

1924

KENYA

311

C. O.  
49798

Date

21st October 1924.

22 OCT 24

TON, OSMANNEY AND  
IVER.

REGULATION -

MAGADI SODA CO. RECONSTRUCTION.

U.S. of S.

Enclose copy of scheme of reconstruction  
showing amendments made since particulars of  
scheme were circulated. Scheme was passed at  
meeting of shareholders on 17th inst.

U.S. of S.

U.S. of S.

tory of State.

Previous Paper

MINUTES

Mr. Blythe

I have thought it best to hold  
the papers over for you to see if  
necessary, discuss.

Before the meeting, the O. R.'s  
Dept. gave me the following  
forecast of the order of events:

Meeting of shareholders, re. 17 Oct.

Court hearing say 17 Nov

Registration, Articles of  
Association, Apppt. of  
Director (say 1 Dec) - all  
before the sealing of the  
law instruments say 2nd of year

The preliminary action which I  
have taken in sending to the Gov:  
the draft leases and this letter  
should make it possible to be ready

Subsequent Paper

50902

provided that the local  
people, on their side, are  
not too slow with the  
post lease.

### Railway & Post lease.

Have minutes at length  
on 45739. Subject to  
consent of <sup>that</sup> my minute,  
the question is whether we  
should send the drafts to  
Messrs. Bannister & Co. before  
alteration (with an explanation)  
or get fresh drafts. I should  
prefer the latter, & it should  
not take long. A short telegram  
to the Governor would be  
required.

### Scheme of Reconstruction

The original scheme is in  
23752. I see nothing  
to object to in the  
alterations, but we should  
ask the Official Receiver  
if he has any comments  
to make.

Branch line at the Post. See 49132.

When he writes to West's predecessor  
Howd he should mention this  
point, which may lead to much  
wrangling. (It can be dealt with  
best in the Post lease, I think).  
It is important that there  
be a branch offered, apparently,  
the only way of getting down the  
cliff at the north end of the  
Hillside property.

### Government Director (E80/49116)

See my further message on  
M/30452, which shows that we  
need do nothing more with the  
harbour in the next few weeks.

But if this branch is not  
to be done an opportunity  
of getting approval of his report  
before then it will be well to  
tell him that if the  
reconstruction goes through he  
will be nominated.

W.C.D. 28/10/1916

When he writes to West's presence  
Hord should mention this <sup>315</sup>  
point, which may lead to much  
brawling. (It can be dealt with  
best in the Port Lease, I think)

It is unfortunate that there  
is no branch offroad, apparently,  
the only way of getting down the  
cliff at the north end of the  
Hilindivi passage

Government Director (GSD/109116)

See my previous memo. on  
M/30452, which shows that we  
need do nothing more with the  
harbour in the next few weeks.

But if the advantages  
be found an opportunity,  
of getting approval of the  
before then it will be well to  
tell him that if the sub  
reconstruction goes through he  
will be nominated.

- W.C.S. 28/10/61

Mr Bottomley

I think we should certainly

make any necessary alterations before  
sending the types to B.M. & Co.

Have a certain amount today about  
it all - but would not be better to  
get Mr. Oliver here & go through  
the <sup>in case raised</sup> ~~amercement~~ with him, rather than to  
write to the minutes & correspondence?

If you agree - any day next week  
would suit me.

A.B.

I have asked his office to come at  
2 1/10

11 or 12 Monday & have told Mr. Fisher  
to bring up early Monday.

S.P.A.

Dec. 30. 10.

Mr Bottomley

I think we should certainly

make any necessary alterations before  
sending the Dts to B M & Co.

Have a certain amount to say about  
it all. but won't it not be better to  
get Mr Allister here & go through  
the accounts <sup>you have raised</sup> with him, rather than to  
write to the minister & correspondance?

If you agree - any day next week  
would suit me.

A.B.

I have asked Mr Oliver to come at

11 or 12 o'clock & have ~~to~~ told Mr. Fisher.

Being up early Monday.

Wed. 30. 10.

S.P.R.A.

SUTTON, OSMANNEY & OLIVER.

E. O. OLIVER.

21, MARK LANE.

TELEGRAPHIC ADDRESS: "SUTTONS", LONDON.

TELEPHONE: NO. 1289 } LONDON WALL.  
NO. 9316 }

C. O.  
49798  
22 OCT 24

316

3 & 4, GREAT WINCHESTER STREET,

LONDON, E. C. 2.

1462/1924

21 October 1924.

Sir,

Magadi Soda Company Ltd.

We write to report that we attended the meetings of the debenture holders, the unsecured creditors, the ordinary shareholders and the deferred shareholders of the Magadi Soda Co, Ltd on Friday last at which the scheme of reconstruction was finally passed.

We enclose herewith for your information a copy of the scheme of reconstruction shewing amendments in red ink which have been made since particulars of the scheme has been circulated. Have all these amendments been approved by the Colonial Office. The scheme was passed at the Meeting with the amendments.

Mr. Pennell who, as you will remember, has taken an active part in the reconstruction proceedings moved a number of amendments at the meetings both of the debenture holders and of the deferred shareholders; but on this occasion, he was unable to get much support; all his amendments were defeated and the

*I a marginal copy of the scheme  
has been copied by ...*

21st October 1924.

scheme passed as proposed.

We have the honour to be,

Sir,

Your obedient Servants,

*Arthur B. ...*

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

21st October 1924.

scheme passed as proposed.

We have the honour to be,

Sir,

Your obedient Servants,

*Litt...*

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

THE MAGADI SODA COMPANY LIMITED.

HEADS of MESSRS. BRUNNER MOND & COMPANY'S PROPOSALS.

1. The existing Company is to be wound up.
2. A new Company of the same name is to be incorporated with a share capital of £830,000 divided as follows :-
  - (a) 250,000 6 per cent First Preference Shares of £1 each.
  - (b) 1,320,000 6 per cent Second Preference Shares of 5s. each.
  - (c) 600,000 12½ per cent Preferred Ordinary Shares of 5s. each.
  - (d) 100,000 Ordinary Shares of £1 each.
3. (a) The new Company is to create ~~and~~ an issue of £500,000 First ~~Mortgage~~ Debentures, carrying interest at 6 per cent payable half yearly on the 30 June and 31st December in each year. These Debentures are to be redeemable ~~in~~ on the 31st December 1945 (or earlier at six months' notice but not before 1st July 1929) at the rate of £105 for every £100 Debenture at par by means of a sinking fund commencing ~~in 1929~~ on the 31st December 1929.
3. (b) The amount of each of the annual sinking fund payments is to be agreed between the Trustees for the Debenture Holders and the Company or failing agreement shall be determined by the Auditors of the Company so as to provide for the payment of the Debenture and premium on or before the 31/12/1945 and provision for payment of such yearly sums is to be inserted in the Trust Deed.
- (c) A drawing of the Debentures is to be redeemed out of the sinking fund is to be made in December of each year commencing with December 1929 and the Debentures drawn are to be paid off on the 1st January following.
- (d) The Company is to be at liberty at any time after the 30th June 1929 to purchase any of the Debentures at a price

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- (d) The Company is to be at liberty at any time after the 30th June 1929 to purchase any of the Debentures at a price

7. The Preference and Preferred Ordinary Shares are to confer no right to vote for the first two financial years of the new Company, but thereafter they are to confer the right to vote during such times as their annual dividend shall be six months in arrear, or if a resolution is proposed prejudicially affecting the rights or privileges of the holders of the Preference or Preferred Ordinary Shares.
8. Subject as aforesaid, the First Preference Shares are to have one vote for every share. The Second Preference Shares and the Preferred Ordinary Shares are to have one vote for every six shares. The Ordinary Shares are to have one vote per share.
9. Of the first Directors one is to be nominated by the Governor of the Kenya Colony, one by the present Trustees for the first Debenture Holders, and the other by Messrs. Brunner Mond & Company Limited. The names of the first Directors nominated are to be submitted to the Colonial Office and to the Senior Official Receiver for approval. The Governor of the Kenya Colony is always to have one representative on the Board, and should the Director to be appointed by the Trustees for the present Debenture Holders cease to be a Director, owing to any cause whatever, he is to be succeeded by a nominee of the new Trustees who are always thereafter to have one representative on the Board.
10. The new Company is to take over the undertaking and assets of the old Company entirely free from all liabilities, contracts and engagements of the old Company (including all claims made in the liquidation for breach of contract or otherwise) other than the liabilities, contracts or engagements hereinafter expressly provided for. The

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share in the new Company, credited as fully paid, for every 20 Deferred Shares (disregarding fractions of 20 shares) in the old Company held in full.

15. Each Ordinary and Deferred Shareholder of the old Company to have the right to subscribe in cash for and be allotted at par such proportion of the 600,000 Preferred Ordinary Shares of the new Company as the number of the Second Preference Shares received by him bears to the total number of Second Preference Shares issued, all fractions being ignored. Such right to be exercised within three months from the formation of the Company, and the conditions of issue as to payment of calls to be in the discretion of the Board of the new Company.
16. Brunner Mond & Company Limited to undertake to indemnify the Official Receiver against any claim made by Suzuki & Co., in the liquidation in excess of such amount of First Preference Shares as shall under the above scheme of capitalisation be available for the satisfaction of their claim or against their refusal to accept such Shares. In consideration of such indemnity the Official Receiver will take such steps as may be required by Brunner Mond & Company to contest such claim.
17. All necessary steps to be taken in the winding up of the old Company to bind the Debenture Holders, Creditors and Shareholders in the old Company. (a) The costs of and incidental to taking the said steps, winding up the old Company and transferring the undertaking and assets of the old Company to the new Company to be borne by the new Company. (b) The costs of all parties of the pending Debenture Holders Action including the Crown Agents for the Colonies (c) The debts and liabilities and the remuneration of the Receiver in that Action and (d) the costs charges and expenses and the remuneration

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of the Trustees for the existing Debenture holders will be borne by the new Company and the new Company will take over all contracts and engagements of the Receiver still outstanding in his discharge and indemnify him against all liability thereunder.

18. Brunner Mond & Company, Limited, to apply for and be allotted at par (a) 100,000 Ordinary Shares in the new Company to be paid for in cash as and when called up by the new Company, and (b) such number of Preferred Ordinary Shares as shall not be taken up by the Second Preference Shareholders.

19. Brunner Mond & Company Limited, will give guarantees to the satisfaction of the Official Receiver and the Colonial Government that they will work the Uganda Road Company's property to its full economic capacity.

20. This scheme is subject to a lease being granted by the Colonial Office to the new Company. The said lease is to provide a minimum output of the Company's road, the exact figure to be agreed upon between the Colonial Office, the Senior Official Receiver and Messrs. Brunner Mond & Company, Limited.

#### SCHEDULE.

The Government of Kenya Colony.

The Uganda Railway

The clearing office for Enemy Debts and Allied Unpaid Creditors for amounts not exceeding in total £22,500.

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19. Brunner Mond & Company Limited, will give guarantees to the satisfaction of the Official Receiver and the Colonial Government that they will work the Magadi Soda Company's property to its full economic capacity.

20. This scheme is subject to a lease being granted by the Colonial Office to the new Company. The said lease is to provide a minimum output of the Company's product, the exact figure to be agreed upon between the Colonial Office, the Senior Official Receiver and Messrs. Brunner Mond & Company, Limited.

#### ANNEXURE.

The Government of Kenya Colony.

The National Railway

The clearing office for Enemy Debts and liquidators' creditors for amounts not exceeding in total £22,000.

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#### SCHEDULE.

The Government of Kenya Colony.

The Uganda Railway.

The Clearing Office for Enemy Debts and unsecured creditors for amounts not exceeding in total £22,000.