



Water Act 1989

1989 CHAPTER 15

PART II

WATER SUPPLY AND SEWERAGE SERVICES

CHAPTER V

OWNERSHIP AND FINANCES OF SUCCESSOR COMPANIES ETC.

86 Conversion of certain loans.

- (1) The Secretary of State may by order made by statutory instrument extinguish all or any of the liabilities of the nominated holding company of a successor company in respect of the principal of any loan of either of the following descriptions, that is to say—
 - (a) a loan made to that company under section 84 above;
 - (b) a loan the liability to repay the principal of which has been transferred to that company under section 85 above;and the assets of the National Loans Fund shall accordingly be reduced by amounts corresponding to any liabilities so extinguished.
- (2) An order made under subsection (1) above in respect of any loan the liability to repay the principal of which was transferred to the nominated holding company of a successor company under section 85 above may extinguish all or any of the liabilities of that successor company under debentures issued in respect of the transfer under subsection (2) of that section.
- (3) Where the Secretary of State has made an order under subsection (1) above and he considers it appropriate to do so, he may give a direction under this subsection to any nominated holding company whose liabilities are extinguished by the order and that company shall, as a consequence of the making of the order, issue such debentures of the company as may be specified or described in the direction—
 - (a) to the Treasury or the Secretary of State; or

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*Changes to legislation: There are currently no known outstanding effects
for the Water Act 1989, Section 86. (See end of Document for details)*

- (b) to any person entitled to require the issue of the debentures following their initial allotment to the Treasury or the Secretary of State.
- (4) The Secretary of State shall not—
 - (a) make an order under subsection (1) above extinguishing the liability of any company; or
 - (b) give a direction under subsection (3) above for the issue of debentures, except at a time when the company whose liability is extinguished by the order or, as the case may be, the company which is directed to issue debentures is wholly owned by the Crown.
- (5) Except as may be agreed between the Secretary of State and a company which is directed to issue debentures in pursuance of this section—
 - (a) the aggregate of the principal sums payable under the debentures to which the direction relates shall be equal to the aggregate of the sums the liability to repay which is extinguished by the order; and
 - (b) the terms as to the payment of the principal sums payable under the debentures to which the direction relates, and as to the payment of interest thereon, shall be the same as the corresponding terms of the loans specified in the order.
- (6) For the purposes of subsection (5) above any express or implied terms of a loan shall be disregarded in so far as they relate to the early discharge of liabilities to make repayments of principal and payments of interest.
- (7) Subsection (4) and subsections (6) and (7) of section 83 above shall apply for the purposes of this section as they apply for the purposes of that section.

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