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Balgownie Rubber Estates Ltd.

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Balgownie Rubber Estates Ltd.

Results Of Overtapping.

The eleventh ordinary general meeting of this Company was held yesterday at noon, in the Company's offices, Gresham House. There were present Messrs R. C. M. Kindersley (chairman), G. A. Derrick and A. W. Bean, (directors), F. C. Peck, A. Cook H. R. Llewellyn W. P. Plummer, (for the secretaries and Messrs Derrick and Co)

The report and accounts for the past year were read and the chairman said :

Gentlemen,—With your permission I will as usual take the report and accounts as read.

The accounts show a considerably smaller profit than those of the previous year but, notwithstanding the fact that we have harvested a much smaller crop, if it had not been for the fall in the price obtained of 4d. per lb. and the war risk insurance which accounted for another ½d. per lb., we would have made practically the same profit as we did last year.

I may also mention that we have taken our unsold stock at 1/9d. per

Information ^



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Malaya Tribune.

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lb. which is considerably less than we are likely to obtain, and it must not be lost sight of that the stock taken at this estimated figure is nearly double that of last year, being 50,147 lbs against 28,693 lbs. This is owing to the delay caused by the shipping congestion.

We have been heavily handicapped by the shortage in crop, but it is satisfactory to note that with a considerably smaller crop we have still been able to reduce our cost of production.

Leaving out the war risk insurance for purposes of comparison our f.o.b. costs are 2d. per lb. less than in the previous year and our all-in cost is $1\frac{1}{4}$ d against 1/4d., a reduction of $2\frac{1}{4}$ d. per lb.

The only item in the report that I consider unsatisfactory is the crop. The drop of 40,000 lbs is due to the fact that we have in the past been getting through our bark too quickly.

The manager reported to the board in October last that he wished to reduce his estimate of crop by 40,000 lbs and the directors after careful consideration decided that the single "V" on half the tree was proving too heavy and they adopted the quarter system throughout Balgownie estate on alternate days and I may say that the extra rest thus given to the trees has already made a marked difference to the appearance of the bark. The same system has been adopted on Bangi.

On both estates the bark consumption was too rapid and there was insufficient time given for renewal. The present system gives more than a 6 years' renewal and that we consider should be amply sufficient.

At the time the single "V" system was introduced it was considered a light system of tapping and it was being very generally adopted on trees that had been tapped on heavier systems previously. It has how-

ever proved to be a mistake in this case as our renewal was not sufficient to stand it.

The fall in the crop in the current year was inevitable, and although we might have averted it temporarily by completing the "Vs" that were being worked on it would only have meant a still larger drop in the future.

We may now look to a steady improvement in yield and on a thoroughly sound basis.

In the case of nearly all of the older estates there has been a falling off in yield due to the same causes but in most cases this has not been apparent as they have had young areas to come to the rescue and keep up or increase their crop.

We have not been in such a happy position as we will have no young area to come in until near the close of the current year. I may say that the crop estimate for the present year is a conservative one and will very probably be exceeded.

While on this subject I may remark that the tapping on both estates is good and there is very little wounding, but the bark required to be given sufficient time to mature. Bangi estate was thinned to 93 trees to the acre during the year under the supervision of Mr. D. St. L. Parsons. The work was skillfully carried out, and the trees have been greatly improved. Bangi Estate was originally planted

wider than Balgownie and consequently the thinning has been done in time before over-crowding affected the trees to any extent.

On Balgownie a considerable amount of thinning was done and the work is still being carried on. The total expenditure on the two estates under this heading was approximately \$3,278 which amount is charged against Revenue and is the equivalent of $1\frac{3}{4}$ cents or 1d per lb. on the year's crop.

It is only of recent years that the great importance of thinning out has been realised and there has been a mistaken tendency on many estates to keep in trees that ought to come out in the hope of obtaining an increased yield.

The high standard attained by the Kajang Central Factory for curing was well maintained throughout the year, and our London Agents continue to report most favourably on the consignments.

I was able to inform you at our meeting last year that the Company had obtained the Gold Medal for the best Commercial Exhibit of Plantation Crêpe. The Inch Kenneth Company, which also has its rubber cured by the Kajang Central Factory, obtained the Silver Medal for Crêpe, and I think you will agree that to be able to gain 1st and 2nd places for standard crêpe reflects no little credit on the manager of the factory, Mr. John Baxter, and on the staff of the Estates concerned.

A plant for turning out smoked sheet is in course of erection but, at present, prices are rather favouring crêpe. We consider it advisable however to be in a position to make sheet if desired.

You will notice that we propose that half the value should be written off the shares in the Reko Hospitals Association. The buildings &c. are all in good order, but as we are now permitted to use the Government Hospital the wards of our own hospital have been closed.

We are placed in a sound position by having the hospital in case we should be called on by Government to provide hospital quarters again, but the buildings are of no use for any other purpose and if sold would only fetch what they would be worth as material if pulled down.

Under these circumstances we consider it advisable to write down

the shares by 50 per cent. You will notice that we made a profit of \$1,222.57 from our tin mine during the year.


We have already made a similar amount in the current year and work is proceeding.

There are about 250 coolies employed at present. The mine is sub-leased to a Chinese Towkay on tribute and the company incurs no expenditure excepting the watchman's wages. If the mine continues as at present we may expect some \$4,000 or \$5,000 profit for the year, but it is not possible to foreshadow with any accuracy, as tin mining in the Kajang District is very uncertain owing to the patchy nature of the ore deposits. I think I have mentioned most of the points of interest but after I have moved the resolution I would be glad to answer any questions by shareholders.


I now have pleasure in proposing that the statement of accounts and balance sheet at 31st March 1915 and the directors report be adopted.

Mr. Peck agreed with what the speaker had said as regards the policy of the Board and tapping. He opined that over-tapping should have been recognised earlier. The Company showed a lower estimated yield for the coming year than they had actually put out during the past year. He hoped that there would be no recurrence of this. The present cost of their output was high, and this was due to over-tapping in past years. They produced 3 lbs. per tree, and the cost of production he considered high. It was to be regretted that the directors had not informed the shareholders earlier of this overtapping.

The chairman remarked that he gave that information last year, but Mr. Peck held that only a reference had been made to a change of system and they had not been told the trees had suffered. Commenting on the




accounts, he said he noticed that the auditors certificate did not make the necessary reference that the accounts had been audited in accordance with the requirements of the Company's Ordinance. Speaker had been unable to obtain a copy of the Articles of Association, and in referring to one of its provisions, that a director must vacate his seat if he holds another paying position in




the company, he held that Mr. Derrick had no right to a seat on the board. He did not think that Mr. Derrick had sufficient time to devote to the affairs of the company and speaker would, anyhow, have voted against him. It appeared that either their articles of association or the Company's Ordinance had not been read or cynically ignored. It was not what was expected from a modern company.

In reply, Mr. Derrick said that as regards the auditors certificate, Mr. Dunman raised a similar objection at an earlier meeting and carried the matter to the Registrar of Joint Stock Companies or they (Derrick and Co.) themselves did so. In reply the Registrar said that he was quite satisfied that the certificate was given in accordance with, at least in the spirit of, the ordinance.



Regarding the points Mr. Peck had raised concerning the company's articles of association, these were long since found to be practically unworkable under present conditions. The directors met and gave a great deal of time and attention to revise the articles. A new form of them was drawn up and deposited with the company's solicitors. These he regretted had been mislaid by the solicitors and could not be found. Only for this reason new articles were not in existence and available for inspection.



Mr. Peck wished to know why Mr. Derrick did not leave the Board of Directors.

Mr. Derrick said that the direc

Mr. Derrick said that the directors had followed the custom as much as the auditors, and the custom was usual. The entire articles of association would have to be done over again. Mr. Derrick said as far as his seat on the board was concerned, if the shareholders thought, after what had been said, that it was improperly held, he could resign. He intimated that he was leaving his firm on July 1st (to-day).

Mr. Peck : And Mr. Llewellyn will be put in your place, and the same will apply to him.

Mr. Derrick : He might, of course. That will be left to the directors.

Mr. Peck admitted that the price their rubber realised was very good. Mr. Bean told how, at the Rubber Exhibition in London, the excellence of Balgownie rubber was spoken of. It was often sold long before it arrived in the country.

Mr. Peck mentioned the high cost of management, and expressed the hope that such would not recur.

The Chairman explained that his firm were not managing the estate. They were simply acting as visiting agents.

The resolution to adopt the report and accounts was carried.

A final dividend of 20 per cent. was formally declared, making it 40 per cent. for the year.

Mr. Bean moved that Mr. Derrick be re-elected a Director, Mr. Derrick was leaving Derrick and Co. on the following day, and in view of Mr. Peck's objection would be quite free to act under the new ordinance. Mr. Kindersley seconded.

Mr. Peck persisted in his protest, saying they were dealing with the present time and Mr. Derrick could not be elected at that meeting although he left the firm to-morrow. It was quite contrary to the articles of association, and left

the board free to put Mr. Llewellyn in Mr. Derrick's place—the same provision would make that really wrong.

Mr. Derrick : I think that is not so. I shall not, nor will any partner of mine, be holding any place of profit under this company after tomorrow.

Mr. Bean amended his motion that Mr. Derrick's appointment as a director be dated from July 1st, and in this form it was carried. Mr. Peck voted against it.

The directors' remuneration was then considered.

Mr. Peck proposed \$2,000, observing that the results during the past year had not been satisfactory. The motion was lost.

Mr. Derrick : As a shareholder, and as holder of a considerably larger number of shares than the gentleman who has proposed \$2,000, I propose that the directors be paid the same amount as usual, \$4,000. I have, in fact, never sold one original share. This was carried, Mr. Peck voting against it.

Messrs F. W. Barker and Co. were re-appointed auditors at the same remuneration.

With a vote of thanks to the chairman the meeting terminated.

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