Commissioner to vary, rescind, restrict, or extend that determination.

6. *Method*—(1) A person shall elect to use a method allowed under a determination made by the Commissioner under section 64E (1) (a) of the Act for the purpose of calculating a present value in relation to a financial arrangement, and shall apply that method consistently in respect of that financial arrangement, until it matures or is remitted, sold or otherwise transferred by the person unless the prior consent of the Commissioner (which may be given conditionally) to adopt another method is obtained.

(2) *Method A*—(a) For the purpose of applying clause 6 (2) (b) of this determination, in relation to any person N shall be calculated as follows:

(i) Where the greatest common divisor of all periods between payments is—

(A) A year of 12 months, N shall be taken as 1;

(B) A "halfyear" or 6 months, N shall be taken as 2;

(C) A quarter or 3 months, N shall be taken as 4;

(D) A month, N shall be taken as 12;

(E) A fortnight, N shall be taken as 26;

(F) A week, N shall be taken as 52;

Provided that where 1 or 2 of the periods are shorter or longer than all the other periods this fact shall be disregarded in determining the greatest common divisor, and for the shorter or longer period or periods N shall be, at the option of the person, taken as—

(g) 365 divided by the number of days in the period calculated on a 365 day basis; or

(h) 360 divided by the number of days in the period calculated on a 360 day basis.

(ii) Where N cannot be determined according to the foregoing subparagraph it shall be, at the option of the person, taken as—

(a) 365 divided by the number of days in the period calculated on a 365 day basis; or

(b) 360 divided by the number of days in the period calculated on a 360 day basis—

for all of the periods.

(b) The amount of the present value of a financial arrangement calculated according to Method A as at A date shall be calculated according to the following formula:

$$\frac{A + B - C}{1 + F}$$

where—

A is the present value (if any) as at the end of the period immediately following the given date; and

B is the sum of the amounts receivable by the holder or payable by the issuer at the end of the period immediately following the date; and

C is the sum of the amounts payable by the holder or receivable by the issuer at the end of the period immediately following the given date; and

F is the amount calculated in relation to the financial arrangement and the person and the period immediately following the date according to the following formula:

$$\frac{R}{100 \times N} \text{ ; and}$$

R is the specified rate.

(3) *Method B*—(a) A person shall apply Method B only to financial arrangements which are debt instruments under which all payments after the issue or acquisition date are at regular "half-year" or quarterly intervals.

(b) For purposes of applying clause 6 (3) (c) of this determination in relation to any person—

(i) If amounts are payable at regular half-yearly intervals, N shall be taken as 2 and the preceding due date shall be taken as the date 6 calendar months prior to the date on which the first amount is payable on or after the date of issue or acquisition;

(ii) If amounts are payable at regular quarterly intervals, N shall be taken as 4 and the preceding due date shall be taken as the date 3 calendar months prior to the date on which the first amount is payable on or after the date of issue or acquisition.

(c) The amount of the present value of a financial arrangement calculated according to Method B as at a date shall be calculated according to the following formula:

$$\frac{A + B - C}{D}$$

where—

A is the present value (if any) as at the end of the period immediately following the date; and

B is the sum of the amounts receivable by the holder or payable by the issuer at the end of the period immediately following the date; and

C is the sum of the amounts payable by the holder or receivable by the issuer at the end of the period immediately following the date; and

D is (a) Where an amount is payable at the end of the period immediately following the date is the last amount payable under the financial arrangement, an amount calculated according to the following formula:

$$\frac{1 + F \times T1}{T2}$$

(b) In any other case, an amount calculated according to the following formula:

$$\frac{(T1)}{(1 + F)\ (T2)}$$

; and

F means an amount calculated according to the following formula:

$$\frac{R}{100 \times N}\text{; and}$$

R is the specified rate; and

T1 is the number of days in the period immediately following the date calculated on a 365 day basis; and

T2 is the sum of T1 and—

(i) Where an amount is payable on the date, zero; or

(ii) In any other case, the number of days between the preceding due date and the date calculated on a 365 day basis.

7. *Example*—(1) *Example A* (a) This example illustrates Method A, using the same example as in Determination G3: Yield to Maturity Method and Determination G11: Present Value Based Yield to Maturity Method, Example A. The example shows that the present value at the beginning of a period is the same as the principal outstanding during the period.

On 12 March 1987 (the specified date) a holder acquires for $1,012,500 the right to receive the following income—

15 May 1987	$70,000
15 November 1987	$70,000
15 May 1988	$70,000
15 November 1988	$1,070,000

The greatest common divisor of all periods except the first is 6