



Crown  
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## **Attachment 3**

### **Financial viability risk assessment (FVRA) instructions**

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## Introduction

In this Attachment 3 Financial viability risk assessment instructions and Attachment 3a RM6370 Financial viability risk assessment (FVRA) tool, the following words shall have the following meanings:

“applicant”	you, the organisation applying to be a member of this Dynamic Market
“EFS”	means economic and financial standing
“FVRA”	means financial viability risk assessment tool
“The Guidance Note”	means: <a href="#">Assessing and Monitoring the Economic and Financial Standing of Bidders and Suppliers document</a>
“The Sourcing Playbook”	the document that outlines a series of key policies for making outsourcing decisions and contracting outside suppliers for the delivery of public services. <a href="#">The Sourcing Playbook</a>

CCS has adapted the Cabinet Office’s ‘Financial Viability Risk Assessment (FVRA) Tool’ (version 4.3.1) as the basis to conduct a financial assessment on all applications to the Dynamic Market.

The RM6370 - Space Technology Solutions FVRA tool is provided at Attachment 3a and is to be completed and submitted by applicants.

Applicants must complete and submit Attachment 3a Financial Viability Risk Assessment Tool.

Applicants who pass the assessment to the satisfaction of CCS will achieve a “pass”. If an applicant does not pass the assessment, to the satisfaction of CCS, they will “fail” and they will not meet this condition of membership and the application will be rejected until the condition can be satisfied. We will tell you if you do not meet this condition of membership and why.

It is advised that before completing the FVRA, all applicants review the June 2023 Guidance Note [‘Assessing and Monitoring the Economic and Financial Standing of Bidders and Suppliers’](#) (hereafter referred to as ‘The Guidance Note’).

RM6370 - Space Technology Solutions has been classified as a gold contract, via the contract tiering tool. All applicants to this Dynamic Market are required to

complete Attachment 3a – FVRA tool and upload when prompted when completing your questionnaire in the DMQ.

Attachment 3a provides transparency as to how and what CCS will assess and allows applicants to see their risk classifications as they complete the financial assessment. Applicants ranked red (high risk) or amber (medium risk) against relevant thresholds must set out explanations and relevant mitigations on the relevant tabs (3.1 to 3.3) within Attachment 3a. Further guidance around potential mitigations is also provided in the 'Guidance Note'.

Please see Appendix 1 for instructions on how and where to submit the required information in the DMQ.

## **Instructions and guidance**

Before completing Attachment 3a, applicants are advised to review the first tab 'Instructions'.

### **Important**

On the tab 'Instructions' make sure you select the correct company/organisation type for the applicant from the dropdown provided, (row 39) before completing Attachment 3a. Please ensure you only complete the tabs relevant to your organisation type.

- 1.1a Lead financial Input - only complete if you are a private limited company/publicly listed company
  - 1.1b Lead financial Input - only complete if you are not for profit/voluntary organisation
1. Gold - applicants must correctly and accurately complete Attachment 3a –Financial viability risk assessment tool.
  2. Means of proof will be in line with regulation 10 of the Procurement Regulations 2024.
  3. Applicants should complete all tabs in line with the instruction found within the Instructions tab of the Attachment 3a – RM6370 Financial viability risk assessment tool
  4. Where the financial information inputted by the applicant into Attachment 3a –Financial viability risk assessment tool and compared to the thresholds set by the CCS (see Authority RAG Thresholds tab and Annex 1), the following is calculated in the assessment (black) tabs:
    - i. a green result means that the applicant passes the criteria and no further action is required

- ii. a red or amber result does not mean this will be an automatic fail. Applicants must, however, use the black tabs 3.1 to 3.3 to provide mitigating commentary against any red or amber results and CCS will take such explanations into consideration in its assessment of the economical financial assessment. As well, CCS may seek further clarifications from the applicant.
- 5. If CCS requires clarification or further information, explanations, it will send a message to the applicant through the eSourcing tool messaging system. Applicants must respond to these requests within timeframes set in the individual messages.
- 6. FVRA criteria 7 Net Asset Value is the only ratio which doesn't involve a fraction. To achieve green – low risk – the applicant must be in a positive Net Asset position. If it is in a Net Liabilities position, then they are classed as high risk.
- 7. All applicants must provide copies of:
  - a. their published accounts for the last 2 years covering a 3-year period (for clarity, each set of accounts contains 2 years, therefore by providing 2 sets, this provides their financials for a period of 3 years as per FVRA template). These accounts should be made up of a Profit and Loss or Income Statement and a Balance Sheet or statement of financial position.
  - b. the published accounts of the parent company for the last 2 years to include statements as detailed in point 'a' above.
  - c. ultimate parent published accounts for the last 2 years (as per point 'a' above) along with their completed Attachment 3a –Financial viability risk assessment tool. In line with the 'Guidance Note' any qualified accounts will receive additional scrutiny.
- 8. Applicants' financial accounts and supporting information should be in English and in UK Sterling. If the original documents are not in English, please provide copies of the originals and a certified translation into English. If the sums in the accounts are not expressed in UK Sterling then copies of the original accounts, shall be provided together with a UK Sterling rate equivalent copy utilising the pound buys exchange rate applicable on the date of auditor issue of the financial statement. International accounts for the parent companies can be recorded in the local currency, using rows 15 to 17 to apply the applicable currency exchange rate to present the figures in GBP.
- 9. Each applicant must set out the following information:
  - a. any key events or movements in its/their financial position that have a bearing on the financial standing of the applicant that have occurred

since the most recent published accounts;

- b. any information relating to factors that have a bearing on the financial standing of the applicant that require a more detailed explanation than is given in the information provided in Attachment 3a – Financial viability risk assessment tool;
- c. a statement, where relevant, that addresses any misreporting of factual information or information that has been publicly available in the last year which, in the applicant's opinion, requires additional explanation.

If applicable this information must be uploaded as an attachment to the DMQ, see Appendix 1.

10. Applicants may be asked to

- make CCS aware of any adverse changes to their economic and financial standing that might adversely impact their ability to deliver required outputs.
- CCS may require the resubmission of Attachment 3a – Financial viability risk assessment tool using latest available management accounts (or equivalent) data, such that the impact on FVRA threshold ratios can be understood.

The resubmitted Attachment 3a – Financial viability risk assessment tool will then be appraised by CCS in line with the guidance above. If satisfactory mitigations cannot be provided for red or amber threshold results, the application may be rejected, as this condition of membership has not been satisfied. We will tell you if your application has been rejected and why.

11. Where, upon appointment to the Dynamic Market, the last accounting information provided by applicants is over 12 calendar months old, they may be asked to resubmit Attachment 3a – Financial viability risk assessment tool using either:

- Latest published accounts, where the accounts date falls within the last 12 months; or
- Management account (or equivalent) data, where the relevant year end period falls within the last 12 months.

The provisions above will then apply, and if applicants are unable to provide satisfactory explanations and mitigations for red or amber threshold results, the application may be rejected as this condition of membership has not been satisfied. We will tell you that the application has been rejected and why.



## Appendix 1 – How and where to submit the required information

What	What should be in the zip folder	Zip folder name	Question to upload zip folder to in the DMQ
Completed Attachment 3a	Your organisation name_FVRA	Upload as a zip folder EFS_ your organisation name	Upload to question 1.24.2
Published accounts for the last (3 years) for <ul style="list-style-type: none"> <li>• Applicant (as downloaded from CDP)</li> <li>• Applicant's parent (if you have a parent company)</li> <li>• Applicant's ultimate parent (if you have an ultimate parent company)</li> </ul>	<p>Applicant's accounts years, name the file "Account period - organisation name_Published Accounts"</p> <p>Parent company's accounts name the file "Account period - organisation name (PC)_Published Accounts"</p> <p>Ultimate Parent company's accounts, name the file "Account period - organisation name (UPC)_Published Accounts"</p>		<p>Upload your accounts to question 1.24.4</p> <p>Upload your parent company accounts to question 1.24.6</p> <p>Upload your ultimate parent company accounts to question 1.24.8</p>
Applicant's response to	Name the file "Organisation		Upload to question 1.24.2



paragraph 10 (if applicable)	name_Paragraph 10"		
Any draft accounts that you have chosen to provide  In line with this document any qualified accounts will receive additional scrutiny.	Name the file "Organisation name_Draft Accounts"		Upload to question 1.24.4
Any additional completed Attachment 3a required i.e. where your application includes both charitable and private company sub-suppliers or parent and/or ultimate parent company	Ad1FVRA_ insert your organisation name1 Ad2FVRA_ insert your organisation name2 and so on	AdFVRA_ insert your organisation name	Upload to question 1.24.2