Notes to the financial statements
for the financial year ended 31 March 2011
continued

Note 43
Fair values of financial assets and liabilities continued

Significant transfers between levels of the fair value hierarchy

During the financial year the Consolidated Entity did not have significant transfers between Level 1 and 2.

Transfers into Level 3 were due to the lack of observable valuation inputs for certain securities and investments. Transfers out of Level 3 were principally due to valuation inputs becoming observable during the year.

Unrecognised gains

For financial assets and financial liabilities measured at fair value through profit or loss, when the transaction price in a non-active market is different to the fair market value from other observable current market conditions in the same instrument or based on valuation techniques whose variables include other data from observable markets, the Consolidated Entity recognises the difference between the transaction price and the fair value in the income statement. In cases where use is made of data which is not observable, profit or loss is only recognised in the income statement when the inputs become observable, or over the life of the instrument.

The table below summarises the deferral and recognition of profit or loss where a valuation technique has been applied for which not all inputs are observable in the market:

	Consolidated 2011 $m	Consolidated 2010 $m
Balance at the beginning of the financial year	**38**	55
Deferral on new transactions	**17**	25
Amounts recognised in the income statement during the year	**(28)**	(42)
Balance at the end of the financial year	**27**	38

Sensitivity analysis of valuations using unobservable inputs

The table below shows the sensitivity in changing assumptions to reasonably possible alternative assumptions, for those financial instruments for which fair values are determined in whole or in part using valuation techniques, such as discounted cashflows, which are based on assumptions that have been determined by reference to historical company and industry experience.

	Favourable changes		Unfavourable changes	
	Profit and loss $m	Equity $m	Profit and loss $m	Equity $m
Product type			**Consolidated 2011**	
Equity and equity linked products	**25**	**20**	**(31)**	**(3)**
Asset backed products	**16**	**13**	**(15)**	**(4)**
Commodity products	**17**	**–**	**(16)**	**–**
Credit products	**3**	**–**	**(3)**	**–**
Interest rate products	**1**	**–**	**(1)**	**–**
Total	**62**	**33**	**(66)**	**(7)**
Product type			Consolidated 2010	
Equity and equity linked products	32	13	(32)	(2)
Asset backed products	30	–	(28)	–
Commodity products	24	–	(24)	–
Credit products	3	–	(3)	–
FX products	2	–	(2)	–
Interest rate products	1	–	(1)	–
Total	92	13	(90)	(2)