
STATUTORY INSTRUMENTS

2004 No. 3256

The Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004

Condition 3

The condition is that the currency in which the liability is expressed is such that the company could, by entering into that liability, reasonably expect to eliminate or substantially reduce the economic risk of holding the asset, or part of the asset, which is attributable to fluctuations in exchange rates.

(4) If condition 3 applies, a liability is matched with an asset only to the extent that the carrying value of the liability at the time when the liability is entered into does not exceed the unmatched carrying value of the asset at that time.

(5) For the purposes of section 84A(3A) of the Finance Act 1996 there is prescribed an exchange gain or loss arising to a company in an accounting period in relation to an asset representing a loan relationship of the company which is matched with the whole or part of any share capital of the company.

(6) An asset is matched with share capital if for the accounting period of the company immediately preceding the first accounting period to which these Regulations apply—

- (a) exchange gains and losses on the asset were taken to a reserve; and
- (b) set off there against exchange gains and losses on the share capital.

(7) In this regulation—

“carrying value” means, in relation to a liability, the value as shown in the company’s accounts of that liability; and

“unmatched carrying value” means, in relation to an asset, an amount equal to the value as shown in the company’s accounts to the extent that that amount has not previously been matched in accordance with this regulation or regulation 4.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 2(3A) inserted by [S.I. 2011/2912](#) reg. 3
- reg. 3(1A) omitted by [S.I. 2014/3188](#) reg. 3
- reg. 3(1ZA) inserted by [S.I. 2011/2912](#) reg. 4(1)
- reg. 3(5) words substituted by [S.I. 2013/2781](#) reg. 2(3)
- reg. 3(5) words substituted by [S.I. 2014/3188](#) reg. 8(3)
- reg. 3(5)(c) words substituted by [2019 c. 1 Sch. 20 para. 9\(3\)](#)
- reg. 3(5)(c) words substituted by [S.I. 2013/3209](#) reg. 10(3)
- reg. 4(1A) inserted by [S.I. 2011/2912](#) reg. 5(1)
- reg. 4(4A) words substituted by [S.I. 2013/2781](#) reg. 2(3)
- reg. 4(4A) words substituted by [S.I. 2014/3188](#) reg. 8(5)
- reg. 4(4A)(c) words substituted by [2019 c. 1 Sch. 20 para. 9\(4\)](#)
- reg. 4(4A)(c) words substituted by [S.I. 2013/3209](#) reg. 10(3)
- reg. 4(4C) inserted by [S.I. 2022/239](#) reg. 2(3)
- reg. 4A added by [S.I. 2005/3374](#) regs 26
- reg. 4A(7)-(7C) substituted for reg. 4A(7) by [S.I. 2014/3188](#) reg. 4(2)
- reg. 4A(7) words inserted by [S.I. 2011/698](#) reg. 5(2)
- reg. 4A(8)-(8B) omitted by [S.I. 2014/3188](#) reg. 4(3)
- reg. 4A(8A)(8B) inserted by [S.I. 2011/698](#) reg. 5(3)
- reg. 4A(9) second reg. 4A(6) renumbered as reg. 4A(9) by [S.I. 2011/698](#) reg. 5(4)
- reg. 4A(9) words substituted by [S.I. 2014/3188](#) reg. 8(6)
- reg. 4C substituted by [S.I. 2011/698](#) reg. 6
- reg. 4C(1) words substituted by [S.I. 2014/3188](#) reg. 5
- reg. 5(4) words substituted by [S.I. 2014/3188](#) reg. 8(7)(a)
- reg. 5(4) words substituted by [S.I. 2014/3188](#) reg. 8(7)(b)
- reg. 5(4) words substituted by [S.I. 2014/3188](#) reg. 8(7)(c)
- reg. 5A inserted by [S.I. 2015/1961](#) reg. 4
- reg. 5ZA inserted by [S.I. 2022/239](#) reg. 2(4)
- reg. 6-6B substituted for reg. 6 by [S.I. 2014/3188](#) reg. 6
- reg. 6(5A)(a) word omitted by [S.I. 2013/3209](#) reg. 10(4)(a)
- reg. 6(5A)(c) and word inserted by [S.I. 2013/3209](#) reg. 10(4)(b)
- reg. 6(5C)(a) word omitted by [S.I. 2013/3209](#) reg. 10(4)(a)
- reg. 6(5C)(c) and word inserted by [S.I. 2013/3209](#) reg. 10(4)(b)
- reg. 6A(3)(b) words substituted by [S.I. 2015/1961](#) reg. 5(a)
- reg. 6A(4)(b) words substituted by [S.I. 2015/1961](#) reg. 5(b)
- reg. 6A(5)(a) words substituted by [S.I. 2015/1961](#) reg. 5(c)(i)
- reg. 6A(5)(b) words inserted by [2020 c. 14 Sch. 6 para. 8\(a\)](#)
- reg. 6A(5)(b) words substituted by [S.I. 2015/1961](#) reg. 5(c)(ii)
- reg. 6A(6) inserted by [2020 c. 14 Sch. 6 para. 8\(b\)](#)
- reg. 6B-6D substituted for reg. 6B by [S.I. 2015/1961](#) reg. 6
- reg. 7(4) omitted by [S.I. 2015/1961](#) reg. 7(a)
- reg. 7(4) words substituted by [S.I. 2014/3188](#) reg. 8(10)
- reg. 7(5) inserted by [S.I. 2015/1961](#) reg. 7(b)
- reg. 7(5) words inserted by [S.I. 2022/239](#) reg. 2(5)(a)
- reg. 7(5) words substituted by [S.I. 2022/239](#) reg. 2(5)(b)
- reg. 7A added (with transl provns) by [S.I. 2009/1886](#) regs 357
- reg. 7A(7A) inserted by [S.I. 2022/239](#) reg. 2(6)

- reg. 9(2A) words inserted by S.I. 2015/1961 reg. 8(a)
- reg. 9(2A) words substituted by S.I. 2014/3188 reg. 8(11)
- reg 9A added by S.I. 2005/3374 regs 210
- reg 9A am by S.I. 2006/3236 reg 5
- reg. 9A cross-heading inserted by S.I. 2014/3188 reg. 7(1)
- reg. 9A omitted by S.I. 2015/1961 reg. 9
- reg. 9A(1) words substituted by S.I. 2014/3188 reg. 8(8)(d)
- reg. 9A(1)(c) substituted by S.I. 2014/3188 reg. 7(2)(a)
- reg. 9A(2) words substituted by S.I. 2014/3188 reg. 8(8)(d)
- reg. 9A(3) words substituted by S.I. 2014/3188 reg. 8(8)(d)
- reg. 9A(3A) substituted by S.I. 2014/3188 reg. 7(2)(b)
- reg. 10(3C) words substituted by S.I. 2014/3188 reg. 8(14)
- reg 10A added by S.I. 2009/1886 regs 36
- regs 1112 added by S.I. 2005/2012 regs 211
- reg 11 am by S.I. 2006/3236 reg 6
- reg. 11(1) words substituted by S.I. 2014/3188 reg. 8(17)(a)
- reg. 11(1A) words substituted by S.I. 2014/3188 reg. 8(17)(a)
- reg. 11(4) words substituted by S.I. 2014/3188 reg. 8(18)
- reg 12 am by S.I. 2006/3236 reg 7
- reg. 12(1) words substituted by S.I. 2014/3188 reg. 8(17)(b)
- reg. 12(1A) words substituted by S.I. 2014/3188 reg. 8(17)(b)
- reg. 12(3) words substituted by S.I. 2014/3188 reg. 8(18)
- reg. 12A inserted by S.I. 2014/3325 reg. 3(2)
- reg 13 added by S.I. 2009/1886 regs 37