

ANTA - adjusted net tangible assets

This Fact Sheet is issued as an annexure to the **icare hbcf** Underwriting Guidelines and is not a replacement to the detail contained in the Guidelines. Please refer to the Underwriting Guidelines for detailed explanation of the treatment of ANTA.

what is ANTA?

ANTA is the acronym for Adjusted Net Tangible Assets and is designed to represent the net fire sale position of tangible assets less third party liabilities. A key test of eligibility and pricing is the percentage of ANTA compared to turnover.

ANTA is viewed as a “buffer”, available to the builder to successfully withstand normal business disruptions or “shocks”, such as;

- A dispute with a home owner
- Seasonal issues, such as a building industry shut down
- Periods of extended inclement weather
- Other difficulties encountered that result in not being able to progress sites or collect progress payments
- Errors & unbudgeted unfavourable variances in pricing
- Errors & unbudgeted unfavourable variances in direct costs
- Errors & unbudgeted unfavourable variances in overhead expenses
- Abnormal & extraordinary expenses

how is turnover calculated?

A builders open job limit is converted to the assumed turnover as if that limit was fully utilised during a full year. The average construction time and average contract values are used to forecast assumed turnover.

There may also be additional activity added to the assumed turnover for assessing whether sufficient ANTA exists. This includes non-residential activity, residential activity that does not require HBCF and interstate activity. The aggregate is used as the turnover to test the ANTA percentage.

how is ANTA calculated?

ANTA as the percentage of turnover is used for eligibility approval purposes. **icare** applies ANTA against what it considered to be the total turnover. A minimum threshold of 3% is required to meet **icare** eligibility requirements. Builders are encouraged to retain ANTA in the actual building entity or related group of companies (secured by an **icare** Group Trading Agreement) through a premium discount.

ANTA will make adjustments to the value taken up for certain assets and liabilities. For example, the value of real estate assets is taken at 85% of valuation to allow for market variations and selling costs. The book value of real estate assets in the company balance sheet is deemed to be the valuation.

The following table sets out the HBCF treatment of most asset and liability types:

Assets	Weights
Cash (current assets)	100%
Debtors (current assets) excluding debtors over 30 days	100%
WIP /land/speculative building	85%
Net Contract WIP **	0%
Prepayment (current assets)	50%
Land and Buildings (non-current assets)	85%
Intangible assets (ie. good will)	0%
Plant and Equipment (non-current assets)	50%
Motor Vehicles (non-current assets)	50%
Other Investments (non-current assets)	0%
Listed Companies	75%
Other Investments Not Related	50%
Other non-current Assets	0%
Related Investments & Loans	0%

Liabilities	Weights
Current Liabilities (excluding related party loans)	100%
Non-Current Liabilities (excluding related party loans)	100%
Current Related Party Loans accepted by Insurance Agents as non-payable	0%
Non-Current Related Party Loans accepted by Insurance Agents as non-payable	0%

** Unless proven as a tangible value and accepted by the Insurance Agents, WIP arising from building contract activity is assumed to be a nil contributor to ANTA.