

1935.

Kenya.

No. 38071.

SUBJECT

C0533/457

Land + Agricultural Bank.

Previous

23089/34.

Subsequent

1936 files.

See 38128/36. (Loan for Land Bank.)

38216/2/36.

3071/35-36 Kenya  
Land & Agricul. Bank

2  
14 Feb. 35.

89

Director  
Bank  
Land & Agr.

Summers affairs of a loan which the Land Bank  
purpose to make to Mr J. H. Frank & seeks approval of the  
remission of interest charges on the amount owing by him in  
respect of a loan from the Agricultural Advances Board as  
from 10<sup>th</sup> May 1934.

Here is the case of a farmer (Mr Frank)  
who owns property valued at  
£7500 on which there is a  
first mortgage of £3500. In  
addition there is a charge  
on the property of £2669 in  
respect of a debt to the  
Agricultural Advances Board.  
Mr Frank is being pressed by  
the first mortgagee for  
repayment of the £3500.

In accordance with the  
principle approved in No 1  
on 23089/34, an arrangement  
has been made by which  
the Land Bank will advance  
£2500 to Mr Frank. The  
Bank will become the  
first mortgagee. They will be  
indemnified by government  
against the loss of the £2500  
& will also hold a guarantee

Assessment  
Book  
Land & Agl.

Govs. Deputy Wade 87

14 Feb 35.

Furnish details of a loan which the Land Bank  
intends to make to Mr J. H. Frank & seeks approval of the  
remission of interest charges on the amount owing by him in  
respect of a loan from the Agricultural Advances Board as  
from 10 May 1934.

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the Land Bank will advance  
£2500 to Mr Frank. The  
Bank will become the  
first mortgagee. They will be  
indemnified by Government  
against the loss of the £2500  
& will also hold a guarant.

of Mr Frank's family to  
liquidate the debt of £1500.

It is an integral part  
of the arrangement that  
Mr Frank should be absolved  
from the payment of interest  
on his debt to the  
Agricultural Advances Board  
as from the 10<sup>th</sup> May 1934.

Government is satisfied  
that such remission is  
justified so <sup>we can</sup> approve  
the proposal in para 6  
of the despatch.

C. J. Fox-Smith.  
12. 3. 35.

We are not told what is the "satisfactory  
security" which has been provided for  
the A.A. debt of £2688. It can hardly  
be better than a 3<sup>rd</sup> mortgage, the  
Land Bank ranking first for £2500 and  
the Mr. Frank <sup>second</sup> for the £1500 still outstanding.

In effect, Mr. Frank will have borrowed  
£5168 from L.P.O., on which he will pay  
£150 in annual interest (= 2.9%). And Lord  
Francis Scott says that L.P.O. does nothing  
for the farmer.

This case is really covered by the approval already given  
but it is pretty "promised finance" for all that.

Mr Frank has a mortgage on his farm for £3500

He also borrowed from the A.A. Board £2,522.30

On this last he has paid no interest at all so  
there has accrued a further sum of £146.8.

It is now proposed that

The Land Bank should lend him £2500 on first  
mortgage. £2000 will be paid to the mortgagee who will then  
take a second mortgage for the balance of £1500. The A.A.  
debt will still remain but a guarantee from the debtor farmer  
will be provided in the shape of five promissory notes for £500  
and one for £168.12.9<sup>d</sup> repayable in June each year up  
to 1940. No interest is to be charged on this last lot.

So, as Mr. Heston says, he will have borrowed £5,168  
£2,668 of which is free of interest & will pay interest only  
on the £2,500 mortgage to the Land Bank. Land Bank is guaranteeing  
the Bank against loss!

What will happen when the notes fall due and are not met  
(I'll be surprised if they are!)

But it is fairly clear that the A.A. Board stands to lose  
its advance for a dead certainty if nothing is done, and they  
may get it back if the notes are paid.

So I suppose we had better agree to remission of  
the interest on the A.A. Board loan (all we we asked to  
do as the rest of the transaction has been approved) and say  
nothing about it.

[N.B. The cultivation appears to be 101 acres of coffee.  
Is Kenya coffee worth processing on such terms?]

J. L. Hood  
13.3

one might well arrive at a different conclusion from  
that which has in fact been reached in Kenya; but  
they are in touch with all the minutiae of the  
position; and they are in a far better position, as  
regards cases of this kind, to judge than we are.  
I'd let them do their job—and <sup>agree</sup> approve as proposed.

The 10th March, 1935.

15/3/35

I had sure that they will be. I know

we are! It's six good  
annual promissory notes  
each due up to 1940.  
That is not very satisfactory  
my opinion.

of their circumstances - of all  
counts, that they were left very well  
provided for by their mother. I thought  
that they have nearly used them -  
proceed since except the report  
J. H., who started too his Kenya  
career in the industry SEADOC  
and has had some illness since.  
He asked me last year to if I  
could write that he was on the  
General anti-trust of the family  
as guarantors, I did.

W.B.  
16.3.35

2 To Kenya, 207 (1 unansd) 20 MAR 1935

3. W.B. Manley \_\_\_\_\_ 3 Apr. 35.

Requests that he may be supplied with a copy  
of the Land Bank Report 1934.

See the cover with the Manley  
on 23319/24.

? Inform him that a copy of the  
Annual Report of the Land Bank  
for 1934 will be sent to him  
when copies are received from the  
Govt. of Kenya. Cross with  
4/4/35.

and we must remember to send it.

W.B.  
4/4/35

5. A/Asst. Secretary 3/4/35 \_\_\_\_\_ 30 Apr. 35

Trans 12 copies of Report of the Board of the Land &  
Agricultural Bank 1934-5.

1 copy of the Report  
Shank & Lacey

1 copy sent to Mr Manley

1 copy sent to Mr Manley

Comm.

30/4/35

Send it 3/4/35.

W.B.  
8/4/35

6 To W.B. Manley - 3/4/35 - 10/5/35  
(with Report in 5)

Recd from  
W.B.

D.R.

4. W.B. Manley \_\_\_\_\_ 11 January 35

Requests that if a copy of the Land Bank Report 1934 is not  
yet available he may be given information regarding the reduction  
of interest to 6%.

Mr. Manley has now received a copy of the  
Land Bank Report for 1934, but he will find the  
information he wants in it. P.24 of the Report  
states that the S. of S. has approved the reduction  
to 6% per cent. as from the 1st of January, 1935,  
of the interest charged to participants in the  
Agricultural Advances Scheme. This is correct.  
See 3 on 38011/35.

Bank loans.

We know that the Bank pay 3.7 per cent. per annum to Government on the money advanced from the 3 1/2 per cent. Government loan of 1933, whereas the Bank paid 4.7 per cent. on the money advanced from the 1930 loan. It is possible that borrowers from the Land Bank may have been given the benefit of the reduced rate paid by the Bank to Government.

If we can refer, write to Mr. Hanley inviting reference to be made in the report as regards the reduction in the rate of interest charged to participants in the Agricultural Advances Scheme and stating that, as regards the rate of interest charged in respect of Land Bank loans, the best course would be to communicate with the Secretary to the Land Bank, or to write to the Govt., and to see if the rate of interest charged to borrowers from the Land Bank.

C.A. Crossman  
14.5.35

I think this is worth a telegram as in  
d.h.

Direct  
14/5

It is hardly worth a telegram. We know the A.A. rate is down to 6 1/2 % and we also know that it isn't the 5 of 6 who reduced it - he approved the proposal.

Mr Hanley has mixed up the Land Bank's the  
a scheme. Draft herewith.

14

To W.B. Manley (7and) 17/5/35

See No 1  
23089/34

Should a Govt.  
rescue settlers, if so  
how far?

See page 5.  
para 20.

had to be  
work!  
very  
ill

?

Notes: The actual percentage of interest paid by mortgagors to the Land Bank was 4.9% in 1934 - a slight decline on the previous year. It is said that the decline is far from discreditable, and in fact, represents an effort on the part of borrowers which can be appreciated properly only by those who move among the farming community.

The need for increasing the capital of the Land Bank by £500,000 is mentioned again. The increase was recommended in the Report for 1933 - see minutes below

Mo 10 on 23089/34 in the Connection. The increase has since been recommended by the Economic Development Committee.

The administration and winding up of the Agricultural Advances Scheme by the Bank as agents for Govt is proceeding satisfactorily

but by  
C.A. Crossman  
17/5/35

Direct  
18

See. Not a bad report considering the climatic conditions of the year under review.

J. A. Kirkdale  
18/5

18/5

See Bank 40. The proportion of loans to pay off old mortgages (about 50%) does not

O. A. G. Tel 127

31 May 35

Requests that message may be delivered to Sir J. Byrnes  
<sup>from</sup> regarding increase of Land Bank capital & Naasbe Water  
Sutthly

Transferred to  
38128/35  
to Sir J. Byrnes

C. G. G. G.

A

Send 2 copies to Sir J. Byrnes  
with the soft compliments  
& receive with previous  
Land Bank pp & other relevant  
pp.

(The Hand has  
seen the telegram)

C. G. G. G.  
4/6/35  
at once

To Sir J. Byrnes (ref. 9) 13/22 1/6/35

see with Head at A

17 May, 1955.

38071/35

Sir,

I am directed by Secretary Sir Philip Cunliffe-Lister to acknowledge the receipt of your letter dated the 1st of May and received here on the 11th in which you ask as to the rates of interest charged by the Land Bank in Kenya.

2. You have now received a copy of the report of the Board of the Land and Agricultural Bank for 1954 and, if you will refer to paragraph 18 of the Appendix to that Report (printed on page 24) you will see that the interest payable on Agricultural Advances has been reduced by the Board from 8 per cent to  $6\frac{1}{2}\%$  as from the 1st of January this year, and that this reduction was approved by the Secretary of State. There can be little doubt that this reduction is that mentioned in the local Press.

3. The Agricultural Advances Scheme is however distinct from the Land Bank, though the Board of the Bank operates the Scheme as agents for the Government (see paragraph 18 of the main Report, page 5) and the Secretary of State has not been informed

of

W. B. MANLEY, ESQ.,

7

of any variation in the rates charged on advances from the Bank. I am to suggest that your best means of obtaining the information which you require would be to address an enquiry direct to the Secretary of the Land Bank at Nairobi.

I am,

Sir,

Your obedient servant,

(SIGNED) G. E. W. H. J.

C. O.

38071/35 Kenya

Mr. Flood 14-5/3

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shackburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

C. O.  
MAY  
16

17 MAY 1935

Sir

**DRAFT.**

W. B. Manley 8029

I am &c to ask the rest of your

letter dated the 1<sup>st</sup> of May & received here on the 10<sup>th</sup> in which you ask as to the rates of interest charged by the Land Bank in Kenya.

2. You have now received a copy of the report of the Board of the Land & Agricultural Bank for 1934 and, if you will refer to para 19 of the Appendix to that Report (printed on page 24) you will see that the interest payable on Agricultural Advances has been reduced by the Board from 8 per cent to 6½ per cent as from the 1<sup>st</sup> of January this year, and that this reduction was approved by the S. of B. There can be little doubt that ~~this~~ this reduction is that mentioned in the local Press.

3. The ~~Board~~ Agricultural Advances Scheme is however distinct from the Land Bank, though the Board of the Bank operates the Scheme as agents for the Govt. (see para 18 of the main Report, page 5) and the S. of B. has not

**FURTHER ACTION.**

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suggest that your best means of  
obtaining the inf<sup>n</sup> which you require  
would be to address an enquiry direct  
to the Sec<sup>y</sup> of the Land Bank at Nairobi.

W. E. W. FLOOD

97  
1 Temple Gardens,  
Temple,  
E.C. 4.

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

Sir,

*NO 4*  
Your letter dated a few days ago, *you promised to send me as soon as you received a copy of the Kenya Standard Bank Report for 1934.*  
The Report was published in Kenya on April 8th. If no

copy is yet available in London, will you kindly inform me

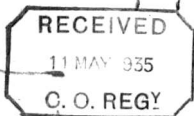
whether it is a fact - as stated in the Kenya press - *that* the

Secretary of State has reduced to 6% as from 1.1.35, the  
combined rates of interest set out in our letter to me

*Handwritten*  
*NO 4*  
No. 23319/34 dated Dec. 12<sup>th</sup> last? *if so whether the reduction applies to advances made before, as well as to those made after*  
Yours faithfully,

1. 1. 35

*D. M. Anderson*



10  
6

1071/35.

The Under Secretary of State for the Colonies  
presents his compliments to Mr. W.B. Manley and, with  
reference to the letter from the Colonial Office of the 9th of  
April, is directed to enclose a copy of the Report of the  
Board of the Land/<sup>and</sup>Agricultural Bank of Kenya, 1934.

DOWNING STREET, S.W.1.

10 MAY, 1935.

38071/35 Kenya

11 J.M.  
C

C. O.

R 9-MAY  
D 9

Mr. Heming  
Mr. 9/5/35  
Mr.

The U.S. of S. for the Colonies

Mr. Parkinson.  
Sir G. Tomlinson.  
Sir C. Bottomley.  
Sir J. Shuckburgh.  
Permt. U.S. of S. (4)  
Parly. U.S. of S.  
Secretary of State.

present his accounts to Mr. W.B. Manley

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Report of the Board of the Land and

Agricultural Bank of Kenya, 1934.

DRAFT. J.M.

Report enclosed in (5)

10 MAY 1935

FURTHER ACTION.

Reciev. for

Consor. of Report



125

THE SECRETARIAT,  
NAIROBI,  
KENYA.

WHEN REPLYING  
PLEASE QUOTE  
No. S. D. Leg. Co. 26/3/6  
AND DATE

RECEIVED  
- 6 APR 1935  
C. O. REGY

8<sup>th</sup>, April, 1935.

The Acting Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies, and has the honour to transmit twelve copies of the Report of the Board of the Land and Agricultural Bank of Kenya, 1934.

*copy of Report to Secretary. (11) on 28/12/35*

15  
COLONY AND PROTECTORATE OF KENYA



REPORT OF THE BOARD OF THE  
LAND AND AGRICULTURAL BANK  
OF KENYA, 1934

Price 1/-

NAIROBI  
PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER  
1935

To be purchased from the Government Printer, Nairobi; or  
The Crown Agents for the Colonies, Millbank, London, S.W.

14

Report of the Board of the Land and  
Agricultural Bank of Kenya  
1934

Report of the Board of the Land and Agricultural  
Bank of Kenya to His Excellency the Governor

For the Year ended 31st December, 1934

YOUR EXCELLENCY,

The following Report of the Board of the Land and Agricultural Bank of Kenya for the year 1934 is submitted for Your Excellency's information. The financial statements required by section 47 of the Ordinance have been prepared and are submitted herewith, duly audited.

THE BOARD.

1. Mr. G. R. Sandford, O.B.E., attended his last meeting as Chairman on April 12th, 1934. By Government Notice No. 326 dated April 23rd, 1934, the Hon. G. Walsh, C.B.E., Colonial Treasurer, was appointed a member and Chairman of the Board.
2. At the meeting of the Board held on April 26th, 1934, the following resolution was passed :—

*Chairmanship.*—Resolved : The unofficial members of the Board desire to record in the minutes their great appreciation of the services rendered by Mr. G. R. Sandford during his temporary Chairmanship. The keenness and enthusiasm which have characterised Mr. Sandford's work with the Board during the past six months have contributed materially to the efficient working of the Bank, while his care in the examination of applications and sound judgments thereon have been of assistance to all concerned.
3. Mr. E. B. Gill retired automatically from the Board on December 31st, 1934, and was reappointed by Your Excellency, *vide* Government Notice No. 748 dated November 12th, 1934.
4. At a meeting of the Board held on January 29th, 1934, leave of absence was granted Mr. W. C. Hunter for nine months, and it was resolved to recommend to Your Excellency that Capt. F. O'B. Wilson, C.M.G., be appointed in his stead for this period. The recommendation was adopted *vide* Government Notice No. 136 dated February 14th, 1934.

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5. Capt. F. O'B. Wilson attended every meeting between February 28th and October 16th, 1934, and at the expiration of his term of office it was recorded:—

"That the thanks of the Board are due to Capt. F. O'B. Wilson for the very great assistance rendered by him on the Board as substitute member for Mr. W. C. Hunter."

6. Mr. W. C. Hunter resumed his attendance at Board Meetings on November 7th, 1934.

7. The attendances of Members of the Board at meetings during the year were as under:—

The Hon G. Walsh ...	14
Mr. G. R. Sandford ...	12
Mr. E. B. Gill ...	28
Mr. W. C. Hunter ...	10
Major C. M. Taylor ...	28
Mr. J. E. A. Wolryche Whitmore ...	26
Capt. F. O'B. Wilson ...	17

The total number of meetings was 28.

STAFF.

8. The office staff has been increased mainly on account of the increased work entailed by the appointment of the Land Bank as agents for Government in the administration of the Agricultural Advances. Details of this appointment are given in paragraph 17.

9. In addition to the Secretary, the office staff consists at this date of the following:—

- Hately, T. L., Assistant Secretary.
- Andrews, J. B., Accountant.
- Caldecott, A. B., Bookkeeper.
- Bigwood, E., Clerk.
- Whitelock, Miss C., Clerk.
- Arnold, Mrs., Typist.
- Watkins, Miss, Typist.

LEGISLATION.

10. Two Ordinances amending the Land and Agricultural Bank Ordinance, 1930, have been passed during the year as under:—

No. IV of 1934, Land and Agricultural Bank (Amendment) Ordinance, 1934.—This empowers the Board to make Short Term Advances up to a maximum of £500 for such purposes as may be prescribed by the Governor in Council, the maximum period for repayment being three years. It also provides for advances to co-operative societies, authorizes the Secretary to administer oaths and attest solemn declarations in matters connected with the administration of the principal ordinance, and provides for the waiving of priority by a mortgagee in favour of the Bank by means of a simple instrument under his hand.

No. XXXIII of 1934, Land and Agricultural Bank (Amendment No. 2) Ordinance, 1934.—The amending Ordinance passed in 1933, No. IV of 1933, which provided that the Board of the Land Bank might be appointed and act as agents for Government, is amended by this Ordinance by the substitution of the word "Bank" for the word "Board". It is a technical distinction, the Bank being a corporate body while the composition of the Board is subject to change.

INSPECTIONS.

11. As reported last year, the importance of regular inspections of mortgaged properties has been increasingly realized by the Board and early in the year a scheme of systematic visitations by the Bank's inspectors was inaugurated. Nine inspectors have been appointed to date as under:—

DISTRICT	INSPECTOR
Kisumu .. .. .	Harvey, Hon. Conway
Nairobi .. .. .	Cooper, Douglas
Naivasha .. .. .	Hall, Robert
Nakuru .. .. .	Mackay, James
Sotik .. .. .	Dunbar, Major R. M.
Thika .. .. .	Lindsay, E. L.
Thomson's Falls .. .. .	Armstrong, A.
Trans Nzola .. .. .	Megson, F. L.
Uasin Gishu .. .. .	Adams, Major J. B. F.

12. During the year 222 inspections were made. The amount standing to the debit of inspections account at December 31st was £711/16/65 which includes retaining fees, travelling allowances, and the fees attached to each inspection. The value of the scheme has been emphasized by the experience gained so far, the information contained in the reports having proved to

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be of the greatest assistance to the Board. With many mortgagors the present state of the markets affords merely a hand-to-mouth existence with little or no margin to expend upon the maintenance of permanent improvements. It is essential that the Board receive timely advice from the inspectors where a tendency to deterioration of the security is noticed. Inspectors report in addition upon the disbursement of loan moneys, farming methods employed and the prospects for the future. Taking all into consideration the expense, although considerable, is held to be amply justified.

13. On the important question of soil erosion alone the scheme of inspections has proved to be invaluable as it is only by this means that the Board can keep reliably informed as to the position. From reports received it is evident that the risk of almost irretrievable damage to plantations from this source is in most cases realized by the farmer and various methods of protection are employed. It is, however, a matter requiring continuous vigilance.

14. The cost of these inspections is borne wholly by the Bank, but the mortgagor in many cases may derive appreciable benefit therefrom. He has an opportunity of discussing farming matters with the inspector and receiving such advice as the latter may be in a position to afford; and extracts from reports received are, where deemed desirable, communicated to the respective mortgagors after scrutiny by the Board.

15. From the reports so received it is clear that, generally speaking, mortgagors to the Land Bank are facing difficult situations with energy and tenacity. Some there are who obviously work at great disadvantage through lack of farming ability and experience. But practically the whole of the agricultural industry is hampered and embarrassed by the legacy left by locusts and drought of the past three years plus the continuance of an uneconomic level of prices for primary products on the export markets.

16. The farmer is to-day engaged in a struggle to produce anything which can be readily converted into cash with which to meet expenses including mortgage obligations. This condition is reflected in the increased figure of outstanding instalments referred to in paragraphs 24 and 25.

#### AGENCY.

17. By agreement with the Government (letter from Secretariat No. S.AGR.22/2/22 dated December 29th, 1933) the Land Bank assumed the agency for the Government in the

administration and management of the affairs of the Agricultural Advances Board as from January 1st, 1934, a formal agreement being concluded at a later date.

18. A précis of the report of the Board, operating, as Agents for the Government, the Agricultural Advances Scheme, appears as an appendix hereto.

19. The main results achieved by the appointment of the Land Bank as agents for the Government in the administration and winding up of the scheme are, actual economies effected in running expenses, the simplifying of the machine by the establishment of central control, and the advantages which attach to the Land Bank Board having first hand knowledge of the cases when transfer of a debt from the Agricultural Advances to the Land Bank is being considered. District Officers, Treasury and Audit have all been relieved of a very appreciable amount of work which, added to the saving in cost, fully justifies the change in administration.

#### FINANCIAL.

20. In the Annual Report for 1933 the Board stated the facts upon which they founded their opinion that the capital of the Land Bank should be increased by £500,000. Since the date of that Report, the Economic Development Committee have completed their investigations and published their recommendations. One of the recommendations which was supported by every member of that Committee, with the exception of the Indian member, is that the capital of the Land Bank be increased in the manner suggested by the Board in their last Report.

21. On October 17th it was decided that in view of the necessity for retaining a certain amount of capital for contingencies, the consideration of further new applications must cease. From this date, therefore, fresh applicants have been advised that their cases cannot be dealt with until further funds are available. Applications are accordingly either withdrawn or, at the request of applicants, placed upon a waiting list.

22. At 31st December, 1933, the total number of mortgages registered was 246 securing advances of £306,030. During the year 1934 144 mortgage loans were registered and issued, aggregating £166,365, and 12 short term loans aggregating £2,340.

23. During the year 141 applications were received for long term advances aggregating £186,170, an average of £1,320 per application; 40 applications, aggregating £75,045, were brought forward from the previous year, making a total of 181 applications for £261,215. In addition 24 applications for short term loans aggregating £6,140 were dealt with.

24. The payment by mortgagors of instalments due again shows a decline as compared with the previous year. The decline, however, is in the circumstances far from discreditable and, in fact, represents an amount of effort on the part of borrowers which can be appreciated properly only by those who move among the farming community. Instalments have fallen due since the beginning of the Bank's operations on twelve dates. As the last date was December 31st, 1934, the figures attached to this instalment have been omitted in the next paragraph.

25. The following table shows the aggregate amount called for, up to and including September 30th, 1934, and the amount received :—

	Due	Paid	Per cent	Owing	Per cent
	£ <i>s. dts.</i>	£ <i>s. dts.</i>		£ <i>s. dts.</i>	
Principal	12,239 5 91	10,525 7 45	86	1,713 18 46	14
Interest	42,925 2 38	39,473 0 66	92	3,452 1 72	8
	£ 55,164 8 29	49,998 8 11	—	5,166 0 18	—

The percentage figures for principal and interest paid at the same date last year were 89.7 per cent and 94 per cent respectively. The actual percentage of interest paid for the year 1934 alone was 88.9 per cent.

#### PURPOSE OF LOANS.

26. The purposes to which loans issued in 1934 have been allocated are shown approximately in Table No. 5 annexed. Expressed in percentages the table may be summarized as under :—

Discharge of Existing Mortgages .. .. .	Per cent
Permanent Improvements .. .. .	46.2
Purchase of Land .. .. .	21.8
Purchase of Stock .. .. .	18.1
Farming Operations .. .. .	4.8
Purchase of Machinery and Implements .. .. .	7.7
	1.4

100.0

27. The proportion of advances made allocated to the discharge of existing mortgages is again far greater than is desirable, but it is inevitable. It is appreciated that the chief function of the Land Bank is to assist in the further development of agriculture by the provision of finance on reasonable terms. Until, however, some amelioration of the present position comes, from whatever quarter it may, it has to be clearly realized that, temporarily it is hoped, the chief function of the Land Bank is to keep existing farmers on the land. Further development on borrowed money, save in exceptional cases, must of necessity take a back seat.

#### SOIL EROSION.

28. The question of soil erosion has been brought to the notice of the Board in connection with certain mortgaged properties, more especially land under coffee. Regarding precautions against erosion as a matter of major importance, valuers and inspectors were circularised on the subject and special reference to this subject is called for in all valuations and reports received.

#### FARM PROPERTIES.

29. Two farm properties have fallen into the hands of the Land Bank during the year, in one case by transfer from a deceased bankrupt estate and in the other by foreclosure, the owner having abandoned the property. The properties stand in the books of the Bank at a total figure of £3,041/0/19. It is anticipated that a satisfactory disposal of both properties will be effected in the near future.

#### GENERAL.

30. During the year under review, the Bank has again received material assistance from Provincial Commissioners, District Commissioners and District Officers, to whom the thanks of the Board are due. Unofficial members of the old local Agricultural Advances Boards have also contributed willing advice on cases submitted to them which has been greatly appreciated. In addition, the continuous demands made by the Bank upon the Legal Department and the Registration Division of the Surveyor General's Department have, as hitherto, been met with promptitude and courtesy by these departments, and without expense to the Bank. Appreciation must also be recorded of the work of the Government Auditor and his staff, who, in addition to studying the convenience of the Bank in the performance of a lengthy and

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detailed examination of the accounts and securities have readily offered technical advice when requested to do so.

31. In a country of so varying altitudes and local climates as Kenya, generalisation on the farming conditions of the Colony as a whole is difficult. It is perhaps better to submit one or two short reports on the main districts and main crops. In this connection the following notes will be of interest.

32. *A Note on the Uasin Gishu District, 1934, by the Local Representative of the Land Bank.*

The normal rainfall in this district is approximately 35 inches spread over 150 days between March and November, with a dry spell of some three weeks during June; July and August being the wettest months. Planting takes place during June and July in the case of wheat, and as early as the rains start in the case of maize. Lighter rains fall throughout September and October, the dry weather setting in early in November and continuing until February or March, giving farmers a convenient dry period for harvesting and preparation of their land for the next season.

As will be seen from the following table the rainfall was too heavy for successful planting and germination during June to August which resulted in late planting, and was then followed by a drought in September and October, the growing season:—

1934	Total	Number of Days	Maximum in One Day
January	0-60	2	0-50
February	0-19	1	—
March	0-37	2	0-32
April	7-60	13	3-63
May	2-71	12	0-88
June	4-74	12	1-04
July	11-62	26	1-85
August	8-15	21	1-39
September	Nil	—	—
October	0-06	3	0-03
November	1-34	5	0-66
December	1-18	4	0-63
	<b>38-76</b>	<b>101</b>	<b>(7-91 in four days)</b>

It was feared that no crops would result, but contrary to expectations, both wheat and maize have turned out far above revised estimates. With the exception of July and

August rains fell on only 34 days in the year—and on the other hand 7.91 inches fell in 4 days. A more uneven rainfall has never been experienced and the November and December rain only interfered with the harvest.

A few farmers who were courageous enough to plant early reaped excellent crops—but late planting and the use of the four months varieties of wheat have been forced on wheat-growers by their experience during the preceding years of locust infestations.

*Coffee.*—The drought in the early months prevented early flowerings setting, and the excessive rains later, accompanied by dull and cloudy weather, interfered with a crop setting, and as a general rule there is a very light crop—on many estates none at all. There are, however, definite signs of a good crop next season, which owing to the trees having had a rest this year, may result in a crop well above the average next year, if the season is a normal one.

*Dairying.*—A gradual and almost universal switch over from cereals to dairying and mixed farming is taking place, and the erection of fencing and dips on a steady increase. Now that a creamery is actually being built at Eldoret a general advance in this branch of farming may be expected.

With a very few exceptions farmers in receipt of Land Bank assistance have made good use of their money and progress is very satisfactory.

(Signed) J. B. F. ADAMS.

33. *A Note on the Trans Nzoia District, 1934, by the Local Representative of the Land Bank.*

*Maize.*—The rainfall was unusual in that, except in isolated parts of the district, there were no early rains. Thus practically all the maize was late planted. However, good rains followed, and very fair average maize crops are being reaped throughout the district. On the whole I should say that 1934 proved a good maize year.

*Coffee.*—The shortage of rain in the early part of the year, and a dry spell in October, made conditions rather unsuitable for coffee on the whole, and crops are not as good as might be expected. A further factor which has militated against good coffee crops is that of Coffee Berry Disease. This disease appears to be getting worse, and it would be no.

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January	0-60	2	0-50
February	0-19	1	—
March	0-37	2	0-32
April	7-80	13	3-63
May	2-71	12	0-88
June	4-74	12	1-04
July	11-62	26	1-85
August	8-15	21	1-39
September	Nil	—	—
October	0-06	3	0-03
November	1-34	5	0-65
December	1-18	4	0-63
	38-76	101	(7-91 in four days)

It was feared that no crops would result, but contrary to expectations, both wheat and maize have turned out far above revised estimates. With the exception of July and

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*Coffee.*—The shortage of rain in the early part of the year, and a dry spell in October, made conditions rather unsuitable for coffee on the whole, and crops are not as good as might be expected. A further factor which has militated against good coffee crops is that of Coffee Berry Disease. This disease appears to be getting worse, and it would be no,

exaggeration to state that many growers have lost as much as one-third of their crop therefrom, and in several cases practically the whole crop was lost.

*General.*—Owing to the enhanced price of maize collected by the farmers during 1934 from the sale of their 1933 crops, the district has presented a distinctly more prosperous appearance. Without having any statistics before me I think it would be safe to say that no very great acreage of land can have gone out of cultivation during 1934, whereas in many cases, encouraged by the better price of maize, abandoned lands have been brought back into cultivation. On the whole I should describe 1934 as satisfactory for this district, and I consider that many farmers made some headway in improving their financial position. Quite a number of small areas of pyrethrum have been planted, but it is too early, I think, to give an opinion upon the possibilities of this crop in the Trans Nzoia. Small acreages of wheat were planted in 1934 and on the whole one hears that good crops resulted.

To my mind the outstanding lesson of 1934 is that with economical and good farming, maize can be grown as a successful and profitable crop at a price anywhere above Sh. 6/50 per bag.

(Signed) F. L. MEGSON.

34. It is impossible in a few words to present an adequate picture of the conditions and the results which attended the operations of the coffee planter during the year. The year opened with promise of a fairly satisfactory crop which was subsequently modified by the effects of the drought. In consequence, first estimates of crop had, generally speaking, to be revised. The final result, however, compared favourably with these revised estimates and the crop was larger than was at one time expected. Although the drought was responsible for the production of a fairly large proportion of light and low-grade coffee, the quality of the coffee on the whole was superior to that of the 1933 crop and in several instances very satisfactory prices are being received. Since the sales opened in January 1935 interest has been maintained and better qualities have been readily competed for and sold at firmer prices. Of the industry as a whole it can definitely be said that growers are to-day reaping material benefit from the improved methods which have been forced upon them by a period of adversity. The question of prime costs has been resolutely and effectively tackled. A lesson, often a painful one, has been learned

regarding the effects upon a plantation of soil erosion, and systematic attention to protective measures is now widespread. The knowledge gained by past experience as to the results of the application of manures is also being applied with marked results.

35. The general position with regard to cereals is indicated in paragraphs 32-3 above so far as the Uasin Gishu and Trans Nzoia districts are concerned. In other areas, yields of maize, although higher than in the previous year, were still considerably below normal owing to failure of the rains in the latter part of the year. Average prices realized for maize compare very favourably with quotations in the European market. Wheat on the whole has yielded well above the average in nearly all districts and some of the new strains are showing considerable promise.

G. WALSH,  
Treasurer,

Chairman of the Board.

Nairobi,

13th February, 1935.

TABLE No. 1.—APPLICATIONS RECEIVED

1934	Number of Applications Received	Amount
January .. .. .	17	£ 25,900
February .. .. .	20	32,800
March .. .. .	22	24,500
April .. .. .	17	23,300
May .. .. .	10	11,050
June .. .. .	10	12,420
July .. .. .	9	11,050
August .. .. .	13	13,800
September .. .. .	6	8,300
October .. .. .	10	11,800
November .. .. .	3	7,000
December .. .. .	4	4,250
	141	£ 186,170

TABLE No. 2.—APPLICATIONS RECEIVED—SIZE OF LOANS  
1ST JANUARY—31ST DECEMBER, 1934

For Loans of—	No.	Amount
£ 1-£ 500 .. .. .	33	£ 1,350
£ 501-£ 1,000 .. .. .	39	1,480
£ 1,001-£ 1,500 .. .. .	23	1,450
£ 1,501-£ 2,000 .. .. .	22	1,600
£ 2,001-£ 2,500 .. .. .	9	1,750
£ 2,501-£ 3,000 .. .. .	15	1,800

141

TABLE No. 3.—ANALYSIS OF APPLICATIONS DEALT WITH  
DURING YEAR ENDED 31ST DECEMBER, 1934  
NUMBERS 615 TO 765

No.	Amount		No.	Amount
40	£ 75,045	Brought forward from 1933.		£
141	186,170	APPLICATIONS RECEIVED.		
		Considered by Board	148	213,105
		Withdrawn before consideration	22	33,240
		Awaiting valuation, etc.	11	14,870
181	261,215		181	261,215
148	213,105	CONSIDERED BY BOARD.		
23	27,665	Prior applications reconsidered		
76	93,050	Awaiting completion, 1933		
		Granted and completed	144	166,365
		Granted—		
		Awaiting completion	27	33,130
		Declined by applicants	17	25,100
		Rejected	90,300	
		Reduced (less increased)	18,925	59
247	333,820		247	333,820

TABLE No. 4.—PERIODS FOR REPAYMENT OF LOANS ISSUED  
L.R. 2/47—L.R. 2/190: 144 LOANS, £166,365

AMOUNT	5 YEARS		10 YEARS		15 YEARS		20 YEARS		25 YEARS		30 YEARS	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
£		£		£		£		£		£		£
150	—	—	1	150	—	—	1	150	—	—	—	—
200	—	—	—	—	—	—	—	—	—	—	—	—
250	—	—	1	250	2	400	1	250	—	—	—	—
300	1	300	—	—	—	—	1	300	—	—	—	—
350	—	—	—	—	—	—	1	350	—	—	—	—
400	—	—	—	—	—	—	1	400	—	—	—	—
450	—	—	—	—	—	—	1	450	—	—	—	—
500	1	500	2	1,000	1	500	4	2,000	—	—	—	—
550	—	—	—	—	—	—	1	550	—	—	—	—
600	1	600	—	—	—	—	1	600	—	—	—	—
650	—	—	—	—	—	—	—	—	—	—	—	—
700	—	—	—	—	—	—	—	—	—	—	—	—
750	—	—	2	1,500	—	—	—	—	—	—	—	—
800	—	—	1	800	—	—	1	800	1	750	—	—
850	—	—	—	—	—	—	—	—	—	—	—	—
900	—	—	—	—	—	—	—	—	—	—	—	—
950	—	—	—	—	—	—	—	—	—	—	—	—
1,000	—	—	—	—	—	—	—	—	—	—	—	—
1,050	—	—	—	—	—	—	—	—	—	—	—	—
1,100	—	—	—	—	—	—	—	—	—	—	—	—
1,150	—	—	—	—	—	—	—	—	—	—	—	—
1,200	—	—	—	—	—	—	—	—	—	—	—	—
1,250	—	—	—	—	—	—	1	1,250	—	—	—	—
1,300	—	—	—	—	—	—	—	—	—	—	—	—
1,350	—	—	—	—	—	—	—	—	—	—	—	—
1,450	—	—	—	—	—	—	—	—	—	—	—	—
1,500	—	—	1	1,500	—	—	1	1,500	2	3,000	8	12,000
1,600	—	—	—	—	—	—	—	—	—	—	—	—
1,750	—	—	—	—	—	—	—	—	—	—	—	—
1,800	—	—	—	—	—	—	—	—	—	—	—	—
1,850	—	—	—	—	—	—	—	—	—	—	—	—
2,000	—	—	—	—	—	—	—	—	—	—	—	—
2,100	—	—	—	—	—	—	—	—	—	—	—	—
2,200	—	—	—	—	—	—	—	—	—	—	—	—
2,250	—	—	—	—	—	—	—	—	—	—	—	—
2,300	—	—	—	—	—	—	—	—	—	—	—	—
2,500	—	—	—	—	—	—	—	—	—	—	—	—
2,665	—	—	—	—	—	—	—	—	—	—	—	—
2,700	—	—	—	—	—	—	—	—	—	—	—	—
3,000	—	—	—	—	—	—	—	—	—	—	—	—
	3	1,400	8	5,200	7	4,550	20	18,450	4	5,750	102	131,015

TABLE No. 5.—ANALYSIS OF APPLICATIONS SHOWING  
APPROXIMATE ALLOCATION OF LOAN MONIES AS PER  
INFORMATION FURNISHED BY APPLICANTS.

ADVANCES MADE FROM 1ST JANUARY TO 31ST DECEMBER, 1934

Discharge of Existing Mortgages .. .. .	£ 26,780
Permanent Improvements—	
Buildings .. .. .	750
Wells, Dams and Boreholes .. .. .	£ 4,550
Fencing .. .. .	1,310
Dip Tanks .. .. .	1,350
Irrigation .. .. .	400
Additional Acreage—Coffee .. .. .	5,590
Additional Acreage—Cereals .. .. .	1,350
Maintenance Existing Coffee .. .. .	19,010
Maintenance Existing Cereals .. .. .	1,510
Tree Planting .. .. .	430
Purchase of Land and Cost of Transfer .. .. .	36,250
Purchase of Stock (Oxen, Pigs Dairy Cows, Poultry) .. .. .	7,963
Farming Operations .. .. .	12,829
Purchase of Implements and Machinery .. .. .	2,375
	£ 166,365



THE LAND AND AGRICULTURAL BANK OF KENYA BALANCE SHEET AS AT 31st DECEMBER, 1934.

LIABILITIES		ASSETS	
Cash as Voted—£500,000	£ s. cts.	SUNDRY DEBTORS—	£ s. cts.
Cash Received	485,000 0 00	Loans	444,163 13 04
Sundry Creditors—Accounts Payable	5 0 00	Interest	7,689 11 57
Fees Held on Account of Applicants—	£ s. cts.	Charges	13 19 00
For Disbursement to Valuers	121 17 50	Interest Accrued not Due	3,331 2 05
Application Fees in Suspense	49 5 00	Farm Properties Account	3,041 0 19
Portions of Loans Unissued	171 2 50	Movable Assets as at 31-12-1933	281 12 01
Reserve Account—	791 4 00	Add Purchases during period	33 8 53
Balance at 31-12-1933	£ s. cts.	Less Depreciation	315 0 54
Balance at Credit of Revenue and Expenditure a/c	3,513 6 32		24 11 54
	5,016 14 52	Deposit Accounts—	£ s. cts.
	8,530 0 84	Surveyor General	16 5 50
		Post Office	7 50
		Cash in National Bank of India	5,968 15 95
		Cash on Hand	12 3 54
			16 13 00
			5,980 19 49
	£ 464,497 7 34		£ 464,497 7 34

REVENUE AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31st DECEMBER, 1934

EXPENDITURE		REVENUE	
To Interest on Capital Advances	£ s. cts.	By Interest Earned—	£ s. cts.
Board Members' Fees	706 19 96	Received	20,760 13 99
Salaries and Wages	2,593 2 96	Accrued not due	3,331 2 05
Travelling Allowances	218 0 75	Outstanding	7,689 11 57
Printing and Stationery	88 2 24		31,751 7 61
Rent	150 13 64	Less:	£ s. cts.
Posts and Telegraphs	61 19 39	Outstanding at	
Depreciation	24 11 54	31-12-33	4,448 15 48
Staff Annuity Fund	99 19 92	Accrued not due	
Inspections	711 16 65	31-12-33	2,524 12 34
General Expenses	29 2 44		6,973 7 82
			24,777 19 79
		Mortgages Prepared	1,002 0 00
		Mortgages Discharged	216 0 00
		Application Fees	430 15 00
		Sundry Fees	151 1 52
Balance, being Excess of Revenue over Expenditure	4,681 9 49		26,277 16 31
	5,016 14 52		
	£ 26,277 16 31		£ 26,277 16 31

EXAMINED:

W. H. SMITH,  
Auditor.  
11th February, 1935.

S. THORNTON,  
Secretary.

G. WALSH,  
Chairman.  
E. B. GILL.

Members  
of the  
Board.

## APPENDIX

### PRECIS OF REPORT BY THE LAND AND AGRICULTURAL BANK OF KENYA AS AGENTS FOR THE GOVERNMENT IN THE ADMINISTRATION OF THE AGRICULTURAL ADVANCES SCHEME.

#### APPOINTMENT AS AGENT.

1. The Land Bank was appointed Agent for the Government in the administration of the Agricultural Advances Scheme as from January 1st, 1934. Legislation as under was enacted to authorize this change in administration:—

Ordinance No. IV of 1933 (with Amending Ordinance No. XXXIII of 1934) provides that the Land Bank may act as Agents for the Government in the administration of advances to farmers which do not fall within the scope of the Land Bank Ordinance.

Ordinance No. V of 1933 provides that the Board of the Land Bank shall be the Central Agricultural Advances Board with power given to Your Excellency to add to its membership.

Ordinance No. XXXIV of 1934 provides that the powers, duties and obligations of the Secretary of the Central Board are transferred to the Land Bank, that the priority of charges held by the Central Advances Board may be waived in favour of the Land Bank, and that the Land Bank as Agents may reissue proceeds of crops to approved applicants and make reciprocal arrangements with merchant houses who may be prepared to offer financial facilities to the participants in the Agricultural Advances Scheme.

#### ADVANCES IN 1934.

2. The recommendations made by the Board in the Report for 1933 were approved by the Secretary of State in his Confidential Despatch dated April 3rd, 1934, as follows:—

	£
Advances to 23 participants (Classes A2, A4 and A5) ... ..	12,934
Administration Expenses ... ..	1,400
Against unforeseen emergencies ... ..	2,925
	£17,259
Special sanction was given by Government (Ref. C. AGR.1/9/1/11) to a further advance of ... ..	£800
The total authorized expenditure therefore was ... ..	£18,059

3. Subsequent examination of the position of prospective participants resulted in their "Commitment Accounts" being credited, finally, with an aggregate sum of £12,925/1/58 to be issued in monthly instalments. The amount standing to the credit of these commitment accounts at December 31st was £2,237/6/25. In other words, of the amount authorized by the Secretary of State for advances (£18,059 less expenses £1,400—£16,659) the Board placed £12,925/1/58 to the credit of participants' Commitment Accounts of which £2,237/6/25 was unissued at December 31st.

#### DEFINITION OF CLASSES.

4. A definition of the "classes" into which accounts are for convenience placed is given below:—

Class A II: Farmers who may be expected to pay advances in full if assistance continued.

Class A IV: Doubtful cases where results have been disappointing, which, however, show prospects of recovery in time, but where the farmer will certainly go under if not assisted further.

Class A V: Cases governed by special considerations, where the commitment to the Board is large, and where recovery depends on production being maintained.

Class B.I: Cases where repayment will be made in full during 1935 without further advances.

Class B.II: Cases where arrangements have been or will be made with merchant houses to finance future operations on terms satisfactory to the Board.

Class B.III: Cases where no further advances are required or recommended but in which time should be given for repayment with a reasonable hope of eventual recovery.

Class B.IV: Cases where results have been disappointing and where no further advances would be justified, but where time should be given for the farmer to make other arrangements if he can, in the bare hope that the Board may recover more than if they took immediate action.

Class B.V: Definitely bad cases where the Board recommend realization when a favourable opportunity occurs.

#### ANALYSIS OF ACCOUNTS.

5. At January 1st, 1934, there were 77 names on the books of the Advances Board. Of these 25 (Classes A.2, A.4 and A.5) received assistance from the Board in 1934. From January 1st to December 31st, 1934, advances made to these 25 participants amounted to £10,684/14/53. The following table affords a comparison of the classes to which cases were allocated in 1934 with the position for 1935 as recommended in para. 21:—

YEAR	CLASS								Total
	A.2	A.4	A.5	B.1	B.2	B.3	B.4	B.5	
1934	12	9	2	7	14	8	20	5	77
1935	8	5	3	9	11	10	18	3	67

6. As a result of the reissue of this £10,684/14/53 ten participants in Class A.II repaid £2,387/17/81 more than advanced, while two repaid £171/8/21 less than advanced; three participants in Class A.IV repaid £169/1/63 more than advanced, while six repaid £777/6/78 less than advanced; two participants in Class A.V repaid £687/17/69 more than advanced, while one repaid £637/19/50 less than advanced.

making a total of fifteen participants who paid £3,244/17/13 more than advanced and nine cases who paid £1,576/14/52 less than advanced.

7. During the twelve months under review total repayments of capital and payments of interest by all classes amounted to £18,482/0/57 as under:—

Principal	£11,880/13/71
Interest	£6,601/ 6/86

This amount was collected from the following classes:—

	Principal		Interest		Total	
	£	s. cts.	£	s. cts.	£	s. cts.
Class B.1	514	19 19	42	7 75	557	6 94
" B.2	2,992	14 85	533	3 54	3,525	18 39
" B.3	1,846	0 81	106	7 55	1,952	8 36
" B.4	344	8 74	165	5 86	509	14 60
" B.5	75	16 59	133	15 30	208	11 89
" A.2	5,023	13 75	1,336	15 30	6,360	9 05
" A.4	190	15 75	1,855	6 65	2,045	2 40
" A.5	172	4 03	1,832	17 37	2,005	1 40
	£11,880	13 71	6,601	6 86	18,482	0 57

8. The following table affords a comparison of the position as at January 1st and December 31st, 1934:—

	No. of Accounts	Principal Owing		Interest Owing		Total Owing	
		£	s. cts.	£	s. cts.	£	s. cts.
1st January	77	110,244	1 51	9,129	15 50	119,373	17 01
31st December	67	104,759	5 87	11,070	2 93	115,829	8 80

The reduction in the number of accounts is accounted for as under:—

4 Accounts written off as bad debts	£4,294	7 26
5 " repaid from Land Bank Loans	£3,599	12 97
1 " repaid	£276	1 59
10	£8,170	1 82

9. For the twelve months ending December 31st, 1933, the administration expenses amounted to £1,631/17/17. For the year 1934 the expenses amounted to £978/18/91.

10. Interest collections for the year from borrowers (including £8/11/73 Bad Debt recovery) amounted to £6,609/18/59 and this sum, less £978/18/91 cost of administration has been paid to the Treasury, the net payment

credited to the Colony's revenue account being £5,630/19/68. There was an overpayment to the Treasury on this account of £197/5/99 which will be adjusted in 1935. From the commencement of the Agricultural Advances scheme to this date (4½ years) a total sum of £12,913 in interest payments has been contributed to the General Revenue of the Colony. The Board feel that this substantial contribution to revenue should not be lost sight of when the general result of the Advances scheme is being considered.

11. During the year 1934, five participants have repaid advances and met interest charges in full as under:—

	Principal	Interest	Total
	£ s. cts.	£ s. cts.	£ s. cts.
Two Accounts in Class B.1 .. .. .	498 18 70	29 2 23	528 0 93
Two Accounts in Class B.2 .. .. .	1,619 4 79	279 14 12	1,898 18 91
One Account in Class B.3 .. .. .	452 17 55	18 16 36	471 13 91
£	2,571 1 04	327 12 71	2,898 13 75

In addition one account in Class B.III has repaid the amount of principal owing, viz. £1,304/13/52.

#### GOVERNMENT GUARANTEES.

12. The majority of participants in Agricultural Advances are mortgaged to a third party, and foreclosure by the mortgagee is an ever present threat to such security as the Advances Board holds. Continuance of farming operations by the participants is the essence of the Board's security. The Board have been faced with cases where foreclosure is imminent and where possible a Land Bank advance has been made primarily to preserve the security of the Central Agricultural Advances Board.

13. There are cases, however, where an application to the Land Bank for an advance to meet the mortgage debt must fail as the business risk is considered to exceed that permitted by the terms of the Land Bank Ordinance. The position then is that the Advances Board have to contemplate writing off practically the whole debt as bad, although were it possible to secure the continuance of farming operations the debt would not be bad.

14. This position was presented to Government with the suggestion that if Government would guarantee the Land Bank against loss in respect of any amount advanced beyond what would ordinarily be approved by the Board, the situation in such cases might be saved by Land Bank advances with a partial guarantee as collateral security.

15. The approval of the Secretary of State to the principle of guarantees was asked for in Despatch No. 62 of 2/2/1934 and his assent was notified in a telegram received on April 4th, 1934. Authority for such guarantees was limited in the first instance to an aggregate sum of £10,000.

#### RE-CLASSIFICATION OF ACCOUNTS.

16. After consideration of reviews of individual cases and the recommendations made by the Local Boards the Board have re-classified the accounts as under:—

Class	No. of Cases in 1933 Report	Re-classification	No. of Cases in 1934 Report	Further Advances Recommended
A.2	12	3 transferred to Class B.1 .. 1 transferred to Class B.3 ..	8	£ s. cts. 2,999 16 00
A.4	9	1 transferred to Class B.1 .. 2 transferred to Class B.3 .. 1 transferred to Class B.4 ..	5	1,704 5 00
A.5	2	1 transferred from Class B.2	3	2,560 0 00
B.1	7	2 cases repaid in full .. 3 transferred from Class A.2 .. 1 transferred from Class A.4	9	
B.2	14	2 cases repaid in full .. 1 transferred to Class A.5 ..	11	
B.3	8	2 cases repaid in full .. 1 transferred from Class A.2 .. 2 transferred from Class A.4	9	
B.4	20	1 transferred from Class A.4 .. 2 transferred to Class B.5 ..	19	
B.5	5	4 cases written off, bad debts .. 2 transferred from Class B.4	3	
Total	77	6 cases repaid .. .. . 4 cases written off .. .. . 10	67	7,264 1 00

## INTEREST CHARGES.

17. Interest is charged to participants at the rate of 8 per cent as laid down in the Ordinance. At the time the Ordinance was framed it was the general opinion that it was a temporary measure to deal with a situation which would be met by a scheme of Short Term Advances. Had this opinion been borne out by the facts, the question of interest would not have arisen. But it is plain now that because of the continued postponement of better conditions, the short term has inevitably been translated into a long term.

18. As payments by participants are applied first to interest and secondly to reduction of the capital debt, the effect of the tardy return of prosperity has been to convert what in a Short Term loan would have been regarded as a reasonable charge to an onerous burden. The participant whose efforts have resulted in his being able to make small contributory payments towards the liquidation of his liability finds in most cases that these payments have been swallowed up in interest and no progress has been made in the reduction of the debt.

19. To ameliorate this position and to assist those participants who are endeavouring to meet their commitments, the Board urged that the Secretary of State be asked to approve of the reduction of the rate of interest payable on Agricultural Advances from 8 per cent to 6½ per cent, such reduction to take effect from 1st January, 1935, and that the Agricultural Advances Ordinance be amended accordingly. The approval of the Secretary of State has since been received.

## RECOMMENDATIONS.

20. In framing their recommendations to Government the Board have acted on the general principles outlined in para. 25 (a) and (b) of their report for 1933, namely:—

- (a) That no step should be recommended which would have the effect of dispossessing a working farmer or which might, of itself, place a participant in a position of bankruptcy or destitution.
- (b) That in cases selected from the cases where advances were approved for 1934 sanction should be sought to make advances during 1935 but that these should, if practicable, be related in amount to the sums anticipated by way of recoveries from the proceeds of crops now maturing.

21. The Board accordingly recommended in their preliminary Report that authority be given as under:—

- (a) To make advances during 1935 to sixteen cases aggregating £7,264/1/00.
- (b) To incur costs of administration estimated at £1,100.
- (c) To write off as bad debts two cases aggregating £5,063/1/41.
- (d) To provide £3,000 for contingencies.
- (e) To reduce interest charges from 8 per cent to 6½ per cent with effect from 1st January, 1935.

22. The Board are gratified to be able to record that the Secretary of State has telegraphed his approval of these recommendations.

NO. 2 ACCOUNT—CENTRAL AGRICULTURAL ADVANCES BOARD  
BALANCE SHEET AS AT 31ST DECEMBER, 1934

LIABILITIES		ASSETS	
Treasury Balance at 31-12-1933	£ 110,244 1 51	Sundry Debtors—	£ s. cts.
Deduct—Bad Debts Written Off	4,294 7 26	Principal	104,759 5 87
Sundry Creditors—Kilindini Harbour Wharfs and Estate Co.	105,949 14 25	Interest	11,070 2 93
Interest Earned	£ s. cts.	Treasury—Balance Due	115,829 8 80
Less—Received	17,571 9 79	Cash at Bank	197 5 99
Balance from Revenue and Expenditure Account—For year to date paid to Treasury	6,601 6 86		1,183 5 39
	14,070 2 93		
	£ 117,210 0 18		£ 117,210 0 18

REVENUE AND EXPENDITURE ACCOUNT FOR YEAR TO 31ST DECEMBER, 1934

EXPENDITURE		REVENUE	
Administration Expenses	£ s. cts.	Bad Debt Recoveries	£ s. cts.
Balance—Being excess of Revenue over Expenditure—	978 18 91	Interest Received	8 11 73
For 6 months to 30-6-34	£ s. cts.		6,601 6 86
For 6 months to 31-12-34	2,315 0 86		
	3,315 18 82		
	5,630 19 68		
	£ 6,609 18 59		£ 6,609 18 59

CASH ACCOUNT FOR YEAR TO 31ST DECEMBER, 1934

Bad Debt Recoveries	£ s. cts.	Fresh Advances Authorized	£ s. cts.	£ s. cts.
Repayments of Principal	8 11 73	Issued on Account	13,267 8 00	10,684 14 53
Payments of Interest	11,880 13 71	Inspection Fees—Charged to Debtors		5 10 80
L. Knapman—For Kilindini Harbour Wharfs and Estate Company	6,601 6 86	Paid to Treasury		5,828 5 67
	500 0 00	Paid to Land Bank		978 18 91
		Paid to Kilindini Harbour Wharfs and Estate Co.		309 17 00
		Cash at Bank		1,183 5 39
	£ 18,990 12 30			£ 18,990 12 30

EXAMINED:

W. H. SMITH,  
Auditor.

S. THORNTON,  
Secretary.

G. WALSH,  
Chairman.  
E. B. GILL.

Members  
of the  
Board.

38071/35

31  
9 April, 1955.

Sir,

I am directed by Secretary Sir Philip Cunliffe-Lister to acknowledge the receipt of your communication of the 3rd of April, and to inform you that a copy of the Annual Report of the Kenya Land Bank for 1954 will be forwarded to you when copies are received from the Kenya Government.

I am,

Sir,

Your obedient servant,

(Signed) J. E. W FLOOD

W. B. MANLEY, ESQ.,

39071/35 Kenya.

H  
9 April, 1935  
32

C. O.

Mr. <sup>57</sup>Richell

Mr. Fleming <sup>Sp/35/</sup>

Mr.

Mr. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.



Li.

I am etc. to ask, etc

(3) receipt of your communication of the 3rd of April, and to inform you that a copy of the Annual Report of the Kenya Land Bank for 1934 will be forwarded to you when copies are received from the Kenya Government.

DRAFT.

W. B. Manley, Esq.

J

Sancto.

(Signed) J. E. W FLOOD

FURTHER ACTION.

Regy. to note  
W. Freeston's  
minute of 4/4.

38071/35 Kenya.

H  
7  
2

C. O.

9 April, 1935.

Mr. *Michells* *7/4*

Mr. *Fleming* *7/4/35*

Mr.

Mr. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.



Li:

I am etc. to ack. etc

(3)

receipt of your communication of the 3rd of April, and to inform you that a copy of the Annual Report of the Kenya Land Bank for 1934 will be forwarded to you when copies are received from the Kenya Government.

DRAFT.

*W. B. Manley, Secy.*

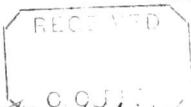
*J*

*I am etc.*

(Signed) J. E. W. FLOOD

FURTHER ACTION.  
*Copy to note*  
*W. Greenston's*  
*minute of 4/4.*

1 Temple Gardens



Temple E.C. 4

3. 4. 35

Dear Sir

I shall be grateful if you can supply me  
either now or on receipt - some Kenya (within the next  
few weeks) with a copy of the Kenya Land Bank  
Report for 1934. The report - is required by Statute  
to be issued in March each year: so that if you  
have not yet received it, it is sure to arrive shortly.

Yours faithfully,

W B. Mainery.

POST



CARD



The Under Secretary of State  
Colonial office  
S.W. 1

34 2

**KENYA**

**DOWNING STREET,**

No. 207

20 March, 1935.

Sir,

I have the honour to acknowledge the receipt of your despatch No.87 of the 14th of February regarding the terms on which Mr.J.Harland Frank will be granted a loan from the Lend Bank.

2. In the circumstances disclosed, I approve your proposal to remit the interest charges owing by Mr.Frank in respect of the loan from the Agricultural Advances Board as from the 10th of May, 1934.

I have the honour to be,

Sir,

Your most obedient,  
humble servant,

(Sgd.) P. CUNLIFF-LISTER

GOVERNOR,  
BRIGADIER GENERAL,  
SIR JOSEPH BYRNE, G.C.M.G., K.B.E., C.B.,  
etc., etc., etc.

C. O.

Mr. *Forsyth* 18/3/31.  
Mr. *Forsyth* 18/3  
Mr.

C. D.  
R 13/MAF  
D 19.

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

2 March, 1931.

Sir,

I have etc to acknowledge  
the receipt of your despatch  
No 87 of the 14<sup>th</sup> of February  
regarding the terms on  
which Mr J. Harland has  
will be granted a  
loan from the Land  
Bank.

2. In the circumstances  
disclosed, I approve the  
your proposal to remit  
admission of the interest  
charges owing by Mr  
Frank in respect of  
the loan from the  
Agricultural Advances  
Board as from the  
10<sup>th</sup> of May 1934, as per

I have etc.

DRAFT.

Kenya  
No 207  
forward.

(minutes not  
at once)

FURTHER ACTION.

36

KENYA.

No. 47



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

RECEIVED  
- 9 MAR 1935  
C. O. REGY

11<sup>th</sup> FEBRUARY, 1935.

Sir,

No 2

23089/34

Award (2)

I have the honour to refer to my despatch No. 62 of the 2nd february, 1934 in which approval was sought to the proposal that the Land and Agricultural bank should be enabled to make advances in certain cases in which the applicants owed money to the Central Agricultural Advances Board, with the dual object of stabilising the security for agricultural advances and of keeping the farmers concerned on the land. Approval was given by you to this principle in your telegram no. 80 of the 4th April, 1934.

No 3

23089/34

2. I have now to request your approval of the remission of interest charges on the amount owing by Mr. J. Harland Frank in respect of a loan from the Agricultural Advances Board as from 10th May 1934. Mr. Frank's case is the second of those referred to in my despatch under reference.

3. He holds under a 99 years' lease a farm in Sotik consisting of 2077 acres, of which 101 acres are under coffee. The property has been valued by a Land Bank valuator at £7500 but the Land Bank Board, taking into consideration all the circumstances of the case, are not prepared to make the advance required, although the security of the land might justify it, without a Government guarantee. Such guarantee has been issued. This land is charged

AS ...

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

as security for the following debts:-

1st Mortgage to Mr.P. Guy ...		£3500.0.0.
Statutory Charge		
Central Agricultural		
Advances Board		
Principal ...	£2522.3.12.	
Interest up		
to 9th may		
1934 ...	<u>£ 146.9.66.</u>	<u>£2668.12.78.</u>
		<u>£6168.12.78.</u>

4. Mr. Guy has been pressing for the repayment of the loan which Mr. Frank is quite unable to make. In view of the precarious nature of the debt to the Central Agricultural Advances Board the Land Bank Board submitted the following proposals to Government:

- (a) that Mr. Frank should provide satisfactory security for the Advances Board debt of £2668.12.78;
- (b) that the first mortgagee (Mr. Guy) should release the title deeds upon receipt of £2000 and take a second mortgage for the balance of £1500;
- (c) that Government should indemnify the Land Bank against loss up to £2500;
- (d) that contingent upon (a), (b) and (c) the Land Bank should advance Mr. Frank £2500 on a first mortgage of which £2000 should be paid to Mr. Guy and £500 allocated for the development and upkeep of the coffee;
- (e) that the Land Bank should take a chattels mortgage over the house assets and crop as a collateral security.

5. These proposals were accepted by Government and the Land Bank subsequently agreed with Mr. Frank as follows:-

- (a) That the unsupported guarantee of Mr. Frank's family to liquidate the debt of £2500 at the rate of £500 per annum be accepted;
- (b) that the form the guarantee should take should be five promissory notes dated June 30th 1935, June 30th 1936, June 30th 1937, June 30th 1938, June 30th 1939, respectively for £500 each and one dated June 30th 1940 for £168.12.9;

(c) that ...

38  
end

- (c) that the promissory notes be made in a form which secures the joint and several liability of the various members of the family;
- (d) that the interest charges on the Land and Agricultural Advances Board loan should be remitted from May 10th 1934.

A contract on these lines has been made with Mr. Frank and the loan from the Land Bank will be made as soon as the promissory notes have been delivered.

6. It is an integral part of these proposals that no claim for interest on the advance should be made beyond the sum of £146.9.66 already included. The justification for the remission of the interest recommended is that operations on the farm would be crippled if a further charge were added to the load which already burdens the estate, and the necessity of being able to give Mr. Frank's family a final figure for their guarantee at the beginning of the negotiations. I trust that you will grant your covering approval to the remission of this interest.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Richard D. ...*

GOVERNOR'S DEPUTY.