



Unit 2506 Raffles Corporate Center,  
F. Ortigas Jr. Road, Ortigas Center,  
Pasig City, Philippines 1605

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**CIRCULAR 02-2014**

20 June 2014

- TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges, Government Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units**
- SUBJECT : Clarifying Government Procurement Policy Board (GPPB) Resolution No. 20-2013 dated 30 July 2013 Relative to the Basis of Domestic and Foreign Bidders' Current Assets and Current Liabilities for Purposes of Determining and Computing their Net Financial Contracting Capacity**
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**1.0 Purpose**

This Circular is being issued to clarify GPPB Resolution No. 20-2013 dated 30 July 2013 relative to the basis of bidders' Current Assets (CA) and Current Liabilities (CL) for purposes of determining and computing their Net Financial Contracting Capacity (NFCC).

**2.0 Coverage**

All Departments, Bureaus, Offices and Agencies of the National Government including State Universities and Colleges, Government-Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units.

**3.0 Net Financial Contracting Capacity**

3.1 Pursuant to Sections 23.1(a)(vi), 23.5.1.4 and 23.5.2.6 of the IRR of RA 9184 and the pertinent provisions of the Philippine Bidding Documents (PBDs), bidders are required to submit their NFCC computation as a financial eligibility requirement, thereby removing the Credit Line Commitment (CLC) as an alternative thereto.

3.2 NFCC shall be computed as follows:

**NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.**

Where: **K = 10** for a contract duration of one year or less, **15** for a

contract duration of more than one year up to two years, and **20** for a contract duration of more than two years.

The values of the bidder's current assets and current liabilities shall be based on the data submitted to the BIR, through its Electronic Filing and Payment System (EFPS).

#### **4.0 Current Assets and Current Liabilities**

##### 4.1 Domestic Bidder

The phrase "the values of the bidder's current assets and current liabilities shall be based on the data submitted to the BIR, through its Electronic Filing and Payment System (EFPS)", refers to the values of the current assets and current liabilities reflected in the domestic bidder's Annual Income Tax Return and Audited Financial Statements (AFS) filed through the EFPS.

##### 4.2 Foreign Bidder

For purposes of computing foreign bidders' NFCC, the value of the CA and CL shall be based on their AFS prepared in accordance with International Financial Reporting Standards.

**5.0** This Circular shall take effect immediately.

**6.0** For guidance and compliance.

(Sgd.)  
**FLORENCIO B. ABAD**  
*Chairperson*