

*Order laid before the House of Commons under Section 6(2) of the Government Trading Funds Act 1973 for approval by a resolution of that House.*

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STATUTORY INSTRUMENTS

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**1993 No. 380**

**GOVERNMENT TRADING FUNDS**

**The Defence Research Agency Trading Fund Order 1993**

*Made* - - - - *16th February 1993*  
*Coming into force* - - *1st April 1993*

Whereas:

- (1) It appears to the Secretary of State for Defence (“the Secretary of State”) that:—
  - (a) those operations of the Ministry of Defence which are referred to in Article 2 of, and Schedule 1 to, this Order are suitable to be financed by means of a fund established under the Government Trading Funds Act 1973(1) (“the 1973 Act”) and, in particular, to be so managed that the revenue of the fund would consist principally of receipts in respect of goods or services provided in the course of the operations in question, and
  - (b) the financing of the operations in question by means of a trading fund would be in the interests of the improved efficiency and effectiveness of the management of those operations;
- (2) The Secretary of State has, in accordance with Section 2 of the 1973 Act and with the concurrence of the Treasury, determined what Crown assets and liabilities are properly attributable to the operations in question, and are suitable to be appropriated to the fund;
- (3) In accordance with Section 6(2) of the 1973 Act, a draft of this Order has been laid before the House of Commons and has been approved by a resolution of that House;

Now therefore, the Secretary of State in exercise of the powers conferred upon him by Sections 1, 2, 2A(1) and 2B(6) of the 1973 Act, and of all other powers enabling him in that behalf, with the concurrence of the Treasury, hereby makes the following Order:—

**Citation and commencement**

**1.** This Order may be cited as the Defence Research Agency Trading Fund Order 1993 and shall come into force on 1st April 1993.

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(1) 1973 c. 63, as amended by the Government Trading Act 1990 (c. 30). The 1973 Act, as so amended, is set out in Schedule 1 to the 1990 Act. Section 2 of the Act, as so amended, was further amended by Section 119 of the Finance Act 1991 (c. 31).

**Establishment of the fund**

2. As from 1st April 1993, for all the operations of the Ministry of Defence known as the Defence Research Agency, which operations are more particularly described in Schedule 1 to this Order, there shall be established a trading fund to be known as the Defence Research Agency Trading Fund (hereinafter referred to as “the fund”).

**Source of loans**

3. The Secretary of State is hereby designated as the source of issues to the fund by way of loan.

**Assets, liabilities and public dividend capital**

4.—(1) The Crown assets and liabilities set out in Schedule 2 to this Order shall be appropriated as assets and liabilities of the fund.

(2) 89.6% of the amount by which the values of the assets set out in Schedule 2 exceed the amounts of the liabilities so set out, shall be treated as public dividend capital of the fund.

**Limitation of indebtedness**

5. The maximum amount that may be issued to the fund by way of loan under Section 2B of the 1973 Act shall be £400,000,000.

11th February 1993

*Malcom Rifkind*  
Secretary of State for Defence

We concur

16th February 1993

*Timothy Wood*  
*Nicholas Baker*  
Two of the Lords Commissioners of Her  
Majesty’s Treasury

## SCHEDULE 1

Article 2

### FUNDED OPERATIONS

The operations of the Defence Research Agency to be funded by the fund are:—

- (a) The provision of scientific and technical services and support to the Ministry of Defence,
- (b) The provision of such services and support to other customers, and
- (c) Operations incidental, conducive or otherwise ancillary to the foregoing.

## SCHEDULE 2

Article 4

### ASSETS AND LIABILITIES APPROPRIATED TO THE FUND

#### ASSETS

Freehold land and buildings, as at 1st April 1993, used or allocated for use in the funded operations.

Plant, facilities, machinery, fixtures, fittings, equipment and computer hardware and software, as at that date, used or allocated for use in the funded operations.

Intangible assets arising from the funded operations as carried on up to that date.

Current assets as at that date used or allocated for use in, or arising from, the funded operations.

#### LIABILITIES

Creditors as at 1st April 1993 in relation to the funded operations.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order provides for the setting up as from 1st April 1993 of a fund with public money under the Government Trading Funds Act 1973 for the operations of the Ministry of Defence known as the Defence Research Agency.

The Order designates the Secretary of State for Defence as the authorised lender to the fund and imposes a limit of £400,000,000 on the amount which can be lent to it.

The Order also provides for the assets (estimated at £197,000,000) and liabilities (estimated at £14,000,000) set out in a Schedule to the Order to be appropriated to the fund, and for 89.6% of the amount by which the values of the assets exceed the amounts of the liabilities to be treated as public dividend capital of the fund. Working capital of £145,000,000 will be issued immediately the fund is established and will be financed by debt; the debt/public dividend capital ratio of the fund will accordingly be approximately 50:50.