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STATUTORY INSTRUMENTS

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**1995 No. 849**

**The Local Authorities (Companies) Order 1995**

**PART V**

**CAPITAL FINANCE**

**Receipts, contracts and liabilities of regulated companies**

**13.**—(1) Subject to the following provisions of this article, where a regulated company on or after 1st April 1995—

- (a) receives a sum which, if it were a local authority, would be a capital receipt,
- (b) receives consideration to which, if it were a local authority, section 61 would apply,
- (c) receives a sum by way of grant from a Community institution to which, if it were a local authority, section 63(4) would apply,
- (d) enters into a credit transaction,
- (e) with respect to a credit transaction, agrees to a variation of terms which, if it were a local authority, would be a variation within the meaning of section 51(1),
- (f) incurs additional liabilities within the meaning of article 16, or
- (g) reduces its liabilities within the meaning of article 16,

the sum, consideration, credit transaction, variation, liabilities or reduction in question shall be treated for the purposes of the application of Part IV as having been received, entered into, agreed, incurred or, as the case may be, made by the relevant authority.

(2) Paragraph (1) does not apply to any sum or consideration which, apart from this paragraph, would fall within paragraph (1) if it is received by the company—

- (a) from a person who is a member of the same local authority group;
- (b) in respect of the disposal of assets held for charitable purposes.

(3) Where a company is a regulated company on 1st April 1995 and is no longer a regulated company on 31st March 1996, any sum, consideration, credit transaction, variation, liabilities or reduction in liabilities which is or are treated by virtue of paragraph (1) above as having been received, entered into, agreed, incurred or, as the case may be, made by the relevant authority during the financial year beginning on 1st April 1995 shall cease on 31st March 1996 to be so treated.

(4) Where a company falling within paragraph (3) above becomes a regulated company at any time on or before 31st March 1997, any sum, consideration, credit transaction, variation, liabilities or reduction in liabilities which ceased by virtue of paragraph (3) above to be treated as having been received, entered into, agreed, incurred or, as the case may be, made by the relevant authority shall be so treated as if the company had not ceased to be a regulated company on or before 31st March 1996.