
STATUTORY INSTRUMENTS

2004 No. 2947

The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004

PART 3

Other modifications of provisions relating to accounts

Disclosures in relation to financial instruments

13.—(1) In Schedule 7 to the 1985 Act (disclosures to be made in directors' report)(1), after paragraph 5 insert—

“Financial instruments

5A.—(1) In relation to the use of financial instruments by a company and by its subsidiary undertakings, the directors' report must contain an indication of—

- (a) the financial risk management objectives and policies of the company and its subsidiary undertakings included in the consolidation, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and
- (b) the exposure of the company and its subsidiary undertakings included in the consolidation to price risk, credit risk, liquidity risk and cash flow risk,

unless such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company and its subsidiary undertakings included in the consolidation.

(2) In sub-paragraph (1) the expressions “hedge accounting”, “price risk”, “credit risk”, “liquidity risk” and “cash flow risk” have the same meaning as they have in Council Directive [78/660/EEC](#) on the annual accounts of certain types of companies, and in Council Directive [83/349/EEC](#) on consolidated accounts, as amended.”(2)

(2) In section 246(4) of the 1985 Act (exemptions for small companies from disclosures in directors' report)(3), after paragraph (b) insert—

- “(ba) paragraph 5A of Schedule 7 (disclosures relating to the use of financial instruments);”.

(1) The paragraph in Schedule 7 previously numbered 5A was repealed by regulation 14 of S.I. [1996/189](#).
(2) O.J. L222 of 14.8.1978 page 11 and O.J. L193 of 18.7.1983 page 1, as amended in particular by Directives [2001/65/EEC](#) and [2003/51/EEC](#) of the European Parliament and of the Council (O.J. L238 of 27.12.2001, page 28, and O.J. L178 of 17.7.2003, page 16).
(3) Section 246 was substituted by regulation 2(1) of S.I. [1997/220](#), and amended by regulation 6(1) of S.I. [1997/570](#), and by regulation 8(1) of S.I. [2000/1430](#).