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ANTA Fact Sheet

This fact sheet will help you (builders, brokers/distributors) understand what is meant by **A**djusted **N**et **T**angible **A**ssets (ANTA) and how we use it when assessing eligibility for Home Building Compensation insurance—if ANTA is a requirement for your eligibility application.

What is ANTA?

Adjusted **N**et **T**angible **A**ssets (ANTA) is a valuation of an entity's assets minus the liabilities. We *adjust asset and liability* values by different percentages so that ANTA represents the net 'fire-sale' position. The fire-sale position is the estimated value of assets if the business had to sell them quickly to raise funds.

If ANTA is a requirement for your eligibility application, it is an important factor when we assess eligibility and pricing. icare HBCF views ANTA as a 'buffer' that can help a business withstand unexpected disruptions or 'shocks', including:

- a dispute with a homeowner
- seasonal issues, such as a building industry shut down
- periods of extended bad weather
- difficulties making progress on sites or collecting progress payments
- errors and unbudgeted, unfavourable variances in pricing, direct costs, or overhead expenses
- abnormal and extraordinary expenses (totally unexpected and unusual).

At icare HBCF, we consider a business to be a higher risk if it doesn't have enough ANTA to withstand one or more of the issues listed above.

> **Note:** When we assess a builder for eligibility, we compare the builder's ANTA to their assumed turnover to find out what percentage of **assumed turnover** it represents.

How is assumed turnover calculated?

We calculate ANTA as a percentage of *assumed turnover*. Assumed turnover is the total turnover likely to be generated:

- if the builder was trading at the maximum volumes permitted by the Open Job Limits (OJL) defined in their HBC Insurance Certificate of Eligibility (CoE)
- from any non-HBCF activity
- by using equivalent interstate eligibility approvals.

When we calculate assumed turnover, we consider the builder's current average completion time from purchasing cover to completion, as well as the past 12 months average contract values. Our calculation will also include income from other work the builder is engaged in, that is not covered by HBC Insurance—work in other states and non-HBCF activity.

Assumed turnover example

Assumed turnover factor	Calculation
(A) Requested OJV	$1,000,000
(B) Construction cycle in years (the average time to complete projects)	0.5
(A / B = C) Assumed turnover requiring HBCF insurance	$2,000,000
(D) HBCF equivalent insurance work in other states (for example, QLD, VIC)	$200,000
(E) Residential building work not requiring HBCF insurance (for example, NSW residential projects less than $20,000)	$200,000
(F) Non-HBCF activity—Commercial, industrial, or civil construction work	$500,000
(G) Other income	$100,000
(C + D + E + F + G) Assumed turnover Used to determine minimum ANTA requirements for eligibility	$3,000,000

> **Note:** If a builder is not trading at the maximum volumes permitted by the Open Job Limits (OJL) defined in their CoE, actual turnover may be much less. The longer this continues, the more the builder should think about reducing the OJL. Reducing the OJL will reduce the assumed turnover and the builder will need less ANTA to be considered an acceptable risk.

How is ANTA calculated?

To meet icare HBCF eligibility requirements we require the ANTA value to be at least 3% of the builder's assumed annual turnover. We use last financial year's ANTA, or the average ANTA of the last financial two years, whichever is less. If there is more than 3% ANTA in the business, icare HBCF may offer a discount of up to 30% on the premium to encourage keeping the ANTA above 3%.

Our calculations will adjust ANTA to the value of certain assets and liabilities according to the weighting we apply to them. For example, the value of real estate assets is taken at 85% of valuation to allow for market variations and selling costs. icare HBCF considers the valuation to be the book value of real estate assets in the company balance sheet.

ANTA requirement calculation example

- If assumed turnover is $1,000,000, 3% ANTA is $30,000
- If assumed turnover is $2,000,000, 3% ANTA is $60,000

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Example ANTA calculation

The following calculation is an example and *includes only some assets and liabilities*. The detailed asset and liability types and weightings are defined in section 14 of the *HBCF Eligibility Manual*.

- **ANTA = Total Adjusted Asset Value - Total Adjusted Liability Value**

Using the values in the examples below, **ANTA is: $115,000 - $60,000 = $55,000**

Assets	Weighting	Example Value	Adjusted Value
Cash (current assets)	100%	$15,000	$15,000
Debtors (current assets) excl. debtors over 30 days	100%	$25,000	$25,000
Plant and Equipment (non-current assets)	50%	$150,000	$75,000
Goodwill (intangible)	0%	$30,000	$0
Total Adjusted Asset Value			**$115,000**
Liabilities			
Current Liabilities (excl. related party loans)	100%	$35,000	$35,000
Non-Current Liabilities (excl. related party loans)	100%	$25,000	$25,000
Current Related Party Loans accepted by Underwriter as non-payable	0%	$20,000	$0
Total Adjusted Liability Value			**$60,000**
ANTA Total			**$55,000**

For more detailed information about ANTA, please refer to the *HBCF Eligibility Manual*, available at our website: icare.nsw.gov.au.

1 Use our **icare HBCF Premium Calculator** to estimate your premium: icare.nsw.gov.au or use the premium calculator in our Builder Self-Service Portal: https://bssp.hbcf.nsw.gov.au/CustomLogin#/.