

1921

KENYA

33644

FROM
GOVERNOR
NORTHNEY

728

DATE
26TH MAY 1921

Rec
No. 6 M 21

527

FOR CIRCULATION :-

- Mr.
- Mr.
- Mr.
- Mr. Grindle
- Sir H. Lambert
- Sir H. Reed
- Sir G. Fiddes
- Mr. Wood
- Mr. Churchill

SUBJECT

LOAN BALANCES

APPRECIATED VALUE OWING RUPPE STABILIZATION

Encloses copy of letter from Treasurer and hopes balance of £74,827 may be credited to revenue.

Previous Paper

Gov
3323F (Taanah position)

MINUTES

L. E. Stubbins

For your own file

W.S. 16. 11. 21

Mr: Batterbee,

There was no such profit as that which is indicated in this despatch and its enclosure. The outstanding fact is that, on the 31st March 1920, the unexpended balance of the Imperial Loans held by the Crown Agents in England amounted, in sterling, to £149,655, and the circumstance that, for the purpose of inclusion in the local accounts, this sum had been converted, prior to the 1st April 1920, at the rate of Rs.15 to the £ and that on the 1st April 1920 it was reconverted at the rate of Rs.10 to the £ does not alter this fact. The

Subsequent Paper

Gov
33664 (Railways
Sof 4622/22
Treasurer's Accounts)

Ans 1380 13 Sept 21

19

533
259
PUBLISHED BY PERMISSION OF THE

MINUTES.

MINUTES NOT TO BE WRITTEN
ON THIS SIDE.

illusion that a profit had accrued should not have arisen if, as I think he should have done, the Treasurer, instead of converting the balance as expressed in Rupees into sterling at the new rate, had written down the Rupee balance in the ledger in order to make it correspond with the sterling balance when converted at the new rate.

E.A.
29.21

I cannot think how they came to the conclusion the sum is a fixed sterling one, and when the change came they should have entered the balance in their books as Fl. 1,496,550.

? Reply on the lines of Sir R. Stephenson's minute.

C.I.D. 3.9.21

W.M.S.

W.M.S.

5.12.21

Colony & Protectorate of Kenya.

AFRICA - PROTECTORATE

No. 723.

GOVERNMENT HOUSE

NAIROBI 5644

BRITISH EAST AFRICA

REC

26th May 1921.

Sir,

I have the honour to forward a copy of a letter from the Treasurer on the subject of the appreciation in value of the balance of loans made to this Colony, as the result of the stabilization of the Rupee.

2. In view of the depressed condition of the finances of the Colony, I earnestly hope that you will allow this balance of £74,827 to be credited to the Revenue of the Colony.

I have the honour to be,

Sir,

Your humble, obedient servant,

Edward L. Moly

GOVERNOR.

THE RIGHT HONOURABLE

WINSTON CHURCHILL, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET,

LONDON, S.W.,

of letter.

THE COLONY AND PROTECTORATE OF KENYA.

THE TREASURY,

NAIROBI.

4th May, 1921.

The Hon. Ag. Colonial Secretary,
NAIROBI.

LOAN FUNDS.

On the 31st of March 1920, up to which date conversion in the Protectorate accounts was made at Rs.15 to £1, the unexpended balance of Loan Funds was as follows:-

Loan of £375,000 unexpended balance	£ 82,287
“ “ £1,838,000	127,789
	<u>180,176</u>
Less Loan of £250,000 instalment overpaid	20,521
	<u><u>159,655</u></u>

This stood in the Treasury books as No. 2,344,826.

2. From April 1st 1920 and onwards accounts were transposed at Rs.10 to £1, and the sterling unexpended balance of Loan Funds on the balance sheet was increased by 50% to £274,482. But the liability in respect of Public Debt is a sterling one and has not similarly risen, and the authorised expenditure under the various Loan Ordinances is described in sterling and has not increased. There is therefore lying to the credit of the Loan account a sum of £74,827 which there is no authority to spend.

3. The question now arises how this ought to be dealt with. On the one hand it may be said that these Loans Funds had been paid into the the Crown Agents and has never been definitely transferred to the Colony, and that any profit on exchange belongs to the Colonial Revenue on account of its having

having been realized on the local cash balance. The Colony is seriously in debt owing to falling off of Revenue and there is little prospect of finding any money elsewhere in the near future to reduce the debt. On the other hand it may be said that the fact of the Colony having the use of the balance of Loan Funds has enabled it to keep a large local cash balance and thereby to obtain this sterling profit, and Loan Funds are seriously in need of it as owing to the rise in prices they will not go so far as was intended when the Schedules to the Loan Ordinances were prepared. Exemption should therefore be asked for using the sum of £74,837 in carrying out the loan programme as originally intended.

4. I suggest that the question be referred to the Secretary of State.

Sd/- W. A. Kemp.

Treasurer.

Gov/33644/21
Kenya

531
9

13 Sept. 1921

DRAFT.

~~Ca~~ Sir,

Kenya
No. 1380
O.A.G.

Amos 48232/2a

MINUTE.

- Mr. Jeffries 6/9/21
- Mr. Battister 7/9
- Mr.
- Mr. Grindle.
- Sir H. Lambert.
- Sir H. Road.
- Sir G. Fiddes.
- Col. Amery.
- Mr. Churchill.

for Johnson

I have the pleasure to acknowledge the receipt of Sir E. Northey's despatch No. 728 of the 26th of May requesting that a balance of £74,827, stated to have accrued through the appreciation of loan funds due to the stabilisation of the rupee at 2⁵/₁₆, may be credited to the revenue of the Colony.

2. This request appears to

Govt 33644/21
Kenya

531
9

13 Sept. 1921

DRAFT.

~~Kenya~~

Kenya
No. 1380
O.A.G.

Amo d 4823/21

MINUTE.

- Mr. Jeffries 6/9/21
- Mr. Baber 7/9
- Mr.
- Mr. Brindley
- Mr. H. Lambert
- Mr. H. Ross
- Mr. G. Pidd
- Col. Anson
- Mr. Churchill

for forward

I have n. & ack the receipt of Sir E. Northey's despatch no. 728 of the 26th of May requesting that a balance of £74,827, stated to have accrued through the appreciation of loan funds due to the stabilization of the rupee at 2/-, may be credited to the revenue of the Colony.

2. This request appears to

to be based on a misapprehension,
due to an incorrect method
of adjusting the entries in the
accounts of the Colony in respect
of unexpended balances of
loan funds when the change
in the relation of the rupee to
sterling took place. The balances
in question are sterling sums
and not liable to increase
or decrease by any fluctuation
in the exchange value of
the local currency. When the
adjustment ^{was made} of the accounts to
the new basis of Rs. 10 to the
pound

DRAFT.

(2)

MINUTE.

Mr.
Mr.
Mr.
Mr. Grindle.
Sir H. Lambert.
Sir H. Road.
Sir G. Piddler.
Col. Amery.
Mr. Churchill.

found took place, the
balance as shown in rupees
in the Treasury books should
have been written down
by one-third, so as still
to represent the same
sterling sum as before,
instead of being allowed
to stand and assumed
to represent a higher
sterling value than before.