

2001 No. 1165

GOVERNMENT TRADING FUNDS

**The Defence Aviation Repair Agency Trading Fund Order
2001**

Made - - - - - *23rd March 2001*

Coming into force - - - - - *1st April 2001*

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(a) (“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 on him by sections 1, 2(1) and (7), 2AA(1), 2A(1), 2C(1) and 6(1) of the 1973 Act, with the concurrence of the Treasury, hereby makes the following Order:—

Citation and commencement

1. This Order may be cited as the Defence Aviation Repair Agency Trading Fund Order 2001 and shall come into force on 1st April 2001.

Establishment of the fund

2. As from 1st April 2001, for all the operations of the Ministry of Defence known as the Defence Aviation Repair 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 Aviation Repair Agency Trading Fund (hereinafter referred to as “the fund”).

Source of Loans

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

(a) 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).

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) Fifty per cent of the amount by which the values of the assets exceed the amounts of the liabilities shall be treated as public dividend capital of the fund.

Maximum borrowing etc.

5. The aggregate of the following shall not exceed £300,000,000—

- (a) the total outstanding at any given time in respect of amounts issued to the fund under section 2B of the 1973 Act (other than as originating debt), and
- (b) the total at that time constituting public dividend capital issued to the fund under section 2A(2A) of that Act.

22nd March 2001

Geoffrey Hoon
Secretary of State for Defence

We concur

23rd March 2001

David Jamieson
David Clelland
Two of the Lords Commissioners of Her Majesty's Treasury

SCHEDULE 1

Article 2

FUNDED OPERATIONS

The operations of the Defence Aviation Repair Agency to be funded by the fund are—

- (a) the provision of aviation and other repair support services and associated goods and services to the Ministry of Defence and to other Crown bodies;
- (b) the provision of such goods and services to other customers in the United Kingdom and overseas;
- (c) operations incidental, conducive or otherwise ancillary to the foregoing.

SCHEDULE 2

Article 4

ASSETS AND LIABILITIES APPROPRIATED TO THE FUND

ASSETS

Land and buildings, as at 1st April 2001, used or allocated for use in the funded operations.

Plant, facilities, machinery, fixtures, fittings, vehicles, 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 and accruals as at 1st April 2001 in relation to the funded operations.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the setting up as from 1st April 2001 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 Aviation Repair Agency.

The Order designates the Secretary of State for Defence as the authorised lender to the fund. The Order also specifies the assets (estimated at £109,900,000) and liabilities (estimated at £7,300,000) which are to be appropriated to the fund; provides for a proportion of the difference in value between those assets and liabilities to be treated as public dividend capital of the fund; and specifies the maximum aggregate amount that may at any time constitute outstanding loan issued to the fund (other than as originating debt) and public dividend capital.

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