

COLONIAL DEVELOPMENT
CORPORATION

ANNUAL REPORT
AND STATEMENT
OF ACCOUNTS

for year ended
31st December 1960

*Presented to Parliament in pursuance of Section 16 (5) of the Overseas
Resources Development Act, 1948*

*Ordered by The House of Commons to be printed
2nd May 1961*

LONDON
HER MAJESTY'S STATIONERY OFFICE
FIVE SHILLINGS NET

COLONIAL DEVELOPMENT CORPORATION

CDC was established by Act of Parliament in 1948. The original and subsequent Acts, setting out the Corporation's functions and responsibilities, were consolidated in the Overseas Resources Development Act 1959.

The main purpose of CDC is to assist the economic development of dependent territories of the Commonwealth. For this purpose it 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.

In newly independent countries CDC may continue projects that were started before independence and with the approval of the Secretary of State may expand them. With the agreement of governments concerned, the Corporation can act as managing agents and render advisory services in any independent Commonwealth country.

CDC is organised to operate commercially and has a statutory obligation to pay its way, taking one year with another.

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

COLONIAL DEVELOPMENT CORPORATION

33 Hill Street,
London, W.1

The Rt Hon Iain Macleod, MP,
Secretary of State for the Colonies

The members of the Colonial Development Corporation have the honour to submit their Report and Statement of Accounts for the year ended 31st December 1960.

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

13th April 1961

Members

Lord Howick of Glendale, GCMG, KCVO*
(*Chairman*)

J. F. Prideaux, OBE*
(*Deputy Chairman*)

A. P. H. Aitken

Sir John Elliot

Arthur Gaitskell, CMG

Rt Hon Lord Ogmores, PC, TD, PMN

Sir Clem Pleass, KCMG, KCVO, KBE

Sir Eric Tansley, CMG†

* *Lord Howick was appointed Chairman and Mr. Prideaux Deputy Chairman on 1st December 1960, on the retirement of Sir Nutcombe Hume, Chairman from 1st April 1959 to 30th November 1960,*

† *Sir Eric Tansley was appointed at 1st April 1961.*

ANNUAL REPORT 1960

PART I—GENERAL REVIEW

The Report and Accounts are for the year ended 31st December 1960, but later information has been included where it is significant.

1 Projects

(1) Last year 88 continuing projects were reported: at 31.12.60 the number was 91. Ten new projects were approved by the Board and seven projects were removed from the list.

(2) The ten new projects involving total approved investment of £11,675,000, are—

<i>Region</i>	<i>Project</i>	<i>Approved CDC Investment</i>
		£
Caribbean	Jamaica Pottery Ltd	300,000
	Caribeach Ltd	700,000
Far East	Fiji Development Co Ltd	25,000
East Africa	Special Crops Development Authority (Kenya)	900,000
	East Africa Development Corporation Ltd.	2,000,000
	Kilombero Sugar Co Ltd (Tanganyika)	1,250,000
	Tanganyika Electric Supply Co Ltd	3,000,000
Central Africa	Mudi River Water Board	1,300,000
West Africa	Freetown Water Supply	2,000,000
	Sierra Leone Investments Ltd	200,000
		£11,675,000

Particulars are given among the project reports in Part III.

(3) In addition £2,782,000 further investment in existing projects—notably £1,500,000 for Nigeria Housing Development Society Ltd has been approved.

(4) Seven projects are now no longer included for the reasons stated below—

Blackbush Polder Rice Mill—British Guiana Government decided on other arrangements;

Fiji Investigations—now merged in Fiji Development Co Ltd (see para 49);

Gambia Development Co—Gambia Government decided not to proceed;

Kaduna Hotel—project shelved due to availability of alternative source of finance;

Molopo Settlement Scheme—CDC assets taken over by Bechuanaland Protectorate Government;

Ox Bow Lake Scheme—investigation now proceeding without active CDC participation;

Swaziland Cannery Ltd—CDC (and Barclays ODC) investment sold to local interests.

(5) The following table sets out all continuing projects at 31.12.60 grouped by regions and territories with a total figure of estimated commitments as approved for each region. The aggregate of total commitments for the regions as shown was £109,448,000 (1959 £96,145,000).

**ESTIMATED TOTAL CAPITAL COMMITMENTS OF THE CORPORATION
INCLUDING A LIST OF CONTINUING PROJECTS BY REGIONS AND
TERRITORIES AT 31.12.60**

Caribbean region

Federation of the West Indies	Caribeach Ltd	
Barbados	Barbados Light and Power Co Ltd	
British Guiana	British Guiana Rice Development Co Ltd	
	British Guiana Timbers Ltd	
British Honduras	British Honduras Fruit Co Ltd (citrus and cocoa)	
	Fort George Hotel	
Dominica	Dominica Electricity Services	
	Melville Hall Estate	
Grenada	Grenada Electricity Services Ltd	
Jamaica	Caribbean Housing Finance Corporation Ltd	
	Cayman Islands Corporation (airport)	
	Jamaica Citrus Growers Ltd	
	Jamaica Cooling Store	
	Jamaica Housing Development Co Ltd	
	Jamaica Pottery Ltd	
	Jamaica Public Service Co Ltd	
St Vincent	St Vincent Electricity Services	
Trinidad	Federation Chemicals Ltd	
	Trinidad Cement Ltd	
	<i>Estimated CDC investment in the region ...</i>	£14,605,000

Far East region

Borneo Territories	Borneo Abaca Ltd	
	Borneo Development Corporation Ltd	
	Borneo Housing Development Ltd	
	Mostyn Estates Ltd	
Federation of Malaya	Central Electricity Board	
	Federal Land Development Authority	
	Johore Palm Processing Ltd	
	Kulai Oil Palm Estate	
	Malaya Borneo Building Society Ltd (also operates in Singapore).	
	Malayan Cocoa Ltd	
	Malayan Industrial Development Finance Co Ltd	
	United Cocoa Development Co Ltd	
Fiji	Fiji Development Co Ltd	
Singapore	Singapore Factory Development Ltd	
	<i>Estimated CDC investment in the region ...</i>	£19,441,000

East Africa region

Kenya	East Africa Development Corporation Ltd	
	Block Hotels Ltd	
	East Africa Industries Ltd	
	Kenya Central Housing Board	
	Kenya Meat Commission	
	Kenya Power Co Ltd	
	Macalder-Nyanza Mines Ltd	
	Nyambeni Tea Co Ltd	
	Oceanic Hotel Ltd	
	Special Crops Development Authority	
	Unga Limited	

East Africa region—continued.

Tanganyika	...	...	Bird & Co (Africa) Ltd Kilombero Sugar Co Ltd *Liganga Iron Ltd Maramba Estate Ltd *Mbeya Exploration Co Ltd *Rungwe Coal Co Ltd *Tanganyika Coalfields Ltd Tanganyika Electric Supply Co Ltd Tanganyika Millers Ltd Tanganyika Wattle Co Ltd Tangold Mining Co Ltd
Uganda	...	...	Kilembe Mines Ltd
			<i>Estimated CDC investment in the region ... £22,688,000</i>

Central Africa region

Federation of Rhodesia and Nyasaland			Central African Airways Corporation Federal Power Board (Kariba) Industrial Promotion Corporation of Rhodesia and Nyasaland Ltd
Northern Rhodesia	...	...	Chilanga Cement Ltd
Nyasaland	...	...	Kasungu Tobacco Estates Mudi River Water Board Nyasaland African Housing Vipya Tung Estates
Southern Rhodesia	...	...	Southern Rhodesia African Housing
			<i>Estimated CDC investment in the region ... £22,031,000</i>

High Commission Territories region

			High Commission Printing & Publishing Co Ltd
Bechuanaland Protectorate			Bechuanaland Cattle Ranches Bechuanaland Protectorate Abattoirs Ltd Bushman Pits Ranch Molopo Ranch
Swaziland	...	...	Mhlume (Swaziland) Sugar Co Ltd Swaziland Irrigation Scheme Usutu Pulp Co Ltd
Tristan da Cunha	...	...	Tristan da Cunha Development Co Ltd
			<i>Estimated CDC investment in the region ... £16,011,000</i>

West Africa region

Ghana	...	...	Coast Construction Co Ltd
Federation of Nigeria			Coast Construction (Nigeria) Ltd Dorman Long & Amalgamated Engineering Ltd Ikeja Industrial Development Ilushin Estates Ltd Industrial and Agricultural Co Ltd Investment Company of Nigeria Ltd Lagos Executive Development Board Nigeria Hotels Ltd Nigeria Housing Development Society Ltd Nigerian Cement Co Ltd Northern Developments (Nigeria) Ltd Northern Housing Estates Ltd Omo Sawmills of Nigeria Ltd
Sierra Leone	...	...	Freetown Hotel Ltd Freetown Water Supply Sierra Leone Investments Ltd
South Cameroons	...	...	Cameroons Development Corporation
			<i>Estimated CDC investment in the region ... £14,672,000</i>
			<i>Total estimated CDC investment for continuing projects at 31.12.60 ... £109,448,000</i>

* Investigations

2 Regional and functional distribution of capital

(1) Diagram (Fig 1) shows the regional distribution of capital committed and spent on continuing projects at 31.12.60.

(2) Capital approved for new projects and for completion of existing projects was £14.457m (1959 £17.23m); gross new expenditure £7.8m (1959 £6.25m); the graph (Fig 2) shows cumulative capital growth.

(3) Diagram (Fig 3) shows the functional classification of capital committed and spent on continuing projects at the end of 1960.

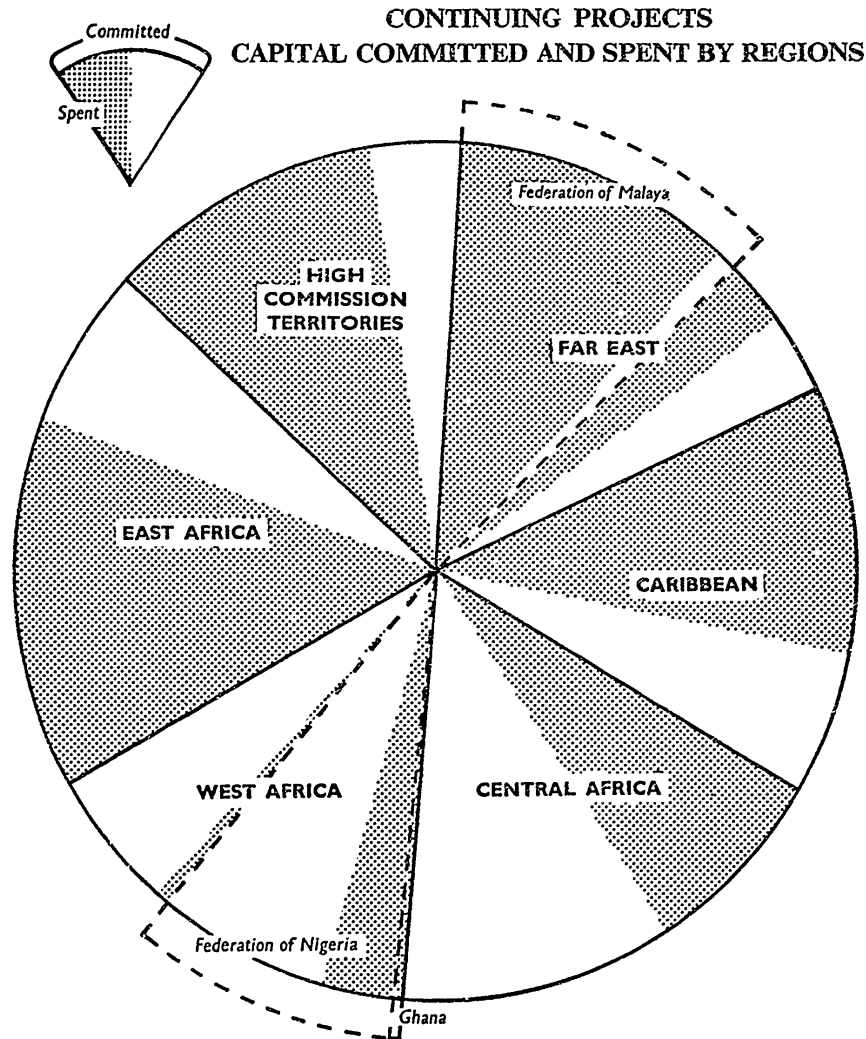


FIG. 1

	<i>Committed</i>	<i>Spent</i>
	£000's	£000's
Caribbean	14,605	9,566
Far East (a)	19,441	14,870
East Africa	22,688	16,352
Central Africa	22,031	8,551
High Commission Territories	16,011	12,363
West Africa (b)	14,672	3,752
	109,448	65,454

(a) Of which Federation of Malaya £12,848,000 committed and £12,004,000 spent.

(b) Of which Ghana £205,000 committed and spent Federation of Nigeria £8,992,000 committed and £3,247,000 spent.

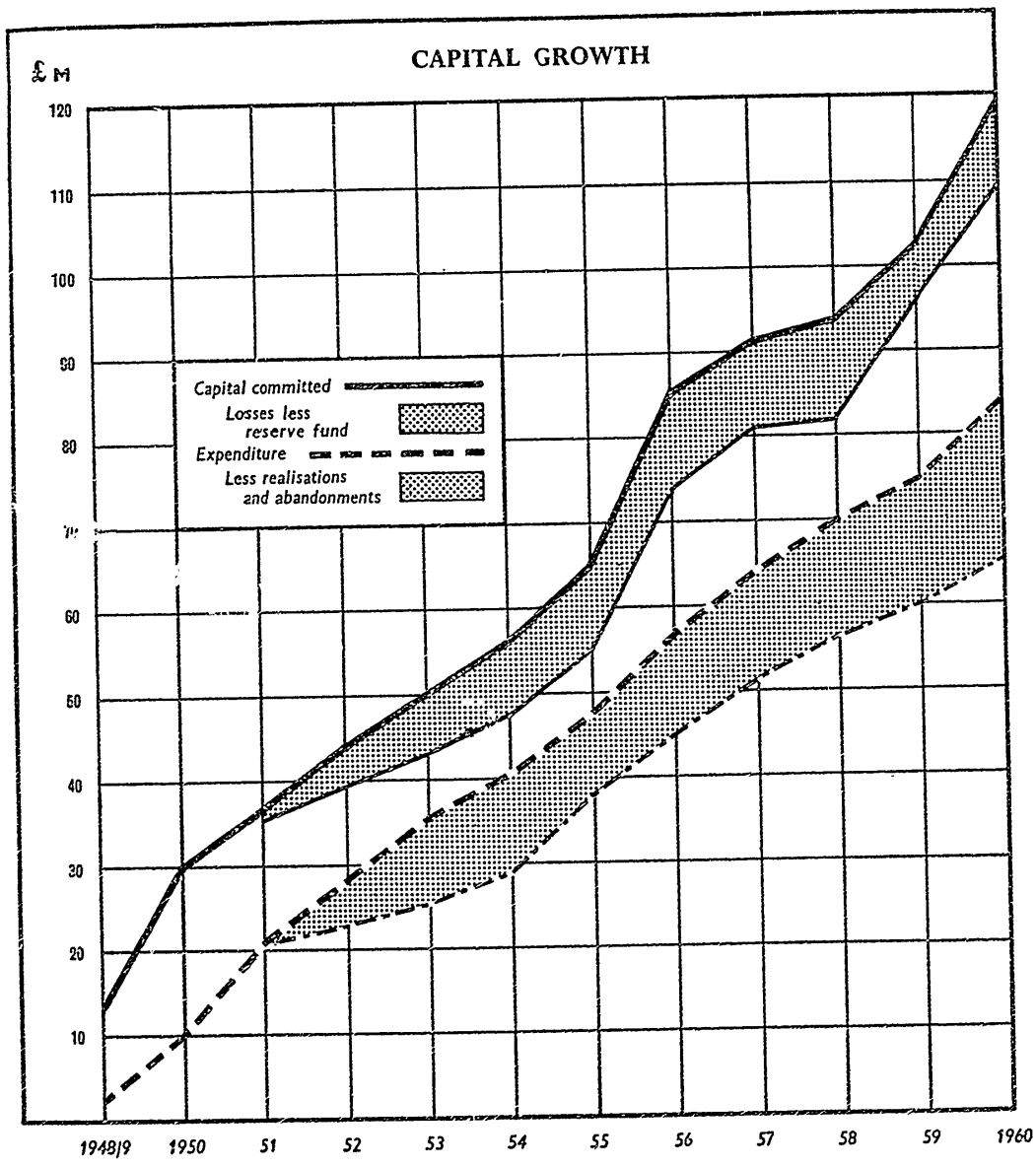


FIG. 2

FUNCTIONAL DISTRIBUTION OF CONTINUING PROJECTS

1959 and 1960 compared

Capital committed (solid area shows amount spent)

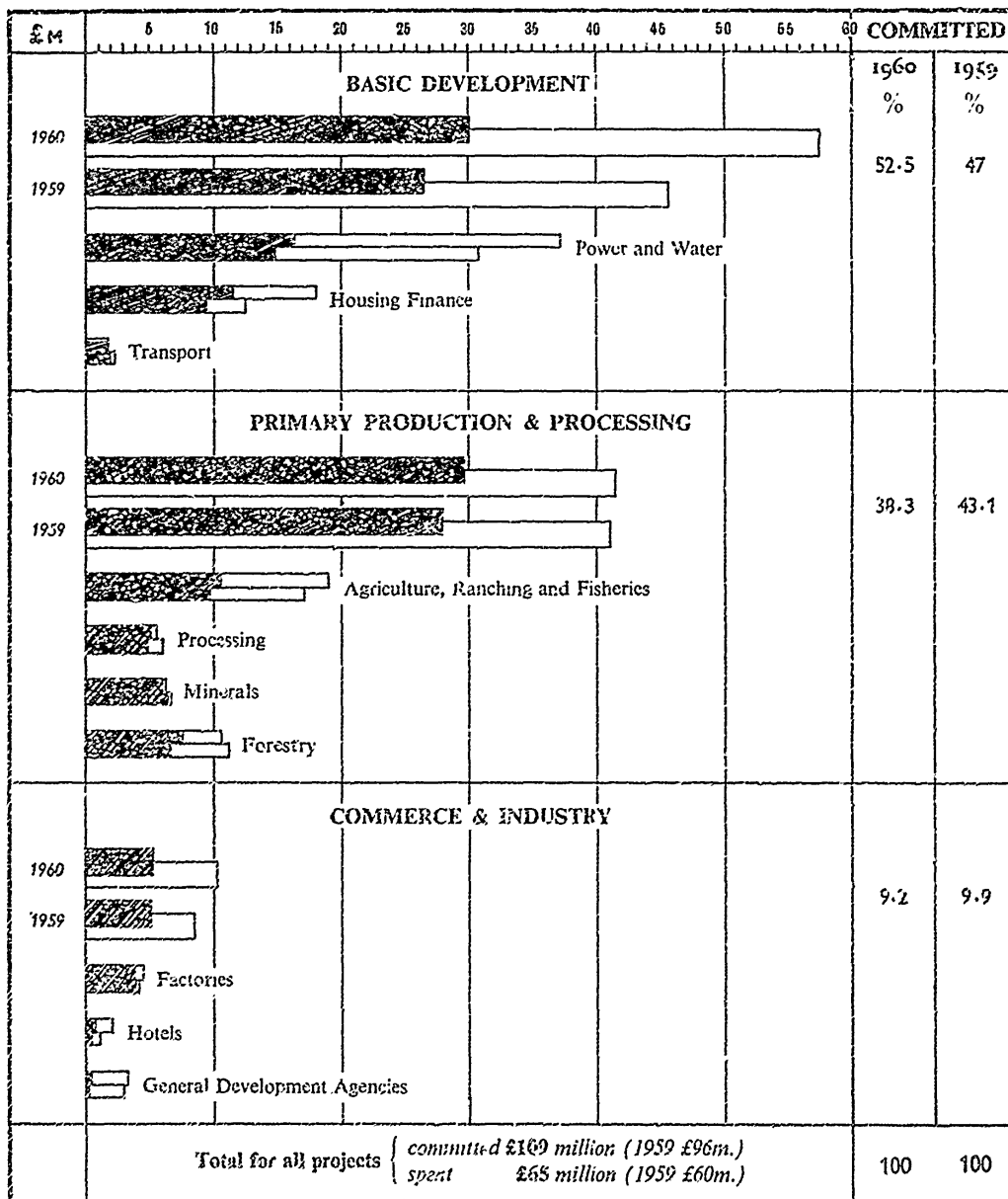


FIG. 3

3 Financial structure

At the date of signing this report the Government's decisions on the future financial structure of CDC had not been made public; consultations with the Government continue.

4 CDC's task

(1) Very great public attention has been given during 1960 to the political changes and problems in Africa and elsewhere. Never, therefore, has it been more important to help the economic life of the people of the countries where these events are taking place and to maintain the flow of investment. For several reasons CDC can make an important contribution.

(2) CDC regional organisations have been established for nearly ten years. CDC employees working in these organisations are trained in business and can also relate business needs to the conditions of the regions. Each has come to know well the leading people in both the political and commercial life of his region and is accustomed to working with them.

(3) The prime need of any country in which CDC operates is, at one time an equity type investment (for example, the establishment of a tea plantation or a forest) and, at another time, a loan (for example, to a building society or to African farmers who have recently obtained individual title to their farms). Owing to the degree of flexibility, wisely provided for by the Government in legislation first in 1948 and then in 1959, the Corporation can either take a shareholding or make a loan.

(4) Those in charge of the Corporation have become accustomed to working with many partners. They have learned, over the years, the technique of successful operation side by side with state-owned corporations, with private firms, and with farmers' co-operatives. Over 13 years' experience, they have learned many lessons. One example is the importance of the pilot scheme stage in development projects.

5 Some achievements in Africa

(1) The achievements of the Corporation up to date may be illustrated by the following examples.

(2) In Swaziland, the Mhlume Sugar Mill which was built in partnership with Sir J. L. Hulett & Sons on CDC's irrigation project, began full-scale working in March 1960 and by the end of 1961 will have produced over 40,000 tons of sugar where none was produced before. In the same territory, by the end of this year it is expected that the new pulp mill at Usutu Forests owned jointly by Courtaulds and CDC, and using the timber grown originally by CDC, will have started production leading up to an annual rate of 100,000 tons.

(3) In the Bechuanaland Protectorate, CDC, after operating the Lobatsi Abattoir successfully for several years, has completed arrangements to transfer it to a new company of which half the shares are held either by BP Government or in trust for the producers; African and European residents in the territory are members of the board. Further development is the establishment of a meat cannery as a subsidiary of the abattoir company. Bechuanaland is primarily a cattle country and in 1960 nearly 80,000 were slaughtered at the abattoir.

(4) In Nyasaland, agreements were concluded to provide up to £1,300,000 for the Mudi River Water Board in order to relieve the water shortage in the rapidly growing urban areas of Blantyre and Limbe.

(5) In Tanganyika, the launching of the Kilombero Sugar Co Ltd with the International Finance Corporation, Dutch interests and the Standard Bank of South Africa is an example of co-operation with international agencies. An interesting feature of this project is that for the first time in Tanganyika a public issue of shares was made with a satisfactory response, mainly from African investors.

6 Newly independent countries

(1) The value of CDC's activities is also clear in countries which have become independent since the date of the establishment of the Corporation.

(2) The Federation of Nigeria achieved independence on 1st October 1960 and thus joined Ghana and the Federation of Malaya as countries in which CDC is debarred from undertaking new projects. CDC is, however, permitted to carry on with, and under certain circumstances to expand, existing projects.

(3) In both Malaya and Nigeria, CDC had established, before the date of independence, participations in local generalised development agencies which would enable it, within limits, to carry on with its function of helping with the promotion and launching of new development projects in the fields of agriculture, industry and housing.

(4) In Malaya, the Federal Land Development Authority, Malayan Industrial Development Finance Ltd and Malaya Borneo Building Society (all of them agencies in whose establishment CDC played a leading part) can still either call on CDC for undrawn balances of pre-independence commitments or raise in the last case additional funds from other sources on the basis of the CDC investment. All three agencies are referred to in the official Government report on the Federation of Malaya's Second Five Year Plan 1961-65 as important factors which can be expected to make significant contributions to the success of the Plan.

(5) In Nigeria, CDC has established joint development companies with the Northern Region Government and the Eastern Region Government and has approved a fund for factory development on Government-owned sites in the Western Region. The Nigeria Housing Development Society has been set up in association with Federal and Eastern Region Governments on the model of the Malaya Borneo Building Society. As yet, these projects have made a slow start, but the Housing Development Society is now securely launched and it is to be hoped that industrialists intending to start operations in Nigeria will take increasing advantage of the facilities offered by the other projects.

7 Future possibilities

(1) Turning from these achievements and looking to the future CDC, with its very wide field of investments, must, like all other institutions interested in Africa, take account of the effect of the events of 1960. In a report on 1960, the year of change, two activities for which CDC is particularly suitable may be selected as examples of what can be done in the future by the Corporation.

(2) The development of smallholder farming can contribute powerfully to the stability of a country. Yet smallholders need help in loans, in the processing and marketing of their produce and in the establishment of a few larger farms which can be used for demonstration and for experiments with new agricultural methods. CDC, while remaining fully commercial, can and should give this type of help. In particular, it can give it in partnership with the government of the country in which it operates or with an association of the smallholders themselves; and in this it can act on the lines of the successful Gezira project in the Sudan of the years between the two world wars. An example of action on these lines is assistance given to African smallholders in Kenya who wish to grow tea in the Central Province. After careful investigation and in close co-operation with the Kenya Government, a scheme has been launched to finance the growing of tea by African smallholder farmers and it will be operated by a Government-appointed Special Crops Development Authority of which Mr. A. A. Lawrie, until recently CDC's Regional Controller (East Africa), is the chairman. Also, in the Meru district, a company has been formed in which CDC, the Eastern Produce Company of Ceylon and the Meru African District Council are all partners. CDC is prepared to sell part of its interest at any time to the African District Council or to a co-operative of African farmers. This company will manage a nucleus estate, will establish a tea factory to process the leaf grown by African smallholder farmers and will market the made tea. It is hoped that this will be the first of several such companies. In North Borneo smallholder farming has been successfully developed from the start made by the Corporation's projects.

(3) For a small or sparsely inhabited territory CDC can often do much and is in many cases irreplaceable. Developments in North Borneo and in Swaziland are examples from the past. The point can also be illustrated by the present position of the island of Dominica in the West Indies, recently visited by the Chairman. The background to development has been provided by the Corporation when it established a hydro-electric scheme in Dominica, and in St Vincent. A nucleus estate is also in existence and bananas, cocoa and copra are produced. The cocoa has been successfully fermented, dried and polished by the Corporation and sold at a premium over the normal cocoa price. CDC hopes, in the future, to be able to take in cocoa grown by smallholders, process and market it, and improve the price they obtain. Dominica might therefore become an example of economic advance in three stages.

8 Training local people

(1) CDC attaches great importance to the training of men in the territories in which it operates, to undertake posts of responsibility both in local projects and in CDC organisation as a whole. CDC believes that the best training is that received on the job provided a real effort is made to explain and demonstrate by those appointed to supervise. However, there must be a certain minimum educational background to enable the trainee to absorb what he is being taught. This is still lacking in many territories except among a very small part of the population and CDC has taken the decision in the last year to offer (on a very limited basis) scholarships to promising students as a contribution towards solving this problem.

(2) The regional summaries report what is being done and what progress has been achieved in each region. There are indigenous project managers in the Far East and in the Caribbean and senior executive assistants in West Africa. In course of time, other regions will surely catch up—but it is a problem which cannot be solved overnight.

9 International agencies

(1) Last year's report referred to the visit to Washington of CDC Chairman and senior executives which had been arranged for the end of March 1960 to establish working relations with the International Bank, the International Finance Corporation and the Development Loan Fund. It is now possible to report the fact of a highly successful visit consolidating previous contacts. Negotiations for a joint project with IFC in launching the Kilombero Sugar Co (para 64) were completed in the summer.

(2) There is increasing co-operation with missions from these other development agencies whenever they visit territories in which CDC operates. CDC is delighted to welcome at 33 Hill Street in London, or at its regional offices, people from these agencies who call with increasing frequency to impart or seek information.

10 Commercial and local association

(1) Association with local interests (including territorial governments) and with private enterprise is CDC policy whenever it can be arranged—recognising that the appropriate time to introduce associates may be after a project has been launched rather than from the outset. The details of new projects undertaken during 1960 show considerable success in arranging such associations.

(2) In addition, CDC is particularly pleased to report finalisation of the agreement bringing the Bechuanaland Protectorate Government and the territory's cattle producers into the company which now operates Lobatsi Abattoir, and the sale to North Borneo Timbers Ltd of a half interest in Mostyn Estates Ltd, which is developing an oil palm estate in North Borneo.

(3) The Corporation wishes to take this opportunity to thank all those who have contributed during the year, whether corporately or individually, to the success of activities in which CDC is concerned.

11 Acknowledgements

(1) Sir Nutcombe Hume was on the Board of CDC from the date of its formation and was Chairman from 1.4.59 to 30.11.60. His experience was invaluable and he very greatly helped the Corporation both in its early difficult years and more recently. In particular, he did much to encourage the development of successful management both in the regions and at Head Office and he played a large part in achieving the present business reputation of the Corporation. He is much missed.

(2) The Board of the Corporation is grateful to its staff for their loyal and competent service and to its commercial associates for their helpful co-operation.

(3) The Board also greatly appreciates the help and advice received from overseas Governors and governments and from the Secretaries of State and the staffs of the Colonial Office and Commonwealth Relations Office.

PART II—FINANCIAL REPORT

12 Accounts for 1960

Accounts and supporting statements for year to 31.12.60 comprise:

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

13 Balance Sheet

(1) (a) The increase shown in capital liability to Government during the year was £4,340,558, which was a net figure as under—

	£
Gross drawings during year	4,800,000
Less repayments	459,442
	<hr/>
	£4,340,558

(b) The £7,077,950 loans to Central Electricity Board (Malaya) which were shortly due for repayment but were consolidated into one loan with a 25-year life during the year have been excluded from both drawings and repayments.

(2) As already stated in para 2 (2), CDC expenditure on capital development during the year was about £7·8m (1959 £6·25m). The additional £3m was financed approximately as under—

	£m
1 Repayment of investments received under contract...	·8
2 Net operating profit of the Corporation	2·4
3 Sales of shares and debentures including profit thereon	·3
4 Retained profits and depreciation provisions of subsidiaries	·5
5 Run down of cash balances and short term borrowings from non-UK Government sources	·7
	<hr/>
	4·7
Less annuity and interest payments to UK Government made during 1960	1·7
	<hr/>
	£3·0m

(3) Specific provisions £250,000 (1959 £300,000) again include amounts held against investments in Malayan Cocoa Ltd (para 46), United Cocoa Development Co Ltd (para 48), Tristan da Cunha Development Co Ltd (para 94), Coast Construction (Nigeria) Ltd (para 97) and Omo Sawmills of Nigeria Ltd (para 109). The loss on realisation of the investment in Swaziland Cannery (Pty) Ltd was written off against the specific provision created in 1959.

(4) The general provision of £700,000 held at 31.12.59 has been applied against the loss on Macalder-Nyanza Mines Ltd (para 58). It has been considered prudent in view of conditions prevailing generally in territories in which the Corporation operates to set aside a general provision of £1,700,000 against book value of investments. This sum, together with £29,213 necessary to bring the specific provision account to £250,000 has been provided by transfer from Reserve Fund after transferring £711,776 to the latter account from 1960 Profit and Loss Account.

14 Assets of the Corporation

(1) The decrease of £501,643 over the year in CDC net fixed assets (Statement 5) reflects the transfer of the Lobatsi Abattoir project to Bechuanaland Protectorate Abattoirs Ltd (para 88) and the first stage of a similar transfer of the Kulai Oil Palm Estate (para 44).

(2) Quoted investments (Statement 6) represent almost entirely the loan to Kenya Power Co Ltd (nominal £3.5m). At 31.12.60 market value of this stock, based on middle market price Stock Exchange quotation was £2,187,500 compared with £2,939,635 a year earlier. Corporation holds the stock which is redeemable at a premium over the years 1975–85 as a long-term investment; company is obliged to set aside a Sinking Fund.

(3) Details of investments in and loans to subsidiary companies are shown in Statement 7. Three new projects, Caribbean Housing Finance Corporation Ltd, Fiji Development Co Ltd and Nigeria Hotels Ltd appear in the list for the first time—as does Kulai Oil Palm Estate Ltd to which are being transferred the assets of the direct project of the same name. Mostyn Estates Ltd drops out on ceasing to be a subsidiary company, a half interest having been sold during the year. The total amount at £12,006,188 is approximately £440,000 less than at 31.12.59. The main items among a number of smaller variations, leading to this result has been the writing down of the investment in Macalder-Nyanza Mines by £2m and on the other side loans to the new Caribbean Housing Finance Corporation of £875,000 and increased investment in Nigeria Housing Development Society of £560,000.

(4) Amounts totalling £800,000 have been received during the year in repayment of loans and redemption of preference shares according to contract. Deferment of repayment instalments totalling £752,760 has been agreed in respect of loans to British Guiana Rice Development Co Ltd, Oceanic Hotel Ltd and Tangold Mining Co Ltd—while a moratorium for a large part of the loans to Macalder-Nyanza Mines Ltd had already been granted as reported last year. Apart from these items, all capital repayments were received according to contract. Oceanic Hotel Ltd duly met an instalment due on 28.2.61.

15 Profit and Loss Account

(1) Net profit of direct projects, income from subsidiary companies and income from investments, managing agency fees, etc, increased by £644,588 to £2,946,711 (1959 £2,302,123). Managing agency fees, etc have this year been shown as a separate item in view of the increasing importance of this side of activities.

(2) All interest receivable by the Corporation in 1960 under loan agreements has been duly paid except for interest due from Macalder-Nyanza Mines Ltd and Tangold Mining Co Ltd. No credit has been taken in the account for interest due from Macalder. Dividends have been credited only where formally approved before date of these accounts.

(3) Investigation expenditure written off £116,948 (1959 £54,846) represents costs of 75 investigations abortive and irrecoverable, including £50,000 accumulated expenditure for abortive coffee experiments on the Vipya Tung Estates.

(4) Interest payable to Government, less provisional amount agreed in respect of interest waiver, increased by £545,235 to £1,738,175 (1959 £1,192,940).

(5) The investment in Macalder-Nyanza Mines Ltd has been written down by £2m (para 14 (3)). £1,200,000 has been charged to Special Losses Account on the basis explained in the project report (para 58). £700,000 has been applied from General Provision Account and the remaining £100,000 has been charged against 1960 profits.

BALANCE SHEET

31.12.59		£	£
		£	£
49,269,366	CAPITAL LIABILITY TO GOVERNMENT		
12,511,618	Long term advances	51,247,044	
876,000	Medium term advances	5,983,668	
1,725,325	Short term advances	951,000	
	Special term advances	10,541,155	
64,382,309			68,722,867
	CURRENT LIABILITIES		
19,197	Amounts owing to subsidiary companies	148,388	
749,258	Current accrued interest on Government advances	1,248,806	
466,325	Creditors, accrued charges and taxation	631,263	
2,554	Bank overdrafts	—	
			2,028,457
1,000,000	PROVISIONS		1,950,000
	Specific provisions	250,000	
	General provision against book value of projects and investments	1,700,000	
		1,950,000	
	RESERVE FUND		
	Balance as at 1.1.60	1,059,964	
	Add: Balance of profit (statement 3)	711,776	
		1,771,740	
1,059,964	Deduct: Transfer to Provisions	1,729,213	
			42,527
	Relevant notes on statement 2 form part of this Balance Sheet		
	<p>(Sgd) HOWICK Chairman J. F. PRIDEAUX Deputy Chairman W. RENDELL General Manager</p>		
£67,679,607			£72,743,851

Report to the Colonial Development Corporation by the Auditors Appointed under Section 17 (3)

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

In our opinion the Balance Sheet and Profit and Loss Account, together with the notes on December, 1960 and of the profit for the year to that date.

We have examined the Group Accounts comprising the audited accounts of the Corporation Accounts (statement 10) of the subsidiary companies prepared from their respective audited accounts. opinion the Group Accounts give a true and fair view of the state of affairs at 31st December, 1960, companies so far as concerns the Corporation.

11 Ironmonger Lane, London, E.C.2
22nd March, 1961.

AT 31.12.60

STATEMENT 1

31.12.59		Cost less sales	Depreciation and amounts written off	
£		£	£	£
	FIXED ASSETS			
4,472,645	Freehold and leasehold land, plantations, concessions, buildings and constructions	4,983,716	886,212	4,097,504
507,307	Plant and machinery	576,571	201,630	374,941
3,111	Ships and vessels	4,067	1,258	2,809
50,479	Land clearance equipment, tractors and agricultural equipment	165,039	111,481	53,558
24,844	Motor vehicles and rolling stock	86,860	62,028	24,832
67,103	Furniture, fixtures, office and hotel equipment	196,855	130,359	66,496
5,125,489		6,013,108	1,392,968	4,620,140
—	PROGRESS PAYMENTS ON FIXED ASSETS			34,803
	EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPENDITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF			
121,255	Land clearance		121,639	
381,913	General development, surveys and revenue expenditure carried forward		442,997	
				564,636
	INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF			
3,607,303	Quoted (market value £2,237,500 1959 £3,092,910)		3,549,553	
35,075,024	Unquoted		39,774,469	
				43,324,022
	SUBSIDIARY COMPANIES			
6,958,028	Investments at cost less amounts written off		7,936,662	
5,489,914	Loans and advances less amounts written off		4,069,526	
				12,006,188
56,758,926				60,549,789
	CURRENT ASSETS			
571,075	Stocks, stores and livestock at cost or market value whichever is lower or at valuation		629,393	
71,777	Growing crops at cost or valuation... ..		60,677	
336,392	Interest and dividends receivable on investments		802,574	
307,710	Debtors and prepayments less provisions		468,507	
833,934	Cash at banks and in hand		233,118	
				2,194,269
	SPECIAL LOSSES ACCOUNT			
	Balance at 1.1.60		8,799,793	
8,799,793	Amount transferred from Profit and Loss Account (statement 3)		1,200,000	
				9,999,793
£67,679,607				£72,743,851

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

and have obtained all the information and explanations which we considered necessary. Proper agreement therewith.

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

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

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

NOTES FORMING PART OF THE ACCOUNTS

- (1) Maximum borrowing powers of Corporation—
 - (a) £150m;
 - (b) £10m temporarily by way of overdraft or otherwise.
- (2) Assets and liabilities in colonial and foreign currencies have been converted at rates ruling at 31.12.60.
- (3) Corporation has contractual commitments for capital expenditure of £55,000 and for debentures, loans and partly paid shares of £26,500,000 including commitments to subsidiary companies £3,000,000. Corporation is contingently liable in respect of guarantees.
- (4) 'Freehold and leasehold land etc' includes material expenditure on land at one project, the lease for which has not yet been completed.
- (5) Under terms of Colonial Office directions long term (40 years) advances are repayable by annuities for 33 years beginning at end of seven years from 31st March following dates of advance. Interest charged in annuities is based on specific rates of interest applied to outstanding advances from date of each advance; precise method of calculation is under discussion between Corporation and Colonial Office. Aggregate amount of interest in future annuities attributable to so much of seven year periods as has elapsed to 31.12.60 is on Colonial Office basis £13,380,570, on Corporation basis £11,677,581 both figures before allowance for interest to be waived under Section 14 of Overseas Resources Development Act 1959. Amount of such waiver has not yet been ascertained but a provisional credit of £272,721 has been taken into account for the year 1960 *1959* £236,643 for interest portion of annuities charged in Profit and Loss Account.
- (6) Total depreciation and amortisation charged by Corporation for year to 31.12.60 was £158,755 *1959* £243,201.
- (7) Of the Provisions at 1.1.60 of £1,000,000, £779,213 was applied against investments during year. At 31.12.60 there has been transferred from Reserve Fund £1,729,213 making total Provisions at that date of £1,950,000.

PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.60

Year to 31.12.59		£	£
£ 189,699	NET PROFITS OF DIRECT PROJECTS (per statement 4) ...		£ 145,311
413,084	INCOME FROM SUBSIDIARY COMPANIES (per statement 4) ...		628,874
1,666,635	INCOME FROM INVESTMENTS (per statement 4) ...		2,015,922
32,705	MANAGING AGENCY FEES, COVER AND COMMITMENT CHARGES		156,604
<u>2,302,123</u>			<u>2,946,711</u>
54,846	INVESTIGATION EXPENDITURE WRITTEN OFF ...	116,948	
263,334	ADMINISTRATIVE EXPENDITURE (head office and overseas offices) ...	311,155	
	Above administrative expenditure is stated after making allocations to:		
	1959		
	£	£	
	57,050	Projects—revenue expenditure ...	59,486
		—fixed assets and forestry	
	11,606	crops ...	4,644
		—expenditure on develop-	
	35,752	ment ...	28,420
	36,517	Investigations ...	30,518
	50,968	Subsidiary companies ...	65,782
	<u>191,893</u>	<u>188,850</u>	
	REMUNERATION OF MEMBERS		
7,233	Fees and expenses ...	£ 7,097	
5,250	Salaries ...	5,250	
305	Insurance premium for pension for former member ...	305	
		12,652	440,755
<u>1,971,155</u>			<u>2,505,956</u>
102,133	OVERSEAS INCOME TAX ...		83,186
<u>£1,869,022</u>	NET OPERATING PROFIT OF CORPORATION CARRIED DOWN ...		<u>£2,417,770</u>
1,869,022	BALANCE BROUGHT DOWN ...		2,417,770
609,740	Add: PROFIT ON REALISATION OF ASSETS ...		132,181
<u>2,478,762</u>			<u>2,549,951</u>
1,192,940	Deduct: INTEREST PAYABLE TO GOVERNMENT less provisional amount credited in respect of interest waiver (see note 5) ...		1,738,175
<u>1,285,822</u>	PROFIT FOR YEAR ...		811,776
	AMOUNT WRITTEN OFF investment in and loans to a subsidiary company ...	£ 2,000,000	
	Less: Transfer from Provisions ...	700,000	
	Transfer to Special Losses Account...	1,200,000	
		1,900,000	100,000
301,891	AMOUNT TRANSFERRED TO PROVISION ...		—
49,456	DEFERRED REVENUE EXPENDITURE WRITTEN OFF ...		—
<u>£934,475</u>	BALANCE OF PROFIT appropriated under Section 15 of Overseas Resources Development Act, 1959 to Reserve Fund (statement 1) ...		<u>£711,776</u>

Notes (5) and (6) on statement 2 form part of this Profit and Loss Account

STATEMENT 4

**DETAILS OF PROJECTS SUPPORTING PROFIT AND
LOSS ACCOUNT—YEAR TO 31.12.60**

1959			Net trading	
Loss	Profit		Loss	Profit
£	£		£	£
36,192	—	DIRECT PROJECTS		
		Bechuanaland Cattle Ranches		
		Nata Ranch	3,355	—
		Panda-ma-Tenga Ranch	—	3,008
826	—	Bushman Pits Ranch	700	—
—	7,093	Dominica Electricity Services	—	10,493
—	1,857	Fort George Hotel	—	4,154
—	11,166	Jamaica Cooling Store	—	16,634
13,720	—	Kasungu Tobacco Estates	16,892	—
—	77,655	Kulai Oil Palm Estate	—	88,230
—	46,709	Lobatsi Abattoir	—	—
—	5,359	Melville Hall Estate	5,108	—
—	12,437	Molopo Ranch	2,102	—
—	15,546	St Vincent Electricity Services	—	10,035
—	3,403	Singapore Factory Development	—	2,639
—	52,431	Swaziland Irrigation Scheme	—	33,966
15,044	—	Vipya Tung Estates	14,507	—
—	21,825	SUNDRY INCOME	—	18,816
65,782	255,481		42,664	187,975
	65,782			42,664
	£189,699	NET PROFIT (statement 3)		£145,311
Interest	Dividends	SUBSIDIARY COMPANIES	Interest	Dividends
32,450	—	Borneo Abaca Ltd	256,357	—
3,042	—	British Guiana Timbers Ltd	—	—
—	—	Caribbean Housing Finance Corporation Ltd	13,051	—
35,232	191,873	Malaya Borneo Building Society Ltd	34,461	191,873
—	—	Nigeria Hotels Ltd	—	4,217
(Dr) 506	—	Nigeria Housing Development Society Ltd	1,318	21,986
2,478	—	Omo Sawmills of Nigeria Ltd	2,478	—
35,562	63,000	Rhodesia and Nyasaland Development Corporation Ltd	35,241	20,000
3,478	—	Singapore Factory Development Ltd	3,561	—
46,475	—	Tanganyika Wattle Co Ltd	44,331	—
158,211	254,873		390,798	238,076
	158,211			390,798
	£413,084	INCOME FROM SUBSIDIARY COMPANIES (statement 3)		£628,874
		LOANS TO GOVERNMENTS AND STATUTORY BODIES		
64,375	—	British Guiana Rice Development Co Ltd	71,697	—
1,977	—	Cayman Islands Airport	1,838	—
98,003	—	Central African Airways Corporation	87,342	—
300,853	—	Central Electricity Board	436,343	—
187,500	—	Federal Power Board	187,500	—
—	—	Freetown Hotel Ltd	4,516	—
114,375	—	Kenya Central Housing Board	112,690	—
11,683	—	Kenya Meat Commission	10,978	—
56,250	—	Lagos Executive Development Board	56,250	—
61,687	—	Nyasaland Government—African Housing	61,688	—
59,375	—	Southern Rhodesia Government—African Housing	59,375	—
		OTHER INVESTMENTS		
21,716	—	Barbados Light and Power Co Ltd	41,418	—
—	—	Bechuanaland Protectorate Abattoirs Ltd	18,000	16,697
25,242	—	Bird & Co (Africa) Ltd	26,064	—
4,730	2,500	Block Hotels Ltd	8,306	3,200
9,712	25,000	Coast Construction Co Ltd	7,775	12,500
4,901	—	Dorman Long & Amalgamated Engineering Co Ltd	6,237	—
10,122	10,962	East Africa Industries Ltd	8,142	12,960
56,875	—	Federation Chemicals Ltd	65,000	—
4,404	—	Jamaica Citrus Growers Ltd	3,904	—
26,710	—	Jamaica Housing Development Co Ltd	31,673	—
15,000	—	Jamaica Public Service Co Ltd	63,108	—
192,500	—	Kenya Power Co Ltd	192,500	—
60,000	—	Kilembe Mines Ltd	53,399	—
69,989	—	Mhlume (Swaziland) Sugar Co Ltd	161,300	—
—	4,688	The Nigerian Cement Co Ltd	—	18,750
9,575	—	The Oceanic Hotel Ltd	9,575	—
44,901	—	Tangold Mining Co Ltd	49,018	—
—	48,638	Trinidad Cement Ltd	—	45,764
40,379	12,500	Unga Ltd and Tanganyika Millers Ltd	38,307	18,750
9,513	—	Sundry	13,358	—
£1,562,347	104,288		£1,887,301	128,621
	1,562,347			1,887,301
	£1,666,635	INCOME FROM INVESTMENTS (statement 3)		£2,015,922

ASSETS AND LIABILITIES OF DIRECT PROJECTS—31.12.60

Projects	Fixed Assets at net book value (including progress payments)	Land Clearance and Development at cost less amounts written off	Investments at cost less amounts written off	Investments in and loans and advances to subsidiary companies at cost less amounts written off	Current Assets	Current Liabilities including amounts owing to subsidiary companies
	£	£	£	£	£	£
Bechuanaland Cattle Ranches						
Nata Ranch	30,653	—	—	—	91,769	7,259
Panda-ma-Tenga Ranch	37,497	—	—	—	86,557	9,029
Bushman Pits Ranch	9,853	1,609	—	—	—	422
Dominica Electricity Services	236,612	—	—	—	18,732	10,703
Fort George Hotel	90,670	—	—	—	16,463	4,250
Jamaica Cooling Store	99,484	5,476	—	—	21,275	1,625
Kasungu Tobacco Estates	111,116	20,902	—	—	26,239	5,716
Kulai Oil Palm Estate	668,390	—	—	437,659	48,160	18,429
Melville Hall Estate	40,830	6,425	—	—	13,923	654
Molopo Ranch	59,464	6,148	—	—	156,312	18,232
St Vincent Electricity Services	258,946	—	—	—	31,850	9,143
Singapore Factory Development	25,751	—	13,510	—	2,086	563
Swaziland Irrigation Scheme	1,938,960	487,464	39	—	319,226	54,442
Vipya Tung Estates	725,319	—	—	—	27,594	19,332
	£4,333,545	£528,024	£13,549	£437,659	£860,186	£159,799
Add head office and overseas offices	321,398	36,612	43,310,473	11,568,529	1,334,083	1,868,658
per statement 1	£4,654,943	£564,636	£43,324,022	£12,006,188	£2,194,269	£2,028,457

STATEMENT 6

INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF

SHARES IN ASSOCIATED COMPANIES		£	£
Unquoted			
Bechuanaland Protectorate Abattoirs Ltd ... ..	...	150,000	
Block Hotels Ltd ... ..	...	40,000	
Coast Construction Co Ltd ... ..	...	50,000	
Coast Construction (Nigeria) Ltd ... ..	...	30,000	
East Africa Industries Ltd ... ..	...	194,000	
Federation Chemicals Ltd ... ..	...	13,636	
Freetown Hotel Ltd ... ..	...	50,000	
Ilushin Estates Ltd ... ..	...	115,937	
Investment Company of Nigeria Ltd ... ..	...	100,000	
Kilembe Mines Ltd ... ..	...	1,140,000	
Kilombero Sugar Co Ltd. ... ..	...	250,000	
Liganga Iron Ltd ... ..	...	9,750	
Malayan Cocoa Ltd ... ..	...	51,333	
Maramba Estate Ltd. ... ..	...	150,000	
Mhlume (Swaziland) Sugar Co Ltd ... ..	...	500,000	
Mostyn Estates Ltd ... ..	...	154,583	
The Nigerian Cement Co Ltd ... ..	...	187,500	
Northern Housing Estates Ltd ... ..	...	10,000	
Nyambeni Tea Co Ltd ... ..	...	48,001	
Rungwe Coal Co Ltd ... ..	...	4,375	
Tanganyika Coalfields Ltd ... ..	...	26,894	
Tangold Mining Co Ltd ... ..	...	565,000	
Trinidad Cement Ltd ... ..	...	862,500	
Unga Ltd ... ..	...	250,000	
United Cocoa Development Co Ltd ... ..	...	19,071	
Usutu Pulp Co Ltd ... ..	...	1,468,750	
Sundries ... ..	...	570	
			6,441,900
LOANS TO GOVERNMENTS AND STATUTORY BODIES			
British Guiana Rice Development Co Ltd ... ..	...	1,271,085	
Cameroons Development Corporation ... ..	...	100,000	
Cayman Islands Airport ... ..	...	36,075	
Central African Airways Corporation ... ..	...	1,443,750	
Central Electricity Board ... ..	...	7,077,950	
Federal Power Board (Kariba) ... ..	...	2,950,000	
Freetown Hotel Ltd ... ..	...	150,000	
Kenya Central Housing Board ... ..	...	1,920,000	
Kenya Meat Commission ... ..	...	187,500	
Lagos Executive Development Board ... ..	...	1,250,000	
Nyasaland Government—African Housing ... ..	...	1,000,000	
Southern Rhodesia Government—African Housing ... ..	...	1,000,000	
			18,386,360
DEBENTURES, SECURED AND UNSECURED LOANS			
(a) Quoted			
Bird & Co (Africa) Ltd ... ..	...	50,000	
Kenya Power Co Ltd ... ..	...	3,499,553	
	(market value £2,237,500)		
			3,549,553
(b) Unquoted			
Barbados Light & Power Co Ltd ... ..	...	650,000	
Bechuanaland Protectorate Abattoirs Ltd ... ..	...	300,000	
Bird & Co (Africa) Ltd ... ..	...	300,000	
Block Hotels Ltd ... ..	...	112,500	
Building Societies in East Africa ... ..	...	750,000	
Coast Construction Co Ltd ... ..	...	155,000	
Coast Construction (Nigeria) Ltd ... ..	...	193,625	
Dorman Long & Amalgamated Engineering Co Ltd ... ..	...	100,000	
East Africa Industries Ltd ... ..	...	131,667	
Federation Chemicals Ltd ... ..	...	986,364	
High Commission Printing & Publishing Co Ltd ... ..	...	4,000	
Jamaica Citrus Growers Ltd ... ..	...	59,750	
Jamaica Housing Development Co Ltd ... ..	...	401,475	
Jamaica Public Service Co Ltd ... ..	...	1,794,000	
Kilombero Sugar Co Ltd ... ..	...	180,000	
Kilembe Mines Ltd ... ..	...	695,238	
Liganga Iron Ltd ... ..	...	20,000	
Mbeya Exploration Co Ltd ... ..	...	493,100	
Mhlume (Swaziland) Sugar Co Ltd ... ..	...	2,580,000	
The Oceanic Hotel Ltd. ... ..	...	125,000	
Rungwe Coal Co Ltd ... ..	...	30,625	
Tanganyika Coalfields Ltd ... ..	...	275,754	
Tangold Mining Co Ltd ... ..	...	748,353	
Unga Ltd and Tanganyika Millers Ltd ... ..	...	538,416	
Usutu Pulp Co Ltd ... ..	...	3,250,000	
Advances on mortgage ... ..	...	39,048	
Sundries ... ..	...	32,294	
			14,946,209
per statement 1 ... ..	...		£43,324,022

**INVESTMENTS IN AND LOANS AND ADVANCES TO
SUBSIDIARY COMPANIES AT COST LESS
AMOUNTS WRITTEN OFF—31.12.60**

31.12.59		Shares	Loans and advances	Total
£		£	£	£
1,986,645	Borneo Abaca Ltd	1,640,424	74,573	1,714,997
3,826	Borneo Development Corporation Ltd...	3,908	2,507	6,415
49,079	Borneo Housing Development Ltd ...	117,834	284	118,118
1,248,422	British Guiana Timbers Ltd	1,248,422	—	1,248,422
137,757	British Honduras Fruit Co Ltd	—	143,495	143,495
—	Caribbean Housing Finance Corporation Ltd	100	874,632	874,732
—	Fiji Development Co Ltd	2	11,460	11,462
2,125	Industrial and Agricultural Co Ltd ...	8,500	827	9,327
259,760	Johore Palm Processing Ltd	18,486	225,363	243,849
—	Kulai Oil Palm Estate Ltd	193,810	—	193,810
2,279,689	Macalder-Nyanza Mines Ltd	—	205,517	205,517
3,573,164	Malaya Borneo Building Society Ltd ...	2,818,940	739,758	3,558,698
101,241	<i>Mostyn Estates Ltd</i>	—	—	—
—	Nigeria Hotels Ltd	110,000	—	110,000
331,319	Nigeria Housing Development Society Ltd	879,450	13,192	892,642
24,717	Northern Developments (Nigeria) Ltd ...	45,000	942	45,942
200,388	Omo Sawmills of Nigeria Ltd	165,788	36,024	201,812
142,160	Singapore Factory Development Ltd ...	55,390	78,292	133,682
1,267,129	Tanganyika Wattle Co Ltd	500,000	829,355	1,329,355
130,000	Tristan da Cunha Development Co Ltd	130,000	—	130,000
710,521	Regional Companies	608	833,305	833,913
	Per statement 1	£7,936,662	£4,069,526	£12,006,188
£12,447,942	1959	£6,958,028	£5,489,914	£12,447,942

**COMBINED STATEMENT OF ASSETS AND LIABILITIES
OF SUBSIDIARY COMPANIES—31.12.60**

31.12.59			Cost, net book value at date of acquisition of shares or valuation, less sales	Depreciation	
£	£		£	£	£
		FIXED ASSETS			
3,457,928		Freehold and leasehold land, plantations, concessions, buildings and constructions	4,404,799	1,017,089	3,387,710
1,424,997		Plant and Machinery	1,415,589	511,035	904,554
210,439		Ships and vessels	459,081	283,576	175,505
82,467		Land clearance equipment, tractors and agricultural equipment	247,577	165,766	81,811
186,027		Motor vehicles and rolling stock	390,008	211,143	178,865
92,039		Furniture and fittings	310,705	138,415	172,290
5,453,897			7,227,759	2,327,024	4,900,735
	333,353	FORESTRY CROPS at cost less amounts written off		326,508	
1,489,196	1,155,843	LAND CLEARANCE AND DEVELOPMENT at cost less amounts written off		466,521	793,029
	553,846	INVESTMENTS at cost less amounts written off		553,846	
	403,884	quoted (market value £512,308 1959 £692,307)		518,102	
	957,730	unquoted		1,071,948	
11,653,209	10,695,479	BUILDING SOCIETY AND HOUSING ADVANCES ON MORTGAGE		13,377,877	14,449,825
		CURRENT ASSETS			
	841,717	Stocks, stores and livestock at cost or market value whichever is lower or at valuation less advances		867,041	
	1,525	Growing crops at cost		—	
	432,118	Debtors and prepayments less provisions		535,182	
	19,197	Amounts owing by Corporation		148,388	
	34,711	Treasury Bills		44,568	
1,479,547	150,279	Cash at banks and in hand		363,785	1,958,964
20,075,849					22,102,553
	1,217,834	Deduct CURRENT LIABILITIES			
	—	Creditors, accrued charges and taxation		2,335,935	
	1,563,079	Debentures		148,693	
	80,316	Building Society deposits		1,565,570	
	2,471,956	Bank overdrafts—unsecured		285,539	
5,333,185		Bank loans—secured		2,268,556	6,604,293
14,742,664					15,498,260
	5,489,914	Deduct Loans and advances by Corporation		4,069,526	
7,872,422	2,382,508	Minority shareholders' interests		3,050,113	7,119,639
£6,870,242					£8,378,621
		NET TANGIBLE ASSETS ATTRIBUTABLE TO CORPORATION INVESTMENTS			
		Represented by			
6,958,028		£ Cost of shares in subsidiary companies less amounts written off	£		7,936,662
		Add post acquisition profits less losses carried forward by subsidiary companies applicable to Corporation—			
	504,709	Net losses less retained profits to 31.12.59 carried forward by subsidiary companies		104,898	
	—	Less loss applicable to company no longer a subsidiary		20,003	
	554,310	Net profits less losses for year to 31.12.60	129,389	84,895	
	154,499	Less dividends paid to Corporation (net)	143,346	(Dr) 13,957	
	399,811			98,852	
	104,898	Loss for which provision made in accounts of the Corporation		451,397	352,545
104,898					8,289,207
6,853,130		Add net adjustment in respect of the excess of the net tangible assets of subsidiary companies at dates of acquisition over the cost of shares less amounts written off			89,414
17,112					£8,378,621
£6,870,242					

NOTES:

- (1) Assets and liabilities in colonial and foreign currencies have been converted at rates ruling at 31.12.60.
- (2) Accounts of Tristan da Cunha Development Co Ltd are made up for the year to 30.6.60.
- (3) There are contractual commitments for capital expenditure of £145,000 and for debentures, loans and partly paid shares of £3,500,000.
- (4) There are contingent liabilities for bills discounted of £30,719.

ASSETS AND LIABILITIES OF

	Fixed Assets at net book value	Forestry crops, Land clearance and Development at cost less amounts written off	Investments and loans (including Building Society advances) at cost less amounts written off
	£	£	£
Borneo Abaca Ltd	2,207,201	33,913	—
Borneo Development Corporation Ltd ...	1,184	—	—
Borneo Housing Development Ltd	4,941	—	528,214
British Guiana Timbers Ltd	712,045	52,616	28,652
British Honduras Fruit Co Ltd	156,757	4,633	—
Caribbean Housing Finance Corporation Ltd	1,342	—	1,407,819
Fiji Development Co Ltd	11,086	—	—
Industrial & Agricultural Co Ltd	1,120	26	11,500
Johore Palm Processing Ltd	249,035	—	128
Kulai Oil Palm Estate Ltd	167,851	3,920	—
Macalder-Nyanza Mines Ltd	33,560	—	—
Malaya Borneo Building Society Ltd ...	233,185	—	9,998,907
Nigeria Hotels Ltd	313,445	—	12,559
Nigeria Housing Development Society Ltd ...	57,648	—	1,471,758
Northern Developments (Nigeria) Ltd ...	1,121	147	57,000
Omo Sawmills of Nigeria Ltd	139,458	5,337	—
Singapore Factory Development Ltd ...	—	—	139,059
Tanganyika Wattle Co Ltd	482,862	652,136	—
Tristan da Cunha Development Co Ltd (30.6.60)	98,055	40,301	13,300
Regional Companies	28,839	—	780,929
	£4,900,735	£793,029	£14,449,825

SUBSIDIARY COMPANIES—31.12.60

Current Assets (including amounts owing by Corporation)	Current Liabilities	Loans and advances by Corporation	Total Net Tangible Assets	Minority Shareholders' Interests	Net Tangible Assets attributable to Corporation Investments
£	£	£	£	£	£
244,216	338,924	74,573	2,071,833	51,798	2,020,035
255	884	2,507	(Cr) 1,952	—	(Cr) 1,952
54,404	352,736	284	234,539	116,977	117,562
377,720	67,924	—	1,103,109	22,616	1,080,493
8,414	2,985	143,495	23,324	—	23,324
126,894	663,207	874,632	(Cr) 1,784	—	(Cr) 1,784
245	4,067	11,460	(Cr) 4,196	—	(Cr) 4,196
20,616	199	827	32,236	29,245	2,991
14,215	8,175	225,363	29,840	—	29,840
53,813	46,986	—	178,598	—	178,598
318,538	146,581	205,517	—	—	—
23,633	4,447,906	739,758	5,068,061	1,926,919	3,141,142
308,038	275,804	—	358,238	166,012	192,226
60,616	111,381	13,192	1,465,449	589,091	876,358
32,301	25,140	942	64,487	25,795	38,692
83,596	54,173	36,024	138,194	34,826	103,368
1,190	17,216	78,292	44,741	—	44,741
140,808	19,517	829,355	426,934	—	426,934
48,317	19,068	—	180,905	86,834	94,071
41,135	1,420	833,305	16,178	—	16,178
£1,958,964	£6,604,293	£4,069,526	£11,428,734	£3,050,113	£8,378,621

**COMBINED STATEMENT OF PROFITS AND LOSSES OF
SUBSIDIARY COMPANIES—YEAR TO 31.12.60**

1959			Net Trading	
Loss	Profit		Loss	Profit
£	£		£	£
—	238,113	Borneo Abaca Ltd (after charging interest of £256,357 1959 £32,450)	—	65,199
1,219	—	Borneo Development Corporation Ltd	2,488	—
5,733	—	Borneo Housing Development Ltd	—	6,358
—	85,474	British Guiana Timbers Ltd	—	26,803
—	7,778	British Honduras Fruit Co Ltd	—	12,558
—	—	Caribbean Housing Finance Corporation Ltd	2,568	—
—	—	Fiji Development Co Ltd	4,087	—
3,052	—	Industrial & Agricultural Co Ltd	7,703	—
—	—	Kulai Oil Palm Estate Ltd	—	1,415
—	61,091	Macalder-Nyanza Mines Ltd	124,938	—
—	488,970	Malaya Borneo Building Society Ltd	—	487,764
684	—	Mostyn Estates Ltd	—	—
—	—	Nigeria Hotels Ltd	—	53,630
—	11,243	Nigeria Housing Development Society Ltd	—	56,694
4,078	—	Northern Developments (Nigeria) Ltd	6,435	—
—	11	Omo Sawmills of Nigeria Ltd	—	195
—	3,089	Singapore Factory Development Ltd	—	1,339
36,823	—	Tanganyika Wattle Co Ltd	32,283	—
—	18,009	Tristan da Cunha Development Co Ltd (year to 30.6.60)... ..	—	14,705
—	48,232	Regional Companies	11,609	—
51,589	962,010		192,111	726,660
	51,589			192,111
	910,421	Net trading profits for the year		534,549
	233,561	Less Overseas Income Tax		276,721
	676,860	Net profits after tax		257,828
		Less dividends paid or provided by sub- sidiary companies	£	
		payable to Corporation	238,076	
	154,499	Less Overseas Income Tax	94,730	
			143,346	
		payable to minority shareholders	134,059	
	66,096	Less Overseas Income Tax	53,624	
			80,435	
				223,781
	£456,265	Profits less losses carried forward in accounts of subsidiary companies		£34,047
	56,454	Applicable to minority shareholders		48,004
	399,811	Applicable to Corporation investments		Dr 13,957
	£456,265			£34,047

NOTE: Total depreciation and amortisation charged by subsidiary companies for year to 31.12.60 was £635,508 1959 £557,927.

III PROJECT REPORTS

CARIBBEAN REGION

Regional Controller:

A. C. Grieve

Regional Office:

Strathmore,
Culloden Road,
St Michael 16,
Bridgetown, Barbados

16 Regional summary

(1) The 19 projects cover agriculture (bananas, citrus, cocoa, copra and rice) and housing, a sawmill with timber concession, cement, fertiliser and pottery factories, electricity supply and cold storage, hotels and a loan for airport construction. The total commitment is £14,605,000 (1959 £13,887,000) of which £9,566,000 (1959 £7,274,000) was invested at 31.12.60.

(2) Two new projects were approved during the year—participation with local hoteliers in Caribeach Ltd to build and operate a chain of four hotels in the smaller islands of the Eastern Caribbean, and a factory in Jamaica in association with Royal Worcester Ltd. Additional loans to the Jamaica Public Service Co, Jamaica, for conversion and expansion of the power supply services were also approved. CDC proposals for the Black Bush Polder rice mill reported last year were not accepted by the British Guiana Government.

(3) Considerable progress was made with existing projects. The design work for expansion of St Vincent and Grenada Electricity Services, for the latter of which CDC supplied a manager in March 1960, was pushed forward, while the additional installations at Dominica Electricity Services were brought into operation early in the year. Federation Chemicals Ltd (Trinidad) came into full production. Caribbean Housing Finance Corporation Ltd committed £1,407,819 of its £3,150,000 capital by the end of the year. British Guiana Timbers Ltd made a good start with manufacture of prefabricated houses and the new joinery department; plans were approved to double the Jamaica Cooling Store capacity by adding a second storey. The programme to expand the agricultural estates in British Honduras and Dominica mentioned in last year's report, had, however, to be held over because UK Government sanction was not forthcoming. Support by the Dominica Government of the Castle Bruce extension to Melville Hall estate has been evidenced by the construction of a road to open up the area.

(4) West Indians have been trained to fill a number of senior executive posts, including several project managers. In addition to internal training schemes, a scholarship at the University College for the West Indies for a B Sc (Economics) degree course was awarded. It is hoped to make an award annually.

(5) While operating results of most projects were generally satisfactory in all the circumstances, there were some disappointing exceptions. Regional revenue credited in CDC accounts was £368,000 representing nearly 4% on capital employed. There is still some way to go before revenue is large enough to cover the UK Government interest applicable to the capital investment.

(6) It seems probable that the Federation of the West Indies will become independent in the early part of 1962. According to precedent CDC would be debarred as from some date in 1961 from undertaking new projects in territories included in the Federation.

17 Caribeach Ltd

(1) Negotiations were concluded for the formation of a holding company in the Bahamas, Caribeach Ltd, with a capital of £100,000 of which West Indies and Caribbean Developments Ltd (a company formed by West Indian and American hotel interests) own 70% and CDC 30%; loan capital is to be provided for the construction of four hotels, CDC to advance up to £670,000 and West Indies and Caribbean Developments Ltd up to £280,000.

(2) Hotels, each of about 50 bedrooms, are to be built in Antigua, St Lucia, Grenada and Tobago. The project should enable these islands to obtain a larger share of the commercial and tourist trade which is developing throughout the eastern Caribbean due to the establishment of regular air communications with the UK, Canada, New York, Miami and South America.

(3) It is expected that the hotels in Antigua and St Lucia will be completed by mid-1962 and the others about six months later.

(4) No investment at 31.12.60.

BARBADOS

18 The Barbados Light & Power Co Ltd

(1) The company is a wholly owned Barbados subsidiary of The Mitchell Engineering Group Ltd of UK, which acquired all the ordinary shares (BWI\$3,227,880) from the Barbados Electricity Supply Corporation Ltd in 1960. 100,000 5½% \$5 preference shares are held by the Barbados public.

(2) CDC has lent £250,000 (1954) and £400,000 (1959) on secured debentures repayable 1961–80 and 1964–83 by annuities. Loans carry conversion rights up to 25% of the balance outstanding at any time.

(3) The company is the sole public supplier of electricity in the island of Barbados. CDC loans were made to finance the purchase of two 2.5 MW steam turbo-alternators and extensions to the transmission and distribution systems. Plans for further expansion are under review.

(4) Sales in financial year ended 30.6.60 increased by 14% over the previous year to 30.81m kWh. Consumers have risen from 16,597 to 19,055—an increase of 15%.

(5) Profit before tax for the year to 30.6.60 was £87,677 (1958/59 £71,531).

BRITISH GUIANA

19 British Guiana Rice Development Co Ltd

(1) (a) During 1953–57 CDC lent £1,042,000 on secured debentures repayable 1958–62 and has lent £250,000 on short term; loans are guaranteed by British Guiana Government;

(b) the company's issued share capital is BWI\$2m owned by British Guiana Government and British Guiana Rice Marketing Board; a capital reduction scheme is being discussed between Government and CDC as secured creditors.

(2) Debenture loans were for improvement and expansion of the company's rice mills; short-term loan is for seasonal crop requirements.

(3) For the last two autumn seasons supplies of paddy have increased to provide an economic throughput for Mahaicony Mill but are still short of an economic throughput for the Anna Regina Mill.

(4) Loss for year to 31.8.60 BWI\$497,886 (1959 loss BWI\$224,581). Accumulated loss to 31.8.60 BWI\$1,938,791.

(5) At the request of company and of Government, CDC has agreed that contractual repayment instalments shall be deferred until 31.12.62 but, in accordance with conditions attaching to the agreement, £20,915 was repaid during 1960.

20 British Guiana Timbers Ltd—General Manager: G. Bowen-Jones

(1) Issued capital BWI\$7,248,000 of which CDC holds BWI\$7,123,200; balance held by Industrial Holdings (BG) Ltd (a subsidiary of Booker Bros, McConnell & Co Ltd).

(2) (a) The company holds lease of 1,200 square miles of forest, in which main merchantable species is greenheart, a timber of exceptional strength and durability particularly suited to marine work;

(b) survey of leased areas completed in 1960 showed sparser forest stands of greenheart than had been indicated by preliminary reports;

(c) deliveries ex forest were 27,568 tons (1959 29,384 tons);

(d) new processing equipment installed in 1960 has been successful and is already proving a profitable adjunct to the mill.

(3) (a) There was a reduced demand in 1960 for sawn lumber and hewn squares with consequent effect on prices; piling shipments to USA showed a welcome improvement; sales were—

	1960		1959	
	tons	£	tons	£
Logs and piling	7,010	139,706	5,591	120,058
Lumber and joinery	13,895	511,204	15,325	522,939
	<u>20,905</u>	<u>650,910</u>	<u>20,916</u>	<u>642,997</u>

(b) markets by value were—

	1960	1959
UK and Continent	22%	24%
USA and Canada	22%	14%
West Indies	9%	10%
Local... ..	47%	52%

(4) Faced with the reduced demand for lumber and hewn squares, the company has extended the scope of its production to the manufacture of pre-fabricated houses and general joinery work to meet increasing demands in British Guiana and the West Indies.

(5) Net profit before taxation was £26,803 (1959 £85,474).

BRITISH HONDURAS

21 British Honduras Fruit Co Ltd (citrus and cocoa)—Manager: J. E. Mc-Loughlin

- (1) A wholly owned CDC subsidiary; the company has spent £166,819 on development of citrus and cocoa.
- (2) The company has 501 acres of citrus, the majority of which is immature, 61 acres of young cocoa and small experimental areas of coconuts and limes.
- (3) In 1960 the orange harvest reached 54,322 boxes (1959 30,709 boxes); the cocoa plantations, as yet immature, yielded a small but satisfactory crop which ranked as top mark Trinidad and sold well on the European market.
- (4) Citrus price support scheme expired at the end of 1958/59 season; proposals for renewal have still not been agreed.
- (5) Net profit for the year £12,558 (1959 £7,778).

22 Fort George Hotel—Manager: K. M. Bailey

- (1) A direct CDC project with capital at 31.12.60 £105,873 (after writing off £150,000 in 1953).
- (2) The hotel, built in 1950–53, provides first-class facilities in Belize for businessmen and tourists thereby assisting the colony's development.
- (3) Net profit for year £4,154 was the biggest yet (1959 £1,857).

DOMINICA

23 Dominica Electricity Services—Manager: W. S. Richardson

- (1) A direct CDC project which supplies electricity to the island of Dominica from hydro-electric station on the Roseau River. Capital employed at 31.12.60 was £243,438 (1959 £241,732).
- (2) Installation of a second steel penstock and a third 320 kW hydro-set was completed early in 1960 bringing generating capacity to 960 kW. The distribution system is being extended and the possibility of a further increase in hydro-electric capacity is being examined.
- (3) Sales of electricity in 1960 were 2,391,248 kWh (1959 2,134,738) an increase of 12%; consumers rose by 11% to 2,748.
- (4) Trading profit before interest payable by CDC to UK Government was £10,491 (1959 £7,093).

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

- (1) A CDC direct project established in a small island where, at first, neither a partner for CDC nor a replacement could be found. The object was to stimulate the cultivation and sale of cash crops with the hope that, after the initial stage of development, Dominica small-holders would also benefit. Capital employed at 31.12.60 £60,524 (1959 £60,252).
- (2) (a) Estate has 314 acres of bananas, 310 acres of coconuts, 65 acres of cocoa and small plots of coffee and citrus;
(b) 65 acres of bananas were replanted during the year.

- (3) (a) Banana crop 1,373 tons (1959 1,533 tons) suffered from the effect of storms and damage by eelworms;
 (b) copra sales were 89 tons (1959 88 tons);
 (c) small cocoa crop from immature plantations was sold satisfactorily in USA.
- (4) A road to the outlying estate at Castle Bruce is nearing completion and preparations have been made to start development there; nothing can be done until supplementary capital sanction for the development of Castle Bruce, applied for on 9.12.59, has been granted by the UK Government. If it is granted, crops will be more diversified than is possible at present at Melville Hall. Thus, it is hoped to grow at Castle Bruce both cocoa, which can be sold at a premium over Ghana cocoa as the 1960 Melville Hall crop has already been sold; and copra, which is in increasing demand in the West Indies but is in short supply, imports coming from the Pacific. It is also hoped that it will be possible to work out a scheme to assist Dominica smallholders in the processing and marketing of cocoa.
- (5) Prospects are fair. Increasing expenditure on bananas will be necessary to maintain soil fertility and to control eelworms. During the last quarter of 1960 banana prices reached a post-war low. Banana price support scheme expired 31.3.61; it is hoped that negotiations between Federal Government and UK Government will result in agreement on renewal.
- (6) Net loss £5,108 (1959 net profit £5,359).

GRENADA

25 Grenada Electricity Services Ltd—Manager: N. V. Andalcio

- (1) This company was formed by Government and CDC in September 1960 to take over the existing Government installation on 1.1.61 and expand electricity services. The Regional Controller is company chairman.
- (2) (a) Capital is BWI\$1,618,520 in 323,704 ordinary shares of BWI\$5 each; 131,704 shares have been allotted to the Government for assets taken over at 1.1.61 after independent valuation. CDC will subscribe in cash for 192,000 shares (£200,000);
 (b) CDC has undertaken to lend up to £244,000.
- (3) The expansion programme includes building a new power station, installing additional generating plant and rehabilitating the present distribution system in St Georges with extensions to neighbouring towns.
- (4) To help out in 1960, CDC seconded the present manager to the Government in March.
- (5) The company should be able to contribute significantly to the expanding economy of Grenada.

JAMAICA

26 Caribbean Housing Finance Corporation Ltd—General Manager: W. G. Carmichael

- (1) Share capital £150, of which CDC owns £100 and Sceptre Trust Ltd (a subsidiary of Eagle Star Insurance Co Ltd) £50; CDC and Sceptre are committed to lend up to £2m and £1m respectively. CDC loan outstanding at 31.12.60 £868,000.

(2) The company was formed in 1960 to make mortgage finance available to purchasers of houses built by West Indies Home Contractors Ltd at Harbour View Estate on the outskirts of Kingston.

(3) Mortgages granted are up to 90% of purchase price and repayable over 20 years; they are insured with the government-sponsored Development Finance Corporation.

(4) Construction of two- and three-bedroom houses is by means of pre-cast reinforced slabs produced on site; two-bedroom houses are sold for £1,975 and three-bedroom for £2,285 each, including land.

(5) Mortgage loans to purchasers started in mid-1960; applications for mortgages far exceed the 1,800 units to be built on the 400 acre estate; at 31.12.60 mortgages outstanding were £1,407,819.

(6) Construction is expected to be complete in August/September 1961.

(7) Loss to 31.12.60 £2,568, after charging £19,542 interest to partners.

27 Cayman Islands Corporation (airport)

(1) Loan of £55,500 in 1953 for construction of airport; secured on the Island's revenue and guaranteed by Government.

(2) Repayable by twenty annual instalments; now outstanding £36,075.

28 Jamaica Citrus Growers Ltd

(1) Capital £199,000, owned by Citrus Growers Association Ltd.

(2) CDC has made two secured loans to the company, both guaranteed by Citrus Growers Association Ltd—

(a) 1951 loan £110,000, to finance extension of company's fruit processing factory; amount outstanding at 31.12.60 £17,000 (31.12.59 £28,000);

(b) 1959 loan £57,000, to finance through a subsidiary company the processing of grapefruit segments and citrus juices; amount outstanding at 31.12.60 £42,750 (31.12.59 £57,000).

29 Jamaica Cooling Store—Manager: G. M. Munro

(1) A CDC direct project with capital at 31.12.60 £124,610.

(2) The cooling store was built by CDC in 1950/51 to provide 80,000 cu ft storage for citrus exports. To meet growing demand for cold storage of imported and other foodstuffs the store was modified in 1956 so as to provide 70,000 cu ft of cool and 14,000 cu ft of cold storage space, and in 1958 a further 20,000 cu ft of cold storage space was leased from Jamaica Cold Storage Ltd.

(3) To meet the steadily increasing demand for refrigerated space, CDC decided in 1960 to add a new storey to the existing building, providing chambers with an additional 130,000 cu ft capacity; 54,000 cu ft will be used normally for cool and 77,000 cu ft for cold storage. The new chambers are expected to come into use in the 1961/62 season.

(4) Increased demand created by the rising living standard and the growing tourist trade in Jamaica is reflected in 1960 net profit, £16,634 (1959 £11,166).

30 Jamaica Housing Development Co Ltd

- (1) Share capital £1,000 owned equally by The Standard Life Assurance Co of Edinburgh and CDC, who each undertook to provide loan capital up to £750,000. CDC loan outstanding at 31.12.60 £401,475 (31.12.59 £437,150).
- (2) The company provided mortgage finance for houses built in 1958 and 1959 on the Mona Housing Estate near Kingston.
- (3) 717 houses were built by West Indies Building Ltd by poured concrete process and all were sold at £2,900 each including land.
- (4) Many houses were sold for cash and a total of only £889,350 of mortgage advances called for.
- (5) Profit for year £928, after interest to partners £63,078 (1959 £203, after £53,599 interest).

31 Jamaica Pottery Ltd

- (1) Royal Worcester Ltd, Jamaica Development Finance Corporation and CDC have incorporated a company in Kingston, Jamaica Pottery Ltd, with share capital of £272,500 of which Royal Worcester Ltd will subscribe £160,000, Development Finance Corporation £37,500 and CDC £75,000.
- (2) Additionally, Development Finance Corporation and CDC have undertaken to lend the company £137,500 and £225,000 respectively.
- (3) The company will manufacture a large range of earthenware products from local clays for sale in the Caribbean and in North and South America.
- (4) Construction of the main factory buildings and kilns is under way; the factory should be ready to start production mid-1962, and should be in full production two years later. Special arrangements are being made for training local workers for the necessary skilled operations.
- (5) No investment at 31.12.60.

32 Jamaica Public Service Co Ltd

- (1) (a) Public company incorporated in Jamaica; issued capital £4,466,441; long term secured debt £4,910,582;
 - (b) CDC loans comprise—
 - (i) £300,000 (1953) at 5% repayable 1963; £1m (1960) at 6 $\frac{3}{4}$ % repayable 1983–85; these loans rank pari passu with the other secured long term debt;
 - (ii) loan commitment £2m against which £500,000 was drawn in 1960 at 6 $\frac{7}{8}$ %: this loan will finance a development programme in connection with frequency conversion and is secured on a statutory surcharge to be levied on consumers; repayable on or before 30.6.70;
 - (c) CDC has an option (exercisable between 1.1.63 and 31.12.64) to take up at Canadian \$30 per unit, 25,000 stock units of Jamaica Public Service Ltd, the company's Canadian parent.
- (2) The company is the major supplier of electricity in Jamaica.
- (3) Operating results—
 - (a) power generated in 1960 257m kWh, 4.9% increase over 1959 (245m kWh);
 - (b) sales 215m kWh (1959 208m kWh);
 - (c) number of consumers increased over year from 51,573 to 56,735;
 - (d) operating revenue £2.34m (1959 £2.11m).

ST VINCENT

33 St Vincent Electricity Services—Acting Manager: J. Y. S. Westwood

(1) A direct CDC project which supplies electricity to the island of St Vincent from a hydro-electric station on the Colonarie River and a diesel station in Kingstown. Capital employed at 31.12.60 was £282,000 (1959 £234,635).

(2) A new semi-automatic hydro-electric station is being built on the Richmond River; when completed total hydro capacity will be 1500kW. The new station will be linked to the present system at Kingstown by a 15-mile transmission line.

(3) Sales during 1960 totalled 3,415,186 kWh (1959 2,946,955 kWh) an increase of 16%. New connections were restricted owing to pressure on generating capacity so that consumers increased by only 5% to 3,837.

(4) Trading profit before interest payable by CDC to UK Government £10,035 (1959 £15,546); higher cost of diesel generation and additional administration expenses largely account for the reduced profit; further reduction in rates during 1960 under terms of franchise also had its effect.

TRINIDAD

34 Federation Chemicals Ltd

(1) This Bermuda-registered company was formed by W. R. Grace & Co group (New York), which holds 49% of the capital. CDC investment is in the form of a £1m loan, guaranteed by the Grace company, and a 7½% share (B£13,636) in the equity. American institutional investors and banks have provided the balance of the funds totalling in all some £5½m.

(2) The company was formed to erect and operate in Trinidad a fertiliser factory making ammonium sulphate and urea. The factory was completed within estimate and has been in full operation since early 1960. Prices of both sulphate of ammonia and urea have been depressed by severe competition from European and other overseas manufacturers. Revenue in 1960 was consequently much below estimate and the first year's operation showed a substantial loss.

35 Trinidad Cement Ltd

(1) This is a wholly owned subsidiary (ordinary share capital BWI\$3,540,000) of The Rugby Portland Cement Co Ltd. CDC holds BWI\$4,140,000 (£862,500) 5% non-voting preference shares redeemable as to \$276,000 annually until 1975.

(2) The company remained in full production throughout the year. Selling prices were reduced at 1.1.60 but remained at a reasonably remunerative level.

(3) Under terms of issue 55,200 preference shares were redeemed during the year and CDC received £45,764 preference dividend.

FAR EAST REGION

Regional Controller:
D. E. M. Fiennes

Regional Office:
13/15 Ampang Street,
Kuala Lumpur,
Selangor,
Federation of Malaya

36 Regional summary

(1) There are 14 projects comprising agriculture, factory and housing mortgage finance, electricity supply and general development companies. Total commitment is £19,441,000 (1959 £18,717,000) of which £14,870,000 (1959 £14,937,000) was invested at the year end.

(2) CDC is not permitted to undertake new projects in the Federation of Malaya since independence. In North Borneo, UK Government attitude towards CDC undertaking projects without a partner has inhibited progress on several agricultural schemes which could have been handled by extension from the secured base of CDC's successful Borneo Abaca project. In Fiji, the investigation reported last year has led to the establishment of the Fiji Development Co Ltd with the intention that it will act as a CDC generalised agency to promote and undertake projects in the islands under a resident CDC manager: in Hongkong, association with local interests in a company to build flatted factories has been approved in principle.

(3) Considerable progress was made during the year in consolidating existing projects.

(4) Federation of Malaya

(a) The original loans to the Central Electricity Board totalling some £7m which fell due for repayment over the years 1961-63 were converted into one loan repayable over the next 25 years; additional finance up to M\$13.7m has been arranged locally for the Malaya Borneo Building Society whose lending operations have been recently restricted owing to lack of funds but all reasonable requirements should now be covered for several years ahead;

(b) Malayan Industrial Development Finance Ltd was at last launched; Malaya Developments Ltd (CDC's local agency company), which has a minority shareholding, acted as managers and secretaries until MIDFL's own staff had been recruited and took over. A wholly owned CDC company has been formed to take over Kulai Oil Palm Estate, with a view to eventual public marketing of the shares, while adjacent to the estate in Johore an estate company and a group of small farmers sponsored and financed by the Federal Land Development Authority, are now planting palms, fruit from which will be processed in the Kulai factory separately established under the name, Johore Palm Processing Ltd.

(5) State of Singapore

1960 was a year of Government activity in planning for industrial expansion; United Nations and International Bank missions visited to assess the problems and to advise. CDC's Singapore Factory Development Ltd

signed an agreement with Government jointly to develop the Redhill 23 acre site for industry; this will be the third such site developed by CDC and it is hoped that other similar schemes will follow.

(6) *Borneo Territories*

(a) Borneo Abaca Ltd had financially its best year so far owing to record crops of rubber and hemp coupled with high prices for both. Cocoa should now begin to make a worthwhile contribution to revenue. A half share in Mostyn Estates Ltd was sold to a well known London group whose help in developing the estate under oil palms is much welcomed. The Borneo Housing Development Co reached agreement with Sarawak Government to take over the latter's housing schemes and can now be regarded as soundly established. The Borneo Development Corporation, under the same management, is having the usual difficulty of local development agencies in finding sound schemes on which to get started but there are signs that this phase is being overcome;

(b) a CDC agronomist spent four months during the year investigating new areas for agricultural development in association with Sarawak and North Borneo Governments, leading to approval of investment of £5,000 in an oil palm pilot scheme in Sarawak as a first result.

(7) *Pacific Territories*

Fiji Development Co Ltd was incorporated as a wholly owned CDC subsidiary; the manager posted from regional office in Kuala Lumpur took up residence in Fiji in October. The company on 1.1.61 took over management of Government's Housing Authority. A CDC agronomist has been in Fiji investigating possibilities for agricultural development as recommended in the Burns Report and other projects are in view.

(8) *Hongkong*

The prospective investment in a hotel mentioned in last year's report lapsed owing to the sponsors' failure to obtain the site. An investment in a company to build flatted factories in partnership with local interests is agreed in principle and a site has been obtained.

(9) Senior management posts are increasingly filled by men from the territories who have been trained within CDC organisation. Both Borneo Abaca Ltd and Kulai Oil Palm Estate run schemes for training agricultural cadets. A CDC Borneo Scholarship Trust was established during the year to award scholarships for agricultural or related sciences at a Commonwealth university and for studentships for technical training. The first two awards were made in October, one to a young man from North Borneo for a course in management and agricultural training, the other to a young woman for courses of secretarial and office management training.

(10) Regional income from profits of direct projects, interest, dividends and fees, after deducting cost of the regional organisation but before providing for Head Office costs and UK Government interest, amounted to more than £1m. This represents something over 6% on the capital employed—enough to cover current UK Government interest costs for the year, without however as yet making much contribution to the backlog of interest payable for past years.

BORNEO TERRITORIES

37 Borneo Abaca Ltd—General Manager: J. L. Boyd-Wilson

- (1) (a) Issued capital M\$17,142,900 (£2m); M\$16,714,300 (£1,950,000) held by CDC and M\$428,600 (£50,000) by Harrisons & Crosfield Ltd;
 (b) CDC loan account reduced by £271,648 to £74,573 at 31.12.60 (31.12.59 £346,221);
 (c) during the year the company transferred its shareholding in Mostyn Estates Ltd to CDC in connection with the purchase by North Borneo Timbers Ltd of a half share in that company (para 40).
- (2) The main crops are abaca (manila hemp), rubber and cocoa; production records were achieved in all three.

(a) *Abaca*

- (i) Areas under cultivation were increased by 200 acres new planting at Table Estate;

				<i>Total</i>	
		<i>Mature</i>	<i>Immature</i>	31.12.60	31.12.59
Table Estate	... ..	2,368	579	2,947	2,757
Balung Estate	... ..	775	—	775	775

- (ii) crop increased due to larger acreage of mature abaca and improved yield from the older plantings;

				1960	1959	1958
				<i>tons</i>	<i>tons</i>	<i>tons</i>
Table Estate	... ..	...	...	2,978	2,369	1,725
Balung Estate	... ..	...	...	366	271	316
				<hr/>	<hr/>	<hr/>
				3,344	2,640	2,041

incidence of bunchy top virus disease on Table Estate has fluctuated considerably during the year with a flare-up in November and December despite stringent control measures in and around the estate;

- (iii) sales £475,700 (1959 £432,025); prices were good early in the year but fell in the latter half; trading profit £179,362 (1959 £115,100), after charging £30,127 for amortisation of abaca plantations.

(b) *Rubber*

- (i) Planted area at 31.12.60 was 13,979 acres (1959 13,515) of which 10,110 acres were mature and 3,869 acres, planted since 1955, immature; preparatory work for new planting 500 acres in 1961 is in hand;

(ii) a record crop of 6,287,524 lb (1959 6,004,122 lb) due to good management and increased yield due to larger area now under more intensive tapping and hormone stimulation;

- (iii) sales £666,310 (1959 £619,488); average fob price obtained 26·41d per lb (1959 25·36d); trading profit £234,757 (1959 £217,124) after charging £38,496 for amortisation of rubber plantations;

(c) *Cocoa*

(i) 882 acres of Amelonado cocoa have now been successfully established; growth is excellent; 1955/56 area in 1960 produced at the rate of 274 lb per acre (1959 196);

(ii) other growers are now developing this crop in the neighbouring Quoin Hill area and cocoa, which CDC pioneered in Borneo, should in due course contribute appreciably to colony exports.

(3) (a) Summarised profit and loss account figures again show a further advance on the previous year;

	1960	1959
	£	£
Total sales	1,144,886	1,051,513
Cost of sales	729,514	736,846
Gross profit	415,372	314,667
Administration, education and research costs (net)	93,816	44,104
Net profit	£321,556	£270,563

(b) £256,357 has been appropriated to paying interest on CDC loans held over in earlier years leaving £65,199 to be carried forward; the balance carried forward is now in credit for the first time in the history of the project with prospects of a dividend in 1961 if all goes well.

(4) *General*

(a) It is with great regret that the deaths of two senior members of the staff, each of whom had been with the company for a number of years, has to be reported. Mr. G. R. Burns died suddenly at Tawau in May; the great improvement in rubber estate operations has been largely due to Mr. Burns' untiring efforts as manager; Mr D. McLeod died in the UK after a long illness; he had been responsible under the General Manager for engineering aspects of the project and will be much missed;

(b) much has been done to stabilise labour on and around the estates; turnover is still high but there is no shortage of labour; improved housing conditions, recent wage increases and an enlightened policy towards encouraging family settlement are all having the desired effect; the company has spent much time and money in an effort to build a permanent and contented estate labour force; smallholder settlement around the estates should help to achieve this desirable aim;

(c) much emphasis has been placed on education, cadet training programmes and public health work; the education system has been thoroughly overhauled by the newly appointed education and training officer; a new central school is to be erected in 1961; there are now ten plantation management cadets under training, including two on Mostyn Estate (para 40) which joins in the cadet training scheme; the company provided education, medical and social services at direct cost of £45,251 (1959 £33,544) in addition to capital expenditure on housing and amenities £52,289 (1959 £50,870).

38 Borneo Development Corporation Ltd—Manager: Shim Kah Foo

- (1) (a) A CDC wholly owned subsidiary incorporated in Sarawak in 1958;
 (b) authorised share capital M\$450,000 of which issued at 31.12.60 M\$33,500 (£3,908);
 (c) CDC advances on current account at 31.12.60 £2,507.
- (2) Object of the company is to stimulate and carry out much needed small scale development in the British Borneo territories (North Borneo, Sarawak, Brunei) preferably in association with local Government and commercial interests.
- (3) (a) £50,000 has been earmarked for the development of the Kuching industrial estate to which the local Government has now completed the access road;
 (b) seven applications for factory sites on the estate have been approved and tenders have been accepted for building factories in 1961; industries include printing, textiles, signboard and furniture manufacture.
- (4) To serve its purpose properly the company will need further funds for investment in small developments anywhere in the Borneo territories; so far funds have been sanctioned by UK Government for the Kuching factory scheme only.
- (5) Loss for year to 31.12.60 £2,488 (1959 loss £1,219).

39 Borneo Housing Development Ltd—Manager: Shim Kah Foo

- (1) (a) Share capital 2,100,000 shares of M\$1 each; 2m fully paid (CDC 50% and Governments of Sarawak and North Borneo 25% each); CDC also holds 100,000 shares, 10 cents paid, making total CDC investment £117,834;
 (b) deposits with the company totalled M\$2,992,337 at 31.12.60; principal depositor was the Government of Sarawak M\$2,442,337;
 (c) CDC has undertaken to make available a further M\$6,990,000 (£815,500) when needed.
- (2) Management and offices are shared with Borneo Development Corporation Ltd (para 38).
- (3) (a) Mortgage asset at 31.12.60 was M\$4,528,000 (M\$1,162,000 at 31.12.59);
 (b) a major development during the year was the transfer to the company of the Sarawak Government Staff Housing scheme; this accounted for M\$2,257,000 of the year's increase;
 (c) other mortgages almost doubled during 1960, from M\$1,162,000 to M\$2,271,000.
- (4) Profit for year £6,358 (1959 loss £5,733); this project can now be regarded as firmly established.

40 Mostyn Estates Ltd—Manager: N. Kingsley-Pallant

- (1) (a) Authorised capital M\$20,750,000 (£2,420,833); issued M\$2,650,000 (£309,167) ordinary shares held equally between CDC and North Borneo Timbers Ltd (a subsidiary of Bombay Burmah Trading Corporation Ltd and Wallace Brothers & Co (Holdings) Ltd). Arrangements

for North Borneo Timbers Ltd to buy a half share in this CDC project were finalised in October 1960;

(b) a programme has been approved to plant up 6,400 acres with oil palms over the next 10 years at an estimated total cost of £1,800,000.

(2) (a) 1,050 acres now under oil palms of which 200 acres planted in 1959 and 850 acres in 1960; shortage of labour, now overcome, made it necessary to prune original 1960 programme of 1,200 acres;

(b) 1961 planting programme is 950 acres (350 partially cleared in 1960);

(c) a scheme to settle over 100 Chinese and Kadazan smallholders is being started; each will farm 12 acres of oil palms and two acres general agricultural holdings; the company will provide factory (with smallholder share participation) and marketing organisation.

(3) Abaca continued as a subsidiary crop; 659 acres under cultivation at year end; crop was 240 tons (1959 211) earning a profit of £5,244 (1959 loss £684).

FEDERATION OF MALAYA

41 Central Electricity Board

(1) (a) In January 1960 the Central Electricity Board exercised its option to convert the three existing CDC debentures into one consolidated loan of £7,077,950 with Federal Government guarantee, repayable over 25 years beginning on 25.3.61;

(b) the capital of this statutory board at 31.8.60 was M\$167m, consisting of M\$38m ordinary stock held by the Federation Government and M\$129m loans (including CDC loan M\$61m).

(2) (a) The Cameron Highlands hydro-electric scheme due to be completed in 1964 is progressing well; generation of power should start in 1963; savings of some M\$34m have been made on major contracts compared with original estimates;

(b) construction has started on the new Johore Bahru 30 MW steam power station due to be commissioned in 1963; 10,000 kW extension to the 20,000 kW Malacca steam station was completed in 1960;

(c) extension of the distribution system is progressing rapidly; progress is also being made with the long-term plan to supply electricity to rural areas, with some State Governments making contributions towards capital costs where extension is unremunerative.

(3) (a) Total consumption of power has increased by 21.7% over previous year; mining offtake has almost returned to its pre-1959 level with the revival in prosperity of the tin industry; continued progress in industrial development has also increased consumption in industrial and commercial fields;

(b) there are now 180,600 consumers (1959 165,300); units sold in million kWh were—

				<i>Years ended 31st August</i>		
				1960	1959	1958
Industry and commerce	...	...	...	265	220	194
Domestic	...	...	...	119	106	97
				—	—	—
				384	326	291
Mining	...	...	...	161	122	167
				—	—	—
				545	448	458
				—	—	—

(c) for the year to 31.8.60 net revenue before charging loan interest was M\$12.3m (1958/59 M\$9.8m).

42 Federal Land Development Authority

(1) (a) In 1956 CDC undertook to lend £600,000 to the Federal Land Development Authority; the loan will be guaranteed by the Federal Government and is contingent on the Government advancing M\$10m to the Authority;

(b) the Federal Government had at 31.12.60 advanced M\$10m; no drawings yet from CDC.

(2) The Federal Land Development Authority is a statutory body set up in 1956 to promote and carry out agricultural development and land settlement schemes in association with State Governments.

(3) One Federal and fourteen State schemes totalling 49,000 acres for 4,700 families are now under way and progressing satisfactorily. Recruitment of managers to keep pace with expansion is a major problem; many new field staff are being recruited for training.

(4) Ten new Federal schemes, which will ultimately include a total of 46,450 acres, have been approved for 1961 at a total estimated cost of M\$39m. Preparatory work on seven of these is already in hand.

(5) The Government, with the Authority as one of its main instruments, has given rural development top priority in the current five-year development plan.

(6) CDC Regional Controller is a member of the Board.

43 Johore Palm Processing Ltd—Manager: J. Stewart

(1) Capital at 31.12.60 £255,276 wholly owned by CDC through Kulai Oil Palm Estate (para 44).

(2) The factory processes fruit from Kulai Oil Palm Estate. The company has agreed to process fruit from the projected 4,000 acres smallholder scheme of which 1,000 acres are due to be planted with oil palms in 1961, and from a neighbouring rubber estate whose owners wish to replant part of their rubber acreage with oil palms.

(3) Factory capacity is to be expanded to take care of the increasing crops from the post-war planted areas which are now coming to full maturity and, later, crops from the other growers.

(4) The company acts as processing and selling agent for producers, to whom all proceeds after deducting operating costs and service of capital are paid; ultimate object is for Kulai Oil Palm Estate and other growers, including the smallholders' co-operative, to own shares in proportion to their planted acreages.

44 Kulai Oil Palm Estate—Manager: J. Stewart

Managing Agents: Guthrie Agency (Malaya) Ltd

- (1) Capital of this CDC estate at 31.12.60 £1,067,415 (1959 £1,055,677).
- (2) Kulai Oil Palm Estate Ltd, at present wholly owned by CDC, was incorporated 1.1.60 with an authorised capital of M\$10m (£1,167,000) with the intention that it should take over the project and that local participation should be invited at a suitable opportunity.
- (3) (a) Planted area 5,128 acres including nurseries; 1,308 acres pre-war palms, 3,800 acres planted since 1950; with 270 acres new planting in 1960 Kulai's new planting programme is now completed;
- (b) replanting of pre-war areas is to be phased over three years 1961–63; a nursery has already been established for planting out 391 acres;
- (c) a 15-acre nursery has been prepared on the estate to supply palms for the first 1,000 acres of Johore State Land Development Board's 4,000 acres smallholder scheme (financed by FLDA para. 42).
- (4) With the increasing maturity of new planting, production at 3,966 tons oil is well above previous year's crop (1959 2,781 tons); 958 tons kernels (1959 656 tons).
- (5) Increased profit £89,645 (1959 £77,655) due to greater production and despite a fall in average oil sales price to £71·9 per ton (1959 £78·1 per ton).
- (6) Mr J. Stewart took over management in October from Mr J. L. W. Baxter who is now Deputy General Manager of Borneo Abaca Ltd (para 37). Manager also acts as planting adviser to the smallholder scheme.

45 Malaya Borneo Building Society Ltd—General Manager: W. Wood

- (1) (a) Issued share capital and borrowings at 31.12.60 were in M\$1m (M\$1=2s 4d)—

	Ordinary shares	Prefer- ence shares	Long- term loans	De- posits	Total
CDC	15·0	9·1	5·4	—	29·5
Federal Government ...	9·7	5·0	—	—	14·7
Hongkong and Shanghai Banking Corporation...	—	—	18·2	—	18·2
Housing Trust	—	—	3·5	1·0	4·5
Other depositors	—	—	—	12·5	12·5
Total, M\$m	24·7	14·1	27·1	13·5	79·4

(b) other depositors include insurance companies, banks, co-operative societies and the Government of Perak.

(2) The Society has negotiated loans of up to M\$13·7m with the Employees Provident Fund following an amendment to the Employees Provident Fund Ordinance and hopes for more; trustee status for loans and deposits with the Society, agreed in principle by the Federal Government in 1959, awaits amendment of trustee legislation.

(3) The availability of additional finance enabled the Society to expand its lending commitments which had been restricted in 1959 by lack of finance; in 1960 it approved 1,658 applications for loans totalling M\$15·9m (1959 1,065 applications, M\$7·9m).

(4) The mortgage asset at 31.12.60 was M\$85·4m, which was slightly less than the 31.12.59 figure of M\$86·2m; but commitments outstanding at 31.12.60 were M\$7·9m, an increase over the figure of M\$4·5m at 31.12.59 made possible as explained in para (3).

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

(6) On 1.1.61 lending rate of the Society was reduced from 8% to 7½%.

(7) Accounts show little change in profit, M\$2·48m compared with 1959 M\$2·50m, a dividend maintained at 6½% and a continued build up of reserves, which now stand at about 5% of the mortgage asset.

46 Malayan Cocoa Ltd

(1) Issued capital is M\$1,650,000 comprising—

(a) ordinary shares M\$1,320,000 of which M\$120,000 was called up in 1960: shares are held as to one third each by Cadbury Bros Ltd, CDC and by a group of plantation companies, mostly connected with Harrisons & Crosfield Ltd;

(b) 7½% cumulative redeemable preference shares M\$330,000 called up in 1960, held equally by Cadbury Bros Ltd and plantation companies in the Harrisons & Crosfield group.

(2) Manager, C. C. Brooker; secretaries, and agents Harrisons & Crosfield (Federation of Malaya) Ltd.

(3) The company has 506 acres planted at Jerangau in Trengganu State.

(4) (a) Cocoa growth is still retarded by dieback: despite exhaustive experiments and visits from cocoa experts no pathological cause has yet been identified; crops, though well below original expectations, have shown some improvement;

(b) future policy is to consolidate present acreage by improvement in control of weeds and shade and limited replanting of some poorly established Amelonado cocoa areas with the hardier Upper Amazon material; long term new planting programme will depend on yields from existing cocoa areas.

47 Malayan Industrial Development Finance Ltd

(1) (a) This company, which was formed in March 1960, is sponsored by the Federation Government, CDC, and the principal exchange banks and insurance interests operating in Malaya; there are over 100 shareholders, mainly financial institutions, but a number of private citizens also responded to the public issue in Malaya;

98
(b) authorised and issued share capital M\$15m represented by 150,000 shares of M\$100 each; paid up capital M\$5,250,000 representing M\$35 per share;

(c) CDC, through Malaya Developments Ltd, has taken up M\$2.5m of share capital of which M\$875,000 (£102,083) had been paid up by 31.12.60.

(2) The object of the company is to provide medium and long term capital for existing and new Malayan industries by way of loan and direct share investment.

(3) The General Manager, Mr Dermot O'Regan, took up his appointment in July 1960. CDC's wholly-owned subsidiary, Malaya Developments Ltd, had undertaken company formation work and acted as consultants to the company in 1960.

(4) By the end of 1960 nine applications for financial assistance had been considered suitable for serious investigation, of which two had been agreed in principle. MIDFL should perform a valuable service in a country undergoing rapid industrial expansion.

(5) First financial year ends 31.3.61. Accounts expected early May.

48 United Cocoa Development Co Ltd

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

(2) Manager, C. C. Brooker; secretaries, Harrisons & Crosfield Ltd.

(3) The company has 568 acres planted on Landas estate, four miles from Malayan Cocoa's Jerangau estate (para 46).

(4) In view of uncertainties regarding future yields due to dieback conditions, development beyond present acreage is deferred. A higher standard of maintenance is being observed and a limited area of poorly grown Amelonado is being replanted with Upper Amazon. The experimental planting of ten acres of hybrids is being undertaken.

FIJI

49 Fiji Development Co Ltd—Manager: G. I. Firmston-Williams

(1) Fiji Development Co Ltd was established in June 1960 as a wholly owned CDC subsidiary to formulate and investigate development schemes in Fiji and other British territories in the Western Pacific, and thus to carry on investigations which were started with Mr Firmston-Williams' first visit two years ago.

(2) The company's first task is to manage the Government's Housing Authority operations under a three years contract. It has also been appointed Secretaries/Accountants to Cathay Hotels (Fiji) Ltd.

(3) A CDC agronomist has been sent to Fiji to investigate proposals for the development of Fijian land by Fijians. A logging and sawmilling venture involving substantial CDC equity participation is again being discussed with prospective partners.

SINGAPORE

50 Singapore Factory Development Ltd

- (1) (a) Wholly owned CDC subsidiary; share capital M\$474,770 (£55,390);
 (b) CDC advances at 31.12.60 £103,682.
- (2) (a) The company finances industrial development on three sites in Singapore; one at Bukit Timah for large industries and two in Alexandra Road area for light industries;
 (b) agreement has now been reached with the Singapore Government to develop a fourth industrial site at Redhill; the scheme envisages 34 standard factory units and eight sites for larger factories; the company will develop the site and provide mortgage finance where needed, with the Government providing the land and essential services; work has now started.
- (3) Progress was again slow; negotiations were completed in 1960 for the sale of $1\frac{3}{4}$ acres of Bukit Timah land in 1961; no new loans were granted, but one was redeemed in full.
- (4) Mortgages outstanding at 31.12.60 totalled £150,137 (£170,524 at 31.12.59); net profit for year was £7,539 (1959 £9,970).

EAST AFRICA REGION*Regional Controller:*

A. A. Lawrie, FSAA
 (P. M. Wise from 31.3.61)

Regional Office:

Bombay House,
 Victoria Street,
 Nairobi, Kenya

Tanganyika Office:

Barclays Bank Building,
 Acacia Avenue,
 Dar-es-Salaam

51 Regional summary

- (1) There were 23 projects with total commitment £22,688,000 (1959 £16,113,000) of which £16,352,000 (1959 £15,667,000) was invested at 31.12.60. Projects comprise mines, agriculture and forestry, processing plants and factories, hotels and housing mortgage finance.
- (2) 1960 was a very busy year for CDC in East Africa. The Corporation was associated with Kenya Government working parties on agricultural policy that led directly to the establishment of the Special Crops Development Authority as well as to the Nyambeni project for a nucleus estate and African smallholder scheme to grow tea reported last year. More recently CDC has been associated also with plans for African settlement in the White Highlands. Another investigation and report to Kenya Government led to CDC financial support for the building societies operating in East Africa. In Tanganyika long drawn out negotiations between sponsors located as far apart as Dar-es-Salaam, The Hague, Washington and London were finally concluded with the launching of the Kilombero Sugar Company.
- (3) Existing projects, notably the mining projects, had a mixed year. Macalder-Nyanza Mines and Tangold Mining Company were again in

frouble. It has finally been decided to run down Macalder over the next year; a sad end after 12 years of struggle. At Tangold disaster in the power house reported last year was followed by a confused period leading to withdrawal of the consulting engineers. There are, however, now signs that remedial measures put in hand in October may enable the mine to recover the capital invested in it. Metallurgical problems of Mbeya Exploration Company connected with turning pyrochlore ore into niobium still prove intractable, but Kilembe Mines Ltd made a profit of £650,952 and declared a maiden dividend in March 1961.

(4) As to other projects, Tanganyika Wattle Company in its first year of full production was faced with a collapse in the price of wattle extract, but met a difficult situation with commendable spirit by increased efficiency and cost reduction. East Africa Industries Ltd, which CDC took over 12 years ago as a residue of wartime industrial operations had an excellent year under its Unilever management, achieving increased turnover and profits. In general, other CDC investments did well.

(5) 1960 was a great missionary year in East Africa. International Bank missions visited Kenya, Tanganyika and Uganda; Colonial Office missions went to Mauritius and Zanzibar. CDC was delighted that members of all these missions found time to call at 33 Hill Street and we learnt much from them.

(6) As to the smaller territories, CDC was pleased to send an investigation mission to Aden at the Government's request; a project arising from the mission's recommendations has since been approved. Arising out of the IBRD and Colonial Office missions mentioned above, arrangements have been made for CDC missions to investigate the tea industry and housing problems in Mauritius; an hotel expert visited Zanzibar as well as Tanganyika to advise the Government there.

(7) Regional revenue from interest and dividends, fees, etc after deducting cost of regional organisation but before providing for Head Office costs and UK Government interest, amounted to £556,000 representing 3.4% on capital employed. CDC has a great deal of money invested in mining projects in East Africa which is not yet earning its keep.

52 East Africa Development Corporation Ltd—Manager: P. C. A. Smalley

(1) This wholly owned CDC subsidiary was activated towards the end of 1960 as an agency to control and handle the loans which CDC agreed to make to four building societies operating in East Africa.

(2) CDC agreed to help the societies meet heavy withdrawals by depositors and shareholders by lending up to a maximum of £2m in total to meet their estimated requirements up to 30th June, 1961. Amounts drawn at 31.12.60 totalled £750,000 as under.

First Permanent Building Society	...	...	...	£450,000
Kenya Building Society	...	...	...	£300,000
Savings and Loan Society Ltd	...	...	...	nil

KENYA

53 Block Hotels Ltd

- (1) CDC holds 20,000 shares of EAshgs20 each, of issued capital EAshgs7,200,000, and has lent £112,500 of total secured loans of £320,000.
- (2) The company owns and operates the two premier hotels in Nairobi—the New Stanley and the Norfolk. The reconstruction of the New Stanley Hotel was completed at the end of September 1959 when the enlarged accommodation came into full use. Improvements to the amenities of the Norfolk Hotel also were completed during 1960.
- (3) Net profit for the year to 30.6.60 was £94,920 (1959 £75,160); dividend 16% (for year to 30.6.59 12½%).

54 East Africa Industries Ltd

- (1) (a) Issued capital EAshgs11,520,000 represented by—
- (i) ordinary shares EAshgs10,080,000 held as to 50% by Unilever Ltd, 33⅓% by CDC and 16⅔% by the Kenya Industrial Development Corporation;
 - (ii) 6% preference shares EAshgs1,440,000 held as to 66⅔% by CDC and 33⅓% by Kenya Industrial Development Corporation;
- (b) £26,000 of CDC's loan to the company was repaid during 1960 leaving £131,667 outstanding at 31.12.60.
- (2) The company has a vegetable oil refinery and manufactures margarine and cooking fats, laundry and toilet soaps.
- (3) A wholly owned subsidiary company, East Africa Industries (Uganda) Ltd, was formed during the year with a capital of £10,000, with the object of promoting sales in Uganda.
- (4) Despite difficult trading conditions, especially in Uganda, sales of both edible products and soaps have increased substantially. Additional equipment has been ordered to increase the capacity of the soap plant. A small oil mill has been installed to enable the company to produce more of its vegetable oil requirements from local produce.
- (5) Sales £1,331,309 (1959 £998,147); net profit £176,811 (1959 £126,121); ordinary dividend 20% (1959 6%).

55 Kenya Central Housing Board

- (1) Loan of £2m made 1954–58 for municipal and private housing programmes for Africans.
- (2) At 31.12.60 total amount advanced by the Board was £3,760,000. New advances during the year included £101,820 to Nairobi County Council, £64,820 to Mombasa Municipal Council and £49,087 to Nakuru Municipal Council. Advances were made to African District Councils at Embu (£13,350) and Nyeri (£40,000) for tenant purchase schemes similar to that started by Kiambu African District Council in 1959.
- (3) Loan repayable by annual instalments 1960–84; outstanding at 31.12.60 £1,920,000 (31.12.59 £2m).

56 Kenya Meat Commission

- (1) £250,000 loan (1955) to expand the Commission's undertaking, guaranteed by the Kenya Government.
- (2) The Commission is a statutory body, operating abattoirs and the Government-owned canning plant at Athi River.
- (3) (a) Cattle handled by the Commission totalled 154,708 head (1959 140,316); of this figure 53,806 head were purchased from Africans (1959 43,511). These figures improve on 1959 which was itself a record year;
(b) during the year the production of corned beef continued to play an increasingly important part in the activities of the Commission; 8,527,800 cans were produced in 1960 (1959 7,547,000); the bulk of the production was exported to the United Kingdom.
- (4) Total value of sales was increased to £4,094,000 (1959 £3,983,000) including exports of £2,086,000 (1959 £2,051,000).
- (5) Loan repayable by 20 annual instalments 1956-75; amount outstanding at 31.12.60 £187,500 (31.12.59 £200,000).

57 Kenya Power Co Ltd

- (1) In 1955 CDC subscribed £3.5m 5½% debenture stock 1975-1985; the balance of the £7.5m issue was subscribed through a public issue in London.
- (2) Capital is £2,000 (£100) owned equally by Kenya Government, Power Securities Corporation Ltd and The East African Power and Lighting Co Ltd (distributors).
- (3) The company obtains power from its own hydro-electric stations at Tana and Wanjii, and from the Uganda Electricity Board's Owen Falls station over the company's 280 miles of 132 kV transmission line from Tororo on the Uganda border to Nairobi. Kenya demand again rose and the load met by Owen Falls station reached a maximum of 23.925 MW (1959 20.5 MW).
- (4) (a) 261.5m units were sold in bulk during 1960 (1959 224.6m);
(b) the price is determined by a formula laid down by bulk supply licence designed to cover only the company's costs including service of capital.

58 Macalder-Nyanza Mines Ltd

- (1) CDC holds 94.3% of the £700,000 share capital and has outstanding loan accounts totalling £1,745,285—total book value of the investment at 31.12.60 before being written down as explained in paragraph (6) below, £2,205,285 (1959 £2,279,679). The project was undertaken by CDC in 1950 as a salvage operation at Kenya Government's request.
- (2) It has been decided owing to unfavourable developments during the latter part of 1960 and early 1961 to adopt a revised mining policy aimed to extract and realise over a comparatively short period, such higher grade ore reserves as are readily available. Development work on the 6th, 7th and 8th levels revealed that the main orebody cuts out below the 7th level,

thus entailing a reduction of ore reserves by over a quarter of a million tons of inferred ore representing $2\frac{1}{2}$ years life of the mine at scheduled extraction rate. There remain an ore intersection at the eastern end of the 8th level and borehole intersections of ore some 200 feet below 8th level not yet investigated—but it is evident that the Macalder orebody is extremely irregular. Exploration of these intersections would entail considerable further expenditure without any guarantee that payable ore would be found, and in view of the poor performance of the treatment plant described in the next paragraph, it has been decided that such expenditure would not be justified.

(3) The Macalder ore is complex and the treatment plant involving a roast leach process is correspondingly so—but performance in 1959 continuing through the first quarter of 1960 suggested that difficulties had been overcome. However metal recoveries fell away thereafter. By the end of the year it was becoming apparent that extensive plant rehabilitation and a thorough management reorganisation would be necessary if the mine were to be carried on according to the original mining policy. The expected life of the mine had at the same time been reduced by $2\frac{1}{2}$ years to 8 years as described in paragraph (2). After careful consideration and investigation at the mine it became clear that it would be impossible to wring a financial return from the narrow margins on which the project would be operating and without it further investment was unjustified.

(4) When the original decision was taken in 1950, at the request of the Kenya Government, to take over the mine a development programme estimated to cost £1.7m was approved. In 1951 development work was suspended pending completion of further investigations. In January 1954 negotiations for CDC investment in Kilembe Mines Ltd were completed. The decision was consequently taken to go ahead with the Macalder project, 200,000 Macalder shares being issued to Kilembe Mines Ltd in return for rights in the latter's Jinja smelter. At that time between £1.1m and £1.2 had been spent.

(5) The mine came into production in mid-1956. There was delay in completing the hydro-electric scheme (at a cost £200,000 in excess of estimate—as reported in 1957) to supply cheap power and the ore treatment process had prolonged teething troubles, while the price of copper broke in 1957 from £270 per ton to £180 (the mine had been budgetted on a price of £224 per ton). However it seemed by the end of 1958 that a sound basis of operation had been established which might have recovered the additional investment since 1953 and something of the earlier expenditure also. Developments in 1960 described in paragraphs (2) and (3) have falsified this expectation.

(6) Book value of CDC investment at 31.12.60 was £2,205,285. It has been considered prudent not to take credit for any residual value for the hydro-electric installation which however might be used for other purposes, and to write £2m off the investment in this year's accounts. £1.2m representing expenditure incurred up to the 1954 decision to go ahead with the project is charged to Special Losses Account. The 1959 general provision of £700,000 against value of investments has been applied, leaving a balance of £100,000 to be charged against the profit of the year.

59 Nyambeni Tea Co Ltd

(1) Capital £250,000 in shares of EAshgs20 each; CDC and Eastern Produce (Holdings) Ltd each hold 120,000 shares and the Meru African District Council hold 10,000 shares. Provision is made for an increase in the African share-holding up to one-third of the total. At 31.12.60 all shares except two fully paid subscription shares were 8s. paid; CDC investment £48,001.

(2) This company was formed in February 1960 to establish a nucleus plantation of about 500 acres of tea in the Meru District of Kenya's Central Province, and to build and operate a factory for the processing of leaf from both the nucleus estate and about 700 acres of African smallholders tea to be established in the neighbourhood under the Special Crops Development Authority (paragraph 61).

(3) Eastern Produce Africa Ltd are the managing agents.

(4) The first 50 acres of estate tea were planted in November; at the same time 50 acres of smallholder tea were planted.

(5) A speed-up of the planting programme as from 1961 is being considered.

60 The Oceanic Hotel Ltd

(1) (a) Issued capital at 31.7.60 EAshgs6,800,000 (at 31.7.59 EAshgs-5,500,000); EAshgs4,425,000 called up leaving uncalled capital EAshgs2,375,000 at 31.7.60; the company is a subsidiary of Uganda Coffee Curing Co Ltd;

(b) CDC has lent £125,000 (1957) on security, repayable 1959-66.

(2) The company owns and operates the Oceanic Hotel, Mombasa, opened in October 1958. In its second year of operation the hotel has attracted more local and overseas visitors, and is gradually increasing average occupancy. It may well be some time, however, before the hotel can be established on a profitable basis.

(3) CDC agreed that annual repayments of the loan due to begin on 29.9.59 should be deferred by one year; after a further deferment the first instalment was repaid on 28.2.61. All interest due to date has been received.

61 Special Crops Development Authority

(1) The Special Crops Development Authority was established by statute in September 1960 after thorough investigation by working parties comprising representatives of the Kenya Government and CDC. CDC has agreed to lend £900,000 guaranteed by the Government, which will also contribute access roads, field staff housing and £60,000 in cash.

(2) The Authority's function is to assist the development of cash crops by African smallholders and will, as a start, be concerned with the extension of tea growing by Africans in the Central, Nyanza and Rift Valley Provinces. It has taken over the supervision and administration of approximately 2,300 acres of smallholder tea already planted and the existing Ragati tea factory in the Central Province. It will also be responsible for carrying out a planting programme for a further 6,700 acres of smallholder tea, bringing the total planted by 1965 to 9,000 acres, grown by about the same number of smallholders.

(3) The Authority will have a small executive staff at Nairobi and subsidiary offices at Nyeri and Kisumu responsible for keeping smallholder accounts and dealing with factory companies. The Department of Agriculture will act as agents for the Authority and will provide the specialist tea officers and agricultural instructors who will supervise the nurseries and the growing and plucking of leaf. The Authority will reimburse the Department for such services, and will also have its own staff for the inspection and transport of the green leaf to the factories.

(4) Cesses will be levied on the proceeds of green leaf delivered to the factories to cover the recurrent costs of administration, supervision and collection, and to service the loan capital.

(5) Negotiations are proceeding between CDC and commercial tea companies for the separate financing and management of the new factories which will be needed in due course. CDC plans envisage financial participation in the factories by African growers after the Nyambeni model (paragraph 59).

(6) The first chairman of the Authority is Mr Angus A. Lawrie (until recently CDC Regional Controller).

(7) Nothing drawn at 31.12.60.

62 Unga Limited

(1) (a) A subsidiary of Kenya Farmers Association (Co-operative) Ltd with issued capital EShgs31m of which CDC holds EShgs5m;

(b) CDC's original loan to the company was £600,000 of which £285,000 was transferred during 1960 to a subsidiary, Tanganyika Millers Ltd, incorporated in 1959 to take over Unga's assets in Tanganyika (paragraph 71); balance of CDC loan outstanding at 31.12.60 £269,234.

(2) The company has flour, maize and provender mills operating in Kenya and through subsidiaries in Tanganyika and Uganda.

(3) The upward trend in the demand for wheaten products has continued; the continuation of this trend depends on maintenance of the normal channels of regional trade in East Africa.

(4) Net profit for the year to 31.7.60 after tax £131,473 (1959 £112,502); dividend on ordinary shares 7½% (1959 5%).

TANGANYIKA

63 Bird & Co (Africa) Ltd

(1) A public company with £1,129,500 ordinary capital, to which CDC lent in 1958/59 £100,000 in 7½% convertible debenture stock 1973 and £300,000 in non-convertible debenture stock repayable 1967/72.

(2) CDC now holds £50,000 7½% convertible debenture stock and £300,000 non-convertible debenture stock, having sold at a profit £39,000 7½% convertible debenture stock and £12,500 ordinary stock during the year.

(3) At 31.12.60 total sisal acreage was 53,000 (31.12.59 55,000); during the year the company sold on advantageous terms one of the sisal estates included in the purchase of Consolidated Sisal Estates of East Africa Ltd in 1959; total tea acreage planted was 1,889 (31.12.59 1,740).

(4) Net profit for the year before tax was £393,879 (1958/59 £216,403) from which dividends aggregating 20% (17½%) were paid.

64 Kilombero Sugar Co Ltd

(1) This company was incorporated in Tanganyika on 30.5.60 with the object of developing a sugar cane estate with a sugar factory near the Great Ruaha River at Msolwa in the district of Ulanga, Tanganyika.

(2) The company has been financed by a consortium consisting of International Finance Corporation (IFC), CDC, Nederlandse Overzeese Financierings-Maatschappij NV (NOFC), NV Vereenigde Klattensche Cultuur Maatschappij (VKCM) and The Standard Bank of South Africa Ltd.

(3) Share and loan capital for the project will be provided as follows—

	<i>Ordinary shares</i>	<i>Convertible preference shares</i>	<i>Convertible income notes</i>	<i>Debentures</i>	<i>Total</i>
	£	£	£	£	£
IFC	—	—	250,000	750,000	1,000,000
CDC	250,000	426,950	250,000	300,000	1,226,950
NOFC	275,000	—	—	100,000	375,000
VKCM	125,000	—	—	—	125,000
Standard Bank of S A Ltd ...	—	237,195	—	—	237,195
Local subscribers	—	35,855	—	—	35,855
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	650,000	700,000	500,000	1,150,000	3,000,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(4) A public issue of 700,000 convertible preference shares was made in East Africa in October 1960, the issue being underwritten by CDC and Standard Bank. The lists closed on 31.12.60, 35,855 shares being taken up by 744 applicants. This response by local investors to the first issue of this kind in Tanganyika is encouraging; it is planned that another effort to bring in more African investors will be made when the factory comes into production.

(5) The managing agents are NV Vereenigde Klattensche Cultuur Maatschappij. The Board of the company includes representatives of the sponsors and of local interests including Mr E. H. van Eeghen who was largely responsible for initiating the development. Mr A. A. Lawrie, until recently CDC's Regional Controller in East Africa, is chairman.

(6) The Government has granted a right of occupancy over 25,000 acres. Field work started in June 1960. 2,000 acres have been cleared and about 200 acres of seed cane have been planted. 1,750 acres of cane are due to be planted in 1961 and a further 1,750 in 1962.

(7) The mill foundations have been dug and contracts have been let for the main items of plant. Production is planned to start in June 1962 at an initial rate of 10,000 tons of sugar a year, increasing to 20,000 tons a year in 1963/64, with eventual expansion to 30,000 tons a year.

(8) It is hoped that a smallholders scheme may be developed in due course, to grow sugar cane for sale to the mill.

(9) CDC welcomes this opportunity of co-operation with all those associated in the company.

65 Liganga Iron Ltd

(1) Capital 30,000 shares of EAshgs20 each (£30,000). CDC holds 9,750 shares, the rest are owned by Ventures Ltd of Canada, Anglo-American Corporation of South Africa Ltd and Tanganyika Government.

(2) CDC also holds £20,000 unsecured notes representing the balance of cost of investigation.

(3) In 1958/59 additional drilling was done by Tanganyika Geological Survey and ore reserves were computed at 44m tons of average grade 46·6% iron, 12·8% titanium oxide and 0·7% vanadium pentoxide. No work was done in 1960. No further investigation is justified until there is some hope of a railway to open up the neighbouring coalfields.

(4) Spent to 31.12.60 £39,419.

66 Maramba Estate Ltd

(1) (a) Issued capital 400,000 shares of EAshgs20 each (£400,000); at 31.12.60 200,000 fully paid shares held by Holland Tanganyika Compagnie NV of Overveen, Holland and 200,000 shares 15s. paid held by CDC; (b) funds for current development are being provided by calls on CDC shares; balance of capital required to be contributed pari passu by the partners;

(c) Holland Tanganyika Compagnie NV are managing agents.

(2) (a) The company is developing Maramba estate in the foothills of the Usambara Mountains of Tanganyika for the production of cocoa; coffee and kapok being grown as subsidiary crops;

(b) at 31.12.60 planted acreage was—

				<i>Immature</i>	<i>Mature</i>	<i>Total</i>
Cocoa	...	...	...	996	109	1,105
Coffee	...	...	...	86	99	185
Kapok	...	...	...	1,359	277	1,636

About 1,166 acres of the kapok is interplanted with the cocoa and coffee to provide shade;

(c) development programme envisaged the expansion of cocoa from 650 acres to 4,750 acres in the years 1959 to 1970; severe drought in 1959 hampered planting and costs were high; dry weather in 1960 also interfered with planting and many plants again died; principal task now is to consolidate planting already undertaken, if necessary at the expense of a slower rate of expansion in 1961 than was originally planned;

(d) expenditure to 31.12.60 £340,480; (31.12.59 £275,570).

(3) Marketable crops produced in 1960—

Cocoa	...	...	...	...	8,200 lb
Coffee	...	...	...	...	15,300 lb
Kapok fibre	...	...	...	...	78,000 lb
Kapok seed	...	...	...	...	102,700 lb

(4) Net loss on trading £3,067; (1959 £4,047).

67 Mbeya Exploration Co Ltd

(1) (a) Issued capital is 100 shares of EAshgs20 (£100) of which NV Billiton Maatschappij of The Hague hold 70% and CDC 30%;

(b) balance of funds by loans from partners; at 31.12.60 Billiton £1,160,662; CDC £493,100.

(2) The company is investigating and developing a pyrochlore (ore of niobium/columbium) deposit at Panda Hill, Mbeya District, south-west Tanganyika. NV Billiton Maatschappij are consulting engineers and managing agents.

(3) A slotting programme was carried out over a section of the orebody to investigate ore characteristics and their influence on mill recovery.

(4) Extensive test work on pyrochlore flotation was carried out at the mine by the Chief Research Officer of the Tanganyika Geological Survey and recoveries on primary table concentrates were investigated.

(5) Apart from the above test work, the pilot mill was used to treat 29,000 tons of ore of average grade 0.46% Nb₂O₅, with purpose to—

(a) provide primary gravity concentrates for flotation test work at Tanganyika Government Laboratory, Dodoma, UK Department of Scientific and Industrial Research Laboratory at Warren Spring, and at NV Hollandsche Metallurgische Bedrijven Laboratory, Arnhem in Holland;

(b) produce a limited quantity of concentrates for sale after upgrading at Arnhem.

(6) An interim Columbium Development Council was set up in 1960 by interested governments and producers to encourage development of, and research into, utilisation of columbium. The company is actively supporting the Council on which it is represented.

68 Rungwe Coal Co Ltd

(1) (a) Capital is 10,000 shares of EAshgs20 (£10,000) of which 8,750 shares are held equally by CDC and NV Billiton Maatschappij, The Hague; balance for Tanganyika Government;

(b) additional finance provided by loan equally by CDC and NV Billiton Maatschappij.

(2) The company was incorporated on 14.5.57 to investigate the Kiwira-Songwe coalfield in Rungwe district, south-west Tanganyika for power needs of Mbeya Exploration Co Ltd (para 67).

(3) The investigation by CDC was completed in June 1957 and proved over 20m tons of good quality coal.

(4) Arising out of recent experiments in the UK the possibility of applying an underground gasification process to these coal deposits is being studied.

(5) Spent to 31.12.60 £70,079 (excluding interest).

69 Tanganyika Coalfields Ltd

(1) Capital 100,000 shares of EAshgs20 each. CDC holds 35,500 shares, the rest are owned by Anglo-American Corporation of South Africa Ltd, Ventures Ltd of Canada and Tanganyika Government.

(2) Balance of cost of CDC 1949–53 investigation represented by issue of unsecured notes to CDC and Tanganyika Government of which CDC £275,754.

(3) No work was done in 1960. Opening up of a colliery awaits industrial development.

(4) Spent at 31.12.60 £435,704.

70 Tanganyika Electric Supply Co Ltd

(1) Arising from negotiations during 1960, CDC has agreed to lend Tanganyika Electric Supply Co Ltd up to £3m for the Hale hydro-electric project. The loan, to be secured by debentures, carries conversion rights over 25% of the total advances, such rights to be exercised before 31.12.68.

(2) Tanganyika Government has agreed to provide up to £1.75m for the project and the company will also be making a contribution from its own resources to the cost of its development programme over the next few years.

(3) Tanganyika Electric Supply Co Ltd is a subsidiary of East African Power and Lighting Co Ltd which holds all but £45,000 of the present £3m ordinary share capital.

(4) The company supplies electricity from two main centres, Tanga Province and the Dar-es-Salaam area and from a number of smaller stations elsewhere in Tanganyika. The Hale project is designed to develop the hydro potential of the Pangani River, for which the Tanganyika Government has agreed to safeguard the necessary water rights. The two main centres will be interconnected so as to meet increasing demand and to bring the first public supply of power to the important sisal growing area adjacent to the central railway line.

(5) Construction of the Hale project is planned to start very shortly and is expected to take 2½ years for completion of the power station and transmission line.

71 Tanganyika Millers Ltd

(1) A wholly owned subsidiary of Unga Limited, being incorporated in 1959 to take over Unga's business in Tanganyika; issued capital £400,000.

(2) The company also took over half (£285,000) of the CDC loan to Unga Limited. The Loan, repayable 1960–72, is secured on the assets of Tanganyika Millers Ltd and guaranteed by Unga Limited; amount outstanding 31.12.60 £269,182.

(3) The company has flour, maize, rice, provender and oil expelling mills. Trading conditions during the company's first year to 31.7.60 were satisfactory and a profit was earned.

19

72 Tanganyika Wattle Co Ltd General Manager: F. J. Mustill, OBE

- (1) A wholly owned CDC subsidiary; share capital EAsghs10m. CDC loans £825,000 at 31.12.60 (1959 £1,048,796).
- (2) (a) The company owns 33,000 acres of wattle and a factory for processing wattle bark into tanning extract near Njombe in the Southern Highlands Province;
(b) bark yields in 1960 were above estimate and quality was good; 6,151 tons (1959 5,936) of wattle extract produced and 6,170 tons (1959 4,532) sold;
(c) the Wabena smallholders' scheme now covers 10,650 planted acres on the periphery of the company's estates; production of bark from the first plantings should start in 1965.
- (3) (a) The increasing use of synthetic materials for sole leather continues to affect world demand for wattle extract; there is also vigorous competition for markets from the South American product quebracho;
(b) in view of the surplus raw materials available for the tanning extract industry, lands earmarked for wattle are not being planted and part of the felled areas is not being regenerated;
(c) proposals for diversification of company's economy are being examined and alternative uses for wattle extract and by-products are being investigated, but scope appears to be very limited.
- (4) The company management succeeded in reducing costs considerably but not sufficiently to offset the fall in wattle extract prices. Profit £12,048 (1959 £9,652) before charging interest £44,331.

73 Tangold Mining Co Ltd

- (1) (a) Issued capital is EAsghs22,260,000, held equally by The Consolidated Gold Fields of South Africa Ltd and CDC;
(b) CDC has lent £700,000 on debentures repayable by annuities 1959-69.
- (2) The formation agreement provided that the mine should be under the technical direction of The Consolidated Gold Fields of South Africa Ltd until brought into production, and that half the Board should be nominated by that company. This arrangement continued until September 1960 when, following disagreement on management policy, Gold Fields withdrew from active participation in the company's affairs, although retaining its share interest. Since then responsibility for the company's affairs has fallen on CDC.
- (3) (a) The power station breakdown in December 1959, reported last year, stopped production altogether for two months. Installation of two hired units enabled partial production to be resumed in February 1960. These units were in use until June;
(b) of the permanent units, one engine was rebuilt on a new reinforced foundation, a second partially stripped and rebuilt, and the remaining three overhauled. They were put on gradually increasing load, and since July the mine has managed to run entirely on these engines, but their condition is still unsatisfactory and unstable;

(c) Sir Alexander Gibb & Partners were commissioned by the company to report on the power station. They recommended immediate installation of one new engine and rehabilitation of others, which should gradually be replaced by new machines. CDC accepted the conclusions reached in the Gibb report; Gold Fields as consulting engineers to the company did not. The company does not, at this time, have the funds needed to implement the Gibb recommendations in full but the programme of gradual complete stripping and rehabilitation has started;

(d) further modifications were made in the reduction plant during the year.

(4) From early 1960 grade fell much below estimate. No satisfactory explanation was found until an investigation in October and November showed that erratic high values had not been sufficiently discounted in the original ore reserve calculations. A reassessment using a more conservative method of reducing such values resulted in a reduction of ore reserve grade by approximately 1 dwt/ton to 4.13 dwt/ton. The fact that grade was higher in 1959, when mining started, was due to the existence of some high grade ore at shallow depth.

(5) (a) During 1960 operating expenditure was high; power from the temporary units was costly; extra staff was needed for repairs and rehabilitation. By the end of the year staff and operating economies had been instituted and working costs had been reduced;

(b) tonnage treated reached target of 20,000 tons a month in March and May but then fell off until target level was regained in November and December. Results for the year, compared with 1959, are—

		1960	1959
Ore treated (short tons) ...		202,400	140,650
Average grade (dwt/ton) ...		4.05	4.88
Gold production (fine oz) ...		37,496	29,227
Working profit (£) ...		14,257	17,450
Less—			
Debenture annuity (£) ...	102,002		94,886
Capital expenditure and renewals (£) ...	29,755		20,788
Direct cost of power station rehabilitation (£) ...	31,278	163,035	—
Net loss (£) ...		148,778	98,224

(c) underground development during the year was 8,052 ft of diamond drilling, 4,821 ft of driving, winzings and raising, and 243 ft of shaft sinking to a depth of 855 ft. A new haulage level was established at the 850 ft horizon.

(6) The company was unable to meet the first two loan annuities of £95,000 each, due on 31.12.59 and 31.12.60. In 1961 more money will have to be spent on completing the rehabilitation of the power station, shaft deepening, improvements to the reduction plant and African housing; and the bank overdraft has to be repaid. These will absorb most of 1961 earnings, but it is thought that, provided no new major difficulties arise, the mine should come nearer to meeting its contractual commitments from 1962 onwards.

UGANDA

74 Kilembe Mines Ltd

(1) (a) Issued capital 5,700,000 shares of EAshgs20 each (£5·7m) held by Kilembe Copper Cobalt Ltd of Toronto 70%; CDC 20%; Uganda Development Corporation and the Omukama of Toro 10%;

(b) during the year the company paid off the outstanding unsecured notes £380,000 and repaid £56,358 6% debentures leaving a balance of £1,390,475 of which CDC holds £695,238. Agreement has been reached between the debenture holders and the company for accelerated repayment of the balance of the debentures by annual instalments over the period 1961/70.

(2) As part of a reorganisation of the Ventures/Frobisher interests, Ventures Ltd took over the Kilembe Copper Cobalt holdings and assumed responsibility as general managers and consulting engineers of Kilembe Mines Ltd. Mr A. E. Pugsley remains managing director of the company.

(3) Capital expenditure of £475,208 during the year increased the capacity of the metallurgical plants to a total of 75,000 tons of ore per month.

(4) A profit was made. The development programme showed slightly disappointing results. A review of the programme was put in hand when Ventures took over.

(5) Accounting practice was changed to bring it more into line with normal mining company methods. Depreciation is no longer charged on fixed assets or on capitalised mining expenditure; instead all expenditure on development and the replacement of fixed assets is written off as incurred.

(6) Operating results

	1960	1959
Ore milled (short tons)—		
sulphide 	697,182	519,735
oxide 	196,285	172,573
Grade (% copper)—		
sulphide 	2·12	2·22
oxide ... ... ... ... ...	... 2·93	3·30
Blister copper produced (long tons)... ..	14,515	11,930
Average working cost (£ per long ton Cu)...	152	152
Sales (£) 	3,484,375	2,804,017
Average copper price (£) 	237	238
Working profit (£) 	1,220,484	1,019,479
Less—		
Interest on loans (£) 	100,689	119,987
Fixed assets replaced or written off (£) ...	200,238	—
Prospecting and development written off (£)	268,605	—
Depreciation (£) (not provided)		456,500
Net profit (£) 	650,952	442,992

CENTRAL AFRICA REGION

Regional Controller:

D. F. Fairbairn

*Regional Office:*Throgmorton House,
Jameson Avenue,
Salisbury,
Southern Rhodesia**75 Regional summary**

(1) There are nine projects with a total commitment of £22,031,000 (1959 £20,973,000) of which £8,551,000 (1959 £8,672,000) was spent. The large difference between commitments and investment is again due to the decision of the Federal Power Board to defer drawings against the £12m undrawn balance of the CDC loan commitment for Kariba construction.

(2) One new project was approved involving a £1,300,000 loan to the Mudi River Water Board to finance a water supply project from the Shire River to Blantyre and Limbe: Nyasaland Government will contribute £1m from CD&W funds and its own resources to complete first phase of the project. The new Industrial Promotion Corporation in which CDC has a minority holding got off to a good start but political uncertainties have put a brake on economic development. CDC has had a number of schemes under consideration, but it has not proved easy to bring more than the one reported to a conclusion.

(3) The two Nyasaland agricultural projects, Vipya Tung Estates and Kasungu Tobacco Smallholder Scheme, have still to prove themselves. The Vipya crop yield was again disappointing, probably due in some part to another dry year: the project is running out of money and experiments with other crops, notably coffee, which have proved unsuccessful, have been stopped. At Kasungu, the African smallholders failed to cope with unfavourable harvesting conditions: but lessons were learnt and the project continues without the further expansion which it was hoped might have been justified in 1960/61. The fullest co-operation from smallholders will be essential if this project is to prosper.

(4) Net revenue credited to the CDC profit and loss account was £415,000, before charging Head Office organisation costs and interest payable to UK Government, representing 4·8% on capital employed. This region has a high proportion of 'finance house' projects (ie loans to Governments or loans guaranteed by Governments) from which revenue is immediately receivable—thus explaining the relatively high gross return on capital employed.

FEDERATION OF RHODESIA AND NYASALAND

76 Central African Airways Corporation

(1) £1·75m loan (1954) for purchase of Vickers Viscount aircraft and spares, secured on Central African Airways assets and guaranteed by the Federal Government.

(2) During the year to 30.6.60 CAA achieved a surplus of £72,751 (1958/59 loss £169,023). This improvement was due to an increase in revenue while costs were kept down to 1958/59 figures.

(3) In February 1960 the new "Skybus" service between Salisbury and Blantyre was opened. This is a low fare service aimed at the large potential

market among the African population of the Federation and has proved so successful that the service was increased to two flights per week in July; a similar service is now operating to the Copperbelt.

(4) Loan repayable by annual instalments, 1959-67; amount outstanding at 31.12.60 £1,443,750 (31.12.59 £1,662,500).

77 Federal Power Board (Kariba)

(1) Loan commitment £15m (1956) guaranteed by the Government of the Federation of Rhodesia and Nyasaland repayable by annuities starting in 1965.

(2) Loan is for first stage of the Kariba hydro-electric undertaking on the Zambesi; balance of finance comes from loans from the International Bank for Reconstruction and Development, Commonwealth Development Finance Co Ltd and the Federal Government (mainly from loans by Rhodesian copper mining companies, British South Africa Co, Standard Bank of South Africa and Barclays Bank DCO).

(3) (a) During the year the second and third turbines were commissioned. A regular supply of power to the Rhodesia Congo Border Power Corporation, to Salisbury and the Southern Rhodesia Electricity Supply Commission was established;

(b) surface work, including the programmed transmission system, is now almost finished; in the underground power station work proceeds on the remaining three units to be commissioned over the next fifteen months.

(4) Her Majesty Queen Elizabeth the Queen Mother performed the official opening ceremony at Kariba on 17.5.60.

(5) Exploratory work was started in 1960 on stage 2 comprising construction of a second underground power station on the left bank with an installed capacity of 900 MW bringing the total generating capacity at Kariba to 1500 MW.

(6) Surplus of operating income over expenditure, after charging interest and depreciation, for the six months to 30.6.60 (end of the Board's financial year) was £350,520.

(7) Nothing has been drawn by the Board on CDC loan since 1958 because the Board has so far been able to use resources available to it on cheaper terms; amount advanced remains at £2.95m.

78 Industrial Promotion Corporation of Rhodesia & Nyasaland Ltd

(1) The company was incorporated in 1959 with £1m share capital of which CDC holds nominal £50,000 (5/- per £1 share paid up).

(2) Object of the company is to stimulate industrial growth throughout the Federation of Rhodesia and Nyasaland. It helps private initiative and enterprise in the establishment of new industries and the expansion or modernisation of existing ones, by making available to all sections of the community and to overseas investors, financial, technical and other assistance.

(3) During the first year of operation the company has invested or committed almost £200,000 in a variety of industries including knitwear and clothing manufacture, wire products, brickmaking, pharmaceuticals and fishing.

(4) Loss for year £706.

NORTHERN RHODESIA

79 Chilanga Cement Ltd

- (1) (a) Issued capital Rh£1.5m in 5/- ordinary shares and Rh£150,000 in 5% cumulative redeemable £1 preference shares;
- (b) at 31.12.60 CDC held 2,215,384 ordinary shares (37%); balance held by Premier Portland Cement Co (Rhodesia) Ltd (company's general managers) and the public;
- (c) CDC also held 112,500 preference shares, 22,500 shares having been redeemed during the year.
- (2) (a) The task of increasing sales to users other than the Federal Power Board (Kariba) has been vigorously tackled; service to consumers has been improved by providing bulk deliveries; prices of cement delivered to customers have been reduced in most areas;
- (b) sales, other than to Kariba, at 123,000 tons show a significant increase in spite of poor trading conditions throughout the Federation;
- (c) efforts to reduce costs through improved techniques and new production controls are being made with the help of management consultants.
- (3) Kiln production was reduced in 1960 to suit the level of stocks and sales. Clinker production for the year was 118,497 tons (1959 188,617); cement sales amounted to 139,191 tons (1959 148,207); net profit before tax £237,642 (1959 £368,540).
- (4) An interim dividend on ordinary shares of 1½d net was paid on 15.11.60 and Chilanga Board has recommended a final dividend of 4d, bringing the total distribution to 5½d net as for 1959.

NYASALAND

80 Kasungu Tobacco Estates—Manager: B. G. Hartley

- (1) A CDC direct project with capital at 31.12.60 £201,393 (31.12.59 £170,997).
- (2) (a) For 1959/60 season 158 acres of tobacco were grown on the nucleus estate; after a good start abnormally cold and overcast weather delayed the ripening of the leaf and encouraged the onset of alternaria disease which affected the crop;
- (b) special attention to reaping and curing minimised the loss but even so the crop averaged only 766 lbs per acre at 32.2d. per lb (approximately the Nyasaland average) ie £103 per acre (1958/59 £153 per acre);
- (c) for 1960/61 season 220 acres were planted on the nucleus estate early in November.
- (3) (a) Twelve African smallholders (double the 1958/59 number) grew a total of 48 acres of tobacco in 1959/60. Alternaria disease affected their crops and with less experience they suffered more serious losses than the nucleus estate; average yield was 643 lbs per acre selling at 25.1d per lb;

(b) the difficult season brought to light problems which had been obscured by the good season of 1958/59 and a number of changes are being made which should improve results; it was decided not to increase the number of African smallholders in 1960/61;

(4) (a) The Nyasaland Government has been most helpful and has contributed £9,500 towards overheads of scheme in both 1959/60 and 1960/61 seasons;

(b) a Smallholders Advisory Committee has been set up, on which Government is represented by the District Commissioner (chairman) and Provincial Agricultural Officer; there are two representatives each of the Native Authority and CDC; it is doing good work.

(5) A training programme has been started to fit Africans for supervisory positions on the nucleus estate and smallholder scheme; a place has been obtained for a trainee on a two year course at an agricultural college, and it is planned to do more as the scheme develops.

(6) Loss for 1960 (after Government contribution to smallholder scheme overheads) £16,892 (1959 £13,720).

81 Mudi River Water Board

(1) CDC has agreed to lend up to £1.3m to the Mudi River Water Board which, under statutory powers, supplies water to Blantyre and Limbe; the loan, guaranteed by the Nyasaland Government, is repayable by annual instalments 1967–81.

(2) There has been a serious water shortage holding back development in these towns for some years; it is planned to construct an installation to pump water from the Shire River at Walkers Ferry to Blantyre, a distance of 26 miles involving a lift of over 2,000 ft; the first stage will include intake works, treatment plant, pipeline and pumping plant capable of delivering 1½m gallons per day; it is planned eventually to increase this to a maximum of 9m gallons per day.

(3) Total cost of first stage is estimated at £2.3m; balance of funds will be provided by the Nyasaland Government from grants made by the UK Government under the Colonial Development and Welfare Act and from its own resources.

(4) No advances at 31.12.60.

82 Nyasaland African Housing

(1) Loan £1m (1957/58) to the Nyasaland Government for urban African housing schemes; repayable by annuity 1967–86.

(2) During 1960 services including roads, water borne sanitation, drainage and electricity were finished for the housing schemes at Blantyre, Zomba and Lilongwe.

(3) Balance of £200,000 not yet spent by the Government will be used to provide additional houses in Blantyre/Limbe; delay in building programme is due primarily to shortage of water in that area (para 81).

(4) The Government is particularly anxious to keep costs down so that rents will be within reach of a wider section of the African population; a working party is examining details of new low cost designs.

83 Vipya Tung Estates—Manager: R. A. Leach

69

- (1) A CDC direct project with capital £845,301 at 31.12.60 after writing off £213,423 on reorganisation in 1955.
- (2) 5,287 acres under tung; experience suggests that trees take longer to mature in Vipya conditions than was expected; the drought seasons of 1958 and 1959 may also have set back growth.
- (3) Nyasa Tea Estates Ltd are visiting agents.
- (4) (a) 224 tons of oil (1959 169 tons) were produced from 2,000 tons of fruit harvested; yields were much below estimate; it is not yet clear whether for long-term reasons or because of unfavourable weather which also affected other estates in Nyasaland;
(b) the market remained steady despite sales of US surplus stocks; prices averaged £117 per ton fob Beira (1959 £120). Unpredictability of oil price was shown by a jump early in 1961 to over £200 per ton.
- (5) A detailed study of estate operation was carried out by CDC and visiting agents; changed methods should result in improved efficiency.
- (6) Net operating loss £14,507 (1959 loss £15,044). It has become clear that on any reasonable assessment this project, started in 1948 at the instance of the Nyasaland Government, is still heavily overcapitalised in relation to the net revenue it may earn. A substantial provision is held against the book value of the project pending more evidence on yields which can be expected.

SOUTHERN RHODESIA

84 Southern Rhodesia African Housing

- (1) £1m loan (1957) to the Government of Southern Rhodesia towards their £1.75m programme for urban African housing; repayable by twenty annual instalments 1966–85.
- (2) Development included housing estates at Highfield African Township Salisbury and at Bulawayo, Gwelo and Que Que; schools, business premises and other amenities have been provided by the Government.

HIGH COMMISSION TERRITORIES REGION

Regional Controller:

J. C. Cater

Regional Office:

52 Pritchard Street,
Johannesburg

85 Regional summary

- (1) There are nine projects in the three High Commission Territories and Tristan da Cunha, comprising agriculture, ranching, forestry and fishing with ancillary processing plants, sugar and rice mills, abattoir and cannery (prospective) and pulp mill (under construction). CDC interest in Swaziland Cannery (Pty) Ltd was sold during the year. Total capital committed for the region at 31.12.60 was £16,011,000 (1959 £16,657,000) of which £12,363,000 had been spent (1959 £10,640,000).

(2) Chief emphasis during the year was on consolidating and expanding existing projects. The long-planned participation of the Bechuanaland cattle industry and BP Government in the capital of the Lobatsi Abattoir project was at last brought about and CDC agreed to plough back a large part of the money received for sale of its shares, into a new cannery to be associated with the abattoir. In Swaziland and the Mhlume sugar mill (Sir J. L. Hulett & Sons Ltd and CDC in partnership) will fill its 40,000 ton quota in its first full year of operation. Construction of the Usutu Pulp Co (Courtaulds Ltd and CDC) mill is going ahead apace. In Basutoland, CDC has agreed with the Government on the details of a factory development project, but it cannot be launched until it is in a position to offer good title for factory sites to prospective lessees. This requires action by the Government to deal with the land tenure difficulties which are holding up development in the territory.

(3) CDC and its associated companies in the region provide employment for some 250 Europeans and 6,000 Africans. Particular attention is being paid to raising agricultural standards among Africans and to training schemes to enable them to acquire industrial techniques.

Swaziland

(4) Developments in the last ten years have greatly improved economic conditions in Swaziland and CDC takes some pride in its contribution. The two great direct projects at Swaziland Irrigation Scheme on the low veld and Usutu on the escarpment have evolved into a new phase with the introduction of expert private enterprise partners to take responsibility for processing and sale of exportable products. Mhlume (Swaziland) Sugar Co, formation of which in 1958 followed closely on completion of CDC's irrigation weir on the Komati River and the 42 mile irrigation canal—Mhlume Water—had a most successful year. The factory began to operate in February 1960 and was formally opened by the High Commissioner, Sir John Maud, on 5th May. The company has manufactured its annual quota of 40,000 tons of sugar and expected to take up before season closed on 30.4.61 part of the quota shortfall at the other sugar centre at Big Bend. On the Swaziland Irrigation Scheme itself, development was held back in the common effort to get the sugar project established but in 1960 it became possible to begin a modest expansion of areas under rice, citrus and sugar cane. In addition, a pilot irrigation settlement scheme for Europeans and Swazis was started to provide information on which to base a full-scale scheme in due course. At Usutu construction of the pulp mill, townships and ancillary installations is well advanced under Courtaulds supervision. Completion of the mill and start of operations scheduled for the third quarter of 1961 will depend largely on plant deliveries from UK.

(5) Steps are being taken to strengthen the association of the Swazi Nation with the CDC projects. Deliveries of cane to the Mhlume mill from the Swazi Nation's Sihoya farm, which is irrigated from Mhlume Water, began in November. The first three Swazi smallholders are settled on their experimental plots at SIS. At Usutu the Swazis are showing welcome aptitude in mastering timber extraction techniques as the result of the training operations being undertaken at the Gege estate, bought in 1958. The Swazi Nation has already a stake in the project through the 3,700

acres of timber grown on their land which is managed by Usutu Pulp Co; discussions are proceeding with the object of arranging for a direct participation by the Swazi Nation in the capital of the company.

(6) In recent months CDC has been associated with negotiations for the financing and construction of a railway line to link a large deposit of high grade iron ore in the west of Swaziland with the Mozambique railway system and port of Lourenço Marques. A development of communications with the outside world of this kind would surely lead to a new phase in Swaziland economic development.

Bechuanaland Protectorate

(7) The Protectorate had a most difficult year. Severe drought following a succession of dry years resulted in widespread crop failures and heavy cattle mortality. On 29.7.60 an outbreak of foot and mouth disease led to the closure of the abattoir at Lobatsi: it was later re-opened but could only operate on short-time owing to cattle movement restrictions.

(8) An agreement was signed on 5th November which enabled CDC to transfer its Lobatsi Abattoir assets to a new company, Bechuanaland Protectorate Abattoirs Ltd. The Government and the Bechuanaland Protectorate Livestock Producers' Trust (representing cattle producers in the territory) have each acquired 25% of the £300,000 equity in this company. CDC retains management responsibility under an agency agreement. Bechuanaland Protectorate Abattoirs Ltd has decided to establish, in partnership with a private enterprise associate, a subsidiary company which will build and operate a meat cannery at Lobatsi alongside the abattoir and will undertake all overseas beef exports.

(9) In common with others, CDC ranches had a hard year as a result of the drought and foot and mouth disease outbreak. CDC has now fully developed about a quarter of a million acres of Molopo Ranch in the Kalahari. The first Molopo Settlement Scheme having been taken over by the Protectorate Government and disposed of to farmers, CDC is preparing plans for a further settlement scheme in the undeveloped northern 300,000 acres of the ranch. The possibility of other settlement schemes in the north of the Protectorate is under discussion with Government.

Basutoland

(10) CDC has proposed to Basutoland Government the formation of a factory estate development company, jointly owned by the Government and CDC and to be managed by the Corporation, with a view to the encouragement of light industry at Maseru. These proposals have been welcomed by Basutoland Executive Council and it is hoped that difficulties over land tenure, which so far have prevented any industrial development in the territory, will be overcome. CDC hopes also to be able to assist the co-operative movement, which is making considerable progress in Basutoland. The technical investigation by Basutoland Government of the Ox Bow Lake scheme will continue for some further years: the establishment of markets for power and water is likely to provide the crucial test for this project.

(11) Net revenue credited to CDC profit and loss account from the region was £232,000, before charging cost of Head Office organisation or UK

Government interest, representing nearly 2% on capital employed. It will still be some years before development of the big Swaziland projects will be fully reflected in income received by CDC.

86 High Commission Printing & Publishing Co Ltd

(1) £10,000 loan secured on assets of the company and guaranteed by parent, Bantu Press (Pty) Ltd; repayable over ten years 1955–64.

(2) The company publishes local language newspapers in High Commission Territories; the new “African Echo” introduced during the year, principally for African readers, proved most popular.

(3) Outstanding at 31.12.60, £4,000 (31.12.59 £5,000).

BECHUANALAND PROTECTORATE

87 Bechuanaland Cattle Ranches

Nata Ranch—Manager: J. C. Marnewick

(1) A direct CDC project with capital employed £122,973 at 31.12.60 (31.12.59 £73,054) formerly the southern section of the Bechuanaland Cattle Ranch but it is now separately managed owing to the distance from Panda-ma-Tenga.

(2) Policy is based on breeding and the holding of oxen to slaughter weight; but, as a temporary measure while breeding herd is building up, limited purchases of immature oxen are made to ensure fuller use of available grazing and facilities.

(3) (a) Despite drought the herd increased from 5,513 head to 6,681 head during 1960;

(b) 968 births in the 1959/60 calving season represented a calving percentage of 48·4; internal sub-division of camps in 1960 to facilitate control of breeding and the purchase of good quality bulls should lead to a substantial increase;

(c) death rate at 4·5% compared favourably with the 1959 rate for the Bechuanaland Cattle Ranch; improved grazing resulting from the construction of further fenced camps and additional watering facilities should lead to a further reduction.

(4) (a) There were no sales of cattle during the year; foot and mouth disease restrictions prohibited movement to markets;

(b) 417 immature oxen were purchased in 1960 for fattening and sale in 1961.

(5) The first full year of independent operation saw extensive development, including the construction of two staff houses, 120 miles of fencing, 80 miles of firepaths and 20 boreholes; future years will benefit.

(6) Loss £3,355; due to restriction on sales.

Panda-ma-Tenga Ranch—Manager: M. M. de Villiers

(1) A direct CDC project with capital employed £118,584 at 31.12.60 (31.12.59 £67,164); formerly the northern section of the Bechuanaland Cattle Ranch, it is now separately managed.

- (2) Policy is to fatten cattle purchased immature from the Ngamiland Cattle Exporters' Association via Bushman Pits Ranch.
- (3) (a) Intake from Bushman Pits Ranch, suspended in 1958 and 1959 owing to veterinary restrictions on movement of cattle, was resumed in 1960 and herd increased from 1,834 head at 31.12.59 to 5,232 head at 31.12.60;
- (b) death rate at 7.9% was disappointingly high (1959 7.6%); more than half the year's deaths occurred in November when floods took their toll of cattle debilitated by drought.
- (4) (a) 4,202 immature oxen were bought in 1960; they should be ready for sale in 1961 and 1962;
- (b) suspension of movement of cattle into the ranch during 1958 and 1959 meant that few cattle were available for sale in 1960; only 506 head were sold.
- (5) As agent for Bechuanaland Protectorate Abattoirs Ltd (para 88) the ranch handled part of the export of mature cattle from Ngamiland but a more southerly route to line-of-rail has now been developed.
- (6) Watering facilities and fencing were extensively improved during the year.
- (7) Profit £3,008; a satisfactory result in view of restricted sales.

88 Bechuanaland Protectorate Abattoirs Ltd (formerly "Lobatsi Abattoir")—

Manager: D. E. Sturgeon

- (1) A company registered in Bechuanaland with issued share capital £300,000; CDC holds £150,000 shares and £300,000 6% first mortgage debentures redeemable 1961-75.
- (2) (a) As forecast in last year's report, CDC's Lobatsi Abattoir project was transferred to the newly formed company during the year with retrospective effect to 1.1.60 in return for £300,000 shares and £300,000 debentures;
- (b) under an agreement signed on 5.11.60, also with retrospective effect to the beginning of the year, CDC sold half the share capital at par to the Bechuanaland Protectorate Government (£75,000) and the Livestock Producers' Trust (£75,000) which had been set up for the benefit of the territory's livestock industry; the Government and the Trust have an option to buy the outstanding balance of the CDC investment at any time;
- (c) dividends are restricted to 6% (cumulative) while the company enjoys the sole right to export slaughter cattle and beef from the Protectorate; profits in excess of this, after setting aside prudent reserves, will be paid to the Livestock Producers' Trust;
- (d) the company board includes representatives of each section of the cattle industry in the Protectorate; CDC are managing agents.
- (3) (a) Until foot and mouth disease broke out in the Protectorate in July, compelling the abattoir to close, there was every prospect of 1960 being another year of record throughput; 75,248 head had been slaughtered by 31.7.60 (69,438 in the same period of 1959). The abattoir re-opened

in September, when the southern half of the Protectorate was declared free of disease, but only 3,591 head were offered for slaughter between then and the end of the year;

(b) analysis by markets of cattle handled over the last three years—

	1960	1959	1958
	Head	Head	Head
Abattoir sales of carcase beef—			
Union of South Africa	30,183	56,073	38,234
other traditional markets in Africa	5,807	4,307	16,683
overseas	41,352	26,646	6,567
	77,342	87,026	61,484
Condemned carcasses	1,497	2,543	1,806
	78,839	89,569	63,290
Total slaughtered	8,377	10,188	7,275
Exports of live cattle			
Total offtake from BP cattle industry	87,216	99,757	70,565

(c) The Union took 39% of the abattoir's beef as against 64% in 1959. With continued slack demand from the Federation and Congo markets, overseas markets acquired a greater importance taking 53% of the abattoir's beef. Unlike the Union, overseas markets remain open for beef from non-infected areas despite the existence of disease elsewhere in the Protectorate.

(4) In these circumstances it has been agreed that a subsidiary company should be formed to market overseas the beef and offal surplus to the needs of the abattoir's traditional markets in Africa, combined with a cannery at Lobatsi; the abattoir company will hold a 60% interest and 40% will be held by Mr C. Hurvitz, the principal exporter of Lobatsi beef; Mr Hurvitz will be managing agent.

(5) Total sales £2,249,960 (1959 £2,512,837). As in 1958 and 1959, net proceeds of beef sales were paid to producers, while the abattoir derived its revenue from the sale of hides, offal and by-products. Net profit earned by Bechuanaland Protectorate Abattoirs Ltd, after tax, was £123,055; after writing off preliminary expenses of £13,326, appropriations to reserves of £41,729 and dividend of £18,000 (6%), £50,000 has been paid to the Livestock Producers' Trust.

(6) 1961 started unpromisingly owing to a further outbreak of foot and mouth disease in the northern half of the Protectorate, but long-term prospects for the cattle trade and company are good.

89 Bushman Pits Ranch

(1) Capital at 31.12.60 £15,095.

(2) (a) An outlying station leased to Ngamiland Cattle Exporters Association in 1955 for grazing immature cattle from Ngamiland until ready to be sold to CDC at Panda-ma-Tenga Ranch for final fattening;

(b) CDC provides fencing, watering facilities etc, NCEA undertaking to maintain the assets and to refund cost by 1.7.65; NCEA also undertook to reinstate dilapidated fencing, CDC advancing the cost and recovering it from the Association over the same period;

(c) CDC and banks jointly offer loan facilities for financing members' cattle.

(3) NCEA has only partly carried out the reinstatement of fencing; as a result parts of the ranch have become badly overgrazed. This overgrazing has been accentuated by NCEA using the ranch as a transit camp for mature cattle en route to markets.

(4) Movement restrictions imposed by Government veterinary authorities late in 1959 were lifted early in 1960; most of stock accumulated at 31.12.59 was sold before restrictions were again imposed in July to control foot and mouth disease. Panda-ma-Tenga Ranch took the immature cattle (4,202 head) and the mature cattle were exported.

(5) 3544 slaughter cattle were on the ranch at 31.12.60 (7,173 at 31.12.59); most will be sold in 1961 if restrictions are lifted.

(6) Net administration cost less rent and interest received was £700 (1959 £826); CDC regards the project more as a source of supplies for Panda-ma-Tenga Ranch than as a potentially profitable venture.

90 Molopo Ranch—Manager: E. J. Transfeldt

(1) A direct project with capital £203,692 (1959 £201,039).

(2) 1960 was another very severe drought year; CDC's development of water and grazing facilities prevented the ranch from suffering the heavy mortality prevalent elsewhere in the area, but cattle sent for slaughter were not in such good condition or as heavy as previously, although still above Protectorate average.

(3) (a) Herd strength increased during the year from 10,192 head to 11,123 head;

(b) 2,023 births in 1959/60 season represented a calving percentage of 57% (1958/59 54.2%); death rate in 1960 was 2.3% (1959 3.3%), lowest yet recorded at ranch; a good achievement in a difficult year.

(4) (a) 1,203 head were sold to Lobatsi Abattoir for slaughter (1959 2,350 head); as grading and weight were disappointing, sales were deliberately restricted; this contributed to poor financial results;

(b) 588 cattle were purchased in 1960 for sale in 1961.

(5) 33 $\frac{3}{4}$ miles of fencing were constructed during the year and two more boreholes sunk.

(6) About half the leased area is now fully developed; proposals for developing the remainder for settlement are being drawn up.

(7) Net loss for the year £2,102 (1959 profit £12,437).

SWAZILAND

91 Mhlume (Swaziland) Sugar Co Ltd

(1) Issued capital 1.25m shares of £1 each fully paid, held 60% by Sir J. L. Hulett & Sons Ltd and 40% by CDC. CDC has, in addition, lent £2,580,000 secured on the company's assets.

(2) The company has a milling quota to produce 40,000 tons of sugar per annum; it is also licensed to grow 80% of the mill's requirements of cane. Production and marketing arrangements are regulated by agreements in which South African Government and the South African Sugar Association are joined.

(3) The company has over 7,500 acres under sugar cane, irrigated by the canal built on CDC's Swaziland Irrigation Scheme project, and further

planting is in progress to bring planted area to 8,750 acres by end 1961. Growth and yield of cane have been excellent.

(4) The mill began full scale operations in March 1960. Sir John Maud, High Commissioner for Basutoland, Bechuanaland Protectorate and Swaziland, performed the official opening ceremony on 5.5.60.

(5) The company has fulfilled its 40,000 ton quota in its first full year ending 30.4.61 and in addition expects to produce up to a further 4,000 tons of sugar towards the quota shortfall by the other Swaziland sugar mill.

(6) The company should make a reasonable profit during its first full year of operation and is to be congratulated on its production achievements.

92 Swaziland Irrigation Scheme—General Manager: A. N. Goode, OBE

(1) A CDC direct project in the north eastern corner of Swaziland with capital employed £2,721,234 (1959 £2,600,782).

(2) The 42-mile Mhlume Water canal (book value £1,122,494) represents 40% of the total investment. It serves Mhlume (Swaziland) Sugar Co Ltd and other cane growers, as well as SIS. Water sold from Mhlume Water including CDC's own usage was 44,332 acre feet (1959 38,937) which is still much less than the canal's capacity. Revenue from water sales was £51,162, a surplus of £32,008 over operating costs, which represents 2.9% of capital cost.

(3) The CDC project still comprises 92,000 acres, of which 20,000 acres are under command of Mhlume Water. There are 1,000 acres planted to rice, and 700 acres planted to sugar cane, and a further 1,300 acres which have been under rice but are now being fallowed. There are also 200 acres under citrus.

(4) 9,500 head of cattle are ranched on the uncultivated part of the project organised in three self-contained beef ranches, a breeding herd and a Jersey dairy herd.

(5) Two experimental settlement schemes were started in 1960 to assess the economics of individual farmers working for their own account. The schemes for which about 600 acres have been set aside provide for both Swazi and European farmers and are designed to acquire information on which to base full-scale settlement schemes.

(6) Trading results were less favourable than in 1959, mainly due to an unsuccessful rice crop. Summarised details with comparative figures for 1959 were—

	1960	1959
	£	£
Livestock net revenue	25,114	10,176
Mhlume Water net revenue	32,008	16,760
	<hr/>	<hr/>
	57,122	26,936
Agriculture loss	8,957	profit 60,798
	<hr/>	<hr/>
	48,165	87,734
Less administrative expenses after crediting sundry trading profits	14,199	35,303
	<hr/>	<hr/>
Net profit	£33,966	£52,431
	<hr/>	<hr/>

93 Usutu Pulp Co Ltd

- (1) (a) A private company formed by CDC and Courtaulds Ltd in Swaziland on 11.7.59 to establish an integrated forest/pulp mill undertaking at Usutu Forests, where CDC had planted up nearly 100,000 acres of pines over the years from 1950;
- (b) Courtaulds and CDC each hold half the £5m capital. CDC received £3.25m of first debenture stock in consideration for the forest project. Total cost at completion is estimated at £10-£11m including the forest.
- (2) Good progress has been made in erecting the mill, which has been designed by Courtaulds to incorporate special techniques, on the site by the Great Usutu River just below the Evelyn Baring Bridge. The new township at Bunya to house workers at the mill is now virtually complete while the administrative township at Mhlambanyati near the old forest headquarters is nearing completion.
- (3) Although work on the Government's road construction programme is behind schedule, delivery of plant and materials to the mill site has so far not been seriously impeded.
- (4) Key personnel for the mill have been recruited. Training of personnel for exploitation of forests and testing of extraction methods and equipment has proceeded at company's outlying Gege Plantation.
- (5) Production is planned to start in the latter half of 1961. The mill has a designed capacity of 100,000 short tons of pulp per year most of which will be exported to UK and European markets.
- (6) The company, when in full production, will provide employment for over 3,000 in Swaziland. It is the company's intention to make special arrangements for teaching technical and other skills to enable local men and women to take their full part in the company's organisation and operations according to their qualifications.

TRISTAN DA CUNHA**94 Tristan da Cunha Development Co Ltd**

- (1) (a) A public company incorporated in South Africa. CDC holds £130,000 out of the total share capital of £250,000;
- (b) the company owns and operates two sea-going vessels to catch rock lobster in the Tristan da Cunha group of islands.
- (2) (a) 1959/60 fishing season (August to March) broke the previous year's record with 34,971 cases of frozen lobster tails (1958/59 season 31,085 cases);
- (b) the island cannery which had not worked successfully was closed in 1960 and increased freezer capacity was installed to store the islanders' catch, with encouraging results;
- (c) prospects for 1960/61 season are fair.
- (3) Net profit for year ended 30.6.60 was £14,705 (30.6.59 £18,009); a disappointing result from a record catch, due to unusually heavy cost of ship repairs and to write-off of condemned canned products; deficiency on profit and loss account was reduced to £71,467.

WEST AFRICA REGION

Regional Controller:

A. T. De B. Wilmot

Regional Office:

5 Custom Street,
Lagos,
Nigeria

95 Regional summary

(1) There are 18 projects with total commitments £14,672,000 (1959 £9,798,000) of which £3,752,000 (1959 £2,731,000) had been spent at 31.12.60—comprising agricultural projects, investments in factories and a sawmill, hotels and house mortgage finance, road building, water supply and land reclamation projects, and local development companies.

(2) Two new projects were approved. Sierra Leone Investments Ltd is a joint development company with Sierra Leone Government under management of Development Corporation (WA) Ltd, CDC's West African subsidiary, and the Guma Valley Water Scheme is in association with Sierra Leone Government and Commonwealth Development Finance Co Ltd. CDC also agreed to put Nigeria Hotels Ltd (CDC subsidiary from January 1960) in funds to provide working capital for the new Bristol Hotel in Lagos (on lease from a Nigerian owned company) which Nigeria Hotels Ltd will manage. Two projects listed in last year's report, Gambia Development Co and Kaduna Hotel, have lapsed owing to decisions by the Governments concerned not to proceed.

(3) Nigeria became independent on October 1st 1960. Sierra Leone will do so on April 27th. The Southern Cameroons has held its plebiscite and has chosen independence with the Cameroun Republic, so CDC is now debarred from investing in new projects in Ghana, Nigeria, Sierra Leone and Southern Cameroons—which leaves The Gambia as the regional organisation's only remaining field for new enterprise. During the year CDC arranged for a West Indian expert to investigate the possibility of a lime-growing project in The Gambia but the scheme was not found to be commercially justified.

(4) The Southern Cameroons' vote to join the Cameroun Republic means that CDC will, for the first time, find itself operating in a territory outside the Commonwealth and thus be faced with new problems. CDC commitment to invest £3m is contingent as to the last £2m on reconstitution of Cameroons Development Corporation (now a statutory agency) as a company. Under the original agreements between CDC, the Governments of the Federation of Nigeria and of the Southern Cameroons, and the Cameroons Development Corporation, CDC's obligation to make further loan advances will cease if a situation arises which in CDC's opinion materially alters the state of the company's affairs: a change in the constitution of the Southern Cameroons would not of itself extinguish CDC's obligation to lend. CDC is proud of what it has done and is doing in the territory, and in any circumstances would only exercise this right with great reluctance.

(5) Among existing projects, Nigeria Housing Development Society Ltd at last began to expand its lending operations rapidly and indeed new commitments were rationed to £100,000 a month so as not to outrun resources of

money and organisation. In December a further investment of £1.5m in the Society was approved bringing total CDC commitment to £2,725,000. The company board has been able to arrange for some local finance and there is reason to hope that substantial funds from sources other than CDC may now be in sight.

(6) The three local development companies (Industrial and Agricultural Co Ltd, Investment Company of Nigeria Ltd and Northern Developments (Nigeria) Ltd) have met difficulties in finding sound projects in which to invest but each has now made a start. For the rest, the emphasis has been on strengthening management and tightening up administration, a policy which has already shown good results in the case of Cameroons Development Corporation.

(7) There are now two graduates of Ibadan employed as senior executives in the region—one of them was acting as relief manager of Northern Developments (Nigeria) Ltd at the year end. Increased attention in co-operation with other bodies, including the British Institute of Management, is being given to project training schemes, notably by Nigeria Hotels Ltd which has opened a training school for the hotel and catering trade in West Africa and already employs UK-trained Nigerians as assistant managers. Cameroons Development Corporation has also stepped up its training schemes for Cameroonians in anticipation of the territory's separation from the Federation of Nigeria. Scholarships are being awarded to Commonwealth universities and a Cameroonian has been awarded a scholarship by Cameroons Development Corporation to Massachusetts Institute of Technology.

(8) Net revenue credited to CDC profit and loss account from the region was £149,000, before charging cost of Head Office organisation and UK Government interest, representing nearly 4% on capital employed. There is yet some way to go before revenue will cover interest payable to UK Government on the capital employed in the region.

GHANA

96 Coast Construction Co Ltd (Ghana)

- (1) (a) Issued capital at 31.12.60 100,000 £1 shares held equally by CDC and Stirling-Astaldi (Africa) Ltd; CDC debenture loan was £155,000;
- (b) Stirling-Astaldi (Africa) Ltd are managing agents and combine management of this company with that of Coast Construction (Nigeria) Ltd (para 97).
- (2) Another effective year's work in 1960. Road construction remains the principal activity.
- (3) The company had a good year and declared dividends totalling 75% from 1960 profits.

FEDERATION OF NIGERIA

97 Coast Construction (Nigeria) Ltd

- (1) (a) Issued capital at 31.12.60 60,000 £1 shares held equally by CDC and Stirling-Astaldi (Africa) Ltd; CDC debenture loan was reduced by £5,000 to £193,625;

(b) Stirling-Astaldi (Africa) Ltd are managing agents and combine management of this company with that of Coast Construction Co Ltd (para 96) in Ghana.

(2) Competition in Nigeria among civil engineering contractors is severe. 1960 did not fulfil expectations and results were no better than the previous year.

98 Dorman Long & Amalgamated Engineering Ltd

(1) This company is controlled by Dorman Long & Co Ltd, Middlesbrough. Share capital is £104,861. CDC has lent £100,000 on debenture repayable 1961-70.

(2) The company produces steel structures, tanks, rail wagons and tank cars, lorry bodies and bridges.

(3) The company is carrying out an expansion programme including construction of a heavy assembly shop. This is being financed by loans from Dorman Long.

(4) Additional technical staff has been engaged and, during the re-organisation which is taking place, the company has traded at a loss.

99 Ikeja Industrial Estate

(1) CDC has undertaken to provide up to £500,000 for loans on mortgage for new factories on the Ikeja Industrial Estate, which is being developed a few miles north of Lagos by the Western Region Housing Corporation.

(2) Two factories are now in operation, five are under construction, and sites have been allocated for several more; this accounts for some 170 acres, and the area allocated to industrial development has been increased from 200 to 300 acres.

(3) So far the companies which have taken advantage of the estate facilities have been large concerns who have not needed CDC finance; CDC is considering how it can best help future development.

100 Ilushin Estates Ltd

(1) (a) Issued capital 795,000 £1 shares held equally by CDC, West African Joint Agency Ltd (WAJAL) and Western Nigeria Development Corporation; shares 10/- paid;

(b) managing agents are Nigerian Joint Agency Ltd, a subsidiary company of WAJAL.

(2) (a) The company holds lease of 10,848 acres of land at Ilushin, Western Nigeria; it plans to grow 5,000 acres of rubber; at 31.12.60 2,384 acres had been planted and 586 acres of the 1,280 acres to be planted in 1961 had been cleared; the intention is to complete the planting programme in 1962;

(b) wage rates, raised by 10% in 1959, were further increased from 1.4.60 in line with the Morgan Commission recommendations and rates paid by other employers.

(3) Cost of bringing 5,000 acres to full development, estimated in 1957 to be £750,000, is now expected to be exceeded; revised estimates are being considered.

(4) Expenditure to 30.9.60, the end of the company's financial year, £304,460 (30.9.59 £202,883).

101 Industrial and Agricultural Co Ltd—Manager: P. G. Nelson

- (1) Issued capital £1,036,000 represented by
 - (a) one million ordinary shares of £1 each, 3d per share paid up, held as to 680,000 shares by CDC and 320,000 shares by Eastern Nigeria Government;
 - (b) 36,000 deferred shares of £1 each fully paid (5/- per share paid at 31.12.59) held by Eastern Nigeria Government.
- (2) The company's object is to assist the economic development of Eastern Nigeria by investigating, initiating and supporting commercial schemes in industry and agriculture.
- (3) CDC's West African subsidiary, Development Corporation (West Africa) Ltd, is managing agent.
- (4) Two small investments totalling £11,500 were made during the year; twenty schemes are under active investigation, some of which should lead to further investments.
- (5) Loss for year £7,703, increasing accumulated loss from date of incorporation to £10,755.

102 Investment Company of Nigeria Ltd

- (1) Issued capital one million £1 ordinary shares, fully paid of which CDC holds 100,000 shares.
- (2) The company was sponsored by the Commonwealth Development Finance Co Ltd at the request of the Nigerian Federal Government to stimulate and assist industrial development in Nigeria.
- (3) The company entered into several substantial commitments during 1960 and helped to promote and establish a Stock Exchange in Lagos. Other projects are under investigation.
- (4) Investments and loans at 31.12.60 amounted to £122,115.

103 Lagos Executive Development Board

- (1) Loan of £1·25m in 1950, guaranteed by the Nigerian Federal Government, towards the Board's £1·85m scheme for reclamation and development of 1,000 acres at Apapa.
- (2) Development as an industrial and residential district was completed in 1958.
- (3) Loan is repayable by annuities 1961–90, unless an option is exercised by either party for termination and repayment of the outstanding balance at 31.8.70 or 31.8.80.

104 Nigeria Hotels Ltd—Managing Director: E. G. de S. Hall

- (1) (a) Issued capital 205,000 shares of £1 each fully paid of which CDC holds 110,000 shares; balance held by Nigerian Railway Corporation, Federal Government and Northern Nigeria Government;
- (b) at 31.12.60 secured loans from Nigerian Federal Government were £148,693; CDC has agreed to lend the company £225,000 (ranking *pari passu* as to security with Government loans) to extend and improve the company's existing hotels;

- (c) CDC has also undertaken to lend £150,000 on second mortgage to enable Nigeria Hotels Ltd to subscribe £150,000 preference shares in Lagos Hotel Ltd, a recently formed subsidiary which will lease and operate the new Bristol Hotel in Lagos (see para (3) below).
- (2) Nigeria Hotels Ltd owns and operates the Central Hotel at Kano and the Ikoyi Hotel at Lagos, leases and operates Kano Airport Hotel and provides catering services for the Nigerian Railways and Kano Airport. The company has started a catering school at Kano for its staff.
- (3) Lagos Hotel Ltd was formed with an issued capital of £152,000 (£9,500 paid up at 31.12.60) to lease and operate the new Bristol Hotel which is being built in the centre of Lagos by National Investment and Properties Co Ltd which holds a 40% interest in the equity of Lagos Hotel Ltd. The hotel will be fully air conditioned and will have 69 bedrooms (about 110 beds), appropriate public rooms, shops and its own car park. The hotel is expected to open about September 1961.
- (4) Nigeria Hotels Ltd made a profit in the 16 months period ended 31.12.60 of £75,507 (12 months to 31.8.59 £49,448). The company paid interim dividend of 10% on capital paid up at 31.8.60 and a final dividend of 3½% on paid up capital at 31.12.60 (5% paid in respect of year to 31.8.59).

105 Nigeria Housing Development Society Ltd (“Nigeria Building Society”)
—General Manager: C. Campbell, OBE

- (1) (a) Share capital 1,625,000 shares of £1 each became fully paid in February 1961 when a final call of 2/- per share was made; shareholdings are CDC £975,000, Federal Government £500,000, Eastern Nigeria Government £150,000;
- (b) CDC has entered into a commitment to lend up to £1,750,000; no advances at 31.12.60;
- (c) CDC investment at 31.12.60 £879,450 in shares.
- (2) (a) 1960 was another year of rapid expansion; the mortgage asset increased by £967,941 to £1,471,758 at 31.12.60; outstanding commitments to lend totalled £779,790 (£314,975 at 31.12.59);
- (b) the Society is now concerned about the additional finance after the CDC commitment has been spent which will be required to enable it to maintain expansion in 1962.
- (3) (a) A branch office was opened in Eastern Nigeria early in 1960; already the mortgage asset and commitments in this Region amount to more than one-fourth of the Society's total;
- (b) the Society continues to exert an influence towards better building standards; and it has already contributed significantly to the alleviation of housing problems;
- (c) the Society's board includes representatives of the participating governments and of local commercial interests.
- (4) Net profit in 1960 was £56,694 (£11,243 in 1959); a 2½% dividend is to be paid and £6,978 carried forward.

106 The Nigerian Cement Co Ltd

(1) Capital was increased to £2.1m in November 1960 by a one-for-five bonus issue to existing shareholders. CDC now holds £225,000 stock. Apart from the original Government and trade investors there are now over 2,000 individual shareholders, the great majority of whom are Nigerians.

(2) The Tunnel Portland Cement Co Ltd are managing agents.

(3) The company manufactures cement from local limestone at Nkalagu near Enugu in Eastern Nigeria. An extension to the factory was completed in the autumn of 1960 doubling its rated capacity to 200,000 tons annually. The company is building a factory to make its own paper bags for cement.

(4) 155,000 tons of cement were produced in the calendar year 1960 (1959 120,700 tons).

(5) Net profit for financial year to 31.3.60, £450,380 (1959 £423,679); a 10% dividend was paid on capital prior to the bonus issue. Current year's trading is encouraging.

107 Northern Developments (Nigeria) Ltd—Manager: D. T. Murphy

(1) (a) Issued capital £750,000 represented by 750,000 shares of £1 each, 2/- per share paid up held as to 450,000 shares by CDC and 300,000 shares by Northern Region Development Corporation;

(b) an interest free loan of £25,000 towards administration expenses has been made by the Government of Northern Nigeria.

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

(3) Management is in the hands of Development Corporation (West Africa) Ltd, CDC's West African subsidiary.

(4) Investments in two projects at 31.12.60 totalled £57,000; 11 schemes are under active investigation with some good prospects.

(5) Loss for year £6,435 increasing loss from date of incorporation (9.9.59) to £10,513.

108 Northern Housing Estates Ltd

(1) Capital at 31.12.60 was £10,000 equity, £155,000 debentures held by the Government of Northern Nigeria and £20,000 7% cumulative preference shares held equally by CDC and Costain (West Africa) Ltd.

(2) The company, managed by Costain (West Africa) Ltd, owns a housing estate at Kaduna. The estate, comprising 396 houses, was not fully occupied till 1960 but there is now a waiting list of prospective tenants. The possibility of building more houses is being considered.

(3) Profit for year to 31.3.60 before debenture interest was £6,358 (1958/59 £235). Interest on debentures due to 31.3.59 has now been paid and, with continued full occupancy, both debenture interest and preference dividend payments should be brought up to date in the near future.

109 Omo Sawmills of Nigeria Ltd—General Manager: G. S. Macpherson

(1) (a) Issued capital 250,000 shares of £1 each fully paid of which CDC holds 186,997; other shareholders include Wm Mallinson & Sons Ltd and a group of Nigerian timber interests headed by Senator Chief T. A. Odutola, OBE;

(b) unsecured loan from CDC £32,500.

(2) Since 1950 the company has held a 25-years forest concession in the Omo and Oshun reserves in Western Nigeria with a licence to cut 1% of 429 square miles annually; the sawmill was brought into operation in 1953.

(3) (a) Sawmill input was 634,661 cu ft (1959 671,472); conversion factor 53.4% (1959 55.1%);

(b) sales—

	1960	1959
	£	£
Export	56,328	56,624
Local... ..	160,499	162,141
	<hr/>	<hr/>
	216,827	218,765
	<hr/>	<hr/>

(4) Nigerian Railways' switch to steel sleepers caused the sharp reduction in sales of sleepers; selling prices however improved and operating costs have been reduced.

(5) The Government has been asked to approve accelerated cutting of the forest so that the mill can run to capacity. To date this permission has not been given.

(6) Profit £195 (1959 £11).

SIERRA LEONE

110 Freetown Hotel Ltd—Manager: G. Ames

(1) (a) Issued capital at 31.12.60 £150,000 represented by 50,000 £1 A preferred shares, fully paid, held by CDC and 100,000 £1 B deferred shares, fully paid, held by the Sierra Leone Government;

(b) CDC and the Government have also undertaken to subscribe in equal proportions up to 25,000 A shares and 25,000 B shares respectively if further finance becomes necessary;

(c) CDC has agreed to lend £200,000 on debenture guaranteed by Government; £150,000 advanced at 31.12.60.

(2) The company has built the Paramount Hotel at Freetown and brought it into operation by scheduled date; architects were James Cubitt & Partners and contractors Taylor Woodrow (Sierra Leone) Ltd. The hotel has 48 air-conditioned bedrooms and has first class hotel facilities for businessmen and other visitors. The provision of this much needed hotel should help the development of Sierra Leone.

(3) The hotel was formally opened by HE The Governor of Sierra Leone on 15.12.60.

(4) Total share and loan capital subscribed at 31.12.60 was £300,000 but it is estimated that the final cost of bringing the hotel into commission may be £350,000 in accordance with the original estimates.

111 Freetown Water Supply Project (Guma Valley Water Company)

(1) CDC and Commonwealth Development Finance Co Ltd have agreed to co-operate with the Sierra Leone Government in establishing the Guma Valley Water Company to take over and develop water supplies in and around Freetown.

(2) Besides taking over existing installations, the company will construct a dam in the Guma Valley. Howard Humphries & Sons are the consulting engineers. The Sierra Leone Government has already spent £1,650,000 on preliminary works and will provide up to a further £850,000. Cost to complete works is estimated at £3.25m of which £400,000 is to be provided by CDFC and £2m by CDC by way of loans guaranteed by Sierra Leone Government.

(3) No advances at 31.12.60.

112 Sierra Leone Investments Ltd

(1) (a) This company is being incorporated in Sierra Leone with registered office at Freetown;

(b) authorised share capital is £350,000 of which CDC will hold 200,000 £1 shares and Sierra Leone Government 150,000; the Sierra Leone Government will also make an interest free loan of £30,000 towards administration expenses.

(2) CDC is glad to join with the Sierra Leone Government in this company which is being formed to assist the economic development of the territory by investigating, initiating and supporting commercial schemes in industry and agriculture.

(3) CDC's West African subsidiary, Development Corporation (West Africa) Ltd, will manage.

(4) No investment at 31.12.60.

SOUTHERN CAMEROONS

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

(1) (a) CDC agreed in 1959 to participate in the financing and management of the Cameroons Development Corporation (Camdev) which have previously been financed by the Government of the Federation of Nigeria;

(b) CDC undertook to lend £1m to Camdev, as then constituted, to finance the development of its estates and contingently to provide a further £2m when Camdev should have been reconstituted as a company;

(c) £100,000 had been drawn against CDC loan at 31.12.60, being substantially less than estimated owing to the improved Camdev operating results during the year.

(2) CDC is represented equally with the Governments of the Southern Cameroons and the Federation of Nigeria on the Camdev Board, with Mr V. E. Mukete as chairman. CDC became managing agents on 1.1.60.

(3) The scale of the Camdev development programme was maintained, 5,135 acres (1959 4,996) being either newly planted or replanted. The chief contributions were made by rubber 1,869 acres, bananas 1,952 acres and palms 873 acres.

(4) Total planted acreage at 31.12.60 was approximately 55,000 acres comprised as under—

	<i>Mature</i>	<i>Immature</i>	<i>Total</i>
Rubber	13,111	7,560	20,671
Bananas	10,457	1,952	12,409
Oil palms	15,435	4,452	19,887
Cocoa	883	450	1,333
Tea	188	350	538
Pepper	44	—	44
			54,882 acres

(5) (a) Camdev Board in November 1960 approved a development programme for 1961 estimated to cost £446,400 for upkeep of previous years' plantings plus new development. Planting targets are—

Rubber	3,350 acres
Oil palms	1,500 „
Bananas	1,400 „
Cocoa	400 „
Tea	200 „
	6,850 „

(b) during the year effective banana acreage will be reduced while effective acreage of other crops will increase.

(6) (a) Results for 1960 were—

Trading surplus on—	£
rubber	385,532
bananas	138,058
palm products	164,757
other crops	7,836
sale of planting material	32,740
Total trading surplus	728,923
Add miscellaneous income (net)	130,937
	<u>859,860</u>
Less administration expenses	£
etc.	412,095
depreciation	321,032
loan interest	100,945
	<u>834,072</u>
Net profit (payable to Southern Cameroons Govern- ment)	<u>25,788</u>

(b) cost of medical services, education and social welfare included above is £214,076;

(c) in 1960 Camdev made direct payments to the Governments of £109,000 in rent and loan interest, plus a further £342,456 in customs duty and sales tax; in addition to its own extensive engineering, transport and shipping services, Camdev also operates the ports of Bota and Tiko, which serve the Territory as a whole.

(7) In the recent plebiscite held under United Nations auspices in February, the Southern Cameroons voted in the ratio of 7 to 3 in favour of union with the Cameroun Republic; the implications of this decision are now being studied with particular reference to future eligibility of Southern Cameroons produce for Commonwealth and/or European Common Market preferences.

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