



Civil Aviation Act 1971

1971 CHAPTER 75

PART III

THE BRITISH AIRWAYS BOARD

Provision of funds etc. for and by the Board

41 Borrowing by the Board

- (1) The Board may, with the consent of or in accordance with a general authorisation given by the Secretary of State, borrow temporarily by overdraft or otherwise such sums in sterling or other currencies as the Board may require for performing its functions.
- (2) The Board may borrow from the Secretary of State, or may with his consent borrow by the issue of stock, such sums as the Board may require for capital purposes or for fulfilling a guarantee entered into by the Board.
- (3) The Board may borrow, from such persons and on such terms as the Secretary of State may from time to time specify, any sums in currency other than sterling which are required by the Board for performing its functions.
- (4) The Board may borrow from either of the corporations such sums as the Board may require for performing its functions.
- (5) The Secretary of State shall not give consent or an authorisation or specify any person or terms in pursuance of the preceding provisions of this section except with the approval of the Treasury.

42 Government loans to the Board

- (1) The Secretary of State may lend to the Board any sums which the Board has power to borrow in pursuance of subsection (2) of the preceding section, and the Treasury may issue to the Secretary of State out of the National Loans Fund any sums necessary to enable the Secretary of State to make loans in pursuance of this subsection.

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- (2) Any loans made in pursuance of the preceding subsection shall be repaid to the Secretary of State at such times and by such methods, and interest on the loans shall be paid to him at such times and at such rates, as he may from time to time direct; and all sums received by the Secretary of State in pursuance of this subsection shall be paid into the National Loans Fund.
- (3) The Secretary of State shall prepare in respect of each financial year an account of the sums issued to him in pursuance of subsection (1) of this section and the sums received by him in pursuance of the preceding subsection and of the disposal by him of those sums and shall send the account to the Comptroller and Auditor General before the end of the month of November next following the end of that year; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it and of his report before each House of Parliament.
- (4) The Secretary of State shall not make a loan or give a direction in pursuance of the preceding provisions of this section except with the approval of the Treasury; and the form of the account prepared in pursuance of the preceding subsection and the manner of preparing it shall be such as the Treasury may direct.

43 Other government investment for the Board

- (1) The Secretary of State may pay to the Board out of money provided by Parliament such sums as the Secretary of State thinks fit.
- (2) In consideration of receiving sums in pursuance of the preceding subsection the Board shall make to the Secretary of State, as respects each accounting year (except such a year as respects which the Board satisfies the Secretary of State that it is inappropriate to make a payment in pursuance of this subsection), payments of such amounts as may be proposed by the Board and agreed by the Secretary of State or such other amounts as the Secretary of State may determine after consultation with the Board ; and any sums received by the Secretary of State in pursuance of this subsection shall be paid into the Consolidated Fund.
- (3) The account prepared in respect of any financial year in pursuance of the preceding section shall include particulars of the sums which in that year are paid to the Board or are paid into the Consolidated Fund in pursuance of this section.
- (4) The Secretary of State shall not make a payment, signify agreement or make a determination in pursuance of the preceding provisions of this section except with the approval of the Treasury.

44 Provision of funds for the corporations by the Board

The Board may make payments to either of the corporations on such terms as the Board thinks fit; but nothing in this section shall be construed as prejudicing the Board's power to give directions altering those terms at any time.

45 Transitional provisions relating to investments etc.

- (1) There shall be deemed to be made to the Board on the appointed day—
 - (a) a loan under section 42(1) of this Act equal to the capital amounts outstanding immediately before that day in respect of the advances made to BOAC under section 8 of the Act of 1967 ;

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- (b) a payment under section 43(1) of this Act equal to the capital amounts so outstanding in respect of the sums paid to BOAC under section 14 of the Act of 1967 (including the sums treated as so paid by virtue of section 14 (3) (b) or deemed to have been so paid by virtue of section 15 of that Act);
- (c) a loan under section 42(1) of this Act equal to the capital amounts so outstanding in respect of the advances made to BEA under section 8 of the Act of 1967 and the debt assumed by BEA under section 1(2) of the Air Corporations Act 1969 ;

and those loans and that payment shall be deemed to be so made on the same terms as to repayment and the payment of interest (but with the substitution of references to the Board for references to either of the corporations and with any other necessary modifications) as the terms as to those matters which immediately before the appointed day related to the corresponding outstanding amounts aforesaid.

- (2) Any entitlement of the Secretary of State and any liability of either of the corporations in respect of the said outstanding amounts shall be extinguished on the appointed day ; but nothing in the preceding provisions of this subsection affects any payment by way of interest or in pursuance of section 14(2) of the Act of 1967 which falls to be made by either of the corporations for any period preceding that day in respect of the capital amounts mentioned in the preceding subsection, and an amount may be fixed in pursuance of the said section 14(2) on or after that day in respect of so much of any accounting year as precedes that day.
- (3) There shall be deemed to be made on the appointed day—
 - (a) a payment to BOAC under the preceding section equal to the aggregate of the loan and the payment deemed to be made to the Board by virtue of paragraphs (a) and (b) of subsection (1) of this section ; and
 - (b) a payment to BEA under the preceding section equal to the loan deemed to be made to the Board by virtue of paragraph (c) of the said subsection (1);

and those payments shall be deemed to be so made on the same terms (but with the substitution of references to the Board for references to the Secretary of State and with any other necessary modifications) as the terms which immediately before the appointed day related to the corresponding outstanding amounts mentioned in subsection (1) of this section, without prejudice to the Board's power to give directions altering those terms at any time.

46 Limit on borrowing and other investment

- (1) Subject to subsections (2) and (3) of this section, the aggregate of—
 - (a) the amount outstanding in respect of the principal of moneys borrowed by the Board (including the loans mentioned in subsection (1)(a) and (c) of the preceding section);
 - (b) the payments made to the Board under section 43(1) of this Act (including the payment mentioned in subsection (1)(b) of the preceding section); and
 - (c) the amount outstanding in respect of the principal of moneys borrowed by either of the corporations,shall not at any time exceed £560 million or such greater sum not exceeding £700 million as the Secretary of State may from time to time by order specify.
- (2) The following sums shall be disregarded for the purposes of the preceding subsection, that is to say—

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- (a) any sums borrowed by the Board from either of the corporations or by either of the corporations from the other of them or from the Board ;
 - (b) such part of the payment mentioned in subsection (1)(b) of the preceding section or of the sums deemed to have been lent by virtue of section 51(2) (a) of this Act as represents the sums in respect of which directions were given under section 14(3)(b) of the Act of 1967 (which provided for certain sums in BOAC's reserve fund to be treated as paid by the Secretary of State under that section);
 - (c) any sum which is the subject of directions under section 52(1)(b) of this Act.
- (3) Nothing in subsection (1) of this section shall prevent the Board or either of the corporations from borrowing in excess of the limit imposed by that subsection for the purpose of paying off a loan or redeeming stock which the Board or the corporation in question are required or entitled to redeem.
- (4) Sections 41 to 43 of this Act shall have effect subject to the preceding provisions of this section.

47 Stock

- (1) The Board may create and issue any stock required for the purpose of exercising its powers under section 41(2) of this Act and may with the consent of the Secretary of State create and issue stock which is to be allotted as consideration for the acquisition of undertakings or of shares or stock in undertakings.
- (2) Stock issued by the Board and the interest on the stock shall be charged on the undertaking and all property and revenues of the Board.
- (3) The stock of the Board shall be issued, transferred, dealt with and redeemed on such terms as the Secretary of State may determine in accordance with regulations.
- (4) The Secretary of State shall not give consent or make regulations in pursuance of the preceding provisions of this section except with the approval of the Treasury.

48 Guarantees

- (1) The Board may guarantee, in such manner and subject to such conditions as it thinks fit, the fulfilment of any guarantee entered into by either of the corporations in pursuance of section 3(4)(c) of the Act of 1967.
- (2) Section 10 of the Act of 1967 (which relates to Treasury guarantees) shall have effect as if any reference to a corporation and section 7(3) of that Act included respectively a reference to the Board and section 41(3) of this Act.
- (3) Where the payment of the principal of and interest on any stock issued by the Board is guaranteed by the Treasury, transfers of the stock shall be exempt from all stamp duty (including stamp duty payable in Northern Ireland).