
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

5.—(1) Amend regulation 4 (exchange gains or losses arising from derivative contracts hedging shares etc.) as follows.

- (2) In paragraph (2) after “value” insert “, or profits or losses arising on the disposal,”.
- (3) In paragraph (3)—
 - (a) for the first sentence substitute—

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

 - (a) the derivative contract designated as a hedge if condition 1 is satisfied;
 - (b) subject to paragraph (a), the derivative contract 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 party to”; and
 - (iii) omit “reasonably expect”;
 - (d) renumber—
 - (i) condition 2 as condition 1, and
 - (ii) condition 3 as condition 2.
- (4) In paragraph (4)—
 - (a) for “condition 3” substitute “condition 2”;
 - (b) for “carrying value of” where it first appears substitute “value of the obligation under”; and
 - (c) after “into” insert “or, if later, when the asset is acquired”.
- (5) In paragraph (5)—
 - (a) omit the definition of “carrying value”; and
 - (b) insert—

““the value of the obligation under the derivative contract” means the value of the obligation of the company to pay in exchange for one currency an amount of a second currency and includes any notional obligation to pay an amount of currency in respect of a contract for differences.”.