

21

KENYA

668
33659
REC. 6 11 21

753

30TH MAY 1921

SUBJECT

B. E. & D. O. C.

Reports on position of. Has decided to issue title deeds under Class B. of Discharged Soldier's Settlement Order 1921 with purchase price of land 5s. per acre. Support's application to Officers' Association for a second loan of £10,000.

16/VII/21
18
18.7.

MINUTES

In view of this I have altered the terms of the Draft in 33067.
Draft has been & then circulated

MWS 8. 11. 21
at

M. S. ...
L. S. ...

The Company's interests in ...
for annual ...
apparently has ...
could be ...

on Paper

Subsequent Paper

2/2454

a good portion of this
midnight.

I believe these two estimates
and furnished are based
on floor finishing of 200 a ton.
This seems to be a very
optimistic figure being
that floor and finishing
of 80 a ton, but of course
all estimates of future prices
are very guesses.

Copy of the spec's book
reads (I can see reason why
he should not send a copy
of the spec. as it stands)
(copy letter # 33087)
to the spec's book
for that two S & S trucks
had to have had the
the way it has proceeded

to be spent
+ a sum of \$10,000,
and in that case to be
has by who agree to the
proposals made in the
pro's despatch.

W.H.

15. vii. 21

A.S.

16. 7. 21

H. J. R.

16/ vii 21

Pr. 10. 7

W. 11. 7. at m.

Went to the bank for

A grand total of \$10,000,

and in that sum to be

paid by the agent to the

proprietor per 10-12 of

his deed

W.H.

15. 11. 21

A.S.

16. 7. 21

H. J. R.

16/11/21

F.V. 10. 7

C.W. 11. 7. as per

the B.F.A.D.O.C., should obtain land on terms not less favourable than those applicable to other ex-soldiers. Representations on this subject were made to me by the Managing Committee of the Colony, the members having passed a resolution in favour of applying for the grant of the land under the Ordinance mentioned above, and I am informed that, out of 54 members present, 53 voted in favour of an application being made that the land should be granted as Class A farms, and 51 voted in favour of coming under Class B if the former could not be granted.

l/10
20/6/41

5. After full enquiry and earnest consideration I have decided to issue Title Deeds under Class B of the Ordinance quoted above, with effect from January 1st 1920, and to fix the purchase price of the land at the value of £12.5 per acre. The Managing Committee have expressed their approval of these terms.

6. As the residential and development requirements have been fulfilled the Colony is in a position to raise a loan by way of mortgage on the land immediately.

7. The Officers' Association have been good enough to assist by granting a loan on the security of the moveable assets, and I understand that the loan is at present free of interest. In view of the negotiations which have recently been taking place and the changes now about to be made in respect of the tenure of the land I did not consider it advisable to take action in connection with the Bill of Sale as requested in your telegram of 10th March 1921.

MJ
11/4/21

8. I am now requested by the B.F.A.D.O.C. Ltd., to approach the Officers' Association, through you, for a second loan of £10,000 and they are prepared to mortgage the land amounting to about 25,000 acres, and the immoveable assets thereon in security for the two loans, each of £10,000. I would mention here that about 1,000 acres

have...

have been entered, of which about 750 acres are cultivated. That development represents an expenditure of over £5 per acre, and the area of land brought under cultivation will steadily increase. In addition, a well equipped flax factory has been erected at a cost of about £5,000, and there are other permanent improvements.

9. I enclose copies of the following communications which have been received as the result of the enquiries made in regard to the position, financial and otherwise, of the B.E.A.D.C.O., Ltd.

- (a) Statement of future policy dated 20th December 1920.
- (b) Statement of assets and liabilities as at January 31st 1921.
- (c) Details of assets as at January 31st 1921.
- (d) Estimated receipts & Expenditure for period February 1st 1921 to 31st December 1921.
- (e) Letter from Managing Committee No. 4760 dated May 4th 1921.

The returns anticipated under (a) are not considered to be accurate and are probably greatly exaggerated, but that does not appear to prejudice the claim for financial assistance in the form of the proposed additional loan.

Arrangements have been made by the Trustees appointed in accordance with my telegram No. 653 of November 17th 1920 for the overdraft at the National Bank of South Africa, now amounting to about £3,000, to be liquidated at the rate of £1,000 quarterly as the instalments of the first loan of £10,000 are received. There are, in addition, outstanding debts of about £4,000 to be met at an early date.

It should be mentioned also that under the Industrial and Provident Societies Act, 1893, there is Loan Stock Capital of £28,000 registered in respect of 70 members....

64034/20

members at £400 each.

10. Assuming that the proposal will be favourably considered by the Officers' Association I am making arrangements for a deed of mortgage to be prepared by the Solicitors to B.E.A.D.O.C., Ltd., for submission to the Officers' Association's Solicitors, Messrs. Stow, Preston & Pittleton.

11. With regard to the terms of the two loans it is recommended for consideration that repayment should commence on January 1st 1925, and that it should be spread over a

period of 30 years; these periods coincide with those governing the payment of purchase price of the land under "The Crown Lands (Discharged Soldiers' Settlement) Ordinance, 1921". It will be for the Officers' Association to

indicate its proposals in respect of interest to be charged. I observe that the first loan of £10,000 was free of interest. I have the honour to suggest that the second loan of £25,000 should be repaid in the same way as the former, in quarterly instalments of £2,500. The Managing Committee of B.E.A.D.O.C., ask that, in the event of this request being favourably considered, the first instalment should be repaid at an early date pending completion of the application in order to enable them to satisfy present creditors.

12. I would invite attention to the position of the Trustees who do not appear at present to possess the powers necessary to act in accordance with your telegram of November 13th 1920. The Title Deeds in respect of the property will be granted in the name of B.E.A.D.O.C., Ltd., but in respect of the loans if it is desired that the Trustees should have power to act on behalf of, and in the interests of the Officers' Association it would appear that a deed of appointment should be completed, and that they should have "Powers of Attorney" to act for the Officers' Association.

I would advise also that such deed should cover the successors in Office of the present holders of the posts of Director....

Director of Agriculture and District Commissioner, Kericho, any acting appointments in those capacities, and at the discretion of the Governor of this Colony any other person duly nominated by him to act in their stead.

13. I trust that you will be disposed to make suitable representations to the Officers' Association in respect of the second loan of £10,000. Without that additional financial assistance, it is more than doubtful whether the scheme of operations of the Colony can be successfully carried through. Their failure would

be a disgrace to the Government in Kenya and I am very sure that the Officers should have every opportunity to discuss the matter.

RECEIVED
1952
MAY 10 1952
OFFICE OF THE DISTRICT COMMISSIONER
KERICHO

(d) The depression of trade and slump in markets, which has made their recovery temporarily unavailing.

15. A copy of the "Crown Lands (Discharged Soldiers' Settlement) Ordinance, 1921," is enclosed for reference. The section bearing particularly upon the proposals contained herein is Section 6, Sub-section 4 and 8.

I have the honour to be,

Sir,

Your most obedient servant,

Edward Wathey.

GOVERNOR.

KERICHO.
December 20th 1920.

Future Policy.

The present aim of the Management is:-

- (1) To pay the salary of £300 a year to Members starting in small instalments in January 1922.
- (2) To pay an interest on the loan stock capital before October 1921.
- (3) To liquidate debts as far as possible.
- (4) To try and create a Reserve Fund.

To meet the above requirements there are at the moment only three sources of revenue:-

- (1) Farm produce as manufactured into Flax Fibre and Tow. There will probably be the proceeds of some rotation crops but it is too early to count on them for the moment.
- (2) The supply stores.
- (3) The forwarding agency at Lambwa.

For our present purposes it is best to work only on the possible output of the Flax Factories, leaving any profits accruing from Nos. 2 and 3 to balance any unforeseen expenditure.

The scheme is worked out on the premise that the company starts on April 1st 1921 free of debt and with no cash.

Proposed programme for Flax Production.

Working Data.

One Scotch wheel turns out 20 lbs of Flax per day, therefore in a 40 berth Scotch Mill:-

35 wheels turn out 700 lbs per day,
or 8 tons per 24 day month.

The value of finished Flax is taken at £200 per ton including tow and seed.

Six acres of straw are taken as producing one ton of flax.

It is proposed to put up:-

- (1) A 40 berth scotch mill to start work on March 1st 1921, to be known as the Kimeru Mill.
- (2) A 30 berth mill to start work on August 1st 1921 to be known as the Karenga Mill.
- (3) A 40 berth flax mill to start work on January 1st 1922 to be known as the Kapotary Mill.

It is estimated that the Capital outlay on these will be

reason to suppose that the output in cash will not be a good deal higher. 673

With reference to the 20 lbs. a day output of the Dutch wheels, if this is slightly high, it is counter balanced by the fact that calculations are made on the basis of a 24 day month.

Estimated Farming Programme.

KIUGU factory to be fed by KAPTABANGWET, DAMBILSI and possibly a new farm on cattle farm ridge.

KERINGA factory to be fed by KERINGA AND KAPKAKUSUMI.

KAPSOBARI factory to be fed by KAPSOBARI and another farm beyond Mr. Skelton's house.

Necessary acreage required.

	<u>KIUGU</u> Factory.	<u>KERINGA</u> Factory.	<u>KAPSOBARI</u> Factory.
1921	480 acres.	160 acres.	Nil.
1922	480 acres.	360 acres.	480 acres.
1923	480 acres.	360 acres.	480 acres.

On the basis of the data for 1921 a margin of £10,000 only is shown for running the works for 12 months. It is considered that all arrangements should be made at once for running

The Kiugu Factory in 1921, 1922 and 1923.

It is probable that the output would be double that of the experiment has been tried at Kiugu Factory. The remainder of the programme should be laid down.

If the above is decided on, it will be necessary to add 480 acres to each year of the Kiugu factory programme and should give an additional annual gross value of £16,000 and a net profit of nearly £10,000.

Should the above policy of shiftwork be decided on the following agricultural programme will be necessary

	<u>KIUGU</u> Factory.	<u>KERINGA</u> Factory.	<u>KAPSOBARI</u> Factory.
1921.	960 acres.	320 acres.	Nil.
1922.	960 acres.	720 acres.	960 acres.
1923.	960 acres.	720 acres.	960 acres.

This will mean a very large and sudden expansion of the
KLUUGU farming area which would start as soon as the
factory begins to work.

An immediate expansion of the KAPENGA area in
April of 1922.

This double programme, should it be worked, would
probably allow of 225,000 being put to the reserve by the
end of 1922.

(Sd) C.L. PROT.

BRITISH EAST AFRICA DISABLED OFFICERS' COLONY LTD.

Statement of Assets as at 31st January 1921.

<u>Buildings, valued at</u>	2,571.
<u>Roads.</u>	140.
<u>Furniture and fittings.</u>	16.
	234.
	503.
	60.
	211.
<u>Wagons</u>	
<u>Wagons, cart and pack</u>	
<u>Waggonet and cart</u>	
<u>Add inventory</u>	985.
<u>Coffee Millinery</u>	3.
<u>Sundry Debtors</u>	
<u>Costless reserve</u>	1,945.
<u>Stocks on hand</u>	
<u>Flax Seed</u>	
<u>Debtors.</u>	
<u>Less reserve for bad debts</u>	
<u>Stocks on hand.</u>	2,573.
<u>Flax Seed</u>	500.
<u>Building Stock</u>	78.
<u>General Stock</u>	2.
<u>A. Entika</u>	11,000.
<u>Trading Depots</u>	14.
<u>Transport (Lug)</u>	300.
	<u>233,285.</u>

BRITISH EAST AFRICA DISABLED OFFICERS' COLONY LTD.

Statement of Receipts and Expenditure 1st Feb. to 31st Dec 1921.

Estimated.

RECEIPTS.				EXPENDITURE.	
Month.	Tons. Flax.	Value. £.	Total. £.	Item.	Amount. £.
Factory Output.				Refund Loans.	660.
April.	12.	2400.		H.Q. Buildings.	50.
May.	14.	2800.		Lumbwa Buildings.	25.
June.	16.	3200.		Salaries Non-Members.	600.
July.	16.	3200.		Auditor's Fees.	350.
August.	16.	3200.		Legal expenses.	200.
September.	32.	6400.		Transport Oxen.	480.
October.	32.	6400.		Interest Oxen.	100.
November.	32.	6400.		Interest on loan stock.	3608.
December.	32.	6400.	40,400.	Deferred Salaries.	3600.
Esay.		20000.	20,000.	Overseas Settlement.	1030.
				A. Brown.	344.
Post Office.		100.		Gen Expenses postages.	145.
Trading Dept.		1000.		Printing & Stationary.	238.
Transport Dept.		1000.		Travelling & Misc.	200.
Wagons Sale.		1800.		1st. Factory R Coats.	3519.
Training Grants.		1800.		2nd. Factory R Coats.	1173.
Sundry Debtors.		1945.	7,645.	Agricultural Estimate.	8300.
				Int. 10,000 @ 6%.	600.
				Overdraft at Bank.	3900.
				Sundry Creditors.	1435.
				Works Estimate.	15000.
			268,045.		248,548.

Estimated balance at 31st December 1921. £19,497.

(Sgd) R. MACGILL. AS/SECRETARY.
B.E.A.D.O.C. LTD.

Balfour House, 119-125, Finsbury Pavement, London E.C.2.

KERICHO.

May 4th 1921.

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Ref. 4760.

To His Excellency the Governor.
KENYA COLONY.

Your Excellency,

We, the Executive Committee of the above Company, have the honour to bring the following facts to your Notice:-

1. This Company is at present in acute financial distress owing to the fact that the Bank has reduced our overdraft, and refuses further financial assistance.
2. The position of affairs at the moment is roughly as follows:-

On the present ruling of the Bank and with the aid of the £10,000 loan, we shall have only £500 per month to carry on. This is not sufficient by one half for the Company's needs. It means that a farming outlay per person of £100 per year is the maximum amount available, and this, in this country, is insufficient.

3. It is the opinion of the Committee that the present development programme is the very least that will produce a bare subsistence for 60 people, and this programme costs over £1,000 per month.

4. In addition to the above it is necessary to raise at once £3,000 to pay off pressing debts.

5. Unless this extra money can be found by the Company, the Committee will have no option but to call a General Meeting, and to liquidate the Society.

6. The Committee consider that it is unnecessary to point out to Your Excellency the extreme gravity of the situation thus unexpectedly brought about, when 60 men, most of them with wives and families will be stranded here without means of subsistence for next year.

7. In addition to the above, the Committee wish to point out to Your Excellency the calamitous state of affairs which would follow to the Company, and the reflection that such an event would have upon the credit of East Africa from the new settlers point of view.

8. Your Excellency will doubtless remember the large amount of work which had been done on the Estate when you saw it. There is now three times as much again in there than was, and the Company is now a settled business with over £50,000 capital sunk in it, and in addition is within a few months of being self supporting.

9. This Committee now realizes that the original capital was hopelessly small for the magnitude of the business undertaken, but at the time the scheme was started no member was in a position to know whether this was so or not, and the Colonial Office when granting the land considered that the capital was sufficient to justify the formation of the Company.

10. Your Excellency will doubtless realize that this situation has by no means caused by a great in amount of

management which was inevitable in such an undertaking as this, when over 50 men from every part of the United Kingdom and the Colonies were suddenly brought together without any previous acquaintance with one another. Every member fully realises that he himself bears a proportionate part of the blame for such mismanagement, but we will agree that it necessarily takes a considerable period to sort out such a body of men and to select the right ones for the right positions. We should like to point out that the General Meeting held on March 25th last was the first occasion on which the Members have had a chance to appoint to official positions men whom they knew and trusted. Previously, it was necessary to appoint men they did not know, and as to whose business and practical experience they were completed in the dark. The Committee wish to point out to Your Excellency that all the Members remaining here, 56 in number, are absolutely unanimous in their selection of officers.

10. In view of the aforementioned facts, WE, THE UNDERSIGNED, on behalf of BEADOC LIMITED, offer for your earliest consideration the two following suggestions:

- (a) That our letter of February 22nd to Mr. Holm re the second £10,000 loan be forwarded and recommended with the utmost possible despatch.
- (b) That the Title Deeds be made out in a negotiable form to enable us to raise the necessary money.

We have recently learned the conditions under which it was proposed to allot the land to us, and find that the Title Deeds would not be a negotiable security, owing to the fact that there would be a first charge of an unknown amount on the property, to wit, the purchase money to be paid to the Government at a future date.

In view of this fact, and also, having regard to the expressed intention of the Secretary of State that the land should be granted to us free of purchase price, we earnestly solicit Your Excellency to grant the land, at present held by us, under Scheme A of the Crown Lands (Discharged Soldiers Settlement) Ordinance 1921.

Should the land be granted under this Scheme, and should the Government so desire, the Company is willing to enter into such arrangement as may be considered necessary to ensure that the land should not be sold for profit within a reasonable period.

Should the foregoing suggestion not be possible, we request Your Excellency to grant the land at present held by us, under Scheme B of the Crown Lands (Discharged Soldier Settlement) Ordinance 1921 at a nominal purchase price, and we beg Your Excellency to take the following points into consideration in fixing such price.

- (a) The "Specially favourable terms", as mentioned in the Colonial Office letter of September 23rd 1919.
- (b) The nature of the land which has been granted us, a block of 25,000 acres, of which only 8,000 are available for cultivation.
- (c) The entire estate consists of heavy bush or wood, a considerable part of it being dense tropical forest; this necessitates a very considerable initial outlay in clearing. Up to date, the clearing works out at a cost of approximately 25 per acre in spite of the

facts...

fact that so far we have only cultivated the more open areas.

(a) The land once cleared of vegetation of wider intersected by deep gullies, and calling very considerable cost in the way of roads and bridges.

(b) ... the land when cleared but we would like to know the your ... by virtue of the high cost of clearing ... actually pays a very considerable amount for the acreage it brings under cultivation, and the initial capital expenditure necessary as a result effects a very serious drain on the ... resources at our disposal.



July
to
(2)

22 July 1921

Sir,

para 2 of

I am to refer to the letter from

DRAFT.

this Dept. N^o 33067/21 of the 12th of

The General Secretary
The Officers' Association

July, and to transmit to you

Amal: 40236

MINUTE.

to be laid before
~~for the consideration~~ of the Committee of

- Mr. Clark 24/7
- Mr. Parkes 27/7
- Mr. Baskerville 28/7
- Mr. Ormrod
- Mr. H. Lambert
- Mr. H. Bond
- Mr. G. Pades
- Col. Amery
- Mr. Churchill

the Officers' Assocⁿ a copy of the

despatch ~~received from the~~ which

has been received from the

Gov. of Kenya regarding the B.E.A.

Disabled Officers' Colony.

33659/n
desp.

with subⁿ N^o 1 from the enclosure
a copy was sent with letter of 12/7/21
to Officers' Assocⁿ

(2) Mr. Churchill thinks that the

Officers' Association will see this

way to give favourable comment to the request
of the Disabled Officers Colony for a second loan
of £10,000; and in that event he hopes
that they will agree to the proposal made in
paras 10 to 12 of the Gov's despatch

(Signed) H. J. READ