

EAST AFR. PROT

C. O.  
35132

REC<sup>d</sup>  
REG<sup>d</sup> 15 SEP 14

35132

467

Railway. Unallocated Stores Account

Sanctions proposed to transfer account  
to Revenue on conditions specified

~~W. Stephenson~~  
W. Reed

Mr. Keeney had the impression, from our  
reference to possible repayment in money,  
that we proposed to sink the whole Capital  
balance in stores. I said there was no  
ground for this, & I referred her to the  
concluding words of 28648 as showing that  
there must be uncertainty - & how little of  
our estimate - as to the amount of  
Capital funds which might properly be  
spent on stores.

Hence we doubt the safeguard directed  
in para. 3, on which I should like to have  
W. Stephenson's views. Surely "unallocated  
requirements" means here to mean the  
estimated amount of stores (whether taken  
out of the unallocated stock or purchased  
"specially") likely to be required within  
a certain (but unspecified) period. It would

copy

1914

14 Sept.

previous Paper.

18

Copy comes to Audit Office inf 27 Nov 14  
42694/14  
also

Mr. Toms Dec 14  
Copy comes for d. 1 Jan 15  
3257/1546

subsequent Paper.

51371

(on the Capital part of it must) fluctuate  
violently.

If however the Treasury proposal is  
workable,

? City of course to Gov. & approve  
in the terms of the Treasury letter.

Oct 15/94

It seems to me that the Treasury reservation  
would impose a complication which would  
detract considerably from the practical value  
of the proposal. The proposal is that the Profr.  
(the Railway Revenue account) shall take over  
the full financial responsibility for maintaining  
a complete stock of unallocated stores sufficiently  
large for both Revenue and capital requirements  
and that, as a part of this arrangement  
such stores as have been already purchased  
out of the Capital moneys provided by the  
Uganda Railway Act shall be taken over by  
the Profr. who will repay Capital for them by  
instalments, either in stores or cash. In  
order to record this in the accounts it is  
proposed that the aggregate total cost of the  
stores which have been purchased out of  
Capital shall be treated as an "advance"  
from Capital to Revenue in the understanding

(on the Capital part of it must) fluctuate  
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Oct. 15/14

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the Pro. Co. who will repay Capital for them by  
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order to record this in the accounts it is  
proposed that the aggregate total cost of the  
stores which have been purchased out of  
Capital shall be treated as an "advance"  
from Capital to Revenue on the understanding

that the advance account will be gradually  
cleared by the instalments above referred  
to, the amounts and frequency of which would  
of course be dependent upon the current  
capital requirements from time to time.  
All this appears to me to be perfectly simple  
and free from objection and I suggest that  
after verbal explanation, the Treasury may be  
prepared to waive the reservations which, I  
feel convinced, would not be easily workable,  
and as to the practical value of  
which I have some doubt.

W.R.  
5/10/14

W. Read.

437

Please see additional remarks on  
notepaper. I think it will be best  
to write to Mr. Liemeyer, as I do not  
anxiously, before discussing verbally.

W.R.

at once.

H. J. &

12/18/14

W. Stephenson  
W. Read.

Please see Mr. Liemeyer's note of 26 Nov attached.  
I don't think we need give way just because  
he has not been able to bring himself to approach  
Sir J. M. Gregory on scientific basis. I have

Slightly parabranded by letter in diff. severity

WMS. 3/12/14

Mr. Stephenson

Before I put this to Mr. Keimyer I should be glad to clear up one point. Proposed, which is chiefly a point, refers only to capital funds at present and not to future funds, but I think the Treasury have the impression that other capital funds might similarly be set up in future & that it might cure the U. R. Act's balance as a sort of reserve for the purchase of

I think our difficulties would

be much lessened if we  
could assure the Treasury  
that there was no intention  
of spending any more  
U. R. Act's money in stores  
for the Unallocated Stores  
account, & as I understand  
the debentures this assurance  
would be quite safe.

The figures in 1906 seem  
to show that both the free  
balance of the U. R. Act's  
money & a considerable  
part of that money was  
up and required for col-

Expenditure

If the Treasury realize  
that the draft on Capital (U. R. Act's)  
in connection with the Stores  
account will be reduced  
to some by some £ 30,000,  
& further reduced gradually  
thenceforth & never added to,  
I expect their objections will  
disappear.

If you agree I will proceed  
to these lines & also in some  
minutes.

W. C. S. 8/10/14

Yours truly

I think that you might safely  
rely on the proposed in writing

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be much lessened if we  
could assure the Treasury  
that there was no intention  
of spending any more  
U.R. Act's money in stores  
for the Unallocated Store  
account, & as I understand  
the dispatches this arrangement  
would be quite safe.

The figures in 18050 seem  
to show that both the free  
balance of the U.R. Act's  
money & a considerable  
part of that money was being  
kept on hand for capital

Expenditure

If the Treasury realize  
that the draft on Capital (U.R. Act's)  
in connexion with the Stores  
account will be reduced  
at once by some £30,000,  
& further reduced gradually  
thereafter & never added to,  
I respect their objections, & all  
that appear

If you agree I will proceed  
to the lines you have drawn  
in the

10/11 8/1/11

Following

470

I think that you might safely  
leave as the programme. In writing

to his gov: subsequently, he was  
at (A) might be clearly visible  
upon.

B.O.  
9/15/14

The reply to this Letter the following  
Number should be quoted.

12481

14

14th. September 1914.

35132

REC<sup>d</sup>  
REC<sup>d</sup> 15 SEP 14

471

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Read's letter of the 16th June last (20648/1914), and its accompanying copy of correspondence with the Governor of the East Africa Protectorate on the subject of the method of financing the Unallocated Stores of the Uganda Railway.

In reply I am to request you to inform Mr. Secretary Harcourt that, subject to the following reservation, They approve the proposal to transfer the Unallocated Stores Account to Revenue, the amount, so far as it represents the balance of monies provided under the Uganda Railway Acts, being regarded as an advance from Capital to Revenue, to be repaid in stores as they are required for capital works or in money when funds are required for capital purposes other than stores.

They think, however, that the amount of the advance from the funds provided by the Uganda Railway Acts to Revenue should not either now or at any time bear a higher proportion to the total value of stores in hand than current store requirements for works ultimately chargeable to those funds bear to total current requirements, and Their Lordships sanction to the proposal is given upon the understanding that if at any time that proportion is exceeded, the amount of such excess shall forthwith be transferred to a capital suspense account pending its employment in the manner indicated in the preceding paragraph.

I am, Sir,  
Your obedient Servant,

*D. L. Heath*

Secy Secretary of State,  
Colonial Office.

*Ans*

RECEIVED  
OCT 17 1914

Quarante for my sig. ✓

13 October 1914

DRAFT.

Dear McInnes, 472

O.E. McInnes Esq

Your letter 1248/14 of  
Sept. 14<sup>th</sup> about the Uganda  
Railway unallocated stores  
account.

W.S. 1248/14  
in Read 12

We consulted the Director  
of Colonial Audit, who  
has expressed the hope that  
the Treasury may be willing  
to waive the condition  
as to the prohibition of capital  
stores held in the account  
as he thinks that it will  
introduce a complication  
which would detract considerably  
from the practical value of  
the proposal.

The proposal is that the  
Poste (Railway Revenue Account)  
shall take over the full financial  
responsibility for maintaining a

a complete stock of  
undelivered stores sufficient  
for both revenue & capital  
requirements, & that, as  
part of this arrangement,  
such stores as have already  
been purchased out of the  
Uganda Railway Act's  
Capital shall be taken over  
by the Protectorate, which  
will repay capital for them  
by instalments, either in  
stores (when coined for  
capital work) or in cash.  
In order to record this in the  
accounts it is proposed  
that the aggregate total cost  
of the stores which have been  
purchased out of capital  
shall be treated as an  
"advance" from Capital to  
Revenue in the understanding  
that the advance amount  
will be gradually cleared  
by the instalments  
also referred to, the  
amounts & frequency of  
which would of course  
be dependent on the

current capital require-  
ments from time to time.  
This seems perfectly  
simple & free from 473  
objection, but to add  
the capital suspense  
account indicated in  
your letter would mean  
a great deal of work (in  
estimating the proportions  
of Uganda Railway Act's  
Stores to Uganda Railway  
Act's capital requirements)  
without, so far as <sup>the</sup> ~~we~~ <sup>concern</sup>  
me, any compensating  
advantage or safeguard.  
It is better if there were  
any intention of buying  
any more stores from  
Uganda Railway Act's  
funds. The proposal  
is definitely limited to  
capital ~~at present~~  
total up, and you  
will notice from the  
Governor's ~~letter~~ <sup>letter</sup> dated  
11th of April that

(16461)

is consider the preparation of the  
Algonquin Railway Act having  
had to be returned at once  
It is horrible that there still  
leaves an excess over the stores  
still required for U. R. A. purposes,  
had you created the surplus  
account it would be  
this ~~is~~ excess representing  
the portion for which cash  
will be credited to the Capital,  
but if we create a surplus  
account it is likely to be  
cleared very soon & will ~~have~~<sup>not</sup>  
be re-opened, as there will be  
no fresh advances from the  
U. R. A. funds to the stores.

We are quite clear as to this  
but if you wish it we could well  
make it a condition in writing to  
the Gov. ~~Board~~ <sup>Board</sup> ~~what~~  
~~the surplus sufficiently?~~  
We hope that in the case ~~of~~  
Tasmania will be willing to dispense  
with the surplus account.

I will come over & talk if you  
prefer it.

Yours sincerely

W. B. J.

A considerable proportion of the  
Algonquin Railway Act having  
had to be released at once  
It is horrible that this still  
leaves an excess over the stores  
still required for U. R. A. purposes,  
had gross ~~account~~ ~~was~~ ~~been~~  
account if ~~was~~ ~~to~~  
This ~~is~~ excess representing  
the portion for which cash  
will be credited to the Capital,  
but if we create a surplus  
account it is ~~to~~ ~~be~~  
cleared very soon & will ~~be~~ ~~re~~ ~~opened~~, <sup>will</sup> ~~be~~  
be re-opened, as there will be  
no fresh advances from the  
U. R. A. funds to the stores.

We are quite clear as to this  
and if you wish it we could well  
make it a condition in writing to  
the Govt. <sup>to</sup> ~~be~~ ~~made~~  
the ~~purpose~~ ~~of~~ ~~discharge~~

We hope that in the end ~~the~~ ~~the~~  
Treasury will be willing to dispense  
with the surplus account.

I will come over & talk if you  
prefer it.

Yours sincerely,

WCB  
P

26. Nov.

474

Dear B. Trouby

As far back I'm afraid, as Oct  
13 you wrote to me about Uganda  
24. Unallocated Slows (Yours 20648/14  
of 16 June)

I'm afraid the decision in our letter  
was Sir J Broadbent's and if you want  
it changed it would be best I think  
to send an official letter setting out  
your reasons which I can put to  
him

Yours sincerely

G. N. M. M. M.

*Copy*

*SAC*

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Treasury/35132/1914 E.A.P.

475

Downing Street,

7 December, 1914.

DRAFT

THE SECRETARY TO  
THE TREASURY.

MINUTE.

- Mr. Woods 3/12/14
- Mr. Stephenson 2/12/14
- Mr. Read 4
- Mr.
- Sir G. Fiddes.
- Sir H. Just.
- Sir J. Anderson.
- Lord Emmott. Islington.
- Mr. Harcourt.

*for com*  
*See further minute.*

*Ans 51374  
copy circulate 29 Nov 1914  
5257/15-45  
Jan 13 51371.14  
Copy for 2*

Sir,

I am directed by Mr Secretary  
*inf: you that he has*  
 Harcourt to ~~acknowledge the receipt~~  
*had under his comon*  
 of your letter, No.12461/14, of the  
 14th of September, on the subject of the  
 Uganda Railway Unallocated Stores  
 account.

2. Mr Harcourt trusts that the Lords  
 Commissioners of the Treasury may be  
 willing to waive the condition laid  
 down in your letter as to the propo-  
 tion of capital stores held in the  
 account, as he thinks that it will in-  
 duce a complication which would detract  
 considerably from the practical value of

the

above referred to, the amounts and frequency of which would of course be dependent on the current ~~capital~~ requirements from time to time. 476

4. This arrangement seems to Mr. Harcourt to be ~~perfectly~~ simple and free from objection, but to add the capital suspense account indicated in your letter would ~~mean~~ <sup>entail</sup> a considerable amount of work in estimating the proportion of stores purchased out of, and ~~the~~ capital requirements to be paid for from funds provided under the Uganda Railway Acts, without, so far as he can see, any compensating advantage or safeguard.

5. There is no intention of buying any more stores from Uganda Railway Acts funds, ~~the~~ <sup>the</sup> proposal ~~is~~ <sup>being</sup> definitely limited to ~~the~~ <sup>capital</sup> capital at present

tied

answering your letter has been due  
to the semi-official correspondence  
which has taken place in the interval.

DRAFT.

1888

LEAD

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Secretary of State