

## **Financial Requirements**

The analysis of the tenderers' financial statements is not a criterion for the purposes of the scoring and awarding of points or the determination of competitive ranking, but to determine if the tenderers are financially stable enough to execute the contract / order of the magnitude to be awarded.

### **Requirements for Financial Evaluation of Companies**

- Public Interest Score (PIS) and the calculations to arrive at the score (refer to annexure attached for calculation of PIS). The PIS letter must specify whether:

1. Whether the AFS were internally or externally prepared.
2. Whether the company was owner managed or not owner managed.

The PIS does **NOT** apply to companies that have been **AUDITED**.

- Latest approved financial statements including comparative amounts.  
AFS must be valid and not outdated, received within 18 months after year-end.
- A signed director's / member's report.
- Signed Compilers / Accounting Officers / Independent Reviewers / Audit report whichever is applicable, based on the PIS above. Where the PIS requires an Audit or Independent Reviewers report, the Compilers / Accounting Officers report must still be submitted.
- Approved Annual Financial statements must comprise:
  - o Statement of financial position (Balance Sheet)
  - o Statement of comprehensive income (income statement)
  - o Statement of changes in Equity
  - o Statement of cash flows
  - o Notes to the financial statements
  - o ITA 34C Income Tax Assessment for companies that have **NOT been AUDITED. The ITA-34C assessments must be provided for the current and previous financial years. The turnover amount shown in the income statement must correspond to the amount shown in the ITA-34C. Should the amounts not correspond, a financial analysis will not be performed.**
- The notes to the AFS specifically referring to **Accounts Receivable** and **Accounts Payable** must give a complete breakdown of the amounts. A clear distinction must be made between Trade Debtors and other receivables as well Trade Creditors and other payables. The note must clearly show the amounts subject to interest and the terms and condition of interest.
- The notes to the AFS must clearly specify the current and non-current liabilities that are subject to interest.
- Member / Directors loans must be accompanied by a note specifying the terms of the loan, whether secured or unsecured, terms of repayment and interest rates.
- Name of Holding company if the company is a subsidiary company.

- Where there is a Holding company the Latest Signed Group Annual Financial Statements of the Holding Company may be requested at a later stage.
- Information requested from companies via Procurement Office not received within seven (7) working days from date of Finance request will result in the financial evaluation being closed. Finance will issue a 1-page report stating that an opinion could not be expressed due to insufficient information.

**Note:**

Draft, bi-annual, management accounts and unsigned financial statements will NOT be accepted. Soft copies of the AFS submitted with the tender documents may be requested at a later stage.

The following mitigating factors may as a minimum, be implemented if the financial evaluation result of the service provider is negative:

- Obtaining a performance bond from a financial institution that has been pre-approved by Eskom's Treasury department.
- A parent company guarantee, provided that the parent company is financially sound enough to stand as surety for the subsidiary tendering for the contract. The parent company's latest and approved AFS must be submitted for financial analysis.
- A reduced contract may be recommended; or
- Payment upon delivery of a milestone activity or milestone goods.