Draft Order laid before the House of Commons under section 6(2) of the Government Trading Funds Act 1973, for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2008 No.

GOVERNMENT TRADING FUNDS

The Defence Support Group Trading Fund Order 2008

Made - - - -	*xx 2008*
Coming into force - -	*1st April 2008*

(1) It appears to the Secretary of State for Defence ("the Secretary of State") that—

(a) the operations of the Ministry of Defence described 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 managed so 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) A draft of this Order has been laid before the House of Commons in accordance with section 6(2) of the 1973 Act and approved by a resolution of that House;

Accordingly the Secretary of State, with the concurrence of the Treasury, in exercise of the powers conferred by sections 1, 2(1), 2(7), 2AA(1), 2A(1), 2C(1) and 6(1) of the 1973 Act makes the following Order:—

Citation and commencement

1. This Order may be cited as the Defence Support Group Trading Fund Order 2008 and shall come into force on 1st April 2008.

(**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. 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).

Establishment of the fund

2.—(1) From 1st April 2008, there shall be established a trading fund to be known as the Defence Support Group Trading Fund ("the fund").

(2) The operations of the Defence Support Group described in Schedule 1 shall be financed by means of the fund.

Source of Loans

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

Assets, liabilities, reserves 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) 30 per cent of the balance of the amount by which the values of the assets exceed the amounts of the liabilities shall be treated as revaluation reserves in the accounts of the fund and shall be maintained as reserves.

(3) 50 per cent of the balance of—

(a) the amount by which the value of the assets exceed the amounts of the liabilities, less

(b) the amount to be treated as revaluation reserves in accordance with paragraph (2) above,

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 the 1973 Act.

Revocation

6. The ABRO Trading Fund Order 2002(**2**) is revoked.

Name
Date — Secretary of State for Defence

(**2**) S.I. 2002/719