
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 7. (See end of Document for details)

SCHEDULES

SCHEDULE 7

LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

PART 1

LOAN RELATIONSHIPS: AMENDMENTS OF PARTS 5 AND 6 OF CTA 2009

- 7 (1) Section 313 (basis of accounting) is amended as follows.
- (2) In subsection (1), omit the words from “and, in particular,” onwards.
- (3) In subsection (2)—
- (a) omit “sections 307(3) and (4) and”,
 - (b) omit paragraphs (e) and (f),
 - (c) at the end of paragraph (g) insert “ and ”, and
 - (d) omit paragraph (i) and the “and” immediately before it.
- (4) Omit subsection (3).
- (5) In subsection (4), for the words from “shown” onwards substitute “ measured in the company's balance sheet at its amortised cost using the effective interest method, but with that amortised cost being adjusted as necessary where the loan relationship is the hedged item under a designated fair value hedge ”.
- (6) After subsection (4) insert—
- “(4A) In subsection (4) each of the following expressions has the meaning that it has for accounting purposes—
- “amortised cost”, in relation to assets or liabilities;
 - “the effective interest method”, in relation to the measurement of assets or liabilities.”
- (7) For subsection (5) substitute—
- “(5) In this Part “fair value accounting” means a basis of accounting under which—
- (a) assets and liabilities are measured in the company's balance sheet at their fair value, and
 - (b) changes in the fair value of assets and liabilities are recognised as items of profit or loss.”
- (8) For subsection (6) substitute—
- “(6) For the meaning of “fair value”, see section 476(1).
- (7) In this Part each of the following has the meaning that it has for accounting purposes—

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“designated fair value hedge”;
“hedged item”.”

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