



Finance Act 1934

1934 CHAPTER 32

PART III

NATIONAL DEBT AND GUARANTEED LOANS

25 Power of Treasury to guarantee loans issued to redeem existing guaranteed loans

- (1) Where a loan which may be redeemed before maturity at the option of the borrower has been guaranteed by the Treasury, whether before or after the passing of this Act, and it is proposed to issue another loan (in this section referred to as a conversion loan) solely for the purpose of providing for the redemption of the first-mentioned loan as aforesaid, whether by way of cash payments or by exchange of securities, the Treasury may guarantee the conversion loan:

Provided that—

- (a) a conversion loan shall not be guaranteed under this section unless—
- (i) the amount required in each year to pay the interest on the conversion loan is less than the amount which would have been required in the year beginning at the date of the issue of that loan to pay the interest on the loan to be redeemed; and
 - (ii) the Treasury are satisfied that the substitution of the guarantee of the conversion loan for the guarantee of the loan to be redeemed will benefit the Exchequer; and
- (b) where a conversion loan has been guaranteed under this section the Treasury shall not guarantee another conversion loan issued for the purpose of providing for the redemption of the first-mentioned conversion loan.
- (2) Any guarantee given under this section may be given in such form and manner, and on such terms and subject to such conditions, as the Treasury think fit.
- (3) Any moneys required for fulfilling a guarantee given under this section shall be charged on and issued out of the Consolidated Fund or the growing produce thereof and any moneys paid in or towards repayment of any sum issued out of the Consolidated Fund under this section shall be paid into the Exchequer.

Status: This is the original version (as it was originally enacted).

- (4) The Treasury shall lay before both Houses of Parliament—
- (a) a statement of any guarantee given under this section as soon as may be after it is given; and
 - (b) once in each year, an account of any sums issued out of the Consolidated Fund for the purpose of any such guarantee.
- (5) In this section, references to the guaranteeing of a loan shall be construed as references to guaranteeing, whether wholly or in part, and whether solely or jointly with other guarantors, the payment either of the interest, or of both the interest and the principal, of the loan, and the expression " guaranteed" shall be construed accordingly.