

**HLAVNÍ MĚSTO PRAHA**

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

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**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 its registered office at Mariánské náměstí 2, 110 01 Prague 1  
corporate ID: 00064581, tax ID: CZ00064581

for the period from 1 January 2009 to 31 December 2009

#### Person Responsible for the City of Prague:

Pavel Bém, Mayor

#### Audit Firm:

##### Deloitte Audit s.r.o.

Registered at Karolinská 654/2, 186 00 Prague 8 Karlín  
corporate ID: 49620592, tax ID: CZ49620592

#### Persons Performing the Examination of Operations:

Václav Loubek, Auditor  
Petra Kučerová, 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 12 October 2009 to 23 October 2009.

The final examination of the operations of the City of Prague was conducted in the period from 6 April 2010 to 14 May 2010.

### **Definition of Responsibilities:**

We conducted the examination of the operations of the City of Prague for the year ended 31 December 2009 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 and accounting 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 International Standards on Auditing 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:**

According to Section 2 (1) and (2) of Act No. 420/2004 Coll., on the Examination of the Operations of Territorial Self-Governing Units and Voluntary Associations of Municipalities, the subject of the examination is the information on annual operations that are part of the closing account in accordance with Section 17 (2) and (3) of Act No. 250/2000 Coll. on Budgetary Rules for Territorial Budgets, as amended.

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 public tenders, except for acts and procedures reviewed by a supervisory body under special legislation, the balance of accounts receivable and payable and the handling thereof, guarantees for obligations of both individuals and legal entities, pledges of movable and immovable assets in favour of third parties, and the establishment of the right of use for the territorial unit's assets. The examination of the operations involved a review of the discharging of the responsibilities imposed by Act No. 250/2000 Coll., on Budgetary Rules of Territorial Self-Governing Units, and other legal regulations providing guidance on the operations of territorial self-governing units, compliance with the requirements relating to the maintenance of accounting records as provided by the Accounting Act No. 563/1991 Coll., and the legal regulations on its implementation, and compliance with the management of finance compared to the budget. Furthermore, the examination of the operations focused on considering the adherence to the original purpose of a received grant or a refundable financial borrowing and the terms and conditions of the use thereof, and the formal correctness and appropriate content of the evidence underlying examined transactions.

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

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

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

	<b>Borough</b>	<b>Examination performed by</b>	<b>Conclusion of the examination</b>
1	Prague 1	Metropolitan Authority	Minor deficiencies and major deficiencies
2	Prague 2	OKCZ Organizační kancelář Cz, s.r.o.	No findings
3	Prague 3	HZ Consult s.r.o.	Minor deficiencies and major deficiencies
4	Prague 4	VALENTA- NOCAR, s.r.o.	No findings
5	Prague 5	Consultation-AUDIT spol. s r.o.	No findings
6	Prague 6	BDO Audit s.r.o.	Minor deficiencies
7	Prague 7	BDO Audit s.r.o.	Minor deficiencies
8	Prague 8	Metropolitan Authority	No findings
9	Prague 9	Diligens s.r.o.	No findings
10	Prague 10	ATLAS AUDIT s.r.o.	No findings
11	Prague 11	Metropolitan Authority	No findings
12	Prague 12	ECO - Economic & Commercial Office s.r.o.	No findings
13	Prague 13	BDO Audit s.r.o.	Minor deficiencies
14	Prague 14	Metropolitan Authority	Minor deficiencies
15	Prague 15	HAYEK spol s.r.o. holding	Minor deficiencies
16	Prague 16	Metropolitan Authority	Minor deficiencies
17	Prague 17	Metropolitan Authority	Minor deficiencies
18	Prague 18	BOHEMIA AUDIT s.r.o.	No findings
19	Prague 19	BOHEMIA AUDIT s.r.o.	Minor deficiencies
20	Prague 20	Metropolitan Authority	Minor deficiencies
21	Prague 21	ATLAS Audit s.r.o.	No findings
22	Prague 22	Metropolitan Authority	No findings
23	Běchovice	Metropolitan Authority	Minor deficiencies, and major deficiencies
24	Benice	Metropolitan Authority	Minor deficiencies
25	Březiněves	Metropolitan Authority	No findings
26	Čakovice	Metropolitan Authority	Minor deficiencies
27	Řáblice	Metropolitan Authority	Minor deficiencies, and major deficiencies
28	Dolní Chabry	Metropolitan Authority	No findings
29	Dolní Měcholupy	Metropolitan Authority	No findings
30	Dolní Počernice	Metropolitan Authority	Minor deficiencies
31	Dubeč	Metropolitan Authority	No findings
32	Klánovice	Metropolitan Authority	Major deficiencies
33	Koloděje	Metropolitan Authority	Minor deficiencies, and major deficiencies
34	Kolovraty	Marie Luňáková - auditor	Deficiencies were rare and they have no significant impact on the performance
35	Královice	Metropolitan Authority	Minor deficiencies
36	Křeslice	Valda Audit s.r.o.	No findings
37	Kunratice	Metropolitan Authority	Minor deficiencies, and major deficiencies
38	Libuš	Metropolitan Authority	Minor deficiencies, and major deficiencies
39	Lipence	Metropolitan Authority	Minor deficiencies, and major deficiencies
40	Lochkov	Metropolitan Authority	No findings
41	Lysolaje		The report was not available as of the issue date of this report
42	Nebušice	Metropolitan Authority	No findings
43	Nedvězí	Metropolitan Authority	No findings
44	Petrovice	Metropolitan Authority	Major deficiencies
45	Přední Kopanina	Metropolitan Authority	No findings
46	Řeporyje	Metropolitan Authority	Minor deficiencies and major deficiencies
47	Satalice	Metropolitan Authority	Minor deficiencies and major deficiencies
48	Slivenec	Metropolitan Authority	No findings
49	Suchdol	Metropolitan Authority	Minor deficiencies and major deficiencies
50	Šeberov	Metropolitan Authority	Minor deficiencies and major deficiencies
51	Štěrboholy	Metropolitan Authority	No findings
52	Troja	Metropolitan Authority	No findings
53	Újezd	Metropolitan Authority	Minor deficiencies
54	Velká Chuchle	Metropolitan Authority	No findings
55	Vínof	Metropolitan Authority	Minor deficiencies
56	Zbraslav	Metropolitan Authority	Minor deficiencies
57	Zličín	Consultas - Audit s.r.o.	No findings

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

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

### 1. Deficiencies involving the breach of budgetary discipline:

Borough	Finding
Prague - Běchovice	- The Běchovice borough did not comply with provisions of Section 17 of Act No. 250/2000 Coll., on Budgetary Rules for Territorial Budgets, as amended, as the discussion of the final account for 2008 was not concluded by a statement and the closing account did not include the obligatory required information.

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

Borough	Finding
Prague 1	- Prague 1 did not conduct the inventory count of assets and liabilities, inventory count differences were not recognised in the relevant accounting period, the borough did not comply with accounting procedures, incorrectly recognised tangible and intangible fixed assets, incorrectly recognised receivables, the accounting records were not maintained in compliance with the Accounting Act and other legal regulations, or these regulations were by-passed, the accounting records were not maintained so that the financial statements could give a true and fair view, incorrectly recognised short-term payables, incorrectly recognised expenses and income from business activities, the borough did not recognise the facts that are subject to accounting in the period on an accrual basis.
Prague 3	- Prague 3 misstated the results of operations for 2009 by reflecting an erroneous payment from the account of ancillary business activity to the principal current account in the amount of CZK 33 million. The payment should have been credited to the deposit account. The error will be removed in 2010.
Běchovice	- The Běchovice borough did not comply with provisions of Section 29 and 30 of Act No. 563/1991 Coll., on Accounting, as amended, as it did not provide the reconciliation of accounts, inventory count lists of movable assets and did not recognise inventory count differences. The accounting books and records were not maintained in order to give a true and fair view.
Klánovice	- Discrepancy between the information in the inventory count of buildings and the extract from the Real Estate Register which was in conflict with Section 29 of the Accounting Act.
Kunratice	- Recognition of an expense in an incorrect account which resulted in an understatement of the total balance of assets which is in conflict with Section 8 of Regulation 505/2002 Coll. and subsequently in conflict with Section 7 of the Accounting Act. - Non-identification of the actual balance of receivables on accounts 311, 324 and 379 which is in conflict with Section 29 of the Accounting Act.
Řeporyje	- Inventory count differences were not recognised in the relevant reporting period which was in conflict with Section 30 (6) of the Accounting Act. - Reconciliation of account 315 – Receivables from budget receipts was not made in accordance with the effective Methodological Guidelines for the inventory count of assets and liabilities of the City issued on the basis of Resolutions of the Board of the City Council No. 1496 dated 21 October 2008 and No. 1675 dated 10 November 2009
Satalice	- Formal completion of the inventory count, inventory count lists did not correspond to the actual status – the borough breached Section 29 of the Accounting Act - The inventory count lists were not made in order to exactly determine the identified assets and liabilities – in conflict with Section 30 of the Accounting Act
Šeberov	- The Šeberov borough did not recognise the income from business activities of 2009 arising from the Contract for Establishment of Easement with PRE Distribuce a.s. in the amount of CZK 10 thousand which was in conflict with provisions of Section 3 and Section 8 of the Accounting Act.

### 3. Breach of obligations or breach of the remit of the territorial unit

Borough	Finding
Prague 1	- Section 2 (1) (a) – compliance with receipts and disbursements of the budget including cash transactions relating to budget funds, 2) Section (2) (2) d) the balance of receivables and payables and their handling.
Petrovice	- The Petrovice borough did not proceed in accordance with provisions of Section 35 (1) of Act No. 131/2000 Coll., on the City of Prague, as amended, which stipulates that assets of the City have to be used purposefully and economically, and provisions of Section 35 (3) which stipulates that boroughs are obliged, among others, to exercise the right for the compensation of the damage and the right for the issuance of unjust enrichment in a timely manner, as part of the non-residential premises in Morseova 251 was used without a legal relation and financial payment. With respect to the use of non-residential premises, the internal control system as defined in Act No. 320/2001 Coll., on Financial Control in Public Administration and Changes in Some Acts, as amended, was not fully operational.
Řeporyje	- The Řeporyje borough did not provide written amendments to contracts which was in conflict with provisions of Section 40 of the Civil Code.

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

Borough	Finding
Prague 1	- Failure to remove deficiencies identified in partial examinations and the examination for the preceding year (2008)
Běchovice	- Failure to remove deficiencies identified in examinations of the borough for 2008 and 2007
Đáblice	- Failure to remove deficiencies identified in partial examinations for 2009
Klánovice	- Failure to remove the deficiency identified in examination for the preceding year.
Koloděje	- Failure to remove deficiencies identified in the first partial examination for 2008 and in examination for 2008
Kunratice	- Failure to remove deficiencies identified in partial examinations and in the examination for the preceding year
Libuš	- Failure to remove deficiencies identified in the first partial examination for 2009 and the examination for 2008
Lipence	- Failure to remove one deficiency identified in the examination for 2008
Řeporyje	- Failure to remove deficiencies identified in the examination for 2008
Satalice	- Failure to remove the deficiency identified for prior years, ie discrepancy between the information listed in inventory count lists of buildings and land and the extract from the Real Estate Register
Šeberov	- Failure to remove deficiencies identified in partial examinations or the examination for the prior year
Suchdol	- Failure to remove certain deficiencies identified in partial examinations for 2009

**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 incompleteness, incorrectness or lack of clear supportability of the maintenance of accounting books and records and 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 include assets that are already in use. The amount of these fixed assets is approximately CZK 8.2 billion as of 31 December 2009 (of which CZK 7.4 billion maintained on the account centre of the City Investor department). These assets should not be recorded on account 042 - Tangible fixed assets under construction, but on an appropriate asset account. In line with valid legislation, the City will depreciate fixed assets with effect from 2011. For this reason, this area requires increased attention to ensure costs are not understated and financial performance misstated in the future.</li><li>- Projects in progress were identified on account 042 – Tangible fixed assets under construction in the account centre of the City investor department that will not be continued in the future in the amount of approximately CZK 10 million (projects nos. 7252, 7649 and 9568). As these projects can be treated as "thwarted investments", their value is zero. They should be derecognised in expenses after approved by relevant bodies;</li><li>- Account 042 – Tangible fixed assets under construction includes an amount of approximately CZK 68 million, which relates to the proposed exchange of land for the construction project "Maniny – Area Preparation". In Resolution No. 37/04 dated 27 April 2006, the City Council approved the exchange of land owned by the City (including the disbursements relating to the preparation of the construction) for buildings owned by Metrostav a.s. Certain items relating to this project were transferred from this account in 2008 based on a contract; however, items amounting to CZK 68 million were not. If the identified items are not subject to the exchange, other investment etc., it is appropriate to derecognise this investment to disbursements after receiving approval from relevant bodies;</li><li>- Tax depreciation of fixed assets is provided only for a portion of commercially used assets, not for all such assets. The register of these assets was not updated as of 31 December 2009. As a result, the costs of taxable activity are understated. The amount cannot be determined exactly as of 31 December 2009;</li><li>- Deficiencies were noted in the records of fixed assets arising from late disposals of these assets upon their sale. As a result, receipts are recognised in one reporting period and the assets are disposed of in a different reporting period in certain cases. For this reason, disbursements and receipts are not recognised in the period to which they relate. As of 31 December 2009, an understatement of costs of CZK 31 million and an overstatement of the balance sheet (ie accounts of fixed assets and fund of fixed assets) of CZK 16 million was identified on a selected sample (disposal protocols no. 957009/2010, no. 957010/3/2010, no. 957012/3/2010, no. 957014/3/2010 and no. 9570030/2010); and</li><li>- The acquisition cost of assets reported on account 022 – Individual movable assets and sets of movable assets (under inventory no. 7001025 – set of equipment of PKVT) is lower by CZK 14 million than the acquisition cost listed in the privatisation project of PKVT.</li></ul>



Field	Finding
Receivables, payables	<ul style="list-style-type: none"> <li>- The City of Prague reported receivables from and payables to DELTA CENTER a.s. in accordance with valid supporting documentation (contract, amendments to the contract, etc.). Mutual receivables and payables of the City and DELTA CENTER a.s. were not reconciled. Discussions on disputed amounts are in progress; and</li> <li>- The City represented, based on the Establishment Deed, by ROPID (Regional Organiser of the Prague Integrated Transport, subsidised organisation) concluded a contract for the public service in providing transport through public transportation of persons in the City with Dopravní podnik hl. m. Prahy, joint stock company ("DP HMP"). Pursuant to this contract, the City provides a non-investment subsidy from its budget to DP HMP for settlement of provable losses arising in relation to the public service. The difference between the actually made subsidy in 2009 and an estimate of the provable losses for 2009 which was calculated by DP HMP, represents a receivable of DP HMP from the City. As of 31 December 2009, DP HMP prepared a financial settlement of arrears and overpayments of all subsidies – investment and non-investment – provided from the budget of the City. Mutual receivables and payables of DP HMP and the City arising from the financial settlement have not yet been reconciled by both parties. At present, there are discussions on the final balances of individual amounts. For this reason, the payable to DP HMP is not recognised in the balance sheet of the City as of 31 December 2009.</li> </ul>
Off-balance sheet accounts	<ul style="list-style-type: none"> <li>- Off-balance sheet accounts include payables and receivables relating to ongoing open derivatives in the following amounts: a payable of CZK 10,778 million and a receivable 340 million as of the last trade date. In accordance with Czech Accounting Standard No. 510 – Derivatives, derivatives should be recorded from the trade date to the settlement date in the value of the underlying instrument, which is a payable of CZK 19,167 million and a receivable of CZK 19,167 million. As such, the amounts reported by the City on off-balance sheet accounts are understated by CZK 8,389 million with respect to payables and CZK 18,827 million with respect to receivables;</li> <li>- Off-balance sheet accounts of the City of Prague do not include pledges of fixed assets in accordance with Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts. Given that no reliable information on pledged movable and immovable assets according to inventory lists and sub-ledger accounts and/or operating records, documented by the extract from the ownership title and loan contract was available on the off-balance sheet accounts as of 31 December 2009, the ratio indicator of "pledged assets to total assets of the City of Prague which is an integral component of the report in compliance with Act No. 420/2004 Coll." was not calculated;</li> <li>- Despite the recommendation of the auditor made in 2008, the City of Prague has not prepared an internal guideline to define the method of recording and reconciling received or provided guarantees as of 31 December 2009. As a result, guarantees recorded as of 31 December 2009 in the balance sheet are not correct; for example, the guarantee provided to Kongresové centrum Praha a.s. is overstated by CZK 10 million or the pledge of CZK 1 853 million (EUR 70 million) in favour of West LB Bank is not recorded at all;</li> <li>- CZK 124 million relating to loans from individuals or corporate entities of Pražská kanalizace a vodní toky s.p. is recognised on off-balance sheet accounts. This entity no longer exists. The obtained information indicates that if a refund of the loan is required, the obligation of the refund would be within the responsibility of the City. The City did not undertake a legal assessment of contracts. These contingent liabilities are not recognised in the balance sheet of the City as of 31 December 2009;</li> <li>- Payables from contracts to the OPPA and OPPK projects that were discontinued and settled are maintained on off-balance sheet accounts as of 31 December 2009. These, for example, include projects CZ.2.16/1.1.00/21003 – Radlická tram track, CZ.2.16/1.1.00/22003 - RTT Střelničná including the Ďáblická loop or CZ.2.16/3.3.00/21158 – Centre of Above-standard Services to Motorists RS Motor Plus, a.s. that cause the overstatement of payables recorded in the off-balance sheet of CZK 80 million; and</li> <li>- Written-off receivables arising from local payments for communal waste in the amount of CZK 33 million are maintained in the off-balance sheet accounts as of 31 December 2009 incorrectly as payables.</li> </ul>

Field	Finding
Public contracts	<ul style="list-style-type: none"> <li>- During the examination of public tenders, the following errors and deficiencies were identified in the IT department and Technical Administration of Roads:               <ul style="list-style-type: none"> <li>a) Exceeding the legally determined period for the conclusion of the contract with the supplier (projects nos. 534715/2009, 660905/2009, 691239/2009, 523/08/2100);</li> <li>b) Exceeding the legally determined period for the announcement of the public tender (projects nos. 691205/2009, 682521/2009, 682536/2009, 645022/2009); and</li> <li>c) Exceeding the financial limit of the minor public tender "Support of LDAP and IdM" assigned through the electronic marketplace in 2007. The financial limit for this type of contract of CZK 2 million was exceeded already several months ago but the performance of the contract is continuing.</li> </ul> </li> </ul>

**Potential risks highlighted by the findings from the examination which may have an adverse impact on the operations of the City of Prague in the future**

Field	Finding
Fixed assets	<ul style="list-style-type: none"> <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 2009, the value of the disputed plots of land was CZK 2,817 million. The City of Prague treats these assets as its own assets until a verdict of the court is issued. In the event that the court decides against the City of Prague, these assets will be reversed; and</li> <li>- As of 31 December 2009, the City of Prague maintains fixed assets of CZK 406 million intended for demolition or liquidation on account 021 – Buildings. If these assets are not used for further investment activities in the future, it will be appropriate to provide these assets to relevant bodies for write-off, or recognise provisions as appropriate.</li> </ul>
Receivables	<ul style="list-style-type: none"> <li>- The City did not recognise provisions against bad receivables relating to taxable activity as of 31 December 2009. During the examination, receivables past their due dates by more than one year in the aggregate amount of CZK 386 million were identified. These receivables can be treated as bad receivables, no provision against them was recognised. For this reason, receivables reported in the balance sheet as of 31 December 2009 are overstated; and</li> <li>- During the examination, receivables relating to principal activity past their due dates by more than one year in the aggregate amount of CZK 397 million were identified that can be treated as bad receivables. These receivables include, for example, the receivable from Kalivoda a.s. and others. If it is a completely bad receivable, it is appropriate to propose such a receivable for write-off to the bodies of the City, as the carrying value of receivables does not correspond to their fair value. For this reason, receivables reported in the balance sheet are overstated as of 31 December 2009.</li> </ul>

**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.**

We report only indicators in respect of the City (i.e. without the boroughs), rather than the City and its boroughs, because information on written-off receivables carried off balance sheet and pledged movable and immovable assets in accordance with inventory count sheets and subledger accounts, and/or operating records, documented by the extract from the title deed and loan contracts of individual boroughs of the City of Prague, whose performance for 2009 was subject to examination by an independent auditor or an audit firm or the Metropolitan Authority, was not available as of the date of the preparation of this report.

**The 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 2,307,071 thousand
B	Definition of budgetary receipts	Total receipts after consolidation + receipts from economic activity	Total 53,428,999 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 CZK 12,144,674 thousand
B	Definition of budgetary receipts	Total receipts after consolidation + receipts from economic activity	Total 53,428,999 thousand
	Calculation of the share of payables in the budget	$C / B * 100 \%$	23 %

The share of payables of the City of Prague in its budget amounted to 23 percent.

#### The share of pledged assets in the total assets

The list of pledged movable and immovable assets as of 31 December 2009 according to inventory count sheets and sub-ledger accounts, and/or operating records, documented by an extract from the title deed and loan contracts was not recorded on off-balance sheet accounts as of 31 December 2009 as required by Czech Accounting Standard No. 501 – Accounts and Principles of Recognising in Accounts. For this reason, the indicator (the share of pledged assets in total assets) was not calculated.

D	Definition of pledged assets	Pledged movable and immovable assets according to inventory count lists and sub-ledger accounts, and/or operating records, documented by the extract from the title deed and loan contracts	Total *
E	Definition of assets for the calculation of the indicator	Fixed assets (item 1)	Total CZK 249,078,933 thousand
	Calculation of the share of pledged assets in total assets	$D / E * 100 \%$	*

\* refer to the above information

Prepared on 18 May 2010

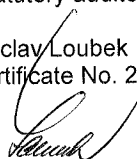
Audit firm:

Deloitte Audit s.r.o.  
certificate no. 79



Statutory auditor:

Václav Loubek  
certificate No. 2037



The report was discussed with the Finance Committee of the City of Prague on 14 June 2010.

The report was discussed with the Mayor of the City of Prague on 18 May 2010.

The report was delivered to the Mayor of the City of Prague on 17 June 2010.

**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 and loss account of organisational units of the state, territorial self-governing units and subsidised organisations).
  - Income statement (Statement of income, disbursements and financing of territorial self-governing units and voluntary associations of municipalities).
  - Notes to the financial statements prepared in accordance with Appendix No. 3 to Regulation 505/2002 Coll. implementing certain provisions of the Accounting Act, as amended, for reporting entities that are territorial self-governing units, subsidised organisations, state funds and organisational units of the state.
  - Notes to the financial statements prepared in accordance with Section 18 of Act No. 563/1991 Coll., on Accounting.
- Appendix no. 3 - Constructive Service Letter



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

TRANSLATION ONLY

In Prague on 14 June 2010

Dear Sirs,

I am writing to inform you that the Board of the Council of the City of Prague, at its meeting held on 15 June 2010, discussed the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2009 (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,

Pavel Bém

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Nile House,  
Karolinská 654/2  
186 00 Prague 8 - Karlín

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

**R E S O L U T I O N**

of the Board of the Council of the City of Prague

Number 1023 dated

15 June 2010

*On the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2009*

**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 2009 which forms Appendix 1 to this Resolution and the Constructive Service Letter for the year ended 31 December 2009 which forms Appendix 2 to this Resolution

**II. Instructs**

1. The Mayor of the City of Prague

1. To present the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2009 and the Constructive Service Letter for the year ended 31 December 2009 to the Council of the City of Prague

Deadline: 17 June 2010

2. The Chief Executive of the Metropolitan Authority

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

Deadline: 30 September 2010

### 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 2010

Pavel Bém  
Mayor of the City of Prague

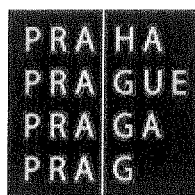
Rudolf Blažek  
Deputy Mayor of the City  
of Prague

Submitted by: Mayor of the City of Prague

Print: R-1975

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

To be acknowledged by: Departments of the Metropolitan Authority

**BALANCE SHEET**

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

(in CZK)

Period: **12 / 2009**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>315 029 364 789.77</b>	<b>333 775 844 610.83</b>
<i>row 09+15+26+33+41+206</i>				
<b>1. Fixed intangible assets</b>				
- Intangible results of research and development	(012)	02	7 027 837.05	6 525 225.25
- Software	(013)	03	1 273 863 422.39	1 536 907 861.25
- Valuable rights	(014)	04	239 271 174.18	295 676 549.79
- Immaterial fixed intangible assets	(018)	05	111 242 497.86	113 145 862.14
- Other fixed intangible assets	(019)	06	95 665 045.20	138 647 532.82
- Fixed intangible assets in proces	(041)	07	290 050 579.22	446 072 676.14
- Advances provided for fixed intangible assets	(051)	08	41 100.00	150 000.00
<b>Fixed intangible assets - total</b>		<b>09</b>	<b>2 017 161 655.90</b>	<b>2 537 125 707.39</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	49 793 114 046.87	50 382 582 300.70
- Artworks and collections	(032)	17	664 676 517.80	659 690 882.60
- Constructions	(021)	18	177 278 552 527.87	187 195 097 970.87
- Individual movable assets and sets of movable assets	(022)	19	6 565 512 277.62	7 115 273 625.58
- Orchards and vineyards	(025)	20	2 041 407.00	2 039 407.00
- Herd and draught animals	(026)	21	400 000.00	1 200 000.00
- Immaterial fixed tangible assets	(028)	22	1 620 171 132.36	1 715 052 781.27
- Other fixed tangible assets	(029)	23	63 921 827.97	164 925 944.31
- Fixed tangible assets in process	(042)	24	36 798 237 770.54	43 461 895 177.92
- Advances provided for fixed tangible assets	(052)	25	259 203 455.18	297 085 584.78
<b>Fixed tangible assets - total</b>		<b>26</b>	<b>273 045 830 963.21</b>	<b>290 994 843 675.03</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	39 701 504 178.66	39 859 013 768.41
- Capital participation in entities with substantial influence	(062)	35	10 411 080.00	91 074 080.00
- 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.)		Actual balance
			1	2	
- Other long-term loans	(067)	38			
- Other long-term financial assets	(069)	39	245 040 858.00		268 949 380.00
- Purchased long-term financial assets	(043)	40	9 416 054.00		24 838 000.00
<b>Long-term financial assets - total</b>		<b>41</b>	<b>39 966 372 170.66</b>		<b>40 243 875 228.41</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>49 103 782 216.05</b>		<b>36 289 910 344.12</b>
<i>row 51+75+89+119+124</i>					
<b>1. Inventory</b>					
- Raw material inventory	(112)	43	51 241 811.20		58 264 081.28
- Costs of raw material and raw material in transit	(111 or 119)	44	8 515 536.05		22 981 174.92
- Work in process	(121)	45			
- Manufactured parts	(122)	46			
- Products	(123)	47			
- Animals	(124)	48			
- Merchandise inventory	(132)	49	1 555 811.61		2 123 802.91
- Costs of merchandise and merchandise in transit	(131 or 139)	50			40 683.00
<b>Inventory total</b>		<b>51</b>	<b>61 313 158.86</b>		<b>83 409 742.11</b>
<i>sum of rows from 43 to 50</i>					
<b>2. Receivables</b>					
- Customers	(311)	52	3 642 794 778.31		3 634 804 547.29
- Bills of exchange collection	(312)	53			
- Receivables from discounted securities	(313)	54			
- Provided operating reserves	(314)	55	2 155 182 544.38		2 357 540 086.50
- Receivables in budget receipts	(315)	56	598 319 627.34		584 953 089.03
- Other receivables	(316)	57	483 895 030.49		505 093 624.03
- Receivables arising from abolished CKA	(317)	214			
- Receivables from revenues of taxes and duties	(318)	215			
<i>Sub-total (row 52 to 57, 214 and 215)</i>		<i>58</i>	<i>6 880 191 980.52</i>		<i>7 082 391 346.85</i>
- Receivables from members of association	(358)	59	37 950 000.00		37 950 000.00
- Clearing with institutions of social security and health insurance	(336)	60			
- Income tax	(341)	61			
- Other direct taxes	(342)	62			
- Value added tax	(343)	63	70 079 629.08		110 422 957.47
- Other taxes and fees	(345)	64	4 491 806.00		4 872 994.00
- Receivables from fixed forward operations and options	(373)	65			
<i>Sub-total (row 61 to 64)</i>		<i>66</i>	<i>74 571 435.08</i>		<i>115 295 951.47</i>
- Receivables abroad	(371)	207		X	X
- Domestic receivables	(372)	208		X	X
<i>Sub-total (row 207 to 208)</i>		<i>209</i>		<i>X</i>	<i>X</i>
- 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>		<i>69</i>			
- Receivables from employees	(335)	70	1 121 195.58		1 602 357.30
- Receivables from issued bonds	(375)	71			
- Other receivables	(378)	72	476 622 847.62		661 084 243.12
- Allowance for receivables	(391)	73	(114 915 331.42)		(114 909 385.84)
<i>Sub-total (row 70 to 73)</i>		<i>74</i>	<i>362 828 711.78</i>		<i>547 777 214.58</i>
<b>Receivables - total</b>		<b>75</b>	<b>7 355 542 127.38</b>		<b>7 783 414 512.90</b>
<i>rows 58+59+60+65+66+209+69+74</i>					
<b>3. Financial assets</b>					
- Cash	(261)	76	1 739 124.15		1 267 226.33
- Cash in transit	(+/-262)	77	84 976 549.00		110 616 725.00

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.)		Actual balance
			1	2	
- Liquid valuables	(263)	78	10 211 941.27		4 381 306.61
Sub-total(row 76 to 78)		79	96 927 614.42		116 265 257.94
- Current account	(241)	80	12 582 245 548.71		10 921 098 877.39
- Current account of the funds of cultural and social needs	(243)	81			
- Other current accounts	(245)	82	1 022 887 408.89		1 068 068 884.05
- Investments in foreign currency in domestic banks	(246)	210			
- Bills of stewardship of funds	(247)	216			
- Summary accounts	(248)	217			
- Accounts of sharing tax, duties and split administration	(249)	218			
Sub-total (row 80 to 82, 210, 216, 217 and 218)		83	13 605 132 957.60		11 989 167 761.44
- Property securities for trading	(251)	84	304 447 731.88		131 690 613.01
- Due securities for trading	(253)	85	951 997 650.93		1 115 382 349.42
- Other securities	(256)	86	2 508 784 281.38		2 768 930 379.46
- Costs of current financial assets	(259)	87			
Sub-total (row 84 to 87)		88	3 765 229 664.19		4 016 003 341.89
<b>Financial assets - total</b>		<b>89</b>	<b>17 467 290 236.21</b>		<b>16 121 436 361.27</b>
rows 79+83+88					
<b>4. Budget management account and other related accounts</b>					
- Basic current account	(231)	90	20 312 660 308.70		9 500 108 462.62
- Deposit charge account	(232)	91		X	
- Receipt account	(235)	92		X	
- Current accounts of monetary funds	(236)	93	3 610 031 214.88		2 448 999 769.09
- Current accounts of state funds	(224)	94			
- Current accounts of financial funds	(225)	95			
Sub-total (row 90 to 95)		96	23 922 691 523.58		11 949 108 231.71
- Subsidies provided to structural units of the state	(202)	97		X	
- Subsidies provided to the deposit charge account	(212)	98		X	
- Contributions and subsidies provided to institutions receiving contributions from the state budget	(203)	99		X	
- Subsidies provided to other entities	(204)	100		X	
- Contributions and subsidies to institutions receiving contributions from the state budget	(213)	101		X	
- Subsidies provided to other entities	(214)	102		X	
Sub-total (row 97 to 102)		103		X	
- Provided reimbursable financial assistances in between budgets	(271)	104	17 395 309.86		15 524 399.05
- Provided temporary assistances to institutions receiving contributions from the state budget	(273)	105			64 785 000.00
- Provided temporary assistances to business entities	(274)	106	125 713 788.01		74 321 519.18
- Provided temporary assistances to other organizations	(275)	107	24 419 974.07		37 021 072.38
- Provided temporary assistances to natural persons	(277)	108	5 562 592.38		3 850 670.18
Sub-total (row 104 to 108)		109	173 091 664.32		195 502 660.79
- Limits of expenses	(221)	110		X	
- Clearing the expenses of regional self-government administrative units	(218)	111		X	
- Costs of raw material	(410)	112		X	
- Services and costs of non-production nature	(420)	113		X	
- Travel expenses and other payments to natural persons	(430)	114		X	
- Wages and salaries and other personnel costs	(440)	115		X	
- Social security levies	(450)	116		X	
- Shortfalls and damages	(460)	117		X	
- Interests	(471)	219		X	
- Fines and penalties	(472)	220		X	
- Exchange-rate losses	(473)	221		X	
- Financial expenses	(474)	222		X	
Sub-total (row 112 to 117 and 219 to 222)		118		X	
<b>Budget management account and other related accounts - total</b>		<b>119</b>	<b>24 095 783 187.90</b>		<b>12 144 610 892.50</b>
row 96+103+109+110+111+118					
<b>5. Temporary debit accounts</b>					
- Prepaid expenses	(381)	120	4 968 742.68		16 363 363.83
- Accrued revenue	(385)	121	6 226 916.07		5 162 272.24

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.) 1	Actual balance 2
- Exchange rate difference - debit balance	(386)	122		
- Estimated prepaid items	(388)	123	112 657 846.95	135 513 199.27
<b>Temporary debit accounts - total</b> sum of rows 120 to 123		<b>124</b>	<b>123 853 505.70</b>	<b>157 038 835.34</b>
<b>TOTAL ASSETS</b>		<b>row 01 + 42 125</b>	<b>364 133 147 005.82</b>	<b>370 065 754 954.95</b>

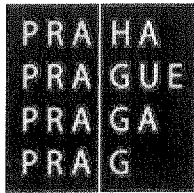
**LIABILITIES**

Name of item	Account	Row No.	Opening balance(1.1.) 3	Actual balance 4
<b>C. Own resources to cover total fixed and current assets</b>		<b>126</b>	<b>318 021 157 227.91</b>	<b>334 236 695 164.99</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	313 683 334 373.08	332 710 517 302.11
- Fund of current assets	(902)	128	61 582 364.94	63 238 825.58
- Fund of economic activity	(903)	129	37 984 581.60	37 944 581.60
- Adjustments to assets and liabilities	(+/-909)	130	(2 813 868 222.45)	(1 161 938 954.24)
<b>Fund of fixed assets - total</b>		<b>131</b>	<b>313 782 901 319.62</b>	<b>332 811 700 709.29</b>
<i>sum of rows 127 to 129</i>				
- Privatisation fund	(904)	211	X	X
- Other funds	(905)	212	X	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	3 638 287 436.20	2 563 573 641.25
- Other financial funds	(918)	137		
<b>Financial and monetary funds - total</b>		<b>138</b>	<b>3 638 287 436.20</b>	<b>2 563 573 641.25</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	91 173 763.92	33 080 251.95
<b>Resources to cover funds of budget management - total</b>		<b>151</b>	<b>91 173 763.92</b>	<b>33 080 251.95</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	3 268 213 475.64
- retained profit/retained loss	(+/-932)	153	9 548 782 122.80	8 745 197 754.94
- Profit/loss under approval procedure	(+/-931)	154	3 373 208 910.91	X
b) Transfer of retained cleared revenues and expenses	(+/-933)	155	(9 864 390 335.52)	(12 675 868 471.73)
c) Balance of expenses and costs	(+/-964)	156	(324 048 884.97)	80 038 611.01
d) Balance of receipts and revenues	(+/-965)	157	589 111 117.40	572 698 146.88
<b>sum of rows 152 to 157</b>		<b>158</b>	<b>3 322 662 930.62</b>	<b>(9 720 483.26)</b>
<b>D. Liabilities</b>		<b>159</b>	<b>46 111 989 777.91</b>	<b>35 829 059 789.96</b>
<i>row 160+166+189+196+201</i>				
<b>1. Reserves</b>				
- Statutory reserves	(941)	160	7 025 656.29	343 411.63

**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	14 964 100 000.00	9 499 050 000.00
- Liabilities from lease	(954)	162		
- Long-term advances received	(955)	163	15 557 810.20	17 965 165.76
- Long-term bills of exchange to be paid	(958)	164		
- Other long-term liabilities	(959)	165	1 129 992 378.08	841 116 244.61
<b>Long-term liabilities - total</b>		<b>166</b>	<b>16 109 650 188.28</b>	<b>10 358 131 410.37</b>
<i>sum of rows 161 to 165</i>				
<b>3. Current liabilities</b>				
- Suppliers	(321)	167	1 402 468 952.47	1 438 992 194.66
- Bills of exchange to be paid	(322)	168		
- Received advances	(324)	169	1 842 550 600.71	1 709 917 957.49
- Other liabilities	(325)	170	1 432 263 470.38	1 094 457 920.75
- Obligations arising from abolished CKA	(326)	223		
- Received advances of taxes	(327)	224		
- Obligations from revenues of taxes and duties	(328)	225		
- Obligations from sharing tax and duties	(329)	226		
- Receivables from fixed forward operations and options	(373)	171	2 787 658 335.00	1 211 759 116.00
<i>Sub-total (row 167 to 171 and 223 to 226)</i>		<b>172</b>	<b>7 464 941 358.56</b>	<b>5 455 127 188.90</b>
- Liabilities from subscribed unpaid securities and shares	(367)	173		
- Liabilities to members of association	(368)	174	124 378.08	124 378.08
<i>Sub-total (row 173 to 174)</i>		<b>175</b>	<b>124 378.08</b>	<b>124 378.08</b>
- Employees	(331)	176	56 856 191.60	78 412 854.00
- Other liabilities to employees	(333)	177	63 110 362.20	74 915 638.20
<i>Sub-total (row 176 to 177)</i>		<b>178</b>	<b>119 966 553.80</b>	<b>153 328 492.20</b>
- Clearing with institutions of social security and health insurance	(336)	179	121 429 176.00	132 968 602.00
- Income tax	(341)	180	1 097 286 389.11	981 950 326.30
- Other direct taxes	(342)	181	34 488 343.70	40 217 966.00
- Value added tax	(343)	182		
- Other taxes and fees	(345)	183		
<i>Sub-total (row 180 to 183)</i>		<b>184</b>	<b>1 131 774 732.81</b>	<b>1 022 168 292.30</b>
- Settlement of subsidy excess payments and other liabilities with the state budget	(347)	185	370 000.00	370 000.00
- Settlement of subsidy excess payment and other liabilities with the budget of regional self-government administrative units	(349)	186	529 835 139.25	458 345 518.86
<i>Sub-total (row 185 to 186)</i>		<b>187</b>	<b>530 205 139.25</b>	<b>458 715 518.86</b>
- Other liabilities	(379)	188	668 677 796.92	710 871 876.13
<b>Current liabilities - total</b>		<b>189</b>	<b>10 037 119 135.42</b>	<b>7 933 304 348.47</b>
<i>row 172+175+178+179+184+187+188</i>				
<b>4. Bank credits and loans</b>				
- Long-term bank credits	(951)	190	16 206 701 019.27	15 837 832 937.20
- Short-term bank credits	(281)	191	10 000 000.00	
- Discounted short-term bonds (bills of exchange)	(282)	192		
- Issued short-term bonds	(283)	193		
- Other short-term liabilities (financial assistances)	(289)	194		
<i>Sub-total (row 193 to 194)</i>		<b>195</b>		
<b>Bank credits and and loans - total</b>		<b>196</b>	<b>16 216 701 019.27</b>	<b>15 837 832 937.20</b>
<i>row 190+191+192+195</i>				
<b>5. Temporary credit accounts</b>				
- Accrued expenses	(383)	197	3 943 119.26	1 858 199.76
- Unearned revenue	(384)	198	682 428 477.70	664 937 822.91
- Exchange rate difference - credit balance	(387)	199	2 920 021 428.40	952 510 714.04
- Estimated accrued items	(389)	200	135 100 753.29	80 140 945.58
<b>Temporary credit accounts - total</b>		<b>201</b>	<b>3 741 493 778.65</b>	<b>1 699 447 682.29</b>
<i>sum of rows 197 to 200</i>				
<b>TOTAL LIABILITIES</b>		<b>row 126 + 159 202</b>	<b>364 133 147 005.82</b>	<b>370 065 754 954.95</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: **12 / 2009**

Company Identification No.: **SOR 200**

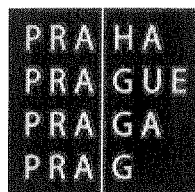
Name: **HLAVNÍ MĚSTO PRAHA CELKEM**

Name of item	Acc.	Row number	Main activity	Business activity
			1	2
Consumption of raw material	501	1		35 894 644.36
Consumption of energy	502	2		61 910 048.52
Consumption of unstorable supplies	503	3		4 969 474.35
Cost of merchandise sold	504	4		340 349.27
Repairs and maintenance	511	5		3 243 445 368.97
Travel expenses	512	6		48 680.00
Costs of representation	513	7		42 818.24
Other services	518	8		1 284 774 777.69
Wages and salaries	521	9		139 300 309.00
Statutory social insurance	524	10		46 886 448.04
Other social insurances	525	11		466 623.00
Statutory social costs	527	12		702 417.00
Other social costs	528	13		45 460.35
Road tax	531	14		
Real estate tax	532	15		10 020 517.00
Other taxes and fees	538	16		143 999 432.12
Contractual fines and interests on late payment	541	17		162 311.46
Other fines and penalties	542	18		276 960.97
Debt expense	543	19		41 972 262.21
Interests	544	20		253 643.77
Exchange rate loss	545	21		208 690.42
Donations	546	22		125 000.00
Shortfalls and damages	548	23		437 368.64
Other additional costs	549	24		223 979 334.89
Depreciation/amortization of fixed intangible and tangible assets	551	25		2 270 147 902.97
Net book value of sold fixed intangible and tangible assets	552	26		1 716 697 358.60
Cost of securities and shares sold	553	27		538 621 139.06
Cost of merchandise sold	554	28		5 018.76
Creation of statutory reserves	556	29		2 505.42
Creation of statutory allowances	559	30		1 029 877.92
<b>Total account class 5</b>		<b>31</b>		<b>9 766 766 743.00</b>
<i>line 1 to 30</i>				

Název položky	Acc.	Row number	Main activity	Business activity
			1	2
Product revenue	601	32		15 903 016.27
Service revenue	602	33		8 178 629 340.26
Merchandise revenue	604	34		477 617.31
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		125 761 232.63
Other fines and penalties	642	44		25 638.00
Payments for debt expenses	643	45		3 272 923.90
Interests	644	46		166 796 682.64
Exchange rate gains	645	47		186 514.12
Clearance of funds	648	48		
Other additional revenues	649	49		181 060 609.65
Fixed intangible and tangible assets revenue	651	50		4 799 388 169.65
Long-term financial assets revenue	652	51		4 258 561.70
Securities and shares revenue	653	52		539 428 280.07
Raw material revenue	654	53		99 185.15
Revenues from current financial assets	655	54		9 433 370.11
Clearance of statutory reserves	656	55		6 684 750.08
Clearance of statutory allowances	659	56		808 393.40
Contributions and subsidies for operation	691	57		
<b>Total account class 6</b> <i>line 32 to 57</i>		<b>58</b>		<b>14 032 214 284.94</b>
<b>Profit/loss before taxation</b> <i>line 58 - 31</i>		<b>59</b>		<b>4 265 447 541.94</b>
Income tax	591	60		981 950 326.30
Additional income tax payment	595	61		15 283 740.00
<b>Profit/loss after taxation</b> <i>line 59 - 60 - 61 (+/-)</i>		<b>62</b>		<b>3 268 213 475.64</b>

\* End of the statement \*

# STATEMENT OF INCOME, EXPENSES AND FINANCING



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

(in CZK)

Period: 12 / 2009

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	8 740 000 000.00	8 740 000 000.00	7 626 352 069.54
1112	Tax on income of natural persons from individual gainful activity	2 230 000 000.00	2 230 000 000.00	1 020 826 825.68
1113	Tax on income of natural persons from capital revenues	520 000 000.00	520 000 000.00	706 591 478.26
1119	Cancelled taxes, the object of which is the income of natural persons			130 019.44
111	Tax on income of natural persons	11 490 000 000.00	11 490 000 000.00	9 353 900 392.92
1121	Tax on income of legal entities	11 250 000 000.00	11 250 000 000.00	8 792 366 520.88
1122	Tax on income of legal entities on behalf of municipalities	150 000 000.00	1 203 392 500.00	1 203 912 720.00
112	Tax on income of legal entities	11 400 000 000.00	12 453 392 500.00	9 996 279 240.88
<b>11</b>	<b>Income, profit and capital revenue tax</b>	<b>22 890 000 000.00</b>	<b>23 943 392 500.00</b>	<b>19 350 179 633.80</b>
1211	Value added tax	18 180 000 000.00	18 180 000 000.00	17 722 321 017.02
121	General taxes on goods and services inland	18 180 000 000.00	18 180 000 000.00	17 722 321 017.02
<b>12</b>	<b>Goods and service inland tax</b>	<b>18 180 000 000.00</b>	<b>18 180 000 000.00</b>	<b>17 722 321 017.02</b>
1332	Fees for air pollution	132 000.00	138 700.00	180 562.00
1333	Fees for waste disposal			12 175 360.00
1334	Levies from land extraction from the agricultural land resources			11 484 718.18
1335	Fees for removal of the land function resting in discharge of the function of a forest			1 101 229.00
1336	Fees for permitted discharge of wastewater into surface water			1 853 639.50
1337	Fees for disposal of municipal waste	680 000 000.00	680 000 000.00	691 062 951.08
133	Taxes and levies in the field of environment	680 132 000.00	680 138 700.00	717 858 459.76
1341	Fees for dogs	51 163 800.00	51 484 900.00	54 412 271.05
1342	Fee for spa or recreation stay	133 389 000.00	135 076 000.00	115 051 326.59
1343	Fee for use of public premises	226 128 700.00	229 128 700.00	233 477 346.36
1344	Fee from entrance money	22 470 000.00	25 687 200.00	32 001 793.85
1345	Fee from accommodation activity	59 035 000.00	59 972 100.00	57 698 803.23
1347	Fee for operated gaming machine	166 073 000.00	166 203 700.00	172 766 337.82
1349	Cancelled local fees			9 036.00
134	Local fees from selected activities and services	658 259 500.00	667 552 600.00	665 416 914.90
1351	Levy of proceeds from lottery operations	108 136 000.00	123 717 900.00	120 354 117.16
1359	Other levies from selected activities and services not specified elsewhere	27 000.00	248 000.00	1 173 470.00
135	Other levies from selected activities and services	108 163 000.00	123 965 900.00	121 527 587.16
1361	Administrative charges	517 605 600.00	506 462 300.00	448 840 190.75
136	Administration fees	517 605 600.00	506 462 300.00	448 840 190.75
<b>13</b>	<b>Taxes and fees on selected activities and services</b>	<b>1 964 160 100.00</b>	<b>1 978 119 500.00</b>	<b>1 953 643 152.57</b>
1511	Real estate tax	414 560 500.00	415 757 000.00	452 647 657.96
151	Property tax	414 560 500.00	415 757 000.00	452 647 657.96
<b>15</b>	<b>Property taxes</b>	<b>414 560 500.00</b>	<b>415 757 000.00</b>	<b>452 647 657.96</b>
<b>1</b>	<b>Tax receipts (total for class 1)</b>	<b>43 448 720 600.00</b>	<b>44 517 269 000.00</b>	<b>39 478 791 461.35</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	14 836 800.00	120 783 200.00	157 350 634.73
2112	Receipts from sale of goods (otherwise purchased for the purposes of sale)	70 000.00	68 000.00	77 948.65
2119	Other receipts from own activities		4 400.00	714 284.00
211	Receipts from own activity	14 906 800.00	120 855 600.00	158 142 867.38
2122	Levies of institutions receiving contributions from the state budget	7 393 500.00	223 430 300.00	223 693 857.39
2123	Other levies of institutions receiving contributions from the state budget	407 000.00	516 700.00	515 783.55
2124	Levies of schooling legal entities established by the state, regions and municipalities		350 000.00	350 000.00
2129	Other levies of surplus of organizations with a direct relationship		500 000.00	4 702 988.20
212	Levies from residues of organizations with direct relationship	7 800 500.00	224 797 000.00	229 262 629.14
2141	Receipts from interests (a part)	458 349 700.00	432 540 000.00	471 845 507.62
2142	Receipts from shares in profit and dividends	23 600 000.00	23 655 000.00	603 516 670.51
2143	Realized exchange rate gains		510 002 000.00	518 610 357.39
214	Receipts from interests and realization of financial assets	481 949 700.00	966 197 000.00	1 593 972 535.52
<b>21</b>	<b>Receipts from own activity and payment of excess of organizations with direct relationship</b>	<b>504 657 000.00</b>	<b>1 311 849 600.00</b>	<b>1 981 378 032.04</b>
2210	Received sanction payments	310 193 900.00	311 602 300.00	285 962 193.88
221	Received sabctuib payments	310 193 900.00	311 602 300.00	285 962 193.88
2221	Received returned transfers from other public budgets			(65 570.25)
2222	Other receipts from retained financial settlement from other public budgets		74 088 700.00	84 434 415.56
2226	Receipts from retained financial settlement between municipalities			443 787.00
2229	Other received returned transfers		184 493 900.00	187 234 047.42
222	Received returned transfers and other receipts from retained financial settlement		258 582 600.00	272 046 679.73
<b>22</b>	<b>Received sanction payments and returned transfers</b>	<b>310 193 900.00</b>	<b>570 184 900.00</b>	<b>558 008 873.61</b>
2310	Receipts from sale of short-term and immaterial fixed assets		112 000.00	111 560.00
231	Receipts from sale of short-term and immaterial fixed assets		112 000.00	111 560.00
2321	REceived non-investment donations	7 424 000.00	46 005 300.00	50 603 624.82
2322	Received indemmities	384 900.00	8 543 600.00	15 392 060.59
2324	Received non-capital contributions and compensations	2 234 000.00	13 285 100.00	35 954 033.89
2328	Unidentified receipts	5 000.00	9 527 000.00	12 438 864.96
2329	Other non-tax receipts not included elsewhere	18 008 700.00	21 473 800.00	31 910 426.06
232	Other non-tax receipts	28 056 600.00	98 834 800.00	146 299 010.32
2343	Receipts from payments from allotments and from exploited minerals	1 618 000.00	1 704 000.00	1 638 894.00
234	Receipts from use of exclusive rights to natural resources	1 618 000.00	1 704 000.00	1 638 894.00
<b>23</b>	<b>Receipts from sale of non-capital assets and other non-tax receipts</b>	<b>29 674 600.00</b>	<b>100 650 800.00</b>	<b>148 049 464.32</b>
2411	Instalments of funds borrowed from business entities - natural persons	1 235 200.00	1 235 200.00	1 102 329.80
2412	Instalments of funds borrowed from business non-financial entities of legal persons	5 596 500.00	5 596 500.00	4 048 046.50
241	Instalments of funds borrowed from business entities	6 831 700.00	6 831 700.00	5 150 376.30
2420	Instalments of funds borrowed from generally beneficial associations and similar entities	24 061 400.00	24 061 400.00	24 946 286.40
242	Instalments of funds borrowed from generally beneficial associations and similar entities	24 061 400.00	24 061 400.00	24 946 286.40
2441	Instalments of funds borrowed from municipalities	750 000.00	750 000.00	750 000.00
244	Instalments of funds borrowed from public budgets at regional level	750 000.00	750 000.00	750 000.00

**BUDGETARY INCOME - CLASS 1 - 4**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
2460	Instalments of funds borrowed from citizens	2 236 000.00	2 383 000.00	4 163 991.20
246	Instalments of funds borrowed from citizens	2 236 000.00	2 383 000.00	4 163 991.20
<b>24</b>	<b>Received instalments of lent funds</b>	<b>33 879 100.00</b>	<b>34 026 100.00</b>	<b>35 010 653.90</b>
<b>2</b>	<b>Non-tax receipts (total for class 2)</b>	<b>878 404 600.00</b>	<b>2 016 711 400.00</b>	<b>2 722 447 023.87</b>
3112	Receipts from sale of other real estate and parts thereof		86 300.00	86 340.00
3113	Receipts from sale of other fixed tangible assets		100 300.00	115 326.00
311	Receipts from sale of fixed assets (except immaterial assets)		186 600.00	201 666.00
3121	Donations received for acquisition of fixed assets	2 740 000.00	40 832 500.00	38 820 129.00
3122	Contributions received fro acquisition of fixed assets			62 000.00
3129	Other investment receipts not included elsewhere	19 500 000.00	19 500 000.00	
312	Other capital receipts	22 240 000.00	60 332 500.00	38 882 129.00
<b>31</b>	<b>Receipts from sale of fixed assets and other capital receipts</b>	<b>22 240 000.00</b>	<b>60 519 100.00</b>	<b>39 083 795.00</b>
3201	Receipts from sale of stocks			2 000 000.00
320	Receipts from sale of shares and capital participation			2 000 000.00
<b>32</b>	<b>Receipts from sale of shares and capital participation</b>			<b>2 000 000.00</b>
<b>3</b>	<b>Capital revenues (total for class 3)</b>	<b>22 240 000.00</b>	<b>60 519 100.00</b>	<b>41 083 795.00</b>
<b>Own receipts (classes 1+2+3)</b>		<b>44 349 365 200.00</b>	<b>46 594 499 500.00</b>	<b>42 242 322 280.22</b>
4111	Non-investment transfers received from general cash administration of the state budget		264 000 600.00	264 000 529.97
4112	Non-investment transfers received from the state budget within the overall subsidy relationship	706 535 000.00	655 735 000.00	655 735 000.00
4113	Non-investment transfers received from state funds		150 000 000.00	149 937 233.49
4116	Other non-investment transfers from the state budget		11 357 551 400.00	11 337 016 792.48
4118	Non-investment transfers from the National Fund		4 039 100.00	4 039 095.34
411	Non-investment transfers received from public budgets at central level	706 535 000.00	12 431 326 100.00	12 410 728 651.28
4121	Non-investment transfers received from municipalities	3 456 000.00	6 062 700.00	8 135 516.74
4122	Non-investment transfers received from regions		694 100.00	694 040.71
412	Non-investment transfers received from public budgets at regional level	3 456 000.00	6 756 800.00	8 829 557.45
4131	Transfers from own funds of economic (business) activity	5 940 466 800.00	7 333 600 800.00	6 625 159 042.00
4132	Transfers from other own funds		388 100.00	1 042 119.00
4133	Transfers from own reserve funds (other than those of structural units of the state)	501 304 400.00	673 115 700.00	1 302 844 776.19
4134	Transfers from budget accounts	181 659 100.00	908 055 800.00	38 741 444 994.51
4139	Other transfers from own funds	187 796 300.00	233 503 200.00	575 225 046.91
413	Transfers from own funds	6 811 226 600.00	9 148 663 600.00	47 245 715 978.61
4152	Non-investment transfers received from international institutions		437 700.00	437 657.67
415	Non-investment transfers received from abroad		437 700.00	437 657.67
4160	Non-investment transfers received from state financial assets		20 500.00	20 466.00
416	Non-investment transfers received from state financial assets		20 500.00	20 466.00
<b>41</b>	<b>Non-investment transfers received</b>	<b>7 521 217 600.00</b>	<b>21 587 204 700.00</b>	<b>59 665 732 311.01</b>
4211	Investment transfers received from general cash administration of the state budget		125 922 000.00	125 918 626.27
4213	Investment transfers received from state funds		1 099 673 400.00	751 935 280.49
4216	Other investment transfers received from the state budget		2 040 580 600.00	2 040 230 904.37

**BUDGETARY INCOME - CLASS 1 - 4**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
4218	Investment transfers from the National Fund		204 800.00	204 817.84
421	Investment transfers received from public budgets at central level		3 266 380 800.00	2 918 289 628.97
<b>42</b>	<b>Investment transfers received</b>		<b>3 266 380 800.00</b>	<b>2 918 289 628.97</b>
<b>4</b>	<b>Received transfers (total for class 4)</b>	<b>7 521 217 600.00</b>	<b>24 853 585 500.00</b>	<b>62 584 021 939.98</b>
<b>Total receipts (classes 1+2+3+4)</b>		<b>51 870 582 800.00</b>	<b>71 448 085 000.00</b>	<b>104 826 344 220.20</b>

**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	3 027 602 800.00	3 186 820 900.00	3 112 119 896.49
5019	Other salaries	2 904 000.00	2 936 900.00	1 224 827.39
501	Salaries	3 030 506 800.00	3 189 757 800.00	3 113 344 723.88
5021	Other wages and salaries	61 645 200.00	114 554 900.00	100 545 367.50
5023	Remuneration of members of municipal and regional councils	157 198 400.00	158 082 800.00	149 622 532.00
5024	Redundancy payment	6 740 000.00	6 651 200.00	4 527 711.00
5029	Other payments for performed work not included elsewhere	6 127 000.00	4 975 400.00	4 208 052.88
502	Other payments for performed work	231 710 600.00	284 264 300.00	258 903 663.38
5031	Obligatory premium for social security and contribution to state policy of employment	842 440 400.00	856 325 900.00	822 685 651.40
5032	Obligatory premium for public health insurance	294 743 600.00	312 706 000.00	307 182 629.25
5038	Obligatory premium fro accident insurance	13 942 900.00	14 860 400.00	14 148 932.96
5039	Other obligatory premiums paid by the employer	1 103 500.00	752 100.00	166 196.00
503	Obligatory premium paid by the employer	1 152 230 400.00	1 184 644 400.00	1 144 183 409.61
5041	Remuneration for use of intellectual property	80 000.00	80 000.00	16 274.00
504	Remuneration for use of intellectual property	80 000.00	80 000.00	16 274.00
5051	Wage compensation		1 188 500.00	858 794.00
505	Wage compensation		1 188 500.00	858 794.00
<b>50</b>	<b>Expenses on payments, other payments for performed work and premium</b>	<b>4 414 527 800.00</b>	<b>4 659 935 000.00</b>	<b>4 517 306 864.87</b>
5131	Foodstuff	1 622 000.00	1 187 200.00	957 275.37
5132	Protective devices	3 104 000.00	1 579 000.00	1 269 608.06
5133	Drugs and medical supplies	883 000.00	2 647 400.00	2 479 984.17
5134	Underwear, clothes and shoes	39 430 600.00	42 757 300.00	42 628 167.69
5135	Textbooks and school spupplies provided free of charge		3 100.00	3 153.50
5136	Books, learning aids and press	16 557 500.00	17 051 500.00	15 164 408.63
5137	Immaterial fixed tangible assets	208 064 600.00	247 655 200.00	223 914 249.06
5138	Purchase of goods (for the purpose of resale)	43 000.00	22 200.00	25 704.00
5139	Purchase of raw material not included elsewhere	179 348 100.00	240 211 700.00	229 461 572.23
513	Purchase of materials	449 052 800.00	553 114 600.00	515 904 122.71
5141	Own interests	1 262 001 500.00	1 261 633 700.00	1 186 853 513.61
5142	Realized exchange rate losses	200 058 200.00	200 234 700.00	264 064.34
5143	Interest incurred by assumption of others' liabilities	5 000 000.00	4 900 000.00	152 772.30
5145	Financial derivatives	215 000 000.00	215 000 000.00	110 738 403.53
5149	Other interest and other fianancial expenses	20 558 000.00	13 701 800.00	12 500 064.08
514	Interests and other financial expenses	1 702 617 700.00	1 695 470 200.00	1 310 508 817.86
5151	Cold water	20 084 200.00	18 168 800.00	14 128 735.73
5152	Heat	25 098 000.00	22 990 700.00	19 434 735.52
5153	Gas	40 016 200.00	32 480 400.00	28 140 920.34
5154	Electric energy	116 670 500.00	115 139 800.00	106 592 423.82
5155	Solid fuels	235 700.00	137 900.00	136 641.46
5156	Fuels and lubricants	29 354 900.00	28 902 900.00	26 052 639.21
5157	Hot water	1 175 000.00	1 370 900.00	1 244 940.37
5159	Purchase of other fuels and energy	3 215 000.00	3 615 000.00	3 586 395.07
515	Costs of water, fuels and energy	235 849 500.00	222 806 400.00	199 317 431.52
5161	Post-office services	66 807 800.00	52 889 300.00	48 747 033.51
5162	Services of telecommunications and radiocommunications	174 103 200.00	174 857 700.00	167 652 345.45
5163	Services of banking institutions	59 329 900.00	59 254 400.00	46 121 179.42
5164	Rent	334 307 100.00	349 866 700.00	335 109 770.68
5165	Rent for land	5 380 000.00	25 159 500.00	21 407 030.69

**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5166	Consultation, advisory and legal services	326 073 900.00	453 114 600.00	410 618 594.70
5167	Training and educating services	71 776 500.00	58 964 700.00	49 982 917.49
5168	Data processing services	61 628 000.00	76 596 300.00	73 037 022.78
5169	Purchase of other services	4 352 144 600.00	5 191 422 700.00	4 887 423 671.18
516	Costs of services	5 451 551 000.00	6 442 125 900.00	6 040 099 565.90
5171	Repairs and maintenance	1 809 452 000.00	2 461 508 900.00	2 378 702 278.44
5172	Programme equipment	21 224 500.00	16 743 200.00	15 280 306.24
5173	Travel costs (domestic as well as abroad)	25 410 700.00	30 593 900.00	25 028 771.10
5175	Treatment	26 304 000.00	33 870 500.00	30 482 483.33
5176	Attendance fees at conferences	255 800.00	745 700.00	558 522.26
5177	Purchase of objects of art		35 000.00	32 768.30
5178	Lease for rent with right of purchase	6 560 500.00	7 205 900.00	6 789 214.38
5179	Other purchases not included elsewhere	665 196 300.00	835 475 400.00	826 128 731.12
517	Costs of other purchases	2 554 403 800.00	3 386 178 500.00	3 283 003 075.17
5182	Advances provided to own petty cash	25 000.00	25 000.00	
5189	Other provided advances and guarantees	747 200.00	860 800.00	247 961.92
518	Provided advances, securities, guarantees and government credits	772 200.00	885 800.00	247 961.92
5191	Paid sanctions	28 000.00	20 985 700.00	20 974 959.61
5192	Provided non-investment contributions and reimbursements (part)	122 075 000.00	123 512 900.00	119 957 582.15
5193	Expenses on traffic regional road service	221 377 000.00	548 655 600.00	548 476 854.08
5194	Material donations	24 988 600.00	35 800 000.00	32 303 122.78
5195	Levies for failure to meet the obligation to employ the disabled	1 000 000.00	817 500.00	508 168.00
5197	Reimbursements of increased costs connected with discharge of an office abroad	7 044 800.00	7 044 800.00	5 951 143.57
5199	Other expenses related to non-investment purchases	14 603 000.00	8 984 100.00	9 681 743.89
519	Expenses related to non-investment purchases, contributions, reimbursements and material donations	391 116 400.00	745 800 600.00	737 853 574.08
<b>51</b>	<b>Non-investment purchases and related expenses</b>	<b>10 785 363 400.00</b>	<b>13 046 382 000.00</b>	<b>12 086 934 549.16</b>
5212	Non-investment transfers to non-financial business entities - natural persons	1 192 000.00	35 112 500.00	35 057 858.23
5213	Non-investment transfers to non-financial business entities - legal entities	7 410 685 800.00	9 689 185 500.00	9 681 893 997.93
5219	Owner non-investment transfers to business entities	2 000 000.00	2 000 000.00	922 000.00
521	Non-investment transfers to business entities	7 413 877 800.00	9 726 298 000.00	9 717 873 856.16
5221	Non-investment transfers to generally beneficial associations	47 835 000.00	320 373 700.00	319 743 117.30
5222	Non-investment transfers to unincorporated associations	81 866 200.00	521 123 400.00	518 066 759.09
5223	Non-investment transfers to churches and religious societies	29 361 100.00	70 650 900.00	70 214 817.30
5225	Non-investment transfers to associations of owners of residential units	3 589 000.00	39 465 700.00	38 269 058.00
5229	Other non-investment transfers to non-profit and similar organizations	4 458 868 200.00	4 238 534 400.00	4 230 161 899.59
522	Non-investment transfers to non-profit and similar associations	4 621 519 500.00	5 190 148 100.00	5 176 455 651.28
5230	Non-investment non-subsidy transfers to business entities	1 000 000.00	1 011 900.00	1 011 900.00
523	Non-investment non-subsidy transfers to business entities	1 000 000.00	1 011 900.00	1 011 900.00
5240	Non-investment non-subsidy transfers to non-profit and similar organizations	78 000.00	30 000.00	29 664.00
524	Non-investment non-subsidy transfers to non-profit and similar organizations	78 000.00	30 000.00	29 664.00
<b>52</b>	<b>Non-investment transfers to private entities</b>	<b>12 036 475 300.00</b>	<b>14 917 488 000.00</b>	<b>14 895 371 071.44</b>
5311	Non-investment transfers to the state budget		2 456 900.00	2 456 851.27

**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5319	Other non-investment transfers to other public budgets	40 000.00	40 000.00	22 426.00
531	Non-investment transfers to public budgets at central level	40 000.00	2 496 900.00	2 479 277.27
5321	Non-investment transfers to municipalities	15 000.00	61 605 400.00	61 061 028.00
5323	Non-investment transfers to regions			22 815.63
532	Non-investment transfers to public budgets at regional level	15 000.00	61 605 400.00	61 083 843.63
5331	Non-investment contributions to established institutions receiving contributions from the state budget	8 611 069 100.00	9 638 847 600.00	9 624 057 250.75
5332	Non-investment transfers to universities		1 463 400.00	1 463 419.09
5333	Non-investment transfers to educational legal entities established by the state, region and municipalities		488 900.00	488 880.00
5334	Non-investment transfers to public research institutions		7 784 600.00	7 784 511.55
5335	Non-investment transfers to public medical institutions established by the state, region and municipalities	15 000 000.00	34 050 600.00	34 050 523.97
5339	Non-investment contributions to other institutions receiving contributions from the state budget	3 900 000.00	82 245 200.00	81 714 556.97
533	Non-investment transfers to institutions receiving contributions from the state budget and similar organizations	8 629 969 100.00	9 764 880 300.00	9 749 559 142.33
5341	Transfers to own funds of economic (business) activity	157 332 000.00	158 873 700.00	139 054 193.04
5342	Transfers to funds of cultural and social needs and social funds of municipalities and regions	43 994 800.00	45 800 200.00	53 574 373.34
5343	Transfers to other own funds and accounts not having the nature of public budgets			654 000.00
5344	Transfers to own reserve funds of regional budgets	3 453 000.00	264 976 500.00	388 449 415.27
5345	Transfers to own budget accounts	545 817 700.00	957 779 000.00	39 250 627 241.44
5349	Other transfers to own funds	277 494 300.00	546 119 000.00	926 863 787.56
534	Transfers to own funds	1 028 091 800.00	1 973 548 400.00	40 759 223 010.65
5361	Purchase of duty stamps	2 271 000.00	2 992 900.00	2 396 620.00
5362	Payments of taxes and fees to the state budget	3 374 300.00	(15 057 200.00)	(16 976 886.34)
5363	Payments of sanctions to other budgets	7 000.00	2 516 400.00	2 533 830.00
5364	Returned funds to public budgets at the central level of transfers provided in the pas budget periods		120 302 200.00	120 308 767.46
5365	Payments of taxes and fees to regions, municipalities and state funds	205 000.00	222 400.00	32 020.00
536	Other non-investment transfers to other public budgets	5 857 300.00	110 976 700.00	108 294 351.12
<b>53</b>	<b>Non-investment transfers to public entities and between monetary funds</b>	<b>9 663 973 200.00</b>	<b>11 913 507 700.00</b>	<b>50 680 639 625.00</b>
5410	Social benefits		1 769 135 000.00	1 702 067 420.00
541	Social benefits		1 769 135 000.00	1 702 067 420.00
5421	Compensation from accident insurance			8 697.00
5422	Compensation of the nature of rehabilitation			50 625.00
5424	Wage compensation in the time of sickness	8 724 300.00	14 526 400.00	11 142 309.00
5429	Other compensation payable to the citizens	767 000.00	936 500.00	788 111.00
542	Reimbursements paid to citizens	9 491 300.00	15 462 900.00	11 989 742.00
5491	Scholarships to pupils, students and inceptors	90 000.00	90 000.00	52 500.00
5492	Donations to citizens	25 554 700.00	24 920 600.00	19 406 382.00
5493	Purpose non-investment transfers to natural persons not running business	12 006 000.00	16 119 100.00	15 838 670.00
5494	Non-investment transfers to citizens, which do not have nature of a donation	170 000.00	1 189 100.00	281 958.00
5499	Other non-investment transfers to citizens	55 660 000.00	61 316 200.00	55 418 659.38
549	Other non-investment transfers to citizens	93 480 700.00	103 635 000.00	90 998 169.38
<b>54</b>	<b>Non-investment transfers to citizens</b>	<b>102 972 000.00</b>	<b>1 888 232 900.00</b>	<b>1 805 055 331.38</b>

**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
5511	Non-investment transfers to international organizations	960 400.00	980 400.00	769 686.80
551	Non-investment transfers to international organizations and supranational bodies	960 400.00	980 400.00	769 686.80
5532	Other non-investment transfers abroad		20 000.00	20 019.53
553	Other non-investment transfers abroad		20 000.00	20 019.53
<b>55</b>	<b>Non-investment transfers abroad</b>	<b>960 400.00</b>	<b>1 000 400.00</b>	<b>789 706.33</b>
5612	Non-investment funds lent to non-financial business entities - natural persons		1 802 000.00	1 802 000.00
5613	Non-investment funds lent to non-financial business entities - legal persons	22 000 000.00	24 965 000.00	12 858 700.00
561	Non-investment funds lent to business entities	22 000 000.00	26 767 000.00	14 660 700.00
5624	Non-investment funds lent to associations of owners of residential units		2 290 800.00	2 290 801.00
562	Non-investment funds lent to non-profit and similar associations		2 290 800.00	2 290 801.00
5651	Non-investment funds lent to established institutions receiving contributions from the state budget		46 000 000.00	46 000 000.00
565	Non-investment funds lent to institutions receiving contributions from the state budget and similar organizations		46 000 000.00	46 000 000.00
5660	Non-investment funds lent to citizens	1 860 000.00	2 610 000.00	3 131 894.00
566	Non-investment funds lent to citizens	1 860 000.00	2 610 000.00	3 131 894.00
<b>56</b>	<b>Non-investment lent funds</b>	<b>23 860 000.00</b>	<b>77 667 800.00</b>	<b>66 083 395.00</b>
5901	Unspecified reserves	1 752 299 100.00	1 198 395 800.00	
5902	Other expenses from retained financial settlement		11 097 100.00	11 097 015.88
5909	Other non-investment expenses not included elsewhere	403 131 700.00	16 827 200.00	7 013 082.96
590	Other non-investment expenses	2 155 430 800.00	1 226 320 100.00	18 110 098.84
<b>59</b>	<b>Other non-investment expenses</b>	<b>2 155 430 800.00</b>	<b>1 226 320 100.00</b>	<b>18 110 098.84</b>
<b>5</b>	<b>CURRENT EXPENSES (CLASS 5)</b>	<b>39 183 562 900.00</b>	<b>47 730 533 900.00</b>	<b>84 070 290 642.02</b>
6111	Programme equipment	909 411 000.00	842 816 200.00	452 023 801.39
6112	Valuable rights		57 213 100.00	56 129 295.61
6119	Other purchases of fixed intangible assets	170 686 400.00	167 094 700.00	48 685 362.60
611	Acquisition of fixed intangible assets	1 080 097 400.00	1 067 124 000.00	556 838 459.60
6121	Buildings, halls and constructions	18 219 177 000.00	20 545 835 700.00	18 052 154 931.92
6122	Machinery, devices and equipment	215 055 000.00	250 133 000.00	236 720 574.87
6123	Means of transport	54 496 400.00	95 115 800.00	94 408 459.24
6124	Orchards and vineyards	89 000.00	56 400.00	56 400.00
6125	Computing technology	272 676 000.00	277 401 600.00	234 006 391.66
6127	Artworks and collections	7 550 000.00	7 546 100.00	7 813 452.00
6129	Purchase of fixed tangible assets not included elsewhere	24 473 000.00	40 878 400.00	32 272 796.80
612	Acquisition of fixed tangible assets	18 793 516 400.00	21 216 967 000.00	18 657 433 006.49
6130	Land	359 628 800.00	528 018 500.00	485 483 041.75
613	Land	359 628 800.00	528 018 500.00	485 483 041.75
<b>61</b>	<b>Investment purchases and related expenses</b>	<b>20 233 242 600.00</b>	<b>22 812 109 500.00</b>	<b>19 699 754 507.84</b>
6201	Purchase of shares		14 746 100.00	14 746 054.00
6202	Purchase of capital participation	30 000 000.00	31 230 000.00	21 230 000.00
620	Purchase of shares and capital participation	30 000 000.00	45 976 100.00	35 976 054.00
<b>62</b>	<b>Purchase of shares and capital participation</b>	<b>30 000 000.00</b>	<b>45 976 100.00</b>	<b>35 976 054.00</b>
6312	Investment transfers to non-financial business entities - natural persons		2 632 100.00	2 536 973.40
6313	Investment transfers to non-financial business entities - legal persons	1 988 028 000.00	4 168 544 600.00	4 161 114 431.34

**BUDGETARY EXPENSES - CLASSES 5 AND 6**

Item	Text	Approved budget	Adjusted budget	Result from the start of the year
a	b	1	2	3
6315	Investment transfers to selected business entities owned by the state	250 000.00	250 000.00	250 000.00
631	Investment transfers to business entities	1 988 278 000.00	4 171 426 700.00	4 163 901 404.74
6321	Investment transfers to generally beneficial associations		4 977 200.00	4 976 902.00
6322	Investment transfers to unincorporated associations	115 000 000.00	102 302 100.00	102 302 000.40
6323	Investment transfers to churches and religious societies	1 732 000.00	5 213 900.00	5 213 952.00
6324	Investment transfers to political parties and movements		909 300.00	257 340.00
6329	Other investment transfers to non-profit and similar organizations	1 365 000.00	12 384 800.00	12 314 751.95
632	Investment transfers to non-profit and similar associations	118 097 000.00	125 787 300.00	125 064 946.35
6351	Investment transfers to established institutions receiving contributions from the state budget	599 611 000.00	669 743 000.00	663 598 118.97
6354	Investment transfers to public research institutions		15 327 800.00	15 327 798.30
6355	Investment transfers to public health institutions established by the state, region and municipalities		1 323 500.00	1 323 423.00
6359	Investment transfers to other institutions receiving contributions from the state budget	250 000.00	17 128 700.00	17 128 795.75
635	Investment transfers to institutions receiving contributions from the state budget	599 861 000.00	703 523 000.00	697 378 136.02
6371	Purpose investment transfers to natural persons not running business		80 000.00	80 000.00
6379	Other investment transfers to the citizens		196 500.00	196 470.00
637	Investment transfers to citizens		276 500.00	276 470.00
<b>63</b>	<b>Investment transfers</b>	<b>2 706 236 000.00</b>	<b>5 001 013 500.00</b>	<b>4 986 620 957.11</b>
6412	Investment funds lent to non-financial business entities - natural persons	1 200 000.00		
6413	Investment funds lent to non-financial business entities - legal persons	2 800 000.00	8 670 000.00	8 670 000.00
641	Investment funds lent to business entities	4 000 000.00	8 670 000.00	8 670 000.00
6424	Investment funds lent to associations of owners of dwelling units	4 000 000.00	842 200.00	
6429	Other investment funds lent to non-profit and similar organizations		7 495 000.00	5 695 000.00
642	Investment funds lent to non-profit and similar associations	4 000 000.00	8 337 200.00	5 695 000.00
6451	Investment funds lent to established institutions receiving contributions from the state budget		48 575 400.00	18 785 000.00
645	Investment funds lent to institutions receiving contributions from the state budget and similar organizations		48 575 400.00	18 785 000.00
6460	Investment funds lent to citizens	60 000.00	90 000.00	90 000.00
646	Investment funds lent to citizens	60 000.00	90 000.00	90 000.00
<b>64</b>	<b>Investment lent funds</b>	<b>8 060 000.00</b>	<b>65 672 600.00</b>	<b>33 240 000.00</b>
6901	Reserves of capital expenses	345 671 400.00	296 357 700.00	
6909	Other capital expenses not included elsewhere	22 581 000.00	10 964 200.00	5 669 562.00
690	Other capital expenses	368 252 400.00	307 321 900.00	5 669 562.00
<b>69</b>	<b>Other capital expenses</b>	<b>368 252 400.00</b>	<b>307 321 900.00</b>	<b>5 669 562.00</b>
<b>6</b>	<b>CAPITAL EXPENSES (TOTAL FOR CLASS 6)</b>	<b>23 345 791 000.00</b>	<b>28 232 093 600.00</b>	<b>24 761 261 080.95</b>
<b>TOTAL EXPENSES (CLASS 5+6)</b>		<b>62 529 353 900.00</b>	<b>75 962 627 500.00</b>	<b>108 831 551 722.97</b>
<b>BALANCE OF INCOME AND EXPENSES</b>		<b>(10 658 771 100.00)</b>	<b>(4 514 542 500.00)</b>	<b>(4 005 207 502.77)</b>



**FOR INFORMATION PURPOSES - CASH FUNDS**

<i>Text</i>	<i>Row</i>	<i>Approved budget</i>	<i>Adjusted budget</i>	<i>Result from the start of the year</i>
		<i>1</i>	<i>2</i>	<i>3</i>
<b>Opening balance</b>	<b>5010</b>			3 610 031 214.88
<b>Total income</b>	<b>5020</b>	105 742 200.00	891 217 500.00	1 037 428 466.90
<b>Total expenses</b>	<b>5040</b>	743 417 600.00	1 031 798 000.00	2 118 224 608.23
<b>Closing balance (difference in budget)</b>	<b>5060</b>	(637 675 400.00)	(140 580 500.00)	2 448 999 769.09
<b>Change in balance</b>	<b>5070</b>	637 675 400.00	140 580 500.00	1 161 031 445.79
<b>Financing - class 8</b>	<b>5080</b>	636 943 900.00	190 180 900.00	(80 235 304.46)

**III. FINANCING - class 8**

<i>Name</i>	<i>Item / Row number</i>	<i>Approved budget</i>	<i>Adjusted budget</i>	<i>Result from the start of the year</i>
<i>text</i>		<i>1</i>	<i>2</i>	<i>3</i>
<b>Short-term local sources of finance</b>				
Short-term bonds issued (+)	<b>8111</b>			
Paid instalments of short-term bonds issued (-)	<b>8112</b>			
Short-term received loans (+)	<b>8113</b>			6 499 999.27
Paid instalments of short-term received borrowed funds (-)	<b>8114</b>			(10 000 000.00)
Revenueisation of short-term funds on bank accounts(+/-)	<b>8115</b>	10 363 757 000.00	11 718 294 200.00	11 973 583 291.87
Active short-term operations of liquidity management - receipts (+)	<b>8117</b>	726 698 000.00	657 012 900.00	22 408 801 600.22
Active short-term operations of liquidity management - expenses (-)	<b>8118</b>			(22 442 496 179.32)
<b>Long-term local sources of finance</b>				
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>		6 500 000.00	
Paid instalments of long-term received borrowed funds (-)	<b>8124</b>	(432 255 900.00)	(436 564 600.00)	(434 901 396.86)
Revenueisation of long-term funds on bank accounts(+/-)	<b>8125</b>			
Active long-term operations of liquidity management - receipts (+)	<b>8127</b>	15 312 000.00	21 312 000.00	26 573 363.22
Active long-term operations of liquidity management - expenses (+)	<b>8128</b>	(14 740 000.00)	(22 012 000.00)	(21 895 500.00)
<b>Short-term foreign sources of finance</b>				
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>			
<b>Long-term foreign sources of finance</b>				
Long-term bonds issued (+)	<b>8221</b>			
Paid instalments of long-term bonds issued (-)	<b>8222</b>		(7 430 000 000.00)	(7 430 000 000.00)
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 (+/-)	<b>8901</b>			
Unrealized exchange rate differences (+/-)	<b>8902</b>			(70 957 675.63)
<b>TOTAL FINANCING (class 8)</b>	<b>8000</b>	<b>10 658 771 100.00</b>	<b>4 514 542 500.00</b>	<b>4 005 207 502.77</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	43 448 720 600.00	44 517 269 000.00	39 478 791 461.35
A2 - NON-TAX INCOME	4020	878 404 600.00	2 016 711 400.00	2 722 447 023.87
A3 - CAPITAL INCOME	4030	22 240 000.00	60 519 100.00	41 083 795.00
A4 - RECEIVED TRANSFERS	4040	7 521 217 600.00	24 853 585 500.00	62 584 021 939.98
<b>TOTAL INCOME</b>	<b>4050</b>	<b>51 870 582 800.00</b>	<b>71 448 085 000.00</b>	<b>104 826 344 220.20</b>
<b>RECEIPT CONSOLIDATION</b>	<b>4060</b>	<b>870 759 800.00</b>	<b>1 814 674 700.00</b>	<b>40 619 514 817.61</b>
of which:				
2223 - Receipts from retained financial settlement between the region and municipalities	4061			
2226 - Receipts from retained financial settlement between municipalities	4062			443 787.00
2227 - Receipts from retained financial settlement between regional council, municipalities and voluntary associations of municipalities	4063			
2441 - Instalments of funds borrowed from municipalities	4070	750 000.00	750 000.00	750 000.00
2442 - Instalments of funds borrowed from regions	4080			
2443 - Instalments of funds borrowed from regional councils	4081			
2449 - Other instalments of funds borrowed from public budgets at regional level	4090			
4121 - Non-investment transfers received from municipalities	4100	3 456 000.00	6 062 700.00	8 135 516.74
4122 - Non-investment transfers received from regions	4110		694 100.00	694 040.71
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	501 304 400.00	673 115 700.00	1 302 844 776.19
* 4134 - Transfers from budget accounts	4140	181 659 100.00	908 055 800.00	38 741 444 994.51
* 4139 - Other transfers from own funds	4150	187 796 300.00	233 503 200.00	575 225 046.91
4221 - Investment transfers received from municipalities	4170			
4222 - Investment transfers received from regions	4180			
4223 - Investment transfers received from regional councils	4181			
4229 - Other investments transfer received from budgets at regional level	4190			
ZJ 024 - Transfers received from the territory of another district	4191			
ZJ 025 - Instalments of borrowed funds received from the territory of another district	4192			
ZJ 028 - Transfers received from the territory of another district	4193	3 456 000.00	6 756 800.00	9 273 344.45
ZJ 029 - Instalments of borrowed funds received from the territory of another region	4194	750 000.00	750 000.00	750 000.00
<b>TOTAL INCOME AFTER CONSOLIDATION</b>	<b>4200</b>	<b>50 999 823 000.00</b>	<b>69 633 410 300.00</b>	<b>64 206 829 402.59</b>
A5 - CURRENT EXPENSES	4210	39 183 562 900.00	47 730 533 900.00	84 070 290 642.02
A6 - CAPITAL EXPENSES	4220	23 345 791 000.00	28 232 093 600.00	24 761 261 080.95
<b>TOTAL EXPENSES</b>	<b>4240</b>	<b>62 529 353 900.00</b>	<b>75 962 627 500.00</b>	<b>108 831 551 722.97</b>
<b>CONSOLIDATION OF EXPENSES</b>	<b>4250</b>	<b>870 759 800.00</b>	<b>1 814 674 700.00</b>	<b>40 619 514 817.61</b>
of which:				
5321 - Non-investment transfers to municipalities	4260	15 000.00	61 605 400.00	61 061 028.00
5323 - Non-investment transfers to regions	4270			22 815.63
5325 - Non-investment transfers to regional councils	4271			
5329 - Other non-investment transfers to public budgets at regional level	4280			
* 5342 - Transfers to funds of cultural and social needs and social funds of municipalities and regions	4281	43 994 800.00	45 800 200.00	53 574 373.34
* 5344 - Transfers to own reserve funds of regional budgets	4290	3 453 000.00	264 976 500.00	388 449 415.27
* 5345 - Transfers to own budget accounts	4300	545 817 700.00	957 779 000.00	39 250 627 241.44

**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	277 494 300.00	546 119 000.00	926 863 787.56
5366 - Expenses from retained financial settlements between the region and municipalities	4321			
5367 - Expenses from retained financial settlements between municipalities	4322			
5368 - Expenses from retained financial settlements between the regional council and the regions, munic.and voluntary assoc. of municipalities	4323			
5641 - Non-investment funds lent to municipalities	4330			
5642 - Non-investment funds lent to regions	4340			
5643 - Non-investment funds lent to regional councils	4341			
5649 - Other non-investment funds lent to public budget at regional level	4350			
6341 - Investment transfers to municipalities	4360			
6342 - Investment transfers to regions	4370			
6345 - Investment transfers to regional councils	4371			
6349 - Other investment transfers to public budget at regional level	4380			
6441 - Investment funds lent to municipalities	4400			
6442 - Investment funds lent to regions	4410			
6443 - Investment funds lent to regional councils	4411			
6449 - Other investment funds lent to public budget at regional level	4420			
ZJ 026 - Transfers provided on the territory of another district	4421			
ZJ 027 - Borrowed funds provided to the territory of another district	4422			
ZJ 035 - Transfers provided to the territory of another region	4423	15 000.00	61 605 400.00	61 083 843.63
ZJ 036 - Borrowed funds provided to te territory of another region	4424			
<b>TOTAL EXPENSES AFTER CONSOLIDATION</b>	<b>4430</b>	<b>61 658 594 100.00</b>	<b>74 147 952 800.00</b>	<b>68 212 036 905.36</b>
<b>BALANCE OF INCOME AND EXPENSES AFTER CONSOLIDATION</b>	<b>4440</b>	<b>(10 658 771 100.00)</b>	<b>(4 514 542 500.00)</b>	<b>(4 005 207 502.77)</b>
CLASS A8 - FINANCING	4450	10 658 771 100.00	4 514 542 500.00	4 005 207 502.77
<b>CONSOLIDATION OF FINANCING</b>	<b>4460</b>			
<b>TOTAL FINANCING AFTER CONSOLIDATION</b>	<b>4470</b>	<b>10 658 771 100.00</b>	<b>4 514 542 500.00</b>	<b>4 005 207 502.77</b>

Remark: "\*" - Items marked with an asterrisk 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	20 312 660 308.70	9 500 108 462.62	10 812 551 846.08
Deposit expenses account	6020			
Current account of cash funds	6030	3 610 031 214.88	2 448 999 769.09	1 161 031 445.79
Total current accounts	6040	23 922 691 523.58	11 949 108 231.71	11 973 583 291.87
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>	<b>3 456 000.00</b>	<b>6 756 800.00</b>	<b>9 273 344.45</b>
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	3 456 000.00	6 062 700.00	8 135 516.74
4122 - Non-investment transfers received from regions	7310		694 100.00	694 040.71
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>	<b>750 000.00</b>	<b>750 000.00</b>	<b>750 000.00</b>
Items:				
2441 - Instalments of funds borrowed from municipalities	7370	750 000.00	750 000.00	750 000.00
2442 - Instalments of funds borrowed from regions	7380			
2449 - Other instalments of funds borrowed from public budgets at regional level	7390			

**VII. SELECTED RECORD ITEMS**

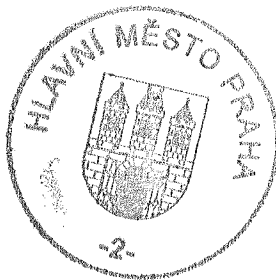
Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	71	72	73
<b>ZJ 035 - Transfers provided to the territory of another region</b>	<b>7400</b>	<b>15 000.00</b>	<b>61 605 400.00</b>	<b>61 083 843.63</b>
Items:				
5321 - Non-investment transfers to municipalities	7410	15 000.00	61 605 400.00	61 061 028.00
5323 - Non-investment transfers to regions	7420			22 815.63
5329 - Other non-investment transfers to public budgets at regional level	7430			
5366 - Expenses from retained financial settlements between the region and municipalities	7431			
5367 - Expenses from retained financial settlements between municipalities	7192			
6341 - Investment transfers to municipalities	7440			
6342 - Investment transfers to regions	7450			
6349 - Other investment transfers to public budgets at regional level	7460			
<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:



*[Handwritten signature]*

Person responsible for the presented figures

budget:

*Bachala'*

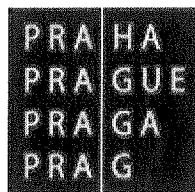
Phone:

*236 00 2541*

actual:

*Muller  
Melksova'*

Phone: *236 00 2383*

**ANNEX TO FINAL ACCOUNTS**

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

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

Period: **12 / 2009**

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	
<i>of which:</i> system subsidies for fixed assets		2	X	
<i>of which:</i> 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	
<i>of which:</i> contributions received for operation from the founder	(from the AA to account 691)	10	X	
<i>of which:</i> 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	751 935,28

**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	17 395,31	15 524,40
Received reimbursable financial assistance between budgets - from the state budget	(account 272)	22	34 385,85	17 805,85
Received reimbursable financial assistance between budgets - from the regional authority	(account 272)	23		
Received reimbursable financial assistance between budgets - from the municipality	(account 272)	24	16 395,31	15 274,40
Received reimbursable financial assistance between budgets - from the state funds	(account 272)	25	40 392,60	
Received reimbursable financial assistance between budgets - from other public budgets	(account 272)	26		
Provided temporary assistances to institutions receiving contributions from the state budget - by a structural unit of the state	(account 273)	27		
Provided temporary assistance to institutions receiving contributions from the state budget - by a regional authority	(account 273)	28		
Provided temporary assistance to institutions receiving contributions from the state budget - by a municipality	(account 273)	29		64 785,00
Current domestic bank loans	(account 281)	30	10 000,00	
Current foreign bank loans	(account 281)	31		
Short-term bonds issued domestically	(account 283)	32		
Short-term bonds issued abroad	(account 283)	33		
Other domestic current liabilities (financial assistance)	(account 289)	34		
Other foreign current liabilities (financial assistance)	(account 289)	35		
Domestic bills of exchange to be paid	(account 322)	36		
Foreign bills of exchange to be paid	(account 322)	37		
Long-term domestic bank credits	(account 951)	38	3 878 685,57	12 228 046,34
Long-term foreign bank credits	(account 951)	39	12 328 015,45	3 609 786,60
Domestic bonds issued	(account 953)	40	5 000 000,00	5 000 000,00
Foreign bonds issued	(account 953)	41	9 964 100,00	4 499 050,00
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	1 129 992,38	841 116,24
Other foreign long-term liabilities	(account 959)	45		
Total purchased bonds and bills of exchange to be collected	(from the AA 063,253and312)	46	951 997,65	1 115 382,35
of which: current bonds and bills of exchange of regional self-government administrative units	(from the AA 253and312)	47	315 327,75	245 086,98
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	83 603,35	92 199,96
Due liabilities from public health insurance		53	37 825,82	40 768,64
Recorded tax arrears with revenue bodies of local competency		54	1 131 774,73	1 022 168,31



**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

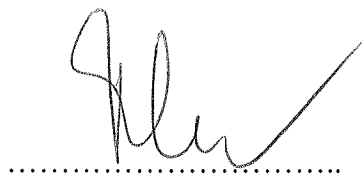
*\* End of report \**

**NOTES TO THE DERIVED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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

A handwritten signature in black ink, appearing to read 'Pavel Bém', written over a horizontal dotted line.

P. Bém  
Mayor of the Capital City of Prague

A handwritten signature in black ink, appearing to read 'M. Trnka', written over a horizontal dotted line.

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.

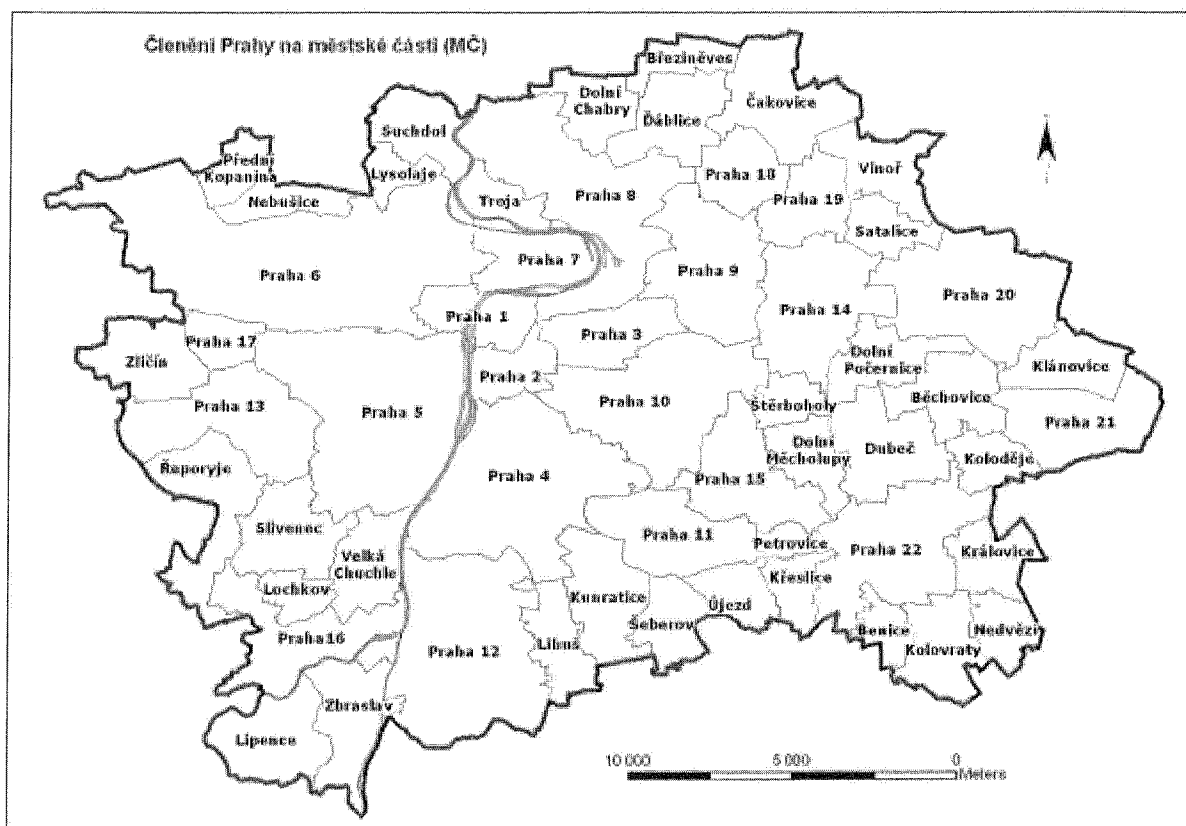
The territory of the City is a unique administrative and autonomous unit – the Capital City of Prague. It is divided into 22 administrative districts and 57 boroughs on a territorial basis (hereinafter the “boroughs”).

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 as of 31 December 2009**

<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 Mihálik, Dalibor Mlejnský, Josef Nosek, Ondřej Pecha, Milan Pešák, Antonín Ptáček, Milan Richter, Zbyněk Richter, Marcel Rückl, Alena Samková, František Stádník, Jan Svátek, Martina Šandová, Ladislav Šilha, Štěpán Šlosár, Radovan Šteiner, Petr Valenta, Tomáš Vavřinec, David Vodrážka, Bohumil Zoufalík, Pavel Žďárský
European Democrats	Tomáš Homola, Markéta Reedová, Jana Ryšlinková, Jiří Witzany
Social Democrats	František Adámek, Karel Březina, Lubomír Habrna, 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, Dagmar Gušlbauerová
Green Party	Zuzana Drhová, Karel Jech, Petra Kolínská, Iva Kotvová, Petr Štěpánek, Eva Tylová

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

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

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

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

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

The set of budgets of the City and boroughs for the year ended 31 December 2009 was approved by the City Council by Resolution No. 27/53 dated 28 May 2009 as follows:

	(CZK thousand)		
<b>Budget</b>	<b>Total City</b>	<b>City itself</b>	<b>Boroughs</b>
Receipts	50 999 823	40 320 401	10 679 422
Disbursements	61 658 594	48 880 295	12 778 299
<b>Anticipated deficit</b>	<b>-10 658 771</b>	<b>-8 559 894</b>	<b>-2 098 877</b>
<b>Financing</b>	<b>10 658 771</b>	<b>8 559 894</b>	<b>2 098 877</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**

<b>Name</b>	<b>Established on</b>
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 as of 31 December 2009**

<b>Name</b>	<b>Position</b>	<b>Political party</b>	<b>Remit</b>
Pavel Bém	Mayor	Civil Democrats	Financial, sports, drug-prevention, public relations
Rudolf Blažek	First Deputy Mayor	Civil Democrats	Security and legislation, information technology and public administration
Pavel Klega	Deputy Mayor	Civil Democrats	Economic policy
Marie Kousalíková	Deputy Mayor	Civil Democrats	Education policy, education and leisure
Milan Richter	Deputy Mayor	Civil Democrats	EU funds, anti-corruption measures and information technology
Jiří Janeček	Councillor	Civil Democrats	Social and housing policy
Martin Langmajer	Councillor	Civil Democrats	Urban development
Vladislav Mareček	Councillor	Civil Democrats	Environmental protection
Ondřej Pecha	Councillor	Civil Democrats	Culture, preservation of monuments, tourist industry and leisure activities
Milan Pešák	Councillor	Civil Democrats	Healthcare
Radovan Šteiner	Councillor	Civil Democrats	Transportation



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>
Editorial council	permanent	31 May 2009
Commission for Opencard	permanent	8 Dec 2009
Project team for the preparation of the Central Waste Water Treatment Plant	temporary	29 April 2009
Stocktaking commission	permanent	11 Nov 2009
Topographical commission	permanent	27 Feb 2009
Commission for optimising the "Trojmezí" area	temporary	15 April 2009
Commission for noise attenuation of the north-south crosstown road	temporary	24 June 2009
Commission for the preparation of a new territorial plan for the City of Prague	temporary	1 May 2008
Commission for coordination of transportation development in central Prague	permanent	1 April 2008
Commission for the preparation of an amendment to the Act on the Capital City of Prague and the Charter of the Capital, as amended, for the purpose of simplifying the public administration system in the Capital City of Prague	temporary	15 Jan 2008
Commission for the preparation of the "Green Belt of Prague" strategic plan	temporary	30 April 2008
Legal commission	permanent	27 Feb 2007
Commission for bicycle transportation	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 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
Property Commission of the Board of the City Council	permanent	16 Jan 2007
Drug prevention commission	permanent	16 Jan 2007
Commission for the honorary citizenship of the City and awards of the City	permanent	16 Jan 2007

**The Mayor of the City**

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

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

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

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

### **Metropolitan Authority**

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

In 2009 and 2008, Martin Trnka was the Chief Executive of the Metropolitan Authority.

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

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

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

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

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

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

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

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

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

## Divisions and Special Organisational Units of the Metropolitan Authority

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### 1. Financial Section

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

### 2. Regional and Municipal Competencies Section

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

### 3. External Affairs Section

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

### 4. Property Affairs Sections

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

### 5. Control Activities Section

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

### Special Organisational Units

- Secretariats of Deputy Mayors and Councillors

### Divisions Managed Directly by the Chief Executive of the Metropolitan Authority

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

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

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

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

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

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

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

The City undertakes:

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

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

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

## **2. ACCOUNTING POLICIES**

### **(a) Basis of Presentation**

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

The financial statements of the City (i.e. the City itself and 57 boroughs) comprise a balance sheet, receipt and disbursement statement (statement for the assessment of the compliance with the budget of territorial self-governing units and voluntary association of municipalities) prepared as of and for the year ended 31 December 2009 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 sponsored or formed by it (businesses companies, subsidised organisations, public services enterprises) are not prepared on a consolidated basis.

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

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

The financial statements of the City were prepared as of and for the year ended 31 December 2009.

## **(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 legal regulations, namely Act No. 151/1997 Coll., as amended, Regulation No. 393/1991 Coll., Regulation No. 611/1992 Coll., Regulation No. 110/1992 Coll., Regulation No. 279/1997, Regulation No. 325/2002, Regulation No. 540/2002 Coll., Regulation No. 452/2003 Coll., Regulation No. 640/2004 Coll., Regulation No. 76/2007 Coll., Regulation No. 3/2008 Coll. and Regulation No. 460/2009 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 stated at the value carried in the transferor's accounting records.

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

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

At the balance sheet date, the City records:

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

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

#### **(f) Financial Derivative Instruments**

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

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

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

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

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

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

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

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

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

**(g) Inventory**

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

**(h) Receivables**

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

**(i) Translation of Foreign Currencies**

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

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

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

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

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

**(j) Subsidies**

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

**(k) Repairs and Maintenance**

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

**(l) Consolidation of Budgetary Components**

The consolidation of receipts, disbursements and financing is set out in Regulation of the Finance Ministry of the Czech Republic No. 16/2001 Coll., providing guidance on the methods, timing and scope of information disclosed for the assessment of receipts and disbursements of the state, state funds and territorial self-governing units as amended by Regulations No. 535/2002 Coll., No. 544/2004 Coll., No. 22/2007 Coll. and No. 377/2008 Coll. and with respect to Notice Paper No. 11/93 396/2007 – 111.

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

**(m) Funds and the Clearance Account**

Fixed Asset Fund

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

Current Asset Fund – Principal Activities

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

Business Activity Fund

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

### Financial and Monetary Funds

The financial and monetary funds comprise the following funds:

#### *The employer fund*

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

#### *The fund for apartment repairs and modernisation*

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

#### *The reserve and development fund*

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

#### *The fund for the financial settlement of subsidised organisations*

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

### Clearance Account

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

**(n) Transfer Bridge between the Closing Balance Sheet of the City as of 31 December 2008 and the Opening Balance Sheet as of 1 January 2009**

There were no differences between the closing balance sheet of the City as of 31 December 2008 and the opening balance sheet as of 1 January 2009.

(CZK thousand)			
<b>Assets</b>	<b>At 31 Dec 2008</b>	<b>At 1 Jan 2009</b>	<b>Difference</b>
Intangible fixed assets	2 017 162	2 017 162	0
Tangible fixed assets	273 045 831	273 045 831	0
Non-current financial assets	39 966 372	39 966 372	0
Inventory	61 313	61 313	0
Receivables	7 355 542	7 355 542	0
Financial assets	17 467 290	17 467 290	0
Budgetary funds	24 095 783	24 095 783	0
Temporary assets	123 854	123 854	0
<b>Total assets</b>	<b>364 133 147</b>	<b>364 133 147</b>	<b>0</b>

(CZK thousand)			
<b>Liabilities</b>	<b>At 31 Dec 2008</b>	<b>At 1 Jan 2009</b>	<b>Difference</b>
Equity funds	313 782 901	313 782 901	0
Financial and cash funds	3 638 287	3 638 287	0
Valuation gains or losses	-2 813 868	-2 813 868	0
Inter-budgetary refundable financial assistance received	91 174	91 174	0
Profit or loss	3 322 663	3 322 663	0
Reserves	7 026	7 026	0
Long-term payables	16 109 650	16 109 650	0
Short-term payables	10 037 119	10 037 119	0
Bank loans and borrowings	16 216 701	16 216 701	0
Temporary liabilities	3 741 494	3 741 494	0
<b>Total liabilities</b>	<b>364 133 147</b>	<b>364 133 147</b>	<b>0</b>

**(o) Changes in Accounting Policies**

No significant changes in accounting policies were made during the year ended 31 December 2009.

**3. INTANGIBLE FIXED ASSETS**

(CZK thousand)

	31 Dec 2007 Acquisition cost	Additions	Disposals	31 Dec 2008 Acquisition cost	Additions	Disposals	31 Dec 2009 Acquisition cost
Intangible fixed assets	1 342 374	402 663	17 966	1 727 071	419 359	55 527	2 090 903
Intangible fixed assets under construction	49 286	*	*	290 050	*	*	446 073
Prepayments for intangible fixed assets	270	*	*	41	*	*	150
<b>TOTAL</b>	<b>1 391 930</b>			<b>2 017 162</b>			<b>2 537 126</b>

\* Data was not available

**4. TANGIBLE FIXED ASSETS**

(CZK thousand)

	31 Dec 2007 Acquisition cost	Additions	Disposals	31 Dec 2008 Acquisition cost	Additions	Disposals	31 Dec 2009 Acquisition cost
Land	49 551 887	3 269 602	3 028 374	49 793 115	2 484 897	1 895 430	50 382 582
Works of art	657 710	7 290	324	664 676	8 270	13 255	659 691
Structures	162 999 051	21 598 174	7 318 671	177 278 554	17 157 350	7 240 806	187 195 098
Individual movables, perennial crops and breeding animals	5 971 409	831 407	234 863	6 567 953	788 374	237 814	7 118 513
Low value tangible fixed assets and other tangible fixed assets	1 588 436	204 739	109 083	1 684 092	366 390	170 503	1 879 979
Tangible fixed assets under construction	38 972 672	*	*	36 798 238	*	*	43 461 895
Prepayments for tangible fixed assets	353 376			259 203			297 086
<b>TOTAL</b>	<b>260 094 541</b>			<b>273 045 831</b>			<b>290 994 844</b>

\* Data was not available

In 2009, additions to intangible fixed assets predominantly included the acquisition of applications as part of projects, licences and software. As of the financial statements date, no detailed information on additions to intangible fixed assets of boroughs was available.

The ownership of a number of pieces of land has not been entered in the books of the Land Register Office as restitution claims have been lodged in many cases. As of 31 December 2009, the volume of land within the City not yet settled is approximately CZK 2,817 million (CZK 3,211 million as of 31 December 2008). 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. The information from boroughs was not available as of 31 December 2009 and 2008.

As of 31 December 2009, the City recorded tangible fixed assets intended for demolition in the amount of CZK 405,595 thousand (2008: CZK 515,802 thousand). As of the balance sheet date, no detailed information on the balances of tangible fixed assets intended for demolition was available from individual boroughs.



In the year ended 31 December 2009, fixed assets of CZK 1,159 million (CZK 244 million as of 31 December 2008) were transferred to subsidised organisations established by the City in accordance with the association deeds. The aggregate balance sheet of all subsidised organisations established by the City is listed in Note 34. As of the balance sheet date, no detailed information on the balances of fixed assets transferred by boroughs to subsidised organisations sponsored by them was available.

For more information on the drawing of capital expenditure related to fixed assets under construction for the years ended 31 December 2009 and 2008 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**

Cadastral area	Name of the national cultural monument
Sedlec	The Holy Trinity Chapel
Smíchov	St Michael 'Karpatsky' Church
Staré Město	Týnská 8 –'U Kasiusu' Building
Malá Strana	Na Petříně, St Lawrence Chapel
Holešovice	St Mary Magdalene Chapel
Malá Strana	Na Petříně, St Grave Chapel
Malá Strana	Na Petříně – St Cross Chapel
Libeň	Povltavská – St Vojtech Church
Nové Město	Na Slupi – The Annunciation Church
Nové Město	Ječná – St Ignatius Church
Nové Město	The Old Town Square – St Nicolas Church
Suchdol	St Wenceslas Chapel, Prague 6
Staré Město	Martinská 8, St Martin in the Wall Church
Malá Strana	Petřín Park – Calvary
Nové Město	Ke Karlovu 1, Church
Nové Město	Kaplická Morgue, Ke Karlovu 1
Staré Město	St Anezka Convent, Anežská 12

**5. NON-CURRENT FINANCIAL ASSETS**

	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
Equity investment in subsidiaries	39 701 504	39 859 014
Equity investments in associates	10 411	91 074
Other non-current financial assets	254 457	293 787
<b>TOTAL</b>	<b>39 966 372</b>	<b>40 243 875</b>

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

(CZK thousand)

Balance at 31 Dec 2009							
	Share capital	Equity	Owner-ship 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	58 178 744	100	58 178 744	3 001	30 726 125	27 452 619
Kongresové centrum Praha, a.s.	1 306 254	758 849	100	758 849	71 380	2 572 488	-1 813 639
Kolektory Praha, a.s.	69 617	74 468	100	74 468	11	69 617	4 851
Obecní dům, a.s.	116 260	148 650	100	148 650	27	269 639	-120 989
TCP – Vidoule, a.s.	102 770	141 951	98.09	139 240	10 277	102 770	36 470
Pražská vodohospodářská společnost, a.s.	5 445	105 796	100	105 796	5 445	12 426	93 370
Zdroj pitné vody Káraný, a.s.	399 000	439 224	97.22	427 013	1 944 398	223 645	203 368
Úpravna vody Želivka, a.s.	3 090 000	2 752 716	90.04	2 478 416	1 800 706	953 806	1 524 610
TRADE CENTRE PRAHA akciová společnost	15 055	29 478	89.67	26 433	270	14 070	12 363
Pražské služby, a.s.	2 631 167	3 635 960	76.92	2 796 780	2 137 045	2 023 945	772 835
Pražská energetika Holding a.s.	3 598 627	7 175 919	51	3 659 719	1 835 300	1 002 261	2 657 458
Pražská plynárenská Holding a.s.	1 515 470	1 962 335	51	1 000 791	772 890	369 082	631 709
Pražská teplárenská Holding a.s.	1 937 691	3 263 414	51	1 664 341	988 222	999 136	665 205
<b>Total City</b>						<b>39 339 010</b>	
<b>Total boroughs</b>						<b>520 004</b>	
<b>TOTAL</b>						<b>39 859 014</b>	

(CZK thousand)

Balance at 31 Dec 2008							
	Share capital	Equity	Owner-ship percentage	The City's share of equity	Number of shares	Carrying amount	Difference between the share of equity and carrying amount
Dopravní podnik hl. m. Prahy, akciová společnost	30 726 125	58 133 455	100	58 133 455	3 001	30 726 125	27 407 330
Kongresové centrum Praha, a.s.	1 306 254	759 951	100	759 951	71 380	2 572 489	-1 812 538
Kolektory Praha, a.s.	69 617	74 074	100	74 074	11	69 617	4 457
Obchodní společnost PČM, a.s. *	1 000	2 920	100	2 920	1 000	1 000	1 920
Obecní dům, a.s.	116 260	148 320	100	148 320	27	269 638	-121 319
TCP – Vidoule, a.s.	104 770	138 835	98.09	136 183	10 277	102 770	33 413
Pražská vodohospodářská společnost, a.s.	5 445	97 268	92.01	89 496	5 010	5 010	84 486
Zdroj pitné vody Káraný, a.s.	399 000	435 117	97.22	423 020	1 944 398	223 645	199 375
Úpravna vody Želivka, a.s.	3 090 000	2 745 497	90.04	2 472 046	1 800 706	953 806	1 518 240
TRADE CENTRE PRAHA akciová společnost	15 055	29 584	89.67	26 528	270	14 070	12 458
Pražské služby, a.s.	2 631 167	3 552 644	76.92	2 732 694	2 137 045	2 023 945	708 749
Pražská energetika Holding a.s.	3 598 627	6 320 820	51	3 223 618	1 835 300	1 002 261	2 221 357
Pražská plynárenská Holding a.s.	1 515 470	1 962 559	51	1 000 905	772 890	369 082	631 823
Pražská teplárenská Holding a.s.	1 937 691	3 058 301	51	1 559 734	988 222	999 136	560 598
<b>Total City</b>						<b>39 332 594</b>	
<b>Total boroughs</b>						<b>368 910</b>	
<b>TOTAL</b>						<b>39 701 504</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 2009.

There were no significant changes in equity investments in subsidiaries in the years ended 31 December 2008 and 2009.

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

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.

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 expert appraisal No. 397/125/2005 prepared on 27 December 2005 amounted to CZK 104,260 thousand.

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

Zdroj pitné vody Káraný, a.s.

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

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

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

(CZK thousand)

	Balance at 31 Dec 2009						
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between share of equity and carrying amount
PRaK, a.s.	5 850	4 376	25.64	1 122	300	1 500	- 378
<b>Total City</b>	<b>5 850</b>	<b>4 376</b>	<b>25.64</b>	<b>1 122</b>	<b>300</b>	<b>1 500</b>	<b>- 378</b>
<b>Total boroughs</b>						<b>89 574</b>	
<b>TOTAL</b>						<b>91 074</b>	

(CZK thousand)

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

During 2009 and 2008, 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.

**Other Non-Current Financial Assets**

(CZK thousand)

Balance at 31 Dec 2009							
	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	101 686	2.94	2 989	16 068	25 574	-22 585
PPF banka a.s.	769 004	3 512 457	6.73	236 388	19 882	241 579	- 5 191
PVA a.s.	5 000	5 992	11	659	11	455	204
Bohemia Bingo			5		50	0	
Chemapol Group			1.23		30 970	0	
<b>Total City</b>						<b>267 608</b>	
<b>Total boroughs</b>						<b>26 179</b>	
<b>TOTAL</b>						<b>293 787</b>	

(CZK thousand)

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

<sup>\*)</sup> Financial information available on the share capital and equity as of 31 December 2007.

The City's share of equity of České aerolinie, a.s. and PPF banka a.s. was lower than the carrying value of the City's equity investment in these entities as of 31 December 2009.

As of 31 December 2009, 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 2009. 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.

**Acquired Non-Current Financial Assets**

In the year ended 31 December 2009, the City reports no acquired non-current financial assets. In the year ended 31 December 2008, the acquired non-current financial assets predominantly include securities of Pražská vodohospodářská společnost a.s.

In the years ended 31 December 2009 and 2008, no detailed information on acquired non-current financial assets of individual boroughs was available.

**6. RECEIVABLES**

	(CZK thousand)	
	<b>31 Dec 2008</b>	<b>31 Dec 2009</b>
Customers	3 642 793	3 634 805
Operating prepayments made	2 155 183	2 357 540
Receivables from budgetary income	598 320	584 953
Other receivables	483 895	505 094
Receivables from association members	37 950	37 950
VAT	70 080	110 423
Other taxes and charges	4 492	4 873
Receivables from employees	1 121	1 602
Other receivables	476 623	661 084
Provisions	-114 915	-114 909
<b>TOTAL</b>	<b>7 355 542</b>	<b>7 783 415</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 2008</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	302 151	29 201	18 962	62 590	305 413	718 317
City boroughs	1 873 900	40 350	38 208	182 658	789 360	2 924 476
<b>TOTAL</b>	<b>2 176 051</b>	<b>69 551</b>	<b>57 170</b>	<b>245 248</b>	<b>1 094 773</b>	<b>3 642 793</b>

	(CZK thousand)					
<b>Balance at 31 Dec 2009</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	247 959	14 548	8 944	60 590	373 615	705 656
City boroughs	1 672 900	66 094	50 398	178 508	961 249	2 929 149
<b>TOTAL</b>	<b>1 920 859</b>	<b>80 642</b>	<b>59 342</b>	<b>239 098</b>	<b>1 334 864</b>	<b>3 634 805</b>

Provisions against receivables from taxable activities are recognised only by certain boroughs. As such, the provisions of CZK 114,909 thousand and CZK 114,915 thousand held against uncollectible receivables as of 31 December 2009 and 2008, 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 one year, the value of the provision would increase by CZK 373,615 thousand and CZK 305,413 thousand as of 31 December 2009 and 2008, respectively.

As of 31 December 2009 and 2008, 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 2008	31 Dec 2009
Financial assets	17 467 290	16 121 436
Budgetary funding and other accounts related to budgetary funding and off budget accounts	24 095 783	12 144 611
<b>TOTAL</b>	<b>41 563 073</b>	<b>28 266 047</b>

Financial Assets

Financial assets as of 31 December 2009 include other securities that principally comprised corporate and depository bills of exchange denominated in foreign currencies (EUR and CZK) placed with several banks in the amount of CZK 2,619,905 thousand (2008: CZK 2,369,651 thousand).

As of 31 December 2009, financial assets of the City included CZK 329 million in cash that was not readily available (2008: CZK 443 million).

These specifically include:

- Funds from wound-up state enterprises of CZK 83 million (2008: CZK 83 million); and
- Other funds (guarantees provided by entities interested in future contracts, bails, etc.) of CZK 246 million (2008: CZK 254 million).

Budgetary Funding Accounts

Bank accounts comprising budgetary funding include cash deposited on the following accounts as of 31 December 2009:

- The basic current account of CZK 9,500,108 thousand (of which the City itself: CZK 6,216,063 thousand); and
- Current accounts of cash funds of CZK 2,449,000 thousand (of which the City itself: CZK 620,793 thousand).

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

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

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**

Temporary assets predominantly include deferred expenses and estimated receivables of boroughs.

**9. FUNDS**

	(CZK thousand)	
	<b>31 Dec 2008</b>	<b>31 Dec 2009</b>
Fixed asset fund	313 683 334	332 710 517
Current asset fund	61 582	63 238
Business activity fund	37 985	37 945
Valuation gains or losses from the revaluation of assets and liabilities	-2 813 868	-1 161 939
<b>Total asset funds</b>		
(without valuation gains or losses from the revaluation of assets and liabilities)	<b>313 782 901</b>	<b>332 811 700</b>
Cash funds	3 638 287	2 563 575
<b>Total financial and cash funds</b>	<b>3 638 287</b>	<b>2 563 575</b>
<b>TOTAL</b>		
(without valuation gains or losses from the revaluation of assets and liabilities)	<b>317 421 188</b>	<b>335 375 275</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 (1,211,759) thousand as of 31 December 2009 (2008: CZK (2,787,658) thousand). This value was recognised on the face of the balance sheet in account no. 373 'Payables from fixed term transactions' and no. 909 'Valuation gains and losses from the revaluation of assets and liabilities'.

As of 31 December 2009, 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. In 2009, the reserve was used for the redemption of the second issue of bonds and amounted to CZK 215,000 thousand as of 31 December 2009 (2008: CZK 5,600,000 thousand). The balance of the reserve was included in the budget for 2010.

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



**10. ACCUMULATED PROFIT/LOSS**

	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
Profit or loss for the period	3 373 209	3 268 213
Retained earnings, accumulated loss	9 548 782	8 745 198
Transfer of receipts and disbursements recorded in previous years	-9 864 390	-12 675 868
Expenses and disbursements	-324 049	80 039
Income and receipts	589 111	572 698
<b>TOTAL</b>	<b>3 322 663</b>	<b>-9 720</b>

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

	(CZK thousand)	
	2008	2009
<b>Operating deficit at 1 January</b>	<b>-17 022 876</b>	<b>-9 864 390</b>
Receipts and disbursements upon consolidation	7 155 031	-4 005 208
Change in the reserve and development fund	-204 786	1 080 796
Received loan repayments	-72 422	45 521
Loans provided	25 265	33 240
Other receipts	-566	-134
Other disbursements	248	129 348
Non-monetary accounting operations	255 716	-95 041
<b>Operating deficit at 31 December</b>	<b>-9 864 390</b>	<b>-12 675 868</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 2009 and 2008 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 2008	31 Dec 2009
Received inter-budgetary refundable financial assistance	91 174	33 080
Short-term bank loans	10 000	0
<b>TOTAL</b>	<b>101 174</b>	<b>33 080</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 2008	31 Dec 2009
State Fund for Housing Development	40 393	0
Housing Renovation and Modernisation Fund	25 626	13 426
State Environmental Fund	8 760	4 380
<b>Total City</b>	<b>74 779</b>	<b>17 806</b>
<b>Total boroughs</b>	<b>16 395</b>	<b>15 274</b>
<b>TOTAL</b>	<b>91 174</b>	<b>33 080</b>

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

	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
Bonds issued	14 964 100	9 499 050
Long-term bank loans	16 206 701	15 837 833
Long-term prepayments received	15 557	17 965
Other long-term payables	1 129 992	841 116
<b>TOTAL</b>	<b>32 316 350</b>	<b>26 195 964</b>

**Issued Bonds**

	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
First issue of Euro notes under the EMTN programme	4 578 100	4 499 050
Third issue of bonds	5 000 000	5 000 000
Second issue of bonds	5 386 000	0
<b>TOTAL</b>	<b>14 964 100</b>	<b>9 499 050</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 were used for transportation investments (metro IV C line, south-west part of the city ring and the Hlubočepy- Barrandov tram route).

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

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

**The Third Issue of Bonds**

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

The issue was divided into:

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

<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**

On 26 March 2009, the City Council acknowledged that the principal of the second issue of the City bonds placed in 1999 in the aggregate amount of EUR 200 million matures as of 15 June 2009. This issue of bonds was placed by Deutsche bank and ABN AMRO which subsequently hedged this payable against foreign currency and interest rate risks.

On 25 August 2009, the Board of the City Council acknowledged that the second issue of bonds was repaid on 15 June 2009. The debt was repaid in two parts – repayment of the bond and settlement of the derivative transaction concluded in relation to management of interest rate and foreign currency risks.

**Long-Term Bank Loans**

	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
<b><i>Loan facility of EUR 120,000 thousand</i></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)	1 240 782	1 083 841
<b><i>Loan facility of EUR 150,000 thousand</i></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	2 214 666
EIB – loan of EUR 75 million (“Prague Metro Project – A”) for the construction of the Prague metro (payable in 2006 – 2019)	1 779 891	1 613 100
EIB – loan of EUR 80 million (“Prague Flood Damage project”) for the renovation of the Prague metro network damage in the floods in 2002 (payable in 2010 – 2033)	2 539 680	2 539 680
EIB – loan of EUR 75 million (“Prague Metro II – AFI-A”) for the construction of the Prague metro (payable in 2011 – 2030)	2 278 462	2 278 462
ING – loan of CZK 3,750 million (payable in 2010)	3 750 000	3 750 000
<b>Total the City</b>	<b>16 078 015</b>	<b>15 722 141</b>
<b>Total boroughs</b>	<b>128 686</b>	<b>115 692</b>
<b>TOTAL</b>	<b>16 206 701</b>	<b>15 837 833</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.

#### Loan from Praha Finance B.V. (formerly ING)

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

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

#### **Other Long-Term Payables**

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

The principal long-term payables of the City included:

Entity	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
INCHEBA PRAHA spol. s.r.o.	171 612	161 612
Mediterra s.r.o.	151 898	147 219
DELTA CENTER, a.s.	154 691	51 890

**Calculation of the Debt Service Ratio**

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

				(CZK thousand)
<b>Ratio</b>	<b>Source of information</b>		<b>31 Dec 2009</b>	
Population	Czech Statistical Office		1 249 026	
Total receipts (after consolidation)	Financial statement Fin 2 - 12 M	RS - classes 1+2+3+4 after consolidation	64 206 830	
Interest	Financial statement Fin 2 - 12 M	RS - item 5141	1 186 854	
Settled instalments of debt securities and loans	Financial statement Fin 2 - 12 M	RS – items 8xx2, 8xx4	7 874 901	
Total debt service	Number of columns 3 and 4		9 061 755	
<b>Debt service ratio (in %)</b>	<b>Proportion of column 5 and 2</b>		<b>14.11%</b>	
Balance of assets and liabilities	Balance sheet	lines 125 (202)	Total of financial statements for the municipality and its subsidiised organisations	394 061 019
Liabilities and PNFV	Balance sheet	lines 150, 159	Total of financial statements for the municipality and its subsidiised organisations	38 528 254
Balance at bank accounts	Balance sheet	lines 96 lines 161, 190, 191, 192	Total of financial statements for the municipality and its subsidiised organisations	15 727 641
Loans and municipal securities	Balance sheet	lines 150,164, 165, 168, 193, 194	Total of financial statements for the municipality and its subsidiised organisations	25 337 071
Received NFV and other debts	Balance sheet Total of columns		Total of financial statements for the municipality and its subsidiised organisations	964 879
Total indebtedness	10 + 11			26301950
Proportion of CZ and PNFV to total assets (in %)	Proportion of column 8 and 7			9.78%
Proportion of indebtedness to CZ and PNFV (in %)	Proportion of column 12 and 8			68.27%
Indebtedness (CZ and PNFV) per 1 inhabitant	Proportion of column 8 and 1			30.85
Current assets	Balance sheet	line 42	Total of financial statements for the municipality and its subsidiised organisations	41 091 895
Short-term payables	Balance sheet	line 189	Total of financial statements for the municipality and its subsidiised organisations	9 781 823
<b>Total liquidity</b>	<b>Proportion of column 16 and 17</b>		<b>4.20</b>	

In the year ended 31 December 2009, the debt service ratio of the Capital City of Prague (including sponsored subsidised organisations) was 14.11 percent and the total liquidity (including sponsored subsidised organisations) was 4.2.

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

In the year ended 31 December 2008, the debt service ratio of the Capital City of Prague (including sponsored subsidised organisations) was 2.68 percent and the total liquidity (including sponsored subsidised organisations) was 4.53.

**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 2009, the principal amounted to CZK 445,834 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 2008	31 Dec 2009
Suppliers	1 402 469	1 438 992
Advances received	1 842 551	1 709 918
Other payables	1 432 263	1 094 458
Payables from fixed term transactions and options	2 787 658	1 211 759
Payables to association partners	124	124
Payables and other amounts due to employees	119 967	153 328
Payables arising from social security and health insurance	121 429	132 968
Taxation	1 131 775	1 022 168
Settlement of subsidy overpayments	530 205	458 717
Other payables	668 678	710 872
<b>Total</b>	<b>10 037 119</b>	<b>7 933 304</b>
Temporary liabilities	3 741 493	1 699 448
<b>TOTAL</b>	<b>13 778 612</b>	<b>9 632 752</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.

Temporary liabilities primarily include unrealised foreign currency losses of CZK 952,511 thousand (CZK 2,920,021 thousand as of 31 December 2008) arising from the re-translation of issued bonds and bank deposits.



**15. AGGREGATE INCOME**

	(CZK thousand)		
	2008	2009	
	Actual	Adjusted budget	Actual
Tax income	45 599 143	44 517 269	39 478 791
Non-tax income	2 439 233	2 016 711	2 722 447
Capital income	90 187	60 519	41 083
Subsidies	13 329 131	15 704 922	15 338 307
Transfers from own funds	4 963 273	7 333 989	6 626 201
<b>TOTAL</b>	<b>66 420 967</b>	<b>69 633 410</b>	<b>64 206 829</b>

**16. TAX INCOME**

	(CZK thousand)		
	2008	2009	
	Actual	Adjusted budget	Actual
Personal income tax	11 232 920	11 490 000	9 353 900
Corporate income tax	13 935 214	12 453 393	9 996 279
General in-country tax on goods and services	17 796 791	18 180 000	17 722 321
Fees and charges for environmental pollution	729 931	1 347 691	1 383 276
Local fees and other charges on selected activities and services	886 691	123 966	121 528
Administration fees	571 173	506 462	448 840
Tax on assets	446 423	415 757	452 647
<b>TOTAL</b>	<b>45 599 143</b>	<b>44 517 269</b>	<b>39 478 791</b>

In 2009, tax income accounts for 61 percent of total income of the City. Tax income is transferred to the City from taxation and customs authorities.

**17. NON-TAX INCOME**

	(CZK thousand)		
	2008	2009	
	Actual	Adjusted budget	Actual
Income from own activity and penalties	139 470	120 856	158 143
Overpayments of organisations with direct relation, refunds of subsidies	431 719	483 379	501 310
Income from shares in profit, dividends and realised foreign exchange gains	427 917	23 655	603 517
Interest income	868 634	432 540	471 846
Other non-tax income	571 493	956 281	987 631
<b>TOTAL</b>	<b>2 439 233</b>	<b>2 016 711</b>	<b>2 722 447</b>

In the year ended 31 December 2009, non-tax income accounts for 4 percent of the City's aggregate income. Non-tax income predominantly includes income from interest and realisation of the financial assets (shares in the profit, dividends and realised foreign currency exchange gains).

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

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

Other non-tax income principally includes sanction payments – sanctions and fines for the breach of generally binding legal standards and regulations. The budget of the City receives this income from Taxation Authorities and Customs Offices and the Czech Environmental Inspectorate. In 2009, the collected sanction fees amounted to CZK 286 million (2008: CZK 305 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)		
	2008	2009	
	Actual	Adjusted budget	Actual
Income from the sale of fixed assets	73	186	201
Other capital income	90 114	60 333	40 882
<b>Total</b>	<b>90 187</b>	<b>60 519</b>	<b>41 083</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)		
	2008	2009	
	Actual	Adjusted budget	Actual
Non-investment subsidies from public budgets at the central level	11 601 436	12 431 326	12 410 729
Non-investment subsidies from public budgets at the local level	8 107	6 757	8 830
Non-investment foreign subsidies	63	438	438
Non-investment subsidies from state financial assets	19	21	21
<b>Total non-investment subsidies</b>	<b>11 609 625</b>	<b>12 438 541</b>	<b>12 420 017</b>
Investment received subsidies	1 719 506	3 266 381	2 918 290
<b>Total investment subsidies</b>	<b>1 719 506</b>	<b>3 266 381</b>	<b>2 918 290</b>
<b>TOTAL</b>	<b>13 329 131</b>	<b>15 704 922</b>	<b>15 338 307</b>

In the year ended 31 December 2009, received subsidies account for 23 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, the Czech Ministry of Labour and Social Affairs 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)	
	2008	2009
	Actual	Actual
Ministry of the School System, Youth and Physical Education	8 247 369	8 848 970
Finance Ministry	878 126	919 735
Other Czech ministries, state funds and other organisations	2 475 941	2 642 024
<b>Total</b>	<b>11 601 436</b>	<b>12 410 729</b>

### Czech Finance Ministry

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

	(CZK million)	
	2008	2009
	Actual	Actual
State administration	534 897	512 942
School system	141 077	142 793
Other subsidies	202 152	264 000
<b>Total</b>	<b>878 126</b>	<b>919 735</b>

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

	(CZK thousand)	
	2008	2009
	Actual	Actual
State Fund for Transport Infrastructure	642 526	746 650
State Fund for Housing Development	906 086	1 327 311
Czech Finance Ministry	100 504	125 919
State Environmental Fund	17 019	5 285
Czech Ministry of Agriculture	0	535 314
Other Czech ministries and state funds	53 371	177 811
<b>TOTAL</b>	<b>1 719 506</b>	<b>2 918 290</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)

	2008	2009	
	Actual	Adjusted budget	Actual
Total non-investment disbursements	39 718 828	45 915 859	43 450 776
Total investment disbursements	19 547 108	28 232 094	24 761 261
<b>Total</b>	<b>59 265 936</b>	<b>74 147 953</b>	<b>68 212 037</b>

**An Analysis of Disbursements by Chapter**

(CZK thousand)

Chapter	2009		TOTAL
	Non-investment disbursements	Investment disbursements	
Municipal development	422 149	748 836	1 170 985
Municipal infrastructure	2 778 887	3 526 474	6 305 361
Transportation	11 630 677	13 054 817	24 685 494
School system, youth and self-administration	12 215 595	2 532 252	14 747 847
Health system and social care	3 832 844	597 992	4 430 836
Culture, sports and tourism	2 159 844	746 233	2 906 077
Security	2 034 693	417 569	2 452 262
Economy	899 289	1 782 637	2 681 926
Internal administration	6 112 418	1 326 756	7 439 174
Administration of financial issues	1 364 380	27 695	1 392 075
<b>TOTAL</b>	<b>43 450 776</b>	<b>24 761 261</b>	<b>68 212 037</b>

(CZK thousand)

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

In 2009 and 2008, the largest volume of disbursements related to transport (36 percent) and school system, youth and self-administration (22 percent).

**Transportation**Non-investment Disbursements

	(CZK thousand)	
	2008	2009
	Actual	Actual
Technical administration of roads (budgetary)		
- Winter maintenance	270 531	292 410
- Repair and maintenance of roads	968 489	1 201 044
- Cleaning and greenery	528 483	675 510
- Other	456 534	246 385
<b>Total</b>	<b>2 224 037</b>	<b>2 415 349</b>
Dopravní podnik hl. m. Prahy, a.s.		
- Subsidies to offset the expenses of Dopravní podnik, a.s. (from the 'transportation' chapter)	7 201 166	8 057 854
Other current disbursements (including boroughs)	824 849	1 157 483
<b>Total non-investment disbursements</b>	<b>10 250 052</b>	<b>11 630 677</b>

In 2009, the ordinary expenses of Technical Administration of Roads were predominantly incurred in respect of repairs and maintenance of roads, winter maintenance of roads to keep them open to traffic (including spreadings), cleaning, maintenance of greenery, events for BESIP (Road Traffic Safety) and other activities related to the administration of the roads owned by the City.

The City approved a non-investment subsidy for 2009 of CZK 7,120,531 thousand from the budget of the City, "Transportation" chapter, for Dopravní podnik hl. m. Prahy, akciová společnost, by Resolution of the City Council No. 21/1 dated 27 November 2008.

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 2009 amounted to CZK 8,057,845 provided from the "Transportation" chapter and CZK 40,000 thousand from the "Security" chapter (2008: CZK 7,201,166 thousand from the "Transportation" chapter and CZK 40,000 thousand from the "Security" chapter).

Investment Disbursements in 2009

	(CZK thousand)
	<b>2009</b>
	<b>Actual</b>
<b>The City Investor Department</b>	
- Špejchar – Pelc/Tyrolka	4 090 411
- MO Prašný Most - Špejchar	1 200 000
- MO Myslbekova-Prašný Most	1 148 586
- Strahovský tunel 2. st.	706 600
- Vysočanská radiála	425 290
- OPPK-construction of the Rokytka cycling path	145 959
- Other (below CZK 50 million on an individual basis)	139 067
<b>Total</b>	<b>7 855 913</b>
<b>Technical Administration of Roads</b>	
- Štěrboholská radiála – capacity increase	207 420
- OPD – MSP management and regulation system	113 764
- Jižní spojka – set of structures	102 850
- MSP management system	102 674
- Other (below CZK 60 million on an individual basis)	670 447
<b>Total</b>	<b>1 197 155</b>
<b>Dopravní podnik hl. m. Prahy, akciová společnost</b>	
- IV. section of the C2 line – Ládví - Letňany	906 856
- Purchase of trams	663 126
- Renovation of metro trains	500 000
- Laurová – Radlická tram track	448 108
- Purchase of buses	464 000
- Purchase of new metro trains	266 000
- A line section (Dejvická - Motol)	312 500
- Other (below CZK 100 million on an individual basis)	309 570
<b>Total</b>	<b>3 870 160</b>
Other investment disbursements (including boroughs)	131 589
<b>TOTAL</b>	<b>13 054 817</b>

Investment Disbursements in 2008

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

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

In the year ended 31 December 2009 and 2008, 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.

Investment Disbursements

In the area of investment disbursements, funding was principally invested in renovating and modernising school facilities in the years ended 31 December 2009 and 2008.

**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)		
	2008		2009
	Actual	Adjusted budget	Actual
Wages and other work-related payments and obligatory insurance paid by employers	4 202 324	4 659 935	4 517 307
Purchased material	430 100	553 115	515 904
Purchased water, fuel and energy	204 217	222 806	199 317
Purchased services	5 066 801	6 442 125	6 040 100
Other purchases	3 029 735	3 386 178	3 283 003
Interest and other financial expenses	1 798 356	1 695 470	1 310 509
Other operating expenses	404 682	746 688	738 102
<b>Total</b>	<b>15 136 215</b>	<b>17 706 317</b>	<b>16 604 242</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)	
	2008	2009
	Actual	Actual
<b>Total auditor's activity related to the examination of the City's operations</b> - Auditor's report on the examination of the City's operations – Deloitte Audit s.r.o.	<b>4 444</b>	<b>4 444</b>
<b>Total other activities related to the examination of the City's operations –</b> Deloitte Audit s.r.o.	<b>2 227</b>	<b>2 042</b>
<b>Total advisory services – Deloitte Audit s.r.o.</b>	<b>305</b>	<b>94</b>
<b>TOTAL</b>	<b>6 976</b>	<b>6 580</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 an open public tender in accordance with Public Procurement Act No. 40/2004 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)		
	2008	2009	
	Actual	Adjusted budget	Actual
Dopravní podnik, a.s. (Transport Company)	7 201 166	8 097 845	8 097 845
Technical Administration of Roads	2 224 037	2 418 003	2 415 349
Municipal Police	1 130 865	1 408 408	1 371 596
Emergency Medical Services	219 560	229 552	229 552
City library	212 155	223 251	223 251
Zoo	110 644	114 748	114 748

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)	
	2008	2009
	Actual	Actual
Total receipts	66 420 967	64 206 829
Total disbursements	59 265 936	68 212 037
<b>Balance of receipts and disbursements</b>	<b>7 155 031</b>	<b>-4 005 208</b>
Financing	-7 155 031	4 005 208

The financial result of the City represented a deficit in the aggregate amount of CZK 4,005,208 thousand (2008: a surplus of CZK 7,155,031 thousand). The financial result was due to a lower amount of receipts – predominantly in the area of tax receipts.

### Breakdown of Financing

	(CZK thousand)	
	2008	2009
	Actual	Actual
<b>Local financing</b>		
Short-term received funds	13 000	6 500
Repayments of short-term received funds	-18 000	-10 000
Change in the balance of short-term funds at bank accounts	-6 085 440	11 973 583
Active short-term liquidity management transactions (receipts – disbursements)	-671 464	-33 694
Repayments of long-term received funds	-422 867	-434 901
Active long-term liquidity management transactions (receipts – disbursements)	-13 448	4 677
<b>Foreign financing</b>		
Repayments of short-term received funds	0	-7 430 000
Unrealised foreign exchange rate gains or losses	43 188	-70 957
<b>TOTAL</b>	<b>-7 155 031</b>	<b>4 005 208</b>

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

## 25. INCOME STATEMENT

	(CZK thousand)	
	2008	2009
Total income	12 419 136	14 032 215
Total expenses	7 926 147	9 766 766
<b>Operating surplus/(deficit) before tax (income less expenses)</b>	<b>4 492 989</b>	<b>4 265 449</b>
Tax	1 119 780	997 235
<b>Surplus/(deficit) after tax (profit +/-loss -)</b>	<b>3 373 209</b>	<b>3 268 214</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 2008	31 Dec 2009
Material	28 084	35 895
Energy	41 560	61 910
Other non-storable supplies and goods sold	2 408	5 309
Repairs and maintenance	2 708 143	3 243 445
Other costs and services	1 190 550	1 284 866
<b>Total</b>	<b>3 970 745</b>	<b>3 346 559</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 fixed 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 is calculated according to statutory requirements by 30 June of the year following the accounting period to which the tax relates. The difference between the actual calculated tax and the tax recorded to expenses prior to the preparation of the year-end financial statements is charged against the profit or loss in the following year.

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

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

**33. RELATED PARTY TRANSACTIONS**

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

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

**Receipts**

		(CZK thousand)	
		2008	2009
		Actual	Actual
<b>The City's receipts from dividends</b>		<b>392 893</b>	<b>578 742</b>
Of which:	Pražská teplárenská Holding, a.s.	333 530	297 356
	Pražská plynárenská Holding, a.s.	0	219 961
	Pražská plynárenská Holding, a.s.	59 363	61 425
<b>Total city boroughs</b>		<b>24 446</b>	<b>24 775</b>
<b>TOTAL</b>		<b>417 339</b>	<b>603 517</b>
<b>Total payments to related organisations</b>		<b>189 962</b>	<b>229 263</b>

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

**Disbursements**

		(CZK thousand)	
		2008	2009
		Actual	Actual
Subsidies to business companies	investment	5 460 378	4 163 901
of which: subsidies to Dopravní podnik, a.s.		5 383 618	3 899 551
	non-investment	8 700 189	9 717 873
of which: subsidies to Dopravní podnik, a.s.		7 241 166	8 097 845
Subsidies to non-for-profit and similar organisations	investment	133 254	125 065
	non-investment	4 660 152	5 176 456
Subsidies to subsidised organisations	investment	830 093	697 379
Subsidies to subsidised and similar organisations	non-investment	9 209 379	9 749 559

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 2008	31 Dec 2009
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets		308 785	340 787
Tangible fixed assets		29 639 157	31 292 993
Non-current financial assets		55	55
Accumulated depreciation of fixed assets		-11 757 785	-12 440 556
<b>Total</b>		<b>18 190 212</b>	<b>19 193 279</b>
<b>Current assets</b>			
Inventory		223 322	223 221
Receivables		691 561	711 466
Financial assets		3 496 028	3 778 534
Other assets		84 260	88 764
<b>Total</b>		<b>4 495 171</b>	<b>4 801 985</b>
<b>TOTAL ASSETS</b>		<b>22 685 383</b>	<b>23 995 264</b>

	(CZK thousand)	
	31 Dec 2008	31 Dec 2009
<b>LIABILITIES</b>		
<b>Equity</b>		
Equity funds	18 329 916	19 302 645
Financial funds	1 829 451	1 884 507
<b>Results of operations</b>		
Profit or loss for the period	121 214	175 724
Retained earnings	-37 698	-33 726
<b>Total</b>	<b>20 242 883</b>	<b>21 329 150</b>
<b>Liabilities</b>		
Reserves	419	490
Long-term payables	2 182	45 691
Short-term payables and temporary liabilities	2 439 585	2 573 745
Bank loans and borrowings	314	46 188
<b>Total</b>	<b>2 442 500</b>	<b>2 666 114</b>
<b>TOTAL LIABILITIES</b>	<b>22 685 383</b>	<b>23 995 264</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, the Administration of Prague Cemeteries, etc.

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 has filed an application for an appellate review of the decision at the Supreme Court. The resolution has not been issued yet.

- Charge by an individual regarding the payment of CZK 2,088 thousand with accrued interest.
- Charge by PVA a.s. for damages of CZK 3,566 thousand with accrued interest.
- Charge for the extradition of unjustified enrichment of CZK 3,768 thousand with accrued interest.
- Charge by Taneční centrum Praha o.p.s. regarding the payment of CZK 4,103 thousand.
- Charge by MLT, s.r.o. for damages of CZK 9,287 thousand with accrued interest.
- Charge by Zábavní park a.s. against the City regarding the payment of CZK 11,952 thousand.
- 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.
- Charge of Marquis s.r.o. against DELTA CENTER a.s. and the City for damages of CZK 51,120 thousand with accrued interest.
- Legal dispute for the payment of approximately CZK 79,000 thousand relating to the extradition of unjustified enrichment resulting from the use of land from 2000 to 2002.
- Legal action brought by DEVICE INVESTMENTS LIMITED Company against the City. The plaintiff is seeking the payment of CZK 87,057 thousand with 12 percent interest from February 1999 until the payment is made. The legal dispute relates to the comprehensive service involving the overall renovation of the Municipal House in 1994 and the subsidised organisation Municipal House (Obecní dům). Following the cancellation of the subsidised organisation Municipal House, the rights and obligations passed to the City. The dispute relates to the payment of invoices exceeding the contracted cap on the cost of the work and accrued interest (default interest).
- Charge of ARTA, spol. s r.o. for damages of CZK 95,903 thousand with accrued interest.
- Legal dispute for approximately CZK 105, 000 thousand relating to the extradition of unjustified enrichment resulting from the use of land from 1996 to 2000.
- Charge of Meltex s.r.o. for damages of CZK 136,824 thousand.

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

- Charge of the City against UNIQA a.s. pojišťovna and Česká podnikatelská pojišťovna a.s. for damages resulting from the fire in Průmyslový palác (damage of CZK 1,229,135 thousand).

### **Swap Transactions**

In the year ended 31 December 2009, the City entered into two new derivative transactions.

With a view to managing foreign currency and interest rate risks arising from its long-term financial commitments, the City maintained the following open derivative transactions as of 31 December 2009:

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

### Deutsche Bank, A.G.

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

Payer of the fixed amount:	Deutsche Bank, AG, Prague branch
Nominal amount in EUR:	EUR 170,000,000
Interest rate (receipt of the City):	4.25 % p.a.
Payer of the variable amount:	City
Nominal value in CZK:	CZK 5,389,000,000
Interest rate for the first to third year: (disbursement of the City)	3.95 % p.a.
Interest rate of the fourth to tenth 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. – 1<sup>st</sup> part

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

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

### Česká spořitelna a.s. – 2<sup>nd</sup> part

- Interest rate swap concluded on 6 August 2009 related to the first issue of the City's bonds in the amount of EUR 170 million as part of the EMTN Programme with the inception date on 19 March 2009 and settlement date on 19 March 2013.

Nominal value in CZK:	CZK 2,694,500,000
Interest rate (receipt of the City)	PRIBOR 12 M + 1.55% p.a. (Collar, variable CAP)
Interest rate (disbursement of the City)	5.17% p.a.

### Credit Agricole

Interest rate swap concluded on 6 August 2009 related to the first issue of the City's bonds in the amount of EUR 170 million as part of the EMTN Programme with the inception date on 19 March 2009 and settlement date on 19 March 2013.

Nominal value in CZK:	CZK 2,694,500,000
Interest rate (receipt of the City)	PRIBOR 12 M + 1.55% p.a. (Collar, variable CAP)
Interest rate (disbursement of the City)	5.17% p.a.

### 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:	City
Interest rate (disbursement of the City):	7.27 % p.a.

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>CITY COUNCIL Resolution No. 35/5 of 30 April 2010 approved:</b>	- Provision of subsidies for social issues for 2010 from the City funds to individual applicants in the aggregate amount of CZK 35,804 thousand.
<b>CITY COUNCIL Resolution No. 35/75 of 25 March 2010 approved:</b>	- Provision of a special-purpose investment and non-investment subsidy from the City budget (in the capacity of the region) to boroughs and a concurrent decrease in common and capital expenses for the co-financing of 'Praha – Konkurenceschopnost' (Prague – Competitiveness) Operational Programme projects of CZK 111,295 thousand.
<b>CITY COUNCIL Resolution No. 35/72 of 25 March 2010 approved:</b>	- Provision of subsidies in the form of a subsidy in the aggregate amount of CZK 35,450,000 to owners of church monuments owned by the church and religious organisations selected in 2010 that exceed CZK 200,000.
<b>CITY COUNCIL Resolution No. 35/40 of 25 March 2010 approved:</b>	- Increase in the budget of common expenses of the Technical Road Administration of CZK 765,194 thousand and an increase in the budget of capital expenses of the Technical Road Administration of CZK 734,806 thousand and a concurrent decrease in the budget of capital expenses of the City Investor intended for project no. 009515 city ring Myslbekova - Prašný most in the amount of CZK 600,000 thousand, project no. 000080 city ring Prašný most - Špejchar in the amount of CZK 600,000 thousand and project no. 0000079 city ring Špejchar - Pelc/Tyrolka in the amount of CZK 300,000 thousand.
<b>CITY COUNCIL Resolution No. 34/3 of 25 February 2010 approved:</b>	- Receipt of a grant from the state budget as part of the financial relation between the state budget and the City budget for 2010 pursuant to Act No. 487/2009 Coll., on the Czech State Budget for 2010, in the aggregate amount of CZK 1,129,803 thousand. - Provision of a subsidy from the state budget to Prague boroughs 1 - 57 in the aggregate amount of CZK 963,572 thousand and a concurrent decrease in the receipts of the city by this amount. - Budget of the City for 2010.
<b>CITY COUNCIL Resolution No. 34/2 of 25 February 2010 approved:</b>	- Provision of a special-purpose non-investment subsidy to humanitarian organisations to provide for the needs of Haiti citizens in the aftermath of a natural disaster.
<b>CITY COUNCIL Resolution No. 33/31 dated 28 January 2010 approved:</b>	- Granting of one-year subsidies of the City for culture and art for 2010 in the amount of CZK 46,440 thousand.

#### The Board of the City Council

Body of the City	Description
<b>BOARD OF THE CITY COUNCIL Resolution No. 584 of 27 April 2010 approved:</b>	- The financial statements of Kongresové centrum Praha, a.s. for 2009 - Allocation to the reserve fund of Kongresové centrum Praha, a.s. of CZK 3,463 thousand. - Use of the reserve fund and balance of the accounting profit for 2009 of CZK 65,792 thousand to settle the accumulated losses.
<b>BOARD OF THE CITY COUNCIL Resolution No. 589 of 27 April 2010 approved:</b>	- Acceptance of a non-investment grant from the state budget from the Ministry of Finance for the funding of protection systems of underground transportation structures in the City in the amount of 45,000 thousand.

<b>Body of the City</b>	<b>Description</b>
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 500 of 13 April 2010 approved:	- Acceptance of the special purpose non-investment subsidy from the state budget from the Ministry of Transportation to settle the provable loss from the public service obligation in the public railway transportation in 2010 of CZK 205,601 thousand.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 504 of 13 April 2010 approved:	- Increase in the budget of receipts of the City by a special-purpose non-investment grant from the state budget from the Ministry of Ministry of Education, Youth and Sports in the aggregate amount of CZK 24,378 thousand intended for the funding of the development programme "Support of dealing with specific problems of regional schools in individual regions with respect to the various population density and relating density of school and school facilities network in the territory of individual regions for 2010". - Increase in the non-investment contribution for 2010 for schools sponsored by the City by CZK 24,490 thousand at the expense of the deduction from investment funds.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 488 of 6 April 2010 approved:	- Provision of a special-purpose investment and non-investment subsidy from the budget of the City (in the capacity of the region) to the Czech Technical University in Prague in the amount of CZK 49,866 thousand.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 303 of 16 March 2010 approved:	- The strategy for the further development of Opencard with the intention of transferring the group of Opencard holders to a newly formed entity in accordance with the Opencard Further Development Strategy.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 304 of 16 March 2010 approved:	- The intention to form a subsidiary of Dopravní podnik HMP, a.s. with its majority investment according to the the Opencard Further Development Strategy and charges the Board of the City Council, acting in the capacity of the General Meeting, with presenting material for the formation of a joint stock company.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 307 of 16 March 2010 approved:	- Granting of subsidies of the City for sport and physical education for 2010 not exceeding CZK 2 million to individual applicants in the aggregate amount of CZK 62,409 thousand from the budget of the City.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 307 of 16 March 2010 approved:	- Receipt of a non-investment grant from the Ministry of Labour and Social Affairs to provide the payment of a state contribution for the sponsor of the facility for children who need immediate aid in the amount of CZK 30,000 thousand
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 210 of 23 February 2010 approved:	- Cash investment of CZK 100,000 thousand in the share capital of Kongresové centrum Praha, a.s.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 226 of 23 February 2010 approved:	- Provision of an interest-free loan in the aggregate amount of CZK 17,000 thousand to the subsidised organisation Střední škola - Centrum odborné přípravy technickohospodářské, in Prague.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 228 of 23 February 2010 approved:	- Contract No. 110/2010 for the provision of funds from the budget of the State Fund for Transport Infrastructure for 2010 and receipt of funds from the State Fund for Transport Infrastructure in the amount of CZK 250,000 thousand.
<b>BOARD OF THE CITY COUNCIL</b> Resolution No. 174 of 12 February 2010 decided:	- To define contractual relations with Haguess a.s. relating to the Opencard project and conclusion of an amendment to licence agreements for SKC Software and conclusion of the Contract for Operations of the Prague Card Services Centre.

18 May 2010



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# Constructive Service Letter for 2009

## Capital City of Prague

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

18 May 2010

Dear Sir,

We enclose a letter that documents some of our observations identified during the examination of operations of the Capital City of Prague (hereinafter the "CCP") for the year ended 31 December 2009.

It should be noted that the matters raised in this letter do not result from a specifically targeted review engagement but are only those that came to our attention during the course of our examination of operations of the CCP for the year ended 31 December 2009. As such, these matters do not necessarily cover all aspects of the operations of the CCP or all the improvements that could be made. Similarly, we considered the internal control structure of the CCP solely in order to determine our auditing procedures for the purpose of issuing a report on the examination of operations of the CCP for the year ended 31 December 2009. Accordingly, our examination of operations of the CCP for the year ended 31 December 2009 does not provide any assurance as to the functioning of these controls.

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

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

We would like to take this opportunity to thank your staff for their cooperation with us during the course of our examination of operations of the CCP for the year ended 31 December 2009.

Yours sincerely,

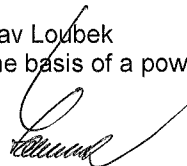
Audit firm:

Deloitte Audit s.r.o.



Represented by:

Václav Loubek  
on the basis of a power of attorney



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**A. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2009****1. MIGRATION OF THE GINIS SYSTEM**

Division: Information technology  
Responsible person: Ms Kusebauchová

**Findings**

The migration of the GINIS system of CZK 3,745,525 is reported on account 013 – Software in accordance with contract no. DIL 40/01/2085/2009. The migration of the GINIS system has not been completed. In accordance with the contract referred to above, it will start in June 2010. For the moment, only partial tasks are being undertaken (program adjustments, migration of testing databases).

**Risk**

Incorrect classification of fixed assets in the balance sheet as of 31 December 2009.

**Recommendation**

Given that the migration of the GINIS system was not completed in accordance with contract no. DIL 40/01/2085/2009 before the end of 2009, we believe that the item referred to above should be correctly reported on account 041 – Intangible fixed assets under construction rather than on account 013 – Software as of 31 December 2009.

**Comments of the CCP**

We agree with the proposed change in the classification.

## 2. FINDINGS OF THE INTERNAL AUDIT RELATING TO THE AWARDING OF PUBLIC CONTRACTS IN SELECTED DIVISIONS

Division: Information technology, OHS  
Responsible person: Mr Trnka

### Findings

As part of Internal Audit's review of the Metropolitan Authority conducted during 2009, the awarding of public contracts in selected divisions of the Metropolitan Authority was reviewed for compliance with Act No. 137/2006 Coll., on Public Procurement (hereinafter referred to as the "Act"). Internal auditors reviewed the awarding of minor public contracts. Contracts for supplies, services and construction work provided by selected divisions of the Metropolitan Authority were reviewed to determine whether they comply with the Act and whether their documentation is clearly supportable and complete. In addition, the process of announcing and processing the contracts and their documentation as a basic precondition for proving that a transparent and non-discriminatory process is in place was reviewed.

Internal auditors of the Metropolitan Authority noted deficiencies relating to the selection of contacted suppliers, monitoring of the financial limits determined by the Act, completeness of the documentation, publication of public contracts (specifically through the electronic marketplace) and review of the public contracts for compliance with legal regulations, the criteria determined in terms of the economy, purpose and effectiveness of spent public funds and internal procedures and conditions set for the awarding of public contracts.

### Risk

The highlighted deficiencies expose the Metropolitan Authority to sanctions by the Antimonopoly Office.

### Recommendation

We recommend that the Metropolitan Authority adequately respond to the recommendations made by the internal auditors of the Metropolitan Authority that are contained in their report on the examinations referred to above.

**B. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2008**

**1. FIXED ASSETS WITHOUT INVENTORY NUMBERS**

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

**Findings**

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

These include four sub-ledger accounts of account no. 021 – Buildings. If items on these accounts are improved, the amount of improvements may be allocated to an incorrect item. In addition, it is not clear how are these items identified as part of the inventory count of assets. As we identified, this applies to the following sub-ledger accounts:

Account 021/0018 in the aggregate amount CZK 651,400,585  
 Account 021/0028 in the aggregate amount CZK 15,681,114,968  
 Account 022/0018 in the aggregate amount CZK 82,975,710  
 Account 022/0028 in the aggregate amount CZK 49,507,392

For illustration, we selected several of the most significant items from the breakdown of these accounts:

#	ICO	AU	Description	Date of inclusion	Document	Acquisition cost (CZK)
1	906697	021/0018	BJ. Chodovec	26 July 2007	958010	141 214 680
2	906697	021/0028	TV Bechovice, stage 11, Dubec road	12 Nov 2008	958013	43 364 679
3	906697	021/0028	Zlichov- Radlicka, railway bridge	21 Dec 2001	958006	128 549 964
4	906697	021/0028	TV Radotin- stage 5, Radotin Zapad	24 Sept 2008	958003	78 611 994
5	906697	021/0028	Flood prevention barriers - Ricni ulice, Karluv most	31 Dec 2009	958008	151 349 586
6	906697	021/0028	TV Bechovice, stage 9	30 July 2009	958005	128 193 721
7	906697	021/0028	TV PRAHA 6, sewerage system in Sarecke udoli	31 May 2009	958013	44 117 064
8	906697	021/0028	Supporting wall in the tram fly-over Lhotecka	30 April 1999	958012	62 428 529
9	906697	021/0028	Shifting of Czech Railways tracks, railway substructure	30 Nov 2003	958038	95 847 208
10	906697	021/0028	Branik tramways track, upper structure	18 May 1999	958049	134 720 197

**Risk**

There is a risk of a potential incorrect identification of assets.



**Recommendation**

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

**Comments of the CCP**

We agree with the finding. The Asset Administration Division works with the SEM asset program in which assets are allocated inventory numbers subsequent to the processing of acceptance protocols by clerks in the Records Department.

## C. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2007

### 1. INTERNAL GUIDELINE

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

#### **Findings**

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

#### **Risk**

Internal guidelines are not updated regularly.

#### **Recommendation**

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

#### **Comments of the CCP**

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

## 2. DELAYED CLASSIFICATION OF ASSETS

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

### Findings

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

### Risk

Incorrect classification of tangible fixed assets in the balance sheet.

### Recommendation

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

### Comments of the CCP

#### *Asset Administration Division*

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

#### *City Investor Division*

After the completion of the construction, stages of individual structures and issue of the effective occupancy permits, the CID prepares a draft "Report on the Transfer of Tangible Fixed Assets Acquired in Investment Construction including the Submission and Acceptance and Subsequent Submission for Administration" on the basis of the provided documentation from the mandataries and sends them to the AAD. In addition, it provides a copy of the quantified cost of the tangible fixed assets to the AD where the costs of the investment are transferred from account 042 – Tangible fixed assets under construction to account 021 – Finished fixed assets.

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

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

## D. FINDINGS FROM THE EXAMINATION OF OPERATIONS OF THE CCP FOR THE YEAR ENDED 31 DECEMBER 2006

### 1. EXTERNAL LAWYERS

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

#### Findings

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

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

#### Risk

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

#### Recommendation

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

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

#### Comments of the CCP

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

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

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