

(e) **Cash**

For the purposes of the statements of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts.

(f) **Receivables**

Bills of exchange and promissory notes which are mainly held to hedge interest exposures and for liquidity purposes are recorded at cost. Discount income is brought to account on an accrual basis. Changes in market values of these securities are not taken into account, unless there is considered to be permanent diminution in value, because of the short periods to maturity for these securities. Profits and losses on sales of these securities are included in profit or loss when realised.

Loans are recorded at cost, net of any specific provisions.

(g) **Investments**

Securities held for investment purposes are recorded at cost or at cost adjusted for premium or discount amortisation. Securities held for trading purposes are marked to market. Profits and losses on sales of securities held for investment hedging purposes are deferred and amortised over the life of the underlying funding. Profits and losses on sales of securities held for trading purposes are included in profit or loss when realised.

The values of non-current investments, after specific provisions for loss, do not

exceed their recoverable amounts, and having regard to the assets' values to the Corporation as a going concern, do not exceed the amounts that it would have been reasonable for the Corporation to spend to acquire the assets at the end of the financial year. For this purpose, recoverable amount is determined without using discounted cash flows.

Substitution of investment securities

The Corporation has entered into a cashflow matching arrangement that provides for substitution of assets under certain circumstances, primarily to re-balance the portfolio for structural risk management purposes or to take advantage of pricing arbitrage between securities. These securities are held for investment purposes. Profits on substitution of assets within the cashflow matching portfolio are included in profit and loss when realised.

Change in accounting policy

A change in accounting policy for investments has occurred during the financial year. Under the new accounting policy, investments in ordinary shares have been classified as current assets on the basis that the directors intend to dispose of them within the ensuing financial year. Further, these investments have been valued at fair values by the directors at 30 June 1998.

Previously, investments in ordinary shares and unit trusts were classified as current assets where disposal within the next accounting period is likely. Further,

the valuation policy dictated that unless disposal was assured beyond reasonable doubt, these assets were recorded at the lower of cost or recoverable amount, where recoverable amount was determined without using discounted cash flows. Where disposal was assured beyond reasonable doubt, these assets were revalued to net market value at balance date.

In addition, it was the Corporation's policy not to bring surpluses arising from independent valuation of non-current assets to account.

In accordance with the new accounting policy, all investments in ordinary shares have been classified as current assets in the financial statements of the Corporation and the Group, on the basis that it is the directors' intention to dispose of these assets during the 1998/99 financial year. Further, these investments have been revalued at 30 June 1998, resulting in a credit to the asset revaluation reserve of \$70.2 million for the Corporation and \$25.6 million for the Group. This revaluation would not have occurred under the prior year's accounting policy.

Vested investments

A number of investments previously held by AIDC Ltd or its subsidiaries were vested in the Corporation for nominal amounts prior to the sale of AIDC Ltd. These investments are held for sale and have been recorded at their fair values at the date of vesting. The difference between fair values and nominal amounts

of \$56.7 million has been credited to the profit and loss of the Corporation and \$0.4 million to the Group. Subsequent revaluations have been credited to the asset revaluation reserve.

(h) Provisions for Loss

The current performance and future expectations of all loans and other investments are reviewed regularly. At balance date, where the existing book value of a loan or investment exceeded its recoverable value or market value a specific provision for loss, to reduce the book value to the recoverable amount, has been included in the profit and loss account.

The Corporation does not carry a General Provision for Loss. This is consistent with contemporary accounting concepts and with the specific provisioning policy of the Corporation whereby all loans and investments in the Corporation's portfolio are regularly reviewed and a specific provision is recognised immediately as is necessary.

(i) Other Non-Current assets

Expenditure carried forward

Significant items of carry forward expenditure having a benefit or relationship to more than one period are written off over the periods to which such expenditure relates.

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**NOTES TO AND FORMING
PART OF THE ACCOUNTS**

**NOTES TO
PART OF**

	CONSOLIDATED		CORPORATION	
	1998	1997	1998	1997
	\$000	\$000	\$000	\$000
8 OTHER CURRENT ASSETS				
Prepaid, Commission, Discount and other Borrowing Expenses	-	2,058	-	2,058
Prepayments and Other Assets	-	2,833	-	-
Base Metal Stocks	-	4,804	-	-
	-	9,695	-	2,058

9 RECEIVABLES (NON-CURRENT)

Loans to Associated Companies	-	50,620	-	-
Less Provisions for Loss (Note 10)	-	(21,832)	-	-
	-	28,788	-	-
Loans to Customers	-	973,069	-	-
Loans to Controlled Entity	-	-	-	2,251,079
Promissory Notes	-	540,212	-	-
Swap Receivable	330,372	-	330,372	-
Receivable for Retail Deposits	48,039	-	48,039	-
	378,411	1,542,069	378,411	2,251,079

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**NOTES TO AND FORMING
PART OF THE ACCOUNTS**

**NOTES
PART**

CONSOLIDATED		CORPORATION	
1998	1997	1998	1997
\$000	\$000	\$000	\$000

11 INVESTMENTS (NON-CURRENT)

Associated Companies – at cost (Note 26)

Unlisted Ordinary Shares	–	20,914	–	–
Less Provision for Loss (Note 12)	–	(7,396)	–	–
	–	13,518	–	–
Unlisted Preference Shares	–	2,000	–	–
Less Provision for Loss (Note 12)	–	(2,000)	–	–

Total Associated Companies

	–	13,518	–	–
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Unlisted Ordinary Shares – at cost

Less Provision for Loss (Note 12)	–	(6,365)	–	–
	–	4,367	–	–

Unit Trusts – at cost

Less Provision for Loss (Note 12)	–	(5,512)	–	–
	–	1,971	–	–

Government and Semi-Government

Bonds (Note 1(g))	1,842,025	456,251	1,842,025	–
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Corporate Bonds – at cost

	–	42,000	–	–
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Other Investments

	–	6,469	–	–
	1,842,025	524,576	1,842,025	–

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CONSOLIDATED		CORPORATION	
1998	1997	1998	1997
\$000	\$000	\$000	\$000

34 SCHEDULE OF MATURITY OF ESTIMATED AMOUNTS PAYABLE TO AND BY THE CORPORATION

Due to the Group and Corporation

Within 1 year	421,299	1,394,771	402,228	950,673
After 1 and up to 2 years	38,636	72,863	38,636	473,600
After 2 and up to 5 years	218,507	478,944	218,507	531,101
Later than 5 years	121,268	1,012,094	121,268	1,246,378
	799,710	2,958,672	780,639	3,201,752

Due by the Group and Corporation

Within 1 year	643,281	1,113,081	645,685	998,833
After 1 and up to 2 years	321,457	473,600	321,457	473,600
After 2 and up to 5 years	478,581	531,300	478,581	531,101
Later than 5 years	1,420,398	1,294,756	1,420,398	1,246,398
	2,863,717	3,412,737	2,866,121	3,249,932

A significant portion of the difference between amounts payable to and by the Group and Corporation is represented by Government and Semi-Government Bonds, which are disclosed as Investments (Note 1(g), Note 7 and Note 11). At 30 June 1998 Government and Semi-Government Bonds amounted to \$2,083,025,000 for both the Corporation and the Group (1997: Nil for the Corporation and \$500,053,000 for the Group)

35 DIRECTORS' REMUNERATION

Remuneration of Directors	1,250	1,003	1,250	1,003
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The number of directors whose remuneration fell within the following bands was:

	1998		1997	
	\$000	\$000	Number	Number
0 - 10	0	10	3	4
10 - 20	10	20	2	-
40 - 50	40	50	-	1
50 - 60	50	60	1	-
950 - 960	950	960	-	1
1,160 - 1,170	1,160	1,170	1	-