

ECONOMIC FINANCIAL PLAN – LPT services by road

Template 1 – Regulatory income statement

The purpose of this template is to calculate the share of the costs for ordinary operations incurred to comply with PSO, that are not covered by the revenues arising from the fulfilment of PSO (including the positive network effects¹) which, together with the reasonable profit (see Template 2), require compensation through contractual payments.

Ref. Income Statement RegAcc (Appendix 3) Decision no. 120/2018 ex ART methodological note*	EFP Income statement items		Year			
			1	2	...	n
TPCERI0001 [al netto di TPCERI0006]	1.a	Revenue from traffic				
TPCERI0002 + TPCERI0003 + TPCERI0004	1.a.i	revenue from travel passes				
TPCERI0005	1.a.ii	compensation for fare reductions/exemptions not covered by contractual payments				
Item not included in RegAcc	1.a.iii	other				
TPCERI0011 [if relevant] + TPCERI0015	1.b	Other revenue (except financial income)				
	1 = 1.a + 1.b	Total revenues arising from the fulfilment of PSO				
Item not included in RegAcc	2	Positive induced network effects¹				
TPCECO0001	3.a	Consumption of raw materials, consumables and goods²				
TPCECO0002	3.a.i	fuel for railway traction				
TPCECO0003	3.a.ii	electricity for railway traction				
Item not included in RegAcc	3.a.iii	hydrogen for railway traction				
TPCECO0004	3.a.iv	spare parts and material for rolling stock maintenance				
TPCECO0005 + TPCECO0006	3.a.v	other				
TPCECO0007	3.b	Costs for third-party services				
TPCECO0008	3.b.i	charges for access and use of infrastructure				
TPCECO0009	3.b.ii	rolling stock maintenance				
TPCECO0010 + ... + TPCECO0017	3.b.iii	other				
TPCECO0018	3.c	Costs for use of third-party assets				
TPCECO0020	3.c.i	charges for lease/rental of rolling stock [<i>off-balance-sheet</i> in accordance with IFRS 16]				
TPCECO0019 only for the part relative to depots and warehouses]	3.c.ii	for lease of warehouses, depots, and workshops				
TPCECO0019 + TPCECO0021	3.c.iii	other				

Ref. Income Statement RegAcc (Appendix 3) Decision no. 120/2018 ex ART methodological note *	EFP Income statement items		Year			
			1	2	...	n
TPCECO0022	3.d	Cost of staff				
TPCECO0023	3.d.i	<i>operating staff</i> ³				
TPCECO0025	3.d.ii	<i>maintenance staff</i>				
TPCECO0024 + TPCECO0026 + TPCECO0027	3.d.iii	<i>other</i>				
TPCECO0028 [net of TPCECO0029 + TPCECO0030]	3.e	Other operating expenses				
<i>Item not included in RegAcc</i>	3.f	Use of funds (e.g. related to provisions for routine cyclical maintenance) ⁴				
TPCECO0032	3.g	- Increases in fixed assets for internal work (capitalised costs)				
	3 = 3.a + ... + 3.f – 3.g	Total operating costs arising from the fulfilment of PSO⁵				
TPCEAM0006 [only for the part of intangible fixed assets]	4.a	Amortisation of intangible assets				
TPCEAM0001 [+ any other tangible fixed assets from TPCEAM0006]	4.b	Depreciation of tangible assets				
TPCEAM0002	4.b.i	<i>for self-financed rolling stock</i>				
TPCEAM0009	4.b.i.i	<i>capitalised extraordinary maintenance/revamping</i>				
<i>Item not included in RegAcc</i>	4.b.ii	<i>for depots, warehouses, workshops</i>				
<i>Item not included in RegAcc</i>	4.b.iii	<i>for on-balance-sheet charges for lease/rental in accordance with IFRS 16</i>				
TPCEAM0002 + TPCEAM0003 + TPCEAM0004 + TPCEAM0005 + TPCEAM0009	4.b.iv	<i>other</i>				
	4 = 4.a + 4.b	Total amortisation and depreciation				

Notes:

* <https://www.autorita-trasporti.it/wp-content/uploads/2023/07/Monitoraggio-Trasporto-Pubblico-Locale-nota-metodologica-13-10.pdf>;

¹ Quantifiable positive financial effects on the networks of the operator concerned as referred to in paragraph 2 of the Annex to Regulation No 1370/2007.

² Costs + (-) change in inventory

³ Operating staff refers to the units employed in the operation of rolling stock

⁴ Estimated amount to be allocated over the accrual years

⁵ All operating costs included in the table shall be net of capitalised costs (displayed with the opposite sign relative to item 3.g.) and of costs covered by public funding other than contractual payment and not accounted for in the revenues.

Template 2 – Regulatory Balance Sheet and determination of reasonable profit

The purpose of Template 2 is to determine the Regulatory Net Invested Capital (NIC) which forms the basis for applying the WACC determined by ART to calculate the reasonable profit

Ref. Balance Sheet RegAcc (Appendix 3) ex methodological note ART*	EFP Balance sheet items		Year			
			1	2	...	n
TPSPAT0008 [net of TPSPAT0010]	1.a	Intangible fixed assets				
<i>Item not included in RegAcc [relevant part of TPSPAT0011]</i>	1.a.i	<i>installation and expansion costs¹</i>				
<i>Item not included in RegAcc [relevant part of TPSPAT0011]</i>	1.a.ii	<i>development costs²</i>				
TPSPAT0009 [for the relevant part]	1.a.iii	<i>industrial patent rights and rights to use intellectual property³</i>				
TPSPAT0009 [fo the relevant part]	1.a.iv	<i>concessions licenses and trademarks⁴</i>				
TPSPAT0011	1.a.v	<i>other</i>				
TPSPAT0001	1.b	Tangible fixed assets ⁵				
TPSPAT0003 + TPSPAT0004 [for the relevant part]	1.b.i	<i>land and buildings</i>				
<i>TPSPAT0003 per la relativa quota</i>	1.b.i.i	<i>depots, warehouses, and workshops</i>				
TPSPAT0003 + ... + TPSPAT0006 [for the relevant part]	1.b.ii	<i>plant and machinery</i>				
<i>TPSPAT0002</i>	1.b.ii.i	<i>self-financed rolling stock</i>				
<i>Item not included in RegAcc</i>	1.b.ii.ii	<i>capitalised extraordinary maintenance/revamping</i>				
<i>Item not included in RegAcc</i>	1.b.ii.iii	<i>rolling stock obtained through leasing/rental on balance sheet in accordance with IFRS 16</i>				
<i>Item not included in RegAcc [relevant part of TPSPAT0007]</i>	1.b.iii	<i>industrial and commercial equipment</i>				
<i>TPSPAT0007</i>	1.b.iv	<i>other assets</i>				
	1 = 1.a + 1.b	Total fixed assets				
TPSPAT0020	2.a	Inventories				
<i>Item not included in RegAcc</i>	2.a.i	<i>raw materials, auxiliary materials, consumables, and goods</i>				
<i>Item not included in RegAcc</i>	2.a.ii	<i>other</i>				
TPSPAT0022	2.b	Receivables				
TPSPAT0015 + TPSPAT0022	2.b.i	<i>trade⁶</i>				
TPSPAT0024 [for the relevant part]	2.b.ii	<i>to awarding entity for deferred payments⁷</i>				
TPSPAT0024 [for the relevant remaining part]	2.b.iii	<i>Other receivables</i>				
	2 = 2.a + 2.b	Total regulatory current assets				

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TPSPPS0008 + TPSPPS0009	3	Trade payables ⁸				
	4=1+2-3	Regulatory Net Invested Capital (NIC)				
	5	WACC	ART Value			
	6=5*4	Reasonable profit				

Notes:

* <https://www.autorita-trasporti.it/wp-content/uploads/2023/07/Monitoraggio-Trasporto-Pubblico-Locale-nota-metodologica-13-10.pdf>

¹ only for start-up or expansion costs related to the awarded service;

² only for costs related to the design of new services not previously carried out as incumbent;

³ allocated costs related to the acquisition (or development) of application software;

⁴ allocated costs for concessions for the exercise of activities specific to the awarding entities (i.e. transport services) or on assets owned by them, as well as costs for licensing rights and trademarks;

⁵ with separate indication **including fixed assets other than rolling stock** obtained through leasing/rental, to be allocated in accordance with the accounting principles under IFRS 16, **even for companies applying national accounting standards**, where this leasing/rental meets the characteristics outlined in IFRS 16;

⁶ capped at **30%** of the eligible regulatory costs as per **items 3 and 4 of Template 1**;

⁷ to be accounted for based on the assumed average value that can be observed throughout the year;

⁸ trade payables are deducted from the NIC within the limits of the allowable trade receivables.

Template 3 – Determination of compensation

The purpose of Template 3 is to determine the compensation for the entire contract period calculated as the difference between revenue (plus any additional benefits generated from network effects) and costs (plus the reasonable profit), that may be attributed to the performance of services under PSO.

Income statement items/Calculated values		Year				Cross-references
		1	2	...	n	
Input data						
A	Revenues generated by the fulfilment of PSO					Template 1:1
B	Positive induced network effects ¹					Template 1:2
C=A+B	Revenues + positive network effects					
D	Operating costs generated by the fulfilment of PSO					Template 1:3
E	Amortisation/Depreciation					Template 1:4
F=D+E	Operating costs generated by the fulfilment of PSO + amortisation and depreciation					Calculated value
G	Reasonable profit (WACC*NIC)					Template 2:6
H=F+G	Operating costs + amortisation/depreciation + reasonable profit					Calculated value
Condition for the application of the reasonable profit margin calculation methodology						
I	ART sector reference rate					Input
J	ART reference threshold for verification of the condition					Input
K=I*J	ART sector reference rate*ART reference threshold for verification of the condition					Calculated value
L=C+(H-C)	Revenues + positive network effects + variable compensation resulting from WACC*NIC					Calculated value
M=G/L	Ratio reasonable profit/(revenues + network effects + compensation)					Calculated value
Verification of the condition for application [=IF(M<K;"YES";"NO")]						
IF "NO", the methodology based on WACC*NIC shall apply						
N=H-C	Variable compensation					Calculated value
O	NPT N		Excel Formula =NPV(S; N _{Year 1} : N _{Year n})			Calculated value
P	Constant compensation		Excel Formula =PMT(S; EFP YEARS; O)			Calculated value
Q=P-N	Notional items (constant compensation – variable compensation)					Calculated value
P'	Actual compensation ²					AE value
Q'=P'-N	Notional items (actual compensation – variable compensation)					Calculated value

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CONDITIONS FOR VERIFICATION OF CONSTANT/ACTUAL COMPENSATION³				
R	NPV P = 0	YES	<i>Excel Formula =IF ((TRUNC(NPV(S; Q_{Year 1} : Q_{Year n});1)=0;"YES";"NO")</i>	<i>Calculated value</i>
R'	NPV P' = 0	YES	<i>Excel Formula =IF ((TRUNC(NPV(S; Q'_{Year 1} : Q'_{Year n});1)=0;"YES";"NO")</i>	<i>Calculated value</i>
S	ART WACC			<i>ART value</i>
IF "YES", the alternative methodology based on EBIT margin shall apply				
T	ART reference threshold for compensation calculation			<i>Input</i>
U=T*I	Guaranteed rate to the AE			<i>Calculated value</i>
V	Compensation⁴ $[(-C+F-(U*C))/(1-U)]$			<i>Calculated value</i>

Notes:

¹ Quantifiable positive financial effects on the networks of the operator concerned as referred to in paragraph 2 (2) of the Annex to Regulation No 1370/2007;

² Compensation arising from the allocation of resources provided to cover the contract, other than that resulting from the application of ART templates, to meet the financial needs of the AE;

³ Condition for verification of the compensation: R/R') The net present value (NPV) of the notional items shall be zero (to be checked in the case of constant/actual compensation);

⁴ Even when determining compensation through the alternative reasonable profit calculation method, it is possible to switch from the variable version (V) to the constant or actual versions by replicating the procedures (letters O) and verification conditions (letters R and R') defined for the compensation determined with the standard methodology (N). In the case of determining constant compensation, the NPV of reference of the PMT is calculated based on the V value with the U rate, which is also used to calculate the notional items for constant and actual compensation.

Template 4 – Cash flow statement

The purpose of Template 4 is to assess the development of the financial situation (liquidity and solvency) in the PSC period

Template 4 – Cash flow statement		Year 1	Year 2	Year ...	Year N
1.a	Receipts from fares				
1.b	Receipts from compensations				
1.c	Other receipts				
1.d	Payments to suppliers for raw materials and consumables				
1.e	Payments to service providers				
1.f	Payments to personnel				
1.g	Other payments				
1.h	Taxes paid on income				
1	Cash flow of operating activity				
2.a	Investments in intangible assets				
2.b	Disinvestments in intangible assets				
2.c	Investments in tangible assets				
2.d	Disinvestments in tangible assets				
2	Cash flow of investment activity				
3.a	Increase in third-party assets				
3.b	Decrease in third party assets				
3.c	Increase in equity				
3.d	Decrease in equity				
3	Cash flow of financial activity				
4=1+2+3	Change in cash and cash equivalents				
5	Cash and cash equivalents at the beginning of the period				
6	Cash and cash equivalents at the end of the period				
7	Debt service cash flow				
8	Debt service				
RATIOS					
9	DSCR				
10	Minimum DSCR				
11	LLCR				