

Builder Financial Review

Invest or lend
with confidence.
Build with
knowledge.



Newpoint Advisory

Market leaders
in property and
construction risk
management and
distressed situations

In our experience, the probability of financial loss on a development project increases substantially when a builder is financially distressed or insolvent.

Our builder financial reviews minimise the delivery risk on a development project and give stakeholders confidence to select a builder.

WHO WE HELP



- ▶ Financiers
- ▶ Developers
- ▶ Investors
- ▶ Builders
- ▶ Governments and not-for-profits

HOW WE HELP



Protecting stakeholders by minimising risk prior to contracting with a builder



Giving builders certainty of sub-contractor financial viability



Enabling developers and lenders to make informed credit decisions



Providing reliable expert advice on builder risk



Investigating financial viability of builders



Abisola Popoola (Sydney, HO)
Head of BFR
+61 403 571 483 | abisola@newpointadvisory.com

Costa Nicodemou (Sydney, HO)
Partner
+61 413 301 266 | costa@newpointadvisory.com

Damian Pearce (Melbourne)
Director
+61 408 827 817 | damian@newpointadvisory.com

Brett Lennane (Sydney, HO)
Partner
+61 414 381 770 | brett@newpointadvisory.com

**Contact us
to find out how
we can help you**

Builder Financial Review fixed fee options (ex GST and disbursements)

	Scope Level			
	Overview	Detailed	Extensive	Extensive +
	\$5,500	\$12,500	\$15,000	\$20,000
Overview of Business and Statutory Details				
Corporate structure for entity or group of entities, including key personnel and number of employees	✓	✓	✓	✓
List of current contracts, client name, project name, contract value and percentage completed	✓	✓	✓	✓
List of 5 largest projects completed including contract value and date completed in the last two years	✓	✓	✓	✓
Locations, size and type of contract works	✓	✓	✓	✓
Identification of related entities and their impact on the subject to identify any transfer pricing issues (i.e. development activities)	X	X	✓	✓
Phone meeting with directors	X	✓	✓	✓
Attend company premises to meet with directors (if in Sydney)	X	X	✓	✓
Searches				
Company - to identify any prior insolvency events	✓	✓	✓	✓
Director(s) - to identify any prior insolvency events	✓	✓	✓	✓
Builders license and identification of nominated supervisor	✓	✓	✓	✓
Off balance sheet liabilities, statutory warranty claims, legal actions, SOPA claims (NSW)	X	✓	✓	✓
Public litigation databases and our own networks	X	X	✓	✓
Statutory Compliance (ATO and OSR)				
ATO Tax Agent Portal for the 12 months prior to the date of the review for the:				
a. Integrated Client Account	✓	✓	✓	✓
b. Income Tax Account	✓	✓	✓	✓
Australian Business Number and GST Registration Details	✓	✓	✓	✓
Last 3 Business Activity Statements (BAS) and evidence of payment (GST and PAYG)	X	✓	✓	✓
If applicable, last 3 Payroll Tax records with OSR and evidence of payment	X	X	✓	✓
Employees				
Details of monthly wages paid for the previous month	✓	✓	✓	✓
Identification of the industrial arrangements (awards or EBA) under which employees are remunerated	X	X	✓	✓
Employee benefit items				
a. Superannuation contributions	X	✓	✓	✓
b. If applicable, redundancy payments	X	X	✓	✓
c. Annual leave entitlements	X	X	✓	✓
d. If applicable, Long Service Leave registration number and certificates of service for all employees	X	X	✓	✓
Insurance				
Workers' Compensation Insurance	✓	✓	✓	✓
Public Liability Insurance Certificate of Currency	✓	✓	✓	✓
Contract Works Insurance	✓	✓	✓	✓
Other (as applicable)	✓	✓	✓	✓
Historical Financial Analysis				
Comparative financial statement analysis and commentary for the last full 2 years and YTD management accounts	✓	✓	✓	✓
Comparison of key financial metrics to industry standards (cash, profit margins, etc.)	✓	✓	✓	✓
Current debtors' and creditors' aged analysis	X	✓	✓	✓
Related entity loan accounts (i.e. director loans)	X	✓	✓	✓
If applicable, banking arrangements, BGs, insurance bonds and drawdowns under these facilities, debt or restrictive covenants, etc	X	✓	✓	✓
If applicable, reviewing implementation of retention trust account requirements for NSW based projects	X	✓	✓	✓
Subcontractor Payment Cycle Test				
Confirm if builder is paying subcontractors within terms i.e. 6 subcontractors (up to 5 progress claims for each), review:1				
a. Subcontractor terms	X	X	✓	✓
b. Payment claim	X	X	✓	✓
c. Payment certificate	X	X	✓	✓
d. Payment confirmation	X	X	✓	✓
Sample and call up to 10% in value of the aged creditors list to confirm accuracy and reliability	X	X	✓	✓
Forecast Financial Analysis				
Review and comment on 12 month cash flow projects (forward book, overheads, margin etc.)	X	✓	✓	✓
Stress test of 12 month cash flow projection	X	X	✓	✓
Assessment of Current Projects				
Confirm financial and program status of the 3 largest contracts, by reviewing the latest information on the project:				
a. PCG Report	X	X	X	✓
b. QS Report (if available)	X	X	X	✓
c. Job Costing System	X	X	X	✓
Summarise and comment on a project basis any delays, risk in unlet subcontracts, variations and disputes	X	X	X	✓
Other				
Post review meeting with client	✓	✓	✓	✓
Any other issues	✓	✓	✓	✓

Builder Financial Review Process and Timetable

Timing*	Responsibility	Task or Process
7 - 14 days	Client	Nominates the preferred level of scope ('Overview', 'Detailed', 'Extensive' or 'Extensive +').
	Newpoint	Issues Engagement Letter for review and execution, detailing the scope, cost, time and terms and conditions.
	Client	Notifies the Builder of Newpoint's engagement and follows up with an email introduction.
	Newpoint	Contacts the Builder, establishing a communication channel and emails the information request list and questionnaire.
	Newpoint	Undertakes public searches of the Builder whilst waiting for information requested to be returned.
	Builder	Provides all information and completed questionnaire.
14 days	Newpoint	Reviews the initial information provided and commences the report.
	Newpoint	Issues further information requests and any questions (if required).
	Builder	Responds to second round of questions and further information requests (if any).
	Newpoint	Completes first draft of report and discusses any final questions with the Builder (if any).
	Newpoint	Issues final report to Client.
	Newpoint/Client	Meets to discuss any questions on our report (if required).

**Timing will vary based on the Builder's cooperation in providing information on a timely basis.*