



British Telecommunications Act 1981

1981 CHAPTER 38

PART I

NEW CORPORATION FOR THE PROVISION OF TELECOMMUNICATION AND DATA PROCESSING SERVICES

Finance

24 General duty of the Corporation as to finance

- (1) It shall be the duty of the Corporation so to exercise its powers as to secure that the combined revenues of the Corporation and all its wholly owned subsidiaries taken together are not less than sufficient—
 - (a) to meet all their combined charges properly chargeable to revenue account, taking one year with another; and
 - (b) to enable the Corporation and its wholly owned subsidiaries to make such allocations to reserve as the Corporation considers adequate, and as may be necessary to comply with any directions given by the Secretary of State under section 25.
- (2) The Secretary of State may from time to time determine, with the approval of the Treasury and after consultation with the Corporation, as respects such period as he may so determine, the financial objectives which, having regard to the duty imposed on it by subsection (1), he considers it is reasonable for the Corporation to achieve in that period; and—
 - (a) different determinations may be made for different periods and in relation to different assets and different activities of the Corporation; and
 - (b) the Secretary of State may, with the like approval and after such consultation as aforesaid, vary or revoke a determination under this section in respect of any period by a further determination.
- (3) A determination under subsection (2)—
 - (a) may relate to a period beginning before the date on which it is made; and

- (b) may contain incidental or supplemental provisions.
- (4) The Secretary of State shall give notice in writing to the Corporation of any determination under subsection (2).
- (5) The Corporation shall conduct its affairs during any period in respect of which a determination has been made under subsection (2) with a view to achieving the financial objectives specified by the determination as for the time being in force.

25 Reserves of the Corporation and its wholly owned subsidiaries

- (1) The Secretary of State may from time to time, after consultation with the Corporation and with the approval of the Treasury, give to the Corporation directions —
 - (a) requiring it to allocate to reserve generally, or to reserve for a particular purpose, or to cause any of its wholly owned subsidiaries so to allocate, either a specified amount or such amount as the Corporation considers adequate;
 - (b) requiring it to re-allocate for a specified purpose, or to cause any of its wholly owned subsidiaries so to re-allocate, the whole or any part of any amount previously allocated by the Corporation or subsidiary, as the case may be, to reserve for some other purpose ; or
 - (c) with respect to the application by the Corporation or any of its wholly owned subsidiaries of amounts allocated to reserve.
- (2) Directions under subsection (1) requiring the allocation of any amount to reserve may provide for it to be so allocated either at a specified time or during the course of a specified period.

26 Borrowing powers of the Corporation and its wholly owned subsidiaries

- (1) The Corporation may borrow temporarily, by way of overdraft or otherwise.—
 - (a) in sterling from the Secretary of State ; or
 - (b) with the consent of the Secretary of State and the approval of the Treasury, in sterling or a currency other than sterling from a person other than the Secretary of State,

such sums as may be required for meeting the obligations and discharging the functions of the Corporation or any of its wholly owned subsidiaries.
- (2) The Corporation may borrow, otherwise than by way of temporary loan.—
 - (a) in sterling from the Secretary of State ; or
 - (b) with the consent of the Secretary of State and the approval of the Treasury, in sterling or a currency other than sterling from a person other than the Secretary of State,

such sums as may be required by the Corporation or any of its wholly owned subsidiaries for all or any of the purposes mentioned in subsection (3).
- (3) The said purposes are—
 - (a) provision of money for meeting any expenses incurred by the Corporation or any of its subsidiaries in connection with any works the cost of which is chargeable to capital account;
 - (b) provision of working capital required by it or any such subsidiary;
 - (c) subscription for, or acquisition of, securities of an incorporated company or other body corporate, promotion of the formation of an incorporated company

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

- or participation in the promotion of such a company or acquisition of an undertaking or part of an undertaking ;
- (d) repayment of any money borrowed by it or any such subsidiary and repayment of any sums issued by the Treasury in fulfilment of a guarantee under section 29;
 - (e) any other purpose for which capital moneys are properly applicable.
- (4) The Corporation may borrow from any of its wholly owned subsidiaries without any consent, approval or other authority.
 - (5) References in this section and section 27 to borrowing by the Corporation do not include references to receiving any money in its capacity as the provider of any services or the supplier of any apparatus, or using money received in that capacity.
 - (6) It shall be the duty of the Corporation to secure that none of its wholly owned subsidiaries borrows otherwise than from the Corporation or from another of its wholly owned subsidiaries except with the consent of the Secretary of State and the approval of the Treasury.
 - (7) A person lending money to the Corporation shall not be concerned to inquire whether the borrowing of the money is legal or regular or whether the money raised was properly applied and shall not be prejudiced by any illegality or irregularity or by the misapplication or non-application of any of the money.
 - (8) This section shall come into operation on the appointed day.

27 Limitation of indebtedness

- (1) The Corporation shall not have power to borrow money except in accordance with section 26.
- (2) The aggregate amount outstanding, otherwise than by way of interest, in respect of—
 - (a) money borrowed by the Corporation or any of its wholly owned subsidiaries, other than money borrowed on excluded loans; and
 - (b) sums issued by the Treasury in fulfilment of guarantees under section 29,shall not at any time exceed £5,000 million or such greater sum, not exceeding £6,500 million, as the Secretary of State may from time to time by order specify.
- (3) A loan is an excluded loan for the purposes of subsection (2) if it consists of money borrowed—
 - (a) by the Corporation from one of its wholly owned subsidiaries ; or
 - (b) by one of its wholly owned subsidiaries from another such subsidiary or from the Corporation.
- (4) An order under subsection (2) shall be made by statutory instrument, and no such order shall be made unless a draft thereof has been approved by a resolution of the Commons House of Parliament.

28 Loans by the Secretary of State to the Corporation

- (1) The Secretary of State may, with the approval of the Treasury, lend to the Corporation any sums which it has power to borrow under section 26(1) or (2).

- (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 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.
- (4) Any sums received under subsection (2) by the Secretary of State shall be paid into the National Loans Fund.

29 Treasury guarantees

- (1) The Treasury may guarantee, in such manner and on such conditions as they may think fit, the repayment of the principal of, and the payment of interest on, any sums which the Corporation borrows 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; and where any sum is issued for fulfilling a guarantee so given 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 that sum.
- (3) Any sums required by the Treasury for fulfilling a guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this section, 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 the sums so issued and payments of interest on what is outstanding for the time being in respect of sums so issued at such rate as the Treasury may so direct.
- (5) Any sums received under subsection (4) by the Treasury shall be paid into the Consolidated Fund.

30 Accounts of the Secretary of State with reference to the Corporation's indebtedness to him

The Secretary of State shall, as respects each financial year, prepare in such form and manner as the Treasury may direct, an account of—

- (a) sums received by him under subsection (2) of section 28 ;
- (b) sums issued to him under subsection (3) of that section ;
- (c) sums received by him as mentioned in paragraph 9(5) of Schedule 4 (interest on, or repayment of, the Corporation's assumed debt); and
- (d) the disposal by him of those sums respectively,

and send it 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 lay copies of it, together with his report, before each House of Parliament.