
STATUTORY INSTRUMENTS

1990 No. 720

**The Passenger Transport Executives
(Capital Finance) Order 1990**

Receipts and liabilities of relevant Authority

2.—(1) Where an Executive—

- (a) receives a sum which, if the Executive were a local authority, would be a capital receipt;
- (b) receives consideration to which, if the Executive were a local authority, section 61 of the Act would apply;
- (c) incurs additional liabilities; or
- (d) reduces its liabilities;

the sum, consideration and liabilities are to be treated for the purposes of the application of Part IV of the Act as if they were received, incurred or reduced, as the case may be, by the relevant Authority; and, where they are to be so treated, the provisions of that Part are to apply as described in articles 3 and 4 below.

(2) In paragraph (1) above, any reference to a sum or consideration being received by an Executive is a reference only to sums and consideration received otherwise than from the relevant Authority.

(3) For the purposes of paragraph (1) above, an Executive incurs additional liabilities where—

- (a) upon calculation, the total of its relevant liabilities on the relevant date in a financial year (“the current financial year”) exceeds an amount equal to—
 - (i) the total of its relevant liabilities on the relevant date in the immediately preceding financial year,
less
 - (ii) so much of any amount set aside by the Executive in accordance with articles 3(2)(a)(ii) and 5 below as has been applied to meet expenditure in respect of long-term liabilities, as described in article 5(4) below, in the period beginning immediately after the relevant date in that preceding financial year and ending on the relevant date in the current financial year;
- (b) the Executive becomes the lessee of any land and, if the Executive were a local authority, the lease would be a credit arrangement; or
- (c) the Executive would be required, if it were a local authority, to secure in accordance with section 51(4) of the Act that there is available to it an amount of credit cover in respect of the variation of a credit arrangement which is a lease of land.

(4) For the purposes of paragraph (1) above, an Executive reduces its liabilities where, upon calculation, the total of its relevant liabilities on the relevant date in a financial year is less than an amount equal to—

- (a) the total of its relevant liabilities on the relevant date in the immediately preceding financial year,

less

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- (b) the amount referred to in paragraph (3)(a)(ii) above.
- (5) In paragraph (3) and (4) above and in article 7 below, “relevant liabilities”, in relation to an Executive, means the aggregate of—
- (a) the total of the liabilities of the Executive, other than current liabilities, which are shown as at the relevant date in the Executive’s balance sheet; and
 - (b) the amount, if any, by which the total of current liabilities of the Executive exceeds its current assets excluding any amounts set aside under articles 3(2)(a)(ii) or 5 below.
- (6) In this article and in article 5 “lease” and “liabilities” do not include, respectively, any lease under which the lessor is the relevant Authority or any liabilities owed to the relevant Authority or any liabilities owed to the relevant Authority and for this purpose any reserves and deferred capital grants shown in the balance sheet of an Executive are to be treated as liabilities owed to the relevant Authority.