

**HLAVNÍ MĚSTO PRAHA**  
**AUDITOR'S REPORT ON THE EXAMINATION**  
**OF THE OPERATIONS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**HLAVNÍ MĚSTO PRAHA**  
**AUDITOR'S ON THE EXAMINATION OF THE OPERATIONS**  
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## Report on the Results of the Examination of Operations

Pursuant to Section 6 (3) (i) 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 2006 to 31 December 2006

### Person Responsible for the City of Prague:

Pavel Bém, Mayor

### Audit Firm:

**Deloitte Audit s.r.o.**  
Registered at Týn 641/4, 110 00 Prague 1  
corporate ID: 49620592, tax ID: CZ49620592

### Persons Performing the Examination of Operations:

Michal Petrman, Auditor  
Petra Slavíková, Audit Assistant  
Martina Smetanová, Audit Assistant

Another 12 Audit Assistants and 9 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 2 October to 20 October 2006.

The final examination of the operations of the City of Prague was conducted in the period from 2 April to 11 May 2007.

## **Definition of Responsibilities:**

We conducted the examination of the operations of the City of Prague for the year ended 31 December 2006 on the basis of the data on the annual financial performance of the City of Prague. The statutory body of the City of Prague is responsible for the operations which were the subject of our examination, and their presentation in the financial statements. Our responsibility is to express a conclusion on the results of the examination of the operations based on the examination performed. We conducted the examination of the operations in compliance with Act No. 420/2004 Coll. on the Examination of the Operations of Territorial Self-Governing Units and Voluntary Associations of Municipalities and the Auditing Standards issued by the Chamber of Auditors of the Czech Republic (namely Auditing Standard No. 52). Given its scope, the examination does not result in the issuance of an audit opinion and therefore this report does not constitute a report on the audit of the financial statements.

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

## **Subject Matter and Focus of the Examination of Operations:**

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

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

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

	<b>Borough</b>	<b>Examination performed by</b>	<b>Conclusion of the examination</b>
1	Prague 1	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
2	Prague 2	Diligens s.r.o. - Ing. P. Císařová, CSc.	No findings
3	Prague 3	HZ Praha s.r.o.	Minor errors and deficiencies
4	Prague 4	PKM Audit&tax s.r.o.	No findings
5	Prague 5	CONSULTATION-AUDIT spol. s r.o.	No findings
6	Prague 6	Metropolitan Authority	Minor errors and deficiencies
7	Prague 7	BDO Audit s.r.o.	No findings
8	Prague 8	Metropolitan Authority	No findings
9	Prague 9	Diligens s.r.o. - Ing. P. Císařová, CSc.	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.	No findings
14	Prague 14	Metropolitan Authority	Minor errors and deficiencies
15	Prague 15	HAYEK s.r.o.	Minor errors and deficiencies
16	Prague 16	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
17	Prague 17	Metropolitan Authority	Minor errors and deficiencies
18	Prague 18	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies
19	Prague 19	BOHEMIA AUDIT s.r.o.	Major deficiencies
20	Prague 20	J. Pechová	Minor errors and deficiencies
21	Prague 21	ATLAS Audit s.r.o.	No findings
22	Prague 22	Primaska Audit, a.s.	No findings
23	Běchovice	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies
24	Benice	L. Ševčík	No findings
25	Březiněves	Metropolitan Authority	Minor errors and deficiencies
26	Čakovice	Metropolitan Authority	Minor errors and deficiencies
27	Ďáblice	Metropolitan Authority	Minor errors and deficiencies
28	Dolní Chabry	Metropolitan Authority	No findings
29	Dolní Měcholupy	Metropolitan Authority	No findings
30	Dolní Počernice	Metropolitan Authority	Minor errors and deficiencies
31	Dubeč	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
32	Klánovice	AUDIT PLUS s.r.o.	Major deficiencies
33	Koloděje	Metropolitan Authority	Minor errors and deficiencies
34	Kolovraty	M. Liňáková	No findings
35	Královice	Metropolitan Authority	No findings
36	Křeslice	Valda Audit s.r.o.	No findings
37	Kunratice	Metropolitan Authority	Minor errors and deficiencies
38	Libuš	Metropolitan Authority	Major deficiencies
39	Lipence	Metropolitan Authority	No findings
40	Lochkov	Metropolitan Authority	Minor errors and deficiencies
41	Lysolaje	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
42	Nebušice	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
43	Nedvězí	L. Ševčík	No findings
44	Petrovice	Metropolitan Authority	Minor errors and deficiencies
45	Přední Kopanina	Metropolitan Authority	Minor errors and deficiencies
46	Řeporyje	ECO - ECONOMIC & COMMERCIAL OFFICE s.r.o.	No findings
47	Satalice	Metropolitan Authority	Minor errors and deficiencies, and major deficiencies
48	Slivenec	BOHEMIA AUDIT s.r.o.	Minor errors and deficiencies
49	Suchdol	Metropolitan Authority	Minor errors and deficiencies

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

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

The following major deficiencies in accordance with Section 10 (3) (c) of Act 420/2004 Coll. were identified in performing the examination of the operations of individual city boroughs:

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

<b>Borough</b>	<b>Finding</b>
<b>Prague - Libuš</b>	- The closing account for 2005 did not contain all necessary details and information that are required by Section 17 (2) of Act on Municipal Budgetary Rules; the closing account, when discussed, did not contain the Report on the Examination as required by Section 17 (5) of the Act;
<b>Prague - Lysolaje</b>	- The borough did not act in accordance with Section 16 of Act No. 250/2000 Coll., under which it was supposed to approve each increase in disbursements by adopting a budgetary measure. - In accordance with Section 17 of Act No. 250/2000 Coll., the borough was supposed to conclude a discussion on the closing account by a qualified approval; the borough did not make such conclusion. - The closing account did not contain the information on compliance with the receipt and disbursement budget structured by the composition of the budget and the basic data on the economic results of the formed subsidised organisation as required by Section 17 of Act No. 250/2000 Coll.;
<b>Prague - Nebužice</b>	- The borough did not act in accordance with Section 16 of Act No. 250/2000 Coll., under which it was supposed to approve each increase in disbursements by adopting a budgetary measure;
<b>Prague - Satalice</b>	- The borough did not issue approval of the closing account for 2005 with qualifications in the resolution of the borough council, which was in conflict with Section 17 (b) of Act on Municipal Budgetary Rules;
<b>Prague - Šeberov</b>	- The borough did not discuss the closing account for 2005 in accordance with Section 17 of Act No. 250/2000 Coll., on Municipal Budgetary Rules, as amended. - The borough paid invoices in addition to agreed conditions;
<b>Prague - Dubeč</b>	- The borough made an unauthorised use of budgetary funding and breached individual provisions of Act No. 250/2000 Coll., on Municipal Budgetary Rules. The failure to fulfil the obligations or conditions arising from this Act resulted in the breach of budgetary discipline in terms of Section 22 (3) of this Act.

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

Borough	Finding
Prague - Libuš	<ul style="list-style-type: none"><li>- A calculation of receivables for budgetary receipts was not made in a complete and correct way as required by Section 8 of the Accounting Act;</li><li>- Reconciliation of receivables for the budgetary receipts was not performed in accordance with Sections 29 and 30 of the Accounting Act, Methodological Directive on Inventory Taking/Reconciliation of Assets and Liabilities of the City approved by the Resolution of the Board of the City Council No. 1656 of 14 November 2006 and the "Deputy Directive No. 5/06" of 27 November 2006;</li></ul>
Prague 16	<ul style="list-style-type: none"><li>- The borough did not prepare book reconciliation of payables and receivables as of 31 December 2006 and breached Section 29 and 30 of the Accounting Act and the Methodological Directive;</li><li>- The borough did not recognise all accounting transactions related to the transfer of the profit or loss of the prior period;</li></ul>
Prague - Šeberov	<ul style="list-style-type: none"><li>- Non-adherence to Section 11 of the Accounting Act which stipulates all necessary details of an accounting document and confirmation of documents by unauthorised persons, in conflict with Section 26 of the Act on Financial Control;</li><li>- Breach of Section 7 of the Accounting Act (incorrect reporting of the cash balance, incorrect decrease in the calculation of a receivable and income of a business activity);</li><li>- Breach of Section 8 of the Accounting Act, which requires that an entity keep records correctly, i.e. by not breaching the Act above (e.g. not recognising stamps and vouchers, recognising in an incorrect reporting period);</li><li>- Breach of Section 3 of the Accounting Act under which entities recognise transactions on an accrual basis; breach of Section 12 of the Accounting Act under which entities have to post accounting entries on an ongoing basis;</li></ul>
Prague 1	<ul style="list-style-type: none"><li>- Recognition of the 2006 accounting transactions in 2007, which breached Section 3 and Section 8 of the Accounting Act;</li><li>- Recognition of the supplier invoice in a lower amount than the invoiced amount, which was in conflict with Sections 2, 3, 7 and 8 of the Accounting Act;</li><li>- The borough did not submit the inventory count sheet and did not prove that the inventory taking of all assets and liabilities was performed, which was in conflict with Sections 8 and 9 of the Accounting Act;</li><li>- The borough did not recognise three written-off receivables in an off balance account which was in conflict with Sections 3 and 4 (8) 7 and 8 of the Accounting Act and Article 4.2 of the Czech Accounting Standards (ČÚS);</li></ul>
Prague - Klánovice	<ul style="list-style-type: none"><li>- Deficiency resulting from incomplete accounting records (receivables);</li></ul>
Prague - Dubeč	<ul style="list-style-type: none"><li>- The accounting records were maintained in breach of Section 7 of the Accounting Act which requires that accounting books and records are kept such that the financial statements prepared on the basis of the accounting books and records give a true and fair view of the financial performance and financial situation of the entity, and in breach of Section 8 of the Accounting Act which makes it mandatory to maintain accounting books and records in a correct, complete, clearly supportable, understandable, well-organised manner and in a fashion safeguarding the durability of the accounting records. No inventory taking/reconciliation of assets and liabilities was undertaken, resulting in the breach of Section 35 of Act No. 131/2000 Coll., on the City of Prague;</li><li>- Breaching of the obligation or exceeding of the competencies entrusted to the borough under special legislation. This resulted in the breach of Sections 43, 52, 65 and 105 of Act No. 131/2000 Coll., on the City of Prague;</li></ul>
Prague 19	<ul style="list-style-type: none"><li>- Deficiencies involving the lack of complete and correct bookkeeping.</li></ul>

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

Borough	Finding
Prague - Libuš	<ul style="list-style-type: none"> <li>- The borough did not remove the deficiencies identified in the examination for 2005 or the deficiencies identified in the partial examination for 2006;</li> </ul>
Prague - Lysolaje	<ul style="list-style-type: none"> <li>- The borough did not remove the deficiencies identified in the partial examination or in the examination for 2005;</li> </ul>
Prague - Újezd	<ul style="list-style-type: none"> <li>- The borough did not remove the deficiencies identified in the examination of the operations for 2005;</li> </ul>
Prague - Šeberov	<ul style="list-style-type: none"> <li>- The borough did not adjust the procedure in the accruals of receipts and disbursements by an internal regulation as required by Section 37 of Regulation 505/2002 Coll.;</li> <li>- The borough did not confirm accounting documents as required by Section 11 of the Accounting Act and Section 26 of the Act on Financial Control;</li> <li>- The borough did not calculate the rental for the cultural centre in the correct amount, which was in conflict with Section 7 of the Accounting Act;</li> <li>- The borough did not rectify the incorrect recognition of the cable TV servicing on Accounts 511 Repairs and Maintenance and 518 – Other services, which was in conflict with Section 21 of Regulation No. 505/2002 Coll.;</li> <li>- The borough did not document the appendices of contracts, which should have contained detailed conditions of payments for expenses related to servicing and fees for the cable TV programs;</li> <li>- The borough did not make copies of original documents printed on thermo-paper, which was in conflict with Section 33 (8) of the Accounting Act;</li> <li>- Deficiencies in the log book;</li> <li>- The borough did not deal with the compensation of the damage resulting from unprofessional handling, which was in conflict with Section 35 of the Act on the City of Prague;</li> <li>- The borough did not document the list of gift receivers in the purchase of gift packages;</li> <li>- The borough did not correct the incorrect data in the employee fund budget for 2006;</li> </ul>
Prague 1	<ul style="list-style-type: none"> <li>- The borough did not recover due amounts, did not act in accordance with the appropriate contractual provisions and did not enforce sanctions;</li> <li>- The borough recognised the decrease in the purchase price of the real estate for the unoccupied prepaid rental, which was a 2005 accounting transaction recognised in the incorrect accounting period of 2006;</li> <li>- The borough did not post accounting entries related to the transfer of the ownership right (sale of apartments) as of the transaction date, i.e. with the date of the proposal's delivery for the registration in the Land Registry Office;</li> <li>- The borough did not document the recognition of discounts from purchase prices;</li> <li>- The borough did not recognise the operating prepayments made in the correct manner;</li> <li>- The borough did not classify the items in the composition of the budget in the correct manner;</li> <li>- The borough did not document the schedule certifying the correctness of the legal act;</li> <li>- The borough did not record low value tangible and intangible fixed assets on off balance sheet accounts;</li> <li>- The borough recognised the supplier invoice in a lower amount than the invoiced amount;</li> <li>- The borough did not document the supporting documentation for the decrease in the account value of the tangible fixed assets;</li> <li>- The borough did not confirm the accounting document by a person responsible for accounting transactions;</li> <li>- The borough did not complete or update the chart of accounts of the principal and business activity;</li> <li>- The borough did not recognise all accounting transactions that should have been recognised in 2006;</li> <li>- The borough did not recognise the calculations and payments of contractual fines and default interest, did not maintain records of these receivables, and did not maintain records on off balance sheet accounts;</li> <li>- The borough did not deliver the contract for the transfer of ownership to the finance department immediately after filing the proposal for the registration in the Land Registry Office;</li> <li>- The borough did not examine or recover receivables consistently enough to prevent them from becoming statute-barred and to ensure their amounts were as low as possible;</li> <li>- The borough did not provide for feedback between the appropriate divisions of borough offices with respect to non-residential premises in events when the debtors did not pay their payables on time and properly;</li> </ul>



Borough	Finding
Prague 1	<ul style="list-style-type: none"> <li>- The borough did not prepare the methodology of recovery, assignment, remission, credit or write off of receivables, including the procedure in the record-keeping of receivables;</li> <li>- The district did not identify consistently all received payments and did not identify payments from prior years;</li> <li>- The borough did not recognise inventory taking differences in the inventory taking in the reporting period for which it verified the balance of assets and liabilities;</li> <li>- The borough did not complete or update the chart of accounts of the principal and business activities;</li> <li>- The borough maintained incomplete, incorrect and unsupported books and records with respect to receivables, payables, assets, business activity and off balance sheet accounts;</li> </ul>
Prague - Klánovice	<ul style="list-style-type: none"> <li>- The borough did not remove difficulties identified in the examination for prior years.</li> </ul>

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

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

Field	Finding
Fixed assets, depreciation, disbursements and receipts	<ul style="list-style-type: none"> <li>- Account 042 – <i>Tangible fixed assets under construction</i> includes assets which are already in use. The amount of these fixed assets is CZK 11,475,946 thousand. These assets should not be recorded on Account 042, but on an appropriate assets account;</li> <li>- The ownership of a number of plots of land has not been registered yet in the books of the Land Registry Office. Restitution claims have been made for a number of plots of land. As of 31 December 2006, the value of disputed plots of land was CZK 3,563,968 thousand. The City of Prague treats these assets as its own assets until the verdict of the court is issued. In the event the court decides against the City of Prague, these assets are reversed against the fixed assets fund;</li> <li>- Depreciation of fixed assets is provided only for the portion of commercially used assets, not for all such assets. As a result, the costs of taxable activity are understated;</li> <li>- In 2006, receipts from the sale of fixed assets for which the proposal for the registration in the Land Registry Office was filed in 2005 or in prior years were recognised. The related receipts should have been correctly recognised in 2005, or in prior periods. The aggregate amount of these receipts is CZK 40,887 thousand. Concurrently, we identified sales of fixed assets for which the proposal for registration in the Land Registry Office in 2006 was filed, but the related receipts were not recognised in 2006. Given that a complete survey of all filed but outstanding proposals for the registration in the Land Registry Office does not exist, it was not possible to calculate the aggregate amount of these receipts;</li> <li>- Deficiencies in the records of fixed assets resulting from the late disposal of these assets upon their sale were identified: <ul style="list-style-type: none"> <li>▪ A receipt is made in respect of assets which remain recognised in the balance sheet; and</li> <li>▪ Receipts and disbursements are not recognised in the period to which they relate on an accruals basis;</li> </ul> <p>Cases were identified where the disposal protocol was issued with a considerable (several years) delay and the net book value of assets was recognised in disbursements in a period later than the corresponding receipt. The expenses in 2006, on a tested sample, relating to receipts from the sale of fixed assets recognised in prior periods amounted to CZK 12,119 thousand. Nevertheless, given that not all disposal protocols of already-sold assets were available, it was not possible to calculate the aggregate amount of related expenses that should have been recognised in 2006 or in prior years;</p> </li> </ul>

Field	Finding
<b>Receivables</b>	<ul style="list-style-type: none"> <li>- Account 311 – <i>Customers</i> contains negative balances in the aggregate amount of CZK 108,144 thousand; <ul style="list-style-type: none"> <li>▪ If these are actual payables, they should have been reported in accordance with their classification, e.g. on Account 324 – <i>Prepayments received</i> or Account 325 – <i>Other payables</i> as of 31 December 2006;</li> <li>▪ If these are receivables, their calculations were not recognised as of 31 December 2006;</li> </ul> </li> <li>- The calculation of rental for 2004 – 2006 (the annual rental of CZK 2,400 thousand) was not recognised in relation to the rental contract with the Prague Agrarian Chamber. For this reason, the City of Prague reports receivables lower by CZK 7,200 thousand as of 31 December 2006, lower receipts from rentals in the amount of CZK 2,400 thousand and lower profit of prior years by CZK 4,800 thousand;</li> <li>- The City of Prague does not recognise provisions against bad receivables related to taxable activity. In the course of testing, bad receivables past their due dates by more than one year that were provided for were identified. Receivables reported in the balance sheet are therefore overstated. Given that certain city boroughs recognise provisions against bad and doubtful amounts related to taxable activity, the City of Prague should adopt a unified approach to provisioning. In the event of a completely uncollectible amount, it is appropriate to propose to the administrative bodies of the City of Prague that such a receivable be written off as the value of such a receivable does not equal its fair value;</li> </ul>
<b>Payables</b>	<ul style="list-style-type: none"> <li>- Account 325 – <i>Other payables</i> includes an incorrectly reported amount of CZK 436,200 thousand. This amount relates to received cash related to the sale of real estate to KW Prague, s.r.o. Given that the date of delivery of the proposal for the registration in the Land Registry Office was filed in 2006, the sale was effected in 2006. The above amount should have therefore been reclassified to Account 651 – <i>Sales of tangible and intangible fixed assets</i>;</li> </ul> <p style="margin-left: 20px;">As of 31 December 2006, the payables were overstated, the receipts were understated and the corporate income tax base was understated;</p> <p style="margin-left: 20px;">Concurrently, as of 31 December 2006, the fixed assets should have been reversed against the fund of fixed assets and the net book value of the sold fixed assets should have been recognised;</p>
<b>Refundable financial assistances</b>	<ul style="list-style-type: none"> <li>- Funds for Kongresové centrum Praha a.s. (CZK 32,500 thousand) and for Pražský obchod stavebními OPAS (CZK 3,000 thousand) are reported on Account 275 – <i>Temporary financial assistance to other organisations</i>. Given that both are business entities, both loans should be reallocated and reported on Account 274 – <i>Temporary financial assistance to business entities</i>;</li> </ul>
<b>Contingent payables</b>	<ul style="list-style-type: none"> <li>- The amount of CZK 124,741 thousand related to loans from individuals or legal entities of Pražská kanalizace a vodní toky s.p. is reported on off-balance sheet accounts. Pražská kanalizace a vodní toky s.p. no longer exists. The received information indicates that if the repayment of this loan is demanded, it will be the liability of the City of Prague. However, these contingent payables are not recognised in the balance sheet of the City of Prague as of 31 December 2006;</li> </ul>
<b>Internal guidelines</b>	<ul style="list-style-type: none"> <li>- In November 2000, “Deputy Directive No. 8/2000 on the determination of a unified procedure to the circulation and verification of accounting documents” was approved. This internal guideline has been updated since its issuance in accordance with the valid legislation and internal needs (e.g. it contains quotations from the Accounting Act, which has been amended, etc.) The effective legislation is used in practice by the City of Prague but it is not contained in this issued and still effective internal document.</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.**

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

**Share of receivables in the budget**

A: Definition of receivables:

Total receivables (item 75)  
+ written off receivables maintained on the off balance sheet account  
Assets left by the lessor for use and transferred from  
01, 02, 03, 07 and 08 account groups to account 378 – Other receivables

i.e. total of **CZK 1,950,486 thousand**

B: Definition of budgetary receipts:

Total receipts after consolidation  
+ receipts from economic activity

i.e. total of **CZK 49,733,150 thousand**

C: Calculation of the share of receivables in the budget:

$C = A / B * 100 \%$  , i.e. **CZK 1,950,486 thousand / CZK 49,733,150 thousand x 100 = 4 percent**

The share of receivables of the City of Prague in its budget amounted to 4 percent.

**The share of payables in the budget**

D: Definition of payables

Long-term payables (item 166)  
+ short-term payables (item 189)  
Payables to employees (item 178)  
Payables from social security and health insurance (item 179)  
+ Payables arising from financial settlement,

i.e. **CZK 21,407,389 thousand**

E: Calculation of the share of payables in the budget:

$E = D / B * 100 \%$  , i.e. **CZK 21,407,389 thousand / CZK 49,733,150 thousand x 100 = 43 percent**

The share of payables of the City of Prague in its budget amounted to 43 percent.

## The share of pledged assets in the total assets

### F: Definition of pledged assets

The pledged movable and immovable assets according to inventory count sheets and subledger accounts, or operating records, documented by an extract from the title deed and loan contracts as of 31 December 2005 (*the most recent list of pledged movable and immovable assets according to inventory count sheets and subledger accounts, or operating records, documented by an extract from the title deed and loan contracts as of 31 December 2006 was not available*).

i.e. **CZK 2,161,821 thousand**

### G: Definition of the aggregate assets

Fixed assets (item 1)

i.e. **CZK 221,898,555 thousand**

### H: Calculation of the share of payables in the budget:

$H = F / G * 100 \%$ , i.e. **CZK 2,161,821 thousand / CZK 221,898,555 thousand  $\times 100 = 1$  percent**

The share of pledged assets of the City of Prague in its aggregate assets amounted to 1 percent.

Prepared on 21 June 2007

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



Statutory auditor:

Michal Petrman, statutory executive



Michal Petrman, certificate no. 1105



The report was discussed with the Finance Committee of the City of Prague on 11 June 2007.

The report was discussed with the Mayor of the City of Prague on 12 June 2007.

The report was delivered to the statutory body of the City of Prague on 21 June 2007.

## **Appendices:**

- Appendix No. 1 - Opinion of the Mayor of the City Prague as required by Act No. 420/2004 Coll., Section 7 (1) (f)
- Appendix No. 2 - Financial statements (balance sheet of organisational units of the state, territorial self-governing units and subsidised organisations and the profit or loss account of organisational units of the state, territorial self-governing units and subsidised organisations.
- Income statement (Statement of income, disbursements and financing of territorial self-governing units and voluntary associations of municipalities).
  - Notes to the financial statements prepared in accordance with Section 18 of Act No. 563/1991 Coll., on Accounting.
  - Notes to the financial statements prepared in accordance with Appendix No. 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.





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

TRANSLATION ONLY

In Prague on 20 June 2007

Dear Sirs

I am writing to inform you that the Board of the Council of the City of Prague, at its meeting held on 19 June 2007, discussed the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December 2006 (henceforth the 'Report') which was prepared by your company. I enclose hereto the adopted resolution on this Report. The Board of the Council of the City of Prague responds in the resolution to the findings you have made in performing your examination of the operations. As such, please treat the resolution adopted by the Board of the Council of the City of Prague as my opinion on the submitted and discussed Report.

Sincerely yours

**Deloitte Audit s.r.o.**  
Michal Petrman Tým  
641/4 110 00 Praha 1

**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 950 dated  
19 June 2007

*On the Report on the Results of the Examination of Operations of the City of Prague  
for the year ended 31 December 2006*

**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 2006

**II. Instructs**

1. Councillor, Mrs Kousalíková,

1. To present the Report on the Results of the Examination of Operations of the City of Prague for the year ended 31 December to the Council of the City of Prague as part of the Report on the Fulfilment of the Budget of the City of Prague and Settlement of the Results of Operations of the City of Prague for 2006 – Closing Account

Deadline: 21 June 2007

2. The Chief Executive of the Metropolitan Authority

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

Deadline: 30 September 2007



### 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.

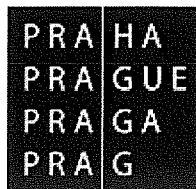
Deadline: 30 September 2007

Pavel Bém  
Mayor of the City of Prague

Rudolf Blažek  
Deputy Mayor of the City of Prague

Submitted by: Councillor Kousalíková  
Print: 4378  
To be executed by: Councillor Kousalíková, Chief Executive of the Metropolitan Authority  
To be acknowledged by: Departments of the Metropolitan Authority



**BALANCE SHEET**

of organizational units of the state, territorial self-governing units ("TSU") and subsidized organizations

(in CZK)

Period: **12 / 2006**

IČO: **SOR 200**

Name: **HLAVNÍ MĚSTO PRAHA CELKEM**

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.)	Actual balance
			1	2
<b>A. Fixed assets</b>		<b>01</b>	<b>285 784 806 546.95</b>	<b>295 719 902 777.23</b>
<i>row 09+15+26+33+41+206</i>				
<b>1. Intangible fixed assets</b>				
- Research and development	(012)	02	22 818 974.50	14 184 527.05
- Software	(013)	03	526 750 147.78	680 362 885.21
- Valuable rights (patents, licences, know-how)	(014)	04	1 161 596.40	2 179 485.80
- Low value intangible fixed assets	(018)	05	87 576 579.85	97 687 492.05
- Other intangible fixed assets	(019)	06	36 944 322.02	55 409 824.84
- Acquisition of intangible fixed assets	(041)	07	108 326 872.44	31 816 418.60
- Prepayments for intangible fixed assets	(051)	08	1 721 918.10	3 250 573.00
<b>Intangible fixed assets - total</b>		<b>09</b>	<b>785 300 411.09</b>	<b>884 891 206.55</b>
<i>sum of rows from 02 to 08</i>				
<b>2. Accumulated depreciation for</b>				
- Research and development	(072)	10		
- Software	(073)	11		
- Valuable rights (patents, licences, know-how)	(074)	12		
- Low value intangible fixed assets	(078)	13		
- Other intangible fixed assets	(079)	14		
<b>Accumulated depreciation for intangible fixed assets - total</b>		<b>15</b>		
<i>sum of rows from 10 to 14</i>				
<b>3. Tangible fixed assets</b>				
- Land	(031)	16	48 892 880 823.42	48 830 125 419.81
- Works of art and collections	(032)	17	637 264 875.06	643 464 366.06
- Structures	(021)	18	146 160 174 211.43	155 131 403 992.07
- Machinery, tools & equipment, vehicles and fixtures	(022)	19	6 179 618 045.23	6 906 030 589.49
- Perennial crops	(025)	20	4 241 679.40	2 227 086.49
- Breeding and draught animals	(026)	21		
- Low value tangible fixed assets	(028)	22	1 199 208 204.78	1 420 390 594.17
- Other tangible fixed assets	(029)	23	68 459 708.03	67 925 461.03
- Acquisition of tangible fixed assets	(042)	24	38 134 951 907.92	37 349 386 711.02
- Prepayments for tangible fixed assets	(052)	25	178 794 295.46	105 334 132.37
<b>Tangible fixed assets - total</b>		<b>26</b>	<b>241 455 593 750.73</b>	<b>250 456 288 352.51</b>
<i>sum of rows from 16 to 25</i>				
<b>4. Accumulated depreciation for</b>				
- Structures	(081)	27		
- Machinery, tools & equipment, vehicles and fixtures	(082)	28		
- Perennial crops	(085)	29		
- Breeding and draught animals	(086)	30		
- Low value tangible fixed assets	(088)	31		
- Other tangible fixed assets	(089)	32		
<b>Accumulated depreciation for tangible fixed assets - total</b>		<b>33</b>		
<i>sum of rows from 27 to 32</i>				
<b>5. Non-current financial assets</b>				
- Equity securities and investments in subsidiaries	(061)	34	42 684 050 901.00	44 059 089 026.32
- Equity securities and investments in associates	(062)	35	20 492 080.00	10 377 080.00
- Debt securities held to maturity	(063)	36		
- Intercompany loans	(066)	37		

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.) 1	Actual balance 2
- Other long-term borrowings	(067)	38		
- Other non-current financial assets	(069)	39	839 369 404.13	309 257 111.85
- Acquisition of financial assets	(043)	40		
<b>Non-current financial assets - total</b>		<b>41</b>	<b>43 543 912 385.13</b>	<b>44 378 723 218.17</b>
<i>sum of rows from 34 to 40</i>				
<b>6. Privatisation assumed assets</b>				
- Privatisation assumed assets	(064)	204	X	X
- Leased privatisation assumed assets	(065)	205	X	X
<b>Privatisation assumed assets - 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>34 662 404 346.21</b>	<b>38 165 557 582.59</b>
<i>row 51+75+89+119+124</i>				
<b>1. Inventory</b>				
- Material in stock	(112)	43	49 506 043.89	50 133 439.75
- Acquisition of material and material in transit	(111 or 119)	44	5 332 190.99	7 237 299.15
- Work in progress	(121)	45		
- Semi-finished products generated own	(122)	46		
- Finished products	(123)	47		
- Livestock	(124)	48		
- Goods purchased for resale	(132)	49	2 730.36	160 041.46
- Acquisition of goods and goods in transit	(131 or 139)	50		
<b>Inventory total</b>		<b>51</b>	<b>54 840 965.24</b>	<b>57 530 780.36</b>
<i>sum of rows from 43 to 50</i>				
<b>2. Receivables</b>				
- Customers	(311)	52	5 808 426 064.17	5 256 549 334.52
- Bills of exchange to be collected	(312)	53		
- Amounts due from discounted bills	(313)	54		
- Prepayments made	(314)	55	1 828 066 935.62	2 089 577 689.97
- Amounts due under budgetary income	(315)	56	415 885 657.29	457 360 786.88
- Other receivables	(316)	57	267 739 907.49	430 424 709.04
<i>Sub-total (row 52 to 57)</i>		<b>58</b>	<b>8 320 118 564.57</b>	<b>8 233 912 520.41</b>
- Receivables from consortium members	(358)	59	37 948 683.64	45 522 077.76
- Social security and health insurance	(336)	60		
- Income tax	(341)	61		
- Other direct taxes	(342)	62		
- Value added tax	(343)	63	137 782 833.30	107 878 783.67
- Other taxes and charges	(345)	64	3 661 748.00	7 460 239.00
- Receivables from fixed term-deposit operations and options	(373)	65		
<i>Sub-total (row 61 to 64)</i>		<b>66</b>	<b>141 444 581.30</b>	<b>115 339 022.67</b>
- Foreign receivables	(371)	207	X	X
- Domestic receivables	(372)	208	X	X
<i>Sub-total (row 207 to 208)</i>		<b>209</b>	<b>X</b>	<b>X</b>
- Claims for subs. and other balances from the st. budget	(346)	67		
- Claims for subsidies and other balances from TSU	(348)	68		
<i>Sub-total (row 67 to 68)</i>		<b>69</b>		
- Amounts due from employees	(335)	70	3 239 058.00	2 204 462.21
- Receivables from issued bonds	(375)	71		
- Other receivables	(378)	72	937 101 210.34	427 515 368.32
- Provisions for receivables	(391)	73	(121 265 588.38)	(114 156 416.86)
<i>Sub-total (row 70 to 73)</i>		<b>74</b>	<b>819 074 679.96</b>	<b>315 563 413.67</b>
<b>Receivables - total</b>		<b>75</b>	<b>9 318 586 509.47</b>	<b>8 710 337 034.51</b>
<i>rows 58+59+60+65+66+209+69+74</i>				
<b>3. Financial assets</b>				
- Cash in hand	(261)	76	1 081 057.64	1 317 879.61
- Cash in transit	(+/-262)	77	73 170 546.50	102 781 026.89

**ASSETS**

Name of item	Account	Row No.	Opening balance(1.1.)		Actual balance
			1	2	
- Cash equivalents	(263)	78	8 788 387.30		3 768 948.64
<i>Sub-total(row 76 to 78)</i>		79	83 039 991.44		107 867 855.14
- Current account	(241)	80	4 856 865 284.41		8 537 989 855.16
- Current account of the fund for culture and soc. needs	(243)	81			
- Other current accounts	(245)	82	1 045 465 370.46		970 869 312.84
- Foreign currency deposits in domestic banks	(246)	210			
<i>Sub-total (row 80 to 82 and 210)</i>		83	5 902 330 654.87		9 508 859 168.00
- Equity securities	(251)	84	199 043 967.48		329 426 907.86
- Debt securities	(253)	85	433 190 499.06		533 180 128.83
- Other securities	(256)	86	3 672 115 000.00		1 935 998 627.50
- Acquisition of short-term current liquidity assets	(259)	87			
<i>Sub-total (row 84 to 87)</i>		88	4 304 349 466.54		2 798 605 664.19
<b>Financial assets - total</b>		<b>89</b>	<b>10 289 720 112.85</b>		<b>12 415 332 687.33</b>
<i>rows 79+83+88</i>					
<b>4. Budgetary funding</b>					
- Basic current account	(231)	90	11 690 300 560.11		13 126 059 525.74
- Deposit expenditure account	(232)	91		X	
- Receipt account	(235)	92		X	
- Current accounts of cash funds	(236)	93	3 087 442 614.99		3 501 274 499.31
- Current accounts of state funds	(224)	94			
- Current accounts of financial funds	(225)	95			
<i>Sub-total (row 90 to 95)</i>		96	14 777 743 175.10		16 627 334 025.05
- Subsidies granted to organizational units of state	(202)	97		X	
- Subsidies granted to TSU	(212)	98		X	
- Subsidies granted to subsidized organizations	(203)	99		X	
- Subsidies granted to other entities	(204)	100		X	
- Subsidies granted to subsidized organizations	(213)	101		X	
- Subsidies granted to other entities	(214)	102		X	
<i>Sub-total (row 97 to 102)</i>		103		X	
- Recoverable fin. borrowings provided among budgets	(271)	104	88 439 505.90		177 326 052.15
- Temporary borrowings provided to subsidized org.	(273)	105	3 415 300.00		10 504 200.00
- Temporary borrowings provided to business	(274)	106	55 697 571.21		97 053 145.76
- Temporary borrowings provided to other organizations	(275)	107	50 582 105.97		48 667 245.72
- Temporary borrowings provided to individuals	(277)	108	12 383 800.24		10 316 604.15
<i>Sub-total (row 104 to 108)</i>		109	210 518 283.32		343 867 247.78
- Limit on disbursements	(221)	110		X	
- Settlement of disbursements of TSU	(218)	111		X	
- Material expenses	(410)	112		X	
- Services and costs of non-production nature	(420)	113		X	
- Travel expenses and other payments to individuals	(430)	114		X	
- Payroll and other staff costs	(440)	115		X	
- Social security contributions	(450)	116		X	
- Deficits and damage	(460)	117		X	
<i>Sub-total (row 112 to 117)</i>		118		X	
<b>Budgetary funding</b>		<b>119</b>	<b>14 988 261 458.42</b>		<b>16 971 201 272.83</b>
<i>row 96+103+109+110+111+118</i>					
<b>5. Temporary assets</b>					
- Deferred expenses	(381)	120	4 907 364.68		4 247 838.02
- Accrued income	(385)	121	1 539 132.26		4 021 064.83
- Foreign exchange rate losses	(386)	122			
- Estimated assets	(388)	123	4 548 803.29		2 886 904.71
<b>Temporary assets - total</b>		<b>124</b>	<b>10 995 300.23</b>		<b>11 155 807.56</b>
<i>sum of rows 120 to 123</i>					
<b>TOTAL ASSETS</b>		<b>row 01 + 42 125</b>	<b>320 447 210 893.16</b>		<b>333 885 460 359.82</b>

**LIABILITIES**

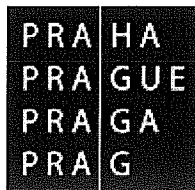
Name of item	Account	Row No.	Opening balance(1.1.)	Actual balance
			3	4
<b>C. Own sources of covering fixed and current assets</b>		<b>126</b>	<b>272 537 852 235.54</b>	<b>285 712 603 644.24</b>
<i>row 130+131+213+138+141+151+158</i>				
<b>1. Assets funds and special funds</b>				
- Fund of fixed assets	(901)	127	284 514 620 927.55	294 578 766 654.32
- Fund of current assets	(902)	128	62 797 622.64	60 509 870.10
- Fund of economic activity	(903)	129	67 022 516.09	67 712 920.15
- Valuation differences	(+/-909)	130	(2 857 156 844.67)	(3 478 866 557.18)
<b>Fund of fixed assets - total</b>		<b>131</b>	<b>284 644 441 066.28</b>	<b>294 706 989 444.57</b>
<i>sum of rows 127 to 129</i>				
- Privatisation fund	(904)	211		X
- Other funds	(905)	212		X
<b>Sub-total (row 211 to 212)</b>		<b>213</b>		<b>X</b>
<b>2. Financial and cash funds</b>				
- Bonus fond	(911)	132		
- Fund of culture and social needs	(912)	133		
- Reserve fund	(914)	134		
- Asset replacement fund	(916)	135		
- Cash funds	(917)	136	2 827 432 227.62	3 371 040 682.12
- Other financial funds	(918)	137	599 018.08	263 605.36
<b>Financial and cash funds - total</b>		<b>138</b>	<b>2 828 031 245.70</b>	<b>3 371 304 287.48</b>
<i>sum of rows 132 to 137</i>				
<b>3. Special funds for organ.</b>				
- State funds	(921)	139		
- Other special funds	(922)	140		
- EU funds	(924)	203		
<b>Special funds for organ. - total</b>		<b>141</b>		
<i>sum of rows 139, 140 and 203</i>				
<b>4. Sources of covering</b>				
- Funding of disbursements of the org. units of the state	(201)	142		X
- Funding of disbursements of TSU	(211)	143		X
- Bank accounts to limits of the org. units of the state	(223)	144		X
- Accounting for budget income from ordinary activities of the org. units of the state	(205)	145		X
- Accounting for budget income from ordinary activities of TSU	(215)	146		X
- Accounting for budget income from financial assets	(206)	147		X
- Accounting for budget income from financial assets	(216)	148		X
- Accounting for the income of TSU	(217)	149		X
- Received recoverable fin. borrowings among budgets	(272)	150	453 113 542.62	430 078 311.45
<b>Sources of covering - total</b>		<b>151</b>	<b>453 113 542.62</b>	<b>430 078 311.45</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) for the period	(+/-963)	152		X
- retained earnings/accumulated losses	(+/-932)	153	5 297 497 899.95	5 735 099 999.07
- Profit/(loss) to be approved	(+/-931)	154	2 042 666 634.54	X
b) Transfer of prior years` settlement of income and expenses	(+/-933)	155	(19 288 460 407.41)	(18 610 656 645.61)
c) Balance of disbursements and expenses under budget operations	(+/-964)	156	(965 825 982.97)	(509 274 096.67)
d) Balance of income and income under budget operations	(+/-965)	157	383 545 081.50	426 424 676.96
<b>sum of rows 152 to 157</b>		<b>158</b>	<b>(12 530 576 774.39)</b>	<b>(9 316 901 842.08)</b>

**LIABILITIES**

Name of item	Account	Row No.	Opening balance(1.1.) 3	Actual balance 4
<b>D. Liabilities</b>			<b>159 47 909 358 657.62</b>	<b>48 172 856 715.58</b>
<i>row 160+166+189+196+201</i>				
<b>1. Reserves</b>				
- Statutory reserves	(941)	160	10 873 169.51	8 235 801.09
<b>2. Long-term payables</b>				
- Issued bonds	(953)	161	15 731 850 000.00	15 173 150 000.00
- Lease payables	(954)	162		
- Long-term advances received	(955)	163	101 413.66	16 263 969.69
- Long-term bills of exchange to be payed	(958)	164		
- Other long-term payables	(959)	165	1 080 826 220.21	1 072 164 054.49
<b>Long-term payables - total</b>		<b>166</b>	<b>16 812 777 633.87</b>	<b>16 261 578 024.18</b>
<i>sum of rows 161 to 165</i>				
<b>3. Short-term payables</b>				
- Suppliers	(321)	167	1 914 996 610.77	1 346 282 558.73
- Bills of exchange to be payed	(322)	168		
- Prepayments received	(324)	169	2 056 383 078.32	2 350 000 440.35
- Other payables	(325)	170	1 550 418 056.98	2 002 017 115.96
- Payables from fixed term-dep. oper. and options	(373)	171	2 864 944 182.00	3 355 389 643.00
<i>Sub-total (row 167 to 171)</i>		<b>172</b>	<b>8 386 741 928.07</b>	<b>9 053 689 758.04</b>
- Payables from subscribed unpaired securities and investments	(367)	173		
- Payables to consortium members	(368)	174	4 126 913.11	4 130 974.54
<i>Sub-total (row 173 to 174)</i>		<b>175</b>	<b>4 126 913.11</b>	<b>4 130 974.54</b>
- Staff	(331)	176	50 889 197.00	50 827 105.00
- Other payables to staff	(333)	177	10 704 214.20	11 728 482.20
<i>Sub-total (row 176 to 177)</i>		<b>178</b>	<b>61 593 411.20</b>	<b>62 555 587.20</b>
- Payables under social security and health insurance	(336)	179	81 608 356.00	83 921 161.00
- Income tax	(341)	180	864 245 493.40	1 426 112 403.21
- Other direct taxes	(342)	181	26 952 741.00	25 749 449.00
- Value added tax	(343)	182		
- Other taxes and charges	(345)	183		
<i>Sub-total (row 180 to 183)</i>		<b>184</b>	<b>891 198 234.40</b>	<b>1 451 861 852.21</b>
- Refund of overpaid subsidies and other payables to the state budget	(347)	185	420 000.00	390 000.00
- Refund of overpaid subs. and other payables to TSU	(349)	186	920 221 459.60	423 955 647.62
<i>Sub-total (row 185 to 186)</i>		<b>187</b>	<b>920 641 459.60</b>	<b>424 345 647.62</b>
- Other payables	(379)	188	529 517 238.94	461 453 061.46
<b>Short-term payables - total</b>		<b>189</b>	<b>10 875 427 541.32</b>	<b>11 541 958 042.07</b>
<i>row 172+175+178+179+184+187+188</i>				
<b>4. Bank borrowings and loans</b>				
- Long-term bank loans	(951)	190	17 317 033 490.15	16 879 181 831.16
- Short-term bank loans	(281)	191	11 984 980.71	15 000 000.00
- Discounted short-term bonds (notes)	(282)	192		
- Issued short-term bonds	(283)	193		
- Other short-term financial borrowings	(289)	194		
<i>Sub-total (row 193 to 194)</i>		<b>195</b>		
<b>Bank borrowings and loans - total</b>		<b>196</b>	<b>17 329 018 470.86</b>	<b>16 894 181 831.16</b>
<i>row 190+191+192+195</i>				
<b>5. Temporary liabilities</b>				
- Accured expenses	(383)	197	1 365 070.77	1 176 704.91
- Deferred income	(384)	198	680 564 276.06	656 105 160.46
- Foreign exchange rate income	(387)	199	2 143 775 000.00	2 718 187 499.95
- Estimated liabilities	(389)	200	55 557 495.23	91 433 651.76
<b>Temporary liabilities - total</b>		<b>201</b>	<b>2 881 261 842.06</b>	<b>3 466 903 017.08</b>
<i>sum of rows 197 to 200</i>				
<b>TOTAL LIABILITIES</b>		<b>row 126 + 159 202</b>	<b>320 447 210 893.16</b>	<b>333 885 460 359.82</b>

*\* End of the statement \**



**INCOME STATEMENT**

of organizational units of the state, territorial self-governing units ('TSU') and subsidized organizations

(in CZK)

Period: **12 / 2006**

IČO: **SOR 200**

Name: **HLAVNÍ MĚSTO PRAHA CELKEM**

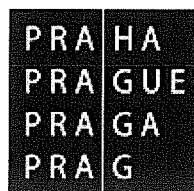
Name of item	Acc.	Row number	Main activity 1	Business activity 2
Material consumption	501	1		32 181 426.56
Energy consumption	502	2		29 800 637.13
Consumption of other unstorable supplies	503	3		3 861 987.91
Goods sold	504	4		
Repair and maintenance	511	5		2 434 180 485.02
Travel expenses	512	6		61 931.00
Representation expenses	513	7		47 029.19
Other services	518	8		1 001 249 740.36
Payroll costs	521	9		106 456 587.08
Statutory social insurance contributions	524	10		38 039 665.00
Other social insurance	525	11		38 662.00
Statutory social expenses	527	12		482 519.00
Other social expenses	528	13		17 812.60
Road tax	531	14		49 000.00
Real estate tax	532	15		1 684 404.50
Other taxes and charges	538	16		138 216 879.91
Contractual penalties and default interest	541	17		1 507 730.05
Other fines and penalties	542	18		85 730.00
Write-off of bad debts	543	19		167 555 098.73
Interest	544	20		421 681.00
Foreign exchange losses	545	21		2 615.72
Gifts	546	22		
Shortage and damage	548	23		106 166.00
Other expenses	549	24		187 377 554.41
Depreciation of intangible and tangible fixed assets	551	25		2 218 735 125.78
Net book value of sold tangible and intangible fixed assets	552	26		1 446 605 193.36
Securities and investment sold	553	27		
Material sold	554	28		4 439.60
Creation of tax-deductible reserves	556	29		1 101 660.58
Creation of tax-deductible provisions	559	30		5 796 010.75
<b>Total account class 5</b>		<b>31</b>		<b>7 815 667 773.24</b>
<i>line 1 to 30</i>				

Název položky	Acc.	Row number	Main activity	Business activity
			1	2
Sales of ownly generated products	601	32		82 549.89
Sales of services	602	33		6 261 583 356.43
Sales of goods	604	34		43 765.69
Change of inventory of work in progress	611	35		
Change of inventory of semi-finished products	612	36		
Change of inventory of products	613	37		
Change of livestock	614	38		
Capitalization of material and goods	621	39		
Capitalization of own services	622	40		
Capitalization of intangible fixed assets	623	41		
Capitalization of tangible fixed assets	624	42		
Contractual penalties and default interest	641	43		242 872 410.31
Other fines and penalties	642	44		
Payments for written-off receivables	643	45		25 213 175.09
Interest	644	46		89 696 918.40
Foreign exchange income	645	47		285 038.80
Fund clerance	648	48		11 458.50
Other income	649	49		103 849 711.49
Proceeds from the sale of tangible and intangible fixed assets	651	50		6 156 096 157.79
Income from non-current financial assets	652	51		2 964 085.00
Proceeds from the sale of securities and investments	653	52		
Proceeds from the sale of material	654	53		2 580 425.64
Income from current financial assets	655	54		37 814.32
Release of tax-deductible reserves	656	55		3 739 029.00
Release of tax-deductible provisions	659	56		11 850 234.27
Operating grants	691	57		
<b>Total account class 6</b>		<b>58</b>		<b>12 900 906 130.62</b>
<i>line 32 to 57</i>				
<b>Profit/(loss) before taxation</b>		<b>59</b>		<b>5 085 238 357.38</b>
<i>line 58 - 31</i>				
Income tax	591	60		1 426 112 403.21
Additional payment of income tax	595	61		17 621 730.00
<b>Profit/(loss) after taxation</b>		<b>62</b>		<b>3 641 504 224.17</b>
<i>line 59 - 60 - 61 (+/-)</i>				

\* End of the statement \*



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**STATEMENT OF INCOME, DISBURSEMENTS AND FINANCING**

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

(in CZK)

Period: 12 / 2006

IČO: SOR 200

Name: HLAVNÍ MĚSTO PRAHA CELKEM

**BUDGETARY INCOME - CLASS 1 - 4**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
1111	Personal income tax from dependent activities and fringe benefits	0010	7 330 000 000.00	7 330 000 000.00	7 976 099 051.00
1112	Personal income tax from independent gainful activities	0020	2 890 000 000.00	1 870 000 000.00	2 127 044 691.96
1113	Personal income tax from capital gains	0030	416 000 000.00	416 000 000.00	506 838 708.00
1119	Cancelled taxes related to personal income	0040			1 963 658.26
111	PERSONAL INCOME TAX	0050	10 636 000 000.00	9 616 000 000.00	10 611 946 109.22
1121	Corporate income tax	0060	7 800 000 000.00	8 820 000 000.00	9 378 813 890.00
1122	Corporate income tax for municipalities	0070	300 000 000.00	984 175 300.00	984 175 370.00
112	CORPORATE INCOME TAX	0100	8 100 000 000.00	9 804 175 300.00	10 362 989 260.00
11	<b>TAXES ON INCOME, PROFITS AND CAPITAL INCOME</b>	0110	18 736 000 000.00	19 420 175 300.00	20 974 935 369.22
1211	Value added tax	0120	14 095 101 000.00	14 995 101 000.00	15 140 121 750.00
121	GENERAL LOCAL TAXES ON GOODS AND SERVICES	0140	14 095 101 000.00	14 995 101 000.00	15 140 121 750.00
12	<b>LOCAL TAXES ON GOODS AND SERVICES</b>	0220	14 095 101 000.00	14 995 101 000.00	15 140 121 750.00
1332	Fees for air pollution	0270	146 500.00	170 700.00	244 725.00
1333	Fees for waste disposal	0280			53 699 028.00
1334	Charges for withdrawal of arable land	0290			252 283.00
1335	Fees for divestment of forest land	0300			14 940 452.26
1336	Fees for approved discharge of waste water to underground water	0310			(59 776.50)
1337	Fees for municipal waste	0320	630 000 000.00	630 000 000.00	656 224 894.24
133	FEES FOR ENVIRONMENTAL POLLUTION AND USE OF NATURAL RESOURCES	0340	630 146 500.00	630 170 700.00	725 301 606.00
1341	Fees for dogs	0350	39 858 400.00	41 700 800.00	50 227 263.28
1342	Residence fees	0360	103 439 000.00	103 359 300.00	131 134 532.17
1343	Fee for the use of public places	0370	215 519 000.00	217 062 000.00	232 581 688.55
1344	Entrance fees	0380	20 954 500.00	19 535 100.00	20 865 257.00
1345	Fee for accomodation facilities	0390	47 915 000.00	49 234 000.00	61 040 516.80
1347	Fees for play stations	0410	136 142 000.00	143 106 500.00	169 242 276.94
1349	Cancelled local fees	0430		200.00	29 251.84
134	LOCAL TAXES AND FEES ON SELECTED ACTIVITIES AND SERVICES	0440	563 827 900.00	573 997 900.00	665 120 786.58
1351	Payment of proceeds from the operation of lottery	0450	75 935 800.00	97 020 500.00	103 499 376.79
135	OTHER PAYMENTS FOR SELECTED ACTIVITIES AND SERVICES	0470	75 935 800.00	97 020 500.00	103 499 376.79
1361	Administration fees	0480	382 771 100.00	391 595 000.00	532 855 282.52
136	ADMINISTRATION FEES	0490	382 771 100.00	391 595 000.00	532 855 282.52
13	<b>FEES AND TAX ON SELECTED ACTIVITIES AND SERVICES</b>	0500	1 652 681 300.00	1 692 784 100.00	2 026 777 051.89
1511	Real estate tax	0560	364 588 000.00	365 890 400.00	414 692 812.09
151	TAXES ON PROPERTY	0570	364 588 000.00	365 890 400.00	414 692 812.09
15	<b>PROPERTY TAXES</b>	0630	364 588 000.00	365 890 400.00	414 692 812.09
1	<b>TAX INCOME (total for class 1)</b>	0720	34 848 370 300.00	36 473 950 800.00	38 556 526 983.20

**BUDGETARY INCOME - CLASS 1 - 4**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
2460	Repayments of borrowings from citizens	1510	2 910 700.00	6 000 200.00	8 185 628.27
246	REPAYMENTS OF BORROWINGS FROM CITIZENS	1520	2 910 700.00	6 000 200.00	8 185 628.27
<b>24</b>	<b>COLLECTED REPAYMENTS OF BORROWINGS</b>	<b>1590</b>	<b>10 099 700.00</b>	<b>15 147 800.00</b>	<b>20 436 481.89</b>
<b>2</b>	<b>NON-TAX INCOME (total for class 2)</b>	<b>1600</b>	<b>1 368 652 700.00</b>	<b>2 234 854 300.00</b>	<b>2 450 877 969.36</b>
3113	Income from the sale of other fixed assets	1630			8 000.00
3119	Other income from the sale of fixed assets	1650	106 000.00	106 000.00	106 242.00
311	INCOME FROM THE SALE OF FIXED ASSETS	1660	106 000.00	106 000.00	114 242.00
3121	Received gifts for investments	1670	620 000.00	14 003 100.00	46 063 982.00
3122	Received subsidies for investments	1680	360 000.00	1 387 400.00	1 605 245.50
3129	Other unallocated investment income	1690			8 184.00
312	OTHER INVESTMENTS INCOME	1700	980 000.00	15 390 500.00	47 677 411.50
<b>31</b>	<b>INCOME FROM THE SALE OF FIXED ASSETS AND OTHER INVESTMENT INCOME</b>	<b>1710</b>	<b>1 086 000.00</b>	<b>15 496 500.00</b>	<b>47 791 653.50</b>
<b>3</b>	<b>CAPITAL INCOME (total for class 3)</b>	<b>1760</b>	<b>1 086 000.00</b>	<b>15 496 500.00</b>	<b>47 791 653.50</b>
<b>OWN INCOME (classes 1+2+3)</b>			<b>36 218 109 000.00</b>	<b>38 724 301 600.00</b>	<b>41 055 196 606.06</b>
4111	Non-investment income subsidized from the general cash pool of the state budget	1770		217 581 500.00	217 523 689.87
4112	Non-investment income subsidized from the state budget under aggregate subsidies of relations	1780	1 711 658 000.00	1 687 951 000.00	1 687 950 960.00
4113	Non-investment income subsidized from state funds	1790		174 324 800.00	174 107 739.81
4116	Other non-investment subsidies from the state budget	1820		8 032 800 600.00	8 031 530 211.54
411	RECEIVED NON-INVESTMENT SUBSIDIES FROM THE CENTRAL LEVEL PUBLIC BUDGET	1850	1 711 658 000.00	10 112 657 900.00	10 111 112 601.22
4121	Non-investment subsidies received from municipalities	1860	1 950 000.00	3 011 100.00	5 348 851.07
412	RECEIVED NON-INVESTMENT SUBSIDIES FROM THE LOCAL LEVEL PUBLIC BUDGET	1890	1 950 000.00	3 011 100.00	5 348 851.07
4131	Transfer from own funds of economic activities	1900	4 070 956 300.00	4 370 788 700.00	4 360 614 247.45
4132	Transfers from other own funds (other than stake organizational bodies)	1910	3 300 000.00	11 577 200.00	12 501 371.73
4133	Transfers from own reserve funds	1920	576 859 900.00	701 417 000.00	706 557 663.16
4134	Transfers from budget accounts	1930	219 215 600.00	343 693 200.00	26 189 812 217.14
4139	Transfers from own funds	1950	540 898 900.00	615 561 900.00	371 868 349.02
413	TRANSFERS OF OWN FUNDS	1960	5 411 230 700.00	6 043 038 000.00	31 641 353 848.50
4152	Received non-investment subsidies from international institutions	1980		980 700.00	980 626.00
4159	Other non-investment subsidies from abroad	2010		48 200.00	48 242.30
415	RECEIVED NON-INVESTMENT SUBSIDIES FROM ABROAD	2020		1 028 900.00	1 028 868.30
4160	Non-investment subsidies received from state financial assets	2030		42 000.00	41 950.80
416	NON-INVESTMENT SUBSIDIES RECEIVED FROM STATE FINANCIAL ASSETS	2040		42 000.00	41 950.80
<b>41</b>	<b>RECEIVED SUBSIDIES NON-INVESTMENT</b>	<b>2050</b>	<b>7 124 838 700.00</b>	<b>16 159 777 900.00</b>	<b>41 758 886 119.89</b>
4211	Received investment subsidies from the state budget	2060		131 482 600.00	131 482 579.43
4213	Received investment subsidies from state funds	2080		1 370 845 200.00	885 429 057.15

**BUDGETARY DISBURSEMENTS - CLASSES 5 AND 6**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
5011	Salaries of employees	2270	2 331 362 700.00	2 452 842 200.00	2 431 887 651.64
5019	Other wages and salaries	2310	4 495 000.00	5 018 300.00	3 153 092.68
501	WAGES AND SALARIES	2320	2 335 857 700.00	2 457 860 500.00	2 435 040 744.32
5021	Other staff costs	2330	44 176 500.00	93 849 500.00	78 179 947.00
5023	Remuneration of municipality and regional authority representatives	2350	130 573 000.00	133 304 500.00	128 924 965.00
5024	Severance payment	2360	4 250 000.00	4 225 100.00	3 267 619.00
5029	Other payments for performed work not allocated otherwise	2410	3 105 000.00	3 081 400.00	2 623 210.70
502	OTHER PAYMENTS FOR WORK PERFORMED	2420	182 104 500.00	234 460 500.00	212 995 741.70
5031	Mandatory social insurance and contribution to the state employment policy	2430	643 794 200.00	681 323 900.00	670 998 698.01
5032	Mandatory public health insurance	2440	224 263 700.00	237 309 400.00	233 341 768.17
5038	Other mandatory insurance paid by the employer	2450	10 594 400.00	10 959 700.00	10 718 943.92
5039	Other mandatory insurance paid the employer	2460	860 000.00	553 400.00	331 101.30
503	MANDATORY INSURANCE PAID BY THE EMPLOYER	2470	879 512 300.00	930 146 400.00	915 390 511.40
<b>50</b>	<b>COSTS OF SALARIES AND WAGES, OTHER PAYMENTS FOR WORK PERFORMED AND INSURANCE</b>	<b>2480</b>	<b>3 397 474 500.00</b>	<b>3 622 467 400.00</b>	<b>3 563 426 997.42</b>
5131	Food	2490	1 638 000.00	1 851 100.00	1 746 159.02
5132	Protective devices	2500	652 000.00	917 200.00	717 212.59
5133	Drugs and medical material	2510	682 000.00	625 700.00	257 289.00
5134	Clothing and shoes	2520	32 155 000.00	36 194 400.00	35 609 965.59
5135	Textbooks and school tools provided free of charge	2530		500.00	495.17
5136	Books, educational tools and printing	2540	19 312 700.00	22 623 400.00	21 019 017.47
5137	Low value tangible and other than fixed assets	2550	122 969 400.00	199 263 200.00	186 451 955.07
5138	Purchase of goods (held for resale)	2560	73 000.00	174 800.00	397 017.00
5139	Purchase of other material	2570	200 339 400.00	239 230 600.00	227 861 592.69
513	PURCHASE OF MATERIAL	2580	377 821 500.00	500 880 900.00	474 060 703.60
5141	Interest	2590	1 210 356 100.00	1 109 143 600.00	1 086 865 796.53
5142	Realized exchange rate losses	2600	200 042 000.00	50 054 200.00	3 422 872.46
5143	Interest arising from assuming payables of other parties	2610	5 000 000.00	5 000 000.00	1 082 353.90
5149	Interest and other financial disbursements	2620	1 043 310 000.00	1 770 046 400.00	1 534 802 565.28
514	INTEREST AND OTHER FINANCIAL DISBURSEMENTS	2630	2 458 708 100.00	2 934 244 200.00	2 626 173 588.17
5151	Cold water	2640	17 590 000.00	16 843 600.00	13 725 827.96
5152	Payments of supplied heat	2650	20 718 500.00	24 056 000.00	21 284 727.04
5153	Gas	2660	31 399 000.00	36 032 700.00	35 281 566.20
5154	Electricity	2670	88 666 900.00	92 601 500.00	86 700 811.96
5155	Solid fuels	2680	171 000.00	236 000.00	193 138.80
5156	Fuels and oils	2690	23 124 500.00	22 729 600.00	21 412 338.97
5157	Hot water	2700	739 500.00	1 067 100.00	828 158.94
5159	Purchase of other fuels and energy	2710	2 705 000.00	2 705 000.00	2 571 710.00
515	PURCHASE OF WATER, FUELS AND ENERGY	2720	185 114 400.00	196 271 500.00	181 998 279.87
5161	Postal services	2730	57 606 400.00	68 039 900.00	60 061 994.03
5162	Telecommunication and radiocommunication services	2740	142 698 300.00	153 767 000.00	143 764 407.21
5163	Banking services	2750	46 213 200.00	49 739 000.00	38 734 089.93
5164	Rental payments	2760	120 181 900.00	107 595 700.00	100 258 406.07
5165	Land rent payments	2770	20 314 300.00	8 706 500.00	7 072 726.41

**BUDGETARY DISBURSEMENTS - CLASSES 5 AND 6**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
5166	Consulting, advisory and legal services	2780	310 131 200.00	260 950 000.00	194 892 197.48
5167	Training and educational services	2790	48 020 000.00	51 546 100.00	39 831 109.89
5168	Data processing services	2800	59 758 200.00	74 630 700.00	61 615 289.88
5169	Purchase of other services	2810	3 173 709 600.00	3 497 666 600.00	3 304 497 444.89
516	PURCHASE OF SERVICES	2820	3 978 633 100.00	4 272 641 500.00	3 950 727 665.79
5171	Repairs and maintenance	2830	1 834 241 700.00	2 176 636 700.00	2 037 311 232.22
5172	Software	2840	19 296 000.00	19 442 000.00	14 126 560.07
5173	Cross-border and in-country travel disbursements	2850	25 983 000.00	25 557 000.00	18 948 987.90
5175	Catering	2860	23 149 500.00	28 095 700.00	23 467 068.94
5176	Conference participation fees	2870	270 000.00	300 300.00	223 665.04
5177	Purchase of works of art	2880	107 500.00	392 500.00	352 484.00
5178	Rental payments for lease contracts containing a call option	2890	4 437 400.00	4 520 800.00	4 239 217.28
5179	Other purchases	2900	419 349 000.00	437 153 600.00	434 888 381.08
517	OTHER PURCHASES	2910	2 326 834 100.00	2 692 098 600.00	2 533 557 596.53
5181	Prepayments made to organizational units	2920	15 000.00		
5182	Prepayments made to the organization's petty cash unit	2930	25 000.00	255 000.00	
5189	Made prepayments and principals	2960	720 000.00	1 100 000.00	372 204.55
518	MADE PREPAYMENTS, PRINCIPALS, GUARANTEES AND GOVERNMENT LOANS	2970	760 000.00	1 355 000.00	372 204.55
5191	Paid sanctions relating to purchases	2980	200 000.00	176 600.00	30 912.15
5192	Provided non-investment contributions and compensation	2990	78 922 000.00	98 491 600.00	99 395 193.02
5193	Costs of local traffic servicability	3000	269 233 000.00	272 233 000.00	271 756 965.52
5194	Gifts in the form of property	3010	15 297 900.00	15 303 300.00	13 894 920.81
5195	Payments for the failure to meet the obligation to employ the handicapped	3020	1 058 500.00	1 554 600.00	1 523 435.00
5197	Compensation of increased costs related to the performance of duties abroad	3040	6 800 000.00	5 539 100.00	5 539 142.78
5199	Other disbursements involved in making non-investment purchases	3060	3 000.00	10 696 500.00	10 259 549.80
519	DISBURSEMENTS INVOLVED IN MAKING NON-INVESTMENT PURCHASES, CONTRIBUTIONS AND COMPENSATION	3070	371 514 400.00	403 994 700.00	402 400 119.08
<b>51</b>	<b>NON-INVESTMENT PURCHASES AND RELATED DISBURSEMENTS</b>	<b>3080</b>	<b>9 699 385 600.00</b>	<b>11 001 486 400.00</b>	<b>10 169 290 157.59</b>
5212	Non-investment subsidies to non-financial business - individuals	3100	4 174 500.00	29 016 100.00	25 090 597.92
5213	Non-investment subsidies to non-financial businesses - corporate entities	3110	8 193 696 900.00	9 642 872 180.00	9 619 929 516.24
5219	Non-investment subsidies to other businesses	3120	1 020 000.00	1 157 000.00	542 000.00
521	NON-INVESTMENT SUBSIDIES TO BUSINESSES	3130	8 198 891 400.00	9 673 045 280.00	9 645 562 114.16
5221	Non-investment subsidies to public service companies	3140	14 080 000.00	219 505 080.00	209 730 653.03
5222	Non-investment subsidies to civic associations	3150	39 934 000.00	503 320 200.00	486 300 988.11
5223	Non-investment subsidies to churches and parishes	3160	37 926 500.00	141 908 600.00	140 001 552.83
5225	Non-investment subsidies to associations of owners of facilities	3180	6 000 000.00	15 196 700.00	9 713 505.76

**BUDGETARY DISBURSEMENTS - CLASSES 5 AND 6**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
5229	Other non-investment subsidies to non-profit and similar organizations	3190	4 115 020 000.00	3 706 776 300.00	3 700 837 664.38
522	NON-INVESTMENT SUBSIDIES TO NON-PROFIT AND SIMILAR ORGANIZATIONS	3200	4 212 960 500.00	4 586 706 880.00	4 546 584 364.11
<b>52</b>	<b>NON-INVESTMENT TRANSFERS TO BUSINESSES AND NON-PROFIT ORGANIZATIONS</b>	<b>3250</b>	<b>12 411 851 900.00</b>	<b>14 259 752 160.00</b>	<b>14 192 146 478.27</b>
5311	Non-investment transfers to the state budget	3260		800 000.00	800 000.00
5319	Other non-investment transfers of resources to other public budgets	3340		10 000.00	10 000.00
531	NON-INVESTMENT TRANSFERS TO PUBLIC BUDGET AT A CENTRAL LEVEL	3350		810 000.00	810 000.00
5321	Non-investment transfers to municipalities	3360	50 000.00	2 380 000.00	2 356 927.00
5322	Non-investment subsidies to municipalities under general subsidizing relations	3370	600 000.00		
5323	Non-investment subsidies to regions	3380		50 000.00	50 000.00
532	NON-INVESTMENT TRANSFERS TO LOCAL LEVEL PUBLIC BUDGETS	3410	650 000.00	2 430 000.00	2 406 927.00
5331	Non-investment contributions to established subsidized organizations	3420	8 032 747 200.00	8 974 149 100.00	8 957 082 413.16
5332	Non-investment subsidies to universities	3430	833 000.00	14 197 900.00	8 309 110.16
5339	Non-investment contributions to other subsidized organizations	3440	6 335 000.00	29 646 800.00	27 369 579.99
533	NON-INVESTMENT CONTRIBUTIONS TO SUBSIDIZED AND SIMILAR ORGANIZATIONS	3450	8 039 915 200.00	9 017 993 800.00	8 992 761 103.31
5341	Transfers to own funds from economic activities	3460	1 585 000.00	5 806 000.00	4 339 659.37
5342	Transfers to the fund of cultural and social needs	3470	38 211 500.00	39 149 800.00	39 459 153.74
5344	Transfers to own reserve funds of regional budgets	3490	3 175 000.00	106 977 800.00	1 195 540 007.70
5345	Transfers to budget accounts	3500	1 195 687 800.00	1 410 527 500.00	25 837 418 706.32
5349	Other non-investment transfers to own funds	3520	99 900 100.00	104 017 000.00	195 820 361.56
534	TRANSFERS TO OWN FUNDS	3530	1 338 559 400.00	1 666 478 100.00	27 272 577 888.69
5361	Purchase to revenue stamps	3540	3 131 500.00	3 175 400.00	2 543 679.00
5362	Payments of taxes and fees	3550	3 528 900.00	3 994 400.00	1 228 603.03
5363	Sanction payments to other budgets	3560	235 000.00	778 700.00	665 995.90
5364	Refunds of transfers effected in past budgetary periods	3570		68 966 900.00	68 966 955.09
5369	Other non-investment transfers to other public budgets	3590		351 000.00	321 310.00
536	OTHER NON-INVESTMENT TRANSFERS TO OTHER PUBLIC BUDGETS	3600	6 895 400.00	77 266 400.00	73 726 543.02
<b>53</b>	<b>NON-INVESTMENT TRANSFERS AND OTHER BUDGET PAYMENTS</b>	<b>3610</b>	<b>9 386 020 000.00</b>	<b>10 764 978 300.00</b>	<b>36 342 282 462.02</b>
5410	Social contributions	3620	695 600 000.00	689 442 000.00	656 607 672.70
541	SOCIAL CONTRIBUTIONS	3630	695 600 000.00	689 442 000.00	656 607 672.70
5421	Accident insurance benefits	3640		45 000.00	62 293.90
5422	Compensation in the form of rehabilitation	3650			8 125.00
5429	Other compensation paid to citizens	3670	1 027 700.00	4 639 500.00	4 415 656.23
542	COMPENSATION PAID TO CITIZENS	3680	1 027 700.00	4 684 500.00	4 486 075.13
5492	Gifts to citizens	3700	14 892 200.00	19 466 100.00	15 702 610.50
5493	Special-purpose non-investment transfers to non-business individuals	3710	5 200 000.00	16 169 700.00	16 067 270.00
5494	Non-investment transfers that are not in the form of a gift	3720	157 000.00	322 000.00	208 550.00

**BUDGETARY DISBURSEMENTS - CLASSES 5 AND 6**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
5499	Other non-investment transfers to citizens	3730	52 242 000.00	50 305 500.00	45 402 250.71
549	OTHER NON-INVESTMENT TRANSFERS TO CITIZENS	3740	72 491 200.00	86 263 300.00	77 380 681.21
<b>54</b>	<b>NON-INVESTMENT TRANSFERS TO CITIZENS</b>	<b>3750</b>	<b>769 118 900.00</b>	<b>780 389 800.00</b>	<b>738 474 429.04</b>
5511	Non-investment transfers to international organizations	3760		901 400.00	904 210.86
551	NON-INVESTMENT TRANSFERS TO INTERNATIONAL AND GLOBAL ORGANIZATIONS	3810		901 400.00	904 210.86
5531	Monetary donations abroad	3840		776 100.00	776 106.42
553	OTHER NON-INVESTMENT TRANSFERS ABROAD	3860		776 100.00	776 106.42
<b>55</b>	<b>NON-INVESTMENT TRANSFERS ABROAD</b>	<b>3870</b>		<b>1 677 500.00</b>	<b>1 680 317.28</b>
5613	Non-investment loans provided to non-financial business-corporate entities	3900	59 000 000.00	59 000 000.00	46 840 782.55
561	NON-IVESTMENT LOANS PROVIDED TO BUSINESSES	3920	59 000 000.00	59 000 000.00	46 840 782.55
5649	Other non-investment loans provided to local level public budgets	4070		10 000 000.00	10 000 000.00
564	NON-INVESTMENT BORROWINGS TO PUBLIC BUDGETS AT A LOCAL LEVEL	4080		10 000 000.00	10 000 000.00
5651	Non-investment loans provided to established subsidized organizations	4090	324 000.00	324 000.00	324 000.00
565	NON-INVESTMENT LOANS PROVIDED TO SUBSIDIZED ORGANIZATIONS OR SIMILAR ENTITIES	4120	324 000.00	324 000.00	324 000.00
5660	Non-investment loans to citizens	4130	2 480 000.00	2 853 000.00	3 572 900.00
566	NON-INVESTMENT LOANS TO CITIZENS	4140	2 480 000.00	2 853 000.00	3 572 900.00
<b>56</b>	<b>NON-INVESTMENT LOANS</b>	<b>4170</b>	<b>61 804 000.00</b>	<b>72 177 000.00</b>	<b>60 737 682.55</b>
5901	Unspecified reserves	4350	1 943 105 000.00	961 229 700.00	
5902	Other disbursements from the previous years' financial settlement	4360		16 680 300.00	16 680 213.54
5909	Other non-investment disbursements	4370	214 851 600.00	28 600 040.00	17 156 644.85
590	OTHER NON-INVESTMENT DISBURSEMENTS	4380	2 157 956 600.00	1 006 510 040.00	33 836 858.39
<b>59</b>	<b>OTHER NON-INVESTMENT DISBURSEMENTS</b>	<b>4390</b>	<b>2 157 956 600.00</b>	<b>1 006 510 040.00</b>	<b>33 836 858.39</b>
<b>5</b>	<b>CURRENT DISBURSEMENTS (CLASS 5)</b>	<b>4400</b>	<b>37 883 611 500.00</b>	<b>41 509 438 600.00</b>	<b>65 101 875 382.56</b>
6111	Software	4410	89 782 700.00	199 087 500.00	161 585 811.79
6112	Valuable rights	4420	122 600.00	171 600.00	49 000.00
6119	Other purchases of intangible fixed assets	4440	25 204 000.00	23 222 400.00	16 465 964.52
611	ACQUISITION OF INTANGIBLE FIXED ASSETS	4450	115 109 300.00	222 481 500.00	178 100 776.31
6121	Buildings, halls and structures	4460	11 252 364 900.00	12 796 085 800.00	10 530 192 283.82
6122	Machinery, tools and equipment	4470	193 749 000.00	344 807 700.00	378 694 073.50
6123	Vehicles	4480	30 839 000.00	56 755 900.00	54 263 828.39
6124	Perennial crops	4490	6 200 000.00	2 559 000.00	277 318.50
6125	Computers	4500	47 933 000.00	220 186 700.00	116 396 701.82
6127	Items and works of art	4510	6 760 000.00	14 385 600.00	9 401 159.46
6129	Other purchases of tangible fixed assets	4520	7 438 000.00	15 243 400.00	15 862 708.17
612	ACQUISITION OF TANGIBLE FIXED ASSETS	4530	11 545 283 900.00	13 450 024 100.00	11 105 088 073.66
6130	Land	4540	885 126 300.00	377 584 700.00	221 595 036.33
613	LAND	4550	885 126 300.00	377 584 700.00	221 595 036.33
<b>61</b>	<b>CAPITAL AND RELATED DISBURSEMENTS</b>	<b>4560</b>	<b>12 545 519 500.00</b>	<b>14 050 090 300.00</b>	<b>11 504 783 886.30</b>



**BUDGETARY DISBURSEMENTS - CLASSES 5 AND 6**

Item	Text	Row	Approved budget	Adjusted budget	Result from the start of the year
a	b		1	2	3
6201	Purchase of shares	4570			200 000.00
620	PURCHASE OF SHARES AND EQUITY INVESTMENTS	4590			200 000.00
<b>62</b>	<b>PURCHASE OF SHARES AND EQUITY INVESTMENTS</b>	<b>4600</b>			<b>200 000.00</b>
6312	Investment subsidies to non-financial business entities - individuals	4620		7 500 000.00	
6313	Investment subsidies to non-financial businesses-corporate entities	4630	3 341 393 500.00	5 498 852 700.00	5 435 691 915.13
6319	Other investment subsidies to business entities	4640	400 000.00	400 000.00	
631	INVESTMENT SUBSIDIES TO BUSINESSES	4650	3 341 793 500.00	5 506 752 700.00	5 435 691 915.13
6321	Investment subsidies to public service organizations	4660	3 996 100.00	3 696 100.00	654 989.50
6322	Investment subsidies to civic associations	4670	44 910 000.00	88 234 900.00	76 829 513.00
6323	Investment subsidies to churches and parishes	4680		2 025 500.00	2 007 500.00
6329	Investment subsidies to non-profit and similar organizations	4700	7 500 000.00	23 656 800.00	6 886 598.30
632	INVESTMENT SUBSIDIES TO NON-PROFIT AND SIMILAR ORGANIZATIONS	4710	56 406 100.00	117 613 300.00	86 378 600.80
6351	Investment subsidies to established subsidized organizations	4850	811 172 100.00	980 248 800.00	975 595 892.70
6359	Investment subsidies to other subsidized organizations	4870		2 016 000.00	2 016 086.00
635	INVESTMENT TRANSFERS TO SUBSIDIZED ORGANIZATIONS	4880	811 172 100.00	982 264 800.00	977 611 978.70
<b>63</b>	<b>INVESTMENT TRANSFERS</b>	<b>4960</b>	<b>4 209 371 700.00</b>	<b>6 606 630 800.00</b>	<b>6 499 682 494.63</b>
6451	Investment loans provided to established state subsidized organizations	5180	210 000.00	8 723 500.00	8 723 500.00
645	INVESTMENT LOANS PROVIDED TO STATE SUBSIDIZED AND SIMILAR ORGANIZATIONS	5210	210 000.00	8 723 500.00	8 723 500.00
6460	Investment loans to citizens	5220	60 000.00	60 000.00	
646	INVESTMENT LOANS TO CITIZENS	5230	60 000.00	60 000.00	
<b>64</b>	<b>INVESTMENT LOANS</b>	<b>5260</b>	<b>270 000.00</b>	<b>8 783 500.00</b>	<b>8 723 500.00</b>
6901	Capital disbursements reserves	5420	61 007 600.00	8 358 800.00	
6909	Other capital disbursements	5430	26 500 000.00	2 000 000.00	8 665 783.43
690	OTHER CAPITAL DISBURSEMENTS	5440	87 507 600.00	10 358 800.00	8 665 783.43
<b>69</b>	<b>OTHER CAPITAL DISBURSEMENTS</b>	<b>5450</b>	<b>87 507 600.00</b>	<b>10 358 800.00</b>	<b>8 665 783.43</b>
<b>6</b>	<b>CAPITAL DISBURSEMENTS (TOTAL FOR CLASS 6)</b>	<b>5460</b>	<b>16 842 668 800.00</b>	<b>20 675 863 400.00</b>	<b>18 022 055 664.36</b>
<b>TOTAL DISBURSEMENTS (CLASS 5+6)</b>		<b>5470</b>	<b>54 726 280 300.00</b>	<b>62 185 302 000.00</b>	<b>83 123 931 046.92</b>
<b>BALANCE OF INCOME AND DISBURSEMENTS</b>		<b>5480</b>	<b>(11 383 332 600.00)</b>	<b>(5 113 828 100.00)</b>	<b>1 387 421 981.46</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>			3 035 758 863.30
<b>Total income</b>	<b>5020</b>	150 354 300.00	310 347 600.00	1 580 605 336.54
<b>Total disbursements</b>	<b>5040</b>	1 119 844 500.00	1 334 847 200.00	1 007 080 743.34
<b>Closing balance (difference in budget)</b>	<b>5060</b>	(969 490 200.00)	(1 024 499 600.00)	3 501 274 499.31
<b>Change in balance</b>	<b>5070</b>	969 490 200.00	1 024 499 600.00	(465 515 636.01)
<b>Financing - class 8</b>	<b>5080</b>	974 240 500.00	1 020 948 600.00	(159 692 708.88)

**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>

**Short-term local sources of finance**

Short-term bonds issued (+)	<b>8111</b>			
Repayment of short-term bonds issued (-)	<b>8112</b>			
Short-term loans received (+)	<b>8113</b>	7 500 000.00		20 000 000.00
Repayment of short-term loans received (-)	<b>8114</b>	(6 000 000.00)		(5 000 000.00)
Change in short-term deposits with banks(+/-)	<b>8115</b>	11 688 007 500.00	5 430 779 500.00	(1 849 590 849.95)
Active short-term operations for liquidity management - income (+)	<b>8117</b>	250 000 000.00	250 000 000.00	73 410 484 735.57
Active short-term operations for liquidity management - disbursements (-)	<b>8118</b>			(72 732 646 059.45)

**Long-term local sources of finance**

Long-term bonds issued (+)	<b>8121</b>			
Repayment of long-term bonds issued (-)	<b>8122</b>			
Long-term loans received (+)	<b>8123</b>	70 000 000.00	4 622 300.00	4 622 250.00
Repayment of long-term loans received (-)	<b>8124</b>	(626 873 900.00)	(660 046 600.00)	(652 304 186.46)
Change in long-term deposits with banks(+/-)	<b>8125</b>			
Active long-term operations for liquidity management - income (+)	<b>8127</b>	31 699 000.00	146 879 400.00	150 628 409.27
Active long-term operations for liquidity management - disbursements (+)	<b>8128</b>	(31 000 000.00)	(154 277 500.00)	(153 891 615.85)

**Short-term foreign sources of finance**

Short-term bonds issued (+)	<b>8211</b>			
Repayment of short-term bonds issued (-)	<b>8212</b>			
Short-term loans received (+)	<b>8213</b>			
Repayment of short-term loans received (-)	<b>8214</b>			
Change in short-term deposits with banks(+/-)	<b>8215</b>			
Active short-term operations for liquidity management - income (+)	<b>8217</b>			
Active short-term operations for liquidity management - disbursements (+)	<b>8218</b>			

**Long-term foreign sources of finance**

Long-term bonds issued (+)	<b>8221</b>			
Repayment of long-term bonds issued (-)	<b>8222</b>			
Long-term loans received (+)	<b>8223</b>		95 871 000.00	95 871 000.00
Repayment of long-term loans received (-)	<b>8224</b>			
Change in long-term deposits with banks(+/-)	<b>8225</b>			
Active long-term operations for liquidity management - income (+)	<b>8227</b>			530 683 500.00
Active long-term operations for liquidity management - disbursements (-)	<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
Transaction from the organization's cash accounts not functioning				
as income and disbursements of the state sector (+/-)	8901			
Unrealized foreign exchange income and losses (+/-)	8902			(206 279 164.59)
<b>TOTAL FINANCING (class 8)</b>	<b>8000</b>	<b>11 383 332 600.00</b>	<b>5 113 828 100.00</b>	<b>(1 387 421 981.46)</b>

**IV. SUMMARY OF INCOMES, DISBURSEMENTS, 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	34 848 370 300.00	36 473 950 800.00	38 556 526 983.20
A2 - NON-TAX INCOME	4020	1 368 652 700.00	2 234 854 300.00	2 450 877 969.36
A3 - CAPITAL INCOME	4030	1 086 000.00	15 496 500.00	47 791 653.50
A4 - RECEIVED SUBSIDIES	4040	7 124 838 700.00	18 347 172 300.00	43 456 156 422.32
<b>TOTAL INCOME</b>	<b>4050</b>	<b>43 342 947 700.00</b>	<b>57 071 473 900.00</b>	<b>84 511 353 028.38</b>
<b>RECEIPT CONSOLIDATION</b>	<b>4060</b>	<b>1 336 974 400.00</b>	<b>1 660 672 100.00</b>	<b>27 268 238 229.32</b>
of which:				
2223 - Income from contributions in the financial settlement in previous years between the region and the municipality	4061			
2441 - Repayments of loans from municipalities	4070			750 000.00
2442 - Repayments of loans from regions	4080			
2449 - Other repayments of loans from the central level public budget	4090			
4121 - Non-investment subsidies received from municipalities	4100	1 950 000.00	3 011 100.00	5 348 851.07
4122 - Non-investment subsidies received from regions	4110			
4129 - Other non-investment subsidies received from the local level budgets	4120			
4133 - Transfers from own reserve funds	4130	576 859 900.00	701 417 000.00	706 557 663.16
4134 - Transfers from budget accounts	4140	219 215 600.00	343 693 200.00	26 189 812 217.14
4139 - Other transfers from internal funds	4150	540 898 900.00	615 561 900.00	371 868 349.02
4221 - Investment subsidies received from municipalities	4170			
4222 - Investment subsidies received from regions	4180			
4229 - Investment subsidies received from the local level budgets	4190			
ZJ 024 - Subsidies received from other district	4191			
ZJ 025 - Repayment of loans received from other district	4192			
ZJ 028 - Received subsidies from other region	4193	1 950 000.00	3 011 100.00	5 348 851.07
ZJ 029 - Repayments of loans received from other region	4194			750 000.00
<b>TOTAL INCOME AFTER CONSOLIDATION</b>	<b>4200</b>	<b>42 005 973 300.00</b>	<b>55 410 801 800.00</b>	<b>57 243 114 799.06</b>
A5 - CURRENT DISBURSEMENTS	4210	37 883 611 500.00	41 509 438 600.00	65 101 875 382.56
A6 - CAPITAL DISBURSEMENTS	4220	16 842 668 800.00	20 675 863 400.00	18 022 055 664.36
<b>TOTAL DISBURSEMENTS</b>	<b>4240</b>	<b>54 726 280 300.00</b>	<b>62 185 302 000.00</b>	<b>83 123 931 046.92</b>
<b>CONSOLIDATION OF DISBURSEMENTS</b>	<b>4250</b>	<b>1 336 974 400.00</b>	<b>1 660 672 100.00</b>	<b>27 268 238 229.32</b>
of which:				
5321 - Non-investment transfers to municipalities	4260	50 000.00	2 380 000.00	2 356 927.00
5323 - Non-investment transfers to regions	4270		50 000.00	50 000.00
5329 - Non-investment transfers to the local level public budgets	4280			
5342 - Transfers to the cultural and social fund and the social fund of municipalities and regions	4281	38 211 500.00	39 149 800.00	39 459 153.74
5344 - Transfers to own reserve funds local budgets	4290	3 175 000.00	106 977 800.00	1 195 540 007.70
5345 - Transfers to budget accounts	4300	1 195 687 800.00	1 410 527 500.00	25 837 418 706.32
5349 - Transfers to internal funds	4310	99 900 100.00	104 017 000.00	195 820 361.56
5366 - Disbursements from financial settlement from previous years between the region and municipalities	4321			
5641 - Non-investments loans to municipalities	4330			
5642 - Non-investments loans to regions	4340			
5649 - Non-investment loans to the local level public budget	4350		10 000 000.00	10 000 000.00
6341 - Investment transfers to municipalities	4360			
6342 - Investment transfers to regions	4370			

**IV. SUMMARY OF INCOMES, DISBURSEMENTS, FINANCING AND ITS CONSOLIDATION**

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	41	42	43
<b>6349 - Other investment transfers to the local level public budget</b>	<b>4380</b>			
<b>6441 - Investment loans to municipalities</b>	<b>4400</b>			
<b>6442 - Investment loans to regions</b>	<b>4410</b>			
<b>6449 - Other investment loans to the local level public budget</b>	<b>4420</b>			
<b>ZJ 026 - Subsidies provided on the territory of a different district</b>	<b>4421</b>			
<b>ZJ 027 - Loans provided to other district</b>	<b>4422</b>			
<b>ZJ 035 - Subsidies provided to other district</b>	<b>4423</b>	50 000.00	2 430 000.00	2 406 927.00
<b>ZJ 036 - Loans provided to other region</b>	<b>4424</b>		10 000 000.00	10 000 000.00
<b>TOTAL DISBURSEMENTS AFTER CONSOLIDATION</b>	<b>4430</b>	<b>53 389 305 900.00</b>	<b>60 524 629 900.00</b>	<b>55 855 692 817.60</b>
<b>BALANCE OF INCOME AND DISBURSEMENTS AFTER CONSOLIDATION</b>	<b>4440</b>	<b>(11 383 332 600.00)</b>	<b>(5 113 828 100.00)</b>	<b>1 387 421 981.46</b>
CLASS A8 - FINANCING	4450	11 383 332 600.00	5 113 828 100.00	(1 387 421 981.46)
<b>CONSOLIDATION OF FINANCING</b>	<b>4460</b>			
<b>TOTAL FINANCING AFTER CONSOLIDATION</b>	<b>4470</b>	<b>11 383 332 600.00</b>	<b>5 113 828 100.00</b>	<b>(1 387 421 981.46)</b>

**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	<b>6010</b>	11 690 300 560.11	13 126 059 525.74	(1 435 758 965.63)
Deposit disbursements account	<b>6020</b>			
Current account of cash funds	<b>6030</b>	3 087 442 614.99	3 501 274 499.31	(413 831 884.32)
Total current accounts	<b>6040</b>	14 777 743 175.10	16 627 334 025.05	(1 849 590 849.95)
Bank accounts for OS limits	<b>6050</b>			
Receipt account	<b>6060</b>			

**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 - Received subsidies from other district</b>	<b>7090</b>			
Items:				
2223 - Income from prior years' financial settlement between the region and municipalities	7091			
4121 - Non-investment received subsidies from municipalities	7100			
4129 - Other non-investment received subsidies from the local level budgets	7110			
4221 - Investment received subsidies from municipalities	7120			
4229 - Other investment receives subsidies from the local level budgets	7130			
<b>ZJ 025 - Repayments of loans received from other district</b>	<b>7140</b>			
Items:				
2441 - Repayments of loans from municipalities	7150			
2449 - Other repayments of loans from the local level public budget	7160			
<b>ZJ 026 - Subsidies provided to other district</b>	<b>7170</b>			
Items:				
5321 - Non-investment transfers to municipalities	7180			
5329 - Other non-investment transfers to the local level public budget	7190			
5366 - Disbursements from prior years' financial settlement between the region and municipalities	7191			
6341 - Investment transfers to municipalities	7200			
6349 - Other investment transfers to the local level public budget	7210			
<b>ZJ 027 - Loans provided to other district</b>	<b>7220</b>			
Items:				
5641 - Non-investment loans to municipalities	7230			
5649 - Other non-investment loans to the local level public budget	7240			
6441 - Investment loans to municipalities	7250			
6449 - Other investment loans to the local level public budget	7260			
<b>ZJ 028 - Received subsidies from other region</b>	<b>7290</b>	1 950 000.00	3 011 100.00	5 348 851.07
Items:				
2223 - Income from prior years' financial settlement between the region and municipalities	7291			
4121 - Non-investment subsidies received from municipalities	7300	1 950 000.00	3 011 100.00	5 348 851.07
4122 - Non-investment subsidies received from regions	7310			
4129 - Other non-investment subsidies received from local level budget	7320			
4221 - Investment subsidies received from municipalities	7330			
4222 - Investment subsidies received from regions	7340			
4229 - Investment subsidies received from the local level budgets	7350			
<b>ZJ 029 - Repayments of loans received from other region</b>	<b>7360</b>			750 000.00
Items:				
2441 - Repayment of loans from municipalities	7370			750 000.00
2442 - Repayment of loans from regions	7380			
2449 - Repayment of loans from the local level public budgets	7390			

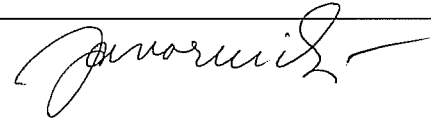
**VII. SELECTED RECORD ITEMS**

Name	Row number	Approved budget	Adjusted budget	Result from the start of the year
text	r	71	72	73
<b>ZJ 035 - Subsidies provided on the territory of different region</b>	<b>7400</b>	50 000.00	2 430 000.00	2 406 927.00
Items:				
<b>5321 - Non-investment transfers to municipalities</b>	7410	50 000.00	2 380 000.00	2 356 927.00
<b>5323 - Non-investment transfers to regions</b>	7420		50 000.00	50 000.00
<b>5329 - Other non-investment transfers to the local level budgets</b>	7430			
<b>5366 - Disbursements from prior years' financial settlement between the region and municipalities</b>	7431			
<b>6341 - Investment transfers to municipalities</b>	7440			
<b>6342 - Investment transfers to regions</b>	7450			
<b>6349 - Other investment transfers to the local level budgets</b>	7460			
<b>ZJ 036 - Loans provided on the territory of different region</b>	<b>7470</b>		10 000 000.00	10 000 000.00
Items:				
<b>5641 - Non-investment loans to municipalities</b>	7480			
<b>5642 - Non-investment loans to regions</b>	7490			
<b>5649 - Other non-investment loans to the local level budgets</b>	7500		10 000 000.00	10 000 000.00
<b>6441 - Investment loans to municipalities</b>	7510			
<b>6442 - Investment loans to regions</b>	7520			
<b>6449 - Other investment loans to the local level budgets</b>	7530			

Date mailed:

Stamp:

Signature of the head of the accounting unit:



Date delivered:



Person responsible for the presented figures

budget:

Bělova

Phone: 236 00 2571

actual:

Phone: 236 00 2383





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>Name:</b>	<b>HLAVNÍ MĚSTO PRAHA</b>
<b>Registered Office:</b>	<b>Mariánské náměstí 2, Prague 1, 110 01</b>
<b>Legal Status:</b>	<b>Territorial Self-Governing Unit</b>

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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.



## Composition of the City Council

Political party	Name
Civil Democrats	Lenka Alinčová, Michaela Bartáková, Ivan Bednář, Pavel Bém, Rudolf Blažek, Filip Dvořák, Miroslav Froněk, Miloš Gregar, Pavel Hurda, Tomáš Chalupa, Tomáš Chvála, Milan Jančík, Jiří Janeček, Tomáš Kaštovský, Pavel Klega, Ladislav Kouba, Marie Kousalíková, Petr Kužel, Martin Langmajer, Radek Lohynský, Vladislav Mareček, Miloslav Míhálík, Dalibor Mlejnský, 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 Vavřínek, David Vodrážka, Bohumil Zoufalík, Pavel Žďárský, and Hana Žižková
European Democrats	Tomáš Homola, Markéta Reedová, and Jiří Witzany
Social Democrats	František Adámek, Karel Březina, Lubomír Habrnal, Hana Halová, Daniel Hodek, Petr Hulínský, Jan Choděra, Karel Klíma, Miloslav Ludvík, Miroslav Poche, Jan Slezák, and Antonín Weinert
Communist Party	Pavel Ambrož, František Hoffman, Milan Macek, Viktor Pázler, Marta Semelová, and Petr Zajíček
Green Party	Zuzana Drhová, Karel Jech, Petra Kolínská, Iva Kotvová, Petr Štěpánek, and Eva Tylová
Independent	Jana Ryšlinková

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

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

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

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

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

The set of budgets of the City and boroughs for the year ended 31 December 2006 was approved by the City Council by Resolution No. 38/09 dated 25 May 2006 as follows:

(CZK thousand)			
Budget	Total City	City itself	Boroughs
Receipts	42 005 973	32 705 504	9 300 469
Disbursements	53 389 306	42 688 149	10 701 157
<b>Anticipated deficit</b>	<b>(11 383 333)</b>	<b>(9 982 645)</b>	<b>(1 400 688)</b>
<b>Funding</b>	<b>11 383 333</b>	<b>9 982 645</b>	<b>1 400 688</b>

The City itself includes the set of the following accounting units: cost unit "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 sections of its activities. The committees submit their opinions and proposals to the City Council, or to the Board of the City Council in issues that were delegated to the Board.

### Committees established by the City Council

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

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

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

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

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

#### Finance Committee

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

#### Control Committee

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

#### Education Committee

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

#### **Board of the City Council**

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

**Composition of the Board of the City Council**

<b>Name</b>	<b>Position</b>	<b>Political party</b>	<b>Remit</b>
Pavel Bém	Mayor	Civil Democrats	Foreign policy, external relations, relations and cooperation with the Association of Czech municipalities and Association of Czech regions, the coordination and implementation of the City's Strategic Plan
Markéta Reedová	Deputy Mayor	European Democrats	Administration with focus on foreign policy, European funds and anti-corruption measures
Hana Žižková	Deputy Mayor	Civil Democrats	Education
Rudolf Blažek	Deputy Mayor	Civil Democrats	Legislative, legal and security matters
Pavel Klega	Deputy Mayor	Civil Democrats	Management of municipal assets, economic policy, municipal infrastructure
Jiří Janeček	Councillor	Civil Democrats	Social and housing policy
Marie Kousalíková	Councillor	Civil Democrats	Financial policy
Milan Pešák	Councillor	Civil Democrats	Health care
Milan Richter	Councillor	Civil Democrats	Culture and sport
Radovan Šteiner	Councillor	Civil Democrats	Transportation with focus on construction, development and maintenance of transportation infrastructure of the City with respect to personal and public transport, coordination of management of the City Transportation Office, preparation of conceptual intentions in the transportation field, cooperation of transporters in the City
Petr Štěpánek	Councillor	Greens	Environment

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 is 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 directors 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 discussion bodies. The commissions submit their views and proposals to the Board of the City Council.

### Commissions Established by the Board of the City Council

Name	Type	Established
Stocktaking commission	permanent	16 Jan 2007
Topographical commission	permanent	27 Feb 2007
Legal commission	permanent	27 Feb 2007
Commission for bicycle transportation	permanent	16 Jan 2007
Commission for the honorary citizenship of the City and awards of the City	permanent	16 Jan 2007
Commission for the implementation of the integrated programme of reducing emissions and improvement of air quality	permanent	27 Feb 2007
Commission for national minorities and integrating foreigners living in the City and for the provision of grants in this sector	permanent	16 Jan 2007
Commission for the prevention of crime in the City	permanent	16 Jan 2007
Commission for the project of constructing an entertainment park by connecting the ZOO, botanical garden and the Troja Castle	temporary	27 Feb 2007
Commission for the preparation of the City application to organise the summer Olympic Games in 2016, or 2020	permanent	15 March 2007
Commission for dealing with taxi services	permanent	16 Jan 2007
Commission for the transparent public administration	permanent	16 Jan 2007
Commission for the provision of grants for the citywide programmes for the support of education in the City	permanent	16 Jan 2007
Commission for the provision of grants of the City for culture and art	permanent	16 Jan 2007
Commission for the provision of grants for tourism	permanent	16 Jan 2007
Commission for the provision of grants for social affairs	permanent	16 Jan 2007
Commission for the provision of grants for sport and physical education	permanent	16 Jan 2007
Commission for the provision of grants for the leisure time of children	permanent	16 Jan 2007
Commission for the provision of grants for healthcare	permanent	16 Jan 2007
Commission for the provision of grants for the environment	temporary	27 Feb 2007
Commission for the provision of grants to owners of historically significant buildings and contributions for the funding of repairs of church buildings	permanent	16 Jan 2007
Commission for the selection of subsidised organisations of the City (Ústav sociální péče Praha 4 and Ústav sociální péče Svojšice)	temporary	30 Jan 2007
Property Commission of the Board of the City Council	permanent	16 Jan 2007
Drug prevention commission	permanent	16 Jan 2007
Editorial board of the City magazine (Listy HMP)	permanent	16 Jan 2007
Steering commission for the overall renovation of the Prague Central wastewater treatment plant on Císařský island	temporary	16 Jan 2007

### The Mayor of the City

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

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

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

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

## **Metropolitan Authority**

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

In 2006, 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 can not 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. Secretariats of the members of the Metropolitan Authority are special organisational units.

Divisions of the Metropolitan Authority, with the exception of "Metropolitan Authority Head's Office", legislative and legal division, crisis management division, information technology division and economic policy division, are incorporated into five organisational areas for the execution and provision of certain activities.

## Divisions and Special Organisational Units of the Metropolitan Authority

### 1. Financial Section

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

### 2. Regional and Municipal Competencies Section

- Education Division (SKU)
- Art Schools, Youth and Sports Division (OMT)
- Social and Health Care Division (SOC)
- Archives of the City of Prague Division (AMP)
- Traffic Offences Division (ODP)

### 3. External Affairs Section

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

### 4. Property Affairs Sections

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

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

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, 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 and public service enterprises.

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

The City undertakes:

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

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

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

## 2. ACCOUNTING POLICIES

### (a) Basis of Presentation

The City's accounting records and books are maintained and the financial statements are prepared in accordance with the Accounting Act 563/1991 Coll., as amended, the Regulation 505/2002 Coll., which provides implementation guidance on the amended Act for reporting entities that are territorial self-governing units, subsidised organisations, state funds and organisational units of the state maintaining double-entry accounting records, as amended, and Czech Accounting Standards for territorial self-governing units, subsidised organisations, state funds and organisational units of the state, as amended.

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 2006. 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 equity investments in the companies 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 35.

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

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

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

The financial statements of the City was prepared as of and for the year ended 31 December 2006.

## **(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 for organisational units of the state, territorial self-governing units and subsidised organisations. 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 procedures.

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) Tangible Fixed Assets**

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

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

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

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

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

the City as of 1 January 1993 where such buildings were located within the City's cadastral area, were owned by the Czech Republic prior to the transfer and the City was the investor;

- Tangible fixed assets used by organisations undertaking construction activities related to residential building construction under the right-to-use agreement were transferred to the City as of 1 January 1993 where such assets were owned by the Czech Republic and the City was, or was deemed to be, the sponsor of such organisations; and
- Certain other assets owned by the state were also transferred to the City as of 24 April 1991.

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

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

Type of asset	Valuation method
Land	Land is valued in compliance with the relevant regulations, namely Regulation No. 151/1997, Regulation No. 393/1991 Coll., Regulation No. 611/1992 Coll., Regulation No. 110/1992 Coll., Regulation No. 279/1997, Regulation No. 325/2002, Regulation No. 540/2002 Coll., Regulation No. 452/2003 Coll. and Regulation No. 640/2004 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.

#### **(d) 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.

#### **(e) Non-Current Financial Assets**

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

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

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

At the balance sheet date, the City records:

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

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

**(f) Financial Derivative Instruments**

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

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

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

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

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

Fair value changes in respect of derivatives hedging the fair value of assets and liabilities are recognised as an expense or income. Fair value changes of hedged assets and liabilities are also recognised as gains or losses from revaluation of assets and liabilities.

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

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

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

**(g) Inventory**

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

**(h) Receivables**

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

**(i) Translation of Foreign Currencies**

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

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

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

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

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

**(j) Subsidies**

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

**(k) Repairs and Maintenance**

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

**(l) Consolidation of Budgetary Components**

The consolidation of receipts, disbursements and financing is set out in Regulation of the Finance Ministry of the Czech Republic No. 16/2001 Coll., providing guidance on the methods, timing and scope of information disclosed for the assessment of receipts and disbursements of the state, state funds and territorial self-governing units as amended by Regulation No. 535/2002 Coll. and No. 544/2004 Coll. and Communication ref no.11/15 799/2006-111.

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 three funds:

#### *The employer fund*

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

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

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

#### *The reserve and development fund*

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

### Clearance Account

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

**(n) Transfer Bridge between the Closing Balance Sheet of the City as of 31 December 2005 and the Opening Balance Sheet as of 1 January 2006**

There were no differences between the closing balance sheet of the City as of 31 December 2005 and the opening balance sheet as of 1 January 2006.

(CZK thousand)			
<b>Assets</b>	<b>At 31 December 2005</b>	<b>At 1 January 2006</b>	<b>Difference</b>
Intangible fixed assets	785 300	785 300	0
Tangible fixed assets	241 455 594	241 455 594	0
Non-current financial assets	43 543 912	43 543 912	0
Inventory	54 841	54 841	0
Receivables	9 318 587	9 318 587	0
Financial assets	10 289 720	10 289 720	0
Budgetary funds	14 988 262	14 988 261	0
Temporary assets	10 995	10 995	0
<b>Total assets</b>	<b>320 447 211</b>	<b>320 447 211</b>	<b>0</b>

(CZK thousand)			
<b>Liabilities</b>	<b>At 31 December 2005</b>	<b>At 1 January 2006</b>	<b>Difference</b>
Equity funds	284 644 441	284 644 441	0
Financial and cash funds	2 828 031	2 828 031	0
Valuation gains or losses	-2 857 157	-2 857 157	0
Inter-budgetary refundable financial assistance received	453 114	453 114	0
Profit or loss	-12 530 577	-12 530 577	0
Reserves	10 873	10 873	0
Long-term payables	16 812 778	16 812 778	0
Short-term payables	10 875 428	10 875 428	0
Bank loans and borrowings	17 329 018	17 329 018	0
Temporary liabilities	2 881 262	2 881 262	0
<b>Total liabilities</b>	<b>320 447 211</b>	<b>320 447 211</b>	<b>0</b>

**(o) Changes in Accounting Policies**

No significant changes in accounting policies were made during the year ended 31 December 2006.

### 3. NOTES TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH APPENDIX 3 TO REGULATION 505/2002 COLL.

Item	Item number	(CZK) Balances in the period from 1 Jan to 31 Dec 2006
Items 1 to 19, 50 and 51 will be disclosed as of the interim financial statements date or as of the balance sheet date as follows:		
Total subsidies for fixed assets from the state budget (subledger account for account 346)	1	
of which: system subsidies for fixed assets	2	
of which: Research and development	3	
Education of employees	4	
Information technologies	5	
Individual subsidies for particular activities	6	
Received funds for fixed assets from abroad (subledger account for account 916)	7	
Total received funds for fixed assets from the budget of territorial self-governing units (subledger account for account 348)	8	
Received contributions and subsidies for the operation of the state budget (subledger account for account 691)	9	
of which: received contributions for the operations from the sponsor (subledger account for account 691)	10	
of which: Research and development	11	
Education of employees	12	
Information technologies	13	
Received subsidies for non-investment expenses related to the funding of records programme in ISPROFIN from the sponsor (subledger account for account 691)	14	
Received funds for research and development from providers other than the sponsor (subledger account for account 691)	15	
Received funds for research and development from the budget of territorial self-governing units (subledger account for account 691)	16	
Received funds for research and development from the recipient of the special purpose support (subledger account for account 691)	17	
Received funds for the operations from abroad (subledger account for account 691)	18	
Received contributions and subsidies for the operation of the budget of territorial self-governing units (subledger account for account 691)	19	
Received contributions and subsidies for the operation from the budget of state funds (subledger account for account 691)	50	
Total received subsidies for fixed assets from the budget of state funds	51	885 429 057

Notes to the Financial Statements for the Year Ended 31 December 2006

(CZK)

Item	Item number	Balance at 1 January	Balances in the period from 1 Jan to 31 Dec 2006
Items 20 to 49, 52, 53 and 54 are disclosed as of 1 January and as of the preparation of the interim financial statements or as of the balance sheet date as follows:			
Provided inter-budgetary financial assistance – to the regional office (account 271)	20		
Provided inter-budgetary financial assistance – to the municipality (account 271)	21	88 439 506	177 326 052
Received inter-budgetary financial assistance – from the state budget (account 272)	22	6 667 077	5 333 661
Received inter-budgetary financial assistance – from the regional office (account 272)	23	90 506 596	178 810 674
Received inter-budgetary financial assistance – from the municipality (account 272)	24	109 863 332	81 296 165
Received inter-budgetary financial assistance – from state funds (account 272)	25	246 076 537	164 637 811
Received inter-budgetary financial assistance – from other public budgets (account 272)	26		
Provided temporary financial assistance to subsidised organisations – organisational branches of the state (account 273)	27		
Provided temporary financial assistance to subsidised organisations – by the regional office (account 273)	28		
Provided temporary financial assistance to subsidised organisations - by the municipality (account 273)	29	3 415 300	10 504 200
Local short-term bank loans (account 281)	30	11 984 981	15 000 000
Foreign short-term bank loans (account 281)	31		
Issued short-term bonds – in the Czech Republic (account 283)	32		
Issued short-term bonds - abroad (account 283)	33		
Other local short-term payables (financial assistance) (account 289)	34		
Other foreign short-term payables (financial assistance) (account 289)	35		
Local bills to be settled (account 322)	36		
Foreign bills to be settled (account 322)	37		
Local long-term bank loans (account 951)	38	17 317 033	16 879 181
		490	831
Foreign long-term bank loans (account 951)	39		
Local issued bonds (account 953)	40	15 731 850	15 173 150
		000	000
Foreign issued bonds (account 953)	41		
Local long-term bills to be settled (account 958)	42		
Foreign long-term bills to be settled (account 958)	43		
Other local long-term payables (account 959)	44	1 080 826 220	1 072 164 054
Other foreign long-term payables (account 959)	45		
Total purchased bonds and bills to be collected (from subledger accounts for accounts 063, 253 and 312)	46	433 190 499	533 180 129
Of which: short-term bonds and bills of territorial self-governing units (from subledger accounts for accounts 253 and 312)	47		
Municipal bonds of territorial self-governing units (from account 063)	48		
Other bonds and bills of the public budgets (from subledger accounts for accounts 063, 253, 312)	49		
Due payables arising from social security and state employment policy contribution	52	56 135 204	57 490 777
Due payables arising from the public health insurance	53	25 473 152	26 430 384
Recorded tax arrears with the local financial authorities	54	891 198 234	1 451 861 852

**4. INTANGIBLE FIXED ASSETS**

(CZK thousand)

	31 Dec 2004 Acquisition cost	Additions	Disposals	31 Dec 2005 Acquisition cost	Additions	Disposals	31 Dec 2006 Acquisition cost
Intangible fixed assets	441 295	244 769	10 813	675 251	195 731	21 158	849 824
Intangible fixed assets under construction	115 590	*	*	108 327	*	*	31 816
Prepayments for intangible fixed assets	490	*	*	1 722	*	*	3 251
<b>TOTAL</b>	<b>557 375</b>			<b>785 300</b>			<b>884 891</b>

\* Data was not available

**5. TANGIBLE FIXED ASSETS**

(CZK thousand)

	31 Dec 2004 Acquisition cost	Additions	Disposals	31 Dec 2005 Acquisition cost	Additions	Disposals	31 Dec 2006 Acquisition cost
Land	48 354 029	2 517 795	1 978 943	48 892 881	2 091 275	2 154 031	48 830 125
Structures	140 417 706	9 594 329	3 851 861	146 160 174	15 755 327	6 784 097	155 131 404
Works of art	647 098	10 895	20 728	637 265	6 205	6	643 464
Individual movables, perennial crops and breeding animals	5 163 796	1 218 191	198 127	6 183 860	1 251 745	527 347	6 908 258
Low value tangible fixed assets and other tangible fixed assets	1 189 498	157 842	79 672	1 267 668	333 596	112 948	1 488 316
Tangible fixed assets under construction	33 968 284	*	*	38 134 952	*	*	37 349 387
Prepayments for tangible fixed assets	348 896	*	*	178 794	*	*	105 334
<b>TOTAL</b>	<b>230 089 307</b>			<b>241 455 594</b>			<b>250 456 288</b>

\* Data were not 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 2006, the volume of land within the City not yet settled is approximately CZK 3,564 million (CZK 4,016 million as of 31 December 2005). The City treats these assets as its own pending a court resolution. In circumstances where the court issues a verdict against the City, the assets will be reversed against the fund of fixed assets.

As of 31 December 2005, the City reports the Ergon Jiviny building in the Ruzyne cadastral area at a cost of CZK 246 million as a component of tangible fixed assets under construction. The Board of the City Council has decided to demolish this building. The City Council issued Resolution No. 31/59 on 20 October 2005 approving the transfer for consideration of plots of land nos. 1080/2, 1103/15, 1080/3, 1103/17, 1101/3, 1103/16, 1101/4, 1101/2, 1103/14, 1101/5 and 1103/18 of a total area of 8,285 m<sup>2</sup> and buildings under construction on this land and undeveloped plots of land nos. 1101/1, 1103/1, 1080/1, 1080/4 and 1080/5 in the amount of CZK 15,502 thousand and of a total area of 16,204 m<sup>2</sup> in the cadastral area Ruzyne belonging to Bredo, a.s. on condition that the land will be transferred to Bredo, a.s. only after the building has been



demolished, on 30 June 2006 at the latest. Bredo a.s. demolished the building and both contractual parties signed the Purchase Contract KUP/58/01/009232/2006 on 15 September 2006. The City has written off this building and removed it from its accounting records as of 31 December 2006.

For more information on the drawing of capital expenditure related to fixed assets under construction for the years ended 31 December 2006 and 2005 refer to Note 22.

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

<b>Location in the City</b>	<b>Name of the national cultural monument</b>
Prague 1 - Malá Strana	Petřín Park – Calvary
Prague 1 - Staré Město	Martinská St – St Martin in the Wall Church
Prague 1 - Malá Strana	Malostranské Square 29
Prague 1 - Holešovice	Edvarda Beneš Embankment – St Mary Magdalene Chapel
Prague 1 - Malá Strana	Na Petříně St – St Cross Chapel
Prague 1 - Malá Strana	Na Petříně St – St Lawrence Chapel
Prague 1 - Malá Strana	Na Petříně, St Grave Chapel
Prague 1 - Malá Strana	Petřín Park – The God’s Grave Chapel
Prague 1 - Staré Město	Novotného lávka
Prague 1 - Staré Město	Anežská 12, St Anezka Convent
Prague 1 - Staré Město	The Old Town Square – St Nicolas Church
Prague 1 - Nové Město	Ke Karlovu St No. 20
Prague 2 - Nové Město	Ke Karlovu St – The Assumption of the Virgin Church
Prague 2 - Nové Město	Ke Karlovu St – Chapel – morgue
Prague 2 - Nové Město	Ječná St – St Ignace Church
Prague 2 - Nové Město	Na Slupi St – The Annunciation Church
Prague 5 - Smíchov	Holečkova 97, Švýcárna
Prague 6 - Suchbát	St Wenceslas Chapel
Prague 6 - Sedlec	Sedlec – The Holy Trinity Chapel
Prague 8 - Libeň	Povltavská – St Vojtech Church

## 6. NON-CURRENT FINANCIAL ASSETS

	(CZK thousand)	
	31 December 2005	31 December 2006
Equity investment in subsidiaries	42 684 051	44 059 089
Equity investments in associates	20 492	10 377
Other non-current financial assets	839 369	309 257
<b>TOTAL</b>	<b>43 543 912</b>	<b>44 378 723</b>

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

(CZK thousand)

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

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

Kongresové centrum Praha, a.s.

The City, as the sole shareholder, did not receive any shares of the company since the formation of Kongresové centrum Praha, a.s. (1995) until 31 December 2005. In January 1998, one interim certificate was issued. In October 2005, the entity was asked to resolve this situation.

The Board of the City Council, by its Resolution 1610 of 14 November 2006, asked for an issue of a collective certificate replacing 71,380 shares with a nominal value of CZK 100,000 each, issued by Kongresové centrum Praha, a.s. This certificate was issued on 6 December 2006.

Obecní dům, a.s.

The City Council approved the formation of the joint stock company Obecní dům, a.s. by its resolution No. 26/12 of 31 March 2005. The Obecní dům no. 1090 building was leased to Obecní dům, a.s., before it had been administered by the subsidised organisation Obecní dům.

The City invested an amount of CZK 12 million (12 shares with a nominal value of 1 million per share) in Obecní dům, a.s. at its formation. The amount was sent to the bank account of Obecní dům, a.s. on 16 May 2005.

Obecní dům a.s. issued 12 shares in the certificate form, with a nominal value of CZK 1 million per share on 14 June 2005. The shares were transferred under the hand-over protocol to the City on 19 December 2005.

The City Council approved a non-cash investment of movable assets of the City 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 amounted to CZK 104,260 thousand based on expert opinion no. 397/125/2005 prepared on 27 December 2005.

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

The share of the City in the equity of Kongresové centrum Praha, a.s. and Obecní dům, a.s. is lower than the carrying value of the equity investment in the entities as of 31 December 2006.

#### 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.

#### 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.

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

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

(CZK thousand)

31 December 2005							
	Share capital	Equity	Ownership	The City's	Number	Carrying	Difference
		percentage	percentage	share of	of shares	amount	between the
				equity			share of
							equity and
							carrying
							amount
Dopravní podnik hl. m. Prahy, akciová společnost *	30 726 125	60 814 336	100	60 814 336	3 001	30 726 125	30 088 211
Kongresové centrum Praha, a.s. *	7 138 000	4 919 513	100	4 919 513	71 380	7 138 000	-2 218 487
Kolektory Praha, a.s. *	69 617	71 008	100	71 008	11	69 617	1 391
Obchodní společnost PČM, a.s. **	1 000	2 920	100	2 920	1 000	1 000	1 920
Obecní dům, a.s.	12 000		100		12	12 000	
TCP – Vidoule, a.s. *	104 770	114 251	98,09	112 069	10 277	102 770	9 299
Pražská vodohospodářská společnost, a.s. *	5 445	54 544	92,01	50 186	5 010	5 010	45 176
TRADE CENTRE PRAHA akciová společnost*	15 055	32 747	89,67	29 364	270	14 070	15 294
Pražské služby, a.s. *	2 631 167	3 309 322	76,92	2 545 531	2 137 045	2 023 945	521 586
Pražská energetika Holding a.s. *	3 598 627	4 671 385	51	2 382 406	1 835 300	1 002 261	1 380 145
Pražská plynárenská Holding a.s. *	1 515 470	1 962 019	51	1 000 630	772 890	369 082	631 548
Pražská teplárenská Holding a.s. *	1 937 691	2 666 203	51	1 359 764	988 222	999 136	360 628
<b>Total City</b>						<b>42 463 016</b>	
<b>Total boroughs</b>						<b>221 035</b>	<b>-</b>
<b>TOTAL</b>						<b>42 684 051</b>	

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

\*\* Available figures on share capital and equity s of 31 December 2003

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

(CZK thousand)

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

During 2006 and 2005, 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.

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

(CZK thousand)

31 December 2005							
	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	4 023	25.64	1 032	300	1 500	-468
<b>Total City</b>						<b>1 500</b>	
<b>Total boroughs</b>	-	-	-	-	-	<b>18 992</b>	-
<b>TOTAL</b>	-	-	-	-	-	<b>20 492</b>	-

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

**Other Non-Current Financial Assets**

(CZK thousand)

31 December 2006							
	Share capital	Equity	Ownership percentage	The City's share of equity	Number of shares	Carrying amount	Difference between share of equity and carrying amount
České aerolinie, a.s.	2 735 510	951 585	2.94	27 977	8 034	49 309	-21 332
PPF banka a.s.	796 004	1 631 107	6.73	109 774	19 822	142 630	-32 856
PVA a.s.	5 000	5 934	11	653	11	611	42
Bohemia Bingo			5			0	
Chemapol Group			1.23			0	
<b>Total City</b>						<b>192 550</b>	
<b>Total boroughs</b>						<b>116 707</b>	
<b>TOTAL</b>						<b>309 257</b>	

The equity investment of the City in České aerolinie, a.s. and PPF banka a.s. was lower than the carrying value of the equity investments of the City in these companies as of 31 December 2006.

**PPF banka a.s.**

In October 2005, the extraordinary General Meeting of PPF banka, a.s. was held and approved an increase in the share capital of the entity without the City's participation. Thus, the equity investment of the City in this entity decreased from 10.35 percent to 6.73 percent. The share capital of PPF Bank increased from CZK 500,021 thousand to CZK 769,004 thousand (an increase of CZK 268,983 thousand). The increase in the share capital was effected through the subscription for 384,262 ordinary registered shares of the company in the book entry form with a nominal value of CZK 700 each.

As of 31 December 2006, 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 remeasured at fair value on the basis of an expert third-party appraisal as of 31 December 2006. The fair value was established at zero.

In May 2006, the City discontinued the term deposit with West LB. The principal of EUR 15 million, with the interest of EUR 248 thousand, was transferred to the current account maintained by West LB.

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

### Other Non-Current Financial Assets

(CZK thousand)							
31 December 2005							
	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	2 174 999	2.94	63 945	8 034	80 340	-16 395
PPF banka a.s.*	500 021	1 266 733	10,35	131 107	19 822	207 766	-76 659
Amortised deposit at West LB (EUR 15 million)						435 075	
PVA a.s.			11			0	
Bohemia Bingo			5			0	
Chemapol Group			1.23			0	
<b>Total City</b>						<b>723 181</b>	
<b>Total boroughs</b>						<b>116 188</b>	
<b>TOTAL</b>						<b>839 369</b>	

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

## 7. RECEIVABLES

(CZK thousand)		
	31 December 2005	31 December 2006
Customers	5 808 426	5 256 549
Operating prepayments made	1 828 067	2 089 578
Receivables from budgetary income	415 886	457 361
Other receivables	267 740	430 425
Receivables from association members	37 949	45 522
VAT	137 783	107 879
Other taxes and charges	3 662	7 460
Receivables from employees	3 239	2 204
Other receivables	937 101	427 515
Provisions	-121 266	-114 156
<b>TOTAL</b>	<b>9 318 587</b>	<b>8 710 337</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.

Provisions against receivables from taxable activities are recognised only by certain boroughs. As such, the provisions of CZK 114,156 thousand and CZK 121,266 thousand held against uncollectible receivables as of 31 December 2006 and 2005, respectively, are not fully representative of the amount of doubtful debts from taxable activities. If the City recognised a full provision against receivables that are past their due dates by more than 1 year, the value of the provision would increase by CZK 361,443 thousand.

**Aging Analysis of Receivables - Customers**

31 December 2006

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

31 December 2005

	(CZK thousand)					
	Before due date	0 – 30 days	30 – 60 days	Up to one year	1 year and greater	TOTAL
The City	628 288	28 639	10 073	45 243	355 542	1 067 785
City boroughs	3 817 043	53 617	63 824	190 930	615 227	4 740 641
<b>TOTAL</b>	<b>4 445 331</b>	<b>82 256</b>	<b>63 897</b>	<b>236 173</b>	<b>970 769</b>	<b>5 808 426</b>

**List of Significant Receivables from Companies in the Bankruptcy Proceedings**

	(CZK thousand)	
Entity	31 December 2005	31 December 2006
Eurocast, a.s.	173 252	173 252
Kalivoda, a.s.	49 995	49 995
Pražské veletrhy, spol. s.r.o.	42 926	42 926
Interstav, s.r.o.	30 402	30 402
Petra a.s.	15 308	15 308

As of 31 December 2006 and 2005, no detailed information on the significant receivables in the bankruptcy proceedings of boroughs was available.

**8. FINANCIAL ASSETS, BUDGETARY FUNDING ACCOUNTS AND OTHER ACCOUNTS RELATED TO BUDGETARY FUNDING**

	(CZK thousand)	
	31 December 2005	31 December 2006
Financial assets	10 289 720	12 415 333
Budgetary funding and other accounts related to budgetary funding	14 988 261	16 971 201
<b>TOTAL</b>	<b>25 277 981</b>	<b>29 386 534</b>

**Financial Assets**

Financial assets as of 31 December 2006 include other securities that principally comprised corporate and depository bills of exchange denominated in foreign currencies (EUR and CZK) placed with several banks in the amount of CZK 1,935,999 thousand.

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

These specifically include:

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

Financial assets of the City included CZK 263 million in cash as of 31 December 2005 which was not readily available.

The above primarily includes:

- Funds from wound-up state enterprises of CZK 88 million that the City is obliged to transfer to the National Property Fund in the future; and
- Other funds (guarantees provided by entities interested in future contracts, bails, etc) of CZK 175 million.

#### Budgetary Funding Accounts

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

- The basic current account of CZK 13,126,060 thousand (of which the City itself: CZK 10,758,990 thousand); and
- Current accounts of cash funds of CZK 3,501,275 thousand (of which the City itself: CZK 1,850,410 thousand).

Bank accounts comprising budgetary funding include cash deposited on the following accounts as of 31 December 2005:

- The basic current account of CZK 11,690,301 thousand (of which the City itself: CZK 9,450,556 thousand); and
- Current accounts of cash funds of CZK 3,087,443 thousand (of which the City itself: CZK 1,713,079 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.

## 9. TEMPORARY ASSETS

	(CZK thousand)	
	31 December 2005	31 December 2006
Accrued income	1 539	4 021
Other temporary assets	9 456	7 135
<b>TOTAL</b>	<b>10 995</b>	<b>11 156</b>

Other temporary assets predominantly include deferred expenses and estimated receivables.



**10. FUNDS**

	(CZK thousand)	
	31 December 2005	31 December 2006
Fixed asset fund	284 514 621	294 578 767
Current asset fund	62 798	60 509
Business activity fund	67 023	670 713
Valuation gains or losses from the revaluation of assets and liabilities	-2 857 157	-3 478 867
<b>Total asset funds</b> (without valuation gains or losses from the revaluation of assets and liabilities)	<b>284 644 441</b>	<b>294 706 989</b>
Cash funds	2 827 432	3 371 041
Other financial funds	599	264
<b>Total financial and cash funds</b>	<b>2 828 031</b>	<b>3 371 305</b>
<b>TOTAL</b> (without valuation gains or losses from the revaluation of assets and liabilities)	<b>287 472 472</b>	<b>298 078 294</b>

**Valuation Gains or Losses from the Revaluation of Assets and Liabilities**

On the basis of a valuation arrived at by a reasonable estimate made by a third party, the open derivative transactions were valued at the net amount of CZK (3,355 million) as of 31 December 2006 (2005: CZK (2,865 billion). This value was recognised on the face of the balance sheet in account no. 909 'Valuation gains and losses from the revaluation of assets and liabilities'.

As of 31 December 2006, 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. The balance of this reserve is approximately CZK 5 billion.

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

**11. ACCUMULATED LOSS**

	(CZK thousand)	
	31 December 2005	31 December 2006
Profit or loss for the period	2 042 667	3 641 504
Retained earnings, accumulated loss	5 297 498	5 735 100
Transfer of receipts and disbursements recorded in previous years	-19 288 460	- 18 610 657
Expenses and disbursements	-965 826	- 509 274
Income and receipts	383 545	426 425
<b>TOTAL</b>	<b>-12 530 576</b>	<b>- 9 316 902</b>

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

	(CZK thousand)	
	2005	2006
<b>Operating deficit at 1 January</b>	<b>-21 323 216</b>	<b>-19 288 460</b>
Receipts and disbursements upon consolidation	2 106 395	1 387 422
Change in the reserve and development fund	103 206	- 573 525
Received loan repayments	-2 370	- 2 864
Loans provided	3 503	19 090
Other receipts	-128	- 12 012
Other disbursements	-752	- 30
Non-monetary accounting operations	-175 098	- 140 278
<b>Operating deficit at 31 December</b>	<b>-19 288 460</b>	<b>- 18 610 657</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 2006 and 2005 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.

**12. RESERVES**

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

**13. BUDGETARY FUNDING AND SHORT-TERM BANK LOANS**

	(CZK thousand)	
	31 December 2005	31 December 2006
Received inter-budgetary refundable financial assistance	453 114	430 078
Short-term bank loans	11 985	15 000
<b>TOTAL</b>	<b>465 099</b>	<b>445 078</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 December 2005	31 December 2006
State Fund for Housing Development	239 702	173 418
Housing Renovation and Modernisation Fund	82 000	57 000
State Environmental Fund	39 848	28 119
<b>Total City</b>	<b>361 550</b>	<b>258 537</b>
<b>Total boroughs</b>	<b>91 564</b>	<b>171 541</b>
<b>TOTAL</b>	<b>453 114</b>	<b>430 078</b>

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

	(CZK thousand)	
	31 December 2005	31 December 2006
Bonds issued	15 731 850	15 173 150
Long-term bank loans	17 317 033	16 879 182
Long-term prepayments received	101	16 264
Other long-term payables	1 080 826	1 072 164
<b>TOTAL</b>	<b>34 129 810</b>	<b>33 140 760</b>

**Issued Bonds**

	(CZK thousand)	
	31 December 2005	31 December 2006
First issue of Euro notes under the EMTN programme	4 930 850	4 674 150
Third issue of bonds	5 000 000	5 000 000
Second issue of bonds	5 801 000	5 499 000
<b>TOTAL</b>	<b>15 731 850</b>	<b>15 173 150</b>

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

**The First Issue of Euro Notes under the EMTN programme**

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

**Basic information**

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

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

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

This transaction has been implemented with Deutsche Bank AG. A description of swap transactions is provided in Note 36.

### The Third Issue of Bonds

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

The issue was divided into:

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

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

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

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

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

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

### The Second Issue of Bonds

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

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

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

The finance obtained from the second issue of the City's bonds was partly used to repay the first issue of bonds and partly included in the budget and used to cover budgetary expenditure and to purchase short-term certificates of deposit.

### Use of the Proceeds from the Second Bond Issue

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

### Long-Term Bank Loans

	(CZK thousand)	
	31 December 2005	31 December 2006
<i>Loan facility of EUR 120,000 thousand</i>		
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)	1 629 372	1 539 839
<i>Loan facility of EUR 150,000 thousand</i>		
EIB – loan of EUR 75 million (“Prague Metro Project – B”) for the construction of the Prague metro (payable in 2009 – 2025)	2 150 937	2 246 808
EIB – loan of EUR 75 million (“Prague Metro Project – A”) for the construction of the Prague metro (payable in 2006 – 2019)	2 296 440	2 111 377
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
Česká pojišťovna a.s.- loan of CZK 600 million (payable in 2006)	160 000	0
ING Barings – loan of CZK 3,750 million (payable in 2010)	3 750 000	3 750 000
<b>Total the City</b>	<b>17 047 284</b>	<b>16 708 558</b>
<b>Total boroughs</b>	<b>269 749</b>	<b>170 624</b>
<b>TOTAL</b>	<b>17 317 033</b>	<b>16 879 182</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. This loan is collateralised by a syndicated bank guarantee, arranged by West LB. The loan was drawn in full in 2004.
- A tranche of EUR 50,000 thousand for the funding of water constructions. The loan is collateralised by a syndicated bank guarantee, arranged by Bank Austria Creditanstalt Czech Republic, a.s., Deutsche Bank, AG, Prague branch, and Hypovereinsbank CZ, a.s. 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). In January 2001, bodies of the City approved the Contract for the Provision of the Syndicated Bank Guarantee arranged by ABN AMRO N.V. 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). In November 2002, bodies of the City approved the Contract for the Provision of the Syndicated Bank Guarantee arranged by ABN AMRO N.V. 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. The EIB did not require any form of collateral for this loan.

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 EIB did not require any form of collateral for this loan.

Česká pojišťovna a.s.

In 2001, the City entered into a loan contract with CM-CREDIT for the refinancing of expenses involved in purchasing the portfolio of classified assets of První městská banka a.s. and its management.

During 2001, this contract was transferred from CM-CREDIT to Česká pojišťovna a.s.

Under the valid contract, CZK 160,000 thousand was repaid in 2006 (CZK 130,000 repaid in 2005). The loan was repaid in full as of 31 December 2006.

### ING Barings

In August 1998, the City entered into a contract for a loan facility of USD 105 million with ING Barings. During 2000, the loan was restructured and translated into CZK. 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 December 2005	31 December 2006
INCHEBA PRAHA spol. s.r.o.	201 612	191 612
Mediterra s.r.o.	165 935	161 256
DELTA CLIMATIZER, a.s.	167 070	156 968

### **Calculation of the Debt Service Ratio**

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

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

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

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

	(CZK thousand)	
	2005 Actual balance	2006 Actual balance
1 Debt base (income)	41 830 919	42 695 355
2 Interest	1 097 718	1 086 866
3 Principal amount repayments	345 343	657 304
4 Lease payments	5 400	4 239
<b>Total debt service cost</b>	<b>1 448 461</b>	<b>1 748 409</b>
<b>Calculation of the debt service</b>	<b>3%</b>	<b>4.10 %</b>

The debt service ratio of the City was 4.1 percent for the year ended 31 December 2006 (2005: 3 percent). The increase in the 'Debt Service Ratio' was due to the higher level of principal amount repayments.

### **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 2006, the principal amounted to CZK 645,001,000.

In June 2003, the City Council approved the provision of a guarantee for a loan to KCP payable as of 31 December 2006 in the form of the guarantee statement to PPF banka, a.s. (Resolution of the City Council No. 09/09 of 26 June 2003). This receivable was transferred to Dexia – Komunálkredit by PPF Bank in the year ended 31 December 2005. As of 31 December 2006, the loan was repaid in full by KCP.

#### The State Fund for Housing Development

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

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

## **15. SHORT-TERM PAYABLES AND TEMPORARY LIABILITIES**

	(CZK thousand)	
	31 December 2005	31 December 2006
Suppliers	1 914 997	1 346 283
Advances received	2 056 383	2 350 000
Other payables	1 550 418	2 002 017
Payables from fixed term transactions and options	2 864 944	3 355 390
Payables to association partners	4 127	4 131
Payables to employees	61 593	62 556
Payables arising from social security and health insurance	81 608	83 921
Taxation	891 198	1 451 862
Settlement of subsidy overpayments	920 642	424 346
Other payables	529 516	461 453
<b>Total</b>	<b>10 875 427</b>	<b>11 541 958</b>
Temporary liabilities	2 881 263	3 466 903
<b>TOTAL</b>	<b>13 756 690</b>	<b>15 008 861</b>

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



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

Of the total settlement of subsidy overpayments, payables of boroughs to the Metropolitan Authority for the unpaid share of the income tax under the preliminary assessment as of 31 December 2006 amounted to CZK 424 million (CZK 697 million as of 31 December 2005). The difference is composed of funds to be remitted to the boroughs' budgets which have not yet been remitted.

Temporary liabilities primarily include unrealised foreign currency losses of CZK 2,718 million (CZK 2,144 million as of 31 December 2005) arising from the re-translation of issued bonds and bank deposits.

## 16. AGGREGATE INCOME

	(CZK thousand)		
	2005	2006	
	Actual	Adjusted budget	Actual
Tax income	37 959 698	36 473 951	38 556 527
Non-tax income	2 255 830	2 234 854	2 450 878
Capital income	18 744	15 497	47 792
Subsidies	10 415 569	12 304 134	11 814 802
Transfers from own funds	4 142 355	4 382 366	4 373 116
<b>TOTAL</b>	<b>54 792 196</b>	<b>55 410 802</b>	<b>57 243 115</b>

## 17. TAX INCOME

	(CZK thousand)		
	2005	2006	
	Actual	Adjusted budget	Actual
Personal income tax	11 256 867	9 616 000	10 611 946
Corporate income tax	10 203 250	9 804 175	10 362 989
General in-country tax on goods and services	14 160 526	14 995 101	15 140 122
Fees and charges for environmental pollution	708 559	630 171	725 302
Local fees and other charges on selected activities and services	750 872	671 019	768 620
Administration fees	478 724	391 595	532 855
Tax on assets	400 900	365 890	414 693
<b>TOTAL</b>	<b>37 959 698</b>	<b>36 473 951</b>	<b>38 556 527</b>

In 2006, tax income accounts for 67 percent of total income of the City. Tax income is transferred to the City from taxation and custom authorities.

**18. NON-TAX INCOME**

	(CZK thousand)		
	2005		2006
	Actual	Adjusted budget	Actual
Income from own activity and penalties	266 919	267 167	349 498
Overpayments of organisations with direct relation, refunds of transfers	187 381	162 529	169 955
Income from shares in profit, dividends and realised foreign exchange gains	428 948	21 836	243 195
Interest income	1 215 755	1 554 073	1 486 528
Other non-tax income	156 827	229 249	201 702
<b>TOTAL</b>	<b>2 255 830</b>	<b>2 234 854</b>	<b>2 450 878</b>

In the years ended 31 December 2006 and 2005, non-tax income accounts for 4 percent of the City's aggregate income.

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 14 P+R parking fields, fees for information search, xerocopies, photocopies, etc.)

Penalties include penalties and fines for violation of generally binding legal regulations and notices.

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

Interest income represents the most significant component of non-tax income. For the years ended 31 December 2006 and 2005, its increase was linked to the financial strategy pursued by the City, the use of the available financial products and cash income associated with swap transactions.

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.

**19. CAPITAL INCOME**

	(CZK thousand)		
	2005		2006
	Actual	Adjusted budget	Actual
Income from the sale of fixed assets	797	106	114
Other capital income	17 947	15 391	47 677
<b>Total</b>	<b>18 744</b>	<b>15 497</b>	<b>47 792</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.

**20. RECEIVED SUBSIDIES**

	(CZK thousand)		
	2005		2006
	Actual	Adjusted budget	Actual
Non-investment subsidies from public budgets at the central level	9 457 021	10 112 658	10 111 113
Non-investment subsidies from public budgets at the local level	4 573	3 011	5 348
Non-investment foreign subsidies	2 399	1 029	1 029
Non-investment subsidies from state financial assets	611	42	42
<b>Total non-investment subsidies</b>	<b>9 464 604</b>	<b>10 116 740</b>	<b>10 117 532</b>
Investment subsidies from public budgets at the central level	950 965	2 187 394	1 697 270
<b>Total investment subsidies</b>	<b>950 965</b>	<b>2 187 394</b>	<b>1 697 270</b>
<b>TOTAL</b>	<b>10 415 569</b>	<b>12 304 134</b>	<b>11 814 802</b>

In the year ended 31 December 2006, received subsidies account for 21 percent of the total actual income of the City and are thus the second most significant source of the City's income.

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

Received subsidies predominantly comprise:

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

**Non-investment Subsidies from Public Budgets at the Central Level**

	(CZK thousand)	
	2005	
	Actual	Actual
Ministry of the School System, Youth and Physical Education	7 320 193	7 667 068
Finance Ministry	1 728 456	1 905 475
Other Czech ministries and state funds	408 372	538 570
<b>Total</b>	<b>9 457 021</b>	<b>10 111 113</b>

**Czech Finance Ministry**

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

	(CZK million)	
	2005	
	Actual	Actual
State administration	436 977	502 026
Social allowances	644 625	687 900
Social care centres and retirement centres	346 455	356 692
School system	138 866	141 333
Other subsidies	161 533	217 524
<b>Total</b>	<b>1 728 456</b>	<b>1 905 475</b>

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

	(CZK thousand)	
	2005	2006
	Actual	Actual
State Fund for Transport Infrastructure	717 532	818 589
State Fund for Housing Development	93 819	51 690
Czech Finance Ministry	43 967	131 483
State Environmental Fund	1 881	15 150
Other Czech ministries	93 766	680 358
<b>TOTAL</b>	<b>950 965</b>	<b>1 697 270</b>

**21. 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.

**22. TOTAL DISBURSEMENTS**

	(CZK thousand)		
	2005	2006	2006
	Actual	Adjusted budget	Actual
Total non-investment disbursements	35 282 564	39 848 767	37 833 637
Total investment disbursements	17 403 237	20 675 863	18 022 056
<b>Total</b>	<b>52 685 801</b>	<b>60 524 630</b>	<b>55 855 693</b>

**An Analysis of Disbursements by Chapter**

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

Chapter	(CZK thousand)		
	2005		Total
	Non-investment disbursements	Investment disbursements	
Municipal development	218 215	2 218 115	2 436 330
Municipal infrastructure	2 158 268	2 890 342	5 048 610
Transportation	10 684 869	7 854 147	18 539 016
School system, youth and self-administration	9 746 757	1 592 184	11 338 941
Health system and social care	2 547 823	401 621	2 949 444
Culture, sports and tourism	1 490 697	623 050	2 113 747
Security	1 040 346	264 087	1 304 433
Economy	727 455	1 045 826	1 773 281
Internal administration	4 279 247	488 603	4 767 850
Administration of financial issues	2 388 887	25 263	2 414 150
<b>TOTAL</b>	<b>35 282 564</b>	<b>17 403 237</b>	<b>52 685 801</b>

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

## Transportation

### Non-investment Disbursements

	(CZK thousand)	
	2005	2006
	Actual	Actual
Technical administration of roads (budgetary)		
- Winter maintenance	327 125	353 596
- Repair and maintenance of roads	1 022 193	992 843
- Cleaning and greenery	409 126	422 268
- Other	215 449	256 758
<b>Total</b>	<b>1 973 893</b>	<b>2 025 465</b>
Dopravní podnik hl. m. Prahy, a.s.		
- Subsidies to offset the expenses of Dopravní podnik, a.s. (from the 'transportation' chapter)	8 045 199	8 430 127
Other current disbursements (including boroughs)	665 777	785 800
<b>Total non-investment disbursements</b>	<b>10 684 869</b>	<b>11 241 392</b>

In 2006, the ordinary expenses of Technical Administration of Roads were predominantly incurred in respect of repairs and maintenance of roads (including road signs and traffic lights), winter maintenance of roads to keep them open to traffic, cleaning (including drains), maintenance of greenery, liquidation of unauthorised dumping sites, and other activities related to the administration of the roads owned by the City.

The City Council, by its Resolution No. 32/01 of 24 November 2005, approved a non-investment grant of CZK 7,969,541 thousand from the budget of the City for Dopravní podnik hl. m. Prahy for the year 2006.

The City Council, by its Resolution No. 1697, approved the increase in the approved non-investment grant by CZK 586 thousand in partial settlement of the expenses of the EU TRENDSETTER project on 28 November 2006.

The City Council, by its Resolution No. 2/40, approved an adjustment to the budget of the City involving the transfer of investment grants of CZK 460,000 thousand for the increase in non-investment grants for the payment of expenses by Dopravní podnik hl. m. Prahy, akciová společnost for the charging of write-offs on 21 December 2006.

The aggregate non-investment grant 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 2006 amounted to CZK 8,470,127 thousand, of which CZK 8,430,127 thousand was provided from the "Transportation" chapter.

Investment Disbursements in 2006

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

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

Investment Disbursements in 2005

	(CZK thousand)
	<b>2005</b>
	<b>Actual</b>
The City Investor Department	
- Radlická – Strahovský tunnel	611 511
- Vysočanská radial road	331 352
- Strahovský tunnel - 2 <sup>rd</sup> st.	181 308
- Strahovský tunnel - 3 <sup>rd</sup> st.	165 150
- Chodovská radial road	113 630
- KOMOKO	110 517
- Špejchar – Pelc/Tyrolka	94 860
- Turkova	79 240
- Other (below CZK 50 million on an individual basis)	55 219
<b>Total</b>	<b>1 742 787</b>
Technical administration of roads	
- MÚK – connection of Malá and Velká Chuchle	299 212
- Southern junction – multiple constructions	117 694
- Sokolovská	114 035
- Rašínovo embankment	80 000
- Mostecká - Bohdalec	75 329
- Other (below CZK 70 million on an individual basis)	715 676
<b>Total</b>	<b>1 401 946</b>
Dopravní podnik hl. m. Prahy, a.s.	
- IV. section of the C2 line – Ládví - Letňany	2 368 462
- Renovation of metro trains	900 000
- Modernisation of trams	300 700
- Metro station – Hostivař depot	250 000
- IV. section of the C1 line – nádraží Holešovice - Ládví	240 000
- exchange of cables on A and C line	140 000
- Renovation of Sokolovská tram road	120 000
- Renovation of B line security system	100 000
- Other (below CZK 100 million on an individual basis)	197 491
<b>Total</b>	<b>4 616 653</b>
Other investment disbursements (including boroughs)	92 761
<b>TOTAL</b>	<b>7 854 147</b>

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

In the year ended 31 December 2006, this area was financed using funds from the City's budget and from the state budget provided by the Ministry of the School System, Youth and Physical Education, the Finance Ministry, the Ministry of Culture and the Ministry of Labour and Social Affairs.

Non-investment disbursements principally include salaries, other staff costs and insurance charges, costs of teaching aids and education of teachers.

During 2006, the Educational Division of the Metropolitan Authority implemented seven projects that were subsidised within the "Unified Program Document of the HMP NUTS 2 region for Purpose 3 (JPD 3)".

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

- **PILOT GP** – preparation and review of pilot school educational programmes in selected Prague high schools;
- **JARO** – development of language skills of teachers with the aim of improving education at elementary and high schools and specialised colleges;
- **HODINA** – adjustment of educational programmes for the 7<sup>th</sup> grade of elementary schools aiming at the development of key competencies of the students;
- **Ekogramotnost** – preparation and assessment of programmes for the education - provision of knowledge leading to the understanding of connections between natural, economic and social aspects;
- **PŠP** (Advisory – school – occupation) – improvement of the diagnostic and advisory system in the field of education and choice of an occupation;
- **INOSKOP** – the programme focuses on the introduction of innovations in the work of teachers at elementary schools;
- **EVALUACE** – creation of evaluation and self-evaluation procedures for elementary and secondary schools on the territory of the City.

#### Investment Disbursements

In the area of investment disbursements, funding was principally invested in renovating and modernising buildings.

### 23. 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)		
	2005		2006
	Actual	Adjusted budget	Actual
Wages and other work-related payments and obligatory insurance paid by employers	3 316 154	3 622 467	3 563 427
Purchased material	367 991	500 881	474 061
Purchased water, fuel and energy	152 268	196 272	181 998
Purchased services	3 736 519	4 272 642	3 950 728
Other purchases	2 451 275	2 692 099	2 533 558
Interest and other financial expenses	2 211 630	2 934 244	2 626 174
Other operating expenses	350 844	405 348	402 771
<b>Total</b>	<b>12 586 681</b>	<b>14 623 953</b>	<b>13 732 717</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)	
	2005	2006
	Actual	Actual
<b>Total auditor's activity related to the examination of the City's operations</b>	<b>6 312</b>	<b>0</b>
- Auditor's report on the examination of the City's operations		
<b>Total other activities related to the examination of the City's operations</b>	<b>1 828</b>	<b>2 292</b>
<b>Total advisory services</b>	<b>103</b>	<b>2 820</b>
<b>TOTAL</b>	<b>8 243</b>	<b>5 112</b>

By its Resolution of 20 December 2005, the Board of the City Council :

- Decided to revoke the tender for the public contract "Examination of the City's operations for 2005 – 2008" , assigned in the public tender initiated by the sponsor on 29 August 2005 by the announcement of the public tender, with the publication on the central address under reference number VZ 50012188, in accordance with the Public Procurement Act 40/2004 Coll.;
- Discontinued the activity of the commission assessing the public contract "Examination of the City's operations for 2005 – 2008";
- Tasked the Mayor of the City with securing the examination of the City's operations for 2005 via the Czech Ministry of Finance; and
- Tasked the Chief Executive of the Metropolitan Authority with ensuring the implementation of all legal acts related to the resolution of the sponsor on the revocation of the public tender.

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

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

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

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

	(CZK thousand)		
	2005		2006
	Actual	Adjusted budget	Actual
Dopravní podnik, a.s. (Transport Company)	8 090 199	8 470 127	8 470 127
Technical Administration of Roads	1 973 893	2 030 116	2 025 465
Municipal Police	728 732	814 089	814 075
Emergency Medical Services	204 645	221 804	221 803
City library	205 178	209 890	209 890
Zoo	109 176	110 222	101 262

Other entities receiving subsidies/allowances/transfers are, for example, schools and schooling facilities, retirement homes, homes with special care, theatres, galleries, etc. The amount of provided funds is below CZK 100,000 thousand per year on an individual basis.

**25. RECEIPTS, DISBURSEMENTS AND FINANCING**

	(CZK thousand)	
	2005	2006
	Actual	Actual
Total receipts	54 792 196	57 243 115
Total disbursements	52 685 801	55 855 693
<b>Balance of receipts and disbursements</b>	<b>2 106 395</b>	<b>1 387 422</b>
Financing	-2 106 395	-1 387 422

**Breakdown of Financing**

	(CZK thousand)	
	2005	2006
	Actual	Actual
<b>Local financing</b>		
Short-term received funds	7 620	20 000
Repayments of short-term received funds	-3 444	-5 000
Change in the balance of short-term funds at bank accounts	-3 350 198	-1 849 591
Active short-term liquidity management transactions (receipts – disbursements)	-1 427 258	677 839
Long-term received funds	64 184	4 622
Repayments of short-term received funds	-343 899	-652 304
Active long-term liquidity management transactions (receipts – disbursements)	131 703	-3 264
<b>Foreign financing</b>		
Long-term received funds	1 628 462	95 871
Repayments of short-term received funds	2 000	0
Active long-term liquidity management transactions (receipts – disbursements)	1 592 051	530 684
Unrealised foreign exchange rate gains or losses	-407 616	-206 279
<b>TOTAL</b>	<b>-2 106 395</b>	<b>-1 387 422</b>

**26. INCOME STATEMENT**

	(CZK thousand)	
	2005	2006
	Actual	Actual
Total income	10 242 502	12 900 906
Total expenses	7 297 077	7 815 668
<b>Operating surplus/(deficit) before tax</b> (income less expenses)	<b>2 945 425</b>	<b>5 085 238</b>
Tax	902 758	1 443 734
<b>Surplus/(deficit) after tax</b> (profit +/-loss -)	<b>2 042 667</b>	<b>3 641 504</b>

**27. 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.

**28. 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.

**29. OTHER OPERATING INCOME**

Other operating income primarily includes interest income and income from contractual fines and penalties.

**30. 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.

**31. 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 December 2005	31 December 2006
Material	25 168	32 181
Energy	32 834	29 801
Other non-storable supplies and goods sold	5 724	3 862
Repairs and maintenance	2 684 246	2 434 180
Other costs and services	935 851	1 001 359
<b>Total</b>	<b>3 683 823</b>	<b>3 501 383</b>

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

**32. DEPRECIATION**

Depreciation can be charged only on assets used within taxable activities. The City recognises depreciation only on residential houses that are leased throughout the year and on assets leased to Pražská vodohospodářská společnost, a.s. (all water pipes and 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.

Depreciation is calculated as of 31 December.

### 33. INCOME TAXES

The estimated income tax is determined pursuant to the income statement of the City and city boroughs. The ultimate tax amount (2006: 24 percent of the profit before tax, 2005: 26 percent) is calculated according to statutory requirements by 30 June of the year following the accounting period to which the tax relates. The difference between the actual calculated tax and the tax recorded to expenses prior to the preparation of the year-end financial statements is charged against the profit or loss in the following year.

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

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

### 34. 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)	
		2005	2006
		Actual	Actual
<b>The City's receipts from dividends</b>		<b>409 645</b>	<b>210 337</b>
Of which:			
	Pražská energetika Holding, a.s.	150 541	134 160
	Pražská teplárenská Holding, a.s.	141 538	0
	Pražská plynárenská Holding, a.s.	61 425	58 719
	Obecní dům a.s.	0	3 076
	PPF banka a.s.	56 141	14 382
<b>Total city boroughs</b>		<b>18 230</b>	<b>27 166</b>
<b>TOTAL</b>		<b>427 875</b>	<b>237 503</b>
<b>Total payments to related organisations</b>		<b>170 922</b>	<b>169 955</b>

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

**Disbursements**

		(CZK thousand)	
		2005	2006
		Actual	Actual
Subsidies to business companies	investment	4 665 235	5 435 692
of which: subsidies to Dopravní podnik, a.s.		4 636 654	5 396 179
	non-investment	9 214 286	9 645 562
of which: subsidies to Dopravní podnik, a.s.		8 090 199	8 470 127
Subsidies to non-for-profit and similar organisations	investment	76 529	86 379
	non-investment	4 120 113	4 546 584
Subsidies to subsidised organisations	investment	861 337	977 612
Transfers to subsidised and similar organisations	non-investment	8 423 522	8 992 761

Transfers predominantly include contributions and subsidies to subsidised organisations and universities.

**35. 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 December 2005	31 December 2006
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets		224 517	232 970
Intangible fixed assets		25 701 917	26 545 134
Non-current financial assets		50	55
Accumulated depreciation of fixed assets		- 9 997 546	-10 386 225
<b>Total</b>		<b>15 928 938</b>	<b>16 391 934</b>
<b>Current assets</b>			
Inventory		186 532	194 848
Receivables		560 168	516 040
Financial assets		2 770 608	3 031 414
Other assets		54 956	63 280
<b>Total</b>		<b>3 572 264</b>	<b>3 805 582</b>
<b>TOTAL ASSETS</b>		<b>19 501 202</b>	<b>20 197 516</b>

	(CZK thousand)	
	31 December 2005	31 December 2006
<b>LIABILITIES</b>		
<b>Equity</b>		
Equity funds	15 944 551	16 534 480
Financial funds	1 484 841	1 545 505
<b>Results of operations</b>		
Profit or loss for the period	84 262	119 893
Retained earnings	- 82 878	-62 441
<b>Total</b>	<b>17 430 776</b>	<b>18 137 437</b>
<b>Liabilities</b>		
Reserves	3 115	1 471
Long-term payables	135 036	1 626
Short-term payables and temporary liabilities	1 928 860	2 046 478
Bank loans and borrowings	3 415	10 504
<b>Total</b>	<b>2 070 426</b>	<b>2 060 079</b>
<b>TOTAL LIABILITIES</b>	<b>19 501 202</b>	<b>20 197 516</b>

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

With effect from 2001, subsidised organisations established by the City have included high schools, art schools and special schools for teaching disabled children, 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.

### 36. 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 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 in December 2003.
- Charge for the compensation of damage. The plaintiff requires that the City pays CZK 3,000 thousand with accrued interest and costs of legal representation.

- Legal dispute of the bankruptcy trustee of Vít potraviny, a.s. and the City – the Regional Court for Prague 1 issued a verdict on 10 July 2006 imposing the payment of CZK 4,000 thousand to the City. The verdict has not come into effect.
- Charge for the extradition of unjustified enrichment of CZK 4,000 thousand with accrued interest.
- Charge of PSJ INVEST a.s., PASSERINVEST GROUP, a.s. for the payment of approximately CZK 4 million with accrued interest.
- Charge of FOS-HOLDING, a.s. for the partial payment of performance resulting from the contract for the assignment of receivables of 2002. In the event of an unfavourable outcome, the City would pay approximately CZK 6,000 thousand.
- Charge of Zábavní a výstavní park, a.s. for the payment of approximately CZK 12,000 thousand with accrued interest as a proportional part arising from the agreement on the establishment terms.
- Legal dispute for the payment of approximately CZK 39 million relating to the extradition of unjustified enrichment resulting from the use of land from 2002 to 2003.
- Legal dispute for the payment of approximately CZK 79 million relating to the extradition of unjustified enrichment resulting from the use of land from 2000 to 2002;
- Charge of PSJ Jihlava, spol. s.r.o. – in liquidation for the payment of approximately CZK 87,000 thousand with accrued interest against Obecní dům. The City (the sole shareholder of Obecní dům, a.s.) entered into this legal dispute on 11 April 2006.
- Legal dispute for approximately CZK 105 million relating to the extradition of unjustified enrichment resulting from the use of land from 1996 to 2000.
- In 2006, the plaintiff (Diplomatický servis) filed a charge for the determination of ownership title to a building and underlying land in the Malá Strana cadastral area.

### **Swap Transactions**

The most significant change in derivative transactions of the City in 2006, as compared to 2005, relates to the fact that the City discontinued the interest swap with Česká pojišťovna, a.s. (CZK 660 million), Cross Currency Swaps with Deutsche Bank A.G. Prague branch (EUR 7.5 million) and with ABN AMRO N.V (EUR 7.5 million) and finalised the change in the conditions of the swap operation relating to the provision of the first issue of bonds in the EMTN Programme in the amount of EUR 170 million with Česká spořitelna a.s.

In 2005, the City fully restructured the interest rate hedge of floating portion III. of the issue of the bonds of the City in the aggregate amount of CZK 3,000,000 thousand.

Other hedging transactions remained unchanged.

With a view of managing foreign exchange and interest rate risks arising from its long-term financial commitments, the City entered into the following open derivative transactions as of 31 December 2006:

### Česká spořitelna, a.s.

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

Payer of fixed amount:	Česká spořitelna, a.s.
Nominal amount in CZK:	CZK 1,500,000,000
Rate:	6-month PRIBOR + 0.32 % p.a.
Payer of variable amount in EUR:	City
Nominal amount in CZK:	CZK 1,500,000,000
Rate:	7.27 % p.a.

- Cross Currency Swap related to the first issue of the City's bonds in the amount of EUR 170 million within the EMTN Program with an inception trade date of 20 March 2006 and a settlement date of 19 March 2013.

Payer of variable amount in CZK:	Česká spořitelna, a.s.
Nominal amount:	EUR 170,000,000
Nominal amount:	CZK 5,389,000,000
Rate (receipt of the City)	5.55 % p.a. – spread from the nominal amount in CZK, spread = 10 year CZK swap rate - 2 year CZK swap rate
Interest rate between 20 March 2006 and 19 March 2007 (disbursement of the City)	PRIBOR 12M + 1.55 %p.a.
Interest rate between 19 March 2007 and 19 March 2013 (disbursement of the City)	PRIBOR 12M +1.55%

### COMMERZBANK, A.G.

- Interest rate swap relating to the floating portion of the second issue of the City's bonds with an inception trade date of 15 May 2005 and a settlement date of 15 May 2011

Payer of fixed amount:	COMMERZBANK
Nominal amount in CZK:	CZK 1,500,000,000
Rate:	6-months PRIBOR + 0.32 % p.a.
Payer of variable amount:	City
Nominal amount in CZK:	CZK 1,500,000,000
Rate:	7.27 %



**Deutsche Bank AG, the Prague branch****I.**Component (A)

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

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

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

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

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

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

Component (B)

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

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

Component (C)

- Collar Rate Protection Transaction to the provision of the second issue of the City's bonds with a trade date of 11 February 2002, inception trade date of 15 June 2002 and a settlement date of 15 June 2009.

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

**II.**

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

Payer of variable amount in CZK:	Deutsche Bank AG, Prague branch
Nominal amount:	EUR 170,000,000
Rate:	4.25 % p.a.
Payer of variable amount in CZK:	City
Nominal amount:	CZK 5,389,000,000
Rate for year 1 – 3:	3.95 % p.a.
Rate for year 4 – 10:	5.55 % p.a. – spread from the nominal amount in CZK, spread = 10 years CZK swap rate swap rate - 2 year CZK swap rate

**ABN-AMRO**

**I.**

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

Payer of fixed amount in EUR:	ABN-AMRO
Nominal amount in EUR:	EUR 66,000,000
Rate:	4.625 %
Payer of variable amount in CZK:	City
Nominal amount in CZK:	CZK 2,392,500,000
Rate :	6-month PRIBOR

**II.**

- Interest rate swap related to the provision of the second issue of the City's bonds with an inception trade date of 15 June 2003 and a settlement date of 15 June 2009

Payer of fixed amount	ABN-AMRO
Nominal amount in CZK:	CZK 2,283,000,000
Payer of fixed amount:	City
Nominal amount in EUR:	EUR 66,000,000

**III.**

- Interest rate swap related to the second issue of the City's bonds with an inception trade date of 15 June 2003 and a settlement date of 15 June 2009

Payer of fixed amount	ABN-AMRO
Nominal amount in CZK:	EUR 34,000,000
Rate:	4.63 %
Payer of fixed amount:	City
Nominal amount in EUR:	CZK 1,232,500,000
Rate:	5.49 %

**IV.**

- Collar Rate Protection Transaction related to the provision of the second issue of the City's bonds with an inception trade date of 15 June 2003 and a settlement date of 15 June 2009

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

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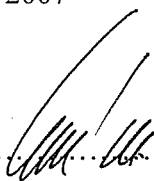
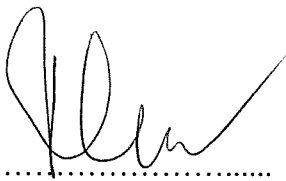
**37. POST BALANCE SHEET EVENTS**

The following events occurred subsequent to the balance sheet date that are material to the financial position of the City:

<b>Body of the City</b>	<b>Description</b>
<b>THE CITY COUNCIL Resolution No. 5/1 of 22 March 2007 approved:</b>	<ul style="list-style-type: none"> <li>- Submission of the candidacy application for the organisation of the Summer Olympic Games</li> <li>- Proposal for the organisational arrangements of the candidacy by a public service enterprise</li> <li>- Foundation of a public service enterprise PRAHA OLYMPIJSKÁ, o.p.s. by the City, together with the Czech Olympic Committee, civic association</li> <li>- Foundation contract of the public service enterprise PRAHA OLYMPIJSKÁ, o.p.s.</li> <li>- Increase in the budget of current expenses of CZK 15,000 thousand for the equity investment of the City – the founder of the public service enterprise PRAHA OLYMPIJSKÁ, o.p.s.</li> </ul>
<b>THE CITY COUNCIL Resolution No. 4/8 of 22 March 2007</b>	<ul style="list-style-type: none"> <li>- Approved the bill amending Act No.131/2000 Coll., on the City of Prague, as amended;</li> <li>- Submitted the proposal to the Chamber of Deputies of the Czech Parliament and authorised Rudolf Blažek, the deputy mayor, to act on behalf of the City Council with respect to the bill in the Chamber of Deputies of the Czech Parliament and its bodies;</li> <li>- Authorised the Mayor of the City to send the proposal to the Chairman of the Chamber of Deputies.</li> </ul>
<b>THE CITY COUNCIL Resolution No. 4/7 of 22 February 2007 approved:</b>	<ul style="list-style-type: none"> <li>- Receipt of the subsidy from the state budget within the summary subsidy relation of the state budget to the budget of the City for 2007 based on Act No.622/2006 Coll. in the aggregate amount of CZK 658,037 thousand</li> <li>- Increase in the budget of receipts of the City in the 'Administration of financial issues' chapter by the grant from the state budget in the amount of CZK 658,037 thousand</li> <li>- Provision of the grant from the state budget to boroughs Prague 1 – 57 in the aggregate amount of CZK 543,221 thousand accompanied by the concurrent decrease in the budget of receipts of the City in the 'Administration of financial issues' chapter</li> <li>- Exchange in the funds of the City, i.e. decrease in category 8 – funding by the amount of CZK 114,816 thousand accompanied by the concurrent increase in the budget of receipts of the City</li> <li>- Budget of the City for 2007 with the amount of receipts of CZK 36,787,781 thousand, the amount of disbursements of CZK 45,935,801 thousand, anticipated deficit of CZK 9,148,020 thousand which is covered by funding in category 8-funding</li> </ul>
<b>THE CITY COUNCIL Resolution No. 4/49 of 22 February 2007</b>	<ul style="list-style-type: none"> <li>- Acknowledged that the City received the income from the real estate tax of CZK 5,600 thousand from taxation authorities at the end of 2006 which could not be distributed to boroughs in 2006 with respect to the date of its receipt</li> <li>- Approved the first inclusion of income from the real estate tax of CZK 5,600 thousand in the financial settlement of the City with boroughs for the year ended 31 December 2006</li> </ul>
<b>THE CITY COUNCIL Resolution No. 4/52 of 22 February 2007 approved:</b>	<ul style="list-style-type: none"> <li>- Receipt of the funds from the budget of the State fund for the Transportation Infrastructure for 2007</li> <li>- Increase in the amount of the budget of receipts and disbursements of the City in the Chapter 'Transportation' by the special purpose investment subsidy from the budget of the State Fund of Transportation Infrastructure in the amount of CZK 600,000 thousand for the City Investor Division of the Metropolitan Authority, of which CZK 404,588 thousand for project No. 0053 Vysočanská radiála and CZK 195,412 thousand for project No. 4663 MÚK PPO – Liberecká.</li> </ul>

Body of the City	Description
<b>THE BOARD OF THE CITY Resolution No. 516 of 17 April 2007</b>	<ul style="list-style-type: none"> <li>- Stated that the operations of the City resulted in the surplus of CZK 1,387,422 thousand (of which the City reported the surplus of CZK 803,168 thousand and boroughs reported the surplus of CZK 584,254 thousand)</li> <li>- Acknowledged that the transfer of the income from the real estate tax of CZK 5,580 thousand, which was credited to the account of the City at the 2006 year-end, was reflected in the presented proposal of settlement with boroughs based on Resolution of the City Council No. 4/49 of 22 February 2007 as an allocation from the City's budget and that the holding of undrawn special purpose funds provided from budgets of the City in 2006 for use for the same purpose in 2007 in the aggregate amount of 109,889 thousand was reflected in the presented proposal of financial settlement with boroughs in accordance with Resolution of the City Council No. 5/36 of 22 March 2007.</li> <li>- Approved the profit of 2006</li> <li>- Agreed with the presentation of the profit to the City Council</li> <li>- Agreed with the proposal for financial settlement</li> </ul>
<b>THE BOARD OF THE CITY Resolution No. 374 of 20 March 2007</b>	<ul style="list-style-type: none"> <li>- Approved the Statement of Policy of the Board of the City Council for the election period 2006 – 2010</li> <li>- Charged the members of the Board of the City Council with providing written presentations of the assessment of the Statement of Policy to the Mayor of the City annually as of 15 January, April, July and October</li> </ul>
<b>THE BOARD OF THE CITY Resolution No. 324 of 13 March 2007 approved:</b>	<ul style="list-style-type: none"> <li>- Sale of the remaining equity investment of Dopravní podnik HMP, akciová společnost in Inženýring dopravních staveb, a.s. (sale of 34 percent of shares of Inženýring dopravních staveb, a.s. for the price of CZK 55,000 thousand to Kvatris s.r.o.)</li> </ul>
<b>THE BOARD OF THE CITY Resolution No. 0001 of 5 January 2007 approved:</b>	<ul style="list-style-type: none"> <li>- Receipt of a non-investment grant from the Czech Ministry of Labour and Social Affairs intended for social subsidies and subsidies for people in need in the amount of CZK 630,510 thousand</li> <li>- Increase in the amount of the budget of the City in the chapter 'Health system and social care' in the amount of CZK 630,510 thousand by a special purpose non-investment grant from the state budget intended for social subsidies and subsidies for people in need</li> <li>- Provision of a special-purpose grant to boroughs 1 – 22 in the amount of CZK 630,510 thousand accompanied by the concurrent decrease in the budget of receipts of the City in the chapter 'Health system and social care' of CZK 630,510 thousand</li> </ul>

21 June 2007

M. Kousalíková	M. Trnka
Councillor	Chief Executive of the Metropolitan Authority