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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.	890	(2)	Press
~~B.P. No.~~			~~Mis.~~
Dated	4-4-	1876	

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
4th April 1876.*

No. 68. Read the following despatch from the Most Honorable the Secretary of State for India :—

Public Works.
No. 3.

INDIA OFFICE, LONDON,
24th February 1876.

MY LORD DUKE,—Your Excellency's letter, No. 37, of the 20th August last, pointing out apparent inaccuracies in certain Statements of Accounts of the Madras Irrigation and Canal Company was, on receipt, communicated to that Company with an intimation that I should be glad to receive any observations the Directors might desire to offer on the subject.

* Dated 21st December 1875.

† „ 23rd February 1876.

2. Copies of their reply* and of the rejoinder† thereto, are transmitted herewith for your information.

I have, &c.,
SALISBURY.

To His Excellency the Right Honorable
The Governor in Council, Fort St. George.

From J. WESTWOOD, Esq., Secretary, Madras Irrigation and Canal Company, to Lord GEORGE HAMILTON, Under Secretary of State for India, dated 24 Coleman Street, London, 21st December 1875.

IN reply to your letter of the 20th October last, with various enclosures, I am instructed by the Directors with reference to the communication from the Madras Examiner of Accounts to observe—

1. That he apparently misapprehends the account submitted by the Directors to their shareholders in May last. The duty of the Directors is to render annually a correct statement of moneys received and expended, and this they have done under the several heads which seemed to them best calculated to make the true financial position of the Company clear and intelligible. The Revenue Account on 31st December 1874 exhibits a balance in hand of £8,696-14-9 which the Examiner erroneously conceives to be profit earned, and insinuates that the Directors have misrepresented the fact. If he will, however, refer to the statement in question, he will find that the mistake is his own. The word profit does not even appear on the account, and an examination of the figures shows plainly that none has been realized.

2. Again, in paragraph 3, the Examiner speaks of other discrepancies, and that the gain by exchange on remittance of loan capital to India to £9,882 has not been entered as a receipt. He will find if he will look to Revenue Account 31st December 1873, that this item appears at credit, and it seems to the Directors that this was the proper mode to deal with it. He states that the cash balances at Capital and Loan Account on hand in Madras on 31st December 1874 do not correspond with those stated in the Account. The Directors have treated the Loan Account according to its object, and the purposes for which it has been expended as part of the Company's Capital now closed. In this account also is included the cost of stores purchased for purposes of construction. The cash balances of the various accounts agreed with the amount actually on hand both in India and England when the books were balanced, and allowing for some possible adjustments arising from items not brought to account in India at that date the figures of the Government accounts should agree in the aggregate with those of the Company, and no doubt this will be found to be the case.

P.S.—I return the papers which accompanied your letter.

of State for India

*Proceedings of the Madras Government, Public Works Department,
4th April 1876.*

From Lord GEORGE HAMILTON, to J. WESTWOOD, Esq., dated India Office, 23rd February 1876.

I AM directed by the Marquis of Salisbury to acknowledge receipt of your letter of 21st December last, purporting to explain, in reply to Sir Louis Mallet's of 20th October, some apparent inaccuracies in the account submitted by the Directors to the shareholders of the Madras Irrigation and Canal Company in May last.

You observe that the account appears to have been misapprehended by the Examiner, at Madras, of Railway and Irrigation Accounts, but on this point I am directed to remark that the account is drawn up in a form which might naturally lead to misapprehension. The statement of Revenue receipts and expenditure up to 31st December 1874 ought certainly to exhibit all the receipts and all the expenditure of the period to which it relates, and if it did so, the amount of £8,696-11-9 appearing as "balance in hand" could not be other than profit. Accordingly the Madras Examiner believed this balance to be intended to represent profit, and it may reasonably be supposed that some of the shareholders may have put a similar construction on the figures. It is notorious, nevertheless, that the Company's Canal has hitherto been worked at a very heavy annual loss.

No. 69.

ORDER THEREON, 4th April 1876, No. 890.

IRRIGATION, No. 2.

Communicated to the Examiner of Irrigation Company's Accounts with reference to G.O., No. 2,386, dated 19th August 1875.

(True Extract.)

Colonel,

Offg. Under Secy. to Govt., P.W.D.

To the Examiner of Railway and Irrigation Company's Accounts,
Chief Engineer for Irrigation.

Est. A. 1876.
Ex. 1876.

*List of Papers put up
with Ch. 2175/76.*

*G.O. 14: July/75 No. 2002 + 2003
Despatch to Home Govt. No. 2792/75
G.O. 19: Aug/75 No. 2386
Despatch to Home Govt. No. 3792/75*

*Irrigation & Canal Co.
4 Coleman Street London
21st December 1876.*

In reply to your letter of the 20th October last with various enclosures I am instructed by the Directors with reference to the communication from the Madras Examiner of Accounts to observe,

1. That he apparently misapprehends the Account submitted by the Directors to their Shareholders in May last. The duty of the Directors is to render annually a correct statement of money received and expended, and this they have done under the several heads which seemed to them best calculated to make the true financial position of the Company clear and intelligible. The Revenue Account on 31st December 1874 exhibits a balance in hand

*The Under Secretary
of State for India*

of £8696. 14..9 which the Examiner
erroneously
conceives to be Profit-earned, and
insinuates that the Directors have
misrepresented the fact. If he will
however refer to the Statement in
question he will find that the
mistake is his own - The word profit
does not even appear on the Account
and an examination of the figures
shows plainly that none has been
realized.

2. Again, in para 3, the Examiner
speaks of other discrepancies, and
that the gain by Exchange on remittance
of Loan Capital to India to £9882
has not been entered as a Receipt -
He will find if he will look to Revenue
Account 31st Dec: 1873 that this item
appears at credit, and it seems to the
Directors that this was the proper
mode to deal with it. He states that
the

Cash balances at Capital and
Loan Account on hand in Madras
on 31st Dec: 1874 do not correspond
with those stated in the Account.
The Directors have treated the Loan
Account according to its object and
the purposes for which it has been
expended as part of the Company's
Capital now closed. In this Account
also is included the cost of Stores
purchased for purposes of
Construction - The Cash balances
of the various Accounts agreed
with the amount actually on
hand both in India and England
when the Books were balanced,
and allowing for some possible
adjustments arising from items not
brought to account in India at that
date the figures of the Government
Accounts should agree in the
aggregate

Aggregate with those of the Company,
and no doubt this will be found to
be the case.

I have &c.

(Ed.) J. Westwood

Secretary

PN 2175/6

P.S. I return the Papers which
accompanied your letter.

India Office
23rd February 1876.

Sir,

I am directed by the Marquis of
Salisbury to acknowledge receipt
of your letter of 21st December last,
purporting to explain, in reply, to Sir
Louis Mallet's of 20th October, some
apparent inaccuracies in the Account
submitted by the Directors to the
Shareholders of the Madras Irrigation
and Canal Company, in May last.

You observe that the Account
appears to have been misapprehended
by the Examiner, at Madras, of
Railway and Irrigation Accounts,
but on this point I am directed to
remark

Westwood Esq.

Pl 4th Apr 76 NW 68

remark that the Account is drawn up in a form which might naturally lead to misapprehension. The Statement of Revenue Receipts and Expenditure up to 31st December 1874, ought certainly to exhibit all the receipts and all the expenditure of the period to which it relates, and if it did so, the amount of $\text{₹ } 8696 \dots 14 \dots 9$ appearing as "balance in hand" could not be other than profit. Accordingly, the Madras Examiner believed this ^{balance} to be intended to represent profit. And it may reasonably be supposed that some of the Shareholders may have put a similar construction on the figures - It is notorious, nevertheless that the Company's

Balance has hitherto been worked at a very heavy annual loss.

I am &c.

(Signed) George Hamilton.

No 3

Copy Correspondence with
Madras Irrigation & Canal Co

PM 21/5/76

Referred to in Public Works letter to
Madras, No. 3, dated 24th Feb/1876
Para: 2.

Public Works.

No 3.

India Office, London.
24th February 1876.

Sir Lord Duke,

I. Your Excellency's
letter, No. 37, of the 20th
August last, pointing out
apparent inaccuracies in
certain statements of accounts
of the Madras Irrigation
and Canal Company was, on
receipt, communicated to
that Company with an
intimation that I should
be

His Excellency,
The Right Honorable,
The Governor in Council,
Fort St. George.

1911 10/10 10/10 10/10

2^d dated 21st December, 1875.

Q dated 23 Feb. 1976. -

I have the honor to be,
My Lord Duke,
Your Grace's most obedient
humble servant,
Salisbury

1. The first part of the document is a list of names and dates, which appears to be a record of some kind. The names are written in a cursive script, and the dates are in a more formal, printed style. The list is organized into columns, with names on the left and dates on the right.

No 890. 4 apt 76 PM 18/6 Dept
No 2

Communicated to the
Examiner of Irrigation
Company's Accounts
with reference to L.B.
No 2386 dated 19th
August 1875.

Wm
and
Wm

Public Works
24th Feb 1876
No 2175
The
Letter to Fort St. George
No 3.
Recd 24 March 1876

Encls 2-V

Transmitting
Copies of the reply of
the Directors of the
Indus Irrigation and
Canal Company to
letter pointing out
apparent inaccuracies
in certain statements
of accounts of that
Company.

68/9
Exr. of Ry. & Irrig. Co. (Indus)
Chief Eng. for Irrig.
Despd. 24/4/76

With Order

2175X
Govt. of Madras.

PUBLIC WORKS.

To

The Engineer of P & I Irrigation
Accounts

Dated

Issued

Recd.

Encl.

G. O. 4 April 1876, No. 890

1105.

Revenue Account of the
Madras Irrigation & Canal
Company for the half year
ended 31 Dec 74

Despatch from the Secy
of State transmitting copies
of the reply of the Directors
of the Company
regarding the apparent
inaccuracies in the
Communicated to the

1105 Order

86
Examiner of Irrigation
Company's Accounts -

24/4/76
Circular