

**HLAVNÍ MĚSTO PRAHA**

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

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**HLAVNÍ MĚSTO PRAHA  
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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 2007 to 31 December 2007

### 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:

Michal Petrman, Auditor  
Petra Slavíková, Audit Assistant  
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 1 October to 12 October 2007.

The final examination of the operations of the City of Prague was conducted in the period from 7 April to 7 May 2008.

### **Definition of Responsibilities:**

We conducted the examination of the operations of the City of Prague for the year ended 31 December 2007 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 or the Metropolitan Authority in compliance with Act No. 131/2000 Coll., on the City of Prague.

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

<b>Borough</b>	<b>Examination performed by</b>	<b>Conclusion of the examination</b>
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.	No findings
4 Prague 4	PKM Audit&Tax s.r.o.	Minor errors and deficiencies
5 Prague 5	CONSULTATION-AUDIT spol. s r.o.	No findings
6 Prague 6	Metropolitan Authority	Minor errors and deficiencies
7 Prague 7	BDO Prima Audit s.r.o.	No findings
8 Prague 8	Metropolitan Authority	No findings
9 Prague 9		The audit report was not made available
10 Prague 10	ATLAS Audit s.r.o.	No findings
11 Prague 11	Metropolitan Authority	No findings
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 (authorised auditors and tax advisors)	Minor errors and deficiencies
16 Prague 16	Metropolitan Authority	Minor errors and deficiencies
17 Prague 17	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
18 Prague 18	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies
19 Prague 19		The audit report was not made available
20 Prague 20	Jaroslava Pechová - auditor	Major errors and deficiencies
21 Prague 21	ATLAS Audit s.r.o.	No findings
22 Prague 22	PRIMASKA AUDIT, s.r.o.	No findings
23 Běchovice	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies
24 Benice	Metropolitan Authority	No findings
25 Březiněves	Metropolitan Authority	No findings
26 Čakovice	Metropolitan Authority	Minor errors and deficiencies
27 Ďáblice	Metropolitan Authority	The audit report was not made available
28 Dolní Chabry	Metropolitan Authority	No findings
29 Dolní Měcholupy	Metropolitan Authority	No findings
30 Dolní Počernice	Metropolitan Authority	Minor errors and deficiencies
31 Dubeč	Metropolitan Authority	Major errors and deficiencies
32 Klánovice	ATLAS AUDIT s.r.o.	No findings
33 Koloděje	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
34 Kolovraty	Marie Luňáková - auditor	No findings
35 Královice	Metropolitan Authority	No findings
36 Křeslice	Valda Audit s.r.o.	No findings
37 Kunratice	Metropolitan Authority	Major errors and deficiencies
38 Libuš	Metropolitan Authority	Minor errors and deficiencies
39 Lipence	Metropolitan Authority	No findings
40 Lochkov	Metropolitan Authority	No findings
41 Lysolaje	Helena Křepinská - auditor	No findings
42 Nebušice	Metropolitan Authority	No findings
43 Nedvězí	Metropolitan Authority	Major errors and deficiencies
44 Petrovice	Metropolitan Authority	Minor errors and deficiencies
45 Přední Kopanina	Metropolitan Authority	No findings
46 Řeporyje	Metropolitan Authority	Minor errors and deficiencies
47 Satalice	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
48 Slivenec	Metropolitan Authority	No findings
49 Suchdol	Metropolitan Authority	Major errors and deficiencies

<b>Borough</b>	<b>Examination performed by</b>	<b>Conclusion of the examination</b>
50 Šeberov	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
51 Štěrboholy	Metropolitan Authority	Minor errors and deficiencies, and major errors and deficiencies
52 Troja	Metropolitan Authority	No findings
53 Újezd	Metropolitan Authority	Minor errors and deficiencies
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. We are reiterating the findings with a financial impact in excess of CZK 1 million as highlighted in the reports on the examination of the 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:**

<b>Borough</b>	<b>Finding</b>
<b>Prague 20</b>	- The actual drawing of the funds from the budget exceeded the approved budget in certain cases (also identified in 2006).
<b>Prague - Běchovice</b>	- The actual drawing of the funds from the budget exceeded the approved budget in certain cases.
<b>Prague - Koloděje</b>	- The borough did not prepare a budgetary outlook; - In most cases, the budgetary adjustments were not approved by the City Council.
<b>Prague - Nedvězí</b>	- Breach of the budgetary discipline in discussing the closing account for 2006.
<b>Prague - Šeberov</b>	- Certain changes in the budget were not made in accordance with the resolutions of the City Council; - Certain approved changes in the budget were not reflected; - Budgetary adjustments were not approved by the City Council in certain cases.

## 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"><li>- The borough did not recognise inventory count differences in the financial statements for the year ended 31 December 2007 (also identified in 2006);</li><li>- The borough recognised disbursements in an incorrect reporting period (also identified in 2006);</li><li>- The borough did not recognise estimated items for expenses of 2007 which were not billed before the end of 2007 (also identified in 2006);</li><li>- Recognition of disbursements and receipts in an incorrect amount (also identified in 2006);</li><li>- The borough did not recognise certain written off or partly remitted receivables (also identified in 2006);</li><li>- The borough did not remove the differences in the account balances and settlement relations between the DINFREG and GORDIC accounting systems (also identified in 2006);</li><li>- The borough did not document the inventory count of receivables and payables from business activities in inventory lists (also identified in 2006);</li><li>- The borough did not submit accounting documents.</li></ul>
Prague 17	<ul style="list-style-type: none"><li>- The borough did not prepare an inventory count of receivables from business activities.</li></ul>
Prague 20	<ul style="list-style-type: none"><li>- The borough records tangible fixed assets under construction that are already used on account 042 (also identified in 2006);</li><li>- The borough incorrectly records receivables of CZK 2.5 million which overstate the balance of receivables on account 315;</li><li>- The borough did not recognise a payable arising from the purchase of real estate in 2007 in the aggregate amount of CZK 22 million.</li></ul>
Prague - Běchovice	<ul style="list-style-type: none"><li>- The sale of certain real estate was recognised with a delay with respect to the delivery of the petition for the entry in the Real Estate Register;</li><li>- The borough did not recognise the movements of assets on an ongoing basis during the reporting period, as all movements were recognised in the 13<sup>th</sup> period so that the balance identified in the inventory count is reconciled with the balance in the accounting records.</li><li>- The financial result of 2007 was incorrectly decreased by CZK 1.3 million due to an incorrect correction of an accounting transaction of 2006 in the form of a write off of a receivable instead of the transfer of funds from principal activity to taxable activity;</li><li>- Payments for the statutory insurance for damage liability resulting from a work related accident or an occupational disease were repeatedly made late which may result in sanctions up to 10 percent from the due amount for each started month;</li><li>- The borough reports land entrusted to its administration for which the entrustment was not recorded in the Real Estate Register;</li><li>- The borough does not report the buildings entrusted to its administration for which the entrustment was recorded in the Real Estate Register.</li></ul>
Prague – Dubeč	<ul style="list-style-type: none"><li>- The borough did not prepare the inventory count of assets and liabilities of the borough according to the Accounting Act;</li><li>- The borough did not prepare the inventory count of assets and liabilities of a subsidised organisation according to the Accounting Act.</li></ul>
Prague - Koloděje	<ul style="list-style-type: none"><li>- Incomplete records of the assets entrusted to the borough.</li></ul>
Prague - Satalice	<ul style="list-style-type: none"><li>- Recognition of the costs without a supporting document on actually incurred costs for the commercially used state assets.</li></ul>
Prague - Šeberov	<ul style="list-style-type: none"><li>- Deficiencies upon the confirmation of the documents by persons in accordance with Section 26 of the Act on Financial Control;</li><li>- Breach of Section 7 of the Accounting Act which requires that accounting books and records be kept such that the financial statements prepared on the basis of the accounting books and records give a true and fair view of the financial performance and financial situation of the entity;</li><li>- Breach of Section 8 of the Accounting Act, which requires that an entity keep correct, complete, clearly supportable and intelligible accounting records.</li></ul>

### 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"> <li>- Failure to remove the deficiencies identified in the examination for prior years and partial examinations in 2007, as 20 deficiencies out of 31 deficiencies identified in the examination for 2006 were not removed and 12 deficiencies identified in partial examinations for 2007 were not removed. The deficiencies include the recognition of the arrears in the payment of the proportionate part of fees for dogs, incorrect allocation to the budget item, incorrect recognition of operating prepayments made and prepayments for the purchase price of an apartment, billing of an administration fee before the deadline in contrast with the contractual agreement and confirmation of an incorrect amount of the administration fee, incorrectly determined depreciation, failure to document the reason for the decrease in tangible fixed assets under construction in 2006, inability to specifically identify a receivable, failure to collect debts, failure to proceed in accordance with relevant contractual provisions and use sanctions against debtors, failure to maintain accounting records relating to the transfer of the ownership title (sale of apartments) as of the transaction date, i.e. with the date when the petition was delivered to the Real Estate Register, recognition of a receivable from employees without documenting the legal reason for the recovery of the receivable, failure to make records on accounting documents by the person responsible for the accounting transaction, transactor, administrator of the budget or chief accountant, the use of account 379 – Other payables when no payables originated, failure to provide an inventory count list and failure to prove that the inventory count of all assets and payables was carried out, failure to provide written loan contracts or repayment schedules, incorrect recognition of a disbursement relating to principal activities in the disbursement from business activities, recognition of finished projects on the tangible fixed assets account, although the submitted supporting documentation indicates that construction work on the assets of the City of Prague was completed.</li> </ul>
Prague - Koloděje	<ul style="list-style-type: none"> <li>- The borough did not remove the deficiencies identified in partial examinations for 2007.</li> </ul>
Prague - Nedvězí	<ul style="list-style-type: none"> <li>- The borough did not remove the deficiencies identified in partial examinations for 2007.</li> </ul>
Prague – Satalice	<ul style="list-style-type: none"> <li>- The sale of certain real estate was recognised earlier or later than the petition for the entry in the Real Estate Register was delivered;</li> <li>- In certain contracts, the borough declares itself to be the owner of the real estate which was in contrast with Section 13 et seq. of the generally binding City Regulation No. 55/2000 Coll. which publishes the Charter of the Capital City;</li> <li>- Disagreement between the information in the inventory count lists of buildings and land and the extract from the Real Estate Register.</li> <li>- The borough did not recognise all contractual arrangements arising from the concluded contracts.</li> </ul>
Prague - Šeberov	<ul style="list-style-type: none"> <li>- The borough did not confirm the accounting documents in accordance with Section 11 of the Accounting Act and Section 26 of the Act on Financial Control;</li> <li>- The borough did not provide appendices to contracts which should have contain detailed conditions of payments for the costs of servicing and fees for the cable TV programs;</li> <li>- The borough did not prepare copies of original documents printed on the thermal paper;</li> <li>- Deficiencies in the log book;</li> <li>- The confirmation of accounting documents was in contrast with Section 26 of the Act on Financial Control;</li> <li>- Insufficient maintenance of sub-ledger records of the low value tangible fixed assets;</li> <li>- The borough did not prepare the inventory count of assets and liabilities in accordance with the Accounting Act;</li> <li>- The borough did not correct the incorrect allocation to budget items.</li> </ul>



## 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:

<b>Field</b>	<b>Finding</b>
<b>Fixed assets, depreciation, disbursements and receipts</b>	<ul style="list-style-type: none"><li>- Account 042 – Tangible fixed assets under construction includes assets which are already in use. The amount of these fixed assets is approximately CZK 19 million. These assets should not be recorded on Account 042 - Tangible fixed assets under construction, but on an appropriate asset account;</li><li>- The ownership of a number of plots of land has not yet been registered in the books of the Real Estate Register. Restitution claims have been made for a number of plots of land. As of 31 December 2007, the value of the disputed plots of land was CZK 3,415 million. The City of Prague treats these assets as its own assets until the 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;</li><li>- 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;</li><li>- Deficiencies were identified in the records of fixed assets arising from the late disposal of these assets upon their sale. 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;</li><li>- As of the date of the preparation of this report, no information on the pledged movable and immovable assets was available, according to inventory count lists, or the operating records, documented by the extract from the title deed and loan contracts. For this reason, the indicator – share of pledged assets to the total assets of the City was not calculated.</li></ul>
<b>Receivables – taxable and principal activity</b>	<ul style="list-style-type: none"><li>- The City of Prague does not recognise provisions against bad receivables related to taxable activity. In the course of testing, we identified bad receivables past their due dates by more than one year in the aggregate amount of CZK 292 million which can be treated as bad receivables which 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 activity, 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 a receivable does not equal its fair value;</li><li>- In the course of the testing, receivables relating to the principal activity past their due dates by more than one year in the aggregate amount of CZK 306 million were identified which can be treated as bad receivables. These receivables include the receivable from Kalivoda a.s. and a receivable from EUROCAST. 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 a receivable does not equal its fair value. Receivables reported in the balance sheet are therefore overstated.</li></ul>
<b>Payables</b>	<ul style="list-style-type: none"><li>- Payables to employees relating to the payroll for December 2007 in the amount of CZK 81 million are recognised as an estimate on account 379 – Other payables in the accounting centre “Metropolitan Police”. Metropolitan police is thus the only accounting centre which reports this type of payables on a different balance sheet line than line 331 – Employees;</li></ul>
<b>Contingent payables</b>	<ul style="list-style-type: none"><li>- The amount of CZK 125 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. However, these contingent payables are not recognised in the balance sheet of the City of Prague as of 31 December 2007;</li></ul>

Field	Finding
Off balance sheet accounts	- Payables and receivables relating to existing derivatives of CZK 1,185 million as of the last transaction date are recorded on off balance sheet accounts. In accordance with Czech Accounting Standard No. 510 – Derivatives, these derivatives should be recorded from the moment they were concluded until their settlement in the value of an underlying instrument which amounted to CZK 23,493 million as of 31 December 2007.
Tenders	- In the previous year, we recommended that the City has at least a copy of the tender documentation available in the event the background documentation for tenders is submitted to the Centre for the Regional Development of the Czech Republic due to the financing of projects from EU funds. In the examination for the year ended 31 December 2007, the City was not able to provide documentation for tender No. OR/003/07 "Maniny - Příprava území, střední část, 993/1" for to the same reason as in the previous year.

Upon the examination of the operations of the City of Prague, the following minor errors and deficiencies, which are less significant than the deficiencies listed in Section 10 (3) (c) of Act No. 420/2004 Coll., were noted:

Field	Finding
Fixed assets, depreciation, disbursements and receipts	<ul style="list-style-type: none"> <li>- The value of fixed assets of the accounting centre "Technical Administration of Roads" reported in the balance sheet on account 021 – Buildings is lower by CZK 38 million than the amount listed in the fixed assets in the off-accounting system;</li> <li>- Due to the incorrectly used unit price for m<sup>2</sup> according to Regulation No. 611/1992, the value of the historical land of the accounting centre "Technical Administration of Roads" reported on account 031 – Land is higher by CZK 52 million that it should be using the correct value according to Regulation No. 393/1991.</li> <li>- The receipt from the sale of the real estate to KW Prague s.r.o. in the amount of CZK 436 million which was effected in 2006 was recognised in 2007. This receipt should have been recognised in 2006. For this reason, the receipts from the taxable activity for 2007 are overstated. These assets were also removed from the records of fixed assets and from the fixed assets fund in 2007.</li> </ul>
Receivables and payables	- The City of Prague reported the receivables from and payables to DELTA CENTER a.s. in accordance with valid supporting documentation (contract, amendments to the contract, etc). However, DELTA CENTER a.s. has not reconciled mutual receivables and payables. Negotiations regarding the contested amounts are underway.

### 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, 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 borough.

#### 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 1,889,453 thousand
B	Definition of budgetary receipts	Total receipts after consolidation + receipts from economic activity	Total 53,838,564 thousand
	Calculation of the share of receivables in the budget	A / B * 100 %	4 %

The share of receivables of the City of Prague in its budget amounted to 4 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 <b>CZK 20,382,334 thousand</b>
B	Definition of budgetary receipts	Total receipts after consolidation + receipts from economic activity	Total <b>53,838,564 thousand</b>
	Calculation of the share of payables in the budget	$C / B * 100 \%$	<b>38 %</b>

The share of payables of the City of Prague in its budget amounted to 38 percent.

## The share of pledged assets in the total assets

The list of pledged movable and immovable assets as of 31 December 2007 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 available. 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 <b>CZK 225,730,362 thousand</b>
	Calculation of the share of pledged assets in total assets	$D / E * 100 \%$	*

\* refer to the above information

Prepared on 17 June 2008

Audit firm:  
Deloitte Audit s.r.o.  
Certificate no. 79  
Represented by:

Statutory auditor:

Michal Petrman, statutory executive

Michal Petrman, certificate no. 1105

The report was discussed with the Finance Committee of the City of Prague on 26 May 2008.

The report was discussed with the Mayor of the City of Prague on 17 June 2008.

The report was delivered to the Mayor of the City of Prague on 17 June 2008.

## **Appendices:**

- Appendix No. 1 - Opinion of the Mayor of the City of Prague as required by Act No. 420/2004 Coll., Section 7 (1) (f)
- Appendix No. 2 -
- 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.





THE CITY OF PRAGUE

Pavel Bém

Mayor of the City of Prague

TRANSLATION ONLY

In Prague on 17 June 2008

Ref no. MHMP 365191/2008

Dear Sirs,

I am writing to inform you that the Board of the Council of the City of Prague, at its meeting held on 17 June 2008, discussed the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2007 (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.**

Michal Petrman

Nile House

Karolinská 654/2

Prague 8 186 00

**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 811 dated

17 June 2008

*On the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2007*

**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 2007 which forms Appendix 1 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 2007 to the Council of the City of Prague as part of the Report on the Fulfilment of the Budget of the City of Prague and Settlement of the Results of Operations of the City of Prague for 2007 – Closing Account

Deadline: 19 June 2008

2. The Chief Executive of the Metropolitan Authority

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

Deadline: 30 September 2008

### 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 2008

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

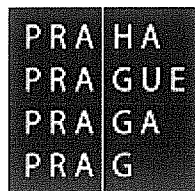
Print: 6925

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: **13 / 2007**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
<b>A. Fixed assets</b>		<b>01</b>	<b>295 719 902 777.23</b>	<b>301 398 126 897.23</b>
<i>row 09+15+26+33+41+206</i>				
<b>1. Fixed intangible assets</b>				
- Intangible results of research and development	(012)	02	14 184 527.05	14 576 950.05
- Software	(013)	03	680 362 885.21	950 073 423.04
- Valuable rights	(014)	04	2 179 485.80	204 825 796.40
- Immaterial fixed intangible assets	(018)	05	97 687 492.05	104 419 061.57
- Other fixed intangible assets	(019)	06	55 409 824.84	68 478 945.54
- Fixed intangible assets in proces	(041)	07	31 816 418.60	49 285 850.69
- Advances provided for fixed intangible assets	(051)	08	3 250 573.00	270 000.00
<b>Fixed intangible assets - total</b>		<b>09</b>	<b>884 891 206.55</b>	<b>1 391 930 027.29</b>
<i>sum of rows from 02 to 08</i>				
<b>2. Allowances for fixed intangible assets</b>				
- 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		
<b>Allowances for fixed intangible - total</b>		<b>15</b>		
<i>sum of rows from 10 to 14</i>				
<b>3. Fixed tangible assets</b>				
- Land	(031)	16	48 830 125 419.81	49 551 887 193.61
- Artworks and collections	(032)	17	643 464 366.06	657 710 008.86
- Constructions	(021)	18	155 131 403 992.07	162 999 051 281.31
- Individual movable assets and sets of movable assets	(022)	19	6 906 030 589.49	5 968 866 661.15
- Orchards and vineyards	(025)	20	2 227 086.49	2 140 827.00
- Herd and draught animals	(026)	21		400 000.00
- Immaterial fixed tangible assets	(028)	22	1 420 390 594.17	1 526 014 229.68
- Other fixed tangible assets	(029)	23	67 925 461.03	62 422 445.83
- Fixed tangible assets in process	(042)	24	37 349 386 711.02	38 972 671 686.30
- Advances provided for fixed tangible assets	(052)	25	105 334 132.37	353 376 176.54
<b>Fixed tangible assets - total</b>		<b>26</b>	<b>250 456 288 352.51</b>	<b>260 094 540 510.28</b>
<i>sum of rows from 16 to 25</i>				
<b>4. Allowances for fixed tangible assets</b>				
- 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		
<b>Allowances for fixed tangible assets - total</b>		<b>33</b>		
<i>sum of rows from 27 to 32</i>				
<b>5. Long-term financial assets</b>				
- Capital participation in entities with decisive influence	(061)	34	44 059 089 026.32	39 644 431 570.66
- Capital participation in entities with substantial influence	(062)	35	10 377 080.00	10 377 080.00
- Due securities held after maturity date	(063)	36		
- Loans to entities within the group	(066)	37		

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.) 1	Actual balance 2
- Other long-term loans	(067)	38		
- Other long-term financial assets	(069)	39	309 257 111.85	205 847 709.00
- Purchased long-term financial assets	(043)	40		51 000 000.00
<b>Long-term financial assets - total</b>		<b>41</b>	<b>44 378 723 218.17</b>	<b>39 911 656 359.66</b>
<i>sum of rows from 34 to 40</i>				
<b>6. Assets received for privatisation</b>				
- Assets received for privatisation	(064)	204	X	X
- Leased assets received for privatisation	(065)	205	X	X
<b>Assets received for privatisation - total</b>		<b>206</b>	<b>X</b>	<b>X</b>
<i>sum of rows from 204 to 205</i>				
<b>B. Current assets</b>		<b>42</b>	<b>38 165 557 582.59</b>	<b>41 717 147 295.90</b>
<i>row 51+75+89+119+124</i>				
<b>1. Inventory</b>				
- Raw material inventory	(112)	43	50 133 439.75	54 144 089.01
- Costs of raw material and raw material in transit	(111 or 119)	44	7 237 299.15	5 365 552.05
- Work in process	(121)	45		
- Manufactured parts	(122)	46		
- Products	(123)	47		
- Animals	(124)	48		
- Merchandise inventory	(132)	49	160 041.46	166 514.45
- Costs of merchandise and merchandise in transit	(131 or 139)	50		
<b>Inventory total</b>		<b>51</b>	<b>57 530 780.36</b>	<b>59 676 155.51</b>
<i>sum of rows from 43 to 50</i>				
<b>2. Receivables</b>				
- Customers	(311)	52	5 256 549 334.52	4 273 061 564.59
- Bills of exchange collection	(312)	53		
- Receivables from discounted securities	(313)	54		
- Provided operating reserves	(314)	55	2 089 577 689.97	1 976 153 740.83
- Receivables in budget receipts	(315)	56	457 360 786.88	562 185 437.69
- Other receivables	(316)	57	430 424 709.04	457 111 466.50
<i>Sub-total (row 52 to 57)</i>		<b>58</b>	<b>8 233 912 520.41</b>	<b>7 268 512 209.61</b>
- Receivables from members of association	(358)	59	45 522 077.76	45 340 933.00
- 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	107 878 783.67	91 938 354.35
- Other taxes and fees	(345)	64	7 460 239.00	3 588 054.00
- Receivables from fixed forward operations and options	(373)	65		
<i>Sub-total (row 61 to 64)</i>		<b>66</b>	<b>115 339 022.67</b>	<b>95 526 408.35</b>
- Receivables abroad	(371)	207	X	X
- Domestic receivables	(372)	208	X	X
<i>Sub-total (row 207 to 208)</i>		<b>209</b>	<b>X</b>	<b>X</b>
- 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>		<b>69</b>		
- Receivables from employees	(335)	70	2 204 462.21	2 321 777.14
- Receivables from issued bonds	(375)	71		
- Other receivables	(378)	72	427 515 368.32	455 155 484.42
- Allowance for receivables	(391)	73	(114 156 416.86)	(109 738 801.80)
<i>Sub-total (row 70 to 73)</i>		<b>74</b>	<b>315 563 413.67</b>	<b>347 738 459.76</b>
<b>Receivables - total</b>		<b>75</b>	<b>8 710 337 034.51</b>	<b>7 757 118 010.72</b>
<i>rows 58+59+60+65+66+209+69+74</i>				
<b>3. Financial assets</b>				
- Cash	(261)	76	1 317 879.61	1 183 380.78
- Cash in transit	(+/-262)	77	102 781 026.89	99 337 003.50
- Liquid valuables	(263)	78	3 768 948.64	5 832 931.07

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.) 1	Actual balance 2
<i>Sub-total(row 76 to 78)</i>		79	107 867 855.14	106 353 315.35
- Current account	(241)	80	8 537 989 855.16	11 513 470 477.57
- Current account of the funds of cultural and social needs	(243)	81		
- Other current accounts	(245)	82	970 869 312.84	1 132 949 344.77
- Investments in foreign currency in domestic banks	(246)	210		
<i>Sub-total (row 80 to 82 and 210)</i>		83	9 508 859 168.00	12 646 419 822.34
- Property securities for trading	(251)	84	329 426 907.86	203 528 427.08
- Due securities for trading	(253)	85	533 180 128.83	895 270 492.17
- Other securities	(256)	86	1 935 998 627.50	1 832 623 946.22
- Costs of current financial assets	(259)	87		
<i>Sub-total (row 84 to 87)</i>		88	2 798 605 664.19	2 931 422 865.47
<b>Financial assets - total</b>		<b>89</b>	<b>12 415 332 687.33</b>	<b>15 684 196 003.16</b>
<i>rows 79+83+88</i>				
<b>4. Budget management account and other related accounts</b>				
- Basic current account	(231)	90	13 126 059 525.74	14 340 126 794.08
- Deposit charge account	(232)	91		X
- Receipt account	(235)	92		X
- Current accounts of monetary funds	(236)	93	3 501 274 499.31	3 497 124 992.67
- Current accounts of state funds	(224)	94		
- Current accounts of financial funds	(225)	95		
<i>Sub-total (row 90 to 95)</i>		96	16 627 334 025.05	17 837 251 786.75
- 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
<i>Sub-total (row 97 to 102)</i>		103		X
- Provided reimbursable financial assistances in between budgets	(271)	104	177 326 052.15	155 112 874.60
- Provided temporary assistances to institutions receiving contributions from the state budget	(273)	105	10 504 200.00	47 530 000.00
- Provided temporary assistances to business entities	(274)	106	97 053 145.76	139 429 234.92
- Provided temporary assistances to other organizations	(275)	107	48 667 245.72	11 080 345.61
- Provided temporary assistances to natural persons	(277)	108	10 316 604.15	7 374 967.04
<i>Sub-total (row 104 to 108)</i>		109	343 867 247.78	360 527 422.17
- 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
<i>Sub-total (row 112 to 117)</i>		118		X
<b>Budget management account and other related accounts - total</b>		<b>119</b>	<b>16 971 201 272.83</b>	<b>18 197 779 208.92</b>
<i>row 96+103+109+110+111+118</i>				
<b>5. Temporary debit accounts</b>				
- Prepaid expenses	(381)	120	4 247 838.02	4 183 802.99
- Accrued revenue	(385)	121	4 021 064.83	5 749 136.45
- Exchange rate difference - debit balance	(386)	122		
- Estimated prepaid items	(388)	123	2 886 904.71	8 444 978.15
<b>Temporary debit accounts - total</b>		<b>124</b>	<b>11 155 807.56</b>	<b>18 377 917.59</b>
<i>sum of rows 120 to 123</i>				
<b>TOTAL ASSETS</b>		<b>row 01 + 42 125</b>	<b>333 885 460 359.82</b>	<b>343 115 274 193.13</b>

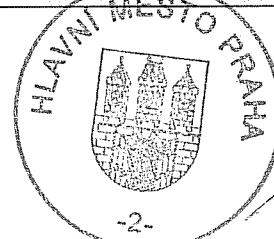
**LIABILITIES**

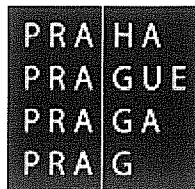
Name of item	Account	Row No.	Opening balance(1.1.)	Actual balance
			3	4
<b>C. Own resources to cover total fixed and current assets</b>		<b>126</b>	<b>285 712 603 644.24</b>	<b>297 062 271 127.68</b>
<i>row 130+131+213+138+141+151+158</i>				
<b>1. Property funds and special funds</b>				
- Fund of fixed assets	(901)	127	294 578 766 654.32	300 572 236 516.99
- Fund of current assets	(902)	128	60 509 870.10	59 050 179.66
- Fund of economic activity	(903)	129	67 712 920.15	37 126 483.33
- Adjustments to assets and liabilities	(+/-909)	130	(3 478 866 557.18)	(3 277 722 454.18)
<b>Fund of fixed assets - total</b>		<b>131</b>	<b>294 706 989 444.57</b>	<b>300 668 413 179.98</b>
<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>		<i>213</i>	<i>X</i>	<i>X</i>
<b>2. Financial and monetary funds</b>				
- 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	3 371 040 682.12	3 463 363 969.53
- Other financial funds	(918)	137	263 605.36	
<b>Financial and monetary funds - total</b>		<b>138</b>	<b>3 371 304 287.48</b>	<b>3 463 363 969.53</b>
<i>sum of rows 132 to 137</i>				
<b>3. Special funds of structural units of the state</b>				
- State funds	(921)	139		
- Other special funds	(922)	140		
- EU funds	(924)	203		
<b>Special funds of structural units of the state - total</b>		<b>141</b>		
<i>sum of rows 139, 140 and 203</i>				
<b>4. Resources to cover funds of budget management</b>				
- 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	430 078 311.45	306 746 647.79
<b>Resources to cover funds of budget management - total</b>		<b>151</b>	<b>430 078 311.45</b>	<b>306 746 647.79</b>
<i>sum of rows 142 to 150</i>				
<b>5. Profit/loss</b>				
a) from economic activities of TSU and subs. org.				
- profit/loss account	(+/-963)	152		X
- retained profit/retained loss	(+/-932)	153	5 735 099 999.07	8 604 124 067.80
- Profit/loss under approval procedure	(+/-931)	154	3 641 504 224.17	X
b) Transfer of retained cleared revenues and expenses	(+/-933)	155	(18 610 656 645.61)	(17 022 876 463.61)
c) Balance of expenses and costs	(+/-964)	156	(509 274 096.67)	(437 762 245.72)
d) Balance of receipts and revenues	(+/-965)	157	426 424 676.96	525 362 777.51
<b>sum of rows 152 to 157</b>		<b>158</b>	<b>(9 316 901 842.08)</b>	<b>(4 098 530 215.44)</b>
<b>D. Liabilities</b>		<b>159</b>	<b>48 172 856 715.58</b>	<b>46 053 003 065.45</b>
<i>row 160+166+189+196+201</i>				
<b>1. Reserves</b>				
- Statutory reserves	(941)	160	8 235 801.09	7 168 148.28

**LIABILITIES**

Name of item	Account	Row No.	Opening balance(1.1.) 3	Actual balance 4
<b>2. Long-term liabilities</b>				
- Issued bonds	(953)	161	15 173 150 000.00	14 849 400 000.00
- Liabilities from lease	(954)	162		
- Long-term advances received	(955)	163	16 263 969.69	16 076 314.87
- Long-term bills of exchange to be paid	(958)	164		
- Other long-term liabilities	(959)	165	1 072 164 054.49	1 159 580 780.51
<b>Long-term liabilities - total</b>		<b>166</b>	<b>16 261 578 024.18</b>	<b>16 025 057 095.38</b>
<i>sum of rows 161 to 165</i>				
<b>3. Current liabilities</b>				
- Suppliers	(321)	167	1 346 282 608.73	909 457 513.99
- Bills of exchange to be paid	(322)	168		
- Received advances	(324)	169	2 350 000 440.35	1 918 966 479.38
- Other liabilities	(325)	170	2 002 017 065.96	1 375 140 630.03
- Receivables from fixed forward operations and options	(373)	171	3 355 389 643.00	3 223 034 715.00
<i>Sub-total (row 167 to 171)</i>		<b>172</b>	<b>9 053 689 758.04</b>	<b>7 426 599 338.40</b>
- Liabilities from subscribed unpaid securities and shares	(367)	173		
- Liabilities to members of association	(368)	174	4 130 974.54	124 378.08
<i>Sub-total (row 173 to 174)</i>		<b>175</b>	<b>4 130 974.54</b>	<b>124 378.08</b>
- Employees	(331)	176	50 827 105.00	60 489 944.00
- Other liabilities to employees	(333)	177	11 728 482.20	11 249 760.20
<i>Sub-total (row 176 to 177)</i>		<b>178</b>	<b>62 555 587.20</b>	<b>71 739 704.20</b>
- Clearing with institutions of social security and health insurance	(336)	179	83 921 161.00	95 553 735.00
- Income tax	(341)	180	1 426 112 403.21	1 470 813 832.45
- Other direct taxes	(342)	181	25 749 449.00	30 359 556.00
- Value added tax	(343)	182		
- Other taxes and fees	(345)	183		
<i>Sub-total (row 180 to 183)</i>		<b>184</b>	<b>1 451 861 852.21</b>	<b>1 501 173 388.45</b>
- Settlement of subsidy excess payments and other liabilities with the state budget	(347)	185	390 000.00	390 000.00
- Settlement of subsidy excess payment and other liabilities with the budget of regional self-government administrative units	(349)	186	423 955 647.62	(112 508 130.34)
<i>Sub-total (row 185 to 186)</i>		<b>187</b>	<b>424 345 647.62</b>	<b>(112 118 130.34)</b>
- Other liabilities	(379)	188	461 453 061.46	668 930 004.13
<b>Current liabilities - total</b>		<b>189</b>	<b>11 541 958 042.07</b>	<b>9 652 002 417.92</b>
<i>row 172+175+178+179+184+187+188</i>				
<b>4. Bank credits and loans</b>				
- Long-term bank credits	(951)	190	16 879 181 831.16	16 539 433 984.75
- Short-term bank credits	(281)	191	15 000 000.00	15 000 000.00
- 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>		<b>195</b>		
<b>Bank credits and and loans - total</b>		<b>196</b>	<b>16 894 181 831.16</b>	<b>16 554 433 984.75</b>
<i>row 190+191+192+195</i>				
<b>5. Temporary credit accounts</b>				
- Accured expenses	(383)	197	1 176 704.91	4 780 218.95
- Unearned revenue	(384)	198	656 105 160.46	692 371 419.04
- Exchange rate difference - credit balance	(387)	199	2 718 187 499.95	3 046 249 999.88
- Estimated accrued items	(389)	200	91 433 651.76	70 939 781.25
<b>Temporary credit accounts - total</b>		<b>201</b>	<b>3 466 903 017.08</b>	<b>3 814 341 419.12</b>
<i>sum of rows 197 to 200</i>				
<b>TOTAL LIABILITIES</b>		<b>row 126 + 159 202</b>	<b>333 885 460 359.82</b>	<b>343 115 274 193.13</b>

\* 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: **13 / 2007**

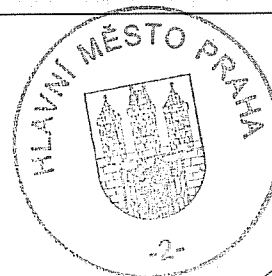
Company Identification No.: **SOR 200**

Name: **HLAVNÍ MĚSTO PRAHA CELKEM**

Name of item	Acc.	Row	Main activity	Business activity
		number	1	2
Consumption of raw material	501	1		36 935 445.64
Consumption of energy	502	2		33 343 127.71
Consumption of unstorable supplies	503	3		2 183 057.23
Cost of merchandise sold	504	4		4 021.22
Repairs and maintenance	511	5		2 127 169 488.77
Travel expenses	512	6		51 450.80
Costs of representation	513	7		94 796.25
Other services	518	8		1 008 262 670.01
Wages and salaries	521	9		121 456 534.25
Statutory social insurance	524	10		42 180 967.00
Other social insurances	525	11		30 313.00
Statutory social costs	527	12		545 898.00
Other social costs	528	13		18 302.90
Road tax	531	14		16 334.00
Real estate tax	532	15		50 924.00
Other taxes and fees	538	16		265 460 141.53
Contractual fines and interests on late payment	541	17		239 023.50
Other fines and penalties	542	18		512 843.42
Debt expanse	543	19		213 890 261.80
Interests	544	20		413.00
Exchange rate loss	545	21		22 270.94
Donations	546	22		115 000.00
Shortfalls and damages	548	23		10 881 072.04
Other additional costs	549	24		149 109 293.95
Depreciation/amortization of fixed intangible and tangible assets	551	25		2 289 184 870.54
Net book value of sold fixed intangible and tangible assets	552	26		1 685 716 590.80
Cost of securities and shares sold	553	27		
Cost of merchandise sold	554	28		104 683.52
Creation of statutory reserves	556	29		17 246.69
Creation of statutory allowances	559	30		478 426.18
<b>Total account class 5</b>		<b>31</b>		<b>7 988 075 468.69</b>
<i>line 1 to 30</i>				

Název položky	Acc.	Row number	Main activity 1	Business activity 2
Product revenue	601	32		6 985.00
Service revenue	602	33		6 477 229 660.77
Merchandise revenue	604	34		53 512.17
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		193 556 707.79
Other fines and penalties	642	44		3 854 297.33
Payments for debt expenses	643	45		23 234 331.48
Interests	644	46		140 837 163.82
Exchange rate gains	645	47		198 137.50
Clearance of funds	648	48		
Other additional revenues	649	49		98 560 823.58
Fixed intangible and tangible assets revenue	651	50		6 800 074 615.78
Long-term financial assets revenue	652	51		2 571 520.00
Securities and shares revenue	653	52		
Raw material revenue	654	53		713 353.58
Revenues from current financial assets	655	54		757 909.32
Clearance of statutory reserves	656	55		1 084 899.50
Clearance of statutory allowances	659	56		4 619 442.10
Contributions and subsidies for operation	691	57		
<b>Total account class 6</b> <i>line 32 to 57</i>		<b>58</b>		<b>13 747 353 359.72</b>
<b>Profit/loss before taxation</b> <i>line 58 - 31</i>		<b>59</b>		<b>5 759 277 891.03</b>
Income tax	591	60		1 470 813 832.45
Additional income tax payment	595	61		55 842 410.00
<b>Profit/loss after taxation</b> <i>line 59 - 60 - 61 (+/-)</i>		<b>62</b>		<b>4 232 621 648.58</b>

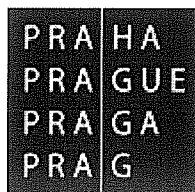
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# STATEMENT OF INCOME, EXPENSES AND FINANCING



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

(in CZK)

Period: **13 / 2007**

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	8 090 000 000.00	8 090 000 000.00	8 962 923 982.21
1112	Tax on income of natural persons from individual gainful activity	1 860 000 000.00	1 860 000 000.00	2 100 454 746.08
1113	Tax on income of natural persons from capital revenues	469 000 000.00	469 000 000.00	584 404 055.97
1119	Cancelled taxes, the object of which is the income of natural persons			710 986.32
111	Tax on income of natural persons	10 419 000 000.00	10 419 000 000.00	11 648 493 770.58
1121	Tax on income of legal entities	10 270 000 000.00	10 270 000 000.00	10 609 434 033.96
1122	Tax on income of legal entities on behalf of municipalities	150 000 000.00	1 580 224 000.00	1 580 224 010.00
112	Tax on income of legal entities	10 420 000 000.00	11 850 224 000.00	12 189 658 043.96
<b>11</b>	<b>Income, profit and capital revenue tax</b>	<b>20 839 000 000.00</b>	<b>22 269 224 000.00</b>	<b>23 838 151 814.54</b>
1211	Value added tax	15 920 000 000.00	15 920 000 000.00	16 070 676 381.19
121	General taxes on goods and services inland	15 920 000 000.00	15 920 000 000.00	16 070 676 381.19
<b>12</b>	<b>Goods and service inland tax</b>	<b>15 920 000 000.00</b>	<b>15 920 000 000.00</b>	<b>16 070 676 381.19</b>
1332	Fees for air pollution	128 000.00	129 300.00	356 697.00
1333	Fees for waste disposal			65 150 803.40
1334	Levies from land extraction from the agricultural land resources			5 061 454.00
1335	Fees for removal of the land function resting in discharge of the function of a forest			6 305.00
1336	Fees for permitted discharge of wastewater into surface water			173 278.00
1337	Fees for disposal of municipal waste	640 000 000.00	640 000 000.00	697 173 921.39
133	Taxes and levies in the field of environment	640 128 000.00	640 129 300.00	767 922 458.79
1341	Fees for dogs	43 509 300.00	44 631 700.00	48 484 007.75
1342	Fee for spa or recreation stay	126 179 500.00	126 359 300.00	140 558 153.50
1343	Fee for use of public premises	221 205 000.00	223 769 900.00	239 319 088.48
1344	Fee from entrance money	18 821 000.00	19 770 500.00	24 695 249.30
1345	Fee from accommodation activity	56 861 000.00	58 052 200.00	64 545 275.70
1347	Fee for operated gaming machine	151 457 000.00	155 778 700.00	184 123 390.70
1349	Cancelled local fees			10 671.19
134	Local fees from selected activities and services	618 032 800.00	628 362 300.00	701 735 836.62
1351	Levy of preceeds from lottery operations	91 998 000.00	106 591 600.00	107 654 562.52
1359	Other levies from selected activities and services not specified elsewhere	102 500.00	104 000.00	179 600.00
135	Other levies from selected activities and services	92 100 500.00	106 695 600.00	107 834 162.52
1361	Administrative charges	474 035 800.00	482 066 100.00	605 509 868.44
136	Administration fees	474 035 800.00	482 066 100.00	605 509 868.44
<b>13</b>	<b>Taxes and fees on selected activities and services</b>	<b>1 824 297 100.00</b>	<b>1 857 253 300.00</b>	<b>2 183 002 326.37</b>
1511	Real estate tax	379 350 000.00	383 072 000.00	416 028 588.00
151	Property tax	379 350 000.00	383 072 000.00	416 028 588.00
<b>15</b>	<b>Property taxes</b>	<b>379 350 000.00</b>	<b>383 072 000.00</b>	<b>416 028 588.00</b>
<b>1</b>	<b>Tax receipts (total for class 1)</b>	<b>38 962 647 100.00</b>	<b>40 429 549 300.00</b>	<b>42 507 859 110.10</b>

**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	56 021 900.00	127 123 700.00	120 803 228.21
2112	Receipts from sale of goods (otherwise purchased for the purposes of sale)	3 000.00	41 500.00	51 360.84
2119	Other receipts from own activities			931 395.00
211	Receipts from own activity	56 024 900.00	127 165 200.00	121 785 984.05
2122	Levies of institutions receiving contributions from the state budget	7 000 000.00	96 253 800.00	96 579 061.31
2123	Other levies of institutions receiving contributions from the state budget	1 227 000.00	10 284 800.00	10 265 238.30
2124	Levies of schooling legal entities established by the state, regions and municipalities			841 636.91
2129	Other levies of surplus of organizations with a direct relationship		9 734 500.00	9 734 500.21
212	Levies from residues of organizations with direct relationship	8 227 000.00	116 273 100.00	117 420 436.73
2139	Other receipts from lease of property		577 000.00	753 621.00
213	Receipts from lease of property		577 000.00	753 621.00
2141	Receipts from interests (a part)	1 361 652 100.00	391 819 600.00	577 032 965.43
2142	Receipts from shares in profit and dividends		25 097 000.00	249 286 024.50
2143	Realized exchange rate gains			6 567 857.19
214	Receipts from interests and realization of financial assets	1 361 652 100.00	416 916 600.00	832 886 847.12
<b>21</b>	<b>Receipts from own activity and payment of excess of organizations with direct relationship</b>	<b>1 425 904 000.00</b>	<b>660 931 900.00</b>	<b>1 072 846 888.90</b>
2210	Received sanction payments	252 283 000.00	253 806 000.00	286 315 106.72
221	Received sabctuib payments	252 283 000.00	253 806 000.00	286 315 106.72
2222	Other receipts from retained financial settlement from other public budgets	8 500 000.00	47 684 600.00	47 897 335.54
2229	Other received returned transfers		157 799 700.00	168 313 584.45
222	Received returned transfers and other receipts from retained financial settlement	8 500 000.00	205 484 300.00	216 210 919.99
<b>22</b>	<b>Received sanction payments and returned transfers</b>	<b>260 783 000.00</b>	<b>459 290 300.00</b>	<b>502 526 026.71</b>
2310	Receipts from sale of short-term and immaterial fixed assets			157 545.00
231	Receipts from sale of short-term and immaterial fixed assets			157 545.00
2321	REceived non-investment donations	3 410 000.00	35 055 900.00	42 262 198.38
2322	Received indemmities	106 500.00	11 581 300.00	21 004 909.03
2324	Received non-capital contributions and compensations	1 781 100.00	9 059 300.00	41 963 105.45
2328	Unidentified receipts	38 000.00	38 000.00	(47 069.69)
2329	Other non-tax receipts not included elsewhere	13 044 000.00	25 630 600.00	51 912 322.62
232	Other non-tax receipts	18 379 600.00	81 365 100.00	157 095 465.79
2343	Receipts from payments from allotments and from exploited minerals	2 155 700.00	2 130 700.00	1 624 435.00
234	Receipts from use of exclusive rights to natural resources	2 155 700.00	2 130 700.00	1 624 435.00
<b>23</b>	<b>Receipts from sale of non-capital assets and other non-tax receipts</b>	<b>20 535 300.00</b>	<b>83 495 800.00</b>	<b>158 877 445.79</b>
2420	Instalments of funds borrowed from generally beneficial associations and similar entities	17 190 400.00	17 240 400.00	17 319 508.45
242	Instalments of funds borrowed from generally beneficial associations and similar entities	17 190 400.00	17 240 400.00	17 319 508.45
2441	Instalments of funds borrowed from municipalities			750 000.00
2443	Instalments of funds borrowed from regional councils			1 586 695.47
244	Instalments of funds borrowed from public budgets at regional level			2 336 695.47
2451	Instalments of funds borrowed from institutions receiveing contributions from the state budget		10 349 200.00	10 349 231.00
245	Instalments of funds borrowed from established and similar entities		10 349 200.00	10 349 231.00

**BUDGETARY INCOME - CLASS 1 - 4**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
2460	Instalments of funds borrowed from citizens	5 072 700.00	6 296 700.00	7 815 648.11
246	Instalments of funds borrowed from citizens	5 072 700.00	6 296 700.00	7 815 648.11
<b>24</b>	<b>Received instalments of lent funds</b>	<b>22 263 100.00</b>	<b>33 886 300.00</b>	<b>37 821 083.03</b>
<b>2</b>	<b>Non-tax receipts (total for class 2)</b>	<b>1 729 485 400.00</b>	<b>1 237 604 300.00</b>	<b>1 772 071 444.43</b>
3111	Receipts from sale of land	1 300 000.00		
3113	Receipts from sale of other fixed tangible assets			275 100.00
311	Receipts from sale of fixed assets (except immaterial assets)	1 300 000.00		275 100.00
3121	Donations received for acquisition of fixed assets	9 620 000.00	27 042 600.00	41 424 145.06
3122	Contributions received fro acquisition of fixed assets		101 000.00	125 994.00
3129	Other investment receipts not included elsewhere	3 314 000.00		
312	Other capital receipts	12 934 000.00	27 143 600.00	41 550 139.06
<b>31</b>	<b>Receipts from sale of fixed assets and other capital receipts</b>	<b>14 234 000.00</b>	<b>27 143 600.00</b>	<b>41 825 239.06</b>
<b>3</b>	<b>Capital revenues (total for class 3)</b>	<b>14 234 000.00</b>	<b>27 143 600.00</b>	<b>41 825 239.06</b>
<b>Own receipts (classes 1+2+3)</b>		<b>40 706 366 500.00</b>	<b>41 694 297 200.00</b>	<b>44 321 755 793.59</b>
4111	Non-investment transfers received from general cash administration of the state budget		203 063 700.00	203 062 779.66
4112	Non-investment transfers received from the state budget within the overall subsidy relationship	658 037 000.00	658 037 000.00	658 037 000.00
4113	Non-investment transfers received from state funds		165 000 000.00	164 999 452.30
4116	Other non-investment transfers from the state budget		9 662 419 900.00	9 664 323 810.80
4118	Non-investment transfers from the National Fund		1 554 400.00	1 554 336.34
411	Non-investment transfers received from public budgets at central level	658 037 000.00	10 690 075 000.00	10 691 977 379.10
4121	Non-investment transfers received from municipalities	2 920 700.00	4 336 600.00	6 060 517.46
412	Non-investment transfers received from public budgets at regional level	2 920 700.00	4 336 600.00	6 060 517.46
4131	Transfers from own funds of economic (business) activity	4 548 230 100.00	4 675 298 000.00	4 274 561 534.05
4132	Transfers from other own funds		1 065 900.00	1 725 678.76
4133	Transfers from own reserve funds (other than those of structural units of the state)	191 204 500.00	392 977 200.00	516 204 123.72
4134	Transfers from budget accounts	145 056 700.00	839 309 200.00	29 427 255 008.27
4139	Other transfers from own funds	172 980 300.00	197 416 000.00	165 920 618.40
413	Transfers from own funds	5 057 471 600.00	6 106 066 300.00	34 385 666 963.20
4152	Non-investment transfers received from international institutions		1 320 700.00	1 320 722.02
415	Non-investment transfers received from abroad		1 320 700.00	1 320 722.02
4160	Non-investment transfers received from state financial assets		51 400.00	51 410.00
416	Non-investment transfers received from state financial assets		51 400.00	51 410.00
<b>41</b>	<b>Non-investment transfers received</b>	<b>5 718 429 300.00</b>	<b>16 801 850 000.00</b>	<b>45 085 076 991.78</b>
4211	Investment transfers received from general cash administration of the state budget		211 052 000.00	210 983 483.96
4213	Investment transfers received from state funds		1 591 854 000.00	661 974 292.67
4216	Other investment transfers received from the state budget		801 443 700.00	792 320 575.37
4218	Investment transfers from the National Fund		2 273 300.00	2 273 298.17
421	Investment transfers received from public budgets at central level		2 606 623 000.00	1 667 551 650.17
4240	Investment transfers received from state financial assets		3 500 000.00	3 500 000.00
424	Investment transfers received from state financial assets		3 500 000.00	3 500 000.00
<b>42</b>	<b>Investment transfers received</b>		<b>2 610 123 000.00</b>	<b>1 671 051 650.17</b>
<b>4</b>	<b>Received transfers (total for class 4)</b>	<b>5 718 429 300.00</b>	<b>19 411 973 000.00</b>	<b>46 756 128 641.95</b>
<b>Total receipts (classes 1+2+3+4)</b>		<b>46 424 795 800.00</b>	<b>61 106 270 200.00</b>	<b>91 077 884 435.54</b>

**BUDGETARY INCOME - CLASS 1 - 4**

<i>Item</i>	<i>Text</i>	<i>Approved budget</i>	<i>Adjusted budget</i>	<i>Result from the start of the year</i>
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>

**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	2 608 892 100.00	2 712 415 300.00	2 660 395 676.50
5019	Other salaries	4 847 500.00	4 626 300.00	1 621 111.70
501	Salaries	2 613 739 600.00	2 717 041 600.00	2 662 016 788.20
5021	Other wages and salaries	48 277 800.00	73 013 900.00	63 143 623.05
5023	Remuneration of members of municipal and regional councils	144 918 400.00	145 656 000.00	139 755 697.00
5024	Redundancy payment	7 450 000.00	15 945 000.00	12 483 240.00
5029	Other payments for performed work not included elsewhere	46 160 800.00	4 678 000.00	3 655 317.67
502	Other payments for performed work	246 807 000.00	239 292 900.00	219 037 877.72
5031	Obligatory premium for social security and contribution to state policy of employment	731 060 200.00	776 133 200.00	749 871 353.26
5032	Obligatory premium for public health insurance	256 219 500.00	269 809 200.00	259 720 108.74
5038	Obligatory premium fro accident insurance	11 734 100.00	12 393 800.00	11 814 486.43
5039	Other obligatory premiums paid by the employer	1 274 300.00	1 064 500.00	189 299.63
503	Obligatory premium paid by the employer	1 000 288 100.00	1 059 400 700.00	1 021 595 248.06
5041	Remuneration for use of intellectual property	30 000.00	43 800.00	22 849.30
504	Remuneration for use of intellectual property	30 000.00	43 800.00	22 849.30
5051	Wage compensation		354 900.00	231 812.00
505	Wage compensation		354 900.00	231 812.00
<b>50</b>	<b>Expenses on payments, other payments for performed work and premium</b>	<b>3 860 864 700.00</b>	<b>4 016 133 900.00</b>	<b>3 902 904 575.28</b>
5131	Foodstuff	2 589 000.00	3 103 300.00	1 883 215.08
5132	Protective devices	778 000.00	804 500.00	653 405.55
5133	Drugs and medical supplies	846 200.00	663 600.00	610 846.18
5134	Underwear, clothes and shoes	47 075 000.00	40 365 700.00	35 729 952.57
5136	Books, learning aids and press	18 657 600.00	17 953 700.00	15 773 975.17
5137	Immaterial fixed tangible assets	124 706 800.00	184 854 900.00	163 623 456.16
5138	Purchase of goods (for the purpose of resale)	55 000.00	43 000.00	28 728.00
5139	Purchase of raw material not included elsewhere	191 804 700.00	212 048 800.00	197 815 445.94
513	Purchase of materials	386 512 300.00	459 837 500.00	416 119 024.65
5141	Own interests	1 287 756 600.00	1 273 848 800.00	1 194 103 612.31
5142	Realized exchange rate losses	200 034 000.00	200 068 100.00	65 901.78
5143	Interest incurred by assumption of others' liabilities	5 000 000.00	5 000 000.00	637 591.27
5145	Financial derivatives	1 300 000 000.00	313 000 000.00	312 030 108.71
5149	Other interest and other financial expenses	34 611 000.00	34 690 900.00	40 631 419.85
514	Interests and other financial expenses	2 827 401 600.00	1 826 607 800.00	1 547 468 633.92
5151	Cold water	18 509 400.00	17 318 900.00	14 246 995.83
5152	Heat	21 492 200.00	18 826 300.00	16 714 175.98
5153	Gas	34 114 600.00	35 041 100.00	28 120 271.23
5154	Electric energy	86 286 400.00	98 486 500.00	90 872 702.72
5155	Solid fuels	256 000.00	231 600.00	160 203.40
5156	Fuels and lubricants	25 745 300.00	23 813 900.00	21 804 055.29
5157	Hot water	788 700.00	827 900.00	684 227.89
5159	Purchase of other fuels and energy	3 005 000.00	3 047 000.00	2 726 074.45
515	Costs of water, fuels and energy	190 197 600.00	197 593 200.00	175 328 706.79
5161	Post-office services	61 686 300.00	67 557 800.00	61 191 783.42
5162	Services of telecommunications and radiocommunications	183 251 500.00	166 204 800.00	160 075 419.23
5163	Services of banking institutions	51 427 700.00	52 543 500.00	39 222 369.67
5164	Rent	318 913 200.00	284 178 600.00	275 292 922.40
5165	Rent for land	23 086 000.00	23 112 700.00	8 366 841.46
5166	Consultation, advisory and legal services	333 553 000.00	308 634 800.00	239 784 996.69

**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	47 446 600.00	45 592 700.00	37 837 174.25
5168	Data processing services	69 052 000.00	77 869 000.00	67 334 833.15
5169	Purchase of other services	3 688 535 200.00	4 021 325 600.00	3 774 596 720.57
516	Costs of services	4 776 951 500.00	5 047 019 500.00	4 663 703 060.84
5171	Repairs and maintenance	1 725 020 200.00	2 427 207 700.00	2 264 073 247.92
5172	Programme equipment	21 311 000.00	22 208 000.00	20 154 187.57
5173	Travel costs (domestic as well as abroad)	25 479 700.00	25 838 200.00	21 937 740.55
5175	Treatment	23 167 300.00	26 361 100.00	21 390 279.69
5176	Attendance fees at conferences	224 000.00	289 100.00	217 264.79
5177	Purchase of objects of art		811 800.00	802 129.05
5178	Lease for rent with right of purchase	3 984 500.00	5 875 700.00	5 723 978.32
5179	Other purchases not included elsewhere	603 274 200.00	624 091 600.00	623 812 223.29
517	Costs of other purchases	2 402 460 900.00	3 132 683 200.00	2 958 111 051.18
5182	Advances provided to own petty cash	25 000.00	25 000.00	
5189	Other provided advances and guarantees	720 000.00	1 534 700.00	928 391.51
518	Provided advances, securities, guarantees and government credits	745 000.00	1 559 700.00	928 391.51
5191	Paid sanctions	24 000.00	1 365 300.00	1 383 189.62
5192	Provided non-investment contributions and reimbursements (part)	151 801 000.00	150 369 400.00	149 188 408.14
5193	Expenses on traffic regional road service	198 006 000.00	269 200 300.00	269 200 202.61
5194	Material donations	17 423 500.00	29 849 200.00	23 875 230.92
5195	Levies for failure to meet the obligation to employ the disabled	1 254 000.00	1 523 700.00	1 357 116.00
5197	Reimbursements of increased costs connected with discharge of an office abroad	6 800 000.00	3 985 600.00	3 412 520.48
5199	Other expenses related to non-investment purchases	1 372 800.00	14 974 800.00	9 929 841.20
519	Expenses related to non-investment purchases, contributions, reimbursements and material donations	376 681 300.00	471 268 300.00	458 346 508.97
<b>51</b>	<b>Non-investment purchases and related expenses</b>	<b>10 960 950 200.00</b>	<b>11 136 569 200.00</b>	<b>10 220 005 377.86</b>
5212	Non-investment transfers to non-financial business entities - natural persons	2 912 700.00	29 150 700.00	24 836 347.47
5213	Non-investment transfers to non-financial business entities - legal entities	7 858 416 700.00	8 885 649 500.00	8 854 022 297.73
5219	Owner non-investment transfers to business entities	1 160 000.00	1 217 000.00	740 000.00
521	Non-investment transfers to business entities	7 862 489 400.00	8 916 017 200.00	8 879 598 645.20
5221	Non-investment transfers to generally beneficial associations	27 506 200.00	273 327 200.00	268 418 351.20
5222	Non-investment transfers to unincorporated associations	74 432 900.00	384 934 200.00	366 682 992.87
5223	Non-investment transfers to churches and religious societies	17 992 300.00	82 200 000.00	81 640 511.73
5225	Non-investment transfers to associations of owners of residential units	2 000 000.00	3 618 900.00	3 612 893.60
5229	Other non-investment transfers to non-profit and similar organizations	4 237 099 000.00	3 817 326 300.00	3 798 263 589.61
522	Non-investment transfers to non-profit and similar associations	4 359 030 400.00	4 561 406 600.00	4 518 618 339.01
5240	Non-investment non-subsidy transfers to non-profit and similar organizations	83 000.00	150 000.00	76 600.00
524	Non-investment non-subsidy transfers to non-profit and similar organizations	83 000.00	150 000.00	76 600.00
<b>52</b>	<b>Non-investment transfers to private entities</b>	<b>12 221 602 800.00</b>	<b>13 477 573 800.00</b>	<b>13 398 293 584.21</b>
5311	Non-investment transfers to the state budget		300 000.00	300 000.00
5319	Other non-investment transfers to other public budgets	10 000.00	25 000.00	24 217.00
531	Non-investment transfers to public budgets at central level	10 000.00	325 000.00	324 217.00
5321	Non-investment transfers to municipalities	337 000.00	63 500.00	36 833.00
5323	Non-investment transfers to regions		7 000.00	6 633.00

**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5329	Other non-investment transfers to public budgets at regional level	7 775 000.00		
532	Non-investment transfers to public budgets at regional level	8 112 000.00	70 500.00	43 466.00
5331	Non-investment contributions to established institutions receiving contributions from the state budget	8 266 237 200.00	9 079 470 100.00	9 057 127 482.39
5332	Non-investment transfers to universities	5 824 400.00	13 541 400.00	9 067 407.84
5333	Non-investment transfers to educational legal entities established by the state, region and municipalities		862 000.00	1 423 515.10
5335	Non-investment transfers to public medical institutions established by the state, region and municipalities	5 801 000.00	9 958 000.00	9 958 000.00
5339	Non-investment contributions to other institutions receiving contributions from the state budget	10 583 800.00	17 858 900.00	14 837 515.42
533	Non-investment transfers to institutions receiving contributions from the state budget and similar organizations	8 288 446 400.00	9 121 690 400.00	9 092 413 920.75
5341	Transfers to own funds of economic (business) activity	1 690 000.00	24 271 500.00	23 965 031.91
5342	Transfers to funds of cultural and social needs and social funds of municipalities and regions	41 151 700.00	38 247 900.00	39 586 051.42
5344	Transfers to own reserve funds of regional budgets	2 968 700.00	604 071 000.00	1 132 000 872.54
5345	Transfers to own budget accounts	439 031 800.00	660 618 000.00	28 733 311 384.57
5349	Other transfers to own funds	26 089 300.00	126 765 500.00	204 481 441.86
534	Transfers to own funds	510 931 500.00	1 453 973 900.00	30 133 344 782.30
5361	Purchase of duty stamps	2 796 500.00	2 267 600.00	2 502 361.50
5362	Payments of taxes and fees to the state budget	3 463 400.00	6 091 100.00	2 886 694.85
5363	Payments of sanctions to other budgets	35 000.00	41 897 800.00	41 932 319.06
5364	Returned funds to public budgets at the central level of transfers provided in the past budget periods		77 643 900.00	77 751 616.47
5365	Payments of taxes and fees to regions, municipalities and state funds	7 000.00	16 500.00	7 750.00
536	Other non-investment transfers to other public budgets	6 301 900.00	127 916 900.00	125 080 741.88
<b>53</b>	<b>Non-investment transfers to public entities and between monetary funds</b>	<b>8 813 801 800.00</b>	<b>10 703 976 700.00</b>	<b>39 351 207 127.93</b>
5410	Social benefits		1 439 419 400.00	1 337 111 405.40
541	Social benefits		1 439 419 400.00	1 337 111 405.40
5421	Compensation from accident insurance		20 000.00	27 408.00
5422	Compensation of the nature of rehabilitation			41 250.00
5429	Other compensation payable to the citizens	712 700.00	535 700.00	435 708.00
542	Reimbursements paid to citizens	712 700.00	555 700.00	504 366.00
5492	Donations to citizens	17 443 300.00	18 917 400.00	14 654 804.03
5493	Purpose non-investment transfers to natural persons not running business	8 200 000.00	8 934 900.00	8 752 955.00
5494	Non-investment transfers to citizens, which do not have nature of a donation	255 000.00	200 000.00	118 030.50
5499	Other non-investment transfers to citizens	54 141 400.00	57 066 500.00	49 489 017.25
549	Other non-investment transfers to citizens	80 039 700.00	85 118 800.00	73 014 806.78
<b>54</b>	<b>Non-investment transfers to citizens</b>	<b>80 752 400.00</b>	<b>1 525 093 900.00</b>	<b>1 410 630 578.18</b>
5511	Non-investment transfers to international organizations	143 000.00	1 043 000.00	983 923.66
551	Non-investment transfers to international organizations and supranational bodies	143 000.00	1 043 000.00	983 923.66
5531	Monetary donations abroad		29 500.00	29 430.50
553	Other non-investment transfers abroad		29 500.00	29 430.50
<b>55</b>	<b>Non-investment transfers abroad</b>	<b>143 000.00</b>	<b>1 072 500.00</b>	<b>1 013 354.16</b>
5613	Non-investment funds lent to non-financial business entities - legal persons	36 930 000.00	37 780 000.00	25 137 360.70
561	Non-investment funds lent to business entities	36 930 000.00	37 780 000.00	25 137 360.70

**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5651	Non-investment funds lent to established institutions receiving contributions from the state budget		11 421 000.00	11 421 000.00
565	Non-investment funds lent to institutions receiving contributions from the state budget and similar organizations		11 421 000.00	11 421 000.00
5660	Non-investment funds lent to citizens	2 230 000.00	2 481 000.00	2 951 832.50
566	Non-investment funds lent to citizens	2 230 000.00	2 481 000.00	2 951 832.50
<b>56</b>	<b>Non-investment lent funds</b>	<b>39 160 000.00</b>	<b>51 682 000.00</b>	<b>39 510 193.20</b>
5901	Unspecified reserves	2 115 966 600.00	1 343 084 400.00	
5902	Other expenses from retained financial settlement		18 100 400.00	18 029 899.73
5909	Other non-investment expenses not included elsewhere	308 930 800.00	32 904 000.00	31 444 969.08
590	Other non-investment expenses	2 424 897 400.00	1 394 088 800.00	49 474 868.81
<b>59</b>	<b>Other non-investment expenses</b>	<b>2 424 897 400.00</b>	<b>1 394 088 800.00</b>	<b>49 474 868.81</b>
<b>5</b>	<b>CURRENT EXPENSES (CLASS 5)</b>	<b>38 402 172 300.00</b>	<b>42 306 190 800.00</b>	<b>68 373 039 659.63</b>
6111	Programme equipment	348 626 000.00	296 070 300.00	263 530 549.68
6112	Valuable rights	122 600.00	2 512 200.00	2 512 093.00
6113	Intangible results of research and similar activities		235 500.00	235 100.00
6119	Other purchases of fixed intangible assets	225 708 700.00	230 538 100.00	224 982 016.70
611	Acquisition of fixed intangible assets	574 457 300.00	529 356 100.00	491 259 759.38
6121	Buildings, halls and constructions	11 090 388 400.00	13 758 223 400.00	10 612 184 757.70
6122	Machinery, devices and equipment	240 881 000.00	349 449 700.00	351 145 456.16
6123	Means of transport	53 100 000.00	64 191 300.00	62 832 156.08
6124	Orchards and vineyards	27 900 000.00	7 725 100.00	11 148 803.90
6125	Computing technology	134 166 000.00	210 481 800.00	167 851 480.34
6127	Artworks and collections	6 560 000.00	4 639 300.00	4 189 743.50
6129	Purchase of fixed tangible assets not included elsewhere	6 830 000.00	19 539 800.00	17 119 359.39
612	Acquisition of fixed tangible assets	11 559 825 400.00	14 414 250 400.00	11 226 471 757.07
6130	Land	672 227 000.00	792 933 800.00	484 671 469.45
613	Land	672 227 000.00	792 933 800.00	484 671 469.45
<b>61</b>	<b>Investment purchases and related expenses</b>	<b>12 806 509 700.00</b>	<b>15 736 540 300.00</b>	<b>12 202 402 985.90</b>
6201	Purchase of shares		8 000 000.00	8 000 000.00
6202	Purchase of capital participation		51 000 000.00	51 000 000.00
620	Purchase of shares and capital participation		59 000 000.00	59 000 000.00
<b>62</b>	<b>Purchase of shares and capital participation</b>		<b>59 000 000.00</b>	<b>59 000 000.00</b>
6312	Investment transfers to non-financial business entities - natural persons		13 721 900.00	4 296 657.00
6313	Investment transfers to non-financial business entities - legal persons	4 243 831 800.00	7 241 707 900.00	7 202 303 954.26
6319	Other investment transfers to business entities	150 000.00	150 000.00	
631	Investment transfers to business entities	4 243 981 800.00	7 255 579 800.00	7 206 600 611.26
6321	Investment transfers to generally beneficial associations		4 660 200.00	4 118 151.00
6322	Investment transfers to unincorporated associations	115 000 000.00	126 436 700.00	119 545 443.06
6323	Investment transfers to churches and religious societies	2 587 000.00	9 587 000.00	9 586 617.00
6329	Other investment transfers to non-profit and similar organizations	1 600 000.00	40 930 200.00	27 297 390.54
632	Investment transfers to non-profit and similar associations	119 187 000.00	181 614 100.00	160 547 601.60
6341	Investment transfers to municipalities		5 000 000.00	5 000 000.00
6342	Investment transfers to regions		167 000.00	166 515.00
6349	Other investment transfers to public budgets at regional level	350 000.00		
634	Investment transfers to public budgets at regional level	350 000.00	5 167 000.00	5 166 515.00
6351	Investment transfers to established institutions receiving contributions from the state budget	783 819 800.00	1 020 234 400.00	982 586 474.16



**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
6359	Investment transfers to other institutions receiving contributions from the state budget		235 500.00	235 450.00
635	Investment transfers to institutions receiving contributions from the state budget	783 819 800.00	1 020 469 900.00	982 821 924.16
<b>63</b>	<b>Investment transfers</b>	<b>5 147 338 600.00</b>	<b>8 462 830 800.00</b>	<b>8 355 136 652.02</b>
6422	Investment funds lent to unincorporated associations		360 000.00	460 000.00
642	Investment funds lent to non-profit and similar associations		360 000.00	460 000.00
6451	Investment funds lent to established institutions receiving contributions from the state budget		36 447 000.00	36 447 000.00
645	Investment funds lent to institutions receiving contributions from the state budget and similar organizations		36 447 000.00	36 447 000.00
6460	Investment funds lent to citizens	60 000.00	60 000.00	
646	Investment funds lent to citizens	60 000.00	60 000.00	
<b>64</b>	<b>Investment lent funds</b>	<b>60 000.00</b>	<b>36 867 000.00</b>	<b>36 907 000.00</b>
6901	Reserves of capital expenses	101 547 600.00	104 844 900.00	
6909	Other capital expenses not included elsewhere	18 850 000.00	6 371 400.00	12 345 952.01
690	Other capital expenses	120 397 600.00	111 216 300.00	12 345 952.01
<b>69</b>	<b>Other capital expenses</b>	<b>120 397 600.00</b>	<b>111 216 300.00</b>	<b>12 345 952.01</b>
<b>6</b>	<b>CAPITAL EXPENSES (TOTAL FOR CLASS 6)</b>	<b>18 074 305 900.00</b>	<b>24 406 454 400.00</b>	<b>20 665 792 589.93</b>
<b>TOTAL EXPENSES (CLASS 5+6)</b>		<b>56 476 478 200.00</b>	<b>66 712 645 200.00</b>	<b>89 038 832 249.56</b>
<b>BALANCE OF INCOME AND EXPENSES</b>		<b>(10 051 682 400.00)</b>	<b>(5 606 375 000.00)</b>	<b>2 039 052 185.98</b>

**FOR INFORMATION PURPOSES - CASH FUNDS**

Text	Row	Approved budget	Adjusted budget	Result from the start of the year
		1	2	3
<b>Opening balance</b>	<b>5010</b>			3 500 011 126.18
<b>Total income</b>	<b>5020</b>	89 803 900.00	815 315 900.00	1 529 673 378.28
<b>Total expenses</b>	<b>5040</b>	403 527 900.00	631 746 700.00	1 205 766 938.68
<b>Closing balance (difference in budget)</b>	<b>5060</b>	(313 724 000.00)	183 569 200.00	3 497 124 992.67
<b>Change in balance</b>	<b>5070</b>	313 724 000.00	(183 569 200.00)	2 886 133.51
<b>Financing - class 8</b>	<b>5080</b>	311 703 800.00	133 661 700.00	(328 055 946.24)

**III. FINANCING - class 8**

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

**Short-term local sources of finance**

Short-term bonds issued (+)	<b>8111</b>		(1 435 000.00)	
Paid instalments of short-term bonds issued (-)	<b>8112</b>			
Short-term received loans (+)	<b>8113</b>			15 000 000.00
Paid instalments of short-term received borrowed funds (-)	<b>8114</b>			(15 000 000.00)
Revenueisation of short-term funds on bank accounts(+/-)	<b>8115</b>	10 495 657 200.00	6 065 162 700.00	(1 209 917 761.70)
Active short-term operations of liquidity management - receipts (+)	<b>8117</b>			30 723 518 380.11
Active short-term operations of liquidity management - expenses (-)	<b>8118</b>		(300.00)	(30 903 938 836.77)

**Long-term local sources of finance**

Long-term bonds issued (+)	<b>8121</b>			
Paid instalments of long-term bonds issued (-)	<b>8122</b>			
Long-term received funds borrowed (+)	<b>8123</b>			
Paid instalments of long-term received borrowed funds (-)	<b>8124</b>	(435 625 700.00)	(451 984 400.00)	(447 303 832.59)
Revenueisation of long-term funds on bank accounts(+/-)	<b>8125</b>			
Active long-term operations of liquidity management - receipts (+)	<b>8127</b>	27 572 000.00	181 448 200.00	181 938 374.58
Active long-term operations of liquidity management - expenses (+)	<b>8128</b>	(35 921 100.00)	(186 816 200.00)	(180 870 134.36)

**Short-term foreign sources of finance**

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

**Long-term foreign sources of finance**

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

**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			(202 478 375.25)
<b>TOTAL FINANCING (class 8)</b>	<b>8000</b>	<b>10 051 682 400.00</b>	<b>5 606 375 000.00</b>	<b>(2 039 052 185.98)</b>

**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	38 962 647 100.00	40 429 549 300.00	42 507 859 110.10
A2 - NON-TAX INCOME	4020	1 729 485 400.00	1 237 604 300.00	1 772 071 444.43
A3 - CAPITAL INCOME	4030	14 234 000.00	27 143 600.00	41 825 239.06
A4 - RECEIVED TRANSFERS	4040	5 718 429 300.00	19 411 973 000.00	46 756 128 641.95
<b>TOTAL INCOME</b>	<b>4050</b>	<b>46 424 795 800.00</b>	<b>61 106 270 200.00</b>	<b>91 077 884 435.54</b>
<b>RECEIPT CONSOLIDATION</b>	<b>4060</b>	<b>509 241 500.00</b>	<b>1 429 702 400.00</b>	<b>30 109 379 750.39</b>
of which:				
2223 - Receipts from retained financial settlement between the region and municipalities	4061			
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
2442 - Instalments of funds borrowed from regions	4080			
2443 - Instalments of funds borrowed from regional councils	4081			1 586 695.47
2449 - Other instalments of funds borrowed from public budgets at regional level	4090			
4121 - Non-investment transfers received from municipalities	4100	2 920 700.00	4 336 600.00	6 060 517.46
4122 - Non-investment transfers received from regions	4110			
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	191 204 500.00	392 977 200.00	516 204 123.72
* 4134 - Transfers from budget accounts	4140	145 056 700.00	839 309 200.00	29 427 255 008.27
* 4139 - Other transfers from own funds	4150	172 980 300.00	197 416 000.00	165 920 618.40
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	2 921 000.00	4 336 900.00	6 060 517.46
ZJ 029 - Instalments of borrowed funds received from the territory of another region	4194			750 000.00
<b>TOTAL INCOME AFTER CONSOLIDATION</b>	<b>4200</b>	<b>45 915 554 300.00</b>	<b>59 676 567 800.00</b>	<b>60 968 504 685.15</b>
A5 - CURRENT EXPENSES	4210	38 402 172 300.00	42 306 190 800.00	68 373 039 659.63
A6 - CAPITAL EXPENSES	4220	18 074 305 900.00	24 406 454 400.00	20 665 792 589.93
<b>TOTAL EXPENSES</b>	<b>4240</b>	<b>56 476 478 200.00</b>	<b>66 712 645 200.00</b>	<b>89 038 832 249.56</b>
<b>CONSOLIDATION OF EXPENSES</b>	<b>4250</b>	<b>509 241 500.00</b>	<b>1 429 702 400.00</b>	<b>30 109 379 750.39</b>
of which:				
5321 - Non-investment transfers to municipalities	4260	337 000.00	63 500.00	36 833.00
5323 - Non-investment transfers to regions	4270		7 000.00	6 633.00
5325 - Non-investment transfers to regional councils	4271			
5329 - Other non-investment transfers to public budgets at regional level	4280	7 775 000.00		
* 5342 - Transfers to funds of cultural and social needs and social funds of municipalities and regions	4281	41 151 700.00	38 247 900.00	39 586 051.42
* 5344 - Transfers to own reserve funds of regional budgets	4290	2 968 700.00	604 071 000.00	1 132 000 872.54
* 5345 - Transfers to own budget accounts	4300	439 031 800.00	660 618 000.00	28 733 311 384.57

**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	26 089 300.00	126 765 500.00	204 481 441.86
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		5 000 000.00	5 000 000.00
6342 - Investment transfers to regions	4370		167 000.00	166 515.00
6345 - Investment transfers to regional councils	4371			
6349 - Other investment transfers to public budget at regional level	4380	350 000.00		
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	8 462 000.00	5 237 500.00	5 209 981.00
ZJ 036 - Borrowed funds provided to te territory of another region	4424			
<b>TOTAL EXPENSES AFTER CONSOLIDATION</b>	<b>4430</b>	<b>55 967 236 700.00</b>	<b>65 282 942 800.00</b>	<b>58 929 452 499.17</b>
<b>BALANCE OF INCOME AND EXPENSES AFTER CONSOLIDATION</b>	<b>4440</b>	<b>(10 051 682 400.00)</b>	<b>(5 606 375 000.00)</b>	<b>2 039 052 185.98</b>
CLASS A8 - FINANCING	4450	10 051 682 400.00	5 606 375 000.00	(2 039 052 185.98)
<b>CONSOLIDATION OF FINANCING</b>	<b>4460</b>			
<b>TOTAL FINANCING AFTER CONSOLIDATION</b>	<b>4470</b>	<b>10 051 682 400.00</b>	<b>5 606 375 000.00</b>	<b>(2 039 052 185.98)</b>

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	13 126 059 525.74	14 340 126 794.08	(1 214 067 268.34)
Deposit expenses account	6020			
Current account of cash funds	6030	3 501 274 499.31	3 497 124 992.67	4 149 506.64
Total current accounts	6040	16 627 334 025.05	17 837 251 786.75	(1 209 917 761.70)
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
<b>ZJ 024 - Transfer received from the territory of another district</b>	<b>7090</b>			
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			
<b>ZJ 025 - Instalments of borrowed funds received from territory of another district</b>	<b>7140</b>			
Items:				
2441 - Instalments of funds borrowed from municipalities	7150			
2449 - Other instalments of funds borrowed from public budget at regional level	7160			
<b>ZJ 026 - Transfers provided to the territory of another district</b>	<b>7170</b>			
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			
<b>ZJ 027 - Borrowed funds provided to the territory of another district</b>	<b>7220</b>			
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			
<b>ZJ 028 - Transfers received from the territory of another region</b>	<b>7290</b>	2 921 000.00	4 336 900.00	6 060 517.46
Items:				
2223 - Receipts from retained financial settlement between the region and municipalities	7291			
2226 - Receipts from retained financial settlement between municipalities	7092			
4121 - Non-investment transfers received from municipalities	7300	2 921 000.00	4 336 900.00	6 060 517.46
4122 - Non-investment transfers received from regions	7310			
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			
<b>ZJ 029 - Instalments fo borrowed received from the territory of another region</b>	<b>7360</b>			750 000.00
Items:				
2441 - Instalments of funds borrowed from municipalities	7370			750 000.00
2442 - Instalments of funds borrowed from regions	7380			
2449 - Other instalments of funds borrowed from public budgets at regional level	7390			

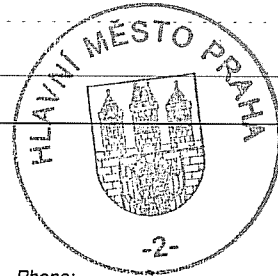
**VII. SELECTED RECORD ITEMS**

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	71	72	73
<b>ZJ 035 - Transfers provided to the territory of another region</b>	<b>7400</b>	<b>8 462 000.00</b>	<b>5 237 500.00</b>	<b>5 209 981.00</b>
Items:				
5321 - Non-investment transfers to municipalities	7410	337 000.00	63 500.00	36 833.00
5323 - Non-investment transfers to regions	7420		7 000.00	6 633.00
5329 - Other non-investment transfers to public budgets at regional level	7430	7 775 000.00		
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		5 000 000.00	5 000 000.00
6342 - Investment transfers to regions	7450		167 000.00	166 515.00
6349 - Other investment transfers to public budgets at regional level	7460	350 000.00		
<b>ZJ 036 - Borrowed funds provided to the territory of another region</b>	<b>7470</b>			
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:

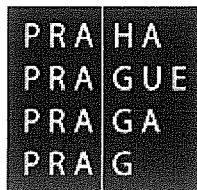
Person responsible for the presented figures:

budget:

Phone:

actual:

Phone:

**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: **13 / 2007**

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.)		Actual balance
		1	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	661 974,29



**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:**

Name of item		Item number	Opening balance(1.1.) 1	Actual balance 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	177 326,05	155 112,87
Received reimbursable financial assistance between budgets - from the state budget	(account 272)	22	5 333,66	38 765,85
Received reimbursable financial assistance between budgets - from the regional authority	(account 272)	23	178 810,67	
Received reimbursable financial assistance between budgets - from the municipality	(account 272)	24	70 423,47	157 985,12
Received reimbursable financial assistance between budgets - from the state funds	(account 272)	25	175 510,51	109 995,67
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	10 504,20	47 530,00
Current domestic bank loans	(account 281)	30	15 000,00	15 000,00
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	16 879 181,83	3 896 654,64
Long-term foreign bank credits	(account 951)	39		12 642 779,34
Domestic bonds issued	(account 953)	40	15 173 150,00	5 000 000,00
Foreign bonds issued	(account 953)	41		9 849 400,00
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	1 072 164,05	1 159 580,78
Other foreign long-term liabilities	(account 959)	45		
Total purchased bonds and bills of exchange to be collected	(from the AA 063,253and312)	46	533 180,13	895 270,49
of which: current bonds and bills of exchange of regional self-government administrative units	(from the AA 253and312)	47		92 808,31
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	57 490,78	66 164,88
Due liabilities from public health insurance		53	26 430,39	29 388,85
Recorded tax arrears with revenue bodies of local competency		54	1 451 861,85	1 501 173,39

- 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 supplementary regulations or the founder.
- to be specified by the accounting unit in a separate annex


Explanatory notes: AA - analytical account

*\* End of report \**

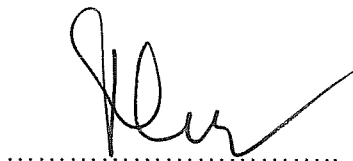


**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**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.

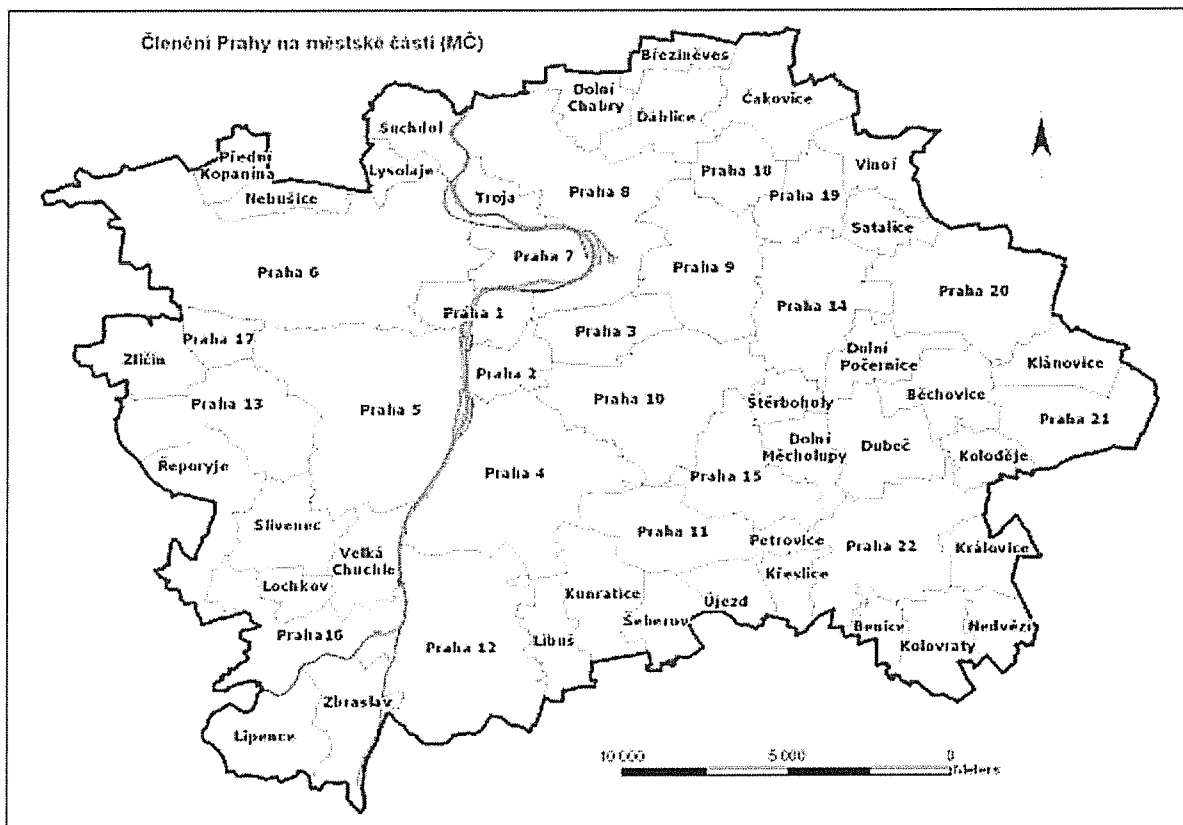
The territory of the City is a unique administrative and autonomous unit – the Capital City of Prague. It is divided into 22 administrative districts and 57 boroughs on a territorial basis (hereinafter the “boroughs”).

General information	Description
Area	<ul style="list-style-type: none"> <li>• 496 km<sup>2</sup></li> </ul>
Population	<ul style="list-style-type: none"> <li>• 1,184,075</li> </ul>
Geographical location	<ul style="list-style-type: none"> <li>• 50°05'19" north latitude (city centre)</li> <li>• 14°25'17" east longitude</li> <li>• 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)</li> </ul>
Principal river	<ul style="list-style-type: none"> <li>• The length of the Vltava river running through the City is 31 km</li> <li>• The widest part of the river - 330 m</li> <li>• There are nine islands in the river</li> </ul>
Bridges over the Vltava river	<ul style="list-style-type: none"> <li>• Downstream - Závodu míru, Branický, Barrandovský, Železniční, Palackého, Jiráskův, Legií, Karlův, Mánesův, Čechův, Štefánikův, Hlávkův, Negrelliho viadukt, Libeňský, Holešovický železniční, Barikádníků, Holešovický tramvajový, Trojská lávka</li> <li>• A total of 18 bridges</li> </ul>
Historical town	<ul style="list-style-type: none"> <li>• Hradčany, Malá Strana, Staré Město including Josefov, Nové Město and Vyšehrad</li> <li>• 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.</li> </ul>
Number of towers and spires	<ul style="list-style-type: none"> <li>• Approximately 500</li> </ul>
Parks and gardens	<ul style="list-style-type: none"> <li>• 870 ha</li> </ul>

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**

<b>Political party</b>	<b>Name</b>
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 Mihalík, 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, Jiří Witzany
Social Democrats	František Adámek, Karel Březina, Lubomír Habrnal, Hana Halová, Daniel Hodek, Petr Hulinský, 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
Independent	Jana Ryšlinková

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 2007 was approved by the City Council by Resolution No. 7/55 dated 31 May 2007 as follows:

	(CZK thousand)		
<b>Budget</b>	<b>Total City</b>	<b>City itself</b>	<b>Boroughs</b>
Receipts	45 915 555	36 787 782	9 127 773
Disbursements	(55 967 237)	(45 935 801)	(10 031 436)
<b>Anticipated deficit</b>	<b>(10 051 682)</b>	<b>(9 148 019)</b>	<b>(903 663)</b>
<b>Financing</b>	<b>10 051 682</b>	<b>9 148 019</b>	<b>903 663</b>



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**

<b>Name</b>	<b>Position</b>	<b>Political party</b>	<b>Remit</b>
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**

<b>Name</b>	<b>Type</b>	<b>Established</b>
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
Steering commission for the overall renovation of the Prague Central wastewater treatment plant on Císařský island	temporary	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 2007, 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 "Metropolitan Authority Head's Office" 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

<p><b>1. Financial Section</b></p> <ul style="list-style-type: none"> <li>- Budget Division (ROZ)</li> <li>- Taxes, Charges and Prices Division (DPC)</li> <li>- Accounting Division (UCT)</li> </ul>	<p><b>4. Property Affairs Sections</b></p> <ul style="list-style-type: none"> <li>- Housing Division (BYT)</li> <li>- Property Management Division (OSM)</li> <li>- Commercial Activities Division (OOA)</li> <li>- City Investor Division (OMI)</li> </ul>
<p><b>2. Regional and Municipal Competencies Section</b></p> <ul style="list-style-type: none"> <li>- Archives of the City of Prague Division (AMP)</li> <li>- Education, Youth and Physical Education Division (SMT)</li> <li>- Social and Health Care Division (SOC)</li> </ul>	<p><b>5. Control Activities Section</b></p> <ul style="list-style-type: none"> <li>- Financial Control and Management Review Division (OFK)</li> <li>- Complaints, Extraordinary Reviews and Control Activity Methodology Division (OMK)</li> </ul>
<p><b>3. External Affairs Section</b></p> <ul style="list-style-type: none"> <li>- Environmental Division (OOP)</li> <li>- Transportation Division (DOP)</li> <li>- European Union Funds Division (FEU)</li> <li>- Traffic Offences Division (ODP)</li> <li>- Construction Division (OST)</li> <li>- Sole Traders Division (ZIV)</li> <li>- Mayor's Office Division (PRM)</li> <li>- Public Relations Division (OPR)</li> <li>- Transport Administration Issues Division (DSA)</li> <li>- International Affairs (OZV)</li> <li>- Culture, Preservation of Monuments and Tourism Division (OKP)</li> <li>- Urban Development Division (OUP)</li> </ul>	<p><b>Special Organisational Units</b></p> <ul style="list-style-type: none"> <li>- Secretariats of Deputy Mayors and Councillors</li> </ul> <p><b>Divisions Managed Directly by the Chief Executive of the Metropolitan Authority</b></p> <ul style="list-style-type: none"> <li>- Economic Administration Division (OHS)</li> <li>- Legislative and Legal Department (LEG)</li> <li>- Crisis Management Division (OKR)</li> <li>- IT Department (INF)</li> <li>- Chief Executive of the Metropolitan Authority Secretariat Division (RED)</li> </ul>

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 the Accounting Act 563/1991 Coll., as amended, the 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.

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 2007 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 was prepared as of and for the year ended 31 December 2007.

## **(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. and Regulation No. 76/2007 Coll.
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 assets and liabilities are also recognised as gains or losses from revaluation of assets and liabilities.

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.

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 three 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 maintenance*

- 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.

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 2006 and the Opening Balance Sheet as of 1 January 2007**

There were no differences between the closing balance sheet of the City as of 31 December 2006 and the opening balance sheet as of 1 January 2007.

	(CZK thousand)		
<b>Assets</b>	<b>At 31 Dec 2006</b>	<b>At 1 Jan 2007</b>	<b>Difference</b>
Intangible fixed assets	884 891	884 891	0
Tangible fixed assets	250 456 288	250 456 288	0
Non-current financial assets	44 378 723	44 378 723	0
Inventory	57 531	57 531	0
Receivables	8 710 337	8 710 337	0
Financial assets	12 415 333	12 415 333	0
Budgetary funds	16 971 201	16 971 201	0
Temporary assets	11 156	11 156	0
<b>Total assets</b>	<b>333 885 460</b>	<b>333 885 460</b>	<b>0</b>



	(CZK thousand)		
<b>Liabilities</b>	<b>At 31 Dec 2006</b>	<b>At 1 Jan 2007</b>	<b>Difference</b>
Equity funds	294 706 989	294 706 989	0
Financial and cash funds	3 371 305	3 371 304	0
Valuation gains or losses	(3 478 867)	(3 478 866)	0
Inter-budgetary refundable financial assistance received	430 078	430 078	0
Profit or loss	(9 316 902)	(9 316 902)	0
Reserves	8 236	8 236	0
Long-term payables	16 261 578	16 261 578	0
Short-term payables	11 541 958	11 541 958	0
Bank loans and borrowings	16 894 182	16 894 182	0
Temporary liabilities	3 466 903	3 466 903	0
<b>Total liabilities</b>	<b>333 885 460</b>	<b>333 885 460</b>	<b>0</b>

**(o) Changes in Accounting Policies**

No significant changes in accounting policies were made during the year ended 31 December 2007.

**3. INTANGIBLE FIXED ASSETS**

	(CZK thousand)						
	31 Dec 2005	Additions	Disposals	31 Dec 2006	Additions	Disposals	31 Dec 2007
	Acquisition			Acquisition			Acquisition
	cost			cost			cost
Intangible fixed assets	675 251	195 731	21 158	849 824	518 392	25 842	1 342 374
Intangible fixed assets under construction	108 327	*	*	31 816	*	*	49 286
Prepayments for intangible fixed assets	1 722	*	*	3 251	*	*	270
<b>TOTAL</b>	<b>785 300</b>			<b>884 891</b>			<b>1 391 930</b>

\* Data was not available

**4. TANGIBLE FIXED ASSETS**

	(CZK thousand)						
	31 Dec 2005	Additions	Disposals	31 Dec 2006	Additions	Disposals	31 Dec 2007
	Acquisition			Acquisition			Acquisition
	cost			cost			cost
Land	48 892 881	2 091 275	2 154 031	48 830 125	1 871 431	1 149 669	49 551 887
Works of art	637 265	6 205	6	643 464	14 268	22	657 710
Structures	146 160 174	15 755 327	6 784 097	155 131 404	11 577 985	3 710 338	162 999 051
Individual movables, perennial crops and breeding animals	6 183 860	1 251 745	527 347	6 908 258	629 688	1 566 537	5 971 409
Low value tangible fixed assets and other tangible fixed assets	1 267 668	333 596	112 948	1 488 316	212 912	112 792	1 588 436
Tangible fixed assets under construction	38 134 952	*	*	37 349 387	*	*	38 972 672
Prepayments for tangible fixed assets	178 794	*	*	105 334	*	*	353 376
<b>TOTAL</b>	<b>241 455 594</b>			<b>250 456 288</b>			<b>260 094 541</b>

\* Data was not available

In 2007, the City acquired an easement in respect of securing the operation of the 'Park & Ride' type parking lot intended to be used by the public for a consideration of CZK 201 million.

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 2007, the volume of land within the City not yet settled is approximately CZK 3,415 million (CZK 3,564 million as of 31 December 2006). 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 2007, the City recorded tangible fixed assets intended for demolition in the amount of CZK 40,000 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 2007, fixed assets of CZK 208 million were transferred to subsidised organisations established by the City in accordance with the association deeds. The aggregate balance sheets of all subsidised organisations established by the City is listed in Note 35. As of the balance sheet date, no detailed information on the balances of fixed assets transferred by boroughs to subsidised organisations established 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 2007 and 2006 refer to Note 21.

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

<b>Location in the City</b>	<b>Name of the national cultural monument</b>
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	Novotného lávka
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	Holečkova 97, Švýčárna
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)	
	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>
Equity investment in subsidiaries	44 059 089	39 644 432
Equity investments in associates	10 377	10 377
Other non-current financial assets	309 257	256 847
<b>TOTAL</b>	<b>44 378 723</b>	<b>39 911 656</b>

**The City maintains the following equity investments 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
<b>Total City</b>						<b>39 332 594</b>	
<b>Total boroughs</b>						<b>312 838</b>	
<b>TOTAL</b>						<b>39 644 432</b>	

\* 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 2007.

**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 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.

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

(CZK thousand)

	31 Dec 2006							Difference between the share of equity and carrying amount
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount		
Dopravní podnik hl. m. Prahy, akciová společnost	30 726 125	60 090 993	100	60 090 993	3 001	30 726 125	29 364 868	
Kongresové centrum Praha, a.s.	7 138 000	857 847	100	857 847	71 380	7 138 000	-6 280 153	
Kolektory Praha, a.s.	69 617	72 018	100	72 018	11	69 617	2 401	
Obchodní společnost PČM, a.s. *	1 000	2 920	100	2 920	1 000	1 000	1 920	
Obecní dům, a.s.	116 260	130 260	100	130 260	27	269 638	-139 378	
TCP – Vidoule, a.s.	104 770	120 083	98.09	117 789	10 277	102 770	15 019	
Pražská vodohospodářská společnost, a.s.	5 445	66 102	92.01	60 820	5 010	5 010	55 810	
Zdroj pitné vody Káraný, a.s.	399 000	410 677	97.22	399 260	1 800 706	223 645	175 615	
Úpravna vody Želivka, a.s.	3 090 000	2 615 197	90.04	2 354 723	1 944 398	953 806	1 400 917	
TRADE CENTRE PRAHA akciová společnost	15 055	31 237	89.67	28 010	270	14 070	13 940	
Pražské služby, a.s.	2 631 167	3 381 883	76.92	2 601 344	2 137 045	2 023 945	577 399	
Pražská energetika Holding a.s.	3 598 627	4 797 852	51	2 446 905	1 835 300	1 002 261	1 444 644	
Pražská plynárenská Holding a.s.	1 515 470	1 904 761	51	971 142	772 890	369 082	602 060	
Pražská teplárenská Holding a.s.	1 937 691	2 328 162	51	1 187 363	988 222	999 136	188 227	
<b>Total City</b>						<b>43 898 105</b>		
<b>Total boroughs</b>						<b>160 984</b>	<b>-</b>	
<b>TOTAL</b>						<b>44 059 089</b>		

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

**The City maintains the following equity investments in associates**

(CZK thousand)

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

During 2007 and 2006, 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 2006						Difference between share of equity and carrying amount
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	
PRaK, a.s.	5 850	4 615	25.64	1 183	300	1 500	-317
<b>Total City</b>						<b>1 500</b>	
<b>Total boroughs</b>						<b>8 877</b>	
<b>TOTAL</b>						<b>10 377</b>	

**Other Non-Current Financial Assets**

(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	
<b>Total City</b>						<b>205 463</b>	
<b>Total boroughs</b>						<b>385</b>	
<b>TOTAL</b>						<b>205 848</b>	

The City's share of equity of PPF banka a.s. was lower than the carrying value of the City's equity investment in this entity as of 31 December 2007.

As of 31 December 2007, 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 2007. 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 2006						
	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	951 585	2.94	27 977	8 034	49 309	-21 332
PPF banka a.s.	796 004	1 631 107	6.73	109 774	19 822	142 630	-32 856
PVA a.s.	5 000	5 934	11	653	11	611	42
Bohemia Bingo			5			0	
Chemapol Group			1.23			0	
<b>Total City</b>						<b>192 550</b>	
<b>Total boroughs</b>						<b>116 707</b>	
<b>TOTAL</b>						<b>309 257</b>	

**Acquired Non-Current Financial Assets**

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)	
	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>
Customers	5 256 549	4 273 062
Operating prepayments made	2 089 578	1 976 154
Receivables from budgetary income	457 361	562 185
Other receivables	430 425	457 111
Receivables from association members	45 522	45 341
VAT	107 879	91 938
Other taxes and charges	7 460	3 588
Receivables from employees	2 204	2 322
Other receivables	427 515	455 155
Provisions	(114 156)	(109 738)
<b>TOTAL</b>	<b>8 710 337</b>	<b>7 757 118</b>

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)					
<b>Balance at 31 Dec 2007</b>	<b>Before due date</b>	<b>0 – 30 days</b>	<b>30 – 60 days</b>	<b>Up to one year</b>	<b>1 year and greater</b>	<b>TOTAL</b>
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
<b>TOTAL</b>	<b>2 954 096</b>	<b>87 018</b>	<b>60 999</b>	<b>357 552</b>	<b>813 397</b>	<b>4 273 062</b>

	(CZK thousand)					
<b>Balance at 31 Dec 2006</b>	<b>Before due date</b>	<b>0 – 30 days</b>	<b>30 – 60 days</b>	<b>Up to one year</b>	<b>1 year and greater</b>	<b>TOTAL</b>
The City	319 429	37 277	8 505	238 965	361 443	965 619
City boroughs	3 340 596	125 763	92 247	133 007	599 317	4 290 930
<b>TOTAL</b>	<b>3 660 025</b>	<b>364 728</b>	<b>100 752</b>	<b>170 284</b>	<b>960 760</b>	<b>5 256 549</b>

Provisions against receivables from taxable activities are recognised only by certain boroughs. As such, the provisions of CZK 109,739 thousand and CZK 114,156 thousand held against uncollectible receivables as of 31 December 2007 and 2006, 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 292,176 thousand as of 31 December 2007.

As of 31 December 2007 and 2006, 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 2006	31 Dec 2007
Financial assets	12 415 333	15 684 196
Budgetary funding and other accounts related to budgetary funding	16 971 201	18 197 779
<b>TOTAL</b>	<b>29 386 534</b>	<b>33 881 975</b>

### Financial Assets

Financial assets as of 31 December 2007 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 1,693,996 thousand (2006: CZK 1,935,999 thousand).

As of 31 December 2007, financial assets of the City included CZK 443 million in cash that was not readily available (2006: CZK 237 million).

These specifically include:

- Funds from wound-up state enterprises of CZK 147 million (2006: CZK 83 million) that the City is obliged to transfer to the National Property Fund in the future; and
- Other funds (guarantees provided by entities interested in future contracts, bails, etc.) of CZK 296 million (2006: CZK 154 million).

### Budgetary Funding Accounts

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).

Bank accounts comprising budgetary funding include cash deposited on the following accounts as of 31 December 2006:

- The basic current account of CZK 13,126,060 thousand (of which the City itself: CZK 10,758,990 thousand); and
- Current accounts of cash funds of CZK 3,501,275 thousand (of which the City itself: CZK 1,850,410 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)	
	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>
Accrued income	4 021	5 749
Other temporary assets	7 135	12 629
<b>TOTAL</b>	<b>11 156</b>	<b>18 378</b>

Other temporary assets predominantly include deferred expenses and estimated receivables.

**9. FUNDS**

	(CZK thousand)	
	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>
Fixed asset fund	294 578 767	300 572 237
Current asset fund	60 509	59 050
Business activity fund	67 713	37 126
Valuation gains or losses from the revaluation of assets and liabilities	(3 478 867)	(3 277 722)
<b>Total asset funds</b>		
(without valuation gains or losses from the revaluation of assets and liabilities)	<b>294 706 989</b>	<b>300 668 413</b>
Cash funds	3 371 041	3 463 364
Other financial funds	264	0
<b>Total financial and cash funds</b>	<b>3 371 305</b>	<b>3 463 364</b>
<b>TOTAL</b>		
(without valuation gains or losses from the revaluation of assets and liabilities)	<b>298 078 294</b>	<b>304 131 777</b>

**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 (3,223,035) thousand as of 31 December 2007 (2006: CZK (3,355,390) 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 2007, 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 Funds**Financial 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 2007, the balance of this reserve is approximately CZK 5.6 billion (2006: CZK 5 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 LOSS

	(CZK thousand)	
	31 Dec 2006	31 Dec 2007
Profit or loss for the period	3 641 504	4 232 622
Retained earnings, accumulated loss	5 735 100	8 604 124
Transfer of receipts and disbursements recorded in previous years	(18 610 657)	(17 022 876)
Expenses and disbursements	(509 274)	(437 762)
Income and receipts	426 425	525 362
<b>TOTAL</b>	<b>(9 316 902)</b>	<b>(4 098 530)</b>

### Transfer of receipts and disbursements recorded in previous years

	(CZK thousand)	
	2006	2007
<b>Operating deficit at 1 January</b>	<b>(19 288 460)</b>	<b>(18 610 657)</b>
Receipts and disbursements upon consolidation	1 387 422	2 039 052
Change in the reserve and development fund	(573 525)	(323 906)
Received loan repayments	(2 864)	(12 955)
Loans provided	19 090	49 188
Other receipts	(12 012)	12 518
Other disbursements	(30)	3 903
Non-monetary accounting operations	(140 278)	(180 019)
<b>Operating deficit at 31 December</b>	<b>(18 610 657)</b>	<b>(17 022 876)</b>

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 2007 and 2006 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 2006	31 Dec 2007
Received inter-budgetary refundable financial assistance	430 078	306 747
Short-term bank loans	15 000	15 000
<b>TOTAL</b>	<b>445 078</b>	<b>321 747</b>

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 2006	31 Dec 2007
State Fund for Housing Development	173 418	106 743
Housing Renovation and Modernisation Fund	57 000	25 626
State Environmental Fund	28 119	16 393
<b>Total City</b>	<b>258 537</b>	<b>148 762</b>
<b>Total boroughs</b>	<b>171 541</b>	<b>157 985</b>
<b>TOTAL</b>	<b>430 078</b>	<b>306 747</b>

## 13. LONG-TERM BONDS, LOANS AND PAYABLES

	(CZK thousand)	
	31 Dec 2006	31 Dec 2007
Bonds issued	15 173 150	14 849 400
Long-term bank loans	16 879 182	16 539 434
Long-term prepayments received	16 264	16 076
Other long-term payables	1 072 164	1 159 581
<b>TOTAL</b>	<b>33 140 760</b>	<b>32 564 491</b>

### Issued Bonds

	(CZK thousand)	
	31 Dec 2006	31 Dec 2007
First issue of Euro notes under the EMTN programme	4 674 150	4 525 400
Third issue of bonds	5 000 000	5 000 000
Second issue of bonds	5 499 000	5 324 000
<b>TOTAL</b>	<b>15 173 150</b>	<b>14 849 400</b>

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 are used to finance the removal of flood damage and transportation investments.

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.

### 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:

<b>Basic information</b>	
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.

<b>Basic information</b>	
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
<b>Total issue</b>	<b>200 000 000</b>	<b>7 430 000</b>
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 partly used to repay the first issue of bonds and partly included in the budget and used to cover budgetary expenditure.

#### 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
<b>Municipal Investor's Department</b>			
- 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
<b>TOTAL</b>	<b>1 192 848</b>	<b>666 239</b>	<b>1 859 087</b>

#### Long-Term Bank Loans

	(CZK thousand)	
	31 Dec 2006	31 Dec 2007
<b>Loan facility of EUR 120,000 thousand</b>		
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)	1 539 839	1 397 724
<b>Loan facility of EUR 150,000 thousand</b>		
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)	2 111 377	1 937 713
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 Barings – loan of CZK 3,750 million (payable in 2010)	3 750 000	3 750 000
<b>Total the City</b>	<b>16 708 558</b>	<b>16 392 779</b>
<b>Total boroughs</b>	<b>170 624</b>	<b>146 655</b>
<b>TOTAL</b>	<b>16 879 182</b>	<b>16 539 434</b>

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.

### ING Barings

In August 1998, the City entered into a contract for a loan facility of USD 105 million with 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 2006	31 Dec 2007
INCHEBA PRAHA spol. s.r.o.	191 612	181 612
Mediterra s.r.o.	161 256	156 577
DELTA CLIMATIZER, a.s.	156 968	149 753

### Calculation of the Debt Service Ratio

The City or boroughs cannot accept a loan if the debt service exceeds 15 percent of the prior year's budget.

The debt service includes interest, instalments of principals, bills of exchange, lease instalments and a proportion of the instalment for one year for one-off instalments payable after the expiration of the agreed period of time.

The prior year's budget is defined as the aggregate achieved budget volume of income for the previous calendar year (total income after consolidation - actual balance for the prior year).

The data referred to above is used for the calculation of the 'Debt Service Ratio'.

		(CZK thousand)	
		2006	2007
		Actual balance	Actual balance
1	<b>Debt base (income)</b>	<b>42 695 355</b>	<b>44 937 965</b>
2	Interest	1 086 866	1 194 104
3	Principal amount repayments	657 304	462 304
4	Lease payments	4 239	5 724
<b>Total debt service cost</b>		<b>1 748 409</b>	<b>1 662 132</b>
<b>Calculation of the debt service</b>		<b>4.1 %</b>	<b>3.7%</b>

The debt service ratio of the City was 3.7 percent for the year ended 31 December 2007 (2006: 4.1 percent). The decrease in the 'Debt Service Ratio' in 2007 was due to the lower level of principal amount repayments and higher receipts.

### 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 2007, the principal amounted to CZK 590,002 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 2007, the principal amounted to CZK 106,743 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 2006	31 Dec 2007
Suppliers	1 346 283	909 458
Advances received	2 350 000	1 918 966
Other payables	2 002 017	1 375 140
Payables from fixed term transactions and options	3 355 390	3 223 035
Payables to association partners	4 131	124
Payables to employees	62 556	71 740
Payables arising from social security and health insurance	83 921	95 554
Taxation	1 451 862	1 501 173
Settlement of subsidy overpayments	424 346	(112 118)
Other payables	461 452	668 930
<b>Total</b>	<b>11 541 958</b>	<b>9 652 002</b>
Temporary liabilities	3 466 903	3 814 341
<b>TOTAL</b>	<b>15 008 861</b>	<b>13 466 343</b>

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 2007 amounted to CZK 913 million (CZK 424 million as of 31 December 2006). 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 3,046 million (CZK 2,718 million as of 31 December 2006) arising from the re-translation of issued bonds and bank deposits.

**15. AGGREGATE INCOME**

	(CZK thousand)		
	2006		2007
	Actual	Adjusted budget	Actual
Tax income	38 556 527	40 429 549	42 507 859
Non-tax income	2 450 878	1 237 604	1 772 071
Capital income	47 792	27 144	41 825
Subsidies	11 814 802	13 305 907	12 370 462
Transfers from own funds	4 373 116	4 676 364	4 276 288
<b>TOTAL</b>	<b>57 243 115</b>	<b>59 676 568</b>	<b>60 968 505</b>

**16. TAX INCOME**

	(CZK thousand)		
	2006		2007
	Actual	Adjusted budget	Actual
Personal income tax	10 611 946	10 419 000	11 648 494
Corporate income tax	10 362 989	11 850 224	12 189 658
General in-country tax on goods and services	15 140 122	15 920 000	16 070 676
Fees and charges for environmental pollution	725 302	640 129	767 922
Local fees and other charges on selected activities and services	768 620	735 058	809 570
Administration fees	532 855	482 066	605 510
Tax on assets	414 693	383 072	416 029
<b>TOTAL</b>	<b>38 556 527</b>	<b>40 429 549</b>	<b>42 507 859</b>

In 2007, tax income accounts for 70 percent of total income of the City. Tax income is transferred to the City from taxation and custom authorities.

**17. NON-TAX INCOME**

	(CZK thousand)		
	2006		2007
	Actual	Adjusted budget	Actual
Income from own activity and penalties	349 498	127 165	121 786
Overpayments of organisations with direct relation, refunds of subsidies	169 955	116 273	117 420
Income from shares in profit, dividends and realised foreign exchange gains	243 195	25 097	255 854
Interest income	1 486 528	391 820	577 033
Other non-tax income	201 702	577 249	699 978
<b>TOTAL</b>	<b>2 450 878</b>	<b>1 237 604</b>	<b>1 772 071</b>

In the year ended 31 December 2007, non-tax income accounts for 3 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 founded 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. While the number of breaches decreased as compared to 2006, the amount of the fines increased by more than one third due to the increase in sanctions for individual breaches. In 2007, the collected sanction fees amounted to 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)		
	2006	2007	
	Actual	Adjusted budget	Actual
Income from the sale of fixed assets	114	0	275
Other capital income	47 678	27 144	41 550
<b>Total</b>	<b>47 792</b>	<b>27 144</b>	<b>41 825</b>

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)		
	2006	2007	
	Actual	Adjusted budget	Actual
Non-investment subsidies from public budgets at the central level	10 111 113	10 690 075	10 691 977
Non-investment subsidies from public budgets at the local level	5 348	4 337	6 061
Non-investment foreign subsidies	1 029	1 321	1 321
Non-investment subsidies from state financial assets	42	51	51
<b>Total non-investment subsidies</b>	<b>10 117 532</b>	<b>10 695 784</b>	<b>10 699 410</b>
Investment received subsidies	1 697 270	2 610 123	1 671 052
<b>Total investment subsidies</b>	<b>1 697 270</b>	<b>2 610 123</b>	<b>1 671 052</b>
<b>TOTAL</b>	<b>11 814 802</b>	<b>13 305 907</b>	<b>12 370 462</b>

In the year ended 31 December 2007, 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)	
	2006	2007
	Actual	Actual
Ministry of the School System, Youth and Physical Education	7 667 068	7 990 034
Finance Ministry	1 905 475	861 100
Other Czech ministries and state funds	538 570	1 840 843
<b>Total</b>	<b>10 111 113</b>	<b>10 691 977</b>

**Czech Finance Ministry**

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

	(CZK million)	
	2006	2007
	Actual	Actual
State administration	502 026	517 006
Social allowances	687 900	0
Social care centres and retirement centres	356 692	0
School system	141 333	141 031
Other subsidies	217 524	203 063
<b>Total</b>	<b>1 905 475</b>	<b>861 100</b>

**Investment Subsidies from Public Budgets at the Central Level**

	(CZK thousand)	
	2006	2007
	Actual	Actual
State Fund for Transport Infrastructure	818 589	660 356
State Fund for Housing Development	51 690	0
Czech Finance Ministry	131 483	210 983
State Environmental Fund	15 150	1 618
Other Czech ministries and state funds	680 358	798 095
<b>TOTAL</b>	<b>1 697 270</b>	<b>1 671 052</b>

**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)		
	2006	2007	
	Actual	Adjusted budget	Actual
Total non-investment disbursements	37 833 637	40 876 489	38 263 660
Total investment disbursements	18 022 056	24 406 454	20 665 793
<b>Total</b>	<b>55 855 693</b>	<b>65 282 943</b>	<b>58 929 453</b>

**An Analysis of Disbursements by Chapter**

(CZK thousand)

Chapter	2007		TOTAL
	Non-investment disbursements	Investment disbursements	
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
<b>TOTAL</b>	<b>38 263 660</b>	<b>20 665 793</b>	<b>58 929 453</b>

(CZK thousand)

Chapter	2006		TOTAL
	Non-investment disbursements	Investment disbursements	
Municipal development	310 649	1 756 108	2 066 757
Municipal infrastructure	2 219 486	2 639 765	4 859 251
Transportation	11 241 392	8 125 556	19 366 948
School system, youth and self-administration	10 260 525	1 807 231	12 067 756
Health system and social care	2 859 790	413 046	3 272 836
Culture, sports and tourism	1 636 281	1 055 208	2 691 489
Security	1 215 645	342 499	1 558 144
Economy	696 928	1 302 736	1 999 664
Internal administration	4 669 524	555 566	5 225 090
Administration of financial issues	2 723 417	24 341	2 747 758
<b>TOTAL</b>	<b>37 833 637</b>	<b>18 022 056</b>	<b>55 855 693</b>

In 2007 and 2006, the largest volume of disbursements related to transport (35 percent) and school system, youth and self-administration (22 percent).

**Transportation**Non-investment Disbursements

(CZK thousand)

	2006	2007
	Actual	Actual
Technical administration of roads (budgetary)		
- Winter maintenance	353 596	269 382
- Repair and maintenance of roads	992 843	1 161 523
- Cleaning and greenery	422 268	573 952
- Other	256 758	214 318
<b>Total</b>	<b>2 025 465</b>	<b>2 219 175</b>
Dopravní podnik hl. m. Prahy, a.s.		
- Subsidies to offset the expenses of Dopravní podnik, a.s. (from the 'transportation' chapter)	8 430 127	7 616 622
Other current disbursements (including boroughs)	785 800	752 814
<b>Total non-investment disbursements</b>	<b>11 241 392</b>	<b>10 588 611</b>

In 2007, the ordinary expenses of Technical Administration of Roads were predominantly incurred in respect of repairs and maintenance of roads (including road signs and traffic lights), winter maintenance of roads to keep them open to traffic (including spreadings), cleaning (including drains), maintenance of greenery, liquidation of unauthorised dumping sites, and other activities related to the administration of the roads owned by the City.

The City approved a non-investment subsidy of CZK 7,601,420 thousand from the budget of the City, "Transportation chapter", for Dopravní podnik hl. m. Prahy, akciová společnost, by Resolution of the City Council No. 1/5 dated 30 November 2006.

The Board of the City Council, by its Resolution No. 455 dated 3 April 2007, approved the increase in the budget of the City in the "Security" chapter by a non-investment subsidy from the state budget for the operation of the metro security system in the amount of CZK 40,000 thousand.

The Board of the City Council, by its Resolution No. 1287 dated 28 August 2007 on the proposal for the further development of the Prague Centre of Card Services in the years 2007 - 2012, increased the non-investment subsidy in the "Transportation" chapter by CZK 15,032 thousand for the specific purpose of introducing opencard electronic system fare payments.

The Board of the City Council, by its Resolution No. 1339 dated 28 August 2007 on the receipt and use of the non-investment transfer from the EU funds for the TRENDSETTER project, increased the amount in the "Transportation" chapter and the provision of the non-investment subsidy in the amount of CZK 169 thousand.

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 2007 amounted to CZK 7,656,622 thousand, of which CZK 7,616,622 thousand was provided from the "Transportation" chapter and CZK 40,000 thousand from the "Security" chapter.

Investment Disbursements in 2007

	(CZK thousand)
	<b>2007</b>
	<b>Actual</b>
<b>The City Investor Department</b>	
- 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
<b>Total</b>	<b>1 862 270</b>
<b>Technical Administration of Roads</b>	
- Štefánek bridge	288 312
- JPD 2 – renovation of Pobřežní III. 1 <sup>st</sup> stage	202 607
- MSP management system	97 775
- JPD 2 – renovation of Pobřežní III. 2 <sup>nd</sup> stage	85 504
- Jižní spojka – multiple constructions	83 963
- Embankment of E. Beneš – supporting walls	50 248
- Other (below CZK 70 million on an individual basis)	578 251
<b>Total</b>	<b>1 386 660</b>
<b>Dopravní podnik hl. m. Prahy, akciová společnost</b>	
- IV. section of the C2 line – Ládví - Letňany	4 375 000
- Renovation of metro trains	1 100 000
- Purchase of trams	820 000
- Modernisation of trams	454 000
- TT Laurová - Radlická	119 986
- Other (below CZK 100 million on an individual basis)	277 182
<b>Total</b>	<b>7 146 168</b>
Other investment disbursements (including boroughs)	140 619
<b>TOTAL</b>	<b>10 535 717</b>

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

Investment Disbursements in 2006

	(CZK thousand)
	<b>2006</b>
	<b>Actual</b>
<b>The City Investor Department</b>	
- Vysočanská radiála	277 722
- Strahovský tunel 2. st.	239 500
- MO Radlická - Strahovský tunel	215 129
- Liberecká	142 745
- Špejchar – Pelc/Tyrolka	117 767
- Türkova II.	59 672
- Other (below CZK 50 million on an individual basis)	112 357
<b>Total</b>	<b>1 164 892</b>
<b>Technical Administration of Roads</b>	
- MÚK – connection of Malá and Velká Chuchle	160 301
- Jižní spojka – multiple constructions	87 524
- Renovation of the supporting wall na Františku	121 695
- Renovation - Broumarská II	196 290
- Embankment of E. Beneš – supporting walls	131 000
- Renovation of surface in Holešovičky	83 225
- Other (below CZK 70 million on an individual basis)	590 421
<b>Total</b>	<b>1 370 456</b>
<b>Dopravní podnik hl. m. Prahy, akciová společnost</b>	
- IV. section of the C2 line – Ládví - Letňany	3 400 000
- Renovation of metro trains	560 000
- Modernisation of trams	412 101
- Stanice metra – depo Hostivař (2x P+R)	300 000
- IV. section of the C1 line – nádraží Holešovice - Ládví	95 871
- Purchase of trams	310 000
- Purchase of standard buses	141 900
- Other (below CZK 90 million on an individual basis)	168 480
<b>Total</b>	<b>5 388 352</b>
Other investment disbursements (including boroughs)	201 856
<b>TOTAL</b>	<b>8 125 556</b>

In the year ended 31 December 2006, Dopravní podnik, hl. m. Prahy received the aggregate investment special-purpose subsidy of CZK 5,396,179 thousand from the City's budget (CZK 5,388,352 thousand from the "Transportation" Chapter and CZK 7,827 thousand from the "Security" Chapter).

**School System, Youth and Self-Administration**Non-investment Disbursements

In the year ended 31 December 2007 and 2006, 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.



During 2007, the Educational Division of the Metropolitan Authority implemented five projects that were subsidised within the “Unified Program Document of the City NUTS 2 region for Purpose 3 (JPD 3)”.

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.

During 2006, the Educational Division of the Metropolitan Authority implemented the JARO programme (development of language skills of teachers with the aim of improving education at elementary and high schools and specialised colleges) and the HODINA programme (adjustment of educational programmes for the 7th grade of elementary schools aiming at the development of key competencies of the students) in addition to the programmes referred to above.

### Investment Disbursements

In the area of investment disbursements, funding was principally invested in renovating and modernising school facilities in the years ended 31 December 2007 and 2006.

## 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)		
	2006		2007
	Actual	Adjusted budget	Actual
Wages and other work-related payments and obligatory insurance paid by employers	3 563 427	4 016 134	3 902 905
Purchased material	474 061	459 838	416 119
Purchased water, fuel and energy	181 998	197 593	175 329
Purchased services	3 950 728	5 047 020	4 663 703
Other purchases	2 533 558	3 132 683	2 958 111
Interest and other financial expenses	2 626 174	1 826 608	1 547 469
Other operating expenses	402 771	472 827	459 274
<b>Total</b>	<b>13 732 717</b>	<b>15 152 703</b>	<b>14 122 910</b>

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)	
	2006	2007
	Actual	Actual
<b>Total auditor's activity related to the examination of the City's operations</b>	<b>0</b>	<b>4 444</b>
- Auditor's report on the examination of the City's operations		
<b>Total other activities related to the examination of the City's operations</b>	<b>2 292</b>	<b>0</b>
<b>Total advisory services</b>	<b>2 820</b>	<b>2 844</b>
<b>TOTAL</b>	<b>5 112</b>	<b>7 288</b>

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)		
	2006		2007
	Actual	Adjusted budget	Actual
Dopravní podnik, a.s. (Transport Company)	8 470 127	7 656 622	7 656 622
Technical Administration of Roads	2 025 465	2 223 422	2 219 175
Municipal Police	814 075	994 985	972 176
Emergency Medical Services	221 803	224 614	224 614
City library	209 890	214 744	214 744
Zoo	101 262	117 211	117 125

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)	
	2006	2007
	Actual	Actual
Total receipts	57 243 115	60 968 505
Total disbursements	55 855 693	58 929 453
<b>Balance of receipts and disbursements</b>	<b>1 387 422</b>	<b>2 039 052</b>
Financing	(1 387 422)	(2 039 052)

The financial result of the City represented a surplus in the aggregate amount of CZK 2,039,052 thousand. The result was composed of the result of both the City (aggregate amount of CZK 831,422 thousand) and boroughs (aggregate amount of CZK 1,207,630 thousand). The financial result was due to a higher amount of receipts and a lower amount of disbursements.

**Breakdown of Financing**

	(CZK thousand)	
	2006	2007
	Actual	Actual
<b>Local financing</b>		
Short-term received funds	20 000	15 000
Repayments of short-term received funds	(5 000)	(15 000)
Change in the balance of short-term funds at bank accounts	(1 849 591)	(1 209 918)
Active short-term liquidity management transactions (receipts – disbursements)	677 839	(180 421)
Long-term received funds	4 622	0
Repayments of short-term received funds	(652 304)	(447 304)
Active long-term liquidity management transactions (receipts – disbursements)	(3 264)	1 069
<b>Foreign financing</b>		
Long-term received funds	95 871	0
Repayments of short-term received funds	0	0
Active long-term liquidity management transactions (receipts – disbursements)	530 684	0
Unrealised foreign exchange rate gains or losses	(206 279)	(202 478)
<b>TOTAL</b>	<b>(1 387 422)</b>	<b>(2 039 052)</b>

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 accounts, depository certificates and bills of exchange and term deposits.

**25. INCOME STATEMENT**

	(CZK thousand)	
	2006	2007
Total income	12 900 906	13 747 353
Total expenses	7 815 668	7 988 075
<b>Operating surplus/(deficit) before tax</b> (income less expenses)	<b>5 085 238</b>	<b>5 759 278</b>
Tax	1 443 734	1 526 656
<b>Surplus/(deficit) after tax</b> (profit +/-loss -)	<b>3 641 504</b>	<b>4 232 622</b>

**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 2006	31 Dec 2007
Material	32 181	36 935
Energy	29 801	33 343
Other non-storable supplies and goods sold	3 862	2 187
Repairs and maintenance	2 434 180	2 127 169
Other costs and services	1 001 359	1 008 409
<b>Total</b>	<b>3 501 383</b>	<b>3 208 043</b>

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 (2007: 24 percent of the profit before tax, 2006: 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 represent 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)	
		2006	2007
		Actual	Actual
<b>The City's receipts from dividends</b>		<b>210 337</b>	<b>217 560</b>
Of which:	Pražská energetika Holding, a.s.	134 160	180 961
	Pražská plynárenská Holding, a.s.	58 719	36 599
	Obecní dům a.s.	3 076	0
	PPF banka a.s.	14 382	0
<b>Total city boroughs</b>		<b>27 166</b>	<b>31 726</b>
<b>TOTAL</b>		<b>237 503</b>	<b>249 286</b>
<b>Total payments to related organisations</b>		<b>169 955</b>	<b>117 420</b>

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

**Disbursements**

		(CZK thousand)	
		2006	2007
		Actual	Actual
Subsidies to business companies	investment	5 435 692	7 206 601
of which: subsidies to Dopravní podnik, a.s.		5 396 179	7 146 168
	non-investment	9 645 562	8 879 599
of which: subsidies to Dopravní podnik, a.s.		8 470 127	7 656 622
Subsidies to non-for-profit and similar organisations	investment	86 379	160 548
	non-investment	4 546 584	4 518 618
Subsidies to subsidised organisations	investment	977 612	982 822
Subsidies to subsidised and similar organisations	non-investment	8 992 761	9 092 414

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 2006	31 Dec 2007
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets		232 970	268 257
Tangible fixed assets		26 545 134	28 316 108
Non-current financial assets		55	55
Accumulated depreciation of fixed assets		-10 386 225	-11 119 881
<b>Total</b>		<b>16 391 934</b>	<b>17 464 539</b>
<b>Current assets</b>			
Inventory		194 848	218 110
Receivables		516 040	580 113
Financial assets		3 031 414	3 385 325
Other assets		63 280	72 357
<b>Total</b>		<b>3 805 582</b>	<b>4 255 905</b>
<b>TOTAL ASSETS</b>		<b>20 197 516</b>	<b>21 720 444</b>
<b>LIABILITIES</b>			
<b>Equity</b>			
Equity funds		16 534 480	17 615 392
Financial funds		1 545 505	1 654 387
<b>Results of operations</b>			
Profit or loss for the period		119 893	103 753
Retained earnings		-62 441	-35 976
<b>Total</b>		<b>18 137 437</b>	<b>19 337 556</b>
<b>Liabilities</b>			
Reserves		1 471	797
Long-term payables		1 626	3 200
Short-term payables and temporary liabilities		2 046 478	2 362 680
Bank loans and borrowings		10 504	16 211
<b>Total</b>		<b>2 060 079</b>	<b>2 382 888</b>
<b>TOTAL LIABILITIES</b>		<b>20 197 516</b>	<b>21 720 444</b>

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 damages and the proposal for the issue of a payment order for approximately CZK 4,000 thousand. The charge was filed by PVA a.s.; the City holds an 11 percent shareholding in this entity.
- Charge of PSJ INVEST a.s., PASSERINVEST GROUP, a.s. for the payment of approximately CZK 4, 000 thousand with accrued interest. The appellate procedure is currently underway.
- 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 – the Regional Court for Prague 1 issued a verdict on 10 July 2006 imposing the payment of CZK 4,000 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 of PSJ Jihlava, spol. s.r.o., in liquidation, against Obecní dům for the payment of approximately CZK 87,000 thousand including accrued interest. The City became involved in this legal dispute on 11 April 2006.
- 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 2007, 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 2007:



**1. Tranche of the EMTN Program 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 Program 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 19 March 2007 (disbursement of the City)	PRIBOR 12 M + 1.55% p.a.
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):	7.27 % 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:	HMP
Interest rate (disbursement of the City):	7.27 %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
<b>THE CITY COUNCIL</b> <b>Resolution No. 16/4 of 24</b> <b>April 2008 approved:</b>	– Provision of a non-investment subsidy to the public service enterprise PRAHA OLYMPIJSKÁ o.p.s. in the amount of CZK 14.6 million
<b>THE CITY COUNCIL</b> <b>Resolution No. 14/37</b> <b>of 28 February 2008</b> <b>approved:</b>	– Receipt of a special-purpose investment subsidy from the budget of the State fund for the Transportation Infrastructure in the amount of CZK 440 million for Technical Administration of Roads. – Receipt of a special-purpose non-investment subsidy from the budget of the State fund for the Transportation Infrastructure in the amount of CZK 200 million for Technical Administration of Roads for common maintenance and category I. roads repairs.
<b>THE CITY COUNCIL</b> <b>Resolution No. 14/36 of 28</b> <b>February 2008 approved:</b>	– Receipt of the funds from the budget of the State fund for the Transportation Infrastructure for the funding of the construction and modernisation of through roads and highways in the amount of CZK 360 million (of which CZK 350 million for project No. 0053 – Vysočanská radiála and CZK 10 million for project No. 4663 MUK PPO – Liberecká).
<b>THE CITY COUNCIL</b> <b>Resolution No. 14/1 of 28</b> <b>February 2008 approved:</b>	– Receipt of the subsidy from the state budget as part of the financial relation of the state budget to the City's budget for 2008 in accordance with Act No. 360/2007 Coll. in the aggregate amount of CZK 676 million – Provision of the subsidy from the state budget to the Prague 1 – 57 boroughs in the aggregate amount of CZK 560 million
<b>THE CITY COUNCIL</b> <b>Resolution No. 13/24</b> <b>of 28 February 2008</b> <b>approved:</b>	– Transfer without consideration of the water work previously owned by TK Czech Operations s.r.o. and GOLF RESORT ČERNÝ MOST a.s. to the City at the aggregate acquisition cost of CZK 112 million.

#### The Board of the City Council

Body of the City	Description
<b>THE BOARD OF THE</b> <b>CITY COUNCIL</b> <b>Resolution No. 596 of 20</b> <b>May 2008</b>	– Approval of the City's financial performance for the year ended 31 December 2007 which resulted in a surplus of CZK 2,039,052 thousand
<b>THE BOARD OF THE</b> <b>CITY COUNCIL</b> <b>Resolution No. 595 of 20</b> <b>May 2008</b>	– Approval of the early repayment of the loan received by the City under the loan agreement of 19 April 2008, concluded between the City and ING Bank N.V., Prague Branch – Approval of the adjustment of the City's budget in Chapter 10 – Cash Management by CZK 3,911,000 thousand
<b>THE BOARD OF THE</b> <b>CITY COUNCIL</b> <b>Resolution No. 464 of 22</b> <b>April 2008</b>	– Receipt of funds from the budget of the State Fund for the Transport Infrastructure for 2008 – Proposal for the increase in the receipts and disbursements of the City in the Transportation chapter by a special-purposes investment subsidy of CZK 441 million

<b>Body of the City</b>	<b>Description</b>
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 464 of 22 April 2008</b>	<ul style="list-style-type: none"> <li>– Acknowledgment of the Government's Resolution No. 930 of 22 August 2007</li> <li>– Statement of the interest of the City to exchange the shares of Pražská energetika, a.s. for the shares of ČEZ, a.s.</li> <li>– Request for the Czech Ministry of Labour and Social Affairs to evaluate the possibility to discuss the exchange of the shares in accordance with Resolution No. 930 of 22 August 2007 with Pražská energetika Holding a.s. as the majority shareholder of Pražská energetika, a.s.</li> </ul>
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 376 of 1 April 2008</b>	– Receipt of non-investment subsidies from the Czech Ministry for Regional Development in the aggregate amount of CZK 41.5 million intended for the funding of project No. 1087 JPD 2 – construction of Pobřežní III. – second stage.
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 348 of 18 March 2008</b>	– Statute of the authorised entity of an audit body (based on the audit contract, the City is the authorised entity of the audit body, the Czech Ministry of Finance, for the "Adaptability" and "Competitiveness" operational programmes – approved for the drawing of funds from EU funds in 2007 – 2013.
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 248 of 4 March 2008</b>	– Receipt of subsidies from the Czech Ministry for Regional Development in the aggregate amount of CZK 20 million intended for financing of project No. 1053 JPD 2 – construction of the Ševelit centre for the light current electrical engineering grammar school in Prague 9.
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 221 of 26 February 2008</b>	– Receipt of the non-investment subsidy from the Ministry of Labour and Social Affairs for the payment of a state subsidy for the operators of the facilities for children requiring immediate need in the amount of CZK 30 million.
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 204 of 19 February 2008</b>	– Increase in the budget of the City in 2008 by a non-investment subsidy from the Ministry of the School System, Youth and Physical Education intended for the funding of private schools in the City in the amount of CZK 258 million.
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 26 of 8 January 2008</b>	– Receipt of the non-investment subsidy from the Czech Ministry of Labour and Social Affairs intended for the payment of social benefits for physically disabled and welfare for people in need for 2008 in the amount of CZK 475 million.
<b>THE BOARD OF THE CITY COUNCIL Resolution No. 25 of 8 January 2008</b>	– Receipt of the non-investment subsidy from the Czech Ministry of Labour and Social Affairs intended for the payment of the contribution for care in accordance with Act No. 108/2006 Coll., on Social Services in the amount of CZK 835 million.

17 June 2008