
STATUTORY INSTRUMENTS

2015 No. 1961

**The Loan Relationships and Derivative Contracts
(Disregard and Bringing into Account of Profits
and Losses) (Amendment) Regulations 2015**

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

4. After regulation 5 insert—

“Net investment hedge of foreign operations

5A.—(1) For the purposes of sections 328(4) and 606(4) of CTA 2009 there is prescribed an exchange gain or loss arising to a company in an accounting period in relation to a liability representing a loan relationship or derivative contract of the company where—

- (a) the loan relationship or derivative contract is a designated hedge of a net investment in a foreign operation of the company, and
- (b) amounts representing exchange gains or losses in respect of the loan relationship or derivative contract have, in accordance with generally accepted accounting practice, been recognised in the company’s accounts as items of other comprehensive income.

(2) In determining what amounts fall within paragraph (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.

(3) 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 paragraph (2), that different assumption applies in determining what amounts fall within paragraph (1)(b) at the time in question.”