

Fundación Profuturo

Audit report and
Annual Accounts
at December 31, 2018



This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

Fundación Profuturo

Independent auditor's report on the annual accounts

To the trustees of Fundación Profuturo:

Opinion

We have audited the annual accounts of Fundación Profuturo (the Foundation), which comprise the balance sheet as at December 31, 2018, the income statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Foundation as at December 31, 2018, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Foundation in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Most relevant aspects of the audit

How our audit addressed the most relevant aspects of the audit

Expenses relating to aid

As detailed in Note 1 and 13 to the accompanying annual accounts, the activities of Fundación Profuturo focus on granting aid to certain Foundations and Bodies in order to carry out its activities aimed at promoting education in developing countries. This aid consists of both monetary contributions (funds) and non-monetary contributions (teaching material in digital format).

We have carried out audit procedures in relation to the recognition of expenses relating to aid, including:

- Understanding the accounting policies used by Fundación Profuturo to recognise expenses relating to aid and assessing them in light of applicable legislation.



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As described in note 4h, expenses are recognised on an accruals basis. Specifically, in the case of monetary aid, the expense is taken to the income statement at the time the aid is approved for the amount agreed upon the signature of the contract and therefore the commitment to carry out the action covered by the aid is signed off on. In the case of non-monetary aid, the expense accrues once the material has been received by the entities for which it is earmarked and the associated risk has been transferred.

Of total expenses recognised by the Foundation at 31 December 2018, €38,361 thousand correspond to expenses relating to monetary and non-monetary aid, making up the most relevant expense item for Fundación Profuturo.

We consider this area relevant given the significance of the value of these expenses in the income statement and the importance of assessing their existence and completeness.

- Assessing the supporting documentation for expenses relating to monetary and non-monetary aid, primarily consisting of verifying a sample of collaboration agreements with Foundations and Bodies, that are the main recipients of the aid, receipts of the payments made, donation certificates and other evidence of delivery of teaching materials.
- Analysing the correct classification and recognition of expenses relating to aid taken to the income statement.
- Verifying the breakdowns included in the annual accounts.

Based on the procedures performed, no incidents have been detected that affect the existence, completeness and recognition of expenses relating to aid.

Responsibility of the President of the Board of Trustees in relation to the annual accounts

The President of the Board of Trustees is responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of Fundación Profuturo, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the President determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the President of the Board of Trustees is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the President either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



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- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the President.
- Conclude on the appropriateness of the President's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the President of the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the President of the Board of Trustees, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Silvia Sánchez de Pablo García (21.876)

May 29, 2019

PROFUTURO FOUNDATION.
Annual Accounts
31 December 2018

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PROFUTURO FOUNDATION

BALANCE SHEET AT 31 DECEMBER 2018 AND 2017 (Expressed in Euros)

	Note	2018	2017
A) NON-CURRENT ASSETS		4,808,391	6,124,528
I. Intangible assets	NOTE 5	4,789,772	6,124,528
II. Property, plant and equipment		18,619	-
B) CURRENT ASSETS		10,680,423	19,084,770
I. Inventories	NOTE 7	3,157,819	10,329,431
II. Users and other receivables from the organisation's own activity	NOTE 6	100,309	250,667
III. Trade and other receivables	NOTE 12	774	305
IV. Cash and cash equivalents	NOTE 8	7,421,521	8,504,367
TOTAL ASSETS (A+B)		15,488,814	25,209,298
A) EQUITY		10,207,732	19,553,831
A-1) Shareholders' equity	NOTE 9	112,411	71,819
I. Endowment capital/social fund		32,000	32,000
II. Reserves		39,819	4,992
III. Surplus for the year		40,592	34,827
A-2) Grants, gifts and bequests received	NOTE 10	10,095,321	19,482,012
I. Gifts and legacies		10,095,321	19,482,012
B) CURRENT LIABILITIES		5,281,082	5,655,467
I. Current payables	NOTE 11	5,852	1,259,946
II. Beneficiaries – Creditors	NOTE 11	1,271,766	235,891
III. Trade and other payables		4,003,464	4,159,630
1. Sundry creditors	NOTE 11	3,375,791	3,714,067
2. Personnel	NOTE 11	398,248	309,158
3. Public entities, other	NOTE 12	229,425	136,405
TOTAL EQUITY AND LIABILITIES (A+B)		15,488,814	25,209,298

Notes 1 to 20 to the accompanying accounts are an integral part of the balance sheet at 31 December 2018.

PROFUTURO FOUNDATION

INCOME STATEMENT AT 31 DECEMBER 2018 AND 2017 (Expressed in euros)

	Note	2018	2017
A) Surplus for the year			
1. Revenue from the organisation's own activity	NOTE 13	52,364,302	26,723,539
a) Contributions from users		40,592	34,827
b) Gifts and bequests taken to income in the year		52,323,710	26,688,712
2. Expenses relating to aid and other	NOTE 13	(38,360,991)	(21,602,788)
a) Monetary aid		(27,775,502)	(11,525,134)
b) Non-monetary aid		(10,585,489)	(10,077,654)
3. Supplies	NOTE 13	(832,577)	(1,714,388)
4. Personnel expenses	NOTE 13	(3,136,618)	(1,245,471)
a) Wages, salaries and sundry expenses		(2,355,199)	(1,000,453)
b) Employee benefit costs		(492,752)	(157,540)
b) Other benefit expenses		(288,667)	(87,478)
5. Other operating expenses	NOTE 13	(8,320,445)	(2,346,220)
6. Depreciation and amortisation	NOTE 5	(1,635,153)	(415,038)
A.1) Surplus from activity		78,518	(600,366)
7. Exchange differences	NOTE 13	(37,926)	635,193
A.2) Financial surplus		(37,926)	635,193
A.3) Surplus before tax		40,592	34,827
8. Income tax		-	-
A.4) Change in equities recognised in surplus in the year		40,592	34,827
B) Income and expense recognised directly in equity	NOTE 10	42,937,019	46,170,724
9. Gifts and bequests received		42,937,019	46,170,724
C) Reclassifications to surplus in the year	NOTE 10	(52,323,710)	(26,688,712)
10. Gifts and bequests received		(52,323,710)	(26,688,712)
I) TOTAL SURPLUS, CHANGE IN EQUITY IN THE YEAR (A.4+B+C)		(9,346,099)	19,516,839

Notes 1 to 20 to the accompanying accounts are an integral part of the income statement at 31 December 2018

PROFUTURO FOUNDATION
31 DECEMBER 2018
NOTES TO THE ANNUAL ACCOUNTS
(in euros)

(1) Activity of the entity.

Fundación ProFuturo [the ProFuturo Foundation] (the “Foundation”) is a private, non-profit and permanent foundation of Spanish nationality whose assets, according to the will of its founders, are permanently allocated to pursuing the aims of general interest that are detailed in its By-laws. It was formally established in a public deed on 13 June 2016.

The Foundation’s registered address, according to its by-laws, is established at calle Gran Vía, número 28, CP 28013, in the Municipality of Madrid (Spain), and local offices or delegations may be established in other areas of Spain or abroad following the pertinent resolution of the Board of Trustees. The Foundation may change its registered address within Spain.

The Foundation carries out its activities mainly in Spain and in any developing countries that it deems appropriate, particularly in Africa, Latin America, and Asia, whether on its own or through other entities, bodies, institutions, natural persons, or legal persons, whether public or private, in pursuit of its aims.

For the purposes of the provisions set forth in the preceding section, Fundación ProFuturo, subject to a resolution of the Board of Trustees may establish foundations in other countries in accordance with the respective national legislations thereof.

The Foundation has a separate legal personality and full legal capacity, and has had the capacity to act as from the date on which the Public Instrument of Foundation was entered in the Registry of Foundations on 28 November 2016 and, on that date, it commenced operations.

The general purpose of Fundación ProFuturo is to drive and foster the education and development of children, young people and persons who come from underserved sectors or who are at risk of social exclusion in order to help promote and generate equal opportunities in society by encouraging digital and e-learning, therefore specifically fostering the digital education of children and young people to allow them to acquire skills through technology.

Within said framework, the Foundation has the following aims:

1. Promoting the online digital education and training of underserved children and young people and of persons at risk of exclusion by fostering the use of new information technologies and putting them in touch with the necessary means to do so.
2. Analysing and deciding on the proposals that may be presented to expand digital knowledge in childhood and adolescence in developing countries.

3. Facilitating the professional and intellectual training of people who are in need or who are in a situation of unemployment or social maladjustment through the use of digital technologies and the development of their digital education through e-learning.

The Foundation determines strategies and actions targeted at the educational development of the groups that constitute its beneficiaries, thereby contributing to offering them a future with greater and better opportunities and possibilities, increasing their capacity for long-term vision, and giving them tools that facilitate professional performance and personal development.

The activities of general interest that the Foundation carries out in compliance with the Foundation's (own) aims will be the following:

- a. The promotion and development of educational projects, in cooperation with public and private institutions and entities, designed to carry out actions that favour the realization of the Foundation's purposes by providing assistance of a financial or any other nature.
- b. The development of all kinds of digital education programmes, including the implementation thereof in public or private institutions.
- c. Promoting, collaborating on, and/or conducting educational research, mainly in the digital area.
- d. Financing teaching, social, or cultural activities by awarding grants for studies, subsidies, or other free benefits in favour of children and young people and other members of the beneficiary groups who lack sufficient means to obtain, on their own, the benefits or results sought by the Foundation; and the awarding of prizes to entities that, due to their merits, have stood out in carrying out the aims promoted by the Foundation.

(2) Basis of presentation.

a) True and fair view

The annual accounts have been prepared on the basis of the accounting records of ProFuturo Foundation. The annual accounts have been prepared in accordance with applicable mercantile legislation and Spanish GAAP (Chart of Accounts) and with Royal Decree 1491/2011, of 24 October, approving the regulations for adapting the Chart of Accounts to non-profit entities, and Law 30/1994, of 24 November, concerning Foundations and Tax Incentives for Private Participation in General Interest Activities, Law 50/2002, of 26 December, concerning Foundations, Law 49/2002, of 23 December, concerning the tax framework for non-profit entities, and the two regulations implementing the aforementioned laws, so as to present a true and fair view of the Foundation's assets, financial situation at 31 December 2018 and changes in its equity, as well as its activity in the year ended on that date.

The annual accounts will be submitted for the approval of the ProFuturo Foundation's Board of Trustees. The Foundation's management expects the annual accounts to be approved with no material modifications.

(b) Comparative information

For comparison, the annual accounts present, for each of the items in the balance sheet, income statement and notes to the accounts, in addition to the figures for the year ended 31 December 2018, those corresponding to the previous year's abbreviated accounts.

(c) Functional currency and presentation currency

The annual accounts are presented in Euros, which is the Foundation's functional and presentation currency.

(3) Appropriation/Application of Surplus.

Application of the surplus for the year ended 31 December 2017, approved by the Foundation's Board of Trustees on 30 May 2018, was as follows:

	Euros
<i><u>Basis of appropriation</u></i>	
Surplus for the year	34,827
<i><u>Appropriation</u></i>	
Voluntary reserves	34,827

The proposed application of the Foundation's surplus for the year ended 31 December 2018, to be submitted to the Board of Trustees is as follows:

	Euros
<i><u>Basis of appropriation</u></i>	
Surplus for the year	40,592
<i><u>Appropriation</u></i>	
Voluntary reserves	40,592

In accordance with article 27 of the Foundations Act 50/2002, dated 26 December, at least 70 percent of the income or any other net revenue that, after tax deductions, is obtained by the Foundation, must be used to execute its foundational purposes; the remainder, after deducting expenses incurred in obtaining said revenue and income, must be used to increase endowment capital or reserves. The funds must be used for that purpose within a period of four years of being obtained.

(4) Accounting Policies Applied.

The main accounting policies used by the Foundation to draw up its annual accounts are the following:

(a) Intangible assets

Intangible assets are initially measured at acquisition cost and subsequently measured at cost less accumulated amortisation calculated on the basis of their useful life and any impairment adjustments made.

Software:

This includes the cost of acquiring software for the Foundation's data processing systems. Maintenance costs are taken to expenses when they are incurred. Amortisation is charged on a straight-line basis over an estimated useful life of four years.

Useful life and amortisation:

The Foundation reviews the residual value, useful life and amortisation of intangible assets at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate and would be realised prospectively.

Asset impairment

The Foundation regularly assesses and, where applicable, determines impairment adjustments and reversals of impairment adjustments in intangible assets (see section (b)).

(b) Impairment in non-cash generating assets

All intangible assets are non-cash generating as their purpose is not to generate a commercial return but for the collective benefit, in terms of either social benefit or potential for service.

The Foundation only tests these assets for impairment when there are indications of impairment, not based on commercial indicators but rather on the potential for service that they generate.

In any case, the events or circumstances that might be an indication of impairment must be significant and, in particular, they must have long-term effects.

If there are indications of impairment, the recoverable value is the higher of fair value less costs to sell and value in use. Value in use is the present value of the asset maintaining its potential for service and is determined by reference to the cost impaired replacement cost.

The impairment of non-cash generating assets is determined specifically for individual assets, unless it is not easy to identify their service potential, in which case the recoverable amount is determined at the level of the operating or service to which it belongs.

Impairment losses or reversals are recognised by applying the impairment criteria applicable to other non-current assets.

(c) Inventories

Inventories are initially measured at acquisition price or production cost. In the case of inventories received at no cost, they are measured at fair value.

All inventories are non-cash generating as their purpose is not to generate a commercial return but for the collective benefit, in terms of either social benefit or potential for service.

The Foundation recognises impairment in those cases in which the acquisition value of inventories is lower than their carrying amount. Since inventories are non-cash generating, in order to determine any valuation adjustment the net recoverable amount to be considered will be the higher of their net realisable value and replacement cost.

The Foundation uses average weighted cost to assign value to inventories.

The Foundation makes the necessary valuation adjustments, recognising them as an expense in the income statement, when the acquisition cost (or production cost) of inventories exceeds the net realisable value.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in current accounts.

(e) Grants, gifts and bequests.

Grants, gifts and bequests are initially recognised as income directly taken to equity when there is an individual agreement for awarding the grant, gift or bequest to the Foundation, the conditions established for such an award have been fulfilled and there are no reasonable doubts regarding the receipt of the award. They are recognised in the income statement as income on a systematic and rational basis in a manner correlated with the expenses derived from the grants, gifts and bequests which the Foundation awards to third parties.

Grants, gifts and bequests awarded by members, founders or trustees are recognised as such, unless they are awarded as endowment capital or social funds, in which case they are recognised directly in the Foundation's equity. Contributions by third parties to endowment capital are also recognised directly in equity.

Grants, donations and legacies that are monetary in nature are measured at the fair value of the amount allocated and those that are non-monetary or in kind in nature are measured by the fair value of the good received, both values referenced to the time of their recognition.

Grants, gifts and bequests received without being assigned to a specific purpose are recognised as income in the year in which their award is approved.

(f) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified upon initial recognition as a financial asset, a financial liability or equity instrument, according to the substance of the contract and the definitions of financial asset, financial liability and equity instrument.

The Foundation classifies financial instruments in the various categories based on the characteristics and intentions of management at the time of their initial recognition.

(ii) Financial assets

Loans and receivables relate to trade and non-trade loans, such as users and other receivables from the Foundation's activity as such, trade receivables, sundry receivables, advances and loans to staff, as well as deposits and guarantees.

The financial assets included in this category are initially measured at fair value, meaning the consideration paid plus directly attributable transaction costs, and subsequently at amortised cost. However, trade loans maturing in less than one year without a contractual interest rate, advances and loans to staff maturing in the short term are measured at their nominal amount.

On subsequent measurement, they are recognised at amortised cost. Interest accrued is recognised in the income statement, using the effective interest method.

(iii) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Foundation follows the criterion of recognising the pertinent impairment losses on loans and receivables and debt instruments when debtor insolvency has prompted a reduction or delay in estimated future cash flows.

(iv) Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit and loss are initially recognised at fair value less, if warranted, any transaction costs that are directly attributable to their issuance. Subsequent to initial recognition, liabilities classified under this heading are measured at amortised cost. Interest accrued is recognised in the income statement using the effective interest method.

However, financial liabilities with no established interest rate, the amount of which is due or receivable in the short term and where the effect of discounting is not material are measured at their nominal value.

Borrowings and payables include current payables to fixed asset suppliers and deposits received, as well as payables to beneficiary creditors. These liabilities are initially measured at the fair value of the consideration received, adjusted for any directly attributable transaction costs. Trade payables maturing in less than a year and without a contractual rate of interest are measured at nominal value. These liabilities are subsequently measured at amortised cost and the interest accrued is recognised in the income statement, applying the effective interest method. However, trade payables maturing in less than one year and initially measured at their nominal amount continue to be measured at that amount.

(g) Contributions on behalf of employees

The Foundation recognises contributions to defined benefit pension schemes as the employees provide their services. The amount of accrued contributions is recognised as a personnel remuneration expense and as a liability once any amount paid has been deducted. If the amounts paid exceed the accrued expense, the related

assets are only recognised to the extent that they may be applied in reducing future payments or lead to a cash reimbursement.

The Foundation has transferred these pension schemes out.

The Foundation currently has a remuneration system indexed to the price of shares in Telefónica, S.A.:

a) 2011 share plan

The General Shareholders' Meeting of Telefónica, S.A., held on 18 May 2011, approved a remuneration plan for certain senior executives and members of the management team of the Telefónica Group. The plan consists of delivering a number of shares in Telefónica, S.A., subject to the fulfilment of the requirements established in the General Terms and Conditions of the Plan.

The Plan had a total duration of five years, divided into three cycles or independent deliveries, each with a duration of three years, the first of which commenced on 1 July 2011. The General Shareholders' Meeting of Telefónica, S.A., held on 30 May 2014, approved the extension of the plan for another three cycles.

The cost accrued at year-end is recognised as a personnel expense. The total cost of the plan re-invoiced by Telefónica, S.A. to ProFuturo Foundation will be the fair value of the instruments delivered, calculated on the award date, on the basis of the estimated number of shares to be delivered on completion of each cycle. Once calculated, the unit fair value remains unchanged during the cycle and on maturity.

(h) Income and expenses

Expenses

Expenses are recorded on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. In particular, expenses deriving from monetary and non-monetary aid granted to foundations and bodies for the Foundation's activities, pursuant to Royal Decree 1491/2011, of 24 October, concerning accounting principles for non-profit entities, are taken to the income statement at the time their grant is approved in the amount agreed when the contract is executed and the commitment to perform a specific action is therefore signed off on, as provided under Rule 18 of Section Five on regulations for adapting the Chart of Accounts pursuant to the aforementioned Royal Decree.

Expenses for services rendered are recognised at acquisition cost including non-deductible input VAT paid.

Income

Founder contributions relating to the performance of the Foundation's purpose are recognised as income in the year in which they are received, provided they relate to the expense for the year and to the foundational purpose.

Income from sponsors and collaborators arranged through Collaboration Agreements in the Foundation's favour is recognised in the year in which the monetary aid granted by the Foundation to the beneficiary body to perform the foundational activity is arranged. Consequently, when the contract is signed with said beneficiary body to execute the action to which it refers, and, accordingly, the commitment to perform a specific action, when, furthermore, the expense is recognised, as provided in the measurement standard for expenses deriving from monetary aid.

(i) Corporate income tax and value added tax

Non-deductible input VAT is included in the acquisition price of investment goods or working capital, and of services involving operations subject to said tax.

The Foundation is subject to the provisions of Foundations Act 50/2002, of 26 December and Law 49/2002, of 23 December, concerning the tax framework for non-profit entities, including, among others, those registered in the Registry of Foundations. Accordingly, foundations complying with the requirements set forth below will be exempt from corporate income tax on income or revenue deriving from non-exchange transactions, from the Foundation's real estate and other assets, such as dividends, interest, fees and rent, from acquisitions or transfers under any title of goods or rights, that obtained in exempt economic operations, and, that which, pursuant to tax law, must be attributed or imputed to non-profit entities. The requirements under said Law are as follows:

- Pursue general interest purposes of a social, civic, cultural, sporting nature, in connection with fostering social volunteering, etc.
- Use at least 70 percent of net income and other revenue obtained in any other manner in the performance of said purposes, deducting, where applicable, the relevant taxes, within a period of four years of obtaining it.
- The activity performed may not consist of implementing economic operations other than the statutory aim or purpose. This requirement will be considered to be fulfilled if the net turnover for the year corresponding to the set of economic operations not exempt other than the Foundation's statutory purpose or aim does not exceed 40 percent of the Foundation's total revenue, provided that the implementation of these non-exempt economic operations does not breach the regulatory rules on competition in relation to companies performing the same activity.
- The founders, members, trustees, statutory representatives, members of the governing bodies and their spouses or relatives to the fourth degree are not the main recipients of the activities performed by the entities, or benefit from special conditions for using their services.
- Report annually to the relevant supervisory body.
- Apply its assets, in the event of dissolution, to purposes in the general interest similar to those of its foundational activity, in accordance with the provisions of the Foundation's bylaws.
- Trustee positions are not remunerated, although trustees may be reimbursed for duly justified expenses incurred in performing their functions.
- The accounting obligations provided in the applicable regulations must be fulfilled.
- A financial report must be compiled annually.

The Foundation is compliant with all the aforementioned requirements which are set forth in its bylaws.

(j) Classification of current and non-current assets

In the balance sheet, the Foundation classifies assets and liabilities as either current or non-current. In this connection, current assets and liabilities are those that meet the following criteria:

Assets are classified as current when they are expected or intended to be sold or consumed after the normal operating cycle of the Foundation, they are held primarily for trading purposes, they are expected to be realised in the twelve months immediately following year-end or they are cash or cash equivalents, except in those cases in which they cannot be exchanged or used to cancel a liability, at least within twelve months of year-end.

Liabilities are classified a current when they are expected to be settled in the normal operating cycle of the Foundation, they are held primarily for trading, they must be settled within twelve months of year-end, or the Foundation does not have the unconditional right to defer cancellation of the liabilities within twelve months of year-end.

Financial liabilities are classified as current when they must be settled within twelve months of the balance sheet date, even if the original period exceeds twelve months and there is a refinancing agreement or long-term payment restructuring arrangement which has concluded after the balance sheet date and before the annual accounts are authorised for issue.

(k) Foreign currency transactions, balances and flows

Foreign currency transactions are translated to the presentation currency using the exchange rates valid on the transaction dates.

Monetary assets and liabilities denominated in foreign currency were translated to euros applying the year-end exchange rate, while non-monetary assets and liabilities measured at historical cost are translated by applying the exchange rate on the date on which the transactions took place.

The foreign currency gains and losses resulting from settling these transactions and translation at closing exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(5) Intangible assets.

Details of this balance sheet heading at 31 December 2018 and 2017 are as follows:

	31.12.17	Additions	Transfers	31/12/2018
Software	3,984,357	-	2,851,163	6,835,520
Software under development	2,555,209	295,954	-2,851,163	-
Total cost	6,539,566	295,954	-	6,835,520
Amortisation of software	-415,038	-1,630,710	-	-2,045,748
Accumulated amortisation	-415,038	-1,630,710	-	-2,045,748
Total assets	6,124,528			4,789,772

At year-end 2018, the Foundation's intangible assets comprised digital content developed by third parties for inclusion in the ProFuturo technological solution. In 2018 all software under development at 31 December 2017 had been completed and was transferred to the heading Software.

The Foundation has not recognised in its intangible assets any assets with an indefinite useful life, and neither has it capitalised any finance expenses.

At 31 December 2018 and 2017, the Foundation had no purchase commitments in relation to intangible assets.

At 31 December 2018 and 2017, there were no fully amortised intangible assets.

(6) Current financial assets by category.

Details of this Balance Sheet heading at 31 December 2018 and 2017 are as follows:

	31/12/2018	31.12.17
<i>Current loans and receivables:</i>		
Users and other receivables from the organisation's own activity	100,309	250,667
Total	100,309	250,667

The heading "Users and other receivables from the organisation's own activity" on the attached balance sheet includes collection rights due in less than one year, primarily arising as a result of the commitment of "La Caixa" Bank Foundation to implement activities planned for the short term; this heading also includes the various advances paid by the Foundation to certain employees.

The movement in this heading is as follows:

	Balance at 31.12.2017	Additions	Disposals	Balance at 31.12.2018
Users and other receivables from the organisation's own activity	250,667	-	150,358	100,309

	Balance at 31.12.2016	Additions	Disposals	Balance at 31.12.2017
Users and other receivables from the organisation's own activity	-	250,667	-	250,667

In 2018 and 2017, no impairment adjustments were made.

(7) Inventories.

At 31 December 2018 and 2017, the Foundation recognised under Inventories in the Balance Sheet the assets used to conduct its own activity, mainly tablets and computers in which educational content is installed.

The breakdown of this heading is as follows:

	31/12/2018	31.12.17
Assets used in the activity	3,157,819	10,329,431
Total	3,157,819	10,329,431

At 31 December 2018 and 2017, there are no firm sale and purchase commitments or future or options contracts relating to inventories. Neither are there any litigations or attachments that might affect the ownership, availability or valuation of the inventories.

At 31 December 2018 and 2017 there were no impairment adjustments in inventories.

(8) Cash and cash equivalents.

Details of this Balance Sheet heading at 31 December 2018 and 2017 are as follows:

	31/12/2018	31.12.17
Banks	7,421,521	8,504,367
Total cash and cash equivalents	7,421,521	8,504,367

This section includes cash deposited in the Foundation's current accounts. In 2018 and 2017, the Foundation did not make any temporary financial investments, and kept all the monetary contributions received in its current account.

(9) Shareholders' equity.

The breakdown of "Shareholders' equity" at 31 December 2018 and 2017 is as follows:

	Endowment capital	Reserves	Surplus in the year	Total
Balance at 31.12.2017	32,000	4,992	34,827	71,819
Application of the surplus in 2017	-	34,827	(34,827)	-
Surplus in 2018	-	-	40,592	40,592
Balance at 31.12.2018	32,000	39,819	40,592	112,411

	Endowment capital	Reserves	Surplus in the year	Total
Balance at 31.12.2016	32,000	-	4,992	36,992
Application of the surplus in 2016	-	4,992	(4,992)	-
Surplus in 2017	-	-	34,827	34,827
Balance at 31.12.2017	32,000	4,992	34,827	71,819

(a) Endowment capital

At 31 December 2018 and 2017, endowment capital comprised initial monetary contributions of EUR 15,000 from “La Caixa” Bank Foundation, EUR 15,000 from Fundación Telefónica and EUR 2,000 from Telefónica S.A. At the end of both financial years, endowment capital amounted to EUR 32,000.

(b) Reserves

At 31 December 2018, reserves include an amount of EUR 39,819 corresponding to voluntary reserves from the surplus for 2016 and 2017.

(10) Grants, gifts and bequests received.

Details and movements in the years ended 31 December 2018 and 2017 are as follows:

	31.12.17	Additions	Recognition in income statement	31/12/2018
Monetary gifts for specific projects	15,699,588	42,937,019	(51,114,516)	7,522,091
Fundación Telefónica	-	29,962,051	-	-
“La Caixa” Bank Foundation	-	12,974,968	-	-
Gifts – assets	3,569,319	-	(996,089)	2,573,230
Fundación Telefónica	3,569,319	-	(996,089)	2,573,230
Gifts – inventories	213,105	-	(213,105)	-
Fundación Telefónica	72,156	-	(72,156)	-
“La Caixa” Bank Foundation	140,949	-	(140,949)	-
Total	19,482,012	42,937,019	(52,323,710)	10,095,321

	31.12.2016	Additions	Recognition in income statement	31.12.17
Monetary gifts for specific projects	-	40,763,510	(25,063,922)	15,699,588
Fundación Telefónica	-	29,659,831	-	-
“La Caixa” Bank Foundation	-	11,103,679	-	-
Gifts – assets	-	3,984,357	(415,038)	3,569,319
Fundación Telefónica	-	3,984,357	(415,038)	3,569,319
Gifts - inventories	-	1,422,857	(1,209,752)	213,105
Fundación Telefónica	-	1,281,908	(1,209,752)	72,156
“La Caixa” Bank Foundation	-	140,949	-	140,949
Total	-	46,170,724	(26,688,712)	19,482,012

Monetary gifts for specific projects include gifts from Fundación Telefónica and “La Caixa” Bank Foundation. These gifts are legally documented in the collaboration agreements signed with the two foundations, which include the financing for the development of the ProFuturo programme. The contributions from the two entities are paid into a single account for executing the ProFuturo programme, with no distinction in terms of the use of funds according to the donor.

Gifts of inventories include the value of equipment donated by the two foundations, which ProFuturo has subsequently given to collaborating entities along with the equipment purchased by ProFuturo.

Gifts - assets comprise assets donated by Fundación Telefónica. These relate to a series of content developed specifically to implement the ProFuturo programme.

(11) Current financial liabilities by category.

Details of this Balance Sheet heading at 31 December 2018 and 2017 are as follows:

	31/12/2018	31.12.17
<i>Current creditors and payables:</i>		
Current payables	5,852	1,259,946
Fixed asset suppliers	5,852	1,259,946
Beneficiaries – Creditors	1,271,766	235,891
Trade and other payables	3,774,040	4,023,225
Sundry creditors	3,375,791	3,714,067
Personnel (salaries payable)	398,249	309,158
TOTAL	5,051,657	5,519,062

The heading “Current payables” includes the amounts pending payment to asset suppliers as a result of the acquisition of IT equipment.

The heading “Beneficiaries – Creditors” includes monetary gifts pledged to entities collaborating with the ProFuturo Foundation and pending disbursement.

Furthermore, the heading “Sundry creditors” includes amounts pending payment for services rendered to the Foundation.

“Disclosures on Deferred Payments to Suppliers. Third Additional Provision ‘Duty of Information’ of Law 15/2010, of 3 December.”

The following are the details of the disclosures required by Additional Provision Three of Act 5/2010, 5 July (amended by Final Provision Two of Act 31/2014, 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the disclosures to be included in the notes to the individual annual accounts in relation to the average payment period to Spanish suppliers on commercial transactions.

The breakdown is as follows:

	2018 (days)	2017 (days)
Average payment period to suppliers	34.2	33.0
Ratio of transactions paid	35.3	37.9
Ratio of outstanding payment transactions	26.6	7.4

	2018 (thousand euros)	2017 (thousand euros)
Total payments made	-8,031	-20,814
Total payments outstanding	-1,144	-2,546

For the exclusive purposes of providing the disclosures envisaged in this Resolution, suppliers are deemed to be commercial creditors holding debts for the supply of goods or services, included under Trade and other payables in current liabilities on the balance sheet.

“Average payment period to suppliers” means the period between the delivery of the goods or the rendering of services by the supplier and the material payment of the transaction.

(12) Taxation

The details of balances with Public Entities at 31 December 2018 and 2017 are as follows:

	31/12/2018	31.12.17
Assets	774	305
Public entities, other	774	305
Liabilities	136,405	136,405
Social Security, payable	48,732	33,503
Tax Authority, withholdings payable	180,693	102,902
Total net	229,425	136,405

In accordance with legislation in force, the Foundation’s tax filings may not be considered to be definitive until they have been inspected by the tax authorities or after the four-year statute of limitations has elapsed. At 31 December 2018, the returns for the taxes applicable to the Foundation since its formation are open to inspection. The members of the Foundation’s Board of Trustees do not expect any significant additional liabilities to arise in the event of an inspection.

(a) Income tax

In accordance with Title II of Law 49/2002, dated 23 December, concerning the tax framework for non-profit entities, foundations will be exempt from corporate income tax, inter alia, in relation to the following: income from gifts and donations received to contribute to the Foundation's purpose and financial aid received pursuant to business collaboration agreements regulated by article 25 of that Law; grants, except those awarded to finance the performance of non-exempt economic operations; income from the Foundations' real estate and other assets, such as dividends, interest, fees and rent; and income obtained from the performance of the exempt economic operations listed in article 7 of that Law. Accordingly, the taxable amount of corporate income tax of foundations will only include income from non-exempt economic operations.

The Profuturo Foundation has opted for the special tax framework of the aforementioned Title II of Law 49/2002, dated 23 December, which it duly notified to the Tax Authority on 14 February 2017.

Moreover, in compliance with the provisions of article 3.1.a) of the regulation for the application of the tax framework for non-profit entities and tax incentives for patronage (Royal Decree 1270/2003, of 10 October), we identify below which of the Foundation's income is exempt from corporate income tax at 31 December 2018 and 31 December 2017, indicating revenue and expenses.

Income	31.12.2018	31.12.2017	Articles of Law 49/2002
Gifts received in the year	52,323,710	26,688,712	6.1º a)
Income from sponsors and collaborators	40,592	34,827	6.1º a)
Finance income and exchange gains	314,020	842,353	6.2º
Total revenue from exempt income	52,678,322	27,565,892	

Expenses	31.12.2018	31.12.2017
Monetary aid and other	(38,360,991)	(21,602,788)
Supplies	(832,577)	(1,714,388)
Personnel expenses	(3,136,618)	(1,245,471)
Provisions for depreciation and amortisation of assets	(1,635,153)	(415,038)
Other operating expenses	(8,320,445)	(2,346,220)
Changes in the fair value of financial instruments	-	-
Finance expense and exchange losses	(351,946)	(207,160)
Total expenses attributable to exempt income	(52,637,730)	(27,531,065)

The Foundation did not perform non-exempt activities in 2018 or 2017.

Corporate income tax withholdings at source are considered to be payments on account of corporate income tax. The Foundation may therefore request that they be refunded when the amount owed for said tax is lower than the amount withheld.

Due to the aforementioned specific circumstances in relation to the tax treatment of foundations, accounting income/loss differs from the taxable amount. There follows a reconciliation of the accounting income for the years ended 31 December 2018 and 2017 and the related tax amount:

	31.12.2018	31.12.2017
Accounting income before income tax	40,592	34,827
Reductions in accounting income	(52,678,322)	(27,565,892)
Increases in accounting income	52,637,730	27,531,065
Taxable income	-	-
Corporate income tax expense	-	-
Withholdings and prepayments	-	-
Tax receivable or refundable	-	-

(13) Income and Expenses.

(a) Revenue from the organisation's own activity

The breakdown of "Revenue from the organisation's own activity" in the Income Statement at 31 December 2018 and 2017 is as follows:

Income	31.12.2018	31.12.2017
Gifts received in the year	52,323,710	26,688,712
Income from sponsors and collaborators	40,592	34,827
Finance income and exchange gains	314,020	842,353
Total revenue from exempt income	52,678,322	27,565,892

In 2018 and 2017, Fundación ProFuturo did not subscribe or receive any revenue under business collaboration agreements in general interest activities.

(b) Monetary aid

Monetary aid relates to the monetary contributions made to entities in compliance with the Foundation's purpose. This monetary aid enables collaborating entities to cover the expenses resulting from the programme's execution. Details of this Income Statement heading at 31 December 2018 and 2017 are as follows:

	31/12/2018	31.12.17
Monetary aid	(27,775,502)	(11,525,134)
TOTAL	(27,775,502)	(11,525,134)

(c) Non-monetary aid

Non-monetary aid consists of the donations in kind made to entities in compliance with the Foundation's purpose. This non-monetary aid relates mainly to technological equipment. The breakdown of this heading is as follows:

	31.12.2018	31.12.17
Non-monetary aid	(10,585,489)	(10,077,654)
TOTAL	(10,077,654)	(10,077,654)

(d) Supplies

The breakdown of “Supplies” in the Income Statement at 31 December 2018 and 2017 is as follows:

	31.12.18	31.12.17
Supplies	(832,577)	(1,714,388)
TOTAL	(832,577)	(1,714,388)

The heading “Supplies” comprises primarily the expenses relating to logistical services provided by third parties to the Foundation.

(e) Personnel expenses

The breakdown of “Personnel expenses” in the Income Statement at 31 December 2018 and 2017 is as follows:

	31.12.18	31.12.17
Salaries and wages	(2,355,199)	(1,000,453)
Social Security contributions	(492,752)	(157,540)
Other benefit expenses	(288,667)	(87,478)
Total	(3,136,618)	(1,245,471)

The breakdown of “Other benefit expenses” at 31 December 2018 and 2017 is as follows:

	31.12.18	31.12.17
Contribution to supplementary pension scheme	(106,201)	(45,245)
Health insurance	(75,115)	(22,418)
Luncheon vouchers and other	(107,351)	(19,815)
Total	(288,667)	(87,478)

The supplementary pension system comprises a pension scheme called “Plan de Pensiones Empleados de Fundación ProFuturo (“ProFuturo Foundation Employee Pension Plan)”, that belongs to the Fonditel B Pension Fund, which is managed by “Fonditel Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.”. It is promoted by the ProFuturo Foundation and its participants are the Foundation's serving employees on open-ended contracts.

This pension scheme is set up as a private, voluntary benefits institution, supplementing the public Social Security system, and belonging to the employment system, through the defined contribution obligations stipulated, which does not afford any guarantees to participants or beneficiaries.

(f) Other operating expenses.

Details of this Income Statement heading at 31 December 2018 and 2017 are as follows:

	31.12.18	31.12.17
Rentals and licence fees	(255,539)	(787,660)
Independent professional services	(2,741,609)	(834,390)
Banking fees	(21,567)	(47,566)
Advertising and publicity	(2,141,669)	(213,889)
Utilities	(146,601)	(69,734)
Other services	(3,013,460)	(392,981)
Total	(8,320,445)	(2,346,220)

(g) Exchange differences.

Details of this Income Statement heading at 31 December 2018 and 2017 are as follows:

	31.12.18	31.12.17
Exchange gains	314,020	842,353
Exchange losses	(351,946)	(207,160)
Total	(37,926)	635,193

(14) Operating leases.

Operating leases recognised in 2018 and 2017 as expenses total 204,173 euros and 189,953 euros, respectively.

These leases are primarily for the rent of the Foundation's headquarters, which consists of office space leased from Telefónica S.A. on the seventh floor of the building located in Gran Vía 28, Madrid (under an operating lease).

Future minimum payments, including VAT , for non-cancellable operating leases are as follows:

	2018	2017
Up to one year	204,168	204,173
TOTAL	204,168	204,173

(15) Environmental Information.

At 31 December 2018 and 2017, there are no significant assets linked to protecting and improving the environment, and neither were material environmental expenses incurred during the year.

The Foundation's management considers that there are no significant contingencies linked to environmental protection and improvement, and they do not consider it necessary to establish any provision for environmental risks and charges at 31 December 2018 and 2017.

(16) Other information.

(a) Personnel.

At 31 December 2018 and 2017, the number of employees, distributed by category and gender, was as follows:

	31.12.18		31.12.2017	
	Women	Men	Women	Men
Management	2	1	2	-
Graduates	19	15	12	10
Administrative staff	3	-	3	-
Total	24	16	17	10

At 31 December 2018 and 2017, the average number of employees, distributed by category and gender, was as follows:

	2018		2017	
	Women	Men	Women	Men
Management	2	1	1	-
Graduates	18	13	5	5
Administrative staff	3	0	2	-
Total	23	14	8	5

The Foundation did not have any employees with a disability rating of more than 33% at 31 December 2018 or 31 December 2017.

At 31 December 2018, the Foundation has five trustees, all of whom are men.

(b) Remuneration and balances with members of the Board of Trustees and Senior Management

The position of trustee is not remunerated and the trustees have therefore not received remuneration in connection with any item in 2017 and 2018. The trustees do not have any balances with respect to the Foundation at 31 December 2018 and 31 December 2017, and neither has the Foundation arranged pension plans or insurance policies on their behalf.

The Foundation does not have Senior Management as it is its Board of Trustees that plans, manages and controls its activities directly through the President and Vice-President.

(c) Audit fees.

The auditor of the Group's annual financial statements (PricewaterhouseCoopers Auditores, S.L.) invoiced the following fees and expenses for professional services at 31 December 2018 and 2017:

	31/12/2018	31.12.17
For audit services	(24,321)	(24,321)
For other verification services	(27,830)	(3,630)
TOTAL	(52,151)	(27,951)

The above amount includes all fees relating to services provided in 2018 and 2017, regardless of when they were invoiced.

(d) Foreign currency balances and transactions

Foreign currency balances

The breakdown of financial assets and liabilities denominated in foreign currency at 31 December 2018 and 2017 is as follows:

2018	US dollar	Chilean peso	Mexican peso	Sol	Other	Total
Current payables	-	-	-	-	-	-
Beneficiaries – Creditors	391,942	611,571	233,971	-	22,325	1,259,809
Trade and other payables	15,306	-	-	212,273	84,131	311,709
Total current financial liabilities	407,248	611,571	233,971		106,456	1,359,246

2017	US dollar	Chilean peso	Mexican peso	Sol	Other	Total
Current payables	-	-	-	-	-	-
Beneficiaries – Creditors	391	51,808	-	180,628	3,064	235,891
Trade and other payables	1,154,983	-	-	-	8,880	1,163,863
Total current financial liabilities	1,155,374	51,808	-	180,628	11,944	1,399,754

Foreign currency transactions

The details of income and expenses denominated in foreign currency at 31 December 2018 and 2017 are as follows:

	2018	2017
Expenses:		
Monetary aid to entities	26,654,703	9,424,988
Other	136,508	-
Total expenses	26,791,211	9,424,988

(e) Changes to governing bodies, management and representation.

In 2018, the following changes were made to the Foundation's governing bodies, approved by the Board of Trustees on 30 May.

- Termination of Ramiro Sánchez de Lerín García-Ovies as Non-trustee Secretary.
- Appointment of Pablo de Carvajal González as Non-Trustee Secretary.

(17) Activity of the entity. Application of assets for own purposes Admin expenses.

(a) Company activity

I. ACTIVITIES PERFORMED

A1. PRODUCT DEVELOPMENT

A. Identification of activity

Type: Own

Sector: Education

Purpose: Cooperation

Location of activity: Madrid region, Angola, Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guinea, Kenya, Lebanon, Liberia, Madagascar, Mexico, Nicaragua, Nigeria, Panama, Peru, Philippines, Rwanda, Senegal, Sierra Leone, Zimbabwe, Spain, Uganda, Tanzania, Uruguay, Venezuela.

Detailed description of the activity: PRODUCT DEVELOPMENT includes all the work performed during the year to develop the project's core product, with the emphasis on content, and the platform included in the technological equipment. The assessment of ProFuturo's impact and coordination and monitoring of the project are also included.

B. Human resources used in the activity

TYPE OF STAFF	ESTIMATED NUMBER	ACTUAL NUMBER	ESTIMATED NO. OF HOURS/YEAR	ACTUAL NO. OF HOURS/YEAR
Staff on payroll	17.00	14.00	1,650.00	1,650.00
Staff on services contract	0.00	0.00	0.00	0.00
Volunteer staff	0.00	0.00	0.00	0.00

C. Beneficiaries and/or users of the activity

BENEFICIARIES OR USERS	ESTIMATED NUMBER	ACTUAL NUMBER
Natural persons	4,022,698.00	3,943,459.00
Legal persons	0.00	0.00

D. Financial resources used in the activity

RESOURCES	ESTIMATED AMOUNT	ACTUAL SPECIFIC AMOUNT EXECUTED IN THE ACTIVITY	ACTUAL SHARE AMOUNT EXECUTED IN THE ACTIVITY	ACTUAL TOTAL AMOUNT EXECUTED IN THE ACTIVITY
Expenses				
Monetary aid and other management expenses	-16,404,948.00	-10,585,489.00	0.00	-10,766,429.00
a) Monetary aid	0.00	-180,940.00	0.00	-180,940.00
b) Non-monetary aid	-16,404,948.00	-10,585,489.00	0.00	-10,585,489.00
c) Expenses relating to collaborations and governing bodies	0.00	0.00	0.00	0.00
Change in inventories of finished goods and work in progress	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Personnel expenses	-1,507,864.00	-1,269,584.00	0.00	-1,269,584.00
Other expenses relating to the activity	-7,078,892.00	-4,304,804.00	0.00	-4,304,804.00
Project support	-1,410,500.00	-870,484.00	0.00	-870,484.00
General	-2,668,392.00	-1,645,968.00	0.00	-1,645,968.00
Platforms	-3,000,000.00	-1,788,352.00	0.00	-1,788,352.00
Depreciation and amortisation	-1,778,885.00	-1,635,153.00	0.00	-1,635,153.00
Impairment and gains/losses on disposal of fixed assets	0.00	0.00	0.00	0.00
Other gains/losses (Expenses)	0.00	0.00	0.00	0.00
Finance expense	0.00	0.00	0.00	0.00
Changes in the fair value of financial instruments	0.00	0.00	0.00	0.00
Exchange differences	0.00	0.00	0.00	0.00
Impairment and gains/(losses) on disposal of financial instruments	0.00	0.00	0.00	0.00
Income tax	0.00	0.00	0.00	0.00
Total expenses	-26,770,589.00	-17,795,970.00	0.00	-17,795,970.00
Investments				
Asset acquisitions (except items of Historical Heritage)	3,000,000.00	319,015.00	0.00	319,015.00
Acquisition of items of Historical Heritage	0.00	0.00	0.00	0.00
Early cancellation of non-trade payable	0.00	0.00	0.00	0.00
Total investments	3,000,000.00	319,015.00	0.00	319,015.00
TOTAL RESOURCES USED	29,770,589.00	18,294,985.00	0.00	18,294,985.00

E. Goals and performance indicators of the activity.

OBJECTIVE	INDICATOR	ESTIMATED AMOUNT	ACTUAL AMOUNT EXECUTED
Promoting access to universal and quality education to help create equal opportunities for children from vulnerable groups.	ProFuturo beneficiary children	3,868,080.00	3,943,459.00
Fostering educational innovation, by promoting the use of new technologies in teaching practice.	Teachers receiving training and giving classes using the ProFuturo platform	154,618.00	170,808.00

A2. ROLL-OUT AND SUPPORT

A. Identification of activity

Sector: Education

Purpose: Cooperation

Location of activity: Madrid region, Angola, Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guinea, Kenya, Lebanon, Liberia, Madagascar, Mexico, Nicaragua, Nigeria, Panama, Peru, Philippines, Rwanda, Senegal, Sierra Leone, Zimbabwe, Spain, Uganda, Tanzania, Uruguay, Venezuela.

Detailed description of the activity: ROLL-OUT AND SUPPORT includes all activities carried out in relation to school prospecting, training of teachers, coordinators and head teachers on site, and other actions performed during the year to properly implement the project in the various countries.

B. Human resources used in the activity

TYPE OF STAFF	ESTIMATED NUMBER	ACTUAL NUMBER	ESTIMATED NO. OF HOURS/YEAR	ACTUAL NO. OF HOURS/YEAR
Staff on payroll	25.00	24.00	1,650.00	1,650.00
Staff with services contract	0.00	0.00	0.00	0.00
Volunteer staff	0.00	0.00	0.00	0.00

C. Beneficiaries and/or users of the activity

BENEFICIARIES OR USERS	ESTIMATED NUMBER	ACTUAL NUMBER	INDETERM INATE
Natural persons	4,022,698.00	3,943,459.00	
Legal persons	0.00	0.00	

D. Financial resources used in the activity

RESOURCES	ESTIMATED AMOUNT	ACTUAL SPECIFIC AMOUNT EXECUTED IN THE ACTIVITY	ACTUAL SHARE AMOUNT EXECUTED IN THE ACTIVITY	ACTUAL TOTAL AMOUNT EXECUTED IN THE ACTIVITY
Expenses				
Monetary aid and other management expenses	-36,921,435.00	-27,594,562.00	0.00	-27,594,562.00
a) Monetary aid	-36,921,435.00	-27,594,562.00	0.00	-27,594,562.00
b) Non-monetary aid	0.00	0.00	0.00	0.00
c) Expenses relating to collaborations and governing bodies	0.00	0.00	0.00	0.00
Change in inventories of finished goods and work in progress	0.00	0.00	0.00	0.00

Supplies	0.00	-832,577.00	0.00	-832,577.00
Personnel expenses	-2,217,448.00	-1,867,034.00	0.00	-1,867,034.00
Other expenses relating to the activity	-10,869,413.00	-4,015,641.00	0.00	-4,015,641.00
Project support	-4,448,826.00	-1,546,689.00	0.00	-1,546,689.00
General	-3,924,106.00	-2,468,952.00	0.00	-2,468,952.00
Depreciation and amortisation	0.00	0.00	0.00	0.00
Impairment and gains/losses on disposal of fixed assets	0.00	0.00	0.00	0.00
Other gains/losses (Expenses)	0.00	0.00	0.00	0.00
Finance expense	0.00	0.00	0.00	0.00
Changes in the fair value of financial instruments	0.00	0.00	0.00	0.00
Exchange differences	0.00	-351,946.00	0.00	-351,946.00
Impairment and gains/(losses) on disposal of financial instruments	0.00	0.00	0.00	0.00
Income tax	0.00	0.00	0.00	0.00
Total expenses	-50,008,296.00	-34,661,760.00	0.00	-34,661,760.00
Investments				
Asset acquisitions (except items of Historical Heritage)	0.00	0.00	0.00	0.00
Acquisition of items of Historical Heritage	0.00	0.00	0.00	0.00
Early cancellation of non-trade payable	0.00	0.00	0.00	0.00
Total investments	0.00	0.00	0.00	0.00
TOTAL RESOURCES USED	50,008,296.00	-34,661,760.00	0.00	-34,661,760.00

E. Goals and performance indicators of the activity.

OBJECTIVE	INDICATOR	ESTIMATED AMOUNT	ACTUAL AMOUNT EXECUTED
Promoting access to universal and quality education to help create equal opportunities for children from vulnerable groups.	ProFuturo beneficiary children	3,868,080.00	3,772,651.00
Fostering educational innovation, by promoting the use of new technologies in teaching practice.	Teachers receiving training and giving classes using the ProFuturo platform	154,618.00	170,808.00

II. FINANCIAL RESOURCES USED BY THE ENTITY

RESOURCES	ACTIVITY 1	ACTIVITY 2
Expenses		
Monetary aid and other management expenses	-10,766,429.00	-27,594,562.00
a) Monetary aid	-180,940.00	-27,594,562.00
b) Non-monetary aid	-10,585,489.00	0.00
c) Expenses relating to collaborations and governing bodies	0.00	0.00
Change in inventories of finished goods and work in progress	0.00	0.00
Supplies	0.00	-832,577.00
Personnel expenses	-1,269,584.00	-1,867,034.00
Other expenses relating to the activity	-4,304,804.00	-4,015,641.00
Project support	-870,484.00	-1,546,689.00
General	-1,645,968.00	-2,468,952.00
Platforms	-1,788,352.00	0.00
Depreciation and amortisation	-1,635,153.00	0.00
Impairment and gains/losses on disposal of fixed assets	0.00	0.00
Other gains/losses (Expenses)	0.00	0.00
Finance expense	0.00	0.00
Changes in the fair value of financial instruments	0.00	0.00
Exchange differences	0.00	-351,946.00
Impairment and gains/(losses) on disposal of financial instruments	0.00	0.00
Income tax	0.00	0.00
Total expenses	-17,975,970.0	-34,661,760.00
Investments		
Asset acquisitions (except items of Historical Heritage)	319,015.00	0.00
Acquisition of items of Historical Heritage	0.00	0.00
Early cancellation of non-trade payable	0.00	0.00
Total investments	319,015.00	0.00
TOTAL RESOURCES USED	18,294,985.00	34,661,760.00

RESOURCES	EXECUTED ACTIVITIES	NOT ALLOCATED TO ACTIVITIES	TOTAL ACTUALLY EXECUTED
Expenses			
Monetary aid and other management expenses	-38,360,991.00	0.00	-38,360,991.00
a) Monetary aid	-27,775,502.00	0.00	-27,775,502.00
b) Non-monetary aid	-10,585,489.00	0.00	-10,585,489.00
c) Expenses relating to collaborations and governing bodies	0.00	0.00	0.00
Change in inventories of finished goods and work in progress	0.00	0.00	0.00
Supplies	-832,577.00	0.00	-832,577.00
Personnel expenses	-3,136,618.00	0.00	-3,136,618.00
Other expenses relating to the activity	-8,320,445.00	0.00	-8,320,445.00
Project support	-2,417,173.00	0.00	-2,417,173.00
General	-4,114,920.00	0.00	-4,114,920.00
Platforms	-1,788,352.00	0.00	-1,788,352.00
Depreciation and amortisation	-1,635,153.00	0.00	-1,635,153.00
Impairment and gains/losses on disposal of fixed assets	0.00	0.00	0.00
Other gains/losses (Expenses)	0.00	0.00	0.00
Finance expense	0.00	0.00	0.00
Changes in the fair value of financial instruments	0.00	0.00	0.00
Exchange differences	-351,946.00	0.00	-351,946.00
Impairment and gains/(losses) on disposal of financial instruments	0.00	0.00	0.00
Income tax	0.00	0.00	0.00
Total expenses	-52,637,730.00	0.00	-52,637,730.00
Investments			
Asset acquisitions (except items of Historical Heritage)	319,015.00	0.00	319,015.00
Acquisition of items of Historical Heritage	0.00	0.00	0.00
Early cancellation of non-trade payable	0.00	0.00	0.00
Total investments	319,015.00	0.00	319,015.00
TOTAL RESOURCES USED	52,956,745.00	0.00	52,956,745.00

III. FINANCIAL RESOURCES OBTAINED BY THE ENTITY

Revenues obtained by the entity

RESOURCES	ESTIMATED	ACTUALLY EXECUTED
Capital income and other revenue from assets	0.00	0.00
Trade receivables for sales and services from own activities	0.00	0.00
Sales and other revenue from mercantile activities	0.00	0.00
Public sector grants	0.00	0.00
Private contributions	78,000,265.95	42,937,019.39
Other kinds of revenue	0.00	0.00
TOTAL REVENUES OBTAINED	78,000,265.95	42,937,019.39

Other financial resources obtained by the entity

OTHER RESOURCES	ESTIMATED	ACTUALLY EXECUTED
Debt arranged	0.00	0.00
Other financial obligations undertaken	0.00	0.00
TOTAL OTHER RESOURCES OBTAINED	0.00	0.00

IV. COLLABORATION AGREEMENTS WITH OTHER ENTITIES

In compliance with the provisions of article 30.1.b) of the Regulations for Foundations under the Competency of the State (Royal Decree 1337/2005, of 11 November), there follows a list of the agreements signed by ProFuturo Foundation with other entities, broken down by area of activity in 2018:

ENTITY	AGREEMENT	INCOME	EXPENSES
Fundación Telefónica Argentina	Collaboration	0.00	143,777.82
Fundación Telefónica Colombia	Collaboration	0.00	3,572,133.54
Fundación Telefónica Peru	Collaboration	0.00	9,461,370.74
Fundación Telefónica Ecuador	Collaboration	0.00	1,805,551.46
Fundación Telefónica Venezuela	Collaboration	0.00	74,624.00
Fundación Telefónica Guatemala	Collaboration	0.00	1,751,756.49
Fundación Telefónica Panama	Collaboration	0.00	1,933,396.04
Fundación Telefónica Uruguay	Collaboration	0.00	1,709,257.64

Fundación Telefónica Brazil	Collaboration	0.00	6,545,921.22
Fundación Telefónica Chile	Collaboration	0.00	1,509,732.52
Fundación Telefónica Mexico	Collaboration	0.00	2,419,559.32
OAS	Collaboration	0.00	110,744.97
Fabretto	Collaboration	0.00	450,705.00
Arrupe	Collaboration	0.00	86,717.29
FUSAL	Collaboration	0.00	1,468,057.67
Omar Dengo	Collaboration	0.00	732,740.00
INPHRU	Collaboration	0.00	331,478.35
Ayala Foundation	Collaboration	0.00	152,906.92
Entreculturas	Collaboration	0.00	50,376.00
Diocese of Kitui	Collaboration	0.00	29,336.66
Salesians of Kenya	Collaboration	0.00	77,675.62
Salesians of Tanzania	Collaboration	0.00	753,528.87
Salesians of Uganda	Collaboration	0.00	25,918.64
The Kuka Center	Collaboration	0.00	152,913.92
CEAST	Collaboration	0.00	380,500.99
World Vision	Collaboration	0.00	1,171,880.30
Diocese of Antsirananana	Collaboration	0.00	22,069.61
ACCEGE	Collaboration	0.00	273,218.72
AUB	Collaboration	0.00	68,546.39
KAYANI	Collaboration	0.00	29,930.51
Save The Children	Collaboration	0.00	124,350.00
La Salle Rwanda	Collaboration	0.00	13,593.88
AMEI	Collaboration	0.00	4,480.00
Empieza por Educar (Start by Educating)	Collaboration	0.00	105,025.01
UPSA	Collaboration	0.00	55,000.00
UNESCO	Collaboration	0.00	16,434.53
Living LAB	Collaboration	0.00	9,982.70
CONAFE	Collaboration	0.00	287,577.25
Niños en Alegría (Children in Joy)	Collaboration	0.00	179,983.20
IDEAC	Collaboration	0.00	268,237.21
Fundación Bancaria "la Caixa"	Collaboration	12,974,968.00	0.00
Fundación Telefónica	Collaboration	29,962,052.00	0.00
Total		42,937,020	38,360,991

V. DIFFERENCES BETWEEN ACTION PLAN AND COMPLETED DATA

The ProFuturo Foundation's Action Plan earmarked EUR 79,778,885, and the amount executed in 2018 totalled EUR 52,956,745.

The main differences in Activity 1 are:

-Non-monetary aid: estimated value was EUR 16,404,948, compared with an actual value of EUR 10,585,489 executed at 2018 year-end. This difference is due to the lower volume of technological equipment donated mainly as a result of the speed of launch of operations, which was slower than planned.

-Asset acquisitions: estimated value was EUR 3,000,000 in 2018, since the planned development of content and software was very similar to that of 2017. Less content was actually developed, the use of existing content being consolidated and extended instead, with almost no new development undertaken.

The main differences in Activity 2 are:

-Monetary aid: estimated value was EUR 36,921,435, compared with EUR 27,594,562 executed in 2018, also evidencing a slower pace of project roll-out.

-Supplies-Logistics: in the Plan presented, logistics expenses were included under "Other expenses" in an amount of EUR 2,496,481, considerably way off the actual amount of EUR 832,576.57 recognised under "Supplies". This difference is parallel to the once existing in non-monetary aid, as, because less IT equipment was donated, the logistics expenses associated with shipping is also lower.

-Project support: the difference between the planned amount and the actual amount executed is EUR 3,400,000, due mainly to the lower training expenses in new projects, and other lower support and monitoring costs.

(a) Application of assets for own purposes

Determination of the basis for calculating and income to be used in the year

RESOURCES	AMOUNT
Accounting profit	40,592.00
Adjustments (+) to accounting profit	
Amortisation and depreciation and impairment losses on assets relating to own activities	1,635,153.00
Common expenses and those specific to the set of activities implemented in compliance with aims (except A&D and impairment losses)	51,002,577.00

Profit and loss recognised directly in equity as a result of changes in accounting policies or correction of errors	0.00
Total adjustments (+)	52,637,730.00
Adjustments (-) to accounting profit	
NON-COMPUTABLE REVENUES: Proceeds from the sale of property in which own activity is performed and goods and rights considered part of endowment capital	0.00
Profit and loss recognised directly in equity as a result of changes in accounting policies or correction of errors	0.00
Total adjustments (-)	0.00
DIFFERENCE: BASIS FOR CALCULATION	52,678,322.00
Ownership percentage	70.00
Income earmarked	36,874,825.40

Resources applied in the year to fulfilling aims

RESOURCES	AMOUNT
Expenses from own activity accrued in the year (includes those common to own activity)	51,002,577.00
Investments executed in own activity in the year	319,015.00
TOTAL RESOURCES USED IN THE YEAR	51,321,592.00

Admin expenses

According to the figures disclosed by the Foundation, there are no admin expenses specified in article 33 of the Regulations for Foundations under the Competency of the State, approved by Royal Decree 1337/2005, of 11 December.

Degree of compliance of the use of revenue and income

Determination of the degree of compliance of the use of revenue and income

FINANCIAL YEAR	SURPLUS IN THE YEAR	POSITIVE ADJUSTMENTS	NEGATIVE ADJUSTMENTS	BASIS FOR CALCULATION	INCOME EARMARKED	PERCENTAGE EARMARKED	RESOURCES EARMARKED FOR AIMS
01/01/2016 - 31/12/2016	4,991.51	0.00	0.00	4,991.51	3,494.06	70.00	0.00
01/01/2017 - 31/12/2017	34,827.00	27,531,065.00	0.00	27,565,892.00	27,565,892.00	100.00	33,655,593.00
01/01/2018 - 31/12/2018	40,592.00	52,637,730.00	0.00	52,678,322.00	36,874,825.40	70.00	51,321,592.00

Application of resources derived to fulfilling aims

FINANCIAL YEAR	N-4	N-3	N-2	N-1	N	TOTAL	AMOUNT PENDING
01/01/2016 - 31/12/2016			0.00	3,494.06	0.00	3,494.06	0.00
01/01/2017 - 31/12/2017				33,652,098.94	0.00	33,652,098.94	0.00
01/01/2018 - 31/12/2018					51,321,592.00	51,321,592.00	0.00

Breakdown of investments undertaken in own activity

ITEM	ACCOUNT No.	DETAILS OF THE INVESTMENT	ACQUISITION DATE	VALUE OF THE INVESTMENT	EQUITY	GRANT	LOAN	AMOUNT UNTIL THE YEAR	EQUITY IN THE YEAR	GRANTS IN THE YEAR	LOANS IN THE YEAR	AMOUNT PENDING
A) I. Intangible assets	215	Cubby software	01/04/2018	49,669.00	49,669.00	0.00	0.00	0.00	49,669.00	0.00	0.00	0.00
A) I. Intangible assets	215	Elesapiens software	01/04/2018	76,992.00	76,992.00	0.00	0.00	0.00	76,992.00	0.00	0.00	0.00
A) I. Intangible assets	215	Netex software	01/04/2018	16,601.00	16,601.00	0.00	0.00	0.00	16,601.00	0.00	0.00	0.00
A) I. Intangible assets	215	Tekman software	01/02/2018	152,693.00	152,693.00	0.00	0.00	0.00	152,693.00	0.00	0.00	0.00
A) III. Property, plant and equipment	227	Data processing equipment	01/04/2018	23,060.00	23,060.00	0.00	0.00	0.00	23,060.00	0.00	0.00	0.00
		TOTAL		319,015.00	319,015.00	0.00	0.00	0.00	319,015.00	0.00	0.00	0.00

Resources applied in the year

	SHAREHOLDERS' EQUITY	GRANTS, GIFTS AND BEQUESTS	DEBT	TOTAL
1. Expenses for fulfilling aims				51,002,577.00
2. Investment in fulfilling aims				319,015.00
a) Performed with equity in the year	319,015.00			
b) Debts incurred in previous years and cancelled in the year			0.00	
c) Grants, gifts and bequests from previous years released to income		0.00		
TOTAL (1+2)				51,321,592.00

Positive adjustments to accounting profit

AMORTISATION AND DEPRECIATION IN RELATION TO ACTIVITIES FOR FULFILLING AIMS

ITEM OF INCOME STATEMENT	ACCOUNT No.	DETAILS OF THE ASSET ITEM RELATED TO THE ACTIVITY TO FULFIL AIMS	AMORTISATION/DEPRECIATION OF THE ASSET ITEM	TOTAL AMOUNT OF ASSET ITEM AMORTISED/DEPRECIATED
10. Depreciation and amortisation	681	Software	1,630,711.00	2,045,749.00
10. Depreciation and amortisation	681	Data processing equipment	4,442.00	4,442.00
		TOTAL	1,635,153.00	2,050,191.00

COMMON EXPENSES AND THOSE SPECIFIC TO THE SET OF ACTIVITIES IMPLEMENTED TO FULFIL AIMS (except A&D and impairment losses)

ITEM OF PROFIT/LOSS	ACCOUNT No.	BREAKDOWN OF EXPENSES	CRITERION FOR ALLOCATION TO OWN ACTIVITY	AMOUNT
3. Expenses from aid and other	2	Monetary and non-monetary aid	Monetary and non-monetary gifts	38,360,991.00
6. Supplies	3	Logistics services	Logistics services	832,578.00
8. Personnel expenses	4	Personnel expenses	Personnel expenses	3,136,618.00
9. Other expenses relating to the activity	5	Other expenses relating to the activity	Other expenses	8,320,445.00
17. Exchange differences	7	Exchange differences	Exchange differences	351,945.00
		TOTAL		51,002,577.00

(18) Inventory.

Assets and rights

Intangible assets

CODE	ITEM	ACQUISITION DATE	TOTAL CARRYING AMOUNT	IMPAIRMENT, AMORTISATION AND OTHER COMPENSATORY ITEMS	SCOPE
206 Software	AVANZO	01/06/2017	62,062.16	15,515.52	Aims
206 Software	TEKMAN	01/06/2017	1,448,263.52	331,893.65	Aims
206 Software	NETEX	01/06/2017	139,585.60	29,080.30	Aims
206 Software	ELESAPIENS	01/06/2017	559,232.97	104,856.12	Aims
206 Software	CINEX	01/06/2017	115,668.78	21,687.93	Aims
206 Software	TED N-1	01/06/2017	526,350.00	131,587.44	Aims
206 Software	TED	31/07/2017	3,984,357.42	996,091.20	Aims
	TOTAL		6,835,520.45	1,630,712.16	

Property, plant and equipment

CODE	ITEM	ACQUISITION DATE	TOTAL CARRYING AMOUNT	SCOPE
217 Data processing equipment	Data processing equipment	01/01/2018	23,060.84	Aims
	TOTAL		23,060.84	

Inventories

CODE	ITEM	ACQUISITION DATE	TOTAL CARRYING AMOUNT	SCOPE
30 Items used in the activity	TABLET	01/07/2017	2,219,051.83	Aims
30 Items used in the activity	BAGS	01/07/2017	355,975.65	Aims
30 Items used in the activity	MULTI-PORT CHARGER	01/07/2017	67,859.89	Aims
30 Items used in the activity	LAPTOP	01/07/2017	240,173.58	Aims
30 Items used in the activity	PROJECTORS	01/07/2017	145,274.04	Aims
30 Items used in the activity	UPS	01/07/2017	56,495.24	Aims
30 Items used in the activity	ROUTERS	01/07/2017	36,878.14	Aims
30 Items used in the activity	POWER STRIP	01/07/2017	3,957.30	Aims
30 Items used in the activity	ANCILLARY	01/07/2017	32,153.47	Aims
	TOTAL		3,157,819.14	

(19) Statement of cash flows

	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(42,408,830)	(33,058,922)
Surplus for the year before tax	40,592	34,827
Total adjustments	(50,650,631)	(26,908,867)
Depreciation and amortisation	1,635,153	415,038
Grants released to income	(52,323,710)	(26,688,712)
Exchange differences	37,926	(635,193)
Changes in working capital	8,201,209	6,184,882
Trade and other receivables	149,888	(250,972)
Inventories	7,171,612	(10,329,431)
Trade and other payables	879,709	4,395,521
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(1,573,109)	(5,279,620)
Payments due to investments	(1,573,109)	(5,279,620)
Property, plant and equipment	(23,060)	-
Intangible assets	(1,550,049)	(5,279,620)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	42,937,019	46,170,724
Proceeds from and payments for financial liabilities	42,937,019	46,170,724
Proceeds from and payments for equity instruments:	42,937,019	46,170,724
Grants, gifts and bequests received.	42,937,019	46,170,724
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS	(37,926)	635,193
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(1,082,846)	8,467,375
Cash and cash equivalents at beginning of period	8,504,367	36,992
Cash and cash equivalents at end of period	7,421,521	8,504,367

(20) Subsequent events.

Subsequent to year-end 2018 to the date of issue of these annual accounts, no significant events for the Foundation took place.

