

Directive No 31
(Issued pursuant to section 7(b) of the Public Procurement Act)

Assessment of Financial Capabilities of Bidders for public procurement of Works and Services Contracts

1. The purpose of assessing the financial capabilities of bidders is for the public body to get assurance that bidders have the financial ability, amongst other requirements, to perform the contract upon award.
2. **Bidders' responsibilities**
 - a) The Standard Bidding Documents (SBDs) generally require bidders to submit, amongst others, the Audited Accounts/Financial Statements for a certain number of years (usually for the last 3 or 5 years) to show the bidder's financial soundness and its sustainability. Henceforth, bidders will also be required to submit selected data extracted from these Audited Accounts/Financial Statements as per Annex 1.
 - b) The SBDs also require bidders to demonstrate access to, or availability of, financial resources such as liquid assets, lines of credit, and other financial means, other than any contractual advance payments to meet the overall cash flow requirements for the contract and its current commitments.
3. **Bid Evaluation Committee (BEC) review of financial information**
 - (i) The financial information provided by the bidder should be reviewed in its ***entirety*** by the ***Bid Evaluation Committee (BEC)*** to allow for an informed assessment in reaching a pass-fail decision on the financial soundness and capability of the bidder.
 - (ii) The manner in which the financial information is to be analysed for financial soundness is more fully explained in the Evaluation Guide (Works and Goods available on PPO Website at page 15) rather than relying solely on Bank Certificate.
 - (iii) For analysis of complex Audited Accounts /Financial Statements, BECs may seek a report assessing the financial soundness of the bidders by a Professional Accountant registered with Mauritius Institute of Professional Accountants (MIPA).
4. **This Directive supersedes Directives 18 and 24 and applies to relevant bidding documents issued as from 15 September 2016.**
5. **Transition period**

For Invitation for Bids (IFBs) which have already been issued and procurement proceedings are in progress, the submission of Bank Certificate as required will continue to be used for compliance and assessment.

Key Financial Information extracted from Audited Accounts/Financial Statements

| Financial data in the currency reported in the Audited Accounts/Financial Statements | Historical Information | | | Remarks By BEC |
|---|------------------------|-----------|--------------|----------------|
| | Previous years | Last year | Current year | |
| Statement of Financial Position (Information from Balance Sheet) | | | | |
| A. Current Assets | | | | |
| B. Current Liabilities | | | | |
| Working capital ratio or current ratio(A/B) | | | | |
| Quick ratio or Acid Test ratio (Current Asset net of stock / B) | | | | |
| C. Total Assets | | | | |
| D. Total Liabilities | | | | |
| Net Worth(C-D) | | | | |
| Cash in hand and at Bank | | | | |
| Bank Overdrafts | | | | |
| Other Liquid Assets | | | | |
| Information from Income statement | | | | |
| Key Profitability Indicators in the currency reported in the Audited Accounts/Financial Statements | Previous years | Last year | Current year | |
| Turnover | | | | |
| Profit /(Loss)Before Tax | | | | |
| Taxation | | | | |
| Net Profit /(Loss) After Tax | | | | |
| $\frac{\text{Net profit After tax}}{\text{Turnover}} \times 100$ | | | | |
| <p><u>Certified by Bidder that information are true extract from Audited Accounts/Financial Statements</u></p> <p>Name:</p> <p>Signature:</p> <p>Capacity:</p> <p>Date:</p> | | | | |