



Postal Services Act 2000

2000 CHAPTER 26

PART IV

REORGANISATION OF THE POST OFFICE

Financial provisions

68 Loans by the Secretary of State to the Post Office company and its subsidiaries.

- (1) The Secretary of State may, on or after the appointed day and with the approval of the Treasury, make loans to the Post Office company or any of its subsidiaries.
- (2) Interest shall be paid on loans made by the Secretary of State under this section at such rates as the Secretary of State may, with the approval of the Treasury, direct.
- (3) Subject to that, the loans shall be on such terms as may be—
 - (a) agreed between the Secretary of State and the company to which the loan is made, and
 - (b) approved by the Treasury.
- (4) The terms shall, in particular, include provision as to the times and methods of payment of the principal and interest.
- (5) The power of the Secretary of State to make loans under this section includes power to make loans in currencies other than sterling.
- (6) 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.
- (7) Such sums may be issued in sterling or, where the loan is to be in a currency other than sterling, in that currency or in sterling.
- (8) Any sums received by the Secretary of State by way of repayment of, or interest on, a loan made by him under this section shall be paid into the National Loans Fund.

Status: Point in time view as at 03/04/2006.

Changes to legislation: There are currently no known outstanding effects for the Postal Services Act 2000, Cross Heading: Financial provisions. (See end of Document for details)

69 Guarantees by the Secretary of State for the Post Office company and its subsidiaries.

- (1) The Secretary of State may, on or after the appointed day and in such manner and on such conditions as he considers appropriate, guarantee the discharge of any financial obligation of the Post Office company or any of its subsidiaries.
- (2) As soon as practicable after giving a guarantee under subsection (1), the Secretary of State shall lay a statement of the guarantee before each House of Parliament.
- (3) If any sums are paid by the Secretary of State in fulfilment of a guarantee given under subsection (1), the Post Office company or the subsidiary concerned shall make to the Secretary of State, at such times and in such manner as the Secretary of State may direct—
 - (a) payments, of such amounts as the Secretary of State may direct, in or towards repayment of the sums paid by the Secretary of State, and
 - (b) payments of interest on what is outstanding in respect of the sums paid by the Secretary of State, at such rate as the Secretary of State may direct.
- (4) If any sums are paid by the Secretary of State in fulfilment of a guarantee given under subsection (1), the Secretary of State shall—
 - (a) lay a statement relating to the sums before each House of Parliament as soon as practicable after the end of the financial year in which the sums were paid, and
 - (b) lay a statement before each House of Parliament as soon as practicable after the end of any subsequent financial year in which there is an outstanding liability in relation to the obligation which is the subject of the guarantee.
- (5) Any statement under subsection (4) shall include a statement of—
 - (a) any amounts received by the Secretary of State during the financial year concerned in or towards repayment of, or as interest in respect of, sums paid by him in fulfilment of any guarantee given under subsection (1), and
 - (b) any amounts outstanding at the end of that year in respect of sums so paid by the Secretary of State.

70 Extinguishment of certain liabilities.

- (1) The Secretary of State may, on or after the appointed day, by order extinguish all or any of the liabilities of the Post Office company or of any of its subsidiaries in respect of—
 - (a) such sums paid by the Treasury, in fulfilment of guarantees given under section 38 of the ^{M1}Post Office Act 1969, as may be specified in the order, or
 - (b) such sums paid by the Secretary of State, in fulfilment of guarantees given under section 69 of this Act, as may be specified in the order.
- (2) The Secretary of State may, on or after the appointed day, by order extinguish such liabilities to him of the Post Office company or of any of its subsidiaries as may be specified in the order; but the order shall not specify liabilities which—
 - (a) may be extinguished under subsection (1), or
 - (b) relate to taxes, duties or fines.
- (3) Before exercising any power under subsection (1) or (2) in relation to liabilities of the Post Office company, the Secretary of State shall consult that company.

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- (4) Before exercising any power under subsection (1) or (2) in relation to liabilities of a subsidiary of the Post Office company, the Secretary of State shall consult the Post Office company and the subsidiary.
- (5) The Secretary of State may by order repeal this section.
- (6) The Secretary of State shall not exercise any power conferred on him by subsection (1), (2) or (5) without the consent of the Treasury.

Marginal Citations

M1 1969 c. 48.

71 Limit on loans and other arrangements with government.

- (1) The Secretary of State and the Treasury shall exercise their powers under or by virtue of this Act so as to ensure that, on and after the appointed day, the Crown's financial arrangements with the Post Office company and any of its subsidiaries do not at any time exceed £5,000 million or such greater sum as the Secretary of State may by order specify.
- (2) For the purposes of subsection (1) the Crown's financial arrangements with the Post Office company and any of its subsidiaries are the aggregate of—
 - (a) amounts outstanding in respect of the principal of loans made under section 37 of the ^{M2}Post Office Act 1969,
 - (b) amounts outstanding (otherwise than by way of interest) in respect of sums paid by the Treasury in fulfilment of guarantees given under section 38 of that Act,
 - (c) amounts outstanding in respect of the principal of loans made under section 68 of this Act,
 - (d) amounts outstanding (otherwise than by way of interest) in respect of sums paid by the Secretary of State in fulfilment of guarantees given under section 69 of this Act,
 - (e) amounts outstanding in respect of the principal of debt securities issued in pursuance of section 63 of this Act, and
 - (f) liabilities extinguished under section 70 of this Act so far as they are not replaced with corresponding liabilities.
- (3) No order shall be made under subsection (1) unless a draft of it has been approved by a resolution of the House of Commons.
- (4) For the purposes of this section equivalents in sterling shall be calculated as the Secretary of State considers appropriate.

Marginal Citations

M2 1969 c. 48.

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72 Reserves of the Post Office company and its subsidiaries.

- (1) The Secretary of State may, on or after the appointed day, give directions to the Post Office company—
- (a) requiring it to allocate to a reserve generally, or to a reserve for a particular purpose, or to cause any of its subsidiaries so to allocate to a reserve, either a specified amount or such amount as the Post Office company considers appropriate,
 - (b) requiring it to re-allocate for a specified purpose, or to cause any of its subsidiaries so to re-allocate, the whole or any part of any amount previously allocated by the Post Office company or (as the case may be) subsidiary to a reserve for some other purpose, or
 - (c) with respect to the application by the Post Office company or any of its subsidiaries of amounts allocated to a reserve in accordance with a direction under this section.
- (2) Directions requiring the allocation of any amount to a reserve may provide for it to be so allocated either at a specified time or during the course of a specified period.
- (3) Directions under subsection (1)(c) may, in particular, require amounts allocated to a reserve in accordance with a direction under this section to be applied as if they were profits available for distribution within the meaning of section 263(1) of the ^{M3}Companies Act 1985 or Article 271(1) of the ^{M4}Companies (Northern Ireland) Order 1986 (distributions to be made out of profits).
- (4) Despite subsection (3), no part of a reserve to which amounts have been allocated in accordance with this section shall count as an undistributable reserve of the company concerned for the purposes of section 264(3)(d) of the Act of 1985 or Article 272(3)(d) of the Order of 1986 (restriction on distribution of assets).
- (5) For the purpose of determining under section 264 of the Act of 1985 or Article 272 of the Order of 1986 whether the company concerned may make a distribution at any time, any amount for the time being standing to the credit of the reserve concerned (excluding any amount which by virtue of subsection (3) above is authorised to be, but has not yet been, applied as if it were profits available for distribution) shall be treated for the purposes of section 264(3)(c) of the Act of 1985 or Article 272(3)(c) of the Order of 1986 as if it were unrealised profits of the company.
- (6) The Secretary of State shall consult the Post Office company before giving a direction under this section.
- (7) No direction shall be given under this section without the consent of the Treasury.

Marginal Citations

M3 1985 c. 6.

M4 S.I. 1986/1032 (N.I. 6).

73 Statutory accounts of the Post Office company.

- (1) For the purposes of any statutory accounts of the Post Office company—
- (a) the transfer effected by virtue of section 62 shall be taken to have been a transfer of all the property, rights and liabilities to which the Post Office was

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- entitled or subject immediately before the end of the last accounting year of the Post Office ending before the appointed day and to have been effected immediately after the end of that year, and
- (b) the value or amount (as at the time of transfer) of any asset or liability of the Post Office taken to have been transferred to the Post Office company by virtue of paragraph (a) shall be taken to be the value or (as the case may be) the amount assigned to that asset or liability for the purposes of the corresponding statement of accounts prepared by the Post Office in relation to that year.
- (2) For the purposes of any statutory accounts of the Post Office company the amount to be included in respect of any item shall be determined as if anything done by the Post Office (whether by way of acquiring, revaluing or disposing of any asset or incurring, revaluing or discharging any liability, or by carrying any amount to any provision or reserve, or otherwise) had been done by the Post Office company.
- (3) Accordingly (but without prejudice to the generality of subsection (2))—
- (a) the amount to be included from time to time in any reserves of the Post Office company as representing its accumulated realised profits shall be determined as if any profits realised and retained by the Post Office had been realised and retained by the Post Office company, and
- (b) the amount to be included from time to time in any statutory accounts of the Post Office company as representing its accumulated realised losses shall be determined as if any losses realised by the Post Office had been realised by the Post Office company.
- (4) In this section “statutory accounts”, in relation to the Post Office company, means any accounts of that company prepared for the purposes of any provision of the ^{M5}Companies Act 1985 (including group accounts).

Marginal Citations

M5 1985 c. 6.

74 Further provisions relating to the capital structure of the Post Office company.

- (1) If the Secretary of State so directs, the Post Office company shall be taken to have assumed a debt to the Secretary of State of such amount as may be specified in the direction.
- (2) The terms of any such debt, including the terms as to the payment of interest and repayment, shall be such as the Secretary of State may from time to time determine.
- (3) The Post Office company shall issue such debt securities of the company as the Secretary of State may direct; and any such securities shall, as the Secretary of State may direct, be issued to the Treasury or the Secretary of State.
- (4) Debt securities to be issued in pursuance of subsection (3) shall be issued at such time or times, and on such terms, as the Secretary of State may direct.
- (5) Subsections (3) and (4) are without prejudice to any power conferred by section 63.
- (6) The Secretary of State may by order repeal this section.
- (7) The Secretary of State—

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- (a) shall not exercise any power under this section without the consent of the Treasury or before the appointed day, and
 - (b) shall, before exercising any such power (other than the power under subsection (6)), consult the Post Office company.
- (8) In this Part “debt securities” means any instrument creating or acknowledging indebtedness which is issued by a company including, in particular, debentures, loan stock, bonds and certificates of deposit.

Modifications etc. (not altering text)

- C1** S. 74(8) extended (24.6.2003) by [The Uncertificated Securities \(Amendment\) \(Eligible Debt Securities\) Regulations 2003](#) (S.I. 2003/1633), reg. 1(1), **Sch. 2 para. 8(2)(i)**

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