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MADRAS RECORD OFFICE.

Government of Madras.

Public works DEPARTMENT.

G.O. No.	2091	Press
24-25.		Mis.
Dated	3-9-	1892.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
3rd September 1872.*

No. 24. Read the following Proceedings of the Government of India, Public Works Department (Account—Railway), dated Simla, 10th August 1872, Nos. 1,020-26 A. R. :—

Government Accounts of Guaranteed Railway transactions.

READ again—

Public Works Department Resolution	Nos. 173—8 A—R,	dated 11th March	1871.
Financial	"	"	No. 898, " 2nd February 1872.
Public Works	"	"	Nos. 242—8 A—R, " 26th " "
"	"	"	" 320—5 A—R, " 11th March "
"	"	"	" 460—5 A—R, " 2nd April "
"	"	"	" 408—13A—R, " 23rd March "
"	"	"	" 738—43A—R, " 3rd June "
"	"	"	" 814—19A—R, " 21st " "
"	"	"	" 830—35A—R, " 26th " "
"	"	"	" 849—53A—R, " 1st July "

RESOLUTION.—It having after consideration in the Financial and Public Works Departments been decided in supersession of previous arrangements that the accounts of all the Indian Guaranteed Railways shall be concentrated and kept in the office of the Comptroller-General of Accounts, and that all adjustments shall be made by that officer upon advices from the Accountant-General, Public Works Department, the Governor-General in Council is pleased to direct, in view to the decision on these points being acted up to, that the Government Examiner's books of Guaranteed Railway transactions for the period commencing 1st January 1872 shall be kept in strict accordance with the rules laid down in the accompanying memorandum, and that the returns therein prescribed shall be regularly and punctually furnished to the civil account officers concerned and the Accountant-General in this department.

ORDER.—Ordered that this Resolution (and enclosure) be communicated to the Local Governments and Officers named in the margin for information and guidance.

Government of Madras.
" of Bombay.
Consulting Engineer, Calcutta.
" " Lahore.
" " Lucknow.
Accountant-General, Public Works Department.

Ordered also that a copy be forwarded to the Financial Department for information.

(Signed) P. P. O'CONNELL, Lieut.-Colonel, R.E.,
Offg. Deputy Secy. to the Govt. of India.

No. 25. ORDER THEREON, 3rd September 1872, No. 2,091.

RAILWAY, No. 6.

COMMUNICATED to the Consulting Engineer and to the Examiner of Railway Accounts for information and guidance.

(True Extract.)

Colonel, R.E.,
Secretary to Government.

To the Consulting Engineer for Railways.
" Examiner of Railway Accounts.
Exd. E. C. Shunker.

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SECTION I.

ACCOUNTS TO BE KEPT IN THE OFFICES OF EXAMINERS OF RAILWAY ACCOUNTS.

The Ledger.

1. The transactions relating to Guaranteed Railways will, in future, appear in the Government accounts under the following heads:

- I.—Capital Account.
- II.—Capital Advance Account.
- III.—Stores Suspense Account.
- IV.—Construction Account.
- V.—Revenue Account.
- VI.—Revenue Advance Account.
- VII.—Guaranteed Interest Account.
- VIII.—Treasury.
- IX.—Special Funds.
- X.—Interest Account.
- XI.—Foreign Railways.
- XII.—Account Current London.
- XIII.—Government.
- XIV.—Balance.

XIV.—Balance.

2. A new set of books will be opened for *each* Guaranteed Railway for the record of the transactions relating to the period commencing 1st January 1872, and will be started with the balances on 31st December 1871, as follows:

- | | | |
|--|-----|-----|
| <i>I.—Treasury Dr. to Capital Account—</i> | | |
| For Capital bearing interest—in England | ... | ... |
| " " bearing " interest—in India | ... | ... |
| " " bearing " interest—in England | ... | ... |
| " " bearing " interest—in India | ... | ... |
| <i>II.—Construction Account Dr. to Treasury—</i> | | |
| For total audited outlay to 31st December 1871 | ... | ... |
| <i>III.—Stores Suspense Account Dr. to Treasury—</i> | | |
| For value of stores in hand on 31st December 1871 | ... | ... |
| <i>IV.—Capital Advance Account Dr. to Treasury—</i> | | |
| For balance of the account, viz., Unaudited Expenditure | ... | ... |
| Suspense Accounts | ... | ... |
| Miscellaneous Advances | ... | ... |
| Cash | ... | ... |
| <i>V.—Revenue Advance Account Dr. to Treasury—</i> | | |
| For balance of this account, viz., Unaudited Expenditure | ... | ... |
| Cash n hand... | ... | ... |
| <i>VI.—Government Dr. to Revenue Account—</i> | | |
| For opening balance | ... | ... |
| <i>VII.—Guaranteed Interest Account Dr. to Treasury—</i> | | |
| For total payments on account of guaranteed interest | ... | ... |
| " " surplus profits | ... | ... |
| <i>VIII.—Treasury Dr. to Special Funds—</i> | | |
| For assets in hands of Government | ... | ... |

3. The object and character of the several Ledger heads prescribed will be understood from the following particulars:

I.—Capital Account.

4. To this Account will be credited the capital of all descriptions raised by the Railway Company, and paid either into the Home Treasury or to the Government in India. The account will be kept in columns for each description of capital, and there will also be a column for capital *not bearing interest*.

5. The net premiums received on stocks or debentures sold above par will be credited to this Account in the column headed "Not Bearing Interest."

6. Cash payments upon the extinction of debt will be debited to this Account, which will also be affected by cross entries arising out of changes in the description of the capital of the Company, by conversion of debentures either into share capital or debenture stock, the "Debenture" column being made debtor to the "Share Capital" or "Debenture Stock" column, as the case may be, for the amount of the debentures converted.

7. Cross entries upon this Account will also be necessary whenever stock or debentures are issued *at a discount*. The column headed "Not Bearing Interest" will, in such cases, be debited with the discount, and an equal amount will be credited to the column provided for the description of capital sold, in order that the total of the latter column, to which the cash received will have been credited, may agree with the amount on which interest is payable.

8. Any payments to brokers, by way of commission on sales of stock or debentures, will also be debited to this Account, under the column "Not Bearing Interest," so that all transactions relating to subscribed capital may appear under this Account.

II.—Capital Advance Account.

9. All issues to the Company out of Capital, in India, will be debited, in the first instance, to this account, and likewise all expenditure incurred in England by the Company on account of stores and other items brought into their Indian books. This account will in like manner be credited with all cash receipts in England and India, except those carried directly to "Capital" or "Revenue," as explained under those respective heads of account. The other debits and credits will consist of transfers to either "Stores Suspense Account," "Construction Account," or "Revenue Account," as explained under those respective heads of Account. The balance will be carried on from half year to half year.

III.—Stores Suspense Account.

10. No cash receipts or payments will be carried direct to this Account.

11. The debits will be raised by transfers from "Capital Advance Account" in respect of all payments both in England and India, on account of "Stores."

12. The payments made in England on account of stores will, in the Examiner's books, be treated, in the first instance, as debits to the Capital Advance Account and credits to the Treasury Account; but on receipt of the stores in India the former head will be relieved and the Stores Suspense Account debited.

13. The credits will consist of transfers from "Capital Advance Account" in respect of cash receipts, such as recoveries from underwriters of value of stores debited to this Account, but lost *en route*; and of transfers to "Construction" and "Revenue" Account, for the value of the stores issued on each of those respective accounts month by month. The balance will be carried forward to the succeeding half year.

IV.—Construction Account.

14. The debits upon this Account will be raised by transfers from the "Capital Advance Account" and the "Stores Suspense Account," for the amount of expenditure allowed and the value of stores issued each month.

15. The credits will consist of transfers from the "Capital Advance Account" of cash receipts applicable to this Account.

16. No receipts or payments will be carried direct to this Account.

17. The balance to the debit of this Account will continue to be carried forward from half year to half year until the undertaking is completed.

V.—Revenue Account.

18. This Account will be credited with the gross traffic earnings paid into the Government Treasuries, and with other final receipts which may properly be taken in aid of revenue; among these latter will be the interest allowed to the Company on the revenue balances in the Government Treasuries in India.

19. The debits will consist of transfers from the "Revenue Advance Account" for the cash outlay on account of working expenses allowed for each month of the half year, and from "Stores Suspense Account" for the value of stores issued for the same period.

20. It will also be debited by transfer from "Capital Advance Account" with any payments in England, charged, in the first instance, to that Account, which are found to relate to "Revenue," and are not payments for stores.

21. This Account will further be debited with the declared profit, or net revenue, of the month, when the same has been audited and allowed by the proper authority, a corresponding credit being given upon the "Account Current, London."

22. The balance of this Account will be carried forward from half year to half year.

VI.—Revenue Advance Account.

23. This account, like the "Capital Advance Account," is simply an intermediate account. It will be debited, in the first instance, with all issues on "Revenue" account, and will be credited, by transfers to "Revenue Account," with the amount of the cash outlay on account of working expenses for each month duly admitted by the Consulting Engineer. It will also be debited with any payments that may be made from revenue funds for construction purposes and credited with the repayments from capital. Such transactions, however, should be of rare occurrence.

24. The balance will be carried on from half year to half year.

VII.—Guaranteed Interest Account.

25. This Account will be debited with all payments on account of guaranteed interest, and will further be debited with the payment, if any, to the Company of *surplus* net revenue for the half year. The balance will be carried forward from half year to half year.

VIII.—Treasury Account.

26. The English and Indian transactions should be shown in distinct and separate columns on each side of the Ledger. The balance of this Account will *not* be brought forward from half year to half year.

IX.—Special Funds.

27. This Account will be credited with the contributions from revenue and debited with all payments properly chargeable thereto and allowed by Government.

28. It will also receive credit for interest allowed on the assets of the funds. The balance will be carried forward from half year to half year.

X.—Interest Account.

29. This Account will be debited with the interest allowed on the assets of special funds. The balance will be carried forward from half year to half year.

XI.—Foreign Railways.

30. A separate Account will be opened for each railway with which there are transactions on account of through traffic. These accounts call for no explanation. No balance will be carried forward from half year to half year, as the balances of these Accounts for all the Indian Railways taken together should counteract each other.

XII.—Account Current, London.

31. To the credit of this Account will be carried, month by month, the declared net revenue of the railway as shewn in the monthly Revenue Accounts. But so long as the present system of declaring net profits remains in force, care must be taken that the amounts credited to this Account for the six months of each half year, work up to the declared net profits of the same period, as shewn in the Net Profit Statement attached to the half-yearly accounts. The balance of this Account will not be brought forward from half year to half year.

XIII.—Government.

32. This is merely a closing Account, the use of which is explained below.

XIV.—Balance.

33. This Account calls for no remark.

34. *Closing of Accounts.*—The Ledger should be closed half yearly to 30th June and 31st December. All the foregoing accounts will close by or to "Balance" except "Treasury" and "Account Current, London," and the special account heads with foreign railways, which will be closed by or to Government.

Care must be taken that all the items relating to the transactions of any month are recorded in the accounts and books of that particular month, and it must be distinctly understood that the books for each half year are to be kept open until the transactions of that half year have been adjusted therein, and the Government accounts fully reconciled with the Railway accounts as recorded in the Railway Company's Indian books.

35. For the purpose of properly recording the transactions described above, the following registers and accounts will be kept up in the Examiner's Office in respect of each railway under his supervision:

I.—Statement of Interest on Revenue Balances [Form No. III.] This will be posted half yearly on a statement rendered by the Railway Company and checked by the Examiner.

II.—Register of Guaranteed Interest payable on the paid-up capital of the Company and of interest paid in India. [Form No. IV.] The entries on the left of this register will be obtained half yearly from the Accountant General, Public Works Department, and those on the right from the provincial Accountant General, the amounts being compared with the corresponding entries in the books of the Railway Company.

III.—Journal. [Form No. V.] After the detailed explanation given above regarding the precise entries that are to appear in each account, no further explanation is requisite as to the particulars that must be recorded in the journal.

IV.—A Ledger as explained above [Form VI.]

V.—A Register of sums disallowed from the Capital and from the Revenue Account. [Form No. VII.]

SECTION II.**ACCOUNTS TO BE RENDERED BY EXAMINERS.**

I.—Returns to be furnished to Provincial Accountant General.

1. In order to ensure complete accordance between the Examiner's books, and consequently those of the Railway Company, and the corresponding

accounts of the provincial Accountant General, a monthly account will be exchanged between the latter and the Examiner [Form No. XVI.] This account should be exchanged by the 10th of the ensuing month at latest, and any discrepancies found to exist should be at once enquired into and adjusted.

2. The Examiner will also make the following returns to the provincial Accountant General:

Requisition for cash advances [Form No. I.]

Return of cheques drawn by Railway Company [Form No. II.]

II.—Returns and Accounts to be submitted to the Accountant General, Public Works Department.

3. Examiners of Railway Accounts should furnish the Accountant General, Public Works Department, monthly with the following accounts and returns for each Guaranteed Railway with which they are connected:

(1.) The monthly Revenue Account of each Railway [Form No. VIII.]

(2.) A Statement of the Balances and Suspense Accounts under Revenue.

(3.) The monthly Capital Account with the Government of India [Form No. IX.], or—

The monthly Account of Capital Receipts and Charges [Form No. X.]

(4.) The Examiner's Audit Statement [Form No. XI.]

(5.) Statement of transfer adjustments in the accounts of each Railway [Form XIIA and C.]

No special vouchers are needed in support of entries in Form XIIA so long as those entries relate to normal and current transactions; but if any abnormal or arrear items be included therein, a detailed voucher should be attached, showing the current entries in a lump sum and full and detailed information of the special items.

(6.) Statement of adjustments with Foreign Lines [Form XIIB.]

The certificates in support of transfer entries in Form XIIB are required to be given by the Auditors of the Railways concerned, and should show the gross amounts to be debited or credited to each railway, as well as the period to which such transfers relate. These certificates should be signed by the Auditors of both Companies concerned and countersigned by the Examiners connected with each.

(7.) Statement of receipts in, and payments from, Government Treasuries, on account of each railway [Form XIID.]

This Return should be accompanied by a supplementary Statement exhibiting clearly the several payments made, and the dates on which the different sums were lodged in the Treasury, and also containing full particulars of the amounts paid into Treasury under the heads "Capital Bearing Interest," "Capital not Bearing Interest," "Refunds," &c. This return should be sent forward as soon as the cash transactions for the month have been fully adjusted with the Local Civil Account Office.

(8.) Statement of adjustments arising out of the purchase of stores in England [Form XIIE.]

(9.) A copy of the Journal for the month working up to the entries furnished in Forms A, B, C, D, and E.

(10.) A memorandum of writes-back in correction of erroneous entries previously reported in the Statements A, B, C, D, and E [Form XIII.]

(11.) Monthly Appropriation Return shewing the state of the grants [Form No. XIV.]

4. The accounts and returns named above should be sent forward, as early as possible, after the close of the month to which they relate. Form D. as a rule should be despatched by the 10th of the following month.

5. Examiners should also furnish the Accountant General, Public Works Department, *annually* with the under-mentioned accounts and statements:

- (a.) An Annual Account [Form No. XV.] shewing the transactions between Government and the Railway Company for the *financial* year, as compared with the estimates for the same period. This account should be submitted by the 20th of June, and should be accompanied by a report explanatory of any differences between the estimated and actual transactions of the year.
 - (b.) A Statement shewing the following particulars relating to each railway to be submitted by the 20th June:
 - (i.)—Length of line open to traffic on the 31st March.
 - (ii.)—Mean length of line open during the official year.
 - (iii.)—Length of line under construction on the 31st March.
 - (iv.)—Total capital expenditure on open line up to the end of the official year (including approximate cost of general charges attributable thereto).
 - (v.)—Total capital outlay up to same date.
 - N. B.—The total outlay from capital funds for stores in stock should also be noted.
 - (vi.)—Gross traffic receipts for the official year, as per audited half-yearly and monthly Revenue Accounts.
 - (vii.)—Working expenses for the official year. This will also have to be arrived at from the monthly and half-yearly Revenue Accounts.
 - (viii.)—Net declared Profit or Loss in working during the official year.
6. The Statement of Interest on Revenue Balances, mentioned in paragraph 35, Section I., should also be forwarded to the Accountant General, Public Works Department, as soon as possible after the close of the half year.

SECTION III.

Adjustment of through traffic accounts between different Railways.

That a uniform and definite procedure may be adopted in regard to the adjustment, by transfer entries, of the through traffic accounts between different railways, the following instructions on the subject should be carefully attended to in future.

2. In order to make the procedure clearly intelligible, and to avoid unnecessary repetition, the Railway Company to which money is due on account of foreign traffic is designated in the following paragraphs as the (Cr.), and the Railway Company by which the amount is due as the (Dr.) Railway.

3. The procedure to be adopted in any case may be thus described:

The (Cr.) Railway should send a bill for the amount claimed to the Auditor of the (Dr.) Railway, *together with a certificate in Form XVII.*, signed by the Auditor of the (Cr.) Railway Company and the Examiner of Railway Accounts connected therewith.

4. After the bill is accepted, the certificate, duly countersigned by the Auditor of the (Dr.) Railway Company and the Examiner of Railway Accounts connected therewith, should be returned to the Auditor of the (Cr.) Railway Company from whom it was received.

5. Upon the transaction referred to in the certificate being recorded in the books of the Companies concerned, it should be reported to the Accountant General, Public Works Department, in the prescribed form B. by the Examiners connected with both railways, the entry in the statement from the (Cr.) Railway being supported by the certificate above referred to. No voucher, in support of the corresponding entry in Statement B. for the (Dr.) Railway, would, of course, be expected; in other words, vouchers in support of entries in statement of through traffic adjustments (Form B.) will only be required for *debits* to foreign lines.

6. One other point calls for particular attention. As soon as the transaction referred to in the certificate is adjusted between the railways concerned, the Examiner connected with the (Cr.) Railway should prepare a receipt in Form XVIII. and forward it to the Accountant General, Public Works Department, for countersignature. The date of transfer entered on this receipt *should be the same as that in the certificate*. This receipt will be returned to the Examiner submitting it by the Accountant General, Public Works Department, after being further certified to by the Comptroller General of Accounts.

7. These receipts being intended as acknowledgements for sums received by Government in favour of any railway from a foreign line, it must be borne in mind that these documents can only be granted by Government to those Companies whose revenue accounts are *credited* in the Government books. In the assumed case noted above the receipt would be granted to the (Cr.) Railway.

P. W. 4106/72:

S. September 72
N. 2094

Dr. 1872 Department No 47

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.

ACCOUNT.
Railway.

To

Nos. 1020—26 A.—R.

Dated Simla, 10th August 1872.

Received 24 — — —

Em: 2.

Sept 9/72
10/3

No 2091

(I am authorized to the
construing Engineer &
to the Engineer of Rail
may account to for indus-
tration & paid me ce. —

To the Engineer of Railways
at the Government of India
at Simla
10th August 1872

No 2091-3^d Sept 12/72

Government Accounts of Guaranteed Railway
Transactions.

With Order

C/4106

Govt. of 1872 Madras.

PUBLIC WORKS. ✓

To
The Consulting Engineer
for Railways

Date:

Recd.

Part. 2

G. O. 3 September 1872. No. 2091

Nov. 24 & 25

Accounts. Per. of the Govt.
Indian Government Accounts
relative to the Accounts of
Government Railways
Accounts, Com. to
the Govt. of the Indian
Accounts.