



# British Telecommunications Act 1981

## 1981 CHAPTER 38

### PART II

#### THE POST OFFICE

##### *Finance*

#### **71 General duty of the Post Office as to finance**

- (1) It shall be the duty of the Post Office so to exercise its powers as to secure that the combined revenues of the Post Office and all its wholly owned subsidiaries together are not less than sufficient—
  - (a) to meet all their combined charges properly chargeable to revenue account, taking one year with another; and
  - (b) to enable the Post Office and its wholly owned subsidiaries to make all such allocations to reserve as the Post Office considers adequate, and as may be necessary to comply with any directions given by the Secretary of State under section 72.
- (2) The secretary of state may from time to time determine, with the time approval of the treasury after consultation with the Post Office, as respects such period as he may so determine, the financial objectives which, having regard to the duty imposed on it by subsection (1), he considers it is reasonable for the Post Office to achieve in that period; and —
  - (a) different determinations may be made for different periods and in relation to different assets and different activities of the Post Office; and
  - (b) the Secretary of State may, with the like approval and after such consultation as aforesaid, vary or revoke a determination under this section in respect of any period by a further determination.
- (3) A determination under subsection (2)—
  - (a) may relate to a period beginning before the date on which it is made; and
  - (b) may contain incidental or supplemental provisions.

- (4) The Secretary of State shall give notice in writing to the Post Office of any determination under subsection (2).
- (5) The Post Office shall conduct its affairs during any period in respect of which a determination has been made under subsection (2) with a view to achieving the financial objectives specified by the determination as for the time being in force.

## **72 Reserves of the Post Office and its wholly owned subsidiaries**

- (1) The Secretary of State may from time to time, after consultation with the Post Office and with the approval of the Treasury, give to the Post Office directions—
  - (a) requiring it to allocate to reserve generally, or to reserve for a particular purpose, or to cause any of its wholly owned subsidiaries so to allocate, either a specified amount or such amount as the Post Office considers adequate; or
  - (b) requiring it to re-allocate for a specified purpose, or to cause any of its wholly owned subsidiaries so to reallocate, the whole or any part of any amount previously allocated by the Post Office or subsidiary, as the case may be, to reserve for some other purpose; or
  - (c) with respect to the application by the Post Office or any of its wholly owned subsidiaries of amounts allocated to reserve.
- (2) Directions under subsection (1) requiring the allocation of any amount to reserve may provide for it to be so allocated either at a specified time or during the course of a specified period.

## **73 Borrowing powers of the Post Office and its wholly owned subsidiaries**

- (1) The Post Office may borrow temporarily, by way of overdraft or otherwise.—
  - (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 or a currency other than sterling from a person other than the Secretary of State,such sums as may be required for meeting the obligations and discharging the functions of the Post Office or any of its wholly owned subsidiaries.
- (2) The Post Office may borrow, otherwise than by way of temporary loan.—
  - (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 or a currency other than sterling from a person other than the Secretary of State,such sums as may be required by the Post Office or any of its wholly owned subsidiaries for all or any of the purposes mentioned in subsection (3).
- (3) The said purposes are—
  - (a) provision of money for meeting any expenses incurred by the Post Office or any of its subsidiaries in connection with any works the cost of which is chargeable to capital account;
  - (b) provision of working capital required by it or any such subsidiary;
  - (c) subscription for, or acquisition of, securities of an incorporated company or other body corporate, promotion of the formation of an incorporated company

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*Status: This is the original version (as it was originally enacted).*

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- or participation in the promotion of such a company or acquisition of an undertaking or part of an undertaking ;
  - (d) repayment of any money borrowed by it or any such subsidiary and repayment of any sums issued by the Treasury in fulfilment of a guarantee under section 38 of the 1969 Act;
  - (e) repayment of any part of the debt assumed by it under section 33 of that Act; and
  - (f) any other purpose for which capital moneys are properly applicable.
- (4) The Post Office may borrow from any of its wholly owned subsidiaries without any consent, approval or other authority.
- (5) References in this section and section 74 to borrowing by the Post Office do not include references to receiving any money in its capacity as the provider of any services or the supplier of any apparatus, or using money received in that capacity.
- (6) It shall be the duty of the Post Office to secure that none of its wholly owned subsidiaries borrows otherwise than from the Post Office or from another of its wholly owned subsidiaries except with the consent of the Secretary of State and the approval of the Treasury.
- (7) A person lending money to the Post Office shall not be concerned to inquire whether the borrowing of the money is legal or regular or whether the money raised was properly applied and shall not be prejudiced by any illegality or irregularity or by the misapplication or non-application of any of the money.
- (8) This section shall come into operation on the appointed day.

#### **74 Limitation of indebtedness**

- (1) The Post Office shall not have the power to borrow money except in accordance with section 73.
- (2) The aggregate of—
- (a) the amount outstanding, otherwise than by way of interest, in respect of—
    - (i) money borrowed by the Post Office or any of its wholly owned subsidiaries, other than money borrowed on excluded loans ;
    - (ii) sums issued by the Treasury in fulfilment of guarantees under section 38 of the 1969 Act; and
    - (iii) the debt assumed by the Post Office under section 33 of that Act; and
  - (b) sums received by it under section 3(1) of the Post Office (Banking Services) Act 1976 (public dividend capital),
- shall not at any time exceed £1,200 million or such greater sum, not exceeding £1,700 million, as the Secretary of State may from time to time by order specify.
- (3) A loan is an excluded loan for the purposes of subsection (1) if it consists of money borrowed—
- (a) by the Post Office from one of its wholly owned subsidiaries ; or
  - (b) by one of its wholly owned subsidiaries from another such subsidiary or from the Post Office.

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- (4) An order under subsection (2) shall be made by statutory instrument, and no such order shall be made unless a draft thereof has been approved by a resolution of the Commons House of Parliament.
- (5) This section shall come into operation on the appointed day.

## **75 The Post Office's accounts and audit thereof**

- (1) Subject to the following provisions of this section, it shall be the duty of the Post Office—
  - (a) to keep proper accounts and proper records in relation thereto;
  - (b) to prepare in respect of each accounting year a statement of accounts giving a true and fair view of the state of affairs and profit or loss of the Post Office; and
  - (c) to prepare in respect of each accounting year such a statement or statements of consolidated accounts dealing with, and giving a true and fair view of the state of affairs and profit or loss of.—
    - (i) the Post Office and all of its subsidiaries (in this section referred to as " the group "); or
    - (ii) some but not all the members of the group, as the Post Office may determine and the Secretary of State and the Treasury may for the time being approve.
- (2) If the Secretary of State with the consent of the Treasury so requires the Post Office by notice in writing, the Post Office shall, in respect of any accounting year to which the notice relates, comply with its obligation under subsection (1)(c), so far as it relates to those members of the group which are specified in the notice, by preparing a statement of consolidated accounts dealing with the members of the group specified in the notice and giving a true and fair view of their state of affairs and profit or loss.
- (3) Every statement of accounts prepared by the Post Office in accordance with this section shall comply with any requirement which the Secretary of State has, after consultation with the Post Office and with the consent of the Treasury, notified in writing to the Post Office relating to—
  - (a) the information to be contained in the statement;
  - (b) the manner in which that information is to be presented ; and
  - (c) 'the methods and principles according to which the statement is to be prepared.
- (4) Subject to any requirement notified to the Post Office under subsection (3), in preparing any statement of accounts in accordance with this section, the Post Office shall follow, with respect to each of the matters specified in paragraphs (a) to (c) of that subsection, such course as may for the time being be approved by the Secretary of State with the consent of the Treasury.
- (5) If the Secretary of State after consultation with the Post Office so directs in relation to an accounting year of the Post Office, that accounting year shall end on such date as may be specified in the direction (whether before or after the date on which it would otherwise end).
- (6) The accounts kept, and all statements prepared, by the Post Office under this section shall be audited by auditors appointed for each accounting year by the Secretary of State after consultation with the Post Office.

- (7) A person shall not be qualified for appointment under subsection (6) unless he is a member of one or more bodies 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.
- (8) As soon as the accounts kept, and the statements prepared, by the Post Office under this section have been audited, the Post Office shall send to the Secretary of State—
- (a) a copy of the statements ;
  - (b) copies of the statements of accounts for such of its subsidiaries as the Post Office may, with the approval of the Secretary of State and the consent of the Treasury, determine; and
  - (c) if the Secretary of State with the consent of the Treasury so requires by notice in writing, copies of the statements of accounts for each subsidiary of the Post Office which is specified in the notice,
- together with a copy of any report made by the auditors on the statements or on the accounts of the Post Office; and the Secretary of State shall lay a copy of every statement and report of which a copy is received by him in pursuance of this subsection before each House of Parliament.
- (9) This section shall come into operation on the appointed day.