Financial Requirements for Licensing

Effective from 1 July 2009

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ABOUT THIS DOCUMENT

IMPORTANT

This Queensland Building Services Board Policy constitutes the financial requirements for the *Queensland Building Services Authority Act 1991 ("Act")*. All Applicants for a licence and Licensees undertaking building work in Queensland, other than Supervisors, MUST comply with this policy.

The policy consists of the following documents, which must be read in conjunction with the Act and *Queensland Building Services Regulation 2003 ("Regulation"):*

- ***Financial Requirements for Licensing* Policy;**
- **Deed of Covenant and Assurance;**
- **Draft Client Engagement Letter; and**
- **BSA Draft Client Questionnaire.**

The aims of the financial requirements are:

- To promote more financially viable businesses; and
- To foster more professional business practices in the building industry.

The financial requirements limit annual turnover based upon defined assets or capital levels and test whether debts can be met when they fall due (a liquidity test). Licensees and licence Applicants regardless of whether they are builders, trade contractors or building designers are required to provide a Declaration, Independent Review Report or Audit Report demonstrating that they satisfy the criteria set out in this document. The type of Report required depends on the Applicant or Licensee's financial category, which is determined by their declared Net Tangible Asset position.

A full explanation of the financial requirements for licensing is set out in this document and Applicants and Licensees are encouraged to familiarise themselves with its contents. An 'Appropriately Qualified Person' must complete either an Independent Review Report or Audit Report where the Applicant or Licensee is seeking a turnover of more than $300,000. An 'Appropriately Qualified Person' is described in section 2.2 of the policy.

WARNING:

All forms and declarations (**Attachments 1-9)** found within this policy are prescribed forms.

The prescribed forms **MUST** be returned with every application or annual renewal without alteration, other than the completion of the spaces provided, unless otherwise advised within the requirements. These forms are also separately presented at the Authority's website at www.bsa.qld.gov.au and can be downloaded for appropriate use.

If the financial information required by this policy is not provided to the Authority in the prescribed form it will not be accepted. In the case of a Licensee, the licence may be suspended for a period of time and may eventually be cancelled if the requirements are not met.

The suspension or cancellation of a licence removes a Licensee's entitlement to carry on business. Contractors who continue to perform building work without a licence are liable to be prosecuted or face disciplinary action and may prejudice their rights to payment for work they have carried out.

1. FINANCIAL REQUIREMENTS FOR LICENSING

1.1 Objectives

To minimise the incidence of financial failure by –

- Requiring Licensees to maintain adequate capital relative to the size of their business; and
- Requiring Licensees to take an active role in managing their financial affairs and keep appropriate financial records.

1.2 Compliance with this Policy

Applicants and Licensees are required to meet the respective requirements set out in the policy and provide the information in the prescribed form.

If the Authority has concerns in regards to the accuracy of the information contained in the financial reports provided, it may request more or clarifying information from the Applicant, Licensee of Appropriately Qualified Person.

1.2.1 Declarations

Those Applicants and Licensees who require an **Allowable Annual Turnover (AATO) of NOT more than $300,000**, and have the minimum level of **Net Tangible Assets (NTA)**, as set out in SC1 and SC2 Categories of **Table 1** of $6,000 or $18,000 respectively, may submit one of the following . **Either** -

- For all Contractors, excluding Builder classes – Declaration – Allowable Annual Turnover under $100,000 per annum (**Attachment 5**); or
- For all Contractors – Declaration – Allowable Annual Turnover under $300,000 per annum (**Attachment 6)**.

All Applicants or Licensees submitting one of the above Declarations must meet the following requirements in order to comply with this policy:

- Net Tangible Assets (NTA) wholly in the licensed entity's name required for the allowable annual turnover of the entity.
- A Declaration made by the entity or its authorised officer
- Evidence of Professional Indemnity Insurance, where applicable.

1.2.2 Independent Review Report or Audit Report

Applicants and Licensees who require an **Allowable Annual Turnover (AATO) of $300,001 or more**, must submit one (1) of the following Reports completed in accordance with this policy by an Appropriately Qualified Person, determined by the level of annual turnover required by the entity. Either -

- An Independent Review Report; or
- An Audit Report.

All Applicants or Licensees submitting one of the above Reports must meet each of the following requirements in order to comply:

- **Net Tangible Assets** (NTA) wholly in the licensed entity's name or in combination with amounts assured by way of one or more Deeds of Covenant and Assurance, which are appropriate for the annual turnover of the entity;

- **Current Ratio** calculated in accordance with the prescribed formula (Refer **section 1.3 Definitions)**: and
- **Internal financial monitoring requirements** of at least the specified periods for their Category.

1.3 Definitions

In this document:

- **'Act' -**

means the *Queensland Building Services Authority Act 1991.*

- **'Allowable Annual Turnover' –**

means the Allowable Annual Turnover:

  - For Licensees providing a Declaration in accordance with SC1 or SC2 - for the Licence Year.
  - For those Licensee's relying upon an Independent Review Report or Audit Report – for the 12 month period upon which the Licensee's next Independent Review Report or Audit Report is based, calculated in accordance with the formula contained in Table 1.

Examples:
Licensees providing a Declaration (SC1 or SC2):
the Allowable Annual Turnover is for the next 12 month renewal period.

Licensees providing an Independent Review Report or Audit Report:
Licensee has a licence renewal due on 31 October 2007, and provides a Report based on 30 June 2007 year end accounts. The Allowable Annual Turnover issued to the Licensee (based on this Report) will be for the 12 months to 30 June 2008.

- **'Annual Turnover'** –

means the total revenue derived by the Licensee from all sources. Further:

  - For Licensees engaged directly in project or construction management (where project costs are paid directly by the Principal to parties lower in the contractual chain), or who have a building design licence, the annual turnover in respect of those activities is calculated on the total amount received by the Licensee rather than the value of projects. Alternatively, the component of the work processed via the Licensee is deemed turnover.
  - In the case of a partnership, the Annual Turnover is to be the annual turnover of the Licensee and the partnership in combination.
  - In the case of a trust, the Annual Turnover is to be the annual turnover of the Licensee and the trust in combination.

- **'Applicant'-**

means an applicant for a contractor's licence issued under the *Queensland Building Services Authority Act 1991*.

- **Assets'** –

means assets owned both legally and beneficially by the entity (that is, does not include assets which are held on trust for another person or corporation) and includes but is **not** limited to the following:

(a) real estate;
(b) cash;
(c) Investments (if collectible);
(d) related entity loans and investments (if collectible);
(e) shares in publicly listed companies;

(f) plant and equipment;
(g) inventory;
(h) debtors (if collectible);
(i) motor vehicles; and
(j) tools of trade.

Assets do not include the following:

(a) furniture (personal);
(b) shares in companies that are not publicly listed companies; and
(c) trade or barter dollars

- **'Associated Company'-**

means a company that:

1. is related to the Licensee within the meaning of section 50 of the *Corporations Act 2001*; or
2. has the same shareholders and directors as the Licensee.

- **'ASIC'-**

means *Australian Securities and Investment Commission.*

- **'Authority'** –

means the Queensland Building Services Authority.

- **'Board' –**

means the Queensland Building Services Board.

- **'Builder'** –

means an individual or company carrying out building work for which a Builder or equivalent licence is required under the Act.

- **'Building Designer' –**

means an individual or company carrying out building work for which a Building Design – Open, Building Design – Medium Rise or Building Design – Low Rise licence is required under the Act.

- **'Compliance Audit' –**

means an audit carried out by the Authority on a Licensee pursuant to section 50C of the Act.

- **'Current Assets'** -

means assets which in the ordinary course of business would be realised within 12 (twelve) months after the end of the reporting period or held primarily for trading purposes, as defined with Australian Accounting Standards AA36. Related entity loans and/or investments included as current assets must be both collectible and convertible into cash within 12 (twelve) months for inclusion in the calculation.

- **'Current Financial Institution Facilities'** –

includes the current balance owing of bank and similar financial institution loans, and includes (but not limited to) –

1. Bank Overdraft
2. Hire Purchase Agreements
3. Credit Cards

- **'Current Liabilities'** -

means liabilities which in the ordinary course of business are expected to be settled within 12 (twelve) months after the end of the reporting period, as defined in the Australian Accounting Standards AA36.

- **'Current Ratio** -

means the ratio calculated by using the formula:

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- **'Debtors'** –

means only Debtors that are collectible.

- '**Declaration'** –

means a Declaration in the prescribed form provided to the Authority in order to meet the requirements of this policy and includes the following:

1. Attachment 5 – Declaration – Allowable Annual Turnover up to $100,000 per annum
2. Attachment 6 – Declaration – Allowable Annual Turnover up to $300,000 per annum
3. Declaration in the prescribed form contained within the Authority's Application forms
4. Declaration in the prescribed form contained within the Renewal Notice issued to the Licensee
5. Verbal declaration provided by the Licensee when renewing a licence using Phone pay.

- **'Deed of Assurance' –**

means the Deed of Covenant and Assurance which is contained in this policy.

- **'Defined Amount' –**

means the amount determined pursuant to the Financial Requirements for Licensing, as being the amount assured by the Covenantor to the Licensee by Deed of Covenant and Assurance, as stated in the Independent Review Report or Audit Report provided to the Authority from time to time. The amount is the difference between the Net Tangible Assets held by the Licensee and the Net Tangible Assets required for the Licensee's Allowable Annual Turnover.

Example:

Licensee requires NTA of $36,000 to support $600,000 AATO
Licensee has NTA $10,000 in its own right
Defined Amount required (as stated in Report) is $26,000 assured by Deed of Covenant and Assurance (equals deficiency between required NTA and actual NTA of Licensee).

- **'Directors' –**

has the meaning given to it in the *Corporations Act 2001* and also includes an Officer (refer definition of an Officer).

- **'Disallowed Assets' –**

means an entity's assets, or portion thereof, which are unable to be relied upon for the purposes of meeting the requirements in this policy (eg uncollectible debts).

- **'Entity' –**

means an individual or a company.

- **'Intangible Assets'** –

include, but are not limited to, Goodwill, Right of Indemnity, Intellectual Property, Formation Expenses, Value of Trademark, Patent and Borrowing Expenses.

- **'Internal Management Accounts'** –

means Statement of Financial Performance, Statement of Financial Position (formerly Trading, Profit & Loss and Balance Sheets) and Statement of Cash Flows.

- **'Inventory' -**

includes raw materials, work in progress (including contract work in progress) and finished stock.

- **'Investments'** –

means only investments that are collectible, and not shares in companies that are not publicly listed.

- **'Liabilities' –**

includes any debts or obligations which must be paid or settled within a certain period of time or are payable on demand.

- **'Licence Year'** –

means the period of 12 months from the date the licence is initially granted or is renewed. However, where a Licensee is altering their renewal date in accordance with this policy, 'licence year' may include a period of less or greater than 12 months. Refer section 5.

- **'Licensee" –**

means the holder of a contractor's licence issued under the *Queensland Building Services Authority Act 1991*.

- **'Net Real Unencumbered Assets' –**

an entity's Net Real Unencumbered Assets are to be calculated using the same process in determining an Applicant's or Licensee's NTA.

Note: All assets and liabilities of the Covenantor/s (from all sources) must be taken into account in determining Net Real Unencumbered Assets. Where assets are jointly owned, only the Covenantor's share of equity within an asset can be included.

Net real unencumbered assets do not include:

1. assets subject to securities or encumbrances, other than to the extent to which the real value of those assets can be shown to exceed the liability under all encumbrances provided (including Personal Guarantees, Indemnities and the like);
2. assets being assured by a Deed of Covenant and Assurance to another Applicant or Licensee;
3. related entity loans and/or investments owing to the Covenantor by an Applicant or Licensee.

In the case of beneficiaries of trusts, net real unencumbered assets do not include any assets that are held on trust on behalf of the beneficiary unless there is a presently existing right under the trust for the beneficiary to call for transfer of the asset into the beneficiary's name.

- **'Net Tangible Assets'** –

Net Tangible Assets (NTA) is calculated using the following formula:

NTA = (Entity's Assets) - (Entity's Liabilities) - (Entity's Intangible Assets)

- **'Officer' –**

has the meaning given to it in the *Associations Incorporation Act 1981*.

- **'Related Entity Loans and Investments'** –

means only Related Entity Loans and Investments that are collectible from Related Parties.

- '**Related Parties'** –

means:

(a) a director or shareholder of the entity;
(b) a director of a body corporate that is a parent entity of the company;
(c) a spouse or de facto spouse of such a director or person;
(d) a parent, son, daughter, brother, sister, half brother or half sister of such a director or person;
(e) spouse or de facto spouse of an entity over which;

i) a person of a kind referred to in paragraph (a), (b), (c) or (d) has control; or
ii) 2 or more such persons together have control;

(f) a parent entity or sibling entity of the entity;
(g) if a trust, the trustee, the trust beneficiaries and their spouse, de facto spouse, parent, son, daughter, brother, sister, half brother or half sister of that person; or
(h) if an individual contractor, their spouse, de facto spouse, parent, son, daughter brother, sister, half brother or half sister of that person or any entities in which they are directors or shareholders.

- **'Revenue' –**

Means the total income received, excluding:
(a) Salary and/or wages received as an employee; and
(b) GST collected as an agent, from which the Licensee obtains no benefit.

- **'Review Control Sheet' –**

means the review control sheet contained this policy (Attachment 10).

- **'Trade Contractor'** –

means an individual or company carrying out building work for which a trade licence is required under the Act.

2. APPLYING THE MINIMUM PRESCRIBED REQUIREMENTS

2.1 Applicability of this Policy

For Applicants and Licensees providing Declarations this Policy is effective for any Declaration completed on or after 1 July 2006.

For Applicants and Licensees who provide an Independent Review Report or Audit Report this Policy is effective for all Reports with a review year end date on or after 1 July 2006.

2.2 Appropriately Qualified Person for Independent Review Report/Audit Report

Restrictions apply to those Appropriately Qualified Persons permitted to complete Independent Review Reports and Audit Reports regarding the financial position of an Applicant or Licensee.

An Appropriately Qualified Person is a person who is independent of the entity (ie not the Applicant or Licensee, and is not a director, secretary or employee of the Applicant or Licensee), and has the required qualifications for the AATO Category set out below:

Table A – Appropriately Qualified Person Categories

QUALIFICATION	ELIGIBLE TURNOVER CATEGORIES
Registered company auditor holding professional indemnity insurance of at least $250,000	**Categories 1 to 8**
Holder of a current public practising certificate from the Australian Society of Certified Practising Accountants (CPA)	**Categories 1 to 3 inclusive**
Holder of a current public practising certificate from the Institute of Chartered Accountants in Australia (ICAA)	**Categories 1 to 3 inclusive**
Holder of a current public practising certificate from the National Institute of Accountants (NIA)	**Categories 1 to 3 inclusive**
Holder of a current public practising certificate from the Association of Taxation and Management Accountants (ATMA)	**Categories 1 to 3 inclusive**
Holder of a current public practising certificate from the National Tax & Accountants Association (NTAA)	**Categories 1 to 3 inclusive**
Holder of at least Membership status of one of the above professional associations	**Category 1 Only**
Registered Tax Agent	**Category 1 Only**
Another Responsible Person – in extraordinary circumstances	**At the discretion of, and by prior approval of, the Authority**

All work must be performed in accordance with all applicable Australian Accounting and Auditing Standards, and other mandatory reporting requirements. The Appropriately Qualified Person completing the Report may be required by the Authority to demonstrate suitable audit experience.

2.2.1 Another Responsible Person

Where the Independent Review Report is provided by 'another responsible person', details of the extraordinary circumstances and the reporter's professional qualifications, audit experience (if any), business relationship and length of time of association with the Applicant or Licensee must be provided. Approval as 'another responsible person' will only be given on a case by case basis.

2.2.2 Notice to Appropriately Qualified Persons Completing Independent Review Reports

This section will only apply to Licensees who are NOT required to be audited under *Corporations Act 2001* as they are a non-reporting entity, and who are submitting Independent Review Reports (Attachment 1, 3 or 4) in order to comply with this policy.

The processes and utilisation of the Review Control Sheet (**Attachment 10**) is a minimum requirement only. Licensees may opt to have their financial situation reviewed on a more onerous basis.

However, the Appropriately Qualified Person conducting the Review must still apply all relevant Australian Accounting Standards and policies where appropriate for the Licensee. Where the mandatory standards and policies have not been applied in the preparation and presentation of the financial information and Report, the Appropriately Qualified Person must clearly state such details in the Report.

All Independent Review Reports are to be prepared based on financial information of the business by an Appropriately Qualified Person.

Independent Review Reports are required to be carried out by the Appropriately Qualified Person at the time of an initial licence application, on an annual renewal basis and from time to time as the need arises, in accordance with section 6 of this policy. A review of the Applicant or Licensee's financial position is required to be conducted in order to provide the Independent Review Report. An independent review is not an audit.

To assist the Appropriately Qualified Person in their review, the following sample documents are provided and form part of this policy:
- a draft client engagement letter
- a draft client questionnaire, and
- a draft review control sheet (**Attachment 10**).

(copies of these documents can be found on BSA's website www.bsa.qld.gov.au)

These documents provide guidance only to the Appropriately Qualified Person for reviewing Applicants or Licensees and have been drafted with reference to Auditing Standard AUS 902 'Review of Financial Reports'.

An annotated Independent Review Report and Deed of Covenant and Assurance is also available at www.bsa.qld.gov.au to assist the Appropriately Qualified Person with the complete process and documents.

2.2.3 Warning to Appropriately Qualified Persons

Pursuant to section 53B of the Act it is an offence to provide the Authority with information that is knowingly false or misleading in circumstances where the person providing the financial report has not taken reasonable steps to ensure that the report was not false and misleading. The Authority may choose to prosecute the person giving the financial report and the penalties may consist of either a fine, imprisonment or in certain circumstances a combination of both.

2.2.4 Reporting Requirements by Appropriately Qualified Person

Review Reporting means the Appropriately Qualified Person providing the Independent Review Report must make appropriate inquiries of the Applicant or Licensee, and seek evidence that is appropriate in the circumstances, in their professional opinion, to justify the information stated in the Independent Review Report or Audit Report

The Appropriately Qualified Person providing the Independent Review Report must carry out the tests and checks referred to in the Review Control Sheet as a minimum requirement.

The Audit Report is an opinion, based on Australian Auditing Standards and other mandatory financial reporting requirements, which reports upon a special purpose financial report using information contained in audited financial statements of the Applicant or Licensee.

Independent Review Reports or Audit Reports will be deemed incomplete for assessment where they are qualified by disclaimer clauses (other than those already contained in the prescribed forms) by the Appropriately Qualified Person giving the report.

2.2.5 Implied Warranty by Appropriately Qualified Person

Where an Applicant or Licensee is relying upon one or more Deeds of Covenant and Assurance to meet the financial requirements, the Appropriately Qualified Person signing the Report is warranting to the Authority they have conducted all reasonable checks into each Covenantor's entire financial position to ensure they have Net Real Unencumbered Assets to cover the amount secured by the Deed.

Where amounts are considered not collectible or have not been sufficiently evidenced with regard to their value or ownership, the Appropriately Qualified Person signing the Report must reduce the Covenantor's total Net Real Unencumbered Asset position by that amount (eg Related Entity Loans).

The Appropriately Qualified Person accepts that the Authority relies upon this warranty in order to grant, renew or maintain the entity's licence.

2.3 Allowable Annual Turnover

The Allowable Annual Turnover (AATO) is calculated on the Net Tangible Asset (NTA) position of the Applicant or Licensee as stated in the Declaration, Independent Review Report or Audit Report provided to the Authority from time to time.

The AATO of an entity providing an Independent Review Report or Audit Report will be calculated upon the entity's personal NTA stated in the Report, in combination with amounts being assured by way of one or more Deeds of Covenant and Assurance.

The AATO is calculated by applying the stated formula to the NTA of the entity, as set out in **Table 1**. The AATO will be restricted to the maximum AATO permitted for the type of Declaration or Report provided.

The Authority will advise the Applicant or Licensee of its AATO for the forthcoming Licence Year upon granting or renewing the licence. In instances where Declarations or Reports are provided at any other time, the Authority will advise the Licensee of its new AATO which will apply for the current Licence Year.

The Allowable Annual Turnover issued will apply to the Licensee, in combination with the trust/s or partnership/s through which it is trading.

Table B – Allowable Annual Turnover – Structure

APPLICANT OR LICENSEE'S STRUCTURE	ANNUAL TURNOVER APPLIED TO:
Individual - sole trader	**Individual only**
Company - trading as stand alone company	**Company only**
Company - trading as part of a group of companies under ASIC Class Order 98/1418 or similar	**Consolidated group only**
Individual or Company – trading in partnership	**Individual or Company in combination with partnership/s**
Individual or Company - acting as trustee	**Individual or Company in combination with trust/s**

Licensees may exceed their Allowable Annual Turnover level by up to 10% without being required to obtain prior approval from the Authority.

Note: All licences are subject to a condition that Licensees are not to exceed the Allowable Annual Turnover by more than 10% without first providing a new Declaration or Report which substantiates the Licensee has sufficient NTA to support a higher level of turnover (refer **section 5**).

2.4 Net Tangible Assets

Applicants and Licensees must have sufficient **Net Tangible Assets (NTA)** required for the level of Allowable Annual Turnover, as stated in **Table 1**. This may be evidenced either through a Declaration completed by the Applicant or Licensee, or certified in the Independent Review Report or Audit Report completed by the Appropriately Qualified Person.

In determining the entity's NTA position, the person completing the Declaration or Report must consider the entity's entire financial position, including related entities and those entities providing assurance of assets in order for the entity to meet the financial requirements.

Where an entity does not have sufficient NTA in its own right for the level of turnover being sought or conducted (which ever is the highest) they may provide an Independent Review Report or Audit Report and rely upon a Deed of Covenant and Assurance from a related entity as stated in this policy.

Note: All licences are subject to a condition that the Licensee's NTA position is not to decrease by more than 10% for more than one (1) month unless the Licensee provides a new Declaration or Report within 30 days of the expiration of the one (1) month period. The Declaration or Report must substantiate the Licensee's adjusted NTA position. This includes a decrease in the Net Real Unencumbered Assets which have been assured to the Licensee by Deed of Covenant and Assurance.

2.4.1 Negative Net Tangible Assets

Applicants applying for a licence must have an NTA position in their own right of not less than $0. Those Applicants which have a negative (deficit) NTA position will not meet the Financial Requirements for Licensing and cannot rely upon a Deed of Covenant and Assurance to cover the deficiency.

Existing Licensees, who prior to 1 July 2006, had a negative (deficit) NTA position, will be required to increase their NTA position to be not less than $0 by 1 July 2007. Where a Licensee provides financial information for a year end 1 July 2007 or later, the Report must evidence the Licensee does not have a negative NTA. This provision does not apply to entities where NTA is being supported by a Deed provided by a local, state or federal government instrumentality or agency.

2.4.2 Net Tangible Asset to Allowable Annual Turnover Ratio

Effective 1 July 2006, NTA levels for some financial Categories will vary each year. These changes will have an impact on a Licensee's AATO. Applicant's and Licensee's AATO is to be calculated in accordance with the levels stated for the respective year in each of the Categories in accordance with **Table 1**.

2.4.3 Asset Valuations

Individual Applicants and Licensees are permitted to value assets that are to be relied upon in support of Net Tangible Assets, provided those values can be substantiated.

In the case of a company applicant or Licensee, the Directors are permitted to value assets that are to be relied upon in support of NTA, provided those values can be substantiated.

Where any lack of substance as to the valuation is perceived by either the Appropriately Qualified Person preparing the Independent Review Report or Audit Report or the Authority, such valuations must be substantiated by a valuation by an accredited, registered or recognised valuer.

In certain limited circumstances, deferred tax assets (future income tax benefits) may be included as an asset, provided the recoupment of the tax losses which gave rise to the future income tax benefits are considered as being virtually certain.

Only the estimated net realisable amount of the entity's assets should be brought to account. All liabilities, intangible assets and disallowed assets of the entity must be deducted in calculating NTA in accordance with this policy.

2.4.4 Related Entity Loans and Investments

Related Entity Loans and Investments recorded as an asset in the entity's accounts are not to be included or relied upon in determining the entity's NTA, unless the Appropriately Qualified Person preparing the Independent Review Report or Audit Report has independently verified that the related entity loan or investment is collectible. It is not sufficient for the Appropriately Qualified Person to accept the Directors advice without performing reasonable checks or tests.

The Appropriately Qualified Person preparing the Report is required to notify on the Report that they have independently verified the collectibility of the Related Entity Loan or Investment.

2.4.5 Assurance Of Assets By Deed Of Covenant And Assurance

Applicants and Licensees providing a Declaration must have sufficient assets in their own right, and cannot rely on a Deed of Covenant and Assurance in order to meet the NTA requirements for SC1 or SC2.

Entities relying upon a Deed of Covenant and Assurance must provide an Independent Review Report or Audit Report, and must meet **Category 1** requirements in accordance with **Table 1**, at a minimum.

Where the Applicant or Licensee does not have sufficient NTA in its own right for the level of AATO required it may, dependent on the entity's structure, rely upon a **Deed of Covenant and Assurance** based on the **Net Real Unencumbered Assets** of one or more of the following related entities, in order to meet the NTA requirement. The Covenantor must have and maintain sufficient Net Real Unencumbered Assets in their own right to meet the value of the Defined Amount stated in the Independent Review Report or Audit Report.

The Net Real Unencumbered Assets of the Covenantor cannot include any Related Entity Loans or Investments from the Licensee. Refer section 1.3 Definition – Net Real Unencumbered Assets.

Table C – Possible Assurers

APPLICANT OR LICENSEE'S STRUCTURE	POSSIBLE ASSURERS
Individual - sole trader	• **Not Available**
Company – trading as stand alone company	• **Directors of the Licensee** • **Associated company of the Licensee**
Company Licensee – trading as part of a group of companies	• **Directors of the Licensee** • **Associated company of the Licensee** • **Other companies in the group**
Individual or Company – trading in Partnership	• **Other partners within the Partnership** • **Directors of the Licensee (if a company Licensee)** • **Associated company of the Licensee (if a company Licensee)**
Individual or Company - acting as trustee	• **Beneficiaries of the trust administered by Licensee as Trustee** • **Directors of the Licensee (if a company Licensee)** • **Associated company of the Licensee (if a company Licensee)**

The Deed of Covenant and Assurance must be in the prescribed format as set out in this policy. The original of the Deed will be required to be submitted to the Authority together with the Independent Review Report or Audit Report and will remain with the Authority while the entity continues to rely upon the Deed to meet the requirements.

The Appropriately Qualified Person completing an Independent Review Report or Audit Report which relies on a Deed of Covenant and Assurance will be required to:

- state in the appropriate space on the Report the full name and the relationship to the Licensee of each Covenantor,
- state within the Report the defined amount that is secured by the Deed, or if more than one - each Deed; and
- provide a Statement of Financial Position (**Attachment 9)** and any other appropriate documentation detailing each Covenantor's financial position at the time the Report was signed, and be based on accounts no earlier than the year end date on which the Report has been based.

The Statement of Financial Position must be verified by the Appropriately Qualified Person completing the Report signifying all reasonable checks have been made with regard to each Covenantors financial position, to ensure the existence, collectibility and unencumbered value of assets being assured to the entity.

Example:

If the Licensee is relying on 30 June 2005 accounts for the purpose of the Report, the Covenantor's Statement of Financial Position must be based on 30 June 2005 or later accounts.

Where a Covenantor also holds a licence, the amount of Net Real Unencumbered Assets available for assurance must be reduced by the amount of NTA required by the Covenantor to maintain their personal licence.

2.4.6 Updating Deeds of Covenant and Assurance

Where a Licensee relies upon one or more Deeds of Covenant and Assurance and restructures its financial affairs, the Authority will return the Deed/s it holds once it has received an appropriately updated Independent Review Report or Audit Report and any Deeds of Assurance which are required to replace the Deed/s being returned.

The Appropriately Qualified Person signing the new Report will be required to consider whether the Licensee is required to provide further Deeds of Assurance.

2.4.7 Unconditional Undertakings (including Bank Guarantees)

When unconditional undertakings (including bank guarantees) are issued to fund retentions or as additional security on a contract, a contingent liability arises.

Contingent liabilities are generally not included within a balance sheet but are to be included in the notes to the accounts.

Unconditional undertakings can usually be called up without authority from the person providing the guarantee. A contingent liability converts to a current liability when an unconditional undertaking is called up by the beneficiary.

Where a current liability arises, the effect of the unconditional undertaking is shown in arriving at the NTA calculation.

Where it is apparent that the Licensee may be in a position where any such unconditional undertakings may be exposed to being called up, the NTA of the Licensee may be reduced by the amount, or portion, of such contingent liabilities. The Authority must be provided with an updated Report to reflect the new NTA position, where the current liability reduces NTA by more than 10% for more than 1 month (refer section 2.4)

2.5 Current Ratio

Applicants and Licensees who provide a Declaration (SC1 or SC2) in order to meet the requirements of this policy are not required to demonstrate they meet the Current Ratio requirements.

All other Applicants and Licensees must demonstrate they meet the minimum Current Ratio levels as set in **Table E,** according to the entity's structure refer **Table D**. Following approval of a licence application or renewal, all Licensees must continue to be able to meet the minimum Current Ratio requirements at all times throughout the Licence Year.

The Appropriately Qualified Person must verify in the Independent Review Report or Audit Report the entity has met the Current Ratio on the last date of the year on which the Report has been based.

2.5.1 Determining Appropriate Current Assets And Current Liabilities

Depending on the structure of the Applicant or Licensee, the current ratio must be met from the current assets and current liabilities, as follows:

Table D – Ratio – Structure

APPLICANT OR LICENSEE'S STRUCTURE	CURRENT ASSETS AND LIABILITIES OF:
Individual - sole trader	**Individual only**
Company - trading as stand alone company	**Company only**
Company - trading as part of a group of companies under ASIC Class Order 98/1418 or similar	**Consolidated group only**
Individual or Company – trading in partnership	**Individual or Company in combination with partnership/s**
Individual or Company - acting as trustee	**Individual or Company in combination with trust/s**

A ratio less than the stated minimum requirement must not be rounded up. For example a current ratio of 0.9987:1 is less than 1:1 and does not meet the requirement where the minimum stated requirement is 1:1.

Applicants and Licensees cannot include any amounts assured to them by way of a Deed of Covenant and Assurance in calculating the ratio.

2.5.2 Ratio Formula

Applicants and Licensees must meet the minimum Current Ratio requirement calculated in accordance with the following formula:

Table E – Ratio Formula

CURRENT RATIO FORMULA	MINIMUM REQUIREMENT
$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	**1 : 1**

2.6 Financial Monitoring Requirements

To comply with this requirement Applicants and Licensees must maintain internal management accounts (not required to be the subject of an Independent Review Report or Audit Report) which have been prepared at the following intervals:

Table F – Monitoring Requirements

CATEGORY	MINIMUM INTERVAL
Declaration – up to $100,000	**Not Applicable**
Declaration – up to $300,000	**Not Applicable**
Category 1	**Yearly**
Category 2	**Half Yearly**
Categories 3 to 8	**Quarterly**

The internal management accounts are not required to be provided to the Authority unless requested, but must be provided to the Authority upon request.

2.7 Prescribed Form

All forms, including the Declarations, Independent Review Reports and Audit Report, are prescribed forms and are unable to be amended from the format stated within this policy, other than by completion of the relevant spaces.

Declarations must be personally signed by the Applicant or Licensee. Where the Applicant or Licensee is a company, only Directors and other Authorised Officers of the company may sign the Declaration.

Independent Review Reports and Audit Reports may be completed by an Appropriately Qualified Person only as set out in **section 2.2**. In completing the Reports, the Appropriately Qualified Person must comply with the:

- Australian Auditing Standards and other mandatory professional reporting requirements when preparing Audit Reports; and
- Australian Auditing Standards applicable to review engagements when preparing Independent Review Reports.

With respect to a company that has been registered with the Australian Securities and Investments Commission (ASIC) for less than 12 months, the Appropriately Qualified Person completing the Report may alter the Report to reflect the period being reported on is less than 12 months, with the review period commencing from the date of incorporation.

3. FINANCIAL INFORMATION REQUIRED ON LICENCE APPLICATION

It is a requirement imposed by sections 31(1)(c) and 31(2)(c) of the Act that all Applicants for a licence must satisfy the financial requirements stated in the Board's policy. At the time of application, the Applicant must demonstrate it meets the requirements for the level of Allowable Annual Turnover being sought for the first Licence Year.

The requirements which may be applied to the financial information are as follows, and calculated in accordance with **Table 1**:

- **Net Tangible Assets** held by the Applicant;
- **Current Ratio** calculated in accordance with the specified formula, meeting the minimum requirement for that formula;

- **Financial Monitoring Requirements** of internal management accounts;
- Provision of the appropriate **Declaration, Independent Review Report** or **Audit Report** completed in accordance with this policy; and
- Evidence of the appropriate current **Professional Indemnity Insurance** being held where the Applicant applies for the one or more of the following licence classes. Refer to **Section 9**.
  - Building Design – Open
  - Building Design – Medium Rise
  - Building Design – Low Rise
  - Hydraulic Services Design
  - Site Classifier
  - Completed Residential Building Inspection
  - Termite Management – Chemical
  - Fire Detection Systems
  - Fire Equipment – Passive (Wall and Ceiling)
  - Fire Equipment – Passive (Penetration and Joint Ceiling)
  - Fire Equipment – Passive (Fire Doors and Fire Shutters)
  - Fire Fighting Appliances
  - Fire Hose Reels and Fire Hydrants
  - Fixed Fire Pump Sets
  - Fire Sprinkler Systems (Domestic and Residential)
  - Fire Sprinkler Systems (Other than Domestic and Residential)
  - Fire Suppression Systems – Special Hazards

3.1 Existing Licensees Applying for New Licence

Where an Applicant holds a current licence and the Applicant is not seeking to increase its Allowable Annual Turnover it may rely on the financial information provided as part of its renewal process to meet the Financial Requirements for Licensing.

Existing Licensees applying for a Builder class of licence for the first time will need to provide financial information where it is reasonable to expect their current turnover will increase.

3.2 Applying - Allowable Annual Turnover of $100,000 per annum and under

This option is available to all Contractors, excluding Builder classes.

Applicants who require an Allowable Annual Turnover of not **more than $100,000** in the first licence year may submit a **Declaration** in accordance with this policy when making application for a licence.

- An Applicant must, at the time of application, declare to the Authority they have the required level of **Net Tangible Assets (NTA)** as stated in **Table 1**, and will not have a turnover of more than $100,000 per annum.

- The declaration is to be made on either the **Declaration – Allowable Annual Turnover under $100,000 per annum** (Attachment 5), or by completing the appropriate Declaration within the Authority's Individual, Company or Mutual Recognition Application Forms.

- The Applicant must have at least $6,000 **NTA** in its own right. An Applicant cannot rely on assets of another entity, or those assets held on trust, to meet this requirement. If the Applicant does not have sufficient assets in its own right and must rely upon a Deed of Covenant and Assurance to meet the NTA requirement, then it must comply with **Section 3.4**.

- Provide evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

3.3 Applying - Allowable Annual Turnover of $300,000 per annum and under

Applicants who require an Allowable Annual Turnover of not **more than $300,000** in the first licence year may submit a **Declaration** in accordance with this policy when making application for a licence.

- An Applicant must, at the time of application, declare to the Authority they have the required level of **Net Tangible Assets (NTA)** as stated in **Table 1**, and will not have a turnover of more than $300,000 per annum.

- The declaration is to be made on either the **Declaration – Allowable Annual Turnover under $300,000 per annum** (Attachment 6), or by completing the appropriate Declaration within the Authority's Individual, Company or Mutual Recognition Application Form.

- The Applicant must have at least $18,000 **NTA** in its own right. An Applicant cannot rely on assets of another entity, or those assets held on trust, to meet this requirement. If the Applicant does not have sufficient assets in its own right and must rely upon a Deed of Covenant and Assurance to meet the NTA requirement, then it must comply with **Section 3.4**.

- Provide evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

3.4 Applying - Allowable Annual Turnover of $300,001 to $12million per annum (Categories 1 to 3)

Applicants who require an Allowable Annual Turnover of between $300,001 and $12million per annum in the first licence year will need to have their financial information verified by an independent **Appropriately Qualified Person** (**Section 2.2**) and provide the relevant financial information in accordance with this policy.

In providing the financial information, Applicants must have:

- adequate **Net Tangible Assets** for the level of **Allowable Annual Turnover** required for the first licence year;

- a minimum **Current Ratio** in accordance with the specified formula;

- **Internal Management Accounts** which are able to be produced at required intervals, and be provided to the Authority upon request;

- an **Independent Review Report (Attachment 1)** signed by an Appropriately Qualified Person; and

- evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

3.4.1 Age Of Information Being Relied Upon

The Applicant's **Allowable Annual Turnover (AATO)** being sought for the first Licence Year will determine the financial Category the Applicant is seeking, and therefore the age of the information to be relied upon. The Applicant is to provide the appropriate information to the Appropriately Qualified Person preparing the Report, in accordance with the following table:

Table G – Age of Accounts – Applying – Categories 1 to 3

ANNUAL FINANCIAL REPORTING	
AATO Category	**Age of Accounts to be no older than**
1	12 months
2	7 months
3	4 months

The reference in the Table to 'no older than' refers to the time difference between the year end date the Report has been based on, and the date the Appropriately Qualified Person signs the Independent Review Report, and not any other date.

The Report must have been signed no earlier than 30 days prior to the date the application is received by the Authority. Reports dated any earlier than 30 days prior to the date of receipt will not be accepted by the Authority.

Example

An Applicant seeks an Allowable Annual Turnover within Category 2. Therefore, the age of the information must be no older than 7 months at the time the Report is signed. If the Applicant is relying on 30 June accounts, the Report must be signed by 31 January of the following year, and received by the Authority no later than 30 days after 31 January.

The Report must be based on full 12 months accounts, irrespective of whether the Applicant has previously traded. In cases where the Applicant is a company which has been incorporated for a period of less than 12 months, the Report may be based upon accounts from the date of incorporation.

3.5 Applying - Allowable Annual Turnover of more than $12million per annum (Categories 4 to 8)

Applicants who require an Allowable Annual Turnover of more than $12million per annum in the first licence year will need to have their financial information verified by an independent **Appropriately Qualified Person** (**Section 2.6**) and provide the relevant financial information in accordance with this policy.

In providing the financial information, Applicants must have:

- adequate **Net Tangible Assets** for the level of **Allowable Annual Turnover** required for the first licence year;
- a minimum **Current Ratio** in accordance with the specified formula;
- **Internal Management Accounts** which are able to be produced at required intervals, and be provided to the Authority upon request;
- an **Independent Review Report** or **Audit Report** signed by an Appropriately Qualified Person;
- signed **Financial Statements** on which the Report has been based; and
- evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

3.5.1 Age Of Information Being Relied Upon

The Applicant's **Allowable Annual Turnover (AATO)** being sought for the first Licence Year and whether the Applicant has been audited previously will determine the age of the accounts able to be relied upon, the type of Report required to be provided, and the Appropriately Qualified Person that may sign the Report (refer **Table A** and **Section 2.2**).

Table H – Age of Accounts – Applying – Categories 4 to 8

ANNUAL FINANCIAL REPORTING – CATEGORIES 4 TO 8		
AUDIT REQUIREMENT	**REPORT TYPE REQUIRED**	**Age Of Accounts To Be No Older Than**
Already audited	Audit Report	Most recent audited accounts
Not previously audited but will be required to be audited in next 12 months	Independent Review Report – 1st Year Only	3 months
Exempt from audit requirements	Independent Review Report – Audit Exempt	3 months

Applicants are required to provide information no older than that stated above to the Appropriately Qualified Person for the preparation of the Report. The reference in the Table to 'no older than' refers to the time difference between the year end date the Report has been based on, to the date the Appropriately Qualified Person signs Report, and not any other date.

The Report must have been signed no earlier than 30 days prior to the date the application is received by the Authority. Reports dated any earlier than 30 days prior will not be accepted by the Authority.

Example

An Applicant seeks an Allowable Annual Turnover within Category 4 and has not previously been audited. Therefore, the age of the information must be no older than 3 months at the time the Independent Review Report is signed. If the Applicant is relying on 30 June accounts, the Report must be signed by 30 September of the same year, and be received by the Authority within 30 days of 30 September.

The Report must be based on 12 months accounts, irrespective of whether the Applicant has previously traded, except in the case of a company incorporated for less than 12 months at the time of review being conducted. In cases where the Applicant has been incorporated for a period of less than 12 months, the Report must be based upon accounts from the date of incorporation.

3.5.2 Previously Audited Applicants

Where the Applicant is currently subject to an ASIC audit requirement, it must provide an **Audit Report** based on the most recently audited financial statements. These accounts may be more than 3 months in age. A copy of the signed audited financial statements on which the Report is based must accompany the Audit Report.

(i) Stand Alone Companies –

Where the Applicant is operating as a stand alone company, the Audit Report is to be based on the company in its own right.

(ii) Consolidated companies –

Where the Applicant is a company operating within a group of companies, and is party to a Deed of Cross Guarantee (**ASIC Class Order 98/1418**) the Audit Report is to be based on either:

- the consolidated group of companies;
- the "closed group" of companies, being only those companies subject to the Deed of Cross Guarantee; or
- the Applicant in its own right as a stand alone company.

The Applicant will be required to provide evidence the Class Order was in place for the period of review on which the Report is based, and continues to be in place for the forthcoming Licence Year.

3.5.3 Applicants Not Yet Audited but Required to be Audited Next Financial Year

Where the Applicant has not been audited previously, but will be subject to ASIC audit requirements within the following 12 months, it must provide an **Independent Review Report – 1st Year Only** (**Attachment 3**) based on 12 months accounts no older than 3 months in age. A copy of the signed financial statements on which the Report is based must accompany the Report. The Statement of the Appointment of an Auditor must be also be completed.

(i) Stand Alone companies –

Where the Applicant is operating as a stand alone company, the Independent Review Report – 1st Year Only is to be based on the company in its own right.

(ii) Consolidated companies –

Where the Applicant is a company operating within a group of companies, and is party to a Deed of Cross Guarantee (**ASIC Class Order 98/1418 or similar**) the Independent Review Report – 1st Year Only is to be based on either:

- the consolidated group of companies;
- the "closed group" of companies, being only those companies subject to the Deed of Cross Guarantee; or
- the Applicant in its own right as a stand alone company.

The Applicant will be required to provide evidence the Class Order was in place for the period of review on which the Report is based, and continues to be in place for the forthcoming Licence Year.

3.5.4 Applicants Not Required to be Audited – Exempt

Where the Applicant is not currently subject to ASIC audit requirements and will continue to be relieved from such requirements under *Corporations Act 2001 in the following 12 months*, it may provide an **Independent Review Report – Audit Exemption** (**Attachment 4**) based on 12 months accounts no older than 3 months in age. A copy of the signed financial statements on which the Report is based must accompany the Report. The Statement of Exemption must be also be completed by the person completing the Report.

Note: The Authority reserves the right to refuse the exemption, and may require the company to comply with full audit requirements, and provide an Audit Report based on accounts no older than 3 months in age. Where an exemption is refused by the Authority, written notice of the audit requirement will be issued.

In considering the validity of an exemption, the Authority will consider whether the Applicant is currently, or will be, subject to audit requirements pursuant to Section 45A(3) of the *Corporations Act 2001,* and one of the following:

- Individuals
- Small proprietary companies
- Large Proprietary companies with Class Order 98/1417 or similar
- Overseas companies

Where an Applicant has obtained relief from ASIC audit requirements under Class Order 98/1417 or similar, evidence the Class Order was in place for the period of review must be provided with the Report.

3.5.5 Overseas Companies

Where the Applicant is based overseas and does not have its financial accounts audited by an Australian Auditor, the Applicant may rely upon an **Independent Review Report – Audit Exemption** (**Attachment 4**) with any appropriate qualifications as agreed to by the Authority, signed by an Australian Registered Company Auditor.

- The Financial Information stated in the Report must be in Australian Dollar (AUD) equivalents.
- If the company is audited overseas, it may rely on its last audited accounts, which may be more than 3 months in age.
- If the company is not audited overseas, it must provide a Report based on 12 months accounts no older than 3 months in age.

A copy of the financial statements for the respective period in review must be provided with the Report, and must be translated into English. The Statement of Exemption must be also be completed by the person completing the Report.

4. FINANCIAL INFORMATION REQUIRED ON LICENCE RENEWAL

It is a requirement imposed by section 53A of the Act that the relevant financial information must be provided in order to renew a licence, and such information must be in accordance with this policy.

All Licensees are required to provide the Authority with their financial information in accordance with this policy **by** their renewal date. Failure to provide the information which complies with the policy may result in the suspension or cancellation of the licence.

The requirements which may be applied to the financial information are as follows, and calculated in accordance with **Table 1**:

- **Net Tangible Assets** held by the Licensee;
- **Current Ratio** calculated in accordance with the specified formula, and meets the minimum requirement for that formula;
- **Financial Monitoring** Requirements of internal management accounts; and
- Provision of the appropriate **Declaration, Independent Review Report** or **Audit Report** completed in accordance with this policy.
- Evidence of the appropriate current **Professional Indemnity Insurance** being held where the Licensee holds one or more of the following licence classes. Refer to **Section 9**.
  - Building Design – Open
  - Building Design – Medium Rise
  - Building Design – Low Rise
  - Hydraulic Services Design
  - Site Classifier
  - Completed Residential Building Inspection
  - Termite Management – Chemical
  - Fire Detection Systems
  - Fire Equipment – Passive (Wall and Ceiling)

- Fire Equipment – Passive (Penetration and Joint Ceiling)
- Fire Equipment – Passive (Fire Doors and Fire Shutters)
- Fire Fighting Appliances
- Fire Hose Reels and Fire Hydrants
- Fixed Fire Pump Sets
- Fire Sprinkler Systems (Domestic and Residential)
- Fire Sprinkler Systems (Other than Domestic and Residential)
- Fire Suppression Systems – Special Hazards

4.1 Renewing - Allowable Annual Turnover of $100,000 per annum and under

This option is available to all Contractors, excluding Builder classes.

Licensees who require an Allowable Annual Turnover of not **more than $100,000** for the next licence year may submit a **Declaration** in accordance with this policy when renewing a licence.

- A Licensee must, at the time of licence renewal, declare to the Authority they have the required minimum in **Net Tangible Assets (NTA)** as stated in **Table 1**, and will not have a turnover of more than $100,000 per annum.

- The declaration is to be made by either completing the **Declaration – Allowable Annual Turnover under $100,000 per annum** (Attachment 5), the appropriate Declaration within the Renewal Notice issued to the Licensee, or by making verbal declaration to an Authority Officer.

- The Licensee must have at least $6,000 **NTA** in its own right. A Licensee cannot rely on assets of another entity, or those assets held on trust, to meet this requirement. If the Licensee does not have sufficient assets in its own right and must rely upon a Deed of Covenant and Assurance to meet the NTA requirement, then the Licensee is not eligible to provide a Declaration and must comply with **Section 4.3**.

- Provide evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

4.2 Renewing - Allowable Annual Turnover of $300,000 per annum and under

Licensees who require an Allowable Annual Turnover of not **more than $300,000** for the next licence year may submit a **Declaration** in accordance with this policy when renewing a licence.

- A Licensee must, at the time of licence renewal, declare to the Authority that they have the required minimum in **Net Tangible Assets (NTA)** as stated in **Table 1**, and will not have a turnover of more than $300,000 per annum.

- The declaration is to be made by either completing the **Declaration – Allowable Annual Turnover under $300,000 per annum** (Attachment 6), the appropriate Declaration within the Renewal Notice issued to the Licensee, or by making verbal Declaration to an Authority Officer.

- The Licensee must have at least $18,000 **NTA** in its own right. A Licensee cannot rely on assets of another entity, or those assets held on trust, to meet this requirement. If the Licensee does not have sufficient assets in its own right and must rely upon a Deed of Covenant and Assurance to meet the NTA requirement, then the Licensee is not eligible to provide a Declaration and must comply with **Section 4.3**.

- Provide evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

4.3 Renewing - Allowable Annual Turnover of $300,001 to $12million per annum (Categories 1 to 3)

Licensees who require an Allowable Annual Turnover of between $300,001 and $12million per annum in the next licence year will need to have their financial information verified by an independent **Appropriately Qualified Person** (**Section 2.6**) and provide the relevant financial information in accordance with this policy.

In providing the financial information, Licensees must have:

- adequate **Net Tangible Assets** for the level of **Allowable Annual Turnover** required for the first licence year;
- a minimum **Current Ratio** in accordance with the specified formula;
- **Internal Management Accounts** which are able to be produced at required intervals, and be provided to the Authority upon request;
- an **Independent Review Report (Attachment 1)** signed by an Appropriately Qualified Person; and
- evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

4.3.1 Age Of Information Being Relied Upon

The Licensee's **Actual Annual Turnover** for the 12 months on which the Report is to be based will determine the age of the accounts able to be relied upon and the Appropriately Qualified Person that may sign the Independent Review Report (refer **Table A** and **Section 2.2**).

The Actual Annual Turnover determines the Licensee's financial Category, and therefore the age of the information able to be relied upon. The Licensee is to provide the appropriate information to the person preparing the Report, in accordance with the following table:

Table I – Age of Accounts – Renewing – Categories 1 to 3

ACTUAL FINANCIAL REPORTING	
Actual Category	**Age of Accounts to be no older than**
1	12 months
2	7 months
3	4 months

Licensees are required to provide information no older than that stated above to the Appropriately Qualified Person for the preparation of the Report. The reference in the Table to 'no older than' refers to the time difference between the year end date the Report has been based on, and the date the Appropriately Qualified Person signs the Independent Review Report, and not any other date.

The Report may be prepared and signed by the Appropriately Qualified Person up to 30 days prior to the renewal due date stated on the Renewal Notice but will not be accepted by the Authority if it is prepared any earlier than that.

Example

Licensee's Actual Annual Turnover falls within Category 2. Therefore, the age of the information must be no older than 7 months at the time the Report is signed. If the Licensee is relying on 30 June accounts, the Report must be signed by 31 January of the following year.

The Report must be based on 12 months accounts, except in the case of a company incorporated for less than 12 months at the time of review being conducted. In cases where the Licensee has been incorporated for a period of less than 12 months, the Report may be based upon accounts from the date of incorporation.

4.4 Renewing - Allowable Annual Turnover of more than $12million per annum (Categories 4 to 8)

Licensees who have an Allowable Annual Turnover, or require an Allowable Annual Turnover, of more than $12million per annum in the next licence year will need to have their financial information verified by an independent **Appropriately Qualified Person** (**Section 2.2**) and provide the relevant financial information in accordance with this policy.

In providing the financial information, Licensees must have:

- adequate **Net Tangible Assets** for the level of **Allowable Annual Turnover** required for the first licence year;
- a minimum **Current Ratio** in accordance with the specified formula;
- **Internal Management Accounts** which are able to be produced at required intervals, and be provided to the Authority upon request;
- an **Independent Review Report** or **Audit Report** signed by an Appropriately Qualified Person;
- signed **Financial Statements** on which the Report has been based; and
- evidence of current **Professional Indemnity Insurance** (where appropriate for the class of licence) which complies with **Section 9**.

4.4.1 Age Of Information Being Relied Upon

Licensees who require an **Allowable Annual Turnover** of more than $12million for the next Licence Year, or have an **Actual Annual Turnover** of more than $12million, must provide either an Independent Review Report – 1st Year Only or Audit Report signed by an Appropriately Qualified Person (Section 2.2) based on accounts no older than that stated in the following Table.

Table J – Age of Accounts – Renewing – Categories 4 to 8

ANNUAL FINANCIAL REPORTING – CATEGORIES 4 TO 8		
AUDIT REQUIREMENT	**REPORT TYPE REQUIRED**	**Age Of Accounts To Be No Older Than**
Already audited – on 1st renewal of licence	Audit Report	Most recent audited accounts (Licensee required to change next renewal date)
Already audited - 2nd or later renewal	Audit Report	3 months
Not previously audited but will be required to be audited in next 12 months	Independent Review Report – 1st Year Only	3 months
Exempt from audit requirements	Independent Review Report – Audit Exempt	3 months

The Report may be prepared and signed by the Appropriately Qualified Person up to 30 days prior to the renewal due date stated on the Renewal Notice but will not be accepted by the Authority if it is prepared any earlier than that.

On 1st Renewal of Licence - For those Licensees who have previously been audited, and the current renewal is the first anniversary of the granting of the licence, they may rely on the most recently audited accounts for the current renewal, even though they may be more than 3 months in age, provided the Licensee also changes its future renewal date to be no more than 3 months from the end of its usual audit year end date (refer to **Section 5.2.1)**

For all other Renewals - Licensees are required to provide information no older than that stated above to the Appropriately Qualified Person for the preparation of the Report. The reference in the Table to 'no older than' refers to the time difference between the year end date the Report has been based on, to the date the Appropriately Qualified Person signs Report, and not any other date.

Example:

Licensee's Actual Annual Turnover falls within Category 4. Therefore, the age of the information must be no older than 3 months at the time the Report is signed. If the Licensee is relying on 30 June accounts, the Report must be signed by 30 September of the current year.

The Report must be based on 12 months accounts, irrespective of whether the Licensee has previously traded, except in the case of a company incorporated for less than 12 months at the time of review being conduct

4.4.2 Previously Audited Licensees

Where the Licensee is currently subject to an ASIC audit requirement, it must provide an **Audit Report** based on 12 months audited financial statements no older than those stated in **Table J** above. A copy of the audited and signed financial statements on which the Report is based must accompany the Audit Report.

(i) Stand Alone Companies –

Where the Licensee is operating as a stand alone company, the Audit Report is to be based on the company in its own right.

(ii) Consolidated companies –

Where the Licensee is a company operating within a group of companies, and is party to a Deed of Cross Guarantee (**ASIC Class Order 98/1418**) the Audit Report is to be based on either:

- the consolidated group of companies;
- the "closed group" of companies, being only those companies subject to the Deed of Cross Guarantee; or
- the Applicant in its own right as a stand alone company.

The Licensee will be required to provide evidence the Class Order was in place for the period of review on which the Report is based.

4.4.3 Licensees Not Previously Audited but Required to be Audited Next Financial Year

Where the Licensee has not previously been audited, but will be subject to ASIC audit requirements within the following 12 months, it must provide an **Independent Review Report – 1st Year Only** (Attachment 3) based on 12 months accounts no older than 3 months in age. A copy of the signed financial statements on which the Report is based must accompany the Report.

A registered company auditor must be nominated on the Report, and on the next renewal of the licence, an Audit Report will be required to be provided to the Authority.

(i) Stand Alone companies –

Where the Licensee is operating as a stand alone company, the Independent Review Report – 1st Year Only is to be based on the company in its own right.

(ii) Consolidated companies –

Where the Licensee is a company operating within a group of companies, and is party to a Deed of Cross Guarantee (**ASIC Class Order 98/1418 or similar**) the Independent Review Report – 1st Year Only is to be based on either:

- the consolidated group of companies;
- the "closed group" of companies, being only those companies subject to the Deed of Cross Guarantee; or
- the Licensee in its own right as a stand alone company.

The Licensee will be required to provide evidence the Class Order was in place for the period of review on which the Report is based.

4.4.4 Licensees Not Required to be Audited - Exempt

Where the Licensee is not currently subject to ASIC audit requirements and will continue to be relieved from such requirements, it must provide an **Independent Review Report – Audit Exemption** (Attachment 4) based on 12 months accounts no older than 3 months in age. A copy of the signed financial statements on which the Report is based must accompany the Report. The Statement of Exemption within the Report must be also be completed by the person completing the Report.

Note: The Authority reserves the right to refuse the exemption, and may require the company to comply with full audit requirements, and provide an Audit Report based on accounts no older than 3 months in age. Where an exemption is refused by the Authority, written notice of the audit requirement will be issued to the Licensee advising the need to comply with Section 4.4.2.

In considering the validity of an exemption, the Authority will consider whether the Licensee is currently, or will be, subject to audit requirements pursuant to Section 45A(3) of the *Corporations Act 1991,* and one of the following:

- Individuals
- Small proprietary companies
- Large Proprietary companies with Class Order 98/1417 or similar
- Overseas companies

Where a Licensee has obtained relief from ASIC audit requirements under Class Order 98/1417 or similar, evidence the Class Order was in place for the period of review must be provided with the Report.

4.4.5 Overseas Companies

Where the Licensee is based overseas and does not have its financial accounts audited by an Australian Auditor, the Licensee may rely upon an **Independent Review Report – Audit Exemption** (Attachment 4) with any appropriate qualifications as agreed to by the Authority, signed by an Australian Registered Company Auditor.

- The Financial Information stated in the Report must be in Australian Dollar (AUD) equivalents.

- If the company is audited overseas, it may rely on its audited accounts, which may be no more than 3 months in age.

- If the company is not audited overseas, it must provide a Report based on 12 months accounts no older than 3 months in age.

A copy of the financial statements for the respective period in review must be provided with the Report, and must be translated into English.

4.4.6 Extensions of Time

Licensees who are subject to ASIC audit requirements, and who are anticipating or experiencing delays in the completion of the audit, may submit (in writing) a request for an extension of time to provide the Audit Report. The request must be received prior to the expiration of the renewal due date stated on the renewal notice, or any other due date as advised by the Authority.

Subsequent requests for extensions of time to provide an Audit Report must also be in writing and must be accompanied by a copy of the draft financial statements.

The Authority may grant an extension of time on this basis for a specified period only, and will advise the Licensee of the due date. The Authority reserves the right to reject any request for an extension of time.

5. CHANGE OF RENEWAL DATE

At the time of renewal, Licensees may elect to change their future renewal date to enable them to rely on their usual financial year end accounts. The appropriate date of alignment of their renewal date will depend on the Category of their Allowable Annual Turnover (AATO) and the date on which their financial year usually ends.

Note: Licensees who renew their licence by providing a Declaration are unable to change their future renewal date. Only those Licensees whose AATO falls within Categories 1 to 8 may seek to alter their renewal date.

Where a Licensee seeks to change their renewal date, they must confirm their request in writing and remit the appropriate proportionate annual licence fees for renewal period. Where the change of renewal date means the licence will be renewed for period of more than 12 months, the additional annual licence fees must be paid prior to the change of date being approved.

Licensees may complete and return **Attachment 7 – Request to Change Renewal Date** in order to confirm the request.

Licensees are required to provide the relevant financial information in accordance with this policy at their existing renewal date and their altered renewal date. Renewal dates cannot be realigned at the time of application.

A Licensee who has previously changed their renewal date in order to comply with the timeframe for reporting requirements based on a higher AATO will not be permitted to change their renewal date back to a later period.

The Authority has the right to refuse any request to alter a renewal date.

5.1 Change of Renewal Date – Categories 1 to 3

Licensees in Categories 1 to 3 (AATO of between $300,001 and $12million), at the time of renewal, may be given the option to alter their next renewal date. If a Licensee chooses to alter its renewal date, the Authority may select a new renewal date randomly chosen within the following time frames, assuming the Licensee relies on a 30 June financial year end:

Table K – Change of Renewal Date Timeframes – Categories 1 to 3

CHANGE OF RENEWAL DATE – CATEGORIES 1 TO 3	
Category 1	1 February to 30 June
Category 2	1 November to 31 January
Category 3	1 September to 31 October

Licensees with an existing renewal date which is within 3 months from the above time frames will be given an altered renewal date within the following 12 month time frame (but not more than 15 months from their existing renewal date).

If a Licensee has a financial year end other than 30 June, they may request a change to their renewal date to an alternative date, chosen by the Authority. The Authority will advise the Licensee of their altered renewal date and their revised renewal fee.

5.2 Change of Renewal Date – Categories 4 to 8

A Licensee that falls into Categories 4 to 8 (AATO of more than $12million) at the time of its renewal may request the Authority to alter its renewal date to a date no older than 3 months after the end of the Licensee's financial year end, as follows:

Table L – Change of Renewal Date Timeframes – Categories 4 to 8

CHANGE OF RENEWAL DATE – CATEGORIES 4 to 8	
Financial Year Ending Date	**New Renewal Date**
30 June	30 September
30 September	31 December
31 December	31 March
31 March	30 June

A Licensee in Categories 4 to 8 cannot renew a licence for less than 12 months, and not more than 24 months. The request must be made to the Authority on the prescribed form (**Attachment 7 – Request to Change Renewal Date**) and the proportionate annual licence fees for the additional renewal period based on the Category 4 to 8 annual licence fee rate.

5.2.1 Audited Licensees

If the Licensee's financial statements are already the subject of an audit, the Licensee will be required to provide an Audit Report based on the last audited financial statements even though they may be more than 3 months in age, and the **Attachment 7 – Request to Change Renewal Date**.

The licence will be renewed subject to an interim financial reporting requirement in which they will be required to provide a further Audit Report based on their next audited financial statements if the renewal period is more than 15 months.

Example:

XYZ Pty Ltd currently renews its licence on 31 March 2005. It operates on a 1 July – 30 June financial year, and relies on 30 June audited accounts. It wishes to change its renewal date to 30 September 2006 so its future renewal date is no more than 3 months from the end of its usual financial year end date.

XYZ Pty Ltd is required to provide the following information to satisfy the Financial Requirements for Licensing:

- *For the current renewal (31 March 2005) - an Audit Report based on the last set of audited financial statements (ie: 30 June previous 2004);*
- *On interim financial reporting requirement (30 September 2005) - an Audit Report based on the audited financial statements for the current year (ie: 30 June 2005); and*
- *On next renewal (30 September 2006) - an Audit Report based on the audited financial statements at the time of its next renewal (ie: 30 June 2006).*

5.2.2 Unaudited Licensees

If the Licensee's financial statements have not previously been audited, the Licensee will be required to provide at the time of the request to change renewal date, the appropriate Independent Review Report (for Categories 4-8) based on financial statements not more than 3 months in age.

The licence will be renewed subject to an interim financial reporting requirement in which they will be required to provide a further Independent Review Report or Audit Report if the renewal period is more than 15 months. The interim Report must be based on financial statements for the next year ending date which is the usual financial reporting date (eg 30 June).

Example:

ABC Pty Ltd currently renews its licence on 31 January 2005. It wishes to rely on its financial year accounts of 30 June for future renewals. It wishes to change its renewal date to 30 September 2006. As the renewal period will be more than 15 months (from January 2005 to September 2006) and ABC Pty Ltd's financial statements had not previously been the subject of an audit, ABC Pty Ltd would be required to provide the following information in satisfaction of the Financial Requirements for Licensing:

- *For current renewal (31 January 2005) - an Independent Review Report for a year ended no more than 3 months earlier (ie: 31 October 2004);*
- *On interim financial reporting requirement (30 September 2005) - an Independent Review Report based on financial statements for a year ended no more than 3 months earlier than 30 September 2005 (ie: 30 June 2005); and*
- *On next renewal (30 September 2006) – either an Audit Report or Independent Review Report – Audit Exemption based on financial statements at the time of its next renewal (ie: 30 June 2006).*

6. FINANCIAL INFORMATION REQUIRED AT TIMES OTHER THAN AT APPLICATION OR RENEWAL

Licensees may be required to provide the Authority with financial information, in accordance with this policy, at times other than on application or renewal of a licence. Where such information is required, it must be provided in order to ensure compliance with this policy. Reports prepared and signed any earlier than 30 days prior to the date of receipt by the Authority will not be accepted.

6.1 Compliance Audit

Pursuant to section 50C of the Act, the Authority may give written notice to a Licensee requiring delivery of, or access to, specified financial records in circumstances where the Licensee is selected to be audited under an approved compliance audit program or where the Authority is satisfied, because of information received, that there are reasonable grounds for concern that the Licensee does not satisfy the financial requirements stated in this policy.

The financial records stated in the Authority's written notice must be only the financial records of the Licensee that the Authority reasonably requires to decide whether the Licensee satisfies the financial requirements stated in this policy.

Note: If Licensees do not comply with the Authority's written notice within 21 days, the Licensee may be subject to disciplinary proceedings. Licensees will also be taken to have contravened a condition imposed on the licence and the Authority may suspend or cancel the licence.

6.2 Adjustment of Allowable Annual Turnover

Pursuant to section 35 of the Act, it is a condition that Licensees must not exceed their last issued Allowable Annual Turnover (AATO) by more than 10% without first providing the Authority with appropriate financial information.

To adjust the AATO to a higher level, the Licensee must submit either an Independent Review Report or Audit Report which complies with the higher level of AATO they are seeking. The financial information provided must substantiate the Licensee has sufficient NTA to support the higher level of annual turnover.

Example:

Z Pty Ltd has a current AATO of $3million. Its licence renewal is not due until 30 October. It anticipates it will exceed its AATO by more than 10% by the end of the current financial year, and will require an AATO of $5million. In order to increase its AATO and comply with the Financial Requirements for Licensing, it must provide:

- *Now - an Independent Review Report based on accounts for year ended no older than 4 months in age, and signed not more than 30 days prior to receipt by the Authority*
- *On next renewal – an Independent Review Report in compliance with Section 4.*

In the event a Licensee exceeds its AATO by more than 10% without first providing the financial information and being issued a new AATO, the Licensee will have breached a condition of licence. This may result in the suspension or cancellation of the licence. Licensees may also be subject to disciplinary proceedings pursuant to the Act.

6.3 Adjustment of Net Tangible Assets

Pursuant to section 35 of the Act, it is a condition that Licensees must not allow their Net Tangible Asset (NTA) position to decrease by more than 10% for more than 1 month, unless they provide the Authority with appropriate financial information within 30 days of the end of the 1 month period.

This includes a decrease in the net real unencumbered assets being assured to the Licensee by way of Deed of Covenant and Assurance.

A decrease in NTA will result in a decrease of AATO of the Licensee, and therefore the Licensee must ensure it has sufficient NTA in its own right or in combination of amounts being assured by way of Deed to satisfy NTA requirements relative to the required AATO.

To adjust the NTA, the Licensee must submit either an Independent Review Report or Audit Report which reflects the new NTA position of the Licensee. The age of the accounts would be based on either the Category in which the Actual Annual Turnover places them, or the Allowable Annual Turnover the Licensee is seeking – whichever is the highest.

The adjusted AATO, based on the Licensee's new financial position, will be advised to the Licensee based on the new NTA position for the current Licence Year.

In the event a Licensee has a decrease in NTA by more than 10% for more than one (1) month, and does not provide the relevant financial information within the specified time frame stated in this provision, the Licensee will have breached a condition of licence. This may result in the suspension or cancellation of the licence. Licensees may also be subject to disciplinary proceedings pursuant to the Act.

6.4 Restructure of Licensee

Where a Licensee undertakes a restructure in relation to its ownership, management or financial structure, updated financial information may be required to satisfy the Authority the Licensee continues to comply with this policy. Restructures will usually result in a change to the Licensee's financial position from that last advised to the Authority.

Such restructures may include, but are not limited to:

- Changes of Ownership or Officeholders;
- Restructure to partnership or trust structure;
- Change or withdrawal of Covenantors.

In instances where a restructure has occurred, the Licensee must provide either a Declaration, Independent Review Report or Audit Report, and if necessary new Deed/s of Covenant and Assurance, which reflect the Licensee's new business structure or financial position. The Declaration or Report must comply with the same requirements as if the Licensee was renewing its licence (Section 4).

Upon receipt of the financial information which meets the requirements of the policy, the adjusted Allowable Annual Turnover based on the Licensee's new financial position will be advised to the Licensee, based on the new NTA position for the current Licence Year.

7. ASSESSMENT OF FINANCIAL INFORMATION BY THE AUTHORITY

The Authority has the right to assess Applicants and Licensees financial information at the times set out below:

- on application for a licence;
- at renewal;
- on compliance audit;
- where the Allowable Annual Turnover requires adjustment;
- where the Net Tangible Asset position has decreased by more than 10%;
- on receipt by the Authority of information that satisfies it there are reasonable grounds for concern that the Licensee does not satisfy the financial requirements;
- pursuant to an approved audit program
- on expiry of the Licensee's Professional Indemnity Insurance Policy;
- on request by the Licensee; or
- at the discretion of the Authority.

The assessment of the Declaration, Independent Review Report or Audit Report will result in one of the following outcomes:

7.1 Minimum NTA and Current Ratio (if applicable) requirements met

Where the minimum NTA and Current Ratio (if applicable) requirements have been met in accordance with this policy, the Applicant or Licensee will be notified by the Authority in writing that it meets the financial requirements stated in this policy and will be notified of the Licensee's NTA and AATO for the next Licence Year.

7.2 Where the minimum NTA requirement has not been met

In the case of an application for a licence - the application will be rejected.

In any other case - the Authority may notify the Licensee it has accepted the Licensee meets the Current Ratio, if applicable, however the Licensee does not meet the NTA requirements stated in this policy and the licence may be suspended. To be reinstated, Licensees will be obliged to demonstrate that they meet all prescribed requirements stated in this policy. The Licence may be subsequently cancelled if the issue has not been resolved.

Where the Licensee has submitted a financial report relying upon a Deed of Assurance regardless of whether the Licensee meets the NTA requirement the Authority may accept the Defined Amount stated in the financial report and will advise the Licensee of any deficiency.

7.3 Where the minimum Current Ratio (if applicable) requirement is not met

In the case of an application for a licence - the application will be rejected.

In any other case - the Authority may notify the Licensee it has accepted that the Licensee meets the NTA requirements (either in its own right or in combination with amounts being assured by a Deed) but that the Licensee does not meet the Current Ratio requirements stated in this policy and the licence may be suspended. To be reinstated, Licensees will be obliged to demonstrate that they meet all prescribed requirements stated in this policy. The Licence may be subsequently cancelled if the issue has not been resolved.

Where the Licensee has submitted a financial report relying upon a Deed of Assurance regardless of whether the Licensee meets the Current Ratio requirement the Authority may accept the Defined Amount stated in the financial report and will advise the Licensee of any deficiency.

8. SUSPENSION OR CANCELLATION OF LICENCE

Pursuant to the Act, where a licence is suspended or cancelled for any reason, the Licensee must immediately cease carrying out any building work. Also, the Licensee must not sign any contracts to carry out building work, or provide any quotations or tenders to carry out building work, while the licence is suspended.

Continuation of building work, the execution of contracts, or the provision of tenders or quotes after suspension of the licence may result in prosecution and may also prejudice rights to payment for work that has been carried out.

If the licence is cancelled, the Licensee will be required to reapply for the licence and satisfy all of the licensing requirements that are applicable at the time the new application is received.

9. PROFESSIONAL INDEMNITY INSURANCE REQUIREMENTS

9.1 Licence classes requiring professional indemnity insurance

Applicants for and Licensees who hold a class of licence specified in Table L must hold professional indemnity insurance, in addition to satisfying any other requirements in this policy.

The policy conditions for the required professional indemnity insurance must have a minimum limit of indemnity for any one claim and the sum of all claims during any one period of insurance of not less than the limits specified in Table L.

Table L – Licence Classes Requiring Professional Indemnity Insurance

Licence Class	Limit of Indemnity Amount
Building design – open	**$500,000**
Building design – medium rise	**$500,000**
Building design – low rise	**$500,000**
Termite management – chemical	**$500,000**
Hydraulic services design	**$1,000,000**
Hydraulic services design excluding design of on-site domestic waste water management	**$1,000,000**
Site classifier	**$1,000,000**
Site classifier excluding design of on-site domestic waste water management	**$1,000,000**
Completed residential building inspection	**$1,000,000**
Passive fire protection – fire doors and shutters – Certify	**$1,000,000**
Passive fire protection – fire collars, penetrations and joint sealing – Certify, install and maintain	**$1,000,000**
Passive fire protection – fire and smoke walls and ceilings – Certify	**$1,000,000**
Special hazard suppression systems – Certify – restricted to gaseous, water mist and reticulated foam proportioning systems	**$1,000,000**
Special hazard suppression systems – Certify – restricted to chemical and foam special hazard systems	**$1,000,000**
Sprinkler and suppression systems (reticulated water based) – Certify	**$1,000,000**
Sprinkler and suppression systems (reticulated water based) – Certify – restricted to commercial or industrial type	**$1,000,000**
Sprinkler and suppression systems (reticulated water based) – Certify – restricted to domestic or residential types	**$1,000,000**
Fire pump – Certify	**$1,000,000**
Fire hydrants and hose reels – Certify	**$1,000,000**
Portable fire equipment and hose reels (hose reels down stream of stop cock only) – Certify	**$500,000**
Fire detection, alarm and warning systems – Certify	**See 9.3 below**
Emergency lighting – Certify	**$1,000,000**
Fire suppression systems - special hazards*	**$1,000,000**
Fire suppression systems – special hazards restricted to certification of, and preparation of reports about, certain work*	**$1,000,000**

*Continuing licence class under section 50 of the Queensland Building Services Authority Regulation 2003."

9.2 Terms and Conditions of Insurance Policy

An Applicant or Licensee in one of the classes specified in section 9.1 must have a professional indemnity insurance policy that:

1. Indemnifies the Licensee against legal liability resulting from any claims first made against the Licensee during the period of insurance arising out of any act, error or omission on the part of the Licensee in the conduct of the Licensee's business in respect of one of the classes referred to in section 9.1, whether as a director, principal, partner or employee.

2. At all times ensures the Licensee is covered to the minimum amount stated in section 9.1 of *the Financial Requirements for Licensing* Policy for their respective class.

3. Provides indemnity against legal liability in respect of claims for damages or compensation made against the Licensee for misleading or deceptive conduct, but excludes any claims arising from dishonest, fraudulent, malicious or criminal conduct.

4. Names as the Insured the Licensee, or the company or partnership of which the licence holder is a director, partner or employee, including if the Insured is a company:
   (i) persons who are or become partners, directors or employees of the company during the period of insurance and are licensed in the appropriate class; and

   (ii) persons who are former partners, directors or employees of the company and who are, or have been but no longer are, licensed in the appropriate class, in respect of acts, errors or omissions committed or allegedly committed by them whilst they were partners, directors or employees of the company.

5. Does not exclude liability for loss or damage arising out of or concerning building work as defined under the *Queensland Building Services Authority Act 199*1 in the State of Queensland unless that liability would otherwise have been excluded by the Insurer's standard wording for professional indemnity insurance policy for businesses of the type conducted by the Licensee;.

6. Includes in addition to the limit of indemnity, provision for payment of the costs and expenses incurred by the Insured with the consent of the Insurer in defending or settling any claim and, in respect of any one claim, the policy may limit this sum to $100,000 or 20% of the limit of indemnity, whichever is the greater.

7. Must:
   (a) comply with the all relevant State and Commonwealth legislation; or

   (b) placed by a general insurance broker registered in Australia.

9.3 Insurance requirements for Fire detection, alarm and warning systems – Certify licence

For the licence class of Fire detection, alarm and warning systems – Certify, the Applicant or Licensee must hold one of the following:

(a) Broad form public and products liability insurance with a minimum limit of indemnity of $5 million with policy extension to include the certification of the installation of fire detection systems under the Building Act 1975 and its subordinate legislation; or

(b) Professional indemnity insurance that specifies a limit of indemnity for any one claim and the sum of all claims during any one period of insurance of not less than $5 million.

9.4 Evidence of Cover

Evidence of insurance must be produced at the time of application, renewal, audit or any other time as requested by the Authority. The following may be accepted as evidence of the insurance:

(a) if the policy complies with all relevant State and Commonwealth legislation - a certificate of currency issued by the Insurer; or

(b) if the policy has been arranged by a general insurance broker registered in Australia - a certificate of currency plus a receipt from the broker.

9.5 Implied warranty by insurance companies and insurance brokers

By supplying a certificate of currency to the Authority, the Licensee and/or the general broker is warranting to the Authority that the professional indemnity policy taken out by the Applicant/Licensee complies with **Section 9** of the *Financial Requirements for Licensing* Policy.

9.6 Circumstances when insurance is not required

The requirement for a Licensee to have the level of insurance specified in this Section will not apply if:

(a) the insurance is not available in the market place; or

(b) the insurance would be economically unviable for the Applicant, taking into consideration relevant factors, including:
   (i) the cost of the insurance; and
   (ii) the previous and expected future turnover of the relevant business or part of the business.

The onus is on the person who is applying for, or seeking to renew a licence to establish to the Authority (including a declaration in the form of Attachment 5) that the Applicant has been unable to obtain the insurance in the market place because it is unavailable, or that it is economically unviable for the Applicant's business to obtain it.

If a Licensee ceases to hold relevant insurance under this Section at any time during the licence period, and the Licensee is unable to obtain replacement insurance or it is economically unviable for the Licensee to obtain replacement insurance, the Licensee must:

(a) notify the Authority in writing of the Licensee's non-compliance with the requirement to hold insurance; and

(b) establish by providing documentation to the Authority (including a declaration in the form of Attachment 5) that the Licensee has been unable to obtain the insurance in the market place because it is unavailable or that it is economically unviable for the Licensee's business to obtain it.

9.7 Authority may impose licence conditions

If, because of circumstances described in 9.6, a Licensee who contracts with individual consumers does not hold professional indemnity insurance as prescribed by this *Financial Requirements for Licensing* Policy of the Queensland Building Services Board, they should clearly and unequivocally notify every individual consumer in writing, either by way of a clause in a contract or by a separate notice.

The Authority has power to impose a condition on the licence to that effect if it considers it appropriate. In making a decision as to whether a condition is to be imposed on a licence, the Authority must comply with the requirements of the Act.

In the case of a subsequent imposition of a condition on a licence, s.36 of the Act requires that the Licensee must be invited to make written representations in respect of a proposal to impose a condition, prior to any decision being made in this regard by the Authority.

For the purposes of 9.7, an "individual consumer" means:

(a) a person who intends to reside in the building that is the subject of the contract upon completion (or within six months of completion); or

(b) a person who currently resides in the residence where the work that is the subject of the contract is to be carried out.

10. FALSE AND MISLEADING INFORMATION

It is an offence, pursuant to section 53B of the Act, for any person to give a document to the Authority about a Licensee's satisfaction of the financial requirements stated in this policy where:

(a) the person knows the document contains information that is false or misleading; or
(b) the document contains information that is false or misleading and the person did not take reasonable steps to make sure that the information was not false or misleading.

The maximum penalty applicable for a contravention of section 53B of the Act is 100 penalty units and/or 2 years imprisonment.

The Authority will not accept any Independent Review Reports or Audit Reports that it receives from any person who has been successfully prosecuted pursuant to section 53B of the Act.

11. CONFIDENTIALITY

Should an application under the *Freedom of Information Act 1992 (FOI)* be lodged with the Authority (or with the State), the appropriately authorised FOI Officer will review the request in accordance with legislative requirements. Exemptions available under FOI may be applied to information that is claimed by the Licensee to be 'commercial in confidence'. Licensees wishing to protect this information must be able to show that the information provided:

- Has a commercial value; and
- That value would be destroyed or diminished by its release.

The FOI Act provides the Licensee with the right to appeal a decision made by an FOI Officer.

12. TRANSITIONAL ARRANGEMENTS

12.1 Repeal of financial requirements policies existing prior to 1 July 2006

Effective on and from 1 July 2006, the Board repeals the following policies which existed immediately prior to this Policy coming into effect on 1 July 2006:

- Financial Requirements for Contractors (other than builders) with a Turnover of less than $75,000 per Annum – Declaration; and
- Financial Requirements for (Declaration):
  - Trade Contractors and Building Designers with a Turnover of Between $75,000 - $250,00 Per Annum; And
  - Builders with an Annual Turnover of Less Than $250,000.

Effective on and from 1 July 2008, the Board repeals the following policies which existed immediately prior to the New Policy coming into effect on 1 July 2006:

- Financial Requirements for Licensing (including Attachments 1 to 5; Deed of Covenant and Assurance; Information Memorandum for Persons Preparing An Independent Review Report; Draft Client Engagement Letter; Client Questionnaire; and Review Control Sheet.

12.2 Transitional provisions

The following provisions apply if, before the repeal of the Board's policies mentioned above, (the repealed policies), an applicant for a licence or a licensee has:

(a) completed a Declaration in compliance with a repealed policy immediately before commencement of this Policy on 1 July 2006; or
(b) provided an Independent Review Report or Audit Report in compliance with a repealed policy which has a review year end date before 1 July 2006 (i.e. up until 30 June 2006).

The repealed policies continue to apply to the applicant for a licence or licensee until:

(a) for a Declaration referred to in the above paragraph – the licensee is required under the repealed policy to complete a new Declaration; or
(b) for an Independent Review Report or Audit Report referred in the above paragraph – the licensee is required under the repealed policy to provide a new Report.

Despite the repeal of the policies which existed immediately prior to this Policy coming into effect on 1 July 2006 pursuant to the above clause, if a Deed of Covenant and Assurance provided under a repealed policy is in force immediately before the commencement of the New Policy on 1 July 2006, the Deed is taken to:

(a) continue in force until it is revoked by the Building Services Authority pursuant to the Deed; and
(b) have been given under this Policy.

To remove doubt, this Policy does not allow or authorise a Licensee to:

(a) complete a declaration under a repealed policy after the 1 July 2006; or
(b) provide an Independent Review Report or Audit Report in compliance with a repealed policy with a review year end date on or after 1 July 2006.

12.3 Continuing classes of fire protection licence

To remove doubt, this policy applies to the holder of a continuing class of licence referred to in section 50 of the Queensland Building Services Authority Regulation 2003.

Queensland Building Services Authority Act 1991
Approved Form 1
Attachment 1 - Financial Requirements for Licensing

INDEPENDENT REVIEW REPORT (FOR TURNOVER CATEGORIES 1-3 ONLY)

TO: Building Services Authority (BSA)

…….. (Name of Client)

Scope

I, ...(name) of .....(address or firm name) being an independent qualified person by virtue of .....(qualification) and being a holder of a public practising certificate state that I have reviewed the financial information of ……(name of Client) ('the Client') for the year ended …….(date). The Client or where the Client is a company, its directors, are responsible for the financial information. I have performed the review of the financial information against the financial criteria set out below in order to state whether, on the basis of the procedures described, anything has come to my attention that would indicate that the financial information in relation to those criteria is not presented fairly, in accordance with all applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Financial Requirements for Licensing of the Building Services Authority.

This Independent Review Report has been prepared for distribution to the Client and the Building Services Authority, for the purpose of reporting on Financial Requirements for Licensing. I disclaim any assumption of responsibility for any reliance on this Independent Review Report or on the financial information to which it relates to any person other than the Client and the Building Services Authority.

My review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the personnel of the Client and analytical procedures applied to the Financial Information. These procedures do not provide all the evidence, which would be required in an audit, thus the level of assurance provided is less than given in an audit. I have not performed an audit and accordingly, I do not express an audit opinion.

I confirm the tests or checks I have conducted, and the evidence sighted, comply with those minimum requirements as set out in the Financial Requirements for Licensing Review Control Sheet developed by the Building Services Authority, and that I have applied all relevant Australian Accounting Standards and significant accounting policies in the preparation and presentation of the Financial Information. Where such standards and policies have not been applied, details of these are outlined below (See Note 1).

Qualification Paragraph
The Client has **not** met the following aspects of the Financial Requirements for Licensing:

.....

(State how the Client did not meet the Financial Requirements for Licensing.)

Statement

Based on my review of the Financial Information, which is NOT an audit, except for the effects described in the Qualification Paragraph, nothing has come to my attention that causes me to believe that the Client has not met the Financial Requirements for Licensing, as prescribed by the Building Services Authority, as at and for the year ended date as stated above.

In determining the Financial Information of the Client, I verify I have NOT included any Related Entity Loans or Investment assets in the calculations, unless otherwise stated as follows:

(TICK BOX IF APPROPRIATE)

☐ In determining Net Tangible Assets of the Client, I HAVE included Related Entity Loan and/or Investment asset amounts within the accounts of the Client, and I have independently verified such assets are collectible by the Client as at and for the year ended date as stated above (See Note 3).

Financial Information:

- Actual Annual Turnover for year of review……
- Allowable Annual Turnover……..
- Current Ratio (please state as a ratio)……:……. (min 1:1)
- Net Tangible Assets of Licensee – excluding the amount of any Deeds (of at least)……..……
- Deed of Assurance provided to Licensee (if applicable):

Full and Correct Name(s) of each Covenantor	Amount of Deed 'Defined Amount'	Relationship to Licensee (Refer to Section 2.4.5)	Original Deed Previously Provided (Yes/No)

I CERTIFY THAT this Independent Review Report has not been altered from the Independent Review Report applicable to Turnover Categories 1–3 contained in the Board's policies other than by the completion of information in the spaces provided.

In order for me to make the above statement, attached to this Independent Review Report are the details of the calculations performed. (See Note 2). Where Deeds of Assurance have been relied upon, I have attached a verified Statement of Financial Position for each Covenantor.

…… ……
(Name of Appropriately Qualified Person) (Signature of Appropriately Qualified Person)

…….. ……
(Professional Qualifications) (Date)

……

……
(Address and Telephone number)

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Notes:

1. List all Australian Accounting Standards and significant accounting policies which apply to the Client, but have NOT been applied in determining the Financial Information. Any variance from the Australian Accounting Standards applicable must be approved by the Authority prior to lodgement of the Report.
2. Individual calculations must be able to be agreed to the financial statement information.
3. If the assessment of the Clients Net Tangible Asset position includes Related Entity Loans and/or Investments, you must indicate this by ticking the appropriate box. If you do not tick the box you are declaring you have not included any Related Entity Loans or Investments in the Clients Net Tangible Asset calculation. Refer to section 2.4.4.

INDEPENDENT REVIEW REPORT
(FOR TURNOVER CATEGORIES 1-3 ONLY)

CALCULATION SHEET

This calculation sheet must be completed and returned with the Independent Review Report (Note 2).

Net Tangible Assets

Total Assets =
Total Liabilities =
Intangible Assets =

NTA = Total Assets – Total Liabilities – Intangible Assets

=

Current Ratio

Current Assets =
Current Liabilities =

Current Ratio = Current Assets / Current Liabilities

= _____

= :

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Queensland Building Services Authority Act 1991
Approved Form 2
Attachment 2 - Financial Requirements for Licensing

AUDIT REPORT
(FOR TURNOVER CATEGORIES 4 to 8)

TO: Building Services Authority (BSA)
…….(Name of Client)

Scope

We have audited the financial statements of …… (name of Client) ('the Client') for the year ended …… as required by the *Corporations Act 2001.*

We have also audited the Financial Information for that year as set out below. The members of the …… (governing body) of the Client are responsible for the Financial Information. We have conducted an independent audit of the Financial Information of the Client in order to express an opinion on it to the Client and the Building Services Authority.

The Financial Information has been prepared as required by the Financial Requirements for Licensing of the Building Services Authority. We disclaim any assumption of responsibility for any reliance on this Audit Report or on the Financial Information to any person other than the Client and the Building Services Authority or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the information included in the Financial Information. These procedures have been undertaken to form an opinion whether, in all material respects, the Financial Information is presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements, the Financial Requirements for Licensing of the Building Services Authority and whether the Client meets these requirements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the Financial Information set out below has been presented fairly and the Client has met the Financial Requirements for Licensing, as prescribed by the Building Services Authority, as at and for the year ended as stated above.

In determining the Financial Information of the Client, I verify I have <u>NOT</u> included any Related Entity Loans or Investment assets in the calculations, unless otherwise stated as follows: (TICK BOX IF APPROPRIATE)

☐ In determining Net Tangible Assets of the Client, I HAVE included Related Entity Loan and/or Investment asset amounts within the accounts of the Client, and I have independently verified such assets are collectible by the Client as at and for the year ended date as stated above (See Note 2).

Financial Information:

- Actual Annual Turnover for period of Review…….
- Allowable Annual Turnover…….
- Current Ratio (please state as a ratio)……:……. (min 1:1)
- Net Tangible Assets of Licensee – excluding the amount of any Deeds (of at least)……..……
- Deed of Assurance provided to Licensee (if applicable):

Full and Correct Name(s) of each Covenantor	Amount of Deed 'Defined Amount'	Relationship to Licensee (Refer to Section 2.4.5)	Original Deed Previously Provided (Yes/No)

In order for me to form the above opinion –

(a) attached to this Audit Report are the details of the calculations performed; and

(b) the Financial Information and the attached calculations have been extracted from the audited report of the Client for the year ended……..(date). The audit opinion which I formed the report was not subject to any adverse qualification or comment. A copy of the signed audited financial statements and independent audit opinion is attached hereto.

(c) Where Deeds of Assurance have been relied upon, I have attached a verified Statement of Financial Position for each Covenantor.

…….... …….

(Name of Auditor) (Signature of Auditor)

…….. …….

(Registered Company Auditor Number) (Date)

……..……

……

(Address and Telephone number)

Please Note: Any reservation, shortcoming, non-compliance or other problem with the figures or qualification including any limitation of scope is to be included in a separate paragraph titled 'Qualification'.

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Notes:

1. Individual calculations should be able to be agreed to the financial statement information.
2. If the assessment of the Clients Net Tangible Asset position includes Related Entity Loans and/or Investments, you must indicate this by ticking the appropriate box. If you do not tick the box you are declaring you have not included any Related Entity Loans or Investments in the Clients Net Tangible Asset calculation. Refer to section 2.4.4.

AUDIT REPORT
(FOR TURNOVER CATEGORIES 4-8)
CALCULATION SHEET

This calculation sheet must be completed and returned with the Audit Report and audited financial statements.

Net Tangible Assets

Total Assets =
Total Liabilities =
Intangible Assets =

NTA = Total Assets – Total Liabilities – Intangible Assets

=

Current Ratio

Current Assets =
Current Liabilities =

Current Ratio = Current Assets / Current Liabilities

= _____

= :

PRIVACY NOTICE

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Queensland Building Services Authority Act 1991
Approved Form 3
Attachment 3 – Financial Requirements for Licensing

INDEPENDENT REVIEW REPORT (FOR TURNOVER CATEGORIES 4-8 – 1st YEAR ONLY)

TO: Building Services Authority (BSA)

…….. (Name of Client)

Scope

I, ...(name) of .....(address or firm name) being an independent qualified person by virtue of .....(qualification) and being a holder of a public practising certificate state that I have reviewed the financial information of ……(name of Client) ('the Client') for the year ended. ……(date). The Client or where the Client is a company, its directors, are responsible for the financial information. I have performed the review of the financial information against the financial criteria set out below in order to state whether, on the basis of the procedures described, anything has come to my attention that would indicate that the financial information in relation to those criteria is not presented fairly, in accordance with all applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Financial Requirements for Licensing of the Building Services Authority.

This Independent Review Report has been prepared for distribution to the Client and the Building Services Authority, for the purpose of reporting on Financial Requirements for Licensing. I disclaim any assumption of responsibility for any reliance on this Independent Review Report or on the financial information to which it relates to any person other than the Client and the Building Services Authority.

My review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the personnel of the Client and analytical procedures applied to the Financial Information. These procedures do not provide all the evidence, which would be, required in an audit, thus the level of assurance provided is less than given in an audit. I have not performed an audit and accordingly, I do not express an audit opinion.

I confirm the tests or checks I have conducted, and the evidence sighted, comply with those minimum requirements as set out in the Financial Requirements for Licensing Review Control Sheet developed by the Building Services Authority, and that I have applied all relevant Australian Accounting Standards and significant accounting policies in the preparation and presentation of the Financial Information. Where such standards and policies have not been applied, details of these are outlined below (See Note 1).

Qualification Paragraph

The Client has **not** met the following aspects of the Financial Requirements for Licensing:

.....

.....

(State how the Client did not meet the Financial Requirements for Licensing.)

Statement

Based on my review of the Financial Information, which is NOT an audit, except for the effects described in the Qualification Paragraph above, nothing has come to my attention that causes me to believe that the Client has not met the Financial Requirements for Licensing, as prescribed by the Building Services Authority, as at and for the year ended date as stated above.

In determining the Net Tangible Assets of the Client, I verify I have NOT included any Related Entity Loans or Investment assets in the calculation, unless otherwise stated as follows:
(TICK BOX IF APPROPRIATE)

☐ In determining Net Tangible Assets of the Client, I HAVE included Related Entity Loan and/or Investment asset amounts within the accounts of the Client, and I have independently verified such assets are collectible by the Client as at and for the year ended date as stated above (See Note 3).

Financial Information:

- Actual Annual Turnover for year of review…….
- Allowable Annual Turnover…….
- Current Ratio (please state as a ratio)……:…….. (min 1:1)
- Net Tangible Assets of Licensee – excluding the amount of any Deeds (of at least)……..…….
- Deed of Assurance provided to Licensee (if applicable):

Full and Correct Name(s) of each Covenantor	Amount of Deed 'Defined Amount'	Relationship to Licensee (Refer Section 2.4.5)	Original Deed Previously Provided (Yes/No)

I CERTIFY THAT this Independent Review Report has not been altered from the Independent Review Report applicable to Turnover Categories 4-8 contained in the Board's policies other than by the completion of information in the spaces provided.

In order for me to make the above statement, attached to this Independent Review Report are the details of the calculations performed (See Note 2). Where Deeds of Assurance have been relied upon, I have attached a verified Statement of Financial Position for each Covenantor.

…… ……
(Name of Appropriately Qualified Person) (Signature of Appropriately Qualified Person)

…….. ……
(Professional Qualifications) (Date)

……

……
(Address and Telephone number)

Notes:

1. List all Australian Accounting Standards and significant accounting policies which apply to the Client, but have NOT been applied in determining the Financial Information. Any variance from the Australian Accounting Standards applicable must be approved by the Authority prior to lodgement of the Report
2. Individual calculations must be able to be agreed to the financial statement information.
3. If the assessment of the Clients Net Tangible Asset position includes Related Entity Loans and/or Investments, you must indicate this by ticking the appropriate box. If you do not tick the box you are declaring you have not included any Related Entity Loans or Investments in the Clients Net Tangible Asset calculation. Refer to section 2.4.4.

Statement Regarding Appointment of Auditor

The Client has appointed the following registered company auditor/s in order for it to be able to provide an Audit Report at the next renewal of its licence.

…… (Name of Auditor)

…… (Registered Company Auditor Number)

……..... (Address & Telephone Number)

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

INDEPENDENT REVIEW REPORT

(FOR TURNOVER CATEGORIES 4-8 ONLY)

CALCULATION SHEET

This calculation sheet must be completed and returned with the Independent Review Report and financial statements.

Net Tangible Assets

Total Assets =
Total Liabilities =
Intangible Assets =

NTA = Total Assets–Total Liabilities –Intangible Assets

=

Current Ratio

Current Assets =
Current Liabilities =

Current Ratio = Current Assets / Current Liabilities

= _____

= :

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Queensland Building Services Authority Act 1991
Approved Form 10
Attachment 4 – Financial Requirements for Licensing

INDEPENDENT REVIEW REPORT – AUDIT EXEMPTION (FOR TURNOVER CATEGORIES 4-8)

TO: Building Services Authority (BSA)

…….. (Name of Client)

Scope

I, ...(name) of .....(address or firm name)
being an independent qualified person by virtue of .....(qualification)
and being a holder of a public practising certificate state that I have reviewed the financial information of ……(name of Client) ('the Client') for the year ended ……(date). The Client or where the Client is a company, its directors, are responsible for the financial information. I have performed the review of the financial information against the financial criteria set out below in order to state whether, on the basis of the procedures described, anything has come to my attention that would indicate that the financial information in relation to those criteria is not presented fairly, in accordance with all applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Financial Requirements for Licensing of the Building Services Authority.

This Independent Review Report has been prepared for distribution to the Client and the Building Services Authority, for the purpose of reporting on Financial Requirements for Licensing. I disclaim any assumption of responsibility for any reliance on this Independent Review Report or on the financial information to which it relates to any person other than the Client and the Building Services Authority.

My review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the personnel of the Client and analytical procedures applied to the Financial Information. These procedures do not provide all the evidence, which would be, required in an audit, thus the level of assurance provided is less than given in an audit. I have not performed an audit and accordingly, I do not express an audit opinion.

I confirm the tests or checks I have conducted, and the evidence sighted, comply with those minimum requirements as set out in the Financial Requirements for Licensing Review Control Sheet developed by the Building Services Authority, and that I have applied all relevant Australian Accounting Standards and significant accounting policies in the preparation and presentation of the Financial Information. Where such standards and policies have not been applied, details of these are outlined below (See Note 1).

Qualification Paragraph
The Client has **not** met the following aspects of the Financial Requirements for Licensing:
.....
(State how the Client did not meet the Financial Requirements for Licensing.)

Statement

Based on my review of the Financial Information, which is NOT an audit, except for the effects described in the Qualification Paragraph above, nothing has come to my attention that causes me to believe that the Client has not met the Financial Requirements for Licensing, as prescribed by the Building Services Authority, as at and for the year ended date as stated above.

In determining the Financial Information of the Client, I verify I have NOT included any Related Entity Loans or Investment assets in the calculation, unless otherwise stated as follows: (TICK BOX IF APPROPRIATE)

☐ In determining Net Tangible Assets of the Client, I HAVE included Related Entity Loan and/or Investment asset amounts within the accounts of the Client, and I have independently verified such assets are collectible by the Client as at and for the year ended date as stated above (See Note 3).

Financial Information:

- Actual Annual Turnover for year of review……..
- Allowable Annual Turnover…….
- Current Ratio (please state as a ratio)…….:……. (min 1:1)
- Net Tangible Assets of Licensee – excluding the amount of any Deeds (of at least)……..…….
- Deed of Assurance provided to Licensee (if applicable):

Full and Correct Name(s) of each Covenantor	Amount of Deed 'Defined Amount'	Relationship to Licensee (Refer to Section 2.4.5)	Original Deed Previously Provided (Yes/No)

In order for me to make the above statement, attached to this Independent Review Report are the details of the calculations performed (See Note 2). Where Deeds of Assurance have been relied upon, I have attached a verified Balance Sheet of each Covenantors financial position.

Opinion Regarding Exemption

I confirm the Client is not required to be audited by the *Corporations Act 2001* for the year end upon which this Report has been based, or within the next 12 months. The Client is exempt from audit requirements as stated, for the following reasons:

☐ The Client is a small proprietary company or an individual, and not required to be audited for *Corporations Act 2001* or any other reporting agency.

☐ The Client is a large proprietary company and is subject to ASIC Class Order 98/1417 or similar, and not required to be audited for *Corporations Act 2001* or any other reporting agency.

☐ The Client is a foreign company which has been audited but not by an Australian Auditor, and is not required to be audited for *Corporations Act 2001* or any other Australian reporting agency. I have performed my review based on the audited overseas accounts.

Statement

I CERTIFY THAT this Independent Review Report has not been altered from the Independent Review Report applicable to Turnover Categories 4-8 contained in the Board's policies other than by the completion of information in the spaces provided.

In order for me to make the above statement, attached to this Independent Review Report are the details of the calculations performed. (See Note 2 below). Where Deeds of Assurance have been relied upon, I have attached a verified Statement of Financial Position for each Covenantor.

…… ……
(Name of Appropriately Qualified Person) (Signature of Appropriately Qualified Person)

…….. ……
(Professional Qualifications) (Date)

……

……
(Address and telephone number)

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Notes:

1. List all Australian Accounting Standards and significant accounting policies which apply to the Client, but have NOT been applied in determining the Financial Information. Any variance from the Australian Accounting Standards applicable must be approved by the Authority prior to lodgement of the Report.
2. Individual calculations must be able to be agreed to the financial statement information.
3. If the assessment of the Clients Net Tangible Asset position includes Related Entity Loans and/or Investments, you must indicate this by ticking the appropriate box. If you do not tick the box you are declaring you have not included any Related Entity Loans or Investments in the Clients Net Tangible Asset calculation. Refer to section 2.4.4.

INDEPENDENT REVIEW REPORT – AUDIT EXEMPTION (FOR TURNOVER CATEGORIES 4-8 ONLY)

CALCULATION SHEET

This calculation sheet must be completed and returned with the Independent Review Report and financial statements (Note 2).

Net Tangible Assets

Total Assets =
Total Liabilities =
Intangible Assets =

NTA = Total Assets–Total Liabilities –Intangible Assets

=

Current Ratio

Current Assets =
Current Liabilities =

Current Ratio = Current Assets / Current Liabilities

= _____

= :

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Queensland Building Services Authority Act 1991
Approved Form 11
Attachment 5 – *Financial Requirements for Licensing*

Declaration – Allowable Annual Turnover under $100,000 per annum

(Note: This Declaration may be completed by all Contractors, except those who hold a Builder class licence.)

An individual/company may, at application, renewal or any other time as required, make Declaration to the Queensland Building Services Authority they have a minimum of $6,000 in Net Tangible Assets (NTA), and will not have a turnover of more than $100,000 per annum in the forthcoming Licence Year.

By completing this Declaration, the Applicant or Licensee declares they have the required Net Tangible Assets in their own right, and are not relying on assets of another entity, or those assets held on trust, and comply with the *Financial Requirements for Licensing* Policy.

For the meaning of "Net Tangible Assets" and "Annual Turnover" see **Section 1.3 (*Definitions*)** of the *Financial Requirements for Licensing* Policy.

Professional Indemnity Insurance - the Applicant or Licensee may also be required to comply with **Section 9 (*Professional Indemnity Insurance*)** of this policy where one or more of the specified classes are held.

The Queensland Building Services Authority can prosecute any person who knowingly provides information, which is false or misleading, whether this information is provided in writing or verbally using Phone Pay.

DECLARATION

INDIVIDUAL DECLARATION (To be completed by Applicant/Licensee)

Warning: Incorrect or misleading information may lead to a review and possible cancellation of your BSA licence.

- **My Annual Turnover WILL NOT exceed $100,000 for the 12 month renewal period of my licence. I have at least $6,000 Net Tangible Assets.**

I DECLARE THAT THE ABOVE PARTICULARS ARE TRUE AND CORRECT.

Signature of Licensee: ..... **Date:** .....

Name of Licensee: ..... **Licence No.** .....

COMPANY DECLARATION (To be completed by Director/Authorised Person)

Warning: Incorrect or misleading information may lead to a review and possible cancellation of the company's BSA licence.

- **The Company's Annual Turnover WILL NOT exceed $100,000 for the 12 month renewal period of the licence. The Company has at least $6,000 Net Tangible Assets.**

I DECLARE THAT THE ABOVE PARTICULARS ARE TRUE AND CORRECT.

Signature of Director/Authorised Person: ..... **Date:** .....

Name of Director/Authorised Person: .....

Name of Company: ..... **Licence No.** .....

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether you satisfy the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Queensland Building Services Authority Act 1991
Approved Form 12
Attachment 6 – *Financial Requirements for Licensing*

Declaration –
Allowable Annual Turnover under $300,000 per annum

An individual/company may, at application, renewal or any other time as required, make Declaration to the Queensland Building Services Authority they have a minimum of $18,000 in Net Tangible Assets (NTA), and will not have a turnover of more than $300,000 per annum in the forthcoming Licence Year.

By completing this Declaration, the Applicant or Licensee declares they have the required Net Tangible Assets in their own right, and are not relying on assets of another entity, or those assets held on trust, and comply with the *Financial Requirements for Licensing* Policy.

For the meaning of "Net Tangible Assets" and "Annual Turnover" see **Section 1.3 (*Definitions*)** of the *Financial Requirements for Licensing* Policy.

Professional Indemnity Insurance - the Applicant or Licensee may also be required to comply with **Section 9 (*Professional Indemnity Insurance*)** of the policy where one or more of the specified classes are held.

The Queensland Building Services Authority can prosecute any person who knowingly provides information, which is false or misleading, whether this information is provided in writing or verbally using Phone Pay.

DECLARATION

INDIVIDUAL DECLARATION (To be completed by Applicant/Licensee)

Warning: Incorrect or misleading information may lead to a review and possible cancellation of your BSA licence.

- **My Annual Turnover WILL NOT exceed $300,000 for the 12 month renewal period of my licence. I have at least $18,000 Net Tangible Assets.**

I DECLARE THAT THE ABOVE PARTICULARS ARE TRUE AND CORRECT.

Signature of Licensee: ..... **Date:** .....

Name of Licensee: ..... **Licence No.** .....

COMPANY DECLARATION (To be completed by Director/Authorised Person)

Warning: Incorrect or misleading information may lead to a review and possible cancellation of the company's BSA licence.

- **The Company's Annual Turnover WILL NOT exceed $300,000 for the 12 month renewal period of the licence. The Company has at least $18,000 Net Tangible Assets.**

I DECLARE THAT THE ABOVE PARTICULARS ARE TRUE AND CORRECT.

Signature of Director/Authorised Person: ..... **Date:** .....

Name of Director/Authorised Person: .....

Name of Company: ..... **Licence No.** .....

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether you satisfy the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Queensland Building Services Authority Act 1991
Approved Form 4
Attachment 7 – *Financial Requirements for Licensing*

REQUEST TO CHANGE RENEWAL DATE

Licence Number: ……..

Licensee Name: ……..……..

Licensee Address: ……..….

Current Renewal Date: ..…… / ……..…… / ……..……

Proposed Renewal Date: ..…… / ……..…… / ……..……

.

Reason for Request to Change Renewal Date:

……

……

……

……

……..
(Signature of Licensee)

……
(Name of Person Signing)

……
(Date)

Fee Received with Request: $……

Notes:
1. An application by a Licensee to change the renewal date may be made on this form;
2. Where a licence is to be renewed for a period of more than 12 months, the additional renewal licence fees will be required to be paid prior to approving the request to change the renewal date.
3. Where the Licensee falls within Categories 4-8, the additional renewal fees that must be paid with this form will be equal to the yearly renewal fee applicable for Categories 4 to 8 multiplied by the number of months from the date of the current renewal to the date of the requested renewal, divided by 12.

Privacy Notice

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Queensland Building Services Authority Act 1991
Approved Form 5
Attachment 8 – *Financial Requirements for Licensing*

DECLARATION - PROFESSIONAL INDEMNITY INSURANCE

Name of Licensee:

Licence Number:

1. Please tick one of the following boxes:

Insurance cannot be obtained due to being declined/refused: ☐ ***(Go to Question2)***

Insurance cannot be obtained/maintained as it is not economically viable: ☐ ***(Go to Question 4)***

THIS SECTION TO BE COMPLETED IF INSURANCE DECLINED/REFUSED

2. What insurance companies/brokers have you contacted to obtain insurance? (also include contact names and telephone numbers)

3. What reasons were given for denying you insurance?

(No further Questions are required to be completed. Go to end of form and sign Declaration)

THIS SECTION TO BE COMPLETED IF INSURANCE IS NOT ECONOMICALLY VIABLE

4. Is it economically viable for your business to obtain professional indemnity insurance?
Yes ☐ No ☐

5. Why is it economically unviable for you to obtain professional indemnity insurance?

6. What is your Allowable Annual Turnover for the forthcoming year and your Actual Annual Turnover for the previous licence year?

Allowable Annual Turnover: | | Actual Annual Turnover: | |

7. What insurance companies/brokers have you contacted to obtain insurance? (also include contact names and numbers)

_____

_____

_____

8. What was the cost of the insurance quoted? (attach quotations and any other supporting documentation)

_____

_____

_____

9. If you previously held a professional indemnity insurance policy, what change in circumstances now makes it economically unviable to maintain it?

_____

_____

_____

NOTES: Incorrect or misleading information may lead to a review and possible cancellation of your licence. Further, pursuant to Section 53B of the *Queensland Building Services Authority Act 1991* it is an offence for a person to give a document to the Authority about a contractor's satisfaction of financial requirements if: (a) a person knows the document contains information that is false or misleading; or (b) the document contains information that is false or misleading and the person did not take reasonable steps to make sure that the information was not false or misleading. The maximum penalty is 100 penalty units or 2 years imprisonment.

If a Licensee is granted a licence and is not required to hold insurance at the level of insurance prescribed in 9.1 of the *Financial Requirements for Licensing* Policy, the Authority may impose additional conditions on your licence. These may include a condition that the Licensee must clearly and unequivocally advise an individual consumer in writing, prior to entering any contract, that the Licensee does not hold the professional indemnity insurance prescribed in the *Financial Requirements for Licensing* Policy of the Queensland Building Services Board.

I declare the information provided in this document is true and correct and give my consent for the Authority to make enquiries with third parties in relation to the information provided.

Name: | | **Signature:** | |

Position held if signing on behalf of the company: | |

DATED THIS _____ DAY OF _____20 _____

PRIVACY NOTICE

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Queensland Building Services Authority Act 1991
Approved Form 13
Attachment 9 – *Financial Requirements for Licensing*

COVENANTOR'S STATEMENT OF FINANCIAL POSITION AS AT ……(DATE)

(must be no earlier than the year end date on which the Report has been based)

Covenantors Full Name:……..
(as stated in the Report and Deed of Covenant and Assurance)

CURRENT ASSETS				
Cash Assets	***$***			
Receivables	***$***			
Inventories	***$***			
Other	***$***			
Total Current Assets (a)			***$***	***(a)***
NON CURRENT ASSETS				
Receivables	***$***			
Property, Plant and Equipment	***$***			
Other	***$***			
Total Non Current Assets (b)			***$***	***(b)***
TOTAL ASSETS (e)		***=(a+b)***	***$***	***(e)***
CURRENT LIABILITIES				
Payables	***$***			
Interest-Bearing Liabilities	***$***			
Current Tax Liabilities	***$***			
Provisions	***$***			
Other	***$***			
Total Current Liabilities (c)			***$***	***(c)***
NON CURRENT LIABILITIES				
Interest-bearing Liabilities	***$***			
Deferred Tax Benefits	***$***			
Provisions	***$***			
Other	***$***			
Total Non Current Liabilities (d)			***$***	***(d)***
TOTAL LIABILITIES (f)		***=(c+d)***	***$***	***(f)***
NET ASSETS (y)		***=(e-f)***	***$***	***(y)***
DISALLOWED AND INTANGIBLE ASSETS (z)			***$***	***(z)***
NET REAL UNENCUMBERED ASSETS*		***=(y-z)***	***$***	

If the Covenantor has any contingent liabilities or is involved in any legal proceedings please provide a separate list detailing each contingent liability and legal matter.

* This figure must at least equal the 'Defined Amount' figure stated in the Independent Review Report or Audit Report.

Note: The stated Net Real Unencumbered Assets being assured must not include any Related Entity Loans or Investments from the Licensee. Refer section 2.4.5.

.....	.....	.....
(Date)	(Name of Appropriately Qualified Person)	(Signature of Appropriately Qualified Person)

PRIVACY NOTICE

BSA is collecting the information on this form to ascertain whether your client satisfies the financial requirements of the Queensland Building Services Board for a contractor's licence under the *Queensland Building Services Authority Act 1991*. The information you have provided may be disclosed by BSA to another party with your client's consent or as authorised or required by law. In addition, BSA may provide all or some of this information to a financial specialist engaged by BSA to provide expert advice as to financial matters relevant to your client's ability to satisfy the financial requirements for a licence. For further information visit the BSA website at www.bsa.qld.gov.au.

Queensland Building Services Authority Act 1991
Approved Form 14
Attachment 10 – *Financial Requirements for Licensing*

REVIEW CONTROL SHEET

Client Name: _____

Date: _____

Address: _____

Contact Person: _____

Telephone: _____

Reviewed by: _____

Program No.	Details	Completed date/initial	Work Paper Reference	Comments/Further Action
1.1	Obtain an understanding of the client's business through discussions with client. Utilise the methodology set out in AUS304 "Knowledge of Business" to obtain this understanding.			
1.2	Inquire with management that all relevant financial information is included in the financial statements (refer client questionnaire (1)).			
1.3	Compare previous year financial statements and discuss with management any significant account balance differences.			
1.4	Review the classification of items in the financial statements including the allocation between 'current' and 'non-current'.			
1.5	Are there any related entity items or transactions in the financial statements [refer client questionnaire (2)]? If yes, review recoverability.			

Program No.	Details	Completed date/initial	Work Paper Reference	Comments/Further Action
1.6	Has there been any significant changes in the client's business structure or nature of business during the year? If yes, discuss with client the reasons for the changes]refer client questionnaire (3)].			
1.7	Where any Deeds of Covenant and Assurance are used to meet the Financial Requirements for Licensing ensure that on renewal same have remained in place for the full financial year [refer "Entity" in the "*Financial Requirements for Licensing*"].			
2.1	Examine the last bank statements and bank reconciliations for the period and match to balance sheet. Ensure large reconciliation items have been subsequently cleared by examining subsequent bank statements and reconciliations and that all un-presented cheques have been promptly cleared.			
3.1	Review aged debtors and creditors list and agree with trial balance			
3.2	Discuss with client any long outstanding debtors listed on aged debtors ledger (including retentions) and assess prospects of recovery.			
3.3	Verify major debtors, either through circularisation or by checking payments since the date of the debtors ledger.			
3.4	Examine creditors list with client to assess if any amounts have been omitted [refer to client questionnaire (4) and (5)].			
3.5	Test cut off of creditors to ensure that the liability for delivery of inventory has been recognised. This can be performed by reviewing delivery of inventory just prior to, and just after, the reporting date.			

Program No.	Details	Completed date/initial	Work Paper Reference	Comments/Further Action
3.6	Examine timeliness of payments for PPS, Group Tax and Superannuation Guarantee Levy by examining the dates that cheques were cleared for each.			
4.1	Inquire as to the nature and extent of any contingent liabilities such as guarantees, potential legal action or rectification work			
5.1	Inquire whether debtors have been pledged, factored or discounted and whether any other assets have been pledged or are subject to financing arrangements.			
6.1	Inquire whether work in progress is completely recoverable [refer client questionnaire (7) and (8)]. Test recoverability with post balance date transactions (billings, cash receipts etc).			
7.1	Obtain a schedule of property including accumulated depreciation (for example a tax depreciation schedule) and agree the totals to the trial balance.			
7.2	Discuss with client any financing arrangements in place (leases, mortgages etc) [refer to client questionnaire (9) and (10)].			
7.3	Consider the basis of valuation of assets and, if those assets are material, obtain an independent valuation (such as a kerbside valuation from a licensed real estate agent).			

Reviewed by :_____ _____

Partner Date

Note: Working papers are to be maintained in accordance with Australian Auditing Standard AUS 208 "Documentation".

TABLE 1 – *FINANCIAL REQUIREMENTS FOR LICENSING*

Effective From	CRITERIA	SC1 Declaration	SC2 Declaration		CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4	CATEGORY 5	CATEGORY 6	CATEGORY 7	CATEGORY 8
	Allowable Annual Turnover (AATO)[1]	Up to $100,000	Up to $300,000	Min (a) Max (b)	$300,001 - $600,000	$600,001 - $3,000,000	$3,000,001 - $12,000,000	$12,000,001- $30,000,000	$30,000,001_ $60,000,000	$60,000,001 - $120,000,000	$120,000,001 -$240,000,000	>$240M NTA x 16.67
1 July 2006	**Net Tangible Assets (NTA)** [3]	$6,000	$18,000	Min (c) Max (d)	$18,001[2] – $36,000	$36,001 – $156,000	$156,001 – $480,000	$480,001 - $825,000	$825,001 - $1,380,000	$1,380,001 - $4,800,000	$4,800,001 - $14,400,000	>$14.4M
1 July 2007	**Net Tangible Assets (NTA)** [3]	$6,000	$18,000	Min (c) Max (d)	$18,001[2] – $36,000	$36,001 – $156,000	$156,001 – $480,000	$480,001 - $900,000	$900,001 - $1,620,000	$1,620,001 - $4,800,000	$4,800,001 - $14,400,000	>$14.4M
1 July 2008	**Net Tangible Assets (NTA)** [3]	$6,000	$18,000	Min (c) Max (d)	$18,001[2] – $36,000	$36,001 – $156,000	$156,001 – $480,000	$480,001 - $975,000	$975,001 - $1,800,000	$1,800,001 - $4,800,000	$4,800,001 - $14,400,000	>$14.4M
1 July 2009	**Net Tangible Assets (NTA)** [3]	$6,000	$18,000	Min (c) Max (d)	$18,001[2] – $36,000	$36,001 – $156,000	$156,001 – $480,000	$480,001 - $1,050,000	$1,050,001 - $1,980,000	$1,980,001 - $4,800,000	$4,800,001 - $14,400,000	>$14.4M
1 July 2010	**Net Tangible Assets (NTA)** [3]	$6,000	$18,000	Min (c) Max (d)	$18,001[2] – $36,000	$36,001 – $156,000	$156,001 – $480,000	$480,001 - $1,125,000	$1,125,001 - $2,220,000	$2,220,001 - $4,800,000	$4,800,001 - $14,400,000	>$14.4M
1 July 2011	**Net Tangible Assets (NTA)** [3]	$6,000	$18,000	Min (c) Max (d)	$18,001[2] – $36,000	$36,001 – $156,000	$156,001 – $480,000	$480,001 - $1,200,000	$1,200,001 - $2,400,000	$2,400,001 - $4,800,000	$4,800,001 - $14,400,000	>$14.4M
	Prescribed Form (Refer Section 2.5)	Attachment 5	Attachment 6		Attachment 1	Attachment 1	Attachment 1	Attachment 2, 3 or 4	Attachment 2, 3 or 4	Attachment 2, 3 or 4	Attachment 2, 3 or 4	Attachment 2, 3 or 4

Notes:

1. Formula for deriving level of allowable annual turnover between minimum and maximum NTA values expressed within categories 1 to 7: AATO = {[(Licensee's NTA - c) / (d - c)] x (b - a)} + a. The calculation is **not** applied to SC1 and SC2 in determining AATO.
2. The amount of $18,001 shall be the minimum NTA requirement in Category 1.
3. Net Tangible Assets = Entity's Assets – Entity's Liabilities – Intangible Assets. Intangible Assets include goodwill, patents, intellectual property, etc.
4. Licensees must be able to produce internal management accounts at the intervals prescribed. Refer to Section 2.4 – Financial Monitoring Requirements.