

## SCHEDULES

### SCHEDULE 2

Section 1.

#### FINANCIAL AND ADMINISTRATIVE PROVISIONS RELATING TO BOARD

##### *Borrowing Powers*

- 1 (1) The Board may borrow money only—
  - (a) in accordance with sub-paragraphs (2) and (3) below, or
  - (b) from their wholly-owned subsidiaries.
- (2) The Board may borrow temporarily, by way of overdraft or otherwise, such sums as they may require for meeting their obligations and discharging their functions—
  - (a) in sterling from the Secretary of State, or
  - (b) with the consent of the Secretary of State and the approval of the Treasury, or in accordance with any general authority given by the Secretary of State with the approval of the Treasury, either in sterling or in a currency other than sterling from a person other than the Secretary of State.
- (3) The Board may borrow otherwise than by way of temporary loan such sums as they may require for capital purposes or for fulfilling guarantees entered into by them—
  - (a) in sterling from the Secretary of State, or
  - (b) with the consent of the Secretary of State and the approval of the Treasury, in sterling from the Commission of the European Communities or the European Investment Bank, or
  - (c) with the like consent and approval, in any currency other than sterling from a person other than the Secretary of State.
- (4) References to borrowing in this paragraph do not include borrowing under section 3 above.

##### *Government loans to the Board*

- 2 (1) The Secretary of State may lend to the Board any sums which the Board have power to borrow from him under paragraph 1 above, and the Treasury may issue to the Secretary of State out of the National Loans Fund any sum necessary to enable the Secretary of State to make loans in pursuance of this sub-paragraph.
- (2) Any loans made in pursuance of sub-paragraph (1) above shall be repaid to the Secretary of State at such times and by such methods, and interest on the loans shall be paid to him at such times and at such rates, as he may from time to time direct; and all sums received by the Secretary of State in pursuance of this sub-paragraph shall be paid into the National Loans Fund.
- (3) The Secretary of State shall prepare in respect of each financial year an account of the sums issued to him in pursuance of sub-paragraph (1) above and the sums received by him in pursuance of sub-paragraph (2) above and of the disposal by him

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of those sums and shall send the account to the Comptroller and Auditor General before the end of the month of November next following the end of that year; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it and of his report before each House of Parliament.

- (4) The Secretary of State shall not make a loan or give a direction in pursuance of this paragraph except with the approval of the Treasury ; and the form of the account prepared in pursuance of sub-paragraph (3) above and the manner of preparing it shall be such as the Treasury may direct.

*Borrowing by wholly owned subsidiaries*

- 3 It shall be the duty of the Board to secure that no wholly owned subsidiary of theirs borrows money otherwise than from the Board or from another wholly owned subsidiary of theirs except with the consent of the Secretary of State and the approval of the Treasury.

*Guarantees*

- 4 (1) The Treasury may guarantee, in such manner and on such conditions as they think fit, the repayment of the principal of and the payment of interest on any sums which the Board borrow from a person other than the Secretary of State.
- (2) Immediately after a guarantee is given under this paragraph the Treasury shall lay a statement of the guarantee before each House of Parliament; and where any sum is issued for fulfilling a guarantee so given, the Treasury shall lay before each House of Parliament a statement relating to that sum, as soon as possible after the end of each financial year, beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in respect of interest on it is finally discharged.
- (3) Any sums required by the Treasury for fulfilling a guarantee under this paragraph shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this paragraph, the Board shall make to the Treasury, at such time and in such manner as the Treasury from time to time direct, payments of such amounts as the Treasury so direct in or towards repayment of the sums so issued and payments of interest, at such rate as the Treasury so direct, on what is outstanding for the time being in respect of sums so issued.
- (5) Any sums received by the Treasury in pursuance of sub-paragraph (4) above shall be paid into the Consolidated Fund.

*Other Government investment in the Board*

- 5 (1) The Secretary of State may pay to the Board out of money provided by Parliament such sums (in this Schedule referred to as " public dividend capital") as the Secretary of State thinks fit.
- (2) The Secretary of State may direct that so much of the debt assumed by the Board under paragraph 6 below as he may, with the approval of the Treasury, determine shall be treated as an addition to that capital.

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- (3) In consideration of receiving public dividend capital the Board shall make to the Secretary of State, as respects each accounting year (except such a year as respects which the Board satisfy the Secretary of State that it is inappropriate to make a payment in pursuance of this sub-paragraph), payments of such amounts as may be proposed by the Board and agreed by the Secretary of State or such Other amounts as the Secretary of State may determine, after consultation with the Board ; and any sums received by the Secretary of State in pursuance of this sub-paragraph shall be paid into the Consolidated Fund.
- (4) The account prepared in respect of any financial year in pursuance of paragraph 2(3) above shall include particulars of the sums which in that year are paid to the Board or are paid into the Consolidated Fund in pursuance of this paragraph.
- (5) The Secretary of State shall not make a payment, signify agreement or make a determination in pursuance of this paragraph except with the approval of the Treasury.

#### *The Boards Capital Debt*

- 6 (1) Upon any acquisition to which this paragraph applies, the Board shall assume a debt to the Secretary of State of such amount as may be notified to the Board in writing by him, with the approval of the Treasury.
- (2) This paragraph applies to any acquisition by the Board—
  - (a) of securities or other property held—
    - (i) by or on behalf of the Crown ; or
    - (ii) by a company all of whose shares are held by or on behalf of the Crown or by a wholly owned subsidiary of such a company ; or
  - (b) under section 3 above ; or
  - (c) under a vesting order.
- (3) Subject to sub-paragraph (4) below, in a case to which sub-paragraph (2)(a) above applies the amount to be notified is the aggregate of the following, namely—
  - (a) the consideration given when the property was first brought into public ownership, and
  - (b) the costs and expenses of and incidental to it being brought into public ownership.
- (4) If it appears to the Secretary of State in any such case that there has been such a change in circumstances since the property was first brought into public ownership that its true value would not be reflected by reference to the consideration mentioned in sub-paragraph (3) above, the Secretary of State, with the approval of the Treasury, shall determine the amount to be notified.
- (5) In a case to which sub-paragraph (2)(b) above applies, the amount to be notified is the aggregate of the consideration for the acquisition and the costs and expenses of and incidental to it.
- (6) In a case to which sub-paragraph (2)(c) above applies, the amount is the aggregate of the compensation under the relevant compensation order and the costs and expenses of and incidental to the acquisition.
- (7) The rate of interest payable on so much of the Board's capital debt as the Secretary of State does not direct to be treated as an addition to the Board's public dividend

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capital, and the date from which interest is to begin to accrue, the arrangements for paying off the principal, and the other terms of the debt shall be such as the Secretary of State, with the approval of the Treasury, may from time to time determine; and different rates and dates may be determined under this sub-paragraph with respect to different portions of the debt.

- (8) Any sums received by the Secretary of State under sub-paragraph (7) above shall be paid into the National Loans Fund.

#### *Accounts and audit*

- 7 (1) The Board shall keep proper accounts and proper records in relation to the accounts and shall prepare in respect of each accounting year a statement of accounts in such form as the Secretary of State, with the approval of the Treasury, may direct, being a form which shall conform to the best commercial standards.
- (2) The accounts and statements of accounts of the Board (other than interim statements under sub-paragraph (4) below) shall be audited by auditors appointed by the Board after consultation with 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 or section : 155(1)(a) of the Companies Act (Northern Ireland) 1960 ; :
- but a Scottish firm may be so appointed if each of the partners is qualified to be appointed.
- (3) As soon as the accounts and statement of accounts of the Board for any accounting year have been audited under sub-paragraph (2) above, the Board shall send to the Secretary of State a copy of the statement together with a copy of any report made by the auditor on that statement or on the accounts of the Board.
- (4) The Board shall also prepare in respect of the first six months of each accounting year an interim statement of accounts in such form as the Secretary of State, with the approval of the Treasury, may direct, and shall do so as soon as practicable after the end of the period to which the statement relates.
- (5) As soon as an interim statement of accounts has been prepared, the Board shall send a copy of the statement to the Secretary of State.
- (6) 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 under this paragraph.

#### *Annual report*

- 8 (1) It shall be the duty of the Board to make to the Secretary of State as soon as possible after the end of each accounting year, a report dealing with the operations of the Board during that year.

- (2) It shall be the duty of the Secretary of State to lay before each House of Parliament a copy of each report received by him under this paragraph.
- (3) A copy of the register under section 1(8) above, as amended from time to time, shall be annexed to each such report.
- (4) If a report laid before Parliament under sub-paragraph (2) above sets out a direction under section 7 above a copy of which has not been laid in accordance with subsection (3) of that section, a statement of the reason why the copy was not so laid shall be annexed to the report by the Secretary of State, and the said subsection (3) shall not apply to the direction.