



ANGAS SECURITIES LIMITED ABN 50 091 942 728  
AUSTRALIAN FINANCIAL SERVICES LICENCE NO. 232 479

6 December 2017

## **Angas Securities Limited - Impairment of Assets & Liabilities Consequent upon Run Off of Debentures – Financial Instruments: Recognition and Measurement**

The Company's Financial Statements for the periods ended 31 December 2016 ("HY17") and 30 June 2017 ("FY17") were lodged on 21 July 2017 and 30 November 2017 respectively. Each was prepared in accordance with the Corporations Act 2001, Australian Accounting Standards ("AASB"), International Financial Reporting Standards and other legal requirements. HY17 and FY17 were each authorised for issue by the board of the Company. The significant accounting policies used for preparation by the Company are summarised in notes thereto. Historical cost has been used to value assets and liabilities other than in certain instances where revalued amounts or fair values at the end of the reporting period are required by AASB.

The traditional debenture funded business is now in Run Off pursuant to certain Extraordinary Resolutions of debenture investors as approved in each case by the Federal Court of Australia on 14 August 2015, 19 August 2016 and 1 September 2017 ("the third order"). The directors of the Company have had to make significant estimates, judgments and assumptions in relation to the method, quantum and timing of cash flows in respect of realisation of assets including the repayment of loans and the sale of properties in order to generate cash to meet debenture redemptions pursuant to the Run Off.

The Company as holder of an Australian Financial Services Licence is subject to certain financial requirements, including that it hold a minimum level of net tangible assets ("NTA"). The NTA position of the Company continues to change due to the implementation of the Run Off. The Company's Financial Statements disclosed a breach of the NTA requirement. The directors have determined as a consequence of the third order, the revised estimates of the cash flows relating to the Debenture Liability triggered the application of AASB 139 "Financial Instruments: Recognition and Measurement" paragraph AG8. The impact of this application resulted in restating the balance of the Debenture Liability which rectified the Company's non-compliance with the NTA requirement effective 1 September 2017.

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AASB139 imposes obligations on the directors of the Company to impair or derecognise the financial assets and liabilities in the Statement of Financial Position (formerly described as the Company's Balance Sheet) should certain events occur or circumstances arise. The finite term of the Run Off is one such circumstance requiring the directors to discount the value of the cash flows to be derived from the realisation of assets. This discount reduces the value of certain assets to recognise values which are less than the net amount that the directors expect that the Company will actually receive for those assets. Likewise, paragraph AG8 requires the directors to reduce the value of financial liabilities in the manner stated.

AASB139 requires the Company to review the impairment of assets and liabilities. Impairments can compromise losses actually incurred and provisions to reflect changes in the value of assets and liabilities. Of the liability impairments recognised as at 1 September 2017, nil represented actual losses. There have been no actual losses in debenture investments. The impairments reflect the treatment of debentures as required by AASB139 arising from the effect of the third order on these liabilities.



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