

A u d i t o r ' s R e p o r t

on the verification of financial statements

**of "Člověk v tísni - společnost při České televizi, o.p.s."
(PEOPLE IN NEED)**

as of 31 December 2003

Identification data:

Name of the accounting unit: Člověk v tísni – společnost při České televizi, o.p.s.
(PEOPLE IN NEED)

Registered office: 120 00 Prague 2
Sokolská 1869/18

Id number: 25 75 52 77

Legal status: Benevolent Society

Date of foundation: 16 April 1999

Executive Board: Kristina Taberyová, Chairwoman of the Executive Board

Auditing firm: AUDIT SERVIS, spol. s r.o.
140 00 Praha 4, Kloboučnická 14
Licence no. 10 of the Chamber of Auditors of the Czech Republic

Auditor - statutory representative: Ing. Květoslava Vyleťalová
Licence no. 256 of the Chamber of Auditors of the Czech Republic

Audited period: from 1 January 2003 till 31 December 2003

Date of the execution of the Report: 12 August 2004

Type of statement: without reservations

Addressee of the Report: Executive Board and founders of the Organization

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1. AUDIT COMMISSIONING AND PERFORMANCE

1.1. Conclusion of the contract

Based on the requirement of Mr. Tomáš Pojar, Managing Director of the Organization, a contract was concluded on 17 October 2003 for providing auditing services covering the period of 1 January 2003 – 31 December 2003, between the Organization and the auditing firm Audit servis, spol. s r.o. („Auditor“).

The contract specifies the rights and duties of the two contractual parties, apart from general contractual provisions particularly the manner of verification and the duties of Auditor, the duties of the Organization, the time framework of the performance of the contract, the cost and manner of payment.

1.2. Duration and place of audit

The Auditor's Report was executed in the Auditor's office in Prague 5, Nádražní street no. 116/61. The annual audit of the financial statements was based on the reasonable use of source materials obtained in the course of the Auditor's inspection. The work related to the annual audit was carried out in July and August 2004.

1.3. Auditor

The audit of the financial statements of the Organization was performed by the auditing firm AUDIT SERVIS, spol. s r. o., Licence no 10 of the Chamber of Auditors of the Czech Republic. Authorized to act on behalf of the legal entity was Ing. Květoslava Vyleťalová – the statutory representative and auditor, Licence no. 256 of the Chamber of Auditors of the Czech Republic.

1.4. Persons providing information

The following representatives of the Organization were available to Auditor for providing information:

- Tomáš Pojar,
- Ing. Jan Kamenický,
- Šimon Pánek,
- Anna Spružinová
- Klára Boučková
- Ondřej Blažek
- Libuše Škopková - representative of external accounting firm.

1.5. Subject, purpose and manner of the performance of the audit

The subject of the verification are the regular financial statements as of 31 December 2003. The Organization is subject to audit pursuant to Act on Accounting and Act on Benevolent Societies. The audit used a selective mode while respecting the principle of relevance of the verified facts. It does not exempt the Organization from the responsibility for bookkeeping and for the correctness and truthfulness of the reported accounting information in the financial statements and the Annual Report of the Organization.

For the purpose of the presentation of the Organization abroad, we have prepared documents, which are the component part of the financial statement (e.g. Balance Sheet, Profit and Loss Account and Notes to the financial statements) and which were created according to provisions valid in the Czech Republic in the Euro currency. The conclusion of the auditor was based on the audit conducted in CZK. To determine the value of CZK in EURO we have used the official exchange course of Czech National Bank valid on the first and the last day of the accounting period. The figures that include the influence of the changes in the rate of exchange on January 1, 2003 and December 31, 2003 are marked with an asterisk.

1.6. Statement of entirety

The statement of entirety of 12 August 2004 signed by the Chairwoman of the Executive Board Ms. Kristina Taberyová and Managing Director of the Organization Mr. Pojar confirms that the financial statements submitted for audit include all assets and liabilities of the Organization and that there do not exist any other obligations, declarations of guarantees or security.

2. LEGAL RELATIONSHIPS OF THE AUDITED ORGANIZATION

2.1. Entry in the Register of Benevolent Societies

“Člověk v tísni – společnost při České televizi, o.p.s.“ (PEOPLE IN NEED) was entered in the Register of Benevolent Societies kept with the Regional Commercial Court in Prague on 16 April 1999.

2.2. Registered office of the Organization, founder and types of provided services

The address of the registered office of the Organization is: 120 00 Prague 2, Sokolská 1869/18. Located on this address are also operational premises where the Organization pursues its activities relating to its administration and management.

Founders of the Organization: Česká televize (Czech Television),
Ing. Jaromír Štětina,
Šimon Pánek.

The Organization has been founded in order to provide the following services:

- organizing humanitarian and development aid both abroad and in the Czech Republic,
- providing assistance to politically, racially or otherwise persecuted persons both abroad and in the Czech Republic,
- providing assistance to young journalists and independent press both abroad and in the Czech Republic,
- providing assistance to local governments and other local organizations,
- organizing assistance to minorities both abroad and in the Czech Republic,
- social counselling,
- public education,
- organization of workshops and training,
- organization of cultural and sports events.

Apart from the basic scope of activities specified above, the Organization pursues also additional activities that are provided on principle as a paid service. These additional activities include:

- creation and distribution of audio-visual programmes,
- advertising activity,
- brokerage in the field of advertising and promotion.

2.3. Statutory bodies of the Organization

Statutory bodies of the Organization:

- Executive Board,
- Supervisory Board,
- Managing Director.

Executive Board is the supreme body of the Organization, in the period of 2003 it consisted of:

- Kristina Taberyová – Chairwoman,
- Ing. Jaromír Štětina
- Jan Urban – since 22 January 2003.

Supervisory Board is the control body of the Organization, in the period of 2003 it consisted of:

- Marek Žák - Chairman
- Vlasta Lajčáková,
- Jan Vlačičha – since 22 January 2003.

Managing Director is in charge of the regular operation of the Organization, he acts on behalf of the Organization in the scope of powers of attorney granted to him by the Executive Board. In the period of 2003 this post was and is still being held by Mr. Tomáš Pojar.

3. AUDITOR´S STATEMENT

We have performed the audit of the enclosed financial statements of Člověk v tísni – společnost při České televizi, o.p.s (PEOPLE IN NEED) drawn up as of 31 December 2003. The Executive Board is responsible for the financial statements. Our task is to render on the basis of the performed audit the opinion on the financial statements as a whole. We received a written statement of the statutory representative of the Organization that we were provided with any and all documents and information required for the verification. At the same time the statutory representative of the Organization declared that the submitted financial statements included all accounting records subject to the duty of posting in the accounting period being verified.

We have performed the audit in compliance with Act on Auditors and auditing regulations of the Chamber of Auditors of the Czech Republic. These regulations require planning and performing of the audit in such a way to allow the auditor to be reasonably sure that the financial statements do not include any significant inaccuracies. The audit comprises verification of the completeness and provability of amounts and information included in the financial statements, made on a selective basis. The audit also includes the assessment of the used accounting procedures and material estimates made by the Organization and the assessment of the general presentation of the financial statements. We are convinced that the performed audit provides a reasonable basis for rendering the auditor´s statement.

In our view the financial statements give a true and fair view of the state of the assets, liabilities, equity and financial situation of Organization “PEOPLE IN NEED” as of 31 December 2003 and the economic result for 2003 in compliance with Act on Accounting and the respective regulations of the Czech Republic.

The Annual Report contains description of the main activities of the Organization in the period of 2003. Part of the Annual Report for 2003 of the Organization is also a financial overview including the main data taken over from the financial statements of the Organization. In our view, this information complies with the data in the financial statements we have audited.

Balance Sheet, Profit and Loss Account and Notes to the financial statements are Annexes 1, 2 and 3 hereto.

Date: 12 August 2004

Auditing firm: AUDIT SERVIS, spol. s r.o.
140 00 Praha 4, Kloboučnická 14
Licence no. 10 of the Chamber of Auditors of the Czech Republic

Auditor: Ing. Květoslava Vyleťalová

AUDITSERVIS, spol.s r.o. – Member of Chamber of Auditors of the Czech Republic (licence no.10)

Registered in Commercial Register: Commercial Court Prague 1, Section C, Insert 1617

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