Vice Regal

Ombudsmen Act 1975

Reappointment of Chief Ombudsman
Pursuant to section 3 of the Ombudsmen Act 1975, His Excellency the Governor-General has been pleased to reappoint

John Fraser Robertson, C.B.E. of Wellington as Chief Ombudsman.
Dated at Wellington this 14th day of December 1989.
GEOFFREY PALMER, Prime Minister.

Government Notices

Fisheries Act 1983

Fisheries (Rock Lobster Prohibition) Notice 1989, No. 4953
Pursuant to section 65 (1) of the Fisheries Act 1983, the Minister of Fisheries hereby gives the following notice:

Notice
1. Title and commencement—(1) This notice may be cited as the Fisheries (Rock Lobster Prohibition) Notice 1989.
   (2) This notice shall come into effect on the 21st day of December 1989.

2. Restrictions on fishing—It shall be a condition of all fishing permits issued or renewed during the period, commencing with the 21st day of December 1989 and ending with the close of the 31st day of March 1990 that any holder of a permit to take red rock lobster (Jasus edwardsii) and packhorse rock lobster (Jasus verreauxi) is prohibited from fishing in the following areas:
   (a) Rock Lobster Management Area 2—Bay of Plenty
   All that area of New Zealand fisheries waters enclosed by a line commencing at the mean high-water mark at Te Arai Point on the East Coast of the North Island (at 36° 09.8'S and 174° 39' E); and then proceeding along a straight line on a true bearing of 045°; to the outer limits of the exclusive economic
zone to a point 33° 25' S and 177° 58' E; and then proceeding in a generally south-easterly direction along the outer limits of the exclusive economic zone to a point 34° 22'.1 W and 179° 29.6' E; then proceeding in a straight line to a point 34° 34.3' S and 179° 51.0' W; then proceeding in a generally south-easterly direction along the outer limits of the exclusive economic zone to a point 35° 20.0' S and 178° 30.0' W; and then proceeding along a straight line on a true bearing of 225°; to East Cape on the east coast of the North Island (at 37° 41.5' S and 178° 32.9' E); then proceeding in a generally westerly and north-westerly direction along the line of the mean high-water mark of the east coast of the North Island to the point of commencement.

(b) Rock Lobster Management Area 3—Gisborne

All that area of New Zealand fisheries waters enclosed by a line commencing at the mean high-water mark at East Cape on the east coast of the North Island (at 37° 41.5' S and 178° 32.9' E), and then proceeding along a straight line on a true bearing of 45°; to the outer limits of the exclusive economic zone to a point 35° 20.0' S and 178° 30.0' W; and then proceeding in a generally southerly direction along the outer limits of the exclusive economic zone to a point 40° 21' S and 177° 56 W; then proceeding in a straight line to a point 44° 08' S and 178° 23' E; then proceeding along a straight line on a true bearing of 352°; to the mouth of the Wairoa River on the east coast of the North Island (at 39° 03.5' S and 177° 25.5' E); then proceeding in a generally northerly direction along the line of the mean high-water mark of the east coast of the North Island to the point of commencement.

Dated at Wellington this 18th day of December 1989.

COLIN MOYLE, Minister of Fisheries.

g650

### Income Tax Act 1976

#### Determination G1A: Apportionment of Income and Expenditure on a Daily Basis

This determination may be cited as “Determination G1A: Apportionment of Income and Expenditure on a Daily Basis”.

1. **Explanation** (which does not form part of the determination)—

   (1) This determination rescinds and replaces Determination G1: Apportionment of Daily Income and Expenditure, made by the Commissioner on the 13th day of May 1987. This determination differs from Determination G1 in the interpretation of a 360 day basis for calculating the number of days between two given dates.

   (2) This determination requires that income derived or expenditure incurred in respect of an income period shall be apportioned on a straight line basis among the income years in which the period falls, according to the number of days in the period calculated on either a 365 or a 360 day basis.

2. **Reference**—(1) This determination is made pursuant to paragraph (a) and (b) of section 64e (1) and section 64e (6) of the Income Tax Act 1976.

   (2) This determination is required to be applied in circumstances referred to in other determinations.

3. **Determination G1**: Apportionment of Daily Income and Expenditure is hereby rescinded with effect from the day on which this Determination G1A is signed.

4. **Scope of Determination**—Unless its application is specifically excluded in another determination, this determination applies to all amounts of income derived or expenditure incurred in respect of a period where the amount of the income or expenditure has been calculated pursuant to any other determination made pursuant to paragraph (a) or (b) of section 64e (1) of the Income Tax Act 1976.

5. **Principle**—The apportionment of income and expenditure on a daily straight line basis in respect of a period of not more than 1 year permits the allocation of income and expenditure to income years within the period on a simple basis. It assumes that income and expenditure accrue at a flat dollar rate over each day in the period.

6. **Method**—For the purposes of section 64c of the Income Tax Act 1976, the income derived or expenditure incurred by a holder or an issuer of a financial arrangement in respect of a period shall be apportioned among the income years of the holder or issuer in which that period falls pro rata with the number of days in the period within each income year calculated (at the option of the holder or the issuer) on a 360 or 365 day basis.

7. **Example**—On 29 January 1987 a company issues a 180 day bill for $3,000,000, at a discount of $294,000.

   The company’s balance date is 31 March, and it elects to recognise the interest expense on a 365 day basis.

   There are 61 days from 29 January to 31 March 1987.

   Therefore—

   \[
   \frac{61}{180} \times 294,000 = 99,633.33
   \]

   This will be brought into account as expenditure in the company’s 1986–87 income year, and the balance of $194,366.67 will be brought into account in its 1987–88 income year for income tax purposes pursuant to section 64f of the Income Tax Act 1976.

   If the company had elected to recognise the interest expense on a 360 day basis, then the number of days from 29 January to 31 March 1987 would have been 62, and amounts of $101,266.67 and $192,733.33 would have been brought into account in this 1986–87 and 1987–88 income years respectively.

   This determination is signed by me on the 4th day of December in the year 1989.

   R. D. ADAIR, Deputy Commissioner of Inland Revenue.
1. **Explanation** (which does not form part of the determination).

(1) This determination applies where for the purpose of calculating the income or expenditure of a person in respect of a futures or option contract denominated in a foreign currency, it is necessary to determine the price of that contract.

(2) This determination sets out the approved markets, sources of information and method for determining the prices for futures and option contracts denominated in a foreign currency.

2. **Reference**—This determination is made pursuant to section 64E (1) of the Income Tax Act 1976.

3. **Scope of Determination**—This determination applies where, for the purpose of calculating the income or expenditure of a person in respect of futures or option contract traded in foreign markets, it is necessary to determine the price of the futures or option contract.

4. **Principle**—(1) Markets are approved having regard to the following criteria—

   (a) The number of participants in the market or having access to the market;
   
   (b) Frequency of trading in the market;
   
   (c) The nature of trading in the market—how the price is determined and how the financial assets are traded on the market;
   
   (d) The potential or demonstrated capacity of a person or group of persons to significantly influence the market;
   
   (e) Significant barriers to entry;
   
   (f) Discrimination on the basis of the quantity bought and sold unless based on the risks involved or the transaction costs or economies of scale.

(2) Sources of information are approved having regard to the following criteria—

   (a) Reliance on the sources of information by the market;
   
   (b) The accessibility of the sources of information by participants in the market.

(3) A method of obtaining a price for a futures or option contract is approved if it is determined by an independent source and is adopted by the participants of the market.

5. **Interpretation**—(1) In this determination, unless the context otherwise requires—

   Expressions used, except the expression "income year", have the same meanings as in the Act and where a word or expression is given a particular meaning for the purposes of sections 64A to 64M of the Act it shall have the same meaning as in the said sections 64A to 64M:

   "Futures contract" means a contract traded on a futures market outside New Zealand;
   "Option contract" means a contract traded on an organised and regulated option market outside New Zealand;
   "Multicontributor page" means a multicontributor page of information that is displayed on a screen provided by—
   
   (a) Reuters New Zealand Limited; or
   
   (b) Telerate New Zealand Limited—
   
   or any firm that is associated with either of those firms and provides similar services:

   "Income year means—

   (a) Where a taxpayer furnishes a return of income under section 15 of the Income Tax Act 1976 for an accounting year ending with an annual balance date other than the 31st day of March, the period commencing on the day after the end of the immediately preceding accounting year and ending on that balance date:

   (b) In respect of the income of any other person, the year in which that income has been derived by that person.

(2) Any reference in this determination to another determination made by the Commissioner shall be construed as including a reference to any fresh determination made by the Commissioner to vary, rescind, restrict, or extend that determination.

6. **Method**—(1) The following futures and option markets are approved:

   - New York Commodity Exchange
   - Gold Futures contract
   - Silver Futures contract
   - Copper Futures contract
   - Gold Option contract
   - Silver Option contract
   - Copper Option contract
   - New York Mercantile Exchange
   - Heating Oil Futures contract
   - Gasoline Futures contract
   - Crude Oil Futures contract
   - New York Coffee, Sugar, Cocoa Exchange
   - Coffee Futures contract
   - Sugar Futures contract
   - Cocoa Futures contract
   - New York Futures Exchange
   - NYSE Composite Stock Index Futures contract
   - New York Cotton Exchange
   - Cotton Futures contract
   - Chicago Board of Trade
   - US Treasury Note (5 year) Futures contract
   - US Treasury Bonds (15 year) Futures contract
   - Gold Futures contract
   - Silver Futures contract
   - Wheat Futures contract
   - Corn Futures contract
   - Soybean Futures contract
   - Soybean Oil Futures contract
   - Soybean Meal Futures contract
   - Oats Futures contract
   - US Treasury Notes (5 year) Option contract
   - US Treasury Bonds (15 year) Option contract
   - Silver Option contract
   - Wheat Option contract
   - Corn Option contract
   - Soybean Option contract
   - Chicago Mercantile Exchange
   - Gold Futures contract
   - S & P 500 Stock Index Futures contract
   - Eurodollars Futures contract
   - US Treasury Bills (90 day) Futures contract
   - Swiss Francs Futures contract
   - Australian Dollars Futures contract
   - Deutschmark Futures contract
   - Canadian Dollars Futures contract
   - British Pounds Futures contract
   - Japanese Yen Futures contract
   - French Franc Futures contract
   - French Livre Futures contract
   - French Cents Futures contract
   - Pork Bellies Futures contract
   - S & P 500 Stock Index Option contract
   - Eurodollars Option contract
   - US Treasury Bills (90 day) Option contract
   - Swiss Francs Option contract
   - Australian Dollar Option contract
   - Deutschmark Option contract
   - British Pounds Option contract
   - Japanese Yen Option contract
   - Canadian Dollars Option contract
   - London International Financial Futures Exchange
FTSE 100 Index Futures contract  
Eurodollars Futures contract  
Japanese Government Bonds Futures contract  
German Bund Futures contract  
Short Gilt Futures contract  
Long Gilt Futures contract  
British Pounds Futures contract  
Deutschemark Futures contract  
Japanese Yen Futures contract  
Swiss Francs Futures contract  
FTSE-100 index Option contract  
Eurodollars Option contract  
British Pounds Option contract  
London Future and Options Exchange  
Cocoa Futures contract  
Sugar Futures contract  
Coffee Futures contract  
Cocoa Option contract  
Sugar Option contract  
Coffee Option contract  
Baltic Futures Exchange  
Baltic Freight Index Futures contract  
Potatoe Futures contract  
Soya Bean Meal Futures contract  
International Petroleum Exchange  
Gas Oil Futures contract  
Brent Crude Futures contract  
Marche a Terme d’instruments Financiers (MATIF)  
French Treasury Bond Futures contract  
French Treasury Bills Futures contract  
3-month Interbank (PIBOR) Futures contract  
French Treasury Bond Options contract  
Sydney Futures Exchange  
Gold Futures contract  
All-Ordinaries Stock Index Futures contract  
90-day Bank Bill Futures contract  
Eurodollars Futures contract  
US Dollar Futures contract  
All-Ordinaries Stock Index contract  
90-day Bank Bill Option contract  
Singapore International Monetary Exchange  
Deutschemark Futures contract  
Japanese Yen Futures contract  
Eurodollar Futures contract  
Nikkei Stock Index Futures contract  
Deutschemark Option contract  
Japanese Yen Option contract  
Eurodollar Option contract  
Nikkei Stock Index Option contract  
Hong Kong Futures Exchange  
Sugar Futures contract  
Soya Bean Futures contract  
Hang Seng Index Futures contract  

(2) The following sources of information for futures and options prices are approved:

(a) A multicontributor page that quotes prices for futures and option contracts;
(b) Where a person does not have access to a multicontributor page, advice as to the price of a futures or option contract from a member of the exchange at which the contract is traded. The price shall be derived from a source approved in 6 (2) (a) and shall be the price at which the member would buy or sell the futures or option contract.
(3) Where, for the purposes of determining the income or expenditure of a person in respect of a financial arrangement, it is necessary to determine the price for a futures or option contract at the end of an income year the price for the futures or option contract shall be the market price for that contract in the market in which it is traded, as advised by an approved source of information, at the close of trading on the last permitted day for trading in the persons income year.

(4) Where, for the purposes of determining income or expenditure of a person in respect of a financial arrangement, it is necessary to determine the New Zealand dollar value of the futures or option contract at the end of the income year, the spot rate for the currency in which the futures or option contract is quoted shall be ascertained in accordance with Determination G9A: Foreign Currency Rates, and used to convert the value of the futures or option contract to New Zealand dollars.

7. Example—The following is an example of a multicontributor page provided by Reuters New Zealand Limited. It shows market prices for a Eurodollar Futures contract maturing in December 1989 as traded on the London International Financial Futures Market.

The market price of the contract is 91.70. The closing price is the previous trading day is 91.68.

Futures contract  

Market

Dec 91.68

FTSE 100 Index Futures contract

Market

Dec 91.68

Eurodollars Futures contract

Market

Dec 91.68

Japanese Government Bonds Futures contract

Market

Dec 91.68

German Bund Futures contract

Market

Dec 91.68

Short Gilt Futures contract

Market

Dec 91.68

Long Gilt Futures contract

Market

Dec 91.68

British Pounds Futures contract

Market

Dec 91.68

Deutschemark Futures contract

Market

Dec 91.68

Japanese Yen Futures contract

Market

Dec 91.68

Swiss Francs Futures contract

Market

Dec 91.68

FTSE-100 index Option contract

Market

Dec 91.68

Eurodollars Option contract

Market

Dec 91.68

British Pounds Option contract

Market

Dec 91.68

London Future and Options Exchange

Cocoa Futures contract

Sugar Futures contract

Coffee Futures contract

Cocoa Option contract

Sugar Option contract

Coffee Option contract

Baltic Futures Exchange

Baltic Freight Index Futures contract

Potatoe Futures contract

Soya Bean Meal Futures contract

International Petroleum Exchange

Gas Oil Futures contract

Brent Crude Futures contract

Marche a Terme d’instruments Financiers (MATIF)

French Treasury Bond Futures contract

French Treasury Bills Futures contract

3-month Interbank (PIBOR) Futures contract

French Treasury Bond Options contract

Sydney Futures Exchange

Gold Futures contract

All-Ordinaries Stock Index Futures contract

90-day Bank Bill Futures contract

Eurodollars Futures contract

US Dollar Futures contract

All-Ordinaries Stock Index contract

90-day Bank Bill Option contract

Singapore International Monetary Exchange

Deutschemark Futures contract

Japanese Yen Futures contract

Eurodollar Futures contract

Nikkei Stock Index Futures contract

Deutschemark Option contract

Japanese Yen Option contract

Eurodollar Option contract

Nikkei Stock Index Option contract

Hong Kong Futures Exchange

Sugar Futures contract

Soya Bean Futures contract

Hang Seng Index Futures contract

This determination is signed by me on the 4th day of December in the year 1989.

R. D. ADAIR, Deputy Commissioner of Inland Revenue.

6598

Determination G9A: Financial Arrangements That are Denominated in a Currency or Commodity Other than New Zealand Dollars

This determination may be cited as “Determination G9A: Financial Arrangements that are Denominated in a Currency or Commodity other than New Zealand Dollars”.

1. Explanation (which does not form part of the determination)—

(1) This determination rescinds and replaces Determination G9: Financial Arrangements that are Denominated in a Currency or Commodity other than New Zealand Dollars made on the 28th July 1988. This determination differs from Determination G9: Financial Arrangements Denominated in a Currency or Commodity other than New Zealand Dollars in that agreements for sale and purchase of property are included in the scope of this determination.

(2) This determination sets out a method for calculating the income or expenditure in respect of a financial arrangement where any rights and obligations of the parties are expressed in a “base currency” other than New Zealand dollars; this base currency may be a foreign currency or a commodity.

(3) The method used is essentially the base price method set out in Chapter 9 of the Consultative Document on Accrual Tax Treatment of Income and Expenditure. Income or expenditure is calculated for each income year in accordance with the Act and other determinations where appropriate (for example G3), in the base currency.

(4) This income or expenditure, together with the opening tax book value and adjusted for amounts paid or received during the income year, is used to calculate the closing tax book value of the financial arrangement as at year end. In the case of a conventional loan, this closing tax book value is equivalent to the outstanding principal and accrued interest under the loan as at year end, in the base currency. This closing tax book value is converted to New Zealand dollars at the spot rate applicable at that date.

(5) The income or expenditure in New Zealand dollars is determined from:

(a) The amounts paid and/or received during the income
year, converted to New Zealand dollars on the dates of payment; together with

(b) The net change in the amount of closing tax book values in New Zealand dollars during the income year.

This brings to account for income tax purposes all accrued gains and losses on the financial arrangement, including gains and losses arising from currency translation.

(6) This determination requires that where a financial arrangement involves or is expressed in more than one currency or commodity and in respect of an income year, the financial arrangements shall be treated as separate financial arrangements in relation to each separate amount.

5. Interpretation—In this Determination, unless the context otherwise requires,—

Expressions used have the same meanings as in the Act, except that where there is a conflict between the meaning of an expression in sections 64B to 64M of the Act and the meaning of the expression elsewhere in the Act the expression shall have the same meaning as in the said sections 64B to 64M:

"The Act" means the Income Tax Act 1976:

"Base currency" in relation to a financial arrangement means the currency or commodity in which rights and obligations under the financial arrangement are fixed:

"Base currency expenditure" in relation to a person and a financial arrangement and an income year, means the amount of the expenditure of the person in respect of the financial arrangement and the income year, calculated in the base currency in relation to the financial arrangement but otherwise in accordance with the Act and determinations made under it (subject to clause 6 (4) of this Determination regarding the application of Determination G2: Requirements as to Precision):—

"Base currency income" in relation to a person and a financial arrangement and an income year, means the amount of the income of the person in respect of the financial arrangement and the income year, calculated in the base currency in relation to the financial arrangement but otherwise in accordance with the Act and determinations made under it (subject to clause 6 (4) of this Determination regarding the application of Determination G2: Requirements as to Precision):

"Closings tax book value", in relation to an income year means the value of a person's rights and obligations under a financial arrangement, calculated in accordance with the following formula:

\[ e + f + g - h - i \]

where—

\[ e \]

is—

(i) Where the person was a party to the financial arrangement at the beginning of the income year, the opening tax book value of the person's rights and obligations under the financial arrangement; and

(ii) In every other case, nil; and

f is the sum of the value (expressed in the base currency in relation to the financial arrangement) of all consideration given during the income year by or on behalf of the person in relation to the financial arrangement; and

\[ g \]

is the base currency income of the person in respect of the financial arrangement; and

\[ h \]

is the sum of the value (expressed in the base currency in relation to the financial arrangement) of all consideration given during the income year to or for the benefit of the person in relation to the financial arrangement; and

\[ i \]

is the base currency expenditure of the person in relation to the financial arrangement:

"Currency" includes any commodity used as a medium of exchange or account, whether in general use or for the purpose of an arrangement:

"Exchange rate" means the price of one currency expressed in another currency:
“Financial arrangement” has the same meaning as in section 64b to 64m of the Act:

Provided that, where a financial arrangement creates obligations in two or more currencies and the consideration to be given and received in respect of the obligations in each of the currencies is separately identifiable, the consideration to be given and received in respect of the obligations in each currency shall be treated as relating to separate financial arrangements:

“NZD” means the currency of New Zealand:

“Opening tax book value”, in relation to an income year and the rights and obligations of a person under a financial arrangement, means the closing tax book value of the person’s rights and obligations under the financial arrangement at the end of the last preceding income year:

“Spot rate” means the exchange rate for a spot contract as defined in Determination G6A: Foreign Currency Rates.

6. Method—(1) The income or expenditure of the person in respect of a financial arrangement and an income year shall be calculated in accordance with the following formula:

\[ a + b - c - d \]

Where—

- \( a \) = the value of NZD of the closing tax book value; and
- \( b \) = the sum of the value in NZD of all consideration given during the income year to or for the benefit of the person in relation to the financial arrangement; and
- \( c \) = the value in NZD of the opening tax book value; and
- \( d \) = the sum of the value in NZD of all consideration given during the income year by or on behalf of the person in relation to the financial arrangement—

and the amount so calculated shall,—

(a) where it is a positive amount be deemed to be income derived by the person in the income year:

(b) Where it is a negative amount be deemed to be expenditure incurred by the person in the income year.

(2) Where—

(a) An amount at any time is expressed in a currency other than NZD or the base currency in relation to a financial arrangement; and

(b) It is necessary to convert the amount to NZD or the base currency to or otherwise to calculate the value of the amount in NZD or the base currency—

the exchange rate for the purpose of the calculation shall be,—

(c) Where the matter is dealt with in a determination made by the Commissioner under section 64e (1) of the Act, the price or spot rate at the time and so determined:

(d) Where the exchange rate is not dealt with in a determination made by the Commissioner under section 64e (1) of the Act and the amount is expressed in a currency for which there is an accessible and active market in—

(i) NZD or the base currency, as the case may be; or

(ii) Another currency that satisfies the requirements of this sub-paragraph,—

an exchange rate determined in a manner consistent with determinations made by the Commissioner for the purpose of ascertaining the price or rate for any currency:

(e) In any other circumstance, a price or spot rate at which an arm’s-length dealing would be expected to take place at the time.

(3) Determination G2: Requirements as to Precision shall apply to the calculation of income and expenditure under clause 6 (2) of this Determination.

7. Examples—

EXAMPLE 1. DISCOUNTED BOND

A NZ investor has a United States Treasury bond on its balance date of 30 June 1989. The bond has a term of 5 years and bears 10% interest payable semi-annually on 1 September and 1 March. It has a face value of USD $10 million. The bond was purchased at issue for USD $8,300,000 and matures on 1 September 1993.

For the purposes of this example USD refers to the currency of the United States of America and NZD refers to the currency of New Zealand. Suppose the spot rates on important dates in this example are:

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate (1NZD =USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 September 1988</td>
<td>.6310</td>
</tr>
<tr>
<td>1 March 1989</td>
<td>.6455</td>
</tr>
<tr>
<td>30 June 1989</td>
<td>.6580</td>
</tr>
<tr>
<td>1 September 1989</td>
<td>.6500</td>
</tr>
<tr>
<td>1 March 1990</td>
<td>.6550</td>
</tr>
<tr>
<td>30 June 1990</td>
<td>.6500</td>
</tr>
<tr>
<td>1 September 1990</td>
<td>.6570</td>
</tr>
<tr>
<td>1 March 1991</td>
<td>.6580</td>
</tr>
<tr>
<td>30 June 1991</td>
<td>.6460</td>
</tr>
<tr>
<td>1 September 1991</td>
<td>.6400</td>
</tr>
<tr>
<td>1 March 1992</td>
<td>.6380</td>
</tr>
<tr>
<td>30 June 1992</td>
<td>.6200</td>
</tr>
<tr>
<td>1 September 1992</td>
<td>.6150</td>
</tr>
</tbody>
</table>

The accrued income in USD associated with the bond is given in the following table—this is calculated in accordance with Determination G3: Yield to Maturity Method and allocated to income years according to Determination G1.

### ALL ITEMS IN USD

<table>
<thead>
<tr>
<th>Date</th>
<th>Cashflows</th>
<th>Income</th>
<th>Year Ending</th>
<th>Accrued Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-Sep-88</td>
<td>(8,300,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01-Mar-89</td>
<td>500,000</td>
<td>620,316</td>
<td>30-Jun-89</td>
<td>1,034,154</td>
</tr>
<tr>
<td>01-Sep-89</td>
<td>500,000</td>
<td>629,308</td>
<td>30-Jun-90</td>
<td>1,281,465</td>
</tr>
<tr>
<td>01-Mar-90</td>
<td>500,000</td>
<td>638,972</td>
<td>30-Jun-91</td>
<td>1,325,110</td>
</tr>
<tr>
<td>01-Sep-90</td>
<td>500,000</td>
<td>649,358</td>
<td>30-Jun-92</td>
<td>1,375,520</td>
</tr>
<tr>
<td>01-Mar-91</td>
<td>500,000</td>
<td>650,521</td>
<td>30-Jun-93</td>
<td>1,433,748</td>
</tr>
<tr>
<td>01-Sep-91</td>
<td>500,000</td>
<td>662,518</td>
<td>30-Jun-94</td>
<td>250,003</td>
</tr>
<tr>
<td>01-Sep-92</td>
<td>10,500,000</td>
<td>730,167</td>
<td>30-Jun-95</td>
<td>6,700,000</td>
</tr>
<tr>
<td>01-Sep-93</td>
<td>500,000</td>
<td>741,611</td>
<td>30-Jun-96</td>
<td>6,700,000</td>
</tr>
</tbody>
</table>


At first balance date—30 June 1989

The Closing Tax Book Value (CTBV) is given by:

\[ e + f + g - h - i \]

where:

- \( e \) = 0 since the investor was not a party to this financial arrangement at the beginning of this income year.
- \( f \) = USD 8.3m the price paid for the bond on 1 September 1988, being the sum of all consideration given by the investor during the income year.
- \( g \) = USD 1,034,154 the base currency income accruing to the person in this income year calculated in accordance with the provisions of sections 64b to 64m of the Act.
- \( h \) = USD 500,000 (the interest payment of 1 March 1989) the sum of all consideration given to the person in the income year.

\( i \) = 0 as there is no expenditure incurred by the investor.

The formula gives a CTBV of:

\[ 0 + 8,300,000 + 1,034,154 - 500,000 - 0 = USD 8,834,154 \]

The income or expenditure in respect of the bond for the income year is calculated according to \( a + b - c - d \).

Where:

- \( a \) = the NZD value of the CTBV = 8,834,154 / .658 = $13,425,766.
b is the NZD value of all consideration given to the person during the income year = $500,000 / .6455 = $774,593.
c is the opening tax book value and has a nil value.
d is the NZD value of all consideration given to the person during the income year = $8,300,000 / .6310 = $13,153,724.
The income or expenditure is thus $1,046,635 NZD. This positive amount is income derived by the investor.

At the second balance date—30 June 1990.
The CTBV is:
e 8,834,154 the opening tax book value equal to the CTBV of the previous year.
f is 0 since no consideration is given by the investor in this income year.
g is USD 1,281,465 the base currency income accruing to the person in this income year calculated in accordance with the provisions of section 64B to 64M of the Act.
h is USD 1,000,000 (the interest payments on 1 September 1989 and 1 March 1990) the sum of all consideration given to the person in the income year.
i is 0 as there is no expenditure incurred by the investor.
The CTBV (e + f + g - h - i) is then equal to USD 9,115,619.
The income or expenditure associated with this bond on this date is calculated according to a + b - c - d.

Where:
a = 9,115,619 / .6500 = $14,024,029
b = 500,000 / .6500 + 500,000 / .6500 = $1,532,590
c = USD 8,834,154 / .6580 = NZD 13,425,766
d is nil.

This equates to $2,130,853 NZD. As this is a positive amount it is income derived by the investor.

At the end of the third income year—30 June 1991.
The CTBV (USD) = 9,115,619 + 1,325,110 - 1,000,000 = 9,440,729.
The income derived/expenditure incurred in NZD is therefore:

\[ 9,440,729 / .6460 \]

plus 500,000 / .6570 + 5670 + 500,000 / .6580

minus 9,115,619 / .6500

equals 2,111,016 NZD

as this is a positive amount it is income derived by the investor.

On 30 September 1991 the bond is sold for USD 10 million (i.e. an approximate yield of 16% p.a.) At this date the USD/NZD spot rate was .6320.

At this date the investor is subject to the base price adjustment of section 64f: a - (b + c)

Where:
a is all consideration that has been paid to the investor: 500,000 / .6455 + 500,000 / .6500 = $1,532,590 + 500,000 / .6500 = $8,834,154 / .6580 = 500,000 / .6570 + 500,000 / .6580 + 500,000 / .6400 + 10,000,000 / .6320

= 20,432,131 NZD
b is the acquisition price of the bond: 8,300,000 / .6310 = 13,153,724 NZD
c is all amounts of income derived under section 64c: 1,046,635 + 2,130,853 + 2,111,016 (as calculated above) = 5,288,504 NZD

So the Base Price Adjustment is:

\[ a - (b + c) \]

= 20,432,131 - (13,153,724 + 5,288,504)

= 1,989,903 NZD.

Since this is a positive amount it is income derived by the holder of the bond in this income year.

EXAMPLE 2. MULTICURRENCY LOAN FACILITY WITH EARLY REPAYMENT.

A corporate borrower has a multi-currency loan facility that allows funds to be drawn down in any of three currencies—US Dollars (USD), Sterling (GBP) and Deutchmarks (DM). The total initial amount of the loan is $100 million USD and may be taken in any combination of the three currencies. The term of the loan is 10 years and any tranche may be repaid at any time by payment of the principal outstanding. The mixture of currencies can be changed at each 6-monthly interest payment date. Interest is payable in the currency of the principal amount at rates depending on the currency as shown below.

The loan is initially drawn down on 1 October 1988 in the configuration below. Interest is payable six monthly in arrears on 1 February and 1 August.

The corporate borrower has a 31 March balance date. Its base currency is New Zealand dollars (NZD).

INITIAL DRAWDOWN CONFIGURATION.

<table>
<thead>
<tr>
<th>Currency</th>
<th>Amount</th>
<th>Spot Rate (against USD)</th>
<th>USD Equivalent</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>$55m</td>
<td></td>
<td>$55m</td>
<td>9%</td>
</tr>
<tr>
<td>GBP</td>
<td>STG35m</td>
<td>55</td>
<td>$19.8m</td>
<td>11%</td>
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<tr>
<td>DM</td>
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<td>2.45</td>
<td>$24.5m</td>
<td>5%</td>
</tr>
</tbody>
</table>

For taxation purposes each of these tranches is treated as a separate financial arrangement.

For example, with respect to the Sterling (GBP) tranche the expenditure incurred as at 31 March 1989 is calculated as follows:

The base currency is GBP. The interest payment for the four months ended 1 February 1989 in GBP 1.32 m.

The CTBV is equal to e + f + g - h - i.

\[ e = 0 \] since the corporate borrower is not a party to this financial arrangement at the beginning of this income year.
\[ f = GBP 1.32m \] the interest payment paid on 1 February 1989.
\[ g = 0 \] since there is no base currency income accruing to the person in this income year.
\[ h = GBP 36m \] the sum of all consideration given to the corporate borrower in the income year.
\[ i = GBP 1.98m \] the base currency expenditure of the corporate borrower calculated in accordance with the provisions of sections 64B to 64M of the Act.

The CTBV is then equal to GBP - 36.66m at 31 March 1989.

Suppose that the spot rates for the conversion of GBP to NZD were:

.3300 GBP to 1 NZD on 1 October 1988 and .3345 GBP to 1 NZD on 1 February 1989 and .3350 GBP to 1 NZD on 31 March 1989.

The income or expenditure of the corporate borrower for the year ended 31 March 1989 in respect of this financial arrangement is given by:

\[ a + b - c - d, \] where

\[ a \] is the CTBV in NZD = -36.66m / .3350 = NZD -109,432,836
\[ b \] is the sum of all consideration given to the person during the financial year i.e. the amount drawn down. In NZD this is equal to 36m / .3300 = NZD 109,090,909.
\[ c \] is the value of the opening tax book value and has nil value.
The income or expenditure is then NZD - 4,288,155. For the corporate borrower this negative amount is expenditure incurred in this income year.

At the corporate’s second balance date—31 March 1990.
The CTBV is equal to e + f - g - h - i. Where:

- e is GBP -36.66m the CTBV of the previous year.
- f is GBP 3.96m the interest payments paid on 1 August 1989 and 1 February 1990.
- g is nil.
- h is nil.
- i is GBP 3.96m the base currency expenditure of the corporate borrower.

The CTBV is then equal to GBP -36.66m at 31 March 1990.

Suppose that during the year the relevant spot rates for the conversion of GBP to NZD were:

- .3340 GBP to 1 NZD on 1 August 1989 and 1 February 1990.
- .3310 GBP to 1 NZD on 1 February 1990.
- .3280 GBP to 1 NZD on 31 March 1990.

The income or expenditure of the corporate borrower for the year ended 31 March 1990 in respect of this financial arrangement is given by:

\[ a + b - c - d, \]

where

\[ a = -36.66 \text{m} / .3280 = \text{NZD} - 111,768,292 \]

b is nil.

c is NZD - 109,432,836

d is 1.98m / .3340 + 1.98m / .3310 = NZD 11,910,017

The income or expenditure of the corporate borrower is then NZD -14,245,473. This negative amount is expenditure incurred in this income year.

On 1 June 1990 the corporate borrower decides to switch out of GBP and borrow more USD. For the purposes of calculating the corporation’s income or expenditure the GBP tranche is deemed to be repaid and is subject to the Base Price Adjustment in this income year. The spot rate GBP to NZD was .3200 on the date of repayment.

The Base Price Adjustment is given in section 64f of the Act. It calculates an amount by application of the formula:

\[ a - (b + c), \]

where

- a is all consideration that has been paid by the corporate borrower. This is the interest payments made plus the deemed principle repayment amount.
- b is the acquisition price of the facility. This is equal to the amount of GBP drawn down i.e. 36m / .3300 = NZD 109,090,909
- c is the amounts of expenditure incurred less the amounts of income derived as calculated under section 64c. The expenditure calculated for the previous two years of the loan facility were:

For the year ended 31 March 1989

- 4,288,115

- 14,245,473

The total expenditure therefore is NZD 18,533,588

In this case there is no income to the corporate borrower.

The Base Price Adjustment is therefore:

\[ 128,356,205 + (109,090,909 + 18,533,588) = NZD 731,708 \]

This positive amount is deemed to be expenditure incurred by the issuer in this income year in accordance with Section 64f (4) (b) of the Act.

This determination is signed by me on the 4th day of December in the year 1989.

R. D. ADAIR, Deputy Commissioner of Inland Revenue.

Determinations

**Determination G19: Exchange Traded Option Contracts**

This determination may be cited as “Determination G19: Exchange Traded Option Contracts”

1. **Explanation** (which does not form part of the determination)—

   (1) This determination is available for persons unable to use section 64c (4).

   (2) An option gives its owner the right, but not the obligation to buy or sell an underlying financial instrument, at a predetermined price at any time during a predetermined future period. For this right the owner of the option has to pay a premium, which is quoted on the exchange in points, to the seller/writer of the option. The owner of the option has the right to exercise the option at any date during the term of the option. The person who has the rights to exercise the option is the grantee of the option while the writer of the option is the grantor.

   (3) **Markets, sources of information, and prices for an option contract are determined by reference to Determination G7B: New Zealand Futures and Options Markets, and Determination G18: International Futures and Option Markets.**

   (4) The income derived or expenditure incurred in relation to an option contract in an income year is the change in option value, taking account of transaction costs, as determined by the change in price of the option contract obtained in accordance with clause 6 (3) of Determination G7B: New Zealand Futures and Options Markets, and Determination G18: International Futures and Option Markets.

   (5) This determination only applies to options traded on markets approved in Determination G7B: New Zealand Futures and Options Markets, or Determination G18: International Futures and Option Markets. Options outside the accruals regime, for example options on shares, are outside the scope of this determination.

2. **Reference**—This determination is made pursuant to section 64e (1) (b) of the Income Tax Act 1976.

3. **Scope of Determination**—This determination shall apply where it is necessary to calculate the income deemed to be derived or expenditure deemed to be incurred by a person in respect of a call option contract or a put option contract, traded on approved markets, to which the person becomes a party after the day on which this determination is signed.

4. **Principle**—(1) An option that is exercised gives rise to a net gain or loss if the value at the exercise date of the underlying asset to which the option relates is different from the exercise price plus the premium. Similarly a net gain or loss will be made where a person closes out at a different price than that paid to acquire the option. A gain or loss will also be made where the option is allowed to lapse.
(2) The net gain or loss on an option at balance date is the difference between:

(a) The—

(i) Purchase price of the option plus transaction costs incurred in acquiring the option, if the option has been purchased since last balance date; or

(ii) Sale price of the option less transaction costs incurred in writing the option, in the case of the writer of the option, if the option has been written since last balance date; or

(iii) Net realisable value of the option as on the immediately preceding balance date, where the option contract had not been entered into in that income year; and

(b) The net realisable value of the option as at balance date.

5. Interpretation—(1) In this determination, unless the context otherwise requires,—

Expressions used have the same meanings as in the Act and where a word or expression is given a particular meaning for the purposes of sections 64A to 64M of the Act it shall have the same meaning as in the said sections 64A to 64M:

"The Act" means the Income Tax Act 1976:

"Approved markets" are those markets approved in Determination G7B: New Zealand Futures and Options Markets, and Determination G18: International Futures and Option Markets:

"Call options" are an option to buy the underlying financial instrument, which in the case of option contracts approved in Determination G7B: New Zealand Futures and Options Markets and Determination G18: International Futures and Option Markets, will be a futures contract:

"Exchange traded option contract" means an option contract traded on an approved market:

"Exercise price" means the price at which the option may be exercised on the underlying futures contract:

"Net realisable value" means the market value of the option, as ascertained in accordance with Determination G7B: New Zealand Futures and Options Markets, and Determination G18: International Futures and Option Markets, less the direct costs associated with closing out, exercising, or lapsing the option. In the case of the writer of the option the net realisable value may be a negative value:

"Put option" means an option to sell the underlying financial instrument, which in the case of option contracts approved in Determination G7B: New Zealand Futures and Options Markets, and Determination G18: International Futures and Option Markets, will be a futures contract:

"Transaction costs" are those direct costs incurred in the purchase or sale of the option including, but not limited to, brokers fees and clearing house fees.

(2) Any reference in this determination to another determination made by the Commissioner shall be construed as referring to any fresh determination made by the Commissioner to vary, rescind or extend that determination.

6. Method—(1) The income derived or expenditure incurred in respect of an exchange traded option contract in any income year (other than an income year to which section 64F of the Act applies) is calculated using the following formula:

\[ a - b \]

where—

\[ a \]

(i) In the case of the grantee of the option, the purchase price of the option, plus transaction costs incurred in entering into the option contract, if the option has been acquired in that income year; or

(ii) In the case of the grantor of the option, the sale price of the option, less transaction costs incurred in entering into the option contract, if the option was written in that income year, which amount shall be deemed to be a negative value; or

(iii) The net realisable value of the option as on the immediately preceding balance date, if the option contract had not been entered into in that income year; and

\[ b \]

is the net realisable value of the option as at balance date.

(2) Where the amount calculated using the above formula is a positive amount it shall be deemed to be expenditure incurred in that income year.

(3) Where the amount calculated using the above formula is a negative amount it shall be deemed to be income derived in that income year.

7. Examples—

EXAMPLE A:

On 10 July 1989, a taxpayer believes that there will be a rise in interest rates. The taxpayer is not completely certain that this will happen so the taxpayer decides to purchase put options, so as to limit the risk.

On that date the futures price for a September 1989 90 Day Bank Bill Contract is 8700.

The taxpayer purchases five put options on 90 Day Bank Bill Option Contracts with a strike price of 8700. The option premiums for the five contracts total $2,024.75 (11.57 [$ value per point] x 35 [premium in points] = 404.95 [ premium value per contract] x 5 [no. of contracts]).

Commission and Clearing House fees for the five contracts total $200.

The taxpayer has a 31 July balance date. On that date the price of a 90 Day Bank Accepted Bill Futures Contract has fallen, reflecting a rise in interest rates, to 8625.

The value of the five September 8700 put options has risen to $4,628.00, reflecting a 45 point gain in the value of the put options. Transaction costs of closing out the contracts at the present value are $230.

Income or expenditure is calculated as follows:

Using \[ a - b \]

\[ a = 2,224.75 \] 2,024.75 + 200)

\[ b = 4,398.00 \] (4,628.00 - 230)

Therefore:

\[ 2,224.75 - 4,398.00 \]

\[ -2,173.25 \] which is deemed to be income derived in the 1989 income year.

EXAMPLE B:

On 24 January 1990 a taxpayer believes there will be a drop in interest rates. The taxpayer decides to write put options over 12 Five Year Government Stock Futures Contracts, which were trading at 8750, at an exercise price of 8775.

The option premiums for the 12 contracts total $12,531.60 (34.81 [$ value per point] x 35 [premium in points] = $1,044.30 [ premium value per contract] x 12 [no. of contracts]).

Commission and Clearing House fees for the 12 contracts total $430.

The taxpayer has a 28 February balance date. At the close of trading on that day Five Year Government Stock Futures Contracts are trading at 8700, reflecting a rise in interest rates.

The value of the twelve March 1990 8775 put options has risen to $30,911.28 reflecting a 44 point loss in the value of the written put options. Transaction costs, if the contracts were closed out, are $420.
Income or expenditure is calculated as follows:

Using \( a - b \)

\[
a = -12,101.60 \quad (12,531.60 - 430 = 12,101.60 \text{ deemed a negative}) \\
b = -31,331.28 \quad (-30,911.28 \text{ [this is a negative because it is a liability to the writer in this case]} - 420)
\]

Therefore:

\[
-12,101.60 - (-31,331.28) = 19,229.68 \text{ which is deemed to be expenditure incurred in the 1990 income year.}
\]

EXAMPLE C:

On 22 May 1989 a taxpayer believes that the Barclays Share Index will increase in value over the next few months. The taxpayer decides to purchase 6 call options on September 1989 Barclays Share Index Futures Contracts, which were trading at 1930, at an exercise price of 1950.

The option premiums for the 6 contracts total $12,600.00 (20 [$ value per point] \times 10 [$ premium value per contract] = $2,100.00 [premium value per contract] \times 6 [no. of contracts]).

Commission and Clearing House fees for the 6 contracts total $210.

The taxpayer has a 30 June balance date. At the close of trading on that day Barclays Share Index Option Contracts are trading at 1850, reflecting a drop in share values.

The value of the six September 1989 1950 call options has fallen to $6,240.00 reflecting a drop in the premium value to $52.00 points. Transaction costs, if the contracts were closed out, are $210.

Income or expenditure is calculated as follows:

Using \( a - b \)

\[
a = -12,810.00 \quad (12,600.00 + 210) \\
b = -6,030.00 \quad (6,240.00 - 210)
\]

Therefore:

\[
12,810.00 - 6,030.00 = 6,780.00 \text{ which is deemed to be expenditure incurred in the 1989 income year.}
\]

EXAMPLE D:

On 20 December 1989 a taxpayer believes that the New Zealand Dollar is going to fall in value. The taxpayer writes 10 call options over March 1990 New Zealand Dollar Futures Contracts, which are trading at 5600, at an exercise price of 5650.

The option premiums for the 10 contracts total $14,300.00 (10 [$ value per point] \times 143 [$ premium value in points] = $1,430.00 [premium value per contract] \times 10 [no. of contracts]).

Commission and Clearing House fees for the 10 contracts total $400.

The taxpayer has a 31 December balance date. At the close of trading on the 29th December (last day of trading before balance date) New Zealand Dollar Futures Contracts are trading at 5550, reflecting a drop in the New Zealand Dollar.

The value of the ten March 1990 5650 call options has fallen to $11,000.00 reflecting a drop in the point value of $110.00. This is a gain in the value of the written call options. Transaction costs, if the contracts were to be closed out, are $400.

Income or expenditure is calculated as follows:

Using \( a - b \)

\[
a = -13,900.00 \quad (14,300.00 - 400 = 13,900.00 \text{ deemed a negative}) \\
b = -11,400.00 \quad (-11,000.00 - 400 = -11,400.00) \text{ [The $11,000 is a negative because it is a liability to the writer in this case]}
\]

Therefore:

\[
-13,900.00 - (-11,400.00) = -2,500.00 \text{ which is deemed to be income derived in the 1990 income year.}
\]

Note: In the income year in which the option is closed out, lapse or is exercised a base price adjustment, in terms of section 64f, is required instead of the above calculation.

This determination is signed by me on the 4th day of December in the year 1989.

R. D. ADAIR, Deputy Commissioner of Inland Revenue.

Determination G7B: New Zealand Futures and Options Markets

This determination may be cited as “Determination G7B: New Zealand Futures and Options Markets”.

1. Explanation (which does not form part of the determination).

(1) This determination rescinds and replaces Determination G7A: Futures Market, made by the Commissioner on 11 May 1989. This determination differs from Determination G7A by the addition of option contracts to the scope of the determination, and in the list of approved markets.

(2) This determination applies where, for the purpose of calculating the income or expenditure of a person in respect of a futures or option contract, it is necessary to determine the price of that contract.

(3) This determination sets out the approved markets, sources of information, and method, used for determining the prices for futures and options contracts traded on the New Zealand Futures Exchange.

2. Reference—(1) This determination is made pursuant to section 64f (1) of the Income Tax Act 1976.

(2) This determination rescinds and replaces Determination G7A: Futures Market, made on 11 May 1989.

3. Scope of Determination—This determination applies where, for the purpose of calculating the income or expenditure of a person in respect of a futures or option contract, it is necessary to determine the price of that contract.

4. Principle—(1) Markets are approved having regard to the following criteria—

(a) The number of participants in the market or having access to the market;

(b) Frequency of trading in the market;

(c) The nature of trading in the market—how the rate is determined and how the financial assets are traded on the market;

(d) The potential or demonstrated capacity of a person or group of persons to significantly influence the market;

(e) Significant barriers to entry;

(f) Discrimination on the basis of quantity bought and sold unless based on the risks involved or the transaction costs or economies of scale.

(2) Sources of information are approved having regard to the following criteria—

(a) Reliance on the sources of information by the market;

(b) The accessibility of the sources of information by participants in the market.

(3) A method of obtaining a price for a futures or option contract is approved if it is determined by an independent source and is adopted by participants in the market.
5. Interpretation—In this determination, unless the context otherwise requires—

Expressions used, except the expression “income year”, have the same meanings as in the Act, and where a word or expression is given a particular meaning for the purposes of sections 64B to 64M of the Act, it shall have the same meaning as in the said sections 64B to 64M:


“Futures contract” means a futures contract traded on the New Zealand futures and options market;

“Income year” means—

(a) Where a taxpayer furnishes a return of income under section 15 of the Income Tax Act 1976 for an accounting year ending with an annual balance date other than the 31st day of March, the period commencing on the date after the end of the immediately preceding accounting year and ending on that balance date;

(b) In respect of the income of any other person, the year in which that income has been derived by that person.

“New Zealand futures and options market” means the market in futures and options contracts administered by the New Zealand Futures Exchange Limited.

“Options contract” means an option contract traded on the New Zealand futures and options market.

5. Method—(1) Determination G7A: Futures Market is hereby rescinded with effect from the day on which this determination is signed.

(2) The New Zealand futures and options markets in the following contracts are approved:

- Barclays Share Price Index Futures Contract
- Barclays Share Price Index Option Contract
- Five Year Government Stock Futures Contract
- Five Year Government Stock Option Contract
- New Zealand Dollar Futures Contract
- New Zealand Dollar Option Contract
- Three Year Government Stock Futures Contract
- Three Year Government Stock Option Contract
- United States Dollar Futures Contract
- 90 Day Bank Accepted Bill Futures Contract
- 90 Day Bank Accepted Bill Option Contract.

(3) (a) The following source of information is approved for Trading Members of the New Zealand Futures Exchange and Clearing Members of International Commodities Clearing House Limited:

The Statement of Open Position compiled by the International Commodities Clearing House Limited.

(b) The following source of information is approved for persons other than Trading Members of the New Zealand Futures Exchange of Clearing Members of the International Commodities Clearing House:

Advice as to the price for a future or option contract given to that person by Trading Member of the New Zealand Futures Exchange or Clearing Member of the International Commodities Clearing House which price shall be obtained from a source approved in clause 6 (3) (a) of this determination.

(4) Where, for the purpose of determining the income or expenditure of a person in respect of a financial arrangement, it is necessary to determine the price for a futures contract or an option contract as at the end of an income year, the price for the futures contract or the option contract shall be the market price for that contract, at the close of trading on the last permitted day for trading in the income year, as determined by the International Commodities Clearing House on that day.

7. Example—The following schedules to this determination provide examples of advice as to the market price of futures and option contracts provided by the International Commodities Clearing House.
# OPEN POSITION STATEMENT

**DATE:** 14/07/87

**MARKET:** N.Z. FUTURES EXCHANGE LIMITED

**ACCOUNT No.:** 2001

**LOT SIZE & CONTRACT:** NZ$500,000 FACE VALUE

**PRICE/RATE:** INDEXED YIELD PER ANNUM

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<th>TRADE DATE</th>
<th>PRICE</th>
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This statement lists all contracts and/or options held open by us on your account on the market indicated as at the close of business on the date hereon. The market price is the quotation for the appropriate months/fixing on the date hereon.

*Subject to the Correction of Errors and Omissions.*

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**INTERNATIONAL COMMODITIES CLEARING HOUSE LIMITED**

**(INCORPORATED IN ENGLAND)**

**STATEMENT OF OPEN POSITION**

**MARKET:** N.Z. FUTURES EXCHANGE LIMITED

**CONTRACT:** 90 DAY BANK ACCEPTED BILL

**REGISTRATION BRANCH:** NEW ZEALAND

---

**NEW ZEALAND TRADING MEMBER**

103 SYMONDS STREET

AUCKLAND

**I.C.C.II SERVICE BRANCH:** NEW ZEALAND

**NO.:** 8880 **PAGE:** 1 **DATE:** 14/07/87

**"S" INDICATES AN OPENING STRADDLE CONTRACT**

**"E" INDICATES AN INDEXED YIELD PER ANNUM**

**MARKET PRICE:** INDEXED YIELD PER ANNUM

**EACH LOT OF:** NZ$500,000 FACE VALUE

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**DATE OF TRADE**

<table>
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<tr>
<th>LOTS</th>
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<tbody>
<tr>
<td>10/07/87</td>
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<td>14/07/87</td>
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**OVERALL MARGIN:** 16955.09 CR
# OPEN POSITION STATEMENT

**Forex Trading Account**

**Account No.** 2002

**Market**

- N.Z. Futures Exchange Limited

**Lot Size & Contract**

- HIS Value of 20 X Index

**Price/Rate**

- Share Price Index

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<th>TRADE TYPE</th>
<th>DATE OF TRADE</th>
<th>PRICE</th>
<th>MARGIN NUMBER</th>
<th>PREMIUM RATE</th>
<th>DECLARATION DATE</th>
<th>DEPOSIT</th>
<th>MARKET PRICE</th>
<th>MARGIN</th>
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<td>CALL OPTION</td>
<td>12/10/89</td>
<td>1800</td>
<td>530</td>
<td>28/12/89</td>
<td>535</td>
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<td>PUT OPTION</td>
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**This statement lists all contracts and/or options held open by us on your account on the market indicated as at the close of business on the date hereon. The market price is the quotation for the appropriate month(s) fixed on the date hereon.**
Schedules 1 and 2:

The futures portfolio of a Merchant Bank on the 14th July 1987 was 42 open 90 day Bank Accepted Bill contracts. The contracts were bought at various times over the year and related to various delivery times. The portfolio consisted of 37 buy contracts and 5 sell contracts. The market price of those contracts on 14th July 1987 is as given in the following excerpts from the International Commodities Clearing House statements.

The market price at 14th July 1987 of the buy contracts is $83.77 and the market price of the sell contract is $84.00.

Schedules 3 and 4:

The options portfolio of Merchant Bank on 12 October 1989 was 2 open Barclays Share Index bought call options, 2 open Barclays Share Index sold (ie written) call options, 2 open Barclays Share Index bought put options and 2 open Barclays Share Index sold put options.

The market price at 12 October 1989 for December 1989 1800 series call options was $535 and for December 1989 1850 put options the market price was $1.

This determination is signed by me on the 4th day of December in the year 1989.

R. D. ADAIR, Deputy Commissioner of Inland Revenue.

Transport Act 1962

The Transport (Driver Logbooks Exemption) Notice 1989

Pursuant to section 70c (10) of the Transport Act 1962, the Secretary for Transport hereby gives the following notice.

Notice

1. Title and commencement—(1) This notice may be cited as the Transport (Driver Logbooks Exemption) Notice 1989.

(2) This notice shall come into force on the day after the date of notification in the Gazette.

2. Interpretation—In this notice, unless the context otherwise requires, "the Act" means the Transport Act 1962.

3. Exemption from driver logbook requirements—The vehicles and classes of vehicles specified in Part A of the Schedule to this notice, and the services specified in Part B of that Schedule, are hereby declared to be exempt from the provisions of subsections (1) to (9) of section 70c of the Act.

Schedule

PART A

Vehicles and Classes of Vehicles Declared to be Exempt from Section 70c of Act

1. Every vehicle (other than a passenger service vehicle) owned and operated by a territorial authority, a telecommunication authority, an electrical supply authority, or
an energy supply authority, and driven by an employee for
whom driving is secondary to their principal employment.
2. Every harvesting machine travelling between harvesting
sites a distance not exceeding 10 kilometres.
3. Every vehicle owned by the owner or manager of a farm and
used in an agricultural operation related directly to the
management of that farm within a 50 kilometre distance of
that farm; including a vehicle used on a road to transport farm
products, farm implements, stock, or farm requisites of any
kind within such a distance.
4. Every vehicle driven for the purpose of obtaining a warrant
of fitness, a certificate of fitness, or a permit under section 79
(3) of the Act, if the vehicle is being driven to the nearest place
at which such a warrant or certificate or permit is obtainable;
and every vehicle driven from that place to the driver's usual
place of residence, whether or not such a warrant or certificate
or permit has been obtained.
5. Every goods service vehicle that has 2 axles and is towing a
trailer having more than 1 axle, where, on journeys not
exceeding 100 kilometres, the total combined gross laden
weight of the vehicle and trailer does not exceed 3,500
kilograms.
6. Every logstacker, forklift, and straddle carrier used
exclusively in off-road areas to which the public does not have
access as of right.
7. Every aircraft refuelling vehicle operating within a 3
kilometre radius of the control tower of the international
airport at Auckland or Wellington or Christchurch.
8. Every vehicle operated by any person recognised by the
Secretary for Transport as a person who suffers from a
medical condition that results in a physical inability to keep
logbooks.
9. Every vehicle operated by any person recognised by the
Secretary for Transport as a person whose principal
employment does not involve the driving of vehicles to which
section 79s of the Act applies, and which is used within a 50
kilometre radius of that person's principal place of work, and
where adequate records of the hours of work of each person
using that vehicle are kept and are available for inspection by
any enforcement officer.

Services Declared to be Exempt from Section 70c of the Act
1. Every service engaged solely in the manufacture,
mechanical repair, road testing, sales, servicing,
demonstration, or delivery of new or used vehicles within a 15
kilometre radius of the service organisation's workshop.
2. Every transport service operated in Chatham Island or
Great Barrier Island or Stewart Island.

Signed at Wellington this 19th day of December 1989.
MARGARET BAZLEY, Secretary for Transport.

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PUBLISHED BY AUTHORITY OF DEPARTMENT OF INTERNAL AFFAIRS.
V. R. WARD, GOVERNMENT PRINTER, WELLINGTON, NEW ZEALAND—1989

ISSN 0111-5650
Price $3 (incl. GST)
12381J—89A