

COMMONWEALTH DEVELOPMENT  
CORPORATION 513

ANNUAL REPORT  
AND STATEMENT  
OF ACCOUNTS

for year ended  
31st December 1963

*Presented to Parliament in pursuance of Section 17 (5) of the Overseas  
Resources Development Act, 1959*

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*Ordered by The House of Commons to be printed  
5th May 1964*

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## COMMONWEALTH DEVELOPMENT CORPORATION

CDC was originally established by Act of Parliament in 1948 as the Colonial Development Corporation to assist the economic development of the then dependent territories of the Commonwealth.

**The change of name to Commonwealth Development Corporation was effected by the Commonwealth Development Act 1963, which also restored the Corporation's full powers of operation in all those countries which had achieved independence within the Commonwealth since 1948. With the agreement of the Governments concerned, the Corporation can also act as managing agents and render advisory services in any independent Commonwealth country.**

CDC operates on commercial lines and has a statutory obligation to pay its way, taking one year with another. Close relations with territorial Governments are maintained through CDC's regional offices in order to ensure that the Corporation's activities are directed in such a way as best to promote the economic development of those territories.

CDC is empowered to undertake, either alone or in association with others, projects for the promotion or expansion of a wide range of economic enterprises, including agriculture, forestry, fisheries, mining, factories, electricity and water undertakings, transport, housing, hotels, building and engineering.

CDC has powers to borrow up to £150m on a long- or medium-term basis and £10m on short-term. Of the £150m it may borrow up to £130m outstanding at any one time from United Kingdom Exchequer funds.

COMMONWEALTH DEVELOPMENT CORPORATION

33 Hill Street,  
London, W.1.

The Right Hon Duncan Sandys, MP,  
*Secretary of State for Commonwealth Relations  
and for the Colonies.*

The members of the Commonwealth Development Corporation  
have the honour to submit their Report and Statement of Accounts  
for the year ended 31st December, 1963.

(Sgd) Howick  
J. F. Prideaux  
A. P. H. Aitken  
John Elliot  
A. Gaitskell  
Ogmore  
C. J. Pleass  
Eric Tansley

## Members

Lord Howick of Glendale GCMG, KCVO

*(Chairman)*

\* J. F. Prideaux OBE

*(Deputy Chairman)*

A. P. H. Aitken

Sir John Elliot

Arthur Gaitskell CMG

Rt Hon Lord Ogmores PC, TD, PMN

Sir Clem Pleass KCMG, KCVO, KBE

*(appointment expired 31.3.64)*

Sir Eric Tansley CMG

**Executive Management Board**

General Manager ... .. W. Rendell FCA (Chairman)

IN LONDON

Finance ... .. G. W. Totman OBE, FCA

Operations ... .. R. Prentice CA  
 H. L. Pryce FCA  
 A. N. Goode OBE

Solicitor ... .. J. G. Counce MC

Agriculture ... .. R. J. M. Swynnerton, CMG, OBE, MC

OVERSEAS

Caribbean ... .. G. I. Firmston-Williams

East Asia & Pacific Islands ... D. E. M. Fiennes CBE

East Africa ... .. P. M. Wise

Central Africa ... .. D. F. Fairbairn

High Commission Territories ... J. C. Cater MBE

West Africa ... .. P. Meinertzhagen

Federal Republic of Cameroun... W. A. Belsham

**Regions**

Caribbean ... British Guiana, British Honduras, Jamaica, Trinidad & Tobago, all other British West Indies Islands, Bahamas, Falkland Islands.

East Asia & Pacific Islands Malaysia, Brunei, Fiji, Hong Kong, Western Pacific Islands.

East Africa ... Aden, Kenya, Mauritius, Seychelles, Tanganyika, Uganda, Zanzibar.

Central Africa ... Northern Rhodesia, Nyasaland, Southern Rhodesia.

High Commission Territories Basutoland, Bechuanaland Protectorate, Swaziland.

West Africa ... Federal Republic of Nigeria, Ghana, Sierra Leone, The Gambia.  
 Federal Republic of Cameroun.

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# ANNUAL REPORT 1963

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## PART I—GENERAL REVIEW

### 1 Restoration of powers and change of name

(1) Following the Statement made in Parliament by Mr Duncan Sandys in July 1962, the change of name to Commonwealth Development Corporation was effected by the Commonwealth Development Act 1963. This Act, which became law in July 1963, restored the Corporation's full powers of operation in all those countries within the Commonwealth which had achieved independence since the Colonial Development Corporation was established by Act of Parliament in 1948 to assist the economic development of the then dependent territories of the Commonwealth. With the agreement of the governments concerned, the Corporation can also act as managing agents and give advisory services in any independent Commonwealth country.

(2) This legislation is of great value to the Corporation. CDC's area of activity had been contracting year by year. Now the area of investment has been restored to that of 1948, and it should again be possible to expand the volume of investment. The staff can see a useful future of increasing activity before the Corporation with all that means towards sustaining essential morale.

### 2 New commitments and investments

(1) Ten new projects involving a total commitment of £6,585,000 were approved during the year; three large projects involving £3,400,000 are in independent Commonwealth countries and were approved in the last days of 1963 when the conditions of implementation of the new Act had been straightened out. In addition, plans for further investment in existing projects have been approved for a total of £3,860,000. These figures show a significant recovery from those reported for 1962 at £1,630,000 new projects, and £1,882,000 supplementary approvals. In fact, the figures quoted understate the volume and spread of new development assisted during the year, since they do not give full weight to new projects approved by local development companies in which CDC has an interest. To take as an example Northern Nigeria Investments Ltd, in which CDC is an equal partner with the Northern Nigeria Government—this company approved investments of £845,815 in eight projects which themselves will have a total capitalisation of £2,796,815. Reference will be made later to the expansion of CDC's interests in development companies and the particular problems which attach to these agencies.

(2) It is a commonplace that there is a time lag between the decision to invest, mentioned in the preceding paragraph, and the disbursement of capital expenditures. Thus the falling away of new project approvals reported in 1962 was reflected in a further contraction of new investment from £9·5 million in 1962 to £6·8 million in 1963. Nor can new projects now being approved in independent Commonwealth countries be expected to lead to an immediate large expansion of capital expenditures during 1964. There is, of course, a further time lag when the effect on CDC operating revenues is considered.

### 3 Summary of financial operations

(1) Last year attention was drawn to the extent to which CDC investment is becoming financed from sources other than additional drawings from the Treasury. In 1963, not only was the whole of £6·8 million new investment financed from these other sources but there was actually a net repayment of £100,000 to Treasury in addition to the £629,000 formula payment in reduction of the frozen balances. The money came primarily from an increased volume of realisations of existing investments—in accordance with the policy of selling investments at a suitable time and price.

(2) The Report for 1962 recorded the Corporation's achievements during a year of comparatively high investment (£9·5 million). For the reasons given, 1963 was a year of lower investment (£6·8 million). It is interesting to note the effect on the Profit and Loss Account. The main result of a lower new investment rate and of a considerable sale of existing investments was that the rate of rise in the operating surplus during the last few years was not maintained in 1963.

(3) All the same, the financial results achieved by the Corporation during 1963 are in the circumstances remarkable. The operating surplus for the year at £4,751,622 was £391,000 greater than in 1962. This is a healthy increase but represents a levelling off of the recent steeply rising trend of net operating surpluses which had risen approximately £1 million in each of the two previous years. The relative setback was directly due to the check in the expansion of CDC investments. This was, however, partly offset by increased profits from some projects producing primary commodities, the prices of which were buoyant during the year. Comparative figures for the last four years are—

1960	1961	1962	1963
£2,417,000	£3,453,000	£4,361,000	£4,752,000

(4) At the same time interest currently payable to Government has continued to increase, the figures for the same four years being—

1960	1961	1962	1963
£1,738,000	£2,028,000	£2,796,000	£3,114,000

In addition provision for interest—payable but deferred—of £1 million net has been made. Lastly £486,000 will be paid to the Treasury in accordance with the formula agreed with Government in 1961 for paying off the frozen debt for capital lost in early abandoned schemes and accrued interest. Total payments made under this arrangement on account of the three years, 1961-1963, will be almost exactly £1,500,000 which is certainly more than was expected three years ago.

(5) When Mr Iain Macleod, as Secretary of State for the Colonies, announced the new CDC financial arrangements on 27th April 1961, he said that there would be a review after three years' experience. The three years are now up. The CDC operating results have turned out to be at least as good as they were then estimated and the CDC assessment in welcoming the new arrangements, that they would provide a sounder, stronger and more realistic basis for its future operations, has been confirmed. Yet despite the favourable financial results which have been



achieved it is a weakness of the arrangements as they stand that they do not give sufficient margin against the commercial and other risks which must be run by a concern engaged in the sort of business that CDC must undertake if it is to fulfil the duty laid on it by Parliament. In fact the margin on which CDC operates has narrowed year by year, as the cost of Treasury money creeps inexorably upwards. In 1963 the effective average cost to CDC of Treasury money was 5.2% as compared with 4.7% in 1960.

#### 4 Effect on UK balance of payments

CDC investment is not "tied"—in the sense that there is no compulsion to buy British goods—but all the same CDC operations do an impressive job in supporting the UK balance of payments. Net remittances of funds back to the UK (ie profit and capital realisations less new investments) were £3.6 million. To this must be added £9.3 million worth of direct export orders stemming from CDC projects resulting in a net gain of £12.9 million for the year 1963. From the viewpoint of the Commonwealth countries, CDC's investment in primary production and manufacturing enterprises alone was associated with an annual turnover at the rate of £43 million of which goods worth £27 million were exported.

#### 5 Pattern of CDC projects

(1) During 1963 the trend towards a new pattern of CDC projects could be seen to be developing. Alongside the loans for public utility (infra-structure) purposes and the investments in large-scale industrial and agricultural estate projects, CDC investment is increasingly directed to projects which involve association with and support of the peoples, collectively and individually, in the countries in which it operates. Such projects are smallholder schemes in agriculture (probably attached to nucleus estates), local development companies for industry, and mortgage companies for the prospective house purchaser.

(2) Mr George Woods, who succeeded Mr Eugene Black as President of the International Bank for Reconstruction and Development (World Bank) in 1963, speaking first at the Annual Meeting of the World Bank and later to the United Nations emphasised the importance of agricultural investment in the under-developed countries. CDC has, over a period of years, invested a large sum of money in tropical agriculture and has acquired some experience in managing agricultural enterprises. It has recently been a particular aim of the Corporation to encourage smallholder farming, seeking to make available to small farmers some of the benefits of current scientific progress in the growing, handling and processing of tropical crops. Hence has been developed the idea of a large plantation or farm managed on commercial lines and surrounded by small farmers, the whole being under the joint control of the government of the country and the Corporation. Kulai Estate (Malaya) was the original nucleus scheme: it has provided the knowhow for 4,000 acres of smallholder oil palms and the Johore Palm Processing Factory will handle the fruit from both estate and smallholdings. CDC has since provided the bulk of the capital for the Kenya Tea Development Authority, with its 18,000 tea-growing smallholders and three factories now in production, and is a major shareholder in the Nyambeni Company with its nucleus tea estate and factory: there are good prospects that the Development Authority scheme will be expanded with World Bank finance.

In Nyasaland African farmers are growing flue-cured tobacco on part of the CDC Kasungu Estate. In Swaziland an initial group of 37 Swazis are learning the techniques of irrigated cultivation of sugarcane, cotton and other crops on land of the Swaziland Irrigation Scheme. In Eastern Nigeria, CDC has just recently completed negotiations with the Government for a nucleus estate and smallholder scheme based on rubber production. In Dominica in the Caribbean the Melville Hall project is successfully processing cocoa for smallholders and in Fiji bananas are the basis for an experimental scheme.

(3) Stability comes in rural areas through smallholdings and in the towns through house ownership. It is, therefore, very satisfactory for the Corporation to have been able to conclude, for example, an agreement with earlier associates for a third housing scheme in Jamaica; the present scheme will make possible the purchase by instalments of nearly 2,000 houses, at a price cheaper than that of the houses built under the other two schemes. In Malaysia CDC carried one step further the evolution of its first and most successful house mortgage company, the Malaya Borneo Building Society Ltd, when by a public offer for sale in August 1963 it disposed of M\$5,000,000 (£583,333) shares and thereby transferred majority voting control of the company, which had hitherto been a CDC subsidiary, to Malaysian investors and Government.

## **6 Territorial development companies**

(1) CDC now has commitments to invest more than £6 million in twelve overseas development companies, not counting those companies which are wholly-owned CDC subsidiaries and thus merely CDC under a local name. In three cases, CDC is just one investor among others with a smallish financial stake—but in the other nine cases CDC took a leading part in establishing the company and has either provided the early management or has borne much of the responsibility for doing so. The Malaysian companies, Malaysian Industrial Development Finance Co Ltd (MIDFL), Singapore Factory Development Ltd (SFDL) and Borneo Development Corporation Ltd (BDCL) are the oldest established. As reported last year, MIDFL, having been soundly established as a going concern, has now been recapitalised with money from the World Bank and International Finance Corporation (IFC) (and a Malaysian Government loan) and is all set for a major expansion. SFDL has also proved itself by developing a succession of factory estates in a very useful if unspectacular way, and a half share of the company has been sold by CDC to the Economic Development Board of the Singapore Government. The field for expansion of both SFDL and BDCL, which reported satisfactory progress in 1963, will depend on economic decisions yet to be taken by the Malaysian Government and on relationships to be established with MIDFL in the new circumstances.

(2) In West Africa CDC is associated with the Northern Nigeria Government in Northern Nigeria Investments Ltd (NNIL) (formerly Northern Developments (Nigeria) Ltd), with the Eastern Nigeria Government in Industrial and Agricultural Co Ltd (INDAG) and with the Sierra Leone Government in Sierra Leone Investments Ltd (SLIL)—all these companies being under CDC management. NNIL is perhaps the most exciting CDC project at the moment, being in the process of expansion from a capital of about £1 million at 31.12.62 to £4.6 million estimated at end of 1964.

with more to come. Northern Nigeria Government, for whose support CDC is immensely grateful, will have 50% of the capital contributed by transfer of existing commercial investments of the Northern Nigeria Development Corporation. As a measure of its current operations, NNIL Board approved during 1963 eight investments involving amounts of £845,815, the total capitalisation of the projects being £2,796,815: eight projects were being investigated at the year end. INDAG made satisfactory progress during 1963 and there are signs that 1964 may see that company also follow NNIL in a striking expansion. The Sierra Leone company made progress with several schemes under investigation, but more business is needed to justify the expense of a separate office in Freetown.

(3) In East Africa CDC is now associated in development companies with each of the three territorial governments, negotiations having been completed during the year for the formation of Kenya and Uganda companies. The West German Government will own a third share in the Kenya company, as in the Tanganyika company established at the end of 1962: CDC is providing the first manager for these companies. Initially the Uganda company is an equal partnership between CDC and the Uganda Development Corporation with whom CDC is particularly pleased now to be directly associated: it is probable that other associates will join later. The Tanganyika company already has several investments and it is expected that all three companies will be quickly into their stride. It will be useful if the common factors between them can exert an influence towards some co-ordination of industrial development in the three countries.

#### **7 Help for smaller countries**

The importance of development in the smaller territories is recognised by the Corporation. In the Eastern Caribbean, expansion programmes to look after increasing demands were in hand at the electricity supply projects in Dominica, Grenada and St Vincent, while negotiations for CDC to take an interest in St Lucia were nearing completion. More money and increased CDC responsibility for the Caribeach tourist hotels in Antigua, Grenada and St Lucia were approved. In the Western Pacific the CDC outpost in Fiji continued its work looking after existing projects and searching for new ones. A representative of the Corporation is now resident in the Solomon Islands investigating agricultural possibilities.

#### **8 Summary**

(1) In short, during 1963, the great handicap of an unduly restricted area has been removed from the Corporation and it is very grateful to the Government for the legislation. It has been able during 1963 to continue to make an important contribution to development of all sorts and notably to agricultural development in those Commonwealth countries in which it can operate. It has also been able to pay its way, as it is bound to do by law.

(2) This was a great achievement by CDC staff in a year of constitutional changes with accompanying difficulties and new situations with which to cope. It was a year too of danger for overseas staff in some territories and their steadiness is fully appreciated by CDC Board.

(3) The wide spread of CDC organisation means that much travelling by senior staff from London overseas and to London from overseas is normal to keep everyone in touch. In a year of constitutional changes such as 1963 was, this traffic becomes heavier. The Chairman visited the Cameroons in February, Northern Rhodesia, Southern Rhodesia, Swaziland and Bechuanaland in June and July and Washington for the World Bank Meetings in October, covering some 30,000 miles in all. The General Manager covered some 60,000 miles including a tour of CDC projects in the East Asia and Pacific Islands region and two visits to the Swaziland projects, stopping off in East Africa and Salisbury on the way. Senior technical staff also spent much time overseas and clocked up considerable mileages, the two senior agriculturalists each covering more than 40,000 miles in the year.

(4) The Board thanks the staffs of the Colonial Office and the Commonwealth Relations Office for the help received during the year and is grateful for the continued co-operation during 1963 with overseas Governments and with the Corporation's commercial associates.

## PART II—INVESTMENT REPORT AND STATISTICS

### 9 Projects

(1) At 31.12.63 there were 115 projects. Ten new projects were approved by the Board.

(2) The ten new projects, involving a total approved investment of £6,585,120 are—

<i>Region</i>	<i>Project</i>	<i>Approved CDC Investment £</i>
Caribbean ...	Caribbean Housing Finance Corporation Ltd (Duhaney Park Estate) ... ..	2,000,000
East Asia and Pacific Islands	Solomon Islands Investigation ... ..	17,620
East Africa ...	Development Finance Co of Kenya Ltd...	500,000
	Development Finance Co of Uganda Ltd	500,500
	Nairobi City Council—	
	Kariakor Housing Scheme ... ..	125,000
	Sasamua Dam Scheme ... ..	300,000
	Pyrethrum Processing Co of Kenya Ltd...	342,000
Central Africa ...	Northern Rhodesia Industrial Development Corporation ... ..	50,000
	Nyasaland Electricity Supply Commission	1,850,000
West Africa ...	Eastern Nigeria Nucleus Estate and Smallholder Scheme ... ..	900,000
		<hr/>
		£6,585,120

Particulars are given in Part IV. Additional investment of £3,859,623 in existing projects has also been approved.

(3) New projects undertaken by territorial development companies, even where those companies are controlled by CDC, are not normally shown as separate projects—but finance provided through the development companies for such projects is approved as a CDC investment or supplementary investment in such company and is so reported.

(4) Five projects listed last year disappear. The CDC investment in the Barbados Light & Power Co Ltd has been sold to Canadian International Power Co Ltd and in the High Commission Territories the Bechuanaland Protectorate Government took over the Bushman Pits and Panda-ma-Tenga ranches for ranching settlements and an export quarantine station. The balance of the loan to Jamaica Citrus Growers was repaid. The Limbang Oil Palm Pilot Scheme in Sarawak was discontinued having achieved its primary aim of establishing the agricultural conditions for the growing of oil palms.

(5) The following table sets out all continuing projects at 31.12.63 grouped by regions and territories with an estimated maximum commitment for investment in each Region. The commitment figures tend in practice to be overstated in terms of potential investment at any time since, in many cases, CDC investment will take place progressively over several years, but no account is taken of future reductions in commitment due to repayments or otherwise during the same period. No estimate has been included in respect of CDC future commitments under the special arrangements for underwriting public depositors in First Permanent (East Africa) Ltd and KBS Ltd. The aggregate of total investment is estimated on the above basis at £119,271,000 (1962 £117,164,000).

**LIST OF CONTINUING PROJECTS AT 31.12.63 WITH ESTIMATED TOTAL CAPITAL COMMITMENT BY REGIONS AND TERRITORIES**

**Caribbean Region**

Antigua	...	...	Jolly Beach Hotel (Caribeach Ltd)
British Guiana	...	...	British Guiana Rice Development Co Ltd British Guiana Timbers Ltd
British Honduras	...	...	Fort George Hotel
Cayman Islands	...	...	Cayman Islands Corporation
Dominica	...	...	Dominica Electricity Services Melville Hall Estate
Grenada	...	...	Grenada Beach Hotel (Caribeach Ltd) Grenada Electricity Services Ltd
Jamaica	...	...	Caribbean Housing Finance Corporation Ltd Harbour View Estate Duhaney Park Estate Jamaica Cocling Store Ltd Jamaica Housing Development Co Ltd Jamaica Public Service Co Ltd Worcester Porcelain Co (Jamaica) Ltd (formerly Jamaica Pottery Ltd)
St Lucia	...	...	St Lucia Beach Hotel (Caribeach Ltd)
St Vincent	...	...	St Vincent Electricity Services
Trinidad	...	...	Federation Chemicals Ltd Trinidad Cement Ltd Trinidad Mortgage Agency Co Ltd
			<i>Estimated CDC investment in the region</i> ... £17,641,000

## East Asia and Pacific Islands Region

### Malaysia

Sabah and Sarawak	Borneo Abaca Ltd Borneo Development Corporation Ltd Borneo Housing Development Ltd Electra House Ltd Mostyn Estates Ltd Sarawak Electricity Supply Corporation
States of Malaya ...	Central Electricity Board Federal Land Development Authority Johore Palm Processing Ltd Kulai Oil Palm Estate Ltd Malaya Borneo Building Society Ltd (also operates in Singapore) Malayan Cocoa Ltd Malaysian Industrial Development Finance Co Ltd United Cocoa Development Co Ltd
Singapore ...	Singapore Factory Development Ltd
Fiji ...	*Fiji Agricultural Investigations Fiji Development Co Ltd Home Finance Co Ltd Pacific Lumber Co Ltd
Hong Kong ...	Property Development (Industrial) Ltd
Western Pacific Islands	*Solomon Islands Investigation

*Estimated CDC investment in the region* ... £20,685,000

## East Africa Region

Kenya ...	First Permanent (East Africa) Ltd Block Hotels Ltd Development Finance Co of Kenya Ltd East Africa Industries Ltd KBS Ltd Kenya Central Housing Board Kenya Land Development and Settlement Scheme (formerly Land Development and Settlement Board) Kenya Meat Commission Kenya Power Co Ltd Kenya Tea Development Authority (formerly Special Crops Development Authority) Chinga Tea Factory Co Ltd Mataara Tea Factory Co Ltd Nairobi City Council Kiburu Diversion Sasamua Dam Kariakor Housing Nyambeni Tea Co Ltd Oceanic Hotel Ltd Pyrethrum Processing Co of Kenya Ltd Savings and Loan Society Ltd Unga Millers Ltd
Mauritius ...	Mauritius Housing Corporation
Tanganyika ...	Bird and Co (Africa) Ltd Kilombero Sugar Co Ltd Maramba Estate Ltd *Mbeya Exploration Co Ltd Tanganyika Development Finance Co Ltd Tanganyika Electric Supply Co Ltd Tanganyika Extract Co Ltd Tanganyika Millers Ltd *Tanganyika Mining Investigations Liganga Iron Ltd Rungwe Coal Co Ltd Tanganyika Coalfields Ltd Tanganyika Wattle Co Ltd Tangold Mining Co Ltd

\* Investigations

Uganda	...	...	Development Finance Co of Uganda Ltd Kilembe Mines Ltd	
			<i>Estimated CDC investment in the region</i>	... £22,980,000
<b>Central Africa Region</b>				
			Central African Airways Corporation Central African Power Corporation (Kariba) (formerly Federal Power Board) Industrial Promotion Corporation of Rhodesia and Nyasaland Ltd	
Northern Rhodesia	...	...	Chilanga Cement Ltd Northern Rhodesia African Housing Northern Rhodesia Industrial Development Cor- poration	
Nyasaland	...	...	*Kasungu Tobacco Estates Mudi River Water Board Nyasaland African Housing Nyasaland Electricity Supply Commission (Nkula Falls) Vipya Tung Estates	
Southern Rhodesia	...	...	Southern Rhodesia African Housing	
			<i>Estimated CDC investment in the region</i>	... £24,327,000
<b>High Commission Territories Region</b>				
Basutoland	...	...	Basutoland Electricity	
Bechuanaland	...	...	Bechuanaland Protectorate Abattoirs Ltd (and Export and Canning Co (Pty) Ltd) Molopo Ranch Nata Ranch	
Swaziland	...	...	Mhlume (Swaziland) Sugar Co Ltd Swaziland Iron Ore Development Co Ltd Swaziland Irrigation Scheme Swaziland Railway Board Usutu Pulp Co Ltd Vuvulane Irrigated Farms	
			<i>Estimated CDC investment in the region</i>	... £20,509,000
<b>West Africa Region</b>				
Ghana	...	...	Stirling Astaldi (Ghana) Ltd	
Federal Republic of Nigeria		of	Coast Construction (Nigeria) Ltd Dorman Long and Amalgamated Engineering Ltd Dunlop Nigerian Industries Ltd (formerly Ikeja Industrial Development) Eastern Nigeria Nucleus Estate and Smallholder Scheme Ilushin Estates Ltd Industrial and Agricultural Co Ltd Lagos Executive Development Board Nigeria Hotels Ltd Nigeria Housing Development Society Ltd Nigerian Cement Co Ltd Nigerian Industrial Development Bank Ltd (formerly Investment Company of Nigeria Ltd) Northern Housing Estates Ltd Northern Nigeria Investments Ltd (formerly Northern Developments (Nigeria) Ltd)	
Sierra Leone	...	...	Freetown Hotel Ltd Guma Valley Water Company Sierra Leone Investments Ltd	
Federal Republic of Cameroun		of	Cameroons Development Corporation	
			<i>Estimated CDC investment in the region</i>	... £13,129,000
			<i>Total estimated CDC investment for continuing projects at 31.12.63</i>	... £119,271,000

\* Investigations.

## **10 Capital distribution by region, investment and function**

(1) The diagram (Figure 1) shows the regional distribution of capital committed and invested in continuing projects at 31.12.63.

(2) Figure 2 shows the growth in capital commitment and investment in continuing projects as follows—

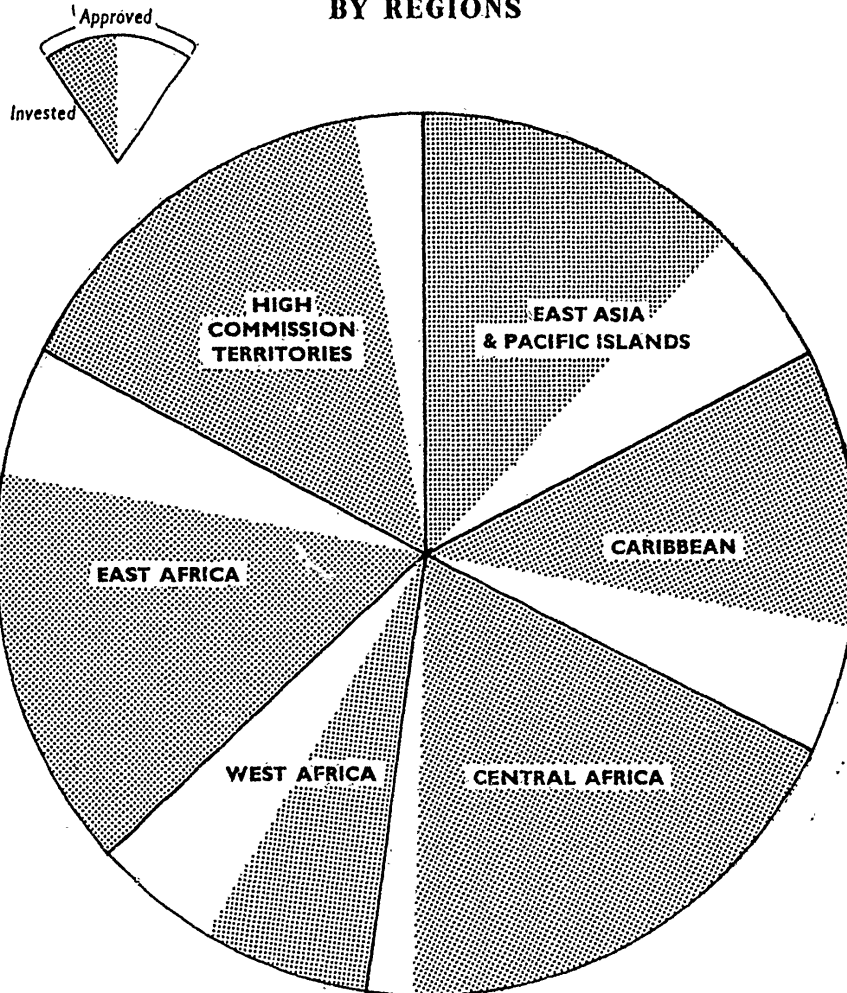
(a) The growth of CDC commitments is shown by the top line of the graph: at 31.12.63 this amounted to £119,271,000 (1962 £117,164,000). This levelling off, despite the gross approvals (new and supplementary) totalling almost £10·5 million was due to several factors. Sales of investments and loan repayments totalled £4·7 million. Amounts written off existing investments (mainly mining projects) accounted for £1·25 million and the balance represented reassessment of outstanding commitments in a number of projects.

(b) The second line of the graph shows the total of capital investment: at 31.12.63 this amounted to £91,807,000 which was almost the same figure as in 1962 (£91,838,000). In fact gross new investment of £6·8m was offset by sales of investments and loan repayments together with amounts written off as in sub-para (a), plus some additional adjustments. The shaded areas show, building from the bottom upwards, a breakdown of capital investment analysed between investments in direct projects and subsidiary companies, other commercial and industrial investments and loans to governments and statutory bodies.

(3) Figure 3 shows the functional classification of capital committed and invested in continuing projects at 31.12.63 with the position at 31.12.62 compared.



**CONTINUING PROJECTS  
CAPITAL APPROVED AND INVESTED  
BY REGIONS**



*Fig. 1*

	<i>Committed</i> £000's	<i>Invested</i> £000's
Caribbean ... ..	17,641	12,097
East Asia and Pacific Islands ... ..	20,685	15,556
East Africa ... ..	22,980	17,229
Central Africa ... ..	24,327	22,237
High Commission Territories ... ..	20,509	17,203
West Africa ... ..	13,129	7,485
<b>TOTAL</b> ... ..	<b>£119,271</b>	<b>£91,807</b>

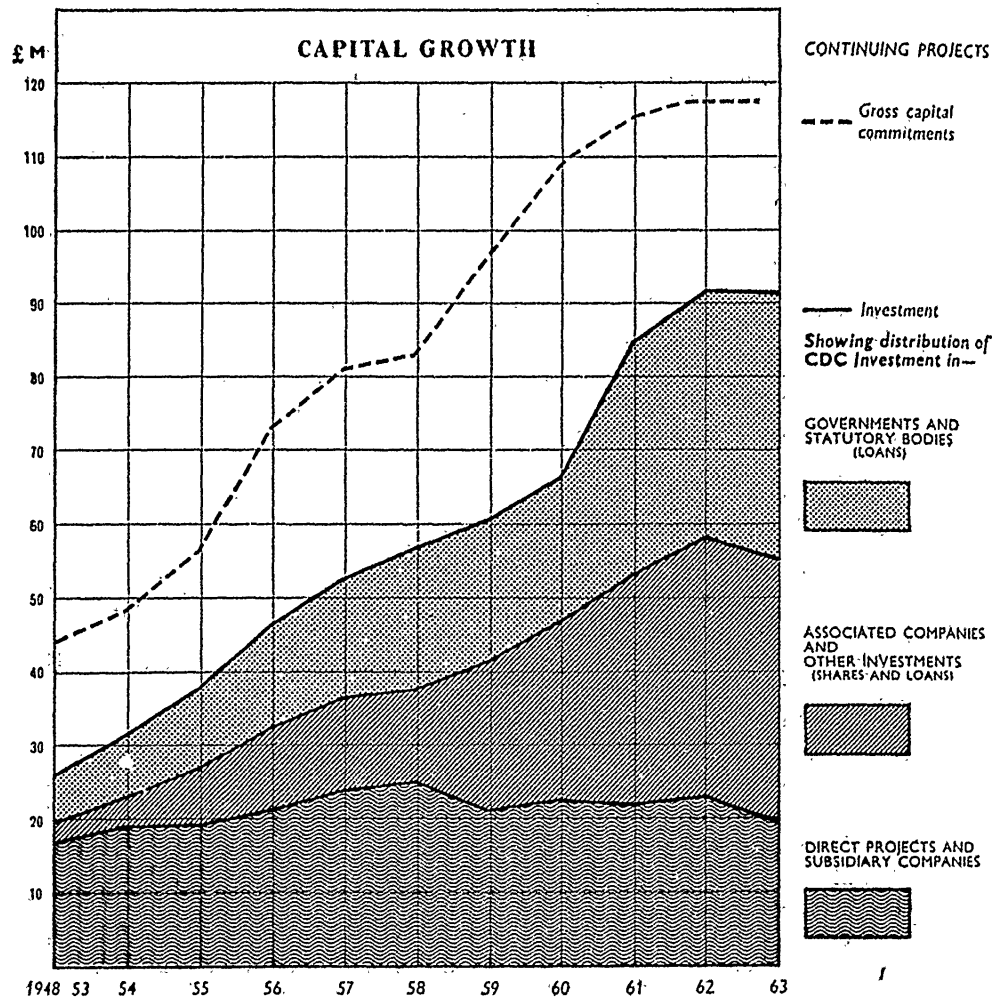


Fig. 2

**FUNCTIONAL DISTRIBUTION OF CONTINUING PROJECTS**  
1962 and 1963 compared

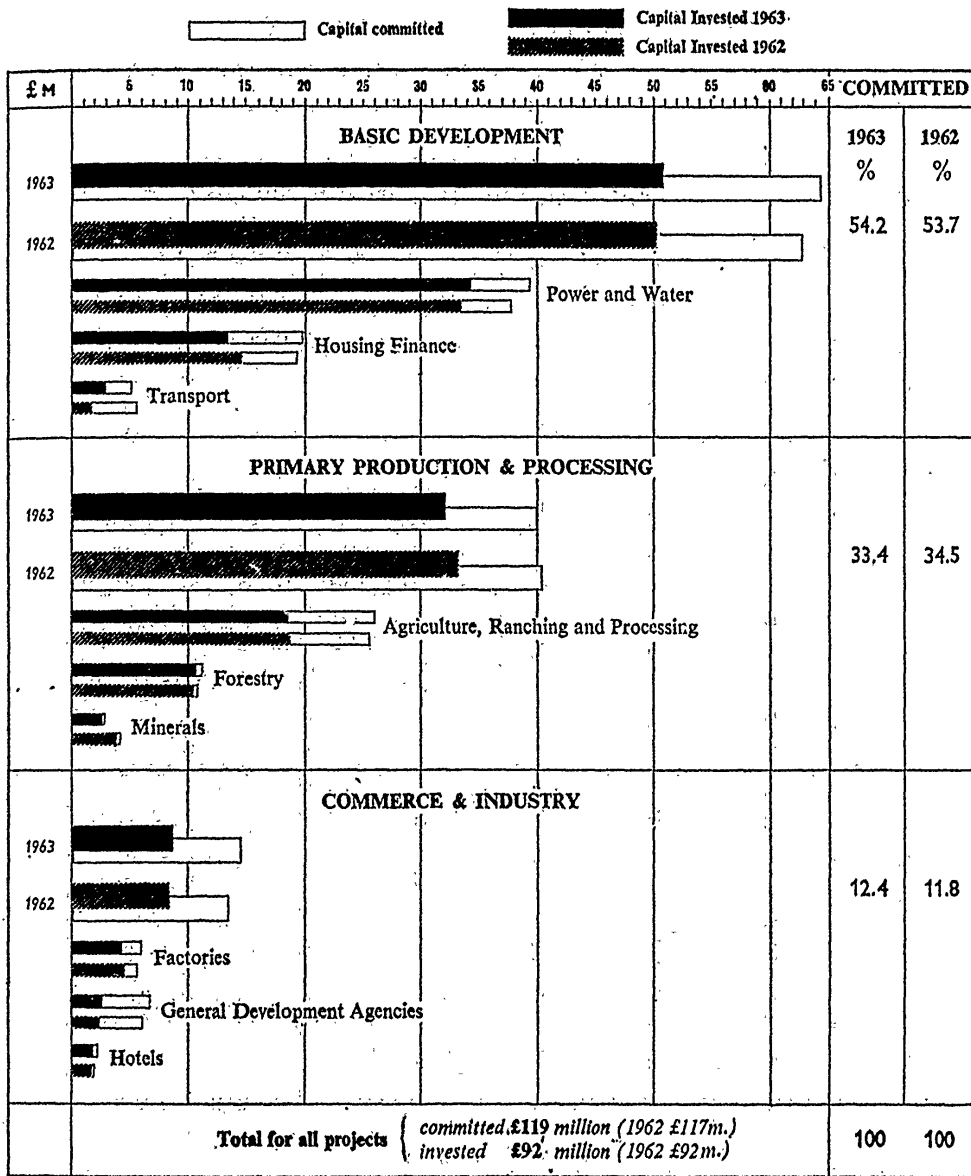


Fig. 3

## PART III—FINANCIAL REPORT

### 11 Accounts for 1963

Accounts and supporting statements for year to 31.12.63 comprise:

- Statement 1 Balance Sheet of the Corporation
- 2 Notes forming part of the Accounts
- 3 Profit and Loss Account of the Corporation
- 4 Details of projects supporting Profit and Loss Account
- 5 Assets and liabilities of direct projects
- 6 Investments at cost less amounts written off
- 7 Investments in and loans and advances to subsidiary companies at cost less amounts written off
- 8 Combined statement of assets and liabilities of subsidiary companies
- 9 Assets and liabilities of subsidiary companies
- 10 Combined statement of profits and losses of subsidiary companies

### 12 Balance Sheet

(1) Assets of the Corporation have moved during the year as under.

(a) Fixed assets at £4,240,687 which are mainly owned by direct projects, have decreased by £530,000 (net). Installations at the Bushman Pits and Panda-ma-Tenga Ranches and on the Limbang Oil Palm Pilot Scheme are no longer included on termination of the Corporation's interest and the remaining assets on Kulai Oil Palm Estate were transferred to a wholly owned CDC subsidiary company. On the other hand, there was substantial development expenditure in Swaziland on the Irrigation Scheme and at Vuvulane Irrigated Farms and also in Dominica on the Castle Bruce Estate and in expansion of the Electricity Services project.

(b) Quoted Investments at £5,045,670 show an increase of £1,196,000 in book value mainly due to a change in classification of CDC investment in the ordinary shares of Malaya Borneo Building Society Ltd arising out of the public offer of sale in August 1963. Sufficient shares were sold to terminate the Building Society's status as a CDC subsidiary while a quotation for the ordinary shares on the Kuala Lumpur and Singapore Stock Exchanges was obtained at the same time. The rise in the market value of more than £2m was partly due also to a substantial rise in the markings for Kenya Power Co Ltd debentures of which CDC holds £3.5m (nominal).

(c) Unquoted Investments at £62,613,813 increased in book value by £1,038,000. Gross new investment totalled £3,572,000 spread over 18 projects—the largest individual investments being in Tanganyika Electricity Supply Co Ltd £970,000, Northern Rhodesia African Housing £695,000, Sarawak Electricity Supply Corporation £420,000, Jamaica Public Service Co £300,000 (reinvestment of loan due for repayment), and Usutu Pulp Co £250,000 (supplementary). The total was further swollen to the extent of £2,262,000 by transfers from the heading, "Shares in Subsidiary Companies" in respect of CDC's remaining

shareholdings in Malaya Borneo Building Society (see sub para (b)) and in Singapore Factory Development Ltd in which company CDC sold a half-share during the year to the Singapore Government. These additional items were offset to the extent of £3,600,000 by a number of items comprising repayments of loans £1,687,000, sales of investments £652,000 (chief item Barbados Light and Power Co Ltd shares and loan £631,000), transfer of investments to heading "Shares and Loans to Subsidiary Companies" £718,000 and amounts written off investments in Tanganyika mining companies £543,000.

(d) Investments in Subsidiary Companies at £16,265,269 decreased by £2,261,000. The decrease is the net result of a large number of items of which by far the largest is the elimination of the £3,570,000 CDC investment in Malaya Borneo Building Society from this heading partly by sale of shares and loan repayment £1,336,000 and partly by a £2,234,000 transfer to the Investments heading (in circumstances already explained in sub para (b)). Other items comprised additional investment of £1,523,000 in a score of subsidiary companies offset by sales of shares and loan repayments totalling £993,000 and by amounts totalling £687,000 written off investments (again mainly Tanganyika mining projects): and there were transfers into the subsidiary group of investments totalling £1,466,000 of which the chief items related to Kulai Oil Palm Estate and Kenya Building Society.

## (2) Capital Liability to Government

(a) During 1963 capital liability to Government which is the measure of Treasury advances received for investment by CDC, decreased by £112,808 to £83,020,681. Gross investment by CDC during the year can be estimated at £6.8m which CDC financed entirely from sources other than Treasury and, in addition, found £112,808 to repay earlier Treasury advances. The picture is approximately as under (with comparative figures for 1962).

	1963 £m	1962 £m
Sources of funds		
CDC operating surplus ... ..	4.8	4.4
less interest payments to Government and repayment of deferred liability	3.5	2.8
	—	—
	1.3	1.6
Repayments of investments under contract ... ..	3.1	1.5
Sales of shares and debentures ...	1.4	.2
Retained profits of subsidiaries ...	.5	.4
Borrowings (net) from other sources than Government ... ..	.6	1.1
	—	—
	6.9	4.8
Decrease/Increase in capital liability to Government ... ..	(.1)	4.7
	—	—
Gross Investment in development ...	6.8	9.5
	—	—

(b) Description of advances from Government are those in use between CDC and the departments. Long term advances are repayable with compound interest by annuities over the last 33 years of a 40 year term. Short and medium term advances are repayable respectively within one year and at the end of ten years. Special term advances are tailored as to repayment terms to match the repayment terms negotiated by CDC with the ultimate borrower.

(3) *Deferred Liability to Government*

This account stems from the new financial arrangements with the British Government introduced in 1961. The account was set up with a balance of £20m to be paid off by annual instalments calculated on a formula related to the Corporation's operating results. In the first two years £1,023,477 was paid off and the payment in respect of 1963 will be £485,873 (Balance Sheet note 6); making £1,509,350 for the three years.

(4) *Provision against book value of Projects and Investments*

The provision account stands at £2,050,000 as compared with £2,605,000 at 31.12.62. A transfer of £675,000 has been made from the 1963 Profit and Loss Account raising the balance to £3,280,000 from which £1,230,000 has been used to write down the book value of investments including £1,080,000 written off investments in four mining projects and investigations in Tanganyika.

### **13 Profit and Loss Account**

(1) Net profits of direct projects, income from subsidiary companies and income from investments and from fees etc increased by £348,662 to £5,282,975. A fall in net profits of direct projects as compared with 1962 was due to crediting of Kulai Oil Palm Estate profits to income from subsidiary companies instead of to income of direct projects due to the changed status of the project (para 12 (1) (a)).

(2) All interest receivable by the Corporation in 1963 under loan agreements has been duly paid except for interest due from Tangold Mining Co Ltd (in arrears from 1959) and from British Guiana Timbers Ltd and for part of the interest receivable from Usutij Pulp Co Ltd deferred in order to conserve cash resources of the last two companies.

(3) Operating surplus of the Corporation increased by £390,163 to £4,751,622 (1962 £4,361,459). After adding £97,299 in respect of profits (net) on realisation of investments and other assets, £675,000 (1962 £285,000) was transferred to Provision against book value of Projects and Investments, and interest payable to Government took £4,134,021 (1962 £3,870,382) leaving £39,900 to be transferred to Reserve Fund.



**COMMONWEALTH  
BALANCE**

31.12.62		£	£
£			
46,523,629	<b>CAPITAL LIABILITY TO GOVERNMENT</b>		
6,660,668	Long term advances ... ..	46,110,224	
150,000	Medium term advances ... ..	6,071,668	
29,799,192	Short term advances ... ..	37,000	
	Special term advances ... ..	30,801,789	
83,133,489			83,020,681
	<b>DEFERRED LIABILITY TO GOVERNMENT</b>		
	Advances ... ..	£ 9,022,166	
	Less repaid to date ... ..	511,738	
		8,510,428	
	Fructification interest to 31.12.60 ...	10,977,834	
	Less repaid to date ... ..	511,739	
		10,466,095	
19,605,562			18,976,523
	<b>CURRENT LIABILITIES</b>		
11,783	Amounts owing to subsidiary companies ... ..	24,229	
1,492,099	Current accrued interest on Government advances	1,720,848	
439,491	Creditors, accrued charges and taxation ... ..	539,369	
2,479,650	Bank overdrafts and short term loans ... ..	1,846,811	
			4,131,257
5,274,383	<b>PROVISIONS</b>		5,893,573
	Provision against book value of projects and invest- ments ... ..	2,050,000	
	Provision for fructification interest ... ..	3,843,573	
		5,893,573	
	<b>RESERVE FUND</b>		
	Balance at 1.1.63 ... ..	274,656	
274,656	Add balance of surplus transferred from Profit and Loss Account (statement 3) ... ..	39,900	
			314,556
	Relevant notes on statement 2 form part of this Balance Sheet		
	(Sgd) HOWICK ( <i>Chairman</i> )		
	J. F. PRIDEAUX ( <i>Deputy Chairman</i> )		
	W. RENDELL ( <i>General Manager</i> )		
<b>£112,711,113</b>			<b>£112,336,590</b>

**Report to the Commonwealth Development Corporation by the Auditors appointed under Section 17 (3) Relations and**

We have audited the above Balance Sheet and annexed Profit and Loss Account (statement 3) have been kept and proper returns received from overseas offices, and the Accounts are in agreement

In our opinion the Balance Sheet and Profit and Loss Account, together with the notes on statement 1963, and of the surplus for the year to that date.

We have examined the Group Accounts comprising the audited accounts of the Corporation and (statement 10) of the subsidiary companies prepared from their respective audited accounts. The the Group Accounts give a true and fair view of the state of affairs at 31st December 1963, and of so far as concerns the Corporation.

11 Ironmonger Lane, London, E.C.2.  
9th April, 1964



31.12.62		Cost less sales	Depreciation and amounts written of	
£		£	£	£
	<b>FIXED ASSETS</b>			
4,171,065	Freehold and leasehold land, plantations, concessions, buildings and constructions ... ..	4,644,944	1,019,490	3,625,454
443,780	Plant and machinery ... ..	731,094	263,250	467,844
1,984	Ships and vessels ... ..	4,608	1,380	3,228
45,081	Land clearance equipment, tractors and agricultural equipment ...	177,059	133,182	43,877
27,670	Motor vehicles and rolling stock ...	94,202	64,964	29,238
80,234	Furniture, fixtures, office and hotel equipment ... ..	217,476	146,430	71,046
4,769,814		5,869,383	1,628,696	4,240,687
	<b>EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPENDITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF</b>			
145,387	Land clearance ... ..		171,075	
516,749	General development, surveys and revenue expenditure carried forward ... ..		589,818	
620,000	Interest carried forward ... ..		770,000	
				1,530,893
	<b>INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF</b>			
3,849,553	Quoted (market value £4,500,527 1962 £2,485,000)		5,045,670	
61,575,341	Unquoted ... ..		62,613,813	
				67,659,483
	<b>SUBSIDIARY COMPANIES</b>			
8,079,182	Shares at cost less amounts written off ... ..		5,454,003	
10,446,683	Loans and advances less amounts written off ...		10,811,266	
				16,265,269
90,002,709				89,696,332
	<b>CURRENT ASSETS</b>			
721,844	Stocks, stores and livestock at cost or market value whichever is lower or at valuation ... ..		509,995	
115,213	Growing crops at cost or valuation... ..		129,493	
1,043,797	Interest and dividends receivable on investments ...		1,201,821	
565,002	Debtors and prepayments less provisions ... ..		547,497	
158,078	Cash at banks and in hand ... ..		146,982	
				2,535,788
	<b>CAPITAL ADJUSTMENT ACCOUNT</b>			
20,104,470	Special Losses Account balance at 31.12.62 ...		9,022,166	
	Fructification interest to 31.12.60 ... ..		11,082,304	
				20,104,470
£112,711,113				£112,336,590

of the Overseas Resources Development Act, 1959, by the Secretary of State for Commonwealth for the Colonies

and have obtained all the information and explanations which we consider necessary. Proper books therewith.

2, give respectively a true and fair view of the state of the Corporation's affairs at 31st December

Combined Statement of the Assets and Liabilities (statement 8) and of the Profit and Loss Accounts Accounts of certain of the subsidiary companies have been audited by other firms. In our opinion the surplus for the year ended on that date of the Corporation and also of the subsidiary companies

(Sgd) PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants,  
Auditors

NOTES FORMING PART OF THE ACCOUNTS

(1) The limits on Corporation borrowing powers are set out in Section 12(3) of Overseas Resources Development Act 1959; accrued fructification interest is not borrowing which falls within these limits.

Maximum borrowing powers are—

(a) £150m;

(b) £10m temporarily by way of overdraft or otherwise.

(2) Assets and liabilities in commonwealth, colonial and foreign currencies have been converted at rates ruling at 31.12.63.

(3) Corporation has contractual commitments for capital expenditure of £350,000 and for debentures, loans and partly paid shares of £12,200,000 including commitments to subsidiary companies £4,650,000. Corporation is contingently liable in respect of bills discounted £80,000 and in respect of guarantees, and has underwritten public deposits with East African building societies to the extent of £4,255,000.

(4) Total depreciation and amortisation charged by the Corporation for year to 31.12.63 was £153,575 1962 £189,416.

(5) Interest attributable to assets of direct projects not yet in production, to investments represented by assets not yet in production and to equity investments in territorial Development Companies which have not yet started to pay dividends, has been carried forward. In certain instances this interest has been computed on the basis of estimates prepared by the Corporation. When the circumstances in which interest has been carried forward come to an end, interest accumulated in respect of those assets or the investment concerned is written off over a period of ten years.

(6) Under the arrangements with Government the Corporation computes that by reference to the profits of the year a sum amounting to £485,873 will be payable in reduction of the deferred liability to Government.

## PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.63

Year to 31.12.62			£	£
	£			
303,122	NET PROFITS OF DIRECT PROJECTS (per statement 4) ... ..			254,402
904,629	INCOME FROM SUBSIDIARY COMPANIES (per statement 4) ... ..			1,079,796
3,688,125	INCOME FROM INVESTMENTS (per statement 4) ... ..			3,920,620
38,437	MANAGING AGENCY AND OTHER FEES (NET) ... ..			28,157
4,934,313				5,282,975
52,730	INVESTIGATION EXPENDITURE WRITTEN OFF ... ..	43,701		
285,918	ADMINISTRATIVE EXPENDITURE (head office and overseas offices) Above administrative expenditure is stated after making allocations to:	289,467		
	1962			
	£		£	
	52,321	Projects—revenue expenditure ... ..	45,455	
		—fixed assets and forestry		
	5,487	crops ... ..	5,667	
		—expenditure on develop-		
	12,538	ment ... ..	16,572	
	51,581	Managing agencies ... ..	57,355	
	25,067	Investigations ... ..	26,460	
	76,162	Subsidiary companies ... ..	110,293	
	£223,156		£261,802	
	REMUNERATION OF MEMBERS			
			£	
8,017	Fees and expenses ... ..		8,096	
5,250	Salaries ... ..		5,250	
305	Insurance premium for pension for former member ... ..		305	
			13,651	
				346,819
4,582,093	OVERSEAS TAXATION (after crediting provisions made in prior years no longer required) ... ..		63,000	4,936,156
90,000	INTEREST PAYABLE OTHER THAN TO GOVERNMENT ... ..		121,534	
130,634				184,534
£4,361,459	OPERATING SURPLUS OF CORPORATION carried forward ... ..			£4,751,622
£4,361,459	OPERATING SURPLUS OF CORPORATION brought forward ... ..			£4,751,622
18,333	Add Profits less losses on realisation of investments and other assets ... ..			97,299
4,379,792				4,848,921
285,000	Deduct Transfer to Provision against book value of projects and investments ... ..	675,000		
2,796,394	INTEREST PAYABLE TO GOVERNMENT		£	
1,293,988	Amount currently payable ... ..		3,114,133	
	Provision for fructification interest ... ..		1,169,888	
			4,284,021	
220,000	Less Interest carried forward (net) transferred to Balance Sheet (note 5) ... ..		150,000	
			4,134,021	
				4,809,021
£224,410	BALANCE OF SURPLUS appropriated to Reserve Fund (statement 1) ... ..			£39,900

Notes (4) &amp; (5) on Statement 2 form part of the Profit &amp; Loss Account.

**DETAILS OF PROJECTS SUPPORTING PROFIT AND**

1962			Net trading	
Loss	Profit		Loss	Profit
£	£		£	£
		<b>DIRECT PROJECTS</b>		
754	—	<i>Bushman Pits Ranch</i> ... ..	—	—
—	15,545	Dominica Electricity Services ... ..	—	10,597
—	5,347	Fort George Hotel ... ..	13,472	—
—	1,343	<i>Jamaica Cooling Store (to 31.1.62)</i> ... ..	—	—
18,266	—	Kasungu Tobacco Estates (to 30.6.63) ... ..	—	793
—	82,885	<i>Kulai Oil Palm Estate</i> ... ..	—	—
—	1,174	Melville Hall Estate ... ..	—	5,081
—	16,978	‡ Molopo Ranch ... ..	—	20,719
14,694	—	Nata Ranch ... ..	6,660	—
2,731	—	Panda-ma-Tenga Ranch ... ..	1,737	—
—	4,210	St Vincent Electricity Services ... ..	—	12,710
—	131,201	Swaziland Irrigation Scheme ... ..	—	191,694
—	47,225	Vipya Tung Estates ... ..	—	6,956
547	—	Vuvulane Irrigated Farms ... ..	4,076	—
—	34,206	SUNDRY INCOME ... ..	—	31,797
36,992	340,114		25,945	280,347
	36,992			25,945
	£303,122	NET PROFIT (statement 3) ... ..		£254,402
<b>Interest</b>	<b>Dividends</b>		<b>Interest</b>	<b>Dividends</b>
£	£	<b>SUBSIDIARY COMPANIES</b>	£	£
11,849	39,000	Borneo Abaca Ltd ... ..	10,938	107,250
—	23,100	Borneo Housing Development Ltd ... ..	—	30,472
28,228	—	<i>British Guiana Timbers Ltd</i> ... ..	—	—
264,080	—	CDC (Tanganyika) Ltd ... ..	393,303	—
—	—	Fiji Development Co Ltd ... ..	2,469	—
48,111	—	First Permanent (East Africa) Ltd ... ..	68,355	—
1,440	—	Grenada Electricity Services Ltd ... ..	5,443	—
9,714	—	Jamaica Cooling Store Ltd ... ..	11,216	—
—	—	Johore Palm Processing Ltd ... ..	16,071	—
—	—	KBS Ltd ... ..	27,309	—
8,934	—	Kulai Oil Palm Estate Ltd ... ..	67,555	77,524
34,329	209,373	<i>Malaya Borneo Building Society Ltd</i> ... ..	—	—
—	—	Maramba Estate Ltd ... ..	200	—
—	29,700	Nigeria Hotels Ltd ... ..	2,744	24,750
56,363	58,500	Nigeria Housing Development Society Ltd ... ..	87,500	58,500
—	—	Northern Nigeria Investments Ltd ... ..	4,115	—
28,039	—	Rhodesia and Nyasaland Development Corporation Ltd ... ..	3,722	17,700
7,442	3,323	<i>Singapore Factory Development Ltd</i> ... ..	—	—
—	540	Swaziland Development Corporation Ltd ... ..	—	4,084
43,963	—	Tanganyika Wattle Co Ltd ... ..	19,169	—
—	—	Zambia Development Corporation Ltd ... ..	41,647	—
542,492	363,536		761,756	320,280
1,399	—	Deduct Sundry Interest (net) ... ..	2,240	—
	541,093			759,516
	£904,629	INCOME FROM SUBSIDIARY COMPANIES (statement 3)		£1,079,796

LOSS ACCOUNT—YEAR TO 31.12.63

STATEMENT 4

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1962			Interest	Dividends
Interest	Dividends		£	£
£	£		£	£
<b>LOANS TO GOVERNMENTS AND STATUTORY BODIES</b>				
73,485	—	British Guiana Rice Development Co Ltd ...	70,000	—
59,312	—	Cameroons Development Corporation ...	75,438	—
1,574	—	Cayman Islands Airport ... ..	1,421	—
61,998	—	Central African Airways Corporation ...	49,326	—
1,041,854	—	Central African Power Board ... ..	1,046,250	—
428,223	—	Central Electricity Corporation ... ..	419,554	—
39,890	—	Federal Land Development Authority ...	40,500	—
17,356	—	Guma Valley Water Company ... ..	35,267	—
103,539	—	Kenya Central Housing Board ... ..	98,964	—
9,572	—	Kenya Meat Commission ... ..	9,994	—
25,262	—	Kenya Tea Development Authority ... ..	30,945	—
55,008	—	Lagos Executive Development Board ...	54,031	—
52,944	—	Mudi River Water Board ... ..	94,831	—
—	—	Nairobi City Water Supply ... ..	6,712	—
—	—	Northern Rhodesia Government — African Housing ... ..	28,136	—
1,468	—	Nyasaland Government—African Housing ...	61,688	—
61,688	—	Sarawak Electricity Supply Corporation ...	10,772	—
—	—	Southern Rhodesia Government — African Housing ... ..	59,375	—
59,375	—			
<b>OTHER INVESTMENTS</b>				
37,319	4,853	Barbados Light & Power Co Ltd ... ..	23,511	—
15,516	9,000	Bechuanaland Protectorate Abattoirs Ltd ...	12,922	9,000
26,375	—	Bird & Co (Africa) Ltd ... ..	26,375	—
6,836	—	Block Hotels Ltd ... ..	5,922	—
131,814	—	Building Societies in East Africa ... ..	43,432	—
26,098	—	Caribeach Ltd ... ..	11,546	—
148,500	—	Caribbean Housing Finance Corporation Ltd...	144,225	—
—	—	Chinga Tea Factory Co Ltd ... ..	870	—
5,467	—	Coast Construction (Nigeria) Ltd ... ..	6,820	—
—	—	Dorman Long & Amalgamated Engineering Co Ltd ... ..	4,700	—
5,438	—	Dunlop Nigerian Industries Ltd ... ..	3,875	—
32	—	East Africa Industries Ltd ... ..	1,945	—
5,000	—	Federation Chemicals Ltd ... ..	65,000	—
65,000	—	Freetown Hotel Ltd ... ..	12,575	—
12,575	—	Jamaica Citrus Growers Ltd ... ..	192	—
1,100	—	Jamaica Housing Development Co Ltd ... ..	25,395	400
27,032	400	Jamaica Public Service Co Ltd ... ..	227,197	—
223,523	—	Kenya Power Co Ltd ... ..	192,500	—
192,500	—	Kilembe Mines Ltd ... ..	33,600	—
37,800	—	Kilombero Sugar Co Ltd ... ..	8,607	—
21,349	—	Malaya Borneo Building Society Ltd ... ..	25,676	191,098
—	—	Mataara Tea Factory Co Ltd ... ..	919	—
167,700	37,500	Mhlume (Swaziland) Sugar Co Ltd ... ..	167,700	37,500
—	22,500	The Nigerian Cement Co Ltd ... ..	—	42,437
—	700	Northern Housing Estates Ltd ... ..	—	700
7,414	—	The Oceanic Hotel Ltd ... ..	6,338	—
2,969	—	Property Development (Industrial) Ltd ...	13,593	—
—	—	Singapore Factory Development Ltd ... ..	8,439	3,500
8,422	—	Stirling Astaldi (Ghana) Ltd ... ..	6,820	—
64,096	—	Tanganyika Electric Supply Co Ltd ... ..	146,210	—
1,236	—	Tanganyika Extract Co Ltd ... ..	4,650	—
16,812	—	Tanganyika Millers Ltd ... ..	15,481	—
—	40,014	Trinidad Cement Ltd ... ..	—	37,147
16,606	—	Unga Ltd ... ..	15,288	—
195,022	—	Usutu Pulp Co Ltd ... ..	130,000	—
7,756	—	Worcester Porcelain Co (Jamaica) Ltd ...	8,437	—
3,303	—	Sundry ... ..	4,874	—
3,573,158	114,967		3,598,838	321,782
	3,573,158			3,598,838
	£3,688,125	INCOME FROM INVESTMENTS (statement 3) ... ..		£3,920,620

## STATEMENT 5

## ASSETS AND LIABILITIES OF DIRECT PROJECTS—31.12.63

Projects	Fixed Assets at net book value	Land Clearance and Development at cost less amounts written off and Interest carried forward	Investments at cost less amounts written off	Investments in and loans and advances to subsidiary companies at cost less amounts written off	Current Assets	Current Liabilities including amounts owing to subsidiary companies
	£	£	£	£	£	£
Dominica Electricity Services ...	275,481	13,611	—	—	23,842	11,023
Fort George Hotel ... ..	93,182	—	—	—	25,755	22,065
Kasungu Tobacco Estates ... ..	81,323	23,587	—	—	29,973	2,204
Melville Hall Estate ... ..	76,525	12,874	—	—	25,627	2,103
Molopo Ranch ... ..	54,075	3,508	—	—	244,305	10,175
Nata Ranch ... ..	34,499	—	—	—	56,279	29,084
St Vincent Electricity Services ...	402,004	—	—	519	53,660	9,309
Solomon Islands Agricultural Trials	440	976	—	—	2,133	366
Swaziland Irrigation Scheme ...	1,974,221	661,547	3,777	—	389,731	92,013
Vipya Tung Estates ... ..	778,391	—	—	—	58,278	10,905
Vuvulane Irrigated Farms ...	117,956	22,917	—	—	20,160	1,783
	3,888,097	739,020	3,777	519	929,743	191,030
Add HO and Overseas Offices ...	352,590	791,873	67,655,706	16,264,750	1,606,045	3,940,227
per statement 1 ... ..	£4,240,687	£1,530,893	£67,659,483	£16,265,269	£2,535,788	£4,131,257

## INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF

	£	£
<b>SHARES IN ASSOCIATED COMPANIES</b>		
Quoted		
Dunlop Nigerian Industries Ltd ... ..	50,000	
Malaya Borneo Building Society Ltd ... ..	1,166,940	
The Nigerian Cement Co Ltd ... ..	279,177	
	(market value £2,089,027)	1,496,117
Unquoted		
Bechuanaland Protectorate Abattoirs Ltd ... ..	150,000	
Caribeach Ltd ... ..	36,000	
Electra House Ltd ... ..	35,000	
Federation Chemicals Ltd ... ..	13,636	
Freetown Hotel Ltd ... ..	50,000	
Ilushin Estates Ltd ... ..	231,875	
Investment Company of Nigeria Ltd ... ..	100,000	
Malaya Borneo Building Society Ltd ... ..	1,067,500	
Malayan Cocoa Ltd ... ..	51,333	
Mhlume (Swaziland) Sugar Co Ltd ... ..	500,000	
Mostyn Estates Ltd ... ..	387,917	
Northern Housing Estates Ltd ... ..	10,000	
Property Development (Industrial) Ltd ... ..	40,000	
Singapore Factory Development Ltd ... ..	58,333	
Swaziland Iron Ore Development Co Ltd ... ..	74,281	
Trinidad Cement Ltd ... ..	690,000	
Trinidad Mortgage Agency Co Ltd ... ..	10,000	
United Cocoa Development Co Ltd ... ..	19,071	
Usutu Pulp Co Ltd ... ..	3,050,000	
Worcester Porcelain Co (Jamaica) Ltd ... ..	75,000	
Sundries ... ..	625	
		6,650,371
<b>LOANS TO GOVERNMENTS AND STATUTORY BODIES</b>		
British Guiana Rice Development Co Ltd ... ..	970,000	
Cameroons Development Corporation ... ..	1,000,000	
Cayman Islands Airport ... ..	27,750	
Central African Airways Corporation ... ..	787,500	
Central African Power Corporation ... ..	15,000,000	
Central Electricity Board ... ..	6,680,512	
Federal Land Development Authority ... ..	600,000	
Guma Valley Water Company ... ..	600,000	
Kenya Tea Development Authority ... ..	500,000	
Kenya Central Housing Board... ..	1,680,000	
Kenya Meat Commission ... ..	150,000	
Lagos Executive Development Board... ..	1,185,725	
Mudi River Water Board ... ..	1,300,000	
Nairobi City Water Supply ... ..	125,000	
Northern Rhodesia Government—African Housing ... ..	850,000	
Nyasaland Government—African Housing ... ..	1,000,000	
Sarawak Electricity Supply Corporation ... ..	420,000	
Southern Rhodesia Government—African Housing... ..	1,000,000	
		33,876,487
<b>DEBENTURES, SECURED AND UNSECURED LOANS</b>		
Quoted		
Bird & Co (Africa) Ltd ... ..	50,000	
Kenya Power Co Ltd ... ..	3,499,553	
	(market value £2,411,500)	3,549,553
Unquoted		
Bechuanaland Protectorate Abattoirs Ltd ... ..	210,000	
Bird & Co (Africa) Ltd ... ..	300,000	
Block Hotels Ltd ... ..	76,500	
Caribbean Housing Finance Corporation Ltd ... ..	1,884,000	
Caribeach Ltd ... ..	747,333	
Chinga Tea Factory Co Ltd ... ..	35,500	
Coast Construction (Nigeria) Ltd ... ..	108,500	
Dorman Long & Amalgamated Engineering Co Ltd ... ..	70,000	
Dunlop Nigerian Industries Ltd ... ..	50,000	
Federation Chemicals Ltd ... ..	986,364	
Freetown Hotel Ltd ... ..	170,000	
Jamaica Housing Development Co Ltd ... ..	327,325	
Jamaica Public Service Co Ltd ... ..	3,300,000	
Kilombero Sugar Co Ltd ... ..	675,000	
Kilembe Mines Ltd ... ..	490,000	
Mataara Tea Factory Co Ltd ... ..	35,500	
Mbeya Exploration Co Ltd ... ..	246,740	
Mhlume (Swaziland) Sugar Co Ltd ... ..	2,580,000	
The Oceanic Hotel Ltd ... ..	71,659	
Property Development (Industrial) Ltd ... ..	200,000	
Rungwe Coal Co Ltd ... ..	30,625	
Savings and Loan Society Ltd ... ..	200,000	
Stirling Astaldi (Ghana) Ltd ... ..	124,000	
Tanganyika Electric Supply Co Ltd ... ..	2,500,000	
Tanganyika Extract Co Ltd ... ..	60,000	
Tanganyika Millers Ltd... ..	214,643	
Tangold Mining Co Ltd ... ..	578,353	
Trinidad Mortgage Agency Co Ltd ... ..	94,864	
Unga Ltd ... ..	214,480	
Usutu Pulp Co Ltd ... ..	5,250,000	
Worcester Porcelain Co (Jamaica) Ltd ... ..	225,000	
Sundries ... ..	30,369	
		22,086,755
per statement 1 ... ..		£67,659,483

## STATEMENT 7

## INVESTMENTS IN AND LOANS AND ADVANCES TO SUBSIDIARY COMPANIES AT COST LESS AMOUNTS WRITTEN OFF—31.12.63

31.12.62		Shares	Loans and advances	Total
£		£	£	£
2,500,415	Borneo Abaca Ltd ... ..	2,288,178	308,850	2,597,028
58,333	Borneo Development Corporation Ltd...	58,333	—	58,333
412,223	Borneo Housing Development Ltd ...	501,667	33,124	534,791
1,181,961	British Guiana Timbers Ltd ... ..	173,662	834,629	1,008,291
3,941,511	CDC (Tanganyika) Ltd ... ..	100	3,540,126	3,540,226
150	East Africa Development Corporation Ltd	100	53,400	53,500
175	<i>Electra House Ltd</i> ... ..	—	—	—
102,499	Fiji Development Co Ltd ... ..	135,135	66,480	201,615
1,240,074	First Permanent (East Africa) Ltd ...	—	729,733	729,733
249,437	Grenada Electricity Services Ltd ...	200,000	85,606	285,606
155,169	Industrial and Agricultural Co Ltd ...	221,000	2,001	223,001
267,934	Jamaica Cooling Store Ltd ... ..	111,165	160,069	271,234
231,287	Johore Palm Processing Ltd ... ..	—	204,709	204,709
—	KBS Ltd ... ..	100	683,745	683,845
242,751	Kulai Oil Palm Estate Ltd ... ..	193,810	795,594	989,404
3,570,084	<i>Malaya Borneo Building Society Ltd</i> ...	—	—	—
203,182	Malaya Developments Ltd ... ..	6	202,558	202,564
—	Maramba Estate Ltd ... ..	25,000	49,098	74,098
129,731	Nigeria Hotels Ltd ... ..	110,000	186,104	296,104
2,120,284	Nigeria Housing Development Society Ltd ... ..	975,000	1,289,978	2,264,978
348,750	Northern Nigeria Investments Ltd ...	450,000	210,965	660,965
591,200	Rhodesia and Nyasaland Development Corporation Ltd ... ..	100	48,262	48,362
5,000	Sierra Leone Investments Ltd ... ..	10,000	—	10,000
188,106	<i>Singapore Factory Development Ltd</i> ...	—	—	—
784,658	Tanganyika Wattle Co Ltd ... ..	—	768,915	768,915
—	Zambia Development Corporation Ltd...	2	556,346	556,348
951	Regional Companies ... ..	645	974	1,619
	Per statement 1 ... ..	£5,454,003	£10,811,266	£16,265,269
£18,525,865	[1962] ... ..	£8,079,182	£10,446,683	£18,525,865



**COMBINED STATEMENT OF ASSETS AND LIABILITIES OF  
SUBSIDIARY COMPANIES—31.12.63**

			Cost, net book value at date of acquisition of shares or valuation, less sales	Depreciation	
31.12.62	£	£	£	£	£
		<b>FIXED ASSETS</b>			
		Freehold and leasehold land, plantations, concessions, buildings and constructions ... ..	6,944,033	1,498,547	5,445,486
		Plant and machinery ... ..	1,893,173	782,573	1,110,600
		Ships and vessels ... ..	245,955	191,347	54,608
		Land clearance equipment, tractors and agricultural equipment ... ..	233,015	178,177	54,838
		Motor vehicles and rolling stock ... ..	399,462	275,211	124,251
		Furniture and fittings, office and hotel equipment...	452,232	158,447	293,785
6,131,398			10,167,870	3,084,302	7,083,568
	309,203	FORESTRY CROPS at cost less amounts written off ... ..		304,706	
	381,213	LAND CLEARANCE AND DEVELOPMENT at cost less amounts written off		353,902	
690,416					658,608
	593,846	INVESTMENTS at cost less amounts written off		881,691	
	5,137,060	Quoted (market value £1,010,362 1962 £448,718) ... ..		6,058,793	
	5,730,906	Unquoted ... ..			
	20,915,768	BUILDING SOCIETY AND HOUSING ADVANCES ON MORTGAGE ... ..		6,940,484	
26,646,674				12,383,281	19,323,765
		<b>CURRENT ASSETS</b>			
		Stocks, stores and livestock at cost or market value, whichever is lower or at valuation less advances ... ..		681,485	
	685,013	Debtors and prepayments less provisions ... ..		896,263	
	577,953	Amounts owing by Corporation ... ..		24,229	
	11,783	Cash at banks and in hand ... ..		627,693	
	462,645				2,229,670
1,737,394					29,295,611
35,205,882		<b>Deduct CURRENT LIABILITIES</b>			
	1,302,813	Creditors, accrued charges and taxation ... ..		1,064,477	
	5,501,332	Building Society deposits ... ..		4,981,584	
	272,906	Bank overdrafts ... ..		199,706	
7,077,051					6,245,767
28,128,831		<b>Deduct Secured and other loans (£3,261,898 secured)</b>		5,163,589	
	6,113,557	Loans and advances by Corporation ... ..		10,811,266	
	10,446,683	Minority shareholders' interests ... ..		1,962,572	
	3,619,493				17,937,427
20,179,733					£5,112,417
£7,949,098		<b>NET TANGIBLE ASSETS ATTRIBUTABLE TO CORPORATION INVESTMENTS...</b>			
		<b>Represented by—</b>			
		Shares in subsidiary companies held directly by the Corporation at cost less amounts written off ... ..			5,454,003
		Add post acquisition surpluses less deficits carried forward by subsidiary companies applicable to the Corporation (excluding deficits for which provision has been made by the Corporation) to 31.12.63 ... ..			7,645
8,079,182					5,461,648
	243,731	<b>Deduct net adjustments in respect of the excess of the cost of shares in subsidiary companies less amounts written off, over the net tangible assets of subsidiary companies at dates of acquisition ... ..</b>			349,231
8,322,913					£5,112,417
373,815					
£7,949,098					

NOTES:

- (1) Assets and liabilities in commonwealth, colonial and foreign currencies have been converted at rates ruling at 31.12.63.
- (2) There are contractual commitments for capital expenditure of £330,000 and for debentures, loans and partly paid shares of £5,700,000.
- (3) There are contingent liabilities for bills discounted, etc, of £25,000.

**ASSETS AND LIABILITIES OF**

	Fixed Assets at net book value	Forestry crops Land clearance and Development at cost less amounts written off	Investments and loans (including Building Society advances) at cost less amounts written off
	£	£	£
Borneo Abaca Ltd ... ..	2,444,715	11,400	—
Borneo Development Corporation Ltd ...	7,256	—	74,620
Borneo Housing Development Ltd ... ..	6,355	—	2,040,768
British Guiana Timbers Ltd ... ..	544,874	43,838	28,652
CDC (Tanganyika) Ltd ... ..	—	—	2,485,724
East Africa Development Cpn Ltd ... ..	—	—	53,500
Fiji Development Co Ltd ... ..	52,138	1,729	158,559
First Permanent (East Africa) Ltd ... ..	613,406	—	5,234,919
Grenada Electricity Services Ltd ... ..	397,294	—	—
Home Finance Ltd ... ..	—	—	224,847
Industrial & Agricultural Co Ltd ... ..	11,974	—	213,293
Jamaica Cooling Store Ltd ... ..	227,681	—	—
Johore Palm Processing Ltd ... ..	218,455	—	656
KBS Ltd ... ..	782	—	1,854,790
Kulai Oil Palm Estate Ltd ... ..	930,668	—	—
Lagos Hotel Ltd ... ..	131,826	8,713	—
Malaya Developments Ltd ... ..	27,441	—	175,000
Maramba Estate Ltd ... ..	320,200	—	—
Nigeria Hotels Ltd ... ..	617,541	—	—
Nigeria Housing Development Society Ltd ...	99,362	—	3,341,182
Northern Nigeria Investments Ltd ... ..	11,783	4,957	930,909
Rhodesia and Nyasaland Development Cor- poration Ltd ... ..	—	—	50,000
Sierra Leone Investments Ltd ... ..	7,638	—	—
Swaziland Development Cpn Ltd ... ..	—	—	1,900,000
Tanganyika Wattle Co Ltd ... ..	412,179	587,971	—
Zambia Development Corporation Ltd ...	—	—	556,346
Regional Companies ... ..	—	—	—
	<b>£7,083,568</b>	<b>£658,608</b>	<b>£19,323,765</b>

SUBSIDIARY COMPANIES—YEAR TO 31.12.63

Current Assets (including amounts owing by Corporation)	Current Liabilities (including Bank Overdrafts and Building Society deposits)	Secured and other loans	Loans and advances by Corporation	Total Net Tangible Assets	Minority Shareholders' interests	Net Tangible Assets attributable to Corporation Investments
£ 377,816	£ 453,269	£ —	£ 308,850	£ 2,071,812	£ 51,798	£ 2,020,014
77,023	49,458	—	—	109,441	55,147	54,294
7,466	287,793	957,374	33,124	776,298	243,055	533,243
341,651	46,645	15,205	834,629	62,536	3,179	59,357
194,293	—	—	3,540,126	(Cr) 860,109	—	(Cr) 860,109
—	—	—	53,400	100	—	100
20,580	77,124	—	66,480	89,402	—	89,402
88,214	3,741,102	1,352,817	729,733	112,887	100,000	12,887
38,981	13,911	—	85,606	336,758	137,015	199,743
2,604	1,927	181,833	—	43,691	—	43,691
121,527	1,373	—	2,001	343,420	127,929	215,491
40,625	6,658	—	160,069	101,579	—	101,579
21,438	5,927	—	204,709	29,913	—	29,913
255,391	615,219	580,650	683,745	231,349	—	231,349
99,452	61,353	—	795,594	173,173	—	173,173
54,642	59,182	—	—	135,999	1,936	134,063
—	—	—	202,558	(Cr) 117	—	(Cr) 117
14,116	6,560	—	49,098	278,658	92,886	185,772
192,924	205,937	132,710	186,104	285,714	195,177	90,537
37,436	557,246	—	1,289,978	1,630,756	652,302	978,454
44,881	1,195	25,000	210,965	755,370	302,148	453,222
1	20	—	48,262	1,719	—	1,719
4,357	966	18,000	—	(Cr) 6,971	—	(Cr) 6,971
23,460	24,048	1,900,000	—	(Cr) 588	—	(Cr) 588
170,506	28,832	—	768,915	372,909	—	372,909
2	—	—	556,346	2	—	2
284	22	—	974	(Cr) 712	—	(Cr) 712
£2,229,670	£6,245,767	£5,163,589	£10,811,266	£7,074,989	£1,962,572	£5,112,417

**COMBINED STATEMENT OF PROFITS AND LOSSES OF  
SUBSIDIARY COMPANIES—YEAR TO 31.12.63**

1962			Net trading	
Loss	Profit		Loss	Profit
£	£		£	£
—	51,275	Borneo Abaca Ltd ... ..	—	120,083
1,610	—	Borneo Development Corporation Ltd... ..	209	—
—	40,535	Borneo Housing Development Ltd ... ..	—	65,039
—	6,471	British Guiana Timbers Ltd ... ..	22,312	—
—	264,080	CDC (Tanganyika) Ltd ... ..	—	379,739
—	477	Fiji Development Co Ltd ... ..	—	5,597
—	39,691	First Permanent (East Africa) Ltd ... ..	—	120,440
3,586	—	Grenada Electricity Services Ltd ... ..	—	5,020
—	1,734	Home Finance Co Ltd ... ..	—	3,889
—	362	Industrial & Agricultural Co Ltd ... ..	—	5,883
—	10,110	Jamaica Cooling Store Ltd ... ..	—	23,502
—	—	Johore Palm Processing Ltd ... ..	—	16,071
—	—	KBS Ltd (from 1.5.63) ... ..	—	23,776
—	9,268	Kulai Oil Palm Estate Ltd ... ..	—	156,096
—	7,834	Lagos Hotel Ltd ... ..	—	39,541
—	471,514	Malaya Borneo Building Society Ltd ... ..	—	—
—	—	Maramba Estate Ltd (from 1.12.63) ... ..	1,100	—
—	91,655	Nigeria Hotels Ltd ... ..	—	36,057
—	172,190	Nigeria Housing Development Society Ltd ... ..	—	154,452
—	5,756	Northern Nigeria Investments Ltd ... ..	—	17,115
—	46,318	Rhodesia and Nyasaland Development Corporation Ltd ... ..	20	—
7,385	—	Sierra Leone Investments Ltd ... ..	10,169	—
—	13,666	Singapore Factory Development Ltd ... ..	—	—
—	540	Swaziland Development Corporation Ltd ... ..	—	4,084
—	29,574	Tanganyika Wattle Co Ltd ... ..	—	19,169
62	—	West Indies Development Corporation Ltd ... ..	—	—
—	—	Zambia Development Corporation Ltd ... ..	—	77,081
12,643	1,263,050		33,810	1,272,634
	12,643			33,810
	1,250,407	Net trading profits for the year ... ..		1,238,824
541,093		Less Interest payable to Corporation ... ..	759,516	
290,942		Overseas Taxation ... ..	130,542	
120		Preliminary expenses written off ... ..	8,470	
	832,155			898,528
	418,252	Less Dividends paid or provided by subsidiary companies		340,296
		Payable to Corporation ... ..	£ 320,280	
		Less Overseas Income Tax ... ..	64,310	
243,178			255,970	
		Payable to minority shareholders ... ..	96,672	
119,689		Less Overseas Income Tax ... ..	29,600	
	362,867		67,072	323,042
	£55,385	Surpluses less deficits carried forward in accounts of subsidiary companies ... ..		£17,254
	43,714	Applicable to minority shareholders ... ..		4,738
	11,671	Applicable to Corporation investments ... ..		12,516
	£55,385			£17,254

NOTE: Total depreciation and amortisation charged by subsidiary companies for year to 31.12.63 was £531,150 1962 £499,028.

## I CARIBBEAN

*Regional Controller:*  
G. I. Firmston-Williams

*Regional Office:*  
Strathmore,  
Culloden Road,  
St Michael 16,  
Bridgetown,  
Barbados.

**14 Regional Summary**

(1) At the end of 1963 there were 18 projects in the Region for which capital of £17,641,000 had been approved (1962 £15,807,000). These projects include agriculture (bananas, cocoa, copra and rice), timber, cold storage, mortgage finance for housing, electricity supply, hotels for the expanding tourist trade in the Eastern Caribbean, and factories for cement, fertilisers and pottery.

(2) The re-inclusion of the independent islands Trinidad (and Tobago) and Jamaica in the Corporation's sphere of operations as a consequence of the new Act is very welcome and it is hoped that present investigations will lead to more projects in those countries. One new project only was approved during the year, in the form of another £2m loan to Caribbean Housing Finance Corporation Ltd. The CDC loan, together with further loan capital from Sceptre Trust Ltd, will provide mortgage finance for purchasers of new low-cost houses to be built by West Indies Home Contractors Ltd at Duhaney Park Estate, west of Kingston.

(3) Two projects disappear from the list. The CDC investment in the Barbados Light & Power Co Ltd was sold in June 1963 to Canadian International Power Co Ltd, which company acquired at the same time the majority shareholding from the Mitchell Engineering Group Ltd; and the last instalment of the £57,000 loan to Jamaica Citrus Growers Ltd was repaid in March 1963.

(4) 1963 was a difficult year for several CDC projects in the Caribbean. In British Guiana, the general strike and disturbances in the early part of the year closed down all operations in British Guiana Timbers Ltd for three months. Two hurricanes in succession hit Dominica and wiped out the banana crop at Melville Hall, which until then promised to have a record year. Two recently launched projects, Caribeach Ltd and Worcester Porcelain Co (Jamaica) Ltd (formerly Jamaica Pottery Ltd) had more than their share of teething troubles, while only a small part of the houses for which Trinidad Mortgage Agency Co Ltd was established to provide mortgage finance had been built by the year end when the project was planned to be completed.

(5) However, expansion of the electricity supply projects in Grenada, St Vincent and Dominica continued. On the CDC estates at Melville Hall and Castle Bruce (Dominica) additional areas of new land were planted to cocoa, bananas and coconuts, as well as extensive replanting after hurricane damage; the processing and marketing of smallholders' cocoa, started in 1961, continued to the latter's advantage.

(6) During 1963 the first CDC West Indian scholar graduated in economics from the University of the West Indies, and has entered the Corporation's service. A new three-year scholarship at the University of the West Indies for a BSc (Engineering) degree course has been awarded. The recruitment and training of West Indians to fill senior positions within the Corporation continues.

(7) Mr. G. I. Firmston-Williams succeeded Mr A. C. Grieve as Regional Controller in September 1963 following the latter's retirement. Mr Grieve had served as Regional Controller in the Caribbean for nearly eleven years, having agreed to stay on for a year beyond normal retirement age. The Corporation owes him much for his services during those years.

(8) Net revenue from profits of direct projects, dividends and fees, after deducting cost of regional organisation, but before providing for Head Office costs and for interest, amounted to £615,500 representing 5% on capital employed (1962 5.8%).

## **15 Caribeach Ltd**

(1) Caribeach Ltd owns all the shares in three wholly-owned subsidiaries formed to build and operate hotels in Antigua (80 bedrooms), St Lucia (70 bedrooms) and Grenada (60 bedrooms). It was incorporated in 1961 with a capital of £100,000. In addition the operating subsidiaries were financed with loans from the shareholders of Caribeach Ltd totalling £1,055,000 at 31.12.63.

(2) Originally CDC held 30% of the shares in the holding company, the remaining 70% being held by West Indies and Caribbean Developments Ltd (WIC), a company formed by West Indian and American interests: but losses incurred in the initial operating period to 31.3.63 persisted into the next year to such an extent that injection of £180,000 additional capital by CDC became necessary and a capital reconstruction was agreed which has become effective after 31.12.63. As a result of the capital reconstruction Caribeach Ltd now has share capital £450,000, of which CDC owns £410,000 (90%) and WIC owns £40,000. Total loan capital of the group is £699,300, of which CDC holds £489,300 and British American Investment Trust Ltd (a subsidiary of London and Yorkshire Trust Ltd) and Barclays Overseas Development Corporation £210,000.

(3) CDC will now have increased representation on the Board and the management of the group has been reorganised with the help of Mr E. G. de S. Hall, managing director of Nigeria Hotels Ltd (para 120).

(4) The hotels were planned to stimulate tourism in the smaller islands of the eastern Caribbean: those in St Lucia and Grenada in particular involve some considerable element of pioneering, in islands where communications, among other services, could be much improved to help trade. Custom has picked up during the 'season' of the first few months of 1964 and there are encouraging signs that with close attention and economical management these hotels may be turned into a profitable venture.

(5) As its part in the capital reconstruction, CDC has agreed that £102,333 shall be written off the book value of its debentures in the group.

**16 British Guiana Rice Development Co Ltd**

- (1) (a) The issued share capital of this company is WIS2m wholly owned by the British Guiana Government and the British Guiana Rice Marketing Board;
- (b) CDC debenture loan guaranteed by the British Guiana Government and used for the purchase of rice mill equipment, had been reduced to £1m by 31.12.62 when the loan fell due for repayment: at the request of the company, supported by the British Guiana Government, CDC agreed to defer calling for repayment for a further two years until 31.12.64, when it will be open to the company to seek further extension of time for repayment of the loan: balance outstanding has been further reduced to £970,000 by a £30,000 repayment in December 1963.
- (2) There is an expanding market for British Guiana rice in the Caribbean area; despite the prolonged general strike in British Guiana during 1963 the company's operations showed a modest profit for the second year running. Accumulated loss to 31.8.63 £310,000.

**17 British Guiana Timbers Ltd—General Manager: G. D. Gilbert**

- (1) (a) Issued capital WIS1,449,600 (£302,000) of which CDC holds WIS1,424,640 (£296,800), the balance being held by Guiana Merchants Ltd (formerly Industrial Holdings (BG) Ltd) a company in the Booker Group in British Guiana;
- (b) CDC loan at 31.12.63 WIS4,165,735 (£867,862) unchanged from 31.12.62.
- (2) The company holds leases of 1,200 square miles of forest in which main merchantable species is greenheart, a timber of exceptional strength and durability particularly suited to marine work.
- (3) The general strike which began on 20.4.63 and continued until 9.7.63, together with the inevitable stagnation of the economy which resulted therefrom, seriously affected local sales of timber while many potential export orders were lost due to inability to quote delivery dates during the period of the strike. Moreover, in recent years severe competition from other producers and competing materials has depressed both the volume of sales and the prices obtained.
- (4) (a) Deliveries from the forest were 20,231 tons (1962 24,728 tons);

(b) sales were—

	1963		1962	
	<i>Lin Ft</i>	£	<i>Lin Ft</i>	£
Piling ... ..	116,644	28,432	195,481	53,542
	<i>Tons</i>		<i>Tons</i>	
Logs ... ..	4,421	92,088	5,579	113,751
Lumber and Joinery...	10,296	349,815	11,722	403,488
		<hr/>		<hr/>
		£470,335		£570,781
		<hr/>		<hr/>

(c) markets by value were—

	1963	1962
UK and Continent ... ..	29%	32%
USA and Canada ... ..	21%	14%
West Indies ... ..	14%	16%
Local ... ..	36%	38%

(5) Net loss for the year, before charging CDC loan interest was £21,528 (1962 profit £6,471).

#### BRITISH HONDURAS

(BH\$4=£1)

##### 18 Fort George Hotel—Acting Manager: A. Witter

(1) This is a wholly-owned CDC project, opened in 1953; since 1.6.61 it has been under the same management as the hotels in Antigua, St Lucia and Grenada owned by Caribeach Ltd (para 15).

(2) Capital at 31.12.63 was £96,872 (1962 £103,490).

(3) Results for the year have been very disappointing; management has now been strengthened.

(4) Trading results for the year show a loss of £13,472 (1962 £5,347 profit).

#### CAYMAN ISLANDS

(WI\$4·80=£1)

##### 19 Cayman Islands Corporation

(1) Loan of £55,500 (1953) for airport construction; repayable by twenty annual instalments, secured on the Islands' revenue and guaranteed by Government. Balance outstanding at 31.12.63 was £27,750 (1962 £30,525).

(2) Airport has facilitated and accelerated the expansion of the tourist trade and there are now a number of new hotels and residential clubs in operation.

#### DOMINICA

(WI\$4·80=£1)

##### 20 Dominica Electricity Services—Manager: W. S. Richardson

(1) Owned and managed by CDC, this project supplies electricity from a hydro-electric station on the Roseau River. Capital employed at 31.12.63 was £301,911 (1962 £280,520).

(2) Preliminary construction work on a second hydro-electric generating station estimated to cost some £200,000 was started in October. This station, which will contain two 800 kW generating sets, is scheduled for completion in December 1965 and will substantially boost the existing hydro-electric generating capacity of 960 kW. During the year the transmission system was extended from Soufriere to Grand Bay in the south of the island and 469 new consumers were connected.

(3) Sales of electricity were increased by 8·7% to 3·37m units (1962 3·10m units) with gross revenue £61,836 (1962 £59,548). Two hurricanes in September/October caused minor damage to the transmission and distribution system but this was quickly repaired.



(4) Net profit, before interest payable to British Government, was £10,597 (1962 £15,545), which represents 3·6% on capital employed.

**21 Melville Hall Estate—Manager: A. L. E. Pugh**

(1) Comprising two estates, Melville Hall and Castle Bruce, under combined management, this is a directly owned CDC project.

(2) Capital employed at 31.12.63 was £112,923 (1962 £90,260).

(3) Planted acreage at 31.12.63 was as follows:

	<i>Mature</i>		<i>Immature</i>		<i>Total</i>
	<i>Melville Hall</i>	<i>Castle Bruce</i>	<i>Melville Hall</i>	<i>Castle Bruce</i>	
Bananas ...	159	121	114	75	469
Coconuts ...	236	47	45	122	450
Cocoa ...	82	15	32	10	139
					1,058
Less interplants ...					249
Net planted acreage ...					809

In addition, there are some three acres of citrus and during the year a small experimental plot of ipecac (*cephaelis ipecacuanha*), air-freighted from Kew Gardens, was satisfactorily established. Additional new areas were planted to cocoa, bananas and coconuts.

(4) (a) Two hurricanes hit Dominica in September and October and caused extensive damage to crops. 90% of bearing bananas was destroyed; the 1963 cocoa crop of 8 tons (1962 6·24 tons) was below expectation and copra production was also affected. Smallholders' cocoa also suffered from hurricane damage, but the processing and marketing of smallholders' cocoa, started in 1961, has continued to boost local agriculture and to benefit local producers; during the year 54 tons of smallholders' cocoa were processed (1962 69·5 tons).

(b) Work of replanting bananas is progressing satisfactorily and, barring any natural disasters, full production should be restored by late 1964. Considerably higher bunch yields per acre and bunch weights for bananas were achieved during the first nine months of 1963. The good prices obtained for copra during the year are likely to continue during 1964.

(5) After crediting insurance recoveries, net profit was £5,081 (1962 £1,174).

**GRENADA**

(WI\$4·80=£1)

**22 Grenada Electricity Services Ltd—Manager: A. R. Boyd**

(1) (a) A CDC subsidiary company formed with the Grenada Government to take over from Government and expand the electricity supply services of the island; share capital of WI\$1,618,520, of which CDC holds WI\$960,000 (£200,000) and Government WI\$658,520;

(b) CDC had also lent the company £84,000 at 31.12.63 (1962 £54,000) and has a commitment to lend an additional £74,000.

(2) A new power station at St George's was completed and commissioned in 1962 and the extension of the distribution system to Grenville and Gouyave saw the completion of the first development programme. The distribution system in St George's had also been improved.

(3) Sales of electricity increased by 20·8% to 4·61m units (1962 3·82m units) with gross revenue £100,427 (1962 £88,866).

(4) Net profit, before CDC interest, £5,020 (1962 loss £3,586).

## JAMAICA

(J£1=£1)

### **23 Caribbean Housing Finance Corporation Ltd** (comprising Harbour View, Hope Pastures, St Andrew Park and Duhaney Park Estates)—General Manager: J. C. Brown

(1) A company formed jointly by Sceptre Trust Ltd (a subsidiary of Eagle Star Insurance Co Ltd) and CDC who hold the share capital of £150 equally. CDC has lent £2m, of which £116,000 had been repaid by 31.12.63 (1962 £40,000).

(2) Formed in 1960, the company supplied mortgage finance for purchase of houses on the Harbour View Estate (2-bedroom houses selling at £1,975 and 3-bedroom houses selling at £2,285) which had been developed by West Indies Home Contractors Ltd.

(3) During the year a further loan of £2m by CDC was approved to enable Caribbean Housing Finance Corporation Ltd to make available mortgage finance on similar terms for a new housing scheme to be carried out by West Indies Home Contractors Ltd on the Duhaney Park Estate west of Kingston. Sceptre Trust are also contributing to this scheme, which comprises the construction of 1,500 2-bedroom houses selling at about £1,750 each and thus caters for a lower income group than the earlier scheme.

(4) At the same time CHFC will take over the mortgages previously managed for Sceptre Trust Ltd on houses on the Hope Pastures and St Andrew Park estates, and also provide any further mortgage finance required for completion of these schemes with loan capital supplied by Sceptre Trust Ltd, whose total commitment is £1m in addition to their original investment in CHFC of £1·5m.

(5) Mortgages are granted up to 90% of purchase price, repayable over 20 years. They are insured with Development Finance Corporation, a Jamaica Government Agency.

(6) Total loan interest to CDC and Sceptre Trust Ltd £269,052 (1962 £259,075); net administration costs were £4,366 (1962 £3,014).

### **24 Jamaica Cooling Store Ltd**—Manager: G. M. Munro

(1) A CDC direct project until 1.2.62 when its business was transferred to a wholly-owned CDC subsidiary company registered in Jamaica, with share capital £90,000 and loan capital £130,000.

- (2) Built in 1950/51 for the purpose of providing cool storage for citrus exports, the store now offers both cold and cool storage. This was made possible by the construction of a second storey extension opened in July 1962, which brought the total capacity of the store to 209,000 cu ft.
- (3) The effect of this extension was reflected in increased sales of both cool and cold storage space during 1963.
- (4) Net profit for the year before interest on CDC loan was £23,503 (1962 £11,453).

## 25 Jamaica Housing Development Co Ltd

- (1) Share capital is £1,000 owned equally by the Standard Life Assurance Co of Edinburgh and CDC. Each partner provided half of the loan finance required for the company's business and in addition Standard Life Assurance Co provides management. CDC loan outstanding at 31.12.63 was £327,325 (1962 £351,850).
- (2) The company was formed to provide mortgage finance for a total of 717 middle income group houses built by West Indies Building Ltd in 1958 and 1959 on the Mona Housing Estate, near Kingston. Owing to strong demand, many houses were sold for cash and demand for mortgage facilities was less than expected.
- (3) The profit for the year after interest paid to shareholders was £771 (1962 £899). Interest paid to CDC was £25,395 (1962 £27,032).

## 26 Jamaica Public Service Co Ltd

- (1) (a) A public company incorporated in Jamaica with issued capital of £5,240,224 ordinary shares (all held by the Canadian parent, Jamaica Public Service Ltd), £1,560,675 preference shares and long-term secured loans totalling £6,566,595;
- (b) CDC has lent £3,300,000 as under—
- (i) £1m repayable 1983/85 and £300,000 repayable 1986, the latter being a replacement of a £300,000 loan which fell due during 1963 and was renegotiated in view of the company's current expansion programme; both loans rank *pari passu* with the other secured long-term debt of the company;
- (ii) £2m to finance the 1960/63 frequency conversion programme; loan is secured on a statutory surcharge on consumers and is repayable on or before 30.6.70.
- (c) CDC has an option, exercisable up to 31.12.65, to take up 50,000 common shares of Jamaica Public Service Ltd (the parent company) at Canadian \$12.50 per share.
- (2) Work on the frequency conversion programme, for which CDC and the Royal Bank of Canada agreed in 1960 to lend £2m and £0.5m respectively, was completed early in 1963. The company's interconnected system and consumers' equipment are now standardised at 50 cycles.
- (3) The company is the principal supplier of electricity in Jamaica, and has drawn up a heavy expansion programme; discussions on questions closely related to this programme, such as the grant of an island-wide franchise, still continue between the company and the Jamaican Government.

(4) Sales of electricity in the year ended 31.12.63 were 320m units (1962 285m units), an increase of about 12%; the number of consumers increased by 6% during the year to 74,620. Surplus for the year, after interest and taxation, was £575,144 (1962 £551,020).

**27 Worcester Porcelain Co (Jamaica) Ltd** (formerly Jamaica Pottery Ltd)

(1) (a) The issued share capital of the company is £272,500; held by Royal Worcester Ltd £160,000, Development Finance Corporation (Jamaica) £37,500 and CDC £75,000;

(b) the provision of further share capital of £100,000 has been approved by the partners and will be subscribed by them in proportion to their existing holdings;

(c) Development Finance Corporation and CDC have also made loans of £137,500 and £225,000 respectively.

(2) (a) The company was formed by Royal Worcester Ltd, Jamaica Development Finance Corporation and CDC to manufacture a large range of ceramic products, mainly for sale in Caribbean, North and South American markets;

(b) technical management is provided by Royal Worcester Ltd.

(3) During the year initial production difficulties proved greater than expected and volume and quality of production were disappointing, so that substantial losses were incurred.

**ST VINCENT**

(WI \$4·80=£1)

**28 St Vincent Electricity Services—Manager: N. V. Andalcio**

(1) Owned and managed by CDC, this project represents a capital investment of £446,874 (1962 £457,983) and supplies electricity from hydro-electric stations on the Colinarie and Richmond Rivers, supplemented by diesel stand-by installation in Kingstown.

(2) With both hydro-electric generating stations operating satisfactorily throughout the year all demands for electricity have been met without assistance from the diesel sets in Kingstown. The extension of the distribution system to new areas made possible the connection of 729 new consumers.

(3) Sales of electricity increased by 14·1% to 4·82m units (1962 4·23m units) with gross revenue £75,710 (1962 £69,748).

(4) Net profit £12,710 (1962 £4,210), before interest payable to British Government, represents 2·8% on capital employed.

**TRINIDAD**

(WI \$4·80=£1)

**29 Federation Chemicals Ltd**

(1) This company, registered in Bermuda, was formed in 1958 under the sponsorship of W. R. Grace & Co Group, New York. American finance institutions and banks provided loans of some £5·5m and CDC invested £1m loan and holds 7½% (£13,636) of the equity.

(2) The company was established to build and operate in Trinidad a fertiliser factory making ammonium sulphate and urea. Since production started in 1960 sales prices of the products have been lower than expected and continued losses were incurred.

(3) In order to put operations on to a profitable basis, the Grace Group put in hand plans for a new 200,000 tons pa anhydrous ammonia plant next to the existing installation. Cost of the new plant has been estimated at US\$21m, toward which CDC made its agreed contribution of £350,000 in secured loan in January 1964. By December 1963 some US\$18m had been spent and the enlarged plant is now on stream.

### 30 Trinidad Cement Ltd

(1) A subsidiary of The Rugby Portland Cement Co Ltd with issued capital of WI\$7,680,000 of which the parent company holds WI\$4,368,000 in ordinary shares and CDC holds WI\$3,312,000 (£690,000) in 5% cumulative preference shares redeemable in equal annual instalments 1955/75.

(2) The company has maintained its position in an increasingly competitive field.

(3) Under the terms of issue £57,500 preference capital was redeemed during the year. CDC received £37,147 in dividend in 1963 (1962 £40,014).

### 31 The Trinidad Mortgage Agency Co Ltd

(1) (a) This company was formed in 1961 under the sponsorship of S.G. Warburg & Co Ltd and the Bank of London & South America Ltd. Share capital of WI\$96,000 (£20,000) is held 50% by CDC and 50% by banks and insurance companies, including the sponsors. CDC undertook to provide up to £2m in debentures for mortgages on houses completed by 31.12.63; the Bank of London & Montreal Ltd, Commercial Union Assurance Co Ltd, Guardian Assurance Co Ltd and Sun Life Assurance Co of Canada similarly undertook to subscribe a total of up to £1m;

(b) the company's object was to make mortgage finance available to middle-income group purchasers of up to 2,000 houses to be built by Homes International Ltd in Diego Martin Valley, Trinidad, on land made available by Government on long lease: mortgages were to be up to 90% of the purchase price and repayable over 25 years; they were to be guaranteed by the National Housing Authority, a statutory body set up by the Trinidad Government.

(2) (a) Demand for houses built was most disappointing and construction work stopped in April 1963, by which date 217 houses had been completed and 162 others started;

(b) only 99 of the completed houses had been sold by 31.12.63 and 79 mortgage agreements, totalling WI\$922,250 had been executed by the company;

(c) by 31.12.63 £145,200 of debentures had been called up (CDC share £96,800).

(3) Discussions are in progress with the object of agreeing a basis for the completion of the housing estate at Diego Martin. Work on the site has been resumed.

(4) Unrecouped administrative expenses for the year were reduced from £14,474 in 1962 to £2,915 as the result of closing down the agency's own office and the appointment in March of Alstons Ltd as managers.

## II EAST ASIA AND PACIFIC ISLANDS

*Regional Controller:*

D. E. M. Fiennes CBE

*Regional Office:*

13/15 Ampang Street,  
Kuala Lumpur,  
Selangor,  
Malaya.

### 32 Regional Summary

(1) This region, formerly known as Far East, has been renamed East Asia and Pacific Islands, to reflect developments in the area. Total commitment at 31.12.63 was £20,685,000 (1962 £20.65m) of which £19,961,000 was in Malaysia. Only one new project in this region was approved since freedom to undertake projects in independent Malaysia was only granted towards the year end: however, existing projects were expanded, including notably a decision to spend a large sum on the modernisation and extension of Borneo Abaca Ltd. On the other side of the account there has been a reduction in the investment in Malaya Borneo Building Society Ltd through sale of CDC shares to the public and repayment of the CDC loan. Total investment at 31.12.63 was £15,556,000 (1962 £16m)—in Malaysia £15,045,000.

(2) Of CDC's commitment in the region in round figures (excluding investigations and pilot projects) 34% is for electricity (2 projects), 17% for housing and property development (4 projects), 37% for agriculture and forestry (7 projects), 8% for industry (4 investments in associated companies wholly engaged in industrial financing and provision of factory space).

(3) As mentioned above, one new project, that for agricultural trials in the Solomon Islands, was approved during the year: no new CDC projects in Malaysia were finally approved, though two large industrial investments in partnership with Malaysian Industrial Development Finance Co Ltd and an oil palm project for Sarawak are well advanced in investigation. A number of new investments were, however, undertaken by CDC associated companies—Malaysian Industrial Development Finance Co Ltd with 28 loans at end 1963, Singapore Factory Development Ltd with 38 loans, and Borneo Development Corporation Ltd with 19 loans.

(4) Net revenue from interest, dividends and fees, after deducting cost of regional organisation but before providing for Head Office costs and for interest, amounted to £950,000, representing 6% on capital employed as compared with 5% in 1962.

#### *Malaysia*

(5) The most important event in the region was the union, in September, of Singapore, Sarawak and Sabah (North Borneo) with the Federation of Malaya—whose name was at the same time changed to Malaysia. Malaysia, of course, remains a member of the Commonwealth. Brunei decided not

to join Malaysia. The new Act, empowering CDC to resume active operations in Malaya, and now in Malaysia (thus retaining much-needed continuity of investment in the Borneo states of Malaysia), was widely welcomed.

(6) CDC stands ready to back, with its finance and organisation, Malaysian initiative from any source, provided a significant part of the content in money and effort is Malaysian. CDC is already associated, as mentioned in para (3), with the local development agencies in Kuala Lumpur, Singapore, Sarawak and Sabah and looks forward to the time when their efforts will share common aims and direction. Moreover, when a project has established itself, CDC is happy to dispose of its holdings, either wholly or in part, to local investors at an appropriate price. The very successful offer for sale at a premium of M\$5m shares in Malaya Borneo Building Society in August 1963 provided a practical illustration of this policy.

(7) CDC is unique among international financing institutions in its development of a regional management organisation. In CDC's own Malaysian organisation, and on the projects for which CDC has had (and in some cases still has) a prime responsibility for management, there are now a total of fifty Malaysians in executive positions, all wholly or mainly trained within the organisation of CDC or its subsidiaries. In addition, thirteen citizens of Sabah and Sarawak are under training for executive positions, including one on scholarship at the engineering faculty of the University of Malaya, one at the Kuala Lumpur Technical College and three Dyaks training within the regional office. To date twelve Malaysians have been sent to Britain for training. That constitutes a solid and permanent contribution to Malaysian nation-building which no long-distance system of financing and secondment of advisers could have achieved.

#### *Western Pacific*

(8) The smaller territories are not forgotten. Fiji Development Co Ltd has interests in housing, forestry and land development. A CDC representative has been posted to the Solomon Islands, to conduct agricultural trials and to assist the economy in other ways in partnership with the Government.

#### *Hong Kong*

(9) In Hong Kong, a block of flatted factories was completed during the year under the supervision of Hongkong Realty & Trust Co Ltd and Allied Investors Corporation Ltd, and is now let to 34 separate industrial concerns: subject to the approval of final details CDC will make an investment of £1m (as a contribution towards a much larger fund) in a housing project for middle-income workers.

### SABAH AND SARAWAK

(M\$8.57=£1)

#### 33 Borneo Abaca Ltd—General Manager: J. L. W. Baxter

(1) This company, the largest agricultural enterprise in Sabah and Sarawak, has an issued capital of M\$17.14m (£2.0m) of which M\$16.7m (£1.95m) held by CDC and M\$428,600 (£50,000) by Harrisons & Crosfield Ltd.

(2) CDC loan account at 31.12.63 £308,850 (1962 £212,237).

(3) (a) Three major crops are under development: abaca (manila hemp), rubber and cocoa; and field planting of a fourth crop, oil palms, has now begun; crop acreages at 31.12.63 were—

Abaca	...	4,294
Rubber	...	14,924
Cocoa	...	1,172

(b) during the year 500 acres of new abaca and 200 acres of cocoa were planted, 693 acres of rubber were replanted with high yielding clones; to date 3,709 acres of old rubber have been replanted and 2,896 acres have been new planted; of the total rubber acreage 44% is now post-war planting;

(c) a new long-term programme approved during the year provides for new planting of 1,000 acres of abaca in addition to replanting 1,100 acres, an expansion of the acreage under cocoa (now 1,172 acres) to 2,500 acres, establishment of 4,000 acres of oil palms, and new planting/replanting of a further 3,000 acres of rubber.

(4) (a) The rubber crop of 5,267,513 lbs was less than the 1962 crop of 5,371,174 lbs due to less rubber from the old areas now going out of production while only 27% of the post-war modern rubber has yet come into tapping; the new high yielding clones have yet to make a substantial contribution to the cropping results;

(b) the abaca crop of 3,104 tons (1962 3,312 tons) was disappointing; the crop is likely to improve as a result of the introduction of an intensive manurial programme coupled with the additional planting of abaca which has been put in hand;

(c) 232 tons of cocoa were harvested (1962 167 tons); the increase would have been greater had the cropping season not started late, a large part of the crop having been harvested after the end of the calendar year.

(5) Logging of jungle areas again contributed substantially towards the financial results of the company; 977,916 cu ft (1962 581,597 cu ft) were extracted, mostly for external sale.

(6) The company's estates are only a few miles across the water from Kalimantan (Indonesian Borneo) and, with 80% of the labour force originating from Indonesian islands, confrontation between Indonesia and Malaysia has led to a number of disturbances in the border area. The Sabah Government's ban on Indonesian immigrants imposed in 1963 continues and, with more and more estates and logging camps opening up in the Tawau Residency, competition for available labour is becoming acute.



## (7) (a) Summarised Profit and Loss Account compared with 1962

	1963	1962
	£	£
Gross profit		
Abaca ... ..	34,672	2,828
Rubber ... ..	24,244	36,293
Cocoa ... ..	12,406	3,060
Logging ... ..	127,736	79,300
Total gross profit ... ..	199,058	121,481
Administration, education, research, etc ...	78,975	70,206
Net profit before CDC interest ... ..	£120,083	£51,275

(b) provision for 5½% dividend (£110,000) has been made (1962 2% £40,000).

### 34 Borneo Development Corporation Ltd—Manager: Shim Kah Foo

(1) (a) CDC (50%) is in partnership with Sabah Government (25%) and Sarawak Development Finance Corporation (25%); other investors will be invited to participate at a later stage;

(b) authorised share capital M\$5m of which M\$1m issued and paid up; CDC has approved a total investment of M\$3.3m (£385,500) for the company of which £58,333 paid up at 31.12.63.

(2) The company's aim is to promote industrial and commercial development in the Borneo States of Malaysia; its main activity so far has been to provide mortgage finance for the construction of industrial buildings and to develop industrial estates with both standard and non-standard factories for sale. Now that the foundations of the organisation have been laid it is hoped to extend the scope of business to include the building of terraced workshops for sale and rent, financing of improved transport services and stimulation of other forms of commercial development.

(3) Schemes currently under development are—

(a) a small industrial estate in Kuching; 5 factories completed, 10 under construction; industries financed include manufacture of tin cans, furniture, chain link and metal grilles, biscuits and sweets, nails and parquet flooring and the processing of coffee and pepper;

(b) an area for 23 warehouses in Sibü has been cleared and construction is about to begin;

(c) arrangements have been concluded for developing a 33 acre industrial site at Sibü for factory development and boatbuilding yards;

(d) company has lent money to finance construction of commercial buildings in Kuching and Sibü;

(e) management of Sabah Handcrafts was taken over by the company during the year;

(f) total funds committed at 31.12.63 £232,120 of which £74,620 had been invested.

(4) The company has recently organised a Joint Enterprises Department to encourage the formation of multiracial commercial and industrial enterprises and provide part of the finance required. Three Dyaks earmarked to form part of the Department's staff in due course are under training with CDC in Kuala Lumpur.

(5) Proposals for development of other commercial areas in Sarawak and Sabah are being worked out with the Governments.

(6) The company shares offices and management in Kuching and Jesselton with Borneo Housing Development Ltd (para 35); two new offices were opened in Sibu and Sandakan during 1963; CDC provides management and advisory financial services.

(7) Loss for year £209 (1962 £1,610).

### 35 Borneo Housing Development Ltd—Manager: Shim Kah Foo

(1) (a) Issued share capital and borrowings at 31.12.63 in M\$ millions—

	Ordinary Shares	Prefer- ence Shares	Loans	Deposits	Over- drafts	Total
CDC ... ..	3.30	1.00	—	—	—	4.30
Sarawak Govt ... ..	0.50	0.50	3.90	—	—	4.90
Sabah Govt ... ..	0.50	0.50	—	—	—	1.00
Employees' Provident Fund ...	—	—	2.00	—	—	2.00
Banks ... ..	—	—	—	—	2.47	2.47
Others ... ..	—	—	—	2.32	—	2.32
	<u>4.30</u>	<u>2.00</u>	<u>5.90</u>	<u>2.32</u>	<u>2.47</u>	<u>16.99</u>

(b) during the year M\$2m 7% cumulative redeemable preference shares were issued; M\$1m to CDC and M\$0.5m each to Sabah and Sarawak Governments;

(c) at 31.12.63 M\$2m of an agreed long-term loan of M\$5m had been drawn from the Malayan Employees' Provident Fund;

(d) CDC has undertaken to make available a further M\$3.7m (£431,667) when needed.

(2) Business continued to expand during the year, 413 new commitments being taken on for a total amount of M\$6.87m; advances totalled M\$5.54m and mortgage asset increased by M\$4.08m to M\$17.49m; territorial distribution of mortgage asset in M\$ millions was—

	31.12.63	31.12.62
Sarawak ... ..	11.54	9.94
Sabah ... ..	5.95	3.47
	<u>17.49</u>	<u>13.41</u>

(3) Branch offices have been opened in Sibu (Sarawak) and Sandakan (Sabah) to stimulate housing development in these towns.

(4) Net profit for the year was £65,039 (1962 £40,535); a dividend of 7% has been declared (1962 6%).

## 36 Electra House Ltd

(1) A joint enterprise between CDC, Sarawak Government and Sarawak Electricity Supply Corporation to build and operate an office/commercial block on a site in Kuching made available by the Sarawak Government. The plan incorporates shops, showrooms, car park, offices and a restaurant on the top floor.

(2) Issued share capital of £105,000, wholly paid up, is equally subscribed by the three parties. CDC and Sarawak Electricity Supply Corporation contributions are in cash, the Sarawak Government's contribution being the title to the site on which Electra House is being built.

(3) Revised estimated capital cost of the building is £332,000; the balance of the capital required is to be provided by the Hongkong & Shanghai Banking Corporation in the form of a 7-year loan.

(4) Piling has now been completed and the foundation stone was officially laid by the Chief Minister of Sarawak on 24.1.64. Expenditure to 31.12.63 £106,865.

## 37 Mostyn Estates Ltd—Manager: N. Kingsley-Pallant

(1) Authorised capital M\$20.75m (£2.42m); issued M\$6.65m (£775,833) in M\$10 ordinary shares held equally between CDC and North Borneo Timbers Ltd (a subsidiary of Bombay Burmah Trading Corporation Ltd and Wallace Brothers & Co (Holdings) Ltd); Borneo Abaca Ltd (para 33) act as secretaries and agents.

(2) The company holds some 8,000 acres on leasehold on the east coast of Sabah and has an agreed programme to plant 6,400 acres of oil palms, with abaca as a subsidiary crop. 470 acres of palms were planted during the year; bringing total planted acreage to date to 3,485 acres; all 6,400 (including 1,400 acres for smallholders) are due to be planted by end-1966. Planting programme has been badly retarded by the acute shortage of labour which has built up on the east coast of Sabah following the ban on entry of Indonesian immigrants and pressure from other developments in the area.

(3) (a) Construction of pilot factory (owned by a subsidiary, Mostyn Palm Processing Ltd) for processing 1963 crop was completed in June 1963. 945 tons of fruit were harvested during the year from 1,050 acres of palms and yielded 147.5 tons oil and 16.5 tons kernels; processing was by hand press in the early part of the year;

(b) it is planned to extend the factory in three stages; a 4½-ton automatic press representing the first stage has been ordered.

(4) The smallholder scheme is being developed in conjunction with the estate and to date 1,073 acres have been planted up. A co-operative society has now been formed and so far 26 people have applied to become smallholders, mostly indigenous Kadazans and former inhabitants of the Cocos Islands, a major part of the population of which has, since the war, been successfully resettled in the Tawau area of Sabah.

(5) Abaca production continued on 642 acres; crop for the year was 257 tons (1962 248 tons).

(6) Net profit, due mostly to logging operations, £10,527 (1962 £2,604).

### **38 Sarawak Electricity Supply Corporation**

(1) £420,000 secured loan, with Government guarantee, repayable over 20 years to finance a new power station at Sibu, forming part of a programme of expansion and modernisation being carried out by Sarawak Electricity Supply Corporation. The whole loan was drawn during 1963.

(2) The government-owned Corporation, which supplies electricity to all main centres in Sarawak, has extensive plans to meet increasing demands for power. At 31.12.63 there were 16,906 consumers representing an 8.5% increase over the number at 31.12.62.

(3) Sales in 1963 increased by 16.6% to 26.2m units (1962 22.4m units).

## **STATES OF MALAYA**

(M\$8.57=£1)

### **39 Central Electricity Board**

(1) Loan of £7,077,950, guaranteed by Government, for construction of Connaught Bridge Power Station is being repaid over the years 1961/85; £6,680,512 was outstanding at 31.12.63.

(2) 1963 was a significant year for the Board, with the completion of the first stage of the Cameron Highlands hydro-electric scheme (largely financed by loans from the International Bank for Reconstruction and Development and the Government) at a total cost of £15m. A new £3m steam station was also commissioned at Johore Bahru in South Malaya.

(3) The Board has an extensive development programme; detailed planning for the second stage of the Cameron Highlands scheme is well advanced, and some tenders have already been called for; to keep pace with rising demand for electricity over the next 10 years the Board will have to find about £75m, of which the World Bank has already agreed to provide £18m.

(4) Consumption of electricity in the Board's year to 31.8.63 increased by 13.2% to 803m units (1961/62 710m units). Net revenue surplus for the year, after payment of interest on all capital stock and loans, but before allocations to reserves, was £1,033,026 (1961/62 £921,280).

### **40 Federal Land Development Authority**

(1) A loan of £600,000 from CDC was drawn in 1961 and is repayable by annuities from 1970 to 1994.

(2) The Authority was set up by the Federal Government in 1956 to promote and carry out agricultural development and land settlement schemes. At 31.12.63 the Federal Government had advanced M\$55.78m to the Authority.

(3) At 31.12.63 50 schemes were under phased development covering 82,636 acres and 6,840 families had been settled. At full development 16,170 families will be supported on these schemes which total 198,428 acres.

(4) FLDA's first oil palm scheme of 4,000 acres, which will be fully planted by mid-1964, is close to CDC's Kulai Estate (para 42). The fruit will be processed by Johore Palm Processing Ltd (para 41). By the end of the

year, five oil palm schemes covering 23,436 acres at full development were under way. Areas planted with rubber in 1957 on three schemes were brought into tapping during the year.

(5) A major development from the original policy of opening up small-holder schemes in different parts of the country, is the decision to undertake development in concentrated areas; the first such major land settlement scheme for 12,000 families is being planned on 150,000 acres of jungle land in central Malaya; the main crops for development will be rubber and oil palms.

**41 Johore Palm Processing Ltd—Manager: J. Stewart**

(1) (a) A subsidiary of Kulai Oil Palm Estate Ltd (para 42) with authorised capital M\$500,000 (£58,333);

(b) at 31.12.63 issued share capital was M\$256,400 (£29,913) all held by Kulai Oil Palm Estate Ltd and CDC loan investment £204,709 (1962 £212,801).

(2) The factory processes fruit from Kulai Oil Palm Estate and from January 1964 accepted crop from Tebrau's neighbouring Kulai Young Estate. Fruit from the FLDA smallholder scheme is expected to be ready for harvesting and processing mid-1964. The company acts as a co-operative processing unit for its members who subscribe shares in proportion to planted acreage.

(3) Present factory capacity consists of five 1½-ton presses; a second production line, initially of two 4½-ton automatic presses, has now been ordered and is expected to be ready for commissioning in 1966.

(4) A record 5,206 tons of Kulai Oil Palm Estate oil (1962 4,103 tons) and 1,239 tons of kernels (1962 1,096 tons) were processed during the year; the high oil extraction rate of 17·78% (1962 16·41%) is most satisfactory.

**42 Kulai Palm Estate Ltd—Manager: J. Stewart**

(1) (a) Kulai Oil Palm Estate Ltd is a wholly-owned CDC subsidiary with an authorised capital of M\$10m (£1·2m);

(b) CDC capital investment at 31.12.63 was £989,404 (1962 £958,112) including investment in Johore Palm Processing Ltd (para 41);

(c) Guthrie Agency (Malaya) Ltd are managing agents.

(2) (a) 402 acres of old palms were replanted in 1963, thereby completing the planting of 5,075 acres with high yielding stock;

(b) all 4,000 acres of the neighbouring FLDA smallholder scheme (para 40) will be fully planted by mid-1964, partly with material from the Kulai nurseries; estate manager acts as planting adviser to the scheme.

(3) Production achieved a new record of 5,206 tons oil (27% higher than 1962) and 1,239 tons kernels (13% higher than 1962) from a total producing area of 3,791 acres. Higher production was due to earlier plantings reaching full maturity and to first fruiting of recently planted high yielding material.

(4) Record profit £156,096 (1962 £92,153) due to high production and satisfactory oil and kernel prices which have tended to harden during the year.

### 43 Malaya Borneo Building Society Ltd

(1) In August 1963 CDC made an offer for sale to the Malayan public and others of M\$5m of its holding of ordinary stock in accordance with its long-term policy of gradual disposal of its investments in established projects. The offer (at a 7% premium) was over-subscribed 29 times drawing over 100,000 applicants for a total of M\$147m. As a result, the ownership of the Society has been notably broadened and at 31.12.63 there were some 5,000 shareholders.

(2) (a) In April issued ordinary share capital was increased from M\$24.7m to M\$25.5m by a bonus issue of 1 share for every 30 shares held; and in July the whole of the issued ordinary share capital was converted to 25.5m ordinary stock units of M\$1 each;

(b) issued capital and borrowings at 31.12.63 were, in M\$ million—

	<i>Ordinary stock</i>	<i>Preference shares</i>	<i>Long-Term loans</i>	<i>Deposits</i>	<i>Total</i>
CDC ... ..	10.3	9.1	—	—	19.4
Federal Government ... ..	10.0	5.0	—	—	15.0
Hongkong and Shanghai Banking Corporation ... ..	—	—	7.5	—	7.5
Employees' Provident Fund	—	—	24.4	—	24.4
Housing Trust ... ..	—	—	3.5	1.0	4.5
Others ... ..	5.2	—	1.2	11.3	17.7
	<u>25.5</u>	<u>14.1</u>	<u>36.6</u>	<u>12.3</u>	<u>88.5</u>

(c) depositors include Government of Perak, insurance companies, co-operative societies and banks;

(d) CDC's loan of M\$5.4m was repaid in September and replaced by a long-term loan of the same amount from the Employees' Provident Fund; in addition M\$19m of the agreed M\$30m loan from the Employees' Provident Fund had been drawn by 31.12.63.

(3) (a) 2,662 applications for loans (the highest for five years) were approved during the year involving a sum of M\$24.9m (1962 1,761 applications approved for M\$18.1m);

(b) the mortgage asset at 31.12.63 was M\$94.77m (a new record for the Society), having increased by M\$5.63m during the year (1962 increase was M\$3.12m) reflecting the availability of Employees' Provident Fund money; active mortgage accounts totalled 13,522 (1962 12,520);

(c) by the end of 1963, after operating for just over 13 years, the Society had advanced a total of M\$197m (£23.1m) to 20,646 borrowers. There is still a large demand for mortgage finance for home ownership and the Society's financial resources are fully committed up to two years ahead; finance companies and housing development companies lending at rates higher than that charged by the Society operate only to a small extent in this field but are increasing their activities.

(4) The Society continues to provide advisory and management services to public, private and trustee bodies in connection with their housing loan and property investment schemes.

(5) The Society's lending rate remained at 7½% during the year; profit for the year was M\$2.37m (1962 M\$2.22m); ordinary dividend (on the

increased capital) has been maintained at  $7\frac{1}{2}\%$  (interim  $3\frac{3}{4}\%$  and final  $3\frac{3}{4}\%$ ); taking account of the bonus issue (para (2)(a)), reserves at 31.12.63 stood at  $5\cdot6\%$  of the mortgage asset (1962  $5\cdot9\%$ ).

#### 44 Malayan Cocoa Ltd

567

- (1) Issued capital M\$1,650,000 comprising—
  - (a) ordinary shares M\$10 each, M\$1,320,000 fully paid; shares are held as to one third each (£51,333) by Cadbury Bros Ltd, CDC and plantation companies in the Harrisons & Crosfield Ltd Group;
  - (b)  $7\frac{1}{2}\%$  redeemable preference shares M\$10 each fully paid M\$330,000; shares are held equally by Cadbury Bros Ltd and plantation companies in the Harrisons & Crosfield Group.
- (2) (a) Total planted area is 505 acres
  - (b) production for year ended 31.3.63 was 180,018 lbs, about  $50\%$  more than the crop harvested in 1961/62; average yield from the 425 acres of Amelonado planted 1953–56 was 362 lbs per acre.
- (3) Experts who visited the estate during the year have reported encouragingly on the apparent resistance which the cocoa trees seem to be building up against dieback condition.
- (4) Company loss, excluding depreciation, on third trading year to 31.3.63 £2,015 (£4,589 for previous year).

#### 45 Malaysian Industrial Development Finance Co Ltd (formerly Malayan Industrial Development Finance Co Ltd)

- (1) (a) During the year the capital of the company was increased from M\$17·5m to M\$25m, as forecast in last year's report, in order to bring in participation from the International Finance Corporation and from a number of additional Malaysian and overseas institutions.
  - (b) The company Board has been reconstructed and now includes, under a Malaysian Chairman, the Governor of the Malaysian Central Bank and representatives of the International Finance Corporation, the Bank of Tokyo, the Chartered Bank and the Hongkong and Shanghai Banking Corporation, in addition to many distinguished Malaysian businessmen. A new general manager, Mr. E. T. Kuiper, took up his post in October.
  - (c) CDC's holding remains at M\$2·5m, of which  $60\%$  or M\$1·5m (£175,000) has been called.
- (2) (a) The Malaysian Federal Government has agreed to make a long-term, interest-free loan of M\$37·5m, of which M\$22·5m (£2·6m) has been drawn, to enable the company to build up its technical staff and to give high priority to the financing of small Malaysian industries. The International Bank for Reconstruction and Development will make available a line of credit of M\$24m (£2·8m) to help meet the foreign exchange costs of industries financed.
  - (b) To look after the increased funds and larger volume of business, the organisational structure has been strengthened with the appointment of an operations manager and financial analyst and the formation of a Technical Services Department.

(c) The reorganisation will enable the company, with the help of a dynamic promotion policy by the Government, to make an increasing contribution to the development of Malaysian industry. The change in the company's name from Malayan to Malaysian is significant in that the company's sphere of operations now extends to Singapore and the Borneo States, where it expects to make finance available in parallel with other lending institutions including the CDC associate companies, Singapore Factory Development Ltd (para 47) and Borneo Development Corporation Ltd (para 34).

(3) (a) Investment at 31.12.63 comprised 28 loans to industry, as compared with 22 loans a year earlier. Industries assisted during the year include a quarry, a sawmill and factories for making plastics, nuts and bolts, nails, wire fencing and expanded metal goods.

(b) Advances during the year amounted to M\$15.1m (1962 M\$9.3m); M\$14.3m was outstanding at 31.12.63 and forward commitments totalled M\$5.7m.

(4) Net profit for year ended 31.3.63 after taxation, M\$346,333 (1962 M\$169,831).

#### **46 United Cocoa Development Co Ltd**

(1) Issued capital £160,000 represented by 16,000 shares of £10 each (£9 per share paid up) £144,000; principal shareholders are Cadbury Bros Ltd, CDC, Harrisons & Crosfield Ltd and Van Houten and Zoon NV; others include continental and British chocolate manufacturers. Investment by CDC is £19,071 (2,119 shares).

(2) 581 acres have been planted on Landas estate, mostly Amelonado. The planted area was not extended during the year. The cocoa is starting to bear and a crop of 15,680 lbs was harvested for the year.

(3) Experts who visited the estate towards the end of the year reported a continued reduction in the incidence of dieback and a marked improvement in the general appearance of the cocoa trees.

### **SINGAPORE**

(M\$8.57=£1)

#### **47 Singapore Factory Development Ltd—Manager: Lee Ek Hua**

(1) During the year CDC sold a half interest in this former wholly-owned subsidiary to Singapore Government's Economic Development Board (EDB). EDB is responsible for the planning and execution of Singapore's industrial development programme and CDC is delighted thus to be associated with the Board.

(2) (a) Issued share capital has been increased from M\$474,770 (£55,390) to M\$1m (£116,666), now held equally by CDC and EDB; the balance on the CDC loan has been reduced from £129,240 at 31.12.62 to £26,696 at 31.12.63 with funds derived from the increase in share capital and from substitution with borrowings from EDB;

(b) both CDC and EDB have agreed to make substantial loans to the company to meet future needs;



- (c) Malaya Developments Ltd, a wholly-owned CDC subsidiary, provides management staff as well as secretarial and financial services.
- (3) The main business of the company is to provide mortgage finance for the construction of standard factory units for sale; factory industries already financed include metal works, paint manufacture, engineering and welding shops, printing works and the manufacture of cosmetics, naphthalene balls, sweets, potato crisps, animal food and kerosene stoves.
- (4) (a) During the year all the remaining land on the company's first industrial estate at Bukit Timah was sold;
- (b) Redhill Industrial Estate, the fourth estate to be financed by the company, is now on the point of being fully developed; the area comprises 20 standard factories and 7 non-standard factories built to individual requirements of which 18 are financed with company loans; two other non-standard factories are under construction;
- (c) applications for loans for factory finance on six other estates including the extensive Jurong development project are now being considered.
- (5) During 1963 the company advanced £67,707 for factory construction and had forward commitments of £75,250 at 31.12.63 (1962 £94,828). Loans totalling £227,500 to factory owners were outstanding at 31.12.63 (1962 £174,901).
- (6) Net profit, £28,984 (1962 £13,666); a dividend of 6% (1962 6%) has been declared.

## FIJI

(F£1·11=£1)

**48 Fiji Agricultural Investigations**

- (1) Rubber and oil palm crop trials have been established during the year under the supervision of Fiji Development Co Ltd (para 49).
- (2) A rubber trial was established on the Land Development Authority's Lomaivuna Settlement Scheme using clonal material imported from Borneo.
- (3) An oil palm pilot scheme has been laid down at Navono, Vanua Levu. Growth in the field nursery has been satisfactory and planting over approximately 25 acres will commence early in 1964. If the trial is successful, commercial plantation may be considered. Total trial cost is estimated at £5,500. Fiji Government has guaranteed to refund FDC the cost if estate development does not prove feasible.

**49 Fiji Development Co Ltd—Manager: S. Hunter**

- (1) A wholly owned CDC subsidiary incorporated in Fiji in 1960; authorised share capital F£500,000; issued at 31.12.63 F£150,000 (£135,135).
- (2) The Company was set up to investigate and formulate development schemes in Fiji and other British territories in the Western Pacific. In 1963 the company undertook agricultural investigations in the British Solomon Islands Protectorate resulting in the establishment of a CDC representative there (para 53). The Commonwealth Development Act 1963 extends the area of CDC's activities to the New Hebrides. Preliminary discussions have already taken place on possible lines of development there.

(3) The company has direct investments in The Pacific Lumber Co Ltd (para 51) and in Home Finance Co Ltd (para 50) and acts as managing agents for Government's Housing Authority which is charged with providing housing for low income workers. Further progress was made on the Authority's Raiwaqa Estate in Suva and detailed planning completed for small estates at Nadi and Ba, which will commence construction early in 1964. Longer term plans include the extension of activities to Labasa and Tavua. In addition, building of the first block of workers' flats in Suva for the £4-£5 per week wage earner was started towards the end of the year. Building loans were also made to individual workers owning their own land. The Authority covered its capital requirements for the year from loan repayments and locally raised loans.

(4) In addition the company acts as managing agents for the Land Development Authority. Following changes in Fiji Government's plans for land development, responsibility for small scheme development under the aegis of Local Development Boards (LDBs) was taken over by the District Administration, leaving Land Development Authority (LDA) with responsibility for larger scale schemes. One such scheme catering in the initial stages for 100 settlers and their families was started during the year, based on growing of bananas for export, to be followed by rubber, if proving trial is successful. At 31.12.63, 75 settlers, Fijian, Indian and Chinese, were housed and planting of bananas well advanced. First production of fruit is expected towards the end of 1964. Dependent on the success of the first stage, the scheme provides for possible expansion to 350 settlers on approximately 4,000 acres.

(5) FDC also acts as secretaries/accountants for The Pacific Lumber Co Ltd, Kadavu Timber Co Ltd and Cathay Hotels (Fiji) Ltd, and as collecting agents for Government's Rehabilitation Loan Funds.

(6) Profit for the year £5,597 (1962 £477).

#### **50 Home Finance Co Ltd**

(1) (a) Incorporated on 30th June, 1962, with authorised capital F£500,000. CDC, through its wholly owned subsidiary Fiji Development Co Ltd (FDC) (para 49) has subscribed F£100,000 (£90,090) in F£1 shares (2/- paid 31st December) and has advanced £30,000 during 1963 against a loan commitment of £90,000. Fiji Government has been allotted F£50,000 in F£1 shares (nil paid 31.12.63) and vested its civil servants' housing loans of F£201,835 in the company in exchange for partly convertible loan stock.

(b) FDC is managing agent.

(2) At 31.12.63 74 loans amounting to £88,612 had been approved, with 37 further applications totalling £50,685 in the pipeline. Mortgage asset at 31.12.63 amounted to £244,847, of which £160,348 represents civil servants' housing loans taken over from Government and £64,449 new loans advanced since the formation of the company. New loan business is up to expectations.

(3) Negotiations with landowners regarding a small housing estate scheme have been concluded and a start is expected in the early part of 1964.

(4) Profit for the year £3,889 before tax (1962 £1,734). A dividend of 6% has been declared.

**51 The Pacific Lumber Co Ltd**

(1) Incorporated in 1961, with issued share capital of F£180,000 of which CDC, through its wholly-owned subsidiary, Fiji Development Co Ltd (para 49), has subscribed F£65,000 (£58,559), The Fletcher Timber Co Ltd F£65,000 and Native Land Trust Board (representing the owners of the forestry concessions) F£50,000.

(2) The company is one of the first in Fiji to produce good quality timber for the local market and for export.

(3) Production for the year ended 30.9.63 amounted to 2.8m board feet. Sales at £78,797 (52% export, 48% local) were disappointing, especially as regards the local market. Since September the sales outlook has brightened with increased local sales and the start of exports to Australia in addition to New Zealand.

(4) A consultant will re-examine the timber stands during 1964 to advise on the company's future logging and road programme.

(5) The Fletcher Timber Co Ltd are managers and FDC secretaries/accountants.

(6) Loss for the year ended 30.9.63 £17,613 (1962 £13,697 during the initial four months of trading).

**HONG KONG**

(HK\$16=£1)

**52 Property Development (Industrial) Ltd**

(1) Issued capital at 31.12.63 was 320,000 ordinary shares of HK\$10 each; CDC held HK\$640,000 (£40,000), Hongkong Realty & Trust Co Ltd HK\$1,760,000 and Allied Investors Corporation Ltd HK\$800,000. Managers are Harriman Realty Co Ltd; secretaries are Wheelock Marden & Co Ltd.

(2) CDC has also provided £200,000 loan capital, repayable 1965/79, the final £100,000 having been drawn during the year.

(3) The company has built a 10-storey block of flatted factories in New Kowloon, Hong Kong, at a cost of £430,000. Construction was completed in August 1963. All manufacturing space (152,370 sq ft) has been let; 34 tenants manufacture a diversity of products, comprising clothing, footwear, furniture, electrical and radio appliances, metal and plastic goods. Provision of additional manufacturing space, by modification of bulk storage and canteen areas, is under consideration.

(4) Profit for eight months to 31.12.63 was £5,738.

**WESTERN PACIFIC ISLANDS**

(A£1.25=£1)

**53 Solomon Islands Investigation**

(1) In October 1963, at the request of the High Commissioner, Western Pacific, a member of CDC staff, Mr R. H. W. Johnson, was posted to the Solomon Islands under the direction of the manager, Fiji Development Co Ltd (para 49).

(2) The primary objective is to lay down rice and oil palm pilot schemes with a view to development of large scale agricultural projects on the Guadalcanal Plain. By 31.12.63 a start had been made on both pilot schemes.

(3) CDC has been appointed secretary/treasurer of Government's Agricultural and Industrial Loans Board and has offered assistance to Government in establishing a Cocoa Corporation.

### III EAST AFRICA

*Regional Controller :*

P. M. Wise

*Regional Office:*

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Victoria Street,  
Nairobi, Kenya

*Tanganyika Office :*

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Barclays Bank Building,  
Independence Avenue,  
Dar-es-Salaam,  
Tanganyika

#### 54 Regional Summary

(1) There are now 36 projects in the Region. Total commitment at 31.12.63 was £22,980,000 (1962 £23,569,000) of which £17,229,000 (1962 £18,330,000) was invested at year end. Projects include agricultural enterprises producing sugar, tea, cocoa, sisal and wattle; mining and industrial enterprises producing gold and copper; wheat and maize flour, canned meats, edible fats, soaps, and service projects such as hotels, electricity and water supply and housing finance.

(2) Five new projects were approved during the year involving new commitments totalling £1,767,000. Consideration of new schemes in Uganda and Tanganyika were held up pending enactment of the UK legislation enabling CDC to undertake new projects in countries which had become independent, so that four projects approved were in Kenya, the fifth being a joint company with the Uganda Development Corporation to promote general development in that country. Early in 1964 two further agricultural projects have been approved in Uganda.

(3) CDC is now in partnership with the Governments of Tanganyika, Kenya and Uganda in joint development agencies with which the overseas development agency of the West German Government (Deutsche Entwicklungsgesellschaft—DEG) is also associated in the first two cases. CDC is convinced that such joint agencies can perform a most useful role particularly in industrial development, but there are a number of aspects of their operations which need to be worked out in the light of experience, including their relationship with directly controlled agencies of the territorial governments concerned primarily with non-commercial development.

(4) CDC has undertaken considerable commitments to support African smallholders in East Africa. CDC is already associated with the International Bank for Reconstruction and Development (World Bank) in a

Kenya Settlement Scheme and looks forward to the Bank making a loan for Phase II of the programme being undertaken by the Kenya Tea Development Authority.

(5) Net revenue from interest, dividends and fees, after deducting cost of regional organisation but before providing for Head Office costs and for interest, amounted to £1,170,000 representing 6.5% on capital employed as compared with 5.7% in 1962.

#### *Kenya*

(6) Four new projects were approved during the year. The Development Finance Company of Kenya—a partnership between the Industrial Development Corporation (wholly-owned by the Government of Kenya), DEG and CDC—started business late in 1963. This company is constituted along almost identical lines to the Tanganyika Development Finance Company and has, as its principal object, the promotion of medium-sized industrial enterprises in Kenya.

(7) Agreement has been reached with the Pyrethrum Board of Kenya and with the Mitchell Cotts group for the establishment of a new company, the Pyrethrum Processing Company of Kenya, which will undertake the processing of all pyrethrum grown in Kenya. This new company will combine the knowledge and experience of the two major groups in the pyrethrum processing industry. CDC investment will be £342,000. Negotiations were completed with the Nairobi City Council for a loan towards the cost of a new housing project at Kariakor in Nairobi; agreement in principle was also reached for a CDC loan towards the cost of improvement of the city water supply from the Sasamua dam. The Agency for International Development (US Government) is also contributing money for Kariakor.

(8) Much time and effort has also been directed towards the expansion of existing schemes. In September 1963 CDC was associated with a World Bank Mission which examined proposals made by Kenya Tea Development Authority (formerly Special Crops Development Authority) to more than double its tea planting programme from 11,101 to 25,500 acres and for the provision of tea factories to service the increased acreage. The original agreements for loans from World Bank and CDC for Kenya Government's low-density Settlement Scheme have been re-negotiated to take account of constitutional and other changes which have taken place during the last two years.

(9) Other CDC projects in Kenya reported satisfactory progress. The tea factory belonging to the Nyambeni Company was formally opened by the Minister for Lands and Settlement on 15.10.63, and factories at Chinga and Mataara (KTDA) were completed early in 1964. The liquidation of the outstanding mortgage assets of the First Permanent (East Africa) Ltd and KBS Ltd continued smoothly under CDC direction and as a result of revived public support of the former, some substantial part of the very large sums advanced by CDC in 1962 were repaid.

#### *Tanganyika*

(10) Tanganyika Development Finance Company, the joint company with Tanganyika Government and DEG, approved investments in five new projects during the year and is making steady progress towards building up a portfolio.

(11) CDC agricultural projects in Tanganyika had a mixed year. At Maramba Estate, with better weather and very intensive cultural practices, some improvement in the cocoa plantation was achieved. Kilombero Sugar Company, however, had a bad year—production fell seriously below estimate, bringing the company into financial difficulties. An expert survey was made of the state of affairs and prospects of the project. Following an encouraging report additional capital will be subscribed by the investors and the company will be reorganised. Much positive help has been received from the Tanganyika Government. Tanganyika Wattle Company continues to operate efficiently but in extremely unfavourable world market conditions.

#### *Uganda*

(12) CDC is happy to report that following the widening of its terms of reference to include independent members of the Commonwealth, negotiations suspended two years earlier have been concluded with Uganda Development Corporation Ltd (UDC) for the formation of a joint company. Each of the two partners, UDC and CDC, will contribute £500,500 to the new company—Development Finance Company of Uganda—UDC by transfer of a portfolio of its best commercial investments and CDC in cash. The object of the new company will be to assist in the promotion of commercial and industrial projects in Uganda. It is hoped that, in due course, the Deutsche Entwicklungs Gesellschaft (DEG) who are already partners with CDC and the territorial Governments in Tanganyika and Kenya will also join. Other new projects in Uganda are likely to follow.

(13) Kilembe Mines Ltd—CDC's only established investment in Uganda—reported increased ore reserves, together with higher production and profits.

#### *Mauritius*

(14) In Mauritius detailed negotiations were finally completed for CDC participation in the Mauritius Housing Corporation. It is hoped to find other ways also of helping the Island's economy.

### **55 First Permanent (East Africa) Ltd**

(1) This CDC subsidiary was formed following a request for help by the East African and Northern Rhodesian Governments, supported by the British Government, and took over on 1st July 1962 the East African assets and liabilities of the First Permanent Building Society. The company does not make any new loans and CDC has undertaken to provide sufficient funds to enable it to meet promptly and in full its obligations to depositors who are members of the public.

(2) The company's investment in fixed assets at £613,000 was approximately the same as a year earlier. The mortgage asset was reduced during the year by £511,081 to £5,317,818, while public deposits, due to increased confidence of local investors in the company, rose by £155,841 which enabled some repayment of the fixed loans. Repayment of £27,817 was made to Northern Rhodesian Government, as provided for in the financing agreement: CDC received back £286,667 under contract and a further £225,000 in advance of due dates of repayment of its loans.

(3) Issued share capital and borrowings (sterling equivalents) at 31.12.63—

	<i>Ordinary shares</i>	<i>Preference shares</i>	<i>Loans</i>	<i>Total</i>
	£	£	£	£
CDC ... ..	1,000	150,000	728,633	879,633
Kenya Government Tanganyika	—	50,000	250,000	300,000
Government		50,000	150,000	200,000
Northern Rhodesia Government ...	—	—	952,818	952,818
Public Depositors ...	—	—	3,641,797	3,641,797
	<u>1,000</u>	<u>250,000</u>	<u>5,723,248</u>	<u>5,974,248</u>

(4) Net profit for the year before tax was £51,138 (six months to 31.12.62 loss £8,540). Provision for 8% ordinary and 7½% preference dividends has been made.

## KENYA

(EA Shs 20=£1)

### 56 Block Hotels Ltd

(1) This is a public company with share capital of EA Shs 9,600,000. CDC holds 26,666 shares of EA Shs 20 each and has £76,500 debentures, £4,500 having been repaid during 1963.

(2) The company owns and operates two of Nairobi's leading hotels, the New Stanley and the Norfolk. With progressive and efficient management these hotels continue to provide a high standard of service.

(3) Net profit for the year to 30.6.63 was £169,936 (1962 £146,304). 1963 dividend was 26% (1962 20%).

### 57 Development Finance Co of Kenya Ltd—Manager: A. H. Stoneham

(1) This company is a partnership between the Industrial Development Corporation of Kenya, the Deutsche Gesellschaft für Wirtschaftliche Zusammenarbeit of the Federal Republic of Germany and CDC, to help in the promotion of commercially viable industrial projects in Kenya.

(2) (a) The company was registered on 13.9.63 with a capital of £1.5m to be contributed equally by the partners. It is hoped that, in due course, additional partners will be attracted to join.

(b) Each of the three partners has nominated two Directors: Chairman is Alderman C. W. Rubia, the Mayor of Nairobi. The manager has been seconded from CDC.

(3) The new company is already actively investigating applications for participation in a variety of industries and it is hoped that it will be able to make an early and significant contribution to industrial development in Kenya.

(4) CDC's investment at 31.12.63 £12,500.

## 58 East Africa Industries Ltd

- (1) (a) During the year the 6% preference shares were converted into ordinary shares EA Shs 20 and redistributed so that Unilever now hold 411,000, CDC 226,000 and Kenya Industrial Development Corporation 113,000 shares of total ordinary share capital of EA Shs 15,000,000;  
(b) the CDC £100,000 loan to the company was repaid during 1963.
- (2) The company has a vegetable oil refinery and manufactures margarine and cooking fats, laundry and toilet soaps.
- (3) Sales in Uganda and Tanganyika are made through two wholly-owned subsidiaries incorporated in those territories.
- (4) During 1963 sales of edible products and soaps again increased substantially.
- (5) (a) Total sales £2,285,770 (1962 £2,051,714);  
(b) net profit after tax £296,117 (1962 £275,152);  
(c) interim dividends on the ordinary shares totalling EA Shs 12/20 per share after tax were distributed during the year, on the shares issued at the due dates (1962 EA Shs 5/80 per share).

## 59 KBS Ltd (formerly Kenya Building Society)

- (1) CDC lent £650,000 to Kenya Building Society in 1961 and 1962 but these arrangements proved insufficient to preserve the Society's liquidity and the Society was unable to meet its repayment obligations to CDC.
- (2) At the request of the Kenya Government, supported by the British Government, KBS Ltd was formed as a wholly-owned CDC subsidiary company and took over on 1st May 1963 the assets and liabilities of the Kenya Building Society. CDC has undertaken to provide sufficient funds to enable the company to meet promptly and in full its obligations to depositors who are members of the public. Barclays DCO and Norwich Union Insurance Societies agreed to continue loans granted to the former Kenya Building Society on the same terms as those applying to CDC's earlier loans. These terms provide for repayment on a formula related to the net mortgage redemption money coming into the company in any calendar year.
- (3) As the result of transactions during the year, KBS needed to be put in funds to the extent of £182,000 net. Issued share capital and borrowings (sterling equivalents) at 31.12.63—

	<i>Ordinary shares</i>	<i>Loans</i>	<i>Deposits</i>	<i>Total</i>
	£	£	£	£
CDC (and subsidiary) ...	100	583,333	248,691	832,124
Barclays Bank DCO ...	—	350,000	—	350,000
Norwich Union Insurance Societies ...	—	230,650	—	230,650
Public Depositors ...	—	—	612,529	612,529
	<hr/>	<hr/>	<hr/>	<hr/>
	100	1,163,983	861,220	2,025,303
	<hr/>	<hr/>	<hr/>	<hr/>

- (4) Profit for the eight months to 31.12.63 £23,776 before charging CDC interest (£27,309).



**60 Kenya Central Housing Board**

(1) Loan of £2m to the Central Housing Board of the Kenya Government for municipal and private housing schemes. Repayment 1960/84; balance outstanding 31.12.63 £1,680,000 (31.12.62 £1,760,000).

(2) During 1963 the Board issued £80,000 in loans to ten local councils and other bodies, bringing the total amount advanced since 1953 to £4,458,000.

**61 Kenya Land Development and Settlement Scheme (formerly Land Development and Settlement Board)**

(1) International Bank for Reconstruction and Development (World Bank) and CDC approved in October/November 1961 loans of \$8.4m (£3m) and £1.5m respectively to Kenya Government for on-lending to the Land Development and Settlement Board. It was agreed that World Bank and CDC loans would be applied to financing the development of smallholdings to be settled, on an economically productive basis, by African farmers on land made available in the Kenya Highlands by the purchase of farms for sub-division and settlement: funds for farm purchase have been provided by the British Government. World Bank and CDC agreed to disburse the proceeds of their loans on the basis of individual sub-projects as approved by them.

(2) In 1962 and 1963, with the approach of Kenya's independence, very substantial changes in the scope and administration of the land settlement programme were introduced in the following respects—

(a) the functions of the Land Development and Settlement Board were divided between two successor bodies, the Central Land Board and the Agricultural Settlement Fund, a Government fund controlled by three Trustees, the Ministers of Finance, Agriculture and Settlement; the Central Land Board, established as an independent body under the Kenya Constitution, has responsibility for selection and purchase of land for settlement schemes approved by the Kenya Government and for the conveyance of such land to settlers nominated by the Presidents of the Regional Assemblies concerned; the Trustees of the Agricultural Settlement Fund are responsible for the settlement of land purchased by the Central Land Board;

(b) a large-scale scheme for high density settlement by African smallholders was launched, the bulk of the finance being provided on special terms by the British Government: this scheme is separate from and much larger than that in which World Bank and CDC had agreed to participate;

(c) a Ministry for Lands and Settlement was set up incorporating the Settlement Trustees' executive organisation.

(3) In September 1963 Kenya Government put forward proposals for the re-negotiation of the Loan Agreement to take account of the constitutional and administrative developments mentioned above and also changes in the prospects of some crops on which the scheme had been based. Good progress has been made since the beginning of 1964 in re-negotiating the agreements. Under the new terms the amount of CDC's maximum commitment will be £825,000.

(4) Drawn at 31.12.63 nil.

## **62 Kenya Meat Commission**

(1) £250,000 loan to expand the Commission's undertaking, guaranteed by the Kenya Government and repayable by 20 annual instalments 1956/75; amount outstanding at 31.12.63 was £150,000 (1962 £162,500).

(2) The Commission is a statutory body operating abattoirs, by-product processing plants and the canning factory at Athi River.

(3) Turnover in 1963 was £5.2m (1962 £5.1m); exports totalled £3m (1962 £3.1m).

## **63 The Kenya Power Co Ltd**

(1) In 1955 CDC subscribed £3.5m 5½% debenture stock 1975/85; £4m was also subscribed through a public issue in London of which £1,139,565 had been redeemed at 31.12.63.

(2) Capital is EA Shs 2,000 owned equally by Kenya Government, Power Securities Corporation Ltd and The East African Power & Lighting Co Ltd (distributors).

(3) The company obtains power from its own hydro-electric stations at Tana and Wanjii, and from the Uganda Electricity Board's Owen Falls station over the company's transmission line from Tororo on the Uganda border. Purchases from Uganda Electricity Board in 1963 were 190m units (1962 189m units).

(4) (a) 307m units were sold in bulk during 1963 (1962 298m);

(b) the selling price is determined by a formula laid down by bulk supply licence designed to cover the company's costs including service of loan capital.

## **64 Kenya Tea Development Authority (formerly Special Crops Development Authority)**

(1) The Kenya Tea Development Authority was established by statute in January 1964 as successor to the Special Crops Development Authority originally set up in 1960 to assist development of cash crops by African smallholders. CDC has agreed to lend £900,000 for tea development for 20 years against guarantee by the Kenya Government. Apart from loans (£116,000) taken over by the Authority from the former Tea Marketing Boards, the Kenya Government has undertaken to lend up to £60,000 for field development and is also providing access roads and field housing. At 31.12.63 the Authority had drawn £500,000 from CDC and £20,000 from Government against these facilities; during the year the Government also on-lent £90,250 (total at 31.12.63 £120,250) from funds made available from the Federal Republic of Germany for the purpose of expanding the Authority's First Plan tea planting programme and had advanced £75,000 for nursery development under the Second Plan (see (7) below).

(2) The Authority is concerned with the extension of tea growing by smallholders in the Central, Eastern, Rift Valley, Nyanza and Western Regions: its original objective was some 9,000 acres of tea, but the additional finance mentioned above will facilitate the planting of a further 1,900 acres. At 31.12.63 8,667 acres had been planted by 18,359 smallholders, of which 2,193 acres were planted during the year under the Authority's supervision with tea stumps grown largely in its nurseries.

(3) Construction work has been completed on two factories out of a programme of six new factories designed to process smallholders' leaf. These two factories (paras 65 & 66) went into production early in 1964 and negotiations have started in respect of a further three factories.

(4) During the year 689,790 lbs of made tea were produced by the Ragati Factory (1962 472,935 lbs): 1,641,141 lbs of green leaf grown by smallholders in other areas were processed by private factories, the made tea equivalent being some 365,000 lbs. Both the quality of green leaf produced by smallholders and the quality of made teas processed from it are satisfactory.

(5) With substantial acreages coming into bearing the Authority's revenue from cesses is gradually increasing. A cess of 10 cents per lb is levied on green leaf delivered to factories and an additional capital cess of 7 cents on tea grown from planting material provided by the Authority: this revenue serves to cover the cost of field staff, leaf collection and inspection services and headquarters organisation, to recover the debt arising from the supply of tea stumps and to defray transport and supervisory expenditure.

(6) The Authority's new constitution restricts its terms of reference to tea and provides for the election of growers' representatives to the Authority's Board through a three-tier structure of Divisional, District and Regional Committees.

(7) Although some planting under the Authority's existing plan is due to continue to 1966, the programme will be virtually completed by the end of 1964. Since last year the Authority has been seeking further financial aid for launching a Second Plan with combined target increased to 25,500 acres. Preliminary discussions between KTDA and Kenya Government, and International Bank for Reconstruction and Development and CDC took place in Washington in early 1964 with a view to financing the expanded programme. It is hoped that negotiations may be completed by mid-1964.

#### 65 Chinga Tea Factory Co Ltd

#### 66 Mataara Tea Factory Co Ltd

(1) (a) Six new factories were planned when the Kenya Tea Development Authority (para 64) was set up in 1960. Chinga and Mataara factories are the first two to be built and are situated on the eastern slopes of the Aberdare Mountains; Chinga in Nyeri district, Mataara in Kiambu.

(b) The companies have been established to process green tea leaf grown by KTDA smallholders, field development to 31.12.63 being—

	<i>Tea planted</i>	<i>Smallholders</i>
	<i>acres</i>	<i>No.</i>
Chinga ... ..	1,266	3,259
Mataara ... ..	1,218	2,133

(2) Each company will start with a capital of ordinary shares £41,000, of which CDC and KTDA will each subscribe £20,500 while £39,000 shares will be held in reserve for eventual issue to the smallholders. There will also be loan capital £79,000, of which CDC will provide £59,500 and KTDA £19,500. The KTDA £40,000 investment in each factory company will be financed by £20,000 loans from each of Arbuthnot Latham & Co Ltd and Dalgety (East Africa) Ltd.

(3) R. E. Smith & Co Ltd, a wholly-owned subsidiary of Arbuthnot Latham & Co Ltd, are managing agents, and Dalgety (East Africa) Ltd have been appointed as brokers.

(4) Both factories started tea manufacture early in 1964.

(5) CDC had invested £56,000 in each company at 31.12.63.

#### **67 Nairobi City Council**

##### *(a) Kiburu Diversion*

(1) Loan of £125,000 to the City Council of Nairobi to assist in financing scheme for diverting water from the Kiburu River into the existing Sasamua Reservoir to increase Nairobi's water supply by about 2m gallons per day.

(2) Total cost of scheme is estimated at £280,000 and the balance of finance required is being provided by Government of the Federal Republic of Germany (£125,000) and from the City Council's own resources. CDC loan, fully advanced in 1963, is repayable over ten years and is guaranteed by the Government of Kenya.

(3) Construction work started in June 1963 and is due for completion by the middle of 1964.

##### *(b) Kariakor Housing*

(1) CDC has agreed to lend Nairobi City Council £125,000, repayable over 25 years, for redeveloping the Kariakor Estate, by demolition of existing sub-standard dwellings and the construction in their place of 240 three-bedroom flats with modern services and amenities. The Government of Kenya is also making a loan of £125,000, from funds made available by the United States Agency for International Development, and the balance of the £275,000 required for the scheme will derive from Council's own funds.

(2) Work has already begun on the scheme and it should be completed by middle of 1965.

(3) Advanced at 31.12.63 nil.

#### **68 Nyambeni Tea Co Ltd**

(1) Capital £250,000 in shares of EA Shs 20 each; CDC and Eastern Produce (Holdings) Ltd each hold 120,000 shares and the Meru County Council holds 10,000 shares. Provision exists for an increase in the African shareholding up to one-third of the total. At 31.12.63 all shares (except two fully paid subscription shares) were 16/- paid; CDC investment £96,000.

(2) This company was formed in February 1960 to establish a nucleus plantation of about 500 acres of tea in the Meru County of the Eastern Region. The company is operating a factory designed to process all leaf from both the nucleus estate and about 700 acres of African smallholders' tea to be established in the neighbourhood under the Kenya Tea Development Authority (para 64).

(3) Eastern Produce Africa Ltd are managing agents.

(4) By the end of 1963 about 425 acres of estate tea and 320 acres of smallholders' tea were planted. Work on erecting the factory began in October 1962 and trial runs started on 25th September 1963. The factory was

formally opened by the Hon. J. H. Angaine, Minister for Lands and Settlement, in October 1963. Tea manufactured to 31.12.63 15,564 lbs. Preliminary reports on quality are favourable. A profitable level of production should be reached in 1964/65.

#### 69 Oceanic Hotel Ltd

(1) (a) Issued capital at 31.10.63 EA Shs 6,800,000, of which EA Shs 4,425,000 has been paid up; the company is a subsidiary of Uganda Coffee Curing Co Ltd;

(b) CDC has lent £125,000 on security repayable 1960/67; balance outstanding at 31.12.63 £71,659.

(2) The company owns and operates the Oceanic Hotel at Mombasa, which has now become established as one of the best hotels on the East African coast. The hotel's occupancy and turnover have improved steadily and the owners are now planning a moderate expansion of the hotel and its services.

#### 70 Pyrethrum Processing Co of Kenya Ltd

(1) Following on a Government investigation into the pyrethrum industry in 1963, the Pyrethrum Board of Kenya (PBK) and the Mitchell Cotts Group submitted joint proposals for the rehabilitation and development of the industry in Kenya which were accepted by the Kenya Government.

(2) CDC has agreed to participate in a new company, Pyrethrum Processing Co of Kenya Ltd, formed in November 1963 to take over the two factories owned by the Pyrethrum Board at Nakuru, and the Nairobi factory of East African Extract Corporation, a member of the Mitchell Cotts Group. CDC is lending £300,000 to the new company and will take up £126 (12%) of the equity and £41,874 (12%) of 7½% Redeemable Cumulative Preference shares; the Board and Mitchell Cotts will respectively hold 58% and 30% of each class of share capital.

(3) Pyrethrum Processing Co will enter into a processing agreement for a term of not less than 10 years with the Board, who will remain responsible for control of licensing and for marketing of the extract on behalf of the Kenya pyrethrum growers.

(4) Investment at 31.12.63 nil.

#### 71 Savings and Loan Society Ltd

(1) CDC advanced £450,000 in 1961 and £200,000 in 1962 to help meet heavy withdrawals by depositors and shareholders.

(2) The Society's liquid position has improved to such an extent that the whole of the first loan has been repaid 15 months ahead of schedule and it has not been necessary to draw the last £100,000 of the CDC commitment and an equal amount of a commitment by the Pearl Assurance Co Ltd.

(3) CDC advances outstanding at 31.12.63 £200,000 (1962 £537,500).

#### 72 Unga Millers Ltd (formerly Unga Ltd)

(1) (a) During 1963 Kenya Farmers' Association (Co-operative) Ltd transferred its holding of EA Shs 21.7m Unga Ltd shares to a new company, Holdings Ltd, in exchange for loan stock and shares in Holdings Ltd

which were distributed in specie as a return of capital among the KFA members. Unga share capital is now held as to EA Shs 21.7m by Holdings Ltd, EA Shs 4.3m by the public and EA Shs 5m (£250,000) by CDC.

(b) CDC also has a loan to the company, repayable 1959/72, of which the balance outstanding at 31.12.63 was £214,480 (1962 £233,985).

(2) The group now owns flour, maize and provender mills through operating subsidiaries in each of the three East African territories.

(3) On the whole the group had a satisfactory year in spite of rising costs. Unga Ltd's share of group profits (including those of Tanganyika Millers Ltd (para 81)) was £168,515, after tax (1961/62 £156,328); dividend on ordinary shares 8½% (1961/62 9%).

## MAURITIUS

(Rs 13.33½=£1)

### 73 Mauritius Housing Corporation

(1) CDC agreed in 1962 to participate in an extension of the activities of the Mauritius Housing Corporation. The Corporation was constituted by statute, which came into force on 1.1.63, to take over the housing activities of the Mauritius Agricultural Bank, following an investigation into the extent of the demand for home ownership by a CDC mission in 1961. Following negotiations between CDC and the Government of Mauritius during 1963, detailed terms of CDC participation in the Corporation have now been agreed.

(2) (a) The Mauritius Housing Corporation will make loans on terms generally similar to those offered by a Building Society;

(b) the draft balance sheet of the Mauritius Housing Corporation shows assets Rs 15,405,936 (£1,155,945) and it has been agreed that the Government of Mauritius and CDC will each make an additional £500,000 available to finance an expansion of its activities. CDC contribution will take the form of a sterling loan, repayable over a period of 25 years.

(3) Investment at 31.12.63 nil.

## TANGANYIKA

(EA Shs 20=£1)

### 74 Bird & Co (Africa) Ltd

(1) A public company to which CDC made loans in 1958/59 of which there are now outstanding £50,000 7½% convertible debenture stock (1973) and £300,000 non-convertible debenture stock (1967/72).

(2) The company's main operation is growing sisal, of which there were 57,000 planted acres at 31.12.63, but in recent years the company has diversified by planting tea, of which there were 1,500 acres under cultivation at 31.12.63. The reduction in tea acreage from 1,730 acres at 31.12.62 reflects the sale of Zilai Tea Estate Ltd, a subsidiary tea undertaking situated some distance away from the centre of tea activities.

(3) Profit before tax for the year to 30.6.63 at £253,410 was considerably higher than in 1961/62 (£45,884) due principally to better weather and higher sisal prices during most of the period. As a result of increased production and continuing satisfactory selling prices for sisal, trading results for the six months to 31.12.63 show further improvement despite increases in export tax and cesses.

#### 75 Kilombero Sugar Co Ltd

(1) This is a public company formed to develop a sugarcane estate with a mill near the Great Ruaha River at Msolwa in the district of Ulanga, Tanganyika; it is financed, apart from £38,563 shares taken up by the Tanganyika public, by a consortium consisting of International Finance Corporation (IFC), CDC, Nederlands Overzeese Financierings-Maatschappij NV (NOFC), NV Vereenigde Klattensche Cultuur-Maatschappij (VKCM), who have been acting as managing agents, and The Standard Bank Ltd.

(2) Share and loan capital of the project at 31.12.63 was—

	<i>Ordinary Shares</i>	<i>Con- vertible Prefer- ence Shares</i>	<i>Con- vertible Income Notes</i>	<i>Non- Con- vertible Income Notes</i>	<i>Deben- tures</i>	<i>Total</i>
	£	£	£	£	£	£
CDC ...	286,000	424,605	315,000	—	360,000	1,385,605
IFC ...	75,000	—	250,000	—	750,000	1,075,000
NOFC	291,500	—	35,000	—	165,000	491,500
VKCM	125,000	—	—	100,000	—	225,000
Standard Bank	—	236,832	—	—	—	236,832
Others...	55	38,508	—	—	—	38,563
	<u>777,555</u>	<u>699,945</u>	<u>600,000</u>	<u>100,000</u>	<u>1,275,000</u>	<u>3,452,500</u>

The company had also arranged a short term credit of £210,000 with plant suppliers and a £300,000 overdraft facility with Standard Bank.

(3) At 31.12.63 the company had 4,800 acres under cane; land clearing and planting were continuing.

(4) During the first milling season 1962/63 11,028 tons of sugar were produced. The 1963/64 milling season began on 17.6.63 but owing to shortage of mature cane the season ended prematurely on 4.11.63 with 12,690 tons of sugar produced against an estimate for the season of 22,152 tons.

(5) The serious shortfall in sugar production placed the company in immediate financial difficulties and the principal investors, in association with the company's Board, appointed an Investigating Committee which included representatives of two leading sugar producing companies of wide experience to review the company's position and prospects. The Committee reported in December. It confirmed that in its opinion Kilombero offers an excellent opportunity for the successful cultivation of sugarcane and

made recommendations regarding management organisation and cultivation practices. The Committee further estimated that up to £1.5m additional finance would be needed to complete the development of the estate and factory to reach the target annual output of 31,500 tons of sugar by 1967, involving a total capitalisation which would not be out of line with other sugar producing projects being established at current cost levels.

(6) Agreement has been reached between the principal investors for the provision by IFC, CDC and NOFC of the additional finance required and for reconstruction of the company's capital. The material help given by the Tanganyika Government is much appreciated by all concerned.

(7) Loss for the first year of operation to 30.4.63 was £251,285. A further loss has been incurred for eight months to 31.12.63.

#### **76 Maramba Estate Ltd**

(1) As reported last year, the capital has been reconstructed owing to decision of Holland Tanganyika Compagnie NV (HTC) not to provide further finance. At 31.12.63 issued share capital was £450,000 subject to reduction, with Court approval, to £300,000 (CDC £225,000; HTC £75,000); in addition CDC had advanced £47,000.

(2) The company was formed to develop an estate in the Usambara foothills for the production of fine cocoa with coffee and kapok as subsidiary crops. Years of adverse weather with periods of unprecedented drought have been experienced and the original development programme has been progressively cut back, work being concentrated on the earlier planted areas. At present 850 acres of cocoa are being maintained and the future of the company's 185 acres of coffee is still under consideration. Kapok has been planted, primarily as shade for other crops.

(3) On 1.4.63 CDC took over the managing agency and effective control of the company. Work on consolidation of the reduced plantations was assisted by favourable weather during the year, but it will take at least another year before any assessment can be made of prospects.

(4) Cocoa crop 22 tons (1962 21 tons) was of good quality; kapok and coffee sales made no significant contribution.

(5) Net trading loss £15,594 (1962 £4,748).

#### **77 Mbeya Exploration Co Ltd**

(1) A joint company set up by NV Billiton Maatschappij, The Hague, and CDC to investigate a pyrochlore (ore of niobium/columbium) deposit at Panda Hill in south-west Tanganyika. Billiton, who are consulting engineers and managing agents, have a 70% interest and CDC 30% in the company.

(2) Work on assessing the deposit at 125m tons of 0.3% ore has been completed and mining operations closed down in 1961; some plant and equipment has been sold.

(3) Metallurgical research work continued at Billiton's Arnhem Laboratory and at the Warren Spring Laboratory of the Department of Scientific and Industrial Research, with a view to evolving an economic flotation process. Results so far show an improvement over gravity methods but still fall short of the minimum requirements for economic application.



(4) Net book value of CDC investment at 31.12.63 was £246,770 (1962 £496,760) after writing off £250,000.

**78 Tanganyika Development Finance Co Ltd—Manager: L. R. C. Lethbridge**

(1) This company is a partnership between the Tanganyika Development Corporation, the Deutsche Gesellschaft für Wirtschaftliche Zusammenarbeit of the Federal Republic of Germany and CDC, to help in the promotion of commercial and industrial projects in Tanganyika.

(2) (a) The company was registered on 17.12.62 with a capital of £1.5m to be contributed equally by the partners. It is hoped that, in due course, additional partners will be attracted to join.

(b) CDC's investment at 31.12.63 was £25,000.

(c) Each of the three partners has nominated two directors; Chairman is the Hon C. G. Kahama, Minister for Commerce and Industry. The manager has been seconded from CDC.

(d) The company is actively investigating applications for participation in a variety of industries and it has already invested £47,500 in printing and hollow-ware manufacture.

(3) Loss to 31.12.63 £11,199.

**79 Tanganyika Electric Supply Co Ltd**

(1) (a) The East African Power & Lighting Co Ltd held all but £376,625 of the £3,331,625 issued ordinary stock at 31.12.63;

(b) Since 31.12.63 it has been announced that Tanganyika Government has offered to buy the East African Power & Lighting Co Ltd's stockholding in Tanganyika Electricity Supply Co Ltd at par and that this offer has been accepted in principle by the directors of EAP&L and will be recommended by them to the debenture holders and stockholders of that company for confirmation as soon as the negotiations have been completed.

(2) CDC has agreed to lend the company up to £3m towards the cost of the Hale hydro-electric development. The loan, to be secured by debenture, carries conversion rights of 25% of the total advances, such rights to be exercised before 31st December 1968. CDC had advanced £2.5m at 31.12.63 (1962 £1,530,000).

(3) The Tanganyika Government has agreed to contribute up to £1.75m for the project and the company has provided from its own resources £100,000 towards the cost during each of the years 1961, 1962 and 1963.

(4) The Dar-es-Salaam and Morogoro areas are supplied by the company's thermal power stations and the Tanga Region by the hydro power station at Pangani Falls. The Hale Power Station is designed to develop further the hydro potential of the Pangani River and the four power stations will be linked so as to meet the increasing demand and to bring the first public supply of power to the important sisal-growing area adjacent to the central railway line.

(5) The project, estimated to cost approximately £5m, is scheduled for completion by September 1964. At 31.12.63 the total amount spent and committed on the project was £3,799,595.

## **80 Tanganyika Extract Co Ltd**

- (1) (a) A company formed by Mitchell Cotts Group to build and operate a factory to produce extract from pyrethrum flowers purchased from growers licensed by the Tanganyika Pyrethrum Board in the Northern and Southern Highlands of Tanganyika;  
(b) CDC has invested £5,000 and the remainder of the issued capital of £65,000 is held by Mitchell Cotts (Bahamas) Ltd: CDC has also lent the company £60,000 repayable 1964/66.
- (2) The extract factory at Arusha, for which the managing agents are East African Extract Corporation Ltd, completed its first year of operations on 30.6.63 with the following satisfactory results:
  - (a) pyrethrum flowers processed—the entire Tanganyika crop—2,325 tons;
  - (b) turnover £816,274;
  - (c) net profit after writing off preliminary and commissioning expenses and after taxation, £38,954;
  - (d) dividend on first year of operation £13,000.
- (3) Adverse weather conditions have delayed the expected increase in the pyrethrum crop which was estimated to reach 3,500 tons in the July 1963/June 1964 season. As a result, flowers available for purchase have only come forward during the first six months of the current 1963/64 season at approximately the same rate as during the previous season. All production has been sold and, provided enough flowers are available, results are expected to be comparable with those of 1962/63.

## **81 Tanganyika Millers Ltd**

- (1) A wholly-owned subsidiary of Unga Millers Ltd (para 72) incorporated in 1959 to take over Unga's business in Tanganyika; issued capital EA Shs 8m.
- (2) CDC loan, which is repayable 1960/72, is secured on the assets of Tanganyika Millers Ltd and guaranteed by Unga Millers Ltd; amount outstanding at 31.12.63 £214,643 (1962 £234,087).
- (3) The company has flour, maize, rice and provender mills, and has now started to expand its milling capacity to meet increasing demand.
- (4) During its financial year to 31.7.63, the company maintained its share of the market, though rising costs caused some reduction in profits.

## **82 Tanganyika Mining Investigations**

(Comprising Liganga Iron Ltd, Rungwe Coal Co Ltd and Tanganyika Coalfields Ltd).

- (1) These investigations into the coal and iron deposits in South Tanganyika were undertaken 1949/54 at Tanganyika Government's request. The coal deposits in the Rungwe district were excluded from the main investigation as being of minor importance, but were later investigated separately in 1955/57 as a possible source of power for Mbeya Exploration Co Ltd (para 77). No commercial development has taken place due to absence of markets. Tanganyika Government has been supplied with fully detailed reports.

(2) CDC was associated in these investigations with Anglo American Corporation of South Africa Ltd and Frobisher Ltd of Canada (now Falconbridge Nickel Mines Ltd) in respect of Tanganyika Coalfields and Liganga Iron, and with NV Billiton Maatschappij of the Hague in respect of Rungwe Coal.

(3) Total cost of the investigations was £556,250, of which CDC share was £376,004. Book value at 31.12.63 was £37,398 (1962 £367,398) after writing off £330,000.

**83 Tanganyika Wattle Co Ltd—General Manager: M. W. F. Leburn, MBE**

(1) A wholly owned CDC subsidiary: share capital EA Shs 10m (£500,000). CDC loan at 31.12.63 £770,000 (1962 £770,000).

(2) The company has a 99 year lease on 44,000 acres at Njombe in the Southern Highlands Province on which are planted some 33,000 acres of wattle trees. High quality mimosa tanning extract is manufactured from the bark.

(3) Year's production of extract was 6,462 tons (1962 6,366 tons) but sales of only 5,228 tons were disappointing (1962 6,568 tons); despite a strenuous campaign by the industry to popularise the use of leather, world sales of leather and of tanning extracts have decreased, due to competition by synthetics.

(4) Labour relations during the year have been good, but pressure for increased wages and benefits continued despite the company's limited ability to pay.

(5) Research and experiments continue in an effort to find a profitable diversification of the company's activities.

(6) Net profit for year £19,169 before charging interest on CDC loan (1962 £29,574).

**84 Tangold Mining Co Ltd—Mine Manager: J. C. Loretto**

(1) (a) Issued capital is EA Shs 22,600,000 held equally by CDC and the Consolidated Gold Fields of South Africa Ltd (now Consolidated Gold Fields Ltd);

(b) CDC has lent £700,000 in debentures of which £100,000 was repaid in 1962 and £70,000 was repaid during 1963, leaving £530,000 outstanding at 31.12.63;

(c) Falconbridge of Africa Ltd were appointed general managers on 26.11.63.

(2) The high grade mined in 1962 continued through the first half of 1963, but, with the exhaustion of richer than average blocks on the intermediate levels, grade and tonnage dropped below estimate towards the year end, although the average grade for the year was better than expected. Investigation of subsidiary orebodies to alleviate the tonnage position met with only moderate success.

(3) At the beginning of 1963 it was decided to continue development down to the 1550 ft level and at the year end the shaft winze had reached the 1465 ft horizon and an orebody winze had reached 1452 ft horizon.

(4) Operating results for the year are compared with 1962; grade, revenue and working surplus declined substantially:

	1963	1962
Ore treated (short tons) ... ..	193,800	190,800
Average grade (dwt/ton) ... ..	4.51	4.88
Gold production (fine ozs) ... ..	40,535	43,186
Value of production ... ..	£520,135	£548,246
Working surplus ... ..	£93,851	£142,199
Less capital expenditure and renewals ... ..	£24,495	£12,749
Net surplus before servicing CDC debentures ... ..	£69,356	£129,450

(5) Prospects remain that this mine has only a few years' life at best and that only a small part of the CDC investment will be recovered. Book value of CDC shareholding has been written down by £500,000 to £65,000.

## UGANDA

(EA Shs 20=£1)

### 85 Kilembe Mines Ltd

- (1) (a) Issued capital 5,700,000 shares of EA Shs 20 each held by Kilembe Copper Cobalt Ltd of Toronto 70%; CDC 20% (£1,140,000); Uganda Development Corporation, Uganda Crane Industries and Omukama of Toro 10%;
- (b) balance of CDC 6% debentures at 31.12.63 £490,000 (1962 £560,000);
- (c) Falconbridge of Africa Ltd are general managers and consulting engineers.
- (2) (a) Mine development in the Bukangama section of the mine continued to indicate additional tonnages of ore;
- (b) during the past few years a long (7000 foot) exploration crosscut has been driven on the 4500 foot level and diamond drilling from this working in 1963 has given encouraging results and has established that the Bukangama ore zone continues downwards; this development augurs well for the establishment of additional ore reserves;
- (c) exploration work has continued and in addition a modest programme of diamond drilling was carried out at Nkenda, five miles east of Kilembe, but with disappointing results.
- (3) During the year the Unions at the mine and Jinja smelter were amalgamated; a check off agreement and wage increases were negotiated.

(4) *Operating results*

Tonnage of ore treated and blister copper produced in 1963 were at record levels, with ore grade slightly above average—

	1963	1962
Ore treated (short tons) ... ..	993,302	982,639
Grade copper (%) ... ..	2.16	2.04
Blister copper produced (long tons) ... ..	15,960	15,331
	£	£
Average working cost—per long ton ... ..	168	163
Value of production ... ..	3,746,301	3,583,053
Average cu price—per long ton ... ..	234.7	233.7
Working surplus ... ..	1,064,993	1,085,416
<i>Less</i>		
Interest on loans ... ..	67,200	75,600
Fixed assets replaced ... ..	298,787	245,527
Prospecting and development written off ... ..	52,639	130,554
Net surplus ... ..	646,367	633,735

(5) Distributions received by CDC in respect of shareholding amounted to £106,875 (1962 £142,500).

## IV CENTRAL AFRICA

*Regional Controller:*

D. F. Fairbairn

*Regional Office:*

Throgmorton House,  
Jameson Avenue,  
Salisbury,  
Southern Rhodesia

*Nyasaland Office:*

CDC Representative,  
Downs House,  
Victoria Avenue,  
Blantyre

**86 Regional Summary**

(1) Two new projects were approved increasing the total capital commitment for the Region by £1,763,000 to £24,327,000 (1962 £22,564,000). Amount invested at 31.12.63 was £22,237,000 (1962 £21,662,000).

(2) There are now twelve projects comprising investments in agriculture, cement manufacture, and local development agencies and loans to public bodies for power and water supplies, air transport and African housing. The new projects are a loan to the Nyasaland Electricity Supply Commission to meet the major part of the cost of the first stage of the Nkula Falls hydro-electric scheme and a small investment in the Northern Rhodesia Industrial Development Corporation Ltd.

(3) At the Victoria Falls Conference in July 1963 the five Governments concerned agreed that the Federation of the Rhodesias and Nyasaland should be dissolved on 31.12.63. Nyasaland, which had received internal self-government in February 1963, is to become independent in July 1964 and Northern Rhodesia was granted internal self-government by a new constitution in January 1964. CDC will, however, be able to continue to operate in all three territories of the region under the terms of the Commonwealth Development Act 1963.

(4) Two projects in which CDC has large investments were directly affected by the dissolution of the Federation. Central African Airways Corporation and the Federal Power Board (now the Central African Power Corporation) were reconstituted at the year-end as inter-territorial Organisations under the control of Higher Authorities established by the Governments concerned. In both cases CDC agreed to transfer its loans (Federal Power Board £15m and Central African Airways Corporation £787,500) to the respective successor bodies and to accept territorial Government guarantees in exchange for the Federal Government guarantees in return for some strengthening of the security clauses in other respects. By agreement with the Governments, CDC's Regional Controller has been appointed a member of both new Corporations. The Industrial Promotion Corporation of Rhodesia and Nyasaland, in which CDC has a small shareholding, is also affected by the dissolution of the Federation and future policy is under consideration.

(5) Net revenue from profits of direct projects, interest, dividends and fees was £1,400,000 after deducting cost of regional organisation but before charging Head Office costs and interest, representing 6.4% on capital employed, as compared with 6.3% in 1962.

#### *Nyasaland*

(6) As a result of the agreement to lend £1.85m to the Nyasaland Electricity Supply Commission for the Nkula Falls hydro-electric scheme, CDC is now supporting two major basic development schemes for power and water supplies. Of these, the first stage of the Walker's Ferry Scheme has been finished, although it will be some time before the water from the scheme is fully utilised. The cost was greater than had been budgeted and negotiations for a further loan to the Mudi River Water Board are in progress. Site work on the Nkula Falls Scheme started towards the end of the year and the first stage, which is estimated to cost £2.45m, should be completed in 1966.

(7) Without this basic development, further industrialisation in Nyasaland would be severely restricted. Nyasaland must, nevertheless, continue to be fundamentally an agricultural country for many years to come and the Vipya Tung Estate, a CDC direct project, provides one of the few sources of employment in the Northern Region. The project will certainly continue to be marginal and the decision to extend and improve the mill has been taken on the calculation that the greater oil recovery will at least partly offset the effect of any weakening in the price of tung oil. In the Central Region much time and effort have been devoted at the Kasungu Tobacco Estates to overcoming the problems of growing flue-cured tobacco under

local conditions and to training African farmers in this difficult and exacting crop. The scheme has now been taken over by the Special Crops Authority for an experimental period and the 1962/63 crop was encouraging. CDC will continue to be associated with the scheme as managing agents for the Authority. Following the tea mission of 1962 CDC joined a working party which has now reported to Government on the promoting of an African-grown tea industry.

(8) Training schemes to fit local people for senior posts on projects managed by CDC continue to receive attention. The first African member of the management staff of Vipya Tung Estates will be assisted to take a university course in America. Two other Nyasas are being trained to assume staff responsibilities. Both agricultural projects held Management Study Courses during the year and CDC has also offered a university scholarship in agricultural sciences to be awarded through the Government Scholarship fund.

(9) In addition to the four projects already mentioned, there is also a loan for African housing. The total commitment of £5,885,000 for the five projects is the largest in any single territory within the Region and constitutes a well balanced contribution to the economic development of Nyasaland.

#### *Northern Rhodesia*

(10) Sales by Chilanga Cement were affected by prevailing economic conditions at the beginning of the year, but subsequently showed a marked improvement which should be maintained during 1964. The operations of the Northern Rhodesia Industrial Development Corporation Ltd were similarly affected; it should, however, have an important role to play in the further economic development of the territory following the achievement of internal self-government. These two projects and the loan for African housing schemes are the only projects which CDC has in Northern Rhodesia at present. CDC is actively looking for ways in which it can make a further useful contribution in Northern Rhodesia.

#### *Southern Rhodesia*

(11) CDC's sole project in Southern Rhodesia is a loan of £1m for African housing. A number of interesting proposals, particularly in the field of African agriculture, are under consideration.

### **87 Central African Airways Corporation**

(1) £1.75m loan (1954) for purchase of Vickers Viscount aircraft and spares, secured on Central African Airways assets and guaranteed by the Federal Government; repayable by annual instalments 1959/67. Amount outstanding at 31.12.63 £787,500 (1962 £1,006,250).

(2) Arising from the dissolution of the Federation, the assets and liabilities of the Central African Airways Corporation were transferred on 1.1.64 to a new body with the same name, its capital and loans being taken over by the Governments of Northern Rhodesia, Southern Rhodesia and Nyasaland in the agreed proportions (45:45:10). CDC has agreed to transfer its loan to the successor corporation and has agreed to accept in place of the Federal Government guarantee, separate guarantees by the three participating governments.

(3) CAA- once again had a record year; operating surplus for the year to 30.6.63 was £275,955 (1962 £249,462). Gross revenue showed an increase of 4.3%, constituting a satisfactory achievement having regard to the economic conditions in the Federation during the year.

#### **88 Central African Power Corporation (Kariba) (formerly Federal Power Board)**

(1) CDC made a loan of £15m in 1956 to the Federal Power Board, guaranteed by the Federal Government and repayable by annuities 1965/2002. Other finance totalling £59½m was provided by the International Bank for Reconstruction and Development, Commonwealth Development Finance Co Ltd and local sources.

(2) Arising from the dissolution of the Federation the assets and liabilities of the Federal Power Board were transferred on 1.1.64 to a new body, the Central African Power Corporation. CDC, in common with the other overseas lenders, agreed to transfer its loan to the successor body and to accept, in place of the Federal Government guarantee, separate guarantees each of half of the loan, from the Governments of Southern and Northern Rhodesia.

(3) (a) The final cost of Stage I is estimated at about £78m; to 30.6.63 expenditure was £77m. There are still some civil, electrical and mechanical works in progress; total generating capacity amounts to about 700 MW;

(b) the work on the thrust block at the south abutment was finished during the year.

(4) Consumption of power during 1962/63 of all undertakings connected to the Board's system was 5.96% higher than 1961/62. Maximum demand was, however, only 0.9% higher due to improved load factor. Sales of energy by the Board showed a substantially larger increase because an increased proportion of the Rhodesian Congo Border Power Corporation's total requirements were supplied by the Board.

(5) For the year ended 30.6.63 the Board's accounts showed a surplus on its operations of £233,981 (1962 loss £83,289). The Board's reserves and surplus at 30.6.63 amounted to £1,138,857 (1962 £886,185).

#### **89 Industrial Promotion Corporation of Rhodesia and Nyasaland Ltd**

(1) Issued capital £1m in £1 shares which were fully paid up at 31.12.63. CDC holds 50,000 shares. Other shareholders include the leading industrial and mining companies, banks, finance houses and other development institutions.

(2) New investment by the company has been seriously affected during the period preceding the dissolution of the Federation. A review of policy and of operational methods will be made in 1964 to take account of the changed political and economic setting.

(3) During the year the company concluded an agreement for its first substantial industrial investment in Northern Rhodesia. At 31.12.63 the company and its wholly-owned subsidiary, Industrial Holdings Ltd had invested or committed £679,000 (1962 £533,000).

(4) Group net profit before tax £43,324 (1962 £28,206).



**90 Chilanga Cement Ltd**

(1) Issued capital £1·5m in 5/- ordinary shares of which CDC holds 37% (£553,846) the balance being held by Premier Portland Cement Co (Rhodesia) Ltd and the public.

(2) During the year the general managers, Premier Portland Cement Ltd, entered into an arrangement with Rhodesia Cement Ltd under which both companies transferred their cement-making assets in Southern Rhodesia to a new jointly-owned company; Premier thus became a holding company only. By mutual agreement the general managers' agreement was therefore terminated, and Chilanga has entered into a technical consultancy agreement with the Pretoria Cement Co Ltd.

(3) Conditions in the building industry remained depressed during the first half of the year but subsequently improved and at times during the later part of the year the factory was working near full capacity. Total sales for the year amounted to 128,331 tons (1962 127,788 tons). During the year the company started production of an additional product, a masonry cement known as "Mortacem", which has been well received by the market.

(4) The net profit of £259,971 before tax compares with £258,732 in 1962. An interim dividend of 1½d per share was paid in November (1962 1½d) and a final dividend has been recommended by the Board of 4½d per share (1962 4d).

**91 Northern Rhodesia Africa Housing**

(1) £1m loan (1962) to the Government of Northern Rhodesia for African housing schemes; repayable by equal annual instalments of principal and interest 1965/82. At 31.12.63 £850,000 had been drawn.

(2) Plans have been approved for developments involving some 1,650 houses and ancillary services at Fort Rosebery, Abercorn, Kitwe and Lusaka. The Fort Rosebery and Abercorn schemes for 300 houses are now almost finished. The Kitwe scheme for 500 houses and the Kamwala scheme at Lusaka for 750 houses are well under way. Plans for a scheme to provide 100 houses for the middle income group have been approved for Lusaka.

**92 Northern Rhodesia Industrial Development Corporation Ltd**

(1) The company was incorporated in April 1960 as a wholly-owned subsidiary of the Northern Rhodesia Government. In May 1963 the capital was reorganised and increased by bringing in Anglo American Corporation Group, British South Africa Co Group, Rhodesian Selection Trust Group and CDC which together now own a majority of the ordinary shares of the company. CDC holds 50,000 £1 shares, 1/- paid.

(2) At year end about £765,000 had been committed to 68 projects, of which £603,000 had already been advanced in shares and loans.

## NYASALAND

(Rh£1=£1)

### 93 Kasungu Tobacco Estates—Manager: B. G. Hartley

(1) Until 30.6.63 this was a CDC direct project run as a pilot scheme to investigate the possibility of settling African farmers on the land, growing flue-cured tobacco as a cash crop, with essential services and training facilities provided by an associated nucleus estate. Capital at 30.6.63 £117,599 (31.12.62 £138,088).

(2) At the end of the 1962/63 season CDC and Nyasaland Government accepted proposals made by a joint working party that a Government statutory authority should be set up to expand the scheme on the basis of a reducing nucleus estate and an increasing African grower acreage. CDC agreed to continue to manage the scheme on behalf of Government from 1.7.63, pending the establishment of the Special Crops Authority which was set up in October, 1963, and took over responsibility for the estates as from 31.1.64.

(3) Under the new arrangements there will be a two-year trial period covering the 1963/64 and 1964/65 seasons, during which time the Authority will have an option to purchase CDC assets at Kasungu. CDC will continue to act as managers for the Authority. Depending on results in the trial period it is hoped to extend the scheme and to increase its ability to be self-supporting.

(4) (a) The 1962/63 season was a successful one; the 200 acres of tobacco grown by the nucleus estate produced an average yield of 980 lbs per acre which sold for 39·54d per lb, realising £161 per acre; the four African farmers, each growing between 12 and 20 acres, bettered this result with an average yield of 1,160 lbs per acre, selling at 39·2d per lb, and realising £190 per acre;

(b) 233 acres of tobacco will be grown by the nucleus estate in the 1963/64 season and a further 69 acres by African farmers; ten more African farmers chosen by a selection committee set up by Government have also joined the scheme for training as future growers.

(5) Although further trials will be required, 1962/63 results indicate that the technical problems associated with growing flue-cured tobacco in the Central Region are being overcome and that there is reason to believe flue-cured tobacco can be grown successfully at Kasungu by African farmers, provided they have the necessary experience and training. The results achieved this season are due in large part to the series of fertiliser trials carried out at the project by the Tobacco Research Board, in association with Nyasaland Agricultural Department.

(6) Profit for the six months to 30.6.63 (after Nyasaland Government contribution) £499 (1962 loss £18,226).

### 94 Mudi River Water Board

(1) Loan of £1·3m (1962) guaranteed by the Nyasaland Government towards the cost of Stage I of Walker's Ferry Scheme, to supply the Blantyre/Limbe district with water from the Shire River 27 miles away. The loan is repayable by equal annual instalments of principal and interest 1967/81.

(2) Construction of the first stage with a capacity of two million gallons per day was completed during the year at a total cost of £2.49m. Original estimate was £2.3m and CDC has been asked to meet part of the additional cost.

(3) Although during the year to 31.12.63 there has been a marked increase in water supplied at 1.3 million gallons per day (1962 0.95 mgd), demand is still below the level originally estimated in 1958 owing to failure of the economy to expand as expected. The capacity to deliver water is likely to remain in excess of demand for some years ahead and in the meantime Government assistance will be required to keep the price of water to the consumer at a level which will not check expanding demand.

(4) In the year to March 1963 the Board made an operating surplus of £98,440 (1962 £70,521), but after finance charges there was a loss for the year of £57,592 (1962 £11,015).

#### 95 Nyasaland African Housing

(1) £1m loan to the Nyasaland Government for African housing schemes; repayments by equal annual instalments of principal and interest 1967/86.

(2) Housing schemes in the Zomba, Lilongwe and Blantyre areas costing £805,000 have been finished; the schemes comprise some 1,400 houses, together with waterborne sanitation, estate roads, drainage and electricity supply connections.

(3) The balance of £195,000 of the CDC loan is being used for two schemes in the Blantyre area. The Chitawila scheme is nearly complete and work has started on the Kanjedza scheme.

#### 96 Nyasaland Electricity Supply Commission (Nkula Falls Hydro-Electric Scheme)

(1) Agreement was reached in 1963 for a CDC loan of up to £1.85m to the Nyasaland Electricity Supply Commission towards the construction of Stage I of Nkula Falls hydro-electric scheme. The loan will be secured on the assets of the Commission and guaranteed by the Nyasaland Government.

(2) Stage I of the scheme is estimated to cost £2.45m and the balance of the funds required will be provided by Standard Bank Ltd, Barclays Overseas Development Corporation Ltd and Nyasaland Government.

(3) Generating capacity of the present thermal station at Blantyre is insufficient to supply the estimated demand for power after mid-1966 when the new scheme is planned to come into operation. Stage I comprises an upstream barrage to regulate the flow of the Shire River and the construction at Nkula Falls of intake works and 4,270 feet of tunnel and penstocks which will provide 170 ft maximum head for turbines driving two 8MW generators.

(4) During the year to 30.6.63 the Electricity Supply Commission made a surplus of £27,466.

#### 97 Vipya Tung Estates—Manager: F. S. Dorward

(1) A CDC direct project with capital at 31.12.63 £825,764 (1962 £817,430).

(2) Area under tung remained unchanged at 5,121 acres, of which 2,745 acres (54%) classified as mature.

(3) After an exceptionally good year in 1962 the crop for 1963 was disappointing; 432 tons of oil (1962 427 tons) were produced despite the larger acreage now classified as mature. There is growing evidence that tung trees on the Vipya develop a tendency towards biennial bearing as they reach maturity.

(4) The new mechanical dehusking plant was fully tested and operational by the end of the season. A further expansion of milling capacity is planned for 1964 and investigations continue into improved methods of oil extraction.

(5) Although world prices for tung oil were maintained early in the year, there was some weakening towards the end of the season. Average price for oil sold so far £228 per ton fob Beira (1962 £275 per ton).

(6) Net operating profit £6,956 (1962 £47,225). Production should show an upward trend as the mature acreage increases over the next few years and the project should earn a modest return provided prices for oil do not fall too steeply.

## SOUTHERN RHODESIA

(Rh£1=£1)

### 98 Southern Rhodesia African Housing

(1) £1m loan (1957) to Southern Rhodesia Government repayable by twenty equal annual instalments of principal and interest 1966/85.

(2) Development included urban African housing estates at Salisbury, Bulawayo, Gwelo and Que Que; amenities, including business premises and schools have been provided by Government.

## HIGH COMMISSION TERRITORIES

*Regional Controller:*

J. C. Cater MBE

*Regional Office:*

Palace Building,  
52 Pritchard Street,  
Johannesburg.

### 99 Regional Summary

(1) Total commitment in the Region at 31.12.63 was £20,509,000 (1962 £21,317,000) of which £17,203,000 had been invested (1962 £16,223,000). Of the commitment, no less than £19,488,000 is in Swaziland. There are now ten projects, two less than in 1962 owing to the handing over of the Bushman Pits and Panda-ma-Tenga Ranches to the Bechuanaland Protectorate Government. The continuing projects cover agriculture, forestry and ranching, together with the allied processing plants in the form of sugar and rice mills, citrus packing, pulp-mill, abattoir and meat cannery: there is also a loan for the construction of the Swaziland Railway and a stake in Swaziland Iron Ore Development Co Ltd.

(2) No new projects were launched during 1963 but investigation of a number is proceeding. They include an abattoir, a cannery and a factory estate in Swaziland. Contact was kept with the Basutoland Government in connection with the establishment of its Basutoland Factory Estate Development Co and CDC participation may later be sought.

(3) Net revenue from profits of direct projects, interest, dividends and fees, after deducting cost of regional organisation but before providing for Head Office costs and for interest, amounted to £620,387 representing 3.7% on capital employed as compared with 3.5% in 1962. The return on capital is still low, mainly because the contribution from Usutu Pulp Co Ltd, in which CDC has an £8.3m investment, has been restricted to a relatively small amount of debenture interest pending the establishment of the company as a profitable concern.

#### *Swaziland*

(4) This Protectorate suffered its third year of uncertainty as to its future constitution and there were a number of strikes and brief disturbances. None of the six projects in which CDC is interested was directly affected but private investment was discouraged as a result of widespread doubts about the future development of the territory. Boom conditions in the Republic of South Africa made it increasingly difficult to recruit staff for projects in Swaziland.

(5) Usutu Pulp Co, formed in 1959 by CDC and Courtaulds (joined later by the Swazi Nation as a shareholder) to exploit the 100,000 acre pine forest planted by CDC, made excellent progress in pulp production and the mill is now working very close to full rated capacity. Pulp quality has improved and sales have been made in over 20 countries at increasingly favourable prices: but more attention will now need to be paid to quality in order to hold these markets.

(6) In the north east Swaziland bushveld a thriving agricultural community has sprung up in a formerly arid area now made cultivable by CDC's 42-mile irrigation canal from the Komati River. Mhlume (Swaziland) Sugar Co Ltd (a partnership with Sir J. L. Hulett & Sons Ltd of Durban) made 41,858 tons of sugar in the financial year ended 30.4.63 and a net profit of £140,123, paying a 7½% dividend as in 1962. Profits will be substantially larger for the year ending 30.4.64 as a result of the rise in world sugar prices but production has fallen short of estimate due in part to pest infestation in a large supplier's cane. The company's sugar milling quota is likely to be 70,000 tons for 1965/66.

(7) CDC's wholly-owned Swaziland Irrigation Scheme had its best year so far, with a bumper rice crop sold at satisfactory prices and increasing sales of citrus and sugarcane. Demand for irrigation water has now reached the present capacity of the run-of-the-river canal: consulting engineers are drafting plans for construction of a large storage dam and widening of the canal which, when completed, should allow about 15,000 more acres of good land to be brought under cultivation.

(8) Vuvulane Irrigated Farms, CDC's youngest, smallest, but in many ways most exciting project in Swaziland, got off to an excellent start. Thirty-two Swazi smallholders on leasehold farms and five on larger freehold farms are now well established: they have good sugarcane-growing quotas and, if they maintain their present standards of hard work, skill and enthusiasm, should earn incomes well above anything achievable from dryland farming in Swaziland.

(9) Construction of the Swaziland Railway has made good progress and it appears that the railway will be completed within financial estimates and by the target date, September 1964. Swaziland Iron Ore Development Co Ltd completed its main access road and has construction of housing, workshops, stores and ore conveyors well in hand. Mining is expected to start in May 1964 so that a stockpile can be built up for export to Japan via Lourenco Marques when the Swaziland Railway is ready in September.

*Bechuanaland Protectorate*

(10) Bechuanaland Protectorate Abattoirs Ltd, of which CDC are managing agents, again set up a new record with a kill of 103,406 head and live exports of 27,348 head, giving a total cattle off-take of 130,754, up 19,220 head on the previous record in 1962. Total sales of beef, offal, by-products and cattle exceeded £3m. Plans were drawn up for modernisation and expansion of the abattoir, which was built ten years ago to slaughter some 60,000 head of cattle a year. These plans have been fully endorsed by a Commission of Enquiry into the livestock industry which was set up by the BP Government with the expert help of FAO. The subsidiary company, Export & Canning Co (Pty) Ltd, completed its freezing works and cannery. It processed and exported, mainly to UK, over 45,000 carcasses and made a profit of £340,647, which enabled a record bonus to be paid to cattle producers.

(11) As reported last year, CDC agreed to transfer its three northern ranches to BP Government for ranching settlements and an export quarantine station. Two were handed over in 1963, the third (Nata) followed in February 1964, the remaining cattle having been sold. CDC will receive the freehold of some 300,000 acres of its leased Molopo Ranch, and relinquish the undeveloped remainder to Government, which has plans to cut the land up for settlement by ranchers. Molopo Ranch, which carries about 14,000 head of cattle and again made a satisfactory profit in 1963, has shown what capital and skill can do to develop a productive ranch in the Kalahari Desert.

*Basutoland*

(12) The Basutoland Legislative Council has been unwilling to set up the Basutoland Electricity Corporation to which the £200,000 CDC loan to Government for enlarging the new power station in Maseru was to be on-lent. Discussions continue between CDC and Basutoland Government as to whether the project can still be salvaged.

**BASUTOLAND**

(R2=£1)

**100 Basutoland Electricity**

(1) In 1962 CDC agreed in principle to lend the Basutoland Government £200,000 to finance an enlargement of the Maseru Power Station and an extension of the reticulation system which serves the town and the surrounding villages.

(2) The Basutoland Government was to have on-lent the £200,000 to a Basutoland Electricity Authority which it was provided should be set up, with commercial terms of reference, to acquire the existing electricity supply undertaking and carry out the expansion programme. The Basutoland Legislative Council, however, rejected the proposal to transfer the existing Government-owned assets to a statutory authority. Alternative ways of establishing this project are under discussion.

(3) CDC investment at 31.12.63 nil.

## BECHUANALAND PROTECTORATE

(R2=£1)

**101 Bechuanaland Protectorate Abattoirs Ltd—Manager: D. E. Sturgeon (and Export & Canning Co (Pty) Ltd)**

(1) (a) Issued share capital R600,000; CDC holds R300,000 (£150,000) and the Bechuanaland Protectorate Government and the Livestock Producers' Trust each hold R150,000. Dividends are restricted to 6% (cumulative) as long as the company enjoys the sole right to export slaughter cattle and beef from the Protectorate; surplus profits, after paying dividends and setting aside prudent reserves, are paid to the Livestock Producers' Trust.

(b) Loan capital—

(i) £240,000 6% first mortgage debentures, redeemable 1964/75, of which CDC holds £210,000 and the Livestock Producers' Trust £30,000;

(ii) R100,000 6% loan from Livestock Producers' Trust secured by a second mortgage.

(c) The company operates an abattoir which was established by CDC in Lobatsi in 1954; the Board includes representatives, both African and European, of the cattle industry in the Protectorate; CDC are managing agents.

(2) An interim extension of slaughter facilities, forecast last year, enabled the company to cope with the exceptionally heavy pressure of cattle supplies caused by drought conditions. The number of cattle slaughtered, at 103,406 head, exceeded the previous record by 10,100; in addition 27,348 cattle were exported live. The prolonged and severe drought which the country experienced for the past few years continued during most of 1963. After freedom from serious disease in 1962, exports of slaughter cattle and beef were interrupted in July 1963 by an outbreak of foot-and-mouth disease in the north-western part of the Protectorate; the outbreak was brought under control by the veterinary department swiftly and efficiently and exports of beef were resumed towards the end of August.

(3) Rhodesia continued to take live cattle only; of 25,735 cattle exported live for immediate slaughter, some 12,400 head were exported on account of the severe drought conditions and shortage of grazing and water. In addition 1,613 selected immature Ngamiland cattle were exported to Rhodesia for the first time in several years, as a result of the closing of

CDC's Panda-ma-Tenga Ranch which had provided a local market for immature Ngamiland cattle (para 104).

(4) An analysis by markets over the past three years shows—

	1963 Head	1962 Head	1961 Head
Markets for carcase beef—			
South Africa ... ..	39,628	40,925	13,862
Other markets in Africa...	14,485	18,287	10,510
Overseas/canning ... ..	46,593	31,122	52,195
	100,706	90,334	76,567
Condemned carcasses ... ..	2,700	2,972	2,035
	103,406	93,306	78,602
Live cattle to Rhodesia ... ..			
Slaughterable ... ..	25,735	18,228	12,624
Immature ... ..	1,613	—	—
Total off-take from BP cattle industry	130,754	111,534	91,226

(5) Steady increases in the total cattle off-take from the Protectorate and in the numbers processed in the abattoir over the last few years have led to the establishment of a new marketing pattern. The Protectorate is no longer able to market all its cattle and beef in the neighbouring traditional markets and must rely more and more on the overseas (mainly British) markets. For instance, in 1963 the combined sales of the company and its subsidiary were £4.2m of which 40% were to the UK. The company has prepared plans to adjust to these changes and meet the new challenge. An extensive scheme for modernisation and expansion of the abattoir over the next few years has been prepared. Its first stage will consist of construction of an entirely new slaughter floor in 1964 which will incorporate the latest techniques, including a full conveyor-rail system of production. The immediate result will be the achievement of first-class standards of hygiene and efficiency; the new slaughter floor will also enable the abattoir to deal with expected increases in cattle production for a number of years.

(6) At the request of the Protectorate Government, a mission appointed by the Food and Agriculture Organisation made an enquiry in 1963 into the territory's cattle and beef industry; its report, while suggesting some changes in the set-up and price structure, is appreciative of what CDC and the company have done; the suggestions are being studied.

(7) The company's subsidiary, Export & Canning Co (Pty) Ltd, has an issued capital of R250,000 (£125,000) held as to 60% by the company and 40% by Mr. C. Hurvitz, who is also managing agent. This subsidiary's new cannery and freezing plant began operations early in 1963. During the year 9,727 tons of beef were purchased from the parent company for sale overseas as frozen beef or for processing in the canning plant.



The British market was good and the subsidiary had a very successful year. 1963 trading yielded net profit £340,647 (1962 £124,061); a 140% dividend was paid (parent company's share £105,000).

(8) After paying a record special bonus of £132,257 to suppliers of cattle (1962 £57,499), the parent company's surplus available for distribution in 1963 was £56,512 (1962 £97,001); £18,000 (as in 1962) was paid as a 6% dividend on shares and £37,272 (1962 £50,000) was placed to reserves, leaving £1,240 (1962 £29,001) for the Livestock Producers' Trust.

**102 Molopo Ranch—Manager: E. J. Transfeldt**

(1) A direct CDC project with capital £291,763 (1962 £215,832).

(2) The ranch, which extends some 50 miles along the north bank of the Molopo River at the southern end of the Kalahari desert, is still held on lease from Bechuanaland Protectorate Government but the terms of acquisition by CDC of the freehold of the developed area of the ranch (300,000 acres) and the surrender of the remaining leased area to Government have been agreed and await final approval by the Secretary of State. Government intends to establish a settlement scheme on the area to be relinquished by CDC.

(3) The ranch breeds beef cattle from Afrikaner-base cows and Hereford and Afrikaner bulls; ranch-bred oxen now go for slaughter at between 3 and 4 years of age whereas oxen from unimproved herds in Bechuanaland are not usually ready for slaughter before their fifth year or later. The ranch also buys increasing numbers of cattle for fattening; this provides each year a market for some cattle which are not ready for slaughter but for which there is often little grazing or water elsewhere.

(4) Herd strength 13,846 head at 31.12.63 (31.12.62 13,070 head); 2,815 births in the 1962/63 season represented a calving percentage of 81% (1961/62 66%)—an outstanding achievement under veld ranching conditions; herd mortality in 1963 was 2.4% (1962 2.3%).

(5) (a) 3,332 head were sold to the abattoir at Lobatsi for slaughter (1962 2,503 head);

(b) the prolonged drought in Bechuanaland continued during 1963 but the ranch reaped the benefit of ten years' improvements to grazing and watering facilities; its cattle escaped the serious effects of the drought which were felt badly throughout most of the territory. Good rains fell towards the end of 1963 but it is too early to say whether the sequence of dry years has at last been broken.

(6) Net profit for the year £20,719 (1962 £16,978).

**103 Nata Ranch—Manager: E. J. Transfeldt**

Resident Deputy Manager: R. E. Glover

(1) A direct CDC project with capital £61,694 (1962 £127,106).

(2) Development of the ranch and breeding of beef cattle were halted in 1963; as reported last year CDC, having substantially completed the pioneering stage, has agreed to surrender its lease to the Bechuanaland Protectorate Government in 1964 to enable the Government to establish a ranching settlement in the area.

(3) (a) Despite continued severe drought cattle remained in fair condition and there was a satisfactory increase in the calving percentage and a decline in the mortality rate;

(b) 1,939 head were sold to the Rhodesian Cold Storage Commission for slaughter in its abattoir at Bulawayo before restrictions on movement were imposed owing to foot and mouth disease; the restrictions caused some delay in disposing of the rest of the cattle; but in January 1964 CDC accepted a lump-sum offer for the herd.

(4) Operating loss £6,660 (1962 loss £14,694).

#### **104 Panda-ma-Tenga Ranch**

(1) In accordance with the agreement reached with the Bechuanaland Protectorate Government, as reported last year, CDC handed over the ranch to the Government on 1.7.63, after disposing of the remaining 5,820 head of cattle and of the moveable assets. CDC's lease will be formally terminated in 1964.

(2) Government are to use the ranch for a quarantine station and a holding ground for mature Ngamiland cattle intended for export to the Rhodesias.

(3) Trading loss £1,737 (1962 loss £2,731).

### **SWAZILAND**

(R2=£1)

#### **105 Mhlume (Swaziland) Sugar Co Ltd**

(1) Issued share capital R2.5m held 60% by Sir J. L. Hulett & Sons Ltd and 40% by CDC (£500,000); CDC has, in addition, lent £2,580,000 secured on the company's assets.

(2) Since its foundation in 1958 the Swaziland sugar industry has been closely associated with the South African sugar industry; it benefits from research undertaken by the South African industry and, under present arrangements, shares in the Republic domestic and export markets. In the local and export marketing of its sugar the Swaziland industry is closely linked with the South African Sugar Association (SASA). By agreement between the Republic and Swaziland Governments, Swaziland's sugar milling quota was set initially at 80,000 short tons per year. This arrangement was preserved, after the withdrawal of the Republic from the Commonwealth, by the UK/SA Bilateral Sugar Agreement in terms of which Swaziland will be entitled to markets for 8½% of all sugar manufactured in the Republic and Swaziland in the 1964/65 and 1965/66 seasons after which the present Agreement ends.

(3) From the outset Mhlume has been entitled to a 50% share of the Swaziland milling quota. For the current year to 30th April 1964 the quota is 50,000 tons as Swaziland's quota was raised to 100,000 tons to cover the export of an additional 20,000 tons of sugar to UK negotiated by SASA. The company's milling quota may rise to 70,000 tons for 1965/66.

(4) Mhlume is also licensed to grow sugar cane on its own estates. In the present season, the company's cane growing quota represents about 80%

of the mill's expected requirements, but because of the increased planting of cane by Swazi farmers at Vuvulane Irrigated Farms (para 110), by Swaziland Irrigation Scheme (para 107) and by other growers, the company will depend on outside sources for nearly half the cane needed for milling in 1965/66.

(5) In the 1962/63 milling season, 41,858 tons of sugar were produced, including 1,850 tons for Rhodesia. In the eight months to 31.12.63, Mhlume had produced 33,795 tons of the 43,100 tons of sugar which it expects to produce in the 1963/64 season: its shortfall in production against quota is accounted for by a shortage of cane in the area.

(6) At the end of 1963 the company had 9,767 acres of cane-fields irrigated from Mhlume Water, the canal built by CDC on its Swaziland Irrigation Scheme (para 107). Average yield of cane from the 5,105 acres harvested in the 1962/63 season was 53.9 tons per acre (1961/62 56.5 tons per acre) of average sucrose content 14.1% (1961/62 13.8%).

(7) Trading results to 30.4.63 suffered because sugar production was restricted to 41,858 tons and prices were relatively low. The company will, however, benefit in 1963/64 from its increased milling quota; also from higher world sugar prices. The prospects for 1964/65 and 1965/66 appear good. Successful selling by SASA should assure the Swaziland industry of profitable operations in those seasons. Thereafter the future is uncertain. The Bilateral Agreement expires on 31.12.66 and it is not yet known how Swaziland sugar will be marketed thereafter.

(8) Net profit for year ended 30.4.63, after payment of debenture interest, was R280,246 (1962 R495,943) which, with R23,892 carried forward, made R304,138 available for appropriation. R90,000 was transferred to reserve and a 7½% dividend (1962 7½%) was paid (CDC share R75,000).

#### **106 Swaziland Iron Ore Development Co Ltd**

(1) In 1961, CDC accepted a commitment to subscribe R500,000 (£250,000) towards the R7m capital of this company formed by Anglo American Corporation of South Africa Ltd and Guest, Keen & Nettlefolds Ltd to exploit the iron ore deposits at Ngwenya, on the western escarpment of Swaziland.

(2) The company has a contract with Yawata Iron & Steel Company, Fuji Iron & Steel Company and General Ore International Corporation for sale to Japan of 12m long tons of ore over a period of ten years starting in the second half of 1964. The ore will be transported over the Swaziland Railway (para 108) and thence over the Mozambique railway system for export from Lourenço Marques.

(3) The preliminary work involved in opening up the mine of the Swaziland Iron Ore Development Co Ltd continued during the year. The access road from the main road between Mbabane and Johannesburg has been completed. The stores and workshop buildings are almost complete and work has started on the transfer bin and pedestals for the conveyor belts. Sites have been levelled for the screening and washing plant and construction is due to start shortly. 10 houses have been built in Mbabane and work is proceeding on houses and accommodation for single men in the mine village which will enable 83 men to be accommodated by 1st April, 1964.

(4) The establishment of mining benches is expected to begin in April, so that mining can start on the 1st May when electric power will be available for the shovels. The ore mined will be stockpiled and it is anticipated that washing and screening will begin in August following the installation of the conveyor belt and the completion of the washing plant. This will enable loading of the trains to begin in mid-September, 1964.

(5) CDC investment at 31.12.63 R148,562 (£74,281).

**107 Swaziland Irrigation Scheme—General Manager: L. Aldred**

(1) A direct CDC project with capital £2,937,263 (1962 £2,878,575).

(2) In 1950 CDC bought 105,000 arid and virtually undeveloped acres in the lowveld of NE Swaziland running up to the Lebombo Mountains near the Mozambique border. Several years of small-scale experiment proved that a wide variety of crops could be grown successfully under irrigation, including sugarcane, rice, citrus, cotton, maize, potatoes and other vegetables.

(3) Mhlume Water, the canal which carries water for 42 miles from the Komati River to the project, was completed in 1957 and accounts for a capital investment of £1,056,829 or 36% of the whole. It made possible the establishment of a flourishing sugar industry in the area and provides water for the irrigation of some 18,000 acres of land cultivated by CDC itself and the CDC sponsored smallholdings on Vuvulane Irrigated Farms (para 110) and by Mhlume (Swaziland) Sugar Co (para 105) Tambankulu Estates and the Swazi Nation.

(4) Now, however, the limit of land that can be fully irrigated from the present run-of-the-river canal system has been reached. Further development of the area, both by the project, which still includes more than 30,000 acres of irrigable land, and by other users of irrigation water supplied by Mhlume Water, calls for the construction of major storage facilities. Consulting Engineers have been engaged to investigate a site and draw up plans for a dam to impound 33,000 acre feet of storm water to supplement supplies during the seasons of low river flow.

(5) Project's own developed acreage under irrigation now totals 4,548 acres as follows—

Citrus	...	...	600 acres (of which 160 mature)
Rice	...	...	3,090 acres
Sugarcane	...	...	858 acres

Acreage under sugarcane will be increased during 1964 as a result of the award of a substantial additional cane-growing quota.

(6) Beef cattle are raised on remaining area. Herd numbered 9,681 at 31.12.63.

(7) Production of main crops was—

				1963	1962
Citrus (lbs)	...	...	...	2,730,067	2,574,630
Rice (lbs)	...	...	...	8,493,000	6,209,839
Sugarcane (tons)	...	...	...	23,501	24,891

Total turnover from all project activities (including sales of irrigation water) was £483,778 (1962 £354,142). These figures exclude turnover

from project's shops which were leased to D. & D.H. Fraser (Pty) Ltd from 1.5.63. The 1962/63 rice crop was a record both as to acreage and yield; it produced a trading profit of £103,778 (1962 £79,896).

(8) Provided the project can continue to market its rice in South Africa, where Swaziland presently enjoys tariff protection against rice imported from other countries, there are greatly improved trading prospects for future years, when the sugarcane acreage will be increased and the citrus orchards will become mature.

(9) Net profit (before interest payable by CDC to British Government) £191,694 (1962 £131,201).

#### **108 Swaziland Railway Board**

(1) A statutory Board set up by the Swaziland Government to construct a railway 137 miles across the country at an estimated cost of £8.4m, to link the iron ore deposits in the west under concession to Swaziland Iron Ore Development Co Ltd (para 106) with the Mozambique railway system giving access to the port of Lourenço Marques. CDC's Regional Controller is a member of the Board.

(2) CDC and its wholly-owned subsidiary, Swaziland Development Corporation Ltd, have agreed to lend £4m to Swaziland Government to finance construction of the line; CDC will also lend £250,000 towards the cost of providing wagons. Anglo American Corporation of South Africa Ltd, and De Beers Group will lend £1m to Swaziland Government and £3m to Swaziland Development Corporation for on-lending to Swaziland Government for railway construction and will provide up to £750,000 for wagons. The balance of the finance is to come from South African institutional investors and suppliers' credits.

(3) Construction, which started in May 1962, is progressing according to programme; the line should be in operation by the end of September 1964, when shipments of iron ore to Japan are due to start according to a programme which calls for the carriage of 1.2m long tons per annum over a period of ten years. The railway expects to attract other export traffic, eg kraft pulp from Usutu Pulp Co Ltd (para 109), and sugar, citrus and coal from the lowveld, as well as imports into Swaziland discharged at Lourenço Marques.

(4) CDC investment (through Swaziland Development Corporation) £1.9m at 31.12.63.

#### **109 Usutu Pulp Co Ltd**

(1) This company, jointly owned by Courtaulds Ltd and CDC, was established in 1959 to take over the pine forests planted by CDC (100,000 acres) and build a pulp mill with a 100,000 tons annual capacity according to designs prepared by Courtaulds. The Swazi Nation became a shareholder in 1962.

(2) During 1963 Courtaulds and CDC each subscribed R0·5m additional share capital in cash. Shareholdings at 31.12.63 were in R000's—

	<i>Courtaulds</i>	<i>CDC</i>	<i>Swazi Nation</i>	<i>Total</i>
Ordinary Shares ...	6,000	6,000	—	12,000
Cumulative Preference Shares ... ..	100	100	100	300
	6,100	6,100	100	12,300

CDC were also secured creditors for £5·25m; as to £3·25m of 1st Debenture Stock in respect of the transfer value of the forests and £2m of 2nd Debenture Stock for cash loans. To conserve the company's cash resources CDC has agreed that payment of debenture interest, totalling £243,750, should be deferred for the time being; however, interest payments on the 2nd Debentures, totalling £130,000, were made during the year.

(3) Commercial operation of the pulp mill started in April 1962. By April 1963 pulp production had been built up gradually to the equivalent of 75% of rated capacity of the mill. Steady progress in mill operation and performance has marked the period since April 1963; production is now running consistently at a rate equivalent to 90,000 tons per annum and the company is close to producing pulp at full rated capacity. Costs are being reduced both in the mill and in the forest. The improvement in production results represents a great achievement by the management and all those employed by the company.

(4) Markets have been established in over a score of countries and sales have kept pace with production. Prices obtained for Usutu pulp have risen both because the level of world pulp prices has been rising from the very low level prevailing when the mill first came into production, and also because the quality of the company's product has improved, although there remains scope for further improvement. Future prospects for the sale of Usutu kraft pulp are encouraging but the company has yet to break into the UK market with any significant tonnages.

(5) As forecast in last year's report, the company made a heavy loss in its first year of commercial operation ended on 31.3.63. Net loss for the year was R2,853,567 after charging R912,092 for depreciation and R526,583 for loan interest. During the current year the financial results have continued to show regular improvement quarter by quarter; there will still be a loss for the year ended 31.3.64, but the company is now approaching the point where it will be breaking even after making a full charge for depreciation and loan interest. In the year to 31.3.65 it is expected the first profit will be made.

#### 110 Vuvulane Irrigated Farms—Project Manager: L. Aldred

(1) A direct CDC project with capital £159,250 (1962 £30,325).

(2) This land settlement scheme was inaugurated in September 1962 following the successful conclusion of a pilot scheme begun in 1960 at Swaziland Irrigation Scheme (para 107). It has made an impressive and encouraging start.

(3) 32 Swazi are now leasehold farmers on 8 acre irrigated smallholdings, each with an 8 acre reserve plot alongside into which they may expand. They have built houses and planted 4 acres of sugarcane each; the remaining 4 acres have been planted to maize, potatoes, onions and other crops in rotation. Having security of tenure, which is not always obtainable on tribal lands, the smallholders have worked with pride and enthusiasm. Many have shown considerable skill.

(4) Impressed by the manner in which the present smallholders have farmed in their first year, the Swaziland Government has now licensed the existing smallholders, and another 30 to be introduced in 1964, to grow 12 acres of sugarcane each. This should greatly improve prospects for the project's smallholder farmers.

(5) In addition to the smallholdings, 5 farms of 60 acres each have been allotted to Swazi farmers for purchase on mortgage. These farms have been given sugarcane-growing quotas by Government for the whole of the acreage and are intended as mono-culture units. By the end of 1963 the five farmers in occupation had planted more than two-thirds of their farms; planting of cane is now complete.

(6) Although considerable interest was shown early in 1963 by potential purchasers of larger farms most withdrew following the unsettled conditions in Swaziland in the middle of the year and at 31.12.63 only two farms had been sold.

(7) Development finance and working capital required by the Swazi farmers has been lent by CDC which has also supplied land clearing and agricultural equipment on hire. CDC has seconded an experienced agriculturist as Settlement Officer and recruited a staff of Swazi field instructors to supervise development and the day-to-day farming operations of the settlers. The Oxford Committee for Famine Relief has made advances to smallholders totalling £1,143 to meet living expenses; these advances are repayable when revenue is received from sale of sugarcane to Mhlume (Swaziland) Sugar Co Ltd (para 105) and of other crops.

(8) Project derives income from farm rentals, payments for plant hire and other services and interest on development and working capital advances. Swaziland Government has agreed to meet the cost of the Settlement Officer and his establishment. Project's administrative overheads and depreciation in 1963 exceeded income by £2,529.

#### WEST AFRICA REGION

*Regional Controller:*  
P. Meinertzhagen

W. A. Belsham

*Regional Office:*

Akuro House,

Custom Street,

Lagos,

Federal Republic of Nigeria

Cameroons Development Corporation,

Bota, Victoria,

West Cameroon

#### 111 Regional Summary

(1) There are 18 projects in West Africa comprising agricultural enterprises producing rubber, palm oil, bananas, cocoa and tea, and industrial enterprises manufacturing cement, vehicle tyres and tubes and fabricated steel

structures: there are investments in housing, hotels and construction companies and loans for water supply and land reclamation. Additionally, through development companies in which CDC is associated with territorial governments, CDC has an interest in some 35 enterprises covering a wide range of agricultural, industrial and commercial activities. Total commitments were £13,129,000 (1962 £13,262,000) of which £7,485,000 (1962 £6,690,000) had been invested at 31.12.63.

(2) The passing of the Commonwealth Development Act 1963 was especially significant to the West Africa region since under the previous legislation CDC was unable to undertake new projects in the chief countries within the region. Even so, the late passage of the Act and the time needed to clear administrative procedures did not allow CDC itself time to approve more than one new project in 1963, apart from new projects undertaken by the joint development agencies in Nigeria and Sierra Leone, in which CDC is associated with the territorial governments.

(3) One such agency, Northern Nigeria Investments Ltd., has been considerably expanded to keep pace with the demands of rapid industrial expansion in the North and CDC has good reason to hope that Industrial and Agricultural Co Ltd, the sister agency in Eastern Nigeria, will make similar progress in the current year. These development companies promote and provide support for sound enterprises which in the main convert indigenous primary products into goods for the domestic market and for export. In both cases, the companies are actively and wholeheartedly supported by the Governments concerned and CDC as sponsor is grateful for their enlightened and progressive approach.

(4) The single new CDC project comprises a nucleus estate and smallholders rubber scheme in Eastern Nigeria, and CDC is happy to be the sponsor in Nigeria of a type of project which it holds to be of the greatest developmental value in helping to increase the wealth of the soil by modern methods of husbandry and at the same time encouraging many hundreds of smallholders back to the land to earn a decent livelihood.

(5) Net revenue from interest, dividends and fees, after deducting cost of regional organisation but before providing for Head Office costs and for interest, was £403,000 representing 5.7% on capital employed as compared with 5.8% in 1962.

#### *Cameroon Republic*

(6) CDC has a loan of £1m to the Cameroons Development Corporation (Camdev) and acts as managing agents. Camdev had a more successful year, with a trading surplus of £705,253 (1962 £434,223); net profit (on a changed accounting basis providing for part allocation of administrative costs to capital) £36,603 (1962 net loss £316,955). A medium-term loan from the Banque Camerounaise de Developpement made it possible to increase the pace of development, and over 6,000 acres of rubber, oil palm, high yielding bananas and other crops were planted.

#### *Ghana*

(7) CDC's sole investment in Ghana is a loan to Stirling Astaldi (Ghana) Ltd, a company engaged in civil engineering works and in building roads and bridges.



*Federal Republic of Nigeria*

(8) CDC has 13 projects in Nigeria. As already explained in para (2) the new Act of Parliament which removed the ban on CDC undertaking new projects in independent Commonwealth countries did not become effective until the latter part of the year, so that only one new CDC project, the Eastern Nigeria Nucleus Estate and Smallholder Scheme, was approved by the year end. An outstanding feature of the year's operations was the progress reported by Northern Nigeria Investments Ltd (formerly Northern Developments (Nigeria) Ltd) which is jointly owned by CDC and the Northern Nigeria Government. That company, which has now become Northern Nigeria Government's main agency for investment in commercially viable development projects had invested or undertaken commitments in 28 projects by 31.12.63. Industrial and Agricultural Co Ltd, the NNIL counterpart in Eastern Nigeria, also made progress during the year and should have bright prospects of expansion in 1964.

(9) Other projects for which CDC has management responsibilities continued to expand. Nigeria Hotels Ltd opened a new bedroom block at the Ikoyi Hotel and embarked upon the second stage of reconstruction of that hotel which is due to be completed by end of 1964. Nigeria Building Society increased its mortgage asset at a slower rate than in previous years due to a deliberate policy of consolidation. For the rest, Ilushin Estates Ltd completed its planting programme and now has some 5,000 acres under rubber. The first deliveries of latex were processed in the factory which was opened in September. Nigerian Cement Company successfully brought its third kiln into operation and made good progress with the installation of the fourth kiln which is to be completed by mid-1964.

*Sierra Leone*

(10) CDC has three projects in Sierra Leone. The Paramount Hotel accommodated many business visitors to the country and earned a modest profit for the first time since it was opened. Despite setbacks early in the year due to landslips much progress has been made in constructing the Guma Valley dam which is being financed by loans from CDC and CDFC: the Guma Valley Water Company is also extending its water distribution network in the Freetown area. Sierra Leone Investments Ltd, in which CDC is associated with Sierra Leone Government, made its first investment and is negotiating for three more projects but more business will be needed to justify the overheads of a separate office in Freetown.

## GHANA

(G£1=£1)

**112 Stirling Astaldi (Ghana) Ltd**

(1) A wholly-owned subsidiary of Stirling Astaldi Ltd. CDC loan of £155,000 is repayable by instalments over the period 1961/70; amount outstanding £108,500.

(2) Road and bridge construction remained the principal activities of the company, which was also engaged in the laying of the crude oil pipeline and other civil engineering work for the Tema refinery.

(3) The company had another profitable year.

FEDERAL REPUBLIC OF NIGERIA

(N£1=£1)

**113 Coast Construction (Nigeria) Ltd**

(1) A wholly owned subsidiary of Stirling Aitaldi Ltd. CDC loan of £155,000 is repayable by instalments over the period 1961/70; amount outstanding £108,500.

(2) The company, which undertook no contracts during the year, continued to hire its plant to associated companies, being for the most part employed on the construction of the railway extension in Northern Nigeria and on other earthwork contracts.

**114 Dorman Long & Amalgamated Engineering Ltd**

(1) A subsidiary of Dorman Long & Co Ltd, Middlesbrough, with a minority interest held by W. P. Butterfield Ltd, Shipley. CDC's loan of £100,000 is repayable 1961/70; amount outstanding £70,000.

(2) The company produces steel structures, bridges, storage tanks, rail wagons and tank cars and lorry bodies at its modern works near Lagos.

(3) Severe competition and difficult trading conditions continued throughout the major part of the year; the company is drastically reducing its overhead expenditure in an effort to become profit-earning again and has recently obtained relief from import duty on plain steel.

**115 Dunlop Nigerian Industries Ltd (formerly Ikeja Industrial Estate)**

(1) CDC has agreed to invest £350,000 (£50,000 equity, £300,000 debenture loan) in Dunlop Nigerian Industries Ltd: the company has constructed a tyre and tube factory on the Ikeja Industrial Estate on the outskirts of Lagos for which total finance of £3.5m has been arranged.

(2) The factory was formally opened on 21.3.63 by the Federal Minister for Commerce and Industry and production on a substantial scale has been achieved during the year. Sales are made throughout the Federation and employment is provided for over 600 Nigerians.

(3) At 31.12.63 CDC had subscribed £50,000 in equity and £50,000 on loan.

**116 Eastern Nigeria Nucleus Estate and Smallholder Scheme—Manager: C. S. Sandrey**

(1) (a) CDC and Eastern Nigeria Government have agreed, as the result of an investigation mounted by CDC in 1962, to participate jointly in the development of an area of some 12,000 acres near Calabar, comprising 8,000 acres of rubber, 2,500 acres of food crops and the balance for a factory, village areas, staff and labour accommodation, amenities and roads;

(b) an estate company is to be formed by CDC and Eastern Nigeria Government and will develop the 8,000 acres of rubber; as it reaches four years old, 4,000 acres of rubber will be set aside in 8-acre plots for purchase by individual smallholders in instalments over 15 years. A factory will be established to process at cost the rubber grown by the smallholders and the estate company.

(2) Development and management of the estate will be undertaken by CDC. The smallholder settlement scheme, for whose financing Eastern Nigeria Government will be primarily responsible, will be administered by a statutory Smallholder Board of Management. The settlers will receive their basic training in agricultural techniques with the estate company.

(3) The long-term capital required for the estate company is estimated to be £1m, of which CDC and Eastern Nigeria Government will each contribute £200,000 equity and £300,000 loan capital. Additionally, CDC has been asked to lend £400,000 to the Smallholder Board of Management, under Government guarantee, towards the cost of settling the smallholders.

(4) CDC investment at 31.12.63 nil.

#### 117 Ilushin Estates Ltd

(1) (a) Issued capital 795,000 £1 shares (17/6d paid) held equally by CDC, West African Joint Agency Ltd and Western Nigeria Development Corporation;

(b) shareholders have undertaken to subscribe an additional £210,000 equally between them, bringing total capitalisation to £1,005,000.

(2) The company completed in 1963 its original planting programme and now has 5,011 acres under rubber at Ilushin in Western Nigeria where it leases 10,848 acres.

(3) During the year the first division, planted in 1958, came into tapping and 42,380 lbs rubber were harvested.

(4) The company runs its own tapping school. Senior Nigerian staff hold key positions in field and offices.

(5) CDC investment at 31.12.63 was £231,875.

#### 118 Industrial and Agricultural Co Ltd—Manager: L. Piper

(1) Issued capital £1,036,000 represented by—

(a) one million ordinary shares, 6s 6d paid, held as to 680,000 shares by CDC and 320,000 shares by Eastern Nigeria Government;

(b) 36,000 deferred shares of £1 each fully paid held by Eastern Nigeria Government.

(2) The Company's object is to assist the economic development of Eastern Nigeria by investigating, initiating and supporting commercial schemes in industry and agriculture.

(3) Managing agents are Development Corporation (West Africa) Ltd, CDC's West African subsidiary.

(4) The past year has been an active one for INDAG. New investments totalling some £400,000 were approved during the year and should become effective in 1964. These include a contribution towards a Government sponsored fund to assist small industrialists to improve and expand their businesses. Negotiations are in train which are likely to result in the commitment of substantially the whole of the company's present capital in a number of new projects and plans for expansion are being discussed with the Government of Eastern Nigeria.

(5) Profit for year £5,883 (1962 £362); book value of investments at 31.12.63 £213,589.

#### **119 Lagos Executive Development Board**

(1) Loan of £1.25m guaranteed by Federal Government and repayable by annuities 1961/90 unless early repayment option is exercised in 1970 or 1980; balance outstanding £1,185,725 (1962 £1,208,099).

(2) CDC's loan assisted the reclamation of 1,000 acres at Apapa upon which an industrial and residential area was developed in 1955.

(3) The Board, which has invested capital of approximately £12m is responsible for development, improvement and slum clearance within the city limits of Lagos.

#### **120 Nigeria Hotels Ltd—Managing Director: E. G. de S. Hall**

(1) (a) Issued capital 369,000 £1 shares, of which CDC holds 198,000 shares, the balance being held by Federal Government, Northern Nigeria Government and Nigerian Railway Corporation;

(b) CDC has provided a loan of £225,000 towards the cost of redeveloping the Ikoyi Hotel, the total cost of which is expected to be some £450,000.

(2) The company owns and operates the Central Hotel, Kano, and the Ikoyi Hotel, Lagos. It provides catering services for Kano Airport Terminal, including up-lift meals for BOAC and other airlines, and for the Nigerian Railways. It also manages the Bristol Hotel in the centre of Lagos through a subsidiary company in which it is associated with the Western Nigeria Marketing Board.

(3) In June the first stage of the reconstruction of the Ikoyi Hotel was completed and a new block containing 80 air-conditioned single bedrooms and a new reception area was opened. The second stage has been started and it is expected that new public rooms will be opened by Christmas 1964. A small swimming pool on adjoining land is to be incorporated in the grounds of the hotel.

(4) Owing to the difficulties of operating an hotel under reconstruction, revenue other than from accommodation at the Ikoyi Hotel was well below 1962 level. Business at the Kano Central Hotel and at the Airport Terminal was also slack, due to a fall-off in travellers visiting Nigeria during the year. Against these adverse factors affecting the company's results, business at the Bristol Hotel exceeded expectations and, in view of its high occupancy level, plans are being considered to add a number of bedrooms on the top floor of the hotel.

(5) The company had a surplus of experienced staff as a result of its successful training programme for Nigerians; this has enabled help to be given to CDC with managerial problems in the Caribbean.

(6) Profit before tax was £36,057 (1962 £91,655); a 12½% dividend was paid (1962 15%).

**121 Nigeria Housing Development Society Ltd**

(Nigeria Building Society)

General Manager: K. C. Wild

(1) Issued share capital (fully paid) and borrowings at 31.12.63 were, in £000's—

	<i>Ordinary shares</i>	<i>Loans</i>	<i>Deposits</i>	<i>Total</i>
CDC... ..	975	1,250	—	2,225
Federal Government ...	500	—	—	500
Eastern Nigeria Government	150	—	—	150
Small Savings ... ..	—	—	142	142
Others ... ..	—	—	315	315
	—————	—————	—————	—————
	1,625	1,250	457	3,332
	—————	—————	—————	—————

(2) (a) CDC investment remains as it was a year ago; the Corporation is committed to lend another £0·5m but as other sources of finance proved sufficient to meet the limited expansion of the Society's business during the year no calls were made against this £0·5m during 1963;

(b) the Federal Government has provided £200,000 in its fiscal year 1963/64 as the first tranche of the £1·5m earmarked for investment in the Society under its Development Plan 1962/68; nothing had been drawn against this at 31.12.63;

(c) investment by the Nigerian public continued to increase; 927 small savers had £142,006 to their credit at 31.12.63 (1962 534 small savers, £95,436) and Government Corporations and other institutions had £180,000 on deposit with the Society at 31.12.63 (1962 £40,000).

(3) (a) New commitments taken on during the year were substantially below the limit of £60,000 per month introduced in 1961, loans totalling £417,509 being approved (1962 £736,709). This further reduction in the amount of lending by the Society reflects a policy of greater caution in the selection of borrowers and in the standard of property accepted as security;

(b) the need for such caution was underlined during 1963 when the total of repayments three months or more in arrears rose sharply; the Society was forced to exercise its legal power of sale in several cases and sustained some losses owing to a general fall in property values; a provision of £45,000 has been set up against outstanding cases;

(c) advances totalled £582,226 (1962 £786,663) and the mortgage asset increased by £329,680 to £3,386,182 (1962 increase £592,652).

(4) The Society has acquired new head office premises in the centre of the business area of Lagos; they will be opened in 1964.

(5) Net profit after payment of interest, and providing for mortgage losses, but before tax, was £68,008 (1962 £116,589); a 6% dividend has been declared (1962 6%).

**122 The Nigerian Cement Co Ltd**

(1) A public company with capital of £4·2m, of which CDC held £418,765 stock at 31.12.63. The company is controlled by Eastern Nigeria Government and its agencies; stockholders include Federal Government, the

Tunnel Portland Cement Co Ltd, F. L. Smidth & Co Ltd and some 2,300 individual stockholders, most of whom are Nigerians. At 31.12.63 stock was quoted on the Lagos Stock Exchange at 36/- per £1 unit.

(2) In response to keen demand from the public, CDC sold £31,235 of stock to Nigerian investors and pension funds during the year.

(3) The company's third kiln came into operation at Nkalagu in March 1963 and the installation of a fourth kiln is due to be completed by mid-1964. Rated capacity, currently 360,000 tons, will then be raised to nearly 500,000 tons per annum.

(4) 298,000 tons of cement were produced in the calendar year 1963 (1962 254,000 tons). The company has widened its sales area and has opened depots in Eastern Nigeria to facilitate distribution and deliveries. Difficulties were experienced in obtaining railway wagons but recently the situation has improved.

(5) During the year, the company opened a fully equipped 60-bed hospital for the use of its employees and their families at Nkalagu.

(6) Net profit for the year to 31.3.63 was lower, due in part to lower average selling price, at £825,727 (1961/62 £1,021,423); a 10% dividend was paid (1961/62 10%).

### **123 Nigerian Industrial Development Bank Ltd (formerly Investment Company of Nigeria Ltd)**

(1) As foreshadowed last year, arrangements for the reconstruction of Investment Company of Nigeria have been completed and its name changed to Nigerian Industrial Development Bank Ltd. The effects of reconstruction, which became effective in January, 1964, are—

(a) a substantial increase in the funds available to the company; issued equity capital is doubled to £2m, 250,000 £1 5½% cumulative participating preference shares have been created and a £2m long term, interest free loan received from Federal Government;

(b) participation by the Central Bank of Nigeria, the Nigerian public and International Finance Corporation amounting to 51% in the equity, the remaining 49% being held by existing ICON shareholders and new overseas investors; a broadly based development agency with funds exceeding £4m has thus emerged.

(2) Shareholders in the original £1m equity have each sold one quarter of their holdings to the Central Bank and a further quarter has been converted into participating preference shares. Of its original £100,000 investment, CDC now therefore holds £50,000 in equity, £25,000 in participating preference shares and has received back £25,000 in cash.

### **124 Northern Housing Estates Ltd**

(1) Capital £10,000 equity and £120,000 debentures held by the Northern Nigeria Government, and £20,000 7% cumulative preference shares held equally by CDC and Costain (West Africa) Ltd.

(2) The estate, comprising 396 houses at Kaduna, was fully occupied throughout the year. There is a long waiting list of prospective tenants.

(3) Profit for the year to 31.3.63 after debenture interest was £7,716 (1962 £8,334).

**125 Northern Nigeria Investments Ltd—Manager: J. B. Morgan**  
(formerly Northern Developments (Nigeria) Ltd)

- (1) (a) Arrangements for the expansion and capital reorganisation of the company have been completed. CDC and Northern Nigeria Development Corporation (NNDC) will each hold 1·8m £1 shares of the £3·6m issued capital, increased from £750,000, and will each provide £500,000 in loan capital, bringing the capital resources of the company up to £4·6m.
- (b) Northern Nigeria Development Corporation, which had previously subscribed £300,000 share capital is transferring to the company by stages during 1964 investments valued at £2m in 13 projects which it had helped to establish, thus bringing its total stake in the company to £2·3m.
- (c) CDC, which had previously subscribed £450,000 has undertaken to match NNDC's contribution with cash to enable the company to continue with investment in new projects. CDC's stake in the company will therefore be £2·3m also.
- (2) CDC manages the company whose executive staff includes a Northerner who has undergone a period of training with CDC in the UK.
- (3) CDC is pleased that the company has proved itself as an effective agency for assisting the rapid industrial expansion of Northern Nigeria and welcomes the closer ties with Northern Nigeria Government and NNDC. By uniting local and world-wide contacts with local and overseas capital, the company provides a unique service to potential investors and industrialists. It gives practical help and encouragement to sponsors of many worthwhile development projects and also provides financial and other consultancy services to industrialists.
- (4) After transfer of investments by NNDC, the company will have interests in some 30 projects in Northern Nigeria covering a wide range of agricultural, industrial and commercial enterprises, including sugar, creameries, meat canning, textiles, tanning, engineering and banking. 6 new projects were approved during the year bringing total commitments to £1·816,250, of which £930,909 was invested (1962 £423,185).
- (5) Level of applications for company's participation remains high and a number of schemes involving possible further investment of some £1,025,000 were under active consideration at the year end.
- (6) Profit for year £17,115 before CDC interest (1962 £5,756).

**SIERRA LEONE**

(BWA £1=£1)

**126 Freetown Hotel Ltd—Manager: K. M. Bailey**  
(The Paramount Hotel)

- (1) (a) Issued capital £150,000 represented by 50,000 £1 'A' preferred shares held by CDC and 100,000 £1 'B' deferred shares held by Sierra Leone Government;
- (b) CDC and Government have agreed respectively to subscribe up to 25,000 'A' and 25,000 'B' shares *pari passu* if further finance becomes necessary before August 1964;

(c) CDC has agreed to lend £200,000 on debenture guaranteed by Government; £170,000 advanced at 31.12.63.

(2) The company owns and operates the Paramount Hotel which has 72 beds in 48 air-conditioned bedrooms. It is contributing to Sierra Leone's development by providing accommodation for visitors coming to Freetown on business.

(3) Company has under consideration the addition of 24 single bedrooms to be constructed to economical standards so that a lower tariff may be introduced for them; working drawings are in hand.

(4) In spite of decrease in the level of trade during the year, the company achieved a small profit of £818 by strict control of costs (1962 loss £5,978).

#### **127 Guma Valley Water Company**

(1) Shareholders are the Sierra Leone Government and Freetown City Council. CDC and Commonwealth Development Finance Co Ltd have undertaken to lend £2m and £400,000 respectively to this company towards the estimated total cost of £4.9m for constructing an earth dam and associated water works in the Guma Valley, near Freetown; loans are guaranteed by Sierra Leone Government.

(2) The company, which will own the installation when constructed, is the statutory authority for distributing water in the Freetown area. It will also supply water to the hydro-electric generating installation which is planned by Sierra Leone Government's electricity authority.

(3) The landslips reported last year have caused delays and construction is behind schedule; but the remedial measures recommended by the consulting engineers appear to have been successful. The consultants advise that it should still be possible to complete the job on time and within estimate.

(4) CDC had advanced £600,000 at 31.12.63.

#### **128 Sierra Leone Investments Ltd—Manager: N. G. Rennie**

(1) (a) Issued share capital 350,000 shares of £1 each (1/-d paid) held as to 200,000 shares by CDC and 150,000 shares by Sierra Leone Government;

(b) Sierra Leone Government has advanced £18,000 of its £30,000 interest free loan which is being subscribed in annual £6,000 instalments as a contribution towards the cost of establishing the company in its early years.

(2) The company was formed in 1961 to assist the economic development of the country by investigating, initiating and supporting commercial schemes in industry and agriculture.

(3) Managing agents are Development Corporation (West Africa) Ltd, CDC's West African subsidiary.

(4) The company entered into three new commitments in 1963 in connection with tyre-retreading and plastics-manufacturing projects and (jointly with Guma Valley Water Co (para 127)) for the construction of an office block. Together with the flour mill project approved in 1962, total commitments at 31.12.63 were £220,000. Further projects are being investigated.

(5) Loss for year £10,169 (1962 loss £7,385).



FEDERAL REPUBLIC OF CAMEROUN  
(CFA Frs 692=£1)

617

129 Cameroons Development Corporation—General Manager: W. A. Belsham

- (1) (a) Cameroons Development Corporation (Camdev) is a statutory authority responsible for the development of plantations of rubber, bananas, oil palm, cocoa, tea and pepper in West Cameroon;  
(b) CDC has provided £1m loan capital and acts as managing agents.
- (2) During 1963 Camdev negotiated a loan of some £400,000 from the Banque Camerounaise de Developpement (BCD). The loan, which was fully drawn by the end of the year, is repayable 1967/68. Negotiations are proceeding for additional outside finance.
- (3) The valuation of the Corporation's assets, by experts appointed by the Federal Government, was completed during the year and is at present under consideration by the Government.
- (4) Negotiations are continuing for the sale to Federal Government of Camdev's Bota and Tiko port installations.
- (5) Following the visit of a specialist delegation of oil palm experts in November 1963, an application has been made, with the support of the Federal authorities, to the European Development Fund for allocation of £416,000 towards the cost of Camdev's 1964/66 oil palm development programme.
- (6) Arrangements were made towards the end of 1963 for an agricultural mission to make an appraisal of past and proposed future development including plans for association of Camdev with the West Cameroon Government in smallholder settlement schemes. The mission, which included CDC's Agricultural Adviser and Mr K. D. S. Baldwin of FAO, visited Camdev in January/February 1964 and its report will form the basis of Camdev's intended applications for long-term loans from the International Bank for Reconstruction and Development and other international and overseas agencies.
- (7) The BCD loan enabled development to proceed at the planned rate in 1963; a total of 6,048 acres was planted (1962 4,103 acres). At the end of the year effective planted acreage was—

	<i>Mature</i>	<i>Immature</i>	1963 <i>Develop- ment</i>	<i>Total at 31.12.63</i>	<i>Total at 31.12.62</i>
Bananas ...	4,785	—	987	5,772	9,592
Rubber ...	14,520	10,630	3,686	28,736	26,376
Oil Palms ...	15,705	3,313	1,298	20,316	20,373
Cocoa ...	849	521	—	1,370	1,370
Tea ...	318	481	60	859	833
Pepper ...	44	—	17	61	44
	<u>36,221</u>	<u>14,845</u>	<u>6,048</u>	<u>57,114</u>	<u>58,588</u>

Total planted acreage has fallen by some 1,500 acres due to the abandonment of some 4,000 acres of low yielding banana areas where the crops no longer justified upkeep costs after loss of Commonwealth Preference. This fall has been compensated to some extent by a 2,400 acres increase in the rubber area. 1,298 acres oil palms were replanted during the year.

(8) Palms, rubber and tea crops showed improvement over 1962 but banana harvest, as expected, was down. Production with comparative figures for 1962, was as under—

		1963	1962
Bananas	... .. (tons)	24,480	32,198
Rubber	... .. (lbs)	11,201,468	9,346,845
Palm Oil	... .. (tons)	7,138	4,850
Palm kernels	... .. (tons)	2,492	1,948
Cocoa	... .. (tons)	108	122
Tea	... .. (lbs)	327,062	223,562
Pepper	... .. (lbs)	61,741	77,899

(9) Except for palm products, net selling prices receivable for the principal crops were lower in 1963 than in 1962. The average banana price was at its lowest level in Camdev's history and loss of Commonwealth Preference from 1.10.63, which was only partly offset by halved export duty, reduced income by £38,000 net in the last quarter.

(10) Effective economy measures introduced during the year resulted in substantial cuts in cost of production of the major crops which contributed materially to the improvement in results which show a net profit of £36,603. There has been a change in the basis of accounting in 1963 in that for the first time a part of administrative expenditure has been allocated to development. This results in a more realistic development cost. 1963 results are, therefore, not strictly comparable with those reported in 1962 (net loss £316,955)

	1963		1962	
	£	£	£	£
Trading surplus/(deficit) on—				
Rubber	...	384,232	278,353	
Bananas	...	(11,291)	29,559	
Palm Products	...	332,125	95,965	
Other Crops	...	(7,352)	(3,426)	
Sale of Planting Material		7,539	33,772	
Total trading surplus	...	705,253	434,223	
Additional miscellaneous income (net)	...	101,510	79,610	
		806,763	513,833	
<i>Less</i>				
Administrative expenses, etc.	...	443,249	401,171	
Depreciation	...	158,718	282,389	
Loan Interest	...	168,193	147,228	
		770,160	830,788	
		Net profit: £36,603	Net loss: £316,955	

(11) The public revenue of West Cameroon benefited by £397,000 during the year as a result of Camdev's activities mainly from import and export duties. In addition, Camdev bore the cost of medical services, education and social welfare, totalling £186,000. Net profit of £36,603 is also payable to West Cameroon Government.

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