



Transport Act 1962

1962 CHAPTER 46

PART II

DIVISION OF COMMISSION'S UNDERTAKING

Capital debts and other financial provisions

36 Treasury to take over liability for Transport Stock

- (1) Subject to this section, all the rights and liabilities which, under the terms of issue of the stock created and issued under section eighty-nine of the Transport Act, 1947, were immediately before the vesting date rights and liabilities of the Commission shall, as from the vesting date, be rights and liabilities of the Treasury and as from the vesting date the said stock (which consists of the issues set out in the first column of the following Table and which is in this and the next following section referred to as "the Stock") shall be renamed as shown in the second column of that Table.

TABLE

<i>Old name</i>	<i>New name</i>
British Transport 3 % Guaranteed Stock, 1967-72.	British Transport 3% Stock, 1967-72.
British Transport 3 % Guaranteed Stock, 1968-73.	British Transport 3% Stock, 1968-73.
British Transport 4 % Guaranteed Stock, 1972-77.	British Transport 4% Stock, 1972-77.
British Transport 3 % Guaranteed Stock, 1978-88.	British Transport 3% Stock, 1978-88.

- (2) Notwithstanding anything in this section, the Stock shall be regarded on and after the vesting date as the same stock and held in the same right and on the same trusts and

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subject to the same powers, privileges, charges, restraints and liabilities as before, and any provision of any deed, will, disposition or other instrument which immediately before the vesting date was applicable to any such Stock shall continue to be applicable to the same Stock as re-named under this section.

- (3) As from the vesting date the Stock shall, subject to this section, be deemed for all purposes to have been created and issued under the National Loans Act, 1939, and that Act and any other enactment, regulation or rule relating to securities issued under that Act shall apply accordingly to the Stock.
- (4) Not later than the vesting date the Commission shall pay to the Treasury an amount equal to the interest (without any deduction for income tax) which has accrued on the Stock in the period from the date when the last instalment of interest became payable on the Stock down to the vesting date (making separate calculations for any issues of the Stock with different interest dates), and that amount shall be paid into the Exchequer and shall be issued out of the Consolidated Fund at such times as the Treasury may direct and shall be applied towards meeting such part of the annual charges for the National Debt as represents interest.

Any question arising between the Commission and the Treasury as to the manner in which interest accrued on the Stock is to be calculated shall be determined by the Treasury.

- (5) Not later than the vesting date the Commission shall pay to the Bank of England a sum equal to the amounts accrued due in respect of unclaimed interest on British Transport Guaranteed Stock before the vesting date (after deduction of income tax), including amounts applied under paragraph (2) of regulation 20 of the British Transport Stock Regulations, 1947, but excluding any amounts represented by money in the hands of the Bank of

The Bank of England shall deal with the money so paid to them, and with the money already in their hands which represents such unclaimed interest, as money entrusted to them for payment to holders of the Stock and section five of the Miscellaneous Financial Provisions Act, 1955 (which relates to unclaimed dividends on Government Stock), shall apply accordingly.

- (6) Any unclaimed Stock which is held by the Commission immediately before the vesting date on behalf of persons who became entitled thereto in substitution for securities of the bodies whose undertakings were transferred to the Commission by the Transport Act, 1947, shall be held on and after that date on behalf of those persons by the National Debt Commissioners ; and each of the Boards shall give to the Commissioners such information and such assistance as the Commissioners may reasonably require in connection with any claim to that Stock.
- (7) The transitional provisions set out in Part I of the Seventh Schedule to this Act shall apply in relation to the Stock.
- (8) On the vesting date section eighty-nine of the Transport Act, 1947, and the regulations made under that section shall cease to have effect, but this subsection shall not affect the rights and liabilities transferred to the Treasury under subsection (1) of this section.

37 Transfer of redemption funds

- (1) Subsection (1) of the last foregoing section shall not impose on the Treasury any liability to establish or maintain any redemption fund, and—

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- (a) the cash and investments which immediately before the vesting date represent the Redemption Fund established under the British Transport Stock Regulations, 1947, and
- (b) the right to receive any interest or dividends which are payable in respect of any such investments but which have not been received by the Commission before the vesting date,

shall vest by virtue of this subsection in the Treasury or in such nominees as the Treasury may appoint.

- (2) Not later than the vesting date the Treasury shall pay to the Commission out of the Consolidated Fund an amount equal to the interest or dividends (without any deduction of income tax) which have accrued on the investments transferred under the foregoing subsection in the period from the date when the last instalment of interest became payable on those investments respectively down to the vesting date (making separate calculations for different investments).

Any question arising between the Commission and the Treasury as to the manner in which accrued interest or dividends are to be calculated shall be determined by the Treasury.

- (3) Such of the investments transferred from the Commission under subsection (1) of this section as are securities the principal of and interest on which are charged on the Consolidated Fund shall be cancelled, and the remainder of those investments shall be sold.
- (4) The net proceeds of the sale, and all other sums received by the Treasury or their nominees by virtue of this section shall be paid into the Exchequer and shall be issued out of the Consolidated Fund at such times as the Treasury may direct and applied by the Treasury in redeeming or paying off debt of such description as the Treasury see fit.

38 Extinction of liability of the Commission for certain Exchequer advances

On the vesting date all the liabilities of the Commission in respect of advances made to them by the Minister under section forty-two of the Finance Act, 1956, and under section two of the Transport (Railway Finances) Act, 1957, shall be extinguished.

39 Commencing capital debts of the new bodies

- (1) Each of the Boards, and the Holding Company, shall severally assume, on the transfer to them by this Act of their part of the property, rights and liabilities of the Commission, a debt due to the Minister on such terms as may be imposed under this section.

The said debts are in this Act referred to as the "commencing capital debts".

- (2) The amount of the commencing capital debts taken together shall be equal to—
 - (a) the nominal value of all the stock to which subsection(1) of section thirty-six of this Act applies, and
 - (b) the amount of the liability extinguished by the last foregoing section, and
 - (c) the amount of the Capital Redemption Accounts as shown in the final accounts of the Commission,

with the deduction to be made under the next following subsection.

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- (3) The amount to be deducted under the last foregoing subsection shall be—
- (a) the total shown in the special account under section three of the Transport (Rail-way Finances) Act, 1957, as included in the final accounts of the Commission, and
 - (b) the amount shown in the final accounts of the Commission in respect of the total discounts on the issue of British Transport Guaranteed Stock, less premiums on issue and less amounts written off, and
 - (c) the amount shown in the final accounts of the Commission in respect of the book value of the cash and investments which are under paragraph (a) of subsection (1) of section thirty-seven of this Act to be transferred to the Treasury,

after deducting from the total of the amounts under paragraph (a), paragraph (b) and paragraph (c) of this subsection—

- (i) the amount shown in the final accounts of the Commission in respect of the net surplus on revenue account for the Commission's activities, excluding British Railways, for the period from the beginning of the year nineteen hundred and fifty-six to the end of the period for which the final accounts of the Commission are made up, and
 - (ii) the sums paid by the Minister to the Commission by way of grant to meet deficits on revenue account, being sums paid out of money provided by Parliament since the beginning of April, nineteen hundred and sixty (and including sums so paid under Part IV of this Act).
- (4) The commencing capital debt of each of the said bodies shall be such part of the total ascertained under subsection (2) of this section as the Minister may prescribe having regard to the manner in which the Commission's property, rights and liabilities are by this Act divided among those bodies.
- (5) The Minister's power of prescribing the amount mentioned in the last foregoing subsection shall be exercisable by order, and he shall make such an order as soon as may be after the vesting date but may from time to time, but not more than five years after the vesting date, vary an order under this subsection by a further order, where that appears to him expedient to take account of some change in the manner in which the Commission's property, rights and liabilities are so divided (whether in consequence of an order under the Sixth Schedule to this Act or otherwise), and any such order may contain such transitional provisions as appear to him expedient to take account of any interest underpaid or overpaid on the commencing capital debt of any of the said bodies.

The Minister's power of making orders under this section shall be subject to the approval of the Treasury and shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.

- (6) Subject to the next following section, the rate of interest payable on the commencing capital debt of each of the said bodies, the time when the principal is to be paid off and the other terms of the debt shall be such as the Minister may with the approval of the Treasury from time to time direct.
- (7) The Minister may, in the period before the first order is made under subsection (5) of this section, estimate what the commencing capital debt of the Boards and of the Holding Company will be, and require those bodies to make to him provisional payments by way of interest on those estimated amounts; and those provisional

payments shall be on account of the payments of interest becoming due under subsection (6) of this section.

- (8) Any sums received by the Minister by way of interest on, or repayment of, the commencing capital debt of any of the Boards or of the Holding Company shall be paid into the Exchequer and shall be issued out of the Consolidated Fund at such times as the Treasury may direct and applied by the Treasury as follows, that is to say—
- (a) so much thereof as represents principal shall be applied in redeeming or paying off debt of such description as the Treasury see fit, and
 - (b) so much thereof as represents interest shall be applied towards meeting such part of the annual charges for the National Debt as represents interest.

40 Railways Board's suspended debt

- (1) Part of the commencing capital debt of the Railways Board shall be called the suspended debt, and shall not carry any interest, and shall not be required to be paid off at a fixed time unless and until the Minister otherwise directs.

The Minister may give a direction under this subsection either as regards the whole of the suspended debt, or as regards a part of the suspended debt, and where he gives a direction as regards a part of the suspended debt he may from time to time vary the direction so as to increase the part of the suspended debt which is repayable and carries interest.

- (2) The amount of the suspended debt shall be that part of the commencing capital debt which, in the opinion of the Minister, is not represented by the written-down book value of the assets which have been created by the Commission since the end of the year nineteen hundred and fifty-five and which vest in the Railways Board under this Part of this Act, and the Minister shall direct what that amount shall be:

Provided that the Minister may vary a direction under this subsection by a further direction, where that appears to him expedient to take account of any order under subsection (5) of the last foregoing section which varies the commencing capital debt of the Railways Board.

- (3) For the purposes of the last foregoing subsection any securities which vest in the Railways Board under this Part of this Act shall be treated as if they were assets created by the Commission since the end of the year nineteen hundred and fifty-five.
- (4) If at any time the Railways Board satisfy the Minister—
- (a) that an amount equal to the whole or any part of the net book value of an asset which is transferred to the Railways Board under or in pursuance of this Part of this Act could have been properly written off by the Commission, and that the Board have at any time properly taken account of that fact in their accounts, or
 - (b) that at any time after the vesting date an asset which is so transferred to the Railways Board has gone out of use and that the Board have properly taken account of that fact by writing off an amount not exceeding the net book value of that asset in their books, and by adjusting their accounts accordingly,

the Minister may, if he thinks fit, direct that a specified amount of the suspended debt, not exceeding the amount mentioned in paragraph (a) or paragraph (b) of this subsection as the case may be, shall be extinguished.

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- (5) Any direction under this section shall be given by the Minister by an order made with the approval of the Treasury by statutory instrument which shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.