

---

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**

4.—(1) Amend regulation 3 (exchange gains or losses arising from liabilities or assets hedging shares etc.) as follows.

(2) After paragraph (1) insert—

“(1A) For the purposes of paragraph (1) a liability representing a loan relationship does not include any liability representing a relationship within section 100(1) of the Finance Act 1996(1).”.

(3) In paragraph (2) after “value” insert “, or profits or losses arising on the disposal,”.

(4) In paragraph (3)—

(a) for the first sentence substitute—

“Shares, ships or aircraft are matched to the greatest possible extent with—

(a) the liability representing the loan relationship designated as a hedge if condition 1 is satisfied;

(b) subject to paragraph (a), the liability representing the loan relationship referred to in condition 2 if that condition is satisfied;”;

(b) omit condition 1;

(c) in condition 3—

(i) for “could” substitute “intends”;

(ii) after “into” insert “and continuing to be subject to”; and

(iii) omit “reasonably expect”;

(d) renumber—

(i) condition 2 as condition 1, and

(ii) condition 3 as condition 2.

(5) In paragraph (4)—

(a) for “condition 3” substitute “condition 2”; and

(b) after “into” insert “or, if later, when the asset is acquired”.

---

(1) 1996 c. 8, section 100 was substituted by section 79 of, and paragraphs 1 and 6 of Schedule 23 to, the Finance Act 2002 and relevantly amended by section 80 of, and paragraph 9 of Schedule 4 to, the Finance Act 2005 (c. 7).