
STATUTORY INSTRUMENTS

2004 No. 3256

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

Fair value profits or losses arising from derivative contracts which are currency contracts

7.—(1) For the purposes of paragraph 17C(1)(a) of Schedule 26 to the Finance Act 2002 there is prescribed in relation to a derivative contract whose underlying subject matter consists wholly of currency, all credits and debits representing the whole or part of the fair value profit or loss arising to a company in an accounting period; if the contract satisfies the conditions in paragraph (2).

(2) The conditions referred to in paragraph (1) are—

- (a) there is a hedging relationship between the contract or part of the contract and a forecast transaction or a firm commitment (“the hedged item”) of the company;
- (b) exchange gains and losses on the hedged item are not recognised in determining the company’s profit and loss; and
- (c) fair value profit or loss arising to the company in relation to the contract is recognised in the company’s profit and loss account or income statement.

(3) Where there is a hedging relationship between part of a currency contract and a hedged item, the part of the fair value profit or loss that is prescribed is the part which bears to the whole the proportion which the value of that part of the contract which is in the hedging relationship bears to the value of the whole of the contract.

Commencement Information

II Reg. 7 in force at 1.1.2005, see [reg. 1\(1\)](#)

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- regs 7–9 am by [S.I. 2005/3374](#) regs 289
- reg 7 rev in pt by [S.I. 2005/2012](#) regs 28(1)(3)
- reg. 7(1) words substituted by [S.I. 2014/3188](#) reg. 8(8)(a)
- reg. 7(1) words substituted by [S.I. 2014/3188](#) reg. 8(9)

Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- reg. 2(3A) inserted by [S.I. 2011/2912](#) reg. 3
- reg. 3(1A) omitted by [S.I. 2014/3188](#) reg. 3
- reg. 3(1ZA) inserted by [S.I. 2011/2912](#) reg. 4(1)
- reg. 3(5) words substituted by [S.I. 2013/2781](#) reg. 2(3)
- reg. 3(5) words substituted by [S.I. 2014/3188](#) reg. 8(3)
- reg. 3(5)(c) words substituted by 2019 c. 1 Sch. 20 para. 9(3)
- reg. 3(5)(c) words substituted by [S.I. 2013/3209](#) reg. 10(3)
- reg. 4(1A) inserted by [S.I. 2011/2912](#) reg. 5(1)
- reg. 4(4A) words substituted by [S.I. 2013/2781](#) reg. 2(3)
- reg. 4(4A) words substituted by [S.I. 2014/3188](#) reg. 8(5)
- reg. 4(4A)(c) words substituted by 2019 c. 1 Sch. 20 para. 9(4)
- reg. 4(4A)(c) words substituted by [S.I. 2013/3209](#) reg. 10(3)
- reg. 4(4C) inserted by [S.I. 2022/239](#) reg. 2(3)
- reg 4A added by [S.I. 2005/3374](#) regs 26
- reg. 4A(7)-(7C) substituted for reg. 4A(7) by [S.I. 2014/3188](#) reg. 4(2)
- reg. 4A(7) words inserted by [S.I. 2011/698](#) reg. 5(2)
- reg. 4A(8)-(8B) omitted by [S.I. 2014/3188](#) reg. 4(3)
- reg. 4A(8A)(8B) inserted by [S.I. 2011/698](#) reg. 5(3)
- reg. 4A(9) second reg. 4A(6) renumbered as reg. 4A(9) by [S.I. 2011/698](#) reg. 5(4)
- reg. 4A(9) words substituted by [S.I. 2014/3188](#) reg. 8(6)
- reg. 4C substituted by [S.I. 2011/698](#) reg. 6
- reg. 4C(1) words substituted by [S.I. 2014/3188](#) reg. 5
- reg. 5(4) words substituted by [S.I. 2014/3188](#) reg. 8(7)(a)
- reg. 5(4) words substituted by [S.I. 2014/3188](#) reg. 8(7)(b)
- reg. 5(4) words substituted by [S.I. 2014/3188](#) reg. 8(7)(c)
- reg. 5A inserted by [S.I. 2015/1961](#) reg. 4
- reg. 5ZA inserted by [S.I. 2022/239](#) reg. 2(4)
- reg. 6-6B substituted for reg. 6 by [S.I. 2014/3188](#) reg. 6
- reg. 6(5A)(a) word omitted by [S.I. 2013/3209](#) reg. 10(4)(a)
- reg. 6(5A)(c) and word inserted by [S.I. 2013/3209](#) reg. 10(4)(b)
- reg. 6(5C)(a) word omitted by [S.I. 2013/3209](#) reg. 10(4)(a)
- reg. 6(5C)(c) and word inserted by [S.I. 2013/3209](#) reg. 10(4)(b)
- reg. 6A(3)(b) words substituted by [S.I. 2015/1961](#) reg. 5(a)
- reg. 6A(4)(b) words substituted by [S.I. 2015/1961](#) reg. 5(b)
- reg. 6A(5)(a) words substituted by [S.I. 2015/1961](#) reg. 5(c)(i)
- reg. 6A(5)(b) words inserted by 2020 c. 14 Sch. 6 para. 8(a)
- reg. 6A(5)(b) words substituted by [S.I. 2015/1961](#) reg. 5(c)(ii)
- reg. 6A(6) inserted by 2020 c. 14 Sch. 6 para. 8(b)

- reg. 6B-6D substituted for reg. 6B by S.I. 2015/1961 reg. 6
- reg. 7(4) omitted by S.I. 2015/1961 reg. 7(a)
- reg. 7(4) words substituted by S.I. 2014/3188 reg. 8(10)
- reg. 7(5) inserted by S.I. 2015/1961 reg. 7(b)
- reg. 7(5) words inserted by S.I. 2022/239 reg. 2(5)(a)
- reg. 7(5) words substituted by S.I. 2022/239 reg. 2(5)(b)
- reg 7A added (with transtl provns) by S.I. 2009/1886 regs 357
- reg. 7A(7A) inserted by S.I. 2022/239 reg. 2(6)
- reg. 9(2A) words inserted by S.I. 2015/1961 reg. 8(a)
- reg. 9(2A) words substituted by S.I. 2014/3188 reg. 8(11)
- reg 9A added by S.I. 2005/3374 regs 210
- reg 9A am by S.I. 2006/3236 reg 5
- reg. 9A cross-heading inserted by S.I. 2014/3188 reg. 7(1)
- reg. 9A omitted by S.I. 2015/1961 reg. 9
- reg. 9A(1) words substituted by S.I. 2014/3188 reg. 8(8)(d)
- reg. 9A(1)(c) substituted by S.I. 2014/3188 reg. 7(2)(a)
- reg. 9A(2) words substituted by S.I. 2014/3188 reg. 8(8)(d)
- reg. 9A(3) words substituted by S.I. 2014/3188 reg. 8(8)(d)
- reg. 9A(3A) substituted by S.I. 2014/3188 reg. 7(2)(b)
- reg. 10(3C) words substituted by S.I. 2014/3188 reg. 8(14)
- reg 10A added by S.I. 2009/1886 regs 36
- regs 1112 added by S.I. 2005/2012 regs 211
- reg 11 am by S.I. 2006/3236 reg 6
- reg. 11(1) words substituted by S.I. 2014/3188 reg. 8(17)(a)
- reg. 11(1A) words substituted by S.I. 2014/3188 reg. 8(17)(a)
- reg. 11(4) words substituted by S.I. 2014/3188 reg. 8(18)
- reg 12 am by S.I. 2006/3236 reg 7
- reg. 12(1) words substituted by S.I. 2014/3188 reg. 8(17)(b)
- reg. 12(1A) words substituted by S.I. 2014/3188 reg. 8(17)(b)
- reg. 12(3) words substituted by S.I. 2014/3188 reg. 8(18)
- reg. 12A inserted by S.I. 2014/3325 reg. 3(2)
- reg 13 added by S.I. 2009/1886 regs 37