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STATUTORY INSTRUMENTS

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**1996 No. 2101**

**ATOMIC ENERGY AND  
RADIOACTIVE SUBSTANCES**

**The AEA Technology plc (Capital Allowances) Order 1996**

*Made* - - - - *7th August 1996*

*Coming into force* - - *1st September 1996*

The Secretary of State, in exercise of the powers conferred by section 8 of, and paragraphs 14(2), 15, 16, 17(1), 18(1), 19(1) and 21(3)(b) of Schedule 3 to, the Atomic Energy Authority Act 1995<sup>(1)</sup>, with the consent of the Treasury and at a time when AEA Technology plc is publicly owned, hereby makes the following Order:—

**Citation, commencement and interpretation**

1.—(1) This Order may be cited as the AEA Technology plc (Capital Allowances) Order 1996 and shall come into force on 1st September 1996.

(2) In this Order:

- (a) “the Act” means the Atomic Energy Authority Act 1995;
- (b) “the 1988 Act” means the Income and Corporation Taxes Act 1988<sup>(2)</sup>;
- (c) “the 1990 Act” means the Capital Allowances Act 1990<sup>(3)</sup>;
- (d) “the Company” means the successor company registered by the name of AEA Technology plc and with the company registration number 3095862;
- (e) “the Transfer Date” means 31st March 1996, being the date on which the Transfer Scheme came into force;
- (f) “the Transfer Scheme” means the scheme made by the United Kingdom Atomic Energy Authority on 7th March 1996 pursuant to section 1(1) of the Act and to a direction given by the Secretary of State dated 12th February 1996; and

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(1) 1995 c. 37.

(2) 1988 c. 1.

(3) 1990 c. 1; section 24 was amended (by the insertion of subsection (6A)) by the Finance (No 2) Act 1992 (c. 48) (“the 1992 Act”), section 68(3) and (9); section 25 was amended (by the insertion of subsection 3A) by the Finance Act 1996 (c. 8), section 135(1), (2), (3) and Schedule 21, paragraph 26(2); section 26 was amended (by insertion of subsections (1)(ea), (eb), (ec) and (2AA)) by the 1992 Act, section 68(5), (6) and (9); section 34(1) was amended by the 1992 Act, section 71(1), (2) and (6); section 67A was inserted by the 1992 Act, section 68(1) and (8); section 83 was amended (by the insertion of subsection (7) and Schedule AA1) by the Finance Act 1994 (c. 9), section 117(1).

- (g) “use” means use in any trade in which the assets in question are, have been, or are to be used on or after the Transfer Date.

### **Writing-down allowances - industrial buildings and structures**

2.—(1) The amount specified in column (2) of Schedule 1 to this Order shall be taken, for the purposes of subsection (3) of section 3 of the 1990 Act (writing-down allowances in respect of expenditure on industrial buildings and structures), as the residue on the Transfer Date of expenditure in relation to which the property vested in the Company in accordance with the Transfer Scheme and described in column (1) of Schedule 1 to this Order is the relevant interest for the purposes of that section.

(2) The period specified in column (3) of Schedule 1 to this Order shall be treated, for the purposes of subsection (3) of section 3 of the 1990 Act, and in relation to the property vested and described as mentioned in paragraph (1), as the part of the period of 25 years which is unexpired on the Transfer Date.

### **Writing-down allowances—machinery and plant**

3.—(1) In this article:

- (a) “relevant plant and machinery” means the plant and machinery (including motor cars and fixtures), which are vested in the Company in accordance with the Transfer Scheme and described in column (1) of the relevant Part of Schedule 2 to this Order, and which, by virtue of paragraph 16 of Schedule 3 to the Act, are to be treated as if they had been acquired by the Company for the purposes for which they are, or have been, used by the Company on or after the Transfer Date; and
- (b) “the relevant Part” means, with respect to motor cars of a value exceeding £12,000, Part I, and with respect to other plant and machinery, Part II.

(2) The amount of capital expenditure which, for the purposes of Part II of the 1990 Act (capital allowances in respect of machinery and plant), the Company shall be treated as having incurred on the Transfer Date in respect of relevant plant and machinery shall be the amount specified in column (2) of the relevant Part of Schedule 2 to this Order.

### **Scientific research**

4. In respect of the vesting in the Company in accordance with the Transfer Scheme of the assets representing allowable scientific research expenditure which are described in column (1) of Schedule 3 to this Order, the amount of capital expenditure which the Company shall be treated, for the purposes of Part VII of the 1990 Act (scientific research), as having incurred on the Transfer Date on scientific research shall be the amount specified in column (2) of Schedule 3 to this Order.

### **Allowances for expenditure on purchase of patent rights**

5. The amount of capital expenditure which, for the purposes of section 520 of the 1988 Act (allowances for expenditure on purchase of patent rights), the Company shall be treated as having incurred on the Transfer Date, on the purchase for its use of the patents which are vested in the Company in accordance with the Transfer Scheme, shall be nil.

### **Know-how**

6. The amount of capital expenditure which, for the purposes of section 530 of the 1988 Act (disposal of know-how), the Company shall be treated as having incurred on the Transfer Date, on

the acquisition for its use of the know-how which is vested in the Company in accordance with the Transfer Scheme, shall be nil.

2nd August 1996

*Richard Page,*  
Parliamentary Under Secretary of State,  
Department of Trade and Industry

We consent,

7th August 1996

*Bowen Wells,*  
*Liam Fox,*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## SCHEDULE 1

Article 2

## WRITING DOWN ALLOWANCES - INDUSTRIAL BUILDINGS AND STRUCTURES

<i>(1)</i> <i>Description of property</i>	<i>(2)</i> <i>Amount of Residue</i>	<i>(3)</i> <i>Unexpired period</i>
Part of building RD6,Risley, Warrington, Cheshire	£254,720	15 years 6 months
Building RD7, Risley, Warrington, Cheshire	£302,019	6 years 6 months
Building RD8, Risley, Warrington, Cheshire	£149,682	5 years 6 months
Part of building RD9,Risley, Warrington, Cheshire	£80,669	14 years 6 months
Part of building 551, Harwell,Didcot, Oxfordshire	£52,832	24 years 6 months

## SCHEDULE 2

Article 3

## WRITING DOWN ALLOWANCES - MACHINERY AND PLANT

## PART 1

## MOTOR CARS

<i>(1)</i> <i>Description</i>	<i>(2)</i> <i>Amount of capital expenditure</i>
Three motor cars, each of a value exceeding £12,000	£65,122

## PART II

## OTHER MACHINERY AND PLANT

<i>(1)</i> <i>Description</i>	<i>(2)</i> <i>Amount of capital expenditure</i>
All machinery and plant to which Part II of the 1990 Act applies, other than motor cars of a value exceeding £12,000	£22,218,247

## SCHEDULE 3

Article 4

## SCIENTIFIC RESEARCH

<i>(1)</i> <i>Description</i>	<i>(2)</i> <i>Amount of capital expenditure</i>
Part of building RD1, Risley, Warrington, Cheshire, and fixed machinery and plant contained therein	£150,000
Part of building RD2, Risley, Warrington, Cheshire, and fixed machinery and plant contained therein	£85,000
Part of building RD3, Risley, Warrington, Cheshire, and fixed machinery and plant contained therein	£466,000
Part of building RD6, Risley, Warrington, Cheshire, and fixed machinery and plant contained therein	£249,000
Part of building RD9, Risley, Warrington, Cheshire, and fixed machinery and plant contained therein	£37,000
Machinery and plant, other than that referred to above or in Schedule 2	£5,082,559

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

This Order makes provision determining certain writing-down allowances and capital allowances available to AEA Technology plc (“the Company”), being the successor to certain of the property, rights and liabilities of the United Kingdom Atomic Energy Authority (“the Authority”) by virtue of a scheme (“the Transfer Scheme”) made by the United Kingdom Atomic Energy Authority on 7th March 1996 pursuant to section 1(1) of the Atomic Energy Authority Act 1995 (“the Act”) and to a direction given by the Secretary of State under section 2(1) of the Act dated 12th February 1996.

Section 3(3) of the Capital Allowances Act 1990 (“the 1990 Act”) provides for the calculation of the writing-down allowance in respect of a period which ends after the sale of the relevant interest in an industrial building or structure by reference to the residue of certain expenditure. In the case of expenditure incurred on or after 6th November 1962, the writing-down allowance for a chargeable period is the residue of the expenditure in question reduced in the proportion which the length of the chargeable period bears to the unexpired part, at the date of sale, of the period of 25 years beginning with the date on which the building or structure was first used.

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Article 2(1) of this Order and Schedule 1 specify for the purposes of section 3(3) of the 1990 Act the amount that is to be taken as the residue in relation to industrial buildings and structures which vested in the Company on the transfer date (31st March 1996), in accordance with the Transfer Scheme.

Article 2(2) and Schedule 1 specify in relation to those buildings and structures the period which is to be treated as the unexpired part of the period of 25 years.

Article 3 of the Order and Schedule 2 specify the amount of capital expenditure that the Company is deemed to have incurred on the transfer date in respect of the machinery and plant (including motor cars and fixtures) which vested in it in accordance with the Transfer Scheme. These amounts are relevant for the purposes of calculating the capital allowances in respect of machinery and plant for which Part II of the 1990 Act provides.

Article 4 of the Order and Schedule 3 specify the amount of capital expenditure that the Company is deemed, for the purposes of Part VII of the 1990 Act, to have incurred on the transfer date on scientific research, in respect of the vesting in the Company of assets representing expenditure of a capital nature which was incurred by the Authority on scientific research directly undertaken by the Authority or on their behalf.

Articles 5 and 6 of the Order prescribe the amount of capital expenditure which, for the purposes of section 520 and 530 of the Income and Corporation Taxes Act 1988, the Company shall be treated as having incurred on the transfer date on the acquisition of (respectively) the patent rights and know-how which vested in the Company in accordance with the Transfer Scheme. The expenditure of the Authority on the patent rights and know-how in question was of a revenue rather than a capital nature, and the amount prescribed in each case is therefore nil.