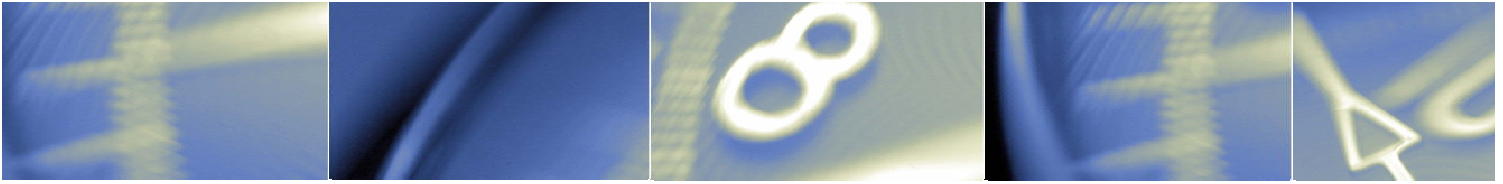


# Constructionline

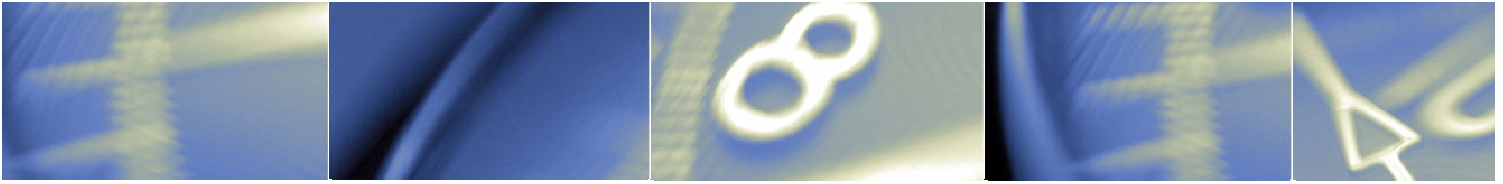
## Registration Criteria





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## Background

Constructionline is the UK's register of local and national construction and construction-related suppliers pre-qualified to work for public and private sector buyers. It is owned by the Department for Business, Innovation & Skills (formerly the DTI) and supported by the Office of Government Commerce and the Department of Communities and Local Government. Its aim is to provide efficiency savings to public and private sector procurers and the construction industry as a whole by streamlining procurement procedures.

Constructionline was established in response to recommendations in Sir Michael Latham's 1994 Report, 'Constructing the Team' and Sir John Egan's 1998 Report, 'Rethinking Construction'.

Its procedures follow Government's current understanding of EU public procurement legislation and the Local Government Act and it is managed in accordance with a strict interpretation of the legal framework applicable to pre-qualification, thereby reducing associated risks for procurers.

Further information and recommendations for usage can be found in OGC's and LGTF Common Minimum Standard:

[www.ogc.gov.uk/documents/Common\\_Minimum\\_Standards\\_PDF.pdf](http://www.ogc.gov.uk/documents/Common_Minimum_Standards_PDF.pdf)

[www.constructingexcellence.org.uk/pdf/lgtf/Common\\_Minimum%20Standards.pdf](http://www.constructingexcellence.org.uk/pdf/lgtf/Common_Minimum%20Standards.pdf)

## Reducing Duplication

Registered Suppliers have to complete one PQQ (Pre-Qualification Questionnaire) and then provide renewal information annually. This reduces duplication as Constructionline is then used by 2000 Public Sector and Private buying organisations. This information is assessed to a common, transparent standard, and buyers should only need to request project-specific information on additional criteria if appropriate.

All of the current Constructionline application forms are available on the Constructionline website <http://www.constructionline.co.uk/static/suppliers/registered-supplier-resources.html>

**The criteria for registration with Constructionline are set out below and applied to organisations in their entirety rather than individual branch offices.**



## Compulsory information

The compulsory information must be provided by all suppliers on initial registration and confirmed annually or at any time there is a change in the information provided.

A supplier's failure to provide compulsory information after one or more requests or to meet the minimum criteria as detailed in this section at any time, will mean the supplier will not be allowed to register or, if currently registered, the company will be put on a *suspended* status, or made *inactive*.

If a supplier is suspended, they will not appear on any supply lists. Furthermore, buyers will be warned of the issue with the supplier if the supplier appears on any of their Suppliers Lists, Supply Chains or tenders

In the event that a supplier fails to meet the references criteria on initial application or at any time, they are registered, they will not be allocated the work category for which they are applying or will have the applicable category removed. To be registered, a supplier must have at least one valid work category.

### 1. Contact Details & Company Information

#### The Standard


- All information required must be supplied. All the supplier's details must cross-reference with the information on the accounts supplied and, if a Ltd or Plc company, the certificate of incorporation. If the supplier has provided a VAT number, it must be an authentic and valid number issued by HM Revenue and Customs.

#### Information required

- Full details of a supplier's registered office, head office and branch offices, or principal business address if the supplier is not a limited company.
- Supplier's name as shown on accounts and, if appropriate, a trading name.
- VAT number and trading name, together with a copy of their registration certificate (if applicable).
- Certificates of Incorporation for all public, private limited companies and limited liability partnerships.
- A valid Dun & Bradstreet number.

#### The Verification

- The registration / trading name details are checked against accounts information and all other documentation that accompanies an application to ensure consistency.
- Suppliers are encouraged to provide details of all offices. These details are checked against the supplier's paperwork to ensure they are valid offices.
- For registered companies (Public Limited Companies, Limited Liability Partnerships and Private Limited Companies) the Certificate of Incorporation is checked against the accounts information and other material provided by the suppliers. In the event of any inconsistencies, the registration number is verified with Companies House and then further clarification is sought from the supplier.
- The VAT number, if appropriate should be checked against invoices or with the HMRC website, however the system has a built in system algorithm that does not allow invalid VAT numbers

- 
- The Dun and Bradstreet number is checked against the Dun and Bradstreet website. This information is used to verify the suppliers' identity for other organisations Constructionline shares data with.. *Please note there are no credit checks carried out by Dun and Bradstreet.*

## 2. Assessment of the financial standing of suppliers

### The Standard

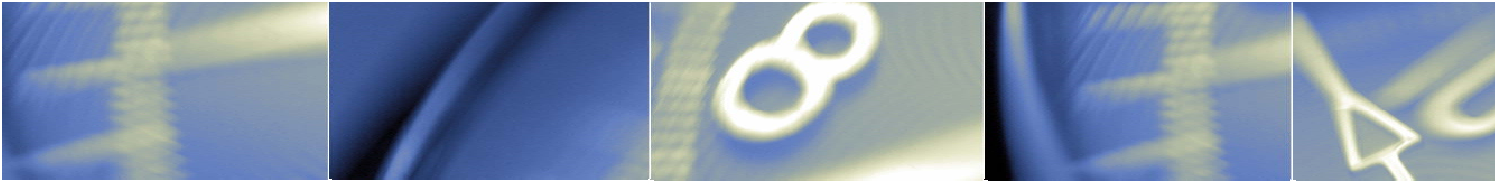
- Suppliers must undergo a financial assessment to the Constructionline standard and satisfy Constructionline's in-house accountants that they are financially viable and are unlikely to expose a buyer to undue risk of financial failure if selected to be invited to tender. The financial assessment takes into account the OGC's "Supplier financial appraisal guidance". The suppliers must either pass the appropriate decision trees, detailed at appendix 1a, and 1b, or alternatively satisfy Constructionline's accountants that their finances will support a certain level of trading.
- Suppliers must provide the information required on their application to be registered, and annually thereafter on the anniversary of their annual accounts date, or as soon after that date as possible but no later than any date laid down in legislation. Constructionline's accountants may request further information from suppliers.
- If at any time it is established that a supplier's financial status deteriorates to the extent that Constructionline's accountants consider the risks associated with a supplier have changed, the supplier may be put on a *consult* status, have their notation values modified appropriately or be made *inactive*.
- Constructionline's accountants reserve the right to take into consideration any information they feel is appropriate when reaching a decision on a supplier's status and their decision is final. Accounts information is requested annually – for Private Limited Companies (Ltd), Limited Liability Partnerships and Public Limited Companies (Plc), the accounts have to be supplied to Constructionline no later than the Companies House filing date. For other businesses, they must supply their accounts no later than the latest HM Revenue and Customs (formerly the Inland Revenue) filing date.
- In addition all Constructionline suppliers are monitored daily by Experian for any changes in financial status

### Information Required

For established suppliers:

#### **(a) Sole traders, partnerships and unlimited companies**

- Full annual accounts (as prepared for the owners and HM Revenue and Customs) for the latest accounting period. The owners must sign and date them as a true representation of the supplier's business affairs. They must also send a signed and dated audit or accountant's report and:
  - a profit and loss account;
  - a balance sheet; and
  - notes on these.
- The accounts must not be older than the HM Revenue and Customs latest return due dates (currently 31 January in the year following the tax year in which the previous accounting period ended).



## **(b) Ltd and Plc companies and Limited Liability Partnerships**


- Company's full annual accounts as prepared for shareholders and Companies House including an audit report (if needed) or an accountant's report (if the supplier does not need an audit). The directors, partners and auditors or accountants must sign and date them where necessary. They must include the following:
  - Directors' report
  - Auditor's or accountant's report
  - Profit and loss account
  - Balance sheet
  - Notes to the accounts
  - Any supplementary trading account
  - Consolidated or group accounts of any ultimate holding company (if these apply)
- For all established businesses, draft or amended accounts are not acceptable. Small businesses must send their accounts (as sent to Companies House), which includes a detailed trading, or profit and loss account that includes turnover.
- When a supplier is a part of a group, the consolidated or group accounts of any ultimate holding company for the latest accounting period must be supplied.
- The accounts must not be older than the Companies House latest due dates for filing (currently seven months for Public Limited Companies and ten months for others).

### **The Verification**

- Accounts are assessed using decision trees (Decision processes detailed at appendix 1a and 1b).
- Accounts which initially do not meet Constructionline's specified financial criteria are examined by our in-house accountants who may contact the suppliers for clarification or further information where considered necessary.
- If the accounts fail both the standard assessment and the accountant's investigation, the application will be formally rejected. If the accounts fail at the annual assessment, then the supplier may have their notation reduced, be placed on a *consult* status or made *inactive* on the database.
- The ongoing financial stability of a supplier is monitored through a variety of mechanisms as follows:
  - a) Experian carry out on going monitoring of suppliers, who are registered with Constructionline. These checks include meetings of creditors, change in the Experian Delphi score and liquidations or receiverships. (A full list of the monitoring can be found at Appendix 3)
  - b) Other financial newspapers and trade publications are monitored on an ad-hoc basis for adverse editorial regarding a registered supplier.
  - c) Feedback from national buyer network regarding a supplier's financial position.

In the event that a registered supplier is listed in the daily updates provided by Experian or in any of the instances above the following sanctions are taken:

- A supplier that is adversely mentioned in editorial or where adverse feedback is received, would be referred to Constructionline in-house accountants who will investigate the allegations and will either dismiss them, amend the supplier's notation values, put the supplier on *consult* or terminate the supplier's registration.
- A supplier that has a meeting of creditors or goes into receivership will be put on *consult*.

- 
- A supplier going into liquidation or being wound up would be made *inactive* on the database.

### 3. Assessment of the financial standing of a new business

#### The Standard

- Special arrangements are in place for new businesses that are unable to produce their first year's accounts. A detailed financial assessment of a supplier's financial status is undertaken by our in-house accountants.

#### Information Required

##### **FINANCIAL**

If full audited or formal accounts are unavailable for a full first year of trading, at least **one** item from **each** of the two categories below will be required:

##### **Category 1**

A trading and cash flow forecast as prepared for a bank or investor, preferably analysed month by month. This must demonstrate that the firm is forecast to trade profitably and generate funds.

OR

Management accounts for an initial period of trading up to 12 months. These must comprise at least a detailed trading and profit and loss account and, if possible, a balance sheet and notes thereon.

##### **Category 2**

An opening balance sheet setting out initial funding of the business when it commenced trading. This must demonstrate that funds available including any loan and overdraft facilities are adequate to support initial requirements for fixed assets and working capital (current assets less current liabilities).

OR

A status enquiry or reference from the firm's bank and/or accountant.

##### **Also**

##### **If applicable**

A letter of support from an ultimate holding company, which holds the controlling interest in its applicant start up supplier subsidiary company, and which itself can meet Constructionline's financial criteria. The "ultimate holding company" itself must be able to meet Constructionline's financial criteria. The letter must be signed by a director, on headed notepaper, and state that the full financial and technical resources of the group will be available to the start up supplier.

#### The Verification

- New businesses are unlikely to pass the Constructionline decision trees, so the information provided by the supplier is passed to Constructionline's accountants for assessment.

- The information provided by the supplier must satisfy the accountants that the supplier is likely to be financially stable and have a sustainable business to be able to complete contracts and meet any ongoing associated obligations.
- If the accountants are satisfied that the supplier meets the requirements, the supplier will be allowed to register as a *new supplier* until it has traded long enough to be able to provide the standard accounts information.
- The supplier's records will be annotated as a *new supplier*' so that our buyers know that these suppliers are start-up companies.
- If the accounts fail both the standard assessment and the accountant's investigation, the application is formally rejected.
- A supplier that satisfies the accountants' assessment will be recommended a suitable notation taking into consideration the supplier's finances and risks associated with the sector and type of work for which it is registering.
- Ongoing financial stability for a new supplier is monitored by the same procedures as described in the above section for an established supplier.
- Experian may also carry out further verification checks to ensure that the start up supplier is an authentic company.

## 4. References

### Standard

- All suppliers are required to provide at least two references for each Work Category they wish to be registered against. The references must be for work completed no more than three years ago. There are 6 performance elements adjudicated in each reference. All performance elements must score a rating of 7 or above to be used. All suppliers must update each reference once they become over three years old, at which stage one reference is required.

### Information Required

- A fully completed Constructionline reference form is required for each Work Category. The reference can either be sent directly by the buyer or forwarded by the supplier to Constructionline.

### The Verification

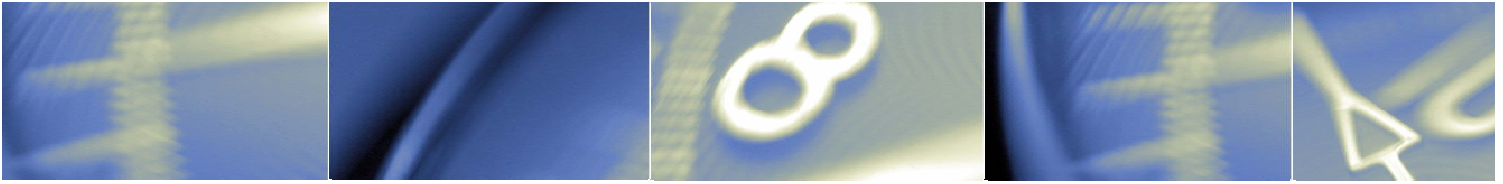
- The reference is examined for correct completion, possible fraudulent submission and that all performance factors have achieved a score of 7 or above.
- Any reference that achieves a score of less than 7 will require further investigation and if necessary the supplier will be asked to obtain a further reference. If still unsatisfactory then the application for that category of work will be rejected.

References are verified by Constructionline staff by contacting the referee. If a reference is not clear, the referee is contacted to clarify its content.

## 5. Notations

### Standard

- For every category, an individual notation is calculated by the database. The notation is the



maximum recommended value for an individual contract for each category of work. The notation is determined by the following factors:

**Finance Factor** – calculated using 5 times net assets and 0.33 of turnover.

**Reference Factor** – the highest value of the references we have per category, multiplied by a coefficient, which is dependent on the work sector.

**Notation** – the average of the finance and reference factors.

- There are two caps that ultimately restrict the final notation; these are 125% of the averaged references' value and 75% of turnover.
- The notation is limited by the maximum contract value a supplier has informed Constructionline that it is prepared to undertake.
- Notations are reviewed yearly upon receipt of the latest accounts but can be recalculated upon receipt of any new references. For full detailed explanation of notation calculations, see appendix 2.

#### **Information required**

- The latest accounts for the contractor, as required under financial assessment.
- References for each category applied for by the supplier, as required under the reference requirement.

#### **Verification**

- The database will provide a provisional notation based on the Financial and Reference factors that have been calculated by the system, taking into consideration the two caps of 75% of turnover and 125% of reference factor. The allocated value will also take into account the additional cap set by the supplier on their maximum contract value. The system will not allow a member of staff to add a notation value higher than the capping figures.

## **6. Company integrity**

### **Management eligibility**

#### **The Standard**


- Directors, company secretaries, sole traders, partners and persons holding more than 20% of the paid-up share or loan capital must not be currently barred from holding office or be an un-discharged bankrupt. Suppliers are asked to confirm these details yearly as part of the full review.

#### **Information required**

- All limited companies must provide details of directors, company secretaries and persons holding more than 20% of the paid-up share or loan capital, including home postcodes and dates of birth.
- Sole traders and partnerships must provide details, including home postcodes and dates of birth of all those with a financial interest in the supplier

#### **The Verification**

- All individuals' details are checked against the Disqualified Directors Register at Companies House and the Individual Insolvency Register at the Insolvency Service.

- 
- The information provided is cross-referenced on the Constructionline database to identify undeclared associations (see below). The accounts are also cross-referenced for any association.
  - If associations are found, the supplier is approached for clarification and the association is shown on the database (see 'Associated Companies' for further information).

### **Professional conduct**

#### **The Standard**

Public sector and utilities procurement Directives as implemented by the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 section 23.1 include a new mandatory requirement for contracting authorities to exclude economic operators (suppliers, contractors and service providers) from public contracts where they have been convicted of certain offences. Suppliers are assessed in accordance with the guidance provided Office of Government Commerce. If they are convicted of one or more of the mandatory exclusions, a supplier will be put on *consult* status. In the event that the supplier fails to provide full details of a conviction their application will be rejected or they will be made *inactive* if already registered.

#### **Information required**

- All suppliers must provide answers to the professional conduct questions. If the supplier answers yes to any of the questions, they must provide full details.

#### **The Verification**

- The suppliers application or renewal is checked to see whether they have confirmed they have been convicted. If the supplier has been convicted it is check that they have provided full details of the conviction.
- The OFT website is check to see if a supplier has been subject to an OFT enquiry and subsequent action.

## **7. Associated Companies**

#### **The Standard**

- Suppliers are required to notify Constructionline of membership of any Group of companies, and to list the names and addresses for their Ultimate Holding Company and associated companies. This measure helps to avoid companies from the same Group being invited to tender for the same contract. Accounts are also assessed for the Group, to determine the financial strength of the Group and its associates.

#### **Information Required**

- The "other office" form must be completed to show holding, subsidiary and sister companies.
- This must be confirmed annually as part of the full review

#### **The Verification**

- All details on associated companies are checked against the accounts provided to ensure that all known or implied members of the group/association have been declared.
- Any such relationship between companies will be shown on the database, indicating the type of relationship between companies, e.g. parent, subsidiary or associate. The supplier will be approached to clarify relationships with associated companies, which are not initially declared.



- Once the relationship is shown on the database buyers have a complete picture. This helps the production of tender lists as Buyers can see the association between companies. If an association is identified the buyers can choose not to invite companies in the same group to tender for the same contract.

## **8. Licences & Certificates**

### **The Standard**

- To register for some specific Work Categories, a supplier will be required to provide the appropriate licence proof, e.g. asbestos removal licence. Detailed requirements are listed on the work categories and in the application guidance notes.

### **Information Required**

- Copy of Licence or appropriate registration Certificate is required.
- Suppliers are asked to confirm these details yearly as part of the full review.
- Copy of a new Licence or Certificate is required after expiry of old one.

### **The Verification**

- The Supplier provides copies of Certificates and Licences, which are checked to ensure the documentation has not expired. Discrepancies are addressed with the supplier. The information will be re-requested upon expiry, and any supplier failing to provide the updated certificates will have the appropriate work category notation removed from their record, i.e. a supplier cannot be on the database for asbestos removal unless they have a valid asbestos removal certificate.

## **9. Staff Skills & Qualifications**

### **The Standard**


- Constructionline requires a company to evidence its ability to manage a contract even where a substantial part of the work is sub-contracted. Suppliers are therefore asked at the point of registration to list their directly employed members of staff, their sub-contractors, and to highlight the number of supervisors and managers within these categories.

### **Information Required**

- A breakdown of the staffing levels, including the management numbers.
- Consultants are asked to provide details of qualifications gained for the discipline(s) for which they wish to be considered for tender to evidence that they have the range of skills necessary to undertake work under each discipline. If the consultant fails to provide details to verify the staffing levels for a discipline, then the discipline will not be allocated.
- All Suppliers are asked to update and confirm these details yearly as part of the full review.

### **The Verification**

- The Constructionline database will list details of the qualifications held by the staff. If copies of the qualifications are received, then the database will show the qualifications as “verified”. In the cases of those suppliers not providing copies of the certificates, then the database will show that the qualifications are “claimed”.

- 
- Consultants' disciplines will not be allocated unless the consultant is a member of the appropriate professional body, i.e. to be registered for Architecture you must be a member of RIBA or equivalent.
  - Work categories will not be allocated to a supplier unless they have the necessary appropriate workforce to carry out the work. For some categories, this may be a sub-contractor.

## 10. Health & Safety

### The Standard

- It is compulsory for suppliers to complete a health and safety questionnaire, in order for buyers to assess whether the supplier has a meaningful health and safety management regime. If the supplier has obtained an SSIP accreditation, a copy of the accreditation certificate or letter will be available in place of the health and safety questionnaire.

### Information Required

- All companies, regardless of size, must complete the Constructionline Health & Safety form Or can they show evidence of assessment by a SSIP member, SafeT-Cert or equivalent for Northern Ireland Based Companies
- A copy of the H&S policy statement.
- Suppliers are asked to provide an updated questionnaire on a yearly basis.
- Suppliers are requested to maintain their own Safety Information Pack (SIP) which may be required by assessors conducting a full Stage 1 Health and Safety Assessment.

### The Verification

- Constructionline does not check the validity of the information contained in responses to the health and safety questionnaire. The information is provided to enable the buyer to make their own assessment of whether the supplier's health & safety practice is likely to meet their requirements. The legal duty to comply fully with CDM 2007 regulations rests with the buyer.
- All questions must be completed and we will not accept the Health & Safety policy as a replacement of the completed form. However, we will accept a copy of the SSIP members accreditation certificate or SafeTCert certificate instead of a completed application.

## 11. Equal opportunities

### The Standard

- The questionnaire has been written by the Equalities and Human Rights Commission and complies fully with their guidelines for procurement in the public sector (published in July 2003).
- It is compulsory for suppliers to answer all questions in Part A; the information provided is assessed to the standards that have been provided by CRE. CRE has advised that the questions in section B should not be compulsory for suppliers to complete. However, CRE strongly recommend that section B should be completed but that buyers should only take the information into their selection process when appropriate to the delivery to the particular project.
- For suppliers wishing to work only in Northern Ireland, they simply need to complete the Equal Opportunities Questionnaire (Northern Ireland) and answer question A10 if they have more than 10 staff.



### **Information Required**

- Completion of Part A of the questionnaire is compulsory.
- Suppliers only wishing to work in NI need only complete the Equal Opportunities Questionnaire for NI.
- Suppliers are asked to provide an updated questionnaire on a yearly basis.

### **The Verification**

- Constructionline will assess section A to ensure that it meets the criteria provided by CRE. Any non-conformity in the answers to the questions in part A are referred back to the CRE. The CRE will help Constructionline assess whether suppliers that have had prior difficulties have improved sufficiently to be Constructionline registered.
- The completed questionnaires and supporting documents will be displayed by Constructionline to enable buyers to view and assess the information free of charge without the costs and time delays involved in making specific enquiries from suppliers.

## **12. Environmental Questionnaire**

### **The Standard**

- This questionnaire has been developed in conjunction with Constructing Excellence, who have fully endorsed the content. The information provided is assessed to the standards that have been provided by CE.
- CE has advised that the questions in section B should not be compulsory for suppliers to complete. However, CE strongly recommend that section B should be completed but that buyers should only take the information into their selection process when appropriate to the delivery to the particular project.

### **Information Required**

- All questions must be completed in Section A of the application form.
- Suppliers are asked to provide an updated questionnaire on a yearly basis.

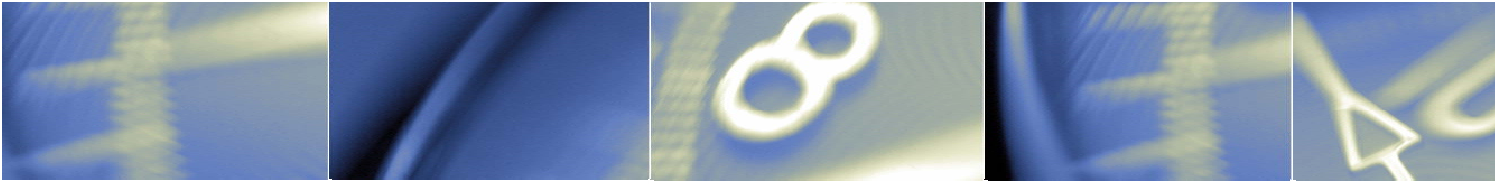
### **The Verification**

- Constructionline ensures that the questionnaire is completed fully and the supplier provides supporting documentation when required.
- If a supplier answers yes to questions 8 and or 9, then the information will be passed to CE for advice. The supplier will be asked to provide supporting documentation including information what action they have taken to rectify any judgements against them.

## **13. Insurance**

### **The Standard**

- Suppliers must have current Public Liability insurance and if staff are employed, Employers Liability Insurance
- Consultants and contractors applying for design and build work categories must have current Professional Indemnity Insurance.



#### **Information Required**

- Copies of current Public Liability and Employer's Liability Insurance certificates and schedules showing excesses and amounts per claim.
- Consultants and Contractors applying for design and build work categories should provide similar details for Professional Indemnity Insurance.

#### **The Verification**

- Information is checked for currency and details of the cover displayed to buyers.

### **14. Areas of Operations**

#### **The Standard**

- All suppliers must declare the area(s) of the UK in which they are willing to work and the minimum value of the work they will undertake in this area. This area can be national or as small as a postcode, depending on the supplier's capability and capacity.

#### **Information Required**

- All suppliers are asked to complete an area of operations tick sheet, declaring the areas and the minimum value of work they are willing to undertake

#### **The Verification**

- The areas declared by suppliers will be used by the buyers to determine if the supplier is capable of meeting the contract requirements.
- It is strongly recommended that suppliers make a realistic assessment of their area of operation. Constructionline registration staff may query this depending upon size of company



## Non-compulsory information

### 1. Trade Association/Professional Body Membership

#### The Standard

- A supplier is asked to provide details of any Trade Association/Professional Body of which they are members.
- This information will be shown on the database as “verified”, if the supplier provides documentary evidence to prove membership. If the supplier does not provide the evidence, then the record will show this membership as “claimed”.

#### Information Required

- Suppliers are asked to supply details of the organisation of which they are members, the type of membership and the registration number (if this applies).
- Suppliers are asked to confirm these details yearly as part of the full review.

#### The Verification

- The Constructionline database will show where copies of Trade Bodies membership are held and evidence of membership has been provided.
- Where no proof of membership has been provided, the database will indicate that membership has been claimed but not verified.

### 2. Quality Standards

#### The Standard

- Suppliers are asked to provide details of any recognised Quality Standards they have obtained. This information will only be added to a supplier’s record if the supplier provides copies of documents to substantiate they have obtained the Standard.

#### Information Required

- A copy of the certificate issued, along with details of the approving organisation, the part of the supplier that has been assessed.
- Suppliers are asked to confirm these details yearly as part of the full review.

#### The Verification

- The Constructionline database will show the type of Standard met if a copy of the certificate has been received. The buyer needs to assess the document to ascertain if a Quality Standard has been issued to the part of the supplier’s organisation with whom they intend to contract.

### 3. Unique Tax Reference Number

#### The Standard

- We invite suppliers to provide their Unique Tax Reference Number, for the convenience of buyers



### **Information Required**

- The Unique Tax Reference Number

### **The Verification**

- It is then the Buyers responsibility to check with HMRC the details provided.

## Appendix 1a

### CONSTRUCTIONLINE DECISION TREE 1 (All Limited Companies)

#### KEY

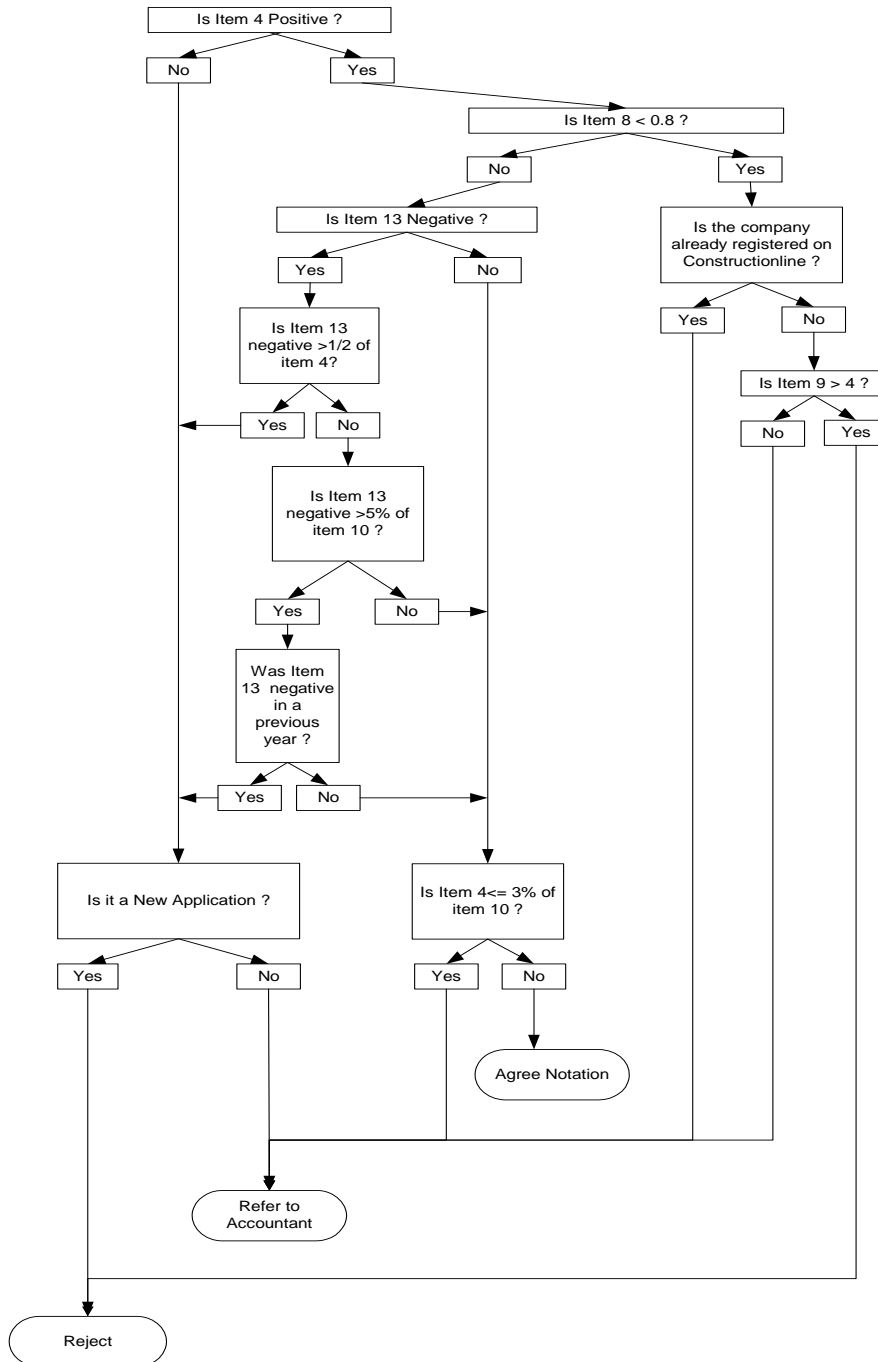
Item 4: Net Assets / Liabilities

Item 8: Current Ratio (current assets ÷ current liabilities)

Item 9: Gearing Ratio (total interest bearing debt ÷ net assets)

Item 10: Turnover

Item 13: Profit / Loss before tax

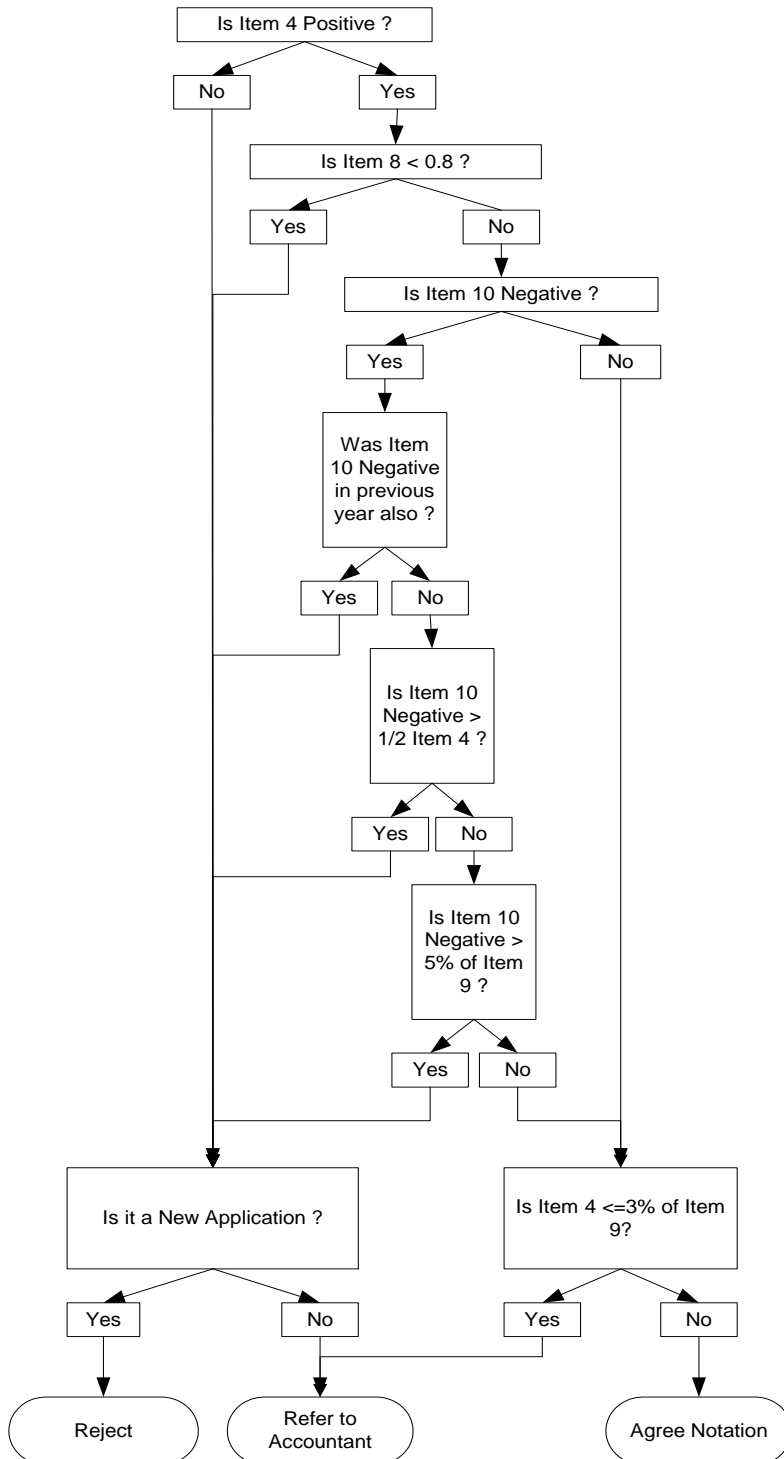


## Appendix 1b

### CONSTRUCTIONLINE DECISION TREE 2 (Unlimited Suppliers and Sole Traders)

#### KEY

Item 4: Net Assets / Liabilities (Capital)  
 Item 8: Current Ratio current assets ÷ current liabilities  
 Item 9: Turnover  
 Item 10: Profit / Loss less capital introduced and drawings



## Appendix 1c

**CONSTRUCTIONLINE MANUAL FINANCIAL ASSESSMENT FORM**  
**For all Private and Public Limited Companies**  
**To be used with decision tree 1 only.**

Contractor/Consultant: \_\_\_\_\_  
 Group: \_\_\_\_\_  
 Year ending: \_\_\_\_\_

Balance Sheet	Supplier's Accounts	Calculation	Group Accounts
1) Issued & Paid up Capital			
2) Reserves		Plus	
4) Net Assets/Liabilities		Equals	
5) Current Assets			
6) Current Liabilities		Minus	
7) Net Current Assets/Liabilities		Equals	
8) Current Ratio		Divide 5 by 6	
8a) Long term Debt			
9) Gearing (New Companies)		8a divided by 4	
<b><u>PROFIT AND LOSS</u></b>			
10) Turnover			
11) Gross Profit/Loss			
12) Gross Profit Margin %		11 Divided by 10	
13) Profit/Loss before tax			

## Appendix 1d

**CONSTRUCTIONLINE MANUAL FINANCIAL ASSESSMENT FORM**  
**For Sole Traders/Partnerships and all non-Limited Companies**  
**To be used with decision tree 2 only.**

Contractor: \_\_\_\_\_

Group: \_\_\_\_\_

Year ending: \_\_\_\_\_

Balance Sheet	Suppliers £000s	Calculation	Group £000s
1) Opening Balance (Cap/Current Acc) / (Net Assets/Liabilities)			
2a) Net Profit/Loss before Drawings		Plus	
2b) Capital Introduced		Plus	
3) Drawings		Minus	
4) Closing Balance (Cap/Current Acc) / (Net Assets/Liabilities)		Equals	
5) Current Assets			
6) Current Liabilities		Minus	
7) Net Current Assets/Liabilities		Equals	
8) Current Ratio		Divide 5 by 6	
<b><u>PROFIT AND LOSS</u></b>			
9) Turnover			
10) Profit/Loss plus Capital introduced minus Drawings		2a plus 2b minus 3	



## Appendix 2

### Explanation of Notation Formula

#### 1. Introduction

Each Supplier registered as a contractor with Constructionline is awarded a notation for each category of work for which it wishes to be considered, and qualifies for. A notation is the maximum recommended financial limit applicable to each category of work that Constructionline advises its client buyers for their use in seeking tenders from that supplier in respect of any one contract. The limit is fixed at the time of the supplier's initial registration, and may be adjusted on review at Constructionline's discretion or at the supplier's request, on receipt of updated accounts, which are reviewed annually, and/or references, which are reviewed every three years.

Following concerns that Constructionline's notation levels fell below the levels or contract limits of some other registers or client buyers, a revised formula for calculating notations, outlined below, has been introduced. This has been approved by the Constructionline Advisory Committee, which comprises representatives of the Department for Business Innovation and Skills (BIS) (the owner of Constructionline), client buyers, suppliers, trade associations and other interested parties.

#### 2. Notation formula

The notation formula combines two principal factors to assess the capability of a supplier to successfully deliver contracts in particular categories of work.

- a. FINANCE FACTOR indicating the financial strength of the supplier, as recorded in its last accounts.

This is determined by taking the average of two elements:

- i) Net Assets x 5; and
- ii) Annual Turnover x 0.33.

The result is then subject to a test such that where the percentage value of a supplier's net assets is very small compared with its annual turnover (3% or less), the case is referred to Constructionline's in-house accountants for a detailed assessment of the net assets, turnover and any other relevant factors.

- b. REFERENCE FACTOR indicating a supplier's established track record in successfully delivering contracts in each category of work to a certain value.

This is determined by taking the highest value of 2 satisfactory independent references over the last 3 years for each of the work categories for which registration is requested.

One reference per sector is accepted for a supplier that works predominantly for one client buyer. In the case of a local authority DSO, DLO or similar, the main reference may be internal.


A coefficient is allocated to each main sector, which applies also to each sub-sector category. The coefficient is calculated in recognition of the variation in the frequency of work and likely contract values. Details of the main sector work categories and corresponding coefficients are set out in the table at the foot of this memorandum.

The averaged or single reference value for a category, which ever is appropriate, is then factored by the main sector coefficient to arrive at the resultant Reference Factor.

- c. COMBINING.

The average of the Finance and Reference factors, calculated as above, is used to set the recommended notation for each category. This is subject to two 'caps':

- a) The notation cannot exceed 125% of the Reference Factor for each category.

- 
- b) The notation cannot exceed 75% of the supplier's turnover.

Each recommendation is restricted further to the maximum contract value that the supplier has informed Constructionline it is prepared to undertake. It may also be subject to additional adjustment to take account of any abnormal or "one off" factors in any one year or in relation to a specific contract.

### **3. Commentary**

#### **a. FINANCE FACTOR**

By taking the average of the net asset and turnover elements, suppliers whose business does not require highly valued owned fixed assets are not artificially penalised (e.g. contractors where much plant is leased or hired as required). Also account is taken of suppliers whose past turnover understates its implied capacity, or its ability to finance and manage subcontract work.

The risk of excessively high notation awards, when net assets are very low relative to turnover, is controlled by referring such cases to Constructionline's in-house accountants for a detailed assessment of the supplier's financial position.

#### **b. REFERENCE FACTOR**

The highest value of completed contracts is taken as the most representative indication of a supplier's recorded and proven capability. The requested number of references for each category is set at not more than two, reflecting the diverse nature of work undertaken by contracting suppliers today.

#### **c. COMBINING**

The notation for each category of work is set at the average of the two factors to provide a reasonable correlation between a supplier's financial strength as indicated by its accounts, and its capability to carry out contracts of a particular value indicated by its track record.

Capping the notation at 125% of the Reference Factor reduces the risk of financially strong suppliers being approved for contracts of a size for which they have no track record. Similarly, capping the notation at 75% of turnover reduces the possibility of suppliers being recommended to take on a major contract, which can be deemed to be over-concentration rather than spreading of risks, whilst acknowledging that there are small suppliers that carry out contract maintenance or similar work for predominantly one or two client buyers.

Individual ad-hoc approval for a specific contract of a higher value than the standard notation can additionally be given to client buyers if, in the view of a Senior Assessor and/or the Accountant, the supplier is financially capable of carrying it out. This can apply in cases where notation has been restricted by a low reference factor.

### **4. Minimum notation**

A minimum notation of £15,000 generally applies. The work covered by such notation levels is in most cases jobbing building and maintenance, painting, decorating, plumbing, glazing, etc., and is of a short duration.

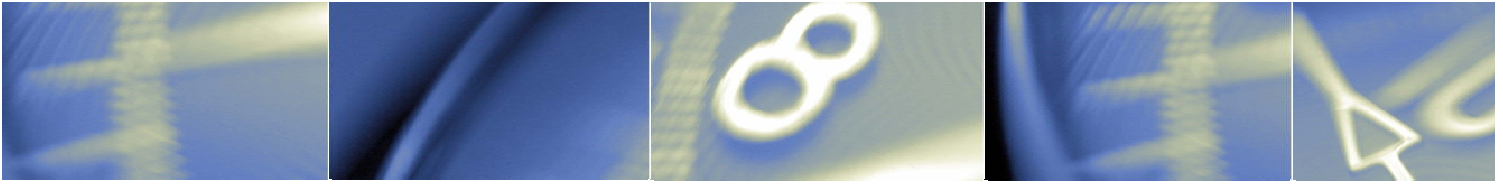
### **5. General**

In borderline cases of very low assets or marginal liabilities, reassurance is sought by obtaining a Banker's or Accountant's Reference in respect of the contractor, or obtaining Parent Company support if applicable. This provides further evidence that the contractor is financially sound and capable of completing contracts with little or no risk to the client buyer.

Revised October 2007

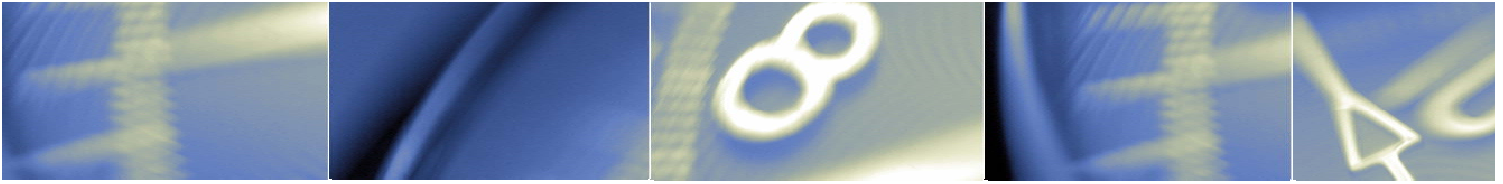
## **Table of sectors and coefficients**

MAIN SECTOR	COEFFICIENT
1. Building Finishes- Conservation	1.5
2. Building Finishes – Doors	1
3. Building Finishes – External Walls	1
4. Building Finishes – Flooring	1
5. Building Finishes – General	1
6. Building Finishes – Insulation	1
7. Building Finishes – Internal Walls/Ceilings	1
8. Building Finishes – Painting & Decorating	1
9. Building Finishes – Roofing	1
10. Building Finishes – Waste Disposal	1
11. Building General – Building Type	1.5
12. Building General – General	3
13. Building General – Sector	3
14. Civil Engineering – Airfield Services	3
15. Civil Engineering – Drainage/Pipework	3
16. Civil Engineering – General	3
17. Civil Engineering – Landscaping/Sports	3
18. Civil Engineering – Marine/River	3
19. Civil Engineering –Piling/Ground works	2.5
20. Civil Engineering – Roads & Bridges	3
21. Civil Engineering – Site Investigation	3
22. Electrical – Aerials	1.5
23. Electrical – Comms	1.5
24. Electrical – Car Park Services and Equipment	1.5
25. Electrical – Control Systems	1.5
26. Electrical – Fire Alarms	1.5
27. Electrical – General	1.5
28. Electrical – Power Supply	1.5
29. Electrical – Security	1.5
30. Electrical – Testing	1.5
31. Electrical – Transportation	1.5
32. Electrical – External Lighting	1.5
33. Infrastructure – General	3
34. Infrastructure – Infrastructure	2
35. Infrastructure - Power Supply	1.5
36. Mechanical – Boilers	3
37. Mechanical - Building Service Equipment	2
38. Mechanical - Car Park Services and Equipment	2
39. Mechanical – Cranage	2
40. Mechanical - Fire Protection	2
41. Mechanical – General	2
42. Mechanical – Heating	2
43. Mechanical - Heating and Ventilation	2
44. Mechanical - Lift / Access	2
45. Mechanical - Mechanical Handling	2
46. Mechanical – Pipework	2.5
47. Mechanical - Tanks & Associated Services	2
48. Mechanical - Potable Water and Waste Treatment	2
49. Other Services - Building Services	1.5
50. Other Services – Cleaning	1.5
51. Other Services - General Maintenance	1.5



52. Other Services - Land Surveys	1.5
53. Other Services – Others	1.5
54. Other Services - Security	1.5
55. Other Services - Waste Disposal	1.5
56. Other Services - Waste / Water	1

All consultants work categories have a coefficient of two.



### Appendix 3 Information Monitored by Experian.

#### Company Identification Data Group

- Registered Number/Unique Identifier
- Incorporation Data
- Date of dissolution of the company
- Company Name
- Company Address and Postcode (Registered Office Address for Limited Companies)
- Company Telephone Number (where not flagged as TPS)

#### Previous Company Name Details

- Registered Number

#### Limited Company Filing Data Group

- Date of latest account
- CRO changes

#### Limited Company Ownership Details

- Registered Number of the Parent Company
- Current Parent name and address
- Registered Number of ultimate parent
- Current ultimate parent name and address

#### CCJ Data

- Number of CCJ's
- Value of CCJ's

#### Derogatory Credit Summary Events

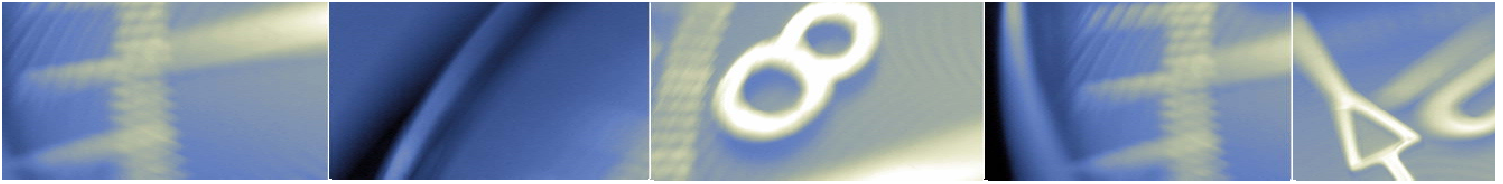
- Receiver of appointments
- Cessation of receiver
- Winding up petitions
- Dismissal of winding up petitions
- Winding up orders
- Voluntary appointments of liquidators
- Meeting of creditors
- Resolutions to wind up
- Intention to dissolve
- Dissolution notices
- Reinstatement notices
- Administrators appointed
- Administrators dismissed
- Completions of voluntary arrangements
- Revocations of voluntary arrangements
- Suspensions of voluntary arrangements
- Number of credit event type
- Date of most recent record for type

#### Limited Company Financial Details Data Group

- Date of accounts
- Nos of employees

#### Limited Company Notices

- Intention to dissolve
- Limited company dissolved



- Company reinstated
- Limited Company CCJ Data Group
- Judgement type
  - Judgement source
  - Judgement date
  - Satisfaction date
  - Judgement amount
  - Plaintiff number
  - Court name
- Limited Company Winding Up Petitions Data
- Publication date
  - Presentation date
  - Hearing Date
  - Number of Petitioners
  - Petitioner name and address
  - Solicitor name and address
- Limited Company Winding Up Dismissal Data Group
- Publication date
  - Original petition date
  - Hearing date
  - Dismissal date
- Limited Company Meeting of Creditors Data
- Publication date
  - Meeting date
  - Meeting time
  - Venue Address
- Limited Company Resolution to Wind-up
- Publication date
  - Resolution to wind-up date
  - Trading name
- Limited Company Winding-up order
- Publication date
  - Winding up order date
- Limited Company administrator appointed
- Lodge Date
  - Administration Order Date
  - Publication town
  - Number of administrators
  - Administrator name and address
- Limited Company Administrator discharge data
- Administrator discharge date
  - Administrator name and address
- Limited Company Liquidator data
- Publication date
  - Appointment date
  - Liquidation type
  - Number of Liquidators
  - Liquidator name and address



#### Limited Company Voluntary Arrangement data

- Approval document lodged date
- Approval date
- Approval publication town
- Cassation date
- Cessation type
- Number of supervisors
- Supervisors name and address

#### Limited Company Receiver Appointed Data

- Date document lodged
- Instrument date
- Publication town
- Number of receivers
- Receiver type
- Receiver name and address

#### Limited Company Subsidiary Data

- Number of subsidiary businesses
- Number of UK only subsidiary businesses
- Number of overseas only subsidiary businesses for target company

#### Limited Company Current Directorship Details

- Director is a company

#### Director Data

- When a director is appointed
- When a director resigns
- When a director is disqualified
- When a director's name or address changes
- When a director is deleted

#### Secretary Data

- When a secretary is appointed
- When a secretary resigns
- When a secretary is disqualified
- When a secretary's name or address changes
- When a secretary is deleted

#### General Information (LINF)

##### Event

- Annual returns have been loaded
- The company is late filing accounts
- The company has changed its account reference date
- The company has changed its legal status

##### Non Limited Judgment Summary (definite match)

- One or more new definitely matched CCJs has been recorded
- The number and total of the definitely matched CCJ's recorded in the last 30 days will be reported.

##### Non Limited Judgment Summary (possible match)

- One or more new possibly matched CCJs has been recorded
- The number and total of the possibly matched CCJ's recorded in the last 30 days will be reported.

##### Non Limited Bankruptcy (definite match)

- One or more new definite matched Bankruptcies has been recorded



- A record will be returned indicating a bankruptcy has been detected.  
Non Limited Bankruptcy (possible match)
- One or more new possibly matched Bankruptcies has been recorded
- A record will be returned indicating a bankruptcy has been detected.

In addition they will alert Constructionline if a company moves across a Delphi Band into a risk area. If this happens then the Constructionline accountant will investigate and take appropriate action.

**The Delphi risk bands are :**

Risk Band	Value	Description
<b>8 or space</b>	<b>Blank</b>	<b>No band available</b>
<b>7</b>	<b>Zero</b>	<b>Serious Adverse Information or Dissolved</b>
<b>6</b>	<b>1-15</b>	<b>Maximum Risk</b>
<b>5</b>	<b>16-25</b>	<b>High Risk</b>
<b>4</b>	<b>26-50</b>	<b>Above Average Risk</b>

