
STATUTORY INSTRUMENTS

1992 No. 396

LOCAL GOVERNMENT, ENGLAND AND WALES

**The Passenger Transport Executives
(Capital Finance) (Amendment) Order 1992**

<i>Made</i>	- - - -	<i>26th February 1992</i>
<i>Laid before Parliament</i>		<i>4th March 1992</i>
<i>Coming into force</i>	- -	<i>30th March 1992</i>

The Secretary of State for Transport, in exercise of the powers conferred on him by section 39(5), (6) and (7) of the Local Government and Housing Act 1989⁽¹⁾ and of all other powers enabling him in that behalf, hereby makes the following Order:

1. This Order may be cited as the Passenger Transport Executives (Capital Finance) (Amendment) Order 1992 and shall come into force on 30th March 1992.

2. The Passenger Transport Executives (Capital Finance) Order 1990⁽²⁾ shall be amended as follows:

(1) In paragraph (5) of article 2 for the word “In” at the beginning there shall be substituted the words “Subject to paragraphs (6) and (7) below, in”.

(2) After paragraph (5) of article 2 there shall be added the following paragraphs—

“(6) Liabilities shown in the balance sheet of an Executive which comprise current liabilities shall be included in the total of the liabilities of the Executive for the purpose of paragraph (5)(a) above and excluded from the total of current liabilities of the Executive for the purpose of paragraph (5)(b) above to the extent that they include any current liability which, in accordance with a determination of the relevant Authority referring to that liability and made no later than 30th September in the following financial year, is not to be set against the current assets.

(7) Liabilities shown in the balance sheet of an Executive which comprise current liabilities shall be included in the total of the liabilities of the Executive for the purpose of paragraph 5(a) above and excluded from the total of current liabilities of the Executive for the purpose of paragraph (5)(b) above where they were shown as liabilities of the Executive in the balance sheet for the preceding financial year but did not then comprise current liabilities.”

(3) For the existing paragraph (6) there shall be substituted the following—

(1) 1989 c. 42.
(2) S.I.1990/720.

“(8) In this article and in article 5—

- (a) “lease” does not include any lease of which the lessor is the relevant Authority, and
- (b) “liabilities” do not include—
 - (i) any provisions for pensions and similar obligations,
 - (ii) any provisions for taxation, or
 - (iii) any liabilities owed to the relevant Authority, and for this purpose any reserves or deferred capital grants shown in the balance sheet of an Executive shall be treated as liabilities owed to the relevant Authority.”

(4) In paragraph (8) of article 3 for the words “31st May” there shall be substituted the words “30th September”.

(5) After paragraph (8) of article 3 there shall be added the following paragraph—

“(9) Nothing in this article shall require credit cover to be available for the financial year ending 31st March 1992 in respect of that part of any additional liabilities calculated under article 2(3) above which comprises a borrowing, not being a short term borrowing, incurred on or after 1st April 1991 and used for the purpose of meeting any current liability included in the calculation of relevant liabilities on the relevant date in the financial year ending 31st March 1991 if that current liability, at the time it was incurred, was either—

- (a) a liability which was treated in accordance with section 82 of the Local Government, Planning and Land Act 1980(3) as a liability of the relevant Authority and was incurred for meeting prescribed expenditure within the meaning of Part VIII of that Act, or
- (b) incurred for the purpose of meeting a liability referred to in sub-paragraph (a) above.”

(6) In paragraph (1) of article 5 for the words “article 2(6)” there shall be substituted the words “article 2(8)”.

Signed by authority of the Secretary of State for Transport

26th February 1992

Roger Freeman
Minister of State,
Department of Transport

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Passenger Transport Executives (Capital Finance) Order 1990.

The changes are—

(1) For the purpose of calculating the difference as between one financial year and another of the relevant liabilities of a Passenger Transport Executive (“PTE”) (which determines the credit cover required by the relevant Passenger Transport Authority (“PTA”)) current liabilities which the PTA determine not to set against the current assets of the PTE are included in the calculation as if they were not current liabilities. Also for that purpose current liabilities appearing as such in the balance sheet of the PTE which in the preceding year were not current liabilities are included in the calculation as if they were not current liabilities (article 2(1) and (2)).

(2) Provisions made by a PTE for future pensions obligations and for taxation are excluded from the category of “liabilities” in articles 2 and 5 of the 1990 Order. (article 2(3)).

(3) The date in a financial year before which a determination may be made by a PTA to treat a supplementary credit approval as reduced for the preceding financial year is changed from 31st May to 30th September (article 2(4)).

(4) In those cases where short term borrowing, which was made before 31st March 1991 for meeting prescribed expenditure under Part VIII of the Local Government, Planning and Land Act 1980, is repaid with monies from long-term borrowing made in the current financial year, any consequential increase in relevant liabilities of the borrowing PTE as compared with the previous financial year will cease to that extent to require the PTA to secure the availability of credit cover (article 2(5)).