



# Agricultural Credits Act 1928

## 1928 CHAPTER 43

### PART I

#### LONG TERM CREDITS

#### **1 Power to make advances, & c. to agricultural mortgage loan company**

- (1) With a view to the incorporation of a company having for its principal objects—
- (a) the making of loans on mortgages of agricultural land;
  - (b) the making of loans under the Improvement of Land Acts, 1864 and 1899, for agricultural purposes;

and with a view to securing that loans by such a company shall be made on terms most favourable to the borrowers, it shall be lawful for the Minister of Agriculture and Fisheries (hereinafter referred to as the Minister) with, the approval of the Treasury to undertake that, if such a company having such objects and complying with the provisions hereinafter contained is incorporated, he will—

- (i) make advances to the company (for the purpose of establishing a guarantee fund), not exceeding in the aggregate seven hundred and fifty thousand pounds, and not at any time exceeding in the aggregate the amount at that time of the paid-up share capital of the company; such advances—
  - (a) to be payable in instalments so, however, that the aggregate amount paid shall not exceed—

On incorporation of the company	£250,000
By 30th April 1929	£500,000
By 30th April 1930	£750,000

- (b) to be free from interest for a period of sixty years, and thereafter to carry interest at such rate, not exceeding the average yield of such Government funded stocks, as the Treasury from time to time may determine;

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*Status: This is the original version (as it was originally enacted).*

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- (ii) make payments of ten thousand pounds per annum for ten years as contributions towards the cost of the administration of the company.
- (2) The Treasury may agree to procure the underwriting of debentures to be issued by the company as hereinafter mentioned to such aggregate amount as may be necessary to raise a sum not exceeding five million pounds.
- (3) The Treasury may subscribe to debentures to be issued by the company to an amount not exceeding one fourth of each issue of debentures, and not exceeding in the aggregate one million two hundred and fifty thousand pounds, and any such subscriptions shall be deemed to be a local loan within the meaning of the National Debt and Local Loans Act, 1887, and that Act shall apply accordingly.
- (4) Such sums not exceeding in the whole the sum of eight hundred and twelve thousand five hundred pounds as may be required for the purpose of making such advances as aforesaid or for procuring the underwriting of debentures as aforesaid shall be issued out of the Consolidated Fund or the growing produce thereof at such times and to such amounts as the Treasury think fit.
- (5) The sums payable towards the cost of the administration of the company shall be paid out of moneys provided by Parliament.
- (6) Any sums paid by the company by way of repayment of or interest on advances made by the Minister shall be paid to the Exchequer.

## **2 Provisions as to company**

- (1) The company to be so formed as aforesaid shall be a company limited by shares and registered under the Companies Acts, 1908 to 1917.
- (2) The Memorandum and Articles of the company shall be subject to the approval of the Minister, and shall contain such provisions as are hereinafter mentioned, and shall not be alterable without the approval of the Minister.
- (3) The Memorandum or Articles of the company shall make provision—
  - (a) for securing that, of the directors, one shall be a person nominated by the Treasury, so long as any part of the advances made by the Minister remains outstanding;
  - (b) for restricting the dividends on the share capital of the company to five per cent. per annum;
  - (c) for regulating the loans to be made by the company on mortgage, so that a loan shall in no case exceed two-thirds of the estimated value of the mortgaged property at the time of the loan, and that the loans shall be repayable by equal yearly or half-yearly instalments of capital and interest spread over a period not exceeding sixty years, or repayable on such other terms as may be authorised by the said Memorandum or Articles;
  - (d) for empowering the company for the purpose of making loans to raise money by means of the issue of debentures;
  - (e) for the creation of suitable reserve funds, and as to the investment and application of the sums standing to the credit of those funds;
  - (f) for regulating the use of the guarantee fund to which the advances made by the Minister are to be carried;
  - (g) for requiring the company to supply to the Minister copies of balance-sheets and profit-and-loss accounts;

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- (h) for the repayment of the advances made by the Minister; so however that provision shall be made—
    - (i) that, if at the expiration of fifteen years from the incorporation of the company, the advances made by the Minister to the guarantee fund exceed seven-and-a-half per cent. of the aggregate amount of the loans made by the company on mortgages and land charges up to that date, the excess shall, if the Minister so requires, be repaid;
    - (ii) that in any year, after thirty years from the incorporation of the company, in which the total reserves including the guarantee fund (but excluding the share capital) exceed seven-and-a-half per cent. of the liabilities (other than share capital and guarantee fund), there shall be allocated to the repayment of the guarantee fund one-half of the profits remaining after paying the maximum dividend on the share capital;
  - (i) for providing that in the event of the company being wound up, the liability of the company to the Minister for the amount of the advances outstanding shall rank after other liabilities of the company to creditors, and that if, after the discharge of such other liabilities, the sum available is insufficient to pay the sums so outstanding and the paid up share capital in full, the sum so available shall be divided between the Minister and shareholders in the proportion which the amount of the outstanding advances of the Minister bears to the amount of the paid up share capital of the company.
- (4) For the purposes of this Part of this Act references to debentures shall include references to debenture stock and references to shares and share holders shall include references to stock and stock holders.

### **3 Debentures of the company to be authorised trustee investment**

Debentures issued by the company shall be included amongst the securities in which a trustee may invest trust funds under the powers of section one of the Trustee Act, 1925, or section ten of the Trusts (Scotland) Act, 1921.

### **4 Application of excess reserves**

If after the repayment of the advances made by the Minister to the guarantee fund the reserves increase more rapidly than is required for the maintenance of the reserves as provided for in the Memorandum or Articles of the company, the company shall apply such part of the excess reserves for the benefit of borrowers in accordance with a scheme or schemes to be prepared by the company to the satisfaction of the Minister.