



# Transport Act 1962

## 1962 CHAPTER 46

### PART I

#### THE BOARDS AND THE HOLDING COMPANY

##### *Financial provisions*

#### **18 Financial duty of Boards**

- (1) Each of the Boards shall so conduct their business as to secure that their revenue is not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another.
- (2) Each Board shall charge to revenue in every year all charges which are proper to be made to revenue, including, in particular, proper provision for the depreciation or renewal of assets and proper allocations to general reserve, and the reference in subsection (1) of this section and other references in this Act to charges properly chargeable to revenue shall be construed accordingly.
- (3) Without prejudice to the Board's powers to establish specific reserves, each Board shall establish and maintain a general reserve.
- (4) The management by each Board of their general reserve, the sums to be carried from time to time to the credit thereof, and the application of the moneys comprised therein shall be as the Board may determine:

Provided that—

- (a) no part of the moneys comprised in the general reserve shall be applied otherwise than for the purposes of the Board; and
- (b) the Minister may, with the approval of the Treasury, give to the Board directions as to any matter relating to the establishment or management of the general reserve or the carrying of sums to the credit thereof, or the application thereof.

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- (5) Each of the Boards may, with the consent of the Minister given with the approval of the Treasury, make charges to capital account representing interest on expenditure of a capital nature (including expenditure of a capital nature incurred by the Commission before the vesting date), being interest for any period which ends on or before the end of the accounting period in which the project or scheme to which the expenditure relates is in the opinion of the Minister completed.
- (6) This section shall have effect subject to the following provisions of this Part of this Act relating to the Railways Board and the British Waterways Board.

## 19 Borrowing powers of Boards

- (1) Subject to the limit in subsection (3) of this section, each of the Boards may borrow temporarily, by way of overdraft or otherwise, either from the Minister or, with the consent of the Minister, from any other person, such sums as the Board may require for meeting their obligations or discharging their functions under this Act, but the aggregate of the amounts outstanding in respect of any temporary loans raised by a Board under this subsection shall not exceed such limit as the Minister may for the time being have imposed on that Board for the purposes of this subsection by a direction given to the Board.
- (2) Subject to the limit in subsection (3) of this section, each of the Boards may borrow (otherwise than by way of temporary loan) from the Minister such sums as the Board may require for all or any of the following purposes—
  - (a) for meeting any expenses properly chargeable to capital, being expenses incurred in connection with the provision or improvement of assets in connection with the business of the Board,
  - (b) for the provision of working capital,
  - (c) for acquiring an undertaking or part of an undertaking,
  - (d) for lending money to, or meeting a guarantee given for the benefit of, any person for the purpose of an undertaking carried on by him, or where that person is a body corporate, an undertaking carried on by a subsidiary of that body corporate,
  - (e) for subscribing for or acquiring securities of a body corporate, otherwise than by way of investment,
  - (f) for the payment of interest charged to capital account under subsection (5) of the last foregoing section,
  - (g) to pay off—
    - (i) any part of the commencing capital debt of the Board,
    - (ii) any money borrowed by the Board,
    - (iii) any liability transferred to the Board from the Commission under or in pursuance of this Act,
  - (h) for any purpose for which capital moneys are properly applicable (whether or not specified in the foregoing paragraphs).
- (3) The aggregate amount outstanding in respect of—
  - (a) the principal of any money borrowed by a Board under this section, and
  - (b) the Board's commencing capital debt, as defined in Part II of this Act but excluding, in the case of the Railways Board, the Railways Board's suspended debt as so defined,
 taken together shall not exceed—

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- (i) for the Railways Board, eleven hundred million pounds or such greater sum not exceeding fourteen hundred million pounds as the Minister may from time to time by order specify;
- (ii) for the London Board, two hundred million pounds or such greater sum not exceeding two hundred and seventy million pounds as the Minister may from time to time by order specify ;
- (iii) for the Docks Board one hundred and twenty million pounds; and
- (iv) for the British Waterways Board thirty million pounds.

An order under this subsection shall be made by statutory instrument, and no such order shall be made unless a draft of the order has been approved by a resolution of the Commons House of Parliament.

- (4) A Board shall not have power to borrow money except in accordance with this section.
- (5) References in this section to borrowing do not include—
  - (a) borrowing by a Board from a body corporate which is a subsidiary of that Board ; or
  - (b) the receipt of money by a Board in the course of the carrying on of a savings bank operated by the Board or the use by the Board of money so received, or
  - (c) the receipt or use by a Board of money of a pension fund established for the purposes of a pension scheme in which employees of the Board or of a subsidiary of the Board participate.
- (6) This section shall have effect subject to the following provisions of this Part of this Act relating to the Railways Board and the British Waterways Board.

## **20 Exchequer loans**

- (1) Subject to this Act the Minister may with the approval of the Treasury lend to a Board any sums which that Board have power to borrow under subsection (1) or subsection (2) of the last foregoing section.
- (2) Any loans which the Minister 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 Consolidated Fund to the Minister such sums as are necessary to enable him to make loans under subsection (1) of this section.
- (4) For the purpose of providing sums to be issued under the last foregoing subsection, or of providing for the replacement of sums so issued, the Treasury may at any time, if they think fit, raise money in any manner in which they are authorised to raise money under the National Loans Act, 1939, and any securities created and issued to raise money under this subsection shall be deemed for all purposes to have been created and issued under that Act.
- (5) Any sums received by the Minister under subsection (2) of this section shall be paid into the Exchequer and shall be issued out of the Consolidated Fund at such times as the Treasury may direct, and shall be applied by the Treasury as follows, that is to say—
  - (a) so much thereof as represents principal shall be applied in redeeming or paying off debt of such description as the Treasury think fit, and

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- (b) so much thereof as represents interest shall be applied towards meeting such part of the annual charges for the National Debt as represents interest.
- (6) The Minister shall, as respects each financial year, prepare in such form and manner as the Treasury may direct an account of sums issued to him under this section and of the sums to be paid into the Exchequer under subsection (5) of this section and of 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.

## **21 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 a Board borrow from a person other than the Minister in exercise of their powers under subsection (1) of section nineteen of this Act.
- (2) Immediately after any 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 such a guarantee 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 any guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of any guarantee given under this section in favour of a Board, that Board 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 by the Treasury under the last foregoing subsection shall be paid into the Exchequer.

## **22 Special provision for Railways Board**

- (1) The Minister may, with the approval of the Treasury, out of money provided by Parliament make grants to the Railways Board to meet any deficit on their revenue account arising during the period of five years beginning with the vesting date.
- (2) No loan shall be made by the Minister under subsection (1) of section twenty of this Act to the Railways Board to meet any deficit on their revenue account arising more than five years after the vesting date.
- (3) The aggregate of any grants made under this section to the Railways Board, together with any loans made by the Minister under subsection (1) of section twenty of this Act to that Board to meet any deficit on their revenue account, shall not exceed four hundred and fifty million pounds, and both the power conferred by subsection (1) of this section and the power of the Minister to make loans under subsection (1) of the said section twenty shall be limited accordingly.

- (4) During the period of five years beginning with the vesting date subsection (1) of section eighteen of this Act shall not apply to the Railways Board, but the Railways Board shall so conduct their business as to place themselves at the earliest possible date in such a position that their revenue will be, and continue to be, not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another.
- (5) For the purposes of the last foregoing subsection and, after the expiration of the said period of five years beginning with the vesting date, for the purposes of subsection (1) of section eighteen of this Act as it applies to the Railways Board, the Railways Board shall take into consideration deficits on revenue account arising at any time after the vesting date, except so far as the Minister has, under subsection (1) of this section, made a grant to meet any such deficit.
- (6) Notwithstanding the provisions of subsection (3) of section eighteen of this Act, the Railways Board need not establish a general reserve until they have fulfilled their duty under subsection (4) of this section.
- (7) Nothing in this section shall be taken as imposing any duty or obligation on the Minister to advance money by way of grant or loan to the Railways Board.

## **23 Special provision for British Waterways Board**

- (1) The Minister may, with the approval of the Treasury, out of money provided by Parliament make grants to the British Waterways Board to meet any deficit on their revenue account arising during the period of five years beginning with the vesting date.
- (2) No loan shall be made by the Minister under subsection (1) of section twenty of this Act to the British Waterways Board to meet any deficit on their revenue account arising more than five years after the vesting date.
- (3) The aggregate of any grants made under this section to the British Waterways Board, together with any loans made by the Minister under subsection (1) of section twenty of this Act to that Board to meet any deficit on their revenue account, shall not exceed ten million pounds, and both the power conferred by subsection (1) of this section and the power of the Minister to make loans under subsection (1) of the said section twenty shall be limited accordingly.
- (4) During the period of five years beginning with the vesting date subsection (1) of section eighteen of this Act shall not apply to the British Waterways Board, but the British Waterways Board shall so conduct their business as to keep the deficits incurred on their revenue account at the lowest possible level.
- (5) Notwithstanding the provisions of subsection (3) of section eighteen of this Act, the British Waterways Board need not establish a general reserve so long as deficits are being incurred on their revenue account.
- (6) Nothing in this section shall be taken as imposing any duty or obligation on the Minister to advance money by way of grant or loan to the British Waterways Board.

## **24 Accounts**

- (1) Each Board—
  - (a) shall cause proper accounts and other records in relation thereto to be kept, and

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- (b) shall prepare an annual statement of accounts in such form and containing such particulars, compiled in such manner, as the Minister may from time to time direct with the approval of the Treasury.
- (2) The accounts of each Board shall be audited by an auditor or auditors to be appointed annually by the Minister and a person shall not be qualified to be so appointed 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 and Corporate 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 paragraph (a) of subsection (1) of section one hundred and sixty-one of the Companies Act, 1948, by the Board of Trade.
- (3) So soon as the accounts of a Board have been audited as aforesaid, they shall send a copy of the statement of accounts referred to in paragraph (b) of subsection (1) of this section to the Minister, together with a copy of the report made by the auditor or auditors on that statement, and a copy of that statement and of any such report shall be included in the report which is under this Act to be laid by the Minister annually before each House of Parliament.
- (4) Section thirty-nine of the Railway and Canal Traffic Act, 1888, and the Railway Companies (Accounts and Returns) Act, 1911 (which relate to the making of returns and the keeping of statistics by railway and canal companies), and, except so far as the Minister may by order made by statutory instrument otherwise provide, so much of any statutory provision as relates to the accounts, statistics and returns to be kept or made by the owners of undertakings which were by the Transport Act, 1947, transferred to the Commission, or as relates to the audit or publication of any such accounts, shall not apply to any of the Boards.