



Iron and Steel Act 1982

1982 CHAPTER 25

PART II

FINANCE

14 General financial duties of the Corporation

- (1) Subject as provided in subsection (6) below, it shall be the duty of the Corporation so to exercise and perform their functions under this Act as to secure that the combined revenues of the Corporation and all their subsidiaries taken together are not less than sufficient to meet their combined charges properly chargeable to revenue account, taking one year with another.
- (2) The Corporation shall—
 - (a) charge to revenue account in every year all charges which are proper to be made to revenue account including, in particular, proper provision for the depreciation or renewal of assets and proper allocations to general reserve; and
 - (b) secure that their subsidiaries charge to revenue account in every year all charges which are proper to be made to revenue account including, in particular, proper provision for the depreciation or renewal of assets ; and in this section " charges properly chargeable to revenue account" shall be construed in accordance with this subsection.
- (3) If in any financial year of the Corporation the revenues of the Corporation or (where any companies are in public ownership) the combined revenues of the Corporation and all the publicly-owned companies taken together (as shown in the statement prepared pursuant to section 24(1)(b) below) exceed their charges or (as the case may be) their combined charges properly chargeable to revenue account for that year (as so shown), it shall be incumbent on the Corporation to secure that the excess is, to such extent (if any) as the Secretary of State may direct,

applied for such purposes of the Corporation or (as the case may be) of the Corporation and of the said companies as he may direct and, subject to that, is applied for such of those purposes as the Corporation may determine.

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- (4) The Secretary of State may from time to time determine, with the approval of the Treasury and after consultation with the Corporation, as respects such period as the Secretary of State may so determine, the rate of return on net assets (as for the time being defined by the Secretary of State for the purposes of this subsection) which the Secretary of State considers it is reasonable for the Corporation to achieve in that period; and the Secretary of State may, with the like approval and after such consultation as aforesaid, vary a determination under this subsection as respects any period by a further determination.
- (5) The Secretary of State shall give notice to the Corporation of any determination under subsection (4) above.
- (6) The Corporation shall conduct their affairs during any period as respects which a determination has been made under subsection (4) above with a view to achieving in that period a rate of return on net assets not less than that specified by the determination as for the time being in force, and the operation of subsection (1) above shall be suspended during any such period.
- (7) The Secretary of State may, by order—
 - (a) substitute for the duty imposed by subsection (6) above a financial duty expressed otherwise than by reference to a rate of return on net assets ; and
 - (b) for that purpose direct that subsections (4) to (6) above shall have effect subject to such modifications as may be specified in the order and make such other incidental and transitional provisions as appear to the Secretary of State to be necessary or expedient.

15 General reserve

- (1) Without prejudice to the Corporation's power to establish specific reserves, they shall establish and maintain a general reserve.
- (2) The management by the Corporation of their general reserve and the sums to be carried from time to time to the credit of, and the application of moneys comprised in, that general reserve shall, subject to the following provisions of this section, be as the Corporation may determine.
- (3) None of the moneys comprised in the Corporation's general reserve shall be applied otherwise than for the purposes of the Corporation or of their subsidiaries.
- (4) The power to give directions to the Corporation under section 3 above shall, notwithstanding the limitation therein to the giving of directions of a general character, extend to the giving to them, with the approval of the Treasury, of directions of a general or specific character as to any matter relating to the establishment or management of the Corporation's general reserve or the carrying of sums to the credit of, or the application of the moneys comprised in, that general reserve.

16 Borrowing powers of the Corporation etc.

- (1) The Corporation may borrow temporarily, by way of overdraft or otherwise, either from the Secretary of State or, with the consent of the Secretary of State and the approval of the Treasury, from any other person, such sums in sterling as the Corporation may require for—

- (a) meeting their obligations or exercising and performing their functions under this Act; or
 - (b) lending money temporarily to a subsidiary of theirs.
- (2) The Corporation may borrow (otherwise than by way of temporary loan) from the Secretary of State, or, with his consent and the approval of the Treasury, from the Commission of the European Communities or the European Investment Bank, such sums in sterling as they may require for all or any of the following purposes—
- (a) the provision of money for meeting any expenses incurred by the Corporation or a subsidiary of theirs in connection with any works the cost of which is properly chargeable to capital;
 - (b) the provision of working capital required by the Corporation or a subsidiary of theirs ;
 - (c) the acquisition under section 2 above of any interests in, or property or rights of, a company or the formation under that section of a company ;
 - (d) the lending of money to a subsidiary of the Corporation (otherwise than by way of temporary loan);
 - (e) the repayment of any money borrowed by the Corporation ;
 - (f) any other purpose for which capital moneys are properly applicable.
- (3) The Corporation may, with the consent of the Secretary of State (which shall require the approval of the Treasury), borrow any sum in a currency other than sterling which they have power to borrow in sterling from the Secretary of State.
- (4) Without prejudice to the preceding provisions of this section, the Corporation may, without obtaining the consent of the Secretary of State or the approval of the Treasury under this section—
- (a) borrow temporarily, by way of overdraft or otherwise, from a subsidiary of the Corporation such sums in any currency as the Corporation may require for—
 - (i) meeting their obligations or exercising and performing their functions under this Act; or
 - (ii) lending money temporarily to another subsidiary of the Corporation;
 - (b) borrow (otherwise than by way of temporary loan) from a subsidiary of the Corporation such sums in any currency as the Corporation may require for all or any of the purposes mentioned in subsection (2) above.
- (5) A power to borrow any sum under this section is subject to the Emit imposed by section 19 below, and the Corporation shall not have power to borrow money except in accordance with this section.
- (6) The Corporation shall secure that no publicly-owned company borrows money otherwise than from the Corporation or from another publicly-owned company except with the consent of the Secretary of State and the approval of the Treasury.

17 Loans by the Secretary of State to the Corporation

- (1) The Secretary of State may, with the approval of the Treasury, lend to the Corporation any sums which the Corporation have power to borrow under subsection (1) or (2) of section 16 above.

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- (2) Any loans which the Secretary of State makes under this section shall be repaid to him at such times and by such methods, and interest thereon shall be paid to him at such rates and at such times, as he may, with the approval of the Treasury, from time to time direct.
- (3) The Treasury may issue out of the National Loans Fund to the Secretary of State such sums as are necessary to enable him to make loans under this section.
- (4) Any sums received by the Secretary of State under subsection (2) above shall be paid into the National Loans Fund.

18 Other public investment in the Corporation

- (1) Subject to the limit imposed by section 19 below, the Secretary of State may, with the approval of the Treasury, pay to the Corporation such sums as he thinks fit.
- (2) Any sums required by the Secretary of State for making payments under subsection (1) above shall be defrayed out of moneys provided by Parliament.
- (3) Without prejudice to the following provisions of this section, the sum which at the commencement of this Act is treated as having been paid by the Secretary of State to the Corporation under section 18(1) of the Iron and Steel Act 1975 shall thereafter be treated as having been so paid under subsection (1) above.
- (4) Once in each of the Corporation's financial years the Secretary of State may, after consultation with the Corporation and with the approval of the Treasury, direct that a specified sum shall be treated as having been paid by him to the Corporation under subsection (1) above, but any sum so specified in a direction given in any financial year shall not exceed the aggregate of the reserves, at the end of the Corporation's immediately preceding financial year, of the Corporation and any companies that were then in public ownership.
- (5) The Corporation shall, as respects each of their financial years, be under an obligation either—
 - (a) to make to the Secretary of State (within such reasonable period as he may determine beginning with the day on which a copy of the statement of the Corporation's accounts in respect of the year is sent to him in compliance with section 24(4) of this Act) a proposal for the payment by them to him of a dividend at a specified rate per cent, in respect of that year on the aggregate of any sums paid by the Secretary of State to the Corporation under subsection (1) above (including the sums treated, under subsection (3) or (4) above, as having been so paid), or
 - (b) to satisfy him, within that period, that no dividend in respect of that year ought to be paid on that aggregate ;
 and, if the Corporation do not within that period make a proposal under paragraph (a) above, or such a proposal acceptable to the Secretary of State and the Treasury, and do not within that period satisfy the Secretary of State that no dividend in respect of that year ought to be paid on that aggregate, he may, with the approval of the Treasury and after consultation with the Corporation, direct them to pay to him such a dividend as aforesaid at such rate per cent, as he specifies.
- (6) Where a proposal made in satisfaction of the obligation imposed by subsection (5) above is accepted by the Secretary of State or a direction is given under that subsection by him, a dividend on the aggregate to which the proposal or direction relates at the

rate proposed or directed shall become payable by the Corporation to the Secretary of State on the expiration of the period of seven days beginning with the day immediately following that on which written notice of acceptance of the proposal is given to the Corporation or the direction is communicated to them in writing, as the case may be.

(7) If the Secretary of State so provides by an order made so as to come into force no later than the end of 1982, the aggregate of—

- (a) the sums paid under subsection (1) above, and
- (b) so much of the sum treated as so paid as represents sums paid under section 18(1) of the Iron and Steel Act 1975,

shall be treated as reduced by the sum specified in the order ; and on the coming into force of the order any entitlement of the Secretary of State and any liability of the Corporation in respect of those sums shall be correspondingly reduced.

(8) The sum specified in an order under subsection (7) above shall not exceed £1,000 million and, if more than one order is made under subsection (7) above or if an order has been made under subsection (3) of section 4 of the Iron and Steel Act 1981, the aggregate of the sums specified in all orders under the said subsection (7) or the said subsection (3) shall not exceed £1,000 million.

(9) Any sums received by the Secretary of State under subsection (6) above shall be paid into the Consolidated Fund.

(10) Without prejudice to paragraph 1 of Schedule 6 to this Act, in relation to any financial year beginning before the commencement of this Act, the reference in subsection (5) (a) above to section 24(4) of this Act shall include a reference to section 24(4) of the Iron and Steel Act 1975.

19 Limit on borrowing by and investment in the Corporation

(1) The aggregate of the following shall not at any time exceed the limit imposed by or by virtue of subsection (2) below—

- (a) the amount outstanding in respect of the principal of any money borrowed by the Corporation under section 16 above, section 16 of the Iron and Steel Act 1975 or section 19 of the Iron and Steel Act 1967, other than money borrowed by them for the payment off of any part of their commencing capital debt, being the debt of £133,988,359-20 which the Corporation were treated as having assumed on 28th July 1967 and other than money borrowed by them from a publicly-owned company;
- (b) any sums actually paid by the Secretary of State to the Corporation under subsection (1) of section 18 above together with the sum referred to in subsection (3) of that section, other than so much of it as represents any sum which was treated by virtue of subsection (3) or (4) of section 18 of the Iron and Steel Act 1975 (the £500 million deemed to have been paid on 28th July 1967 and sums specified in a direction equivalent to a direction under section 18(4) above) as having been paid by the Secretary of State under that section; and
- (c) the amount outstanding in respect of the principal of any money borrowed by any publicly-owned company, other than money borrowed from the Corporation or another publicly-owned company.

(2) The said limit is £3,500 million or such other sum as the Secretary of State may specify by order made with the consent of the Treasury.

- (3) The specified sum may be greater than the one it replaces, but shall not exceed £4,500 million and where an order is made so as to come into force before the end of 1982, the specified sum may be less than the one it replaces, but shall not be less than £2,500 million.

20 Accounts of the Secretary of State

- (1) The Secretary of State shall, as respects each financial year, prepare in such form and manner as the Treasury may direct an account of—
- (a) sums received by him under subsection (2) of section 17 above and subsection (6) of section 18 above,
 - (b) sums issued to him under subsection (3) of the said section 17,
 - (c) the disposal by him of any such sums respectively, and
 - (d) the sums which by virtue of paragraph (b) of subsection (1) of section 19 above are to be taken into account for the purposes of that subsection, and shall send the account to the Comptroller and Auditor General not later than the end of November in the following year; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.
- (2) Without prejudice to section 17 of the Interpretation Act 1978 (repeal and re-enactment), in relation to any financial year beginning before the commencement of this Act, the references in subsection (1) above to sections 17 and 18 above shall include references to sections 17 and 18 respectively of the Iron and Steel Act 1975.

21 Treasury guarantees

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

22 Investment powers of the Corporation

- (1) Any sums in the hands of the Corporation which are not immediately required for the purposes of their business may be invested in such manner as the Corporation think proper.
- (2) Nothing in subsection (1) above shall be taken to authorise the Corporation to do, without the consent of, or otherwise than in accordance with the terms of any general authority given by, the Secretary of State, anything which may be done by them under section 2 above only with such consent or in accordance with the terms of any such authority.

23 The Corporation's financial year

Each of the Corporation's financial years shall, unless a different period is prescribed by order made by the Secretary of State, be a period beginning with the end of the immediately preceding financial year and ending—

- (a) if the last day of the following March is a Saturday, with that day ; or
- (b) if not, with the Saturday which (whether falling in March or April) falls nearest to the last day of the following March.

24 Accounts of the Corporation and audit

- (1) The Corporation shall keep proper accounts and other records and shall prepare in such form as the Secretary of State may, with the approval of the Treasury, direct—
 - (a) in respect of each financial year, a statement of the accounts of the Corporation ;
 - (b) in respect of each financial year, a consolidated statement of accounts dealing with the state of affairs and profit or loss of the Corporation and their subsidiaries or, if the Secretary of State so directs in respect of any financial year, of the Corporation and their subsidiaries other than any subsidiary (not being a publicly-owned company) specified in the direction ; and
 - (c) in respect of a financial year as to which the Secretary of State, with the approval of the Treasury, directs that this paragraph shall have effect, a consolidated statement of accounts dealing with the state of affairs and profit or loss of the Corporation and such companies as were in public ownership during any part of the year.
- (2) The Secretary of State may make regulations—
 - (a) requiring that there shall be stated in, or in a note on or statement annexed to, the statement referred to in subsection (1) (a) above, such information as may be specified in the regulations relating to—
 - (i) bodies which, at a time so specified, are subsidiaries of the Corporation ; and
 - (ii) assets of the Corporation consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, such bodies ;
 - (b) requiring that there shall be so stated such information as may be so specified relating to—
 - (i) bodies corporate that are not at such time as aforesaid subsidiaries of the Corporation, in which shares are, at that time, to such extent as may be so specified, held by the Corporation ; and
 - (ii) assets of the Corporation consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, those bodies corporate ;

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- (c) requiring that there shall be so stated, in such form as may be so specified, the information supplied by the Corporation's subsidiaries in compliance with any provision of the enactments for the time being in force relating to companies imposing on a company a requirement to supply information corresponding to any that may be required to be supplied by the Corporation by virtue of paragraph (b) above ;
 - (d) determining the circumstances in which, for the purposes of any requirement imposed by virtue of paragraph (a) or (b) above, shares in, or amounts owing from, a body corporate are to be treated as being held by, or owing to, the Corporation ;
 - (e) granting exemption in circumstances so specified from a requirement imposed by virtue of paragraph (a) or (b) above;
 - (f) making such provision supplementary to any requirement imposed by virtue of paragraph (a) or (b) above as the Secretary of State thinks necessary or expedient.
- (3) The accounts of the Corporation shall be audited by auditors appointed 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 is qualified to be so appointed.
- (4) As soon as the accounts of the Corporation for a financial year have been audited, the Corporation shall send to the Secretary of State—
- (a) a copy of the statement referred to in subsection (1)(a) above and of any note or statement required by virtue of subsection (2) above to be placed thereon or annexed thereto, together with a copy of any report made by the auditors on the statement so referred to;
 - (b) copies of the accounts of such companies as were in public ownership during any part of the year prepared in accordance with the Companies Act 1948 (as amended by any subsequent enactment, whether passed before or after the passing of this Act) and a copy of the report of the directors of each such company, but so that where group accounts within the meaning of that Act are prepared by any company it shall not be necessary for a copy of the accounts of any subsidiary dealt with in those group accounts or of the report of the directors of the subsidiary to be sent to the Secretary of State ;
 - (c) a copy of the consolidated statement referred to in subsection (1)(b) above, together with a copy of any report made by the auditors on that statement; and
 - (d) if the first-mentioned accounts are in respect of a financial year in respect of which the Corporation are required to prepare a consolidated statement of accounts under subsection (1)(c) above, a copy of that consolidated statement, together with a copy of any report made by the auditors on that statement.

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- (5) In subsection (4) above any reference to the report of the directors of a company is a reference to any report of the directors of the company which, under section 157 of the Companies Act 1948, is required to be attached to a balance sheet of the company.
- (6) The Secretary of State shall lay a copy of every such statement, note, account and report before each House of Parliament.
- (7) The Corporation shall keep at their principal office copies, which shall be available for inspection during business hours, of any statement of information supplied by the Corporation in compliance with a requirement imposed by virtue of subsection (2) above and shall supply a copy of the statement to any person on demand and on payment of such reasonable charge as the Corporation may require.