



Gas Act 1972

1972 CHAPTER 60

PART II

FINANCIAL PROVISIONS

General financial duties of British Gas Corporation

14 Revenues of Corporation and subsidiaries to cover outgoings and allocations to reserves

It shall be the duty of the Corporation so to exercise and perform their functions (including those conferred or imposed on them by any enactment other than this Act), and so to exercise their control over their subsidiaries, as to secure that, taking one year with another, the combined revenues of the Corporation and their subsidiaries are not less than sufficient—

- (a) to meet the total outgoings of the Corporation and their subsidiaries properly chargeable to revenue account, and
- (b) to enable the Corporation and their subsidiaries to make such allocations to reserve as the Corporation consider adequate, and as may be necessary to comply with any directions given by the Secretary of State under section 15 below.

15 Directions by Secretary of State as to reserves of Corporation and 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 them to allocate to reserve generally, or to reserve for a particular purpose, or to cause any wholly owned subsidiary of theirs so to allocate, either a specified amount or such amount as the Corporation consider adequate, or
 - (b) requiring them to re-allocate for a specified purpose or to cause any wholly owned subsidiary of theirs so to re-allocate, the whole or part of any amount

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previously allocated by them or, as the case may be, by the subsidiary to reserve for some other purpose, or

- (c) with respect to the application by them, or by any wholly owned subsidiary of theirs, of amounts allocated to reserve,

and it shall be the duty of the Corporation to comply with any such directions.

- (2) Directions under subsection (1) above 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.

16 Payment of excess revenue to Secretary of State

If in any financial year of the Corporation there is an excess of the revenue of the Corporation over the total sums properly chargeable by them to revenue account, the Secretary of State may with the approval of the Treasury direct the Corporation to pay over to him so much of that excess as appears to him, after consultation with the Corporation, to be—

- (a) attributable to the carrying on, whether by the Corporation or by any subsidiary of theirs, of activities falling within paragraph (a) or (b) of section 2(2) of this Act, and
- (b) surplus to the Corporation's requirements;

and it shall be the duty of the Corporation to comply with any such direction :

Provided that no such direction shall be given as respects any financial year unless the total of the sums standing to the credit of the Corporation's reserves at the beginning of that year exceeds 10 per cent, of the value at the beginning of that year of their net assets as for the time being defined for the purposes of this section by the Secretary of State.

Borrowings etc.

17 Borrowing powers of Corporation

- (1) Subject to subsection (5) below, the Corporation may borrow money in accordance, and only in accordance, with the provisions of the next two following subsections.
- (2) The Corporation may borrow temporarily, by way of overdraft or otherwise, such sums as they may require for meeting their obligations and discharging their functions—
- (a) in sterling from the Secretary of State, or
- (b) with the consent of the Secretary of State and the approval of the Treasury, or in accordance with any general authority given by the Secretary of State with the approval of the Treasury, either in sterling or in a currency other than sterling from a person other than the Secretary of State.
- (3) The Corporation may borrow otherwise than by way of temporary loan such sums as they may require for all or any of the purposes specified in subsection (4) below—
- (a) in sterling from the Secretary of State, or
- (b) with the consent of the Secretary of State and the approval of the Treasury, by the issue of British Gas Stock under section 21 below, or
- (c) with the like consent and approval, in any currency other than sterling from a person other than the Secretary of State.

- (4) The purposes referred to in subsection (3) above are the following—
- (a) the redemption of any British Gas Stock or other security issued by the Corporation (whether as such or as the Gas Council);
 - (b) the repayment of any money borrowed or raised by the Corporation (whether as such or as the Gas Council) otherwise than by the issue of British Gas Stock or other securities, or borrowed by any of the Area Boards, but, in the case of money temporarily borrowed, or borrowed by the Corporation from a wholly owned subsidiary of theirs, only if so borrowed for a purpose mentioned in this subsection;
 - (c) the provision of money for meeting any expenditure incurred by the Corporation in connection with any works the cost of which is properly chargeable to capital account;
 - (d) the provision of any working capital required by the Corporation;
 - (e) any other purpose for which capital moneys are properly applicable by the Corporation ; and
 - (f) the making of any other payment which the Corporation are authorised to make, and which ought in the opinion of the Corporation to be spread over a term of years.
- (5) References in subsections (1) to (3) above to borrowing by the Corporation do not include references to borrowing by them from any of their wholly owned subsidiaries.

18 Borrowing by wholly owned subsidiaries

It shall be the duty of the Corporation to secure that no wholly owned subsidiary of theirs borrows money otherwise than from the Corporation or from another wholly owned subsidiary of theirs except with the consent of the Secretary of State and the approval of the Treasury.

19 Limitation on total indebtedness of Corporation and wholly owned subsidiaries

- (1) Subject to subsection (2) below, the aggregate of the amounts outstanding in respect of the principal of—
- (a) any British Gas Stock or other security issued by the Corporation (whether as such or as the Gas Council), and
 - (b) any money borrowed or raised by the Corporation (whether as such or as the Gas Council) otherwise than by the issue of British Gas Stock or other securities, and otherwise than from a wholly owned subsidiary of theirs, and
 - (c) any money borrowed by any wholly owned subsidiary of the Corporation otherwise than from the Corporation (whether as such or as the Gas Council) or from another such subsidiary, and
 - (d) any money borrowed by any of the Area Boards,
- shall not at any time exceed £2,500 million or such greater sum not exceeding £2,700 million as the Secretary of State may from time to time by order specify.
- (2) Nothing in subsection (1) above shall prevent the Corporation and their wholly owned subsidiaries from borrowing in excess of the said sum for the purpose of the redemption of any British Gas Stock or other security which the Corporation are required or entitled to redeem or the repayment of any money borrowed or raised as therein mentioned.

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- (3) No order shall be made under the said subsection (1) unless a draft thereof has been laid before the House of Commons, and has been approved by a resolution of that House.

20 Loans to Corporation by Secretary of State

- (1) The Secretary of State may with the approval of the Treasury lend to the Corporation any sums which the Corporation have power to borrow from him under section 17 above.
- (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 to the Secretary of State out of the National Loans Fund such sums as are necessary to enable him to make loans under this section.
- (4) Any sums received by the Secretary of State under subsection (2) above shall be paid into the National Loans Fund.
- (5) The Secretary of State shall, as respects each financial year, prepare in such form as the Treasury may direct an account of sums issued to him under subsection (3) above or received by him under subsection (2) above, and of the disposal by him of those sums respectively, and shall send the account 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 shall lay copies of it and his report before each House of Parliament.

21 British Gas Stock

- (1) The Corporation may create and issue in terms of sterling any stock required for the purpose of exercising the power conferred on them by section 17(3)(6) above; and any stock created and issued under this section or under section 43 of the Gas Act 1948 is in this Act referred to as " British Gas Stock ".
- (2) British Gas Stock shall be issued, transferred, dealt with, redeemed and cancelled upon such terms, and in accordance with such provisions, as may be prescribed by regulations made by the Secretary of State with the approval of the Treasury; and any such regulations may, in relation to any such stock, apply with or without modification any provisions of the Local Loans Act 1875, or of any enactment relating to stock issued by a local authority.

22 Guarantees

- (1) The Treasury may guarantee, in such manner and on such conditions as they think fit, the redemption or repayment of, and the payment of any interest on, any British Gas Stock issued by the Corporation under section 21 above or any sums borrowed by the Corporation 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.

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- (3) Any sum required by the Treasury for fulfilling a guarantee given under this section or under section 45 of the Gas Act 1948 shall be charged on and issued out of the Consolidated Fund.
- (4) Where any sum is so issued for fulfilling any such guarantee—
 - (a) 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 that sum, and payments of interest on what is outstanding for the time being in respect of that sum at such rate as the Treasury may so direct, and
 - (b) 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 the sum.

Accounts and audit

23 Accounts and audit

- (1) It shall be the duty of the Corporation—
 - (a) to keep proper accounts and proper records in relation thereto, and
 - (b) subject to subsection (2) below, to prepare in respect of each financial year of the Corporation, in such form as the Secretary of State may with the approval of the Treasury direct, a statement of those accounts showing the state of affairs of the Corporation and their profit or loss.
- (2) If the Secretary of State with the approval of the Treasury so directs, it shall be the duty of the Corporation to prepare, in respect of each financial year of the Corporation during which the direction is in force and in such form as is specified in the direction, statements of the consolidated accounts of the Corporation and their subsidiaries, or of the Corporation and any specified subsidiary or subsidiaries, showing the state of affairs and the profit or loss of the Corporation and the subsidiary or subsidiaries in question; and a direction under this subsection may provide that the statement of accounts to be prepared by the Corporation under subsection (1)(b) above in respect of any financial year of theirs for which the direction is in force shall not be required to show the Corporation's profit or loss.
- (3) If the Secretary of State with the approval of the Treasury so directs, it shall be the duty of the Corporation to prepare, in respect of each financial year of the Corporation during which the direction is in force and in such form as is specified in the direction, statements of accounts showing the state of affairs and the profit or loss of the Corporation's subsidiaries or such of them as are specified in the direction, including (if the Secretary of State so requires) a statement of consolidated accounts for any two or more specified subsidiaries.
- (4) A statement under subsection (1)(b) or (2) above shall give separate information with respect to, and show as far as may be the financial and operating results of, each of the main activities of the Corporation or, as the case may be, of the group consisting of the Corporation and their subsidiary or subsidiaries in question; and if the Secretary of State so directs with respect to any statement required by the said subsection (1)(b), or it is so provided in any direction under the said subsection (2) for the preparation of a

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statement, the statement shall also give separate information with respect to, and show so far as may be the financial and operating results of, each, or such as are specified in the direction, of the activities other than main activities of the Corporation or group.

- (5) If it is so provided in any direction under subsection (3) above for the preparation of a statement, the statement shall give separate information with respect to, and show so far as may be the financial and operating results of, each, or such as are specified in the direction, of the activities of the body or group of bodies to which the statement relates.
- (6) The accounts kept, and all statements prepared, by the Corporation in pursuance of the preceding provisions of this section shall be audited by auditors appointed for each financial year of the Corporation by the Secretary of State.
- (7) A person shall not be qualified for appointment under subsection (6) above unless he is a member of one or more of the following bodies—
- the Institute of Chartered Accountants in England and Wales;
 - the Institute of Chartered Accountants of Scotland;
 - the Association of Certified Accountants ;
 - the Institute of Chartered Accountants in Ireland ;
 - any other body of accountants established in the United Kingdom, and for the time being recognised for the purposes of section 161(1)(a) of the Companies Act 1948 by the Secretary of State:

Provided that a Scottish firm may be so appointed if each of the partners therein is qualified to be so appointed.

- (8) As soon as the accounts kept, and the statement or statements prepared, by the Corporation in pursuance of the preceding provisions of this section have been audited, the Corporation shall send to the Secretary of State a copy of the statement or statements, together with a copy of any report made by the auditors on the statement or statements or on the accounts of the Corporation; and the Secretary of State shall lay a copy of every statement and report of which a copy is received by him in pursuance of this subsection before each House of Parliament.