COMMONWEALTH DEVELOPMENT CORPORATION

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

for year ended
31st December 1968

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

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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.

The Minister of Overseas Development took over on 1.1.65 the responsibilities in respect of CDC previously exercised by the Secretaries of State for Commonwealth Relations and for the Colonies.

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. It may borrow up to £130m outstanding at any one time from United Kingdom Exchequer funds.

SBN 10 225269 2

COMMONWEALTH DEVELOPMENT CORPORATION

33 Hill Street,
London, W.1
18th April 1969

The Right Hon Reginald Prentice MP,
Minister of Overseas Development

On behalf of the members of the Commonwealth Development Corporation I have the honour to submit the Report and Statement of Accounts for the year ended 31st December 1968.

(Sgd.) Howick

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West Africa	D. F. Fairbairn

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PART I—GENERAL REVIEW

COMMONWEALTH DEVELOPMENT CORPORATION 1948-1968

CONSTITUTION AND FUNCTIONS

Constitution

1 CDC is a statutory body set up twenty years ago under the Overseas Resources Development Act, 1948. The original name Colonial Development Corporation was changed to Commonwealth Development Corporation by the amending Act of 1963 which re-established the Corporation's powers to invest in Commonwealth countries which had become independent since August 1948. In other respects the operative Act is the Overseas Resources Development Act, 1959 (ORDA).

2 CDC can invest in all Commonwealth countries which were dependent territories at the date of its establishment, excluding West Cameroun which left the Commonwealth in 1961; it may act as managing agent or perform advisory functions in any Commonwealth country with the consent of the Government of that country.

3 The Chairman, Deputy Chairman and members of the Board are appointed by the Minister of Overseas Development. The Chairman is part-time and the members are non-executive. The General Manager, as chief executive, is solely responsible to the Board for all CDC operations. The Board, and not the Government, take responsibility for CDC staff, their salaries, recruitment and termination of services.

4 CDC has no share capital and is solely dependent on loans for its capital resources. It 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 UK Exchequer Funds. On 31st December 1968 there were £114m outstanding in the form of loans from the UK Government.

Objectives

5 CDC has been charged with two tasks. First the Act of 1948 gave as the aim of CDC the " carrying out of projects for developing resources " of all territories in which the Corporation was empowered to operate. Secondly it was also laid down in the 1948 Act that the Corporation should operate on commercial lines and pay its way taking one year with another. In other words, CDC was charged with the task not of promoting and investing in schemes which would give the maximum financial return, but rather of finding projects with the greatest possible development value, provided always that they were commercial and that its investments gave a sufficient return to enable it to service its debt. Within this range, partnerships with local capital are sought wherever possible: CDC has come to favour particularly 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 (often attached to commercial nucleus estates), mortgage companies for the prospective house purchaser and support for the indigenous entrepreneur as well as for the external industrialist through local development companies for industry. Such projects, in CDC's view, promote not only economic development, but also social stability.

6 In the past many have thought that these two tasks were irreconcilable. In 1968, however, the Report on Overseas Aid of the Estimates Committee of the House of Commons contained the following striking passage from the evidence of the late Sir Andrew Cohen, Permanent Secretary at the Ministry of Overseas Development, a former Governor of Uganda and for many years a leading civil servant in the Colonial Office. He said that " The Ministry of Overseas Development regarded the CDC as probably as efficient a form of aid as exists in this country or anywhere in the world, a view which I know the World Bank also holds ". The members of the Committee added the words " This is high praise indeed, but your Committee believe it to be well founded ".

7 In deciding whether the two tasks have in fact proved reconcilable the first question to be asked is " have CDC operations over 20 years promoted useful development in the countries in which the Corporation operates?" The second question is " has CDC paid its way?"

Method of Working

8 Before attempting to answer these two questions something must be said about what CDC does and the terms on which CDC invests. The Corporation does not offer aid as such: it offers investment in the development of resources. It can lend or take ordinary shares, or take debentures convertible into ordinary shares. It can carry through projects on its own. It can operate with any partners. Some of its partners are agencies of governments; others are private companies whether British or foreign, and in one scheme a Kenya District Council is its partner. In six schemes CDC is in partnership with the World Bank or with its affiliate, the International Finance Corporation. CDC's investment is not tied—in the sense there is no compulsion to buy British goods; the effect of the Corporation's operations on the balance of payments both of the UK and of the overseas countries will be mentioned later.

9 CDC is in part an investment organisation and in part a management organisation. In its management aspect it is unlike other development agencies with international terms of reference since these normally refuse management responsibility. CDC manages industrial development companies overseas, realty development and house mortgage companies, hotels (through an associated company), some industrial projects and, notably, agricultural schemes. The violence and frequency of natural disasters, and the unusually severe fluctuation in prices of agricultural products, are both far more severe in the tropics than they are in countries in the temperate zone. In general it is difficult to find financial partners for agriculture in the area in which CDC operates, particularly for those projects in which the accent is on helping smallholders. CDC has thus over the years become a large manager of tropical agricultural undertakings, several of which are specially designed to encourage small farmers. In all CDC carries management responsibilities for some 60 projects running into many millions of pounds.

10 When a project has been successfully established the Corporation is ready to dispose of its investment or a large part of it, provided the price is satisfactory, particularly to buyers resident in the country where the project is situated. When a sale is completed borrowing resources are set free for the development of some other project. A good example of this process is the story of the Lobatsi Abattoir in Botswana. CDC built and opened the abattoir in 1954 and developed overseas markets for Bechuanaland beef in the UK and Europe. In February 1966 a new statutory corporation took over the abattoir and its meat canning and packing business from a company into which CDC had brought the Bechuanaland Government and a trust representing the cattle producers. CDC left its money in on loan and provided for the first three years the Chairman of the new Corporation. In most African countries the average " take off " is about 2% of the cattle population. As a result of the operations of the abattoir (now expanded and fully modernised) this figure in Botswana has risen to about 10% and the carcases exported more than doubled from 60,000 to 150,000 in 1965. Similarly Malaya Borneo Building Society Ltd started as a direct CDC project and is now a public company with a mortgage asset of £20m and 20,000 mortgage accounts: the shares are quoted at a premium on the local stock exchange.

11 The Corporation keeps in close touch with overseas governments and their views are given full weight before new projects are approved. Preference is given to projects which fit in with the economic development policy of the government of the country, given the overriding requirement of commercial viability.

DEVELOPMENT ACHIEVED

12 It is useful to consider the Corporation's projects in three rough divisions, between which, however, the lines of distinction are from some aspects blurred. The three groups are public utilities and housing, commerce and industry, and agriculture.

Public Utilities and Housing

13 Investments in public utilities and housing represent some 50% of CDC's total commitments. Investments in power and water supply are normally by way of government guaranteed loan to statutory corporations although as an exception CDC runs the electricity supply services in four West Indian islands through subsidiary companies. Finance for housing is a special CDC line; the World Bank will not lend for housing, nor will most other development agencies: but housing is an essential part of economic development and the demand in developing countries is insatiable. In these circumstances, it has been decided that CDC finance should be applied primarily in such a way as to mobilise the maximum amount of local savings through promotion of mortgage finance companies, although direct loans to government housing authorities have also been made. These loans are normally for special-type housing—e.g. the three loans to Nyasaland, Southern Rhodesia and Northern Rhodesia Governments for African housing. CDC finance is not cheap but it has been policy to influence mortgage lending towards provision of the less expensive types of houses within reach of persons of modest means—and this, as we shall see, has led to CDC involvement in housing estate developments in a number of countries.

14 The prototype project was the Malaya Borneo Building Society Ltd (ex Federal and Colonial Building Society founded in Singapore in 1950) which played a large part in the building of Petaling Jaya, a large suburb of Kuala Lumpur. The success of this project, as already mentioned in para 10, led to similar projects in the Borneo territories, Fiji, Hong Kong, Nigeria, Tanzania, Kenya, Uganda, Jamaica, Trinidad and (most recently) Guyana, Barbados and the small islands of the Eastern Caribbean. These mortgage companies are normally CDC subsidiaries with a territorial government shareholding attracting substantial deposits from local savers. CDC provides the management but increasingly from staff recruited locally. The companies are run on commercial lines and make profits after the initial establishment period.

15 In recent years the most striking developments have been in the Caribbean region and in East Africa. In Jamaica, through Caribbean Housing Finance Corporation Ltd which is a partnership with Eagle Star Insurance Company, three major housing estate schemes and some smaller ones in and around Kingston have been financed, leading to house ownership by some 4,300 families. The building development was undertaken by Jamaican entrepreneurs who, by skill and efficiency in large-scale production of standard units, have succeeded in progressively reducing the cost of the house and in spite of rising prices and wages, bringing it within the range of manual workers. In the Eastern Caribbean, CDC itself is concerned with house construction in order to provide material for the mortgage funds which have been set up.

16 In East Africa, CDC is engaged in tying up the last loose ends of a major salvage operation which it undertook at Government request in 1961. At that time the building society movement in East Africa had got into difficulties owing to lack of confidence and withdrawals by depositors. CDC took over the East African business of First Permanent Building Society and the Kenya Building Society and provided financial support. Lending on new mortgages was suspended. In the six years to 31.12.67, 35,000 depositors had their savings secured and confidence was restored to the extent that deposits by the public had actually increased while reduction of the mortgage asset had enabled more than £3¼m of stabilisation loans provided by CDC and the East African Governments to be repaid. During 1968 the salvage operation was completed by the launching in partnership with the Government of new mortgage lending companies in each of the three countries so that prospective housing purchasers again have a source of mortgage funds from which to obtain loans.

Manufacturing Industry

17 While, as has been said, about half CDC investment is in public utilities and housing, the other half is split about equally between industrial and commercial projects on the one hand and agricultural and forestry projects on the other, with some preponderance of the first category, if one regards a pulp mill or palm oil factory as an industrial investment rather than an integral part of the forestry/agricultural project which produces the raw material. Where CDC invests directly in industrial projects, it would normally be in a company promoted by some well-established concern with acknowledged experience in the trade. Since the economies of CDC area of operations are relatively undeveloped, the basic industries such as cement, textiles, motor car tyres and fertilisers, tend to feature prominently. CDC management of industrial projects is rare, although the Chilanga Cement Co Ltd is an interesting example of CDC

resuming responsibility for finding management for a company which had become public in the meanwhile and had a large expansion programme to carry through. In the case of raw material processing factories, management responsibility is tied in with that for the project as a whole—e.g. Usutu Pulp Co Ltd and Cameroons Development Corporation.

18 A striking CDC contribution to the development of manufacturing industry is by indirect investment. CDC can claim to have done much to pioneer the formation of industrial development companies in developing countries. The point of these is to organise partnerships between local capital, whether governmental or private, and development agencies of the western world, whether international or national. CDC's first development company was Northern Nigeria Investments Ltd (NNIL), formed in 1959 in partnership with the former Northern Nigeria Government: the shares are held half by CDC and half by the Government's own development agency; each party appoints half the Board; the Government provides the Chairman and CDC the management. The company has invested some £5m in a wide range of industrial projects, among which the (very successful) textile industry features prominently. NNIL is at once the largest and most successful of the CDC " devcos " and for 1968 paid a dividend of 10% (covered 1·4 times by earnings) despite the civil war.

19 NNIL (then Northern Developments (Nigeria) Ltd) was followed in the next few years by the establishment of similar agencies in Eastern Nigeria, Borneo, Malaya, Sierra Leone, Tanzania, Kenya and Uganda, the timing being determined to some degree by the approach of independence which threatened to rule out direct new investment by CDC until ORDA was amended, in 1963. All these companies, apart from that in Sierra Leone where operations were suspended owing to insufficient business coming forward, had established themselves as efficient and profitable development agencies by 1967 when the outbreak of the civil war in Nigeria led to suspension of the Eastern Nigeria " devco's " activities. In 1968 the Singapore company, which for a number of years has been doing a rather specialised and very successful business in financing the development of industrial estates for small factories and workshops, has been recapitalised in partnership with the new Singapore Development Bank with a view to its undertaking a wider range of ventures. At the moment it has not a single bad debt. CDC provides management for all the companies except Malaysian Industrial Development Finance Bhd which has been taken under the IBRD/IFC wing with a view to major expansion. The three East African " devcos " have attracted financial participation from the German overseas development agency and the Tanzania and Kenya " devcos " additionally from the Netherlands Government agency. Total investment of the " devcos " mentioned now exceeds £31m, which is spread over several hundred businesses, the Borneo and Tanzania companies having been particularly successful in fostering local entrepreneurs.

20 CDC was early in the field of hotel ownership in the Caribbean before tourism became a recognised growth industry. Acquisition of a majority interest in Nigeria Hotels Ltd, which owns among others the Ikoyi Hotel in Lagos, laid the foundations of investments in a network of hotels and wild-life lodges through East and Central Africa which are managed by the CDC associated company, Hallway Hotels Overseas Ltd.

Agriculture

21 According to recent World Bank calculations, 80% of the people in the developing countries of the world make their living from agriculture. In most of these countries the population is rising faster than industrial employment. It is therefore not surprising that of all the problems facing the governments of the countries in which CDC operates, that of agricultural production affects the largest and poorest part of the population and is the most difficult. CDC's problem is to devise schemes to help develop basically peasant agriculture with money which must eventually earn a commercial return. The answer which has been found is in some cases the nucleus estate commercially run with dependent smallholder scheme—the arrangements being adapted in each case to meet local circumstances.

22 A nucleus estate is a two-phase scheme. The first phase is a plantation run on strictly commercial lines. In the second phase smallholders are established all round that plantation. The management for both is closely linked. A nucleus estate of this type performs, or can perform, three main functions. For the smallholders it acts as a proving ground and demonstration plot for up-to-date methods of cultivation on a continuing basis. It provides central processing facilities (not only for its own crop but also for that of the smallholders) and possibly marketing services too. It serves as a management and training centre which pays for itself from its own production. But the addition of smallholders poses special problems of discipline to ensure observance of correct agricultural practices and it is CDC experience that this can be exercised satisfactorily only under the authority of governments, who should preferably be fully involved both financially and otherwise in the scheme.

23 Two CDC projects in Swaziland and Malaya respectively best illustrate what can be done. The Swaziland Irrigation Scheme, starting with arid bush-veld, has evolved in 18 years to an agricultural/industrial complex comprising 25,000 acres of assorted crops under irrigation, a mill (Mhlume Sugar Co) which produced over 91,000 tons of sugar in 1968 and a smallholder scheme, under which 135 Swazis are already resident on plots of between 8 and 16 acres and learning the art of irrigated cultivation. The original project (nucleus estate) built a canal, storage dams, etc for some £2m and proved as main crops, rice, sugar cane and citrus. The Mhlume mill was completed in 1960 in partnership with Sir J. L. Hulett and Sons Ltd, Natal sugar producers. In 1963 the first group of 30 Swazi smallholders took over their farms on an experimental lease and were taught how to grow cane under management provided by the CDC estate. The cane is delivered under guaranteed quota to the Mhlume mill where it is processed and the sugar sold through normal commercial channels, the producer's share of proceeds being paid to the smallholder, who is also helped by the management in disposing of the other crops which he produces. Swazis are being trained in the administrative side of the scheme. To date CDC has been solely responsible for all aspects but the plans for expansion which are being discussed with the Swaziland Government will provide for the establishment of an Authority which the Government will control and with which will lie ultimate responsibility for the settlers on the matter of discipline, etc in the future. This is an exercise in introducing highly sophisticated agricultural techniques to relatively inexperienced peasants. On the smallest acreage (8 acres) the Swazi farmers have achieved an income of over £300 p.a.

24 The arrangements in the case of the Kulai Oil Palm Estate and the neighbouring smallholder schemes sponsored by the Malaysian Government's very successful Federal Land Development Authority (FLDA), were adapted to meet rather different conditions. The techniques of growing oil palms on an estate basis in Malaya were well known and there was an established Government agency which, however, while composed of people used to a sophisticated economy, had to hire their agricultural expertise and were gaining experience of dealing with smallholder problems. In these circumstances the management of the CDC nucleus estate helped by planting the first 4,000 acres of oil palms with stock from CDC nurseries and in supervising the maintenance of the immature areas by the smallholders. The CDC factory processed the fruit from the smallholdings in the early years until the output became large enough, when bulked with fruit from other areas, to justify the construction of an FLDA factory. Finally, CDC helped by taking 35 Malaysian graduates as trainees on the Kulai Estate until they were competent to supervise the agricultural operations of smallholders in the very largely expanded FLDA programme—thus the benefits from the existence of the nucleus estate will extend far beyond the 400 smallholders on the original 4,000-acre scheme.

25 At Kasungu in Central Malawi again a scheme for a nucleus farm has been the successful pioneer of the growing of flue-cured as distinct from the less valuable fire-cured tobacco by peasant farmers around it. At first there were many difficulties in this scheme of which the ownership has now been taken over by the Malawi Government. CDC still manages, and both the nucleus estate and the farmers obtain good yields and good financial results so that a similar scheme with CDC management has been launched by Zambia Government.

26 In Kenya CDC has provided much of the capital for the Kenya Tea Development Authority which it also supported in the early days with administrative staff, and is a major shareholder in the Nyambeni company with its nucleus tea estate and factory. In Kenya the problem was not one as in Swaziland and Malaya of settling farmers on vacant land, but rather the introduction of a new cash crop in the higher altitude parts of an already densely populated area. Kenya is the first country in the world in which tea has been grown successfully by smallholders. Careful supervision of the growing of the tea bushes by the Authority, coupled with management of the factories by experienced tea companies, has ensured that Kenya smallholder tea is of high quality and obtains top prices on the London market. The World Bank has come in on the second and third phases with money provided on IDA terms. The high quality of the tea grown by the smallholders gives them a sufficient income from a small patch of bushes. It has therefore been possible to spread very widely the growing of tea. There are now 38,000 families with plots averaging under 1 acre. Approval for the Third Plan by World Bank and CDC will raise the number of growers to 60,000. This scheme has affected more rural families than anything else the CDC has done. CDC is now investing in similar schemes for the development of smallholder tea in Uganda and in Malawi.

Training

27 In all the schemes under CDC management a great deal of trouble is taken to train local people " on the job ". Outstanding examples are the two Malaysian mortgage companies which are entirely staffed by local men and an almost similar degree of employment of local managers has been attained in the

highly profitable hotel company in Nigeria. Much has been done also in agricultural management and two examples may be mentioned. In Cameroun CDC has for nearly 10 years managed the Cameroons Development Corporation with an area of about 75,000 acres of crops. The agricultural estates are grouped in four " areas "; two of the four Area Managers are Camerounian. In the South West Highlands of Tanzania CDC owns a successful wattle estate where wheat also is being grown now. Here there are five estates and all are managed by African citizens of Tanzania.

ORGANISATION AND FINANCIAL RESULTS

Organisation

28 Operating during its first few years in the troubled conditions following the end of the war, serious losses were made by the CDC. Lord Reith became Chairman in 1950. Sir William Rendell joined the Corporation in 1952 and next year became General Manager. With Lord Reith in charge and Sir William as General Manager there followed a number of drastic changes. The most important of these were three in number. The internal organisation of the Corporation was altered to enable it to operate as a commercial concern. Secondly, a policy was adopted of operating, where possible, with experienced private enterprise partners, though in many projects this has not proved to be practicable. Thirdly, and this was the most important and effective of the changes made, there was much decentralisation with the establishment of permanent offices overseas under the charge of Regional Controllers who are responsible to the General Manager for day-to-day operations within their regions. The Regional Controller and his staff are resident overseas and thus in constant touch with members of the Government and businessmen locally as well as with the projects for which he is directly responsible.

29 These changes produced very soon a dramatic improvement in the fortunes of the Corporation.

30 The CDC organisation has been streamlined and administrative overheads have been pruned and controlled in the face of a steep rise in cost levels, particularly of maintaining overseas offices. In 1951 a Head Office staff numbering 325 handled projects with invested funds totalling £21m. In 1968 a halved Head Office staff of 154, together with Regional Office staffs of 143, were responsible for projects involving CDC invested funds totalling £120m. (Staff figures include everyone employed in the office.) Gross administration expenses, before crediting fees receivable or service charges to projects, have risen from £485,000 in 1951 to £970,000 in 1968. At this level they represent 0·8% on total capital deployed which is a very modest figure in view of the management and technical services provided.

Financial Results

31 In 1955 a profit was made for the first time and a surplus has been earned in each succeeding year. Efforts of the management were inevitably concentrated in the early years on salvaging existing projects but the volume of the CDC's activities progressively expanded from the mid-1950's despite restrictions imposed on new business as colonies became independent pending the territorial

reinstatement Act in 1963. The growth of CDC revenues since the 1963 Act and also the increasing burden of fixed interest on loan capital is illustrated by the following figures for 1968 and the four previous years:

	1964	*1965*	*1966* £000's	*1967*	*1968*
CDC gross revenue.. ..	5,608	6,494	6,651	7,115	7,607
Administration expenses (net)	417	457	487	549	671
Operating surplus	5,191	6,037	6,164	6,566	6,936
Tax and sundry interest ..	188	409	521	599	739
Provision against capital losses (net)	502	825	273	412	90
Interest on HMG loan capital	4,450	4,781	5,319	5,552	6,080
Surplus to Reserve Fund ..	51	22	51	3	27
Projects and investments at book value	94,000	101,000	106,000	111,000	118,000

In 1968 (and the three previous years) CDC's operating surplus from its projects and investments was of the order of 6% without making any allowances for the considerable part of that investment represented by projects in the development stage and thus not yet revenue earners. The 6% return on invested funds excludes CDC share of undistributed profits of subsidiary companies. The gross annual provision against capital losses has been substantially greater than shown above, in respect of capital gains and realisations credited to the Provision Account.

Capital Losses

32 The figures in para 31 illustrate the growth of CDC's operations and their increasingly successful financial out-turn on the revenue side. Something must be said about capital losses due to project failures to set alongside the story of successes mentioned in earlier paragraphs. The picture falls into two parts. A number of projects entered into in the first years of the Corporation had to be abandoned entirely or drastically cut down and reorganised. The total amount of the capital losses emerging from this process could vary widely according to the basis of the assessment, but the figure of losses arising from total abandonments agreed with HMG for the purpose of the capital reorganisation in 1961 was £9m. This figure excluded any partial capital losses arising on salvaged projects but did include a relatively small amount for three total abandonments of investments approved in the mid/late 1950's. The reorganisation provided that the equivalent CDC obligation to repay Treasury was frozen, as was the £11m accumulated debt for fructification interest, a formula being agreed according to which the £20m would be paid off from future Corporation profits: £2·5m has been so paid.

33 All capital losses apart from those frozen have to be provided for and are provided for out of current revenue and realised capital gains in the normal way. In recent years the capital lost on any individual project has generally been restricted, in spite of the pioneering nature of the CDC's work, to a moderate

figure by a thorough initial investigation (also, where appropriate, a pilot scheme) and, by a policy of cutting losses as soon as ultimate failure seemed probable. A policy on these lines should look after most commercial risks, but not, of course, the hazards of political events such as the Nigerian civil war or Rhodesian UDI. This has been done to date and a general provision account against the £118m book value of projects and investments has been built up with balance just short of £5m at 31.12.68 representing 4% of book value—adequate but with no excess margin.

34 The second part of the story concerns capital losses incurred on the wind-up or liquidation of major schemes (ie excluding the cost of a number of investigations which did not lead to operational projects) approved since 1952. Including Vipya Tung Estates which contributes £1·1m to the total, the realised losses have amounted to some £3·5m to 31.12.68 out of £100m capital investments approved since 1952. Vipya Tung Estates was an original project taken over from the Nyasaland Government in 1948 and continued, by deliberate decision of the new CDC management, which thought salvage was possible, in a drastically reduced form. Other main contributors were the Tangold Mining Co Ltd £1m, Mbeya Exploration Co Ltd (niobium mine investigation) £500,000, Kasungu Tobacco Estates £305,000, Worcester Porcelain Co (Jamaica) Ltd £275,000 and Omo Sawmills of Nigeria Ltd £100,000. The two mining ventures were in partnership with internationally known mining companies and the Jamaica pottery project in partnership with the UK company of the same name. Vipya Tung Estates, Kasungu Tobacco Estates (an investigation which has led to a successful African smallholder scheme) and Omo Sawmills, were CDC owned and managed projects. The circumstances leading to failure were varied but perhaps one common factor in increasing the eventual loss, if not by itself causing actual failure, has been shortcomings in the management provided in the early stages by those responsible for management. This lesson, and some others, have been learnt by CDC.

Balance of Payments Effects

35 The effect of CDC operations on the UK balance of payments is first that remittances back to the UK in respect of revenue profits and capital realisations have in the last few years more than balanced new overseas investments by CDC from the UK. On top of this UK visible exports in 1968 have been stimulated by an estimated £13·7m as a result of CDC's operations. The figure for the previous two years has been of this order too. The ability of the overseas countries to buy British and to service CDC's investments was assured by the achievements there of CDC's associated projects which were responsible in 1968 for £45m worth of overseas exports without taking account of the large import saving attributable to local industries which CDC investment is supporting.

Two Continuing Problems

36 The 1961 decision to freeze but not write off early losses was for the Corporation a hard, but not unreasonable, decision. The settlement in the early 1960's of this matter of the early losses incurred by CDC before the change in its management made it possible for attention to be turned to other problems. At that time CDC was faced by two main problems. One was its area of operations and the other the method by which it obtained its money.

Area of Operations

37 When Ghana became independent it was decided that CDC might continue or expand existing schemes in an independent country but not start new ones. Lord Reith resolutely resisted this and subsequent events more than justified his attitude. As more and more countries which were dependent colonies in 1948 became independent, the Corporation's area of operations contracted more and more. This contraction had a bad effect on the morale of its staff and on the volume of its new investments and would undoubtedly have presently affected its capacity to earn the money to meet the service of its very large debt to the Treasury. When Mr Maudling was Secretary of State for the Colonies a welcome decision was taken. By the 1963 Act the Corporation's name was changed and its area of operations for new projects restored so that it covered all countries in which the Corporation could operate at the date of its formation in 1948 except Cameroun.

Capital Structure

38 The financial hardship in 1961 was that the method by which the Corporation received money from the Government was not suited to the use it made of that money. As has been mentioned, all the money was received on loan from the Treasury, yet over 45% of it was normally invested by the Corporation in equity and equity-type investments. It was true that on long-term loans no interest was payable for the first seven years described as the " fructification period ". The interest deferred over this period was, however, charged on a compound basis and included in the annuities which therefore over the full life of a loan to the Corporation (in many cases 40 years) in the aggregate covered interest and complete repayment of capital. The rates fixed by the Treasury for the Corporation's borrowing, closely reflect the rate on Government borrowing for similar periods. Throughout the 1950's protests were made by the Corporation at these arrangements and at the lack of any equity capital. A Committee of Enquiry was appointed under the Chairmanship of Lord Sinclair and reported in September 1959. Its main recommendation was that " the present system of capitalisation wholly on the basis of loans carrying a fixed rate of interest and repayable at fixed dates would seem to us only suited to an organisation which itself is wholly engaged in lending on somewhat similar terms . . . It is clearly not adapted to the functions of the Corporation ". Other parts of the report were accepted, but this important recommendation was rejected in a statement made by the then Colonial Secretary to the House two years after the publication of the Report.

39 The damage suffered by the Corporation as a result of the method by which it was financed increased as the cost of Treasury money crept inexorably upwards. The average interest rate on new Treasury drawings was 5·5% for the five years 1960–64, with relatively small variations round the average for individual years. For the next three years, 1965–67, the average on new drawings rose to 6·5% again with very little variation between the years. In 1968 the rate before allowance for waiver concessions rose to 7·5% but the effective rate after averaging the seven-year interest-free waiver over the period of the relative loan advances was brought back to 6·5% approximately. The history of the interest waiver concession is told in the following paragraphs.

40 First, however, it should be mentioned that as from 1966–67 the Corporation has received an annual allocation of loan money from the British Aid

Budget. In October 1964 the Overseas Development Ministry had been established and Mrs Barbara Castle had become the first Minister. On the 21st June 1965 she said in Parliament that " to help the Corporation to undertake a greater variety of projects the Government has decided to waive the interest on selective projects during the period when the investment is fructifying instead of merely postponing the interest as at present ". Thus, for the first time, CDC became entitled to draw money which would be interest-free for a limited initial period. This was in striking contrast with the early arrangement by which interest was held over but compounded against the Corporation. It was a most important gain for the Corporation.

41 In 1965 this new concession was available on individual projects within a defined sphere if the Corporation could make out a detailed case for each. Its application was, therefore, strictly limited and benefit passed to project. All the same, a very important change had been made. It was also decided to establish a committee at official/executive level to consider future financial arrangements for the Corporation. As a result of discussions in this inter-departmental committee, with a representative of the Corporation also present, a decision was taken to allow the Corporation a sum within the annual allocation to be drawn on the new " waiver " terms each year. In 1968 the amount qualifying for waiver was raised to £5m from £2m in the previous year. This was most valuable since the rate at which the Corporation drew from the Treasury during the calendar year 1968 varied between $7\frac{3}{8}$% and 8% and in the last few months has reached $8\frac{7}{8}$%. The existence of " waiver " money in accordance with the new arrangement made it possible for the Corporation to join with the World Bank in financing the Third Plan for the development of smallholder tea in Kenya and an important expansion to village settlements in Malaya. Without the new arrangements it would have been impossible for the Corporation to have invested in any agricultural schemes which help smallholders.

42 Since 31.12.68 interest rates have been progressively increased to the present level of $8\frac{7}{8}$%. It is now almost impossible for CDC to undertake new projects profitably without either a significant increase in its allocation of waiver money over the 1968–69 figure or some more fundamental alteration in its capital structure. Few projects in the developing territories can expect to be able to service their capital at rates in the 9–10% bracket and CDC has therefore asked Government to give urgent consideration to the problems with which it is faced.

CONCLUSION

43 It follows, we feel, from what has been written that it can fairly be claimed that the House of Common Committee was right when it wrote that CDC had been " effective " in carrying out the task assigned to it by Parliament 20 years ago. The main reason for this, we believe, is that CDC helps developing countries in three vital matters. The first is skilled and experienced management. The second is in the provision of risk capital by way of equity investment. The third is training of managers on the job; and this naturally goes with the undertaking of managerial responsibilities. Training of this nature is most important since experience has shown that it is easier to produce, for example, African professional men than it is to produce skilled African managers. Managers cannot be successfully trained solely in schools or colleges. In all these respects CDC does, therefore, give positive help to the basic and the truly difficult problem of most developing countries—that of rural poverty and rural employment.

44 All the same, what it has accomplished is only a drop in the ocean. Mr Woods, then President of the World Bank, said at the Bank's Annual Meeting in Tokyo in 1964:

> " In view of the magnitude of the financial requirements for adequate agricultural development the Bank can do little more than serve as a trail blazer."

This naturally applies still more to CDC. CDC could have done more for small farmers and for raising the standard of living in the countryside if it had been financed in a way more suitable for a development institution investing in, and managing, projects in a very difficult field. All the same, the situation in this respect has recently very greatly improved. By an unlucky chance, the gain made by that improvement—that is by the grant each year of some money on waiver terms for the early years—has at the moment been outbalanced by a loss from rising interest rates.

45 If in the future rates of interest come down then with the aid of a substantial sum of waiver money each year CDC should be able to do more for small farmers and other development schemes incapable of carrying a heavy load of interest than it has in the past. It could do this all the more successfully since the development during the last few years of very useful partnerships with the World Bank.

46 Sir Andrew Cohen, the World Bank, and the Estimates Committee of the House of Commons have all three been quoted as expressing the view that the work of the CDC is as effective a form of aid as any in the world. This effectiveness is apparent in that part of the CDC's work which touches the fundamental needs of the developing countries. Yet, owing to the way in which the Corporation receives its money, this highly effective help, applied at the right point, has been too small in size. With, however, the double financial easement of a considerable sum of money received on " waiver " terms, and reasonably low interest rates, the field of true " effectiveness " might at some future date be substantially increased.

Acknowledgements

47 The Board is very grateful to all members of the staff for the successful result achieved in 1968. Many obstacles were overcome and this result reflects great credit on their efforts. The Board is also very grateful to the Ministry of Overseas Development for their great assistance in all the difficulties of 1968, and to overseas governments and the Corporation's commercial associates for their valuable co-operation during 1968.

PART II—INVESTMENT REPORT AND STATISTICS

1 Projects

(1) At 31.12.68 there were 156 projects with total estimated capital commitment of £149,822,000. New investments approved by the Board during the year totalled £12,972,678, comprising 12 new projects for £7,251,872 and supplementary investments in existing projects £5,720,806.

(2) The 12 new projects were—

Region	*Project*	*Approved CDC Investment* £
Caribbean	Barbados Mortgage Finance Co Ltd	1,100,000
	Rock Dundo Development Co Ltd (Barbados)	102,600
	Sun Farms Ltd (Barbados)	55,000
	Dominica Mortgage Finance Co Ltd	300,000
	Guyana Mortgage Finance Co Ltd	800,000
	St Ann Development Co Ltd (Jamaica)	400,000
	St Lucia Mortgage Finance Co Ltd	400,000
East Asia and Pacific Islands	The Development Bank of Singapore Ltd	210,972
East Africa	East African Power & Lighting Co Ltd	2,600,000
	Nyanza Textile Industries Ltd (Uganda)	233,300
Malawi and Zambia	Malawi Housing Corporation	450,000
West Africa	Ghana Textile Printing Co Ltd	600,000
		£7,251,872

Particulars of each investment are given in Part IV. New projects undertaken by development companies in which CDC owns an interest are not shown as separate projects unless CDC has made a direct investment supplementing the development company investment.

(3) Ten projects listed last year disappear. In Trinidad the loan to Federation Chemicals Ltd was repaid and arrangements for CDC investment in Trincity Ltd fell through. In the Solomon Islands plans for participation in the building of an office block in Honiara came to nothing while in Fiji the

agricultural investigations have been absorbed into the activities of Fiji Development Co Ltd. In East Africa the four items shown for a number of years under Tanzania Mining Investigations have been omitted since the prospect of CDC participation in commercial development of these projects has become slight. In Malawi a final decision was taken to close down CDC operations at Vipya Tung Estates in view of synthetic competition for tung oil and continued low world prices. Finally, CDC's shareholding in Northern Housing Estates Ltd in Nigeria was sold to a Government-owned company.

(4) Thirty projects were under investigation at 31.12.68. This was considerably fewer than a year earlier, the decline in numbers being due to a widespread deterioration in the circumstances in which the prospects for new projects had to be assessed (primarily the general rise in the level of interest rates).

(5) The following table sets out all continuing projects at 31.12.68 grouped by regions and territories with an estimated maximum commitment for investment in each region. The total overall commitment at £149·8m compares with CDC total borrowing powers of £150m under existing legislation. However, substantial commitments will not be called for several years, if at all, and in the meanwhile large capital sums are due to be repaid annually to CDC under existing contracts. But it is clear that CDC borrowing powers will need soon to be increased if its capacity to undertake new ventures is not to be severely restricted.

LIST OF CONTINUING PROJECTS AT 31.12.68 WITH ESTIMATED TOTAL COMMITMENT BY REGIONS AND TERRITORIES

Caribbean

	East Caribbean Housing Ltd
Antigua	Antigua Slipway Ltd
	Jolly Beach Hotel (Caribeach Ltd)
Barbados	Barbados Mortgage Finance Co Ltd
	Rock Dundo Development Co Ltd
	Sun Farms Ltd
British Honduras ..	Fort George Hotel
Cayman Islands ..	Cayman Islands Corporation
Dominica	Dominica Electricity Services
	Dominica Mortgage Finance Co Ltd
	Melville Hall Estate
Grenada..	Grenada Beach Hotel (Caribeach Ltd)
	Grenada Electricity Services Ltd
Guyana	Cane Farming Development Corporation Ltd
	Guyana Electricity Corporation
	Guyana Government Loan
	Guyana Housing and Development Co Ltd
	Guyana Mortgage Finance Co Ltd
	Guyana Timbers Ltd
Jamaica	Caribbean Housing Finance Corporation Ltd
	(a) Harbour View Estate
	(b) Duhaney Park Estate
	(c) Duhaney Park Low Cost Housing
	(d) Hughenden Farm Estate
	Industrial Commercial Developments Ltd
	Jamaica Public Service Co Ltd
	Newport Holdings Ltd
	Portmore Land Development Ltd
	St Ann Development Co Ltd
	Western Storage Ltd
	Western Terminals Ltd
St Lucia	Development (Sans Soucis and the Morne) Authority
	St Lucia Beach Hotel (Caribeach Ltd)
	St Lucia Electricity Services Ltd
	St Lucia Mortgage Finance Co Ltd
St Vincent	St Vincent Electricity Services
Trinidad	Dunlop Trinidad Ltd
	Trinidad Cement Ltd
	Trinidad Mortgage Agency Co Ltd
	Trinidad & Tobago Mortgage Finance Co Ltd
	Estimated CDC commitment in the region.. £27,506,000

East Asia and Pacific Islands

East Malaysia	BAL Estates Sdn Bhd
	Borneo Development Corporation Sdn Bhd
	Borneo Housing Mortgage Finance Bhd
	Electra House Sdn Bhd
	Kuching Water Board
	Mostyn Estates Sdn Bhd
	Mostyn Palm Processing Sdn Bhd
	Sarawak Electricity Supply Corporation
	Sarawak Oil Palms Sdn Bhd
West Malaysia	Johore Palm Processing Bhd
	Kulai Oil Palm Estate Sdn Bhd
	Lembaga Kemajuan Tanah Persekutuan (Federal Land Development Authority)
	Lembaga Letrik Negara (National Electricity Board)
	Malayan Cocoa Sdn Bhd
	Malayan Flour Mills Bhd
	Malaysian Industrial Development Finance Bhd
	Realty Development Corporation of Malaysia Bhd
	United Cocoa Development Co Ltd

Fiji	Fiji Development Co Ltd Home Finance Co Ltd Pacific Lumber Co Ltd
Hong Kong	Hong Kong Building and Loan Agency Ltd Property Development (Industrial) Ltd
Singapore	Development Bank of Singapore Ltd Malaya Borneo Building Society Ltd Singapore Factory Development Ltd
Western Pacific Islands	Solomon Islands Investigations

Estimated CDC commitment in the region... £25,919,000

East Africa

Kenya	Block Hotels Ltd
	Development Finance Co of Kenya Ltd
	East African Power and Lighting Co Ltd
	East Africa Industries Ltd
	Kenya Land Development and Settlement Scheme
	Kenya Meat Commission
	Kenya Power Co Ltd
	Kenya Safari Lodges and Hotels Ltd
	Kenya Tea Development Authority
	  Chinga Tea Factory Co Ltd
	  Kangaita Tea Factory Co Ltd
	  Litein Tea Factory Co Ltd
	  Mataara Tea Factory Co Ltd
	  Nyankoba Tea Factory Co Ltd
	Kisumu Cotton Mills Ltd
	Mortgage Finance Companies
	  Housing Finance Co of Kenya Ltd
	  First Permanent (East Africa) Ltd
	  Kenya Building Society Ltd
	Nairobi City Council
	  Kiburu Diversion
	  Sasumua Dam
	  Kariakor Housing
	  Woodley/Kibera Housing Estate
	National Housing Corporation
	Nyambeni Tea Co Ltd
	Tana River Development Co Ltd
	Unga Millers Ltd
	Valley Field Housing Estate

Mauritius	Mauritius Housing Corporation
Tanzania	Kilombero Sugar Co Ltd Maramba Estate Ltd National Milling Corporation Permanent Housing Finance Co of Tanzania Ltd Tanganyika Development Finance Co Ltd Tanganyika Wattle Co Ltd Tanzania Electric Supply Co Ltd Tanzania Sisal Corporation

Uganda	Agricultural Enterprises Ltd
	  Bugambe Plantation Co Ltd
	  Mwenge Tea Co Ltd
	Development Finance Co of Uganda Ltd
	Housing Finance Co of Uganda Ltd
	Kilembe Mines Ltd
	Nyanza Textile Industries Ltd
	Uganda Tea Growers' Corporation

Estimated CDC commitment in the region.. £32,052,000

Central Africa

Central African Power Corporation (Kariba) .. £14,894,000

Malawi and Zambia

Malawi .. .. Electricity Supply Commission of Malawi (Nkula Falls)
Malawi Hotels Ltd
Malawi Housing
Malawi Housing Corporation
Malawi Smallholder Tea Authority
Mudi River Water Board
David Whitehead & Sons (Malawi) Ltd

Zambia ... .. Central Electricity Corporation Ltd, Lusaka
Chilanga Cement Ltd
Kafue Textiles of Zambia Ltd
Zambia Housing
Zambia Sugar Co Ltd

Estimated CDC commitment in Malawi and Zambia £8,687,000

Southern Africa

Botswana .. .. Botswana Meat Commission
Molopo Ranch

Swaziland ... ... Mhlume (Swaziland) Sugar Co Ltd
Shiselweni Forestry Co Ltd
Swaziland Development Corporation Ltd
Swaziland Iron Ore Development Co Ltd
Swaziland Irrigation Scheme
Swaziland Railway
Usutu Pulp Co Ltd
Vuvulane Irrigated Farms

Rhodesia ... ... Industrial Promotion Corporation Central Africa Ltd
Rhodesia Housing

Estimated CDC commitment in the region .. £26,677,000

West Africa

Ghana .. .. .. Ghana Textile Printing Co Ltd
Stirling Astaldi (Ghana) Ltd

Nigeria .. .. Coast Construction (Nigeria) Ltd
Cross River Rubber Estates
Development Finance Co Ltd
Dorman Long and Amalgamated Engineering Ltd
Dunlop Nigerian Industries Ltd
Ilushin Estates Ltd
Lagos Executive Development Board
Niger Cement Co Ltd
Nigeria Hotels Ltd
Nigeria Housing Development Society Ltd
Nigerian Industrial Development Bank Ltd
Northern Nigeria Investments Ltd
Textile Printers of Nigeria Ltd

Sierra Leone .. .. Freetown Hotel Ltd
Guma Valley Water Company
Sierra Leone Investments Ltd

Cameroun .. .. Cameroons Development Corporation

Estimated CDC commitment in the region .. £13,554,000

Other Areas

Commonwealth Housing Corporation Ltd
Hallway Hotels Overseas Ltd

Gibraltar .. .. Bland Cable Cars Ltd
Gibraltar Housing

Estimated CDC commitment in other areas .. £533,000

Total estimated CDC commitment for continuing projects at 31.12.68 .. £149,822,000

2 Capital distribution by region, investment and function

(1) The diagram (Figure 1) shows the distribution by regions of capital committed and invested in continuing projects at 31.12.68. Four projects do not fall within a CDC " region " and these are shown in the Other Areas segment.

(2) Figure 2 shows the growth in capital commitments and in capital investment (analysed for three types of investments) in the following way:

(*a*) the growth of CDC commitments is shown by the top line of the graph; at 31.12.68 these amounted to £150m representing an increase of some £8m compared with a year earlier. Gross new approvals were £12,972,678. The difference between this figure and the net increase of £8m is explained by loan repayments and investment realisations and by downwards reassessment of future commitments on existing projects;

(*b*) the second line of the graph shows total capital investment. During 1968 the Corporation made gross new capital investments of £11·7m, which raised the total of investments by £6·5m to £120,318,000 at 31.12.68. In this case also the gross figure is reduced by loan repayments/realisations and by other adjustments, including £700,000 written off the Vipya Tung Estates investment. 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 31.12.68 with comparative figures at 31.12.67. The rise in the share of investment commitments claimed by basic development reverses a recent trend and was due largely to a number of new housing projects, notably in the Caribbean region.

(4) As an innovation this year and in deference to a proviso of the Companies Act 1967, we have got out some figures (for what they are worth) of yield to CDC on the money deployed in each of the three main groups of investments, basic development, primary production and commerce and industry. The figures quoted below relate only to earnings of direct projects and interest and dividends credited in the central CDC books: they accordingly exclude CDC share of profits retained in subsidiary or associated company accounts and managing agency and other fees. They also exclude all capital items. On this basis CDC investments returned £4,491,000 from basic development, £1,439,000 from primary production and £1,669,000 from commerce and industry—representing crude percentages of 6·7%, 6·1% and 5·5% respectively. CDC's business normally entails at any time a large volume of investment in new projects which have not reached the revenue earning stage and this naturally depresses the average return overall. Moreover this factor affects particularly the investment in the primary production and commercial and industrial groups as opposed to the basic development group which has a large public utility loan component.

CONTINUING PROJECTS—
CAPITAL APPROVED AND INVESTED
BY AREAS

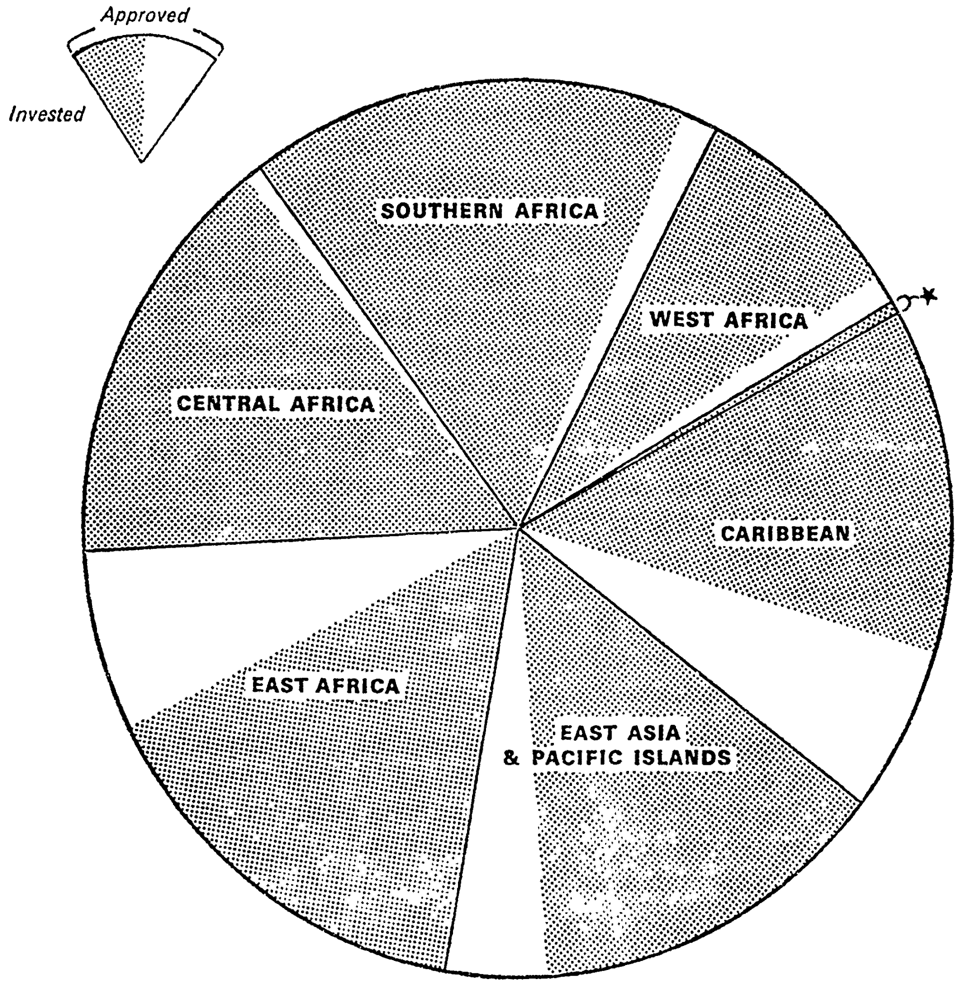

Fig. 1

	Committed £000's	Invested £000's
Caribbean	27,506	18,560
East Asia & Pacific Islands	25,919	20,190
East Africa	32,052	22,333
Central Africa	23,581	22,550
Southern Africa	26,677	24,232
West Africa	13,554	11,920
*Other areas	533	533
TOTAL	£149,822	£120,318

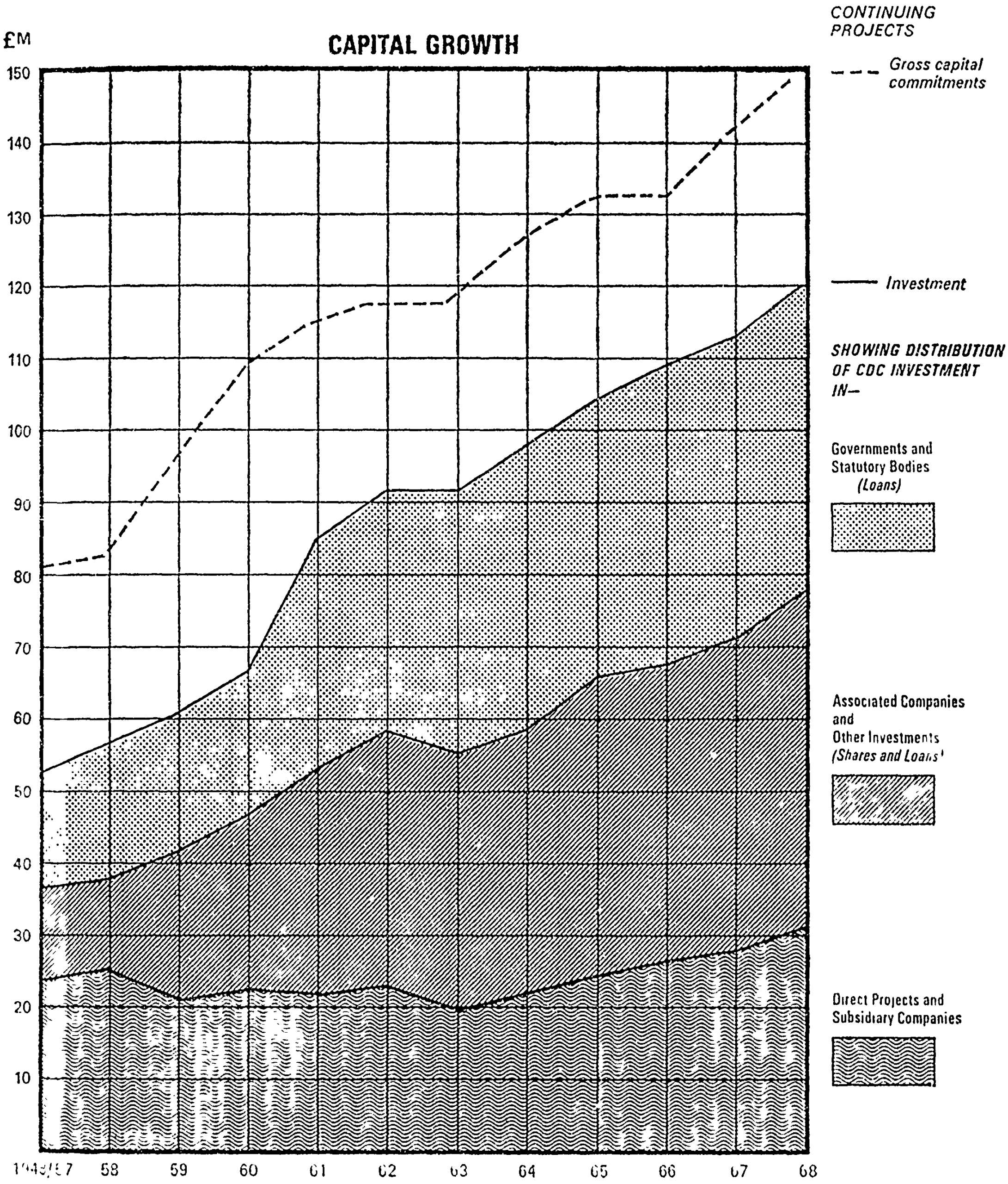
CAPITAL GROWTH
£M
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
58
59
60
61
62
63
64
65
66
67
68
CONTINUING PROJECTS
Gross capital commitments
Investment
SHOWING DISTRIBUTION OF CDC INVESTMENT IN—
Governments and Statutory Bodies (Loans)
Associated Companies and Other Investments (Shares and Loans)
Direct Projects and Subsidiary Companies

Fig. 2

FUNCTIONAL DISTRIBUTION OF CONTINUING PROJECTS

1967 and 1968 compared

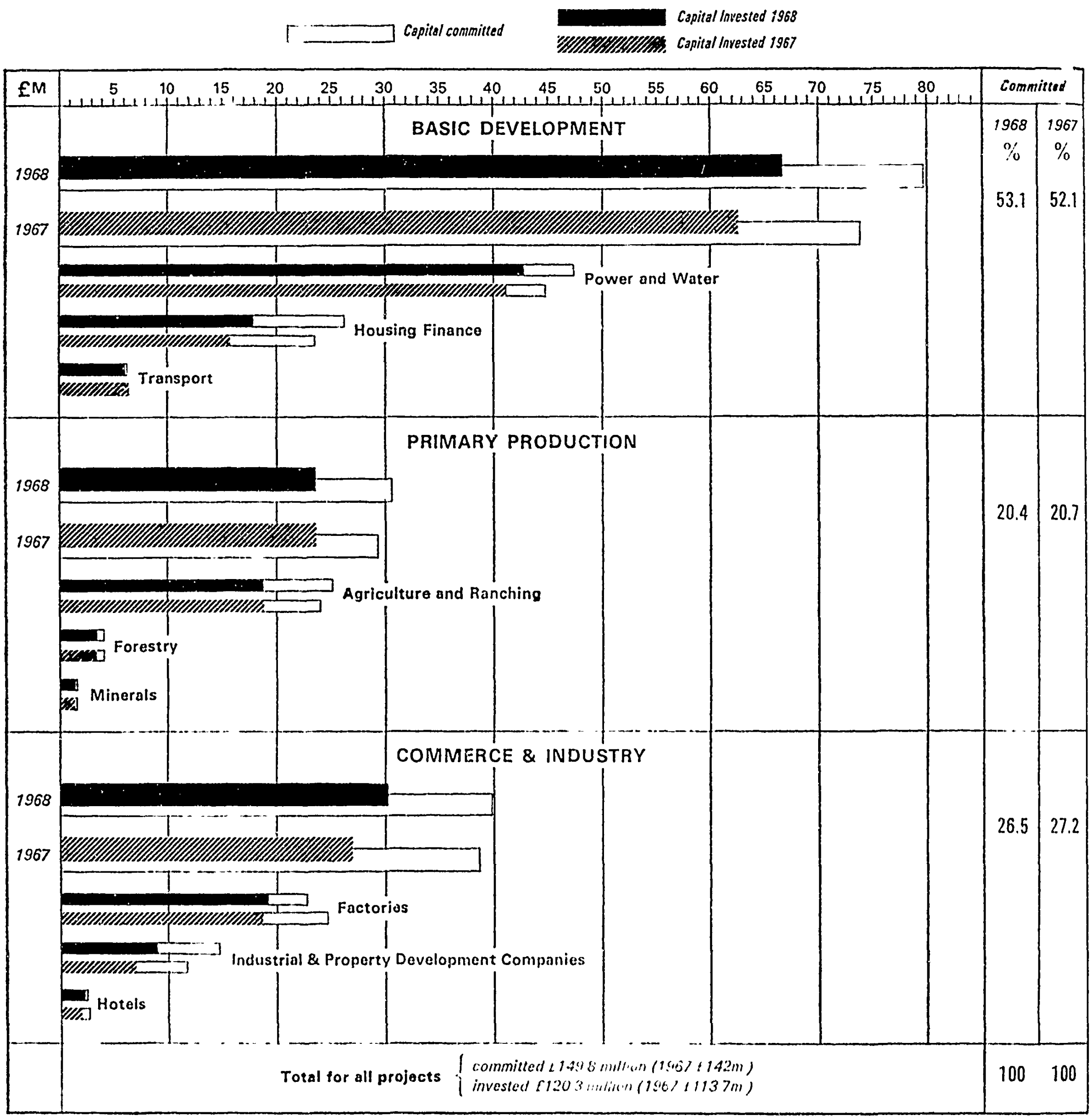

Fig. 3

PART III—FINANCIAL REPORT

The Accounts f ›r 1968 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 Fixed assets of the Corporation

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 Fixed assets of subsidiary companies

10 Combined statement of profits and losses of subsidiary companies

31.12.67			
£		£	£
99,234,120	CAPITAL LIABILITY TO GOVERNMENT		105,996,699
	DEFERRED LIABILITY TO GOVERNMENT		
	Advances	7,763,558	
	Fructification interest	9,719,226	
17,482,784			17,482,784
5,000,000	BANK CONSORTIUM LOAN repayable 1969		5,000,000
	CURRENT LIABILITIES		
388,598	Amounts owing to subsidiary companies	714,335	
1,674,001	Accrued interest on Government advances.. ..	1,728,237	
861,363	Creditors, accrued charges and taxation	1,145,195	
493,956	Bank overdrafts and short-term loans .. .. (Secured £80,644)	722,497	
			4,310,264
	PROVISIONS		
3,680,000	Provision against book value of projects and investments	4,907,000	
7,333,391	Provision for fructification interest	8,068,802	
			12,975,802
1,168,883	*Devaluation Reserve Account*		—
	RESERVE FUND		
	Balance at 1.1.68	42,308	
	Add Surplus transferred from Profit and Loss Account	27,342	
42,308			69,650
	Relevant notes on Statement 2 form part of this Balance Sheet		
	(Signed) HOWICK (*Chairman*)		
	J. F. PRIDEAUX (*Deputy Chairman*)		
	W. RENDELL (*General Manager*)		
£137,359,404			£145,835,199

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

We have examined the Accounts of the Corporation comprising the above Balance Sheet and these Accounts give a true and fair view of the state of the Corporation affairs at 31st December 1968

We have also examined the Group Accounts comprising the accounts of the Corporation and Accounts (Statement 10) of the subsidiary companies. The accounts of certain subsidiary companies Corporation a true and fair view of the state of affairs and of the surplus of the Group.

11 Ironmonger Lane,
London, E.C.2.

18th April 1969

DEVELOPMENT CORPORATION

SHEET AT 31.12.68 **STATEMENT 1**

31.12.67			
£		£	£
6,664,572	FIXED ASSETS (Statement 5)		6,245,053
	DEVELOPMENT EXPENDITURE		
	Land clearance, general development surveys and revenue expenditure carried forward at cost *less*		
903,028	amounts written off	1,079,556	
860,000	Interest carried forward	700,000	
			1,779,556
	INVESTMENTS (Statement 6)		
	Quoted in Great Britain (market value £2,783,698		
3,773,522	*1967 £2,784,417*)	3,773,522	
	Quoted overseas (market value £2,823,348 *1967*		
1,427,583	*£1,915,259*)	1,735,808	
77,142,826	Unquoted	80,344,997	
			85,854,327
	SUBSIDIARY COMPANIES (Statement 7)		
8,761,690	Shares	9,542,365	
11,147,910	Loans and advances	14,222,092	
			23,764,457
110,591,131			117,643,393
	CURRENT ASSETS		
	Stocks, stores and livestock at cost or market value		
685,378	whichever is lower or at valuation	814,499	
289,443	Growing crops at cost	299,468	
2,147,862	Interest and dividends receivable on investments ..	2,177,164	
1,267,795	Debtors and prepayments *less* provisions	2,528,292	
1,776,262	Short-term loans	1,318,742	
497,063	Cash at banks and in hand	949,171	
			8,087,336
	CAPITAL ADJUSTMENT ACCOUNT		
	Special Losses Account balance at 31.12.61 ..	9,022,166	
	Fructification interest to 31.12.60	11,082,304	
20,104,470			20,104,470
£137,359,404			£145,835,199

of the Overseas Resources Development Act, 1959, by the Minister of Overseas Development

annexed Profit and Loss Account and supporting Schedules (Statements 1 to 7). In our opinion and of the surplus for the year to that date.

Combined Statement of the Assets and Liabilities (Statements 8 and 9) and of the Profit and Loss have been audited by other firms. In our opinion the Group Accounts give so far as concerns the

(Signed) PEAT, MARWICK, MITCHELL & Co.
Chartered Accountants

NOTES FORMING PART OF THE ACCOUNTS

(1) The limits on Corporation borrowing powers are set out in Section 12(3) of the 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) Advances by Government are divided as follows—

1967		1968
£		£
4,247,901	wholly repayable within 5 years	4,315,746
94,986,219	other	101,680,953
£99,234,120		£105,996,699

Advances are repayable at various dates up to the year 2008 and rates of interest charged range from 3% to 8%.

(3) Assets (other than investments) and liabilities in overseas currencies have been converted at rates ruling at 31.12.68.

(4) The Corporation has contractual commitments for capital expenditure of £670,000 *1967 £270,000* and to subscribe up to £11 000,000 *1967 £13,000,000* for debentures, loans and shares including commitments to subsidiary companies £3,500,000 *1967 £3,500,000.* The Corporation has guaranteed liabilities of subsidiary companies (included in Statement 8) amounting to £4,250,000 *1967 £7,750,000.* In addition Board authority has been given for further investment in projects involving potential commitments of £17,500,000.

(5) Owing to the seasonal nature of their businesses the accounts of Caribeach Ltd and its subsidiaries have been made up to 30.9.68.

(6) The following information is given in respect of the investments totalling £11,569,975 in unquoted equity shares—

	£
Income receivable by Corporation	907,757
Corporation share of aggregate profits less losses per latest audited accounts received:	
Before taxation	1,240,000
After taxation	860,000
Corporation share of aggregate undistributed profits less losses since acquisition	1,010,000
Aggregate amounts provided by Corporation in respect of losses	490,000

(7) 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 forwarded. 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.

(8) Turnover representing aggregate sales of direct projects of the Corporation, excluding inter-group sales, and gross managing agency fees receivable by the Corporation amounted to £1,620,000 *1967 £1,500,000.*

(9) Total depreciation and amortisation charged by the Corporation for year to 31.12.68 was £266,616 *1967 £270,249.*

(10) The remuneration of the auditors of the Corporation for the year was £14,671 *1967 £12,200.*

(11) Remuneration of members of the Board—

1967 £		1968 £
	Salary fees and expenses—	
6,500	Chairman	6,642
9,510	Other members	9,997
305	Insurance premium for pension for former member	—
£16,315		£16,639

The number of those who at any time in 1967 and 1968 were members of the Board of the Corporation other than the Chairman in each range of emoluments was as follows—

	1967	1968
Nil to £2,500	10	10

	1967	1968
(12) Number of employees in the UK whose salaries exceed £15,000 but not £17,500 was	1	1

(13) Investments and assets in Rhodesia are stated at their book value of approximately £1,100,000; of this amount £1,000,000 represents a loan made to the Government of Rhodesia in 1956–57. In view of continued default in servicing the loan, immediate repayment was demanded in June 1967; no remittances have been received to date.

(14) The Corporation accounts have been prepared on the basis that it will be exempt from the provisions of Part X of the Nigerian Companies Decree 1968 in respect of its assets in Nigeria.

STATEMENT 3

PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.68

Year to 31.12.67					
£				£	£
319,600		NET SURPLUS OF DIRECT PROJECTS (per Statement 4)			299,711
1,481,456		INCOME FROM SUBSIDIARY COMPANIES (per Statement 4) ..			1,283,947
		INCOME FROM INVESTMENTS (per Statement 4)			
220,714		Quoted in Great Britain		220,714	
127,086		Quoted overseas		158,533	
4,877,483		Unquoted investments		5,550,306	
					5,929,553
89,108		MANAGING AGENCY AND OTHER FEES (net)			93,873
7,115,447					7,607,084
62,000		INVESTIGATION EXPENDITURE WRITTEN OFF		127,679	
470,811		ADMINISTRATIVE EXPENDITURE (head office and overseas offices) after making allocations of £443,623 (*1967 £358,632*) to subsidiary companies, projects and investigations ..		526,256	
16,315		REMUNERATION OF MEMBERS OF THE BOARD		16,639	
					670,574
6,566,321		OPERATING SURPLUS OF CORPORATION subject to taxation and interest			6,936,510
150,297		*Add* Discount on early repayment of Government loans and profits *less* losses on realisation of investments and other assets			120,364
6,716,618			£		7,056,874
		Deduct Transfer to provision against book value of projects and investments.. ..	1,379,710		
		Less amount transferred from Devaluation Reserve Account	1,168,883		
562,239				210,827	
	£	INTEREST PAYABLE TO GOVERNMENT			
		Currently payable—			
		On advances wholly repayable			
	247,594	in 5 years	258,274		
	4,337,902	On other advances	4,813,419		
	941,959	Provision for fructification interest	848,305		
	5,527,455		5,919,998		
	25,000	*Add* net reduction in interest carried forward	160,000		
5,552,455				6,079,998	
		INTEREST PAYABLE OTHER THAN TO GOVERNMENT			
	388,508	Bank loans, overdrafts and loans wholly repayable in 5 years ..	413,666		
	5,298	Other loans	5,041		
393,806				418,707	
205,000		OVERSEAS TAXATION (after crediting provisions made in prior years no longer required)		320,000	
					7,029,532
£3,118		SURPLUS appropriated to Reserve Fund (Statement 1) ..			£27,342

Relevant notes on Statement 2 form part of this Profit and Loss Account.

STATEMENT 4

DETAILS OF PROJECTS SUPPORTING PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.68

Year to 31.12.67			Net Trading	
Loss	*Profit*		Loss	Profit
£	£		£	£
		DIRECT PROJECTS		
—	17,681	Dominica Electricity Services	—	29,631
—	4,078	Fort George Hotel	—	16,135
8,251	—	Melville Hall Estate	—	6,774
—	78,601	Molopo Ranch	—	87,877
—	22,386	St Vincent Electricity Services	—	25,881
—	198,617	Swaziland Irrigation Scheme	—	79,483
—	—	Valley Field Housing Estate	—	785
41,396	—	*Vipya Tung Estates*	—	—
—	13,239	Vuvulane Irrigated Farms	—	12,151
—	34,645	SUNDRY INCOME	—	40,994
49,647	369,247		—	299,711
	49,647			—
	£319,600	NET SURPLUS FOR YEAR BEFORE CHARGING INTEREST		£299,711
Interest	*Dividends*		Interest	Dividends
£	£		£	£
		SUBSIDIARY COMPANIES		
115,132	—	BAL Estates Sdn Bhd	45,113	—
—	12,250	Borneo Development Corporation Sdn Bhd	—	28,583
—	70,438	Borneo Housing Mortgage Finance Bhd	—	75,134
—	—	Caribeach Ltd and its subsidiaries	38,081	—
—	—	Carant Holdings Ltd	64,858	—
2,269	—	CDC Rhodesia (Private) Ltd	1,408	—
9,579	—	Fiji Development Co Ltd	10,437	—
20,309	13,243	First Permanent East Africa) Ltd	—	117
6,160	8,000	Grenada Electricity Services Ltd	6,049	8,000
—	—	Guyana Housing & Development Co Ltd	3,250	—
35,240	—	Johore Palm Processing Bhd	29,353	—
14,357	—	Kenya Building Society Ltd	847	—
65,097	192,196	Kulai Oil Palm Estate Sdn Bhd	69,873	56,527
13,505	—	Malaya Developments Sdn Bhd	20,656	—
184,368	291,667	Mhlume (Swaziland) Sugar Co Ltd	184,528	116,666
16,500	32,083	Nigeria Hotels Ltd	25,591	38,500
87,500	68,250	Nigeria Housing Development Society Ltd	91,415	68,250
5,090	6,250	St Lucia Electricity Services Ltd	12,873	6,250
—	22,627	Swaziland Development Corporation Ltd	—	23,199
42,729	—	Tanganyika Wattle Co Ltd	38,722	87,500
44,645	122,500	Zambia Development Corporation Ltd	36,672	116,666
662,480	839,504		679,726	625,392
20,528		*Deduct* Sundry Interest (net)	21,171	
	641,952			658,555
	£1,481,456	INCOME FROM SUBSIDIARY COMPANIES FOR YEAR		£1,283,947
Interest	*Dividends*		Interest	Dividends
£	£		£	£
		INCOME FROM INVESTMENTS		
		QUOTED IN GREAT BRITAIN		
3,750	—	Bird & Co (Africa) Ltd	3,750	—
—	24,464	Jamaica Public Service Co Ltd	—	24,464
192,500	—	Kenya Power Co Ltd	192,500	—
196,250	24,464		196,250	24,464
£220,714			£220,714	
		QUOTED OVERSEAS		
—	7,702	Block Hotels Ltd	—	4,488
—	3,500	Dunlop Nigerian Industries Ltd	—	5,833
—	1,875	Industrial Commercial Developments Ltd	—	6,331
—	112,405	Malaya Borneo Building Society Ltd	—	140,506
—	—	Malayan Flour Mills Bhd	—	1,375
—	1,604	Nigerian Industrial Development Bank Ltd	—	—
—	127,086		—	158,533
£127,086			£158,533	
		UNQUOTED		
	—	Antigua Slipway Ltd	257	—
21,001	—	Bird & Co (Africa) Ltd	17,783	—
—	—	Bland Cable Cars Ltd	3,962	—
4,286	—	Block Hotels Ltd	3,204	—
42,196	—	Botswana Meat Commission	38,836	—
7,500	—	Bugambe Plantation Co Ltd	7,500	—
75,437	—	Cameroons Development Corporation	75,437	—
270,450	740	Caribbean Housing Finance Corporation Ltd	264,525	740
867	—	Cayman Islands Corporation	728	—
1,042,159	—	Central African Power Corporation	1,040,110	—
14,687	—	Central Electricity Corporation Ltd—Lusaka	14,299	—
3,480	2,592	Chinga Tea Factory Co Ltd	3,304	1,913

DETAILS OF PROJECTS SUPPORTING PROFIT AND LOSS ACCOUNT— YEAR TO 31.12.68 (*contd*)

Year to 31.12.67				
Interest	*Dividends*		Interest	Dividends
£	£		£	£
		UNQUOTED (*contd*)		
3,410	—	Coast Construction (Nigeria) Ltd	2,557	—
—	—	Development Finance Co of Kenya Ltd	1,233	—
18,300	29	Development Finance Co of Uganda Ltd	11,187	10.523
—	—	Development (Sans Souci & the Morne) Authority	2,428	—
2,100	—	Dorman Long & Amalgamated Engineering Co Ltd	1,450	—
22,625	—	Dunlop Nigerian Industries Ltd	21,628	—
13,432	105,467	East African Industries Ltd	17,540	105.466
—	2,042	Electra House Sdn Bhd	—	1.225
139,662	—	Electricity Supply Commission of Malawi	147,552	—
59,965	—	Federation Chemicals Ltd	27,465	—
12,631	—	Freetown Hotel Ltd	11,547	—
23,404	—	Gibraltar Housing	31,264	—
—	—	Ghana Textile Printing Co Ltd	2,589	—
130,428	—	Guma Valley Water Company	136,616	—
—	—	Guyana Electricity Corporation	26,182	—
43,807	—	Guyana Government (formerly Guyana Rice Development Co Ltd loan)	31,730	—
—	—	Hallway Hotels Overseas Ltd	800	—
45,229	—	Hong Kong Building & Loan Agency Ltd	68,950	—
3,844	—	Ilushin Estates Ltd	4,885	—
7,485	—	Industrial Commercial Developments Ltd	11,780	—
6,013	—	*Jamaica Housing Development Co Ltd*	—	—
199,851	—	Jamaica Public Service Co Ltd	243,560	—
—	—	Kafue Textiles of Zambia Ltd	8,976	—
6,834	40	Kangaita Tea Factory Co Ltd	6,699	47
25,170	—	Kenya Land Development & Settlement Board	32,510	—
6,442	—	Kenya Meat Commission	5,623	—
—	—	Kenya Safari Hotels & Lodges Ltd	551	—
65,856	—	Kenya Tea Development Authority	65,856	—
—	95,000	Kilembe Mines Ltd	—	399,000
29,260	—	Kilombero Sugar Co Ltd	29,260	—
14,575	—	Kisumu Cotton Mills Ltd	14,226	—
8,219	—	Kuching Water Board	18,079	—
49,659	—	Lagos Executive Development Board	48,440	—
40,500	—	Lembaga Kemajuan Tanah Persekutuan	40,500	—
379,116	—	Lembaga Letrik Negara	367,380	—
8,701	60	Litein Tea Factory Co Ltd	6,787	47
—	—	Malawi Hotels Ltd	3,011	—
61,688	—	Malawi Housing	60,043	—
—	86,527	Malaya Borneo Building Society Ltd	—	83.880
21,178	—	Malayan Flour Mills Bhd	17,709	—
3,480	2,142	Mataara Tea Factory Co Ltd	3,304	3.540
29,917	—	Mauritius Housing Corporation	39,926	—
19,691	34,028	Mostyn Estates Sdn Bhd	22,487	34.028
104,447	—	Mudi River Water Board	98,687	—
29,932	—	Mwenge Tea Co Ltd	29,932	
		Nairobi City Council—		
6,151	—	Kiburu Water Diversion	5,290	—
5,743	—	Sasumua Dam	12,905	—
9,773	—	Kariakor Housing Scheme	9,596	—
—	—	Woodley/Kibera Housing Scheme	44	
80,664	—	National Housing Corporation, Kenya	76,089	—
17,565	—	Newport Holdings Ltd	19,134	
—	—	Northern Housing Estates Ltd	—	816
11,818	168,000	Northern Nigeria Investments Ltd	11,818	210.000
880	20,000	Nyambeni Tea Co Ltd	935	28,000
8,735	60	Nyankoba Tea Factory Co Ltd	6,737	47
4,886	—	Portmore Land Development Ltd	43,738	—
12,401	3,487	Property Development (Industrial) l	11,389	3.487
4,620	—	*Pyrethrum Processing Co of Kenya L*	—	—
8,500	—	Realty Development Corporation of Malaysia Bhd	8,500	—
—	—	St Ann Development Co Ltd	16,301	—
35,927	—	Sarawak Electricity Supply Corporation	38,126	
15,044	13,650	Singapore Factory Development Ltd	19,489	19.906
3,410	—	Stirling Astaldi (Ghana) Ltd	2,558	
—	85,709	Swaziland Iron Ore Development Ltd	—	60.622
91,875	—	Swaziland Railway Board	91,875	
162,842	—	Tana River Development Co Ltd	255,579	
—	6,480	*Tanganyika Extract Co Ltd*	—	—
217,500	—	Tanzania Electric Supply Co Ltd	217,500	—
10,215	—	Tanzania Millers Ltd	7,263	
1,953	23,677	Trinidad Cement Ltd	22,756	—
7,112	—	Trinidad Mortgage Agency Co Ltd	7,112	—
9,015	21,768	Unga Millers Ltd	6,938	29,166
130,000	—	Usutu Pulp Co Ltd	117,000	
25,817	—	Western Storage Ltd	24,376	—
76,964	—	Western Terminals Ltd	74,471	—
11,928	—	David Whitehead & Sons (Malawi) Ltd	12,864	
60,551	—	Zambia Housing	58,134	—
14,832	—	The Zambia Sugar Co Ltd	19,833	—
40,350	—	Sundry	166,629	
4,205,985	671,498		4,557,853	992.453
£4,877,483			£5,550,306	

FIXED ASSETS OF THE CORPORATION

	Total	Land, buildings, plantations and concessions			Plant and machinery	Land clearance agricultural equipment and tractors	Motor vehicles and rolling stock	Furniture fixtures office and hotel equipment
		Freehold	Leasehold					
			Long	Short				
	£	£	£	£	£	£	£	£
COST								
Balance at 1.1.68	8,911,684	5,496,746	1,538,340	132,877	1,106,713	271,105	103,979	261,924
Additions during the year	596,846	371,566	18,531	280	67,684	74,367	15,358	49,060
	9,508,530	5,868,312	1,556,871	133,157	1,174,397	345,472	119,337	310,984
Disposals during the year	1,179,259	14,359	1,020,086	—	76,904	37,827	12,272	17,811
Balance at 31.12.68	£8,329,271	£5,853,953	£536,785	£133,157	£1,097,493	£307,645	£107,065	£293,173
DEPRECIATION								
Balance at 1.1.68	2,247,112	831,800	516,907	75,453	428,480	148,132	69,417	176,923
Charge for 1968	264,656	108,632	12,563	7,408	60,493	40,865	15,233	19,462
	2,511,768	940,432	529,470	82,861	488,973	188,997	84,650	196,385
Less Eliminated on disposals.. ..	427,550	595	312,589	—	49,511	36,585	11,672	16,598
Balance at 31.12.68	£2,084,218	£939,837	£216,881	£82,861	£439,462	£152,412	£72,978	£179,787
NET BOOK VALUE at 31.12.68 per Statement 1	£6,245,053	£4,914,116	£319,904	£50,296	£658,031	£155,233	£34,087	£113,386

INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF

	Country of Incorporation	Class of share	CDC holding	Cost less amounts written off at 31 12.68		
				Shares	Loans	Total
			%	£	£	£
INVESTMENTS QUOTED IN GREAT BRITAIN						
Bird & Co (Africa) Ltd				-	50,000	50,000
Jamaica Public Service Co Ltd	Jamaica	Ordinary	5	223,969	—	223,969
Kenya Power Co Ltd				—	3,499,553	3,499,553
				£223,969	£3,549,553	£3,773,522
INVESTMENTS QUOTED OVERSEAS						
Block Hotels Ltd	Kenya	Ordinary	5	27,562	-	27,562
Development Bank of Singapore Ltd	Singapore	Ordinary	2	211,794	—	211,794
Dunlop Nigerian Industries Ltd	Nigeria	Ordinary	3	50,000	—	50,000
Industrial Commercial Developments Ltd	Jamaica	Ordinary	10	115,212	—	115,212
Malaya Borneo Building Society Ltd	Singapore	Ordinary	40	1,166,940	—	1,166,940
Malayan Flour Mills Bhd	Malaysia	Ordinary	2	33,717	—	33,717
Nigerian Industrial Development Bank Ltd	Nigeria	'B' Ordinary	5	50,000	—	50,000
		Preference	10	25,000	-	25,000
Western Terminals Ltd	Jamaica	Ordinary	15	55,583	—	55,583
				£1,735,808	—	£1,735,808
UNQUOTED INVESTMENTS						
Antigua Slipway Ltd	Antigua	Ordinary	31	25,000	15,000	40,000
Bird & Co (Africa) Ltd				—	200,000	200,000
Bland Cable Cars Ltd	Gibraltar	Ordinary	49	49,000	64,336	113,336
Botswana Meat Commission				—	419,000	419,000
Bugambe Plantation Co Ltd				—	100,000	100,000
Cameroons Development Corporation				—	1,000,000	1,000,000
Caribbean Housing Finance Corporation Ltd	Jamaica	Ordinary	49	74	3,400,000	3,400,074
Cayman Islands Corporation				-	13,875	13,875
Central African Power Corporation				—	14,894,443	14,894,443
Central Electricity Corporation Ltd—Lusaka				—	185,095	185,095
Chinga Tea Factory Co Ltd	Kenya	Founders	50	20,500	39,000	59,500
Coast Construction (Nigeria) Ltd				—	62,000	62,000
Development Finance Co Ltd	Nigeria	Ordinary	50	1,000,000	-	1,000,000
Development Finance Co of Kenya Ltd	Kenya	Ordinary	25	500,000	54,167	554,167
Development Finance Co of Uganda Ltd	Uganda	Ordinary	33	300,500	222,500	523,000
Development (Sans Souci & the Morne) Authority				—	90,000	90,000
Dorman Long & Amalgamated Engineering Co Ltd				-	30,000	30,000
Dunlop Nigerian Industries Ltd				-	300,000	300,000
Dunlop Trinidad Ltd	Trinidad	Ordinary	7	50,000	—	50,000
East Africa Industries Ltd	Kenya	Ordinary	30	146,000	202,000	348,000
Electra House Sdn Bhd	Malaysia	Ordinary	33	35,000	—	35,000
Electricity Supply Commission of Malawi				—	1,885,071	1,885,071
Freetown Hotel Ltd	Sierre Leone	'A' Ordinary	100	75,000	146,309	221,309
Gibraltar Housing				—	380,702	380,702
Ghana Textile Printing Co Ltd				—	600,000	600,000
Guma Valley Water Company				—	1,835,163	1,835,163
Guyana Electricity Corporation				—	400,000	400,000
Guyana Government (formerly Guyana Rice Development Co Ltd loan)				—	566,732	566,732
Hallway Hotels Overseas Ltd	United Kingdom	Ordinary	33	13,333	25,000	38,333
Hong Kong Building & Loan Agency Ltd	Hong Kong	Ordinary	30	18,750	962,500	981,250
Ilushin Estates Ltd	Nigeria	Ordinary	33	265,000	70,000	335,000
Industrial Commercial Developments Ltd					205,500	205,500
Jamaica Public Service Co Ltd					3,350,000	3,350,000
Kafue Textiles of Zambia Ltd					175,000	175,000
Kangaita Tea Factory Co Ltd	Kenya	Founders	50	500	79,500	80,000
Kenya Land Development & Settlement Board					431,000	431,000

Kenya Meat Commission					87,500	87,500
Kenya Safari Hotels & Lodges Ltd	Kenya	Ordinary	17	60,277	85,443	145,720
Kenya Tea Development Authority				—	900,000	900,000
Kilmebe Mines Ltd	Uganda	Ordinary	20	1,140,000	—	1,140,000
Kilombero Sugar Co Ltd	Tanzania	Ordinary	41	976,859	778,000	1,754,859
Kisumu Cotton Mills Ltd	Kenya	Ordinary	9	27,917	153,366	181,283
Kuching Water Board				—	250,000	250,000
Lagos Executive Development Board				—	1,057,809	1,057,809
Lembaga Kemajuan Tanah Persekutuan				—	600,000	600,000
Lembaga Letrik Negara					5,834,265	5,834,265
Litein Tea Factory Co Ltd	Kenya	Founders	50	500	79,500	80,000
Malawi Housing				-	973,289	973,289
Malawi Hotels Ltd	Malawi	Ordinary	14	50,000	135,000	185,000
Malawi Smallholder Tea Authority				—	44,000	44,000
Malayan Cocoa Sdn Bhd	Malaysia	Ordinary	33	51,333	—	51,333
Malayan Flour Mills Bhd				—	197,600	197,600
Malaya Borneo Building Society Ltd	Singapore	Preference	62	970,454	-	970,454
Mataara Tea Factory Co Ltd	Kenya	Founders	50	20,500	39,000	59,500
Mauritius Housing Corporation				-	490,052	490,052
Mostyn Estates Sdn Bhd	Malaysia	Ordinary	50	583,333	163,333	746,666
Mudi River Water Board				-	1,322,718	1,322,718
Mwenge Tea Co Ltd					399,090	399,090
Nairobi City Council–						
Kiburu Water Diversion					69,363	69,363
Sasumua Dam				—	300,000	300,000
Kariakor Housing Scheme					120,699	120,699
Woodley/Kibera Housing Scheme					200,000	200,000
National Housing Corporation Kenya					1,280,000	1,280,000
Newport Holdings Ltd	Jamaica	Ordinary	11	11	226,500	226,511
The Niger Cement Co Ltd	Nigeria	Ordinary	9	248,333	—	248,333
Northern Nigeria Investments Ltd	Nigeria	Ordinary	50	1,800,000	163,000	1,963,000
Nyambeni Tea Co Ltd	Kenya	Ordinary	48	96,000	5,500	101,500
Nyankoba Tea Factory Co Ltd	Kenya	Founders	50	500	79,500	80,000
Nyanza Textile Industries Ltd					233,330	233,330
Portmore Land Development Ltd	Jamaica	Ordinary	15	15	760,000	760,015
Permanent Housing Finance Co of Tanzania Ltd	Tanzania	Ordinary	50	3,505	—	3,505
Property Development (Industrial) Ltd	Hong Kong	Ordinary	20	40,000	148,500	188,500
Realty Development Corporation of Malaysia Bhd	Malaysia	Ordinary	34	175,000	100,000	275,000
Rhodesia Housing				—	1,000,000	1,000,000
St Ann Development Co Ltd					400,000	400,000
Sarawak Electricity Supply Corporation					664,226	664,226
Singapore Factory Development Ltd	Singapore	Ordinary	50	227,500	280,017	507,517
Stirling Astaldi (Ghana) Ltd					46,500	46,500
Sun Farms Ltd	Barbados	Ordinary	33	4,000	-	4,000
Swaziland Iron Ore Development Co Ltd	Swaziland	Ordinary	7	214,272	—	214,272
Swaziland Railway Board					1,250,000	1,250,000
Tana River Development Co Ltd	Kenya	Ordinary	25	25	3,342,912	3,342,937
Tanganyika Development Finance Co Ltd	Tanzania	Ordinary	25	314,583	—	314,583
Tanzania Electric Supply Co Ltd					3,000,000	3,000,000
Tanzania Millers Ltd					94,570	94,570
Textile Printers of Nigeria Ltd					200,000	200,000
Trinidad Cement Ltd					402,500	402,500
Trinidad Mortgage Agency Co Ltd	Trinidad	Ordinary	50	10,000	92,884	102,884
Uganda Tea Growers' Corporation					100,708	100,708
Unga Millers Ltd	Kenya	Ordinary	16	250,000	54,332	304,332
United Cocoa Co Ltd	United Kingdom	Ordinary	13	21,190	-	21,190
Usutu Pulp Co Ltd	Swaziland	Ordinary	50	2,500,000	4,608,500	7,158,500
		Preference	33	50,000		
Western Storage Ltd	Jamaica	Ordinary	30	55,583	325,010	380,593
Western Terminals Ltd				-	984,439	984,439
David Whitehead & Sons (Malawi) Ltd	Malawi	'B' Ordinary	100	200,000	150,000	350,000
Zambia Housing				-	865,194	865,194
The Zambia Sugar Co Ltd					200,000	200,000
Sundries				82	12,526	12,608
		Equity shares £11,569,975		£12,590,429	£67,754,568	£80,344,997
		Other shares £1,020,454				

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SUBSIDIARY COMPANIES

31.12.67		Country of Incorporation	Class of share	CDC holding	Cost less amounts written off at 31.12.68 Shares	Loans and Advances	Total
£				%	£	£	£
3,908,567	BAL Estates Sdn Bhd	Malaysia	Ordinary	97	2,288,178	1,849,739	4,137,917
186,940	Borneo Development Corporation Sdn Bhd	Malaysia	Ordinary	50	175,000	18,620	193,620
879,086	Borneo Housing Mortgage Finance Bhd	Malaysia	Ordinary	61	805,000	75,829	880,829
—	Carant Holdings Ltd	Bahamas	Ordinary	100	405	1,504,389	1,504,794
1,045,291	Caribeach Ltd and its wholly-owned subsidiaries	Bahamas	Ordinary	89	371,700	711,939	1,083,639
58,063	CDC Rhodesia (Private) Ltd	Rhodesia	Ordinary	100	100	59,438	59,538
—	Commonwealth Housing Corporation Ltd	United Kingdom	Ordinary	100	1,000	—	1,000
—	East Caribbean Housing Ltd	Barbados	Ordinary	100	50,000	2,081	52,081
275,222	Fiji Development Co Ltd	Fiji	Ordinary	100	135,135	156,564	291,699
151,000	First Permanent (East Africa) Ltd	Kenya	Ordinary Preference	100	214,022	—	214,022
353,278	Grenada Electricity Services Ltd	Grenada	Ordinary	59	200,000	160,500	360,500
—	Guyana Housing & Development Co Ltd	Guyana	Ordinary	100	157,500	26,864	184,364
—	Guyana Mortgage Finance Co Ltd	Guyana	Ordinary	100	135,418	—	135,418
1,054,716	Guyana Timbers Ltd	Guyana	Ordinary	98	173,662	926,324	1,099,986
3,583	Housing Finance Co of Kenya Ltd	Kenya	Ordinary	60	17,000	583	17,583
—	Housing Finance Co of Uganda Ltd	Uganda	Ordinary	60	3,500	6,960	10,460
285,963	Johore Palm Processing Bhd*	Malaysia	Ordinary	51	—	342,610	342,610
177,413	Kenya Building Society Ltd	Kenya	Ordinary	100	100	—	100
1,000,006	Kulai Oil Palm Estate Sdn Bhd	Malaysia	Ordinary	100	193,810	940,159	1,133,969
380,738	Malaya Developments Sdn Bhd	Malaysia	Ordinary	100	6	388,653	388,659
337,118	Maramba Estate Ltd	Tanzania	Ordinary	75	225,000	105,162	330,162
4,545,419	Mhlume (Swaziland) Sugar Co Ltd	Swaziland	Ordinary	100	1,793,535	2,707,010	4,500,545
420,932	Nigeria Hotels Ltd	Nigeria	Ordinary	53	110,000	400,645	510,645
2,308,515	Nigeria Housing Development Society Ltd	Nigeria	Ordinary	60	975,000	1,389,050	2,364,050
248,329	St Lucia Electricity Services Ltd	St Lucia	Ordinary	53	125,000	213,965	338,965
—	St Lucia Mortgage Finance Co Ltd	St Lucia	Ordinary	100	100,000	31,612	131,612
—	Sarawak Oil Palms Sdn Bhd	Malaysia	Ordinary	100	—	33,703	33,703
8,108	Shiselweni Forestry Co Ltd	Swaziland	Ordinary	100	116,666	20,347	137,013
60,114	Sierra Leone Investments Ltd	Sierra Leone	Ordinary	57	60,000	—	60,000
100	Swaziland Development Corporation Ltd	Swaziland	Ordinary	100	100	—	100
972,149	Tanganyika Wattle Co Ltd	Tanzania	Ordinary	100	500,000	487,027	987,027
387,459	Trinidad & Tobago Mortgage Finance Co Ltd	Trinidad	Ordinary	80	614,583	2,690	617,273
768,366	Zambia Development Corporation Ltd	Zambia	Ordinary	100	100	1,658,523	1,658,623
3,125	Regional Companies	—	Ordinary	100	845	1,106	1,951
—	Home Finance Co Ltd*	Fiji	Ordinary	100	—	—	—
—	Lagos Hotel Ltd*	Nigeria	Ordinary Preference	32 53	—	—	—
	per Statement 1				£9,542,365	£14,222,092	£23,764,457
£19,819,600	1967				£8,671,690	£11,147,910	£19,819,600

* Held by subsidiaries

STATEMENT 8

COMBINED STATEMENT OF ASSETS AND LIABILITIES OF SUBSIDIARY COMPANIES—31.12.68

31.12.67 £	31.12.67 £		£	£
16,619,751		FIXED ASSETS (Statement 9)		16,621,248
	272,423	FORESTRY CROPS	293,266	
	304,180	LAND CLEARANCE AND DEVELOPMENT	310,909	
576,603				604,175
		INVESTMENTS		
	798,616	Quoted overseas (market value £1,458,399 *1967 £1,116,728*	1,524,729	
	4,476,305	Unqouted	6,010,596	
	5,274,921		7,535,325	
	15,189,169	BUILDING SOCIETY AND HOUSING ADVANCES ON MORTGAGE	15,241,873	
20,464,090				22,777,198
		CURRENT ASSETS		
	1,792,605	Work in progress, stocks, stores and livestock at cost or market value, whichever is lower or at valuation *less* advances	2,495,781	
	984,315	Growing crops at valuation	1,014,964	
	1,882,788	Debtors and prepayments *less* provisions	2,092,833	
	388,598	Amounts owing by Corporation	714,335	
	456,141	Cash at banks and in hand	711,526	
5,504,447				7,029,439
43,164,891				47,032,060
		Deduct CURRENT LIABILITIES		
	2,104,778	Creditors, accrued charges and taxation	2,060,201	
	6,987,404	Building Society deposits	6,468,614	
	1,071,846	Bank overdrafts (£77,382 secured *1967 £97,387*)	585,559	
10,164,028				9,114,374
33,000,863				37,917,686
		Deduct Secured and other loans—		
	960,469	Wholly repayable in 5 years (secured £212,512)	1,080,732	
	6,670,242	Others (secured £4,496,113)	6,976,204	
	11,147,910	Loans and advances by the Corporation	14,222,092	
	2,355,711	Minority shareholders interests	2,961,609	
21,134,332				25,240,637
£11,866,531		NET TANGIBLE ASSETS ATTRIBUTABLE TO CORPORATION INVESTMENTS		£12,677,049
		Represented by—		
8,671,690		Shares in subsidiary companies held directly by the Corporation at cost *less* amounts written off		9,542,365
	2,482,971	*Add* Net surplus arising on consolidation *including devaluation adjustments*	1,621,321	
	711,870	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 31.12.68	1,513,363	
3,194,841				3,134,684
£11,866,531				£12,677,049

NOTES

(1) Assets and liabilities in overseas currencies have been converted at the rates ruling at 31.12.68

(2) There are contractual commitments for capital expenditure of £430,000 *1967 £520,000* and for debentures, loans and partly paid shares of £2,900,000 *1967 £1,700,000.*

(3) There are contingent liabilities under guarantee and for bills discounted, etc, of £2,500,000 *1967 £1,750,000.*

(4) The following information is given in respect of investments totalling £608,598 in unquoted equity shares held by subsidiaries—

	£
Income receivable by subsidiaries	31,195
Subsidiaries share of aggregate profits *less* losses per latest audited accounts received—	
Before taxation	52,000
After taxation	29,000
Subsidiaries share of aggregate undistributed profits *less* losses since acquisition	57,000

(5) Turnover representing aggregate sales by subsidiaries and management fees receivable by subsidiaries amounted to £8,950,000 *1967 £8,700,000.*

(6) Net trading profits of subsidiary companies for the year are shown after taking credit for—

	1968 £	1967 £
Income from quoted investments	176,298	175,960
Income from unquoted investments	376,571	293,930
Mortgage interest receivable	1,195,415	1,302,767
and after charging—		
Depreciation and amortisation	1,048,929	1,018,016
Interest—Bank loans overdrafts and loans wholly repayable in 5 years	418,012	489,218
Other loans	389,890	374,331

(7) Remuneration of the auditors of subsidiary companies for the year was £27,462 *1967 £22,649.*

(8) At 31st December 1967 all devaluation adjustments other than those arising on the conversion of the retained 1967 profits were included in the net surplus arising on consolidation. At 31st December 1968 there has been transferred from this balance to post-acquisition surpluses of subsidiary companies applicable to the Corporation the devaluation adjustments arising from the conversion of post-acquisition surpluses at 31st December 1966 and of sterling liabilities at 17th November 1967. Such transfer amounts to £805,083.

STATEMENT 9

FIXED ASSETS OF SUBSIDIARY COMPANIES

	Total	Land, buildings, plantations and concessions			Plant and machinery	Ships and vessels	Land clearance agricultural equipment and tractors	Motor vehicles and rolling stock	Furniture fixtures office and hotel equipment
		Freehold	Leasehold						
			Long	Short					
	£	£	£	£	£	£	£	£	£
COST OR VALUATION									
Balance at 1.1.68	23,266,247	6,538,782	7,784,634	257,958	6,544,339	268,107	635,118	555,184	682,125
Additions during the year (including surplus on revaluation of properties £98.008)	1,495,574	352,894	572,035	508	295,648	38,576	90,440	54,361	91,112
	24,761,821	6,891,676	8,356,669	258,466	6,839,987	306,683	725,558	609,545	773,237
Disposals and transfers during the year	842,607	384,140	184,335	(13,708)	105,198	8,132	36,296	84,049	54,165
Balance at 31.12.68	£23,919,214	£6,507,536	£8,172,334	£272,174	£6,734,789	£298,551	£689.262	£525,496	£719,072
DEPRECIATION									
Balance at 1.1.68	6,646,496	1,039,298	1,732,052	174,893	2,291,625	228,154	436,134	359,288	385,052
Charge for 1968	1,018,993	183,513	220,581	10.948	381,746	6,657	79,804	66,329	69,415
	7,665,489	1,222,811	1,952,633	185,841	2,673,371	234,811	515,938	425,617	454.467
Less Eliminated on disposals and transfers	367,523	42,358	78,628	(564)	86,771	6,890	45,497	70,787	37,156
Balance at 31.12.68	£7,297,966	£1,180,453	£1,874,005	£186,405	£2,586,600	£227,921	£470.441	£354,830	£417,311
NET BOOK VALUE at 31.12.68 per Statement 8	£16,621,248	£5,327,083	£6,298,329	£85,769	£4,148,189	£70,630	£218,821	£170,666	£301,761

NOTE—Fixed Assets at cost or valuation includes £329,046 Freehold Property, £2,333 Long Leasehold Property and £13,708 Short Leasehold Property which were valued in 1968 on the basis of estimated open market value by Messrs Tysons Ltd, Nairobi. All other fixed assets are included at cost.

COMBINED STATEMENT OF PROFITS AND LOSSES OF SUBSIDIARY COMPANIES—YEAR TO 31.12.68

Year to 31,12.67				Net Trading	
Loss	*Profit*			*Loss*	*Profit*
£	£			£	£
—	*126,251*	BAL Estates Sdn Bhd		—	73,513
—	*37,401*	Borneo Development Corporation Sdn Bhd		—	146,188
—	*152,972*	Borneo Housing Mortgage Finance Bhd		—	171,431
29,815	—	Caribeach Ltd and its subsidiaries (year to 30.9.68)		—	38,396
—	—	Carant Holdings Ltd		—	64,858
—	*2,304*	CDC Rhodesia (Private) Ltd		—	2,291
—	—	East Caribbean Housing Ltd (from 22.3.68)		6,582	—
—	*9,973*	Fiji Development Co Ltd		—	13,661
—	*43,029*	First Permanent (East Africa) Ltd		—	1,563
—	*20,926*	Grenada Electricity Services Ltd		—	11,215
—	—	Guyana Housing & Development Co Ltd (from 26.7.68)		—	8,570
—	—	Guyana Mortgage Finance Co Ltd (from 11.7.68)		3,004	—
35,542	—	Guyana Timbers Ltd		150,615	—
—	*3,846*	Home Finance Co Ltd		—	3,634
1,640	—	Housing Finance Co of Kenya Ltd		5,388	—
—	—	Housing Finance Co of Uganda Ltd		15,194	—
—	*37,819*	Johore Palm Processing Bhd		—	42,732
—	*16,778*	Kenya Building Society Ltd		6,353	—
—	*271,769*	Kulai Oil Palm Estate Sdn Bhd		—	141,412
—	*9,328*	Lagos Hotel Ltd		6,833	—
—	*14,178*	Malaya Developments Sdn Bhd		—	20,417
23,194	—	Maramba Estate Ltd		—	28,879
—	*585,280*	Mhlume (Swaziland) Sugar Co Ltd		—	266,535
—	*90,730*	Nigeria Hotels Ltd		—	164,936
—	*217,823*	Nigeria Housing Development Society Ltd		—	207,041
—	*11,271*	St Lucia Electricity Services Ltd		—	22,205
—	—	St Lucia Mortgage Finance Co Ltd (from 28.1.68)		4,593	—
—	*6,459*	Sierra Leone Investments Ltd		—	9,345
—	*22,627*	Swaziland Development Corporation Ltd		—	23,199
—	*50,036*	Tanganyika Wattle Co Ltd		—	113,302
2,724	—	Trinidad & Tobago Mortgage Finance Co Ltd		—	29,957
—	*159,222*	Zambia Development Corporation Ltd		—	162,662
92,915	*1,890,022*			198,562	1,767,942
	92,915				198,562
	1,797,107	Net trading profits for the year			1,569,380
	40,729	*Add* Realised surpluses on exchange			69,362
	1,837,836				1,638,742
641,952		*Less* Interest payable to Corporation		679,726	
189,190		Overseas taxation		171,898	
—		Preliminary expenses written off		1,361	
	831,142				852,985
	1,006,694				785,757
		Less Dividends paid or provided by subsidiary companies—	£		
		Payable to Corporation	625,392		
		Less Overseas income tax	65,310		
722,492				560,082	
		Payable to minority shareholders	173,218		
		Less Overseas income tax	31,500		
116,406				141,718	
	838,898				701,800
	£167,796	Surpluses *less* deficits carried forward in accounts of subsidiary companies			£83,957
	20,631	Applicable to minority shareholders			78,629
	147,165	Applicable to Corporation investments			5,328
	£167,796				£83,957

Relevant notes on Statement 8 form part of this Profit and Loss Account.

PART IV—PROJECT REPORTS

CARIBBEAN

Regional Controller:
G. I. Firmston-Williams

Regional Office:
Culloden Road,
St Michael 16,
Bridgetown, Barbados

1 Regional Summary

(1) At the end of 1968, CDC had 37 projects (1967 32) in the Caribbean Region. Total capital committed in the Region at 31.12.68 rose by some £5m to £27,506,000 (1967 £22,754,000) of which £18,560,000 (1967 £15,102,000) was invested. The projects cover a wide range of operations including agriculture (bananas, copra, cocoa, citrus and sugar cane), horticulture, timber, port development, electricity supply, hotels, mortgage finance for housing, site development for industrial, commercial and housing construction, and the manufacture of cement, rubber tyres and other products.

(2) The Caribbean Region achieved a record level of new business in 1968. There were seven new projects involving total commitment £3,157,600 and six supplementary investment commitments for existing projects totalling £3,170,000 making £6,327,600 in all. Details analysed between Jamaica and the Eastern Caribbean area are—

Jamaica		*Eastern Caribbean Area*	
New Projects	£		£
St Ann Development Co Ltd	400,000	Barbados Mortgage Finance Co Ltd ..	1,100,000
		Dominica Mortgage Finance Co Ltd ..	300,000
		Guyana Mortgage Finance Co Ltd ..	800,000
		Rock Dundo Dev Co Ltd	102,600
		St Lucia Mortgage Finance Co Ltd ..	400,000
		Sun Farms Ltd ..	55,000
Supplementary			
Industrial Commercial Developments Ltd ..	820,000	East Caribbean Housing Ltd	80,000
Jamaica Public Service Co Ltd	1,000,000	Guyana Housing & Dev Co Ltd	920,000
Portmore Land Dev Ltd	250,000		
Western Terminals Ltd	100,000		
	£2,570,000		£3,757,600

Jamaica

(3) The new commitments in Jamaica thus comprised loans for electricity supply and harbour works and for real estate development to the west of Kingston and on the north coast of the island and additional finance for industrial and commercial developments. Apart from the loan to the Jamaica Government-owned St Ann Development Co Ltd, which is redeveloping the village and bay of Ocho Rios as a resort area, the new commitments were in support of existing CDC investments in the new port facilities at Kingston, in the area being reclaimed by dredging and developed as building land at Portmore (further to the west of the harbour) and also in Industrial Commercial Developments Ltd which promotes local industries that may be expected to take up factory sites owned by Newport Holdings Ltd (para 23) in the same area. During the year CDC actually made gross new investments in Jamaica totalling £3,310,000. The new loans to St Ann Development Co Ltd £400,000 and Jamaica Public Service Co Ltd £1,000,000 were fully drawn down in 1968 while Caribbean Housing Finance Corporation Ltd drew a further £1,335,000 against the financing arrangements under which mortgage facilities have been provided for buyers of houses on the Duhaney Park and Hughenden Farm estates. Only a modest balance remains undrawn against these facilities and it has been agreed in principle that further mortgage finance will be made available through Caribbean Housing Finance Corporation Ltd when plans for other estate developments have been completed.

Eastern Caribbean

(4) In the Eastern Caribbean area, the main emphasis of CDC operations in 1968 was on housing development and mortgage finance—as foreshadowed in last year's report. New mortgage finance companies were established in Guyana, St Lucia, Barbados and Dominica. In each case the underlying financial agreements between CDC and the territorial government follow the pattern already established in Trinidad which enables the companies to offer borrowers of modest means favourable terms for the purchase of moderately priced houses. Total commitment by CDC at 31.12.68 was £2·8m excluding £2m committed earlier to the Trinidad company. In addition CDC has committed some £1·3m to finance the building of new houses on estate developments in Guyana, St Lucia and Barbados—which will provide customers for the mortgage companies. The companies had all got under way by the year end and 1969 should see substantial sums invested in houses and in mortgage loans. All these operations in the housing field are being co-ordinated through East Caribbean Housing Ltd (para 3).

(5) A number of agricultural possibilities have been investigated—but in this most difficult field only one new project was launched during the year. Sun Farms Ltd (para 7) is an interesting horticulture venture in partnership with Barbados commercial interests and a leading British firm in this line of business: it will grow pot plants, nursery stock and vegetables mainly for export outside the region. Little progress was made during the year in implementing the scheme for financing small sugar cane farmers in Guyana through the Cane Farming Development Corporation Ltd (para 14) but it seems that this scheme may at last get off the ground in 1969.

(6) The symposium on nematode (eel worm) damage sponsored by CDC with the University of the West Indies, and the FAO and the Commonwealth Bureau of Helminthology which took place in Trinidad in April 1968, was very well attended and elicited a high standard of papers and debate. It was generally considered that this symposium proved of great help in highlighting the importance of this plague of tropical agriculture, and in bringing together and disseminating the latest developments in research and control measures.

(7) During the year £400,000 of the £1,500,000 CDC loan commitment to Guyana Electricity Corporation was advanced and the arrangements under which CDC assumed responsibility for management and technical advice came into effect on 1st April. Investigations were undertaken at the request of the Governments of Antigua, Montserrat and St Kitts, in conjunction with the Ministry of Overseas Development, into the future electricity needs of these islands. Some reorganisation of the CDC technical staff in the region into an independent unit is under consideration in view of increased management and technical responsibilities.

(8) In Trinidad, the £600,000 balance of the CDC loan to Federation Chemicals Ltd was repaid and a further repayment instalment received on the Trinidad Cement Ltd loan. The share capital of Dunlop Trinidad Ltd in which CDC has a TT$240,000 holding was called up at the beginning of the year and the factory went into production in April.

(9) The Caribeach hotels (para 2) again reported more visitors spread more widely through the year and again much improved financial results coming for the first time within sight of an overall profit. Plans for building another two blocks at Grenada Beach Hotel, the most successful of the chain, are being considered. The Antigua Slipway company (para 4) ran into construction difficulties on the site at English Harbour and some modification of the development plans is under consideration.

(10) The lectures on accountancy and secretarial practice started at regional office in Barbados in 1966 continued during the year, and provision has been made for their continuation in 1969. Following the lead established by CDC the University of the West Indies in Barbados is now planning accountancy classes as a part of its curriculum.

Caribbean Free Trade Area

(11) The Caribbean Free Trade Area came into effect on 1st May 1968 and the year has seen a flurry of trade missions and diplomatic contacts directed towards getting the system off to a good start. The more energetic and percipient businessmen are already beginning to take advantage of the expanded possibilities offered by the wider market, but the free competition promised by the Agreement is still a long way from fulfilment in many areas. The tenuousness of the commitment to regional co-operation is shown by the long time taken to agree on the site of the proposed Regional Development Bank: it is to be hoped that 1969 will bring practical progress towards achieving the aims of the Agreement.

(2) Regional revenue, after overseas and regional administration costs but before charging Head Office costs including interest payable to UK Treasury

and provisions against book value of projects and investments represented 5·3% on capital employed (1967 5·1%).

2 Caribeach Ltd

(1) This CDC subsidiary is registered in the Bahamas and is itself a holding company owning tourist hotels in Antigua, Grenada and St Lucia through operating subsidiaries. As at 31.12.68 the group was capitalised as under—

(*a*) Issued share capital B$1,311,428 of which CDC B$1.171,428 and West Indies and Caribbean Developments Ltd B$140,000. CDC has also lent £200,000 on current account pending issue of shares to the same amount;

(*b*) loan capital £687,900 of which CDC held £489,300 and BAIT Ltd (formerly British American Investment Trust Ltd) and Barclays Overseas Development Corporation Ltd £198,600 at 31.12.68.

(2) Hallway Hotels Overseas Ltd (para 142) manage.

(3) Business continued to expand and numbers of visitors increased, particularly during the summer season. Plans for building another two blocks at the Grenada Beach Hotel are being considered.

(4) Although the group lost EC$53,606 on the year's operations after debiting all charges including full debenture interest and a new tax imposed by the Grenada Government, it was able to write back over-provisions of EC$55,118 charged against earlier years' results and so ended the year with a modest net surplus of EC$1,512 (1966/67 loss EC$343,224). The improved trend has continued into the current year and 1968/69 should be truly profitable.

3 East Caribbean Housing Ltd—Manager: M. A. Boyd

(1) Formed in March 1968 this wholly-owned CDC subsidiary with its headquarters in Barbados provides management and technical services for mortgage finance companies sponsored by CDC in Barbados, St Lucia and Dominica. East Carribean Housing Ltd (ECHL) also provides management and supervisory services for associated estate development schemes in the East Caribbean including management of the newly-formed Rock Dundo Development Co Ltd (para 6).

(2) At 31.12.68 issued capital of EC$240,000 had been fully subscribed and £2,081 had been drawn on the CDC current account.

(3) During the year the main activity was to establish the mortage finance companies (listed in sub-para (1) above) all of which have now been set up.

(4) In order to encourage the building of low and medium cost houses and to offer the public as wide a choice of house designs as possible, ECHL is erecting prototype houses in St Lucia, Dominica and in Barbados. In St Lucia, ECHL has put up four timber houses supplied by Guyana Timbers Ltd (para 19) on the Government scheme at Ravine Chabot, Castries. In Dominica, eight show houses of varying types using conventional materials have been completed on the Government scheme at Canefield near Roseau.

(5) Net loss for the period from company incorporation until year end was EC$31,798.

ANTIGUA

(EC$4·80=£1)

4 Antigua Slipway Ltd

(1) CDC has subscribed EC$120,000 of the EC$384,000 issued share capital of the company, and at 31.12.68 had advanced £15,000 on loan.

(2) The company was formed in 1967 by a group of British yachtsmen in support of the plan to establish English Harbour as an international yachting centre, by improving facilities which were previously inadequate. The company undertakes the repair and provisioning of private and charter yachts, and has been granted pioneer status by Government. It has the right to operate in English Harbour with an exclusive franchise for 10 years to slip boats of up to 500 tons.

(3) At 31.12.68 work on the new facilities, including construction of a slipway and buildings, had begun but progress had been slow owing to local difficulties. A start had been made on the repair and provisioning of yachts.

BARBADOS

(EC$4·80=£1)

5 Barbados Mortgage Finance Co Ltd

(1) A new mortgage finance company incorporated in October 1968. CDC has agreed to subscribe EC$960,000 share capital and to lend up to £900,000. The Government of Barbados has agreed to subscribe EC$500,000 share capital over a 10-year period. East Caribbean Housing Ltd (para 3) manages. A nominal share subscription was paid up at 31.12.68.

(2) Initially, the company will lend only on houses built on two large housing estates, ie the Government scheme at Cave Hill and the Rock Dundo Development Co Ltd housing scheme in St Michael (para 6). Prototype houses are being erected on both sites in order to test public reaction. The company is expected to begin lending operations in early 1969. It will be operating under the Mortgage Insurance Act 1962 and will work in close liaison with the Urban Development Corporation. Loans are limited to a maximum of EC$20,000 and the financial arrangements between CDC and Barbados Government will bring home ownership within the reach of the lower and middle income groups.

6 Rock Dundo Development Co Ltd

(1) This company was incorporated in Barbados in December 1968 with capital of EC$25,000 held equally by Northern Development Co Ltd (a wholly-owned subsidiary of Northern Dairies Ltd, Hull) and CDC. Additionally CDC has agreed to lend up to £100,000. East Caribbean Housing Ltd (para 3) will manage.

(2) The company will develop the land owned by Northern Development Co Ltd at Rock Dundo Park, St Michael, Bridgetown as a housing estate. By year end plans had been drawn up for eight prototype houses to demonstrate a range of houses to be offered to the public. Construction of the main scheme is expected to start in July 1969 after public reaction to the

prototype houses has been tested and firm orders for houses taken. Mortgage funds will be available to house buyers from the Barbados Mortgage Finance Co Ltd (para 5).

7 **Sun Farms Ltd**—Manager: A. B. Crosby

(1) This project was started at the end of 1968 in partnership with the United Kingdom horticultural firm, Radclive Manor Ltd and Da Costa & Musson Ltd of Barbados.

(2) Issued share capital is EC$144,000, of which CDC has EC$48,000, and Radclive Manor Ltd and Da Costa & Musson Ltd have similar amounts. CDC will also make a sterling loan to the company of up to £45,000.

(3) The company aims to develop an export industry to Europe and North America in flowers, pot-plants, nursery stock and out-of-season fruit and vegetables, and to sell vegetables within the Carifta market to replace imports to meet tourist requirements.

(4) The Barbados Government has agreed to lease 74 acres to the company and initial cultivations have been started.

(5) CDC investment at 31.12.68 EC$19,200 in paid-up shares.

BRITISH HONDURAS

(BH$4=£1)

8 **Fort George Hotel**

(1) A wholly-owned CDC project managed by Hallway Hotels Overseas Ltd (para 142). Capital employed at 31.12.68 was BH$428,250 (1967 BH$366,424).

(2) A programme of replacements and improvements, including the provision of air-conditioning and overhauling of the electrical installations was completed during the year.

(3) A record number of visitors stayed at the hotel and costs were closely controlled by the management. Profit for the year was BH$15,920 (1967 BH$16,307).

CAYMAN ISLANDS

(J£1=£1)

9 **Cayman Islands Corporation**

Loan of £55,500 for airport construction; outstanding at 31.12.68 £13,875 (1967 £16,650).

DOMINICA

(EC$4·80=£1)

10 **Dominica Electricity Services**—Manager: W. R. Lord

(1) Owned and managed by CDC from 1953, this project supplies electricity from two hydro-electric stations on the Roseau River. Capital employed at 31.12.68 was EC$2,591,465 (1967 EC$2,445,845).

(2) Work on a transmission line from Roseau to Portsmouth, the island's second town, was nearing completion at the end of the year.

(3) Sales of electricity increased to 5·66m units (1967 4·88m) with gross revenue EC$488,187 (1967 EC$422,225).

(4) Net surplus before interest on capital invested was EC$142,242 (1967 EC$94,035) representing just under 5½% on capital employed.

11 Dominica Mortgage Finance Co Ltd

(1) This wholly-owned CDC subsidiary was incorporated in September 1968. CDC has agreed to subscribe EC$480,000 equity and lend up to £200,000. The company is managed by East Caribbean Housing Ltd (para 3). A nominal share subscription was paid up at 31.12.68.

(2) The company started lending operations in March 1969. The immediate object is to make available mortgage funds for buyers of houses built at Goodwill housing estate, Roseau and at the new Government scheme at Canefield, where over 500 plots have been set aside for housing development. Loans are limited to a maximum of EC$20,000 under an agreement between Dominica Government and CDC which also provides for interest rate concessions from CDC and tax concessions from Dominica Government.

12 Melville Hall Estate—Manager: A. L. E. Pugh

(1) This is a wholly-owned CDC project comprising two estates, Melville Hall and Castle Bruce, under one management. Capital employed at 31.12.68 was EC$633,634 (1967 EC$628,266).

(2) Some progress was made in control of nematodes attacking bananas and control of leaf spot was also more effective than in the past. A further 120 acres of coconuts were planted.

(3) Unexpectedly high prices for bananas and better bunch weights resulted in a moderately profitable trading year. High prices for cocoa in the last few months also helped.

(4) Net profit for the year was EC$32,513 (1967 net loss EC$39,603).

GRENADA

(EC$4·80=£1)

13 Grenada Electricity Services Ltd—Manager: D. A. Bryan

(1) (*a*) A CDC subsidiary formed in 1961 with the Grenada Government to take over existing installations from the Government and to expand the electricity services. Share capital is EC$1,618,520 of which CDC holds EC$960,000 with the balance held by Government;

(*b*) CDC has lent £147,000: balance outstanding at 31.12.68 £145,023.

(2) Sales of electricity increased to 8·94m units (1967 7·62m units) with gross revenue EC$762,494 (1967 EC$661,455).

(3) Net profit was EC$24,795 (1967 EC$76,150). A 4% dividend was paid (1967 4%), representing a very modest return on equity investment.

GUYANA

(G$4·80=£1)

14 Cane Farming Development Corporation Ltd

(1) (*a*) Total share capital G$370,560; shareholders are the Guyana Government, Bookers Sugar Estates Ltd, The Demerara Co Ltd, Barclays Overseas Development Corporation Ltd (BODC), the Royal Bank of Canada and CDC;

(*b*) CDC has agreed to provide loan funds of up to £312,500 and a similar sum is to be made available jointly by BODC and the Royal Bank of Canada. Barclays Bank DCO and the Royal Bank of Canada will also make available short term finance.

(2) Guyana Housing & Development Co Ltd (para 17) will provide management, accounting and secretarial services.

(3) Cane Farming Development Corporation Ltd (CFDC) will make loans to farmers for the establishment of sugar cane on approved land and will also supply crop finance. The cane harvested by the farmers will be sold to established company mills on a contract basis and at a price fixed in accordance with an agreed formula. The sugar companies will be acting as agents to CFDC and will be responsible for accounting and collecting monies due from farmers by deduction from the proceeds of produce sold to them. Government has agreed to make an annual subvention to meet management and administration costs in order that loans to farmers can be made at a rate of interest closely related to the CFDC's own borrowing rate. First loans should be made early in 1969.

15 Guyana Electricity Corporation—General Manager: N. Shepherd

(1) This is a statutory corporation which holds a franchise for electricity supply in Guyana. At end 1967 CDC agreed to provide £1·5m loan finance (repayable 1973/82) to finance new generating plant and extend the supply system. £400,000 had been advanced at 31.12.68 (1967 nil).

(2) As from 1.4.68 CDC undertook responsibility for the provision of management and technical services.

(3) Profit for the year was G$1,034,763 (1967 loss G$61,073).

16 Guyana Government Loan (formerly Guyana Rice Development Co Ltd Loan)

Loan of £445,000 repayable 1967/79 arising from renegotiation of an earlier loan to Guyana Rice Development Co Ltd. Balance outstanding at 31.12.68 £391,600 (1967 £427,200).

17 Guyana Housing & Development Co Ltd—Manager: P. B. Wells (formerly Guyana Development Co Ltd)

(1) This wholly-owned CDC subsidiary was registered in July 1967. At 31.12.68 G$756,000 had been paid up on the G$1·2m share capital. CDC has also undertaken to lend up to £750,000; nil drawn at the year end.

(2) The company, which was established to operate as a general development agency in Guyana, has made a start with the development of building sites owned by CDC in Georgetown and New Amsterdam. By the end of 1968 a 30-acre site at South Ruimveldt (Georgetown) had been developed and 60 prefabricated houses supplied by Guyana Timbers Ltd (para 19) had been erected. The first houses were handed over by the Prime Minister to the owners at a ceremony on 30.11.68. Two demonstration houses had been completed at Vryman's Erven, New Amsterdam.

(3) Net profit for the initial trading period was G$18,120.

18 **Guyana Mortgage Finance Co Ltd**—Manager: P. B. Wells

(1) The company was formed in July 1968 as a wholly-owned CDC subsidiary with issued capital G$1,000,000; additionally CDC has undertaken to lend £700,000. At 31.12.68 G$650,000 had been called against the share capital; nil drawn against the loan capital.

(2) The company will make available mortgage finance for buyers of new houses falling within a restricted price range under an agreement between Guyana Government and CDC which also provides for interest rate concessions from CDC and tax concessions from Guyana Government; home ownership will in consequence be made possible at a lower income level than ever before in Guyana. The first mortgage loans made by the company were to buyers of houses erected by Guyana Housing & Development Co Ltd (para 17) at South Ruimveldt, near Georgetown, and at Vryman's Erven, New Amsterdam. By year end mortgage asset was G$363,719.

(3) Net loss for the year was G$16,808.

19 **Guyana Timbers Ltd**—General Manager: M. J. Wootton

(1) (*a*) A CDC subsidiary company with issued capital G$1,449,600 of which CDC holds G$1,424,640 the remainder being held by Guyana Industrial Holdings Ltd, a company in the Booker Group;

(*b*) CDC loans at 31.12.68 G$4,732,187 (1967 G$4,526,936).

(2) 1968 turned out to be an even worse year than 1967; the looked-for improvement in overseas markets did not happen and costs could not be held down for a variety of reasons including a serious and prolonged machinery breakdown in the mill. Much had been expected of a contract for a large number of prefabricated houses which was under negotiation at the end of 1967 for supply to a building estate scheme in Georgetown to be financed from USAID funds. In the event the contractor went into liquidation before a single house had been completed and efforts to carry on the scheme have been largely ineffective. Towards the end of the year, deliveries of houses to Guyana Housing & Development Co Ltd (para 17) for estate developments financed by CDC had begun and from now on there should be a steady and growing market for prefabricated houses, both in Guyana and in some of the Carifta islands, provided that the company can control its costs and quote competitive prices. The production of the traditional lines of export timber is being cut back for the time being pending some recovery in the market.

(3) Net loss for the year before interest was G$736,841 (1967 loss G$162,545).

JAMAICA

(J£1=£1)

20 **Caribbean Housing Finance Corporation Ltd**—Manager: M. G. Fray

(1) A company formed by Sceptre Trust Ltd (a subsidiary of Eagle Star Insurance Co Ltd) and CDC who hold equal interests in the J£150 share capital, to provide mortgage finance for buyers of new houses on approved estates. Completed developments are Harbour View, Hope Pastures, St Andrew Park, Duhaney Park Estates, Duhaney Park extension area and Hughenden Farm, all of them either in or around Kingston. On these estates some 4,300 families have been given the opportunity to buy well-appointed houses at prices which have been kept low by the adoption of modern building methods.

(2) At the end of the year CDC had lent £4,900,000 (1967 £3,600,000) net of repayments and Sceptre Trust £1,725,200 (1967 £1,868,700): a balance of £475,000 remained to be drawn on outstanding CDC commitments, while CDC had agreed to entertain further loan applications to a maximum of £3m over the next three years subject to agreement on terms at the time.

(3) Net profit after loan interest was J£16,538 (1967 J£21,595). The company repeated the previous year's J£10 dividend per share.

21 **Industrial Commercial Developments Ltd**

(1) (*a*) In November 1968 issued share capital of this public company was increased by J£99,473 to J£1,293,148; CDC subscribed J£65,212, bringing its holding of ordinary shares up to J£127,712;

(*b*) CDC agreed during 1968 to provide an additional line of credit of £750,000; the original £500,000 line of credit had become fully committed for investment in approved enterprises, £215,000 being drawn at 31.12.68 (1967 £115,000).

(2) The company was formed by the Matalon family interests to acquire and develop enterprises for the manufacture and distribution in Jamaica of a wide range of products previously imported. It now has four wholly-owned subsidiaries and a controlling interest in five other businesses.

(3) Profits in 1968 were running well ahead of 1967 (J£158,399). An interim dividend of 3% has been paid and it is expected that a final dividend will be declared.

22 **Jamaica Public Service Co Ltd**

(1) This public company, incorporated in Jamaica has the sole franchise for supplying electricity in the island. CDC holds J£266,885 shares and made a further £1m long term loan during the year for expansion of services so that the balance of such loans outstanding at 31.12.68 was £3·35m. The company repaid a further £350,000 of the frequency conversion loan; the £1·05m outstanding balance is due to be repaid by 1970.

(2) The company has undertaken a programme of expansion of generating capacity, with transmission and distribution extensions, which is estimated to cost J£24m in the period 1968/72. A loan of US$22m has been received from the World Bank for overseas procurement.

(3) Sales of electricity in the year to 31.12.68 were 589m units (1967 530m units). Net profit was J£1,169,000 (1967 J£1,034,000). Dividends totalling 5½d per 5/– ordinary share were paid (1967 5½d).

23 Newport Holdings Ltd

(1) The company was formed in 1965 to acquire from its parent company, Foreshore Development Co Ltd of Kingston, the freehold of factory sites adjacent to the wharves of Western Terminals Ltd (para 27). The J£100 share capital is owned as to 62½% by Foreshore Development Co Ltd, 26¼% by RoyWest Banking Corporation Ltd of Nassau, and 11¼% by CDC.

(2) RoyWest Banking Corporation Ltd and CDC have agreed to provide loan funds of up to £1m in the proportion 70:30 towards the cost of purchasing and developing the land, and for construction of factories and warehouses for sale. At 31.12.68, CDC had lent £226,500 net of repayments (1967 £217,500).

(3) During the year 44 plots and four factories were sold. The purchase consideration has been left on loan to the extent of £116,850. Another three factories have been erected for sale or lease.

(4) Net profit for 1968 was J£11,256 (1967 J£52,495 loss).

24 Portmore Land Development Ltd

(1) The company was formed in 1966 to undertake property development in an area west of Kingston. Issued capital is J£100, the majority shareholder being Commodity Service Co (Jamaica) Ltd; CDC holds 15%.

(2) The company will develop some 1,400 acres as an integrated housing, industrial, commercial and resort scheme and will build a causeway and access roads to link the area with Newport West (para 27). Construction of the causeway and bridge is expected to be completed by June 1969.

(3) CDC has agreed to lend £1·25m (repayable from 1974) towards the cost of the first phase of development estimated at £2·6m. At 31.12.68 £760,000 had been advanced (1967 £370,000).

25 St Ann Development Co Ltd

(1) This company was formed in 1967 by the Jamaica Government with share capital J£100 to redevelop the waterfront of the north coast town of Ocho Rios as a modern resort. CDC agreed in early 1968 to lend £400,000 towards development costs and this amount had been fully drawn by the year end. at which time J£542,125 had also been made available by Government and the Urban Development Corporation.

(2) The development plan provides for the acquisition of the whole waterfront area, construction of breakwaters and a sea wall to improve the

bathing beach, drainage works and laying down roads, promenade and car parks. Land will be sold for commercial and residential development. Acquisition of property and dredging of the bay had been substantially completed at the year end. Construction work was proceeding in accordance with programme.

26 Western Storage Ltd

(1) A company associated with the Western Terminals Ltd (para 27)/Foreshore Development Co Ltd groups with share capital J£340,000 of which CDC holds J£100,000. CDC has also lent £350,000, of which £300,020 remained outstanding at 31.12.68 (1967 £325,010).

(2) The company built and owns a cold store of 270,000 cu ft on land at Newport West, Kingston, bought from Western Terminals Ltd. The company also acquired CDC's cold store in downtown Kingston.

(3) Due to a temporary over-supply of cold storage space in Kingston, the results for the year were disappointing. It is expected that the excess capacity will have been absorbed in 1969 and that the company will then be operating profitably again.

(4) Net loss for the year was J£28,245 (1967 J£13,268 profit).

27 Western Terminals Ltd

(1) (*a*) Issued share capital at 31.12.68 was J£670,110, of which Lascelles de Mercado & Co Ltd held J£400,000, CDC and Foreshore Development Co Ltd held J£100,000 each, and the balance of J£70,110 was held by the public of Jamaica;

(*b*) £1,688,578 debentures were outstanding at 31.12.68, of which CDC held £984,439. CDC has exercised its option to convert into shares £65,040 convertible debenture stock.

(2) The company was formed by Jamaica interests to undertake the construction and operation of a new deep-water harbour at Newport West to serve Kingston. Present facilities comprise four lateral wharves together with a passenger terminal, transit sheds and warehouses. CDC has agreed to lend a further £100,000 for modification of one berth to take roll-on roll-off traffic.

(3) Profit for the year to 30.9.68 was J£127,570 after transfer to debenture redemption reserve of J£57,660 (1967 J£17,296 after transfer of J£53,652).

ST LUCIA

(EC$4·80=£1)

28 Development (Sans Soucis & the Morne) Authority

(1) A statutory authority established in July 1967 by the St Lucia Government to undertake site works, including marsh reclamation and installation of roads and drainage on 58 acres of land adjacent to the City of Castries. The land is being sold mainly for residential building.

(2) CDC has lent £90,000 of its agreed £210,000 loan; the loan which is guaranteed by Government is repayable 1970–73 out of proceeds from land

sales. Three commercial banks have also made available loans in aggregate totalling £250,000.

(3) By end of the year, most of the earth works and reclamation at Sans Soucis had been finished, and more than half of the roads and drainage programmes were completed. Approximately 5 acres have been prepared, subdivided and sold in lots for medium density housing, and a further 3½ acres have been sold to purchasers who have borrowed from the St Lucia Mortgage Finance Co Ltd (para 30).

29 **St Lucia Electricity Services Ltd**—Manager: H. B. Entwistle

(1) (*a*) A CDC subsidiary with share capital of EC$1,129,995, of which CDC holds EC$600,000, the rest being held by St Lucia Government and Castries City Council;

(*b*) shareholders' loans at 31.12.68 were EC$158,100 from Government and Castries City Council and £200,000 from CDC, the remaining £85,000 of the latter's loan commitment being advanced during the year.

(2) Steady progress was made during 1968 on the rural electrification programme including completion of a new transmission line from Vieux Fort to Micoud/Mon Repos in the south-east part of the island.

(3) Sales of electricity increased to 9·88m units (1967 8·14m units) with gross revenue EC$877,860 (1967 EC$758,855).

(4) Net profit for the year EC$44,794 (1967 EC$29,670). A 5% dividend was paid (1967 5%) representing a very modest return on equity investment.

30 **St Lucia Mortgage Finance Co Ltd**

(1) This wholly-owned CDC subsidiary was established in January 1968 with issued share capital EC$480,000; CDC has also undertaken to lend up to £300,000 of which £25,833 had been drawn at 31.12.68. East Caribbean Housing Ltd manages.

(2) The object of the company is to encourage home ownership in St Lucia. In the first instance mortgage finance has been made available to house buyers on the Government estate at Sans Soucis and to individuals who own plots of land in and around Castries. Loans are limited to a maximum of EC$25,000 under an agreement between St Lucia Government and CDC which also provides for interest rate concessions from CDC and tax concessions from St Lucia Government. EC$400,000 has been set aside to provide mortgage funds for the low-cost housing scheme at Ravine Chabot, Castries.

(3) The company began lending operations in September 1968 and by the end of the year 74 loan applications had been approved and there were commitments totalling EC$400,042 (net). The company has made a good start and has committed nearly all the funds presently available to it. Further funds are being sought to enable mortgage operations to be expanded.

(4) Net loss for the period since commencement of operations was EC$22,372.

ST VINCENT

(EC\$4·80=£1)

31 **St Vincent Electricity Services**—Manager: A. S. P. Watney

(1) A wholly-owned CDC project, established in 1953. It supplies electricity from hydro electric stations on the Colonarie and Richmond rivers, supplemented by a diesel peaking installation in Kingstown. Capital employed at 31.12.68 was EC\$2,078,414 (1967 EC\$2,090,351).

(2) The Corporation, acting as contractors to Government, completed the electrification of Bequia Island in the St Vincent Grenadines during the year. CDC manages this project on Government's behalf.

(3) Sales of electricity increased to 7·63m units (1967 6·98m units) with gross revenue EC\$542,417 (1967 EC\$505,551).

(4) Net surplus before interest on capital invested was EC\$122,148 (1967 EC\$107,470) representing 5·9% on capital employed.

TRINIDAD AND TOBAGO

(TT\$4·80=£1)

32 **Dunlop Trinidad Ltd**

(1) (*a*) A subsidiary of The Dunlop Co Ltd with issued capital of TT\$3·6m of which Dunlop has subscribed TT\$2·16m; other shareholders are CDC (TT\$240,000), Barclays Overseas Development Corporation Ltd (BODC), Commonwealth Development Finance Co Ltd (CDFC) and Trinidad investors;

(*b*) loan capital of £500,000 will be provided by CDC (£165,000), BODC and CDFC once documentation has been completed.

(2) The factory started production in April 1968, in advance of schedule. Initial annual capacity is 91,000 car tyres and 15,750 truck tyres, sufficient to meet the requirements of the local market.

(3) Net loss before tax for first year of trading TT\$14,222.

33 **Trinidad Cement Ltd**

CDC's original investment in this subsidiary of The Rugby Portland Cement Co Ltd was TT\$5,520,000 in 5% redeemable cumulative preference shares. In November 1967 an agreement was concluded between the company and CDC under which the balance of outstanding preference shares was converted into an equivalent TT\$2,208,000 loan repayable 1968–75. Balance outstanding at 31.12.68 was TT\$1,932,000 (1967 TT\$2,208,000).

34 **Trinidad Mortgage Agency Co Ltd**

(1) TT\$96,000 share capital is held 50% by CDC and 50% by other financial institutions. Balance of CDC's loan remained at £94,820.

(2) Lending operations were suspended in 1965 due to lack of business. 84 mortgage loans remain with outstanding balance at 31.12.68 TT\$729,492. Trinidad & Tobago Mortgage Finance Co Ltd (para 35), which was subsequently set up by CDC and Trinidad Government jointly, now administers the company's affairs.

35 Trinidad & Tobago Mortgage Finance Co Ltd—Manager: J. R. Ringshall

(1) (*a*) A CDC subsidiary with TT$6m share capital of which CDC will subscribe TT$4·8m and Trinidad Government TT$1·2m. During the year TT$1,375,000 shares were subscribed bringing the issued capital to TT$3,687,500. At 31.12.68 CDC held TT$2,950,000 (1967 TT$1,850,000);

(*b*) CDC has agreed to lend the company £1m (nil drawn at 31.12.68) against the Trinidad & Tobago Government's loan commitment of TT$1·2m;

(*c*) the company is managed by CDC.

(2) The company provides mortgage finance primarily for medium- and low-cost houses built on estates being developed by the National Housing Authority of Trinidad & Tobago and by approved private developers. Mortgage loans on houses costing not more than TT$20,000, including land, are guaranteed by the National Housing Authority under the Housing Act 1962.

(3) Mortgage loans of TT$1,682,459 were made during the year bringing the total net mortgage asset at 31.12.68 to TT$3,702,625 (1967 TT$2,100,795). Completion of a large number of houses under construction by the National Housing Authority at end 1968 should lead to much expanded business in 1969.

(4) Net profit for the year TT$143,796 (1967 loss TT$13,519).

EAST ASIA AND PACIFIC ISLANDS

Regional Controller:
W. A. Belsham

Offices:
Mercantile Bank Chambers,
21 Raffles Place,
Singapore 1

13–15 Ampang Street,
Kuala Lumpur,
Selangor, Malaya

36 Regional Summary

(1) Total investment commitments at £25,919,000 rose slightly from £25,523,000 at 31.12.67. Actual investment increased to £20,190,000 from £19,149,000. One new project was added when CDC became a shareholder in the new Development Bank of Singapore Ltd.

(2) Regional revenue, after overseas tax and regional administration costs, but before charging Head Office costs including interest payable and provisions against book value of projects and investments, represented 5·9% on capital employed (1967 6%).

Malaysia

(3) The sustained drift in rubber price which was a disturbing feature of 1967 exhausted itself in the Spring of 1968 and the market trend has been upwards since then until a level of prices has been reached at which efficient producers can earn reasonable profits. On the other hand, palm oil prices fell to a point lower than at any time since the market was freed after the 1939/45 war. This is a serious matter in view of the large-scale and costly diversification into oil palms in Malaysia in recent years. The impact of this fall on producers has been accentuated by the fact that production costs are incurred largely in local (undevalued) currency, while realisation prices are established in sterling.

(4) In the circumstances, the financial results achieved by the Sabah agricultural projects, BAL Estates Sdn Bhd (helped by a profitable cocoa crop) and Mostyn Estates Sdn Bhd, must be considered very satisfactory. Despite the fall in the palm oil price it has been thought justified to proceed with the new development in Sarawak (para 44) and with expansion at BAL Estates Sdn Bhd (para 37) and Mostyn Estates Sdn Bhd (para 42).

(5) Borneo Development Corporation Sdn Bhd (para 38), which promotes commercial and industrial development in the two States of East Malaysia, had a most successful year in the field particularly of workshop and factory estate development. Agreement has been reached for shareholders to provide some £1m additional loan capital to finance the expansion of operations.

Singapore

(6) Impressive progress continues to be achieved by Singapore's industrial development programme. Towards the end of the year the new Development Bank of Singapore, sponsored by the Government and with an initial paid-up capital of S$100m, was set up to take over certain functions from the Economic Development Board to increase still further the tempo and scale of industrialisation. CDC has invested S$1·55m in the initial capital issue and additional loan capital has been made available to the very successful Singapore Factory Development Ltd which is owned jointly by CDC and Singapore Government (now through Development Bank of Singapore Ltd). The CDC Singapore office has been strengthened to take advantage of openings for investment in development projects.

Hong Kong

(7) The economy of Hong Kong continued to expand in 1968, with trade figures achieving new records. During the year, expansion of the Hong Kong Building & Loan Agency Ltd lending operations approached the point where available funds were in sight of being fully committed. The company's credit has, however, become well enough established for it to have been able to raise HK$30m by an issue of five-year bonds for which local financial institutions bid several times the amount offered.

Western Pacific

(8) In Fiji, Pacific Lumber Co Ltd (para 54) produced much improved results and plans aimed at further increasing efficiency and profitability are

under consideration by the company. Home Finance Co Ltd (para 54) was hampered by a shortage of long-term finance on acceptable terms but nevertheless made encouraging progress, which is expected to continue in 1969.

(9) The present climate of high interest rates and general financial and economic uncertainty weigh particularly heavily against the prospects of new projects in small and isolated territories. The plan for building an office block at Honiara in the Solomons, which was reported last year, failed to materialise. Decisions on the commercial development of oil palms in Fiji and the Solomons will require to be taken during 1969. Agricultural appraisal of the Fiji trial planting has been completed and the engineering and marketing aspects are now being studied.

Brunei

(10) No decision has yet been taken by the Brunei Government on the report submitted by CDC on a possible oil palm development to be financed by the Brunei Government.

EAST MALAYSIA

(M$7·347=£1)

37 **BAL Estates Sdn Bhd**—General Manager: S. Hunter

(1) Issued capital M$17·14m of which M$16·7m (97½%) held by CDC and M$428,600 by Harrisons & Crosfield Ltd; CDC current account at 31.12.68 M$4,231,997 (1967 M$13,721,021).

(2) (*a*) Effective crop acreages at 31.12.68 were—

	Mature	*Immature*	*Total*
Abaca (hemp)	3,118	—	3,118
Rubber	7,629	1,020	8,649
Cocoa	1,356	187	1,543
Oil palms	10	7,590	7,600
	12,113	8,797	20,910

(*b*) a start was made in implementing the approved plan to replace Table Estate abaca: 1,008 acres were eradicated and planted up with oil palms. Palms were also planted on 382 acres of old rubber land, and on 208 acres of virgin jungle. By year end total acreage of oil palm was 7,600 against an approved programme of 11,500 acres by 1972. Of the total rubber area 7,632 acres are post-war plantings of which 6,612 acres (87%) are in tapping;

(*c*) as a first step in increasing the area under cocoa a seedling nursery of recommended Upper Amazon strains was established on Table Estate, seed being obtained from the Agricultural Department's Cocoa Research Station at Quoin Hill. Field planting of 250 acres will be undertaken in 1969 as the initial instalment of a programme involving 1,190 acres by 1972.

(3) Production for the year was—

	1968	1967
Rubber	7,287,000 lb	6,166,900 lb
Cocoa	564 tons	364 tons
Palm oil	2,069 tons	446 tons
Hemp	2,895 tons	3,522 tons
Timber	646,700 cu ft	1,036,000 cu ft

Rubber and cocoa production increased sharply to record levels. Rubber prices showed substantial improvement during the second half of the year, while cocoa attained its highest price level for many years. Palm oil output started to build up as the new plantings came into production.

(4) On the other hand hemp production fell short of 1967 performance but was in line with the reduced area remaining to be harvested. Low prices continued but there was a slight improvement towards the end of the year. With the exhaustion of marketable reserves timber operations ceased at end September as planned: output slightly exceeded expectation.

(5) With the help of the Malaysian Migration Fund Board the labour position was eased materially and at year end a total of 417 West Malaysian workers were employed. About 200 more are expected to be recruited in 1969.

(6) Profit for the year was M$208,654 against M$81,694 for 1967. Main features of the final result were—

	1968	1967
	M$	M$
Gross profit (loss)—		
Hemp	(292,053)	(149,696)
Rubber	36,660	(128,133)
Cocoa	565,015	231,377
Palm oil	96,157	37,966
Timber	644,536	911,576
Total	1,050,315	903,090
Administration	631,096	515,635
	419,219	387,455
Miscellaneous income (including depreciation adjustments)	124,594	540,106
Net profit before CDC interest	543,813	927,561
Interest on CDC current account ..	335,159	845,867
Net profit	208,654	81,694

(7) The devaluation of sterling in November 1967, unaccompanied by any corresponding devaluation of the local currency in terms of which most expenses are incurred, seriously affected 1968 profits since most sales of product are made at sterling prices. Project management are, however, to be congratulated on achieving cost economies which helped to offset the adverse effects of devaluation.

38 **Borneo Development Corporation Sdn Bhd**—General Manager: E. J. Neal
(1) Issued share capital M$3m of which 50% held by CDC, 25% by Sabah Government, 25% by Sarawak Government jointly with Sarawak Development Finance Corporation. The company had loan capital resources totalling M$6·1m and agreement has been reached for shareholders to provide some £1m additional loan finance, including £0·5m bridging finance, to expand operations.

(2) Total funds committeed by the company as at 31.12.68 were M$14·88m of which M$10·47m had been invested. The year was a busy one: the main development ventures are summarised below—

(*a*) in Sarawak 252 lower and medium income group houses, comprising Phase II Stage I of the Kenyalang Park Housing Scheme, Kuching, were under construction and had been fully sold in advance; development work on Phase II Stage 2, comprising 340 houses, had begun. Development of a 33-acre industrial estate in Sibu was almost completed; most of the sites and buildings had been sold. Work on a block of 12 godowns on the Sibu waterfront has started and sites at Sarikei and Miri have been purchased for industrial development; work will begin in 1969. In Sibu the company is experimenting with the building of cheaper types of housing for which there is considerable demand;

(*b*) in Sabah, Phase I of a low income group housing development in Tawau comprising over 200 houses will begin early in 1969 and provisional agreement has been reached for the purchase of land in Kota Kinabalu on which godowns will be built. Other schemes for industrial, commercial and housing developments are being negotiated.

(3) Besides undertaking direct development, the company provides finance for industrial and commercial projects and mortgage finance for buyers of factories and commercial buildings; buyers of houses can get loans from the sister company, Borneo Housing Mortgage Finance Bhd (para 39). During the year loans to a total of M$1·5m (M$5·1m in 1967) were approved, bringing total loans and loan commitments at 31.12.68 to M$7·5m.

(4) Profit for the year was M$1,074,055 (1967 M$274,787). A dividend of 14% has been declared (1967 6%).

39 **Borneo Housing Mortgage Finance Bhd**—General Manager: Yap Hyun Phen
(1) (*a*) Issued ordinary capital M$11·40m is held as to M$6·90m by CDC, M$2·95m by the Sarawak Government (including M$0·80m issued during 1968) and M$1·55m by the Sabah Government. In addition, M$2·0m 7% cumulative redeemable preference shares were created and issued in the course of the year to Great Eastern Life Assurance Co Ltd:

(*b*) during the year the company negotiated additional loan finance totalling M$5m, including a loan of £408,000 from CDC to provide mortgage finance to purchasers of low cost houses in the Kenyalang Park scheme in Kuching being developed by Borneo Development Corporation Sdn Bhd (para 38). Total borrowed funds employed by the company at 31.12.68 amounted to M$20m principally from Malaysian sources:

(*c*) access to new sources of long-term finance under local legislation governing the investment of trustee, pension and provident monies has provided the company with sufficient funds to meet demand for housing finance, thereby permitting full lending operations to be resumed during the year. Negotiations are continuing for additional loan funds from these sources to finance further expansion of the company's business.

(2) (*a*) Revival of the building industry has followed the resumption of normal mortgage lending by the company but has been slower than expected; an increase in the tempo of development is, however, expected in 1969;

(*b*) 408 loan applications (1967 249) were approved during the year involving mortgages of M$6·90m (1967 M$4·29m); mortgage assets increased by M$2·25m (1967 M$2·53m) to M$35·94m at 31.12.68, distributed as to 50·44% in Sarawak and 49·56% in Sabah. The number of active mortgage accounts totalled 2,628 (1967 2,386).

(3) Net profit for the year was M$1·259m (1967 M$1·124m). A dividend of 8% (1967 7½%) has been declared on ordinary capital.

40 Electra House Sdn Bhd

(1) A joint enterprise between CDC, Sarawak Government and Sarawak Electricity Supply Corporation. The company built and owns a seven-storey fully air-conditioned commercial building in Kuching incorporating shops, showrooms, offices, car park and a restaurant; total lettable area is over 50,000 sq ft and is fully let. Borneo Development Corporation Sdn Bhd (para 38) are managers and secretaries.

(2) Issued capital is M$900,000 held equally by the partners. The balance of funds required has been provided by Hongkong and Shanghai Banking Corporation as a seven-year loan. CDC has undertaken to provide loan finance if it is required when this agreement terminates.

(3) Net profit for the year was M$107,165 (1967 M$64,667) and dividends of 7% have been declared (1967 5%).

41 Kuching Water Board

In 1966 CDC agreed to provide loan finance of £350,000 to enable the Board to finance part of the programme to expand its storage, treatment plant and distribution lines in the Kuching area. The loan is guaranteed by the Federal Government. £250,000 had been advanced at 31.12.68 (1967 £100,000).

42 Mostyn Estates Sdn Bhd—Manager: W. Tully

Mostyn Palm Processing Sdn Bhd

(1) Issued capital M$10m of Mostyn Estates Sdn Bhd (MESB) is held equally between CDC and Leila Lands Sdn Bhd (a subsidiary of Bombay Burmah Trading Corporation Ltd). In addition, each shareholder had at 31.12.68 lent M$1·4m. The estate factory is owned by Mostyn Palm Processing Sdn Bhd, a wholly-owned subsidiary of MESB, which had a share capital of M$1m and M$2·3m loan capital at 31.12.68.

(2) (*a*) These companies pioneered the commercial planting and processing of oil palms in Sabah. In view of the company's successful start further

plantings of 420 acres in 1969 and 300 acres in 1970 have been approved, which will raise the area under oil palms to 7,200 acres;

(*b*) part of the company's land is reserved for smallholders, of whom there are now 20, each farming 12 acres of oil palms and 2 acres of food crops.

(3) (*a*) Production showed an increase over the previous year as palms matured and 1,209 acres of young palms were brought into harvest;
(*b*) 50,056 tons of fruit (including fruit from smallholders' areas) were harvested (1967 40,260 tons) yielding 10,052 tons of oil (1967 7,257 tons) and 1,682 tons of kernels (1967 1,192 tons). The oil extraction rate was much improved averaging 20·08% (1967 17·62%).

(4) (*a*) Despite much increased production and reduced unit costs there was a contraction in profit compared with 1967, reflecting the very substantial fall in palm oil prices and the exaggerated effect thereof due to sterling devaluation unmatched by the local currency in terms of which most expenses are incurred;

(*b*) consolidated profits of the two companies for the year were M$947,530 (1967 M$1·46m): MESB paid a dividend of 5% (1967 5%).

43 Sarawak Electricity Supply Corporation

Two loans—

(1) £420,000 repayable 1967/81; balance outstanding at 31.12.68 was £384,226 (1967 £402,679).

(2) £580,000 guaranteed by the Malaysian Government of which £280,000 had been advanced at 31.12.68 (1967 £160,000). Repayments start in 1972.

44 Sarawak Oil Palms Sdn Bhd—Manager: R. A. Shepherd

(1) CDC incorporated this company in late 1968 to develop an area of about 5,000 acres near Luak in the Fourth Division after several years of oil palm growing trials. Sarawak Government will receive paid-up shares in consideration for the land to be planted and an additional cash investment by Government is being discussed. Total development cost is estimated at some M$16m.

(2) The State Government has decided to develop about 4,000 acres of adjoining land as a smallholders' oil palm scheme and the sharing of common processing facilities between the company and the smallholders is being explored. If agreement is reached, the capital investment in the estate company will be reduced.

(3) A nursery sufficient for the planting up in 1969 of 1,000 acres was established during the year and felling of jungle for planting has begun. The people of the Fourth Division are not accustomed to regular agricultural employment and achievement of the planting target will not be easy. It is hoped, however, that the provision of good accommodation and amenities will facilitate the progressive establishment of a settled working community.
(4) CDC investment at 31.12.68 £34,000.

45 **Johore Palm Processing Bhd**—Manager: J. Stewart

(1) (*a*) A subsidiary of Kulai Oil Palm Estate Sdn Bhd (para 46) which held M$262,500 of the M$512,500 issued share capital, the other principal shareholder being Lembaga Kemajuan Tanah Persekutuan (LKTP) para 47);

(*b*) CDC loan investment at 31.12.68 comprised £175,000 secured loan and M$1,671,429 on unsecured loan account.

(2) The company processes fruit from the Kulai estate and the LKTP's Kulai scheme; processing charges are restricted to recovery of costs incurred in the operation. During the year 13,872 tons of oil (1967 13,095 tons) and 3,015 tons of kernels (1967 2,772 tons) were produced.

46 **Kulai Oil Palm Estate Sdn Bhd**—Manager: J. Stewart

(1) (*a*) A wholly-owned CDC subsidiary; investment at 31.12.68 was M$1,661,230 in equity and M$6,477,552 on current account (1967 M$5,327,191);

(*b*) Kumpulan Guthrie Sdn Bhd are managing agents.

(2) The estate has 5,250 acres under oil palms. Fruit is processed by Johore Palm Processing Bhd (para 45). The harvest surpassed the previous year's record yielding 8,497 tons of oil and 1,834 tons of kernels (1967 8,232 tons and 1,742 tons respectively).

(3) Net profit at M$1,038,943 (1967 M$2,000,544) was sharply reduced by the low market price for palm oil which prevailed throughout the year.

47 **Lembaga Kemajuan Tanah Persekutuan** (Federal Land Development Authority)

(1) Loan of £600,000, repayable 1970/94, was for development of the Authority's early land settlement schemes. Negotiations are in progress for a further £2m loan which, with loans from the World Bank and the Federal Government, will be used to finance the first phase of the 150,000-acre Jengka Triangle land settlement scheme in the State of Pahang.

(2) At 31.12.68, the Authority had settled 15,781 families on 74 land development schemes cultivating 127,930 acres of rubber and 91,867 acres of oil palms. The Authority has erected four palm oil mills and will build four Heveacrumb rubber factories in 1969 to process smallholders' rubber to the specifications of the Standard Malaysian Rubber (SMR) Scheme.

48 **Lembaga Letrik Negara** (National Electricity Board)

Loan of £7,077,950 repayable 1961/85 and guaranteed by Malaysian Government. Balance outstanding at 31.12.68 £5,834,265 (1967 £6,024,631).

49 **Malayan Cocoa Sdn Bhd**

(1) CDC holds one-third of the ordinary share capital of M$1,320,000 the balance being held equally by Cadbury Bros Ltd and Harrisons & Crosfield

plantation group. Additional capital in the form of preference shares and loan has been provided by the other partners.

(2) The company's estate at Jerangau, Trengganu, comprises 500 acres mature cocoa, 301 acres immature cocoa planted 1966/68 and 100 acres being cleared for planting in 1969; a trial planting of cocoa in selectively thinned jungle is being carried out.

(3) Due to more favourable weather the 1967/68 harvest of 313,280 lb of cocoa exceeded the previous year's crop by 77,040 lb.

(4) Net profit for the year ended 30.6.68 M$67,503 (1966/67 M$10,899). At 30.6.68 there was a debit balance on Profit and Loss Account of M$141,800 and arrears of preference dividends of M$173,250.

50 Malayan Flour Mills Bhd

(1) (*a*) The issued capital was increased by M$3m to M$15m in shares of M$1 each during the year. CDC, Malaysian Industrial Development Finance Bhd (para 51) and CDFC (Malaysia) Ltd subscribed ratably with the controlling shareholders to M$2,220,000 of this additional ordinary share capital at par, and were issued with ordinary shares of a nominal value of M$780,000 on exercising the 10% conversion rights attaching to their secured loans;

(*b*) during the year the controlling shareholders offered 4,748,000 shares from their holdings for sale to the public at a premium of 20 cents per share; the offer was over-subscribed by more than 21 times.

(2) CDC investment now comprises equity M$282,000 and a loan repayable 1967/74 of which £197,600 was outstanding at 31.12.68 (1967 £253,900).

(3) The company's mill at Lumut, Perak, is the largest in Malaysia and produced in its third year of operation 136,791 long tons of wheat flour, offering eight brands to the market. The bulk of production went to supply the Malaysian market, overseas exports accounting for the balance. During the year Taiping Textiles Sdn Bhd, an associate company, began making flour bags for the mill.

(4) An interim dividend of 5% tax-free was paid in December 1968 (1967 interim dividend 4%, final 6%).

51 Malaysian Industrial Development Finance Bhd

(1) (*a*) Issued share capital M$25m; CDC holds M$2·5m. Shareholders include the Malaysian Government, Bank Negara Malaysia, International Finance Corporation, commercial banks, insurance companies and the Malaysian public;

(*b*) the principal sources of loan finance available to the company comprise an M$37·5m interest-free loan fully drawn from the Malaysian Government and a US$8m line of credit from the World Bank.

(2) (*a*) During 1968 the company's policies, management and methods of operation were reviewed and improvements made to the company's organisation;

(*b*) the company approved new loan and equity investments amounting to M$24·67m including a loan for the construction of a hotel. Cumulative approvals totalled M$101·26m at 31.12.68 and book value of investments M$52·44m (31.12.67 M$47·53m). The balance of M$32·52m available funds was invested in Treasury Bills and deposits (1967 M$35·20m);

(*c*) the company maintained its leading position in the field of share issue and underwriting operations; the company's Securities and Marketing Department advised on share flotations valued at M$11·5m. In accordance with policy some holdings in soundly established companies which had received initial financial support from Malaysian Industrial Development Finance Bhd were disposed of to the public who thus were given a chance to invest in a wider range of industrial ventures.

(3) Malaysian Industrial Estates Sdn Bhd, a subsidiary company, completed development of two industrial estates with standard factories in West Malaysia; extensions to these two estates and a new estate in Sarawak are being developed. Completed factories have been fully disposed of, mainly by sale on mortgage terms.

(4) Net profit for year ended 31.3.68 was M$2,032,724 (1967 M$1,319,686); a dividend of 6% was paid (1966/67 5%).

52 **Realty Development Corporation of Malaysia Bhd**

(1) (*a*) Authorised capital M$50m of which M$4·4m had been paid up at 31.12.68; shareholders include CDC (M$1·5m), South East Asia Development Corporation Bhd and some 20 other institutional investors;

(*b*) under an agreement to make available to the company sterling loans of up to £1m for specific developments, CDC agreed a £300,000 loan (£100,000 drawn at 31.12.68) secured on a 73-acre housing estate near Kuala Lumpur;

(*c*) South East Asia Development Corporation Bhd are financial advisers, secretaries and temporary managers.

(2) The company was established to undertake property development in Malaysia and Singapore, including house construction and the redevelopment of old and substandard city centre property. Two middle income housing estates and a block of flats near Kuala Lumpur were completed in 1968. A fall in the general demand for building lots which became evident towards the end of 1967 has persisted throughout 1968 requiring the company to effect economies in administration and to postpone consideration of new ventures pending the realisation of projects in hand.

(3) Profit for year to 31.1.68 was M$251,035 (1966/67 loss M$2,436).

53 **United Cocoa Development Co Ltd**

(1) CDC holds £21,190 of the £160,000 capital of this company which was formed in London with Harrisons & Crosfield Ltd and firms interested in the international confectionery business, to pioneer (with Malayan Cocoa Sdn Bhd (para 49)) cocoa growing in north-east Malaya.

(2) The company has 581 acres of mature cocoa, mainly Amelonado planted between 1956 and 1960; in 1965 an 11-acre trial was planted with Upper Amazon seed.

(3) Due to more favourable weather the 1967/68 harvest of 254,480 lb of cocoa exceeded the previous year's crop by 35,990 lb.
(4) Net profit for the year ended 30.6.68 £858 (1966/67 £1,757). At 30.6.68 there was a debit balance on Profit and Loss Account of £27,248.

FIJI

(F£1·045=£1)

54 Fiji Development Co Ltd—Manager: J. H. Sand
The Pacific Lumber Co Ltd
Home Finance Co Ltd

(1) Fiji Development Co Ltd (FDC) is a wholly-owned CDC subsidiary incorporated in Fiji in 1960. Authorised share capital F£500,000; issued at 31.12.68 F£150,000. Additionally CDC has made a loan to the company of £100,000.

(2) The company was set up to investigate and formulate development schemes in Fiji and other British territories in the Western Pacific and as a channel for CDC investment in them. Manager FDC is also responsible for the supervision of the Corporation's investigations in the Solomons (para 60).

(3) FDC holds F£65,000 shares in The Pacific Lumber Co Ltd (PLC) for which it also acts as secretaries. The balance of PLC's share capital is held by The Fletcher Timber Co Ltd (F£65,000) who are managers, and the Native Land Trust Board (F£50,000). A loan of £100,000 was made by FDC to PLC in 1963 of which £95,193 was outstanding at 31.12.68. Both local and export sales increased, totalling 4·3m board feet (1966/67 3·8m). It is hoped that plans to improve the company's processing and distribution arrangements will start to be put into effect during 1969. Profit (before tax) for the year ended 30.9.68 was F£25,709 (1966/67 F£8,822); a dividend of 7½% has been declared.

(4) FDC and the Fiji Government are partners in Home Finance Co Ltd which was formed in 1962 to operate on building society lines; FDC acts as managers. At 31.12.68 FDC held 100,000 shares F2/- paid of the 150,000 F£1 shares in issue and had advanced a further F£119,250. During 1968 F£75,000 was raised on loan from the Colonial Mutual Life Assurance Society Ltd. 67 new loans amounting to F£148,231 were approved during the year (1967 72 loans F£164,164) and the mortgage asset at 31.12.68 increased to F£527,593 (1967 F£423,692). Net profit for the year before tax F£3,797 (1967 F£5,059). A 7% dividend was repeated.

(5) FDC net profit for the year before tax F£4,409 (1967 F£4,291).

HONG KONG

(HK$14·545=£1)

55 The Hong Kong Building & Loan Agency Ltd—Manager: W. E. L. Fletcher
(1) (*a*) Issued share capital of HK$2m divided into 20,000 shares of HK$100 each (HK$50 called up) is held by CDC (30%), Government of Hong Kong (30%) and four banks operating in Hong Kong (10% each);

(*b*) shareholders originally agreed to make available to the Agency loan capital of HK$70m, the estimated requirement up to end 1968; it was envisaged that the Agency would seek additional finance when its original capital resources were fully deployed, since initial loan capital would be repayable to the subscribers out of mortgagors' repayments over the period of the mortgages. During the year it became apparent that demands likely to be made upon the Agency for mortgage finance would exceed resources; it was accordingly agreed between the shareholders that the Agency should issue a series of unsecured five-year Notes to institutional investors in Hong Kong up to a total of HK$62m under guarantee of Hong Kong Government and underwritten by the four banking members of the Agency. Two issues of Notes, which are classed as a trustee security, totalling HK$30m made during the year were heavily over-subscribed. CDC's loan commitment £962,500 was drawn in full by the year end (1967 £810,125).

(2) CDC provided management and consultancy services until 28.2.69 when a Hong Kong member of the staff took over.

(3) The company, which began operations in 1965, provides mortgage finance to assist middle income home owners buying long leasehold flats in selected developments. After a slow start the Agency is now well established and recorded its first annual profit in 1968; 2,130 loan applications (1967 804) totalling HK$51·5m (1967 HK$19·0m) were approved; HK$48·1m was advanced to 2,090 borrowers (1967 HK$19·1m) bringing the mortgage asset to HK$73·7m at 31.12.68 (31.12.67 HK$28·5m), at which date there were 3,098 active mortgage accounts (31.12.67 1,072).

(4) Profit for the third year of operations HK$314,823 (1967 loss HK$45,067); the company confidently looks forward to continuing expansion.

56 Property Development (Industrial) Ltd

(1) A private company which built and owns a 10-storey block of flatted factories in New Kowloon, Hong Kong. The various tenants of the factories manufacture clothing, furniture, electrical and radio appliances, metal and plastic goods, etc. Property managers are Harriman Realty Co Ltd and secretaries, Wheelock Marden & Co Ltd.

(2) Issued capital is HK$3,200,000 of which CDC holds HK$640,000 shares. The company is a subsidiary of Hongkong Realty & Trust Co Ltd. CDC has also lent £200,000 repayable 1965/79 of which £148,500 was outstanding at 31.12.68 (1967 £162,000).

(3) Profit for the year ended 30.4.68 was HK$672,021 before tax, the small decline from the previous year's HK$723,654 reflecting a temporary decline in the demand for factory space which has since been reversed. A dividend of 8% (1966/67 8%) has been declared.

SINGAPORE

(S$7·347=£1)

57 The Development Bank of Singapore Ltd

(1) The Development Bank of Singapore Ltd (DBS) was incorporated in 1968 on the initiative of the Singapore Government. Share capital issued

during 1968 was S$100m, of which the Singapore Government holds S$49·0m; the public plus financial institutions (including foreign institutions) hold the balance S$51m; CDC holds S$1·55m shares.

(2) The bank's business will be primarily the provision of finance for industrial development in the form of term loans, equity participations and guarantees. At a later stage it is planned to provide export credit facilities for goods and services originating in Singapore. DBS will manage, on a fee basis, certain existing Government investments including, *inter alia*, equity investments already made by the Economic Development Board.

58 Malaya Borneo Building Society Ltd

(1) (*a*) Issued ordinary capital of M$25·5m is held as to M$10·3m by CDC, M$10·0m by the Malaysian Government and M$5·2m by the public; preference share capital of M$13·32m is held by CDC (M$8·32m) and Government (M$5·0m). The Society's ordinary shares, which are quoted on the Stock Exchange of Malaysia and Singapore, are classified as trustee securities in Malaysia and Singapore; at end 1968 the market quotation was M$1·39 per M$1 share;

(*b*) the Society had borrowed M$65·05m on long term at 31.12.68 including M$60·35m drawn against total loan commitments of M$61·45m provided by the Malayan Employees' Provident Fund. The Society also held deposits totalling M$23·04m. The two home ownership public deposit schemes—a fixed deposit scheme and a fixed term savings scheme—are maintaining their popularity. The Society is an approved company for the investment of trustee and public funds on deposit or loan.

(2) During the year applications for loans approved and accepted numbered 3,232 and amounted to M$32·16m (1967 2,538 applications amounting to M$27·0m); the mortgage asset rose by M$10·11m (1967 increase M$5·4m) to M$139·49m, being distributed at 31.12.68 as to 84·77% in West Malaysia and 15·23% in Singapore. Active mortgage accounts totalled 19,559 at 31.12.68 (1967 18,308).

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

(4) The increasing cost of borrowed funds compelled the Society to increase some lending rates during the year. The rate for loans on houses in the lower cost brackets remains unchanged at 7½% pa but rates for loans on higher cost houses are now graduated at 8% and 8½%. The Society's loan terms continue to be the most favourable available to the public in Malaysia and Singapore.

(5) Profit for the year was M$6·56m (1967 M$5·97m); ordinary dividend of 10% was declared (1967 8%); reserves at 31.12.68 were equal to 7·9% of the mortgage asset (1967 6·9%).

59 Singapore Factory Development Ltd—General Manager: Lee Ek Hua

(1) (*a*) Issued capital of S$3·9m is held equally by CDC and Singapore Government's Economic Development Board (EDB);

(*b*) CDC will make available £432,500 loan capital of which £280,017 has been drawn: EDB has lent S$3·7m. The provision of further loans by the shareholders is presently being discussed;

(*c*) EDB's investment in the company is to be transferred to the newly formed Development Bank of Singapore Ltd (DBS) (para 57).

(2) The company provides mortgage finance for industry, develops industrial estates and builds factories for sale. It has advanced secured loans to a wide variety of enterprises in Singapore including chemical, electrical, food, motor and marine industries, printing shops, mechanical engineering, the manufacture of textiles, footwear, printing, paper and metal products, containers and building materials.

(3) Through EDB and DBS the Singapore Government is continuing to pursue its economic development policy with great vigour: the planned withdrawal of British Forces by the end of 1971 lends emphasis to the importance of this policy. The company welcomes its prospective association with DBS and expects to continue to play a useful part on the industrial scene.

(4) During the year 26 loan applications were approved for S$3,530,000 and the company sold the remaining factories in its Kallang Park development scheme. Total loans outstanding at 31.12.68 amounted to S$11,348,296 and forward commitments were S$1,266,000.

(5) Net profit S$522,992 (1967 S$489,754); a 7½% dividend was declared (1967 7½%).

WESTERN PACIFIC ISLANDS

(A$2·143=£1)

60 **Solomon Islands Investigations**—Manager: D. J. Mills

(1) CDC provides a manager for the oil palm trials towards the cost of which Government contributes; the manager also acts as Secretary/Treasurer of Government's Agricultural and Industrial Loans Board. The CDC consultant who visited during 1968 recommended that the trials be continued for a further year to enable a programme of pollination to be undertaken before an evaluation of commercial prospects were attempted.

(2) Expenditure at 31.12.68 A$81,461 (1967 A$51,501).

EAST AFRICA AND CENTRAL AFRICA

Regional Controller:
P. M. Wise

Regional Office:
Commonwealth House,
Government Road,
Nairobi, Kenya

61 **Regional Summary**

(1) There were 44 projects in the East Africa Region at 31.12.68 with total commitment of £32,052,000 (1967 £29,167,000); £22,333,000 (1967 £21,008,000) had been invested at year end. Projects are widely spread both

geographically and functionally and include agricultural enterprises producing tea, sugar, cocoa, wattle extract and wheat, mining companies producing copper and gold, industrial companies manufacturing textiles, soaps and edible fats, service undertakings providing electricity, housing finance, water supply, tourist projects involving hotels and lodges and development companies which have themselves invested in many industrial and agricultural enterprises. During the year two new loans were approved to Nyanza Textile Industries Ltd (Uganda) and The East African Power & Lighting Co Ltd (Kenya).

(2) 1968 was a generally difficult year for the economies of the East African countries. The prices of many agricultural export commodities, notably tea, came under pressure following sterling devaluation late in 1967. In the industrial field, the provisions of the East African Community Treaty—and its sometimes uncertain interpretation by member Governments—were still being digested. Externally, balance of payments difficulties of some of the more developed nations reduced the availability of development capital: this in turn restricted the investigation and initiation of major new industrial and agricultural projects. CDC was of course particularly vulnerable, in view of the method of its financing, to the impact of rates of interest fluctuating at high levels.

(3) Arrangements agreed with the Governments were reported last year for setting up new national house mortgage companies and transferring to them assets and liabilities of First Permanent (East Africa) Ltd. During the year the operation was carried through with success and enhanced public savings have been secured by the three new companies. Thus local savings—necessarily backed by long-term commitments made by the Governments and CDC—are being put to work in an economically productive and socially useful manner in the business of housing the people.

(4) The three industrial development companies in Kenya, Tanzania and Uganda, in which CDC is associated with the respective national Governments and with the overseas development agencies of the West German Government and (in Kenya and Tanzania) of the Netherlands Government, continued their useful role in encouraging and supplementing (both financially and managerially) private and public enterprise. At 31.12.68 the Kenya company had 24 projects approved with KShs49·2m committed; the Tanzania company 23 projects approved with TShs29·1m committed; the Uganda company 23 projects approved with UShs 36·2m committed. All three companies made operating profits in 1968 but the Kenya and Tanzania companies in particular have made substantial provisions against possible future losses on investments, which in the case of the Kenya company resulted in a net loss shown in the accounts. In Kenya, projects in trouble include sugar milling where lack of organisation of cane supplies from smallholders and failure of milling machinery to reach rated capacity, as well as an internal sugar price fixed at an unrealistically low level, contributed to disappointing results.

(5) In the tourist field some progress was made in co-ordinating developments in the three countries with which CDC and Hallway Hotels Overseas Ltd, CDC's associated management company, are connected. Kenya Safari Lodges & Hotels Ltd (para 69) has completed two lodges, Voi and Ngulia,

in the Tsavo National Park and the 200-bed Mombasa Beach Hotel at Nyali is due to be completed late in 1969. In Uganda negotiations for CDC investments were in progress at the year end.

(6) Regional revenue after overseas tax and regional administration costs, but before charging Head Office costs including interest payable and provisions against book value of projects and investments, was 8·5% on capital employed (1967 7·3%). The increase reflected larger dividend receipts from Kilembe Mines Ltd.

Kenya

(7) CDC has wide and well-diversified interests in the Kenya economy, and established projects operated successfully. Particularly noteworthy were the good profits earned by the Nyambeni Tea Co Ltd (against the general trend of tea company profits) and East Africa Industries Ltd and the much improved performance of Kisumu Cotton Mills Ltd in spite of the difficulties of the textile industry throughout East Africa, resulting from over-enthusiastic expansion.

(8) During 1968, the new dam and hydro-electric station at Kindaruma—in which CDC is associated with Kenya Government, Power Securities Corporation, The East African Power & Lighting Co Ltd and a consortium of British banks—was formally opened by HE the President of Kenya. CDC will continue its interest in the development of electricity in Kenya under an agreement to join with The East African Power & Lighting Co Ltd in financing an additional steam generating plant near Mombasa and a power transmission line from Mombasa to Nairobi. In conjunction with the World Bank CDC undertook to make further advances to Kenya Tea Development Authority to finance " Third Plan " plantings by smallholders. Further advances were made to the Kenya Government for approved sub-projects under the Kenya Land Development Scheme.

(9) The small gold mine at Migori reef in the old Macalder lease area produced 31,974 ozs under efficient management by Falconbridge, the Canadian mining group, but, in spite of further intensive prospecting, no more ore has been located and the existing ore-body will be exhausted in the second half of 1969.

Tanzania

(10) Acceptable terms of compensation have been agreed with Tanzania Government in respect of such CDC investments as were affected by the nationalisation measures stemming from the Arusha Declaration. CDC freedom of action to take on new projects, not in the pipeline at the time of the termination of British Government aid programmes, remained restricted during the year.

(11) Both Tanganyika Wattle Co Ltd and Maramba Estate Ltd, CDC's two agricultural subsidiaries in Tanzania, had a successful year, expanded production and improved prices in world markets bringing well-earned profits. Negotiations for the sale to Tanzania Government of CDC's interest in the Kilombero Sugar Co Ltd (together with the interests of other overseas investors) were in progress at the year end.

(12) Tanganyika Development Finance Co Ltd, under its CDC seconded manager, continued to do a useful and constructive job in the Tanzanian economy and showed much initiative in seeking out new projects. Permanent Housing Finance Co of Tanzania Ltd (para 83) made a good, if modest, start with new mortgage business.

Uganda

(13) Negotiations were concluded for a consortium including CDC, Development Finance Co of Uganda Ltd (para 89) and Commonwealth Development Finance Co Ltd, to help in financing a major diversification of Nyanza Textile Industries Ltd, the biggest textile producer in East Africa. Current over-production of lower grades of cloth throughout the East African Community, should thereby be relieved to some extent.

(14) The new Housing Finance Co of Uganda Ltd took over the assets and liabilities of First Permanent (East Africa) Ltd in Uganda at 1.1.68. The company started new mortgage business in May. Individual applications for loans are slow in coming forward. The company intends to stimulate home ownership in Uganda by co-operating with Uganda's National Housing Corporation in initiating estate development of modestly priced houses.

(15) At Kilembe Mines, higher efficiencies with the new techniques introduced over the last three years resulted in a significant increase in production, and, with high copper prices, the company had an excellent year.

Mauritius

(16) The loan to Mauritius Housing Corporation remained CDC's only investment in the island. But at the request of the Mauritius Government and the British Ministry of Overseas Development, CDC made staff available to examine the organisation of development finance in Mauritius. It is hoped that this mission will enable CDC management to be applied in helping to solve some of the many economic problems of this newly-independent country.

KENYA

(KShs17·143=£1)

62 Block Hotels Ltd

(1) A public company which owns two of Nairobi's leading hotels, the New Stanley and Norfolk, has interests in Wildlife Lodges in the Kenya National Parks and has invested in the new Hilton Hotel under construction in Nairobi. During the year the outstanding CDC debentures were redeemed. At 31.12.68 CDC held KShs733,090 stock.

(2) Net profit before tax for the year to 30.6.68 was KShs4,514,740 (1967 KShs5,129,826). Dividends declared 10% (1966/67 13%).

63 Development Finance Co of Kenya Ltd—Manager: C. M. Southall

(1) (*a*) The company's issued share capital of KShs40m has been subscribed equally by the Industrial and Commercial Development Corporation

(a statutory corporation of the Kenya Government), the Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) mbH (DEG) of the Federal Republic of Germany, the Nederlandse Overzeese Financierings-Maatschappij NV (NOFC) of the Netherlands and CDC;

(*b*) in addition, each partner has undertaken to subscribe KShs5m in income notes of which KShs1m has been called up on 31.12.68;

(*c*) each of the four partners has nominated two directors, the Chairman being Alderman C. W. Rubia. The manager has been seconded from CDC.

(2) At 31.12.68 the company had investments and commitments amounting to KShs49·2m (KShs48·587m at 31.12.67) of which KShs46·275m had been invested (KShs40·607m at 31.12.67). The 24 projects cover a variety of enterprises of importance to the Kenya economy including the processing of agricultural and forestry products, manufacture of consumer goods and tourism.

(3) In 1967 the company invested KShs4m out of a total of KShs20m in Triangle Fertilisers Ltd for the manufacture of nitrogenous fertiliser at Mombasa. The company's partners in the project were Albatros Superfosfaatfabrieken NV of Holland and Covenant Industries Ltd, an associated company of Imperial Chemical Industries, each holding 40% of the equity. In 1968 the project was shelved when a technical appraisal revealed that it was unlikely to be viable under present conditions. The final evaluation of the company's losses has not yet been completed but the company has provided for a possible loss of up to KShs3·2m.

(4) Operating profit for the year, before providing for tax was KShs1,945,786 (1967 KShs1,783,640). This profit has been more than absorbed by the necessity to create a capital loss provision of KShs3,374,000, a large part of which relates to the company's investment in Triangle Fertilisers Ltd.

64 The East African Power & Lighting Co Ltd

(1) A public company which holds extensive licences to generate and distribute electricity throughout Kenya. Associated companies in which CDC has a financial interest are The Kenya Power Co Ltd (para 68) and Tana River Development Co Ltd (para 76).

(2) During the year CDC agreed to lend up to £2·6m secured by debentures, repayable 1975/91, towards the cost of building a transmission line from Nairobi to Mombasa and providing additional generating plant at Mombasa. Additional finance is being provided by a consortium of British banks headed by Glyn Mills & Co guaranteed by ECGD. Nil advanced at 31.12.68.

(3) CDC also agreed to lend up to £350,000 secured by debentures and repayable 1971/85 towards the cost of construction of a new office block in Nairobi to enable the company to centralise its administration. Nil advanced at 31.12.68.

65 East Africa Industries Ltd

(1) This is a Unilever subsidiary with KShs15m share capital in which CDC (KShs4,520,000) and Kenya Industrial and Commercial Development

Corporation are minority shareholders. CDC has lent the company KShs3m repayable 1973/76 and £45,000 repayable 1967/71 of which £27,000 was outstanding at 31.12.68 (1967 £36,000).

(2) The company is a major manufacturer of household requirements including margarine, soap and non-soapy detergents. A sulphonation plant is being installed to manufacture the basic raw material for the non-soapy detergents and this will effect a substantial saving in imports.

(3) During the year sales of soap and non-soapy detergents were made to Tanzania despite the substantial transfer tax imposed. Sales in Kenya and Uganda remained buoyant and profits have remained at a satisfactory level.

(4) Dividends received in respect of 1968 totalled KShs1,808,000 (1967 KShs1,808,000).

66 Kenya Land Development and Settlement Scheme

(1) In 1961 CDC agreed to lend up to £825,000 to Kenya Government under the joint World Bank and CDC scheme for financing the economic development of African small and medium sized farms on former European farms bought with funds provided by the British Government. The World Bank and CDC loans are being disbursed on the basis of a series of approved sub-projects. The schedule of sub-projects has now been finally agreed after some delay owing to difficulties over land purchase and demarcation and will cover 178,509 acres accommodating some 5,000 farmers. CDC commitment has been fixed at £756,000 and the drawing down period lengthened.

(2) Dairying and livestock production are important activities in the scheme which includes pyrethrum, tea, cereals and potatoes as cash crops. Government has undertaken to give greater priority to the supply of improved dairy stock and wool sheep. Special attention will be given to staffing of the settlement schemes and in developing effective co-operative societies. Management and financial problems have arisen in regard to harvesting, transport and processing sugarcane at Muhoroni and these had not been resolved by the year's end.

(3) Advanced at 31.12.68 £431,000 (1967 £384,000).

67 Kenya Meat Commission

Loan £250,000 guaranteed by Kenya Government (repayable 1956/75). Amount outstanding 31.12.68 £87,500 (1967 £100,000).

68 The Kenya Power Co Ltd

£3·5m 5½% debenture stock 1975/85 subscribed in 1955 out of a total public issue of £7·5m. The share capital of KShs2,000 is owned equally by Kenya Government, Power Securities Corporation Ltd and The East African Power & Lighting Co Ltd (para 64). Proceeds of the CDC loan were used to construct the power line from Uganda to feed into the last-named company's distribution network in Nairobi.

69 Kenya Safari Lodges and Hotels Ltd

(1) (*a*) This company, established in October 1966, has a capital of KShs6m. Shareholders are Kenya Tourist Development Corporation, the Trustees

of the National Parks of Kenya, Kenya Hotel Properties Ltd, Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) mbH, Deutsche Hotelgesellschaft für Entwicklungslander mbH and BOAC Associated Companies Ltd; CDC holds KShs1,033,320 shares;

(*b*) loan capital to the equivalent of KShs14·5m will be provided by CDC (£158,229) and other shareholders. £85,443 of CDC loan had been advanced at 31.12.68;

(*c*) the company is managed by Hallway Hotels Overseas Ltd (para 142).

(2) First stage of the company's development programme is the construction of two 100-bed lodges at Voi and Ngulia in the Tsavo National Park and the 200-bed Mombasa Beach Hotel at Nyali, near Mombasa. The Voi Safari Lodge was opened for visitors in December 1968. Ngulia Safari Lodge is scheduled to be completed in March 1969 and the Mombasa Beach Hotel in October 1969.

70 Kenya Tea Development Authority

Chinga Tea Factory Co Ltd
Kangaita Tea Factory Co Ltd
Litein Tea Factory Co Ltd
Mataara Tea Factory Co Ltd
Nyankoba Tea Factory Co Ltd

(1) *Kenya Tea Development Authority*

(*a*) The Kenya Tea Development Authority (KTDA) is a statutory body concerned with promotion and development of tea growing by African smallholders. An important feature of KTDA's Board Membership is the election of growers' representatives through a three-tier structure of divisional and district committees and provincial tea boards;

(*b*) 1968 saw the completion of the Authority's combined First and Second Plans two years ahead of the original schedule when growers planted 4,990 acres bringing total area under tea to a little over 25,600 acres. The combined plans were financed by a CDC loan of £900,000, by Kenya Government as to KShs4·24m (or lent from funds made available by the Federal Republic of Germany) and by a loan of US$2·8m through Kenya Government from the International Development Association (IDA), an affiliate of the World Bank;

(*c*) during 1968 negotiations were completed for a further expansion of 35,000 acres to be planted by 1973 thus bringing total area to some 61,000 acres. IDA has agreed to provide US$2·1m and CDC £450,000 towards total expenditure for the field development, the rest being contributed from KTDA's own resources and by the Kenya Government including an outstanding balance from the previous IDA loan. The expansion will be largely undertaken by smallholders with cuttings propagated vegetatively from parent plants supplied by the Authority;

(*d*) green leaf produced by smallholders and collected by KTDA during 1967/68 more than doubled at 38,911,134 lb (1966/67 16,448,440 lb). The main reason for this increase was the very good climatic conditions in contrast to the previous year when serious drought affected the crop throughout East Africa. KTDA's own revenue, which is collected by deduction from payments to growers of capital and revenue cesses totalling up to 17 cents per lb, was likewise increased and, as a result, there was a small surplus on current account compared with a deficit of KShs2,753,540 in the previous year.

(2) *Factories*

(*a*) CDC has undertaken, in principle, to contribute a substantial part, up to £2·68m, of the total finance required for tea factories. In addition to KTDA's original Ragati factory, five new factories have been built since 1963 as partnerships between CDC, KTDA and commercial tea companies which undertake management and tea sales; the commercial partners (with related factories) are—

East African Acceptances Ltd and
Dalgety & New Zealand Loan Ltd (jointly in Chinga and Mataara)
George Williamson Africa Ltd (Kangaita)
James Finlay & Co Ltd (Litein and Nyankoba)

(*b*) comparative details of throughput are—

Factory	*Year end*	*Made tea lb*	*Average sale price ex factory KShs*	*Payments to KTDA for green leaf per lb*
East of Rift Valley				
Ragati ..	30.6.68	1,166,676	3/26	41 cents
Chinga ..	30.6.68	1,184,684	3/50	46 cents
Mataara ..	30.6.68	1,010,322	3/31	40 cents
Kangaita ..	30.6.68	1,114,717	3/61	51 cents
West of Rift Valley				
Litein ..	31.3.68	1,071,946	3/38	42 cents
Nyankoba ..	31.3.68	1,127,985	3/33	42 cents

(*c*) in all cases factory capacity is being increased to accommodate bigger crops and to take advantage of the current technical developments yielding economies of scale. Growers are slowly but steadily buying more shares in the factory companies and by 31.12.68 there were 893 shareholders owning a total of 38,426 KShs5 shares. All factory companies serviced their loan capital according to contract and paid dividends of 8%;

(*d*) the change in parity between the £ Sterling and the Kenya Shilling had a serious effect on proceeds of tea sales receivable by the factory companies in terms of the latter currency so that the surpluses available for making second payments to the Authority for onward transmission to the smallholders were reduced. The initial payment to growers was maintained at 40 cents per lb of green leaf before deduction of cesses, but the supplementary payments were heavily reduced, ranging between 1 cent per lb and 7·5 cents per lb on a new factory grouping basis. This compared with second payments in the previous year of 9 cents West of Rift Valley and 14 cents East of Rift. Sudden diminished returns to smallholders on this scale could have serious effects on their enthusiasm for growing tea;

(*e*) in last year's report it was mentioned that preparations were being made for an expert study of the inter-related subjects of tea factory capacity, leaf transport arrangements and tea road construction which posed problems to KTDA. The firm of Inbucon Ltd began the study during the year and submitted a progress report in October. Their final report is expected in March 1969.

71 Kisumu Cotton Mills Ltd

(1) Issued share capital was increased during the year from KShs5·6m to KShs6·16m and is now held as to KShs3·85m by Mr M. Khatau and Mr R. M. Goculdas and their associates, KShs1·76m by Development Finance Co of Kenya Ltd (para 63) and KShs550,000 by CDC. CDC has also lent £170,000 (repayable 1968/75) of which £153,366 was outstanding at 31.12.68.

(2) The additional equity subscriptions were provided by the shareholders as a contribution towards the cost of new plant at the company's mill at Kisumu for diversifying its production into bleached and dyed cotton piece goods. Diversification has enabled the company to overcome some of the marketing difficulties caused by over-production of textiles in East Africa and by restrictions on inter-territorial trade. The company was operating profitably by the end of 1968.

72 Mortgage Finance Companies—General Manager: F. G. Weaver
Housing Finance Co of Kenya Ltd

(1) Issued share capital is KShs1m held as to 60% by CDC and 40% by the Kenya Government. Additionally, CDC and the Kenya Government have undertaken to provide loan capital of £500,000 and KShs6m respectively.

(2) First Permanent (East Africa) Ltd manage.

(3) Estate development schemes in co-operation with the National Housing Corporation and local authorities have continued to provide most of the company's business. Limited loan facilities are now extended to purchasers of existing houses but priority is still given to applicants seeking to build new property. During the year mortgage advances of KShs9,469,000 were approved; at 31.12.68 the mortgage asset amounted to KShs12,790,015 (1967 KShs5,522,302), and the company's outstanding commitments on mortgage account were KShs3,155,305.

(4) Negotiations have been initiated for the company to acquire the businesses of First Permanent (EA) Ltd and of Kenya Building Society Ltd and it is hoped that this will be achieved before the end of 1969.

(5) Net loss for the year KShs92,362 (1967 loss KShs28,116). With the expansion of the mortgage asset a profit should be earned in 1969 the company's fourth year of operations.

First Permanent (East Africa) Ltd

Kenya Building Society Ltd

(1) CDC owns all the share capital of these companies. The planned disposal and/or run-down of assets and the repayment of loans has continued steadily throughout 1968. Combined assets have been reduced by a further KShs39,451,154 to KShs76,124,671. Loan creditors were repaid a further KShs6,587,420 reducing total loan indebtedness to KShs8m.

(2) The transfer of First Permanent (East Africa) Ltd (FPL)'s assets and liabilities in Tanzania and Uganda to the newly formed national companies, Permanent Housing Finance Co of Tanzania Ltd (para 83) and Housing Finance Co of Uganda Ltd (para 90), was successfully completed on 1st January 1968. During the year Housing Finance Co of Kenya Ltd assumed liability for the public deposits held by FPL in Kenya, but the Kenya mortgage asset was left temporarily with the rump of FPL. It is planned to merge First Permanent (East Africa) Ltd and Kenya Building Society Ltd with Housing Finance Co of Kenya Ltd and negotiations to this end are now in hand.

(3) FPL earned KShs24,737 profit before tax (1967 KShs730,089). Kenya Building Society Ltd net profit for the year KShs248,635 (1967 loss KShs363,369).

73 Nairobi City Council

(*a*) *Kiburu Water Diversion*

Loan £125,000 (repayable 1964/73) guaranteed by Kenya Government to help finance the expansion of the city's water supply. Amount outstanding 31.12.68 £69,363 (1967 £82,072).

(*b*) *Sasumua Dam*

Loan £300,000 (repayable 1969/91) guaranteed by Kenya Government to extend the water treatment works at Sasumua and provide a new service reservoir at Kabete. Amount drawn at 31.12.68 £300,000 (1967 £70,000).

(*c*) *Kariakor Housing*

Loan £125,000 (repayable 1966/88) guaranteed by Kenya Government towards redeveloping the Kariakor Estate in Nairobi. Amount outstanding 31.12.68 £120,699 (1967 £120,699).

(*d*) *Woodley/Kibera Housing Scheme*

(1) CDC has agreed to lend Nairobi City Council £400,000 guaranteed by Kenya Government and repayable 1970/89, towards the cost of providing residential housing built on a new estate for the middle income group. The estate, which is 4 miles from the centre of Nairobi, will comprise 156 three-bedroom terrace houses and 72 two-bedroom flats in four-storey blocks. These will be made available either for sale or for leasing.

(2) Housing Finance Company of Kenya Ltd (para 72) has lent KShs2,000,000 on terms similar to CDC.

(3) Advanced at 31.12.68 £200,000 (1967 nil).

74 National Housing Corporation (formerly Central Housing Board)

(1) Loan £2m (1954/58) for Municipal and private housing, repayable 1960/84. Amount outstanding 31.12.68 £1,280,000 (1967 £1,360,000).

(2) In 1968 CDC has further agreed to lend £250,000 (repayable 1970/89) guaranteed by Kenya Government to enable National Housing Corporation to develop a site close to the centre of Nairobi to provide 56 three-bedroom maisonettes and two three-bedroom houses for rental.

75 Nyambeni Tea Co Ltd

(1) Capital KShs5m in shares of KShs20 each (KShs16 paid). 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 by purchase of up to one-third of the capital from present shareholders. At 31.12.68 CDC investment was KShs1·92m in ordinary shares and £5,500 loan (1967 £11,000).

(2) Eastern Produce Africa Ltd. are managing agents.

(3) The company has something under 500 acres of tea planted on its estate in the Meru district, north-east of Mount Kenya. The company factory also takes green leaf for processing from African growers established in the neighbourhood under Kenya Tea Development Authority (KTDA) (para 70). (For the financial year 1967/68, the smallholder acreage from which leaf was drawn was increased from 700 acres to 900 acres.) Yields of green leaf increased generally in Kenya owing to the favourable weather and output of made tea almost doubled at 1,398,150 lb (1966/67 729,358 lb): the smallholders deliveries of leaf rose by 150% and for the first time were greater than estate production.

(4) Good management ensured high quality tea and satisfactory prices so that net profit rose to KShs1,194,403 (1966/67 KShs890,585). Dividends totalling KShs4 per share were paid (1966/67 KShs3) and the company paid KTDA 51·61 cents per lb of smallholders' green leaf, which was higher than payments by any other factory east of Rift Valley.

76 Tana River Development Co Ltd

(1) Issued capital KShs2,000 held equally by Kenya Government, Power Securities Corporation Ltd, The East African Power & Lighting Co Ltd (para 64) and CDC. The company was formed in 1964 to develop in stages the hydro-electric potential of the Tana River in the Seven Forks area north-east of Nairobi.

(2) The Kindaruma scheme, a run of the river power station with an initial generating capacity of 40 MW, was completed as Stage I in mid-1968 and was officially opened by His Excellency, The Hon Mzee Jomo Kenyatta, MP, President of the Republic of Kenya, on 7th June 1968. Total cost had been estimated at £6·75m against which CDC agreed to lend up to £3·5m secured by debentures guaranteed by Kenya Government. Amount advanced by CDC at 31.12.68 £3·1m (1967 £2,650,000).

77 Unga Millers Ltd

(1) (*a*) The group owns flour, maize and provender mills through associated and subsidiary companies in Kenya and Uganda;

(*b*) CDC holds 16% (KShs5m) of the equity of Unga Millers Ltd and has a loan to the company repayable 1959/71, of which the balance outstanding at 31.12.68 was £54,332 (1967 £121,735).

(2) During the year the first instalment of compensation agreed on the nationalisation of Tanzania Millers Ltd, now National Milling Corporation (para 82) was received. The net profit for the year to 31.7.68 of Unga Millers Ltd and its subsidiaries was KShs3,156,680 (1967 KShs3,859,340).

(3) A dividend of 10% was paid (1967 7½%).

78 Valley Field Housing Estate—Manager: J. Scott MBE

(1) CDC is undertaking the development of a 43-acre site in Nairobi on a programme which comprises the building of 60 three-bedroom bungalows on ½-acre plots and 50 two-bedroom flats and maisonettes.

(2) Kenya Government has agreed to lease the entire estate for an initial period of eight years to provide housing for senior civil servants and expatriate technical and administrative staff. The agreed rental has been calculated to service the cost of development and construction now estimated at KShs13m, including a modest developer's profit.

(3) Work on the two-year programme started in September 1968. Housing units will be handed over to the Kenya Government as completed over the period March 1969 to August 1970.

(4) Capital expenditure to 31.12.68 KShs2·6m.

MAURITIUS

(Rs 13·333=£1)

79 Mauritius Housing Corporation—General Manager: J. C. Brown

Loan £500,000 repayable 1968/89; balance of loan outstanding 31.12.68 £490,052 (1967 £500,000). CDC has seconded a General Manager to the Corporation.

TANZANIA

(TShs17·143=£1)

80 Kilombero Sugar Co Ltd

(1) This company was established in 1960 to develop cane growing estates and build a sugar mill with annual capacity of 31,500 tons of sugar in the valley of the Great Ruaha River in Central Tanganyika near Mikumi. The chief investors were International Finance Corporation, CDC, Nederlandse Overzeese Financierings-Maatschappij and Standard Bank. The company has been managed in recent years by HVA-Internationaal NV of Amsterdam.

(2) The agreement with the Tanzania Government, fixing the price currently receivable by the company for its sugar production, expired on 31st August

1968. No agreement was reached between the company and the Government on a sugar price for the ensuing period. To ensure continuity of operations at Kilombero it was agreed after the end of 1968 that the Tanzania Government should acquire the interests of the overseas investors against total consideration of the equivalent of TShs72m, payable over 15 years.

(3) Nominal values of CDC's holdings in Kilombero Sugar Co Ltd at 31.12.68 were ordinary shares TShs17,299,700, £418,000 debentures and £360,000 income notes. The amounts receivable by CDC will entail a capital loss on book values, which is covered by a provision held against the investment.

81 Maramba Estate Ltd—Manager: P. J. van der Ploeg

(1) A CDC subsidiary managed by CDC since 1963: the share capital of TShs6m is held by CDC (TShs4·5m) and Holland Tanganyika Compagnie NV (TShs1·5m). In addition CDC had advanced £133,000 at 31.12.68 (1967 £133,000) by way of fixed loan, and has also guaranteed a bank overdraft of up to TShs400,000.

(2) The estate maintains 910 acres of Criollo type cocoa in the Usambara foothills, with kapok a subsidiary crop. Weather conditions were favourable in 1968, and a record crop of 246·4 tons (1967 112 tons; previous best 1966 196 tons) was harvested. Cocoa produced continued to be of high quality with the whole crop finding a ready export market at prices which improved sharply in the second half of the year.

(3) A limited expansion programme for 1969 has been approved which will be restricted to what can be financed from the company's retained earnings and self-generated funds.

(4) Higher production and better prices for cocoa in closing months of the year resulted in a net profit of TShs334,005 (1967 loss TShs580,013).

82 National Milling Corporation (Tanzania Millers Ltd)

Responsibility for servicing the CDC loan, repayable 1960/71, to Tanzania Millers Ltd was assumed by the National Milling Corporation after nationalisation of the company. Amount outstanding 31.12.68 £94,570 (1967 £121,997).

83 Permanent Housing Finance Co of Tanzania Ltd—
Manager: L. B. van der Watt

(1) (*a*) The share capital of TShs1·2m is held equally by the Tanzania Government and CDC, being 10% paid up at 31.12.68 when CDC investment was TShs60,000. The Government and CDC have agreed to provide loan capital of TShs3m and £500,000 respectively, when required;

(*b*) the manager has been seconded by CDC which has also agreed to provide the company with consultancy and advisory services.

(2) The company was formed in 1967 to provide an agency through which public savings in Tanzania might be channelled into mortgage loans for house purchase, thus filling a gap in home ownership financing left vacant in the country since 1961. On 1.1.68 the company took over the Tanzanian

assets and liabilities of First Permanent (East Africa) Ltd (para 72). The change of ownership was well received by Tanzanian public depositors who increased the total of their deposits with the company from TShs33,467,267 on 1.1.68 to TShs36,568,461 at the end of the year.

(3) Mortgage lending started on 1.2.68. By the end of the year loans totalling TShs5,743,950 had been approved, of which TShs2,342,602 had been advanced to borrowers. Lending was built up slowly and the company has ample funds available from which further housing loans could be made. One obstacle to an increased scale of lending is the shortage of new houses for sale in the cost range of about TShs30,000 to TShs70,000 for which a large demand might be expected from potential borrowers. It is hoped that housing estate developments being planned will eventually fill this gap. The Tanzania Government is considering a scheme to provide Government guarantees to enable civil servants to borrow more than 75% of valuation which is the normal maximum loan. Such a guarantee scheme would substantially increase the number of potential borrowers.

(4) In 1968, its first operational year, the company made a loss of TShs76,860. This had been expected in view of the low return on liquid funds invested short term until needed for mortgage lending.

84 **Tanganyika Development Finance Co Ltd**—Manager: C. J. Stephenson

(1) (*a*) The company's TShs40m share capital is held equally by four partners, the National Development Corporation (which is wholly-owned by the Tanzania Government), the Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) mbH (DEG) of the Federal Republic of Germany, CDC and the Nederlands Overzeese Financierings-Maatschappij NV (NOFC) of the Netherlands;

(*b*) at 31.12.68 the TShs20 shares were TShs12.50 paid (1967 TShs12): CDC's investment was TShs6·25m;

(*c*) each of the four partners has nominated two directors; chairman is Mr J. S. Kasambala. The manager has been seconded from CDC.

(2) Progress measured in terms of new investments remained disappointingly slow during the year though in 1968 management was continuously busy investigating prospects for new projects. Four new commitments and two additional investments in existing projects were approved. Number of continuing projects at 31.12.68 was 23 (1967 19). Total commitments at 31.12.68 were TShs29,090,881 (1967 TShs23,622,675) of which TShs21,545,881 had been invested (TShs22,682,675 at 31.12.67). Projects cover a wide range of enterprises, predominantly in the field of light industry, but also including hotels, air transport and the processing of dairy products.

(3) The company received in June 1968 the first instalment of compensation in respect of its shareholding in Tanzania Millers Ltd now National Milling Corporation (para 82) which was compulsorily vested in the National Agricultural Products Board in February 1967 by virtue of one of the Tanzania Government's nationalisation statutes. The Government recognised the company's special role as a development agency reinvesting its funds solely within the country by agreeing to pay the compensation awarded in four equal annual instalments compared with the seven-year payment period fixed for other former shareholders.

(4) Profit for the year to 31.12.68 before provisions of TShs1,408,369 for possible losses on investments was TShs1,107,689 (1967 TShs821,766). Accumulated profit TShs680,919 has been carried forward to 1969.

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

(1) A wholly-owned subsidiary with estates at Njombe in the Southern Highlands of Tanganyika. Issued share capital TShs10m. Balance of CDC loan at 31.12.68 was £360,000 (1967 £420,000).

(2) The company's main business is the manufacture, entirely for export, of high quality mimosa tanning extract from bark from some 26,000 acres under wattle. The entire present production is in the form of solid extract, but investigations are in progress for extending the factory to enable it to produce spray dried powder extract to meet increasing world demand for this type of tanning material.

(3) Production at 8,877 tons of extract fell slightly below the previous year's record output of 9,594 tons, in accordance with market conditions. Sales were a record 9,850 tons (1967 8,304 tons). World prices rose in the second half of 1968 from the unprofitable levels obtaining during 1967 and the early part of the year. 3,442 tons of green bark were purchased during the year from African owners of areas planted under the Bena Wattle Scheme.

(4) Wheat production was expanded to 750 acres (1967 400 acres) and yield per acre increased to 8·3 bags (1967 5·4 bags). The crop was sold both locally for seed and for milling and again proved a profitable venture. Field scale trials with hybrid maize were also successful, producing an average yield of 20·8 bags per acre over 22 acres. Commercial scale production of maize will be undertaken in 1969. Systematic experiment and research into other agricultural crops continues, with special emphasis on the possibility that dry season cultivation of certain crops under irrigation might prove more successful in combating disease than wet season production tried in the past.

(5) Net profit improved to TShs1,640,289 (1967 TShs106,270). A maiden dividend of 15% was declared.

86 **Tanzania (formerly Tanganyika) Electric Supply Co Ltd**

(1) Debenture loan £3m to the company, of which Tanzania Government now holds all the share capital. Repayments start in 1969.

(2) Units sold in 1968 rose 10·7% to 266,186,093 units and operating surplus increased by 11·97% to TShs40,153,153.

87 **Tanzania Sisal Corporation** (Bird & Co (Africa) Ltd)

The business of Bird & Co was taken over on 27th October 1967 by the Tanzania Sisal Corporation, a newly constituted statutory body, in implementation of the nationalisation policy of the Tanzania Government. Responsibility for servicing the amounts outstanding on the CDC loans to the company has been assumed by the Tanzania Sisal Corporation. Balances outstanding at 31.12.68 were £50,000 7½% debenture stock (1973), and £200,000 debenture stock repayable by instalments between 1969 and 1972 (1967 £250,000).

UGANDA

(UShs17·143=£1)

88 Agricultural Enterprises Ltd

Bugambe Plantation Co Ltd

Mwenge Tea Co Ltd

(1) These two estate companies are subsidiaries of Agricultural Enterprises Ltd, a subsidiary of Uganda Development Corporation Ltd which in turn is owned by the Uganda Government. Each has completed a 2,000-acre planting programme and has its own tea factory.

(2) *Bugambe Plantation Co Ltd*

(*a*) Company has a share capital of UShs11·24m; CDC has lent £100,000 repayable 1971/74;

(*b*) a satisfactory crop was harvested but sales proceeds were seriously affected owing to the low price obtainable for teas of the quality produced by the company.

(3) *Mwenge Tea Co Ltd*

(*a*) Company has a share capital of UShs8,338,040; CDC has lent £360,000 repayable 1972/78 and carrying conversion rights as to £100,000 of the loan;

(*b*) an excellent crop of green leaf was harvested but as in the case of Bugambe, realised prices for made tea were disappointing.

89 Development Finance Co of Uganda Ltd—Manager: H. de B. Brock MBE

(1) (*a*) The company is a partnership between the Uganda Development Corporation Ltd (UDC), the Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) mbH (DEG) of the Federal Republic of Germany and CDC, who contribute capital in equal shares;

(*b*) during the year the issued share capital was increased to UShs18·03m by the conversion of UShs18m income notes. At 31.12.68 there remained UShs12m income notes outstanding and the partners have agreed to make available a further UShs15m in this form;

(*c*) each partner nominates two directors. Chairman is Mr S. Nyanzi, who is also Chairman of UDC. The Manager has been seconded by CDC.

(2) During the year the board approved seven investments, five in new projects and two in expansion of existing projects, amounting to UShs10·19m. At 31.12.68 total investments and commitments in 23 projects amounted to UShs36,219,636. Projects cover a wide variety of agricultural and industrial enterprises including tea growing and processing, food processing, bakeries, fish nets, textiles and clothing, blankets, shoes, pharmaceuticals, batteries, cement and glassware.

(3) Profit for the year before payment of income note interest was UShs1,715,291 (1967 UShs1,477,820). The company has transferred UShs800,000 (1967 (UShs300,000) to reserve against possible investment losses and has distributed UShs942,270 representing $3\frac{1}{2}\%$ on income notes and 3% on share capital (1967 UShs1,354,700 representing 6% on each).

90 Housing Finance Co of Uganda Ltd—Manager: I. R. Lane

(1) The company was incorporated in December 1967 to restart house mortgage lending in Uganda, and with effect from 1.1.68 took over the Ugandan assets and liabilities of First Permanent (East Africa) Ltd (para 72). The share capital of UShs1,000,000 is held as to 60% by CDC and 40% by the National Housing Corporation, a wholly-owned agency of the Uganda Government; 10% has been paid up at 31.12.68 when CDC investment was UShs60,000. Additionally CDC and the National Housing Corporation have agreed to provide loan capital of £500,000 and UShs3m respectively when required. Deposits by the public at 31.12.68 were UShs16,941,756 (1967 UShs14,870,590).

(2) CDC is providing management and consultancy services.

(3) Applications for new mortgage loans were accepted from 1.6.68. At 31.12.68 the mortgage asset amounted to UShs7,479,958 (1967 UShs8,306,322).

(4) Loss for the first year of operation UShs260,468.

91 Kilembe Mines Ltd

(1) (*a*) Issued share capital is UShs114m held as to 70% by Kilembe Copper Cobalt Ltd of Toronto; 20% by CDC; 10% by Uganda Development Corporation Ltd, Uganda Crane Industries and the estate of the late Omukama of Toro;

(*b*) Falconbridge Explorations Ltd are general managers and consulting engineers.

(2) Increased mechanisation and improved mining techniques resulted in a higher tonnage of ore being mined and treated in 1968. The difficulties of recruitment and retention of experienced mining and technical personnel continues to be one of the principal factors affecting production. The company continued its policy of training Ugandans to enable them to assume responsibility for technical and supervisory posts.

(3) Total production costs again showed an increase but this was largely attributable to increased expenditure on development and shaft sinking in the mining lease and prospecting elsewhere in Uganda. Proved and probable ore reserves were reduced by approximately 400,000 tons but exploratory development and diamond drilling has given some favourable results which are to be further investigated.

(4) The company again benefited from high copper prices and the year's operations resulted in a net surplus of UShs21,038,920 (1967 UShs15,867,000) after providing UShs8,529,480 for tax and royalties. Dividends declared for the year 30% (1967 7½%).

92 Nyanza Textile Industries Ltd

(1) This well-established company is a subsidiary of Uganda Development Corporation (a wholly-owned Government agency) with UShs40m share capital. The company is managed by The Calico Printers Association Ltd of Manchester.

(2) In 1968 the company embarked on a programme of expansion and diversification at an estimated cost of about £1·3m in order to meet the growing demand for more sophisticated products, particularly printed fabrics. CDC and Commonwealth Development Finance Co Ltd have each made loans of £233,330 towards the cost of the programme, alongside a Development Finance Co of Uganda Ltd (para 89) loan of UShs2m.

(3) Profit for the year was UShs5·9m.

93 **Uganda Tea Growers' Corporation**

(1) The Uganda Tea Growers' Corporation (UTGC) is a statutory body charged with responsibility for planning and implementing the development of tea growing by smallholders in Uganda. The immediate aim is to expand the smallholder tea industry to 13,700 acres by 1970 and to make arrangements for processing facilities as required.

(2) Under agreements signed towards the end of 1967, International Development Association (IDA) will lend US$2·6m and CDC will lend £301,000 towards the cost of field development which is estimated at UShs45·7m, the balance being found from UTGC's own resources and by the Uganda Government. The Government will in addition receive an IDA loan of US$0·8m towards the cost of the necessary extension services which will be provided by the Government without charge.

(3) CDC will assist with finance for the tea factories if asked by UTGC: no request for help has been received in respect of the first two factory units required for Toro and Ankole districts in early 1970.

(4) 1,914 acres were planted during the year under UTGC auspices bringing the total acreage to 8,997 acres at 31.12.68.

(5) Advanced at 31.12.68 £100,708 (1967 nil).

MALAWI AND ZAMBIA

Representative:
F. R. Wilson CMG, OBE

Office:
Woodgate House,
Cairo Road,
Lusaka, Zambia

94 **Malawi and Zambia Summary**

Malawi

(1) Total commitment at 31.12.68 was £5,415,000 (1967 £5,877,000) of which £4,759,000 (1967 £5,470,000) had been invested at year end. The reduction in the figures reflects the decision to cease commercial operations at Vipya Tung Estates and to return the estates to Government as announced in last year's report. One new project was approved during the year, a loan towards Malawi Housing Corporation's house building scheme. Continuing projects include loans for electricity and water supply, and for an earlier housing scheme, investments in the Whitehead Textile mill and in Malawi Hotels Ltd, and a loan to the Smallholder Tea Authority.

(2) Vipya Tung Estates were put onto a care and maintenance basis. A pilot tung sharecropping scheme was introduced on one estate, and it will be for Government to decide whether some continuing operation on this basis will be worthwhile. The tung growing scheme was taken over by CDC from the Nyasaland Government in 1948. It is sad that after much effort and the expenditure of large sums over the intervening 20 years, the project has had to be written off as a failure in the form originally envisaged by CDC, mainly due to synthetic competition and falling prices.

(3) CDC continued to manager the Malawi Government's virginia flue-cured tobacco growers' scheme at Kasungu and once again good quality leaf was grown and good prices were obtained, so that both farmers and Government had a financially rewarding year.

Zambia

(4) Excluding the loan to Central African Power Corporation which is dealt with in para 95, the total commitment at 31 12.68 was £3,272,000 (1967 £4,040.000), of which £2,897,000 had been invested at the year end (1967 £1,890,000).

(5) Chilanga Cement Ltd, which CDC has been supporting with management and accountancy staff during the critical period of its expansion programme, successfully completed the new 200,000-ton Ndola factory in most difficult circumstances and again earned a satisfactory profit. CDC is also providing a general manager and accounting services under a Technical Aid agreement with the Mukonchi Tobacco Co which is pioneering the growing of flue-cured tobacco by Zambian farmers linked with a nucleus estate owned by Government.

(6) Revenue in Malawi and Zambia, after overseas tax and local administration costs, but before charging Head Office costs, including interest payable and provisions against book value of projects and investments, was 7·2% on capital employed (1967 7·1%).

95 Central African Power Corporation

(1) Loan of £15m (1956) for Stage I of the Kariba hydro-electric undertaking, the total cost of which was £77·6m. Service of the loan, which is repayable by annuities over 38 years starting 1965, is guaranteed as to one half by each of the Governments of Rhodesia and the Republic of Zambia. Balance outstanding at 31.12.68 £14,894,442 (1967 £14,942,687).

(2) Central African Power Corporation (CAPC)'s sales of power continue to rise and net operating profit during the year ended 30.6.68 increased by 67·1% over the previous year to Rh£2,155,484 after making full provision for interest payable on loan capital. CAPC is accordingly fully able to service its loan capital and has been willing to do so but for the intervention of the exchange control authorities in Rhodesia and Zambia. The Zambian Government, however, has spontaneously made the payments contractually due to CDC under its guarantee up to and including the September 1968 instalment. The balance of the instalments unpaid in 1967 and 1968 have been recovered in Zambia by process against CAPC in the Zambian Courts but were paid into a restricted account by direction of the Zambian Exchange

Control. Negotiations with the Zambian Government have achieved the release of part of the blocked funds for investment in the expansion of Chilanga Cement Ltd (para 104) and tentative agreement has been reached for the investment of the rest of the money in development projects in Zambia, when arrangements are completed for some investment of free funds also.

MALAWI

(M£1=£1)

96 Electricity Supply Commission of Malawi

(1) Loans totalling £1,915,000 1970/80 towards the cost of constructing the hydro-electric project at Nkula Falls and transmission lines. Amount outstanding at 31.12.68 £1,885,071 (1967 £1,900,629).

(2) Malawi Government approved with effect from 1.10.68 a 10% increase in tariff.

(3) Sales of electricity increased by 21·2% to 93·92m units (1967 77·46m units). Net revenue surplus M£43,442 (1967 M£47,165).

97 Malawi Hotels Ltd

(1) Issued capital M£350,000 of which Malawi Development Corporation holds M£300,000 and CDC M£50,000. In addition CDC has undertaken to lend up to £150,000 and Malawi Development Corporation up to M£70,000. CDC had advanced £135,000 at 31.12.68.

(2) Hallway Hotels Overseas Ltd (para 142) provides consultancy and management services.

(3) The company has built a 98-bedroom hotel, the Mount Soche Hotel, at Blantyre, which opened on 1.2.69, and is building a 20-bedroom lodge on the shores of Lake Malawi at Nkopola near Fort Johnston.

98 Malawi Housing

Loan of £1m (1967/68) to Malawi Government to finance housing schemes in Zomba, Blantyre and Lilongwe. Amount outstanding at 31.12.68 £973,289 (1967 £973,289).

99 Malawi Housing Corporation

(1) This is a statutory corporation set up in 1963 to take over Government-owned housing estates and to build new houses, mainly for letting. CDC has agreed to lend £450,000 over three years towards a £1·38m house building scheme in the Blantyre/Limbe area. Other lenders are HMG, Malawi Government, Standard Bank Finance and Development Corporation Ltd and Barclays Overseas Development Corporation Ltd.

(2) Nil drawn at 31.12.68.

100 Malawi Smallholder Tea Authority

(1) The Smallholder Tea Authority was set up by Malawi Government in 1967, following the recommendation of a CDC mission, to promote and foster the development of tea by smallholders in the Mlanje, Cholo and Nkhata Bay areas.

(2) The Authority's first plan is designed to establish a total of 2,100 acres of smallholder-owned tea in the Mlanje and Cholo areas by 1972. It will be financed by a CDC loan of up to £220,000 guaranteed by the Malawi Government: the Government will contribute by providing free technical staff, management and roads estimated to cost some £160,000. By 31.12.68 593 acres of tea had been planted. The green leaf is being processed by existing commercial tea factories on contract.

(3) CDC had advanced £44,000 of its loan by 31.12.68 (1967 nil).

101 Mudi River Water Board

(1) Loan of £1,438,000 guaranteed by Malawi Government (repayable 1967/81) towards the cost of the Walker's Ferry Scheme to supply water to Blantyre and Limbe. Amount outstanding at 31.12.68 £1,322,718 (1967 £1,382,406).

(2) Demand for water in 1968 increased by 17% to 2·97 million gallons per day (1967 2·54 million). Provisional operating surplus for the year was M£200,000 (1967 M£161,077) but after finance charges there was a reduced loss of M£23,000 (1967 M£59,655).

102 David Whitehead & Sons (Malawi) Ltd

(1) The company has an authorised share capital of M£660,000 of which M£600,000 has been issued and fully paid. David Whitehead (Technical Services) Ltd, CDC and Malawi Development Corporation have each taken up M£200,000 shares. In addition Farmers' Marketing Board and CDC have made loans of M£200,000 and £150,000 respectively, the latter repayable 1970/82.

(2) The company owns and operates an integrated textile mill in the Blantyre/Limbe industrial area with an annual capacity of approximately 10 million linear yards of cloth. Full production was reached in March 1968 and 7 million yards of cloth were produced during the year.

(3) Profit for the year was M£105,000 (1967 loss M£77,000).

ZAMBIA

(K1·714=£1)

103 Central Electricity Corporation Ltd (Lusaka)

Loan of £200,000 (repayable 1965/86) for extension of Lusaka electricity system. Amount outstanding at 31.12.68 £185,095 (1967 £189,015).

104 Chilanga Cement Ltd—General Manager: G. P. A. Boguslawski

(1) This is a public company of which the issued share capital (ordinary and preference) was increased by K6,075,252 at the beginning of the year in order to finance the new factory at Ndola. The capital is now—

Ordinary shares	K3,999,905	
'A' ordinary shares	K4,075,252	
		K8,075,157
7% cumulative redeemable preference shares		K2,000,000
		K10,075,157

The 'A' ordinary shares rank equally with the ordinary shares except that they will first qualify for dividend in respect of profits earned in 1970. Zambia Government, through its wholly-owned agency, The Industrial Development Corporation of Zambia Ltd, holds 44·6% of the two classes of ordinary shares while CDC, through its wholly-owned subsidiary, Zambia Development Corporation Ltd, held K2,693,074 shares representing 33⅓%, having subscribed for K1,496,152 shares during 1968.

(2) The new 200,000 tons factory at Ndola began clinker production in January 1969 and will have been completed by the target date and within the K12·4m budget—a commendable achievement in view of the many difficulties encountered and the late arrival of plant and machinery caused by the closing of the Suez Canal. The combined production capacity of the Chilanga and Ndola works is now 500,000 tons pa which will lead to the early cessation of costly cement imports into Zambia.

(3) During the critical period while the expansion programme has been carried through, CDC has supported the company with management and accounting staff. Mr F. R. Wilson, the CDC representative in Malawi and Zambia, is chairman of the Chilanga board. F. L. Smidth & Co are technical consultants.

(4) Cement sales in 1968 were a record at 411,209 tons (1967 334,000 tons) of which 306,000 tons were produced at the Chilanga works and the remainder imported. An increased profit was earned in 1968 but commissioning costs of the new Ndola factory will be heavy and production costs, particularly that of locally produced coal, have risen steeply so that an increased cement price is being discussed with the Government on the basis of an independent consultant's report.

(5) Net profit was K1,398,081 (1967 K1,143,500) and dividends of 7½ ngwee per ordinary share were paid.

105 Kafue Textiles of Zambia Ltd

(1) The company has fully paid share capital of K2,000,000. The Industrial Development Corporation of Zambia Ltd (Indeco) holds K1,000,000, Amenital Holding Registered Trust of Liechtenstein K500,000, CDC K300,000 and Barclays Overseas Development Corporation Ltd (BODC) K200,000. In addition, Indeco, CDC and BODC have agreed to lend

K800,000, £250,000 and £150,000 respectively. Amount of CDC's loan advanced at 31.12.68 was £175,000 (1967 nil).
(2) The company is erecting a spinning and weaving mill to produce annually 13·4m yards of cloth at Kafue, 26 miles south of Lusaka. Commissioning of the factory will be much behind schedule owing to delays in construction and damage en route to machinery which has had to be replaced.

106 Zambia Housing

Loan of £1m to the Zambia Government repayable 1965/82, for housing for lower and middle income groups. Balance outstanding at 31.12.68 was £865,194 (1967 £902,062).

107 Zambia Sugar Co Ltd

(1) A subsidiary company of Tate & Lyle Ltd which owns a sugar refinery at Ndola and the Nakambala Estate at Mazabuka at the edge of the Kafue plain. CDC has taken up K400,000 of the company's 8½% unsecured convertible loan stock guaranteed by Tate & Lyle Ltd.

(2) Planting of 6,000 acrea at Nakambala was completed in 1968 and the factory commissioned on 20.6.68. Production of raw sugar in the 1968 season amounted to 23,700 short tons.

SOUTHERN AFRICA

Regional Controller:
J. C. Cater MBE

Regional Office:
Palace Building,
52 Pritchard Street,
Johannesburg

108 Regional Summary

(1) There are 12 projects in the Southern Africa Region, which comprises Swaziland, Botswana, Lesotho and Rhodesia. During the year additional finance was approved for agricultural expansion at Swaziland Irrigation Scheme. CDC's financial commitment rose from £25,225,000 at 31.12.67 to £26,677,000 at 31.12.68. The total investment fell slightly to £24,232,000 at end 1968 (1967 £24,348,000).

(2) Swaziland joined Botswana and Lesotho as an independent nation in 1968. These countries all use the South African Rand as their currency and sterling devaluation unmatched by the Rand has emphasised their economic inter-dependence with the Republic of South Africa. The South African Government has shown itself helpful to the new countries in economic matters and it is to be hoped that this attitude will be maintained in current negotiations over renewal of the Customs Agreement covering the countries in the Rand area and that pressures from some South African industrial

interests which may be concerned to hamper imports from Swaziland (in particular) infant industries, will be resisted.

(3) As forecast in last year's report, the sterling devaluation of November 1967 has been most damaging to farmers producing for export. The revenue of the Swaziland sugar industry was reduced by some R1·2m in 1968, a year of desperately low sugar prices in any case; citrus exports were severely affected by intense competition from other producing countries which had devalued and there were similar effects in the case of kraft pulp. The Swaziland economy is not yet strong enough to enable its Government to provide any help or support to these hard-pressed and important industries. It is recorded with appreciation, however, that the Swaziland Railway Board has recently conceded a substantial rebate on the tariff for railage of pulp produced by Usutu Pulp Co Ltd.

(4) Regional revenue, after overseas tax and regional administration costs, but before charging Head Office costs, including interest payable to UK Treasury and provisions against book value of projects and investments, fell heavily from 7% in 1967 to 4·2% for the reasons just mentioned.

Swaziland

(5) Swaziland gained its independence on 6.9.68 under His Majesty, King Sobhuza II, and was heralded as a new nation state more likely than most of its near contemporaries to attain, within the foreseeable future, a take-off into self-sustaining growth. Under the leadership of its wise and much-loved King, politically stable and rich in natural resources, this tiny, land-locked country has already made remarkable strides towards this goal. Exports which in 1960 totalled R12·1m had risen to R40·6m by 1967 (1968 figures are not yet available) and far exceeded imports. CDC's projects, together with those in which it has investments and loans, accounted for 62% of those exports and the percentage will not have differed much in 1968.

(6) Mhlume (Swaziland) Sugar Co Ltd (para 111) management achieved in 1968 outstanding milling and recovery efficiencies which placed the company first amongst Southern Africa's 25 sugar mills in respect of the season's operations: but the factors referred to in para (3) meant that the company's profits for the year were reduced to the very modest figure of R140,586, which was only earned because Mhlume managed to exceed its planned sugar production by some 6,000 tons. It is hoped that the new International Sugar Agreement will lead to a substantial rise in the sugar price on the world market from which Mhlume and the rest of the Swaziland sugar industry will benefit. The industry will still find itself at a disadvantage in respect of deliveries against the negotiated price quota under the Commonwealth Sugar Agreement *vis-à-vis* other Commonwealth territories whose currencies were devalued along with sterling.

(7) Usutu Pulp Co Ltd (para 117) had a disastrous year. The company is dependent on selling its whole production of kraft pulp in world markets which continued to be depressed and operational difficulties in the mill culminated in a serious explosion in the recovery boiler in September which put the mill out of production for six weeks. During the shutdown the management was reorganised and drastic economy measures were taken.

The pulp market has shown some signs of hardening in the new year, and a sales drive has been launched to make the most of it, so that prospects for the company are now somewhat improved.

(8) Plans for expansion at Swaziland Irrigation Scheme which were mentioned in last year's report have had to be shelved on economic grounds except for some increase of the rice acreage, but proposals for doubling up the smallholder area at Vuvulane Irrigated Farms have been put to the Swaziland Government. These include a suggestion that it would be appropriate, now that Swaziland is an independent state, that the whole scheme should be taken over by a Government constituted authority with CDC continuing to provide management and technical services.

(9) The Swaziland projects continue to provide a diversity of training facilities to equip Swazi for responsible and skilled work. A problem which they share with other employers and with the Government is the present paucity of Swazi with advanced education: this will only be remedied as the outturn of the secondary schools and the University of Botswana, Lesotho and Swaziland increases. In the meanwhile it is not unusual to lose trained Swazi employees to Government service and it takes time to train replacements, let alone men equipped for an increasing number of senior posts.

Botswana

(10) There have been promising mineral discoveries in recent years, notably of diamonds and copper, and the eagerly-awaited exploitation of these natural resources could, it is believed, enable Botswana, now poor and often drought-stricken, to achieve financial independence in the relatively near future. Before these riches can be won, however, there will need to be massive investment in the infra-structure—roads, railways, water and power supplies, housing, etc—in some of which CDC may be able to help. Meanwhile, the economy depends heavily on the livestock and meat industry in which the Botswana Meat Commission (para 109) has played the central and vital role since it took over the abattoir business at Lobatsi which CDC established in 1954 and had since managed. The Commission had another year's successful operations, paying in 1968 record prices for its purchases of over 100,000 head of cattle. The livestock industry gave evidence of recovery from the disaster year 1966 and the off-take could be doubled within comparatively few years if more attention were directed by government to the opportunities for ranching development offered by the vast areas of potential grazing which are at present unused. CDC's Molopo Ranch, the largest single cattle unit in Botswana, had another profitable year, enlarging the herd to record numbers with fatteners purchased for subsequent resale to Botswana Meat Commission.

Lesotho

(11) In late 1967, as reported last year, the Prime Minister of Lesotho nominated CDC's Regional Controller to be a director of the Government-owned Lesotho National Development Corporation, which had been established to promote and invest in commercial and industrial projects.

(12) CDC's main concern in Lesotho has been for many years to promote the execution of the Oxbow water and hydro-electricity scheme in the Maluti

mountains. This scheme would harness a substantial part of Lesotho's plentiful and unused water supply and make it available to the Republic of South Africa, which is chronically short of water for industrial use. A final feasibility study, which has been under discussion between the Governments of Lesotho and South Africa, will be carried out during 1969 by the World Bank with United Nations Development Programme funds. An opportunity for CDC investment will, it is hoped, emerge.

Rhodesia

(13) Rhodesia has been included in the Southern Africa Region since UDI saw the breakup of CDC's Central Africa Region. All CDC activity has ceased. Formal notice demanding repayment of the £1m housing loan (para 120) was served on the Treasury in Salisbury on 17.6.67 in view of continued default in servicing of the loan but no reply has been received.

BOTSWANA

(R1·714=£1)

109 Botswana Meat Commission

(1) The Botswana Meat Commission (BMC), a statutory body, in 1966 took over the Lobatsi abattoir and meat export monopoly, which had for the previous 12 years been run first by CDC and in the latter years by a company set up by CDC jointly with the Bechuanaland Protectorate Government and the Livestock Producers' Trust. CDC left in its investment as a £320,000 loan to BMC and in 1967 lent a further £250,000 for a new power station and additional cold-storage rooms. Mr. J. C. Cater, CDC's Regional Controller, was appointed by Government as first BMC Chairman. His three-year term of office expired on 31.1.69.

(2) The recovery of the drought depleted national herd, following excellent rains in 1967, continued in 1968 despite a hard winter. 103,776 head of cattle were slaughtered during the year (1967 88,535). Cattle slaughtered were of good quality and the average cold dressed weight of 499 lb was most satisfactory. Sales of beef and other products were made at satisfactory prices in an increasing number of countries.

(3) The average payment to producers, including a 16½% bonus, increased to R76·60 per beast from R67·87 in 1967. The increase in prices follows the rising trend of the last few years, prices having risen on average by almost 10% per annum from 1962. Payments to producers for 1968 including smallstock totalled R8,126,152 (1967 R6,370,052).

110 Molopo Ranch—Manager: E. J. Transfeldt

(1) A direct project with capital employed at 31.12.68 R1,034,841 (1967 R899,312).

(2) Situated on the southern edge of the Kalahari Desert in Botswana this 300,000-acre ranch supports a beef herd which has been worked up to almost 20,000 head of Afrikander, Hereford and Brahman type stock. The herd

includes a number of cattle bought for fattening. Slaughter stock is sold to the Botswana Meat Commission (para 109).

(3) Despite a hard winter the condition of the herd was maintained and a record calving percentage of 80·4% (1967 59%) was achieved in the 1967/68 season. Losses and deaths at 2% (1967 2·6%) were low.

(4) Net profit for the year at R150,525 (1967 R129,767) was a record and once again reflects great credit on the management of the ranch.

SWAZILAND

(R1·714=£1)

111 **Mhlume (Swaziland) Sugar Co Ltd**—General Manager: G. D. Gilbert

(1) A wholly-owned CDC subsidiary since 1966 when CDC purchased the balance of the Hulett interest in the R4,000,000 share capital. CDC has a £2,270,400 loan repayable by annual instalments over the period to 1990, and a further loan of £250,000 repayable in 1972.

(2) The company holds a permanent licence to manufacture sugar in terms of the Swaziland Sugar Industry Agreement which also established the Swaziland Sugar Association, a statutory body whose members are drawn from milling and cane growing interests. The Association is responsible *inter alia* for selling Swaziland's annual production of sugar.

(3) The company's 1968/69 milling season, which began in May, was completed in December with a record sugar production of 91,263 short tons. Mhlume's milling and factory performances in 1968 were the best yet achieved by the company and placed Mhlume among the leading sugar factories in Southern Africa.

(4) In 1968, sucrose quotas for growers supplying the mill were increased to 101,110 tons of sucrose following the establishment of additional smallholders at Vuvulane Irrigated Farms (para 118). The company itself has, as a grower, a sucrose quota of 47,386 tons (1967 45,860 tons) including 2,526 tons of sucrose held in trust for eventual transfer to Swazi growers. Sucrose content of cane from the company's estates rose to 13·4% from the abnormally low figure (13%) of the previous year. Cane quality was in general excellent and contributed materially to the good milling results, although tonnage yield per acre was reduced owing to the cane being cut at a lower age.

(5) The 1968/69 sugar season bore the full brunt of sterling devaluation which had affected only the final shipments in 1967. Sterling devaluation cost the Swaziland industry in 1968 an estimated R1·2m, arising mainly from the sale of Swaziland's Negotiated Price Quota of 85,000 long tons under the Commonwealth Sugar Agreement, at a fixed sterling price, Swaziland being the only developing country exporting under the Agreement whose currency was not equivalently devalued with sterling. About one-third of this loss fell on Mhlume. Representations for some measure of relief from this crushing financial burden were of no avail. There were further losses due to the Sugar Association's unsuccessful terminal marketing operations in a period of uncertain world sugar prices.

(6) Net profit was R140,586 (1967 R650,837). A 5% dividend amounting to R200,000 was paid (1967 12½% R500,000).

112 Shiselweni Forestry Co Ltd—Manager: F. S. Dorward

(1) This wholly-owned subsidiary of CDC was formed in October 1967 to establish 10,000 acres of eucalyptus plantations in Southern Swaziland. The district chosen is less advanced economically than the rest of the country but is eminently suited for timber development both in climate and in its proximity to markets in the Republic of South Africa. CDC share investment was R200,000 at 31.12.68.

(2) Estate development began effectively in January 1968, and by 31.12.68 a total of 1,378 acres had been planted with eucalyptus in three separate forest units. Staff housing was built and a network of forest roads constructed.

(3) During the year the company gave employment to an average of 80 locally recruited labourers and semi-skilled workers and is now sponsoring the training of four Swazi Forest Rangers at the Swaziland Agricultural College and University Centre to fill future posts of Unit Managers.

113 Swaziland Development Corporation Ltd

(1) A wholly-owned CDC subsidiary through which is channelled the R6m loan made by Anglo-American Corporation of South Africa Ltd to CDC for use in financing Swaziland Railway (para 116).

(2) 1968 surplus distributed as dividend R39,770 (1967 R38,789).

114 Swaziland Iron Ore Development Co Ltd

(1) A company promoted by Anglo-American Corporation of South Africa Ltd and Guest, Keen and Nettlefolds Ltd to exploit the iron-ore deposits at Ngwenya on the western escarpment of Swaziland. CDC holds 7% of the R6m share capital.

(2) The company has contracts to supply some 19·6m long tons of iron-ore to Yawata Iron & Steel Co and Fuji Iron & Steel Co over a period of years. There are prospects of further Japanese sales which would extend the life of the mine to about 1977 though competition provided principally by Australia and India may preclude such a contract in the immediate future.

(3) The ore is moved over the Swaziland and Mozambique Railways (para 116) to Lourenco Marques whence it is shipped to Japan. In 1968 shipments of ore and fines totalled 1·95m long tons (1967 1·8m long tons), falling short of expectations as a result of shipping difficulties.

(4) Net profit before tax R2,417,362 (1967 R3,834,119). Dividends totalling 24¼% have been declared.

115 Swaziland Irrigation Scheme—General Manager: H. U. Dawson

(1) This is CDC's largest directly managed project; 105,000 acres of undeveloped ranch land in the bushveld were bought in 1950. The main irrigation canal from the Komati River is 42 miles long and was completed in 1957. The Sand River reservoir with a storage capacity of 33,000 acre feet was completed in 1965; it not only secures the water supplies needed for existing development but provides the essential basis for future irrigation development. Total CDC investment in Swaziland Irrigation Scheme (SIS), including the land farmed by SIS itself, was R9·5m at 31.12.68.

(2) At present the canal system serves 26,300 acres under irrigation comprising 7,400 acres farmed by SIS under rice, sugarcane and citrus, 11,400 acres under sugarcane on land sold to Mhlume (Swaziland) Sugar Co Ltd (para 111), 3,100 acres transferred to Vuvulane Irrigated Farms (para 118) under sugarcane and assorted crops and 4,400 acres on neighbouring estates.

(3) In view of the damaging effect on exports of agricultural produce from the Rand area when the devaluation of sterling was not followed by the Rand, plans which had been approved during 1967 for developing additional land under irrigation were put into cold storage. Exceptionally, a limited expansion of the area under rice, which is sold in Southern Africa, was undertaken.

(4) The project pays particular attention to the training of Swazis for responsible posts but the shortage of Swazi people with necessary academic and technical qualifications is for the present a grave handicap. Government is taking steps to remedy this shortage but will itself need for some years to absorb into the public administration most of those coming available with suitable qualifications and training.

(5) The project had a most disappointing trading year, overall net profit falling from R380,159 in 1967 to a mere R134,375 in 1968. The two export crops, sugarcane and citrus, suffered from depressed prices in the world market and also from having to pay production expenses in a Rand currency which had been effectively upvalued in terms of realisation prices fixed in sterling. Rice, which has been the mainstay of the project for a number of years and which is sold locally in the Rand area, failed to improve on the previous year's exceptionally poor results owing to an unseasonable invasion of quelea finches which reduced the harvested crop. It is reasonable to expect better financial results in 1969 from sugarcane—due to the rise in world sugar prices—and from rice unless the crop is again attacked by finches. Cattle ranching results should also begin to improve but prospects for citrus are not good unless some new markets can be found, possibly in connection with a cannery.

116 Swaziland Railway

(1) The railway was constructed primarily to carry iron-ore from the mine at Ngwenya (para 114) to the port of Lourenco Marques in Mozambique. The initial cost, including rolling stock, was R20m financed by loans of which CDC lent £1m and R6·5m repayable 1970/79.

(2) The Mozambique State Railway operates the railway under contract to the Swaziland Railway Board. Total traffic for 1967/68 was 2,656,086 tons (1966/67 2,428,019 tons) of which iron-ore contributed 2,191,857 tons.

(3) A training school has been built and much progress has been made in the training of Swazis to fill, when qualified, those posts requiring technical knowledge in railway work.

(4) Surplus for financial year ended 31.3.68 R642,048 (1967 R504,708), after appropriation for write-down of fixed assets R528,352 (1967 R484,779).

117 Usutu Pulp Co Ltd

(1) This company, jointly owned by CDC and Courtaulds Ltd was established in 1959 to build and operate a pulp mill, designed by Courtaulds, to exploit

the 100,000-acre pine forest planted by CDC from 1950 onwards. The Swazi Nation became a preference shareholder in 1962.

(2) Shareholdings at 31.12.68 were (R000's)—

	Courtaulds	*CDC*	*Swazi Nation*	*Total*
Ordinary shares	5,000	5,000	—	10,000
Cumulative participating preference shares	100	100	100	300
	5,100	5,100	100	10,300

CDC is also a secured creditor for £1·8m and an unsecured creditor for £3,083,125. A repayment instalment due on the secured loan was deferred in order to conserve the company's cash resources.

(3) The company had a very bad year, resulting in a loss of R1·1m The recession in the world pulp market continued and manufacturers of unbleached kraft pulp were in difficulties everywhere. Usutu Pulp Co Ltd had its own troubles in addition: production in the mill regularly fell beneath target in the early months due to operational and staffing problems until an explosion in the recovery boiler in September put the mill out of operation for six weeks. Forest exploitation operations suffered in efficiency due to the fluctuating demands of the mill for timber. Pulp production for the year reached only 81,513 tons against a target of 110,000 tons.

(4) During the shutdown period (after the explosion) the management was reorganised and drastic economy measures have been taken. Production for the last six weeks of the year was re-established at a rate of 110,000 tons pa and control of costs had been improved. Welcome help has been received from the Swaziland Railway Board in the form of a freight rate reduction on export pulp. Some hardening of the pulp market, coupled with a sales drive and the effects of the interruption to production, enabled stocks to be reduced to 7,000 tons at the year end from a peak of 28,000 at mid-year and there is a full order book for early 1969, so that prospects are brighter, although profit margins on pulp sold otherwise than in Southern Africa are at best slender if obtainable at all.

(5) The company is heavily handicapped by extreme scarcity of local men with industrial skills or experience. The company has tackled this problem by setting up its own Training Centre which has won in Swaziland a well-merited reputation for its work. It is encouraging that the standard of local entrants improves each year with the advance in basic education in the country, but training remains a slow and costly business.

(6) Loss for year R1·1m (1967 loss R193,372).

118 Vuvulane Irrigated Farms—Settlement Officer: L. E. L. Wallis

(1) A directly managed CDC project on land excised from the main CDC estate belonging to Swaziland Irrigation Scheme (para 115). Since 1962 some 140 Swazi farmers have been established on holdings of varying size on an experimental basis. Capital employed at 31.12.68 was R158,651 (1967

R177,739) and represented the cost of land development, administration buildings, agricultural equipment and revolving agricultural credit.

(2) CDC clears the land and brings irrigation water to the boundary of each plot. A pool of plant is provided for hire, together with stores purchasing and marketing facilities. Supervisory staff, whose costs are financed by an annual subvention from the Swaziland Government, control development, give instruction on all aspects of farming, and assist with marketing. The Oxford Committee for Famine Relief also contributes by making advances to smallholders from a revolving fund to cover basic living expenses until the first cutting of sugarcane.

(3) Sugarcane is the main crop and is delivered to the Mhlume Mill (para 111). Other cash crops grown in rotation include maize, cotton, beans and potatoes, whilst a small plot is usually cultivated to supply vegetables for domestic consumption. Good results were achieved in 1968. The smallholders prosper by comparison with the traditional Swazi peasantry. All those who started during 1966 and before, have paid off their initial establishment debts and over twenty of them have built themselves solid brick homes or attractive prefabricated wooden houses. Forty now run their own motor vehicles. The five Swazi farmers established on larger 60-acre freehold farms in 1963 also had another successful year. A school, financed jointly by CDC, parents' contributions and a grant from Government, is attended by over 200 children. It will be extended in 1969 to keep pace with the growth of families on the project.

(4) During the year, a dispute over clauses in the interim lease, which was holding up signature by a minority of smallholders, was settled with the help of the Swaziland Government to whom CDC is most grateful. Proposals for expanding the scheme based on the experience gained during the last six years have been submitted to the Swaziland Government. These proposals include a suggestion that responsibility for administration control should be transferred to an independent authority established by Government with CDC continuing to provide management and technical services.

(5) Project income is derived from farm rentals, interest margin on working capital advances and revenue from the hire of plant and other services. Excess of income over expenditure including service of capital employed was R10,831 (1967 R12,634).

RHODESIA

(Rh£0·857=£1)

119 Industrial Promotion Corporation Central Africa Ltd

(1) This Rhodesian company was established to promote economic development throughout the former Central Africa Federation. CDC's locally resident subsidiary, CDC Rhodesia (Private) Ltd, holds Rh£50,000 of the Rh£1m issued capital. Investments and commitments at 31.12.68 totalled Rh£1,424,637 of which Rh£1,320,747 were in Rhodesia.

(2) Group net profit before tax Rh£58,923 (1967 Rh£51,178). A dividend of 4% was declared on 10.4.68: CDC's dividend was paid into a blocked account in Salisbury on the instructions of Rhodesia Exchange Control.

120 Rhodesia Housing

Loan of £1m (1957) to Rhodesia Government for African urban housing estates, repayable 1966/85. There has been no change in the position reported last year. Loan service has been refused since 1966 by the Secretary of the Treasury in Salisbury on the grounds of " the financial and economic sanctions which have been imposed upon Rhodesia and the seizure of Rhodesia's reserves in London by the British Government ". Repayment of the capital amount of the loan was demanded in 1967. Amounts outstanding are capital £1m and interest £178,125.

WEST AFRICA

Regional Controller:
D. F. Fairbairn

Regional Office:
Akuro House,
5 Custom Street,
Lagos, Nigeria

121 Regional Summary

(1) At the end of 1968 total commitment in the West Africa Region was 13,554,000 (1967 £13,790,000) of which £11,920,000 (1967 £11,341,000) had been invested. There was one new project, an investment in Ghana for the expansion of a textile printing factory. One small investment also drops out of the list following the sale of CDC's shareholding in Northern Housing Estates Ltd to a company owned by the Governments of the Northern States of Nigeria.

(2) Regional revenue, after overseas tax and regional administration costs, but before charging Head Office costs, including interest payable and provisions, was 5·5% of capital employed (1967 5·6%).

Nigeria

(3) In Nigeria the civil war has continued with little change in the position during the latter half of the year although the Federal army had occupied the South Eastern State by the end of March and much of the Rivers State, including Port Harcourt, by June. Despite a number of efforts to find a basis for a negotiated settlement there seemed little prospect at the end of the year of an early military or political solution to the conflict.

(4) In spite of the strains of the civil war the economy in the Federal controlled area has held up remarkably well, being bolstered by a notable success in evacuating the groundnut crop and in re-establishing exports of mineral oil. But inevitably the Federal Government has had to increase revenue by raising additional taxation and to protect the balance of payments by severe import restrictions on consumer goods and by tighter exchange controls on financial remittances which in many cases are subject to very considerable delay, even where relating to contractual obligations. Import restrictions have benefited local industries, particularly the textile industry, but if it is desired to attract overseas entrepreneurs and overseas capital to establish more import saving industries to take advantage of the very large Nigerian market, some additional assurance as to conditions of operation and treatment of capital may be necessary as soon as circumstances permit.

(5) CDC's projects in Nigeria outside the former Eastern Region have in general done very much better than might have been expected. Northern Nigeria Investments Ltd (NNIL) (para 135), the joint Northern States Governments/CDC development company managed by CDC, once again made record profits, largely due to the buoyant textile industry but other manufacturing industries in which NNIL had invested also did well. It is encouraging also that there is a greater flow of new business coming forward and NNIL looks forward to playing a part in the development plans of the six State Governments which are now being formulated. Nigeria Hotels Ltd (para 132) brought the new block at the Ikoyi Hotel in Lagosinto operation at the beginning of the year when business was at a very low level and its confidence has been justified by recent high occupancy rates and a resulting record profit. At the request of a number of State Governments the company and CDC have been looking at the possibility of further hotel development in the country. This very successful hotel group now has a senior management staff of 32, of which 26 are Nigerians. The results of the Nigeria Housing Development Society Ltd (para 133), which before the war did a considerable business in the Eastern Region, reflect the quiet conditions in the housing market and the interruption of new housing development sponsored by the Lagos Executive Development Board (para 130). The society is particularly anxious to encourage well planned housing estate development for which there is now an increasing need and there are signs that a number of such schemes may now go forward in association with government and private developers.

(6) CDC had four projects in the former Eastern Region, Niger Cement Co Ltd, Textile Printers of Nigeria Ltd, Development Finance Co Ltd and Cross River Rubber Estates. The factories owned by the first two companies remained closed during the year as did those of the industrial concerns in which Development Finance Co Ltd had made investments, according to such information about them as is available. Members of CDC staff were able to return to the rubber estates near Calabar in April 1968 and arranged for limited care and maintenance work to be carried out pending a decision on the future of this project. CDC is ready to play its part in the work of reconstruction which will be so important, particularly in the East, once the war is over.

(7) Meantime in the North and West CDC has been actively examining the possibilities for agricultural development in association with the Federal and State Governments and to this end a senior agriculturalist spent two months in Nigeria towards the end of the year. At the request of the Federal Government he examined in particular the possibilities of commercial estate development of sugar, cotton and wheat and reports have now been submitted to Government. An agricultural officer has been posted to the staff of Regional Office in Lagos to follow up these investigations. CDC is also keeping in close touch with the Federal Government in regard to the new co-ordinated development plan for industry.

Ghana

(8) Preparations for the transfer of power from the Military Regime to a civilian government are proceeding and there has been set up a Constituent Assembly to examine a new constitution. The Constitutional Commission

completed its work towards the end of last year when its report on the proposed constitution of the Republic of Ghana was presented to the Assembly. It is expected that a civilian government will be elected towards the end of 1969.

(9) Early in the year CDC established a resident representative in Accra, although negotiations as to the facilities which the Government would concede had not been concluded at the year end. A number of projects were examined including an agricultural scheme for which a special mission was mounted by CDC, but only one investment had been finalised, largely due to the high cost of CDC money in relation to the interest rates at which very large sums are being offered from other sources for development purposes.

Cameroun

(10) Cameroons Development Corporation (para 140) is a statutory authority responsible for the development of plantations of rubber, oil palm, bananas, cocoa, tea and pepper in West Cameroon; CDC lent the Corporation £1m in 1960 from which date CDC has acted as managing agents under a contract which expires at 31.12.69. 1968 was the second year of a seven-year programme to expand the operations of the Corporation with loans totalling some US$25m from the World Bank/IDA and European Economic Community. The main emphasis is on the planting of oil palms but the programme also includes rubber, tea and pepper. During the year some 5,000 acres were planted, bringing the total planted acreage to 61,500. The Corporation again made a small profit on current operations.

Sierra Leone

(11) During the year a second military coup by a section of the Army displaced the Government of Brigadier Juxon-Smith and quickly established a civilian government under the leadership of Prime Minister Siaka Stevens. An electoral commission has been set up to pave the way for an elected government.

(12) CDC has three investments in Sierra Leone, a loan to Guma Valley Water Company (para 138), a controlling interest in the Paramount Hotel in Freetown (para 137) and in Sierra Leone Investments Ltd (para 139). The Paramount Hotel did well to break even in the circumstances.

GHANA

(NC2·449=£1)

122 Ghana Textile Printing Co Ltd

(1) This £600,000 loan represents the first CDC investment in Ghana since establishment of a CDC office in Accra in the early part of this year. The loan was fully drawn at year end and is repayable 1972/75.

(2) The NC1·5m share capital of the company is held as to 51% by the Ghana Government through its State Enterprises Secretariat, 32·8% by CWA Holdings Ltd (a member of the UAC group of companies) and 8·1% each by Calico Printers Association Ltd and Texoprint NV. Shareholders and their associates have made loans totalling NC1·5m.

(3) The company has been established for a number of years as roller machine printers of cotton textiles with facilities for dyeing, printing and finishing textile fabrics. It is now expanding its factory to include production by the printing method known as Dutch wax blocks and Java prints.

123 Stirling Astaldi (Ghana) Ltd

(1) A wholly-owned subsidiary of Stirling Astaldi Ltd; the company undertakes civil engineering and construction work.

(2) CDC loan £155,000 repayable 1961/70. £46,500 outstanding 31.12.68 (31.12.67 £62,000). A repayment of £15,500, due on 31.12.68 but unpaid owing to Exchange Control delays, has been received after year end.

NIGERIA

(N£0·857=£1)

124 Coast Construction (Nigeria) Ltd

(1) A wholly-owned subsidiary of Stirling Astaldi Ltd; the company undertakes civil engineering and construction work.

(2) CDC loan £155,000 repayable 1961/70. £62,000 outstanding 31.12.68. The £15,500 instalment due on 31.12.67 was received after the end of 1968, but the similar 1968 instalment remained unpaid owing to Exchange Control delays.

125 Cross River Rubber Estates—Manager: in abeyance

(1) This is a partnership between CDC and the former Eastern Nigeria Government to establish a nucleus rubber estate and smallholder scheme east of the Cross River and north of Calabar on 12,000 acres of virgin forest acquired by the Government for the scheme. CDC was to provide management.

(2) A start was made on the ground in 1965 and by mid-1967 roads and bridges had been constructed to open up the area, nurseries were established and some 1,000 acres of rubber had been planted. At this point development was interrupted by the outbreak of civil war. Expatriate staff were withdrawn as fighting approached the area and contact with the estate was broken for several months.

(3) By March 1968 the fighting had moved over the Cross River and it was possible to re-establish some degree of management control. Comparatively little damage had been done to the estates but equipment, transport and stores including fuel and food supplies had been removed. Operations have been restricted to the clearing and rehabilitation of the young rubber already planted pending a decision as to the future of the project.

(4) Total expenditure to 31.12.68 amounted to N£282,000 (31.12.67 N£250,000) of which the former Eastern Nigeria Government contributed N£102,000.

126 Development Finance Co Ltd—Manager: in abeyance

(1) (*a*) Issued ordinary share capital is N£2m subscribed equally by the former Eastern Nigeria Government and CDC. The Government also holds N£36,000 deferred shares originally subscribed as a contribution towards initial expenses;

(*b*) CDC is under contract to provide management, technical and financial services.

(2) This company was expanding fast until the beginning of 1967 when the political situation first began to affect the economic life of the country. At 30.6.67 a total of N£1·7m had been invested in 15 projects, some of which had been sponsored by Nigerians, and there were 30 projects under investigation.

(3) There followed the secession of the East and the outbreak of civil war, and the company ceased to operate in October 1967 when local staff left Enugu and the last member of CDC's expatriate management staff was withdrawn. With the continuation of the civil war it has not proved possible to re-start operations during 1968 but meanwhile CDC is doing what it can to look after the company's interests. So far as can be seen in those areas no longer in the main fighting zone, physical damage to buildings and plant has not been serious but there will be many problems to be overcome and heavy expenses involved in re-starting many of the industries.

127 Dorman Long & Amalgamated Engineering Ltd

(1) A subsidiary of Dorman Long (Engineering Holdings) Ltd; the company fabricates and erects steel structures and storage tanks.

(2) CDC loan £100,000 repayable 1961/70. Balance outstanding at 31.12.68 remained at £30,000 since Nigerian Central Bank had not provided sterling against the currency tendered to it by the company in respect of the instalment due on 25.3.68.

128 Dunlop Nigerian Industries Ltd

(1) CDC holds N£50,000 shares of this company in the Dunlop group which produces tyres and tubes at its factory at Ikeja, Lagos State. Balance of debenture loan (repayable 1968/74) remained at £300,000 since sterling had not been made available by Nigerian exchange control to meet £50,000 repayment instalment due on 25.3.68.

(2) Assisted by the closure of the competing factory at Port Harcourt and by import restrictions, the company substantially increased its share of the market and, in spite of rising costs and taxes, it has been able to reduce prices with the increased volume of production.

(3) Net profit before tax N£806,281 (1967 N£331,910). A 12½% dividend has been declared for 1968 (6% 1967).

129 Ilushin Estates Ltd

(1) (*a*) Issued share capital N£795,000 is held equally by CDC, West African Joint Agencies Ltd (WAJAL) and Western Nigeria Development Corporation (WNDC);

(*b*) CDC and WAJAL each held £77,778 and WNDC N£77,778 debentures at 31.12.68.

(2) The company leases 10,800 acres at Ilushin in Western Nigeria, of which 5,056 acres are under cultivation, and some 4,600 acres are available as

plantable reserve. Approximately 80% of the planted rubber has now reached maturity. During the company's year to 30.9.68, rubber harvested was 1,483,094 lb (1967 943,672 lb); sales totalled N£87,077 (1967 N£62,784).

(3) The factory in the former Eastern Region of Nigeria, which had been Ilushin's main sales outlet in previous years, remained closed owing to the war; production was sold overseas at world prices which improved only towards the end of the company's financial year, while local costs rose steeply. Net loss to 30.9.68 N£44,732 (1967 loss N£38,792).

130 Lagos Executive Development Board

(1) The Board is a statutory body responsible for development, improvement and slum clearance within Lagos State.

(2) CDC loan £1·25m (1950) for reclamation of an area of 1,000 acres at Apapa and development of it for industrial and residential purposes. The loan is repayable 1961/90. £1·06m outstanding 31.12.68 (£1·09m 31.12.67).

131 Niger Cement Co Ltd

(1) Issued share stock amounted to N£4·2m, of which CDC holds N£372,500. The Government of the former Eastern Region of Nigeria and its agencies held a controlling interest and the Federal Government is a minority shareholder.

(2) The factory is situated at Nkalagu in the East Central State, and has been closed down since ceasing operations in July 1967.

132 Nigeria Hotels Ltd

(1) (*a*) Issued share capital is N£410,000 of which CDC holds N£220,000, balance being held by Federal Military Government, Northern States Governments and Nigerian Railways Corporation;

(*b*) CDC has lent £225,000 on debenture and a further N£100,000 towards the cost of the reconstruction and extension of the Ikoyi Hotel which now has 202 bedrooms. Outstanding at 31.12.68 £225,000 and N£100,000 (1967 £225,000 and N£50,000);

(*c*) Hallway Hotels Overseas Ltd (para 142) provide management and technical services.

(2) The company operates three hotels, the Ikoyi Hotel, Lagos, and the Central Hotel, Kano, both of which it owns, and the Bristol Hotel in central Lagos. It provides catering services for the Nigerian Railways and during the year entered into an agreement with the Niger Dams Authority to provide a similar service at the Kainji hydro-electric project.

(3) Trading results of the Ikoyi and Central Hotels improved markedly during 1968 with the Ikoyi Hotel operating at a very high occupancy during the latter half of the year. At the Bristol Hotel, a businessman's hotel in the centre of Lagos, catering and bar receipts were well maintained but occupancy continued to be affected by the disturbed conditions in the country; there was however a welcome improvement during the last quarter.

(4) The company continued to give a high priority to the training of Nigerian staff for management posts in the hotels and also in the central management office. Several members of the staff returned to take up managerial appointments after overseas training and a number of young Nigerian management trainees were taken on during the year in anticipation of an expansion of the company's operations.

(5) Net profit before tax was N£119,439 (1967 N£61,880); a 15% dividend has been declared (1967 12½%).

133 Nigeria Housing Development Society Ltd (Nigeria Building Society)—
General Manager: K. C. Wild

(1) (*a*) Issued and fully paid share capital of N£1·625m is held as to N£975,000 by CDC, N£500,000 by Federal Government and N£150,000 by the former Government of the Eastern Region;

(*b*) the Society has loans from CDC £1·25m repayable 1976/86 and from the Federal Government N£200,000;

(*c*) deposits at 31.12.68 totalled N£1,302,865 (31.12.67 N£1,069,000). Confidence of the public in the Society is evidenced by the continuing growth of small savings which increased by 41% during the year.

(2) The continuing unsettled conditions in the country have held back expansion of the Society's activities and limited the amount of mortgage business available to the Society. During the year loans approved amounted to N£548,574 (1967 N£522,333) and advances made were N£425,999 (1967 N£508,826). At 31.12.68 the mortgage asset was N£4,232,770 (31.12.67 N£4,254,687).

(3) The mortgage asset in the former Eastern Region amounted to N£800,748 at the outbreak of the civil war. It was not possible during 1968 to visit the properties or to contact the mortgagors. In the circumstances the Eastern accounts have been suspended until the position clarifies; no credit has been taken for interest receivable on Eastern mortgages and a provision of N£95,990 has been made against mortgage losses.

(4) The Society has long advocated housing estate development on a scale which would bring about a real reduction in building costs and would make a significant impact on the housing needs of the country. There were signs at year end that such estate development might materialise in the current year.

(5) Net profit before tax but after payment of interest was N£99,108 (1967 N£102,358); the 6% dividend was maintained.

134 Nigerian Industrial Development Bank Ltd

(1) CDC holds N£50,000 'B' ordinary stock and N£25,000 5½% participating preference shares of the N£2·25m capital of this public company. Shareholders include the Central Bank of Nigeria, the Nigerian public, International Finance Corporation and a number of overseas investors. Additionally, the Nigerian Government has subscribed N£3m long-term loan on concessionary terms and the World Bank has approved a US$6m line of credit.

(2) Gross revenue for 1968 was N£375,723 (1967 N£367,699); net profit N£228,434 (1967 N£156,254). N£210,252 has been transferred to reserves and a dividend has been paid on the preference shares.

135 **Northern Nigeria Investments Ltd**—Manager: J. B. Morgan MBE

(1) (*a*) Issued share capital N£3·6m held equally by CDC and New Nigeria Development Co Ltd (NNDC), a limited liability company owned by the Governments of the Northern States and successor to the former Northern Nigeria Development Corporation;

(*b*) NNDC had provided, by transfer of investments, loan capital of N£296,995 which CDC has agreed to match in sterling when required for investment by Northern Nigeria Investments Ltd (NNIL); £163,000 had been drawn at 31.12.68;

(*c*) CDC provides management, technical and financial services.

(2) The creation of the six new Northern States has proceeded smoothly and with relatively few administrative problems. Business activity has also remained buoyant and this combined with further restrictions on imports has benefited local manufacturing industry, particularly textiles in which NNIL is heavily invested. On the other hand, as a result of the civil war, NNIL has suffered from a lack of openings for new investment, although there are signs that this is now changing. Plans for additional investment in existing projects are now well advanced and there are a number of new investigations in progress.

(3) The company enjoyed another successful year financially. Profit before tax for the year was N£506,859 (1967 N£485,161); dividends totalling 10% have been paid (1967 8%).

136 **Textile Printers of Nigeria Ltd**

CDC subscribed N£200,000 of N£1·3m 8% debenture stock 1976/80 raised by public subscription in 1965. Holders of the N£1·25m share capital include United Africa Co Ltd, The Calico Printers' Association Ltd, Texoprint NV Helmond, the Government of the former Eastern Region of Nigeria and Development Finance Co Ltd (para 126). The company's factory at Onitsha in the East Central State remained closed during the year; and due to Government fiscal measures the company was unable to pay loan interest. Interest overdue at 31.12.68 N£32,000.

SIERRA LEONE

(Le2=£1)

137 **Freetown Hotel Ltd** (The Paramount Hotel)—Manager: J. A. Bisset

(1) (*a*) Issued capital is Le400,000 represented by Le150,000 'A' preferred shares held by CDC and Le250,000 'B' deferred shares held by Sierra Leone Government;

(*b*) CDC has lent £200,000 guaranteed by the Sierra Leone Government of which £137,107 was outstanding at 31.12.68 (1967 £153,904).

(2) During 1968 the level of business fluctuated as a result of political unrest but later in the year with the return of more stable conditions there was a general improvement. Extensive renovation and redecoration of the main building was carried out and the hotel continues to offer first-class amenities for visitors to Freetown.

(3) Net profit Le449 (1967 loss Le13,940).

138 Guma Valley Water Company

(1) Debenture loan (repayable 1967/91) to a statutory company owned by the Sierra Leone Government and Freetown City Council, which distributes water in the Freetown area. Balance outstanding at 31.12.68 was £1,835,163 (31.12.67 £1,865,663).

(2) Operating surplus for the year to 31.10.68 (after finance charges and capital replacements) amounted to Le3,956 (1967 Le145,672 deficit).

139 Sierra Leone Investments Ltd

(1) (*a*) Issued share capital 350,000 shares of Le2 each (60 cents paid) held as to 200,000 shares by CDC and 150,000 shares by Sierra Leone Government;

(*b*) Sierra Leone Government advanced Le60,000 as an interest-free loan towards the cost of establishing the company.

(2) The company ceased active operations in 1965 due to lack of business and is administered by a member of the staff of the company's auditors. There are three investments totalling Le165,170.

(3) 1968 profit Le18,690 (1967 Le12,918).

CAMEROUN

(CFA Frs 593=£1)

140 Cameroons Development Corporation—General Manager: L. Aldred

(1) Cameroons Development Corporation is a statutory authority which owns and operates extensive estates in West Cameroon on which a number of tropical crops are cultivated. In December 1966 the capital structure of the Corporation was reorganised to provide for the issue of equity capital to the Federal Government, West Cameroon Government and West Cameroon Marketing Board. In 1967 loan agreements were concluded with the World Bank/International Development Association and with Fonds Europeen de Developpement for loans totalling US$24·4m to be drawn down as required for approved development programmes. Total capitalisation at 31.12.68 was CFA Frs4,094m.

(2) In 1960 CDC lent the Corporation £1m (repayable 1970/87) guaranteed by the Federal Government. CDC has acted as managing agents under a 10-year contract which expires 31.12.69.

(3) Total planted area increased by 5,000 acres during the year to 61,500 acres. The bulk of the increase was in oil palms reflecting the planting programmes approved for the IBRD/IDA and FED loans. Planted acreages at end 1968 with comparative figures for 1967 were—

Crop	1968	1967
Rubber	29,700	30,800
Oil palms	27,100	21,800
Bananas	2,600	1,900
Cocoa	1,100	1,100
Tea	900	800
Pepper	100	100
	61,500	56,500

The Corporation provided employment for 12,720 people at the end of the year

(4) (*a*) Production in 1968 with comparative 1967 figures was (metric tons)—

Crop	1968	1967
Rubber	6,121	7,276
Palm oil	7,967	7,203
Palm kernels	2,417	2,082
Bananas	14,136	11,110
Cocoa	107	157
Tea	622	478
Pepper	31	60

(*b*) Net sales totalled CFA Frs1,510m (1967 CFA Frs1,713m). Increased proceeds from bananas, palm products and tea were insufficient to offset a drop of CFA Frs280m in sales of rubber. Production fell due to cutting out 3,000 acres of old seedling rubber for redevelopment and the average price received was 15% less than in the previous year.

(5) Net profit for the year CFA Frs53·1m (1967 CFA Frs91·6m).

OTHER AREAS

141 Commonwealth Housing Corporation Ltd—Managing Director: J. Burgess CBE

(1) A wholly-owned CDC subsidiary with nominal capital £1,000 in shares of £1 each, incorporated in the United Kingdom in February 1968.

(2) The company was formed to support CDC's rapidly increasing responsibilities for housing projects. It assists CDC to carry out its commitments for technical and advisory services under existing agreements with housing projects; these comprise building societies, mortgage finance companies and the development of housing estates. The company also acts as consultant to CDC during the investigation and initial stages of new projects.

(3) At the invitation of the governments concerned and by arrangement with the Ministry of Overseas Development, the company's Managing Director, Mr J Burgess, visited Mauritius, Lesotho, Swaziland and St Vincent during the year and gave advice on the housing problems of those countries.

142 Hallway Hotels Overseas Ltd

(1) A private company with issued share capital of £40,000 in shares of £1

each, one-third each being held by CDC, United Transport Overseas Ltd and Mr Eric Hall; during the year these three shareholders bought the shares previously held by Trust Houses Ltd, and also subscribed for 10,000 new shares issued by the company.

(2) Mr Peter Meinertzhagen succeeded Lord Crowther as Chairman when Trust Houses Ltd sold its shares, and Mr C. Boyd White of United Transport Overseas Ltd became Deputy Chairman. Mr Hall continues to be Managing Director.

(3) Hallway provides consultancy, management and promotional services for overseas hotels. Hallway now has building consultancy or management contracts for 31 hotels in the Caribbean, Singapore, West Africa and East and Central Africa; included among the management contracts are the 12 hotels in which CDC has a direct financial interest.

(4) The company again operated profitably in 1968.

GIBRALTAR

(G£1=£1)

143 Bland Cable Cars Ltd (formerly Bland Aerial Ropeway Ltd)

(1) (*a*) A company incorporated in Gibraltar with G£100,000 share capital, of which M. H. Bland & Co Ltd own 51% and CDC 49% (G£49,000);

(*b*) CDC has lent £70,000, of which £64,336 was outstanding at 31.12.68 (1967 £64,336);

(*c*) M. H. Bland & Co Ltd are managers.

(2) The ropeway and rock-top restaurant, constructed on land leased for 150 years from Gibraltar Government, provide a popular tourist amenity, but increasing frontier difficulties reduced the number of passengers carried during 1968 to 79,130 (1967 127,145).

(3) To conserve cash resources CDC agreed to deferment of the £6,103 repayment instalment due on 31.12.68, and CDC and Blands both waived a rateable proportion of interest and management fees.

(4) Net loss G£358 (1967 net profit after waiver of all interest and fees G£9,059).

144 Gibraltar Housing

Loan to Gibraltar Government of £400,000 repayable 1967/91 for construction of flats to alleviate housing shortage. Outstanding at 31.12.68 £380,702 (1967 £400,000).

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