

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:

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		(iii) Delete “2003” wherever it) appears in paragraph 93B of, and paragraphs A1 and A2 of Appendix F to, IAS 19 and substitute “2004”.
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”;

- (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:

“

		(ii) Delete paragraph 80 of IAS) 39 and substitute the following paragraph: <p style="margin-left: 40px;">“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 transactions between entities or segments in the same group only in the individual or separate financial statements of those entities or segments</p>
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		<p>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 <i>The Effects of Changes in Foreign Exchange Rates</i>. 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</p>
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		<p>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 the foreign currency risk will affect consolidated profit or loss.”.</p>
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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:

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		<p>(vi) Insert, immediately after ii) paragraph 108 of IAS 39, the following paragraphs:</p> <p>“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</p>
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		<p>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.</p> <p>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.”;</p>
		<p>(ix Re-number paragraphs) AG99A and AG99B in Appendix A of IAS 39 as paragraphs AG99C and AG99D, respectively.</p>