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MADRAS RECORD OFFICE.

Government of Madras.

Public works DEPARTMENT.

G.O. No. 242 Press —Mis.—

492-75

Dated 24 1 1867.

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 24th January 1867.

Read the following papers:—

No. 492. From the Controller of Public Works Accounts, to the Secretary to Government, Public Works Department, dated Madras, 22nd November 1866, No. 2,765.

With reference to paragraph 3 of G. O. 23rd August 1866, No. 2,663, I have the honor to forward herewith an original letter from the Accountant General, Public Works Department, No. 1,456, dated the 5th instant, in reply to a reference made to him by me on the 30th August 1866, in a letter No. 1,548, which is also transmitted for such orders as the Government may be pleased to pass on the two plans of account suggested for both the Dowlaishweram and Presidency Workshops.

1 Original letter from Accountant General, Public Works Department, dated 5th November 1866, No. 1,456.

From the Controller of Public Works Accounts, to the Accountant General, Public Works Department, Simla, dated 30th August 1866, No. 1,548.

1. With reference to paragraph 4 of your letter No. 819, of the 25th June 1866, I have the honor to submit, for your information, copy of a Proceedings of this Government passed thereon, No. 2,663, dated the 23rd instant, and to request that you will be good enough to state whether, under the opinion expressed by this Government, in paragraph 1 of the Proceedings, the value of Europe articles of stock issued to the Workshop at the Presidency, as well as such as may be issued to the Workshop at Dowlaishweram from the General Stores at the Presidency, may be written off to the head "Repairs" "Imperial" minor head "Civil Buildings," in the accounts rendered to this Office by the General Storekeeper, in the same way as stock articles issued to *other departments* of the State are written off as final charges of this department.

G. O. 23rd August 1866, No. 2,663.
Do. 13th ,, 1865, ,, 2,401.
Do. 28th Nov. ,, ,, 3,197.
Do. 7th October 1864, ,, 2,899.
Do. 13th July ,, ,, 2016.
Do. 23rd August 1865, ,, 2,286.

2. I would also request to be favored with your opinion as to whether, when Budget heads of service are charged off with the value of stock issued as above, it is not necessary that an appropriation of funds out of the grant of the year should be made to cover such charge, as, otherwise, the debits in these cases would be in excess of the grant of the year.

3. When "Stock" is now issued from the General Stores, at the Presidency, to the different Ranges of the Province, the value thereof is adjusted by a transfer entry to the credit of Stock and debit of the head "Transfers," in the accounts of the General Storekeeper, a corresponding credit being given in those of the Ranges receiving the stock, which, when used upon works is written off to the proper Budget head of service, and is covered by the appropriation of funds made for that head out of the grant of the work to which charged, though not directly paid for in cash from such grant. In such cases, therefore, the double payment, as it is termed in the first paragraph of the Proceedings of this Government, does take place, for all the stock issued from the General Stores are English articles, the value of which was charged against the grant for "Supplies from London." It is a question, therefore, whether in the case of issues from the General Stores to the Workshop, the value of the stock should be written off as a final charge on the General Storekeeper's accounts, and in the case of issues, from the same place to the different Ranges, whether a different procedure should be adopted, viz., of recovering the value, not in cash, but by such a transfer adjustment as is equivalent to a cash recovery; the final charge in this case being made in the proper Range accounts to the work for which used, and covered out of the grant for the same.

4. I also request that you will be good enough to advise me as to whether, whatever mode of adjusting the issues from the General Stores to the Presidency Workshop may be determined upon,

A

the submission to this Office of monthly accounts of the transactions of such Workshop can be dispensed with, as would seem to be the wish of this Government.

5. The Dowlaishweram Workshop renders no monthly accounts of its transactions to this Office, the question of placing it directly in account with this Office, like all other Range Offices, being still pending before this Government; but the Officer in charge of the Factory sends in an annual financial account of its operations, with reference to the directions in Proceedings of the Government of India, in the Public Works Department, Nos. 13, 5, and 6, dated 13th July 1863, and the first account rendered under this G. O., is reviewed in your report of the annual appropriation and outlay account of this Government for 1863-64. This Factory receives no advances of cash or grant-in-aid by appropriations from the Budget allotment for the year, but conducts its operations from cash advances received from Range Officers and others, who supply it with work, and these advances are made from the grants of the works for which stock or other articles are made up in the Factory. It has, besides, a large cash balance formed from the large operations in previous years when extensive work was done in the Factory, and pays the permanent establishment employed without the intervention of Budget funds; the cost of the establishment in question being deducted or charged proportionately to the work turned out, and recovered from the Officers who receive the supplies.

6. The Presidency Workshop is in the same building as the General Stores, (English as well as country,) kept for issue to Ranges, and is just now only commencing to work independent of the General Stores, and for this purpose a permanent advance of Rupees 5,000 was allowed by this Government* to be made to it out of the grant for "Tools and Plant," placed at the credit of the General Storekeeper, and a portion of this sum which has been already advanced is debited in his accounts with this Office to the head "Miscellaneous Advances," which when recovered by the Workshop from the Officers who supply it with work will be repaid to the General Stores, and credited in its accounts to the same head. The plant and stock required for this Workshop is all retained on the books of the General Storekeeper, who has been directed to keep them distinct from those appertaining to the General Stores. It will be seen, also, that this Government have now directed that a proportionate share of the Presidency Workshop Establishment should be recovered in cash from the department for which work is done, and as this establishment is portion of the general establishment sanctioned for the Store Department at the Presidency, and is drawn upon a pre-audited bill and charged to "Establishments Imperial," the recoveries made will have to be credited in account to that head; with the above explanation, and copies of the several Proceedings of this Government, which are forwarded for your perusal, you will be enabled to furnish me readily with the information sought, viz., as to the kind of adjustment which should be made in the books of the General Storekeeper for issues to the Presidency Workshop, and for like issues to the Dowlaishweram Workshop, as also as to whether any special monthly accounts should be rendered by the Workshop, independent of those now submitted by the General Storekeeper.

* Proceedings Madras Government, No. 2,401, dated 18th August 1865.

Paragraph 5 of Proceedings of Madras Government, No. 3,597, dated 28th November 1865.

7. Paragraph 5 of your letter of the 25th June 1866, relative to supplies received from the Mint, has not been replied to by the General Storekeeper, and that Officer will be addressed again on the subject, and paragraph 3 of your same letter will be separately replied to.

From the Accountant General, Public Works Department, to the Controller of Public Works Accounts, Madras, dated Simla, 5th November 1866, No. 1,456.

1. I have the honor to acknowledge the receipt of your letter No. 1,548 of 30th August 1866, regarding the adjustment of the value of stores issued from the Stores Department at Madras to the Public Works Workshops there, and to the Manufactory at Dowlaishweram, and also as to the accounts to be kept of the Madras Workshop operations.

2. I should first explain that the instructions conveyed in my letter No. 819 of 25th June last, to debit Repairs Imperial Civil Buildings, with the value of stores issued to it by the Presidency Store Department, were issued under a misapprehension that the Workshop was under the Civil Department, the transactions connected with it having been shown under that head in your accounts; I beg that you will no longer act upon them.

3. The accounts of the Public Works Workshop at Madras may be kept on either of the following plans, as may be determined by the Government of Madras, viz., firstly, as outside of those of the Public Works Department; and, secondly, as those of a division of Public Works. In the first case accounts might, with advantage, be framed on the model of the Roorkee Workshop accounts, the the heads of account kept at which may be gleaned from the annual Report, of which the Controller North-Western Provinces, has been requested to send you a copy. Of course the Madras shops being on a smaller scale, less elaborate account would suffice for them. In the second case, the accounts would be like those of an ordinary Public Works division.

A copy of the Report for 1864-65 accompanies, and manuscript copy for 1865-66.

4. If kept according to the first method, stores received by the Workshop from the Store Department would be paid for in cash, or their value adjusted by book credit, and if on the second plan, their value would be adjusted through the account "Transfers," just as if issued to any other division of Public Works,

5. In reply to the question proposed in paragraph 2 of your letter, I beg to observe that appropriations should certainly be made always to cover the *cost* of works, it being matter of indifference whether that cost be made up of cash or stock charges.

6. The procedure described in the first part of paragraph 3 of your letter seems correct; but the cost of stores imported from England should not, in any case, fall twice against the Budget grant. Imported stores are of two classes, viz., Stock, and Tools and Plant. The value of the former should be charged on the books of the Store Department to the suspense head, "Stock," and that of the latter be carried against the grant for Tools and Plant. When the articles of the former class are issued to works, stock is credited and works debited, and their cost then, for the first time, falls against the grant. The above remarks are on the supposition that the shops accounts would be kept as those of a Public Works division. If kept on the Roorkee plan, the shops would pay for the stores in the first instance by cash or book transfer, and Public Works grant would not be affected at all.

7. In reply to paragraph 4 of your letter, I am decidedly of opinion it would be desirable that the accounts of the Public Works Workshops at Madras should be separated from those of the Store Department. The nature of the accounts to be furnished to your Office will depend on the decision of the Madras Government, whether the Workshop accounts shall be kept outside those of the Public Works Department or as a division of Public Works, as already remarked in paragraph 3 of this letter.

8. In reference to your 5th paragraph, I have to observe that, as there appears to be no want of funds for carrying on the Dowlaishweram Workshops, there being a large balance in hand from the operations of previous years, the practice of Divisional Officers making advances to the Superintendent when they want work done might, with advantage, be superseded by the simpler plan of making cash payments for work actually done. I would strongly recommend the system of cash payments in preference to book transfers, in the case of all Workshops.

9. As regards the supply of cash to the Superintendent of the Dowlaishweram Workshops, I think it would be better to introduce the Roorkee system than to allow the arrangements now in force to continue, but this is a matter to be determined by the Government of Madras. By the Roorkee system, described at length in my letter No. 749, of 4th July 1865, of which a copy is annexed, the Superintendent would be allowed a fixed working cash balance, which would be recouped month by month by credit order, all monies received by him being paid into the nearest Treasury to credit of Government.

10. The Roorkee appropriation audit accounts and balance sheets, show a methodical plan of dealing with establishment charges. This plan is preferable to that now followed in the Dowlaishweram Workshop, as described by you. By the Roorkee system (see form D, attached to my letter of 4th July 1865) the establishment charges are debited month by month to the head "Establishment," and at the end of the year carried to the profit and loss accounts. Form M., in the set of appropriation audit accounts, shows how the establishment and general charges are apportioned, according to out-turn, on the different kind of work. At any rate the establishments should continue to be charged to the works, and the Workshop continue to be self-supporting.

11. In connection with the above, I would recommend that the Account Current to be rendered to you by the Dowlaishweram Workshops be confined to a cash account, like the one sent by the Roorkee Establishment, an appropriation audit being made half-yearly on the books at the Workshops by yourself or your Deputy. Experience shows the trouble of dealing with detailed accounts sent up from a distant Factory.

12. The propriety of allowing a permanent advance for carrying on operations in the Presidency Workshop, (paragraph 6 of your letter,) will depend entirely on the system of account adopted, *i. e*, whether the institution be placed on the footing of the manufactories at Roorkee and Dowlaishweram, or treated as a Division of Public Works. In the latter case the advance would be included in the statement of Departmental Cash Balances.

13. The tools and plant in possession of the Presidency Workshop should, in any case, be kept distinct from those in the Stores Department.

14. If the Madras Government decide to put this Workshop on the footing of a division of Public Works, the gains should be shown as Imperial Revenue, and the establishment charged to that Budget head. If the Shop be placed on the Roorkee footing, the establishment charges should, of course, be adjusted as proposed in paragraph 10. Either of these plans will be simpler and less troublesome than recovering* in cash, from the departments for which work is done, a proportionate share of the establishments and skilled labor employed in the Workshop, a course which cannot fail to lead to considerable complication and difficulty.

* Madras General Order, No. 2,663, dated 23rd August 1866.

No. 493. Endorsement of the Controller Public Works Accounts, dated Madras, 22nd November 1866, No. 2,764.

From the Accountant General, Public Works Department, to the Controller of Public Works Accounts, Madras, dated Simla, 7th November 1866, No. 1,470.

1. I have the honor to acknowledge receipt of your letter No. 1,435, dated 24th August 1866, forwarding copies of the accounts of the Dowlaishweram Workshop for the years 1864-65 and 1865-66, and in reply to observe as follows:—

2. Interest on capital has been entered in the accounts of the Workshop, but it is not clear whether such interest has been credited to Imperial Revenue in the accounts of the Public Works Department. It will be desirable that this should be done for subsequent years by directing, with the sanction of the Madras Government, the Officer in charge of the Workshop to pay this item in actual cash to the nearest Executive Engineer, who should exhibit such payment in his accounts as "Imperial Public Works Receipts," the amount being credited to "Imperial Revenue" in the books of your Office.

Proceedings of the Madras Government, Public Works Department,
24th January 1867.

3. With reference to the interest on capital, as set down in the Financial Statement of 1865-66, I may point out that the items of capital, as per margin,* have not been taken into consideration in its calculation. I would recommend that these items should be classed as capital for the future, and interest on their amount given, but the books of the establishment, for the past year, having been closed, no alteration should now be made in them on account of this omission.

		Rs.	A.	P.
* Manufactures in progress	...	9,819	9	7
Manufacture of Stores not completed	...	1,023	10	11
Advances outstanding	...	1,411	6	0
Value of engine	...	345	1	11
Do. of Office furniture	...	403	0	0
Cash balance	...	19,994	13	3
		32,997	9	8

4. The accounts now received appear satisfactory, but it seems desirable that the yearly audit accorded by you to these accounts should, for the future, and with the approval of the Madras Government, be a personal one, made at the Workshop, by comparing the books with the results as brought out in the annual accounts, in the same way as the accounts of a private Company would be audited.

Submitted to Government for orders, with reference to G. O. 19th September 1866, No. 2,996.

(Signed) J. F. FISCHER, Captain, R. E.,
Controller of Public Works Accounts.

No. 494. From the Controller of Public Works Accounts, to the Secretary to Government, Public Works Department, dated Madras, 19th December 1866, No. 3,046.

2 Reports of the Accountant General, Public Works Department.
1 Form of Register.
2 Journal of Public Works Ledger.

1. In continuation of my letter of the 22nd November 1866, No. 2,765, I have the honor to forward, herewith, two Reports of Major Chesney, the Accountant General, Public Works Department, on the Public Works Store Department and the Presidency Workshop, with form of a Register of Tools and Plant to be kept in the former department, and forms of Journal and Ledger for the Workshop.

2. The recommendations of the Accountant General have been fully gone into by me, and I see no objection to their being carried out, if approved by Government. I do not concur in the recommendation, that 50 per cent. of the salary of the General Superintendent should be charged to the Workshops; whether this exists or not, as an independent factory or a range, the Public Works Department must provide for the salary of this Officer; and it only causes additional entries to be made in accounts, to split up his salary. A good deal of the work done in the Workshops is for the Government, especially in the Survey and Astronomical Departments, and these might be made to bear a proportion of the charge, if considered necessary; but I cannot see any great good would be obtained by spliting up an item, the cost for which the Government have once provided, unless all departments of the State pay in cash, like private individuals, for all work executed for them by the Workshops.

WORKSHOP'S LEDGER.

Dr. *Capital.* Cr.

		Rs.	Rs.			Rs.	Rs.
July.	To Government ...	...	179	April 1	By Balance	...	650
	,, Balance ...	...	471				
			650				650

Block.

		Rs.	Rs.			Rs.	Rs.
April 1	To Balance	...	280	July.	By Profit and Loss.	...	28
				do.	,, Balance	...	252
			280				280

Plant and Machinery.

		Rs.	Rs.			Rs.	Rs.
April 1	To Balance	...	90	April.	By Cash	...	11
				June.	,, Cash	...	35
				July.	,, Profit and Loss.	...	9
				do.	,, Balance	...	35
			90				90

Materials.

		Rs.	Rs.			Rs.	Rs.
April 1	To Balance	...	50	April.	By Manufacture ...	...	10
	,, Sundries	...	32	May.	,, Sundries	...	30
June.	,, Do.	...	65	June.	,, Do.	...	85
				July.	,, Balance	...	22
			147				147

Manufacture Goods.

		Rs.	Rs.			Rs.	Rs.
April 1	To Balance	...	170	April.	By Sundries	...	191
	,, Cash	...	85		,, Profit and Loss.	...	1
	,, Sundries	...	18	May.	,, Sales	...	108
	,, General charges.	...	26	June.	,, Do....	...	40
May.	,, Cash...	...	72	July.	,, Balance	...	201
	,, Materials	...	18				
	,, General charges.	...	20				
June.	,, Cash	...	60				
	,, Materials... ...	...	40				
	,, General charges.	...	30				
July.	,, Profit and Loss...	...	2				
			541				541

WORKSHOP'S LEDGER.—(Continued.)

Dr. *Sales.* Cr.

		Rs.	Rs.			Rs.	Rs.
April 1	To Sales	...	60	April.	By Cash	...	80
	,, Manufacture ...	...	191	May.	,, Do....	...	111
May.	,, Materials... ...	...	12	June.	,, Do....	...	265
	,, Manufactures ...	...	108				
June.	,, Materials... ...	...	45				
	,, Manufactures ...	...	40				
			456				456

Purchases.

		Rs.	Rs.			Rs.	Rs.
May.	To Cash	...	36	April 1	By Balance	...	30
June.	,, Do.	...	39		,, Raw Materials...	...	15
July.	,, Balance	...	20	June.	,, Do. ...	...	50
			95				95

London Supplies.

		Rs.	Rs.			Rs.	Rs.
May.	To Cash...	...	20	April.	By Manufactures ...	...	8
July.	,, Balance	...	20		,, Raw Materials...	...	17
				June.	,, Do. ...	...	15
			40				40

Charges, General.

		Rs.	Rs.			Rs.	Rs.
April.	To Cash	...	25	April.	By Manufactures ...	...	26
May.	,, Do.	...	13	May.	,, Do.	...	20
June.	,, Do.	...	10		,, Do.	...	30
July.	,, Profit and Loss.	...	28				
			76				76

Cash.

		Rs.	Rs.			Rs.	Rs.
April 1	To Balance	...	30	April.	By Sundries	...	190
,,	,, Sundries	...	161	May	,, Do.	...	209
May.	,, Do.	...	210	June.	,, Do.	...	399
June.	,, Do.	...	398	July.	,, Balance	...	1
			799				799

WORKSHOP'S LEDGER —(Concluded.)

Dr.	*Profit and Loss.*						Cr.
		Rs.	Rs.			Rs.	Rs.
April.	To Goods destroyed by Fire	...	1	July.	By Sundries	...	30
	,, Sundries	...	37		,, Government ...	...	8
July.	,, Block	...	0				
			38				38
	Government.						
		Rs.	Rs.			Rs.	Rs.
April.	To Cash	...	80	April.	By Cash	...	70
May.	,, Do.	...	68	May.	,, Do.	...	99
June.	,, Do.	...	290	June.	,, Do.	...	98
July.	,, Profit and Loss.	...	8	July.	,, Capital	...	179
			446				446
	Balance.						
		Rs.	Rs.			Rs.	Rs.
July.	To Block	252		July.	By Capital	471	
	,, Machinery ...	35			,, London supplies.	20	
	,, Raw Materials...	22			,, Purchases ...	20	
	,, Manufacture ...	201					511
	,, Sales	0					
	,, Cash...	1					
			511				
			511				511

FORM OF REGISTER OF TOOLS AND PLANT.

General Stores.

Register of Tools, Plant, and Instruments.

Class.	Names of Articles.	Balance brought over.	Receipts.												Issues.												Value.	Rate.	Balance on the 1st November.
			May.	June.	July.	August.	September.	October.	Total.	May.	June.	July.	August.	September.	October.	Total.													
	Theodolite 10" ...	5	3	...	...	1	...	...	4	...	...	2	...	...	...	2	7	250/	1,750									
	Ditto. 6" ...	4	...	...	11	...	...	...	11	...	...	...	5	...	...	5	10	185/	1,850									
	Total ...								15							7												

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WORKSHOP JOURNAL SPECIMEN FORM.

Dr. (*To accompany Accountant General's Note*). Cr.

		April 1, 1867.		
		Sundries Dr. to Sundries for opening balances—		
		Capital	...	650
		Purchases, for amounts payable for Stores supplied—		
		Government Stores	28	
		Mr. A. B....	2	
				30
280	...	Block for value of buildings at this date.		
90	...	Machinery and Plant do.		
50	...	Raw Materials do. as per detailed Ledger.		
170	...	Manufactures for expenditure to date on orders in hand as per detailed account.		
		Sales, for value of orders suppled by not paid for—		
	25	Executive Engineer, 20th Range.		
	35	Mr. C. D.		
60				
30	...	Cash, for Cash in hand.		
680				680
		Entries for April 1867.		
161	...	Cash Dr. to Sundries as per Cash Book.		
		Government for credit order to complete standing balance	...	70
		Machinery and Plant, old machines sold...	...	11
		Sales, for realizations—Executive Engineer, 20th Range	25	
		Mr. C. D.	20	
		Executive Engineer, 3rd Range.	18	
		General Stores...	17	
				80
		Sundries Dr. to Cash as per Cash Book.	...	190
85	...	Manufactures for outlay on that account.		
	11	General charges.—Pay of Establishment.		
	14	Steam Engine.		
25				
80	...	Government for receipts paid into Treasury.		
18	...	*Manufactures Dr. to Sundries.*		
		London supplies for made-up goods received	...	8
		Raw Materials for value of materials used on manufacture	...	10
32	...	*Raw Materials Dr. to Sundries.*		
		London supplies for materials received	...	17
		Purchases, for country articles received—		
		General Stores.	6	
		Mr. A. B.	9	
				15
		Sundries Dr. to Manufactures.		
		Sales, for selling price of goods sold	...	191
	101	General Stores.		
	42	Mr. H. K.		
	48	Executive Engineer, 20th Range.		
191				
1	...	Profit and Loss of goods destroyed by fire	...	1
26	...	*Manufactures Dr. to General Charges* for extra per-centage charged	...	26
619				619

		Entries for May 1867.		
210	...	*Cash Dr. to Sundries.*		
		Government for credit order to complete standing advance	...	99
		Sales for realizations—General Stores	46	
		Mr. H. K.	42	
		Executive Engineer, 20th Range	23	
				111
		Sundries Dr. to Cash	...	209
72	...	Manufactures.		
		Purchase for payments made—		
	25	General Stores.		
	11	Mr. A. B.		
36				
20	...	London supplies, per Superintendent General Stores.		
68	...	Government for receipts paid into Treasury.		
		Charges, General—		
	5	Establishment.		
	8	Steam Engine.		
13				
		Sundries Dr. to Materials for value expended	...	30
18	...	Manufactures.		
	3	Sales, General Stores.		
	9	Executive Engineer, 4th Range.		
12				
		Sales Dr. to Manufactures for selling price of goods sold. ...	...	108
	38	General Stores.		
	44	Executive Engineer, 20th Range.		
	26	Captain X.		
108				
20	...	*Manufactures Dr. to General Charges* for extra per-centage charged	...	20
577				577
		Entries for June 1867.		
398	...	*Cash Dr. to Sundries.*		
		Government for credit order to complete imprest balance	...	98
		Sales, for realizations—Executive Engr., 20th Range ...	50	
		Mr. B. C.	45	
		General Stores...	170	
				265
		Machinery and Plant (tools sold)	...	35
		Sundries Dr. to Cash	...	399
60	...	Manufactures for outlay.		
10	...	General charges.		
39	...	Purchases.		
290	...	Government for receipts paid into Treasury.		
65	...	*Raw Materials Dr. to* Sundries.		
		London supplies for materials received	...	15
		Purchases—General Stores	20	
		Mr. A. B.	30	
				50
		Sundries Dr. to Materials for value expended	...	85
40	...	Manufactures.		
		Sales—		
	30	General Stores.		
	15	Executive Engineer, 20th Range.		
45				
		Sales Dr. to Manufactures (for price of goods sold.)	...	40
	30	General Stores.		
	10	Executive Engineer, 20th Range.		
40				
30	...	*Manufactures Dr. to General Charges* for extra per-centage ...	...	30
1,017				1,017

		Closing Entries.						
37	...	*Profit and Loss Dr. to Sundries.*						
		Block for deterioration at per cent.				...	...	28
		Machinery for do.				...	...	9
		Sundries Dr. to Profit and Loss ...	...	...	...	...	...	30
28	...	Charges, general.						
2	...	Manufactures, net profit on goods sold.						
8	...	*Government Dr. to Profit and Loss* (for loss during the year)...					...	8
179	...	*Capital Dr. to Government* for decrease of capital during year.					...	179
		Viz., Capital at beginning of year			650			
		Do. at end of year—						
		Block	252					
		Plant...	35					
		Materials	22					
		Manufactures	201					
		Cash	1					
				511				
		Less liabilities outstanding						
		London supplies not paid for...	20					
		Purchase do.	20					
				40	471			
					179			
254								254
		Sundries Dr. to Sundries for closing balances.						
471	...	Capital.						
20	...	London supplies.						
20	...	Purchases.						
		Block					...	252
		Machinery...					...	35
		Raw Materials					...	22
		Manufactures					...	201
		Cash					...	1
								511

[NOTE.—The entries in the inner columns should be carried into a Sub-Ledger (or Personal Ledger) containing a separate account with each person or Department having transactions with the Shops as "General Stores," "Mr. A. B.," "Executive Engineer, 20th Range," &c., &c.]

WORKSHOP ACCOUNTS AT THE PRESIDENCY.

This Workshop is of recent creation, and the expenditure having hitherto been only small, the question, how the accounts should be dealt with has not hitherto offered itself prominently for consideration; but its rapid development into full work is no doubt very desirable, and as it may be expected that the establishment will eventually form an important feature in the arrangements of the Public Works Department of this Presidency, it seems desirable that the accounts of the shop should be placed on a definitive footing at once. The following remarks are accordingly offered in this view :—

There can be no doubt, I think, that the simplest plan will be to keep the accounts entirely outside of, and separate from, the ordinary accounts of the department, and as I understand this view to be also held by the Secretary to Government and the Controller, the following suggestions will be based on the assumption that this plan is to be adopted.

I will first notice the effect of this arrangement on the mode of accounting for Stores—

I. All stores intended for the Workshops, and obtained from England on Indent, should be *excluded* from the Budget estimate. In sending such Indents Home, it will be necessary to specify that they are additional to the Indents included in the Budget estimate, and are intended for a self-supporting institution, and will be paid for in cash.

The adjustment of the transaction will be in this wise : on the receipt of the Invoice the Controller will credit the head "London Supplies" in his books, and debit the head Deposits.* Supposing now the Workshops to pay cash for the stores, "Cash" would be debited, and "Deposits" credited, and although the deposit account *may* be cleared without a cash payment, that mode of adjustment will, I believe, be found the simplest and most convenient.

* This is a recognized head of account in the Public Works Department, and by referring the Workshop transactions to it, the necessity for an *additional* head is avoided.

II. As regards the stores supplied to the Workshops from the Public Works Stores.—The simplest plan will be for the Workshop to pay the Store Department *in cash*, by cheque on monthly bill presented; the Stores Department would credit "Stock sales" and debit "Cash" for the payment, while "Stock sales" would be debited, and "Stock" credited for the amount of the supplies. On payment being made monthly, as above suggested, the Stock sales account of the Store Department would obviously be cleared.

Of course the Store Department would pay all such receipts into the Treasury in the usual manner.

It might, at first sight, appear that stores issued to the Workshops do not relieve the Budget grant of the expenditure already incurred for them ; and this view may seem to be supported by the illustration given in the pattern form of Budget estimate, where Rupees 5,000 for stock required for general purposes, is shown as a charge against the grant. But this entry is made, not with reference to the fact that the stores have been obtained from England, but on the assumption that the *total* stock of the department will be increased to that extent, when undoubtedly the item would indirectly fall against the grant. But under no circumstances does stock become a charge *directly* against the grant ; the mode of supply, whether from England, or by purchase in this country, does not affect the matter. The entry of English Stores in the Budget estimate in the manner exhibited in the pattern form is prescribed by the Secretary of State, but in the annual *accounts* no *expenditure* will appear against such grant.

Perhaps the case may be rendered more clear by illustration :—

Case 1.—Suppose the grant to a Province to be £1,000, and that it is entirely devoted to obtaining stores from England. There would be only one entry to that effect in the *estimate*. But with respect to the *accounts*, the form which they would take would vary according as the stores were issued to works or not during the year. Supposing the stock thus supplied remained unused in store, then since the stock balance of the department would be increased to that extent, the grant would be shown as reduced to zero, under Article 46, Chapter XVI. of Government of India Code, and Article 49, Section 11, Chapter XX. of the same.

Case 2.—Suppose the whole of the £1,000 worth of store to have been received *and* expended on works during the year. Thus the *Budget estimate* as before would consist of one item, English Stores ; but the *Accounts* would show the £1,000 under the different work heads, and there would be no entry under the head Stores.

Case 3.—Suppose *these* Stores, value £1,000, to have been received but *not* used during the year, but that *other* stores of the same value have been issued to works. Then, since the stock balance of the department has undergone no variation, the receipt of the former will not form any charge against the Budget grant.

From the foregoing considerations it will be apparent that in no case is the relation between grant and expenditure affected by the receipt of stock from England. It is only affected by the stock receipts of the department *generally* exceeding the issues, without reference to the source from which such excess arises.

Consequently there is no question about double payment, for stores supplied to the Workshops ; no inconvenience will arise from the Workshops paying for the stores it receives from Government, while, if the Workshops are to be established on the independent footing contemplated, the arrangement is absolutely necessary.

The case of *Tools and Plant* supplied to the Workshop is different, because the expenditure on that head does fall directly against the Budget grant. But the difficulty here should not be of any practical importance.—1. Tools and Plant required for the Workshop might, in future, be obtained direct for it, instead of being carried through the Public Works Stores. 2. With respect to Tools and Plant already on hand, and paid for out of the Public Works grant, the receipt for any such sold to the Workshop might be credited to the head 'Tools and Plant,' instead of to the head 'Revenue,' and thus form a reduction of the Budget expenditure. But such cases, will, it may be presumed, be rare.

Supply of Funds.

The Workshop has received its buildings and plant free of charge, also its supplies of material from the Public Works Stores, but has been dependent on its own business for its supplies of cash, and has received no advances from Government. Commencing with nothing, it has now accumulated a cash balance of about Rupees 2,000, which, assuming that there are no debts outstanding by the concern, is satisfactory, showing that the rates charged are remunerative, and affording grounds for expectation that the concern, when fully developed, will prove financially successful. But it seems very desirable to introduce the system now in universal operation throughout all Government departments, both in England and India, as well as on the guaranteed railways, whereby all receipts are paid in periodically to credit of Government, and funds supplied only by means of Treasury credits.

The difference between the payments made to, and the receipts paid in, by the Workshop, would constitute a Budget grant, or revenue, as the case may be.

Under the head Payment to the Shop, should be included an annual charge for deterioration of block and plant ; also any expenditure for new buildings, fittings, &c., and repairs to the same, if executed by the Public Works Department. Considering the present limited extent of the concern, and the great value it is likely to be to the department, it will probably not be desirable to complicate the accounts by making any charge for interest, at any rate for the present.

Accounts kept by the Workshops.

The form of Cash Book is suitable. The detailed registers now kept are excellent, and quite sufficient for the purpose. The mode of bringing out the cost of each job done is that in general use both in private and public establishments.

The complicated deductions now made for value of materials received from Government Stores, will no longer be necessary under the explanation given above. Further, the account would be much simplified if, instead of distributing the cost of establishment and other general charge ratably over each work, a very laborious operation, a fixed per-centage (that is, fixed for certain

definite periods, but liable to alteration, if necessary, from time to time) were added to the labor charges and to the value of materials issued. These extra charges would be debited to works, and credited to a head of account termed "Charges General." This account would be debited with the actual charges of that kind incurred, and the difference between the debits and credits would be carried, at the end of the year, to profit and loss ; but experience will soon indicate a rate of per-centage that will afford a close approximation to the actual charges.

I assume, as a matter of course, that the charges made to customers will be based on estimates, and not on the actual cost incurred by the *Workshop* in executing the order. The profit and loss account will thus consist of two main items ; first, the difference between the cost of executing the work and the prices charged to customers ; second, the difference between the per-centages charged to works for charges general, and the actual cost of such charges.

The detailed registers now kept are, as I have noticed, very good as far as they go ; what is now required to complete the *Workshop* accounts is a brief but systematic Journal* and Ledger, for bringing into one view the whole operations.

* The name of the records now called the *Journal*, should be altered to *Register*.

The Ledger should contain the following heads :—

I. *Capital.*—Cr. for opening balances of Cash, Block, Plants, Machinery, Materials, Manufactured Goods, and Sales.

II. *Block.*—Dr. for value of buildings and all subsequent additions ; Cr. for annual deterioration.

III. *Plant and Machinery.*—Similar to Block.

IV. *Materials.*—Dr. for value of materials received ; Cr. for value of materials issued. [But materials received direct for use on works need not be carried through this account.]

V. *Goods (or Manufacture of Goods).*—Dr. for cost of labor and materials in manufacturing goods ; Cr. for *values* of the same charged to customers.

[† Or, works in progress.]

[Note.—When the operations of the Shops become more extended, it will be found desirable to separate the above account into two, viz., *Manufacture of Goods*‡ and *Manufactured Goods*, the first being charged with the *cost* of making up articles, and cleared by debit to the second for the *prices* of the articles ; the latter again being cleared by *sales*. This arrangement will be necessary whenever the accumulation of manufactured articles on hand becomes considerable.]

[‡ Or, works in progress.]

Further, there should be subsidiary accounts at once established, working up to the main head, of each separate branch of the Shops, as Instrument Department, Fitting Department, Foundry, &c.

Or there being only two main branches at present, it would perhaps be preferable to constitute these main heads of the Ledger at once, *in place* of the foregoing proposed head. If so, we shall have.

VI.—*Mechanical Department.*

VII.—*Instrument Department.*

VIII. *Sales.*§—Dr. for value of goods sold ; Cr. for cash received for the same. This head should be supported by a subsidiary ledger, containing an account with each customer, which should balance monthly with this main head.

[§ Or, would Bills Receivable be better ?]

IX. *Purchases.*—Cr. for value of goods purchased or obtained from Government Stores ; Dr. for cash paid for same.

X. *London Supplies.*—Cr. for values received ; Dr. for payments for same.

XI. *Charge, General.*—Cr. for extra per-centages charged for labor and materials; Dr. for establishment and general charges.* This account is closed at end of year by profit and loss.

* [i. e., Steam Engine and general machinery.]

XII. *Cash.*—Dr. for all cash received ; Cr. for all cash paid.

XIII. *"Profit and Loss."*—This account brings into one view the loss or gain on manufactures† and charges general. It is also charged with the annual deterioration of block and plant, and machinery. This account is cleared through the account *Government.*

† [Or the two accounts, Fitting and Instrument Departments.]

XIV. *Government.*—Dr. for cash paid into Treasury ; Cr. for amount of credit orders supplied. This account is also Dr. or Cr., as the case may be, for the balance on the profit and loss account, and the balance resulting represents the revenue derived from the Workshop or the Budget grant necessary, according as the concern has been remunerative, or the reverse.

XV. *Balance.*

A Cash Abstract Book necessary.—All the receipts and payments of the month should be classified by this means, monthly, according to Form S. of the Madras Manual, to admit of the results being journalized. This should be kept in a book as a recognized record, available for inspection.

The present Material accounts and the Abstract account of work done, as at present kept up, readily admit of being journalized.

Thus the whole transactions of the Workshops would be journalized monthly, and then posted into the Ledger under the heads indicated above, and a monthly trial ledger balance struck. The Ledger should be balanced yearly. Specimen journal entries are attached.

Subordinate to the head Materials in the Ledger there will be required a detail Ledger sub-divided under the main heads. The following classification would probably be found convenient:—

Iron, steel, &c.
Brass, copper, &c.
Paints, varnishes, &c.
Charcoal, fuel, &c.
Timber, planks, &c.

Accounts to be rendered to Controller's Office.

The only account necessary is a simple monthly cash account, as per form F. of the printed forms circulated.

The Controller would keep an account of the *Workshop,* according to form E. of the printed papers, except that no charge need be made for interest, and that if London supplies are paid for by cash, as is proposed, that account would be closed through *Deposits* instead of through *Government.*

The Controller or his Deputy would make a half-yearly appropriation audit of the accounts, and satisfy himself that the accounts were properly kept and up to date, and that the charges were duly supported by vouchers; and on the second half-yearly inspection, when the books were closed and balanced, he would declare what had been the revenue derived from the concern, or the charge on the grant of the year arising out of it.

Salary of the General Superintendent.

This Officer superintends both the Workshop and the General Store Department, but his salary is charged wholly to the latter. The duties connected with the former, however, it may be presumed at least engage as much of his time as the case of the stores, while their relative importance will eventually increase. It is, therefore, suggested that for the present the Superintendent's salary be divided equally over the two departments, whereby the charge to the Public Works Budget grant on this account will be diminished one-half.

All the arrangements herein suggested might take effect from commencement of year 1867-68.

(Signed) G. CHESNEY,
Acountant General, P. W. D.,

5th December 1866.

(True Copy.)
(Signed) J. F. FISCHER, Captain, R. E.,
Controller of Public Works Accounts.

ACCOUNTS OF THE PUBLIC WORKS STORES.

These Stores are under the care of the General Superintendent, who has also the control of the Workshops, but the accounts of the two concerns are very properly kept quite separate.

I think the accounts are susceptible of reduction.

Cash books.—Two are kept up. One in respect of the monies obtained for the business of the establishment on credit orders, the other for the monies received for sales of goods, which are paid in on receipt to the treasury. The first has only one cash column on each side, so that all payments by means of cheques have to be brought on to the debit side as receipts from the bank, and charged on the other as payments. Thus a double entry and appearance of a double transaction is required where only one entry is necessary, and where, in fact, there has been only one transaction. It will be desirable that a double-column cash book should be substituted ; one column for treasury transactions, the other for cash in chest. By the use of this the number of entries will be reduced one-half. Further, it appears very desirable that the whole of the cash transactions should be shown in one Cash Book only, and that the second book should be abolished.

Record of Stores.—These are divided into *Tools and Plant, and Stores,* the accounts of which are kept separate, though on the same plan.

The Issue-book, styled a Journal, shows the number, rate, and value of every article issued. A similar Receipt-book, also termed a Journal, details the receipts. These books are written up daily, and the entries carried to a Store Ledger, which contains a separate head for each description of goods.

With respect to Stores, abstracts of receipts and issues under the classified headings are rendered to the Controller, but as the detailed Ledgers are not grouped under those classified headings, they do not readily give the required results, which have to be elaborated on detached slips of paper every month. Thus the correspondence of the detailed books, with the abstracts rendered, is not apparent from the nature of the record, but in order to prove them, a separate balance has to be worked up whenever it may happen to be required. I should notice, however, that this had been done on 30th April last, and that the balance sheet proved quite accurate.

Now, first, as regards *Tools and Plant.* These are not borne on the accounts of the department at a money value, and therefore all this ledger-posting appears superfluous. It is no doubt desirable, for statistical purposes, that the value of the plant on hand may be recorded, but this may be done equally well by a much simpler arrangement. It has to be observed, that the prices charged are not necessarily what the articles cost, or even what they are worth, but are arbitrarily fixed, and therefore it is the less necessary to record those prices throughout each stages of the proceedings.

I recommend the following arrangement: The so-called Journals to be kept up as at present, but to be termed Issue-book and Receipt-book, and to contain no record of rates and prices. These books to be abstracted at end of each month at foot, so as to bring the total issues and receipts of each description of goods together.

These abstract entries to be then carried monthly into a Register of Tools and Plant of form accompanying, one sheet for each sub-head, which should be priced yearly, or half-yearly.

There would be no difficulty in pricing the articles. Those brought forward from former returns would, of course, bear their former price. New articles would be brought in at their invoice price. Articles returned might be priced at full, half, or quarter value, according to their state.

Stock.—As regards other stores, the present forms are suitable and might remain unaltered. They are somewhat more detailed than is usual or perhaps necessary, a separate ledger account being kept of each article, but considering that the special duty of the establishment is the custody and accounting for stores, the detail is not excessive. But some additions are needed to make the accounts complete. They now just stop short of the required point.

I. In order that the exact liabilities of the Stores Department may be regularly recorded, as well as its assets, a Ledger is much required. The stock transactions are already abstracted precisely in the form required for ledgering; all that is needed is that the cash receipts and expenditure should be abstracted monthly, and thence passed through a Journal and posted into the Ledger.

For the cash abstract book, Governm·nt of India, Form No. 21, will be found very suitable.

The Journal entries would be four per month, viz. :—

Cash Dr. to Sundries.

Sundries Dr. to Cash ; Stock Dr. to Sundries.

Sundries Dr. to Stock.

The totals of these should correspond with the total Ledger Dr. and Cr. postings of the month as carried into the monthly trial balance sheet, and will prove their correctness.

The Ledger should contain the following heads :—

Cash.
Government.
Stores.
Store purchases
Store sales.
Transfers.
Miscellaneous advances,
Deposits.
Profit and Loss.

A Store (or Stock) Ledger is necessary, kept by the recognized sub-heads, and working up monthly to the main Ledger head, Stock, Form* No. 31 is recommended as simple and suitable. The balances of the detailed sub-ledgers (which contain a separate account of each item) should be agreed half-hearly with the sub-head balances of the Stock Ledger, in the manner at present done, with this diff. rence, that it will be more methodical and satisfactory if these balances are intered in the body of the Stock Ledger, instead of being kept on separate sheets of paper.

* In Part I. of Government of India Forms.

The reductions in the registers of Tools and Plant recommended, will more than suffice to admit of the additional records here proposed being kept up, but I believe that the latter will of themselves reduce work and save trouble without reference to other arrangements.

The mode of rating now in force is, I think, carried to a greater refinement than is necessary or desirable. Rates are struck to Pies, and as this is necessarily in many cases only an approximation, it follows that if articles are issued at the assumed rate, the rate of the residue at the end of the half-year will not be precisely the same as the original rate; and in order to make it so, a charge to profit and loss is raised, in many, exceedingly minute.

Thus, in one case, I noticed that an item opened with a balance of 504 articles, value 76-8-7, which gave a rate of nearly 0-3-1 each; accordingly, the issues, 30 in number, were charged off at that rate, giving a value of 5-12-6, the resulting balance at the end of the

year was, therefore, 474 articles, value 90-8-1. But 474 things at 0-3-1 each come to 91-5-6, and, therefore, in order to make the account show this rate exactly, a charge was made to profit and loss of 0-9-5. The same operation appears to have been carried out with respect to every item of which the resulting balance would not exactly cover the rate. But this laborious adjustment would be entirely avoided by simply continuing the rate until the error exceeded a Pie, and then varying the *rate*, instead of altering the *values*. And it is, I think, quite a needless refinement to strike rates to Pies at all, it would be quite sufficient to take the rate to the nearest Anna, by which means considerable trouble in computation would be avoided.

(Signed) G. CHESNEY,
Accountant General, P.W.D.

5th December 1866.

(True Copy.)
(Signed) J. F. FISCHER, Captain, R. E,
Controller of Public Works Accounts.

No. 495. ORDER THEREON, 24th January 1867, No. 242.

ACCOUNT, No. 44.

1. The papers above recorded contain certain observations of the Accountant General, Public Works Department, upon the accounts of the Public Works Store Department, and of the Workshops at Chepauk and Dowlaishweram.

2. The Accountant General's recommendations with regard to the accounts of the Store Department are, in the main, approved of, and the Stores Ledger and other forms of account named by him will in future be kept up. The nomenclature of the Journals will be altered, as suggested by Major Chesney, into Issue-book and Receipt-book; but the Government question the advisability of dispensing with the record of money value which those books now contain, and in this respect no change will for the present be made.

3. The observations made by Major Chesney in his Memorandum dated the 5th ultimo, upon the accounts of the Chepauk Workshops, are in accordance with the views of Government, and his suggestions will accordingly be adopted. The Workshops will be considered to be a self-supporting institution, and the accounts will be kept entirely distinct and separate from the ordinary accounts of the Public Works Department.

4. The supply of funds to the Workshops, and the mode of dealing with all cash received, will be as suggested by Major Chesney. A Cash Abstract book will be kept, as also a Workshop Ledger, containing the requisite headings.

5. No charge for interest upon capital will at present be made; and the Government agree with the Controller that it is not desirable to complicate the accounts by charging to the Workshops any portion of the General Superintendent's salary, which, as well as that of the Mathematical Instrument Maker, will, until the operations of the Workshops become somewhat extended, be provided by the Public Works Department.

6. The remarks made by the Accountant General upon the accounts of the Dowlaishweram Workshops appear to be judicious. The interest upon capital will be dealt with as suggested by him; and the supply of funds, and disposal of money

received by the Workshops, will be the same as has already been directed in the case of the Chepauk Establishment.

7. The alterations in the several systems of account detailed in the foregoing paragraphs will take effect from the commencement of the official year 1867-68, and the Controller will, in the meantime, be so good as to give any assistance that may be needed in the preparation of the necessary books, &c. An appropriation audit of the accounts of the Chepauk and Dowlaishweram Establishments will be made by the Controller or his Deputy once in every half-year.

8. His Excellency the Governor in Council cannot refrain from expressing his surprise to observe that the Controller considers himself at liberty to dispute the validity of orders that have been issued to him by the Government, and that he has thought fit to refer their orders to the Accountant General of the Public Works Department at Calcutta in terms which imply that he believes himself justified in giving effect to those orders or not as they may or may not prove to coincide with the views of the Accountant General.

9. The Controller is directly subordinate to the Government and is not in a position to question their authority. If he had reason to doubt the correctness of any order, or had any observations to make on it, his proper course was to have submitted the matter for the consideration of Government, and for reference through them, if necessary, to the Accountant General.

10. The Controller will follow this course in future.

(True Extract.)

Colonel, R. E.,
Secretary to Government.

To the Superintending Engineer, 1st Division.
,, Officer in charge of the Public Works Store Department.
,, General Superintendent of the Public Works Stores and Workshops.
,, Controller of Public Works Accounts.
,, Accountant General.

Exd. S. T. Augustin.

21 1

Office of the Controller
of P.W. Accounts
Madras 22d Nov. 66

No 2765.

From
The Controller of P.W. Accounts
To The Secretary to Government
Fort St. George

Encl 1.
1 Original letter
from Accl Genl
P.W.D. of 5 Nov/66
No 1456

Sir

With reference to para 3 of GO 23d August 1866. No 2663, I have the honor to forward herewith an original letter from the Accountant General P.W.D. No 1456 dated the 5th Instant in reply to a reference made to him by me on the 30 August 1866 in a letter No 1548 which is also transmitted for such orders as the Government may be pleased to pass on the two plans of account suggested for both the Dowlaishweram and Presidency Workshops.

I have the honor to be
Sir
Your most Obdt Servt

Captain RE
Controller of P.W. Accts

No: 1548. 23

To

The Secretary to Government
Accountant General
Madras

Sir

With reference to your
G.O. 23rd Aug/66 No: 2663 of your letter No 8199 dated
G.O. 1st Sept/66 No: 2701. 15th No: 359 June 1866, I have the honor
to submit for your information
G.O. 23rd Aug/66 No: 2665 copy of the Government
order passed thereon No 2663 of the
23rd Instant, and to request that
you will be good enough to state
whether under the specific pro-
=vision by this Government
para 1 of the No. the value of
Europe articles of stock issued
the Workshop at the Presidency
as well as sections may be issued
to the Workshop at Darjeeling
from the General Stores at the
Presidency may be written off
to the head "Repairs Imperial"
or whether it will undergo an

6 Enclosures

Rec'd 1866 Oct 1
Rec'd from Government
No 2663 dated 23 Aug 1866

From
The Controller of Military
Accounts
To
The Chief Engineer & Secretary to Govt
No. 2663 dated 23rd Aug 1866
Subject
Dated 22nd Aug 1866
Rec'd 25th Do
Forwarding for
Engineering 2 Nos
with correspondence noted in
this Memo & returning the
receipt for the Do
Requisition and Pass
Orders

Rec'd 24 Aug 66

a. 11th Jany 1867 Q. 185

on the Accounts rendered by the
Office of the General Storekeeper,
in the same way as Stock Articles
issued to other Departments of the
State are written off as final
charges of those Depts.

2. I would also suggest
that the funds spent on
Stock or Cattle when Budget
heads of Service are charged off
with the value of Stock issued
as above, it is not necessary
that an appropriation of funds
out of the grant of the Year should
be made to cover such charges,
as otherwise the debts on those
Votes would be in excess of the
Grant of the Year.

3. Where "Stock" is now
issued from the General Stores
at the Residency & the different
charges of the Province the
value thereof is ~~accounted~~ adjusted by a
transfer

transfer ~~from~~ by the credit
of Stock and debit of the Head
charged in the Account of the
General Storekeeper a corresponding
credit being given in
those of the Majors receiving
the Stock, which when used
upon works is written off to
the Imprest Budget Head of Service,
and is covered by the appro-
priation of funds made for that
Head in the Estimate of the
Year to which charged, this
not directly paid for in
cash from which grant & in
such cases therefore the
double payment as it stands
in the 1st para of the 2nd this
Memorandum does take place,
for all the Stock issued from
the General Stores are Expired
Articles

4 Jabez [illegible] that

Articles the value of which was charged against the grant for "Supplies from London" - Also a question therefore whether in the case of issues from the General Store & the Workshop the value of the Stock should be written off as a final charge on the General Store Keepers Accounts, and in the case of issues from the same place to the different charges a different procedure should be adopted by giving the value not on each but by transfer - adjustments equivalent to cash accounts the final charge on this case being made in the proper Charge Accounts to the credit of the grant for the same.

gun would be good enough to advise me whether, should no grant stand to the Credit of the Ship any sum which may be determined upon, the entry of the issues from the Workshop & transactions of such Workshop can be dispensed with, as seems to the Writer of this Minute to be the wish of this Govt -

5 - The Dockyard Workshop renders no Monthly Account of its transactions & this appears the question of charges directly on account of the Ships other than all Ships Charges being kept in charge of the Factory Clerk - the Ends on an Annual Financial Account of its operations with reference to the above items on the 31st of March in the Ships Nos 13 5 - 16 - & 13 2nd 1863, - and the last

provement rendered under this
80 is received in gun exports of
the Annual Appropriation Act
Rules regarding this provisional
for 1863/64 - The Factory receives
no advances of Cash or grant in aid
of expenditure from the Budget allotment for
the year, but conducts its opera-
tions from Cash advances received from
Navy Officers and others who
supply it with work, and these
advances are made from the grants
of the ~~Ordnance~~ Ordnance Store Department
other articles are made up in the
Factory - It has besides a large
Cash balance formed from the
large operations in previous
years expenditure out of which
some of the buildings in the
permanent Establishment employed
without the intervention of Budget
funds, the cost of the Establish-
ment on previous days deducted
or charged proportionately to the
work turned out, delivered
from the Officers who receive
the supplies -

The Residency Bakery
is on the same knowledge as the
General Stores, Registered as a
Country Depot for issue of Ranges
and is proceeding with
work independently of the
General Stores and for this year
experiment
has advance of Rs 5000 was
allowed
authorized by this provisional
to be made to start with of the grant
for Bread and Plant " placed at
the credit of the General Stores
Keeper and a portion of this
sum which has been already
advanced is debited on
this account ~~with~~ in this Office Book
Head "Miscellaneous Advances"
which when recovered by the

* Per Statement No 2402
of 18th Aug 63 -

Workshop from the Officer who may
direct the work to be repaired to the
General Stores and credited in the
Accounts of the same head. The
Plant & Stock required for the
workshop is to be entered on the
books of the General Storekeeper
who has been directed to keep
them distinct from those after
being in the General Stores. It
will also be the duty of the
Storekeeper to see that the
proportionate share of the Workshop
Establishment should be recovered
in cash from the Dockyard which
is to be credited to the General Establish-
ment for the Stores Department the
Imprest is drawn upon to be
expended to pay and charged to
Establishments Imperial & the
recoveries made on account to be
credited in Account of that head.

para 5 of Gen'l
Regt No 3053
of 28 Nov 63.

31

for the due discharge of the
several proceedings of the fore-
going procedure provided for your
personal, you will be guided
by principles relating to the
inspection to be kept
with the Land of accounts &
which should be made in
the books of the General
Storekeepers for which the
Keys are to be kept and for
the issues of the Dockyard
Workshop and
to take
monthly Accounts shall be
rendered of the workshop
independent of Store Issues
to the General
Storekeeper.

1. para 5 of your letter
of the 25 June 1868 relative

A satisfactory reply must be received before the General Attack upon the Fort. Should the Officer not take advantage of this offer, and again write to you, do not answer his letter, but have it separately reported to me.

Shaw Esqr
Lieut. J.T. Fischer Capt. R.N.
Comdg. Officer

No: 1537 337

From,
The Accountant General,
Public Works Department,

To,
The Controller of Public Works Accounts,
Madras.

Simla, 5th November 1866.

Sir,

I have the honour to acknowledge the receipt of your letter № 1548 of 30th August 1866, regarding the adjustment of the value of stores is=sued from the Stores Department at Madras to the Public Works Workshops there, and to the Manufac=tory at Dowlaishweram, and also as to the accounts to be kept of the Madras Workshop operations.

2.— I should first explain that the instructions conveyed in my letter № 819 of 25th June last, to debit Repairs Imperial Civil Buildings, with the value of stores issued to it by the Presidency Store Department, were issued under a misapprehension that

that the workshop was under the Civil Department the transactions connected with it having been shewn under that head in your accounts I beg that you will no longer act upon them.

3. The accounts of the Public Works Workshop at Madras may be kept on either of the following plans, as may be determined by the Government of Madras, viz:t 1st as outside of those of the Public Works Department, and 2nd as those of a division of Public Works. In the first case the accounts might with advantage be framed on the model of the Roorkee Workshop accounts, the heads

——"——"——"——"——"——"——"——"——

of account kept at which may be gleaned from the annual report, of which the Controller, North Western Provinces has been requested to send you a copy. Of course the Madras Shops being on a smaller scale, less elaborate account would suffice for them. In the second case, the accounts would be like those of an ordinary Public Works division.

A Copy of the Report for 1864-65 accompanies and manuscript copy for 1865/66.

If

4. If kept according to the first method, stores received by the workshop from the Store Department would be paid for in cash, or their value adjusted by book credit, and if on the 2nd plan, their value would be adjusted through the account "Transfers" just as if issued to any other division of Public Works.

5. In reply to the question proposed in para 2 of your letter, I beg to observe that appropriations should certainly be made always to cover the cost of works, it being matter of indifference whether that cost be made up of cash or stock charges.

6. The procedure described in the 1st part of para: 3 of your letter seems correct; but the cost of stores imported from England should not in any case fall twice against the Budget grant. Imported stores are of two classes, viz:t Stock, and Tools and Plant. The value of the former should be charged on the books of the Store Department to the suspense head, "Stock", and that of the

latter

latter be carried against the grant for Tools and Plant. When the articles of the former class are issued to works, stock is credited and works debited, and their cost then for the first time falls a=gainst the grant. The above remarks are on the supposition that the shops accounts would be kept as those of a Public Works division. If kept on the Roorkee plan, the shops would pay for the stores in the first instance by cash or book transfer, and Public Works grant would not be affected at all.

7. In reply to para: 4 of your letter, I am decidedly of opinion it would be desir=able that the accounts of the Public Works Workshops at Madras should be separated from those of the Store Department. The nature of the accounts to be furnished to your office will depend on the decision of the Madras Government whether the workshop accounts shall be kept outside those of the Public Works Department

Department or as a division of Public Works, as already remarked in para: 3 of this letter.

8. In reference to your 5th para: I have to observe that, as there appears to be no want of funds for carrying on the Dowlaishweram Workshops, there being a large balance in hand from the operations of previous years, the prac=tice of divisional officers making advances to the Superintendent when they want work done might with advantage be superseded by the simpler plan of making cash payments for work actually done. I would strongly recom=mend the system of cash payments in pre=ference to book transfers, in the case of all workshops.

9. As regards the supply of cash to the Superintendent of the Dowlaishweram Work=shops, I think it would be better to introduce the Roorkee system than to allow the arrange=ments now in force to continue, but this is a matter

matter to be determined by the Government of Madras. By the Roorkee system described at length in my letter №749 of 4th July 1865 of which a copy is annexed, the Superintendent would be allowed a fixed working cash balance, which would be recoiped month by month by credit order, all moneys received by him being paid into the nearest treasury to credit of Government.

10. The Roorkee Appropriation audit accounts and balance sheets, show a methodical plan of dealing with establishment charges. This plan is preferable to that now followed in the Dowlaishweram workshop, as described by you. By the Roorkee system (see form D attached to my letter of 4th July 1865) the establishment charges are debited month by month to the head "Establishment" and at the end of the year carried to the Profit and Loss accounts. Form M in the set of appropriation audit accounts shows how the establishment and general charges are apportioned according

according to out-turn on the different kind of work. At any rate the establishments should continue to be charged to the works, and the Work-shop continue to be self supporting.

11. In connection with the above I would recommend that the account current to be rendered to you by the Dowlaishweram Workshop be confined to a cash account like the one sent by the Roorkee Establishment, an appropriation audit being made half yearly on the books at the workshops by yourself or your Deputy. Experience shows the trouble of dealing with detailed accounts sent up from a distant factory.

12. The propriety of allowing a permanent advance for carrying on operations in the Presidency Workshop (para 6 of your letter) will depend entirely on the system of account adopted, i.e, whether the institution be placed on the footing of the Manufactories at Roorkee and Dowlaishweram or treated as a division

of

division of Public Works. In the latter case the advance would be included in the statement of departmental cash balances.

13. The Tools and Plant in profession of the Presidency Workshop should in any case be kept distinct from those in the Stores Department.

14. If the Madras Government decide to put this Workshop on the footing of a division of Public Works, the gains should be shewn as Imperial Revenue and the establishment charged to that Budget head. If the shop be placed on the Roorkee footing, the establishment charges should of course be adjusted as proposed in para: 10. Either of these plans will be simpler and less troublesome than recovering × in cash from the departments for which work is done, a proportionate share of the establishments and skilled labour employed in the workshop, a course which cannot fail to lead to considerable complication and difficulty.

× Madras General Order No. 2663 dated 23rd August 1866.

I have the honour to be,
Sir,
your most obedient servant,

Esqrs.

Accountant General.

Pro 24 Sanct by Lr 24492

To Govt 22d Nov/66 N° 2765

RECD P.W. ACCTS & CONTR & AUDTR GEN
NO
19

From
Asst Secy
to GI
O W 4749/66
Dated 5 Nov 66
Recd 19 Nov 66
N° 1456

Affording explanation on certain points as to the adjustment of the value of stores issued from the store dep: at Madras to W.S. Workshop at the same place and to the Manufactory at Dowlaishweram and also the rests to the debit of the Madras

N° 1470.

From

The Accountant General
Public Works Department

To

The Controller of P.W. Accounts
Madras

Simla 7th November 1866.

Sir

I have the honour to acknowledge receipt of your letter N° 1435 dated 24th August 1866 forwarding copies of the accounts of the Dowlaishweram Workshop for the years 1864/65 and 1865/66. and in reply to observe as follows-

2. Interest on Capital has been entered in the accounts of the Workshop, but it is not clear whether such interest has been credited to Imperial Revenue in the accounts of the Public Works Department. It will be desirable that this should be done for subsequent years by directing, with the sanction of the Madras Government, the Officer in charge of the Workshop to pay this

this item in actual cash to the nearest Executive Engineer, who should exhibit such payment in his accounts as "Imperial Public Works Receipts" the amount being credited to "Imperial Revenue" in the books of your office.

3. With reference to the Interest on Capital as set down in the Financial statement of 1865/66, I may point out that the items of capital as per margin have not been taken into consideration in its calculation. I would recommend that these items should be classed as Capital for the future, and Interest on their amount given, but the books of the establishment for the past year having been closed, no alteration should now be made in them on account of this omission.

	Rs	as	p.
Manufactures in Progress	9,819	9	7
Manufacture of Stores not completed	1,023	10	11
Advances outstanding	1,411	6	--
Value of Engine	345	1	11
-"- Office Furniture	203	--	--
Cash balance	19,994	13	3
	32,997	9	8

4. The accounts now received appear satisfactory,

satisfactory, but it seems desirable that the yearly audit accorded by you to these accounts should for the future, and with the approval of the Madras Government be a personal one, made at the Workshop, by comparing the books with the results as brought out in the annual accounts, in the same way as the accounts of a private company would be audited.

I have the honour to be
Sir
Your most Obedt Servt

J. Hopkins
For Accountant General

No 2964

Submitted to Government for orders.
with reference to G.O 19th September 1866 No 2996.
Office of the Controller of P.W.A.
Madras 22nd Nov 1866
Controller of P.W.A.
Capln R.C

To The Secretary to Government
Fort St George

NO 20
AUDITOR OF P.W. ACCOUNTS

No 4405

From

Asst Genl
P.W.D.
No 1470

Dated 7th Nov 65
Recd 10th

Communicating
observations on the
Accts of the Dowlaish
Warden Norfolks
for 1864/65 and 1865/66

Endorsement

Pro. of Govt for Comp.
4754

From
The Patrolles of 33 Regt

To The Secy. of State for War.

Dy 22
Rec. 23 } Nov/65

No 2764.

Submitting
letter from the Asst
Genl P. W. Dept. con-
-taining certain ob-
-servations on the
Accounts of the Dow-
-lishnies am Work-
-shops for 1864/65 and
1865/66-

No 493

No. 242 - 24th Jany 1867

a. 11 Jany 1867. R. 18th

Purchases.

May 1	To Cash.	36. " "	April 1	By Balance.	30. " "
June "	" Cash	39. " "	" "	" Raw Materials	15. " "
July "	" Balance.	20. " "	June "	" Raw Materials	50. " "
		95. " "			95. " "

London Supplies.

May 1	To Cash.	20. " "	April 1	By Manufactures.	8. " "
July "	" Balance.	20. " "	" "	" Raw Materials.	17. " "
		40. " "	June "	" Raw Materials.	15. " "
					40. " "

Manufacture goods.

To	Balance.	170. " "	April 1	By Sundries.	191. " "
"	Cash.	85. " "	" "	" Profit and Loss.	1. " "
"	Sundries.	18. " "	May "	" Sales.	168. " "
"	General Charges.	26. " "	June "	" Sales.	40. " "
"	Cash.	72. " "	July 1	By Balance	201. " "
"	Materials.	18. " "			
"	General charges.	30. " "			
"	Cash.	60. " "			
"	Materials.	40. " "			
"	General charges.	30. " "			
July "	" Profit and Loss	2. " "			
		541. " "			541. " "

Charges General.

April 1	To Cash.	25. " "	April 1	By Manufactures.	57. " "
May "	" Cash.	13. " "	May "	" Do.	13. " "
June "	" Cash.	10. " "	" "	" Do.	6. " "
July "	" Profit and Loss.	28. " "			
		76. " "			76. " "

Sales.

April 1	To Sales.	60. " "	April 1	By Cash.	80. " "
" "	" Manufacture.	191. " "	May "	" Cash.	111. " "
May "	" Materials	12. " "	June "	" Cash.	265. " "
" "	" Manufactures.	108. " "			
June "	" Materials	45. " "			
" "	" Manufactures.	40. " "			

Cash.

April 1	To Balance.	20. " "	April 1	By Sundries.	170. " "
" "	" Sundries.	161. " "	May "	" Do.	249. " "
May "	" Sundries	210. " "	June "	" Sundries.	377. " "
June "	" Do.	398. " "	July "	" Balance.	1. " "

Profit and Loss.

April	To Goods destroyed by Fire.	1. " "	July	By Sundries.	30.
"	" Sundries.	37. " "	"	" Government	8.
July	" Block.	" " "			
		38. " "			38

Government.

April	To Cash.	80. " "	April	By Cash.	70
May	" Cash.	68. " "	May	" Cash.	99
June	" Cash.	290. "	June	" Cash	98.
July	" Profit and Loss.	8. " "	July	" Capital.	179
		446. " "			

Balance.

	By Block	252 " "	July	By Capital.	471 " "
	" Machinery	35 " "		" London & Liverpool	20. " "
	" Raw Materials	22 " "		" Purchases.	20. " "
	" Manufacture	301 " "			511 " "
	" Sales	" " "			
	" Cash.	1 " "			
		511 " "			

Capital.

	To Government	179. " "	1st April	By Balance.	650. "
	To Balance.	471. " "			
		650. " "			650 " "

Block.

31.	To Balance.	280. " "	July	By Profit and Loss.	28. " "
			July	" Balance.	252. " "
		280. " "			280 " "

Plant and Machinery.

April	To Balance.	90. " "	April	By Cash.	
June	" Cash.		June	" Cash.	
July	" Profit and Loss.		July	" Profit and Loss.	
"	" Balance.		"	" Balance.	
		90. " "			

Materials.

April	To Balance.	50. " "	April	By Manufacture.	10. "
"	" Sundries	32. " "	May	" Sundries.	50. "
June	"	65. " "	June	" Do.	25. "
			July	" Balance.	22
		147			

Form of Register of Tools and Plant General Stores

Register of Tools, Plant and Instruments.

Class	Names of Articles	Balance brought over	Receipts						Total	Issues						Total	Balance on the 1st Nov.	Rate	Value		
			May	June	July	Augt.	Septr.	Octr.		May	June	July	Augt.	Septr.	Octr.				Rs.	A.	P.
	Theodolite 10"	5	3	.	.	1	.	.	9	.	.	2	.	.	.	2	7	250/	1750	.	.
	Ditto — 6"	4	.	.	11	.	.	.	15	.	.	.	5	.	.	5	10	185/	1850	.	.
	Total																				

Work Subs in a letter from the Cathedral Dept. forwarded to the Secretary to Govt. N.W.P. dated 16th December 1866 No. 3646.

R. Prestage

Town Register of Tax and Bonds
Special Other
Register of Tax and Bonds
and Instruments.

Vol. Rahoy Journal Specimen Form [to accompany Secty's General note].

Dr. Cr.

April 1. 1867.

Sundries Dr. to Sundries for opening balances.

	Capital a/c.		650.
	Purchases, for amounts payable for Stores supplied.		
	Government Stores.	28.	
	Mr. A. B.	2.	30.
280.	Block for value of buildings at this date.		
90.	Machinery and Plant ditto.		
50.	Raw Materials ditto as per detailed Ledger.		
170.	Manufactures for Expenditure to date on orders in hand as per detailed account.		
	Sales, for value of orders supplied by not paid for.		
25.	Executive Engineer 20th Range.		
60	35. Mr. C. D.		
30.	Cash, for Cash in hand.		
680.			680.

Entries for April 1867.

161.	Cash Dr. to Sundries as per Cash Book:		
	Government for credit order to complete standing balance		70
	Machinery and Plant, old machines sold.		11
	Sales, for realizations - Executive Engrs: 20th Range	25.	
	Mr. C. D.	20.	
	Executive Engineer 3rd Range.	18.	
	General Stores.	17.	80
	Sundries Dr. to Cash as per Cash Book.		190
85.	Manufactures for outlay on that account.		
11.	General charges - Pay of Establishment.		
25. 14.	Steam Engine.		
80.	Government for receipts paid into Treasury.		
18.	Manufactures Dr. to Sundries.		
	London Supplies for made up goods received		8.
	Raw Materials for value of materials used on manufacture		14
	Raw Materials Dr. to Sundries.		
	London Supplies for materials received		17
	Purchases, for country articles received.		
	General Stores	6.	
	Mr. A. B.	9	15
401.	Carried forward.		401

Journal.

Entries for April 1864. (continued.)

		Brought forward.		401.	
		Sundries Dr. to Manufactures.			
		Sales, for selling price of Goods sold.		191.	
	101.	General Stores.			
	42.	Mr. H. K.			
191.	48.	Executive Engineer 20th Range.			
1.		Profit and Loss, for Goods destroyed by fire.		1.	
26.		Manufactures Dr. to General Charges for extra percentage charged.		26.	
619.				619.	

Entries for May 1864.

210.		Cash Dr. to Sundries.			
		Government for credit orders to complete standing Advance.		99.	
		Sales for Realizations. General Stores.	46.		
		Mr. H. K.	42.		
		Executive Engineer 2nd Range.	23.	111.	
		Sundries Dr. to Cash.		209.	
72.		Manufactures.			
		Purchas for payments made.			
	25.	General Stores.			
36.	11.	Mr. A. B.			
20.		London Supplies, per Superintendent General Stores.			
68.		Government for receipts paid into Treasury.			
		Charges General.			
	5.	Establishment.			
13.	8.	Steam Engine.			
		Sundries Dr. to Materials for value expended.		31.	
18.		Manufactures.			
	3.	Sales. General Stores.			
12.	9.	Ex. Engineer 4th Range.			
		Sales Dr. to Manufactures for selling price of goods sold.		108.	
	38.	General Stores.			
	44.	Executive Engineer 20th Range.			
108.	26.	Captain X.			
20.		Manufactures Dr. to General charges for extra percentage charged.		20.	
577.		Total.		577.	

Entries for June.

398.		Cash Dr. to Sundries.			
		Government for credit order to complete imprest balance		98.	
		Sales for realizations. Executive Engineer 20th Range	50.		
		Mr. B. C.	45.		
		General Stores.	170.	265.	
		Machinery and Plant (tools sold).		35.	
		Sundries Dr. to Cash.		399.	
60.		Manufactures for outlay.			
10.		General charges.			
39.		Purchases.			
290.		Government for receipts paid into Treasury.			
65.		Raw Materials Dr. to Sundries.			
		London Supplies for materials received.		15.	
		Purchases. General Stores.	20.		
		Mr. A. B.	30.	50.	
		Sundries Dr. to Materials for value expended.		85.	
40.		Manufactures.			
		Sales.			
	30.	General Stores.			
45.	15.	Executive Engineer 20th Range.			
		Sales Dr. to Manufactures (for price of goods sold).		40.	
	30.	General Stores.			
40	10.	Executive Engineer, 20th Range.			
30.		Manufactures Dr. to General charges (for extra percentage.		30.	
1017.				1017.	

Closing Entries.

37. Profit and Loss Dr. to Sundries:
Block for deterioration @ per cent:
Machinery — for ditto —

Sundries Dr. to Profit and Loss.
28. Charges general.
2. Manufactures, net profit on goods sold.
8. Government Dr. to Profit and Loss / for loss during the year /
179. Capital Dr. to Government. for decrease of capital during year.
viz: Capital at beginning of year — 650.
ditto at end of year:

Block	252.		
Plant	35.		
Materials	22.		
Manufactures	201.		
Cash	1.	511	
less liabilities outstanding			
London supplies			
not yet paid for	20.		
Purchases do.	20	40.	471.
			179.

254. 254.

Supplies Dr. to Sundries for closing balances.
471. Capital.
20. London Supplies.
20. Purchases.

Block	252
Machinery	35
Raw Materials	22
Manufactures	201.
Cash	1.
	511

[Note. The entries in the nine columns should be carried into a Sub-Ledger / or Personal Ledger / containing a separate account with each person or department having transactions with the shops as "General Stores." "Mr. A. B." "Executive Engineer 20th Range", &c., &c.]

Railways

63 22

Workshop Accounts at the Presidency.—

This workshops is of recent creation and the expenditure having hitherto been only small the question how the accounts should be dealt with has not hitherto offered itself prominently for consideration, but its rapid development into full work is no doubt very desirable and as it may be expected that the establishment will eventually form an important feature in the arrangements of the Public Work Department of this Presidency it seems desirable that the accounts of the shops should be placed on a definitive footing at once. The following remarks are accordingly offered in this view.

There can be no doubt I think that the simplest plan will be to keep the accounts entirely outside of and separate from the ordinary accounts of the Department, and as I understand this view to be also held by the Secretary to Government and the Controller the following suggestions will be based on the assumption that this plan is to be adopted.

I will first notice the effect of this arrangement on the mode of accounting for Stores

I. All stores intended for the workshops and obtained from England or indents should be excluded from the Budget Estimate. In sending such indents home, it will be necessary to specify that they are additional to the indents included in the Budget Estimate, and are intended for a self supporting institution, and will be paid for in cash.—

The

The adjustment of the transaction will be in this wise: on the receipt of the invoice the Controller will credit the head "London Supplies" in his books and debit the head "Deposits"* Supposing now the Workshops to pay cash for the Stores "Cash" would be debited and "Deposits" credited and although the deposit account may be cleared without a cash payment that mode of adjustment will, I believe, be found the simplest and most convenient.

*This is a recognized head of account in the Public Works Department, and by referring the Workshop transactions to it the necessity for an additional head is averted

II As regards the Stores supplied to the workshops from the Public Works Stores. The simplest plan will be for the workshop to pay the Store Department in cash, by cheque on monthly bill presented; the Stores Department would credit "Stock Sales" and debit "Cash" for the payment, while "Stock Sales" would be debited and "Stock" credited for the amount of the supplies. On payment being made monthly, as above suggested, the Stock Sales account of the Store department would obviously be cleared.

Of course the Store Department would pay all such receipts into the Treasury in the usual manner.

It might at first sight appear that Stores issued to the Workshops do not relieve the budget grant of the expenditure already incurred for them, and this view may seem to be supported by the illustration given in the pattern form of budget estimate, where Rupees 5000 — for Stock required for general purposes — is shewn as a charge against the grant. But this entry is made, not with reference to the fact that the Stores have been obtained from England but on the assumption that the total Stock of the department will be increased to that extent, when undoubtedly the item would indirectly fall against the grant. But under no circumstances does Stock become a charge directly against the grant; the mode of supply, whether from England or by purchase in this country, does not affect the matter. The entry of English Stores in the Budget Estimate in the manner exhibited in the pattern form is prescribed by the Secretary of State, but in the annual accounts no expenditure will appear against such grant.

Perhaps the case may be rendered more clear by illustration.

Case 1. Suppose the grant to a province to be £1000 and that it is entirely devoted to obtaining Stores from England. There would be only one entry to that effect in the Estimate But with respect to the accounts, the form in which they would take would vary according as the Stores were issued to works or not during the year. Supposing the Stock thus supplied remained unused in Store, then since the Stock balance of the department would be increased to that extent the grant would be shewn as reduced to Zero, under art: 46. Chapter XV of Government of India Code, and art: 49. Section II Chapter XX of the Same.

Case 2. Suppose the whole of the £1000 worth of Store to have been received and expended on works during the year. Thus the Budget Estimate as before would consist of one item, English Stores, but the Accounts would shew the £1000 under the different work heads and there would be no entry under the head Stores.

Case 3. Suppose these Stores, value £1000 to have been received but not used during the year, but that other Stores of the same value have been issued to works. Then since the stock balance of the department has undergone no variation, the receipt of the former will not form any charge against the budget grant.

From the foregoing considerations it will be apparent that in no case is the relation between grant and expenditure affected by the receipt of Stores from England. It is only affected by the stock receipts of the department generally exceeding the issues without reference to the source from which such excess arises.

Consequently there is no question about double payment for Stores supplied to the workshops, no inconvenience will arise from the workshops paying for the Stores it receives from Government while if the workshops are to be established on the independent footing contemplated, the arrangement is absolutely necessary.

XI. The

The case of Tools and Plant supplied to the Workshops is different, because the expenditure on that head does fall directly against the budget grant. But the difficulty here should not be of any practical importance. Tools and Plant required for the workshops might in future be obtained direct for it instead of being carried through the Public Works Stores.

2. With respect to Tools and Plant already on hand, and paid for out of the Public Works grant, the receipt for any such sold to the Workshops might be credited to the head 'Tools and Plant' instead of to the head 'Revenue', and thus form a reduction of the budget expenditure. But such cases will, it may be presumed, be rare.

Supply of Funds.

The Workshops has received its buildings and plant free of charge, also its supplies of material from the Public Works Stores, but has been dependent on its own business for its supplies of cash, and has received no advances from Government. Commencing with nothing, it has now accumulated a cash balance of about Rs. 2000, which, assuming that there are no debts outstanding by the concern, is satisfactory, shewing that the rates charged are remunerative, and affording grounds for expectation that the concern when fully developed will prove financially successful. But it seems very desirable to introduce the system now in universal operation throughout all government departments both in England and India, as well as on the guaranteed railways, whereby all receipts are paid in periodically to credit of Government,

and

and funds supplied only by means of Treasury credits.

The difference between the payments made to, and the receipts paid in, by the Workshop would constitute a budget grant, or revenue, as the case may be.

Under the head Payment to the shop, should be included an annual charge for deterioration of Block and Plant; also any expenditure for new buildings, fittings &c., and repairs to the same, if executed by the P.W. Department. Considering the present limited extent of the concern, and the great value it is likely to be to the Department, it will probably not be desirable to complicate the accounts by making any charge for interest, at any rate for the present.

Accounts Kept by the Workshops.

The form of each book is suitable. The detailed registers now kept are excellent, and quite sufficient for the purpose. The mode of bringing out the cost of each job done is that in general use both in private and public establishments.

The complicated deductions now made for value of materials received from Government stores will no longer be necessary under the explanation given above. Further the account would be much simplified if, instead of distributing the cost of establishment and other general charges ratably over each work — a very laborious operation, a fixed percentage (that is, fixed for certain definite periods, but liable to alteration if necessary from time to time) were added to the labour charges and to the value of materials issued. These extra charges

charges would be debited to work & credited to an head of account termed "Charges General." This account would be debited with the actual charges of that kind incurred, and the difference between the debits and credits would be carried at the end of the year to Profit and Loss; but experience will soon indicate a rate of percentage that will afford a close approximation to the actual charges.

I assume, as a matter of course, that the charges made to customers will be based on estimates, and not on the actual cost incurred by the Workshop in executing the order. The Profit and Loss account will thus consist of two main items, 1st. the difference between the cost of executing the work and the prices charged to customers. 2nd. the difference between the percentages charged to work for charges general, and the actual cost of such charges.

The detailed registers now kept are, as I have noticed, very good as far as they go; what is now required to complete the Workshop accounts is a brief but systematic journal and ledger, for bringing into one view the whole operations.

The name of the records now called the Journal should be altered to Register

The Ledger should contain the following heads:—

I. Capital — Dr. for opening balances of cash, Block, Plants, Machinery, Materials, Manufactured goods, and Sales.

II. Block Dr. for value of buildings and all subsequent additions. Cr. for annual deterioration.

III. Plant and Machinery. Similar to Block.

Materials

IV. Materials. Dr. for value of materials received, Cr. for value of materials issued. [But materials received direct for use on works need not be carried through this account.]

V. *Goods (or Manufacture of Goods) Dr. for cost of labour and materials in manufacturing goods, Cr. for values of the same charged to customers. [* or, Works in progress.]

[Note. When the operations of the shops become more extended, it will be found desirable to separate the above account into two, viz:- Manufacture of Goods* and Manufactured Goods, the first being charged with the cost of making up articles and cleared by debit to the second for the prices of the articles, the latter again being cleared by Sales. This arrangement will be necessary whenever the accumulation of manufactured articles on hand becomes considerable. [* or Works in Progress]

Further there should be subsidiary accounts at once established, rolling up to the main head, of each separate branch of the shops, as Instrument Department, Fitting Department, Foundry, &c.

Or there being only two main branches at present, it would perhaps be preferable to constitute these main heads of the Ledger at once, in place of the foregoing proposed head. &c; we shall have -

V. Mechanical Department.
VI. Instrument Department.
VII. *Sales - Dr. for value of goods sold Cr. for Cash received for the same. [* Or, would Bills Receivable be better?]

This head should be supported by a subsidiary ledger, containing an account with each customer, which should balance monthly with this main head.

VIII. Purchases. Cr. for values of goods purchased or obtained from Government Stores; Dr. for Cash paid for same.

IX. London Supplies. Cr. for values received, Dr. for payments for same.

X. Charges general. Cr. for extra per centages charged for labour and materials. Dr. for establishment and general charges. This account is closed at end of year by Profit and Loss.

XI. Cash. Dr. for all cash received, Cr. for all cash paid.

XII. Profit and Loss. This account brings into one view the loss or gain on Manufactures* and charges general. It is also charged with the annual deterioration of Block Board, Plant and Machinery. This account is cleared [* i.e. Steam Engine and general machinery.] through the account Government

XIII. Government. Dr. for cash paid into Treasury, Cr. for amount of credit orders supplied. This account is also Dr. or Cr. as the case may be, for the balance on the profit and loss account, and the balance resulting represents the revenue derived from the Workshop or the Bridge [* for the two accounts, Fitting and Instrument Departments.]

grand

grant necessary according as the concern has been remunerative or the reverse.

XII. Balance.

Abosh Abstract Book Rec[illegible] necessary. All the receipts and payments of the month should be classified by this means monthly according to Form S of the Madras Manual, to admit of the results being journalized. This should be kept in a Book Post as per succeeding record, available for inspection.

The present material accounts and the abstract account of work done, as at present kept, readily admit of being journalized.

Thus the whole transactions of the Workshops would be journalized monthly, and then posted into the ledger under the heads indicated above, and on monthly trial ledger balance struck. The ledger should be balanced yearly. Specimen journal entries are attached.

Subordinate to the head Materials in the Ledger there will be required a detail Ledger subdivided under the main heads. The following classification would probably be found convenient

Iron, Steel, &c.
Brass, Copper, &c.
Paints, Varnishes, &c.
Charcoal, Fuel, &c.
Timber, Planks, &c.

Accounts to be rendered to Controller's Office.

The only account necessary is a simple monthly cash account as per Form F of the printed

printed forms circulated.

The Controller would keep an account of the Work Shop according to Form F. of the printed papers, except that no charge need be made for interest, and that if Workshop supplies are paid for by cash, as is proposed, that account would be closed through Deposits instead of through Government.

The Controller or his Deputy would make a half yearly appropriation audit of the accounts and satisfy himself that the accounts were properly kept and up to date, and that the charges were duly supported by vouchers; and on the second half yearly inspection when the books were closed and balanced, he would declare what had been the revenue derived from the concern, or the charge on the grant of the year arising out of it.

Salary of the General Superintendent.

This Officer superintends both the Workshop and the general Store department, but his salary is charged wholly to the latter. The duties connected with the former, however, it may be presumed at least engage as much of his time as the case of the Stores, while their relative importance will eventually increase. It is therefore suggested that for the present the Superintendent's

salary

salary be divided equally over the two departments, whereby the charge to the P.W. budget & grant on this account will be diminished ~~one half~~

All the arrangements herein suggested might take effect from commencement of year 1867-68.

(Signed) G. Cheney

Accountant Genl & Ex Officio

5 December 1867

(True Copy)

Wm. Lucas Saxton R.E.

Controller P.W. Accounts

Concurred

J.G.

Enclosure in a letter from the Cashier of P.W. Accounts to the Secy. to Govt. P.W. dated 19th Decr. 1866 No. 3046.

P.W.S. 17/1866

Work Shop accounts at the Presidency.-

Accounts of the P.W. Stores

These Stores are under the care of the General Superintendent who has also the control of the Workshops but the accounts of the two concerns are very properly kept quite separate.

I think the accounts are susceptible of reduction.

Cash books. Two are kept up. One in respect of the moneys obtained for the business of the establishment on credit orders, the other for the moneys received for sales of goods, which are paid in on Receipt to the treasury. The first has only one cash column on each side so that all payments by means of cheques have to be brought on to the debit side as receipts from the bank and charged on the other as payments. This a double entry and appearance of a double transaction is required where only one entry is necessary, and where in fact there has been only one transaction. It will be desirable that a double-columned cash book should be substituted, one column for treasury transactions the other for cash in chest. By the use of this the number of entries will be reduced one half. Further it appears very desirable that the whole of the cash transactions should be shewn in one cash book only, and that the second book should be abolished.

Record of Stores. These are divided into Tools and Plant and Stores the accounts of which are kept separate though on the same plan.

The store-book styled a Journal shews the number, rate and value of every article issued. A similar receipt-book also termed a Journal details the receipts. These books are written up daily, and the entries carried to a

Store

store Ledger, which contains a separate head for each description of goods.

With respect to Stores, abstracts of receipts and issues under the classified headings are rendered to the Controller, but as the detailed ledgers are not grouped under those classified headings they do not readily give the required results, which have to be elaborated on detached slips of paper every month. (Here the necessity for the detailed books with the abstracts rendered is not apparent from the nature of the record but in order to prove them a separate balance has to be worked up whenever it may happen to be required. I should notice however that this had been done on 31st April last and that the balance sheet proved quite accurate.

Now first as regards Tools and Plant. These are not borne on the accounts of the department at a money value, and therefore all this ledger posting appears superfluous. It is no doubt desirable for statistical purposes that the value of the Plant on hand may be recorded, but this may be done equally well by a much simpler arrangement. It has to be observed that the prices charged are not necessarily what the articles cost, or even what they are worth, but are arbitrarily fixed, and therefore it is the less necessary to record those prices throughout each stage of the proceedings.

I recommend the following arrangement. The so-called journals to be kept up as at present but to be termed Issue-book and Receipt-book, and to contain no record of rates and prices. These books to be abstracted at end of each month at first, so as to bring the total issues and receipts of each description of goods together.

These abstracts to be then carried monthly into a Register of Tools and Plant of form accompanying, one sheet for each sub-head, which should be priced yearly or half yearly. There would be no difficulty in pricing the articles. Those brought forward from former returns would of course bear their former price. New articles would be brought in at their invoice price. Articles returned might be priced at full, half, or quarter value, according to their state.

Stock. As regards other stores, the present forms are suitable and might remain unaltered. They are somewhat more detailed than is usual or perhaps necessary, a separate ledger account being kept of each article, but considering that the special duty of the establishment is the custody and accounting for stores, the detail is not excessive. But some additions are needed to make the accounts complete. They now just stop short of the required point.

I In order that the exact liabilities of the stores department may be regularly recorded, as well as its assets, a Ledger is much required. The Stock transactions are already abstracted precisely in the form required for ledgering, all that is needed is that the Cash receipts and expenditure should be abstracted monthly, and thence passed through a Journal and posted into the Ledger.

For the Cash abstract Book, Government of India Form No. 21 will be found very suitable.

The Journal entries would be 4 per month, viz

Cash Dr to Sundries
Sundries Dr to Cash
Stock Dr to Sundries
Sundries Dr to Stock

The totals of these should correspond with the total Ledger Dr and Cr postings of the month as carried into

into the monthly trial balance sheet; and will prove their correctness.

The Ledger should contain the following heads.

Cash
Government
Stores
Store Purchases
Store sales
Transfers
Miscellaneous Advances
Deposits
Profit and Loss.

A Stock (or Stock) Ledger is necessary, kept by the recognized sub-heads, and working up monthly to the main Ledger Head Stock. Forms No: 31 is recommended as simple and suitable. The balances of the detailed sub-Ledgers (which contain a separate account of each item) should be agreed half yearly with the sub-head balances of the stock Ledger, in the manner at present done, with this difference that it will be more methodical and satisfactory, if these balances are entered in the body of the stock Ledger, instead of being kept on separate sheets of paper.

In part I of Govt of India Forms

The reductions in the registers of Tools and Plant recommended will more than suffice to admit of the additional records here proposed being kept up, but I believe that the latter will of themselves reduce work and save trouble without reference to other arrangements.

The mode of rating now in force is I think carried to a greater refinement than is necessary or desirable. Rates are struck to pice, and as this is necessarily in many cases only an approximation, it follows that if articles are issued at the assumed rate, the rate of the residue at the end of the half year will not be

be precisely the same as the original rate; and in order to make it do a charge to profit and loss is raised in many exceedingly minute.

Thus in one case I noticed that an item opened with a balance of 504 articles value 76-8-7 which gave a rate of nearly a—3-1 each, accordingly the issues, 30 in number, were charged off at that rate, giving a value of 5-12-6, the resulting balance at the end of the year was therefore 474 articles value 70-8-1. But 474 things at a—3-1 each come to 71-5-6 and therefore in order to make the account shew this rate exactly a charge was made to profit and loss of a—2-5. The same operation appears to have been carried out with respect to every item of which the resulting balance would not exactly cover the rate. But this laborious adjustment would be entirely avoided by simply continuing the rate until the error exceeded a pice and then varying the rate instead of altering the values. And it is I think quite a needless refinement to strike rates to pice at all, it would be quite sufficient to take the rate to the nearest anna, by which means considerable trouble in computation would be avoided.

(Signed) G Chesney
Accountant Genl's Office

1st December 1866

(True Copy)
Captain R E
Controller of Accounts.

Compd. [illegible]

83- 15

Recd

Office of the Controller of P.W. Accounts
Madras 19th December 1866
No. 3046.

From
Captain J. F. Fischer R.E.
Controller of P.W. Accounts

To
The Secretary to Government
P.W.D.

Sir

Enclosures 5
1. Report of the Acc.t Genl (P.W.D)
2. Form of Register
3. Journal & Ledger

In continuation of my letter of the 22nd November 1866 No. 2765, I have the honor to forward herewith two Reports of Major Chesney, the Accountant General P.W. Department, on the P.W. Store Department and the Presidency Workshops with form of a Register of Tools and Plant to the Repts in the former Department and forms of Journal and Ledger for the Workshops --

2. The recommendations of the Accountant General have been fully gone into by me and I see no objection to their being carried out if approved by Government. I do not concur in the recommendation, that 50 per cent of the Salary of the General Superintendent should be charged to the Workshops, whether this exists, or not, as an independent factory or a Range, the Public Works Department must provide for the Salary of this Officer, and it only causes additional entries to

be

regard

Enclosure in a letter from the Controller of P.W. Accts to the Secy to Govt P.W.D. dated 19th December 1866. No. 3046.

Report on Stores

Form of Register of Tools and Plant

Accounts of the Public Works Dept.

be made in accounts, to split up his salary-
a good deal of the work done in the Work-
shops is for the Government, especially in the
Survey and Astronomical Departments, and
these might be made to bear a proportion
of the charge, if considered necessary, but I
cannot see any great good would be obtained
by splitting up one item, the cost for which
the Government have once provided, unless all
Departments of the State pay in cash, like
private individuals, for all work executed for
them by the Workshops.

I have the honor to be
Sir
Your Most Obedient Servt
Henry Leather Captain R.E
Controller of P.W. Accounts

To
The Secretary to Government N.W.P.

Copd. J.B.

regard

Accounts
Public Works Department
242 of 1866

Proceedings of the Madras Government
Under date the 25th January 1867
Read the following.

From the Controller of P.W.
Accounts—

Do. Do. (H. L. No: 2765 of 22nd Nov.66)
Do. Do. (H. L. No: 2764 of 22nd Nov.66)
Do. Do. (H. L. No: 3046 of 19th Dec.66)

The papers above recorded contain certain observations of the Accountant General Public Works Department upon the accounts of the Public Works Store Department and Workshop with forms of accounts for them.

To be submitted to Government for Sanction
No. 5196

From
The Controller of P.W.
Accounts

To The Secy. to Govt. P.W.D.
Fort St. George

Dated 19th
Rec'd. 20 } December 1866.

No. 3046.
Encls 5

Submits two
Reports of the Accountant General, P.W. Depts., on the Presidency Store Department and Workshop with forms of Accounts for them.—

No. 242-24th January 1867

No. 494

Rec'd. 25th January 1867 - Q. 18th

regard to the accounts of the store Department are, in the main, approved of, and the Stores Ledger and other forms of account named by him will in future be kept up. The nomenclature of the Journals will be altered, as suggested by Major Cheney, into Issue-book and Receipt-Book; but the Government question the advisibility of dispensing with the record of money value which those books now contain, and in this respect no change will for the present be

be made.

3. The observations made by Major Cheney in his memorandum dated the 5th Ultimo, upon the account of the Chepauk Workshops, are in accordance with the views of Government, and his suggestions will accordingly be adopted.

The workshops will be considered to be a self supporting institution, and the accounts will be kept entirely distinct and separate from the ordinary accounts of the Public Works Department.

4. The supply of funds

4. The supply of funds to the workshops, and the mode of dealing with all cash received, will be as suggested by Major Cheeney. A cash abstract book will be kept, as also a workshop Ledger, containing the requisite headings.

5. No charge for interest upon capital will at present be made; and the Govt: agree with the Controller that it is not desirable to complicate the accounts by charging to the workshops any portion of the General Superintendents Salary, which, as well as that of the Mathematical Instrument Maker, will, until the operations of the workshops become somewhat extended, be provided by the Public Work Department.

6. The remarks made by the Accountant-General upon the accounts of the Dowlaishweram workshops appear to be judicious. The interest upon capital will be dealt with

with as suggested by him; and the supply of funds, and disposal of money received by the workshops, will be the same as has already been directed in the case of the Chepauk establishment.

7. The alterations in the several systems of account detailed in the foregoing paragraphs will take effect from the commencement of the official year 1867/68, and the Controller will

will in the meantime be so good as to give any assistance that may be needed in the preparation of the necessary books &c.

An appropriation audit of the accounts of the Chepauk and Dowlaishweram establishments will be made by the Controller or his Deputy once in every half year.

8. His Excellency the Governor in Council cannot refrain from expressing his surprise to observe that the Controller considers himself at liberty to dispute the validity of

of orders that have been issued to him by the Government, and that he has thought fit to refer their orders to the Accountant General of the Public Works Dept: at Calcutta in terms which imply that he believes himself justified in giving effect to those orders or not as they may or may not prove to coincide with the views of the Accountant General.

9 The Controller is directly subordinate to the Government and and is not in a position to question their authority. If he had reason to doubt the correctness of any order or had any observations to make on it, his proper course was to have submitted the matter for the consideration of Govt: and for reference through them, if necessary, to the Accountant General.

9. The Controller will follow this course in future.

To
The Supg Engr: 1st Divn ✓
" Officer in charge of the P.W. Store Dept ✓
" Asst Supt of the P.W. Stores & workshops ✓
" Controller of P.W. Accts ✓
" Accts: General ✓

Dept: 25th Jany 1867

11-6-13 ✓

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Pub: Works 1867 Department.

Pro: of Govt for January

(5)

No 242

Pro: of the Madras Govt

Dt 24 January 1867

No 492 & 495

January 1867. Dn. 18th