

Annual report **2016**



Povodí Odry
státní podnik

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Foreword by the General Director

„I consider the completion of the acquisition of 98% of land plots in the flood zone of the future Nové Heřminovy Waterworks a success.“



The year 2016 was relatively demanding in terms of finances, but we successfully maintained a relatively high financial result, which will help us in the subsequent period to fulfil our Company's medium-term concept targets. We entered the year in the wake of the lingering consequences of the historical drought of 2015, especially with a very low water level in the reservoirs, the level of which slightly improved only in the course of February. Although the situation improved at some water reservoirs in the course of the year, they were however not completely filled. In 2016 the declining surface water off-take trend continued, both in industrial and water supply off-take. Thanks to the adopted measures, we eliminated the drop in income through cost savings. There was a major shift in the preparation of our most significant investment project, which is the set of measures on the upper section of the Opava River. I consider the completion of the acquisition of 98% of land plots in the flood zone of the future Nové Heřminovy Waterworks a success.

In the area of investments, we have completed preparation of the construction of the dry reservoirs Jelení and Loděnice, and continued in the systematic reconstruction of the Bystřina Mohelnice dam, where 2 stages were renewed and a further 5 stages were prepared for reconstruction in 2017. The extensive reconstruction of the Šance Dam continued precisely according to time schedule for the second year. This is currently the largest investment project in progress, which is 90% funded from the "Prevention of floods III" grant programme of the Ministry of Agriculture of the Czech Republic. A further important project, which among other things shall contribute to the improvement of the quality of water in the Olešná Reservoir and will increase the flood protection of the municipalities below the reservoir, is the continued removal of sediment from selected sections of the bottom of the Olešná Waterworks.

In conclusion, it is possible to enunciate that in spite of all negative impacts, relatively good results have been achieved both in terms of financing and realisation of the buildings.


Ing. Jiří Pagáč
generální ředitel

Basic information about the Company

Founder

Ministry of Agriculture of the Czech Republic
Registered office: Těšnov 65/17, Nové Město
Prague 1, Postal code: 110 00
Reg. Number: 00 02 04 78

Person authorised to act for the founder

As of 31/12/2015
Ing. Jiřina Vorlová
Directress of the Ministerial Organisations Department
of the Ministry of Agriculture of the Czech Republic

Name

Povodí Odry, state-owned company

Registered office

Varenská 3101/49, Moravská Ostrava,
702 00 Ostrava,
Delivery No.: 701 26

Date of establishment

01/01/2001 according to Act No. 305/2000 Coll.
the River Boards Act

Entry in the commercial register

Regional Court, Section AXIV, File No. 584

Date of registration

26 March 2001

Legal form

state-owned company
Reg. Number: 70 89 00 21
VAT Number: CZ 70 89 00 21

Statutory body

Ing. Jiří Pagáč, General Director Povodí Odry,
state-owned company

Supervisory Board

Ing. Aleš Kendík, Chairman
JUDr. Jindřich Urfus, Deputy Chairman (until 26/09/2016)
Ing. Michal Sirko
Ing. Peter Suchý
Mgr. et Mgr. Eva Floriánová (until 19/05/2016)
Ing. Zdeněk Macoszek (from 20/05/2016)
Miroslav Novák
Ing. Radek Pekař
Ing. Ivana Mojžíšková
Ing. Dagmar Šimková

Executive Management

Ing. Jiří Pagáč, General Director
Ing. Petr Březina, Technical Director
Ing. Petr Kučera, Finance Director
Ing. Čestmír Vlček, Business Director
Mgr. Miroslav Janoviak, LL.M., Investment Director
Ing. Jiří Tkáč, Director of Plant 1 Opava
Ing. Ivana Musálková, Directress of Plant 2 Frýdek-Místek
(until 30 January 2016)
Ing. Dalibor Kratochvíl, Acting Deputy Director of Plant 2
Frýdek-Místek (from 4 February 2016 to 30 April 2016)
Ing. Oldřich Filip, Director of Plant 2 Frýdek-Místek (from 1
May 2016 to 15 June 2016)
Ing. Dalibor Kratochvíl, Director of Plant 2 Frýdek-Místek
(from 16 June 2016)

Audit Committee

Ing. Bc. Simona Székelyová, MBA, Chairperson
Ing. Peter Suchý
Ing. Antonín Brtník

Company structure

The scope of business of the state-owned company is defined in the Memorandum of Association and is based on the legal provisions, especially Act No. 254/2001 Coll., on waters, as amended, Act No. 305/2000 Coll., on river basins, as amended, and Act No. 77/1997 Coll., on the state-owned company, as amended. The activity primarily consists in the management and maintenance of significant watercourses including the boundary watercourses, waterworks and small watercourses for which the company was appointed as manager, all in the territory of the Odra Basin. Further activities of the Company include determination and evaluation of the condition surface and ground water in the given territory, investment activities in this area including flood measures, management of accidents on the watercourses and last but not least, also planning activities stipulated by the applicable legislation. The major activity of the Company is directly related to auxiliary activities, especially the activities of accredited laboratories, building, engineering, design and consulting activities in the field of water management, all for the requirements of the Company as well as external customers.

Organisational diagram of the Company

- Office of the General Director
- Office of the Business Director
- Office of the Technical Director
- Office of the Finance Director
- Office of the Investment Director
- Plant 1 Opava
- Plant 2 Frýdek-Místek

Office of the General Director

The General Director directly controls the HR Department, which handles both personnel and social matters as well as educational, occupational safety and health matters.

Office of the Business Director

This office manages services in the areas of commercial contracts, legal and asset management, technical and organisational development of the Company, PR and interior audit and safety according to special regulations together with the agenda related to the protection of personal data in the Company.

Structure of the division

- Technical and organisational development department
- Legal department
- Internal audit and safety/security
- Commercial contracts department
- Asset management department

Office of the Technical Director

The division handles professional activities in the areas of major focus of the management of the water management system, management of watercourses, waterworks, water management facilities, energy management and other activities. The activities of the water management dispatch and water management laboratory also fall under the Office of the Technical Director. The division coordinates the major areas of the focus of prognoses and concepts, consulting. Planning of activities in the area of water under the Water Act has a special position.

Structure of the division

- Operations department
- Water management dispatch
- Water management concepts and information department
- Water management laboratory

Office of the Finance Director

The division handles the implementation of plans targeted at achievement of efficient business management, especially in the areas of planning, finance, pricing, grants, accounting, statistics, analytical activities and labour economy. It further provides support for information systems and business administration.

Structure of the division

- Finance Department
- Business Information Department
- Labour Economy Department
- Informatics Department
- Business Management Department

Office of the Investment Director

The division handles activities related to the preparation and realisation of investment and engineering activities, especially design and geodetic activities. It co-ordinates the major focuses of engineering services and participates in the preparation of the plan of investments and repairs including machines and equipment of technological nature.

Structure of the division

- Investment Department
- Design Department

Plants

The plants ensure the realisation of the plans and targets of the enterprise in the specified areas of administration, maintenance, repair and investment activities on the watercourses in relation to the enterprise's main line of business. The activities of the plant are divided territorially between Plant 1 Opava and Plant 2 Frýdek-Místek such that the two territorial units entirely cover the area of the basin, which is managed by the enterprise. Apart from the activities

related to the direct management of watercourses and waterworks, they also manage and co-ordinate the operations and business activities to the given extent.

Classification of the plants

- Office of the Plant Director
- Operations Division
- Technical Division
- Finance Division
- Water management plants



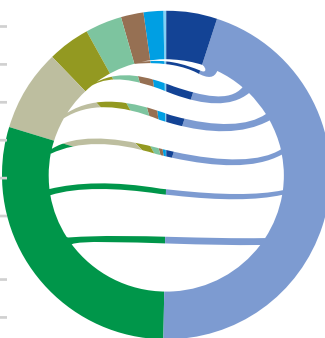
Managed assets

Overall structure of tangible fixed assets

The volume of tangible fixed assets in comparison with 2015 is up CZK 98.75 million. At 31/12/2016, the total volume of selected tangible fixed assets at acquisition price was CZK 7,189.65 million (buildings and movables).

The structure of selected fixed assets is as follows:

Buildings	5.23%	CZK 375.84 mil.
Reservoirs and fish ponds	45.05%	CZK 3,238.88 mil.
Adaptation of the watercourses	29.52%	CZK 2,122.71 mil.
Weirs and stages	8.02%	CZK 576.62 mil.
Other objects	4.37%	CZK 314.40 mil.
Transport and working machinery	3.63%	CZK 261.26 mil.
Energy machinery and equipment	2.02%	CZK 144.49 mil.
Instruments, special technical equipment, VT	2.04%	CZK 146.75 mil.
Inventories	0.12%	CZK 8.70 mil.
Total small tangible fixed assets	100.00%	CZK 7,189.65 mil.



- Buildings 5.23 %
- Reservoirs and fish ponds..... 45.05 %
- Adaptation of the watercourses. 29.52 %
- Weirs and stages.... 8.02 %
- Other objects 4.37 %
- Transport and working machinery 3.63 %
- Energy machinery and equipment 2.02 %
- Instruments, spec. tech. equipment, VT 2.04 %
- Inventories 0.12 %

Tangible fixed assets in CZK millions

Institutions	Buildings	Reservoirs and fish ponds	Adapt. of the watercourses	Weirs and stages	Other objects	Transport and working machinery	Energy machinery and equipment	Instruments, spec. tech. equipment	Inventories	Total small tangible fixed assets
Opava Plant	123.06	2,210.19	1,160.01	187.23	171.43	126.14	83.69	12.94	3.77	4,078.48
Frýdek-Místek Plant	113.15	1,028.69	962.61	389.28	132.78	117.96	55.87	36.20	2.80	2,839.33
Management of the state-owned co.	139.63	0.00	0.09	0.11	10.19	17.17	4.94	97.61	2.12	271.84
Total	375.84	3,238.88	2,122.71	576.62	314.42	261.26	144.49	146.75	8.70	7,189.65

Tangible fixed assets in %

Institutions	Buildings	Reservoirs and fish ponds	Adapt. of the watercourses	Weirs and stages	Other objects	Transport and working machinery	Energy machinery and equipment	Instruments, spec. tech. equipment	Inventories	Total small tangible fixed assets
Opava Plant	32.74	68.2	54.6	32.5	54.5	48.28	57.9	8.8	43.4	56.73
Frýdek-Místek Plant	30.11	31.8	45.3	67.5	42.2	45.15	38.7	24.7	32.2	39.49
Management of the state-owned co.	37.15	0.0	0.0	0.0	3.2	6.57	3.4	66.5	24.4	3.78
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.00

Human resources

The employer fulfilled its commitments under the Collective Agreement, which was signed after collective negotiations between the General Director and the Chairman of the ZOOS committees.

Within the framework of the social programme, the employees received contributions for encephalitis and jaundice vaccination. Within the framework of occupational safety and health, all the workplaces were verified with focus on safety, fire protection, working hygiene and provision of PPE to the employees.

Development of the numbers of employees in the individual years can be compared in the following table:

Number of employees	2014	2015	2016
Adjusted number of employees	464.2	461.59	465.38
Number of employees at 31/12	469	471	474
Of which: White collar staff	241	245	248
Blue collar workers	228	226	226
Management of the state-owned company	173	175	177
Opava Plant	130	130	130
Frýdek-Místek Plant	166	166	167

Employees according to working location

District	2014	2015	2016
Jeseník	12	13	12
Bruntál	31	33	32
Frýdek-Místek	113	111	113
Karviná	25	26	24
Nový Jičín	30	30	30
Opava	63	57	64
Ostrava	194	200	198
Šumperk	1	1	1

Comparison according to the highest attained education

Highest attained education	2014	2015	2016
University and college	114	124	124
Full secondary school education	173	164	166
Secondary vocational – skilled	162	160	166
Primary	20	23	18

Employee age structure

Age	20–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–
Number of employees	9	25	36	55	85	66	79	73	46

Provision of information

Povodí Odry is an obliged entity in the area of provision of information according to Act No. 106/1999 Coll., on free access to information, as amended.

The situation in this area for 2016 is summarised in the following data:

- **Number of requests for information submitted** – 1 request for information was submitted to the state enterprise in 2016, which was related to its activities. No decision on rejection of the decision was issued.
- **Number of appeals against decisions** – no appeals were submitted in 2016.
- **Copy of the substantial parts of each court verdict in the issue of review of the legality of the decision of the obliged entity on refusal of the request** – no suit was filed in 2016.
- **Schedule of all expenses incurred in connection with litigation under Act No. 106/1999 Coll.** – in 2016 no funds were spent for this purpose.
- **List of exclusive licences provided** – no licences were provided in 2016.
- **Number of complaints made under the provisions of Section 16a of the Act** – no complaint was made in 2016.



Moravia-Silesia region

Just as applied to previous years, Povodí Odry continues to co-operate with the Moravia-Silesia region in the realisation of the flood control buildings, which contribute to higher flood protection of the population of our region. This long-term cooperation, apart from other areas, also exists in the area of financial support as the Moravia-Silesia Region contributed CZK 4 million in 2016. This grant from the Region was used, just like the financial grant from the Municipality of Bohumín in the amount of CZK 4 million, to acquire land for the “Protective Dam on the Odra and Orlovská Stružka, Bohumín – Pudlov” project. The purpose of this building is to protect the built-up area of the area of interest (Pudlov, Starý Bohumín, part of Vrbice nad Odrou) from floods up to the flow rate of Q100 on the Odra River with a safety super elevation of 0.5 m. At the same time, the effluence conditions in the protected area are also solved, i.e. non-detrimental drainage of the inner water in the area behind the protective dams at the time of normal flows as well as during floods. The current protection of the area is up to a flow rate of Q5 on the Odra. This concerns the construction of the Protective Dam on the right bank of the Odra and construction of a protective dam and wall on the right bank of Orlovská Stružka. An integral part is drainage of the internal water, relocation of engineering networks and the dam service road. The estimated expenses on the required scope of land acquisitions is almost equal to the costs of the technical measure itself. For this reason, negotiations were held with the representatives of the Municipality of Bohumín in pursuit of a method for securing funds for this extraordinarily extensive re-quirement for the purchase of land plots.



OSTRAVA!!!

Statutory city of Ostrava

Cooperation between Povodí Odry and the statutory city of Ostrava builds on the preceding period. In 2016, the City of Ostrava provided a financial grant in the amount of CZK 929 thousand for preparation and acquisition of land plots for the construction of objects to increase flood protection on the Polančice River. The total assumed costs amount to CZK 173 million with planned realisation in the period 2018 to 2020. The construction is divided into three building objects. The first includes adaptation of the Polančice Watercourse and its tributaries Rakovec and Mexický potok. Other objects are the buildings of two dry reservoirs on the Polančice and Rakovec watercourses. The proposed adaptations of the watercourse increases the capacity of the channel for the twenty-year water flow. Realisation of the dry reservoirs on the Polančice and Rakovec can be used to hold the one hundred-year flood waves and transform it into a harmless water flow. In case of construction of dry reservoirs, the city circuit of the Polanka nad Odrou and the Municipality of Klimkovice shall be protected against a one hundred-year flood. In the newly protected locations, the flood zones shall be changed thus also positively influencing the building construction activities in the area.

Surface water off-take

After the higher water off-take in 2015 due to the higher water requirements during the drought, there was a significant decline in the surface water supply in 2016. In 2016, a total of only 128 million m³ of water from the sources managed by Povodí Odry was consumed by customers, which was a year-on-year decline of 6.5%. The drinking water off-take declined more mildly from 65 to 62.3 million m³, but the water supply to industrial entities dropped year-on-year by 9% since only 65.7 million m³ of water was supplied as compared to 71.8 million m³ in the preceding year.

Surface water off-take [million m³]

years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
water for water supply purposes	75.0	72.0	69.3	68.2	66.9	64.2	67.1	65.1	64.9	65.0	62.3
water for non-water supply purposes	96.3	92.1	84.6	70.8	77.2	74.8	72.0	71.5	70.2	71.8	65.7
Surface water total	171.3	164.1	153.9	139.0	144.1	139.0	139.1	136.6	135.1	136.8	128.0

Surface water [million m³/year]





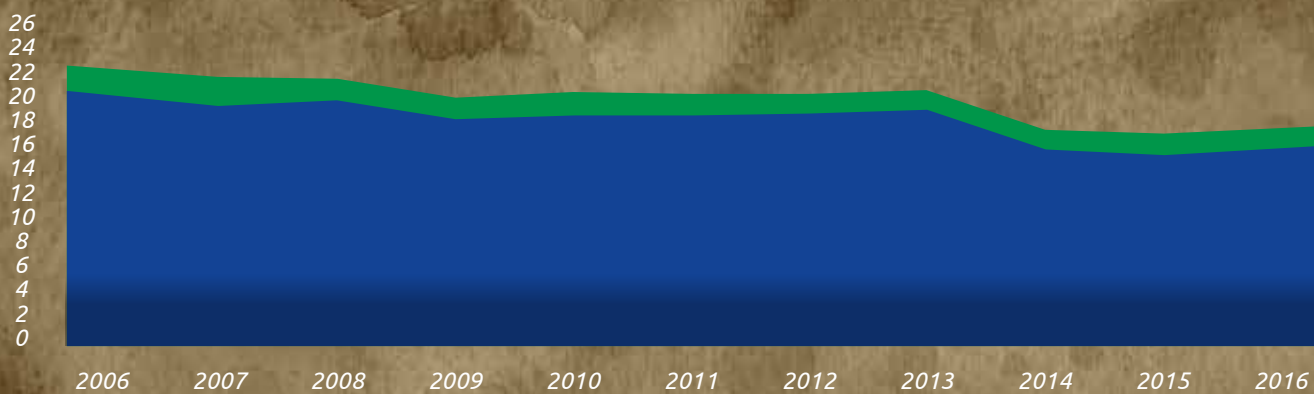
Groundwater off-take

The year 2016 was characterised by a mild off-take of ground water after the extraordinary hydrological drought in the Odra Basin, which had a significant impact on the ground water level in the hydro geological zones and the ground water yield. In 2016, the total water off-take was 17.7 million m³ (in 2015 it was 17.3 million m³). The ground water off-take for non-water supply purposes slightly declined year-on-year (from 1.68 million m³ in 2015 to 1.54 million m³ in 2016). In the case of off-take for water supply purposes, there was an increase of almost 4% in the partial basin of the Upper Odra in the year in question, i.e. from 15.6 to 16.2 million m³.

Ground water off-take [million m³]

years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
water for water supply purposes	20.5	19.6	20.0	18.5	18.8	18.9	18.9	19.2	16.1	15.6	16.2
water for non-water supply purposes	2.1	2.4	1.8	1.7	1.9	1.7	1.6	1.7	1.6	1.7	1.5
Surface water total	22.6	22.0	22.0	20.2	20.7	20.6	20.5	20.9	17.7	17.3	17.7

Ground water [million m³/year]

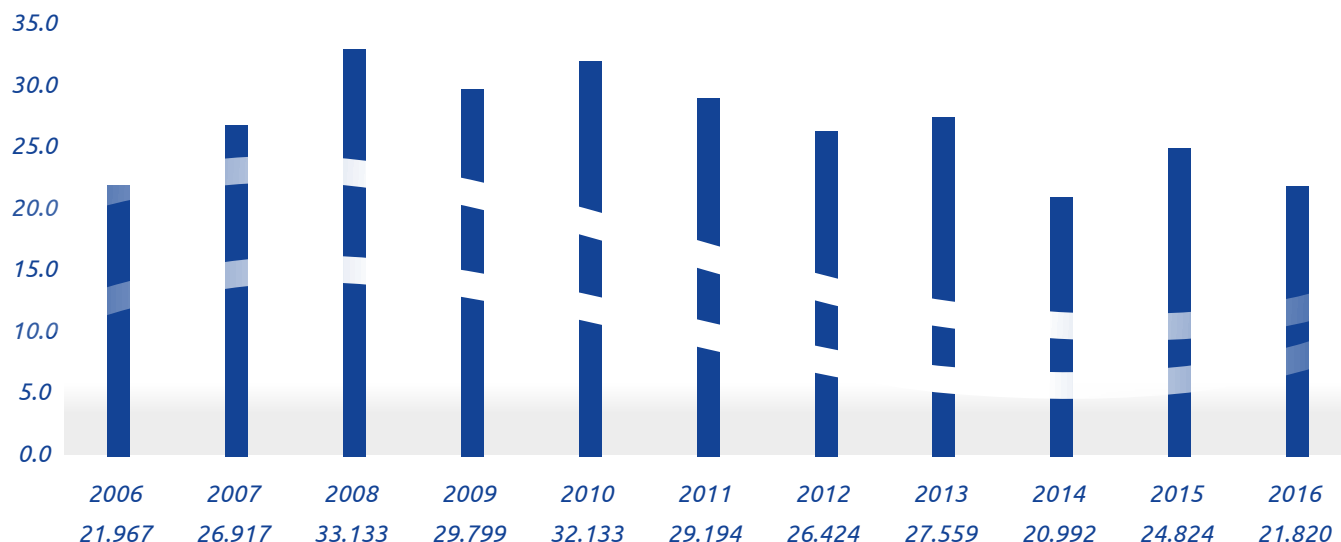


● water for non-water supply purposes ● water for water supply purposes

Production of electric power

In 2016, the operation of the Povodí Odry hydro power plants was significantly impacted by the preceding hydrological drought and a winter with low water supply from the snow. The average monthly production was below average almost all-year-round and a higher volume of electricity was generated only in the last quarter of the year. In all, the second largest volume of electric power was generated in the last nine years, i.e. 21.8 million kWh of electric power. The largest power plant at the Slezská Harta Plant on the River Moravice generated only 11.0 million kWh in 2016. Production was reduced for reason of the ongoing reconstruction of the dams of the power plants at the Šance and Kružberk reservoirs; on the contrary, the river hydro power plants in Brantice and Krnov on the River Opava are newly being used.

Annual production of electric power in kWh millions



Water quality control

An important activity of our state enterprise under the Water Act is to ensure and evaluate the surface water level and quality. This is a long-term and systematic activity in the area of its monitoring and applies to both flowing water (rivers, streams), and still water (water supply and recreation reservoirs). The measured results are used for all sorts of activities in the area of protection of water against pollution while they are increasingly becoming more important in connection with implementation of European standards in Czech legislation. The objective is to achieve the so-called good water level, which is defined in the general Framework Agreement on Water and represents the fulfilment of many criteria and conditions in the aqueous environment. Monitoring of the water level not only includes the basic physicochemical parameters, but also heavy metals, pesticides and a broad spectrum of pollutants in the area of specific organic substances that are created by human activity in many production processes. Great emphasis is also placed on monitoring of the biological elements, for instance, fish population, macrozoobenthos, phytoplankton, phytobenthos, and others. An integral part of the evaluation of the watercourses is also so-called hydro-morphological monitoring, which provides information about whether building construction intervention and other anthropogenic activities in the water channel have not mainly resulted in disruption of the conditions for the development of aqueous organisms. The results of such monitoring are the basic condition for protection of water quality and design of measures for its continuous improvement within the scope of the planning process in the area of water. They represent major information for the expressive activities of the state enterprise, for issue of opinions and conveyances on any handling of water because the managers of the basins create the professional base for the water management authorities and, case by case, assess whether the polluters by release of their waste water do not violate the law in terms of the given requirements for the target quality condition of the water. The basin managers perform this activity free-of-charge and it is their duty to prepare and provide an opinion. In 2016, the water quality care department handled about 1.7 thousand record items.

The water analyses are annually evaluated and further used for performance of state administration both as information for the professional and layman public, they are the basic condition for formulation of the water management balance, and are also used for negotiation of bilateral treaties and the activities of the International Committee for Protection of the Odra.

The actual sampling, laboratory analyses including chemical, radio-chemical, hydro biological and microbiological analyses and hydro metric measurements are done by the water management

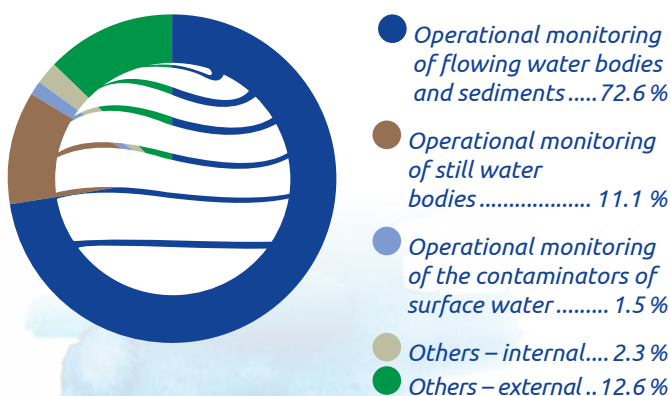
laboratories. The Water Management Concepts and Information Department performs hydro morphological monitoring and processes and evaluates all acquired data.

Water quality control

Monitoring of water quality. In 2016 was again accomplished in compliance with the annual plan prepared according to the existing legislation and the needs of our state enterprise. Within the framework of monitoring, 145 profiles were monitored in flowing watercourses with a sampling frequency of 12 per year and 12 profiles with a sampling frequency of 6 per year. This also includes the monitoring of small water reservoirs and the requirements for monitoring the border water. The scopes of the analysed parameters were optimised in such a manner that the relevant substances and groups of these substances as well as other quality indicators necessary for evaluation of the good condition, or ecological potential in the water bodies, were monitored in the individual profiles. Monitoring of the quality of the water in our valley water supply and recreation reservoirs included the "mixed" and "zonal" off-takes from several vertical reservoirs (3 to 7, usually 5) with the frequency ranging from 3 to 12 off-takes per year. Basic monitoring was also done at the selected discharges of the contaminators of surface water.

The total volume of the outputs of the water management laboratories in 2016 was approximately CZK 20.6 million.

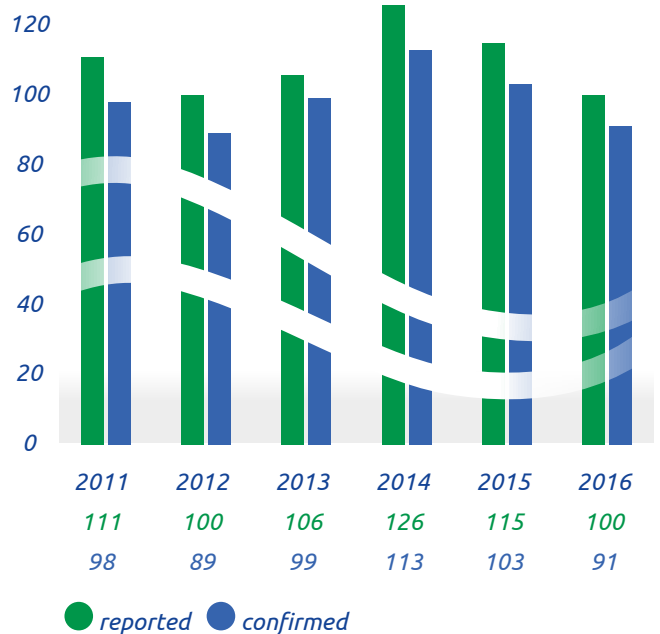
The percentage share of the individual types of monitoring on the total outputs is given in the following graph:



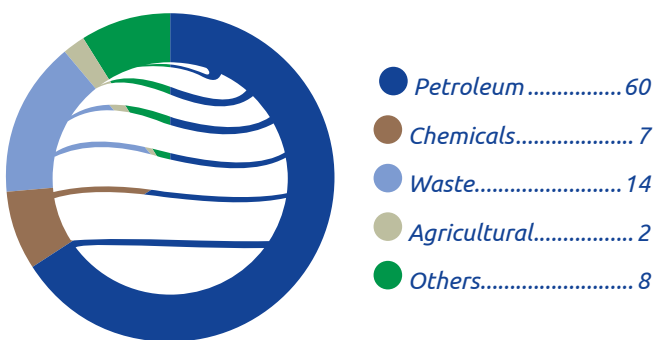
Water purity failure

Reported accidents	100
confirmed accidents	91
of which: reported after lapse of accident	4
of which: confirmed threat to the watercourse	32
unconfirmed accidents	9

Trend of reported and confirmed accidents in the period 2011-2016



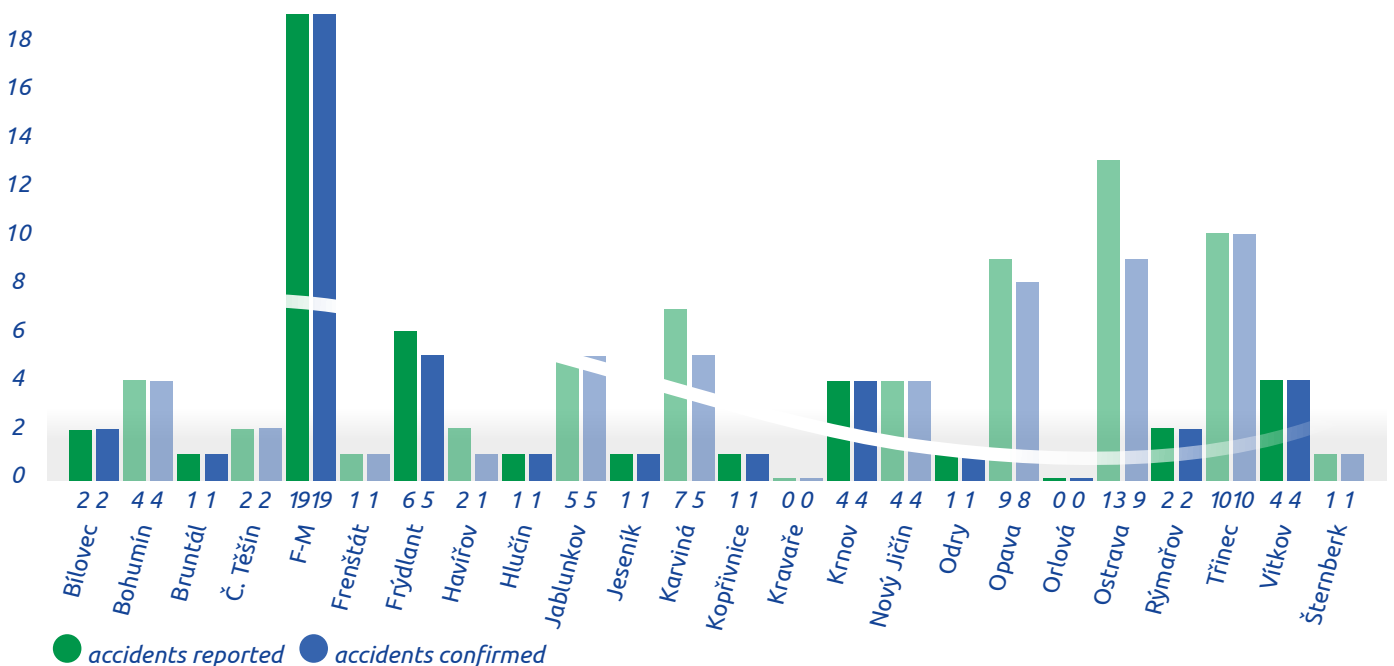
Division of confirmed accidents by type of contamination



Accidents in 2016 in the territories of the individual municipalities with extended powers

ORP	Bílovec	Bohumín	Bruntál	Č. Těšín	F-M	Frenštát	Frýdlant	Haviřov	Hlučín	Jablunkov	Jeseník	Karviná
accidents reported	2	4	1	2	19	1	6	2	1	5	1	7
accidents confirmed	2	4	1	2	19	1	5	1	1	5	1	5

ORP	Kopřivnice	Kravaře	Krnov	Nový Jičín	Odry	Opava	Orlová	Ostrava	Rýmařov	Třinec	Vítkov	Šternberk
accidents reported	1	0	4	4	1	9	0	13	2	10	4	1
accidents confirmed	1	0	4	4	1	8	0	9	2	10	4	1



In 2016, a total of 91 accidents were confirmed, which resulted in deterioration of or danger to the quality of surface or ground water. Accidents involving petroleum products were generally dominant, of which 51% were car accidents.

More significant accidents

17/02/2016 Karviná – Contamination of the Karviná Stream

On 17/02/2016 Povodí Odry participated in the investigation of contamination of an unnamed stream by an unknown contaminant in Karviná, on ulice Staroměstská No. 438 with the participation of the Water Authority of Karviná, the firm Ekoaqu a ochrana vod s.r.o., Czech Police, Municipality Police and representatives of GS Caltex Czech, s.r.o. (culprit). The accident was reported to the Povodí Odry dispatch by Ing. Bartoněk of the Water Authority of Karviná.

The Emergency Service of Povodí Odry, as the manager of the watercourse, investigated the impact of the accident at the unnamed watercourse and suggested measures that prevented further spread of the accident. The Emergency Service of Povodí Odry further collaborated with the competent water authority, which under Section 41(3) of Water Act No. 254/2001 Coll., manages works during handling of emergencies.

A waste container was located within the premises of GS Caltex Czech, which contained a 200 litre barrel of used mineral oil, from which the oil leaked via the storm sewer into the Karviná Stream. The barrel contained an unknown quantity of oil (up to 200 l). The fire-fighters erected floating barriers (FB) on site, which captured leaked dangerous substances.

The Emergency Service of Povodí Odry upon instruction from the Czech Police took a sample of the contaminated water. The sample was analysed for NEL (non-polar extractive substances) in the laboratory of Povodí Odry, state enterprise.

The owner of GS Caltex Czech, s.r.o. invited Ekoaqu a ochrana vod spol s.r.o., to continue with liquidation of the accident. Up to 200 l of used oil leaked from the barrel and resulted in four floating barriers being erected on the unnamed stream, two at the contamination site and two at the exit of the relief branch into the Olše River. The management and replacement of sorbent at the floating barrier was done by the firm Ekoaqu a. The contamination of the unnamed stream covered a distance of approx. 1 km. No dead fish were found at the time of the accident. According to the investigation conducted by the Emergency Service of Povodí Odry and the Water Rights Authority of Karviná, the contamination did not reach the Olše River.

19/04/2016 Olešná v Paskově

On 19/04/2016 at 10:09 am, the Mayor of Paskov reported the death of fish in the Olešná Watercourse in Paskov.

The investigation conducted by the Emergency Service of Povodí Odry, state enterprise, and the Water Rights Authority of the City Hall of Frýdek Místek ascertained that sawdust and dust from the premises of Pila Paskov Mayr Melnhof Holz s.r.o. had been flushed via the capture well to the drainage channel of Biocel Paskov and subsequently into the Olešná Watercourse. At the time of the investigation, i.e. 19/04/2016, the City Hall of Frýdek Místek and fishermen found dead fish in Olešná. According to fishermen, fish died in a section of approximately 2 km length. The Emergency Service of Povodí Odry took samples for analysis. During sanitation, laboratory tests of the water sample from the drain of Pila Paskov Mayr Melnhof Holz s.r.o. were performed by Water Management Laboratories Povodí Odry, state enterprise.

15/12/2016 ŽDB – leak of Potassium permanganate

On 15/12/2016 at 10:03 am, Povodí Odry, state enterprise received a report from the representative of ŽDB Drátovna a.s., of a leak of potassium permanganate in the quantity of approx. 2 m³ into the Bajcůvka Watercourse. The leak of this substance was ascertained by the employees of ŽDB Drátovna a.s. at the accident capture object on the Bajcůvka Watercourse near the main road. The leak of the ten percent solution to hard terrain was from the tank located near the outer wall of the production object and was due to wilful/spontaneous removal of the sealing valve of the discharge, subsequently through the storm sewer to the Bajcůvka Watercourse.

Upon arrival of the representatives of Povodí Odry, state enterprise, the Environmental and Building Department Municipality of Bohumín, ŽDB Drátovna a.s. and the Fire Brigade, the current situation was evaluated.

The flow into the Bajcůvka Watercourse was stopped at the dividing object near the Nový Stav Pond and the pumping of the potassium permanganate solution was stopped. The pH in the Bajcůvka Watercourse was measured after the accident object. The Fire Brigade diluted the water in the Bajcůvka Stream with water from 2-3 tankers. ŽDB Drátovna a.s. pumped out the entire object from the point of the leak to the main drain, continued with the dilution of the Bajcůvka Watercourse until the pH dropped to neutral values. No fish died. On 19/12/2016, ORP Bohumín decided to end the emergency state on the basis of the pH measurement results.

Removal of sediment at the Olešná waterworks

In August 2016, the removal of sediment commenced at the Olešná Waterworks and the Řehánek Fish Pond, which is assumed to be completed in Spring 2017. A total of 180 thousand m³ of sediment was supposed to have been dredged and removed, whereby most of this material shall be used in compliance with legislation for recultivation of the waste dump at Strážnice near the Staříč II Mine, and part of it shall be transferred to the COZ Landfill in Ostrava.

However, these building works do not end with excavation of the sediments because repair of the roads that were damaged during realisation of this project shall subsequently commence.

An integral part of the works shall also be substitute planting. 331 woody plants (cherry, apple, plum) shall be planted in the cadastral area of Palkovice, a further 30 woody plants (hornbeam, linden, maple), 50 shrubs (dogwood, spindle, blackthorn, viburnum) and a plant group of 970 woody plants (oak, linden, elm, willow, alder) shall be planted in the cadastral area of Místek and subsequently in the area of the cycling route.

Just as a matter of curiosity, it is necessary to mention that within the framework of this building construction project, further compensation for the felled trees in the flood zone of the Olešná Waterworks shall be the installation of floating concrete islands for water birds, especially the tern.

Realisation of the "Olešná Waterworks, Excavation of Sediment" project shall be completed in 09/2017. The assumed total costs amount to CZK 49.5 million excluding VAT, whereas the funding is provided by the Ministry of Agriculture of the Czech Republic under the "Stage III Flood Control Measures" programme. The contractor is AWT Rekultivace a.s.

In closing, it is necessary to state that thanks to the realisation of this building construction project, the retention area of the Olešná Waterworks shall be restored, thus strengthening the flood protection. Surface water shall be ensured for local industry during periods of drought as well as better quality of water in the reservoir.



Extensive reconstruction of the Šance Dam continues

The outplacement of extreme floods is the reason for the extensive reconstruction of the Šance Waterworks on the Ostravice River, which commenced in September 2015 and will be completed in July 2018. The assumed total cost of reconstruction works was CZK 438.5 million. During the reconstruction, a new larger capacity lateral weir, spillway and stilling basin for diversion of the extreme flood water volume will be built. The Šance Dam shall be capable of safely diverting 10,000-year flood water. A further benefit is an increase in the dam stability by addition of a downstream slope with an adequately moderate gradient. Construction of the cited building objects shall result in further intervention and modifications on these waterworks, which consist in a change of the location of the operations centre and modification of the roads and bridges.

The building is funded by the Ministry of Agriculture within the framework of the "Support for Flood Protection III" support programme.

Already in 2013, a draining shaft that captures the water flowing below the surface into the profile of the dam was built from solid spruce wood to improve the safety of the dam. The driven drainage tunnel supplemented with a vertical shaft including a system of drainage elements is located in the left slope below the dam. Normally, the tunnel diverts approx. 3-5 litres of water per second, and in case of extreme rainfall it can divert up to 150 l/s. An integral part of the work at a cost of approx. CZK 43.8 million was renovation of the injection cut-off wall in the right keying-in of the dam.

The reconstruction of the Šance Waterworks is continuously monitored and inspected. The current measurements of the technical safety supervision (TSS) did not find any negative and unexpected impacts on the building. The marginal values were not achieved on any TSS facility.

The Šance Dam was handed over for use in 1969. It is a multi-purpose waterworks. The priority purpose is supply of raw water for treatment and supply of drinking water and improvement of the flow rates at low water levels in the Ostravice River below the dam. A significant function is transformation of the flood flow rates, and hence the flood protection of the settlements on the Ostravice River. Fish farming is done in the reservoir to support the quality of the water. The Šance Water Supply Reservoir, together with the Morávka Reservoir, is the highest quality water supply source in the Czech Republic and allows production of drinking water, which by its quality permanently fulfils the requirements for baby water.



Business results

The business results of 2016 were influenced by the unfavourable development of the most significant revenue items of the state enterprise Povodí Odry, i.e. revenues from the off-take of surface water and electric power generation. The business result of 2016 in the amount of CZK 20,845 thousand was achieved mainly thanks to overrun of the other revenue items and implemented cost savings measures.

In the area of surface water sales revenue, there was a decline of CZK 4,348 thousand as compared to the annual plan, which was the result of the necessary regulatory measures in the off-take of surface water, whose implementation was essential at the beginning of the year in connection with the long-term drought. Simultaneously with this factor, there has been a decline in the off-take of surface water also due to the dampening of business activities or in consequence of the unfavourable economic situation of some significant industrial consumers in the Moravia-Silesia region (OKD a.s. in bankruptcy, and similar). Overall, the long-term trend to reduce off-take of surface water in this area continued with a year-on-year decline in surface water sales of CZK 21,872 thousand.

In the area of electric power sales, the situation was similar and the reported results were impacted by long-term drought and a low snow volume at the beginning of the year. For these reasons, the planned annual assumption was short by CZK 1,571 thousand with a year-on-year decline of CZK 8,841 thousand.

The stated drops in the sales were in terms of overall revenues eliminated by overrun of some of the other items, such as revenues from the sale of incessant assets (especially the sale of the small Bravantice Water Reservoir), and a further bonus received from the insurance company for a claims-free record in the area of insurance against the elements and other service sales revenue. The operational grant received from the Ministry of Agriculture within the framework of programme funding for dredging the sediment from the Olešná Waterworks, which was successfully realised in the area of repairs and maintenance in an amount that was CZK 9,497 thousand higher than the planned annual assumption, also had an impact on the reported total revenues of the state enterprise.

With regard to the lower sales revenue, a cost saving was achieved especially in production consumption, with the exception of repairs and maintenance. This area showed lower drawing as compared to the annual plan of consumed purchases by CZK 10,219 thousand and in the remaining services by CZK 6,648 thousand. The costs of repair and maintenance of the entrusted assets were generally exceeded by CZK 13,185 thousand, of which repairs funded from grants were exceeded by the already mentioned amount of CZK 9,497 thousand and repairs funded from own funds by CZK 3,688 thousand. There was a year-on-year increase of CZK 25,566 thousand in the total repairs realised, of which repairs paid from own funds increased by CZK 3,762 thousand.

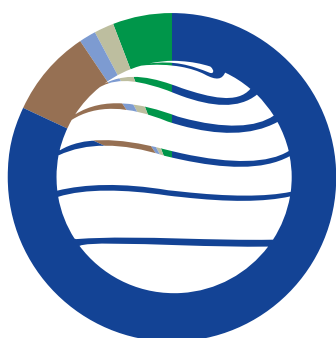
The total amount of reported costs was further impacted by creation and drawing of purpose-tied reserves, which the state enterprise creates to cover the risks of potential floods, future major repairs and other risks related to the subject-matter of the operations of the state enterprise. The year-on-year rise in these reserves was booked to cost in a total amount of CZK 18,455 thousand. The company costs also included the value of the change in the deferred tax obligation in the amount of CZK 3,823 thousand.

In the balance sheet part of the economy, there was a year-on-year rise in fixed assets, especially due to the high value of the incomplete investments in consequence of the incompleteness of significantly large volume projects, whose building construction shall be completed over a longer time horizon (preparation of the Measures on the Upper Opava project, and similar). From the beginning of the year, a total of CZK 568,231 thousand was invested in fixed assets, of which CZK 366,900 thousand was from grants, CZK 197,217 thousand from own funds and CZK 4,114 thousand was from land transfers without consideration.

In the area of liabilities, there was a rise in equity capital, especially from the title of an adequate business result. The rise in external resources is especially impacted by creation of purpose-tied reserves and the value of short-term trade payables, which are due to the high incompleteness of building construction projects.

In conclusion, it is possible to state that in spite of the negative development in the key revenue items of the state enterprise, relatively good results have been achieved in the balance sheet and income statement thanks to the cost savings measures and exceeding of the other revenues, which creates a realistic basis for fulfilment of the annual assumptions for the subsequent period as well as fulfilment of the medium-term concept objectives of the state enterprise.

Revenue structure



- Surface water sales 82.18 %
- Electricity sales 8.4 %
- Fish sales 1.78 %
- Sales of services and goods 1.94 %
- Other revenues 5.7 %

Structure of costs



- Consumed purchases 5.66 %
- Services 28.27 %
- Personnel costs . 37.96 %
- Depreciation, reserves, adjusting entries 25.46 %
- Other costs 2.66 %

Surface water sales	82.18%	554,222
Electricity sales	8.40%	56,668
Fish sales	1.78%	12,004
Sales of services and goods	1.94%	13,066
Other revenues	5.70%	38,426
TOTAL REVENUES	100.00%	674,386

Consumed purchases	5.66%	36,977
Services	28.27%	184,724
Personnel costs	37.96%	248,093
Depreciations, reserves and adjusting entries	25.46%	166,384
Other costs	2.66%	17,363
TOTAL COSTS	100.00%	653,541

Revenues (in CZK thousands)

Sales	635,960
of which: Surface water	554,222
Electric power	56,668
Fish	12,004
Services and goods	13,066
Other operating revenues	37,373
Financial revenues	1,053
TOTAL REVENUES	674,386

Costs (in CZK thousands)

Consumed purchases	36,977
Purchased services	184,724
of which: Repair and maintenance	152,266
Other services	32,458
Personnel costs	248,093
of which: Wage costs	172,465
Social sec. and health insurance	60,553
Other social costs	15,075
Taxes & Duties	1,633
Other operating expenses	13,944
Depreciation, reserves and adjusting entries	166,384
of which: Depreciation	147,126
Reserves and adjusting entries	19,258
Changes in inventory	-631
Capitalisation	-1,596
Financial costs	190
Deferred tax	3,823
TOTAL COSTS	653,541



Preparation and realisation of the flood control buildings is a complicated, long-term process, which is costly, but necessary.

ZPRÁVA NEZÁVISLÉHO AUDITORA

určená zakladateli státního podniku
Povodí Odry, státní podnik

Výrok auditora

Provedli jsme audit přiložené účetní závěrky

Povodí Odry, státní podnik

se sídlem Varenská 3101/49, Ostrava, Moravská Ostrava, PSČ 701 26,
IČO: 708 90 021
zapsaný do obchodního rejstříku vedeného Krajským soudem v Ostravě, složka
AXIV 584,

kteřá se skládá z rozvahy k 31.12.2016, výkazu zisku a ztráty, přehledu o změnách vlastního kapitálu a přehledu o peněžních tocích za období od 1.1.2016 do 31.12.2016 a přílohy této účetní závěrky, která obsahuje popis použitých významných účetních metod a další vysvětlující informace. Údaje o Povodí Odry, státní podnik jsou uvedeny v bodě 1 přílohy této účetní závěrky.

Podle našeho názoru účetní závěrka podává věrný a poctivý obraz aktiv a pasiv Povodí Odry, státní podnik k 31.12.2016 a nákladů a výnosů a výsledku jejího hospodaření a peněžních toků za rok končící 31.12.2016 v souladu s českými účetními předpisy.

Výše uvedený odstavec prezentuje výrok bez výhrad.

Základ pro výrok

Audit jsme provedli v souladu se zákonem o auditorech a standardy Komory auditorů České republiky pro audit, kterými jsou mezinárodní standardy pro audit (ISA), případně doplněné a upravené souvisejícími aplikačními doložkami. Naše odpovědnost stanovená těmito předpisy je podrobněji popsána v oddílu Odpovědnost auditora za audit účetní závěrky. V souladu se zákonem o auditorech a Etickým kodexem přijatým Komorou auditorů České republiky jsme na státním podniku nezávislí a splnili jsme i další etické povinnosti vyplývající z uvedených předpisů. Domníváme se, že důkazní informace, které jsme shromáždili, poskytují dostatečný a vhodný základ pro vyjádření našeho výroku.

Jiné skutečnosti

Účetní závěrka k 31. prosinci 2015 byla ověřena jiným auditorem, který ve své zprávě ze dne 21. března 2016 vydal k této účetní závěrce výrok bez výhrad.

Ostatní informace uvedené ve výroční zprávě

Ostatními informacemi jsou v souladu s § 2 písm. b) zákona o auditorech informace uvedené ve výroční zprávě mimo účetní závěrku a naši zprávu auditora. Za ostatní informace odpovídá statutární orgán státního podniku.

Náš výrok k účetní závěrce se k ostatním informacím nevztahuje. Přesto je však součástí našich povinností souvisejících s auditem účetní závěrky seznámení se s ostatními informacemi a posouzení, zda ostatní informace nejsou ve významném (materiálním) nesouladu s účetní závěrkou či s našimi znalostmi o účetní jednotce získanými během provádění auditu nebo zda se jinak tyto informace nejeví jako významně (materiálně) nesprávné. Také posuzujeme, zda ostatní informace byly ve všech významných (materiálních) ohledech vypracovány v souladu s příslušnými právními předpisy. Tímto posouzením se rozumí, zda ostatní informace splňují požadavky právních předpisů na formální náležitosti a postup vypracování ostatních informací v kontextu významnosti (materiality), tj. zda případné nedodržení uvedených požadavků by bylo způsobilé ovlivnit úsudek činěný na základě ostatních informací.

Na základě provedených postupů, do míry, již dokážeme posoudit, uvádíme, že

- ostatní informace, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných (materiálních) ohledech v souladu s účetní závěrkou a
- ostatní informace byly vypracovány v souladu s právními předpisy.

Dále jsme povinni uvést, zda na základě poznatků a povědomí o státním podniku, k nimž jsme dospěli při provádění auditu, ostatní informace neobsahují významné (materiální) věcné nesprávnosti. V rámci uvedených postupů jsme v obdržených ostatních informacích žádné významné (materiální) věcné nesprávnosti nezjistili.

Odpovědnost statutárního orgánu, dozorčí rady a výboru pro audit státního podniku za účetní závěrku

Statutární orgán státního podniku odpovídá za sestavení účetní závěrky podávající věrný a poctivý obraz v souladu s českými účetními předpisy, a za takový vnitřní kontrolní systém, který považuje za nezbytný pro sestavení účetní závěrky tak, aby neobsahovala významné (materiální) nesprávnosti způsobené podvodem nebo chybou.

Při sestavování účetní závěrky je statutární orgán státního podniku povinen posoudit, zda je státní podnik schopen nepřetržitě trvat, a pokud je to relevantní, popsat v příloze účetní závěrky záležitosti týkající se jejího nepřetržitého trvání a použití předpokladu nepřetržitého trvání při sestavení účetní závěrky, s výjimkou případů, kdy statutární podnik plánuje zrušení



státního podniku nebo ukončení jeho činnosti, resp. kdy nemá jinou reálnou možnost než tak učinit.

Za dohled nad procesem účetního výkaznictví ve státním podniku odpovídá dozorčí rada a výbor pro audit.

Odpovědnost auditora za audit účetní závěrky

Naším cílem je získat přiměřenou jistotu, že účetní závěrka jako celek neobsahuje významnou (materiální) nesprávnost způsobenou podvodem nebo chybou a vydat zprávu auditora obsahující náš výrok. Přiměřená míra jistoty je velká míra jistoty, nicméně není zárukou, že audit provedený v souladu s výše uvedenými předpisy ve všech případech v účetní závěrce odhalí případnou existující významnou (materiální) nesprávnost. Nesprávnosti mohou vzniknout v důsledku podvodů nebo chyb a považují se za významné (materiální), pokud lze reálně předpokládat, že by jednotlivě nebo v souhrnu mohly ovlivnit ekonomická rozhodnutí, která uživatelé účetní závěrky na jejím základě přijmou.

Při provádění auditu v souladu s výše uvedenými předpisy je naší povinností uplatňovat během celého auditu odborný úsudek a zachovávat profesní skepticismus. Dále je naší povinností:

- Identifikovat a vyhodnotit rizika významné (materiální) nesprávnosti účetní závěrky způsobené podvodem nebo chybou, navrhnout a provést auditorské postupy reagující na tato rizika a získat dostatečné a vhodné důkazní informace, abychom na jejich základě mohli vyjádřit výrok. Riziko, že neodhalíme významnou (materiální) nesprávnost, k níž došlo v důsledku podvodu, je větší než riziko neodhalení významné (materiální) nesprávnosti způsobené chybou, protože součástí podvodu mohou být tajné dohody (koluze), falšování, úmyslná opomenutí, nepravdivá prohlášení nebo obcházení vnitřních kontrol.
- Seznámit se s vnitřním kontrolním systémem státního podniku relevantním pro audit v takovém rozsahu, abychom mohli navrhnout auditorské postupy vhodné s ohledem na dané okolnosti, nikoli abychom mohli vyjádřit názor na účinnost jejího vnitřního kontrolního systému.
- Posoudit vhodnost použitých účetních pravidel, přiměřenost provedených účetních odhadů a informace, které v této souvislosti statutární orgán státního podniku uvedl v příloze účetní závěrky.
- Posoudit vhodnost použití předpokladu nepřetržitého trvání při sestavení účetní závěrky statutárním orgánem a to, zda s ohledem na shromážděné důkazní informace existuje významná (materiální) nejistota vyplývající z událostí nebo podmínek, které mohou významně zpochybnit schopnost státního podniku nepřetržitě trvat. Jestliže dojdeme k závěru, že taková



významná (materiální) nejistota existuje, je naší povinností upozornit v naší zprávě na informace uvedené v této souvislosti v příloze účetní závěrky, a pokud tyto informace nejsou dostatečné, vyjádřit modifikovaný výrok. Naše závěry týkající se schopnosti státního podniku nepřetržitě trvat vycházejí z důkazních informací, které jsme získali do data naší zprávy. Nicméně budoucí události nebo podmínky mohou vést k tomu, že státní podnik ztratí schopnost nepřetržitě trvat.

- Vyhodnotit celkovou prezentaci, členění a obsah účetní závěrky, včetně přílohy, a dále to, zda účetní závěrka zobrazuje podkladové transakce a události způsobem, který vede k věrnému zobrazení.


Naší povinností je informovat statutární orgán, dozorčí radu a výbor pro audit mimo jiné o plánovaném rozsahu a načasování auditu a o významných zjištěních, která jsme v jeho průběhu učinili, včetně zjištěných významných nedostatků ve vnitřním kontrolním systému.

V Ostravě dne 10. května 2017

ABC.AUDIT, s. r. o.
 Erbenova 783/29, 703 00 Ostrava-Vítkovice
 auditorská společnost
 auditorské oprávnění č. 387
 zastoupená:


 jednatelem
Ing. Tomášem Pospíšilem




 pověřeným zaměstnancem a
 odpovědným auditorem
 auditorské oprávnění č. 2101
Ing. Michalem Groborzem

The financial statements

Balance sheet ending 31/12/2016 in full format (in CZK thousands)

Line marking	Item content	Current period			Previous period
		Gross	Corrections	Net	
	TOTAL ASSETS	8,473,167	-3,540,891	4,932,276	4,895,129
B.	Fixed assets	7,978,436	-3,535,395	4,443,041	4,396,930
B.I.	Intangible fixed assets	131,129	-115,006	16,123	18,851
B.I.1.	Intangible results of research and development	13,948	-13,948	0	0
B.I.2.	Valuable rights	51,980	-50,185	1,795	3,424
B.I.2.1.	Software	51,980	-50,185	1,795	3,424
B.I.4.	Other intangible fixed assets	64,197	-50,873	13,324	2,064
B.I.5.	Advance payments for intangible fixed assets and incomplete intangible fixed assets	1,004	0	1,004	13,363
B.I.5.1.	Advance payments for intangible fixed assets	631		631	631
B.I.5.2.	Incomplete intangible fixed assets	373		373	12,732
B.II.	Tangible fixed assets	7,847,307	-3,420,389	4,426,918	4,378,079
B.II.1.	Land, buildings and constructions	7,066,142	-3,004,361	4,061,781	4,074,670
B.II.1.1.	Land	437,690	0	437,690	419,491
B.II.1.2.	Buildings and structures (constructions)	6,628,452	-3,004,361	3,624,091	3,655,179
B.II.2.	Movables and sets of movables	561,201	-415,814	145,387	127,862
B.II.4.	Other tangible fixed assets	711	-214	497	430
B.II.4.1.	Orchards and vineyards	189	-189	0	0
B.II.4.3.	Other tangible fixed assets	522	-25	497	430
B.II.5.	Advance payments for tangible fixed assets and incomplete tangible fixed assets	219,253	0	219,253	175,117
B.II.5.1.	Advance payments for tangible fixed assets	45	0	45	133
B.II.5.2.	Incomplete tangible fixed assets	219,208	0	219,208	174,984
C.	Current assets	494,056	-5,496	488,560	497,398
C.I.	Inventories	10,312	0	10,312	9,591
C.I.1.	Material	2,785	0	2,785	2,887
C.I.4.	Young and other animals and their groups	7,527	0	7,527	6,702
C.I.5.	Advance payments for inventory	0	0	0	2
C.II.	Accounts receivable	128,393	-5,496	122,897	118,303
C.II.1.	Long term receivables	28	0	28	29
C.II.1.5.	Receivables – others	28	0	28	29
C.II.1.5.2.	Long-term provided advances	12	0	12	15
C.II.1.5.4.	Other receivables	16	0	16	14
C.II.2.	Short-term receivables	128,365	-5,496	122,869	118,274
C.II.2.1.	Trade receivables	110,336	-1,393	108,943	109,447
C.II.2.4.	Receivables – others	18,029	-4,103	13,926	8,827
C.II.2.4.3.	State — tax claims	4,457	0	4,457	0
C.II.2.4.4.	Short-term advance payments made	1,342	0	1,342	1,648
C.II.2.4.5.	Contingent asset accounts	68	0	68	119
C.II.2.4.6.	Other receivables	12,162	-4,103	8,059	7,060
C.IV.	Cash	355,351	0	355,351	369,504
C.IV.1.	Cash on hand	398	0	398	497
C.IV.2.	Money in bank accounts	354,953	0	354,953	369,007
D.	Accrued assets	675	0	675	801
D.1.	Accrued costs	619	0	619	744
D.3.	Accrued revenues	56	0	56	57

The financial statements

Balance sheet ending 31/12/2016 in full format (in CZK thousands)

Line marking	Item content	Current period	Previous period
	TOTAL LIABILITIES	4,932,276	4,895,129
A.	Equity capital	4,449,401	4,440,457
A.I.	Registered capital	1,519,186	1,519,186
A.I.1.	Registered capital	1,519,186	1,519,186
A.II.	Share premium and capital funds	2,668,368	2,666,743
A.II.2.	Capital funds	2,668,368	2,666,743
A.II.2.1.	Other capital funds	2,668,368	2,666,743
A.III.	Funds from profit	241,002	242,033
A.III.1.	Other reserve funds	151,919	151,919
A.III.2.	Statutory and other funds	89,083	90,114
A.V.	Profit/loss for the current accounting period	20,845	12,495
B. + C.	External resources	482,807	450,866
B.	Reserves	227,528	209,073
B.4.	Other reserves	227,528	209,073
C.	Accounts payable	255,279	241,793
C.I.	Long-term accounts payable	212,177	208,539
C.I.8.	Deferred tax liability	209,056	205,233
C.I.9.	Other liabilities	3,121	3,306
C.I.9.3.	Other accounts payable	3,121	3,306
C.II.	Short-term liabilities	43,102	33,254
C.II.3.	Short-term advance payments received	85	98
C.II.4.	Trade accounts payable	19,381	5,450
C.II.8.	Other liabilities	23,636	27,706
C.II.8.3.	Payables to employees	11,572	12,587
C.II.8.4.	Social security and health insurance dues	7,072	7,757
C.II.8.5.	State – tax liabilities and subsidies	2,012	3,468
C.II.8.6.	Contingent liability accounts	887	1,121
C.II.8.7.	Other accounts payable	2,093	2,773
D.	Accrued liabilities	68	3,806
D.1.	Accrued expenses	11	3,719
D.2.	Deferred revenues	57	87

Income statement

Full generic division for the period from 01/01/2016 to 31/12/2016 (in CZK thousands)

Marking	Item content	Current period	Previous period
I.	Revenues from the sale of products and services	635,961	670,482
A.	Production consumption	221,701	202,938
A.2.	Materials and energy consumption	36,977	42,419
A.3.	Services	184,724	160,518
B.	Change to the balance of reserves through own activities (+/-)	-631	2,121
C.	Capitalisation (-)	-1,596	-2,185
D.	Personnel costs	248,093	240,390
D.1.	Wage costs	172,465	167,322
D.2.	Social security, health insurance and other costs	75,628	73,068
D.2.1.	Social security and health insurance expenses	60,553	58,411
D.2.2.	Other costs	15,075	14,657
E.	Adjustment of values in the operations area	147,929	146,185
E.1.	Adjustment of the value of intangible fixed and tangible assets	147,126	146,279
E.1.1.	Adjustment of the value of intangible fixed and tangible assets – permanent	147,126	146,279
E.3.	Adjustment of the values of accounts receivable	803	-93
III.	Other operating income	37,372	13,554
III.1.	Proceeds from the sale of fixed assets	7,904	5,029
III.2.	Revenues from sale of materials	2	0
III.3.	Other operating revenues	29,466	8,525
F.	Other operating costs	34,032	74,705
F.1.	Net book value of fixed assets sold	2,387	700
F.3.	Taxes & duties	1,633	1,132
F.4.	Position of operating reserves and complex accrued costs	18,455	62,095
F.5.	Other operating expenses	11,557	10,778
*	Operating profit/loss (+/-)	23,805	19,881
VI.	Interest revenue and similar income	997	1,138
VI.2.	Interest revenue and similar income	997	1,138
VII.	Other financial income	56	57
K.	Other financial costs	190	173
*	Financial profit/loss (+/-)	863	1,021
**	Profit/loss before taxation (+/-)	24,668	20,902
L.	Income tax	3,823	8,408
L.2.	Deferred income tax (+/-)	3,823	8,408
**	Pre-tax profit/loss (+/-)	20,845	12,495
***	Profit/loss for accounting period (+/-)	20,845	12,495
*	Net profit for the accounting period	674,386	685,294

Cash flow statement

for the period ending 31/12/2016 (in CZK whole thousands)

			Current account- ing period	Previous ac- counting period
P.		Initial balance of cash and cash equivalents at beginning of accounting period	369,504	291,866
		Cash flow from operations		
Z.		Profit/loss before taxation (+/-)	24,668	20,902
A.	1.	Adjustment by non-monetary operations	156,417	204,558
A.	1. 1.	"Depreciation of fixed assets (+) excluding the residual value of fixed assets sold and amortisation of adjustments to acquired assets (+/-)"	147,468	146,558
A.	1. 2.	Change in position of adjustments, reserves and contingent accounts	15,463	63,467
A.	1. 3.	Profit (loss) from sale of fixed assets (-/+)	-5,517	-4,329
A.	1. 4.	Revenues from shares of the profit (-)	0	0
A.	1. 5.	Clearance of cost interest (+) excluding capitalised interest and clearance of interest income (-)	-997	-1,138
A.	1. 6.	Optional adjustments for non-cash transactions	0	0
A *		Net cash flows from operations before tax and changes in working capital	181,085	225,460
A.	2.	Change in the non-monetary elements of working capital	3,914	2,570
A.	2. 1.	Changes in the position of receivables from operations (+/-)	-6,483	6,279
A.	2. 2.	Changes in the position of short-term receivables from operations (+/-)	11,117	-5,820
A.	2. 3.	Changes in inventory (+/-)	-720	2,111
A.	2. 4.	Change of the position of short-term financial assets that are not in the category of cash and its equivalents	0	0
A **		Net cash flow from operations before tax	184,999	228,030
A.	3.	Interest paid excluding capitalised interest (-)	0	0
A.	4.	Interest received (+)	997	1,138
A.	5.	Income tax paid and taxes due from previous periods (-)	0	0
A.	7.	Shares of the profit received (+)	0	0
A ***		Net cash flow from operations	185,996	229,168
		Cash flow from investments		
B.	1.	Expenses associated with acquisition of fixed assets	-197,217	-142,352
B.	2.	Revenue from sale of fixed assets	7,904	5,029
B.	3.	Change in the position of investment advance payments, re-billing of investments	2,875	0
B ***		Net cash flow related to investment activities	-186,438	-137,323
		Cash flows from financial activity		

			Current account- ing period	Previous ac- counting period
C.	1.	Influence of changes in position of long-term, optionally short-term payables that fall into the financial operations category (e.g. some operating loans) on cash and its equivalents	-185	0
C.	2.	Effect of equity changes on cash and its equivalents	-13,526	-14,207
C.	2.	1. Increase of cash and its equivalents from the title of registered capital raise, issue premium, optionally funds from the profits including deposits made for such an increase (+)	0	0
C.	2.	2. Payment of equity shares to partners (-)	0	0
C.	2.	3. Other cash contributions from partners and shareholders (+)	0	0
C.	2.	4. Compensation of losses by partners (+)	0	0
C.	2.	5. Direct payments from the funds (-)	-13,526	-14,207
C.	2.	6. Shares of the profits paid including tax deductions related to such entitlements including financial settlement with partners in partnerships and general partners in limited partnerships (-)	0	0
C	***	Net cash flow from financial activities	-13,711	-14,207
F.		Net increase/reduction of cash	-14,153	77,638
R.		Balance of cash and cash equivalents at end of the accounting period	355,351	369,504

Summary of changes in equity capital

31/12/2016 (in CZK whole thousands)

Balance Sheet Line	Item	2015				2016			
		position as of 01/01	increase (+)	reduction (-)	position as of 31/12	position as of 1/1	increase (+)	reduction (-)	position as of 31/12
A.I.	Registered Capital – ordinary stock (account 411)	1,519,186	0	0	1,519,186	1,519,186	0	0	1,519,186
A.II	Capital funds (account 413)	2,663,969	5,072	2,298	2,666,743	2,666,743	4,114	2,489	2,668,368
A.III.	Reserve funds, other funds from the profit	242,521	14,642	15,130	242,033	242,033	13,268	14,299	241,002
A.III.1.	Statutory reserve fund (account 421)	151,919	0	0	151,919	151,919	0	0	151,919
A.III.2.	Total statutory and other funds, of which:	90,602	14,642	15,130	90,114	90,114	13,268	14,299	89,083
	Investment fund (account 427 AE)	46,258	0	0	46,258	46,258	0	0	46,258
	Cultural and social welfare fund (account 423)	22,811	8,342	8,352	22,801	22,801	6,528	7,444	21,885
	Bonus fund (account 427 AE)	20,533	6,300	6,638	20,195	20,195	6,600	6,825	19,970
	Social fund (account 427 AE)	1,000	0	140	860	860	140	30	970
A.V.	Profit/loss for the current accounting period	13,718	12,495	13,718	12,495	12,495	20,845	12,495	20,845
A.I až A.V.	TOTAL EQUITY CAPITAL	4,439,394	32,209	31,146	4,440,457	4,440,457	38,227	29,283	4,449,401

Notes to the financial statements

at 31/12/2016

1. Company Profile

Business Name: Povodí Odry, state enterprise

Corporate Office: Varenská 3101/49, Moravská Ostrava, 702 00 Ostrava

Delivery Number: 701 26

Legal status: state enterprise

Identification number

(Company Registration Number): 70 89 00 21

Main line of business:

Management of river basins, which means management of significant watercourses, activities related to the determination and evaluation of the condition of surface and ground water in the territorial powers of the state-owned company Povodí Odry and other activities performed by river basin managers pursuant to Act No. 254/2001 Coll., on waters and on the amendment of some acts (Water Act), as amended, Act No. 305/2000 Coll., on river basins, as amended, and related legislation, including the management of small watercourses for which the company was appointed as manager.

Activities according to the trading licence and decision on award of licence:

Generation of electricity, building project design, building construction, modification and demolition, road motor transport, manufacturing, trading and services not specified in Annexes 1-3 of the Trade and Licensing Act.

Establishment of the Company: under Act No. 305/2000 Coll., on river basins

Date of establishment of the Company (date of force of Act No. 305/2000 Coll.): 1 January 2001

Founder: Ministry of Agriculture of the Czech Republic

Legal successor to the state enterprise: Povodí Odry, joint stock company

Changes in and additions to the Commercial Register made in the previous accounting period:

In 2016, the following changes were entered in the Commercial Register Department of the Regional Court in Ostrava:

- On 22/02/2016 a resolution was issued on amendment of the Memorandum of Association concerning the registration of the supervisory board members (deletion of Ing. Ivana Musálková, and appointment of Ing. Dagmar Šimková) – the resolution came into legal force on 29/02/2016.
- On 12/07/2016 a resolution was issued on amendment of the Memorandum of Association concerning the registration of the supervisory board members (deletion of Mgr. et Mgr. Eva Florianová, and appointment of Ing. Zdeněk Macoszek) and further concerning the issue of change of the value of the designated assets at 31/12/2015 – the resolution came into legal force on 14/07/2016.

Statutory body of the state enterprise (at 31/12/2016):

Ing. Jiří Pagáč, General Director

Representatives of the statutory body of the state-owned company – General Director:

First Deputy: Ing. Petr Březina, Technical Director,

Second Deputy: Ing. Petr Kučera, Finance Director,

Third Deputy: Ing. Čestmír Vlček, Business Director.

Supervisory Board (at 31/12/2016):

Ing. Aleš Kendík

Ing. Michal Sirko

Ing. Peter Suchý

Ing. Zdeněk Macoszek

Miroslav Novák

Ing. Ivana Mojžíšková

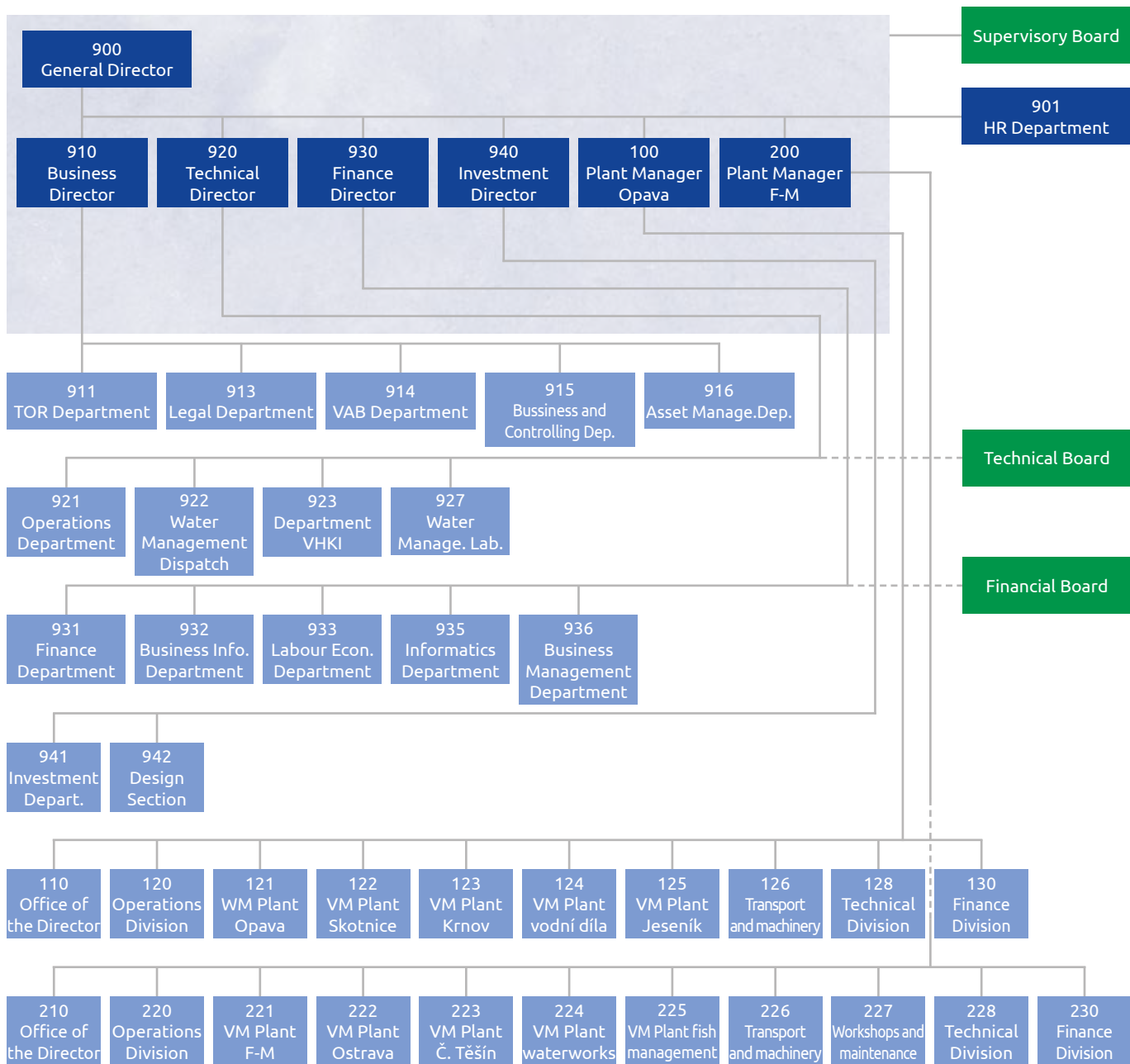
Ing. Dagmar Šimková

Ing. Radek Pekař

Change in the structure:

The organisational structure of the state enterprise Povodí Odry changed during the year. From 2016, the state enterprise Povodí Odry is included in the partial consolidation unit of the Czech Republic.

Organisational diagram at 31/12/2016



2. Basis for preparation of the financial statements

Balance sheet date: 31/12/2016

Moment of drawing-up the financial statements: 26/04/2017

Legal framework for management of accounts and compilation of the financial statements:

The financial statements have been prepared in compliance with Act No. 563/1991 Coll., on Accounting, as amended (hereinafter referred to only as the "Accounting Act") and implementing Decree No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, for accounting units – entrepreneurs keeping their accounts in the double-entry book-keeping system (hereinafter referred to only as the "Implementing Decree"). The state-owned company Povodí Odry keeps accounts in compliance with the Czech Accounting Standards.

The state-owned company is a large accounting entity.

Changes in the reporting of items on the balance sheet and income statement:

Based on the requirements of the Amendment of the Accounting Act and the Implementing Decree in force from 01/01/2016, there has been a change in the reporting of balance sheet and income statement items. To ensure the comparability of these items to the preceding accounting period, the balance sheet and income statement items for 2015 were reclassified in compliance with the Czech Accounting Standard for Entrepreneurs No. 024 "Comparable period for the accounting period starting in 2016", in the following way:

Balance Sheet

Previous period items – at 31/12/2015 (Reporting valid up to 31/12/2015)		Previous period items – at 31/12/2015 (Reporting valid from 01/01/2016)	
Line No.	Name of item	č.řádku	Name of item
B.I.2	Intangible results of research and development	B.I.1.	Intangible results of research and development
B.I.3.	Software	B.I.2.1.	Software
B.I.6.	Other intangible fixed assets	B.I.4.	Other intangible fixed assets
B.I.7.	Incomplete intangible fixed assets	B.I.5.2.	Incomplete intangible fixed assets
B.I.8.	Advance payments for intangible fixed assets	B.I.5.1.	Advance payments for intangible fixed assets
B.II.1.	Land	B.II.1.1.	Land
B.II.2.	Buildings and structures (constructions)	B.II.1.2.	Buildings and structures (constructions)
B.II.3.	Separate movable items and sets of movable items	B.II.2.	Movables and sets of movables
B.II.4.	Orchards and vineyards	B.II.4.1.	Orchards and vineyards
B.II.6.	Other tangible fixed assets	B.II.4.3.	Other tangible fixed assets
B.II.7.	Incomplete tangible fixed assets	B.II.5.2.	Incomplete tangible fixed assets
B.II.8.	Advance payments for tangible fixed assets	B.II.5.1.	Advance payments for tangible fixed assets
C.I.6.	Advance payments for inventory	C.I.5.	Advance payments for inventory
C.II.	Long term receivables	C.II.1.	Long term receivables
C.II.5.	Long-term provided advances	C.II.1.5.2.	Long-term provided advances
C.II.7.	Other receivables	C.II.1.5.4.	Other receivables
C.III.	Short-term receivables	C.II.2.	Short-term receivables
C.III.1.	Trade receivables	C.II.2.1.	Trade receivables
C.III.7.	Short-term advance payments made	C.II.2.4.4.	Short-term advance payments made
C.III.8.	Contingent asset accounts	C.II.2.4.5.	Contingent asset accounts
C.III.9.	Other receivables	C.II.2.4.6.	Other receivables
C.IV.1.	Money	C.IV.1.	Cash on hand
C.IV.2.	Bank accounts	C.IV.2.	Money in bank accounts

Previous period items – at 31/12/2015 (Reporting valid up to 31/12/2015)		Previous period items – at 31/12/2015 (Reporting valid from 01/01/2016)	
D.I.	Accruals and deferrals	D.	Accrued assets
D.I.1.	Accrued costs	D.1.	Accrued costs
D.I.3.	Accrued revenues	D.3.	Accrued revenues
A.II.2.	Other capital funds	A.II.2.1.	Other capital funds
B.	External resources	B+C	External resources
B.I.	Reserves	B.	Reserves
B.I.4.	Other reserves	B.4.	Other reserves
B.II.	Long-term accounts payable	C.I.	Long-term accounts payable
B.II.9.	Other accounts payable	C.I.9.3.	Other accounts payable
C.I.	Accruals and deferrals	D.	Accrued liabilities
C.I.1.	Accrued expenses	D.1.	Accrued expenses
C.I.2.	Deferred revenues	D.2.	Deferred revenues

Income Statement

Previous period items – at 31/12/2015 (Reporting valid up to 31/12/2015)		Previous period items – at 31/12/2015 (Reporting valid from 01/01/2016)	
Line No.	Name of item	č.řádku	Name of item
II.1.	Revenues from sales of own products and services	I.	Revenues from the sale of products and services
II.2.	Change in inventory of own production	B.	Change to the balance of reserves through own activities (+/-)
II.3.	Capitalisation	C.	Capitalisation (+/-)
B.1.	Materials and energy consumption	A.2.	Materials and energy consumption
B.2.	Services	A.3.	Services
C.	Personnel costs	D.	Personnel costs
C.1.	Wage costs	D.1.	Wage costs
C.3.	Social security and health insurance expenses	D.2.1.	Social security and health insurance expenses
C.4.	Social costs	D.2.2.	Other costs
D.	Taxes & duties	F.3.	Taxes & duties
E.	Depreciation of tangible and intangible fixed assets	E.1.1.	Adjustment of the value of intangible fixed and tangible assets – permanent
G.	Change in the position of operating reserves and adjustments and complex accrued costs	F.4.	Position of operating reserves and complex accrued costs
		E.3.	Adjustment of the values of accounts receivable
H.	Other operating costs	F.5.	Other operating expenses
X.	Interest revenue	VI.2.	Interest revenue and similar income
XI.	Other financial income	VII.	Other financial income
O.	Other financial costs	K.	Other financial costs
Q.	Income tax on regular activity	L.	Income tax
Q.2.	- deferred	L.2.	Deferred income tax (+/-)

3. General accounting principles and accounting methods

When implementing accounting and reporting methods, the state-owned company considered the specifics of the subject-matter of activities, rights and obligations arising from the performance of watershed management pursuant to Act No. 254/2001 Coll., on waters, as amended, in conjunction with Act No. 305/2000 Coll., on river basins, as amended, i.e. especially management of the large volume of fixed assets mainly in the form of waterworks, where:

- a significant share of the fixed assets is not directly used to earn income,
- acquisition of the larger volume of the assets is funded completely or partially from grants,
- the fundamental share of the assets is recorded in historical prices, which do not have informative value;

further, existence of significant risks related with the management of waterworks, relatively low volume of revenues subject to price regulation in relation to the volume of fixed assets, necessity to ensure the proper and operational condition of the assets, and to a substantial degree to the contingent time progress of flood damage costs.

Valuation methods:

- purchased fixed assets – purchase price,
- fixed assets of own production (capitalisation) – own expenses,
- fixed assets acquired without consideration – replacement cost,
- fixed assets acquired without consideration from state-owned organisations – book value,
- purchased inventory – acquisition prices,
- inventory created by own activities (including increases in fish volumes) – own costs,
- decline in inventory (apart from fish) – FIFO,
- decline in fish volumes – weighted arithmetic average method,
- cash, valuables – nominal value,
- receivables, payables – nominal value.

Characteristics of fixed assets

The long-term intangible research and development, software and other intangible assets (studies, audiovisual works, plans in the area of water basins) valued above CZK 60,000. Assets with a lower value are accounted directly to cost and from CZK 2,000 the assets are recorded on off-balance sheet accounts.

Tangible fixed assets comprise mainly buildings, land, perennial crops, other tangible fixed assets (easements) and

movables and sets of movables worth more than CZK 40,000. Tangible movables worth up to CZK 40,000 are billed to cost and from CZK 2,000 the items are recorded on off-balance sheet accounts.

The value of fixed assets is lowered by the value of grants received for acquisition of fixed assets. These grants are credited to the fixed assets acquisition account, classified as own resources. The value of the grants is given in the note on the fixed asset card. In case of assets funded in full from grants, the grants are recorded in off-balance sheet accounts.

Depreciation plans – method for compilation and depreciation methods applied:

The depreciation method applied to fixed assets is determined by the depreciation schedule on the basis of the acquisition price and assumed service life of the given assets. Tangible fixed assets are depreciated at annual rates stipulated for the individual asset groups. Intangible fixed assets are depreciated at an annual depreciation rate of 25%. The book depreciation of tangible and intangible fixed assets is accounted at the rate of 1/12 of total annual depreciation within the monthly closings, already in the month of activation.

The accounting entity does not apply the component depreciation method.

Cash

Cash comprises valuables, cash and cash in bank accounts. This also includes bank accounts that are assigned to long-term coverage of reserves. The overview of changes in the cash flow is contained in a separate Cash flow statement.

Applied method for converting foreign currency amounts into the Czech currency:

For conversion of foreign currency, the daily exchange rates announced by the Czech National Bank applicable to the transaction date are applied.

Adjustment items

If the book value of fixed assets is declining, the accounting entity creates an adjusting entry for reason of temporary non-usage, damage, when making a decision to sell if the assumed selling price shall be lower than the book value, and the like.

The adjusting entry to low turnover and old inventories or otherwise temporarily debased inventories is created on the basis of analysis of the turnover rate of inventories and individual assessment of the inventories.

The valuation of doubtful debts is decreased by adjusting items charged on the account of costs of their realisation value on the basis of individual assessments of individual debtors and all age groups of the receivables structure.

The statutory adjusting entries are created according to the Income Tax Act and in conjunction with the Act on Reserves. Accounting adjusting entries are created above their framework.

Equity capital

The registered capital of the state enterprise is reported in the amount registered in the Commercial Register at the Regional Court in compliance with the Memorandum of Association.

In the rest of the capital funds, the state enterprise mainly has on record additional transferred assets, grants for acquisition of fixed assets and other assets acquired and handed over without consideration (-).

Funds from the profit – in compliance with the statute, the state enterprise creates the reserve fund, cultural and social amenities fund, remuneration fund, investment and social fund. Creation and drawing of these funds is regulated by intra-company guidelines.

Reserves

The state enterprise uses suitable methods to express its accounts and coverage of risks – respectively, clearly foreseeable costs arising from the specific scope of its activities in compliance with the processed analysis of risks and measures for their reduction. The reserves are intended to cover the obligations or costs whose nature is clearly defined and which shall probably or certainly occur by the balance sheet date, but whose size or moment of occurrence are not certain:

- reserve for flood risk,
- reserve for major repairs of the water management assets,
- reserve to cover the repair costs of assets acquired from grants,
- reserve for litigation,
- reserve for the medium-term element of wages.

Creation and use of the given reserves is done on the basis of the applicable intra-company rules building on further fundamental documents and letters (analysis of basin risks, analysis of flood risks, schedule of repairs, sets of grant funded assets, and the like).

Accounting reserves created in this manner are subsequently really covered by separate funds in current accounts (in some cases the specification is done only at the beginning of the following accounting period).

Revenues and costs

The decisive part of the revenues is subject to price regulation. It is possible in the calculation of the regulated prices of surface water to include only the economically justified costs and reasonable profit; specified unrecognisable costs are excluded.

Revenues and expenses are recognised on accrual basis.

Income tax

The income tax cost is calculated using the effective tax rate from the accounting profit increased/decreased by the permanently/temporarily tax-unrecognisable costs and untaxed revenues (e.g. creating and accounting for other reserves and adjusting entries, entertainment expenses, difference between book and tax depreciation, etc.). Further, items that reduce the tax base, tax-deductible items and income tax rebates are taken into consideration.

The deferred tax liability reflects the tax incidence of temporary differences between the net book values of assets and liabilities from the accounting point of view and determination of the income tax base while taking into account the time of payment. Further, assessment is done according to the principle of conservatism in relation to Section 26(3) of the Accounting Act, and if it is clear that an adequate tax base shall be achieved, it is not included in the calculation of the item relating to deferred tax claims. This is based on implementation of the principle that in accordance with the principle of conservation, the realised profit is not reported if it is not adequately and demonstrably ascertained that such profit has been earned.

The major title for the deferred tax obligation is the difference between the book and tax value of the fixed assets.

The major title for the deferred tax claim comprises tax losses and reserves. With regard to the fundamental specifics of the subject-matter of the activities of the state enterprise, there is no assurance of achieving future profits in an adequate volume for realisation of these items for reason of potential future losses that cannot be influenced and substantially shorter realisation time.

Grants

The grant is posted to the accounts upon receipt or unquestionable entitlement. With regard to the specifics of the activities of the state enterprise and long-term experience with fulfilment of grant conditions, the accounting entity adopted the assumption that the conditions of unquestionable entitlement are fulfilled at the moment of account for a liability (after approval of correctness in rem and compliance of the claim with the conditions for award of the grant), which are to be covered by the grant, if not stipulated otherwise in a

specific case. A grant received to cover costs is posted to operational or financial revenues. A grant received for acquisition of fixed assets including technical improvements and to pay interest included in the acquisition price of the assets reduces the acquisition price or own acquisition costs.

Subsequent events

The impact of events that occurred between the balance sheet date and the date of the Financial Statements is to be reflected in the Financial Statements if such events provide additional information about the facts that existed at the balance sheet date.

If any significant events occurred in the period between the balance sheet date and the date of the Financial Statements, which affect the facts that occurred after the balance sheet date, the consequences of such facts are described in the Notes to the Financial Statements, but are not recorded in the Financial Statements.

Mutual settlements

They do not occur in the accounting period.

Changes to accounting methods as compared to the preceding reporting period

They do not occur in the accounting period.

Deviations from the accounting methods

They do not occur in the accounting period.

Correction of errors from previous years

They do not occur in the accounting period.

4. Additional information to the items in the financial statements

Fixed assets

The list of the fixed assets – acquisition value (in CZK thousands)

Account group	Name	position as of 01/01/2016	increase	reduction	position as of 31/12/2016
01	Intangible fixed assets	112,705	17,420	-	130,125
02	Tangible fixed assets	7,091,450	130,899	32,291	7,190,058
03	Non-depreciated tangible fixed assets	419,798	34,637	16,438	437,997
04	Incomplete intangible and tangible fixed assets	187,715	568,231	536,365	219,581
05	Advance payments for intangible and tangible fixed assets	764	28	117	675
Total		7,812,432	751,215	585,211	7,978,436

Adjustments to fixed assets (in CZK thousands)

Account group	Name	position as of 01/01/2016	increase	reduction	position as of 31/12
07	Intangible fixed assets	107,217	7,789	-	115,006
08	Tangible fixed assets	3,308,286	139,976	27,873	3,420,389
Total		3,415,503	147,765	27,873	3,535,395

Povodí Odry, state enterprise, does not have pawned real estate or movables.

The conditionality of the accounting records by legal force of the registration in the Land Register (in CZK thousands)

Land	at 31/12/2015	at 31/12/2016
– classification submitted for registration in the Land Register (not registered at 31 December)	3,764	414
– Retirement submitted for registration in the Land Register (not registered at 31 December)	11	2

Grant for acquisition of fixed assets (in CZK thousands)

Purpose of grant / source	at 31/12/2015	at 31/12/2016
Flood prevention / state budget	26,899	282,193
Flood prevention / local government budgets	3,449	8,921
Measures on the Upper Opava – acquisitions / state budget	59,999	71,300
Reduction of flood risks / OPE	7	-
- revitalisation of watercourses / OPE	75,915	-
Support for small watercourses and small water reservoirs / state budget		4,486
TOTAL	166,269	366,900

Fixed assets acquired from grants

The state enterprise has fixed assets acquired from grants on record as follows:

- in case of partially subsidised assets – by stating the value of the grant in the note on the asset record card,
- in case of fully subsidised assets – by stating the value of the grant on the given off-balance sheet account.

Subsidised assets	at 31/12/2015	at 31/12/2016
Partially subsidised assets	2,858,959	2,927,022
Fully subsidised assets	154,999	149,121

Current assets

Accounts receivable (in CZK thousands)

Receivables (short-term and long-term)	at 31/12/2015	at 31/12/2016
Receivables overdue	5,674	6,000
of which: receivables with a maturity of more than 5 years	740	777
Receivables covered by security in rem	0	0

Accounts receivable overdue apply mainly to awarded court expenses from finished litigation.

The size of the advance payments, earnest money, loans and credit provided to members of the management, controlling and eventually administrative bodies also including interest and other terms and conditions (stating of the provided, paid-up, forgiven amounts and security method)

The state enterprise did not provide any performances to the management, controlling or administrative bodies.

Adjustment entry to receivables – Account 391 (in CZK thousands)

	k 31.12.2015	k 31.12.2016
statutory	412	1,072
accounting	4,281	4,424
total	4,693	5,496

Current profit/loss and its distribution (in CZK thousands)

	Distribution of the profit 2015	Proposal for distribution of the profit 2016
Profit/loss	12,495	20,845
Allocation to the Cultural and Social Welfare Fund (CSWF)	5,755	10,845
Allocation to the bonus fund	6,600	9,970
Allocation to the social fund	140	30

External resources

Reserves

Other (accounting) reserves – Account 459 (in CZK thousands)

purpose	at 31/12/2015	at 31/12/2016
Reserve for repair of assets acquired from investment grants	86,989	89,508
Reserve for floods	37,773	40,974
Reserves for major repairs of the water management assets	73,111	83,219
Other reserves	11,200	13,827
Total	209,073	227,528

Deferred tax liability - Account 481 (in CZK thousands)

Item	at 31/12/2015	at 31/12/2016
Book value of small assets (Book Value)	3,428,192	3,420,216
Tax residual value of small assets (Residual Value)	2,348,021	2,319,942
Difference between book and tax prices (Book Value – Residual Value)	1,080,171	1,100,274
19%	205,233	209,052
Unpaid interest on late payments	0	18
19%	0	4
Total deferred tax liability	205,233	209,056

Deferred tax liability - balance of Account 481 at 31/12/ 2015 . . .205,233
 - balance of Account 481 at 31/12/ 2016 . . .209,056
difference – Account 592 Debit3,823

Deferred tax receivable from the title of:

- tax losses in the amount of CZK 73,219 thousand,
- reserves in the amount of CZK 227,528 thousand.

not accounted in compliance with the principle of conservation.

Accounts payable (in CZK thousands)

Short-term liabilities	at 31/12/2015	at 31/12/2016
Liabilities overdue	295	295
of which: liabilities with a maturity of more than 5 years	295	295
Liabilities covered by security in rem	0	0

Liabilities overdue are related to the former agenda of payments for pollution of surface water and off-take ground water for the State Environmental Fund and apply to the unpaid claims of the entity whose bankruptcy proceedings are not yet completed.

Long-term accounts payable	at 31/12/2015	at 31/12/2016
Liabilities overdue	-	-
of which: liabilities with a maturity of more than 5 years	-	-
Liabilities covered by security in rem	-	-

Schedule of other long-term liabilities - Account 479 (in CZK thousands)

Table of Contents	at 31/12/2015	at 31/12/2016
Long-term guarantees received	3,306	3,121

Long-term guarantees received apply to bank guarantees received for contractual obligations in connection with the management of tenders for building construction projects.

Povodí Odry, state enterprise, does not have any bank loans and financial assistance.

Selected items not reported on the balance sheet, but recorded on the off-balance sheet accounts

Item	at 31/12/2015	at 31/12/2016
Fully subsidised assets	154,688	149,121
Low-value tangible and intangible assets	80,520	79,361

The state enterprise does not have any liabilities on the balance sheet.

Selected cost and revenue items

Personnel costs

Item	at 31/12/2015	at 31/12/2016
Average number of employees (adjusted)	462	465
of which: - White-collar category	242	246
- Blue-collar category	220	219
Personnel costs incl. Other personnel costs (in CZK thousands)	167,322	171,507
Social security and health insurance costs (in CZK thousands)	58,398	60,540
Remuneration for supervisory body members	-	958

Audit services, tax advisory services (in CZK thousands)

Purpose	at 31/12/2015	at 31/12/2016
Remuneration billed by auditors – statutory audit of the financial statements	180	180
Remuneration billed by auditors – other audit services	-	-
Tax advisory services	180	180

Non-investment grants (in CZK thousands)

Grant purpose / source	at 31/12/2015	at 31/12/2016
Dredging of sediments from watercourses / local government budgets	500	-
Flood prevention / state budget	-	19,971
Support for small watercourses and small water reservoirs / state budget	-	2,333
TOTAL	500	22,304

Revenues from sale of goods, products and services according to type of activities – Account Group 60 (in CZK thousands)

Type of activity	at 31/12/2015	at 31/12/2016
Surface water sales	576,064	554,222
Electricity sales	65,509	56,669
Fish sales	16,241	12,004
Rent revenue	4,698	4,499
Revenues from laboratory work	2,410	2,589
Other revenues	5,560	5,978
Total (all in the Czech market)	670,482	635,961

The state enterprise neither has no reports any expenses or revenues.

The going concern principle

The state enterprise Povodí Odry, on the basis of the annual plan approved by the founder for the following accounting period, medium-term concept of the development of the enterprise and other long-term targets, assumes the future continuation of its activities.

The financial statements of the state enterprise Povodí Odry at 31/12/2016 were issued assuming the future continuation of its operations and do not include any arrangements arising from uncertainty of continuous existence of the accounting entity.

Changes between the balance sheet date and date of issue of the financial statements:

No events took place between the balance sheet date and date of issue of the financial statements, which would impact the explanatory power of the accounting statements.

The facts and data prescribed as the content of the notes to the financial statements pursuant to Accounting Act No. 563/1991 Coll., as amended, and Implementing Decree No. 500/2002 Coll., which are not applicable to the accounting entity Povodí Odry, state enterprise, are not stated in these notes.



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Realisation and design: Agentura API s.r.o.

Photographs: archive of the state enterprise Povodí Odry