

APRIL 1954  
NO. 1054  
PLC

1922



KENYA

5

363

C O  
63535  
REF  
REC 27 DEC 22

From  
GOV'S DEPUTY  
SECRETARY  
1617

Date  
24TH NOVEMBER 1922

FOR CIRCULATION  
Mr.  
Mr.  
Mr.  
Mr. Grindle  
Mr. H. Lambert  
Mr. E. Field  
Mr. J. Macartney Smith  
Mr. Wood  
Mr. Churchill

SUBJECT  
25,000,000 loan  
ALLOCATION OF INTEREST CHARGES WITH RAILWAY  
Submits for approval method of accounting for charges for 1923.

Previous Paper

MINUTES

*B.A.*  
*45081*

Mr. Bottomley,

We have discussed.

Though the whole of the loan is secured on the revenues of Kenya - there was no option in the matter - that is no reason why the Railway should not be charged with interest on the part of the Loan devoted to Railway services and it is proper that it should be so charged as here proposed.

The Governor proposes for next year (1) that the railway should contribute £67,281 as interest on that part of item 3 of the Loan Schedule (viz., repayment to Treasury of existing loans) which was devoted to Railway Services. *4. 2.*

(2) that the Colony should contribute £45,174 as interest in respect of its share of item 3 and items 4 and 6.

It will be remembered that it was decided

Subsequent Paper

*B.6*  
*20838*

*B.O.*  
*22076*

(Loan Co-ope.)

(Banking Fund)

MINUTES

MINUTES NOT TO BE WRITTEN  
ON THIS SIDE.

decided that the Colony should commence paying interest at once on the non-revenue-producing services of the schedule, but not on the revenue services until they commence to produce revenue.

(3) that £157,546 should be drawn from item 5 (viz payment of interest) in respect of items 1, 2 and 3, after allowing for the amount of interest, viz. £30,000 expected to accrue on invested balances.

These proposals seem just and proper and we can approve in principle the method proposed (without committing ourselves to the actual figures).

*Handwritten notes:*  
Can do this without writing for the letter - the  
N.97 - actual should be 64002

2.1.23

*Yes - there is nothing for us to worry about here.*

*W. G. 21.23*  
*at home*

535

361

63535  
27 DEC 22

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

Kenya  
No. 1617.



24th November, 1922.

2443-12

My Lord Duke,

I have the honour to report that I have had under consideration the treatment in the Estimates for 1923 of the charges for Interest on the £5,000,000 Loan and the allocation of the same between the funds of the Colony and of the Uganda Railway respectively.

1923  
19704  
21

2. Since the principal and interest of the Stock issued are by Section 4 of the "General Loan and Inscribed Stock Ordinance 1921" made a charge upon the general revenues of the Colony, I have deemed it advisable to make the necessary provision for the full amount of Interest payable to Stockholders in the Colonial Estimates at the earliest possible opportunity and I have accordingly caused a fresh head to be inserted in the Schedule to the Appropriation Bill for "Public debt-funded". In the 1923 Estimates under this heading I have inserted a sub-head for "Interest" £300,000, and when payments on account of sinking fund becomes due in 1925 a second sub-head for the full amount payable will be added.

3. In the Revenue Estimates I have caused to be inserted under Head V "Reimbursement" two items of £67,281 and £157,545 respectively, the former being

His Grace  
The Duke of Devonshire, K.G., P.C., G.C.L.G., G.C.V.O.,  
Secretary of State for the Colonies,  
Downing Street, London, S.W.

a Estimates

being the contribution due by the Uganda Railway in respect of its responsibility for interest under Item 5 of the Schedule to the "Specific Loans Ordinance, 1921" and the latter being the amount that will be required to be drawn from item 5 of the said Schedule in respect of interest on the amounts allocated to items 1, 2 and 5 of the same after allowing for the amount of interest to accrue on invested balances which is shown

in the Schedule

*Handwritten notes:*  
 during the  
 black tie

*Handwritten:*  
 6329  
 21

1. ...
4. ...
6. Expenses of ... and Deduction for Discount

750,000  
£ 5,000,000

6. Under the powers of viceregent conferred upon the Government under Section 3 of the Loan Ordinance the Schedule has been reallocated as follows:-

1. Kilindini

1. Kilindini Harbour Works	1,140,000
2. Uasin Gishu Railway	1,224,000
3. Repayment to H.M.'s Treasury of Loans already made for development purposes.	1,103,912
4. Repayment to revenue of advances from revenue for Military expenditure in connection with the War and for purchase of reserve stores for Railway and Steamer Services.	500,000
5. Payment of Interest	477,682
6. Expenses of Issue and Deduction for Discount.	454,400
	<u>£. 5,000,000.</u>

7. The reasons for the reallocation between the various items in the Schedule are as follows:-

Item 1. No change.

" 2. Reduced by £.232,000, see your telegram of February 25th.

Item 3. Increased by £.99,912 in order to bring it up to the now ascertained figure required.

Item 4. No change.

Item 5. Increased by £.104,400, see your telegram of February 21st.

Item 6. Increased by £.27,682, see your telegram of February 21st, the amount being the balance available after adjusting items 2, 3 and 5.

9. In order to arrive at the Interest liability attaching to each item of the Schedule, item 6 has been divided proportionately among items 1 to 5 - the result being as follows:-

1. Kilindini Harbour Works	£. 1,285,960
2. Uasin Gishu Railway	1,348,557
3. Repayment to H.M.'s Treasury of loans already made for development purposes	1,214,264
4. Repayment to revenue of advances from revenue for Military expenditure in connection with the War and for purchase of reserve stores for Rly. & Steamer Services	659,979
5. Payment of Interest	525,440
	<u>£. 5,000,000</u>

*Handwritten notes:*  
 C.C.  
 5409  
 S.S.  
 8032



and item 5 will, in due course when the loan money is expended, be for purposes of interest liability divisible between items 1 and 2.

2. It is probable that later on adjustments of interest charges will be necessary, e.g. it now appears that there will be a saving on the revised estimate for the expenses of issue and deduction for discount, but I trust that in the meantime Your Grace will approve the method I have adopted for accounting for interest charges during 1923.

I have the Honour to be,  
My Lord Duke,  
Your Grace's most devoted  
and most obedient servant,

J.C. Downing



GOVERNOR'S DEPUTY.

3535 for 63535/29 Kenya

368



3, July 1923

DRAFT.

Sir,

I have <sup>the honor</sup> to acknowledge the receipt of your despatch, No 1617, of the 24<sup>th</sup> of November, relative to the treatment in the Estimates for 1923 of the charge for interest on the £5,000,000 loan and the allocation of the interest between the

for Copy to  
MINUTE.

- Mr. Bred Jan 3
- Mr. Ballance 3p
- Mr.
- Mr. Dows
- Sir G. Girdle
- Sir H. Ross
- Sir J. Masteron Smith
- Mr. Ormsby Gore
- Duke of Devonshire.

No. 63535

Estimate

funds of the Colony and  
the N<sup>o</sup> 1<sup>a</sup> is. Directly,

informing that I

in principle the

word which is ~~is~~ have

~~has~~ as in ~~the~~ ~~case~~

~~You may let up~~ ~~on~~ ~~the~~ ~~amount~~

~~for the interest charges.~~

I have, etc.

**Wm. Devonshire**

3