

21. Cash flow hedging reserve

Cash flow hedging reserve comprises changes in the valuation of foreign-currency denominated bank borrowings used as cash flow hedges for USD-denominated sales, less the effect of deferred income tax.

Changes in the fair value of derivative financial instruments designated as cash flow hedges are charged to the cash flow hedging reserve to the extent they represent an effective hedge, while the ineffective portion is charged to finance income or costs in the reporting period.

	Note	2016	2015
At beginning of period		(700,888)	(412,535)
Valuation of cash flow hedging instruments	27.3	(138,178)	(355,973)
- effective portion		(138,794)	(356,477)
- ineffective portion ⁽¹⁾		616	504
Income tax on valuation of cash flow hedging instruments	10.1	26,254	67,620
At end of period		(812,812)	(700,888)

⁽¹⁾ The ineffective portion, charged to finance costs.

The Notes to the consolidated financial statements are an integral part of the statements.
 (This is a translation of a document originally issued in Polish)