

215  
1923

KENYA

12 93  
27340  
RE 31 MAY 27

FROM

BANNER, Sir J. Harwood  
M.P., F.C.S.A.

DATE

30TH MAY 1923

FOR CIRCULATION:—

Mr.

Mr. *W. ...*

Mr.

Asst. U.S. of S.

Perm' U.S. of S.

X Part U.S. of S.

Secretary of State.

SUBJECT

COMPANIES ORDINANCE RULES

Letter from Institute of Chartered Accountants as to position of LONDON ASSOCIATION OF ACCOUNTANTS and its recognition by the C.O. Desires letter on subject which could be published.

Previous Paper

Loi

6441

MINUTES

*in E. Stephenson*

*Please see on 49180/22 & also 6441/23 & supplementary minutes. The Society have not shown any sign officially but the Institute now take up the case against the Association.*

*Ann. (96) - 17 July, 1923.*

*X SP 12*

Subsequent Paper

*I think we should definitely refuse to agree to any resolution on the grounds that we cannot lend our help to an attempt to depreciate the Association in the public estimation in comparison with the other bodies.*

upwards of 2,000, a large percentage of whom are actually in public practice - in some instances in partnership with Chartered and Incorporated Accountants. It is further understood that members of the Association are officially recognised as Auditors to Companies (both Private and Public) Incorporated under the Companies Acts 1908 to 1917, that they are regarded as qualified to act as Trustees in Bankruptcies, etc., and that the accounts prepared and certified by them are accepted by the Inland Revenue authorities.

It is also a matter of note that the phrasing of the First Schedule to the Finance Act 1922 (12 & 13 Geo. 5 Chap. 17) was specially amended at the instance of the then Chancellor of the Exchequer for the purpose of including members of such societies as the London Association of Accountants amongst the Auditors who may issue certificates under the circumstances indicated in paragraph five of that Schedule.

Should it be decided to explain the position to Sir J. Harwood Banner I suggest that the explanation might be in the above sense.

Dr. Ormely - free

*R. L. [unclear]*  
*Sir H. Reed*

? So precede in  
 but -

~~My friends~~

but ~~then~~ I advocate  
resolving any thing for  
inclusion in the I. C. A.  
is a good thing, but I  
is not called to use  
as in its attempt to  
deprecate the Jewish  
Association.

W.S.

5.7.23

AF 6/7/23

(I have felt that a little  
more matter, had been found  
before the meeting of the  
(see to see Stephen  
in return)

Yes  
#202

4. J. R.

6/11/23

I agree the I. C. A.  
are very important to the  
London Association and  
we should stand by  
the latter. Draft for  
Cousar, at once

9.7.23

W.S.

~~My father~~

but then I advocate  
sending anything for  
publication. The I. C. A.  
is a great body, but it  
is not entitled to use  
us in its attempt to  
defeat the Jewish  
Association.

W.S.

8.7.23

11/17/23

(I have felt that a little  
more would be better for  
the members of the  
[perhaps see Stephen's  
letter])

4.2.23

6/11/23

I agree the I. C. A.  
as an organization to  
London Association and  
we should stand by  
the latter. Draft for  
Casson, at once

9.7.23

W.S.

N. Boltguley  
 T. Fiddian  
 i Herbert Head.

The attached was  
 handed to me yesterday  
 by Sir J. Haslemwood  
 in a letter M.P. with a request  
 that I would write a  
 letter to him for the  
 purpose of C.A. which  
 could be published.

31.5.23

WOT

N. Boltzley  
 T. Fildan  
 Herbert Head.

The attached was  
 handed to me yesterday  
 by Sir J. Mathew Wood  
 member M.P. with a request  
 that I would write a  
 letter to him for the  
 contents of C.A. which  
 could be published

36.5.23

WOG

INSTITUTE OF CHARTERED ACCOUNTANTS.

Moorgate Place,  
London, E.C. 16th May, 1923.

Dear Sir John,

Kenya Colony

In the Companies Act of this Colony appears the following clause:-

S. 144

1. "No person shall be appointed as an auditor of any company other than a private company unless he holds a certificate from the Governor entitling him to act as an auditor of companies.

"Provided that the Governor in Council may, by notification in the "Gazette", declare that the members of any Institution or Association specified in such notification shall be entitled to be appointed and to act as auditors of companies throughout the Colony.

2. "The Governor in Council shall, by notification in the "Gazette" make rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies, and may by such rules provide the conditions and restrictions on and subject to which such certificate shall be granted. The holder of such a certificate shall be entitled to act as an auditor of companies throughout the Colony unless such certificate restricts or limits the exercise of the right."

Acting under this clause the following Ordinance was made by the Governor laying down rules under which certificates might be granted to act as Auditor of a Public Company:-

**"THE COMPANIES ORDINANCE, 1921.**  
**"Rules.**

"IN EXERCISE of the powers conferred upon the Governor  
"by the Companies Ordinance, 1921, Section 144, the  
"Governor-in-Council has been pleased to make the  
"following Rules :-

1. "These Rules may be cited as "The Companies(Auditors)  
"Rules 1922."

2. "A certificate entitling the holder thereof to act  
"as Auditor of a Company may be granted by the  
"Governor to (1) Any person resident in the Colony and  
"Protectorate being a member of any of the following  
"Institutes or Societies :-

- "(a) The Society of Accountants in Edinburgh,  
"Incorporated by Royal Charter 1854.
- "(b) The Institute of Accountants and Actuaries  
"in Glasgow, Incorporated by Royal Charter 1855.
- "(c) The Society of Accountants in Aberdeen,  
"Incorporated by Royal Charter, 1867.
- "(d) The Institute of Chartered Accountants in  
"England and Wales, incor orated by Royal Charter,  
"1880.
- "(e) The Institute of Chartered Accountants in  
"Ireland, incorporated by Royal Charter, 1888.
- "(f) The Society of Incorporated Accountants  
"and Auditors, incorporated 1885.

"(ii) Any person who shall have made written  
"application to the Governor and shall have been  
"considered to be a fit person to be granted a certificate  
"by virtue of his position, qualifications and past  
"experience.

"By Command etc.  
"Nairobi, 25th day o. August, 1922.

"Signed G.A. SANDFORD  
"Clerk to the Executive Cl."

This Ordinance was the result of a recommenda-  
tion of the Committee which included the Treasurer of the  
Colony and local Chartered and Incorporated practising  
Accountants. Some four months afterwards, without any  
reference to this Committee, the following Ordinance was  
issued and this has given offence to the Members of the  
Committee whose advice was sought and also to the Members  
of the Institute and Society practising there:-



" THE COMPANIES ORDINANCE, 1921. RULES "

IN EXERCISE of the powers conferred upon the Governor by the Companies Ordinance, 1921, Section 144, the Governor-in-Council has been pleased to make the following Rules:-

"1. These rules may be cited as the 'The Companies and shall be read as one with the Companies (Auditors) Rules' (Auditors) (No.2) Rules, 1922, hereinafter referred

"to as 'The Principal Rules'."

"2. Rule 2 of the principal Rules is hereby amended by the addition of the following sub-rule:-

"(a) The London Association of Accountants, Incorporated, 1905.

By Command etc

"Nairobi, the 18th. day of December 1922.

"(Signed) J. B. SANDFORD.  
"Clerk to the Executive Council".

I understand that the second ordinance was made at the instigation of the Colonial Office who were no doubt moved by the London Association of Accountants Limited, and who, in all probability, did not know of the circumstances surrounding the position of that Association.

The London Association was incorporated under the Companies Acts in 1905 and during and since that time has been very active in endeavouring to obtain Parliamentary and Government recognition. In 1914, its qualifications for recognition came before Committees of both houses of Parliament, in the House of Lords in the Cartwell Gas Bill and in the House of Commons in the Gesselt Corporation Bill, and both Committees refused to recognise the Association as an Association whose Members were, ipso facto, qualified to do the work required by the Bills. Since then, considerable efforts have been made by the Association to have the

Audit Clauses in Corporation Bills amended in such a way as would admit of their members being appointed, but the House of Commons at the instigation of Mr. Whitley, then Chairman of — Committees, and of Sir William Middlebrook, then Chairman of the Local Legislation Committee refused to admit their qualifications until they had proved them to the satisfaction of the Committee of the House.

An opportunity presented itself for them to do so last Session and Counsel were briefed by them and by the Institute in opposition to their petition in the Bolton Corporation Bill; but just before the Bill was called on, Counsel for the petitioners announced that they would withdraw their petition, the assumption being that they felt their prospects of success nil. If you had seen the proof of the evidence which I prepared in opposition, you would in all probability have thought that they were wisely advised. It is, therefore, somewhat astonishing to find that the Colonial Office has thought fit to advise the Governor of Kenya Colony to recognise this body when recognition has been deliberately refused by Parliament, and the Parliamentary and Law Committee of this Institute would feel very much obliged if you could bring this matter before the officials of the Colonial Office, as it is felt that it may be looked upon as a precedent and that the Colonial Office may, in all probability, have acted as they have done without knowledge of the Association's position in the Accountancy world, or the facts which I have above referred to.

No doubt, the Association has a considerable number of practising Members and if numbers count, that their Membership is increasing; but the one Member of the Association who practises in Kenya would not have been precluded

precluded from acting as an Auditor of a Public Company even if his Association was not recognised, as the Governor could have issued a Certificate to him under Section 2, Sub-Section 2 of the Ordinance of the 25th August.

Yours faithfully,

(Signed) GEORGE COLVILLE

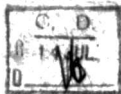
Secretary

John Harwood Banner, M.P., F.C.A.,

Cross Keys House

Moorgate, E.C.2.

B. 27340/23 Kenya



*Done*

17 July 1923

to for Mr. Ormsby-Gore's signature.

**DRAFT.**

Dear Sir John

You will remember handing

Sir John Herwood Banner, M.P.,

Cross Keys House,  
Norgate, C.C.T.  
**MINUTE.**

me about the end of May the enclosed letter from the Institute of Chartered Accountants about the inclusion of members of the London Association of Accountants in the list of persons eligible for certification entitling them to act as Auditors in Kenya.

Mr. Seel 10.7.23

~~Mr. Parkinson~~  
Mr. E. Stephenson 11.7.23  
Mr. Parkinson 13.7.23

~~Mr. Dawson~~  
~~Mr. Grindle~~  
13.7.23

+ Sir H. Head 15.7.23

Sir J. Masterton Smith.

+ Mr. Ormsby-Gore 15.7.23 at end  
Duke of Devonshire.

Consa

C.A. to Sir J. H. Banner  
16. May 1923

(Copy to Mr. Keppel)

~~I am afraid I~~

~~I cannot give you anything which <sup>could</sup> be put forward with any statement in the matter for publication by the~~

P.T.U

are officially recognised as  
 Auditors to Companies (both  
 Public and Private) & incorporated  
 under the Companies Act, 1908  
 to 1917; ~~How~~ they are regarded  
 as qualified to act as  
 Trustees in Bankruptcies,  
 etc., and the accounts  
 prepared and certified by  
 them are accepted by the  
 Inland Revenue authorities

**DRAFT.**

**MINUTE.**

Mr.

Mr.

Mr.

Mr. Davis.

Sir G. Grindle.

Sir H. Read.

Sir J. Masterton Smith.

Mr. Ormsby-Gore.

Duke of Devonshire.

It is also a matter  
 of note that the provisions  
 of the First Schedule to the  
 Finance Act, 1922, (2 &  
 13 Geo 5 Cap 17), which  
 specially amended in the  
 instance of the then Council  
 of the Exchequer for the  
 purpose of including members

yourself that it wd. be ~~most~~ <sup>for me</sup> undesirable to act on the suggestion wh. you made.

yours sincerely,  
(sd) W. Ormsby Gore

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr.
- Mr. G. Grindle.
- Sir H. Read.
- Sir J. Masterton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

of such societies as the London  
Association of Accountants amongst  
the Auditors who may issue  
certificates under the circs. indicated  
in para. 5 of that Schedule.

I may add that no pressure  
was brought upon by the S. of State  
upon the Governor of Kenya to include  
the association in the Rules under  
the Companies Ord. 1921. The Governor  
agreed to the Association's application  
for inclusion  
on the advice of his Executive Council.

I thought you wd. appreciate a  
full statement; but I must make it  
clear that I cannot give you, as you  
requested, a letter wh. you can  
send to the Institution for publication.  
The Inst. wd. be much aware from  
seeing the C.O. dragged into  
the controversy (if that is the right  
word to use) between the Institution  
and the Association on either side,  
& I feel sure that you will re-  
member you will

[I cut this out of  
my proposal for  
action on the ground  
that it showed no  
vested behind a  
provision of the  
Co. Ord. No. 1921  
but it back up the  
action of the  
must come out  
W.S.B.]