

SCHEDULES

SCHEDULE 4

ACCOUNTING PRACTICE AND RELATED MATTERS

PART 2

OTHER PROVISIONS CONNECTED WITH ACCOUNTING PRACTICE

FA 1996

- 27 (1) Section 94 of FA 1996 (loan relationships: treatment of indexed gilt-edged securities) shall be deemed not to have been repealed by paragraph 12 of Schedule 10 to FA 2004.

Paragraph 12(3) of Schedule 25 to FA 2002 (which amended that section) shall also be deemed not to have been repealed by Division (6) of Part 2 of Schedule 42 to FA 2004.

- (2) That section is, instead, amended as follows.

- (3) For subsections (1) to (3A) substitute—

“(1) In the case of a loan relationship represented by an index-linked gilt-edged security—

- (a) the amounts to be brought into account for the purposes of this Chapter must be determined using fair value accounting, and
- (b) the following adjustment shall be made in computing those amounts.

- (2) The adjustment shall be made wherever—

- (a) those amounts fall to be determined by reference to the value of the security at two different times, and
- (b) there is a change in the retail prices index between those times.

- (3) The adjustment is made to the carrying value of the security at the earlier time and is to increase or, as the case may be, reduce it by the same percentage as the percentage increase or reduction in the retail prices index between the earlier and the later time.”