



Civil Aviation Act 1971

1971 CHAPTER 75

PART III

THE BRITISH AIRWAYS BOARD

Further financial provisions

49 Control of capital expenditure and of hiring of equipment

It shall be the duty of the Board to secure that any member of the group—

- (a) in framing and carrying out proposals involving substantial outlay on capital account; and
- (b) in framing and carrying out proposals involving the taking on hire, from a person who is not such a member, of any equipment of which the purchase by the member at the time of the taking on hire would involve such an outlay,

acts on lines settled from time to time by the Board with the approval of the Secretary of State.

50 Control of return on net assets etc.

(1) It shall be the duty of the Secretary of State to determine the rate of return on net assets (as for the time being defined for the purposes of this section by the Secretary of State) which, having regard to the provisions of section 43(2) of this Act, the Secretary of State considers it is reasonable for the group to achieve as respects a period specified in the determination.

(2) A determination under this section may—

- (a) specify a period beginning before the date on which the determination is made; and
- (b) be varied by a subsequent determination under this section;

but nothing in paragraph (b) of this subsection shall be construed as implying that a determination under any other provision of this Act may not be varied.

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- (3) The Secretary of State shall not make a determination under this section except with the approval of the Treasury and after consultation with the Board ; and it shall be the duty of the Secretary of State to give the Board notice of each determination made under this section.
- (4) It shall be the duty of the Board during any period specified in a determination under this section to exercise its powers with a view to securing that the group achieves a rate of return on net assets in respect of that period which is not less than the rate specified in the determination as for the time being in force.
- (5) The Secretary of State may by order—
- (a) substitute for the duty imposed on the Board by virtue of the preceding subsection a financial duty expressed otherwise than by reference to a rate of return on net assets;
 - (b) provide that subsections (1) to (4) of this section shall have effect with such modifications as the Secretary of State considers appropriate in consequence of the substitution; and
 - (c) without prejudice to section 63(4)(b) of this Act, make such other incidental or transitional provision as the Secretary of State considers appropriate in consequence of the substitution.

51 Expiration of ss.43 and 50 and consequential provision as respects investments and revenue

- (1) Sections 43 and 50 of this Act, and in so far as any other provision of this Act except this section relates to either of those sections that other provision, shall continue in force until the end of March 1977 and shall then expire unless before they expire the Secretary of State provides by order that they shall continue in force until and expire on a later date specified in the order or shall continue in force permanently.
- (2) On the expiration of the enactments aforesaid—
- (a) any sums paid or deemed to have been paid to the Board in pursuance of the said section 43 shall be deemed to have been lent to the Board in pursuance of section 42 of this Act on the date of the expiration ;
 - (b) it shall become the duty of the Board so to conduct its affairs as to secure that the revenue of the group is not less than sufficient for meeting charges properly chargeable to revenue account, taking one year with another ; and
 - (c) section 38(2) of the Interpretation Act 1889 (which relates to the effect of repeals) shall apply as if the enactments aforesaid had been repealed on the date of expiration by an Act passed after this Act.

52 Reserves

- (1) The Secretary of State may give to the Board—
- (a) directions with respect to the establishment and maintenance of reserves by the Board or either of the corporations and with respect to the sums to be from time to time transferred to those reserves, the management of those reserves and the application of those reserves (including, in the case of reserves maintained by either of the corporations by virtue of this paragraph or otherwise, directions for the application of a sum standing to the credit of the reserves as if it were a payment made by the Board to the corporation on such terms as may be determined by or in accordance with the directions) ;

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- (b) directions providing that a sum standing to the credit of reserves maintained by the Board (whether by virtue of the preceding paragraph or otherwise) shall be deemed to be a loan made to the Board in pursuance of section 42(1) of this Act or a payment made to the Board in pursuance of section 43(1) of this Act.
- (2) Directions given in pursuance of the preceding subsection may be made to have effect from a date earlier than that on which they are given; but no directions shall be given in pursuance of that subsection except after consultation with the Board and with the approval of the Treasury.

53 Accounts and audit

- (1) It shall be the duty of the Board—
- (a) to keep proper accounts and proper records in relation to the accounts ; and
 - (b) to prepare in respect of each accounting year, in such form as the Secretary of State with the approval of the Treasury may direct, a statement of those accounts and a statement of the accounts of the group showing the state of affairs and the profit or loss of the Board and of the group respectively ;
- and each statement prepared in respect of any accounting year in pursuance of this subsection shall include such particulars as the Secretary of State may direct with respect to any body which was a subsidiary or joint subsidiary at any time during that year and shall, in the case of a statement of the accounts of the group in respect of an accounting year, include a copy of the statements of account in respect of that year which were sent to the Board by the corporations in pursuance of section 25 of the Act of 1967.
- (2) The accounts kept and the statements prepared in pursuance of the preceding subsection shall be audited by auditors appointed annually by the Secretary of State; and a person shall not be qualified to be so appointed unless he is a member of one or more of the following bodies—
- the Institute of Chartered Accountants in England and Wales;
 - the Institute of Chartered Accountants of Scotland ;
 - the Association of Certified Accountants ;
 - the Institute of Chartered Accountants in Ireland ;
 - any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of section 161(1)(a) of the Companies Act 1948 by the Secretary of State;
- but a Scottish firm may be so appointed if each of the partners therein is qualified to be so appointed.
- (3) As soon as the accounts and statement of accounts of the Board and the statement of accounts of the group for any accounting year have been audited, the Board shall send to the Secretary of State a copy of those statements together with a copy of any report made by the auditors on those statements or on the accounts of the Board or the accounts or statements of accounts of the corporations; and it shall be the duty of the Secretary of State to lay before each House of Parliament a copy of every statement and report of which a copy is received by him in pursuance of this subsection.