
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 77. (See end of Document for details)

SCHEDULES

SCHEDULE 7

LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

PART 2

DERIVATIVE CONTRACTS: AMENDMENTS OF PART 7 OF CTA 2009

- 77 (1) Section 615 (change of accounting policy after ceasing to be party to derivative contract) is amended as follows.
- (2) In subsection (1), for paragraph (b) substitute—
- “(b) section 607A (company is not, or has ceased to be, party to derivative contract) applied to the cessation, and”.
- (3) For subsections (2) and (3) substitute—
- “(2) A credit or debit (as the case may be) of an amount equal to the difference must be brought into account for the purposes of this Part for the later period in the same way as a credit or debit which is brought into account in determining the company's profit or loss for that period in accordance with generally accepted accounting practice.”
- (4) In subsection (4), for “Subsections (2) and (3) do” substitute “Subsection (2) does”.
- (5) For subsection (5) substitute—
- “(5) In this section “the amount outstanding in respect of the derivative contract” means—
- (a) so much of the recognised deferred income or recognised deferred loss from the derivative contract as has not been represented by credits or debits brought into account in accordance with this Part in respect of the contract, and
- (b) any amounts relating to the matters mentioned in section 594A(1) in respect of the derivative contract that have in accordance with generally accepted accounting practice been recognised in the company's accounts as items of other comprehensive income and not transferred to become items of profit or loss.”
- (6) After subsection (6) insert—
- “(7) In determining what amounts fall within subsection (5)(b) at the beginning or end of a period, it is to be assumed that the accounting policy applied in drawing up the company's accounts for the period was also applied in previous periods.
- (8) But if the company's accounts for the period are in accordance with generally accepted accounting practice drawn up on an assumption as to the

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accounting policy in previous periods which differs from that mentioned in subsection (7), that different assumption applies in determining what amounts fall within subsection (5)(b) at the beginning or end of the period.”

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