

CHC/651 CASA DPQQ Financial Guidance Document

1.1. The following definitions are used in this document:

Term	Definition
Authority	Means the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland, acting as part of the Crown. Where "we" is used in this DPQQ, this means the Authority.
Bid	Means an individual response to this DPQQ and any subsequent participation in this procurement
Clarification Question	Means a question submitted by a Potential Provider seeking additional information, further explanation or clarity from the Authority in relation to information contained in the DPQQ.
Consortium Member	Means one or more of the parties forming a Consortium.
Potential Provider	Means the business or company which is completing this DPQQ. Where "you" or "your" is used in this DPQQ, this means you, the Potential Provider.
Potential Provider Consortium	Means the group of entities which together form the Potential Provider.
Potential Provider Entity	Means the Potential Provider, each member of any Potential Provider Consortium and each entity in a Potential Provider Supply Chain where relied upon in responding to this DPQQ.
Potential Provider Supply Chain	Means all entities which will be subcontractors to the Potential Provider where relied upon in responding to this DPQQ and which are listed as such in your response to this DPQQ.
Pre-Qualification Questionnaire or DPQQ	Means this pre-qualification questionnaire.

2. Selection of Tenderers

2.1. The objective of the DPQQ Financial evaluation is to pre-qualify and select tenderers from Potential Providers.

2.2. The Financial Evaluation will be carried out in *Section 1.10 PART 1: FORM D - ECONOMIC AND FINANCIAL STANDING* in the Qualification Envelope:

2.2.1. **(PASS / FAIL Evaluation) – Qualification Envelope.** PASS / FAIL questions which must be passed by the Potential Provider in order to progress (except where the Authority has discretion not to fail the Potential Provider).

2.3. The Potential Provider's response to each question shall be evaluated in accordance with the Potential Provider selection criteria detailed in Paragraph 3 (DPQQ Questions Scoring) below.

3. DPQQ Questions Scoring

Part 1 – Qualification Questionnaire. A Pass is required for each line item below;		
Ref & Question Number	Evaluation Approach	Required Standard
Part 1 Form D Economic and Financial Standing (Section 1.10)	Pass / Fail	Details of the Economic and Financial standing evaluation criteria are set out at Annex A to this DPQQ Financial Guidance Document. <i>Title:</i> 20221003_ANNEX B_CHC651 CASA DPQQ Financial Guidance Document

OFFICIAL

Annex B to CHC/651 CASA DPQQ

Annex B - CHC651 CASA DPQQ Financial Guidance Document

1. Part 1 Form D: Economic and Financial Standing Evaluation

Questions relating to economic and financial standing

1.1. Each Potential Provider Entity must provide responses to questions DPQQ_4.1 to DPQQ_4.2(c) (and DPQQ_4.3(a) to DPQQ_4.3(c) if applicable) to in order for the Authority to carry out its financial health assessment. If a Potential Provider Entity fails to provide the requested information, the Authority shall exclude the Potential Provider from further participation in the Procurement.

Evaluation of economic and financial standing.

1.2. The Authority will use the information provided in the responses to questions DPQQ_4.1 to DPQQ_4.2(c) (and DPQQ_4.3(a) to DPQQ_4.3(c) if applicable) to assess the financial standing of each Potential Provider Entity in accordance with the qualification standards set out in Figure 1 below. The resulting assessment will lead to a PASS/FAIL evaluation based on whether the Potential Provider Entity has demonstrated, through meeting the qualification standards, that it has sufficient economic and financial standing to provide services of the technical scope and scale of CHC/651 CASA DPQQ Financial Guidance Document. Subject to paragraphs 1.3, 1.4 and 2, the Authority reserves the right to exclude a Potential Provider Entity that does not meet the qualification standards set out in Figure 1 below.

Assessment	Methodology	Qualification standard
All financial information	The Authority will review all financial information obtained from the response provided to questions DPQQ 4.1 to 4.2(c), (and DPQQ_4.3(a) to DPQQ_4.3(c) if applicable) the Potential Provider Entity accounts and the Company Watch credit rating check in order to establish a holistic view of the state of the Potential Provider Entity's financial health.	Failure to provide the financial information requested in this DPQQ will result in the Potential Provider Entity failing to meet this qualification standard.

OFFICIAL

Assessment	Methodology	Qualification standard
Turnover	The Authority will review each Potential Provider Entity's turnover for the three full financial years prior to the date of this DPQQ.	If the estimated annual contract value for this procurement exceeds fifty per cent. (50%) of a Potential Provider's annual turnover, the Potential Provider will not meet this qualification standard. Where the Potential Provider Entity intends to provide all or some of CHC/651 Common Aviation Situational Awareness (CASA) DPQQ services via a joint-venture company, Consortium Member, or other special purpose vehicle, the Authority will apply the assessment equally to the Potential Provider Entity. Accordingly, where the value of a Potential Provider Entity's intended contractual obligations and financial liabilities exceeds 50% of its annual turnover, the Potential Provider Entity will not meet this qualification standard.
Liquidity ratios	A Potential Provider Entity's current assets are divided by current liabilities to establish if there are sufficient assets to cover all of the Potential Provider Entity's liabilities as they fall due over the course of one year.	The Authority requires a Potential Provider Entity to have: <ul style="list-style-type: none"> • a minimum current ratio of 1.0; and • a minimum acid test ratio of 0.8. If these ratios are not met, the Potential Provider Entity will not meet this qualification standard.
Company Watch	Company Watch "H-Score" (an overall measure of a business' financial health – for more information, see www.companywatch.net/analytcs-insight/h-score).	If a Potential Provider Entity does not have a score of 20 or above, the Potential Provider Entity will not meet this qualification standard.

Figure 1: Economic and financial standing qualification standards

1.3. If a Potential Provider Entity meets all of the qualification standards set out in Figure 1 above they will be awarded a PASS. Subject to paragraph 1.4 below, if a Potential Provider Entity does not meet one or more of the qualification standards set out in Figure 1 above, the Authority may award a FAIL for this evaluation.

1.4. The Authority may choose not to award a FAIL despite a Potential Provider Entity not meeting a qualification standard if:

OFFICIAL

1.4.1. the Potential Provider Entity can provide a parent company guarantee that:

1.4.1.1. meets the requirements set out in paragraph 2 below; and

1.4.1.2. in the Authority's opinion, gives the Authority sufficient comfort that the risks associated with the Potential Provider not meeting the qualification standard(s) will be effectively managed by the guarantee; and/or

1.4.2. the Authority considers that there are appropriate mitigating factors demonstrating that the reason(s) behind not meeting the qualification standard(s) are either:

1.4.2.1. unlikely to recur; or

1.4.2.2. unlikely to expose the Authority to a significant degree of risk if a contract were to be awarded to the Potential Provider at the end of the procurement.

2. Parent company guarantees and bank Guarantees

2.1. The Authority may also require a parent company guarantee from a Potential Provider Entity's ultimate parent company. The Authority may require this in a number of circumstances, including where:

2.1.1. There is a failure to meet one or more of the qualification standards described at paragraph 1.2 and/or Figure 1 above;

2.1.2. The Potential Provider Entity that would contract with the Authority is a dormant or "shell" company for an intermediary company;

2.1.3. The contracting entity would be a joint venture company, Consortium Member, or other special purpose vehicle; or

2.1.4. The contracting entity otherwise:

2.1.4.1. Has no adequate financial track record that the Authority is able to assess; or

2.1.4.2. Lacks the financial capacity required to perform the services provided under CHC/651 CASA DPQQ Financial Guidance Document but is otherwise, in the Authority's opinion, financially sound.

OFFICIAL

2.2. The financial standing of any such parent company will be assessed in the same way as if the parent company were a Potential Provider Entity .

Where a Potential Provider Entity does not have an ultimate parent company, the Authority may request a bank guarantee be obtained instead.

OFFICIAL