

LEGISLATIVE FRAMEWORK AND ACCOUNTING ANALYSIS OF POLLOE AND DONOSTIA TURISMOA

End of Degree Project

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CONTENTS

1. Introduction	1
2. Objectives	2
3. Methodology	3
4. Structure	4
<u>1st PART: MARKO TEORIKOA</u>	
5. Marko teorikoa eta toki-erakundeak	5
5.1. Historia	5
5.2. Konpetentziak	6
5.3. Gaitasun-esparrua	7
5.4. Administrazio instrumentala	8
5.5. Zerbitzu ematea	9
5.6. Polloe eta Donostia Turismoa	9
6. Udal sektore sozietate publikoak: Merkatukoak eta ez-merkatukoak	11
6.1. Merkatu sailkapena	11
<u>2nd PART: CASE ANALYSIS</u>	
7. Accounting analysis	13
7.1. Donostia Turismoa	13
7.1.1. Analysis of the annual accounts	13
7.1.1.1. Balance sheet	13
7.1.1.2. Profit and loss account	15
7.1.2. Company policy	16
7.1.3. Working capital	23
7.1.4. Solvency analysis	24
7.1.4.1. Ratios	24
7.1.5. Profitability	26
7.2. Polloe	29
7.2.1. Analysis of the annual accounts	29
7.2.1.1. Balance sheet	29
7.2.1.2. Profit and loss account	31
7.2.2. Company policy	32
7.2.3. Working capital	40
7.2.4. Solvency analysis	41
7.2.4.1. Ratios	41
7.2.5. Profitability	44
7.3. Accounting epilogue	46
<u>3rd PART: CONCLUSIONS</u>	
8. Conclusions	48
9. Bibliography	52

TABLE INDEX

Donostia Turismoa

Table 1: Balance of assets (2019-2021).....	13
Table 2: Balance of equity and liabilities (2019-2021).....	13
Table 3: Profit and loss account (2019-2021).....	15
Table 4: Evolution in number of overnights (2019-2021).....	16
Table 5: Contributions to losses from the City Council of Donostia (2019-2021)	17
Table 6: Relation between contributions and overnights (2019-2021).....	17
Table 7: Total and permanent number of employees (2019-2021).....	18
Table 8: Itemized personal expenses (2019-2021).....	18
Table 9: Net sales, personnel expenses and average employees (2019-2021)....	18
Table 10: Ratio of sales to employees and average cost employee (2019-2021)	18
Table 11: Other operating costs (2019-2021).....	19
Table 12: Intangible assets cost value (2019-2021).....	20
Table 13: Intangible assets accumulated amortization (2019-2021).....	20
Table 14: Intangible assets net book value (2019-2021).....	20
Table 15: Intangible assets level of amortization (2019-2021).....	21
Table 16: Tangible assets cost value (2019-2021).....	21
Table 17: Tangible assets accumulated amortization (2019-2021).....	22
Table 18: Tangible assets net book value (2019-2021).....	22
Table 19: Tangible assets level of amortization (2019-2021).....	22
Table 20: Working Capital (2019-2021).....	23
Table 21: Short-term ratios (2019-2021).....	24
Table 22: Long-term ratios (2019-2021).....	25
Table 23: From operating income to results for the year (2019-2021).....	26
Table 24: Total assets and net sales (2019-2021).....	27
Table 25: Various financial data and ratios (2019-2021).....	27
Table 26: Result of the year and equity (2019-2021).....	28

Polloe

Table 27: Balance of assets (2019-2021)	29
Table 28: Balance of equity and liabilities (2019-2021)	29
Table 29: Profit and loss account (2019-2021)	31
Table 30: Gross margin (2019-2021)	32
Table 31: Itemized number of employees (2019-2021)	34
Table 32: Itemized personal expenses (2019-2021).....	34
Table 33: Net sales, personnel expenses and average employees (2019-2021) ..	34
Table 34: Ratio of sales to employees and average cost employee (2019-2021)	35
Table 35: Other operating costs (2019-2021).....	36
Table 36: Intangible assets cost value (2019-2021).....	37
Table 37: Intangible assets accumulated amortization (2019-2021).....	37
Table 38: Intangible assets net book value (2019-2021).....	37
Table 39: Intangible assets level of amortization (2019-2021).....	37
Table 40: Tangible assets cost value (2019-2021).....	38
Table 41: Tangible assets accumulated amortization (2019-2021).....	38
Table 42: Tangible assets net book value (2019-2021).....	39
Table 43: Tangible assets level of amortization (2019-2021).....	39
Table 44: Working Capital (2019-2021)	40
Table 45: Short-term ratios (2019-2021).....	42
Table 46: Long-term ratios (2019-2021).....	43
Table 47: From operating income to results for the year (2019-2021)	44
Table 48: Total assets and net sales (2019-2021).....	44
Table 49: Various financial data and ratios (2019-2021).....	45
Table 50: Result of the year and equity (2019-2021).....	46

1. INTRODUCTION

The objective of this work is to carry out an accounting analysis of the years 2019, 2020 and 2021 of the companies Polloe and Donostia Turismoa. To do this, first of all, we explain the information that will help to understand the activity of these companies in order to better understand the reality in which they are inserted. These are two publicly owned companies, but in terms of activity and financing, they are very different from each other.

The two companies are dependent on the Donostia-San Sebastián City Council, and during the analysis it will be seen that they operate with a different nature and management, since the objectives, environment and purpose of each of them are different. These differences will become evident in the analysis of the annual accounts and each one will have to use its own unique management to carry out the activity as adequately as possible.

It should be noted that the unusual and far-reaching event such as the Sars Cov2 pandemic directly affected the companies activities in 2020 and 2021. In addition, the two sectors suffered very direct effects on the pandemic time. The increase in the number of deaths and the limitation of mobility distorted the normal functioning of the two companies and the distortions caused were evident in both. There is no doubt that the first two years of the third decade of this century were totally unpredictable, the pandemic turned the daily life of the whole society upside down and, of course, also the economic activity.

After analyzing the theoretical framework of the local entities and the most relevant points of these, we proceed to analyze the information provided by the financial statements of both companies using accounting analysis tools. After all, it is this information that should provide a true and fair view of the company to the outside world.

At the end, the conclusions drawn from the analysis will be put on the table and the focus will be placed on the most relevant aspects in order to compare both the year-to-year evolution of each of the companies and the differences between them.

Both companies are called San Sebastián Turismo Donostia Turismoa S.A. and Donostia Hileta Zerbitzuak S.A., but as they are known as Polloe and Donostia Turismo they will be referred to as such from now on.

2. OBJECTIVES

The main objective of the project is to analyze the accounting and economic implications in market and non-market public companies, who belongs to the public sector of local entities of the Basque Country administration.

In order for the central objective to be adequately carried out, it will be composed of different sub-objectives:

- a. To know the institutional public sector of local entities in order to understand the scope in which they are situated.
- b. To analyze the accounting statements of market and non-market public companies in order to study the possible differences when measuring the results and their economic and financial situation.
- c. If the company does not have positive operating results, study and propose indicators to define its situation and the evolution it may have undergone.
- d. Analyze the tax and accounting implications in the companies and their relationship with the activity they carry out.
- e. Analyze the evolution of different economic and accounting indicators to determine their variation and to be able to elucidate the causes and consequences thereof.
- f. Maintain during the analysis a cohesive and coherent structure together with informative rigor.

3. METHODOLOGY

The methodology used to carry out the work has been the bibliographic review, both for the theoretical framework in which the companies are found and for their accounting analysis.

The nature of the companies has been reviewed in terms of their relationship with the public administration, and the legislation regulating this area has been reviewed. Thus, it has been possible to form a theoretical framework to locate and understand the function of each of the companies and their scope of competence. In each of the laws, we have reviewed with special attention the articles that most directly affect both Donostia Turismoa and Polloe. In the bibliography section you can find all the legislation in question.

For the accounting analysis we have reviewed the bibliography referring to the accounting statements, their elaboration, analysis, interpretation and practical applications. At the same time, the information provided for the Accounting Analysis course of the Degree in Business Administration and Management of the Basque Country University has been taken into account. With all this, the different indicators, ratios and other accounting tools have been selected in order to provide the image that is closest to the accounting reality of the company.

In addition, the information on the annual accounts of the two companies together with their annual reports and the information on everything related to their activity housed in their corresponding web pages has been transcendental to adequately link the reality of the companies and their accounting statements.

The whole work has taken into account the public ownership of the companies, their different ways of facing the execution of the same and the special situation created by the world pandemic.

4. STRUCTURE

At the beginning of the work there is an introduction where the intention of the work is presented. The two companies in question are presented in a summarized way in order to have an initial notion of which are the main activities of the companies and which is their ownership. In addition, it is commented that the analysis carried out has the particularity of coinciding with the world pandemic of Covid 19.

Once the project has been presented, the objectives to be achieved once it has been completed are discussed. For this purpose, different sub-objectives are listed in order to focus and break down the central purpose as much as possible and to be able to better specify each of the parts analyzed. The methodology used to achieve these objectives is discussed below. In the specific section you will find the details of this methodology.

After the initial sections of the project, the work is divided into three clearly differentiated parts:

In the first of these, the theoretical framework that affects publicly owned commercial companies is analyzed. To this end, the laws and regulations that clearly affect the activity of the companies analyzed are discussed and developed. During the different points discussed, an attempt is made to relate the laws with the companies insofar as they are affected. This part is essential to understand the environment in which Polloe and Donostia Turismoa are located.

In the second part, we proceed with the particular accounting analysis of each of the companies. Here, we analyze the financial statements, the company's policies, various indicators, profitability, etc. Along with the accounting analysis, notes and comments are added that are derived from the calculations obtained, which is essential to better understand the reality of the companies. In addition, as it deals with a market company and a non-market company, several accounting differences derived from the relationship that each of the companies has with the market can be appreciated.

The third and last part, contains the conclusions derived from the analysis carried out throughout the project. Here, the different conclusions reached after developing both the first and the second part are discussed by means of logical arguments.

5. MARKO TEORIKOA ETA TOKI-ERAKUNDEAK

5.1. Historia eta izaera

1978. urteko konstituzioa onartzearekin batera, sistema autonomiko deszentralizatu batentzat zimenduak ezarri ziren Espainiar Estatuan, eta bertan aitortu eta bermatuta geratzen dira nazionalitate eta herrialdeen autonomia-eskubideak. Hala ere, aurre-autonomia garaiko hainbat errege lege-dekretu onartuak ziren autonomia xedea zutenei erantzuna eman nahian, eta honenbestez, ondoren etorriko ziren zehaztapenen euskarri gisa geratu ziren.

Konstituzioak titulu oso bat eskaini zion Estatuaren lurralde antolaketari, VIII.Titulua, eta bertan ipini ziren lurraldearen banaketa, antolaketa eta kudeaketarako funtsezko arauak. Ondorengo urteetan, hitzarmen autonomikoen garaia iritsi zen, eta pixkanaka autonomia erkidegoak gorpuzten joan ziren. Gainera, 1981eko Otsailaren 23an huts egin zuen Estatu Kolpeak azkartu egin zuen arestian adierazitako gorpuzte prozesua eta mapa autonomikoa finkaturik geratu zen hilabete gutxiren buruan.

Autonomia estatutuek Konstituzioaren 147. artikuluan dioenari jarraituz, ezarritako eremuaren barruan bereganaturiko eskumenak eta eskumen hauentzat zerbitzuen egitura adierazten dute. Aipatu berri den artikulua honek gutxieneko determinazioak soilik zehazten ditu, eta xehetasunen garapena autonomia estatu bakoitzean aurkitzen da. Lan honi dagokionean, Euskal Herriko Autonomia Estatuaren Abenduaren 18ko 3/1979 Lege Organikoa (Gernikako Estatutua) izango da baliozkoa.

Hitzarmen autonomiko hauek antolaketaren nondik norakoak zehaztu bazituzten ere, ezinbesteko pausoa izango zen aurrerago aipatuko diren lege zehatzen garapen eta onartzea arau hauen bidean sakondu ahal izateko.

Lurralde-antolaketa oro har autonomia erkidego, probintzia eta udalerritan banatzen da eta azken honetan izango da erabilgarri tokiko administrazioa. Tokiko administrazioa, administrazio publikoaren barnean kokatzen da, Estatuko administrazioa eta Autonomia Erkidegoen administrazioarekin batera, eta hauetako bakoitzak nortasun juridiko propioa du. Tokiko administrazioaren inguruko legea, Apirilaren 2ko 7/1985 Toki-araubidearen oinarriak arautzen dituen legea da, eta berau da aintzat hartu eta aztertuko dena.

5.2. Konpetentziak

Konpetentziei dagokienean, hiru motatakoak aurki daitezke: Legislatiboa, exekutiboa eta administratiboa. Konpetentzia legislatiboetan, arautzeko eskumena izaten da lortzen dena, eta honenbestez legedia propioa sortu ahal izango da. Konpetentzia exekutiboetan berriz, aurrez ezarritako arau edota lege bat betearaztean egongo litzateke eskuduntza, horretarako beharrezko baliabideak bideratu beharko direlarik. Azkenik, konpetentzia administratiboetan, kudeaketa lan bat egiteko gaitasuna da aitortzen dena, honela, konpetentzia gisa jasotako esparrua administrazio lanena izango da. Eztabaidagarria da konpetentzia exekutibo eta administratiboaren arteko bereizketarena, izan ere, bi kasuetan paperean ezarritakoa errealitate bihurtzeko lana da konpetentziaren xedea. Esan daiteke, bien arteko muga lauso xamarra dela, eta egin beharreko egikaritze lanen moduan dagoela desberdintasuna.

Edozein organo administratibotan konpetentzien definizioa funtsezko elementua da, hauen bitartez zehazten bait da organo bakoitzaren jardura esparrua eta baita esparru horren barneko eginkizun eta ahalmenak ere. Gainera, Urriaren 1eko Sektore Publikoaren Araubide Juridikoari buruzko 40/2015 legeak 8.1 artikuluan dio eskumenari ezin zaiola uko egin, eta hain zuzen ere, eskumen hori berena duten administrazio-organoei baliatuko beharko dutela, legean aurreikusitako eskuordetze, ordezkapen eta bereganatze kasuetan izan ezik.

Konstituzioak 137.artikuluan udalerrri, probintzia edota irleko autonomia propioa aldarrikatzen die, baina adierazpen honek eragin efektiboa izan dezan haratago joan beharra dago. Autonomia eta konpetentzien aldarrikapena errealitate bihurtzeko hiru elementu funtsezkoak izango dira: Lehenik, tokiko korporazioen aukeraketa eta karguaren mantenuarekiko independentzia. Bigarren tokian, erakundearen eskumenen zehaztapen argia. Eta azkenik, bere helburuak betetzeko behar dituen baliabide ekonomikoak nahikoak izatea, izan ere, baliabide horien gabezia edo gutxiegitasuna mugatzaile garbia izango bait litzateke bere jarduteko aukeretan. Honetaz gain, tokiko administrazioari erreferentzia zehatza egiten zaio 140, 141 eta 142. artikuluetan. Lehenik eta behin udalerrien autonomia eta nortasun juridiko osoa aitortzen dira, horretarako haien gobernatzearen eta administratzearen arduradunak izendatuz. Zehaztapen hauek diotenari jarraituz, zinegotziak, udalerriko auzotarrek aukeratuko dituzte, sufragio unibertsal, berdinean, libre, zuzeneko eta isilpeko. Ondoren, probintzia eta uharteren nortasun juridikoa eta egitura azaltzen dira, eta baita mugen aldaketa baterako jarraitu beharko litzatekeen prozedura ere. Azkenik, autonomia finantzarioari buruzko zehaztapenak ageri dira. Funtsean, toki-ogasunek behar adina baliabide izan beharko dutela adierazten da, eta baliabide hauekin egin beharko zaiela aurre korporazio bakoitzari esleitzen

zaizkion eginkizunei. Baliabide horiek, nagusiki, beren tributu propioak izanez eta Estatuarenetan nahiz autonomia erkidegoenetan parte hartuz bilduko dituzte.

Toki-erakundeetako eskumenen esleitzea bi talde handitan sailkatu ohi da 7/1985 Legearen 7.1 artikuluan arabera: Eskumen propioen araubidea eta eskuordetze bidezko eskurantzena. Eskumen propioak legeria sektorialaren bidez zehazten dira, estatukoa zein autonomikoa izan, eta toki-autonomiaren eremuko zutabe objektiboa deritzona osatzen dute. Eskuordetutako eskumenak, aldiz, xedapenaren edo ordezkartzaren akordioaren arabera erabiltzen dira.

Udalerriei dagozkien ahalmenak 7/1985 Legearen 4.artikuluan zerrendatzen dira, eta bertan banan bana ikus daitezke udal-ahalmen desberdinak eta hauen zehaztapenak. Lege honetan bertan, udalerrien konpetentzien buruzko araudia ageri da II.Tituluko III.Kapituluan, eta bertan dioenaren arabera, udalerriek beren interesak kudeatzeko eta beren eskumenen esparruan, auzo-erkidegoaren beharrak eta nahiak betetzen lagundu dezaketen jarduera mota guztiak bultzatu eta nahi adina zerbitzu publiko egin ditzakete. Gainera, udalerriak beti, Estatuko eta autonomia erkidegoetako legedian ezarritako moduan, gai jakin batzuetako eskumenak bete beharko ditu. Legeak 25.2 artikuluan zerrendatzen dituen nahi eta nahiezko betebeharren artean besteak beste, tokiko eta intereseko turismo-jarduerari buruzko informazioa eta sustapena eta hilerriak eta hileta-zerbitzuak ageri dira. Bi zerbitzu mota hauek dira hain zuzen aztertuko diren bi sozietateek helburu gisa dituztenak: Donostia Turismoak tokiko eta intereseko turismo-jarduerari buruzko informazio eta sustapena eta Polloek hilerriak eta hileta-zerbitzuak.

Halaber, legeak 25.4 artikuluan arestian aipatutako betebeharrekin batera memoria ekonomiko bat aurkeztu beharko dela dio. Bertan, administrazio publikoen finantza-baliabideen gaineko eragina eta egonkortasunaren, finantza-iraunkortasunaren eta jardueraren eraginkortasunari buruzko printzipioak adierazi beharko direlarik.

Ez dago soberan, konpetentzia hauek guztiak garatzeko aurrez aipaturiko 7/1985 Legearen 4.artikuluan ageri diren zerrendak balia daitezkeela errepikatzea.

5.3. Gaitasun-esparrua

Udal-mugartea, udalak bere eskumenak burutzeko hartzen duen lurraldea da, eta udalerrri bakoitza probintzia bakar baten zati izango da soilik. Autonomia-erkidegoen eskumenei kalterik eragin gabe, tokian tokiko herri-arazoak kudeatzeko ahalmena hobetzeko, udalerriak bat egitera bultzatzeko neurriak ezarri ahal izango ditu Estatuak, geografiaren, gizartearen, ekonomiaren eta kulturaren gaineko irizpideak kontuan hartuta.

5.4. Administrazio instrumentala

Sektore publiko instrumentalean, hainbat eta hainbat erakunde daude, lurralde-erakundeek sortuak, edo beste erakunde instrumental batzuek sortuak, esleitutako eginkizunak kudea ditzaten. Erakunde hauen multzoari, non elementu bereizgarria jada ez den lurraldea izango, sektore publiko instituzional edo instrumentala deitzen zaio.

Urriaren 1eko Sektore Publikoaren Araubide Juridikoaren 40/2015 Legearekin bat, sektore publiko instituzionala osatzen dute, besteak beste, administrazio publikoei lotutako edo haien mendeko edozein organismo publiko eta zuzenbide publikoko entitateek. Honenbestez, esan daiteke aztergai diren bi sozietateak administrazio instrumentalaren barnean kokaturik geratzen direla.

Adierazi behar da, sektore publiko instituzional osoa ez dela administrazio publikoa, izan ere, administrazio publikotzat hartzen dira estatuko administrazio orokorra, autonomia-erkidegoetako administrazioak, toki-administrazioa osatzen duten erakundeak eta sektore publiko instituzionalakoak, berriz, administrazio publikotzat hartzen dira soilik administrazio publikoei lotutako edo haien mendeko organismo publikoak eta zuzenbide pribatuko entitateak. Sektore publiko instituzionalaren parte dira, baina ez dira administrazio publikoa, esate baterako, administrazio publikoei lotutako edo haien mendeko zuzenbide pribatuko erakundeak.

Besteak beste, administrazio publiko dira Estatuaren Administrazio Orokorra, autonomia-erkidegoen administrazioak, toki-administrazioa osatzen duten entitateak eta sektore publiko instituzionala. Hauek, beren eginkizunen barnean kasu desberdinei egin behar izaten diete aurre, eta eginkizun bakoitzaren izaeraren arabera erakunde desberdinak erabiliko dituzte. Batetik, organismo autonomoak daude, eta bestetik enpresa-entitate publikoak. Organismo autonomoak, zerbitzu publiko jakin batzuk emateaz eta kudeatzeaz arduratzen dira, zerbitzu hauetarako ahalmena administratiboa soilik izango baita, eta Administrazio Zuzenbidean arauturik egongo dira. Normalean zerbitzu hauek ezingo ditu sektore pribatuak eskaini, izan ere, gaitasun administratiboez hitz egiten ari garenez, eskusiboki administrazioak du eskumena. Enpresa-entitate publikoak berriz, Interes publikokotzat jotzen diren eta kontraprestazio ekonomikoa jaso dezaketen zerbitzuak eman edo ondasunak ekoizten dituzte. Jarduera industrialak, merkataritzakoak, garraiokoak eta abar dira, eta organismo autonomoetan ez bezala, orokorrean sektore pribatuak ere eskaini ditzake zerbitzu edo produktu hauek.

5.5. Zerbitzu ematea

Apirilaren 2ko 7/1985 Toki-araubidearen oinarriak arautzen dituen legeak 85. artikuluan dioenarekin bat, tokiko zerbitzu publikoak dira toki-erakundeek beren eskumenen esparruan ematen dituztenak. Gainera, toki-eskumeneko zerbitzu publikoak ahalik eta modu jasangarri eta efizienteenean kudeatu beharko dira, horretarako zuzeneko kudeaketa eta zeharkako kudeaketaren artean aukeratu beharko delarik. Kudeaketa zuzenerako legeak lau aukera zerrendatzen ditu: Lehenengoa, toki-erakundeak berak kudeatzea. Bigarrena, tokiko erakunde autonomo baten bidekoa. Hirugarrena, tokiko enpresa-entitate publiko baten bidekoa. Eta laugarrena, Tokiko merkataritza-sozietate baten bidezkoa, bere sozietatearen kapitala oso-osorik toki-erakundearena edo toki-erakundearen ente publikoren batena bada. Hirugarren eta laugarren formak erabili ahal izateko, horretarako egindako memoria justifikatuaren bidez egiaztatu beharko da lehenengo eta bigarren formak baino jasangarriagoak eta eraginkorragoak direla. Horretarako, errentagarritasun ekonomikoaren eta inbertsioa berreskuratzearen irizpideak hartu beharko dira kontuan.

Toki-eskumeneko zerbitzuen zuzeneko kudeaketa, bai tokiko erakunde autonomoen bidez egiteko, edota baita tokiko enpresa-entitate publikoen bidez egiteko ere, Estatuko Administrazio Orokorraren Antolakuntza eta Jardueraren apirilaren 14ko 6/1997 Legeko 45tik 52ra arteko eta 53tik 60ra arteko artikuluetan xedatutakoaz arautuko dira hurrenez hurren.

Aurreko guztiaz gain, tokiko merkataritza-sozietateak, edozein dela ere beren izaera juridikoa, ordenamendu juridiko pribatuaz arautuko dira, aurrekontuen, kontabilitatearen, finantzen kontrolaren, eraginkortasunaren kontrolaren eta kontratazioaren araubideak aplikatu behar zaizkien gaietan izan ezik.

5.6. Polloe eta Donostia Turismoa

Polloe eta Donostia Turismoa merkataritza-sozietateak dira, eta Donostiako behar jakin batzuk asebetetzeko helburuarekin sortu ziren. Zerbitzu hauek, aurrez aipatu bezala, estatuko eta autonomia erkidegoetako legedian ezarritako eskumenen barnean aurkitzen dira. Apirilaren 2ko 7/1985 toki-araubidearen oinarriak arautzen dituen legeak, aztergai diren bi sozietateen helburu diren zerbitzuak espreski zerrendatzen ditu: Tokiko turismo-jarduera interesgarrien informazioa eta sustapena eta hilerriak eta hileta-jarduerak. Bi zerbitzu mota hauen eskaintza ez da sektore publikoaren ahalmena soilik, eta kasu hauetan askotan gertatzen den bezala merkataritza-sozietate gisa sortu zituen Udalak zerbitzua eman zezaten.

Donostia Turismoa 2006ko urtarrilaren 31n estatutuak osoko bilkuran onartu ondoren sortu zen. Donostiako Udalaren merkataritza-sozietatea da, eta udal-titulartasun osoa du. Sozietatearen helburu soziala, estatutu sozialen arabera, Donostiako lurralde-eremuan turismoaren garapena zuzenean edo zeharka bultzatzen lagunduko duten jarduera ekonomiko eta sozialak sustatzea eta bultzatzea da.

Polloeko hilerria berriz, Gipuzkoako hilerri garrantzitsuena da eta izena Polloe-Enea baserriari zor dio, bertako lurretan hasi baitziren hilerria eraikitzen. XIX. mendearen amaieran, San Martin, San Bartolome eta Antiguako San Sebastian hilerri zaharrak nahikoa ez zirela egiaztatu ondoren, Polloe eraikitzea erabaki zen. Donostiako Udalak, 7/1985 Legeko 86. artikuluan eta 781/1986 Legegintzako Errege Dekretuko 97. artikuluan oinarriturik, 2004ko abuztuaren 11n erabaki zuen udal bileran, tanatorio, errauskailu eta hileta zerbitzuen oroitidazkia eta prezio proiektuak barne hartzen zituen proiektua onartzea, baita ekonomia jarduera hori udal merkataritza baltzu bidezko zuzeneko gestioz egitea ere. Honela, estatutuak onartu eta sozietatea martxan jarri zen orain arteko zerbitzuak eskainiz.

Zuzeneko kudeaketa mota bat da tokiko merkataritza-sozietate batena eta 7/1985 legeak 85. artikuluan dioenez, justifikatu egin behar da mota hau bestelako aukerak (toki-erakundearen beraren kudeaketa, tokiko erakunde autonomoa, zeharkako kudeaketa...) baino jasangarriagoa eta eraginkorragoa dela. Bi sozietateen izaerari erreparatuz eta zerbitzu eskaintza egoki eta efizienteena eskaintzeko asmoz, Polloe eta Donostia Turismoa merkataritza-sozietate gisa eratu zituen Donostiako Udalak. Nola ez, aukeraketa honen aldeko hautuak argudiatu egin behar izan ziren sorrera garaian.

Aztergai diren sozietateetako bakoitzak, nahiz eta biak merkataritza-sozietateak izan, izaera desberdina dute zerbitzuei eta hauen kudeaketari dagokienean. Honenbestez, kontabilitate-analisia egiterako orduan nabarmenduko da bakoitzak bere ezaugarri eta berezitasunak dituela, eta agerian geratuko dira bataren eta bestearen arteko ezberdintasunak.

6. UDAL SEKTOREKO SOZIETATE PUBLIKOAK: MERKATUKOAK ETA EZ-MERKATUKOAK

6.1. Merkatu sailkapena

Unitate publikoak kontabilitate nazionalako sektoreetan eta, bereziki, administrazio publikoen (S.13) sektorean sailkatzeko oinarritzko irizpideei dagokienez, esan behar da Kontuen Europako Sistemari (SEC95) jasotzen direla honetarako funtsezko oinarriak.

Sektore publikoak, zentzu zabalean, forma juridiko eta portaera ekonomiko desberdinak dituzten mota askotako erakunde publikoak hartzen ditu. Erlazio hori dela eta, erakunde publikoen azterketa indibidualizatua egin behar da, kontabilitate nazionalen sektorekako atxikipena egiteko. SEC95ean ezarritako irizpideen arabera, unitate jakin bat administrazio publikoaren sektorean sailkatu behar den ala ez jakiteko, ondorengo baldintzak bete beharko ditu: Lehenik eta behin, unitate instituzionala izan beharko du, alegia, erabaki ekonomikoaren oinarritzko zentroa izatea, eta bere funtzio nagusia betetzean portaera uniformetasuna eta erabakitzeko autonomia izatea. Ondoren, unitate instituzional publikoa izan beharko du, hots, zuzenbide publikoaren forma hartzen duen nortasun juridiko berezia duen erakundea izatea. Eta azkenik, merkatukoa ez den unitate instituzional publikoa izan beharko du.

Arestian aipaturiko hiru baldintzetatik, merkatukoa ez den unitate instituzional publikoari buruz sakonduko dugu, izan ere, aztergai diren bi sozietateen arteko funtsezko desberdintasuna irizpide honetan zehazten da.

SEC95aren arabera, funtzio nagusiztat errenta eta aberastasuna birbanatzea duten unitate publikoak, edo merkatukoa ez diren ekoizleak direnak (hau da, herritarrei ondasunak eta zerbitzuak doan edo erdi-doan eskaintzen dizkietenak), kontabilitate nazionalen administrazio publikoak izango dira. Aldiz, administrazio publikoen sektoretik kanpo geratuko dira merkatuaritza-jarduerak egiten dituzten eta produktuak saltzen dituzten eta/edo zerbitzuak ematen dituzten unitate publikoak, ekonomikoki esanguratsuak diren prezioak jasotzen badituzte. Halakotzat joko dira, oro har, salmentek gutxienez ekoizpen-kostuen ehuneko berrogeita hamar estaltzea ahalbidetzen dutenak. Unitate horiei merkatuko ekoizle deituko zaie.

Unitate publikoak aztertzen direnean, haien sailkapen instituzionala administrazio publikoen sektorean edo sektoretik kanpo egiteko, unitate publiko batek egindako jarduera ekonomikoa, unitate publikoen diru-sarreraren izaera eta

%50eko araua aztertu beharko dira. Oraintsu adierazi bezala, salmentek gutxienez ekoizpen-kostuen ehuneko berrogeita hamar estaltzea ahalbidetu beharko dute %50eko araua barnean gera dadin.

Erregela honek, salmentak eta produkzio-kostuak alderatzen ditu, eta honen arabera: Salmentak ekoizpen-kostuen %50 baino handiagoak badira, enpresa publikoa merkatu-ekoizlea da eta, beraz, administrazio publikoen sektoretik kanpo egongo litzateke. Salmentak ekoizpen-kostuen % 50etik beherakoak badira berriz, unitate publikoa merkaturatu gabeko ekoizlea da, eta unitatea administrazio publikoen sektorearen barruan sailkatuko litzateke.

%50eko arauaren ondorioetarako, salmenten eta ekoiztako ondasunen edo eskaintako zerbitzuen salmentatik lortutako zenbatekoaren arteko identifikazioa egin behar da, produktuen gaineko zergak alde batera utzita eta Administrazio publiko batek unitatearen defizit globala estaltzeko ordaindutako dirulaguntzak alde batera utzita. Ildo horretan, ondorio horietarako salmenta gisa zenbatuko liratekeen dirulaguntza bakarrak ekoizle pribatuek jarduera-mota bererako jasotzen dituztenak izango lirateke, ekoiztako ondasun edo zerbitzu-unitate bakoitzeko kalkulaturak. Kontabilitateko diru-sarreraren artean sartzen badira ere, unitate publikoari bakarrik emandako dirulaguntzak ez dira salmenten parte izango, baldin eta haien galerak estaltzeko badira. Ez eta produktore publikoari bakarrik edo jarduera bera egiten duten ekoizle pribatuei ez beste baldintza edo zenbatekoetan emandako dirulaguntzak ere. Gainera, galdu-irabazien kontuan jasotako gainerako sarrerak ez dira inola ere salmentatzat hartuko ondorengo kasuak: Gehiegizko hornidurak, diru-sarrera finantzarioak, ezohiko emaitzak, jasotako kapital-transferentziak...

Ekoizpen-kostuei dagokienean, soldatapekoen ordainsaria, kapital finkoaren kontsumoa, bitarteko kontsumoak eta produkzioaren gaineko beste zerga batzuk barne hartzen dituzte, kontzeptu horiek guztiak kontabilitate nazionalaren terminoetan definituta. Kostu horiek kalkulatzeko, ez dira kenduko dagokion unitateak ekoizpenerako jaso ditzakeen dirulaguntzak.

Merkatuko edo ez-merkatuko sozietateak definitzeko oinarriak ezarri ostean, Polloe eta Donostia Turismoa sozietateen izaera defini daiteke irizpideen betetze maila kontuan izanik.

7. ACCOUNTING ANALYSIS

7.1. Donostia Turismoa

7.1.1. Analysis of the annual accounts

7.1.1.1. Balance sheet

Table 1: Balance of assets (2019-2021)

ASSETS	31/12/2021	%	31/12/2020	%	31/12/2019	%
A) NON-CURRENT ASSETS	105.494,28	8,40%	92.132,90	8,30%	122.205,73	12,99%
I. Intangible assets	43.453,37	3,46%	40.227,34	3,63%	60.341,28	6,41%
II. Property, plant and equipment	43.607,24	3,47%	33.471,89	3,02%	40.330,78	4,29%
III. Long-term financial investments	18.433,67	1,47%	18.433,67	1,66%	21.533,67	2,29%
B) CURRENT ASSETS	1.150.105,80	91,60%	1.017.408,41	91,70%	818.574,33	87,01%
II. Inventories	268.355,14	21,37%	303.819,30	27,38%	229.203,99	24,36%
III. Trade and other receivables.	246.137,55	19,60%	86.129,94	7,76%	126.010,88	13,39%
1. Clients for sales and services rendered.	88.698,08	7,06%	37.709,52	3,40%	40.172,54	4,27%
2. Other services	157.439,47	12,54%	48.420,42	4,36%	85.838,34	9,12%
V. Short-term financial investments.					36.149,14	3,84%
VI. Short-term accruals.	433,12	0,03%	669,02	0,06%	432,33	0,05%
VII. Cash and cash equivalents.	635.179,99	50,59%	626.790,15	56,49%	426.777,99	45,36%
TOTAL ASSETS	1.255.600,08	100,00%	1.109.541,31	100,00%	940.780,06	100,00%

Source: Donostia Turismoa annual accounts (2019-2021)

Table 2: Balance of equity and liabilities (2019-2021)

EQUITY AND LIABILITIES	31/12/2021	%	31/12/2020	%	31/12/2019	%
A) NET EQUITY	259.812,56	20,69%	259.516,34	23,39%	219.839,32	23,37%
A-1) Shareholders' equity	169.847,23	13,53%	192.487,46	17,35%	129.975,74	13,82%
I. Capital	84.141,69	6,70%	84.141,69	7,58%	84.141,69	8,94%
1. Capital attested	84.141,69	6,70%	84.141,69	7,58%	84.141,69	8,94%
VI. Contributions from shareholders to offset losses	2.916.385,34	232,27%	2.812.222,16	253,46%	2.827.518,90	300,55%
VII. Income for the year	- 2.830.679,80	- 225,44%	- 2.703.876,39	- 243,69%	- 2.781.684,85	- 295,68%
A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	89.965,33	7,17%	67.028,88	6,04%	89.863,58	9,55%
B) NON-CURRENT LIABILITIES	10.816,00	0,86%	5.705,00	0,51%	7.655,00	0,81%
II. Long-term debts.	10.816,00	0,86%	5.705,00	0,51%	7.655,00	0,81%
1. Other long-term debts.	10.816,00	0,86%	5.705,00	0,51%	7.655,00	0,81%
C) CURRENT LIABILITIES	984.971,52	78,45%	844.319,97	76,10%	713.285,74	75,82%
II. Short-term provisions.	25.000,00	1,99%	25.000,00	2,25%		
III. Short-term debts.	14.716,04	1,17%	7.123,33	0,64%	1.261,54	0,13%
1. Debts with credit institutions.	250,06	0,02%	2.876,50	0,26%	6.387,60	0,68%
3. Other short-term debts.	14.465,98	1,15%	4.246,83	0,38%	- 5.126,06	- 0,54%
V. Trade and other payables.	890.355,48	70,91%	812.196,64	73,20%	691.368,52	73,49%
1. Suppliers.	539.809,29	42,99%	454.056,96	40,92%	237.291,04	25,22%
2. Other creditors.	350.546,19	27,92%	358.139,68	32,28%	454.077,48	48,27%
VI. Short-term accruals.	54.900,00	4,37%			20.655,68	2,20%
Σ EQUITY AND LIABILITIES	1.255.600,08	100,00%	1.109.541,31	100,00%	940.780,06	100,00%

Source: Donostia Turismoa annual accounts (2019-2021)

In Donostia Turismoa, we have a balance sheet structure in accordance with the activity of the company. It is a company to help, promote and encourage tourism in the area, and the balance sheet will reflect the assets and liabilities necessary to carry out this purpose. Most of the assets are current assets, accounting for around 90% of total assets. In addition, the evolution of the weights of current and non-current assets has varied very little during the three years analyzed.

What is offered to tourists and other interested people are services of visits, excursions, knowledge of the culture and gastronomy, etc. It is therefore logical that non-current assets represent one-fifth of total assets.

It should be noted that the fact that there has been no change in relative terms in the two asset masses does not mean that in absolute terms they have remained unchanged. The total assets have increased from 940.780,06€ in 2019 to 1.255.600,08€, which represents an increase of 314.820,02€. This increase is 33% in two years, so it is reasonable to state that in absolute terms the assets have evolved upwards considerably.

In non-current assets, financial investments have remained largely unchanged; on the other hand, intangible assets have gradually lost weight, going from 6,41% (60.341,28€) in 2019 to 3,46% (43.453,37€) in 2021.

The three masses that have a significant weight in current assets are inventories, trade and other receivables, and cash and cash equivalents. Cash and inventories increased from 2019 to 2020, and then decreased in 2021. As for trade and other receivables, the opposite was true, standing at the lowest level of the three years in 2020 and weighing close to 20% of total assets in 2021.

In terms of equity and liabilities, i.e. the financing portion of assets, one-fifth belongs to equity, and four-fifths to liabilities. The liabilities are almost exclusively current liabilities, since being a company that offers services and with most of the assets being current, external financing is focused on short-term liabilities such as suppliers and other creditors. In this aspect, it should be noted that the structure within creditors and other accounts payable has changed, since the weight of suppliers has gone from 25,22% to 42,99% and that of other creditors from 48,27% to 27,92%.

The company promotes tourism in the area, and in order to carry out the activity, it is financed almost entirely by contributions from the partners to offset losses. In this case, as it is a company run by the Donostia City Council, the contributions are made from the City Council's appropriations earmarked for this purpose. Every year the City Council's contributions exceed the losses generated in the fiscal year.

The structure and weights of the three masses of equity and liabilities have been maintained without major variations during the three years.

7.1.1.2. Profit and loss account

Table 3: Profit and loss account (2019-2021)

CONTINUED OPERATIONS	31/12/2021	%	31/12/2020	%	31/12/2019	%
1. Net sales	250.357,61	100,00%	120.255,34	100,00%	633.954,28	100,00%
4. Procurements	- 52.145,84	-20,83%	57.211,43	47,57%	8.134,35	1,28%
5. Other operating income	203.191,32	81,16%	222.892,48	185,35%	247.583,40	39,05%
6. Personnel costs	- 1.767.451,73	- 705,97%	- 1.647.368,62	- 1369,89%	- 1.903.362,60	- 300,24%
7. Other operating expenses	- 1.460.850,44	- 583,51%	- 1.451.798,51	- 1207,26%	- 1.769.901,49	- 279,18%
8. Amortization of fixed assets	- 30.844,27	- 12,32%	- 43.058,21	- 35,81%	- 37.320,24	- 5,89%
9. Allocation of grants for non-financial fixed assets and others.	27.063,55	10,81%	37.834,70	31,46%	32.025,98	5,05%
13. Other results.			155,00	0,13%	7.201,47	1,14%
A) OPERATING INCOME	- 2.830.679,80	-1130,65%	- 2.703.876,39	-2248,45%	- 2.781.684,85	-438,78%
B) FINANCIAL RESULT	-	-	-	-	-	-
C) INCOME BEFORE TAXES	- 2.830.679,80	-1130,65%	- 2.703.876,39	-2248,45%	- 2.781.684,85	-438,78%
20. Income tax						
D) RESULT FOR THE YEAR	- 2.830.679,80	-1130,65%	- 2.703.876,39	-2248,45%	- 2.781.684,85	-438,78%

Source: Donostia Turismoa annual accounts (2019-2021)

In contrast to the balance sheet, the profit and loss account clearly shows the distortions caused by the global pandemic. Tourism was one of the sectors most affected by the restrictions on free movement, so Donostia Turismoa found itself in a difficult and unexpected situation. The company's income is due to the rates set for excursions, visits, tours, etc., but they are by no means sufficient to cover the expenses necessary to carry out the activity.

Sales revenues were drastically reduced from 2019 to 2020, materializing an 81% drop in such revenues. In 2019 net sales were 633.954,28€, and with the collapse of travel for tourism purposes, they dropped to 120.255,34€ in 2020. The first two months of the year and local tourism were what prevented the decline from being even more pronounced. This low point made the outlook for 2021 positive, as any measures to reopen the borders should stimulate revenues and be sufficient to exceed 2020 revenues. Thus, in 2021 revenues increased by more than 100% over the previous year, reaching 250.357,61€. It is important to note that although the decrease in sales revenue was very significant, the company is basically financed with funds provided by the City Council, so that the decrease in sales did not cause distortions of such magnitude in the result of the year. The losses in the three years were around 2.700.000-2.800.000 euros, although it is true that in relative terms to sales revenues, the results mean respectively - 438,78%, -2248,45% and -1130,65%.

No financial expense or income is included, and no changes in the fair value of financial instruments or exchange differences are included. All aspects affecting the profit and loss account are within continuing operations. The income received for the services provided is far from covering the expenses incurred by the company to offer these services.

The negative result means that Donostia Turismoa does not have to pay taxes on profits, and that these negative results constitute a future right to compensate possible future profits. In any case, taking into account the nature of the company and the purpose for which the City Council of Donostia created it, it is difficult to envision a scenario in which the result for the year would be positive.

7.1.2. Company policy

In corporate policy, commercial policy, personnel policy, investment recovery policy, tax policy and other expenditure policy will be analyzed.

Commercial policy

The company is financed by public contributions rather than by the profits obtained from its activity, so the analysis of the traditional gross margin is ruled out.

In terms of commercial margin, a market company that intends to subsist as a result of its activity is not comparable to a company that intends to offer services that are partly paid for by the public treasury. Therefore, in this section we propose an indicator that relates public contributions to visitors to the city of Donostia measured in terms of overnight stays.

For this purpose, we will rely on the data provided by the company in its report in relation to overnight stays and their evolution, which are provided by the Basque Institute of Statistics (Eustat).

Table 4: Evolution in number of overnights (2019-2021)

Evolución en el nº de pernoctaciones	2019	Dif. 18/19	2020	Dif. 19/20	2021	Dif. 20/21
TOTAL	1.524.664	7,85%	557.536	-63,43%	1.073,533	92,55%

Source: Basque Institute of Statistics (Eustat)

Table 5: Contributions to losses from the City Council of Donostia (2019-2021)

DONOSTIA TURISMOA	2021	Change %	2020	Change %	2019
Contributions to losses	2.916.385,34	3,70%	2.812.222,16	- 0,54%	2.827.518,90

Source: Own creation from Donostia Turismoa Balance Sheet

The contributions from the City Council of Donostia are closely related to the results obtained by the company, so they do not have to be altered by the number of visitors to the city. Specifically, the contributions are slightly higher in all three years than the losses obtained.

Table 6: Relation between contributions and overnights (2019-2021)

INDICATOR	2021	Change %	2020	Change %	2019
Contributions / overnights	2,72	-46,14%	5,04	171,99%	1,85

Source: Own creation indicator

The proposed indicator shows an increase of 171,99% from the first year of the study to the second, from 1,85€ per visitor to 5,04€. It can be seen that the total contribution hardly changed during those years, so the difference lies in the large drop in visitors (from 1.524.664 overnight stays to 557.536) suffered by the city. Mobility restrictions and the critical health situation caused by the Sars Cov 2 virus completely disrupted the flow of people. Let's keep in mind that the first two months of 2020 passed with some normality, so the big drop in overnight stays is attributable to 10 months of 2020. In 2021 the situation was much improved compared to 2020, but still overnight stays were around half a million below those in 2019. The indicator shows that in the last year of the study, 2,72€ was contributed for each visitor, recovering part of the ground lost during the year when the pandemic began in the city.

It is clear that the weight of fixed costs is large and that the reduction in fixed costs is not closely linked to the number of visitors. Therefore, although visitors plummeted, expenditures were reduced very little and the result was just as negative. The indicator will improve the higher the number of visitors as long as this increase does not have an excessive impact on expenditures.

Personnel policy

The staff of Donostia Turismoa was affected by the anomalous situation that occurred during the years 2020 and 2021. There was a 17,7% drop in the first year of the pandemic, and in 2021 barely one employee was recovered. The data in the following table shows the average number of employees the company had: 38 employees, 31,25 employees and 32,47 employees chronologically.

Table 7: Total and permanent number of employees (2019-2021)

WORKFORCE	2021	2020	2019
Average number of employees for the year	32,47	31,25	38
Staff with permanent employment contracts at the end of the year	18	18	17

Source: Donostia Turismoa annual reports (2019-2021)

Since the number of employees significantly affects personnel expenses, the evolution of both was similar, marking the maximum in 2019 and the minimum in 2020. Expenditures are broken down into wages and salaries, compensations and social security, with wages and salaries having the highest weighting.

Table 8: Itemized personal expenses (2019-2021)

PERSONNEL EXPENSES	2021	2020	2019
Wages and salaries	1.308.136,61	1.239.951,74	1.434.479,60
Compensations	2.430,59	900,28	1.054,80
Social Security	456.884,53	406.516,60	467.828,20
Social security	429.230,66	365.423,39	431.120,72
Other social security costs	27.653,87	41.093,21	36.707,48
Total	1.767.451,73	1.647.368,62	1.903.362,60

Source: Donostia Turismoa annual reports (2019-2021)

Once the data on the number of employees and the breakdown of personnel expenses are shown, the relationships between sales and the number of employees and personnel expenses and the number of employees are analyzed.

Table 9: Net sales, personnel expenses and average employees (2019-2021)

	2021		2020		2019
Net sales	250.357,61	39,5	120.255,34	19,0	633.954,28
Personnel expenses	1.767.451,7	706% 92,9	1.647.368,6	1370% 86,6	1.903.362,6 300%
Average employees	32,47	103,9	31,25	82,2	38

Source: Own creation from Donostia Turismoa profit and loss accounts and annual reports (2019-2021)

Table 10: Ratio of sales to employees and average cost per employee (2019-2021)

	2021		2020		2019
Sales / number of employees	7.710,43	46,2	3.848,17	23,1	16.683,01
Average cost per employee	54.433,38	108,7	52.715,80	105,2	50.088,49

Source: Own creation

The purpose of Donostia Turismoa is to promote and encourage tourism in Donostia, and for this purpose it receives direct contributions from the city council. Therefore, the income it receives from the sale of tickets, vouchers, etc., is far from sufficient to meet the expenses incurred to carry out the activity. In 2020 the drop in revenues was tremendous, and although the average number

of employees and personnel expenses also dropped, it did not do so proportionally. That same year, personnel expenses accounted for 1369,89% of the company's sales revenue, something unsustainable if it were not for the contributions of the city council.

Sales per employee also reflects that the decline in revenue was far greater than the decline in personnel expenses. In 2019, on average each employee achieved revenues of 16.683,01€, and from the following year onwards the slump was very significant. In 2020, 3.848,17€ in sales were achieved per employee and in 2021 7.710,43€. The index numbers show this drop, as they stand at 23,1 and 46,2 chronologically.

The distortion caused by the Sars Cov2 virus was very pronounced, but in terms of the average cost per employee there were no major variations, with each of the study years increasing with respect to the previous one. In the first year the expenditure was 50.088,49€ per employee, gradually increasing to 52.715,80€ and ending at 54.433,38€ per worker. In short, an increase of 8,7% in two years.

Other expenditure policy

According to the audited annual accounts of Donostia Turismoa, the other operating expenses are divided into twelve groups, but in two of them there have been no computable expenses.

Table 11: Other operating costs (2019-2021)

OTHER OPERATING COSTS	2021		2020		2019	
Research and development costs	-	0,00%	-	0,00%	-	0,00%
Leases and royalties	150.326,84	10,29%	140.477,92	9,85%	191.030,42	10,79%
Repairs and maintenance	70.532,25	4,83%	245.790,36	17,23%	169.348,34	9,57%
Freelance professional services	132.776,63	9,09%	273.015,69	19,13%	213.208,26	12,05%
Transports	25.053,12	1,71%	-	0,00%	9,93	0,00%
Insurances	12.753,48	0,87%	12.372,89	0,87%	11.121,41	0,63%
Banking and similar services	4.359,65	0,30%	2.430,41	0,17%	5.454,20	0,31%
Advertising and publicity	436.280,51	29,86%	484.269,29	33,94%	749.745,20	42,36%
Other supplies	10.009,69	0,69%	11.144,26	0,78%	12.646,53	0,71%
Other services	618.758,27	42,36%	257.055,10	18,02%	417.337,40	23,58%
Other taxes	-	0,00%	242,58	0,02%	-	0,00%
Other current operating expenses	-	0,00%	-	0,00%	-	0,00%
Total	1.460.850,44	100,00%	1.426.798,50	100,00%	1.769.901,69	100,00%

Source: Donostia Turismoa annual reports (2019-2021)

The two groups of expenses that had the greatest weight in the years of analysis were advertising and propaganda and other services. In 2019, expenditure on advertising and propaganda was 749.745,20€ with 42,36% of the total weight of other expenses, and in the following years it decreased both in relative and absolute terms, standing at 484.269,29€ (33,94%) in 2020 and 436.280,51€

(29,86%) in 2021. As for the expenses in other services, unlike the expenses in advertising and propaganda, the year with the highest expenditure was 2021, reaching a total of 618.758,27€ (42,36%). In previous years the figures were 417.337,40 (23,58%) and 257.055,10 (18,02%) chronologically.

The two groups of expenses mentioned above are the most important in terms of other operating expenses, and for the company, their control is crucial so that these expenses do not distort or compromise the disbursements that the company has to make in relation to other expenses. Other expenses include independent professional services, repairs and maintenance, and leases and royalties. These are not so important in terms of their weight in the total expenses, but all of them have exceeded 10% of the total in some of the three years.

Investment recovery policy

In order to see the investment recovery policy, and following the scheme of the audited annual accounts, depreciable assets are divided into intangible assets and tangible assets.

Intangible assets

Table 12: Intangible assets cost value (2019-2021)

COST VALUE								
	01.01.2019	Inputs	31/12/2019	Inputs	31.12.2020	Inputs	Increases from transfers	31.12.2021
Computer apps	225.700,18	39.502,33	265.202,51	5.481,73	270.684,24	17.104,56	1.895,00	289.683,80
TOTAL	225.700,18	39.502,33	265.202,51	5.481,73	270.684,24	17.104,56	1.895,00	289.683,80

Source: Donostia Turismoa annual reports (2019-2021)

Table 13: Intangible assets accumulated amortization (2019-2021)

ACCUMULATED AMORTIZATION								
	01.01.2019	Endowments	31/12/2019	Endowments	31.12.2020	Endowments	Increases from transfers	31.12.2021
Computer apps	- 184.939,78	- 19.921,45	- 204.861,23	- 25.595,67	- 230.456,90	- 15.773,53	-	- 246.230,43
TOTAL	- 184.939,78	- 19.921,45	- 204.861,23	- 25.595,67	- 230.456,90	- 15.773,53	-	- 246.230,43

Source: Donostia Turismoa annual reports (2019-2021)

Table 14: Intangible assets net book value (2019-2021)

NET BOOK VALUE	40.760,40	60.341,28	40.227,34	43.453,37
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Source: Donostia Turismoa annual reports (2019-2021)

Table 15: Intangible assets level of amortization (2019-2021)

Level of amortization: (Amortization + Depreciation) Accumulated / GROSS fixed Assets					
2021		2020		2019	
85,00%	110,04	85,14%	110,22	77,25%	

Source: Own creation

The Company's intangible assets consist entirely of computer software. These assets have had net entries every year, so that either more computer applications have been incorporated or the value of the existing ones has increased. 39.502,33€ in the first year, which is 17,5% of the total cost value at that time. In addition, in 2021 there was an increase by transfer of 1.895,00€.

With regard to the annual depreciation allowances, it can be seen that they are varying, which is a direct cause of the aforementioned entries.

The level of amortization in 2019 stood at 77,25% of the total cost value of intangible assets, thus exceeding three quarters of the amortizable intangible assets. In 2020 the level increased to 85,14%, remaining at a similar level the following year.

In view of the amortization levels, it can be said that Donostia Turismoa is at an advanced stage in the recovery of intangible assets.

Tangible assets

Tangible assets, as opposed to intangible assets, are made up of several elements, specifically there are six groups within this group: Land and buildings, technical installations, furniture, equipment for information processing, other installations and other tangible assets.

Table 16: Tangible assets cost value (2019-2021)

COST VALUE								
	01.01.2019	Inputs	31/12/2019	Inputs	31.12.2020	Inputs	Decreases from transfers	31.12.2021
Land and buildings	627.969,80	-	627.969,80	-	627.969,80	-	-	627.969,80
Technical installations	174.673,10	-	174.673,10	-	174.673,10	-	-	174.673,10
Furniture	117.162,06	-	117.162,06	-	117.162,06	-	-	117.162,06
Equipment for information processing	148.065,68	611,29	148.676,97	4.026,09	152.703,06	14.949,55	- 1.895,00	165.757,61
Other installations	21.762,95	-	21.762,95	-	21.762,95	6.352,50	-	28.115,45
Other tangible assets	3.611,37	-	3.611,37	6.577,56	10.188,93	5.799,04	-	15.987,97
Work in process	-	-	-	-	-	-	-	-
TOTAL	1.093.244,96	611,29	1.093.856,25	10.603,65	1.104.459,90	27.101,09	- 1.895,00	1.129.665,99

Source: Donostia Turismoa annual reports (2019-2021)

Table 17: Tangible assets accumulated amortization (2019-2021)

	ACCUMULATED AMORTIZATION							
	01.01.2019	Endowments	31/12/2019	Endowments	31.12.2020	Endowments	Decreases from transfers	31.12.2021
Land and buildings	- 624.954,10	- 757,54	- 625.711,64	- 701,01	- 626.412,65	- 54,48	-	- 626.467,13
Technical installations	- 164.360,44	- 2.212,50	- 166.572,94	- 2.212,51	- 168.785,45	- 2.212,56	-	- 170.998,01
Furniture	- 110.880,70	- 1.497,91	- 112.378,61	- 1.208,75	- 113.587,36	- 1.208,79	-	- 114.796,15
Equipment for information processing	- 118.001,44	- 10.223,54	- 128.224,98	- 9.189,54	- 137.414,52	- 8.402,37	-	- 145.816,89
Other installations	- 16.115,75	- 1.841,92	- 17.957,67	- 1.841,94	- 19.799,61	- 1.506,00	-	- 21.305,61
Other tangible assets	- 1.814,25	- 865,38	- 2.679,63	- 2.308,79	- 4.988,42	- 1.686,54	-	- 6.674,96
TOTAL	- 1.036.126,68	- 17.398,79	- 1.053.525,47	- 17.462,54	- 1.070.988,01	- 15.070,74	-	- 1.086.058,75

Source: Donostia Turismoa annual reports (2019-2021)

Table 18: Tangible assets net book value (2019-2021)

NET BOOK VALUE	57.118,28	40.330,78	33.471,89	43.607,24
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Source: Donostia Turismoa annual reports (2019-2021)

Table 19: Tangible assets level of amortization (2019-2021)

Level of amortization: (Amortization + Depreciation) Accumulated / GROSS fixed Assets					
2021		2020		2019	
96,14%	99,82	96,97%	100,68	96,31%	

Source: Own creation

The assets in which there have been variations in the three years have been the equipment for information processes. Previously, in the intangible assets, it has been seen that the computer applications also underwent changes in each of the years, so it seems evident that the company has been renewing or adding assets to improve both its information processes and computer applications. In 2021, in addition, a reduction of 1,895.00€ was recorded in equipment for information processes, an amount that was added to intangible assets for computer applications.

With regard to amortizations, it can be said that they have maintained a regular, but not identical, rhythm over the three years. There have been small variations in the amounts, but in general no substantial changes have been observed.

The level of amortization is very high, always above 96%, and with little variation between the three years. This means that Donostia Turismoa has almost amortized all the tangible assets acquired.

Tax policy

Since it is a publicly owned company and is a non-market company, that is, most of its income does not come from its activity, the company incurs constant losses.

These losses are covered by contributions from the city council, and consequently, the company does not have to pay taxes.

7.1.3. Working capital

Working capital relates the current assets and current liabilities of a company. It consists of subtracting current liabilities from current assets, according to their nature, in order to determine the company's short-term status.

Table 20: Working Capital (2019-2021)

Working Capital					
	2021	Change	2020	Change	2019
+ Stocks	268.355,14	- 35.464,16	303.819,30	74.615,31	229.203,99
+ Customers	88.698,08	50.988,56	37.709,52	- 2.463,02	40.172,54
Basic gross operating requirement	357.053,22	15.524,40	341.528,82	72.152,29	269.376,53
- Suppliers	- 539.809,29	- 85.752,33	- 454.056,96	- 216.765,92	- 237.291,04
Basic operating working capital	- 182.756,07	- 70.227,93	- 112.528,14	- 144.613,63	32.085,49
+ Other current operating assets	157.872,59	108.783,15	49.089,44	- 37.181,23	86.270,67
- Other current operating liabilities	- 405.446,19	- 47.306,51	- 358.139,68	116.593,48	- 474.733,16
Operating working capital	- 430.329,67	- 8.751,29	- 421.578,38	- 65.201,38	- 356.377,00
+ Non-operating current assets	-	-	-	- 36.149,14	36.149,14
- Non-operating current liabilities	- 39.716,04	- 7.592,71	- 32.123,33	- 30.861,79	- 1.261,54
+ Cash	635.179,99	8.389,84	626.790,15	200.012,16	426.777,99
Working Capital	165.134,28	- 7.954,16	173.088,44	67.799,85	105.288,59

Source: Own creation

In this case, the working capital has been positive in each of the years, although a considerable increase can be seen from 2020 onwards. The greater the working capital, the greater the difference between current assets and current liabilities, and therefore the part of current assets that is financed in the long term. Leaving aside the examples in which, due to the particularity of the business, the working capital is usually negative, in general, a positive working capital indicates financial solvency in the short term.

It can be seen that in 2020 and 2021 the basic gross operating requirement was significantly higher than in 2019, but the large increase in the weight of suppliers caused the basic operating working capital to become negative. This means that the company went from having financial need to financial availability. As for the operating working capital, in all three years it is in negative territory since the other current liabilities are much higher than the other current assets.

Once it has been established that taking into account both current assets and current liabilities directly related to operations in the three years the result is

negative, it is necessary to see how they affect both the assets and liabilities not incorporated in operations together with the existing cash. In this regard, it can be seen that the determining factor for the change from negative operating working capital to positive working capital is cash. The change in cash from 2019 to 2020 was very significant, going from 426.777,99€ to 626.790,15€. This change of 200.012,16€ is a very important change that directly affects working capital. In addition, once the company's cash was increased in 2020, it was maintained without major changes in the following year.

7.1.4. Solvency analysis

When analyzing the financial situation of a company, it is necessary to determine the financing needs it generates, through which source it covers them and its capacity to repay them. In this section we will consider the company's capacity to meet its debts with its resources. The analysis of corporate solvency is approached from a short-term perspective and from a global perspective, integrating the long and short term.. It will make it possible to increase the knowledge of the financial equilibrium of the company, as well as the investment and financing model. Solvency is understood as the capacity of a company to pay its debts at maturity with its assets without altering the normal development of the company.

7.1.4.1. Ratios

Ratios are a very useful and widely used tool for analysis. They are divisions between different assets and liabilities, and specific information is obtained from each of them.

Short-term

Table 21: Short-term ratios (2019-2021)

Ratio		2021	2020	2019
Short-term solvency ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1,17	1,21	1,15
Acid-test ratio	$\frac{\text{Current assets} - \text{Stocks}}{\text{Current liabilities}}$	0,90	0,85	0,83
Availability ratio	$\frac{\text{Available}}{\text{Current liabilities}}$	0,64	0,74	0,60

Source: Own creation

The result of the short-term solvency ratio is the result of the division between current assets and current liabilities. In 2019 Donostia Turismoa was at the low end of the three years with 1,15, and after going through 1,21 in 2020, it dropped to 1,17 in 2021. That the result is higher than 1 indicates that the working capital is positive, that is, that the sum of current assets is higher than current liabilities. Normally, in order to draw clear conclusions about the results of the ratio, it is advisable to analyze the industry in which the company operates and the characteristics of the business. Current assets do not comfortably exceed current liabilities, so care must be taken to ensure that the situation is not reversed in order to maintain the company's solvency.

The acid-test ratio subtracts inventories from current assets to form the numerator, and short-term liabilities are used for the denominator. Now, the ratio decreases in comparison with the short-term solvency ratio resulting from the subtraction of inventories. With this ratio we want to analyze the solvency of the company taking into account only the assets easily convertible into cash. Donostia Turismoa has experienced a gradual increase in this ratio, thus improving solvency in terms of short-term liquidity.

The availability ratio further limits the short-term assets, using only cash and cash equivalents for the calculation. This ratio relates the company's cash and cash equivalents to current assets. In this case, being a service company, a large part of the current assets are made up of cash and cash equivalents, so the result of the ratio is high compared to other industries. Around 60% of current liabilities were backed by cash in 2019, around 74% in 2020 and around 64% in 2021. This is undoubtedly a comfortable situation in terms of more immediate solvency.

Long-term

Table 22: Long-term ratios (2019-2021)

Ratio		2021	2020	2019
Long-term solvency ratio	$\frac{Assets}{Liabilities}$	1,26	1,31	1,30
Debt ratio	$\frac{Liabilities}{Equity + Liabilities}$	0,79	0,77	0,77
Financial autonomy ratio	$\frac{Equity}{Liabilities}$	0,26	0,31	0,30

Source: Own creation

The long-term solvency ratio relates the assets and liabilities of the company as a whole. It can be said that the company remained stable, and unchanged from

2019 to 2020 at around 1,30-1,31. In 2021 the ratio dropped to 1,26 and the balance sheet increased due to the reopening of leisure and increased mobility. Liabilities increased proportionally more than assets and therefore the ratio decreases to 1,26. Looking at the table, the overall solvency of the company is in good health.

The debt ratio remained little changed during the years under study, ranging between 0.77 and 0.79. This ratio relates debts and the sum of debts and net worth, indicating that between 77% and 79% of the company's financing comes from debts with third parties and the rest would be net worth.

The financial autonomy ratio shows the following data chronologically: 0,30, 0,31 and 0,26. This is the ratio between equity and liabilities and, as can be seen in the debt ratio, liabilities far exceed equity. In 2021 it also suffered a slight decrease compared to the two previous years.

7.1.5. Profitability

Economic profitability

Economic profitability is a metric that determines the profitability of the company in relation to the assets it owns. As can be seen below, it is broken down into two parts (margin and turnover), which help to have a broader view of the assets and their relationship with the result.

In this case, the adjustment for financial expenses and taxes on profits is non-existent, so the EBI (Earnings Before Interests) will be the same as the result for the year.

Table 23: From operating income to results for the year (2019-2021)

	2021		2020		2019	
A) OPERATING INCOME	- 2.830.679,80	-1130,65%	- 2.703.876,39	-2248,45%	- 2.781.684,85	-438,78%
B) FINANCIAL RESULT	-	-	-	-	-	-
C) INCOME BEFORE TAXES	- 2.830.679,80	-1130,65%	- 2.703.876,39	-2248,45%	- 2.781.684,85	-438,78%
20. Income tax	-	-	-	-	-	-
D) RESULT FOR THE YEAR	- 2.830.679,80	-1130,65%	- 2.703.876,39	-2248,45%	- 2.781.684,85	-438,78%

Source: Cut from Donostia Turismoa profit and loss accounts (2019-2021)

Table 24: Total assets and net sales (2019-2021)

	2021	2020	2019
TOTAL ASSETS	1.255.600,08	1.109.541,31	940.780,06
1. Net sales	250.357,61	120.255,34	633.954,28

Source: Own creation

As has been pointed out throughout the work, Donostia Turismoa fulfills a social function as far as tourism services are concerned. For this purpose, it relies on contributions from the Donostia City Council to compensate losses, that is to say, it is not fed mainly by the income it obtains from its activity. For all these reasons, the profit and loss account shows a clearly negative result that distorts the economic profitability of the company.

Table 25: Various financial data and ratios (2019-2021)

	2021	2020	2019
Result of the year	- 2.830.679,80	- 2.703.876,39	- 2.781.684,85
Financial expenses	-	-	-
EBI	- 2.830.679,80	- 2.703.876,39	- 2.781.684,85
ROI	- 225,44%	- 243,69%	- 295,68%
Margin	- 1130,65%	- 2248,45%	- 438,78%
Rotation	0,20	0,11	0,67

Source: Own creation

The negative results of Donostia Turismoa are structural, so that in each of the years the economic profitability measured in terms of the result in relation to the assets follows the same negative path. In the three years of study, the ROI exceeds 200% of negative profitability, being -225,44%, -243,69% and -295,68% respectively. Anyone who observes these data without analyzing the structure and operation of the company could think that it is doomed to failure, so it is essential to take into account the function of the company and to know how it is financed.

It is worth noting that the company's margin was negative from 2019 to 2021, and that as a result of Covid 19 this margin worsened a lot in 2020 and 2021 compared to 2019. Tourism was hit hard by the pandemic and profits plummeted along with a small increase in assets, so in 2020 the margin plunged to -2.248,45%.

Turnover followed a similar path to margin, falling from 0.67 to 0.11 in 2020 and recovering some lost ground in 2021. The ratio of sales to assets indicates that the situation was significantly deteriorated in a short time.

Financial profitability

Financial profitability relates profits to the company's sources of financing, which for these ratios can be either equity or debt.

Shareholder return shows the profit obtained for each euro of equity and is calculated as r1 or ROE (Return on Equity).

Normally companies combine the sources of financing between equity and liabilities. It is very common for part of the financing to be a liability for the company, both because equity is not sufficient to meet the disbursements of the activity and because the activity yields a return higher than the cost of capital.

In this case, the financial debt is negligible and the financial expenses are non-existent, so that the profitability for the shareholders will be practically the same as the overall financial profitability. Therefore, it is sufficient to determine the ROE.

Table 26: Result of the year and equity (2019-2021)

	2021	2020	2019
RESULT FOR THE YEAR	- 2.830.679,80	- 2.703.876,39	- 2.781.684,85
EQUITY	259.812,56	259.516,34	219.839,32

Source: Own creation

The profitability for shareholders has been -1089,51%, -1041,89% and -1265,33% chronologically. As mentioned above, the company is fed by public contributions and the results of the years are clearly loss-making. Furthermore, as it is a publicly owned company, the Donostia City Council would be a shareholder. In any case, and in order to understand the meaning of the ROE, it can be said that taking into account that the services offered are at the expense of the competent administration and that the prices charged do not cover the expenses, the profitability obtained by the shareholder is very negative. This does not mean that if the company were a market or private company, the returns obtained would be similar. It is essential to pay attention to the nature of the company and to know what the company's objective is in order to be able to make an adequate analysis.

7.2. Polloe

7.2.1. Analysis of the annual accounts

7.2.1.1. Balance sheet

Table 27: Balance of assets (2019-2021)

ASSETS	31/12/2021	%	31/12/2020	%	31/12/2019	%
NON-CURRENT ASSETS	2.017.478,00	46,42%	2.123.784,44	50,41%	2.252.205,90	52,84%
I. Intangible assets	208.175,64	4,79%	215.187,29	5,11%	222.199,85	5,21%
Concessions	208.175,64	4,79%	215.187,29	5,11%	222.199,85	5,21%
II. Property, plant and equipment	1.809.302,36	41,63%	1.908.097,15	45,29%	2.029.406,05	47,62%
Land and buildings	1.562.531,25	35,95%	1.594.976,53	37,86%	1.661.001,13	38,97%
Technical installations & other assets	246.771,11	5,68%	313.120,62	7,43%	368.404,92	8,64%
III. Long-term financial investments	-		500,00	0,01%	600,00	0,01%
Third-party loans	-		500,00	0,01%	600,00	0,01%
CURRENT ASSETS	2.328.558,33	53,58%	2.088.927,00	49,59%	2.009.897,15	47,16%
Inventories	1.836,12	0,04%	1.809,07	0,04%	2.792,57	0,07%
Commercials	1.836,12	0,04%	1.809,07	0,04%	2.792,57	0,07%
Trade and other receivables	175.288,85	4,03%	162.557,00	3,86%	109.452,69	2,57%
Customers for sales and services	175.288,24	4,03%	162.555,98	3,86%	109.450,81	2,57%
Other debtors	-	-	-	-	-	-
Current tax assets	0,61	0,00%	1,02	0,00%	1,88	0,00%
Short-term financial investments	-		50.000,00	1,19%	50.000,00	1,17%
Equity instruments	-		50.000,00	1,19%	50.000,00	1,17%
Cash and cash equivalents	2.151.433,36	49,50%	1.874.560,93	44,50%	1.847.651,89	43,35%
Treasury	2.151.433,36	49,50%	1.774.560,93	42,12%	1.747.651,89	41,00%
Other equivalent liquid assets	-		100.000,00	2,37%	100.000,00	2,35%
TOTAL ASSETS	4.346.036,33	100,00%	4.212.711,44	100,00%	4.262.103,05	100,00%

Source: Polloe annual accounts (2019-2021)

Table 28: Balance of equity and liabilities (2019-2021)

EQUITY AND LIABILITIES	31/12/2021	%	31/12/2020	%	31/12/2019	%
NET EQUITY	3.335.756,94	76,75%	3.212.668,73	76,26%	3.265.471,69	76,62%
Proprietary Funds	3.287.756,94	75,65%	3.156.668,73	74,93%	3.201.471,69	75,11%
Capital	1.292.100,00	29,73%	1.292.100,00	30,67%	1.292.100,00	30,32%
Reserves	1.464.568,73	33,70%	1.409.371,69	33,46%	1.449.489,76	34,01%
Legal and statutory reserves	258.420,00	5,95%	258.420,00	6,13%	258.420,00	6,06%
Other reserves	1.206.148,73	27,75%	1.150.951,69	27,32%	1.191.069,76	27,95%
Income for the year	531.088,21	12,22%	455.197,04	10,81%	459.881,93	10,79%
Grants, donations and legacies received	48.000,00	1,10%	56.000,00	1,33%	64.000,00	1,50%
NON-CURRENT LIABILITIES	711.329,44	16,37%	686.159,90	16,29%	691.490,80	16,22%
Short-term debts	4.247,50	0,10%	-		16.875,00	0,40%
Other financial liabilities	4.247,50	0,10%	-		16.875,00	0,40%
Long-term accruals	707.081,94	16,27%	686.159,90	16,29%	674.615,80	15,83%
CURRENT LIABILITIES	298.949,95	6,88%	313.882,81	7,45%	305.140,56	7,16%
Trade and other payables	236.683,73	5,45%	254.427,76	6,04%	247.640,49	5,81%
Short-term suppliers	62.809,47	1,45%	53.599,19	1,27%	41.577,38	0,98%
Suppliers, group and associated companies	-		13.333,94	0,32%	13.285,25	0,31%
Other debts with Public Administrations	173.874,26	4,00%	187.494,63	4,45%	192.777,86	4,52%
Short-term accruals	62.266,22	1,43%	59.455,05	1,41%	57.500,07	1,35%
TOTAL EQUITY AND LIABILITIES	4.346.036,33	100,00%	4.212.711,44	100,00%	4.262.103,05	100,00%

Source: Polloe annual accounts (2019-2021)

The asset structure at Polloe is divided almost equally between current and non-current assets, with a weight of around 50% in each of them. As for non-current assets, the greatest weight is given to tangible fixed assets, which include land and buildings and other technical installations. This is a company that offers funeral services, so it is logical to think that the part of its non-current assets is made up of the land and buildings necessary to carry out the activity. The cemetery is the basis of the activity, and it offers burial services, cremations, marble work, cleaning of pantheons...

Although the weight of current and non-current assets is similar, it can be seen that from 2019 to 2021 there has been a decrease in the weight of non-current assets in favor of current assets. Such movement, has caused the non-current assets to stand at 2.017.478,00€ in 2021 compared to 2.252.205,90€ in 2019. Likewise, current assets have gone from 2.009.897,15€ in 2019 to 2.328.558,33€ in 2021.

Current assets are highly concentrated in cash and cash equivalents, which account for around 90% of total current assets. The account that accompanies cash and cash equivalents to complete almost the total current assets is trade and other receivables. Normally funeral services do not take too long to pay, so it is normal that the weight of trade and other receivables does not have a substantial weight in the balance sheet.

As for the financing of assets, i.e., equity and liabilities, around 75% comes from equity. This means that the company's indebtedness is not perceived as dangerous, since most of the financing comes from shareholders' equity, which does not have to be repaid. If we break down equity, we find all the typical items, such as capital, legal and statutory reserves, other reserves and profit for the year. The weights of each of these change little from year to year, both in relative and absolute terms.

Non-current liabilities stand out for their importance with respect to current liabilities, reaching a maximum in 2021 with 70% (711.329,44€) of the weight of total liabilities. Current liabilities, on the other hand, in that same year mark the minimum with 298.949,95€, incorporating outstanding aspects such as long-term suppliers and other debts with public administrations.

7.2.1.2. Profit and loss account

Table 29: Profit and loss account (2019-2021)

CONTINUED OPERATIONS	2021	%	2020	%	2019	%
Net sales	1.701.878,20	100,00%	1.583.718,89	100,00%	1.568.682,83	100,00%
Sales	8.683,67	0,51%	5.068,96	0,32%	8.858,67	0,56%
Services provided	1.693.194,53	99,49%	1.578.649,93	99,68%	1.559.824,16	99,44%
Procurements	- 318.513,54	-18,72%	- 279.966,43	-17,68%	- 276.633,04	-17,63%
Merchandise consumption	- 2.656,05	-0,16%	- 2.023,95	-0,13%	- 2.133,84	-0,14%
Work performed by other companies	- 315.857,49	-18,56%	- 277.942,48	-17,55%	- 274.499,20	-17,50%
Other operating income	36.395,97	2,14%	28.016,18	1,77%	25.800,00	1,64%
Operating subsidies included in income for the year	36.395,97	2,14%	28.016,18	1,77%	25.800,00	1,64%
Personnel costs	- 634.914,77	-37,31%	- 658.509,58	-41,58%	- 596.808,73	-38,05%
Wages, salaries and similar	- 483.648,02	-28,42%	- 498.271,22	-31,46%	- 441.876,32	-28,17%
Social charges	- 151.266,75	-8,89%	- 160.238,36	-10,12%	- 154.932,41	-9,88%
Other operating costs	- 159.208,73	-9,35%	- 142.733,82	-9,01%	- 156.658,67	-9,99%
External services	- 149.775,00	-8,80%	- 140.845,81	-8,89%	- 157.040,62	-10,01%
Tributes	- 804,91	-0,05%	- 804,91	-0,05%	- 792,14	-0,05%
Losses, impairment and variation of provisions for commercial operations	- 8.628,82	-0,51%	- 1.083,10	-0,07%	1.174,09	0,07%
Amortization of fixed assets	- 128.606,44	-7,56%	- 128.321,46	-8,10%	- 121.688,37	-7,76%
Allocation of subsidies for non-financial fixed assets and others	8.000,00	0,47%	8.000,00	0,51%	8.000,00	0,51%
Other results	7.513,66	0,44%	35.747,21	2,26%	8.856,84	0,56%
OPERATING INCOME	512.544,35	30,12%	445.950,99	28,16%	459.550,86	29,30%
Financial income	18.543,86	1,09%	9.246,05	0,58%	752,23	0,05%
Marketable securities and other financial instruments	18.543,86	1,09%	9.246,05	0,58%	752,23	0,05%
Impairment and gains or losses on disposal of financial instruments	-	-	-	-	- 421,16	-0,03%
Gains (losses) on disposals and others	-	-	-	-	- 421,16	-0,03%
FINANCIAL RESULT	18.543,86	1,09%	9.246,05	0,58%	331,07	0,02%
INCOME BEFORE TAXES	531.088,21	31,21%	455.197,04	28,74%	459.881,93	29,32%
Income tax	-	-	-	-	-	-
RESULT OF THE YEAR	531.088,21	31,21%	455.197,04	28,74%	459.881,93	29,32%

Source: Polloe annual accounts (2019-2021)

In the profit and loss account, it is worth noting that unlike Donostia Turismoa, the impact of the pandemic has not been so marked. The increase in the number of deaths slightly increased the amount of turnover in 2020, and in 2021 the increase was more substantial. The evolution of net sales was as follows: 1.568.682,83€ was earned in 2019, the vast majority from the provision of services (1.559.824,16€), and the remainder from sales (8.858,67€). In 2020 this figure rose to 1.583.718,89€, and there were no major changes with respect to the previous year. On the other hand, in 2021 the net turnover reached 1.701.878,20€, exceeding all the income items of the previous years. Income from services rendered amounted to 1.693.194,53€ and income from sales was 8.683,67€. In addition, it should be noted that subsidies increased by 30% compared to 2020 and financial income doubled to 18.543,86€. As a negative point, it can be said that more money had to be procured than in previous years, and that the sum of

the consumption of merchandise and work carried out by other companies amounted to 315.857,49€.

In all the years under study, the company obtained a positive result, with the result for 2021 standing out with 531.088,21€, which implied an increase of 16.7% over 2020. Although the results were positive, the company did not have to pay taxes on profits, since according to the tax regulations applicable in the field of corporate income tax from 2014, the Company benefits from a new regime of non-integration of income, regulated in Article 39 of the Foral Regulation 2/2014, of January 17, on corporate income tax of the historical territory of Gipuzkoa, by which income generated in the management of cemeteries and funeral activities is not integrated into the tax base.

7.2.2. Company policy

In corporate policy, commercial policy, personnel policy, investment recovery policy, tax policy and other expenditure policy will be analyzed.

Commercial policy

Table 30: Gross margin (2019-2021)

	2021			2020			2019		
Net sales	1.701.878,20	100%	108,5	1.583.718,89	100%	101,0	1.568.682,83	100%	
- Procurements	- 318.513,54	18,7%	115,1	- 279.966,43	17,7%	101,2	- 276.633,04	17,6%	
= GROSS MARGIN	1.383.364,66	81,3%	107,1	1.303.752,46	82,3%	100,9	1.292.049,79	82,4%	

Source: Own creation

When it comes to analyzing the commercial policy, the cost of the product sold or of the material of the service offered is taken into account, and the evolution of the gross profit obtained by the company is analyzed.

For this purpose, the gross margin is used, both in relative and absolute values, trying to elucidate the reasons for the changes.

Once the gross margin has been calculated, it is interesting to investigate the reasons for the changes. Two different reasons stand out: The variation of sales volumes and the variation of margins in the years of study.

As can be seen in the table, net sales have gradually increased from 2019 to 2021, starting with a total of 1.568.682,83€ and ending at 1.701.878,20€. As for supplies, they have been increasing during the three years under study more than proportionally compared to net sales, which means that the margin in relative

terms has been falling to 81.28%. Even though the percentage margin has decreased, the increase in net sales means that the gross margin is positive. It can be said that the importance of the increase in sales has been more important than the decrease in the margin, and therefore Polloe's gross margin has improved year by year.

As can be seen below, the contribution both in the comparison of 2019 with 2020 and 2020 with 2021 of the sales volume has been positive by a greater amount than the negative contribution to the gross margin that the decrease in the percentage margin has had year by year.

If we subtract the €681.82 of margin differences from the 12.384,49€ we arrive at a difference in gross margin from 2019 to 2020 of 11.702,67€. As for the difference in the gross margin from 2020 to 2021, the increase is even greater, reaching 79.612,20€, as a result of the subtraction of 17.659,16€ from the decrease in the margin to the 97.271,36€ of positive contribution due to the increase in sales.

Gross margin change 2019-2020 : 11.702,67

Sales volume :	$(1.583.718,89 - 1.568.682,83) * 0,8237 =$	12.384,49	} 11.702,67
Margin :	$(0,8232 - 0,8237) * 1.583.718,89 =$	- 681,82	

Gross margin change 2020-2021 : 79.612,20

Sales volume :	$(1.701.878,20 - 1.583.718,89) * 0,8232 =$	97.271,36	} 79.612,20
Margin :	$(0,8128 - 0,8232) * 1.701.878,20 =$	- 17.659,16	

Personnel policy

With regard to personnel policy, the analysis is carried out by relating both sales and personnel expenses to the average number of workers in charge of the company each fiscal year. Thus, it is possible to see how the company has evolved in terms of productivity per worker and in terms of the cost of each one of them.

Below is the table of the workers who were working for Polloe in each year. It can be seen that the distribution has not changed at all over the three years. Both the number of workers and their function in the company have not changed. It should be noted that although from 2019 to 2021 the structure of workers has remained the same, the possible increase or decrease in the number of employees should be analyzed taking into account their role in the company.

Given that the salary varies according to the rank occupied in the pyramid, an increase/decrease in the number of employees with the rank of operator will not affect in the same way as an increase/decrease in the number of employees with the rank of manager.

Table 31: Itemized number of employees (2019-2021)

EMPLOYEES	2021	2020	2019
General Manager	1	1	1
Administrative	4	4	4
Crematorium	1	1	1
Cemetery foreman	1	1	1
Operators	0,5	0,5	0,5
Gravediggers	5	5	5
TOTAL	12,5	12,5	12,5

Source: Polloe annual reports (2019-2021)

As for the breakdown of personnel expenses, it can be seen that a quarter of these expenses come from the social security contributions that the company is obliged to make for the benefit of its employees.

Table 32: Itemized personal expenses (2019-2021)

PERSONNEL EXPENSES	2021	2020	2019
Wages and salaries	483.648,02	498.271,22	441.876,32
Social charges	151.266,75	160.238,36	154.932,02
Pension contributions and endowments	5.057,00	3.818,30	4.391,41
Social security paid by the company	143.905,73	151.708,17	147.033,66
Other social security costs	2.304,02	4.711,89	3.506,95
Total	634.914,77	658.509,58	596.808,34

Source: Polloe annual reports (2019-2021)

Once the data on the number of employees and the breakdown of personnel expenses are shown, the relationships between sales and the number of employees and personnel expenses and the number of employees are analyzed.

Table 33: Net sales, personnel expenses and average employees (2019-2021)

	2021		2020		2019
Net sales	1.701.878,20	108,49	1.583.718,89	100,96	1.568.682,83
Personnel expenses	634.914,77	37,3% 106,38	658.509,58	41,6% 110,34	596.808,73 38%
Average employees	12,50	100,00	12,50	100,00	12,50

Source: Own creation from Polloe profit and loss accounts and annual reports (2019-2021)

Table 34: Ratio of sales to employees and average cost per employee (2019-2021)

	2021		2020		2019
Sales / number of employees	136.150,26	108,5	126.697,51	101,0	125.494,63
Average cost per employee	50.793,18	106,4	52.680,77	110,3	47.744,70

Source: Own creation

Since the number of employees has remained constant, it is directly both net sales and personnel expenses that cause sales per employee and expenses per employee to vary. The denominator of the divisions remains constant (12.5 employees) as mentioned above, so the reason for the variations will be caused by the numerators.

The amount of sales has been gradually increasing from 2019 to 2021, so that sales per employee have also increased year on year. At the beginning it stood at €125,494.63 sales per employee, and after a small increase in 2020, in 2021 it stood at €136,150.26 sales per employee (+8.5%). The pandemic distorted the normal activity of the company as there was an increase in deaths, and therefore in income from funeral services. However, this increase in workload was managed without adding workers to the workforce and adapting as best as possible to the new scenario.

As for the average cost per worker, it should be noted that it increased from 2019 to 2020 to drop again in 2021. Despite the drop that occurred in 2021, the average cost per worker was above what it was in 2019. A priori, it seems strange that, since the number of employees did not change, the average cost increased in the second year of the study and then fell again. To understand this type of change, two possibilities are considered: The first possibility is that in 2021 some new workers were incorporated, taking over from some veterans, and that due to seniority they would have higher salaries, and thus lowering the average cost per employee. The second possibility, on the other hand, is that as a result of the increase in the number of deaths, employees would have to work many overtime hours to deal with the exceptional situation experienced in 2020.

Other expenditure policy

In the case of Polloe, the other operating expenses are divided into ten groups according to their nature. The important thing is to analyze the evolution of each of them taking into account the particular characteristics of each group, and the importance they have for the company.

Table 35: Other operating costs (2019-2021)

OTHER OPERATING COSTS	2021			2020			2019		
Leases and royalties	13.256,00	8,33%	100,0	13.256,00	9,29%	100,0	13.256,00	8,46%	
Repairs and maintenance	9.265,00	5,82%	60,4	17.611,54	12,34%	114,8	15.338,21	9,79%	
Independent professional services	33.002,53	20,73%	98,9	19.620,88	13,75%	58,8	33.374,94	21,30%	
Insurance premiums	7.487,81	4,70%	70,0	12.181,47	8,53%	113,8	10.701,25	6,83%	
Banking and similar services	2.753,15	1,73%	569,8	630,35	0,44%	130,5	483,21	0,31%	
Advertising, publicity and public relations	1.471,70	0,92%	129,1	911,70	0,64%	80,0	1.139,63	0,73%	
Supplies	29.897,71	18,78%	88,6	30.454,88	21,34%	90,3	33.742,09	21,54%	
Other services	52.641,10	33,06%	107,4	46.178,99	32,35%	94,2	49.005,29	31,28%	
Other taxes	804,91	0,51%	101,6	804,91	0,56%	101,6	792,14	0,51%	
Losses, impairment and changes in suppliers for commercial operations	8.628,82	5,42%	-734,9	1.083,10	0,76%	-92,3	-1.174,09	-0,75%	
TOTAL	159.208,73	100%	101,6	142.733,82	100%	91,1	156.658,67	100%	

Source: Polloe annual reports (2019-2021)

The greatest variations have occurred in the groups "losses, impairment and changes in suppliers for commercial operations" and "banking and similar services". In these groups, the index numbers are -734.9 and 569.8 respectively, and considering that the base year is 2019, this is a very large increase. However, these variations are not of transcendental importance considering the specific weight that each of them have in the set of other expenses. "Losses, impairment and changes in suppliers for commercial operations" at its peak (2021) reached 5.42% of the total and "banking and similar services" reached 1.73% in the same year.

The three groups whose relevance is indisputable due to their weight are independent professional services, supplies and other services. The sum of the three groups represents 72.57% of total other expenses. In the first two groups there has been a decrease from 2019 to 2021, so in these groups, Polloe has achieved improvements in spending. On the other hand, the third group increased in the same period to reach 107.4 in the index number. This is the group that has the greatest weight in the total and therefore the negative contribution to the total has been important.

In the set of expenses analyzed in this point it must be said that after a decrease of 10% in 2020, in 2021 it increased to reach the starting point of 2019. Here it is also evident that the health emergency situation experienced in 2020 distorted the normal operation of the company, causing considerable decreases in the three groups with the greatest weight in the graph.

Investment recovery policy

In order to see the investment recovery policy, and following the scheme of the audited annual accounts, depreciable assets are divided into intangible assets and tangible assets.

Intangible assets

The value of intangible fixed assets is basically made up of the value assigned to the right to use the crematorium, which is derived from the registration made at the incorporation of the Company.

The amortization of the intangible assets is based on the estimated useful life: 50 years for the right to use the crematorium, 4 years for the industrial property and 3 years for the computer software

Table 36: Intangible assets cost value (2019-2021)

COST VALUE							
	01.01.2019	Additions (Retirements)	31/12/2019	Additions (Retirements)	31.12.2020	Additions (Retirements)	31.12.2021
Crematorium use rights	350.688,89	-	350.688,89	-	350.688,89	-	350.688,89
Computer applications	-	-	-	-	-	-	-
TOTAL	350.688,89	-	350.688,89	-	350.688,89	-	350.688,89

Source: Polloe annual reports (2019-2021)

Table 37: Intangible assets accumulated amortization (2019-2021)

ACCUMULATED AMORTIZATION							
	01.01.2019	Increases (Decreases)	31/12/2019	Increases (Decreases)	31.12.2020	Increases (Decreases)	31.12.2021
Crematorium use rights	121.477,39	7.011,65	128.489,04	7.012,56	135.501,60	7.011,65	142.513,25
Computer applications	-	-	-	-	-	-	-
TOTAL	121.477,39	7.011,65	128.489,04	7.012,56	135.501,60	7.011,65	142.513,25

Source: Polloe annual reports (2019-2021)

Table 38: Intangible assets net book value (2019-2021)

NET BOOK VALUE	229.211,50	222.199,85	215.187,29	208.175,64
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Source: Polloe annual reports (2019-2021)

Table 39: Intangible assets level of amortization (2019-2021)

Level of amortization: (Amortization + Depreciation) Accumulated / GROSS fixed Assets					
2021		2020		2019	
63,36%	106,74	61,36%	103,37	59,36%	

Source: Own creation

Looking at the table of the cost value of intangible assets, it can be seen that the only asset in force is the crematorium rights. These rights remain unchanged with respect to cost at 350.688,89. In the accumulated amortization table, it can be seen that the method used for amortization is the straight-line amortization method, since the division of the cost by the years of useful life (350.688,89€ / 50years) gives the result that is reflected in the amortization table as the annual amortization amount.

As mentioned above, since there is no variation or addition to the cost of intangible fixed assets and taking into account that amortization is straight-line, it is expected that the level of amortization will increase year by year. In 2019 the level of amortization was 59,36%, in 2020 it increased to 61,36% and in 2021 it reached 63,36%.

Tangible assets

The value of the tangible fixed assets contributed in the incorporation of the company was recorded in accordance with the net book value available in the records of the Zorroaga Foundation referring to the funeral services activity.

The useful life of the tangible fixed assets is as follows: 50 years for buildings, 8 years for furniture, 5 years for transport equipment and 4 years for machinery, installations and information processing equipment.

Table 40: Tangible assets cost value (2019-2021)

	COST VALUE						
	31/12/2019	Additions	Decreases	31.12.2020	Additions	Decreases	31.12.2021
Constructions	2.364.069,31	-	-	2.364.069,31	22.800,00	-	2.386.869,31
Technical installations	412.817,40	-	-	412.817,40	-	-	412.817,40
Machinery	34.463,25	-	-	34.463,25	-	-	34.463,25
Furniture	129.167,52	-	-	129.167,52	-	-	129.167,52
Infor. processing equipment	6.373,52	-	-	6.373,52	-	-	6.373,52
Transport elements	71.973,09	-	-	71.973,09	-	-	71.973,09
TOTAL	3.018.864,09	-	-	3.018.864,09	22.800,00	-	3.041.664,09

Source: Polloe annual reports (2019-2021)

Table 41: Tangible assets accumulated amortization (2019-2021)

ACCUMULATED AMORTIZATION							
	31/12/2019	Increases	Transfers (Decreases)	31.12.2020	Increases	Transfers (Decreases)	31.12.2021
Constructions	703.068,18	66.024,60	- 11.062,96	758.029,82	66.308,24	-	824.338,06
Technical installations	84.549,87	46.046,46	6.653,12	137.249,45	46.048,40	-	183.297,85
Machinery	30.702,84	-	3.760,41	34.463,25	-	-	34.463,25
Furniture	128.518,09	-	649,43	129.167,52	-	-	129.167,52
Infor. processing equipment	6.373,52	-	-	6.373,52	-	-	6.373,52
Transport elements	36.245,54	9.237,84		45.483,38	9.238,15	-	54.721,53
TOTAL	989.458,04	121.308,90	0,00	1.110.766,94	121.594,79	-	1.232.361,73

Source: Polloe annual reports (2019-2021)

Table 42: Tangible assets net book value (2019-2021)

NET BOOK VALUE	2.029.406,05	1.908.097,15	1.809.302,36
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Source: Polloe annual reports (2019-2021)

Table 43: Tangible assets level of amortization (2019-2021)

Level of amortization: (Amortization + Depreciation) Accumulated / GROSS fixed Assets					
2021		2020		2019	
40,52%	123,62	36,79%	112,26	32,78%	

Source: Own creation

The table of the cost value indicates that the only change that Polloe has had is the one related to the constructions during the year 2021. The addition of 22.800,00€ leaves the total cost value at 3.041.664,09€ at the end of the year.

According to the depreciation table, in 2019 there was one decrease and three transfers. Taking into account that the decrease in constructions is equivalent to the sum of the transfers to technical installations, machinery and furniture, it is logical to think that the decrease in one part has been transferred to the others. As for the state of depreciation, it can be seen that those that have maintained an equivalent rate from 2019 to 2020 have been constructions, technical installations and transport elements.

The level of depreciation stood at 32,78% in 2019, 36,79% in 2020 and 40,52% in 2021. These data reflect that the level of depreciation of tangible fixed assets is still below 50% and below the level of intangible fixed assets.

Tax policy

As mentioned in the analysis of the profit and loss account, the company did not have to pay taxes on profits, since according to the tax regulations applicable in the field of corporate income tax from 2014, the Company benefits from a new

regime of non-integration of income, regulated in Article 39 of the Foral Regulation 2/2014, of January 17, on corporate income tax of the historical territory of Gipuzkoa, by which income generated in the management of cemeteries and funeral activities is not integrated into the tax base.

7.2.3. Working capital

To identify the company's short-term situation, the evolution of current assets and current liabilities will be analyzed. To do this, each asset and liability should be grouped according to its nature and origin.

Table 44: Working Capital (2019-2021)

Working Capital					
	2021	Change	2020	Change	2019
+ Stocks	1.836,12	27,05	1.809,07	- 983,50	2.792,57
+ Customers	175.288,24	12.732,26	162.555,98	53.105,17	109.450,81
Basic gross operating requirement	177.124,36	12.759,31	164.365,05	52.121,67	112.243,38
- Suppliers	- 62.809,47	4.123,66	- 66.933,13	- 12.070,50	- 54.862,63
Basic operating working capital	114.314,89	16.882,97	97.431,92	40.051,17	57.380,75
+ Other current operating assets	0,61	- 0,41	1,02	- 0,86	1,88
- Other current operating liabilities	- 236.140,48	10.809,20	- 246.949,68	3.328,25	- 250.277,93
Operating working capital	- 121.824,98	10.808,79	- 149.516,74	3.327,39	- 192.895,30
+ Non-operating current assets	-	- 50.000,00	50.000,00	-	50.000,00
- Non-operating current liabilities	-	-	-	-	-
+ Cash	2.151.433,36	276.872,43	1.874.560,93	26.909,04	1.847.651,89
Working Capital	2.029.608,38	254.564,19	1.775.044,19	70.287,60	1.704.756,59

Source: Own creation

The evolution of working capital has been positive and has increased each year with respect to the previous year. It should be borne in mind that the larger the working capital, the greater the difference between short-term assets and short-term liabilities.

At first glance, the weight of cash in the total stands out, which clearly conditions the positive working capital. The operating working capital is negative in all three years, and evolves from -192.895,30 in 2019 to -121.824,98 in 2021. The main factor that makes the operating working capital negative is the other current operating liabilities, which are around a quarter of a million. It can also be seen that the sum of inventories and customers is greater than the amount of suppliers in each of the years.

From 2019 to 2020 the balance in customers increased by 53.105,17 which caused the basic gross operating requirement to increase similarly. This was the

largest increase in absolute terms that occurred within the operating related items. In 2021, the customer balance reached 175.124,36, which maintained the dynamic started in the previous year. The increase in customers is usually due to two main factors: The increase in sales or the average increase in the days at which customers make payments.

Polloe's business is a recurring business where it offers an indispensable service to society and where it is in a comfortable situation in financial terms. Such a significant cash flow provides a great cushion for the company to be able to face the future in a comfortable way and, as can be seen in the working capital, it is a fundamental element for the company's stability in the short term.

7.2.4. Solvency analysis

The solvency of a company consists of its ability to meet its debts. It is the ratio between the entity's assets and liabilities. It is reflected by a company's ability to pay its debts. Thus, for example, a company that cannot pay its debts is insolvent, even if it has some short-term liquidity. If a company can pay its debts, even if it does not have sufficient liquidity to do so at the present time, it is solvent. For example, it can be solvent if it is able to sell assets that provide it with income to meet its debts, or if it has a high debt capacity because there are investors who can finance it.

After all, it is a company's ability to transform its assets into liquidity to meet its operating, financial and commercial obligations. In every company there are fixed assets, which may or may not be part of the production process, current or operating assets, represented by inventories, accounts receivable and temporary investments, until finally reaching cash and banks as the truly available asset in terms of liquidity.

Each company, depending on its business and market, has production or marketing cycles of goods or services that make a less liquid asset become more liquid quickly. It is necessary to analyze each one in particular to be able to draw conclusions as to whether it is solvent or not and to what extent. For this purpose, in this case the short-term and long-term ratios will be used.

7.2.4.1. Ratios

Ratios are a very useful and widely used tool for analysis. They are divisions between different assets and liabilities, and specific information is obtained from each of them.

Short-term

In the short term ratios, the short-term solvency ratio, the acid-test ratio and the availability ratio will be calculated. The following table shows the results of the aforementioned ratios, as well as their calculation method.

Table 45: Short-term ratios (2019-2021)

Ratio		2021	2020	2019
Short-term solvency ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	7,79	6,66	6,59
Acid-test ratio	$\frac{\text{Current assets} - \text{Stocks}}{\text{Current liabilities}}$	7,78	6,65	6,58
Availability ratio	$\frac{\text{Available}}{\text{Current liabilities}}$	7,20	5,97	6,06

Source: Own creation

In the short-term ratio, current assets are related to current liabilities, the result being the multiple of one over the other. Since both short-term assets and liabilities are taken as a whole, the result will help to assess the company's solvency in the short term as a whole. In this case, the ratio has been increasing year by year, starting at 6,59 and ending at 7,79. This means that current assets are higher than current liabilities by the number of times the ratio. Short-term solvency is more than covered according to the calculation; however, the fact that the ratio is so high means that there may be assets backing the debts but which are not being used to generate profitability.

The acid-test ratio gives an idea of the company's capacity to meet its short-term obligations with its most liquid assets, also in the short term. It becomes a fundamental test for assessing whether it is worth entering into a business relationship with a company as a customer, as it will give information about the probability of having delays in collections with it or, much worse, suffering non-payments. The result is very similar to that of the solvency ratio, which shows that the value of inventories is not high and that the subtraction does not alter the indicator much. Taking into account that Polloe offers funeral services, it is logical to think that the level of its inventories is not very high, since for many of the services offered there is no need for such inventories.

The availability ratio relates the available (cash + equivalent assets) to short-term liabilities. A company's available assets are the amount of cash it has on hand to be able to meet its obligatory payments and debts. In other words, it is the money that the company in question has immediately in its accounts. The results of this ratio for the three years are lower than the previous ratios, but not too much lower. This shows that a significant part of the company's current assets is made

up of cash, which is positive for the company's ability to meet payments but may be inefficient in terms of profitability.

Long-term

For the short-term analysis, the short-term assets and liabilities have been used, however, since it is a global analysis, both the short-term and long-term assets and liabilities are used now.

Table 46: Long-term ratios (2019-2021)

Ratio		2021	2020	2019
Long-term solvency ratio	$\frac{Assets}{Liabilities}$	4,30	4,21	4,28
Debt ratio	$\frac{Liabilities}{Equity + Liabilities}$	0,23	0,24	0,23
Financial autonomy ratio	$\frac{Equity}{Liabilities}$	3,30	3,21	3,28

Source: Own creation

The long-term solvency ratio relates the company's total assets to total liabilities, thus indicating how many assets the company has for each unit of liabilities it has. The higher the result of the division, the higher the company's long-term solvency, with the company being technically insolvent when the value is less than one. Polloe offers similar results for the three years, the ratio being 4,28, 4,21 and 4,30 chronologically. The assets are more than four times the assets, so the company would be very solvent and would have a comfortable situation in the long term. From this we can conclude that the weight of equity in the balance sheet is very high.

The debt ratio relates liabilities to total liabilities and equity. To obtain the result of this ratio, it is sufficient to look at the weight in percentage terms of the liabilities on the right-hand side of the balance sheet, since this percentage will be the same as the ratio but the latter in unit terms. Polloe's financing comes in a quarter (23% in 2019, 24% in 2020 and 23% in 2021) from liabilities, so the balance sheet is in good health in terms of solvency.

The financial autonomy ratio indicates the ratio between the company's equity and liabilities. In this case, the net worth is more than three times higher than the liabilities, with the lowest level in 2020 with a ratio of 3.21. The financial autonomy ratio, like the previous ratios, indicates that Polloe is in a position of comfortable solvency and with sufficient financial muscle to face the future.

7.2.5. Profitability

Economic profitability

Economic profitability is the measure of operating efficiency, regardless of the impact of the financial sources used. It analyzes the company's performance and the ratio of the resources used to achieve it.

For this purpose, the economic profitability ratio is used: ROI (Return on Investment).

For the calculation of the ratio, different adjustments can be made to the results, for example: EBI, EBIT, etc. In each case, it is necessary to analyze how the sources of financing, taxes on profits, etc., affect the results.

In the case of Polloe, it has been explained above that its activity is exempt from the payment of taxes on profits, so the result to be used for the ratio will be the EBI.

Table 47: From operating income to results for the year (2019-2021)

	2021	2020	2019
OPERATING INCOME	512.544,35	445.950,99	459.550,86
Financial income	18.543,86	9.246,05	752,23
Marketable securities and other financial instruments	18.543,86	9.246,05	752,23
Impairment and gains or losses on disposal of financial instruments	-	-	- 421,16
Gains (losses) on disposals and others	-	-	- 421,16
FINANCIAL RESULT	18.543,86	9.246,05	331,07
INCOME BEFORE TAXES	531.088,21	455.197,04	459.881,93
Income tax	-	-	-
RESULT OF THE YEAR	531.088,21	455.197,04	459.881,93

Source: Cut from Polloe profit and loss accounts (2019-2021)

Table 48: Total assets and net sales (2019-2021)

	2021	2020	2019
TOTAL ASSETS	4.346.036,33	4.212.711,44	4.262.103,05
Net sales	1.701.878,2	1.583.718,89	1.568.682,83

Source: Own creation

For the calculation of the EBI, financial expenses are added to the result for the year. In this case, only in 2019 there were financial expenses, so in 2020 and 2021 the EBI is equal to the result of the fiscal year.

Table 49: Various financial data and ratios (2019-2021)

	2021	2020	2019
Result of the year	531.088,21	455.197,04	459.881,93
Financial expenses	-	-	421,16
EBI	531.088,21	455.197,04	460.303,09
ROI	12,22%	10,81%	10,80%
Margin	31,21%	28,74%	29,34%
Rotation	0,39	0,38	0,37

Source: Own creation

In the table the calculations necessary to determine the economic profitability are classified year by year, and the ROI indicates the profitability of the company for each unit of currency invested. In 2019 and 2020 the ROI was 10.80-10.81% and in 2021 it rose to 12.22%. This indicates that excluding financial expenses, the company is able to achieve the aforementioned returns. To determine the adequacy of profitability, it is convenient to analyze the nature of the business and compare it with competitors. In this case, it is a funeral services company, where competition in the way of private cemeteries is scarce. Let's take into account that the land is a concession of the Donostia City Council.

ROI is divided into margin and turnover, which are two very interesting aspects.

The higher the margin and the higher the turnover, the higher the ROI. Both margin and turnover remained largely unchanged during the three years of the study, but it is worth noting that these two indicators showed their highest values in 2021 with 31.21% and 0.39 respectively.

Financial profitability

As far as financial profitability is concerned, Polloe is in a situation similar to that of Donostia Turismoa. That is to say, financial debts have no weight in the balance sheet and there are no financial expenses, so the ROE (r1) will be comparable to the overall financial profitability (r2).

In this case, it is a public market company and is capable of generating profits with its activity, so it does not need public contributions for its subsistence.

Table 50: Result of the year and equity (2019-2021)

	2021	2020	2019
RESULT FOR THE YEAR	531.088,21	455.197,04	459.881,93
EQUITY	3.335.756,94	3.212.668,73	3.265.471,69

Source: Own creation

Shareholder profitability underwent a gradual increase during the three years of study, starting at 14.08% in 2019 and ending at 15.92% in 2021. The funeral services business stands out for being a very constant industry over time and with recurring revenues, so it can be said that the shock caused by Covid 19 was the cause of the unusual increase in the 2021 fiscal year result and thus in the financial profitability.

7.3. Accounting epilogue

Once the financial statements of the companies have been analyzed, it should be noted that regardless of whether they are market or non-market companies, the nature of the activity they carry out conditions the balance sheet of the companies. Donostia Turismoa offers updated tourist information, a reservation service and a wide range of official tourist products, so the weight of non-current assets is much lower than that of companies with long-term asset requirements for the performance of their activity. On the other hand, as Polloe is a company that manages all the services related to the municipal cemeteries and crematorium, from burials to cremation, including the cleaning of graves and marble work, the weight of non-current assets in the balance sheet is much greater.

As for the sources of financing, there are also substantial differences between the two companies. This aspect is closely linked to the fact that Donostia Turismoa is a non-market public company, while Polloe is a market public company. One of the objectives of the project has been to highlight the differences derived from the different relationship that the companies have with the market. Donostia Turismoa is financed around a quarter by equity, and the rest is computed as liabilities. This structure of the sources of financing is a structure that is conditioned by the support and contributions made and to be made by the Donostia City Council to compensate the losses and to provide institutional support to the company. With this reality, the company does not need a large amount of net worth, since when it needs new financing, it will obtain public support for it. On the other hand, Polloe is a company that obtains profits derived from its activity, and therefore year after year has been increasing the amount of net worth with the contributions that the positive results obtained. This means

that three quarters of the sources of financing are obtained through non-callable liabilities/equity.

It should be taken into account that, in comparison with market companies, companies that are financed and therefore face their negative results through transfers from public entities, are affected when performing the usual accounting and economic calculations in the analysis of companies. Donostia Turismoa has achieved negative results from 2019 to 2021, and therefore some calculations have had to be modified to better contextualize the company's situation. By obtaining negative results, the gross margin calculations have had to be replaced by a self-created indicator to quantitatively better understand the evolution of the company. The ratio created is composed of the amount of contributions for losses obtained from the Donostia City Council in the numerator and the total annual overnight stays in Donostia in the denominator. Thus, it has been possible to show the cost per overnight stay that the promotion of tourism has meant for the public coffers in this specific case. It should be noted that in the year 2020 the expenditure per overnight stay more than doubled in relation to the previous year according to the data of the indicator. Let us remember that that year the world pandemic of Covid19 exploded in Spain and therefore the restrictions to mobility prevented the normal development of tourism.

During the project, several calculations have been made to determine the accounting and economic status of the companies and to relate them to the activity they perform in Donostia. In each of the calculations, the evolution between 2019 and 2021 is explained, the most relevant factors are highlighted, they are linked to each other to the extent that they are related and they are also placed in an exceptional reality that was experienced during the pandemic. With all this, it has been possible to shed light on the accounting status of the companies and thus reach conclusions that at first glance are impossible to reach. The companies in question differ in various aspects, and therefore the results of the calculations have sometimes been very different.

For example, the difference in the number of employees between the two companies is around 3 to 1, the total in absolute terms of various expenses is substantially higher in Donostia Turismoa, the levels of amortization differ in both intangible and tangible assets, the solvency ratios respond to very different realities and the profitability calculations are appreciably different. It is normal for companies of different natures to produce different results, but this divergence is not what has been analyzed in depth in this work, but rather an attempt has been made to relate the calculations of each company to itself and to focus on those aspects that differ from one company to another because of their relationship with the market (market or non-market companies). In addition, inevitably, the distorting factor of Sars Cov2 had to be introduced to find the causes of various changes.

It should be borne in mind that the implications of being a non-market company go beyond the mere public contribution received. Various indicators and ratios are distorted and require a specific analysis in order to understand the company's situation. The first thing that is distorted is the company's income, since it is in a situation of subsidy. This means that the price of what is sold can be lower and therefore the income and consequently the profits are modified downwards.

Taking into account the above, it should be noted that as for the tax implications, Donostia Turismoa does not have to face them since it does not obtain profit through its activity there is no profit tax to be paid. Curiously, Polloe does not have to pay taxes on profits either, since Article 39 of the Norma Foral 2/2014 determines that in Gipuzkoa, cemetery and funeral service management companies are not included in this tax.

The particular characteristics of each of the companies are the main causes of the distribution of the different parts of the annual accounts of the companies. However, the fact that Donostia Turismoa is a non-market public company significantly conditions both its activity and its comparability with other companies. It must be taken into account that in the companies there are several cascade effects, and that a support from the City Council generates in turn several derivatives that must be analyzed.

8. CONCLUSIONS

With the information obtained from the review of the state of the art, the analysis of the city and the work carried out with the financial statements of both companies, the following conclusions are drawn:

1. *The origin of the current decentralization model begins with the Spanish Constitution.* During the project, the laws that affect and regulate both the autonomous system and the local sphere in terms of their own competences or those assigned by the central administration have been cited. A long time has passed since the Spanish Constitution was approved in 1978, and by then, the Territorial Organization of the State had already been taken into account, specifically in Title VIII. In this title, in article 147, it is stated that the Statutes will be the basic institutional norm of each Autonomous Community and the State will recognize and protect them as an integral part of its legal system. In addition, the minimum competences to be assumed by them are indicated below. It is clear that the drafting of the Constitution took into account the uniqueness of

Spain's autonomous communities and that this uniqueness affected the drafting of the Constitution. As indicated in the section on History, in the years following the approval of the Spanish Constitution, the Statute of Autonomy of the Basque Country was approved in 1979 and the Law Regulating the Bases of the Local Regime in 1985. With the approval of these laws, the details regarding the autonomy of the Basque Country and the local regulatory details were defined. As can be seen, they began to regulate in a general manner and little by little laws of a more specific nature were established. The laws are usually renewed and changed to adapt to the times, and as it could not be otherwise, in the autonomous and local sphere, the succession of events mentioned above give good proof of this.

2. *Competence as the core of the activities to be carried out.* It is essential to adequately define the competences of each entity for a proper management of public entities. In this work we have pointed out the two competency laws in addition to the Constitution that regulate the activity of the autonomous and local entities. To this end, legislative, executive and administrative competences have been defined, which are the three existing forms of competence. It is also indicated that the competences cannot be waived, so that each local or autonomous administration must exercise them in an imperative manner. It is important to emphasize that the competences can be both own and delegated, thus differentiating those that would directly depend on each local administration and those that would be derived from another administration. In order to be able to carry out an adequate work, it is essential that the competences of the organizations are adequately defined and that they are provided with sufficient economic means for the adequate achievement of the objectives.

An essential element within the sphere of competence is the instrumental administration, where public entities are created for the fulfillment of assigned functions. Here, a distinction has been made between, on the one hand, autonomous bodies, which are those in which the activity is only public competence and there can be no interference from the public sector, and on the other hand, public business entities, which are public bodies entrusted with the performance of service activities, the management of services or the production of goods of public interest susceptible of consideration. Law 40/2015 is the law that regulates the bases of the legal regime of Public Administrations, the principles of their liability system and the sanctioning power.

The provision of services must be managed in the most efficient and sustainable way possible, and to this end, article 85 of Law 7/1985 requires

that the choice of the different forms of management must be justified. Let us say that the competent administration has to analyze and argue which of the management options is the most appropriate for each of the areas in which it acts. One can opt for indirect management, for example by subcontracting an external company to offer the products or provide the desired services, or on the other hand, one can opt for one of the different forms of direct management for the development of the activity. In this case, both Polloe and Donostia Turismoa are two publicly owned companies and therefore we are dealing with a type of direct management.

3. *A market and non-market company are not the same.* In addition to determining whether the type of management is direct or indirect, it has been important to analyze the relationship between sales and production costs. By making this comparison, it is possible to determine whether the public company is a market or non-market company. For this purpose, the European System of Accounts (ESA95) determines that the limit is 50%. In other words, it determines that if revenues exceed 50% of production costs, the company will be a market company, and it will not be a market company if revenues do not reach this threshold. In the cases we are dealing with, it can be said that the analysis has been richer with one of the companies, specifically Polloe, being a market producer, and the other, Donostia Turismoa, a non-market producer. This has made it possible to differentiate between different forms of management and to compare the different forms that the financial statements take in the case of a company that is mainly subsidized by the Municipality of Donostia and another that relies on its own income to survive.
4. *Close relationship between activity and asset structure.* It is well known that the activities carried out by companies and their asset structure tend to resemble each other when they are in the same sector. Each sector has its own particular needs that greatly condition the balance sheet of companies. In this case, it has been shown that Polloe and Donostia Turismoa, although offering two essential services for the proper development of a city like Donostia, are very different when analyzed from an accounting point of view. The first thing that stands out is that Polloe needs a significantly greater non-current asset than Donostia Turismoa, given that (although the cemetery lands are in concession mode for a certain period of time) the funeral and burial services require a physical space for their activity. This means that from this point on, the sources and terms of financing must be adapted to each of the activities and that they are different from each other. This reality is amplified as a cascade effect

on the whole balance sheet and conditions in an important way the decisions that the administrators have to take to manage the company. This work has shown that the different products or services offered to the community are very different from each other and that they have a substantial influence on the asset structure of each of the companies. For this reason, it has been necessary to identify the specific needs of each company and, from there, to evaluate the management and the reality of these needs.

5. Public contributions in non-market companies determine the financial structure of the company. In short, companies have two ways of financing themselves: with their own funds or with borrowed funds. Financing through borrowed funds obliges the company to take on debt and to repay the capital received within the established period. On the other hand, equity financing does not have to be repaid, but in order for there to be contributions to it, the partners have to contribute capital, there have to be subsidies or there have to be profits in the financial years that are incorporated into the capital stock. Let us realize that if the financing of the company is assured by means of public contributions, it will be able to offer services below cost price and will not have to worry about the losses it incurs. The same happens with Donostia Turismo, a company for the promotion of tourism in Donostia, which offers services below cost and which is financed by the City Council of Donostia. This greatly conditions the financial structure of the company and at the same time makes it difficult to analyze various indicators. Let us bear in mind that the indicators in which one of the factors is the profits obtained by the company are invalidated when reference is made to a company with these characteristics. Taking all this into account, a specific indicator has been devised for the analysis of the commercial policy with which to evaluate the reality and evolution of the company in the commercial field.

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