

EAST AFR. PROT.

C. O.  
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REC-29  
JAN 19

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Ulagadi  
Soda to 3<sup>rd</sup> Sec

1919

of the Jan 3<sup>rd</sup>

last previous Paper.

Sneas  
26/2/19

1. ISSUE OF CONVERTIBLE DEBENTURES
2. CREATION OF NECESSARY MORTGAGE

300

Sends Capital Issues Dept's Form 2. re loan letter to C.A. re 2. and requests support to both applications.

10/12/19  
10/13/19  
10/14/19  
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10/26/19  
10/27/19  
10/28/19  
10/29/19  
10/30/19  
10/31/19

subsequent Paper.

Sneas  
6668

25V

# THE MAGADI SODA COMPANY, LIMITED.

M. SAMUEL & CO. MANAGERS

HEAD OFFICE: SODAGADI, LONDON.  
LONDON WALL 1883

*Shell House,*  
*100 St. Dunstons,*  
*London*  
6.15A  
29th January, 1920  
(2)

The Under Secretary of State for the Colonies,  
Colonial Office,  
Downing Street,  
S.W. (1)

SIR,

I have the honour to enclose, for your information, the following documents :-

- (1) Copy of the Capital Issues Department of the Treasury's form No. 2, on which the Magadi Soda Company, Limited, applies for permission to issue 2500,000. of Convertible Debentures, and
- (2) a copy of the Company's letter requesting the Crown Agents in accordance with the Contracts of the Company with the Crown Agents, for authority to create the necessary Mortgage in connection with the issue of the above Debentures.

The application on the Treasury's form No. 2 is substantially the same as the draft shown by Major Levy - one of the Directors of the Company - to Mr. Battenbury on the 24th instant, with the exception that in paragraph 3.(a) the proportions of the amount of the issue to be spent in the United Kingdom and abroad are estimated.

It is hoped that you will be able to see your way to lending both applications your active support.

I have the honour to remain

Your obedient servant,

*Samuel*  
Secretary.

ENCLOSURES:

The Magadi Soda Company, Limited.

Yes

302

1. 17th July, 1916.
2. Messrs. WALTERS & Co., on behalf of the Magadi Soda Co. Ltd
3. C.22292 - 24th September, 1916.

Production, treatment, shipment and sale of Soda and Soda products.

Head Office: - 25/27 Bishopsgate, London, E.C. (P).

Works of Production: - Lake Magadi, British East Africa.

Works of Shipment: - Kilindini, British East Africa.

Works for manufacturing Caustic Soda and Soda Crystals: -

Calcutta, and Arlan, near Manchester.

Public

Mr. Samuel Samuel, M.P., Chairman  
 Major W. N. Levy, D.S.O.,  
 Mr. H. F. Harriett,  
 Mr. G. Pauling  
 Lieut. Col. G. N. Folken, C.B.E.,  
 Captain W. N. Samuel, M.C.,  
 Mr. R. M. Simons,  
 Lieut. Col. C. H. Villiers.

1. Nil
2. £600,000, of which £110,000 will be utilised in repayment to holders of the Loan for the same amount, which was authorised by the Treasury, as per application No. C.22292 of the 24th September, 1916, referred to in clause 2.(b) 3., above.
3. Nil.

For

Providing working capital. Paying off liabilities of the Company. Providing additional machinery and erecting buildings for the Soda operations at the above mentioned works. Purchasing cargoes of liquid fuel for running the Company's Diesel engines and Calciners in British East Africa. Purchasing supplies of Gunny bags for packing Soda produced in British East Africa for shipment all over the world.

Mr. J. H. Wood, K.C.S.G., C.B., Assistant Secretary of State for the Colonies.

C. G. Hathaway, Esq., C.B.E., of the Colonial Office. 304

The carrying on of hostilities in British East Africa resulted in the military authorities in that country requisitioning the Uganda Railway, the Water Supply, and other of the Company's properties, with the consequence that while it contemplated starting its trading at the end of 1914, such trading had to be deferred for nearly four years. Even now it can only be carried on in a restricted manner and under very great difficulties, which have been caused by the withholding from the company of such vital facilities during the most crucial period of its operations. Notwithstanding the serious setback which the Company has had to encounter during the past 4 1/2 years of war, it has utilized such period in completing important works in East Africa, with the result that it is now producing its soda and shipping it to various parts of the world in such quantities as sea transport permits. Similarly, the company has completed its works in Calcutta and is now manufacturing Caustic Soda there and has to make provision for working capital to run the works and to purchase various materials required and to provide, also, the requisite packing for the Caustic Soda.

The Uganda Branch Line Railway and Water Supply in the East Africa Protectorate, which, under the Company's Agreement with the Government Agents for the Colonies have been taken over and are now being worked by the Uganda Railway Administration, have all cost considerably more money than was estimated, with the consequence that the working capital provided for in the Company's prospectus has had to be utilized for this purpose, with the result that fresh working capital is now necessary. Additionally, by reason of the incidence of the war, the Company has had to face substantially higher disbursements for all materials, fuel, and freight charges.

The operations of the Company are a means of bringing considerable revenue to the East Africa Protectorate. For every ton of Soda the Company produces from Lake Magadi and despatches to Kilindini at the Coast for shipment it pays to the Uganda Railway a railway freight of 1/6d. per ton per mile, equivalent to about 16/- . Again, for every ton of Soda the Company produces from Lake Magadi, it pays to the East Africa Protectorate a royalty of 2/- . Apart from these two important payments, the Company has imported and still imports large quantities of machinery and materials into the Colony, which also create trade within the British Empire and are a source of revenue to the Protectorate, and the Company is also a large employer of native labour, again to the advantage of the Colony.

The Company desires to emphasize the extreme importance of its operations in fostering a great enterprise in the East Africa Protectorate, one that is calculated to be of paramount interest for the welfare of that British Colony.

The Colonial Office in London has always extended sympathy towards this enterprise and on previous occasions has communicated with your Department expressing the view that it is in the public interest that the Company should be permitted to raise fresh capital.

305

27th January, 1919.

The Agents for the Colonies,  
4, Ballboon,  
LONDON,  
E.C.4.

306

Dear Sirs,

I beg to submit to you copy of the application that has been put before the Capital Issues Department of the Treasury, with a view to the issue of £500,000. 6% First Mortgage Convertible Debentures by the Magadi Soda Company, Limited.

In accordance with clauses 50 and 52 of the "Contract for the construction, maintenance, and working of a Railway to Lake Magadi in the East Africa Protectorate as a branch of the Uganda Railway", and <sup>the</sup> clause 24 in the "Lease of Lake Magadi and other lands in the East Africa Protectorate for working of Soda and other Deposits", it is provided that no Debentures can be created without your written consent.

The application for authority to issue these Debentures has been submitted to the Colonial Office, whose support has been promised.

It is hoped, owing to the urgency of the Company's requirements, that the issue may be made at an early date. It would, therefore, be appreciated if, with the particulars of the application to the Treasury before you, you could see your way to signify your assent now to the creation of the Mortgage as soon as the Treasury has agreed to the issue. If your assent is given, steps could be taken immediately to draw up the necessary documents.

The Crown Agents for the Colonies.

I should like to point out to you that the period of the proposed Debentures is only 15 years and that an option is given to the Debenture Holders, during a period within the life of the Debentures, to convert the latter into Ordinary shares of the Company.

The Capital of the Company will be increased by a <sup>307</sup> sufficient number of Ordinary shares to meet the rights of conversion of the Debenture Holders, but these shares will not be offered for subscription and will be held in reserve subject to the rights of the Debenture Holders to convert.

It is anticipated by the Directors that the Debenture Holders will exercise their rights to convert their holding into ordinary shares within the period laid down.

It is further pointed out that in the event of the Debenture Holders exercising their right to purchase the Railway from the Company during the life of the Debentures, the purchase price will be more than sufficient to provide for the redemption of the Debentures.

I have the honour to remain

Your obedient Servant,

Secretary.

CAPITAL ISSUES DEPARTMENT  
TREASURY,

S.W. (1).

Dated 27th January, 1919.

In reply to your letter of even date, I am directed  
the Committee on Fresh Issues of Capital to enquire  
whether it would not be possible to allocate approximate  
amounts to the various items of expenditure mentioned in  
in reply 6(a).

The Balance-sheets referred to in reply (9) have not  
yet been received; kindly forward two copies and furnish  
in reply in duplicate.

I am,

Sir,

Your obedient servant,

(Signed) E. F. Buckley.

The Secretary,  
The Magadi Boda Co. Ltd.,  
25, 27 Bishopsgate,  
E.C. (2).



CMY/Y

(2) 28th January, 1919.

The Secretary,  
Capital Issues Department,  
TREASURY, S.W.(1).

303

Sir,

I beg to acknowledge receipt of your letter No. C.24602., of the 27th instant, and as directed to give you, as follows, the approximate information asked for by you as to the various items of expenditure mentioned in paragraph 6.(c) in the replies to form No. 2, contained in my statement of the 27th instant :-

Working Capital for labour, upkeep, salaries and interest .....		277,000	
Liabilities, Loans ...	2140,000		
Acceptances	<u>60,000</u>	200,000	
Machinery and Buildings .....		80,000	
Liquid fuel .....		28,000	M
Gunny Bags .....		20,000	M
Steel Sheets .....		4,000	M
Improvements to Railway Sidings .....		4,000	
Improvements to Water Supply .....		2,000	
Sea Freight .....		50,000	M
Payments to the Uganda Railway Administration and East Africa Protectorate for rail freight and royalties .....		<u>35,000</u>	
		£ 800,000	
		*****	

M The items marked (M) will be recurring.

I regret that, through an oversight, the balance sheets referred to in reply No. 9 were not included in my letter of yesterday and I now beg to append two copies herewith.

I am,

Sir,

Your obedient servant,

Secretary.

# THE MAGADI SODA COMPANY, LIMITED.

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## DIRECTORS.

SAMUEL SAMUEL, M.P., D.L. (*Chairman*).

MAJOR W. H. LEVY, D.S.O.

LT.-COL. S. H. POLLEN, C.M.G.

H. F. MARRIOTT.

CAPTAIN W. H. SAMUEL, M.C.

G. PAULING.

H. M. SIMONS.

LT.-COL. C. H. VILLIERS.

## SECRETARY.

G. M. FAY.

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## Report and Balance Sheet

*For the Year ended 31st December, 1917.*

## REPORT OF THE DIRECTORS

to be submitted to the Shareholders at the Seventh Annual General Meeting of the Company to be held at Winchester House, 20 Old Broad Street, London, E.C. 2, on Monday, the 24th June, 1918.

The Directors beg to present the Balance Sheet and Profit and Loss Account for the year 1917, duly certified by the Auditors, shewing a debit balance of £16,771 5s. 6d.

The volume of trading during the period covered by the accounts shews some expansion, but was again on a very restricted scale; consequently the Directors have not been able to make any allowance for depreciation. The Company has, however, rendered its claim for compensation for the use of its railway and water supply by the Military Authorities in British East Africa. When this claim is paid the Directors will be in a position to make an allocation for depreciation.

During the year under review the Company continued to experience serious difficulties in regard to developing its trade, and it was not until towards the close of 1917 that the restrictions on the utilisation of Native labour were sufficiently removed to allow of the production and constructional work being proceeded with.

The Directors announce, with regret, the resignation of Sir Lionel Phillips Bart. from the Board owing to pressure of Government work. On their invitation Mr George Pauling has joined the Board, and now offers himself for re-election.

Lieut. Colonel S. H. Pollen, C.M.G., Captain W. H. Setonell, M.C., and Mr Samuel Samuel, M.P., retire, but, being eligible, offer themselves for re-election.

The Auditors, Messrs. Turquand, Youngs & Co. also retire, but, being eligible, offer themselves for re-election.

Shell House,  
25 27 Bishopsgate,  
E.C. 2.  
14th June 1918.

## THE MAGADI SODA COMPANY, LIMITED.

TRADING and PROFIT AND LOSS ACCOUNT for the year ended 31st December, 1917.

	£	s.	d.		£	s.	d.
To Stock at 1st January, 1917	9,008	0	0	By Sales, less Charges	792	1	8
.. Rent, Rates and Taxes	988	4	2	.. Stock in hand at date	10,985	8	1
.. Management and General Expenses in London	4,579	1	4	.. Transfer Fees	352	8	0
.. Management and General Expenses in Africa	15,849	4	2	.. Balance carried to Balance Sheet	16,771	5	6
.. General Expenses in Calcutta	1,075	8	5				
.. Consumable Stores written off	682	16	3				
.. Legal Expenses and Auditors' Fees	449	17	0				
.. Interest	2,298	6	11				
	298,790	18	8				
					298,790	18	8

### BALANCE SHEET, 31st December, 1917.

LIABILITIES.				ASSETS.						
To CAPITAL AUTHORIZED AND ISSUED—	£	s.	d.	£	s.	d.	£	s.	d.	
1,250,000 Ordinary Shares of £1 each	1,250,000	0	0	By Lease of Lake Magadi and East African Concession for 99 years from 13th April, 1911...	58,465	6	9			
1,250,000 Deferred Shares of 1/- each	62,500	0	0	.. Expenses of Issue	114,829	15	7			
CAPITAL PAID UP—				.. Preliminary Expenses	17,894	15	4			
1,250,000 Ordinary Shares of £1 each	1,250,000	0	0	.. Trade Marks	180	0	0			
100 forfeited	100	0	0	.. Office Furniture	1,920	15	11			
1,249,900	1,249,900	0	0	.. Railways and Works in East Africa	1,088,727	8	5			
Less Call in arrear	8	5	0	.. Other Works	75,461	1	4			
				.. Sundry Stores	16,735	6	1			
1,250,000 Deferred Shares of 1/- each	62,500	0	0	.. Stock in hand	10,865	8	1			
Amount received on account of above forfeited shares	78	10	0	.. Sundry Debtors	4,100	9	8			
Sundry Creditors	88,864	17	0	.. Loans against Security	17,986	0	0			
Bills Payable and in transit	6,600	0	0	.. Cash on Current Account at Bankers and in hand	992	5	8			
Loan Account	80,000	0	0							
				PROFIT AND LOSS ACCOUNT						
				As at 31st December, 1918	85,174	9	8			
				Balance for the year	16,771	5	6			
								81,945	8	0
								41,402,871	2	0

NOTE.—There were at 31st December, 1917, Government Securities amounting to £26,007 10s. 6d. in respect of which no liability is recognized.

£1,402,871 2 0

SAMUEL SAMUEL,  
HUGH F. MARRIOTT,  
Directors.

### AUDITORS' REPORT

We report to the Shareholders that we have examined the above Balance Sheet and combined Trading and Profit and Loss Account, and compared them with the Books and Vouchers of the Company and with the Audited Accounts received from East Africa. With regard to the Calcutta Accounts, the local Auditors' Certificate has not yet been received in London. No inventory of the Stores in Magadi (included in the 1918 £18,773 5s. 1d.) has yet been produced to us. Subject to the above remarks, we are satisfied to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and our professional opinion to us and as shown by the books of the Company.

London, 12th June, 1918.

TURQUAND, YOUNGS & Co., Auditors.





# THE MAGADI SODA COMPANY, LIMITED.

TRADING and PROFIT AND LOSS ACCOUNT for the year ended 31st December, 1917.

	£	s.	d.		£	s.	d.
To Stock at 1st January, 1917				By Sales, less Charges	792	1	8
Rent, Rates and Taxes	8,093	0	0	.. Stock in hand at date	10,965	8	1
Management and General Expenses in London	988	4	2	.. Transfer Fees	252	8	0
Management and General Expenses in Africa	4,579	1	4	.. Balance carried to Balance Sheet	16,771	6	6
General Expenses in Calcutta	15,849	4	2				
Consumable Stores written off	1,075	8	5				
Legal Expenses and Auditors' Fees	642	18	3				
Interest	449	17	0				
	22,678	6	11				
	226,780	18	8				
					226,780	18	8

## BALANCE SHEET, 31st December, 1917.

### LIABILITIES.

To CAPITAL ACCOUNTS AND RESERVE—	£	s.	d.	£	s.	d.
1,250,000 Ordinary Shares of £1 each	1,250,000	0	0			
1,250,000 Deferred Shares of 1/- each	62,500	0	0			
CAPITAL PAID UP—						
1,250,000 Ordinary Shares of £1 each	1,250,000	0	0			
100 forfeited	100	0	0			
1,149,900	1,250,200	0	0			
Less Call in arrears	6	8	0			
				1,249,598	18	0
1,250,000 Deferred Shares of 1/- each				62,500	0	0
AMOUNTS RECEIVED ON ACCOUNT OF ABOVE FORFEITED SHARES				111	16	0
Supplies Creditors				53,984	17	0
Holds Payable and in hand				9,600	0	0
Loans Accounts				50,000	0	0
				21,402,871	2	0

### ASSETS

By	£	s.	d.	£	s.	d.
Loans of Late Magadi and East African Concessions for 99 years from 1st April, 1911				60,448	8	0
Expenses of Issue				114,325	18	7
Preliminary Expenses				17,884	18	4
Trade Marks				180	0	0
Office Furniture				1,920	18	11
Railways and Works in East Africa				1,048,727	8	5
Other Works				76,361	4	4
Storey Stores				15,778	6	1
Stock in hand				10,965	8	1
Sundry Debtors				2,100	3	4
Loans against Security				7,956	2	0
Cash on Current Account of Bankers and in hand				192	5	3
PROFIT AND LOSS ACCOUNT—						
As at 31st December, 1916	85,174	2	6			
Balance for the year	16,771	6	6	51,946	8	0
				21,402,871	2	0

### AUDITORS' REPORT.

SAMUEL SAMUEL,  
HUGH F. MARRIOTT, Directors.

We report to the Shareholders that we have examined the above Balance Sheet and combined Trading and Profit and Loss Account and compared them with the Books and Vouchers of the Company and with the Audited Accounts received from East Africa. With regard to the Omani Accounts, the local Auditors' Certificate has not yet been received in London. No inventory of the Stores in Magadi (included in the item £15,778 6s. 1d.) has yet been produced to us. Subject to the above remarks, we have obtained all the information and explanations we have required, and in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

TURQUAND, YOUNG & Co., Auditors.

# The Magadi Soda Company Limited.

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## REPORT

AND

## BALANCE SHEET.

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NOTICE IS HEREBY GIVEN that the SEVENTH ORDINARY GENERAL MEETING of the Shareholders of the above Company will be held on MONDAY, the 24th JUNE, 1924, at 2.30 o'clock at WINCHESTER HOUSE, OLD BROAD STREET, LONDON E.C. To receive the Directors' Report and Accounts, to elect Directors and Auditors, and to transact the ordinary business of the Company.

By Order of the Directors,

O. N. PAY,

Secretary.

Printed by  
Messrs. Butterworths,  
London, E.C. 4.  
1924, Form 1074.

**The Magadi Soda Company  
Limited.**

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**REPORT**

AND

**BALANCE SHEET.**

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NOTICE IS HEREBY GIVEN that the SEVENTH ORDINARY GENERAL MEETING of the Shareholders of the above Company will be held on MONDAY, the 24th JUNE, 1928, at 2.30 p.m. at WINCHESTER HOUSE, OLD BROAD STREET, LONDON E.C.2, to receive the Directors' Report and Accounts to elect Directors and Auditors, and to transact the ordinary business of the Company.

By Order of the Directors,

D. M. FAY,

Secretary.

Printed at the  
Magadi Soda Company,  
London, E.C.2.  
1928.