

1927

Kenya:

CO 533/365

No. 10019

REVISION OF RECORDS SECTION

This File should be returned to
Queen Street when no longer required.

SUBJECT

Colonial Loan

Previous

Loan 8456/26

Subsequent

5006/28

X 1927 2

KENYA

10019

10019

Colonial Loan

Previous

1001/26

Subsequent

1001/28

1001/28 - My copy

P.R.

XCF

1. _____ Cr. Agents _____ 10 Jan, 1927

Are prepared to make advances pending flotation of loan. Would be glad to receive estimate of requirements for 1927 distinguishing between various loans and services; and also request same info for money already advanced

Now on this paper

Tel drafted on X/18379/26 can now go with the walterkins sheet I have made a view of par 2 & this

Copy of tel to C.A. 24

at 11/27

11/1/27

at 11/27

2 To Gov Tel ^{con} 11 Jan 27

3 To C.A. 1/12 copy above - tel 14/1 on 18379/26 10 JAN 27

4 — Gov. Gugg. tel — 19 Jan, 1927

Indicates requirements for 1927. Proposes to submit definite loan programme after discussion in London with S. of S.

In order to elucidate the position, I have drawn up the attached statement which shows that at the end of 1927 the amounts borrowed by the Crown Agents are expected to be £3,150,000 against

App. at which we now have Treasury Bill
with a total of £5,562,410, of which
£2,400,000 is covered by the resolution of the
11th November, 1923, and based on the security of the
specific Loan Ordinance No. 2 of 1922. A copy of
the new resolution will be found in press cutting
No. 74 of 1923.

It will be sufficient to send a copy of
this telegram to the Crown Agents in reply to No. 1
of the 21st, but it would be useful at the same time
to send Mr. Mitchell semi-officially a copy of the
attached statement. It may be of help to them, and
if there be anything wrong with it they will no
doubt let me know. Traffic herewith.

OK

20/1/24

29

*... based on ... as to ...
... of ...
... adds to the general ...
... of the Colonial ...*

...

*See also further
note to as to
the various
resolutions of
the ...
...*

7/4/24

Sir C. Strachey.
The extra-ordinary difficulty of the
Government with respect to their four proposals.
This despatch.

When the last statement presented to the
Legislative Council on the 10th Feb. 1924 drew
attention to the fact that it did not provide for
the reallocations subject to which the Secretary of
State's approval in certain cases had been given,
and a despatch was sent to the C.A.S. on the
3rd February drawing attention to the point and
emphasizing the fact that the commitment to the
Treasury cannot be treated as a mere formality.

It now appears from this despatch that
the Governor considered it unnecessary and even
inadvisable to specify any reallocations. It seems
to me, however, to be entirely wrong to present to
the Council a statement which omits any reference to
such a material feature of the commitment to the
Treasury which at the moment ~~is~~ authority
for any borrowing for the total amount of
£1,711,410.

The Governor does not explain why it was
thought inadvisable to specify reallocations, and,
personally, I had imagined that they would have
done it by reducing the large sum of £566,430 for
housing to which reference is made in this despatch.

4
X. 100/19
27

a reallocation which would, I think have been perfectly fair, having regard to the fact that, as a result of Mr. ~~Barrow~~ ^{Basden}'s recent enquiry definite hope had been expressed that it would be possible to reduce the allocation for this purpose. ^{There is also £12,500 available at present for the Custom House, Inombasa.} I think it will be necessary to point out to the C.A.G. that in any further statement to the Legislative Council at least a note should be appended to the statement indicating what the real position is, but, as Sir G. Griff will shortly be here and proposes to discuss the question of the loan, perhaps this action might be deferred for the time being to hear what he has got to say. ^{For a copy of the Resolution enclosed in his letter to the C.A.G. ref. to previous advances as these advances}

10/3/26

Letter - prepared

To Gen Secy (7 answered) 16 MAR 1927 ✓
To C.A. w/enclos. to 21 MAR 1927 ✓
" Ag Gen Secy 19 March, 1917 ✓
id 47

approval to expenditure of additional
18.000 in rolling stock. Requests reply by tel.

W. J. Basden

The Resolution in 8379/26 contemplated an immediate capital expenditure of £300,000 on locomotives and rolling stock, and the Resolution giving security in respect of advances by the C. Agents covers this amount. Authority for the expenditure of £120,000 has

X 100/19
17
5

already been given and this additional £180,000 will exhaust the provision. I have spoken to Mr. Felling and he explained that an early order is essential as this stock is required to be on the rail before the end of the present year in time for the following year's crop. I understood also that there will be ^{no} further calls for loan monies on this account during the present year. I have also spoken to Mr. Phillips who agrees ^{that} the C. Agents undertaking to make advances ~~which~~ will cover this further amount. I do wish we could get something definite settled about the future loan requirements in order to square matters up with the Treasury, a point which was dealt with in the minutes on X. 8379/26. It is clear, however, that we cannot take the risk of delays in dealing with these rolling stock requirements, so I telegraph approving this additional expenditure saying that the C. Agents will make advances as required, and send a copy of the correspondence to the C. Agents, saying that it is understood that they will do this in accordance with No. 1.

W. J. Allen
23/3/27

12 Feb 4 / Gov. 25th March 1927 ✓
13 To C. A. (w/ copies 11 & 12) 28 MAR 1927 ✓
" Ag Gen Secy 5 April, 1917. ✓
tel.

Amendment stated be made to No. 7.
It is noted that the Commission
in fact made the Gov. before
the Commission was made.

Mr. Allen
 1 am not sure
 whether you have looked
 at this, under previous
 page

13 APR 1927

Mr. Allen
 13 APR 1927

Indicates expenditure contemplated under colonial loan, raises question of extending the limit and seeks sanction to certain road expenditure being met from loan funds. Seeks telegraphic reply.

Sir C. Strachey

On loans generally, please see the attached letter from Mr. Grigg to Sir C. Strachey, 10th March. Also see so many factors. I think it essential that we should get some definite footing with the Government as to what has in mind, & the extent to which the loan has to be used to Sir C. Grigg has been informed by Mr. Allen in communication with me.

If you expect to be long out, the reply should have an answer to No. 16 by telegraph to the effect that we are discussing the general loan position with the Governor and that a further letter will be sent. W.C. Strachey 9.5.27.

I agree.

17. Tel to U.A.C. 10th May, 1927.
 18. To Grigg (copy sent) 12 MAY 1927
 19. O.A.C. Darham 17 June, 1927

Requests sanction to advance of:
 £7,500 for Sewerage Works
 £4,000 for Housing, Flat
 £8,000 for new Double House
 to Nairobi Municipality. Also desired to provide £3,000 for water supply, all included in sum mentioned in No. 16. Municipality also ask for £6,000 for motor housing.

On these minor points R.E. Grigg has shown definitely asked that they should be laid up. Mr. Allen has replied accordingly.

On the main point, I send an extract from Saturday evening by word of Wednesday his decision & send a copy which Mr. Allen has checked, amplified by the addition of loans raised by the sale this morning (wherein he actually made the offer), and amplified by passing the same to the Governor. Mr. Allen's copy should be for consideration to be

X. 10019
use the minor services included in the
memo.

The total is large but (credit for)
the capital railway (K. & N.) it
should carry us on for the present

C. C. D. Murray 22.6.27.

My Off. to Sir E. Gigg is prepared at his
request. There is no intention of making
the hand bank through without full
consent.

C. C. D. Murray

Mr. Amosby fare

See as usual

See draft to Treasury has
been prepared as the result
of a discussion which Mr
Batten (C) & I had with Sir
E. Gigg last week.
You will observe that Sir E.

X. 10019
4
7
Gigg proposes to stand out of
the £1,000,000 guaranteed loan
and also that Kenya should
borrow sufficient money to
redeem the £3,500,000 loan
which must take priority over
all future borrowings. Apparently
when it is paid off the Public Loan
of £5,000,000 will also
cease to take priority.

The total amount which it is
proposed to borrow is about
£12,000,000 of which it is
estimated that about £9,000,000
will have to be raised this
year.

* No tel. here

(1) long despatch reqd.

(2) Schuster's suggestion to
be referred.

pl 6
27.6.27
Wog 27.6.27

20 To Gigg (copy 21) ✓
21 To Treasury (copy memo) (copy) } 297.

28 JUN 1927

H.E. Durham

28 June 1927

note is depositing £80,000 to credit of Kenya-Uganda loan to meet local disbursements. Requests C.A. to instruct to transfer £80,000 from loan to Colony's account

sent to C.A. on 2nd July

action in this has unfortunately been... papers being in circulation and... required for the Schuster Committee... Major Phillips (on Saturday)... arranged to send him a copy of the telegram... in order that immediate... taken confirming draft herewith... dispatch to the O.A.G. already...

1782000

5/7 atack

3/7 62 (copy 22) 5 JUL 1927

at 6/7 62 (copy 21) 7 JUL 1927

... of 30 comm... all... C.A. summary

reas 11 July 1927 reply as to loan proposals.

25/7
Cons to Gov. 16th July 1927
(Cons 25 and 26 in no 32)

27 To Schuster (w/ memo... drafts to Treasury 2 Gov. 23/7/27) 5/8

Cons. 23 JUL 1927

28 From Sir G. Schuster - 26 July

29 To General - 28 July 1927
the Bottomley

When the Treasury letter (No.25) was received, arrangements were made (at Sir O. Niemeier's suggestion) for a verbal discussion with Sir George Schuster. This took place on the 20th July, and subsequently a memorandum (flagged), below No.27, was sent to Sir G. Schuster with drafts of the proposed reply to the Treasury, and a telegram to the O.A.G., Sir G. Schuster, in No.28, agreeing generally to the drafts, but making some suggestions in regard to the telegram which has been incorporated ^{in red} together with certain further amendments in manuscript which appear necessary. A telegram from the O.A.G. (No.29) has necessitated the MS. addition at the end of the telegram, since it contemplated the programme of such expenditure substantially in excess of the twelve millions put to the Treasury after consultation with Sir E. Grigg. Sir E. Grigg has never got down to details, and it is certainly for him to clear up the position after his arrival in the Colony.

The drafts, read with the Treasury letter and the memorandum referred to, are, I think, self-explanatory, and there, therefore, appears to be no necessity for any lengthy minute. We have not yet had any comments from Sir G. Schuster with regard to the memorandum; and it would not seem necessary to delay

X. 10014
27
delay sending the papers. A minute is already being sent to Mr. Ezechiel asking for his further views with regard to the date of issue of the proposed first instalment of seven millions.

J.H. Allen
27/7/27

* When the letter to the Treasury is ready for dispatch I will see if there is anything further from Sir E. Schuster, but as I read the letter he contributed the memo. for the Treasury as it stands.

His view that we can act at once on the Treasury's approval of a first issue of £7,000,000 is very simple

W. Bottomley
28.7.27.

Mr. ORMSBY GORE.

You will like to see.

30
31
32
33
To Treasury

R.H.G.
28.7.27.
30/9
30 July 27
29-7-27

X. 10019
27
15
9

32 P.A. (min) 29 July, 1927

States better conditions for loans usually prevail at beginning of the season (i.e. end of September and October).

~~RECEIVED UNDER STATUTE~~ C. Schuster 31 July, 1927

Asks to be informed of final action taken with regard to loan proposal.

~~RECEIVED UNDER STATUTE~~ Sir Gordon D'Arden 15 Aug. 1927

Asks to be informed by tel. how figure of £86,232 is arrived at.

Mr. Bottomley:

We discussed these papers. (32) and (33). I submit -

- (a) Draft despatch to Kenya, forwarding the later correspondence with the Treasury (25) and (31).
 - (b) Draft s.o. to Sir E. Schuster, sending a copy of the telegram to the O.A.C. (No. 30), and of the Minutes exchanged with Mr. Ezechiel (No. 32).
- I also submit on 10666 a draft despatch to the High Commissioner for Transport, asking for further information regarding possible Uganda requirements under the Guaranteed Loans Act, in respect of Main Line improvements, rolling stock etc., and the Soroti-Lira extension.

(34). The figure is that of the estimated expenditure on the Colony Loan to 31st December, 1927 given in the statement submitted to the Legislative Council in 1926 - copy in 10044. Possibly this difficulty is due to the fact that a portion of this

14
sum is being obtained from Colony balances and not
wholly from Crown Agents' advances. I submit draft
telegram ⁱⁿ and reply.

J. Allen

16/8/27

Wales

16.8.27

35 Tel to Gen. ——— 16 Aug 1927
34 To Schurte (no 23 and, 2) copies 30, 31, 32) 20 AUG 1927

37. to Gov. Lya. Road (2) (copies 25
& 31)
38. to L. & C. for Trans. Road (copies
& 4 copies) (copies 24 & 25)

22 AUG 1927

39. to L. & C. for Trans. Road (copies 25
& 31) 22 AUG 1927 - ~~no 23~~
no 23

40. to L. & C. for Trans. Road (copies 25
& 31) 29 July 1927

Reports issue of Transport Loan Warrant for £50,000
which has been debited to advances against the
projected Transport Loan. Seeks covering sanction.

There is no urgency in approving this & Government
Treasury will have to be satisfied. It will be best
to await developments in this.

J. Allen

26/8/27 and

X. 10019
17

15
10

400 — Minute from Agents (undated).

Mr. Bottomley:

(1) In accordance with the request in the
Crown Agents' minute (No. 40), the accompanying state-
ment has been prepared. I told Mr. Reid over the
telephone that as from the 1st of January, 1922, the
revenue and expenditure of the Colony and the Railway
was ^{being} shown separately. He seemed inclined to think
that they had better be lumped together as in the
early years, since otherwise some elaborate explana-
tion would be necessary. I do not think, however,
that the statement need be very elaborate, and the
note (b) seems to cover it. You will also see that
although domestic exports from Uganda are not shown
later than 1922, the table includes Uganda imports up
to 1924 inclusive. This, as explained, is due to the
fact that in showing the distribution ^{between Kenya & Uganda} for those two
years, they did not include Parcel Post. I am rather
inclined to think, however, that it would be better to
give the actual Kenya figures for those two years
accompanied by a note that they did not include Parcel
Post.

to 8 this
see minute
below 67 &
St. 11 CD
10/10/27
21/11

(2) After speaking to Mr. Reid, I mentioned
that we were not in a position to say what decision
would be taken as to the time of the issue of the Loan
and later on Mr. Escheich rang me up, and asked me
about this and I read to him the Secretary of State's
telegram of the 30th of July. He seemed distinctly
annoyed that we had not kept them informed of the
latest developments since they had been proceeding
on the assumption of a September issue. He also
indicated quite clearly that the Crown Agents were

rather

X-10019
17

rather tired of trying, without result, to persuade the Colonial Office to keep them informed with regard to ~~these~~ ^{in general} loan matters. I pointed out that as far as we were concerned, the position was still vague and that you had been in semi-official communication with regard to the time of issue. I also gathered that Mr. Ezechiel was not aware of the fact that a proposal to issue an instalment of £7,000,000 in the first instance had been made, and he had some doubt as to whether so large a sum could be dealt with. I noticed later, however, that in your minute to him of the 28th of July (No. 32) that you had actually mentioned the amount of £7,000,000.

I must say that it had not occurred to me that there was anything sufficiently definite warranting a further communication to the Crown Agents, but as apparently they have been put to some inconvenience, I am sorry I did not raise the question before.

? Write now to them as in the accog. draft and also telegraph to the Governor as in the second draft herewith.

W. R. Allen

15/9/27

See A. memo. dated yesterday concerning - apparently the C.A.'s loan arrangements have been upset.

There was no time to argue, so I expressed criticism, but I do not understand ^{why} (apart from the fact

that change indicated in No. 32) I think they should have assumed a date on the strength of their discussion with the Gov: and in certain circumstances of whether the Old Loans would be ready. The C.A. must, I think, be justified in assuming an October issue in the absence of any instructions to the contrary from the S. of S.

I have today agreed with E. Ezechiel telling his Gov: I mean, that we have now no idea of an October issue.

W. R. Allen

15/9/27

41 Tel. to Gov. 16 Sept. 1927
DESTROYED UNDER STATUTE

42 To C.A. (with copies to Gov. and draft) 19 SEP 1927

Drafts for cons. to Leamington in accordance with directions in separate minute.
(Mr. Ezechiel tells me that we should not assume that £7,000,000 can be issued in one lump.) R. W. Wiseman 29.9.27

43 Tel. cons. to Gov. 29th Sep 1927

10019/27
44 To Mr. Ezechiel (w/copy 43) 29 SEP 1927 5/0

From Kenya - Tel 307 - 16 Oct 27
Treasurer of Uganda requires £100,000 in London on 1st Oct - from Loan. Is of opinion that transfer is advantageous & requests telegraphic notification when transfer complete.

Kenya - Tel 307 - 16 Oct 27
From tel 29th September, situation is complicated by position of railway in regard to 3 1/2 million loan. Selling now in Uganda. Will telegraph fully within week.

46 can wait, but Mr. Bottomley will like to see

First send copy 45 officially to C.A. (L.F. for obs) ref s.o. copy already sent & the re-iterate at mid RM

To C.A. (w/copy 45) ours : 3 OCT 1927 ^{3/10/27} _{1/c}

148 } From
Lynch (CA) to 3 Oct 27
Suggests terms of reply to No 45
Mr Wiseman

I have drafted on the lines proposed. If draft is approved Mr Smith should be informed. C.A. will then no doubt report officially.

Telephoned 4.10.27
Copy draft of C.A.L.F. & copy 45 to
to Uganda L.F.
at mid RM

12/9
49. Tel. to Gov. (No 45 Anat.) 4 Oct. 1927
50% for Uganda 44.3 (w/copy 44) - 8 OCT 1927

51 To C.A. (w/copy 49) - 8 Oct 1927
/ Payment of £100,000 to credit of Govt.
52 - Gov. Enugu - 10 October 1927

For reasons stated is advise from including £500,000 in consolidation alone, and prefers to limit the first issue to extent already sanctioned viz. £5,000,000. Adds as to advances which will be required. Is hoping to discuss matters with Schuster during visit of London. Sends early reply.

Draft reply to 52 annexed herewith for conson. The points in it are, I think, fully explained in the attached ~~Notes of our Meeting~~ ^{Memorandum of 15.10.27}

Copy of 52 and reply should be sent to the Crown Agents, L.F., with copy of the ~~Notes of the Meeting~~ ^{Memorandum of 15.10.27}, letter to Mr. Schuster & Sir G. Schuster also annexed. R. Wiseman 15.10.27

It is passed. We shall have further discussion with Sir G. Schuster on certain points. 15.10.27

63 Tel. to Gov. - 15 Oct. 1927
64 To C.A. (w/copy 49) } 15 OCT 1927
65 To C.A. (w/copy 49) }
66 To C.A. 15 Oct. 1927 (with copy 52, 53, & memo)

57 — Gov Grigg tel — 21 Oct, 1927
Now agrees to inclusion of £3,500,000 loan
in the £8,000,000 to be raised. Submits further views
in the light of no. 6 and asks earliest possible
intimation of approval

SECRETARY

58 — Gov Grigg tel — 24 Oct, 1927
Asks whether any objection to his making
statement to Legis. Cl. on the loan
question.

Off to Press submitted for
Casson as verbal wishes

Mr Allen

27/10/27

Further action is noted in the
draft ^{after} send of the covers to C.A.
I think it may be well to ask them
to take out the items they need for
the draft prospectus. But that
inclusion in Allen's minute 7/10/27
under (4) also needs care as we
need not state the off now about this

R.P.W.

Passed L.S. Graham Green after
action James told him the position.

Oct 27. 10. 27

- 59 — C.O. — 27 Oct., 1927
- 60 — revision of C.O. — 25 Oct., 1927
- 61 — C.O. — 26 Oct., 1927
- 62 — C.O. — 26 Oct., 1927

3 To Treasury (w/ copies 29, 48, 52, 53, 54) cons. 28 OCT 1927

65 — Selinger (w/ copy 63) — 29 OCT 1927

Seen
J.H.H.

31/10/27

REK

66 — Mr Yass — 28 Oct, 1927
(Treasury 20)

States expression of Bank of England suggests
£5,000,000 loan, £3,000,000 early Summer 1928, & another £2,000,000 in
£2,000,000 in latter part of the year
67 — Mr Yass tel — 31 Oct, 1927

Requests earliest intimation that he may be
put the loan bill before the Legis. Cl. sitting
this week. Requests details of schedule &
full amount to be included

A reply to No 67 ^{is} being sent
tonight R.P.W.

R.P.W.

31/10/27

- 68 — 10 Gov. tel (no. 6) amend. 31 October, 1927
- 69 — 10 Treas (w/ copy 67 + 68) 31 Oct
- 70 — 10 C.A. (-do- do-) 1 November, 1927

Off to C.A. as to prospectus

Recall: As to table see 5.0 minute 2040 &
para 1 of my minute on 2040.

7/11/27

71 — 4 Gov (w/ copy 71) (re: table) cons. E 2 NOV 1927

72 — TO C.A. (w/ 2 estimates) cons. - 3 NOV 1927

X. 100119
47

Gov. Lyngby — 3 November 1927

States Specific Loan Order has passed all three readings. Set out schedule and requests telegraphic intimation of date of issue or market

Copy to Treasury C.F.F.
C.A.

re-communicate at once P.O.

To Treasury B.C. } 4/11/27
To C.A. B.C. } w/copy no 73 = 4 NOV 1927

With left beneath -
abstract of share of the -
C.A. will be sent by letter
with the same

P.O.
5/11/27

To Treasury B.C. } 5/11/27 con
To C.A. B.C. } w/copy no 76 = 7 NOV 1927

X. 100119
77

144 28

79 — Treasury — 5 Nov, 1927

Minister's comments on loan terms. Would be glad to see prospectus in draft. Wish to be assured that proposed post and telegraph works were reported upon favourably by the S.C. line authority to enact loan order £5,000,000 to be raised at once.

80 Tel Gov. Lyngby 8 Nov 1927

Re: £5,500,000 loan - 50% repaid with £5,000,000 loan. Urges increase of latter at least to £7,000,000

As regards No. 80 see draft reply beneath for comment.
(Re-communicate with 79)

Let this be done as per
(Hansard 1927)
Eff. to at once
K. W. S. M.
8/11/27

8. 11. 27. (W.B. 7. 27)

81 Tel. to Gov. — 8 Nov 1927

82. Gov. Lyngby tel. — 9 November 1927
To assist investors here should be glad to announce price & date of issue earliest.

X. 10019
27

9 November, 1927

Lin by Sir Robt. Hamilton.

to 82 see dft refly
herewith

Reaminate as to 79.

Enc by 23
copy on sub 22 B
H.R. 23/11/27

RHW
10/11/27

To Gov. tel 10 Nov 1927

Handwritten scribble

11 Nov, 1927

125 to copies of loan prospectus.
Telegraphed yesterday terms of issue.
(some with attached)

As regards the attached semi-official
correspondence with the Treasury as to the
re-payment of the loan of £3,500,000, I have
arranged semi-officially over the telephone
for Mr. Smith and Mr. Phillips to get into touch
with one another. Mr. Phillips said that it
was quite unnecessary for us to confirm
officially with the Treasury the arrangements
made semi-officially, and no further action is,
therefore, necessary on his letter of the 17th
November. The Crown Agents, however, have

asked

X. 10014
27

1525

asked that they may be informed in writing of
the arrangements, and I, therefore, send on draft
herewith.

Copy draft to go to L.F.
Reaminate to see Allen as to No

79.

atomic down
18/11/27

5/1/28

86 To C.A. 22 NOV 1927

87 To Gov. 9/15 (w/copy 86) 25 NOV 1927

88 To Sir P. Spigg 20.0 23 November, 1927

89 Crown Agents 15 November 1927

Two copy tel sent to Kenya reporting
that the loan was over-subscribed.
But system of advance

nothing given
to keep for
it

90 To C.A. (w/copy legislative council
debates) 16 DEC 1927
(vide no. 71)

W. Weisman

Submit of 12 to Gov as
by 6: 79 - as framed a further loan
as the need later re fut development
to 1/1/28 for sending committee
Rever to the agency Opale 7/12/27
H. Allen
7/12/27

Division 9.12.27

92 To Govt (of papers 63 of Govt. Secy) - 15 Dec 1927
19+91

93 — Br. Agents — 25th Nov., 1927.
Two copy letter sent to Kenya Govt.
on the subject of the loan.

94 — Br. Agents — 8th Dec., 1927

Asks Treasury be moved to gazette
Kenya Government 5% Inscribed Stock
1446/58 as a trustee investment.

95. You shd see.

96. ? write to Treas accordingly.

As regards the attached slip from

~~the~~ the Drayson, we shd see

the 7th & 8th references in particular.

to No 86. The CA can no doubt

settle (rule) about in one way

the details of the settlement.

idell now
no. 98

(Recommend as
W. Allen

16/12/27

atome Rk

16/12/27.

95 To Treasury 17 DEC 1927

96 To C.A. (w/ copy above) 20 DEC 1927 ⁵/_{7C}

97 — Gov. Gigg. — 25 Nov., 1927
765

Two 2 authenticated copies of the Specific
Loan Order 1927, together with a report by
the A.C. 12 printed copies will be sent in
due course

Some copy to Treasury

98 — Br. Agents — 16 Dec., 1927

Two copy letter to Govt of Kenya showing
that the £3,500,000 loan has been repaid
in full under discount

See I shall 99 — Treasury — 22nd Dec., 1927

to head of the com -
Come back to 460
Dept 1 & 2
11/12
2/12/27

99. The schedule corresponds with the
copy schedule in No 73. The form 1/10/27
was generally approved - see nos 52 + 53.

52
53

They have however added sub 6, the
kms which were telegraphed to Govt on

54559/25, a discussion with the
parliamentary discussion of the necessary

Legislation: it therefore seems a bit long
did not also embody the other amendments

inserts a 54559/25 to which I refer
that I have made a proposal on the

order as passed. The amendments
no thought should be made in

the possibility of the loan being
revised/amended - see para 3 of
11/12/27. The CA was

Lawyer called in consultation in connection
with the tele comes in 52+53. It
will also be noticed that after all the content
of his legislation is not to be removed in
respect of documents. His point was
not in 4/11/26. - see Zuzwaha in
his dep 16 Apr 26 - para 5 of his
report

In the lines it was? to be
to refer the matter to the office in
off here with (copy sent to Uganda later)

98 The CA have ~~been~~ ^{actually} paid
£3280 4/6 as compared with
£3292 1/11 the total issued at
31 Dec 427 (no obj. to which - but
rearrange transfer some amount
to Uganda)

33. Japan CA accordingly ^{sent copy of} _{ref no 96}
W. Allen
23/1/26
(K. M. ...)
Africa

To C.A. no 98 and (w/ copy of ...) ^{1/2/26} 3 JAN 1928

101 - minutes regarding issue of Kenya loan

102 To C.A. (w/ copy of ...) 2 FEB 1928 ^{1/2/26}

To Gov Uganda - 130 - ^{on 15004/2 Kenya} w/ copy 98 - 4 MAR 1928

Her. Transp. 23/1/26

ha

having called in consultation in connection
with the tele. comes in 52+53. It
will also be noted that after all the content
of the Legat Col is not to be removed in
respect of documents. His point was
of in 21/11/26. - see Zanzibar in
his dep. 16/11/26. Para 5 of his
19/2/26.

In the lines it was stated that
to refer the draft to C.P. for review in
off. here. (copy 24/2/26)

98 The CA have ~~been~~ paid
£3280 4/6 as compared with
£3221/11 in Estd. Issue at
31 Dec 27 (no obj. no acct. - but
receipts transfer some amount
to Uganda)

100 In form of account of ^{copy of} _{10/11/26}
W. Allen
(K. M. ...) 23/1/27
at face

To C.A. no 98 and ^{copy of} _{10/11/26} (copy of Ordinance) 3 JAN 1928

101 - minutes regarding issue of Kenya Loan

102 To C.A. (w/ copy 99 2 enclos.) 2 FEB 1928

To Gov Uganda - 130 - ^{on 1500/25 Kenya} _{copy 98 -} 4 MAR 1928
Kenya - 192
rev. Transport 23/1/28

Mr. ...

With reference to the attached papers
I have heard from Sir R. Hopkins today that he
has discussed the matter with the Governor of the
Bank of England, and agrees that the Kenya Loan
undoubtedly should first bring to the doubt that
the Government is on the issue for the issue of
the Floating Loan will be complete.

S.H.L.
4.11.27

Sir S. Wilson has advised Sir R.
Hopkins - (on my assurance) that
Nov. 14th might be taken as the
definite date of the Kenya Loan. I
informed Mr. Smith, C.A., that we
were committed to that date or
later than, on Sir S. Wilson's instructions
the date of the 14th must be
considered as the date of issue.
This will be done on Monday.
The Treasury reply was obtained
today in the evening. We shall
then telegraph finally to the
Bank for the date of payment of
the loan.
The Treasury minister is expected
to be present. 5/11/27

10
Sir S. Wilson

Palatine v. Merga

Sir G. Selous has telephoned. He thinks Merga would not be much prejudiced by coming second. I.e. the Bank would want that the Merga loan, if first, should be issued at $98\frac{1}{2}$ (say) to ensure success. If it came second & would probably (even in the partially depressed market) get $99\frac{1}{2}$.

He said, as before, that if we put ourselves in the hands of the Gov? he would treat us very nicely.

Sir O. Selous wants the Pal.

loan

Sir S. Wilson

Palentine v. Merya

Sir G. Schuster has telephoned. He thinks
 Merya would not be much prejudiced by
 coming second. I.e. the Bank would
 want that the Merya loan, if first,
 should be issued at 98 1/2 (say) to ensure
 success. If it came second & should
 possibly (even in the partially depressed
 market) get 99 1/2.

He said, as before, that if we
 put ourselves in the hands of the
 Gov? he would treat us very nicely

Sir O. Merya wants the Pal.

loan

loan to come first. Because he
thinks it has a better chance of
Success
regards (guaranteed loans are considered)
overdone }

In G. Schneider's report that the
Monks think unfavorably - i.e. from
the point of view of the Imperial
Govt. I replied that that wasn't
my job.

I am unconvinced but must
let you know of this new view.

A

W. S.

3. XI. 27

loan to come first because he
thinks it has a better chance of
success
regards (guaranteed bonus are ~~overdone~~)
overdone)

Dr G. Schneider urges that we
should think uniformly - i.e. from
the point of view of the Imperial
Govt. I replied that that wasn't
my job.

I am unconvinced but must
let you know of this new view

A

Woods

3 x 27

to come first because it
has a better chance of
success (guaranteed bonus are ~~overdone~~)
overdone }

Dr. G. Schuster says that we
should think carefully - i.e. from
the point of view of the Imperial
Govt. I replied that that wasn't
my job.

I am unconvinced but must
let you know of this new view

A

Wes

3 x 27

URGENT

Mr. Ormsby Gore.

In a letter to Mr. A. J. Harding from Mr. Phillips of the Treasury, dated 2nd November, it is stated that there are strong market reasons for getting out the Palestine Loan in advance of the Kenya Loan as otherwise we will certainly get worse terms for Palestine. In view of the fact that the Treasury are interested in the success of the Palestine Loan and that Kenya has decided to stand out of the Guaranteed Loan I suppose we cannot take exception to the view held by the Treasury.

If the Palestine Loan were not being guaranteed by the Treasury, it would have rested with you, without reference to the Treasury, to decide which of the two Loans should be issued first; and, in accordance with the usual procedure, I think the Kenya Loan would have been given preference as the details of it have been under consideration for considerably longer and Mr. Bottomley hopes to have everything ready to issue the Loan on the 14th of this month, whereas it will be very difficult to get the arrangements for the issue of the Palestine Loan completed by that date.

I suggest that you should authorise me, accompanied by Mr. Bottomley and Mr. A. J. Harding, to discuss this matter with the Treasury Representative and to take the line that if it is decided that the Palestine Loan should be issued first it must rest entirely with you as to when the Kenya Loan should be issued, pointing out that if, in view of the state of the market, after the issue

...of the Palestine Loan you decide not
to take the Kenya Loan before the 31st of
... the Treasury will not get the
... quarter million which they
... in order to balance
... for this year. For this purpose
... next year really means the
... this year, because it is
... not be any opportunity
... the first three

... interview it would, I suppose,
... at the same time
... first the
... opportunity of
... favourable terms
... when they are
... to balance their

... involved appears to
... to allow
... Loan to be
... the Bank of

J.H.6

3.11.27

generally I should greatly
prefer to proceed with the
issue of the Kenya Loan this
month, & I believe it would
help the Treasury if we did so.
The Palestine Loan is not quite ready

issue of the Palestine Loan you decide not to issue the Kenya Loan before the 31st of March next, the Treasury will not get the three and a quarter million which they are urgently requiring in order to balance their Budget for this year. For this purpose the 31st of March next year really means the 31st of December this year, because it is understood there will not be any opportunity of issuing such a Loan in the first three months of next year!

At the interview it would, I suppose, be very fair to point out at the same time that if the Kenya Loan comes first the Treasury may not get the opportunity of issuing the Palestine Loan on favourable terms and may lose the £1,000,000 which they are also relying on in order to balance their budget for this year!

The real question involved appears to be to what extent you are prepared to allow the issue of a purely Colonial Loan to be prejudiced by the interests of the Bank of England.

S.H.6

3.11.27

Personally I should greatly prefer to proceed with the issue of the Kenya Loan this month, & I believe it would help the Treasury if we did so. The Palestine Loan is already

100
20

X 10019.27

Kenya

Mr. ~~W. Allen~~ 23/12/29/12
Mr. ~~W. ...~~
Mr. ...

Stamp: 29 DEC 1928
Handwritten: 15006/28

3 JAN 1928

Mr. E. J. Harding.
Sir C. Strachey.
Sir J. Shuckburgh.
Sir G. Grindlay.
Sir C. Davis.
Sir S. Wilson.
Mr. Ormsby Gore.
Lord Lovat.
Mr. Amery.

Answer

With ref. to your

letter of the 16th Decr
[M/30] I am to
transmit to you, for any
details that you may wish
to offer, the acc. copy of
the order passed & the
regulations & memo to
which provision for the
raising of a loan of
£8,353,611 for certain public
works & other purposes.

2. As regards the
terms of the order I am
to refer to the file
concerned in the various
copies which accompany

DRAFT. Cars:

v. minute

Checklist

Copy to Gen. 113, 9 Feb/28 on 15006/28.

Copy to Treasury 18 FEB 1928 on 15006/28 Ken.

Order 22 2/28/27

(If no copies - send one other
with the order - the copy
need)
Gazette (copy sent to P. 11/11)

Copy
Sent to Govt. 10 Oct 27
Copy
Sent to Govt. 15 Oct 27

The letter from the Dept of the 28th Oct last:
It will be recalled that the Dept's
let of the 15th Oct was sent after
a discussion at the Co on the
14th Oct at which ~~members of~~ your
office was represented

It will be seen

that section 5 of the draft
follows the terms of the similar section in the
model draft enclosed in your

letter of the 4th Dec 1925, which
was communicated to the Gov in the Dept's
letter of the 7th Dec '25

54539/25

The let which accompanied the
letter from the Dept of the 30th
Dec. I am however to point out

22627/25

that the amendments to sections

3 and 4 ^{directed} ~~proposed~~ in that

let have not been embodied

in the draft as passed.

I am,

(Signed) H. T. ALLEN,

for Under Secretary of State.

The letter from the Dept. of the 18 Oct. last:

It will be recalled that the Dept's
tel of the 15th Oct was sent after
a discussion at the Co. on the
14th Oct at which ~~members of~~ your
Office were represented

It will be seen

that section 5 of the draft
follows the terms of the similar section in the
model draft enclosed in your

letter of the 4th Dec 1925, which

54537/25

was communicated to the Gov in the Dept's

of the 7 Dec 25

the tel of which accompanied the

letter from the Dept of the 30th

23262/25

Dec. I am however to point out

that the amendments to sections

3 and 4 ^{proposed} ~~inserted~~ in that

tel have not been embodied

in the draft as passed.

I am,

(Signed) H. T. ALLEN,

for Under Secretary of State,

99²¹

Any reply to this letter should be addressed to
THE SECRETARY.



TREASURY CHAMBERS.

TREASURY,
WHITEHALL, LONDON, S.W. 1
and the accounty number 3011

F.769/010

22nd
December 1927.

Sir,

In reply to Mr. Wiseman's letter of the 17th instant, (10019/27), I am directed by the Lords Commissioners of His Majesty's Treasury to transmit herewith for the information of Mr. Secretary Amery a copy of a Notice which They are causing to be published in the forthcoming issues of the London, Edinburgh and Belfast Gazettes adding Kenya Government 5% Inscribed Stock, 1948-58, to the list of Stocks kept by the Treasury under Section 2 of the Colonial Stock Act 1900.

I am,

Sir,

Your obedient Servant,

R. B. N. ...

*Mr. Wiseman's letter to ...
2 FEB 1928*

The Under Secretary of State,
Colonial Office.

77

NOTICE.

Colonial Stock Act 1900 (63 and 64 Vic.c.62)
Addition to list of Stocks under Section 2.

Pursuant to Section 2 of the Colonial Stock Act 1900 the Lords Commissioners of His Majesty's Treasury hereby give notice that the provisions of the Act have been complied with in respect of the undermentioned Stock registered or inscribed in the United Kingdom:-

Kenya Government 5% Inscribed Stock, 1948-50.

The restrictions mentioned in Section 2 Subsection (1) of the Trustee Act 1925 apply to the above Stock (see Colonial Stock Act 1900 Section 2).



98

[Handwritten signature]

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE A/30.
TELEGRAMS "CROWN, LONDON."
TELEPHONE. 7780 VICTORIA.

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

16th December, 1927.

Sir,

Referring to your letter of the 22nd November,
No. 10019/27, on the subject of the repayment of the Treasury
loan of £3,500,000 to the Government of Kenya, I have the
honour to enclose a copy of a letter which we have addressed
to the Colonial Government from which it will be seen that
we have repaid the loan in full under discount.

I have the honour to be,

Sir,

Your obedient servant,

[Handwritten signature]

for Crown Agents.

The Under Secretary of State,
Colonial Office,
S.W.

Copy to Gen. Lyman - 1307 on 15006/Kenya
14 MAR 1928
14.12.27
18
Copy sent to Comd. 18
9 Co. Transport 23
Kenya 1927

No 10019/27

924 A/30

14th December 1927.

Sir,

Referring to our letter of the 12th November No. 837 respecting the issue of the loan of £5,000,000, I have the honour to enclose a copy of a letter from the Colonial Office regarding the repayment to the Treasury of the sum of £3,500,000 lent in 1924.

2. After consultation with the Treasury, we arranged to make the first payment after the instalment of the Kenya loan due on the 1st December had been received. This instalment at the rate of £25. 10. 0. per cent would have amounted to £1,200,000 but as a large number of payments were made in full under the terms of the prospectus we were enabled to pay the Treasury a sum of ^{2,000,000} £2,000,000 on the 2nd December and a further £250,000 on the 5th December. There was then remaining in our hands the sum of £200,000 which has been used to reduce the amount of our advances to the Kenya Government.

3. As you are aware, advances are made by us at bank rate varying, the present rate being 4 1/2%, and, in order that the Colonial Government might secure the advantage of the difference between this rate and the rate of discount offered by the Treasury, we decided to complete the repayment to the Treasury by making further advances to the Colonial Government. We therefore made a final payment to the

The Colonial Secretary,
Nairobi,
KENYA.

Treasury/

9^r

1030 466 190
3,200, 466. 19.0

Treasury on the 31st December, the sum being
21,000,466. 12. 0. thus making the total amount
repaid 23,200,466. 12. 0.

4. As a result of this repayment, we
shall no longer be able to finance the Kenya Uganda
Loan Expenditure account from the Kenya Uganda Loan
account and we propose therefore to make the Kenya
Uganda Loan Expenditure account a sub-account of the
Kenya General account until we receive your
instructions to close the account.

I have the honour to be,

Sir,

Your obedient servant,

for Crown Agents.

97



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

KENYA
KENYA

AS. No. 765

RECEIVED
16 DEC 1927

25 November, 1927.

Sir,

I have the honour to refer to my telegram No.341 of the 3rd November, 1927, and to enclose two authenticated copies of "An Ordinance to make Provision for Raising of a Loan of Eight Million Three Hundred and Fifty-Three Thousand Six Hundred and Eleven Pounds Sterling for the Construction of Certain Public Works and Other Purposes" - No.XXII of 1927, together with a copy of the Legal Report by the Attorney General.

2. This Ordinance passed its third reading in the Legislative Council on the 3rd. day of November, 1927, and I assented to it in the name of His Majesty on the same day.

3. Twelve printed copies of the Ordinance will be sent to you in due course.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Edward Gigg

GOVERNOR.

THE RIGHT HONOURABLE
LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.

Copy Ordinance to Lt Col 3/11/27
Copy Ordinance to Lt Col 3/11/27
Copy Ordinance to Lt Col 3/11/27
Copy Ordinance to Lt Col 3/11/27
Copy Ordinance to Lt Col 3/11/27

No 73

Legal Report.

Amrod No 113
29 FEB 1928
(1 sent)

97



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

KENYA

AS. No. 265

RECEIVED
1927

25 November, 1927.

Copy Ordinance to CA 3/1/25
Copy Ordinance to Trans. Dept. on 15/11/27

No 73

Sir,

I have the honour to refer to my telegram No.341 of the 3rd November, 1927, and to enclose two authenticated copies of "An Ordinance to make Provision for Raising of a Loan of Eight Million Three hundred and Fifty-Three Thousand Six Hundred and Eleven Pounds Sterling for the Construction of Certain Public Works and Other Purposes" - No.XXIII of 1927, together with a copy of the Legal Report by the Attorney General.

Ordinance.

Legal Report.

2. This Ordinance passed its third reading in the Legislative Council on the 3rd. day of November, 1927, and I assented to it in the name of His Majesty on the same day.
3. Twelve printed copies of the Ordinance will be sent to you in due course.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Edward G. G. G.

GOVERNOR.

THE RIGHT HONOURABLE
LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.

Consol. No 113
19 FEB 1928

LEGAL REPORT.

THE SPECIFIC LOAN BILL, 1927.

In my opinion, His Excellency the Governor
may properly assent to this Bill in the name and on
behalf of His Majesty.

W. J. Murray

Nairobi,

3rd November, 1927.

ATTORNEY GENERAL.

28
95
827

X. 10019.27
Kenny

17/12/12
S

- Mr.
- Mr.
- Mr.
- Mr. E. J. Harding.
- Sir G. Strachan.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Lord Lovat.
- Mr. Amery.

Answer
no. 99

Li Set

17 DEC 1927



With reference to the letter from the Dept of the

DRAFT.

The Sec.
Treasurer

Copy
A - 20 DEC 1927
B / C

Dear ~~Mr. Amery~~ I am to request you to inform the Lt. the Treasury that the CA of the Glens has reported that the provisions of the Act of 1887 have been complied with in respect of the Kenya 5% Sincere Stock 1948/58 recently issued to them.

Chas. C. A.

2. The Sec's

hence therefore the class of steps
and accordingly the taken to
gazette under Part 5 to
describe stock of 1875 as
a trustee investment

Jan 7

W. A. WISEMAN.

would therefore be glad if steps
could accordingly be taken to
gazette the same Part 56
describes stock 948758 as
a trustee investment

Jan 3

WISMAN, P. A. WISEMAN.

94
29



ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE:
TELEGRAMS "CROWN, LONDON."
TELEPHONE 7730 VICTORIA

A/D 362

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

8th December, 1927

DEC 1927
COL. OFFICE

Sir,

With reference to our letter of the 25th
November I have the honour to inform you that the provisions
of the Colonial Stock Act, 1877 have been complied with
in respect of the Kenya 5% Inscribed Stock 1948/58,
recently issued by us and I have to request that the
Secretary of State will move the Lords Commissioners of
His Majesty's Treasury to gazette Kenya Government 5%
Inscribed Stock 1948/58 as a trustee investment.

I have the honour to be,

Sir,

Your obedient servant,

W. A. Wickham

for Crown Agents

The Under Secretary of State,
Colonial Office.



94
29

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE:
TELEGRAMS "CROWN, LONDON."
TELEPHONE, 7730 VICTORIA.

A/D 362

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

8th December, 1927

DEC 1927
COL. OFFICE

Sir,

With reference to our letter of the 25th November I have the honour to inform you that the provisions of the Colonial Stock Act, 1877 have been complied with in respect of the Kenya 5% Inscribed Stock 1948/58, recently issued by us and I have to request that the Secretary of State will move the Lords Commissioners of His Majesty's Treasury to gazette Kenya Government 5% Inscribed Stock 1948/58 as a trustee investment.

I have the honour to be,

Sir,

Your obedient servant,

W. A. Bickart

for Crown Agents

Under Secretary of State,
Colonial Office.

93³⁰



ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE: A/AD.362.
TELEGRAMS "CROWN, LONDON."
TELEPHONE, 7750 VICTORIA.

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

RECEIVED
26 Nov 1927
COL. OFFICE

25th November, 1927.

Sir,

No. 89

In continuation of our letter of the
15th November enclosing a copy of a telegram
which we had sent to the Government of Kenya
reporting that the Kenya loan had been over-
subscribed, I have the honour to transmit, for
the information of the Secretary of State, a
copy of a letter which we have addressed to the
Colonial Government on the subject of the loan.

22.11.27.

I have the honour to be,

Sir,

Your obedient Servant,

J.S. Bannister

The Under Secretary of State,
COLONIAL OFFICE.

for Crown Agents.

839 A/AD.362

22nd November, 1927.

Sir,

Referring to our telegram of the 15th November, reporting that the first instalment of the Ganga Government loan had been over-subscribed, I have the honour to state that the list was opened on Monday morning, the 14th November, and was closed immediately after the opening hour on Tuesday morning, the total amount subscribed being £10,655,500. We congratulate the Colonial Government on the successful character of the result.

6

2. Applicants for amounts up to £1,000 received allotment in full, and those for higher amounts received pro rata allotments. Six copies of the prospectus are enclosed for your information, and we have to request that you will send us at once six copies of Ordinance No. 22 of 1927, in order that we may be in a position to furnish the Inland Revenue Department with the declaration required by the Colonial Stock Acts, and to arrange for the stock to be quoted in the Stock Exchange Official list. We shall also be glad to receive four copies of the General Order and Inscribed Stock Ordinance 1921.

The estimated expenses of raising the loan are given below in respect of each £100 of loan:-

1./

The Colonial Secretary,
Nairobi,
KENYA.

1.	...	...
2.	Over-riding commission to be paid to brokers and commission on overwriting (on \$1,000,000 only)	5. 0.
3.	Over Agents' commission	5. 0.
4.	Commission to brokers and bankers on the ...	5. 0.
5.	...	...

There is also the cost of stamp duty on the stock transfers to be provided. It has formerly been provided to compound this duty with the interest income of the ...

leave under the provisions of Section 2 of the National Stock Act 1877. When this Act was passed the stamp duty on single transfers was fixed (by Section 1) at 1/32 per cent or a fraction of 1/100 of the nominal amount of stock transferred and under Section 3 alternative provision was made for reducing the stamp duty to 1/64 per cent or a fraction of 1/200 of the total nominal amount of stock transferred. The amounts of these duties have since been increased, the present rates being respectively 1/16 and 1/32 per cent being a maximum of over 10 but not exceeding 100 per cent.

As our experience shows that, on the whole, the stock market has been fairly well held within a year or two of the ... it is considered cheaper not to pay the compound duty but to pay the ordinary duty on each transfer. A large sum equivalent to the compound duty is set aside and used as a fund from which to meet stamp duty payments as required. When the time comes for repayment of the loan the balance remaining in the fund will be added to the ... In the unlikely event of the fund proving insufficient, the shortage would have to be met from general revenue or ...

the surplus, if any, of the Sinking Fund. It would appear that our anticipation as regards the economy of this arrangement is likely to be fully justified, for in previous cases the funds are either already or very nearly sufficient to meet the cost of the stamp duty on the individual transfers from the income derived from the investments alone. We have, therefore, decided to adopt a similar arrangement for the present loan and a sum of £50,000 which would have been the cost of compounding, is being set aside for the purpose. These expenses and the other expenses of the loan, as well as the discounts of $\frac{1}{2}$ per cent in the issue price will be raised later on either by selling the necessary amount of additional stock in the market, or by adding them to the second instalment of the loan.

3. Further communications will be addressed to you in due course as to the arrangements which are being made for repaying the Treasury loan and also as to the Sinking Fund policy to be adopted in connection with all the loans made to your Government.

I have the honour to be,

Sir,

Your obedient servant.

923

Mr. Allen

9/12

Mr. Macarwan

9/12/27

Mr.

Mr. Bottomley.

Downing Street,

15 December, 1927

Mr. E. J. Harding.

Sir J. Shuckburgh

Sir G. Grindle

Sir C. Davis.

Sir,

Sir S. Wilson.

Mr. Ormsby Gore.

Lord Lovat

Mr. Amery.

With reference to my de

(No.37) patches Confidential (2) of the 2

(No.87) of August and No.975 of the 25th

November, I have the honour to tr

mit to you, for your information,

accompanying copies of further

correspondence which has taken pl

with the Treasury with regard to

loan requirements of Kenya.

I have, etc.,

(for the Secretary of State)
(Signed) W. ORMSBY GORE

2 DRAFT Carson: see minute

KENYA

Confidential

Gov. Grigg.

To Treas. 28th Octr. (without encll.)
(No.63)

Fr. do. 5th Novr.
(No.79)

To do. 14 Decr.
(dft. h'th.)

(2 drafts) (Dft. also in 10202/2)

91
35

- Mr. Allen *9/12*
- Mr. *Moseman 4/12*
- Mr. *Bottleley 8/12*
- Mr. E. J. Hardou
- Mr. C. Strachey.
- Mr. J. Snauckburgh.
- Mr. G. G. G. G.
- Mr. C. Davis.
- Mr. S. Wilson
- Mr. G. G. G. G.
- Mr. G. G. G. G.
- Mr. G. G. G. G.

Downing Street,

14 December, 1927.

Sir,

I am to ack the receipt of
~~With reference to your~~



(No. 19)

15 DEC 1927

copy to Gov Kenya

letter of the 5th of November
(3.22769/3) regarding the loan re-
quirements of the Government of Kenya

2. As. T.Ls. ^{are} ~~will~~ be aware,
the issue of £5,000,000 authorised
in your letter under acknowledgment
has now been made, and I am to trans-
mit to you, for the information of
T.Ls., a copy of a letter which has
been addressed to the Crown Agents,
after semi-official correspondence
with your Department, relative to the
repayment of the loan of £3,500,000
authorised by Parliament in 1924.

3. In par.4(v) ^{of tax letter} it is stated
that the L.Cs. would be glad to be
assured that the proposed expenditure
on the new quays at Kilindini were

DRAFT *Carson see*
minute

The Secretary,
Treasury.

To CA. 22 Nov 1927
(No 96)

To Gov. No. 948 14th Feb.
(No. 18 on X.10203/27 Kenya)

Cmd. 2713

Recalculate & minute

reported upon favourably by the Imperial
Shipping Committee which was a condition
precedent to a final recommendation by the
Local Committee. In this connection, I am
to enclose for convenience of reference a
copy of the report of the Imperial Shipping
Committee on the control and working of the
Harbour, and to invite
attention in particular, to para. 22, 23
and 24. It will be seen from the last
mentioned paragraph that the Committee made
a reserve which related to the completion
of the work already suggested that,
in particular, further operations should be
deferred until results have been obtained from
the work already in competition with lighterage.
The Committee recognised that it might
be that the work already done would suffer if
it were delayed and that that would, undoubtedly,
be a disadvantage to completing.

It appeared to be a fair assumption

for

reported upon favourably by the Imperial
Shipping Committee, which was a condition
precedent to a final recommendation by the
Board Committee. In this connection, I am
to enclose for convenience of reference a
copy of the report of the Imperial Shipping
Committee on the control and working of the
Nombasa (Abidjan) Harbour, and to invite
attention in particular to para. 22, 23
and 24. It will be seen from the last
mentioned paragraph that the Committee made
no reference either as regards to the completion
of the harbour or as regards to the
possibility of other operations should be
referred to. The only data have been obtained from
other sources as regards to competition with the
harbour. The Committee expressed the view that it might
be that the harbour would suffer if
it were to be operated that would undoubtedly,
be a disadvantage to the harbour.

It appears to be a fair assumption

for

^{It may} ~~for~~ the Committee's report that the
 Committee recognizes that the
 construction of further deep water
 quays would, in any case, become neces-
 sary sooner or later, and, in agreeing
 to the immediate construction of berths
 three and four, without obtaining the
 results which the Committee suggested
 might be awaited, the S. of S. was in-
 fluenced, ^{apart from} ~~not only~~ by the arguments re-
 ferred to at the end of the preceding
 paragraph of this letter, ~~but~~ by con-
 siderations of economy arising out of
 the presence on the spot of the con-
 tractors for berths one and two, and by
 the fact that par.67 of the report of
 the E.African Guaranteed Loan Committee
 entitled the S. of S. to assume that the
 Committee agreed to the construction of
 two additional berths, at least. It
 was also felt that a decision to proceed
 at once with further construction would
 strengthen the position of the Government

in
 (14/56)

~~for~~ the Committee's report that the
Committee recognizes that the
construction of further deep water
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Committee agreed to the construction of
two additional berths, at least. It
was also felt that a decision to proceed
at once with further construction would
strengthen the position of the Government

In any negotiations with the Lighterage

Companies in regard to the arrangements

for ~~handling work~~^{work} at the port. On this

point, it may be added that an agreement

has been arrived at with the Wharfage

companies regarding the method of working ^{at}

~~the port~~. Under that agreement, light erage

is free, although it seems unlikely that

competition at any rate for general cargo

will arise since it is understood that the

local conditions of the port are such as to

render impracticable competition in the

ordinary sense. The D. of S. ^{has} assured

that the local representatives of the

Shipping Companies were quite satisfied with

the arrangements, and he considered that they

were the best possible in all the circumstances.

Having regard to the opinion ex-

pressed by the S.African Guaranteed Loan

Committee in the ^a par. of their report al-

ready referred to, and in view of the inclusion

See letter to Sir H.
Mackinder 21st April -
below No.29 in File
10107/27).

of a sum of £250,000 for further port development (including deep water berths five and six) in the forecast of advances required during 1928 given in the Governor's telegram of the 10th of October. (see C.O. letter of the 28th of October), I am to enclose, for the information of the L.Cs., a copy of a ^{note} ~~despatch which has recently been~~ addressed to the Governor of Kenya, from which they will see that no approval for including the construction of these berths in the immediate loan programme will be given pending the preparation of careful estimates of the position of the port, ^{nor} and until T.Ls. have been consulted.

SR
(1063)
(1063)

stet

I am, etc.,

(Signed) R. A. WISEMAN.

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 development (including deep water
 berths five and six) in the forecast
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 of careful estimates of the position of
 the port, ^{nor} and until T.Ls. have been con-
 sulted.

52
(106)

(1063)

etc

I am, etc.,

(Signed) R. A. WISEMAN.



84
38

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE
TELEGRAMS "CROWN LONDON"
TELEPHONE 7780 VICTORIA

A/A.D.362

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

IMMEDIATE

15th November, 1927

Sir,

15.11.27

W075

With further reference to your letter of the
4th November No.X10019/27, I have the honour to enclose
a copy of a telegram which we have sent to the
Government of Kenya reporting that the Kenya Government
Loan has been over-subscribed.

I have the honour to be,

Sir,

Your obedient servant,

W. A. D. 362

for Crown Agents.

Under Secretary of State,
Colonial Office.

GT

A/A.D.362

COPY OF TELEGRAM FROM CROWN AGENTS TO THE COLONIAL
SECRETARY KENYA.

15th November, 1927

LOAN OVER-SUBSCRIBED LIST CLOSED THIS MORNING
FULL INFORMATION WILL BE SENT BY MAIL.

Downing Street, W.C.

13 November, 1927.

My dear Sir,

I expect you have been puzzled over the history of the loan arrangements, but you would have been more puzzled - and your position very much complicated - if we had told you of our day-to-day discussions with the Treasury and, through them, with the Governor of the Bank of England.

Leaving out an episode about the order of issue of the Kenya loan and the Palestine Guaranteed Loan for which we carried our point, largely because of Treasury anxiety to get repayment of the £3,500,000 loan, the difficulty was, as you know, as to the amount to be issued. The Governor was quite certain that the market would ⁵⁴⁷ pay at 28,000,000 with its financial consequences not only to other Government issues but also to Kenya's future borrowing, and that £4,000,000 now and £4,000,000 next summer was all that could be hoped for. We have got this altered

to

HIS EXCELLENCY,

LIEUTENANT COLONEL,

SIR EDWARD GRICE, K.C.V.O., C.B.E., D.S.O., M.C.,

to £5,000,000 now and £3,000,000 next summer, and the Treasury assured us that there would be no difficulty about converting this last figure into £4,000,000.

That, of course, will not finish Kenya's requirements, but it will more than make good the amount which the Crown Agents have advanced, and that is the immediate point. Their total advances to colonies are very large.

The result of the loan, we must admit, tends to confirm the Governor's view. It was just comfortably over-subscribed, but there was no such rush as would indicate that there was any demand for a much larger amount. Kenya remains in good odour and the chances for future borrowing are very propitious.

Mr. Grubb-Jones has been independent to his day on this point from a high position in quite an independent position. He was instructed to be heard of the amount authorised by the loan and hopes that a more than £4,000,000 would be issued to the colony. The result of the £5,000,000 issue have been satisfactory. He is satisfied

42

satisfied that Kenya should have no difficulty in raising fresh amounts if the instalments are moderate.

At the last moment the Governor of the Bank of England gave us a fresh shock. We had been discussing with the Treasury on the basis of £5,000,000 cash to be raised: he had been discussing with them on the basis of the amount of ^{stock} cash to be issued, and when he heard of the Draft prospectus inviting applications for £5,170,000 stock (which he got hold of as £5,375,000) he was quite annoyed - breach of faith, taking ^{an ell} ~~our~~ ~~all~~, and so forth. Explanations failing, and the Crown Agents not pressing the matter, we gave way.

My only regret is that we were not able to issue at par instead of 99½. The Crown Agents, their brokers, and the Bank's brokers were agreed on the figure and there was nothing to be done. The Crown Agents say that if we could have issued a few weeks earlier we should have managed par.

The next step is to get finality on the question of loan works, and we are looking forward to

42
a despatch from you on that point. It will help us
enormously with the Treasury if you can avoid any commitment
on any outstanding point till we have squared them. I am
thinking in particular of the Thomson's Falls railway, the
Land and Agricultural bank, and now, the Nanyuki extension
which I see from the Council debates is being pressed by
Hinsely. (I wonder if means have been found to avoid
spoiling Mr. Baines's view).

This Nanyuki extension is fresh to our discussions
and I can't see it being met out of any savings.

Yours sincerely,

LCB

X.10019/27 Kenya.

86

44

C. D.
R 19 NOV
1927

Mr. Wiseman *8/11/27*

- Mr.
- Mr.
- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindale.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Lord Lovat.
- Mr. Amery.

56

Downing Street,

22 Nov. 1927.

Gentlemen,

As you are aware, the Loan Ordinance, which has recently been passed in Kenya, provides for the

immediate repayment to the Treasury of the sum of £3,500,000 lent by them for cotton services in 1924. One of the provisions relating to the Loan was that it should be free of interest until the 31st March, 1929.

It has now been arranged with the Treasury to take the present value of this Loan as on the 31st Dec. 1927, discounted at 5%, and the sum to be paid over on that date will, therefore be £3,292,181. It is not intended that this sum should necessarily be made over at that date, and Mr. Ormsby Gore authorises you to arrange directly

with the Treasury the amount and date of payment. The total shall be repaid...

DRAFT.

CROWN AGENTS.

Copy to Govr Kenya L.F.

Copy to Treasury 25 Nov/27
Copy to Treasury 14 DEC 1927
Copy to the Treasury
Copy to Amery and Co. as per Act 1927

and it has been agreed that it shall be repaid out of the proceeds of the account of the loan of £3,000,000 which we have just received from the subscription

Copy to Amery and Co. as per Act 1927

any instalments paid to the Treasury before the 31st Dec., the Treasury will credit the Colony with interest at 5%, while as regards the instalments paid after that date Treasury will charge interest at 5%.

3. The Treasury have stated that they would be glad to be informed at an early date, and as far in advance as possible, of the instalments which it is proposed to pay them. They are particularly anxious to know what sums will be paid over before Xmas.

I am, etc.,

(Signed) R. A. WISEMAN.

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I am, etc.,

(Signed) R. A. WISEMAN.



TREASURY CHAMBERS,
WHITEHALL, S.W.1.

In reply
please quote Regd. No.

17th November, 1927.

Dear Wiseman,

Many thanks for your letter of the 16th instant. I do not think that Kenya has much of a case on the item of £9,370. It was a very unusual arrangement to cancel interest for five years without even providing for its recovery at the end of the thirty-seven year loan, and the item in question is a very trifling set off to this.

However, if the Colonial Office attach any real importance to the point, we are willing to take the discounted value of £3,500,000, which I agree is £3,292,181.

Would you kindly, however, hurry up the Crown Agents as early December is one of our most difficult periods and we like to arrange matters as

far

R.A. Wiseman, Esq.,
Colonial Office.

far in advance as possible. We should accordingly
much like to know what money we shall get before
Christmas.

Yours sincerely,

F Phillips

46

Downing Street.

16 November, 1927.

Dear Mr. Phillips,

With reference to your letter No. S.22769/3 of the 10th of November, I see that you reckon the present value of the Kenya Loan, as on the 31st December, 1927, at £3,300,995. We make the present value at that date £3,292,181, and this figure is arrived at by discounting £3,000,000 at 5% interest from the 31st March, 1929.

Bottomley tells me that when the annuity of £210,000 was proposed by the Treasury, he noticed that if this payment was to be made for 37 years on the agreed basis of 5% interest it represented a present value on the 31st March, 1929, of £9,370 in excess of £3,000,000. He did not, however, raise any question about this at the time as it was obviously convenient to have a round figure of 6% for the annual

F. PHILLIPS, ESQ.,

46

Downing Street.

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Dear Mr. Phillips,

With reference to your letter No. S.22769/3 of the 10th of November, I see that you reckon the present value of the Kenya Loan, as on the 31st December, 1927, at £3,300,992. We make the present value at that date £3,292,181, and this figure is arrived at by discounting £3,000,000 at 5% interest from the 31st March, 1929.

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F. PHILLIPS, ESQ.,

annual payments, and because if anybody chose to make the calculation, an adjustment could always have been made on the last payment in 1966. You will see that this difference of £9,370, discounted at 5% from 31st March, 1929, is just equivalent to the difference of £8,814 between our figures for 31st December, 1927.

As the amount which would be repayable if repayment were to be made on the 31st March, 1929, would obviously be £3,500,000, and not £3,509,370, and as the sum actually paid over to Kenya was £3,500,000 this being free of interest until the 31st of March, 1929, we hope that you will agree to discount the interest of 5% from that figure, thus making the present value as on the 31st December, 1927, £3,292,181.

We see no objection of principle to your proposal to calculate interest either way with reference to the date 31st December, 1927, and will in due course ask the Crown Agents to let you have an estimate of the proposed dates of paying the instalments.

Yours sincerely,

(R.W.)



TREASURY CHAMBERS,
WHITEHALL, S.W. 1.

15th November, 1927.

In reply
please quote Regd. No.

S. 22769/3.

Dear Mr. Wiseman,

Pass has passed to me your letter of yesterday's date as to the repayment of the Kenya loan.

It appears from the Treasury letter of the 18th March 1924 (S22769) and from the loan Ordinance of 31st December 1924 that what is due to the Treasury is 37 annual payments of £210,000 the first of such payments to be made on 31st March 1930. The present value of these payments as on 31st December 1927 is at 5% £3,300,995.0.0. That therefore appears to be the sum due.

Presumably the Crown Agents will find it convenient to pay the amount over by instalments ranging round the 31st December and it will be simplest to take interest at 5% for that purpose also, i.e. we will allow interest at 5% on all money which reaches us before 31st December and charge interest at 5% on money

R. F. Wiseman, Esq.,
Colonial Office,
S.W.1.

money reaching us after that date.

I should be much obliged if you could let me know at an early date that this suggestion is satisfactory to the Crown Agents and would also state approximately the instalments by which they expect to pay and the dates.

Yours sincerely,

J Phillips

Downing Street,

14 November, 1927.

Dear Fass,

When I spoke to you on Saturday I gathered that you were not quite clear as to the rate of interest at which the discount on the proposed repayment of the £3,500,000 Kenya loan should be calculated.

Before we or the Crown Agents make arrangements to pay over this loan, however, I think we ought to be quite clear about the terms on which payment is to be effected, and for this purpose it seems to me that the loan should be discounted at the rate at which Kenya borrowed it from the Treasury, viz., 5 per cent.; see enclosure to our official letter to the Treasury of the 12th February, 1924, and your reply S.23700 of the 18th March. Will you let me know whether the Treasury agree?

Any other calculation would seem to imply either that the Treasury were making money out of Kenya or that Kenya were making money out of the Treasury, a

H.E.FASS, ESQ.,
TREASURY.

line

Downing Street,

14 November, 1927.

Dear Pass,

When I spoke to you on Saturday I gathered that you were not quite clear as to the rate of interest at which the discount on the proposed repayment of the £3,500,000 Kenya loan should be calculated.

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Any other calculation would seem to imply either that the Treasury were making money out of Kenya or that Kenya were making money out of the Treasury, a

H.E.FASS, ESQ.,
TREASURY.

line

line of support which does not seem to be
connected in a connection of this kind.

Yours sincerely,

line of argument which does not seem to be
tenable in a transaction of this kind.

Yours sincerely,



85
51

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE DATE OF THIS LETTER BEING QUOTED.
THE FOLLOWING REFERENCE: A/A.D. Kenya 362.
TELEGRAMS "CROWN, LONDON."
TELEPHONE. 7780 VICTORIA.

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1

12 NOV 1927
O O L W

11th November, 1927.

Sir,

Referring to your letter of the 4th November, No.X.10019/27, I have the honour to enclose six copies of the prospectus of the Kenya Government Loan which will be advertised in the press on the 13th and 14th November.

As arranged on the telephone, we telegraphed to the Colonial Government yesterday setting out the terms of the issue.

I have the honour to be,

Sir,

Your obedient Servant,

C. Christ

for Crown Agents.

The Under Secretary of State,
Colonial Office.



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948 1958.

Issue of £5,000,000

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining £4,000,000 is now offered for subscription.

Price of Issue £99 : 10 : 0 per cent.

Interest payable 15th January and 15th July

First Six Months Interest payable 15th July, 1928.

This Issue forms part of a Loan of £8,353,611.

Authorised by Ordinance No. 22 of 1927

£6 per cent on application and the balance payable as under

£24 10 per cent on the 1st December, 1927

£30 per cent on the 17th January, 1928

£40 per cent on the 17th February, 1928

The Government of Kenya, in compliance with the requirements of the Colonial Stock Act, 1900, is authorised to issue this Stock subject to the restrictions set forth in the Prospectus of 1927.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately £3,300,000 due in repayment of a loan made in 1924 for transport services in connection with cotton development. All the works to be executed have been sanctioned by the Secretary of State for the Colonies.

THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of Kenya, invite applications for £1,000,000 Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance of Kenya, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th January, 1958, but the Government of Kenya will have the option of redemption at par on or after the 15th January, 1948, on giving six months' notice by advertisement in the *London Gazette* and in *The Times* or by post to the then Stockholders at their

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1 Tokenhouse Buildings, E.C.2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of 25 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W.1, and at 1, Tokenhouse Buildings, London, E.C.2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C.2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on the 1st December, 1927, or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C.2, in exchange for the receipted Letter of Allotment, Scrip Certificates, which, when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer, of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C.2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto (Act 40 & 41 Vict., c. 59).

Forms of Application, and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W.1, or at 1, Tokenhouse Buildings, E.C.2, to Messrs. Mullens, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C.4, to Messrs. J. and A. Scrimgeour, 6, Austin Friars, E.C.2; to the National Bank of India, Ltd., 26, Bishopsgate, E.C.2; to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C.4; or to Barclays Bank (Dominion, Colonial and Overseas), Circus Place, E.C.2.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,
4, MILLBANK, LONDON, S.W. 1.
14th November, 1927.

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,181	4,302,574	1,564,965
31st Dec., 1924 ...	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,996	1,647,265	5,383,664	2,724,629
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated) ...	2,637,957	2,243,650	2,542,048	2,178,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,265.

The revenues of the Railway and Harbours which have been separated from the Administrations of Kenya and Uganda are liable to the Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbour services and the estimates for 1926 of the Railway and Harbours Administration have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contributes to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,
4, MILLBANK, LONDON, S.W. 1.
14th November, 1927.



No. _____

54

KENYA GOVERNMENT

5 PER CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF £25,000,000

Authorised by Ordinance No. 22 of 1927.

TO THE CROWN AGENTS FOR THE COLONIES.

GENTLEMEN,

I
We hereby apply for £ _____

say _____ pounds
of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the conditions contained in the Prospectus of the 14th November, 1927, and undertake to pay £99/10/- for every £100 Stock, and to accept the same, or any less amount that may be allotted to ^{me}_{us} and to pay for the same in conformity with the terms of the said Prospectus.

I
We enclose the required deposit of £ _____ being 25 per cent. on the nominal amount applied for.

Ordinary Signature _____

Name in full _____

(State whether Mrs. or Miss, and Titles, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated. No commission will be allowed to Bankers or Stockbrokers unless their name appears on the Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya Government Loan."

PLEASE
WRITE
DISTINCTLY.



No. _____

KENYA GOVERNMENT

5 PER CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF £5,000,000

Authorised by Ordinance No. 22 of 1927.

TO THE CROWN AGENTS FOR THE COLONIES.

GENTLEMEN,

I
We hereby apply for £ _____

say _____ pounds
of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the conditions contained in the Prospectus of the 14th November, 1927, and undertake to pay £99/10/- for every £100 Stock, and to accept the same, or any less amount that may be allotted to ^{me}_{us} and to pay for the same in conformity with the terms of the said Prospectus.

I
We enclose the required deposit of £ _____ being 5 per cent. on the nominal amount applied for.

Ordinary Signature _____

Name in full _____

(State whether Mrs. or Miss, and Titles, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated. No commission will be allowed to Bankers or Stockbrokers unless their name appears on the Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya Government Loan."

PLEASE
WRITE
DISTINCTLY.

Mr. Wiseman,

2 proofs of the Kenya
 loan prospectus attached. We
 should like, if possible, to
 give instructions this morning
 to the printer to proceed
 with the printing.

W. W. W.

Colonial Agents' Office

S. 11. 27



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948-1958.

Issue of £5,000,000

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining £4,000,000 is now offered for subscription.

Price of Issue £99 : 10 : 0 per cent.

Interest payable 15th January and 15th July.

First Six Months Interest payable 15th July, 1928.

This Issue forms part of a Loan of £8,353,611.

Authorised by Ordinance No. 22 of 1927.

£5 per cent. on application, and the balance payable as under:—

£24/10/- per cent. on the 1st December, 1927.

£30 per cent. on the 17th January, 1928.

£40 per cent. on the 17th February, 1928.

The Government of Kenya having complied with the requirements of the Colonial Stock Act, 1900. Trustees are authorised to invest in this Stock, subject to the restrictions set forth in the Trustee Act, 1925.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately £3,300,000 due in repayment of a loan made in 1924 for transport services in connection with cotton development. All the works to be executed have been sanctioned by the Secretary of State for the Colonies.

THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of Kenya, invite applications for £4,000,000 Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance of Kenya, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th January, 1958, but the Government of Kenya will have the option of redemption at par on or after the 15th January, 1948, on giving six months' notice by advertisement in the *London Gazette* and in *The Times* or by post to the then Stockholders at their

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1 Tokenhouse Buildings, E.C.2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W.1, and at 1, Tokenhouse Buildings, London, E.C.2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C.2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on the 1st December, 1927, or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C.2, in exchange for the receipted Letter of Allotment, Scrip Certificates, which, when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer, of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C.2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto (Act 40 & 41 Vict., c. 59).

Forms of Application, and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W.1, or at 1, Tokenhouse Buildings, E.C.2, to Messrs. Mullens, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C.1, to Messrs. J. and A. Scrimgeour, 6, Austin Friars, E.C.2; to the National Bank of India, Ltd., 29, Bishopsgate, E.C.2; to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C.4; or to Barclays Bank (Dominion, Colonial and Overseas), Circus Place, E.C.2.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

51

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923	1,899,447	1,237,736	2,137,639	899,181	4,302,574	1,504,306
31st Dec., 1924	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,629
31st Dec., 1926	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,967	2,242,630	2,542,048	2,178,187	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

The revenues of the Railway and Harbours which have been separated from the Administrations of Kenya and Uganda are liable to the Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbour services and the estimates for 1928 of the Railway and Harbours Administration have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contributes to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

Statement of the financial position of Kenya

to accompany Prospectus of Loan.

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1 Tokenhouse Buildings, E.C.2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W.1, and at 1, Tokenhouse Buildings, London, E.C.2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C.2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on the 1st December, 1927, or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C.2, in exchange for the receipted Letter of Allotment, Scrip Certificates, which, when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer, of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C.2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto (Act 40 & 41 Vict., c. 59).

Forms of Application, and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W.1, or at 1, Tokenhouse Buildings, E.C.2, to Messrs. Mullens, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C.4, to Messrs. J. and A. Scrimgeour, 6, Austin Friars, E.C.2; to the National Bank of India, Ltd., 29, Bishopsgate, E.C.2; to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C.4; or to Barclays Bank (Dominion, Colonial and Overseas), Circus Place, E.C.2.

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923	1,899,447	1,237,736	2,137,633	886,191	4,302,574	1,504,365
31st Dec., 1924	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,629
31st Dec., 1926	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,242,630	2,542,048	2,178,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1966, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

The revenues of the Railway and Harbours which have been separated from the Administrations of Kenya and Uganda are liable to the Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbour services and the estimates for 1928 of the Railway and Harbours Administration have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contributes to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W.1.

14th November, 1927.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W.1.

14th November, 1927.

58



No. _____

KENYA GOVERNMENT

5 PER CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF £5,000,000

Authorised by Ordinance No. 32 of 1927.

TO THE CROWN AGENTS FOR THE COLONIES.

GENTLEMEN,

I
We hereby apply for £ _____

say _____ pounds

of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the conditions contained in the Prospectus of the 14th November, 1927, and undertake to pay £99/10/- for every £100 Stock, and to accept the same, or any less amount that may be allotted to ^{me} _{us} and to pay for the same in conformity with the terms of the said Prospectus.

I
We enclose the required deposit of £ _____ being 5 per cent. on the

nominal amount applied for.

Ordinary Signature _____

Name in full _____
(State whether Mrs. or Miss, and Titles, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated. No commission will be allowed to Bankers or Stockbrokers unless their name appears on the Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya Government Loan."

PLEASE
WRITE
DISTINCTLY.

The List will be closed on or before Thursday, the 17th of November, 1927.



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948-1958.

Issue of £5,000,000

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining £4,000,000 is now offered for subscription.

Price of Issue £X per cent.

Interest payable 15th January and 15th July.

First Six Months Interest payable 15th July, 1928.

This issue forms part of a Loan of £ 8,353,611

Authorised by Ordinance No. 22 of 1927

£5 per cent. on application, and the balance payable as under:—

£X per cent. on the 1st December, 1927.

£80 per cent. on the 17th January, 1928.

£40 per cent. on the 17th February, 1928.

The Government of Kenya having complied with the requirements of the Colonial Stock Act, 1900, Trustees are authorised to invest in this Stock, subject to the restrictions set forth in the Trustee Act, 1925.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately £2,200,000 due in repayment of a loan made in 1924 for transport services in connection with cotton development. All the works to be executed have been sanctioned by the Secretary of State for the Colonies.

THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of Kenya, invite applications for £4,000,000 Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance of Kenya, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th January, 1958, but the Government of Kenya will have the option of redemption at par on or after the 15th January, 1948, on giving six months' notice by advertisement in the *London Gazette* and in *The Times* or by post to the then Stockholders at their

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,131	4,302,574	1,564,955
31st Dec., 1924 ...	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,629
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,242,630	2,542,048	2,178,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1966, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

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The Revenue of the Railways and Harbours which have been separated from the Administration of Kenya and Uganda are liable to Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbours administration. *As per memo and estimate for 1928 of the Railway and Harbours Administration* have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contribute to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

Statement of the financial position of Kenya to accompany Prospectus of Loan.

Year ending	Revenue.		Expenditure (including Debt Charges) %		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,131	4,302,574	1,564,955
31st Dec., 1924 ...	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,629
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,242,630	2,542,048	2,178,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1966, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

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The Revenue of the Railways and Harbours which have been separated from the Administration of Kenya and Uganda are liable to Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbours administration, have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contribute to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,
4, MILLBANK, LONDON, S.W.1.

14th November, 1927.

The List will be closed on or before Thursday, the 17th of November, 1927.



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948-1958.

Issue of £3,000,000

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining £2,000,000 is now offered by subscription.

Price of Issue £X per cent.

Interest payable 15th January and 15th July.

First Six Months Interest payable 15th July, 1928.

This issue forms part of a Loan of £ 8,953,611

Authorised by Ordinance No. 22 of 1927

£5 per cent. on application, and the balance payable as under:—

£X per cent. on the 1st December, 1927.

£30 per cent. on the 17th January, 1928.

£40 per cent. on the 17th February, 1928.

The Government of Kenya having complied with the requirements of the Colonial Stock Act, 1900, Trustees are authorised to invest in this Stock, subject to the restrictions set forth in the Trustee Act, 1925.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately £2,500,000 due in repayment of a loan made in 1924 for transport services in connection with cotton development. All the works to be executed have been sanctioned by the Secretary of State for the Colonies.

THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of Kenya, invite applications for £4,000,000 Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance of Kenya, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th January, 1958, but the Government of Kenya will have the option of redemption at par on or after the 15th January, 1948, on giving six months' notice by advertisement in the *London Gazette* and in *The Times* or by post to the then Stockholders at their



No. _____

KENYA GOVERNMENT

5 PER CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF 25,000,000

Authorised by Ordinance No. 22 of 1927.

TO THE CROWN AGENTS FOR THE COLONIES.

GENTLEMEN,

I
We hereby apply for £ _____

say _____ pounds
of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the
conditions contained in the Prospectus of the 14th November, 1927, and undertake
to pay £99/10/- for every £100 Stock, and to accept the same, or any less amount
that may be allotted to ^{me}_{us} and to pay for the same in conformity with the terms of
the said Prospectus.

I
We enclose the required deposit of £ _____ being £5 per cent. on the
nominal amount applied for.

Ordinary Signature _____

Name in full _____
(State whether Mrs. or Miss, and Title, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated.
No commission will be allowed to Bankers or Stockbrokers unless their name appears on the
Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit
thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya
Government Loan."

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The List will be closed on or before Thursday, the 17th of November, 1927.



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948-1958.

Issue of £3,000,000

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining £2,000,000 is now offered for subscription.

Price of Issue $\text{£} \frac{X}{100}$ per cent.

Interest payable 15th January and 15th July.

First Six Months Interest payable 18th July, 1928.

This Issue forms part of a Loan of $\text{£} 8,353,611$

Authorized by Ordinance No. 22 of 1927

£5 per cent. on application, and the balance payable as under:—

$\text{£} \frac{X}{100}$ per cent. on the 1st December, 1927.

£80 per cent. on the 17th January, 1928.

£40 per cent. on the 17th February, 1928.

The Government of Kenya having complied with the requirements of the Colonial Stock Act, 1900, Trustees are authorized to invest in this Stock, subject to the restrictions set forth in the Trustee Act, 1925.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately £2,200,000 due in repayment of a loan made in 1925 for transport services in connection with cotton development. All the works to be executed have been sanctioned by the Secretary of State for the Colonies.

THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of Kenya, invite applications for £4,000,000 Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance of Kenya, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th January, 1958, but the Government of Kenya will have the option of redemption at par on or after the 15th January, 1948, on giving six months' notice by advertisement in the *London Gazette* and in *The Times* or by post to the then Stockholders at their

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,181	4,302,574	1,564,965
31st Dec., 1924 ...	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,629
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,242,630	2,542,048	2,178,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

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The Revenue of the Railways and Harbours which have been separated from the Administration of Kenya and Uganda are liable to Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbours ~~administration~~ *services and the estimate for 1928 with Railway Harbours Administration* have already made provision for the payment out of revenue of an additional charge in this respect of £332,704. In the same way that Administration already contribute to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,
4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1 Tokenhouse Buildings, E.C. 2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W. 1, and at 1, Tokenhouse Buildings, London, E.C. 2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C. 2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on the 1st December, 1927, or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, in exchange for the receipted Letter of Allotment Scrip Certificates, which when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer, of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon or for any matter relating thereto (Act 40 & 41 Vict., c. 59).

Forms of Application and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W. 1, or at 1, Tokenhouse Buildings, E.C. 2, to Messrs Mullens, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C. 4, to Messrs J. and A. Springour, 6, Austin Friars, E.C. 2; to the National Bank of India, Ltd., 26, Bishopsgate, E.C. 2, to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C. 4, or to Barclays Bank (Dominion, Colonial and Overseas), Circus Place, E.C. 2.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

60

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

Year ending	Revenue		Expenditure (including Debt Charges)		Imports (Trade only)	Exports
	Colony	Railway and Harbours	Colony	Railway and Harbours		
	£	£	£	£	£	£
31st Dec., 1923	1,859,447	1,237,736	2,137,633	886,181	4,302,674	1,564,966
31st Dec., 1924	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925	2,430,509	1,993,509	2,339,996	1,647,265	5,388,884	2,734,289
31st Dec., 1926	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,242,630	2,542,048	2,178,157		

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1948-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

The Revenue of the Railways and Harbours which have been separated from the Administration of Kenya and Uganda are liable to Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbours administration, have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contribute to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank or firm named by him within the United Kingdom. Principal and interest will be payable at the offices of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W.1, and at 1, Tokenhouse Buildings, London, E.C. 2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C. 2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on the 1st December, 1927, or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, in exchange for the receipted Letter of Allotment, Scrip Certificates which, when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto (Act 40 & 41 Vict., c. 69).

Forms of Application, and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W. 1, or at 1, Tokenhouse Buildings, E.C. 2, to Messrs. Mullens, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C. 4, to Messrs. J. and A. Scrimgeour, 6, Austin Friars, E.C. 2, to the National Bank of India, Ltd., 29, Bishopsgate, E.C. 2, to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C. 4, or to Barclays Bank (Dominion, Colonial and Overseas), Circus Place, E.C. 2.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

60

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,131	4,302,574	1,564,955
31st Dec., 1924 ...	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,639
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated) ...	2,637,957	2,242,630	2,542,048	2,178,157		

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

20
the The Revenue of the Railways and Harbours which have been separated from the Administration of Kenya and Uganda are liable to Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbours administration. *These and the estimate for 1927 for Railways and Harbours Administration* have already made provision for the payment out of revenue of an additional charge in this respect of £282,704. In the same way that Administration already contribute to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W.1, and at 1, Tokenhouse Buildings, London, E.C. 2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C. 2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on the 1st December, 1927, or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, in exchange for the receipted Letter of Allotment, Scrip Certificates, which when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer, of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto (Act 40 & 41 Vict., c. 59).

Forms of Application and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W. 1, or at 1, Tokenhouse Buildings, E.C. 2, to Messrs. Mullins, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C. 4, to Messrs. J. and A. Stringout, 6, Austin Friars, E.C. 2, to the National Bank of India, Ltd., 29, Bishopsgate, E.C. 2, to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C. 4, or to Barclays Bank (Domestic, Colonial and Overseas), Circus Place, E.C. 2.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November 1927

**Statement of the financial position of Kenya
to accompany Prospectus of Loan.**

Year ending	Revenue		Expenditure (including Debt Charges)		Imports (Trade only)	Exports
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,131	4,302,574	1,564,966
31st Dec., 1924 ...	2,141,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,829
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,242,630	2,542,048	2,178,157		

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

The Revenue of the Railways and Harbours which have been separated from the Administration of Kenya and Uganda are liable to Government of Kenya for the debt charges on that portion of the loan to be spent on Railway and Harbours administration, and the Government of Kenya Administration have already made provision for the payment out of revenue of an additional charge in this respect of £232,704. In the same way that Administration already contribute to the Government of Kenya a sum of £310,409 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

OFFICE OF THE CROWN AGENTS FOR THE COLONIES,

4, MILLBANK, LONDON, S.W. 1.

14th November, 1927.

61



No. _____

KENYA GOVERNMENT

5 PER CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF £5,000,000

Authorized by Ordinance No. 22 of 1927.

TO THE CROWN AGENTS FOR THE COLONIES.

GENTLEMEN,

I We hereby apply for £ _____

say _____ pounds of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the conditions contained in the Prospectus of the 14th November, 1927, and undertake to pay for every £100 Stock, and to accept the same, or any less amount that may be allotted to $\frac{me}{us}$ and to pay for the same in conformity with the terms of the said Prospectus.

I We enclose the required deposit of £ _____ being 25 per cent. on the nominal amount applied for.

Ordinary Signature _____

Name in full _____
(State whether Mrs. or Miss, and Titles, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated. No commission will be allowed to Bankers or Stockbrokers unless their name appears on the Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya Government Loan."

PLEASE WRITE DISTINCTLY.

Downing Street,

8 November, 1927.

Dear Foss,

I now enclose a copy of the Draft Prospectus of the Young Loan with the amendments which we now propose to make. I think these amendments are all self-explanatory. Will you let us know if the Treasury agree to the Prospectus now drafted.

Yours sincerely,

Low

H. E. Foss, Esq.,

62
Downing Street,

8 November, 1927.

Dear Foss,

I now enclose a copy of the Draft
Prospectus of the Kenya Loans with the amendments which
we now propose to make. I think these amendments are
all self-explanatory. Will you let us know if the
Treasury agree to the Prospectus now drawn up.

Yours sincerely,

RW

H. R. FOSSE, ESQ.,

63

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.
(VICTORIA 7730)

Dear Sir

There is the further

proof which you

sent

sent to
Treasury,

the
11

Yours

Robert M. Smith

8/11/27

The List will be closed on or before Thursday the 17th of November 1927.



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948-1958.

Issue of £ 5,170,000

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining £4,170,000 is now offered for subscription.

Price of Issue £ 99-10-0 per cent.

Interest payable 16th January and 15th July.

First Six Months Interest payable 15th July, 1928.

This Issue forms part of a Loan of £ 8,353,611

Authorised by Ordinance No. of

25 per cent. on application, and the balance payable as under:—

24/10/27	£25	per cent. on the	1st December 1927
	£30	per cent. on the	17th January 1928
	£40	per cent. on the	17th February 1928

The Government of Kenya having complied with the requirements of the Colonial Stock Act, 1900, Trustees are authorised to invest in this Stock, subject to the restrictions set forth in the Trustee Act, 1926.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately £3,300,000 due in repayment of a loan made in 1924 for transport services in connection with cotton development. *All the works to be executed have been sanctioned by the Secretary of State for the Colonies.*

4000000
of Kenya
THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of Kenya, invite applications for ~~the~~ Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of Kenya and the principal will be repaid at par on the 15th January, 1958, but the Government of Kenya will have the option of redemption at par on or after the 15th January, 1948, on giving six months notice by advertisement in the London Gazette and in The Times or by post to the then Stockholders at their

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July, 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post to the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named therein within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1 Tokenhouse Buildings, E.C. 2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4, Millbank, London, S.W. 1, and at 1, Tokenhouse Buildings, London, E.C. 2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C. 2, not later than the dates above mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on 1st December 1927 or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, in exchange for the receipted Letter of Allotment, Scrip Certificates which, when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer, of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully-paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The revenues of the Colony of Kenya alone are liable in respect of the above Stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon or for any matter relating thereto (Act 40 & 41 Viet., c. 59).

Forms of Application, and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W. 1, or at 1, Tokenhouse Buildings, E.C. 2, to Messrs. Mullens, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C. 4, to Messrs. J. and A. Scrimgeour, 6, Austin Friars, E.C. 2; to the National Bank of India Ltd., 29, Bishopsgate, E.C. 2, to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C. 4, or to Barclays Bank (Dominion, Colonial and Overseas), either at 29, Gracechurch Street, E.C. 3, 25, Cannon Street, Liverpool or at 21, York Street, Manchester. *Circus Place E.C. 2.*

OFFICE OF THE CROWN AGENTS FOR THE COLONIES.

1, MILLBANK, LONDON, S.W. 1.

146 November 1927.

Statement of the financial position of Kenya
to accompany Prospectus of Loan.

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923	1,839,447	1,237,736	2,137,633	886,131	4,302,574	1,564,965
31st Dec., 1924	2,111,565	1,635,189	1,861,511	1,217,094	4,038,914	2,239,614
31st Dec., 1925	2,430,509	1,993,509	2,339,996	1,647,265	5,383,684	2,724,629
31st Dec., 1926	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated)	2,637,957	2,222,630	2,542,048	2,162,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists only of £5,000,000 6 per cent. Stock, 1946-1966, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,256.

The revenues of the Railway and Harbours, which have been separated from the administration of Kenya and Uganda, are liable to the Government of Kenya for the debt charges on that portion of the loan. The expenditure on railway and harbour services, and the estimates for 1926 of the Railway and Harbour administration, have already made provision for the payment of revenue of an additional charge in this respect of £232,704. In the case we that administration already contributes to the Kenya Government a sum of £310,489 annually in respect of the charges on the Kenya £5,000,000 loan of 1921.

November, 1927.



No. _____

KENYA GOVERNMENT

5 PER-CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF £ 5,190,000.

Authorised by Ordinance No. _____ of _____

TO THE CROWN AGENTS FOR THE COLONIES.

GENTLEMEN,

I We hereby apply for £ _____

say _____ pounds of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the conditions contained in the Prospectus of the 14th November, 1927, and undertake to pay ~~199/10~~ for every £100 Stock, and to accept the same, or any less amount that may be allotted to ^{me} _{us} and to pay for the same in conformity with the terms of the said Prospectus.

I We enclose the required deposit of £ _____ being 25 per cent. on the nominal amount applied for.

Ordinary Signature _____

Name in full _____

(State whether Mrs. or Miss, and Titles, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated. No commission will be allowed to Bankers or Stockbrokers unless their name appears on the Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya Government Loan."

PLEASE WRITE DISTINCTLY.

Confidential

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.

7th November, 1927.

Dear Bottomley,

I am writing about the Kenya loan as Ezechiel is in bed with lumbago. I enclose two prints of the draft prospectus. I discussed with our brokers the price of the loan and they advise $99\frac{1}{2}$ - This figure they tell me is regarded by the Governor of the Bank, whom you asked us to consult in this case, as a very fair price, fair I take it both to the market and the Colony.

It is, I think, a rather poor price, but we ought, of course, to have gone to the market earlier. It has now been swept by other borrowers. We have, of course, a special reason in this case for accepting a price which should be regarded as satisfactory by the market because we are expecting Kenya to borrow again in about six months time.

Yours sincerely,

Henry Lambert

W.C. Bottomley Esq., C.B.
C.M.G., C.B.E.,
Colonial Office.

The List will be closed on or before *Thursday* the *17th* of *November* 1927.



KENYA GOVERNMENT

5% INSCRIBED STOCK, 1948-1958.

Issue of **£ 5,170,000**

Of which £1,000,000 has already been placed in the terms of the Prospectus and the remaining **£4,170,000** is now offered for subscription.

Price of Issue **£49.0** per cent.

Interest payable 15th January and 15th July.

First Six Months' Interest payable 48th July, 1928.

This Issue forms part of a Loan of **£ 8,353,611**.

Authorised by Ordinance No. of

25 per cent. on application, and the balance payable as under:—

24/10 - £2 per cent. on the *1st December 1927*
£30 per cent. on the *17th January 1928*
£40 per cent. on the *17th February 1928*.

The Government of *Kenya* having complied with the requirements of the Colonial Stock Act, 1900, Trustees are authorised to invest in this Stock, subject to the restrictions set forth in the Trustee Act, 1925.

The Loan is raised to meet the cost of Railway, Harbour and other works for the development of the Colony and to repay to His Majesty's Treasury a sum of approximately **£3,300,000** due in repayment of a loan made in 1924 for transport services in connection with cotton development.

THE CROWN AGENTS FOR THE COLONIES, on behalf of the Government of *Kenya* invite applications for **£4,170,000** Stock as stated above. The Stock will be issued under the provisions of the General Loan and Inscribed Stock Ordinance, and will be inscribed in accordance with the provisions of the Colonial Stock Act, 1877.

The loan is secured on the general revenues and assets of the Government of *Kenya* and the principal will be repaid at par on the 15th January, 1968, but the Government of *Kenya* will have the option of redemption at par on or after the 15th January, 1948, on giving six months' notice by advertisement in the *London Gazette* and in *The Times* or by post to the then Stockholders at their

registered addresses. A sinking fund of not less than one pound per cent. per annum will be formed in this country for the redemption of the loan under the management of the Crown Agents, who are appointed Trustees, and the first half-yearly contribution thereto will be taken not later than the 15th July 1931.

The interest at the rate of 5 per cent. per annum will be payable half-yearly on the 15th January and the 15th July in each year by Dividend Warrants, which will be forwarded by post at the Stockholders' risk, either to the Stockholder, or to any other person, bank, or firm named by him within the United Kingdom. Principal and interest will be payable at the Office of the Crown Agents for the Colonies, London.

The Stock will be transferable at the Crown Agents' Transfer Office, No. 1 Tokenhouse Buildings, E.C. 2, without charge. Stamp Duty will be paid by the Colonial Government.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Crown Agents' Offices at 4 Millbank, London, S.W.1, and at 1, Tokenhouse Buildings, London, E.C. 2, and the subsequent payments are to be made at the Crown Agents' Transfer Office, 1, Tokenhouse Buildings, E.C. 2, not later than the dates above-mentioned.

In the case of partial allotment, the balance of the amount paid on application will be applied towards the payment of the first instalment. If there should be a surplus after making that payment such surplus will be refunded by cheque.

Applications may be for the whole or any part of the issue, but must be for £100 Stock or a multiple of £100.

Payments may be made in full after allotment under discount at the rate of 4 per cent. per annum on 1st December 1927 or on any subsequent date.

Interest at 6 per cent. per annum will be charged on instalments if in arrear, and non-payment of any instalment at its due date will render the deposit and instalments previously paid liable to forfeiture and the allotment to cancellation.

After payment by the allottees of the instalment due on allotment, they will receive at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, in exchange for the receipted Letter of Allotment, Scrip Certificates, which when paid in full, will be convertible into Inscribed Stock.

Stock Certificates to Bearer of the denominations of £1,000, £500 and £100, with coupons for the half-yearly Dividends attached, will be obtainable in exchange for fully paid Scrip Certificates or Inscribed Stock at the Crown Agents' Transfer Office, No. 1, Tokenhouse Buildings, E.C. 2, on payment of the prescribed fees, and such Certificates can, if desired, be re-inscribed.

A commission of Five Shillings per cent. will be allowed to Bankers and Stockbrokers on allotments made in respect of applications bearing their stamp.

The trustees of the Colonies of Kenya alone are liable in respect of the above Stock and the dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto (Act 40 & 41 Vict., c. 59).

Forms of Application and a Statement relative to the financial position of the Colony may be obtained by applying to the Crown Agents for the Colonies at 4, Millbank, S.W. 1, or at 1, Tokenhouse Buildings, E.C. 2, to Messrs. Mullins, Marshall, Steer, Lawford and Co., 13, George Street, Mansion House, E.C. 4, to Messrs. 1 and A Scrimgeour, 6 Austin Friars, E.C. 2; to the National Bank of India Ltd., 29, Bishopsgate, E.C. 2; to the Standard Bank of South Africa, Ltd., 10, Clements Lane, E.C. 4; or to Barclays Bank (Dominion, Colonial and Overseas), either at 29, Gracechurch Street, E.C. 4, or to the Bank of India, 1, Leadenhall Street, E.C. 3, or at 41, York Street, Manchester. *Circular Place C.C. 2*

OFFICE OF THE CROWN AGENTS FOR THE COLONIES

1, MILLBANK, LONDON, S.W. 1

14th November 1927.

Statement of the financial position of Kenya →
to accompany Prospectus of Loan.

Year ending	Revenue.		Expenditure (including Debt Charges).		Imports (Trade only).	Exports.
	Colony.	Railway and Harbours.	Colony.	Railway and Harbours.		
	£	£	£	£	£	£
31st Dec., 1923 ...	1,839,447	1,237,736	2,137,633	886,131	4,302,574	1,564,965
31st Dec., 1924 ...	2,111,565	1,635,189	1,961,511	1,217,094	4,038,914	2,239,064
31st Dec., 1925 ...	2,430,509	1,993,509	2,339,396	1,647,265	5,383,664	2,724,609
31st Dec., 1926 ...	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341
31st Dec., 1927 (estimated) ...	2,637,957	2,252,630	2,542,048	2,184,157	—	—

Apart from the Treasury Loan, which will be repaid out of the proceeds of the present issue, the gross Public Debt consists of £5,000,000 6 per cent. Stock, 1946-1956, issued in 1921, in respect of which a Sinking Fund has been accumulated to the value of £210,255.

November, 1927.

70



KENYA GOVERNMENT

5 PER CENT. INSCRIBED STOCK, 1948-1958.

ISSUE OF £ 5,170,000

Authorised by Ordinance No. _____ of _____

To THE CROWN AGENTS FOR THE COLONIES:

GENTLEMEN,

I ¹ hereby apply for £ _____

say _____ pounds

of Kenya Government 5 per cent. Inscribed Stock, 1948-1958, according to the conditions contained in the Prospectus of the 14th November, 1937, and undertake to pay ~~£99.00~~ for every £100 Stock, and to accept the same, or any less amount that may be allotted to ^{me} _{us} and to pay for the same in conformity with the terms of the said Prospectus.

I enclose the required deposit of £ _____ being 5 per cent. on the nominal amount applied for.

Ordinary Signature _____

Name in full _____
(State whether Mrs. or Miss, and Title, if any.)

Address _____

Date _____

Cheques should be drawn to Bearer and crossed BANK OF ENGLAND.

If altered from "Order" to "Bearer" the alteration should be signed by the drawer.

If the Allotment Letter is required to be forwarded to other than the Applicant, it should be stated. No commission will be allowed to Bankers or Stockbrokers unless their name appears on the Application.

Applications must be for even hundreds of Stock, and must be accompanied by the amount of Deposit thereon, and the Application must be enclosed in an envelope marked outside "Application for Kenya Government Loan."

PLEASE
WRITE
DISTINCTLY.

Mr.

RW 10/11/27

at me

X10019/27

8/11

Mr.

Mr.

Coded receipt
8.45 pm 10/11/27
ZHS

Kenya

Mr. E. J. Harding.

Sir C. Swachey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amery.

Your tel of
9 Nov No 546 C.A.
have telegraphed particulars
of loan issue.

DRAFT. Tel.

Governor
Nairobi

Mr. ~~Wilson~~
Mr. ~~Harvey~~ 8/11/27

Mr. J. Harding
Mr. Strachan
Sir J. Shuckburgh
Sir G. Grindal
Sir C. Davis
~~Mr. S. Wilson~~
Mr. Ormsby-Gore
Earl of Clarendon
Mr. Amery

X10.019/27
Kenya
S.O. 8/11/27
Your tel of 8th

81
72

XEA

above
8.11.27

DRAFT.

Governor

Nairobi

Mr Ormsby-Gore to see
later. S.H.G.
8.11.27.

No 53 in file

Nov. No 344 understood
with Treasury is that
£350,000 loan will be
repaid forthwith but this
will be done at a discount
and financial results will
therefore be much the
same as present, with
added advantages that
referred to by Crown Agent
in my telegram of 15 Dec
It is contemplated that further

loan for balance and
with the additional
charges as may be by
the approved shall be
issued in spring of next
year but it would not have
been possible to force
market to take higher
issue the £5000000

On this occasion though
I can assure you that
I ~~pressed~~ exhausted
every endeavour to ~~do so~~ ^{in your that} that
loan ~~will be for~~ ^{has now been fixed at} £5000000
stock.

loan for balance and
with the additional
~~changes~~ ^{changes} as may be by
the approved shall be
issued in spring of ~~next~~
year but it would not have
been possible to force
market to take higher
issue than £5,000,000

On this occasion though
I can assure you that
I ~~pressed~~ exhausted
every endeavour to ~~do so~~ ^{in year that} that
loan ~~will be for~~ ^{has now been paid at} £5,000,000
stock.

RECEIVED
- 8 NOV 1927
COL. OFFICE

80

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

(Dated 8th November Received Colonial Office 3.25.p.m.
5th November, 1927.)

Urgent No. 344. 8th November. Your telegram of 5th November is issue of £5,000,000 to include repayment of £3,500,000 loan? You will appreciate the fact that raising only one million and a half new money at or about (group omitted) per cent will be regarded here as small compensation for undertaking payment of £3,500,000 loan one year before necessary. Elected Members undoubtedly accepted this on the understanding that it would enable a considerable sum of new money to be raised on favourable terms and I am anxious to prevent any feeling on their part that proposals of advisers on which (I) counselled reliance in ^{my} ~~any~~ speech to the Council on 25th October have not been justified by events. I trust therefore that the new issue will be raised at least to £7,000,000 if the original total not to be secured. £8,353,611 loan is authorised by the Specific Loan Ordinance No. 22 of 1927 which passed in Legislative Council on 3rd November.

RECEIVED
- 8 NOV 1927
COL. OFFICE

73
80

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies,

(Dated 8th November Received Colonial Office 3.25.p.m.
8th November, 1927.)

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19
74

My reply to this letter should be addressed to
THE SECRETARY.

TREASURY,
WHITEHALL, LONDON, S.W.1.
and the following number quoted

TREASURY CHAMBERS.

5 November, 1927.

S. 22769/3.



RECEIVED
-7 NOV 1927
COL OFFICE

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Wiseman's letter of the 28th ultimo (10019/27) and the accompanying copy of further telegraphic correspondence with the Governor of Kenya regarding the loan requirements of the Colony.

My Lords understand that the cost of works, already constructed or expected to be completed at an early date, which are being financed by the £3,500,000 loan made by His Majesty's Government and by temporary advances from the Crown Agents, amounts to £8,103,411.

It has already been agreed that it is desirable for the Colony to repay the loan made by His Majesty's Government and the Crown Agents desire repayment of a portion of their advances so that it becomes necessary to

The Under Secretary of State,
Colonial Office.

raise

Copy to Ken Kenya
15/11/27
10.65
14 DEC 1927
Copy to Colonial Office

which Their Lordships would be glad to see in draft.

II. Transport Loan £2,950,000.

This is the £3,000,000 loan sanctioned in Treasury Letter of the 27th April 1926 (S.22769/2) and Their Lordships have no further observations to offer.

III. Colony Loan £667,611.

This forms an instalment of the loan of £1,712,410 sanctioned in Treasury Letter 27th April 1926 (S.22769/2) and My Lords have no observations to offer.

IV. Mombasa Railway Station £55,000.

It is not desired to raise any objection to this item.

V. Works originally intended to be financed from Guaranteed Loan. £1,181,000.

This total is made up as follows :-

(a) Kilindini Quays	£600,000
(b) Rolling Stock	531,000
(c) Port Improvement	50,000

The proposed works were the subject of examination by the East African Guaranteed Loan Committee in

1926,

76

such additions as may be required for any further
~~services~~ which have Their approval and which are covered
by local Ordinance.

I am,

Sir,

Your obedient Servant,

R. W. A. I. Hopkins

12

Mr. R. W. 5/11/27
alone

X10019/27
Kenya

7/11
Cases and
1.05 for 5/11
gas.

- Mr. E. J. Harding.
- Mr. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

~~1000~~
Cash by 80
No 346

You let of 3 Nov

27 NOV 1927

I am advised that
£5,000,000 is maximum
which it is advisable
for Kenya & flotation
market at one time
and lists will be
opened for subscription
on 16th November to
produce for that amount rate
of interest being 2 1/2
approximately 5%

DRAFT.

Governor
Nairobi.

Copy to Treasury
C.A.

Copy to Treasury
C.A.

I will inform you when
terms of issue settled
but ~~immediate~~ please
telegram ^{immediately} number
and date of loan
ordnance for ~~inclusion~~ ^{inclusion} in
prospective.

I will inform you when
terms of issue settled
but ~~meanwhile~~ please
telegraph ^{immediatly} number
and date of loan
ordnance for ~~use~~ ^{inclusion} in
prospects.

5c

767

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 3rd November, 1927.

(Received Colonial Office 5.30 p.m. 3rd November, 1927.)

Priority.

No. 341. 3rd November. Specific Loan Ordinance 1927 passed all three readings in Legislative Council today. Schedule is as follows:-

I. Colonial Development. (a) Public Buildings £304,342 (b) Municipal requirements £275,269 (c) Roads and Bridges £88,000 total £667,611.

II. Kenya and Uganda Railway and Harbour. (a) Construction of Nyeri Kitale and Solai Branch Railway and completion of Wain Gibe Railway £1,445,000 (b) General Improvement on main line(s) and additional equipment £1,000,000 (c) Purchase and reconditioning of Voi - Kahe Branch Railway £100,000 (d) Purchase of site for new railway station at Mombasa. £55,000 (e) Additional locomotives and rolling stock. £1,051,000 (f) General Port development including completion of first two deep water berths and construction of additional deep water berths. £1,000,000 (g) Interest out of capital during construction period (a) and (b). £255,000 Total £6,156,000.

III. Payment of Loan of £2,000,000 raised by the authority of the Specific Loan Ordinance 27 of 1927. Total £8,156,000. Grand total £8,823,611. (Dated telegraph date of issue on market.

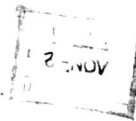
-4 NOV 1927

and at 57

Copy to C. A. 1/10
Trans. 15/6

Mr. *Sturkie* 3/11/10
Mr. *Ruseman* 3/11/10
Mr.
Mr. E. J. Harding.

Mr. C. Strachey
Sir J. Shackleton
Sir G. Grindle
Sir C. Davis
Sir S. Wilson
Mr. Ormsby-Gore.
Lord Lovat.
Mr. Amery.



DRAFT.

Cons: verbal
indis.

Attent's

X. 10079.27
Kenya

1172

Important
Ent.

3 1/2

In continuation of the
letter from this Dept of the 2nd Nov
Regarding the prospectuses of the
forthcoming Kenya Loan I
am so to transmit to you
by acc: copy of the draft
Ests for 1920 of the Reserve
Propositor of the Kenya
Kenya Alps & Harbours
which have been approved &
the ~~Dept~~ basis of the
Kenya & Uganda & the
S.P.S.

2. Jan 10/10

... to attention to Mr. Wiseman ^{III}
page 103 of the 1924 form which
will be seen that a total
amount of £232,704 has been
incurred in respect of interest on
in advances pending the raising
of loans; & also to the combined
let Revenue A/c of the Railways

... on page 4 which taking this interest to
of £104,590
shows a surplus, after transfer
provision
transferred into account @
3 Jan 6

... In the case, that
some reference to the above-mentioned
facts might usefully be made in
drafting the prospectus of the
loan

(Signed) R. A. WISEMAN.

Mr. Allen 2/11
Mr. Niseman 2/11/p

- Mr.
- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindale.
- Sir G. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Lord Lovat.
- Mr. Amery.

X.1009/27 Kenya

C. D.
NOV
1927

40

Downing Street,
2 November, 1927

DRAFT Copy in
Verbalis's

THE CROWN AGENTS
FOR THE COLONIES.

Gentlemen,

In continuation of the letter
from this Department of the 29th of October
regarding the proposed Kenya Loan, I am
directed to transmit to you the acce-
table of financial and trade statistics
which has been prepared, in accordance
with the a-o request received from your
Office, on the lines of the statement
issued in connection with the 1921 Loan.

2. I am also to invite your attention
to the points suggested for embedment in
the prospectus of the forthcoming loan
contained in the Governor's telegram of

Table
(spare copies herewith)
Governor's speech
(dated 1 30 & 31 Aug)
Copy herewith.

K.P.A. copy * in
file 3
initial
one copy of K.P.A.
(No 57)

the

the 21st October, a copy of which accompanied the letter under reference, and to inform you that subject to the following remarks (the paragraph references in which relate to the ~~copy of the~~ telegram of the 21st October) the Secretary of State has no objection to your including in the draft prospectus such of the Governor's suggestions as you may think desirable.

Paragraph 2.

Note 'B', a

copy of which was enclosed in the letter under reference, was prepared for the information of the Lords Commissioners of the Treasury, but it will be seen that the table now enclosed does not include any estimated figures in respect of the year 1927, but is limited to the actual results of the year 1926 and preceding years.

Paragraph 3.

It would not be possible without reference to the Colonial Government, to revise the figures of the Colony's revenue and expenditure with a view to excluding the

the 21st October, a copy of which accompanied the letter under reference, and to inform you that subject to the following remarks (the paragraph references in which relate to the ~~copy of the~~ telegram of the 21st October) the Secretary of State has no objection to your including in the draft prospectus, such of the Governor's suggestions as you may think desirable.

Paragraph 2. Note 'B', a

copy of which was enclosed in the letter under reference, was prepared for the information of the Lords Commissioners of the Treasury, but it will be seen that the table now enclosed does not include any estimated figures in respect of the year 1927, but is limited to the actual results of the year 1926, and preceding years.

Paragraph 3. It would not be possible without reference to the Colonial Government, revise the figures of the Colony's revenue and expenditure with a view to excluding the

81

reimbursements referred to, but you will no doubt consider whether ~~the~~ ^{Some} ~~General~~ General Note dealing with the point should be added to the ~~statement~~ ^{statement} relating to the financial and trade statement.

Paragraph 5.

A copy of the Debates of the Legislative Council, including the Governor's Speech of the 30th of August is enclosed, and the portion referred to will be found on page ²/₁91.

¹⁰
Paragraph 6.

The third personal letter of the 12th October referred to in this paragraph has not yet arrived, but a copy of the Budget Statement of the General Manager of the Railway will be forwarded to you as soon as received

X

¹¹ ¹²
Paragraphs 10 and 11.

The figures in the Note 'A', a copy of which was also enclosed in the letter (for reference) were not calculated on expenditure actually incurred, or to be incurred up to the end of the year, but were based on the full provision for the services in question included in the earlier schedule of the Army Loan, which amounted to a total of 11,712,410.

Receipts

Part

As amounts ~~incurred~~ ^{incurred} in the ~~1000~~ ¹⁰⁰⁰ (a copy of which was enclosed in the letter for the sake of the schedule of the ~~1000~~ Ordinance authorizing the ~~1000~~ ^{is not bound} it is not ¹⁸⁰⁰⁰¹)

No 52

... take them into account for the purpose of the prospectus

Secretary of State, ... draft ... of the Loan.

Handwritten signature and date

The figures in the Note 'A', a copy of which was also enclosed in the letter under reference, were not calculated on expenditure actually incurred, or to be incurred up to the end of the year, but were based on the full provision for the services in question included in the earlier schedule of the Colony Loan, which amounted to a total of £1,712,410.

Paragraph 2.

Part 1

No 52

the figures are based on the
As accounts have been
£10,000 (a copy of which was enclosed in the
will not be provided in the forth-
schedule of the Loan Ordinance authorizing the
of the Loan, it is not
10000)

It is necessary to take them into account for the
purpose of the prospectus

I am to request that you
write to the Secretary of State,
as soon as possible, to draft
of the prospectus of the Loan.

I am, etc.

1/12/1900

82

Statistical Statement relative to the Revenue,
Expenditure and Trade of the Colony of Kenya from
1918 to 1926.

Year ending	Revenue (a) (b)		Expenditure (a) (b)		Imports (a) (c) (d)	Exports (a) (e)
	£	£	£	£	£	£
31st March 1918.	1,348,289		1,490,871		2,809,681	1,543,104
31st March, 1919.	1,848,708		1,570,708		3,397,810	2,221,887
31st March, 1920.	1,725,435		2,024,861		3,119,536	2,006,997
31st March, 1921.	2,978,788		2,975,960		6,911,858	4,699,498
31st Dec. 1921. (9 months)	1,891,679	(f)	1,666,785	(h)	2,870,269	2,111,151
31st Dec. 1922.	Colony Railway		Colony Railway			
	1,649,032	1,092,488	1,972,212	1,080,065	2,871,240	2,780,998
31st Dec. 1923	1,852,447	1,237,734	2,137,633	886,131	4,802,574	1,564,955
31st Dec. 1924.	2,111,865	1,435,189	1,861,511	1,217,094	4,021,214	2,259,614
31st Dec. 1925	2,430,509	1,992,509	2,339,996	1,647,245	5,323,684	2,724,629
31st Dec. 1926	2,627,223	2,058,710	2,414,681	1,868,120	5,476,475	2,414,341

Notes.

- (a) Calculated at Rs.15 to £ up to 31st March, 1920; thereafter at 10 florins or 20 shillings to £.
- (b) Including Railway up to end of 1921, after which the revenue and expenditure of the Railway was no longer shown in the Colony's Estimates. From the 1st April, 1921, the Colony ceased to absorb the Railway profits on working.
- (c) Trade Imports only.
- (d) Including imports for consumption in Uganda up to 1923 inclusive.
- (e) Including domestic exports from Uganda up to 1924 inclusive.
- (f) Includes 2500,000 appropriated under Item 4 of Specific Loan Ordinance, 1921.
- (g) Earnings.
- (h) Working Expenditure, Loan Charges and Depreciation.
- (i) Excluding Parcel Post.

Mr. [unclear] 31/10/27

X.10019/27 Kenya.

68

Postally 31.10.27 at once

- Mr. [unclear]
- Mr. J. [unclear]
- Sir G. [unclear]
- Sir G. [unclear]
- Sir J. Masterton Smith
- Mr. [unclear]
- Mr. [unclear]

Cash & Seal
 8.0 per
 31.10.27
 CD

DRAFT.

120

102

Governor
Nairobi

NOV 1927

C. A. F. }
 Treas. }
 4/10

Your tel of 31st Oct
 No 337 Treasury decision
 not yet received but you
 may proceed with loan
 bill and as it is possible
 that favorable opportunity
 for issue of some portion
 of loan may occur
 in November it is most
 important that
 Ordinance should be
 enacted as early as possible
 so that the schedule of
 interest should continue

C. A. F.
 C. L. F.

figure of £350,000,
as amount of Parliamentary
loan to be repaid making
that £8353,611.

figure of £350,000,
as amount of Parliamentary
loan to be repaid making
total £8353,611.

31 OCT 1927
COL. OFFICE

67
94

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

(Dated 31st October Received Colonial Office 2.40.p.m. 31st October, 1927.)

337 31st October

My telegram of 21st October No. 321.

1057 I am very anxious to put the loan bill before the sitting this week. Request earliest intimation that I may do so and details of schedule and full amount to be included.

Telephone No.: VICTORIA 1234.



TREASURY CHAMBERS,
WHITEHALL, S.W.1.

In reply
to the Receipt No. 2

10019/27K
66
46
RECEIVED
OCT 27 1927
OFFICE

28th October, 1927.

Dear Wiseman,

Thanks for your letter of yesterday covering a note of the meeting on the 24th on the Kenya Loan. The total of Kenya's requirements has since been put to the Governor, as I ^{last} told Bottomley, and from his point of view he does not mind how often Kenya goes to the market, provided that they don't ask for more than £4 or £5 millions a time; he suggests £5 millions now, £3 millions early Summer 1928, and another £3 or £4 millions, as may be required, in the latter part of the year. Meanwhile, he wants to get on at once with the Palestine Loan which will ease the position of the Crown Agents, and I have asked Harding to do his best to expedite it at your end.

Yours sincerely,

R.A. Wiseman, Esq.,
Colonial Office.

Attach

(Auchy. in envelope)

H.T. Ashworth

28/10/27 at me

Mr. Whitehouse 29/10/27 65, 10019
Mr. Wiseman 27/10/27 17 26
Mr. Bottomley For me sign - or my self
RW

- Mr. E. J. Harding.
- Sir J. Shuckburgh
- Sir G. Grindle.
- Sir C. Davis
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Lord Lovat
- Mr. Amery.

24 OCT 1927

Dear Schuster,

With ref. to

the discussion here last
Monday, I enclose for
your info, a copy of
a letter (copy of the schedule
referred to therein) which
has been sent to the
Treasury regarding
the Kenya Loan.

Yours sincerely
Sgd. H. Williams

DRAFT.

Sir George Schuster,
K.C.M.G.,

28 Oct

20/10

Beun quickly (1/1/27) when
all p.p. action.

Mr. Whitehouse 29/10/27
Mr. Wiseman 29/10/27

10019/25

81

but

Mr. Bottomley.

Mr. E. J. Harding.

Sir J. Shuckburgh.

Sir G. Grondie.

Sir C. Davis

Sir S. Wilson

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amery.

CS

29 Oct., 1927.

Gentlemen,

With ref. to the

letter from this Dept. no.

10019/25 of the 18th. of Oct.

& prev. connected notes,

I am directed to h. to

you, for your info, the

acc. copies of a tel. from

the Zoo. of Kenya, & of

a letter to the Secretary

(with the schedule referred to)

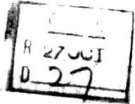
DRAFT.

Brown Agenda

86.

41. 200 - tel - 21 Oct.
70 Veterinary - 21 Oct.
Henceforth
memo. (Holds A & B marked)

Mr. Wiseman 27/10
 Mr. Bottonley 27.10. f
 Mr. E. J. Harding
 Sir C. Strachey.
 Sir J. S. Blackburn.
 Sir G. Grenville
 Sir C. Davis.
 Sir S. Wilson
 Mr. Ormsby-Gore.
 Lord Lovat.
 Mr. Amery.



15 DEC 1927
 ASD
 79

Downing Street,
 28 October, 1927.

DRAFT.

Casars' separate
 (with my separate)
 copy to C.A. 29 OCT 1927

THE SECRETARY,
 TREASURY.

(No. 31)

copy to Schuster (27 Oct) [unclear]
 copy to [unclear] (27 Oct) [unclear]
 copy to [unclear] (27 Oct) [unclear]
 copy to [unclear] (27 Oct) [unclear]

With reference to the letter

from this Department of the 4th of August directed to transmit to you, to be laid before the Lords Commissioners of

S. of S. tel. 29th Sept. (No. 45) ✓

Gov. Tel. Conf. 313 10th Oct. (No. 52) ✓

S. of S. tel Conf. 15 Oct (No. 53) ✓

Gov. Tel. 31st Oct. (No. 54) ✓

Schedule (1.3. table at beginning of memo) (No. 55) ✓

O.A.S. No. 587 - 29th July (No. 58) ✓

the Treasury, the subg. copy of further telegraphic correspondence from the Governor of Kenya regarding the loan requirements of the Colony.

2. It will be observed that the Governor was informed in the telegram of the 15th of October that the Secretary

of State was prepared to ask Their Lordships to agree to the raising of a

Copy to [unclear] & [unclear]
 to S. [unclear]
 Copy to S; this [unclear]
 [unclear]

copy (not enclosed) to [unclear]
 take care with City to [unclear]

would have become due if this course

(to be revised)

is adopted, the total ^{been} of the new loan authorized by the Loan Ordinance ~~apart from the costs of issue,~~ would be

£8,353,611. ^{though in fact the actual sum required will fall short of this, owing to}

the decision on £3,500,000 for the period up to 31st March 1929

13. As regards the Colony Loan, all the items mentioned in the enclosed schedule are covered by those comprised in the total of £1,712,410 already approved by the Lords Commissioners.

4. With one exception and subject to some variations ~~no amount~~ of the items included ^d in the Transport portion of the Loan relate to services which have already been agreed, but the following comments seem desirable in order to make the position clear the Lords Commissioners.

5. Items C (a) ⁶ (g) represent services included in the £3,000,000 Transport Loan originally contemplated. That loan was referred to in paragraph 6

variations is that the total amount required for the services in question has increased from £2,900,000 to £2,950,000, and it is presumed that Their Lordships will not have any objection to raise to this re-allocation.

20

6. Items C (h) ⁶/₂ (j) are in respect of ~~the~~ services covered by the approval given in your letter of the 11th of July (S.22769/3) for the transfer of the new Kenya Loan of £2,000,000 of the expenditure which has been previously proposed for the Guaranteed Loan. The composition of this amount was ~~summarised~~ ^{aid} in paragraph 5 of the Memorandum enclosed in the letter from this Dept. of the 4th of August, already referred to.

(No 25)

7. The remaining item C(k) of the Transport portion of the Loan is the

I am also to explain that in approving the town-planning scheme, including the proposal that provision should be made in the Transport Loan for the amount of £55,000 to acquire the land required for the new railway station, the Secretary of State informed the Govr. that he assumed that this provision would take the form of ^a re-allocation among the items of the schedule of that Loan. The loan requirements of the Colony have, of course, ^{materially} ~~relatively~~ altered since that time, and the S. of S trusts that T.L. will raise no objection to the inclusion of this £55,000 in the Loan now contemplated.

8. In your letter of the 11th of July, the Lords Commissioners of the Treasury agreed to the issue of a Loan of £7,000,000 in the present Autumn, the question of ~~the~~ a subsequent loan

LOAN SCHEDULE.

~~(Account No. 52167 in File 10019)~~

Parliamentary

A. Repayment of 3rd Mill/ Loan 1924.

£
3,280,000

B. Colony Loan.

- (a) Public buildings. 304,342
- (b) Municipal Advances. 275,269
- (c) Roads & Bridges. 88,000

667,611

Transport Loan.

- (a) Nyeri etc. Branches 845,000
- (b) Port 550,000
- (c) Main Line 300,000
- (d) Uasin Gishu *Branch* 600,000
- (e) Interest *in respect*
of (a)(b) & (d) 55,000
- (f) Locomotives &
Rolling Stock. 500,000
- (g) Voi Branch 100,000
- (h) Quays #38 & #49
- (i) Kilindini 600,000
- (j) Rolling Stock 531,000
- (k) Port Improvement 50,000
- (l) Site (Mombasa
Station). 55,000

allocation
successive
Approved
Transport Loan (2nd)

800,000
550,000
300,000
600,000
50,000
500,000
100,000
22,900,000

4,188,000
28,193,611.

Copy taken to Treasury 23 OCT 1927
 copy to Secy to Govt 28 OCT 1927
 24/10/27

*Refer to the
copies*

As regards the Transport Loan, it will be seen that the items (a) to (g) now proposed as compared with the ~~original proposals~~ *allocations* communicated to the Treasury on 55412/25 come to 22950,000 as against 23,000,000. The 23,000,000 included 2100,000 for the costs of issue which item has lately been disregarded, and the Loan treated as one of 22,900,000. It will also be seen from the figures that the difference in the items include a reduction of 25,000 in respect of the Nyeri etc. Branches; an increase of 250,000 in respect of the Uasin Gishu Line (this was reported in the despatch in (No.39) in the file, which has not yet been answered), and an additional 25,000 for interest. So far as the Treasury were concerned, they were committed to 23,000,000 for the Transport Loan, and

it would, therefore, only have been necessary to notify them as to re-allocation; but as the table of total requirements on page 3 of the Memorandum included an item "So-called £3,000,000 Loan (Transport £2,900,000)", it will be necessary to explain that this figure has now gone up to £2,950,000.

Items (h) (1) and (2), which amount to a total of £181,000, are really covered by the proposed transfer of £2,000,000 from the Guaranteed Loan to which the Treasury have already agreed.

For convenience of reference it may be noted that in the Memorandum to the Treasury this £2,100,000 was made up as follows:-

	1.
Main Line	600,000
Rolling Stock	850,000
Deep water	
Quays	600,000
Equipment	50,000.

The last item is that of £55,000 for the site of the Mombasa Station. The local people have constantly changed their minds whether this should be regarded as part of the Colony Loan or the Transport Loan, but it would appear from No.(52) in the file that it has now been definitely included as part of the Transport Services. This item was mentioned in the Memorandum communicated to the Treasury, but Treasury approval has not yet been obtained.

J.M. Allen
26/10/27

Downing Street,

October, 1927.

Dear Schuster,

As requested in your letter to Bottomley of the 25th October, I enclose a copy of Grigg's speech to the Legislative Council on the 30th August. Page 391 is the page to which he referred in his telegram.

The second statement i.e. that of the General Manager, has not yet been received, and as it was apparently only posted on the 12th October, we shall probably not get it for another week. I have, however, had a note made of the fact that you wish to have a copy. The second paragraph of your letter is being considered separately, but in the meantime, I send you a copy of the note of our discussion on the 24th of October about the Loan

D. A.

SIR GEORGE SCHUSTER, K.C.M.G., G.B.E., M.C..

95
61

KENYA LOAN.

Our discussion on Monday turned largely on the question of how the Crown Agents' advances to Kenya could be realized on the issue of loan. Mr. Pass undertook to have this point put to the Governor of the Bank of England as a reason for increasing the amounts which he had contemplated that Kenya should issue in the near future. *He refused any of the request by a plan 6000*

The Governor does not agree with Sir G. Schuster in thinking that three issues at short intervals would be objectionable from the point of view of Kenya's credit. He suggests £5,000,000 now, £3,000,000 in May, 1928 and £3,000,000 in November, 1928.

My personal view is that, if we are limited to £5,000,000 now, we should be free to issue £5,000,000 next Summer, and put off the rest till a good deal later than November next year. As Mr. Pass recognised, £11,000,000 will not cover the whole of Kenya's requirements up to 1934, and I share Sir G. Schuster's hesitation in coming to the market at short intervals.

I did not argue this point with Mr. Pass, but I got him to agree that we could regard the Governor's *figures* ~~figure~~ for next year as merely for purposes of illustration, and not as binding us to the definite amounts.

Smith 2/19/28

Mr. Pass suggested that the Crown Agents' advances generally could be substantially liquidated by the issue of loans (under the Guaranteed Loans Act. He thought that Palestine had already advances up to £250,000, which might be cleared off in this way, and Tanganyika a little short of £1,000,000.

As regards the immediate Kenya Loan, Sir R. Hopkins had expressed the wish that the Governor of the Bank of England should see the draft prospectus. From the point of view of the Crown Agents' position as regards Colonial Loans I demurred, but I thought it possible that the Colonial Office might be able informally to shew the draft to the Treasury. As ^{to} regards the form of this prospectus Sir R. Hopkins hoped that it would contain some reference to the services to be executed, and a statement that they had been approved and by whom. I said I thought some general statement as to the nature of the services would in any case be mentioned in the prospectus, and that it would be stated that they had been approved by the Secretary of State for the Colonies. I said that I thought that this was as far as we could constitutionally go, and I did not feel that Mr. Pass, at all events, expected that we should say that we had obtained the approval of the Treasury.

MS 26 007

Indian Government

60

London & India

Wellington House

Buckingham Palace

London, W.1.

Reference
Indian ~~Office~~
8824/S.

No. A. 992

25 October, 1927.

Dear Bottomley,

Grigg's telegram No. 321 of the 21st October, copy of which Wiseman sent to me yesterday, contains references to various statements. If these have been received, together with any other despatch from Grigg on this question, I should be very glad to have copies.

This is by
dealt with
at meeting
P. W.

As regards the last paragraph of Grigg's telegram of the 21st, I notice that he is counting on saving £250,000 on the total of the 3½ million loan, and reducing his new loan accordingly. I think we were all agreed at our first meeting that it would be best to put the full total of 3½ millions for repayment of the loan into the schedule. This, in fact, is the capital amount which is due on account of the loan, but it so happens that it is not really due until 1929. If the Government pays it off earlier, this is simply a way of investing its own loan balances pending the time when they are required for expenditure, the interest earned taking the form of a discount on prepayment, just as it does if loan funds are invested - say in Treasury Bills.

Under
diff. to
I mean
P. W.

Yours sincerely,

John Lubbock

W. J. Bottomley, Esq., C.M.G.,
Colonial Office,
Downing Street,
S.W.1.

... immediately, and a further
... 1928. It was made
... Lambert that if Kenya only
... now, the Crown Agents must be
... the market at such a time and in
... they might find necessary in
... to repay the Colonies
... were using.

... agreed that the Governor
... to the Legislative
... statement which he proposed to do
... based on the information
... in the previous telegram from
... State.

Y M
25 10 27

... to Mr. 4 Smith
... *Y M*
26/10/27

£5,000,000 immediately, and a further
£5,000,000 say in May, 1928; but it was made
clear by Sir H. Lambert that if Kenya only
raised £5,000,000 now, the Crown Agents must be
free to come to the market at such a time and in
such amounts as they might find necessary in
order to enable them to repay the Colonies
whose funds they were using.

It was also agreed that the Governor
should be allowed to make to the Legislative
Council ^{the} a statement which he proposed to do
on the 25th of October based on the information
supplied to him in the previous telegram from
the Secretary of State.

R. M.

25.10.27

Copy also sent to Mr H. Smith
with the Finance Committee
R. M.
27/10

R. M.
26/10/27

£5,000,000 immediately, and a further
£5,000,000 say in May, 1928; but it was made
clear by Sir H. Lambert that if Kenya only
raised £5,000,000 now, the Crown Agents must be
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whose funds they were using.

It was also agreed that the Governor
should be allowed to make to the Legislative
Council ^{the} a statement which he proposed to do
on the 25th of October based on the information
supplied to him in the previous telegram from
the Secretary of State.

R. H.

25.10.27

Why above sent to Mr H. Smith
(Mr. H. Farrow) } *R. H.*
R. H. } 26/10/27
27/10

24 OCT 1927

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 21st October, 1927.

(Received Colonial Office 6.35 p.m. 21st October, 1927.)

321. 21st October. Your telegram of 15th October

After discussion with the General Manager I am prepared to agree to the present value of £3,500,000 loan being included in the £8,500,000 it is now proposed to raise and to the Railway taking debit for interest involved for 1928 provided it is understood that, as this means using to the extent of next years extra interest debit money which would otherwise have been available for renewals and improvements on main line, General Manager of the railways cannot guarantee that the programme from the Coast to Nairobi can be completed without some assistance from capital account although he will endeavour to avoid drawing on capital for this work if at all possible.

With regard to points raised in (b) and (c) in my telegram of 10th October. General Manager desires that it should be made clear that the Railway has been consistent in policy of declining to make rate reductions except on the basis of probable permanent income and permanent expenditure and balance arising during temporary low interest period must be credited to renewals and betterment fund(s) for general improvement.

Point raised in connection with the £350,000 interest accumulated was whether interest due on £3,250,000 up to the end of 1928 could not be taken from such accumulation in London.

Suggest the following point for embodiment in prospectus of loan statement of revenue in 1927 in note B should be amended to £2,637,967.

3 These figures include amounts totalling about £540,000 which

which appear on both sides of the balance sheet as reimbursements of interest (and) etcetera the surplus balance of the Colony will amount to between £450,000 and £500,000 at the end of the year.

4 The Colony at present carries an annual charge of £54,800 interest and sinking fund on its share of the £5,000,000 loan. Adding to this a further annual charge of £43,395 as interest and sinking fund on the Colony's share of the £8,500,000 loan, total annual loan charges amount to roughly £100,000 total debt of the Colony apart from railway and part will be £1,415,427 as compared with a present annual revenue excluding reimbursements of approximately £2,150,000.

5 Please see my speech of 30th August page 5 re excess of revenue over expenditure for five years period showing that revenue has exceeded ordinary expenditure by more than £1,000,000

6 It should also be recognized that during this same period the area of land under cultivation by Europeans increased by over 90%

7 It is estimated on a conservative basis and on present rates of taxes that revenue of 1930 will exceed the revenue of 1927 by £275,000.

8 For railway and part administration provision is that of the £7,435,000 included in the £8,500,000 interest on £5,700,000 is already being carried this year to renewals fund of £275,000 and thereafter a balance of approximately £275,000 which will be carried to betterment fund.

9 For five years ending 31st December, 1927, the railway will have contributed to renewals and betterment fund of which approximately £2,500,000 will have been spent this year on renewals and improvements including legitimate capital debit in connection with relaying from the Coast to Mafrohi.

10 Approximately 250 miles will be relaid by the end of the

year all against renewals and betterment fund. For further information see General Manager's budget statement copy of which has been sent to you in Hansard with ~~the~~ personal letter of 12th October.

16 As regards the figures in note A if these are calculated on expenditure actually incurred or to be incurred up to the end of the year (i.e. on items of the £8,500,000 schedule) figures should be amended as follows savings on rents etc. Government Housing £104,500 African quarters £30,000.

17 Public utility services Town Planning Mombassa £31,769 Mombassa Water Supply £5,000 Eldoret £25,000 Advances Nairobi Municipality £125,000 remaining items under utility services remain as given making up total of £275,269

18 If the amounts forecasted in III of my telegram of 10th October as advances required during 1928 are taken into consideration items referred to above will be increased as follows. Housing £1,042,540 African quarters £10,000 Town Planning Mombassa £96,863. Mombassa Water Supply £45,000 Eldoret Water supply £5,000 Advances Nairobi Municipality £1,099,237 including advances for roads. Revenue will also accrue from expenditure of £55,275 on telephones and land and Agricultural bank item(s) will also be reimbursed.

19 Remaining items for schools hospitals roads and bridges including Makupa Concessory. Despatch follows explaining proposals in detail. If the cost of issue saved plus £250,000 on the £3,500,000 loan total amount will be to £8,103,611. Draft legislation has been ^{prepared} received instructed in your telegram under reference and in with the figures given above. Earliest possible date of approval and of the total amount to be included requested.

Telegram
Reference ~~number~~
5824/5.

Dear Bottomley
I have been thinking
of your letter
of the 14th
of the 14th

No.A. 18

14 October, 1947

Dear Bottomley,

With reference to our conversation, as you wished to include a statement of my view, I can give you this exactly as follows.

I agree that it is better to clear away the prior charge position established by the Treasury Loan, and that if this has to be cleared away, it had better be done at once, always provided that it is possible to raise the new loan on approximately a five per cent basis.

One must, I think, make this last proviso. If, for example, Kenya could only issue a five per cent. loan now at, say, 95, which, with expenses etc. might reduce the nett price to about 92, it would actually be losing eight per cent. on £5,500,000 by repaying the Treasury Loan. If there were to be as big a loss as this, I think the position would have to be reconsidered.

Yours sincerely,

George Thomson

W. C. Bottomley, Esq., C.B., M.G.,
Colonial Office,
Downing Street,
S.W.1.

*I telephoned to the Treasury to consider a loan of 95
percent (underwritten) at 3% per annum a complete
report on the money market before floatation. He has
not considered any thing less than 95 and is
confident that on and not bringing a lower price
than 99 1/2. He goes to 3% per underwriting, etc.
Subsequent upon the 21st. 15/10*

99 1/2

15/10

Mr. Wiseman 15/10/27

X.10019/27. Kenya.

109

Mr

Mr

For Mr. Wiseman's signature.

Mr. F. J. H. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. Amery

Downing Street,

15th Oct. 1927.

ear Schuster,

I enclose a copy of a short note on the telegram of the 10th Oct. from the Govr. of Kenya about the loan, together with copy of our telegram to the Govr, in reply.

Yours sincerely,

(Sgd) E. R. Dumbley

DRAFT.

SIR GEORGE SCHUSTER, K.C.M.G.,
M.C.

~~BY GOVT.~~
~~15 Oct.~~
Memo 9/15.10.27

To GOVT. Tel
15 Oct.

Mr. Wiseman *15/10/27/p*

X.10019/27. Kenya.

Sy 102

Mr.
Mr.

o. letter.

Mr. B. J. Hastings
Mr. Strachey
Mr. Shuckburgh

Sir G. Grindle.
Sir C. Davis.
Sir S. Wilson.
Mr. Ormsby-Gore
Earl of Clarendon.
Mr. Amery.

264 22

Downing Street,

15 Oct. 1927.

Dear Stocks,

With reference to our official letter of the 4th Aug., I enclose a copy of telegrams from and to the Govr. of Kenya about the proposed Kenya Loan, together with a short note explaining ^{on only} ~~them~~. If there is anything in these enclosures which is not fully explained, or which you like to raise questions about

DRAFT.

C.I. STOCKS, ESQ.,

TREASURY.

~~To Govt. Kenya.~~
10 Oct. No. 52 on File.)

~~To Govt. Kenya.~~
Accompanying draft.

~~Memorandum (in regard to 52.)~~ 9/15/10 17

would

would you please call my telephone

and I will come over ^{to} see you

about it.

Yes - really
(fwd) E. H. Stanley

Telegram from the Secretary of State for the Colonies
to the Governor of Kenya.

Sent 2.15 p.m. 10th October, 1927.

Your telegram of 10th October Confidential

As you are aware proposal to pay off £1,500,000 loan arose from advice of Crown Agents who pointed out that under terms of 1924 Ordinance priority is held not only by Loan for £1,500,000 but also consequentially by previous Loan of £5,000,000 issued by Crown Agents in November 1921. Unless the prior charge is removed future loans must rank as second charge after £1,500,000 of debt which would have to be mentioned in all future prospectuses. Crown Agents urge removal most strongly otherwise difficulty would be created in issue of loan new proposed issue price would have to be lower and credit of Colony likely to remain depressed permanently afterwards. [Schuster agrees that] prior charge should be cleared away and that it should be done now provided that new loan can be issued at 5 per cent or thereabouts which I am advised can be relied on. As regards further considerations mentioned in your telegram

(a) alternative recommended by my advisers would be to raise full £3,500,000 and by paying 1% off now at a discount balance would be available to pay interest on new loan up to April 1929. (There no charges on revenue before second half of 1929 when amount £200,000 would be due).

This

106
this course would dispose of your (b) although I cannot regard as financially wise a provision for rate reductions which are dependent on the omission of a standing charge for eighteen months only.

(b) I do not see how this question could affect the £350,000 interest. As regards (d) in view of considerations mentioned above and of need for further advances after end of 1927 I am prepared to ask Treasury to agree to loan of £2,500,000 which I am advised is within capacity of market to absorb without unfavourably affecting price of issue. Please reply immediately whether you agree.

As regards form of Loan Ordinance section 2 of Chapter 4B should be amended so as to authorise issue of stock to amount sufficient to produce specific sum and such further sums as may be necessary to defray the issue see section 3 of chapter 4B. This will eliminate need for providing for £145,000 cost of issue. Draft legislation should be revised in anticipation of Treasury decision.

As regards forecast given in III of requirements in 1928 there will be no difficulty in financing total amount proposed but this must not be construed as giving approval to any specific item for which such approval has not yet been formally given. Your proposals should be explained at the earliest possible date.

Prospectus for new loan will require considerable information particularly as regards capacity of Colony to meet charges and I shall be glad to receive full particulars by telegram confirming or supplementing information in notes A and B sent to Treasury with letter of 4th August of which copy was enclosed in my despatch of 22nd August confidential (2)

The telegram from the Governor of Kenya of the 10th October was discussed on the 14th October at a Meeting at which the following were present -
Mr. W.C. Bottomley, Sir George Kennerly, J.C.M.G., V.C.,
Mr. P.M. Ezechiel, M.P., Mr. Davis, Mr. Herbert Smith, of the Crown Agents, and Mr. R.A. Wiseman.

It was generally agreed to be desirable to get rid of any prior obligations before the public loan was issued, and it was thought best to add £3,500,000 *for the* Imperial Loan to the £5,000,000 which the Governor proposed raising. The reasons for advocating this course were

*Copy to Stacks. 28 15 Oct/27
de Schuster - do
Ca 18 Oct/27 B/C*

(a) The Treasury had already approved ~~the~~ loan expenditure up to about £10,250,000, (i.e. £3,500,000 Treasury Loan, £3,000,000 Transport Loan, £2,000,000 Transfer from Guaranteed Loan, and £1,712,410 Colony Loan).

(b) The Crown Agents were prepared themselves to take up £2,500,000 for investment in the Loan, and the ^{state of the} market ^{was suitable for an} appeared willing to offer to the public up to £6,000,000, ^{at a} ^{good} ~~reasonable~~ ^{price} ~~price~~.

By the time the loan was issued the £7,000,000 of the loan would be raised, and by a road, spent, and could, therefore, be raised up, leaving only about £1,000,000 to be ^{be taken from} ~~planned~~ ~~from~~ the market. (The £7,000,000 is made up as follows:-

- £2,900,000 Treasury Loan.
- £3,000,000 Transport Loan.
- £100,000 Colony Loan.
- £1,000,000 Transfer from Guaranteed Loan.)

(d) If the Loan were limited to £7,000,000 on the assumption that the Crown Agents would, for the present, finance ^{a balance of} ~~the~~ £1,500,000, there would be the further liabilities mentioned in the Governor's telegram to finance in 1928, and the time of issue of a second instalment would have to be accelerated.

It may be added as regards Part II of the Governor's telegram that the items correspond as follows with the approved figures: -

£667,611 is part of £1,712,410 Colonial Loan.

(a)(b)(c)(d)(e)(f)(g) of "B" represent £2,900,000 Transport Loan.

(h)(i)(j) of "B" represent instalments from the Guaranteed Loan.

(k) £50,000 for Mombasa Railway Station needs further investigation, but it has already been communicated to the Treasury.

As regards Part III of the telegram, which does not
A (1) represents a further instalment of expenditure out of the £1,712,410.

II has been approved by the Secretary of State to be met out of savings on the £1,712,410.

III, IV, V and VI have been reported to the Treasury, but not yet formally sanctioned.

VII is to be explained later.

VIII has been reported to the Treasury but not yet sanctioned.

W. J. ...

As regards "B" (1) was previously estimated at £50,000.

II, VI and VII require explanation.

III can be regarded as covered by the provision in the Guaranteed Loan.

IV will require special justification (see page 23 of Cmd. 2701).

V was put to the Treasury for approval in our letter of the 28th June (No. 21 on File).

Rm 151027

Mr. *Rh* (15/10/27)

X.10019/27.

53/109
Coded receipt
2.15/15/10/27
15 October, 1927.

Mr.

Mr. *Bottomley* 15.10 since

Mr. E. J. Harding

Sir C. Strachey.

Sir J. Shackburgh.

Sir G. Grindale.

Sir O. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amery.

Your telegram of 10th October

Confidential. As you are aware proposal

to pay off £5,500,000 loan arose from

advice of Crown Agents who pointed out

that under terms of 1924 Ordinance

DRAFT. TELEGRAM

GOVERNOR, NAIROBI.

Copy to Stock. ca. 15 Oct/27.
Copy to Publicity ca. - do -
Copy to Ca. 15 Oct/27 B/c.
Copy to Treasury 22 OCT 1927

Priority is held not only by Loan for

£5,500,000 but also consequentially by

previous Loan of £5,000,000 issued by

Crown Agents in November 1921. Unless

the prior charge is removed future loans

must rank as second charge after £5,500,000

debt which would have to be mentioned

in all future prospectuses. Crown Agents

urge removal most strongly otherwise

difficulty would be created in issue of

loan now proposed issue. *will* ~~part~~ would have

to be lower and credit of Colony likely

to remain depressed permanently afterwards

Schuster agrees that prior charge should be cleared away and that it should be done now provided that new loan can be issued at 5% interest & guarantee that I am advised can be obtained.

As regards further considerations mentioned

in your telegram

(a) alternative recommended ^{by my advisers} would be to raise

£2,500,000 and by paying it off now at a

~~balance~~ ^{balance} ~~of £2,500,000~~ ^{of £2,500,000} ~~to be repaid~~ ^{to be repaid} ~~by 1927~~ ^{by 1927}

on new loan up to April 1929. This course would

~~not~~ dispose of your (b) although I cannot regard

as financially wise a provision for rate reductions

which are dependent on the omission of a standing

charge for eighteen months only.

(c) I do not see how this question could affect

the £350,000 interest. As regards (d) in view

~~of the~~ ^{of the} ~~total~~ ^{total} ~~of~~ ^{of} ~~considerations~~ ^{considerations} ~~mentioned~~ ^{mentioned} ~~above~~ ^{above} and of need for

further advances after end of 1927 I am prepared

to ask Treasury to agree to loan of £250,000

which I am advised is within capacity of market

to absorb without unfavourably affecting price

of loan. Please reply immediately whether you

agree.

As regards form of Loan Ordinance

section 2 of chapter 48 should be amended so as

^{to authorise the raising of specific sum} ~~to authorise the raising of specific sum~~ ^{not specific} ~~not specific~~

~~amount of~~ see section 3 of chapter 48.

(First effort would then be to change my revenue before end of 1929 when sum about £50,000 would be due.)

As regards further considerations mentioned

in your telegram

(a) alternative recommended ^{by my advisers} would be to raise

full £2,500,000 and by paying it off now at a

~~discount of £200,000~~ ^{balance} ~~would~~ ^{be} ~~to~~ ^{pay} ~~interest~~

on new loan up to April 1929. This course would

also dispose of your (b) although I cannot regard

as financially wise a provision for rate reductions

which are dependent on the omission of a standing

charge for eighteen months only.

(c) I do not see how this question could affect

the £350,000 interest. As regards (d) in view

of spec. calls of part of capacity of market to absorb total

of considerations mentioned above and of need for

further advances after end of 1927 I am prepared

to ask Treasury to agree to loan of ~~£250,000~~ ^{£250,000} O

which I am advised is within capacity of market

to absorb without unfavourably affecting price

of issue. Please reply immediately whether you

agree.

As regards form of Loan Ordinance

section 2 of Chapter 48 should be amended so as

issue of stock to be a
supplement to ordinary

and such further means as may be necessary
to defray the issue

to authorize ~~raising of~~ ^{raising of} specific sum ~~not specific~~

~~amount of stock~~ see section 3 of Chapter 48.

(First effect would then be change in revenue before end half 1929 then down about £50,000 would be sub.)

This will eliminate need for providing for £145,000 cost of issue. *Draft legislation should be revised in anticipation of Treasury decision.*

As regards forecast given in III of requirements in 1928 there will be no difficulty in financing total amount proposed but this must not be construed as giving approval to any specific item for which such approval has not yet been formally given. Your proposals should be explained at the earliest possible date.

Prospectus for new loan will require considerable information particularly as regards capacity of Colony to meet charges and I shall be glad to receive ^{by telegram} full particulars ~~at early~~ ~~date~~ confirming or supplementing information in notes A and B sent to Treasury with letter of 4th August of which copy was enclosed in my despatch of 22nd August confidential (2).

(No.37)

10019/27

11/27

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 10th October 1927

(Received Colonial Office 6.11 p.m. 10th October 1927)

RECEIVED
11 OCT 1927
COL. OFFICE

1043

URGENT, No.313, 10th October Confidential.

Your telegram of 29th September.

I. After full consideration and consultation with the General Manager I am adverse to including £3,500,000 Imperial loan in consolidation scheme. I observe in paragraph 2 of their letter S.23768/3 of 11th July that the Treasury are not disposed to attach much importance to the argument that loan now under discussion would only have a second charge on Colonial and Railway revenue. Further considerations which have led me to this view are

(a) if £3,500,000 loan is not included interest on it will not fall due until April 1929 when the bank rate may be lower and the General Manager has made no provision for interest charges on this account for 1928. (b) To provide some £165,000 on this account in 1928 would preclude contemplated rate reductions which are the subject of much public discussion at present. Inter-Colonial Railway Council would object on this ground. (c) If £3,500,000 loan is included would not the £386,000 (approximate) interest which has accrued on this loan be lost to the Railway? (d) That to include £3,500,000 loan makes it impossible to confine the First item of consolidation scheme within 27,000,000. I have informed the Governor of Uganda accordingly.

II. In the circumstances in which Belling concurs I prefer to limit the first issue to expenditure already sanctioned by you and the Treasury which will be incurred by 31st December next viz. "A" Colonial Development (a) public buildings £104,342 (b) Municipal requirements £278,269 (c) Roads and Bridges £43,000 total £325,611

Recd. Tel. no. 157.0/27
Copy to Secy. (200) 15 Oct/27
Copy to Secy. 15 Oct/27 By
Copy to Treasury 15 OCT 1927

112

"B" Kenya Uganda Railways and Harbours (a) construction of Mveri Kitale and Lake Solai branch railway (s) 2845,000. (b) Further port development 2550,000. (c) General improvement to main line(s) 2300,000. (d) Completion of Uasin Gishu branch railway 2600,000 (e) Interest out of capital on items (a) (b) and (d) during construction period 257,000. (f) Locomotives and Rolling Stock 2500,000. (g) Purchase and reconditioning of Voi-Kisumu branch railway 2100,000. (h) Construction of deep water berth(s) numbers 3 and 4 at Kilindini Harbour 2500,000. (i) Rolling Stock 2531,000. (j) General port improvement 250,000. (k) Purchase of site for new Mombasa railway station 255,000 Total 24,186,000. "C" Cost of issue 2145,000. Grand total 24,998,611. Say 25,000,000 and to introduce a bill at next session of the Legislative Council which begins on 25th October repealing specific loan ordinance (No.2) revised law Chapter 48 but otherwise following its terms adding a section applying Colonial Treasury Bills ordinance revised law chapter 49 and substituting the schedule above. It will be observed that 2667,611 is now the 31st December 1927 estimate of expenditure under Colonial items not 2856,232.

III. It will be necessary to continue advances pending the raising of the loan until the second consolidation issue. After the first instalment of consolidation scheme has been raised as given in paragraph II above advances approximating 22,040,755 as shown below will probably be required during 1928. In this connection see my telegram of 26th July No.264

Alc 29

"A" I. Further expenditure on items of Select Committee's Report 1925 approved by you vide your telegram of 30th April, 1926 2548,843. II Road plant vide your telegram of 2nd November 250,000.

III. Jeanes School 24,400.

IV. Road construction in the Colony 2100,000.

V. Advances to Nairobi Municipality 264,237.

VI. Telephones 258,275 vide my telegrams of 23rd April and

No 19
17th June and confidential despatch No. 54 of 16th April 1926.

VII Further advances to Nairobi municipality for permanent reconstruction of main roads upon which I am telegraphing you shortly £100,000.

VIII. Land and Agricultural Bank £120,000 Total £1,089,755.

"B" Kenya-Uganda Railways and Harbours.

I. Equipment of deep water berths 3 and 4 £150,000.

II. Port improvement £25,000.

III. Rolling Stock £150,000.

IV. Further port development (including deep-water berths 5 and 6) £250,000.

V. Thomson's Hall branch railway £200,000.

VI. Other branch line construction in Kenya £75,000.

VII. Sundry requirements. £150,000. Total £1,000,000.

grand total £2,040,255. (It will be seen that expenditure

on Colonial development at end of 1928 will fall within amount of £1,712,410 previously sanctioned but it must be understood that figures in paragraph III do not represent estimate of complete expenditure on items mentioned and only estimated actual expenditure during 1928. Trust that this will be approved as indication of immediate requirements. I am hoping to reduce figure of total requirements up to 1934 by a programme of increased expenditure under Public Works extraordinary. Should also like to discuss programme and full appreciation of financial position of colony, railway and ports with Senuster during forthcoming visit of commission. Grateful for earliest reply so that legislation may be introduced.

4. MILLBANK,
WESTMINSTER,
LONDON. S. W. 1.

8th October, 1927.

Dear Bottomley,

We have now read the information contained in your official letter of the 19th September and its enclosures on the subject of the Kenya loan.

When talking to Wiseman the other day on the telephone I expressed a doubt whether £7,000,000 would not be too large a sum for us to issue as the first instalment of the loan. I have now, however had an opportunity of going into the matter more closely, and I find that as we could arrange to take up £2,000,000 of the loan for our own funds it would be practicable to issue the whole of the £7,000,000 in one amount.

We have had a preliminary discussion with our brokers and as there is a heavy list of loans to be raised this season they strongly advise that the Kenya loan should be brought out as early as possible in order to avoid the risk of having to issue it at a time when the market is

already/

W.C. Bottomley Esq., C.B. C.M.G.

already congested with new issues. They think that we ought to try and issue it not later (but if possible earlier) than the end of November or the first week of December. We shall be glad, therefore, to be kept informed of developments in the situation as soon as they occur.

Can you also give me any information as to when the East Africa Guaranteed Loan is likely to be issued as we have heard nothing about it for some time? In particular can you tell me that it will not be issued before the end of the year, and that there is not likely to be any talk of its issue by the time we have to bring out the Kenya loan?

Yours sincerely,

R. S. S. S.

X 10019 / 27

Kenya

49
116
Coded serial - G.T.
11.50 p.m. 4. 10. 47.

Mr. Jeffries 4/10/27
Mr. Wiseman 4/10 atone

Mr. E. J. Horning

Sir C. Strachey

Sir J. Shuckburgh

Sir G. Grindie

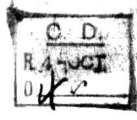
Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore

Lord Lovat.

Mr. Amery



4 Oct.

You tel. 1st Oct. No. 307

proposal approved on the understanding that £100,000 is being paid by Uganda to Kenya Uganda Loan account locally, Crown Agents have credited Uganda with £100,000 from Kenya-Uganda Loan

Account and have made necessary adjustments which they will report by mail

Secer

4
11.50 OCT 1927

for counter
DRAFT.

Tel. code

Governor

Nairobi

copy to Sir Ugha 1143



117
118

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE
TELEGRAMS: CROWN LONDON
TELEPHONE 7730 VICTORIA

4, MILLBANK
WESTMINSTER
LONDON, S.W. 1

3rd October, 1927.

Dear Jeffries,

We suggest the following reply to the
telegram from Kenya of the 1st October:-

"Proposals approved: On the understanding
"that £100,000 is being paid by Uganda to
"Kenya Uganda Loan Account locally, Crown
"Agents have credited Uganda £100,000 from
"Kenya Uganda Loan Account and have made
"necessary adjustments which they will
"report by mail".

If you concur please let me know when I
will put the matter through.

Yours sincerely,

Charles Mendel

Jeffries, Esq.,
Colonial Office.

RECEIVED
3 OCT 1927
COL. OFFICE

12019
46
118

(at Mombasa)
TELEGRAM from the Governor of Kenya to the Secretary of
State for the Colonies.

Dated 1st October.

(Received, Colonial Office, 7.45 a.m., 1st October, 1927).

Handwritten notes:
[Handwritten notes] W 43
11.27
[Handwritten notes]
[Handwritten notes]

Confidential. Your telegram of 29th September
situation is complicated by position of railway
in regard to 3½ million loan. Felling now
in Uganda. Will telegraph fully within week.

TELEGRAM from the Deputy to the Governor of Kenya to the Secretary of State for the Colonies.

(Dated 1st October, 1927.)

(Received Colonial Office 10.30 a.m. 1st October, 1927.)

No. 307. 1st October.

Treasurer of Uganda requires £100,000 in London on 1st October and requests that this amount may be paid from Kenya and Uganda loan to the credit of his account against deposit here. As local requirements of Kenya and Uganda loan will exceed local cash deposit I am of the opinion that transfer is advantageous. If approved please telegraph when transfer complete.

And. Tel. 4 October 27.

*Copy to C.A. 18 OCT 1927 F.C.
"for 443" = 8 OCT 1927*

*Copy sent to Mr H. F. Smith (C.A.)
for orders.*

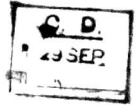
*J. J. [Signature]
1.10.27.*

43/19

Mr. ~~RW~~ 29/9/27
Mr.
Mr. Bottomley 29. p
Mr. E. J. Harling.
Mr. Strachey.
Sir J. Shackburgh
● ● Grindle.
Sir C. Davy.
Sir S. Wilson.
Mr. Ormsby-Gore
Earl of Clarendon.
Mr. Amery.

X 10019/27
Kenya

44
120



29 SEP 1927

Dear Eyekubel
Heard with

reference to my
letter of 19th Sept I
enclose a copy of a
telegram we are
sending to Kenya about
the proposed loan for
£7,000,000. I understand
from the telegram that
they have been told by the
Governor of the Bank of
Ireland that the market for

(2)

DRAFT.

P. H. Eyekubel Esq
C.M.S.

see draft

gilt edged issues will
be full to overflowing -
January that Kenya
wants a big sum the
 sooner its loan is
raised the better.

Yours sincerely

Of course the draft
legislation being already
in the hands of the
Home Sec.

W. C. Bottomley

W. C. BOTTOMLEY.

X 100 (19/27)
Kenya

121

- Mr. Row 29/9/27
- Mr. Bottomley & Co
- Mr. F. J. Harding
- Mr. Strachey
- Sir J. Shackburgh
- Sir G. Grindle
- Sir C. Dumas
- Sir S. Wilson
- Mr. Ormsby-Gore
- Earl of Clarendon
- Mr. Amery

Codes 9 sent
12 30
29th Sep 27

Answer
no. 52

DRAFT. Telegram
Governor
Nairobi

5%
Copy to Mr. [unclear] 29 SEP 1927
Copy to Treasury 29 OCT 1927

Confidential

My tel of 16 Sept I
am now advised that it
will be impossible to float
a loan in January owing
to state of market and
favourable opportunity for
issue would be in course
of next few weeks not later
than December. ~~With~~
drafting of legislation for
instalment of £1,000,000
be expedited so as to reach
me and if approved be
enacted in time to enable
such issue to be made within
period mentioned.

42
122

Mr. Allen 12/9/27
Mr. Bostanley 15.9.27 f

X.10019/27 Kenya

- Mr.
- Mr. E. H. Fleming
- Sir P. Strachey
- Sir J. Shackleton
- Sir G. Grindley
- Sir C. Davis
- Sir S. Wilson
- Mr. ...
- ...
- ...



Downing Street.

19 September, 1927.

Gentlemen,

With reference to the

letters from this Department of the 29th of January and the 28th of March last, I am directed to transmit to you the accompanying copies of telegraphic correspondence with the G.A.G. of Kenya regarding the loan requirement of the Colony.

2. You will observe from the Secretary of State's telegram of the 30th of July that the Treasury have agreed to the early issue of a loan to produce £7,000,000 as a first instalment of ²total issue which may provisionally be taken as approximately

DRAFT.

Handwritten mark

THE CROWN AGENTS

FOR THE COLONIES.

- Offs ltr 26 July (no 29)
- Sup's ltr 30 July (no 30)
- Offs ltr 15 Aug (no 31)
- Sup's ltr 16 Aug (no 32)

~~Memorandum~~ (without notes) (below 27)

~~Statement~~ (one copy only) Lewin.

2 drafts ans. a minute

£2,000,000

2. It will also be seen that

in the state program the Secretary of State
has asked that the legislation arising
therefrom be introduced by instalments of the loan
should be drafted as soon as possible and sub-
mitted to the Secretary of State but not

to
introduced in the Legislative Council at
present. A further ^{telegram} ~~statement~~ has now been
sent to the Governor asking when the draft
of the proposed legislation may be expected,
and in the meantime, no decision can be
taken as to the date of issue of the first
instalment of the loan.

The final schedules for the two
instalments of the loan have yet been drawn
up, but the accompanying memorandum prepared for
the Treasurer, which shows the sur-
plus available for the purpose of the loan, and the
amount of instalments available in the
interim, is attached to the memorandum copy,
and should be regarded as provisional. I
enclose a copy of the statement regarding

the various colony and transport loans

prepared

2. It will also be seen that

in the same telegram the Secretary of State
~~was~~ asked that the legislation authorising
the raising of both instalments of the loan
should be drafted as soon as possible and sub-
mitted to the Secretary of State but not
to
introduced in the Legislative Council at
present. A further ^{telegram} ~~statement~~ has now been
sent to the Governor asking when the draft
of the proposed legislation may be expected,
and in the meantime, no decision can be
taken as to the date of issue of the first
instalment of the loan.

3. No final schedules for the two
instalments of the loan have yet been drawn
up, but the aadg. memorandum prepared for
the Treasury in July last, shows the ser-
vices suggested for inclusion on the basis
of the information then available in the
... The details of the memorandum can,
however, only be regarded as provisional. I
also enclose a copy of the statement regarding
the various Colony and Transport loans

£12,000,000.

2. It will also be seen that

in the same telegram the Secretary of State
~~was~~ asked that the legislation authorising
the raising of both instalments of the loan
should be drafted as soon as possible and sub-
mitted to ~~the~~ Secretary of State but not
introduced in ^{to} the Legislative Council at
present. A further ^{telegram} ~~statement~~ has now been
sent to the Governor asking when the draft
of the proposed legislation may be expected,
and in the meantime, no decision can be
taken as to the date of issue of the first
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the Treasury in July last, shows the ser-
vices estimated for inclusion on the basis
of the information then available in the
C.O. The details of the memorandum can,
however, only be regarded as provisional. I
also enclose a copy of the statement regarding
the various Colony and Transport loans

Prepared for submission to the Legislative Council at the August, 1927, Session. Certain of the figures in the enclosed memorandum are based on the statement previously submitted to the Legislative Council in December, 1926; and in this connection, I am to invite attention to the revised figures in the later statement of the estimated total expenditure to the 31st of December, 1927, in respect of the Transport Loan (£2,900,000) and the Colony Loan which ^{are} ~~was~~ shown as £3,690,520 and £700,462 respectively, as compared with £2900,000 and £886,232 respectively, the figures given in the earlier statements included in the memo-

am, etc..

(signed) K. A. K. ...

Statistical Statement relative to the Revenue, Expenditure and Trade of the Colony of Kenya from 1918 to 1926.

Ending	Revenue (a) (4)	Expenditure (c) (4)	Imports (a)(c)(a)	Exports (a)(c)
31st March 1918.	1,368,329 ✓	1,490,571	2,809,681	1,543,100
31st March 1919	1,548,703 ✓	1,570,706	3,397,810	2,231,820
31st March 1920	1,726,435 ✓	2,024,861	3,119,536	3,006,830
31st March 1921	2,978,786 ✓	2,976,960	3,911,858	4,599,490
31st Dec. 1921 (9 months)	1,891,679 ✓ (f)	1,666,785	2,370,269	2,111,100
31st Dec. 1922	1,649,032 ✓	1,972,212	2,871,240	2,780,900
31st Dec. 1923	1,839,447 ✓	2,137,633	4,302,374	1,564,800
31st Dec. 1924	2,111,565 ✓	1,861,511	6,277,907	2,239,800
31st Dec. 1925	2,430,509 ✓	2,339,996	5,383,684	2,724,800
31st Dec. 1926	2,627,223 ✓	2,414,681	5,476,475	2,414,800

Notes.

- (a) Calculated at Rs.15 to £ up to 31st March, 1920; thereafter at 10 florins or 30 shillings to £.
- (b) Including Railway up to end of 1921 after which the revenue of the railway was no longer shown in the Colony's Estimate.
- (c) Trade Imports only *from the railways the delay caused to export the railway profits as working*
- (d) Including imports for consumption in Uganda up to 31st Dec. 1921 inclusive.
- (e) Including domestic exports from Uganda up to 1922 inclusive.
- (f) Includes £600,000 appropriated under Item 4 of Specific Loan Ordinance, 1921.

Excluding Parcel Post.
 (i) Carriage of the Gordon, Coleridge, Loan (Railway) & Appropriation

Major figures for trade seen the year in different ways, but this is the only correct and official one for the official statistics. The figures for 1926 are not to be taken as final figures as parcel post is not included in 1926 figures cannot be shown as parcel post is not included.

Mr. Allen,

As it seems probable that we shall be bringing out the Kenya Year Book some time in September we are getting everything ready as far as possible - can we not get that notice. I think therefore it would be as well to get on with the statistics which will be published with the prospectus. I enclose a copy of the statistics with which you supplied us for the year 1921 and shall be glad if you will bring it up to date as far as you make allowances. It is wanted to form the figures for about 10 years. We can insert the figures of the Public Debt but perhaps you will please confirm that there is no Public Debt in the Colony.

S. G. Reid
C. A. Finance Dept.

STATISTICAL STATEMENT relative to the Revenue, Expenditure and Trade of the Colony of Kenya (late East Africa Protectorate) from 1910 to 1920-21. 126

Year	Revenue	Expenditure	Imports	Exports
	(a)	(b)	(c)	(d)
	£	£	£	£
1910-11	609,585	682,041	1,000,346	647,993
1911-12	729,078	772,954	1,330,437	710,744
1912-13	952,525	961,178	1,808,343	848,312
1913-14	1,123,798	1,115,899	2,147,937	1,007,868
1914-15	984,756	1,151,730	1,469,210	821,682
1915-16	1,165,561	1,072,917	1,708,333	686,161
1916-17	1,533,783	1,107,396	3,024,123	1,286,808
1917-18	1,368,329	1,490,571	2,809,081	1,543,104
1918-19	1,548,703	1,570,705	3,397,810	2,231,827
1919-20	1,726,435	[*] 2,170,970 [*]	3,119,536	3,006,097
1920-21	1,925,562 (d)	1,944,644 (d)	4,151,061 (d)	3,133,001 (d)

(a) Including Railway.

(b) Including Uganda. It is impossible to give figures for Kenya apart from Uganda as the Customs Departments of the two Dependencies are amalgamated.

(c) Trade Imports only, exclusive of railway material, administration, stores and specie, and exclusive also of military stores from 1914 onwards.

(d) Calculated at 15 Fl. to £ for purpose of comparison with preceding years.

There is no Public Debt apart from the advances made by His Majesty's Treasury for development purposes in the past which will be repaid out of the proceeds of the Loan.

in note to Feb. 2 1921

* Correct figure for 1920-21
[This was published 2/11/21
1921]

12/39

KENYA
No. 227



GOVERNMENT HOUSE
NAIROBI
KENYA

29 JULY 1927.

Sir,

I have the honour to inform you that I have signed a Transport Loan warrant No. 10 for 1927, representing estimated over expenditure of the sum of £550,000 provided under Item 4 of the £3,000,000 Loan for the completion of the Uasin Gishu Branch Railway. There are no available savings under the £3,000,000 Loan.

2. This sum of £50,000 is required to cover the amount finally paid by the Crown Agents, as certified by the Consulting Engineers in accordance with Clause 63 of the Agreement between the Crown Agents and the Contractors, and any further payments that it may be necessary to make locally.

Pending the allocation of the projected Transport Loan, the Government has been obliged to advance against that sum.

3. I trust that your covering sanction may be accorded as soon as possible.

28
Sp. to Treasury

Yours faithfully,
Sir,
ACTING SECRETARY.

THE RIGHT HONOURABLE
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON S.W.

Mr. H. Allen

16/8

Mr. B. Bottomley

16/8

Mr. E. J. Harding

Sir C. Strachey

Sir J. Shackbury

Sir G. Gundle

Sir C. Davis

Sir S. Wilson

Mr. Ormsby-Gore

Earl of Clarendon

Mr. Amery

DOWNING STREET

22

August, 1927.

Sir,

With reference to my

despatch No. 79 of the 22 August 1927

and to the connected correspondence

I have the honour to transmit to you

copies of despatches to the Officer

Administering the Government of

Kenya regarding loan requirements.

I have, etc.

(For the Secretary of State)
Signed, W. ORMSBY GORE

Post
dated
(dft. on 10066/27)

DRAFT.

Case

~~TRANSPORT~~
~~KENYA-UGANDA~~
~~CONFIDENTIAL~~

Ag. H. Cr.

To O.A.S. Conf. 7 July
(No. 24 in 10019)
(including memo attached in 4/6
1927)
To C.A.S. Kenya, Conf:
(& all encll).
Companion. H.T.

Leads. ref. to 10066/27

51
129A

Mr. Allen 15/8

Mr. Stanley 16/8/27

Mr.

Mr. E. J. Harding.

Sir C. Strachey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mrs. Ormsby-Gore.

Lord Loat.

Mr. Amery.

Downing Street,

22 August, 1927.

Sir,

In continuation of my

Confidential despatch of the 7th, I have the honour to transmit to you, for your information, the accompanying copy of further correspondence with the Treasury regarding the loan requirements of Kenya.

2. You were informed generally of the position by telegram on the 30th July. You will see from the memorandum enclosed in the letter to the Treasury of the 4th of August that

17
22 AUG 1927
Copy reply encls. to Mr. Hans. Kjaergaard

DRAFT. *carson*
v. minute

KENYA

Confidential (2)

O.A.G.

From Fred 11 July
(no 20)

To 14 Aug
(no 21)

(cc. memo & notes)
sent to Mr. H. K.

(4 drafts off 10086)

Mr. Allen ¹⁵
Mr. ¹⁸ ~~Bottomley~~ ^{16/3}

Downing Street,

20 August, 1927.

- Mr. E. ...
- Sir C. Strachey
- Sir J. Shackleton
- Sir G. Grindle.
- Sir C. Davis
- Sir S. Wilson.
- Mr. ...
- Lord ...
- Mr. Amery.

45 for Bottomley's signature

20/8/27

Dear Schuster,

In reply to your letter of the 31st July, regarding Kenya's loan requirements, I am sending you copies of the telegram to the Acting Governor, and ~~of~~ the letter to the Treasury, as actually sent.

As regards the time of issue of the first instalment of the loan, I enclose a copy of ^{the minute} ~~correspondence~~ ^{which has been} ~~sent~~ with Kschiehl from which you will see that he merely repeats that the experience of the Crown Agents is that better conditions usually prevail at the beginning of the season (i.e. end of September and October). He has, therefore, not dealt with the real object of my minute to him which was to get the Crown Agents' views as

DRAFT. *Caro*
V minute

Sir George Schuster, K.C.M.G.,
C.B.E., M.C.

Tel. to C.A.G. 30th July (no 30)
To Treasry. 4th August (no 31)
(without encl.)

_____ *(no 32)*

(4 drafts 1/7/27 - 10066/27)

X. 10019. 27
Mara
Coded sent
8 Oct 16, 8/12

- Mr. J. W. Allen 16/8
- Mr. Pottanley 16/8
- Mr. E. J. Harding
- Mr. C. Strachan
- Mr. J. Shackleton
- Mr. G. G. Gendle
- Mr. C. Davis
- Mr. S. Wilson
- Mr. G. G. G. G. G.
- Mr. G. G. G. G. G.
- Mr. G. G. G. G. G.
- Mr. G. G. G. G. G.



DRAFT. Tel Casca:
Governor
Nairobi

Your telegram 15 August 27
£856232 is estimated
Expanding Colony loan
to 31 Dec 1927 see
Statement submitted
to Kenya Col Dec 1926

Ldfr 2077 an 10066

to the advantage of an issue immediately
after the summer holidays over an issue
immediately after the Christmas holidays.

It seems clear, however, that
there is now no question of a September
issue by the Government
and the matter will probably resolve
itself.

Yours sincerely
(Signed, W. G. BOTTOMLEY)

RECEIVED
19 AUG 1927
COLLECT

32
131

Mr Ezechiel's reply is on
reverse.

CHIEF CLERK
29 AUG 1927

11019 27

20 AUG 1927

Copy (both numbers) to Schuster
4/2/27

Mr. Ezechiel,

I have been discussing the question of the issue of the proposed Kenya Loan with Sir George Schuster. He was at first disposed to think that there would be no real advantage in an issue immediately after the Summer holidays over an issue immediately after the Christmas holidays. But, on further consideration, he now thinks, on the whole, that if the 27,000,000 is to be raised in the near future, then it would be better to endeavour to get an issue made before the end of October, or at least in the early part of November. This point materially affects the arrangements for passing the necessary Ordinance authorising the Loan, and I should, therefore, be glad if you would let me have your views about it. From the point of view of the work of the Legislative Council, which is heavy, there would

be

... first
... we present
... legislation through
... views on the point
... of this minute.

W. S. ...

Dow

28

Mr. Sottler

... notes of
... 12th April
... afterwards
... for the
... load
...
...
...

W. S. ...

Kenya

31

Mr. Allen 27/7

Mr. Bottomley 28/7

Sir G. Strachey

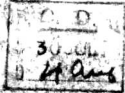
Mr. Ormsby-Gore

28/7
28/7
28/7

Downing Street.

4 AUG 1927

July, 1927



Sir,

I am directed to acknowledge

22 AUG 1927

Copy to Schuster
copy out in clor
copy copy sent to Mr. Ken.

the receipt of your letter, S.22769/3 of the 11th of July regarding the loan requirements of Kenya, and to transmit to you, for the consideration of the L.C. of the Treasury, the accompanying copy of a memorandum prepared in this Office dealing with the various points raised by T.L., together with a copy of a telegram to the O.A.G. of Kenya from which it will be seen that he has ^{been} requested to proceed with the preparation of the legislation necessary to authorise the raising of the first instalment of 27,000,000, to which the L.C. have agreed.

DRAFT. (for conson).

The Secretary,
Treasury.

Memorandum

AUG 1927

Tel. to O.A.G. Kenya
(Confidential)

See minutes.

20/7



Copy of these after which is sent to Mr. G. Schuster Esq.

... U.S. Revenue and
... and the Railway
is asked for paragraph 9 of your letter
is given in the ~~second~~ note attached to
... memorandum, but it is not
possible to give up here estimates on the

... the next three years. The
has therefore been asked in the
~~... to furnish them,~~ *as far as possible*
included to furnish these estimates
appreciation
... of the

The U.S. estimate has
been made as a result
of the consultation with
Gen. S. Schuyler 1874

... of both the Colony
... and Port Administration.

I am etc.

(Signed) W. C. ...

NOTE A.

Amounts to be set off against the additional loan

CHARGES

Savings On Rents and House Allowances.

Government Houses	£586,430	Saving put at £27,367 but deduction of about 10% for maintenance would reduce this to a round figure of about £25,000
-------------------	----------	---

African quarters	£40,000	6% on £40,000 equals £2,400; no estimate of amount of saving but it will presumably be much at any rate at first.
------------------	---------	---

Public Utility Services already included in £1,210,000

Loan Schedule		
Item 3. Town Planning, Mombasa		£180,000
4. Mombasa Water Supply		100,000
7. Kisumu do		£7,500
8 Eldoret do		30,000
10 Advances Nairobi		105,000
12. Old Town Mombasa		30,000
14. Nakuru, Water Supply		11,000
		<u>£383,500</u>

6% = £27,150

Additional Services (not yet approved)

Municipal Services £25,647

Telephones £2,875
£28,522

6% = £2,647.

As regards certain further services for Education and Medical Buildings, the Governor has stated that the loan charges on these items will be met from sources additional to, or distinct from present revenue. £40,000 has been recommended for Education Buildings (Indian School, Nairobi and Hostel) and as regards Medical Buildings the additional Public Buildings foreshadowed

In the Report of the Select Committee are:-

New Lunatic Asylum	250,000
New Bacteriological Laby.	25,000
Infectious Diseases	2,800
Hospital Admn. Block	1,000
Medical Stores	5,000
Native Civil Hospital	<u>5,000</u>
	291,800

But as the Education and Medical Buildings referred to are stated to be mainly for native reserves, although partly also for Indians, the inclusion of the 291,800 at least is questionable.

6% on 240,000 is 22,400, and 6% on the remaining 291,800 would be 25,508.

On the above basis, the annual relief of loan charges would be:-

Savings on Rents and House Allowances	227,000
Municipal Services (approved)	27,150
Additional Services (not yet approved)	8,647
Education Buildings (extra)	<u>2,408</u>
	265,205

If the 25,508 can legitimately be included, the total would be 263,492, and adding the 216,000 already provided as payment of Rent and interest to Zanzibar, the totals would be 273,984 or 279,492.

18019/27

Kenya 2/7 30 135
20 July
12.10 to 20/7
guy.

Mr. Allen 27/7
Mr. Bottomley 28/7
Sir C. Strachey 28/7
Sir S. Wilson 28/7
Mr. Ormsby-Gore 28/7

and no. 34

My Confidential despatch 7th July

My telegram 16th July

Treasury have agreed to early

issue of loan to value of £2,000,000 and

first instalment of total issue which

may provisionally be taken as approxi-

mately £12,000,000. First instalment

will cover repayment of (i) Parliamen-

tary Loan about £3,200,000 and (ii)

Crown Agents advances on account of

estimated expenditure to end of 1927

in respect of (a) Transport Loan,

£2,900,000 and (b) Colony Loan 1927

Legislation authorising raising of

both instalments should be drafted as

soon as possible, but not introduced

into Council at present. In view of

postponed liabilities to Imperial

Exchequer, further communication with

Treasury will be necessary before

amount of second issue and services

DRAFT (for consen.)

Governor, Nairobi.

Copy to Treasury 1 AUG 1927
Copy to S. Schuster 20 AUG 1927
Copy to S. Schuster 19 SEP 1927

Self
minutes.

each type - Draft as sent to S. Schuster

each type - Sir S. Schuster's follow-up

M.S. - Draft attached to his letter - 12 final

be covered by it can be regarded as
settled. Treasury require precise
information ^{as to} purposes for which second
instalment is to be raised, and in view of
existing liabilities to Imperial Exchequer
which, though postponed, ^{must} ~~may~~ be taken into
account, they will require to examine
financial position and prospects for next
few years before finally approving. Please

~~summon~~ Immediate steps should be
taken to prepare for consideration
of Governor on arrival and for
early transmission to me final
+ also incl general
list of further services, Estimates of
Revenue and Expenditure for next three
years, ^{as it is possible for you to make} and general appreciation finan-
cial position both of Colony, and of
Railway and Port administration.

New Pen
I have received your ^{let of} (26 July No 264
(N^o 29)
according to which total of £12,000,000
proposed to be Treasury after consultation
with the Governor will not be sufficient
His first shares be ^{laid before} ~~presented~~ the Governor
on his arrival.

be covered by it can be regarded as
settled. Treasury require precise
as to
information/purposes for which second
instalment is to be raised, and in view of
existing liabilities to Imperial Exchequer
which, though postponed, *must* be taken into
account, they will require to examine
financial position and prospects for next
few years before finally approving. *Please*

~~reason~~ Immediate steps should be
taken to prepare for consideration
of Governor on arrival and for

early transmission to me final
+ also incl general
list of further services, Estimates of
Revenue and Expenditure for next three
as it is possible for you to make
years, and general appreciation finan-
cial position both of Colony, and of

Railway and Port administration. *New Para*

I have received yours *cc of* (26 July 1904)

(N^o 29)

according to which total of £12,000,000
proposed to be Treasury after consultation

with the Governor will not be sufficient
This point should be *laid before* ~~presented~~ the Governor
on his arrival.

Mr. Allen

27/11

Mr. Bottomley

27/11

Mr.

Mr. E. J. Harding.

Sir C. Strachey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amery.

Ans'd by 32

29^A 136

Mr. Ezechiel,

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the question of the issue of the proposed Kenya Loan with Sir George Schuster. He was at first disposed to think that there would be no real advantage in an issue immediately after the Summer holidays over an issue immediately after the Christmas holidays. But, on further consideration, he now thinks, on the whole, that if the £7,000,000 is to be raised in the near future, then it would be better to endeavour to get an issue made before the end of October, or at least in the early part of November. This point materially affects the arrangements for passing the necessary Ordinance authorising the Loan, and I should, therefore, be glad if you would let me have your

DRAFT. Minute.

*to Bottomley's
signature.*

~~4 drafts (copy)~~

views about it. From the point of
view of the work of the Legislative
Council, which is heavy, ^{the} ~~it~~ would be *some*
~~very~~ ~~convenient~~ ~~to~~ postpone ^{the} the first
instalment of the loan, until at least
~~the end of October.~~ *and before we*

press the Governor to reach the
legislation through, I should be
glad to have your views on this
point raised in the second session
of the Legislature.
28 July, 1927. (Signed) J. C. BOTTOMLEY.

2-29 137

Telegram from the Officer Administering the Government of Kenya
to the Secretary of State for the Colonies. Dated 26th July.
(Received Colonial Office 5.52 p.m. 26th July 1927).

204. 26th July. Your telegram of 16th July regarding Loan Schedule Tentative proposals covering requirements for the next ten years were sent to the Governor in London totalling approximately £4,723,000 in accordance with which expenditure by the end of 1929 would amount to £3,336,512. The Schedule relating to previous loan proposals as follows A. The only material alteration to £1,712,410 Schedule in Select Committee's report 1925 is saving of £16,500 on item 11(e) ^(eleven) Customs House £1,695,910 vide your telegram of 15th March 1926. B. Item(s) sanctioned from unspecified savings (i) Education Buildings £40,000 (ii) Road Plant £50,000 (iii) Mombasa Railway Station £55,000 (iv) Advances to Nairobi Municipality £21,610 Total £166,610 vide your telegrams of 2nd November and 5th August and despatch of 8th June No. 631 1926. C. Item(s) representing request(s) submitted to you in regard to which your sanction has not yet been intimated (i) Jeanes School £4,400 (ii) Road Construction £100,000 (iii) Further advances to Nairobi Municipality £54,237 (iv) Telephones now estimated at £83,278. Total £221,912 vide my telegrams of 23rd April and 17th June and Confidential despatch No. 54 of 16th April 1926. D. Further item(s) not yet voted in the Legislative Council (i) Non-native housing £100,000 (ii) Native Housing £20,000 (iii) Departmental Buildings including Central Office Supreme Court Central Police Station and Police Lines £1,043,000 (iv) Roads and Bridges £225,000 (v) Telegraphs and Telephones £44,000 (vi) Further Advances for local development and Town planning £229,000 (vii) Agricultural Bank £750,000 (viii) Cost of issue £228,000 Total £2,639,000. Grand Total £4,723,432.

274 7060 19 SEP 1927

138
28.

Sudan Government
London Office
Wellington House
Buckingham Gate
London, S.W.1

Telephone
Victoria 1938

No. A. 649

26 July, 1927.

Dear Bottomley,

Many thanks for yours of the 23rd enclosing two drafts and various memoranda. I have not had time to study the latter carefully yet but I will do so as quickly as possible and let you know if I have any comments.

In the meanwhile I quite agree with your drafts for communications to the Treasury and the Governor, Kenya. The only thing I have to suggest is that in your telegram to the latter you might ask him to get on with the preparation of the general appraisal of the financial situation with which you have promised to supply the Treasury, according to the last paragraph of your letter to them.

Possibly the following passage might be substituted in your telegram for the concluding passages in your own draft beginning with the words "In view of postponed liabilities", viz:-

"Treasury require precise information of purposes for which second instalment is to be raised and, in view of existing liabilities to Imperial Exchequer which, though postponed, must be taken into account, they will require to examine financial position and prospects for next few years before finally approving.

"Please furnish final list of further services, estimates of revenue and expenditure for next three years and general appreciation of financial position both of Colony and of Railway and Port Administration."

I might mention now that I have had another chance of discussing the situation with Niemeyer and I think he will have no objection from the Treasury side if the Colony decide to go ahead with the £5,000,000 Loan immediately and leave the whole question of the second instalment for further consideration.

/I think

W. C. Bottomley, Esq., C.B., C.M.G.,
Colonial Office,
Downing Street,
S.W.1.

Sudan Government

London Office

Wellington House

Buckingham Gate

London, W.1

Telephone
Victoria 16318

No. A. 649

26 July, 1927.

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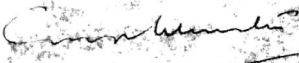
/I think

W. C. Bottomley, Esq., C.B., C.M.G.,
Colonial Office,
Downing Street,
S.W.1.

I think on the whole that if the 27,000,000 is to be raised in the near future, then it would be better to endeavour to get an issue made before the end of October or at least in the early part of November. Perhaps you might add something to your telegram to Governor, Kenya, to this effect.

PS. Have
them for
your info.

Yours sincerely,



P.S.

On the question of the date of issue, I quite agree with you that it would be desirable for you to consult Eschschel.

140
27

Mr. Allen

X.11019/27 Kenya.

Mr. Bottomley

Mr.

Mr. E. J. Harding

Mr. C. Strachey.

Mr. J. Shuckburgh.

Mr. G. Grindle.

Mr. C. Davis.

Mr. S. Wilson.

Mr. Ormsby-Gore.

Lord Lovat.

Mr. Amery.

4to. for Mr. Bottomley's signature.

Downing Street,

23 July, 1927.

Dear ~~Schuster~~ *Schuster*

DRAFT.

SIR GEORGE SCHUSTER.

KCAF: CBE: AE

Memorandum

Spans a memo from the Treasury
Off letter to Treasury
Off ltr to Kenya

I enclose a revised copy of the memorandum referring to the Kenya Loan Services which we discussed on Wednesday morning, together with drafts of the proposed reply to the Treasury and a telegram to the O.A.G. of Kenya. I am also sending you the following documents, as arranged.

- (a) Report of the Select Committee of the Legislative Council of Kenya on Loan proposals, 1926.
- (b) Review of the Colony's financial position during the period 1922-25.
- (c) Statements regarding the Colony's Loans submitted to the Legislative Council during the Session held in ~~November~~ ^{Dec} 1926.

~~I~~ I am sorry that we have no spare

copy of the Treasury's report for 1926. We have

4 off copies

3 prints
(charitable)

have only received one typed copy of

this memorial memorandum which we

will be glad to see if you wish.

Para If you see no objection, I propose to ask
the Executive Council for its views as

relative

to the question of raising the first

h

coming

instalment of the loan in ~~the~~ ^{autumn} ~~immediately~~
~~after the summer or the Christmas holidays, and~~
~~to commence in early next year, and~~

to

the point of view that, from the

point of view of the work of the

Legislative Council, it would be very

desirable if issue could be postponed

until next year.

increases

Will you kindly let me

know whether you can cur in

the enclosed draft letter to be

before I submit them to

your authority? We would of course

be glad to receive your views on the letter and

to be sent

Yours sincerely

(Signed) W. C. BOTTOMLEY.

have only received one copy of

his covering memorandum which we

could of course let you see if you wish.

Para If you see no objection, I propose to ask
~~I am asking you for your views as~~

~~relative~~
to the advantage of raising the first

instalment of the loan in ^{coming} the autumn *immediately*
~~after the summer or the Christmas holidays, and~~
~~as proposed in the early next year, and~~

^{to} have pointed out to him that, from the

point of view of the work of the

Legislative Council, it would be very

convenient if issue could be postponed

until next year.

~~inclosure~~
Will you kindly let me

know whether you can cur in

his indorsed draft letter & let

know I submit them to

sign. and how? he would of course

be sent you when of the letter and

copying is sent

Yours sincerely

(Signed) W. C. BOTTOMLEY.

141
6

KENYA LOAN SERVICES.

Notes on Treasury letter of 11th July, 1927.

1. Para. 1. The schedule sent to the Treasury represented roughly items either approved or definitely before the Secretary of State for approval. It did not include certain items which had not been definitely submitted to the Secretary of State nor even so far as we knew to the Legislative Council - these amount to £552,475 and more than account for the extra £500,000 making up a total of £1,052,475.

In the schedule sent to the Treasury two services were included in order to make up a total of about £3,300,000 which we understood represented the non-transport requirements contemplated by the Government of Kenya. Of these, the £450,000 for Zanzibar was wrongly included and is an additional service proposed by the Governor himself while in this country. The other is £55,000 for the railway station site at Mombasa which it had been assumed was to be put on the non-transport schedule. There have been many changes of mind on this point locally but the presumption now is that it will be a transport service.

2. Paras. 2 and 3. The Treasury agree to paying off the £3,500,000 loan on the general basis suggested, i.e. a lump sum of about £3,250,000, the exact figure to be agreed. As the £5,000,000 loan only obtained priority indirectly through the priority given to the £3,500,000 loan, the Treasury argument that the ~~former~~ ^{latter} loan in any case retains priority is based on a misapprehension. The later loan ranks prior to subsequent issues but not to the £5,000,000 loan, which, having equal priority with the later loan, ranks prior to subsequent issues so long (only) as that

Copy with copy notes A & B to Treasury, 4. 1. 1927
Copy (with notes) to G 9 19 SEP 1927

later loan remains in existence.

3. Para. 3. The Treasury condition that the £10,000,000 should be reduced by the amount transferred to the Kenya loan is not purely an East Africa Department matter, but the true position seems to be that the approval of Parliament to guaranteed loans up to £10,000,000 is not affected by the fact that services which have been contemplated (but were not specified by Parliament) are now proposed for execution out of other funds.

4. Para. 4. The Treasury agree to a first instalment of £7,000,000. The allocation suggested is:-

Payment £3,500,000 loan	£3,500,000
" Crown Agents' advances	
(a) £3,000,000 transport loan	3,000,000
(b) Colony loan	<u>400,000</u>
	£7,000,000

5. Para. 5. The composition of the £2,000,000 to be transferred from the Guaranteed Loan has been given to the Treasury semi-officially; it is roughly as follows:-

1. Main line improvements	£800,000
2. Rolling stock (Kenya share)	500,000
3. Two new wharves, Kilindini	600,000
4. Equipment for "	<u>100,000</u>
	£2,100,000

6. Para. 6. As explained under paragraph 1 the £1,550,000 referred to by the Treasury should be roughly £2,000,000 i.e.

Proposed by Colonial Government (say)	£3,500,000
Previously approved	<u>1,712,410.</u>
	1,587,590
<u>Add Zanzibar</u>	<u>410,000</u>
	£2,037,590.

The £1,587,590 is covered (subject to revision) by additional works £890,997^{*} and Agricultural Bank £750,000 = £1,640,997. Adding the £1,712,410 already approved, we get £3,353,407, an excess of £53,407 (a) on the Kenya estimate for non-transport requirements.

We then get as total requirements:-

So called £3,000,000 loan (Transport)	£2,900,000	
From Guaranteed loan	2,100,000	
Repayment £3,500,000 loan	3,250,000	
Colony loan	3,353,407	
Zanzibar Coast strip	450,000	
Thomson's Falls line	300,000	(b)
Site, Railway Station	50,000	(c)
	<u>£12,403,407.</u>	

An excess of £403,407 made up of the items (a), (b) and (c) above. This excess might be met by (1) reductions (there is a reduction of £16,500 for Customs House, Mombasa); (2) leaving the Soroti-Lira extension, which is uncertain for construction as a Uganda guaranteed service, and using the balance from the £3,500,000 loan plus interest towards cotton services included in the £2,100,000 transferred from the Guaranteed loan services; (3) a combination of (1) and (2); or (4) increasing the total amount of the loans.

As regards details of the additional works not included in the £1,712,410, particulars are given in the Report of the Select Committee on Loans 1925 - a copy was sent to the Treasury on the 15th of April, 1926.

- 7. Para. 7 (a). It will be seen from the above that loans are required which will bring in £7,000,000 and £5,000,000 net, i.e. exclusive of costs of issue.

This is made up of:-

- Education Buildings (extra) £40,000; Road Plant £50,000;
- Roads £100,000; Municipal Services £25,847; Madras School £4,400;
- Telephones £22,500; Central Offices £250,000;
- Supreme Court £20,000; Central Police Station £240,672;
- Other Public Buildings £141,000; Police Lines £20,000.

(b) Charges.

1. Loan of £7,000,000.

Allowing for costs of issue (say 3%) and 5% interest with 1% Sinking Fund, the charges may be about £433,000, or about £360,000 if the Sinking Fund is put off (as is usual) for three years.

The Colony share of the new charges in proportion to the amount spent (£856,232) is roughly 12%, i.e. £255,000 (or £44,000 for the first three years). The Colony's Estimates show that £25,000 is already being paid in 1927 as interest on advances on account of the Colony Loan. In this connection it may be pointed out that the following surpluses have been realised in the last three years:-

1924	£280,054
1925	90,413
1926	£12,542

It must be remembered that the £856,232 is more than covered by the Treasury approval already given to the expenditure of £1,712,410.

The Railway share on the same basis of calculation, is £380,000 (or £215,000 for the first three years), against which must be set the amounts payable by the Railway and Port in respect of interest on advances pending the issue of the Loan. The Railway Estimates provide £121,292 and the Port Estimates £28,707 for this purpose in 1927, i.e. a total of £150,000.

The surpluses transferred to the Renewal and Betterment Funds (~~Improvement Funds~~) in the last three years were:-

	<u>Renewals.</u>	<u>Betterment.</u>
1924	£169,579	2438,139
1925	184,075	368,774
1926	£16,408	207,795.

The Railway Estimates for 1927 show a balance of £189,240² for transfer to Betterment, but do not include any provision for meeting the deficiency on the working of the Port which is estimated at £120,747 in 1927. Deducting this deficiency, the balance for Betterment would be reduced to £68,493, and this amount with the £150,000 provided as interest on advances (see above) leaves only £218,493 available to meet debt charges.

It is not possible at present to estimate the future position, but it may be pointed out that the principal construction under the two transport loan schemes is very nearly complete, and may be expected to produce new profits by the time the new charges have to be met. Also as regards the £5,250,000, charges of £10,000 per annum would, in any case, have begun in 1929 and are only being anticipated.

II. Loan of £5,000,000.

The combined charges, allowing for costs of issue, 5% interest with 1% Sinking Fund, are approximately £509,000 (or £358,000 if the Sinking Fund is deferred for the first three years).

The existing amounts to be allocated are as follows:-

<u>Transport.</u>	<u>Colony.</u>
From Guaranteed Loan £2,100,000.	Balance of £1,712,410 2256,178.
Thomson's Falls line 300,000	Agricultural Bank 750,000
Site for Railway Station, Mombasa 55,000	Additional Works Zanzibar 890,997.
	Coast Strip 450,000.
<u>£2,455,000.</u>	<u>£2,947,178.</u>

or a total of £5,402,175, an excess of £402,175 which with the excess of £6,232 under the £7,000,000 schedule makes a total excess of £408,407 (see para. 6 above). Until this excess is dealt with, no exact allocation of the charges between the Colony and the Transport Administration can be made, but the charges on the Colony will be approximately one-half of the whole. The £204,175 is already covered by Treasury approval and there are substantial off-sets (see Note A) in respect of savings on rents on houses, interest on loans to municipalities, the existing annual payment of £15,000 to Zambar, receipts from waterworks, etc. But in any case the works are necessary to make up for past neglect. Kenya in these matters is worse provided than any other Colony of the same degree of progress - it is going ahead rapidly and revenue earning capacity is increasing.

Para. 7 and 8. Forecasts for 1958, 1959 and 1960 cannot be furnished here and probably not with any precision in Kenya either; but the other figures required by the Treasury are shown in the attached tables (Note B.)

NOTE.

Amounts to be set off against the additional loan charges.

Savings on Rents and House Allowances.

Government Houses £586,430 (N) Saving put at £27,38 but deduction of about 10% for maintenance would reduce this to a round figure of about £25,000.

African quarters £40,000 (N) 6% on £40,000 equal £2,400, no estimate of amount of saving but it will presumably be small at any rate at first.

Public Utility

Municipal Services already included in £1,712,410.

Loan Schedule.
Item 3.

	Town Planning, Mombasa	£129,000	<
4.	Mombasa Water Supply	100,000	<
7.	Kisumu do.	27,500	<
8.	Eldoret do.	30,000	<
10/11	Advances Nairobi	105,000	<
12.	Old Town, Mombasa	50,000	
14.	Nakuru, Water Supply	11,000	
		<u>£452,500</u>	

6% = £27,150.

Additional Services (not yet approved)

Municipal Services	£85,847
Telephones	58,275
	<u>£144,122</u>

6% = £8,647.

copy to CA

As regards certain further services for Education and Medical Buildings, the Governor has stated that the loan charges on these items will be met from sources additional to, or distinct from, present revenue. £40,000 has been ~~added~~ ^{recommended} for Education Buildings. (Indian School, Nairobi, and Hostel) and as regards Medical Buildings the additional Public Buildings

items forementioned in the report of the Select Committee are -

General Asylum	£50,000
General Dispensary	25,000
General Dispensary	2,500
General Admin. Block	1,000
General Store	6,000
General Hospital	5,000
	<hr/>
	£91,800

The expenditure on Medical Buildings referred to above is stated to be mainly for native reserves, although partly also for Indians, the inclusion of the £1,000 at least is questionable.

6% on £40,000 is £2,400, and 6% on the remaining £9,800 would be £5,508.

On the above basis, the annual relief of local rates would be -

Rents and House Allowances	£27,000
Municipal Services (approved)	27,150
Municipal Services (not yet approved)	5,647
General Services extra	2,400
	<hr/>
	£57,984

The £7,000 can legitimately be included, and the £18,000 added, and adding the £18,000 to the £57,984 for Rent and interest to the £73,984 or £79,492.

... as foreshadowed in the report of the Select Committee are -

Asiatic Asylum	£50,000
Bacteriological Laby.	25,000
Infectious Diseases	2,500
Genl. Admn. Block	1,000
General Store	6,000
General Hospital	5,000
	<hr/>
	£91,500
	<hr/>

The expenditure on Medical Buildings referred to above is to be mainly for native reserves, although partly also for Indians. The inclusion of the £91,500 at least is questionable.

... on £40,000 is £2,400, and on the remaining £91,500 would be £5,500.

On the above basis, the annual relief of loan would be

... Rent and Interest Allowances	£27,000
... Services (approved)	17,150
... Services (not yet approved)	10,000
... extra	2,400
	<hr/>
	£57,984
	<hr/>

... be included, ... the £10,000 ... Rent and interest to ... £73,984 or £79,492.

FINANCIAL POSITION.

I. Colony.

	<u>REVENUE</u>	<u>EXPENDITURE.</u>	X DEBT CHARGES (including interest on advances)
1924	£ 2,111,565	£ 1,861,511	72,807
1925	2,430,809	2,339,996	51,710
1926	2,627,223	2,414,681	99,581
1927 (Estimates)	2,582,255	2,242,048	79,591 (Estimate)

(X These figures must be regarded as approximations only and they do not include the annual payments to Zanzibar in respect of the coast strip, viz
1924 £17,000; 1925 £16500 ; 1926 £16000
1927 £16000)

II. Railway

	£		£	Debt Charges
Earnings	1,635,189	Working Exps	876,467	
Interest on cash balances	20,044	Renovals	189,579	
		Leas Chgs	169,048	169,048
		Balance to Betterments	208,119	
	<u>1,655,233</u>		<u>1,283,213</u>	

1925.

Earnings	1,993,509	Working Exps	1,090,071	
Miscellaneous Transactions	22,530	Depreciation	184,075	
		Leas Charges	373,119	373,119
		Balance to Betterments	207,774	
	<u>2,016,039</u>		<u>2,016,039</u>	

1926.

Earnings	2,056,710	Working Exps	1,216,773	
Miscellaneous Transactions	17,205	Depreciation	216,605	
		Leas Charges	434,742	434,742
		Balance to Betterments	207,785	
	<u>2,073,915</u>		<u>2,078,915</u>	

1927.

REVENUE

EXPENDITURE

DEBT CHARGES

Estimates

Items excluded.

Earnings	9,150,000	Working Expenses	1,352,354	
Miscellaneous	10,000	Depreciation	203,453	348,993
		Loan Charges	543,000	
		Write off	6,000	
		B's to	122,230	
		Improvements		
	<u>9,160,000</u>		<u>2,023,037</u>	

III. FORT.

1927 Estimates

Earnings	92,630	Working Expenses	71,535	
(net Loss)	(120,747)	Depreciation	10,023	131,819 (a)
		Loan Charges	131,819	
	<u>213,387</u>		<u>213,377</u>	

(a) In previous years included in Debt Charges Railway.

Mr. Bottomley.

I have today received the attached letter from Sir Otto Niemeyer, who says that he understands it is Sir George Schuster's intention to give an early answer to the question of the date of the 28th of June would be welcome.

Sir Otto Niemeyer suggests that I should turn Sir George Schuster on to the new proposals, as this will enable the Treasury to clear them up quickly. Will you please tell me in what way he can help us and I will certainly refer it to him.

W.H. Allen
22.7.27.

I spoke to Sir J. Wilson who arranged with Sir G. Schuster to discuss with the Dept on Wednesday 20 July.

W.H. Allen

27/7/27

W. H. M. C. 16/7

atua [Stamp]

Kenya

Send
30 June
16 July 27
The

DRAFT. Vol

Important.

Governor

Nairobi

Understand that latest
total for schedule colony
loan is about £3,300,000
and presume that
this total includes
approved schedule £1,712,410
and also following items
totalling £1,098,522 0
Educational buildings
additional £40,000
Road Plant £50,000
Learns School £4,400
Telephones £58,275
Items referred to in your
tels 23 Apr 137 and
17 June 214 £85,147
Agricultural Bank £750,000
Shares to read if you

(No 16)

(No 19)

was telegraph with best possible delay confirmation of or alterations if any in

foreign figures together ^{with} ~~with~~ information of further items

making up grand total

of £ 3300000

Am aware that Table IV (iii) of Statement December 1926

includes Central Offices £ 250,000

Supreme Court £ 80,000 Central

Police Stations £ 40,675 Police Lines £ 20,000

Other Public Buildings (see also

page 11 of Select Committee's

Report 1925) £ 4,800,000

... ..

...

Mr. Sidgeman,

Since I got back from leave I have heard of the enquiries as to the relation to the Guarantee Loan Committee's Report of our proposals to the Treasury as to Kenya's borrowings, and after looking into the papers again I have found it necessary to write to Mr. Stocks of the Treasury the letter of which I annex copies for the Members of the Committee.

I think it will explain the position adequately. It replaces the note which Mr. Allen gave you - in particular he desires me to make it clear that his estimate of £100,000 for the Thompson's Falls line was made under a misapprehension.

Handwritten signature

Mr. *Asst. Secy 8/17/46*

Downing Street.

83



- Mr. *E. J. Hastings*
- Mr. *Strachey*
- Mr. *J. Shackburgh*
- Mr. *G. Urridge*
- Mr. *C. Davis*
- Mr. *S. W.*
- Mr. *Orms*
- Lord *Loval*
- Mr. *Amery*

Dear Sir,

On looking at the papers again I fear that our letter of June 28th about Kenya's borrowings bears signs of haste - we were anxious to get it through before Sir Edward Grigg left England.

It was prepared in consultation with him and we cannot correct it officially without reference to him - nor indeed am I clear as to the lines on which he would wish to have it corrected. But I want to enter the following two caveats: -

- (1) The third sentence of paragraph 4 is in any case badly worded, as the Thompson's Falls line has no relation to the 'Guaranteed Loans' programme. The expenditure now proposed to be met from Kenya's independent borrowings, instead

DRAFT.

K. Stacks Esq

of from the Guaranteed Loans, represents

(No. 11.)

(1) Main Line Improvements	£600,000
(2) Rollin, Siam (Kenya's share)	850,000
(3) Two new wharves in Kilindini	600,000
(4) Equipment for do.	<u>50,000</u>
	<u>£2100,000</u>

Uganda will be liable for some of the first item,

but we cannot say how much; and the Thompson's

Falls line - say £300,000 - must be taken to be

additional to the ^{round} £2,000,000 ~~mentioned in our letter of~~

My recollection is that Sir Edward Grigg

definitely did not propose to include any other

wharves.

This item - the wharves - represents

wharves. The Guaranteed Loan Committee

proposed £1,000,000 for harbour

improvements. It was the subject of our dis-

cussions with the Governor to indicate the

necessity for ^{indicating} ~~covering~~ the balance of £1,200,000 in

~~the present programme~~ list of future borrowings.

You will realize, however, that it may

be necessary for us to provide for that before

Perhaps it would be as well to add the following from the point of view of the effect on the Guaranteed Loan Committee's proposals (see page 39 of their report):—

A. Railways.

(a) Kenya-Uganda.

Item (1) Our information from East Africa is that only £250,000 additional will be needed, and this is covered by the interest earned on the £3,500,000. We think that the local people have not taken account of the interest. It is not certain that the line will for the present be built beyond Soroti.

Item (2) No change, but the figure will have to be altered according to route finally chosen.

Item (3) See above. This goes out except for Uganda's contribution to main line improvements, unannounced, and Uganda's share of rolling stock, &c., put locally at £250,000. *not less than*

B. Port and Harbour Improvements.

(a) Kenya. This goes out of the Guaranteed Loan programme.

Yours sincerely
W. E. Bottomley

Cons. 8/7/27
L. Coma

Mr. S. S. S. S. S.

Since I got back from home I have
re-read the original, as to the relation
to the Guaranteed Loan Committee's part
about the proposed, the Treasury
is taking in borrowing, and I have
after looking into the papers of one I have
found it necessary to write to the
Secretary of the Treasury the letter of which
I enclose some copies for the members
of the Committee.

I think it will explain the
position adequately. It explains the
note which has been given you - the
particular he desires me to make is
that that his and estimate of \$100,000
for the ^{Thompson} ~~Thompson~~; well, line was
made under a very apprehensive



156
TREASURY CHAMBERS,
WHITEHALL, S.W.1.

reply
Please quote Regd. No.

7th July, 1927.

My dear Bottomley,

Many thanks for your note about Kenya.
~~.....~~ It's one of those charming
points which so often confront both of us - points
one could easily debate from either side. I think
(and hope) I withdrew "sharp practice" and substituted
"keen business"! If we had been less generous, and
had lent £3,500,000 at full interest from the start,
and Kenya had found that it paid her to refund our
money now, she would have repaid us the full
£3,500,000 without question. Just because of our
generosity in omitting to charge interest from the
start, she is now to repay us less than the full
amount we lent, and less than she would have repaid
to a Bank. It looks queer; and I cannot help
wondering whether Kenya herself would ever have
suggested the plan to us, at any rate without
apologising.

W. G. Bottomley Esq., C.B. C.M.G. O.B.E.
Colonial Office.

apologising rather shamefacedly, and showing by figures that she really has not the money to repay us in full. You say that Sir E. Grigg did not himself propose the arrangement.

Could you not, possibly, leave him free to propose it if he sees fit, as he or Kenya might possibly prefer to be generous in their turn? Is it not their affair? Please let me hear what you think.

Yours sincerely,

J. S. Stocks

P.S. Would you look again at your calculations? It seems to me that you have included interest twice over during the next 18 months. By your repaying £3,250,000 now, you will save us interest on ^{that amount of our capital} ~~our~~ capital for the next 18 months, but the money will be used to pay off the old sum we raised, so that we shall also earn interest on it. Our accountant who is used to Sir's transactions assures me that that is the position. The sum will include interest twice.

157A

Downing Street.

8 July, 1927.

My dear Stocks,

I have your letter of the 7th on the Kenya question.

Continuing our merry interchange:

(i) I withdraw what I said about your advantage from interest during eighteen months. Of course, you need that to put you in the same position in March 1929 just as much as Kenya requires the advantage of a discount during the period in order that it may be in the same position.

(ii) From our telephone talk I gathered that you no longer wish to press your suggestion that Kenya should be left to raise this question of a discount. It would not have been possible. Not only was the draft fully discussed with the Governor, but he has a copy of it, and a copy has also gone to the Acting Governor to be in cold storage till we can telegraph what is decided.

(iii) I doubt if you ever use the phrase "sharp practice"

practice" and my claim to a "keen business" instinct is hopelessly prejudiced by the fact that I have a conscience. This time it impels me to remind you that, pending the expenditure of the £5,000,000, the interest has accrued to our benefit. But I do not think that this fact helps your case materially, not only because you have required that the interest should be devoted to capital expenditure within the purposes of the loan, but also because if it had been an ordinary loan the interest on the idle money would have accrued just in the same way, and would, indeed, have been available to meet interest charges.

(19) I quite admit that if the loan had been an ordinary loan carrying full interest from the start, it would have been repayable by the full £5,000,000, but it was not an ordinary loan, and I think that both you and we have to look to the intention of Parliament in voting the money. We do not propose that Kenya should be better off than if the terms of the vote had been literally carried out, and I hope that on consideration you

will

12

will realize that if Kenya repaid the full amount in October this year, the Imperial Government would gain an advantage which Parliament did not contemplate.

(v) In one respect our proposal is very distinctly to the disadvantage of East Africa since, no matter what the equivalence of the two arrangements may be, it throws an annual burden on the Railway administration at an earlier date than Parliament contemplated, and before the works have so far advanced that the Railway is ~~built~~^{not built} before the additional annual charge without difficulty.

(vi) We could get out of this by increasing our borrowings this year to ^{over} three and a half million pounds, and keeping the money by us earning interest until March 1929, then repaying you the full amount. That is the alternative which I shall have to put forward here if you still see objection to our discount proposal. The interest on the money would almost cover the debt charges in the interval (since presumably sinking will be postponed as usual), but it needs a little more elaborate wording of the loan prospectus. I would very much rather tell the City that we are paying off at once out of the proceeds of

the

the loan an existing loan which would command priority than that we are borrowing money in order to be able to cancel that loan before the priority takes actual effect. But that is simply a matter of words.

(vii) As you know, the £1,200,000 loan is a direct burden on the Railway system backed in certain proportions by the Governments of Kenya and Uganda. I have considered whether we could pay off a portion representing the Kenya share, leaving the rest, representing the Uganda share, on the basis originally contemplated. I do not think, however, that that will work simply, because, as the responsibility for meeting the charges lies primarily with the Railway, there would still be a higher charge on Railway revenue.

(viii) No doubt you will have noticed that the local Ordinance only empowers the Government to pay off the debt at the end of five years. This is not, however, a difficulty, since the new loan would equally have to be sanctioned by local Ordinance which, on this point, would over-ride the

previous

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previous

16
previous Ordinance if, as I still hope, you are able to
agree to our proposal.

Yours sincerely

W. C. S. H. H. H. H.

25-161

Any reply to this letter should be addressed to—
THE SECRETARY.

TREASURY,
WHITEHALL, LONDON, S.W.1,
and the following number quoted.

S.22769/3.



TREASURY CHAMBERS.

// July, 1927.

Sir,

1. I have laid before the Lords Commissioners of His Majesty's Treasury Sir C. Strachey's letter of the 26th ultimo (10019/27) relative to the loan requirements of Kenya, estimated between the present date and 1932 at approximately £12 millions sterling, which Mr. Secretary Amery proposes should be raised as to £7 millions in the coming Autumn, and as to £5 millions at a later date. From the details furnished in the letter under reply it would appear that the more precise total figure is £11½ millions of which £4,712,410 represents amounts already agreed, £2,000,000 or more represents a transfer from the East African Guaranteed Loan, £3,250,000 the repayment of the existing Stroboquer Loan, and the balance of about £1,550,000 new loan projects, as set out in the schedule enclosed with Sir C. Strachey's letter.

2. My Lords are not disposed to attach too much importance

The Under Secretary of State,
Colonial Office.

Copy to August 27
Copy to Gov. Ken. 2 AUG 1927

Any reply to this letter should be addressed to—
THE SECRETARY.

TREASURY,
WHITEHALL, LONDON, S.W.1,
and the following number quoted.

TREASURY CHAMBERS.

// July, 1927.

S.22769/3.



Sir,

2 AUG 1927

Ward + August 27
Copy Gov. Ken.

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2. My Lords are not disposed to attach too much importance

The Under Secretary of State,
Colonial Office.

162
the guaranteed loan, the total of the latter loan
will be reduced accordingly.

4. Subject to market conditions, which must of course be considered at the time, My Lords further have no objection to the issue of a Kenya Loan of £7,000,000 in the Autumn, to repay the Exchequer Loan and to provide about £3,750,000 in respect of expenditure on the £4,712,410 programme or on Guaranteed Loan services already approved.

5. My Lords would be glad to be informed in detail how the £2,000,000 to be transferred from the Guaranteed Loan is composed.

6. With regard to the new items, amounting to £1,550,000, My Lords would wish to receive in due course explanations as to the details and the economic importance of these proposals. While They do not, prima facie, see objection to them, Their final approval must await these particulars, especially as regards the proposed provision for an Agricultural Bank.

7. The charge in respect of the proposed
will be £12,000,000 on a basis

9. My Lords would therefore regard the outlook as by no means clear unless care is exercised over the whole field of expenditure and due account taken of prospective burdens. They desire to be furnished with a summary of the revenue and expenditure of the Colony and the Railway for the past three years, distinguishing debt charges, and with estimates on the same lines for the present and three succeeding years.

I am,

Sir,

Your obedient Servant,

W. B. Bristow

24
164

- Mr. Allen
- Mr.
- Mr.
- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

Downing Street,

7 July, 1927.

Sir,

I have etc. to transmit to you the accompanying copy of a letter to the Treasury regarding the loan requirements of the Govt. of Kenya.

2. A copy of this letter was communicated to Sir ~~E.~~^{David} Grigg before his departure for S. Africa, and I informed you in my telegram of the 28th of June that on his return to Kenya he hoped to make a comprehensive statement to the Legislative Council with regard to the loan position. A further communication will be addressed to you when negotiations with the Treasury have been completed; but, in the meantime, ~~I advise~~ that the

DRAFT.

KENYA

Confidential

O.A.G.

Copy to H. B. How. K/140. Conf 22 AUG 1927

To Treas. 29 June 27
(copy ofies)

opending the proposed statement of Sir Edward Grey is desirable

(2 drafts)

contents

23
165

- Mr. Allen
- Mr.
- Mr.
- Mr. E. J. Harding.
- Sir C. Strachey
- Sir J. Shuckburgh.
- Sir G. Grenville.
- Sir C. Davis
- Sir S. Wilson
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery

577

Downing Street,
5. July, 1927.

Gentlemen,

I am etc. to transmit to you the accompanying copy of a telegram from the O.A.G. of Kenya regarding the deposit of a sum of 280,000 to the credit of the Kenya-Uganda loan to meet local disbursements, and to request you to transfer a similar amount to the account of the Colony as desired. A copy of the telegram has already been communicated to you semi-officially.

87

C. D.
1 JUL
A
D

DRAFT.

The C.As. for the Colonies.

I am, etc.,

(signed) H. T. ALLEN.

for Under Secretary of State

Tel. from O.A.G. Kenya 28th June
(No. 22)

Mr. Bottomley } 24 16

Mr.

Mr.

Mr. E. J. Harding.

+ Sir G. Strachey. 25

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

+ Sir S. Wilson.

X Mr. Ormsby-Gore.

Earl of Clarendon.

X Mr. Amery.

G.
R 28 JUN
028.

Downing Street,

28 June, 1927.

Sir,

With reference to your

letter No. *100* of the
of 13 May 1926. I am

to request you to inform the U.G.
the Treasury that it has become

easy for him to bring again to the
notice of T.Ls. the position as

capital requirements of Kenya
1934, when the question of the

liabilities to the Imperial Govt.
respect of the original capital

of the Uganda Railway and its
liability is due to be put on a

footing.

2. At present, T.Ls. have

consent to borrowings, in addition
any sum which Kenya may borrow

the terms of the East Africa Guar

Copy to Sir E. Sugars 28 JUN 1927
for Govt. Secy

DRAFT.

The Secretary,
Treasury.

*Memorandum
Thailand*

Copy to Sir E. Sugars

Mr. Bottomley } 24/16

Mr. E. J. Harding

Downing Street,
28 June, 1927.

+ Sir C. Strachey. 25

Sir J. Shuckburgh.

Sir G. Grindle

Sir C. Davis.

+ Sir S. Wilson. 27.6.27

X Mr. Ormsby Gore. 18.7.27
Earl of Clarendon. 30.6.26

X Mr. Amery. Jm

DRAFT.

The Secretary,
Treasury.

*Memorandum
Thornhill*

*Copy to Sir S. Juggs 28 JUN 1927
Sir G. Grindle
Sir J. Shuckburgh*

Sir,

With reference to your

letter No. 1000 this Dept of the
13 May 1926, I am etc.

to request you to inform the L.Cs. of
the Treasury that it has become neces-
sary for him to bring again to the
notice of T.Ls. the position as to the
capital requirements of Kenya before
1934, when the question of the Colony
liabilities to the Imperial Govt. in
respect of the original capital cost
of the Uganda Railway and its war
liability is due to be put on a definite
footing.

2. At present, T.Ls. have given
consent to borrowings, in addition to
any sum which Kenya may borrow under
the terms of the East Africa Guarantee

Cont to Sir S. Juggs

hampered by the lack of transport facilities, the roads of communication passing over large tracks of black cotton soil being impassable except in dry weather. Under transport services, there is also to be considered the scheme for the extension of the railway into Uganda so as to serve, by a route which is not finally decided, the native and industrial capital Kampala and its neighbourhood ~~and to provide in all probability for a still further ultimate development of the railway system westward.~~ This line would form part of the Kenya-Uganda railway system, but it would lie entirely in Uganda, and there would be no reason for Kenya borrowings to be increased on this account. At present, railway construction in Kenya and Uganda is financed out of Kenya money, subject to an undertaking by Uganda to accept responsibility for an agreed proportion

~~of~~ ^{of transport} ~~development~~ in the Congo, and

it is probable that inaction on the British side would lead to a very large part of the Congo traffic, which ~~is~~

believed to be rapidly increased ^{ing} ~~presently~~ in value, being lost to the Kenya-Uganda Railway. In

what way such extensions should be financed, Mr. Amery is not prepared at present to say, but it ~~would probably~~ ^{might}

be necessary for the Colony of Kenya, on behalf of the Kenya-Uganda Railway administration, to borrow the additional money in the open market.

6. Leaving the question of

transport, I am to enclose the accompanying memorandum showing what additional capital services, other than transport are now contemplated in Kenya.

Annex

The memorandum shows that, instead of the sum of £1,712,000 already ~~specified~~ ^{410 authorised, the} service ~~which are~~ now proposed amount to

£3,300,000, of which £750,000 is required

as the Protectorate of Kenya, but which still forms part of the Sultanate of Zanzibar. There would be great administrative convenience in the inclusion of this territory in the Colony of Kenya, into international considerations which it is not necessary to enter may make a transfer imperative at any moment. The terms on which the transfer should be effected are still under preliminary consideration, and it would, of course, be necessary for the S. of S. to pay full regard to the interest of Zanzibar in this matter as well as to that of Kenya. It is sufficient at this stage to say that the payment should certainly not exceed £450,000. ^{N.P. 9} The total of all these services, including the £3,000,000 transport loan already approved, comes to ^{£12,000,000} ~~£13,350,000~~ which would be raised by means of two loans within the next few years. The annual charges on this sum would not entirely represent a fresh burden on local

DRAFT

10. The existing debt charges in respect of the £5,000,000 loan amount to £365,000 a year. The ^(existing debt charges) ~~existing~~ charges in respect of the proposed further borrowings of £12,000,000 may be estimated at £720,000 a year ^{bringing} ~~making~~, on the basis of the £3,500,000 loan being paid off, the total debt charges against the Colony and the Railway up to the figure of £1,085,000 a year, an amount which the Colony cannot regard as excessive in view of the extension of the Revenue of the Colony & the Railway

Mr. J. ...
 67 ...
 24.6 ...

Kenya ~~to the~~ 173

Loan Services, other than Transport

Borrowings already authorized £ 1,712,410

Additional borrowings for

Main Roads construction & branch roads & railways 100,000

Agricultural Bank 700,000

Acquisition of Cash Stock, Jang'ata 400,000

Municipal Services, water supply, drainage, housing etc 86,000

Miscellaneous Services, including additional Kwana, Bulbuls, Post Office, Telephone, etc. for Railway Station etc, approximately 200,000

£ 3,298,410

To Treasury 28 JUN 1927
 0.00, 600, 400, 400

(7) General Loan Account
It was agreed that ^{future} Kenya's ^{proportion} borrowings of funds must be referred to the Treasury, and that

they must include provision for paying off the 3½ million pound Parliamentary loan to which priority had been assigned by the local Ordinance. It was also agreed that in order to prevent similar priority considerations arising in the future, Kenya should stand out of the Guarantee. It was thought that Uganda might use the loan for the construction of the Kampala extension, subject to whatever backing was necessary by Kenya-Uganda Railway. It was agreed that in writing to the Treasury, ^{the} payment to Zanzibar for the coast strip should be put at not more than 2450,000. Sir E. Grigg was not satisfied that so large a sum was necessary, and considered that his unofficial members would demand some form of arbitration. He agreed to put forward his objections to paying 2450,000 by despatch when he returned to Kenya.

(8) £750,000 for Land Bank.

It was agreed that this allocation should be agreed upon in principle, the Secretary of State holding himself free to accept, or reject, any definite scheme which might be put forward for the Bank.

174
Signed and sealed by the Secretary of State
22.6.47
C. G. S. & S. S.

NOTE

Sir Edward Grigg discussed with Sir S. Wilson on the 22nd of June several questions which had been awaiting the opportunity. In some instances, there had been preliminary discussion between Sir E. Grigg and me, which were confirmed when we met Sir S. Wilson. The items mentioned were :-

- (1) Native Land Trust Bill.
- (2) Leave and Passage conditions.

These were held over because despatches expected on Monday had not yet arrived.

- (3) Nairobi Municipality.

This had been disposed of by office minutes subject to the new points which Mr. Martin had raised unofficially. It was not further discussed.

- (4) Nairobi Town Planning.

Sir E. Grigg was still waiting for a definite scheme and for the removal of points of difference between the Colony and the Railway.

- (5) Land Alienation and further settlement.

Sir E. Grigg agreed that the approval of

* £19,000 deduct
for Asst. Dir. &
for M. S. Baker
£4,500

Delphases

12,600

45,675

16,000

69,275

4,500 (Asst. Dir.)

73,775

Total

£3,192,657

69,275 Delphases

4,500 Asst. Dir.

55,000 M. S. Baker

£3,321,432

3,321,432

has 19,000 Customs House

£3,302,432

Kenya
Loan services, other than transport.

Borrowings already authorized £1,712,410

Additional services

Buacha Buildings (add) 120,000

Road Rent 50,000

New Roads construction 100,000

branch roads to railways 4,400

Leases school 750,000

Agricultural Bank

Acquisition of Loan Strip, East 450,000

from Zanzibar (as 85,847

Municipal Services, Nairobi

3,092,657

(as made up of

£21,610 Water Supply

49,637

4,000 Quarry Rent

13,000 Sewage & Drainage

14,600 Misc: including housing

for Africans, water supply

has Public Works

Water Supply

16,000

£85,847

19 15

Telegram from the ~~Officer~~ Administering the Government
of Kenya to the Secretary of State for the Colonies.

Dated 17th June, 1927.

(Received Colonial Office 11.36 a.m. 17th June, 1927)

RECEIVED
18 JUN 1927
COLONIAL OFFICE

214 17th June My Confidential telegram of 23rd April

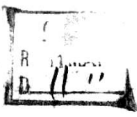
On the advice of Executive Council request sanction
to advance forthwith to Nairobi municipality on the
usual terms the following sums which the municipality
represent are urgently required. Service Reservoir
Scott Sanatorium £7500. Quarry (ing) Plant £4000
New Slaughter-house £2000. In view of Asiatic
housing difficulties also desire provision of £1211
£3211 for extension of water supply to Eastleigh subject
to municipality's concurrence. These items are
included in the sum mentioned in my above quoted
telegram. Municipality also ask further £18,000 for
Native housing extensions.

18

10019
X.10009/27 E.A.

Mr. Seel 10.5.27
Mr. Bottomley 10/6

- Mr.
- Mr. E. J. Harding.
- Sir C. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormaby-Gore.
- Earl of Clarendon.
- Mr. Amery.



Downing Street.

12 May, 1927.

DRAFT.

LIEUTENANT COLONEL
SIR EDWARD BRIDG, K.C.V.O., C.M.G.,
D.S.O., M.C.,

Sir,

I am etc. to inform you that he has received from the Crown Agents for the Colonies a copy of the note of an interview which took place on the 12th of April between yourself, Mr. Felling, ~~and the~~ Colonel Walker, Uganda Railway and one of the Crown Agents ~~and~~ on the subject of the loan position of the Government of Kenya. Mr. Amery has not however, yet learned whether you have accepted the note as a correct record of what took place at the interview.

2. it is observed that in the note the amount ~~was~~ already authorized and proposed to be borrowed is stated to be

Adams
4/27

Note
(Herewith)

Part A
copy to C. Amery

20/5

be £9,162,410. but ~~the~~ the items
^{shown as}
making up this sum do not include
certain amounts particularly the
compensation which will be payable
to the Government of Zanzibar if
the Protectorate of Kenya were ab-
sorbed into the Colony. It is
possible that this amount would be
as much as £450,000.

3. As you are aware the Secretary of
State is under obligation to consult
the L.C. of the Treasury with regard
to any borrowings by the Government
of Kenya in excess of £4,712,410, plus
any sum falling to be expended under
the terms of the Guarantee Loan on
transport services in Kenya and Uganda.
A table on the subject of the Secretary
of State's commitments to the Treasury
is enclosed for your information. I am
to point out that certain additional
expenditure has already been approved

both

be £9,162,410, but ~~the~~ the items

^{shown as}
making up this sum do not include

certain amounts particularly the
compensation which ~~will~~ be payable

to the Government of Zanzibar if
the Protectorate of Kenya were ab-

sorbed into the Colony. It is
possible that this amount would be

as much as £450,000.

3. As you are aware the Secretary of
State is under obligation to consult
the L.C. of the Treasury with regard
to any borrowings by the Government
of Kenya in excess of £4,712,410, plus
any sum falling to be expended under
the £10,000,000 Guarantee Loan on
transport services in Kenya and Uganda.

A note on the subject of the Secretary
of State's commitments to the Treasury
is enclosed for your information. I am
to point out that certain additional
expenditure has already been approved

both on transport and non-transport services, but that no re-allocation has been made in respect of these items of additional expenditure, although in some cases such items were only authorised on the understanding that a re-allocation would be made. The additional items in questions are as follows:-

Transport

	£.
Deep water berths	600,000
Port services	50,000
Locomotives and rolling stock.	<u>300,000</u>
	<u>950,000</u>

Non-Transport Services

Education Buildings	40,000
Road plant	50,000
Water supply, Nairobi.	21,610
Site for Railway Station.	<u>55,000 (a)</u>
	<u>166,610</u>

(a) Now proposed to be charged to the Transport Loan.)

4. A telegram has now been received from the Acting Governor of Kenya asking for approval, as a matter of urgency for certain additional expenditure

as follows:-

Nairobi Municipality.

	£	
Water supply	19,637	x
Quarry plant	4,000	
Sewerage and Drainage	13,000	
Miscellaneous (housing for artisans, native slaughter house, public latrines).	<u>11,600</u>	
	46,237	
Main Road construction and branch roads to railways	100,000	
Jeanes School (additional)	<u>4,400</u>	
	£ 104,400	

x Exclusive of the £21,000 mentioned in the preceding paragraph.

2. The Acting Governor also refers to the possibility of smaller but very pressing demands occurring from time to time.

3. In the circumstances, it will clearly be necessary for the Secretary of State to approach the Treasury for increased borrowing powers over and above the amount previously suggested as the Transport Administration ^{share} of the Guarantee Loan; and for this purpose it is essential to determine some maximum

total

total figure for borrowings, and to give an undertaking to the Treasury that no further loan expenditure will be proposed before 1934. It will be necessary for the details of the complete loan schedule to be set out as fully as possible, and some re-allocation will no doubt be required.

7. Mr. Amery observes from the note of the interview that it was suggested that arrangements should be made for the publication in the Press of information as to the satisfactory financial position of Kenya, but he has some doubt as to the ^{advis} feasibility of such a ^{step} ~~process~~, in view of the possibility that any such articles might give ^{an} occasion for adverse criticisms in the Press, which ^{would} ~~might~~ reflect unfavourably on the prospects of a successful Loan issue by the Colonial Government.

6. Mr. Amery proposes to defer consideration

consideration of the telegram from the
Acting Governor mentioned above, pending
the receipt of a reply to this letter.
In the meantime Mr. Bennett is being
informed by telegram that the general
loan position is being discussed with
you and that a further telegram will be
sent to him.

I am, etc.,

Yours faithfully,
W. E. TOMLEY

10019
X.10009/27 H.A.

Mr. Seel 10.5.27
Mr. D. Stowley 10/5/27
Mr.

Mr. E. J. Harding.
Mr. Strachey.
Sir J. Shuckburgh.
Sir G. Grindle.
Sir C. Davis.
Sir S. Wilson.
Mr. Ormsby-Gore.
Earl of Clarendon.
Mr. Amery.

Codes & Sent
5.30 pm
10th May '27
for (Ch)

179
C.D.
R. 11 MAY
D. 11

Your telegram 23rd April No.137 Am
discussing general loan position with
Governor. Further telegram will be sent
as soon as possible

DRAFT. CODE TELEGRAM

SECR.

Governor Nairobi.

20/5/27

1196
1 ✓
KENYA LOAN

COMMITMENTS TO THE TREASURY ARISING OUT OF
THE COLONY'S LIABILITIES TO THE
IMPERIAL GOVERNMENT.

These liabilities, which have been postponed until 1934, are

(a) the Colony's contribution towards war expenditure on the East African Campaign, and

(b) liability to repay the capital cost of the original Uganda Railway, a liability which will fall primarily on railway funds, but for which the Colony may be called upon to undertake some responsibility in view especially of the large sums drawn from railway profits in the past.

The postponement of these liabilities to 1934 was secured in connection with the grant of the £3,500,000 assisted loan voted by Parliament for transport development in Kenya and Uganda.

The Treasury from the first made it a condition that they should be consulted as to Kenya's borrowings, before 1934, beyond an amount which has been reconsidered from time to time. The present position is shown in the attached copy of a letter to the Treasury of 13th May 1926, and the Governor was informed in a confidential despatch of 14th May 1926.

Copy to Sir E. Grey 12 May/27

3926/16

Inform Sir E.Grigg that we have received a copy of the note of his interview at the Crown Agents in the form submitted to him, but have not yet heard whether he has accepted it as an accurate record. It is observed that in the note the amount already authorised and proposed to be borrowed is given as £2,62,410, but that the items making up this sum do not include certain items especially the payment of compensation to the Government of Zanzibar if the coast strip is taken over. This may be as high as £450,000. Say that he is aware that, as explained in the memo. below, we are committed to the Treasury to consult them as to any borrowings in excess of £4,712.410 plus any sum falling to be expended under the £10,000,000 guaranteed loan on transport services in Kenya and Uganda. Point out that certain other expenditure has already been approved both on transport and non-transport services, but that no re-allocation has been made in respect of any of these items, though in some cases they were only authorised on that understanding.

CVK
W

Give list of these items as follows:-

Transport

Deep Water Berths	£600,000
Port Services	50,000
Locomotives and Rolling Stock	300,000
	<hr/>
	£950,000

Non-Transport Services

Education Buildings	£ 45,000
Road plant	50,000
Water supply, Nairobi	21,000
Site for Railway Station	55,000 (a)

~~66,000~~
£122,000

((a) now proposed to be charged to the Transport Loan)

Say

... telegram has now been received from the Officer
administering the Government asking, as a matter of
fact, for a grant for certain additional expenditure
from the ... table.

~~... ..~~
Water supply £19,337
Quarry ~~...~~ Flat 4,000
Lawrence ~~...~~ Drainage 13,000
for
the ...
... ..

2
27

~~... ..~~
~~... ..~~

...

(... ..)

4,400
6
£19,337

... .. in the
... .. the possibility of
... .. is occurring from time
to time.

... .. necessary to go

... .. over
Transbot Administrahari's
... .. as the ~~...~~

... .. purpose of

... .. are

... .. the

... .. the

... .. 34.

... ..

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... .. the press by

... .. right inversely

... .. of the load.

Say that telegram has now been received from the Officer
 Administering the Government asking, as a matter of
 urgency, for approval for certain additional expenditure
 as shown in the following table.

Nairobi Municipalities

Water supply	£19,537	6x
Quarry plant Plant	4,000	
Waste water Drainage	13,000	
for		
to be spent on slaughter		
houses (11,500)		

Kenya Roadways Board

Kenya Roadways Board (additional)

27

6
 130

x The following table shows the estimated expenditure for the
 year 1950-51.

The possibility of a shortage of funds for the year 1950-51 is
 being considered from time to time.

It is estimated that the expenditure for the year 1950-51 will be
 approximately £1,000,000.

The expenditure for the year 1950-51 will be approximately £1,000,000.
Transport Administration

The expenditure for the year 1950-51 will be approximately £1,000,000.

The expenditure for the year 1950-51 will be approximately £1,000,000.

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The expenditure for the year 1950-51 will be approximately £1,000,000.

Downing Street,

13th May, 1926.

X.3926/26

Sir,

I am directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 27th of April (S.22769/2) and request you to inform the Lords Commissioners of the Treasury of the approval of loan expenditure not exceeding £1,712,410 on the services mentioned on pages 1 and 2 of the Report of the Select Committee of the Legislative Council of Kenya, has now been conveyed to the Governor of the Colony by telegraph.

2. The Governor has, at the same time, been informed that in view of the Colony's postponed liabilities to the Imperial Government the Lords Commissioners will wish to be consulted again before any further loan programme is approved.

3. While Mr. Amery agrees that no borrowings in excess of the total of £4,712,410 mentioned in your letter should be approved without prior consultation with the Lords Commissioners he does so on the understanding (a) that any sum falling to be expended under the £10,000,000 guaranteed loan in Kenya or Uganda should be additional, and, (b) that, although the limit of borrowings for transport purposes without further reference to Their Lordships will now be £3,000,000 it may be necessary for him, possibly in the near future, to ask for their approval to an increase in this transport expenditure at least up to the £4,500,000 previously contemplated.

4. I am to say, however, that further proposals have now been received from the Governor of Kenya which may involve reconsideration of the amount of the loan for non-transport services.

I am, etc.,

(sd) W.C. Bottomley

THE SECRETARY,
TREASURY.



4, MILLBANK,
WESTMINSTER,
LONDON, S.W.1.
(VICTORIA 7736)

10

Forwarded as Mr. E. G. ...
request.

by Cape '27

~~written~~

in ...
London 14



4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.
(VICTORIA 7730)

FD

as Mr. Eyeduck

request.

29 Apr '27

~~W. H. H.~~

W. H. H. 29/4

25th April, 1927 **183**

Sir E. Grigg K.C.V.O. etc.,

Dear Sir Edward Grigg,

I enclose in duplicate a Note of our conversation of the other day, which I hope agrees with your recollection of it. If you desire it to be amended please let me know.

As regards paragraph 4, we have since been considering further, in consultation with our brokers, the question of the requirements for Municipalities. We observe that Nairobi, the largest of them, and the only one at all generally known by name in this country, had an estimated population in 1924 of only 3017 Europeans, 8358 Asiatics, and 12,666 Natives, or 24,000 in all. We think now that it would be better not to introduce at present the policy of municipal guaranteed loans outlined in the Note, but to defer it and introduce it only gradually when the towns have grown to a larger size, and meanwhile to meet their capital requirements by loans obtained by the Government. This advice applies, of course, only to loans issued in London. If Nairobi or any other towns can borrow money locally on reasonable terms, either with or without the guarantee of the Colony, we have nothing to say against their doing so.

As the whole amount required by the Municipalities at present is only somewhere about £700,000, the inclusion of this amount in a Colony loan of over £9,000,000 would not make a serious difference to the latter.

Yours sincerely,

[Signed] P.H. Ezechiel.

Mr. Ezechiel.

KENYA LOAN

At a conference on 12th April at which were present the Governor [Sir E. Grigg], Mr. Ezechiel, Mr. Felling, Colonel Baker, Mr. Urquhart and Mr. Davis the proposed loan for Kenya was discussed. The Governor explained that the amount already authorised and proposed to be borrowed was as follows:-

	£2,900,000	Usually referred to as the "£3 million loan"
Transport Loan	£500,000	Additional amount probably required
	£2,500,000	Required within a short period and to be spent within 3 years.
Colony Loan	£1,712,410	
	<hr/>	
	£7,612,410	
do	100,000	Approved by L.C. but not yet by the Secretary of State
	750,000	for proposed Land Bank, not yet decided upon
	700,000	For Municipal expenditure, drainage etc. to be spent over 5 years.
	<hr/>	
	£9,162,410	

The Governor said that of the authorised loan about £3½ millions had already been spent.

2. In discussing the advisability of the inclusion of any part of the money to be borrowed in the Imperial East Africa Guaranteed Loan, Mr. Ezechiel said that the difference in price at which that loan could be issued would probably prove to be not more than about ½% better than the Crown Agents could place a loan for the Colony. This being the case the Governor said that in his opinion it would be better for Kenya not to participate in the Guaranteed loan and that a decision not to do so would cause satisfaction

/locally

locally.

3. The Governor enquired whether it would be possible to issue some part of the loan as a direct or "domestic" loan and Mr. Ezechiel explained that the amount that could be dealt with in that way would represent a comparatively small proportion of the whole amount to be borrowed. The Governor agreed that it was not worth while in the circumstances entertaining the idea of a direct loan.

4. The Governor said that he had been advised that the local Municipalities ought to be able to raise for themselves at least part of the money which they required [i.e. £700,000], and that he was in favour of this being done. Mr. Ezechiel agreed that, in view of the large loan requirements of the Colony, it would be an advantage if any of the monies required for Municipalities could be excluded and transferred to their own shoulders; but, assuming that the Governor was satisfied that the Municipalities were properly run and would be able to meet their Debt obligations, he suggested that it would be a sound policy for the Colonial Government to guarantee their first issues so that they might get the money cheaper, and afterwards, when their credit was established in the market, might be able to stand entirely on their own feet, and issue further loans without the guarantee. He added that the price at which municipal loans with the Government guarantee could be placed should be not very much less than could be obtained in the case of a regular Colony issue.

5. The Governor and Mr. Felling stated that the financial position in Kenya was satisfactory, the Colonial and Transport revenue figures being £2½ millions and £2½ millions respectively. Reserves were also satisfactory.

186

6. As regards the date of issue it would be impossible to pass the loan legislation in time to make an issue before mid July which may be considered as the end of the present loan issuing season, but the Governor thought that it could be put through in time for an issue at the beginning of the next season [end of September] so as to take advantage of the better conditions usually prevailing at the beginning of the season. It was agreed that it would be best to include in the specific loan Ordinance the whole of the loan requirements so far as they could now be settled [repealing the existing £3,000,000 Ordinance], and to make the first issue say about £5,000,000 reserving the balance till it was required.

7. In view of certain recent circumstances, Sir Edward Grigg suggested that he might be able to arrange for the publication in the press of information as to the satisfactory position of the Colony which could be supplied and embodied in an article or articles to be written by someone whose name would carry weight in the City. Mr. Ezechiel said this would certainly be helpful, even though in view of the consolidated character of the credit of Colonial loans issued by the Crown Agents-it might make little or no difference in the price at which the loan could be underwritten. He thought that such papers as the Times and perhaps the Financial Times, would readily publish such articles about East Africa as of general news interest.

8. The Governor enquired as to the possibility of effecting a conversion of the existing Kenya 6% loan [1946/56] on terms which would be advantageous to the Colony but Mr. Ezechiel said that the present market conditions would, he thought, be found unsuitable for launching a conversion scheme.

[intld.] C.E.U.
14.4.27.

Retort

157
25th April, 1927.

Sir E. Grigg K.C.V.O. etc.,

Dear Sir Edward Grigg,

I enclose in duplicate a Note of our conversation of the other day, which I hope agrees with your recollection of it. If you desire it to be amended please let me know.

As regards paragraph 4, we have since been considering further, in consultation with our brokers, the question of the requirements for Municipalities. We observe that Nairobi, the largest of them, and the only one at all generally known by name in this country, had an estimated population in 1924 of only 3017 Europeans, 8358 Asiatics, and 12,666 Natives, or 24,000 in all. We think now that it would be better not to introduce at present the policy of municipal guaranteed loans outlined in the Note, but to defer it and introduce it only gradually when the towns have grown to a larger size, and meanwhile to meet their capital requirements by loans obtained by the Government. This advice applies, of course, only to loans issued in London. If Nairobi or any other towns can borrow money locally on reasonable terms, either with or without the guarantee of the Colony, we have nothing to say against their doing so.

As the whole amount required by the Municipalities at present is only somewhere about £700,000, the inclusion of this amount in a Colony loan of over £9,000,000 would not make a serious difference to the latter.

Yours sincerely,
[Signed] P.H. Macchiell.

Mr. Eschiel.

KENYA LOAN

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	£2,900,000	Usually referred to as the "£3 million loan"
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Colony Loan	£1,712,410	
	<hr/>	
	£7,612,410	
do	100,000	Approved by L.C. but not yet by the Secretary of State
	750,000	For proposed Land Bank, not yet decided upon
	700,000	For Municipal expenditure, drainage etc. to be spent over 5 years.
	<hr/>	
	£9,162,410	

The Governor said that of the authorized loan about £3½ millions had already been spent.

2. In discussing the advisability of the inclusion of any part of the money to be borrowed in the Imperial East Africa Guaranteed Loan, Mr. Eschiel said that the difference in price at which that loan could be issued would probably prove to be not more than about ½% better than the Crown Agents could place a loan for the Colony. This being the case the Governor said that in his opinion it would be better for Kenya not to participate in the Guaranteed loan and that a decision not to do so would cause satisfaction

/locally

locally.

3. The Governor enquired whether it would be possible to issue some part of the loan as a direct or "domestic" loan and Mr. Eschiel explained that the amount that could be dealt with in that way would represent a comparatively small proportion only of the whole amount to be borrowed. The Governor agreed that it was not worth while in the circumstances entertaining the idea of a direct loan.

4. The Governor said that he had been advised that the local Municipalities ought to be able to raise for themselves at least part of the money which they required [i.e. £700,000], and that he was in favour of this being done. Mr. Eschiel agreed that, in view of the large loan requirements of the Colony, it would be an advantage if any of the monies required for Municipalities could be excluded and transferred to their own shoulders; but, assuming that the Governor was satisfied that the Municipalities were properly run and would be able to meet their Debt obligations, he suggested that it would be a sound policy for the Colonial Government to guarantee their first issues so that they might get the money cheaper, and afterwards, when their credit was established in the market, might be able to stand entirely on their own feet, and issue further loans without the guarantee. He added that the price at which municipal loans with the Government guarantee could be placed should be not very much less than could be obtained in the case of a regular Colony issue.

5. The Governor and Mr. Felling stated that the financial position in Kenya was satisfactory, the Colonial and Transport revenue figures being £22 millions and £24 millions respectively. Reserves were also satisfactory.

6. As regards the date of issue it would be impossible to pass the loan legislation in time to make an issue before mid July which may be considered as the end of the present loan issuing season, but the Governor thought that it could be put through in time for an issue at the beginning of the next season [and of September] so as to take advantage of the better conditions usually prevailing at the beginning of the season. It was agreed that it would be best to include in the specific loan Ordinance the whole of the loan requirements so far as they could now be settled [repealing the existing £3,000,000 Ordinance], and to make the first issue say about £5,000,000 reserving the balance till it was required.

7. In view of certain recent circumstances, Sir Edward Grigg suggested that he might be able to arrange for the publication in the press of information as to the satisfactory position of the Colony which could be supplied and embodied in an article or articles to be written by someone whose name would carry weight in the City. Mr. Eschiel said this would certainly be helpful, even though in view of the consolidated character of the credit of Colonial loans issued by the Crown Agents-it might make little or no difference in the price at which the loan could be underwritten. He thought that such papers as the Times and perhaps the Financial Times, would readily publish such articles about East Africa as of general news interest.

8. The Governor enquired as to the possibility of effecting a conversion of the existing Kenya 6% loan (1946/56) on terms which would be advantageous to the Colony but Mr. Eschiel said that the present market conditions would, he thought, be found unsuitable for launching a conversion scheme.

RECEIVED
25/4/1927
COL. OFFICE

16/191

TELEGRAM from the Officer Administering the Government of Kenya to the Secretary of State for the Colonies.

Dated 23rd April.

Received Colonial Office 9.50 p.m. 23rd April, 1927.)

No. 137. Confidential 23rd April Your despatch of 3rd February Confidential Colonial Loans. Please see Kenya Confidential despatch No. 5 of 17th January. With regard to limit which you have imposed of £1,712,410 I would point out that a sum representing £452,500 included in loan commitments representing advances to municipalities and local Bodies vide Items 3,4,7,8, 10 with 15,12 and 14 in December loan statement and allowing for Government contribution will be borne on rates paid by local community which will receive specific revenue derived from these works. In this connection it must be stated that Nairobi Municipalities have put forward request for loan funds amounting to £69,847 in excess of Items 10 and 15 in Loan Statement. This sum includes (a) £21,610 already advanced from Revenue, see your despatch of 8th June No. 531 1926 and your telegram of 21st October, (b) £19,637 extension and improvement of water supply.

- (c) £4,000 quarry plant.
- (d) £13,000 sewerage and drainage
- (e) £11,000 miscellaneous comprising housing for artisans and native slaughter houses and public latrines. Urgently necessary in order that development of town be not held up that these funds should be provided as matter of Council.

Sp. 7/4/27

No. 7

see No. 6.

Adly. ...

W. W. W. / v. b.

W. W. W. / v. b.

?

Railway Station Land
7/6/26
...
...

If sum of £55,000 referred to in paragraph 2 of your despatch of 3rd February is to be included in the Colonial Loan this would be a further ^(group) (omitted) on which Interest and Sinking Fund would not be met from Colonial Government Revenue but in respect of this sum I recommend its addition to £3,000,000 Transportation Loan. I suggest for your consideration therefore that limit should not be taken to include sum(s) the prime liability for which does not descend upon the Colony's revenue. Whilst expenditure at the present time will not reach limit imposed by you there is no item in the approved Loan proposal on which I can say definitely now that there will ultimately be saving. As immediate instance of need for extending the limit I would observe that I am faced with the necessity of providing for expenditure of at least £100,000 on main road reconstruction and branch road to railway. Transport of produce especially in Trans Nzoia Nzoia and Plateau is held up on account of the very bad state of the roads. I have appointed a central Road Committee on the lines recommended by the Local Government Commission to make recommendations for this expenditure and shall put their proposals before you but it is urgent that I should be informed ^(?) whether you will be prepared to agree to such expenditure being met from loan funds. Executive Council agree that such expenditure is urgently necessary and should be incurred from loan. Other smaller but very pressing demands necessarily

193

0785
1/2

occur occasionally. Vide my telegram of 25th
October No. 360 re Jeanes School I shall be glad
of telegraphic reply as I wish to make the position
clear to the Council in Session commencing on

194

Mr. Whitehouse 11/4/27
Mr. Seel. 11. 4. 27

15 / 10019 / 27 Kenya

Mr. E. J. Harding.
Mr. Strachey.
Sir J. Shuckburgh.
Sir G. Grindle.
C. Davis.
Sir S. Wilson.
Mr. Ormsby-Gore.
Earl of Clarendon.
Mr. Amery.

C. D.
R 12 APR
D 15

3 April, 1927.

Sir,

I have etc. to ack.

DRAFT.

Kenya

Boy: (2)

6. a. G.

the recd. of your tel. no. 113
of the 5th. of April regarding
an omission in Sir
Edward Gigg's copy. despatch
of the 17th. of January &
to inform you that the
omission in question was
in fact

Mr. Whitehouse 11/4/27.

Mr. Seel. 11. 4. 27

Mr. E. J. Harding.

Mr. Strachey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir O. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery.

15 / 10019 / 27 Kenya

C. D.
R 12 APR
D 13

13 April, 1927

Sir,

I have etc. to ack.

DRAFT.

Kenya

Boy: (2)

6. a. G.

the recd. of your tel. no 113
of the 5th. of April regarding
an omission in Sir
Edward Gigg's copy. despatch to
of the 17th. of January &
to inform you that the
omission in question was
in fact

195
4

Telegram from the Officer Administering the Government of Kenya to the Secretary of State for the Colonies.

Dated 5th April.

(Received Colonial Office 7.22 p.m. 5th April 1927)

RECEIVED
6 APR 1927
COL. OFFICE

10019

No.113 Confidential 5th April By despatch of 17th January Confidential 5 paragraph 3 please insert the word "not" after the word "will" in the fourth line on page 3.

Handwritten notes:
13 APR 1927
Ch. send copy (2)

Mr. Cliffe 25.3.27

X 10019/27 Kenya

196

Mr. Allen 25 fa.

Mr.

H. J. Harding.

Mr. Strachey.

Dawson Street,

Sir J. Shuckburgh.

28 March, 1927.

Sir G. Grindle.

Sir U. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery.

Gentlemen,

I am etc. to transmit to you, for your information and guidance, the accompanying copies of telegraphic correspondence with the Acting Governor of Kenya from which you will see that the Secretary of State has approved the expenditure on locomotives and rolling stock for the Kenya Uganda Railway of an additional sum of £100,000 making the full amount of £300,000 mentioned in the resolution of the Legislative

DRAFT.

Crown Agents.

Ex. Gov. 19.3.27.

To -do- dit. herewith.
25. Mar. 1927

2 dfts.

Legislative Council of the 5th
November last embodied in the despatch
of the 24th November 1926 which accom-
panied the letter from this Department
of the 3rd January (8421).

2. It is understood from your
letter A/Kenya 362 of the 10th of
January that pending the flotation
of a loan you will be willing to
make such further advances as may
be required on this account.

I am, etc

Signed H. T. ALLEN.

for Under Secretary of State.

Mr. Coffe - 5-11-27

Mr. Allen 75

Mr.

Mr. E. J. Harding

Mr. Strachey

Sir J. Shuckburgh

Sir G. Grindle

Sir C. Lucas

Sir S. Wilson

Mr. Ormsby Gore

Earl of Clarendon

Mr. Amery

DRAFT.

Comm Agents.

From Genl: 19-11-27
To ...
25-2-27

No. 19/27

KENYA

27

[Handwritten signature]

28 March 1927.

Gentlemen -

Can be to transmit

is you for your
information of ~~and~~
distress. As
accompanying copies of

Telegraphic correspondence
with the Acting

Governor of Kenya
from which you will see
regarding the loan
that the Govt has

28/3

approves his expenditure on rolling stock for the locomotives and

General of the Colony
Kenya (G.A.A.R.) of an actual sum of £100,000
... understood from
... letter ...
... of the ...
... will be
... such further
... returned to
... the account

making the full amount
of £300,000 mentioned
in the resolution of the
Legis. C. of the 5th
November last enclosed
in the letter from this
Dept of the 3rd Jan
(P. 21)

Embodied in the
dep of the 24 Nov 1926
which accompanied

locomotives and

Mr. Cliffe 28-III-27.

Mr. Alan Bataill

- J. Harding.
- Strachey
- Sir J. Shackburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon
- Mr. Amery

DRAFT. Code Telegram

Governor Nairobi

Recd. to the Govt.

20715

10019/27

KENYA.

1927

Code & Serial
H. 45
25th March 27

C. D.
R 20 MAR
D 26

COPY TO C.A. 26 MAR 1927

Confidential
25th March
Your telegram of 19th
March No. 93. I
approve additional
expenditure. Com
Agents will make
advances as required.

Seen

approves the expenditure on rolling stock for the locomotives and

Resolutions of the Kenya Uganda Rly of an actual sum of £100,000
2% to be understood from your letter + copy 30c of the ... of money ... will be ... such further ... persons ... a the account ...

locomotives and
whereby the full amount of £300,000 mentioned in the resolution of the Legislative of the 5th November last embodied in the letter from this Dept of the 3 Jan (P421)

Embodied in the despatch of the 24 Nov 1926 which accompanied

X/10019/27
KENYA
1926

- Mr. Cliffe 25-iii-27.
- Mr. Alan W. Sturcell
- Mr. E. J. Harding.
- Mr. Strachey
- Sir J. Shackburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby Gore.
- Earl of Clarendon
- Mr. Amery

Code 8 Sent
4.45 pm
25th March '27
C.D.

C. D.
R 20. MAR
D 9.6

Confidential 25th March
Your telegram of 19th March No. 93
I approve additional expenditure. Com Agents will make advances as required.

DRAFT. Code Telegram

28 MAR 1927
C.A.
COPY

Governor Nairobi

Recd to me Encl.

Seen

20700

199

Telegram from the Officer Administering the Government of Kenya to the Secretary of State for the Colonies.

Dated 19th March.

(Received Colonial Office 21st March, 1927)

RECEIVED
27 MAR 1927
CONFIDENTIAL
FILE

No. 93 19th March Confidential Your telegram of 11th January General Manager represents need for expenditure of £180,000 on rolling stock additional to £120,000 sanctioned against Item 2(c) of Motion reported in my despatch of 26th November Confidential No. 162 in your telegram under reference on account of increased traffic. Glad if you would refer to Felling if other information required and telegraph approval.

No. 2

20.8379
26

Ann. 7 Tel. 25. March. 27
Copy to C. A. 28 MAR 1927

9 200

14/3/27
[Handwritten signature]

Mr. Allen

Mr.

Mr.

Mr. E. J. Harding.

Sir
Mr. Strachey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery.

Downing Street,

16 March, 1927.

Sir,

14 MAR 1927
0 15

I have etc. to acknowledge the receipt of Sir E. Grigg's Confidential despatch No.5 of the 17th January regarding the ^{Colony} Colonial Loan.

DRAFT.

CONFIDENTIAL

Confidential

O.A.G.

^x
7442/26

2. As regards the question of re-allocations, I would refer to my Confidential despatch of the 3rd February (which crossed the despatch under acknowledgment) and I consider that in any future statement of the Legislative Council, at least a note should be appended making clear the position in regard to the limit of authorised

Copy encl. to No.7 to C.As. if ref.No.5.

Recir. to me.

ANALYSIS OF RESOLUTIONS REFERRED TO IN
PARAGRAPH 2 OF NO.7 of 10019/1927.

For details see
press cutting
1927 & 1928 in
12515/25.

Resolution 20 February 1925 (£446,500) The resolution
originally presented to the Council was for £486,500
but this was reduced to £446,500 all the items of which
have been approved by the Secretary of State.

See press cutting
916 in 4376325

Resolution 21st August 1925 (£40,000) This resolution
restored £20,000 for African quarters and added £20,000
for Town Hall and Market. These items have been
approved by the Secretary of State.

(N.B. The total then was £486,500 ^{and} the increase
to £562,500 embodied in the report of the Select
Committee is accounted for by the £76,000 Item 10 (1) -
for advances to Nairobi, this amount not being authorised
by the Legislative Council until the resolution of
15 March 1926 on 4111/26).

Resolution 15 March 1926 (£4,500) This amount is for
Sir H. Baker's fees on works not yet sanctioned by the
Council or the Secretary of State and has not yet been
approved by the Secretary of State (Resolution in 4111/26)

Resolution 15 March 1926 (£1,372,685) This resolution is
analysed on the attached sheet which shows that items
amounting to £165,775 have either (items iv) not yet been
approved by the Secretary of State or (items iii) are
approved subject to reallocation or (item v) now to be
met from revenue. But the Secretary of State has
approved £40,000 and not merely £21,000 for the Customs

House. Therefore of the amount provided in this resolution ~~and the sum~~ ^{only} £1,372,685 - £165,775 + £19,000 = £1,225,910 represented expenditure approved by the Secretary of State (Resolution in 4111/26).

~~Resolution of 21 December 1926 (£75,000)~~ The expenditure of £55,000 for the Railway Station and £20,000 for the Nairobi Water Supply has been approved but must be regarded for the present as subject to reallocation. The latter expenditure was approved as an advance from the Colony balances pending decision as to loan (Resolution in No.7 of 10019/27).

 This then is the position:

<u>Sanctioned by Resolution of Council</u>	<u>Approved by Secretary of State</u>
£446,500	446,500
40,000	40,000
4,500	-
1,372,685	1,225,910
75,000	-
£1,938,685	£1,712,410

i.e. the total of authorised borrowings.

ANALYSIS OF SCHEDULE IN 4111/26

The authorised borrowings amount to £1,712,410 made up of sums of £562,500 (a) and £1,149,910 (b) in the report of the select committee.

Total of £1,372,685 in the schedule in 4111/26 includes

- (i) sums of £60,000 and £16,000 Advances to Nairobi covered by (a)
- (ii) £21,000 Customs House covered by the £40,000 (b)
- (iii) Additional £40,000 Education Buildings and £50,000 Road Plant agreed subject to reallocation
- (iv) Sums of £12,600, £45,675 and £11,000 for telephones not yet approved (see also paragraph 3 of No.7 in 10019/27)
- (v) £6,500 for Water boring now to be met from General Revenue.

Readjusting:

Total of resolution	£1,372,685	
deducting	141,775	i.e. total (i), (iii) and (iv) <i>etc</i>
	£1,130,910	
Adding	562,500	i.e.
and	19,000	i.e. adjustment in respect of (ii)
	£1,712,410	
We get		which is the
		total of the authorised borrowings.

Memorandum.

554/26

(a) Site for railway station - £55,000.

(See page 11)

The Confidential despatch referred to approved of this amount being made by a reallocation among the items of the Transport Loan, as the Governor in submitting the matter referred to the £3 mill. loan. It was only later on 8379/26 that it was the intention to charge this to the Colony Loan making a reallocation for the purpose, but now they propose not to specify any reallocations.

(b) Nairobi Water Supply from surplus balances - £20,000.

The despatch on 4448 approved an advance of £20,000, and no specific approval for charging the amount to the loan has yet been given. If such approval had been given, it would have been subject to reallocation, but all this is blandly ignored - see resolutions of the Legislative Council.

The resolutions of the 18th March and 25th March, 1926, were sent home in 4111/26, but they have not yet received the approval of the Secretary of State ^{*in regard to the*} ~~water boring apparatus~~ £6,500. No one would glean from this despatch the fact that the provision now to be made for this item is £7,000, that it was no longer proposed to charge it to loan, but it was intended to be met from general revenue in 1926, but that owing to delays in placing the order it has been necessary to include £6,895 as ^{*a result*} ~~recommended~~ in the Estimates for 1927, and that amount has been provided

205

Telegram from the Officer Administering the
Government of Kenya to the Secretary of State for
the Colonies.

Dated 31st January.

(Received Colonial Office 7.24 p.m. 31st January, '2

No. 5

No.37. 31st January. Confidential. Referen
Sir Edward Grigg's despatch Confidential of 17th
January No.5 paragraph 2. Resolution of 25th March
1926 was for £1,372,685 not £1,372,865. Glad if
consequential alteration may be made. Error
regretted.



KENYA

No 5

CONFIDENTIAL.

RECEIVED
15 FEB 1927
COL. OFFICE

January 1927

Sir

With reference to your telegram of the 2nd November, relative to re-allocations within the approved amount of £1,712,410 for the Colonial Loan, I have the honour to state that the following Resolution was moved and carried without opposition in Legislative Council on the 21st December last:-

"BE IT RESOLVED that this Honourable Council approves of a loan of £75,000 being raised under the provisions of the General Loan and Inscribed Stock Ordinance, 1921, and of the money to be so provided being appropriated and applied to the purposes specified in the Schedule hereto, provided that it shall be lawful for the Governor with the sanction of the Secretary of State to utilise any money not spent upon any item in the said Schedule to cover any excess of expenditure in respect to any other item; And be it further resolved that this Honourable Council undertake to approve the inclusion in the Schedule of the Specified Loan Ordinance of such amount as may be necessary to enable the said Loan to be raised."

SCHEDULE.

1. MOMBASA TOWN PLANNING:

Purchase of Land for New Railway Station ... £55,000

2. ADVANCES TO NAIROBI MUNICIPALITY:

Water Supply Distribution £20,000

Total: £75,000

The sum of £55,000 for the acquisition of a site for the new Railway Station at Mombasa was approved in your despatch . Confidential of the 14th August 1926, and the advance of £20,000 to the Nairobi Corporation for

/water

THE RIGHT HONOURABLE
LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET & LONDON, S.W.

Handwritten notes:
10/1/27
Colonial Office

207

water supply distribution in your despatch No.531 of the 8th June 1926.

2. The general position of the Colonial Loan now Resolutions amounting in all to is that £1,938,865 have been passed by Legislative Council as follows

4/11/26	Res	of the 20th February 1925	....	£ 446,500
4/11/26	"	" 21st August 1925	....	40,000
4/11/26	"	" 18th March 1926	....	4,500
4/11/26	"	" 25th March 1926	....	1,372,865
4/11/26	"	" 21st December 1926	....	75,000
				685
Total:				£1,938,865

I have received your sanction to expend only up to the sum of £1,712,410, vide your Confidential despatch of the 14th May, 1926, upon items approved by you.

3. I have not received and I am not at the present time seeking sanction in respect of the following items which appeared in the Resolution of the 25th March, 1926:-

1. Trunk Telephone Route, Nairobi to Nakuru	£12,600
2. Trunk Telephone Route, Nairobi to Mombasa	45,675
3. Nairobi Telephone Exchange	11,000
4. Water Boring Apparatus	6,500
Total: £75,775	

Deducting this sum from the total of the sums voted the position will be found to be that of the voted and approved expenditure	£1,863,090
selection has to be made of items the total cost of which will not exceed	1,712,410
leaving unexpended pending your further approval the sum of	£150,680

If this sum is deducted from the single item of £586,430 sanctioned for housing of Government Servants a sum of £435,750 remains available and it is certain that a long time must elapse before expenditure upon this object will approach the latter figure: further there is a sum

/of

of £80,000 voted for the Kabete School, construction of which is not likely to take place in the near future. It is therefore clear that expenditure on approved items in practice will ^{not} exceed the total allowed by you for a very considerable while.

In the ~~circumstances~~ ^{circumstances} I considered it unnecessary and even inadvisable, particularly in view of the impending revision of the Loan Programme in Legislative Council, to specify re-allocations. I trust that this course of action will meet with your approval.

4. Provision has been made for the issue of Kenya Treasury Bills in London to cover the present sanctioned total of the Colonial Loan, viz: £1,712,410, as well as other indebtedness, by a Resolution of Legislative Council put and carried on the 22nd December, of this I enclose a copy.

5. Mention has been made in previous correspondence of a revision of the Schedule of the Colonial Loan, but before this is undertaken locally I consider it desirable to afford my-self the opportunity to discuss the scope of this Loan with you personally during my approaching visit to England; until its extent is settled expenditure will, of course, be confined within the total sum which you have approved.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Edward Gigg.

G O V E R N O R.

THE HONOURABLE THE TREASURER MOVED:

"That pursuant to the provisions of Section 2 of the Colonial Treasury Bills Ordinance, 1922, this Honourable Council do hereby authorise His Excellency the Governor to request the Crown Agents for the Colonies to borrow by Messrs. in London of Kenya Government Treasury Bills, a sum amounting in the whole £3,162,410 (additional to the £1,000,000 authorised under Resolution of the 8th of November, 1925) to be applied to the Services scheduled below and the said Crown Agents are hereby authorised out of the proceeds of the £3,000,000 loan to be raised under the provisions of the Specific Loan Ordinance, 1922 and/or such other Loans as may be raised for these services, immediately on flotation to repay any Bills so issued:-

<u>SCHEDULE.</u>	£	£	£
Ordinance 2 of 1922		3,000,000	
Less:			
Amount already authorised by Resolution of 8th of November, 1925	2,400,000		
Cost of issue	100,000	<u>2,500,000</u>	500,000
Transport Loan (Resolution of 5th November, 1926)			950,000
Colonial Loan (Covered by Resolutions of 20th February, 1925, 21st August 1925, 18th March, 1926, and 25th March, 1926)			1,712,410
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		£3,162,410	

BRITISH MADE

6

10010/27 Kenya.

Mr. Allen 1.27.

Mr.

Mr.

Mr. E. J. Harding.

Sir C. Strachey.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery.

2/20/27

Downing Street,

29 January, 1927.

Dear Phillips,

DRAFT.

W.A. PHILLIPS, ESQ., M.B.E.

We are sending over in an official letter a copy of a telegram received from the Governor of Kenya in regard to the loan requirements of the Colony. On first reading it seems a mere jumble of figures calculated to give one a severe headache, but for my own guidance I have endeavoured to set them out in a more convenient form, as shown in the accompanying copy of a statement which I have attached to our papers. It may be of some assistance to you, and if I have gone wrong on any point it would certainly be of assistance to me if

(for herewith)

you

you would kindly point it out.

The item interest on the £3½ mill.
loan for 1927 (£50,000) fogged me
rather until I realised that they had
not allocated this among the various
services.

There is still one point
on which information does not seem
quite complete, i.e. the particulars
now given do not so far as I can see
show how the £1 mill. borrowed from
you up to the end of 1926 has been
allocated among the various services,
since the allocation given on this
point is the allocation of the total
£2 ½ mill.
borrowings up to the end of 1926 from the
£3½ mill. loan and from you. This
point may not, however, be of very
much importance, seeing that with the
exception of £100,000 the whole of the
£2.7 mill. was allocated to

the 25 mill. (or rather 22.9 mill.)

Transport Loan.

Yours sincerely,

(Signed) H. T. ALLEN

Mr. Allen 37 A. 27.

Mr.

Mr.

Mr. E. J. Harding.

Mr. Strachey.

Sir J. Shuckburgh.

Sir G. Grindley.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery.

C. D.
R 27 JAN
D 28 11

Downing Street,

29 January, 1927.

Gentlemen,

In continuation of the letter

from this Department of the 20th January,

I am etc., to transmit to you the

accompanying copy of a telegram from the

Governor of Kenya regarding the loan

requirements of the Colony.

I am, etc.,

(Signed) H T. ALLEN

For Under Secretary of State,

DRAFT.

CROWN AGENTS.

From Gov. Kenya (Tel.)
19th January.

* / 10019/27

Advances for Loan Expenditure and General Account, Kenya.

213

A. Allocation of Borrowings to 31st December, 1927.

Borrowings to 31st Dec. 1926 from	{	£24 mill. Loan	1,700,000 (a)	
		C. Agents	1,000,000	
		Local Balances	150,000 =	2,850,000.
<hr/>				
Allocation of borrowings from C.A. during 1927	{	£24 mill. Loan	750,000 (b)	
		£25 mill. Loan	50,000	
		Colony Loan	300,000	
		Port & Relling stock	300,000	
		General a/c.	745,000 =	2,150,000.
<hr/>				
Allocation of borrowings from Colony Balances in 1927:	{	£24 mill. Loan	350,000 (b)	
		£25 mill. Loan	200,000	
		Colony Loan	200,000	
		Port & Relling stock	50,000 =	800,000.
<hr/>				
Interest on balance of £24 mill. Loan in 1927.	{	Unallocated	50,000 =	50,000.
<hr/>				
		Total =		<u>25,850,000.</u>

But as (b) represents sums borrowed in repayment of (a) the actual borrowings to the end of 1927 will be £5,850,000 - £1,100,000 = £4,750,000.

(N.B. What is conveniently described as the £25 mill. Loan is the £2.9 mill. Transport Loan).

B. Allocation of borrowings at end of 1927 between £24 mill. Loan, Crown Agents' advances and Colony Balances.

£24 mill. Loan.		Crown Agents' Advances.		Colony Balances.
Borrowed to 31st Dec. 1926.	£.	To 31st Dec. 1926.	£.	To 31st Dec. 1926.
	1,700,000.		1,000,000.	150,000
Less: Re- payments in 1927 see (a) above.....	1,100,000.	In 1927.	2,150,000.	In 1927.
	600,000.		3,150,000.	950,000
Add Interest 1927	50,000.			
Total	<u>650,000.</u>			

or Grand Total = £4,750,000.

C. Authority for Treasury Bills.

on account of (a) £24 mill. Loan, £2,850,000; (b) Colony Loan, £2,150,000; (c) Port and Relling stock = 800,000 = Total £5,800,000.

4
214

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 19th January, 1927.

(Received Colonial Office 5.16 p.m. 19th January, 1927.)

No. 21. 1927. Your telegram of 11th January
Estimated requirements for 1927 in London are as follows:-
£3,500,000 Kenya Uganda loan £750,000 £3,000,000 loan £50,000:
resolution of 5th November 1926 rolling stock and port light
£145,000 and further rolling stock if approved £160,000:
Colonial Loan £300,000: general account £745,000. Total
£2,150,000. On figures available for estimated position in
London 31st December 1926 is £1,700,000 borrowed from
£3,500,000 Kenya Uganda Loan and £1,000,000 borrowed from
Crown Agents total £2,700,000 allocated as follows £3,000,000
loan £2,600,000 Colonial Loan £250,000 less £150,000 met from
the Colony's balance. Amount which would ordinarily be
available locally for remittance to London to meet recurrent
services during 1927 is estimated to be £800,000 and this
will be utilised to meet the following local requirements for
loan services: £3,500,000 Kenya Uganda Loan £350,000
£3,000,000 Loan £200,000: Colonial Loan £200,000: resolution
of 5th November 1926 other loan services £50,000. No cash
remittances are therefore likely until local expenditure falls
short of estimate. Assuming that interest which will accrue
£3,500,000 Kenya Uganda Loan during 1927 is £50,000 Kenya
position in London at the end of 1927 should therefore be
£650,000 borrowed from £3,500,000 Kenya Uganda Loan £3,100,000
borrowed from Crown Agents. I propose submit definite
programme of loan after discussion with you in London.

Mr. Allen 39/12
 Mr.
 Mr.
 Mr. E. J. Harding.
 Sir W. Strachey.
 Sir J. Shuchburgh.
 Sir G. Grenfell.
 Sir C. Davis.
 Sir S. Wilson.
 Mr. Ormsby-Gore.
 Earl of Clarendon.
 Mr. Amery.

(not to go to C.A. but to follow up)
Account made
11 Jan
Collected
4.30 p.m. 11.1.27
 R 10019/2
 1/11
 2
 21
 R 12 JAN
 0 12

In view of resolution reported

in your telegram 23rd December 1926 Crown Agents are prepared to continue advances including with my approval advances on account of deep water berths and up to total of £170,000 on purposes referred to

in paragraph 2 of your confidential despatch 29th November 1926 and your confi-

dential telegram 23rd December 1926

Please (a) ~~be sure you~~ will send home estimate of requirements during 1927 distinguishing between various ~~countries~~ *countries* and also between advances from Crown Agents, Colonial balances and balance of Kenya-Uganda Loan account if ~~any~~ Agreed to suggestion in last paragraph of your despatch but it is necessary to bear in mind arrangements with the Treasury referred to in paragraph 2 of my confidential despatch 14th May in view of which it is desirable

DRAFT TELEGRAM.

GOVERNOR.

(8379)

NAIROBI.

(8410)

TO C.A. 20 JAN 1927 P.C.
 COPY

Copy to C.A. 14/10019/2

Ans: v. menalis

and statement described under various heads showing how advances already made by C.A. have been applied

in last paragraph of your despatch but it is necessary to bear in mind arrangements with the Treasury referred to in paragraph 2 of my confidential despatch 14th May in view of which it is desirable

that definite programmes of loan

expenditure for all purposes should

not be unduly delayed
~~be settled as soon as possible.~~

that definite programmes of loan

expenditure for all purposes should

not be unduly delayed
~~be settled as soon as possible.~~

216
END



ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES
THE DATE OF THIS LETTER BEING QUOTED
AND THE FOLLOWING REFERENCE

A/Kenya 362.

TELEGRAMS: CROWN LONDON
TELEPHONE 7730 VICTORIA

4, MILLBANK,
WESTMINSTER,
LONDON, S.W. 1.

RECEIVED
11 JAN 1927
COL. OFFICE

10th January, 1927.

IMPORTANT.

Sir,

I have the honour to acknowledge receipt of your letter No. ^{Ken}X.8421/26 of the 3rd January and its enclosures in which information is conveyed to us that the Legislative Council of Kenya have passed a resolution authorising the issue of further Treasury Bills to the extent of £3,162,410, and to inform you that in the circumstances we shall be prepared to continue to make advances as required pending the flotation of a loan.

2. With regard to paragraph 4 of your letter, we shall be glad to receive estimates of the Colonial Government's requirements for the year 1927 distinguishing between various loans and services as this information will be of considerable use to us in arranging the provision of the necessary funds. We would also suggest that we should be furnished with particulars as to how the money already advanced by us has been applied, classified similarly under the various heads, as we have no information concerning this at our disposal.

I have the honour to be,

Sir,

Your obedient Servant,

The Under Secretary of State,

Ans 29 Jan 27