 AND 2018**

**EFE FUNDACIÓ MOBILE**

	Note	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>774,973.27</b>	<b>1,751,819.09</b>
<b>Pre-tax financial year earnings</b>		<b>130,410.58</b>	<b>151,679.38</b>
<b>Adjustments to earnings</b>		<b>60,072.93</b>	<b>931,799.76</b>
Depreciation of fixed assets	5 and 6	58,764.50	376,571.09
Value adjustments due to impairment	11	1,143,302.65	2,037,673.69
Subsidies transferred	10	-1,143,302.65	-2,037,673.69
Earnings from write-off and disposal of fixed assets	5.3	0.00	550,286.25
Financial revenues		-31.80	-2,102.76
Financial expenses		0.00	6,555.03
Exchange rate differences		1,340.23	490.15
<b>Changes to working capital</b>		<b>584,457.96</b>	<b>672,792.22</b>
Debtors and other receivables		1,241,133.96	773,517.95
Other current assets		99,769.71	-33,533.90
Creditors and other payables		318,450.16	-246,312.82
Other current liabilities		-1,074,895.87	179,120.99
<b>Other cash flows from operating activities</b>		<b>31.80</b>	<b>-4,452.27</b>
Payment of interest		0.00	-6,555.03
Receipt of interest		31.80	2,102.76
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>-163,118.71</b>	<b>1,696,224.30</b>
<b>Payments for investments</b>		<b>-163,118.71</b>	<b>-1,443,084.74</b>
Group and Associate Companies	11	-100,000.00	-1,350,000.00
Tangible and intangible fixed assets	5 and 6	-33,074.91	-93,084.74
Other financial assets		-30,043.80	0.00
<b>Receipts from divestitures</b>		<b>0.00</b>	<b>3,139,309.04</b>
Tangible and intangible fixed assets	5.3	0.00	8,800.00
Other financial assets		0.00	3,130,509.04
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>0.00</b>	<b>-124,865.58</b>
Subsidies, donations and contributions received		0.00	0.00
Issue of other receivables		0.00	100,000.00
Return and repayment of other receivables		0.00	-224,865.58
<b>EFFECT OF EXCHANGE RATE VARIATIONS</b>		<b>-1,340.23</b>	<b>-490.15</b>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>		<b>610,514.33</b>	<b>3,322,687.66</b>
<b>Cash and equivalents at the start of the financial year</b>		<b>7,578,501.04</b>	<b>4,255,813.38</b>
<b>Cash and equivalents at the end of the financial year</b>		<b>8,189,015.37</b>	<b>7,578,501.04</b>

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# FUNDACIÓ BARCELONA MOBILE WORLD CAPITAL FOUNDATION

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## ANNUAL REPORT FOR FINANCIAL YEAR 2018

### Note 1 - ACTIVITY OF THE FOUNDATION

- 1.1 - **FUNDACIÓ BARCELONA MOBILE WORLD CAPITAL FOUNDATION** (hereinafter known as the **FOUNDATION**) was established on 13 March 2012 by the Ministry of Energy, Tourism and Digital Agenda (through the company Red.es), Generalitat de Catalunya, Barcelona City Hall, Fira Internacional de Barcelona and GSMA Ltd. The **FOUNDATION** is a non-profit organisation with its own legal status that has been established for an unlimited duration.

Its registered offices are at Carrer Roc Boronat, 117 in the city of Barcelona (postcode 08018). It is listed under number 2717 in the Register of Foundations of the Generalitat de Catalunya. (Tax ID: G65760431).

- 1.2 - The **FOUNDATION** is governed by its articles of association, by Law 21/2014 of 29 December, of the foundations commission and foundations and verification of the activity of associations declared of public use, and all additional provisions. As of 2 August 2008, Law 4/2008 of 24 April on book three of the Civil Code of Catalonia came into force.

- 1.3 - The corporate purpose and main activity of the **FOUNDATION** consists of promoting and encouraging the use of mobile technologies and solutions in different sectors of activity, converting the city of Barcelona into a world benchmark capital and helping improve the quality of life of citizens in different areas, such as education, public space, healthcare and infrastructures.

The **FOUNDATION** implements its mission through the development of the Barcelona Mobile World Capital project, which is an initiative driving the digital development of society and helping improve the life of people worldwide.

With the help of the public and private sectors, MWCcapital focuses its activity on four areas: acceleration of innovation through digital entrepreneurship; transformation of industry through digital technology; the

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growth of digital talent among the new generations and professionals; and the reflecting on the impact of technology on our society. As a whole, our programmes are positively transforming the economy, education and society.

MWCapital hosts the Mobile World Congress and organises 4 Years From Now (4YFN), the business platform for the startup community, present at all MWC events worldwide.

To fulfil these purposes, the primary goals of the **FOUNDATION** include the following:

- a) To foster and promote the use of mobile technologies and solutions on an institutional, business and citizen level through the defined programmes.
- b) To promote the creation, development and attracting mobile technology-based companies.
- c) To encourage and take part in technological innovation in order to promote the use of mobile technologies and solutions, their sustainability and the transfer of knowledge to society and to the business network.
- d) To position and promote Barcelona as the world benchmark capital in relation to the use of mobile technologies and solutions.
- e) To cooperate with other institutional and business players to promote the transferral of experiences and knowledge to other regions and help promote the mobile transformation in other regions.
- f) To become a leading non-profit organisation in the attracting and retaining of talent that develops and researches into the use of new mobile technologies worldwide.
- g) To support and promote, in accordance with its foundational goals and wherever possible, development of the Mobile World Congress.

In view of these goals, the **FOUNDATION** may receive donations from individuals and organisations (public or private), receive aid, funding, assistance or collaboration from any type of public institution, supranational institution, non-governmental organisation and international cooperation organisation, among others, and may use the resources received in projects inside or outside Catalonia and in the rest of Spain. The **FOUNDATION** may also develop any business activity aimed at generating revenues to pay for the supply of goods and services under normal market conditions.

FOUNDING PARTNERS



- 1.4 - At least 70% of the resources obtained by the **FOUNDATION** during financial year 2018 have been used to apply the foundational goals, as explained in Note 15.
- 1.5 - The Board of Trustees is responsible for the representation, governance and administration of the **FOUNDATION**.
- 1.6 - On 14 February 2013, a partnership agreement was signed between the Civil Service, Generalitat de Catalunya, Barcelona City Hall and the **FOUNDATION** to create the Barcelona Mobile World Capital Consortium. The **FOUNDATION** is to have a 20% shareholding in the Consortium.

The purpose of the Consortium is:

- To implement the programme supporting the “Barcelona Mobile World Capital” event.
- To undertake the duties set forth in Article 27.2b) of Law 49/2002 of 23 December on the Tax Regime for Non-Profit organisations and tax incentives for patronage.
- To arrange and attract financial resources to fund the activities and programmes taking place during the event.

Given that it is responsible for organising the “Barcelona Mobile World Capital” and for its programme of actions and activities, the **FOUNDATION** agrees to fund the Consortium.

The **FOUNDATION** shall accept any losses that may arise from the settlement of the Consortium, with no related liabilities being attached to the other members of the Consortium.

The Consortium has had no economic activity since it was created.

- 1.7 - No aid was granted by the **FOUNDATION** during financial years 2017 and 2018.
- 1.8 - The activity of the **FOUNDATION** has no different impact between men and women.

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- 1.9 - The annual accounts have been prepared in Euros. The functional currency used by the **FOUNDATION** is the Euro.

**Note 2- BASIS FOR PRESENTATION OF THE ANNUAL ACCOUNTS**

- 2.1 - True image

The attached annual accounts have been obtained from the accounting records of the **FOUNDATION** and are presented according to the Standard Chart of Accounts for Foundations and Associations subject to the law of the Generalitat de Catalunya, approved by Decree 259/2008 dated 23 December by the Generalitat de Catalunya Department of Justice, and in accordance with any successive amendments, where applicable, in order to show a true image of the net worth, financial position and earnings from its operations, as well as any changes to net worth and the cash flow statement for the organisation.

- 2.2 - Critical aspects in the evaluation and estimation of uncertainty

Preparation of the annual accounts requires making certain accounting estimates and considering of certain judgements by the Management of the **FOUNDATION**. These are continuously assessed and are based on past experience and other factors, including the expectations of future events considered reasonable in accordance with the circumstances.

Although the estimates considered have been made using the best information available at the date of closure of these annual accounts, any future modification to these estimates shall be applied prospectively from that time, acknowledging the effect of the exchange rate on the estimate made in the profit and loss account for the financial year in question.

The main estimates and judgements considered in the annual accounts correspond to the working life of the intangible and tangible fixed assets (Note 4.1), the fair values of the financial instruments (Notes 4.3 and 4.4) and provisions (Note 4.7).

- 2.3 - Comparability of the information

The annual accounts for financial years 2017 and 2018 have been prepared in accordance with the structure established in the Standard Chart of Accounts for Foundations and Associations subject to the law of the Generalitat de Catalunya.

### Note 3 - APPLICATION OF EARNINGS

The earnings from financial year 2018 are applied as follows:

<u>Basis for distribution</u>	
· Surplus from the financial year (positive)	130,410.58
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<u>Application</u>	
· Surplus	130,410.58
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### Note 4 - DISPOSITIONS OF REGISTRATION AND VALUATION

The main dispositions of valuation used by the **FOUNDATION** when preparing its Annual Accounts for financial year ending 31 December 2018 were as follows:

#### 4.1 - Intangible and tangible fixed assets

##### Intangible fixed assets

Until financial year 2016, this corresponded entirely to the purchase price of the expenses incurred in the design and production of audio-visual contents, deducting depreciation and, where applicable, value impairment adjustments.

Depreciation of these audio-visual contents was calculated using a linear system, considering the end date of the rental agreement for the building where they were exhibited, in other words for a period of 6 years, given that the **FOUNDATION** wishes to maintain most of these contents for the entire period. The maintenance expenses for said audio-visual contents were charged directly to the profit and loss account.

During financial year 2017, the rental agreement was cancelled in advance and, therefore, the audio-visual contents were written off.

### Tangible fixed assets

These are valued at their historic cost or purchase price, deducting depreciation and, where applicable, value impairment adjustments. Depreciation is calculated using a linear system, applying the annual coefficients specified below:

- Technical installations and buildings: correspond to the work performed in rented buildings that is inseparable. It depreciates considering the length of the rental contract when its duration is less than the working life of the asset. In view of the early cancellation of the rental agreement, the inseparable assets have been written off.
- Furniture: 16.66-20.00%.
- Data processing equipment: 20.00-25.00%.

Investments for the financial year are generally amortised in proportion to the time that the assets have been operational.

Repairs that do not involve an increase in production capacity or an extension of the working life and maintenance expenses are charged directly to the profit and loss account. All expansion, modernisation or improvement costs leading to an increase in the working life of the asset or an increase in its production capacity are capitalised as a higher value of the asset.

At the end of the financial year, the **FOUNDATION** evaluates the value impairment of the different assets, estimating the recoverable value of these assets, which is the highest between their fair value and their book value. Where the recoverable value is lower than the net book value, the corresponding provision for value impairment will be charged to the profit and loss account.

#### 4.2 - Leases

The leases in which the lessor preserves a significant part of the risks and benefits arising from ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are charged to the profit and loss account for the financial year in which they are accrued, on a linear basis during the leasehold period.

The **FOUNDATION** has no financial leases.

#### 4.3 - Financial assets

The **FOUNDATION** establishes the category of its financial assets at the time they are first posted and reviews them at each year-end date, based on the decisions made by the Management. This classification depends on the purpose for which these investments have been made.

Financial assets due within the year are generally classified as current and those due after this period as non-current on the attached balance sheet.

The **FOUNDATION** records the removal of a financial asset when the contractual rights on its flows have ended or have been transferred, and the risks and benefits inherent to its ownership have been substantially transferred. In the specific case of receivables, this generally occurs if the risks of insolvency or arrears have been transferred.

The financial assets of the **FOUNDATION** are classified into the following categories:

##### Loans and receivables

These include credit for trade operations (users and sundry debtors) and credit for the remaining operations not involving the organisation's activities and they are received in a determined or determinable quantity. They are initially valued at their fair value that, unless there is evidence otherwise, corresponds to the transaction price. In subsequent valuations they are valued at their amortised cost, including the interest accrued in the profit and loss account, applying the effective interest rate method, except for loans and receivables due within a year that continue to be valued at their fair value.

Where there are reasonable doubts regarding the recoverability in terms of quantities and due dates of the balances of the accounts classified under the category of financial assets at amortised cost, the **FOUNDATION** makes the corresponding value impairment adjustment, charging the profit and loss account of the financial year in which the impairment became apparent. The market value of the asset is used to calculate impairment losses to replace the current value of the future cash flows.

Reversals of previously recorded impairment losses, where applicable, are posted in the profit and loss account for the financial year in which the impairment was written off or received.

Trade and other receivables are subject to value adjustment after analysing each case individually.

## Equity instruments of other companies

The investments in the equity of group, multi-group and associate companies are initially valued at cost, which is equivalent to the fair value of the consideration submitted plus any transaction costs that can be directly allocated. They are subsequently valued at their cost value, minus the accumulated sum of the value impairment adjustments, where appropriate.

The corresponding value adjustments are made for the difference between their book value and the recoverable amount, this being understood as the highest amount between their fair value minus the sale costs and the current value of future cash flows arising from the investment. Where there is no reasonable estimate for the current value of the cash flows, the total net equity of the investee company is considered, adjusted for any tacit capital gains at the valuation date.

All the equity instruments of the **FOUNDATION** have been funded using capital subsidies.

### 4.4 - Financial liabilities

The **FOUNDATION** establishes the category of its financial liabilities at the time they are first posted and reviews them at each year-end date, based on the decisions made by the Management. This classification depends on the purpose for which these liabilities have been registered.

In general, the financial liabilities due within the year are generally classified as current and those due after this period as non-current on the attached balance sheet.

The writing off of a financial liability will be posted when the obligation it generates has expired.

All the financial liabilities of the **FOUNDATION** are classified in the liabilities and payables category.

They are initially valued at their fair value, and the necessary expenses to obtain them are also recorded. In subsequent periods, the difference between the funds obtained (net of the necessary expenses to obtain them) and the reimbursement value, where applicable and where significant, is posted to the profit and loss account during the life of the debt, in line with the effective interest rate.

Trade payables due within one year with no contractual interest rate are valued both initially and subsequently at their nominal value when the effect of not updating the cash flows is insignificant.

#### 4.5 - Corporate Income Tax

Corporate Income Tax is calculated according to the earnings for the financial year, considering the existing differences, where applicable, between the accounting earnings and the tax earnings (taxable base), and distinguishing between whether they are permanent or temporary in order to determine the Corporate Income Tax accounted for during the financial year.

The **FOUNDATION** operates under the special tax regime for non-profit organisations, as set forth in Law 49/2002 of 23 December.

Along these lines, it must be noted that the National Budget Laws for financial years 2012, 2015 and 2018 consider “Barcelona Mobile World Capital” an event of special public interest, and the support programme for this event runs from 1 January 2018 to 31 December 2020 (Law 6/2018 of 3 July).

#### 4.6 - Revenues and expenses

In general, revenues and expenses are recorded in line with the accrual principle and the correlating of revenues and expenses, regardless of when they are received or paid.

Revenues are recorded at the fair value of the consideration received or to be received, and represent the amounts receivable for the goods supplied and the services provided within the regular course of business, deducting any discounts, value added tax and other sales-related taxes.

Revenues from promotions, sponsors, partnerships and others are posted when the following requirements are met:

- The total sum of revenues can be reliably ascertained.
- The **FOUNDATION** receives the financial profits or returns arising from the transaction.
- The degree of the transaction can be reliably ascertained.
- The costs incurred in the provision and those yet to be incurred until its completion can be reliably ascertained.

The expenses incurred and the revenues received during the financial year prior to their accrual are credited or debited under Short-term accruals in the assets and liabilities of the balance sheet, respectively.



The revenues invoiced or received in advance for expenses to be incurred during the following financial year are recorded under Short-term accruals for liabilities, and are allocated to the profit and loss account for the financial year in which the expenses are incurred.

#### 4.7 - Provisions and contingencies

Provisions are posted when the **FOUNDATION** has a legal or implicit liability present as the result of past events, and an outflow of resources is likely to be necessary to settle the liability and the amount can be reliably estimated.

Provisions are valued at the current value of reimbursements deemed necessary to settle the liability using a pre-tax rate showing the evaluations of the current market for the temporary value of the money and the risks specific to the liability. Adjustments to the provision due to its updating are posted as a financial expense as they are accrued.

Provisions due within one year with an insignificant financial effect are not discounted.

When it is anticipated that part of the reimbursement required to settle the provision is reimbursed by a third party, the reimbursement is included as separate asset, providing its receipt is almost certain.

Contingent liabilities are any liabilities arising as a result of past events, the consequences of which depend on whether or not future events occur, regardless of the wishes of the **FOUNDATION**. These contingent liabilities are not included in the accounting records and are described in the report.

#### 4.8 - Environment

Expenses arising from the activities of the **FOUNDATION** in order to protect and improve the environment are accounted for as an expense for the financial year in which they are incurred, where applicable. Despite this, where they involve investments as a result of activities to minimise environmental impact and to protect and improve the environment, they are accounted for as fixed assets.

#### 4.9 - Subsidies, donations and contributions

Non-reimbursable subsidies, donations and contributions will be accounted for as revenues directly allocated to net worth and will be posted to the profit and loss account as revenues on a systematic and rational basis, correlated to the expenses arising from the subsidy.

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For such purposes, a subsidy, donation or contribution is considered non-reimbursable when there is an individual agreement to grant the subsidy, donation or contribution, all the conditions established for it to be granted are met, and there are no reasonable doubts that it will be received.

Monetary subsidies, donations and contributions are valued at the fair value of the amount granted.

Non-reimbursable subsidies related to the purchase of tangible and intangible fixed assets are allocated as revenues for the financial year in proportion to the amortisation of the corresponding assets, or value impairment adjustment or write-off on the balance sheet.

Reimbursable subsidies, donations and contributions are recorded as liabilities until they become non-reimbursable.

#### 4.10 - Transactions between related parties

Transactions between related parties are recorded at market value.

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## Note 5 - INTANGIBLE FIXED ASSETS

- 5.1 - The details and movements recorded for intangible fixed assets for financial years 2017 and 2018 are summarised below:

	<b>Balance at 01/01/2017</b>	<b>Additions / Provision</b>	<b>Removals</b>	<b>Balance at 31/12/2017</b>
<b>COST</b>				
• Other intangible fixed assets	615,233.75	0	-598,468.00	16,765.75
<b>ACCUMULATED AMORTISATION</b>				
• Other intangible fixed assets	-386,925.60	-77,344.17	461,209.34	-3,060.43
<b>NET VALUE AT 31.12.2017</b>	<b>228,308.15</b>			<b>13,705.32</b>
<b>COST</b>				
• Other intangible fixed assets	16,765.75	0	-1,365.75	15,400.00
<b>ACCUMULATED AMORTISATION</b>				
• Other intangible fixed assets	-3,060.43	-2,565.60	0	-5,626.03
<b>NET VALUE AT 31.12.2018</b>	<b>13,705.32</b>			<b>9,773.97</b>

- 5.2 - On 27 July 2017, the agreement was reached for the early termination of the contract signed on 26 July 2012 between the **FOUNDATION** and the lessor for the 6-year rental of a building. The details for the losses recorded due to written off assets of the **FOUNDATION** are as follows:

• Removal of intangible fixed assets, net accounting value at 27.07.17 (Note 5.1)	-137,258.66
• Removal of tangible fixed assets, net accounting value at 27.07.17 (Note 6.1)	-444,233.18
• Purchase price of material by the lessor	8,800.00
• Cancellation of total non-claimable debt (Note 9.3)	22,405.59
• Impairment and earnings from disposal of fixed assets	-550,286.25

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5.3 - There are no fully amortised items in use at 31 December 2017 and 2018.

## Note 6 - TANGIBLE FIXED ASSETS

6.1 - The details and movements recorded for tangible fixed assets during financial years 2017 and 2018 are summarised below:

	Balance at 01/01/2017	Additions / Provision	Transfers	Removals	Balance at 31/12/2017
<b>COST</b>					
• Other facilities	2,080,848.56	38,496.69	0.00	-1,909,178.19	210,167.06
• Furniture	65,696.29	9,030.24	0.00	0.00	74,726.53
• Data processing equipment	65,398.04	45,557.81	0.00	0.00	110,955.85
	<b>2,211,942.89</b>	<b>93,084.74</b>	<b>0.00</b>	<b>-1,909,178.19</b>	<b>395,849.44</b>
<b>ACCUMULATED AMORTISATION</b>					
• Other facilities	-1,320,023.19	-265,805.91	0.00	1,464,945.01	-120,884.09
• Furniture	-48,427.66	-13,009.05	0.00	0.00	-61,436.71
• Data processing equipment	-28,977.09	-20,411.96	0.00	0.00	-49,389.05
	<b>-1,397,427.94</b>	<b>-299,226.92</b>	<b>0.00</b>	<b>1,464,945.01</b>	<b>-231,709.85</b>
<b>NET VALUE AT 31/12/2017</b>	<b>814,514.95</b>				<b>164,139.59</b>
<b>COST</b>					
• Other facilities	210,167.06	9,108.66	-9,528.07	-13,689.00	196,058.65
• Furniture	74,726.53	424.06	9,528.07	0.00	84,678.66
• Data processing equipment	110,955.85	19,726.49	0.00	-2,888.45	127,793.89
• Advance payments	0.00	3,815.70	0.00	0.00	3,815.70
	<b>395,849.44</b>	<b>33,074.91</b>	<b>0.00</b>	<b>-16,577.45</b>	<b>412,346.90</b>
<b>ACCUMULATED AMORTISATION</b>					
• Other facilities	-120,884.09	-18,255.90	0.00	11,211.84	-127,928.15
• Furniture	-61,436.71	-12,061.56	0.00	455.04	-73,043.23
• Data processing equipment	-49,389.05	-25,881.44	0.00	1,985.94	-73,284.55
	<b>-231,709.85</b>	<b>-56,198.90</b>	<b>0.00</b>	<b>13,652.82</b>	<b>-274,255.93</b>
<b>NET VALUE AT 31/12/2018</b>	<b>164,139.59</b>				<b>138,090.97</b>

6.2 - The additions for financial years 2017 and 2018 correspond primarily to activities performed in the registered offices of the **FOUNDATION**.

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- 6.3 - During financial year 2018, tangible fixed assets for the net account value of 2,924.63 euros were written off (444,233.18 euros in financial year 2017).
- 6.4 - There are fully amortised items in use at 31 December 2018 for the sum of 138,812.17 euros (86,938.33 euros in financial year 2017).

**Note 7 - FINANCIAL ASSETS**

- 7.1 - The composition of financial assets (except for equity instruments) classified in the long and short-term loans and receivables category is as follows:

FINANCIAL ASSETS	Credits, derivatives and others	
	2018	2017
<b>Long term</b>		
Loans and receivables	52,708.00	39,584.00
<b>Short term</b>		
Loans and receivables	588,731.78	1,303,169.45

- 7.2 - The long-term loans and receivables corresponding to the guarantees established by the **FOUNDATION** for lease and loan agreements with personnel, with the following due dates:

	2018	2017
• Financial year 2017	0.00	0.00
• Financial year 2018	0.00	1,400.00
• Financial year 2019	8,749.00	0.00
• Financial year 2020	5,775.00	0.00
• Financial year 2022	38,184.00	38,184.00
	52,708.00	39,584.00

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- 7.3 - All short-term financial assets are due within the year and primarily correspond to balances of clients, receivables and users for the activities, which are received during the first few months of the subsequent financial year.

Movements under the Receivables, group companies, associates and other related parties and the Other receivables headings were as follows:

<b>USERS</b>	<b>Financial year 2018</b>	<b>Financial year 2017</b>
Initial Balance	1,302,578.49	1,541,025.71
Increases	17,496,448.12	17,047,532.69
Decreases	-18,227,805.60	-17,285,979.91
<b>End Balance</b>	<b>571,221.01</b>	<b>1,302,578.49</b>

- 7.4 - Movements of the value impairment adjustment accounts for balances receivable were as follows:

	<b>2018</b>	<b>2017</b>
• Initial balance	7,002.91	15,142.50
• Provision for the financial year	0.00	7,002.91
• Removals due to receipt	-7,002.91	-15,142.50
• End balance	<b>0.00</b>	<b>7,002.91</b>

## Note 8 - SHAREHOLDER EQUITY

The institutional funds are comprised of the monetary contributions made by the organisations indicated below. The returns generated from their implementation are applied to the foundational goal.

The initial funds, 60,000.00 euros, were provided equally by the founding organisations. Total contributions are as follows:

• Generalitat de Catalunya	12,000.00
• Barcelona City Hall	12,000.00
• Red.es (Ministry of E, T, and D.A.)	12,000.00
• GSMA , Ltd.	12,000.00
• Fira de Barcelona	12,000.00
	<b>60,000.00</b>

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## Note 9 - FINANCIAL LIABILITIES

### 9.1 - Categories of financial liabilities

The book values of each category of financial liabilities are indicated in the following table:

#### Short-term financial liabilities:

	<u>Short-term derivatives</u>	
	<u>2018</u>	<u>2017</u>
<b>and others</b>		
<b>Liabilities and payables:</b>		
Short-term payables	0.00	103,265.00
Trade and other payables	4,005,301.74	3,696,515.59
<b>TOTAL</b>	<b>4,005,301.74</b>	<b>3,799,780.59</b>

### 9.2 - Suppliers include:

	<u>2018</u>	<u>2017</u>
Cred. Serv. Prov. Invoices pending receipt	442,490.91	231,110.74
GSMA – Royalty Provision	3,000,000.12	3,000,000.00
Others	405,924.09	336,529.07
	<b>3,848,415.12</b>	<b>3,567,639.81</b>

9.3 - On 27 July 2012, a 6-year lease contract was signed on a building. Clause 6 of the contract determined the work to be performed on the building by the lessor before it is handed over to the **FOUNDATION**. The cost of this work was payable by the **FOUNDATION** under the following terms:

- The costs corresponding to the drafting of joint implementation projects and work through payments of 9,878 euros plus V.A.T. over the period between the date the building was handed over to the **FOUNDATION** and the end of the lease contract.

- The costs corresponding to the site management and all the interior design of the 1st floor through three payments to be made on 30 September and 30 November 2012 and 30 January 2013.

The **FOUNDATION** recorded these amounts with delayed payment under Other long and short-term payables. Given that this operation was executed without any explicit interest rate, an effective interest rate of 4.56% was used. The interest accrued during financial year 2017 for the sum of 6,536.88 euros (13,571.43 euros in 2016) was posted to the profit and loss account.

On 27 July 2017, the agreement was signed for the early termination of the lease contract. The **FOUNDATION** settled the outstanding debt at the date of early termination, set at 158,048.00 euros, and posted a revenue for the sum of the non-claimable outstanding debt of 22,405.59 euros (Note 5.2).

Other short-term financial liabilities in 2017 included the sum of 100,000.00 euros corresponding to the total subsidies received for the development of the Mobile Acceleration Hub project, pending application at 31 December 2017. This amount was applied to financial year 2018, having been debited under “Subsidies, donations and contributions received”.

- 9.4 - Information on deferred payments made to suppliers. Additional Provision Three. Duty of Information of Law 15/2010 of 5 July.

	2018	2017
	Days	Days
Average payment period to suppliers	15.21	9.25
Ratio of operations paid	9.20	29.07
Ratio of operations pending payment	22.30	35.58
	Amount (euros)	Amount (euros)
Total payments made	16,021,050.00	17,316,404.81
Total payments outstanding	474,441.12	654,516.30

- 9.5 - The fair value of the financial liabilities of the **FOUNDATION** at 31 December 2017 and 2018 is very similar to the book value.

- 9.6 - Anticipated revenues for financial year 2018 correspond entirely to subsidies from European projects either received or pending application once the expenses they fund have been incurred.

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## Note 10 - SUBSIDIES, DONATIONS AND CONTRIBUTIONS

- 10.1 - Information on the source of the official subsidies for the activities included in the profit and loss account for financial year 2017 and 2018 (Note 10.2).

	<u>2018</u>	<u>2017</u>
Barcelona City Hall	5,000,000.00	5,000,000.00
Ministry of E, T, and D.A.	5,000,000.00	5,000,000.00
Generalitat de Catalunya	5,000,000.00	5,000,000.00
	<u>15,000,000.00</u>	<u>15,000,000.00</u>
European projects (Note 9.6)	371,018.27	111,716.51
	<u><b>15,371,018.27</b></u>	<u><b>15,111,716.51</b></u>

As indicated in Note 10.2, the contributions to the **FOUNDATION** are established in the protocol supporting the candidacy of Barcelona Mobile World Capital among the Civil Service, the Generalitat de Catalunya and Barcelona City Hall. These contributions are used to fund the activities and requirements of the **FOUNDATION** to undertake all the necessary activities relating to the sponsorship and management of the Mobile World Capital until financial year 2023.

The Trustees of the **FOUNDATION** believe that the subsidies corresponding to financial years 2017 and 2018 are not reimbursable.

- 10.2 - On 15 June 2011, a protocol was established to support the candidacy of Barcelona Mobile World Capital among the Civil Service, the Generalitat de Catalunya and Barcelona City Hall. This protocol established the contributions that the entities had to make to the **FOUNDATION** if Barcelona were chosen Mobile World Capital. On 14 July 2015, the **FOUNDATION** and GSMA Ltd. signed a contract in which they agreed to extend the duration of the Mobile World Capital Agreement for five years, until 1 October 2023, and, as a result, the extension of the annual contribution of the Host City Parties Agreement until 2023.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
• Barcelona City Hall	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	0.00
• Generalitat de Catalunya	0.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
• Civil Service	0.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
	<u>5,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>10,000.00</u>

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- 10.3 - During financial years 2017 and 2018, the **FOUNDATION** received donations from private entities, sponsorships and other contributions. The most relevant are indicated below:

	<u>2018</u>
Vodafone España, S.A.U. (Note 16.1)	150,000.00
COMSA	30,000.00
	<u><b>180,000.00</b></u>
	<u>2017</u>
Telefónica, S.A. (Note 16.1)	1,000,000.00
Vodafone España, S.A.U. (Note 16.1)	150,000.00
	<u><b>1,150,000.00</b></u>

Additional provision 78 of Law 6/2018 of 3 July on the National Budgets for 2018 considers “Barcelona Mobile World Capital” an event of exceptional public interest for the purposes set forth by Article 27 of Law 49/2002 of 23 December, the maximum tax benefits established in its Article 27.3 being applicable. Pursuant to this Provision, the length of the support programme for this event runs from 1 January 2018 to 31 December 2020. Along these lines, the legal entity that, among other purposes, implements the support programme applicable to this event, and is responsible for the scheduling, promoting and implementation of the activities carried out around it, is the “Barcelona Mobile World Capital” Consortium.

- 10.4 - During financial years 2018 and 2017, the **FOUNDATION** received subsidies for the development of the Mobile Acceleration Hub project, which seeks to attract organisations specialising in the acceleration and incubation of new companies, to be used as a legacy of the activities of the **FOUNDATION** in the city of Barcelona. A company called Barcelona Mobile Ventures, S.L. was established in 2015 to develop the project. (Note 11). The **FOUNDATION** is the sole shareholder of this company and has provided the following subsidies received as capital and issue premium to this company (Note 11):

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Organisation and purpose of the subsidy	Financial year of application		Total
	2018	2017 and before	
Ministry of E, T, and D.A. (BCN Mobile Ventures)	0.00	3,000,000.00	3,000,000.00
Barcelona City Hall (BCN Mobile Ventures)	0.00	4,000,000.00	4,000,000.00
Generalitat de Catalunya (BCN Mobile Ventures)	0.00	700,000.00	700,000.00
Fira de Barcelona (BCN Mobile Ventures)	100,000.00	200,000.00	300,000.00
<b>TOTAL</b>	<b>100,000.00</b>	<b>7,900,000.00</b>	<b>-8,000,000.00</b>
Allocation to previous years' earnings			-625,777.32
Allocation to 2017 earnings			-2,037,673.69
Allocation to 2018 earnings			-1,143,302.65
			<b>4,193,246.34</b>

The sum of 1,143,302.65 euros was allocated to the financial year earnings in 2018 to offset the impairment recorded in the investee company (Note 11) (2,037,673.69 euros in financial year 2017).

## Note 11 - GROUP, MULTI-GROUP AND ASSOCIATE COMPANIES

The **FOUNDATION** is the owner of all the corporate shares in the limited liability company called BARCELONA MOBILE VENTURES, S.L.

The company was established by agreement of the Board of Trustees of the FOUNDATION on 17 February 2015 and has registered offices at Plaça Pau Vila, 1, Portal C, planta 2, edifici Palau de Mar, Barcelona.

The corporate purpose of the company is summarised below:

- the purchase, holding and investment of financial assets, stocks and shares in companies.
- activities to promote and disseminate matters regarding the innovation, entrepreneurship and funding of business projects.
- activities to promote and disseminate matters regarding the innovation and generation of new business projects in the economic sector.

The Company business model involves investment, either through investee accelerators or technology transfer companies, which are subsequently expected to generate a positive return in the form of dividends or divestiture. To date, the companies in which Barcelona Mobile Ventures has invested have generated no

profits or returns on capital associated to the activity and, therefore, have received no revenues.

The initial share capital of 3,000.00 euros is fully paid up.

On 20 July 2015, by agreement of the sole shareholder of the company, the share capital was increased through the creation of 400,000 corporate shares with a face value of 1 euro each. The **FOUNDATION** accepts and pays for all the new corporate shares, with an issue premium of 10 euros per share. The total investment to date is 4,400.000 euros.

Later, on 22 September 2015, the sole shareholder of the company agreed to increase the share capital through the creation of 100,000 corporate shares with a face value of 1 euro each. The **FOUNDATION** accepts and pays for all the new corporate shares, with an issue premium of 100,000 euros per share.

In financial year 2016, the sole shareholder of the company agreed to a third increase in share capital through the creation of 186,363 corporate shares with a face value of 1 euro each. The **FOUNDATION** accepts and pays for all the new corporate shares, with an issue premium of 10.00003756110387 euros per share, for the sum of 2,050,000 euros.

In financial year 2017, the sole shareholder agreed to a fourth increase in share capital through the creation of 122,727 corporate shares with a face value of 1 euro each. The **FOUNDATION** accepts and pays for all the new corporate shares, with an issue premium of 10.0000244444988 euros per share, for the sum of 1,350,000.00 euros.

In financial year 2018, the sole shareholder agreed to a fifth increase in share capital through the creation of 9,090 corporate shares with a face value of 1 euro each. The **FOUNDATION** accepts and pays for all the new corporate shares, with an issue premium of 10.0011 euros per share, for the sum of 100,000.00 euros.

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Total investment is recorded under Investments in group and associate companies for the assets of the **FOUNDATION**, with the following details:

	<u>2018</u>	<u>2017</u>
• Total investment	8,003,000.00	7,903,000.00
• Accumulated impairment	-3,806,753.66	-2,663,451.01
	<u><b>4,196,246.34</b></u>	<u><b>5,239,548.99</b></u>

The following data from financial year 2018 for this investee company are as follows:

- Capital: 821,180.00 euros (812,090.00 euros in financial year 2017).
- Issue premium: 7,181,820.00 euros (7,090,910.00 euros in financial year 2017).
- Reserves: -2,455.48 euros (-2,455.48 euros in financial year 2017).
- Earnings from prior financial years: -2,037,673.69 euros (-625,777.32 euros in financial year 2017).
- Financial year earnings: -1,143,302.65 euros (-2,037,673.69 euros in financial year 2017).

In financial year 2018, the Foundation recorded an impairment in the share of Barcelona Mobile Ventures, S.L. for the sum of 1,143,302.65 euros (2,037,673.69 euros in 2017), equivalent to the financial year losses.

The annual accounts for financial years 2017 and 2018 for this company have been audited.

## Note 12 - TAX POSITION

- 12.1 - The composition of the accounts with the Public Authorities at 31 December 2017 and 2018 is as follows:

Balances with the Public Authorities	2018		2017	
	Debit balances	Credit balances	Debit balances	Credit balances
a) Value Added Tax:	68,642.24	0.00	657,048.30	0.00
b) Personal Income Tax:	0.00	31,511.06	0.00	27,877.04
C) Corporate income tax:	0.00	0.00	405.53	0.00
d) Social Security:	0.00	44,044.99	0.00	38,015.00
e) IR receivables due to subsidies	70,687.50	0.00	0.00	0.00
f) Others	8,347.60	0.00	0.00	0.00
	<b>147,677.34</b>	<b>75,556.05</b>	<b>657,453.83</b>	<b>65,892.04</b>

- 12.2 - According to current law, taxes and Social Security contributions cannot be considered ultimately settled until the declarations submitted have been inspected by the tax or employment authorities, or the statute of limitations has ended, in accordance with current law. The **FOUNDATION** has all taxes and social security contributions applicable open for inspection, corresponding to all financial years not prescribed. In the opinion of the Board of Trustees, there are no contingencies of a significant amount that might arise from the review of the financial years open for inspection.
- 12.3 - The Trustees of the **FOUNDATION**, based on technical opinions gathered, believe that all present or future activities undertaken by the **FOUNDATION** are worthy of being classified as business activities and, therefore, are entitled to the complete deduction of any applicable V.A.T. This allows for the deducting of the applicable V.A.T. quotas and the recovery of any V.A.T. to be offset, on the understanding that part of the revenues obtained by the **FOUNDATION** corresponds to subsidies from the Public Authorities and to donations from private companies, does not in any way limit the right to a deduction of the applicable quotas.

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#### 12.4 - Corporate income tax

The **FOUNDATION** falls under the tax benefits set forth in Law 49/2002 of 23 December on the Tax Regime for Non-Profit Organisations and Tax Incentives for patronage.

Due to the nature of its activities, the **FOUNDATION** obtains no income that is not exempt from taxation under Corporate Income tax.

#### **Note 13 - LONG AND SHORT-TERM PROVISIONS**

The **FOUNDATION** has recorded a short-term provision to pay for compensation regarding a severance during financial year 2018. Said compensation was paid on 20 February 2019.

#### **Note 14 - REVENUES AND EXPENSES**

14.1 - The details of the Personnel expenses heading for financial years 2017 and 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Wages and salaries	1,702,549.60	1,697,054.05
Compensation	157,810.76	138,018.13
Social Security	416,651.13	430,036.99
Others	18,472.06	32,361.70
<b>TOTAL</b>	<b><u>2,295,483.55</u></b>	<b><u>2,297,470.87</u></b>

The **FOUNDATION** has charged the amount corresponding to the variable remuneration accrued during financial year 2018 under Remunerations pending payment, to be settled during financial year 2019.

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- 14.2 - The average number of employees during the financial year and the situation of the workforce at 31 December are shown below:

	Average workforce 2018			Average workforce 2017		
	Male	Female	Total	Male	Female	Total
Directors	6	1	7	5	4	9
Managers	7	8	15	7	8	15
Technical personnel	5	7	12	3	8	11
	<b>18</b>	<b>16</b>	<b>34</b>	<b>15</b>	<b>20</b>	<b>35</b>

	Workforce at 31.12.2018			Workforce at 31.12.2017		
	Male	Female	Total	Male	Female	Total
Directors	6	1	7	4	4	8
Managers	8	7	15	7	8	16
Technical personnel	5	7	12	3	7	9
	<b>19</b>	<b>15</b>	<b>34</b>	<b>14</b>	<b>19</b>	<b>33</b>

- 14.3 - Operating leases

The sums paid in financial year 2018 for operating leases posted as an expense for the financial year amounted to 849,477.94 euros (1,285,222.65 euros in financial year 2017).

The total amount of minimum future payments corresponds to the operating leases indicated below:

Financial year 2019	320,154.72
Financial year 2020-2022	960,464.16
	<b>1,280,618.88</b>



These future payments correspond to:

- Lease agreement for the whole of floor 3, where the offices of the **FOUNDATION** are located, along with 22 parking spaces, which expires on 31 March 2022.
- Different lease agreements for facilities and office equipment.

14.4 - Service provisions by the **FOUNDATION** during financial year 2017 and 2018 correspond to consulting services on the organisation of events, with the assignment of spaces and soft landing to ICT entrepreneurs, and to the tickets sold to participants of 4YFN organised by the **FOUNDATION**.

14.5 - Revenues from promotions, sponsors and partnerships correspond primarily to advertising agreements for the different events managed by the **FOUNDATION**.

**Note 15 - APPLICATION OF EQUITY AND REVENUE FOR STATUTORY PURPOSES**

15.1 - There was no increase or decrease in the foundational provision during financial year 2017 and 2018. Non-current assets of the **FOUNDATION** are applied in full to the foundational goals.

15.2 - In accordance with Article 33 of Law 5/2001 of 2 May and Article 333-2 of Book Three of the Civil Code of Catalonia, approved by Law 4/2008 of 24 April, the **FOUNDATION** fulfils the obligation of devoting at least 70% of the income obtained and of other net annual revenues to meeting its foundational goals. The remainder has been used for the deferred compliance with the goals or to increase the shareholder equity of the **FOUNDATION**, according to the following table:

Year	Total Revenues of the Foundation	Equity and Economic Activity Expenses	Difference	To be Applied 70%	Foundation Expenses for the Financial Year	Amount				Pending application
						APPLIED DURING THE FINANCIAL YEAR				
						2015	2016	2017	2018	
2015	17,684,430.69	7,320.54	17,677,110.15	12,373,977.11	16,594,292.78	16,594,292.78				0.00
2016	19,680,930.34	4,572.90	19,676,357.44	13,773,450.21	18,170,252.94		18,170,252.94			0.00
2017	19,471,865.63	0.00	19,471,865.63	13,630,305.94	19,215,087.70			19,215,087.70		0.00
2018	18,654,732.64	0.00	18,654,732.64	13,058,312.84	18,465,221.30				18,465,221.30	0.00

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## Note 16 - TRANSACTIONS WITH RELATED PARTIES

16.1 - The transactions with related parties (corresponding to Trustees of the **FOUNDATION**) during the financial year are as follows:

	2018	2017
<b>REVENUES</b>		
<b>Provision of services:</b>		
Telefónica de España, S.A.U.	0.00	8,800.00
GSMA , Ltd.	98,210.00	685,460.27
	<b>98,210.00</b>	<b>694,260.27</b>
<b>Official operating subsidies (Note 10.1):</b>		
Barcelona City Hall	5,000,000.00	5,000,000.00
Ministry of Energy, Tourism and Digital Agenda	5,000,000.00	5,000,000.00
Generalitat de Catalunya	5,000,000.00	5,000,000.00
	<b>15,000,000.00</b>	<b>15,000,000.00</b>
<b>Donations and other operating subsidies (Note 10.3):</b>		
Telefónica de España, S.A.U.	0.00	1,000,000.00
Vodafone, S.A.U.	150,000.00	150,000.00
	<b>150,000.00</b>	<b>1,150,000.00</b>
<b>Revenues from promotions, sponsors and partnerships:</b>		
GSMA , Ltd.	734,335.10	208,424.62
	<b>734,335.10</b>	<b>208,424.62</b>
<b>Capital subsidies (Note 10.4):</b>		
Generalitat de Catalunya	0.00	0.00
Ministry of Energy, Tourism and Digital Agenda	0.00	0.00
Fira de Barcelona	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
	<b>15,982,545.10</b>	<b>17,152,684.89</b>

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<b>EXPENSES</b>		
Annual contribution according to contract signed with GSMA, Ltd. And other services	10,060,622.00	10,161,994.53
Lease and general maintenance of building rented (Telefónica de España, S.A.U)	0.00	607,001.89
Lease (Red.es)	8,843.76	8,411.54
Fira Internacional de Barcelona (others)	787,330.76	412,752.92
Telephony and others (Vodafone, S.A.U.)	33,168.30	3,093.38
Financial expenses (Telefónica SAU.)	0.00	6,536.88
	<b>10,889,964.82</b>	<b>11,199,791.14</b>
<b>Debit balance:</b>		
Fira Internacional de Barcelona	527,015.00	531,092.50
Telefónica de España, S.A.U.	0.00	1,521.92
	<b>527,015.00</b>	<b>532,614.42</b>
<b>Credit balance:</b>		
GSMA , Ltd.	2,999,334.12	3,002,361.00
Fira de Barcelona	310,000.00	0.00
Vodafone España, S.A.U.	1,195.03	1,354.22
Barcelona Mobile Ventures, S.L.	30,000.00	0.00
	<b>3,340,529.15</b>	<b>3,003,715.22</b>

The purpose of the contract signed with GSMA, Ltd. is to implement the project to turn Barcelona into the world capital of mobile phones.

As of financial year 2015, and in order to apply the corresponding regulations to the free assignment by the **FOUNDATION** of the rights to organise the BMWC to Fira de Barcelona, which were previously acquired from GSMA, the free provision of services by the **FOUNDATION** to Fira de Barcelona was considered to be subject to Value Added Tax, more specifically in application of Article 78 of the V.A.T. Law. As a result of the aforementioned, the **FOUNDATION** has issued invoices to Fira de Barcelona as of financial year 2015 for the rights of assignment for the organisation of the BMWC, to which the general 21% rate has been applied, whether or not they are exempt from Value Added Tax.

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- 16.2 - According to Article 13-3 of the Articles of Association of the **FOUNDATION**, the members of the Board of Trustees hold their posts free of charge.

During financial year 2017 and 2018, the members of the Board of Trustees have received no remuneration of any kind from the **FOUNDATION** for their activity as such.

There are no liabilities regarding pensions or any type of guarantees accepted by the **FOUNDATION**, or other liabilities, on behalf of the members of the Board of Trustees.

- 16.3 - As of financial year 2014, the duties of the senior management are performed by the members of the Board of Trustees and of the Executive Committee of the **FOUNDATION**, who have received no remuneration of any kind.

There are no liabilities regarding pensions or any type of guarantees accepted by the **FOUNDATION**, or other liabilities, on behalf of the senior management.

**Note 17 - SUBSEQUENT EVENTS**

Between 31 December 2018 and the date on which these annual accounts were prepared, there has been no subsequent event that might involve adjustments to the accounting records or the declaration of contingent assets or liabilities that are not included in these annual accounts or indicated in this Report.

**Note 18 - OTHER INFORMATION**

- 18.1 - The changes to the members of the Board of Directors during financial year 2017 and 2018, to the date on which these annual accounts were prepared, notwithstanding the legally established process for their listing in the corresponding register, are indicated below:

Financial year 2018:

- Additions: Mr Jordi Puigneró Ferrer (representative of the Generalitat), Ms Elsa Artadi Vila (representative of the Generalitat), Ms María Àngels Chacón Feixas (representative of the Generalitat), Mr Francisco Polo Llavata (representative of the Ministry of the Economy and Business), Mr David Cierco Jiménez de Parga (representative of the Ministry of the Economy and Business), Mr Albert Medrán López (representative of the Ministry of the Economy and Business).

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- Removals: Mr José María Lassalle Ruiz (representative of the Ministry of the Economy and Business), Ms Gloria Placer Maruri (representative of the Ministry of the Economy and Business), Mr José Manuel Leceta García (representative of the Ministry of the Economy and Business).

#### Financial year 2017:

- Additions: Mr Ignacio de Orúe (Orange), Mr Jorge Villavecchia (Damm), Mr José Luís Gómez Fernández (Secretary of the Board of Trustees), Ms Glória Placer (Ministry of Energy, Tourism and Digital Agenda).
- Removals: Ms Carmen Recio Ferrer (Orange), Mr Enric Crous i Millet (Damm), Mr Jaume Collboni Cuadrado (Secretary of the Board of Trustees), Ms Neus Munté Fernández (representative of the Generalitat), Mr Jordi Baiget Cantons (representative of the Generalitat), Ms Meritxell Ruiz Isern (representative of the Generalitat), Mr Alberto Rodríguez Raposo (Ministry of Energy, Tourism and Digital Agenda).

#### 18.2 - Environment:

The **FOUNDATION** has no responsibilities, expenses, assets, or provisions and contingencies of an environmental nature that might be significant in relation to the equity, the financial situation and the earnings of the **FOUNDATION**. Therefore, information on environmental issues is not itemised in this report on the annual accounts.

- 18.3 - The auditing expenses arising from fees accrued during financial year 2017 and 2018 by Gabinete Técnico de Auditoría y Consultoría, S.A. are payable by Barcelona City Hall.

These annual accounts of the **BARCELONA MOBILE WORLD CAPITAL FOUNDATION**, corresponding to financial year 2018, have been prepared by the Board of Trustees in Barcelona on 5 April 2019.

Ms Ada Colau Ballano  
President of the Board of Trustees

Mr José Luís Gómez Fernández  
Secretary of the Board of Trustees

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