

1923

KENYA

3  
384

C.O.  
37335  
25 JUL 23

Magadi  
Loda to Co

DATE  
25th July, 1923

REGULATION

SUBJECT

No construction of  
the Camp  
Mulla men probably  
in 1900 or thereabouts  
in a recent year  
and a

Previous Paper

MINUTES

B  
368

See H. Read

- (1) ? Send in terms etc  
which I have drafted to  
table time.
- (2). Discuss with Sir R. Clayton  
- on Monday if there is no  
earlier opportunity. Mr.  
Runde should be present  
at this & any other  
discussions.

- (3). In particular, consider whether  
we are to again to rush at  
this matter or aim at  
(a) a preliminary discussion  
before the meeting.  
with Mr. before Sir R.

To Capt. the Hon. P. Sanner 24.7.23  
\* See Read - 14 Aug. 1923.  
\* Mr. with Mr. O. R. 1147 com 15 Aug 23  
\* See Read - 1 Oct. 23 on 20.07/23

Subsequent Paper

V  
37979

MINUTES.

MINUTES NOT TO BE WRITTEN  
ON THIS SIDE.

Corydon leaves +

(6) then let him discuss  
fully with his General  
Manager & Ex. Co. &  
what by telegram.

Personnel I appreciate  
making such. So do I.

W. J. R.  
20.7.23

at once

W. J. R.

18/7/23

advantage to the

company

W. J. R. 18/7/23

Journal

Receipt sheet

the reason for it has  
largely disappeared, now  
that we are so near the  
time when the city will  
be closing down for  
summer holidays  
W. J. R.

Corydon leaves +

(b) then let him discuss  
fully with his General  
Manager & Ex. Co +  
what by telegram

Personnel I appreciate

and their work. So do J. & R.

Local 26/7/23.

at once

to J. & R.

26/7/23

Advances to H. Co. -

London

Vol No 1

North-west

1st current

See next sheet.

the reason for it has  
largely disappeared, now  
that we are so near the  
time when the city will  
be closing down for the  
summer holidays  
H. & R.

Shell House, 25 Bishopsgate

385

London, E.C.4.

25th July 1923.

The Under Secretary of State for the Colonies  
Colonial Office  
WHITEHALL; S.W.1.

Sir,

The Magadi Soda Company Ltd.  
Proposed Reconstruction

I understand that it is your desire that those who are now concerned with the proposed reconstruction of the Magadi Soda Co.Ltd. should submit to you in writing particulars of the present scheme so far as it is now possible to do so.

I enclose a copy of a letter which I have received from Messrs. Cull & Co. in which they agree to guarantee the subscription of the uncalled liability on the shares in a new Company to be formed to take over the assets of the existing Company. No doubt a formal underwriting contract will ultimately be necessary and this I think Messrs. Cull & Co. understand but the letter will suffice for present purposes.

From the letter you will understand that it is proposed to form a new Company with a capital of approximately £1,012,500 divided into approximately :-

7% Cumulative Preference Shares approx 2262,500

3 million Ordinary Shares of 5/- each 2750,000

and with a Debenture issue of 2499,950. The Capital of the new Company will be dealt with as follows :-

The Debenture Holders of the present Company will receive Debentures in the new Company of an equal nominal amount

The Preference Shares would be allotted to the present secured and unsecured creditors (other than the First Debenture Holders). 1,250,050 Ordinary Shares

Shell House, 25 Bishopsgate

London, E.C.2.

20th July 1923.

The Under Secretary of State for the Colonies  
Colonial Office  
WHITEHALL, S.W.1.

Sir,

The Magadi Soda Company Ltd.  
Proposed Reconstruction

I understand that it is your desire that those who are now concerned with the proposed reconstruction of the Magadi Soda Co. Ltd. should submit to you in writing particulars of the present scheme so far as it is now possible to do so.

I enclose a copy of a letter which I have received from Messrs. Cull & Co. in which they agree to guarantee the subscription of the uncalled liability on the shares in a new Company to be formed to take over the assets of the existing Company. No doubt a formal underwriting contract will ultimately be necessary and this I think Messrs. Cull & Co. understand but the letter will suffice for present purposes.

From the letter you will understand that it is proposed to form a new Company with a capital of approximately £1,012,500 divided into approximately :-

7% Cumulative Preference Shares approx £262,500

3 million Ordinary Shares of 5/- each £750,000

and with a Debenture issue of £499,950. The Capital of the new Company will be dealt with as follows :-

The Debenture Holders of the present Company will receive Debentures in the new Company of an equal nominal amount

The Preference Shares would be allotted to the present secured and unsecured creditors (other than the first Debenture Holders). 1,250,050 Ordinary Shares

Shell House, 28 Bishopsgate

LONDON, E.C. 2.

25th July 1932.

The Under Secretary of State for the Colonies  
Colonial Office  
Whitehall, S.W. 1.

The Kenya Soda Ash Company Limited  
Private Secretary

I understand that it is your desire to have the new scheme of the proposed reorganisation of the Kenya Soda Ash Company Limited approved by the Government of Kenya. I have enclosed a copy of a letter which I have received from Messrs. Gull & Co. in which they guarantee the subscription of the new company to be formed to take over the assets of the existing company. No doubt some modifications will ultimately be necessary and the contract will be necessary but the fact that Messrs. Gull & Co. understand the fact will be of great assistance.

From the letter you will understand that it is proposed to form a new company with a capital of approximately £1,012,500 divided into approximately 4 million ordinary shares of £25 each. The capital of the new company will be dealt with as follows: The Debenture Holders of the present company receive Debentures in the new company of an equal amount. The Preference Shares would be allocated to the present holders and unsecured creditors (other than the present Debenture Holders) £1,000,000 ordinary shares.

Amount payable to Kenya Government (freight and royalty combined) on varying tonnage under:-

- (a) First scheme.
- (b) Under new scheme now proposed.

386

50,000 tons	150,000 tons.	200,000 tons.
-------------	---------------	---------------

at 14/6d.	at 14/6d.	at 14/6d. plus 3/3d.
£36,250.	£108,750.	£146,000
		plus 32,500
		<u>£177,500</u>

at 12/-	at 17/-	at 16/6d.
£45,000	£127,500	£165,000.

Amount payable to Kenya Government (freight and royalty combined) on varying tonnage under:-

386

- (a) First scheme.
- (b) Under new scheme now proposed.

	50,000 tons	150,000 tons.	200,000 tons.
	at 14/6d.	at 14/6d.	at 14/6d. plus 3/3d.
	£36,250.	£108,750.	£145,000
			plus 32,500
			<u>£177,500</u>
	at 18/-	at 17/-	at 16/6d.
	£45,000	£127,500	£165,000.

Shell House, 22 Bishopsgate  
London, E.C.2.  
22nd July 1962.  
The Under Secretary of State for the Colonies  
Colonial Office  
Whitehall, S.W.1.

The Kenya Soda Company Ltd.  
Proposed Reorganisation

I understand that it is your desire to have the new company formed with the proposed reorganisation of the Kenya Soda Co. Ltd. should assist you in writing to the Under Secretary of the present scheme so far as it is now possible to do so.

I enclose a copy of a letter which I have received from Messrs. Gulf & Co. in which they state to have indicated the submission of the proposed reorganisation of the Kenya Soda Co. Ltd. to be formed to take over the shares in a new company. No doubt a formal reorganisation contract will ultimately be necessary and this I think Messrs. Gulf & Co. understand but the fact will be of interest for present purposes.

From the letter you will understand that it is proposed to form a new company with a capital of approximately £1,012,500 divided into approximately 202,500 Cumulative Preference Shares approx £250,000 and 3 million Ordinary Shares of 5/- each £150,000,000 with a Debenture issue of £262,500. The Capital of the new company will be dealt with as follows:-

The Debenture holders of the present company receive Debentures in the new company of an equal amount. The Preference Shares would be allocated to present unsecured and unsecured creditors (other than the Debenture holders) 1,000,000 Ordinary Shares.

Shell House, 22 Bishopsgate

LONDON, E.C.2.

23rd July 1923

The Under Secretary of State for the Colonies  
Colonial Office  
Whitehall, S.W.1.

The Kenya Soda Company Ltd.  
Proposed Reorganisation

I understand that it is your desire to have the new company now concerned with the proposed reorganisation of the Kenya Soda Co. Ltd. should be in a position to take over the business of the present company as from the 1st of January 1924.

I enclose a copy of a letter which I have received from Messrs. Gull & Co. in which they state to guarantee the subscription of the proposed facility on shares in a new company to be formed in place of the existing company. No doubt a formal undertaking contract will ultimately be necessary in this connection. Gull & Co. understand but the letter will be of use for present purposes.

From the letter you will understand that it is proposed to form a new company with a capital of £1,000,000 divided into approximately 10,000,000 shares of £100 each. The cumulative Preference Shares approx £200,000 and 9 million Ordinary Shares of £10 each £9,000,000. The Capital to be dealt with a Debenture issue of £400,000. The balance of the company will be dealt with as follows:-  
The Debenture Holders of the present company receive Debentures in the new company of an equal value.

The Preference Shares would be allocated to Messrs. Gull & Co. and Messrs. Creditors (other than the

Amount payable to Kenya Government (freight and royalty combined) on varying tonnage under:-

386

- (a) First scheme.
- (b) Under new scheme now proposed.

50,000 tons	150,000 tons.	200,000 tons.
at 14/6d. £36,250.	at 14/6d. £108,750.	at 14/6d. plus 3/4 £145,000
		plus 32,500
		£177,500

at 18/- £45,000	at 17/- £127,500	at 16/6d. £165,000.
--------------------	---------------------	------------------------



~~Sir H. Read~~  
 Sir H. Read,

At ~~yesterday's~~ <sup>Wednesday's</sup> meeting there were present, as representing the reconstructors Lord Southborough, Captain Samuel, Mr. Chester Beatty; Mr. Tait (Receiver for the Debenture holders), Mr. ~~Cowell~~ <sup>Gull</sup> (or some other member of the Underwriting firm), Captain Symonds and the Secretary. For the Government of Kenya, Sir Robert Coryndon and Major Rhodes; for the Colonial Office, yourself, Mr. Bushe and I, and also Mr. E. G. Oliver Solicitor to the Crown Agents.

I took no note of the proceedings, the course of which is sufficiently represented, I think, by my draft to Kenya herewith. When we are able to put the views of the Kenya Government to the Company we shall have to consider what we can say in order to prevent the scheme decided upon being forced down the throats of unwilling shareholders.

Sir Robert Coryndon has a copy of the Company's letter and its enclosures, so that he will be able to take the matter up in advance of our despatch, which however should go by next week's mail.

The point as to the Government not being under any obligation to provide rolling stock, etc. to meet any definite amount of traffic is one to which Major Rhodes attaches importance. I do not think however that we could insist on this for any traffic not exceeding the 160,000 tons per annum for which we were bound under the old arrangement to provide transport. We have admitted to the Company that we have actually provided this transport.

The proposed terms are bad for the

Government.

Government. The initial rate of 18/-, inclusive of royalty compares with the contract rate of 17/9 (i.e. 16ths of a penny per ton mile) which the General Manager said was not sufficient while the output remained low. The 17/9 was exclusive of royalty, which on soda ash is 3/-, making 20/9 in all. The difference of 2/9 a ton means nearly £7,000 a year on a output of 50,000 tons and this, if not more, must be treated to be a ~~substantial~~ <sup>actual</sup> loss on the railway working. If the railway consider that this sacrifice can be borne by them, or if the Kenya Government consider that they can subsidise the railway to this extent in view of the general advantage of the extra trade to the Colony, I should be very much surprised.

I have discussed with <sup>Sr H. Bond</sup> you the ~~technical~~ <sup>tactical</sup> point whether, if the Colonial Government or the railway do not accept the Company's proposals, they should be invited to put up counter proposals. If the Company are not offering it is no use putting up proposals less favourable to them. On the other hand, if a <sup>more</sup> negative is returned to their proposals they will be eager to say that it is the Government which has wrecked Magadi. We should therefore invite alternative proposals.

W.C.S. 10.8.23.

\* at 200,000 tons, Capt. Simons' rate of 18/8 - combined with 2/- per ton of royalty - means a reduction in receipts of £42,500 p.a.

I may note that it appeared that the Receiver is now turning out about 4,000 tons a month - presumably with freight & royalty (which amount into say about

4 are rounded) at 9/- a ton

W.C.S.

I wonder if it could be made a profit instead of a loss, if the rate, non-royalty, proposition for the railway is the best. I should draw the R.G. to the effect of the Royalty.

4/13

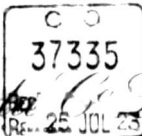
10/8

1/21

11/21

TELEGRAMS "SODASOD" STOCK LONDON  
 TELEGRAMS "SODASOD" LONDON  
 LONDON WALL 1883

ALL COMMUNICATIONS TO BE  
 ADDRESSED TO THE COMPANY



*The Magadi Soda Co. Limited.*

*Manufacturers of Pure Alkali & other Soda Products*

REGISTERED  
 TRADE MARK

PLEASE QUOTE  
 GS/DCB.

WESTERN  
 VOLCANO  
 BRAND



TRADE MARK



EASTERN  
 CARP  
 BRAND

WORKS  
 MAGADI BRANCH  
 WILDIKINSHAW  
 PLAM  
 CALCUTTA

PLEASE QUOTE GS/DCB.

*11th Floor, 25 Bishopsgate*

*London* 25th July, 1923.

The Under Secretary of State for the Colonies,  
 Colonial Office,  
 WHITEHALL, S.W.1.

Sir,

THE MAGADI SODA COMPANY LTD.  
PROPOSED RECONSTRUCTION.

I understand that it is your desire that those who are now concerned with the proposed reconstruction of the Magadi Soda Co. Ltd. should submit to you in writing particulars of the present scheme so far as it is now possible to do so.

I enclose a copy of a letter which I have received from Messrs. Cull & Co. in which they agree to guarantee the subscription of the uncalled liability on the shares in a new Company to be formed to take over the assets of the existing Company. No doubt a formal underwriting contract will ultimately be necessary and this I think Messrs. Cull & Co. understand but the letter will suffice for present purposes.

From the letter you will understand that it is

Date 25/7/25:

proposed to form a new Company with a capital of approximately £1,012,500. divided into approximately:-

7% Cumulative Preference Shares approx. £262,500

3 million Ordinary Shares of 5/- each £750,000

and with a Debenture issue of £499,950. The Capital of the new Company will be dealt with as follows:-

The Debenture Holders of the present Company will receive Debentures in the new Company of an equal nominal amount.

The Preference Shares would be allotted to the present secured and unsecured creditors (other than the first Debenture Holders). 1,250,050 Ordinary Shares would be offered to the Ordinary and Deferred Shareholders of the existing Company in certain proportions the shares being credited as 2/- paid with an unpaid liability of 3/-.

Under this scheme the new Company would have about £225,000 in cash in addition to existing stocks of soda, stores and book debts which would be taken over from the present Company and after providing for the obligations of the Receiver on behalf of the Debenture holders it is considered that the funds available should be adequate to enable the Company to add such machinery as will enable them to increase the output of the Plant very considerably and to provide the additional working capital required.

The new Company will take over all the assets of the

Continuation Sheet No. (3) The Under Secretary of State  
for the Colonies.

THE MAGADI SODA CO. Ltd.  
LONDON.

25/7/23.

existing Company including the present Lease of the Lake and the Railway Contract.

Messrs. Cull & Co's guarantee to underwrite is naturally contingent on a satisfactory arrangement being made by the new Company with H.M. Government

On previous occasions when you have been good enough to see one of the Directors who has been engaged in the proposed reconstruction it was suggested that the existing Royalty and Freight should be varied on the following basis:-

That the freight rates and royalty should be considerably reduced during the earlier years when production would be at its lowest and should increase later as the production increased.

I have however considered this matter further along with the Company's expert advisers and would like to put forward as an alternative scheme that while the rates of freight and/or royalty during the earlier years should be reduced to some extent they should be further reduced as and when the production increases.

I attach a Table (which gives freight and royalty combined) showing that under the revised rates originally proposed, (which I have called Table "A") payment to the Colonial Government for any production up to 200,000 tons a year would be much less than under the new scheme proposed, which I have called Table "B", and at a production of the above figure, namely 200,000 tons a year payment under either scheme will be approximately the same.

Date 25/7/23.

I venture to suggest that the payments which are now tentatively proposed under Table "B" are better from a commercial standpoint and more satisfactory from the point of view of H.M. Government including the Colonial Government.

In putting forward a request for a revision of the freight rates I think that I can fairly bring to your notice the difference between the Uganda Railway Rates for Maize and those payable under the Company's Railway Contract for its products.

On a haul of about 600 miles between the Plateau and Kilindini, the freight rate for Maize is 11/6d. per ton. On a haul of 381 miles from Lake Magadi to Kilindini the freight rate on Soda amounts to 17/10d. per ton. In other words, the Government will carry Maize from its area of production to its Port of Shipment for a freight rate equivalent to 64% of the rate charged on Soda from its area of production to its Port of Shipment. Further, when the mileage question in relation to the carriage of Maize and Soda is taken into account, the aforementioned disparity becomes accentuated for the reason that the maximum Maize mileage is 600 as against a Soda mileage of 381. In practice, therefore, Maize is carried at .23d. per ton per mile, and Soda at .566d. per ton per mile, or 2.46 times as much as the Maize.

It must further be remembered that the value of Maize f.o.b. Kilindini is to-day just twice that of Soda, which is

Date 25/7/23.

I venture to suggest that the payments which are now tentatively proposed under Table "B" are better from a commercial standpoint and more satisfactory from the point of view of H.M. Government including the Colonial Government.

In putting forward a request for a revision of the freight rates I think that I can fairly bring to your notice the difference between the Uganda Railway Rates for Maize and those payable under the Company's Railway Contract for its products.

On a haul of about 600 miles between the Plateau and Kilindini, the freight rate for Maize is 11/6d. per ton. On a haul of 381 miles from Lake Magadi to Kilindini the freight rate on Soda amounts to 17/10d. per ton. In other words, the Government will carry Maize from its area of production to its Port of Shipment for a freight rate equivalent to 64% of the rate charged on Soda from its area of production to its Port of Shipment. Further, when the mileage question in relation to the carriage of Maize and Soda is taken into account, the aforementioned disparity becomes accentuated for the reason that the maximum Maize mileage is 600 as against a Soda mileage of 381. In practice, therefore, Maize is carried at .23d. per ton per mile, and Soda at .566d. per ton per mile, or 2.46 times as much as the Maize.

It must further be remembered that the value of Maize f.o.b. Kilindini is to-day just twice that of Soda, which is

Date 25/7/23.

another very urgent reason why the Soda freight should not at any rate be higher than that of Maize.

The Magadi Soda Co. has spent some £800,000 on a Railway and Water Supply in Kenya. The interest on this at 5% per annum would amount to £40,000, so that based on a production of 100,000 tons a year 8/- would have to be added to the freight rate as interest on this Capital. The Maize Growers on the other hand, have had no Capital Expenditure whatever in connection with Railway facilities. This Company is further paying a Royalty of 3/- per ton on all Soda Ash exported from, or sold in the Protectorate whereas the Maize Growers pay no such Royalty.

It is essential if the Company is to become a financial success in order that the business may be properly developed that the costs of production and carriage to the Port should be reduced as low as possible so as to enable it to compete successfully with the other large producers in the various markets of the world.

I think that when you have examined these proposals you will prefer to have a conference on the subject, and as the matter is of very considerable urgency, I hope that you will be able to see your way to call such a conference at the earliest possible moment, so that the matter can be further



Continuation Sheet No. (6) The Under Secretary of State  
for the Colonies.

THE MAGADI SODA CO., Ltd.  
LONDON.

25/7/23.

considered before the holidays.

I am, Sir,

Your obedient Servant,

*Walter H. Samuel*

Approved

*Walter H. Samuel*

Receiver & Manager on behalf of the  
Debenture Holders of the Magadi  
Soda Company Ltd.

CULL &amp; CO.

11, Throgmorton Avenue,  
LONDON, E.C.2.

16th July, 1923.

Captain The Hon. Walter Samuel,  
Shell House,  
Bishopsgate, E.C.4.

Dear Sir,

Magadi Soda Company Ltd.

In accordance with our conversation, we beg to submit herewith our proposal for the reconstruction of the above Company:-

Present Issued Capital:

- £499,950 6% Registered Convertible Debentures.
- 1,250,050 Ordinary Shares of £1. each.
- 1,250,000 Deferred Shares of 1/- each.

Liabilities:

- Approximately £200,000 Bank Overdraft, secured by a Second Mortgage.
- Approximately £150,000 Trade and Other Creditors.

It is proposed that the authorized capital of the reconstructed Company should be:-

- 6% 1st Mortgage Debentures ..... £499,950.-
- 7% Cumulative Preference Shares,  
approximately £262,500.-
- 3,000,000 Ordinary Shares of 5/- each ....£750,000.-

Captain The Hon. Walter Samuel.

16.7.23.

The interest on Bonds and dividend on Preference Shares for the first two years is to be paid out of Income only, and not to accrue for these two years if earnings are insufficient to meet these charges. The Debentures are to be redeemable at 105% (a) on the 1st July, 1941, or (b) at any earlier date after the 30th June 1929, on six months notice from the Company. A 4% Cumulative Sinking Fund is to be established commencing in the year 1928, to operate by purchase at or under 105% or by annual drawings at 105%.

It is proposed in the reconstructed Company to issue the following securities:-

1. To the present 6% Registered Convertible Debenture Holders - - 6% 1st Mortgage Debentures (non-convertible) .....	£459,000.
2. To the Second Mortgage Debenture Holders-- -75% of 7% Cumulative Preference Shares, approximately .....	£150,000.-
3. To the Trade and other Creditors-- - 75% of 7% Cumulative Preference Shares, approximately .....	£112,500.-
4. To the Ordinary Shareholders-- - 1,250,050 5/- Ordinary Shares credited 2/- paid .....	£125,005.
Liability of 3/- per share on the above .....	£187,507.10.0
5. To the Deferred Shareholders-- - 250,000 5/- Ordinary Shares credited 2/- paid .....	£ 25,000.-
Liability of 3/- per share on the above .....	£ 37,500.-

(3)

The issued capital of the reconstructed Company will therefore be:-

6% First Mortgage Debentures .....	£499,950.-
7% Cumulative Preference Shares, approximately	£262,500.-
1,500,050 Ordinary Shares of 5/4 each .....	£375,012.10.0

We hereby agree to guarantee the subscription of the uncalled liability of 3/- per share on the above 1,500,050 shares for a call of 750,000 Ordinary Shares at 5/- per share until the 31st December, 1925, exercisable in whole or part on any date during the period of the option.

It is understood that this agreement will not be binding upon us unless it is possible to come to some satisfactory arrangement with the Government as regards the reduction of the existing royalty and freight charges.

It is further understood that the Board of the new Company will include:- Lord Southborough as Chairman, yourself, Mr. A. W. Tait, Mr. A. E. Chester Beatty, and, if after making the necessary enquiries, he meets with your approval, Mr. William Seikirk, Consulting and Mining Engineer of 4, Broad Street Place, E.C.

Yours faithfully,

(Signed) Gull & Co.

(3)

The issued capital of the reconstructed Company will therefore be:-

6% First Mortgage Debentures .....	£499,950.-
7% Cumulative Preference Shares, approximately	£262,500.-
1,500,050 Ordinary Shares of 5/- each .....	£375,012.10.0d

We hereby agree to guarantee the subscription of the uncalled liability of 3/- per share on the above 1,500,050 shares for a call of 750,000 Ordinary Shares at 5/- per share until the 31st December, 1925, exercisable in whole or part on any date during the period of the option.

It is understood that this agreement will not be binding upon us unless it is possible to come to some satisfactory arrangement with the Government as regards the reduction of the existing royalty and freight charges.

It is further understood that the Board of the new Company will include:- Lord Southborough as Chairman, yourself, Mr. A.W. Tait, Mr. A.E. Chester Beatty, and, if after making the necessary enquiries, he meets with your approval, Mr. William Selkirk, Consulting and Mining Engineer of 4, Broad Street Place, E.C.

Yours faithfully,

(Signed) Gull & Co.

Amount payable to Kenya Government (freight  
and royalty combined) on varying tonnage  
under:-

- (a) First scheme  
(b) Under new scheme now proposed.

	50,000 tons	150,000 tons	200,000 tons
	at 14/6d.	at 14/6d.	at 14/6d. plus 3/3d.
(A)	£36,280.	£108,750.	£145,000
			plus <u>32,500</u>
			<u>£177,500</u>
	at 18/-	at 17/-	at 16/6d.
(B)	£45,000	£127,500	£165,000

Amount payable to Kenya Government (freight  
and royalty combined) on varying tonnage  
under:-

- (a) First scheme  
(b) Under new scheme now proposed.

	50,000 tons	150,000 tons	200,000 tons
	at 14/6d.	at 14/6d.	at 14/6d. plus 3/3d.
(A)	£36,250.	£108,750.	£145,000
			plus <u>32,800</u>
			<u>£177,800</u>
	at 18/-	at 17/-	at 16/6d.
(B)	£45,000	£127,500	£165,000

*Shell House,  
25 & 27, Bishopsgate,*

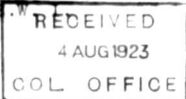
Ref. 37335/23.

*London*  
E 1 2

August 3rd 1923.

The Under Secretary of State,

Colonial Office, S.W.



Sir,

I have to acknowledge receipt of your letter of the 2nd inst., and will arrange for Representatives of the Magadi Soda Company and the Receiver to attend at your Office on Wednesday the 8th at two o'clock as you request.

I have the honour to remain,

Sir,

Your obedient Servant,

*Walter H. Samuel.*

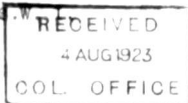


*Shell House,  
25 & 27, Bishopsgate,*

*London,* August 3rd 1923.  
K 1 2

Ref. 37335/23.

The Under Secretary of State,  
Colonial Office, S.W.



Sir,

I have to acknowledge receipt of your letter of the 2nd inst., and will arrange for Representatives of the Magadi Soda Company and the Receiver to attend at your Office on Wednesday the 8th at two o'clock as you request.

I have the honour to remain,

Sir,

Your obedient Servant,

*Walter H. Samuel.*

*Handwritten:* 37335/23 Kenya

*Handwritten:* H

*Handwritten:* S

DOWNING STREET,

14 August, 1923

**DRAFT.**

to the Honourable Walter Sandel,  
Director,  
Magadi Soda Company,

Sir,

**MINUTE.**

With further reference to

- to: Bottomley. 10. 3.
- Mr. *Butt* 10
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Read. *H*
- Sir J. Masterton Smith
- Mr. Ormsby-Gore
- Duke of Devonshire

*Handwritten:* 23. 8. 15 Aug 23

your letter of the 25th July, I am  
 etc., to inform you that, as a result of  
 the discussion at the Colonial Office  
 on the 8th of August, a despatch has been  
 sent to the Officer Administering the  
 Government of Kenya inviting the views  
 of the Colonial Government and of the  
 railway administration on the proposals  
 embodied in your letter for the  
 reconstruction of the Magadi Soda  
 Company. The O. A. G. is being requested  
 to take all steps to ensure that a reply

*Handwritten:* for action

*Handwritten:* 1/5

End Kenya  
37335

O. D.  
R 13 AUG  
D. 14

True

\$

DOWNING STREET,

15 August, 1923.

DRAFT.

147

MINUTE.

Sir, *Write up. Copy tel of the 26<sup>th</sup> of June*  
(30700) I have the honour to transmit

to you the accompanying copy of <sup>recent</sup> ~~the~~ further  
correspondence regarding the proposed  
reconstruction of the Magadi Soda  
Company.

2. The proposals made in Captain  
Walter Samuel's letter of the 25th  
July were discussed at a meeting at  
the Colonial Office on the 8th of  
August, at which Sir Robert Coryndon  
and Major G.D. Rhodes were present.

Captain Samuel was principal  
representative of the existing Company,  
and Mr. H. Chester Beatty and Mr. Tait

attended

- Mr. Bottomley. 10 A. 23.
- Mr. Anglin 10
- Mr.
- Sir G. Davis.
- Sir G. Grindle.
- Sir H. Read. 11
- Sir J. Munster Smith.
- Mr. Grubb-Gore.
- Duke of Devonshire.

*John Samuel 25 Aug } 37335  
14 Aug. (Captain)*

Secretary of State's despatch is  
referred to telegram as soon as  
possible.

It is expected that the  
reconstruction will arrive in Kenya not later  
than the end of the Secretary of  
State's despatch, and it will, in fact,  
be completed before the end of the year.

It is expected that he will be present at the  
reconstruction, and be fully acquainted  
with the operations of the Company and  
the ~~reconstruction~~ *the attempts which is being made to arrange for*  
its  
reconstruction, and he is well aware  
of the urgency of early action in the  
matter.

3. A further letter will be sent  
to you on receipt of the reply from the  
Government of Kenya.

I am, etc.,  
(Signed) H. J. READ

*and Mr. Tait*

4

was drawn to the fact that the proposals leave the railway administration no safeguard as to the minimum amount of goods to be carried, and that they might be put to the expense of maintaining and staffing the line and holding in reserve locomotives and rolling stock for working the traffic without any adequate return. It was suggested that the new Company should guarantee freight rate and royalty on an output to be agreed upon whether that output was actually reached or not. Captain Samuel observed that this would make any financial arrangements impossible, and that it would have the effect that, if the new Company at any time found itself in temporary difficulty, the existence of the guarantee would convert that difficulty into complete breakdown. In the circumstances it ~~would~~<sup>has</sup> found impossible to press the matter.

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Read.
- Sir J. Manton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

pointed out that the increased rate for a low output proposed in the enclosure to Captain Samuel's letter was only possible because, under the new arrangements, no debenture interest would be paid for the first two years.

DRAFT.

6. It is <sup>clear</sup> true that the rates proposed involve a heavy reduction of receipts, as compared even with the rate of <sup>9</sup> 16ths of a penny per ton

MINUTE.

mile (with royalty in addition) which is provided for in the current contracts. Whether the terms are possible from the point of view of your Government and the Railway administration must depend on the indirect advantages which each expects to receive from the affairs of the Company being placed on a prosperous footing. As regards the railway, Mr. Chester Beatty maintained that in fact the advantages which the railway derive from return traffic was <sup>less</sup> greater in the case of soda than in the

- Mr.
- Mr.
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Read.
- Sir J. Masterton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

The main discussion was on the question of the actual rates to be charged, and it was pointed out that <sup>was not</sup> the telegram of the 15th of May <sup>(24786)</sup> the special rate proposed by the <sup>General</sup> <sup>Manager</sup> for a low output was regarded in part as a substitute for a guarantee of <sup>the</sup> <sup>Magadi</sup> soda. Mr. Chester Beatty maintained that <sup>shall not break with them</sup> ~~any~~ <sup>the</sup> rates, originally proposed by the General Manager were <sup>to be</sup> <sup>maintained</sup>. It must be <sup>understood</sup> that the Magadi soda is a low grade product which must find its place at a special price and <sup>cannot</sup> ~~could~~ compete on equal terms with the better class soda manufactured in this country and elsewhere. All calculations must be based on an <sup>assumed</sup> <sup>value</sup> of £3. 15. 0 per ton <sup>of soda ash</sup> at <sup>the</sup> <sup>price</sup> of <sup>£3. 15. 0</sup> and if the business was to continue the freight rates must be lowered so as to make this price possible of attainment. It was also pointed

the case of maize, owing to the bulk and value of machinery, stores etc., sent up the line to Lake Magadi and to the fact that the upward haul was less severe in the case of Magadi than in the case of the maize-growing districts, especially where the East African was concerned.

This view was contrary to information already received but it is essentially a matter for those concerned in the traffic workings of the railway and will require careful consideration.

As regards the Colonial Government, the main points alleged in favour of the specially low rate on maize are that the money received for maize, whether grown by Europeans or native cultivators, is spent <sup>in</sup> on the ~~Government~~ <sup>Government</sup> Company and benefits the Government through increased capacity for importing dutiable goods, and further, that <sup>the</sup> the burden of the special subsidy on maize transport <sup>is</sup> borne by the general

the case of maize owing to the bulk and value of machinery, stores etc., sent up the line to Lake Magadi and to the fact that the upward haul was less severe in the case of Magadi than in the case of the maize-growing districts, especially where the East Africa was concerned. This view was contrary to information previously received but it is essentially a matter for those concerned in the traffic working of the railway and will require careful consideration. As regards the Colonial Government, the main points alleged in favour of the specially low rate on maize are that the money received for maize whether grown by European or Native cultivators, is spent on the <sup>the</sup> ~~Company~~ and benefits the Government through increased capacity for importing dutiable goods, and further, that <sup>the</sup> the burden of the special subsidy on maize transport <sup>is</sup> borne by the general

general taxpayers of the Colony, falling largely on those persons, settlers, natives, merchants etc., who benefit <sup>directly or indirectly</sup> by the increased trade arising from the larger production of maize. On the other hand, the Company contend that, apart from the money spent on the initial supply of machinery and equipment, practically the whole of the Magadi expenditure up to the present has been spent in the country, and that in the future a very large part of their expenditure will continue so to be spent and will benefit the country in at least as great a measure as the production of maize. This again is a contention which will require full consideration.

8. <sup>is</sup> ~~is~~ a point of detail, I may mention that Major Rhodes at the meeting pressed the point that, if the Company were not prepared to guarantee production it would be necessary for the Government on its side to keep itself

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr.
- Sir C. Davis.
- Sir G. Grindle.
- Sir H. Read.
- Sir J. Masterton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

itself free from any contractual obligation to provide

transport for any given quantity of

soda. This view was accepted by

Mr. Chester Beatty, who observed that

the provision of traffic would be a

matter of arrangement between the

Company and the railway. While I agree

that freedom should be preserved to the

Company in the matter, it would not in

my mind be practicable for the railway

to raise difficulties over the transport

of any quantity up to the 160,000 per

annum for which in previous arrangements

it has agreed to provide, and has

actually provided the necessary

locomotives and rolling stock

9. It will not be possible for

those concerned in the attempt to reconstruct

the Company to take any action in this

country until October when the Courts

will sit again. It was therefore arranged

with Sir Robert Coryndon at the meeting

that he should take up the matter

immediately

DRAFT.

MINUTE.

Mr.

Mr.

Mr.

*Sir C. Davis.*

*Sir G. Grindle.*

*Sir H. Read.*

*Sir J. Masterton Smith.*

*Mr. Ormsby-Gore.*

*Duke of Devonshire.*

immediately on his arrival and report  
the result of his enquiries to the  
Secretary of State by telegram at  
the earliest possible date in  
September. It is, I fear, possible  
that no basis of arrangement can  
be arrived at, but I am anxious that  
the odium of closing down the  
development of this great natural  
resource of the country should not  
fall upon the Government, and for  
that reason I would ask that, if the  
proposals in Captain Samuel's letter  
are, after full consideration, found  
to be impracticable, I may be furnished  
in the telegram proposed with the  
outline of alternative terms which,  
while meeting the Company as far as  
possible, would safeguard the  
Colony against ~~ultimate~~ ultimate loss.  
I shall be glad if, as soon as  
possible after the telegram has been  
sent, I may be furnished with a very  
full statement of the views of the



H. J. Read  
37335

C. D.  
R 26 JUL  
D 27

26 July 1873

Dear Sir,

I am in thank the  
rec. of your letter of the

DRAFT.

in the letter:  
Walter Samuel,  
Sadi Soda Co Ltd  
MINUTE.

25<sup>th</sup> of July recommending  
and to imp. you  
that your proposals  
in regard to the reconstruction  
of the Magadi Soda Co. Ltd,  
will be carefully considered  
and that a further letter  
will be sent to you as  
soon as possible.

- Mr. Anstruther 26.7.23
- Mr. [unclear]
- Mr. [unclear]
- Mr. Davis
- Sir G. Grindle
- Sir H. Read 26
- Sir J. Masterion Smith
- Mr. Ormsby-Gore
- Duke of Devonshire

Enclosure

(Signed) H. J. READ

R...

L.S.  
37335 *George*

C. D.  
R - 2 AUG  
D - 2

*9nd*

2 Aug. 1923

*Sc*

*Continuation of the*

**DRAFT.**

*Walter Samuel  
Soda Co. Ltd.*

**MINUTE.**

- 1/8/23*
- Mr.
- Mr.
- Mr. Davis.
- Sir G. Grindle.
- Sir H. Read.
- Sir J. Masterton Smith.
- Mr. Ormsby-Gore.
- Duke of Devonshire.

*letter from this Dept. of the  
26<sup>th</sup> of July, I am re- to  
suggest that representatives of  
the proposed Soda Company,  
with the Receiver on behalf of  
the debenture holders, should  
attend at this Office on  
Wednesday the 8<sup>th</sup> of August  
at 2.15 pm. for the  
purpose of a preliminary  
discussion of the proposed  
scheme of reconstruction  
which you have furnished  
with the Governor of Kenya  
and officials of this Dept.*

*2. His*

*6 copies of 37335  
the 6th under  
referred to as  
was the same.  
the copy books  
(to be kept 50.)*

2. His Grace much regrets that  
has not been possible to the problem  
an earlier date, and as Sir Robert  
Crompton came for Kenya on the 9<sup>th</sup>  
he thinks that it will be possible  
with the re-arrangement of the  
company and for his friend to visit  
~~London on the 11<sup>th</sup>~~

London will be used to make the  
necessary arrangements) to attend on  
the 11<sup>th</sup>

7 11<sup>th</sup> 1884

2. His Grace much expects that  
has or been possible to the problem  
an earlier date, and as Sir Robert  
Clydesdale's name for Henry in the 17<sup>th</sup>  
is such that it will be possible  
with the representation of the  
company and for his said (to wit  
inland on the 17<sup>th</sup>

are passed & do not take the  
company arrangements) to attend on  
the 17<sup>th</sup>

) it is all