



Gas Act 1972

1972 CHAPTER 60

PART II

FINANCIAL PROVISIONS

Borrowings etc.

17 Borrowing powers of Corporation

- (1) Subject to subsection (5) below, the Corporation may borrow money in accordance, and only in accordance, with the provisions of the next two following subsections.
- (2) The Corporation 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 Corporation may borrow otherwise than by way of temporary loan such sums as they may require for all or any of the purposes specified in subsection (4) below—
 - (a) in sterling from the Secretary of State, or
 - (b) with the consent of the Secretary of State and the approval of the Treasury, by the issue of British Gas Stock under section 21 below, or
 - (c) with the like consent and approval, in any currency other than sterling from a person other than the Secretary of State.
- (4) The purposes referred to in subsection (3) above are the following—
 - (a) the redemption of any British Gas Stock or other security issued by the Corporation (whether as such or as the Gas Council);
 - (b) the repayment of any money borrowed or raised by the Corporation (whether as such or as the Gas Council) otherwise than by the issue of British Gas Stock

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or other securities, or borrowed by any of the Area Boards, but, in the case of money temporarily borrowed, or borrowed by the Corporation from a wholly owned subsidiary of theirs, only if so borrowed for a purpose mentioned in this subsection;

- (c) the provision of money for meeting any expenditure incurred by the Corporation in connection with any works the cost of which is properly chargeable to capital account;
 - (d) the provision of any working capital required by the Corporation;
 - (e) any other purpose for which capital moneys are properly applicable by the Corporation ; and
 - (f) the making of any other payment which the Corporation are authorised to make, and which ought in the opinion of the Corporation to be spread over a term of years.
- (5) References in subsections (1) to (3) above to borrowing by the Corporation do not include references to borrowing by them from any of their wholly owned subsidiaries.

18 Borrowing by wholly owned subsidiaries

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

19 Limitation on total indebtedness of Corporation and wholly owned subsidiaries

- (1) Subject to subsection (2) below, the aggregate of the amounts outstanding in respect of the principal of—
- (a) any British Gas Stock or other security issued by the Corporation (whether as such or as the Gas Council), and
 - (b) any money borrowed or raised by the Corporation (whether as such or as the Gas Council) otherwise than by the issue of British Gas Stock or other securities, and otherwise than from a wholly owned subsidiary of theirs, and
 - (c) any money borrowed by any wholly owned subsidiary of the Corporation otherwise than from the Corporation (whether as such or as the Gas Council) or from another such subsidiary, and
 - (d) any money borrowed by any of the Area Boards,
- shall not at any time exceed £2,500 million or such greater sum not exceeding £2,700 million as the Secretary of State may from time to time by order specify.
- (2) Nothing in subsection (1) above shall prevent the Corporation and their wholly owned subsidiaries from borrowing in excess of the said sum for the purpose of the redemption of any British Gas Stock or other security which the Corporation are required or entitled to redeem or the repayment of any money borrowed or raised as therein mentioned.
- (3) No order shall be made under the said subsection (1) unless a draft thereof has been laid before the House of Commons, and has been approved by a resolution of that House.

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20 Loans to Corporation by Secretary of State

- (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 from him under section 17 above.
- (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 to the Secretary of State out of the National Loans Fund 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.
- (5) The Secretary of State shall, as respects each financial year, prepare in such form as the Treasury may direct an account of sums issued to him under subsection (3) above or received by him under subsection (2) above, and of the disposal by him of those sums respectively, and shall send the account to the Comptroller and Auditor General not later than the end of November following the year; and the Comptroller and Auditor General shall examine, certify and report on the account, and shall lay copies of it and his report before each House of Parliament.

21 British Gas Stock

- (1) The Corporation may create and issue in terms of sterling any stock required for the purpose of exercising the power conferred on them by section 17(3)(6) above; and any stock created and issued under this section or under section 43 of the Gas Act 1948 is in this Act referred to as " British Gas Stock ".
- (2) British Gas Stock shall be issued, transferred, dealt with, redeemed and cancelled upon such terms, and in accordance with such provisions, as may be prescribed by regulations made by the Secretary of State with the approval of the Treasury; and any such regulations may, in relation to any such stock, apply with or without modification any provisions of the Local Loans Act 1875, or of any enactment relating to stock issued by a local authority.

22 Guarantees

- (1) The Treasury may guarantee, in such manner and on such conditions as they think fit, the redemption or repayment of, and the payment of any interest on, any British Gas Stock issued by the Corporation under section 21 above or any sums borrowed by the Corporation from a person other than the Secretary of State.
- (2) Immediately after a guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament.
- (3) Any sum required by the Treasury for fulfilling a guarantee given under this section or under section 45 of the Gas Act 1948 shall be charged on and issued out of the Consolidated Fund.
- (4) Where any sum is so issued for fulfilling any such guarantee—

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- (a) 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 that sum, and payments of interest on what is outstanding for the time being in respect of that sum at such rate as the Treasury may so direct, and
- (b) 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 the sum.