

21/1/18

A 9938

Reg. No. 118

0005  
Boaring  
Conf. Fin.

1917

23 Aug

FINANCIAL POSITION

Suggests balance of (£107,000) of advances from Imperial Exchequer now be repaid

Last previous Paper

4.2  
49938

Mr. Butler

Matters Also 49938

I do not yet feel happy about the exact financial position of the East Africa Protectorate with regard to military expenditure. The statement of account in paragraph 2 of 49938 leaves unexplained what charges are included in the "Suspense Account, War Expenses", and it will be to this Sub-Head that any Protectorate war expenditure not covered by the Estimates will be charged. It is of course true that it was decided that the Protectorate should charge off in the Accounts for 1916-17 its military expenditure over and above the £107,000 borrowed from the Treasury. This amount was put at £113,000, and if we had anything to show that that amount was actually charged off one could not refuse to accept the statement in 49938 as applying to the War Office charges as Common Charges. As a matter of fact, the Gazette of the 27th of June shows that only £53,691 had been charged off at the end of February and the "Leader" of the 1st of September gives the

10 No. 100 3 Oct 17  
 60 minutes 22 Dec 17  
 9 Dec  
 low of about 1/2 p.m.  
 to the (unclear) to the (unclear) 10/1/18

subsequent Paper  
 A 505  
 5802  
 2246

PUBLIC OFFICE, LONDON

the amount at the 31st of March as £78,135. There was therefore still about £37,000 at the end of the financial year, included in the Suspense Account, War Expenses, *which was actually payable by the Protectorate.* This amount however is small in comparison with the whole amount said to be due from the War Office, and there can be no doubt that we can reasonably ask the War Office for a substantial payment, provided that during the present financial year the Protectorate payments on behalf of the War Office have continued at a reasonably high figure. The War Office payments to the Crown Agents since ~~that date~~ *April 1st* have amounted to £370,000, but this of course includes payments for Common Charges expenditure in this country.

The large surplus balances which the Protectorate now has are due to an uncomfortable extent to the large receipts from Customs and Railway Revenue and we anticipate trouble with the War Office over both these items when we come to the general ~~statement~~ *settlement* of the allocation of military expenditure. The final position for the Protectorate therefore may not be so favourable as is shewn by the balance at the end of the financial year. There is a further point. The Customs and the Railway Revenue in the present year shew that there is a falling off. The conclusion is that the Protectorate's apparent prosperity in the past has in fact been due to the presence of the military forces and comes to an end as soon as the East Africa Protectorate ceases to be the base of military operations. Future prospects are prejudiced by the trade restrictions, of which we cannot foresee the outcome.

When the military expenditure is allocated it may be taken for granted that the Protectorate will in any case not have funds enough to meet its share, and that it will have to borrow largely from the Treasury then, keeping its cash balances at a figure

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which will enable it to carry on. The question of paying off the £107,000 is therefore one of temporary importance only, and the only advantage to be secured from it is the saving of interest charges. The amount of interest is ~~very~~ considerable and I think it is worth while to send <sup>the substance of the matter to the War Office in 1913</sup> ~~a copy of both these despatches~~ to the War Office and to ask them to ~~agree to~~ pay us £107,000, in addition to the current monthly allowance, so that we can pay off our debt to the Treasury. At the beginning of 1916, the Treasury refused to accept our proposal by which sums advanced for military expenditure <sup>whether</sup> ~~where~~ borrowed by the Protectorate Government ~~for~~ <sup>or</sup> the War Office should bear interest in the military accounts, and it should follow from this that the Protectorate should be relieved of all interest charges on sums <sup>by the Prot</sup> borrowed for military expenditure which are <sup>expended</sup> ~~covered~~ by the Protectorate advances for War Office or Common purposes.

G.C.S. 25.10.17

W Read

I have discussed this with Mr. Bottomley. Certain points are still very obscure & these will have to be cleared up (or rather an attempt will have to be made to clear them up) in replying to these despatches. But I agree that we are in a position to ask the W.O. to hand over £107,000 to enable the Pte to repay the loan from the Treasury. It is absurd that

funds far in excess of this amount of £107,000 to the War Office to assist in financing the Common Charges account. The means of adjustment may therefore be suitably adopted by which the repayment of £125,000 in respect of the same account was made on the 26th of November 1915, namely, that the War Office should pay this amount to the Crown Agents to reduce their debt to the Protectorate and the Crown Agents should pay it over to the Imperial Exchequer. The advance will presumably be liquidated in the same way by payment of the exact sum of £107,000, which will be regarded as the return to the Exchequer of the sum advanced in excess of the real requirements of the borrower, and not in accordance with the terms of paragraphs 7 and 8 of the Treasury minute of the 17th of November 1914 which contemplates repayments of debts out of public issues of stock and securities at some future date.

4. The repayment will be treated in the Protectorate accounts as a charge to "Protectorate Share of War Expenses".

I have the Honour to be,  
Sir,  
Your humble, obedient servant,



ACTING GOVERNOR.

*Yr* CAP  
49941



*Ans'd 1687*  
*30*  
*31 Oct 1897*

DRAFT

*CA*  
*52246*

The Secretary  
War Office  
MINUTE.

- Mr. Bottomley 30/10/97*
- Mr.
- Mr.
- Mr. Grenville.
- Mr. Lambert.
- Mr. Bood.
- Mr. G. Piddou.
- Mr. Steel-Matthens.
- Mr. Long.

Sir,

With reference to the letter from the Dept. of the 26<sup>th</sup> of October and previous correspondence on the subject of payments by the W.O. to the C.A. for the Col's on in respect of military expenditure in East Africa, I am to request you to inf. the A.C. that a despatch has been received from the Secy. of the CAP regarding the general position of the Protectorate local advances for military purposes.

*500*  
*Copy for Capt. in. 1897. 15*

2. The O.P.G. gives the following figures as showing the amount of the War Office debt to the Post Office at the end of February last:

<u>Assets.</u>	£
Surplus account War Expenses	1,184,558
War Expenses, Common Charges,	3,036,794
	<hr/>
	4,221,352

Liabilities.

Loans to and from War Expenses	
Common Charges	3,812,066
Balance, War Office debt to the Protectorate	44,286
	<hr/>
	4,226,352

The first item may, as it appears to his Lord, include certain charges, <sup>properly payable</sup> ~~not~~ <sup>incurred</sup> by the Protectorate, but these should not generally exceed £35,000 and do not materially affect the estimate of the S.O. in attendance.

3. Since February the 4<sup>th</sup>

advances to the C.A. 123  
have been in the neighbourhood of £400,000, but again these must be put to the credit of the account by the Post Office that date on the account. These War Office expenditures are explained by the O.P.G. as follows:—

"There are Post debits against the Common Charges account, among others, for services performed by the Algerian Railway, for telegrams sent through the Eastern Telegraph Company, for purchase of livestock and payments of family remittances on behalf of members of the Carrier Corps at our stations, and for any surplus Post funds which are

Their (50.)  
to be placed at the disposal,  
withdrawing the amounts  
which would normally be  
remitted to London for  
payment by of expenses  
incurred on our behalf  
by the C.A. No cash  
settlement is made for any  
debts of this nature.

4. In view of the large  
amount of the due from the  
G.D., the D.A.G. has drawn  
attention to the desirability  
of repaying to the Treasury  
the balance of the amount  
borrowed for military expenditure  
in the Post. early in 1915. This  
amount was originally £232,000,  
but £125,000 was paid off  
after the receipt from the G.D., as  
the result of the letter from the  
Treasury of 10th 17, 1913, in  
connection with the transfer  
to the G.D. of the financing  
of the Comms. Charges account.

in/Pres/5337

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr.
- Mr. Grindle.
- Mr. Lambert.
- Mr. Bead.
- Mr. G. Piddie.
- Mr. Steel.
- Mr. Long.

The Protectorate balance  
124  
would be ample to  
repay the remaining  
£107,000, if they were  
not tied up in the  
advances made on  
G.D. account, and  
we do not agree with the  
D.A.G. in considering it  
unreasonable for the  
G.D. to continue to bear  
the interest charges of  
£4,680 a year on this  
sum, especially in  
view of the fact that it  
was decided by the D.C.  
of the Treasury that  
the advances, whether by  
the G.D. or the Post,  
to Comms. Expenses

should be free of  
interest.

5. & then says, but  
long to wit, that the  
Council will agree to  
pay the further  
sum of £107,000 to  
the C.A. for the Colonies,  
for the purpose of  
the liquidation of this  
outstanding loan.

}

should be free of

interest.

5. I then asks, but

long to ask, that the

Council will agree to

lay the further

sum of £107,000 to

the C.A. for the Colonies,

for the purpose of

the liquidation of the

outstanding loan

}

Ev  
49901/17 Cap

22 December 1917

Sir,

I am etc to request you to inform the Army Council that he would be glad to learn whether they can now furnish a reply to the letter from this Department of the 31<sup>st</sup> of Oct., on the subject of payments by the Gov. to the C.A. for the C. in respect of military expenditure in Capricorn

~~to~~

affl  
the Sec  
W.O.

17 Dec

Reuben

was 17/12/17 fs

44841

TC

15

2 Jan 1918

53374/15 dmsd 4271

DRAFT.

The Secretary to the  
Treasury

MINUTE.

- Mr. *Bottomley*, 8/1/18 *fr*
- Mr.
- Mr.
- Mr. *Grindie*.
- Mr. *Lambert*.
- Mr. *Wood*.
- Mr. *O. Piddot*.
- Mr. *Hewins*.
- Mr. *Long*.

Sir,  
 With ref. to your letter,  
 no. 24549/15, of Nov 17<sup>th</sup>  
 1915, I am to request you  
 to info the L.C. of the  
 Treasury that the W.O.  
 have as hand to the  
 S.A.P. account with the  
 C.A. for the Colo the sum  
 of £107,000, as a part  
 payment of the amounts  
 which the People's Govt  
 have advanced for  
 local military expenditure.  
 This payment has  
 been arranged in order to  
 enable the People's Govt  
 to release of the amount

W.O. 1687-16  
 15 Jan 18  
 15 Jan 18  
 15 Jan 18

Advanced to it early  
in 1915 from the Vote  
of Credit, ~~in order that~~

~~to~~  
it may be relieved  
from the payment of  
interest charges. ~~which~~  
T. L.  
will recollect that it  
was arranged that  
interest should not be  
charged as between

Army funds & Post-  
office funds, and the Govt.  
of the U.S.A. should,

therefore, not be called  
upon to pay interest on  
a sum which is greatly  
exceeded by the amount  
due to it from the U.S.

3. ~~history from~~  
The ~~U.S.~~ have accordingly  
been instructed to  
repay the money to the  
Treasury, and the  
loyal provisions that  
was ultimately done

in the former case,  
the payment will  
be taken to liquidate  
the debt at par, no  
account being taken  
of the current price  
at the date of repayment

(S. 127)

Gov. S.A.P.  
48941

C. D.  
JAN  
2

*[Handwritten signature]*

2 Jan 1918

Gentlemen,

I am sorry to inform you that he learns that

you have received the sum of £107,000 from the B.O. for the credit of the S.A.P. account.

I am to request you to pay the amount to the Treasury in liquidation

of the debt standing balance of the advance made to the Post Office from the Vote of Credit

only in 1915. The previous advance of £125,000 formed the subject of the letter for the debt of the

DRAFT.

C.A. for the Colz

MINUTE.

Mr. Bostoney 2/1/18

Mr.

Mr. Orville

Mr. Lambert

Mr. Reed

Mr. Fiddes

Mr. Hume

Mr. Long

Sum of £125,000 paid out of the 24th, but to be repaid by Gov. later.

2. (Sum) 2/1/18  
(C.A. 1/1/18)

Calculation from 15 Jan 1887/18

53376/5

3. a copy of letter which  
has been sent to the  
Manning on the subject  
is enclosed.

}

1872

3. A copy of the book  
has been sent to the  
Manning on the subject  
is enclosed.

}

1823