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15th August, 1955.

MEMBER elected to serve in the present Parliament for the County Constituency of Mid-Ulster.
Thomas James Mitchell, Esq.

MINISTRY OF FINANCE

MINUTE DETERMINING THE CONDITIONS UPON WHICH (I) GOVERNMENT LOANS MAY BE REDEEMED BEFORE THEIR DUE DATES OF REPAYMENT; AND (II) A REDUCTION IN THE RATE OF INTEREST APPLICABLE TO GOVERNMENT LOANS MAY BE EFFECTED

I. The Ministry of Finance has had under further consideration the terms upon which repayment of loans made from the Government Loans Fund to Local Authorities and other borrowers can be accepted in advance of the date at which in accordance with the terms agreed to by the borrower at the time when the loan was made, the principal of such loans falls due for repayment.

Having regard to the intention of Parliament, as embodied in the Statutes governing the Fund, that the Fund should be safeguarded as far as possible against loss, and to the importance of maintaining the general principles that borrowers repaying in advance of the due date should repay an amount sufficient to liquidate the liability incurred by the Fund in respect of the advance and to provide against loss on the re-issue from the Fund of the principal of loans so repaid, the Ministry of Finance hereby determines as follows:

Repayment in advance of the due date of loans made from the Government Loans Fund at rates of interest exceeding $4\frac{1}{2}$ per cent. per annum, shall be effected by the transfer to the Fund of an amount of cash representing the present value of the future annuity repayments (or payments of equal instalments of principal with diminishing interest) still remaining to be made to the Government Loans Fund under the terms agreed to by the borrower at the time when the loan was made, such present value being calculated by discounting the half-yearly instalments of annuity (or other half-yearly payments) at a rate of $2\frac{1}{2}$ per cent. per half-year.

Provided always that the Ministry may accept (subject to due notice being received) repayment of principal at any time on the basis of £100 cash for each £100 principal outstanding, in the following cases, namely:

- (1) The outstanding balance of loans issued at rates not in excess of $4\frac{1}{2}$ per cent. per annum.
- (2) Unexpended balances of loans already advanced, where the Ministry is satisfied that the balance is unexpended either because the scheme for which the loan was issued was less costly than was anticipated, or because it has been definitely reduced in extent, and also that application for repayment of the amount to the Government Loans Fund is made within five years from the date of its issue therefrom.
- (3) Loans issued to individuals and subject to repayment over a period of not more than 35 years.
- (4) Loans issued under the Glebe Loans (Ireland) Acts.

II. The Ministry of Finance hereby determines that a reduction in the rate of interest applicable to any loan advanced at a rate of interest exceeding $4\frac{1}{2}$ per cent. per annum from the Government Loans Fund may be effected by the transfer to the Fund, of:

an amount of premium representing the difference between the present value of the future annuity payments (or payments of equal instalments of principal with diminishing interest) still remaining to be made to the Government Loans Fund under the terms agreed to by the borrower at the time when the loan was made (such present value being calculated by discounting the half-yearly instalments of annuity, or other half-yearly payments, at a rate of $2\frac{1}{2}$ per cent. per half-year), and the present value of the proposed future half-yearly instalments (calculated at the reduced rate of interest proposed) also discounted at a rate of $2\frac{1}{2}$ per cent. per half-year.

All other Minutes on the subjects of I and II are hereby revoked.

G. N. Cox, Assistant Secretary.

Ministry of Finance,
Stormont, Belfast.
18th August, 1955.