



Annual Statistics for Financial Institutions

1993/94

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Enclosed are the annual tables for **Finance Companies**

If you have any enquiries regarding the data or service, these should be
directed to **Karen Young (02) 268 4784**

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Finance Companies

Definition

Statistics on the financial accounts of corporations registered under the Financial Corporations Act, 1974 and categorised as Finance Companies were first published for 1984-85.

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.

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

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

The Financial Corporations Act, 1974 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.

Lists of registered Finance Companies are published in the July issue of the Reserve Bank of Australia Bulletin with amendments published in October, January and April.

Contribution to Assets

The contribution to total assets of those Finance Companies with balance dates in each of the quarters of 1993-94 was:

<u>Balance dates in quarter ending</u>	<u>Contribution to total assets Finance Companies %</u>
30 September	51.1
31 December	21.6
31 March	0.4
30 June	26.9

TABLE 1. FINANCE COMPANIES: LIABILITIES AND ASSETS, AUSTRALIA (\$'000)

	1991-92	1992-93	1993-94
Liabilities			
Share capital and reserves			
Paid up capital	1361765	1404949	1503120
Reserves;			
Share premium	652772	1555022	1755876
Revaluation account	127653	96564	71855
Other	348782	348084	241134
Accumulated surplus (net)	566718	-114638	49840
Subordinated loans	209362	212251	152251
Borrowings from residents;			
By issue of securities	17286618	16062282	13802241
Banks	4901088	2810006	4491000
Insurance companies			7535
Other financial institutions	537387	779248	994401
Related corporations	781024	1484300	750951
Other	1608333	1549964	2364373
Borrowings from non-residents	3343390	2455675	2297665
Liabilities arising from the acceptance of bills of exchange under accommodation facilities			
Other liabilities;	33955	14435	5635
Accounts payable	401546	606342	374236
Provisions for;			
Income tax	176546	108844	309463
Deferred income tax	548206	492341	403144
Dividends	31322	85114	71101
Other	42187	79327	57608
Liabilities n.e.i.	2038	40850	50074
Total liabilities	32960692	30070960	29753503

TABLE 1. FINANCE COMPANIES: LIABILITIES AND ASSETS, AUSTRALIA (\$000) continued

	1991-92	1992-93	1993-94
Assets			
Financial assets			
Loans outstanding;			
Related corporations	386839	655530	897649
Individuals:			
Owner occupied housing	516737	570824	470926
Other	5806170	6074524	6220136
Other loans and advances	14610853	13003226	11171223
Less provision for doubtful debts	-928445	-1310926	-1020035
Total	20392154	18993178	17739899
Cash and bank deposits;			
Negotiable certificates of deposit	97787	27268	51783
Cash and other bank deposits	284004	298611	1797480
Placements and deposits with;			
Authorised dealers	8000	-	-
Other financial institutions	158839	177986	139809
Other businesses	310148	297284	124532
Bills, bonds and other securities;			
Govt. and public authority securities	3079	6032	36231
Bills of exchange and promissory notes	628054	835638	676888
Other	406264	385159	369594
Finance lease receivables			
Leveraged lease	1890566	1470332	90526
Other	7829633	6422619	7069456

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TABLE 2. FINANCE COMPANIES: EXPENDITURE AND INCOME, AUSTRALIA (\$'000)

	1991-92	1992-93	1993-94
Expenditure			
Interest on borrowings;			
Securities issued	2406192	1749863	1330849
Banks	361533	311565	332733
Related corporations	145495	148613	103488
Other	811950	474215	423652
Wages and salaries	375519	277883	194280
Directors' fees	546	565	175
Management fees	177424	188005	194360
Superannuation	11054	22205	-20627
Auditing and accounting fees	6437	5424	4211
Computer service fees	18534	21410	15431
Legal and debt collection fees	59581	70366	53188
Postage, telegrams and telephones	40055	36276	34047
Payroll tax	21112	22444	12601
Stamp duty and financial inst. duty (state)	18757	17299	12881
Bank accounts debit tax (federal)	663	1070	1072
Printing and stationery	20591	18460	15452
Advertising and promotion	37249	32274	31534
Insurance premiums paid	8072	7945	4398
Bank charges (excluding interest)	20910	9261	9014
Rent and lease payments	79485	66884	54414
Water and general rates	1109	988	753
Bad debts written off, not previously allowed for	764463	300972	390571
Provision for doubtful debts, current period	293635	752621	34304
Depreciation on physical assets	48246	40910	41066
Losses on sale and revaluation of assets	23871	17977	26318
Other expenditure	265944	700299	389593
Total expenditure	6018427	5295794	3689758
<i>Net excess of income over expenditure</i>	<i>-266511</i>	<i>-933140</i>	<i>356558</i>

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TABLE 3. FINANCE COMPANIES: ALLOCATION OF EARNINGS, AUSTRALIA (\$'000)

	1991-92	1992-93	1993-94
Excess of income over expenditure	177602	267111	356558
Excess of expenditure over income	444113	1200251	176510
Net excess of income over expenditure	-266511	-933140	180048
Taxation expense	-80589	-356038	24453
Transfers from reserves	43656	5477	98463
Net earnings after taxation and adjustments	-142266	-571625	254058
Allocations:			
Dividends paid or proposed to be paid	306597	102644	101686
Transfers to reserves	1479	305	16
Other (net)	-6485	-14959	1643
Retained earnings	-443857	-659615	150713

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