

Example 1 - EU Grant to the City and assets provided under PSC - example calculation

50% -- EU grant to the City; 50% -- payment from the City budget.

Assets made available to the Operator under the PSC to render public services.

On top of this the Operator puts funds to assure liquidity of the venture.

Financing Plan (Millions PLN)	Year 0								
Purchase of Buses (net of VAT)	28.2								
EU Grant	14.1								
City budget	14.1								
Other needs	2.0								
Equity	2.0								
Services and compensation		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Car kilometers (millions of KM)		2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Unit Compensation (PLN/vehicle/KM)		3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Total Compensation (millions of PLN) (net of VAT)		7.0	7.3	7.6	7.6	7.6	7.6	7.6	7.6
Operating Expenses		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Unit Variable Cost (PLN/vehicle/KM)		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Fixed Cost (millions PLN)		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total O&M Cost (millions PLN)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation (millions PLN)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Assumptions		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Corporate Income Tax (%)		19%	19%	19%	19%	19%	19%	19%	19%
Other Income (use of assets, PLN million)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables Ratio (days)		60	60	60	60	60	60	60	60
Inventories Ratio (days)		20	20	20	20	20	20	20	20
Payables Ratio (days)		30	30	30	30	30	30	30	30
Interest rate (%)	5%								
Maturity of a loan (years)	8.0								
Depreciation period	8.0								
Expected Return on Equity (%)	6%								
Price per Bus (Million PLN)	0.6								
Number of Buses	44.0								
Total Capex (Million PLN)	28.2								
Debt Service (millions PLN)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Principal Amount at the beginning of the period		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of the principal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal Amount at the end of the period		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interests paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ratios		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Return on Equity (Project)		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.1%
Income Statement (Millions PLN)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue and equivalent		7.0	7.3	7.6	7.6	7.6	7.6	7.6	7.6
Cost of Goods Sold (less depreciation)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Interest Paid/Received		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Costs (+)/Income(-)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Tax incurred		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit after tax		0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Items		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year		0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Balance Sheet (Millions PLN)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Cash and equivalent	2.0	1.2	1.2	1.3	1.5	1.6	1.8	2.0	2.2
Receivables	0.0	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3
Inventories	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Current Assets	2.0	2.7	2.8	3.0	3.2	3.3	3.5	3.7	3.8
Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets	2.0	2.7	2.8	3.0	3.2	3.3	3.5	3.7	3.8
ST Debt plus CPLT Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payables	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Accrued Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liab	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Long Term Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities & reserves for liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Equity & reserves	2.0	2.1	2.3	2.4	2.5	2.7	2.9	3.0	3.2
Total Liab & Equity	2.0	2.7	2.8	3.0	3.2	3.3	3.5	3.7	3.8

Example 1 - EU Grant to the City and assets provided under PSC - example calculation

50% -- EU grant to the City; 50% -- payment from the City budget.

Assets made available to the Operator under the PSC to render public services.

On top of this the Operator puts funds to assure liquidity of the venture.

Cash Flow Statement (Millions PLN)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Operating Profit (EBIT)		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Depreciation & Amortisation (+)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Operating CF (EBITDA)		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Changes in Working Capital (+/-)		-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating CF		-0.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Interest Paid/Received		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Debt Repaid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Investment CF		-0.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Financing CF (after current debt repayment)		-0.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
New Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net worth	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Financing CF		-0.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Cash End	2.0	1.2	1.2	1.3	1.5	1.6	1.8	2.0	2.2

Calculation of compensation according to regulation 1370/2007 (Mln PLN)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Costs of rendering public services (+)	6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Operating cost (without depreciation)	6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Paid/Received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Costs (+)/Income(-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax incurred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All cash inflows generated on the network (network effects) (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariff revenues (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reasonable profit (+)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Net financial effect = allowed compensation	7.0	7.3	7.6	7.6	7.6	7.6	7.6	7.6

Reasonable profit verification - Cash flow to investor (Millions PLN)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Additions/reductions to equity capital	-2.0								
Dividend to shareholders		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual value at the end of the PSC (net worth)									3.2
Net cash flow	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2
IRR	6%								

Example 2 - EU Grant to the City and assets leased to the Operator for lease payment - example calculation

50% -- EU grant to the City; 50% -- payment from the City budget.

Assets are leased to the Operator at a lease payment that will allow for the recovery of the cost of asset purchased by the Municipality.

On top of this the Operator puts funds to assure liquidity of the venture.

Financing Plan (Millions PLN)	Year 0									
Purchase of Buses (net of VAT)	28.2									
EU Grant	14.1									
City budget	14.1									
Other needs	2.0									
Equity	2.0									
Services and compensation		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Car kilometers (millions of KM)		2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	
Unit Compensation (PLN/vehicle/KM)		5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.2	
Total Compensation (millions of PLN) (net of VAT)		11.2	11.6	11.9	11.9	11.9	11.9	11.9	11.9	
Operating Expenses		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Unit Variable Cost (PLN/vehicle/KM)		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	
Total Fixed Cost (millions PLN)		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Total O&M Cost (millions PLN)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4	
Depreciation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Lease fee (millions PLN)		4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	
Financial Assumptions		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Corporate Income Tax (%)		19%	19%	19%	19%	19%	19%	19%	19%	
Other Income (use of assets, PLN million)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Receivables Ratio (days)		60	60	60	60	60	60	60	60	
Inventories Ratio (days)		20	20	20	20	20	20	20	20	
Payables Ratio (days)		30	30	30	30	30	30	30	30	
Interest rate (%)	5%									
Maturity of a loan (years)	8.0									
Depreciation period	8.0									
Expected Return on Equity (%)	6%									
Price per Bus (Million PLN)	0.6									
Number of Buses	44.0									
Total Capex (Million PLN)	28.2									
Debt Service (millions PLN)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Principal Amount at the beginning of the period		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repayment of the principal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Principal Amount at the end of the period		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Interests paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Ratios		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Return on Equity (Project)		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Income Statement (Millions PLN)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
Revenue and equivalent		11.2	11.6	11.9	11.9	11.9	11.9	11.9	11.9	
Cost of Goods Sold (less depreciation)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4	
Depreciation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Lease Fee		4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	
EBIT		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Interest Paid/Received		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Costs (+)/Income(-)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Profit before tax		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Tax incurred		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Profit after tax		0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other Items		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Profit for the year		0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	
Balance Sheet (Millions PLN)		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Cash and equivalent		2.0	0.2	0.3	0.4	0.5	0.7	0.9	1.0	1.2
Receivables		0.0	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0
Inventories		0.0	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Total Current Assets		2.0	2.7	2.8	3.0	3.1	3.3	3.5	3.7	3.8
Fixed Assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets		2.0	2.7	2.8	3.0	3.1	3.3	3.5	3.7	3.8
ST Debt plus CPLT Debt		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payables		0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Accrued Expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liab		0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Long Term Debt		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities & reserves for liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities		0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Equity & reserves		2.0	2.1	2.3	2.4	2.5	2.7	2.9	3.0	3.2
Total Liab & Equity		2.0	2.7	2.8	3.0	3.1	3.3	3.5	3.7	3.8

Example 2 - EU Grant to the City and assets leased to the Operator for lease payment - example calculation

50% -- EU grant to the City; 50% -- payment from the City budget.

Assets are leased to the Operator at a lease payment that will allow for the recovery of the cost of asset purchased by the Municipality.

On top of this the Operator puts funds to assure liquidity of the venture.

Cash Flow Statement (Millions PLN)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Operating Profit (EBIT)		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Depreciation & Amortisation (+)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Operating CF (EBITDA)		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Changes in Working Capital (+/-)		-1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating CF		-1.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Interest Paid/Received		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Debt Repaid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Investment CF		-1.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Financing CF (after current debt repayment)		-1.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
New Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net worth	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Financing CF		-1.8	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Cash End	2.0	0.2	0.3	0.4	0.5	0.7	0.9	1.0	1.2

Calculation of compensation according to regulation 1370/2007 (Mln PLN)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Costs of rendering public services (+)	11.1	11.4	11.7	11.7	11.7	11.7	11.7	11.7
Operating cost (without depreciation)	6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease fee (millions PLN)	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Interest Paid/Received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Costs (+)/Income(-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax incurred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All cash inflows generated on the network (network effects) (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariff revenues (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reasonable profit (+)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Net financial effect = allowed compensation	11.2	11.6	11.9	11.9	11.9	11.9	11.9	11.9

Reasonable profit verification - Cash flow to investor (Millions PLN)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Additions/reductions to equity capital	-2.0								
Dividend to shareholders		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual value at the end of the PSC (net worth)									3.2
Net cash flow	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2
IRR	6%								

Example 3 - No EU Grant - example calculation

Commercial Financing: 20% - equity provided by the Operator; 80% - commercial loan taken by the Operator.

On top of this the Operator puts funds to assure liquidity of the venture.

Financing Plan (Millions PLN)	Rok 0								
Purchase of Buses (net of VAT)	28.2								
Equity	5.6								
Loan	22.5								
Other needs	2.0								
Equity	2.0								
Services and compensation		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Car kilometers (millions of KM)		2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Unit compensation (PLN/vehicle/KM)		5.7	5.5	5.3	5.3	5.2	5.1	5.1	5.1
Total Compensation (millions of PLN) (net of VAT)		11.9	12.1	12.2	12.1	11.9	11.8	11.8	11.8
Operating Expenses		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Unit Variable Cost (PLN/vehicle/KM)		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Fixed Cost (millions PLN)		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Operating Costs (millions PLN)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation (millions PLN)		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Financial Assumptions		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Corporate Income Tax (%)		19%	19%	19%	19%	19%	19%	19%	19%
Receivables Ratio (days)		60	60	60	60	60	60	60	60
Inventories Ratio (days)		20	20	20	20	20	20	20	20
Payables Ratio (days)		30	30	30	30	30	30	30	30
Interest rate (%)	5%								
Maturity of a loan (years)	6.0								
Depreciation period	8.0								
Expected Return on Equity (%)	6.0%								
Price per Bus (Million PLN)	0.6								
Number of Buses	44.0								
Total Capex (Million PLN)	28.2								
Debt Service (millions PLN)	Rok 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Principal Amount at the beginning of the period		22.5	18.8	15.0	11.3	7.5	3.8	0.0	0.0
Repayment of the principal		3.8	3.8	3.8	3.8	3.8	3.8	0.0	0.0
Principal Amount at the end of the period	22.5	18.8	15.0	11.3	7.5	3.8	0.0	0.0	0.0
Interests paid		1.0	0.8	0.7	0.5	0.3	0.1	0.0	0.0
Ratios		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Return on Equity (Project)		5.9%	6.0%	6.0%	5.9%	6.0%	6.0%	6.0%	6.0%
Income Statement (Millions PLN)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue and equivalent		11.9	12.1	12.2	12.1	11.9	11.8	11.8	11.8
Cost of Goods Sold (less depreciation)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
EBIT		1.6	1.5	1.3	1.2	1.0	0.9	0.8	0.9
Interest Paid/Received		1.0	0.8	0.7	0.5	0.3	0.1	0.0	0.0
Other Costs (+)/Income(-)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax		0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9
Tax incurred		0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Profit after tax		0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Items		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year		0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7
Balance Sheet (Millions PLN)	Rok 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Cash and equivalent	2.0	0.2	0.4	0.7	1.1	1.5	1.9	6.1	10.3
Receivables	0.0	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9
Inventories	0.0	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Total Current Assets	2.0	2.8	3.1	3.4	3.7	4.1	4.5	8.7	12.9
Fixed Assets	28.2	24.6	21.1	17.6	14.1	10.6	7.0	3.5	0.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets	30.2	27.4	24.2	21.0	17.8	14.6	11.5	12.2	12.9
ST Debt plus CPLT Debt	3.8	3.8	3.8	3.8	3.8	3.8	0.0	0.0	0.0
Payables	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Accrued Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liab	3.8	4.3	4.3	4.4	4.4	4.4	0.6	0.6	0.6
Long Term Debt	18.8	15.0	11.3	7.5	3.8	0.0	0.0	0.0	0.0
Other LT Liabilities & reserves for liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	22.5	19.3	15.6	11.9	8.1	4.4	0.6	0.6	0.6
Equity & reserves	7.6	8.1	8.6	9.1	9.7	10.3	10.9	11.6	12.3
Total Liab & Equity	30.2	27.4	24.2	21.0	17.8	14.6	11.5	12.2	12.9

Example 3 - No EU Grant - example calculation

Commercial Financing: 20% - equity provided by the Operator; 80% - commercial loan taken by the Operator.

On top of this the Operator puts funds to assure liquidity of the venture.

Cash Flow Statement (Millions PLN)	Rok 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Operating Profit (EBIT)		1.6	1.5	1.3	1.2	1.0	0.9	0.8	0.9
Depreciation & Amortisation (+)		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Gross Operating CF (EBITDA)		5.1	5.0	4.8	4.7	4.5	4.4	4.4	4.4
Changes in Working Capital (+/-)		-2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Paid		-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Net Operating CF		3.0	4.9	4.7	4.6	4.4	4.3	4.2	4.2
Interest Paid/Received		-1.0	-0.8	-0.7	-0.5	-0.3	-0.1	0.0	0.0
Current Debt Repaid		-3.8	-3.8	-3.8	-3.8	-3.8	-3.8	0.0	0.0
Pre Investment CF		-1.8	0.3	0.3	0.4	0.4	0.4	4.2	4.2
CAPEX	-28.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Financing CF (after current debt repayment)		-1.8	0.3	0.3	0.4	0.4	0.4	4.2	4.2
New Debt	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net worth	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Financing CF		-1.8	0.3	0.3	0.4	0.4	0.4	4.2	4.2
Cash End	2.0	0.2	0.4	0.7	1.1	1.5	1.9	6.1	10.3

Calculation of compensation according to regulation 1370/2007 (Mln PLN)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Costs of rendering public services (+)	11.5	11.6	11.7	11.5	11.3	11.2	11.1	11.1
Operating cost (without depreciation)	6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Interest Paid/Received	1.0	0.8	0.7	0.5	0.3	0.1	0.0	0.0
Other Costs (+)/Income(-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax incurred	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
All cash inflows generated on the network (network effects) (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariff revenues (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reasonable profit (+)	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7
Net financial effect = allowed compensation	11.9	12.1	12.2	12.1	11.9	11.8	11.8	11.8

Reasonable profit verification - Cash flow to investor (Millions PLN)	Rok 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Additions/reductions to equity capital	-7.6								
Dividend to shareholders		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual value at the end of the PSC (net worth)									12.3
Net cash flow	-7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.3
IRR	6%								

Example 4 - EU Grant to the Operator - example calculation

50% -- EU grant received by the Operator; 50% -- a commercial loan taken by the Operator.
On top of this the Operator puts funds to assure liquidity of the venture.

Financing Plan (Millions PLN)	Rok 0								
Purchase of Buses (net of VAT)	28.2								
EU Grant	14.1								
Loan	14.1								
Other needs	2.0								
Equity	2.0								
Services and compensation		Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Car kilometers (millions of KM)		2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Unit Compensation (PLN/vehicle/KM)		4.5	4.3	4.2	4.2	4.1	4.1	4.1	4.1
Total Compensation (millions of PLN) (net of VAT)		9.4	9.6	9.7	9.6	9.5	9.4	9.4	9.4
Operating Expenses		Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Unit Variable Cost (PLN/vehicle/KM)		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Fixed Cost (millions PLN)		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Operating Costs (millions PLN)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation (millions PLN)		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Financial Assumptions		Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Corporate Income Tax (%)		19%	19%	19%	19%	19%	19%	19%	19%
Other Income (Amort. of the grant, PLN million)		1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Receivables Ratio (days)		60	60	60	60	60	60	60	60
Inventories Ratio (days)		20	20	20	20	20	20	20	20
Payables Ratio (days)		30	30	30	30	30	30	30	30
Interest rate (%)	5%								
Maturity of a loan (years)	6.0								
Depreciation period (years)	8.0								
Expected Return on Equity (%)	6%								
Price per Bus (Million PLN)	0.6								
Number of Buses	44.0								
Total Capex (Million PLN)	28.2								
Debt Service (millions PLN)	Rok 0	Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Principal Amount at the beginning of the period		14.1	11.7	9.4	7.0	4.7	2.3	0.0	0.0
Repayment of the principal		2.3	2.3	2.3	2.3	2.3	2.3	0.0	0.0
Principal Amount at the end of the period	14.1	11.7	9.4	7.0	4.7	2.3	0.0	0.0	0.0
Interests paid		0.6	0.5	0.4	0.3	0.2	0.1	0.0	0.0
Ratios		Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Return on Equity (Project)		5.9%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Statement (Millions PLN)		Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Revenue and equivalent		9.4	9.6	9.7	9.6	9.5	9.4	9.4	9.4
Cost of Goods Sold (less depreciation)		6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
EBIT		-1.0	-1.1	-1.2	-1.3	-1.4	-1.5	-1.5	-1.5
Interest Paid/Received		0.6	0.5	0.4	0.3	0.2	0.1	0.0	0.0
Other Costs (+)/Income(-)		-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Profit before tax		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Tax incurred		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit after tax		0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Items		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit for the year		0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Balance Sheet (Millions PLN)	Rok 0	Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Cash and equivalent	2.0	0.0	-0.4	-0.9	-1.3	-1.7	-2.1	-0.2	1.8
Receivables	0.0	1.5	1.6	1.6	1.6	1.6	1.5	1.5	1.5
Inventories	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Current Assets	2.0	2.1	1.7	1.2	0.8	0.4	0.0	1.9	3.8
Fixed Assets	28.2	24.6	21.1	17.6	14.1	10.6	7.0	3.5	0.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assets	30.2	26.7	22.8	18.8	14.9	10.9	7.0	5.4	3.8
ST Debt plus CPLT Debt	2.3	2.3	2.3	2.3	2.3	2.3	0.0	0.0	0.0
Payables	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Accrued Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liab	2.3	2.9	2.9	3.0	3.0	3.0	0.6	0.6	0.6
Long Term Debt	11.7	9.4	7.0	4.7	2.3	0.0	0.0	0.0	0.0
Other LT Liabilities & reserves for liabilities	14.1	12.3	10.6	8.8	7.0	5.3	3.5	1.8	0.0
Total Liabilities	28.2	24.6	20.5	16.4	12.3	8.2	4.1	2.4	0.6
Equity & reserves	2.0	2.1	2.3	2.4	2.5	2.7	2.9	3.0	3.2
Total Liab & Equity	30.2	26.7	22.8	18.8	14.9	10.9	7.0	5.4	3.8

Example 4 - EU Grant to the Operator - example calculation

50% -- EU grant received by the Operator; 50% -- a commercial loan taken by the Operator.

On top of this the Operator puts funds to assure liquidity of the venture.

Cash Flow Statement (Millions PLN)	Rok 0	Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Operating Profit (EBIT)		-1.0	-1.1	-1.2	-1.3	-1.4	-1.5	-1.5	-1.5
Depreciation & Amortisation (+)		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Gross Operating CF (EBITDA)		2.6	2.5	2.3	2.2	2.1	2.0	2.0	2.0
Changes in Working Capital (+/-)		-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Paid		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating CF		1.0	2.4	2.3	2.2	2.1	2.0	1.9	1.9
Interest Paid/Received		-0.6	-0.5	-0.4	-0.3	-0.2	-0.1	0.0	0.0
Current Debt Repaid		-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	0.0	0.0
Pre Investment CF		-2.0	-0.5	-0.5	-0.4	-0.4	-0.4	1.9	1.9
CAPEX	-28.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Financing CF (after current debt repayment)		-2.0	-0.5	-0.5	-0.4	-0.4	-0.4	1.9	1.9
New Debt	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net worth	16.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Financing CF		-2.0	-0.5	-0.5	-0.4	-0.4	-0.4	1.9	1.9
Cash End	2.0	0.0	-0.4	-0.9	-1.3	-1.7	-2.1	-0.2	1.8

Calculation of compensation according to regulation 1370/2007 (MlnPLN)	Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Costs of rendering public services (+)	9.2	9.4	9.6	9.5	9.4	9.3	9.2	9.2
Operating cost (without depreciation)	6.8	7.1	7.4	7.4	7.4	7.4	7.4	7.4
Depreciation	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Interest Paid/Received	0.6	0.5	0.4	0.3	0.2	0.1	0.0	0.0
Other Costs (+)/Income(-)	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Tax incurred	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All cash inflows generated on the network (network effects) (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariff revenues (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reasonable profit (+)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Net financial effect = allowed compensation	9.4	9.6	9.7	9.6	9.5	9.4	9.4	9.4

Reasonable profit verification - Cash flow to investor (Millions PLN)	Rok 0	Rok 1	Rok 2	Rok 3	Rok 4	Rok 5	Rok 6	Rok 7	Rok 8
Additions/reductions to equity capital	-2.0								
Dividend to shareholders		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual value at the end of the PSC (net worth)									3.2
Net cash flow	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2
IRR	6%								

Example 5 - Operator gets the EU grant for rolling stock and manages the Infrastructure owned by the City

Context of the example

Operator of the tram system owns rolling stock and manages the necessary infrastructure. The infrastructure is owned by the City. # Operator gets the EU grant accounting for 50% of the new rolling stock investment. The remaining part is financed by the bank loan (30%) and equity (20%). At the same time the City is the beneficiary of EU grant for infrastructure accounting for 85% of the investment. The remaining part is financed by the City budget. New rolling stock investment: acquisition of 20 tram vehicles at cost of 6 mln PLN each. Infrastructure investment: modernisation of few sections of the tram tracks at cost of 45 mln PLN. Public service contract requires 200 thousand vehiclekilometre per year to be delivered with 60 tram vehicles.

KEY ASSUMPTIONS

CAPEX - new projects (net of VAT)	Total	Year 1	Year 2	Year 3	
Number of new tram units to be acquired (mln PLN)	20	0	10	10	
Value of one new unit (mln PLN/vehicle)		0	6	6	
Total Capex - new rolling stock (mln PLN)	1200	0	60	60	
Investment outlays on infrastructure modernisation (mln PLN)	0.0	0	0	0	
Financing Plan (mln PLN)	Total	Year 1	Year 2	Year 3	Financing structure
Purchase of rolling stock	1200	0	60	60	100%
EU grant	600	0	30	30	50%
Equity	24	0	12	12	20%
Loan	36	0	18	18	30%
Outlays on Infrastructure (The City)	0.0	0	0	0	100%
EU grant	0	0	0	0	85%
Equity	0	0	0	0	15%
Loan	0	0	0	0	0%
Other needs	0.0	0	0	0	
Equity	0.0	0	0	0	

Other Financial Assumptions (mln PLN)

	Year 0
Assets	91.0
Book value of old infrastructure	0.0
Book value of old rolling stock	0.0
Book value of old rolling stock	80.0
Receivables	6.0
Inventories	2.0
Cash	3.0
Liabilities	91.0
Equity	85.0
Reserves & Liabilities	6.0

Other Financial Assumptions

Interest rate on loan (%)	5%
Loan repayment period (years)	8.0
Operator's reasonable profit (%)	6%
Corporate Income Tax (%)	19%
Receivables Ratio (days)	30
Inventories Ratio (days)	10
Payables Ratio (days)	30
New assets depreciation period - rolling stock (years)	13

Operational assumptions	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Transport work (thousands of vkm)	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0
Transport work (thousands of km)	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
Unit Variable Cost of Operations per vkm (PLN/vehicle/km)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Fixed Cost of public services (million PLN)	70.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0	61.0	60.0
Number of new vehicles in service	0	0	10	20	20	20	20	20	20	20	20
Number of replaced vehicles in service	20	20	10	0	0	0	0	0	0	0	0
Number of other vehicles in service	40	40	40	40	40	40	40	40	40	40	40
Total vehicles in service	60	60	60	60	60	60	60	60	60	60	60

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Debt Service (mln PLN)											
Principal Amount at the Beginning of the period	0.0	0.0	0.0	18.0	36.0	30.0	24.0	18.0	12.0	6.0	0.0
Debt drawings	0.0	0.0	18.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of the principal	0.0	0.0	0.0	0.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
Principal Amount at the end of the period	0.0	0.0	18.0	36.0	30.0	24.0	18.0	12.0	6.0	0.0	0.0
Interest paid	0.0	0.0	0.5	1.4	1.7	1.4	1.1	0.8	0.5	0.2	0.0
Income Statement (mln PLN)											
Total Revenues	85.4	85.4	88.1	91.7	92.0	91.3	90.6	90.0	89.4	89.1	88.6
Tariff Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments under PSC	85.4	85.4	88.1	91.7	92.0	91.3	90.6	90.0	89.4	89.1	88.6
Cost of Goods Sold	71.0	71.0	70.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0
Total Fixed Cost without depreciation	69.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0	61.0	60.0
Total Operations Cost	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Depreciation	8.0	8.0	12.6	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Depreciation new rolling stock	0.0	0.0	4.6	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Depreciation other rolling stock	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Depreciation of new infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation of other infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (operating profit)	6.4	6.4	5.5	5.4	6.7	7.0	7.4	7.8	8.2	8.9	9.3
Interest Paid (-)/Received (+)	0.0	0.0	-0.5	-1.4	-1.7	-1.4	-1.1	-0.8	-0.5	-0.2	0.0
Other Costs (-)/Income (+) (e.g. grant income)	0.0	0.0	2.3	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Profit before tax	6.4	6.4	7.3	8.7	9.7	10.3	11.0	11.6	12.3	13.3	13.9
Tax (CIT)	1.2	1.2	1.4	1.7	1.8	2.2	2.1	2.2	2.3	2.5	2.6
Profit after tax	5.2	5.2	5.9	7.1	7.9	8.4	8.9	9.4	10.0	10.8	11.3
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated profit for the year	5.2	5.2	5.9	7.1	7.9	8.4	8.9	9.4	10.0	10.8	11.3
Balance Sheet as of the end-of-period (mln PLN)											
Assets											
Cash and equivalent	3.0	14.7	30.5	49.7	64.1	79.1	94.5	110.6	127.2	144.5	168.4
Receivables	6.0	7.0	7.2	7.5	7.6	7.5	7.4	7.4	7.3	7.3	7.3
Inventories	2.0	2.3	2.4	2.5	2.5	2.5	2.5	2.5	2.4	2.4	2.4
Total Current Assets	11.0	24.0	40.2	59.8	74.2	89.1	104.5	120.4	137.0	154.3	178.1
New rolling stock	0.0	0.0	5.9	10.6	9.6	8.7	7.8	6.9	6.0	5.0	4.1
Other rolling stock	8.0	7.2	6.4	5.6	4.8	4.0	3.2	2.4	1.6	0.8	0.0
New infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed Assets	8.0	7.2	11.9	16.2	14.9	12.7	11.0	9.3	7.6	5.8	4.1
Total Assets	91.0	96.0	159.6	221.9	219.1	216.8	214.9	213.7	213.0	213.1	219.7
ST Debt plus CPLT Debt	0.0	0.0	0.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Payables	6.0	5.8	5.8	5.7	5.6	5.5	5.4	5.3	5.3	5.2	5.1
Accrued Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liab	6.0	5.8	5.8	11.7	11.6	11.5	11.4	11.3	11.3	11.3	11.3
Long Term Debt	0.0	0.0	18.0	30.0	24.0	18.0	12.0	6.0	0.0	0.0	0.0
Other LT Liabilities & reserves for liabilities	0.0	0.0	27.7	53.1	48.5	34.6	25.4	17.1	9.3	2.9	0.0
Total Liabilities	6.0	5.8	51.4	94.7	84.1	73.4	62.7	52.0	41.3	30.6	25.9
Equity & reserves	85.0	90.2	108.1	127.2	135.1	143.4	152.3	161.7	171.7	182.5	199.8
Total Liab & Equity	91.0	96.0	159.6	221.9	219.1	216.8	214.9	213.7	213.0	213.1	219.7
Cash Flow Statement (mln PLN)											
Operating Profit (EBIT)	6.4	6.4	5.5	5.4	6.7	7.0	7.4	7.8	8.2	8.9	9.3
Depreciation & Amortisation (+)	8.0	17.2	12.6	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Gross Operating CF (EBITDA)	14.4	23.6	18.1	22.7	24.0	24.3	24.6	25.0	25.4	26.1	26.6
Changes in Working Capital (+/-)	-1.5	-0.4	-0.4	-0.5	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Paid	-1.2	-1.4	-1.4	-1.7	-1.8	-2.0	-2.1	-2.2	-2.3	-2.5	-2.6
Net Operating CF	11.7	20.5	16.3	20.5	22.0	22.3	22.5	22.8	23.1	23.5	23.9
Interest Paid/Received	0.0	0.0	-0.5	-1.4	-1.7	-1.4	-1.1	-0.8	-0.5	-0.2	0.0
Current Debt Repaid	0.0	0.0	0.0	0.0	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0
CF before capex	11.7	19.2	15.9	19.2	14.4	15.0	15.5	16.0	16.6	17.4	23.9
CAPEX	0.0	-60.0	-60.0	-60.0	-60.0	-60.0	-60.0	-60.0	-60.0	-60.0	-60.0
Pre Financing CF after debt repayment	11.7	-44.1	18.0	-40.8	14.4	15.0	15.5	16.0	16.6	17.4	23.9
Debt	0.0	0.0	18.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in net worth	0.0	0.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Financing CF	11.7	-44.1	15.9	-40.8	14.4	15.0	15.5	16.0	16.6	17.4	23.9
Cash End	3.0	14.7	30.5	49.7	64.1	79.1	94.5	110.6	127.2	144.5	168.4

Calculation according to regulation 1.370/2007 (min PLN)											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Costs of rendering public services (+)											
Total operating costs (without depreciation)	80.2	82.2	84.6	84.1	82.9	81.7	80.6	79.4	78.3	77.3	
Depreciation	71.0	70.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0	
Interest Paid (+)/Received (-)	8.0	12.6	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	
Other Costs (+)/Income (-)	0.0	0.5	1.4	1.7	1.4	1.1	0.8	0.5	0.2	0.0	
Tax paid (CIT)	1.2	-2.3	-4.6	-4.6	-4.6	-4.6	-4.6	-4.6	-4.6	-4.6	
Cash inflows generated on the network (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Tariff revenues (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Reasonable profit (+)	5.3	6.0	7.1	7.9	8.4	8.9	9.4	10.0	10.6	11.3	
Net financial effect = allowed compensation	85.5	88.1	91.7	92.0	91.3	90.6	90.0	89.4	88.9	88.6	
Reasonable profit verification - Cash flow to investor (min PLN)											
Additions/reductions to equity capital	-85.0	0.0	-12.0	-12.0	0.0	0.0	0.0	0.0	0.0	0.0	
Dividend to shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Residual value at the end of the PSC (net worth)	-85.0	0.0	-12.0	-12.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash flow	6%										
IRR											
Financial Ratios											
Return on Equity (%)		5.9%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.1%	6.0%

Example 6 - Operator gets the EU grant, manages and owns the infrastructure.

Context of the example

Operator of the tram system owns rolling stock and infrastructure, and also manages the infrastructure.

Operator gets the EU grant accounting for 50% of the new rolling stock investment. The remaining part is financed by the bank loan (30%) and equity (20%).

At the same time the Operator is the beneficiary of EU grant for infrastructure accounting for 85% of the investment. The remaining part is financed by the Operator (equity).

New rolling stock investment: acquisition of 20 tram vehicles at cost of 6 mln PLN each.

Infrastructure investment: modernisation of two sections of the tram tracks at cost of 45 mln PLN.

Public service contract requires 200 thousand vehiclekilometre per year to be delivered with 60 tram vehicles.

KEY ASSUMPTIONS

CAPEX - new projects (net of VAT)	Total			Financing structure		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Number of new tram units to be acquired (mln PLN)	20	10	10			
Value of one new unit (mln PLN/vehicle)	0	6	6			
Total Capex - new rolling stock (mln PLN)	120.0	60	60			
Investment outlays on infrastructure modernisation (mln PLN)	45.0	15	15			
Financing Plan (mln PLN)	Total	Year 1	Year 2	Year 3		
Purchase of rolling stock	120.0	0	60	60		
EU grant	60	0	30	30	100%	
Equity	24	0	12	12	50%	
Loan	36	0	18	18	20%	
Outlays on infrastructure	45.0	15	15	15	100%	
EU grant	38	13	13	13	85%	
Equity	7	2	2	2	15%	
Loan	0	0	0	0	0%	
Other needs	0.0	0	0	0		
Equity	0.0	0	0	0		

Other Financial Assumptions (mln PLN)	Year 0
Assets	1111.0
Book value of old infrastructure	20.0
Book value of old rolling stock	0.0
Book value of old rolling stock	80.0
Receivables	6.0
Inventories	2.0
Cash	3.0
Liabilities	111.0
Equity	105.0
Reserves & Liabilities	6.0

Operational assumptions	Year										
	0	1	2	3	4	5	6	7	8	9	10
Transport work (thousands of vkm)	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0
Transport work (thousands of km)	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
Unit Variable Cost of Operations per vkm (PLN/vehicleKil)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Fixed Cost of public services (million PLN)	70.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0	61.0	60.0
Number of new vehicles in service	0	0	10	20	20	20	20	20	20	20	20
Number of replaced vehicles in service	20	20	10	0	0	0	0	0	0	0	0
Number of other vehicles in service	40	40	40	40	40	40	40	40	40	40	40
Total vehicles in service	60	60	60	60	60	60	60	60	60	60	60

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Debt Service (mln PLN)											
Principal Amount at the beginning of the period	0.0	0.0	0.0	18.0	36.0	30.0	24.0	18.0	12.0	6.0	0.0
Debt drawings	0.0	0.0	18.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of the principal	0.0	0.0	0.0	0.0	6.0	6.0	6.0	6.0	6.0	6.0	0.0
Principal Amount at the end of the period	0.0	0.0	18.0	36.0	30.0	24.0	18.0	12.0	6.0	0.0	0.0
Interest paid	0.0	0.0	0.5	1.4	1.4	1.4	1.1	0.8	0.5	0.2	0.0
Income Statement (mln PLN)											
Total Revenues	88.5	88.5	91.5	95.4	95.9	95.3	94.8	94.4	94.0	93.6	93.5
Tariff Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments under PSC	88.5	88.5	91.5	95.4	95.9	95.3	94.8	94.4	94.0	93.6	93.5
Cost of Goods Sold	71.0	71.0	70.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0
Total Fixed Cost without depreciation	69.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0	61.0	60.0
Total Operations Cost	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Depreciation	9.8	9.8	14.9	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1
Depreciation new rolling stock	0.0	0.0	4.6	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Depreciation other rolling stock	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Depreciation of new infrastructure	0.5	0.5	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Depreciation of other infrastructure	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
EBIT (operating profit)	7.7	7.7	6.5	6.3	7.8	8.3	8.8	9.3	9.9	10.6	11.4
Interest Paid (-)/Received (+)	0.0	0.0	-0.5	-1.4	-1.7	-1.4	-1.1	-0.8	-0.5	-0.2	0.0
Other Costs (-)/Income (+) (grant Income, PLN million)	0.4	0.4	3.2	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Profit before tax	8.1	8.1	9.2	10.8	12.0	12.8	13.6	14.5	15.4	16.3	17.3
Tax (CT)	1.5	1.5	1.8	2.1	2.3	2.4	2.6	2.7	2.9	3.1	3.3
Profit after tax	6.6	6.6	7.5	8.8	9.7	10.4	11.0	11.7	12.4	13.2	14.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated profit for the year	6.6	6.6	7.5	8.8	10.4	11.7	12.4	13.2	14.0	14.0	14.0
Balance Sheet as of the end-of-period (mln PLN)											
Assets											
Cash and equivalent	3.0	17.1	36.0	59.4	76.2	94.7	113.9	133.7	154.3	175.6	203.8
Receivables	6.0	7.3	7.5	7.8	7.9	7.8	7.8	7.8	7.7	7.7	7.7
Inventories	2.0	2.4	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Total Current Assets	11.0	26.8	46.0	69.9	86.7	105.2	124.3	144.1	164.6	185.9	214.0
New rolling stock	0.0	0.0	55.4	106.2	96.9	87.7	60.0	69.2	60.0	50.8	41.5
Other rolling stock	80.0	72.0	64.0	56.0	48.0	40.0	32.0	24.0	16.0	8.0	0.0
New infrastructure	0.0	14.5	28.5	42.0	44.5	39.0	34.5	36.0	34.5	33.0	31.5
Other infrastructure	20.0	18.7	17.3	16.0	14.7	13.3	12.0	10.7	9.3	8.0	6.7
Fixed Assets	100.0	105.2	165.2	220.2	200.1	180.0	160.0	139.9	119.9	99.8	79.7
Total Assets	111.0	132.0	211.2	289.0	286.8	285.2	284.2	284.0	284.4	285.7	293.7
ST Debt plus CPTI Debt	0.0	0.0	0.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Payables	6.0	5.8	5.8	5.7	5.6	5.5	5.4	5.3	5.3	5.2	5.1
Accrued Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liab	6.0	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Long Term Debt	0.0	0.0	0.0	11.7	11.6	11.5	11.4	11.3	11.3	11.3	11.3
Other LT Liabilities & reserves for liabilities	0.0	12.3	51.9	30.0	24.0	18.0	12.0	6.0	0.0	0.0	0.0
Total Liabilities	6.0	18.2	75.7	130.4	118.5	106.5	94.5	82.6	70.6	58.6	47.5
Equity & reserves	105.0	113.8	135.5	158.6	168.3	178.7	189.7	201.4	213.8	227.0	241.1
Total Liab & Equity	111.0	132.0	211.2	289.0	286.8	285.2	284.2	284.0	284.4	285.7	293.7
Cash Flow Statement (mln PLN)											
Operating Profit (EBIT)	7.7	7.7	6.5	6.3	7.8	8.3	8.8	9.3	9.9	10.6	11.4
Depreciation & Amortisation (+)	9.8	9.8	14.9	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1
Gross Operating CF (EBITDA)	17.5	17.5	21.5	26.4	27.9	28.3	28.8	29.4	30.0	30.6	31.5
Changes in Working Capital (+/-)	-1.9	-0.4	-0.5	-0.5	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1
Other adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Paid	-1.5	-2.1	-1.8	-2.1	-2.4	-2.7	-2.7	-2.7	-2.9	-3.1	-3.3
Net Operating CF	14.1	14.1	19.3	23.8	25.4	25.9	26.2	26.6	27.0	27.5	28.1
Interest Paid/Received	0.0	0.0	-0.5	-1.4	-1.7	-1.4	-1.1	-0.8	-0.5	-0.2	0.0
Current Debt Repaid	0.0	0.0	0.0	0.0	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0	0.0
CF before capex	14.1	14.1	18.9	22.4	17.8	18.5	19.2	19.8	20.6	21.3	28.1
CAPEX	-13.0	-13.0	-75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre Financing CF after debt repayment	-0.9	-0.9	-56.1	-52.6	17.8	18.5	19.2	19.8	20.6	21.3	28.1
Debt	0.0	0.0	18.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU grant	12.8	12.8	42.8	42.8	42.8	42.8	42.8	42.8	42.8	42.8	42.8
Change in net worth	2.3	2.3	14.3	14.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Financing CF	14.1	14.1	18.9	22.4	17.8	18.5	19.2	19.8	20.6	21.3	28.1
Cash End	3.0	17.1	36.0	59.4	76.2	94.7	113.9	133.7	154.3	175.6	203.8

Calculation according to regulation 1370/2007 (mln PLN)											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Costs of rendering public services (+)		81.9	84.0	86.6	86.1	85.0	83.8	82.7	81.5	80.4	79.5
Total operating costs (without depreciation)		71.0	70.0	69.0	68.0	67.0	66.0	65.0	64.0	63.0	62.0
Depreciation		9.8	14.9	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1
Interest Paid (+)/Received (-)		0.0	0.5	1.4	1.7	1.4	1.1	0.8	0.5	0.2	0.0
Other Costs (+)/Income(-)		-0.4	-3.2	-5.9	-5.9	-5.9	-5.9	-5.9	-5.9	-5.9	-5.9
Tax paid (C1T)		1.5	1.8	2.1	2.3	2.4	2.6	2.7	2.9	3.1	3.3
Cash inflows generated on the network (-)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariff revenues (-)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reasonable profit (+)		6.6	7.5	8.8	9.8	10.4	11.1	11.7	12.5	13.2	14.0
Net financial effect = allowed compensation		86.5	91.5	95.4	95.9	95.4	94.9	94.4	94.0	93.6	93.5
Reasonable profit verification - Cash flow to investor (mln PLN)											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Additions/reductions to equity capital	-105.0	-2.3	-14.3	-14.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend to shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual value at the end of the PSC (net worth)	-105.0	-2.3	-14.3	-14.3	0.0	0.0	0.0	0.0	0.0	0.0	241.1
Net cash flow	-105.0	-2.3	-14.3	-14.3	0.0	0.0	0.0	0.0	0.0	0.0	241.1
IRR	6%										
Financial Ratios											
Return on Equity (%)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%