

**BUSINESS INTERRUPTION (DECLARATION LINKED BASIS) –  
INSURANCE GROSS PROFIT DECLARATION FORM**

This form should be completed by your auditors or accountants.

**Insert Basis Period to Be Declared Here:** (Please see note 1 below regarding the period to be declared).

Please use the following to assist in arriving at the declaration. The figures will be available in the Profit and Loss Account within the financial statements –

**Name of Insured:**

**Policy Number:**

**Policy Period:** \_\_/\_\_/20\_\_ to \_\_/\_\_/20\_\_

**Financial Statements Dated :** \_\_/\_\_/20\_\_ to \_\_/\_\_/20\_\_

**INSURANCE GROSS PROFIT is defined as the difference between (A) and (B):**

<b>(A)</b>	Turnover		£.....
	plus		
	Closing Stock and Work in Progress		<u>£.....</u>
		<b>Total (A)</b>	<b><u>£.....</u></b>
 <b>(B)</b>	<b>Opening Stock and Work in Progress</b>		<b>£.....</b>
	plus		
	<b>Uninsured Working Expenses:</b>		
	(i) Purchases of raw materials and consumable purchases (less discounts received) (see note 2)		£.....
	(ii) Discounts allowed (see note 3)		£.....
	(iii) Any other Uninsured Working Expenses (see note 4)		<u>£.....</u>
		<b>Total (B)</b>	<b><u>£.....</u></b>
	<b>Total (A)</b>		<b>£.....</b>
	less		
	<b>Total (B)</b>		<b><u>£.....</u></b>
	<b>INSURANCE GROSS PROFIT</b>		<b><u>£.....</u></b>

Name and Address of Accountants/Auditors completing form-

**Signed :** \_\_\_\_\_ on behalf of \_\_\_\_\_ (insert company name)

**Date:** \_\_/\_\_/20\_\_

## Notes

1. **Period to be declared** – reference must be made to the Business Interruption policy wording for the basis period to be used for the figures to be used for the declaration. This is likely to be one not less than of the following: –
  - The last 12 months prior to the policy period beginning; or
  - The last set of Statutory Accounts ending most recently prior to the commencement of the insurance policy period; or
  - The Statutory Accounts from financial year most nearly concurrent with the expired insurance year; or
  - The Gross Profit anticipated in the policy period.
2. **Purchases** - this should only represent purchases of stock, raw materials and components (and/or consumables). *It is not* all company purchases (for example it is not purchases of business equipment, business machinery, utilities, office supplies etc.). In addition, *it is not* the figure from the standard UK VAT return (box 7) which refers to purchases as this will include utility bills and capital equipment purchases.

It is important that only raw material and consumable purchases that are truly variable following a reduction in turnover should be deducted.

3. **Discounts Allowed** – this should represent discounts given to customers.
4. **Any Other Uninsured Working Expenses** – (also may be described as Specified Working Expenses or Variable Charges). **Caution - it is important that only costs directly varying in line with turnover in all circumstances (including partial, as well as complete, disruption of the business) should be deducted.** These will be listed in the policy wording, or policy schedule (if disclosed to the insurer as an uninsured working expense when calculating the estimated Insurance Gross Profit sum insured) and may include: –
  - Carriage and freight
  - Packing
  - Bad debt