
STATUTORY INSTRUMENTS

2005 No. 2012

**The Loan Relationships and Derivative Contracts
(Disregard and Bringing into Account of Profits
and Losses) (Amendment) Regulations 2005**

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

10.—(1) Amend regulation 10 (bringing fair value profits or losses into account on currency and commodity contracts) as follows.

(2) In paragraph (1)(a)—

(a) after “any” insert “regulation 7 or 8”; and

(b) omit the words “by virtue of regulation 7(1) or regulation 8(1)”.

(3) In paragraph (3) after “contract is” insert “, subject to paragraph (3A),”.

(4) After paragraph (3) insert—

“(3A) If paragraph (3)(b) applies—

(a) the amount to be brought into account in an accounting period is the product of

$$DA/E \times FVP,$$

where—

DA is the amount of depreciation recognised in the profit and loss account or income statement in relation to the hedged item in the accounting period,

E is the total expenditure on the hedged item, and

FVP is the aggregate amount of regulation 7 or 8 fair value profit;

(b) where the hedged item is disposed of, the balance of the aggregate amount mentioned in paragraph (1)(a) which has not been brought into account under sub-paragraph (a) of this paragraph shall be brought into account in the accounting period in which the disposal takes place.”.

(5) In paragraph (5) after “paragraph (1)(b)” insert “or paragraph (3)”.

(6) In paragraph (6)—

(a) in sub-paragraph (a) for “amount to” substitute “proportion”; and

(b) in sub-paragraph (b) for “on which exchange gains and losses begin” substitute “which begins”.

(7) In paragraph (8)(a) for “applies” substitute “would apply but for paragraph 30 of that Schedule”.

(8) In paragraph (10)(b) after “represent” insert “regulation 7 or 8”.