

EAST AFR PROT
49938

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Accounting Conf
136
1917
18 Aug.
Last previous Paper.
6.2
48660

FINANCIAL POSITION
Gives information as to. Considers surplus balance is sufficient to permit of repayment of \$107,000 outstanding from amount advanced to Pret. by Imperial Govt and promises further communication on this point.

See memo 31 Oct 17
49941-17
Blanket memo 15 Jan 18
1687-18

See on 49941
GAS
25-10-17
26-10-17
H. J. R.
29/11/17

Next subsequent Paper.
49941

WEST AFRICA PROTECTORATE
No. 136

GOVERNMENT HOUSE,
NAIROBI,
BRITISH EAST AFRICA.

CONFIDENTIAL

August 18th, 1917.

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Sir,

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I have the honour to acknowledge the receipt of your Confidential despatch of the 31st of May on the subject of the periodical payments made by the War Office to the Crown Agents and in reply to inform you that the sum of £400,000 which appeared in my telegram No.197 of the 20th of April as the estimated amount due to the Protectorate by the War Office at the end of April was intended to represent the net amount after deducting the payments to the Crown Agents to which you have referred.

2. In order to make the position more clear I would refer you to the Protectorate Statement of Assets and Liabilities as on the 28th of February last, which appears on page 582 of the Official Gazette of the 27th of June. From this Statement the amount of the indebtedness

THE RIGHT HONOURABLE
HARVEY LONG, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.

indebtedness of the War Office to the Protectorate can be calculated roughly in the following manner:-

<u>Assets</u>	£
Suspense Account War Expenses	1,189,558
War Expenses, Common Charge	<u>3,056,794</u>
	<u>4,226,352</u>
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<u>Liabilities</u>	
Loan to meet War Expenses	
Common Charges	3,812,066
Balance - War Office debt	
to the Protectorate	<u>414,286</u>
	<u>4,226,352</u>
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3. In paragraph 7 of your despatch under reply you have commented upon the increase in the estimate of the War Office debt by £150,000 in 6 months. This may be partly accounted for by the fact that my telegram of the 9th of November No. 434¹⁹¹⁶ shows how the position stood early in the month, while that of the 20th of April, No. 197, refers to the balance at the end of the month. The funds drawn monthly from the War Office for Military purposes are placed by the Bank to the credit of the Treasurer in the first place, the Chief Paymaster drawing on them from time to time to meet his requirements. The War Office debt is therefore greatly reduced at the beginning of each month and increases until the end of the month. The debt

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at the end of November was approximately £350,000, from which time up to the end of March the Protectorate Surplus balances increased by £47,000.

4. The anxiety of the War Office lest we should encroach upon their funds may possibly be allayed when it is pointed out that as a set off against their monthly payments to the Crown Agents there are Protectorate debits against the Common Charges account, among others, for services performed by the Uganda 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 out-stations, and for any Surplus Protectorate funds which may be placed at their disposal, including the amounts which would normally be remitted to London for payment of expenses incurred on our behalf by the Crown Agents. No cash settlement is made for any debits of this nature.

5. Returning to the Statement of Assets and Liabilities it will be noticed that the Surplus balances on the 28th of February amounted to over £590,000, a figure which will not be very greatly reduced when the accounts of the year 1916-17 are made up. These accounts should show such a Surplus of Revenue over the ordinary Expenditure for the year as you have suggested

suggested towards the end of paragraph 7 of your despatch. The increase over the figures shown in Appendix B to the draft estimates for 1917-18 is accounted for by a large Surplus of Customs Revenue and extensive savings on the Expenditure under every Head, the revised estimate having been framed with a view to the possibility of an early resumption of the normal activities of Departments.

6. From this Surplus over £50,000 will be earmarked towards the future liquidation of the Common Charges account in respect of the King's African Rifles, and a large sum will be required for the erection and equipment of Wireless Stations and the construction of the Kismayu-Serenli road. The Customs and Railway Revenue for the current year are, I regret to say, falling short of expectations. Owing to shortages of Staff and difficulties in obtaining material the proper maintenance of the Railway, Telegraph, and other services has not been kept up, and heavy expenditure will be necessary to restore them. In these circumstances without a large Surplus balance the financial position would give cause for anxiety. The balance is however in my opinion sufficient to permit of repayment of the sum of £107,000, which is outstanding from the amount advanced to the Protectorate by the Imperial Government for the purpose

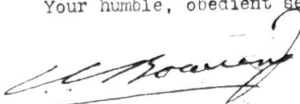
kept by any
means the
Common Charge

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purpose of meeting our Share of War Expenses,
and on this subject I will address a further
communication to you in due course.

I have the honour to be,

Sir,

Your humble, obedient servant,



ACTING GOVERNOR.