

Status: Point in time view as at 01/01/2006.

Changes to legislation: There are currently no known outstanding effects for the Local Government Act (Northern Ireland) 1972, SCHEDULE 5. (See end of Document for details)

SCHEDULES

SCHEDULE 5

Section 65.

SINKING FUNDS

- 1 If a council determines to repay by means of a sinking fund any sums borrowed by it, the sinking fund shall be formed and maintained either—
- (a) by payment to the fund throughout the fixed period of such equal annual sums as will be sufficient to pay off within that period the money for the repayment of which the sinking fund is formed; or
 - (b) by payment to the fund throughout the fixed period of such equal annual sums as, with accumulations at such rate as the Ministry may in any particular case approve, will be sufficient to pay off within that period the money for the repayment of which the sinking fund is formed.

In this Schedule a sinking fund formed under head (a) is referred to as “a non-accumulating sinking fund” , and a sinking fund formed under head (b) as “an accumulating sinking fund” ; and “the fixed period” has the same meaning as in section 66.

- 2 Every sum paid to a sinking fund shall, unless applied in repayment of the money for the repayment of which the sinking fund is formed be immediately invested in a security or securities in which trustees are entitled by law to invest trust funds, and the council may vary and transpose the investments.
- 3 In the case of an accumulating sinking fund, the interest received in any year from the investment of the sums set apart for the purposes of the sinking fund shall form part of the revenue for that year of the district fund, but the contribution to be made to the sinking fund out of the district fund shall in that year be increased by a sum equal to the interest that would have accrued to the sinking fund during that year if interest had been accumulated therein at the rate per cent. per annum on which the annual payments to the sinking fund are based.
- 4 (1) A council may at any time apply the whole or any part of a sinking fund in or towards the discharge of the money for the repayment of which the sinking fund was formed.
- (2) Where an accumulating sinking fund or part of such a fund is applied as mentioned in sub-paragraph (1), the council shall pay into the fund each year and accumulate during the residue of the fixed period a sum equal to the interest which would have been produced by the sinking fund or part thereof so applied if invested at the rate per cent. per annum on which the annual payments to the sinking fund are based.

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- 5 Any surplus of a sinking fund remaining after the discharge of the whole of the money for the repayment of which it was formed shall be applied to such capital purpose as the council, with the consent of the Ministry, determines.
- 6 If at any time it appears to the council that the amount in a sinking fund, together with the sums which will be payable thereto in accordance with the provisions of this Schedule, and, in the case of an accumulating sinking fund, with the accumulations thereon, will not be sufficient to repay within the fixed period the money for the repayment of which the sinking fund is formed, the council shall, either temporarily or permanently, make such increased payments to the sinking fund as will cause the sinking fund to be sufficient for that purpose, and if it appears to the Ministry that any such increase is necessary, the council shall increase the payments to such extent as the Ministry may direct.
- 7 If the council desires to accelerate the repayment of any money borrowed by it, it may increase the amounts payable to the sinking fund.
- 8 If the amount in a sinking fund, together with the sums which will be payable thereto in accordance with the provisions of this Schedule, and also, in the case of an accumulating sinking fund, together with the accumulations thereon, will in the opinion of the Ministry be more than sufficient to repay within the fixed period the money for the repayment of which the sinking fund is formed, the council may reduce the payments to the sinking fund either temporarily or permanently to such amounts as will in the opinion of the Ministry be sufficient to repay within the fixed period the money for the repayment of which the sinking fund is formed.
- 9 If at any time the amount in a sinking fund, together with the accumulations thereon in the case of an accumulating sinking fund, will in the opinion of the Ministry be sufficient to repay the money for the repayment of which the sinking fund is formed within the fixed period, the Ministry may authorise the council to suspend the annual payments to the sinking fund until the Ministry otherwise directs.

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