

1933

Kenya.

No. 3299.

SUBJECT

C0533/439

Chaiobi Omnibus Service.

Previous

100 5066/33

Subsequent

38126/36

(11)

108 A/Answer of 1st Feb 1971 (continued) 8 July 73

State agreement provides for the formation of a local company in which 80% of financial capital would be provided by the Government of the District to the request information as to financial soundness of this company

Major State may have information about the Company, but it would be better, I suggest, to ask C.A. to make the credit inquiries & report to C.A. and report to explain briefly why the information required

C.A. Bennett
1977/83

Yes - write (conf) to say that negotiations are proceeding between the Municipal Council of Nairobi and local rep^{ty} of the Overseas Motor Transport Co. Ltd with a view to the establishment of a motor passenger transport service in Nairobi; in their connexion S.P.S. has rec'd a let^{ter} (copy enclosed) in wh. O.M. asks for info as to the financial soundness of the Co; S.P.S. will be glad to receive any info wh. C.A. may be in a position to furnish

A. Bennett
11/7/73

Commander Hare (and attached) called this morning, sent over by Doi. On the occasion of a previous (very brief) visit I gathered that he was interested in the business going supplies of the buses to the Overseas Air Transport Co. This morning, however, he told me that he is Chairman of the Co.

As I had already given some indication of the cause of delay, I thought it better to tell him the whole story, & give him the substance of No. 9. He quite appreciated my caution, & told me good deal about his Company (which is a private concern). He agreed to my suggestion that we should now write to him, asking for assurance etc; he will write in reply, giving the info. which he communicated to me in conversation etc.

I have spoken to Mr. Flood, who agrees to the course proposed. No need to write to C.A., at any rate until Commander Hare has replied.

Jh.

J. Hare

To Command. F. Hare - Enns. - 14/7/33

3
23 Overseas Air Transport Co Ltd 15 July 33
DESTROYED UNDER STATUTE 17(2) states Comd. there will reply on full & requests
his bankers may be refused to provide information

4. 18 Comd. Hare 18 July 33

Confirms No. 9, gives details of the Company & prepared Nairobi bus service & state of assets by two accountants

The Company's financial position appears so strong enough to give the O.A.S. the assurance requested in No. 9 without reference to the Bank. The Chartered Accountants' statement indicates that the Company has liquid assets amounting to £20,750 of own shares in the Cairo & Kenia Service. These to be worth £17,000. Against this there are liabilities which are £5 & 10,000 respectively amounting to £25,000. I submit a draft telegram to J.A.S.

C.A. Hare
19/7/33

If the total given, we should so inform Commander Hare, and a copy of ^{4 ends} ~~the~~ should go to Kenya ^{in short def} by air mail.

J. Hare
19/7

Sir J. Campbell

You have not yet seen these papers, because no financial question has arisen till now. The Nairobi Municipal Council has got power under a recent

80%

recent Ordinance to make a contract for a bus service within the Municipality, and it is proposed to make an agreement for a period of ten years for the formation of a Company in which ^{80%} of the capital is to be provided by the Overseas Motor Transport Company, 10 Victoria Street. It is anticipated that the service will begin with a loss, and therefore the Government of Kenya are naturally anxious to know something about the stability of the Overseas Motor Transport Company.

The normal course of action would be to approach the Crown Agents and ask them to make enquiries, but in this case Commander Hare, one of the Directors, called here to ask how the thing was getting on, and was accordingly told what the situation was. He has now submitted details of the Company, and the question arises whether we can tell Kenya it is satisfactory. It being a private concern, I very much doubt whether the Crown Agents would be in a position to add to the information given, but the Chartered Accountants' statement is a fairly wobbly document and, further, the Crown Agents for the Colonies are the S. of S's financial advisers on such matters, and before we say anything to Kenya I suggest that we should refer to them, sending copies of the correspondence, No. 9, 10, and 12, and ask them to report as quickly as they can upon the financial stability of the Company, if they can obtain any information from what is contained in No. 12.

On the face of it, the Company appears to have £26,000 worth of Debentures and liquid assets amounting

amounting to £20,000, including £8,858 due for repayment on a month's notice, with further shares in Cairo Omnibuses, in which concern it is understood that the Overseas Transport Company is mixed up. I think myself that it is probably all right, and that this concern, which has had experience of bus services in Cairo and elsewhere, is more likely to do a good job for Nairobi than any other, but I should be glad to have your comments.

192

The... I...
do the...
material which has been...
doubtless consist...
put through an enquiry to the...
who pretend to...
I agree...
doubt they will...
quite...
The 21-7-33.

[Handwritten signature]
21/7/33

[Handwritten note] O.A.C. (H) 1111 (Conf) 21st July
RESTRICTED UNDER STATUTE
[Handwritten note] (Add for early reply to 1/11)
[Handwritten note] Copy included in off. a 24.

[Handwritten signature]
22/7

[Handwritten note] To B.A. (1.2.4.5) Cons. 26/7/33

120 O.A.G. Tel. 11/9/33 27 July 33

State conclusion negotiations with Overseas
Tele. Transport Co. is most urgent as local representatives
out on 6 Aug. Reports very early reply.

I have telephoned C.A. &
explained the position to
Mr. Ransom. He felt that they
must take up the Bank's proposals
& promised to telephone on Monday 27 July
the result of their enquiries.

C.A. Groom with
27.7.33

R297 16 on
B/14
Mund 24
31.7.33

121 Overseas Tele. Transport Co. 27/7/33

DESTROYED UNDER STATUTE

Requests matter may be included as their account
Dundas will leave Kenya on Aug 6th.

9.17 Crown Agents 29/7/33

Long details of financial position of the Overseas Telegraph
Co. Ltd. 9 mths. upto from Barclays Bank.

10
120 Tel. to Gov. (C.A. amend) 160 by 29 July 1933

I submit draft draft to Kenya
in confirmation of No. 18 of
draft letter to O.A.G. C.A. &
in reply to 120 & 121.

C.A. Groom with
21.8.33
(I have checked with C.A. (Hess)
R.H. Hunt
2/8/33

Dept. report
v. 2/24 on 15
9? reply to 120/33

By line Murch
9/8/33

119 To Kenya Conf (1/10/33, 2, 4, 6, 7, 8, 9)
8 AUG 1933

120 To Overseas Tele. Transport Co.
(120 to amend) 8/8/33

121 Overseas Tele. Transport Co. Ltd 10 Aug 33

Acto. NO 129 states it will be handed to the Chairman on
his return at the beginning of next week

DESTROYED UNDER STATUTE

10th
C.A. Groom with
15/8/33 et al

122 1/2 of Acto. 1/2

16 August 33
State omnibus commission has now been signed & sealed
& it is hoped to start the survey early in the New Year

DESTROYED UNDER STATUTE

Partly
C.A. Groom with
15/8/33

(M)

Extor. matter on 10/8/33 at O.A.G. 121
Mr. Freeman - in London 12/8/33

123 To Lawrence (copy 4 19) 5/2 - 15 SEP 1933

124 To Lawrence 1/2 - 16 Sept. 33

Acto. No. 15.

DESTROYED UNDER STATUTE

? partly
A. R. Hill's
22.9.33.

1.4. 1933

23.9.33

in line

14. A/Gen's Deputy Wade 530 _____ 12 Sept 33.

Transmits details of Agreement between Nairobi
Municipal Council & Overseas Yota Transport Co Ltd which
was approved on 2nd Aug. by the A/Gen's.

(Copy. original copy on 3066/33 Kenya).

Order has been sanctioned at
No. 10 on 3066/33 Kenya

? sent by

L. G. Whitehead

31. 10. 33

Approved: J.P.
J.P.

~~11/18~~

Copy of report from Kenya attached. Original on

35636/31. Re: Ruwama. P. 1/1/33

2-8.

~~11/18~~

THE COLONIAL SECRETARY, KENYA TO THE CROWN AGENTS.

The Secretariat,
Nairobi, Kenya,
30th May, 1934

When replying
please quote
No. S C/MUN.2/14
and date.

CONFIDENTIAL.

AIR MAIL.

Gentlemen,

I have the honour to refer to your Confidential letter No. O/B.G.82. of the 15th May, in which you ask for information regarding the operation of a motor omnibus service in Nairobi by the Overseas Motor Transport Company Limited.

2. The Company entered into an agreement with the Nairobi Municipal Council in 1933 under the provisions of the Local Government (Municipalities) (Amendment) Ordinance, 1932 which enables a Municipal Council to enter into an agreement with a company or person for the conduct of an omnibus service, the terms of the Agreement being subject to the approval of the Governor, and to prohibit, subject to the approval of the Governor, the carrying on of such a service by any other company or person during the period of the Agreement. The Agreement concluded between the Company and the Council provides for the establishment and maintenance by the Company of an efficient service of twelve motor omnibuses, routes and time tables being subject to the Council's approval. Maximum fares are fixed in the Agreement. The Council

on their part undertake to prohibit (and have prohibited) the carrying on of any service for the carrying of passengers for hire by any other person during the period of the Agreement, and to erect an omnibus garage on land belonging to the Council at a capital cost not exceeding £4,000, for which the Company agree to pay as rent £120 per annum in the first three years, £240 per annum in the next three years and £480 per annum for the remaining four years of the period of the Agreement.

3. The period of the Agreement is ten years from the date of commencement of the service, the Council having the right to take over the service and assets of the Company as a going concern at any time after the expiry of seven years on giving six months' notice, the purchase price, falling agreement, to be determined by arbitration. If at the end of ten years the Council have not exercised their right of purchase, the Company have the right to renew the Agreement for a further period of five years. The Agreement further provides that if at any time the Governor shall notify the Council that having regard to all prevailing circumstances and conditions he is satisfied that the Omnibus Company is not maintaining an efficient service, the Council shall thereupon give to the Company six months' notice in writing requiring the Company to improve the service, and if at the expiration of the period of six months the service shall, in the opinion of the Governor, still be unsatisfactory the Council may determine the Agreement by giving one month's notice in writing.

on their part undertake to prohibit (and have prohibited) the carrying on of any service for the carrying of passengers for hire by any other person during the period of the Agreement, and to erect an omnibus garage on land belonging to the Council at a capital cost not exceeding £4,000, for which the Company agree to pay as rent £120 per annum in the first three years, £240 per annum in the next three years and £480 per annum for the remaining four years of the period of the Agreement.

The period of the Agreement is ten years from the date of establishment of the service, the Council having the right to take over the service and assets of the Company as a going concern at any time after the expiry of seven years on giving six months' notice, the purchase price, failing agreement, to be determined by arbitration. If at the end of ten years the Council have not exercised their right of purchase, the Company have the right to renew the Agreement for a further period of five years. The Agreement further provides that if at any time the Governor shall notify the Council that having regard to all prevailing circumstances and conditions he is satisfied that the Omnibus Company is not maintaining an efficient service, the Council shall thereupon give to the Company six months' notice in writing requiring the Company to improve the service, and if at the expiration of the period of six months the service shall, in the opinion of the Governor, still be unsatisfactory the Council may determine the Agreement by giving one month's notice in writing.

4. The omnibuses have been exempted from vehicle taxation under the Traffic Ordinance of 1928 for a period of five years. This taxation, if paid, would amount to approximately £420 per annum, one half of which would be payable to the Council. The financial assistance provided by the Government and the Council is, therefore, represented by exemption from vehicle taxation for five years and the capital cost of the garage, for which the Council receive a fair rent. The Company's profits are limited to 12½% in the following way:-

If in any year the profit shown in such balance sheet after adequate and reasonable provision for depreciation and reserve has been made as aforesaid bear a larger proportion than twelve and one half per cent (12½%) to the paid up capital of the Company, the amount by which such profit exceeds twelve and one half per cent (12½%) shall be applied either to the reduction of fares or the improvement of the service at the discretion of the Directors, provided that, if in any year the profit shall be less than twelve and one half per cent (12½%) or there shall have been a loss, then the amount by which the profit falls short of twelve and one half per cent (12½%) and the losses (if any) shall be made up in succeeding years before the percentage of profit to capital in such succeeding years is calculated for the purpose of ascertaining the amount of the excess profits to be applied as hereinbefore mentioned.

5. For the purpose of operating the service a Local Company entitled "Kenya Bus Services, Limited" has been formed. This Company, to the initial issued capital of which the Overseas Motor Transport Company Limited have contributed not less than 80%, has been operating the service

9

service since its commencement in February. The short experience so far gained gives every cause for satisfaction. From reports communicated by the Company to the Press it appears that the service is carrying nearly 100,000 passengers monthly, at which figure it is understood the proposition becomes a paying one. The Company have given evidence of a real desire to maintain an efficient service and of competence in handling the business. They have themselves trained native drivers and conductors, and in general, so far as can be ascertained without reference to the Company, are running the service on sound and up to date lines.

I have etc.

(sgd) H.G.Pilling,
for COLONIAL SECRETARY.

Duplicate

Original 3066/33

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17

KENYA

NO. 530.....

13th September, 1933.

Sir,

With reference to the first paragraph of your despatch No. 500 of the 12th May last, I have the honour to transmit two authenticated copies of Ordinance No. XIV of 1933, entitled An Ordinance to amend the Local Government (Municipalities) Ordinance, 1922 which passed its third reading in the Legislative Council on the 12th August and was assented to in His Majesty's name on the 6th September last, together with the legal report in duplicate.

Twelve printed copies of the Ordinance being transmitted under separate cover.

Section 5 of this Ordinance follows the instructions contained in your despatch No. 184 of the 6th March, 1933. In this connection I may mention that the terms of the agreement between the Nairobi Municipal Council and the Overseas Motor Transport Company Limited were approved on the 2nd August by the Acting Governor, who also approved the exercise by the Council of its power of prohibition for the period of the Agreement. Provision is made in the Agreement for the establishment before the 31st May, 1934 and maintenance by the Company of an efficient service of twelve motor omnibuses, the Agreement to run for ten years from the date of establishment of the service. The Municipal Council retains the right to take over the service and assets as a going concern at any time after the expiry of seven years on giving six months notice, the price, failing agreement, to be determined by arbitration. Provision is also

made ----

THE RIGHT HONOURABLE
MAJOR SIR PHILIP CHURCHILL-LISTON, P.C., D.S.O., M.C., M.P.
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, W.C.2.

made for cancellation of the agreement in the event of the Governor being satisfied that the Company is not maintaining an efficient service.

8. Section 5 provides that in future the Chairman and Deputy Chairman of a Municipal Board (except Mombasa) shall be elected.

The Local Government Commission, 1927 recommended that the Chairman of a Municipal Board should be nominated by the Governor. It was, however, provided in sections 9(1) and 10 (1) of the Local Government (Municipalities) Ordinance, 1925 that the Chairman of a Municipal Board should be the District Commissioner. Municipal Boards are in existence at Mombasa, Nakuru and Eldoret. At Nakuru and Eldoret the change is welcomed both by the administrative staff and by the Municipal Boards, and will be convenient administratively. It may also be calculated to promote among the unofficial members of these Boards a full sense of responsibility for the efficient administration of municipal affairs.

The reason for excluding Mombasa, where the local authority has to deal with matters of a special nature, is that neither the Government nor the Mombasa Municipal Board desires the change.

I have the honour to be,

Sir,

Your most obedient, humble servant,

A. DE V. WADE

ACTING GOVERNOR'S DEPUTY.

made for cancellation of the Agreement in the event of the Governor being satisfied that the Company is not maintaining an efficient service.

6. Section 5 provides that in future the Chairman and Deputy Chairman of a Municipal Board (except ~~Mombasa~~) should be elected.

The Local Government Commission, 1927 recommended that the Chairman of a Municipal Board should be nominated by the Governor. It was, however, provided in sections 2(1) and 18 (1) of the Local Government (Municipalities) Ordinance, 1926 that the Chairman of a Municipal Board should be the District Commissioner. Municipal Boards are in existence at ~~Mombasa, Nakuru and Eldoret~~. At Nakuru and Eldoret the change is welcomed both by the administrative staff and by the Municipal Boards, and will be convenient administratively. It may also be calculated to promote among the unofficial members of these Boards a full sense of responsibility for efficient administration of Municipal affairs.

The reason for excluding ~~Mombasa~~, where the local authority has to deal with conditions of a special nature, is that neither the Government nor the ~~Mombasa~~ Municipal Board decide the change.

I have the honour to be,

Sir,

Your most obedient, humble servant,

A. DE V. WADE

ACTING GOVERNOR'S DEPUTY.

LEGAL REPORT.

THE LOCAL LOCAL GOVERNMENT (MUNICIPALITIES)
(AMENDMENT) BILL, 1933.

The object of this Bill is to make certain amendments to the Principal Ordinance and more particularly to that portion of the Ordinance which empowers a municipal council or board to grant exclusive licenses for the conduct of omnibus services within a municipality.

Clause 2 - The reason for this clause is that the election date for municipal councillors is the first working day in June, whereas the councillors then elected do not take their seats until 30th June.

Clause 3 - At the present time the chairman of a municipal board is the District Commissioner. It is proposed to provide that the members of a municipal board may elect their own chairman and in default of the Municipal Board of Members of which the District Commissioner shall continue to be chairman.

Clause 4 prohibits a councillor from acting as auditor to the council of which he is a member, either himself or through any person in whom he is directly financially interested.

Clause 5 - This clause replaces sub-section (5A) of Section 52 of the Principal Ordinance which subsection was enacted last year for the purpose of allowing a municipal council to grant exclusive licenses for the conduct of omnibus services and to prohibit persons or companies other than an exclusive licensee from conducting such services. It is considered that that subsection as it stands does not sufficiently

safeguard the interests of the public, and it is therefore proposed that in sanctioning a proposal for the exercise by a municipal council of the powers of prohibition contemplated, the Governor should be empowered to place some limit upon the period of prohibition. This suggestion has been given effect to in this Bill, and, among other alterations that are made in the sub-section, provision has been made for the period of prohibition to be extended from time to time subject to the Governor's approval.

It also makes further provision empowering a council to run a by-products plant and to purchase animals for conversion into by-products, and to expend money on services, whether within or without the municipality in order to improve the amenity of the municipality.

In my opinion, His Excellency the Governor may properly assent to this Bill in the name and on behalf of His Majesty.

Nairobi,

15th August, 1953. (Sd.) A. D. A. MacGregor,

ATTORNEY GENERAL.

STANDARD
PRINTERS

14
15

3066/33 R

s/o for Mr. Davis signature

C. O.

Mr. Davis 1379 ps

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

CONFIDENTIAL 15. Sept 1933

DRAFT.

R. J. Lawrence, Esq
Director Credit Dept
(B. of Trade)
9 Clements Lane
E. C. U.

Dear Mr. Lawrence,

In accordance with my promise
over the telephone I forward
for your capital account information
a copy of a letter from the

Overseas Transport Co. Ltd
together with its enclosing
and a copy of a letter from
their records account etc. from

your confidential
We have made enquiries respecting
the [Company] and I also enclose
for the colonies, with
a copy of a letter from them, with
its enclosure, about the company's
financial position

Yours sincerely

(Sigs) I. W. Davies

R. J. Lawrence Esq. 12 July
No. 4. W. and.

R. C. H. 2 July. W. and
No. 9. THE OVERSEAS
IS FILED IN THE
INDEX.

200
C. O.

12
20
5

Mr. Crossmith

Mr. *Freston* 2/10/33
2/10/33

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Partly. U.S. of S.

Secretary of State.

3066/33

8 August,
July, 1933.

Sp

Sir,

I am etc. to ack.

DRAFT.

THE CHAIRMAN AND MANAGING DIRECTOR,

Huber
OVERSEAS MECHANICAL TRANSPORT
COMPANY LIMITED.

(Reference H/P.1.)

(Note...)

the receipt of your letters
of the 18th and 27th of
July relative to the
inauguration of a passenger
vehicle service in Nairobi
and to inform you that a telegram
was sent to the O.A.C. of
Kenya on the 29th of July
notifying him of the result of
the enquiries made in this
country in the matter.

I am, etc.

(Signed) J. E. W. FLOOD

2 dts.

280
cDo.

16

11

3066/33.

Mr. Grossmith
Mr. ~~Frustr~~
Mr.
Mr. Parkinson.
Mr. Tomlinson.
Sir C. Bottomley.
Sir J. Stuckburgh.
Perm. U.S. of S.
Parly. U.S. of S.
Secretary of State.

48/11
48/11

C
R 3 - AUG
D 7

[Handwritten signature]

8 August
1933.

Sir,

I have etc. to confirm my telegram No.160 Confidential of the 29th of July in which I informed you as follows:-

16

DRAFT.

KENYA.
CONFIDENTIAL.

C.A.C.

"Your telegram No.149 Conf.

Financial position of Overseas Motor Transport Company considered sound. Despatch follows

To Commander Hargreaves 14th July
No. 252
Fr. do 18th July
No. 254
To C.A. 26th July
No. 255 without encls.
Fr. C.A. 29th July
No. 256

2. I enclose, for your information, copies of correspondence relative to the enquiries made in this country regarding the financial stability of the Overseas Mechanical Transport Company Limited.

I have, etc.

(Sgd.) P. OUNLIFFE-LISTER.

2-2511

C. O.

3666/33

10¹⁷

Mr. Roosevelt 29/7/33
Mr. Ford 29 about
Mr.

Content sent
5:0 pm 29/7/33
H

Mr. Parkison
Mr. Tompason
Sir C. Bodomley
Sir J. Shackburgh
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

G-D
R 31 JUL
D 1 a.m.

No. 160 Confidential

DRAFT. Tel
Code
Lorenson
Nelson

(5)

For telegram
No 149 Confidential
Financial position of
American Motor
Transport Company
Considered sound
Dispatch follows
Lear

FURTHER ACTION

29/7/33
Lear

ALL COMMUNICATIONS
TO BE ADDRESSED TO THE
CROWN AGENTS FOR THE COLONIES.
THE FOLLOWING REFERENCE AND THE
DATE OF THIS LETTER BEING QUOTED.

O/Kenya 83.

TELEGRAMS "CROWN LONDON"
TELEPHONE 7730 VICTORIA

IMPORTANT AND
CONFIDENTIAL.



4. MILLBANK,
WESTMINSTER,
LONDON. S.W.1.

29th July, 1933.

Sir,

With reference to your letter No.3066/33 of the 26th July respecting the Overseas Motor Transport Company Ltd. I have the honour to report that this is a private Company registered in 1920 and the capital is stated to have been £60,000, increased in 1930 to £100,000. It is, we are informed, "holding company" to the Egyptian General Bus Company, which Company is held in satisfactory repute and is considered equal to its engagements. We have not, so far, been able to obtain copies of the report and balance-sheet and it is possible that none have been issued.

The reference given to Barclays Bank (Dominion, Colonial & Overseas) Ltd. has been taken up and a copy of the reply received is attached.

I have the honour to be,

Sir,

Your obedient Servant,

J. Lamont
FOR CROWN AGENTS.

The Under Secretary of State,
Colonial Office,

S.W.1.

*Copy to Kenya (83)
copy to Home (83)*

Entered

9 18

FROM BARCLAYS BANK (DOMINION, COLONIAL & OVERSEAS) TO THE
CROWN AGENTS.

29 Gracechurch Street,
Branch.

28th July, 1933.

PRIVATE AND CONFIDENTIAL

O.M.I. Co. Ltd.

Respectable company who have kept a satisfactory account with us for some years. We have no knowledge of their present Balance Sheet position, but their balance with us is at present, considerable and our experience has been that when necessary they have been well supported. They have experience in running buses as they have been doing this in Malta and in Cairo, where they obtained concessions. We understand that the company now running the Cairo service does so quite satisfactorily.

RECEIVED

27 JUL 1938

REGISTRAR

O. O. REGY

475
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TELEGRAM from the Acting Governor of Kenya to the Secretary
of State for the Colonies.

Dated 27th July.

(Received Colonial Office 11.40 a.m. 27th July 1938.)

No. 149 Confidential.

My telegram No. 141. Overseas Motor Transport
Company has agreed to the provision for the termination of
the agreement in the event of service proving unsatisfactory
in the opinion of the Governor. Conclusion of negotiations
is now urgent in view of the arrangements of local
representative sails for England 5th August. Grateful for
very early reply.

Hand 10

C. O.

3066/23

16

Mr. ~~Evans~~ 2/7/33
Mr. ~~Frost~~ vrf.
Mr.

C.D.
R 22 JUL
D 75

Mr. Parkinson.
Mr. Tomlinson.
Sir C. Bottomley.
Sir J. Shuckburgh.
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

Ward 17

Confidential

26 July 1933

Gentlemen,

DRAFT

Crown Agents

I am etc to transmit
to you copies of a telegram
from the OAS Kenya
repeating information
as to the financial
soundness of the
Ormsby Trust Transp
Co. Ltd., to Victoria St
L.S. 1, together with
copies of correspondence
with the Company.

8/7/33
From OAS Kenya (M.D.)
F. Combs Hare (N.200)
From A.M.P. O.S. (No. 10)
with seal.
From OAS 2/7 (B)

copy to Oswald & Kanya (14)

(2) The Dept will be
glad if you will
provide him, as far
as possible, with a
report on the
financial stability
of the Company and
any information
which

FURTHER ACTION.

which you may be able to obtain
with regard to the
Company's association
with the Cairo
Service.

3 You will ~~know~~ etc.
enclose copy of subsequent letter
from the Acting Governor that
an early reply is desired.

(Signed) J. W. FLOOD

Overseas Motor Transport Co Ltd

10, Victoria Street,

London, July 18th., 1933.
S.W.1.

OUR REF: H/P.1. YOUR REF: 3068/33.

The Under Secretary of State,
Colonial Office,
LONDON. S.W. 1.

RECEIVED
19 JUL 1933
C.O. REGY ACKD. BY P.C.

P.C

Re Omnibus Services in Nairobi.

Notes
No 43

In reply to your letter of the 14th July, and further to our letter of July 15th, we confirm that Barclays Bank (D.C.&O) or 29, Gracechurch Street, E.C.3, will give you any information you require in regard to this Company.

It is our opinion that the Company to be formed in Nairobi to operate the buses may possibly be forced to bear a loss for the first three years. I do not think however that there will be an actual cash loss during this period, and the loss will be reflected in so far that it might not be possible to write off the full amount of depreciation, viz: 20% per annum, from the cost of the vehicles. This depreciation, which is a statutory depreciation in England, is however a very conservative basis, and the writer, who has had experience in bus operation since 1919 knows of vehicles which have lasted 10 or 12 years, and which are still running.

W.P. & Kemp (19)
Loyd & Co (16)
Cory Brothers (15)

The cost of running the 15 buses which comprise the first series should be somewhere in the nature of £250 per week. If fares can be maintained and the buses are patronised by English and natives alike, and the Municipality and the Government of Kenya encourage these services, the revenue should be sufficient to pay all out of pocket expenses.

Out of the above figure of £250 per week, interest and depreciation would account for no less than a quarter of this amount. The assumption of the cost estimate is based on wide experiences of bus operation. The writer was primarily responsible for commencing the bus services in the City of Cairo, where there are now some 200 buses in operation.

With regard to the liquid assets of this Company, a statement and our accounts is enclosed herewith and is self explanatory.

It would be very much appreciated, if, having concluded your enquiries into our standing, a cable could be sent to the

Overseas Motor Transport Co Ltd

10, Victoria Street.

London, July 18th., 1933.

OUR REF. H/P.1. YOUR REF. 3066/33.

RECEIVED
19 JUL 1933
C. O. REC'D

ACKD. BY P.C.

The Under Secretary of State,
Colonial Office,
LONDON. S.W. 1.

Answer 20

Sir,

Re Omnibus Services in Nairobi.

P.C

Noted
Noted

In reply to your letter of the 14th July, and further to our letter of July 15th, I confirm that Barclays Bank (D.C.&O) of 29, Gracechurch Street, E.C.3, will give you any information you require in regard to this Company.

It is my opinion that the Company to be formed in Nairobi to operate the buses may possibly be forced to bear a loss for the first three years. I do not think however that there will be an actual cash loss during this period, and the loss will be reflected in so far that it might not be possible to write off the full amount of depreciation, viz: 20% per annum, from the cost of the vehicles.

This depreciation, which is a statutory depreciation in England, is however a very conservative basis, and the writer, who has had experience in bus operation since 1919 knows of vehicles which have lasted 10 or 12 years, and which are still running.

The cost of running the 13 buses which comprise the first series should be somewhere in the nature of £230 per week. If fares can be maintained and the buses are patronised by English and natives alike, and the Municipality and the Government of Kenya encourage these services, the revenue should be sufficient to pay all out of pocket expenses.

Out of the above figure of £230 per week, interest and depreciation would account for no less than a quarter of this amount. The assumption of the cost estimate is based on wide experiences of bus operation. The writer was primarily responsible for commencing the 'bus services in the City of Cairo, where there are now some 200 buses in operation.

With regard to the liquid assets of this Company, a statement from our accountants is enclosed herewith and is self explanatory.

It would be very much appreciated, if, having concluded your enquiries into our standing, a cable could be sent to the

W.P. 2 Kenya (19)

Copy to P.O. (14)
copy Lawrence (15)

The Under Secretary of State.

- continued -

Kenya Government, as the negotiations have been very long drawn out and the inauguration of these services will mean a large order for manufacturers of vehicles, and all the accessories which appertain thereto.

I have the honour to be,

Sir,

Your obedient Servant,

J. I. Hare

Chairman & Managing Director.
OVERSEAS MOTOR TRANSPORT COMPANY LIMITED.

CHAS. W. ROOKE, LANE & CO.

Chartered Accountants.

CHAS. W. ROOKE,
P.O. T. LANE.

REFOR

FL/AP/869

BRANCHES
222, BALIBURY HOUSE, E.C. 2
FRANCE PARIS

AGENCIES
USA New York
Canada Toronto
Winnipeg
Halifax, N.S.
Australie Sydney
S Africa Johannesburg
Ireland Dublin
Belfast

TELEPHONE: TEMPLE BAR 3200 (4 LINES)
TELEGRAMS: AGGOMPENGO ESTRAND, LONDON
CABLES: AGGOMPENGO LONDON
CODE BENTLEY'S (SECOND)

2. NORFOLK STREET.

STRAND.

LONDON, W.C. 2.

18th July, 1933.

The Managing Director,
Overseas Motor Transport Co., Ltd.,
10, Victoria Street,
LONDON, S.W.1.

Dear Sir,

In compliance with your request we have caused an examination to be made of your books as at the 30th June, 1933, and in accordance with the information we have received, we have computed your present position, which appears to be as follows:-

Cash at Banks and in hand,
Government Securities, and
Amounts repayable in the course of trade. £13,635.

To this amount should be added a Loan Account, which is, we understand, subject to repayment on a month's notice, of 8,858.
This loan is secured and is purely a temporary arrangement, so that the total liquid assets available to the Company appear in the sum of 22,491.

So far as we have been able to ascertain the total amount due to sundry creditors other than funded indebtedness by way of Debentures, is in the sum of 1,703.
so that there is a net amount immediately available of £20,788.

We may say that in addition to the above liquid assets to which reference has been made, that you have the following interests in other omnibus services, all of which are fully paid and upon which no contingent or other liability exists:-

- 4,060 Ordinary Shares of £4 each in the Societe des Automobiles et des Omnibus du Caire
- 1,120 Founders Shares of £1 each " " " "

We understand that it is the opinion of the Directors that these shares are fully worth their nominal figure, which is £17,560.

-2-

In addition, you have a large claim arising out of a concession agreement now awaiting adjudication, under which we understand the Directors are confidently anticipating a substantial award.

The issue of the First Debenture of £2,600, has a maturity date in five years' time and the issue of the Second Debenture of £25,400, has a maturity date in ten years' time, subject to the Company retaining the option to redeem at any time on giving six months' notice.

We understand that you are negotiating for a concession in Nairobi to establish a bus service in that town.

Your estimate of expenditure in respect of the initiation of these services is approximately £13,000 to £15,000 and we gather that the suppliers of vehicles are anxious to obtain the order, and will give long term credit facilities.

It is our opinion from our knowledge of the facts and based on the estimate which you have put before us that the Company is in a position satisfactorily to finance its obligations under the proposed concession agreement within the municipal area of Nairobi.

Yours faithfully,

Sheila M. ...

Dly.

C. O.

3066

2-26
10

Mr. Frester 12 p.

Mr.

Mr.

Mr. Parbinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Party U.S. of S.

Secretary of State

Keays
Approved by 2/11/12
Coyne



4 JUL 1933

DRAFT.

Comments F.1 How RN (at)

(10 Victoria St.
S.W.)

Sir

I am sorry to refer
to your recent visit to this office
when the question was discussed
of the inauguration in March
Keays of passenger vehicle
service by a company to be
controlled by the Overseas
Transport Co. Ltd.

W. J. Keays
Coyne & Co.

2. As was explained
to you during the interview
the O.A.B. of Keays, before
approving the terms of the
Agreement with the Municipal
Council of Nairobi, desires
to ensure that the present

Company is of sufficient financial stability to carry such losses as may be anticipated to occur during the first few years of the Nairobi service.

3. The S. ops. will be glad to receive, for communication to the Government of Kenya, such evidence as you may be prepared to adduce of the financial position and prospects of the Overseas Motor Transport Co. Ltd.

Signed J. E. W. FLOOD

22
17
END

TELEGRAM from the Acting Governor of Kenya to the Secretary of State for the Colonies.

Dated 6th July.

(Received Colonial Office 3.29 p.m. 8th July 1933)

RECEIVED
TOWNSHIP
REGISTRY
C. 10

No. 129 Confidential.

Your despatch of the 6th June No. 394.

Agreement between Council and Company has now been submitted to me for approval. Agreement provides for the formation of a local Company in which 80 per cent of issued capital would be provided by the Overseas Motor Transport Company Limited, 10, Victoria Street, London. As services will in all probability be unremunerative for the first few years I am anxious to have some assurance that London Company is in the position to carry such early losses and I should be grateful for any information you can give me as to the financial soundness of this Company please.

WOS
3066/53

Copy to S.O. (14)