



Ministry of Defence



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There are four Background Quality Reports for this publication. The report on Trade can be found [here](#), Industry [here](#), Contracts [here](#) and SMEs [here](#).

If you would like to be added to our contact list, so that we can inform you about updates to these statistics and consult you if we are thinking of making changes, you can subscribe to updates by emailing: DefStrat-Econ-ESES-DEA-StatTL@mod.uk

There may be tables within this publication which are not badged as National Statistics. Please refer to the individual tables for details.

Statistical Bulletin Series 1 provides figures on the composition and scope of the Department's expenditure, information on the impact of defence spending on the wider economy, and compares the MOD's spending to that of other departments and other countries.

Statistical Bulletin 1.01 presents information on MOD spending with industry and commerce, and sets out the numbers, types and values of contracts placed by MOD, major equipment projects and payments made by the MOD to its suppliers. Also included, is a focus on the top ten companies by payments, as well as contracts placed and expenditure with Small and Medium-sized Enterprises (SMEs). Industry tables provide details of existing PFI contracts, and analysis of the impact of MOD spending on equipment and services in the UK. Trade data presents information on defence export orders and payments made for services consumed by MOD establishments overseas.

Key Points and Trends

- In 2012/13, the MOD spent just under £19.4 billion with UK industry, this represents a small decrease of £260 million from the 2011/12 figure. Manufacturing attracted just under half of MOD expenditure with UK industry.
- In 2013/14 over 41 percent of total MOD procurement expenditure was with 10 suppliers. The largest of these suppliers was BAE Systems. This is similar to previous years.
- Identified UK export orders of defence equipment and services were estimated to have reached their highest level in 2013 since the series began in 1988, at just under £9.8 billion. This increase can be attributed to new orders for AgustaWestland helicopters from Norway and South Korea, in addition to strong on-going business across the Middle East region.
- In 2013/14 MOD HQ placed just over 2,300 new contracts with a collective value of around £6.2 billion. The number of new contracts placed in 2013/14 has fallen by nearly 30% from 2012/13, although the total value of new contracts has risen by just over 8%.
- In 2013/14 MOD spent £916 million directly with just over 7,000 different SMEs. MOD HQ placed about 640 new contracts with SMEs, having a collective value of nearly £297 million.
- The percentage number of new contracts that have been let competitively has risen for the fourth year in a row, rising from 23 percent in 2009/10 to 39 percent in 2013/14.
- The largest post-Main Gate equipment project in 2013, by value, was the Typhoon and Typhoon Future Capability Programme with a forecast cost of £18.1 billion.

Further Information

Defence Economics welcomes feedback on statistical products. If you have any comments or questions about this Statistical Bulletin or about our statistics in general, you can contact us at:

- Phone: Defence Economics (Defence Expenditure Analysis) 030 679 34531.
- Email: DefStrat-Stat-Enquiries-Mailbox@mod.uk

If you require information which is not available within this or other available publications, you can submit a Request for Information under the Freedom of Information Act 2000 to the Ministry of Defence via the following link:

<https://www.gov.uk/government/organisations/ministry-of-defence/about/statistics#freedom-of-information-requests>

Other contact points within Defence Economics and Defence Statistics are:

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A National Statistics Publication

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- Meet identified user needs;
- Are well explained and readily accessible;
- Are produced according to sound methods; and
- Are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice continue to be observed.

National Statistics are produced to high professional standards. They undergo quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

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Tables marked as **NS** are National Statistics. Those tables without are either Official Statistics (OS) which have not been badged as National Statistics or are financial information provided for additional context. Details are provided above individual tables.

Symbols and Conventions

Symbols

}	categories merged for some years
	discontinuity in time series
~	fewer than five
*	not applicable
..	not available
p	Provisional
r	Revised
rp	revised but still provisional
e	Estimate
–	Zero or rounded to zero

Italic figures are used for percentages and other rates, except where otherwise indicated.

Rounding

Where rounding has been used, totals and sub-totals have been rounded separately and so may not equal the sums of their rounded parts.

Revisions

There are no regular planned revisions of Bulletin 1.01, although amendments to figures for earlier years may be identified during the annual compilation of Bulletin 1.01. This will be addressed in one of two ways:

- i. Where the number of figures updated in a table is small, figures will be revised and identified with the symbol "r". An explanation for the revision will be given in the footnotes to the table.
- ii. Where the number of figures updated in a table is substantial the revisions to the table, together with the reason for the revisions, will be identified in the commentary at the beginning of the relevant chapter / section, and in the commentary above affected tables. Revisions will not be identified by the symbol "r" since where there are a large number of revisions in a table this could make them more difficult to read.

Occasionally updated figures will be provided to the editor during the course of the year. As this bulletin is published electronically it is possible to revise figures during the course of the year. However to ensure continuity and consistency, figures will only be adjusted during the year where it is likely to substantially affect interpretation and use of the figures.

A revised bulletin, published on 7 November 2014, incorporated new contract figures for 2013/14 into **Table 1.01.05b** and **Table 1.01.06**. The SME figures shown in **Table 1.01.05a** and **Table 1.01.05b** remain provisional while an updated assessment of the SME status of companies is awaited from Dun & Bradstreet. This was part of a planned update, with provisional figures having been published in August 2014.

A further revision was made on 27 November 2014 to update the competitive/non-competitive breakdown of the contract values in **Table 1.01.06** following the receipt of some updated data.

The 7 November 2014 bulletin also included revisions to **Table 1.01.02b** following receipt of additional information from UKHO's payment system.

Abbreviations

See Glossary.

Introduction

This Bulletin provides data on the impact of MOD's spending on equipment and services in the UK. It is produced as part of the transparency and accountability of the Ministry of Defence to Parliament and the public.

Section Contents

Table 1.01.01 presents information on the MOD's major equipment projects.

Table 1.01.02a provides a list, by broad-banded value, of organisations paid £5 million or more during 2013/14. This table has been amended this year to now include expenditure by Trading Funds as well as from the MOD Core Department.

Table 1.01.02b is new this year and provides a list, by broad-banded value, of organisations paid £1 million or more during 2013/14 by each of the Trading Funds; Defence Science and Technology Laboratory (Dstl), UK Hydrographic Office (UKHO) and Defence Support Group (DSG).

Table 1.01.03 provides a further dimension on the data contained within **Table 1.01.02a**, by presenting the individual subsidiary organisations 'rolled up' into their holding companies. In line with the amendments to **Table 1.01.02a** this table now includes expenditure by the Trading Funds.

Table 1.01.04a and Charts 1.01.04a – 1.01.04c explore the nature and scope of MOD business with its key suppliers in industry and commerce, focussing on the top 10 suppliers in 2013/14. It examines the relative importance of MOD sales to individual company revenues and how this has changed over time; it then explores how the nature of MOD contracting with industry has changed over time.

Table 1.01.05a is a new table to this bulletin having previously been published in bulletin [MOD contracting with SMEs: Financial Year 2013/2014](#). It covers MOD expenditure with Small and Medium-sized Enterprises (SMEs) both in £ million and as a percentage of annual procurement expenditure.

Table 1.01.05b is also new to this bulletin having previously been published in the [MOD contracting with SMEs: Financial Year 2012/2013](#) bulletin. It presents details of the number and value of MOD contracts placed with SMEs, in both numbers, and as a percentage of the total value and number of contracts placed by MOD Core Department.

Table 1.01.06 shows the number and value of new contracts placed by type during 2013/14 and earlier years.

Table 1.01.07a details MOD payments on PFI projects during 2013/14.

Table 1.01.07b lists those PFI projects with planned MOD unitary charge payments of over £25 million in 2014/15.

Table 1.01.08a details the estimated amount of money that MOD spent with UK industry broken down by industrial group. The industrial groupings are based on the [UK Standard Industrial Classification \(SIC\)](#) maintained by the Office for National Statistics (ONS).

Table 1.01.08b Following a number of methodological improvements identified during 2013 and 2014 to the processes used to produce the estimates displayed in **Table 1.01.08a**, a new **Table 1.01.08b** has been produced, which displays estimates from 2010/11 to 2012/13 using the new method. The refinements have resulted in some significant changes in several of the industry

groupings. For a full explanation of these changes and their impact please see [Defence Statistics Bulletin 13](#). **Chart 1.01.08b** goes on to show the change in real UK Defence Spending by industry group and compares 2010/11 to 2012/13 using the new methodology.

Table 1.01.09 presents the estimated value of export orders of defence equipment and services.

Table 1.01.10 shows payments made for services consumed by MOD establishments overseas, referred to as Balance of Payments for Trade in Services or BoP.

Data Quality

Background Quality Reports containing further information about the quality of methods and underlying data, along with the uses and limitations of these statistics, can be found at the following:

[Background Quality Report – Trade](#)

[Background Quality Report – Industry Statistics](#)

[Background Quality Report – Contracts & Commercial Statistics](#)

[Background Quality Report – Small and Medium-sized Enterprises](#)

Context

The information in this chapter has a wide range of users including the media, politicians, academic researchers and the general public who use the information to

- understand the size and organisation of the United Kingdom's Armed Forces;
- set the context for other information on Defence;
- assist in understanding the impact of changes in Defence policy.

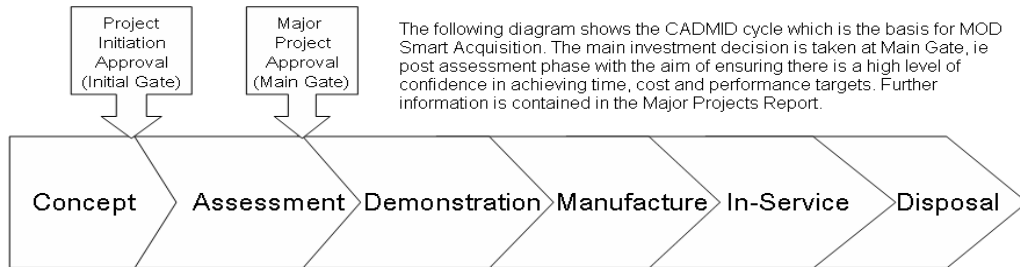
Further information on the strategic context for the statistics in this chapter can be found in documents relating to the [Strategic Defence and Security Review \(SDSR\)](#).

Table 1.01.01 Major Equipment Projects

This table shows the MOD's major equipment projects as at 31 March 2013. The report details the 11 largest projects on which the main investment decision has been taken (post-Main Gate), and the 3 largest projects yet to reach that point (pre-Main Gate). The information is taken from the [Major Projects Report](#) relating to 31 March 2013, which provides a summary of each project's current status and progress to date. A further 2 Projects (Utility Vehicles and Attack Helicopter Capability Sustainment Programme) are in the Concept stage and have not been included in the tables below.

Costs are on a resource basis at outturn prices. Forecast costs include accruals, VAT (less recoverable elements), and resource elements such as inflation factors. Major Project Report costs relating to the pre-Main Gate projects are costs of the Assessment phase only. For post-Main Gate projects, costs are of the Demonstration and Manufacture phases.

The data in this table are financial information provided for additional context.



As at 31 March 2013	MPR 2013		
	In-Service Date Forecast or Actual	Forecast Cost (£ million)	Change in Cost (£ million) from MPR 2012
Post-Main Gate Major Equipment Projects			
A400M ¹	2015	2 809	*
Astute Class Submarine ^{2, 3}	2010 & 2018-2024	9 430	*
Complex Weapons (Loitering Munition, Brimstone 2, and Sea Ceptor) ³	2012, 2015 & 2016	787	4
Core Production Capability	2021	1 110	-30
Future Strategic Tanker Aircraft (FSTA) (Voyager) ⁴	2014	11 393	*
Lightning II ⁵	..	2 488	-19
Military Afloat Reach & Sustainability (MARS) ⁶	2016	595	*
Queen Elizabeth Class Aircraft Carrier	2017	6 102	754
Specialist Vehicles ⁷	..	1 394	-
Typhoon and Typhoon Future Capability Programme ³	2003 & 2013	18 082	-30
Warrior Capability Sustainment Programme	2018	1 371	52
As at 31 March 2013	MPR 2013		
Pre-Main Gate Major Equipment Projects (Projects in Assessment Phase only)		Forecast Cost (£ million)	
Cipher		66	
Successor		2 936	
Type 26 Global Combat Ship ⁸		..	

Source: Defence Equipment & Support

- Approval value has decreased as the original approval included elements for training and support, which are now subject to their own separate approvals. A comparison to the forecast cost from MPR12 is therefore not appropriate.
- In June 2012 HM Treasury gave whole programme approval hence approval values on Astute boats 6 & 7 have increased since last year. A comparison to the forecast cost from MPR12 is therefore not appropriate.
- In Service Date (ISD) reflects a multi-stage approach to delivering the capability.
- Approval value has decreased. The Committee of Public Accounts agreed in February 2013 that fuel costs should be removed from the reported costs to ensure compatibility with other projects. A comparison to the forecast costs from MPR12 is therefore not appropriate.
- An official ISD will not be set until the Main Gate 4 decision point.
- Project was in Assessment Phase for MPR12 therefore a comparison with MPR13 is not appropriate.
- An official ISD will be set at the Main Gate 2 approval point.
- Cost data excluded on grounds of commercial sensitivity.

Table 1.01.02a Organisations paid £5 million or more by the Ministry of Defence Core Department and its Trading Funds in 2013/14

This table shows a listing of the UK and foreign owned organisations, including defence suppliers and intermediate bodies, paid through DBS Finance systems and by the MOD Trading Funds, Defence Science and Technology Laboratory (Dstl), United Kingdom Hydrographic Office (UKHO) and Defence Support Group (DSG). The term 'defence suppliers' includes defence contractors and other Government Departments. DBS Finance is responsible for the majority of such payments around 95% by value) made by MOD, while the Trading Funds make their own payments. Other payments are made, for example, via British Defence Staff (United States) and through local cash offices. The table is split into payment groups with the organisations shown in **alphabetical order**. Company and organisation names have been reproduced (at the 1 April 2014 position) directly from the truncated entries recorded on the DBS Finance database and may appear in a shortened format in places. **Where a contract is novated during the year, annual payments are shown against the new 'owner' (company or entity) of that contract.** Details of the exact amounts paid to these organisations can be found [here](#).

For the first time this table, and **Table 1.01.02b**, now includes a breakdown of expenditure with industry made by the MOD Trading Funds. In this table any company that has received payments from a **Trading Fund** has been annotated with a note whilst any direct payments to a **Trading Fund** by MOD are not now shown in this table. **Table 1.01.02b** shows the amount of money made to suppliers by the Trading Funds in more detail. The inclusion of this Trading Funds expenditure provides increased visibility of where MOD is spending money with industry.

MOD, and its Trading Funds, also publish information on contracts of £25,000 or more under the Government's Transparency Agenda. For further information see [Statistical Notice to Tables 1.17 & 1.17a, UKDS 2011: Divergence between contracts data contained in UK Defence Statistics and "transparency" data published on the GOV.UK website](#). Some organisations have not been included in this list as their information has been redacted in line with agreed rules for Transparency.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Contracts & Commercial Statistics](#).

VAT exclusive at Current Prices (£ million)

Over £500 million (8 Organisations)		
Agustawestland Ltd ¹	BAE Systems Marine Ltd ¹	HP Enterprise Services Defence & Security UK Ltd ¹
AWE Management Ltd ¹	BAE Systems Surface Ships Ltd	NETMA
BAE Systems (Operations) Ltd ¹	Devonport Royal Dockyard Ltd	
£250 - £500 million (13 Organisations)		
Airtanker Ltd	European Aeronautic Defence & Space Company (EADS) NV	Rolls-Royce PLC ¹
Aspire Defence Ltd	HM Revenue & Customs	Rolls-Royce Power Engineering PLC
Boeing Company (The)	MBDA UK Ltd ¹	Thales UK Ltd ¹
British Telecommunications PLC ^{1,3}	Paradigm Secure Communications Ltd	
Cabinet Office ^{1,2}	QinetiQ Ltd ^{1,2}	
£100 - £250 million (27 Organisations)		
Annington Receivables Ltd	Council of Reserve Forces & Cadets Associations ⁴	Modern Housing Solutions (Prime) Ltd
Babcock DynCorp Ltd	Debut Services (South West) Ltd	Office of Communications (Ofcom) ¹
Babcock Land Ltd ²	Debut Services Ltd	Organisation for Joint Armaments Co-Operation Executive Admin
Babcock Marine (Clyde) Ltd	EDF Energy Customers PLC ¹	Pride (SERP) Ltd
BAE Systems Global Combat Systems Ltd ^{1,3}	General Dynamics United Kingdom Ltd	Purple Foodservice Solutions Ltd
BAE Systems Global Combat Systems Munitions Ltd	Holdfast Training Services Ltd	Selex ES Ltd ¹
BAE Systems Integrated System Technologies Ltd ¹	Interserve (Defence) Ltd	Serco Ltd ¹
Boeing Defence UK Ltd ¹	Lockheed Martin UK Ltd ¹	Sodexo Ltd
Carillion Enterprise Ltd	Marshall of Cambridge Aerospace Ltd	US Treasury
£50 - £100 million (36 Organisations)		
BAE Systems Electronics Ltd	Kellogg Brown & Root Ltd ³	RMPA Services PLC
BP Oil International Ltd	Landmarc Support Services Ltd ¹	SD Marine Services Ltd
Cammell Laird Shiprepairers & Shipbuilders Ltd	Lockheed Martin UK Amphill Ltd ¹	SHAPE
Capita Business Services Ltd ²	Man Truck & Bus UK Ltd ²	Shell Eastern Trading (Pte) Ltd
Corona Energy Retail 4 Ltd ¹	Modus Services Ltd	Shell UK Oil Products Ltd
CSC Computer Sciences Ltd	NATO Consultation Command and Control Agency	Software Box Ltd ²
FB Heliservices Ltd	NATO Support Agency (NSPA)	Steria Ltd ^{1,2}
Force Protection Europe Ltd	NATS (En Route) PLC	Turbomeca UK Ltd
Foreign & Commonwealth Office	Northrop Grumman Information Technology International Inc ¹	Turner Estate Solutions Ltd
Gallagher Bassett International Ltd	Polar Ship Invest II AS	Turner Facilities Management Ltd
HCR Ltd	Raytheon Systems Ltd	Ultra Electronics Ltd ¹
Hogg Robinson (Travel) Ltd ⁵	Receiver General for Canada	United States Government ¹
£25 - £50 million (52 Organisations)		
A&P Group Ltd	Commonwealth War Graves Commission	Meteorological Office
A400M Training Services Ltd	Compania Espanola De Petroleos SA	MLS (Overseas) Ltd
Agility Logistics Ltd	Compass Contract Services (UK) Ltd	Motor Oil (Hellas) Corinth Refineries SA
Airbus Helicopters UK Ltd	Daewoo Shipbuilding and Marine Engineering Co. Ltd	NATO (North Atlantic Treaty Organisation)
ALC (SPC) Ltd	Davitt Jones Bould Ltd ¹	Navy Army And Air Force Institutes (The)
Aramark Ltd ¹	Defence Management (Watchfield) Ltd	NP Aerospace Ltd ¹
Ascent Flight Training (Management) Ltd	Eastbury Park Ltd	PA Technology Solutions Ltd
Aviation Training International Ltd	Falcon Support Services Ltd	Qioptiq Ltd ¹
Babcock Aerospace Ltd	Foreland Shipping Ltd	Saab AB (Publ)
Babcock Flagship Ltd	FR Aviation Ltd	Services Sound & Vision Corporation
Babcock Marine (Rosyth) Ltd ¹	Gama Support Services Ltd	Severn Trent Services Defence Ltd
Babcock Support Services Ltd ³	Government Communications Bureau	SSAFA GSTT Care LLP
BAE Systems (Defence Systems) Ltd	Hess Energy Trading Co (UK) Ltd	The Treasury Solicitor
Bundeskasse Halle	IBM United Kingdom Ltd ¹	Vector Aerospace International Ltd
Capita Resourcing Ltd ^{1,2}	Inteq Services Ltd	Vinci Construction UK Ltd
Certas Energy UK Ltd	ISS Mediclean Ltd	World Fuel Services Europe Ltd
CGI IT UK Ltd ^{1,2}	Kelda Water Services (Estates) Ltd	
Chapman Freeborn Airchartering Ltd	KPMG LLP	

Source: Defence Economics (Defence Expenditure Analysis)

Continued on next page

**Table
1.01.02a**

Organisations paid £5 million or more by the Ministry of Defence Core Department and its Trading Funds in 2013/14 (continued)

VAT exclusive at Current Prices (£ million)

£10 - £25 million (98 Organisations)		
AAH Pharmaceuticals Ltd	Cobham CTS Ltd ¹	Lockheed Martin Corporation
Air Partner PLC	Communities and Local Government	Lockheed Martin Overseas Corporation
Airborne Systems Ltd	Compass Services (UK) Ltd ¹	Marlborough Communications Ltd ¹
Akhter Computers PLC ^{1,2}	Cooneen Defence Ltd	Mass Consultants Ltd ^{1,2}
Amsafe Bridport Ltd ¹	Cranfield University ¹	Mckinsey & Company Inc (UK)
Aon Ltd	CTA International	Meggitt Defence Systems Ltd
Arval UK Ltd	Cubic Defense Applications Inc	Microsoft Ireland Operations Ltd
Atkins Ltd ¹	Defence Training Services Ltd	Microsoft Ltd ²
Atlas Elektronik UK Ltd ¹	Deloitte LLP	Minerva Education and Training Ltd
Atos IT Services UK Ltd	DHL Global Forwarding (UK) Ltd	Mott Macdonald Ltd
Babcock Communications Ltd	Dytecna Ltd ¹	MSI-Defence Systems Ltd
BAE Systems Bofors AB	Electricity Authority of Cyprus	Northrop Grumman Overseas Service Corporation
BAE Systems Hagglunds AB	Elior UK PLC ¹	Nuclear Decommissioning Authority
BAE Systems Information & Electronic Systems Integration Inc	Energy Efficiency Scheme	Pricewaterhousecoopers LLP ²
BAE Systems Surface Ships Maritime Ltd	Energy, Safety and Risk Consultants (UK) Ltd ¹	QinetiQ Target Services Ltd
Banner Business Services Ltd ^{1,2,5}	Ernst & Young LLP	Rheinmetall Waffe Munition GmbH
Bezirksregierung Duesseldorf	Fast Training Services Ltd	Right Management Ltd
BMT Defence Services Ltd	Fastrax Ltd	Roke Manor Research Ltd ¹
Briggs Equipment UK Ltd	Fujitsu Services Ltd ²	Royal Hospital
British Airways PLC ⁵	G3 Systems Ltd	Ryder Ltd
Busverkehr Ostwestfalen GmbH	Genistics Ltd	Saab AB ¹
CAE (UK) PLC	GroupM UK Ltd	Scott Health & Safety Ltd
CAE Aircrew Training Services PLC	Harris Corporation ¹	Shell UK Ltd
Capgemini UK PLC ³	Henry Brothers (Magherafelt) Ltd	Skanska UK PLC
Carillion (AMBS) Ltd	Hirtenberger Defence Systems GmbH & Co KG	Thales Training & Simulation (ACE) Ltd
Carillion Construction Ltd	Honeybeerecruitment.com Ltd	Touchstone Corporate Property Services Ltd
Caterpillar Shrewsbury Ltd ²	Honeywell International Inc	TRL Technology Ltd ¹
Centerprise International Ltd	Ian Edgar (Liverpool) Ltd ¹	Turbomeca322 Ltd
CESG	Integrated Survivability Technologies Ltd	Veolia Water Nevis Ltd
CH2M Hill International Nuclear Services Ltd	Iturri SA	Volkerfritzpatrick Ltd
Chemring Countermeasures Ltd ¹	Junghans Microtec GmbH	Wiltshire Council ¹
Chevron Singapore Pte Ltd	Kuwait Petroleum International Aviation Company (UK) Ltd	XMA Ltd ²
City of Westminster	Lockheed Martin Aeronautics Company	
£5 - £10 million (122 Organisations)		
645 Aeronautical System Group - Rivet Joint UK Program	Drumgrange Ltd	London & Regional (St Georges Court) Ltd
AAR International Inc	DS Smith Corrugated Packaging Ltd	M-Integrated Solutions PLC
Air Charter Service PLC	Eso Petroleum Company Ltd	Mabanaft Deutschland GmbH
Airwave Solutions Ltd	Ferranti Technologies Ltd	Magellan Aerospace Ltd
Alert Communications Ltd	First Aviation Ltd	Monarch Airlines Ltd
Argyll & Bute Council	Flagship Fire Fighting Training Ltd	MPI Aviation Ltd ³
Athena	Flybe ⁵	Nammo Demil Division AB
Austin Hayes Ltd	Forbo Flooring UK Ltd	National Nuclear Laboratory Ltd
Aviation Requirements Ltd	Foremans Relocatable Building Systems Ltd	New Niederrhein Energie Und Wasser GmbH
AWE PLC	Frazer-Nash Consultancy Ltd ¹	NHS Business Services Authority
B-N Group Ltd	French Government	NHS Pension Scheme
Babcock Integrated Technology Ltd	GE Aviation Systems Ltd	Norland Managed Services Ltd
Babcock International Group PLC	General Dynamics Ordnance and Tactical Systems-Canada Inc	NSAF Ltd
Babcock Training Ltd	Government Communications HQ	Oberfinanzdirektion Niedersachsen
BAE Systems Surface Ships Integrated Support Ltd	Graham Asset Management Ltd	Oracle Corporation UK Ltd ¹
BOC Ltd ¹	Guy's & St Thomas NHS Foundation Trust ¹	Paradigm Services Ltd ¹
BP International Ltd	Harvest Energy Ltd ¹	Pearson Engineering Ltd
British Gas Trading Ltd ²	Holyhead Marine Services Ltd	Pertemps Recruitment Partnership Ltd ³
British International Helicopter Services Ltd	HP Enterprise Services UK Ltd	Portsmouth City Council
Capita Secure Information Solutions Ltd	Integrated Utility Services Ltd	Powerfield Ltd
Carbon60 Ltd ¹	Inzpire Ltd ¹	Rafael Advanced Defense Systems Ltd ¹
Carwood Motor Units Ltd ³	Jacobs UK Ltd ¹	Rail Settlement Plan Ltd
Castlerock Recruitment Group Ltd	Jaguar Land Rover Ltd ³	Richmondshire District Council
Chas.A.Blatchford & Sons Ltd	James Fisher Everard Ltd	Royal Air Force Museum
Chemring Defence UK Ltd	L-3 National Security Solutions Inc	Royal Mail Group Ltd ²
Computacenter (UK) Ltd ²	L.E.K. Consulting LLP	Sea Cadet Corps ⁴
David Brown Gear Systems Ltd	LA International Computer Consultants Ltd	Seafast Logistics PLC
Defence Support (St Athan) Ltd	Land & Property Services	Seven Technologies Group Ltd ¹
Deloitte MCS Ltd	Lend Lease Construction (EMEA) Ltd	Singapore Technologies Kinetics Ltd
Department for Work and Pensions	Level Peaks Associates Ltd ¹	SMIT International (Scotland) Ltd
Digital Barriers Services Ltd ¹	Lockheed Martin UK Strategic Systems Ltd	Smiths Detection-Watford Ltd

Source: Defence Economics (Defence Expenditure Analysis)

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**Table
1.01.02a**

Organisations paid £5 million or more by the Ministry of Defence Core Department and its Trading Funds in 2013/14 (continued)

VAT exclusive at Current Prices (£ million)

£5 - £10 million (122 organisations)		
Snecma SA	Thales Air Defence Ltd	URS Infrastructure & Environment UK Ltd
South Gloucestershire Council	Thales Optronics Ltd ¹	Watson Petroleum Ltd ¹
Spectra Group (UK) Ltd	Thales Training & Simulation (Merlin) Ltd	West Berkshire District Council
Springfields Fuels Ltd ¹	The Berthon Boat Company Ltd	West Oxfordshire District Council
SSE Energy Supply Ltd	The Maersk Company Ltd	Williams Lea Ltd ²
SVO Vertrieb GmbH	The Soldiers Sailors Airmen & Families Ass - Forces Help	Wiltshire and Somerset Colleges Partnership Ltd
Systems Consultants Services Ltd ¹	TNT UK Ltd	Worldwide Language Resources Inc
Systems Engineering & Assessment Ltd ¹	Tricomm Housing Ltd	WYG Management Services Ltd
T.G. Power Ltd	TVS Supply Chain Solutions Ltd	YGIA Polyclinic PLC
Teachers Pensions	University Hospital Birmingham NHS Foundation Trust ¹	

Source: Defence Economics (Defence Expenditure Analysis)

1. Includes payments made to suppliers by Dstl, through their own payments system.
2. Includes payments made to suppliers by UKHO, through their own payments system.
3. Includes payments made to suppliers by DSG, through their own payments system.
4. In previous versions of this table expenditure with Cadet associations including, but not limited to, Council of Reserve Forces & Cadets Associations and the Sea Cadets Corps were combined. This year the associations are displayed separately, in their appropriate payment band, to bring them in line with how other similarly connected organisations are displayed.
5. Totals have been calculated by adding DBS Finance data to Government Procurement Card (GPC) payments.

**Table
1.01.02b**

Organisations paid £1 million or more by the Ministry of Defence Trading Funds in 2013/14

New this year, this table shows a listing of the UK and foreign owned organisations, including defence suppliers and intermediate bodies, paid by the MOD Trading Funds (Dstl, UKHO and DSG). The term 'defence suppliers' includes defence contractors and other Government Departments. These data are presented by Trading Fund and are split into payment groups with the organisations shown in **alphabetical order**. Company and organisation names have been reproduced (at the 1 April 2014 position) directly from the truncated entries recorded on the Trading Funds finance systems and may appear in a shortened format in places. Details of the exact amounts paid to these organisations can be found [here](#). Total expenditure has been extracted from the Trading Funds own finance systems.

The data within this table are classed as Official Statistics as they have not been assessed by the UK Statistics Authority.

Defence Science and Technology Laboratory (Dstl)

VAT exclusive at Current Prices (£ million)

Over £5 million (9 organisations)		
Atlas Elektronik UK Ltd	QinetiQ Ltd	Serco Ltd
BAE Systems (Operations) Ltd ¹	Roke Manor Research Ltd	Steria Ltd
Capita Resourcing Ltd	Selex ES Ltd	Systems Engineering & Assessment Ltd
£1 - £5 million (31 organisations)		
3SDL Ltd	Envitia Ltd	Rolls-Royce PLC
Atkins Ltd	Evodia Ltd	Southern Electric Power Distribution PLC
BAE Systems Integrated System Technologies Ltd	Gill Research & Development Ltd	Thales Optronics Ltd
BAE Systems Marine Ltd	IBM United Kingdom Ltd	Thales UK Ltd
Barclaycard ²	MBDA UK Ltd	United States of America Department of Defence
British Telecommunications - DFTS	Metropolitan Police Service	University of Bristol
Corona Energy Retail 4 Ltd	Niteworks	University of Exeter
Cranfield University	Paradigm Services Ltd	University of Southampton
Department of Health	Polaris Consulting Ltd	Wiltshire County Council
Economic & Social Research Council	Red Scientific Ltd	
EDF Energy Customers PLC	Riskaware Ltd	

Source: Dstl

Defence Support Group (DSG)

VAT exclusive at Current Prices (£ million)

Over £5 million (2 organisations)		
Babcock Support Services Ltd	MPI Aviation Ltd	
£1 - £5 million (8 organisations)		
Aviation Jersey Ltd	Carwood Motor Units Ltd	Kellogg Brown & Root Ltd
Barclay's Bank (Visa) ²	Caterpillar Shrewsbury Ltd	Perkins Engines Company Ltd
Capgemini UK PLC	Jaguar Land Rover Ltd	

Source: DSG

United Kingdom Hydrographic Office (UKHO)³

VAT exclusive at Current Prices (£ million)

Over £5 million (1 organisation)		
Capita Resourcing Ltd		
£1 - £5 million (6 organisations)		
Antalis McNaughton ¹	Chersoft Ltd EM ¹	Elliot Baxter & Company Ltd
BAE Systems Ltd ¹	DHL Logistics (UK) Ltd ¹	IIC Technologies Private Ltd EM

Source: UKHO

1. Payments to BAE Systems (Operations) Ltd include payments made to BAE Systems (Operations) Ltd trading as Corda Ltd.
2. Payments relate to GPC payments made by Dstl and DSG.
3. UKHO companies have been revised following the receipt of additional information from their own payment system.

Table 1.01.03

Private Sector Companies paid £50 million or more by the Ministry of Defence Core Department and its Trading Funds in 2013/14: By Holding Company

This table shows a subset of the data contained within **Table 1.01.02a**, providing a listing of the Private Sector Companies that were paid £50 million or more through DBS Finance or through bill paying systems administered by the MOD Trading Funds in 2013/14 (please see **Table 1.01.02a** for further information about the inclusion of Trading Fund data).

This listing details the individual subsidiaries from **Table 1.01.02a** 'rolled up' by holding company. The term 'holding company' refers to companies which are full or part owner of other companies (subsidiaries and joint ventures). The table includes only those subsidiaries where the MOD and its Trading Funds have made payments during 2013/14 and therefore, is not an exhaustive listing of all subsidiaries and joint ventures relating to that holding company. It also excludes those companies and/or joint ventures which work as part of a consortium. Payments to joint ventures have been allocated to their parent holding companies in proportion to their equity holdings. The table excludes all payments made to public sector bodies, government departments and agencies, local authorities, MOD Trading Funds, multi-nation project management agencies, charities and associations.

Please note that the placement of companies by payment bandings may differ from **Table 1.01.02a** as the sum of the annual payments made to the holding company will exceed the values for individual subsidiaries listed in **Table 1.01.03**. The composition of Holding Companies in terms of their subsidiaries is derived as at **1 April 2014**. A listing of each company's subsidiaries and joint ventures, to whom payments have been made during 2013/14, can be found in the footnotes below. It is recognized that the structure and ownership of modern corporations is dynamic and changes frequently. DBS Finance are responsible for the majority of payments (around 95% by value) made by MOD. Other payments are made, for example, via British Defence Staff (United States) and through local cash offices. The table is split into payment groups with the companies shown in **alphabetical order**. Company and organisation names have been reproduced (at 1 April 2014 position) directly from the truncated entries recorded on the DBS Finance database and the Trading Funds bill paying systems and may appear in a shortened format in places. Details of the exact amounts paid to the holding company and their subsidiaries can be found [here](#).

Direct payments made to international organisations such as the NATO Eurofighter Tornado Management Agency (NETMA) and Organisation for Joint Armaments Co-operation Executive Administration (OCCAR) are included in total MOD Core Department spending but it is not possible to assign these payments to individual contractors.

Where a contract is novated during the year, annual payments are shown against the new 'owner' (company or entity) of that contract.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Contracts & Commercial Statistics](#).

VAT exclusive at Current Prices (£ million)

Over £500 million (8 Companies)		
Airbus Group NV ¹	Finmeccanica SpA ²	Rolls-Royce Holdings PLC ³
Babcock International Group PLC ⁴	Hewlett-Packard Company ⁵	Serco Group PLC ⁶
BAE Systems PLC ⁷	Lockheed Martin Corporation ⁸	
£250 - £500 million (8 Companies)		
Airtanker Holdings Ltd ⁹	General Dynamics Corporation ¹⁰	QinetiQ Group PLC ¹¹
Boeing Company (The) ¹²	Interserve PLC ¹³	Thales SA ¹⁴
BT Group PLC ¹⁵	Jacobs Engineering Group Inc ¹⁶	
£100 - £250 million (14 Companies)		
3i Group PLC ¹⁷	Innisfree ¹⁸	Royal Dutch Shell PLC ¹⁹
Capita PLC ²⁰	KBR, Inc ²¹	Sodexo SA ²²
Carillion PLC ²³	Lend Lease Group ²⁴	Terra Firma Capital Partners Ltd ²⁵
EDF Electricité de France SA ²⁶	Marshall of Cambridge (Holdings) Ltd ²⁷	Turner & Co. (Glasgow) Ltd ²⁸
Infrared Capital Partners (Management) LLP ²⁹	Peel Ports Holdings (Ci) Ltd ³⁰	
£50 - £100 million (19 Companies)		
Arthur J. Gallagher & Co ³¹	HCR Group Holdings Ltd ³²	Raytheon Company ³³
BP PLC ³⁴	Hocomm Ltd ³⁵	Saab AB ³⁶
Cobham PLC ³⁷	Hogg Robinson Group PLC ³⁸	Safran SA ³⁹
Computer Sciences Corporation ⁴⁰	Macquarie Group Ltd ⁴¹	SSE PLC ⁴²
Ferrovial SA ⁴³	Modus Holdings Ltd ⁴⁴	Ultra Electronics Holdings PLC ⁴⁵
GC Rieber Shipping ASA ⁴⁶	NATS Holdings Ltd ⁴⁷	
Groupe Steria SCA ⁴⁸	Northrop Grumman Corporation ⁴⁹	

Source: Defence Economics (Defence Expenditure Analysis)

- Airbus Group NV includes payments to A400M Training Services Ltd, Airbus Helicopters UK Ltd, Airbus Operations Ltd, Astrium Ltd, Atlas Elektronik UK Ltd, Cassidian Cybersecurity Ltd, Cassidian Ltd, Cassidian Optronics (Pty) Ltd, Cassidian SAS, Cassidian Test & Services Ltd, Cassidian Test Engineering Services Ltd, Cilas, EADS Deutschland GmbH, Eurocopter, Europaams SAS, European Aeronautic Defence & Space Company (EADS) NV, Infoterra Ltd, MBDA UK Ltd, Paradigm Secure Communications Ltd, Paradigm Services Ltd and Vector Aerospace International Ltd.
- Finmeccanica SpA includes payments to Agustawestland Ltd, Aviation Training International Ltd, DRS Technologies UK Ltd, Europaams Sas, MBDA UK Ltd, Selex Elsag Ltd, Selex ES Ltd and Vega Consulting Services Ltd.
- Rolls-Royce Holdings PLC includes payments to Genistics Ltd, Industria De Turbo Propulsors S.A., Powerfield Ltd, Rolls-Royce Corporation, Rolls-Royce Deutschland Ltd & Co KG, Rolls-Royce Marine AS, Rolls-Royce Marine Electrical Systems Ltd, Rolls-Royce Marine Power Operations Ltd, Rolls-Royce PLC, Rolls-Royce Power Engineering PLC and Rolls-Royce Snecma Ltd.
- Babcock International Group includes payments to Ascent Flight Training (Management) Ltd, Babcock Aerospace Ltd, Babcock Communications Ltd, Babcock Dyncorp Ltd, Babcock Flagship Ltd, Babcock Integrated Technology Ltd, Babcock International Group PLC, Babcock Land (Whitefleet Management) Ltd, Babcock Land Ltd, Babcock Marine (Clyde) Ltd, Babcock Marine (Rosyth) Ltd, Babcock Support Services Ltd, Babcock Training Ltd, Cavendish Nuclear Ltd, Debut Services (South West) Ltd, Debut Services Ltd, Devonport Royal Dockyard Ltd, Flagship Fire Fighting Training Ltd, Frazer-Nash Consultancy Ltd, Holdfast Training Services Ltd, LSC Group Ltd and Rosyth Royal Dockyard Pension Scheme.
- Hewlett-Packard Company includes payments to Hewlett-Packard Ltd, HP Enterprise Services Defence & Security UK Ltd and HP Enterprise Services UK Ltd.
- Serco Group PLC includes payments to AWE Management Ltd, AWE PLC, NPL Management Ltd, Serco Group PLC, Serco Leisure Operating Ltd and Serco Ltd.

7. BAE Systems PLC includes payments to BAE Systems (Aviation Services) Ltd, BAE Systems (Corporate Air Travel) Ltd, BAE Systems (Defence Systems) Ltd, BAE Systems (Hawk Synthetic Training) Ltd, BAE Systems (Operations) Ltd, BAE Systems Applied Intelligence Ltd, BAE Systems Australia Ltd, BAE Systems Bofors AB, BAE Systems Deployed Systems Ltd, BAE Systems Electronics Ltd, BAE Systems Global Combat Systems Ltd, BAE Systems Global Combat Systems Munitions Ltd, BAE Systems Hagglunds AB, BAE Systems Information & Electronic Systems Integration Inc, BAE Systems Integrated System Technologies Ltd, BAE Systems Land Systems Pinzgauer Ltd, BAE Systems Marine Ltd, BAE Systems PLC, BAE Systems Surface Ships Integrated Support Ltd, BAE Systems Surface Ships Ltd, BAE Systems Surface Ships Maritime Ltd, BAE Systems Surface Ships Support Ltd, BAE Systems/Rockwell Collins Data Link Solutions LLC, CTA International, Europaams SAS, Fast Training Services Ltd and MBDA UK Ltd .
8. Lockheed Martin Corporation includes payments to Ascent Flight Training (Management) Ltd, AWE Management Ltd, AWE PLC, Lockheed Martin Aeronautics Company, Lockheed Martin Canada Inc, Lockheed Martin Corporation, Lockheed Martin Overseas Corporation, Lockheed Martin Sippican Inc, Lockheed Martin Systems Integration-Owego, Lockheed Martin UK Ampthill Ltd, Lockheed Martin UK Integrated Systems and Solutions Ltd, Lockheed Martin UK Ltd and Lockheed Martin UK Strategic Systems Ltd.
9. Airtanker Holdings Ltd includes payments to Airtanker Ltd.
10. General Dynamics Corporation includes payments to Force Protection Europe Ltd, General Dynamics European Land Systems - Germany GmbH, General Dynamic Ordnance and Tactical Systems-Canada Inc, General Dynamics Ordnance and Tactical Systems Inc, General Dynamics Satellite Communication Services, General Dynamics United Kingdom Ltd and Jet Aviation AG.
11. QinetiQ Group PLC includes payments to Graphics Research Corporation Ltd, QinetiQ Commerce Decisions Ltd, QinetiQ Group PLC, QinetiQ Ltd and QinetiQ Target Services Ltd.
12. Boeing Company (The) includes payments to Aviation Training International Ltd, Boeing Defence UK Ltd, Jeppesen UK Ltd and The Boeing Company.
13. Interserve PLC includes payments to Falcon Support Services Ltd, Interserve (Defence) Ltd, Landmarc Support Services Ltd, Minerva Education and Training Ltd and Pride (Serp) Ltd.
14. Thales SA includes payments to A400M Training Services Ltd, Europaams SAS, Quintec Associates Ltd, Thales Air Defence Ltd, Thales Australia Ltd, Thales Avionics Electrical Systems, Thales Avionics Ltd, Thales E-Security Ltd, Thales Missile Electronics Ltd, Thales Naval Ltd, Thales Nederland BV, Thales Norway AS, Thales Optronics Ltd, Thales Systemes Aeroportes SA, Thales Training & Simulation (ACE) Ltd, Thales Training & Simulation (Eagle Middle Wallop) Ltd, Thales Training & Simulation (Merlin) Ltd, Thales Training and Simulation Ltd, Thales UK Ltd and Thales Underwater Systems Ltd.
15. BT Group PLC includes payments to British Telecom Northern Ireland, British Telecommunications PLC, BT Contract Rentals Ltd, BT Payment Services Ltd and Moorhouse Consulting Ltd.
16. Jacobs Engineering Group Inc includes payments to AWE Management Ltd, AWE PLC, Jacobs UK Ltd and Sula Systems Ltd.
17. 3i Group PLC includes payments to Alert Communications Ltd, Defence Management (Watchfield) Ltd, Modern Housing Solutions (Prime) Ltd and SD Marine Services Ltd.
18. Innisfree includes payments to Aspire Defence Ltd.
19. Royal Dutch Shell PLC includes payments to Euroshell Deutschland GmbH, Shell Aviation Ltd, Shell Eastern Trading (Pte) Ltd, Shell UK Oil Products Ltd and Shell UK Ltd.
20. Capita PLC includes payments to Capita Business Services Ltd, Capita Business Travel Ltd, Capita Employee Benefits Ltd, Capita Health and Wellbeing Ltd, Capita Property and Infrastructure Ltd, Capita Resourcing Ltd, Capita Secure Information Solutions Ltd, Capita Symonds Ltd, Entrust Support Services Ltd, Medicare First Ltd, Micro Librarian Systems Holdings Ltd, Team24 Ltd and The Capita Group PLC.
21. KBR, Inc includes payments to Aspire Defence Ltd, Aspire Defence Services Ltd, Fastrax Ltd and Kellogg Brown & Root Ltd.
22. Sodexo SA includes payments to Sodexo Cyprus Ltd, Sodexo International FZE, Sodexo Prestige Ltd, Sodexo Cyprus Ltd, Sodexo Defence Services Ltd, Sodexo Ltd, Sodexo Ltd MCTC (NP Funds) and Sodexo Motivation Solutions UK Ltd.
23. Carillion PLC includes payments to Aspire Defence Services Ltd, Carillion (AMBS) Ltd, Carillion Construction Ltd, Carillion Services Ltd, Carillion Enterprise Ltd, Modern Housing Solutions (Prime) Ltd, Schal International Management Ltd and TPS Consult Ltd.
24. Lend Lease Group includes payments to Debut Services (South West) Ltd, Debut Services Ltd and Lend Lease Construction (EMEA) Ltd.
25. Terra Firma Capital Partners Ltd includes payments to Annington Property Ltd and Annington Receivables Ltd.
26. EDF Electricité de France SA includes payments to British Energy part of EDF Energy, EDF Energy 1 Ltd and EDF Energy Customers PLC.
27. Marshall Of Cambridge (Holdings) Ltd includes payments to Marshall Aviation Services Ltd, Marshall Land Systems Ltd, Marshall of Cambridge Aerospace Ltd, Marshall SDG Ltd and Slingsby Advanced Composites Ltd.
28. Turner & Co. (Glasgow) Ltd includes payments to Mitchell Diesel Ltd, T.G. Power Ltd, Turner Estate Solutions Ltd and Turner Facilities Management Ltd.
29. Infrared Capital Partners (Management) LLP includes payments to Aspire Defence Ltd, Holdfast Training Services Ltd and RMPA Services PLC.
30. Peel Ports Holdings (Ci) Ltd includes payments to A&P Group Ltd, Cammell Laird Shiprepairers & Shipbuilders Ltd, Clydeport Operations Ltd, Port of Sheerness Ltd and The Mersey Docks & Harbour Co.
31. Arthur J. Gallagher & Co includes payments to Gallagher Bassett International Ltd.
32. HCR Group Holdings Ltd includes payments to HCR Ltd.
33. Raytheon Company includes payments to Raytheon BBN Technologies Corp, Raytheon Company and Raytheon Systems Ltd.
34. BP PLC includes payments to Air BP Ltd, Aral Ag, Aral Tankstelle - Ali Kilinc, BP International Ltd, BP Marine Ltd, BP Oil International Ltd, BP Oil UK Ltd and British Pipeline Agency Ltd.
35. Hocomm Ltd includes payments to Software Box Ltd.
36. Saab AB includes payments to Saab AB, Saab AB (Publ), Saab Seaeye Ltd and Saab Technologies UK Ltd.
37. Cobham PLC includes payments to Chelton Ltd, Cobham CTS Ltd, Cobham Flight Inspection Ltd, Cobham TCS Ltd, Credowan Ltd, FB Heliservices Ltd, FBS Ltd, Flight Refuelling Ltd, FR Aviation Ltd and Spectronic Denmark A/S.
38. Hogg Robinson Group PLC includes payments to Hogg Robinson (Travel).
39. Safran SA includes payments to Messier Services Ltd, Rolls-Royce Snecma Ltd, Safran Power UK Ltd, Sagem Defense Securite, Snecma SA, Sofrance, Turbomeca SA, Turbomeca UK Ltd, Turbomeca322 Ltd and Vectronix AG.
40. Computer Sciences Corporation includes payments to CSC Computer Sciences Ltd and Landmarc Support Services Ltd.
41. Macquarie Group Ltd includes payments to Arqiva Ltd, Bristol Airport Ltd, Corona Energy Retail 1 Ltd and Corona Energy Retail 4 Ltd.
42. SSE PLC includes payments to Airtricity Energy Supply (Northern Ireland) Ltd, Airtricity Gas Supply (NI) Ltd, Pride (Serp) Ltd, Scottish & Southern Energy PLC,

43. Ferrovial SA includes payments to Accord Consulting Ltd and Carillion Enterprise Ltd.
44. Modus Holdings Ltd includes payments to Modus Services Ltd.
45. Ultra Electronics Holdings PLC includes payments to Ultra Electronics AEP Payments Ltd, Ultra Electronics Ltd and Ultra Electronics Ocean Systems Inc.
46. GC Rieber Shipping ASA includes payments to Polar Ship Invest II AS.
47. NATS Holdings Ltd includes payments to NATS (En Route) PLC and NATS (Services) Ltd.
48. Groupe Steria SCA includes payments to Steria Ltd.
49. Northrop Grumman Corporation includes payments to Northrop Grumman Corporation, Northrop Grumman Information Technology International Inc, Northrop Grumman Mission Systems Europe Ltd, Northrop Grumman Overseas Service Corporation, Northrop Grumman Sperry Marine BV, Northrop Grumman Sperry Marine Ltd, Park Air Systems Ltd and Remotec UK Ltd.

Tables

1.01.04

Focus on Key Suppliers

Table 1.01.04a and Charts 1.01.04 a-c briefly explore the nature and scope of MOD business with its key suppliers within industry and commerce, focussing on the top 10 suppliers to whom it made payments in 2013/14. It examines the relative importance of MOD sales to industry revenues and how this has changed over time. It then explores how the nature of MOD contracting with industry has changed over time. It should be noted that during 2013/14 QinetiQ replaced Thales in the Top 10 and EADS has become part of Airbus Group NV. The inclusion of QinetiQ in the top 10 suppliers has been caused mainly by the incorporation of Trading Funds expenditure data into this analysis. The inclusion of Trading Funds data has increased the share of attributable spend for each of the top 10 companies by between 0 and 0.3 percentage points.

Full details outlining the methodology used to compile these charts are provided at the end of this section.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use, can be found in the [Background Quality Report - Industry Statistics](#).

Table 1.01.04a Change in MOD expenditure with Holding Company: 2008/09 - 2013/14^{1,2,3,4,5,6,7}

Table 1.01.04a presents a comparison of MOD direct procurement expenditure with suppliers over time.

In the past six years the proportion of MOD spending with its current top 10 suppliers has grown from over 36 percent in 2008/09 to over 41 percent in 2013/14.

Airbus Group NV (formerly EADS NV) have seen their share of MOD spending increase by the largest proportion due mainly to their development and production of the A400M military transport aircraft. A similar increase in the proportion of spend with Babcock is, in part, attributable to the acquisition of the VT Group in July 2010. In contrast HP, QinetiQ and Finmeccanica have seen their share of MOD spending fall.

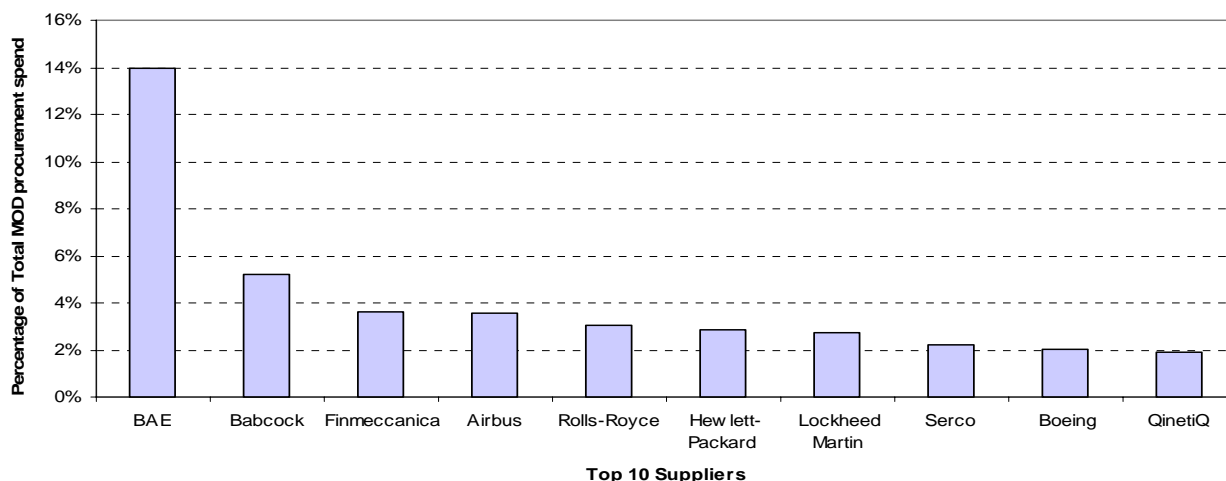
	Percentage of Total Procurement Spend		
	2008/09	2013/14	Percentage Point Change
Total	36.5	41.2	4.7
BAE Systems PLC	13.7	13.9	0.2
Babcock International Group PLC	3.9	5.2	1.4
Finmeccanica SpA	3.9	3.6	-0.3
Airbus Group NV/EADS NV	2.0	3.6	1.6
Rolls-Royce Holdings PLC	2.2	3.0	0.9
Hewlett-Packard Company	3.3	2.9	-0.4
Lockheed Martin Corporation	2.3	2.8	0.4
Serco Group PLC	2.0	2.2	0.2
The Boeing Company	0.8	2.0	1.2
QinetiQ Group PLC	2.4	1.9	-0.5

Source: Defence Economics analysis derived from DBS Finance and Trading Funds data sources

Chart to 1.01.04a Proportion of MOD payments to Top 10 Defence Suppliers: By Holding Company: 2013/14^{1,2,3,4,5,6}

Chart 1.01.04a presents the value of direct payments made to the top 10 MOD suppliers (by Holding Company) expressed as a proportion of total MOD procurement expenditure. Procurement expenditure relates to all monies paid by DBS Finance (the MOD's primary bill paying authority) on goods and services subject to contractual or similar legally binding agreement, and for the first time includes payments made by the MOD Trading Funds through their own bill paying systems. See **Table 1.01.02** for more information relating to the scope of payments made by DBS Finance and the inclusion of Trading Funds data.

BAE Systems PLC was by far the largest defence supplier in terms of annual payments made by the MOD, receiving just under 14 percent of all MOD procurement expenditure in 2013/14. The remaining nine suppliers in the top 10 achieved an individual share of MOD business of between 1.9 percent and 5.2 percent.



Source: Defence Economics analysis derived from DBS Finance and Trading Funds data sources

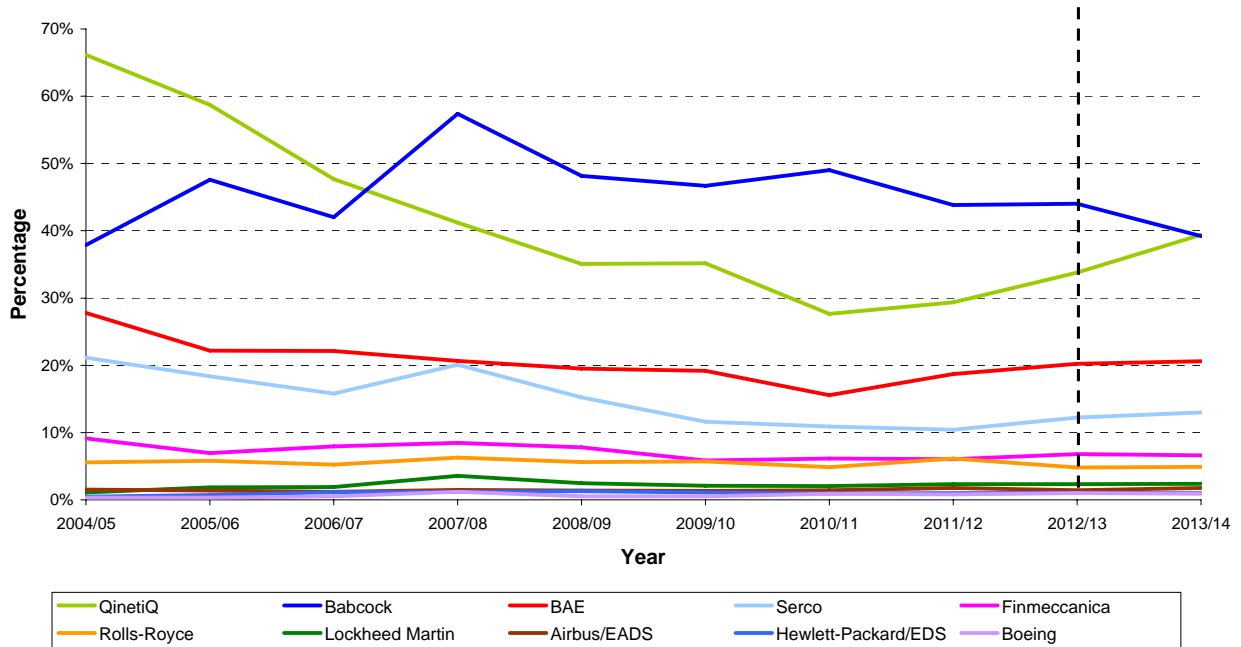
Chart 1.01.04b

Dependency of Top 10 Suppliers on MOD Business^{1,2,3,4,5,6,7}

Chart 1.01.04b illustrates the dependency of key suppliers on MOD business by presenting total sales (i.e. payments received from MOD) as a percentage of global company revenues.

For the majority of MOD's top suppliers, MOD sales account for less than 20 percent of their global revenue, although Babcock and QinetiQ received around 40 percent of their annual revenue from MOD in 2013/14. The inclusion of Trading Funds data in this analysis has increased the QinetiQ figure by nearly 6 percentage points and is the reason for the break in series between 2012/13 and 2013/14. The only other company where the inclusion of Trading Funds data has had a significant affect is Serco, which has seen an increase of nearly 2 percentage points.

The underlying trend suggests that major suppliers sales to MOD are declining as a proportion of their global revenues. This reflects the consolidation and internationalisation of the global defence industry and relative decline in MOD spending compared to global defence spending.



Source: Defence Economics analysis derived from DBS Finance and Trading Funds data sources

Chart 1.01.04c

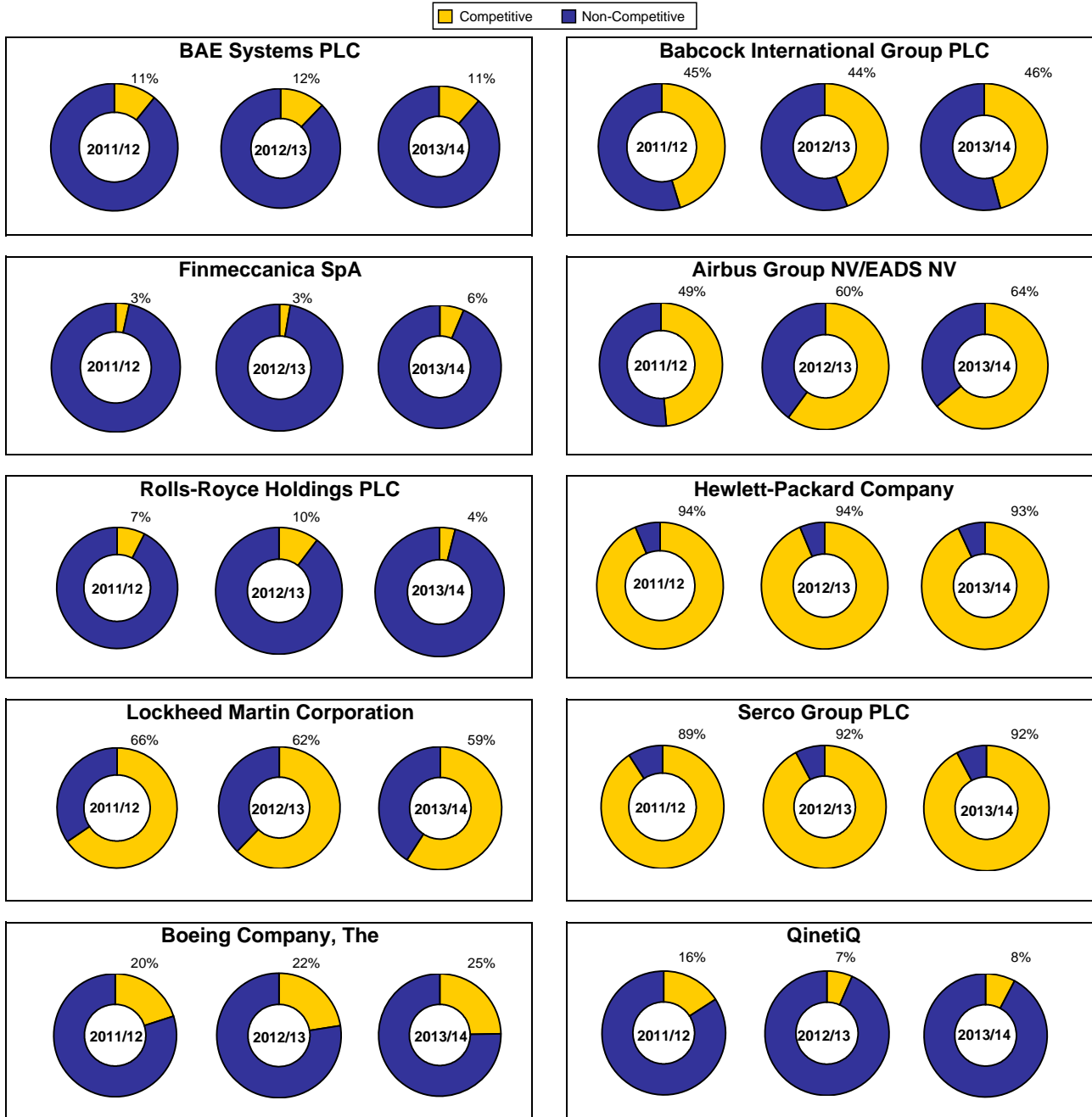
Levels of Competitive Contracting with Key Suppliers^{1,3,4,5,6,7,8}

Chart 1.01.04c shows the revenue received by the MOD's top 10 suppliers from competitive contracts as a proportion of their overall sales to the MOD. The charts present data for the last three years.

The Trading Funds expenditure is not included in the calculations for Chart 1.01.04c because it is not known whether the expenditure is against competitively or non-competitively let contracts.

The analysis below shows that service based companies such as Serco and Hewlett-Packard tender a higher proportion of their work from competitively let contracts, in comparison to 'traditional' defence firms.

The proportion of payments that MOD's top 10 suppliers receive from competitive contracts has fluctuated over time depending on the particular set of contracts held by a supplier during a particular year. Over the period though there is no evidence to suggest that the proportion of payments received from competitive contracts has increased/decreased to any great degree.



Source: Defence Economics analysis derived from DBS Finance data sources

Footnotes to Table 1.01.04a and Charts 1.01.04a - 1.01.04c

1. The data underpinning this analysis has been extracted from data provided by Defence Business Services (DBS) Finance systems. This information is initially supplied by Commercial Staff on the DEFFORM 57, which is the detailed statistics input form that is produced when most contracts are established. DBS Finance are responsible for the majority of such payments (around 95% by value) made by MOD. Other payments are made to industry and commerce, for example, via British Defence Staff (United States), international consortia and through local cash offices. Where a contract is novated during the year, annual payments are shown against the new 'owner' (company or entity) of that contract.
2. From 2013/14 this analysis now includes direct payments made by Dstl, UKHO and DSG to the Top 10 suppliers.
3. All MOD payments data refer to extant contracts in the Financial Year in question and relate to direct expenditure with suppliers by MOD.
4. All expenditure is VAT exclusive and expressed at current prices.
5. The individual subsidiaries and joint ventures of the 10 suppliers have been derived by researching the composition of the Holding Company information (which details the corporate structure of the company) contained on the OneSource database, and company revenues via the latest Annual Report and Accounts. The analysis reflects the corporate structure of those suppliers as at 31 March in the Financial Year in question. The term 'holding company' refers to companies which are full or part owner of other companies (subsidiaries and joint ventures). Payments to joint ventures have been allocated to their parent holding companies in proportion to their equity holdings in those joint ventures as stated in the relevant company annual report.
6. Payments are expressed as a percentage of total MOD payments made via DBS Finance. Payments via international organisations such as the NATO Eurofighter Tornado Management Agency (NETMA) and payments recorded under the code 'Non Registered Contractor' have been included under total MOD spending but it is not possible to assign these payments to their individual contractors.
7. In the financial year 2008/09 Hewlett-Packard bought EDS and took over their contracts with the MOD. Therefore, from 2008/09 onwards, figures reported are for Hewlett-Packard rather than EDS. In Financial Year 2013/14 EADS NV underwent a name change to Airbus Group NV, therefore from 2013/14 onwards figures reported are for Airbus Group NV rather than EADS NV.
8. Defence Economics are unable to verify the accuracy of the Competitive/Non-Competitive marker on the DBS Finance systems and it is advised that caution is exercised when drawing conclusions from these data.

Table 1.01.05a

MOD Contracting with Small and Medium-sized Enterprises (SMEs): Direct Expenditure

The Government's aspiration is that 25 percent of public expenditure with third parties should be placed with SMEs by 2015. MOD's expenditure is particularly important to the achievement of the overall Government position, as it accounts for some 45 percent of the Government's overall £44 billion annual procurement expenditure. More information about this aspiration can be found [here](#).

In 2009 the Cabinet Office directed the inclusion of DUNS numbers (a unique reference), maintained by Dun and Bradstreet (D&B)¹, in Government finance systems.

MOD has worked collaboratively with D&B to map MOD suppliers to a unique DUNS number. This resulted in a database of MOD suppliers, their corresponding DUNS number and an assessment of their SME status based on the [EU definition](#). This currently provides assessments of suppliers responsible for around 93 per cent of direct MOD expenditure in 2013/14, which is a markedly lower proportion than in 2011/12 and 2012/13.

These figures remain provisional while MOD assesses, with the Cabinet Office, the viability of identifying the SME status of companies not currently assessed by D&B. It would be possible to update the 2013/14 figures if D&B are able to update their database to include a wider assessment of companies paid by MOD during 2013/14.

For full background and methodology please see [MOD Contracting with Small and Medium-sized Enterprises](#).

	VAT exclusive at Current Prices (£ millions)/Percentage		
	2011/12	2012/13	2013/14
MOD Expenditure with SMEs ^{2,3}	1 044	1 096	916 ^P
Percentage of Total MOD Expenditure with SMEs ⁴	5.2	5.4 ^{II}	4.5 ^P

Source: Defence Economics (Defence Expenditure Analysis)

- Dun & Bradstreet is a global source of business information and insight. The nine-digit D&B DUNS Number, assigned to each business location in their global database, is widely used as a tool for identifying, organising and consolidating information about businesses.
- Estimated MOD expenditure with SMEs includes expenditure on MOD HQ contracts, miscellaneous transactions and GPC.
- Estimates should be considered minimums. In 2013/14 about 9,700 suppliers, receiving about £1,420 million (7 percent of total expenditure) through MOD contracts or miscellaneous transactions, were not assessed by D&B. In addition, only 8 percent of suppliers in receipt of GPC payments could be mapped to D&B Assessments.
- Percentage of Total MOD expenditure with SMEs excludes expenditure on GPC in 2013/14. It has not been possible to determine the SME status of suppliers in receipt of 92 percent of GPC expenditure.

Table 1.01.05b

MOD Contracting with Small and Medium-sized Enterprises: New Contracts Placed

In 2013/14 MOD HQ placed about 640 new contracts with SMEs, having a collective value of around £297 million. The total number and value of new contracts is based on the contracts currently recorded on the DBS Finance payment system, excluding contracts with suppliers MOD defines as Government organisations. These numbers were updated in Nov 14, following the inclusion of late reported contracts, but remain provisional. We should be receiving new data from D&B with a more complete assessment of the SME status of companies with whom MOD did business in 2013/14. If this update is received then the 2013/14 figures will be revised.

In 2013/14 MOD HQ placed a further 370 contracts with suppliers who had not been assessed by D&B¹, having a collective value of just over £720 million. This represents 18 per cent of all new contracts placed during 2013/14, which is a much higher proportion of suppliers who couldn't be assessed than in previous years. **Therefore, it is important to consider these estimates as the minimum level, particularly when comparing across years.**

Between 2010/11 and 2012/13 the proportion of new contracts placed with SMEs was reasonably consistent (between 36 and 37 percent). In 2013/14, 31 percent of new contracts were identified as placed with SMEs. As discussed above, this fall is at least partly due to a lower proportion of suppliers being matched to D&B assessments. The proportion of new contracts placed by value has been considerably lower over this period (between 5 and 10 percent). In 2012/13 the proportion was slightly higher (at 10 percent) than in the other years reported. This is the result of one contract placed by MOD for British Forces Germany health care, with a joint venture assessed as an SME by D&B. This contract was valued in excess of £300 million, nearly 30 times the value of any other contract placed with an SME during 2012/13.

For full background and methodology please see [MOD Contracting with Small and Medium-sized Enterprises](#).

	Numbers (rounded to nearest ten)/Percentage			
	2010/11	2011/12	2012/13	2013/14
Number of MOD Contracts Placed with SMEs ²	2 160	1 580	1 060	640 ^P
Percentage of Number of MOD Contracts Placed with SMEs	36	37	36	31 ^P

	VAT exclusive at Current Prices (£ millions)/Percentage			
	2010/11	2011/12	2012/13	2013/14
Value of MOD Contracts Placed with SMEs ²	497	515	565	297 ^P
Percentage of Value of MOD Contracts Placed with SMEs	8	6	10	5 ^P

Source: Defence Economics (Defence Expenditure Analysis)

- Dun & Bradstreet is a global source of business information and insight. The nine-digit D&B DUNS Number, assigned to each business location in their global database, is widely used as a tool for identifying, organising and consolidating information about businesses.
- Estimates should be considered minimums. In 2013/14 about 370 contracts (18 percent of all new contracts), with a total value of about £720 million, were not assessed by D&B. In comparison, during 2012/13 about 350 contracts (12 percent of all new contracts), with a total value of £440 million, were not assessed.

Table 1.01.06 New Contracts Placed: By Type

This table provides an analysis of new MOD contracts broken down by contract type. It includes details of all HQ contracts, which are contracts set up by means of a Def Form 57, where payment is through DBS Finance. Contracts have been included in the relevant financial year based on the start date of the contract as provided by the Def Form 57.

Prior to 2011 the data source for this table was the Def Form 132 but because of some concerns about data quality a decision was made to use data from the Def Form 57 to produce the numbers to support this table. For more details please see [Statistical Note to Table 1.15 of UK Defence Statistics 2011](#). A link to the previously produced table based on Def Form 132 data, which shows details of new contracts and the value of amendments to existing contracts can be found [here](#).

In order to provide a more timely estimate of the number and value of new contracts, the figures for 2013/14 were updated on 7 November 2014 as part of a planned update to the bulletin. That update included late reported contracts added to the DBS Finance database between July and October 2014. A subsequent revision on 27 November 2014, following the receipt of updated information, further refined the split between the competitive and non-competitive value of new contracts. The revisions, on 27 November 2014, changed the percentage value of competitive contracts in 2013/14 from 41 percent to 40 percent, with the percentage value of non-competitive contracts changing from 54 percent to 55 percent.

The 2013/14 data shows a continued annual increase in the percentage number of new contracts let through competition, up from 23 percent in 2009/10 to 39 percent in 2013/14. The value of contracts let in these categories can fluctuate, affected by particularly large value contracts, although for the last two Financial Years the percentages in each of the categories are broadly similar.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Contracts & Commercial Statistics](#)

	Current Prices (£ million)/Percentage						
	2007/08 ¹	2008/09 ¹	2009/10	2010/11 ²	2011/12 ²	2012/13 ²	2013/14 ²
Total Value of new MOD HQ Contracts Placed³	21 769	18 319	9 372	7 235	9 214	5 730	6 205
Percentage of Total Value:							
Competitive	66	43	25	48	56	35	40 [†]
Non-Competitive	31	55	73	36	40	59	55 [†]
Other ⁴	3	2	3	16	4	6	5

	Number/Percentage						
	2007/08	2008/09	2009/10	2010/11 ²	2011/12 ²	2012/13 ²	2013/14 ²
Total Number of new MOD HQ Contracts Placed	8 471	8 083	8 012	6 424	4 598	3 312	2 328
Percentage of Total Number:							
Competitive	25	25	23	26	30	33	39
Non-Competitive	66	68	72	68	63	57	56
Other ⁴	9	7	6	6	7	10	5

Source: Defence Economics (Defence Expenditure Analysis)

- The total value of new contracts in 2007/08 and 2008/09 have been inflated by the placing of a number of high value contracts during that period. These include a £10.4 billion competitive contract for Future Strategic Tanker Aircraft let in 2007/08 and 2 non competitive contracts valued at a total of £6.1 billion, including £3.1 billion for the Future Aircraft Carrier, placed in 2008/09.
- Excluded from the 2010/11 (69), 2011/12 (41), 2012/13 (73) and 2013/14 (83) statistics are Pan Government Enabling Contracts that appear on MOD systems but which will incur expenditure from Other Government Departments as well as from MOD.
- Contract values have been taken from the DBS Finance database after the end of the Financial Year in which the contract started and in some cases the value of the contract may be higher at the point the data was extracted than when it was first set up. In a small number of cases, less than 1 percent of all contracts over the last 6 years, the value is shown as a nominal figure of less than £5. Around two thirds of these contracts have been identified as Enabling contracts where the full value of the contract has not been shown. The remaining reported Enabling contracts have a more realistic value shown on the systems although this is more likely to be a basic cost of the contract rather than the final value of the contract once it is completed.
- Contracts where the Competition Marker is not known are mainly contracts with QinetiQ or Dstl where the contract has been let as a Terms of Business Agreement (TOBA), so a Def Form 57 has not been raised.

Chart to Table 1.01.06: New Contracts Placed: By Type

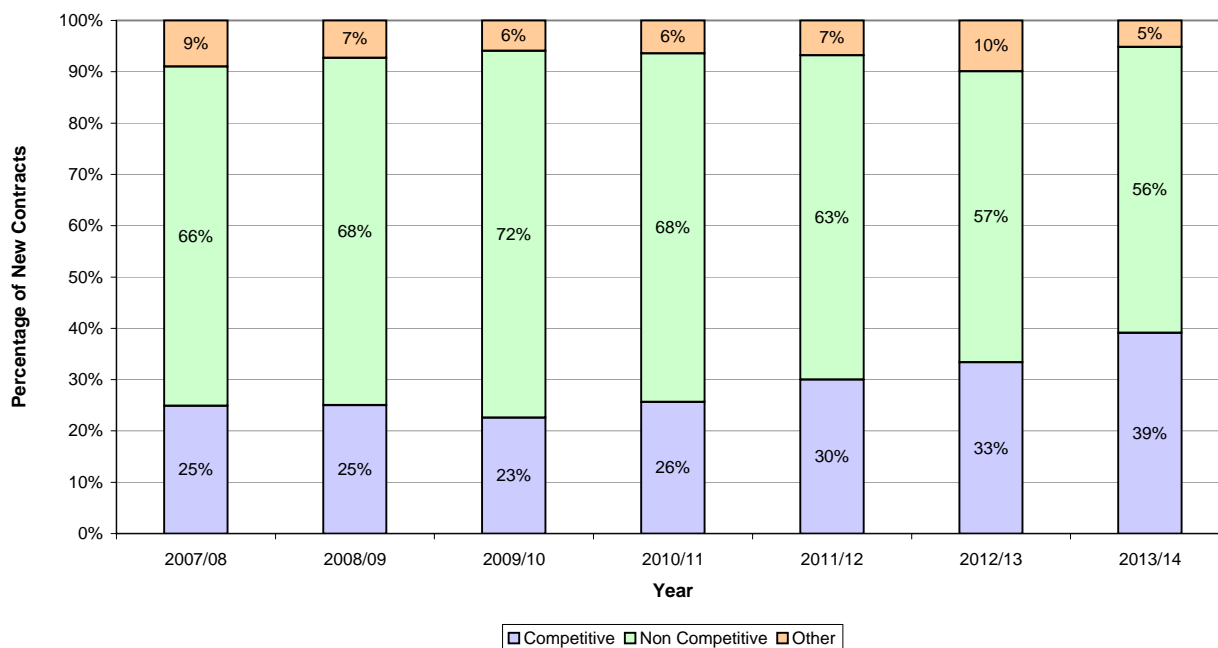


Table 1.01.07a MOD Payments on Private Finance Initiative (PFI) Projects: 2013/14¹

Table 1.01.07a provides a listing of PFI commitments and payments made to each project by MOD during the financial year 2013/14. Values represent payments made in year against contracts relating to the project and **not the capital value**. It is based on the 'signed' projects from the PFI Project database as at March 2014 and payments data drawn from DBS Finance. This table is split into payment groups with individual PFI projects being shown in **alphabetical order**. **Table 1.01.07b** shows PFI contracts where forecast payments of £25 million or over are due in 2014/15. More detailed information concerning through life planned unitary charge payments for all currently signed PFI contracts, can be found [here](#).

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Industry Statistics](#).

VAT exclusive at Current Prices (£ million)

Over £50 million (7 Projects)	
Allenby/Connaught	Main Building Refurbishment
Colchester	Provision of Marine Services (PMS)
Defence Fixed Telecommunications Service (DFTS)	Skynet 5
Future Strategic Tanker Aircraft (FSTA)	
£25 - £50 million (10 Projects)	
"C" Vehicles	MOD-Wide Water and Wastewater (Project Aquatrine) - Package A
Attack Helicopters Training - Apache Simulator Training	MOD-Wide Water and Wastewater (Project Aquatrine) - Package C
Corsham	Northwood Headquarters
Devonport Support Services - ARMADA	Strategic Sealift (Ro-Ro Ferries)
Joint Services Command and Staff College	UKMFTS - Advanced Jet Trainer Ground Based Training Service (GBTE) ²
£10 - £25 million (8 Projects)	
Army Foundation College (AFC)	Heavy Equipment Transporters (HET)
ASTUTE Class Training Service (ACTS)	Medium Support Helicopter Aircrew Training Facility (MSHATF)
Defence Sixth Form College (DSFC)	MOD-Wide Water and Wastewater (Project Aquatrine) - Package B
Field Electrical Power Supplies (FEPS)	Tornado GR4 Simulator
£5 - £10 million (7 Projects)	
Bristol, Bath and Portsmouth Family Quarters	RAF Fylingdales (Power)
Marine Support to Range and Aircrew Services	Training Administration and Financial Management Information Systems (TAFMIS)
Naval Communications	Tri Service Materials Handling Service
NRTA Fire Fighting Training Units (FFTU)	
Up to £5 million (14 Projects)	
Central Scotland Family Quarters (HQ)	RAF Lossiemouth Family Quarters
Defence Housing Executive - Information Systems (DOMIS) ³	RAF Lyneham Sewerage
Hawk Simulator	RAF Sentry E3D Aircrew Training
Lynx Aircrew Training	Tidworth Water & Sewerage (Thames Water)
Material Handling Equipment (MHE) - (Follow on)	Tri-Service White Fleet ³
Portsmouth Housing 2	Wattisham Married Quarters
RAF Cosford and Shawbury Family Quarters	Yeovilton Family Quarters

Source: MOD Private Finance Unit & Defence Economics (Defence Expenditure Analysis)

1. Expenditure may not be directly comparable to the planned unitary charge for 2013/14 because unexpected additional works and services (albeit controlled and managed by agreed control procedures) may have been incurred.
2. Expenditure has been calculated for the full range of services provided by the Public Private Partnership (PPP) and not just the PFI element of the contract.
3. This PFI contract ended in 2012/13 but is included in this table as some residual payments were made against it during 2013/14.

Table 1.01.07b PFI Projects with Planned MOD Unitary Charge Payments over £25 million: 2014/15^{1,2}

VAT exclusive at Current Prices (£ million)

Over £50 million (7 Projects)	
Allenby/Connaught	Main Building Refurbishment
Colchester	Provision of Marine Services (PMS)
Defence Fixed Telecommunications Service (DFTS)	Skynet 5
Future Strategic Tanker Aircraft (FSTA)	
£25 - £50 million (8 Projects)	
"C" Vehicles	MOD-Wide Water and Wastewater (Project Aquatrine) - Package A
Attack Helicopter Training - Apache Simulator Training	MOD-Wide Water and Wastewater (Project Aquatrine) - Package C
Corsham	Northwood Headquarters
Joint Services Command and Staff College	Strategic Sealift (Ro-Ro Ferries)

Source: MOD Private Finance Unit & Defence Economics (Defence Expenditure Analysis)

1. The unitary charge is the regular service payment made to the private sector partner for the provision of services, calculated in accordance with the price and payment mechanism.
2. Planned expenditure may not be directly comparable to the actual spend reported in 2014/15 because unexpected additional works and services (albeit controlled and managed by agreed control procedures) may be incurred.

**Table
1.01.08a**

Estimated Defence Expenditure Outturn in the UK: Breakdown by Industry Group

This table estimates the amount of money the MOD spends directly with UK industry and commerce broken down by industrial group. Figures exclude 'internal' MOD expenditure such as pay and allowances. Industrial groupings are based on the relevant Standard Industrial Classification (SIC) 1992, 2003 or 2007 guidelines maintained by the Office for National Statistics. To view the SIC Codes that comprise the various table headings [click here](#). More detailed information on the SIC 2007 codes can be found [here](#).

Table 1.01.08a contains the same estimates, from 2005/06 to 2009/10, that were published in **Table 1.01.07** of Finance Bulletin 1.01 - Trade, Industry & Contracts 2013, and has not been updated. Following the development of new methodology during 2013 and 2014, figures from 2010/11 onwards have been estimated using the new methodology and are displayed in **Table 1.01.08b** of this bulletin. Although the industry groups used in both of these tables are the same, the results are not directly comparable and is the reason that they are not displayed in the same table. More details about this new methodology can be found [here](#). In next years bulletin this table will not be published but will be replaced by the estimates contained in **Table 1.01.08b** updated with 2013/14 estimates.

The figures have been rounded to the nearest £10M with the differences between the totals and sums of the components being caused by this rounding.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Industry Statistics](#).

		VAT exclusive at Current Prices (£ million)				
SIC(92)/SIC(03)/SIC(07) Section		2005/06	2006/07	2007/08	2008/09 ¹	2009/10 ²
Total		16 030	16 490	16 450	18 540	20 590
A, B	Agriculture, Fishing and Mining	-	-	-	-	-
C	Manufacturing, excluding those industries itemised below	1 740	1 640	1 910	2 350	2 460
	Weapons & Ammunition	1 030	1 080	900	1 030	1 720
	Data Processing Equipment	70	50	40	100	100
	Other Electrical Engineering	180	200	250	220	260
	Electronics	1 160	1 000	950	920	670
	Precision Instruments	750	600	530	540	690
	Motor Vehicles & Parts	330	300	320	490	450
	Shipbuilding & Repairing	1 100	1 150	1 110	1 250	2 290
	Aircraft & Spacecraft	1 730	1 960	2 100	2 480	2 640
D, E	Electricity, Gas & Water	260	280	220	350	400
F	Construction	1 310	1 380	1 270	1 680	1 640
G	Wholesale and Retail Trade; Repair of Motor Vehicles	180	230	280	330	350
H, I, J	Hotels, Catering & Restaurants	250	230	150	160	170
	Transport via Railways	70	70	80	80	60
	Other Land Transport (incl. via pipelines)	30	20	40	50	90
	Water, Air and Auxiliary/freight supply transportation	370	450	560	520	420
	Post & Courier Services	10	10	10	10	10
	Telecommunications	300	330	270	180	150
K, L, M, N, O, P, Q, R, S, T	Financial Services, Business Activities, Education, Health, & Other Service Activities excluding those industries itemised below ^{3, 4}	2 800	2 880	2 670	2 510	2 590
	Real Estate & Renting	1 460	1 500	1 690	2 090	2 160
	Computer Services	930	1 110	1 120	1 190	1 250

Source: Defence Economics (Defence Expenditure Analysis)

1. For 2008/09 onwards, industrial groupings are based on Standard Industrial Classification (SIC) 2007. The increase in spend during 2008/09 is not due to the change to SIC 2007 classifications but rather an increase in overall MOD expenditure on goods and services.
2. The large increase in 2009/10 is due to high levels of contract expenditure in a number of equipment related industry sectors, particularly in Shipbuilding & Repairing and Weapons & Ammunition. The former was driven by increased expenditure against a number of contracts related to the Future Aircraft Carrier and some submarine related contracts; the latter due to high levels of expenditure on the MOD's main munitions contracts resulting from increased levels of operational tempo in Afghanistan during the year. An increase in expenditure on Urgent Operational Requirements (UORs) has also contributed to the overall increase in equipment related expenditure.
3. Includes MOD payments to AWE Management Ltd, who manage the Atomic Weapons Establishment on behalf of the MOD under a Government-owned/contractor-operated arrangement.
4. The quality of data available for the service industries is insufficient to identify these industry groups separately.

Table 1.01.08b

Estimated Defence Expenditure Outturn in the UK: Breakdown by Industry Group

This table estimates the amount of money the MOD spends directly with UK industry and commerce broken down by industrial group. Figures exclude 'internal' MOD expenditure such as pay and allowances.

A number of methodological refinements have been made for estimates from 2010/11 onwards. The refinements have resulted in some significant changes in several of the industry groupings. For a full discussion of the changes and their impact please see [Defence Statistics Bulletin 13](#)

Industrial groupings are based on the Standard Industrial Classification (SIC) 2007 guidelines maintained by the Office for National Statistics. To view the SIC Codes that comprise the various table headings click [here](#). More detailed information on the SIC 2007 codes can be found [here](#).

The figures have been rounded to the nearest £10M with the differences between the totals and sums of the components being caused by this rounding.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Industry Statistics](#)

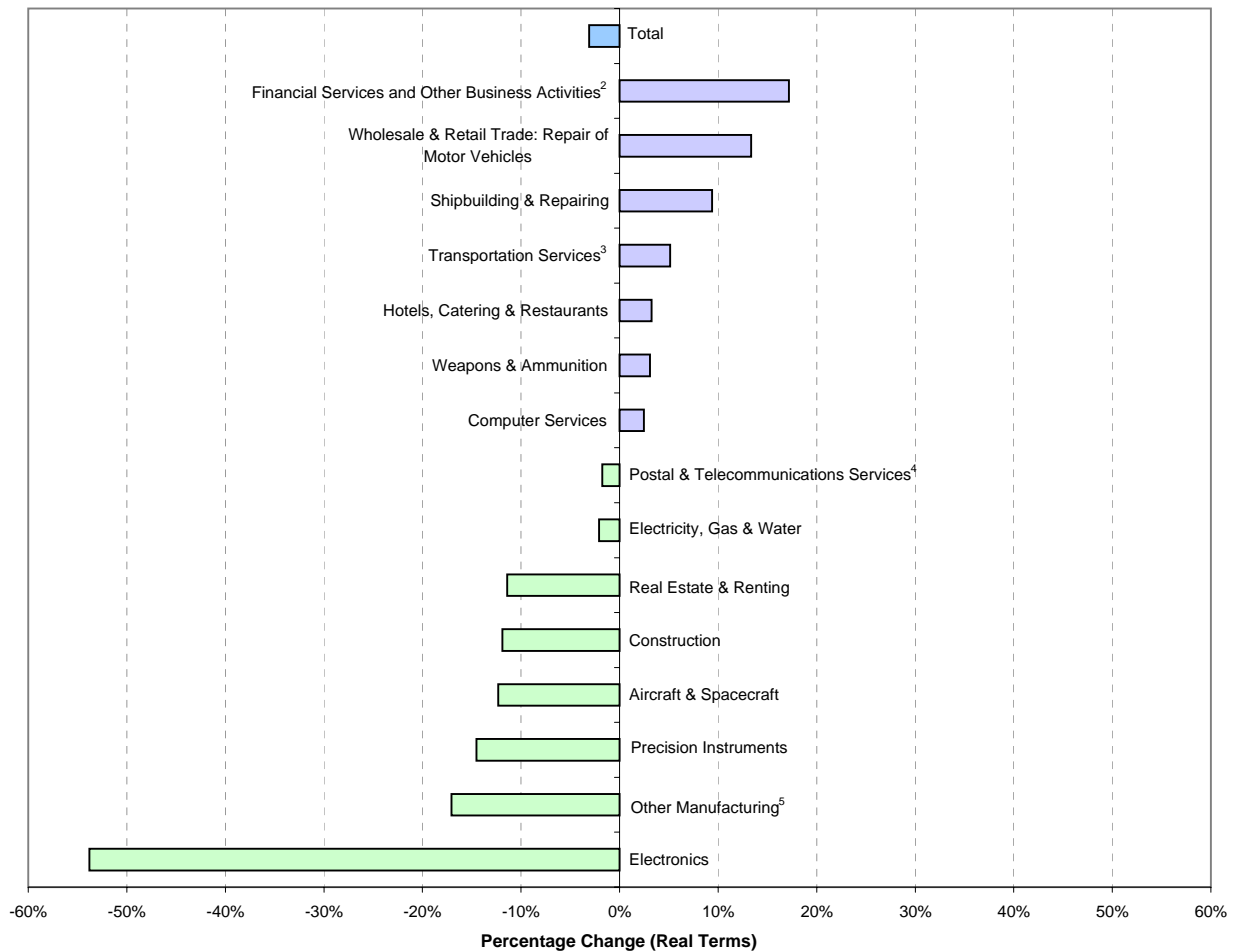
SIC(07) Section		VAT exclusive at Current Prices (£ million)		
		2010/11 ¹	2011/12 ²	2012/13
Total		19 360^f	19 650^f	19 390
A, B	Agriculture, Fishing and Mining	-	-	-
C	Manufacturing, excluding those industries itemised below	1 940 ^f	1 860 ^f	1 680
	Weapons & Ammunition	1 180 ^f	1 240 ^f	1 260
	Data Processing Equipment	130 ^f	150 ^f	160
	Other Electrical Engineering	210 ^f	190 ^f	170
	Electronics	530 ^f	350 ^{f,3}	250
	Precision Instruments	600 ^f	670 ^f	530
	Motor Vehicles & Parts	260 ^f	230	160
	Shipbuilding & Repairing	1 880 ^f	1 900 ^f	2 120
	Aircraft & Spacecraft	2 710 ^f	2 430 ^f	2 460
D, E	Electricity, Gas & Water	440 ^f	430	440
F	Construction	1 460 ^f	1 340 ^f	1 330
G	Wholesale and Retail Trade; Repair of Motor Vehicles	760 ^f	770 ^f	890
H, I, J	Hotels, Catering & Restaurants	260 ^f	280	270
	Transport via Railways	70 ^f	100	90
	Other Land Transport (incl. via pipelines)	100	100	110
	Water, Air and Auxiliary/freight supply transportation	800 ^f	820	860
	Post & Courier Services	10	10	-
	Telecommunications	650 ^f	660 ^f	670
K, L, M, N, O, P, Q, R, S, T	Financial Services, Business Activities, Education, Health, & Other Service Activities excluding those industries itemised below ^{4,5}	2 810 ^f	3 470 ^{f,6}	3 400
	Real Estate & Renting	1 310 ^f	1 390 ^f	1 200
	Computer Services	1 250 ^f	1 260 ^f	1 320

Source: Defence Economics (Defence Expenditure Analysis)

1. Revisions for 2010/11 are the result of the methodological improvements discussed in [Defence Statistics Bulletin 13](#)
2. Revisions for 2011/12 are partly the result of the methodological improvements, but also reflect the identification and removal of expenditure with other Government departments.
3. The reduction in expenditure in 2011/12 is largely driven by a fall in expenditure on a Type 45 Destroyer contract.
4. Includes MOD payments to AWE Management Ltd, who manage the Atomic Weapons Establishment on behalf of the MOD under a Government-owned/contractor-operated arrangement.
5. The quality of data available for the service industries is insufficient to identify these SICs separately.
6. The increase in expenditure in 2011/12 is driven by project termination costs for the Harrier and Nimrod aircraft, and for the Defence Training Review, an increase in expenditure on contracts for business services and a rise in estimated non-contract expenditure.

**Chart to Table
1.01.08b**

Change in Real UK Defence Spending by Industry Group: 2010/11 - 2012/13¹



1. Conversion to constant 2013/14 prices uses the [GDP deflator series](#) published by HM Treasury dated 30 June 2014.
2. Includes 'Financial Services, Business Activities, Education, Health, & Other Service Activities' from **Table 1.01.08b**.
3. Includes 'Transport via Railways', 'Other Land Transport (incl. via pipelines)' and 'Water, Air and Auxiliary/freight supply transportation' from **Table 1.01.08b**.
4. Includes 'Post & Courier Services' and 'Telecommunications' from **Table 1.01.08b**.
5. Includes 'Manufacturing', 'Data Processing Equipment', 'Other Electrical Engineering' and 'Motor Vehicles & Parts' from **Table 1.01.08b**.

Table 1.01.09

Estimates of Identified Export Orders: Defence Equipment & Services

This table provides data on identified export orders of defence equipment and services. These are taken from the annual survey of known defence contractors conducted by the Defence and Security Organisation within UK Trade & Industry (UKTI). More information on identified export orders can be found in the [UKTI DSO Export statistics for 2013](#). It should be noted that export orders can subsequently be cancelled, prolonged or changed at any time in the future after the initial order has been placed.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Trade Statistics](#).

The data in this table are classed as an Official Statistic.

	Current Prices (£ million)								
	2000	2005	2007 ¹	2008	2009 ²	2010 ³	2011	2012 ⁴	2013 ⁵
Identified Export Orders for Defence Equipment and Services	4 737	3 989	9 651	4 357	7 251	5 829	5 384	8 795	9 775
Split by Equipment Type:									
Air Sector	3 501	2 491	7 525	2 940	5 263	3 941	3 170	6 768	7 937
Land Sector	616	584	762	447	940	514	521	260	159
Sea Sector	475	369	1 017	355	520	319	213	252	216
Not Specified ⁶	145	546	347	615	528	1 056	1 481	1 516	1 462

Source: UKTI Defence and Security Organisation

1. The large increase in the 2007 export orders figures can be attributed to a large order from Saudi Arabia for Typhoon aircraft (valued initially at £4.4 billion), and orders from Oman and Trinidad & Tobago for offshore patrol vessels.
2. The increase in 2009 aerospace orders is due to the high level of business with Saudi Arabia, including a contract for Typhoon Aircraft Support Services. Other orders include the United States purchase of communications equipment from Cobham and M777 Howitzers from BAE Systems.
3. The 2010 aerospace orders were boosted by orders for Hawk aircraft and EH101 helicopters from India.
4. The increase in 2012 can be attributed to major orders for Hawk and Typhoon aircraft to Oman and Hawk aircraft to Saudi Arabia.
5. The 2013 figures include new orders for AgustaWestland helicopters from Norway and South Korea, in addition to healthy on-going business across the Middle East region.
6. The "Not Specified" value includes export business won by some companies, who were only willing to provide, in the survey response, their total figures for orders of components, instead of a breakdown of individual orders by sector.

Chart to Table 1.01.09 Estimates of Identified Export Orders: Defence Equipment & Services 2013

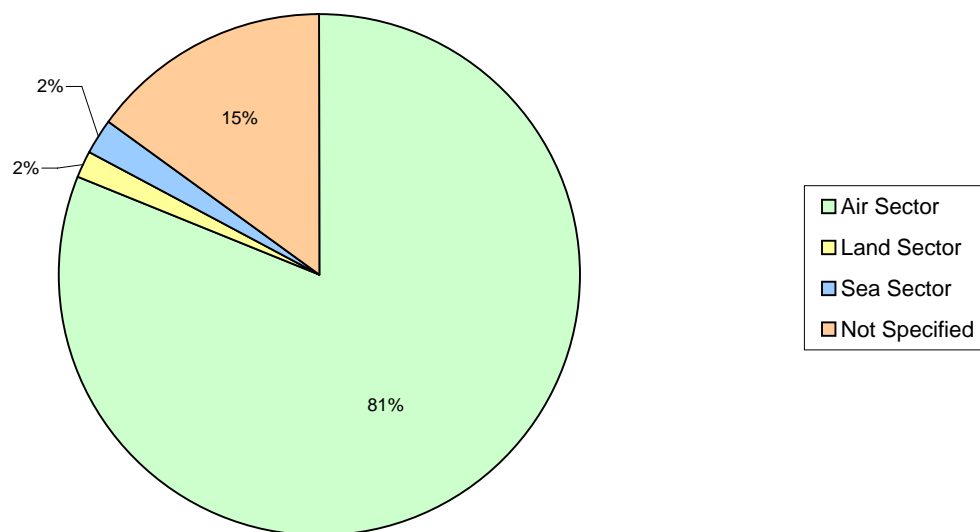


Table 1.01.10

Ministry of Defence Estimated Balance of Payments for 'Trade in Services'

Balance of Payments is a measure of the UK's trading account with the rest of the world. 'Trade in Services' are provisions of services (e.g. training, cleaning services, IT support etc.) between UK residents and non-residents, and transactions in goods which are not freighted out of the country in which they take place; these transactions are not recorded in the official 'Trade in Goods' statistics. A detailed discussion of these concepts can be found in the latest edition of [The Pink Book](#) published by the Office for National Statistics.

Further information about the quality of data and methods used in the production of these statistics, along with details of their intended use can be found in the [Background Quality Report - Trade Statistics](#).

The data in this table are classed as an Official Statistic.

	Current Prices (£ million)									
	2000	2005	2007	2008 ¹	2009	2010	2011 ²	2012	2013	
Net Balance	-1 633	-1 717	-2 338	-3 061	-3 276	-3 170 II	-2 948	-3 030	-3 345	
Total Debits	1 840	2 152	2 763	3 366	3 619	3 504 II	3 249	3 289	3 580	
Expenditure ³										
Germany	709	1 231	1 501	1 822	2 371	2 187 II	1 019	955	916	
Other identified NATO countries	862	573	881	1 310	1 032	1 090 II	1 259	1 278	1 672	
Mediterranean	130	182	175	92	88	86 II	195	214	171	
Other areas	139	166	206	142	128	140 II	776	843	822	
Total Credits	207	435	425	304	343	334 II	302	259	235	
Receipts ⁴										
Receipts from US Forces in UK	149	128	116	127	149	150 II	75	59	59	
Other Receipts	58	307	309	177	194	184	227	200	176	

Source: Defence Economics (Defence Expenditure Analysis)

1. The large increase in 'Total Debits' in 2008 was mainly due to two factors. First, the stronger Dollar / Euro exchange rates against the pound which had increased the cost of purchasing these currencies during 2008 and second, an increase in expenditure in both currencies on Urgent Operational Requirements.
2. For more details about the break in series between 2010 and 2011 please see [Statistical Note to Table 1.16 of UK Defence Statistics 2012](#)
3. Based on drawings of foreign exchange.
4. A mix of export sales and receipts from other Government and International Organisations for services provided overseas and to overseas forces based in the UK.

Glossary of Terms and Abbreviations used in Annual Statistical Series 1

AME see **Departmental Annually Managed Expenditure**.

Appropriation Accounts report the expenditure outturn on a cash basis for the previous financial year for each vote. Under resource accounting, from 2000/01 they were replaced by **Resource Accounts Codes**.

Appropriations-in-aid are receipts used to offset expenditure. They generally arise from the provision of repayment services, the sale of surplus goods or of equipment purchased on behalf of the Defence Export Services Organisation.

Arms Length Bodies From 2012/13, included within the Departmental Grouping are; the RAF Museum, the National Army Museum, the National Museum of the Royal Navy, the Royal Hospital Chelsea, the War Graves Commission, Independent Monitoring Board for the Corrective Training Centre Colchester, the Army Benevolent Fund, and the Council of Reserve Forces and Cadets Associations.

Assets can be financial or non-financial. Financial assets include monetary gold, bank deposits, IMF special drawing rights, loans granted bonds, shares, accounts receivable, and the value of the government's stake in public corporations. Non-financial assets consist of fixed capital (such as buildings and vehicles), stock, land and valuables.

AUC Assets Under Construction.

Balance of Payments MOD Balance of Payments (BoP) statistics support the ONS estimate of the value of the UK's BoP, which is a measure of the UK's trading account with the rest of the world and is one of the UK's key economic statistical series.

Balance Sheet The balance sheet is a financial statement showing the assets, liabilities, and net worth of a business on a specified date.

BIS The Department for Business, Innovation and Skills.

Capital Consumption is also called depreciation and represents the amount of fixed capital used up each year.

CLoS see **Clear Line of Sight**.

Clear Line of Sight The method for reporting and controlling defence spending changed in 2010/11 (for Budgets) and in 2011/12 (for Estimates & Accounts (Outturns)) following Treasury plans to simplify the control framework. The Clear Line of Sight (CLoS) Alignment Project aims to ensure consistency in presentation as well as promoting better value for money. [See [Resource Accounting & Budgeting Section](#) in Chapter 1 of UK Defence Statistics 2012 for further information.]

Commodity Blocks Under Clear Line of Sight the main MOD expenditure categories are now presented in Commodity Blocks. These provide a more meaningful description of the Department's planned and actual spend, and include categories such as Personnel Costs, Equipment Support Costs and Infrastructure Costs.

Conflict Pool consists of early warning, crisis management, conflict resolution, peacemaking, peacekeeping and peacebuilding activity, and associated strengthening of international and regional systems and capacity. It includes expenditure on both programme and operational expenditure.

Constant Prices indicates a value from which the effects of inflation have been removed. The constant prices will refer to a year as the basis for the calculation, e.g. "constant 2012/13 prices".

Core Department Entities within the MOD Departmental Boundary but excluding the 3 Trading Funds (DSTL, DSG and UKHO).

Cost of Capital Charge is an annual non-cash charge applied to each departments' budget. It is currently 3.5% of the net assets of the department and is used to make departments aware of the full cost of holding assets. From 2010/11, following a change in accounting policy by HM Treasury, the notional Cost of Capital Charge is no longer included in departmental accounts.

Current Prices See **Outturn Prices**.

DASA see **Defence Analytical Services and Advice**.

DBS see **Defence Business Services**.

DBS Finance provides expert information, advice and services to and on behalf of MOD business areas. They are responsible for payments to MOD suppliers totalling more than £27 billion a year, and for recovering £2 billion of receipts in respect of MOD invoices. See also **Defence Business Services**.

DE&S see **Defence Equipment & Support**.

Defence Analytical Services and Advice (DASA) was created in July 1992 and provides National Statistics on Defence and other corporate information, forecasting and planning and consultancy, advice and research services to the MOD. It ceased to be an Agency on 1 April 2008 and was renamed Defence Analytical Service and Advice. Following a further restructuring in Apr 2013 it was split into two directorates – Defence Statistics and Defence Economics. See also **Defence Economics**.

Defence Budget Under Cash Accounting, the amount of money planned to be spent during a financial year is the defence budget. Under Resource Accounting and Budgeting (RAB), the sum of resources planned to be consumed during a financial year is the defence budget. This *excludes* the additional expenditure on current operations that are funded from year to year by HM Treasury. See **Resource Budgeting**.

Defence Business Services was established on 4 July 2011 to transform the delivery of corporate services to the Department. The services delivered initially include: Civilian HR, Finance, Information Systems and some Information Services. On 1 Apr 2014 DBS merged with the Services Personnel & Veterans Agency and now has responsibility for managing HR processes for Military personnel including pay and pensions. Also see **DBS Finance**

Defence Economics From 1 April 13 the Directorate formerly known as DASA was split into two one-star analytical business areas within the Head Office Strategy Directorate - Defence Economics and Defence Statistics. Defence Expenditure Analysis (DEA) is part of the Economic Statistics & Equipment Support (ESES) Division within Defence Economics. See **Defence Analytical Services & Advice**.

Defence Equipment & Support (DE&S) At 1 April 2007, Defence Logistics Organisation and Defence Procurement Agency merged to form Defence Equipment & Support. DE&S equips and supports the UK's armed forces for current and future operations. It acquires and supports through-life, including disposal, equipment and services ranging from ships, aircraft, vehicles and weapons, to electronic systems and information services. DE&S satisfies ongoing requirements including food, clothing, medical supplies, maintenance and temporary accommodation, as well as operating HM Naval Bases and the joint supply chain for land, sea and air.

Defence Science and Technology Laboratory (DSTL) is a Trading Fund of the MOD created in July 2001. It supplies impartial scientific and technical research and advice to the MOD and other government departments.

Defence Support Group is a Trading Fund of the MOD created following the merger of Army Base Repair Organisation (ABRO) and Defence Aviation Repair Agency (DARA) on 1 April 2008. Its focus remains solely on the delivery of the Defence Industrial and Technology Strategies by being a flexible, responsive, operationally excellent organisation that provides a cost competitive in-house maintenance, repair, overhaul and upgrade capability in support of the Armed Forces.

DEL see **Departmental Expenditure Limit**.

Departmental Annually Managed Expenditure is spending that is outside the **DEL**, but included in departmental budgets. This includes the provision for Armed Forces Pensions and non-cash items such as depreciation, cost of capital charges, and provision. Non-cash items were not subject to the same controls and are included in AME, but from 2003/04 they are also included as part of the DEL.

Departmental Expenditure Limit is a firm plan for three years for a specific part of a department's expenditure. In general the DEL will cover all running costs and all programme expenditure except, in certain cases, where spending is included in departmental AME because it cannot reasonably be subject to close control over a three year period. DELs are divided into current resource and capital budgets.

Departmental Grouping From 2011/12 the MOD accounting boundary now includes, not just the Core Department, but also the Departments' Arms Length Bodies. See **Arms Length Bodies**.

Departmental Resource Accounts The Department is required to prepare resource accounts for each financial year detailing the resources acquired, held, or disposed of, during the year, and the way it has used them during the year.

Depreciation is also termed capital consumption. Total Managed Expenditure (TME) includes public sector expenditure gross of the depreciation of capital assets used to produce non-market services. Public sector net investment deducts an aggregate charge for all depreciation (market and non-market) from gross capital spending.

Donated Asset The notional cost of a donated asset is now treated as income and not a credit to the reserves. This better reflects the receipt of an asset that is essentially free to the Department.

DRAc see **Departmental Resource Accounts**.

DSG see **Defence Support Group**.

Dstl see **Defence Science and Technology Laboratory**.

Dun & Bradstreet (D&B) provides a global source of business information and insight. See **DUNS Number**.

DUNS Number A nine-digit DUNS Number is assigned to each business location in the D&B global database and is widely used for identifying, organising, and consolidating information about businesses.

Enabling Contract A contract which, once initially set up, can be used to procure goods and services where requirements arise on a regular basis, combining the benefits of reduced process costs and enhanced buying power resulting from a consolidation of requirements.

Estimated Prices used in the Estimates presented to Parliament, are forecasts of the prices expected to pertain when the expenditure occurs.

Frascati Manual is an internationally recognised methodology for collecting and using R&D statistics. It includes definitions of basic concepts, guidelines for collecting data and the classifications to be used in compiling statistics, which in turn allows for international comparisons to be made. See also **SSAP 13**.

GDP see **Gross Domestic Product**.

GDP Deflator see **Gross Domestic Product Deflator**.

Government Procurement Card was introduced in 1997 as a convenient and cost-effective way to make low-value purchases. The Card was made available to all public sector organisations, including central government departments, local authorities and NHS organisations.

GPC see **Government Procurement Card**

Gross Domestic Product GDP (at market prices) is the value of goods and services produced within a country's borders in a year. Economic data are often quoted as a percentage of GDP to give an indication of trends through time and to make international comparisons easier.

Gross Domestic Product Deflator is an implicit price deflator for the Gross Domestic Product and is derived by dividing the estimate of GDP at current prices by the estimate of GDP at constant prices. The GDP Deflator is commonly used as a measure of inflation in the economy for the country to which it refers.

Holding Company refers to companies which are full or part owners of other companies. For example subsidiaries and joint ventures.

HQ Contracts are formal contracts set up by MOD which require a Def Form 57 to be raised.

IFRS see International Financial Reporting Standard.

Intangible Assets Most if not all of MOD's intangible assets are development costs. Under Statement of Standard Accounting Practice 13 (SSAP 13), pure research costs, and applied research costs which are not immediately linkable to a product cannot be put in the Balance Sheet as assets. Only development costs which lead to the introduction into service of new products or systems can be put on the Balance Sheet. SSAP 13 defines "development" as "use of scientific or technical knowledge in order to produce new or substantially improved materials, devices, products or services, to install new processes or systems prior to the commencement of commercial production or commercial applications, or to improve substantially those already produced or installed."

International Financial Reporting Standard are principle-based standards, interpretations and the framework adopted by the International Accounting Standards Board (IASB). [See [Resource Accounting & Budgeting Section](#) in Chapter 1 of UK Defence Statistics 2012 for further information.]

Major Projects Report (MPR) is the National Audit Office (NAO) annual report to Parliament on progress in equipment procurement. It provides a summary of each projects' current status and progress to date. It also provides comparisons on current forecast costs and in-service dates

Market Exchange Rate is a currency exchange rate determined largely by market forces.

Ministry of Defence (MOD) is the United Kingdom Government Department responsible for implementation of Government defence policy and is the headquarters of the British Armed Forces. The principal objective of the MOD is to defend the United Kingdom and its interests. The MOD also manages day to day running of the armed forces, contingency planning and defence procurement.

Miscellaneous Contracts The payment method employed by DBS Finance (the MOD's primary bill paying authority) for running service items such as the provision of utilities. Such items are covered by "miscellaneous" transactions where no 'MOD HQ Contract' exists. These agreements for goods or services will have been set up locally between the MOD Branch and the supplier, and are legally binding.

MOD see **Ministry of Defence**.

NAO see **National Audit Office**.

National Audit Office (NAO) scrutinises public spending on behalf of Parliament. It is totally independent of Government and audits the accounts of all government departments and agencies as well as a wide range of other public bodies. It reports to Parliament on the economy, efficiency and effectiveness with which government bodies have used public money.

NATO North Atlantic Treaty Organisation.

NATO Eurofighter and Tornado Management Agency (NETMA) is the prime contractor for the Eurofighter Weapon System. The arrangements for the management of the Eurofighter programme were set out in the NATO Charter dated 18 December 1995 in which the international management agencies of the Tornado and Eurofighter programmes were integrated into a single agency, NETMA. This NATO agency is essentially a multi-nation HQ project office for these two collaborative projects involving the UK, Germany, Italy and Spain. In the UK, Eurofighter is now called 'Typhoon'.

NCR see **Net Cash Requirement**.

NDPB see **Non Departmental Public Bodies**

Near Cash describes departmental resource budgets less non-cash charges. The main non-cash charges currently included in budgets are depreciation and impairments, cost of capital, stock write-off, national audit fees, bad debts, profit and loss on disposal of fixed assets, and movement in provisions. The term near cash is used rather than cash because it remains on an accruals basis and does not reflect the timing of actual cash payments.

Net Cash Requirement (NCR) is the amount of actual money that MOD requires from the government in order to fund its activities. It takes account of the movements in working capital levels (debtors, creditors and stocks) but not non-cash costs.

NETMA see **NATO Eurofighter and Tornado Management Agency**.

Non-Cash Items in Annually Managed Expenditure (AME) include various notional transactions such as depreciation and cost of capital, that appear in the operating cost statement under RAB, and are recorded in AME for the period of the Spending Review, rather than in DEL.

Non-Current Assets, previously called Fixed Assets, is the term used to describe the assets owned by MOD, with the assets being valued on an annual basis and updated each year using indexation.

Non Departmental Public Bodies are the National Museum of the Royal Navy, National Army Museum, and Royal Air Force Museum. From 2011/12 these are included as **Arm's Length Bodies** within the **Departmental Grouping**.

Novated Contract A contract which has been taken on by a new Contractor/Supplier following an agreement with the original owner of the contract.

OCCAR (Organisation Conjointe de Cooperation en Matiere d'Armement) – the Organisation for Joint Armaments Co-operation was originally set up in November 1996 by France, Italy, Germany and the UK with the aim of improving the efficiency and lowering the cost of managing co-operative defence equipment programmes involving European nations (e.g. A400M). Belgium and Spain are also now members.

OECD Organisation for Economic Co-operation and Development.

Office for National Statistics (ONS) is responsible for the production of a wide range of independent economic and social statistics, to improve our understanding of the United Kingdom's economy and society, and for planning the proper allocation of resources, policy-making and decision-making. It is the executive office of the UK Statistics Authority, a non-ministerial department which reports directly to Parliament. ONS is the UK Government's single largest statistical producer.

ONS see **Office for National Statistics**.

Operating Cost Statement is the statement in departmental resource accounts that shows the current income and expenditure on an accrual basis. It is similar to the profit and loss statement on commercial accounts. It is now called the Statement of Comprehensive Net Expenditure (SOCNE).

Outturn and Estimated Outturn describes expenditure actually incurred, whereas estimated outturn describes estimated expenditure on the basis of actual expenditure to date.

Outturn Prices are the prices of the period when the expenditure actually occurred; also described as **Current Prices**.

Parliamentary Annual Estimates The 'Main Estimates' start the supply procedure and are presented to Parliament around the start of the financial year to which they relate. Main Estimates are contained in the annual Departmental Reports and can be found on departmental websites.

PES Public Expenditure Survey.

PESA see **Public Expenditure Statistical Analyses**.

PFI see **Private Finance Initiative**.

Pink Book Detailed annual estimates of the UK Balance of Payments including estimates for the current account (trade in goods and services, income and current transfers), the capital account, the financial account and the International Investment position.

PPP see **Purchasing Power Parity**.

Private Finance Initiative (PFI) is a system for providing capital assets for the provision of public services. Typically, the private sector designs, builds and maintains infrastructure and other capital assets and then operates those assets to sell services to the public sector. In most cases, the capital assets are accounted for on the balance sheet of the private sector operator.

Public Expenditure Statistical Analyses (PESA) is a compendium that gathers recent outturn data, estimated outturns for the latest year, and spending plans over the entire range of UK public expenditure.

Purchasing Power Parity (PPP) is a method of measuring the relative purchasing power of different countries' currencies over the same types of goods and services. Because goods and services may cost more in one country than in another, PPP allows us to

make more accurate comparisons of standards of living across countries. The estimates use price comparisons of comparable items but since not all items can be matched exactly across countries and time, the estimates are not always “robust.”

QinetiQ Formerly part of the Defence Evaluation and Research Agency (DERA). From July 2001 a limited company, QinetiQ, is still partly owned by the MOD.

R&D Research and Development.

RAB see **Resource Accounting, Resource Budget, and Resource Budgeting.**

Real Defence Spending are Defence Spending figures adjusted for the effect of general price inflation relative to a base year, as measured by the GDP market price deflator.

Resource Accounting is the accounting system that has been used since 2001/02 to record expenditure in the departmental accounts and which replaced cash accounting. It applies Generally Accepted Accounting Practice (GAAP) used in private industry and other Government departments to departmental transactions. Spending is measured on an accruals basis.

Resource Budget is the sum of a department’s resource Departmental Expenditure Limit and resource Annually Managed Expenditure. It is the budget for current expenditure on an accruals basis.

Resource Budgeting is the budgeting regime adopted for the spending plans set in the 2000 Spending Review. It is derived from resource accounting rules, but there are several differences in treatment between resource accounts and resource budgets. [See [Introduction to Chapter 1 of UK Defence Statistics 2012.](#)]

RfR see **Request for Resources**

RfR Request for Resources: RfR1 = Provision of Defence Capability, RfR2 = Net additional cost of operations, RfR3 = War Pensions and Allowances. These terms ceased to be used in 2011/12.

SDSR10 see **Strategic Defence and Security Review 2010**

Small and Medium-sized Enterprises are organisations that have less than 250 employees and one of the following a) turnover less than 50 million euros b) Balance sheet total less than 43 million euros.

SME see **Small and Medium-sized Enterprises.**

SSAP 13 see **Statement of Standard Accounting Practices No.13**

SIC see **Standard Industrial Classification.**

Single Use Military Equipment are MOD held assets which are only suitable for military purposes (such as warships), as opposed to dual-use equipment, such as helicopters, which can also be used for non-military purposes.

Standard Industrial Classification (SIC) classifies business establishments and other statistical units by the type of economic activity in which they are engaged. The classification is maintained by the **ONS**.

Statement of Parliamentary Supply is the Parliamentary accountability statement. It reports to Parliament on resource outturn, a comparison of outturn against the ‘Supply Estimate’, and a summary of income not ‘Appropriated in Aid’ and payable to the Consolidated Fund.

Statement of Standard Accounting Practices No.13 gives guidance on the accounting policies to be followed in respect of Research and Development expenditure. This guidance aligns to the OECD Frascati definitions for measuring Research & Experimental Development. See also **Frascati Manual**.

Strategic Defence and Security Review 2010 was a review of the United Kingdom’s defence and security capability which was undertaken in 2010.

SUME see **Single Use Military Equipment.**

Supply Expenditure is expenditure financed by money voted by parliament in the annual Supply Estimates: also termed Voted in Estimates.

Terms of Business Agreement (TOBA) aims to create a more disciplined interface between the key acquisition parties (e.g. MOD and DSTL), strengthening the relationship between the main parties involved in acquisition.

TOBA see **Terms of Business Agreement.**

Total Managed Expenditure (TME) is a definition of aggregate public spending derived from notional accounts. It is the consolidated sum of current and capital expenditure of central and local government, and public corporations. TME is the sum of the Departmental Expenditure Limit and Annually Managed Expenditure.

Trading Funds were introduced by the Government under the Trading Funds Act 1973 as a “means of financing trading operations

of a government department which, hitherto, have been carried out on Vote". They are self-accounting units that have greater freedom, than other government departments, in managing their own financial and management activities. They are also free to negotiate their own terms and conditions with their staff and for this reason their grading structures do not always match that of the rest of the Ministry. Examples include the DSTL, UK Hydrographic Office and the Defence Support Group.

UKHO see **UK Hydrographic Office**.

UK Hydrographic Office was formed as a Trading Fund of the MOD in 1996 and is responsible for surveying the seas around the UK and other areas, to aid navigation.

UK Statistics Authority (UKSA) is an independent body, and is directly accountable to Parliament. It was established on 1 April 2008. The Authority's overall objective is to promote and safeguard the quality of official statistics that serve the public good. It is also required to safeguard the comprehensiveness of official statistics, and ensure good practice in relation to official statistics. The UK Statistics Authority has three main functions: oversight of the Office for National Statistics (ONS) (its executive office), monitoring and reporting on all UK official statistics, and independent assessment of official statistics.

UK Trade & Investment Defence & Security Organisation (UKTI DSO) works with industry and overseas governments to ensure UK equipments, products and services are promoted in the best possible way and that the overseas customer's requirements are appropriately met and supported by industry through life.

Urgent Operational Requirements (UoR) are equipment items that are required urgently for a specific military operation. Where the requirement is new or unforeseen, and specific to a particular operational theatre, it is funded from the Government Reserve rather than the Defence budget.

VAT Value Added Tax.