

---

---

STATUTORY INSTRUMENTS

---

---

**2004 No. 3256**

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

**Profits or losses arising from derivative contracts which are commodity contracts or debt contracts**

**8.—(1)** For the purposes of paragraph 17C(1)(a) of Schedule 26 to the Finance Act 2002 there is prescribed in relation to a commodity contract or a debt contract all credits and debits representing the whole or part of the fair value profit or loss arising to a company in an accounting period if—

- (a) there is a hedging relationship between the contract or part of the contract and a forecast transaction or a firm commitment (“the hedged item”) of the company; and
- (b) the hedged item is not one to which fair value accounting applies for that accounting period.

(2) In this regulation—

“a commodity contract” means a derivative contract whose underlying subject matter is commodities unless the contract is an interest rate contract within the meaning of regulation 9(4); and

“a debt contract” means a derivative contract whose underlying subject matter is an asset or liability representing a loan relationship unless the contract is an interest rate contract within the meaning of regulation 9(4).

(3) Where there is a hedging relationship between part of a commodity contract or part of a debt contract as the case may be and a hedged item, the part of the fair value profit or loss that is prescribed is the part which bears to the whole the proportion which the value of that part of the contract which is in the hedging relationship bears to the value of the whole of the contract.

---

**Commencement Information**

**II** Reg. 8 in force at 1.1.2005, see [reg. 1\(1\)](#)

**Status:**

Point in time view as at 01/01/2005.

**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.