

**FINANCE COMPANIES
ASSETS, LIABILITIES, INCOME AND EXPENDITURE, AUSTRALIA
1987-88**

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MAIN FEATURES

Assets of finance companies for the year 1987-88 totalled \$30,121.9 million, up \$610.0 million (2.1%) on 1986-87 and \$1,169.3 million (4.0%) on 1985-86.

The net excess of income over expenditure for 1987-88 was \$477.3 million, an increase of 27.4% on 1986-87. The corresponding figure for 1986-87 was \$374.6 million, a decrease of 23.6% on 1985-86.

After allowing for taxation expenses and other adjustments, net earnings for 1987-88 were \$273.7 million, an increase of \$97.0 million (55.0%) on 1986-87.

(b) are substantial borrowers in financial markets or from abroad and lend predominantly to related finance companies.

4. A finance company comes within the ambit of the Financial Corporations Act if:

(a) its sole or principal business activity in Australia is the borrowing of money and the provision of finance; and

(b) its assets in Australia arising from the provision of finance exceed 50 per cent (or a different percentage if prescribed by regulation) of the value of its assets in Australia.

(c) the combined value of the assets of the corporation and its related financial corporations exceeds \$1 million.

5. The Financial Corporations Act defines the provision of finance, applicable to all registered corporations, to include:

(a) the lending of money, with or without security;

(b) the supplying of goods by way of hire purchase;

(c) the sale (other than a lay-by sale) by a retailer of goods on terms under which payment in full is not required to be made within 3 months;

(d) the letting or hire of goods;

(e) the acquisition of debts due to another person;

(f) the purchase of bills of exchange or promissory notes;

(g) the purchase of Government and public authority securities; and

(h) the purchase of debentures or other securities (other than shares) issued by a corporation.

EXPLANATORY NOTES

Introduction

1. This publication continues the series of statistics, collected under the *Census and Statistics Act 1905* and first published for 1984-85, on the financial accounts of corporations registered under the *Financial Corporations Act 1974* and categorised as finance companies during 1987-88. Similar statistics are available for permanent building societies, credit co-operatives, co-operative housing societies, authorised dealers and money market corporations, general financiers and other financial corporations.

Scope

2. Finance companies are corporations which rely substantially on borrowing in financial markets in Australia and/or from abroad and whose provision of finance is predominantly in the form of business and commercial lending, instalment credit to finance retail sales by others and/or other loans to individuals.

3. Also included as finance companies are corporations that:

- (a) lend predominantly in the form described above and are financed by related corporations which borrow substantially from financial markets and/or from abroad; or

6. Lists of registered finance companies are published in the *Commonwealth of Australia Gazette* from time to time. Details are also provided of variations to lists previously published.

Presentation

7. *Accounting period.* While the statistics in this publication are presented for the year ended 30 June, 1988, for corporations with other than 30 June accounting years the data included relate to the corporations accounting years ended in the reference period (e.g. for corporations with 30 September balance dates, the data included for 1987-88 are for the year ended 30 September 1987). The contribution to total assets of those finance companies with balance dates in each of the quarters of 1987-88 was:

<i>Balance dates in quarter ending</i>	<i>Contribution to total assets</i>
30 September	51.3%
31 December	23.9%
31 March	0.1%
30 June	24.7%

8. *Accounting bases.* In compiling data for these statistics, assets and liabilities have been presented to reflect full balance day adjustments of accruals and pre-payments, and valuations have been made on a book value basis.

Related publications

9. Users may also wish to refer to the following publications which are available on request:

Finance Companies, Australia (5639.0)—issued monthly

Permanent Building Societies, Assets, Liabilities, Income and Expenditure, Australia (5632.0)—issued annually

Co-operative Housing Societies, Assets, Liabilities, Income and Expenditure, Australia (5633.0)—issued annually

Credit Co-operatives, Assets, Liabilities, Income and Expenditure, Australia (5618.0)—issued annually

General Financiers and Other Financial Corporations, Assets, Liabilities, Income and Expenditure, Australia (5648.0)—issued annually

Authorised Dealers and Money Market Corporations, Assets, Liabilities, Income and Expenditure, Australia (5650.0)—issued annually

10. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

11. Where figures have been rounded, discrepancies may occur between sums of the component items and totals.

Electronic services

VIATEL. Key *656# for selected current economic, social and demographic statistics.

AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through CSIRONET.

For further information phone the AUSSTATS Help Desk on (062) 52 6017.

TELESTATS. This service provides:

- foreign trade statistics tailored to users' requirements. Further information is available on (062) 52 5404.
- text and tables for selected Main Economic Indicator publications. Further information is available on (062) 52 5405.

Floppy disk service

Selected ABS statistics are available on floppy disk. Further information is available on (062) 52 6684.

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Acting Australian Statistician

TABLE 1. LIABILITIES AND ASSETS
(\$000)

LIABILITIES	1985-86	1986-87	1987-88	ASSETS	1985-86	1986-87	1987-88
SHARE CAPITAL AND RESERVES:				FINANCIAL ASSETS:			
PAID UP CAPITAL	1,303,590	1,695,873	1,659,123	LOAN OUTSTANDINGS:			
RESERVES:				RELATED CORPORATIONS	703,261	855,583	824,593
SHARE PREMIUM	334,392	290,063	288,971	INDIVIDUALS:			
REVALUATION ACCOUNT	59,587	55,588	70,449	OWNER OCCUPIED HOUSING	1,906,381	1,306,773	947,593
OTHER	323,941	295,602	296,164	OTHER	4,941,942	5,251,149	4,717,707
ACCUMULATED SURPLUS (NET)	907,775	730,445	826,122	OTHER LOANS AND ADVANCES	9,876,174	11,080,482	11,492,271
SUBORDINATED LOANS	59,221	95,140	90,543	LESS PROVISION FOR DOUBTFUL DEBTS			
BORROWINGS FROM RESIDENTS:				TOTAL	-224,159	-294,887	-344,953
BY ISSUE OF SECURITIES	15,237,125	15,454,001	15,216,215	CASH AND BANK DEPOSITS:	17,203,599	18,199,100	17,637,211
BANKS	1,245,413	1,201,035	1,754,762	NEGOTIABLE CERTIFICATES OF DEPOSIT		58,666	17,424
INSURANCE COMPANIES	97,150	21,403	122,832	CASH AND OTHER			
OTHER FINANCIAL INSTITUTION	1,680,375	1,628,136	1,018,212	BANK DEPOSITS		183,745	82,946
RELATED CORPORATIONS	1,280,555	1,023,817	1,102,083	PLACEMENTS AND DEPOSITS WITH:			
OTHER	3,715,364	3,574,810	3,803,720	AUTHORIZED DEALERS		63,520	32,659
BORROWINGS FROM NON-RESIDENTS	1,541,850	1,947,730	2,030,784	OTHER FINANCIAL INSTITUTIONS		556,399	805,653
LIABILITIES ARISING FROM THE ACCEPTANCE OF BILLS OF EXCHANGE UNDER ACCOMMODATION FACILITIES	31,224	83,049	191,114	OTHER BUSINESSES		123,213	115,474
OTHER LIABILITIES				BILLS, BONDS AND OTHER SECURITIES:			
ACCOUNTS PAYABLE	403,207	493,817	579,819	GOVERNMENT AND PUBLIC AUTHORITY SECURITIES		119,335	35,487
PROVISIONS FOR:				BILLS OF EXCHANGE AND PROMISSORY NOTES		605,515	432,132
INCOME TAX	58,606	90,539	213,536	OTHER		444,066	428,930
DEFERRED INCOME TAX	549,639	699,590	758,179	FINANCE LEASE RECEIVABLES:			
DIVIDENDS	27,554	37,471	52,243	LEVERAGED LEASE		255,182	266,962
OTHER	29,093	26,254	41,264	OTHER		8,507,894	8,132,728
LIABILITIES N.E.I.	67,020	67,534	5,809	TOTAL CLIENT COMMITMENT ARISING FROM ACCEPTANCE BY CORPORATION OF BILLS OF EXCHANGE UNDER ACCOMMODATION FACILITIES		31,224	83,049
				ACCOUNTS RECEIVABLE		249,291	216,562
				OTHER FINANCIAL ASSETS		137,020	221,188
				OTHER ASSETS:			
				LAND AND BUILDINGS		264,099	267,306
				OTHER FIXED ASSETS		129,311	140,266
				OTHER		20,602	34,031
TOTAL LIABILITIES	28,952,681	29,511,897	30,121,944	TOTAL ASSETS	28,952,681	29,511,897	30,121,944

TABLE 2. INCOME AND EXPENDITURE
(\$000)

	1985-86	1986-87	1987-88		1985-86	1986-87	1987-88
EXPENDITURE				INCOME			
INTEREST ON BORROWINGS:				INTEREST ON DEPOSITS WITH BANKS	21,731	8,565	19,704
SECURITIES ISSUED	1,994,339	2,300,374	2,330,289				
BANKS	103,849	129,523	175,458	INCOME FROM PLACEMENTS AND			
RELATED CORPORATIONS	170,086	151,446	127,676	OTHER DEPOSITS	106,876	166,041	159,064
OTHER	758,974	1,005,264	749,337				
WAGES AND SALARIES	333,856	313,915	342,164	INCOME FROM HOLDINGS OF:			
DIRECTORS FEES	1,797	1,449	2,039	GOVERNMENT AND PUBLIC			
MANAGEMENT FEES	82,496	107,491	104,498	AUTHORITY SECURITIES	6,444	7,058	3,419
SUPERANNUATION	17,048	15,756	15,557	BILLS OF EXCHANGE AND			
AUDITING AND ACCOUNTING FEES	7,965	7,706	8,813	PROMISSORY NOTES	85,473	100,567	66,194
COMPUTER SERVICES FEES	12,571	13,734	17,125	OTHER SECURITIES	55,351	148,417	116,368
LEGAL AND DEBT COLLECTION FEES	13,932	12,534	10,721	INCOME FROM FINANCE LEASING	1,374,077	1,465,923	1,378,866
POSTAGE, TELEGRAMS AND TELEPHONES	34,173	33,417	36,664	INTEREST ON LOANS	2,795,264	3,121,682	3,264,459
PAYROLL TAX	17,046	16,402	16,866	MANAGEMENT FEES	24,892	37,807	63,620
STAMP DUTY AND FINANCIAL				RENT AND LEASE (PROPERTY) RECEIPTS	9,925	21,611	15,572
INSTITUTIONS DUTY (STATE)	20,255	25,430	26,283	BAD DEBTS RECOVERED	44,519	38,008	49,176
BANK ACCOUNTS DEBIT TAX (FEDERAL)	4,186	1,400	1,961	GAINS ON SALE AND REVALUATION			
PRINTING AND STATIONERY	22,292	22,506	19,108	OF ASSETS	39,370	61,773	81,758
ADVERTISING AND PROMOTION	34,756	30,606	30,416	OTHER INCOME	76,970	55,826	70,375
INSURANCE PREMIUMS PAID	7,199	8,805	9,086				
BANK CHARGES (EXCLUDING INTEREST)	9,387	9,199	11,633				
RENT AND LEASE PAYMENTS	54,804	54,659	60,412				
WATER AND GENERAL RATES	2,793	1,745	2,345				
BAD DEBTS WRITTEN OFF NOT							
PREVIOUSLY PROVIDED FOR	114,846	160,059	195,242				
PROVISION FOR DOUBTFUL DEBTS							
MADE IN CURRENT PERIOD	43,461	117,990	147,652				
DEPRECIATION ON PHYSICAL ASSETS	32,143	32,709	40,623				
LOSSES ON SALE AND REVALUATION							
OF ASSETS	9,628	58,621	50,065				
OTHER EXPENDITURE	246,450	225,964	279,225				
TOTAL EXPENDITURE	4,150,332	4,858,704	4,811,258	TOTAL INCOME	4,640,892	5,233,278	5,288,575
NET EXCESS OF INCOME OVER							
EXPENDITURE	490,560	374,574	477,317				

TABLE 3. ALLOCATION OF EARNINGS
(\$000)

EXCESS OF INCOME OVER EXPENDITURE	1985-86	1986-87	1987-88
EXCESS OF EXPENDITURE OVER INCOME	502,069	489,330	547,570
NET EXCESS OF INCOME OVER EXPENDITURE	11,509	114,756	70,253
TAXATION EXPENSE	490,560	374,574	477,317
TRANSFERS FROM RESERVES	197,578	211,593	203,705
NET EARNINGS AFTER TAXATION AND ADJUSTMENTS	7,438	13,626	43
ALLOCATIONS:	300,420	176,607	273,655
DIVIDENDS PAID OR PROPOSED TO BE PAID			
TRANSFERS TO RESERVES	125,975	217,026	167,437
OTHER(NET)	24,182	12,213	49,297
OTHER(NET)	227	994	-1,137
RETAINED EARNINGS	150,036	-53,626	58,058

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