

HLAVNÍ MĚSTO PRAHA

**AUDITOR'S REPORT ON THE RESULTS
OF THE EXAMINATION
OF THE OPERATIONS**

FOR THE YEAR ENDED 31 DECEMBER 2008

**HLAVNÍ MĚSTO PRAHA
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OF THE EXAMINATION OF THE OPERATIONS
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Report on the Results of the Examination of Operations

Pursuant to Section 10 of Act No. 420/2004 Coll.,
on the Examination of the Operations of Territorial Self-Governing Units and Voluntary Associations
of Municipalities, as amended
(hereinafter “Act No. 420/2004 Coll.”)

of the City of Prague
with it registered office at Mariánské náměstí 2, 110 01 Prague 1
corporate ID: 00064581, tax ID: CZ00064581

for the period from 1 January 2008 to 31 December 2008

Person Responsible for the City of Prague:

Pavel Bém, Mayor

Audit Firm:

Deloitte Audit s.r.o.
Registered at Karolinská 654/2, 186 00 Prague 8 Karlín
corporate ID: 49620592, tax ID: CZ49620592

Persons Performing the Examination of Operations:

Václav Loubek, Auditor
Libor Mueller, Auditor
Martina Smetanová, Audit Assistant

Another auditor, 13 audit assistants and 12 specialists were involved in the examination of the operations of the City of Prague.

Location of the Examination of Operations:

Premises of the Metropolitan Authority

Timing of the Examination of Operations:

The preliminary examination of the operations of the City of Prague was conducted in the period from 6 October to 17 October 2008.

The final examination of the operations of the City of Prague was conducted in the period from 6 April to 7 May 2009.

Definition of Responsibilities:

We conducted the examination of the operations of the City of Prague for the year ended 31 December 2008 on the basis of the data on the annual financial performance of the City of Prague. The statutory body of the City of Prague is responsible for the operations which were the subject of our examination, and their presentation in the financial statements. Our responsibility is to express a conclusion on the results of the examination of the operations based on the examination performed. We conducted the examination of the operations in compliance with Act No. 420/2004 Coll. on the Examination of the Operations of Territorial Self-Governing Units and Voluntary Associations of Municipalities and the Auditing Standards issued by the Chamber of Auditors of the Czech Republic (namely Auditing Standard No. 52). Given its scope, the examination does not result in the issuance of an audit opinion and therefore this report does not constitute a report on the audit of the financial statements.

The examination of the operations was planned and performed on a test basis taking into account the materiality of individual matters in order to enable the auditor to obtain adequate assurance to express the conclusion.

Subject Matter and Focus of the Examination of Operations:

The examination of operations involved reviewing data on the fulfilment of the budgeted income and expenses including monetary transactions relating to budgeted funds and financial transactions that include data on the creation and drawing of monetary funds and data on liabilities as defined in legal regulations on accounting, data on income from and expenses on business activities, data on monetary transactions relating to liabilities and joint finance spent on the basis of a contract entered into by two or more territorial units or on the basis of a contract with other legal entities or individuals, finance provided from the National Fund and other finance from abroad granted on the basis of international contracts. The examination of the operations also involved reviewing the billing and settlement of financial transactions with respect to the state budget, regional budgets, municipal budgets, other budgets, state funds and other parties. The subject matter of the examination of operations further comprised the handling of assets held by the City and by the state, which are managed by the territorial unit. The subject matter of the examination of operations also covered the placing and execution of tenders, except for acts and procedures reviewed by a supervisory body under special legislation, the balance of accounts receivable and payable and the handling thereof, guarantees for obligations of both individuals and legal entities, pledges of movable and immovable assets in favour of third parties, and the establishment of the right of use for the territorial unit's assets. The examination of the operations involved a review of the discharging of the responsibilities imposed by Act No. 250/2000 Coll., on Budgetary Rules of Territorial Self-Governing Units, and other legal regulations providing guidance on the operations of territorial self-governing units, compliance with the requirements relating to the maintenance of accounting records as provided by the Accounting Act No. 563/1991 Coll., and the legal regulations on its implementation, and compliance with the management of finance compared to the budget. Furthermore, the examination of the operations focused on considering the adherence to the original purpose of a received grant or a refundable financial borrowing and the terms and conditions of the use thereof, and the formal correctness and appropriate content of the evidence underlying examined transactions.

In conducting the examination of the operations of the City of Prague, we took into account the findings, conclusions and results of the examination of the operations of the individual boroughs of the City of Prague as performed by external auditors, audit companies or the Metropolitan Authority in compliance with Act No. 131/2000 Coll., on the City of Prague.

The reports on the examinations of the operations of individual boroughs of the City of Prague are available at the Financial Control and Management Review division of the Municipal Authority.

The following table shows the summary of conclusions from the examination of the operations in individual boroughs of the City of Prague:

	Borough	Examination performed by	Conclusion of the examination
1	Prague 1	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
2	Prague 2	Metropolitan Authority	No findings
3	Prague 3	HZConsult s.r.o.	Minor errors and deficiencies
4	Prague 4	PKM Audit&Tax s.r.o.	No findings
5	Prague 5	Consultation-AUDIT spol. s r.o.	No findings
6	Prague 6	BDO Prima audit s.r.o.	Major errors and deficiencies
7	Prague 7	BDO Prima Audit s.r.o.	No findings
8	Prague 8	Metropolitan Authority	No findings
9	Prague 9	Diligens s.r.o.	No findings
10	Prague 10	ATLAS AUDIT s.r.o.	No findings
11	Prague 11	Metropolitan Authority	Minor errors and deficiencies
12	Prague 12	ECO - Economic & Commercial Office s.r.o.	No findings
13	Prague 13	BDO Prima Audit s.r.o.	No findings
14	Prague 14	Metropolitan Authority	No findings
15	Prague 15	HAYEK spol s.r.o. holding	Minor errors and deficiencies, and major errors and deficiencies
16	Prague 16	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
17	Prague 17	Metropolitan Authority	No findings
18	Prague 18	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies, and major errors and deficiencies
19	Prague 19	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies
20	Prague 20		The audit report was not made available
21	Prague 21	ATLAS Audit s.r.o.	No findings
22	Prague 22	Metropolitan Authority	No findings
23	Běchovice	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
24	Benice	Metropolitan Authority	No findings
25	Březiněves	Metropolitan Authority	Minor errors and deficiencies
26	Čakovice	Metropolitan Authority	No findings
27	Řáblice		The audit report was not made available
28	Dolní Chabry	Metropolitan Authority	Minor errors and deficiencies
29	Dolní Měcholupy	Metropolitan Authority	No findings
30	Dolní Počernice	Metropolitan Authority	Minor errors and deficiencies
31	Dubeč	Metropolitan Authority	No findings
32	Klánovice	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
33	Koloděje	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
34	Kolovraty	Marie Luňáková - auditor	No findings
35	Královice	Metropolitan Authority	Minor errors and deficiencies
36	Křeslice	Valda Audit s.r.o.	Minor errors and deficiencies
37	Kunratice	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
38	Libuš	Metropolitan Authority	Minor errors and deficiencies
39	Lipence	Metropolitan Authority	Minor errors and deficiencies
40	Lochkov	Metropolitan Authority	No findings
41	Lysolaje	Helena Křepinská - auditor	No findings
42	Nebušice	Metropolitan Authority	No findings
43	Nedvězí	Metropolitan Authority	Minor errors and deficiencies
44	Petrovice	Metropolitan Authority	No findings
45	Přední Kopanina	Metropolitan Authority	No findings
46	Řeporyje		The audit report was not made available
47	Satalice	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
48	Slivenec	Metropolitan Authority	No findings
49	Suchdol	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies

Borough	Examination performed by	Conclusion of the examination
50 Šeberov	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
51 Štěrboholy	Metropolitan Authority	No findings
52 Troja	Metropolitan Authority	No findings
53 Újezd	Metropolitan Authority	No findings
54 Velká Chuchle	Metropolitan Authority	No findings
55 Vinoř	Metropolitan Authority	No findings
56 Zbraslav	ECO - ECONOMIC & COMMERCIAL OFFICE s.r.o.	No findings
57 Zličín	Consultas - Audit s.r.o.	No findings

Conclusion arising from the examination of the operations individual City boroughs:

The following major deficiencies in accordance with Section 10 (3) (c) of Act 420/2004 Coll. were identified in performing the examination of the operations of individual city boroughs. Other minor findings are set out in individual reports on the examination of the operations of individual City boroughs.

1. Deficiencies involving the breach of budgetary discipline:

Borough	Finding
Prague 18	<ul style="list-style-type: none"> - The following disbursements were classified to item 6122: "data connection of buildings in the Letňany borough and Čakovice borough" and "ceremonial table"; - With respect to ordinary expenditures, the entity reports the use of the budget that exceeds the relevant non-investment subsidy. The allocated amount was included in the budget through the budget measure, which did not include a breakdown into specific paragraphs; - The comparison of the aggregate disbursements classified within relevant items of the budget structure and the data of the approved or adjusted budget indicates that the use was exceeded in items 5137, 5173, and 5222.
Prague - Běchovice	<ul style="list-style-type: none"> - Certain budgetary measures were not approved by the authorised body, i.e. by the local borough council or the mayor of the borough, in 2008 which means the breach of provisions of Section 15 of the Act on Budgetary Rules; - Capital disbursements were exceeded and no budgetary adjustment was made, the internal control system was not sufficiently assured with respect to this issue.
Prague - Klánovice	<ul style="list-style-type: none"> - The lack of unqualified approval of the final accounts for 2007 in the resolution of the local borough council which is in conflict with provisions of Section 17 (7) (a) of the Act on Budgetary Rules.

2. Deficiencies involving incompleteness, incorrectness or lack of clear supportability of the maintenance of accounting books and records:

Borough	Finding
Prague 1	<ul style="list-style-type: none"> - Prague 1 did not recognise inventory count differences in the financial statements for the year ended 31 December 2008, which is in conflict with the provision of Section 30 of the Accounting Act; - The inventory count differences were recognised in an incorrect reporting period, which is in conflict with provisions of Section 3 and 7 of the Accounting Act; - Prague 1 did not recognise acquired assets to the relevant asset line and classified them to an incorrect RP, which is in conflict with the provisions of Section 7 of the Accounting Act and note B of the Appendix to the regulation on the structure of the budget; - Prague 1 did not recognise prepayment invoices in account 314 – Operating prepayments made, which is in conflict with the provisions of Section 12 of Regulation No. 505/2002 Coll.; - Prague 1 did not recognise instalments for parts of the purchase prices of privatised apartments in November and December 2008 in the Gordic accounting system, which is in conflict with the provisions of Sections 3 and 8 of the Act on Accounting; - Incorrect recognition in account 388 – Estimated receivables with respect to the recognition of the determined purchase prices for sold attic apartments, which is in conflict with the provisions of Section 16 of Regulation No. 505/2002 Coll. and the provisions of Article 3.7.5. of Czech Accounting Standard No. 516 – Settlement Relationships; - Prague 1 did not provide the billing statement for the services related to the use of the apartments to the users of the apartments administered by the borough;

Borough	Finding
	<ul style="list-style-type: none"> - Prague 1 did not comply with the requirements for the inventory list in the inventory count of assets, receivables and payables, which is in conflict with the provision of Section 30 of the Accounting Act; - Prague 1 did not recognise certain written-off or partially remitted receivables, which is in conflict with the provisions of Section 3,7 and 8 of the Act on Accounting and Article 4.2. of Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts; - Decrease in the effectiveness of the internal control system; and - Prague 1 did not perform a reconciliation count of receivables and payables from business activities through reconciliation lists, which is in conflict with the provisions of Sections 8, 29 and 30 of the Act on Accounting and Methodological Directive.
Prague 6	<ul style="list-style-type: none"> - The method of stock taking did not comply with the requirements for stock taking in accordance with Act No. 563/1991 Coll. on Accounting; - The adjusted balance of the budget was exceeded on certain disbursement items; - Internal guidelines that should govern accounting and management are insufficient, incomplete and often not updated; - There are still deficiencies in the review of asset movements; - Prague 6 did not recognise the equity investment in SNEO, a.s.; therefore, assets and liabilities were misstated by CZK 12.38 million; - Incorrectly recognised investment in equity investments in associates; - Incorrect recognition regarding current financial assets. Various types of current financial assets are confounded and recognised in incorrect accounts. Methodological procedures for these assets are not prepared. Short-term portfolio investing with the aim of achieving profit is included in the principal activities of Prague 6; - The costs of taxed activities (repairs) include certain items characterised as asset improvements or individual fixed assets. They were incorrectly recognised and reported, paid from the funds of taxed activities instead from the budget funds, incorrectly depreciated, and incorrectly classified as an item in the budget structure; and - Certain transactions (inventory, receivables, payables) were not recognised in accordance with accounting regulations.
Prague 15	<ul style="list-style-type: none"> - Shortcomings in the records of fines and receipts for the collection of taxes in cash.
Prague - Běchovice	<ul style="list-style-type: none"> - The reconciliation count of receivables, payables, finances and funds was not performed which is the conflict with Section 29 and 30 of the Act on Account; - The stock count of assets was not completed in accordance with provisions of Section 29 and 30 of the Act on Account; - Long-term payables were not recognised, accounting books and records were not complete and correct as required by provisions of Section 8 of the Act on Accounting; - Capital disbursements for the construction of the maternity school were not recognised to the relevant asset account, accounting books and records were not complete and correct as required by provisions of Section 8 of the Act on Accounting.
Prague - Kunratice	<ul style="list-style-type: none"> - Recognition in the incorrect reporting period, which is in conflict with the provisions of Section 3 and 7 of the Accounting Act; - Incorrect recognition on account 333 – Other payables to employees, which is in conflict with the provisions of Section 7 of the Act on Accounting; and - Lack of stock taking in respect of assets and liabilities in accordance with provisions of Section 29 and 30 of the Act on Accounting; - Incorrect recognition in asset accounts.
Prague - Satalice	<ul style="list-style-type: none"> - Overstatement of account 641 – Contractual fines and default interest, which is in conflict with the provisions of Section 7 of the Accounting Act.
Prague - Suchdol	<ul style="list-style-type: none"> - Incomplete and incorrect information in the accounting records and books. Certain receipts and disbursements in business activities were recognised in periods to which they did not relate on an accrual basis, which led to the misstatement of the economic result. The result was lower by CZK 215,186 as of 31 December 2008. In addition, there was no reconciliation count of receivables allocated by court arising from the recovered receivables from debtors arising from the accrued interest on the recovered balance and compensation of the costs of the proceedings that Prague - Suchdol did not report in the accounting books and records of receivables in the reporting period (refer to part A. II. 11.1.). In addition, Prague - Suchdol did not prepare the inventory count of the plot of land KN 941/6 of 179 m² recorded in the Real Estate Register under ownership title No. 2 963 (with duplicity ownership – SJM Duda Radim and Dudová Hana, Capital City of Prague, entrusted to the administration of the borough), which was not recorded in the accounting books and operational records of Prague - Suchdol in 2008.

Borough	Finding
Prague - Šeberov	<ul style="list-style-type: none"> - Receipts from the lease of Baráčnická rychta were recognised in an amount that was lower than the one indicated in the lease contracts, which is in conflict with the provision of Section 56 (4) and (5) of Act 235/2004 Coll., on the Value Added Tax, as amended, and the provisions of Section 7 of the Accounting Act. - Receipts from the sale of shares were recognised in a lower amount (CZK 9 thousand) and the costs of fees were accumulated with the receipts from the sale of individual items, which is in conflict with provisions of Section 7 (6) of the Accounting Act.

3. Deficiencies involving the failure to remove deficiencies noted upon the partial examinations or upon the prior years' partial examination:

Borough	Finding
Prague 1	<ul style="list-style-type: none"> - Incorrect classification of disbursements to the item of the budget structure, which is in conflict with point B of the Appendix to Regulation No. 323/2002 Coll., on the Budget Structure, as amended; - Failure to include amounts from the rental of non-residential premises in receipts and failure to recognise these amounts as an assessment of receivables, which is in conflict with the provisions of Sections 3 and 8 of the Accounting Act and in conflict with Section 12 of Regulation 505/2002 Coll.; - Recognition of disbursements from business activities in an incorrect reporting period, which is in conflict with the provisions of Section 3 of the Accounting Act; - Non-assessment of rental according to contractual arrangements, which is conflict with Article 5.3. of Czech Accounting Standard No. 501 – Accounts and Principles of Recognising to Accounts; - Failure to use all possibilities to comply with contractual arrangements in recovering due rental amounts from non-residential premises and failure to derive contractually agreed sanctions or failure to collect the due amount of the receivable from the deposited amount with the requirement to subsequently inform the debtor in events of late rental payments, which is in conflict with the provisions of Section 35 of the Act on the Capital City of Prague; - Failure to document the final legal authorisation for the recovery of the receivable from an employee for damages, which is in conflict with Section 30 of the Act on Accounting; - Non-compliance with the requirements for the inventory list in the inventory (reconciliation) count of assets, receivables and payables, which is in conflict with the provisions of Section 30 of the Act on Accounting; - Failure to recognise written-off or partially remitted receivables, which is in conflict with the provisions of Sections 3,7, 8 of the Act on Accounting and Article 4.2. of Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts; - Failure to prepare the stock counting of receivables and payables from business activities using inventory counts, which is in conflict with the provisions of Sections 8, 29 and 30 of the Act on Accounting and the Methodological Directive; - Failure to use all possibilities to comply with contractual arrangements in recovering due rental amounts of non-residential premises and failure to assess contractually agreed sanctions or failure to collect the due portion of the receivable from the deposited amount with the requirement to subsequently inform the debtor in events of late rental payments, which is in conflict with the provisions of Section 35 of the Act on the Capital City of Prague, and Articles 4.2. and 4.3. of the Internal Guideline OS FIN/07_01 for recording and dealing with receivables; - Failure to document the legal authorisation for the deduction of the damages from the salary of the debtor, which is in conflict with provisions of Section 146 of Act No. 262/2006 Coll., the Labour Code, as amended; - Failure to settle the provided permanent prepayment, which is in conflict with the issued directive of the Metropolitan Authority “Procedure of Processing of Accounting and Accounting Statements for the Financial Statements for the Year Ended 31 December 2008”; - Incorrect recognition of provided operating prepayments and prepayments for the purchase price of an apartment, which is in conflict with the provisions of Sections 12 and 19b of Regulation No. 505/2002 Coll. and Article 2 of Czech Accounting Standard No. 516 – Settlement relations; - Failure to recognise stock count differences in the reporting period for which the inventory count reviewed the balance of assets, which is in conflict with the provisions of Section 30 (6) of the Accounting Act;

Borough	Finding
	<ul style="list-style-type: none"> - Failure to recover due amounts, failure to proceed in accordance with relevant contractual provisions and failure to impose sanctions on debtors, which meant that Prague 1 did not use its right defined in the contract and concurrently breached the provisions of Section 35 of Act No. 131/2000 Coll., on the Capital City of Prague, as amended; - Failure to recognise the receivable from employees without documenting the legal authorisation for the recovery of the receivable; - Recognition of accounting transactions in an incorrect reporting period, which is in conflict with the provisions of Section 3 and 8 of the Act on Accounting; - Failure to provide inventory lists and failure to document the completion of the inventory count of all assets and liabilities for the year ended 31 December 2007, which is in conflict with the provisions of Section 8 and Section 29 of the Act on Accounting; - Failure to recognise three written-off receivables in the off-balance sheet account, which is in conflict with the provisions of Section 3, 4 (8), 7 and 8 of the Act on Accounting and Article 4.2. of Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts; - Unjustified use of account 379 – Other payables, which is conflict with the provisions of Section 19b of Regulation No. 505/2002 Coll.
Prague 16	<ul style="list-style-type: none"> - Prague 16 did not remove the deficiency identified in the partial review in 2008 in the daily records of the use of a vehicle.
Prague - Klánovice	<ul style="list-style-type: none"> - Certain documents did not contain signatures in accordance with the Act on Financial Control.
Prague - Koloděje	<ul style="list-style-type: none"> - Prague - Koloděje did not remove the deficiency identified in the partial examinations of 2008.
Prague - Kunratice	<ul style="list-style-type: none"> - Incorrect identification of Prague - Kunratice on orders and supplier invoices, which is in conflict with the provisions of Section 105 of the Act on the Capital City of Prague; - Insufficient financial reviews by the Chief Accountant and Budget Administrator, which is in conflict with the provisions of Section 26 and 27 of the Act on Financial Control.
Prague - Satalice	<ul style="list-style-type: none"> - Failure to remove deficiencies identified in the partial examinations in the prior years as follows: <ul style="list-style-type: none"> a) Failure to recognise sold and purchased real estate at the transaction date, which is in conflict with the provisions of Section 3 and 4 of the Act on Accounting and Articles 5.2. and 5.4. of Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts. b) Discrepancies between the information listed in the inventory lists of buildings and land and the extract from the Real Estate Register, which is in conflict with the provisions of Section 29 of the Act on Accounting. c) Failure to duly recognise all contractual arrangements resulting from the concluded contracts.
Prague - Suchdol	<ul style="list-style-type: none"> - Failure to remove deficiencies identified in the partial examinations.
Prague - Šeberov	<ul style="list-style-type: none"> - Prague - Šeberov did not comply with the provisions of Section 7 of the Act on Accounting, which stipulates that accounting entities are obliged to maintain accounting records so that the financial statements prepared based on these records provide a true and fair presentation of the accounting and financial situation of the accounting entity; - Prague - Šeberov did not confirm the accounting documents in accordance with Section 11 of the Act on Accounting and Section 26 of the Act on Financial Control; - Prague - Šeberov did not provide the appendices to the contracts, which should contain detailed conditions regarding the payments for the costs of servicing and fees for the cable TV programmes; - Prague - Šeberov did not undertake the stock count of assets and liabilities in accordance with the Act on Accounting, which is in conflict with the provisions of Section 29 and 30 of the Act on Accounting; - Receipts from the lease of non-residential premises in Baráčnická rychta leased or the parent centre Pohádka Jesenice u Prahy, o.s. were recognised in amounts lower than those determined by the lease contract; and - Cost of the technical improvements were incorrectly recognised in costs of other services; - Individual transactions were not recognised in the correct accounting period to account 384 – Deferred income.

Conclusion from the examination of the operations of the City of Prague:

Upon the examination of the operations of the City of Prague, the following major errors and deficiencies in accordance with Section 10 (3) (c) of Act No. 420/2004 Coll. involving the failure to remove the deficiencies identified in partial examinations or in the examinations for the preceding years, were noted:

Field	Finding
Fixed assets, depreciation, disbursements and receipts	<ul style="list-style-type: none">- Account 042 – Tangible fixed assets under construction include assets that are already in use. The amount of these fixed assets is approximately CZK 11 billion. These assets should not be recorded on account 042 - Tangible fixed assets under construction, but on an appropriate asset account;- Thwarted investments of approximately CZK 28 million were identified on account 042 – Tangible fixed assets under construction. In accordance with the received information, the projects under construction will not be continued in the future. For this reason, these investments should be derecognised in expenses after receiving approval from relevant bodies;- Account 042 – Tangible fixed assets under construction includes an amount of approximately CZK 68 million, which relates to the proposed exchange of land for the construction project “Maniny – Area Preparation ”. In Resolution No. 37/04, the City Council approved the exchange of land owned by the City (including the disbursements relating to the preparation of the construction) for buildings owned by Metrostav a.s. Certain items relating to this project were transferred from this account in 2008; however, items amounting to CZK 68 million were not. If the identified items are not subject to the exchange, other investment etc., it is appropriate to derecognise this investment to disbursements after receiving approval from relevant bodies;- The ownership of a number of plots of land has not yet been registered in the accounting books of the Real Estate Register. Restitution claims have been made for a number of plots of land. As of 31 December 2008, the value of the disputed plots of land was CZK 3,211 million. The City of Prague treats these assets as its own assets until a verdict of the court is issued. In the event that the court decides against the City of Prague, these assets are reversed against the fixed assets fund;- Depreciation of fixed assets is provided only for the portion of commercially used assets, not for all such assets. As a result, the costs of taxable activity are understated; and- Deficiencies were identified in the records of fixed assets arising from the late disposal of these assets upon their sale. As a result, receipts are recognised in one reporting period and the assets are disposed of in a different reporting period. For this reason, disbursements and receipts are not recognised in the period to which they relate:<ul style="list-style-type: none">• Receipt from the sale (DEGI Prague The park ELEVEN – purchase contract KUP/58/02/013586/2008) of CZK 22,743 thousand was incorrectly recognised in January 2009 although it was recorded in the Real estate Register in 2008. The receipt from the sale is understated by that amount as of 31 December 2008.• As of 31 December 2008, assets of approximately CZK 162,892 thousand were removed from asset accounts of the City of Prague due to the sale.
Receivables – taxable and principal activity	<ul style="list-style-type: none">- The City of Prague does not recognise provisions against bad receivables related to taxable activities. In the course of testing, we identified bad receivables past their due dates by more than one year in the aggregate amount of CZK 305 million, which can be treated as bad receivables that were not provided for. Receivables reported in the balance sheet are, therefore, overstated. Given that certain city boroughs recognise provisions against bad and doubtful amounts related to taxable activities, the City of Prague should adopt a unified approach to provisioning. In the event of a completely uncollectible amount, it is appropriate to propose to the administrative bodies of the City of Prague that such a receivable be written off as the carrying value of such receivable does not equal its fair value; and- In the course of the testing, receivables relating to principal activities past their due dates by more than one year in the aggregate amount of CZK 341 million were identified, which can be treated as bad receivables. These receivables include the receivable from Kalivoda a.s. and others. In the event of a completely uncollectible amount, it is appropriate to propose to the administrative bodies of the City of Prague that such a receivable be written off as the carrying value of such receivable does not equal its fair value. Receivables reported in the balance sheet are, therefore, overstated.
Receivables, payables	<ul style="list-style-type: none">- The City of Prague reported receivables from and payables to DELTA CENTER a.s. in accordance with effective supporting documentation (contract, amendments to the contract, etc.). Mutual receivables and payables, however, were not approved by DELTA CENTER a.s. Discussions on disputed amounts are in progress.

Derivatives	- The fair value of derivative transactions reported in the balance sheet as of 31 December 2008 is understated by CZK 106,661 thousand.
Contingent payables	- The amount of CZK 124 million related to loans from individuals or legal entities of Pražská kanalizace a vodní toky s.p. is reported on off-balance sheet accounts. Pražská kanalizace a vodní toky s.p. no longer exists. The received information indicates that if the repayment of this loan is demanded it will be the liability of the City of Prague. These contingent payables, however, are not recognised in the balance sheet of the City of Prague as of 31 December 2008;
Off-balance sheet accounts	<ul style="list-style-type: none"> - Off-balance sheet accounts include payables and receivables relating to ongoing derivatives in the amount of CZK 23,878 million as of the last transaction date. In accordance with Czech Accounting Standard No. 510 – Derivatives, derivatives should be recorded from the trade date to the settlement date in the value of the underlying instrument, which is CZK 23,493 million as of 31 December 2008, i.e. the reported value is CZK 385 million higher; - Off-balance sheet accounts of the City of Prague do not include pledges of fixed assets in accordance with Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts. Given that no reliable information on pledged movable and immovable assets according to inventory lists and sub-ledger accounts, or operating records, documented by the extract form the ownership title was available on the off-balance sheet accounts as of 31 December 2008, the ratio indicator “proportion of pledged assets to total assets of the City of Prague” was not calculated; and - The City of Prague has not prepared an internal guideline that would define the method of recording the received or provided guarantees. According to the information received from the City of Prague, the provided guarantees should be recorded in the amount of the balance as of 31 December. The guarantee provided to Kongresové centrum Praha a.s. in the amount of CZK 590 million is overstated by CZK 55 million as of 31 December 2008, the guarantee provided to the State Housing Development Fund in the amount of CZK 240 million is overstated by CZK 199 million as of 31 December 2008.

Upon the examination of the operations of the City of Prague, certain facts were identified the substance of which is documented in the Constructive Service Letter. This document is appended as Appendix 3 and is an integral part of this report for the year ended 31 December 2008.

The share of receivables and payables in the budget of the City of Prague and the share of pledged assets in the total assets of the City the Prague in accordance with Section 10 (4) (b) of Act No. 420/2004 Coll.

Information on written-off receivables carried off balance sheet and pledged movable and immovable assets in accordance with inventory count sheets and subledger accounts, and/or operating records, documented by the extract from the title deed and loan contracts of individual boroughs of the City of Prague was not available as of the date of the preparation of this report; therefore, we list only indicators for the City of Prague itself, rather than the city and its boroughs

Share of receivables in the budget

A	Definition of receivables	Total receivables (item 75) + written off receivables on an off balance sheet account	Total CZK 1,978,393 thousand
B	Definition of budgetary receipts	Total receipts after consolidation + receipts from economic activity	Total 57,790,915 thousand
	Calculation of the share of receivables in the budget	A / B * 100 %	3 %

The share of receivables of the City of Prague in its budget amounted to 3 percent.

The share of payables in the budget

C	Definition of payables	Long-term payables (item. 166) + short-term payables (item 189) – payables to employees (item 178) – social security and health insurance payables (item 179) + payables arising from the financial settlement	Total CZK 19,925,368 thousand
B	Definition of budgetary receipts	Total receipts after consolidation + receipts from economic activity	Total 57,790,915 thousand
	Calculation of the share of payables in the budget	C / B * 100 %	34 %

The share of payables of the City of Prague in its budget amounted to 34 percent.


The share of pledged assets in the total assets

The list of pledged movable and immovable assets as of 31 December 2008 according to inventory count sheets and sub-ledger accounts, or operating records, documented by an extract from the title deed and loan contracts was not recorded on off-balance sheet accounts as of 31 December 2008 as required by Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts. For this reason, the indicator (the share of pledged assets in total assets) was not calculated.

D	Definition of pledged assets	Pledged tangible and intangible assets according to inventory count lists and sub-ledger accounts, or operating records, documented by the extract from the title deed and loan contracts	Total *
E	Definition of assets for the calculation of the indicator	Fixed assets (item 1)	Total CZK 235,298,833 thousand
	Calculation of the share of pledged assets in total assets	D / E * 100 %	*

* refer to the above information

Prepared on 7 May 2009


Audit firm:
Deloitte Audit s.r.o.
Certificate no. 2037
Represented by:



Václav Loubek, authorised representative

Statutory auditor:



Václav Loubek, certificate no. 2037

The report was discussed with the Finance Committee of the City of Prague on 25 May 2009.

The report was discussed with the Mayor of the City of Prague on 3 June 2009.

The report was delivered to the Mayor of the City of Prague on 9 June 2009.

Appendices:

- Appendix - Opinion of the Mayor of the City of Prague as required by Act No. 420/2004 Coll., Section 7 (1) (f)
- Appendix - Financial statements (balance sheet of organisational units of the state, territorial self-governing units and subsidised organisations and the profit or loss account of organisational units of the state, territorial self-governing units and subsidised organisations).
- Income statement (Statement of income, disbursements and financing of territorial self-governing units and voluntary associations of municipalities).
- Notes to the financial statements prepared in accordance with Appendix No. 3 to Regulation 505/2002 Coll. implementing certain provisions of the Accounting Act, as amended, for reporting entities that are territorial self-governing units, subsidised organisations, state funds and organisational units of the state.
- Notes to the financial statements prepared in accordance with Section 18 of Act No. 563/1991 Coll., on Accounting.
- Appendix - Constructive Service Letter



THE CITY OF PRAGUE
Pavel Bém
Mayor of the City of Prague

TRANSLATION ONLY

In Prague on 10 June 2009

Dear Sirs,

I am writing to inform you that the Board of the Council of the City of Prague, at its meeting held on 9 June 2009, discussed the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2008 (henceforth the 'Report') which was prepared by your company. I enclose hereto the adopted resolution on this Report. The Board of the Council of the City of Prague responds in the resolution to the findings you have made in performing your examination of the operations. As such, please treat the resolution adopted by the Board of the Council of the City of Prague as my opinion on the submitted and discussed Report.

Sincerely yours,

Deloitte Audit s.r.o.
Karolinská 654/2
186 00 Prague 8 - Karlín

The City of Prague
THE BOARD OF THE COUNCIL
OF THE CITY OF PRAGUE

R E S O L U T I O N

of the Board of the Council of the City of Prague

Number 755 dated

9 June 2009

On the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2008

The Board of the Council of the City of Prague

I. Acknowledges

Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2008 which forms Appendix 1 to this Resolution and the Constructive Service Letter for the year ended 31 December 2008 which forms Appendix 2 to this Resolution

II. Instructs

1. The Mayor of the City of Prague

1. To present the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2008 and the Constructive Service Letter for the year ended 31 December 2008 to the Council of the City of Prague

Deadline: 18 June 2009

2. The Chief Executive of the Metropolitan Authority

1. To ensure that the findings involving errors and deficiencies arising from the examination of the operations of the City of Prague are acted upon and rectified.

Deadline: 30 September 2009

III. Requests

1. The mayors of the Boroughs of the City of Prague.

1. which were noted during the examination of the operations to show both major and minor errors and deficiencies, to undertake remedial measures.

Deadline: 30 September 2009

Pavel Bém
Mayor of the City of Prague

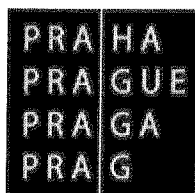
Rudolf Blažek
Deputy Mayor of the City
of Prague

Submitted by: Mayor of the City of Prague

Print: 9224

To be executed by: Mayor of the City of Prague, Chief Executive of the Metropolitan Authority

To be acknowledged by: Departments of the Metropolitan Authority

BALANCE SHEET

of structural units of the state, regional self-government administrative units, institutions receiving contributions from the state budget and regional councils

(in CZK)

Period: **12 / 2008**Company Identification No.: **SOR 200**Name: **HLAVNÍ MĚSTO PRAHA CELKEM****ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.) 1	Actual balance 2
A. Fixed assets		01	301 398 126 897.23	315 029 364 789.77
<i>row 09+15+26+33+41+206</i>				
1. Fixed intangible assets				
- Intangible results of research and development	(012)	02	14 576 950.05	7 027 837.05
- Software	(013)	03	950 073 423.04	1 273 863 422.39
- Valuable rights	(014)	04	204 825 796.40	239 271 174.18
- Immaterial fixed intangible assets	(018)	05	104 419 061.57	111 242 497.86
- Other fixed intangible assets	(019)	06	68 478 945.54	95 665 045.20
- Fixed intangible assets in proces	(041)	07	49 285 850.69	290 050 579.22
- Advances provided for fixed intangible assets	(051)	08	270 000.00	41 100.00
Fixed intangible assets - total		09	1 391 930 027.29	2 017 161 655.90
<i>sum of rows from 02 to 08</i>				
2. Allowances for fixed intangible assets				
- Accrued amortization of intangible results of research and development	(072)	10		
- Accrued amortization of software	(073)	11		
- Accrued amortization of valuable rights	(074)	12		
- Accrued amortization of immaterial fixed intangible assets	(078)	13		
- Accrued amortization of other fixed intangible assets	(079)	14		
Allowances for fixed intangible - total		15		
<i>sum of rows from 10 to 14</i>				
3. Fixed tangible assets				
- Land	(031)	16	49 551 887 193.61	49 793 114 046.87
- Artworks and collections	(032)	17	657 710 008.86	664 676 517.80
- Constructions	(021)	18	162 999 051 281.31	177 278 552 527.87
- Individual movable assets and sets of movable assets	(022)	19	5 968 866 661.15	6 565 512 277.62
- Orchards and vineyards	(025)	20	2 140 827.00	2 041 407.00
- Herd and draught animals	(026)	21	400 000.00	400 000.00
- Immaterial fixed tangible assets	(028)	22	1 526 014 229.68	1 620 171 132.36
- Other fixed tangible assets	(029)	23	62 422 445.83	63 921 827.97
- Fixed tangible assets in process	(042)	24	38 972 671 686.30	36 798 237 770.54
- Advances provided for fixed tangible assets	(052)	25	353 376 176.54	259 203 455.18
Fixed tangible assets - total		26	260 094 540 510.28	273 045 830 963.21
<i>sum of rows from 16 to 25</i>				
4. Allowances for fixed tangible assets				
- Accrued depreciation of constructions	(081)	27		
- Accrued depreciation of individual movable assets and sets of movable assets	(082)	28		
- Accrued depreciation of orchards and vineyards	(085)	29		
- Accrued depreciation of herd and draught animals	(086)	30		
- Accrued depreciation of immaterial fixed tangible assets	(088)	31		
- Accrued depreciation of other fixed tangible assets	(089)	32		
Allowances for fixed tangible assets - total		33		
<i>sum of rows from 27 to 32</i>				
5. Long-term financial assets				
- Capital participation in entities with decisive influence	(061)	34	39 644 431 570.66	39 701 504 178.66
- Capital participation in entities with substantial influence	(062)	35	10 377 080.00	10 411 080.00
- Due securities held after maturity date	(063)	36		
- Loans to entities within the group	(066)	37		

ASSETS

Name of item	Account	Row	Opening balance(1.1.)	Actual balance
		No.	1	2
- Other long-term loans	(067)	38		
- Other long-term financial assets	(069)	39	205 847 709.00	245 040 858.00
- Purchased long-term financial assets	(043)	40	51 000 000.00	9 416 054.00
Long-term financial assets - total		41	39 911 656 359.66	39 966 372 170.66
<i>sum of rows from 34 to 40</i>				
6. Assets received for privatisation				
- Assets received for privatisation	(064)	204	X	X
- Leased assets received for privatisation	(065)	205	X	X
Assets received for privatisation - total		206	X	X
<i>sum of rows from 204 to 205</i>				
B. Current assets		42	41 717 147 295.90	49 103 782 216.05
<i>row 51+75+89+119+124</i>				
1. Inventory				
- Raw material inventory	(112)	43	54 144 089.01	51 241 811.20
- Costs of raw material and raw material in transit	(111 or 119)	44	5 365 552.05	8 515 536.05
- Work in process	(121)	45		
- Manufactured parts	(122)	46		
- Products	(123)	47		
- Animals	(124)	48		
- Merchandise inventory	(132)	49	166 514.45	1 555 811.61
- Costs of merchandise and merchandise in transit	(131 or 139)	50		
Inventory total		51	59 676 155.51	61 313 158.86
<i>sum of rows from 43 to 50</i>				
2. Receivables				
- Customers	(311)	52	4 273 061 564.59	3 642 794 778.31
- Bills of exchange collection	(312)	53		
- Receivables from discounted securities	(313)	54		
- Provided operating reserves	(314)	55	1 976 153 740.83	2 155 182 544.38
- Receivables in budget receipts	(315)	56	562 185 437.69	598 319 627.34
- Other receivables	(316)	57	457 111 466.50	483 895 030.49
- Receivables arising from abolished CKA	(317)	214		
- Receivables from revenues of taxes and duties	(318)	215		
<i>Sub-total (row 52 to 57,214 and 215)</i>		58	7 268 512 209.61	6 880 191 980.52
- Receivables from members of association	(358)	59	45 340 933.00	37 950 000.00
- Clearing with institutions of social security and health insurance	(336)	60		
- Income tax	(341)	61		
- Other direct taxes	(342)	62		
- Value added tax	(343)	63	91 938 354.35	70 079 629.08
- Other taxes and fees	(345)	64	3 588 054.00	4 491 806.00
- Receivables from fixed forward operations and options	(373)	65		
<i>Sub-total (row 61 to 64)</i>		66	95 526 408.35	74 571 435.08
- Receivables abroad	(371)	207	X	X
- Domestic receivables	(372)	208	X	X
<i>Sub-total (row 207 to 208)</i>		209	X	X
- Claims for subsidies and other clearances with the state budget	(346)	67		
- Claims for subsidies and other clearances with the budget of regional self-government administrative units	(348)	68		
<i>Sub-total (row 67 to 68)</i>		69		
- Receivables from employees	(335)	70	2 321 777.14	1 121 195.58
- Receivables from issued bonds	(375)	71		
- Other receivables	(378)	72	455 155 484.42	476 622 847.62
- Allowance for receivables	(391)	73	(109 738 801.80)	(114 915 331.42)
<i>Sub-total (row 70 to 73)</i>		74	347 738 459.76	362 828 711.78
Receivables - total		75	7 757 118 010.72	7 355 542 127.38
<i>rows 58+59+60+65+66+209+69+74</i>				
3. Financial assets				
- Cash	(261)	76	1 183 380.78	1 739 124.15
- Cash in transit	(+/-262)	77	99 337 003.50	84 976 549.00

ASSETS

Name of item	Account	Row No.	Opening balance(1.1.)	Actual balance
			1	2
- Liquid valuables	(263)	78	5 832 931.07	10 211 941.27
Sub-total(row 76 to 78)		79	106 353 315.35	96 927 614.42
- Current account	(241)	80	11 513 470 477.57	12 582 245 548.71
- Current account of the funds of cultural and social needs	(243)	81		
- Other current accounts	(245)	82	1 132 949 344.77	1 022 887 408.89
- Investments in foreign currency in domestic banks	(246)	210		
- Bills of stewardship of funds	(247)	216		
- Summary accounts	(248)	217		
- Accounts of sharing tax, duties and split administration	(249)	218		
Sub-total (row 80 to 82, 210, 216, 217 and 218)		83	12 646 419 822.34	13 605 132 957.60
- Property securities for trading	(251)	84	203 528 427.08	304 447 731.88
- Due securities for trading	(253)	85	895 270 492.17	951 997 650.93
- Other securities	(256)	86	1 832 623 946.22	2 508 784 281.38
- Costs of current financial assets	(259)	87		
Sub-total (row 84 to 87)		88	2 931 422 865.47	3 765 229 664.19
Financial assets - total		89	15 684 196 003.16	17 467 290 236.21
rows 79+83+88				
4. Budget management account and other related accounts				
- Basic current account	(231)	90	14 340 126 794.08	20 312 660 308.70
- Deposit charge account	(232)	91		X
- Receipt account	(235)	92		X
- Current accounts of monetary funds	(236)	93	3 497 124 992.67	3 610 031 214.88
- Current accounts of state funds	(224)	94		
- Current accounts of financial funds	(225)	95		
Sub-total (row 90 to 95)		96	17 837 251 786.75	23 922 691 523.58
- Subsidies provided to structural units of the state	(202)	97		X
- Subsidies provided to the deposit charge account	(212)	98		X
- Contributions and subsidies provided to institutions receiving contributions from the state budget	(203)	99		X
- Subsidies provided to other entities	(204)	100		X
- Contributions and subsidies to institutions receiving contributions from the state budget	(213)	101		X
- Subsidies provided to other entities	(214)	102		X
Sub-total (row 97 to 102)		103		X
- Provided reimbursable financial assistances in between budgets	(271)	104	155 112 874.60	17 395 309.86
- Provided temporary assistances to institutions receiving contributions from the state budget	(273)	105	47 530 000.00	
- Provided temporary assistances to business entities	(274)	106	139 429 234.92	125 713 788.01
- Provided temporary assistances to other organizations	(275)	107	11 080 345.61	24 419 974.07
- Provided temporary assistances to natural persons	(277)	108	7 374 967.04	5 562 592.38
Sub-total (row 104 to 108)		109	360 527 422.17	173 091 664.32
- Limits of expenses	(221)	110		X
- Clearing the expenses of regional self-government administrative units	(218)	111		X
- Costs of raw material	(410)	112		X
- Services and costs of non-production nature	(420)	113		X
- Travel expenses and other payments to natural persons	(430)	114		X
- Wages and salaries and other personnel costs	(440)	115		X
- Social security levies	(450)	116		X
- Shortfalls and damages	(460)	117		X
- Interests	(471)	219		X
- Fines and penalties	(472)	220		X
- Exchange-rate losses	(473)	221		X
- Financial expenses	(474)	222		X
Sub-total (row 112 to 117 and 219 to 222)		118		X
Budget management account and other related accounts - total		119	18 197 779 208.92	24 095 783 187.90
row 96+103+109+110+111+118				
5. Temporary debit accounts				
- Prepaid expenses	(381)	120	4 183 802.99	4 968 742.68
- Accrued revenue	(385)	121	5 749 136.45	6 226 916.07

ASSETS

Name of item	Account	Row No.	Opening balance(1.1.) 1	Actual balance 2
- Exchange rate difference - debit balance	(386)	122		
- Estimated prepaid items	(388)	123	8 444 978.15	112 657 846.95
Temporary debit accounts - total		124	18 377 917.59	123 853 505.70
<i>sum of rows 120 to 123</i>				
TOTAL ASSETS		row 01 + 42 125	343 115 274 193.13	364 133 147 005.82

LIABILITIES

Name of item	Account	Row No.	Opening balance(1.1.) 3	Actual balance 4
C. Own resources to cover total fixed and current assets		126	297 062 271 127.68	318 021 157 227.91
<i>row 130+131+213+138+141+151+158</i>				
1. Property funds and special funds				
- Fund of fixed assets	(901)	127	300 572 236 516.99	313 683 334 373.08
- Fund of current assets	(902)	128	59 050 179.66	61 582 364.94
- Fund of economic activity	(903)	129	37 126 483.33	37 984 581.60
- Adjustments to assets and liabilities	(+/-909)	130	(3 277 722 454.18)	(2 813 868 222.45)
Fund of fixed assets - total		131	300 668 413 179.98	313 782 901 319.62
<i>sum of rows 127 to 129</i>				
- Privatisation fund	(904)	211		X
- Other funds	(905)	212		X
<i>Sub-total (row 211 to 212)</i>		213		X
2. Financial and monetary funds				
- Fund of remunerations	(911)	132		
- Fund of cultural and social needs	(912)	133		
- Reserve fund	(914)	134		
- Fund of property replacement	(916)	135		
- Monetary funds	(917)	136	3 463 363 969.53	3 638 287 436.20
- Other financial funds	(918)	137		
Financial and monetary funds - total		138	3 463 363 969.53	3 638 287 436.20
<i>sum of rows 132 to 137</i>				
3. Special funds of structural units of the state				
- State funds	(921)	139		
- Other special funds	(922)	140		
- EU funds	(924)	203		
Special funds of structural units of the state - total		141		
<i>sum of rows 139, 140 and 203</i>				
4. Resources to cover funds of budget management				
- Financing expenses of structural units of the state	(201)	142		X
- Financing expenses of regional self-government administrative units	(211)	143		X
- Bank accounts to limits of structural units of the state	(223)	144		X
- Statement of budget receipts from current activities of structural units of the state	(205)	145		X
- Statement of budget receipts from current activities of regional self-government administrative units	(215)	146		X
- Statement of budget receipts from financial assets of structural units of the state	(206)	147		X
- Statement of budget receipts from financial assets of regional self-government administrative units	(216)	148		X
- Clearing the receipts of regional self-government administrative units	(217)	149		X
- Received reimbursable financial assistances in between budgets	(272)	150	306 746 647.79	91 173 763.92
Resources to cover funds of budget management - total		151	306 746 647.79	91 173 763.92
<i>sum of rows 142 to 150</i>				
5. Profit/loss				
a) from economic activities of TSU and subs. org.				
- profit/loss account	(+/-963)	152		X
- retained profit/retained loss	(+/-932)	153	8 604 124 067.80	9 548 782 122.80
- Profit/loss under approval procedure	(+/-931)	154	4 232 621 648.58	X
b) Transfer of retained cleared revenues and expenses	(+/-933)	155	(17 022 876 463.61)	(9 864 390 335.52)
c) Balance of expenses and costs	(+/-964)	156	(437 762 245.72)	(324 048 884.97)
d) Balance of receipts and revenues	(+/-965)	157	525 362 777.51	589 111 117.40
sum of rows 152 to 157		158	(4 098 530 215.44)	3 322 662 930.62
D. Liabilities		159	46 053 003 065.45	46 111 989 777.91
<i>row 160+166+189+196+201</i>				
1. Reserves				
- Statutory reserves	(941)	160	7 168 148.28	7 025 656.29

LIABILITIES

Name of item	Account	Row No.	Opening balance(1.1.) 3	Actual balance 4
2. Long-term liabilities				
- Issued bonds	(953)	161	14 849 400 000.00	14 964 100 000.00
- Liabilities from lease	(954)	162		
- Long-term advances received	(955)	163	16 076 314.87	15 557 810.20
- Long-term bills of exchange to be paid	(958)	164		
- Other long-term liabilities	(959)	165	1 159 580 780.51	1 129 992 378.08
Long-term liabilities - total		166	16 025 057 095.38	16 109 650 188.28
<i>sum of rows 161 to 165</i>				
3. Current liabilities				
- Suppliers	(321)	167	909 457 513.99	1 402 468 952.47
- Bills of exchange to be paid	(322)	168		
- Received advances	(324)	169	1 918 966 479.38	1 842 550 600.71
- Other liabilities	(325)	170	1 375 140 630.03	1 432 263 470.38
- Obligations arising from abolished CKA	(326)	223		
- Recieved advances of taxes	(327)	224		
- Obligations from revenues of taxes and duties	(328)	225		
- Obligations from sharing tax and duties	(329)	226		
- Receivables from fixed forward operations and options	(373)	171	3 223 034 715.00	2 787 658 335.00
<i>Sub-total (row 167 to 171 and 223 to 226)</i>		172	7 426 599 338.40	7 464 941 358.56
- Liabilities from subscribed unpaid securities and shares	(367)	173		
- Liabilities to members of association	(368)	174	124 378.08	124 378.08
<i>Sub-total (row 173 to 174)</i>		175	124 378.08	124 378.08
- Employees	(331)	176	60 489 944.00	56 856 191.60
- Other liabilities to employees	(333)	177	11 249 760.20	63 110 362.20
<i>Sub-total (row 176 to 177)</i>		178	71 739 704.20	119 966 553.80
- Clearing with institutions of social security and health insurance	(336)	179	95 553 735.00	121 429 176.00
- Income tax	(341)	180	1 470 813 832.45	1 097 286 389.11
- Other direct taxes	(342)	181	30 359 556.00	34 488 343.70
- Value added tax	(343)	182		
- Other taxes and fees	(345)	183		
<i>Sub-total (row 180 to 183)</i>		184	1 501 173 388.45	1 131 774 732.81
- Settlement of subsidy excess payments and other liabilities with the state budget	(347)	185	390 000.00	370 000.00
- Settlement of subsidy excess payment and other liabilities with the budget of regional self-government administrative units	(349)	186	(112 508 130.34)	529 835 139.25
<i>Sub-total (row 185 to 186)</i>		187	(112 118 130.34)	530 205 139.25
- Other liabilities	(379)	188	668 930 004.13	668 677 796.92
Current liabilities - total		189	9 652 002 417.92	10 037 119 135.42
<i>row 172+175+178+179+184+187+188</i>				
4. Bank credits and loans				
- Long-term bank credits	(951)	190	16 539 433 984.75	16 206 701 019.27
- Short-term bank credits	(281)	191	15 000 000.00	10 000 000.00
- Discounted short-term bonds (bills of exchange)	(282)	192		
- Issued short-term bonds	(283)	193		
- Other short-term liabilities (financial assistances)	(289)	194		
<i>Sub-total (row 193 to 194)</i>		195		
Bank credits and and loans - total		196	16 554 433 984.75	16 216 701 019.27
<i>row 190+191+192+195</i>				
5. Temporary credit accounts				
- Accured expenses	(383)	197	4 780 218.95	3 943 119.26
- Unearned revenue	(384)	198	692 371 419.04	682 428 477.70
- Exchange rate difference - credit balance	(387)	199	3 046 249 999.88	2 920 021 428.40
- Estimated accrued items	(389)	200	70 939 781.25	135 100 753.29
Temporary credit accounts - total		201	3 814 341 419.12	3 741 493 778.65
<i>sum of rows 197 to 200</i>				
TOTAL LIABILITIES		row 126 + 159 202	343 115 274 193.13	364 133 147 005.82

* End of report *

INCOME STATEMENT



of structural units of the state, regional self-government administrative units, institutions receiving contributions from the state budget and regional councils

(in CZK)

Period: **12 / 2008**

Company Identification No.: **SOR 200**

Name: **HLAVNÍ MĚSTO PRAHA CELKEM**

Name of item	Acc.	Row number	Main activity 1	Business activity 2
Consumption of raw material	501	1		28 084 050.83
Consumption of energy	502	2		41 559 816.46
Consumption of unstorable supplies	503	3		3 407 387.26
Cost of merchandise sold	504	4		(998 994.45)
Repairs and maintenance	511	5		2 708 143 289.03
Travel expenses	512	6		50 270.90
Costs of representation	513	7		26 739.66
Other services	518	8		1 190 549 790.88
Wages and salaries	521	9		131 217 974.00
Statutory social insurance	524	10		45 568 488.50
Other social insurances	525	11		369 034.00
Statutory social costs	527	12		564 370.00
Other social costs	528	13		87 869.46
Road tax	531	14		
Real estate tax	532	15		9 448 958.00
Other taxes and fees	538	16		133 993 660.48
Contractual fines and interests on late payment	541	17		691 290.03
Other fines and penalties	542	18		759 023.52
Debt expanse	543	19		55 639 754.43
Interests	544	20		111 569.03
Exchange rate loss	545	21		97 930.88
Donations	546	22		129 900.00
Shortfalls and damages	548	23		6 095 166.23
Other additional costs	549	24		206 487 213.79
Depreciation/amortization of fixed intangible and tangible assets	551	25		2 163 223 680.15
Net book value of sold fixed intangible and tangible assets	552	26		1 169 599 699.86
Cost of securities and shares sold	553	27		23 707 613.69
Cost of merchandise sold	554	28		47 582.47
Creation of statutory reserves	556	29		5 782.51
Creation of statutory allowances	559	30		7 478 556.62
Total account class 5		31		7 926 147 468.22
<i>line 1 to 30</i>				

Název položky	Acc.	Row number	Main activity 1	Business activity 2
Product revenue	601	32		6 863 900.06
Service revenue	602	33		7 527 988 813.73
Merchandise revenue	604	34		74 701.96
Revenueisation of work in process inventory	611	35		
Revenueisation of manufactured parts inventory	612	36		
Revenueisation of finished goods inventory	613	37		
Revenueisation of livestock inventory	614	38		
Revenueisation of raw material and merchandise	621	39		
Revenueisation of own services	622	40		
Revenueisation of fixed intangible assets	623	41		
Revenueisation of fixed tangible assets	624	42		
Contractual fines and interest on late payment	641	43		85 864 784.36
Other fines and penalties	642	44		1 291.00
Payments for debt expenses	643	45		25 642 478.64
Interests	644	46		248 112 513.08
Exchange rate gains	645	47		187 308.26
Clearance of funds	648	48		
Other additional revenues	649	49		125 367 847.06
Fixed intangible and tangible assets revenue	651	50		4 370 672 314.22
Long-term financial assets revenue	652	51		4 124 913.28
Securities and shares revenue	653	52		21 636 992.29
Raw material revenue	654	53		134 795.15
Revenues from current financial assets	655	54		13 313.65
Clearance of statutory reserves	656	55		148 274.50
Clearance of statutory allowances	659	56		2 302 027.00
Contributions and subsidies for operation	691	57		
Total account class 6		58		12 419 136 268.24
<i>line 32 to 57</i>				
Profit/loss before taxation		59		4 492 988 800.02
<i>line 58 - 31</i>				
Income tax	591	60		1 097 286 389.11
Additional income tax payment	595	61		22 493 500.00
Profit/loss after taxation		62		3 373 208 910.91
<i>line 59 - 60 - 61 (+/-)</i>				

* End of the statement *

STATEMENT OF INCOME, EXPENSES AND FINANCING



of territorial self-governing units ("TSU") and voluntary unions of communities

(in CZK)

Period: **12 / 2008**

Company Identification No.: **SOR 200**

Name: **HLAVNÍ MĚSTO PRAHA CELKEM**

BUDGETARY INCOME - CLASS 1 - 4

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
1111	Tax on income of natural persons from dependent activity and function benefits	8 330 000 000.00	8 587 724 000.00	8 279 917 380.07
1112	Tax on income of natural persons from individual gainful activity	1 990 000 000.00	1 990 000 000.00	2 236 650 598.13
1113	Tax on income of natural persons from capital revenues	520 000 000.00	520 000 000.00	715 848 112.38
1119	Cancelled taxes, the object of which is the income of natural persons			503 017.50
111	Tax on income of natural persons	10 840 000 000.00	11 097 724 000.00	11 232 919 108.08
1121	Tax on income of legal entities	10 820 000 000.00	10 820 000 000.00	12 446 887 263.83
1122	Tax on income of legal entities on behalf of municipalities	150 000 000.00	1 488 326 600.00	1 488 326 620.00
112	Tax on income of legal entities	10 970 000 000.00	12 308 326 600.00	13 935 213 883.83
11	Income, profit and capital revenue tax	21 810 000 000.00	23 406 050 600.00	25 168 132 991.91
1211	Value added tax	16 255 608 000.00	17 955 608 000.00	17 796 791 476.84
121	General taxes on goods and services inland	16 255 608 000.00	17 955 608 000.00	17 796 791 476.84
12	Goods and service inland tax	16 255 608 000.00	17 955 608 000.00	17 796 791 476.84
1332	Fees for air pollution	110 000.00	122 800.00	272 667.00
1333	Fees for waste disposal			33 949 936.00
1334	Levies from land extraction from the agricultural land resources			5 593 999.80
1335	Fees for removal of the land function resting in discharge of the function of a forest			158 335.80
1336	Fees for permitted discharge of wastewater into surface water			1 635 046.00
1337	Fees for disposal of municipal waste	660 000 000.00	660 000 000.00	688 321 010.74
133	Taxes and levies in the field of environment	660 110 000.00	660 122 800.00	729 930 995.34
1341	Fees for dogs	48 841 100.00	49 815 200.00	55 362 399.38
1342	Fee for spa or recreation stay	133 804 700.00	134 373 900.00	134 710 502.50
1343	Fee for use of public premises	215 306 000.00	222 137 700.00	290 947 683.45
1344	Fee from entrance money	18 528 600.00	22 342 600.00	28 251 944.26
1345	Fee from accommodation activity	57 609 200.00	58 718 200.00	64 053 169.58
1347	Fee for operated gaming machine	159 642 000.00	163 872 000.00	187 507 384.33
1349	Cancelled local fees			9 096.00
134	Local fees from selected activities and services	633 731 600.00	651 259 600.00	760 842 179.50
1351	Levy of preceeds from lottery operations	95 001 000.00	116 514 800.00	125 004 982.96
1359	Other levies from selected activities and services not specified elsewhere	122 000.00	122 000.00	844 057.00
135	Other levies from selected activities and services	95 123 000.00	116 636 800.00	125 849 039.96
1361	Administrative charges	499 039 900.00	506 990 900.00	571 172 600.90
136	Administration fees	499 039 900.00	506 990 900.00	571 172 600.90
13	Taxes and fees on selected activities and services	1 888 004 500.00	1 935 010 100.00	2 187 794 815.70
1511	Real estate tax	394 740 000.00	401 201 700.00	446 423 386.98
151	Property tax	394 740 000.00	401 201 700.00	446 423 386.98
15	Property taxes	394 740 000.00	401 201 700.00	446 423 386.98
1	Tax receipts (total for class 1)	40 348 352 500.00	43 697 870 400.00	45 599 142 671.43

BUDGETARY INCOME - CLASS 1 - 4

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
2111	Receipts from provision of services and products	17 733 500.00	103 775 400.00	136 645 449.48
2112	Receipts from sale of goods (otherwise purchased for the purposes of sale)	4 000.00	7 000.00	20 759.90
2119	Other receipts from own activities			2 803 363.20
211	Receipts from own activity	17 737 500.00	103 782 400.00	139 469 572.58
2122	Levies of institutions receiving contributions from the state budget	7 595 500.00	187 977 500.00	188 584 922.76
2123	Other levies of institutions receiving contributions from the state budget	1 344 000.00	1 344 000.00	1 353 452.56
2129	Other levies of surplus of organizations with a direct relationship			23 224.15
212	Levies from residues of organizations with direct relationship	8 939 500.00	189 321 500.00	189 961 599.47
2141	Receipts from interests (a part)	356 032 200.00	447 681 900.00	868 634 458.08
2142	Receipts from shares in profit and dividends	24 837 000.00	25 492 000.00	417 338 649.98
2143	Realized exchange rate gains			10 578 355.06
214	Receipts from interests and realization of financial assets	380 869 200.00	473 173 900.00	1 296 551 463.12
21	Receipts from own activity and payment of excess of organizations with direct relationship	407 546 200.00	766 277 800.00	1 625 982 635.17
2210	Received sanction payments	356 278 000.00	383 083 700.00	305 447 693.91
221	Received sabctuib payments	356 278 000.00	383 083 700.00	305 447 693.91
2221	Received returned transfers from other public budgets		(52 700.00)	
2222	Other receipts from retained financial settlement from other public budgets		72 832 100.00	72 843 983.75
2223	Receipts from retained financial settlement between the region and municipalities			1 138.36
2229	Other received returned transfers		165 464 700.00	168 911 411.36
222	Received returned transfers and other receipts from retained financial settlement		238 244 100.00	241 756 533.47
22	Received sanction payments and returned transfers	356 278 000.00	621 327 800.00	547 204 227.38
2310	Receipts from sale of short-term and immaterial fixed assets			57 816.00
231	Receipts from sale of short-term and immaterial fixed assets			57 816.00
2321	REceived non-investment donations	5 756 000.00	58 126 700.00	65 954 245.24
2322	Received indemnities	230 000.00	8 785 700.00	16 194 286.67
2324	Received non-capital contributions and compensations	2 134 300.00	8 791 400.00	29 699 679.99
2328	Unidentified receipts	24 000.00	24 900.00	901 935.04
2329	Other non-tax receipts not included elsewhere	19 255 100.00	32 781 800.00	42 670 313.36
232	Other non-tax receipts	27 399 400.00	108 510 500.00	155 420 460.30
2343	Receipts from payments from allotments and from exploited minerals	1 679 800.00	1 687 800.00	1 725 935.00
234	Receipts from use of exclusive rights to natural resources	1 679 800.00	1 687 800.00	1 725 935.00
23	Receipts from sale of non-capital assets and other non-tax receipts	29 079 200.00	110 198 300.00	157 204 211.30
2411	Instalments of funds borrowed from business entities - natural persons		1 209 100.00	1 209 039.20
2412	Instalments of funds borrowed from business non-financial entities of legal persons	9 000 000.00	3 172 500.00	4 475 083.94
241	Instalments of funds borrowed from business entities	9 000 000.00	4 381 600.00	5 684 123.14
2420	Instalments of funds borrowed from generally beneficial associations and similar entities	20 500 000.00	25 118 500.00	25 911 549.90
242	Instalments of funds borrowed from generally beneficial associations and similar entities	20 500 000.00	25 118 500.00	25 911 549.90
2441	Instalments of funds borrowed from municipalities	750 000.00	750 000.00	750 000.00
244	Instalments of funds borrowed from public budgets at regional level	750 000.00	750 000.00	750 000.00

BUDGETARY INCOME - CLASS 1 - 4

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
2451	Instalments of funds borrowed from institutions receiveing contributions from the state budget		70 795 200.00	70 795 200.00
245	Instalments of funds borrowed from established and similar entities		70 795 200.00	70 795 200.00
2460	Instalments of funds borrowed from citizens	4 128 200.00	4 260 200.00	5 700 654.66
246	Instalments of funds borrowed from citizens	4 128 200.00	4 260 200.00	5 700 654.66
24	Received instalments of lent funds	34 378 200.00	105 305 500.00	108 841 527.70
2	Non-tax receipts (total for class 2)	827 281 600.00	1 603 109 400.00	2 439 232 601.55
3113	Receipts from sale of other fixed tangible assets		65 000.00	73 000.00
311	Receipts from sale of fixed assets (except immaterial assets)		65 000.00	73 000.00
3121	Donations received for acquisition of fixed assets	4 480 000.00	59 192 400.00	90 040 696.00
3122	Contributions received fro acquisition of fixed assets		10 000.00	72 500.00
3129	Other investment receipts not included elsewhere			1 242.86
312	Other capital receipts	4 480 000.00	59 202 400.00	90 114 438.86
31	Receipts from sale of fixed assets and other capital receipts	4 480 000.00	59 267 400.00	90 187 438.86
3	Capital revenues (total for class 3)	4 480 000.00	59 267 400.00	90 187 438.86
Own receipts (classes 1+2+3)		41 180 114 100.00	45 360 247 200.00	48 128 562 711.84
4111	Non-investment transfers received from general cash administration of the state budget		202 151 700.00	202 151 828.77
4112	Non-investment transfers received from the state budget within the overall subsidy relationship	675 974 000.00	675 974 000.00	675 974 000.00
4113	Non-investment transfers received from state funds		247 461 000.00	226 703 829.87
4116	Other non-investment transfers from the state budget		10 512 793 000.00	10 489 192 511.35
4118	Non-investment transfers from the National Fund		7 414 400.00	7 414 240.08
411	Non-investment transfers received from public budgets at central level	675 974 000.00	11 645 794 100.00	11 601 436 410.07
4121	Non-investment transfers received from municipalities	3 387 000.00	6 525 200.00	7 409 395.28
4122	Non-investment transfers received from regions		697 800.00	697 772.12
412	Non-investment transfers received from public budgets at regional level	3 387 000.00	7 223 000.00	8 107 167.40
4131	Transfers from own funds of economic (business) activity	4 792 846 400.00	5 539 249 800.00	4 962 955 861.99
4132	Transfers from other own funds	250 000.00	317 400.00	317 404.00
4133	Transfers from own reserve funds (other than those of structural units of the state)	356 393 600.00	542 674 900.00	411 513 880.17
4134	Transfers from budget accounts	143 768 200.00	467 892 500.00	31 594 921 821.06
4139	Other transfers from own funds	165 858 400.00	224 832 500.00	165 590 455.40
413	Transfers from own funds	5 459 116 600.00	6 774 967 100.00	37 135 299 422.62
4159	Other non-investment transfers received from abroad		63 200.00	63 191.46
415	Non-investment transfers received from abroad		63 200.00	63 191.46
4160	Non-investment transfers received from state financial assets		19 300.00	19 300.00
416	Non-investment transfers received from state financial assets		19 300.00	19 300.00
41	Non-investment transfers received	6 138 477 600.00	18 428 066 700.00	48 744 925 491.55
4211	Investment transfers received from general cash administration of the state budget		110 526 000.00	100 504 470.90
4213	Investment transfers received from state funds		1 559 976 900.00	659 544 069.50
4216	Other investment transfers received from the state budget		921 748 600.00	931 487 275.22
4218	Investment transfers from the National Fund		2 373 100.00	2 373 078.82
421	Investment transfers received from public budgets at central level		2 594 624 600.00	1 693 908 894.44

BUDGETARY INCOME - CLASS 1 - 4

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
4240	Investment transfers received from state financial assets		25 596 000.00	25 596 000.00
424	Investment transfers received from state financial assets		25 596 000.00	25 596 000.00
42	Investment transfers received		2 620 220 600.00	1 719 504 894.44
4	Received transfers (total for class 4)	6 138 477 600.00	21 048 287 300.00	50 464 430 385.99
Total receipts (classes 1+2+3+4)		47 318 591 700.00	66 408 534 500.00	98 592 993 097.83

BUDGETARY EXPENSES - CLASSES 5 AND 6

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5011	Salaries of employees within employment	2 770 410 400.00	2 927 240 700.00	2 870 604 126.22
5019	Other salaries	3 491 000.00	2 785 100.00	1 011 738.00
501	Salaries	2 773 901 400.00	2 930 025 800.00	2 871 615 864.22
5021	Other wages and salaries	52 407 600.00	82 967 900.00	72 892 869.25
5023	Remuneration of members of municipal and regional councils	150 253 500.00	152 925 400.00	144 125 643.70
5024	Redundancy payment	10 190 000.00	6 760 500.00	6 480 403.00
5029	Other payments for performed work not included elsewhere	8 050 400.00	6 380 100.00	3 445 343.72
502	Other payments for performed work	220 901 500.00	249 033 900.00	226 944 259.67
5031	Obligatory premium for social security and contribution to state policy of employment	780 968 400.00	828 222 400.00	804 558 782.05
5032	Obligatory premium for public health insurance	272 311 100.00	290 297 300.00	285 819 842.23
5038	Obligatory premium for accident insurance	13 003 200.00	13 538 100.00	12 945 366.51
5039	Other obligatory premiums paid by the employer	1 034 500.00	696 500.00	203 830.00
503	Obligatory premium paid by the employer	1 067 317 200.00	1 132 754 300.00	1 103 527 820.79
5041	Remuneration for use of intellectual property	45 000.00	77 000.00	9 650.00
504	Remuneration for use of intellectual property	45 000.00	77 000.00	9 650.00
5051	Wage compensation			226 243.00
505	Wage compensation			226 243.00
50	Expenses on payments, other payments for performed work and premium	4 062 165 100.00	4 311 891 000.00	4 202 323 837.68
5131	Foodstuff	2 742 000.00	1 331 500.00	975 713.22
5132	Protective devices	1 055 400.00	2 126 900.00	1 764 102.11
5133	Drugs and medical supplies	395 200.00	1 777 700.00	1 541 294.77
5134	Underwear, clothes and shoes	36 030 000.00	32 375 200.00	31 572 341.60
5136	Books, learning aids and press	15 822 400.00	17 897 900.00	15 623 491.87
5137	Immaterial fixed tangible assets	146 414 700.00	198 685 500.00	187 652 985.82
5138	Purchase of goods (for the purpose of resale)	53 000.00	76 000.00	56 155.90
5139	Purchase of raw material not included elsewhere	210 985 400.00	202 191 000.00	190 914 134.46
513	Purchase of materials	413 498 100.00	456 461 700.00	430 100 219.75
5141	Own interests	1 356 682 300.00	1 357 977 200.00	1 341 869 289.17
5142	Realized exchange rate losses	200 043 000.00	150 051 200.00	29 454.31
5143	Interest incurred by assumption of others' liabilities	5 000 000.00	5 000 000.00	426 526.46
5145	Financial derivatives	304 600 000.00	409 400 000.00	400 846 014.24
5149	Other interest and other financial expenses	35 860 000.00	64 516 300.00	55 184 672.44
514	Interests and other financial expenses	1 902 185 300.00	1 986 944 700.00	1 798 355 956.62
5151	Cold water	18 676 600.00	18 633 100.00	15 005 931.34
5152	Heat	22 410 000.00	21 345 800.00	18 370 410.50
5153	Gas	35 384 800.00	37 388 200.00	33 601 453.18
5154	Electric energy	84 372 100.00	112 770 100.00	106 573 774.13
5155	Solid fuels	237 000.00	250 000.00	148 736.50
5156	Fuels and lubricants	26 499 500.00	28 800 400.00	26 681 878.39
5157	Hot water	838 000.00	1 070 300.00	896 989.78
5159	Purchase of other fuels and energy	3 155 000.00	2 915 000.00	2 938 312.60
515	Costs of water, fuels and energy	191 573 000.00	223 172 900.00	204 217 486.42
5161	Post-office services	64 106 300.00	79 597 100.00	72 383 497.02
5162	Services of telecommunications and radiocommunications	155 133 800.00	174 301 000.00	166 518 121.51
5163	Services of banking institutions	51 853 200.00	56 274 400.00	41 764 267.31
5164	Rent	290 493 300.00	332 378 300.00	326 584 790.31
5165	Rent for land	18 430 000.00	18 998 200.00	18 054 605.71
5166	Consultation, advisory and legal services	311 393 700.00	374 745 700.00	314 651 137.71

BUDGETARY EXPENSES - CLASSES 5 AND 6

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5167	Training and educating services	52 102 500.00	47 308 900.00	43 432 453.80
5168	Data processing services	74 850 000.00	102 173 500.00	98 260 182.04
5169	Purchase of other services	3 573 515 700.00	4 192 360 900.00	3 985 152 022.32
516	Costs of services	4 591 878 500.00	5 378 138 000.00	5 066 801 077.73
5171	Repairs and maintenance	917 222 100.00	2 448 842 000.00	2 359 565 550.19
5172	Programme equipment	28 563 500.00	15 677 800.00	13 636 743.97
5173	Travel costs (domestic as well as abroad)	26 052 100.00	33 166 300.00	29 918 854.60
5175	Treatment	24 390 100.00	31 586 500.00	27 698 225.02
5176	Attendance fees at conferences	301 000.00	656 600.00	540 114.72
5177	Purchase of objects of art		653 300.00	647 273.00
5178	Lease for rent with right of purchase	4 700 100.00	6 173 400.00	5 901 021.83
5179	Other purchases not included elsewhere	293 619 200.00	591 537 600.00	591 827 190.22
517	Costs of other purchases	1 294 848 100.00	3 128 293 500.00	3 029 734 973.55
5182	Advances provided to own petty cash	25 000.00	25 000.00	
5189	Other provided advances and guarantees	722 000.00	131 700.00	1 096 437.86
518	Provided advances, securities, guarantees and government credits	747 000.00	156 700.00	1 096 437.86
5191	Paid sanctions		6 319 800.00	6 168 603.73
5192	Provided non-investment contributions and reimbursements (part)	97 839 000.00	108 633 900.00	106 373 179.31
5193	Expenses on traffic regional road service	238 165 600.00	251 691 600.00	250 044 783.29
5194	Material donations	20 579 000.00	26 511 200.00	24 240 850.14
5195	Levies for failure to meet the obligation to employ the disabled	1 100 000.00	865 600.00	600 310.00
5197	Reimbursements of increased costs connected with discharge of an office abroad	6 800 000.00	5 382 200.00	5 382 169.01
5199	Other expenses related to non-investment purchases	13 745 000.00	10 881 600.00	10 775 352.72
519	Expenses related to non-investment purchases, contributions, reimbursements and material donations	378 228 600.00	410 285 900.00	403 585 248.20
51	Non-investment purchases and related expenses	8 772 958 600.00	11 583 453 400.00	10 933 891 400.13
5212	Non-investment transfers to non-financial business entities - natural persons	2 961 200.00	28 241 200.00	27 550 197.19
5213	Non-investment transfers to non-financial business entities - legal entities	7 397 949 300.00	8 676 042 400.00	8 656 198 075.81
5215	Non-investment transfers to selected businesses entities owned by the state		13 193 400.00	13 193 352.00
5219	Owner non-investment transfers to business entities	1 000 000.00	3 300 000.00	3 247 107.13
521	Non-investment transfers to business entities	7 401 910 500.00	8 720 777 000.00	8 700 188 732.13
5221	Non-investment transfers to generally beneficial associations	161 110 900.00	443 667 900.00	333 668 833.45
5222	Non-investment transfers to unincorporated associations	104 048 100.00	445 111 700.00	429 938 880.61
5223	Non-investment transfers to churches and religious societies	31 658 600.00	60 839 100.00	60 078 475.32
5225	Non-investment transfers to associations of owners of residential units	1 000 000.00	10 693 100.00	10 678 840.50
5229	Other non-investment transfers to non-profit and similar organizations	4 328 303 400.00	3 837 868 000.00	3 825 786 816.39
522	Non-investment transfers to non-profit and similar associations	4 626 121 000.00	4 798 179 800.00	4 660 151 846.27
5230	Non-investment non-subsidy transfers to business entities		900 000.00	400 000.00
523	Non-investment non-subsidy transfers to business entities		900 000.00	400 000.00
5240	Non-investment non-subsidy transfers to non-profit and similar organizations	78 000.00	28 000.00	28 000.00
524	Non-investment non-subsidy transfers to non-profit and similar organizations	78 000.00	28 000.00	28 000.00
52	Non-investment transfers to private entities	12 028 109 500.00	13 519 884 800.00	13 360 768 578.40
5311	Non-investment transfers to the state budget	500 000.00	1 723 800.00	935 744.26

BUDGETARY EXPENSES - CLASSES 5 AND 6

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5319	Other non-investment transfers to other public budgets	40 000.00	40 000.00	19 870.00
531	Non-investment transfers to public budgets at central level	540 000.00	1 763 800.00	955 614.26
5321	Non-investment transfers to municipalities	25 000.00	37 500.00	16 291.80
5323	Non-investment transfers to regions		11 700.00	11 700.00
532	Non-investment transfers to public budgets at regional level	25 000.00	49 200.00	27 991.80
5331	Non-investment contributions to established institutions receiving contributions from the state budget	8 292 170 000.00	9 160 115 100.00	9 134 644 202.24
5332	Non-investment transfers to universities	3 181 700.00	18 282 500.00	15 605 155.34
5333	Non-investment transfers to educational legal entities established by the state, region and municipalities		1 159 000.00	1 114 665.00
5334	Non-investment transfers to public research institutions		630 100.00	630 000.00
5335	Non-investment transfers to public medical institutions established by the state, region and municipalities	20 000 000.00	26 104 000.00	26 103 840.94
5339	Non-investment contributions to other institutions receiving contributions from the state budget	9 914 600.00	34 327 300.00	31 281 313.88
533	Non-investment transfers to institutions receiving contributions from the state budget and similar organizations	8 325 266 300.00	9 240 618 000.00	9 209 379 177.40
5341	Transfers to own funds of economic (business) activity	1 850 000.00	8 139 000.00	3 184 865.21
5342	Transfers to funds of cultural and social needs and social funds of municipalities and regions	42 043 900.00	47 761 700.00	48 155 578.29
5344	Transfers to own reserve funds of regional budgets	3 034 000.00	168 210 700.00	692 131 062.33
5345	Transfers to own budget accounts	536 609 600.00	769 833 700.00	31 099 848 259.01
5349	Other transfers to own funds	84 332 700.00	249 593 800.00	331 891 257.00
534	Transfers to own funds	667 870 200.00	1 243 538 900.00	32 175 211 021.84
5361	Purchase of duty stamps	2 095 500.00	2 631 800.00	2 108 905.00
5362	Payments of taxes and fees to the state budget	3 452 100.00	(15 423 700.00)	(25 156 455.67)
5363	Payments of sanctions to other budgets	15 000.00	760 000.00	690 330.62
5364	Returned funds to public budgets at the central level of transfers provided in the past budget periods		144 786 700.00	144 955 590.67
5365	Payments of taxes and fees to regions, municipalities and state funds	5 000.00	14 300.00	24 334.00
536	Other non-investment transfers to other public budgets	5 567 600.00	132 769 100.00	122 622 704.62
53	Non-investment transfers to public entities and between monetary funds	8 999 269 100.00	10 618 739 000.00	41 508 196 509.92
5410	Social benefits		1 794 613 000.00	1 716 315 997.00
541	Social benefits		1 794 613 000.00	1 716 315 997.00
5421	Compensation from accident insurance			(1 224.00)
5424	Wage compensation in the time of sickness			18 728.00
5429	Other compensation payable to the citizens	414 700.00	1 012 300.00	624 663.80
542	Reimbursements paid to citizens	414 700.00	1 012 300.00	642 167.80
5491	Scholarships to pupils, students and inceptors		25 000.00	22 300.00
5492	Donations to citizens	18 672 300.00	19 775 400.00	16 699 944.30
5493	Purpose non-investment transfers to natural persons not running business	5 110 000.00	18 376 100.00	18 237 430.00
5494	Non-investment transfers to citizens, which do not have nature of a donation	126 000.00	423 000.00	388 956.30
5499	Other non-investment transfers to citizens	59 032 600.00	57 218 500.00	52 168 894.20
549	Other non-investment transfers to citizens	82 940 900.00	95 818 000.00	87 517 524.80
54	Non-investment transfers to citizens	83 355 600.00	1 891 443 300.00	1 804 475 689.60
5511	Non-investment transfers to international organizations	927 000.00	929 000.00	791 610.58
551	Non-investment transfers to international organizations and supranational bodies	927 000.00	929 000.00	791 610.58

BUDGETARY EXPENSES - CLASSES 5 AND 6

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5532	Other non-investment transfers abroad		20 000.00	20 000.00
553	Other non-investment transfers abroad		20 000.00	20 000.00
55	Non-investment transfers abroad	927 000.00	949 000.00	811 610.58
5613	Non-investment funds lent to non-financial business entities - legal persons	31 500 000.00	25 000 000.00	10 487 181.00
561	Non-investment funds lent to business entities	31 500 000.00	25 000 000.00	10 487 181.00
5660	Non-investment funds lent to citizens	2 070 000.00	2 160 000.00	2 796 400.80
566	Non-investment funds lent to citizens	2 070 000.00	2 160 000.00	2 796 400.80
56	Non-investment lent funds	33 570 000.00	27 160 000.00	13 283 581.80
5901	Unspecified reserves	1 326 574 700.00	689 932 400.00	
5902	Other expenses from retained financial settlement		24 986 500.00	24 986 537.12
5909	Other non-investment expenses not included elsewhere	337 307 800.00	58 709 700.00	42 117 293.33
590	Other non-investment expenses	1 663 882 500.00	773 628 600.00	67 103 830.45
59	Other non-investment expenses	1 663 882 500.00	773 628 600.00	67 103 830.45
5	CURRENT EXPENSES (CLASS 5)	35 644 237 400.00	42 727 149 100.00	71 890 855 038.56
6111	Programme equipment	516 854 000.00	440 836 800.00	428 994 638.89
6112	Valuable rights		13 735 600.00	13 831 402.50
6119	Other purchases of fixed intangible assets	47 304 900.00	97 067 500.00	86 086 926.46
611	Acquisition of fixed intangible assets	564 158 900.00	551 639 900.00	528 912 967.85
6121	Buildings, halls and constructions	15 063 018 700.00	14 468 462 400.00	11 699 091 644.05
6122	Machinery, devices and equipment	178 199 500.00	242 466 800.00	222 985 404.12
6123	Means of transport	45 659 000.00	59 224 900.00	59 116 437.13
6124	Orchards and vineyards	100 000.00	6 479 200.00	6 759 938.00
6125	Computing technology	216 994 700.00	241 579 800.00	223 767 659.38
6127	Artworks and collections	4 200 000.00	4 977 200.00	4 744 057.50
6129	Purchase of fixed tangible assets not included elsewhere	3 450 000.00	14 801 800.00	8 353 321.68
612	Acquisition of fixed tangible assets	15 511 621 900.00	15 037 992 100.00	12 224 818 461.86
6130	Land	274 966 700.00	398 548 300.00	325 271 632.30
613	Land	274 966 700.00	398 548 300.00	325 271 632.30
61	Investment purchases and related expenses	16 350 747 500.00	15 988 180 300.00	13 079 003 062.01
6201	Purchase of shares		13 500 800.00	5 935 608.00
6202	Purchase of capital participation		2 171 000.00	2 171 000.00
620	Purchase of shares and capital participation		15 671 800.00	8 106 608.00
62	Purchase of shares and capital participation		15 671 800.00	8 106 608.00
6312	Investment transfers to non-financial business entities - natural persons		6 787 000.00	6 786 957.61
6313	Investment transfers to non-financial business entities - legal persons	2 938 211 800.00	5 458 734 200.00	5 453 591 399.16
631	Investment transfers to business entities	2 938 211 800.00	5 465 521 200.00	5 460 378 356.77
6322	Investment transfers to unincorporated associations	115 000 000.00	122 164 800.00	121 961 057.58
6323	Investment transfers to churches and religious societies	1 210 000.00	718 000.00	717 739.00
6329	Other investment transfers to non-profit and similar organizations	1 600 000.00	16 820 400.00	10 574 835.49
632	Investment transfers to non-profit and similar associations	117 810 000.00	139 703 200.00	133 253 632.07
6351	Investment transfers to established institutions receiving contributions from the state budget	693 905 000.00	827 852 100.00	817 002 671.27
6353	Investment transfers to educational legal entities established by the state, region and municipalities		400 000.00	400 000.00
6359	Investment transfers to other institutions receiving contributions from the state budget		12 690 600.00	12 690 600.00
635	Investment transfers to institutions receiving contributions from the state budget	693 905 000.00	840 942 700.00	830 093 271.27

BUDGETARY EXPENSES - CLASSES 5 AND 6

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
6380	Investment transfers abroad	400 000.00	400 000.00	399 999.60
638	Investment transfers abroad	400 000.00	400 000.00	399 999.60
63	Investment transfers	3 750 326 800.00	6 446 567 100.00	6 424 125 259.71
6412	Investment funds lent to non-financial business entities - natural persons		2 067 100.00	2 067 130.00
6413	Investment funds lent to non-financial business entities - legal persons		3 081 900.00	3 081 872.00
641	Investment funds lent to business entities		5 149 000.00	5 149 002.00
6424	Investment funds lent to associations of owners of dwelling units		7 477 500.00	7 458 394.00
642	Investment funds lent to non-profit and similar associations		7 477 500.00	7 458 394.00
6451	Investment funds lent to established institutions receiving contributions from the state budget		23 265 200.00	23 265 200.00
645	Investment funds lent to institutions receiving contributions from the state budget and similar organizations		23 265 200.00	23 265 200.00
6460	Investment funds lent to citizens	60 000.00	60 000.00	
646	Investment funds lent to citizens	60 000.00	60 000.00	
64	Investment lent funds	60 000.00	35 951 700.00	35 872 596.00
6901	Reserves of capital expenses	67 632 700.00	42 876 700.00	
6909	Other capital expenses not included elsewhere	79 712 100.00	(10 419 900.00)	
690	Other capital expenses	147 344 800.00	32 456 800.00	
69	Other capital expenses	147 344 800.00	32 456 800.00	
6	CAPITAL EXPENSES (TOTAL FOR CLASS 6)	20 248 479 100.00	22 518 827 700.00	19 547 107 525.72
TOTAL EXPENSES (CLASS 5+6)		55 892 716 500.00	65 245 976 800.00	91 437 962 564.28
BALANCE OF INCOME AND EXPENSES		(8 574 124 800.00)	1 162 557 700.00	7 155 030 533.55

FOR INFORMATION PURPOSES - CASH FUNDS

Text	Row	Approved budget	Adjusted budget	Result from the start of the year
		1	2	3
Opening balance	5010			3 497 124 992.67
Total income	5020	102 420 800.00	526 832 000.00	1 229 199 348.17
Total expenses	5040	573 144 700.00	824 600 900.00	1 024 413 711.89
Closing balance (difference in budget)	5060	(470 723 900.00)	(297 768 900.00)	3 610 031 214.88
Change in balance	5070	470 723 900.00	297 768 900.00	(112 906 222.21)
Financing - class 8	5080	471 044 400.00	304 519 900.00	(91 879 414.07)

III. FINANCING - class 8

Name	Item / Row number	Approved budget	Adjusted budget	Result from the start of the year
		1	2	3

Short-term local sources of finance

Short-term bonds issued (+)	8111			
Paid instalments of short-term bonds issued (-)	8112			
Short-term received loans (+)	8113			13 000 000.00
Paid instalments of short-term received borrowed funds (-)	8114			(18 000 000.00)
Revenueisation of short-term funds on bank accounts(+/-)	8115	8 997 275 200.00	3 171 052 200.00	(6 085 439 736.83)
Active short-term operations of liquidity management - receipts (+)	8117		100 000 000.00	47 605 908 242.28
Active short-term operations of liquidity management - expenses (-)	8118		(100 000 000.00)	(48 277 371 737.98)

Long-term local sources of finance

Long-term bonds issued (+)	8121			
Paid instalments of long-term bonds issued (-)	8122			
Long-term received funds borrowed (+)	8123			
Paid instalments of long-term received borrowed funds (-)	8124	(422 819 300.00)	(423 181 900.00)	(422 866 856.09)
Revenueisation of long-term funds on bank accounts(+/-)	8125			
Active long-term operations of liquidity management - receipts (+)	8127	19 305 000.00	151 896 700.00	137 876 357.14
Active long-term operations of liquidity management - expenses (+)	8128	(19 636 100.00)	(151 324 700.00)	(151 324 685.00)

Short-term foreign sources of finance

Short-term bonds issued (+)	8211			
Paid instalments of short-term bonds issued (-)	8212			
Short-term received borrowed funds(+)	8213			
Paid instalments of short-term received borrowed funds (-)	8214			
Revenueisation of short-term funds on bank accounts(+/-)	8215			
Active short-term operations of liquidity management - receipts (+)	8217			
Active short-term operations of liquidity management - expenses (+)	8218			

Long-term foreign sources of finance

Long-term bonds issued (+)	8221			
Paid instalments of long-term bonds issued (-)	8222			
Long-term received funds borrowed (+)	8223			
Paid instalments of long-term received borrowed funds (-)	8224		(3 911 000 000.00)	
Revenueisation of long-term funds on bank accounts (+/-)	8225			
Active long-term operations of liquidity management - receipts (+)	8227			
Active long-term operations of liquidity management - expenses (-)	8228			

Provisions for cash transaction

III. FINANCING - class 8

Name	Item / Row number	Approved budget	Adjusted budget	Result from the start of the year
text		1	2	3
Operations from the organization cash accounts not having the nature				
of receipts and expenses of government segment (+/-)	8901			
Unrealized exchange rate differences (+/-)	8902			43 187 882.93
TOTAL FINANCING (class 8)	8000	8 574 124 800.00	(1 162 557 700.00)	(7 155 030 533.55)

IV. SUMMARY OF INCOMES, EXPENSES, FINANCING AND ITS CONSOLIDATION

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	41	42	43
A1 - TAX INCOME	4010	40 348 352 500.00	43 697 870 400.00	45 599 142 671.43
A2 - NON-TAX INCOME	4020	827 281 600.00	1 603 109 400.00	2 439 232 601.55
A3 - CAPITAL INCOME	4030	4 480 000.00	59 267 400.00	90 187 438.86
A4 - RECEIVED TRANSFERS	4040	6 138 477 600.00	21 048 287 300.00	50 464 430 385.99
TOTAL INCOME	4050	47 318 591 700.00	66 408 534 500.00	98 592 993 097.83
RECEIPT CONSOLIDATION	4060	666 020 200.00	1 235 399 900.00	32 172 026 156.63
of which:				
2223 - Receipts from retained financial settlement between the region and municipalities	4061			1 138.36
2226 - Receipts from retained financial settlement between municipalities	4062			
2227 - Receipts from retained financial settlement between regional council, municipalities and voluntary associations of municipalities	4063			
2441 - Instalments of funds borrowed from municipalities	4070	750 000.00	750 000.00	750 000.00
2442 - Instalments of funds borrowed from regions	4080			
2443 - Instalments of funds borrowed from regional councils	4081			
2449 - Other instalments of funds borrowed from public budgets at regional level	4090			
4121 - Non-investment transfers received from municipalities	4100	3 387 000.00	6 525 200.00	7 409 395.28
4122 - Non-investment transfers received from regions	4110		697 800.00	697 772.12
4123 - Non-investment transfers received from regional councils	4111			
4129 - Other non-investment transfers received from budgets at regional level	4120			
* 4133 - Transfers from own reserve funds (other than those of structural units of the state)	4130	356 393 600.00	542 674 900.00	411 513 880.17
* 4134 - Transfers from budget accounts	4140	143 768 200.00	467 892 500.00	31 594 921 821.06
* 4139 - Other transfers from own funds	4150	165 858 400.00	224 832 500.00	165 590 455.40
4221 - Investment transfers received from municipalities	4170			
4222 - Investment transfers received from regions	4180			
4223 - Investment transfers received from regional councils	4181			
4229 - Other investments transfer received from budgets at regional level	4190			
ZJ 024 - Transfers received from the territory of another district	4191			
ZJ 025 - Instalments of borrowed funds received from the territory of another district	4192			
ZJ 028 - Transfers received from the territory of another district	4193	3 387 000.00	7 223 000.00	8 108 305.76
ZJ 029 - Instalments of borrowed funds received from the territory of another region	4194	750 000.00	750 000.00	750 000.00
TOTAL INCOME AFTER CONSOLIDATION	4200	46 652 571 500.00	65 173 134 600.00	66 420 966 941.20
A5 - CURRENT EXPENSES	4210	35 644 237 400.00	42 727 149 100.00	71 890 855 038.56
A6 - CAPITAL EXPENSES	4220	20 248 479 100.00	22 518 827 700.00	19 547 107 525.72
TOTAL EXPENSES	4240	55 892 716 500.00	65 245 976 800.00	91 437 962 564.28
CONSOLIDATION OF EXPENSES	4250	666 020 200.00	1 235 399 900.00	32 172 026 156.63
of which:				
5321 - Non-investment transfers to municipalities	4260	25 000.00	37 500.00	16 291.80
5323 - Non-investment transfers to regions	4270		11 700.00	11 700.00
5325 - Non-investment transfers to regional councils	4271			
5329 - Other non-investment transfers to public budgets at regional level	4280			
* 5342 - Transfers to funds of cultural and social needs and social funds of municipalities and regions	4281	42 043 900.00	47 761 700.00	48 155 578.29
* 5344 - Transfers to own reserve funds of regional budgets	4290	3 034 000.00	168 210 700.00	692 131 062.33
* 5345 - Transfers to own budget accounts	4300	536 609 600.00	769 833 700.00	31 099 848 259.01

IV. SUMMARY OF INCOMES, EXPENSES, FINANCING AND ITS CONSOLIDATION

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	41	42	43
* 5349 - Other transfers to own funds	4310	84 332 700.00	249 593 800.00	331 891 257.00
5366 - Expenses from retained financial settlements between the region and municipalities	4321			
5367 - Expenses from retained financial settlements between municipalities	4322			
5368 - Expenses from retained financial settlements between the regional council and the regions, munic.and voluntary assoc. of municipalities	4323			
5641 - Non-investment funds lent to municipalities	4330			
5642 - Non-investment funds lent to regions	4340			
5643 - Non-investment funds lent to regional councils	4341			
5649 - Other non-investment funds lent to public budget at regional level	4350			
6341 - Investment transfers to municipalities	4360			
6342 - Investment transfers to regions	4370			
6345 - Investment transfers to regional councils	4371			
6349 - Other investment transfers to public budget at regional level	4380			
6441 - Investment funds lent to municipalities	4400			
6442 - Investment funds lent to regions	4410			
6443 - Investment funds lent to regional councils	4411			
6449 - Other investment funds lent to public budget at regional level	4420			
ZJ 026 - Transfers provided on the territory of another district	4421			
ZJ 027 - Borrowed funds provided to the territory of another district	4422			
ZJ 035 - Transfers provided to the territory of another region	4423	25 000.00	49 200.00	27 991.80
ZJ 036 - Borrowed funds provided to te territory of another region	4424			
TOTAL EXPENSES AFTER CONSOLIDATION	4430	55 226 696 300.00	64 010 576 900.00	59 265 936 407.65
BALANCE OF INCOME AND EXPENSES AFTER CONSOLIDATION	4440	(8 574 124 800.00)	1 162 557 700.00	7 155 030 533.55
CLASS A8 - FINANCING	4450	8 574 124 800.00	(1 162 557 700.00)	(7 155 030 533.55)
CONSOLIDATION OF FINANCING	4460			
TOTAL FINANCING AFTER CONSOLIDATION	4470	8 574 124 800.00	(1 162 557 700.00)	(7 155 030 533.55)

Remark: "*" - Items marked with an asterisk enter consolidation in this specific format of the statement

VI. BANK ACCOUNTS

Name of Bank account	Row number	Opening balance 1.1.	Closing balance for monitored period	Change of balance
text	r	61	62	63
Basic current account	6010	14 340 126 794.08	20 312 660 308.70	(5 972 533 514.62)
Deposit expenses account	6020			
Current account of cash funds	6030	3 497 124 992.67	3 610 031 214.88	(112 906 222.21)
Total current accounts	6040	17 837 251 786.75	23 922 691 523.58	(6 085 439 736.83)
Bank accounts for OS limits	6050			
Receipt account	6060			

VII. SELECTED RECORD ITEMS

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	71	72	73
ZJ 024 - Transfer received from the territory of another district	7090			
Items:				
2226 - Receipts from retained financial settlement between municipalities	7092			
4121 - Non-investment transfers received from municipalities	7100			
4129 - Other non-investment transfers received from budgets at regional level	7110			
4221 - Investment transfers received from municipalities	7120			
4229 - Other investment transfers received from budgets at regional level	7130			
ZJ 025 - Instalments of borrowed funds received from territory of another district	7140			
Items:				
2441 - Instalments of funds borrowed from municipalities	7150			
2449 - Other instalments of funds borrowed from public budget at regional level	7160			
ZJ 026 - Transfers provided to the territory of another district	7170			
Items:				
5321 - Non-investment transfers to municipalities	7180			
5329 - Other non-investment transfers to public budget at regional level	7190			
5367 - Expenses from retained financial settlement between municipalities	7192			
6341 - Investment transfers to municipalities	7200			
6349 - Other investment transfers to public budget at regional level	7210			
ZJ 027 - Borrowed funds provided to the territory of another district	7220			
Items:				
5641 - Non-investment funds lent to municipalities	7230			
5649 - Other non-investment funds lent to public budget at regional level	7240			
6441 - Investment funds lent to municipalities	7250			
6449 - Other investment funds lent to public budget at regional level	7260			
ZJ 028 - Transfers received from the territory of another region	7290	3 387 000.00	7 223 000.00	8 108 305.76
Items:				
2223 - Receipts from retained financial settlement between the region and municipalities	7291			1 138.36
2226 - Receipts from retained financial settlement between municipalities	7092			
4121 - Non-investment transfers received from municipalities	7300	3 387 000.00	6 525 200.00	7 409 395.28
4122 - Non-investment transfers received from regions	7310		697 800.00	697 772.12
4129 - Other non-investment transfers received from budgets at regional level	7320			
4221 - Investment transfers received from municipalities	7330			
4222 - Investment transfers received from regions	7340			
4229 - Other investment transfers received from budgets at regional level	7350			
ZJ 029 - Instalments fo borrowed received from the territory of another region	7360	750 000.00	750 000.00	750 000.00
Items:				
2441 - Instalments of funds borrowed from municipalities	7370	750 000.00	750 000.00	750 000.00
2442 - Instalments of funds borrowed from regions	7380			
2449 - Other instalments of funds borrowed from public budgets at regional level	7390			

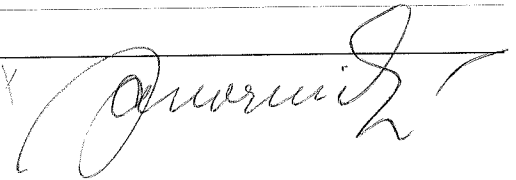
VII. SELECTED RECORD ITEMS

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	71	72	73
ZJ 035 - Transfers provided to the territory of another region	7400	25 000.00	49 200.00	27 991.80
Items:				
5321 - Non-investment transfers to municipalities	7410	25 000.00	37 500.00	16 291.80
5323 - Non-investment transfers to regions	7420		11 700.00	11 700.00
5329 - Other non-investment transfers to public budgets at regional level	7430			
5366 - Expenses from retained financial settlements between the region and municipalities	7431			
5367 - Expenses from retained financial settlements between municipalities	7192			
6341 - Investment transfers to municipalities	7440			
6342 - Investment transfers to regions	7450			
6349 - Other investment transfers to public budgets at regional level	7460			
ZJ 036 - Borrowed funds provided to the territory of another region	7470			
Items:				
5641 - Non-investment funds lent to municipalities	7480			
5642 - Non-investment funds lent to regions	7490			
5649 - Other non-investment funds lent to public budgets at regional level	7500			
6441 - Investment funds lent to municipalities	7510			
6442 - Investment funds lent to regions	7520			
6449 - Other investment funds lent to public budgets at regional level	7530			

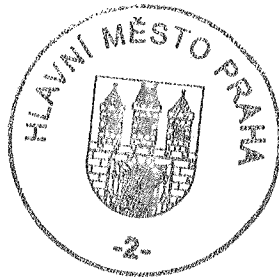
Date mailed:

Stamp:

Signature of the head of the accounting unit:



Date delivered:



Person responsible for the presented figures

budget:

Phone:

actual:

Melkesova' Mull'!

Phone: 236 00 23 23

ANNEX TO FINAL ACCOUNTS

of structural units of the state, regional self-government administrative units, institutions receiving contributions from the state budget and regional councils

(in thousands CZK) - version for regional self-government administrative units

Period: **12 / 2008**

Company Identification No.: **SOR 200**

Name of accounting unit: **HLAVNÍ MĚSTO PRAHA - CELKEM**

1. INFORMATION following from the provisions of Sections 18 and 19 of Act No. 563/1991 Coll., on Accounting

- to be specified by the accounting unit in a separate annex

2. INFORMATION on the state of items according to Annex 3 to Decree No. 505/2002 Coll.

2.1. Items 1 through 19, 50 and 51 shall be shown as of the moment of compiling the interim final accounts or the balance sheet date organized as follows:

Name of item		Item number	Opening balance(1.1.) 1	Actual balance 2
Total subsidies for fixed assets from the state budget	(from the AA to account 346)	1	X	
of which: system subsidies for fixed assets		2	X	
of which: research and development		3	X	
employee training		4	X	
informatics		5	X	
individual subsidies for nominal shares		6	X	
Funds for fixed assets received from abroad	(from the AA to account 916)	7	X	
Total subsidies received for fixed assets from the budget of regional self-government administrative units	(from the AA to account 348)	8	X	
Contributions and subsidies received for operation from the state budget	(from the AA to account 691)	9	X	
of which: contributions received for operation from the founder	(from the AA to account 691)	10	X	
of which: research and development		11	X	
employee training		12	X	
informatics		13	X	
subsidies received for non-investment costs related to financing programmes registered in ISPROFIN from the founder	(from the AA to account 691)	14	X	
funds received for research and development from providers other than the founder	(from the AA to account 691)	15	X	
Funds received for research and development from budgets of regional self-government administrative units	(from the AA to account 691)	16	X	
Funds received for research and development from addressees of specific support	(from the AA to account 691)	17	X	
Funds received for operations from abroad	(from the AA to account 691)	18	X	
Total contributions and subsidies received for operations from the budget of regional self-government administrative units	(from the AA to account 691)	19	X	
Contributions and subsidies received for operations from the budget of state funds	(from the AA to account 691)	50	X	
Total subsidies received for fixed assets from the budget of state funds		51	X	659 544,07

2. II. Items 20 through 49, 52, 53 and 54 shall be shown as of January 1 and as of the moment of compiling the interim final accounts or the balance sheet date organized as follows:

<i>Name of item</i>	<i>Item number</i>	<i>Opening balance(1.1.)</i> 1	<i>Actual balance</i> 2
Provided reimbursable financial assistance between budgets - to the regional authority	(account 271) 20		
Provided reimbursable financial assistance between budgets - to the municipality	(account 271) 21	155 112,87	17 395,31
Received reimbursable financial assistance between budgets - from the state budget	(account 272) 22	38 765,85	34 385,85
Received reimbursable financial assistance between budgets - from the regional authority	(account 272) 23		
Received reimbursable financial assistance between budgets - from the municipality	(account 272) 24	157 985,12	16 395,31
Received reimbursable financial assistance between budgets - from the state funds	(account 272) 25	109 995,67	40 392,60
Received reimbursable financial assistance between budgets - from other public budgets	(account 272) 26		
Provided temporary assistances to institutions receiving contributions from the state budget - by a structural unit of the state	(account 273) 27		
Provided temporary assistance to institutions receiving contributions from the state budget - by a regional authority	(account 273) 28		
Provided temporary assistance to institutions receiving contributions from the state budget - by a municipality	(account 273) 29	47 530,00	
Current domestic bank loans	(account 281) 30	15 000,00	10 000,00
Current foreign bank loans	(account 281) 31		
Short-term bonds issued domestically	(account 283) 32		
Short-term bonds issued abroad	(account 283) 33		
Other domestic current liabilities (financial assistance)	(account 289) 34		
Other foreign current liabilities (financial assistance)	(account 289) 35		
Domestic bills of exchange to be paid	(account 322) 36		
Foreign bills of exchange to be paid	(account 322) 37		
Long-term domestic bank credits	(account 951) 38	3 896 654,64	3 878 685,57
Long-term foreign bank credits	(account 951) 39	12 642 779,34	12 328 015,45
Domestic bonds issued	(account 953) 40	5 000 000,00	5 000 000,00
Foreign bonds issued	(account 953) 41	9 849 400,00	9 964 100,00
Domestic long-term bills of exchange to be paid	(account 958) 42		
Foreign long-term bills of exchange to be paid	(account 958) 43		
Other domestic long-term liabilities	(account 959) 44	1 159 580,78	1 129 992,38
Other foreign long-term liabilities	(account 959) 45		
Total purchased bonds and bills of exchange to be collected	(from the AA 063,253and312) 46	895 270,49	951 997,65
of which: current bonds and bills of exchange of regional self-government administrative units	(from the AA 253and312) 47	92 808,31	315 327,75
municipal bonds of regional self-government administrative units	(from AA 063) 48		
other bonds and bills of exchange of public budgets	(from AA 063,253,312) 49		
Due liabilities from insurance for social security and contribution to the state employment policy	52	66 164,88	83 603,35
Due liabilities from public health insurance	53	29 388,85	37 825,82
Recorded tax arrears with revenue bodies of local competency	54	1 501 173,39	1 131 774,73

2. III. Structural units of the state show the state of items Nos. 20, 21 and 27 of the annex to the final accounts. The ministries, being structural units of the state, show also the state of items Nos. 46 through 49 of the annex to the final accounts. Regional self-government administrative units show the state of items Nos. 20 through 49 of the annex to the final accounts. Institutions receiving contributions from the state budget show the state of items Nos. 1 through 19, 30 and 31, 34 and 35, 38 and 39 of the annex to the final accounts. The state of item No. 50 is shown by institutions receiving contributions from the state budget. The states of items Nos. 51 through 54 are shown by regional self-government administrative units, institutions receiving contributions from the state budget, state funds and structural units of the state.

3. OTHER FIGURES not included in part 1 or 2 of the annex to the final accounts, which are important for evaluation of property and legal condition and decisive for management of the accounting unit or which are determined by implementary regulations or the founder.

- to be specified by the accounting unit in a separate annex

Explanatory notes: AA - analytical account

** End of report **

3. DALŠÍ ÚDAJE, které nejsou obsaženy v části 1. nebo 2. přílohy účetní závěrky, které jsou podstatné pro posouzení majetkoprávní situace a které jsou rozhodující pro hospodaření účetní jednotky nebo které stanoví prováděcí předpis nebo zřizovatel.

Informace o stavu jednotlivých položek knihy podrozvahových účtů (§ 24, odst. 4 vyhl. 505/2002 Sb.):

SU	AU	Název účtu	Stav k 1. lednu	Stav k rozvahovému dni
			1	2
971	00		127 680 030,10	142 867 394,66
971	01		249 175 358,45	143 499 744,63
971	02		37 367 118,68	1 384 097,00
971	03		2 243 059,00	2 796 058,00
971	04		7 702,00-	7 702,00-
971	05		1 160 781,44	1 160 781,44
971	06		90 260,96	66 573,96
971	07		39 078 675,24	38 475 883,59
971	08		93 367,30	95 859,20
971	09		54 804,00	54 804,00
971	10		4 706 579,92	4 710 614,15
971	11		942 598,93	1 084 618,93
971	12			139 992,60
971	14			144 857,62
971	20		2 238 003,26	2 238 003,26
971	25			115,00-
971	26		4 540,13	4 540,13
971	30		1 877 107,98	1 877 107,98
971	40		9 556 194,95	9 556 194,95
971	50		13 450,00	605 254,10
971	71			1 922 525,80
971	90		3 467 796,97	2 444 885,77
971			479 742 025,31	355 121 974,77
972	00		24 960 762,83	21 488 260,78
972	01		4 294 759,68	3 062 011,27
972	02		1 702 797,26	2 265 100,05
972	03		70 341,00	1 110 634,00
972	04		1 548 233,60	7 999 279,30
972	05		20 439 258,00	20 352 892,51
972	06		9 112 261,11	11 861 804,94
972	07		9 654 735,04	11 528 448,58
972	08		1 648 484,11	7 167 047,41
972	09		28 084,00	797 517,81
972	10		214 230 310,96	212 590 645,32
972	11		6 986,60	4 202,00
972	13		3 200,00	3 200,00
972	14		10 465,00	10 465,00
972	15		178 644,10	197 274,10
972	16		427 974,71	1 033 894,34
972	17		65 504,00	65 504,00
972	18		64 111,11	80 289,61
972	19		5 500,00	5 500,00
972	20		588 554,69	583 987,74
972	21			476 280,00
972	22			2 634 761,00
972	23			23 688,00
972	25		37 755,00	208 228,00

972 26		1 876,00
972 27	46 666,70	46 666,70
972 28	26 547,00	26 547,00
972 30	34 345,00	34 345,00
972 31	2 000,00	2 000,00
972 32	8 210,00	8 210,00
972 33	2 788,00	2 788,00
972 39	1 000,00	1 000,00
972 40	7 360 144,41	7 424 117,49
972 41	12 417,00	12 417,00
972 43	53 200,00	53 200,00
972 44	2 137 860,84	2 175 247,19
972 50	947 632,63	974 489,23
972 55	173 302,70	197 077,06
972 71	217 691,93	220 586,73
972 72	547 450,04	934 107,44
972 77	8 713,05	8 713,05
972 78	35 436,00	44 733,20
972	300 694 128,10	317 719 036,85
973 00	8 529 576,43	9 721 702,18
973 01	11 498 912,03	12 793 026,40
973 02		101 969,70
973 03		1 759 532,69
973 06	5 706,00	5 706,00
973 07	4 870,00	
973 08		63 070,00
973 09	248 293,10	248 293,10
973 10	2 883 161,69	3 143 810,43
973 14	21 410,91	21 410,91
973 19	690,00	690,00
973 21	2 610 806,00	2 126 694,00
973 28	3 982 088,00	4 674 789,00
973 31	1 643 518,00	1 457 750,00
973 39	2 828,00	20 071,00
973 41	1 508,00	1 508,00
973 42	627,00	2 417,00
973 58	1 440,00	1 440,00
973 71	8 944,00	22 360,00
973 72	10 512,00	26 280,00
973	31 454 891,16	36 192 520,41
974 00	9 110 286,01	8 732 540,98
974 01	121 437,58	652 592,81
974 10	92 104 631,00	92 104 632,00
974 11	5 000,00	5 000,00
974 12	304 604,90	304 604,90
974 13	272 571,00	272 571,00
974 14	342 858 716,43	171 600 409,30
974 15	1 799 500,00	1 799 500,00
974 16	5 500,00	5 500,00
974 17	2 580 775,20	2 580 775,20
974 20	994 620,16	994 620,16
974 21	3 112,99	3 112,99
974 25	577 542,28	571 286,28
974	450 738 297,55	279 627 145,62

975 00	6 155 080,81	9 485 186,91
975 01	2 205 824,02	1 464 716 833,04-
975 02	138 340,22	14 194 200,64
975 10	177 323 373,43	187 600 665,21
975 18	353 852,80	2 133 588,00
975 28		10 820 000,00
975 41	22 278,50	
975	186 198 749,78	1 240 483 192,28-
976 00	4 389 070,26	12 552 418,80
976 01	9 908 000,66	10 346 691,71
976 02	1 478 191,94	1 445 860,24
976 10	1 414 755,97	1 701 971,37
976 18	215 677,80	6 003 882,40-
976 76		110 304,60
976 81		2 270,00-
976	17 405 696,63	20 151 094,32
977 00	745 554,35	771 468,85
977 01	5 484 169,90	5 812 393,90
977 02	323 700,00	323 700,00
977 03		11 827,20
977 04		111,00
977 05		3,00
977 10		1 442 731,79
977 20		6 000 000,00
977 30	128 155,74	147 388,79
977 37		354 720,00
977 40		173 153,43
977 73	30 778,00	
977	6 712 357,99	15 037 497,96
978 00	7 668 301,71	10 602 968,23
978 01	494 954,00	494 954,00
978 10	102 253 821,75	102 253 821,75
978 21	1 932 665,00	1 932 665,00
978 31	8 088 238,00	5 846 479,00
978 40	4 006,00	4 006,00
978 48	846 850,16	761 935,31
978 49	64,00	97 104,00
978 50	313 300,00	155 000,00
978 51		63 807,00
978 52		181 433,70
978 53		3 364 689,00
978 54		104 366,84
978 55		645 516,00
978 78	7 579 110,00	7 579 110,00
978	129 181 310,62	134 087 855,83
979 00	41 385 616,10	49 912 841,50
979 79	6 404 564,00	6 404 564,00
979	47 790 180,10	56 317 405,50
980 00	190 591 895,75	190 494 648,25
980 10	149 781,60-	149 781,60-
980 20	20 533 515,00	3 425 234,00
980	210 975 629,15	193 770 100,65
981 00	7 098 765,00	7 104 066,00
981 01	1 253 200 542,56	1 263 414 376,56

981 02	826 431 032,92-	820 399 253,42-
981 03	487 145,79	1 559 103,29
981 04	43 492 414,64	46 617 842,64
981 10	491 127 948,40	553 720 169,25
981 20	98 323 206,11	98 321 736,11
981 28	2 630 994,50	2 967 040,80
981 30	110 252 618,00	110 032 615,00
981 40	197 023,00	188 959,00
981 50	12 774 472,81	13 188 648,09
981 55		28 560,00
981 56		28 560,00
981 60	31 110,00	31 110,00
981 70		116 700,00
981 80		33 660,00
981 90		13 860,00
981	1 193 185 207,89	1 276 967 753,32
982 00	19 233 679,59	22 148 566,79
982 01	80 000,00	80 000,00
982 10	900 000,00	900 000,00
982 20	3 191 790,00	3 191 790,00
982	23 405 469,59	26 320 356,79
983 00	48 007 783,33	51 512 463,33
983 10	3 084 771,50	
983 11	317 884,96	317 884,96
983 12	60 714,00	60 714,00
983 13	2 994 172,60	2 994 172,60
983 83		3 084 771,50
983	54 465 326,39	57 970 006,39
984 00	40 522 110,62	208 684 675,92
984 01	689 026 572,42-	5 383 578 022,22-
984 02	175 166,00-	172 850 900,00
984 03	87 166 797,92-	5 387 836 720,00-
984 04	50 159 159,50-	100 287 389,00
984 05	9 648 400,00	3 624 939 853,00-
984 06	265 749 143,30-	100 020 323,70
984 07	156 855 676,00	3 294 970 700,00-
984 08	19 512 117,19	200 324 818,83
984 09	12 520 365,00-	6 920 000 000,00-
984 10	4 019 212,00	
984 11	50 457 137,00-	
984 12	134 324 875,00-	
984 13	59 297 671,00-	
984 20	1 452 206,56	469 298,56
984 30	620 803,00	620 803,00
984	1 116 246 361,77-	23 828 067 086,21-
985 00	565 955,38	83 107 850,17
985 01	16 674 922,98-	17 323 154,98-
985 02	2 779 566,43	2 866 657,50
985 10	138 619,15	15 290,00
985	13 190 782,02-	68 666 642,69
986 00	2 216 341,04	2 216 341,04
986	2 216 341,04	2 216 341,04
987 00	29 990,00	29 990,00
987 01	8 501,52	8 501,52

987 02	72 246,12	71 746,12
987 03	12 480,00	12 480,00
987 05	197 090,70	194 979,25
987 07	263 117,95	253 574,15
987 08	167 235,99	167 235,99
987 09		21 787,00
987 10	81 250,00	81 250,00
987 21	16 000,00	16 000,00
987 22	17 760,00	17 760,00
987	865 672,28	875 304,03
988 10	20 375 960,00-	20 375 960,00-
988	20 375 960,00-	20 375 960,00-
989 00	5 395,00	
989 01	14 990,00	14 990,00
989 02	2 420 495,19	2 714 338,90
989 03	488 781,20	488 781,20
989 04	8 048,00	3 059,00
989 05	60 128,14	60 128,14
989 06	46 692,00	46 692,00
989 07	155 190,30	155 190,30
989 09	870 201,92	974 114,85
989 10	74 542,38	74 542,38
989 11	75 616,00	81 586,00
989 12	2 135 761,36	2 168 401,36
989 15	101 841,20	101 841,20
989 16	215 150,86	221 198,72
989 17	258 420,47	350 640,79
989 18		5 737,00
989	6 931 254,02	7 461 241,84
990 00	1 885 700,00	542 500,00
990 19	6 938 931,78	7 124 491,04
990 24	451 943,78	475 967,19
990	9 276 575,56	8 142 958,23
991 00	1 531 048,10	1 531 048,10
991 01	34 938 091,81-	
991 10	5 449 300,10	5 449 300,10
991 17	12 771,00	12 771,00
991 20	4 920,00	4 920,00
991 24	1 619 787,04	1 733 861,02
991 30	2 300,00	2 300,00
991 35	4 212 229,39	
991 39	35 089,00	34 289,00
991 40	213 004,10	265 479,30
991 43	18 819 301,30	18 804 062,30
991 44	5 491,00	5 491,00
991 50	174,00	210,00
991 51		21,00-
991 54		
991 64	5 000,00	
991 68	10 462,50	
991 69	10 462,50	
991 70	34 349,00	
991 71	7 600,00	
991 72	5 700,00	

991 73	7 600,00	143 339,00
991 74	57 000,00	
991 75		86 005,05
991 76		76 254,00
991 77		10 478 330,64
991 80		34 200,00
991 81		7 600,00
991 82		5 700,00
991 83		7 819,00
991 84		57 000,00
991 91	5 812,50	2 081,00-
991	2 888 690,28-	38 737 877,51
992 00	5 083 126,01	5 104 126,01
992 01	19 093,00	19 093,00
992 02	5 226 382,43	5 560 066,31
992 12		1 022 911,20
992	10 328 601,44	11 706 196,52
993 00	11 078 518,34	10 196 871,64
993 01	237 908,74	237 908,74
993 04	119 884,69	119 884,69
993 08		89 236 816,00
993 10	25 450,00	25 450,00
993 30	89 884,73	89 884,73
993	11 551 646,50	99 906 815,80
994 00	23 883 814,23	40 734 693,95
994 01	22 163 236,00	24 531 490,00
994 02		196 960,00
994 03		51 600,00
994 04		89 777,50
994 05		166 474,83
994 06		13 750,10
994 07	249 312,00	493 077,61
994 08		1 091 988,94
994 13	32 896 913,30	32 896 913,30
994 28	7 514,00	
994	79 200 789,53	100 266 726,23
995 00	25 560 396,76	16 323 210,01
995 01	2 701 971,30	2 774 875,30
995 02	111 882 144,00	111 219 225,00
995 07	834 006,00	834 006,00
995 08	280 720,29	280 720,29
995 09	9 136 932,15	9 131 334,00
995 10		
995 11		20 000,00
995 12	432 500,00	432 500,00
995 18		679 076,40
995 22	320 000,00	320 000,00
995 23	2 657 381,00	2 657 381,00
995 30		
995 98		8 091 927,35
995	153 806 051,50	152 764 255,35
996 00	1 208 019,26	1 134 223,72
996 01	74 016,12	68 226,24
996 10	7 826,00	7 826,00

996 18		2 912 007,60
996	1 289 861,38	4 122 283,56
997 00	2 900 963,13	3 045 835,03
997 01	907 917,00	907 917,00
997 02	9 297 294,10	2 888 873,10
997 03	1 704 386,00	1 704 386,00
997 04	795 221,00	795 221,00
997 05	318 531,00	318 531,00
997 06	1 866 328,00	
997 07		
997 08		
997 09	211,00	80,00-
997 10	10 730 442,49	12 802 966,69
997 11	265 515,00	943 283,00
997 12		512 686,00
997 13		928 205,00
997 14		
997 15		
997 19	1 407,00-	
997 20	3 757 830,85	6 718 670,25
997 25	937,00	
997 26	1 407,00	
997 28	283,00	
997 29	2 412,00	
997 30	9 999 121,00	10 065 800,00
997 31	879,00	
997 40	533 726,20	519 449,48
997 60	3 400,00	3 400,00
997 61	5 511 744,00	3 605 520,00
997 63	1 791 783,00	
997 64	961 182,24	961 182,24
997 70	245 000,00	245 000,00
997 71	3 134 578,40	1 222 493,60
997 72		
997 80		10 000,00
997	54 729 685,41	48 199 339,39
998 01	246 810,90	246 810,90
998 05		
998 10	6 100,00	6 100,00
998 71	187 074,00-	182 439,38-
998 72		
998	65 836,90	70 471,52
Celkem	2 309 509 791,75	21 776 507 036,37-

- ostatní údaje účetní jednotka uvede v samostatné příloze

* Konec sestavy *

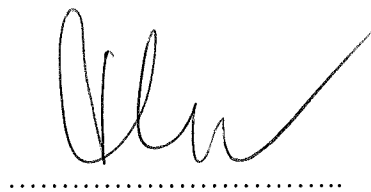
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Name: Hlavní město Praha
Registered Office: Mariánské náměstí 2, Prague 1, 110 01
Legal Status: Territorial Self-Governing Unit



.....

P. Bém
Mayor of the Capital City of Prague



.....

M. Trnka
Chief Executive of the Metropolitan Authority

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1. GENERAL INFORMATION

The Capital City of Prague (hereinafter the “City”) is a public service corporation which holds its own assets, has its own income and prepares its own budget. In legal relations, the City acts on its own behalf and holds responsibility for these relations.

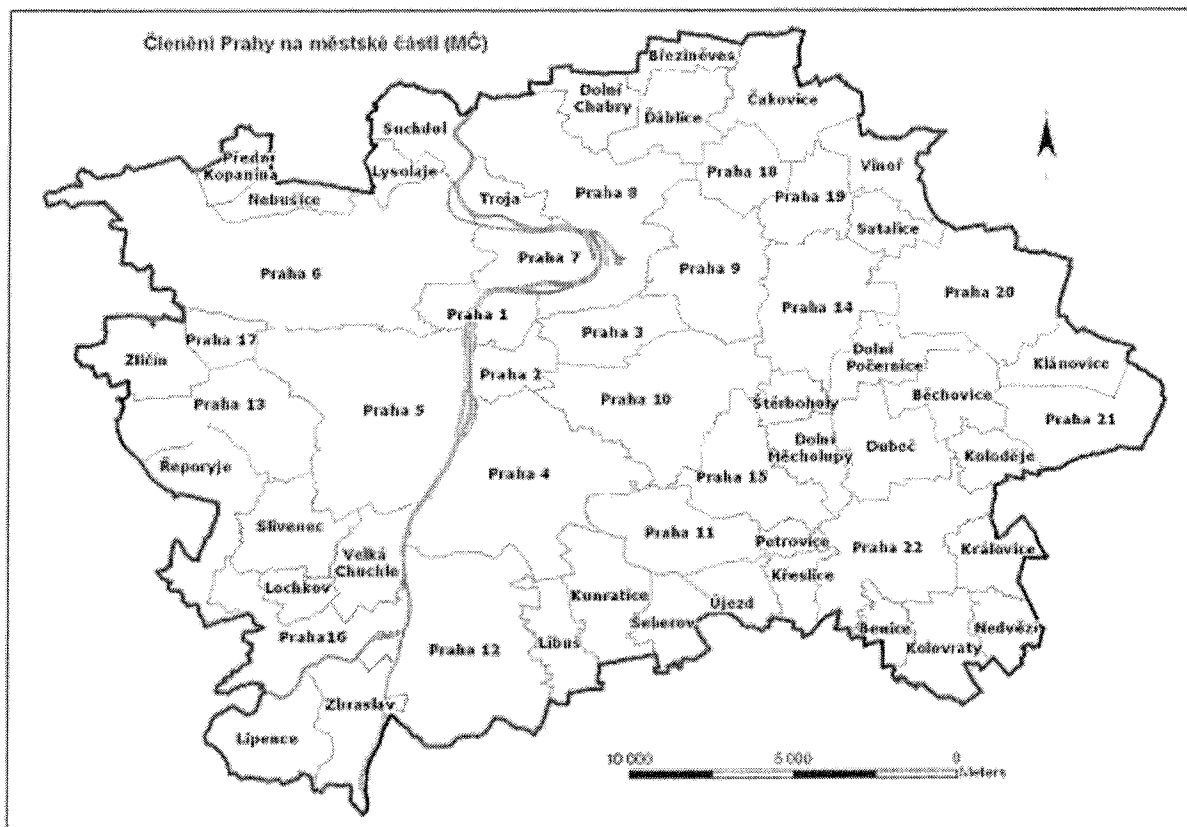
The territory of the City is a unique administrative and autonomous unit – the Capital City of Prague. It is divided into 22 administrative districts and 57 boroughs on a territorial basis (hereinafter the “boroughs”).

General information	Description
Area	<ul style="list-style-type: none"> • 496 km²
Population	<ul style="list-style-type: none"> • 1,184,075
Geographical location	<ul style="list-style-type: none"> • 50°05'19" north latitude (city centre) • 14°25'17" east longitude • The “Prague meridian” runs through Prague, it is represented by a differently paved line at Staroměstské náměstí close to the Jan Hus monument (14°25'17" east longitude)
Principal river	<ul style="list-style-type: none"> • The length of the Vltava river running through the City is 31 km • The widest part of the river - 330 m • There are nine islands in the river
Bridges over the Vltava river	<ul style="list-style-type: none"> • Downstream - Závodu míru, Branický, Barrandovský, Železniční, Palackého, Jiráskův, Legií, Karlův, Mánesův, Čechův, Štefánikův, Hlávkův, Negrelliho viadukt, Libeňský, Holešovický železniční, Barikádníků, Holešovický tramvajový, Trojská lávka • A total of 18 bridges
Historical town	<ul style="list-style-type: none"> • Hradčany, Malá Strana, Staré Město including Josefov, Nové Město and Vyšehrad • The historical centre of the City is the Prague heritage locality having the area of 866 ha. In December 1992, the historical centre of Prague was registered in the UNESCO.
Number of towers and spires	<ul style="list-style-type: none"> • Approximately 500
Parks and gardens	<ul style="list-style-type: none"> • 870 ha

The tasks that are within the remit of the City are fulfilled by the City in the scope defined by the Act on the Capital City of Prague or a special act and in the scope reflecting the needs of the City.

The tasks that are within the remit of the boroughs are fulfilled by the boroughs in the scope defined by the Act on the Capital City of Prague or by a special act and the Charter of the City and in the scope reflecting the needs of the boroughs.

Boroughs



Organisational Structure of the City

The City is administered by the City Council. Other bodies include the Board of the Council, the Mayor of the City, Metropolitan Authority, Special Bodies of the City and the City Police.

The City Council

In accordance with the law, the City Council has 55 – 70 members. Currently, the City Council has 70 members. Members are elected by the citizens of the City of Prague in the municipal election as representatives of political parties based on the proportional representation system.

For the 2006 – 2010 election period the following political parties are represented on the City Council: Civil Democrats (ODS), Social Democrats (ČSSD), European Democrats (SNK ED), the Green Party (SZ) and the Communist Party (KSČM).

Composition of the City Council

Political party	Name
Civil Democrats	Lenka Alinčová, Michaela Bartáková, Ivan Bednář, Pavel Bém, Rudolf Blažek, Filip Dvořák, Miroslav Froněk, Miloš Gregar, Pavel Hurda, Tomáš Chalupa, Tomáš Chvála, Milan Jančík, Jiří Janeček, Tomáš Kaštovský, Pavel Klega, Ladislav Kouba, Marie Kousalíková, Petr Kužel, Martin Langmajer, Radek Lohynský, Vladislav Mareček, Miloslav Mihálik, Dalibor Mlejnský, Josef Nosek, Ondřej Pecha, Milan Pešák, Antonín Ptáček, Milan Richter, Zbyněk Richter, Marcel Rückl, Alena Samková, František Stádník, Jan Svátek, Martina Šandová, Ladislav Šilha, Štěpán Šlosár, Radovan Šteiner, Petr Valenta, Tomáš Vavřinec, David Vodrážka, Bohumil Zoufalík, Pavel Žďárský
European Democrats	Tomáš Homola, Markéta Reedová, Jana Ryšlinková, Jiří Witzany
Social Democrats	František Adámek, Karel Březina, Lubomír Habrnal, Hana Halová, Daniel Hodek, Petr Hulínský, Jan Choděra, Karel Klíma, Miloslav Ludvík, Miroslav Poche, Jan Slezák, Antonín Weinert
Communist Party	Pavel Ambrož, František Hoffman, Milan Macek, Viktor Pázler, Marta Semelová, Petr Zajíček
Green Party	Zuzana Drhová, Karel Jech, Petra Kolínská, Iva Kotvová, Petr Štěpánek, Eva Tylová

The City Council usually holds meetings on a monthly basis, or as and when needed. Its meetings are open to the public. Minutes are taken during the meetings and these are available to the public.

The City Council makes decisions with regard to matters that are included within the standalone remit of the City.

The following activities lie, *inter alia*, within the remit of the City Council:

- Presenting bills to the Chamber of Deputies;
- Presenting proposals to the Constitutional Court to revoke other legal regulations if they are in breach of legislation;
- Approving, subject to discussion with city boroughs, the City's budget and the City's closing account;
- Approving, subject to discussion with city boroughs, a territorial plan;
- Approving, subject to discussion with city boroughs, and implementing the City's development programme; and
- Appointing the Mayor of the City, his or her deputies and other members of the Board (councillors) and recalling them.

The exact definition of the decision making of the City Council is stipulated by Act no. 131/2000 Coll., on the City of Prague, as amended.

The set of budgets of the City and boroughs for the year ended 31 December 2008 was approved by the City Council by Resolution No. 17/2 dated 29 May 2008 as follows:

	(CZK thousand)		
Budget	Total City	City itself	Boroughs
Receipts	46 652 571	37 203 115	9 449 456
Disbursements	55 226 696	44 589 865	10 636 831
Anticipated deficit	-8 574 125	-7 386 750	-1 187 375
Financing	8 574 125	7 386 750	1 187 375

The City itself includes the set of the following accounting units: the cost centre “Metropolitan Authority”, “Receipts”, “Taxable activity“, “Taxes, Charges and Prices Division“, “City Investor Division“, ”Technical Administration of Roads“ and “City Police“.

The members of the City Council declare that their activities over their incumbency periods are governed by the oath of a member of the City Council.

The members of the City Council perceive their incumbencies as a public service to citizens who entrusted them with the right of representation in the administration of the City. The member of the City Council assumes the responsibility, both moral and legal, for his/her activities over his/her incumbency period, and his/her activities are voluntarily governed by, *inter alia*, the Code of Ethics.

The City Council establishes committees as its consultation bodies for individual segments of its activities. The committees submit their opinions and proposals to the City Council, or to the Board of the City Council in issues that were delegated to the Board.

Committees established by the City Council

Name	Established on
Finance	1 Dec 2006
Control	1 Dec 2006
Education	1 Dec 2006
Infrastructure	1 Dec 2006
Economic policy	1 Dec 2006
Foreign affairs	1 Dec 2006
Monument preservation and tourism	1 Dec 2006
Culture and leisure	1 Dec 2006
Security	1 Dec 2006
Environment	1 Dec 2006
Urban development	1 Dec 2006
Transportation	1 Dec 2006
Social affairs	1 Dec 2006
Healthcare	1 Dec 2006
Information technology and public administration	1 Dec 2006
EU funds	1 Dec 2006
Housing policy	1 Dec 2006

The committees fulfil the tasks that were delegated to them by the City Council. The Board of the City Council can assign tasks to the committees only in the scope of its remit defined by the law or by the City Council. The committees report to the City Council; and to the Board of the City Council only within its defined remit.

The City Council elects the chairmen of committees from the members of the City Council, members of the committees from among the members of the City Council and citizens of the City; and the secretary of the committee from among the employees of the City included in the Metropolitan Authority.

The City Council establishes the finance, control and education committees.

The Mayor, the Deputy Mayor, the Chief Executive of the Metropolitan Authority or persons carrying out budgetary and accounting work at the Metropolitan Authority cannot become members of the finance and control committees.

Finance Committee

- Reviews the management of assets and funds of the City; and
- Fulfils other tasks delegated by the City Council.

Control Committee

- Reviews compliance with the resolutions of the City Council and the Board of the City Council;
- Reviews compliance with legal provisions by other committees and the Metropolitan Authority within the standalone remit; and
- Fulfils other review tasks delegated by the City Council.

Education Committee

- Assesses and takes a view on proposals of the educational development concept in the City;
- Submits proposals for the enhancement of the quality of education provided by schools and school institutions, or pre-school institutions operated by the City;
- Comments on the intended provision of grants with respect to young people, physical education and sport;
- Discusses reports on the results of educational activities provided by schools, school institutions and pre-school institutions operated by the City; and
- Fulfils other tasks related to education as delegated by the City Council.

Board of the City Council

The Board of the City Council has 11 members and is elected by the City Council. The members are the Mayor of the City, 4 Deputy Mayors and 6 councillors.

Composition of the Board of the City Council

Name	Position	Political party	Remit
Pavel Bém	Mayor	Civil Democrats	Financial, sports and public relations policy
Rudolf Blažek	First Deputy Mayor	Civil Democrats	Legislative, legal and security issues
Pavel Klega	Deputy Mayor	Civil Democrats	Economic policy
Marie Kousalíková	Deputy Mayor	Civil Democrats	Prague education and leisure system
Markéta Reedová	Deputy Mayor	European Democrats	Foreign affairs, EU funds and anti-corruption measures
Jiří Janeček	Councillor	Civil Democrats	Housing policy, inventory counts and administration of assets, social care and national minorities
Martin Langmajer	Councillor	Civil Democrats	Urban development
Milan Pešák	Councillor	Civil Democrats	Health care
Milan Richter	Councillor	Civil Democrats	Culture, tourist and congress industry, churches and religious organisations, leisure, preservation of monuments, exhibitions and trade fairs in the City of Prague
Radovan Šteiner	Councillor	Civil Democrats	Transportation
Petr Štěpánek	Councillor	Greens	Environment, waste management, water management

The Board is the executive body of the City within a standalone remit. The Board prepares proposals to be discussed by the City Council and ensures implementation of the resolutions adopted by the City Council.

The Board meets on Tuesdays, or as and when needed, and the meetings are not open to the public. Minutes are taken during the meeting and these are available to the public. The Board of the City Council reports to the City Council.

The following activities lie, *inter alia*, within the remit of the Board of the City Council:

- Overseeing the economic activities of the City in accordance with the approved budget;
- Implementing budgetary measures within the scope determined by the City Council;
- Making decisions with respect to the provisions of grants;
- Acting in the capacity of the General Meeting provided the City as the sole shareholder or owner;
- Establishing rules for accepting and dealing with petitions and complaints;
- At the suggestion of the Chief Executive of the Metropolitan Authority, establishing or cancelling departments of the Metropolitan Authority and issuing the organisational rules of the Metropolitan Authority; and
- Making decisions on the appointment or recalling of the heads of the departments of the Metropolitan Authority.

The exact definition of the decision making of the Board of the City Council is stipulated by Act No. 131/2000 Coll., on the City of Prague, as amended.

The Board of the City Council establishes commissions as its initiative and consulting bodies. The commissions submit their views and proposals to the Board of the City Council.

Commissions Established by the Board of the City Council

Name	Type	Established
Commission for the preparation of a new territorial plan for the City of Prague	temporary	1 May 2008
Commission for coordination of transportation development in central Prague	permanent	1 April 2008
Commission for the preparation of an amendment to the Act on the Capital City of Prague and the Charter of the Capital, as amended, with the purpose of simplifying the public administration system in the Capital City of Prague	temporary	15 Jan 2008
Commission for allocating grants of the Capital City of Prague for culture and arts for 2009	temporary	19 Nov 2008
Commission for the assessment of the public tender for graphic designs for the single visual presentation of the Capital City of Prague at the Prague Airport	temporary	17 Oct 2008
Commission for the preparation of the "Green Belt of Prague" strategic plan	temporary	30 April 2008
Stocktaking commission	permanent	16 Jan 2007
Topographical commission	permanent	27 Feb 2007
Legal commission	permanent	27 Feb 2007
Commission for bicycle transportation	permanent	16 Jan 2007
Commission for the honorary citizenship of the City and awards of the City	permanent	16 Jan 2007
Commission for the evaluation of the proposals for the tender "Urban development of Rohanský ostrov in relation to the lease and subsequent sale of plots of land"	temporary	1 Sept 2007
Commission for the implementation of the integrated programme of reducing emissions and improvement of air quality	permanent	27 Feb 2007
Commission for national minorities and integrating foreigners living in the City and for the provision of grants in this sector	permanent	16 Jan 2007
Commission for the prevention of crime in the City	permanent	16 Jan 2007
Commission for the project of constructing an entertainment park by connecting the ZOO, botanical garden and the Troja Castle	temporary	27 Feb 2007
Commission for the preparation of the City application to organise the summer Olympic Games in 2016, or 2020	permanent	15 March 2007
Commission for dealing with taxi services	permanent	16 Jan 2007
Commission for the transparent public administration	permanent	16 Jan 2007
Commission for the provision of grants for the citywide programmes for the support of education in the City	permanent	16 Jan 2007
Commission for the provision of grants of the City for culture and art	permanent	16 Jan 2007
Commission for the provision of grants for tourism	permanent	16 Jan 2007
Commission for the provision of grants for social affairs	permanent	16 Jan 2007
Commission for the provision of grants for sport and physical education	permanent	16 Jan 2007
Commission for the provision of grants for the leisure time of children	permanent	16 Jan 2007
Commission for the provision of grants for healthcare	permanent	16 Jan 2007
Commission for the provision of grants for the environment	temporary	27 Feb 2007
Commission for the provision of grants to owners of historically significant buildings and contributions for the funding of repairs of church buildings	permanent	16 Jan 2007
Commission for the selection the head of the subsidised organisation Prague Information Service (p.o. Pražská informační služba)	temporary	27 Nov 2007
Commission for the selection of the head of the subsidised organisation Domov důchodců Praha 4 - Háje	temporary	30 Nov 2007
Property Commission of the Board of the City Council	permanent	16 Jan 2007
Drug prevention commission	permanent	16 Jan 2007
Editorial board of the City magazine (Listy HMP)	permanent	16 Jan 2007

The Mayor of the City

Since November 2002, Pavel Bém has been the Mayor of the City (hereinafter the "Mayor").

The Mayor reports to the City Council. The Mayor represents the City. The Mayor can carry out the legal acts that require the approval of the City Council or the Board of the City Council only after their approval.

The Mayor is the local governor, unless the applicable legislation states otherwise.

The Mayor summons and presides over the meetings of the City Council and the Board of the City Council and signs, together with verifiers, the minutes of the meetings.

Metropolitan Authority

The Metropolitan Authority is run by the Chief Executive to whom all of the City's employees included in the Metropolitan Authority report. The Chief Executive is appointed and recalled by the Mayor subject to the prior consent of the Interior Minister.

In 2008, Martin Trnka was the Chief Executive of the Metropolitan Authority.

The Chief Executive of the Metropolitan Authority cannot be active in political parties or political movements. He cannot hold the position of a senator, deputy or the member of the City Council and Borough Council.

The Metropolitan Authority within its standalone remit fulfils the tasks delegated by the City Council or of the Board of the Council.

The Metropolitan Authority executes the delegated competence of the City, if this remit is not entrusted to other bodies of the City through the legislative process.

Borough bodies report to the Metropolitan Authority with respect to issues relating to the delegated competence. The borough bodies are councils, boards of councils, offices and special bodies.

The Chief Executive reports to the Mayor with respect to the fulfilment of tasks entrusted to the Metropolitan Authority within the standalone remit and the delegated competence.

The organisational structure of the Metropolitan Authority, including names of organisational units and names of the management positions, is established by the Organisation Rules.

Basic organisational units of the Metropolitan Authority are divisions that are further divided into departments.

Divisions of the Metropolitan Authority, with the exception of the economic policy division, legislative and legal division, crisis management division, information technology division and the "Chief Executive of the Metropolitan Authority Secretariat Division" are incorporated into five organisational areas for the execution and provision of certain activities.

Secretariats of the members of the Metropolitan Authority are special organisational units.

Divisions and Special Organisational Units of the Metropolitan Authority

1. Financial Section

- Budget Division (ROZ)
- Taxes, Charges and Prices Division (DPC)
- Accounting Division (UCT)

2. Regional and Municipal Competencies Section

- Archives of the City of Prague Division (AMP)
- Education, Youth and Physical Education Division (SMT)
- Social and Health Care Division (SOC)

3. External Affairs Section

- Environmental Division (OOP)
- Transportation Division (DOP)
- European Union Funds Division (FEU)
- Traffic Offences Division (ODP)
- Construction Division (OST)
- Sole Traders Division (ZIV)
- Mayor's Office Division (PRM)
- Public Relations Division (OPR)
- Transport Administration Issues Division (DSA)
- International Affairs (OZV)
- Culture, Preservation of Monuments and Tourism Division (OKP)
- Urban Development Division (OUP)

4. Property Affairs Sections

- Housing Division (BYT)
- Property Management Division (OSM)
- Commercial Activities Division (OOA)
- City Investor Division (OMI)

5. Control Activities Section

- Financial Control and Management Review Division (OFK)
- Complaints, Extraordinary Reviews and Control Activity Methodology Division (OMK)

Special Organisational Units

- Secretariats of Deputy Mayors and Councillors

Divisions Managed Directly by the Chief Executive of the Metropolitan Authority

- Economic Administration Division (OHS)
 - Legislative and Legal Department (LEG)
 - Crisis Management Division (OKR)
 - IT Department (INF)
 - Chief Executive of the Metropolitan Authority Secretariat Division (RED)
-

The City, together with the boroughs to a stipulated extent, administer the affairs pertaining to the City autonomously. The standalone remit of administration duties is defined in the Act on the Capital City of Prague 131/2000 Coll., as amended.

In addition to the Act on the Capital City of Prague, powers and responsibilities of the City's bodies are defined by the following principal acts and regulations:

- Act on Budgetary Rules of Territorial Budgets 250/2000 Coll.;
- Act 450/2001 Coll., on Changes in Certain Acts relating to Public Administration;
- Act 320/2001 Coll., on Financial Control in Public Administration;
- Public Procurement Act 137/2006 Coll.;
- Act 420/2004 Coll. on Examining the Economic Management of Territorial Self-Governing Units;
- The Charter of the Capital City of Prague (the Council's regulation);
- Regulation of the Ministry of Finance of the Czech Republic No. 323/2002 Coll., on budget composition; and
- Regulation of the Ministry of Finance of the Czech Republic No. 16/2001 Coll., on the method, deadlines and the scope of information presented for the assessment of the compliance with the state budget, state funds budget and territorial self-governing units budgets.

Furthermore, the City and boroughs exercise delegated authority to perform public administration within the scope provided by special laws and also by the Charter of the Capital City in the case of boroughs.

The City constitutes a region and municipality which is the sponsor or founder of subsidised organisations, state enterprises, business companies, public service enterprises and a foundation fund.

Under effective legislation, the City is considered a territorial self-governing unit from the perspective of economic performance and maintenance of accounting records and books.

The City undertakes:

- Principal activities within the major areas of operation; and
- Taxable activities, that is, activities generating income for the City and boroughs (from the management of municipal assets) which is subject to income tax pursuant to the Income Taxes Act 586/1992 Coll., as amended.

In compliance with the new VAT Act 235/2004 Coll., the City is liable to VAT. Since 1 August 2004, the City has been a VAT payer. On 1 January 2005, the City and the boroughs became independent VAT payers.

With effect from 1 October 2000, the City has had a representation office in Brussels, Belgium. At the end of June 2002, this representation office launched its activities.

2. ACCOUNTING POLICIES

(a) Basis of Presentation

The City's accounting records and books are maintained and the financial statements are prepared in accordance with Accounting Act 563/1991 Coll., as amended, Regulation 505/2002 Coll., which provides implementation guidance on the amended Act for reporting entities that are territorial self-governing units, subsidised organisations, state funds and organisational units of the state maintaining double-entry accounting records, as amended, and Czech Accounting Standards for territorial self-governing units, subsidised organisations, state funds and organisational units of the state, as amended and Regulation No. 16/2001 Coll., on the method, timing and the scope of information presented for the assessment of compliance with the budget, state funds budget and territorial self-governing units, as amended, and Act. No. 250/2000 Coll., on Budgetary Regulations of Territorial Budgets, as amended.

The financial statements of the City (i.e. the City itself and 57 boroughs) comprise a balance sheet, receipt and disbursement statement (statement for the assessment of the compliance with the budget of territorial self-governing units and voluntary association of municipalities) prepared as of and for the year ended 31 December 2008 and the notes thereto. The financial statements include disclosures of assets and liabilities (including equity), receipts and disbursements, income and expenses of the City and of those entities that are part of the aggregate operations of the City.

The business companies in which the City holds investments (e.g. Dopravní podnik, a.s. – Transport Company, Kongresové centrum Praha, a.s. – Congress Centre, etc) are not formally considered part of the City's operations. The acquisition cost of the equity investments in the entities referred to above is recorded in the balance sheet as part of non-current financial assets. Non-investment and investment subsidies provided by the City to these companies are recorded in the statement of receipts, disbursements and financing as capital or ordinary expenditure. Income from the profit share and dividends from these companies is recorded in the statement of receipts, disbursements and financing as non-tax income.

Subsidised organisations are sponsored by the City and boroughs. Their purpose and objectives are defined by the sponsor in the Deed of Establishment. The sponsor can define the assets of the City designed for use by the subsidised organisations sponsored by them.

Subsidised organisations are excluded from the City's financial statements. Investment and non-investment contributions made by the City to the subsidised organisations are recorded to the statement of receipts, disbursements and financing as capital or ordinary expenditure.

The summarised balance sheet of all of the subsidised organisations is presented in Note 34.

In compliance with applicable legislation, the financial statements of the City and organisations formed by it (businesses companies, subsidised organisations, public services enterprises) are not prepared on a consolidated basis.

Financial statements reflect no eliminations of mutual relations (e.g. receivables and payables). The receipt and disbursement statement contains eliminations – consolidation of receipts and disbursements, i.e. elimination of mutual cash transfers between accounts is stipulated in Regulation No. 16/2001 Coll., on the method, timing and the scope of information presented for the assessment of compliance with the budget, state funds budget and territorial self-governing units, as amended.

These financial statements are presented in thousands of Czech crowns (CZK thousand), unless indicated otherwise.

The financial statements of the City were prepared as of and for the year ended 31 December 2008.

(b) Accounting Principles

Financial Statements

The balance sheet was partially prepared under the historical cost convention and selected components were prepared under specific legislative requirements. For detailed information refer to Notes 2 (c) and (d).

According to the requirements of applicable Czech accounting procedures, the income statement was prepared, in selected areas, in accordance with the accruals principle.

Receipt and Disbursement Statement

The receipt and disbursement statement is prepared on the cash basis of accounting in accordance with the accounting principles, based on the realised receipts and disbursements.

Reserving Policies

The City is authorised to recognise statutory reserves only within taxable activities. The addition to, and drawing of, reserves is governed by the Provisioning Act 593/1992 Coll., as amended.

The City itself recognises no reserves, certain boroughs recognise statutory reserves.

Provisioning Policies

No provisions are made for tangible and intangible fixed assets because this treatment is not allowed by the effective accounting procedures.

No provisions are made for impairment of non-current financial assets because this treatment is not allowed by the effective accounting procedures. As and when required by accounting regulations, these assets are remeasured at fair value (e.g. other non-current financial assets).

No provisions are made for the impairment of inventory because this treatment is not allowed by the effective accounting regulations.

Provisions against receivables can be created only for doubtful balances arising in connection with taxable activities that carry the risk of not being fully or partially repaid by debtors. Allowable provisioning levels are set out in the Provisioning Act 593/1992 Coll.

If all provisions for the assets from the principal as well as taxable activities were recognised, the net carrying amounts of these assets might be substantially different from the amounts reported in the financial statements.

Accruals Principle

The City is authorised to recognise income and expenses from taxable activities on an accruals basis. Receipts and disbursements are not accounted for on an accruals basis.

(c) Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible fixed assets are carried at acquisition cost.

All intangible fixed assets with a unit cost below CZK 60 thousand are acquired from operating funds and expensed in the period of acquisition.

The City charges amortisation on intangible fixed assets solely in circumstances where the assets are used for activities that give rise to taxable income.

(d) Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand on an individual basis.

All tangible fixed assets acquired during the current year are valued at acquisition cost which includes the purchase cost and costs attributable to the acquisition.

The ownership of the majority of tangible fixed assets is primarily governed by Act 172/1991 Coll., on the Transfer of Certain Assets of the Czech Republic to Municipalities, as amended.

The general principles applicable to the transfer of assets are as follows:

- All tangible fixed assets owned by the Czech Republic administered by the City on the basis of the right-to-use agreement of 23 November 1990 were transferred to the City on 24 April 1991, where such assets were managed by the City as of that date. Those assets which the City commenced administering after 23 November 1990 in a manner similar to the right-to-use agreement were also transferred to the City where such assets were used by the City as of 24 April 1991;
- Land administered by the City was transferred to the City on 24 April 1991 including land developed or built on since;
- Apartment buildings and underlying land were transferred to the City on 24 April 1991 where such buildings were located within the City's cadastral area, were owned by the Czech Republic prior to the transfer and the right to manage the buildings had been conferred to organisations sponsored by the City;
- Apartment buildings of the multiple-unit residential building category under construction as of 31 December 1992 and the underlying land were transferred to the City as of 1 January 1993 where such buildings were located within the City's cadastral area, were owned by the Czech Republic prior to the transfer and the City was the investor;
- Tangible fixed assets used by organisations undertaking construction activities related to residential building construction under the right-to-use agreement were transferred to the City as of 1 January 1993 where such assets were owned by the Czech Republic and the City was, or was deemed to be, the sponsor of such organisations; and
- Certain other assets owned by the state were also transferred to the City as of 24 April 1991.

Tangible fixed assets acquired by transfer (except for land – refer to the valuation method in the table below) are carried at acquisition cost. The acquisition cost is defined as the carrying value of the assets in the transferor's accounting records which includes technical improvements. The manner in which such improvements were added to the carrying value of these assets depends on the accounting regulations effective at the time of the improvements.

The types of acquired assets and the method of their valuation are as follows:

Type of asset	Valuation method
Land	Land is valued in compliance with the relevant regulations, namely Regulation No. 151/1997, Regulation No. 393/1991 Coll., Regulation No. 611/1992 Coll., Regulation No. 110/1992 Coll., Regulation No. 279/1997, Regulation No. 325/2002, Regulation No. 540/2002 Coll., Regulation No. 452/2003 Coll., Regulation No. 640/2004 Coll., Regulation No. 76/2007 Coll. and Regulation No. 3/2008.
Infrastructure (roads and sewage systems)	Acquisition cost
Apartment buildings and other buildings	Acquisition cost and a price determined on the basis of the transferor's valuation report for transfers with no consideration
Educational facilities (pre-school facilities, elementary schools and technical schools)	Acquisition cost
Works of art	Acquisition cost, replacement cost
Low value fixed assets	Acquisition cost, replacement cost
Immovable cultural monuments	Acquisition cost at the moment of acquisition and a price determined on the basis of an expert valuation report, or a zero price where any precise valuation cannot be arrived at
National cultural monuments	Zero cost
Vehicles	Acquisition cost
Furniture and fixtures	Acquisition cost

Tangible fixed assets are depreciated only if they are used in business activities generating taxable income. Depreciation is charged to the relevant expense account for the purposes of determining the tax base. Therefore, only depreciation rates provided by the Income Taxes Act are applicable.

The City depreciates tangible fixed assets individually only to the extent that the cost of such assets can be accurately determined.

When the City decides on the cancellation of prepared fixed assets or fixed assets under construction (thwarted fixed assets), the incurred expenses are written off on a one-off basis at the moment, the decision on the cancellation of these assets is made.

In compliance with the applicable accounting principles, the City recognises no reserves for the future expenses relating to the disposal of fixed assets.

(e) Non-Current Financial Assets

Purchased non-current financial investments are carried at cost. Securities acquired by the transfer are carried at the value carried in the transferor's accounting records.

The acquisition cost of securities or equity investments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

The City categorises the securities and equity investments based on their underlying characteristics as equity investments in subsidiaries or associates or other non-current financial assets.

At the balance sheet date, the City records:

- Equity investments in associates or subsidiaries valued at acquisition cost; and
- Other non-current financial assets measured at fair value.

Accounts of the City were not consolidated as no consolidation is required by the accounting regulations for territorial self-governing units in the Czech Republic and it would be difficult to prepare due to the differences in the accounting records maintained by territorial self-governing units, business companies, subsidised organisations and public service organisations. For more information refer to Note 2(a).

(f) Financial Derivative Instruments

The City designates derivative financial instruments as either trading or hedging. The City's criteria for a derivative instrument to be accounted for as a hedge include:

- Pursuant to the resolution of the Board of the City Council, at the inception of the hedge, the documentation identifies the hedged item and the hedging instrument, defines risk that is being hedged and the approach to establishing and documenting whether the hedge is effective;
- At the inception of the hedge, the hedging transaction is formally documented;
- The hedge is highly effective (that is, within a range of 80 percent to 125 percent); and
- The hedge effectiveness can be measured reliably and is assessed on an ongoing basis.

If derivative instruments do not meet the criteria for hedge accounting referred to above, they are treated as trading derivatives.

Derivatives are valued at cost at the acquisition date. The cost of derivatives includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

Derivative financial instruments are carried at fair value at the balance sheet date.

Fair value changes in respect of derivatives hedging the fair value of assets and liabilities are recognised as an expense or income. Fair value changes of hedged on-balance sheet assets and liabilities arising from a specific risk exposure are also recognised as an expense or income.

Fair value changes in respect of derivatives hedging the anticipated cash flows are recognised through balance sheet accounts as gains or losses from the revaluation of assets and liabilities.

At settlement, the original entries are reversed in circumstances where the original changes in fair values of derivatives were recorded as gains or losses from the revaluation of assets and liabilities.

In other cases, the settlement of derivatives is recognised through other expenses or income as appropriate.

(g) Inventory

Inventory is valued at cost which includes costs attributable to the acquisition of inventory.

(h) Receivables

Receivables are stated at their nominal value. For more information refer to Note 2 (b).

(i) Translation of Foreign Currencies

Transactions denominated in a foreign currency are translated and recorded at the exchange rate ruling at the transaction date. At the balance sheet date, all cash and short-term investments denominated in a foreign currency are translated at the year-end exchange rate published by the Czech National Bank.

Foreign exchange rate differences arising from the translation of budget activity account balances are maintained in the appropriate entry of the receipt and disbursement statement.

Foreign exchange rate differences on the translation of taxable activity bank account balances are recorded in the income statement.

All other balances denominated in a foreign currency are translated at the year-end exchange rate published by the Czech National Bank and any resulting unrealised foreign exchange rate gains and losses are recorded as other assets or liabilities.

No reserve is recognised for unrealised foreign exchange rate losses in compliance with the applicable legislation.

(j) Subsidies

State investment and non-investment subsidies (both general and special purpose) are recognised as income for the relevant fiscal period at the date of receipt. Unutilised special purpose subsidies are remitted to the state budget, unless the donor decides otherwise.

(k) Repairs and Maintenance

Repair and maintenance expenditure relating to assets employed in major areas of the City's operation is recorded to the relevant expense account in the receipt and disbursement statement. Repair and maintenance expenditure relating to assets generating income subject to income tax is recognised in the income statement.

(l) Consolidation of Budgetary Components

The consolidation of receipts, disbursements and financing is set out in Regulation of the Finance Ministry of the Czech Republic No. 16/2001 Coll., providing guidance on the methods, timing and scope of information disclosed for the assessment of receipts and disbursements of the state, state funds and territorial self-governing units as amended by Regulation No. 535/2002 Coll. and No. 544/2004 Coll. and No. 22/2007 Coll. and with respect to Notice Paper No. 11/93 396/2007 – 111.

Consolidation is defined as the preparation of aggregate statements of monetary transactions of selected accounts according to the budget structure where mutual money transfers between the accounts are eliminated.

(m) Funds and the Clearance Account

Fixed Asset Fund

The fixed asset fund reflects the value of tangible and intangible fixed assets and non-current financial assets on the face of the balance sheet. Differences between the balance of the fixed assets fund and the value of non-current assets is attributable, for instance, to the non-transfer of the funding for the financed fixed assets, gains or losses from the fair value remeasurement of other non-current financial assets, etc.

Current Asset Fund – Principal Activities

This fund predominantly includes additions of current assets received without consideration or donated relating to the principal activity of the City, material returned from the disposed fixed assets in relation to its disposal and sources to the funded current financial assets by the transfer from the reserve fund, or special-purpose funds.

Business Activity Fund

This fund is the source of funding of current assets of the City from taxable activities.

Financial and Monetary Funds

The financial and monetary funds comprise the following funds:

The employer fund

- is created by the City and boroughs. The creation and drawing of the fund are included within the City's budget. This fund is used to settle the employer's contribution to the additional pension insurance schemes, for cultural and recreational activities, housing assistance, meal allowances and other social assistance to employees.

The fund for apartment repairs and modernisation

- holds a special purpose loan from the Czech Ministry for Regional Development.

The reserve and development fund

- is designed to record gifts and other income that are not to be used in the current year and received payments of debts from previous years. This fund is used for transfers to other funds (mainly the employer fund) and to the City's budget based on the Council's decisions.

The fund for the financial settlement of subsidised organisations

- based on Resolution No. 12/6 dated 13 December 2007, the City Council approved the establishing of a cash fund for the financial settlement of subsidised organisations of the Capital City of Prague. The Fund took effect on 1 January 2008;
- is designed to additionally finance non-covered needs of subsidised organisations for investment and non-investment purposes. It is anticipated that these finances will be carried over to the following year if they are not used during the specific year.

Clearance Account

This account reflects differences between expenses and disbursements and between income and receipts arising from non-cash transactions included in the income and expense accounts.

(n) Transfer Bridge between the Closing Balance Sheet of the City as of 31 December 2007 and the Opening Balance Sheet as of 1 January 2008

There were no differences between the closing balance sheet of the City as of 31 December 2007 and the opening balance sheet as of 1 January 2008.

(CZK thousand)			
Assets	At 31 Dec 2007	At 1 Jan 2008	Difference
Intangible fixed assets	1 391 930	1 391 930	0
Tangible fixed assets	260 094 541	260 094 541	0
Non-current financial assets	39 911 656	39 911 656	0
Inventory	59 676	59 676	0
Receivables	7 757 118	7 757 118	0
Financial assets	15 684 196	15 684 196	0
Budgetary funds	18 197 779	18 197 779	0
Temporary assets	18 378	18 378	0
Total assets	343 115 274	343 115 274	0

(CZK thousand)			
Liabilities	At 31 Dec 2007	At 1 Jan 2008	Difference
Equity funds	300 668 413	300 668 413	0
Financial and cash funds	3 463 364	3 463 364	0
Valuation gains or losses	-3 277 722	-3 277 722	0
Inter-budgetary refundable financial assistance received	306 747	306 747	0
Profit or loss	-4 098 530	-4 098 530	0
Reserves	7 168	7 168	0
Long-term payables	16 025 057	16 025 057	0
Short-term payables	9 652 002	9 652 002	0
Bank loans and borrowings	16 554 434	16 554 434	0
Temporary liabilities	3 814 341	3 814 341	0
Total liabilities	343 115 274	343 115 274	0

(o) Changes in Accounting Policies

No significant changes in accounting policies were made during the year ended 31 December 2008.

3. INTANGIBLE FIXED ASSETS

	(CZK thousand)						
	31 Dec 2006 Acquisition cost	Additions	Disposals	31 Dec 2007 Acquisition cost	Additions	Disposals	31 Dec 2008 Acquisition cost
Intangible fixed assets	849 824	518 392	25 842	1 342 374	402 663	17 966	1 727 071
Intangible fixed assets under construction	31 816	*	*	49 286	*	*	290 050
Prepayments for intangible fixed assets	3 251	*	*	270	*	*	41
TOTAL	884 891			1 391 930			2 017 162

* Data was not available

4. TANGIBLE FIXED ASSETS

	(CZK thousand)						
	31 Dec 2006 Acquisition cost	Additions	Disposals	31 Dec 2007 Acquisition cost	Additions	Disposals	31 Dec 2008 Acquisition cost
Land	48 830 125	1 871 431	1 149 669	49 551 887	3 269 602	3 028 374	49 793 115
Works of art	643 464	14 268	22	657 710	7 290	324	664 676
Structures	155 131 404	11 577 985	3 710 338	162 999 051	21 598 174	7 318 671	177 278 554
Individual movables, perennial crops and breeding animals	6 908 258	629 688	1 566 537	5 971 409	831 407	234 863	6 567 953
Low value tangible fixed assets and other tangible fixed assets	1 488 316	212 912	112 792	1 588 436	204 739	109 083	1 684 092
Tangible fixed assets under construction	37 349 387	*	*	38 972 672	*	*	36 798 238
Prepayments for tangible fixed assets	105 334			353 376			259 203
TOTAL	250 456 288			260 094 541			273 045 831

* Data was not available

In 2008, additions to intangible fixed assets predominantly included the acquisition of applications as part of projects, licences and software. As of the financial statements date, no detailed information on additions to intangible fixed assets of boroughs was available.

The ownership of a number of pieces of land has not been entered in the books of the Land Register Office as restitution claims have been lodged in many cases. As of 31 December 2008, the volume of land within the City not yet settled is approximately CZK 3,211 million (CZK 3,415 million as of 31 December 2007). The City treats these assets as its own pending a court resolution. In circumstances where the court issues a verdict against the City, the assets will be reversed against the fund of fixed assets.

As of 31 December 2008, the City recorded tangible fixed assets intended for demolition in the amount of CZK 515,802 thousand. As of the balance sheet date, no detailed information on the balances of tangible fixed assets was available from individual boroughs.

In the year ended 31 December 2008, fixed assets of CZK 244 million (CZK 208 million as of 31 December 2007) were transferred to subsidised organisations established by the City in accordance with the association deeds. The aggregate balance sheet of all subsidised organisations established by the City is listed in Note 34. As of the balance sheet date, no detailed information on the balances of fixed assets transferred by boroughs to subsidised organisations sponsored by them was available.

For more information on the drawing of capital expenditure related to fixed assets under construction for the years ended 31 December 2008 and 2007 refer to Note 20.

Set out below is a list of national cultural monuments registered under ‘Structures’ within tangible fixed assets valued at zero cost

Location in the City	Name of the national cultural monument
Prague 1 - Malá Strana	Petřín Park – Calvary
Prague 1 - Staré Město	Martinská St – St Martin in the Wall Church
Prague 1 - Malá Strana	Malostranské Square 29
Prague 1 - Holešovice	Edvarda Beneš Embankment – St Mary Magdalene Chapel
Prague 1 - Malá Strana	Na Petříně St – St Cross Chapel
Prague 1 - Malá Strana	Na Petříně St – St Lawrence Chapel
Prague 1 - Malá Strana	Na Petříně, St Grave Chapel
Prague 1 - Malá Strana	Petřín Park – The God’s Grave Chapel
Prague 1 - Staré Město	Anežská 12, St Anezka Convent
Prague 1 - Staré Město	The Old Town Square – St Nicolas Church
Prague 1 - Nové Město	Ke Karlovu St No. 20
Prague 2 - Nové Město	Ke Karlovu St – The Assumption of the Virgin Church
Prague 2 - Nové Město	Ke Karlovu St – Chapel – morgue
Prague 2 - Nové Město	Ječná St – St Ignace Church
Prague 2 - Nové Město	Na Slupi St – The Annunciation Church
Prague 5 - Smíchov	St. Michael Church
Prague 6 - Suchbát	St Wenceslas Chapel
Prague 6 - Sedlec	Sedlec – The Holy Trinity Chapel
Prague 8 - Libeň	Povltavská – St Vojtech Church

5. NON-CURRENT FINANCIAL ASSETS

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Equity investment in subsidiaries	39 644 432	39 701 504
Equity investments in associates	10 377	10 411
Other non-current financial assets	256 847	254 457
TOTAL	39 911 656	39 966 372

The City maintains the following equity investments in subsidiaries

(CZK thousand)

	Balance at 31 Dec 2008						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between the share of equity and carrying amount
Dopravní podnik hl. m. Prahy, akciová společnost	30 726 125	58 133 455	100	58 133 455	3 001	30 726 125	27 407 330
Kongresové centrum Praha, a.s.	1 306 254	759 951	100	759 951	71 380	2 572 489	-1 812 538
Kolektory Praha, a.s.	69 617	74 074	100	74 074	11	69 617	4 457
Obchodní společnost PČM, a.s. *	1 000	2 920	100	2 920	1 000	1 000	1 920
Obecní dům, a.s.	116 260	148 320	100	148 320	27	269 638	-121 319
TCP – Vidoule, a.s.	104 770	138 835	98.09	136 183	10 277	102 770	33 413
Pražská vodohospodářská společnost, a.s.	5 445	97 268	92.01	89 496	5 010	5 010	84 486
Zdroj pitné vody Káraný, a.s.	399 000	435 117	97.22	423 020	1 944 398	223 645	199 375
Úpravna vody Želivka, a.s.	3 090 000	2 745 497	90.04	2 472 046	1 800 706	953 806	1 518 240
TRADE CENTRE PRAHA akciová společnost	15 055	29 584	89.67	26 528	270	14 070	12 458
Pražské služby, a.s.	2 631 167	3 552 644	76.92	2 732 694	2 137 045	2 023 945	708 749
Pražská energetika Holding a.s.	3 598 627	6 320 820	51	3 223 618	1 835 300	1 002 261	2 221 357
Pražská plynárenská Holding a.s.	1 515 470	1 962 559	51	1 000 905	772 890	369 082	631 823
Pražská teplárenská Holding a.s.	1 937 691	3 058 301	51	1 559 734	988 222	999 136	560 598
Total City						39 332 594	
Total boroughs						368 910	
TOTAL						39 701 504	

* Available figures on share capital and equity reported as of 31 December 2004

The City's share of equity of Kongresové centrum Praha, a.s. and Obecní dům, a.s. was lower than the carrying value of the City's equity investments in these entities as of 31 December 2008.

There were no significant changes in equity investments in subsidiaries in the year ended 31 December 2008.

As of the balance sheet date, no detailed information was available on equity investments of city boroughs in subsidiaries.

(CZK thousand)

	Balance at 31 Dec 2007						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between the share of equity and carrying amount
Dopravní podnik hl. m. Prahy, akciová společnost	30 726 125	58 269 894	100	58 269 894	3 001	30 726 125	27 543 769
Kongresové centrum Praha, a.s.	1 306 254	833 076	100	833 076	71 380	2 572 489	-1 739 413
Kolektory Praha, a.s.	69 617	73 065	100	73 065	11	69 617	3 448
Obchodní společnost PČM, a.s. *	1 000	2 920	100	2 920	1 000	1 000	1 920
Obecní dům, a.s.	116 200	138 661	100	138 661	27	269 638	-130 977
TCP – Vidoule, a.s.	104 770	137 231	98,09	134 610	10 277	102 770	31 840
Pražská vodohospodářská společnost, a.s.	5 445	79 486	92,01	73 135	5 010	5 010	68 125
Zdroj pitné vody Káraný, a.s.	399 000	417 930	97,22	406 311	1 944 398	223 645	182 666
Úpravna vody Želivka, a.s.	3 090 000	2 626 654	90,04	2 364 916	1 800 706	953 806	1 411 110
TRADE CENTRE PRAHA akciová společnost	15 055	31 089	89,67	27 877	270	14 070	13 807
Pražské služby, a.s.	2 631 167	3 468 766	76,92	2 668 174	2 137 045	2 023 945	644 229
Pražská energetika Holding a.s.	3 598 627	5 079 226	51	2 590 405	1 835 300	1 002 261	1 588 144
Pražská plynárenská Holding a.s.	1 515 470	1 957 284	51	998 215	772 890	369 082	629 133
Pražská teplárenská Holding a.s.	1 937 691	3 098 619	51	1 580 296	988 222	999 136	581 160
Total City						39 332 594	
Total boroughs						312 838	
TOTAL						39 645 432	

* Available figures on share capital and equity reported as of 31 December 2004

Kongresové centrum Praha, a.s.

The Board of the City Council, by its Resolution 1040 of 17 July 2007, approved the decrease in the share capital of Kongresové centrum Praha, a.s. The reason for the decrease in the share capital is the settlement of accumulated losses carried forward. The share capital of Kongresové centrum Praha, a.s. decreased from CZK 7,138,000 thousand to CZK 1,306,254 thousand. The decrease in the share capital was effected through the exchange of the current shares (with a nominal value of CZK 100 thousand per share) for new shares (with a nominal value of CZK 18,300 per share).

In respect of the decrease in the share capital of Kongresové centrum Praha, a.s., the carrying value of the equity investment in the books of the Capital City of Prague was reviewed. In accordance with the applicable regulations, equity investments of the Capital City of Prague are carried at acquisition cost.

The value of this equity investment as presented in the financial statements for the year ended 31 December 2006 was CZK 7,138,000 thousand. The review of all available supporting documentation highlighted that the acquisition cost of this equity investment is not CZK 7,138,000 thousand but only CZK 2,572,489 thousand.

The Czech accounting legislation does not make it possible to correct prior periods' errors by adjusting comparative information but requires the correction to be made in the current reporting period. For this reason, the value of the equity investment was corrected in the financial statements for the year ended 31 December 2007.

Reflecting the above, this equity investment of CZK 4,565,511 thousand was reversed against the fixed assets fund as of 31 December 2007.

Obecní dům, a.s.

The City Council approved a non-cash investment of movable assets of the Capital City of Prague in Obecní dům, a.s. at the acquisition cost of CZK 257,638 thousand by its resolution No. 36/28 of 30 March 2006. The market value of this investment according to an expert appraisal No. 397/125/2005 prepared on 27 December 2005 amounted to CZK 104,260 thousand.

On 28 July 2006, the Capital City of Prague and Obecní dům, a.s. entered into the contract for the subscription of new ordinary registered shares in the certificate form, of which 10 shares have a nominal value CZK 10 million per share, 4 shares have a nominal value of CZK 1 million per share and 1 share has a nominal value of CZK 260 thousand.

Zdroj pitné vody Káraný, a.s.

The City Council approved the acquisition without consideration of the equity share in Zdroj pitné vody Káraný, a.s. in the aggregate nominal value of CZK 388 million, composed of 972,199 registered share having the nominal value CZK 39 each and 972,199 registered shares having the nominal value of CZK 360 each by its Resolution No. 29/87 of 23 June 2005. As of 31 December 2006, the equity investment of the City in the company was recognised, but the shares were not physically received.

In May 2007, the Board of the City Council received a proposal for the hand-over of two collective shares replacing the individual registered shares in the certificate form. As of 31 December 2007, the Capital City of Prague received the collective shares.

Úpravna vody Želivka, a.s.

The City Council approved the acquisition without consideration of the equity share in Úpravna vody Želivka, a.s. in the aggregate nominal value of CZK 2,782 million, composed of 900,353 registered shares having the nominal value of CZK 2,290 each and 900,353 registered shares having the nominal value of CZK 800 each by its Resolution No. 29/86 of 23 June 2005. As of 31 December 2006, the equity investment of the City in the company was recognised, but the shares were not physically received.

In May 2007, the Board of the City Council received a proposal for the hand-over of two collective shares replacing the individual registered shares in the certificate form. As of 31 December 2007, the Capital City of Prague received the collective shares.

The City maintains the following equity investments in associates

(CZK thousand)

	31 Dec 2008						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between share of equity and carrying amount
PRaK, a.s.	5 850	4 606	25.64	1 181	300	1 500	-319
Total City	5 850	4 606	25.64	1 181	300	1 500	-319
Total boroughs						8 911	
TOTAL						10 411	

During 2008 and 2007, there were no significant changes in the equity investments held by the City in the associates.

The City's share of the equity of PRaK a.s. is lower than the carrying value of the equity investment of the City in this entity.

At the balance sheet date, no detailed information on equity investments of boroughs in the associates was available.

(CZK thousand)

	31 Dec 2007						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between share of equity and carrying amount
PRaK, a.s.	5 850	4 796	25.64	1 229	300	1 500	-271
Total City						1 500	
Total boroughs						8 877	
TOTAL						10 377	

Other Non-Current Financial Assets

(CZK thousand)

	31 December 2008						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between share of equity and carrying amount
České aerolinie, a.s.	2 735 510	126 686	2.94	3 725	8 034	33 459	-29 734
PPF banka a.s.	769 004	2 673 988	6.73	179 959	19 882	210 544	-30 585
PVA a.s. ^{*)}	5 000	5 936	11	653	11	653	
Bohemia Bingo			5		50	0	
Chemapol Group			1.23		30 970	0	
Total City						244 656	
Total boroughs						385	
TOTAL						245 041	

^{*)} Financial information available on the share capital and equity as of 31 December 2007.

The City's share of equity of České aerolinie, a.s. and PPF banka a.s. was lower than the carrying value of the City's equity investment in these entities as of 31 December 2008.

As of 31 December 2008, the City held a 5 percent equity investment in Bohemia Bingo, a.s., in liquidation, and a 1.23 percent equity investment in Chemapol Group, a.s. These equity investments were revalued at fair value on the basis of a reasonable estimate made by a third party as of 31 December 2008. The fair value was determined to be zero.

At the balance sheet date, no detailed information on other non-current assets of individual boroughs was available.

(CZK thousand)

	31 December 2007						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between share of equity and carrying amount
České aerolinie, a.s.	2 735 510	1 139 255	2.94	33 494	8 034	27 567	5 927
PPF banka a.s.	769 004	2 171 189	6.73	146 121	19 882	177 261	-31 140
PVA a.s.	5 000	5 936	11	653	11	635	18
Bohemia Bingo			5		50	0	
Chemapol Group			1.23		30 970	0	
Total City						205 463	
Total boroughs						385	
TOTAL						205 848	

Acquired Non-Current Financial Assets

In the year ended 31 December 2008, the acquired non-current financial assets predominantly include securities from Pražská vodohospodářská společnost a.s.

In the year ended 31 December 2007, the acquired non-current financial assets in the amount of CZK 51 million include financial assets acquired by boroughs on which no detailed information was available as of the balance sheet date.

6. RECEIVABLES

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Customers	4 273 062	3 642 793
Operating prepayments made	1 976 154	2 155 183
Receivables from budgetary income	562 185	598 320
Other receivables	457 111	483 895
Receivables from association members	45 341	37 950
VAT	91 938	70 080
Other taxes and charges	3 588	4 492
Receivables from employees	2 322	1 121
Other receivables	455 155	476 623
Provisions	-109 738	-114 915
TOTAL	7 757 118	7 355 542

Customers predominantly include receivables arising from the lease of residential and non-residential premises and lease of land.

Operating prepayments made principally include prepayments for services.

Other receivables include comprehensive leases of land, buildings and equipment.

Aging Analysis of Receivables - Customers

	(CZK thousand)					
Balance at 31 Dec 2008	Before due date	0 – 30 days	30 – 60 days	Up to one year	1 year and greater	TOTAL
The City	302 151	29 201	18 962	62 590	305 413	718 317
City boroughs	1 873 900	40 350	38 208	182 658	789 360	2 924 476
TOTAL	2 176 051	69 551	57 170	245 248	1 094 773	3 642 793

	(CZK thousand)					
Balance at 31 Dec 2007	Before due date	0 – 30 days	30 – 60 days	Up to one year	1 year and greater	TOTAL
The City	396 845	25 343	15 438	82 641	292 176	812 443
City boroughs	2 557 251	61 675	45 561	274 911	521 221	3 460 619
TOTAL	2 954 096	87 018	60 999	357 552	813 397	4 273 062

Provisions against receivables from taxable activities are recognised only by certain boroughs. As such, the provisions of CZK 114,915 thousand and CZK 109,739 thousand held against uncollectible receivables as of 31 December 2008 and 2007, respectively, are not fully representative of the amount of doubtful debts from taxable activities. If the City recognised a full provision against receivables that are past their due dates by more than 1 year, the value of the provision would increase by CZK 305,413 thousand as of 31 December 2008.

As of 31 December 2008 and 2007, no detailed information on the significant receivables in the bankruptcy proceedings of boroughs was available.

7. FINANCIAL ASSETS, BUDGETARY FUNDING ACCOUNTS AND OTHER ACCOUNTS RELATED TO BUDGETARY FUNDING

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Financial assets	15 684 196	17 467 290
Budgetary funding and other accounts related to budgetary funding	18 197 779	24 095 783
TOTAL	33 881 975	41 563 073

Financial Assets

Financial assets as of 31 December 2008 include other securities that principally comprised corporate and depository bills of exchange denominated in foreign currencies (EUR and CZK) placed with several banks in the amount of CZK 2,369,651 thousand (2007: CZK 1,693,996 thousand).

As of 31 December 2008, financial assets of the City included CZK 337 million in cash that was not readily available (2007: CZK 443 million).

These specifically include:

- Funds from wound-up state enterprises of CZK 83 million (2007: CZK 147 million); and
- Other funds (guarantees provided by entities interested in future contracts, bails, etc.) of CZK 254 million (2007: CZK 296 million).

Budgetary Funding Accounts

Bank accounts comprising budgetary funding include cash deposited on the following accounts as of 31 December 2008:

- The basic current account of CZK 20,312,660 thousand (of which the City itself: CZK 17,756,514 thousand); and
- Current accounts of cash funds of CZK 3,610,031 thousand (of which the City itself: CZK 1,376,307 thousand).

Bank accounts comprising budgetary funding include cash deposited on the following accounts as of 31 December 2007:

- The basic current account of CZK 14,340,127 thousand (of which the City itself: CZK 11,529,933 thousand); and
- Current accounts of cash funds of CZK 3,497,125 thousand (of which the City itself: CZK 1,598,242 thousand).

The budgetary funding accounts also include provided temporary and refundable assistance representing amounts granted to entities within the City's competence - boroughs, subsidised organisations, businesses, other organisations and individuals.

8. TEMPORARY ASSETS

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Accrued income	5 749	6 227
Other temporary assets	12 629	117 627
TOTAL	18 378	123 854

Other temporary assets predominantly include deferred expenses and estimated receivables of boroughs.

9. FUNDS

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Fixed asset fund	300 572 237	313 683 334
Current asset fund	59 050	61 582
Business activity fund	37 126	37 985
Valuation gains or losses from the revaluation of assets and liabilities	-3 277 722	-2 813 868
Total asset funds		
(without valuation gains or losses from the revaluation of assets and liabilities)	300 668 413	313 782 901
Cash funds	3 463 364	3 638 287
Total financial and cash funds	3 463 364	3 638 287
TOTAL		
(without valuation gains or losses from the revaluation of assets and liabilities)	304 131 777	317 421 188

Valuation Gains or Losses from the Revaluation of Assets and Liabilities

On the basis of a valuation arrived at by a reasonable estimate made by a third party, the open derivative transactions were valued at the net amount of CZK (2,787,658) thousand as of 31 December 2008 (2007: CZK (3,223,035) thousand). This value was recognised on the face of the balance sheet in account no. 909 'Valuation gains and losses from the revaluation of assets and liabilities'.

As of 31 December 2008, valuation gains and losses from the revaluation of assets and liabilities also include foreign exchange rate differences arising from the retranslation of foreign currency bills of exchanges and valuation of non-current financial assets at fair value.

Cash FundsFinancial Reserve

Since 2001, the City has deposited the funds for the future repayment of long-term loans and bonds to the bank accounts or other accounts that were opened for these purposes. The budget of the City then annually includes a "financial reserve" for the future repayment of loans and bonds, including interest. As of 31 December 2008, the balance of this reserve is the same as in 2007, i.e. CZK 5.6 billion.

Upon the preparation of the budget, the "financial reserve" for the repayment of future loans and bonds is not intended to cover budgetary expenses in the relevant year, but it remains deposited and increased on the accounts that were opened for these purposes.

10. ACCUMULATED PROFIT/LOSS

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Profit or loss for the period	4 232 622	3 373 209
Retained earnings, accumulated loss	8 604 124	9 548 782
Transfer of receipts and disbursements recorded in previous years	-17 022 876	-9 864 390
Expenses and disbursements	-437 762	-324 049
Income and receipts	525 362	589 111
TOTAL	-4 098 530	3 322 663

Transfer of receipts and disbursements recorded in previous years

	(CZK thousand)	
	2007	2008
Operating deficit at 1 January	-18 610 657	-17 022 876
Receipts and disbursements upon consolidation	2 039 052	7 155 031
Change in the reserve and development fund	-323 906	-204 786
Received loan repayments	-12 955	-72 422
Loans provided	49 188	25 265
Other receipts	12 518	-566
Other disbursements	3 903	248
Non-monetary accounting operations	-180 019	255 716
Operating deficit at 31 December	-17 022 876	-9 864 390

This analysis shows the sum of other than budgetary transactions which document the difference between the receipts and disbursements reported in the statement of receipts and disbursements as of 31 December 2008 and 2007 and the balance of balance sheet account 933 'Transfer of receipts and disbursements recorded in previous years'.

'Expenses and disbursements' and 'Income and receipts'

The accounts 'Expenses and disbursements' and 'Income and receipts' are used exclusively for posting closing entries under the accounting principles and procedures for territorial self-governing units prior to the preparation of the year-end financial statements.

11. RESERVES

Statutory reserves represent reserves for repairs of tangible fixed assets pursuant to the Provisioning Act 593/1992 Coll.

12. BUDGETARY FUNDING AND SHORT-TERM BANK LOANS

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Received inter-budgetary refundable financial assistance	306 747	91 174
Short-term bank loans	15 000	10 000
TOTAL	321 747	101 174

Received inter-budgetary refundable financial assistance primarily consists of loans from the Ministry for Regional Development, the State Environmental Fund, the State Fund for Housing Development and the Housing Renovation and Modernisation Fund.

Received Inter-budgetary Refundable Financial Assistance

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
State Fund for Housing Development	106 743	40 393
Housing Renovation and Modernisation Fund	25 626	25 626
State Environmental Fund	16 393	8 760
Total City	148 762	74 779
Total boroughs	157 985	16 395
TOTAL	306 747	91 174

13. LONG-TERM BONDS, LOANS AND PAYABLES

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Bonds issued	14 849 400	14 964 100
Long-term bank loans	16 539 434	16 206 701
Long-term prepayments received	16 076	15 557
Other long-term payables	1 159 581	1 129 992
TOTAL	32 564 491	32 316 350

Issued Bonds

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
First issue of Euro notes under the EMTN programme	4 525 400	4 578 100
Third issue of bonds	5 000 000	5 000 000
Second issue of bonds	5 324 000	5 386 000
TOTAL	14 849 400	14 964 100

The balances of issued bonds denominated in foreign currencies were translated at year-end using the foreign exchange rate promulgated by the Czech National Bank.

The First Issue of Euro Notes under the EMTN programme

In February 2003, the City Council approved the first issue of the City's Euro notes in the amount of EUR 170 million under the EMTN (EURO MEDIUM TERM NOTE) programme. On 11 March 2003, an amount of EUR 169 million (CZK 5,324 billion) was credited to the current account of the City.

Basic information

Date of issue	11 March 2003
Date of settlement	19 March 2003
Date of maturity	19 March 2013
Coupon	4.25 % p.a. payable annually
Issue price	99.123 % of nominal value
Net commission	0.25 %
Net issue price	98.873 %
Lead manager of the issue	Deutsche Bank AG

The proceeds of the issue were used for transportation investments (metro IV C line, south-west part of the city ring and the Hlubočepy- Barrandov tram route).

In March 2003, the Board of the City Council approved a swap transaction designed to convert the payable arising from the first issue of Euro notes into Czech crowns.

In June 2006, the existing interest rate hedging was restructured.

The Third Issue of Bonds

On 15 May 2001, the City placed the third issue of bonds with an aggregate nominal value of CZK 5,000,000 thousand and a 10 year maturity.

The issue was divided into:

- CZK 3,000,000 thousand with a floating interest rate of 6M PRIBOR + 0.32 percent p.a. payable semi-annually as of 15 May and 15 November of the relevant year:

Basic information	
Class	Bond
Type	Bearer share
Form	Book-entered
ISIN	CZ0001500094
Nominal value	CZK 1,000,000
Number of pieces	3,000
Total value	CZK 3,000,000,000
Markets	Prague Stock Exchange

- CZK 2,000,000 thousand with a fixed interest rate of 6.85 percent p.a. payable as of 15 May of the relevant year.

Basic information	
Class	Bond
Type	Bearer share
Form	Book-entered
ISIN	CZ0001500086
Nominal value	CZK 1,000,000
Number of pieces	2,000
Total value	CZK 2,000,000,000
Markets	Prague Stock Exchange

Net proceeds of the bond issue are used to finance the transport infrastructure (modernisation and renewal of the Metro rolling stock and funding of the inner ring).

The obtained finance was included in the City's capital expenditure budget designed for the funding of the above construction project in 2001 and 2002.

The Second Issue of Bonds

The second issue of bonds of EUR 200 million with maturity in 2009 and a coupon of 4.625 percent was launched to the market in May 1999.

	EUR	CZK thousand
Total issue	200 000 000	7 430 000
4.625 % discount	(6 070 000)	(225 500)
Income – selling price of the bonds at 96.965 %	193 930 000	7 204 500
Selling and subscription fees at 2 %	(4 000 000)	(148 600)
Other charges	(167 059)	(6 206)
Credited to the City's accounts	189 762 941	7 049 694

The discount was amortised for a period of 10 years over the life of the second issue.

The finance obtained from the second issue of the City's bonds was predominantly used for the transportation infrastructure construction, water infrastructure, residential construction (Černý most II) and the municipal radio system.

Use of the Proceeds from the Second Bond Issue

Project	(CZK thousand)		
	2001	2002	TOTAL
Dopravní podnik – transport constructions	1 139 187	635 256	1 774 443
Defence Department – anti-flood measures	0	20 618	20 618
Municipal Investor's Department			
- Purchase of land for construction of apartment buildings	49 825	0	49 825
- Anti-flood measures	3 836	0	3 836
- Malešice – Počernická street	0	10 365	10 365
TOTAL	1 192 848	666 239	1 859 087

Long-Term Bank Loans

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Loan facility of EUR 120,000 thousand		
EIB – loan of EUR 70 million (“Prague Infrastructure Project – B”) for the renovation of the technical infrastructure damaged by the floods in 2002 (payable in 2011 – 2034)	2 242 392	2 242 392
EIB – loan of EUR 50 million (“Prague Municipal Infrastructure Project – A”) for the renovation of the Prague water management infrastructure (payable in 2005 – 2017)	1 397 724	1 240 782
Loan facility of EUR 150,000 thousand		
EIB – loan of EUR 75 million (“Prague Metro Project – B”) for the construction of the Prague metro (payable in 2009 – 2025)	2 246 808	2 246 808
EIB – loan of EUR 75 million (“Prague Metro Project – A”) for the construction of the Prague metro (payable in 2006 – 2019)	1 937 713	1 779 891
EIB – loan of EUR 80 million (“Prague Flood Damage project”) for the renovation of the Prague metro network damage in the floods in 2002 (payable in 2010 – 2033)	2 539 680	2 539 680
EIB – loan of EUR 75 million (“Prague Metro II – AFI-A”) for the construction of the Prague metro (payable in 2011 – 2030)	2 278 462	2 278 462
ING – loan of CZK 3,750 million (payable in 2010)	3 750 000	3 750 000
Total the City	16 392 779	16 078 015
Total boroughs	146 655	128 686
TOTAL	16 539 434	16 206 701

The balances of long-term bank loans denominated in foreign currencies were translated using the foreign exchange rate promulgated by the Czech National Bank as of 31 December.

European Investment Bank (“EIB”)

In June 1999, the City Council acknowledged the possibility to receive a loan facility of EUR 120,000 thousand from the EIB. This loan was drawn in two tranches:

- In 2001, the City Council approved the receipt of the latter tranche of the loan in the amount of EUR 70,000 thousand. Based on Amendment No. 1 of February 2003, this loan was used for the removal of damage caused by flooding in 2002. The loan was drawn in full in 2004.

- A tranche of EUR 50,000 thousand for the funding of water constructions. The loan facility was drawn in full in 2002.

In December 1999, the City Council approved a loan facility of EUR 150,000 thousand from EIB for the funding of the construction of the Metro, specifically IV. C1 (nádraží Holešovice – Ládví). This loan facility was drawn in two portions:

- Loan in the amount of EUR 75,000 thousand for the funding of the construction of Metro, specifically IV.C1 line (Nádraží Holešovice – Ládví). The loan was drawn in full in 2003.
- Loan in the amount of EUR 75,000 thousand for the funding of the construction of Metro, specifically IV.C1 line (Nádraží Holešovice – Ládví). On 15 June 2006, the fifth tranche was drawn in the amount of CZK 95,871 thousand.

In February 2003, the City Council approved the receipt of a loan of EUR 80,000 thousand from the EIB for the renovation and refurbishment of the Metro, due to the damage caused by the flooding in August 2002. The loan was drawn in full in 2003.

In September 2003, the City entered into a loan contract of EUR 75,000 thousand with the EIB on funding the Metro Prague II–AFI-A project for the construction of the section of IV.C2 line (Ládví – Letňany). During the year ended 31 December 2005, two tranches of CZK 830,000 thousand and CZK 798,462 thousand were drawn. The loan was drawn in full in 2005.

The City Council approved the draft loan contract “PRAGUE METRO II AFI-B” between the City and the EIB by its resolution No. 1156 dated 14 August 2007.

Loan from ING

In August 1998, the City entered into a contract for a loan facility of USD 105 million with ING (originally ING Barings). During 2000, the loan was restructured and translated into CZK 3,750,000 thousand. The loan facility was drawn in full in 2000.

As of the balance sheet date, information on long-term bank loans of boroughs was not available.

Other Long-Term Payables

Other long-term payables included the City’s payables to non-banking entities.

The principal long-term payables of the City included:

Entity	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
INCHEBA PRAHA spol. s.r.o.	181 612	171 612
Mediterra s.r.o.	156 577	151 898
DELTA CENTER, a.s.	149 753	154 691

Calculation of the Debt Service Ratio

Through its Resolution No. 1395 issued on 12 November 2008, the Czech Government approved the monitoring of economic issues of municipalities and revocation of Governmental Resolution No. 346 dated 14 April 2004 on regulation of indebtedness of municipalities and regions using the debt service ratio.

				(CZK thousand)
Ratio	Source of information		31 Dec 2008	
Population	Czech Statistical Office		1 233 211	
Total receipts (after consolidation)	Financial statement Fin 2 - 12 M	RS - classes 1+2+3+4 after consolidation	66 420 967	
Interest	Financial statement Fin 2 - 12 M	RS - item 5141	1 341 869	
Settled instalments of debt securities and loans	Financial statement Fin 2 - 12 M	RS – items 8xx2, 8xx4	440 867	
Total debt service	Number of columns 3 and 4		1 782 736	
Debt service ratio (in %)	Proportion of column 5 and 2		2.68%	
Balance of assets and liabilities	Balance sheet Balance sheet	lines 125 (202)	Total of financial statements for the municipality and its subsidised organisations	386 818 530
Liabilities and PNFV	Balance sheet	lines 150, 159	Total of financial statements for the municipality and its subsidised organisations	48 645 664
Balance at bank accounts	Balance sheet	lines 96 lines 161, 190, 191, 192	Total of financial statements for the municipality and its subsidised organisations	27 384 932
Loans and municipal securities	Balance sheet	lines 150,164, 165, 168, 193, 194	Total of financial statements for the municipality and its subsidised organisations	31 181 115
Received NFV and other debts	Total of columns 10 + 11		Total of financial statements for the municipality and its subsidised organisations	1 222 506
Total indebtedness	Proportion of column 8 and 7		32 403 621	
Proportion of CZ and PNFV to total assets (in %)	Proportion of column 12 and 8		12.58%	
Proportion of indebtedness to CZ and PNFV (in %)	Proportion of column 8 and 1		66.61%	
Indebtedness (CZ and PNFV) per 1 inhabitant	Balance sheet		39.45	
Current assets	Balance sheet	line 42	Total of financial statements for the municipality and its subsidised organisations	53 598 953
Short-term payables		line 189	Total of financial statements for the municipality and its subsidised organisations	11 831 586
Total liquidity	Proportion of column 16 and 17		4.53	

In the year ended 31 December 2008, the debt service ratio of the Capital City of Prague (including subsidised organisations) was 2.7 percent (2007: 3.7 percent) and the total liquidity (including subsidised organisations) was 4.5.

Pledged Assets and Guarantees

Kongresové centrum Praha, a.s. ('KCP')

In April 2005, KCP received a loan of CZK 700 million from Komerční banka, a.s. This loan refinances the original loan provided to this company by Živnostenská banka, a.s. of CZK 800 million (Resolution of the City Council No. 16/03 of 24 February 2000). On 19 April 2005, the City Council approved the proposed wording of the "Guarantee Statement" for Komerční banka, a.s. for the loan of CZK 700 million in favour of this bank. On 29 May 2005, the City issued the "Guarantee Statement for the Debtor" - Kongresové centrum Praha, a.s. for the repayment of the loan principal. As of 31 December 2008, the principal amounted to CZK 535,003 thousand.

The State Fund for Housing Development

Based on Resolution No. 08/10 of 29 May 2003, the City Council approved the issuance of two blank promissory notes that do not indicate the maturity date, the bill sum and payment place to the order of the State Fund for Housing Development in order to collateralise the loan received from this institution. As of 31 December 2008, the principal amounted to CZK 40,393 thousand.

At the balance sheet date, the City has no information available on pledges and guarantees issued by the boroughs.

14. SHORT-TERM PAYABLES AND TEMPORARY LIABILITIES

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Suppliers	909 458	1 402 469
Advances received	1 918 966	1 842 551
Other payables	1 375 140	1 432 263
Payables from fixed term transactions and options	3 223 035	2 787 658
Payables to association partners	124	124
Payables to employees	71 740	119 967
Payables arising from social security and health insurance	95 554	121 429
Taxation	1 501 173	1 131 775
Settlement of subsidy overpayments	-112 118	530 205
Other payables	668 930	668 678
Total	9 652 002	10 037 119
Temporary liabilities	3 814 341	3 741 493
TOTAL	13 466 343	13 778 612

The advance payments received are largely composed of prepayments for services (water, electricity, gas, etc.).

The settlement of subsidy overpayments primarily includes payables under the financial relation with the sponsor's (i.e., the City's) budget. These payables indicate the relations between taxable activities and income from the budget (unperformed transfers of profit from taxable activities to major operations, depreciation and net book values of assets claimed in tax expenses) and hence the above balances do not constitute payables to third parties.

Of the total settlement of subsidy overpayments, payables of boroughs to the Metropolitan Authority for the unpaid share of the income tax under the preliminary assessment as of 31 December 2008 amounted to CZK 712 million (CZK 913 million as of 31 December 2007). The difference is composed of funds to be remitted to the boroughs' budgets which have not yet been remitted.

Temporary liabilities primarily include unrealised foreign currency losses of CZK 2,920 million (CZK 3,046 million as of 31 December 2007) arising from the re-translation of issued bonds and bank deposits.

15. AGGREGATE INCOME

	(CZK thousand)		
	2007	2008	
	Actual	Adjusted budget	Actual
Tax income	42 507 859	43 697 870	45 599 143
Non-tax income	1 772 071	1 603 109	2 439 233
Capital income	41 825	59 267	90 187
Subsidies	12 370 462	14 273 323	13 329 131
Transfers from own funds	4 276 288	5 539 566	4 963 273
TOTAL	60 968 505	65 173 135	66 420 967

16. TAX INCOME

	(CZK thousand)		
	2007	2008	
	Actual	Adjusted budget	Actual
Personal income tax	11 648 494	11 097 724	11 232 920
Corporate income tax	12 189 658	12 308 327	13 935 214
General in-country tax on goods and services	16 070 676	17 955 608	17 796 791
Fees and charges for environmental pollution	767 922	660 123	729 931
Local fees and other charges on selected activities and services	809 570	767 896	886 691
Administration fees	605 510	506 991	571 173
Tax on assets	416 029	401 201	446 423
TOTAL	42 507 859	43 697 870	45 599 143

In 2008, tax income accounts for 69 percent of total income of the City. Tax income is transferred to the City from taxation and customs authorities.

17. NON-TAX INCOME

	(CZK thousand)		
	2007	2008	
	Actual	Adjusted budget	Actual
Income from own activity and penalties	121 786	103 782	139 470
Overpayments of organisations with direct relation, refunds of subsidies	117 420	427 566	431 719
Income from shares in profit, dividends and realised foreign exchange gains	255 854	25 492	427 917
Interest income	577 033	447 682	868 634
Other non-tax income	699 978	598 587	571 493
TOTAL	1 772 071	1 603 109	2 439 233

In the year ended 31 December 2008, non-tax income accounts for 4 percent of the City's aggregate income. Non-tax income predominantly includes income from interest and realisation of the financial assets (shares in the profit, dividends and realised foreign currency exchange gains).

Income from own activity primarily includes income from the provision of services of the City (e.g. payments for appraisals, contractual payments for collection and use of packaging waste material by EKO-KOM, a.s., sale of regulations for provided information according to Act No. 106/1999 Coll. on Free Access to Information, income from the operation of P+R parking fields, fees for information search, xeroopies, photocopies, etc.)

Organisations with direct relation are defined as subsidised organisations and public service enterprises sponsored by the City.

Other non-tax income principally includes sanction payments – sanctions and fines for the breach of generally binding legal standards and regulations. The budget of the City receives this income from Taxation Authorities and Customs Offices and the Czech Environmental Inspectorate. In 2008, the collected sanction fees amounted to CZK 305 million (2007: CZK 286 million).

Other non-tax income principally includes received insurance compensation for damage, gifts, refunds of prepayments and repayments of lent funding, specifically from the citizens, formed entities, municipalities, businesses and public service enterprises relating to the previous year and other non-recurring income.

18. CAPITAL INCOME

	(CZK thousand)		
	2007	2008	
	Actual	Adjusted budget	Actual
Income from the sale of fixed assets	275	65	73
Other capital income	41 550	59 202	90 114
Total	41 825	59 267	90 187

Capital income principally includes receipts from the sale of fixed assets, received investment gifts from individuals and corporate entities and contributions to acquire fixed assets.

19. RECEIVED SUBSIDIES

	(CZK thousand)		
	2007	2008	
	Actual	Adjusted budget	Actual
Non-investment subsidies from public budgets at the central level	10 691 977	11 645 794	11 601 436
Non-investment subsidies from public budgets at the local level	6 061	7 223	8 107
Non-investment foreign subsidies	1 321	63	63
Non-investment subsidies from state financial assets	51	19	19
Total non-investment subsidies	10 699 410	11 653 099	11 609 625
Investment received subsidies	1 671 052	2 620 224	1 719 506
Total investment subsidies	1 671 052	2 620 224	1 719 506
TOTAL	12 370 462	14 273 323	13 329 131

In the year ended 31 December 2008, received subsidies account for 20 percent of the total actual income of the Capital City of Prague and are thus the second most significant source of the Capital City of Prague's income.

Funding from the state budget was provided principally via the Finance Ministry, the Ministry for Regional Development, Ministry of the School System, Youth and Physical Education, Ministry of Labour and Social Affairs and Czech State Funds.

Received subsidies predominantly comprise:

- Non-investment subsidies from the state budget which include funding for operating and capital expenditure of schools and school facilities transferred from the Czech Ministry of the School System, Youth and Physical Education to the City in 2001, from the Czech Ministry of Finance and other government departments; and
- Non-investment subsidies from the State Fund for Transport Infrastructure.

Non-investment Subsidies from Public Budgets at the Central Level

	(CZK thousand)	
	2007	2008
	Actual	Actual
Ministry of the School System, Youth and Physical Education	7 990 034	8 247 369
Finance Ministry	861 100	878 126
Other Czech ministries and state funds	1 840 843	2 475 941
Total	10 691 977	11 601 436

Czech Finance Ministry

The non-investment subsidies from the Finance Ministry were used for the following purposes:

	(CZK million)	
	2007	2008
	Actual	Actual
State administration	517 006	534 897
School system	141 031	141 077
Other subsidies	203 063	202 152
Total	861 100	878 126

Investment Subsidies from Public Budgets at the Central Level

	(CZK thousand)	
	2007	2008
	Actual	Actual
State Fund for Transport Infrastructure	660 356	642 526
State Fund for Housing Development	710 280	906 086
Czech Finance Ministry	210 983	100 504
State Environmental Fund	1 618	17 019
Other Czech ministries and state funds	87 815	53 371
TOTAL	1 671 052	1 719 506

20. TRANSFERS FROM OWN FUNDS

Transfers from own funds predominantly include transfers from own funds of activities that are subject to taxation, or from other own funds to income from principal activities.

21. TOTAL DISBURSEMENTS

(CZK thousand)

	2007	2008	
	Actual	Adjusted budget	Actual
Total non-investment disbursements	38 263 660	41 491 749	39 718 828
Total investment disbursements	20 665 793	22 518 828	19 547 108
Total	58 929 453	64 010 577	59 265 936

An Analysis of Disbursements by Chapter

(CZK thousand)

Chapter	2008		
	Non-investment disbursements	Investment disbursements	TOTAL
Municipal development	368 136	868 570	1 236 706
Municipal infrastructure	2 542 205	1 963 787	4 505 992
Transportation	10 250 052	10 366 673	20 616 725
School system, youth and self-administration	11 223 005	2 245 511	13 468 516
Health system and social care	3 681 130	460 839	4 141 969
Culture, sports and tourism	1 930 093	487 754	2 417 847
Security	1 696 682	275 055	1 971 737
Economy	641 996	1 587 746	2 229 742
Internal administration	5 532 577	1 278 566	6 811 143
Administration of financial issues	1 852 952	12 607	1 865 559
TOTAL	39 718 828	19 547 108	59 265 936

(CZK thousand)

Chapter	2007		
	Non-investment disbursements	Investment disbursements	TOTAL
Municipal development	345 165	1 034 739	1 379 904
Municipal infrastructure	2 440 330	2 825 595	5 265 925
Transportation	10 588 611	10 535 717	21 124 328
School system, youth and self-administration	10 922 041	1 842 348	12 764 389
Health system and social care	3 102 416	685 561	3 787 977
Culture, sports and tourism	1 740 261	721 782	2 462 043
Security	1 524 421	433 382	1 957 803
Economy	649 953	1 830 626	2 480 579
Internal administration	5 282 855	695 174	5 978 029
Administration of financial issues	1 667 607	60 869	1 728 476
TOTAL	38 263 660	20 665 793	58 929 453

In 2008 and 2007, the largest volume of disbursements related to transport (36 percent) and school system, youth and self-administration (22 percent).

TransportationNon-investment Disbursements

	(CZK thousand)	
	2007	2008
	Actual	Actual
Technical administration of roads (budgetary)		
- Winter maintenance	269 382	270 531
- Repair and maintenance of roads	1 161 523	968 489
- Cleaning and greenery	573 952	528 483
- Other	214 318	456 534
Total	2 219 175	2 224 037
Dopravní podnik hl. m. Prahy, a.s.		
- Subsidies to offset the expenses of Dopravní podnik, a.s. (from the 'transportation' chapter)	7 616 622	7 201 166
Other current disbursements (including boroughs)	752 814	824 849
Total non-investment disbursements	10 588 611	10 250 052

In 2008, the ordinary expenses of Technical Administration of Roads were predominantly incurred in respect of repairs and maintenance of roads, winter maintenance of roads to keep them open to traffic (including spreadings), cleaning, maintenance of greenery, events for BESIP and other activities related to the administration of the roads owned by the City.

The City approved a non-investment subsidy of CZK 7,151,420 thousand from the budget of the City, "Transportation" chapter, for Dopravní podnik hl. m. Prahy, akciová společnost, by Resolution of the City Council No. 11/1 dated 29 November 2007.

The aggregate non-investment subsidy from the budget of the City intended for the payment of operating expenses of Dopravní podnik hl. m. Prahy, akciová společnost, as of 31 December 2008 amounted to CZK 7,241,166 thousand, of which CZK 7,201,166 thousand was provided from the "Transportation" chapter and CZK 40,000 thousand from the "Security" chapter.

Investment Disbursements in 2008

	(CZK thousand)
	2008
	Actual
The City Investor Department	
- Špejchar – Pelc/Tyrolka	2 981 876
- MO Prašný most Špejchar	153 018
- Strahovský tunel 2. st.	431 744
- MO Myslbekova Prašný most	92 294
- Other (below CZK 50 million on an individual basis)	290 621
Total	3 949 553
Technical Administration of Roads	
- Karlovarská road extension	104 564
- JPD 2 – renovation of Pobřežní III. 2nd stage	135 736
- MSP management system	59 000
- Jižní spojka – multiple constructions	137 203
- Pavement programme	51 144
- Other (below CZK 70 million on an individual basis)	416 278
Total	903 925
Dopravní podnik hl. m. Prahy, akciová společnost	
- IV. section of the C2 line – Ládví - Letňany	1 600 000
- Renovation of metro trains	1 100 064
- Purchase of trams	1 680 000
- Modernisation of trams	180 000
- OPPK – construction of TT Radlická	390 163
- Other (below CZK 100 million on an individual basis)	366 036
Total	5 316 263
Other investment disbursements (including boroughs)	196 932
TOTAL	10 366 673

In the year ended 31 December 2008, Dopravní podnik, hl. m. Prahy received the aggregate investment special-purpose subsidy of CZK 5,316,263 thousand from the City's budget, Transportation chapter.

Investment Disbursements in 2007

	(CZK thousand)
	2007
	Actual
The City Investor Department	
- Špejchar – Pelc/Tyrolka	1 099 623
- Vysočanská radiála	310 443
- Strahovský tunel 2. st.	242 465
- MÚK – PPO - Liberecká	55 241
- Other (below CZK 50 million on an individual basis)	154 498
Total	1 862 270
Technical Administration of Roads	
- Štefánikův bridge	288 312
- JPD 2 – renovation of Pobřežní III. 1 st stage	202 607
- MSP management system	97 775
- JPD 2 – renovation of Pobřežní III. 2 nd stage	85 504
- Jižní spojka – multiple constructions	83 963
- Embankment of E. Beneš – supporting walls	50 248
- Other (below CZK 50 million on an individual basis)	578 251
Total	1 386 660
Dopravní podnik hl. m. Prahy, akciová společnost	
- IV. section of the C2 line – Ládví - Letňany	4 375 000
- Renovation of metro trains	1 100 000
- Purchase of trams	820 000
- Renovation of trams	454 000
- TT Laurová - Radlická	119 986
- Other (below CZK 100 million on an individual basis)	277 182
Total	7 146 168
Other investment disbursements (including boroughs)	140 619
TOTAL	10 535 717

In the year ended 31 December 2007, Dopravní podnik, hl. m. Prahy received the aggregate investment subsidy of CZK 7,146,168 thousand from the City's budget, the "Transportation" Chapter.

School System, Youth and Self-AdministrationNon-investment Disbursements

In the year ended 31 December 2008 and 2007, this area was financed using funds from the City's budget and from the state budget provided by the Ministry of the School System, Youth and Physical Education, the Finance Ministry and the Ministry of Labour and Social Affairs.

Non-investment disbursements from the state budget principally include salaries, other staff costs and insurance charges, costs of teaching aids and education of teachers for schools and school facilities of the City and city boroughs. Non-investment contributions are provided from the City's budget to the City's schools and school facilities to finance their operating costs.

In 2008, the Educational Division of the Metropolitan Authority implemented projects that were subsidised within the "Unified Programme Document of the City NUTS 2 region for Purpose 3 (JPD 3)" which were completed at the end of the third quarter including the handover of monitoring reports. The EKOGRAMOTNOST project was completed as of 31 December 2007 and was settled in 2008.

JPD 3 non-investment disbursements were drawn for the following projects:

- **PILOT GP** – preparation and review of pilot school educational programmes in selected Prague high schools;
- **Ekogramotnost** – preparation and assessment of programmes for education;
- **PŠP** (Advisory – school – occupation) – improvement of the diagnostic and advisory system in the field of education and choice of occupation;
- **INOSKOP** – the programme focuses on the introduction of innovations in the work of teachers at elementary schools;
- **EVALUACE** – creation of evaluation and self-evaluation procedures for elementary and secondary schools on the territory of the City.

In its Resolution No. 20/67 dated 30 October 2008, the City Council approved the adjustment of the budget of the Capital City of Prague in the amount of CZK 148 million for projects of the 1st Call in the Prague – Adaptability operational programme. These are subsidy projects focused on education. As of 31 December 2008, funds of CZK 81.9 million were used.

Investment Disbursements

In the area of investment disbursements, funding was principally invested in renovating and modernising school facilities in the years ended 31 December 2008 and 2007.

22. OPERATING DISBURSEMENTS

Total non-investment disbursements predominantly include disbursements related to the operation of the Metropolitan Authority and individual boroughs and disbursements for repairs and maintenance of fixed assets.

An Analysis of Operating Disbursements by Type

	(CZK thousand)		
	2007		2008
	Actual	Adjusted budget	Actual
Wages and other work-related payments and obligatory insurance paid by employers	3 902 905	4 311 891	4 202 324
Purchased material	416 119	456 462	430 100
Purchased water, fuel and energy	175 329	223 173	204 217
Purchased services	4 663 703	5 378 138	5 066 801
Other purchases	2 958 111	3 128 294	3 029 735
Interest and other financial expenses	1 547 469	1 986 945	1 798 356
Other operating expenses	459 274	410 441	404 682
Total	14 122 910	15 895 344	15 136 215

Purchased services specifically include costs of telecommunication, leasing, consultancy, advisory and legal services, training and educational services, data processing services, services of financial institutions, purchases of other services, etc.

Other purchases principally include costs of repairs and maintenance of fixed assets (winter maintenance of roads to keep them open for traffic, cleaning of roads and drainage outlets, greenery maintenance, liquidation of unauthorised dumping sites, repairs and maintenance of roads and other activities relating to the property administration of roads owned by the City).

Other operating disbursements predominantly include prepayments made, principals, guarantees and disbursements related to non-investment purchases, contributions, refunds and gifts.

Fees Paid to Auditors by Individual Types of Services, for the City

	(CZK thousand)	
	2007	2008
	Actual	Actual
Total auditor's activity related to the examination of the City's operations - Auditor's report on the examination of the City's operations – Deloitte Audit s.r.o.	4 444	4 444
Total other activities related to the examination of the City's operations – Deloitte Audit s.r.o.	0	2 227
Total advisory services – Deloitte Audit s.r.o.	2 844	305
TOTAL	7 288	6 976

By its Resolution No. 0974 of 20 June 2006, the Board of the City Council recommended that the Mayor provide for the examination of the City's operations in 2006 – 2009 by retaining an auditor selected in a public tender in accordance with the Public Procurement Act and appointed members and substitutes of the Evaluation Commission.

On 14 December 2006, the City entered into the contract for the examination of the operations for the calendar years 2006 – 2009 and the provision of the related services by Deloitte Audit s.r.o.

The costs involved in examining the City's operations are recognised in the period in which they were invoiced.

As of the balance sheet date, the Capital City of Prague did not have the information related to the fees paid to the auditors of those boroughs that asked for the examination of their operations by an external auditor or an external audit firm.

23. NON-INVESTMENT SUBSIDIES, ALLOWANCES AND OTHER TRANSFERS TO SELECTED ENTITIES

	(CZK thousand)		
	2007	2008	
	Actual	Adjusted budget	Actual
Dopravní podnik, a.s. (Transport Company)	7 656 622	7 201 166	7 201 166
Technical Administration of Roads	2 219 175	2 258 148	2 224 037
Municipal Police	972 176	1 130 872	1 130 865
Emergency Medical Services	224 614	219 560	219 560
City library	214 744	213 277	212 155
Zoo	117 125	110 761	110 644

Other entities receiving subsidies/allowances/transfers are, for example, schools and schooling facilities, retirement homes, homes with special care, theatres, galleries, etc.

24. RECEIPTS, DISBURSEMENTS AND FINANCING

	(CZK thousand)	
	2007	2008
	Actual	Actual
Total receipts	60 968 505	66 420 967
Total disbursements	58 929 453	59 265 936
Balance of receipts and disbursements	2 039 052	7 155 031
Financing	-2 039 052	-7 155 031

The financial result of the City represented a surplus in the aggregate amount of CZK 7,155,031 thousand. The financial result was due to a higher amount of receipts.

Breakdown of Financing

	(CZK thousand)	
	2007	2008
	Actual	Actual
Local financing		
Short-term received funds	15 000	13 000
Repayments of short-term received funds	-15 000	-18 000
Change in the balance of short-term funds at bank accounts	-1 209 918	-6 085 440
Active short-term liquidity management transactions (receipts – disbursements)	-180 421	-671 464
Repayments of long-term received funds	-447 304	-422 867
Active long-term liquidity management transactions (receipts – disbursements)	1 069	-13 448
Foreign financing		
Long-term received funds	0	0
Repayments of short-term received funds	0	0
Active long-term liquidity management transactions (receipts – disbursements)	0	0
Unrealised foreign exchange rate gains or losses	-202 478	43 188
TOTAL	-2 039 052	-7 155 031

The funding predominantly includes repayments of short-term and long-term loans and active short-term and long-term liquidity management transactions – appreciation of available funds which include current bank accounts, depository certificates and bills of exchange and term deposits.

25. INCOME STATEMENT

	(CZK thousand)	
	2007	2008
Total income	13 747 353	12 419 136
Total expenses	7 988 075	7 926 147
Operating surplus/(deficit) before tax (income less expenses)	5 759 278	4 492 989
Tax	1 526 656	1 119 780
Surplus/(deficit) after tax (profit +/-loss -)	4 232 622	3 373 209

26. SALES OF OWN PRODUCTS, SERVICES AND GOODS

Sales are generated from taxable activities of the City and primarily consist of proceeds from the lease of immovable assets.

27. PROCEEDS FROM THE SALE OF FIXED ASSETS AND MATERIAL

Gains from the sale of fixed assets do not indicate the actual result of the sales as the net book value of the sold fixed assets was not charged to expenses in respect of certain sales.

28. OTHER OPERATING INCOME

Other operating income primarily includes interest income and income from contractual fines and penalties and payments for written off receivables.

29. PROFIT ON FINANCIAL TRANSACTIONS

The profit on financial transactions primarily consists of income from non-current and current financial assets and proceeds from the sale of securities.

30. COSTS OF OWN PRODUCTS, SERVICES AND GOODS SOLD

Set out below is an analysis of the costs of goods and services sold:

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
Material	36 935	28 084
Energy	33 343	41 560
Other non-storable supplies and goods sold	2 187	2 408
Repairs and maintenance	2 127 169	2 708 143
Other costs and services	1 008 409	1 190 550
Total	3 208 043	3 970 745

Other costs and services principally include fees for asset administration paid to administrators, travel expenses and representation costs.

31. DEPRECIATION

Depreciation can be charged only on assets used within taxable activities. The City recognises depreciation only on residential houses that are leased throughout the year and on assets leased to Pražská vodohospodářská společnost, a.s. (all water pipes and the sewer system on the territory of the City). It is not possible to estimate the amount of depreciation charges on all commercially used assets due to their quantity.

32. INCOME TAXES

The estimated income tax is determined pursuant to the income statement of the City and city boroughs. The ultimate tax amount (2008: 21 percent of the profit before tax, 2007: 24 percent) is calculated according to statutory requirements by 30 June of the year following the accounting period to which the tax relates. The difference between the actual calculated tax and the tax recorded to expenses prior to the preparation of the year-end financial statements is charged against the profit or loss in the following year.

The tax paid by the municipality is also its receipt and therefore it is allocated to the receipts of the City's budget, the only exception being paid withholding tax which represents receipts of the State Budget.

The proportional amount of city boroughs in the City's tax liability has been refunded to the City boroughs as a subsidy.

33. RELATED PARTY TRANSACTIONS

Related parties include subsidised organisations and organisational branches formed by the City and business companies in which the City holds controlling or significant interest. Business companies principally consist of Dopravní podnik, a.s. (The City Transport Company).

The statement of receipts and disbursements contains the following related party transactions:

Receipts

		(CZK thousand)	
		2007	2008
		Actual	Actual
The City's receipts from dividends		217 560	392 893
Of which:	Pražská teplárenská Holding, a.s.	180 961	333 530
	Pražská plynárenská Holding, a.s.	36 599	59 363
Total city boroughs		31 726	24 446
TOTAL		249 286	417 339
Total payments to related organisations		117 420	189 962

At the balance sheet date, no information on individual receipts from dividends of boroughs was available.

Disbursements

		(CZK thousand)	
		2007	2008
		Actual	Actual
Subsidies to business companies	investment	7 206 601	5 460 378
of which: subsidies to Dopravní podnik, a.s.		7 146 168	5 383 618
	non-investment	8 879 599	8 700 189
of which: subsidies to Dopravní podnik, a.s.		7 656 622	7 241 166
Subsidies to non-for-profit and similar organisations	investment	160 548	133 254
	non-investment	4 518 618	4 660 152
Subsidies to subsidised organisations	investment	982 822	830 093
Subsidies to subsidised and similar organisations	non-investment	9 092 414	9 209 379

Subsidies predominantly include contributions and subsidies to business entities, subsidised organisations, citizen associations, public service enterprises, churches and religious organisations.

34. BALANCE SHEET FOR ESTABLISHED SUBSIDISED ORGANISATIONS

Total assets and liabilities of subsidised organisations established by the City and boroughs that are not included in the balance sheet of the City are as follows:

	(CZK thousand)	
	31 Dec 2007	31 Dec 2008
ASSETS		
Fixed assets		
Intangible fixed assets	268 257	308 785
Tangible fixed assets	28 316 108	29 639 157
Non-current financial assets	55	55
Accumulated depreciation of fixed assets	-11 119 881	-11 757 785
Total	17 464 539	18 190 212
Current assets		
Inventory	218 110	223 322
Receivables	580 113	691 561
Financial assets	3 385 325	3 496 028
Other assets	72 357	84 260
Total	4 255 905	4 495 171
TOTAL ASSETS	21 720 444	22 685 383
		(CZK thousand)
	31 Dec 2007	31 Dec 2008
LIABILITIES		
Equity		
Equity funds	17 615 392	18 329 916
Financial funds	1 654 387	1 829 451
Results of operations		
Profit or loss for the period	103 753	121 214
Retained earnings	-35 976	-37 698
Total	19 337 556	20 242 883
Liabilities		
Reserves	797	419
Long-term payables	3 200	2 182
Short-term payables and temporary liabilities	2 362 680	2 439 585
Bank loans and borrowings	16 211	314
Total	2 382 888	2 442 500
TOTAL LIABILITIES	21 720 444	22 685 383

Major subsidised organisations of the City include, for example, the Zoo, the Prague Botanical Garden, the City's Emergency Medical Services, the City Gallery, the Observatory and Planetarium, the City Museum, the City's Library, and the Administration of Prague Cemeteries.

With effect from 2001, subsidised organisations established by the City have included schools and school facilities, which had been promoted by the Czech Ministry of the School System, Youth and Physical Education until 2000, and the City's organisations that operated as budget-driven entities by the end of 2000, specifically Retirement Centres and Social Care Centres.

For further information on subsidised organisations, refer to Note 4.

35. CONTINGENT LIABILITIES

Legal Disputes and Charges

The City has been named as a defendant in numerous restitution claims and legal proceedings. The amount and likelihood of an unfavourable outcome of such claims and legal disputes cannot be determined.

In accordance with the accounting procedures for territorial self-governing units, branches and subsidised organisations, no contingent liabilities can be recognised in the financial statements of the City.

The most significant legal disputes, in which the City acts as a defendant, include the following claims:

- Legal dispute for damages exceeding CZK 2,500 thousand, required by the British tourist who suffered a serious injury after having been hit by the Christmas tree on Old Town Square. The City appealed the verdict on 14 June 2006. The Municipal Court in Prague did not allow the appeal. The City filed an application for appellate review of the decision at the Supreme Court. The resolution has not been issued yet.
- Charge for the extradition of unjustified enrichment of CZK 4,000 thousand with accrued interest. The procedure was postponed sine die.
- Legal dispute of the bankruptcy trustee of Vít potraviny, a.s. and the City for CZK 4,680 thousand with accrued interest. The Regional Court for Prague 1 issued a verdict on 10 July 2006 imposing the payment of CZK 3,960 thousand to the City. The Regional Court dismissed the legal dispute relating to the remaining CZK 720 thousand. Both parties appealed the verdict. In the appellate proceeding, the Municipal Court in Prague issued a resolution on 6 September 2007 changing the verdict of the court of first instance and dismissed the legal dispute for the payment of CZK 4 million by the defendant and confirmed the remaining part of the verdict by the court of first instance. The judicial decision took effect. The plaintiff filed an appeal against the resolution of the Appellate Court. The Supreme Court has not taken any resolution yet.
- Legal dispute for the payment of approximately CZK 39,000 thousand relating to the extradition of unjustified enrichment resulting from the use of land from 2002 to 2003.
- Legal dispute for the payment of approximately CZK 79,000 thousand relating to the extradition of unjustified enrichment resulting from the use of land from 2000 to 2002.

- Legal action brought by DEVICE INVESTMENTS LIMITED Company against the City. The plaintiff is seeking the payment of CZK 87,057 thousand with 12 percent interest from February 1998 until the payment is made. The legal dispute relates to the comprehensive service involving the overall renovation of the Municipal House in 1994 and the subsidised organisation Municipal House (Obecní dům). Following the cancellation of the subsidised organisation Municipal House, the rights and obligations passed to the City. The dispute relates to the payment of invoices exceeding the contracted cap on the cost of the work and accrued interest (default interest).
- Legal dispute for approximately CZK 105, 000 thousand relating to the extradition of unjustified enrichment resulting from the use of land from 1996 to 2000.

Swap Transactions

In the year ended 31 December 2008, the City entered into no new derivative transactions.

With a view to managing foreign exchange and interest rate risks arising from its long-term financial commitments, the City maintained the following open derivative transactions as of 31 December 2008:

1. Tranche of the EMTN Programme of EUR 170 million (collateralised payable)

Deutsche Bank, A.G.

- Cross currency swap related to the first issue of the City's bonds in the amount of EUR 170 million with a trade date of 12 March 2003, inception date on 19 March 2003 and settlement date on 19 March 2013.

Payer of the fixed amount:	Deutsche Bank, AG, Prague branch
Nominal amount in EUR:	EUR 170,000,000
Interest rate (receipt of the City):	4.25 % p.a.
Payer of the variable amount:	City
Nominal value in CZK:	CZK 5,389,000,000
Interest rate for the first to third year: (disbursement of the City)	3.95 % p.a.
Interest rate of the fourth to 10 year: (disbursement of the City)	5.55 % p.a. – spread from the nominal amount in CZK, (spread = 10Y IRS – 2Y IRS)

Česká spořitelna a.s.

- Interest rate swap related to the first issue of the City's bonds in the amount of EUR 170 million as part of the EMTN Programme with the inception date on 20 March 2006 and settlement date on 19 March 2013.

Nominal value in CZK:	CZK 5,389,000,000
Payer of the variable amount:	Česká spořitelna , a.s.
Interest rate (receipt of the City)	5.55 % p.a. – spread from the nominal value in CZK, (spread = 10Y IRS – 2YIRS)
Payer of the variable amount:	City
Interest rate for the period from 20 March 2006 to	PRIBOR 12 M + 1.55% p.a.

19 March 2007 (disbursement of the City)	
Interest rate for the period from 19 March 2007 to	
19 March 2013 (disbursement of the City)	PRIBOR 12 M + 1.55% p.a. (Collar, variable CAP)

III. Issue of obligations (CZK 5 billion) – only the floating portion of the issue of CZK 3 billion collateralised (collateralised payable)

Česká spořitelna, a.s.

- Interest rate swap with an inception trade date of 15 May 2005 and a settlement date of 15 May 2011

Nominal amount in CZK	CZK 1,500,000,000
Payer of the variable amount:	Česká spořitelna, a.s.
Interest rate (receipt of the City):	6-month PRIBOR+ 0.32 % p.a.
Payer of fixed amount:	City
Interest rate (disbursement of the City):	7.05 % p.a.

Commerzbank, A.G.

- Interest rate swap with an inception trade date of 15 May 2005 and a settlement date of 15 May 2011

Nominal amount in CZK:	CZK 1,500,000,000
Payer of variable amount:	Commerzbank, AG
Interest rate (receipt of the City):	6M PRIBOR + 0.32 %
Payer of fixed amount:	City
Interest rate (disbursement of the City):	7.1325 %p.a.

II. Issue of obligations of the City (collateralised payable)

Deutsche Bank AG

Component (A)

- Cross currency swap related to the second issue of the City's bonds with a trade date of 30 November 2001, inception trade date of 15 June 2002 and settlement date of 15 June 2009.

Payer of fixed amount:	Deutsche Bank AG, Prague branch
Nominal amount in EUR:	EUR 134,000,000
Interest rate (receipt of the City):	4.625 %
Payer of variable amount:	City
Nominal amount in CZK:	CZK 4,857,500,000
Interest rate (disbursement of the City):	6-month PRIBOR + 1.39 % p.a.

- EUR – CZK forward with the settlement date of 15 June 2009.

Payer of nominal amount in EUR:	Deutsche Bank AG, Prague branch
Nominal amount in EUR:	EUR 67,000,000
Payer of nominal amount in CZK:	City
Nominal amount in CZK:	CZK 2,428,750,000

- EUR – CZK forward with the settlement date of 15 June 2009.

Payer of nominal amount in EUR:	Deutsche Bank AG, Prague branch
Nominal amount in EUR:	EUR 67,000,000
Payer of nominal amount in CZK:	City
Nominal amount in CZK:	CZK 2,207,650,000

Component (B)

- Cross currency swap related to the second issue of the City's bonds with a trade date of 15 May 2001, an inception trade date of 15 June 2002 and a settlement date of 15 June 2009.

Payer of fixed amount:	Deutsche Bank AG, Prague branch
Nominal amount in EUR:	EUR 34,000,000
Interest rate:	4.625 %
Payer of fixed amount in CZK:	City
Nominal amount:	CZK 1,232,500,000
Interest rate:	5.490 % p.a.

Component (C)

- Collar Rate Protection Transaction related to the second issue of the City's bonds with a trade date of 11 February 2002, inception trade date of 15 June 2002 and a settlement date of 15 June 2009. (Since 2003, the Collar has been as follows)

Amount:	CZK 4,857,500,000
Reference rate:	6-month PRIBOR + 1.39 %
Cap :	8.99 % p.a.
Floor:	5.77 % p.a.

ABN-AMRO

I.

- Interest rate swap related to the second issue of the City's bonds with a trade date of 15 May 2001, an inception trade date of 15 June 2002 and a settlement date of 15 June 2009.

Payer of fixed amount:	ABN AMRO
Nominal amount in EUR:	EUR 66,000,000
Fixed amount:	EUR 3,052,500
Payer of variable amount:	City
Nominal amount in CZK:	CZK 2,392,500,000
Interest rate:	6M PRIBOR (+ Collar)

- Collar Rate Protection Transaction related to the second issue of the City's bonds with an inception trade date of 15 June 2002 and a settlement date of 15 June 2009 (since 2003, the Collar has been as follows)

Amount:	CZK 2,392,500,000
Reference rate:	6-month PRIBOR
Cap :	8.58 % p.a.
Floor:	5.26 % p.a.

- EUR – CZK forward with the settlement date of 15 June 2009.

Payer of the nominal amount in EUR:	ABN AMRO
Nominal amount in EUR:	EUR 66,000,000
Payer of the nominal amount in CZK:	City
Nominal amount in CZK:	CZK 2,283,600,000

II.

- Interest rate swap related to the second issue of the City's bonds with an inception trade date of 15 June 2002 and a settlement date of 15 June 2009

Payer of fixed amount:	ABN AMRO
Nominal amount:	EUR 34,000,000
Fixed amount:	EUR 1,572,500
Payer of fixed amount:	City
Nominal amount in CZK:	CZK 1,232,500,000
Interest rate:	5.49 %

As of the balance sheet date, no information on derivative transactions of individual boroughs was available.

36. POST BALANCE SHEET EVENTS

The following events occurred subsequent to the balance sheet date:

The City Council

Body of the City	Description
THE CITY COUNCIL Resolution No. 23/21 of 29 January 2009 approved:	– Provision of a special purpose non-investment subsidy for boroughs in the aggregate amount of CZK 19 million in relation to the announced subsidy proceedings of the City for boroughs with respect to social services for 2009.
THE CITY COUNCIL Resolution No. 23/20 of 29 January 2009 approved:	<ul style="list-style-type: none"> – Decrease in common expenses of the European Union Funds Division of CZK 400,297 thousand. Increase in common and capital expenditure for events organised by the European Union Funds Division as part of the OPPA programme in the amount of CZK 365,824 thousand – Increase in the non-investment contribution and provision of the investment subsidy to organisations founded by the City for events organised as part of the OPPA programme in the amount of CZK 25,921 thousand – Provision of special purpose non-investment and investment subsidies from the budget of boroughs for events organised as part of the OPPA programme in the amount of CZK 8,552 thousand.
THE CITY COUNCIL Resolution No. 24/26 of 19 February 2009 approved:	– Decrease in ordinary and capital expenditures for event no. 2000 – reserve intended for the co-financing of the projects in the Praha - Konkurenceschopnost operational programme of CZK 39,386 thousand and concurrent provision of special purpose investment and non-investment subsidies from the budget of the City (in the position of a region), boroughs 10 and 19.
THE CITY COUNCIL Resolution No. 24/27 of 19 February 2009 approved:	– Increase in the budget of the City, class 8 – funding, item 8115 (transfer of unused funds of the City intended for co-funding for projects approved in the Praha - Konkurenceschopnost operational programme from 2008 to the budget of the City for 2009 without a change in purpose) in the aggregate amount of CZK 157,519 thousand and concurrent increase of common and capital expenses of European Union Funds Division.

Body of the City	Description
THE CITY COUNCIL Resolution No. 25/1 of 26 March 2009 approved:	<ul style="list-style-type: none"> - The principal of the second issue of securities of the Capital issued in 1999 in the aggregate amount of EUR 200 million is repayable as of 15 June 2009. - Adjustment to the budget of the City in Chapter 10 – Cash administration in class 8 - funding. The increase of item 8115 (reserve recognised in prior years) of CZK 5,420,000 thousand and decrease in item 8115 (reserve included in RS 2009) in the amount of CZK 1,500,000 thousand and concurrent increase in item 8224 (settlement of lent funds from abroad) of CZK 6,920,000 thousand for the repayment of the payable of the City.
THE CITY COUNCIL Resolution No. 26/1 of 23 April 2009 approved:	<ul style="list-style-type: none"> - Increase in the disbursement budget of the Capital for 2009 – reserve for boroughs of CZK 213,360 thousand at the expense of the surplus for 2008, i.e. increase in class 8 – funding - Decrease in disbursements of the City – reserve for boroughs in relation to covering requirements of boroughs - Provision of special purpose investment and non-investment subsidies from the boroughs - Increase in capital expenditures of the City Investor Division.

The Board of the City Council

Body of the City	Description
THE BOARD OF THE CITY COUNCIL Resolution No. 33 of 13 January 2009	<ul style="list-style-type: none"> - Acceptance of the special purpose non-investment subsidy from the Ministry of Labour and Social Affairs intended for the payment of the contribution for care in accordance with Act No. 108/2006 Sb., on Social Services, as amended, in the amount of CZK 1,173,000 thousand - Increase in the receipt budget of the City in the Healthcare and Social Affairs chapter of CZK 1,173,000 thousand by the special purpose subsidy from the budget intended for the payment of the contribution for care - Provision of the special-purpose non-investment subsidy from the Ministry of Labour and Social Affairs, to Prague boroughs 1 to 22 in the aggregate amount of CZK 1,173,000 thousand with the concurrent decrease in the receipt budget of the City in the Healthcare and Social Affairs chapter of CZK 1,173,000 thousand.
THE BOARD OF THE CITY COUNCIL Resolution No. 34 of 13 January 2009	<ul style="list-style-type: none"> - Acceptance of the non-investment transfer from the Ministry of Labour and Social Affairs intended for the payment of social benefits for the care of disabled people and poverty benefits for 2009 in the amount of CZK 413,550 thousand - Increase in the receipt budget of the City in the Healthcare and social affairs chapter in the amount of CZK 413,550 thousand by the special purpose non-investment subsidy from the state budget intended for the social contributions and poverty benefits - Provision of the special purpose non-investment subsidy from the Ministry of Labour and Social Affairs to Prague boroughs 1 to 22 in the aggregate amount of CZK 413,550 thousand with the concurrent decrease in the receipt budget of the City in Healthcare and social affairs chapter of CZK 413,550 thousand.
THE BOARD OF THE CITY COUNCIL Resolution No. 80 of 20 January 2009	<ul style="list-style-type: none"> - Acceptance of the investment subsidy of CZK 54,000 thousand (of which EU: CZK 50,000 thousand and the state: CZK 4,000 thousand) and the non-investment subsidy of CZK 458,000 thousand (of which EU: CZK 420,400 thousand and the state: CZK 37,600 thousand) intended for the Prague – Adaptabilita operational programme to the budget of the City for 2009.
THE BOARD OF THE CITY COUNCIL Resolution No. 143 of 10 February 2009	<ul style="list-style-type: none"> - Increase in the budget of the City, class 8 – financing (transfer of unused finances of the City intended for co-financing of projects approved in the Praha - Konkurenceschopnost operational programme from 2008 to the budget of the City for 2009 without a change in purpose) in the aggregate amount of CZK 157,519 thousand with the concurrent increase in ordinary and capital expenditures of the European Union Funds Division.
THE BOARD OF THE CITY COUNCIL Resolution No. 155 of 10 February 2009	<ul style="list-style-type: none"> - Receipt of the investment subsidy of CZK 1,665,000 thousand (of which the EU part is CZK 1,530,000 thousand and the state part is CZK 135 thousand) and the non-investment subsidy of CZK 185,000 thousand (of which EU: CZK 170,000 thousand, state: CZK 15,000 thousand) for the Praha – Konkurenceschopnost operational programme - Increase in the budget of the City in the Internal Administration Chapter by the investment and non-investment subsidy from the state budget.

Body of the City	Description
THE BOARD OF THE CITY COUNCIL Resolution No. 168 of 17 February 2009	<ul style="list-style-type: none"> – Acceptance of the investment subsidy from the Ministry of Agriculture in the amount of CZK 465,757 thousand for flood prevention of the City – Increase in the receipt budget of the City in the Municipal Infrastructure Chapter in the amount of CZK 465,757 thousand and the increase in the disbursement budget of the City in the Municipal Infrastructure Chapter of CZK 465,757 thousand by the investment subsidy from the state budget for the City Investor Division.
THE BOARD OF THE CITY COUNCIL Resolution No. 211 of 24 February 2009	<ul style="list-style-type: none"> – Contract for the provision of funds from the State Transportation Infrastructure Fund for 2009 – Acceptance of funds from the budget of the State Transportation Infrastructure Fund of CZK 250,000 thousand – Increase in the receipt and disbursement budget of the City in the Transportation Chapter by the special-purpose investment subsidy from the budget of the State Transportation Infrastructure Fund of CZK 250,000 thousand for OMI MHMP of which CZK 193,000 thousand for Vysočanská radiála and CZK 57,000 thousand for Liberecká.
THE BOARD OF THE CITY COUNCIL Resolution No.356 of 31 March 2009	<ul style="list-style-type: none"> – Amendment 1 to the loan contract which was concluded pursuant to the Resolution by the Board of the City Council No. 587 dated 23 May 1995 – Agreement on the mutual offset of the receivable and payable between the City and KCP, a.s. – Increase in common disbursement of the Commercial Activities Division of CZK 20,569 thousand for the settlement of the remaining payable of the City to KCP, a.s., resulting from this resolution at the expense of business activities
THE BOARD OF THE CITY COUNCIL Resolution No. 490 of 14 April 2009	<ul style="list-style-type: none"> – Increase in the receipt and disbursement budget of the City by the special-purpose non-investment subsidy from the state budget from the Ministry of Education, Youth and Sports in the aggregate amount of CZK 84,257 thousand, intended for financing of the second stage of the Ministry development programme entitled “Increase in Non-claimable Components of Salaries and Motivational Components of Teachers with Respect to the Quality of their Work”, provided for 2009.
THE BOARD OF THE CITY COUNCIL Resolution No. 492 of 17 April 2009	<ul style="list-style-type: none"> – Increase in the disbursement budget of the City for 2009 for boroughs of CZK 213,360 thousand from the surplus for 2008.

7 May 2009



Constructive Service Letter

For the Year Ended 31 December 2008

Capital City of Prague

Metropolitan Authority
of the Capital City of Prague
Pavel Bém
Mayor of the Capital City of Prague
Mariánské nám. 2
110 00 Prague 1

7 May 2009

Dear Mayor Bém,

We enclose a letter that documents some of our observations identified during the examination of operations of the Capital City of Prague (hereinafter the "CCP") for the year ended 31 December 2008.

It should be noted that the matters raised in this letter do not result from a specifically targeted review engagement but are only those that came to our attention during the course of our examination of operations of the CCP for the year ended 31 December 2008. As such, these matters do not necessarily cover all aspects of the operations of the CCP or all the improvements that could be made. Similarly, we considered the internal control structure of the CCP solely in order to determine our auditing procedures for the purpose of issuing a report on the examination of operations of the CCP for the year ended 31 December 2008. Accordingly, our examination of operations of the CCP for the year ended 31 December 2008 does not provide any assurance as to the functioning of these controls.

We would appreciate your written comments on individual constructive service letter points for which we have not as yet received the comments.

We are prepared to provide additional information and assist you in the implementation of the recommendations outlined in this letter, if required.

We would like to take this opportunity to thank your staff for their co-operation with us during the course of our examination of operations of the CCP for the year ended 31 December 2008.

Yours sincerely,



Audit firm:
Deloitte Audit s.r.o.
Represented by:



Václav Loubek, with power of attorney

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A. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2008**1. FINANCIAL STATEMENTS OF THE BOROUGHES OF THE CCP**

Area: Financial
Division: Budget
Responsible Person: Ms. Javornická

Findings

Upon the request by the Metropolitan Authority of the CCP, the boroughs of the CCP whose operations were examined by the external auditor have submitted copies of reports on the result of this examination (including copies of their financial statements). The documentation provided to us indicates that the structure and contents of notes to the financial statements prepared by the boroughs in compliance with legislation effective in the Czech Republic have not been fully clarified.

Legislation

The financial statements of territorial administrative units are defined primarily by the following legal regulations:

- 1) Accounting Act No. 563/1991 Coll., as amended (the "Accounting Act");
- 2) Regulation No. 505/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act, as amended, for entities which are territorial administrative units, institutions receiving contributions from the state budget, state funds or organisational branches of the state, as amended; and
- 3) Regulation of the Finance Ministry No. 16/2001 Coll., on the method, deadlines and scope of data submitted for the purpose of an assessment of the performance of the state budget, state funds' budgets and budgets of the territorial administrative units, as amended.

The above-mentioned legal regulations indicate that the financial statements are composed of the following components:

- a) Balance sheet;
- b) Income statement;
- c) Financial statement (the statement used in assessing the performance of the budgets of the territorial administrative units, regional committees and voluntary unions of municipalities, Fin 2-12M); and
- d) Notes which have to disclose the following:
 1. Information pursuant to the provisions of Sections 18 and 19 of the Accounting Act;
 2. Information the content of which is stipulated by a binding structure (see Annex 3 to Regulation No. 505/2002 Coll.); and
 3. Other data which is not included in numbers 1 and 2 above, which are crucial for the assessment of the legal and property situation, which is vital for the entity's financial management or which is defined by a statutory instrument. Entities also have to disclose information on the status of the individual items of the off balance sheet account as of the balance sheet date.

Risk

The boroughs do not comply with the effective legislation.

Recommendation

We recommend that the Metropolitan Authority of the CCP draw the boroughs' attention to this insufficiency and clearly define the requirements for the contents of the notes to the financial statements in the Statute as appropriate.

Comments of the CCP

2. FIXED ASSETS FOR DEMOLITION OR LIQUIDATION

Area: Property
Division: Asset Administration
Responsible Person: Mr. Svoboda

Findings

As of 31 December 2008, the CCP carried the following fixed assets designated for demolition or liquidation on its fixed asset accounts:

Account no.	Name	Value in CZK
021 0016	TFA – buildings – for demolition	470 064 376
021 0026	TFA – structures and halls – for demolition	45 546 572
021 0029	TFA – structures and halls – price of landscaping	190 750

Risk

The valuation of the assets in the balance sheet as of 31 December may not be correct.

Recommendation

We recommend submitting the above-mentioned assets to the relevant bodies for approval of the assets' write-off, and removing the assets designated for demolition from the accounting books.

Comments of the CCP

3. FIXED ASSETS WITHOUT INVENTORY NUMBER

Area: Property
Division: Asset Administration
Responsible Person: Mr. Svoboda

Findings

During our examination of operations we identified fixed assets without an inventory number (see the below table). The information provided to us indicates that these assets were classified based on interim acceptance reports. The asset administration division allocates inventory numbers only after the final acceptance report is signed.

#	ICO	Description	Report	Date	Occupancy approval record	Cost (CZK)
1	906697	Strahov tunnel	1123/2008	24 Sep 2008	MHMP 4275KR/2006/DOP-01/Za	2 328 556 953
2	906697	Strahov tunnel – driven eastern tunnel	1190/2008	22 May 2008	MHMP 67300/2000/DOP - 01/Nx	1 854 288 250
3	906697	Strahov tunnel – excavated tunnel section	1385/2008	24 Sep 2008	MHMP 4275KR/2006/DOP-01/zy	721 804 695
4	906697	Strahov tunnel – northern tunnel section	923/2008	24.9.2008	MHMP 4275KR/2006/DOP-01/Za	350 248 558
5	906697	Strahov tunnel - ZTT, A branch	1603/2008	22 May 2008	MHMP 4275KR/2006/DOP-01/Za	225 708 727
6	906697	Mrazovka tunnel – central ventilation	1290/2008	22 Oct 2008	MHMP 4275 KR/2006/DOP-01/Za	154 674 666
7	906697	Strahov tunnel - underground machine room	1068/2008	22 May 2008	MHMP 4275 KR/2006/DOP-01/Za	131 474 448
8	906697	Strahov tunnel - VTT, B branch	1729/2008	22 May 2008	MHMP 4275 KR/2006/DOP-01/Za	130 505 493
9	906697	Mrazovka tunnel – power circuit wiring	1320/2008	4 April 2008	MHMP 4275 KR/2006/DOP-01/Za	121 468 042
10	906697	DPS II	1528/2008	31 Dec 2008	MHMP 4275 KR/2006/DOP-01/Za	101 132 630
11	906697	Strahov tunnel – sewer system re-routing	1138/2008	15 Feb 2008	MHMP 4275 KR/2006/DOP-01/Za	80 868 429
12	906697	Strahov tunnel – final adjustments, Radlická street	1052/2008	22 July 008	MHMP 67300/2000/DOP - 01/Nx	58 102 025
13	906697	Strahov tunnel – eastern road	1329/2008	22 July 2008	DOP- R1/495/15119/98/Nx	53 222 511
14	906697	Roads – part 3	4590/2008	20 Oct 2008	OV-015594/07	35 446 044
15	906697	Strahov tunnel – tunnel link no. 6	1723/2008	22 May 2008	MHMP 4275 KR/2006/DOP-01/Za	31 924 116
16	906697	Náchodská road	8844/2008	12 Dec 2008	DOP/R1/5834/98	14 741 734

Risk

There is a risk of potential incorrect identification of assets.

Recommendation

We recommend reconsidering this procedure and allocating inventory numbers to all items recorded on asset accounts immediately after the assets are put into use.

Comments of the CCP

4. THWARTED INVESTMENTS

Area: Property
Division: City Investor
Responsible Person: Mr. Toman

Findings

In counting fixed assets the CCP identified a substantial number of items classified as “thwarted investments”. These principally include project documentation which is not likely to be used in the future.

Risk

The value of fixed assets reported on the face of the balance sheet as of 31 December may be overstated.

Recommendation

The purpose of a stock count is to identify the actual balances of all assets (including their physical condition) and liabilities. The stock count serves as a basis for the entity in considering whether its assets can be used in the future.

If the entity finds that the fixed assets can no longer be used, it is necessary to specify such assets and submit them to the relevant bodies within the CCP for approval of a write-off.

If the relevant bodies adopt a decision on cancellation of a tangible fixed asset under preparation or construction (thwarted tangible fixed asset), the costs incurred in connection therewith are charged to expenses in compliance with the effective Regulation No. 505/2002 Coll.

The relevant assets have to be written off in the accounting period in which the entity found that the assets can no longer be used.

We therefore recommend that the City Investor Division prepare a listing of “thwarted investments” which will be submitted to the relevant bodies for approval of the write-off.

Comments of the CCP

5. AMORTISATION AND DEPRECIATION OF FIXED ASSETS

Area: Financial
Division: Accounting
Responsible Person: Ms. Melkesová

Findings

Amortisation and depreciation of fixed assets in the income statement as of 31 December comprise the following two groups:

- 1) Amortisation and depreciation of assets used by the Metropolitan Authority of the CCP for commercial purposes; and
- 2) Amortisation and depreciation of assets of PVS, a.s.

PVS, a.s. informs the Metropolitan Authority of the CCP on the level of amortisation and depreciation charges on an annual basis (as of 31 December). However, the Metropolitan Authority of the CCP does not review the data.

Risks

The level of amortisation and depreciation charges provided by PVS, a.s. as of 31 December may not be correct.

Recommendation

We recommend that the Metropolitan Authority review the level of amortisation and depreciation charges submitted by PVS, a.s.

Comments of the CCP

B. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2007**1. OUTDATED POLICY APPLICABLE TO DEBT ADMINISTRATION**

Area: Financial
Division: Accounting
Responsible Person: Ms. Melkesová

Findings

The debt administration policy from 2001 has not been updated. In December 2008, the Board of the City Council approved the Debt Recovery Strategy.

Risk

The internal guideline is not updated regularly. Therefore, the information contained therein may not correspond to the organisational structure or the needs of the Metropolitan Authority.

Recommendation

We recommend amending the above-mentioned internal guideline and adjusting it to reflect the internal needs of the Metropolitan Authority of the CCP.

Comments of the CCP

The Board of the City Council approved the "Recovery Strategy Applicable to Past Due Receivables of the CCP" by its Resolution No. 1981 dated 16 December 2008. The strategy represents a general guideline on dealing with receivables which is to be followed up by a "new policy" in the near future.

2. INTERNAL GUIDELINE

Area: Property
Division: Asset Administration
Responsible Person: Mr. Svoboda

Findings

The Metropolitan Authority of the CCP does not have an updated copy of the internal guideline entitled Organisational Principles of Managing Municipal Property.

Risk

Internal guidelines are not updated regularly.

Recommendation

We recommend amending the above-mentioned internal guideline and adjusting it to reflect the internal needs of the Metropolitan Authority of the CCP.

Comments of the CCP

The CCP follows the Resolution of the Board of the City Council No. 829/1996 Organisational Principles of Managing Municipal Property. These Principles include names of divisions which ceased to exist or were transformed. The Asset Administration Division recognises the need for regular updates of the principles which should also include the new system for asset registration, IS SEM.

At present, there is an interim version of the updated guideline (Organisational Principles of Managing Municipal Property). This version is to be commented on and will become valid during 2009.

3. DUPLICATE OWNERSHIP OF LAND

Area:	Property
Division:	Asset Administration
Organisation:	Technical Administration of Roads
Responsible Person:	Mr. Svoboda, Ms. Pekárková

Findings

Technical Administration of Roads (TAR) carries land with duplicate ownership title as per a copy of the entry in the Real Estate Cadastre. The following owners of plot no. 2421 are recorded in the cadastral area of Hostivař in the simplified register:

- 1) Congregation of Nuns, the Comforters of the Sacred Heart of Jesus; and
- 2) Technical Administration of Roads of the Capital City of Prague.

The land is carried at CZK 301 thousand.

Risk

There is a risk that the assets of CCP or TAR, as the case may be, may be overstated due to the unclear ownership relations. There is also a risk of a legal dispute with the other owner.

Recommendation

We recommend that TAR clarifies the ownership titles to the land carried in its register.

Comments of the CCP***Asset Administration Division***

Such issues are resolved on an individual basis by carrying out a complicated review of land going back as far as 1948. The review of the validity of the ownership title of the other owner is rather time consuming and requires judicial settlement. It is difficult to specify the exact number of plots of land with duplicate ownership title.

Technical Administration of Roads

Legal disputes regarding ownership titles would be judged in favour of the other party for a certain number of plots with duplicate ownership (Czech Republic TAR). There are only two options for eliminating the duplicate entry in the Real Estate Cadastre.

The first possibility involves a consent statement of both owners. We cannot apply this alternative as nobody knows who should act on behalf of “our” party. The owner recorded in the Real Estate Cadastre is Czech Republic – TAR. However, TAR of the CCP is not a branch of the Czech Republic and is not authorised to and does not act on behalf of the Czech Republic. The management right for the relevant land granted in the past ceased to exist on the basis of Resolution of the Finance Ministry of the Czech Republic No. 124/43 345/92 dated 11 August 1992. Pursuant to this resolution, all assets to which TAR had the management right were assumed by the CCP as of the effective date of Act No. 172/1991 Coll. TAR carries out administration of land and roads for the CCP on the basis of a contract for the provision of property administration.

This does not involve vested property administration as is the case with the boroughs. TAR is not authorised to require a change in the entry in the Real Estate Cadastre based on the above-mentioned Resolution of the Finance Ministry or to prove its title to the relevant real estate. As such, TAR is not authorised to act as a participant in the notarial deed on the acknowledgment of the title to the relevant land or enter into an arrangement contract with respect to the relevant land.

The other, and apparently the only, possibility is to wait for the duplicate owner to bring suit against the state or the City of Prague and the court determining clearly the sole owner. TAR cannot file any action since it is not a branch of the Czech Republic (as mentioned above). Hypothetically, Prague could file an action as the potential owner who seeks the assumption of the duplicate title. However, no attempts have been made to this end due to the expected and feared time consuming and costly nature of judicial proceedings. As a result, the duplicate ownership land owned by Prague is carried in the accounting books at the value recorded in the Real Estate Cadastre (in the name of the Czech Republic – TAR) and we are waiting for the decision of the court in connection with the action brought by the other party. It is not possible to decide on deregistration of land with duplicate title without an official ruling of the court.

4. DELAYED CLASSIFICATION OF ASSETS

Area: Property
Division: Asset Administration, City Investor
Responsible Person: Mr. Svoboda, Mr. Toman

Findings

In general, fixed assets under construction are classified with a delay. Submission of documentation from the City Investor Division to the Asset Administration Division and subsequently to the Accounting Division is also delayed.

Risk

Incorrect classification of tangible fixed assets in the balance sheet.

Recommendation

We recommend that documents from the City Investor Division (“CID”) be submitted to the Asset Administration Division (“AAD”) and subsequently to the Accounting Division (“AD”) so that correct classification of fixed assets is guaranteed in the balance sheet of the CCP as of 31 December.

Comments of the CCP***Asset Administration Division***

Situation occurs where an occupancy permit was issued for a structure by the responsible City Investor Division, but without complete settlement and distribution of all plots of land. This leads to delays in classification of the property. The new IS SEM system should help resolve such situations.

City Investor Division

After the completion of the construction, stage or individual structures and issue of the effective occupancy permits, the CID prepares a draft “Report on the Transfer of Tangible Fixed Assets Acquired in Investment Construction including the Submission and Acceptance and Subsequent Submission for Administration” on the basis of the provided documentation from the mandataries (entities providing investment and engineering activities to the CID on a contractual basis). The CID delivers such documentation to the AAD and provides a copy of the quantified cost of the tangible fixed assets to the AD where the costs of the investment are transferred from account 042 – tangible fixed assets under construction to account 021 – finished fixed assets.

For the majority of structures, a mandatory submits documentation to the CID after the occupancy permit becomes valid and effective. Subsequently, the documentation is processed and delivered to the AAD for registration as soon as possible.

If a building with a valid and effective occupancy permit is associated with, in terms of its operability, other buildings where the occupancy permits have not been issued, the property settlement and distribution is delayed and the buildings are delivered as an operable unit. Costs of the individual buildings include a proportionate amount of costs of the project documentation, re-routing, author supervision, equipment of the building site, etc. Such costs are known only after the completion of the construction and its final accounting.

C. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2006**1. UNIFIED APPROACH TO THE CREATION OF PROVISIONS FOR TAXED ACTIVITIES**

Area: Financial
Division: Accounting
Responsible Person: Ms. Melkesová

Findings

In compliance with the effective legislation, the CCP may create provisions against doubtful debt relating to taxed activities. Creation of provisions is governed by Act No. 593/1992 Coll., on reserves to determine the income tax base.

While the CCP itself does not create any provisions against bad debt relating to taxed activities, certain boroughs create them.

During our examination of operations of the CCP for the year ended 31 December 2006 we identified bad debt more than one year past due which was not provisioned.

Risks

The reported values of receivables do not correspond to their fair value. The receivables may be overstated.

Recommendation

Since certain boroughs of the CCP create provisions against bad and doubtful debt relating to taxed activities, the whole CCP should adopt the same approach to provisioning.

An adequate provision should be created against any bad or doubtful debt or proposed to the relevant bodies of the CCP for write-off.

Comments of the CCP

As we anticipate changes in the maintenance of accounting books of the state as of 1 January 2010, provisioning of bad and doubtful debt with respect to taxed activities of the CCP will be dealt with in compliance with these changes.

2. RECEIVABLES FROM MAJOR OPERATIONS

Area: Financial
Division: Budget
Responsible Person: Ms. Javornická

Findings

We identified receivables more than one year past their due dates on the major operation accounts. These receivables which include for example receivables from Kalivoda can be considered bad debt.

Risk

The value of the receivables does not correspond to their fair value and their balance could be overstated as of 31 December.

Recommendation

We recommend that the CCP take adequate steps to resolve the receivables more than one year past due and present the bad debt to the relevant bodies of the CCP for write-off, disposal, etc. The CCP can carry and monitor written-off debt off balance sheet.

Comments of the CCP

The bad debt was partially written off during the year. We are preparing a bad debt package to propose for sale.

If we are not able to sell the package, all receivables included therein will be submitted to the relevant bodies of the CCP for approval of a write-off.

3. EXTERNAL LAWYERS

Area: Divisions reporting directly to the Director of the Metropolitan Authority of the CCP
Division: Legislative and Legal
Responsible Person: Ms. Danielisová

Findings

The CCP uses services of a significant number of law offices/external lawyers (the “LO”) who deal with different types of cases. However, the following items are not available to the Legislative and Legal Division:

1. Complete list of cases;
2. Current addresses of all LO used by the CCP; and
3. Schedule of total costs of the services and evaluation of the effectiveness of the costs spent, etc.

Risk

There is no complete listing of cases, the LO’s addresses are not updated and the use of the LO may not be effective.

Recommendation

We recommend that the Legislative and Legal Division have a complete list of cases, update LO’s addresses and evaluate costs of the services used together with the effectiveness of the costs spent on LO’s services.

We also recommend considering the necessity of cooperating with all current LO in terms of cost effectiveness and whether it brings adequate results.

Comments of the CCP

The Legislative and Legal Division (LLD) of the Metropolitan Authority of the CCP has been striving to establish a system producing a complete listing of legal disputes where the CCP or the Metropolitan Authority are involved. Useful software is available but it will not include data on the use of the LO providing services relating to issues other than disputes, i.e. legal analyses, etc. Pursuant to the current wording of the Policy for External Legal Services for the Purposes of the CCP, the relevant divisions that order legal analyses and opinions are obliged to provide the LLD with copies thereof; however, divisions do not in fact perform this duty which results in frequent instances of ineffectiveness or duplicated commissioning of opinions. This situation does not allow for comparison of and cross referencing to legal opinions which would reduce costs of related activities. This should be subject to audit qualifications and reflected in measures proposed to the divisions of the Metropolitan Authority of the CCP that commission the opinions.

LO's addresses alone would not provide for the LO's effective use. Where an updated address of a LO is not available (applies to the LO included in the "list"), the CCP does not use services of such LO. Where service are used, the current address/registered office of the LO is presented in contracts for the provision of legal services and the list is updated. The cooperating LO inform of any relevant changes in their contact details. It would not be efficient to appoint an employee who would monitor changes on a daily basis (moreover, these changes may not be reflected immediately in the register kept by the Czech Bar Association). It is moreover possible to use external legal services such as provision of legal opinions, analyses, etc. provided by any LO presented in the list of the Czech Bar Association (see the current Policy for External Legal Services for the Purposes of the CCP).

The LLD is not responsible for the evaluation of the necessity to use LO for the purposes of the CCP, this issue falls within the competence of the political representatives of the CCP. Yet we agree that a reduced use of LO will improve the process of monitoring and evaluating their work and decrease financial costs of the CCP's legal support. The evaluation of the results of LO's work with respect to the number of external legal services used by the CCP is impracticable for the LLD. Such evaluation has to be carried out by the division that requested external legal services. It is also difficult to establish an objective evaluation criterion. The overall costs are summarised on the basis of the existing Policy for External Legal Services for the Purposes of the CCP on a semi-annual basis with reference to the data provided by the individual divisions of the Metropolitan Authority of the CCP (effective statistics relating to external legal services assume requests made from a "single point" which, however, is impracticable given the quantity of the ordered services and the variety of issues dealt with by the CCP and the Metropolitan Authority of the CCP).