Companies (Accounting Standards) (Amendment No. 3) Regulations 2005

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No. S 546

COMPANIES ACT (CHAPTER 50)

COMPANIES (ACCOUNTING STANDARDS) (AMENDMENT NO. 3) REGULATIONS 2005

In exercise of the powers conferred by section 200A(1) of the Companies Act, the Accounting Standards Committee (known as the Council on Corporate Disclosure and Governance), with the approval of the Minister for Finance, hereby makes the following Regulations:

Citation and commencement

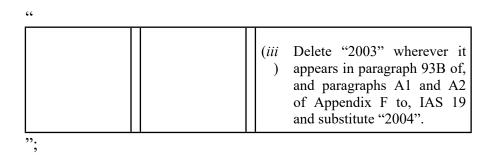
1. These Regulations may be cited as the Companies (Accounting Standards) (Amendment No. 3) Regulations 2005 and shall come into operation on 1st September 2005.

Amendment of Third Schedule

2. The Third Schedule to the Companies (Accounting Standards) Regulations (Rg 6) is amended —

(a) by deleting the words "(revised 2002) (Amendment December 2004)" in the second column of the item relating to FRS 19 and substituting "(2005)";

(b) by deleting paragraphs (iii) to (xvi) in the third column of the item relating to FRS 19 and substituting the following paragraph:



- (c) by deleting the words "(March 2004) (Amendment December 2004)" in the second column of the item relating to FRS 39 and substituting "(2005)";
- (d) by deleting paragraph (ii) in the third column of the item relating to FRS 39 and substituting the following paragraph:

(<i>ii</i> Delete paragraph 80 of IAS) 39 and substitute the following paragraph: "80. For hedge accounting purposes, only assets, liabilities, firm commitments or highly probable forecast transactions that involve a party external to the entity can be designated as hedged items. It follows that hedge accounting can be applied to
applied to transactions between entities or segments
in the same group only in the individual or separate financial
statements of those entities or segments

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and not in the
consolidated financial
statements of the
group. As an
exception, the foreign
currency risk of an
intragroup monetary
item (e.g. a
payable/receivable
between two
subsidiaries) may
qualify as a hedged
item in the
consolidated financial
statements if it results
in an exposure to
foreign exchange rate
gains or losses that
are not fully
eliminated on
consolidation in
accordance with FRS
21 The Effects of
Changes in Foreign
Exchange Rates. In
accordance with FRS
21, foreign exchange
rate gains and losses
on intragroup
monetary items are
not fully eliminated
on consolidation
when the intragroup
monetary item is
transacted between
two group entities
that have different
functional currencies.
In addition, the
foreign currency risk
of a highly probable
forecast intragroup
transaction may
qualify as a hedged

	item in consolidated financial statements provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and he foreign currency risk will affect consolidated profit or loss.".
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(e) by inserting, immediately after paragraph (vii) in the third column of the item relating to FRS 39, the following paragraphs:

 (vi Insert, immediately after ii) paragraph 108 of IAS 39, the following paragraphs: "108A. An entity shall apply the last sentence of paragraph 80, and paragraphs AG99A and AG99B, for annual periods beginning on or after 1 January 2006. Earlier application is encouraged. If an entity has designated as the hedged item an external forecast transaction that (a) is denominated in the functional currency of the entity entering

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	into the transaction, (b) gives rise to an exposure that will have an effect on consolidated profit or loss (i.e. is denominated in a currency other than the group's presentation currency), and (c) would have qualified for hedge accounting had it not been denominated in the functional currency of the entity entering into it, it may apply hedge accounting in the consolidated financial statements in the period(s) before the date of application of the last sentence of paragraph 80, and paragraphs
	AG99A and AG99B. 108B. An entity need not apply paragraph AG99B to comparative information relating to periods before the date of application of the last sentence of paragraph 80 and paragraph AG99A.";
	 (<i>ix</i> Re-number paragraphs) AG99A and AG99B in Appendix A of IAS 39 as paragraphs AG99C and AG99D, respectively.