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# Annual report 2019



**SPRÁVA  
ŽELEZNIC**

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# Foreword

## Ladies and gentlemen, dear business partners,

2019 was a successful and very lively year for Správa železnic. It brought with it many events, changes, and mainly everyday conscientious work carried out by the company managing the Czech railway infrastructure as one of the major employers in the Czech Republic.

Almost 92 kilometres of modernised lines were put into operation. The modernisation and renovation of further lines was launched and continued. Further steps were made in the preparation of the construction of the pilot high-speed railway line sections, and record amounts were spent on the renovation and refurbishment of the train station buildings, putting emphasis on their barrier-free character. This is only a short list of the activities carried out by Správa železnic in the past year. Just the modernisation of railway infrastructure required an investment of almost CZK 20 billion. The Company continues to belong among the biggest final beneficiaries of EU funds. In 2019, the trend of increasing funds spent on preparation of further constructions continued. The first construction financed from the new EU Blending Call tool came close to its realisation phase.

Key construction projects launched by Správa železnic in 2019 included the electrification of the Uničov – Olomouc and Šakvice – Hustopeče u Brna lines, the modernisation of the Soběslav – Doubí u Tábora line section in the Fourth Corridor, and the optimisation of the Praha-Smíchov – Černošice line, and the modernisation of one of the key lines in the Central Bohemian Region, Lysá nad Labem – Čelákovice, in the Third Corridor. We also successfully concluded the one-year closure of the Brno main station connected with an extensive renovation of the control command and signalling facility. A significant result of our activity at the end of 2019 was obtaining the first two final and conclusive decisions about the placement of the construction in the Prague - Václav Havel Airport – Kladno rail connection project.

We also progressed with the preparation of the pilot sections of a high-speed railway line. We concluded a contract for cooperation on the preparation of the construction of a high-speed railway line with French railways SNCF with the objective to prepare a design manual for high-speed railway lines on the level of documentation for issuing a decision on

construction location. We selected the supplier of the feasibility study for the high-speed (Brno) – Přerov – Ostrava railway line using the unique best value approach/best value procurement (BVA/BVP) method. The preparatory works now also include fieldwork. As part of the geodetic survey of the area between Prosenice and Ostrava-Svinov, between Modřice and Šakvice and between Praha-Běchovice and Poříčany, we began to prepare the documents for up to 130 km of new tracks. At the end of the year, we announced a tender for the preparation of the documentation for planning decision of the first pilot section of the high-speed Praha-Běchovice – Poříčany railway line.

As a part of the approved long-term strategy extending to 2025, we continued to fulfil the individual objectives set out in the short-term 2018 - 2020 action plan. One of the significant areas was the redress of the long-term insufficient maintenance of some line sections. We are successful in realising this plan. We spent almost CZK 11.9 billion on repairs and maintenance carried out by external suppliers. For example in June we finalised the significant repair of the “Sázava Pacific” line section between Ledečko

and Zruč nad Sázavou of CZK 687 million. Another significant event was the repair of the Železný Brod – Tanvald line section of CZK 411 million.

We were successful in accelerating the preparatory works and renovation of train station buildings. Tens of train station buildings all over the Czech Republic got a new look. Of the total sum exceeding CZK 1.5 billion, more than CZK 1.1 billion was designated for refurbishment and more than CZK 480 million for preparatory works and renovations; the total sum was a record amount since our takeover of the train station buildings in 2016. We have started renovating the facade of the Fanta Building at the Prague main station and the train station building in Havířov.

Thanks to intensive preparation, the renovation of large train station buildings in České Budějovice, Plzeň and Pardubice will commence. In connection with using a new logo, we launched the re-branding and operation of our new web pages, which were extended by new functionalities in course of the year. Our customers and passengers will thus find a connection search function on our web

pages including all passenger rail carriers, location of the train and information on the individual train stations including barrier-free access. In connection with the extensive modernisation of rail infrastructure and preparation of projects, we actively inform about the planned constructions and large infrastructure projects including high-speed railway lines and the implementation of ETCS on our web site.

After 15 years of our existence, the end of 2019 brought a change in the name of the organisation. We have entered the new decade as Správa železnic.

Prague, 20 March 2020



**Jiří Svoboda**  
Director General



# Organisation's Profile

## Basic information

### Who we are

Pursuant to applicable legal regulations, Správa železnic, státní organizace (Správa železnic) acts as a rail owner and operator.

### Legal status

The state organisation was incorporated on 1 January 2003 pursuant to Act No. 77/2002 Coll., on České dráhy, a. s., (Czech Railways, joint-stock company), Správa železnic, státní organizace (Rail infrastructure Administration), a state organisation, and on an amendment to Railway Act No. 266/1994 Coll., as amended (the "Railway Act"), and Act No. 77/1997 Coll., on State Enterprises, as amended (the "Transformation Act"), as one of the legal successors of České dráhy, státní organizace (Czech Railways, state organisation). The state organisation was incorporated without being founded; the Ministry of Transport (MT) of the Czech Republic is the establishing entity on behalf of the Czech Republic.

### Business activity

- operation of rail infrastructure
- ensuring the operability of the rail infrastructure
- maintenance and repairs of the rail infrastructure
- development and modernisation of the rail infrastructure
- preparation of documents to fulfill public service obligations
- supervision of the use of the rail infrastructure, rail operation and its operability

### Správa železnic manages

- the rail infrastructure as a state-owned asset
- assets listed in the Annex to the Transformation Act
- specified payables and receivables of ČD, s. o., that existed as at 31 December 2002.

### Legal ground of business activity

- Správa železnic carries out its business activities in accordance with the Trade Licensing Act.

### Our strategic goals

- reliable, safe, smooth and environmentally friendly operation of the rail transport
- steady increase in the speed and capacity of the rail infrastructure
- greater efficiency of the rail infrastructure administration, supervision, maintenance and repairs
- interoperability – introducing modern interoperable systems and technologies
- strengthening of the pro-client focus and active communication
- increase in the market share of rail transport
- strengthening of the position of Správa železnic as a significant and attractive employer.

Správa železnic is involved in several scientific and research projects primarily as an application guarantor.

## Management

### Statutory body (as at 20 March 2020)

#### Director General

Jiří Svoboda

(aged 49 years, graduated from the European Polytechnic Institute, s. r. o., in Kunovice and the Institute of Law and Law Science o. p. s., in Prague, holding the office since 23 March 2018)

#### Statutory Deputy Director General

Mojmír Nejezchleb

(aged 56, graduated from the Faculty of Civil Engineering at the Brno University of Technology, representing the Director General in his absence since 23 March 2018)

### Management of Správa železnic, státní organizace (as at 20 March 2020)

#### Deputy Director General for Economics

Aleš Krejčí

(aged 60, graduated from the Faculty of Production and Economy of the University of Economics, Prague, holding the office since 1 June 2012)

#### Deputy Director General for Infrastructure Modernisation

Mojmír Nejezchleb

(aged 56, graduated from the Faculty of Civil Engineering at the Brno University of Technology, holding the office since 1 July 2013)

#### Deputy Director General for Rail Operability

Marcela Pernicová

(aged 47, graduated from the Faculty of Civil Engineering at the Brno University of Technology, holding the office since 1 May 2018)

#### Deputy Director General for Traffic Management

Miroslav Jasenčák

(aged 57, graduated from the University of Transport in Žilina, holding the office since 1 November 2018)

## Corporate governance

### Statutory body

The Organisation's statutory body manages its activities and acts on its behalf. It makes decisions on all corporate matters unless they have been entrusted to the competence of the management board or the MT.

As at 31 December 2019

#### Director General

Jiří Svoboda

#### Statutory Deputy Director General

Mojmír Nejezchleb

As at 20 March 2020

#### Director General

Jiří Svoboda

#### Statutory Deputy Director General

Mojmír Nejezchleb

In 2019 and 2020, no changes occurred. (as at 20 March 2020)

### Management of Správa železnic

As at 31 December 2019

#### Deputy Director General for Economics

Aleš Krejčí

#### Deputy Director General for Infrastructure Modernisation

Mojmír Nejezchleb

#### Deputy Director General for Rail Operability

Marcela Pernicová

#### Deputy Director General for Traffic Management

Miroslav Jasenčák

As at 20 March 2020

#### Deputy Director General for Economics

Aleš Krejčí

#### Deputy Director General for Infrastructure Modernisation

Mojmír Nejezchleb

#### Deputy Director General for Rail Operability

Marcela Pernicová

#### Deputy Director General for Traffic Management

Miroslav Jasenčák

In 2019 and 2020, no changes occurred. (as at 20 March 2020)

## Corporate governance

### Supervisory Board

The Supervisory Board supervises the execution of the powers of the Director General, the performance of the organisation's activities and the compliance of its activities with legal regulations. The Supervisory Board, upon proposals submitted by the Director General, approves key organisational policies. It also debates the annual report, the financial performance and approves the annual budget

As at 31 December 2019

#### Chairperson

Pavel Hruběš

#### Vice-chairperson

Martin Kolovratník

#### Members

Tomáš Čoček

Ladislav Němec

Jaroslav Foldyna

Ivo Drahotský

Vít Janoš

As at 20 March 2020

#### Chairperson

Pavel Hruběš

#### Vice-chairperson

Martin Kolovratník

#### Members

Tomáš Čoček

Ladislav Němec

Jaroslav Foldyna

Ivo Drahotský

Vít Janoš

In 2019 and 2020, no changes occurred.  
(as at 20 March 2020)

### Audit Committee

The audit committee monitors the process of preparation of the financial statements, assesses the efficiency of the organisation's internal control, internal audit and risk management systems, monitors the process of the statutory audit of the financial statements, assesses the independence of the statutory auditor and the auditing firm, and primarily the provision of additional services to the organisation, and recommends the auditor to audit the organisation's financial statements. The audit committee is, at the same time, entitled to inspect the accounting books or other documents and check the data contained in these records.

As at 31 December 2019

#### Chairperson

Eva Janoušková

#### Members

Tomáš Čoček

Pavel Hruběš

Lenka Hlubučková

As at 20 March 2020

#### Chairperson

Eva Janoušková

#### Members

Tomáš Čoček

Pavel Hruběš

Lenka Hlubučková

Changes in 2019 and 2020

#### Chairperson

until 10 January 2019  
position unoccupied

since 11 January 2019  
Eva Janoušková

## Corporate governance

### Strategy And Development Committee

The Strategy and Development Committee issues standpoints or prepares position documents, primarily in respect of Správa železnic strategic materials, strategic proposals of the MT of the Czech Republic of both a legislative and non-legislative nature with impact on the railway sector, proposals for the railway sector arrangement, strategic proposals of the Transport Policy of the European Union (EU) and directives which directly influence Správa železnic activities, Správa železnic management system, Správa železnic organisational structure and its changes.

As at 31 December 2019

#### Chairperson

Ladislav Němec

#### Members

Tomáš Čoček

Martin Kolovratník

Ivo Drahotský

Vít Janoš

As at 20 March 2020

#### Chairperson

Ladislav Němec

#### Members

Tomáš Čoček

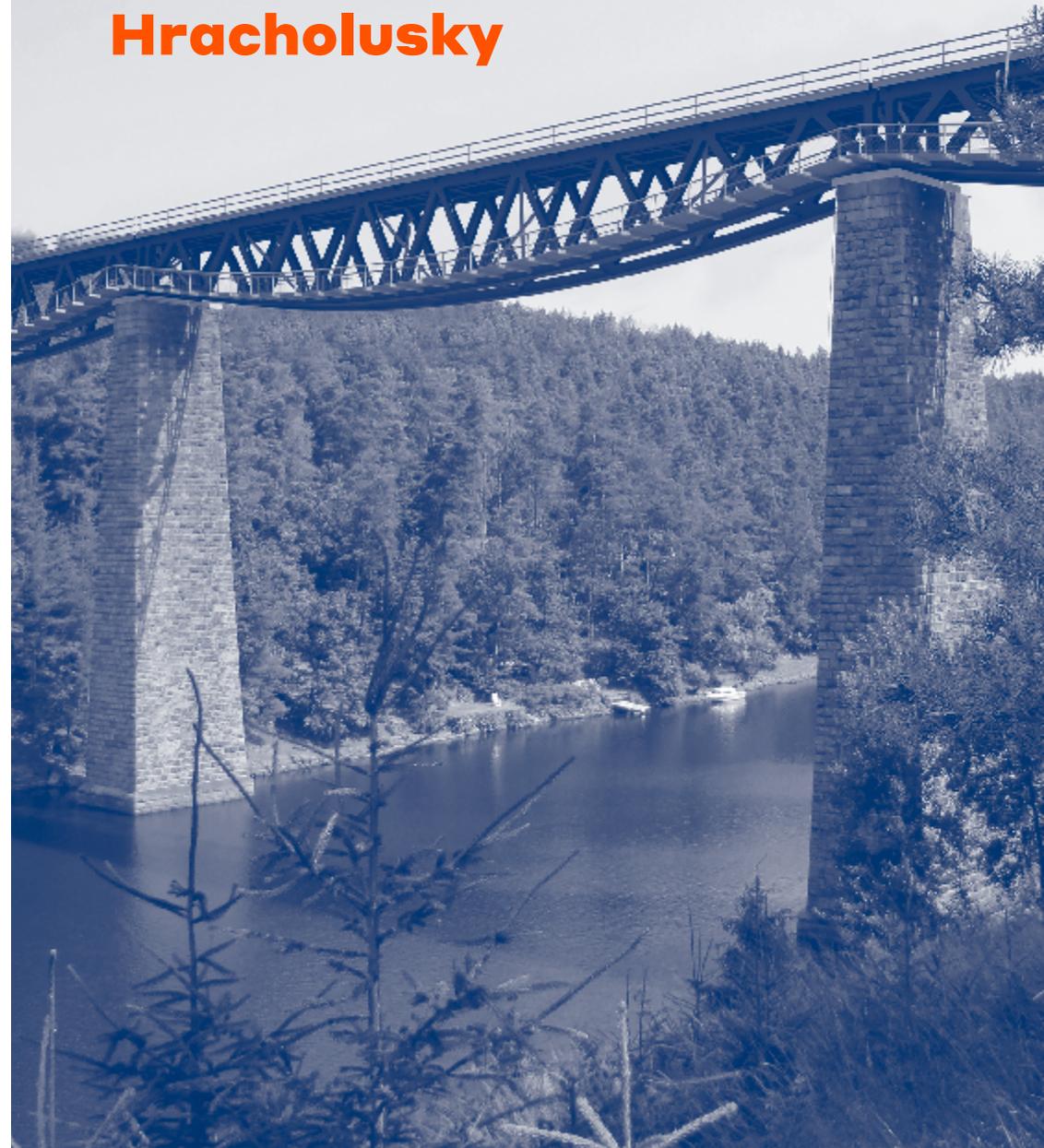
Martin Kolovratník

Ivo Drahotský

Vít Janoš

In 2019 and 2020, no changes occurred. (as at 20 March 2020)

## Bridge reconstruction over the water dam Hracholusky



# Strategy

The vision and strategic objectives of Správa železnic are formulated in a document called SŽDC's Strategy, reflecting the Czech Republic's and the EU's transport policies for the rail transportation sector. The strategic objectives relate to all business activities of the organisation and include an important international aspect.

## Single European Railway Area

The railway holds an irreplaceable position in the transport industry. The EU endeavours to enhance the efficiency of railway functioning while respecting general priorities. In order to do so and to enhance the efficiency of the railway system as such, a Single European Railway Area has been established. Basic conditions and principles for the functioning of all stakeholders including the rail infrastructure administrators have been set. Accordingly, Správa železnic's activities are directed towards fulfilling the obligations prescribed by Directive 2012/34 EU of the European Parliament and of the Council in respect of the conditions and principles.

In 2019, Správa železnic concentrated on setting its processes to comply with the expected implementation of the fourth railway package, including the support of the public administration authorities. The interoperability of the European rail system remains a major issue of the European transportation policy. In order to ensure interoperability, Správa železnic has adopted an active approach towards

infrastructure parameter harmonisation and new technology implementation, for instance as regards ERTMS and telematic applications.

## Preparations for construction of a high-speed rail system

In 2019, Správa železnic made further progress in the planning and pre-project preparations for the construction of a high-speed rail system. We saw the continued process in the update of the guidelines for the area development of the individual regions, which will enable the organisation to obtain the planning decisions for a high-speed rail system in the coming years. Ongoing results of feasibility studies were used for this process. Geodesists have started their fieldwork. Správa železnic also commenced the tender procedure for the preparation of the documentation for issuing a decision on a construction placement for the first high-speed railway line in the Czech Republic in the Praha-Běchovice – Poříčany section (high-speed railway line Polabí). Within the pre-project preparation, we will fully utilise the results of our cooperation with the French railways SNCF, the manual for projecting high-speed railway lines on the level of the documentation for issuing a decision on a construction placement. The high-speed railway lines in the Czech Republic will thus be predominantly projected for a speed of 320 km/h. In December 2019, we also signed a contract for joint pre-project preparation of a cross-border tunnel with DB Netz AG.

## Strategic projects

Správa železnic successfully continues implementing the project management. Strategic projects are directly linked to the strategic goals of the Organisation and their realisation is usually a necessary condition for achieving these goals. Next to the above mentioned preparation of high-speed rail system, we work on further projects which belong to all fields of Správa železnic's activities.

The ETCS (European Train Control System) Implementation programme is of significant importance for the future of the railways. The purpose of the programme is to ensure the conditions for the implementation and operation of the ERTMS/ETCS system in the railway network administered by Správa železnic in accordance with the requirements of the Czech and EU legislation including the relating strategic documents (primarily the National Implementation Plan ERTMS).

The programme comprises four projects:

1. Ensuring the preparedness of SŽDC (the railway infrastructure operator) for implementation of the line part of ETCS.
2. Policies and procedures of SŽDC in respect of the construction and operation of ETCS.
3. Preparedness of SŽDC for the construction and operation of ETCS's line part which will be

more economical and technically suitable for lines outside TEN-T.

4. Preparedness for equipping special SŽDC vehicles with ETCS's mobile part and their operation under the supervision of ETCS.

In 2019, the BIM (building information modelling/management) implementation process into Správa železnic's environment continued. The objective is to prepare and set the rules and procedures for an effective implementation of the BIM process, including determining the basic technical conditions and support by Správa železnic. The process further includes the preparation and setting of the requirements on technical parameters of the models, the specification of the roles and the creation of conditions for work with transport infrastructure data, both within the organisation and primarily in relation to the suppliers and third parties or individuals.

As for ensuring rail operability, we have been implementing an infrastructure extent sustainability and development project. We intend to prepare strategic scenarios for ensuring the long-term sustainability and development of railway lines and to analyse the options of optimising the railway network.

Furthermore, we implemented the first phase of a bottleneck identification project whose purpose is to identify capacity bottlenecks, i.e. the infrastruc-

ture segments which restrain railway traffic. The project includes both railway lines and operating points with railway switches. Station approach limits and sets of tracks are individually analysed in the operating points. The project concentrates on the fully available infrastructure, i.e. the infrastructure the capacity of which is not restrained by closures of traffic.

We consider the traction energy procurement and sale policy a strategic issue. With regard to this policy, we have been realising the Energy Portal project, which includes the hybrid model of traction energy accounting, adjustments to SAP and Document service, SŽE customer portal, and project supervision. As part of the project, we will create functions for exchange of energy data on the engine vehicles consumption between infrastructure managers. After the completion the project will include validations connected both with energy data and the method of exchange of this data itself.

The project portfolio of Správa železnic comprises a total of 102 projects, of which 26 strategic projects – direct measures to achieve strategic goals – and 48 significant projects.

## Track optimisation Český Těšín – Dětmárovice



# Organisation's activities

## Line section anniversaries

### Launch of railway transportation

06. 06. 1839	Břeclav – Břeclav st. hranice	180
07. 07. 1839	Břeclav – Brno hl. n.	180
01. 01. 1849	Brno-Židenice – Svitavy – Česká Třebová	170
01. 05. 1859	Turnov – Liberec	160
01. 05. 1859	Jaroměř – Starkoč – Malé Svatoňovice	160
01. 12. 1859	Liberec – Hrádek nad Nisou st. hranice	160
16. 01. 1869	Česká Lípa – Rybníště – Rumburk, Varnsdorf – Rybníště	150
16. 01. 1869	Děčín hl. n. – Benešov nad Ploučnicí – Jedlová	150
01. 02. 1869	Bohumín – Orlová – Louky nad Olší	150
22. 04. 1869	Kladno – Stochov	150
01. 11. 1869	České Budějovice – České Velenice st. hranice	150
30. 08. 1869	Brno hl. n. – Nezamyslice – Přerov	150
06. 12. 1869	Golčův Jeníkov – Kutná Hora – Kolín	150
16. 08. 1879	Duchcov staré nádraží – Ledvice	140
15. 06. 1889	Rokycany – Nezvěstice	130
01. 09. 1889	Chornice – Prostějov hl. n.	130
01. 09. 1889	Třebovice v Čechách – Chornice – Velké Opatovice	130
01. 10. 1889	Rohatec – Sudoměřice nad Moravou	130
21. 11. 1889	Tábor – Písek	130
21. 11. 1889	Putim – Ražice	130
14. 12. 1889	Šluknov – Mikulášovice dolní nádraží	130
01. 04. 1899	Horní Blatná – Potůčky st. hranice	120
11. 06. 1899	Březnice – Strakonice, Březnice – Rožmitál pod Třemšínem	120
11. 06. 1899	Blatná – Nepomuk	120
09. 07. 1899	Rakovník – Mladotice	120
16. 07. 1899	Brandýs nad Labem – Neratovice	120

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26. 09. 1899	Borohrádek – Moravany – Chrudim město – Chrudim	120
26. 09. 1899	Hrochův Týnec – Chrudim město – Heřmanův Městec	120
08. 10. 1899	Otrokovice – Vizovice	120
16. 10. 1899	Volary – Prachatice	120
06. 11. 1899	Lenora – Volary	120
07. 12. 1899	Martinice v Krkonoších – Rokytnice nad Jizerou	120
30. 12. 1899	Dolní Lipka – Štítý	120
15. 05. 1929	Bechyně zastávka – Bechyně	90
16. 05. 1929	Vraňany – Lužec nad Vltavou	90
14. 05. 1939	Čelákovice – Mochov	80

## 2019 highlights

### January

The process of selecting the supplier of the feasibility study for the high-speed Brno – Přešov – Ostrava railway line using the new Best Value Approach/Best Value Procurement (BVA/BVP) method commenced.

A new type of hinged noise barriers was installed in Sedlec, Prague.

### February

Správa železnic began to use a new logo and launched a corporate identity innovation process.

We launched the complete renovation of the Letohrad station costing CZK 851 million.

### March

We launched the renovation of the Řetenice station in the Teplice district costing almost CZK 1 billion.

The first session of Správa železnic's audit committee was held.

### April

We launched the second phase of renovation of the Přešov junction costing more than CZK 3 billion.

We signed a contract for cooperation with SNCF on the preparation of the construction of the high-speed railway line in the Czech Republic.

The revitalisation and electrification of the railway line from Oldřichov u Duchcova to Litvínov was launched.

### May

We completed the final phase of modernising the Plzeň main station which cost almost CZK 1.6 billion.

We started renovating the facade and roof of the Fanta Building at the Prague main station.

The renovation of the railway line between Lysá nad Labem and Čelákovice was launched and includes the construction of a new bridge over the Labe river. The long-awaited renovation of the dispatch building in Havířov was launched and will take approximately two years.

### June

The modernisation of the Karlovy Vary station was completed; as part of this modernisation, the gate to the spa city gained new platforms, underpass and elevators.

Správa železnic presented a draft of a new tunnel system between the Praha-Dejvice and Praha-Veleslavín halts for the future new railway line from Prague city centre to Kladno and Václav Havel Airport.

The renovation of the Čelákovice station was completed after more than two years.

Trains returned to the renovated line between Leděčko and Zruč nad Sázavou.

### July

Správa železnic prepared a summer campaign reminding passengers of safe railway rules. The spots were aimed primarily at young people.

The renovation of the upper station in the Děčín East station was completed.

### August

The renovation of the railway line between Oldřichov u Duchcova and Bílina costing CZK 1.9 billion was launched.

The geodesists started to measure pilot high-speed railway line sections between Praha, Brno and Ostrava.

Správa železnic launched the renovation of an important connection between Praha and Beroun in the section between Praha-Smíchov and Praha-Radotín. A partial four-track line will be created in the course of the construction.

### September

Správa železnic launched an intelligent railway crossings project. Selected crossings will be equipped with cameras able to identify drivers violating traffic regulations.

The modernisation and electrification of the railway line between Olomouc and Uničov was launched. In the future trains will operate at a speed of up to 160 km/h on this line.

We started driving the Mezno tunnel on the modernised part of Corridor IV between Sudoměřice and Votice.

The modernisation of the line section between Soběslav and Doubí u Tábora was launched as well. Správa železnic held an Open House Day at the Negrelli's viaduct in Prague.

### October

Správa železnic launched the operation of an interactive map offering an overview of existing and prepared constructions.

The refurbishment of the dispatch building in Kolín was completed.

### November

The project of the railway line from Prague to Kladno and to the Václav Havel Airport received a positive planning decision for the first two sections.

### December

Trains returned to the renovated line between Železný Brod and Tanvald.

The extensive renovation of the control command and signalling facility at the Brno main station was completed.

Regular passenger rail transport returned to Židlochovice after 40 years and the town now has a direct train connection with the regional capital Brno.

Správa železnic opened a new halt at Písek South; passengers also started to use new platforms in Chrást u Plzně and Praha-Vršovice.

An international jury presented the winning design of the architectonic competition for the Praha-Veleslavín station.



## Operability of the rail infrastructure

Ensuring the operability of the state-owned national and regional rail network is a necessary condition for their operation for the needs of safe and smooth rail traffic, thus representing one of the main activities of Správa železnic.

Within the internal organisational structure of Správa železnic, these activities are coordinated by Rail Operability Section which lays down the principles for ensuring the due technical condition, development and adjustments to rail infrastructure facilities. It is further in charge of approving the use of new products and equipment related to line administration, control command and signalling equipment, electronics and power supply as well as administration of buildings. Správa železnic is represented by both train station buildings and operational and administration facilities.

The Rail Operability Section also integrates supporting activities in the field of public tenders and procurement which are then used as methodological support by the entire organisation. In 2019, we began unifying the tendering practice across the organisation. Templates of legal documents for public tenders for supplies of services, raw materials and construction works in connection with ensuring the operability of rail infrastructure are continuously

issued and updated to achieve a unified approach.

Supporting surveying activities are ensured by the railway geodesy administration units which are a part of the Rail Operability Section, similarly as the railway energy administration.

The operability of the RI in the regional extent is facilitated primarily by the management activities of the individual regional directorates' technical administration centres that diagnose the technical condition of the operated RI through their operating centres. Special rail vehicles operated by the Technical Centre of Infrastructure perform the diagnostic work. Based on an analysis of outputs of the diagnostics, the repair and maintenance plans are prepared with the aim to fulfil all rail operator duties in this field.

One of the indicators of the RI operability is not exceeding the limit values of limited line speed sections, aka "slow rides". The assessed slow rides primarily include those introduced as a result of the unsuitable technical condition of the infrastructure. The seven-kilometre limit for assessed slow rides set as at 31 December 2019 was fulfilled with a reserve. The actual length of the assessed slow rides as at that date was only 0.925 km.

The significant elimination of slow rides was achieved primarily thanks to the continued positive trend of an increase in



the funds for line repairs. We were successful in preparing and realising several comprehensive repairs to eliminate unsuitable conditions and to maintain essential parameters of the rail infrastructure. Such projects subsequently enable the railway carriers to carry out passenger and freight transport without unnecessary restraints. The highest amount of the total repair costs in 2019 was spent on the repair of the line section Ledčecko (excl.) – Kácov – Zruč nad Sázavou (excl.) which was launched in 2018, followed by the Železný Brod – Tanvald line section (to be completed in 2020) and the Domoušice – Hřivice line section. Comprehensive repairs also included national lines including the TEN-T network. The major national line repair was realised in the Velký Osek (excl.) – Kolín line section. This repair was the final part of several significant repairs on the line branch Kolín – Všetaty – Děčín which were realised in 2019 and the preceding two years. The purpose of these repairs was to maintain the operational parameters of this railway line before the launch of its long-prepared optimisation. The line repairs are also aimed at eliminating so-called speed limit restrictions. After having completed the repairs proposed in 2019, speed limit restrictions in the total distance of at least 30 km will be eliminated.

A significant project from 2019 was the setting of the system approach to corridor line maintenance thanks to the processing and approval of the cyclic

maintenance concept and the related launch of the preparation of the cyclic renewal pilot projects on the Corridor, expected to be realised in 2020.

Správa železnic also paid intensive attention to activities preventing accidents on level crossings. In addition to the ongoing process of increasing the security level on crossings, further related innovative security and telecommunication equipment projects continued (detectors of obstacles, launch of preparation of extended camera systems utilisation by automatic detection of offences, etc.). In 2019, 38 railway crossings were cancelled (compared with 26 in 2018 and 16 in 2017). In August 2019, Správa železnic approved its concept of cancelling railway crossings and creating their replacements, introducing the system set-up of procedures to increase traffic safety at level crossings through a reduction in their number.

Based on an overview of unstable sections in terms of railway substructure, we checked 48 line sections out of 86 problematic places in 2019; they will be further reviewed and possibly repaired according to more specific findings.

The gradually improving condition of bridges was confirmed by the decrease in the number of bridges rated at grade 3 to 4.7%. Grade 3 represents the worst evaluation, which is not necessarily a reason for the immediate change in operability conditions but is a serious

indicator for the infrastructure manager that the structure soon needs to be included into the construction planning process. Preceded by a visual inspection of bridges featuring a supporting structure from prestressed concrete, in 2019 the first part of a more detailed diagnostics and statics assessment was carried out and concerned 36 bridges.

In April 2019, the supply of a 50-piece series of special engine vehicles MUV 75 was completed. They partially replaced the obsolete and highly defective MUV 69 vehicles. At the end of 2019, a public tender for the supply of six new special engine vehicles for the control and maintenance of railway traction line which will already include the dashboard part of ETCS.

A significant success in 2019 was ensuring the supplies of traction energy (TE) for the carriers through the commodity exchange Power Exchange Central Europe, a. s., The consumed TE can be charged to the individual carriers through a hybrid model both for electric engine vehicles (or if appropriate units) equipped with devices measuring the consumption of supplied energy as well as for vehicles without this system. Through centralised tendering, Správa železnic also ensured the supplies of natural gas and electricity for the transportation branch through Czech Moravian Commodity Exchange Kladno.

In 2019, Správa železnic successfully underwent the recertification of the

energy management system under ISO 50001. We continued fulfilling the concept of transfer to a unified power supply system in relation to the priorities of the 2014–2020 programme period, including the requirements of TSI ENE (interoperability of the energy subsystem of the railway system).

In 2019, more than CZK 1.1 billion was spent on the repair, maintenance and operability of buildings. We assessed the technical condition and priorities within the whole network of train stations and halts under unified standards and created a new mid-term plan of renovations and revitalisations of passenger stations for the period of 2020–2024.

In 2019, major projects of refurbishment of the dispatch buildings were realised in Kolín, Český Krumlov, Krnov or Frýdek-Místek. In addition, several tens of other buildings underwent repairs of various extent in 2019. The initial phase of improving the quality of sanitary facilities, making them a more pleasant place, including the desirable unification of their operation, was carried out and the project is planned to be implemented in 2020. 2019 also brought first material results of the necessary standardisation of publicly accessible premises and internal policies for the contents of the buildings (selection and determination of scope), sanitary facilities and railway halts and shelters (equipment scope) were issued.

By establishing a platform for meetings among representatives of the disabled, train carriers and Správa železnic, a system of mutual cooperation for ensuring the barrier-free nature of rail transportation was set up. The data on accessibility of train stations and halts for handicapped persons have become an integral part of the newly launched web pages of Správa železnic.

### Expenses incurred on ensuring operability

Správa železnic ensures the repairs and maintenance of the national and regional rail infrastructure, comprising the following sectors: railway lines (superstructure and substructure), rail substructures, bridges and tunnels, buildings and structures, electrical and energy equipment, and communication and control-command and signalling units under its management. In addition, Správa železnic also ensures repairs and

maintenance of railway stations, including cleaning and security of the premises. To complete the task, it uses not only own HR, engineering and technical capacity (primarily the capacity of its own organisational units – the Regional Directorates and specialised units) but also contractual relations with suppliers operating in the respective market. These suppliers are selected by means of public procurement. In 2019, these activities were financed from the SFTI budget, which provides Správa železnic with non-investment funds, and from revenues from lease of land, structures and non-residential premises and revenues from services and contractual performances relating to this segment.

The total expenses incurred in ensuring the operability of the RI and an allocation of centrally recorded expenses amounted to CZK 20 090 million in 2019.

Table 1 – Selected activities

Indicator	Unit of measurement	Amount 2018	Amount 2019
GP modification - rails	km	1 816	1 869
GP modification - switches	s.u.	1 515	1 489
Track bed cleaning – rails	km	185	288
Track bed cleaning – switches	s.u.	461	362
CFT, welding – rails	km	416	577
CFT, welding – switches	s.u.	780	345
Replacement of rails	km	746	660
Replacement of railway sleepers	pcs	292 311	348 161

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# Reconstruction of Negrelli viaduct in Prague



Table 2 – Basic description of railway network

Indicator	Unit of measurement	Amount 2018	Amount 2019
Total length of lines	km	9 406	9 396
Length of electrified lines	km	3 216	3 213
- traction system 3 kV DC	km	1 797	1 803
- traction system 25 kV AC 50 Hz	km	1 381	1 372
- traction system 1.5 kV DC	km	24	24
- traction system 15 kV AC	km	14	14
Length of standard-gauge lines	km	9 384	9 373
Length of narrow-gauge lines	km	23	23
Length of single-track lines	km	7 392	7 372
Length of double- and more-track lines	km	2 014	2 024
Total construction length of tracks	km	15 317	15 246
Number of switch units	s.u.	22 751	22 559
Bridges	pcs	6 740	6 800
Tunnels	pcs	166	166
Total length of bridges	m	153 290	154 499
Total length of tunnels	m	54 065	54 072
Level crossings	pcs	7 858	7 825

Table 3 – Overview of buildings managed by Správa železnic

Indicator	Number of buildings	Built-up area (m <sup>2</sup> )	Built-up space (m <sup>3</sup> )
Total 2018	8 127	1 722 540	12 839 157
Total 2019	8 166	1 730 586	12 918 554

## Modernisation and development of the rail infrastructure

In terms of modernising and developing the rail infrastructure, Správa železnic's long-term objective is to prepare and implement investment projects focusing on the following priorities:

- modernisation of rail transit corridors;
- modernisation of railway junctions;
- modernisation of other lines integrated in the European railway system;
- ensuring the interoperability of selected lines;
- investment in the rail infrastructure to support the development of suburban transport and integrated transport systems;
- passenger station assets;
- high-speed connections.

### Modernisation of railway transit corridors

The modernisation of railway transit corridors means higher quality railway transport in the Czech Republic and a significant reduction of travel times on key lines, especially Prague – Ostrava and Prague – Brno. The completed modernisation of Corridor I on the Břeclav – Brno – Česká Třebová – Prague – Děčín line and of Corridor II on the Břeclav – Přerov – Ostrava – Petrovice u Karviné line was followed by the modernisation of the Corridor III and Corridor IV.

The Corridor III passes via Mosty u Jablunkova, the Slovak/Czech state border – Dětmárovice – Ostrava – Přerov – Česká Třebová – Prague – Plzeň – Cheb, the Czech/German state border. The Česká Třebová – Prague line section was completed as part of the Corridor I, and the Přerov – Dětmárovice line section as part of Corridor II. Table 4 contains the incomplete line sections of the Corridor III, which are in ongoing or design preparation stages.

The Corridor IV consists of the Horní Dvořiště – České Budějovice – Prague – Děčín – the Czech/German state border. The Prague – Děčín – the Czech/German state border line section was implemented within the works on Corridor I. Table 5 contains structures in the line section Horní Dvořiště – České Budějovice – Prague, which are in ongoing or design preparation stages.

Table 4 – Overview of works on the Corridor III

Project description	Length (km)	Stage of completion	Project launch	Project completion
Optimisation of the Beroun – Králův Dvůr line section	4.9	ongoing	11/2016	3/2021
Optimisation of the Český Těšín – Dětmárovice line section	20.9	ongoing	8/2017	1/2020
Optimisation of the Praha-Smíchov – Černošice line section	8.8	ongoing	8/2019	9/2021
Optimisation of the Černošice – Berounka branch line section	5.9	in preparation	2024	2026
Optimisation of the Berounka branch – Karlštejn line section	15.5	in preparation	2022	2028
Optimisation of the Karlštejn – Beroun line section	5.7	in preparation	2022	2024

Table 5 – Overview of works on the Corridor IV

Project description	Length (km)	Stage of completion	Project launch	Project completion
Modernisation of the Sudoměřice – Votice line section	17.0	ongoing	3/2018	1/2022
Modernisation of the Veselí n. L. – Tábor line section, Part 2, Veselí n. L. – Doubí u Tábora line section, Stage 2 Soběslav – Doubí	8.6	ongoing	9/2019	4/2023
Modernisation of the Nemanice I – Ševětín line section	17.1	in preparation	2022	2028

In 2020, Správa železnic plans to reconstruct eight busiest corridor sections, aiming at preventing the line speed reduction, ensuring operability parameters and enhancing the reliability and safety of operation. These projects shall be co-funded from EIB and CEF funds. The first line sections to be reconstructed include Velím – Poříčany and Dětmárovice – Petrovice u Karviné.

### Modernisation of railway junctions

In connection with the modernisation of corridor lines, significant railway junctions are being modernised in their line sections. Thoroughfares through the railway

junctions of Děčín, Ústí nad Labem, Kolín, Choceň, Ústí nad Orlicí, Břeclav, Přešov (first construction project), Olomouc, Bohumín and certain sections of the thoroughfares through the Plzeň junctions. The Úvaly – Praha-Běchovice – Praha-Libeň and Praha-Holešovice – Praha-Bubeneč line sections have been completed, thus completing Corridor I's thoroughfare at the Prague junction. The construction of the Praha-Hostivař station has also been completed. The construction in the Praha-Hostivař – Praha-Vršovice line section, ensuring the admission of Corridor IV to the Prague junction, and the reconstruction of

the Negrelli viaduct, have been launched. The modernisation of the main station in Brno and the overhaul of the Plzeň and Cheb junctions as well as the reconstruction of the second part of the Přešov junction continue. Preparatory work continues on the construction project Praha hl. n. – Praha-Smíchov, which will connect Corridor III to the Prague junction. Preparatory project work also continues on the thoroughfares through the junctions of Brno, Ostrava, Pardubice and Česká Třebová

### Modernisation of other lines integrated in the European railway system

The reconstruction and modernisation of the Kolín – Havlíčkův Brod – Křižanov – Brno line is being carried out gradually, with certain sections already completed and put in use, and the modernisation of the Lysá nad Labem – Čelákovice – Praha-Vysočany line section continues. Modernisation of Kolín – Nymburk – Všetaty – Ústí nad Labem – Děčín, Hranice na Moravě – Horní Lideč and Plzeň – Domažlice line sections are in preparatory stages. Further, construction projects in Ústí nad Labem – Most – Cheb and České Budějovice – Plzeň line sections are also being prepared. The projects are being drafted for the construction of the new rail lines in Ústí nad Orlicí – Choceň and Brno – Přešov sections.

### Ensuring the interoperability of selected lines

Other significant investments include construction projects ensuring the interoperability of the railway network in the

area of communication and control-command and signalling units. With the exception of the Votice – České Budějovice line section in Corridor IV, in which the modernisation has not yet been completed, all transit corridors were covered with GSM-R. Kolín – Všetaty – Děčín, Kolín – Havlíčkův Brod – Křižanov – Brno, Ústí nad Orlicí – Lichkov, České Velenice – České Budějovice – Horní Dvořiště and Plzeň – České Budějovice line sections were also completed. Construction projects between Ústí nad Labem and Děčín and other line sections are being prepared.

After the completion of the ETCS (European Train Control System) pilot project in the Poříčany – Kolín line section, installation of the ETCS has also been completed and put in use in the Kolín – Břeclav – Austrian/ Slovak state border line section. Further, the installation continues in the Petrovice u Karviné – Ostrava – Přešov – Břeclav, Přešov – Česká Třebová, Kralupy nad Vltavou – Prague – Kolín, Praha-Uhřetěves – Votice and Plzeň – Cheb line sections. Other line sections will follow.

### Investment in the rail infrastructure to support the development of suburban transport and integrated transport systems

In order to enhance the quality of suburban transport in the Prague junction, the modernisation, electrification and installation of second rails on the Prague – Kladno line with a connection to the Václav Havel Airport in Ruzyně. The modernisation is subdivided into several separate con-

struction projects. The first project – the reconstruction of the Negrelli viaduct – is already underway. The reconstruction of the section Praha-Smíchov – Hostivice, which should enhance this line’s throughput, was also completed.

The planned optimisation projects of the Praha-Vysočany – Lysá nad Labem and Prague main station – Praha-Smíchov – Beroun lines and the enlargement of the underground corridors at the Prague main station should enhance the quality of the suburban transport. Further projects underway include the preparations for the installation of second rails on the Brno – Zastávka u Brna line section including its electrification; and the modernisation of the Hradec Králové – Pardubice line section (the second rails in the Stěblová – Opatovice nad Labem line section had already been installed).

### Investment into passenger station assets

Investments into passenger station assets are a priority for Správa železnic. The efficient and economical use of individual structures as well as enhanced passenger comfort and a greater choice of offered services is accentuated. To achieve these goals, unify binding procedures in project preparation, and ensure the efficient use of public funds, the Ministry of Transport of the Czech Republic (MT) approved an updated policy on the treatment of passenger station assets at the end of 2019. Investments in dispatching buildings exceeded CZK 480 million in 2019.

The reconstruction of dispatching buildings in Kolín, Břeclav, Kralupy nad Vltavou and Přebyslav was completed. The costliest ongoing projects include the reconstruction of the facade on the Prague main station, the new transfer station in Strakonice and the reconstruction of the dispatching building in Havířov. These projects will continue in 2020. At the end of 2019, tender procedures started for large reconstruction projects of the dispatching buildings in Bohumín and České Budějovice.

### Investment in high-speed connections

In 2019, Správa železnic took steps in the zoning and pre-design preparation of high-speed connections in the Czech Republic. Intensive work was carried out on the preparation of the feasibility study for the Prague – Brno – Ostrava branch. The guidelines for the area development of individual regions continue to be updated, which will enable obtaining a zoning permission. Správa železnic also started the tender procedure for the preparation of documents required for ruling on the project of the first high-speed line in the Czech Republic to be placed in the Praha-Běchovice – Poříčany line section (the Polabí high-speed connection). The selection of the entity to prepare the documentation is based on the best value approach/best value procurement (BVA/BVP) method, which focuses on the quality of performance, not only on the lowest bid price. The outcomes of the cooperation between Správa železnic and SNCF will be fully used in the pre-design prepara-

tion and result in a manual for high-speed connection design in the documents for the zoning permission phase. High-speed connections will thus be designed for the speed of 320 km/h in the Czech Republic. The draft agreement between Správa železnic and DB Netz was completed for the joint pre-design preparation of a cross-border tunnel in Krušné hory.

### Utilisation of Operational Programme Transport 2 (budget period from 2014 to 2020).

In 2019, Správa železnic continued to successfully draw EU subsidies from the current programming period 2014–2020 (OPT2). In 2019, the highest amount of co-funding, CZK 1.041 billion, was drawn from OPT2 for the construction of control-command and signalling units in Brno main station. A total of 39 projects realised by Správa železnic received co-funding from OPT2. The total volume of OPT2 funds allocated for the modernisation of rail infrastructure in the 2014–2020 programming period under Objective 1.1 was increased by the MT during 2019 to amount to CZK 39.2 billion.

Importantly, by the end of 2019, Správa železnic’s projects in the total financial volume exceeding this amount had already been approved. Thus, upon the complete utilisation of means available under OPT2, some projects will be additionally paid from national sources. Správa železnic is at the same time fully prepared to utilise other funds in OPT2 if they fail to be used fully by other beneficiaries. As the allo-

Chart 1 – Total utilisation of subsidies from OPT2 2014–2020 to be drawn until 2023 (in billions of CZK)

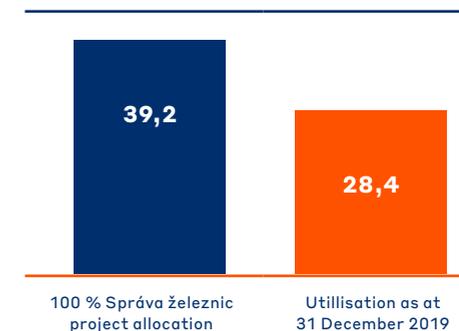
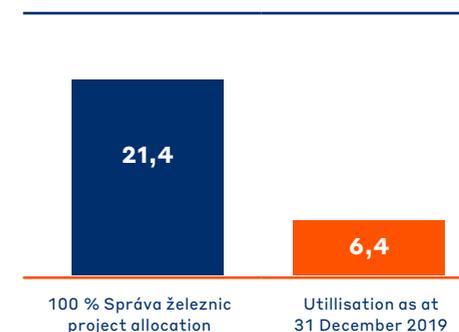


Chart 2 – Total utilisation of subsidies from CEF 2014-2020 (in billions of CZK)



cated amount had been fully distributed on approved projects, the managing body of MT issued a restriction on the approval of projects not concerning the principal TEN-T railway network. The actual utilisation of OPT2 funds is expected in 2021.

### CEF (Connecting Europe Facility)

Within the CEF programme, it is only possible to finance projects on the main European rail network (the core network). Apart from line modernisation, funds will also be directed at modernising selected junctions and ETCS implementation projects, including their preparation. In 2019, the utilisation of these funds amounted to CZK 2.7 billion. As at 31 December 2019, the total amount of funds utilised in the current programming period was December CZK 6.4 billion. In 2019, 28 projects were funded, with the highest amount of CZK 403 million utilised on the project that increased the line speed in the Valašské Meziříčí – Hustopeče nad Bečvou section.

### Investment grants

Funding for investment construction projects came mostly from public sources (Table 6). In 2019, the most significant investment subsidies for construction projects were national funds provided through the SFTI budget. In addition, the subsidies from OPT2 and from the CEF infrastructure fund were used to fund the construction and modernisation of RI. With respect to the rail infrastructure, Správa železnic is acting as the final beneficiary and investor, and the main entity responsible for EU fund utilisation in the Czech Republic.

National SFTI funds, incl. the sources to cover national contributions towards the European projects (a total of CZK 11 638 million), accounted for the largest share of funding in 2019, with funds from OPT2 (a total of

CZK 5 237 million) being the second largest funding sources. The utilisation of CEF funds amounted to CZK 2 740 million. The utilisation of main subsidies increased year-on-year by CZK 581 million. Small contributions were also received from regions, cities and municipalities.

The volume of investment subsidies received in 2019 for the preparation and implementation of investment projects relating to the rail infrastructure totalled CZK 19 603 million.

Table 6 – Investment grants received for 2019 (in millions of CZK)

Investment grants	2019
SFTI for construction and modernisation, state share, OPT, CEF, MT subsidies	19 580
EU funds (pre-financing)	9
Contributions from cities, municipalities, regions and other entities	14
<b>Total investment grants</b>	<b>19 603</b>

Subsidies from SFTI for the construction and modernisation include funds from OPT, the CEF fund and subsidies from SFTI.

### Further development

The utilisation of subsidies from OPT2 and CEF within the current 2014–2020 programming period continued in 2019. The outlook for 2020 and onwards is to continue utilising these subsidies. At the same time, preparations are underway for the coming 2021–2027 programming period in collaboration with MT, and suitable projects are being preliminarily selected

for funding from OPD3 and CEF2. In 2020 onwards, Správa železnic will endeavour to supplement these major EU funds with other EU funding sources (no longer solely infrastructure EU funds), such as the Environment Operational Programme or the Integrated Regional Operational Programme.

The final projects to be funded by OPT2 are expected to be approved in 2020. It is estimated that the remaining funds from OPT2 will be drawn in 2021, and the remaining project costs will be paid from national sources. This will further increase the demand for national funds, which has been generated by an increased number of projects being ready to be launched (see Chart 3), the current restriction on the possibility of getting co-funding from EU funds for most projects outside the main TEN-T network, and finally, by higher bid prices of project tenders. An increase in the volume of investment funds is expected for dispatching buildings and the enhancement of level crossings, which will also be covered solely from national sources. Therefore, the expected growth in investment needs for the 2021–2023 period is currently being assessed, together with the possibility of covering them by national or EU funds and all other funding possibilities. In compliance with the above the main priorities for rail infrastructure modernisation are being determined, both for project preparation and subsequent procurement procedures and funding of a project's implementation itself. The entire process is being coordinated together with MT.

Chart 3 – Utilisation of funds for construction preparations in the 2017–2020 period (in millions of CZK)



Note: The expected utilisation for 2020 is taken from the overview of global preparation items approved by MT.

### CEF – Blending Call

A significant subsidy to be utilised by Správa železnic as of 2020 is the so-called CEF Blending Call, which is a combined funding consisting of CEF subsidies, EIB loans and national sources. The funds shall be utilised for investment projects on selected sections of the Trans-European Transport Network (TEN-T) in the Czech Republic, including the following:

- Dětmarovice – Petrovice u Karviné – state border (project launch 2020)
- Velim – Poříčany (project launch 2020)
- Ústí nad Orlicí – Brandýs nad Orlicí – original line (project launch 2020)
- Adamov – Blansko
- Polom – Suchdol nad Odrou
- Brno-Maloměřice Station 6 – Adamov
- Choceň – Uhersko
- Lipník nad Bečvou – Drahotuše

In 2019, the preparations for all projects went according to the schedule. The preparation of the Dětmarovice – Petrovice u Karviné – state border and Velim –

Poříčany project was completed in 2019 and the tender procedure for project implementation was launched.

Further, individual measures will progressively be taken in the monitored unification of the railway power supply system in the Czech Republic, to achieve the transition to a unified AC power supply system.

In the years to come, the modernisation of the rail infrastructure forming the main TEN-T will continue in accordance with the Technical Specification for Interoperability (TSI) performance parameters. Attention will also be paid to applying Energy TSI standards and meeting the European Deployment Plan with respect to the control-command and signalling unit.

Compliance with the above standards is paramount in developing so-called freight corridors, established under Regulation (EU) No. 913/2010 of the European Parliament and of the Council as a priority for freight transport. In accordance with this regulation, Správa železnic will focus on building related structures and putting the corridors into operation. As part of its future international activities, Správa železnic expects to actively support the new structure of the TEN-T and to participate in the general revision of all TSIs as part of the EU's new approach.

## Operating the rail infrastructure

In accordance with the Act on Rail Systems, Správa železnic must ensure the operation of the rail network for the public benefit. Operating rail infrastructure means ensuring and servicing the rail and organising rail transport. The rules and procedures concerning these activities are specified by internal policies of Správa železnic.

### Rail operation safety system

Správa železnic is the holder of a valid railway operator's safety certificate and a carrier's certificate. Under MT Decree No. 376/2006 Coll., the system of ensuring the safety of rail operation and rail transport includes the preparation of annual reports on the safety of rail operation and rail transport, comprising yearly definition and assessment of safety targets and the preparation of an accident rate overview. In 2019, the state administration's supervisory body identified no faults in the Správa železnic's safety system of rail operation and rail transport. The system is up-to-date and fully operational. The safety of rail operation and rail transport has long-term been on a high level, and the determined safety targets have been met.

In 2019, the Optimisation of Activities at the Location of an Emergency project was implemented, aiming to speed up the handling of emergencies on location and at the same time, to speed up the re-opening of traffic using the TereZa operating system of the Správa železnic's fire brigade.

## Closures

In 2019, the planning for closures was substantially changed to require the planning of closures four, three and two months in advance, with the possibility of including additional requirements in the yearly plan of closures within a time frame of 6 and more months. The model of negotiating the yearly plan of closures was changed to include decisive carriers and closure applicants in the negotiations. Very positive feedback was registered in connection with this change. To increase planning effectiveness and closure coordination, employees working on the preparation of timetables were actively involved in the preparation of measures for long-term closures.

## Service facilities

As of 1 May 2019, trial operation was activated. Employees of the Traffic Management Section and the Hradec Králové Regional Directorate's employees prepared the KAZAS application in a record time of 3 months, with the help of which carriers can order service facilities.

## Training

Training rooms in TCCs for the preparation of new employees were further developed, regular trainings were provided to TCC employees, emergency train dispatchers, operational control employees, and heads of operation divisions. Preparations were made to transfer the regular trainings of operational employees from Dopravní vzdělávací institut, a. s., (Institute for Transport Education) to Správa železnic as of 1 January 2020.

## Traffic control

In 2019, the first and second phase of the Identification of Bottlenecks project was completed. The project is divided into three partial stages in terms of substance and time. The first and second phase focused on the identification of bottlenecks first in the TEN-T lines, and subsequently, in other lines. The last phase of the project will focus on the issue of railway junctions with completion planned in 2020. The project is being prepared, based on a new methodology for the determination of railway capacity included in SŽDC's newly issued directive No. 124 effective from June 2019. This has represented the largest presentation of results so far, which may be used in the optimisation and consolidation of the railway network.

At the end of 2019, a new user friendlier structure for the table of line conditions was presented. By providing a source readable format, it can be used by the carrier for operation purposes. Trial operation will be launched on selected lines in January 2020.

## TCC Prague

In 2019, line sections Ejpvovice (incl.) – Plzeň main station (excl.), Praha-Smíchov (excl.) – Hostivice (excl.), and Praha-Smíchov (excl.) – Rudná u Prahy – Beroun (incl.), and Plzeň main station (excl.) – Cheb (excl.) were connected to remote control system from TCC Prague rooms. Also, the remote-control system of the line section Plzeň main station (excl.) –

Cheb (excl.) was transferred from TCC in Plzeň to a TCC room in the Prague building.

Intensive preparations were simultaneously made to connect further line sections to the remote-control system from the TCC in the TCC Prague building in 2020. This specifically concerned the Plzeň main station, which is the last missing part of remotely controlled line sections Beroun (excl.) – Cheb (excl.), and Ústí nad Orlicí (excl.) – Lichkov (incl.).

475 km of rail network is currently controlled from the TCC Prague building.

#### TCC Přerov

In 2019, the railway station of Bohumín was connected to the remote-control system as part of the remote-control system of the line section Ostrava-Svinov – Petrovice u Karviné project.

The inclusion of the line section Dětmárovice (excl.) – Mosty u Jablunkova, state border, in the remote-control system was started with a launch date planned for 2020. Works were carried out on the Modernisation and Electrification project on the Otrokovice – Vizovice line section and its inclusion in the remote-control system of TCC Přerov, as well as on the project idea for the Extension of the TCC Přerov Building project.

520 km of rail network is currently controlled from the TCC Přerov building.

#### Expenses incurred in ensuring traffic control

Správa železnic employees perform the traffic control of railway traffic, dispatcher's traffic control, operation of control-command and signalling units and information systems for passengers, preparation of timetables, and path capacity allocation to carriers. In 2019, the expenses related to these activities are mainly covered by non-investment subsidy from SFTI for the railway operation, complemented by Správa železnic's own resources. The overall cost less amortisation incurred to operate RI comprise in particular the traffic control ensured by regional directorates and traffic control centres and amounted to CZK 6 484 million in 2019, including the relevant portion of centrally recorded expenses of the Traffic Management Section.

## Utilisation of the Správa železnic's rail infrastructure by carriers

In 2019, the total number of carriers that have concluded a contract with Správa železnic for the operation of rail transport using the state-owned national and regional rail infrastructure increased to 107.

The total volume of outputs in **passenger transport** continued to increase steadily. Compared to 2018, train kilometres (trkm) increased by 1.5% and gross ton-kilometres (gtkm) by 2.5%, with České dráhy, a. s., accounting for the majority of the total outputs.

ARRIVA vlaky s. r. o., GW Train Regio a. s., RegioJet a. s., also reported a significant increase in the volume of passenger transport outputs.

In **freight transport**, total outputs reported a year-on-year decline, with trkm decreased by 2.1% in the Správy železnic's network. ČD Cargo, a. s., has retained the majority share in the outputs.

CER Slovakia, a. s., METRANS Rail, s. r. o. and IDS CARGO, a. s., also reported a significant increase in the volume of freight transport outputs.

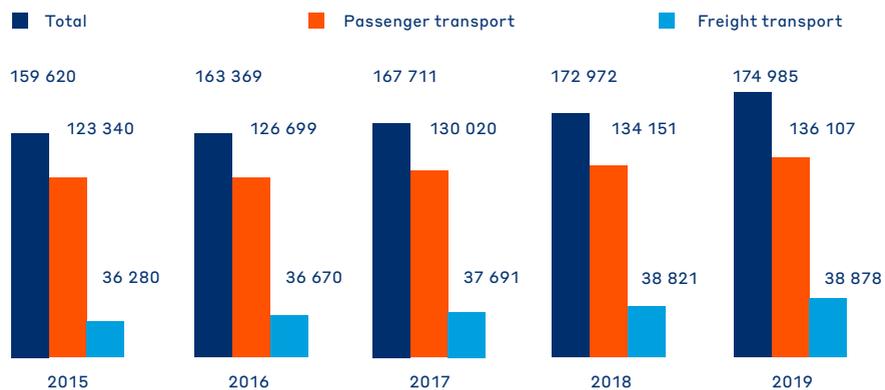
Table 7 – Number of carriers (as at 31 December of each respective year)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of carriers	68	75	79	84	98	94	96	99	103	107

Table 8 – Percentage share of carriers on passenger transport output in 2019

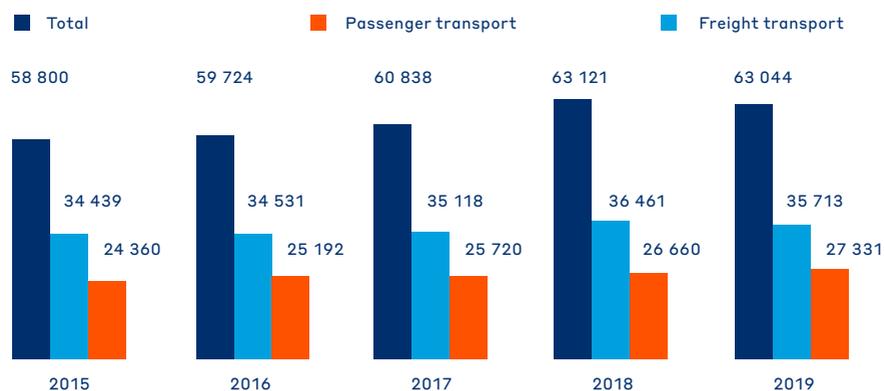
Carrier/indicator	% trkm	% gtkm
České dráhy, a. s.	90,77	88,26
RegioJet, a. s.	4,07	9,08
GW Train Regio, a. s.	1,88	0,58
Leo Express, s. r. o.	1,74	1,46
ARRIVA vlaky, s. r. o.	0,77	0,33
Die Länderbahn GmbH DLB Vogtlandbahn GmbH	0,36	0,13
Other	0,41	0,16

Chart 4 – Output of carriers on network operated by Správa železnic (in thousands of trkm) between 2015–2019



Train kilometres (trkm) represent the distance travelled by train in kilometres.

Chart 5 – Output of carriers on network operated by Správa železnic (in millions of trkm) between 2015–2019



The number of gross tonne kilometres (gtkm) is the product of the gross weight of the rolling stock (tractive units, railway carriages and other wheeled vehicles) integrated into the train and the distance travelled in kilometres.

Table 9– Percentage share of carriers on freight transport output in 2019

Carrier/indicator	% trkm	% gtkm
ČD Cargo, a. s.	61,13	60,16
METRANS Rail a. s.	5,44	8,43
PKP CARGO INTERNATIONAL, a. s. (former Advanced World Transport, a. s.)	6,00	7,20
IDS CARGO, a. s.	3,84	3,88
UNIPETROL DOPRAVA, a. s.	3,38	4,29
Rail Cargo Carrier - Czech Republic, s.r.o	2,36	3,40
CER Slovakia, a. s.	1,41	1,76
SD - Kolejová doprava, a. s.	1,23	1,72
PKP CARGO SPÓŁKA AKCYJNA	1,08	1,15
Other	14,13	8,02

Table 10 – Number of line sections in timetables according to category (irrespective of carrier)

Indicator	2018	2019
Passenger train (Os)	8 597	8 723
Limited-stop trains (Sp)	462	541
Express trains (Ex)	505	538
Higher-quality trains (EC, EN, Ex, IC, LE, SC, railjet, RegioJet, Arriva)	262	298
Express freight trains (Nex)	460	449
Through freight trains (Pn)	835	826
Slow goods and work-siding trains (Mn, Vleč)	1 221	1 292
Train sets (Sv)	1 135	1 306
Locomotive trains (Lv)	668	646
Správa železnic catalogue (offer) routes	862	873

## International cooperation

In terms of international cooperation, Správa železnic focused on promoting the interests of the Czech rail infrastructure, in particular by influencing crucial technical and technological parameters and relevant legislation. In the context of its geographical position, the Czech railway network cannot and should not stand isolated if it is to contribute to the railway business in the Czech Republic. It must continue to be incorporated into major European backbone networks, jointly offering a reliable alternative to overloaded roads used for both passenger and freight transport. The incorporation of the Czech paths into the main European routes and European corridors remains a necessary condition for the development of Czech railways. Meeting this objective is conditional on intensive Europe-wide cooperation across all levels of management.

In 2019, Správa železnic continued to negotiate effectively with its international partners, both bilaterally and within international railway organisations and through direct involvement in European Commission's Committees for railway interoperability and safety.

In the framework of the activities of CEN/CENELEC, the Správa železnic experts participated in the preparation of new amendments to the existing European standards. Správa železnic continued to cooperate with rail infra-

structure managers from neighbouring countries on contractual arrangements directly regulating traffic control and rail transport organisation on border lines. A new contract on rail infrastructure connections between Správa železnic, DB Netz AG and Deutsche Bahn Regionetz Infrastruktur GmbH (RNI) was concluded at the end of 2019. In 2019, top-level talks continued to be held between Czech and German politicians about the investments into the Prague – Munich, Prague – Nurnberg connections and the planned high-speed Prague – Dresden connection. Further, negotiations were held between the Czech Republic, Germany and Poland in respect of the privileged line section between the border stations Hrádek nad Nisou – Zittau leading through the Polish territory.

Správa železnic actively participates in EU programmes and projects, cooperates with EU partner organisations, institutions and bodies, as well as with international organisations. It aims to achieve the perception of the railway as a system of strategic importance for the key industries of Czech national economy.

### Single European railway area

The railway plays an irreplaceable role in the transport industry. The EU endeavours to increase the efficiency of railway functioning while at the same time respecting general priorities. To that end and to increase the performance of the rail system a single European railway

area was delineated, with specified basic conditions and policies of functioning for all entities concerned, including rail infrastructure managers. In its activities, Správa železnic therefore honours the obligation to meet the provisions of the 2012/34/EU directive of the European Parliament and Council, which regulates these conditions and policies. In 2019, Správa železnic focused on setting up processes with respect to the expected implementation of the fourth railway package, including the support of state administration bodies.

Správa železnic has been actively involved in the Rail Freight Corridors (RFC), the objective of which is to facilitate the planning and control of and the actual performance of freight train traffic on important European routes, and to establish the principles of technical harmonisation.

The interoperability of the European rail system remains a major issue. To ensure interoperability, Správa železnic has adopted an active approach towards infrastructure parameter harmonisation and new technology implementation for instance as regards ERTMS and telematic applications.

### RFC – Rail Freight Corridors

In accordance with the Regulation No. 913/2010 of the European Parliament and of the Council concerning a European rail network for competitive freight and related legislation, Správa

železnic continued to actively participate in the bodies of the four national rail freight corridors. The corridors concerned are: RFC Baltic-Adriatic, RFC Orient/East-Med, RFC North Sea – Baltic and RFC Czech-Slovak which should be integrated into the RFC Rhine-Danube in November 2020. During 2019, Správa železnic participated actively on the preparations of the transformation of the RFC Czech-Slovak into the RFC Rhine-Danube.

### PRIME - Platform of Rail Infrastructure Managers

As a full-fledged member of this platform, Správa železnic has actively participated in the working group for the definition of indicators describing the efficiency of individual infrastructure managers. Under the auspices of the European Commission, the activities of this platform are subdivided into several areas, such as digitisation, funding, key performance and benchmarking indicators, implementation of EU law into national legislation, safety and security, infrastructure charges, etc. Human resources issues, such as increasing the attractiveness of the railway for young professionals, gender policy issues, and others are also addressed.

### UIC – International Union of Railways

Správa železnic continues to strive for the harmonisation of the technical standards for railways, which has been the main role of UIC since its inception.

Správa železnic's experts participated in transposing UIC regulations into the International Railway Solutions (IRS), continued taking an active part in various working groups, both permanent and ad hoc, and in specific projects, primarily within the Rail System Forum. In 2019, Správa železnic's comments continued to be successfully incorporated, thus influencing both new and revised guidelines. Sharing of experience continued in the area of railway superstructure and substructure, artificial structures, communication and control-command and signalling units, energy systems, electric traction, high-speed systems, implementation of ERTMS and ETCS. Správa železnic actively participates in the activities of the FRMCS (future railway mobile communication system) working group, addressing the definition of technical parameters and operation and user systemic conditions. Správa železnic also participated in projects under the UIC Environment Platform, in particular in reducing noise burdens and weed killing. Ensuring traffic safety and the issue of migration waves were discussed at a number of meetings of the UIC Security Platform. Cyber security issues were at the forefront of the debates. Together with UIC, Správa železnic organised the 15<sup>th</sup> World Security Congress in Prague and pledged to continue to preside over the UIC New Technologies' working group in 2019.

### **CER – Community of European Railway and Infrastructure Companies**

Within this organisation, Správa železnic cooperates on the preparation of position papers on EU draft legislation affecting rail transport in all areas. Správa železnic experts cooperated with CER in the working groups focused on infrastructure, European corridors, safety, human resources, ERTMS and other areas. A Europe-wide meeting of HR directors was held by Správa železnic in Prague in 2019.

### **RNE – RailNetEurope**

Správa železnic actively participated in the activities of the international organisation RNE, which is a major association of European infrastructure managers and allocation bodies. All RFCs became associated members in 2016. In 2019, the organisation continued to provide support to carriers with respect to their cross-border activities and on improving the efficiency of processes of infrastructure managers and RFCs, primarily by cooperating in harmonising the conditions for cross-border rail transport, developing and managing cross-border IS, coordinating the preparation of timetables across Europe and ensured the unification of the marketing and sale of international paths (including the Statement on railway and Corridor information documents). Of particular note was the cooperation of infrastructure managers with regard to railway operation and RFC development.

### **OCR – Organisation for Cooperation between Railways**

In 2019, the representatives of Správa železnic continued to participate in projects of OCR's Commission V – Infrastructure and Rolling Stock, in particular in working groups dealing with railway superstructure (catalogue of rail defects), substructure and line diagnostics.

### **RISC – Railway Interoperability and Safety Committee**

In 2019, Správa železnic's strategy director and a representative of the MT participated again in the RISC meetings. Thanks to its membership, Správa železnic has access into the communication platform in which the European Railway Agency (ERA) publishes all legislation proposals relating to the implementation of the 4<sup>th</sup> railway package. In 2019, these included in particular TSI proposals. Through comments, the Czech experts try to negotiate the most favourable terms for the Czech Republic.

### **ETSI – European Telecommunications Standards Institute**

Správa železnic is a member of ETSI which focuses on European telecommunications standards with worldwide impact. As a member, Správa železnic has unrestricted access to all published standards and specifications in this field. In 2019, Správa železnic experts participated in the meetings of the Railway Telecommunications working group.

# Financial performance

## Financial performance of Správa železnic

The EBITDA amounted to CZK 2 106 million. EBITDA indicates the difference between the Správa železnic's revenues and expenses, excluding taxation, interest and depreciation. At the same time, EBITDA is net of non-financial transactions related to provisions for payments to a specialised tax office.

**Revenue from use of RI** represents payments for rail infrastructure by carriers. This is a significant source of income for Správa železnic, used to cover expenses incurred on traffic control.

**Revenue from allocated RI capacity** represents Správa železnic's income pursuant to the Railway Act, which stipulates that Správa železnic is the institution in charge of capacity allocation. For more information about capacity allocation, see the National and Regional Network Statement.

**Subsidies from SFTI for repairs and maintenance of national and regional lines** constitute revenue and are used to cover expenses relating to the operability of RI. Based on a contract, SFTI provides non-investment funds to finance repairs and maintenance of national and regional lines owned by the state and administered by Správa železnic.

Table 11 – Financial performance of Správa železnic in 2019

Indicator	2019 (in millions of CZK)
Revenues from use of RI	3 679
Revenues from allocated RI capacity	114
Subsidies from SFTI for repairs and maintenance of national and regional lines	19 415
Subsidies from SFTI for the operation of RI	4 253
Other subsidies	40
Purchase and sale of energy and distribution services	238
Materials, energy consumption and services	-15 762
Personnel expenses	-11 387
Accounting depreciation	-4 099
Other operating revenues and expenses	2 787
<b>Operating loss/profit</b>	<b>-722</b>
Interest income and expense	-23
Exchange rate differences	5
Other financial revenues and expenses	6
<b>Profit/loss from financial operation</b>	<b>-12</b>
<b>Profit/loss before tax</b>	<b>-734</b>
Deferred tax	-345
<b>Profit/loss after tax</b>	<b>-1 079</b>
<b>EBITDA</b>	<b>2 106</b>

**Subsidies from SFTI for the operability of the RI** are provided by SFTI based on a contract concluded to finance non-investment expenses incurred to ensure the operability of RI.

**Other subsidies** comprise primarily purpose-built operation related subsidy from SFTI for the studies and a subsidy from SFTI for Civil Engineering Administration for small non-investment expenses.

**Purchase and sale of energy and distribution services** includes expenses relating to the purchase of distribution services and electricity (low- and high-voltage transfer points outside electric traction to cover Správa železnic's internal consumption and to supply electricity to external customers connected to the local distribution network of the railways) and expenses relating to the purchase of distribution services and electricity for the supply and transfer points of electric traction. The item also includes revenue from the sale of distribution services and electricity as well as revenue from the sale of distribution services and electricity for electric traction.

The most significant expense item comprises **operating expenses relating to consumption**, i.e. consumption of materials and consumables and services. The services mainly include expenses related to ensuring the operability of the RI incurred in connection with repairs

and maintenance provided by external suppliers.

Správa železnic's **personnel expenses** include wages and salaries, social security expenses and social expenses.

Significant operating expenses also include **accounting depreciation**, i.e. the recognition of the depreciation of fixed assets in expenses.

Správa železnic's **other operating revenues and expenses** include other revenue and expense items, e.g. payments to a specialised tax office, payment of rail replacement bus service to carriers due to a planned limitation of rail operation in accordance with the Network Statement, revenue from the sale of fixed assets and materials less their net book value. They also include changes in other provisions and adjustments, revenue from external production and leases, own work capitalised, revenue from salvaged materials, expenses incurred on property and liability insurance, a contribution for personal protective equipment to be used at work or membership fees paid to organisations, taxes and other fees.

**Interest expense** primarily results from bank loans relating to capital expenditures that were taken over from the former state organisation ČD, s. o., as stated in the notes to the financial statements, interest owed to the banks is paid

by the Ministry of Finance of the Czech Republic on behalf of Správa železnic.

**Exchange rate differences** arise in particular from the translation of foreign currency liabilities, loans and interest at the exchange rate valid as at 31 December 2019. The loans taken over from the former state organisation ČD, s. o., are now denominated only in euro.

The 2019 result also comprises deferred tax of CZK 345 million. The individual items of the deferred tax are described in the notes to the financial statements.

### Financial outlook

Správa železnic's goal is to work closely with relevant state administration bodies in order to keep cash inflows and outflows in individual segments of activity in balance while not increasing Správa železnic's requirements for state budget funds.

Správa železnic's sources of income in individual segments must fully cover corresponding operating cash outflows in any given year. The main limiting factor is the amount of non-investment subsidy allocated from SFTI for ensuring the operability of the RI, repairs and maintenance of passenger stations and the pricing policy applied to the use of the RI. The aim of Správa železnic is to stabilised cash inflows and outflows as to achieve a balanced cash flow sum.

Správa železnic's financial performance is regularly assessed and analysed in order to maintain its business and financial stability. The mandatory KPIs of all organisational units of Správa železnic will be thoroughly examined so as not to exceed the total budgeted expenses.

# Internal audit and risk management

## Internal audit

The Internal Audit Department is functionally independent and separate from the organisation's managing and executive structures. It deals with objective, assuring and advisory activity aimed at adding value, enhancing the processes within the organisation and the efficiency of the risk management system, the control processes and corporate management and administration. Its independence and objectivity of activities in the organisation was confirmed by the Audit Committee in the report for the Council for Public Supervision over Audit for the period from 8 June 2018 to 3 May 2019.

The 2019 Annual Audit Plan approved by the Supervisory Board was drafted with respect to the organisation's set goals and needs, the top management's evaluation of risk areas and results of internal and external checks and audits. In accordance with the Annual Audit Plan, the Internal Audit Section carried out a total of 9 regular and 10 follow-up internal audits across the organisation, identifying the following areas based on the residual risk level:

- ensuring the compliance of internal policies with applicable legislative and regulatory requirements and established standards
- ensuring the adequacy and efficiency of the management and control system (setting up of control environment, correctness and

efficiency of review procedures, risk identification and management, control system efficiency monitoring)

- ensuring the safety of rail infrastructure operation
- setting up a strategy for the use of immovable assets
- digitisation of public procurement
- functioning of the recruitment process and the personnel and professional development of employees
- ensuring the completeness, correctness and transparency of records kept in information systems
- complying with the principle of economy, effectiveness and efficiency of audited activities.

The results of the performed internal audits were discussed with the heads of the audited sections. Based on the regular audit findings, 47 recommendations were drafted. Specific measures, including deadlines, were subsequently adopted by the top management of the audited sections. Their efficiency will be reviewed by follow-up internal audits in 2020. The 53 remedial measures adopted in respect of the 2018 internal audit findings were reviewed by means of follow-up audits in 2019. The remedial measures were gradually implemented and brought relevant results. The added value of the activity of the Internal Audit Department manifested itself in the regulation of internal managing and methodological policies, the identifica-

tion of audit operation risk areas, error detection, and the confirmation of the correct set-up and sufficient functionality of selected audit procedures.

No serious findings were identified during the internal audit activity under the provisions of Section 22 (6) of Act No. 320/2001 Coll., on financial control in public administration and on the amendment of certain acts, as amended. No corruption or fraudulent practices were detected.

During 2019, the Internal Audit Department also provided advisory in particular in the field of risk management, cyber security, managing controls, public procurement, accounting policies, staffing and modifications of Directive 41 (circulation of accounting documents), 44 (publicity policies for EU co-funded projects in the Transport – Cohesion Fund Operational Programme), 113 (controls), and 87 (receivable recording and recovery).

The director of the Internal Audit Department held a training for internal auditors and coordinated their participation in professional conferences. Selected employees of the Internal Audit Section actively participated in an international meeting of internal auditors from Czech and Slovak railway organisations.

In compliance with the programme of securing and enhancing the internal audit

quality, internal audit quality was internally and continuously assessed as part of performed audit engagements, using self-assessment, assessment by heads of audited sections, and regular (annual) assessment, which involved the DG and heads of the Internal Audit Department.

The Internal Audit Section also focused on regular activities relating to the recording and assessment of review and audit findings identified by external review and audit entities, and on updating and the regular assessments of tasks identified by the organisation's Internal Anti-Corruption Programme and the Anti-Corruption Action Plan for 2019.

### Risk management

As regards the risk management, the strategic objective of Správa železnic is to reduce the identifiable risks to an acceptable level. This entails to address the issues arisen timely and to inhibit the impact of risks on the fulfilment of a Správa železnic's goals, results of operations and on health and human lives.

At Správa železnic risk management is a continuous, systematic and methodical activity within the established internal control system organised at respective levels of company management and specific areas. To reduce risks to the lowest possible degree and to manage them efficiently, a centralised risk management system was introduced in 2018. Its coordination is ensured by the Risk Unit at the Internal Audit Department.

The main task of this system is to timely identify risks on the level of risk owners, perform an analysis, do an assessment, propose efficient remedial measures and provide important and timely information on Správa železnic's management risks.

As part of the implementation of the entire centralised risk management system, the main task in 2019 was to comprehensively identify risks in Správa železnic, prepare a risk catalogue and determine the most significant risks, that could have an impact on the fulfilment of strategic goals. Throughout the year, the Risk Unit held meetings with professional staff across the entire organisation, who subsequently identified and analysed risks in their departments. The finalised data were submitted to the Risk Management Committee for discussion. The analysis and assessment phase was finalised at the end of 2019 when the Risk Management Committee approved the risk catalogue and the DG presented a list of significant risks, that will be managed centrally.

In the next implementation phase in 2020, an information system for centralised risk management will be launched. All data acquired during the performed analysis will be input into the system. The risks will be operatively administered and managed based on these data.

In 2019, Správa železnic managed the following risk areas:

### Operational risks

The primary objective of operational risk management is to ensure the safe and failure-free operation of RI. With regard to traffic control and operability, risks are minimised by recruiting new employees with appropriate physical and mental fitness, who undergo training and take exams set for their future position. For selected professions, periodic training sessions and exams including tests of physical and mental fitness are performed. Risk management also involves developing and constantly maintaining a system of internal policies that define the requirements for the individual components of the RI as well as the correct procedures for performing activities related to the RI. In addition, regular examinations and measurements are carried out to assess the technical condition of the RI. In the event of accidents, the cause and circumstances of their occurrence are identified. Further, responsibility for their occurrence is assigned. Remedial measures to prevent such accidents, including implementation deadlines, are proposed and adopted. The implementation of remedial measures is subsequently monitored and documented. Where an accident is proven to have been caused by an employee, relevant penalties and compensation of damage are applied. Damage caused to third parties is covered by liability insurance.

### Financial risks

In terms of finance, Správa železnic is exposed to liquidity risk, interest rate risk, currency risk and credit risk. As the organisation's activities related to modernisation, ensuring the operability and operation of RI are primarily funded from subsidies, liquidity in these areas is managed in relation to the respective grants for the relevant fiscal period, with an emphasis on complying with conditions for their utilisation and minimising possible penalties. In other areas, financed primarily from revenues, the key liquidity management tool in 2019 comprised the continuous monitoring and management of cash flows. Správa železnic's debt portfolio comprised one loan from EIB in 2019. The loan is due on 15 December 2020 and is guaranteed by the state. Possible risks are thus eliminated. The credit risk which follows from the debtors' inability to pay their liabilities to Správa železnic is regulated through the monitoring and assessment of the condition of receivables and the immediate resolution of overdue receivables using all legal possibilities. The procedures applied to the monitoring, assessment and collection of debts are stipulated in an internal policy the adherence to which is reviewed.

### Information technology and cyber security risks

Significant risks in terms of information technologies include the misuse, damage or loss of data and a possible breach in the functionality of signifi-

cant information systems. These risks are eliminated by applying a number of various measures, primarily a controlled administration of applications, servers and networks. A regular backup of all vital centrally stored data is performed, the updated antivirus protection is ensured and individual stations are continuously tested. Regular operating system upgrades and the gradual limitation of redundant individual users' access rights are also performed.

In compliance with Act No. 181/2014 Coll., on Cyber Security and in order to fulfill the requirements in respect of the protection of information and communication systems of critical information infrastructure, activities in accordance with the Risk Management Plan were performed in 2019. The requirements of the new Decree on Cyber Security have been considered in the Risk Management Plan. Newly identified security threats were analysed. Regular testing has been started to check the current efficiency of security measures in the organisation.

#### HR risks

Správa železnic's interests regarding the requirements on future employees have been secured through cooperation with secondary schools and universities, which includes the 'Nádražák' student programme, as well as through the organisation's participation in the transportation sector council's activities regarding the preparation of the national

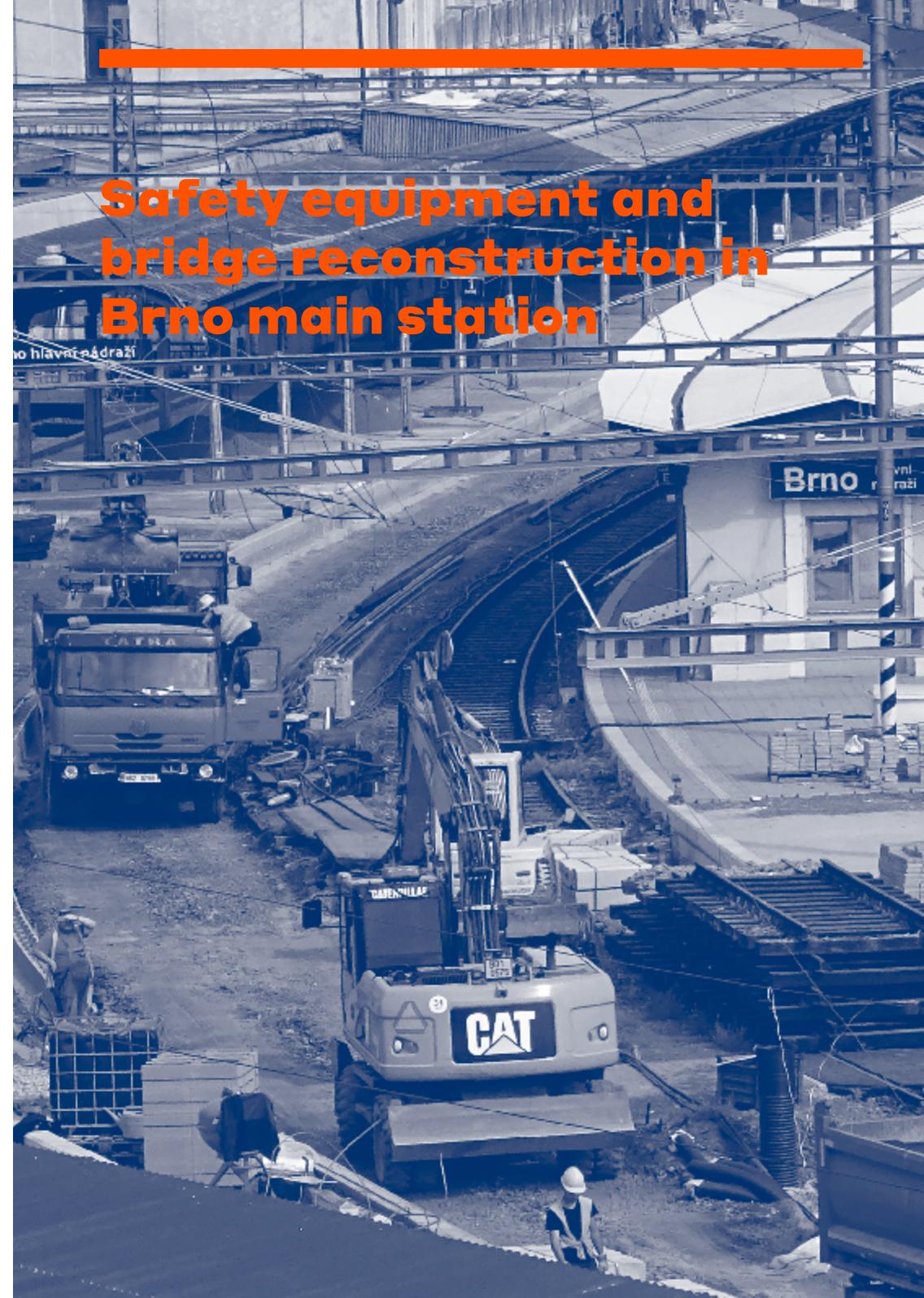
qualifications system. In accordance with the continuously updated concept of human resources department, the age structure of the key professions is analysed, and selected employees undergo special training process in order to ensure the succession of key positions.

Observing both external and internal legislation as well as the Collective Agreement ensures the conditions for social consensus and a low employee turnover level, which is supported by a funding guarantee for rail operation and operability by the MT.

#### Risk of corruption

In order to minimise corruption risks and ensure prevention of and response to detected corruption allegations, Správa železnic had introduced the Anti-Corruption Programme with a regular annual assessment of the efficiency. The programme includes the Employee Code of Conduct, the Corruption Risk Catalogue and an e-learning course addressing internal anti-corruption measures. A regular update of the Corruption Risk Catalogue was performed in 2019.

## Safety equipment and bridge reconstruction in Brno main station



# Human resources

## Employees

As at 1 January 2019, Správa železnic had 17 146 employees working in 172 professions across its 18 organisational units, which operate in individual regions of the Czech Republic.

Since its inception 16 years ago, when Správa železnic launched its operation on 1 January 2003 with only 61 employees, it has become a major employer in the Czech Republic and the largest employer in the rail transport sector.

As of 1 January 2019, a major alteration of the Správa železnic's organisational structure was adopted, consisting of the centralisation of accounting operations into the Centre of Shared Services organisational unit, the cancellation of the Asset Management Section, the merger of activities of the Regional Directorate Facility Management under the professional Building Constructions Facility Management within the Rail Operability Section, and the merger of the Regional Directorate's business activities under professional Business Activities Management within the Economics Section. On 1 January 2019, the organisational structure of the Traffic Management Section changed, resulting in a reduced number of operation divisions of regional directorates. Further, the process of rationalisation and optimisation connected with putting investment projects into operation continued. As a consequence, the total number of traffic control staff decreased by

147 employees (i.e. by 1.9%). As at 31 December 2019, the number of full-time employees decreased year on year by 98 from 17 234 to 17 136 as at 31. 12. 2019 (Chart 6). During 2019, severance pay was provided to 177 employees.

In the second half of 2019, an advisory company analysed the set-up of processes in the existing Správa železnic's organisational structure. Based on the conclusions of the analysis, Správa železnic's Supervisory Board, at its November meeting, endorsed gradual changes in the organisation's organisational structure in 2020 as at 1 January and 1 April 2020 (including a possible takeover of activities of the telecommunication infrastructure), ensuring the optimum and most effective set-up of individual processes in the organisation.

The average recalculated number of full-time employees was 17 106.44 in 2019 (a year-on-year decrease by 200.22 employees, i.e. by 1.16 %).

The age structure of employees did not change significantly year-on-year (Chart 8). As at 31 December 2019, the average age of Správa železnic's employees was 48.26 years (a year-on-year increase by 0.3%).

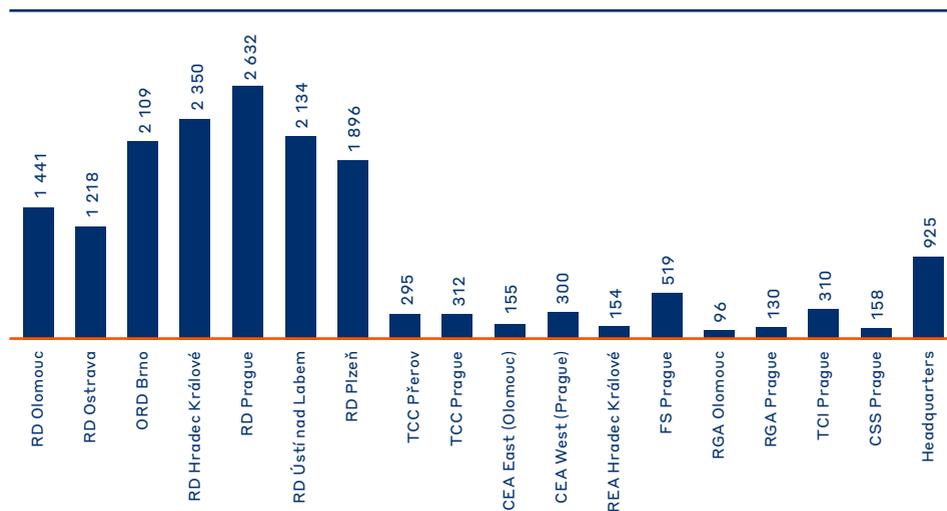
Rail transport is a male-dominated industry. This is confirmed by the prevailing share of male employees, which remained at 72% as at 31 December 2019 (Chart 9) although the share of male employees declined by 1% year on year.

In comparison with 2018, the structure of Správa železnic employees by

Chart 6 – Number of Správa železnic's employees from 2003 to 2019

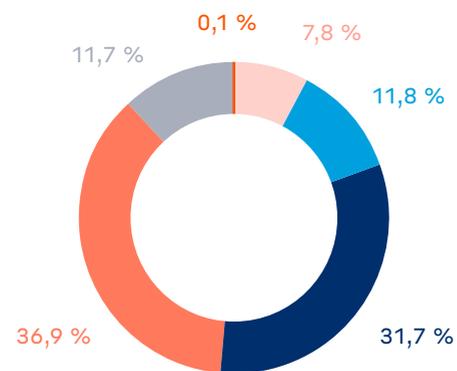


Chart 7 – Number of employees by organisational units as at 31 December 2019



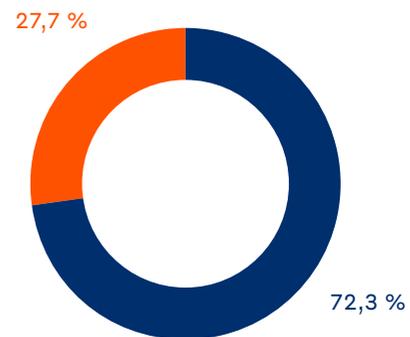
(RD – Regional Directorate, TCC – Traffic Control Centre, CEA – Civil Engineering Administration, REA – Railway Energy Administration, FS – Fire Service, RGA – Railway Geodesy Administration, TCI – Technical Centre of Infrastructure, CSS – Centre of Shared Services)

Chart 8 – Age structure of employees as at 31 December 2019



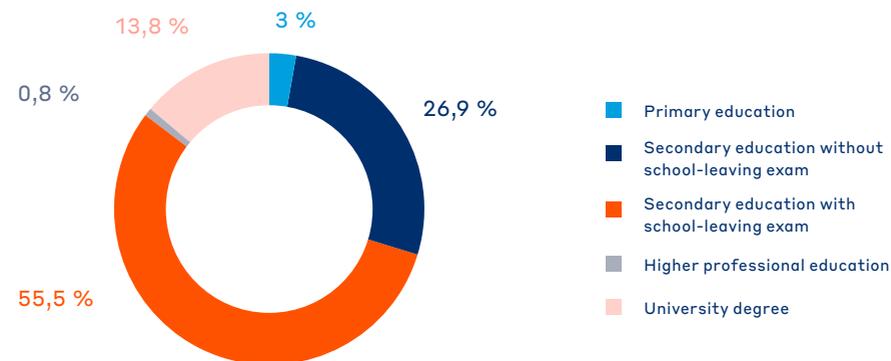
■ 18-19 years    ■ 30-39 years    ■ 50-59 years  
■ 20-29 years    ■ 40-49 years    ■ 60 years and more

Chart 9 – Gender structure of employees as at 31 December 2019



■ Male  
■ Female

Chart 10 – Employee structure by educational attainments at 31 December 2019



educational attainment did not change significantly in 2019 (Chart 10). The share of employees with incomplete, primary or secondary education without school-leaving exam amounted to 30% (a year-on-year decline of 1%) while the share of employees with secondary education with school-leaving exam remained at 55%. The share of employees with higher professional education and a university degree accounted for 15% (a year-on-year increase of 1%).

### Remuneration and employee benefits

Remuneration principles and the extent of employee benefits provided were negotiated in the SŽDC' Collective agreement for the period from 1 February 2018 to 31 December 2019 and its appendices (Appendices No. 2 to 5 were agreed on by the 2<sup>nd</sup> change of the Collective agree-

ment as of 1 January 2019 to 31 December 2019).

A uniform payroll system continued to be applied. The tariff and motivational wage component was increased, and certain other benefits and bonuses were newly adjusted. In 2019, Správa železnic met all of the obligations towards its employees in terms of remuneration and employee benefits. The range of employee benefits provided to stabilise and motivate employees remained the same in 2019, with transport contribution added to the range of employee benefits at the end of 2019 through the 3<sup>rd</sup> change of the Collective agreement. In addition to benefits relating to working hours and holidays, Správa železnic continued to provide, among other things, contributions towards its employees' supplementary pension

insurance and life insurance schemes. A total of 2 298 employees performed selected professions deemed as particularly demanding attended a reconditioning treatment programme at one of the six designated spa facilities (Jeseník Priessnitz Spa, Poděbrady Winter Spa, Darkov Spa, Trenčianske Teplice Spa, Číž Spa and Rajecké Teplice Spa).

In accordance with the financial principles and the approved budget negotiated with the trade union organisations, the Cultural and Social Needs Fund was used to provide funds for meal vouchers, cultural and sports activities, including participation in international railway events and regional and national qualifiers. The employees were given monetary gifts on the occasion of a life or working anniversary and upon the first termination of employment in case the entitlement to pension or disability pension arises. In serious cases, the employer provided employees with social aid or interest-free social loan. Employees and their family members could also use employer-contributed holiday packages.

In accordance with Správa železnic's Collective Agreement, and in order to fill certain long-term vacancies (positions of electrical engineer of fixed traction and heavy-current facilities, signalling technician, train dispatcher and licensed engine driver) a recruitment allowance continued to be paid to the new recruits for these positions

(a total of 230 new employees were paid the recruitment allowance in 2019).

### Cooperation with trade union organisations

As keeping social peace is the priority of its social policy, Správa železnic places great emphasis on cooperation with trade union organisations. As at 31 December 2019, nine trade union organisations – both multi-profession organisations as well as organisations representing a single profession – continued to operate at Správa železnic. In 2019, representatives of the employer and the trade unions held regular joint meetings, where information was discussed with the social partners in accordance with the Labour Code and SŽDC's Collective Agreement in force. From 28 August 2019, collective agreement bargaining was held about change No. 3 of the SŽDC's Collective Agreement for the period from 1 February 2018 to 31 December 2019, and simultaneously, about the new Collective Agreement after 31 December 2019. On 6 December 2019, the 3<sup>rd</sup> change of the existing Collective Agreement was concluded effective from 31 December 2019, introducing the provision of the new employee benefit, transport contribution. On the same day, the new SŽDC's Collective Agreement was concluded for 2020 with the following appendices: No. 1 – Working hours, on-call duty, holiday, work obstacles, No. 2 – Principles for the SŽDC employee remuneration, No. 3 – Boarding and expense refunds,

No. 4 – Reconditioning stays for SŽDC employees, and No. 5 – Principles for the granting of a recruitment allowance.

### Training

The area of education follows the approved objectives of the Správa železnic's Human resources department policy and with the Správa železnic's Learning Plan. In 2019, a new system of learning was prepared, including the establishment of a new information system for learning and the transition from regular trainings supplied externally to regular trainings ensured by Správa železnic's own professional staff.

### Medical care at work

Occupational medical care was provided to Správa železnic employees through a contractual healthcare provider. In addition to the prescribed types of medical examinations (entry, regular, extraordinary and exit check-ups), it also focused on workplace monitoring as part of occupational safety and health examinations. Job applicants and Správa železnic employees used these occupational medical care services throughout the Czech Republic, with approximately 100 physicians providing labour-related professional services to Správa železnic through contractual provider.

### Occupational safety and health

Health and safety activities primarily focused on eliminating the deficiencies detected during medical examinations

of occupational health and safety and during ordinary medical examination. Under the conditions of a state organisation, changes were made in the compensation of all employee work injuries, which is newly centrally ensured by Správa železnic's DG Human Resources Department.

In 2019, we recorded a total of 470 work injuries, none of them fatal. A total of 3 work injuries required hospitalisation for more than 5 days; 153 work injuries were classified as other work injuries with a subsequent sick leave of more than three calendar days; 2 work injuries were classified as other work injuries with a subsequent sick leave of up to three calendar days and the remaining 312 work injuries were classified as other work injuries without any subsequent sick leave.

# Corporate responsibility

Správa železnic fulfils a significant role as the rail infrastructure manager in the Czech Republic. Moreover, it belongs among the biggest employers in the country. Therefore, it pays close attention to corporate social responsibility, both in relation to its own employees and the public. It develops its activities in social, economic and environmental areas. As part of its internal programmes, Správa železnic creates conditions for the personal and professional development of its employees, and cooperates with partner entities from the transportation sector as well as with secondary schools and universities specialising in subjects relating to transportation.

The main objective of the implementation of corporate social responsibility principles into everyday activities of our organisation is to enhance and improve the image of Správa železnic, to achieve better staff motivation and the greater probability of recruiting new competent staff.

## Student programme

As part of its corporate social responsibility, Správa železnic as a major state organisation decided to focus its Student Programme on young people between 14 and 24, students of vocational schools, secondary schools and universities.

We are aware of the fact that apart from the infrastructure, top professionals are needed for the proper

functioning and security of the railway. We are successful in recruiting them thanks to long-term cooperation with secondary schools and universities across the Czech Republic specialising in technical fields. We collaborate with 35 secondary schools and 11 university faculties. Their students regularly participate in professional traineeships, on-the-job trainings and other events, such as an interactive student conference, the Student Cup or the For one day become a... project. Správa železnic employees take part in the preparation and implementation of specialised lectures, workshops and other events held by the schools. Every year, we present topics for bachelor and diploma theses and offer university students professional advice and help in the preparation of the theses. Our collaboration with schools generally helps to enhance the level of education, contributes to the popularisation of technology, and offers student support.

Another implemented project of the Student Programme is the Správa železnic Safe Railway. Our mission is to reduce irresponsible behaviour through prevention and warn of the negative impacts of such behaviour and risks in the vicinity of railway lines, level crossings and railway stations. Understandably, the impact of this communication is on the entire population, as irresponsible behaviour does not concern only young people. We regularly organise Train of Prevention rides and

prepare preventive safety campaigns. Creating an overall positive perception of Správa železnic is important when communicating with students. Apart from personal encounters at in-school and out-of-school events, a specialised web portal serves for active communication with students. Students are potential future railway customers and the people who will decide about the future of the transport. Unless they establish a positive relationship to railway transport, little can be changed when they are older. At a time when everybody is exposed to a strong promotion of individual car transport, this danger is significant. Emphasis is put on the ecology of railway transport, its speed, flexibility, economy and comfort.

## SŽDC team

Správa železnic is a relatively young organisation as it was founded only in 2003. However, with its range of activities and number of employees, it belongs to the fastest growing entities in the Czech Republic. Fast growth makes it necessary to reinforce communication between the individual branches and its employees. The primary task of the SŽDC team is thus to strengthen communication and cooperation inside the organisation. We have established rules of responsible communication and enhanced cooperation and connections between management and employees. We would like to contribute to the strengthening of

staff pride, loyalty and confidence. We want to motivate our employees and enhance their professional knowledge and skills.

### Awarding selected employees

Everybody appreciates being awarded for their work effort, in particular if this is done publicly, directly from the management of the organisation. One effective way is the company-wide election of the employee of the year. We have announced the following categories: Employee of the Year, Newcomer of the Year and the Správa železnic Hall of Fame, into which we induct experienced colleagues.

### Railwayman of the Year

Every year, Správa železnic's Director general rewards employees of our organisation who contributed to the saving of human lives and health in performing their duties during the year or helped to prevent great property damage or accidents. Many people are indifferent to their surroundings nowadays. Therefore, it is necessary to laud those who are willing to help.

### Roadshow in regions

The aim of this project is the proactive communication of the organisation's management with employees in the regions, the chance for personal communication, and acquainting employees with the organisation's visions and goals. The events were held at the end of the year in several regions and

were connected to our festive Christmas get-togethers.

### Cooperation with the disabled

Správa železnic systematically makes travelling on the railway accessible to disabled people. There are barrier-free train platforms in more than half the stations and stops on the main lines classified under the trans-European railway network. Adjustments continue to be made at railway stations to accommodate the visually-impaired.

As of 2019, the meeting platform for representatives of the National Council for Persons with Disabilities of the Czech Republic, passenger carriers and Správa železnic serves to harmonise requirements for barrier-free access to train stations and the necessary adjustments of stations. The goal of all involved is to harmonise the infrastructure manager's investment plans with the requirements for the establishment of suitable conditions for the travels of all persons with limited ability of movement and orientation. Representatives of people with disabilities thus already have been acquainted with our efforts to make train stations more accessible in the 2020 to 2025 period, e.g. on Správa železnic's new website, which informs about the barrier-free access level of stations and stops. Moreover, the expansion of the meeting platform is planned for the near future to include other organisations, e.g. Czech Blind United or the Czech Union of the Hearing Impaired.

Správa železnic is also active in the Euro key project, thanks to which the accessibility of special public toilets is gradually improving due to them being equipped with a single Euro key.

### Environment

The environment and its protection are regulated by both European and national legislation. Respecting legislation facilitates the minimisation of any adverse impacts on the environment. From the point of view of environmental protection, railway transportation, or the railways as such, is considered as a highly competitive means of transport. Nonetheless, it is necessary to continue to further mitigate the adverse impacts on the environment, such as noise, vibrations, dustiness and air pollution and to scale down the amount of generated waste.

Apart from the above, environmental protection also includes landscape protection and water management. Closely related to railway superstructure maintenance is another area of interest, namely phytosanitary care concerning the considerate application of biocides using modern methods of selective spraying of the railway superstructure.

In 2019, activities relating to vegetation management continued. These include the regular removal of non-indigenous tree species of low environmental and aesthetic value, which could, should

they fall, threaten the safety of rail transport and impede traffic. Správa železnic's objective is to prevent any accidents arising as a consequence thereof. It has become evident that in the next period, more attention needs to be paid to vegetation on the land of other legal entities in the railway buffer zone and look for functional mechanisms that will lead to the mitigation of the endangerment level of railway lines. Prerequisite conditions for this were established by the amendment to the Act on Rail Systems, approved at the end of 2019.

In 2019, a pilot programme was launched in form of a study monitoring climatic and weather phenomena impacting railway lines. The programme will loosely continue in the completed project addressing the methodology for and the effective approach to accompanying greenery, whose objective was to describe measures to systemically ensure safe and smooth railway operation.

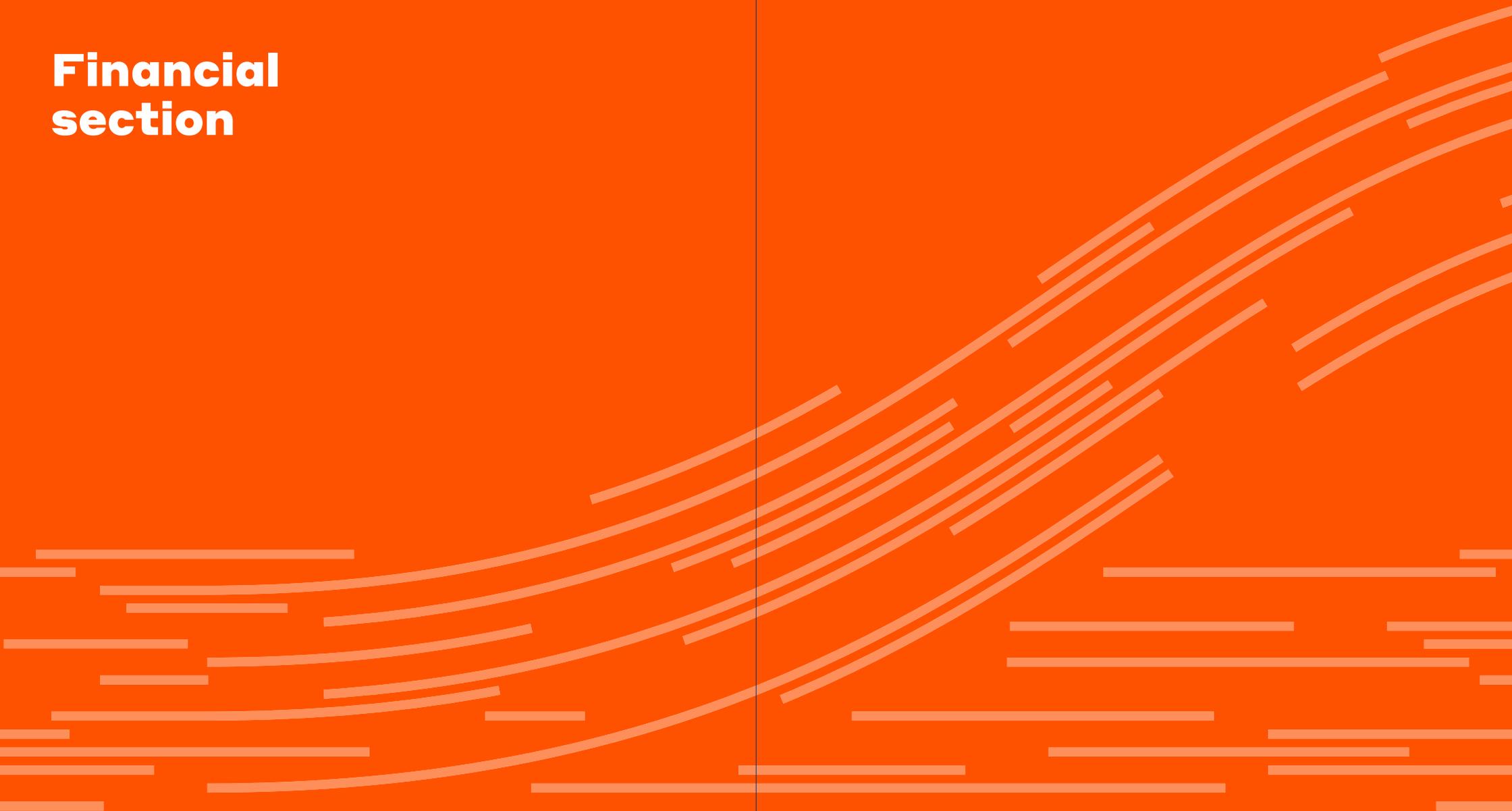
## Track modernisation Rokycany – Plzeň

## Subsequent events

On 14 January 2020, the Organisation's new name "Správa železnic, státní organizace" was recorded in the Commercial Register, following 1 January 2020 as the effective date of Act No. 367/2019 Coll., amending Act No. 266/1994 Coll., on Railways, as amended, and other related laws.

The Organisation has assessed the coronavirus epidemic's possible impact on the need of potential additional funding on the part of the founder if a possible shortfall in revenues from third parties cannot be covered by the organisation's own sources. The results of this assessment depend on assumptions about the duration and intensity of such a shortfall, based on publicly available information about key customers. As at the reporting date, the assessment does not indicate the need of additional financial sources. Potential demands for additional financial sources will be dealt within cooperation with the founder once the state of emergency concludes and the real need can be assessed.

# Financial section



# Independent Auditor's Report to the Founder of Správa železnic, státní organizace

This document is an English translation of the Czech auditor's report. Only the Czech version of the report is legally binding.



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KPMG Česká republika Audit, s. r. o.,  
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Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C,  
Insert No. 24185

Identification No. 49619187  
VAT No. CZ699001996  
ID data box: 8h3gtra

## Opinion

We have audited the accompanying financial statements of Správa železnic, státní organizace ("the Organisation"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

## Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber

of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of matter – Settlement of bank liabilities and debt remission

As stated in note 7.1 to the financial statements, most liabilities of České dráhy, státní organizace were transferred to the Organisation as of 1 January 2003. As further stated in notes 3.14 and 4.13.2 to the financial statements, the long-term payables to banks are paid by the Ministry of Finance according to instalment plans.

Once settled, they are transferred to long-term payables to the state and are subject to debt remission. Net financial income from the operations of the Organisation is insufficient to cover these long-term payables and therefore the solution for their payment is subject to Resolution of the Government of the Czech Republic, in which the government determined the manner of waiver of the payables of the Organisation until the moment of their redemption. Our opinion is not modified in respect of this matter.

## Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial

statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Organisation obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

### Responsibilities of the Director General, Management Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Management Board in collaboration with Audit Committee, is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events

in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statutory Auditor Responsible for the Engagement

Karel Charvát is the statutory auditor responsible for the audit of the financial statements of Správa železnic, státní organizace as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague, 20 March 2020

*KPMG Česká republika Audit*

KPMG Česká republika Audit, s. r. o.  
Registration number 71

*Karel Charvát*

Karel Charvát, Partner  
Registration number 2032

# Balance sheet

in full format as at 30 December 2019  
(in thousands of Czech crowns)  
Translated from the Czech original

**Name and regist. office of the Company**  
Správa železnic, státní organizace  
Dlážděná 1003/7, 110 00 Prague 1, Czech Republic

**Identification number**  
709 94 234

Ident.	ASSETS	line	Current period			Prior period
			Gross	Adjust.	Net	Net
	<b>TOTAL ASSETS</b>	<b>1</b>	<b>182 845 209</b>	<b>-119 234 430</b>	<b>63 610 779</b>	<b>65 647 392</b>
<b>B.</b>	<b>Fixed assets</b>	<b>2</b>	<b>175 966 371</b>	<b>-118 862 861</b>	<b>57 103 510</b>	<b>60 587 503</b>
<b>B.I.</b>	<b>Intangible fixed assets</b>	<b>3</b>	<b>1 149 751</b>	<b>- 930 811</b>	<b>218 940</b>	<b>210 198</b>
B.I.2.	Intellectual property rights	4	1 088 746	- 926 125	162 621	155 700
B.I.2.1.	Software	5	1 086 856	- 925 994	160 862	155 700
B.I.2.2.	Other intellectual property rights	6	1 890	- 131	1 759	
B.I.4.	Other intangible fixed assets	7	4 686	- 4 686		28
B.I.5.	Advance payments for intangible fixed assets and intangible fixed assets under construction	8	56 319		56 319	54 470
B.I.5.1.	Advance payments for intangible fixed assets	9	152		152	152
B.I.5.2.	Intangible fixed assets under construction	10	56 167		56 167	54 318
<b>B.II.</b>	<b>Tangible fixed assets</b>	<b>11</b>	<b>174 816 620</b>	<b>-117 932 050</b>	<b>56 884 570</b>	<b>60 377 305</b>
B.II.1.	Land and buildings	12	143 156 320	-94 696 082	48 460 238	50 978 885
B.II.1.1.	Land	13	6 800 996	- 23 165	6 777 831	6 781 651
B.II.1.2.	Buildings	14	136 355 324	-94 672 917	41 682 407	44 197 234
B.II.2.	Plant and equipment	15	20 127 713	-16 828 045	3 299 668	3 642 413
B.II.3.	Adjustments to acquired fixed assets	16	8 443 268	-6 344 642	2 098 626	2 661 511
B.II.4.	Other tangible fixed assets	17	4 219	- 1 258	2 961	2 921
B.II.4.3.	Other tangible fixed assets	18	4 219	- 1 258	2 961	2 921
B.II.5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	19	3 085 100	- 62 023	3 023 077	3 091 575
B.II.5.1.	Advance payments for tangible fixed assets	20	297 644		297 644	417 470
B.II.5.2.	Tangible fixed assets under construction	21	2 787 456	- 62 023	2 725 433	2 674 105

[continue »](#)

Ident.	ASSETS	line	Current period			Prior period
			Gross	Adjust.	Net	Net
<b>C.</b>	<b>Current assets</b>	<b>22</b>	<b>6 814 762</b>	<b>- 371 569</b>	<b>6 443 193</b>	<b>4 997 645</b>
<b>C.I.</b>	<b>Inventories</b>	<b>23</b>	<b>560 134</b>	<b>- 12 434</b>	<b>547 700</b>	<b>461 622</b>
C.I.1.	Raw materials	24	559 132	- 12 434	546 698	461 612
C.I.2.	Work-in-progress and semi-finished products	25	1 000		1 000	
C.I.3.	Finished goods and goods for resale	26	2		2	2
C.I.3.2.	Goods for resale	27	2		2	2
C.I.5.	Advance payments for inventories	28				8
<b>C.II.</b>	<b>Receivables</b>	<b>29</b>	<b>2 464 698</b>	<b>- 359 135</b>	<b>2 105 563</b>	<b>1 936 445</b>
C.II.1.	Long-term receivables	30	1 210		1 210	32 404
C.II.1.1.	Trade receivables	31				31 359
C.II.1.5.	Receivables - other	32	1 210		1 210	1 045
C.II.1.5.2.	Long-term advances paid	33	1 089		1 089	1 045
C.II.1.5.4.	Other receivables	34	121		121	
C.II.2.	Short-term receivables	35	2 463 488	- 359 135	2 104 353	1 904 041
C.II.2.1.	Trade receivables	36	1 583 417	- 342 722	1 240 695	1 257 173
C.II.2.4.	Receivables - other	37	880 071	- 16 413	863 658	646 868
C.II.2.4.3.	Tax receivables	38	243 502		243 502	348 103
C.II.2.4.4.	Short-term advances paid	39	209 103		209 103	106 228
C.II.2.4.5.	Estimated receivables	40	378 479		378 479	152 329
C.II.2.4.6.	Other receivables	41	48 987	- 16 413	32 574	40 208
<b>C.IV.</b>	<b>Cash</b>	<b>42</b>	<b>3 789 930</b>		<b>3 789 930</b>	<b>2 599 578</b>
C.IV.1.	Cash in hand	43	3 241		3 241	2 503
C.IV.2.	Bank accounts	44	3 786 689		3 786 689	2 597 075
<b>D.</b>	<b>Deferrals</b>	<b>45</b>	<b>64 076</b>		<b>64 076</b>	<b>62 244</b>
D.1.	Prepaid expenses	46	60 422		60 422	55 817
D.3.	Accrued revenues	47	3 654		3 654	6 427

# Balance sheet

in full format as at 30 December 2019  
(in thousands of Czech crowns)  
Translated from the Czech original

**Name and regist. office of the Company**  
Správa železnic, státní organizace  
Dlážděná 1003/7, 110 00 Prague 1, Czech Republic

**Identification number**  
709 94 234

Ident.	LIABILITIES	Line	Current period	Prior period
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>48</b>	<b>63 610 779</b>	<b>65 647 392</b>
<b>A.</b>	<b>Equity</b>	<b>49</b>	<b>52 365 096</b>	<b>53 581 498</b>
<b>A.I.</b>	<b>Registered capital</b>	<b>50</b>	<b>57 367 174</b>	<b>57 362 715</b>
A.I.1.	Registered capital	51	57 367 174	57 362 715
<b>A.II.</b>	<b>Premium and capital contributions</b>	<b>52</b>	<b>1 013 355</b>	<b>1 151 107</b>
A.II.2.	Capital contributions	53	1 013 355	1 151 107
A.II.2.1.	Other capital contributions	54	1 013 355	1 151 107
<b>A.III.</b>	<b>Funds from profit</b>	<b>55</b>	<b>2 724</b>	
A.III.2.	Statutory and other funds	56	2 724	
<b>A.IV.</b>	<b>Retained earnings (+/-)</b>	<b>57</b>	<b>-4 939 668</b>	<b>-4 403 169</b>
A.IV.1.	Retained profits or accumulated losses (+/-)	58	-4 777 299	-4 248 142
A.IV.2.	Other retained earnings (+/-)	59	- 162 369	- 155 027
<b>A.V.</b>	<b>Profit (loss) for the current period (+/-)</b>	<b>60</b>	<b>-1 078 489</b>	<b>- 529 155</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>61</b>	<b>10 983 774</b>	<b>11 869 504</b>
<b>B.</b>	<b>Provisions</b>	<b>62</b>	<b>1 018 971</b>	<b>2 242 423</b>
B.4.	Other provisions	63	1 018 971	2 242 423

[continue »](#)

Ident.	LIABILITIES	Line	Current period	Prior period
<b>C.</b>	<b>Liabilities</b>	<b>64</b>	<b>9 964 803</b>	<b>9 627 081</b>
<b>C.I.</b>	<b>Long-term liabilities</b>	<b>65</b>	<b>5 390 880</b>	<b>5 022 306</b>
C.I.2.	Liabilities to credit institutions	66	290 400	588 000
C.I.4.	Trade payables	67	66 252	60 939
C.I.8.	Deferred tax liability	68	3 451 327	3 106 588
C.I.9.	Liabilities - other	69	1 582 901	1 266 779
C.I.9.3.	Other payables	70	1 582 901	1 266 779
<b>C.II.</b>	<b>Short-term liabilities</b>	<b>71</b>	<b>4 573 923</b>	<b>4 604 775</b>
C.II.3.	Short-term advances received	72	334 797	197 727
C.II.4.	Trade payables	73	2 318 503	2 572 082
C.II.8.	Liabilities - other	74	1 920 623	1 834 966
C.II.8.3.	Payables to employees	75	561 919	253 913
C.II.8.4.	Social security and health insurance liabilities	76	308 232	176 724
C.II.8.5.	Tax liabilities and subsidies	77	551 519	1 096 391
C.II.8.6.	Estimated payables	78	498 842	307 007
C.II.8.7.	Other payables	79	111	931
<b>D.</b>	<b>Accruals</b>	<b>80</b>	<b>261 909</b>	<b>196 390</b>
D.1.	Accrued expenses	81	244 914	173 699
D.2.	Deferred revenues	82	16 995	22 691

# Income statement

classification by nature  
for the year ended 31 December 2019  
(in thousands of Czech crowns)  
Translated from the Czech original

**Name and regist. office of the Company**  
Správa železnic, státní organizace  
Dlážděná 1003/7, 110 00 Prague 1, Czech Republic

**Identification number**  
709 94 234

Ident.	INCOME STATEMENT	Line	Current period	Prior period
<b>I.</b>	<b>Revenue from products and services</b>	<b>1</b>	<b>8 316 808</b>	<b>6 480 726</b>
<b>II.</b>	<b>Revenue from goods</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>A.</b>	<b>Cost of sales</b>	<b>3</b>	<b>18 979 710</b>	<b>14 683 954</b>
A.1.	Cost of goods sold	4	1	1
A.2.	Materials and consumables	5	5 946 551	3 553 430
A.3.	Services	6	13 033 158	11 130 523
<b>B.</b>	<b>Change in inventory of own production (+/-)</b>	<b>7</b>	<b>- 1 000</b>	<b>- 170</b>
<b>C.</b>	<b>Own work capitalised (-)</b>	<b>8</b>	<b>- 658 454</b>	<b>- 703 393</b>
<b>D.</b>	<b>Personnel expenses</b>	<b>9</b>	<b>11 387 186</b>	<b>10 534 571</b>
D.1.	Wages and salaries	10	8 110 677	7 522 448
D.2.	Social security, health insurance and other expenses	11	3 276 509	3 012 123
D.2.1.	Social security and health insurance expenses	12	2 740 280	2 529 796
D.2.2.	Other expenses	13	536 229	482 327
<b>E.</b>	<b>Adjustments relating to operating activities</b>	<b>14</b>	<b>4 141 355</b>	<b>3 842 548</b>
E.1.	Adjustments to intangible and tangible fixed assets	15	4 134 088	4 089 769
E.1.1.	Depreciation and amortisation of intangible and tangible fixed assets	16	4 098 983	4 111 971
E.1.2.	Impairment of intangible and tangible fixed assets	17	35 105	- 22 202
E.2.	Adjustments to inventories	18	- 1 124	- 887
E.3.	Adjustments to receivables	19	8 391	- 246 334

[continue »](#)

Ident.	INCOME STATEMENT	Line	Current period	Prior period
<b>III.</b>	<b>Other operating revenues</b>	<b>20</b>	<b>25 869 196</b>	<b>23 940 747</b>
III.1.	Proceeds from disposals of fixed assets	21	40 125	60 009
III.2.	Proceeds from disposals of raw materials	22	278 858	233 730
III.3.	Miscellaneous operating revenues	23	25 550 213	23 647 008
<b>F.</b>	<b>Other operating expenses</b>	<b>24</b>	<b>1 058 532</b>	<b>2 263 951</b>
F.1.	Net book value of fixed assets sold	25	6 841	19 743
F.2.	Net book value of raw materials sold	26	278 845	233 390
F.3.	Taxes and charges	27	565 275	1 150 227
F.4.	Provisions relating to operating activity and complex prepaid expenses	28	-1 223 452	-1 213 908
F.5.	Miscellaneous operating expenses	29	1 431 023	2 074 499
<b>*</b>	<b>Operating profit (loss) (+/-)</b>	<b>30</b>	<b>- 721 324</b>	<b>- 199 987</b>
<b>VI.</b>	<b>Interest revenue and similar revenue</b>	<b>31</b>		<b>29</b>
VI.2.	Other interest revenue and similar revenue	32		29
<b>J.</b>	<b>Interest expense and similar expense</b>	<b>33</b>	<b>23 343</b>	<b>41 092</b>
J.2.	Other interest expense and similar expense	34	23 343	41 092
<b>VII.</b>	<b>Other financial revenues</b>	<b>35</b>	<b>20 534</b>	<b>13 858</b>
<b>K.</b>	<b>Other financial expenses</b>	<b>36</b>	<b>9 617</b>	<b>22 450</b>
<b>*</b>	<b>Profit (loss) from financial operations</b>	<b>37</b>	<b>- 12 426</b>	<b>- 49 655</b>
<b>**</b>	<b>Profit (loss) before tax (+/-)</b>	<b>38</b>	<b>- 733 750</b>	<b>- 249 642</b>
<b>L</b>	<b>Income tax</b>	<b>39</b>	<b>344 739</b>	<b>279 513</b>
L.2.	Deferred tax (+/-)	40	344 739	279 513
<b>**</b>	<b>Profit (loss) after tax (+/-)</b>	<b>41</b>	<b>-1 078 489</b>	<b>- 529 155</b>
<b>***</b>	<b>Profit (loss) for the accounting period (+/-)</b>	<b>42</b>	<b>-1 078 489</b>	<b>- 529 155</b>
<b>*</b>	<b>Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.</b>	<b>43</b>	<b>34 206 539</b>	<b>30 435 361</b>

# Statement of changes in equity

for the year ended 31 December 2019  
(in thousands of Czech crowns)  
Translated from the Czech original

**Name and regist. office of the Company**  
Správa železnic, státní organizace  
Dlážděná 1003/7, 110 00 Prague 1, Czech Republic

**Identification number**  
709 94 234

	Registered capital	Other capital contributions	Other reserve funds	Statutory and other funds	Retained profits or accumulated losses (+/-)	Other retained earnings	Profit (loss) for the current period	Total
<b>Balance as at 1.1.2019</b>	<b>57 362 715</b>	<b>1 151 107</b>	<b>-</b>	<b>-</b>	<b>-4 248 142</b>	<b>-155 027</b>	<b>-529 155</b>	<b>53 581 498</b>
Assets identified during stock counts and other transfers	-	55	-	-	-	-	-	55
Free-of-charge transfers of assets and other transfers	5 223	9 950	-	-	-	-	-	15 173
Privatised assets	-764	-	-	-	-	-	-	-764
Creation of the culture and social needs funds	-	-	-	-145 033	-	-	-	-145 033
Use of the culture and social needs fund	-	-147 757	-	147 757	-	-	-	-
Transfer of the profit (loss) of prior year period	-	-	-	-	-529 155	-	529 155	-
Other profit or loss	-	-	-	-	-	-7 342	-	-7 342
Rounding	-	-	-	-	-2	-	-	-2
Profit (loss) for the current period	-	-	-	-	-	-	-1 078 489	-1 078 489
<b>Balance as at 31.12.2019</b>	<b>57 367 174</b>	<b>1 013 355</b>	<b>-</b>	<b>2 724</b>	<b>-4 777 299</b>	<b>-162 369</b>	<b>-1 078 489</b>	<b>52 365 096</b>
<b>Balance as at 1.1.2018</b>	<b>57 355 961</b>	<b>1 226 852</b>	<b>36 899</b>	<b>-</b>	<b>-3 155 345</b>	<b>-12 999</b>	<b>-1 092 797</b>	<b>54 358 571</b>
Assets identified during stock counts and other transfers	-	602	-	-	-	-	-	602
Free-of-charge transfers of assets and other transfers	10 078	24 032	-	-	-	-	-	34 110
Privatised assets	-3 324	-	-	-	-	-	-	-3 324
Creation of the culture and social needs funds	-	-100 379	-36 899	137 278	-	-	-	-
Use of the culture and social needs fund	-	-	-	-137 278	-	-	-	-137 278
Transfer of the profit (loss) of prior year period	-	-	-	-	-1 092 797	-	1 092 797	-
Other profit or loss	-	-	-	-	-	-142 028	-	-142 028
Profit (loss) for the current period	-	-	-	-	-	-	-529 155	-529 155
<b>Balance as at 31.12.2018</b>	<b>57 362 715</b>	<b>1 151 107</b>	<b>-</b>	<b>-</b>	<b>-4 248 142</b>	<b>-155 027</b>	<b>-529 155</b>	<b>53 581 498</b>

# Cash flow statement

for the year ended 31 December 2019  
(in thousands of Czech crowns)  
Translated from the Czech original

**Name and regist. office of the Company**  
Správa železnic, státní organizace  
Dlážděná 1003/7, 110 00 Prague 1, Czech Republic

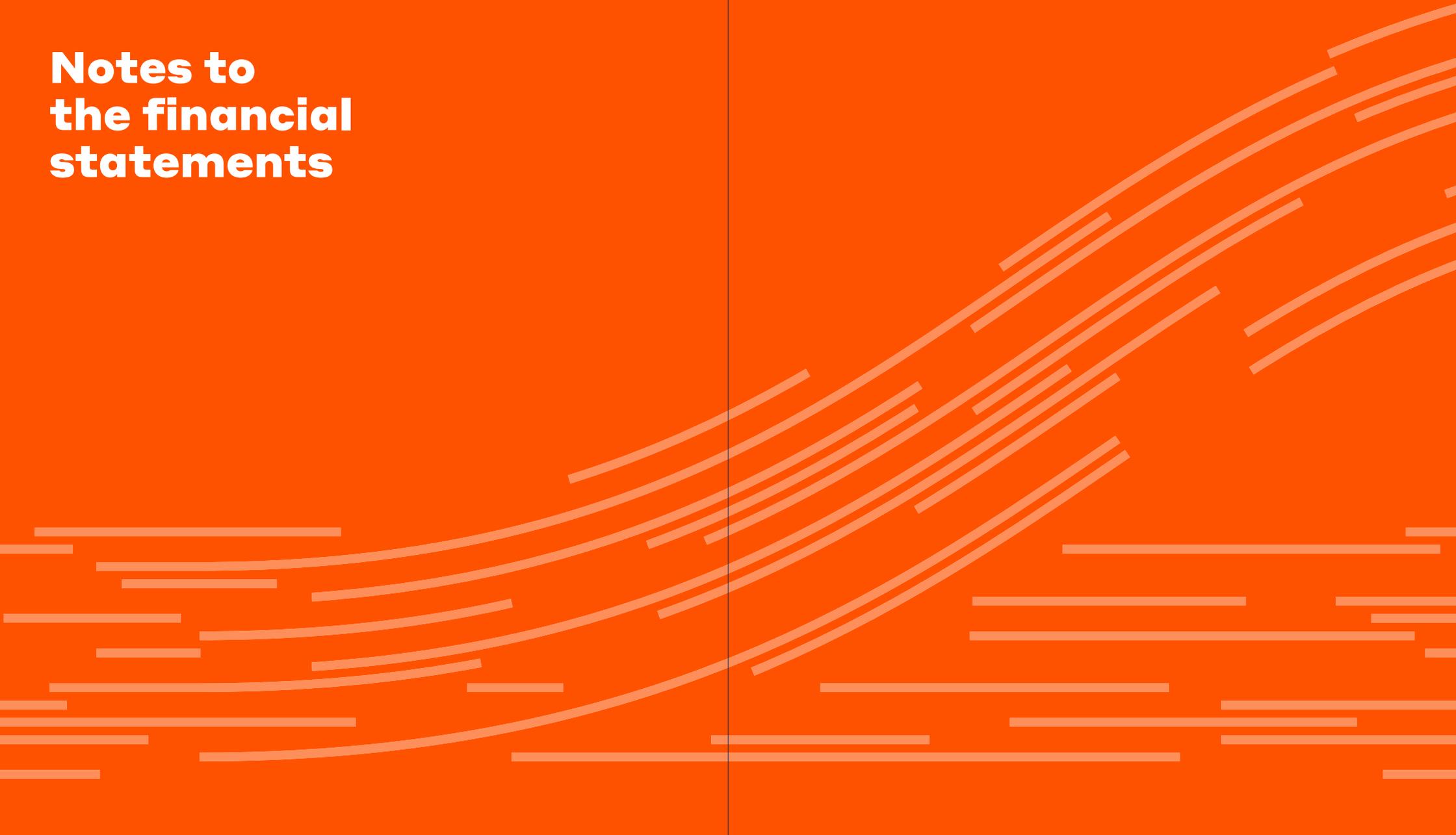
**Identification number**  
709 94 234

	Current period	Prior period
<b>P. Cash and cash equivalents, beginning of period</b>	<b>2 599 578</b>	<b>2 460 701</b>
<i>Net operating cash flow</i>		
<b>Z: Accounting profit (loss) from ordinary activities</b>	<b>-733 750</b>	<b>-249 642</b>
A.1. Non-cash transactions	-20 684 410	-20 403 359
A.1.1. Depreciation and amortisation of fixed assets excluding the net book value of fixed assets sold and amortisation of adjustments to acquired assets and goodwill	4 098 983	4 111 971
A.1.2. Change in:	-24 783 393	-24 515 330
A.1.2.1. Change in other adjustments and provisions	-1 181 080	-1 483 331
A.1.3. Profit (-) Loss (+) on sale of fixed assets	-33 284	-40 266
A.1.4. Expense and revenue interests accounted for	23 343	41 063
A.1.5. Use of operating grants	-23 707 919	-23 139 770
A.1.6. Debt remission	0	0
A.1.7. Other non-cash transactions	115 547	106 974
<b>A.* Net operating cash flow before financial items, changes in working capital and extraordinary items</b>	<b>-21 418 160</b>	<b>-20 653 001</b>
A.2. Changes in working capital	368 437	-248 970
A.2.1. Change in receivables from operating activities, estimated receivables and deferrals	-179 325	-71 005
A.2.2. Change in short-term liabilities from operating activities, estimated payables and accruals	632 723	-101 465
A.2.3. Change in inventories	-84 961	-76 500
<b>A.** Net operating cash flow before financial balances, tax and extraordinary items</b>	<b>-21 049 723</b>	<b>-20 901 971</b>

[continue »](#)

		Current period	Prior period
A.3.	Interest paid excluding amounts capitalised	0	-1 415
A.4.	Interest received	0	0
A.5.	Operating grants received	23 551 368	23 292 959
<b>A.***</b>	<b>Net operating cash flow</b>	<b>2 501 645</b>	<b>2 389 573</b>
	<i>Investment activity</i>		
B.1.	Acquisition of fixed assets	-20 353 693	-20 960 659
B.1.1.	Acquisition of tangible fixed assets	-654 060	-485 621
B.1.2.	Acquisition of intangible fixed assets	-125 002	-166 613
B.1.3.	Acquisition of tangible fixed assets from investment grants	-19 574 631	-20 308 426
B.2.	Proceeds from sales of fixed assets	40 125	60 009
B.2.1.	Proceeds from sales of tangible and intangible fixed assets	40 125	60 009
B.3.	Investment grants received	19 138 419	19 012 227
<b>B.***</b>	<b>Net cash flow from investment activity</b>	<b>-1 175 149</b>	<b>-1 888 423</b>
	<i>Financial activity</i>		
C.1.	Change in long-term resp.short-term liabilities from financing	0	-224 995
C.2.	Increase and decrease in equity from cash transactions	-136 144	-137 278
C.2.1.	Payments from funds created from net profit	-136 144	-137 278
<b>C.***</b>	<b>Net cash flow from financing activities</b>	<b>-136 144</b>	<b>-362 273</b>
<b>F.</b>	<b>Net increase or decrease in cash balance</b>	<b>1 190 352</b>	<b>138 877</b>
<b>R.</b>	<b>Cash and cash equivalents, end of period</b>	<b>3 789 930</b>	<b>2 599 578</b>

# Notes to the financial statements



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## 1. General information

### 1.1 General information

Správa železnic, státní organizace (“Správa železnic” or “the Organisation”) was established as at 1 January 2003 under the name Správa železniční dopravní cesty, státní organizace as one of two legal successors of České dráhy, státní organizace (“ČD, s. o.”), in accordance with Act No. 77/2002 Coll. (“the Transformation Act”).

As at 1 January 2003 Správa železnic was recorded in the Commercial Register maintained by the Municipal Court in Prague, section A, file number 48384.

Pursuant to Act No. 367/2019 effective from 1 January 2020, the Organisation bears a new name: Správa železnic, státní organizace. Information about a record of the new name in the Commercial Register is disclosed in note 8 Subsequent events. The Organisation has been acting under its new name since the act's effective date. The Organisation's notes to the financial statements (including all historical information) have therefore been prepared on this basis.

The address of Správa železnic's registered office is Dlážděná 1003/7, Prague 1 - Nové Město, postcode 110 00.

The institutor of Správa železnic is the Czech Republic (with the Ministry of Transport of the Czech Repub-

lic being charged with exercising the founder's duties). The governing body in matters of settling legal remedies against Správa železnic's decisions is the Ministry of Transport of the Czech Republic. The ministry also acts as the institutor of České dráhy, a. s. (“ČD”) and ČD Cargo, a. s. (“ČD Cargo”). SŽ has many contractual relations with ČD and its subsidiaries, the most important of which are described in note 7.3.

The reporting period is the calendar year. The information in these notes to the financial statements is presented in thousands of Czech crowns (TCZK), unless stated otherwise.

The financial statements of Správa železnic for 2019 have been prepared as at 31 December 2019.

These notes have been prepared for the period starting 1 January 2019 and ending 31 December 2019 and include significant events which occurred after this date as well as significant changes as of the date of Správa železnic's registration.

### 1.2 Principal activities

In accordance with the Transformation Act, the principal activities of Správa železnic consist of operating the railway infrastructure including rail servicing and ensuring its operability, maintenance, modernisation and development, as well as maintenance and modernisation of railway stations.

Throughout 2019 the operation of the railway infrastructure was ensured by Správa železnic's internal capacities.

Správa železnic provides the railway infrastructure for use by carriers. Income arising from the use of the railway infrastructure is predominantly realised with the key users, i. e. České dráhy, a. s. (“ČD”) and ČD Cargo, a. s. (“ČD Cargo”) as discussed in note 7.3.

Správa železnic generates additional major revenues from grants, which are used to cover expenditure related to modernisation, development and maintenance, as discussed in note 3.10.

Správa železnic also administers the assets and liabilities set out in Sections 20 and 38a of the Transformation Act. These principally involve assumed receivables and liabilities, including the loans of ČD, s. o., and the assets specified in the Appendix to the Act that had been administered by the Czech Ministry of Transport until 30 June 2004. The assumed liabilities are the subject of debt remission (refer to note 3.14.).

On 30 May 2007, having complied with all the requirements arising from Act No. 458/2000 Coll., the Energy Act, as amended, Správa železnic was granted a licence for electricity distribution by the Energy Regulatory Office in Jihlava. Správa železnic began conducting this activity on 1 July 2007. On 3 December 2007, Správa železnic also received

a licence for electricity trading. This activity started on 1 January 2008. Pursuant to the amendment to the Transformation Act, on 1 July 2008, Správa železnic assumed, through the purchase of a part of a business, the role of the operator of the national railway infrastructure and regional railway infrastructure owned by the state, including certain activities related to the operation of the railway infrastructure.

Based on a resolution of the Government of the Czech Republic, as at 1 September 2011 activities concerning traffic control at stations and on railway lines were purchased by Správa železnic from ČD. In connection with this purchase, Správa železnic also took over 9 336 employees. These activities, whose cost was invoiced to Správa železnic prior to the above date, are now performed by Správa železnic's employees.

Based on a resolution of the Government of the Czech Republic and a contract on the purchase of a part of a facility, a part of a facility, designated as “Railway Stations”, was transferred from ČD to Správa železnic on 1 July 2016. Since this date, Správa železnic has been ensuring the railway stations' maintenance and modernisation and has been leasing vacant premises for commercial use and any residential units to individuals for housing purposes.

### 1.3 Správa železnic's organisational structure and bodies

Správa železnic is a standalone state organisation and does not hold equity investments in any other entity. Správa železnic's bodies include the Management Board and the Director General.

The Director General acts and signs in full on behalf of Správa železnic independently. In the absence of the

Director General, a Deputy Director General acts and signs in full on behalf of Správa železnic, in the order specified in the Commercial Register.

The Director General, Mr Jiří Svoboda is the Správa železnic's statutory representative, managing its activities and acting on its behalf. The statutory Deputy Director General, Mr Mojmír Nejezchleb, authorised to act in the absence of the Director General, is recorded in the Commercial Register.

#### The members of the Správa železnic's management as at 31 December 2019 were:

Name	Position	Date
Jiří Svoboda	Director General	Since 23 March 2018
Aleš Krejčí	Deputy Director General for Economics	Since 1 June 2012
Mojmír Nejezchleb	Deputy Director General for Infrastructure Modernisation	Since 1 July 2013
Marcela Pernicová	Deputy Director General for Rail Operability	Since 1 May 2018
Miroslav Jasenčák	Deputy Director General for Traffic Management	Since 1 November 2018

#### The members of the Supervisory Board as at 31 December 2019 were:

Name	Position	Date
Pavel Hruběš	Chairperson	Since 1 November 2018
Martin Kolovratník	Vice-chairperson	Since 1 December 2018
Tomáš Čoček	Member	Since 17 March 2015
Ladislav Němec	Member	Since 1 January 2018
Jaroslav Foldyna	Member	Since 25 March 2014
Ivo Drahotský	Member	Since 1 November 2018
Vít Janoš	Member	Since 1 November 2018

#### The members of the Audit Committee as at 31 December 2019 were:

Name	Position	Date
Eva Janoušková	Chairperson	Since 1 January 2016
Tomáš Čoček	Member	Since 1 February 2018
Pavel Hruběš	Member	Since 1 December 2018
Lenka Hlubučková	Member	Since 1 December 2018

#### The members of the Strategy and Development Committee as at 31 December 2019 were:

Name	Position	Date
Ladislav Němec	Chairperson	Since 1 February 2018
Tomáš Čoček	Member	Since 1 December 2018
Martin Kolovratník	Member	Since 1 December 2018
Ivo Drahotský	Member	Since 1 December 2018
Vít Janoš	Member	Since 1 December 2018

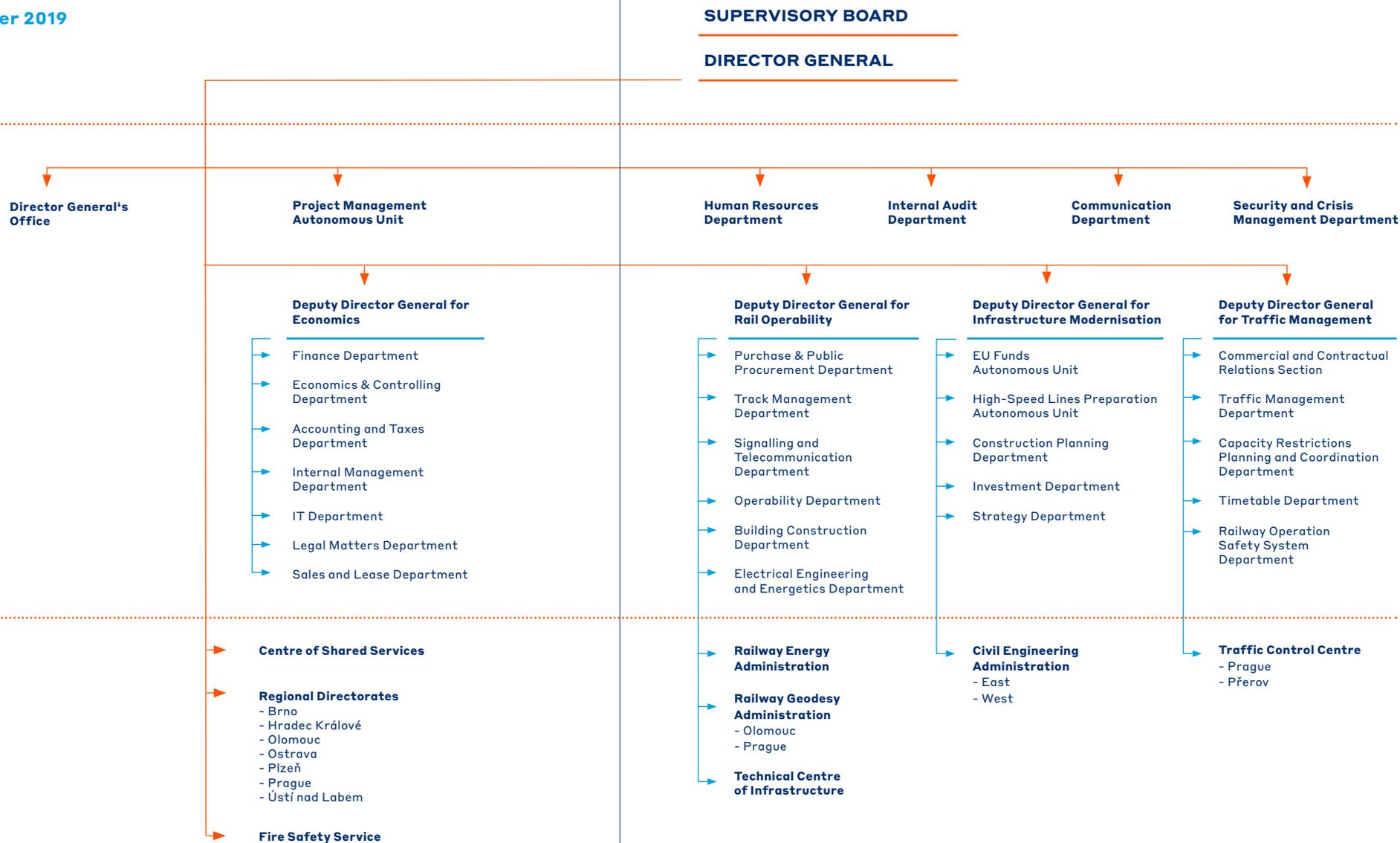
**1.4 Správa železnic's organisational structure as at 31 December 2019**

Správa železnic's organisational structure as at 31 December 2019:

Company's bodies

Headquarters

Organisational units



## 2. Accounting policies and general accounting principles

Správa železnic's accounts are maintained, and the financial statements have been prepared, in accordance with Act No. 563/1991 Coll., on Accounting, as amended; Decree No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, for business entities using double-entry bookkeeping, as amended; and Czech Accounting Standards for Business Entities, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost basis except for certain areas (refer to note 3.1), the accruals principle, the principle of prudence, and the going concern assumption.

Pursuant to Decree No. 312/2014 Coll., on requirements for preparing the financial statements on behalf of the Czech Republic (the state consolidation decree), Správa železnic has been obligated since 2016 to submit a complementary consolidated statements overview as at 31 December 2018 by 31 July 2019 at the latest. An overview as at 31 December 2019 will be submitted by 31 July 2020 at the latest. In terms of consolidation, it is necessary to identify and eliminate mutual relations with entities specified in the list of entities consolidated by the state and other entities.

## 3. Significant accounting policies and procedures

### 3.1 Tangible and intangible fixed assets

Správa železnic administers state assets pursuant to the Transformation Act.

At Správa železnic, fixed assets include assets with an estimated useful life greater than one year and acquisition cost greater than TCZK 40 for plant and equipment and for intangible fixed assets.

Purchased fixed assets are stated at cost, which includes interest on loans provided to fund the acquisition of the assets until they are available for use where assets are financed through loans plus other expenses attributable to their acquisition.

Land acquired until 1992 is measured at the arm's length price prevailing at the date of acquisition, in accordance with a decree of the Ministry of Finance. Land acquired after 1992 is measured at cost.

Tangible and intangible assets produced internally are stated at internal cost, which includes direct costs and an allocation of manufacturing and/or administrative overheads.

Plant and equipment and intangible assets costing up to TCZK 40 are ex-

pensed at the date of acquisition and further maintained in off-balance sheet records, except for vehicles marked with a registration sign and, based on individual assessment, significant assets for which Správa železnic is not the first user and which have a significant original acquisition cost (e.g. assets acquired through the purchase of a part of a business). Easements established over third-party property are recorded as other tangible fixed assets, irrespective of their cost.

Technical improvements totalling more than TCZK 40 in respect of an asset for the period increases the cost of that fixed asset.

Assets identified during a fixed asset count that have not been previously included in the accounting records as well as received gifts are measured at replacement cost. When the competence for state assets management is changed free of charge, the valuation of assets follows the valuation in the accounts of the accounting entity which is transferring the competence.

Low value tangible assets (including IT equipment) are maintained in off-balance sheet records, at the cost at which they were released for consumption.

Accounting depreciation expense is calculated based on the acquisition cost and the estimated useful lives of the relevant assets. During the fixed asset use,

the depreciation plan is updated based on the estimated useful lives and the expected residual value of the asset.

The estimated useful lives were set as follows:

	Number of years (from-to)
Software	3
Constructions	10 - 50
Machinery and equipment	4 - 20
Motor vehicles	8 - 25

The useful lives of the fixed assets forming the railway infrastructure are dependent upon the availability of funding for their renovation, modernisation and performance improvement. The Organisation's management expects the amount of subsidies for the renovation, modernisation and performance improvement of fixed assets promised for the subsequent accounting period is in line with the assumptions used in determining the useful lives.

At the reporting date, adjustments to fixed assets are established based on an individual assessment of the actual condition and future usability of individual items or groups of assets as part of the stocktaking process. Adjustments are established at an amount equal to the difference between the carrying amount and estimated selling price of an unused asset, provided that the estimated

selling price is lower than the current carrying amount.

Considering the Organisation's principal activities and the method of their funding by means of subsidies, the Organisation does not create adjustments for fixed assets based on an assessment of the economic benefits of fixed assets using the discounted cash flow method. The cost of assets acquired after 1 January 2002 using grants is reduced by the amount of the respective grant. Assets funded by grants are recorded in sub-ledger accounts.

Assets acquired through the purchase of a part of a business as at 1 July 2008 and 1 September 2011 and a part of a facility as at 1 July 2016, were valued by a court-appointed expert and included as part of Správa železnic's assets at the carrying amounts recognised by the selling organisation at the date of acquisition of the part of the business (establishment).

The difference between the aggregate carrying amount and purchase price of the assets represents an adjustment to acquired fixed assets, which is depreciated to expenses on a straight-line basis over 15 years (180 months), in accordance with Decree 500/2002 Coll., as amended.

### 3.2 Inventory

The bulk of Správa železnic's inventories consists of inventory related to the railway

superstructure, stored primarily in superstructure material centres, including both new superstructure and the superstructure salvaged from investment activities or maintenance. Other inventories include prefabricated components, uniforms, personal protective equipment, solid fuels, fuels, electrical materials, safety installations, and other operating materials.

Purchased inventories are measured at cost, which includes the purchase price and other expenses associated with the acquisition.

Materials salvaged upon the liquidation of fixed assets or repairs are measured at replacement cost.

Adjustments to inventories are established based on suggestions of individual inventory count committees, which determine the amount of unused, damaged or impaired inventories during inventory-taking. Adjustments are established either at an amount equal to the carrying amount of inventories designated for liquidation or, for inventories for sale, at an amount equal to the difference between the carrying amount and net realisable value, provided that the net realisable value is lower than the current carrying amount. In the income statement, the establishment and release of adjustments is presented in "Adjustments to inventories".

Acquisitions and dispatches of inventories are accounted for using method A.

### 3.3 Receivables

Upon origination, receivables are stated at their nominal value. Receivables acquired through assignment are carried at cost.

Receivables due within one year of the reporting date are presented as short-term. Other receivables are presented as long-term.

At the reporting date, the Organisation established tax-deductible adjustments to receivables in accordance with Act No. 593/1992 Coll., on Reserves for Determining the Income Tax Base, as amended. Accounting adjustments were recognised in respect of receivables based on an analysis of the credit status of customers and the ageing structure of receivables. In the income statement, the establishment and release of adjustments is presented in "Adjustments to receivables".

### 3.4 Equity

The registered capital balance as at 1 January 2003 was equal to the carrying amount of assets net of liabilities assumed as at the date on which Správa železnic was registered, as discussed in note 7.1.

On 1 July 2004, the assets specified in the Appendix to the Transformation Act, which were transferred from the Ministry of Transport of the Czech Republic to

Správa železnic, were recorded in the registered capital account. In addition, subsidies granted by the Czech Ministry of Transport for the purchased part of a business and the part of a business establishment from ČD were also recorded in the registered capital account.

Changes in registered capital are recorded in respect of transfers of land to the Land Fund of the Czech Republic, free-of-charge transfers of assets, privatisation (refer to note 3.15), corrections of accounting errors in the register of land by matching them with the Real Estate Cadastre, or in respect of additional refinements made to the scope and value of assets and liabilities taken over by Správa železnic as at 1 January 2003.

Správa železnic contributes to the reserve fund when potential profit is generated.

Správa železnic contributes to the cultural and social needs fund in accordance with Decree No. 310/1995 Coll., on the Cultural and Social Needs Fund, as amended, by complying with Section 16 of Decree No. 114/2002 Coll., on the Cultural and Social Needs Fund. Since the reserve fund had been fully utilised, from 2018, Správa železnic makes additions to the cultural and social needs fund from other capital contributions. The fund is utilised in compliance with Správa železnic's approved policies and the respective collective agreement.

### 3.5 Provisions

Správa železnic establishes provisions for: litigations; compensation for work injuries and occupational diseases (also for former employees of ČD, s. o.); extra pension payments to former employees of ČD, s. o.; severance pay associated with a loss of employees' work capability; severance pay provided to employees on legal grounds; unpaid payroll expenses and other personnel expenses; damages; and potential penalties, contributions and sanctions for budget discipline violations.

A litigation provision is established based on a professional estimate of losses arising from legal disputes, and a detailed analysis of the status of individual disputes.

A provision for payments relating to compensation for work injuries and occupational diseases and for extra pension payments to former employees of ČD, s. o., is established at the present value of estimated future payments arising from claims originating as at the reporting date, based on a statistical analysis of available historical information. The provision has been reviewed as at the reporting date. A similar method is applied in establishing a provision for severance pay associated with a loss of employees' work capability, including statutory deductions.

A provision for payroll expenses and other personnel expenses comprises unpaid

salaries estimated to be paid to the management primarily based on an assessment using key performance indicators, including statutory deductions. A provision for statutory severance pay comprises the volume of expected other personnel expenses paid in connection with the implementation of expected organisational changes that are associated with changes in the organisational structure.

A provision for damages is established based on a legal opinion on recognised damages.

A provision for potential penalties is established where a payment assessment or a similar decision has been issued but all procedures enabling the elimination of the obligation to pay the penalty have not concluded. The provision equals the amount of payment assessments issued, or the amount stipulated by applicable legislation, taking into account the outcome of the aforementioned procedures.

### 3.6 Liabilities

Upon origination, liabilities are stated at their nominal value.

Liabilities due within one year of the reporting date are presented as short-term. Other liabilities are presented as long-term.

### 3.7 Loans and long-term liabilities

Loans and long-term liabilities are stated at their nominal value.

Any part of long-term loans and liabilities that is due within one year of the reporting date is included in short-term loans and liabilities, except as disclosed in note 4.13.2.

Borrowing costs that are attributable to the acquisition and construction of fixed assets and incurred until these assets are available for use are capitalised as part of the cost of the assets.

### 3.8 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the Czech National Bank ("CNB") official rate at the first working day of the month. Where a foreign currency is purchased or sold in exchange for Czech currency, the exchange rate of the bank executing the transaction is applied. When accounting for foreign travel expenses, the Czech National Bank official rate at the date on which the advance was provided to the respective employee is applied. Where employees on business trips use company payment cards, related travel expenses are accounted for using the CNB rate of exchange for the date the business trip commences.

At the reporting date, receivables and liabilities and the final balances of financial assets denominated in foreign currencies are converted to Czech crowns at the Czech National Bank official rate at that date.

Any foreign exchange gains or losses are credited to other financial revenues or debited to other financial expenses, as appropriate.

Správa železnic does not use any financial instruments to hedge against currency risk.

### 3.9 Income tax

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods. Taxable income differs from the profit recognised in the income statement as it does not include revenues or expenses that are taxable or deductible in other periods. In addition, it does not include items that are non-taxable or non-tax deductible.

Deferred tax is calculated using the liability method based on the balance sheet approach. The liability method involves applying the income tax rate expected to be valid in the future period in which the tax asset/liability is utilised. Under the balance sheet approach, the liability method is based on temporary differences between the tax base of assets/liabilities and the carrying amount of assets/liabilities recognised in the balance sheet. The tax base of assets/liabilities is the amount that can be utilised for tax purposes in the future.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods. Deferred tax is recognised in the income statement, except when it relates to items recorded directly in equity, in which case it is also included in equity. Deferred tax assets and liabilities are offset and presented in the balance sheet on an aggregate net basis.

### 3.10 Grants

Správa železnic receives grants in accordance with applicable Czech legislation.

Správa železnic does not account for an entitlement to a grant as a receivable from the grant provider. An undisputable entitlement to a grant only arises upon utilising the funds granted and billing them to the provider. Until utilised and billed, the funds belong to the provider.

Non-investment grants primarily comprise grants from the State Fund for Transport Infrastructure (“SFTI”) and from the state budget of the Czech Republic. These grants are intended to cover expenses related to ensuring the operability and operation of the railway infrastructure and the maintenance of passenger railway stations. Non-investment grants are credited to other operating revenues, observing the matching and accrual principle of expenses, for the payment of which they have been provided.

Investment grants comprise grants intended to cover expenditure related to

restoring and modernising the railway infrastructure and train stations. These grants include funds relating to individual infrastructure modernisation projects approved by the Government, as well as funds relating to the development phase of specific projects. These funds are provided by SFTI, European Union and the state budget. Investment grants are accounted for as a reduction in the cost of the respective fixed asset(s). Správa železnic records assets under construction until the moment the investment grant is received. After the grant has been received and payments to suppliers made, the cost of the fixed asset under construction is reduced by the grant and the asset is further recorded off balance sheet.

### 3.11 Revenues

Revenues are recognised on an accrual basis i.e. in the period to which they relate in terms of substance and timing.

In addition to non-investment grants, the bulk of Správa železnic's revenues is composed of proceeds arising from the use of the railway infrastructure. Other significant revenue items relate to electricity distribution and trading activities, in which Správa železnic has been engaged since 1 January 2008, based on a licence granted to Správa železnic by the Energy Regulatory Office and to rental from leased non-residential premises in railway stations.

### 3.12 Use of estimates

The presentation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. The management of Správa železnic believes that the estimates and assumptions used will not significantly differ from actual results in the following accounting periods.

### 3.13 Change in accounting policies

No changes were made to accounting policies in 2019.

### 3.14 Debt remission

As at the date of its incorporation, Správa železnic assumed long-term liabilities arising from guaranteed loan agreements related to the financing of rail corridors and other programmes guaranteed by the state in accordance with the Transformation Act; these are presented in long-term liabilities – liabilities to credit institutions. The debt service in respect of all loan agreements is provided by the Ministry of Finance of the Czech Republic.

All payments of principal and interest made by the Ministry of Finance of the Czech Republic are recognised as long-term liabilities to the state budget

in Správa železnic's accounts and are presented in long-term liabilities – other payables.

Revenue from the use of the railway infrastructure is insufficient to cover expenses related to operating, maintaining and developing the railway infrastructure. Consequently, Správa železnic does not generate disposable funds that could be used to settle its liabilities to the state budget. As a result, on 30 November 2005 the Government adopted Resolution No. 1553, defining a strategy for forgiving Správa železnic's liabilities until they are fully settled. The resolution states that “subject to compliance with the outlined strategy for dealing with Správa železnic's liabilities, this entity is considered to be clear of debts”.

The actual remission of debt occurs, and is accounted for, on the basis of the “Debt Remission Agreement”, in accordance with the above-mentioned Resolution No. 1553 dated 30 November 2005.

The amount to be forgiven in the relevant period is submitted for approval to the Czech Government annually by each 30 September.

The amount of liabilities forgiven is recorded under other operating revenues of the current period.

### 3.15 Privatisation

In accordance with the Transformation Act, as at 1 July 2004, Správa železnic took over from the Ministry of Transport of the Czech Republic assets intended for the settlement of liabilities assumed from ČD, s. o.

The assets that are the subject of privatisation projects are carried at historical cost net of accumulated depreciation ("net book value"). Following the approval of the privatisation projects, the assets are transferred to the Ministry of Finance of the Czech Republic at the net book value prevailing at the disposal date. In accordance with Czech Accounting Standard No. 22, the disposal of assets is recognised as a reduction in fixed assets with a charge against Správa železnic's equity.

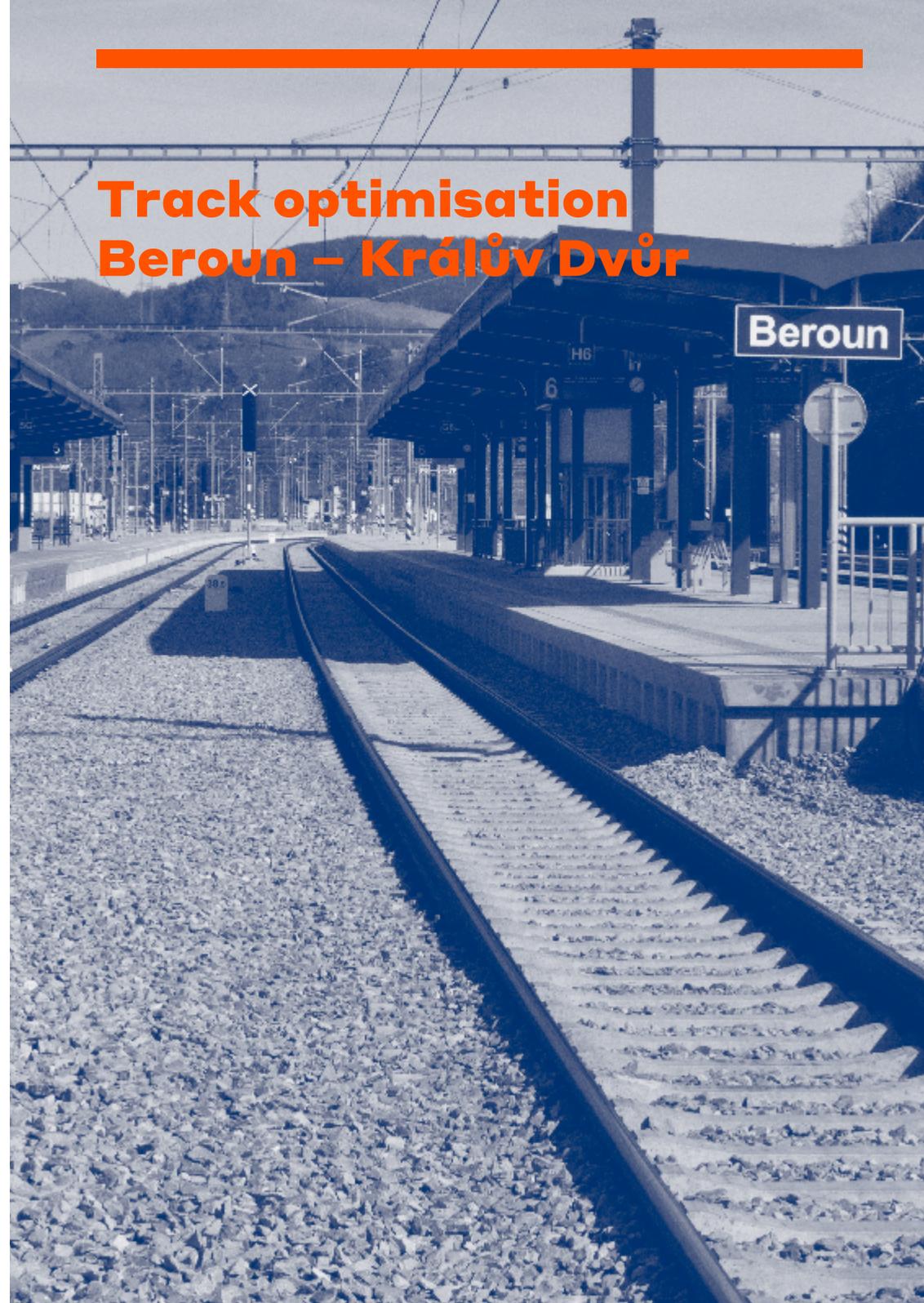
In 2019, the Ministry of Finance of the Czech Republic privatised Správa železnic's assets by selling them to third parties. Based on the respective contracts, proceeds from the privatisation are subsequently transferred from the Ministry of Finance to Správa železnic. When received, they are recognised as other operating revenues. For details, see note 7.4.

### 3.16 Sale of assets

In accordance with Section 20 (4) of the Transformation Act, the sale of assets constituting the railway infrastructure is subject to approval by the Czech Government. The sale of assets listed in the Appendix to the Transformation Act must be approved by the Supervisory Board of Správa železnic.

### 3.17 Leased assets

Správa železnic leases assets constituting the railway infrastructure, assets intended for the settlement of liabilities assumed from ČD, s. o., as well as commercial and residential premises in the railway stations.



## 4. Additional information on the balance sheet and income statement

### 4.1 Intangible fixed assets

	Other intangible fixed assets	Intangible fixed assets under construction	Advances paid	Software	Other Intellectual property and rights	Total
<b>Acquisition cost</b>						
Balance at 1 January 2019	4 686	54 318	152	975 081	0	<b>1 034 237</b>
Additions	0	13 882	0	110 830	290	<b>125 002</b>
Disposals	0	0	0	0	0	<b>0</b>
Transfers to off balance sheet	0	-9 488	0	0	0	<b>-9 488</b>
Transfers	0	-2 545	0	945	1 600	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>4 686</b>	<b>56 167</b>	<b>152</b>	<b>1 086 856</b>	<b>1 890</b>	<b>1 149 751</b>
<b>Accumulated amortisation</b>						
Balance at 1 January 2019	4 658	0	0	819 381	0	<b>824 039</b>
Amortisation expense	28	0	0	106 613	131	<b>106 772</b>
Disposals	0	0	0	0	0	<b>0</b>
Transfers	0	0	0	0	0	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>4 686</b>	<b>0</b>	<b>0</b>	<b>925 994</b>	<b>131</b>	<b>930 811</b>
<b>Net book value 1 January 2019</b>	<b>28</b>	<b>54 318</b>	<b>152</b>	<b>155 700</b>	<b>0</b>	<b>210 198</b>
<b>Net book value 31 December 2019 (balance sheet, line B.I.)</b>	<b>0</b>	<b>56 167</b>	<b>152</b>	<b>160 862</b>	<b>1 759</b>	<b>218 940</b>

Additions to software primarily include the acquisition of technical software applications and central systems.

## 4.2 Tangible fixed assets

### 4.2.1 Continuity schedule in tangible fixed assets

	Land	Constructions	Machinery and equipment	Motor vehicles	Adjustments to acquired fixed assets	Tangible fixed assets under constr.	Other tangible fixed assets	Advances paid	Total
<b>Acquisition cost</b>									
Balance at 1 January 2019	6 805 100	136 899 342	18 667 421	1 444 540	8 443 268	2 736 613	3 816	417 470	<b>175 417 570</b>
Additions	5 425	87 514	31 388	126 201	0	19 977 771	392	1 219 349	<b>21 448 040</b>
Disposals	-9 529	-933 962	-258 798	-83 244	0	-2 542	0	-1 339 175	<b>-2 627 250</b>
Transfers to off balance sheet	0	0	0	0	0	-19 421 740	0	0	<b>-19 421 740</b>
Transfers	0	302 430	94 590	105 615	0	-502 646	11	0	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>6 800 996</b>	<b>136 355 324</b>	<b>18 534 601</b>	<b>1 593 112</b>	<b>8 443 268</b>	<b>2 787 456</b>	<b>4 219</b>	<b>297 644</b>	<b>174 816 620</b>
<b>Accumulated depreciation</b>									
									<b>0</b>
Balance at 01 January 2019	0	92 596 409	15 738 579	730 969	5 781 757	0	895	0	<b>114 848 609</b>
Depreciation expense <sup>(1)</sup>	0	2 724 490	568 551	116 360	562 885	0	363	0	<b>3 972 649</b>
Other additions	0	33 957	272	821	0	0	0	0	<b>35 050</b>
Disposals	0	-822 793	-253 555	-74 669	0	0	0	0	<b>-1 151 017</b>
Transfers	0	-684	2 567	-1 883	0	0	0	0	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>0</b>	<b>94 531 379</b>	<b>16 056 414</b>	<b>771 598</b>	<b>6 344 642</b>	<b>0</b>	<b>1 258</b>	<b>0</b>	<b>117 705 291</b>
<b>Adjustments</b>									
									<b>0</b>
Balance at 01 January 2019	23 449	105 699	0	0	0	62 508	0	0	<b>191 656</b>
Change in adjustments	-284	35 839	33	0	0	-485	0	0	<b>35 103</b>
<b>Balance at 31 December 2019</b>	<b>23 165</b>	<b>141 538</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>62 023</b>	<b>0</b>	<b>0</b>	<b>226 759</b>
<b>Net book value 1 January 2019</b>	<b>6 781 651</b>	<b>44 197 234</b>	<b>2 928 842</b>	<b>713 571</b>	<b>2 661 511</b>	<b>2 674 105</b>	<b>2 921</b>	<b>417 470</b>	<b>60 377 305</b>
<b>Net book value 31 December 2019 (balance sheet, line B.II.)</b>	<b>6 777 831</b>	<b>41 682 407</b>	<b>2 478 154</b>	<b>821 514</b>	<b>2 098 626</b>	<b>2 725 433</b>	<b>2 961</b>	<b>297 644</b>	<b>56 884 570</b>

<sup>(1)</sup> Depreciation expense includes depreciation in accounts 551/4, 553/1000 and 557/1000 in accordance with the income statement.

Major additions to tangible fixed assets put into use in 2019 include the renewal of a car fleet of TCZK 110 805.

Major disposals of tangible fixed assets in 2019 include the liquidation of assets as a result of new constructions with an acquisition cost of TCZK 1 035 248 and net book value of TCZK 96 955.

As at 31 December 2019 the Organisation records tangible fixed assets under construction with an acquisition cost of TCZK 2 787 456. The balance of tangible assets under construction mainly represents the construction of railway corridors (as described in note 6.4), and the construction works to modernise and renovate the railway infrastructure incomplete as at 31 December 2019. For example, this concerns the reconstruction of Přešov railway station, electrification of Uničov – Olomouc line, optimisation of the Praha-Hostivař – Prague main station (II part: Hostivice – Prague main station), modernisation of the Rokycany – Plzeň line, optimisation of the Zbiroh – Rokycany line, modernisation of the Sdoměřice – Votice line, redevelopment of the Negrelli Viaduct, optimisation of the Český Těšín – Dětmorovice line.

Additions to tangible assets under construction predominantly include the acquisition cost of railway corridors and construction works to modernise and renovate the railway infrastructure

in 2019 where the grant used to finance the constructions has not been accounted for before 31 December 2019. Transfers to off-balance sheet are made once the investment grant that decreases the asset's acquisition cost is recorded. In 2019, subsidised tangible and intangible assets totalling TCZK 19 431 228 (2018 – TCZK 17 838 403) were included in the off-balance sheet records.

Based on the Methodological Instruction for Recipients of the Subsidy from the Operational Programme Transport II (2014 – 2020), Správa železnic, as the recipient of subsidies, was allowed to use, in respect of payment requests, invoices for advance payment, the amount of which corresponds with the expected invoicing for the payment of expenses that will arise at the beginning of 2020. Advances created this way which were utilised in 2019 for the acquisition of investments connected primarily with construction parts related to the modernisation and reconstruction of railway infrastructure are reported in advances for the acquisition of tangible fixed assets and total TCZK 297 644 as at 31 December 2019 (2018 – TCZK 417 470). The advances will be accounted for in 2020.

#### 4.2.2 Investment grants

Investment grants received in 2018 and 2019 were as follows:

	1 January – 31 December 2018	1 January – 31 December 2019
SFTI for construction and modernisation, state share, PT, EIB, CEF	19 000 418	19 579 833
<b>Total investment grants from SFTI</b>	<b>19 000 418</b>	<b>19 579 833</b>
EU funds	3 350	9 488
Contributions from cities, municipalities, regions and other entities	8 459	13 882
<b>Total investment grants</b>	<b>19 012 227</b>	<b>19 603 203</b>

Investment grants for construction and modernisation primarily include funds from the Operational Programme Transport (“OPTII”), the CEF infrastructure fund and grants from SFTI. SFTI ensures the payment of European subsidies and at the same time, it partly participates in co-financing. In 2019, funds of TCZK 11 637 475 were drawn from SFTI from national sources, including sources to cover national shares of European investment projects. In 2019, funds amounting to TCZK 5 237 441 were provided from OPT II and TCZK 2 704 917 from CEF.

The EU funds in 2019 comprise a subsidy from the Integrated Regional Operational Programme (IROP) of TCZK 9 488.

#### 4.2.3 Assets not recorded in the balance sheet

The amount of fixed assets financed from grants and other sources recorded off-balance sheet is TCZK 263 331 088 as at 31 December 2019.

As at 31 December 2018, the acquisition cost was TCZK 244 116 139.

The aggregate amount of low-value tangible assets not reported in the balance sheet is TCZK 1 104 208 and TCZK 1 062 993 as at 31 December 2019 and 31 December 2018, respectively. These balances comprise assets costing less than TCZK 40 that are kept at historical cost off balance sheet. In accordance with the effective legislation, these balances are charged to expenses when transferred to consumption.

#### 4.2.4 Continuity schedule in assets financed from grants and reported in the sub-ledger accounts

	Software	Other intangible assets	Intangible assets under construction	Land	Constructions	Machinery, equipment and other tangible assets	Motor vehicles	Tangible assets under construction	Total
<b>Acquisition cost</b>									
Balance at 1 January 2019	94 923	2 686	1 633	1 129 339	137 857 868	43 100 997	1 222 231	60 706 462	<b>244 116 139</b>
Additions (Transfers from the balance sheet)	9 488	0	0	23 378	72 579	254 037	28 696	19 043 050	<b>19 431 228</b>
Disposals	0	0	0	-844	-88 110	-105 864	0	-21 461	<b>-216 279</b>
Transfers (including assets putting into use)	6 766	-45	-74	10 429	9 591 870	5 997 048	57 610	-15 663 604	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>111 177</b>	<b>2 641</b>	<b>1 559</b>	<b>1 162 302</b>	<b>147 434 207</b>	<b>49 246 218</b>	<b>1 308 537</b>	<b>64 064 447</b>	<b>263 331 088</b>

Tangible assets under construction primarily include constructions related to the modernisation and renovation of the railway infrastructure for which occupancy permits have not been issued as at the reporting date and therefore were not put into use for the accounting purposes.

Major additions to tangible fixed assets under construction in 2019 include the reconstruction of safety equipment in Brno main station, modernisation of the Sudoměřice – Votice line, optimisation of the Praha-Hostivař – Prague main station (II part: Hostivice – Prague main station), modernisation and electrification of Hrušovany u Brna – Židlochovice line, Rokycany – Plzeň lines, the optimisation of the Český Těšín – Dětmarovice line, and the redevelopment of the Negrelli Viaduct.

In 2019, the major disposal of tangible assets under construction in the off-balance sheet represents the liquidation of constructions due to new construction works.

#### 4.2.5 Pledged assets

Správa železnic held no pledged assets as at 31 December 2019 and 31 December 2018.

#### 4.2.6 Assets held under finance and operating leases

As at 31 December 2019, Správa železnic reports fixed assets acquired on a leaseback basis in the aggregate acquisition cost of TCZK 376 530 (2018 – TCZK 376 530). Leaseback arrangements are used for leasing low-value rolling stock (a motor all-purpose trolley, a car for catenary maintenance) used to repair and maintain the railway infrastructure.

#### 4.2.7 Assets acquired free of charge

In 2019, Správa železnic acquired free of charge tangible fixed assets at the replacement cost of TCZK 9 953 (2018 – TCZK 24 032) and in form of delimitations of TCZK 5 632 (2018 – TCZK 10 320). Správa železnic did not acquire any fixed assets by donation in 2019 (2018 – TCZK 20). In total, Správa železnic acquired free of charge assets of TCZK 15 585 in 2019 (2018 – TCZK 34 372). Assets acquired free of charge and by donation include assets recorded within tangible fixed assets and low-value tangible assets based on a contract, usually a contract on free-of-charge transfer or a contract to make a donation. This concerns assets transferred to Správa železnic related to induced investments of entities such as the Road and Motorway Directorate, the Office for

Government Representation in Property Affairs (ÚZSVM), or towns and municipalities where the assets are part of the railway infrastructure and are managed – pursuant to the law – by Správa železnic.

### 4.3 Inventory

	1 January – 31 December 2018	1 January – 31 December 2019
Material in stock	475 027	558 934
Material in transit	144	198
Work in progress	–	1 000
Goods in stock	2	2
Advances paid for inventory	7	–
Adjustment to inventory	-13 558	-12 434
<b>Total (balance sheet, line C.I.)</b>	<b>461 622</b>	<b>547 700</b>

The total balance of inventories was affected by the planned increase in the inventory of railway superstructure materials, primarily as a result of an increase in corridor materials and spare parts for switches received in stock. Adjustments of TCZK 12 434 mainly relate to non-moving inventories at the Regional Directorates in Olomouc and Hradec Králové and in superstructure material centres in Hranice na Moravě and Hradec Králové. Other regional directorates established adjustments for superstructure components and also for selected types of personal protective equipment to be used at work.

### 4.4 Long-term receivables – trade receivables

A decrease in long-term receivables results from the repayment of a receivable from ČD Cargo arising from

withdrawn but unpaid electricity and traffic closures in compliance with the reconciliation agreement and settlement agreement concluded in 2015. The remaining part of a long-term receivable arising from withdrawn but unpaid electricity will be settled in 2020 according to the instalment schedule; it was transferred to short-term receivables as at 31 December 2019 owing to the respective due date.

Table of 4.4

	Balance at 31 December 2018	Balance at 31 December 2019
Long-term receivables before due date	31 359	–
<b>Total (balance sheet, line C.II.1.1.)</b>	<b>31 359</b>	<b>–</b>

### 4.5 Short-term receivables

#### 4.5.1. Trade receivables

	Balance at 31 December 2018	Balance at 31 December 2019
Short-term receivables before due date	1 192 537	1 185 577
Short-term receivables past due date	393 614	397 840
<b>Total (balance sheet, line C.II.2.1.)</b>	<b>1 586 151</b>	<b>1 583 417</b>

As at 31 December 2019, an adjustment for doubtful receivables amounted to TCZK 342 722 (2018 – TCZK 328 978).

The majority of receivables before and past their due date include, similarly as in the past years, receivables from České dráhy, a. s., ČD Cargo, a. s., and PKP CARGO INTERNATIONAL, a. s., for using the railway infrastructure.

The total amount of receivables more than five years overdue as at the balance sheet date is TCZK 263 551; these receivables are fully provided for and relate to the commencement of court proceedings and to bankruptcy or insolvency proceedings.

#### 4.5.2 Short-term advances paid

Short-term advances paid total TCZK 209 103 (2018 – TCZK 106 228). The increase in advances was mainly influenced by advances for the purchase of traction electricity which Správa železnic has been providing to all carriers using the dependent electric trac-

tion since 1 January 2019. The balance was further influenced by advances paid to contractors for activities connected with repairs and maintenance of RI and advances paid for energy and services related to premises used by Správa železnic and leased premises.

### 4.6 Estimated receivables

In 2019, estimated receivables totalled TCZK 378 479 (2018 – TCZK 152 329).

The increase in estimated receivables was mainly influenced by recording the estimate of ancillary services in the form of traction electricity supplied to carriers of TCZK 265 075 (2018 – TCZK 3 010) which Správa železnic has been providing to all carriers using the dependent electric traction since 1 January 2019. In addition, estimated receivables are also recorded for the expected consumption of heat produced internally that will be invoiced to lessees in 2019 after determining actual consumption. Another portion relate to legal claims for expected insurance settlements from insurance companies

of TCZK 17 111 (2018 – TCZK 19 065) and damages claimed from the guilty persons of TCZK 25 436 (2018 – TCZK 38 041).

#### 4.7 Cash

Total cash as at 31 December 2019 amount to TCZK 3 789 930 (2018 – TCZK 2 599 578), of which the most significant item is the balance of bank accounts of TCZK 3 786 689 (2018 – TCZK 2 597 075). An increase in cash results primarily from a refund of the payment of CZK 1 307 633 424.86 from ČEZ Prodej, s. r. o., based on a court decision (see note 6.2.1).

#### 4.8 Prepaid expenses

Prepaid expenses largely include deferred operating expenses of Správa železnic related to the principal business activities of the following year (licences, lease payments, insurance, prepayments, highway stamps, etc.).

#### 4.9 Equity

In accordance with Czech Accounting Standard No. 22, the amount of registered capital was reduced by the net book value of privatised assets of TCZK 764 in 2019 (2018 - TCZK 3 324).

In 2019, the registered capital was influenced by delimitation: the net book value of assets assumed free-of-charge totalled TCZK 5 221 (2018 – TCZK 10 320). Based on the physical counts, assets with

a replacement cost of TCZK 55 (2018 – TCZK 602) was included in other capital contributions.

Other retained earnings from previous years were mainly affected by the amount of TCZK 13 593 (2018 – TCZK 149 755) paid to SFTI from proceeds from recovered material relating to non-investment projects completed in previous years.

The Company plans to transfer the loss incurred in the current period to retained earnings.

#### 4.10 Provisions

Information about the substance of individual provisions is presented in note 3.5.

A provision for legal disputes is established on the basis of the status of new or pending legal disputes and their current underlying court or out-of-court proceedings. The important part of the provision for legal disputes relates to the recognition of a provision for damages claimed by ČEZ Prodej, s. r. o., due to Správa železnic's failure to purchase the contracted amount of electricity in 2011 (refer to note 6.2.1). As at 31 December 2019, the provision was increased by the default interest for 2019.

The decrease in the provision for payments to a specialised tax office was caused by settlement of almost all

Table of 4.10

	Balance at 31 December 2018	Additions	Utilisation/ release	Balance at 31 December 2019
Provision for legal disputes with ČEZ Prodej	752 403	36 570	–	788 973
Provision for other legal disputes	36 075	50	963	35 162
Provision for compensation for job-related accidents and occupational illness	25 654	21 672	25 654	21 672
Provision for extra pension payments	11 538	8 904	11 538	8 904
Provision for unpaid payroll and other expenses	120 000	150 000	120 000	150 000
Provision for payments to a specialised tax office	1 296 753	–	1 282 493	14 260
<b>Total (balance sheet, line B.)</b>	<b>2 242 423</b>	<b>217 196</b>	<b>1 440 648</b>	<b>1 018 971</b>

penalties that had arisen and new penalties (payment assessments) were not assessed by the specialised tax office.

ceived from customers. Other significant items are retention payments, bid bonds, security deposits and sureties associated with construction works.

#### 4.11 Long-term liabilities

##### 4.11.1 Trade payables

Long-term trade payables primarily include cash deposits and sureties re-

Table of 4.11.1

Type of payables	Balance at 31 December 2018	Balance at 31 December 2019
Retention	8 423	10 710
Bid-bonds, security deposits, sureties	3 000	2 999
Cash deposits received from customers	49 516	52 543
<b>Total (balance sheet, line C.I.4.)</b>	<b>60 939</b>	<b>66 252</b>

#### 4.11.2 Deferred tax

Správa železnic has determined deferred tax as follows:

Item	31 December 2018	31 December 2019
Tangible and intangible fixed assets	-4 141 977	-4 175 927
Adjustments to fixed assets	31 959	38 683
Adjustments to inventory	2 576	2 362
Trade receivables	24 363	23 892
Provisions	179 677	190 895
Tax losses	796 814	468 768
<b>Total asset +, liability - (balance sheet, line C.I.8)</b>	<b>-3 106 588</b>	<b>-3 451 327</b>

Správa železnic reports tax losses of TCZK 2 467 202 (2018 – TCZK 4 193 760) for 2015 – 2019 (information for 2019 is based on a preliminary calculation of income tax).

In accordance with the accounting policy described note 3.9, a tax rate of 19% was used to calculate deferred tax (2018 – 19%).

#### 4.11.3 Other payables

Creditor	Balance at 31 December 2018	Balance at 31 December 2019
Czech Ministry of Finance - payment under the state guarantee for loan interest, after the remission	102 586	126 428
Czech Ministry of Finance - payment under the state guarantee for loan principal, after the remission	1 164 190	1 456 470
Other	3	3
<b>Total (balance sheet, line C.I.9.3.)</b>	<b>1 266 779</b>	<b>1 582 901</b>

Other payables concern payables to the state, i.e. the Czech Ministry of

Finance, arising from the repayment of loan principal and interest balances which the state has made on behalf of Správa železnic under the state guarantee (according to individual contracts and/or the Transformation Act). The balances of these payables do not accrue any interest.

In 2005, the Czech Government adopted Resolution No. 1553 on the remission of these payables (refer to note 3.14).

No remission against the state budget took place in 2018 and 2019.

#### 4.12 Short-term liabilities

##### 4.12.1 Short-term advances received

As at 31 December 2019, short-term advances received amount to TCZK 334 797 (2018 – TCZK 197 727). The increase in short-term advances received was influenced by prepayments for the purchase of electricity which Správa železnic has been providing to all carriers that use the dependent electric traction since 1 January 2019. The advances received further include advances for ancillary services relating to the lease of residential and non-residential premises, the provision of easements, where Správa železnic is the obligated party.

##### 4.12.2 Trade payables

	Balance at 31 December 2018	Balance at 31 December 2019
Payables before due date	2 559 936	2 278 666
Payables past due date	12 146	39 837
<b>Total (balance sheet, line C.II.4.)</b>	<b>2 572 082</b>	<b>2 318 503</b>

Payables before their due dates predominantly relate to Subterra, a. s., Metrostav a. s., STRABAG Rail a. s., Eurovia CS, a. s., ČD-Telematika a. s., and OHL ŽS, a. s., regarding their construction works.

Payables that are more than five years overdue as at the balance sheet date do not exist.

##### 4.12.3 Tax liabilities and subsidies

Type of payables	Balance at 31 December 2018	Balance at 31 December 2019
Undrawn investment subsidies from SFTI	889 455	450 244
Investment contributions of cities, municipalities, regions and other entities	–	2 999
Undrawn non-investment subsidy TEN-T/CEF	2 579	2 805
Other non-investment subsidies	156 776	–
Income tax withheld on behalf of employees	47 044	94 936
Other taxes	537	535
<b>Total (balance sheet, line C.II.8.5.)</b>	<b>1 096 391</b>	<b>551 519</b>

The balance of undrawn non-investment subsidies as at 31 December 2019 represents a liability from undrawn subsidies from SFTI. The main reasons for not drawing investment subsidies to the full limit amount for 2019 are primarily ex-ante advance payments that will be paid and accounted for in 2020.

The balance of non-investment subsidies represents a liability to SFTI that was financially settled in 2020.

Správa železnic maintains no tax arrears with respect to the relevant tax authorities.

#### 4.12.4 Estimated payables

As at 31 December 2019, estimated payables total TCZK 498 842 (2018 – TCZK 307 007) and primarily include an estimate for fees refunded for using RI of TCZK 116 000 (2018 – TCZK 116 000) and uninvoiced supplies of electricity, heat, water and gas of TCZK 328 448 (2018 – TCZK 152 003). The increase was primarily influenced by uninvoiced supplies of traction electricity which Správa železnic has been supplying to all carriers using the dependent electric traction since 1 January 2019.

### 4.13 Bank loans and overdrafts

#### 4.13.1 Long-term liabilities to credit institutions

Správa železnic's debt portfolio principally includes a payable arising from a loan agreement previously held by ČD, s. o.,. The loan carries a state guarantee and was received primarily in connection with the financing of the construction and renovation of railway corridors pursuant to Government Resolutions No. 798/1999 and No. 1201/2000. This loan is subject to debt remission (refer to note 3.14).

Table of 4.13.1

Bank	Loan maturities	Currency	Balance at 31 December 2017	Drawing in 1-12/2018	Repayments 1-12/2018	FX differences	Balance at 31 December 2018
EIB Lucemburk	15/12/2020	EUR	588 000	0	292 281	-5 319	290 400
<b>Total (balance sheet, line C.I.2.)</b>			<b>588 000</b>	<b>0</b>	<b>292 281</b>	<b>-5 319</b>	<b>290 400</b>

#### 4.13.2 Summary of maturities of loans guaranteed by the state

The repayments of long-term loans according to guarantees provided by the state under special legislation or guarantees resulting from the Transformation Act are made for Správa železnic by the state, or the Czech Ministry of Finance. When the repayment is made by the state, the relevant balance is reallocated to "Other long-term payables". In 2019, the Czech Ministry of Finance repaid principals amounting to TCZK 292 281 (2018 – TCZK 373 581).

Given that Správa železnic's loans are repaid by the state and are subsequently carried as long-term liabilities, the portion of loans maturing within one year is not classified as short-term in the financial statements

### 4.14 Accrued expenses

Accrued expenses total TCZK 244 914 (2018 – TCZK 173 699) and mainly include expenses for alternative bus transportation from ČD, a. s., amounting to TCZK 68 756 (2018 – TCZK 69 398) and tax documents received after

Table of 4.13.2

	Payable in 2020	Payable in subsequent years	Total
Long-term loans	290 400	–	290 400
<b>Total</b>	<b>290 400</b>	<b>–</b>	<b>290 400</b>

being able to claim the entitlement to VAT deduction of TCZK 176 158 (2018 – TCZK 41 553).

### 4.15 Revenue from own products and services

All income was generated in the Czech Republic.

Income from the use of railway infrastructure for the purpose of transporting passengers and freight is approximately at the same level as in 2018. Income generated from from

ČD Cargo a. s., decreased, which was compensated by an increase in income generated by other freight carriers.

The increase in the income from the sales of electricity complies with the Act on Railways, as amended, according to which since 1 January 2019 Správa železnic has been acting as the provider of ancillary services in the form of supplies of traction electricity actually consumed of TCZK 1 918 735 (2018 – TCZK 0) for the needs of all carriers using the dependent electric traction.

Table of 4.15

Item	2018	2019
Income from the use of the railway infrastructure by ČD - freight transport	5 713	4 723
Income from the use of the railway infrastructure by ČD - passenger transport	1 786 278	1 809 153
Income from the use of the railway infrastructure by ČD Cargo	973 968	883 024
Income from the use of the railway infrastructure by external carriers - freight	678 300	754 675
Income from the use of the railway infrastructure by external carriers - passenger	208 272	227 179
Income from allocated capacity	115 025	114 434
Rental income	571 983	590 849
Income from the sales of electricity	1 645 656	3 456 653
Income from third-party carriers for provided services (extraordinary shipments, etc.)	2 728	3 007
Income from other external services	492 803	473 111
<b>Total (income statement, line I.)</b>	<b>6 480 726</b>	<b>8 316 808</b>

#### 4.16 Consumption of material and energies

Item	2018	2019
Costs of material consumption	1 614 027	1 947 553
Of which OUA	735 499	1 068 816
Costs of energy consumption	439 077	519 500
Costs of water consumption	12 381	13 057
Costs of heat consumption	65 839	58 495
Costs of gas consumption	55 505	73 025
Costs of electricity purchase	1 251 934	3 218 157
Costs of fuel consumption	98 662	100 710
Other	16 005	16 054
<b>Total (income statement, line A.2)</b>	<b>3 553 430</b>	<b>5 946 551</b>

The increase in the costs of electricity purchase was caused by ensuring the traction electricity for carriers. In compliance with the Act on Railways, as amended, since 1 January 2019 SŽ has been acting as the provider of ancillary services in the form of supplies of traction electricity actually

consumed for the needs of all carriers using the dependent electric traction.

#### 4.17 Purchased services

Repair and maintenance activities ("OUA") represent projects that are

Table of 4.17

Item	2018	2019
Costs of construction repairs and maintenance excluding OUA	107 891	142 474
Costs of repairing apartments excluding OUA	33 628	37 651
Costs of services provided by the statutory auditor	2 227	1 965
Of which: - statutory audit of the financial statements	1 482	1 125
- other non-audit services	745	840
Costs of cooperation in allocating the capacity of the railway infrastructure	596	515
Repair and maintenance	9 298 114	10 778 340
Of which: - repair and construction maintenance	7 433 689	9 500 635
- other	1 864 425	1 277 705

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« continue from previous page

Other	1 688 067	2 072 213
Of which: - repair and maintenance	681 604	791 214
- lease, software under TCZK 60, platform cleaning, etc.	1 006 463	1 280 999
<b>Total (income statement, line A.3)</b>	<b>11 130 523</b>	<b>13 033 158</b>

contracted based on tender laws and form part of SŽ's Comprehensive Plan for Repairs and Maintenance. These services are recorded separately to enhance the transparency of the Organisation's records

and maintenance of passenger stations from 2019.

The increase in claims for compensation of shortages and damage relates to the received payment of principal of TCZK 1 115 954 following from a litigation with ČEZ Prodej, s. r. o (see Note 6.2.1). Together with the principal, ČEZ Prodej, s. r. o., also paid the interest of TCZ 191 679, primarily including default interest.

#### 4.18 Other operating revenues

Non-investment subsidies from SFTI for operability increased as a result of their consolidation with subsidies for repairs

Table of 4.18

Item	2018	2019
Subsidies from SFTI operability	15 215 710	19 414 884
Non-investment subsidies from SFTI – special purpose	16 472	30 358
Subsidies from SFTI for the selected non-investment projects	476 579	–
Subsidies for the selected projects co-financed from OPT	-25	–
Subsidies from SFTI for the operation of RI	6 316 847	4 252 625
Subsidies for repairs and maintenance of passenger stations	1 099 029	–
Other subsidies	15 158	10 051
Proceeds from recovered material	301 470	327 906
Received contractual penalties and default interest	68 139	239 772
Claims for compensation of shortages and damages	63 267	1 182 477
Other	74 362	92 140
<b>Total other operating revenues (income statement, line III.3.)</b>	<b>23 647 008</b>	<b>25 550 213</b>

#### 4.19 Other operating expenses

Item	2018	2019
Fines and penalties, default interest	1 256 398	737 846
Write-off of receivables	140 023	7 590
Write-off of failed investments	26	659
Retirement pension	5 556	4 877
Costs arising from the failure to employ the disabled	35 968	36 000
Insurance of assets and liability insurance	86 506	95 956
Membership contributions	12 982	9 267
Shortages and damage	367	422
Liability for damage to third party assets	-8 009	15 259
Expenses arising from the Network Statement	393 171	470 293
Other	151 511	52 854
<b>Total other operating expenses (income statement, line F.5.)</b>	<b>2 074 499</b>	<b>1 431 023</b>

In 2019, the balance of operating expenses was mainly influenced by a fine for a breach of the budgetary discipline of TCZK 734 558. The budgetary discipline was primarily breached when carrying out the following projects: the modernisation of the Prague – Libeň – Běchovice (1st and 2nd part) line segment and modernisation of the west part of the Prague main station, etc.

Part of receivables from ČD - Telematika, a. s., of TCZK 132 539 were written off as a result of an agreement to settle unjust enrichment when using land and equipment between SŽDC, ČD, a. s., and ČD - Telematika, a. s., Corrective tax documents amounting to TCZK 114 932 were issued in respect of the remaining

part of receivables. These were charged to other operating expenses. In connection with this agreement, adjustments to the receivables at issue of TCZK 262 011 were released.

In relation to the Act on Railways, as amended, a carrier can claim the expenses incurred in connection with ensuring replacement bus transportation service for suspended public passenger transportation from Správa železnic. The total amount paid to carriers for 2019 was TCZK 470 293 (2018 – TCZK 393 171). The increase in the compensated expenses was caused by an increase in investment activities which result in limitations of RI operation.

#### 4.20 Other financial revenues

Financial revenues principally include foreign exchange gains arising from foreign currency translation.

#### 4.21 Other financial expenses

Financial expenses predominantly include foreign exchange losses from the translation of foreign currency loans and bank charges.

## 5. Employees, executives and statutory bodies

### 5.1 Personnel expenses and number of employees

The following tables summarise the average recalculated number of Správa železnic's employees and executives and the related current personnel expenses for the years ended 31 December 2018 and 2019:

2018	Average headcount	Wages and salaries	Social security and health insurance	Other expenses	Total personnel expenses
Employees	17 301	7 487 297	2 523 713	482 271	10 493 281
Executives *)	6	32 731	5 260	56	38 047
Management Board and its committees	–	2 420	823	0	3 243
<b>Total</b>	<b>17 307</b>	<b>7 522 448</b>	<b>2 529 796</b>	<b>482 327</b>	<b>10 534 571</b>

\*) Personnel expenses for 2018 (including expenses in respect of former executives) that were utilised in 2018 from the provision established in 2017 for personnel expenses incurred this year amounted to TCZK 13 902.

2019	Average headcount	Wages and salaries	Social security and health insurance	Other expenses	Total personnel expenses
Employees	17 101	8 076 664	2 733 753	536 155	11 346 572
Executives *)	5	31 090	5 536	74	36 700
Management Board and its committees	–	2 923	991	–	3 914
<b>Total</b>	<b>17 106</b>	<b>8 110 677</b>	<b>2 740 280</b>	<b>536 229</b>	<b>11 387 186</b>

\*) Personnel expenses for 2019 (including expenses in respect of former executives) that were utilised in 2019 from the provision established in 2018 for personnel expenses incurred this year amounted to TCZK 12 995.

As at 1 January 2019, Správa železnic had 17 146 employees working in 172 professions across its 18 organisational units which operate in individual regions of the Czech Republic.

On 1 January 2019, Správa železnic's organisational structure significantly changed, involving the centralisation of accounting transactions into one organisational unit – Centre of Shared Services; the cancellation of a regional directorate's asset management department; the consolidation of activities performed by a regional directorate's asset management into the building construction management under the Rail Operability Section; and the consolidation of a regional directorate's business activities into the business activity management under the Economics Section. In addition, on 1 January 2019, the organisational structure of the Traffic Management Section changed, involving mainly the reduction of the number of regional directorates' traffic management segments. At the same time, the process of rationalisation and optimisation connected with putting investment constructions in operation continued, as a consequence of which the number of operational staff in traffic control decreased by 147 employees (i.e. by 1.9%).

In the second half of 2019, Správa železnic utilised services of an advisory firm to perform an analysis of the method in which processes have been

set within Správa železnic's existing organisational structure. Taking into account the analysis outcomes, at its November session, Správa železnic's Supervisory Board approved the gradual implementation of changes to the Správa železnic's organisational structure, setting 1 January and 1 April 2020 as deadlines (including a potential assumption of telecommunication infrastructure management activities), resulting in the optimum and effective setting of the Organisation's processes.

During 2019, severance pay was provided to 177 employees.

As at 31 December 2019, Správa železnic had 17 136 employees (31 December 2018 – 17 234), due to the above impacts, the number of employees decreased by 98 as compared with the balance as at 31 December 2018.

## 5.2 Provided loans, borrowings and other remuneration

In 2018 and 2019, members of the Správa železnic's management did not receive any borrowings, loans or any other bonuses in addition to their basic salaries and bonuses agreed in management contracts approved by the Management Board.

In 2019, bonuses totalling TCZK 2 923 were paid to members of the Správa železnic's Supervisory Board and committees (2018 – TCZK 2 420).

## 6. Contingent liabilities and other off balance sheet commitments

### 6.1 Off balance sheet commitments

#### 6.1.1 Environmental liabilities

Deliverables from the performed across-the-board environmental audit of the assets owned by the state with the right of management for Správa železnic (2008) and other available analyses indicate that the level of proven pollution is lower than originally anticipated (this also relates to the distribution of assets of ČD, s. o., in the past according to Act No. 77/2002 Coll.). As such, it will not be necessary to continue the intensive monitoring of these areas. However, this was only a partial sample of areas with potential legacy contamination. For this reason, it is not possible to calculate the total potential future liabilities arising from damage caused by prior activities (potential legacy environmental burdens including soil and water pollution, etc.).

It is impossible to determine the liabilities related to the prevention of potential future damage (predominantly due to accident leakage of harmful substances in extraordinary events). The actually incurred costs for the prevention of environmental damage (including potential environmental damage) are recognised as operating expenses

as part of the securing of the operability of the railway infrastructure. In case of confirming the originator of an environmental accident such costs are being re-invoiced.

Concurrently, within planned investment projects it will be necessary to continue with the gradual removal of the legacy noise burden in sections both within and outside the corridors.

With respect to the modernisation of the railway infrastructure, environmental protection is an integral part of the preparatory project documentation and environmental costs (e.g. the construction of sound barriers or other compensatory measures) are part of the acquisition cost of a new investment construction.

In 2019, total non-capital expenditures related to environment were approx. MCZK 508 (2018 – MCZK 497). Capital expenditures related to sound protection when modernising lines were MCZK 22 (2018 – MCZK 121).

Other capital expenditures that primarily relate to the planned maintenance of buildings owned by Správa železnic the nature of which helps protect environment (by reducing electricity consumption, for example) were calculated at MCZK 55 in 2019 (2018 – MCZK 145).

## 6.2 Legal disputes

### 6.2.1 ČEZ Prodej, s. r. o.

In 2008, Správa železnic entered into a contract for the supply of traction electricity for 2009 – 2011 with ČEZ Prodej, s. r. o. (“ČEZ”) pursuant to a tender. Given the changed legislative conditions, Správa železnic discontinued supplying traction electricity to carriers on 1 January 2010 and accordingly decreased the purchase from ČEZ. Even though Správa železnic believes that it proceeded in accordance with the concluded contract, ČEZ has filed an action to seek damages from Správa železnic equalling the difference between expected and realised complementary sales in 2010 and 2011. The issue is currently being dealt with through the courts. As concerns the damages equalling the difference between expected and realised complementary sales for 2010, on 19 March 2015 the High Court in Prague satisfied the action filed by ČEZ and Správa železnic was ordered to settle the damage claimed totalling TCZK 1 131 262. Based on an application for appellate review of the court decision filed by Správa železnic, the Supreme Court of the ČR revoked the lower-instance court’s judgements and referred the case back to the Municipal Court in Prague, which dismissed ČEZ’s action upon final judgement on 2 August 2018, confirmed by the decision of the High Court in Prague of 20 May 2019. In response, ČEZ filed an application for appellate review of this

judgement with the Supreme Court on 27 August 2019 as well as a constitutional petition with the Constitutional Court on 16 October 2019. As a result of the Supreme Court’s revocation of the judgements, Správa železnic’s legal title involving the payment of damages ceased to exist, resulting in ČEZ’s unjust enrichment. ČEZ refused to return this unjust enrichment to Správa železnic and, therefore, Správa železnic filed an action for the recovery of the unjust enrichment with the Prague 4 District Court on 17 October 2017. On 5 February 2019, the Prague 4 District Court issued a judgement fully upholding the action filed by Správa železnic, further confirmed by the Municipal Court in Prague on 18 September 2019. Based on this judgement, ČEZ paid TCZK 1 115 954 and accessions in the amount of TCZK 191 679 thereof to Správa železnic on 9 October 2019. In response, ČEZ filed an application for appellate review of the Municipal Court in Prague’s decision with the Supreme Court on 9 December 2019.

Concerning damage compensation equalling the difference between contracted and realised complementary sales for 2011, any court decision has been issued yet, as the appellate proceedings regarding damages for 2010 have not yet been completed. As at 31 December 2019, Správa železnic established a provision for default interest for 2019 of TCZK 36 570. A total provision for this litigation as at 31 December 2019 amounts to TCZK 788 973 (see note 4.10).

### 6.2.2 Grandi Stazioni Česká republika, s. r. o.

In connection with the purchase of a part of a facility, a lease contract concluded with Grandi Stazioni Česká republika, s. r. o. (“Grandi Stazioni”) was transferred to Správa železnic, which concerned the lease of the Prague main Railway Station. This contract expired on 15 October 2016. Under the provisions of this contract, Grandi Stazioni calculated the value of leasehold improvements on assets performed during the lease term in the total amount of TCZK 776 503. Subsequently, Správa železnic asked Grandi Stazioni to support this value with relevant documents. Based on the submitted documents Správa železnic accepted the amount of TCZK 565 684 and paid it to the Grandi Stazioni’s account in 2016. Správa železnic refused to pay the remaining amount of TCZK 210 819. Consequently, on 2 November 2016, Grandi Stazioni filed an action with the Prague 1 District Court for the payment of the above mentioned amount including appurtenances (contractual penalty amounting to 0.5% of the outstanding amount and statutory default interest per day). On 5 April 2019, the Prague 1 District Court issued a judgement dismissing Grandi Stazioni’s action. Within the appellate proceedings, the Municipal Court in Prague affirmed on 3 December 2019 part of the first-instance court judgement but revoked the other involving part of the principal of TCZK 176 392 and

a related contractual penalty accrued after 18 January 2017, referring the matter back to the Prague 1 District Court for further consideration. The Organisation’s management does not consider the potential payment probable, therefore, no provision has been established.

On 31 July 2017, Správa železnic received a letter from Grandi Stazioni in which Grandi Stazioni claims the settlement of TCZK 1 255 622 by Správa železnic as a result from the alleged title to damages from the pre-contractual liability under Section 1729 of Act No. 89/2012 Coll., the Civil Code. Správa železnic responded by its letter dated 3 August 2017 in which it refused the existence of the alleged claim as well as other untrue allegations made by Grandi Stazioni. On 14 August 2017, Grandi Stazioni filed an action on the merits with the Prague 1 District Court. On 6 March 2018, the court officially delivered this action to the legal representative of Správa železnic together with related documentation prepared in connection with solving the issue of admissibility of a part of the action on part of courts. On 13 August 2019, the Prague 1 District Court issued a judgement fully dismissing the action. In response, Grandi Stazioni filed an appeal against this judgement with the Municipal Court in Prague on 2 December 2019. Related proceedings have not yet been ordered by the Municipal Court. The Organisation’s management does not consider the potential payment probable, therefore, no provision has been established.

### 6.3 Property relations

Správa železnic's records also include a number of plots of land with unclear ownership titles. These cases are reviewed on an ongoing basis as the data included in the Real Estate Cadastre is digitalised. Adjustments, if any, are charged against equity accounts (refer to note 3.4).

### 6.4 Projected commitments associated with corridor construction

With a view to fully link the Czech railway infrastructure to the European infrastructure, Správa železnic is overseeing the construction of railway transit corridors. The construction of the 1st Railway Corridor I was completed in 2004 and the construction of the 2<sup>nd</sup> Railway Corridor II was completed in 2007. The construction of the 3<sup>rd</sup> and 4<sup>th</sup> Railway Corridor III and IV is currently in progress.

Expenses that are projected to be incurred are as follows (in TCZK):

Balance at 31 December 2018	Construction work undertaken to date	The estimate of the remaining expenses	Total estimated expenses
Corridor I	40 759 568	0	40 759 568
Corridor II	39 016 291	0	39 016 291
Corridor III	50 729 797	7 257 477	57 987 274
Corridor IV	26 762 711	9 700 432	36 463 143
<b>Total</b>	<b>157 268 367</b>	<b>16 957 909</b>	<b>174 226 276</b>

Implementation of the Transit Railway Corridor III from the state border Mosty u Jablunkova – Dětmárovice – Přerov – Česká Třebová – Prague – Plzeň – Cheb, state border was approved by Government Resolution No. 575 of 5 June 2002.

Implementation of the Transit Railway Corridor IV from the state border Horní Dvořiště – České Budějovice – Prague was approved by Government Resolution No. 1317 of 10 December 2001.

In 2015, the Government approved the above total expected expenses by Government Resolution No. 269.

## 7. Other information

### 7.1 Formation and incorporation of Správa železnic

On 1 March 2002, the following legislation entered into effect: Act No. 77/2002 Coll., on České dráhy, joint stock company, on Správa železniční dopravní cesty, state organisation, and on an amendment to Railways Act No. 266/1994 Coll., as amended, and Act No. 77/1997 Coll., on State Enterprise, as amended (hereinafter the "Transformation Act"). On the basis of the Transformation Act, ČD, s. o., discontinued its activities and operations on 31 December 2002 and Správa železnicDC (nowadays Správa železnic) and ČD were formed as its legal successors effective from 1 January 2003.

Správa železnic assumed the assets comprising the railway infrastructure while ČD assumed the assets used to operate railway transportation. In addition, Správa železnic took over the majority of receivables and payables while ČD assumed only trade receivables and payables before their due dates and receivables and payables arising from employment arrangements with its employees. Both entities assumed the assets and liabilities at their book values.

The Transformation Act was amended in April 2004 under which, as of 1 July 2004, Správa železnic took over

assets of ČD, s. o., earmarked for the settlement of the payables of ČD, s. o., which had passed on to the Czech Ministry of Transport under the original wording of the Transformation Act.

While the apportionment of the assets between the successor companies was made on a best effort basis to ensure the appropriate and legally consistent apportionment of assets and liabilities, alternative interpretations of certain provisions of the Transformation Act remain. This specifically relates to tangible fixed assets and their source of funding. The financial statements of Správa železnic do not include any adjustments that might be necessary as a result of any such future revisions of the applied interpretations and the resulting impacts on the reported components and amounts of Správa železnic's assets and liabilities.

### 7.2 Significant factors impacting Správa železnic's activities and operations

Správa železnic was formed pursuant to, and its activities and operations are governed by, the Transformation Act, Act No. 266/94 Coll. and other general legal regulations governing the position of state organisations. The above legislation, inter alia, sets out the scope of Správa železnic's assets or its role in operating and securing the operability of the railway infrastructure in the public interest.

Under the amendment to the Transformation Act, Správa železnic assumed the activities of the railway infrastructure operator on 1 July 2008. For this reason, the contract between Správa železnic and ČD for the operability of the railway infrastructure was discontinued as of 30 June 2008 and the contract was replaced by individual contracts defining mutual relations between Správa železnic and ČD.

Pursuant to Resolution of the Government of the Czech Republic No. 486 from 22 June 2011 on the transfer of remaining rail operation activities (Rail Servicing) from ČD to Správa železnic and in relation to the Commercial Code, a purchase of a part of the business was realised on 1 September 2011. The subject of the purchase was Rail Servicing, i.e. traffic control in railway stations and on railway lines.

Based on Resolution No. 1546 of the Government of the Czech Republic dated 21 December 2015 on the purchase of a part of a facility, a part of a facility, designated as "Railway Stations", was transferred from ČD to Správa železnic on 1 July 2016. The subject of the purchase was land, buildings, movable and other assets, together with sub-ledger accounts, inventories, receivables, liabilities and accruals/deferrals

Správa železnic provides carriers with the railway infrastructure for use in the public interest for an officially deter-

mined price which is set in compliance with Pricing Act No. 526/1990 Coll. The proceeds from payments for the use of the railway infrastructure are not sufficient to offset the costs involved in operating, maintaining and developing the railway infrastructure. As such, the financing of Správa železnic's activities is dependent upon subsidies from the state and/or other entities. For 2020, the approved funding of Správa železnic from the State Fund of Transport Infrastructure for investment and non-investment activities amounts to TCZK 39 170 030 (2019 – TCZK 43 374 372). Správa železnic has also agreed with the Ministry of Transport of the Czech Republic and SFTI on an increase in these funds to the final amount of TCZK 43 397 803. These funds have not been ensured with SFTI contractually yet. Správa železnic's management believes that these funds will enable Správa železnic to provide services in the same extent as in 2019. Accordingly, the financial statements have been prepared on a going concern basis.

### 7.3 Transactions with major customers ČD and ČD Cargo

As at 31 December 2019, Správa železnic recorded amounts due from and to České dráhy, a. s., at the net amount resulting in a receivable of TCZK 470 125 (2018 – TCZK 510 851). The amount that is reported in the balance sheet as part of trade receivables from and advances paid by České dráhy, a. s., is TCZK 596 077 (2018 – TCZK 603 387).

Trade payables including received prepayments amount to TCZK 125 952 (2018 – TCZK 92 536).

#### Significant revenues generated by Správa železnic from its relationship with České dráhy, a. s.:

	2018	2019
Revenues from using the railway infrastructure – passenger transport	1 786 278	1 809 153
Revenues from using the railway infrastructure – freight transport	5 713	4 723
Revenues from allocated railway infrastructure capacity	54 133	51 827
Revenues from electricity	1 435 218	1 639 957
Fire Safety Services	26 625	1 861
Telecommunication network operation services	56 856	55 166
<b>Total</b>	<b>3 364 823</b>	<b>3 562 687</b>

#### Significant revenues resulting from transactions carried out with ČD Cargo, a. s.:

	2018	2019
Revenues from using the railway infrastructure – freight transport	973 968	883 024
Revenues from allocated railway infrastructure capacity	29 059	24 451
Revenues from electricity	404	717 160
Fire Safety Services	9 900	1 427
Telecommunication network operation services	38 760	38 763
<b>Total</b>	<b>1 052 091</b>	<b>1 664 825</b>

As at 31 December 2019, Správa železnic recorded amounts due from and to ČD Cargo, a. s., at the net amount resulting in a receivable of TCZK 189 388 (2018 – TCZK 318 094). The amount that is reported

in the balance sheet as part of trade receivables from ČD Cargo, a. s., is TCZK 246 626 (2018 – TCZK 333 459). Trade payables including received prepayments amount to TCZK 57 238 (2018 – TCZK 15 365).

The increase in revenues from electricity results from a change in the supply of traction electricity.

Since 1 January 2019, Správa železnic has been the provider of ancillary services in the form of supplies of traction electricity actually consumed in compliance with the Act on Railways, as amended.

## 7.4 Privatisation

Správa železnic records assets held for privatisation. These assets are separated in the accounting by an accounting circle – Assets for Remission of Debts (“MOZ”).

In 2019, Správa železnic completed a total of five privatisation projects for assets within the Assets for Remission of Debts circle in the aggregate amount of TCZK 764 (2018 – TCZK 3 324).

Of the five privatisation projects, in 2019, Správa železnic completed one project involving assets other than those included in the residential living fund. Four projects related to the finalisation of privatisation of land following the privatisation of the residential living fund were also completed.

As at 31 December 2019, Správa železnic records fixed assets intended for the settlement of payables assumed from ČD, s. o., listed in the Appendix to the Transformation Act in the net book value of TCZK 479 217. As at 31 December 2018, the net book value of these assets amounted to TCZK 481 435.

## 7.5 Sale of assets

### 7.5.1 Sale of redundant immovable assets – the Railway Infrastructure Assets circle

In 2019, revenues from the sales of immovable assets approved by the Czech Government within the Railway Infrastructure Assets circle totalled TCZK 33 922 (2018 – TCZK 58 477).

### 7.5.2 Sale of redundant immovable assets – the Assets for Remission of Debts circle

Both in 2019 and 2018, no sales of assets were carried out within the Assets for Remission of Debts circle.

## 7.6 Leased assets

### 7.6.1 Lease of assets kept within the Assets for Remission of Debts circle

As at 31 December 2019, Správa železnic reports 67 contracts for the lease of apartments. Revenues from these leases were TCZK 2 074 (2018 – TCZK 2 213).

With respect to immovable assets not included in the residential living fund, Správa železnic records 131 lease contracts with total revenues of TCZK 12 603 (2018 – TCZK 13 900).

Total revenues from the lease of real estate were TCZK 14 677 (2018 – TCZK 16 113).

### 7.6.2 Lease of assets kept within the Railway Infrastructure Assets circle

As at 31 December 2019, Správa železnic reports 2 423 contracts for the lease of apartments. Revenues from these leases were TCZK 84 928 (2018 – TCZK 86 183). With respect to other immovable assets not included in the residential living fund, Správa železnic records 6 884 lease contracts with total revenues, including movable assets, of TCZK 472 225 (2018 – TCZK 450 284).

Total rental revenues were TCZK 557 153 (2018 – TCZK 536 467).

## 7.7 Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash in hand, cash in transit, cash at the bank and other financial assets whose valuation can be reliably determined and that can be readily converted to cash.

Cash and cash equivalents as at the year-end are as follows:

	Balance at 31 December 2018	Balance at 31 December 2019
Cash in hand	2 503	3 241
Cash at bank accounts	2 597 075	3 786 689
<b>Total (balance sheet, line C.IV.)</b>	<b>2 599 578</b>	<b>3 789 930</b>

In the cash flow statement, cash flows from operating, investment or financial activities are reported on a gross basis.

In the cash flow statement, cash flows relating to interest payments included in the cost of fixed assets were recorded as part of investment activity, but not as a separate item. These cash flows amounted to TCZK 0 in 2019 (2018 – TCZK 1 415).

## 8. Subsequent events

### 8.1 Organisation name change

On 14 January 2020, the Organisation's new name "Správa železnic, státní organizace" was recorded in the Commercial Register, following 1 January 2020 as the effective date of Act No. 367/2019 Coll., amending Act No. 266/1994 Coll., on Railways, as amended, and other related laws.

### 8.2 COVID-19

The Organisation has assessed the coronavirus epidemic's possible impact on the need of potential additional funding on the part of the founder if a possible shortfall in revenues from third parties cannot be covered by the organisation's own sources. The results of this assessment depend on assumptions about the duration and intensity of such a shortfall, based on publicly available information about key customers. As at the reporting date, the assessment does not indicate the need of additional financial sources. Potential demands for additional financial sources will be dealt with in cooperation with the founder once the state of emergency concludes and the real need can be assessed.

Prague, 20 March 2020



**Jiří Svoboda**  
Director General

# Persons responsible for the annual report

### Affirmation

We affirm that the information stated in the annual report for 2019 is accurate and that no material circumstances known to us that may affect the accurate and proper assessment of Správa železnic, státní organizace have been omitted.



**Jiří Svoboda**  
Director General



**Aleš Krejčí**  
Deputy Director General for Economics

The closing date of the annual report is 30 March 2020.

# Annual report on the provision of information

Správa železnic, státní organizace  
Dlážděná 1003/7, 110 00 Prague 1

## Annual report on the provision of information in compliance with Section 18 of Act No. 106/1999 Coll., on Free Access to Information for 2019

File No. 199/2020-SŽDC-GŘ-O25

In compliance with Section 18 of Act No. 106/1999 Coll., on Free Access to Information, Správa železnic releases the annual report for 2019 on the provision of information (as of the effect of the amendment to Act No. 367/2019 Coll., i. e. as of 1 January 2020, the organisation changed its name from the original Správa železniční dopravní cesty /SŽDC/ to the new name Správa železnic).

Requests made in accordance with the above act are processed on behalf of

Správa železnic by authorised employees of the Headquarters' Legal Matters Department in cooperation with all organisational units and expert departments of Správa železnic, depending on the nature of the request.

<b>a. Number of submitted requests for information</b>	<b>128</b>
<b>Number of issued decisions on dismissal of the requests</b>	<b>25</b>
<b>Number of issued decisions on dismissal of a part of the requests</b>	<b>15</b>
<b>b. Number of submitted appeals against the decisions</b>	<b>6</b>
<b>c. Number of completed legal proceedings</b>	<b>3</b>
<b>d. Number of exclusive licences provided</b>	<b>0</b>
<b>e. Number of complaints submitted under Section 16a</b>	<b>4</b>

### To note c) of the annual report

Správa železnic presents the following lists of administrative court judgements on actions challenging the decisions of the liable entity's superior bodies on appeals against the decisions issued by them on the (partial) dismissal of the request to provide information.

- Municipal Court in Prague, Judgement 5A 18/2017 – request for information on the amount for which SŽDC leases out points of sale to České dráhy a. s., on the placement of notice boards and a ticket machine in the building of the train station Břeclav. The judge-

ment cancelled the decision by SŽDC and returned the matter to SŽDC for further proceedings.

- Municipal Court in Prague, Judgement 5A 57/2015 – the court cancelled the decision by SŽDC and returned the matter for further proceedings. The request was complied with on 11 July 2019.
- Municipal Court in Prague, Judgement 5A 58/2015 (5/2019) – the court cancelled the decision by SŽDC and returned the matter for further proceedings. SŽDC issued a decision partially refusing to provide the requested information. The applicant withdrew the appeal. On 15 August 2019, SŽDC issued decision on an appeal where the appeal was partially complied with.

The cost of the legal representation in court litigations amounted to CZK 0. Other cost related to the court litigations amounted to CZK 25 456.

### To note e) of the annual report

Správa železnic advises that the complaints in respect of the processing of the requests for information were submitted:

- As an expression of disagreement with the decision on the request in accordance with Section 6 of the Free Access to Information Act. Having reviewed the procedure adopted by the liable entity, the superior body found no fault which would justify the complaint about the incorrect decision about the request filed by

the entity under the Free Access to Information Act.

- As an expression of disagreement with the decision on the request. The superior body approved the procedure adopted by the liable entity as it found no legal regulation breach or breach of the applicant's rights relating to the decision on the request.
- As expression of disagreement with the decision on the request. The superior body partially approved the procedure adopted by the liable entity as it found no legal regulation breach or breach of the applicant's rights relating to the decision on the request, and in part accommodated the complaint by supplementing the initially provided information and elaborating on it as enabled by the applicable legal regulation of the Free Access to Information Act.
- As an expression of disagreement with the decision on the request. The superior body found the reasons for the complaint groundless. Having investigated the matter, it found no fault with the procedures adopted by the liable entity, and therefore, rejected the complaint.

Prague, 29 January 2020



Marcel Bařha  
Director of the Legal Matters Department

# List of abbreviations

<b>BIM</b>	Building Information Modelling / Management	<b>ETCS</b>	European Train Control System	<b>OPT2</b>	Operational Programme Transport (EU)
<b>C-ITS</b>	Co-operative Intelligent transport systems	<b>ETSI</b>	European Telecommunications Standards Institute	<b>RD</b>	Regional Directorate
<b>CEA</b>	Civil Engineering Administration	<b>FRMCS</b>	Future Railway Mobile Communication System	<b>RFC</b>	Rail Freight Corridor
<b>CEF</b>	Connecting Europe Facility	<b>GP</b>	Geometric position	<b>RI</b>	Rail infrastructure
<b>CEN</b>	European Committee for Standardisation	<b>GSM-R</b>	Global System for Mobile Communication – Railway	<b>RMA</b>	Repair and maintenance activities
<b>CENELEC</b>	European Committee for Electrotechnical Standardization	<b>IROP</b>	Integrated Regional Operational Programme	<b>RNE</b>	RailNetEurope
<b>CER</b>	Community of European Railway and Infrastructure Companies	<b>IRS</b>	International Railway Standards	<b>SFTI</b>	State Fund for Transport Infrastructure
<b>CFT</b>	Contact-free track	<b>KPI</b>	Key Performance Indicators	<b>SŽDC</b>	Správa železniční dopravní cesty, státní organizace
<b>ČD</b>	Czech Railways (České dráhy, a. s.)	<b>LRS</b>	Line radio system	<b>TCC</b>	Traffic Control Centre
<b>ČD, s. o.</b>	Czech Railways (České dráhy, s. o.)	<b>MT</b>	Ministry of Transport of the Czech Republic	<b>TEN-T</b>	Trans-European Network – Transport
<b>ERTMS</b>	European Rail Traffic Management System	<b>OCR</b>	Organisation for Cooperation between Railways	<b>TSI</b>	Technical specification for Interoperability
				<b>UIC</b>	International Union of Railways

# Identification and contact details

<b>Organisation name:</b>	Správa železnic, státní organizace
<b>Established by:</b>	Czech Republic (represented by the Ministry of Transport of the Czech Republic)
<b>Date of incorporation:</b>	1 January 2003
<b>Identification number:</b>	70994234
<b>Registration court:</b>	Praha
<b>Registered under:</b>	Section A, File 48384
<b>Registered office:</b>	Praha 1 – Nové Město, Dlážděná 1003/7, Postcode 110 00
<b>Phone:</b>	222 335 711
<b>E-mail:</b>	szdc@szdc.cz
<b>Website:</b>	www.szdc.cz

