MINIMUM FINANCIAL REQUIREMENTS GUIDANCE NOTE 2

Understanding Assets, Liabilities and Disallowed Assets
When Calculating the Builder's ANTA

Victorian Building Authority trading as
Building and Plumbing Commission (ABN 78 790 711 883)

Level 19, 242 Exhibition St, Melbourne VIC 3000
P: 1300 067 088
E: hw@bpc.vic.gov.au
W: bpc.vic.gov.au

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About this Guidance Note

This Guidance Note 2 explains how BPC calculates a Builder's **Adjusted Net Tangible Assets (ANTA)** under the *Minimum Financial Requirements and Administrative Guidelines 2026*[1] (**MFRs and Guidelines**), and provides further information in relation to:

- Assets (clause 10);
- Disallowed Assets (clause 11);
- Liabilities (clause 13); and
- the financial information required for an MFR Application or Change Application (clause 16).

Terms defined in the MFRs and Guidelines which are used in this Guidance Note have the same meaning. In the event of any inconsistency between this Guidance Note and the MFRs and Guidelines, the MFRs and Guidelines prevail. References to clauses in this Guidance Note are references to clauses in the MFRs and Guidelines. The current version of the MFRs and Guidelines is available at https://www.gazette.vic.gov.au/gazette/Gazettes2026/GG2026S365.pdf.

Summary: The Builder's ANTA is calculated by deducting Liabilities from Assets (excluding Disallowed Assets) (clause 9). The calculation is based on information provided with the MFR Application or Change Application. If the MCC applied for is $2 million or more, that information must be verified by a Qualified Accountant (clause 16.1(h)(iii)).

[1] The MFRs and Guidelines were published by the Victorian Building Authority trading as Building and Plumbing Commission (BPC) in Victoria Government Gazette No. S 365 on 30 June 2026 under sections 316A(1)(a), 316A(3) and 316A(5) of the *Building Act 1993*, and are in force from 1 July 2026 to 30 June 2028.

1. What counts as Assets? (clause 10)

Only certain property owned by the Builder counts as Assets, and only the Assets set out in the MFR Application or Change Application are included by BPC in calculating the Builder's ANTA (clause 9.2). Assets are limited to the following (clause 10.1):

- **Cash:** held by the Builder.
- **Work performed but not yet paid for:** Amounts payable to the Builder for domestic building work already performed under an Insurable Domestic Building Contract but which have not yet been paid (clause 10.1(b)).
- **Amounts owing to the Builder:** Other amounts owing to the Builder, as set out in the financial information provided (clause 10.1(c)).
- **Inventory:** Calculated at book value (clause 10.1(d)).
- **Convertible investments:** Investments convertible to cash on the date the Assets are calculated (clause 10.1(e)).
- **Physical business assets:** Motor vehicles, plant and equipment, and tools of trade (clauses 10.1(f), (g) and (k)).
- **Real property:** Owned by the Builder (clause 10.1(h)).
- **Loans to a Related Entity:** The value of a loan made by the Builder to a Related Entity, but only where that Related Entity has ANTA (excluding any Guarantee) of at least $0 (clause 10.1(i)).
- **Listed shares:** The value of shares in companies listed on a recognised stock exchange (clause 10.1(j)).
- **Guarantees:** The maximum guaranteed amount specified in any signed Guarantee accepted by BPC in accordance with clause 12 (clause 10.1(l)).

Where the Builder is a company or a trustee, assets owned personally by its directors, shareholders or beneficiaries are not included in the Builder's Assets. Those persons may, however, support the Builder's Assets by providing a Guarantee (clause 12).

2. What things don’t count as Assets (Disallowed Assets)? (clause 11)

Disallowed Assets are not counted in the Builder’s Assets, even where they appear on the Builder’s balance sheet or have genuine commercial value. Disallowed Assets include:

- recreational vehicles, including off-road motorcycles, trikes, vessels, aircraft and motorsport vehicles;
- unregistered vehicles required to be registered under the *Road Safety Act 1986*;
- animals used for, or intended for, competitive racing, including racehorses and greyhounds;
- collectors' items;
- Contingent Assets: Assets whose existence depends on uncertain future events not wholly within the Builder's control;
- Intangible Assets: Intellectual property (such as patents, copyright, trademarks), proprietary data (such as customer lists, customised software, franchise agreements) and goodwill;
- furniture used solely or predominantly for personal purposes;
- investments or shares in companies not listed on a recognised stock exchange;
- non-monetary credits, including crypto assets and goods or services owed in exchange for other goods or services;
- units in unlisted trusts;
- superannuation benefits not currently accessible by the Builder; and
- amounts under life or income protection insurance policies not currently accessible by the Builder.

Note: Common Disallowed Assets include goodwill, crypto assets, unlisted shares and units, and inaccessible superannuation. Disallowed Assets are deducted from total Assets only to the extent they were included in calculating total Assets in the financials. Recognition under accounting standards does not make an item an Asset for ANTA purposes.

3. What are Liabilities? (clause 13)

Liabilities include all amounts owing by the Builder to any third person, including to a Related Entity. If the Builder has defaulted on a loan and the lender has not waived its recovery rights, Liabilities include the default amount and any associated charges payable by the Builder.

A Related Entity is defined in clause 19 of the MFRs and Guidelines and includes, for example, family members, directors, majority shareholders, company secretaries, persons holding a 50% or greater interest in a company, related bodies corporate, and trustees and beneficiaries of a trust (in the circumstances set out in clause 19.1).

4. Working Example: Transitioning the Builder's financials to ANTA

The following example shows how a building company's balance sheet is adjusted to calculate ANTA:

Financial item	Regulatory treatment for ANTA purposes
Cash at bank: $110,000	**Included in Assets:** $110,000
Trade debtors: $150,000	**Included in Assets:** $150,000
Plant, company vehicles and tools: $95,000	**Included in Assets:** $95,000
Loan to related company: $50,000 (related company's ANTA is negative)	**Disallowed Asset:** The Related Entity does not have ANTA of at least $0, which means this is not an Asset under clause 10.1(i)
Goodwill: $40,000	**Disallowed Asset (Intangible Asset):** Exclude $40,000
Crypto assets: $25,000	**Disallowed Asset (non-monetary credit):** Exclude $25,000
Trade creditors and loans: $180,000	**Liability:** Deduct $180,000

Calculation:

Total Assets = $470,000 ($110,000 (cash at bank) + $150,000 (trade debtors) + $95,000 (plant, company vehicles and tools) + $50,000 (loan to related company) + $40,000 (Goodwill) + $25,000 (crypto assets))

Less Liabilities = $180,000 (trade creditors and loans)

Exclude Disallowed Assets = $115,000 ($50,000 (loan to related company) + $40,000 (Goodwill) + $25,000 (crypto assets))

ANTA = $175,000

This supports an MCC of $175,000 ÷ 0.05 = $3,500,000. As the MCC is $2 million or more, the financial information submitted with the MFR Application or Change Application must be verified by a Qualified Accountant (clause 16.1(h)(iii)). The Builder must also prepare quarterly Internal Management Accounts within 30 days of the end of each quarter (clause 7.1(c)).

5. How are Trusts, Partnerships and Groups treated? (clause 16.2)

If the Builder is a trustee, the application must also include financial information for the trust. If the Builder carries on business in partnership, the information must be prepared for the partnership. If a body corporate elects under clause 18 to meet the MFRs as an Extended Closed Group, the financial information must be prepared for each entity in the group. Each entity must also provide the required declaration. The election must be notified to BPC in writing at the time of making the MFR Application or Change Application and must apply consistently to all MFRs (clause 18).

6. How does BPC verify the financial information?

BPC may appoint an independent valuer or auditor, at its own cost, to confirm the accuracy of financial information provided in an MFR Application or Change Application, or to confirm ongoing compliance with the MFRs (clause 21). Following receipt of a completed MFR Application or Change Application, BPC will calculate the Builder's ANTA and MCC, and notify the Builder of their ANTA Threshold and MCC (clause 16.3). BPC may also request information at any time to determine whether the Builder is complying with the MFRs, which must be provided within 14 days (clause 7.1(h)).