

SCHEDULES

SCHEDULE 7

LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

PART 2

DERIVATIVE CONTRACTS: AMENDMENTS OF PART 7 OF CTA 2009

66 After section 604 insert—

“604A Amounts recognised in other comprehensive income and not transferred to profit or loss

- (1) This section applies if—
 - (a) in a period of account a derivative contract of a company ceases in accordance with generally accepted accounting practice to be recognised in the company’s accounts,
 - (b) amounts relating to the matters mentioned in section 594A(1) in respect of that derivative contract have in accordance with generally accepted accounting practice been recognised in the company’s accounts as items of other comprehensive income and have not subsequently been transferred to become items of profit or loss, and
 - (c) condition A or B is met.
- (2) Condition A is that, at the time when the derivative contract ceases to be recognised, it is not expected that the amounts mentioned in subsection (1)(b) will in future be transferred to become items of profit or loss.
- (3) Condition B is that, at any later time, it is no longer expected that the amounts mentioned in subsection (1)(b) will in future be transferred to become items of profit or loss.
- (4) The amounts mentioned in subsection (1)(b)—
 - (a) must be brought into account for the purposes of this Part as credits or debits for the period of account in which the time mentioned in subsection (2) or (3) falls, in the same way as a credit or debit which is brought into account in determining the company’s profit or loss for that period in accordance with generally accepted accounting practice, and
 - (b) must not be brought into account for a later period of account even if they are subsequently transferred to become items of profit or loss for the later period.
- (5) This section applies in a case where part of a derivative contract of a company ceases to be recognised in the company’s accounts as it applies in a case where the whole of a derivative contract ceases to be recognised, but

Status: This is the original version (as it was originally enacted).

as if the reference in subsection (1)(b) to amounts in respect of a derivative contract were a reference to so much of those amounts as are attributable to that part of the derivative contract.

- (6) In determining what amounts fall within subsection (1)(b) at any time in an accounting period, it is to be assumed that the accounting policy applied in drawing up the company's accounts for the period was also applied in previous accounting periods.
- (7) But if the company's accounts for the period are in accordance with generally accepted accounting practice drawn up on an assumption as to the accounting policy in previous accounting periods which differs from that mentioned in subsection (6), that different assumption applies in determining what amounts fall within subsection (1)(b) at the time in question.
- (8) In this section "item of profit or loss" and "item of other comprehensive income" each has the meaning that it has for accounting purposes."