

Guidance on completing Financial Information Section of the Pre-Qualification Questionnaire 2010 contract tenders

This document was last updated on 23 February 2010

This document contains guidance on how to complete the financial information section of the Pre-Qualification Questionnaire (PQQ) for the 2010 contract tenders. This information is not assessed (and the form is non-mandatory at the time of submitting the tender), however all applicant organisations awarded a contract following assessment of the tender will be required to provide this information under the terms of the contract. We would therefore encourage all applicant organisations to submit this information as part of the tender.

The status of the financial information is set out further in the Invitation To Tender (ITT) documents.

This guidance is split into two parts:

[The private sector Applicant Information Form](#)

and

[The not-for-profit Applicant Information Form](#)

The private sector Applicant Information Form

The information required to complete this form can be found in your financial statements from the balance sheet, profit and loss account, and notes to the accounts.

Information requested:

Net Assets (Liabilities)

The net assets figure is found on the balance sheet, and is gross assets less gross liabilities. Work in progress in an asset in the current year's accounts.

Quick Asset Ratio

The quick asset ratio, also known as the current asset ratio, compares total current assets (including work in progress, see Net Assets above) to total current liabilities and indicates whether there are sufficient short-term assets to the short-term liabilities.

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \text{Quick asset ratio}$$

Gross Profit (loss)%

Gross profit is calculated by deducting direct costs from sales or turnover (fees earned from all the business activities, which can be obtained from the profit and loss account). Direct costs include staff salaries that are directly connected with producing sales, for example, fee earners. A notional salary for equity partners should also be included in direct costs¹.

When submitting gross profit (or loss) on the private sector Applicant Information Form should be expressed as a percentage of sales or turnover:

$$\frac{\text{Gross Profit}}{\text{Sales or turnover}} = \text{Gross Profit (Loss) \%}$$

Net Profit (loss) %

Net profit is gross profit after the deduction of other costs, including administration, premises costs and interest, but before dividends.

When submitting net profit (or loss) on the private sector Applicant Information Form should be expressed as a percentage of sales or turnover:

$$\frac{\text{Net Profit}}{\text{Sales or turnover}} = \text{Net Profit (Loss) \%}$$

¹ The notional salary is representative of how much you would have to pay a lawyer to do the work that is being carried out by the equity partners. This is for costing purposes and would not be included in your accounts as part of the salaries bill.

The not-for-profit Applicant Information Form

All of the information that we ask for can be found in the accounts which you submit to the Charity Commission.

Information requested:

Net Surplus (Deficit)

Income remaining after subtracting operating expenses, taxes, interest and insurance. This can be calculated by comparing yearly income with yearly expenditure.

Yearly Income

Yearly income, or revenue, is the total amount of money received by the organisation during the period. It includes all payments received for services/goods and all other funding streams.

Total yearly expenditure

Total yearly expenditure (overheads) is the cost or expense (such as for administration, insurance, rent, and utility charges) that:

- 1) relates to the operation of the organisation as a whole;
- 2) does not become an integral part of the services you provide (e.g. the salary of a caseworker delivering an LSC contract is **not** an overhead); and
- 3) cannot be applied or traced to any specific output/service.

Overheads can be thought of as **indirect** costs.