

1933

1933

3174

3174

KENYA

C0533/436

Kenya & Uganda RailwaysFinancial Position 1933.

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1. H. G. F. Frensholt, Crif.

20th Nov. 33

Attaches details of financial position as revealed in the accounts for 1932 & the improved position up to the end of March this year. States also as to various points raised in the memo enclosed with No. 3 on 3045/33.

This is in answer to the Secretary of State's despatch approving the Estimates - No. 3 on 3045/33.

Para. 2. recapitulates the information given us in No. 1 on 3125/33 to the effect that the actual deficit on the year's working in 1932 was only £189,388 instead of £307,250 as expected.

Para. 3 shows that the improvement in earnings mentioned in para. 6 of that despatch is being maintained.

Paras. 4 and 5 deal with points (1), (2) and (3) in para. 8 of the Secretary of State's despatch on the Estimates. (1), a discussion on rates is deferred. (2) is still the subject of correspondence with the Treasury who have, however, conceded in a semi-official letter just received that contributions to the Renewals Fund may be made on the existing basis at least for 1934. (3) The Treasury have now <sup>agreed</sup> to postpone re-consideration of the liability for the cost of the original Uganda Railway until 1938.

30-10-33

31-10-33  
(in 44)

Para. 6

<sup>(under E)</sup> The points raised in the memorandum forwarded with the Secretary of State's despatch on the Estimates require no comment. The papers about the provision for the Trade and Information Office are in circulation but I understand that the question is not yet decided.

30-10-33

? We may put by

RDW 7/6

Provides details of financial position as revealed in the accounts for 1932 & the improved position up to the end of March this year. States also as to various points raised in the memo enclosed with No 3 on 3045/33.

This is in answer to the Secretary of State's despatch approving the Estimates - No.3 on 3045/33.

Para.2. recapitulates the information given us in No.1 on 3125/33 to the effect that the actual deficit on the year's working in 1932 was only £169,300 instead of £307,250 as expected.

Para.3 shows that the improvement in earnings mentioned in para. 6 of that despatch is being maintained.

Paras.4 and 5 deal with points (1), (2) and (3) in para.8 of the Secretary of State's despatch on the Estimates. (1), a discussion on rates is deferred (2) is still the subject of correspondence with the Treasury who have, however, conceded in a semi-official letter just received that contributions to the Renewals Fund may be made on the existing basis at least for 1934. (3) The Treasury have now <sup>agreed</sup> to postpone re-consideration of the liability for the cost of the original Uganda Railway until 1938.

The <sup>(under E)</sup> points raised in the memorandum forwarded with the Secretary of State's despatch on the Estimates require no comment. The papers about the provision for the Trade and Information Office are in circulation but I understand that the question is not yet decided.

3 on 3045/33

21-9/33  
(in 44)

Para 6

21-9/33

? We may feel by

T.W. 7/6

You may care to see.

Treasury should have a copy LF.

W. J. [Signature]  
7/1

W. J. 7.6.33  
ms

2 To Treasury (copy 1) 11/16 8/6/33  
led

3. 24. Com Transport 103 leaf 28 July 33

Provides an appreciation of the financial position of the Administration at the end of the first half year working, & comments on the outlook for the second half of the year.

The Estimate for 1933 anticipated a deficit for the year as follows:-

Railways	£ 168,604
Harbours	55,545
Total deficit.	<u>224,149</u>

The forecast for the year <sup>now shows</sup> an anticipated surplus of

Railways	160,052 (Surplus)
Harbours	48,151 (Deficit)
Total surplus	<u>120,731</u>

In the approved Estimate for 1933 no provision is made for the write off of dead assets or obsolete stores. The estimated

Results given above include provision for write off of £8464 on account of all assets actually demolished, excluding those connected with the Old Mombasa Station, in regard to which the necessary adjustments have not yet been finally determined. Also £18,000 has been included in the revised estimate of expenditure to cover the write off of obsolete stores.

The financial position is certainly much more satisfactory than when the Estimates were prepared in September 1932.

Copy to Treasury. Ref 5- on 20/8/33

W. J. [Signature]  
25/8/33

It is all very uncertain but the figures certainly give cause for some ray of optimism.

J. E. O. [Signature]  
25.8.

But then let Sir J. Campbell see.

It is clear at all events that the Railway is extraordinarily well run. On the operating ratio of 42.5% to a load factor times is wonderful, but it is certain to lead to a demand for lower rates. W. J. 26.8.33

S. J. [Signature]

[Signature]

To Treasury (copy 3)

30 AUG 1933

W  
1/18/53

5 Sheet from the Times of 20 November 53.

Estimated surplus £ 225,000  
1953.

Part of  
Reserves 1/12

Brown and White - Brown fig - is  
Time of the Time correspondent.

W  
1/18/53

W

4 5

Communications on this subject should be addressed to—

THE UNDER SECRETARY OF STATE,  
GENERAL OFFICE,  
LONDON, S.W. 1



Downing Street,

30 August, 1933.

G. N.  
R 29 AUG  
D 29

The following number quoted: 3174/33

Sir,

24.8.33

28th July, 1933.

I am directed by Secretary Sir Philip Cunliffe-Lister to refer to the letter from this Department of the 20th<sup>7</sup>/February and to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch from the High Commissioner for Transport, Kenya-Uganda, containing an appreciation of the financial position of the Railways and Harbours at the end of the first six months <sup>of the current</sup> ~~of the current~~ for this year.

I am,

Sir,

Your most obedient Servant,

(Signed) J. H. W. FLOOD

THE SECRETARY,  
TREASURY.



131

TRANSPORT  
KENYA-UGANDA

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,  
GOVERNMENT HOUSE,

NAIROBI,  
KENYA.

21 AUG 1933  
C. O. REGY.

NO. 105

28 July, 1933.

CONFIDENTIAL

Sir,

No. 3  
3045/11

I have the honour to refer to paragraph 9 of your Confidential Transport Despatch dated 16th February 1933, on the subject of the Estimates of this Administration for this year, and to forward herewith an appreciation of the financial position at the end of the first half year's working. I am glad to say that the position is much more satisfactory than was anticipated when the Estimates were prepared in September of last year.

2. The approximate financial position at the end of the half year (based on audited figures for January to May and approximate figures for June, 1933) is as follows:-

RAILWAYS:

Earnings £ 1,289,111

Expenditure

Ordinary Working	£	
Expenditure ... ..	1,025,837	
Depreciation ... ..	167,326	672,862
Balance ...		£ 216,249

Loan Charges ... ..	306,420	
Write off of obsolete		
Stores & Dead Assets	14,804	
		£ 320,724

1933

Miscellaneous receipts		
Net Revenue Account,		
after debiting other		
Net Revenue charges	14,874	305,850
Balance (Surplus)		£ 210,399

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CULLIFE-LISTER, O.B.E., M.C., M.P.

Carry over - (4)

HARBOURS:Earnings2  
£81,655Expenditure

Ordinary Working Expenditure ...	70,630	
Depreciation ...	15,093	85,723
		Balance ...
		£111,932
Loan Charges ...	102,688	
Write Off of Dead Assets ...	2,464	
	£105,352	

LESS

Miscellaneous Receipts ...	713	104,639
		£ 11,293

The combined approximate results of working for the first six months of this year are therefore as follows:-

Railways - Surplus	£210,399
Harbours -	11,293
Total Surplus	£221,692

3. I consider these results as distinctly encouraging. They are in the main due to both Railway and Harbour earnings being in excess of the proportion of the Estimates for the year, but the ratio of railway operating expenditure to earnings of 42.0% is a factor which has contributed largely to the satisfactory position now disclosed. In my despatch No. 79 of the 31st May 1933, which forwarded my comments on the General Manager's Annual Report for 1932, I draw attention to the very satisfactory efficiency figures in last year's workings, but it will be noted that the operating ratio for the first six months of this year is 14.25% better than that

N 15.  
1207/33

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, G.B.E., M.C., M.P.



of last year, which in its turn was an 11.54% improvement on the preceding year. The full results of the retrenchments and other drastic economies that have been effected in the service are now becoming apparent.

4. In my confidential Despatch of the 30th September which forwarded the draft Estimates of this Administration for 1933, attention was drawn to the fact that the revenue estimate was based on world prices for primary products ruling in the middle of 1932, and did not make provision for any better general trade, either as a result of improved local or external conditions. Actually, conditions have improved to some extent, while it is also possible that certain traders have - in anticipation of a rise in prices - been filling up their stocks to a greater extent than was previously expected. There has also been a record cotton crop in Uganda, practically all of which, together with a large proportion of seed, has moved in the first half of this year, while good coffee crops too were exported during the earlier months. These factors combined have improved the estimated revenue figures, but an examination of import tonnages and takings shows that whereas the tonnages have increased over the estimate to only a small extent, the actual takings have increased considerably, from which it would appear that the effect of motor competition has, in the past, been much under-estimated, and that it is the prohibition of this competition between Mombasa and Nakuru, which is largely responsible for the improved

revenue figures during the first half of this year.

5. The outlook for the second half of the year is not clear, especially in view of the drought conditions which have affected so large a portion of East Africa during the current season. I think, however, that it is safe to anticipate that the revenue will not be less than the corresponding actual earnings for the last half of last year, and that the operating expenditure should be based on this year's Estimates.

6. On this basis, the results of the second half of this year would be as follows:-

RAILWAYS:

Revenue	£	649,626
Expenditure		<u>899,143</u>
Deficit		<u>£249,517</u>

PORTS:

Revenue	£	128,262
Expenditure		<u>179,706</u>
Deficit		<u>£51,444</u>

or a combined deficit of £300,961

and the position at the end of the year would be as follows

	<u>Railways</u>	<u>Ports</u>	<u>Total</u>
	£	£	£
Jan. - June 1953	+210,399	+11,292	+221,691
July - Dec. "	<u>- 49,517</u>	<u>-51,444</u>	<u>-100,961</u>
	+210,399	-240,151	+212,731

As compared with the sanctioned estimate for the year of

	<u>-£169,654</u>	<u>-£55,542</u>	<u>-£224,199</u>
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Or an improvement of

	<u>£329,536</u>	<u>£15,394</u>	<u>£344,930</u>
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7. The position with regard to dead assets and obsolete stores referred to in paragraph 1 of the memorandum forwarded with your despatch under reply,

No 3  
10/15/53.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUSLIFT-LISTER, C.B.E., M.C., M.P.

is as follows:-

The estimated financial results of working for the year given in the preceding paragraphs include provision for the write off of £8,464 on account of all assets actually demolished, excluding those connected with the old Mombasa Station, in regard to which the necessary adjustments have not yet been finally determined, and provision for the write off of which will be included in the 1934 estimates.

Of the £8,464 £144 is included in the item "write off of stores and dead assets... £14,304" in paragraph 2 above;

£2,464 is included in the Harbour expenditure figures for the first half of the year given in paragraph 2 above; and

£5,856 is included in the estimated railway expenditure of £899,143 for the second half of the year, in paragraph 6 above.

8. In addition, the sum of £15,000 has been included in the revised estimates of expenditure, to cover the write off of obsolete stores made up of £14,100, included in the item of £14,304 in paragraph 2 above, and £880 in the total estimated railway expenditure for the second half of the year, in paragraph 6 above.

9. The total book value of the stores which have been examined by Survey boards and found to be obsolete, and which will be written off this year, is £15,233.13.10, and the difference between that sum, and the £15,000 included in the revised estimates of expenditure is represented by credits expected from the sale and disposal of part of these stores.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Wm. Lethbridge*

THE RIGHT HONOURABLE HIGH COMMISSIONER FOR TRANSPORT,  
MAJOR SIR PHILIP CUNLIFFE-LISTER, G.B.E., M.C., M.P.



TRANSPORT.

KENYA-UGANDA.

NO.

OFFICE OF THE HIGH COMMISSIONER FOR TRANSPORT,  
GOVERNMENT HOUSE,

NAIROBI,  
KENYA.

RECEIVED  
13 MAY 1933  
COL. OFFICE

20<sup>th</sup> April, 1933.

CONFIDENTIAL.

Sir,

I have the honour to refer to your Kenya Transport and Uganda Confidential Despatch dated 16th February, 1932, approving the Estimates of this Administration for the year 1933.

No 3.  
3045/33.

2. As regards the deficits at the end of the year 1932, I am glad to state that when the accounts for the year were closed the actual position revealed was considerably more satisfactory than had been anticipated in the revised estimates. As stated in my Confidential Transport Despatch of the 24th March, 1933, the accounts for 1932 revealed a total deficit of £189,388 made up of a deficit from the Railways of £114,581 and of £74,807 from the Harbours, instead of a total deficit of £307,250 as anticipated in the revised estimates made up of a deficit of £225,102 in respect of the Railways and £82,148 in respect of the Harbours. The net deficit account at the end of the 31st December, 1932, shows an accumulated loss of £550,782, instead of £668,644 as previously anticipated.

No 1  
3129/33.

copy to January ②

3. The Railway revenue for this year up to the end of March shows a considerable improvement, and the takings up to that date are £86,127 above the estimate, and/

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE LISTER, C.B.E., K.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET, S.W.1.

and £74,589 greater than the takings during the corresponding period last year. The general position is therefore more satisfactory than at the time when the 1933 Estimates were prepared.

4. As regards paragraph 8; the Administration, as a result of Mr. Roger Gibb's Report, is now conducting an enquiry into rates, but some appreciable time will elapse before this enquiry is complete. Whether any increases in rates can be introduced in the beginning of 1934 depends in my opinion very much upon the trade position of Kenya and Uganda, and I hope that drastic rate changes can be avoided until there are definite signs of improvement in trade conditions. I will deal further with this question when forwarding an appreciation of the financial position at the middle of the year as asked for in paragraph 9 of your despatch under reply.

5. I have already, in my Confidential transport despatch dated 24th March, recommended that the question of increasing the renewal contribution on a "life" basis be deferred until 1936, and note that the question of the liability for the cost of the original Uganda Railway remains for decision. Any extra revenue, however, which can be earned during the next few years will be absorbed in liquidating the deficit account.

6. As regards the points raised in the memorandum enclosed with the despatch:-

(1) Proposals as a result of the investigation into dead assets and obsolete stores will

be/

No 1  
3129/33

be forwarded together with the appreciation of the financial position in the middle of the year referred to in paragraph 4 above.

No 6

4004/33  
RA

(2) The question of the provision of an additional £140 for the East African Dependencies Trade and Information Office is being considered in connection with Colonial Office letter 4004/33 of 7th March.

(3) The export tonnage of the Nagadi Soda Company, Ltd., resulting from the temporary re- vision of the railway lease with this Company was taken into consideration when the 1933 Estimates were prepared.

No 1

18321/32

(4) The reduction in the Loan and Sinking fund charges as a result of your telegram No. 29 of the 22nd November, 1932, which had not been received when the estimates were prepared, will improve the budget position of this Administration to the extent of £12,736.

I have the honour to be,

Sir,

Your most obedient, humble servant,

HIGH COMMISSIONER.

be forwarded together with the appreciation of the financial position in the middle of the year referred to in paragraph 4 above.

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No 6  
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Your most obedient, humble servant,

HIGH COMMISSIONER.