STATUTORY INSTRUMENTS

1974 No. 2115

COUNTER-INFLATION

The Counter-Inflation (Prices and Charges) (Information) Order 1974

Made - - - - 13*th December* 1974

Coming into Operation - 20*th December* 1974

The Secretary of State, in exercise of powers conferred on her by section 15 of the Counter-Inflation Act 1973(a) as amended(b) and of all other powers enabling her in that behalf, hereby makes the following Order:—

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Counter-Inflation (Prices and Charges) (Information) Order 1974 and shall come into operation on 20th December 1974.

(2) In this Order—

"the Act" means the Counter-Inflation Act 1973;

"bank, finance house or similar enterprise" means a person (other than a building society incorporated under the Building Societies Act 1962(c) or under the enactments repealed by that Act) whose ordinary business includes the business of banking, the business of lending money, the letting of goods under hire purchase agreements, or the selling of goods under conditional sale agreements;

"base period" has the meaning assigned to it in article 3(6);

"coal or steel undertaking" means an undertaking as defined in article 80 of the Treaty establishing the European Coal and Steel Community, signed at Paris on 18th April 1951, otherwise than for the special purposes therein mentioned;

"the code" except where the context otherwise requires, means the code for the time being contained in an order (d) under section 2 of the Act;

"distributor" means a person who carries on in the course of business activities falling within Order XXIII (other than the wholesale slaughtering of animals for human consumption, leasing industrial or office machinery, the hiring of furniture, radio and television sets and other domestic appliances) or the activities of bakers or processors of scrap iron, scrap steel and non-ferrous scrap metals or falling within minimum list heading 894 of Order XXVI (other than the repairing of motor vehicles) of the Standard Industrial Classification;

"gross percentage margin" has the same meaning as it has in and for the purposes of the code;

(a) 1973 c. 9.
(b) S.I. 1974/1218 (1974 II, p. 4631).
(c) 1962 c. 37.
(d) *See* S.I. 1974/2113 (1974 III, p.8253).

"local authority" means, in England and Wales, a county council and a district council and, in Scotland, before 16th May 1975, the council of a county, of a city, large burgh, small burgh or district and on and after 16th May 1975 a regional council, an islands council and a district council;

"manufacturer" means a person who carries on in the course of business activities falling within Orders II, III (other than the quick freezing of meat, poultry or fish, the curing of bacon or ham and the preparation of oven ready poultry), IV to XIX, XXI (other than minimum list heading 603) and XXII (other than travel ticket agents) of the Standard Industrial Classification, bakers and processors of scrap iron, scrap steel and non-ferrous scrap metals;

"net profit margin" has the same meaning as it has in and for the purposes of the code;

"the notification order" means the Counter-Inflation (Notification of Increases in Prices and Charges) (No. 2) Order 1974**(a)**;

"provider of construction services" means a person who carries on in the course of business activities falling within Order XX of the Standard Industrial Classification (other than the hiring of contractors' plant and scaffolding);

"provider of professional services" means a person who carries on in the course of business activities falling within Order XXV (other than the provision of school meals) of the Standard Industrial Classification or the activity of a house or estate agent;

"provider of services" means a person who carries on in the course of business activities falling within minimum list headings 864 and 865 of Order XXIV or within Order XXVI (other than minimum list heading 894) of the Standard Industrial Classification or the hiring of furniture, radio and television sets and other domestic appliances, or the hiring of contractors' plant and scaffolding or the leasing of industrial and office machinery or the repairing of motor vehicles or the activities of a travel ticket agent;

"the Standard Industrial Classification" means the edition thereof together with the alphabetical list of industries published in 1968 by Her Majesty's Stationery Office as amended by Amendment List No. 1 published by Her Majesty's Stationery Office in 1970;

"water authority" means, in England and Wales, a water authority within the meaning of the Water Act 1973**(b)**, a statutory water company and, in the Isles of Scilly only, a local authority and, in Scotland, before 16th May 1975, a regional water board and, on and after 16th May 1975, a water authority within the meaning of section 148 of the Local Government (Scotland) Act 1973**(c)**.

(3) Paragraphs (2) to (4) and, except in relation to providers of construction services, paragraph (6) of article 4 and article 5 of the notification order shall have effect for ascertaining for the purposes of this Order whether a price or charge represents an increase.

(4) Where a person satisfies more than one of the definitions of the following expressions contained in paragraph (2) above, that is to say, "bank, finance house or similar enterprise", "distributor", "manufacturer", "provider of

(a) S.I. 1974/2114 (1974 III, p.8291) **(b)** 1973 c. 37.
(c) 1973 c. 65.

construction services", "provider of professional services" and "provider of services", the provisions of this Order shall apply to him in relation to each of the expressions he satisfies.

(5) Paragraph 2(1) of Schedule 3 to the Act (which relates to the identification of two or more different persons) shall apply for the purposes of this Order as it applies for the purposes of sections 5 and 6 of the Act, but in relation to articles 4, 6, 7, 9, 10, 11 and 13 only so as to require a person to furnish returns or to keep records relating to the activities which he himself carries on: Provided that any of the several persons who are by virtue of this paragraph to be treated as one may furnish returns or keep records on behalf of any other such person.

(6) Nothing in this Order applies to any person who is a body established for religious, charitable, educational, representational or recreational purposes, which is non-profit making and does not carry on a trade or business as its main activity.

(7) The Interpretation Act 1889**(a)** shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament and as if this Order and the Orders hereby revoked were Acts of Parliament.

Revocation and saving

2.—(1) The Counter-Inflation (Prices and Charges) (Information) (No. 3) Order 1973**(b)** and the Counter-Inflation (Prices and Charges) (Information) (Amendment) Order 1974**(c)** are hereby revoked.

(2) Anything done or required to be done under the Orders hereby revoked before the commencement of this Order shall, for the purposes of this Order, be treated as if it had been done or required to be done under this Order.

Ascertainment of sales for determining application of articles 4, 6, 7, 9, 10 *and* 13

3.—(1) This article shall have effect only for the purpose of ascertaining whether article 4, 6, 7, 9, 10 or 13 applies to a person.

(2) Subject to paragraphs (3), (4) and (5) of this article, there shall be taken into account in determining sales in relation to goods the total amount (excluding excise duties) of prices charged for their sale in the course of business in the base period and, in relation to services of all descriptions, the total amount of charges made in the base period for their performance, there being left out of account, in either case, trade discounts, rebates and other allowances.

(3) There shall be left out of account—

(*a*) any price or charge to which by virtue of paragraph 1 of Schedule 3 to the notification order that Order does not apply and, in the case of transport, charges for carriage between terminals of which one or both are outside the United Kingdom and charges for carriage between points in the United Kingdom where the tariff applicable to those charges is one for the whole of the first mentioned carriage; and in this paragraph "United Kingdom" includes the Isle of Man and the Channel Islands;

(*b*) in the case of a person who is a manufacturer, the price for the sale of goods manufactured by another person;

(*c*) in the case of a person who is a manufacturer, distributor, provider of services, provider of construction services or provider of professional

(a) 1889 c. 63.
(b) S.I. 1973/1787 (1973 III, p. 5500).
(c) S.I. 1974/776 (1974 II, p. 3024).

services, the price for the sale of goods or the charge for the performance of services in the course of any activity not mentioned in the respective definitions of those expressions in article 1(2); and

(*d*) in the case of a person who has ceased to carry on an activity in the course of business since the beginning of the base period, any price or charge in respect of that activity.

(4) There shall also be left out of account car tax payable by the person in question and value added tax which is, under Part I of the Finance Act 1972**(a)**, chargeable by the person in question on the supply by him of goods and services (including goods and services specified in an order under section 6 of that Act) other than on the supply of any goods of which the price, or any services for which the charge, is under paragraph (3) above to be left out of account.

(5) Where a person has not carried on an activity in the course of business throughout the whole of the base period—

(*a*) in the case of a person who commenced to carry on that activity in the course of business (not being an activity to which sub-paragraph (*b*) of this paragraph applies) in the base period, the amounts determined under this article apart from this paragraph shall be increased by the proportion which 12 months bears to the period falling within the base period during which he so carried on that activity;

(*b*) in the case of a person who commenced to carry on that activity in the base period in succession to another person (whether upon purchase, amalgamation or reconstruction, or otherwise) the amounts determined under this article apart from this paragraph both in respect of the person and of that other person shall be aggregated and—

(i) if the aggregate of the periods during which the person and that other person carried on that activity during the base period exceeds 12 months, the aggregated amounts shall be reduced; or

(ii) if the aggregate of those periods is less than 12 months, the aggregated amounts shall be increased,

by the proportion which 12 months bears to the aggregate of those periods;

(*c*) in the case of a person who commenced to carry on an activity after the end of the base period in succession to another person (whether upon purchase, amalgamation or reconstruction, or otherwise) this article shall apply to the person as it would have applied to that other person had he carried on no other activity in the course of business in the base period.

(6) In this Order, "base period" in relation to any person means his latest completed year of account; and the amounts referred to in paragraph (2) above shall, where the accounting period is longer than 12 months, be reduced or, where the accounting period is shorter than 12 months, be increased by the proportion which 12 months bears to the length of the accounting period.

(7) In ascertaining the amount of sales in relation to any person, whether as a distributor, a manufacturer, a provider of construction services, a provider of professional services or a provider of services, account shall be taken of all transactions effected by the persons (of whom he is one) who are, under article 1(5), to be treated as one, including any transaction between such persons

(a) 1972 c. 41.

except where both parties to the transaction are acting as distributors, manufacturers, providers of construction services, providers of professional services or providers of services, as the case may be.

Obligation to furnish periodical returns

4. Subject to article 15, each person, not being a local authority or a water authority—

(*a*) who is a manufacturer and has sales exceeding £5,000,000;

(*b*) who is a distributor and has sales exceeding £10,000,000;

(*c*) who is a provider of services and has sales exceeding £5,000,000;

(*d*) who is a provider of construction services and has sales exceeding £5,000,000;

(*e*) who is a provider of professional services and has sales exceeding £500,000; or

(*f*) who is a bank, finance house, or similar enterprise and had on 30th March 1973 gross sterling deposits exceeding £200,000,000 or, in the case of one or more companies which are banks, finance houses or similar enterprises and are controlled by the same person, together with that person, had on that date gross sterling deposits exceeding that amount;

shall furnish to the Commission returns in accordance with article 5 relating to each activity carried on by him in the course of business being an activity referred to in the relevant definition in article 1(2).

Time for and contents of returns under article 4

5.—(1) Returns under article 4 (reconcilable with annual accounts)—

(*a*) may be related to management accounting periods but shall not be less than 4 nor more than 5 in number in each year and all, or all but one, of them shall relate to periods of approximately the same length not being less than 12 weeks; and

(*b*) shall relate to all times after 28th April 1973;

and each return shall be furnished to the Commission within 42 days after the end of the period to which it relates.

(2) No return shall be required to be furnished in relation to any period of 12 weeks during the whole of which article 4 does not apply to the person in question, or in respect of any matter of which particulars have not changed since the preceding return.

(3) A return under article 4—

(*a*) shall specify the period to which it relates and shall contain particulars of the matters specified in Part I of the Schedule; and

(*b*) shall contain a declaration in the form and containing the particulars specified in Part II of the Schedule signed by the person or one of the persons required to make the return or, in the case of a body corporate, by an officer of the body corporate.

Special returns relating to investment relief

6. Where paragraph 79 (investment relief) of the code is to be applied by a person referred to in article 4, he shall furnish to the Commission a return giving particulars of the matters specified in paragraphs 1, 2, 5, 9 and 10 of the Schedule.

7. Where paragraph 79 of the code has been applied by a person referred to in article 4, he shall within 42 days after the first 6 months of the relief year and after the second 6 months of that year furnish to the Commission a return containing particulars of the matters specified in paragraphs 1, 2, 5, 11 and 12 of the Schedule.

8.—(1) A return under article 6 or 7 shall be made in respect of each unit for profit margin control determined under paragraph 67 of the code in which paragraph 79 of the code is to be or has been applied.

(2) In article 7, "the relief year" and in paragraphs 9 to 12 of the Schedule, "expenditure on investment", "the investment year", "the relief year", "relevant expenditure" and "turnover" have the meanings assigned to them respectively in paragraph 79 of the code.

Special return to be furnished before 1st March 1975

9. A person referred to in article 13, not being a person also referred to in article 4 or a local authority or a water authority, shall before 1st March 1975 furnish to the Commission a return giving particulars of the matters specified in paragraph 1(1), (2) and (4) of Part I of the Schedule, of his sales and of the nature of the activity or activities to which the return relates.

10. A distributor referred to in article 4(*b*) and to whom the proviso to paragraph 86(1) of the code applies shall before 1st March 1975 furnish to the Commission a return giving particulars of the level of the gross percentage margin ascertained under paragraph 86(1) of the code together with the manner in which it is calculated.

Water authorities

11. A water authority, in respect of an increased price or charge implemented before 1st February 1975 which would, if it were to be implemented after 31st January 1975, be required to be notified to the Commission under the notification order, shall furnish to the Commission not later than the date when the increased price or charge to which it relates is first implemented a return containing the like particulars as those which would be required to be contained in any such notification.

Provisions supplementary to articles 6, 7 and 9 to 11

12. A return under any of articles 6, 7 or 9 to 11—

(*a*) shall be in writing signed by the person or one of the persons required to make the return or his authorised agent or, in the case of a body corporate, signed by an officer of the body corporate making the return;

(*b*) shall contain a declaration that to the best of the knowledge, information and belief of the person signing the return, the particulars stated in it are correct and complete; and

(*c*) shall be dated.

Obligation to keep records

13. Subject to article 15 each person (other than a person referred to in article 4)—

(*a*) who is a manufacturer and has sales exceeding £1,000,000;

(*b*) who is a distributor and has sales exceeding £250,000;

(*c*) who is a provider of services and has sales exceeding £250,000;

(*d*) who is a provider of construction services and has sales exceeding £1,000,000;

(*e*) who is a provider of professional services and has sales exceeding £100,000;

(*f*) who is a bank, finance house or similar enterprise and on 30th March 1973 had outstanding lending balances owed to him and balances outstanding under hire purchase or conditional sale agreements, repayable or payable in sterling, exceeding in total £10,000,000 or, in the case of one or more companies which are banks, finance houses or similar enterprises and are controlled by the same person, together with that person, had such balances exceeding in total £10,000,000;

(*g*) which is a local authority; or

(*h*) which is a water authority and has sales exceeding £1,000,000 and not exceeding £5,000,000;

shall keep the records specified in article 14.

14.—(1) The records referred to in article 13 are records of the particulars specified in Part I of the Schedule, but those records may be comprised in or combined with other records from which those particulars may readily be derived.

(2) The records referred to in article 13 shall be maintained by a person (other than a local authority and a water authority) in respect of the whole of the period commencing on 29th April 1973.

Provisions supplemental to articles 4 *and* 13

15.—(1) Unless the Commission so request, a return under article 4 or a record under article 13 shall not contain—

(*a*) in the case of a person referred to in paragraphs (*a*) or (*c*) to (*f*) of article 4 or in paragraphs (*a*) or (*c*) to (*h*) of article 13, particulars relating to any goods or services in respect of which no notice of an intended increased price or charge is, by virtue of Schedule 3 (except paragraph 14(*c*)) to the notification order, required to be given to the Commission or relating to the provision of accommodation in aircraft;

(*b*) in the case of any person, any particulars (other than those referred to in paragraph 1(1) of the Schedule) which have been contained in a previous return under this Order, a notification of an intended increased price or charge under the notification order, under any order hereby revoked or under any order revoked by any such order, a proposal under an Order**(a)** under paragraph 1 of Schedule 2 to the Act, or any particulars which have been furnished to the Commission pursuant to a notice under section 15(1) of the Act.

(2) A return under article 4 shall indicate which amounts (if any) contained in it are estimated amounts and a corrected amount shall be contained in the first return required to be made after corrected accounts are prepared or, where no such return is required to be made, shall be furnished in a special return within 21 days after those accounts are prepared.

Shirley Williams,
Secretary of State
for Prices and Consumer Protection.

13th December 1974.

(a) See S.I. 1973/784 (1973 I, p. 2492) (revoked).

THE SCHEDULE

(Articles 3(3)(*a*) and 14(1))

PART I

PERIODICAL RETURNS AND RECORDS

In this Schedule—

(*a*) "indirect taxes" means—

(i) customs and excise duties;

(ii) value added tax which is, under Part I of the Finance Act 1972(a) chargeable to or by (as the case may be) the person required to make the return or to keep the record; and

(iii) car tax; and

(*b*) "change" means any increase (including a change from a nil amount) and any decrease taking effect, in either case, after 25th March 1974.

(*Paragraphs* 1(2) *to* (4), 2, 5 *and* 7 *to* 12 *do not apply to water authorities.*)

Persons required to furnish the return or to keep the record

1.—(1) The name of the person required to furnish the return or to keep the record, his address or, in the case of a body corporate, its registered or principal office in the United Kingdom, and the address for service of notices by the Commission, if different.

(2) In the case of a company which is controlled by any person, his name and the names of all other companies controlled by him and carrying on business in the United Kingdom.

(3) In the case of a company, any change in its structure or in the identity of any company controlled by the same person (including any such change since the period to which the reference level relates).

(4) Except in the case of a local authority, the unit for profit margin control, determined in accordance with the code, to which the return or record relates; and its title and address.

Gross percentage margin

2.—(1) In the case of a distributor, particulars of the level of the gross percentage margin ascertained under paragraphs 86 and 88 of the code.

(2) The gross percentage margin as a distributor of the person required to make the return or to keep the record, the total value of sales to which it relates and—

(*a*) in respect of the total value of sales, particulars of the amount of, and of any change in, indirect taxes comprised in that value and charged to or assessed on him; and

(*b*) in respect of the amount, employed in the calculation of the gross percentage margin, of the cost to him of the goods concerned, particulars of the amount of, and of any change in, indirect taxes comprised in that amount.

Profits, sales and costs

(*Paragraphs* 3, 4, 6 *and* 7 *do not apply to distributors.*)

3. The nature of the activity or activities to which the return or record relates and the goods or services to which each activity relates.

4. Except in the case of a local authority, the total value of sales (including charges for the performance of services), the total value of such sales including indirect taxes, the total value of such sales excluding indirect taxes and any changes in the amount of indirect taxes.

5. Except in the case of a local authority—

(*a*) particulars of the reference level of the net profit margin determined in accordance with the code;

(a) 1972 c. 41.

(*b*) particulars of the net profit margin corresponding to the reference level and the manner in which it is calculated including particulars of any change in indirect taxes comprised in any amount used in the calculation.

6. Particulars of any increase or decrease in any price or charge, specifying the goods or services concerned, the date when the price or charge was implemented and the date when the increase or decrease in the price or charge was implemented.

7. Particulars of any variation in costs which, in accordance with the provisions of the code, justify the variation in a price or charge specified pursuant to paragraph 6 above.

Special provisions relating to banks, finance houses or similar enterprises

8.—(1) In relation to hire purchase and conditional sale, the net income therefrom (less associated costs, including overheads) and the average resources employed therein.

(2) In relation to every other activity, the gross and net income therefrom calculated in accordance with the code (including associated overheads).

Special provisions relating to investment relief under paragraph 79 of the code

9. Particulars of—

(*a*) the beginning of the investment year;

(*b*) the beginning of the relief year;

(*c*) expenditure on investment in the investment year and the manner in which it is calculated;

(*d*) the amount of expenditure on investment in relation to the first 6 months of the investment year and in relation to the second 6 months of the investment year;

(*e*) the amount of the relevant expenditure;

(*f*) an estimate of turnover in the relief year;

(*g*) the intended modification to the net profit margin reference level for the relief year specified pursuant to paragraph 5(1) above, being a figure found by expressing the relevant expenditure as a percentage of turnover for the relief year;

(*h*) in the case of a distributor, the intended modification to the level of the gross percentage margin for the relief year specified pursuant to paragraph 2 above, being a figure found by expressing the relevant expenditure as a percentage of turnover for the relief year;

(*i*) any increase in the net profit margin reference level, in the level of gross percentage margin and in any price, which is permitted under paragraph 81 of the code or under any provision which it replaces, and any related expenditure on investment.

Particulars relating to earlier years

10. In respect of each of the three latest complete years of account—

(*a*) turnover;

(*b*) the amount (and the manner in which it is calculated) which would be the expenditure on investment if, in the definition of "expenditure on investment" in paragraph 79(2) of the code, for the reference to the investment year, there were substituted references to each of those years respectively: Provided that where particulars of any matter to be specified pursuant to this paragraph are not readily available, it shall be sufficient compliance with this paragraph to furnish particulars thereof in the form of an estimate together with a description of the manner in which the estimate is made.

Further particulars relating to the investment year and to the relief year

11. Particulars of—

(*a*) each of the matters specified in paragraph 9 above on the basis of fact or of revised estimates, as the case may require;

(*b*) the amount recovered in sales on account of relevant expenditure;

(*c*) an estimate of the amount (if any) to be recovered in sales on account of relevant expenditure after the end of the period to which the return relates;

(*d*) the amount (if any) recovered in sales on account of relevant expenditure in excess of the relevant expenditure.

12. If relief under paragraph 79 of the code has exceeded the relevant expenditure, particulars of the steps to be taken under paragraph 80 of the code.

Water authorities

13. Particulars of—

(*a*) income and expenditure (or, in the Isles of Scilly and in Scotland, income and expenditure relating to the supply of water by meter) at a water authority during the period to which the record relates;

(*b*) the provision of any direction given to it by a Minister and, in the case of a statutory water company, of any arrangement between the company and any other water authority relevant to the calculation of prices; and

(*c*) steps taken in restructuring of prices.

PART II

DECLARATION

I, [name of person making the return and the capacity in which he makes it] of [address] on behalf of [myself or name of person required to make the return if different] pursuant to article 4 of the Counter-Inflation (Prices and Charges) (Information) Order 1974 make this return to the Price Commission in respect of the period beginning on [date] and ending on [date] and declare that, to the best of my knowledge, information and belief, the particulars specified herein are correct and complete.

Signed: [signature of person making the return]

Date: [date of signature]

EXPLANATORY NOTE

(*This Note is not part of the Order.*)

This Order consolidates with amendments the Counter-Inflation (Prices and Charges) (Information) (No. 3) Order 1973 as amended. The principal changes are—

(*a*) Metal scrap processors and all bakers are to be treated as manufacturers instead of as distributors—article 1(2).

(*b*) Enterprises large enough to be obliged to make periodical returns to the Price Commission must make special returns before they invoke relief under paragraph 79 of the Counter-Inflation (Price Code)

Order 1974 ("the Price Code"), which affords relief for investment, and at six-monthly intervals after invoking the relief—articles 6 and 7.

(*c*) Enterprises required to keep records under article 13, but not large enough to be obliged to furnish periodical returns to the Price Commission, are required to identify themselves to the Commission before 1st March 1975—article 9.

(*d*) Certain distributors who are to establish gross percentage margins on a new basis under paragraph 86(1) of the Price Code are required to give the Price Commission before 1st March 1975 particulars of the levels of those gross percentage margins—article 10.

(*e*) Water authorities with turnovers exceeding £5,000,000 are required to give the Price Commission particulars of increases in prices and charges implemented before 1st February 1975 not later than the time when they are implemented—article 11.

(*f*) Water authorities with turnovers exceeding £1,000,000 and not exceeding £5,000,000 are required to keep records of prescribed particulars—article 13(*h*).

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