

4
1923

KENYA

1384

9 JAN 24

FROM *Gov.*

DATE

Coryndon

8th Jan, 1924

93

FOR CIRCULATION:-

SUBJECT

Mr.

Mr.

Mr. *Bushe*

Asst. Sec. of S.

Part: U.S. of S.

Part: U.S. of S.

Secretary of State.

Mogadi Agreement

should not have retrospective effect for reasons stated

Previous Paper

MINUTES

1334
1334
24

I attach a letter from Colonel Symonds, showing the form of the notices which will be sent to the shareholders as I understand about the end of this week. I have verified from him by telephone that there is no question of their waiting for any approval from us before these notices are sent out. Mr. Bushe has already seen Col. Symonds' letter and its enclosure.

I submit drafts which I hope clear up the action required at this stage.

W.S. 15.1.24

H.B. 17

at home
15.1.24
H.B.

Subsequent Paper

1462

*copy attch. to 9. and. to Messrs. Arthur, Manning & Co. 17 JAN 1924 1/2 1/2
(Go. P. 17 Jan 24)*

INLAND TELEGRAMS: SOGADADI, STONE, LONDON.
 FOREIGN TELEGRAMS: SOGADADI, LONDON.
 TELEPHONE: LONDON, WALL 1822.

ALL COMMUNICATIONS TO BE
 ADDRESSED TO THE COMPANY.

The Magadi Soda Co. Limited

H. SAMUEL & CO. LTD. MANAGERS

Manufacturers of Pure Alkali & other Soda Products

TRADE MARKS
 TRADE MARKS
 TRADE MARKS

TRADE MARKS
 TRADE MARKS
 TRADE MARKS

WESTERN
VOLCANO
 BRAND.



EASTERN
CARP
 BRAND.

WORKS:
 MAGADI (Sole E. Africa)
 KILINDINI (Sole E. Africa)
 IRLAH (Manchester)
 CALCUTTA.

TRADE MARKS
 TRADE MARKS
 TRADE MARKS

TRADE MARKS
 TRADE MARKS
 TRADE MARKS

By hand.

Shell House, 25, Bishopsgate

London, 9th January, 1924.

W.C. Bottomley Esqr.,
 The Colonial Office,
 Downing Street, S.W.1.

Dear Mr. Bottomley,

As I promised you this afternoon, I am enclosing herewith copy of Notice convening a meeting of the shareholders of the Magadi Soda Co. to consider the question of the voluntary liquidation of the Company, and also a copy of the circular accompanying this Notice.

Yours sincerely,

H. Samuel

THE MAGADI SODA COMPANY LIMITED.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of the Magadi Soda Company Limited (hereinafter called "the Company") will be held at

in the City of London on day the
 day of 1924 at o'clock in the noon
 for the following purposes:-

1. For the purpose of considering and if thought fit passing as an extraordinary Resolution the following Resolution:-

RESOLUTION

That it has been proved to the satisfaction of this meeting that the Company cannot by reason of its liabilities continue its business and that it is advisable to wind up the same and accordingly that the Company be wound up voluntarily and that

of

be and he is hereby appointed Liquidator for the purposes of such winding up.

2. For the purpose of considering a Scheme prepared by the Directors for submission to the Court under the Companies (Consolidation) Act 1908 with a view to the reorganisation of the business of the Company. Short preliminary details of the Scheme are contained in the circular to the Shareholders dated 1924 which accompanies this notice.

BY ORDER OF THE BOARD

G.M.FAY

Secretary.

"Shell" House,
 Bishopsgate,
 LONDON, E.C.

January 1924.

Dear Sir or Madam,

96

I enclose herewith Notice calling an Extraordinary General Meeting of the Company to be held at Winchester House, Old Broad Street, London, E.C. on January 1924 at 6 o'clock.

The following are short preliminary details of a Scheme which subject to the approval of the Shareholders it is proposed to present to the Court for sanction under the Companies (Consolidation) Act 1908. It is anticipated that the Court will order meetings to be convened of the different classes of shareholders (as well as of Debenture Holders and creditors) affected by the scheme and before those meetings are held full information as to the scheme will be available.

1. A new Company to be called the Magadi Soda Co. Ltd. will be formed with a capital of £1,025,000 divided into 400,000 7% Preference Shares of £1. each and 2,500,000 Ordinary Shares of 5/- each. It will create 1st Debentures to the extent of 2,250,000 carrying interest at 26. per cent. The debenture interest and preference share dividend will for the first two years be dependent on profits but subject thereto cumulative. The Debentures will be secured by a charge on the assets of the New Company and will be redeemable in 1945 (or earlier on 6 months' notice but not before 1st July 1929) at 108 per cent by means of a sinking fund commencing in 1929.

2. Each First debenture holder in the present Company will receive debentures in the New Company for the same amount as his present holding but interest in arrear to be cancelled.

3. The Second Debenture holder of the present Company and each unsecured creditor of the present Company will receive preference shares of the new Company equal in nominal value to 75% of the present Company's indebtedness to him.

4. Provision will be made for payment in full of certain creditors (such for example as the Government of the Kenya Colony the Uganda Railway other Government Departments and sundry small creditors) where in the interests of the present

Dear Sir or Madam,

96

I enclose herewith Notice calling an Extraordinary General Meeting of the Company to be held at Winchester House, Old Broad Street, London, E.C. on January 1924 at 6 o'clock.

The following are short preliminary details of a Scheme which subject to the approval of the Shareholders it is proposed to present to the Court for sanction under the Companies (Consolidation) Act 1908. It is anticipated that the Court will order meetings to be convened of the different classes of shareholders (as well as of Debenture Holders and creditors) affected by the scheme and before those meetings are held full information as to the scheme will be available.

1. A new Company to be called the Magadi Soda Co. Ltd. will be formed with a capital of £1,025,000 divided into 400,000 7½ Preference Shares of £1. each and 2,500,000 Ordinary Shares of 6/- each. It will create 1st Debentures to the extent of £425,000 carrying interest at £6. per cent. The debenture interest and preference share dividend will for the first two years be dependent on profits but subject thereto cumulative. The Debentures will be secured by a charge on the assets of the New Company and will be redeemable in 1945 (or earlier on 6 months' notice but not before 1st July 1929) at 105 per cent by means of a sinking fund commencing in 1929.

2. Each First debenture holder in the present Company will receive debentures in the New Company for the same amount as his present holding but interest in arrear to be cancelled.

3. The Second Debenture holder of the present Company and each unsecured creditor of the present Company will receive preference shares of the new Company equal in nominal value to 75% of the present Company's indebtedness to him.

4. Provision will be made for payment in full of certain creditors (such for example as the Government of the Kenya Colony the Uganda Railway other Government Departments and sundry small creditors) where in the interests of the present

Company and the New Company it is considered essential that payment in full is necessary or desirable.

5. Each Ordinary Shareholder of the present Company will be offered 1 ordinary share of 5/- each in the New Company for each ordinary share held by him in the present Company and each deferred shareholder of the present Company will be offered 1 ordinary share in the New Company for every 5 deferred shares held by him (disregarding fractions of 5 shares) in the present Company the ordinary shares in the New Company being in each case credited with 1/6 as paid thereon and with an uncalled liability of 3/6 per share, which will be called by instalments within a short time. It is proposed to issue to the shareholders of the existing Company letters of renunciation which will enable them to dispose of their rights. 97

6. The uncalled liability of 3/6d. on each of the 1,500,050 of the Ordinary Shares of the New Company will be underwritten in consideration of an option to the Underwriters (to be exercised not later than 31st December 1926) to take up not exceeding 750,000 Ordinary Shares of the Company at 5/- per share.

7. The Directors are glad to report that after prolonged negotiations with the Colonial Office the Colonial Office has stated that it is ready to grant the new Company concessions in regard to freight and royalty, which the Directors consider valuable, and which should materially assist the new Company.

8. The first Directors of the New Company will be:-

The Rt.Hon.Lord Southborough

The Hon.W.H.Samuel, M.C.

Mr.A.Chester Beatty

Mr.A.W.Tait

Mr.W.Selkirk

Mr. A. W. Taft will represent the 1st Debenture holders (the trustee for whom will have the right from time to time to nominate a Director) on the Board of the New Company.

By Order of the Board.

Shell House,
Bishopsgate,
LONDON, E.C.2.

January, 1924.

1384

98

9 JAN 24

Telegram from the Governor of Kenya to the Secretary
of State for the Colonies, dated 8th January, 1924.
(Received Colonial Office, 5.45 p.m. 8th January, 1924.)

No. 6. 8th January. My telegram of 21 December
No. 390 The Magadi Agreement should not have retrospective
effect owing to loss of railway revenue from this source
as a result of liquidation it would not be equitable to
introduce lower freight rates during reconstruction period
and so render railway liable to refund on payments
received. I do not wish to raise further (?⁺objections)
but assume that this point will be accepted.

CORYN DON.

205
61999
23
?group
omitted)

CG
5

POST OFFICE



TELEGRAPHS

99

Government Telegram.

1384
RECEIVED
Date of Office Telegram

Office of Origin

Handed in at

Received at

SOB 5/20 PM NAIROBI O B G S VIA EGYPRADID 67/676

11 12/30 PM 26 - CORRECTION TO FOLLOW 25 WORDS =

10

= CHAPELRIES LONDON =

XUZAKYNABO

WERIBTEMMF MAGADI AIPFYRYALA POAN^{KF}CERSI OHBIWVHGE POTOBIBCLE

SDUIDANFFU LIXMYKOTOG FUSFE'TREEI' KEAYLUBGO IACUMFAER OXLAEDJONG

ANNVHPACJA OVHGELHYAK OYLZEUCBOW OTRY-OWURG ICEYDEXLOA UTVIKOVIVO

DBSUCBRUZ AXYORTEG'ITE OMBAZUSTEC ACNOXGUVNE .+

POST OFFICE

RECEIVED

TELEGRAPHS.

Office Station

1261



If the receiver of an inland Telegram doubts its accuracy he may have it repeated on payment of half the amount originally paid, for its transmission, and if it be found that there was any inaccuracy the amount paid for repetition will be refunded (special conditions are applicable to the repetitions of Foreign Telegrams)

THIS FORM MUST ACCOMPANY ANY ENQUIRY RESPECTING THIS TELEGRAM.

At M
From

SENT
At M
To

Prefix Time handed in

6 1230 pm objy En. Nairobi

Words

Chapebrie's la

1384

In message particularised above please read first text '6 XUZAKYNYABO' repeat 6 all else ok

9 JAN 24

100

DECODE

of a telegram from the Governor of

Kenya

Dated

8 January 1924

Received in the Colonial Office at 5-46 PM

on 8 January

1384
 JAN 24

No 6 8 January

Imp telegram

of 21 December No 390 The Magadi
 agreement should not have
 retrospective effect owing to loss
 of railway revenue from this
 source as a result of liquidation
 it would not be equitable to
 introduce lower freight rates

during reconstruction period
 and so render railway liable to
 refund on payments received (.)

I do not wish to raise further
 (objections) but assume that this
 point will be accepted

Governor

(copy
 attached)

*Refer not made
Cable sent
5.15 p.m. 16.1*

102

16 January

DRAFT. TELEGRAM

OVERNIGHT

NAIROBI

MINUTE.

Your telegram of 15th

January. Negotiations with

Magadi Company complete subject

to consideration of certain

representations which do not form

part of conditions ^{of conditions} laid down and

will be communicated to you by

despatch. ^{Special terms} ~~Retrospective effect~~

will take effect from date of

reconstruction ^{only}.

DEVONSHIRE

Mr. Bottomley 15.1.24

Mr.

Mr. Butler 16

Sir O. Davis

Sir G. Grindle

+ Sir H. Read 16

Sir J. Macartney Smith

Mr. Ormsby-Gore

Duke of Devonshire

u 585



Downing Street,

17 January, 1924.

Sir,

With reference to your telegram No. 6 of the 6th of January and previous correspondence, I have etc. to transmit to you the acc. copy of correspondence regarding the arrangements for the reconstruction of the Magadi Soda Company Ltd. A copy of the letter to the Company of the 3rd of January, with its enclosure, and of their reply of the 9th of January have already been sent semi-officially to the Colonial Secretary.

DRAFT.

83

KENYA

NO. 72

GOV. SIR R.T. CORYNDON, K.C.M.G.
MINUTE.

Mr. Bottomley, 15.1.24.

Mr.

Mr. *Musker*

Sir C. Davis.

Sir G. Grenville.

Sir H. Road.

Sir J. Masterton Smith.

Mr. Ormsby-Gore.

Duke of Devonshire.

168
2

From August 25.9 To
2020 (1384)
2020-2021 (1384)
2020-2021 (1384)
CO. & A. 3. Jan 2 (1384)
memo.

2. On the various points of detail raised in the Company's letter of the 9th of January, I have to offer the following observations:-

(a) You will observe that the reason for the proposal that special accounts

485

accounts should be kept over a period of three months in order to determine the cost of working the traffic has been explained to the Company. It is possible, however, that an arbitrary period of 3 months might give an entirely wrong impression of the cost, as the amount of traffic during that period might be much below or in excess of the average traffic. The matter is not in any way pressing and I should be glad if you will give further consideration to the question in order that a more suitable arrangement may, if possible, be made.

(b) The position is not very clear as to the General Manager's views in regard to the freight on coal, or other fuel, carried up the line; but as in your telegram of the 6th Dec. it was definitely urged that the rate of 30/- per ton should be charged on coal, that rate was embodied in the conditions communicated to the Company. In your reply to this despatch I should be glad to have a fuller explanation

of

58864

accounts should be kept over a period of three months in order to determine the cost of working the traffic has been explained to the Company. It is possible, however, that an arbitrary period of 3 months might give an entirely wrong impression of the cost, as the amount of traffic during that period might be much below or in excess of the average traffic. The matter is not in any way pressing and I should be glad if you will give further consideration to the question in order that a more suitable arrangement may, if possible, be made.

(b) The position is not very clear as to the General Manager's views in regard to the freight on coal, or other fuel, carried up the line; but as in our telegram of the 6th Dec. it was definitely urged that the rate of 20/- per ton should be charged on coal, that rate was embodied in the conditions communicated to the Company. In your reply to this despatch I should be glad to have a fuller explanation

of

59864

of the General Manager's view both in regard to ~~the~~ coal ⁱⁿ and regard to the liquid fuel which it is understood the Company commonly uses.

(c) With regard to Clause 6 (a) and (b) of the memorandum of conditions, I should be prepared, if you see no objection, to ^{agree} yield to the Co's request, that when the Railway Administration withhold the half-profits which would normally be due to the Company, the outstanding debit against the Co. under 6 (a) should be reduced by the amount so withheld.

(d) This point has been dealt with in the letter ^{to} from the Co. of the ~~11th~~ ^{17th} of January.

(e) You will observe from the memorandum of conditions the interpretation which I have placed upon your observations as to the use of the Co.'s port at Kilindini. I have not felt myself able without consulting you to deal with the

Yes
HHS

off Bennett