(a) where it is a positive amount be deemed to be expenditure incurred by the holder and income derived by the issuer in the income year;

(b) where it is a negative amount be deemed to be income derived by the holder and expenditure incurred by the issuer in the income year.

(4) Where—

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

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

the Exchange Rate for the purposes of the calculation shall be in accordance with Determination G6D.

(5) Determination G2: Requirements as to Precision shall apply to the calculation of income and expenditure under this determination.

(6) The amount of income or expenditure incurred by A under the Base Currency Loan agreement shall be calculated in accordance with the following formula:

$c - f$

Where:

c = the value in NZD of the amount of the principal borrowed allocated to the month of payment as at the month of payment.

f = the value in NZD as at the month of payment of the amount of consideration paid by A;

The principal borrowed is allocated to any month of payment by determining the amount of commodity to be delivered in any month as a percentage of the total commodity to be delivered, and applying that percentage to the total principal borrowed.

(7) The price at which the commodity is transferred pursuant to the Forward Commodity Purchase agreement, shall include an amount deemed to be income derived or expenditure incurred by the issuer or the holder. The amount of any income or expenditure recognised in any year in respect of the Forward Commodity Purchase agreement, shall be allocated to each month in that year in respect to which the commodity has been delivered, in the same proportion as the value of the commodity delivered in that month expressed in the base currency bears to the value of the commodity delivered in that year expressed in the base currency. Where the value of the commodity delivered in that month expressed in the Base Currency (being the amount allocated above together with the proportion of the purchase price paid under that agreement referrable to that month), exceeds that proportion of the purchase price, an amount of assessable income shall be deemed to have arisen under section 64B to 64M for the purposes of section 64L (2) for the issuer and an amount of expenditure incurred shall be deemed to have arisen under section 64B to 64M for the purposes of section 64L (2) for the holder. Where the value of commodity delivered in that month expressed in the Base Currency is less than the purchase price paid under the agreement attributable to that month, an amount of expenditure incurred shall be deemed to have arisen under section 64B to 64M for the purposes of section 64L (2) for the issuer, and an amount of assessable income shall be deemed to have arisen under section 64B to 64M for the purposes of section 64L (2) for the holder.

(8) Where any repayments under the Base Currency Loan would be unable to be made as a result of delays in A receiving amounts payable under the Commodity Price Swap agreement, any loan to A expressed in the Base Currency on a fully fluctuating basis for the purpose of meeting the loan repayments under the Base Currency Loan will be a financial arrangement and subject, as far as possible, to the provisions of subclause 6(9) hereof.

(9) The Commodity Price Swap agreement shall be treated as consisting of two notional arrangements as follows:

(i) the obligation of A to pay in each of 36 months an amount equal to and calculated by reference to the market price for the commodity in each of those months shall be treated as a notional sale of the commodity to A at market value for that month. Because the commodity to be delivered in any month and the amount to be received in respect of it is in both cases the market value, there is no income or expenditure to be recognised under this notional financial arrangement, other than in respect of income or expenditure to be recognised as the result of any delay in payment of any amounts owing under this financial arrangement expressed in a currency other than NZD, in respect of which the provisions of this clause shall as far as possible apply.

(ii) The right of A to receive under the Commodity Price Swap agreement a sum of money in each of 36 months calculated by reference a fixed price, itself calculated by reference to the base quantities and the prevailing market price of the commodity (in the month in which the Commodity Price Swap agreement was entered into), shall be treated as a notional financial arrangement under which A on-sells the base quantities of commodity to be delivered during that month by B to A to the other party to the Commodity Price Swap agreement. The income or expenditure arising under this financial arrangement to A shall be calculated in accordance with the following formula:

$a + b + c - d - e - f$

where:

a = the future consideration payable in respect of the financial arrangement as at the beginning of the year, converted into NZD as at the beginning of the year;

b = the future consideration receivable in respect of the financial arrangement as at the end of the year, converted into NZD as at the end of the year;

c = consideration received in respect of the financial arrangement in the year, converted into NZD as at the date of the receipt;

d = the future consideration receivable in respect of the financial arrangement as at the beginning of the year, converted into NZD as at the beginning of the year;

e = the future consideration payable in respect of the financial arrangement as at the end of the year, converted into NZD as at the end of the year;

f = the consideration paid in respect of the financial arrangement in the year, converted into NZD as at the date of payment;

excepting that at the end of any year where a right to receive a sum of money has arisen and that money has not yet been paid, then for the purposes of calculating the value of any rights and obligations or of any consideration given, that value shall be ascertained at the time at which the right or obligation to payment arose. In such circumstances the delay in payment shall be regarded as a further financial arrangement and treated in accordance with this clause.

7. *Example*—The scheduled delivery quantities and timing of such deliveries under the Forward Commodity Purchase agreement is as follows:

1 January 1993	1,000 units
1 July 1993	750 units
1 January 1994	500 units
1 July 1994	250 units
	2,500 units

This schedule is also used to determine the notional delivery quantities and times under the Commodity Price Swap agreement.