

## SCHEDULE 1

### PAYMENTS OF CAPITAL AND INTEREST IN RESPECT OF ONE HALF OF THE SUM OF THE CAPITAL VALUES SPECIFIED IN ARTICLES 3 AND 5

#### PART I

1.—(1) In this Schedule—

“outstanding balance”, in relation to any Table A amount, means that Table A amount reduced by the amount of any payments made under paragraph 2 in respect of that amount, increased by any accrued interest required to be added to that amount by any such provision of this Schedule and reduced by the amount of any such interest which has been paid;

“relevant Table A amount” means any Table A amount other than the first amount specified in column 2 of Table A; and

“Table A amount” means any amount specified in column 2 of Table A.

(2) In the event that any index referred to in this Schedule is not published within 15 days of the date on which such index should have been published the relevant provision shall be taken to refer to such value as the actuaries shall determine to be appropriate in all the circumstances of the case.

(3) In this Schedule, unless the context otherwise requires, any reference—

(a) to a numbered paragraph is to the paragraph in this Schedule which bears that number;

(b) to a numbered sub-paragraph is to the sub-paragraph which bears that number in the paragraph in which the reference appears; and

(c) to a lettered Table is to the Table bearing that letter in this Schedule.

#### PART II

2. The Secretary of State shall, in respect of each Table A amount, make twelve equal payments amounting in aggregate to that amount, the first such payment to be made on 14th April of the year specified in column 1 of Table A in relation to that amount and subsequent payments to be made on the fourteenth day of each following month.

3.—(1) Interest shall accrue from 13th April 1995 to 13th April 1996 on the outstanding balance for the time being of the first amount specified in column 2 of Table A (“the first amount”) at the rate of 4.25 per cent per annum.

(2) Interest which accrues under sub-paragraph (1) shall not be added to the outstanding balance of the first amount but shall be paid by the Secretary of State in accordance with the following provisions of this paragraph.

(3) Where paragraph 2 requires the Secretary of State to make a payment in respect of the first amount the Secretary of State shall also, on the same date, make a payment in respect of the interest which has accrued or is accruing in respect of that amount under sub-paragraph (1), and the amount of any payment under this paragraph shall be determined in accordance with the following provisions of this paragraph.

(4) Any payment to be made under this paragraph shall be such amount as is determined by the Secretary of State after consultation with the actuaries and notified to the persons administering the Paragraph 2 Section and the Paragraph 5 Section.

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(5) The Secretary of State shall make a determination on or before 13th April 1995 of the payments to be made under this paragraph, and shall, so far as reasonably practicable, determine the amounts so that each of the payments to be made is equal.

(6) Where, in respect of the first amount, the final payment under paragraph 2 has been made but the sum of the payments made under this paragraph and the interest which has accrued under sub-paragraph (1) are not equal then—

- (a) if the sum of the said payments is less than the said interest the Secretary of State shall, as soon as is reasonably practicable, pay an amount equal to the shortfall; and
- (b) if the sum of the said payments exceeds the said interest the excess shall be deducted from any other amount payable to the persons administering the Paragraph 2 Section and the Paragraph 5 Section.

4.—(1) Interest shall accrue from 13th April 1995 to 13th October 1995 on the outstanding balance for the time being of each relevant Table A amount, on 13th October 1995, at the rate of 4.25 per cent per annum, and shall be added to the outstanding balance of the relevant Table A amount in respect of which it has accrued on 14th October 1995.

(2) Subject to sub-paragraph (3), interest shall accrue from 13th October 1995 to 13th October 1996 and during subsequent relevant periods, on 13th October of each year, on the outstanding balance for the time being of each relevant Table A amount at the rate of—

$$\left(1.0425 \times \left(\frac{Z}{W}\right) - 1\right) \times 100$$

per cent per annum where—

“W” means the retail prices index for the month of September in the year before the year in which the relevant period begins, and

“Z” means the retail prices index for the month of September in the year in which the relevant period begins.

(3) Where paragraph 2 requires the Secretary of State to commence payment of a relevant Table A amount during a relevant period (“the first relevant period”) interest shall accrue during that and the following relevant period on the outstanding balance for the time being of that relevant Table A amount at the rate of—

$$\left(1.0425 \times \left(\frac{Z}{W}\right)^{\frac{1}{2}} - 1\right) \times 100$$

per cent per annum where—

“W” means the retail prices index for the month of September in the year before the year in which the first relevant period begins, and

“Z” means the retail prices index for the month of September in the year in which the first relevant period begins.

(a) (4) (a) Where interest accrues under sub-paragraph (2) it shall be added to the outstanding balance of the relevant Table A amount in respect of which it has accrued on the day after it has accrued.

(b) Where interest accrues under sub-paragraph (3) it shall not be added to the outstanding balance of the relevant Table A amount in respect of which it accrues but shall be paid in accordance with paragraph 5.

(5) In this paragraph—

“relevant period” means a period of twelve months, the first such period being the period from 13th October 1995 to 13th October 1996 and subsequent relevant periods being periods of 12 months starting from the end of the previous relevant period; and

$\frac{Z}{W}$

shall be calculated to three decimal places and, if

$\frac{Z}{W}$

is less than one, it shall be treated as one.

5.—(1) Where paragraph 2 requires the Secretary of State to make any payment in respect of a relevant Table A amount the Secretary of State shall also, on the same date, make a payment in respect of any interest which has accrued or is accruing in respect of that relevant Table A amount under paragraph 4, and the amount of any payment under this paragraph shall be determined in accordance with the following provisions of this paragraph.

(2) Any payment to be made under this paragraph shall be such amount as is determined by the Secretary of State after consultation with the actuaries and notified to the persons administering the Paragraph 2 Section and the Paragraph 5 Section.

(3) The Secretary of State shall make a determination on or before 14th March in each year of the payments to be made under this paragraph from 13th April in that year to 13th April in the following year, and shall, so far as reasonably practicable, determine the amounts so that each of the payments to be made is equal.

(4) Where, in respect of any relevant Table A amount, the final payment under paragraph 2 has been made but the sum of the payments made under this paragraph and the interest which has accrued under paragraph 4 are not equal then—

- (a) if the sum of the said payments is less than the said interest the Secretary of State shall, as soon as is reasonably practicable, pay an amount equal to the shortfall; and
- (b) if the sum of the said payments exceeds the said interest the excess shall be deducted from any other amount payable to the persons administering the Paragraph 2 Section and the Paragraph 5 Section.

TABLE A

| <i>Column 1</i><br>YEAR | <i>Column 2</i><br>AMOUNT |
|-------------------------|---------------------------|
|                         | £ million                 |
| 1995                    | 0.157                     |
| 1996                    | 0.125                     |
| 1997                    | 0.116                     |
| 1998                    | 0.108                     |
| 1999                    | 0.101                     |
| 2000                    | 0.100                     |
| 2001                    | 0.089                     |
| 2002                    | 0.083                     |
| 2003                    | 0.074                     |
| 2004                    | 0.069                     |
| 2005                    | 0.063                     |

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| <i>Column 1</i><br>YEAR | <i>Column 2</i><br>AMOUNT |
|-------------------------|---------------------------|
| 2006                    | 0.059                     |
| 2007                    | 0.058                     |
| 2008                    | 0.057                     |
| 2009                    | 0.048                     |
| 2010                    | 0.047                     |
| 2011                    | 0.048                     |
| 2012                    | 0.038                     |
| 2013                    | 0.041                     |
| 2014                    | 0.036                     |
| 2015                    | 0.031                     |
| 2016                    | 0.029                     |
| 2017                    | 0.022                     |
| 2018                    | 0.021                     |
| 2019                    | 0.021                     |
| 2020                    | 0.016                     |
| 2021                    | 0.014                     |
| 2022                    | 0.013                     |
| 2023                    | 0.013                     |
| 2024                    | 0.012                     |
| 2025                    | 0.012                     |
| 2026                    | 0.011                     |
| 2027                    | 0.011                     |
| 2028                    | 0.010                     |
| 2029                    | 0.010                     |
| 2030                    | 0.009                     |