A practical guide

To Key Queensland Building and Contruction Commission ("QBCC") Licence Requirements

Summary tables below are for guidance only on major areas of compliance for the specified categories of QBCC licence[1].

KEY MINIMUM FINANCIAL REPORTING REQUIREMENTS

- Prepare quarterly management accounts[2]
- Maintain a current ratio > 1:1
- Actual Revenue[3] < QBCC-Approved Maximum Revenue
- Maintain Net Tangible Assets ("NTA") sufficient to support Actual Revenue
- Pay all undisputed debts as and when they fall due and payable
- Pay sub-contractors within 25 business days of a payment claim
- Hold an appropriate level of PI insurance
- Maintain Project Trust Accounts where required
- Lodge financial report with the QBCC annually

MFR REPORT

An independent review or audit ("MFR Report") is required[4] when:

- Applying for a new licence or to increase the Maximum Revenue
- NTA has decreased by:
  - > 30% (Categories 1 – 3)
  - > 20% (Categories 4 – 7)
- There is significant change to the business (changes to directors or shareholders)
- Requested by QBCC

MFR reports are **not** required for annual reporting purposes.

CALCULATING NTA

	$
Net assets (in accordance with Accounting Standards)	**X**
Less: (main exclusions only)	
Intangible assets	(X)
Net deferred tax assets	(X)
Trade debtors > 180 days (discount amount by 50%)	(X)
Trade debtors > 365 days	(X)
Unlisted units or unlisted shares	(X)
"Uncollectible" related party receivables[5]	(X)
Other assets specifically disallowed by the QBCC[6]	(X)
Actual NTA	**X**

[1] Summary tables are not a comprehensive statement of all applicable requirements. Actual requirements are defined in the current *Queensland Building Construction Commission (Minimum Financial Requirements)* Regulation 2018 and related legislation ("QBCC Rules").
[2] The contents of quarterly management accounts are defined in the QBCC Rules.
[3] Actual Revenue = all revenue and gains recognised in the profit and loss statement from all sources.
[4] Whether a review or audit is required depends upon whether the licensee is being audited under the *Corporations Act 2001*.
[5] "Collectible" is strictly defined for related party receivables under the QBCC Rules. Many related party receivables will often not meet the definition.
[6] The QBCC Rules list a number of specific assets which are disallowed, eg non-business assets.

Next steps

For more information or assistance contact Daniel Gill or Chris King on +61 7 3023 1300.

CALCULATING MAXIMUM REVENUE

If your Actual NTA is between ...	Category	Base revenue	Base NTA	Factor	Annual reporting requirements
$46,001-$156,000	1	$800,001	$46,001	20	• Profit and loss • Balance sheet • Cash flow statement • Aged debtor and creditor listings including the date each invoice is due to be paid or received
$156,001-$480,000	2	$3,000,001	$156,001	27.78	
$480,001-$1,200,000	3	$12,000,001	$480,001	25	
$1,200,001-$2,400,000	4	$30,000,001	$1,200,001	25	• Profit and loss • Balance sheet • Cash flow statement • Accounting Policies and Notes under Accounting Standards • Aged debtor and creditor listings including the date each invoice is due to be paid or received • Licensee declaration
$2,400,000-$4,800,000	5	$60,000,001	$2,400,001	25	
$4,800,000-$14,400,000	6	$120,000,001	$4,800,001	12.5	
>$14,400,000	7	N/A	$14,400,001	16.67	

1. Work out your Actual NTA
2. Estimate your Maximum Revenue:

   Categories 1-6: Maximum Revenue = Base Revenue + (your Actual NTA – Base NTA) x Factor

   Category 7: Maximum Revenue = your Actual NTA x 16.67

Your Actual Revenue must **not** exceed the Maximum Revenue in a given year by more than 10% without first requesting an increase from the QBCC and demonstrating that you have sufficient NTA to support the new Maximum Revenue.

PROJECT AND RETENTION TRUST ACCOUNTS (“PTA”)

Licensees must maintain two trust accounts: a project trust account (“PTA”)[7] and a retention trust account (“RTA”)[8]. Currently all state government, hospital/health service contracts >$1m and construction contracts > $10m require a PTA[9]. These requirements continue to be extended in stages as follows:

PTA Phase	Applies to (all values ex-GST)
1 March 2025	All construction contracts > $3m or more
1 October 2025	All construction contracts > $1m or more

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[7] Licensees must bank monies from their customers into the project trust account. They are prohibited from withdrawing monies for any other purposes until the head sub-contractor has been paid. The project trust account is only required to be audited by QBCC direction.
[8] Where retentions apply to a contract, monies sufficient to cover the retentions must be kept in a retention trust account until the retentions are paid.
[9] There is currently no audit requirement, however the QBCC may give a direction for a review of a PTA or RTA in specific circumstances.