

APPLICATION OF EXISTING SINKING FUNDS.

22. Where the whole of the securities issued in respect of any loan specified in the second column of the First Schedule hereto and outstanding at the date of conversion are not existing securities to which the Act applies, the existing sinking fund of such loan shall be divided into two parts, the first of which shall bear to the second the same proportion which the amount of the outstanding securities to which the Act applies bears to the amount of the outstanding securities to which the Act does not apply. The first part of such sinking fund shall be applied by the Commissioners thereof in accordance with the provisions of clause twenty-five hereof as if those existing securities issued in respect of the loan to which the Act applies were a separate loan to which that clause applies, and such first part of the sinking fund were the sinking fund of such separate loan, and the second part of such sinking fund shall be retained by the Commissioners as a sinking fund for those securities issued in respect of the loan to which the Act does not apply.

23. (1) The existing sinking fund of every loan in the First Schedule hereto, of which the Public Trustee is Sinking Fund Commissioner, shall be applied by the Public Trustee as Commissioner thereof in accordance with the following provisions of this clause.

(2) Out of the existing sinking fund of every such loan the Public Trustee shall transfer to the Commissioners of the sinking fund hereinbefore required to be created for the unconverted securities issued in respect of such loan a sum which bears the same proportion to the amount of such existing sinking fund at the date of conversion as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities in respect of which such sinking fund is held.

(3) Subject to the provisions of the preceding subclause two hereof all such existing sinking funds shall be held as one aggregate fund which shall be applied by the Public Trustee in or towards making the following payments in the following order of priority :—

- (a) First, in paying to the Commissioners of the consolidated sinking fund hereinbefore referred to (to be held as part of that sinking fund) on each thirty-first day of March following the date of conversion, all interest accrued during the preceding twelve months on the outstanding balance of such aggregate fund for the time being in the hands of the Public Trustee; and
- (b) Secondly, in paying out of such aggregate fund to the Commissioners of the aforesaid consolidated sinking fund (to be held as part thereof) on the thirty-first day of March, one thousand nine hundred and forty, and on every thirty-first day of March thereafter until such aggregate fund is exhausted, the sum of five hundred pounds, or if the amount of such aggregate fund on any such thirty-first day of March is less than five hundred pounds, the whole of such aggregate fund.

24. (1) The existing sinking fund of each of the loans numbered 18, 58, 59, and 69 in the First Schedule hereto shall be applied by the Commissioners thereof in accordance with the following provisions of this clause.

(2) All debentures issued in respect of any loan referred to in the First Schedule hereto and held by such Commissioners as an investment of the sinking fund, shall be transferred to the local authority to be cancelled. Such cancellation shall be effected by the local authority in the presence of the Commissioners or a person appointed by them for the purpose, and under the supervision of an officer appointed by the Audit Office to exercise such supervision at the expense of the local authority. On the cancellation of such debentures the liability of the local authority and of the Commissioners in respect of the debentures and of the moneys secured thereby shall forthwith cease.

(3) So much of such existing sinking fund as is not represented by the debentures referred to in the last preceding subclause shall, so far as it will extend, be applied in or towards making the following payments, in the following order of priority, namely :—

- (a) First, in transferring to the Commissioners of the sinking fund hereinbefore required to be created for the unconverted securities issued in respect of such loan a sum which bears the same proportion to the amount of such existing sinking fund at the date of conversion as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities in respect of which such sinking fund is held; and
- (b) Secondly, in transferring the balance to the Commissioners of the consolidated sinking fund hereinbefore required to be created for the new securities, to be held as part of that sinking fund.

25. (1) Subject to the provisions of the preceding clause twenty-two hereof, the existing sinking fund of every loan in the First Schedule hereto (other than the loans referred to in the two last preceding clauses) shall be applied by the Commissioners thereof in accordance with the following provisions of this clause.

(2) All debentures issued in respect of any loan referred to in the First Schedule hereto, and held by the Commissioners as an investment of such existing sinking fund, shall be transferred to the local authority to be cancelled. Such cancellation shall be effected by the local authority in the presence of the Commissioners or a person appointed by them for the purpose, and under the supervision of an officer appointed by the Audit Office to exercise such supervision at the expense of the local authority. On the cancellation of such debentures the liability of the local authority and of the Commissioners in respect of the debentures and of the moneys secured thereby shall forthwith cease.

(3) So much of such existing sinking fund as is not represented by the debentures referred to in the last preceding subclause shall, so far as it will extend, be applied in or towards making the following payments, in the following order of priority, namely :—

- (a) First, in transferring to the Commissioners of the sinking fund hereinbefore required to be created for the unconverted securities issued in respect of such loan a sum which bears the same proportion to the amount of such existing sinking fund at the date of conversion as the aggregate amount of principal secured by such unconverted securities bears to the aggregate amount of principal secured by all the existing securities in respect of which such sinking fund is held;