

1932.

Kenya.

No. 18312.

SUBJECT

C0533/426

Valuation of securities and
abolition of Marine Insurance Fund

Previous

See 16156/30.

71315/30. Gen.

Subsequent

3355/33.

States that procedure regarding the value to be assigned to investments in Annual Financial Statements advocated in case, despatch of 2nd Oct 30 has not been adopted in the 1931 Accounts. Considers revised Col. Reg. 291 should be followed subject to Provident Fund investments not coming within provisions of para 3 of Reg. Remo. that if accounts of Administration are revised the Marine Insurance Fund should be closed.

as regards the question of principle involved in respect of the treatment of Railway investments G. D. will no doubt wish to consider this in consultation with D. C.

She asks the latter in regard to the Marine Insurance Fund can this be considered. H. P. M. S. 2/11/32

D. C. A

but you kindly advise upon this in the first instance. In my part I don't see any objection.

Lyons 3.11.32

No. 2540/B/41.

Mr. McSweeney.

Before dealing with the High Commissioner's proposal in paragraph 3 there are one or two points which I had better deal with.

2. The High Commissioner, in paragraph 2, expresses the opinion that the revaluation of Provident Fund Investments (and the profits or losses on sales of Investments) should fall under paragraph 2 of Colonial Regulation 291 and not under paragraph 3. This is,

1. *St. Commis. Transport Report 1931*
States that procedure regarding the value to be assigned to investments in Annual Financial Statements advocated in case, despatch of 21st Oct 30 has not been adopted in the 1931 Accounts. Considered revised Col. Reg. 291 should be followed subject to Provident fund investments not coming within provisions of para 2 of Reg. 291. That if accounts of Administration are revised the Marine Insurance fund should be closed

as regards the surplus in principle involved in respect of the treatment of Railway investments G.D. will not doubt wish to consider them in consultation with DCA.

The act of the latter is in regard to the Marine Insurance fund can then be considered.
H. P. Jones
3/10/32

DCA

Let you handle same upon this in the first instance on my part I don't see any objection
Bygone
3/10/32

Bo. 2540/P/41.

Mr. McSweeney.

Before dealing with the High Commissioner's proposal in paragraph 3 there are one or two points which I had better deal with.

2. The High Commissioner, in paragraph 2, expresses the opinion that the revaluation of Provident Fund Investments (and the profits or losses on sales of Investments) should fall under paragraph 2 of Colonial Regulation 291 and not under paragraph 3. This is,

I think, the correct procedure; but in accepting it the implication should be recognised viz. that the contributors to the Fund have a right to any profits, appreciation, or interest on investments as such, the reason being that they do not stand to bear any losses or depreciation as would be the case if the Fund was held to fall under paragraph 3 of Colonial Regulation 291.

3. The next point is that the Legal Adviser gives the opinion that "it is incumbent on the High Commissioner to keep only sufficient security to cover the amounts of the compulsory deposits made". I should have thought that the security cover should relate to the whole of the Railway's liability to the depositors, if not on legal grounds then on grounds of sound finance.

4. A third point is that, as you will see from the enclosed copy of a letter from the Auditor to the Secretary to the High Commissioner of 30th August 1932, one of the reasons why the Provident Fund is over-invested appears to be (para. 5a) that "Considerable cash payments made on account of the Fund out of general balances".

As regards this paragraph of the Auditor's letter it is not clear whether the "considerable cash payments" referred to represent an accumulation of past years transactions or not, but I should have thought that adjustment as between the Railway General Account and Provident Fund Account would have been made annually. In any case if these sums are due to the Railway Administration the Fund should meet the Railway Administration claims.

5. Coming now to paragraph 3 of the High Commissioner's despatch I think that the Auditor's point

3
point (in my paragraph 4 above) should be put to the High Commissioner and that he should be informed that if the facts are as stated the first step is to arrange for repayment to be made by the Fund to the Railway Administration. When this has been done the operation of Colonial Regulation 291 should take place at the end of 1932 in the normal way which is as follows:-

i. The securities held by the Railway Administration on behalf of the Provident Fund should be revalued and the net appreciation or depreciation as shown by the Investment Adjustment Account taken to the Net Revenue Account.

ii. The securities will then appear in the accounts at market value, and any over or under investment of the total liability of the Railway to the depositors will be apparent.

iii. Such transfer under investment should then be adjusted, not necessarily exactly but approximately by the transfer of securities (at market value) to or from the Funds of the Railway Administration.

iv. If, as appears likely, there is an over investment, the method of transferring securities to a new account "Investments - Kenya and Uganda Railways and Harbours - General Account" is quite in order. If, however, there was an under investment (in this or future years) the course would be to transfer securities from the General Account to the Provident Fund if available and if not to purchase the necessary securities out of Railway Administration balances.

A. Harding
Director of Colonial Affairs.

23-12-32

I agree with the DCA.

As I understand the point in question is para. 4 of his minute. Claims on the fund have recently been cut out of general balances to save the trouble of valuing securities or for some similar reason. Evidently there should be a reimbursement involving a sale of securities and until this is done we can't get a true picture of the position.

The same principle is not affected by the ~~and~~ suggestion that you write (on these points) to the High Commissioner as in paras. 2 and 5 of the DCA's minute.

As to his para. 3 I like him to mean that sound finance will include the securing of a security for all statutory entitlements owed by a fixed compulsory deposit and not for the settlement of the deposits only. Legally this may not be so - I found nothing of the Ordinance or whatever it is, giving the President power. But there is the question of the comparative magnitudes of the total deposits and of the total obligations

obligations at a given date. It seems to me that if there is a very great disparity, then sound finance may have to yield to expediency. If the legal position is as stated, I imagine that the question must be settled at the light of the facts. You may have the figures; but I don't know how to get the point to the High Commissioner in these lines; if you have them and they show the DCA's implied suggestion to be possible, you might think it worth while ~~to~~ ^{recommending} it to the High Commissioner.

15/12/32
28.12.32

10

I attach a separate minute
H.S. P. 1155
21/1/32

I submit a draft memo. As regards para 5 of the draft I am not certain that it will now be possible to apply the procedure of 1932 accounts. I assume that para 6 can stand in view of 11 on 16156/30 but it may be considered desirable to amend 5 (I Campbell on this point). Para 7 is probably unnecessary.
15/12/32 H.S. P. 1155
12.1.33 12/1/33

D. C.

Will you be good enough to look at this draft?

B. Franklin
12/1

A. J. H. 16/1/33

to C. H. 16.1.33.

copies of (1) & (2) noted by
uqd. on
9/24/9/20/9/20/9/20

- 2 - 2a H.C.T. 6 (1 answer) 17 JAN 1933
- 3 - 2or. Kemp 45 (H/C's 1 & 2)
- 4 - Rega 33 (---) } A/17 JAN 1933

- 5 - D.C.A. (w/c 2) B/ka ---
- 6 - B.A. Torktonall. + of 2) B/ka } 17/1/33

~~See also to me~~

~~All Game Transcripts~~ 20 Jan 33

DESTROYED UNDER STATUTE when a reply to Not may be compelled.

crossed 2. Partly

H. E. P. mis. h. h.
1/2/33
at once

(Lao)

PL 25

C. O.

For Air mail of 17th January

- Mr. Cassin 12/1
- Mr. Cressy 12/1/33
- Mr. H. S. Swain 12.1.33
- Mr. Ericson
- Mr. ...
- Mr. ...

DOING STREET,

17 January, 1933.

[Handwritten mark]

- Mr. C. ...
- Mr. J. ...
- Perms. U.S. ...
- Early U.S. ...
- Secretary of State

Sir,

(1)

... please the
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 ... of the

DRAFT: *Crossed*

TRANSMIT

REPLY-PLAINT

le

High Comm.

Copy to ...
 Copy to ...
 Copy to ...

Copy to DCA

... paragraph 2 of your despatch
 ... you expressed the
 ... opinion that the revocation of Provision
 ... and the profits or
 ... (agreements) should fall
 ... of Colonial Regulation
 ... and not under paragraph 3.
 ... the correct procedure,
 ... the acceptance
 ... must also be recognised

viz:

Copy to ...
 ...

PC 25

C. O.

For Air Mail of 17th January

Mr. Robinson 12/1

Mr. Conway 14/1

Mr. H. S. ... 12.1.33

Mr. Eric ... 13

Mr. ... D.C. A.1 H 1671/33

Mr. ...

Mr. C. ... 26/1

Mr. J. ...

Perms US of S

Apply US of S

Secretary of State

DOWNING STREET.

17 January, 1933

Sir,

DRAFT. *Calcutta*

TRUSTEES

THEY ...

No. 12

High Commr.

Copy to DCA

Copy to Govt (C) (G) (H) (I) (J) (K) (L) (M) (N) (O) (P) (Q) (R) (S) (T) (U) (V) (W) (X) (Y) (Z)

(1)

20th Dec 1932, ...

of the ...

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viz:

(C) and ...
Copy to Govt. Secy and ...
and C.A. 111.

viz: that the contributors to the Fund have no right to any profits, appreciation or interest on investments as such, the reason being that they do not stand to bear any losses or depreciation as would be the case if the Fund were held to fall under paragraph 3 of Colonial Regulation No. 291.

3. As regards the Legal Advisers' opinion that it is incumbent on the High Commissioner to keep only sufficient security to cover the amounts of the compulsory deposits made, I am of opinion that the security cover should relate to the whole of the ^{Administration's} railway liability to the depositors, if not on legal grounds, then on grounds of sound finance. I understand that one of the reasons for the over-investment of the Provident Fund is that considerable cash payments have

- C. O.
- Mr.
- Mr.
- Mr.
- Mr. Parkinson
- Mr. Tomlinson
- Sr C. B. B. B.
- Sr J. Stuckburgh
- Permt. U.S. of S.
- Permt. U.S. of S.
- Secretary of State.

DRAFT.

in the past been made on account of the Fund out of general balances. I am not aware whether these payments represent an accumulation of the transactions of past years or not, but it is clear that adjustments between the Railway General Account and the Provident Fund account should have been made annually.

5. If the factors are as stated in the preceding paragraph the first step is to arrange for repayment to be made by the Fund to the Railway Administration of the amounts so paid out of general balances on account of the Fund. When this has been effected the operation of Col. Reg. 291 should take place ~~with effect from the end of 1933~~ in the normal way, which is as follows: The securities held by the Railway Administration on behalf of the Provident Fund should be revalued and

No. 12/1/33

the net appreciation or depreciation
as shown by the Investment Adjustment
Account taken to the net Revenue Account.

(B) The securities will then appear

in the accounts at market value, and
any over or under-investment of the
total liability of the Railway to the
depositors will be apparent.

(C) Such over or under-investment
should then be adjusted, not necessarily
exactly, but approximately, by the
transfer of securities (at market value)
to or from the funds of the Railway
Administration.

(D) If, as appears likely, there
is an over-investment, the method
of transferring securities to a new
account "Investments - Kalya-Upgrade Railways
and Harbours - General Account" is
quite in order. If, however, there is
an under-investment (in this or future
years) the course would be to transfer
securities from the General Account

C. O.

Mr.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. E. B. ...

Sir J. Shackleton.

Perm. U.S. of S.

Privy U.S. of S.

Secretary of State.

DRAFT.

(11 in 10150/30)

7
to the Provident Fund if available and,
if not, to purchase the necessary securities
out of Railway Administration balances.

6. As regards the proposal in

paragraph 5 of your letter of 10/11/30
~~acknowledgment~~ that the Lurine Insurance
Fund should be extinguished and that the
balance of that fund should be transferred
to the Lurine Renewals Fund, the gradual
exhaustion of the former fund was

approved in Lord Balfour's despatch
No. 117 of the 10th October, 1930, and I
~~therefore~~ see no objection to the

acceleration of this process or the
lines now proposed or to the method
suggested for dealing with the current
investments of the Insurance funds.

7. The ~~proposed~~ ~~investments~~
investments is carried out by the
Government's ~~approval~~ and by the C.A.
in regard to investments of such balances
in the ~~Investment~~ funds and is approved
7. (10/11/30) as ~~forwarded~~
of this correspondence is being furnished

to the Galt of Kenya and Uganda, 5 to 10
to them for information. C.A. for the same.

I have, etc.,

8
ka

The State Railway Provident Fund is governed by the rules on pp. 26-27 of Vol. I of the Kenya subsidiary legislation. The Fund comprises:

- (1) Compulsory deposits (at the rate of one-twelfth of the monthly salary.)
- (2) Bonus on compulsory deposits

A bonus is given every six months equal to one-half of the compulsory deposits during that period and a third bonus not exceeding 1 per cent. of the total net earnings of the railway for the year is given as soon as the revenue accounts are made up.

- (3) Voluntary deposits (limited to £100 yearly and to 2700 in all exclusive of interest.)
- (4) Security deposit accounts

Interest at a rate decided annually by the Government is payable on all the above accounts and is added to the principal once a year.

The position of the Railway Provident Fund in 1931 can be seen from statement No. 10 on p. 104 of Volume I of the Annual Report on the Administration of the Kenya and Uganda Railways and Harbours for 1931. This shows that the total obligations as at the 31st December, 1931, were £262,646, the greater part of which is made up of the compulsory deposits (£321,535) and the bonus and interest thereon (£166,089).

The nominal value of the Provident Fund investments as at the 31st December, 1931, was £599,262 (vide p. 25 of Vol. II of the 1931 Railway

8
fa

The State Railway Provident Fund is governed by the rules on pp. 266-272 of Vol. I of the Kenya subsidiary legislation. The Fund comprises

(1) Compulsory deposits (at the rate of one twelfth of the monthly salary)

(2) Bonus on compulsory deposits

A bonus is given every six months equal to one-half of the compulsory deposits during that period and a third bonus not exceeding 1 per cent. of the total net earnings of the railway for the year is given as soon as the revenue accounts are made up.

(3) Voluntary deposits (to be made up to 10 per cent. and to accrue in all exclusive of interest)

(4) Security deposit accounts

Interest at a rate decided annually by

the Government is payable on all the above accounts and is added to the principal once a year.

The position of the Railway Provident Fund in 1931 can be seen from statement No. 16 on p. 104 of Volume I of the Annual Report on the Administration of the Kenya and Uganda Railways and Harbours for 1931. This shows that the total obligations as at the 31st December, 1931, were £502,044, the greater part of which is made up of the compulsory deposits (£321,535) and the bonus and interest thereon (£165,660).

The nominal value of the Provident Fund investments as at the 31st December, 1931, was £599,262 (vide p. 26 of Vol. II of the 1931 Railway

Annual Report). This gives a surplus of investments over obligations in the region of £100,000, and having regard to the example quoted by the Auditor in his letter of the 23rd August to the High Commissioner for Transport and also to the figure of £120,000 given in para.3 of (1) as the amount over-invested, it seems probable that the High Commissioner's intention is not to omit provision for the obligations abovementioned (or at any rate provision is evidently made for bonus and interest commitments on compulsory deposits - if not for the minor items of voluntary deposits and security deposit accounts).

? In the circumstances it seems both possible and desirable to adopt the D.C.A.'s view as to security cover as set out in para.3 of his minute, and this may be conveyed to the H.Cr. in addressing him in the sense proposed by Mr. McSweeney in regard to paras.2-5 of the D.C.A.'s minute.

*H.S. P...
3/11/32*

*Please off. for comon. passing & things
R's m...
9/11/32*

Annual Report). This gives a surplus of investments over obligations in the region of £100,000, and having regard to the example quoted by the Auditor in his letter of the 30th August to the High Commissioner for Transport and also to the figure of £120,000 given in para. 3 of (1) ^{as at 31/7/1932} as the amount over-invested, it seems probable that the High Commissioner's intention is not to omit provision for the obligations above-mentioned (or at any rate provision is evidently made for bonus and interest commitments on compulsory deposits if not for the minor items of voluntary deposits and security deposit accounts).

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*H.S. P...
31/7/32*

Please aff. for cover; passing of things

McSweeney

9/11/32

COPY.

Auditor to The Secretary to High Commissioner for Transport, Nairobi.

No. 1066.

30th August, 1932.

VALUATION OF SECURITIES.

Ref. your No. T/FIN/G.1 of 26.8.32.

When I took this question up in April, in connection with the Annual Accounts, I did not know that the revision of the Colonial Regulation in question had not been communicated to the Railway Administration. I have since discussed the question with the Chief Accountant and I have a copy of his memorandum to the General Manager dated 4th August.

2. Speaking generally I think that apart from any question of regulations the procedure now prescribed is sound accounting practice and equally so for a Government Railway run as far as possible on business lines as for the accounts of a Colony.

3. As regards the Marine Insurance Fund I agree with the views expressed by the General Manager and, judging from the previous correspondence in 1930, I think it probable that if the proposal to close the fund and deal with the investments as suggested were supported by His Excellency, the Secretary of State would now approve it.

4. There are two points in connection with the Provident Fund, on both of which I think you should obtain a legal opinion, and the views which I have to express are subject to that being done.

5.

Auditor to The Secretary to High Commissioner for Transport, Nairobi.

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30th August, 1932.

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4. There are two points in connection with the Provident Fund, on both of which I think you should obtain a legal opinion, and the views which I have to express are subject to that being done.

5.

5. The Fund, I understand, is over-invested for two reasons:-

- (a) Considerable cash payments made on account of the fund out of general balances.
- (b) Appreciation in the value of securities.

The former point is fairly simple. I think that beyond doubt the Administration are entitled to re-imburse themselves for cash payments by selling securities to realise an equivalent sum or by transferring them to "Investments, Railway General Account," but I think the transfer should be at market value not at cost price

6. As regards the appreciation in value I agree, after studying the law, the regulations and all the correspondence I have on the subject, that these investments can not be regarded as "held on behalf of the fund so that they belong to the fund and not to the Colonial Government", and therefore, there is probably no legal objection to the proposal now advanced.

7. There are, however, two other objections which might lead the Secretary of State to reject it. Reducing the whole matter to round figures for the sake of clearness it amounts to saying to the contributors "our liability to the fund is £½ million, and that is the cost price of the investments we hold against it. The market value, however, is now £600,000 so we propose to take over £100,000 for the general account, and, as the percentage yield on the remainder, based on the market value, will be lower, we must reduce the rate of interest paid to contributors."

8. My objections are firstly that the investments were bought with Provident Fund money and the contributors have some claim on the profits; secondly, suppose that the securities had depreciated heavily in value and the £½ million at market price, was only worth £400,000, would

would the Administration have not only invested a further £100,000 for the fund, but also, on account of the increased percentage yield, paid out a higher rate of interest? I am not convinced that they would have done either, and even if they did the first I think the view taken would be that as the fund had to be bolstered up with a further £100,000 from general account the contributors could not expect to continue to receive so high a rate of interest, and the rate would have been reduced accordingly.

9. If I can help any further, I shall be glad to discuss the question with yourself, or the General Manager or his Chief Accountant.

(Sgd) W.H. SMITH

Auditor.

MEG.

Copies to:

The Hon. General Manager.
The Chief Accountant.

(Dupl. send. to 91149/32
General)



112

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,

NAIROBI,
KENYA.

TRANSPORT.

KENYA-UGANDA.

No. 136

RECEIVED
17 OCT 1932
COL. OFFICE

26th September 1932.

Sir,

I have the honour to inform you that Lord Passfield's Circular despatch of the 6th October, 1930, concerning the value to be assigned to investments in the Annual Financial Statements of the Governments of the Colonies, Protectorates and Mandated Territories, has only recently come to my notice and consideration has not up to date been devoted to applying the procedure advocated in that despatch to this Administration, nor have the accounts for 1931 been prepared in accordance with the revised Colonial Regulation No. 291.

2. I have consulted the Auditor on this matter and am advised that apart from any question of the Colonial Regulations, the procedure in the revised Colonial Regulation No. 291 is sound accounting practice equally for a Government Railway, run as far as possible on business lines as for a Colonial Government. I therefore consider that the procedure laid down in this Regulation should be followed by this Administration, subject to Provident Fund investments not coming within the provisions of paragraph 3 of the regulation, since this Administration guarantees liabilities in respect of the Fund. In this connection attention is invited to Lord Milner's despatch No. 126Z

dated.....

THE RIGHT HONOURABLE

MAJOR SIR PHILIP COLLIFFE-LISTER, C.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, S.W.1.

11315/30

copy to Govt of Kenya (2)
copy to C.A.

32909/10

(Dupl. accd. to 91249/32
General)

112



OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,
GOVERNMENT HOUSE,
NAIROBI,
KENYA.

TRANSPORT.
KENYA-UGANDA.
36

RECEIVED
17 OCT 1932
COL. OFFICE

26th September 1932.

Sir,

11315/30

I have the honour to inform you that Lord
Bassfield's Circular despatch of the 8th October, 1930,
concerning the value to be assigned to investments in the
Annual Financial Statements of the Governments of the
Colonies, Protectorates and Mandated Territories, has only
recently come to my notice. Consideration has not as
yet been devoted to applying the procedure advocated
in that despatch to this Administration, nor have the
accounts for 1931 been prepared in accordance with the
revised Colonial Regulation No. 291.

2. I have consulted the Auditor on this matter
and am advised that apart from any question of the Colonial
Regulations, the procedure in the revised Colonial
Regulation No. 291 is sound accounting practice equally for
a Government Railway, run as far as possible on business
lines as for a Colonial Government. I therefore consider
that the procedure laid down in this Regulation should be
followed by this Administration subject to Provident Fund
investments not coming within the provisions of paragraph
3 of the regulation, since this Administration guarantees
all liabilities in respect of the Fund. In this connection
attention is invited to Lord Milner's despatch No. 1262

dated.....

THE RIGHT HONOURABLE

MAJOR SIR PHILIP COWLEY-ELESTER, O.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, S.W.1.

copy to Mr. [unclear] (2)
copy to Mr. [unclear] (2)

32900/10

dated 31st August 1920 to the Governor of Kenya.

3. On the 31st July, 1932, there was a sum of £120,000 over-invested, and I propose that investments of the Provident Fund up to this sum, based on cost price, should be transferred to a new account to be opened by the Crown Agents and called "Investments - Kenya and Uganda Railways and Harbours - General Account." So far as the annual valuation of the securities of the Provident Fund is concerned, any appreciation or depreciation would be credited or debited to Net Revenue Account through the "Investments Adjustment Account", and the necessary transfer would be made by the Crown Agents between the Provident Fund Investment Account and the "Investments - Kenya and Uganda Railways and Harbours - General Account". This will involve a revision of Statement A C on page 28 of the Annual Report for 1931, Part II, which would be amended to contain two columns - the first reflecting the nominal value of the securities and the second the market value on the 31st December 1931.

Handwritten notes:
at 1/10/32
clm

4. Owing to the recent rise in gilt edged securities, the probable effect of this proposal on the Administration account for this year will be to transfer a substantial amount from Provident Fund investments to general balance, which, in turn will mean a reduction in the rate of interest paid to depositors in the Provident Fund. I have referred this question to the Legal Adviser to this Administration and I enclose a copy of his opinion which shows there is no legal objection to the proposal.

5. If the accounts of the Administration are now revised as suggested, I recommend that the opportunity should be taken to extinguish the Marine Insurance Fund and transfer the balance to the Marine Reserve Fund; this would entail the disappearance from the Railways and Harbours Balance

Sheets of the item "Investments Marine Insurance Fund" and it is suggested that the current investments of this Fund should be transferred to the proposed "Investments - Kenya and Uganda Railways and Harbours - General Account." As in the case of the Provident Fund investments, so in this case also, the investments would be dealt with at the annual valuation by any appreciation or depreciation being credited or debited to the Net Revenue Account through the Investments Adjustment Account.

The question of abolishing the Marine Insurance Fund has been previously considered, vide Sir Edward Grigg's Transport despatch No. 124 of the 23rd July, 1930, and Lord Pasfield's despatch Transport Kenya-Uganda No. 117 of the 6th October 1930, but it appears to me that the present is a suitable opportunity for closing this Fund, and I recommend it for your approval.

6. Sinking Fund investments are shown in the accounts of the Kenya Colony and Uganda Protectorate, and not in the accounts of this Administration. I assume therefore that the requisite valuations will be carried out by the respective Governments, and also that the Crown Agents will adopt a similar procedure in regard to investments of cash balances in the Joint Colonial Fund. The Auditor has already referred the question of the investments of the Marine Insurance and Provident Fund to the Director of Colonial Audit, in his letter No. 424 dated 6th September 1932.

I have the honour to be,

Sir,

Your most obedient, humble servant,

HIGH COMMISSIONER.

NOS
12156/30
NOS
12156/30

M e m o r a n d u m .

To the Hon. General Manager,
Kenya and Uganda Railways & Harbours,
NAIROBI.

I can find nothing either in the State Railway Provident Fund Ordinance or in the Rules made thereunder, to prohibit the adoption of the suggested scheme.

I think it is incumbent on the High Commissioner to give only sufficient security to cover the amounts of the compulsory Deposits made.

I am of opinion that the depositors to the Provident Fund have no claim on any profits which might accrue from investments any more than they can be expected to suffer a loss thereon, and as the High Commissioner is liable to make good any loss which might be sustained, he is entitled to utilize any profits made.

(Sgd) H. P. HAWES

Legal Advisor.

M o m o f E n d p m .

To the Hon. General Manager,
Kenya and Uganda Railways & Harbours,
NAIROBI.

Can ~~it be~~ either in the State
Railway Provident Fund Ordinance or in the Rules made
thereunder to prohibit the adoption of the suggested
scheme.

I think it is incumbent on the High
Commissioner to keep only sufficient security to cover
the amounts of the compulsory Deposits made.

I am of opinion that the oppositors to the
Provident Fund have no claim on any profits which
might accrue from investments any more than they can be
expected to suffer a loss thereon, and as the High
Commissioner is liable to make good any loss which
might be sustained, he is entitled to utilize any
profits made.

(Sgd) H.F. HAVES

Legal Adviser.