



Australia and New Zealand Banking Group Limited

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**Financial Statements  
and Statutory Information – 1988**



## Directors' Report

The following information is provided in conformity with Section 270 of the Companies (Victoria) Code.

### Directors

The Board includes two directors with executive responsibilities within ANZ Group who have extensive banking experience. The thirteen non-executive directors have a diversity of community and business experience.

Set out on pages 30 and 31 of the Annual Report are statements which provide particulars of the qualifications, broad experience and special responsibilities of each director.

### Activities

The principal activities of the companies in the Group during the year were general trading and savings banking, hire purchase and general finance, life insurance, property development, mortgage and instalment lending, leasing, international and investment banking, investment and portfolio management and advisory services, nominee and custodian services, travel services, stockbroking, and executor and trustee services.

At 30 September 1988 the Company and its subsidiaries had 1,735 points of representation.

### Profit

Consolidated operating profit after tax for the year excluding extraordinary items was \$505.4 million. Consolidated operating profit after tax and extraordinary items was \$628.9 million. More details are contained in the Chairman's report on pages 8 to 13 of the Annual Report.

### Dividends

The directors propose payment of a fully franked final dividend of 22 cents per share, amounting to \$157.7 million to be declared on 16 January 1989 and to be paid on 10 February 1989.

In addition the directors propose payment of a special fully franked dividend of 26 cents per share on fully paid shares (13 cents on partly paid shares) on 21 April 1989. This dividend will be provided for when it is declared by the directors during the 1989 financial year.

Since the end of the previous year a final dividend of 11 cents per share, amounting to \$77.0 million was paid on 28 January 1988 and an interim dividend of 12.5 cents per share amounting to \$88.7 million was paid on 1 July 1988 both fully franked.

The final dividend paid on 28 January 1988 was detailed in the directors' report dated 30 November 1987. Neither the interim dividend paid on 1 July 1988 nor the current proposed dividend have been mentioned in previous directors' reports.

### Review of operations

A review of the operations of the Group during the financial year and the results of those operations is contained in the Chairman's report and the Group Chief Executive's report on pages 8 to 27 of the Annual Report.

### State of affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in the Chairman's report, the Group Chief Executive's report or in the Group accounts.

### Events since the end of the financial year

No item, transaction or event of a material and unusual nature has arisen between 30 September 1988 and the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

### Future developments

Likely developments in the operations of the Group in subsequent financial years are contained in the Chairman's report, and the Group Chief Executive's report on pages 8 to 27 of the Annual Report.

In the opinion of the directors disclosure of any further information would be prejudicial to the Group's interests.

### Shareholdings

The directors' shareholding interests, beneficial and non-beneficial, in the share capital of the Company are detailed on page 31.

The directors are not aware of any single beneficial interest of ten per cent or more in the share capital of the Company.

### Directors' interests in contracts

Since 1 January 1984 no director has declared any interest in a contract or proposed contract with the Company in accordance with Section 228(1) of the Companies (Victoria) Code. The following Directors have declared pursuant to Section 228 (4) of the Code that they are to be regarded as interested in any contract that may be made with the Company by virtue of their directorships or memberships of the companies and organisations listed:—

#### Sir William Vines

Amalgamated Television Services Limited  
Australia and New Zealand Banking Group Limited (Group)  
Dalgety Australia Holdings Limited (Group)  
Dalgety Farmers Limited  
Vines Holdings Pty. Limited

#### Mr. W. J. Bailey

Australia and New Zealand Banking Group Limited (Group)  
Dalgety Farmers Limited  
Enterprise Australia Limited  
Institute of Public Affairs Limited  
The Australian Opera

#### Mr. M. D. Bridgland

Australia and New Zealand Banking Group Limited (Group)  
Freeport McMoran Australia Limited  
ICI Australia Limited  
Jennings Industries Limited (Group)

#### Sir Roderick Carnegie

Australia and New Zealand Banking Group Limited (Group)  
Cats & Co. Pty. Ltd. (Group)  
Commonwealth Scientific & Industrial Research Organisation  
Hudson Conway Limited (Group)  
Kildrummie Pastoral Company Pty. Ltd.  
Kildrummie Pty. Ltd.  
Pacific Edge Holdings Pty Ltd  
Torch Computers Limited

#### Mr. J. C. Dahlsen

Australia and New Zealand Banking Group Limited (Group)  
Dahlsen Properties Pty. Limited  
Institute of Public Affairs Ltd  
J. C. Dahlsen (Acceptance) Pty Limited  
J. C. Dahlsen Pty. Limited (Group)  
J. C. Dahlsen (Investment) Pty. Limited  
Johndahl Nominees Pty. Ltd.  
KTD (Nominees) Pty. Limited  
Maleela Holdings Pty. Ltd.  
Melbourne Business School Ltd  
Nuco Pty. Ltd.  
O.V.S. Investment Corporation Limited  
Retail Shopping International (Australia) Pty. Ltd.  
Sandridge City Development Pty. Ltd.  
The Byvest Management Buyout Group  
The J. C. Dahlsen Property Trust  
The J. C. Dahlsen Trust Fund  
The Keith Dahlsen Family Trust Fund  
The Myer Investment Pty. Ltd. (Group)  
The Twenty-Fourth Tribute Pty. Ltd.  
Tricom Corporation Limited (Group)

#### Mr. D. C. L. Gibbs

Abberley Pty. Ltd.  
Australia and New Zealand Banking Group Limited (Group)  
BITA Management Pty Ltd  
C. T. Bowring Reinsurance Australia Pty. Ltd.



Djefah Pty. Ltd.  
Folkestone Ltd. (Group)  
Hollstone Properties Pty. Ltd.  
Jewls Pty. Ltd.  
John Swire & Sons Pty. Ltd.  
Longford Shopping Centre Pty. Ltd.  
Marsh & McLennan Pty. Ltd. (Group)  
Parbury Henty Holdings Ltd. (Group)  
Redfern Pty. Ltd.  
Toolang Pty. Ltd.  
Victoria State Opera Co. Ltd.

**Mr. J. B. Gough**

Ancor Limited  
Australia and New Zealand Banking Group Limited (Group)  
Belper Pty. Ltd.  
BHP Gold Mines Ltd.  
The Broken Hill Proprietary Co. Ltd.  
Byron Holdings Limited  
Exicom Limited  
General Motors Australia Advisory Council  
ICI Australia Limited  
Pacific Dunlop Limited  
The University of Melbourne Graduate School of Management  
Walter and Eliza Hall Institute of Medical Research

**Mr. C. J. Harper**

Australia and New Zealand Banking Group Limited (Group)  
Commonwealth Serum Laboratories  
Hyster Australia Pty. Ltd.  
IBM Australia Limited  
ICI Australia Limited - Dulux Advisory Board  
The Institute of Directors in Australia  
Institute of Public Affairs Limited  
Legal and General Assurance Holdings (Australia) Limited (Group)  
North Broken Hill Holdings Limited (Group)  
R. E. Ross Nominees Pty. Limited (Group)  
Vickers Holdings Limited (Group)  
Wiggins Teape Pty. Ltd.

**Mr. W. J. Holcroft**

Australia and New Zealand Banking Group Limited (Group)  
The Australian Wildlife Fund Limited  
Brick and Stone Holdings Limited  
Caltex Australia Limited  
Gelnethy Pty. Ltd.  
Gelnethy Pastoral Company  
Morrow Australia Limited  
Western Granites Limited  
The Commonwealth Industrial Gases Limited

**Professor Dame Leonie Kramer**

Australia and New Zealand Banking Group Limited (Group)  
Educational Standards Pty. Ltd.  
Western Mining Corporation Holdings Limited (Group)  
Electricity Commission of New South Wales

**Sir Laurence Muir**

Alcoa of Australia Limited  
Alcoa Superannuation Fund Pty. Ltd.  
Australia and New Zealand Banking Group Limited (Group)  
Elders Austral Chartering Ltd.  
General Motors Australia Advisory Council  
Gold Holdings of Australia Ltd.  
Hudson Conway Limited  
L'Air Liquide World Advisory Council  
Liquid Air Australia Limited  
National Commercial Union Limited  
Parliament House Construction Authority  
Templeton Global Growth Fund Ltd.  
University Paton Ltd.

**Mr. R. A. D. Nicolson**

Australia and New Zealand Banking Group Limited (Group)

**Mr. L. M. Papps**

Answer Services Holdings Limited  
Australia and New Zealand Banking Group Limited (Group)  
Asea Brown Boveri Ltd (Group)  
Atlas Copco (NZ) Limited  
Bonds (NZ) Limited

Ciba-Geigy New Zealand Limited  
Codelfa-Cogefax (NZ) Limited  
Codelfa Construction Limited  
Commercial Union General Insurance Co. Limited  
Crown Corporation Limited  
Elders Resources NZFP Ltd (Group)  
Lentheric Morny Cyclax Limited  
N.Z. Window Glass Limited  
P. C. Henderson (NZ) Limited  
Pilkington New Zealand Limited  
Rada Corporation Ltd. (Group)  
Standard Optical Company of Australasia Limited (Group)  
Steel and Tube Holdings Limited (Group)  
Walford Meadows New Zealand Limited  
Bell Gully Buddle Weir (Consultant)

**Dr. B. W. Scott**

Australia and New Zealand Banking Group Limited (Group)  
Imagineering Technology Ltd.  
James N. Kirby Foundation Limited  
Jon & Associates Pty. Ltd. (Group)  
Liquid Air Australia Limited  
Management Frontiers Pty. Ltd.  
Television Makers Pty. Ltd.  
Trade Development Council  
W. D. Scott International Development Consultants Pty. Ltd.

**Mr. R. B. Vaughan**

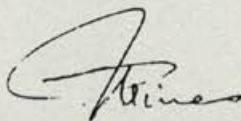
Australia and New Zealand Banking Group Limited (Group)  
Australian Meat and Livestock Corporation  
Dalgety Farmers Limited (Group)  
Dalgety Australia Holdings Limited (Group)  
Dalgety Rural Finance Limited  
Dalgety PLC (UK)  
Duke Holdings Limited  
I.C.I. Australia Limited  
MIM Holdings Limited  
National Commercial Union Limited  
Tubemakers of Australia Limited

**Share options**

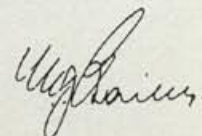
Details of share options are set out in note 21 to the accounts.

**Directors' benefits**

No director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable by directors shown in the group accounts or the fixed salaries of directors who are full-time employees of the Company or its subsidiaries), by reason of a contract made by the Company, or a related corporation, with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest with the exception of (i) retirement benefits pursuant to an agreement of the type referred to in Article 79(b) which has been entered into since the end of the previous financial year between the Company and Mr. R. B. Vaughan (ii) benefits that may be deemed to have arisen because legal fees have been paid to Corrs Pavey Whiting & Byrne of which Mr J. C. Dahlsen is a consultant, and to Bell Gully Buddle Weir, in which Mr L. M. Papps is a consultant, insurance business has been placed through Marsh & McLennan Pty. Limited, of which Mr D. C. L. Gibbs is a director, and management service fees have been paid to Jon & Associates Pty. Ltd. and Management Frontiers Pty. Ltd. of which companies Dr. B. W. Scott is a director, and (iii) benefits that may have arisen as a consequence of (a) the subscription by certain directors for Scheme shares and options to take up unissued shares under the Directors' Share and Option Purchase Scheme and (b) the granting of loans, pursuant to Rule 17 of the ANZ Group Senior Officers' Share Purchase Scheme, to fund the payment by executive directors for Scheme Shares held under the said Scheme. Signed at Melbourne for and on behalf of the board of directors in accordance with a resolution of the directors this 12th day of December 1988.



Chairman



Deputy Chairman  
Group Chief Executive



# Australia and New Zealand Banking Group Limited and its Subsidiaries

	NOTE	Consolidated		Holding Company	
		1988	1987	1988	1987
		\$M	\$M	\$M	\$M
<b>Profit and Loss Statement</b> for the year ended 30 September 1988					
Interest received	2	6,588.0	6,437.0	3,385.5	3,075.3
Less: interest paid	3	4,554.3	4,818.5	2,443.3	2,351.6
Net interest income		2,033.7	1,618.5	942.2	723.7
Other operating income	2	1,526.6	1,646.5	1,188.6	1,356.2
Total net operating income		3,560.3	3,265.0	2,130.8	2,079.9
Less: operating expenses	3	2,333.3	1,967.2	1,529.7	1,256.5
provision for doubtful debts	3	264.8	332.0	159.6	249.2
Operating profit before income tax		962.2	965.8	441.5	574.2
Income tax expense attributable to operating profit	4	455.6	579.5	207.7	348.1
Operating profit after income tax		506.6	386.3	233.8	226.1
Minority interests in operating profit after income tax		1.2	1.2	—	—
<b>Operating profit after income tax and minorities</b>		<b>505.4</b>	<b>385.1</b>	<b>233.8</b>	<b>226.1</b>
Profit (loss) on extraordinary items before income tax		123.7	11.6	29.3	(25.9)
Income tax attributable to profit (loss) on extraordinary items		(0.2)	2.3	—	4.4
Profit (loss) on extraordinary items after income tax	5	123.5	13.9	29.3	(21.5)
<b>Operating profit and extraordinary items after income tax attributable to members of the holding company</b>		<b>628.9</b>	<b>399.0</b>	<b>263.1</b>	<b>204.6</b>
Retained profits at start of year		549.3	353.6	154.6	159.2
<b>Total available for appropriation</b>		<b>1,178.2</b>	<b>752.6</b>	<b>417.7</b>	<b>363.8</b>
Dividends provided for or paid	6	246.4	129.2	246.4	129.2
Transfers to reserves	22	41.8	74.1	—	80.0
<b>Retained profits at end of year</b>		<b>890.0</b>	<b>549.3</b>	<b>171.3</b>	<b>154.6</b>

*The notes appearing on pages 8 to 29 form an integral part of these accounts*

# Australia and New Zealand Banking Group Limited and its Subsidiaries

	NOTE	Consolidated		Holding Company	
		1988	1987	1988	1987
		\$M	\$M	\$M	\$M
<b>Balance Sheet</b> As at 30 September 1988					
Liquid assets	7	2,530.6	3,245.6	856.4	1,326.0
Due from other banks		6,813.0	5,158.9	4,899.7	3,273.0
Trading securities	8	735.0	778.6	24.3	16.9
Investment securities	9	7,134.9	6,620.7	4,229.6	3,007.4
Regulatory deposits	10	1,104.6	1,102.2	889.2	788.6
Loans and advances (Less provisions)	11	35,263.6	33,050.7	14,867.9	14,986.7
Customers' liabilities for acceptances		16,416.2	10,896.1	15,164.9	9,592.0
Due from subsidiary companies		—	—	1,618.7	1,588.3
Shares in subsidiary and associated companies	13	37.0	38.5	3,250.5	1,651.9
Other assets	14	2,347.8	3,039.0	881.4	1,228.9
Premises and equipment	15	1,390.2	1,379.7	354.1	342.1
<b>Total assets</b>		<b>73,772.9</b>	<b>65,310.0</b>	<b>47,036.7</b>	<b>37,801.8</b>
Bills payable and other liabilities	16	2,954.4	3,288.0	1,136.4	982.8
Due to other banks		6,591.2	6,858.9	5,522.4	5,635.8
Deposits and other borrowings	17	40,328.5	38,130.5	16,940.9	15,094.6
Liability for acceptances		16,416.2	10,896.1	15,164.9	9,592.0
Due to subsidiary companies		—	—	2,683.5	2,018.9
Income tax liability	18	822.0	857.3	474.7	436.9
Provisions	19	389.3	285.7	301.9	219.1
Bonds and notes	20	1,466.1	1,156.4	1,451.0	1,151.5
<b>Total liabilities</b>		<b>68,967.7</b>	<b>61,472.9</b>	<b>43,675.7</b>	<b>35,131.6</b>
<b>Net assets</b>		<b>4,805.2</b>	<b>3,837.1</b>	<b>3,361.0</b>	<b>2,670.2</b>
Paid-up capital	21	817.9	700.4	817.9	700.4
Reserves	22	2,194.7	1,888.9	1,732.6	1,398.6
Retained profits		890.0	549.3	171.3	154.6
Share capital and reserves applicable to shareholders of Australia and New Zealand Banking Group Limited		3,902.6	3,138.6	2,721.8	2,253.6
Minority shareholders' interest in subsidiary companies		8.0	4.5	—	—
<b>Total shareholders' funds and minorities</b>		<b>3,910.6</b>	<b>3,143.1</b>	<b>2,721.8</b>	<b>2,253.6</b>
Loan capital	23	894.6	694.0	639.2	416.6
<b>Total shareholders' funds and loan capital</b>		<b>4,805.2</b>	<b>3,837.1</b>	<b>3,361.0</b>	<b>2,670.2</b>
Commitments	30				
Contingent liabilities and off-balance sheet transactions	31				

The notes appearing on pages 8 to 29 form an integral part of these accounts



## Notes to the Accounts

### 1. Bases of accounting

These financial statements have been prepared on the historical cost basis except where otherwise stated. They comply with the accounts provisions of the Banking Act and to the extent applicable to a banking group, the accounts provisions of the Companies (Victoria) Code, including Schedule 7 and Approved Accounting Standards (ASRB), and Australian Accounting Standards (AAS).

Under section 288 of the Companies (Victoria) Code (the Code), accounts prepared by banking corporations in accordance with the Banking Act are deemed to comply with the accounts provisions of the Code. Australia and New Zealand Banking Group Limited and Australia and New Zealand Savings Bank Limited are banking corporations under section 288 of the Code. For Group accounts purposes, ANZ Banking Group (New Zealand) Limited, ANZ Savings Bank (New Zealand) Limited, Australia and New Zealand Banking Group (PNG) Limited, Australia and New Zealand Banking Group (Channel Islands) Limited, ANZ Bank Canada, ANZ Bank (Vanuatu) Limited and Grindlays Bank plc are also considered to be banking corporations by virtue of their status as banks in their respective countries of incorporation and by virtue of their being treated as banking corporations for the purposes of Reserve Bank of Australia capital adequacy requirements.

#### (a) Consolidation

The Group accounts are a consolidation of the accounts of the Holding Company and all its subsidiaries as listed in note 27. All inter-company balances and transactions have been eliminated on consolidation.

The Group does not prepare supplementary equity accounts for its investment in associated companies on the grounds that the effect is immaterial to the Group's accounts.

#### (b) Goodwill

Shares in subsidiary companies are valued on acquisition at the Group's interest in the fair market value of the net assets of the subsidiary company at the date of acquisition; any difference between the fair value of net assets and cost is written off through the profit and loss statement as an extraordinary item in the year of acquisition, together with, in the consolidated profit and loss statement, the equivalent amount being attributable to goodwill on consolidation. This policy has been applied in the current year consistently with treatment of such items in past years and represents a departure from approved Accounting Standard ASRB 1013 and Australian Accounting Standard AAS18 'Accounting for Goodwill', but is deemed to be a more appropriate and prudent policy for a banking group. The policy is consistent with capital adequacy requirements endorsed by the Group of Ten central bank Governors and adopted by the Reserve Bank of Australia which require goodwill to be deducted from capital for prudential supervision purposes. Goodwill written off during the current year amounted to less than \$0.1m (1987: \$18.1m).

#### (c) Foreign currency

Profits and losses of overseas branches and subsidiaries are translated at average exchange rates for the year. Assets and liabilities of overseas branches and subsidiaries are translated at the rates of exchange ruling at balance date. The net translation difference arising from the conversion of overseas branch capital positions and investment in overseas subsidiaries, after allowing for those positions hedged by foreign exchange contracts and related currency borrowings, is transferred to the foreign currency translation reserve.

Overseas branches and subsidiaries engaged in banking operations have loans and deposits and borrowings in their local currencies and in other major currencies. The Holding Company also has loans and deposits and borrowings in Australia in currencies other than Australian dollars. Assets and liabilities denominated in foreign currencies are converted into reporting currencies at the rates of exchange ruling at balance date. It is the Group's general policy to maintain a matched position in foreign currencies and as a consequence there are no material foreign currency exposures.

The accounts depart from certain requirements of the approved Accounting Standard ASRB 1012 and Australian Accounting Standard AAS20 'Foreign Currency Translation', principally in respect of disclosure, on the basis that the relevant provisions of the standards are inapplicable to a banking corporation.

#### (d) Trading securities

Securities held for trading purposes are accounted for on a mark to market basis. Trading securities are regularly revalued and carried in the balance sheet at the revalued amount. Unrealised gains and losses from revaluation are taken through profit and loss. This is a departure from the historical cost convention but is deemed to be more appropriate to the nature of trading activities and better reflects results from trading in highly liquid financial assets.

This is the first year that trading securities have been accounted for on a mark to market basis. The impact on the accounts of this change in accounting policy is not material.

#### (e) Investment securities

Securities held for investment or prudential purposes are accounted for on an accruals basis. Interest income is accrued, and premiums and discounts are capitalised and amortised from date of purchase to maturity. Changes in market values of the securities are not taken into account unless there is considered to be a permanent diminution in value.

#### (f) Loans and advances

Loans and advances covers all forms of lending and direct finance provided to customers such as bank overdrafts, term loans, lease finance, hire purchase finance and commercial bills discounted.

Overdrafts and term loans are carried at principal balances outstanding. Interest on these accounts is accounted for on an accruals basis.

Lease finance is accounted for using the finance method whereby the lease receivable represents the net present value of total receivables discounted using the implicit interest rate. Interest income is progressively recognised to reflect the implicit yield.

Where leases are structured as leveraged leases and the Group enters into such transactions as an equity participant, the participation is recorded as an investment net of non-recourse long term debt. Such investments are included as part of investment securities. Income from these investments is recognised on an actuarial basis over the period of the lease.

Hire purchase finance is accounted for using the finance method, whereby the total hire purchase receivable is offset by income yet to mature which is amortised over the term of finance on an actuarial basis.

Commercial bills discounted are accounted for at face value less unamortised discounts.

Commercial bills accepted but not held in portfolio are accounted for and disclosed as a liability with a corresponding contra asset.

#### (g) Bad and doubtful debts

Specific provisions are maintained to cover identified doubtful accounts and general provisions are maintained to provide cover for possible future losses which are inherent in any finance facility. Provisions for doubtful debts are deducted from loans and advances in the balance sheet. Operating subsidiaries within the Group maintain appropriate provisions for doubtful debts.

#### (h) Off-balance sheet transactions

The Group enters into a significant volume of off balance sheet transactions. These include forward exchange contracts, forward rate agreements, interest rate and currency swaps, interest rate futures and options.

Off balance sheet transactions taken up as hedges against underlying asset/liability exposures are accounted for on the same basis as the underlying exposures.



Off balance sheet transactions taken up as part of trading activities are accounted for on a mark to market basis. All gains and losses, realised and unrealised, are taken to profit and loss.

**(i) Trust business**

The Holding Company and some of its subsidiaries act as trustee and/or manager for a number of investment funds and trusts including retirement funds, mortgage funds, approved deposit funds, and equity and property unit trusts. The value of funds under management by the Group exceeds \$8 billion. The assets of these funds and trusts are not included in the accounts. Where the Holding Company or the subsidiaries as trustee incur liabilities in respect of these operations a right of indemnity exists against the assets of the applicable funds or trusts and as these assets are sufficient to cover liabilities, the liabilities are not included in the accounts. Commissions and fees earned in respect of the Group's trust activities are included in profit.

**(j) Life insurance business**

The Group conducts life insurance business through ANZ Life Assurance Co. Ltd. (ANZ Life) formerly Greater Pacific Life Assurance Co. Ltd. Included in the Group's accounts are the financial statements of the shareholders' interest in ANZ Life, the shareholders' proportion of the declared profits of ANZ Life's statutory life funds, and the net movement in the present value of future surpluses actuarially assessed to emerge from these funds after having full regard to the entitlements of policyholders. These amounts totalling \$19.6 million (1987 - \$18.9 million) have been credited to general reserve within the consolidated accounts as they are not fully available for distribution due to the requirements and restrictions of the Life Insurance Act 1945 and statutory accounting practices. The assets of these statutory funds are also subject to the provisions of the Life Insurance Act 1945 and do not form part of the assets to which the Group is entitled and are therefore excluded from consolidation.

**(k) Premises and equipment**

Expenditure on buildings, fixtures and fittings and equipment (including computer hardware) is capitalised and depreciated on a straight line basis over the estimated useful lives of the assets. Leasehold improvements are also capitalised and amortised on a straight line basis over the remaining period of the leases. Expenditure on computer software is written off in the year incurred. Profits or losses on the sale of fixtures, fittings and equipment are included as part of operating profit. Profits or losses on the sale of properties are treated as extraordinary items.

**(l) Income tax**

The Group adopts the liability method of tax effect accounting in accordance with Australian Accounting Standard AAS3 'Accounting for Company Income Tax' whereby income tax expense is calculated based on accounting profit adjusted for permanent differences. Future tax benefits relating to tax losses are only carried forward where realisation of the benefit is considered virtually certain. Future tax benefits and deferred tax liabilities relating to timing differences are carried forward at tax rates applicable to future periods.

General provisions for doubtful debts are treated as permanent differences.

No provision has been made for overseas withholding tax and Australian income tax on earnings that are expected to be retained by overseas subsidiaries to finance their ongoing business.

**(m) Superannuation commitments**

The Group has a number of superannuation schemes established which provide either defined or accumulated benefits for employees and their dependants on retirement or death. These schemes cover the majority of Group employees throughout the world.

The benefits under the schemes are provided from contributions by employee members and the Group, and income from assets of the schemes. The members' contributions are at variable rates while Group contributions in respect of the defined benefits schemes are made at levels necessary to ensure that these schemes are maintained with sufficient assets to meet their liabilities and in respect of the accumulation schemes are at fixed rates. The rate of Group contributions is determined by actuarial valuations which are carried out at regular intervals not exceeding three years. Any deficiencies arising from the actuarial valuations have been provided for in the Group accounts. The assets of the schemes are not included in these accounts (refer note 29).

**(n) Comparative figures**

Where necessary the amounts for the previous year have been reclassified to facilitate comparison.

**(o) Rounding of amounts**

The Holding Company is a company of the kind referred to in Regulation 58(b) of the Companies (Victoria) Regulations and in an NCSC Class Order of 30 October 1986. Consequently amounts in the accounts, where appropriate, have been rounded to the nearest hundred thousand dollars.



	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>2. Income</b>				
Interest received or receivable from:				
Subsidiaries	–	–	336.4	68.1
Other persons and corporations	6,588.0	6,437.0	3,049.1	3,007.2
<b>Total interest received</b>	<b>6,588.0</b>	<b>6,437.0</b>	<b>3,385.5</b>	<b>3,075.3</b>
Other operating income:				
Dividends received or receivable from subsidiaries	–	–	57.9	78.0
Dividends received or receivable from other companies	35.4	29.4	2.7	6.7
Rents received or receivable	21.4	22.6	9.7	9.1
Other income	1,469.8	1,284.5	1,118.3	952.4
Abnormal item <sup>(1)</sup>	–	310.0	–	310.0
<b>Total other operating income</b>	<b>1,526.6</b>	<b>1,646.5</b>	<b>1,188.6</b>	<b>1,356.2</b>
<b>Total income</b>	<b>8,114.6</b>	<b>8,083.5</b>	<b>4,574.1</b>	<b>4,431.5</b>
<sup>(1)</sup> Income tax attributable \$152.0m				
<b>3. Expenses</b>				
Interest paid or payable to:				
Subsidiaries	–	–	406.4	139.1
Other persons and corporations	4,554.3	4,818.5	2,036.9	2,212.5
<b>Total interest paid</b>	<b>4,554.3</b>	<b>4,818.5</b>	<b>2,443.3</b>	<b>2,351.6</b>
Provisions for doubtful debts (refer note 12):				
Specific provision	221.6	124.0	150.7	61.5
General provision	43.2	50.0	8.9	29.7
Abnormal item <sup>(1)</sup>	–	158.0	–	158.0
<b>Total provisions for doubtful debts</b>	<b>264.8</b>	<b>332.0</b>	<b>159.6</b>	<b>249.2</b>
Operating expenses:				
a) Personnel:				
Salaries and wages	936.7	824.3	631.3	541.9
Pension funds	54.1	38.4	29.2	16.8
Employee taxes	57.1	55.6	37.5	37.5
Provision for employee entitlements	75.5	49.4	50.7	31.8
Other	38.8	52.9	15.7	15.2
<b>Total personnel expenses</b>	<b>1,162.2</b>	<b>1,020.6</b>	<b>764.4</b>	<b>643.2</b>
b) Building occupancy:				
Depreciation of buildings	17.0	12.6	1.2	1.0
Depreciation of furniture and fittings	38.7	30.0	21.1	17.1
Amortisation of leasehold improvements	5.4	5.5	4.0	2.4
Rent	95.3	97.3	73.3	71.2
Other	118.9	131.9	70.6	67.9
<b>Total building occupancy expenses</b>	<b>275.3</b>	<b>277.3</b>	<b>170.2</b>	<b>159.6</b>
c) Other:				
Provision for non-lending losses	10.0	24.1	8.3	21.3
Provisions – other	28.5	10.8	17.8	15.6
Remuneration of auditors (refer note 34)	7.3	8.5	2.2	2.5
Computer costs <sup>(2)</sup>	196.0	170.7	152.9	135.9
Other	654.0	455.2	413.9	278.4
<b>Total other operating expenses</b>	<b>895.8</b>	<b>669.3</b>	<b>595.1</b>	<b>453.7</b>
<b>Total operating expenses</b>	<b>2,333.3</b>	<b>1,967.2</b>	<b>1,529.7</b>	<b>1,256.5</b>
<b>Total expenses</b>	<b>7,152.4</b>	<b>7,117.7</b>	<b>4,132.6</b>	<b>3,857.3</b>

<sup>(1)</sup>Income tax attributable \$NIL

<sup>(2)</sup>Includes depreciation on computer equipment of \$87.0m (1987: \$74.6m) for the Group and \$68.2m (1987: \$62.7m) for the Holding Company



	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>4. Income tax</b>				
Reconciliation of the prima facie income tax payable on operating profit with the income tax expense charged in the profit and loss statement:				
Operating profit before income tax	962.2	965.8	441.5	574.2
Prima facie income tax at 49%	471.5	473.2	216.3	281.4
Tax effect of permanent differences:				
Rebateable dividends	(13.2)	(17.5)	(29.2)	(41.5)
Fringe benefits tax	10.9	7.5	7.6	6.0
Overseas tax rate differential	(7.4)	-	1.8	(8.0)
Change in company tax rate	(5.9)	-	(2.6)	-
Non-allowable depreciation and amortisation	5.1	2.7	1.9	1.2
General provision for doubtful debts	2.0	101.9	2.6	91.9
Investment allowance	-	(1.4)	-	(1.3)
Other items (net)	(5.9)	3.5	10.2	10.1
	457.1	569.9	208.6	339.8
Income tax under (over) provided in prior years	(1.5)	9.6	(0.9)	8.3
	455.6	579.5	207.7	348.1
Deferred income tax expense (future income tax benefit)	(118.1)	264.7	(124.2)	273.9
Current income tax liability	573.7	314.8	331.9	74.2
<b>Total income tax expense attributable to operating profit</b>	<b>455.6</b>	<b>579.5</b>	<b>207.7</b>	<b>348.1</b>
<b>5. Extraordinary items</b>				
<b>Profits</b>				
Change in income tax rates *	53.2	-	14.3	-
Surplus on sale of properties *	38.4	3.5	0.5	0.4
Restatement of investment in leveraged leases due to change in tax rates *	15.9	-	14.5	-
Profit on disposal of subsidiary and associated companies	21.7	47.1	-	9.0
Less: income tax applicable	-	(6.8)	-	(6.8)
Total profits	129.2	43.8	29.3	2.6
<b>Losses</b>				
Write-off of goodwill* (refer note 1)	-	18.1	-	17.5
Change in income tax rates *	-	6.3	-	6.6
Other	5.9	10.2	-	-
Less: income tax benefit applicable	(0.2)	(4.7)	-	-
Total losses	5.7	29.9	-	24.1
<b>Net extraordinary profit (loss)</b>	<b>123.5</b>	<b>13.9</b>	<b>29.3</b>	<b>(21.5)</b>
*No income tax applicable				
<b>6. Dividends</b>				
Fully franked interim dividend paid of 12.5c per share (1987: 10.0c per share unfranked)			88.7	52.2
Fully franked proposed final dividend of 22.0c per share (1987: 11.0c per share fully franked)			157.7	77.0
<b>Total dividends</b>			<b>246.4</b>	<b>129.2</b>
As at 30 September 1988, the Group had \$185.7 m of unappropriated profits and reserves which could be distributed as fully franked dividends. The directors have announced a special dividend of 26 cents per share which will be paid on 21 April 1989 to distribute the accumulated franking balance. This dividend will be provided for when it is declared by the directors during the 1989 financial year.				
<b>7. Liquid assets</b>				
Coins, notes and cash at bankers	365.7	356.8	177.4	253.9
Loans to authorised dealers in Australian short term money market	322.7	103.9	80.7	87.6
Money at short call overseas	1,464.8	1,905.6	390.1	600.3
Bills receivable and remittances in transit	377.4	879.3	208.2	384.2
<b>Total liquid assets</b>	<b>2,530.6</b>	<b>3,245.6</b>	<b>856.4</b>	<b>1,326.0</b>



	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>8. Trading securities (at valuation)</b>				
Quoted – Australia	484.8	366.4	20.7	12.4
– Overseas	64.6	179.3	3.6	–
Total quoted	549.4	545.7	24.3	12.4
Unquoted	185.6	232.9	–	4.5
<b>Total trading securities</b>	<b>735.0</b>	<b>778.6</b>	<b>24.3</b>	<b>16.9</b>
<b>9. Investment securities</b>				
Quoted – Australia:				
Commonwealth securities	2,188.7	1,057.7	1,851.3	869.7
Local and semi-government securities	–	3.4	–	–
Other securities	12.7	1.4	11.7	–
	2,201.4	1,062.5	1,863.0	869.7
Quoted – Overseas:				
Treasury notes and bills	76.9	22.2	7.0	0.8
Government securities	943.2	1,095.8	130.3	58.7
Local and semi-government securities	32.8	63.3	–	–
Other securities	262.4	332.1	98.7	6.9
	1,315.3	1,513.4	236.0	66.4
Total quoted	3,516.7	2,575.9	2,099.0	936.1
Unquoted:				
Treasury notes and bills	2,283.3	2,377.9	1,440.4	1,290.8
Government securities	52.0	145.3	24.8	69.4
Local and semi-government securities	175.3	429.4	54.6	5.0
Other securities	1,107.6	1,092.2	610.8	706.1
Total unquoted	3,618.2	4,044.8	2,130.6	2,071.3
<b>Total investment securities</b>	<b>7,134.9</b>	<b>6,620.7</b>	<b>4,229.6</b>	<b>3,007.4</b>
<b>Market value information</b>				
Quoted – Australia:				
Commonwealth securities	2,184.4	1,058.4	1,837.4	869.2
Local and semi-government securities	–	3.4	–	–
Other securities	12.7	1.4	13.4	–
	2,197.1	1,063.2	1,850.8	869.2
Quoted – Overseas:				
Treasury notes and bills	76.9	22.2	7.0	0.8
Government securities	931.9	1,095.8	131.3	60.3
Local and semi-government securities	59.1	63.2	–	–
Other securities	264.1	338.0	97.6	6.9
	1,332.0	1,519.2	235.9	68.0
Market value of quoted investment securities	3,529.1	2,582.4	2,086.7	937.2



	Consolidated		Holding Company	
	1988	1987	1988	1987
	£M	£M	£M	£M
<b>10. Regulatory deposits</b>				
Reserve Bank of Australia	865.7	775.9	865.7	775.9
Overseas central banks	238.9	326.3	23.5	12.7
<b>Total regulatory deposits</b>	<b>1,104.6</b>	<b>1,102.2</b>	<b>889.2</b>	<b>788.6</b>
<b>11. Loans and advances (Less provisions)</b>				
<b>Australia</b>				
Overdrawn accounts	6,119.6	6,318.6	6,117.1	6,318.5
Credit card outstandings	782.6	663.5	782.6	663.5
Term loans	11,714.4	9,933.0	4,216.4	3,808.4
Lease finance	3,113.1	2,822.1	740.6	611.1
Hire purchase	1,592.8	1,367.8	—	—
Commercial bills	1,212.8	1,613.0	61.3	495.5
Other	1,095.3	238.3	52.2	—
	<b>25,630.6</b>	<b>22,956.3</b>	<b>11,970.2</b>	<b>11,897.0</b>
<b>Overseas</b>				
Overdrawn accounts	4,932.8	5,212.4	2,549.0	2,922.2
Credit card outstandings	103.7	114.3	—	—
Term loans	4,953.3	5,282.6	945.3	973.8
Lease finance	932.5	1,027.8	49.5	1.3
Hire purchase	12.2	14.4	—	—
Commercial bills	785.4	443.3	175.6	57.4
Other	675.6	698.1	—	—
	<b>12,395.5</b>	<b>12,792.9</b>	<b>3,719.4</b>	<b>3,954.7</b>
<b>Total gross loans and advances</b>	<b>38,026.1</b>	<b>35,749.2</b>	<b>15,689.6</b>	<b>15,851.7</b>
Less: provisions for doubtful debts (refer note 12)	948.2	929.7	481.7	471.8
income yet to mature	1,814.3	1,768.8	340.0	393.2
	<b>2,762.5</b>	<b>2,698.5</b>	<b>821.7</b>	<b>865.0</b>
<b>Total net loans and advances</b>	<b>35,263.6</b>	<b>33,050.7</b>	<b>14,867.9</b>	<b>14,986.7</b>
Included in the above are receivables of subsidiary borrowing corporations net of income yet to mature:				
– not later than one year	2,457.9	2,072.6		
– later than one year but not later than two years	1,132.9	1,007.1		
– later than two years but not later than five years	1,779.0	1,407.3		
– later than five years	152.4	170.7		
	<b>5,522.2</b>	<b>4,657.7</b>		
<b>Exposure to debt rescheduling countries</b>				
Group exposure including trade finance and interbank lending to countries subject to debt rescheduling arrangements is set out below. The amounts are Australian dollar conversions of predominantly US dollar denominated assets and represent a total exposure before deduction of provisions of 1.9% of total Group assets (1987: 2.3%).				
Of the total exposure over 94% represents lending to governments, banks and government entities and no individual country's exposure exceeds 0.5% of Group total assets. Where considered appropriate specific and general provisions have been made and these approximate 37% (1987: 31%) of the exposure after allowing for tax relief where applicable and after a reallocation during the year within the Group's overall general provision.				
Central and South America	1,124.2	1,214.0	820.3	894.0
Eastern Europe	110.9	126.0	46.0	52.0
Africa and the Middle East	89.6	117.0	22.2	25.0
Asia and the Pacific	55.7	61.0	6.8	16.0
	<b>1,380.4</b>	<b>1,518.0</b>	<b>895.3</b>	<b>987.0</b>
US dollar equivalents	1,079.8	1,096.0	700.3	712.6

No transfer of exposure to debt rescheduling countries was made from ANZ Holdings (UK) plc to the Holding Company during the year ended 30 September 1988 in terms of the undertaking given by the Holding Company in the 1987 year. Some exposure has been transferred from ANZ Holdings (UK) plc to the Holding Company since 30 September 1988 and the letter of undertaking has been withdrawn.

	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>12. Provisions for doubtful debts</b>				
<b>Specific provision</b>				
Balance at start of year	436.7	518.0	104.5	91.6
Adjustment for exchange rate fluctuations	(34.3)	(21.7)	(1.7)	(0.8)
Bad debts written off	(195.6)	(198.5)	(123.4)	(66.9)
Recoveries	15.8	16.4	4.9	6.8
Charge to profit and loss account	221.6	124.0	150.7	61.5
Provisions acquired/disposed	1.5	-	1.5	-
Transfers between provisions	3.8	(1.5)	0.2	1.2
Transfers within the Group	-	-	(8.0)	11.1
Balance at end of year	449.5	436.7	128.7	104.5
<b>General provision</b>				
Balance at start of year	493.0	299.0	367.3	140.6
Adjustment for exchange rate fluctuations	(30.6)	(13.8)	(20.1)	(5.0)
Charge to profit and loss account	43.2	208.0*	8.9	187.7*
Provisions of companies disposed of	(3.1)	(1.7)	-	-
Transfers between provisions	(3.8)	1.5	(0.2)	(1.2)
Transfers within the Group	-	-	(2.8)	45.2
Balance at end of year	498.7	493.0	353.1	367.3
<b>Total provisions for doubtful debts</b>	<b>948.2</b>	<b>929.7</b>	<b>481.8</b>	<b>471.8</b>
* Includes abnormal charge of \$158.0m				
<b>Ratio analysis</b>				
	%	%	%	%
Provision for doubtful debts as a % of loans, advances and acceptances:				
- Specific	0.85	0.97	0.42	0.42
- General <sup>(1)</sup>	1.53	1.77	1.87	2.36
- Total	2.38	2.74	2.29	2.78
Bad debts written off as a % of loans, advances and acceptances				
	0.37	0.44	0.40	0.27
Doubtful debts charge as a % of pre tax profit <sup>(2)</sup>				
	27.52	21.38	36.15	21.60
<sup>(1)</sup> Grossed up assuming tax relief at an average rate of 38% (1987: 40%)				
<sup>(2)</sup> Excludes effect of abnormal charge of \$158.0m				
<b>13. Shares in subsidiary and associated companies</b>				
<b>Subsidiaries</b>				
Unquoted - at cost			2,417.2	833.0
- at directors' valuation 1981			143.1	143.1
- at directors' valuation 1985			369.4	369.4
- at directors' valuation 1987			300.7	300.7
Total shares in subsidiaries			3,230.4	1,646.2
<b>Associates</b>				
Quoted - at cost	17.9	11.8	14.2	-
Unquoted - at cost less amounts written off	19.1	26.7	5.9	5.7
Total shares in associates	37.0	38.5	20.1	5.7
<b>Total shares in subsidiary and associated companies</b>	<b>37.0</b>	<b>38.5</b>	<b>3,250.5</b>	<b>1,651.9</b>
Market value of quoted shares - associates	17.9	20.5	14.2	-
<b>Acquisitions/disposals of subsidiaries</b>				
	Consideration		Portion of shares acquired	Net tangible assets on acquisition
Subsidiaries acquired during the year:	\$M		%	\$M
Rarotonga Trustee Corporation Ltd	0.2		75	-
	Profit on disposal		Portion of shares held after disposal	Net tangible assets on disposal
Subsidiaries disposed of during the year:	\$M		%	\$M
Sandomir Pty Ltd	4.0		-	1.6
Capel-Cure Myers Ltd	18.4		-	6.6



	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>14. Other assets</b>				
Land held for resale				
Cost of acquisition	148.0	32.5	—	—
Development expenses capitalised	42.6	10.2	—	—
Interest, rates and taxes capitalised	7.4	0.1	—	—
	198.0	42.8	—	—
<i>Less: provision for diminution in value</i>	2.1	4.7	—	—
	195.9	38.1	—	—
Future income tax benefits (refer below)	208.6	253.4	103.0	126.6
Accrued interest/prepaid discount	686.5	641.5	369.9	378.6
Accrued commission	61.1	91.2	34.5	131.8
Other	1,195.7	2,014.8	374.0	591.9
<b>Total other assets</b>	<b>2,347.8</b>	<b>3,039.0</b>	<b>881.4</b>	<b>1,228.9</b>

Potential future income tax benefits in certain subsidiary companies arising from tax losses and timing differences have not been recognised as assets unless recovery is virtually certain. These benefits, which could amount to \$1.6m (1987: \$6.5m), will only be obtained if:

- i) the relevant companies derive future assessable income of a nature and amount sufficient to enable the benefit of the taxation deductions to be realised
- ii) the relevant companies continue to comply with the conditions for deductibility imposed by the law and
- iii) there are no changes in taxation legislation adversely affecting the relevant companies in realising the benefit of the taxation deductions.

Capital losses have also been incurred in a subsidiary company. Potential future income tax benefits of \$6.9m arising from these losses have not been recognised as assets because recovery is not virtually certain.

#### 15. Premises and equipment

Freehold and leasehold land and buildings				
– at directors' valuation 1983	0.9	0.9	—	—
– at directors' valuation 1984	230.8	226.6	17.1	18.1
– at independent valuation 1984	199.3	223.3	1.2	1.3
– at independent valuation 1985	48.4	48.4	0.7	0.8
– at directors' valuation 1986	68.1	86.3	0.2	0.3
– at directors' valuation 1987	118.5	197.8	—	—
– at directors' valuation 1988	103.4	—	—	—
– at cost	175.1	185.0	40.5	38.0
	944.5	968.3	59.7	58.5
<i>Less: provision for depreciation</i>	20.3	11.7	1.2	0.9
	924.2	956.6	58.5	57.6
Leasehold improvements				
– at cost	46.8	33.9	34.5	25.1
<i>Less: provision for amortisation</i>	16.8	14.2	14.5	10.6
	30.0	19.7	20.0	14.5
Furniture and equipment				
– at cost	874.4	738.4	587.1	530.8
<i>Less: provision for depreciation</i>	438.4	335.0	311.5	260.8
	436.0	403.4	275.6	270.0
<b>Total premises and equipment</b>	<b>1,390.2</b>	<b>1,379.7</b>	<b>354.1</b>	<b>342.1</b>

Based on Directors' valuations, supported by external valuations for major properties, the market value of the Group's freehold and leasehold land and buildings is \$1,434.7m (1987: \$1,210.5m) and the market value of the Holding Company's freehold and leasehold land and buildings is \$67.5m (1987: \$61.6m). The excess of market value over book value for the Group is \$510.5m (1987: \$253.9m) and for the Holding Company is \$9.0m (1987: \$4.0m). This excess of market value over book value constitutes tier 2 capital as defined by the Reserve Bank of Australia for capital adequacy purposes.

#### 16. Bills payable and other liabilities

Bills payable	324.9	300.7	207.7	266.5
Accrued interest and unearned discounts	1,137.2	1,011.1	557.0	470.9
Accrued charges	125.1	92.9	60.9	37.6
Other liabilities	1,367.2	1,883.3	310.8	207.8
<b>Total bills payable and other liabilities</b>	<b>2,954.4</b>	<b>3,288.0</b>	<b>1,136.4</b>	<b>982.8</b>

	Consolidated		Holding Company	
	1988	1987	1988	1987
	SM	SM	SM	SM
<b>17. Deposits and other borrowings</b>				
<b>Australia</b>				
Certificates of deposit	2,361.7	1,815.5	2,361.7	1,815.1
Term deposits	10,094.9	9,037.2	8,083.9	7,250.0
Other deposits bearing interest	7,468.8	6,659.8	776.0	591.2
Deposits not bearing interest	3,200.4	2,839.5	3,198.1	2,838.6
Other borrowings	2,652.2	2,025.7	–	–
	<b>25,778.0</b>	<b>22,377.7</b>	<b>14,419.7</b>	<b>12,494.9</b>
<b>Overseas</b>				
Certificates of deposit	2,577.6	2,854.9	728.1	689.2
Term deposits	6,848.2	7,925.7	1,525.6	1,729.6
Other deposits bearing interest	2,774.3	2,127.4	214.5	151.2
Deposits not bearing interest	1,586.4	2,034.8	44.9	29.7
Other borrowings	764.0	810.0	8.1	–
	<b>14,550.5</b>	<b>15,752.8</b>	<b>2,521.2</b>	<b>2,599.7</b>
<b>Total deposits and other borrowings</b>	<b>40,328.5</b>	<b>38,130.5</b>	<b>16,940.9</b>	<b>15,094.6</b>
Included in total deposits and other borrowings are liabilities of subsidiary borrowing corporations:				
– not later than 1 year	2,836.1	2,356.3		
– later than 1 year but not later than 2 years	1,001.6	1,338.0		
– later than 2 years but not later than 5 years	804.6	243.1		
– later than 5 years	3.1	1.6		
	<b>4,645.4</b>	<b>3,939.0</b>		
<b>18. Income tax liability</b>				
Provision for income tax	401.4	243.1	264.5	83.6
Provision for deferred tax	420.6	614.2	210.2	353.3
<b>Total income tax liability</b>	<b>822.0</b>	<b>857.3</b>	<b>474.7</b>	<b>436.9</b>
<b>19. Provisions</b>				
Provision for dividend (refer note 6)	157.7	77.0	157.7	77.0
Provision for employee entitlements	166.7	144.3	127.9	116.5
Provision for non-lending losses	18.7	41.7	12.4	21.7
Other provisions	46.2	22.7	3.9	3.9
<b>Total provisions</b>	<b>389.3</b>	<b>285.7</b>	<b>301.9</b>	<b>219.1</b>
<b>20. Bonds and notes</b>				
USD 360m 7.0% capital bonds due 1987	–	4.9	–	–
CHF 50m 5.75% bearer notes due 1988	40.2	45.3	40.2	45.3
CHF 60m 5.75% bearer notes due 1988	48.2	54.4	48.2	54.4
CHF 50m 5.375% bearer notes due 1989	40.2	45.3	40.2	45.3
USD 23m 8.25% bearer notes due 1989	29.6	32.1	29.6	32.1
CHF 100m 5.75% bearer notes due 1989	80.3	90.7	80.3	90.7
AUD 100m 12.27% bonds due 1990	100.0	100.0	100.0	100.0
AUD 50m 15.25% bonds due 1990	50.0	50.0	50.0	50.0
AUD 50m 13.25% bonds due 1990	50.0	–	50.0	–
AUD 100m zero coupon bonds due 1991	73.8	62.2	73.8	62.2
ECU 50m 10.75% bearer notes due 1991	70.5	78.3	70.5	78.3
CHF 45m 5.625% bearer notes due 1991	36.1	40.8	36.1	40.8
AUD 50m floating rate notes due 1991	50.0	–	50.0	–
AUD 50m 14.0% bonds due 1992	50.0	50.0	50.0	50.0
ECU 50m 9.75% bonds due 1992	70.5	78.1	70.5	78.1
AUD 60m 13.75% bonds due 1992	60.0	60.0	60.0	60.0
AUD 75m 13.0% bearer notes due 1992 <sup>(1)</sup>	75.0	75.0	75.0	75.0
AUD 100m 12.625% bearer notes due 1992 <sup>(2)</sup>	50.1	–	100.0	–
GBP 50m 9.125% bonds due 1993	107.7	113.0	107.7	113.0
ECU 100m 8.0% bearer notes due 1993	141.3	–	141.3	–
AUD 65m 13.125% deposit notes due 1993	65.0	–	–	–
LUX 300m 7.25% bearer notes due 1993	9.6	–	9.6	–
GBP 78m floating rate notes due 1997	168.0	176.3	168.0	176.3
<b>Total bonds and notes</b>	<b>1,466.1</b>	<b>1,156.4</b>	<b>1,451.0</b>	<b>1,151.5</b>

<sup>1</sup>warrants issued to subscribe to ordinary shares

<sup>2</sup>a portion of the issue was to a related company

Swap arrangements have been entered into in certain circumstances to satisfy Group funding requirements.



	Holding Company	
	1988	1987
	\$M	\$M
<b>21. Paid-up capital</b>		
<b>Authorised capital – ordinary shares of \$1 each</b>		
Balance at start of year	1,000.0	600.0
Increase in authorised capital	500.0	400.0
Balance at end of year	1,500.0	1,000.0
	No.	No.
Total number of authorised shares	1,500,000,000	1,000,000,000
<b>Issued and paid up capital – ordinary shares of \$1 each</b>		
Balance at start of year	700.4	
Issued during the current year:		
Senior officers share purchase scheme:		
142,500 ordinary shares fully paid at \$4.93 per share	0.1	
190,000 ordinary shares fully paid at \$3.75 per share	0.2	
330,000 ordinary shares paid to ten cents at \$4.93 per share	–	
818,000 ordinary shares paid to ten cents at \$3.75 per share	0.1	
Calls on partly paid shares	0.9	
Employee share purchase scheme:		
509,113 ordinary shares fully paid at \$3.94 per share	0.5	
2,986,102 ordinary shares fully paid at \$3.00 per share	3.0	
Dividend reinvestment plan:		
6,402,910 ordinary shares fully paid at \$4.57 per share	6.4	
5,794,589 ordinary shares fully paid at \$3.28 per share	5.8	
Directors share and option purchase scheme:		
575,000 ordinary shares paid to ten cents at \$3.75 per share	0.1	
150,000 options exercised at \$3.75 per option	0.2	
Rights issues:		
80,139,150 ordinary shares fully paid at \$3.80 per share	80.1	
40,154,287 ordinary shares partly paid at \$1.90 per share	20.1	
<b>Total paid-up capital</b>	<b>817.9</b>	
	No.	No.
Comprising:		
Ordinary shares of \$1 each fully paid	797,238,513	699,948,024
Ordinary Shares of \$1 each paid to 50c per share	40,154,287	–
Ordinary shares of \$1 each paid to 10c per share	5,644,000	4,896,000
Total number of issued shares	843,036,800	704,844,024

The purposes of the above issues were to increase the Group's capital to assets ratio to support the future development of the Group's business and its expansion within Australia and overseas.

#### Share Options

During the financial year, in terms of the 'Directors share and option purchase scheme' approved by shareholders, the company granted to directors 675,000 options to purchase ordinary shares of \$1 each in the Company at an exercise price of \$3.74 per share. The date of expiration of these options is 28 February 1993 or 90 days after a director ceases to be director if before 28 February 1993.

During the financial year 151,125 ordinary shares of \$1 each were issued by virtue of the exercise of options issued to directors and other parties. Unissued ordinary shares of \$1 each under option at 12 December 1988 are as follows:

- (i) directors – 525,000 shares at an exercise price of \$3.74 per share with expiration date as defined above
- (ii) other parties – 33,748,875 shares at an exercise price of \$4.59 per share exercisable up to and including 5 August 1992.

Holders of options to purchase shares in the company have no right, by virtue of those options, to participate in any share issue of any other corporation.

	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>22. Reserves</b>				
<b>Share premium reserve</b>				
Balance at start of year	629.0	569.9	629.0	569.9
Premium on issue of shares	323.8	59.1	323.8	59.1
Balance at end of year	952.8	629.0	952.8	629.0
<b>Asset revaluation reserve</b>				
Balance at start of year	152.4	335.6	26.8	260.8
Transfers from profit and loss account	—	6.2	—	—
Revaluation of properties	—	45.5	—	—
Capitalisation issue	—	(234.0)	—	(234.0)
Transfers between reserves	(95.3)	—	—	—
Adjustment on sale of property	(7.0)	—	—	—
Other	—	(0.9)	—	—
Balance at end of year	50.1	152.4	26.8	26.8
<b>Foreign currency translation reserve</b>				
Balance at start of year	173.6	177.8	182.8	173.2
Transfers to profit and loss account	—	(1.5)	—	—
Currency translation adjustments	(61.4)	(2.7)	10.2	9.6
Balance at end of year	112.2	173.6	193.0	182.8
<b>General reserve</b>				
Balance at start of year	861.8	812.7	539.3	459.3
Transfers from profit and loss account	12.1	49.1	—	80.0
Transfers between reserves	32.8	—	—	—
Other	8.6	—	—	—
Balance at end of year	915.3	861.8	539.3	539.3
<b>Capital reserve</b>				
Balance at start of year	72.1	31.7	20.7	—
Transfers from profit and loss account	29.7	20.3	—	—
Issue of share options	—	20.6	—	20.7
Transfers between reserves	62.5	—	—	—
Other	—	(0.5)	—	—
Balance at end of year	164.3	72.1	20.7	20.7
<b>Total reserves</b>				
Balance at end of year	2,194.7	1,888.9	1,732.6	1,398.6

### 23. Loan capital

<b>Perpetual notes — subordinated</b>				
USD 300m subordinated floating rate notes	383.5	416.6	383.5	416.6
<b>Other — subordinated</b>				
USD 100m subordinated floating rate notes due 1992	127.7	138.7	—	—
USD 100m subordinated floating rate notes due 1994	127.7	138.7	—	—
USD 200m subordinated floating rate notes due 1998	255.7	—	255.7	—
	511.1	277.4	255.7	—
<b>Total loan capital</b>	<b>894.6</b>	<b>694.0</b>	<b>639.2</b>	<b>416.6</b>

These notes are subordinated in right of payment to the claims of depositors and all other creditors of the Group companies which have issued the notes and constitute tier 2 capital as defined by the Reserve Bank of Australia for capital adequacy purposes. A substantial portion of the perpetual notes has been swapped into Australian dollars.

	1988		1987	
	Closing	Average	Closing	Average

### 24. Exchange rates

The exchange rates used in the translation of the results and assets and liabilities of major overseas branches and subsidiaries are as follows:

British pound	0.4645	0.4178	0.4428	0.4390
United States dollar	0.7822	0.7463	0.7220	0.6857
New Zealand dollar	1.2771	1.1397	1.1023	1.2089



	1988			1987		
	Income	Result	Total Assets	Income	Result	Total Assets
	\$M	\$M	\$M	\$M	\$M	\$M

## 25. Segment analysis

The following analysis shows segment results and financial position based on geographical location and industry segment. The geographical segmentation of group assets indicates the relevant country of domicile and not the country of risk. Segment results are stated before tax and extraordinary items.

### Geographical

Australia	4,595.5	638.8	46,636.6	4,167.7	544.0	37,894.0
New Zealand	1,160.0	140.7	6,155.8	1,025.7	150.0	7,029.0
UK and Europe	1,081.3	33.8	9,764.3	1,111.9	34.6	8,943.6
United States and Canada	305.7	20.0	3,565.3	403.9	(14.9)	3,644.0
Asia and the Pacific	802.7	114.1	6,540.5	919.4	89.0	6,629.9
Middle East and Africa	169.4	14.8	1,110.4	144.9	11.1	1,169.5
Abnormal credit item	—	—	—	310.0	152.0	—
	<b>8,114.6</b>	<b>962.2</b>	<b>73,772.9</b>	<b>8,083.5</b>	<b>965.8</b>	<b>65,310.0</b>

### Industry

Global banking	6,217.3	791.5	61,815.6	6,316.0	636.2	56,063.0
Investment banking	390.8	(19.4)	3,444.1	331.2	14.0	2,742.9
Finance	972.8	141.2	6,040.4	955.8	124.6	5,410.2
Insurance	20.4	19.6	98.0	20.8	18.8	79.1
Other	513.3	29.3	2,374.8	149.7	20.2	1,014.8
Abnormal credit item	—	—	—	310.0	152.0	—
	<b>8,114.6</b>	<b>962.2</b>	<b>73,772.9</b>	<b>8,083.5</b>	<b>965.8</b>	<b>65,310.0</b>

	1988	1987	1988	1987
	\$M	\$M	\$M	\$M

## 26. Consolidated statement of sources and applications of funds

### Sources of funds

Inflow of funds from operations		
Interest received	6,588.0	6,437.0
Other operating income	1,526.6	1,646.5
	<b>8,114.6</b>	<b>8,083.5</b>
Outflow of funds from operations	6,890.3	6,956.7
Funds from operations (refer below)	1,224.3	1,126.8
Decrease in assets:		
Liquid assets	715.0	—
Due from other banks	—	648.4
Trading securities	43.6	—
Shares in associated companies	1.5	42.9
Other assets	559.6	—
Increase in liabilities:		
Bills payable and all other liabilities	—	1,252.3
Deposits and other borrowings	2,198.0	3,167.9
Unsubordinated bonds and notes	309.8	277.4
Proceeds from issue of shares	441.2	75.6
Proceeds from disposal of subsidiaries	42.5	46.4
Minority interest in subsidiaries	2.3	—
Proceeds from issue of loan capital	200.6	416.6
<b>Total sources of funds</b>	<b>5,738.4</b>	<b>7,054.3</b>

### Applications of funds

Increase in assets:		
Liquid assets	—	136.5
Due from other banks	1,654.1	—
Trading securities	—	274.3
Investment securities	514.2	1,115.8
Regulatory deposits	2.4	108.9
Loans and advances	2,212.9	2,390.0
Other assets	—	1,480.5
Premises and equipment	120.2	231.2
Decrease in liabilities:		
Bills payable and all other liabilities	333.5	—
Due to other banks	267.8	774.5
Unsubordinated bonds and notes	—	213.7
Income tax paid	376.4	141.4
Dividends paid	165.7	124.3
Minority interests	—	1.1
Payments from other provisions	91.2	29.7
Acquisition of subsidiaries	—	14.3
Goodwill on acquisition of subsidiaries	—	18.1
<b>Total applications of funds</b>	<b>5,738.4</b>	<b>7,054.3</b>

#### NOTE:

Reconciliation of operating profit before income tax with funds from operations:

Operating Profit before income tax	962.2	965.8
Add non-fund items:		
Depreciation and amortisation	148.1	123.1
Provision for employee entitlements	75.5	3.1
Provision for non lending losses	10.0	24.1
Other provisions	28.5	10.7
<b>Funds from operations</b>	<b>1,224.3</b>	<b>1,126.8</b>



	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1988	1987	1988	1987	
				\$M	\$M	\$M	\$M
<b>Australia and New Zealand Banking Group Limited</b>					<b>176.1</b>	<b>148.1</b>	
ANZ Capital Markets Corporation Ltd	Australia	100	26.5	26.5	4.9	4.0	Merchant banking
ANZCAP Commercial Development Ltd	Australia	100	\$	\$	\$	\$	Consulting
ANZCAP Corporate Services Ltd	Australia	100	0.7	\$	\$	\$	Consulting
ANZCAP Leasing Nominees Pty Ltd	Australia	100	\$	\$	0.5	\$	Lease finance
ANZCAP Leasing Nominees (Vic) Pty Ltd	Australia	100	\$	\$	\$	\$	Lease finance
ANZCAP Leasing Services Ltd	Australia	100	\$	\$	0.2	1.6	Lease finance
ANZCAP Leasing (Vic) Pty Ltd	Australia	100	\$	\$	0.6	0.3	Lease finance
ANZCAP Management Ltd	Australia	100	\$	\$	1.6	0.3	Superfund manager
ANZCAP Nominees Ltd	Australia	100	\$	\$	\$	\$	Nominee services
ANZCAP Securities Ltd	Australia	100	2.0	2.0	0.2	\$	Securities dealer
* Australian International Ltd	Vanuatu <sup>(1)</sup>	100	0.2	\$	\$	0.2	Merchant banking
ANZ Executors & Trustee Company Ltd	Australia	100	6.0	4.0	4.5	4.0	Trustee/nominee
ANZ Executors Nominees Ltd	Australia	100	\$	\$	\$	\$	Trustee/nominee
ANZ Executors Nominees (NSW) Ltd	Australia	100	\$	\$	\$	\$	Trustee/nominee
ANZ Executors & Trustee Co (Canberra) Ltd	Australia	100	0.6	0.5	\$	\$	Trustee/nominee
ANZ Executors & Trustee Co (South Australia) Ltd	Australia	100	0.8	0.6	0.3	\$	Trustee/nominee
ANZ Funds Pty Ltd	Australia	100	1,840.1	287.5	\$	\$	Holding company
* ANZ International Pte Ltd	Singapore	100	407.4	28.7	\$	\$	Holding company
* ANZ Asia Ltd	Hong Kong	100	1.0	1.8	6.6	\$	Finance
* ANZ Asia Pacific Holdings Ltd	Hong Kong	100	5.5	\$	\$	3.7	Holding company
* ANZ Asia Pacific Management Services Ltd	Hong Kong	100	\$	\$	\$	\$	Non-operative
* ANZ Bank (Vanuatu) Ltd	Vanuatu	100	\$	\$	1.3	1.0	Banking
* ANZ Managed Investments (Asia) Pte Ltd	Singapore	100	0.3	\$	\$	\$	Investment company
* ANZ Singapore Ltd	Singapore	100	2.0	\$	0.4	\$	Merchant banking
* ANZCOVER Insurance Pte Ltd	Singapore	100	3.8	\$	4.1	(0.2)	Insurance
* Beneficial Acceptance Ltd	Vanuatu	100	0.1	\$	\$	\$	Property owner
* Diract Ltd	Vanuatu	100	\$	\$	\$	\$	Nominee
* London Finance Ltd	Vanuatu	100	0.4	\$	\$	\$	Merchant banking
* Lotim Ltd	Vanuatu	100	\$	\$	\$	\$	Nominee
* Melanesia International Trust Company	Vanuatu <sup>(2)</sup>	100	2.3	0.4	0.3	0.3	Trustee
* Melanesia Nominees Ltd	Vanuatu	100	0.5	\$	\$	\$	Nominee
* Meldrew Ltd	Vanuatu	100	0.4	\$	\$	\$	Nominee
† Rarotonga Trustee Corporation Ltd	Cook Islands	75	0.1	\$	\$	\$	Trustee
* SCI Pasteur de Vate	Vanuatu	100	\$	\$	\$	\$	Property investment
* Societe Pasteur de Vate Ltd	Vanuatu	100	\$	\$	\$	\$	Nominee
* Zan Investments Ltd	Singapore	100	128.9	128.9	2.1	\$	Investment company
* ANZ Holdings (New Zealand) No 2 Ltd	New Zealand	100	315.9	\$	\$	\$	Holding company
* ANZ Banking Group (New Zealand) Ltd	New Zealand	100	284.8	329.9	63.0	76.6	Banking
* ANZ Capital Markets Corporation (NZ) Ltd	New Zealand	100	1.6	1.8	(0.2)	\$	Nominee
* ANZ Investment Services (New Zealand) Ltd	New Zealand	100	\$	\$	\$	\$	Trust management
* ANZ Life Assurance (New Zealand) Ltd	New Zealand	100	\$	\$	\$	\$	Non-operative
* ANZ Pensions (New Zealand) Ltd	New Zealand	100	\$	\$	\$	\$	Staff pension funds
* ANZ Properties (New Zealand) Ltd	New Zealand	100	10.4	12.0	(1.4)	(1.1)	Property owner
* ANZ Savings Bank (New Zealand) Ltd	New Zealand	100	7.9	9.2	4.4	4.2	Savings banking
* ANZ Securities (New Zealand) Ltd	New Zealand	100	\$	\$	\$	\$	Non-operative
* ANZ (New Zealand) Finance NV	Netherlands <sup>(3)</sup>	100	8.9	\$	\$	\$	Finance
* Charge Card Corporation Ltd	New Zealand	100	\$	\$	1.0	(1.9)	Charge card services
* Endeavour Investments (New Zealand) Ltd	New Zealand	100	183.2	140.4	19.9	2.3	Holding company
* Esanda Ltd	New Zealand	100	\$	\$	\$	\$	Non-operative
* Leverage Lease Nominees Ltd	New Zealand	100	\$	\$	\$	\$	Nominee
* McCaughan Dyson Capel Cure (NZ) Ltd	New Zealand	100	3.0	\$	(0.5)	\$	Stockbroking
* Mercantile Securities (Hong Kong) Ltd	Hong Kong	100	\$	\$	0.7	\$	Finance
* UDC Developments Ltd	New Zealand	100	\$	\$	\$	\$	Property developer
* UDC Finance Ltd	New Zealand	100	7.9	3.3	5.0	\$	Finance
* UDC Group Holdings Ltd	New Zealand	100	34.5	11.6	\$	5.8	Holding company
* UDC Leasing Ltd	New Zealand	100	\$	\$	\$	\$	Property owner
* UDC Mercantile Securities Ltd	New Zealand	100	\$	9.0	(0.6)	\$	Merchant banking
* UDC Nominees Ltd	New Zealand	100	\$	\$	\$	\$	Nominee
* ANZ Holdings (UK) plc	England	100	383.6	317.4	\$	(0.7)	Holding company
* Anstock Securities Ltd	England	100	4.3	\$	(3.1)	\$	Market maker
* Anvid Ltd	England	100	\$	\$	\$	\$	Property finance
* ANZ Aval Ltd	England	100	\$	\$	\$	\$	Factoring
* ANZ Finance Corporation Ltd	England	100	\$	\$	(7.5)	(7.9)	Holding company



	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1988	1987	1988	1987	
			\$M	\$M	\$M	\$M	
<b>27. Subsidiary Companies (continued)</b>							
* ANZ Finanziaria Sp A	Italy	100	0.9	0.5	\$	(0.5)	Banking
* ANZ Leasing Ltd	England	100	\$	\$	(1.2)	(9.9)	Lease finance
* ANZ Leasing (No 2) Ltd	England	100	12.5	5.8	0.7	(0.2)	Lease finance
* ANZ Merchant Bank Ltd	England	100	68.1	30.0	(10.6)	(0.7)	Merchant banking
* ANZ Merchant Bank Nominees Ltd	England	100	\$	\$	\$	\$	Nominee
* ANZ Securities Asia Ltd	Hong Kong	100	1.4	\$	1.1	\$	Merchant banking
* ANZ Securities (Agency Broking) Ltd	England	100	\$	\$	(0.4)	\$	Agency broking
* ANZ Securities (Switzerland) AG	Switzerland	100	4.6	4.9	(0.3)	\$	Finance/banking
* ANZ Securities (USA) Inc	USA	100	\$	\$	1.1	\$	Broking
* Avenim Catering Services Ltd	England	100	\$	\$	\$	\$	Non-operative
* Benfar Ltd	England	100	\$	\$	\$	\$	Printing
* Brandts France SA	France	100	\$	\$	\$	\$	Corporate finance
* Brandts Nominees Ltd	England	100	\$	\$	\$	\$	Nominee
* Brandts Second Nominees Ltd	England	100	\$	\$	\$	\$	Nominee
* Brandts Timber Group Ltd	England	100	\$	\$	\$	\$	Timber agents
* Brandts Woodpulp International Ltd	England	100	\$	\$	\$	\$	Woodpulp agents
* Camberley Developments Ltd	England	100	\$	\$	\$	\$	Property company
* Caphouse Nominees Ltd	England	100	\$	\$	\$	\$	Nominee
* Clive Street Nominees Pte Ltd	India	100	\$	\$	\$	\$	Nominee
* E.S.& A. Properties (UK) Ltd	England	100	\$	\$	\$	\$	Non-operative
* Gillespie Bros & Company Ltd	England	100	\$	\$	0.2	0.4	Non-operative
* Grindinvest SA	France	99.6	\$	\$	\$	\$	Investment manager
* Grindlay Brandts Executor & Trustee Co Ltd	England	100	\$	\$	\$	\$	Corporate trustee
* Grindlay Brandts Export Finance Ltd	England	100	0.6	\$	0.2	\$	Export financing
* Grindlay Brandts Gesellschaft MBH	Austria	100	\$	\$	\$	\$	Non-operative
* Grindlay Vanguard Management Ltd	Jersey	100	\$	\$	\$	\$	Management
* Grindlays Assurances SA	France	58	\$	\$	\$	\$	Insurance
* Grindlays Bank International (Kenya) Ltd	Kenya	60	\$	0.8	0.4	0.8	Banking
† Grindlays Bank International (Uganda) Ltd	Uganda	100	\$	0.3	0.1	0.4	Banking
* Grindlays Bank International (Zambia) Ltd	Zambia	100	2.4	2.6	2.2	1.9	Banking
* Grindlays Bank Nominees (Jersey) Ltd	Jersey	100	\$	\$	\$	\$	Nominee
* Grindlays Bank plc	England <sup>(4)</sup>	100	224.8	169.4	72.1	7.2	Banking
* Grindlays Bank SA	France	100	\$	20.9	1.3	0.6	Banking
* Grindlays Bank (Jersey) Ltd	Jersey	100	3.2	3.4	10.6	9.1	Banking
† Grindlays Bank (Uganda) Ltd	Uganda	51	0.5	0.5	\$	0.4	Banking
† Grindlays Bank (Zaire) SZARL	Zaire	100	0.4	0.4	0.9	0.9	Banking
* Grindlays Capel-Cure International Management Company Ltd	Guernsey	100	\$	\$	(0.2)	\$	Fund management
* Grindlays Capel-Cure Services Ltd	England	100	\$	\$	\$	\$	Non-operative
* Grindlays Company Ltd	Hong Kong	100	\$	\$	\$	\$	Non-operative
† Grindlays Equipment Finance Ltd	England	100	\$	\$	3.0	(2.4)	Lease finance
* Grindlays Executor & Trust Company (Pte) Ltd	Zimbabwe	100	\$	\$	\$	\$	Executor/trustee
† Grindlays Export Finance A.G.	Switzerland	100	\$	\$	\$	(0.1)	Export finance
* Grindlays Finance Corporation Ltd	England	100	4.3	4.6	(8.2)	(10.1)	Holding company
* Grindlays Futures Ltd	Scotland <sup>(5)</sup>	100	0.8	1.4	\$	\$	Non-operative
* Grindlays Henderson Management Ltd	Jersey	100	\$	\$	\$	\$	Investment management
* Grindlays Industrial and Commercial Finance Ltd	Zimbabwe	100	\$	0.9	0.5	0.5	Hire purchase/lease
* Grindlays Industrial Holdings Ltd	England	100	5.0	5.0	(1.0)	(0.7)	Holding company
* Grindlays International Finance (Kenya) Ltd	Kenya	60	0.4	0.4	\$	\$	Project finance
* Grindlays International Ltd	Hong Kong <sup>(6)</sup>	100	4.7	4.9	(0.3)	(1.8)	Offshore banking
* Grindlays International (Bahamas) Ltd	Bahamas	100	\$	\$	\$	\$	Non-operative
* Grindlays International (Cayman Islands) Ltd	Cayman Islands	100	\$	\$	\$	\$	Non-operative
* Grindlays International (Curacao) NV	Netherlands Antilles <sup>(7)</sup>	100	\$	\$	\$	\$	Holding company
* Grindlays International (Gibraltar) Ltd	Gibraltar	100	\$	\$	\$	\$	Non-operative
* Grindlays International (Isle of Man) Ltd	Isle of Man	100	\$	\$	\$	\$	Non-operative
* Grindlays International (Nederland) BV	Netherlands	100	0.1	0.1	\$	\$	Holding company
* Grindlays International (Panama) Inc	Panama	100	\$	\$	\$	\$	Non-operative
* Grindlays Leasing of Zambia Ltd	Zambia	100	1.5	\$	0.7	0.3	Lease finance
* Grindlays Nominees (Kenya) Ltd	Kenya	60	\$	\$	\$	\$	Nominee
* Grindlays Nominees (Private) Ltd	Zimbabwe	100	\$	\$	\$	\$	Nominee
* Grindlays Nominees (Zambia) Ltd	Zambia	100	\$	\$	\$	\$	Nominee
† Grindlays Participacoes E Servicos Ltd	Brazil	100	\$	\$	0.1	(0.1)	Representative services
* Grindlays Properties Ltd	England	100	\$	\$	\$	(0.2)	Property owner
* Grindlays Secretarial Services Ltd	Jersey	100	\$	\$	\$	\$	Company administration



	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1988	1987	1988	1987	
			\$M	\$M	\$M	\$M	
<b>27. Subsidiary Companies (continued)</b>							
* Grindlays Securities Ltd	England	100	0.6	0.7	§	§	Non-operative
† Grindlays Services of Pakistan (Private) Ltd	Pakistan	100	0.9	0.2	§	§	Unit trust
† Grindlays Trust Company SA	Switzerland	100	§	§	§	§	Trust managers
* Grindlays Trust (Jersey) Ltd	Jersey	100	§	§	§	§	Trust related matters
* Grindlays (No 1) Investments	England	100	§	§	§	§	Non-operative
* Grindlays (No 2) Investments	England	100	§	§	§	§	Non-operative
* Grindlays (No 3) Investments	England	100	§	§	§	0.2	Non-operative
* Grindlays (No 4) Investments	England	100	§	§	§	(0.3)	Non-operative
* Grindlays (No 5) Investments	England	100	§	§	(0.3)	0.2	Non-operative
* Grindlays (No 6) Investments	England	100	§	§	§	§	Non-operative
* Grindlays (No 7) Investments	England	100	§	§	§	§	Non-operative
* Hotel Regina SA	Switzerland	100	§	§	§	§	Non-operative
* Lable Shipping Inc	Libya	100	§	§	§	§	Holding company
* McCaughan Dyson Capel Cure (UK) Ltd	England	100	21.5	§	(10.2)	§	Investment banking
* McCaughan Dyson Capel-Cure Holdings (UK) Ltd	England	100	21.5	§	(5.1)	(2.5)	Holding company
* McCaughan Dyson Futures (UK) Ltd	England	100	§	§	§	§	Futures trading
* McCaughan Nominees (UK) Ltd	England	100	§	§	§	§	Nominee
* Minerva Industrial Leasing Ltd	England	100	§	§	§	§	Lease finance
* Minerva Industrial Leasing (No 2) Ltd	England	100	§	§	§	§	Lease finance
* Minerva Industrial Leasing (No 3) Ltd	England	100	0.7	§	§	§	Lease finance
* Minerva Nominees Ltd	England	100	§	§	§	§	Nominee
* Multi Marketing Ltd	England	100	0.2	§	§	§	Furniture agents
* National and Grindlays Bank Ltd	England	100	§	§	§	§	Non-operative
* National and Grindlays Bank Trust Company Ltd	England	100	§	§	§	§	Trustee
* National Bank of India Ltd	England	100	§	§	§	§	Non-operative
* Pargola (Shipping) Ltd	England	100	§	§	§	§	Shipping
* Parliament Street Nominees Ltd	England	100	§	§	§	§	Nominee
* Polish Timber Products Ltd	England	100	§	§	0.3	0.2	Timber agents
* Sam C Thomson (Timber) Company Ltd	England	100	§	§	§	§	Timber agents
* SCI Immobiliere Poincare	France	100	§	§	§	§	Property dealing
* SCI Immobiliere Victor Hugo	France	100	§	§	§	§	Property owner
* Societe Immobiliere Quai du Mont Blanc 7	Switzerland	100	§	§	§	0.1	Property construction
* Spey Industrials Ltd	England	100	§	§	§	0.2	Non-operative
* Spey Securities Ltd	England	100	§	§	§	§	Non-operative
* Wm Brandts (Hardwood) Ltd	England	100	§	§	§	(0.1)	Timber agents
* Wm Brandts (Timber) Ltd	England	100	§	§	0.1	0.2	Timber agents
* Wm Brandts (Wallply) Ltd	England	100	§	0.1	0.3	0.1	Timber agents
* Zealand Nominees Ltd	England	100	§	§	§	§	Nominee
<b>Australia and New Zealand Savings Bank Ltd</b>	Australia	100	7.5	7.5	65.8	43.3	Savings banking
ANZ Properties (Australia) Ltd	Australia	100	5.0	5.0	2.9	1.3	Property owner
Weelya Pty Ltd	Australia	100	§	§	§	§	Property owner
† <b>Development Finance Corporation Ltd</b>	Australia	100	64.1	64.0	0.5	0.5	Investment banking
† AFT Funds Management Ltd	Australia	100	0.3	0.3	0.2	0.2	Unit trust manager
† AFT Investors Services Ltd	Australia	100	21.4	21.0	(12.8)	(16.4)	Unit trust manager
† AFT Ltd	Australia	100	1.0	1.0	4.3	6.7	Unit trust marketing
† AFT Portfolio Management Pty Ltd	Australia	100	6.1	§	(0.9)	0.6	Property trusts manager
† AFT Property Management Pty Ltd	Australia	100	§	§	§	§	Real estate manager
† AFT Property Services Pty Ltd	Australia	100	§	§	§	§	Real estate manager
† AFT (Canberra) Ltd	Australia	100	§	§	§	§	Retirement fund trustee
† Allied Australian Investments Ltd	Australia	100	3.1	3.1	0.3	0.3	Investment Company
† Australian Fixed Trusts Ltd	Australia	100	0.8	0.8	§	§	Superfund trustee
† Australian Fixed Trusts (Victoria) Ltd	Australia	100	0.7	0.7	§	§	Superfund trustee
† Belobek Pty Ltd	Australia	100	§	§	0.3	§	Securities investment
† Buzila Pty Ltd	Australia	100	§	§	§	§	Holding company
† Delfin Acceptances Ltd	Australia	100	6.8	6.8	0.2	0.1	Merchant banking
† Delfin Constructions Pty Ltd	Australia	100	0.1	0.1	§	§	Construction
† Delfin Financial Services Ltd	Australia	100	0.1	§	§	§	Leasing services
† Delfin Holdings Ltd	Australia	100	15.9	15.9	1.6	0.5	Investment company
† Delfin Investment Services Ltd	Australia	100	0.6	0.6	§	§	Investment manager
† Delfin Management Services Pty Ltd	Australia	100	1.4	1.4	§	§	Property management
† Delfin Project Management (Qld) Pty Ltd	Australia	60	§	§	0.1	(0.1)	Project management
† Delfin Properties Pty Ltd	Australia	100	4.9	4.9	§	§	Property owner
† Delfin Property Group Ltd	Australia	100	5.9	5.9	3.1	3.0	Real estate
† Delfin Realty Pty Ltd	Australia	100	0.2	0.4	0.3	0.3	Real estate agents
† Delfin Retirement Properties Pty Ltd	Australia	100	§	§	§	§	Real estate



	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1988	1987	1988	1987	
			\$M	\$M	\$M	\$M	
<b>27. Subsidiary Companies (continued)</b>							
† Delfin Securities Pty Ltd	Australia	100	\$	\$	\$	\$	Trustee
† Delfin Services Ltd	Australia	100	1.5	1.5	\$	\$	Investment company
† Delfin (NSW) Pty Ltd	Australia	100	0.4	\$	\$	\$	Share trading
† Delfin (Underwriting) Ltd	Australia	100	0.5	\$	\$	\$	Underwriting
† Development Nominees Pty Ltd	Australia	100	\$	\$	\$	\$	Nominee
† Japan- Australia Investment Co Ltd	Australia	100	1.0	0.9	\$	\$	Investment banking
Lakes Shore Hotel Pty Ltd	Australia	100	\$	\$	\$	\$	Real estate
† Vebeta Pty Ltd	Australia	100	1.1	1.1	\$	\$	Investment company
† Votrant No 258 Pty Ltd	Australia	100	\$	\$	\$	\$	Non-operative
† Votrant No 260 Pty Ltd	Australia	100	\$	\$	\$	0.4	Non-operative
† Votrant No 261 Pty Ltd	Australia	100	\$	\$	\$	0.4	Non-operative
† Votrant No 262 Pty Ltd	Australia	100	\$	\$	\$	0.4	Non-operative
† Votrant No 263 Pty Ltd	Australia	100	\$	\$	\$	0.4	Non-operative
† Votrant No 266 Pty Ltd	Australia	100	\$	\$	\$	0.4	Non-operative
West Lakes Ltd	Australia	100	9.7	9.7	0.4	6.5	Real estate
† Esanda Finance Corporation Ltd	Australia	100	369.4	369.4	49.5	45.2	General finance
† Analed Pty Ltd	Australia	100	(1.6)	0.5	2.8	3.7	Property development
† Dhrin Holdings Pty Ltd	Australia	100	\$	\$	\$	\$	Finance
† Endeavour Hills Pty Ltd	Australia	100	\$	\$	\$	\$	Custodian
† Esanda (Finance) Australia Ltd	Australia	100	0.8	\$	0.7	0.1	Lease finance
† Esanda (Wholesale) Pty Ltd	Australia	100	\$	\$	\$	\$	Motor vehicle finance
† FCA Finance Pty Ltd	Australia	100	19.5	0.5	4.8	10.7	Real estate finance
† Finance Corporation of Australia Ltd	Australia	100	123.8	75.0	15.9	1.0	Real estate finance
† Ironbark Developments Pty Ltd	Australia	100	\$	\$	\$	\$	Agent
† Lefca Developments (Section 7) Pty Ltd	Australia	100	(0.1)	\$	\$	\$	Trust beneficiary
† Lefca Investments Pty Ltd	Australia	100	\$	\$	\$	\$	Agent
† Liavatn Holdings Pty Ltd	Australia	100	\$	\$	\$	\$	Finance
† Parsca Holdings Pty Ltd	Australia	100	\$	\$	\$	\$	Finance
ANZ Life Assurance Company Ltd (formerly Greater Pacific Life Assurance Company Ltd)	Australia	100	48.3	48.3	18.6	19.2	Life Assurance
Crescent Pacific Properties Ltd	Australia	100	\$	\$	\$	\$	Investment company
Crown Woolrych Ltd	Australia	100	\$	\$	0.2	\$	Financial planning
Greater Pacific Casualty Ltd	Australia	100	0.2	0.2	\$	\$	Disability insurance
Greater Pacific Financial Services Ltd	Australia	100	0.1	0.7	0.8	\$	Insurance bonds
Greater Pacific Nominees Pty Ltd	Australia	100	\$	\$	\$	\$	Trustee
McCaughan Dyson Holdings Ltd	Australia	100	13.2	13.2	\$	\$	Holding company
Bow Lane Nominees Pty Ltd	Australia	100	\$	\$	\$	\$	Non-operative
Carroll Investment Group Ltd	Australia	100	2.5	\$	\$	\$	Investment company
Kite Nominees Pty Ltd	Australia	100	\$	\$	\$	\$	Non-operative
McCaughan Dyson Capel Cure Ltd	Australia	100	5.0	\$	(3.0)	1.6	Stockbroking
McCaughan Dyson Capel Cure Securities Ltd	Australia	100	\$	\$	\$	\$	Non-operative
* McCaughan Dyson Capel Cure (USA) Inc	USA	100	0.8	\$	(0.4)	\$	Stockbroking
* McCaughan Dyson Capel Cure (Nederlands) BV	Netherlands	100	0.2	0.2	(0.1)	\$	Stockbroking
* McCaughan Dyson International Holdings BV	Netherlands	100	0.2	0.2	\$	\$	Holding company
* McCaughan Dyson & Co (UK) Ltd	England	100	\$	\$	\$	\$	Service company
McCaughan Dyson Services Pty Ltd	Australia	100	\$	\$	(0.2)	\$	Non-operative
Snipe Nominees (1981) Pty Ltd	Australia	100	\$	\$	\$	\$	Non-operative
Teal Nominees Pty Ltd	Australia	100	\$	\$	\$	\$	Non-operative
* Adelaide Nominees Ltd	England	100	\$	\$	\$	\$	Nominee services
‡ ANZ Adelaide Group Ltd	Australia	100	66.1	66.1	2.1	0.8	Property owner
ANZ Aviation Services Ltd	Australia	100	3.0	\$	\$	(0.1)	Aviation
* ANZ Bank Canada	Canada	100	16.7	16.8	1.8	1.8	Banking
‡ ANZ Custodians Ltd	Australia	100	\$	\$	\$	\$	Custodian services
‡ ANZ Discounts Ltd	Australia	100	\$	\$	\$	\$	Negotiation of foreign currency loans
ANZ Finance (Far East) Ltd	Australia	100	16.2	16.2	0.8	2.3	Finance
* ANZ Finance (Jersey) Ltd	Jersey	100	\$	\$	\$	\$	Non-operative
ANZ Group Insurance Brokers Ltd	Australia	100	\$	\$	\$	\$	Non-operative
‡ ANZ Holdings Ltd	Australia	100	54.8	54.8	\$	0.2	Property owner
ANZ Investments Ltd	Australia	100	\$	\$	1.3	1.5	Deposit taker
‡ ANZ Leasing Pty Ltd	Australia	100	\$	\$	\$	\$	Leveraged leasing
‡ ANZ Leasing (ACT) Pty Ltd	Australia	100	\$	\$	\$	\$	Leveraged leasing
‡ ANZ Leasing (NSW) Pty Ltd	Australia	100	\$	\$	\$	\$	Leveraged leasing



	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1988	1987	1988	1987	
			\$M	\$M	\$M	\$M	
<b>27. Subsidiary Companies (continued)</b>							
‡ ANZ Leasing (NT) Pty Ltd	Australia	100	\$	\$	\$	\$ Leveraged leasing	
‡ ANZ Leasing (Vic) Pty Ltd	Australia	100	\$	\$	\$	\$ Leveraged leasing	
ANZ Managed Investments Ltd	Australia	100	\$	0.3	2.1	2.5 Unit trust managers	
ANZ Managed Investments (Qld) Ltd	Australia	100	\$	\$	\$	\$ Investment services	
‡ ANZ Nominees Ltd	Australia <sup>(8)</sup>	100	\$	\$	\$	\$ Nominee services	
* ANZ Nominees (Guernsey) Ltd	Guernsey <sup>(9)</sup>	100	\$	\$	\$	\$ Nominee services	
* ANZ Overseas Finance Ltd	England	100	\$	\$	\$	\$ Nominee services	
‡ ANZ Pensions Pty Ltd	Australia	100	\$	0.6	\$	\$ Staff pension fund trustee	
‡ ANZ Pensions (Adelaide) Ltd	Australia	100	\$	\$	\$	\$ Staff pension fund trustee	
* ANZ Pensions (UK) Ltd	England	100	\$	\$	\$	\$ Staff pension fund trustee	
‡ ANZ Staff Superannuation (Australia) Pty Ltd	Australia	100	\$	\$	\$	\$ Staff pensions fund trustee	
* ANZ Trust Company (Guernsey) Ltd	Guernsey <sup>(10)</sup>	100	\$	\$	\$	\$ Trustee	
* ANZ (Delaware) Inc	USA	100	\$	\$	\$	\$ Finance	
* Australia and New Zealand Bank Group (PNG) Ltd	Papua New Guinea	85	2.7	2.7	2.1	1.0 Banking	
* Australia and New Zealand Banking Group (Channel Islands) Ltd	Guernsey <sup>(11)</sup>	100	0.5	0.6	1.4	1.3 Banking	
Dinias Pty Ltd	Australia	100	\$	\$	\$	\$ Property developer	
‡ E.S. & A Properties (Australia) Ltd	Australia	100	\$	\$	\$	\$ Property investment	
‡ E.S. & A. Holdings Ltd	Australia	100	22.2	22.2	0.2	0.2 Property investment	
‡ E.S. & A. Nominees (Australia) Ltd	Australia	100	\$	\$	\$	\$ Nominee services	
* Grindlays Eurofinance BV	Netherlands	100	0.3	0.3	0.3	\$ Finance	
McCaughan Dyson Futures Ltd	Australia	100	0.9	0.8	(6.3)	0.1 Futures trading	
‡ Melbourne Safe Deposit Pty Ltd	Australia	100	\$	\$	\$	\$ Holding company	
Nepean International Travel Pty Ltd	Australia	100	0.1	\$	\$	\$ Travel services	
‡ No 3 Hoyle Ave Ltd	Australia	100	\$	\$	\$	\$ Property leasing	
‡ Pamarvin Pty Ltd	Australia	100	0.5	\$	\$	\$ Property unit trustee	
‡ Tannadice Pty Ltd	Australia	100	\$	\$	\$	\$ Property owner	
‡ Tirocourt Pty Ltd	Australia	100	\$	\$	\$	\$ Property owner	
‡ Yarraga Pty Ltd	Australia	100	\$	\$	\$	\$ Staff pension fund trustee	
Total contributions to Group result					504.2	376.6	
Adjustment for subsidiaries sold/liquidated					1.2	8.5	
<b>Group operating profit after income tax and minorities</b>					<b>505.4</b>	<b>385.1</b>	

\* Audited by overseas Klynveld Peat Marwick Goerdeler firms

† Audited by firms other than members of Klynveld Peat Marwick Goerdeler

‡ Debts of these subsidiaries are guaranteed by the Holding Company in terms of National Companies and Securities Commission Orders dated 22 April 1986 and 9 August 1988 relieving wholly owned subsidiaries from compliance with certain sections of the Companies Code relating to the preparation of audited accounts.

§ Amounts less than \$50,000

All companies operate principally in the country of incorporation except where noted below

<sup>1</sup>Operates internationally

<sup>7</sup>Operates internationally

<sup>2</sup>Operates internationally

<sup>8</sup>Operates in England, Australia & New Zealand

<sup>3</sup>Operates in Curacao

<sup>9</sup>Operates in Channel Islands

<sup>4</sup>Operates internationally

<sup>10</sup>Operates in Channel Islands

<sup>5</sup>Operates in England

<sup>11</sup>Operates in Channel Islands

<sup>6</sup>Operates in Bahrain



	Incorporated in	Interest %	Book value		Held by	Nature of business
			1988	1987		
			\$m	\$m		
<b>28. Associated companies</b>						
Associated companies are defined as companies where the Group's share or voting interest is between 20.0% and 50.0%						
AFTWoolworths Realty Pty Ltd	Australia	50.0	0.1	§	AFT	Unit trust management
Amalgamated Finance Ltd	New Zealand	50.0	§	§	UDC Group Holdings	Hire purchase
Asian International Merchant Bankers Berhad	Malaysia	26.5	3.1	3.2	Grindlays Industrial Holdings	Merchant banking
Australian Resources Development Bank Ltd	Australia	25.0	2.9	2.9	ANZ Banking Group	Natural resource finance
Autofleet Pty Ltd	Australia	27.5	§	§	Esanda Finance	Fleet management
Cambridge Capital Ltd	England	40.2	0.1	§	ANZ Merchant Bank	Corporate finance advice
Cardlink Services Ltd	Australia	20.0	0.2	§	ANZ Banking Group	Charge card services
Charge Card Services Ltd	Australia	20.0	0.3	0.3	ANZ Banking Group	Charge card services
Codeevsco Holdings Pty Ltd	Australia	35.7	§	§	Delfin Holdings	Manufacturer-polythene
Daiwa ANZ International Ltd	Australia	50.0	2.5	2.5	ANZ Banking Group	Securities operations
Dalgety Farmers Ltd	Australia	20.5	14.2	14.2	ANZ Banking Group	Rural industry broker/agent
Databank Systems Ltd	New Zealand	20.0	0.1	0.1	ANZ Banking Group (NZ)	Nationwide computer network
Development Capital of Australia	Australia	40.0	3.7	3.7	Delfin Holdings	Investment banking
Grindlays Bahrain Bank	Bahrain	40.0	6.5	5.2	Grindlays Bank	Banking
Grindlays Investment Services (Overseas) Ltd	Guernsey	50.0	0.2	§	ANZ Merchant Bank	Fund administration
Grindlays Merchant Bank of Nigeria Ltd	Nigeria	40.0	0.5	0.5	ANZ Holdings (UK)	Banking
LYC-AFT Unit Management Ltd	Singapore <sup>(1)</sup>	50.0	§	§	AFT Investors Services	Unit trust management
Merchant Bank (Ghana) Ltd	Ghana	30.0	0.1	0.3	Grindlays Industrial Holdings	Banking
Nabiac Farm Pty Ltd	Australia	30.0	0.1	0.2	Delfin Management Services	Rural property owners/farmers
Nepal Grindlays Bank Ltd	Nepal	50.0	0.8	1.2	Grindlays Bank	Banking
New Zealand Bankcard Associates Ltd	New Zealand	33.3	§	§	ANZ Banking Group (NZ)	Charge card services
Overland Agencies Pty Ltd	Australia	50.0	§	§	Development Finance Corporation	Investment banking
Pacific Corporate Services Pty Ltd	Australia <sup>(1)</sup>	42.3	0.1	0.1	Delfin Holdings	Investment banking
Property & Finance Partnership	England	50.0	0.1	§	ANZ Merchant Bank	Joint venture
Reading & West Capital	England	40.0	§	§	ANZ Merchant Bank	Corporate finance
South Pacific Investment Corp Ltd	Australia <sup>(1)</sup>	20.0	0.5	0.5	Delfin Holdings	Investment banking
Television Australia-Satellite Systems Ltd	Australia	21.2	§	§	Delfin Holdings	Satellite television development
Whiteman McCaughan Dyson Ltd	New Zealand	50.0	0.2	§	ANZ Banking Group (NZ)	Stockbroking

§ Amounts less than \$50,000

Companies operate principally in the country of incorporation except where noted below:

<sup>1</sup> Operates in the South Pacific

## 29. Superannuation commitments

A total of 72 pension schemes have been established in the Group worldwide. The major schemes with assets in excess of \$20m are:

Country	Fund	Benefit Type	Basis of Contribution	Date of Last Actuarial Valuation	Actuary
Australia	ANZ GROUP (Australia) Staff Pension Scheme	Pension	Balance of cost	April 1987	C. J. White Towers Perrin Forster & Crosby
Australia	ANZ Aust. Staff Superannuation Scheme	Lump Sum	Defined contribution	Dec 1987	C. J. White Towers Perrin Forster & Crosby
New Zealand	ANZ GROUP Staff Pension Scheme (New Zealand)	Pension	Balance of cost	Dec 1985	Mercers – New Zealand
United Kingdom	Staff Pension Scheme	Pension	Balance of cost	Dec 1987	R. Watson & Sons
United Kingdom	Senior Management Pension Scheme	Pension	Balance of cost	Dec 1987	R. Watson & Sons
United Kingdom	ANZ Merchant Bank Staff Pension Scheme	Pension	Balance of cost	Dec 1987	R. Watson & Sons
United Kingdom	ANZ GROUP (United Kingdom) Staff Pension Scheme	Pension	Balance of cost	Dec 1986	R. Watson & Sons
India	Staff Pension Scheme	Pension	Balance of cost	Sept 1986	B. Chatterjee FIA

The liabilities of all pension funds are covered by the assets in the funds or by specific provisions created in the Group.

The Group is obliged to contribute to the pension funds as a consequence of legislation or trust deeds. Legal enforceability is dependent on the terms of the legislation and trust deeds.

Definitions: (a) Balance of cost – the Group's contribution is assessed by the actuary after taking into account members' contributions and the value of the scheme's assets.

(b) Defined contribution – the Group's contribution is set out in the appropriate fund rules, usually as a fixed percentage of salary.

	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>30. Commitments</b>				
<b>Capital expenditure</b>				
Contracts for outstanding capital expenditure not provided for in these accounts:				
not later than one year	44.2	44.2	9.7	21.3
later than one year but not later than two years	4.8	12.3	–	–
later than two years but not later than five years	–	0.4	–	–
later than five years	0.1	–	–	–
<b>Total capital expenditure commitments</b>	<b>49.1</b>	<b>56.9</b>	<b>9.7</b>	<b>21.3</b>
<b>Lease rentals</b>				
Future rentals in respect of operating leases not provided for in these accounts:				
a) Land and buildings				
not later than one year	71.3	70.4	46.7	44.3
later than one year but not later than two years	63.2	62.8	39.4	38.7
later than two years but not later than five years	131.3	141.3	76.7	82.9
later than five years	473.2	894.4	374.8	393.5
	<b>739.0</b>	<b>1,168.9</b>	<b>537.6</b>	<b>559.4</b>
b) Furniture and equipment				
not later than one year	8.9	14.5	4.6	5.3
later than one year but not later than two years	6.1	12.3	2.5	4.2
later than two years but not later than five years	11.6	14.7	3.5	4.9
later than five years	0.3	1.4	0.3	0.3
	<b>26.9</b>	<b>42.9</b>	<b>10.9</b>	<b>14.7</b>
<b>Total lease rental commitments</b>	<b>765.9</b>	<b>1,211.8</b>	<b>548.5</b>	<b>574.1</b>
<b>Total commitments</b>	<b>815.0</b>	<b>1,268.7</b>	<b>558.2</b>	<b>595.4</b>



	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>31. Contingent liabilities and off-balance sheet transactions</b>				
<b>Contingent liabilities</b>				
Commercial bills endorsed	454.5	211.5	108.6	92.5
Liabilities under letters of credit	2,089.7	2,475.5	1,214.6	1,848.7
Guarantees, warranties and indemnities	6,076.6	6,658.3	3,417.0	3,309.4
Other	303.9	118.5	26.6	107.2
<b>Total contingent liabilities</b>	<b>8924.7</b>	<b>9,463.8</b>	<b>4,766.8</b>	<b>5,357.8</b>

The Holding Company has:

- Guaranteed the depositors' balances with Australia and New Zealand Savings Bank Limited
  - Guaranteed payment of certificates of deposit, bearer deposit notes and bankers' acceptances issued by ANZ Bank Canada
  - Guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc
  - Guaranteed the debts of certain Australian wholly-owned subsidiaries specified in Note 27 in terms of the National Companies and Securities Commission class orders dated 22 April 1986 and 9 August 1988 relieving wholly-owned subsidiaries from compliance with certain sections of the Companies Code relating to accounts
  - A contingent tax liability in respect of amounts received for share options issued during 1987 and credited to the capital reserve should the option holder decide not to exercise the option by the due date of 5 August 1992
- ANZ Banking Group (New Zealand) has guaranteed the depositors' balances with ANZ Savings Bank (New Zealand) Limited.

#### Litigation

There are outstanding court proceedings, claims and possible claims in respect of the Group's operations, the aggregate amount of which cannot be readily quantified. Where considered appropriate legal advice has been obtained and in the light of such advice provisions as deemed necessary have been made.

#### Set-offs

Excluded from the Group balance sheet are \$499.4m of liabilities and related assets where legal right of set-off exists. Also excluded are \$868.4m of non-recourse loans and related assets of leveraged leasing partnerships.

#### Off-balance sheet transactions

The Group is an active market participant in off-balance sheet financial instruments, principally forward exchange contracts, interest rate and currency swaps, forward rate agreements, financial futures and options traded in the financial markets throughout the world.

These instruments are used by the Group to:

- facilitate prudent and strategic management of the interest rate and currency risks inherent in the Group's banking activities;
  - provide financial services as an intermediary to enable customers to modify, transfer or reduce their interest rate or foreign exchange risks;
  - enable arbitrage between the various financial markets or positions to be adopted which take advantage of profitable trading opportunities.
- Management of these instruments is integrated into the Group's prudential risk practices. In particular, assessment of any credit risk is included in the evaluation of the exposure of the Group to customers.

Adequate provision has been made for any unrealised losses and it is not envisaged that any irrecoverable liability will arise from the settlement of these types of transactions.

Credit risk assessment of these instruments and commitments to provide financial facilities based on Reserve Bank of Australia credit conversion factors for capital adequacy ratio purposes are:

To provide financial facilities	3,414.1	1,722.4
Foreign exchange transactions	1,003.4	932.4
Interest rate related transactions	154.3	87.9
	<b>4,571.8</b>	<b>2,742.7</b>

	1988	1987	1988	1987
	\$M	\$M	\$M	\$M

#### 32. Assets and liabilities of non-banking corporations

In line with normal banking practice the consolidated balance sheet does not distinguish between current and non-current assets and liabilities. The following assets and liabilities of non-banking subsidiaries within the Group (refer note 1) are included in the consolidated accounts:

Current assets		Current liabilities			
Cash	112.2	242.1	Creditors and borrowings	6,179.6	5,292.5
Receivables	4,756.1	3,967.5	Provisions	82.8	115.1
Investments	811.6	699.5	Other current liabilities	699.2	594.3
Other	638.9	649.6		6,961.6	6,001.9
	<b>6,318.8</b>	<b>5,558.7</b>			
Non-current assets		Non-current liabilities			
Receivables	3,182.7	2,914.4	Creditors and borrowings	1,901.6	1,836.6
Investments	114.8	39.3	Provisions	18.8	22.8
Property, plant and equipment	123.6	175.2	Other non-current liabilities	145.9	139.5
Other non-current assets	143.3	111.8		2,066.3	1,998.9
	<b>3,564.4</b>	<b>3,240.7</b>	Total liabilities	<b>9,027.9</b>	<b>8,000.8</b>
Total assets	<b>9,883.2</b>	<b>8,799.4</b>	Net assets	<b>855.3</b>	<b>798.6</b>



	Consolidated			
	1988		1987	
	Available	Unused	Available	Unused
	\$M	\$M	\$M	\$M
<b>33. Financing arrangements</b>				
This note details financing arrangements of subsidiary borrowing corporations and subsidiaries registered under the Financial Corporations Act (Australia) 1974				
a) Financing arrangements which are available to such subsidiary companies (under normal financing arrangements):				
Credit standby arrangements:				
Overdraft standby	35.0	35.0	85.7	66.2
Commercial bills acceptance discount lines	83.5	83.5	35.0	35.0
	118.5	118.5	120.7	101.2
Other financing arrangements:				
Overdrafts	119.8	68.3	8.7	8.4
Commercial bill endorsement facilities	50.0	—	5.0	5.0
Total finance made available to subsidiary borrowing corporations	288.3	186.8	134.4	114.6
b) Financing arrangements which have been made available by such subsidiary companies (contractually arranged for each client):				
Credit standby arrangements:				
Revolving facilities	213.8	67.0	152.8	106.3
Loan rollover facilities:				
Commercial bill facilities	59.7	23.9	41.1	12.2
Other financing arrangements:				
Loan and lease facilities	919.7	73.9	775.9	457.7
Total finance made available by subsidiary borrowing corporations	1,193.2	164.8	969.8	576.2

	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>34. Remuneration of auditors</b>				
Amounts received, or due and receivable for:				
a) auditing the accounts or Group accounts				
auditors of the Holding Company	3.7	3.0	0.9	0.7
other auditors	0.6	1.0	—	—
	4.3	4.0	0.9	0.7
b) other services				
auditors of the Holding Company	1.1	1.2	0.4	0.5
other auditors	1.9	3.3	0.9	1.3
<b>Total remuneration of auditors</b>	<b>7.3</b>	<b>8.5</b>	<b>2.2</b>	<b>2.5</b>

The auditors did not receive any other benefits

	Consolidated		Holding Company	
	1988	1987	1988	1987
	\$M	\$M	\$M	\$M
<b>35. Remuneration of directors</b>				
Remuneration includes salaries, bonuses and other benefits.				
The number of directors of the Holding Company whose total remuneration received or due and receivable was within each of the following bands:				
\$1 to \$10,000			1	—
\$10,001 to \$20,000			1	—
\$20,001 to \$30,000			—	3
\$30,001 to \$40,000			4	4
\$40,001 to \$50,000			2	2
\$50,001 to \$60,000			3	2
\$70,001 to \$80,000			2	1
\$90,001 to \$100,000			1	—
\$160,001 to \$170,000			—	1
\$320,001 to \$330,000			—	1
\$380,001 to \$390,000			1	—
\$440,001 to \$450,000			—	1
\$520,001 to \$530,000			1	—

Total remuneration received or due and receivable by the directors of all Group corporations including the total remuneration of executive directors, excluding executive directors of subsidiaries who are executives of the Holding Company but including executive directors of the Holding Company: (\$m)	25.8	25.5	1.5	1.5
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Consolidated		Holding Company	
1988	1987	1988	1987

### 36. Remuneration of executives

Remuneration includes salaries, bonuses and other benefits.

The number of executives whose total remuneration received or due and receivable was within each of the following bands:

\$85,001 to \$95,000	12	-	-	-
\$95,001 to \$105,000	12	2	-	-
\$105,001 to \$115,000	10	2	-	-
\$115,001 to \$125,000	9	10	-	-
\$125,001 to \$135,000	7	10	2	1
\$135,001 to \$145,000	4	6	2	1
\$145,001 to \$155,000	7	2	1	3
\$155,001 to \$165,000	5	6	3	2
\$165,001 to \$175,000	7	10	4	2
\$175,001 to \$185,000	5	9	2	4
\$185,001 to \$195,000	5	9	2	1
\$195,001 to \$205,000	5	2	4	2
\$205,001 to \$215,000	2	2	-	1
\$215,001 to \$225,000	1	1	1	-
\$225,001 to \$235,000	2	2	2	1
\$235,001 to \$245,000	2	5	1	1
\$245,001 to \$255,000	-	1	-	-
\$255,001 to \$265,000	-	2	-	1
\$265,001 to \$275,000	2	-	1	1
\$275,001 to \$285,000	2	2	2	-
\$285,001 to \$295,000	-	1	-	-
\$295,001 to \$305,000	1	-	-	-
\$305,001 to \$315,000	-	2	-	-
\$315,001 to \$325,000	1	2	-	-
\$325,001 to \$335,000	-	3	-	3
\$335,001 to \$345,000	1	-	-	-
\$355,001 to \$365,000	2	-	-	-
\$375,001 to \$385,000	1	-	-	-
\$385,001 to \$395,000	2	-	1	-
\$395,001 to \$405,000	1	2	1	-
\$425,001 to \$435,000	1	1	-	1
\$445,001 to \$455,000	-	1	-	1
\$465,001 to \$475,000	1	-	-	-
\$475,001 to \$485,000	1	-	-	-
\$505,001 to \$515,000	1	-	-	-
\$515,001 to \$525,000	1	-	1	-
\$555,001 to \$565,000	-	2	-	-
Total remuneration received or due and receivable: (\$m)	20.1	19.5	6.4	5.8

### 37. Retirement benefits

Amounts paid in connection with the retirement of persons from the office of director and principal executive officer of Group companies (\$m):

0.9	1.1	-	0.1
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The directors believe that the provision of full particulars would be unreasonable



## Directors' Statement

### Statement by the Directors

In the opinion of the directors of Australia and New Zealand Banking Group Limited the accompanying accounts of the Company and its subsidiaries are properly drawn up in accordance with the provisions of the Companies (Victoria) Code in the manner authorised for a prescribed corporation being a banking corporation and on this basis:

- (i) the accompanying profit and loss statements are drawn up so as to give a true and fair view of the profit of the Company and its subsidiaries for the year ended 30 September 1988.
- (ii) the accompanying balance sheets are drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries as at 30 September 1988.
- (iii) are in accordance with applicable Approved Accounting Standards and with Australian Accounting Standards apart from the departures referred to in note 1 in respect of banking corporations for the reasons stated therein.

It is also the opinion of the directors that at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and be able to meet any obligations or liabilities that may arise from any guarantees or undertakings given to certain subsidiaries specified in note 27 in terms of National Companies and Securities Commission class orders dated 22 April 1986 and 9 August 1988.

Dated at Melbourne this 12th day of December 1988.

Signed in accordance with a resolution of the directors,

W. J. Vines *Chairman*

W. J. Bailey *Deputy Chairman and Group Chief Executive*

## Auditors' Report

### To the Members of

### Australia and New Zealand Banking Group Limited

We have audited the accounts set out on pages 6 to 30 in accordance with Australian Auditing Standards.

In our opinion:

the accounts are properly drawn up in accordance with the provisions of the Companies (Victoria) Code in the manner authorised for a prescribed corporation, being a banking corporation, and on this basis:

- (i) give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 1988 and the profit of the Company and the Group for the year ended on that date so far as they concern members of the Company and the other matters required by Section 269 of that Code to be dealt with in the accounts and in group accounts; and
- (ii) are in accordance with applicable Approved Accounting Standards and with Australian Accounting Standards apart from the departures referred to in note 1 in respect of banking corporations with which we agree for the reasons therein stated.

The names of the subsidiaries of which we have not acted as auditors are identified in note 27. We have examined their accounts and the auditors' reports thereon.

Peat Marwick Hungerfords  
Chartered Accountants

P. M. Burroughs *Partner*

Melbourne  
12 December 1988



# Analysis of Shareholdings

## Twenty largest shareholders

As at 16 November 1988, the twenty largest shareholders held 376,657,891 shares, which is equal to 44.7 per cent of the total issued capital of 843,036,800 shares of \$1 each.

Shareholders:	No. of Shares	%
National Nominees Limited	95,798,165	11.4
Snipe Nominees (1981) Pty Limited	53,042,304	6.3
Australian Mutual Provident Society	40,608,909	4.8
ANZ Nominees Limited	37,317,497	4.4
State Authorities Superannuation Board	25,137,234	3.0
Pendal Nominees Pty Limited	24,113,132	2.9
The National Mutual Life Association of Australasia Limited	13,619,624	1.6
Bank of New South Wales Nominees Pty Ltd	12,258,079	1.5
M.L.C. Life Limited	7,763,280	0.9
ISMG Nominees Pty Limited	7,479,647	0.9
Pearl Assurance Public Limited Company	7,465,987	0.9
Government Insurance Office of New South Wales	6,956,478	0.8
Stuparts Limited	6,549,543	0.8
Superannuation Fund Investment Trust	6,387,819	0.7
Lightning Nominees Pty Limited	5,708,799	0.7
ANZ Executors Nominees (NSW) Limited	5,524,031	0.7
The Mercantile Mutual Life Insurance Company Limited	5,368,503	0.6
Wardley Australia Nominees Pty Limited	5,350,678	0.6
C.T.B. Nominees Limited	5,320,062	0.6
Thunderbolt Nominees Pty Limited	4,888,120	0.6
	<u>376,657,891</u>	<u>44.7</u>

## Average size of shareholdings

As at 16 November 1988 the average size of shareholdings was 11,559 (1987, 10,752).

## Directors' shareholding interests as at 12th December, 1988

	Beneficially held Shares		Options (iii) (all beneficially held)	Non-beneficially held Shares	
	Fully Paid	Partly Paid		Fully Paid	Partly Paid
	(i)	(ii)		(i)	(ii)
Sir William Vines	93,713	50,000	-	-	-
W. J. Bailey	142,631	-	7,105	50,000	-
R. A. D. Nicolson	114,256	-	3,719	50,000	-
M. D. Bridgland	36,207	50,000	-	50,000	-
Sir Roderick Carnegie	53,077	50,000	17,179	50,000	5,077
J. C. Dahlsen	19,500	50,000	-	50,000	-
D. C. L. Gibbs	30,775	25,000	9,295	25,000	-
J. B. Gough	61,907	50,000	18,651	-	-
C. J. Harper	10,679	50,000	-	50,000	-
W. J. Holcroft	95,143	50,000	-	-	-
Dame Leonie Kramer	1,590	50,000	-	50,000	-
Sir Laurence Muir	35,841	50,000	14,306	50,000	-
L. M. Papps	22,544	50,000	12,090	50,000	52,325
B. W. Scott	1,633	50,000	8,605	50,000	-
R. B. Vaughan	5,833	-	-	-	-
	<u>725,329</u>	<u>575,000</u>	<u>90,950</u>	<u>525,000</u>	<u>57,402</u>
					<u>8,334</u>

(i) Ordinary shares of \$1.00 each paid as to 10 cents only issued pursuant to the Directors' Share and Option Purchase Scheme.

(ii) Partly paid ordinary shares of \$1.00 each paid as to 50 cents with \$1.90 payable on 10th September, 1990 (being 50 cents capital and \$1.40 premium).

(iii) Options issued pursuant to the Directors' Share and Option Purchase Scheme to take up shares in the Company during the period of 5 years after issue at market prices fixed as at the time of issue less 1 cent which amount of 1 cent was paid on issue of the option.

## Distribution of shareholdings

Range	Number of holders	% of holders	Number of shares 000's	% of shares
1 to 1,000 shares	21,232	29.1	11,304	1.4
1,001 to 5,000 shares	36,714	50.3	88,669	10.5
5,001 to 10,000 shares	8,562	11.7	60,044	7.1
Over 10,000 shares	6,427	8.9	683,020	81.0
	<u>72,935</u>	<u>100.00</u>	<u>843,037</u>	<u>100.0</u>

## Category of shareholder

Category	Number of holders	% of holders	Number of shares 000's	% of shares
Individual holders	56,467	77.5	197,406	23.4
Joint holders	7,057	9.7	27,836	3.3
Banks and insurance companies	580	0.8	118,186	14.0
Trustee companies	586	0.8	26,245	3.1
Pension funds	64	-	28,307	3.4
Nominee companies	1,370	1.9	369,038	43.8
Other	6,811	9.3	76,019	9.0
	<u>72,935</u>	<u>100.0</u>	<u>843,037</u>	<u>100.0</u>

## Voting rights of shareholders

The articles provide for

- on a show of hands: 1 vote

- on a poll: 1 vote for each fully-paid and 50 cent paid share held

1 vote for every 10 cent paid share issued pursuant to the Company's Senior Officers' Share Purchase Scheme

## Holdings of non-marketable parcels

As at 16 November 1988, shareholdings of less than a marketable parcel (1 share to 99 shares) totalled 1454 (1987: 1733), which is equal to 2% of the total number of shareholdings.

## Employee shareholder information

As at 16 November 1988 participants in the Employee and Senior Officers' Share Purchase Schemes held 2.3% of the issued share capital.





Australia and New Zealand Banking Group Limited