

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.

STATUTORY INSTRUMENTS

1995 No. 650

GOVERNMENT TRADING FUNDS

**The Defence Evaluation and Research
Agency Trading Fund Order 1995**

Made - - - - *2nd March 1995*
Coming into force - - *1st April 1995*

Whereas:

(1) the Defence Research Agency Trading Fund Order 1993⁽¹⁾ (“the 1993 Order”) established a trading fund to be known as the Defence Research Agency Trading Fund under the Government Trading Funds Act 1973⁽²⁾ (“the 1973 Act”);

(2) it appears to the Secretary of State for Defence (“the Secretary of State”) that: —

- (a) additional operations of the Ministry of Defence are suitable to be financed by means of a trading fund 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;
- (b) the financing of those operations by means of a trading fund would be in the interests of the improved efficiency and effectiveness of the management of those operations;
- (c) the operations of the Defence Research Agency Trading Fund should be extended to those operations;

(3) 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 those additional operations;

(4) in accordance with section 6(2) of the 1973 Act, a draft of this Order extending the funded operations 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(1), 2, 2A(1) and 6(1) of the 1973 Act, and of all other powers enabling him in that behalf, with the concurrence of the Treasury, makes the following Order: —

(1) S.I. 1993/380.

(2) 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. The 1973 Act was further amended by section 119 of the Finance Act 1991 (c. 31), and Schedule 22 to the Finance Act 1993 (c. 34).

1. This Order may be cited as the Defence Evaluation and Research Agency Trading Fund Order 1995 and shall come into force on 1st April 1995.
2. The 1993 Order shall be varied in accordance with the following articles.
3. The operations of the Defence Research Agency Trading Fund shall, from 1st April 1995, be extended to those parts of the Ministry of Defence which carry out operational analysis and technical programmes functions and to the operations of the following parts of the Ministry of Defence:
 - the Atomic Weapons Establishment, Foulness; the British Underwater Test and Evaluation Centre; the Centre for Human Sciences; the Chemical and Biological Defence Establishment; the Defence Operational Analysis Centre; the Defence Research Information Centre; the Directorate General of Test and Evaluation.
4. The Defence Research Agency Trading Fund, as its operations are extended by this Order, shall be known as the Defence Evaluation and Research Agency Trading Fund.
5. The Crown assets set out in the Schedule to this Order (“the additional assets”) and the Crown liabilities so set out (“the additional liabilities”), being assets and liabilities properly attributable to those extended operations, shall be appropriated as assets and liabilities of the Defence Evaluation and Research Agency Trading Fund.
6. 68% of the amount by which the value of the additional assets exceeds the amounts of the additional liabilities shall be treated as public dividend capital of the Defence Evaluation and Research Agency Trading Fund.

22nd February 1995

Malcolm Rifkind
Secretary of State for Defence

We concur

2nd March 1995

Timothy Kirkhope
Andrew Mitchell
Two of the Lords Commissioners of Her
Majesty’s Treasury

SCHEDULE

Article 5

ADDITIONAL ASSETS AND LIABILITIES APPROPRIATED TO THE FUND

ADDITIONAL ASSETS

Land and buildings, as at 1st April 1995, used or allocated for use in the extended operations.
Plant, facilities, machinery, fixtures, fittings, equipment and computer hardware and software, as at that date, used or allocated for use in the extended operations.
Intangible assets arising from the extended operations as carried on up to that date.
Current assets as at that date used or allocated for use in, or arising from, the extended operations.

ADDITIONAL LIABILITIES

Creditors as at 1st April 1995 in relation to the extended operations.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order extends the operations of the Defence Research Agency Trading Fund. That fund was established under the Government Trading Funds Act 1973 to finance those operations of the Ministry of Defence known as the Defence Research Agency and which were described in Schedule 1 to the Defence Research Agency Trading Fund Order 1993.

The Order adds to those operations further operations of the Ministry of Defence which have not hitherto been financed by means of a trading fund. The Defence Research Agency and the additional operations are renamed the Defence Evaluation and Research Agency. The Defence Research Agency Trading Fund is renamed the Defence Evaluation and Research Agency Trading Fund.

The Order provides for the additional assets (estimated at £243 million) and liabilities (estimated at £46 million) set out in the Schedule to be appropriated to the fund, and for 68% of the difference in value between the additional assets and additional liabilities to be treated as public dividend capital of the fund. Working capital of £72 million will be issued to the fund in respect of the extended operations and will be financed by debt; the debt/public dividend capital ratio of the additional capital employed in the fund will accordingly be approximately 50:50.