Finance - General

30 July 78 - 26 Nov 78
EVEN in Pretoria it is generally accepted that the few expansionist moves the government has ventured so far this fiscal year have really been no more than gestures.

Finance Minister Owen Horwood himself promised on his return from Europe two weeks ago further measures to keep the pace of business activity rising.

And this week there were a spate of warnings that the country cannot rely indefinitely on export earnings from the mining sector to provide the main expansionary force in the economy.

Top Pretoria University economist Professor Jan Lombard, writing in UDC Bank's annual report, said: "Economic growth cannot be sustained unless it rests also upon the expansion of manufacturing and construction."

Anglo American Corporation directors, in their annual review, said: "In the absence of further (stimulatory) steps... only a marginal improvement in industrial and commercial activity can be expected."

The Standard Bank in its July economic review said: "...the economy is clearly very much in need of affirmative action through imaginative economic and financial management."

Television economist Raymond Parsons (who is also chief executive of Asscom), speaking to Cape businessmen said: "The next six months will be the critical phase in deciding whether the recovery is here to stay."

"Further restrictive measures may be required from the authorities; and the government should be ready to implement these at short notice."

He identified interest rate policy and a more market-related exchange rate as "crucial factors" in government's deciding what to do next.

So far as the exchange rate is concerned, government has (with admirable prudence) pushed the question on to the De Kock Commission which will come up with answers only in October - three months into Mr Parson's critical six month period.

Interest rate or monetary policy, as it stands, is a gross contradiction. By lowering its own borrowing rates, government is bringing the long-term interest rate pattern down; yet it is simultaneously artificially holding up the short-term pattern.

Bank liquidity ratios are ridiculously high in relation to loan demand, and, in consequence, the money supply in real terms is not growing.

The reason for this is that government fears that lower short-term interest rates will encourage importers to switch from foreign to domestic financing sources and that, were this to occur, the reserves would have to take an increased strain as more capital (including our buoyant gold earnings) flows out of the country.

The real solution to that problem is bound up in an appropriate exchange rate policy, which is at least three months off, as exchange rate control has proved to be no better than a sieve.

Have we no choice, then, but to wait and hope that the De Kock Commission will leap to the rescue just before time runs out? Apparently so.

On the other hand, Minister Horwood did say that abundant foreign loans, of even up to seven years maturity, are now available to government.

Perhaps then, as a temporary expedient, we must be content to begin reducing banks' liquidity ratios, thus allowing the short-term interest rate structure to move into greater equilibrium, and replace any lost foreign exchange reserves that import finance might cause by borrowing abroad.

I'm not suggesting an Anthony Barber binge, just moderate growth of monetary aggregates.

Of course, the foreign...
BY NIGEL BRUCE

HOPFULTT! For the

transmission accounts

Lower today: Sorn out
beggers at the feast

Small investors -
by Penelope Grace

When we talk about insurers, we often think of companies that provide insurance to individuals and businesses. However, there are also insurers that focus on investment management. One such company is the Group, which manages a significant portion of its assets through investment management. The Group's investment strategy is focused on achieving long-term capital growth and providing competitive returns to its clients.

In the past year, the Group has continued to grow its asset base and has achieved impressive returns. Its investment team has shown a strong ability to outperform the market over the long term, which has contributed to the Group's strong financial performance.

The Group's investment portfolio includes a mix of domestic and international equities, fixed income, and alternative investments. The portfolio is managed by a team of experienced professionals who use a disciplined investment process to identify undervalued assets and generate superior returns.

Looking ahead, the Group remains committed to delivering strong investment performance for its clients. The team is well-positioned to take advantage of opportunities in the market and is dedicated to delivering exceptional results.

The Group's success is a testament to its commitment to excellence in investment management. It is a model for other insurers, and its performance serves as a benchmark for the industry as a whole.
Runaway left debts

PORT ELIZABETH — A local attorney, Mr. John Jackson, who claims to have fled South Africa for political reasons, reportedly left behind large debts, the president of the Attorneys' Association here, Mr. R. Coulter, said yesterday.

It is believed the debts could total as much as R75,000, including R35,000 owed to the Receiver of Revenue and R10,000 for horseracing debts.

Mr. Jackson left for Britain on June 27, leaving behind his wife, Janet, and three children, who joined him about two weeks ago.

It is understood he bought clothing worth R1,300 the day before his departure, while his wife reportedly spent R200 on suitcases before she left to join him.

Included in his other debts are said to be R25,000 owed to the Cape Law Society and R3,000 on a bank overdraft.

Mr. Jackson sold his house here for R30,000 at the end of June.

He told a London newspaper he fled South Africa as he believed he was likely to be detained without trial "because of my work."

He publicly condemned South Africa's legal system as a "farce" and told the newspaper police used "severe and sophisticated methods of torture" to secure confessions.

After leaving the country, he persuaded an American civil rights group to pay the air fares for his wife and three children, Gregory (6), Michelle (4) and Dale, a baby of 18 months.

Reacting to his allegations about South Africa's legal system, Mr. Coulter said, "Reports have been published that he owed large sums of money when he fled."

"His allegations that there is no independent judiciary in South Africa are completely untrue."

"Unless he was engaged in subversive activities against the State, there was no question of him being detained merely for defending people in court."

Last year Mr. Jackson was struck off the roll of attorneys after the Cape Law Society accused him of overcharging clients. (Sapa)
Massive false death swindle

By HAMISH FRASER
Deputy Finance Editor

There is grudging admiration among Johannesburg insurance executives for the ingenuity which has been applied to what looks like South Africa's first major black white-collar swindle.

A black insurance agent, Mr. Trevor Huddleston Mbabula, who has disappeared is the central figure in an insurance swindle involving nearly R600,000 which has led to urgent proceedings in the Rand Supreme Court.

Mr Justice Ben Franklin has been told of a scheme which led to three claims following the death of a fictitious person who was purported to be a wealthy Lesotho farmer.

Two insurance companies, Legal & General and the Prudential, paid out R138,557 and R39,942 respectively on the death of a certain Mr. Theophilus Maphisa, who it was claimed, had died in a motor accident in Lesotho last year. The claim was supported by a death and post mortem certificates signed by Dr. Motsamai, who works at the Queen Elizabeth II Hospital in Maseru.

Mr Mbabula was the agent who submitted the insurance proposals and he also collected the settlement cheques from the insurance companies.

The balloon went up on Mr Mbabula when he recently lodged a claim for R100,000 with Legal & General on a policy which had only one premium paid on it. The company's suspicions were aroused.

Legal and General's investigations, supported by affidavits handed to court, show that Mr Theophilus Maphisa is not known in Lesotho, that there is no record of his admission to the Queen Elizabeth II Hospital and no record of his death.
Deur David Medes

Stoot Kry

Wingsgroei kan SLS ISKAS beëindig
Volkskas-Beleggingskorporasie, Volkskas-Makelaars-
beleggings en Beikie-
Numne en -Medaljes wees.

Volkskas-Beleggingskorpo-
rasie sal die maatskappy
wees wat met skuldbrieve
en verbande werk, terwyl
Volkskas-Makelaarsbeleg-
gings die groep se belang
die versieringsmaakte-
laarsbedryf sal hou.

Die ander twee bankbe-
dryfmaatskappe is na-
tuurlik Volkskas-
Aksebank (VAB) en
Volkskas-Industriële Bank
(VIB). Dit is albei jong lede
van die groep wat sedert
hul totstandkoming beson-
dere vordering op die Suid-
Afrikaanse bankoneel ge-
toon het.

Die strategiese nywer-
heidsbelange van die groep
sal in n nuwe maatskappy,
Volkskas-Nywerhede Be-
perk, gehuisves word. Sy
vernaamste beleggings sal
wees in Bonuskor ('n be-
lang van 62 persent), Die
Transvaalse. Sulkerkorpo-
raste (100 persent), TMF
(Edena) Bpk. (94,4 persent)
eer. D° & M-Padaanleg
(Transvaal) (64 persent).

Volkskas-Nywerhede sal
ook die groep se beleggings
in onder meer UCDD, Au-
gust Laeppie, Karl Schmidt
SA, Total SA, Impala Grani-
te (SA) en Trevitan Hold-
ings besit.

UCDD is natuurlik die
sent, wat opgeneem is in
die drie toe Total nog plan-
ne gehad het om metoring
in Suid-Afrika te kry.

Die vyfde lid van die
nuwe bankbeheergroep is
Volkskas-Komersiële
Elendomme, wat die groep
andere eiendomsbelange sal
houd. Dit behels hoofsaaklik
gepronkelde dorpsbe-
biede, wonstel- en salg-
bou en 'n paar plaas. Die
boekwaarde van hierdie
eiendomme is sowat R5
miljoen, hoewel die mark-
waarde op sowat R17 mil-
joen geraam word.

Kantbring

Mnr. Danie van Huyse-
steen, wat bestride die
ontvanger van die nuwe
bankbeheergroep is, het aan
Sake-Rapport gesê dat
Volkskas meen dat die
nuwe opset 'n meer logiese
structuur is en die geleent-
heid bied tot doeltreffend
beplanning van en be-
neer oor die bedryvigheid
van die maatskappy in die
groep. Dit sal gevolglik tot
'n doeltreffender aanwet-
ding van kapitaal en tot
verhoogde winsgewend-
heid lei.

Die beneef funksione-
el verdeling van die bank
se bedryvigheid sal mee-
bring dat elke afdeling sy
wens sal toon, wat onder
sy eie kundige bestuur sy
kant sal moet bring.

Op 'n vraag oor toekom-
stige kapitaalbehoeftes het
Mnr. Van Huysteen gesê
dat daar op die oomblik aan
'n uitgifte van aflasbare
voorkeursaande deur die
beheergroep gedink word.

Dit is egter nog te vroeg om
tuettijde oor die omvang
die uitgifte of die koers
en dit lyk of dit waarskynlik
'n private uitgifte sal wees.

Daar kan sekere ook aan-
geneem word dat die op-
brengs van so 'n uitgifte
hoofsaaklik aangewend sal
word om die kapitaalstruk-
tuur van die bankfiliale te
verstevig.

Daar word ook gevoel dat
die bankgroep, met die huldi-
ge plan vir eers sal rasiona-
lisering en daar is geen
plante om noitering vir van
die filiale te soek nie.

Aan die nywerheidskant
kan aangeneem word dat
Bonuskor die prioriteit
nummer een is. En wanneer
hierdie filiaal oor 'n jaar of
twee wees finansiël ge-
sond is, kan daar dalk
interessante moontlikheide
wees.

So kan 'n Volkskas-
Nywerhede dalk 'n openba-
re maatskappy word en kan
Bonuskor se aanbevelers
Caution all the way says Barclays

Finance Reporter

Optimism is heavily tinged with caution in the latest quarterly survey of business attitudes by Barclays Bank. The bank reports that although most of its business customers are more optimistic in view of the greater consumer demand for durables, they do not expect any sharp or substantial improvement in business in the months ahead.

About half the bank's trading customers who took part in the survey said sales during the second quarter of this year were on about the same levels as the first quarter, but only 34 per cent claimed turnover was slightly higher.

In the manufacturing sector, 58 per cent of the respondents reported production levels had remained unchanged, while 35 per cent claimed output levels had been higher in the second quarter.

The majority, 46 per cent, in the building and construction sector reported unchanged levels of activity, while 17 per cent claimed higher levels.

A significant minority, 37 per cent, reported that activity in the second quarter was lower than during the first three months of the year.

The Barclays survey finds:

- The 32 per cent of traders in the food and other non-durable goods sectors expect their third quarter results to be similar to those achieved during the second quarter.
- The rate at which bank credit is used is considered normal.
- This response, therefore, indicates that although the recession is probably now bottoming out, a full-scale upswing in the economy is still not as yet under way.

4. What factors prevent you from employing more Africans as technicians?
By DON WILKSON

Rand Furniture chain

Romaniu sells multi-million

THOURN the groups

SUNDAY TIMES, BUSINESS TIMES, August 6, 1978
As Rates Plunge

Insurance War Woes"
Fed voiks may be on way to brave new world

BY JOHN GILMORE

Hopes are rising in the optimistic condition...
NATIONALIST MP Mr Barend du Plessis has said South Africa has some "ideologically excessive" discriminatory measures and suggested the African Bank be allowed to operate freely from Johannesburg's Eloff Street.

The remarks, made in an interview, are evidence of a new wave of virile thinking within the ranks of the National Party. They have found an immediate echo with his fellow back-bencher, the MP for Pinetown, Dr Jan Marais, and coincide with the publication of several controversial resolutions to be debated at the Cape congress of the National Party in East London later this month.

"I believe that some of the measures restricting blacks probably did make good sense at one time," Mr du Plessis, the MP for Florida, said in an interview. "But in today's context, they would seem to be ideologically excessive."

He pointed to the fact that certain overseas banking institutions, notably the French Bank and the Bank of Lisbon, were allowed to operate freely in South Africa, expanded where they wanted to and made profits — much of which were repatriated overseas.

"If we can allow them to open branches wherever they want to, why not also with the African Bank?"

asked. The African Bank was established several years ago on capital largely subscribed by black South African businessmen. For every branch it wanted to establish in Soweto it was first obliged to establish another in a homeland.

"As far as he was concerned he could see nothing wrong with the African Bank opening a branch in Eloff Street," Mr du Plessis said.

Asked for his views on Mr du Plessis' proposal, Dr Jan Marais, the founder and former chairman of the Trust Bank said that while it was difficult to generalise, he would "prefer all to have the freedom to do business anywhere."

"There might be specific circumstances in a specific environment — and here there are endless permutations — which would make some kind of restriction desirable but I have never thought that banking should be categorised," he said.

Mr du Plessis' call for the easing of ideologically-bound restrictions on black businessmen comes at a time when the Government is particularly sensitive to the issue. The recent decision of the South African Indian Council to adjourn indefinitely was made partly because Indian businessmen are being evicted from white zones in areas of Pretoria in the Transvaal in terms of the Group Areas Act.
Corlett may sell bank R8m farm

Presently zoned for agricultural use, but the southern corner has been approved for township development, the managers said.

In an affidavit the managers said the property was purchased in 1968 for R2 500 000, and the offer from the bank was considered fair and reasonable.

Clayes National Bank R49 066 000 on overdraft. It was unwilling to advance further money to finance the holding of assets which were unproductive. It had been in the interests of the judicial managers to sell the property.

On July 3 this year Corlett Drive Estates and its subsidiaries owed Barclays National Bank.

The property—part of the farm Doornpoort, near Wonderboom airport—is currently zoned for agricultural use, but the southern corner has been approved for township development, the managers said.

In an affidavit the managers said the property was purchased in 1968 for R2 500 000, and the offer from the bank was considered fair and reasonable.
The strange case of the man who never was...

By DEREK TAYLOR

The records said his name was Theophilus Maphisa. He was — so several important people believed — a man of substance, a wealthy poultry farmer in Lesotho. A man with assets of R121,000.

It seemed no more than natural that Mr. Maphisa should want substantial life insurance — more than R178,000 to be specific.

But there was a problem about Mr. Maphisa — he was only four months old! Rather, he had "existed" for only four months — because he was the product of another man's imagination.

This, in essence, was the extraordinary story that was unfolded in affidavits to Prudential.

Mr. Justice Franklin by the Legal and General Assurance Company and the Prudential last week.

The affidavits revealed what could be called the anatomy of an insurance swindle — or the strange case of the man who never was.

The other side of the story has still to be heard by the court, but here is how Legal and General believes it was duped and defrauded.

Mr. Mbalalul, who once worked for Legal & General and now represents Octagon Africa Insurance Brokers, insured Mr. Maphisa with the company for R2,750 in July last year.

A signed application for Theophilus Maphisa was produced. An unknown person was persuaded to turn up for the compulsory medical examination and certificate of medical checks, including chest X-rays, were provided.

Mr. Maphisa, said Mr. Mbalalul, was in partnership with his uncle in poultry farming and was a busy wheel-dealer with land and property interests as far away as Botswana.

With claims of a house worth R40,000, a R50,000 cattle ranch, a R30,000 interest in the poultry farm, and a 3-litre BMW car, Mr. Maphisa seemed a good man to do business with.

The beneficiary was Mr. Mbalalul, a Soweto trader, described as an uncle of the insured man.

A month later, Mr. Mbalalul obtained another, R174,422 insurance policy from Legal & General on Mr. Maphisa's life.

This time Miss Alice Mpungose, of Lenontville, was named beneficiary.

In terms of the policy, Mr. Mbalalul said he was a niece of Mr. Maphisa, who was a partner in a poultry farming business.

On the same day, Mr. Mbalalul insured Mr. Maphisa for the same amount with the Prudential.

The beneficiary was now Mr. Patric Maphisa.

Mr. Mbalalul paid R18 in premiums to the two companies over the following quarter.

The premium was then paid to Mr. Mbalalul, who diverted it to his own bank account.

In December, Mr. Mbalalul was paid R1,000 in respect of the policy on Mr. Maphisa's life.
Far-reaching policy changes expected

During September, the Federal Reserve Board is expected to issue its initial report on its reviews of the Federal Open Market Committee's monetary policy hypotheses. The report is expected to outline a series of changes to current monetary policy, including the potential for a more flexible, data-driven approach to rate-setting. The changes are expected to be implemented gradually, with the Fed aiming to provide market participants with a clearer understanding of its decision-making process.

The report is expected to be released in early October. It will be the first of several reports that will be issued over the next few years, as the Fed continues to review and update its policy frameworks. The reports will be based on the work of the Fed's senior policymakers, who have been meeting monthly to discuss the economy and the financial markets. The reports are expected to provide a detailed analysis of the Fed's decision-making process, including its use of data and its approach to setting monetary policy.

The Fed's decision-making process has been criticized in recent years, with some economists and policymakers raising concerns about its reliance on a single measure of inflation. The Fed's new approach is expected to be more flexible, allowing it to adjust its policies in response to changes in the economy. The Fed is also expected to provide more transparency about its decision-making process, with the reports expected to include a discussion of the factors that the Fed considers when setting monetary policy.

The reports are expected to be released in the first quarter of 2023. They will be based on the work of the Fed's senior policymakers, who have been meeting monthly to discuss the economy and the financial markets. The reports are expected to provide a detailed analysis of the Fed's decision-making process, including its use of data and its approach to setting monetary policy.

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BUILDING SOCIETIES

How efficient are they really?

For that matter, how is the efficiency of a building society to be measured? The most widely used yardstick is the ratio of management expenses to total liabilities, but this is clearly imperfect. In Peru recently, Hans Hefer, of the UBS, in his capacity as president of the Association of Building Societies, said that the most important test was the level of societies' free surpluses, which are transferred to reserves.

While building societies are non-profit-making organisations, he said, it is essential for them to earn reasonable surpluses as this is the only way they can add to their reserves, accumulating "free" capital which can be invested to enhance revenue.

It can also be argued that building societies are financial intermediaries; unlike banks, they cannot create credit in excess of the funds actually at their disposal. Another possibility is to see how efficiently they employ the funds they have by relating total revenue (mainly interest, rents and commissions received) to total assets/liabilities.

Another important aspect of their business is the way in which they finance their activities: a society with, for instance, a high ratio of relatively low-interest savings accounts may be held to be more efficient in this respect than one which relies on paid-up shares or fixed deposits which carry higher interest rates, so are a relatively expensive source of finance.

The accompanying table attempts to quantify these ratios. The figures are related to average liabilities (the average of opening and closing balance sheet entries) to reduce the timing distortions arising from the dynamic nature of building society operations, but these cannot be eliminated altogether (the apparent anomalies in the return for the fast-growing Trust Building Society probably stem from this factor).

Residual profit is declared profit after payment of dividends but before transfers to general reserve, while cost of funds is interest and dividends paid as a proportion of the average value of interest-bearing deposits and accounts and issued capital for a building society the distinctions between loan capital and equity, and interest and dividends, are academic.

In fact, in terms of revenue and cost of funds, the societies show surprisingly similar returns. Excluding Trust, revenue varies from 10.4% to 11.1%; of the Big Five societies, only between 10.5% and 10.7%. Again excluding Trust, cost of funds varies from 8.3% to 9.1%; and for the Big Five, from 8.3% to 8.7%.

And if Eastern Province shows up unfavourably with the highest average cost of funds, this is offset by its efficient use of funds, as it is the leader in total revenue as a percentage of liabilities.

It is indeed in residual profit that the variations are widest, and curiously would say that it's not surprising that a UBS man plugs this ratio. For, at the two ends of the scale, it and the smallest surviving society, Grahamstown, consistently put away most to reserves.

R10.7m may seem a substantial amount for a building society to tuck away; but when it's seen that this is only 0.5% of UBS' total liabilities, the claim that such transfers can have any great impact on overall assets and revenue does not appear very convincing. UBS total accumulated reserves of R73.7m are only 6.8% of its share capital, or 3.3% of its total liabilities.

But considering the differences from society to society in the composition of both assets and liabilities, it is if anything surprising that most of the ratios cluster so closely around the industry norm. However much individuals may proclaim their own excellence, it would seem that building societies may well be the area in which the calibre of money management does not vary widely from one institution to another.

As with the FM's earlier table of expense ratios (Finance July 14) the unfavourable showing of Southern-Trident in the column of residual profits probably reflects largely the disruption of the merger and subsequent extraordinary expenditure.

Financial Mail September 1 1978

**TABLE 1**

<table>
<thead>
<tr>
<th>Building Society</th>
<th>Total Liabilities (R'000)</th>
<th>Total Revenue as % of Liabilities</th>
<th>Residual Profit (as % of Liabilities)</th>
<th>Overall Cost of Funds</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>United</td>
<td>2,139,400</td>
<td>10.7</td>
<td>10,736</td>
<td>0.50</td>
<td>8.3</td>
</tr>
<tr>
<td>SA Perm</td>
<td>1,596,458</td>
<td>10.6</td>
<td>9,595</td>
<td>0.49</td>
<td>8.2</td>
</tr>
<tr>
<td>Alled</td>
<td>1,479,323</td>
<td>10.7</td>
<td>2,844</td>
<td>0.20</td>
<td>8.4</td>
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<tr>
<td>Natal</td>
<td>1,351,093</td>
<td>10.6</td>
<td>1,770</td>
<td>0.13</td>
<td>8.5</td>
</tr>
<tr>
<td>662,400</td>
<td>1,233,077</td>
<td>10.6</td>
<td>1,722</td>
<td>0.14</td>
<td>8.5</td>
</tr>
<tr>
<td>Natmal</td>
<td>2,746,932</td>
<td>10.6</td>
<td>1,924</td>
<td>0.26</td>
<td>8.3</td>
</tr>
<tr>
<td>S-Trident</td>
<td>555,851</td>
<td>10.4</td>
<td>715</td>
<td>0.13</td>
<td>8.6</td>
</tr>
<tr>
<td>Standard?</td>
<td>265,104</td>
<td>10.8</td>
<td>11</td>
<td>0.13</td>
<td>8.7</td>
</tr>
<tr>
<td>Trust</td>
<td>131,716</td>
<td>10.6</td>
<td>307</td>
<td>0.13</td>
<td>8.7</td>
</tr>
<tr>
<td>E Province</td>
<td>110,320</td>
<td>11.3</td>
<td>442</td>
<td>0.34</td>
<td>7.8</td>
</tr>
<tr>
<td>Standard?</td>
<td>99,942</td>
<td>11.1</td>
<td>422</td>
<td>0.39</td>
<td>7.9</td>
</tr>
<tr>
<td>Provisional</td>
<td>97,740</td>
<td>10.6</td>
<td>105</td>
<td>0.08</td>
<td>9.1</td>
</tr>
<tr>
<td>Grahamstown</td>
<td>38,882</td>
<td>10.4</td>
<td>201</td>
<td>0.52</td>
<td>8.9</td>
</tr>
</tbody>
</table>

*1977 figures are sum of Southern & Trident.

Financial Mail September 1 1978

Italics refer to previous year's figures and percentages are rounded off.
Handelsbanken Kim

In Askepote
Boland, Bankoos het wel genoeg plek

DAAR is meer as genoeg ruimte vir die kleiner bank-instelling in Suid-Afrika. Hierdie soort bank kan hierdie uitstek gespecialiseerde dienste lever en solank as wat die kleiner bankers algemeen terdeel bewus is van wat hierdie dienste hom kon, het hulle bestaan nog. Dit is hoe die besturende direkteure van twee van die kleiner banke pyn vol wat al die oornames en samaan- tings die laaste tyd hal onafhanklike karakter behou het.

Hulle is mnr. Gert Liebenberg van Bankoos en mnr. Eugene van Rensburg van Bankoos.

Mnr. Liebenberg se dat in ons huidige vrye kapitaalsie stelsel, die winse- wendheid en doeltreffendheid van 'n bank op die dure gauw 'bepaal of daar vir hom bestaan nog is. As 'n bank noko albei hierdie vereistes kan voldoen, is daar by hom dan geen twyfel dat 'n Klein bank wel 'n plek het nie.

Mnr. Liebenberg se dat verkope. Solank as wat hierdie produkte winse- wend verkope kan word, is daar geen rede waarom 'n Klein bank nie ook aggres- sief kan optree nie.

Mnr. Liebenberg meen dat daar byvoorbeeld geen rede is waarom Bankoos Bank nie byvoorbeeld ook nie 'n Finansienbank wees, wat egter Die gebeur- dikte waarvan 'n klanter al sy finansiële sake by Bankoos het met elders 'n Bankoos genoem het.

Bankwee beweeg in hierdie land teen 'n bepaalde dissi- pline, se mnr. Liebenberg. Hierom sal dit byvoor- oor soos wees om die grote te probeer pak, en Klein banke moet tred hou met die beperking wat op hulle geplaas word.

Uitbreiding moet altyd gemee word oor winsge- wendheid wat dit vir die kleiner bank inhoo. In die geval van Bankoos struk sy gau 28 jaar terug en het hierdie groep al 'n slag tevore deur 'n ernstige depre- ssie geneem en sterk anderuit gekomt.

Met sy ontwikkeling uit die eksekutiewunsisters het die groep oor die jare steeds weens 'n behoefte na meer dienste uitgebrei om 'n groter spektrum te dek. Vroeër het die groep feitlik uitsluitlik oor verbandfian- nisiering gekonsentreer, maar by kon nie vir altyd net daar nie by.

Die beleggingsfisies is die eerste is om dadelik te erken dat 'n klein bank veral sy strategie voortda- vant sal moet aanpas by veranderde omstandighede en behoefte.

Dit is so dat banke oor die laaste paar jaar baie meer aggressief geword het om dat hulle vandag Produkte moes verander en die positie is bereik waar die groe- vandag ook beduidig is op akkopersfinansiering, huur- koop, verhuur en spesialis." Hierdie uitbreiding het wins as sogenaam en dit sal altyd die dure streef wees om wins te maak.

'n Klein bank kan dit nie behoort om dienste teen 'n verlies aan te bied nie.

Mnr. Van Rensburg se dat genees te wees wat 'n meer per- soonlike diens verlang, wat die kleiner bank op die individueel en individueel met persoonlike diens sy grootste voordel.

By groot banke wat groter en groter word gebeur dit noodwendig dat daar 'n opsomersionaliteit ont- wikkel. Daar sal altyd klan- te wees wat 'n meer per- soonlike diens verlang, wat
die genees te wees wat 'n meer per- sone"
Thousands hit by subsidy removal

Thousands of the poorest home-buyers around the country will have to pay more for their bonds under a Government decision to remove the subsidy previously granted on loans of R15,000 or less on houses valued at a maximum of R20,000.

The forthcoming removal of the subsidy was announced yesterday by the Minister of Community Development, Mr. Majotje Suya.

A spokesman for the Association of Building Societies today agreed that the subsidy generally be the home-buyers with the lowest incomes who would be affected by the move.

As a result, he said, would probably run into thousands but probably not hundreds of thousands. He could not give a precise number.

However, he pointed out that the Government was cushioning the subsidy removal by ruling it would only come into effect for home-owners who had received the subsidy for five years, and that building societies should extend the terms of their loans to 30 years.

UNDERSTANDING

Phasing-out of the subsidy will begin on November 1.

The association spokesman agreed that many people had taken out bonds on the understanding they would receive a subsidy (of two percent of the interest rate) and this subsidy was now being taken away from them.

But he did not think the Government had intended the subsidy to last "forever" and although this might have been the impression held by many borrowers.

The association said it had been consulted before the subsidy decision was taken. In general, it agreed with the Government that subsidies to borrowers distorted the housing market and led to people buying more luxurious housing than they would if not subsidised.

ON SAVINGS

He agreed that subsidised luxurious housing was out of the question in view of the low borrowing and valuations limits needed to qualify for a subsidy.

The building societies preferred the view which the Government had come round to, that there should be a subsidy on the interest on savings for homeownership rather than on borrowings.

He agreed that this was to the advantage of building societies as it helped them compete for funds with other financial institutions.
Building society pledge to help soften blow

EAST LONDON—Building societies throughout South Africa will do all they can to help home buyers overcome the phasing out of the Government subsidy. So said the director of the Association of South African Building Societies, Mr D. Alston, from Johannesburg yesterday.

In a telephone interview, Mr Alston said: "We will do everything we can to soften the blow by lessening the amount the house-holders pay on their bonds."

An immediate increase will be experienced from November 1 by people who have been receiving the subsidy for more than five years. Those people whose bonds have not been registered for five years, will continue to receive the two per cent Government subsidy until November 1982.

How much will it affect you? According to Mr Alston, the most a home-owner will have to pay as from November 1 is an extra R22. This is for the maximum bond, which receives the subsidy—R15 000. That is provided the house valuation is not more than R20 000.

Another example was for someone with a R12 000 bond, this person would have to pay an extra R17.62 a month.

These amounts would be greatly reduced if the owner decides to seek payment of his bond over 30 years instead of 25. However, this would in the long run mean the owner paying more for his house because of the extra interest.

"Ultimately, this will entail paying more, but it is up to you really, to decide whether you will afford a fairly substantial increase in repayments or whether you'd rather increase the time of repayment."

"The new move gives people time to think, they have not been enjoying the subsidy for five years already."

"I don't think anyone can say it is a shock. Existing borrowers knew it was coming. It was just a question of when."

"It's not a case now of having to make an instant decision. Even those home owners whose subsidy falls away this year have time to go to their building societies and discuss the matter with them," Mr Alston said.

Spokesmen for building societies in East London said yesterday they could not comment on the issue as they had not yet been notified by their head offices. — DDR
An analysis of the latest bank statements of assets and liabilities (for the June quarter) underlines the consolidation and growth of the revitalised Trust Bank. After slipping steadily just before and after the Bankorp takeover and rationalisation, Trust seems to have made a determined effort to recapture lost ground.

Assets, for instance, grew by nearly 17% while lendings at risk (see table) jumped by over 40%, both compared to the previous quarter. However, as Trust GM Chris van Wyk freely admits, this growth is by no means all attributable to new business for the bank. In fact, he confirms more than half the increase in lendings is related to "a reorganisation of the bank's property involvement."

Although Trust's total exposure to property hasn't changed, there has been what Van Wyk calls "an unscrambling of our exposure." For instance, direct property exposure has been reduced by some R70m, with the balance now included under the item "other advances and discounts." The equity portion has been transferred to the recently established Trust Property Corporation.

Trust also saw remarkable growth in its HP receivables, which rose by some R110m in only three months — still high and almost impossible under normal market conditions given the present competition among other banks in this field. However, Trust insists that three factors accounted for the jump:

• The bank secured "a couple of large corporate HP deals;"
• June was an excellent month for car sales — from which the other banks also benefited;
• Trust bought a lot of additional HP paper.

Among the other big banks there were no startling changes to their figures, which reflected the strong seasonal patterns typical of the June and December quarters. The all round substantial increase in cheque deposits reflected seasonal build-up in anticipation of large tax payments due in July, while liquid asset requirements also rose to meet the build up in deposits.

Standard, Volkskas and Nedbank were all well over their requirements, while Barclays and Trust just skimmed theirs. Since these are low yielding investments (and, therefore, cost money to maintain) a large surplus does not necessarily indicate that one bank is managing its affairs better than the next; even if it is more liquid, although a consistent shortage would spell trouble.

Barclays and Trust both claim to have paid particular attention to the management of their liquid asset portfolios in cutting their surpluses to the absolute minimum. In some of the other cases, banks may be left temporarily holding large surpluses due to tax cheques not being cleared by the end of the month, thereby requiring liquid assets to be reserved against these.

Although bank lending showed an unexpected hiccup during March and April, there was (apart from Trust) very little growth in total lendings of the big banks during the second quarter of the year, reflecting the general slackness in the demand for credit.

Similarly, savings grew only modestly, which was to be expected in view of the surge in pre-gst spending. According to one banker, there are indications that personal savings are now increasing more rapidly.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total assets</th>
<th>Lendings at risk</th>
<th>Cheque deposits</th>
<th>Total deposits</th>
<th>Savings deposits</th>
<th>Excess liquid assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latest Rm</td>
<td>3 681</td>
<td>1 715</td>
<td>917</td>
<td>3 165</td>
<td>792</td>
<td></td>
</tr>
<tr>
<td>BARCLAYS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% change $</td>
<td>2.8</td>
<td>2.0</td>
<td>10.9</td>
<td>2.9</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td>Latest Rm</td>
<td>2 086</td>
<td>1 318</td>
<td>794</td>
<td>2 613</td>
<td>737</td>
<td>90</td>
</tr>
<tr>
<td>STANDARD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% change $</td>
<td>7.5</td>
<td>0.9</td>
<td>11.8</td>
<td>6.1</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Latest Rm</td>
<td>2 086</td>
<td>768</td>
<td>481</td>
<td>1 759</td>
<td>334</td>
<td>99</td>
</tr>
<tr>
<td>VOLSKAS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% change $</td>
<td>5.0</td>
<td>0</td>
<td>22.1</td>
<td>6.0</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Latest Rm</td>
<td>1 499</td>
<td>471</td>
<td>215</td>
<td>1 118</td>
<td>391</td>
<td>41</td>
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<tr>
<td>NEDBANK</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% change $</td>
<td>8.3</td>
<td>-4.1</td>
<td>17.5</td>
<td>17.1</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td>Latest Rm</td>
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<td>721</td>
<td>99</td>
<td>1 006</td>
<td>154</td>
<td>4</td>
</tr>
<tr>
<td>TRUST</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% change $</td>
<td>16.9</td>
<td>41.9</td>
<td>11.2</td>
<td>12.7</td>
<td>1.5</td>
<td></td>
</tr>
</tbody>
</table>

* Included in Barclays' lendings is R203m worth of HP and leasing. Standard, by comparison, includes only R31m, while Volkskas includes R71m.

Includes bills discounted or purchased, HP discounts and advances, loans, deeds of sale discounted and other loans and advances.

1% change over previous quarter.
Savings and loan interest to be cut

Financial Editor

COMMERCIAL banks and building societies are planning to cut fixed deposit and special savings interest rates by 1 percent.

But the move, expected in an announcement on Friday, is almost certain to be followed in a few months' time, by a lowering of 0.5 percent in home mortgage interest rates.

It is anticipated that similar cuts in savings accounts interest will be made by the Post Office and the Government on defence bonds.

Our Johannesburg correspondent writes that the weekend announcement will be accompanied by notice that the prime overdraft rate is to be lowered by a further 0.5 percent.

Relief

The prime rate, which is the rate paid by blue-chip companies, rather than short-term discounts, is expected to be cut by another 25 basis points.

The move is aimed at providing relief to the consumer after the inflation rate of 15.5 percent in March.

The reserve bank has kept its official interest rate unchanged for ten months, but the cut will help to ease the burden of higher costs.

The government has also announced plans to reduce the sales tax by 5 percent, which will have a significant impact on the budgetary picture.

The move is likely to be welcomed by businesses, who have been struggling to keep up with the rising cost of living.

Economic observers believe that the adjustment in interest rates will result in a reduction in the cost of living with the country's economy taking a further upturn and inflation being pegged at about 10 percent.
By Jim Strodes

S Finland summit

Orwood asks for a

...
The law, Swabank and Mouton

It would be easier to square the circle than to square the Banks Act and the prospectus of the Bank of South West Africa (Swabank) with what Swabank founder Ben Mouton has stated under oath in the Rand Supreme Court. The worst suspicions of Banks Registrar Wynand Louw over ownership of Swabank now have been confirmed.

Under the Banks Act, no person and his associates may own more than 10% of a bank. Under the Swabank prospectus, issued in 1973, "no shareholder may at any stage hold more than 10% of the issued share capital of Swabank." This was one of the conditions under which the registration of Swabank was approved. "I was unhappy with the impression that it had been strictly complied with, and this was endorsed by the share register which showed no irregularities," states Louw.

But in fighting an application earlier this month for liquidation of the company which owns his house, Mouton stated on affidavit:

"I was the sub-underwriter in respect of the public issue of 6m shares (the entire share capital) of Swabank. In consequence thereof, approximately 53% of the issued share capital of Swabank came to be under my control in that the shares were obtained in my name, in the names of various nominees, and in the names of the companies under my control.

"All the registered holders of these shares were under my control. They signed a declaration of trust and power of attorney in my favour so as to ensure that I may exercise the voting rights in respect of such shares. Accordingly, up to this day, I still control approximately 48% of the issued share capital of Swabank and am able to exercise control the voting rights for those shares."

Members of his family, stated Mouton, hold a further 10%.

Registrar reacts

What then is to be believed? Was there a contravention of the Banks Act from the inception of Swabank to this day? Did the Swabank prospectus correctly present to the public the intentions of its founder? Was the Registrar correctly informed of those intentions before and since registration was granted? Or was the court not correctly advised by Mouton of his control over Swabank? Somewhere along the chain, there is a suspect link.

Registrar Louw is understandably angered: "Mouton's statement tallies with the impression I have had for the past year that he had not complied with the requirements right from the start. I was not aware that this was the position. When these proceedings have blown over, it will have to be corrected. I cannot say at this stage what action I shall take."

Swabank founder Mouton . . . some Act to follow

And action there will be. There is no reason to assume that Mouton's affidavit did not disclose the true situation. That being so, Louw undoubtedly will make every effort to establish why he was under such a different impression for so long.

In a summary judgment at the beginning of this month, the court placed Morrowdown Development (Pty) in final liquidation. This is the company in which Mouton's personal residence, in Witkoppen, is registered.

Mouton claimed that Morrowdown was built at a cost of R950 000 and has a value of R1,1m. However, provisional liquidator Henry Gunn has a sworn valuation that the property is worth no more than R341 000. The company's liabilities are the bond repayments and debts to associated companies in the Mouton group of R1,17m. The property's first bondholder is Northern Trust, for R90 000, and the second is Mercabank, for R250 000.

Opposing the application for Morrowdown's liquidation, Mouton argued that Mercabank (to whom the Swabank shares are pledged) had intentionally brought about its downfall. He had controlled the Bodendom group, whose main business was selling sectional title units, until 1975. Mercabank financed Bodendom. In 1975, Mercabank brought an application for the judicial management of Bodendom but settled with Mouton on the basis that Mercabank would take over its management. If Bodendom had been properly managed, Mouton alleged, he would have had sufficient cash to pay his debts.

The court ruled that this claim was irrelevant.

Last week, an order for the final sequestration of Mouton personally was granted. Again he brought in the Bodendom dispute, and again this was held irrelevant. His personal liabilities were in excess of R5m and his only assets, he told Justice Hart under oath in an earlier investigation into his financial affairs, were 5 000 shares in a private family company.

Mouton refused to value these shares which, according to him, controlled a number of other companies, mining rights in SWA, and had assets worth a substantial amount. The Deputy Sheriff who attached them valued these shares at less than R50 000.

When Mouton fought his final sequestration, it turned out that these shares were not his only asset. It was then that he disclosed his control of Swabank.

riggered off in Soweto on cate passes in the R.S.A.

<table>
<thead>
<tr>
<th>Year</th>
<th>Passes</th>
<th>Index 1965 = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>2 911</td>
<td>1 416</td>
</tr>
<tr>
<td>1973</td>
<td>3 226</td>
<td>1 042</td>
</tr>
<tr>
<td>1974</td>
<td>3 441</td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Bantu Education, Annual Reports.
Eighteen trades provide training in bricklaying, fitters, mechanics and passes in pass other subjects.

Table 11

<table>
<thead>
<tr>
<th>MERCHANT BANKS</th>
<th>Acceptances rise</th>
</tr>
</thead>
</table>

With one exception, merchant banks experienced a substantial increase in acceptance business during the second quarter. Hill Samuel was the only bank to see a decline which, says MD Christopher Castleman, was chiefly attributable to a decision to cut back on exposures to individual clients and to a culling of poorer clients.

Castleman also reckons that, as an independent merchant bank, Hill Samuel did not benefit from switching into acceptances from overdraft finance to the same extent as merchant banks attached to large commercial banks.

Hill Samuel's utilisation of acceptance facilities also dropped marginally (to around 71%), while most other banks report a slight increase. Standard Merchant, for instance, says its utilisation is currently running at one of the highest levels yet. However, reflecting slack demand for credit, a number of merchant banks saw their total lendings decline. Apart from Volkskas Merchant (which is still relatively small and whose figures therefore change from a low base), Senbank was the only one to record a big drop in lendings (nearly 28%). It should be noted, though, that lendings include bankers' acceptances held for liquid asset purposes.

The two largest merchant banks reveal divergent approaches to the market. UAL runs a much shorter book than Senbank, with only 17% of total deposits in the long-term category, compared to Senbank's 50%. This means that UAL has a cheaper cost of money than Senbank, although it also has to keep a higher proportion of liquid assets against these. Should rates turn suddenly, Senbank would obviously be at an advantage.

However, says UAL's Tony Ross, "our traditionally shorter book is completely acceptable in view of our continued dependence on short-term trade finance (mainly acceptances) and because of a lack of involvement with medium-term lending, such as HIP and leasing." Furthermore, UAL's lending as a proportion of total deposits is considerably lower than other banks (Senbank's is 54%, for instance). Again, says Ross, this is because UAL has more or less limited its activities to trade finance.

Most banks experienced a drop in foreign deposits (which include securities rand accounts and transferable rand of non-residents). Bankers attribute the fall in this category and in foreign loans to falling domestic rates and rising overseas rates.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total assets</th>
<th>Total deposits</th>
<th>Acceptances created</th>
<th>Foreign deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>SENBANK</td>
<td>468</td>
<td>83</td>
<td>155</td>
<td>161</td>
</tr>
<tr>
<td>% change</td>
<td>7.2</td>
<td>27.7</td>
<td>8.4</td>
<td>5.9</td>
</tr>
<tr>
<td>UAL</td>
<td>203</td>
<td>24</td>
<td>130</td>
<td>60</td>
</tr>
<tr>
<td>% change</td>
<td>11.5</td>
<td>24</td>
<td>20.5</td>
<td>19.2</td>
</tr>
<tr>
<td>STANDARD MERCHANT</td>
<td>248</td>
<td>30</td>
<td>144</td>
<td>77</td>
</tr>
<tr>
<td>% change</td>
<td>7.5</td>
<td>13.3</td>
<td>14.8</td>
<td>8.8</td>
</tr>
<tr>
<td>BARCLAYS MERCHANT</td>
<td>191</td>
<td>24</td>
<td>127</td>
<td>48</td>
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<tr>
<td>% change</td>
<td>3.2</td>
<td>12.5</td>
<td>7.3</td>
<td>5.1</td>
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<td>MERCABANK</td>
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<td>88.1</td>
<td>119</td>
<td>10</td>
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<tr>
<td>% change</td>
<td>5.9</td>
<td>10.4</td>
<td>7.6</td>
<td>6.5</td>
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<tr>
<td>HILL SAMUEL</td>
<td>142</td>
<td>65</td>
<td>84</td>
<td>38</td>
</tr>
<tr>
<td>% change</td>
<td>2.9</td>
<td>6.5</td>
<td>8.2</td>
<td>4.6</td>
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<tr>
<td>FINANBANK</td>
<td>87</td>
<td>30</td>
<td>45</td>
<td>13</td>
</tr>
<tr>
<td>% change</td>
<td>6.0</td>
<td>10</td>
<td>2.9</td>
<td>39.5</td>
</tr>
<tr>
<td>VOLKSKAS MERCHANT</td>
<td>95</td>
<td>18</td>
<td>31</td>
<td>22</td>
</tr>
<tr>
<td>% change</td>
<td>3.8</td>
<td>90.3</td>
<td>45.0</td>
<td>97.4</td>
</tr>
</tbody>
</table>

*Includes bills discounted or purchased, HIP discounts and advances, leases, drafts sold discounted and other loans and advances.

annual Reports.

The African matriculants has 10 years. Should this technicians could swell lack education ever returns gered off in Soweto on

<table>
<thead>
<tr>
<th>Total passes</th>
<th>Index 1965 = 100</th>
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<tr>
<td>1971</td>
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<td>1975</td>
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<td>1976</td>
<td>498</td>
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<td>1977</td>
<td>568</td>
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<td>1978</td>
<td>638</td>
</tr>
<tr>
<td>1979</td>
<td>708</td>
</tr>
<tr>
<td>1980</td>
<td>778</td>
</tr>
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Source: Department of Bantu Education, Annual Reports.
STAASTSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

Regulatieskoerant No. 2667
As 'n Nasionale by die Postkantoor Geregistreer

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE
Regulation Gazette No. 2667
Registered at the Post Office as a Newspaper

Vol. 159] PRETORIA, 15 SEPTEMBER 1978 [No. 6155

GOEWERMENTSKennisGewing
DEPARTEMENT VAN FINANSIES

No. R. 1859 15 September 1978
REGULASIES KRAFTENS DIE BANKWET, 1965

Die Minister van Finansies het kragtens die bewoegdheid hom verleen by artikel 50 (1) van die Bankwet, 1965 (Wet 23 van 1965), die regulasies in die Bylae hiervan vervat, uitgevaardig.

BYLAE
REGULASIES KRAFTENS DIE BANKWET, 1965

INHOUD

Regulatieskoerant

Woordomskrwing
DEEL I
Appelle na die Minister
DEEL II
Aansoek om registrasie as bankbeheermaatskappy
DEEL III
Vereistes vir sekere promesges en wieë om as likwiede bate te geld
DEEL IV
Vorms van aansoeke, sertifikate, egawes en state
DEEL V
Herroeping van regulasies

WOORDOMSKRYWING

1. In hierdie regulasies, teny uit die samehang anders blyk—
   (a) het 'n woord of uitspraak wat in die Wet omskryf word, die selfde betekenis as in die Wet;
   (b) beteken “die Wet” die Bankwet, 1965; en
   (c) beteken “artikel” ’n artikel van die Wet.

DEEL I

APPHELLE NA DIE MINISTER

2. Elke bankinstelling, bankbeheermaatskappy of persoon wat verlang om ingevolge artikel 3 (3) van die Wet appel by die Minister aan te teken teen enige beslissing of weiering van die Registrateur, moet binne een maand nadat die betrokke beslissing of weiering waarteen


GOVERNMENT NOTICE
DEPARTMENT OF FINANCE

No. R. 1859 15 September 1978
REGULATIONS UNDER THE BANKS ACT, 1965

The Minister of Finance has, by virtue of the powers conferred upon him by section 50 (1) of the Banks Act, 1965 (Act 23 of 1965), made the regulations contained in the Schedule hereeto.

SCHEDULE
REGULATIONS UNDER THE BANKS ACT, 1965

CONTENTS

Regulation

Definitions

PART I
Appeals to the Minister

PART II
Application for registration as bank controlling company

PART III
Requirements for certain bills and promissory notes in order to qualify as liquid assets

PART IV
Forms of applications, certificates, returns and statements

PART V
Repeal of regulations

DEFINITIONS

1. In these regulations, unless the context otherwise indicates—
   (a) all words and expressions defined in the Act shall have the same meanings as in the Act;
   (b) “the Act” means the Banks Act, 1965; and
   (c) “section” means a section of the Act.

PART I

APPEALS TO THE MINISTER

2. Every banking institution, bank controlling company or person desiring to appeal to the Minister in terms of section 3 (3) of the Act against any decision or refusal of the Registrar shall, within one month after the pronouncement of the decision or refusal at issue, lodge a notice of.

6155—A
geappelleer word bekendgemaak is, by die Registraat 'n
kennisgewing van appel indien wat duidelik die beslissing
der weiering uiteensit waarteen verlang word om appel aan
teken en die gronde vir die appel.

3. Na ontvang van die kennisgewing in regulasie 2
vermeld, moet die Registratur ’n uiteensetting van die
redes vir sy beslissing of weiering opstel.

4. Die Registratur moet ’n afskrif van die uiteensetting
in regulasie 3 vermeld aan die appellante per geregistreerde
depot en hom versoen om binne 21 dae na versending
van sodanige uiteensetting of binne sodanige verdere tyds-
perk as wat die Registratur goedgekeur, te kome te gee of
by voornemens is om met sy appel voort te gaan af dan
nie.

5. Indien die appellant verklar dat hy nie voornemens
is om met sy appel voort te gaan nie, of indien hy nie die
Registratur ooreenkoms reguleer 4 van sy voornemens
verwiti, verval die appel automatis.

6. Indien die appellant ooreenkomstig regulasie 4 ver-
klar dat hy voornemens is om met sy appel voort te gaan,
moe hy saam met sy verklaring by die Registratur ’n
antwoord op die uiteensetting in regulasie 3 vermeld, in-
dien.

7. Na ontvang van die appels se verklaring en ant-
woord moet die Registratur hulle teame met alle ander
betrokke stukke so spoedig en daadlik aan die Minister voor-
lê.

8. Die Minister kan van die Registratur of van die
appellant verlang om enige verdere of ander skriftelike
inhaling te verstreken wat by nodig ag vir ’n regerings-
beslissing oor die appel.

9. Die Minister moet sy beslissing oor die appel aan die
Registratur bekendmaak, wat dit aan die appellant moet
mede deel.

DEEL II
AANSOEK OM REGISTRASIE AS BANK-
BEHEERMAATSKAPPY

10. ’n Persoon wat ingevolge subartikel (2) of subartikel
(5), saamgetree met subartikel (6), van artikel 12A van
die Wet aanpand om registrasie as ’n bankbeheermaats-
kapry te doen, moet sodanige aanpand by die Registratur
indien in die vorm voorgeskryf tydens BW-Vorm 10
hieronder.

11. ’n Aanpand ingevolge genoemde subartikel (2) moet
nie later nie as 31 Desember 1978 ingediend word.

12. Elke aanpand om registrasie moet vergoed gaan van
onderstaande:

(1) Twee kopieë van die Akte van Oprigting en Statute
van die maatskap by die Registratur van Maats-
kappe se geregistreer;

(2) ’n kopie van die maatskap se registrasiecertifikaat
uitgereik deur die Registratur van Maatskappe;

(3) ’n aangifte van die adies van die geregistreerde kan-
toor van die maatskappe;

(4) ’n aangifte van die naam en adres van die voorzitter,
elke direkteur en die hoof- uitvoerende beampte van die
maatskappe;

(5) ’n uiteensetting van die besigheid wat die maatskappe
dryf of van voorneme is om te dryf en van die wyse waar-
op sodanige besigheid gedryf word of zal word aasook die
omvang van elke soort besigheid gedryf;

appeal with the Registrar, which shall clearly set forth the
decision or refusal it is desired to appeal against and the
grounds for the appeal.

3. Upon receipt of the notice referred to in regulation
2 the Registrar shall prepare a statement of the reasons
for his decision or refusal.

4. The Registrar shall dispatch a copy of the statement
referred to in regulation 3 to the appellant by registered
post and require the appellant to declare within 21 days of
the dispatch of such statement, or within such further
period as the Registrar may approve, whether he proposes
to continue with his appeal or not.

5. If the appellant declares that he does not propose to
continue with his appeal or if he fails to make a declara-
tion to the Registrar in terms of regulation 4, the appeal
shall lapse automatically.

6. If the appellant declares his intention in terms of
regulation 4 to continue with his appeal, he shall with his
decision lodge with the Registrar a reply to the state-
ment referred to in regulation 3.

7. Upon receipt of the appellant's declaration and reply,
the Registrar shall as soon as may be transmit them to
the Minister, together with all the other relevant docu-
ments.

8. The Minister may require the Registrar or the appel-
ant to furnish him with any further or other information
in writing that he considers necessary for a just decision
on the appeal.

9. The Minister shall notify his decision on the appeal
to the Registrar, who shall communicate it to the appellant.

PART II
APPLICATION FOR REGISTRATION AS A BANK
CONTROLLING COMPANY

10. Any person who has to apply for registration as a
bank controlling company in terms of subsection (2) or
subsection (5), read with subsection (6), of section 12A
of the Act, shall submit such application to the Registrar
in the form prescribed by BA Form 10 below.

11. Any application in terms of the said subsection (2)
shall be submitted not later than 31 December 1978.

12. Every application for registration shall be accom-
panied by the undermentioned:

(1) Two copies of the Memorandum and Articles of
Association of the company as registered by the Registrar
of Companies;

(2) a copy of the company’s certificate of registration
issued by the Registrar of Companies;

(3) a statement of the address of the registered office
of the company;

(4) a statement of the name and address of the chairman,
every director and the chief executive officer of the
company;

(5) particulars of the business which the company
carries on or proposes to carry on and of the manner in
which such business is carried on or will be carried on,
as well as the extent of each type of business carried on,
Major purchases were made in Free state Baai (increased from 10 000 to 49 000 shares), Kloof (up from 49 700 to 168 000), Southval (up from 202 600 to 376 100) and Vaal Reefs (up from 1 326 to 136 400). At the same time, reduction of the Randfontein holding on 116 300 to 52 200 points to the view that the shares have peaked and at the major gold grade drops slated for the next few quarters had not been discounted by the market.

<table>
<thead>
<tr>
<th>Year</th>
<th>Market value (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75</td>
<td>36.0</td>
</tr>
<tr>
<td>76</td>
<td>33.5</td>
</tr>
<tr>
<td>77</td>
<td>34.8</td>
</tr>
<tr>
<td>78</td>
<td>36.4</td>
</tr>
</tbody>
</table>

In other sectors, dividend potential among coals has been maintained despite vetching. The apparent view on titanium is that there is little point in holding on to non-strategic investments. All the Rustenburg holding has gone and bydenburg reduced, to be partly replaced by an increase in Bishops Gate to 1,21m (m) shares. No details are given of when these changes took place, but the move makes sense on the strength of Bishops' better profit base, despite this year's titanium producer price increases.

Emphasis on group base metal mines is increased with additions to the Kasiol and Gefco holdings, while Consar, Vogels, Palabora and De Beers have been run down.

**SENTRUST'S TOP SIX**

<table>
<thead>
<tr>
<th>Name</th>
<th>Market value (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iferco</td>
<td>5.1</td>
</tr>
<tr>
<td>Uferco</td>
<td>5.1</td>
</tr>
<tr>
<td>ed Myn</td>
<td>3.8</td>
</tr>
<tr>
<td>Steven</td>
<td>3.5</td>
</tr>
<tr>
<td>ed Feds</td>
<td>3.3</td>
</tr>
<tr>
<td>Isaac Nadal</td>
<td>3.2</td>
</tr>
</tbody>
</table>

In line with the generally accepted arket view that best recovery and at-term growth prospects are in industrials, holdings have been increased more here across the board at the expense of mining down the JCI and Fedmyn holdings.

It remains to be seen whether Sentrust sees the increased holdings as long-term. If not, there could be good selling opportunities to help maintain share dealings in the current year.

There is little, new reported on the company's mineral rights. Income from a 33% stake in the Lucas Block rose marginally to R140,000 (119,000). Despite higher gold prices, quantum earnings improvements from this source are at least two or three years away when Buffel's completes development in the area. Drilling has ceased at ermeulenskraal Noord, though apparently Gemvin is active in the OFS.

Higher gold dividends boosted gold's contribution to 33.3% (22.6%) of investment income and unless there is major disinvestment, the percentage contribution should increase this year. In any event, the portfolio's spread points to sound near-term earnings growth potential. Policy is that profits on realisation of investments are reinvested with high distributions from earnings.

There is scope for a further dividend increase in the current year but at 390c the shares discount year-end net by only 7.4%. The 7.7% yield is unattractive and the shares are best suited to investors with medium-term objectives.

Jim Jones

**SENTRUST**

**Increasing the spread**

**Activities:** Investment company owned as to 33.0% by General Mining. Sanlam holds 11.7%. Has 10% net participation rights in any new business undertaken by General Mining.

**Chairman:** J L van den Berg.

**Capital structure:** 18m ordinary of 10c.

**Market capitalisation:** R70,2m.

**Financial:** Year to June 30 1978. Borrowings: long and medium term, R0,5m. Net cash: R1,1m. Current ratio: 0.8.

**Share market:** Price: 390c (1977/78: high, 410c; low, 228c; trading volume last quarter, 230 000 shares). Yields: 8.8% on earnings; 7.7% on dividend.


Sentrust is maintaining its record as one of the most active investment companies as reflected in the increase in net surplus on investment transactions to R3,4m (1977: R318 000).
DEPARTMENT OF FINANCE

No. 1923 22 September 1978

SOUTH AFRICAN RESERVE BANK ACT, 1944
DETERMINATION OF STATUTORY PRICE OF GOLD

It is hereby notified that, in terms of section 17A (1) of the South African Reserve Bank Act, 1944 (Act 29 of 1944), the Minister of Finance has valued, as from 31 August 1978, all gold of the South African Reserve Bank at R158.80 per fine ounce of gold.

No. 1927 22 September 1978

RATE OF INTEREST ON GOVERNMENT LOANS AND ADVANCES

It is hereby notified that the Minister of Finance has, in terms of section 26 (1) of the Exchequer and Audit Act, 1975 (Act 66 of 1975), fixed the standard interest rate applicable from 2 October 1978, and until further notice, to loans and advances granted by the State out of the State Revenue Fund at ten and a half per cent (10½%) per annum.

No. 6162 22 September 1978

STAAKSKOERANT, 22 SEPTEMBER 1978

Bogenoemde standaardrentekoers is van toepassing vanaf 2 Oktober 1978, en tot nadere kennisgeving, op alle trekings van lenings- en voorskotfondse van die Staatsektor, wat in die jaar 1977-1978 is opgeslag.

No. 1933 22 September 1978

UITGIFTE VAN BINNENLANDSE GEREIGTERDE EFFEKTE, 10 PERCENT, 2000 (VERDERE UITGIFTE) EN BINNENLANDSE GEREIGTERDE EFFEKTE, 8,15 PERCENT, 1981 VAN DIE REPUBLIEK VAN SUID-AFRIKA

Die ondergenoemde Binnelandse Geregistererde Effekte van die Republiek van Suid-Afrika sal op 2 Oktober 1978 uitgegee word:

A. Binelandse Geregistererde Effekte, 10 Percent, 2000 (Verdere Uitgifte)

Uitgifteprys R100 paraat bedydelk aan die aanbieder, ten minste R100 paraat bedydelk aan die aanbieder, en die res voor op 15 November 1978. Die kapitaal van hierdie effekte is op 15 Oktober 2000 teen pari terugbetaalbaar, en die rente is halfjaarlik s 15 April en 15 Oktober betaalbaar.

B. Binelandse Geregistererde Effekte, 8,15 Percent, 1981

Uitgifteprys R100 paraat bedydelk aan die aanbieder, die kapitaal van hierdie effekte is op 1 Oktober 1981 teen pari terugbetaalbaar, en die res jaarlik is 1 April en 1 Oktober betaalbaar.

Die kapitaal van hierdie effekte is op 1 Oktober 1981 teen pari terugbetaalbaar, en die res jaarlik is 1 April en 1 Oktober betaalbaar.

Die kapitaal van hierdie effekte is op 1 Oktober 1981 teen pari terugbetaalbaar, en die res jaarlik is 1 April en 1 Oktober betaalbaar.

The above-mentioned standard interest rate is applicable from 2 October 1978, and until further notice, to all drawings of loans and advances from State moneys, except loans and advances in respect of which other rates of interest are specifically authorised by legislation or the Minister of Finance.

No. 1933 22 September 1978

ISSUE OF INTERNAL REGISTERED STOCK, 10 PER CENT, 2000 (FURTHER ISSUES) AND INTERNAL REGISTERED STOCK, 8,15 PER CENT, 1981 OF THE REPUBLIC OF SOUTH AFRICA

The above-mentioned standard interest rate is applicable from 2 October 1978, and until further notice, to all drawings of loans and advances from State moneys, except loans and advances in respect of which other rates of interest are specifically authorised by legislation or the Minister of Finance.

The above-mentioned standard interest rate is applicable from 2 October 1978, and until further notice, to all drawings of loans and advances from State moneys, except loans and advances in respect of which other rates of interest are specifically authorised by legislation or the Minister of Finance.

A. Internal Registered Stock, 10 Per Cent, 2000
(Further Issue)

Issue price R100 per cent payable in full on application or not less than R10 per cent payable on application and the remainder on or before 15 November 1978. The principal of this Stock will be repayable at par on 15 October 2000 and interest will be payable half-yearly on 15 April and 15 October.

B. Internal Registered Stock, 8,15 Per Cent, 1981

Issue price R100 per cent payable in full on application. The principal of this Stock will be repayable at par on 1 October 1981 and interest will be payable half-yearly on 1 April and 1 October.

Subscription lists for cash applications will open on 2 October 1978 and will be closed on or before 9 October 1978.

Prospectus and application forms for cash subscriptions will be obtainable from banks in the Republic and South West Africa and from the Treasury, Pretoria, during the period that the subscription lists are open.
Stanbic into the fray

Stanbic is expected shortly to announce its takeover of the tiny Griqualand West Trust Company. On the face of it, the deal will not set the earth alight. Below the surface, there are sure to be murmurings and rumbles. For Stanbic now will be able to launch a major diversification into a field which the Attorneys' Admission Act specifically precludes a bank from entering.

Unlike Barclays, Nedbank and Bankorp, for instance, Stanbic to date has enjoyed no link with a trust company. That Barclays has an equity association with Security Executor, Nedbank has Syfrets, and Bankorp has Santam-trust means that these competitors of Stanbic are able to offer a client service which Standard cannot. Under the Act, a bank can administer deceased estates only if it has been nominated in a will and may not do so under power of attorney. This right is restricted to attorneys, chartered accountants and old established trust companies.

So what Stanbic has done is buy an old trust company or, specifically, its trust licence. Now Stanbic enters the potentially lucrative league of building its own trust company through its multifarious banking customers by administering estates on an agency basis. The takeover is a shrewd move in that it enables Stanbic, as a bank holding company and not a banking institution, legally to sidestep the Act.

Stanbic's Roy Terry will not comment that the deal has been concluded, only that a "hitch" is delaying its announcement. The FM understands that hitch to be use of the name Standard Trust Company (STC).

An unfortunate accident of history is that the family of Stanbic chairman Ian Mackenzie is divided into two parts. The latter, which was headed by Ian's late uncle John, has a substantial holding in Northern Trust. It was John who set up STC in about 1920. However, the company has been inactive for the last 25 years, its functions being performed by Northern Trust.

Yet STC is still registered. And its registered office is Northern Trust Building in Loveday Street.

For Stanbic to use the STC name, it seems, the two sides of the Mackenzie family will have to talk to one another.

(D) indicates Diplome course, (C) indicates Certificate course, and (D & C) indicates that the Diploma and Certificate figures have been lumped together.

hat there is clearly a fairly high correlation between the rank-ings of each category for immediate demand and 1981 demand, despite that was written in the previous paragraph about the unreliability of the 1981 figures.

In fact, the syllabi for both at the White Colleges for Technical Education are very similar, if the proposed College were diploma course for Chemical Technicians, it could also offer the Chemical Technology (Plastics) at negligible extra expense in key or time.

Colleges for Advanced Technical Education are usually divided into schools. The College at Umlazi, too, could be divided into Schools. On the basis of Table 40, the most likely would be Mechanical Engineering, Electrical Engineering, and Civil Engineering and Building.

nt applies to the Department of Electrical Engineering where right and heavy current flow largely the same course. The ould offer specialisation courses such as Industrial Instrumentation and Electronics, at a later stage of its development should , as well it might with the present expansion of the electric- ty and plans for opening a TV channel for African viewers.

of Applied Science, or some equivalent, could offer courses Chemical Technicians. It should be noted that the Diploma for Chemical Technicians appears to be exactly the same as the one in Analytical Chemistry, and to further confuse matters, is also called the Diploma in Chemical Technology by different Colleges for Advanced Tech-
PIETERMARITZBURG – Meadow Feed Mills Ltd. was fined R18 750 in the Regional Court here yesterday after being found guilty of defrauding South African Railways.

The company pleaded guilty before Magistrate Mr. H. Weitz on defrauding the Railways administration of R101 107.50 by making false entries on record forms so that payment of demurrage charges on railway trucks could be evaded.

Meadow Feeds was fined R230 on each of the 75 counts of fraud.

The offences were committed between February 1974 and 1977.

Defence counsel for Meadow Feeds submitted that the incident was not a deliberately planned scheme of fraud devised with the intention of profiteering.

The fraud arose as a result of a scheme to eliminate the accumulation of railway trucks at the company's private siding.

The scheme had been devised by a former employee of Aunt Caroline rice mills which was experiencing similar problems.

It was suggested that Meadow Feeds fell in with the arrangement, unknown to the directors of the company.

Aunt Caroline's was subsequently convicted of 12 counts of bribery and 35 fraud charges.

However, Mr. Weitz found that Meadow Feeds was "heavily involved in the scheme."

Mr. Anton Ackermann appeared for the State. Mr. H. Z. Slomowitz, SC, assisted by Mr. A. H. Gottlieb, appeared for the defence.
Bank bosses take closer look at large ‘gifts’

THE disclosure that some bank managers accept “thank you” gifts worth R1,000 or more from their clients sent a number of senior banking officials into a careful re-consideration of their payroll policies this week.

An official of Barclays Bank, Mr. A. Carmel, testified — in a Pretoria court case — that it was common practice for managers and senior officials of his bank to receive gifts from clients.

He said he was aware of some bank officials who had received more than one case of whisky.

Other gifts received were TV sets, clothing and discounts worth R1,000 on cars bought by the bank men.

Bankers interviewed by the Sunday Express confirmed the practice was widespread — expenses-paid trips abroad were also frequently offered to managers or officials and an occasional hazard of banking was the possible flouting of offers of free shares or “some free slice of the action” from clients.

But, said a spokesman for Barclays, the normal situation is that of a grateful client who has been helped and wants to express that gratitude.

"Big gifts are not a common practice," he said.

But the problem when you encounter that situation is: what do you accept and when do you risk offending the customer by refusing? he said.

In such a plight, the official could accept and protect himself from any suit or future claim by the client by reporting the gift to a senior manager or the board of directors.

One manager had been presented with two bottles of Scotch and, soon afterwards, was asked for a thinly-veiled R2,000 overdraft.

He returned the bottles, saying: "I can’t afford whisky at R1,000 a bottle."

Mr. Anton van der Merwe, general manager of Nedbank, said: "No client of mine could convince me that something worth R1,000 was a gift — I would feel that he was trying to soften me up.

Our rules are clear and firm: nobody is allowed to receive gifts of excessive value.

Anything more than the bottle of something at Christmas kind of gift is returned with thanks."

Trust Bank’s personnel manager, Mr. J. Howell said: "It’s difficult to refuse gifts without causing offence and we recognise that by allowing our people to accept the traditional small gifts.

But the rough guide is: what he can’t eat in a day, he can’t take.

A bottle of whisky — yes. A case of whisky — no."

Standard Bank’s Mr. Roy Perry said he felt it right to stick with clients before the year’s season.

Gifts with his staff.

"We do not mind the usual small gifts but we do frown on substantial gifts."

"But how does one define substantial to cover all cases? It is left to the discretion of the men on the spot."

Other bankers, speaking informally, say the problem is complex and repulsive.

Said a senior manager: "To some big trading clients, giving their bank man a bottle of Scotch would seem like an insult — they’re big people and so they think in terms of cases of whisky, not bottles."

"This is where the bigger gifts are easier to sort out. If your client makes TV sets and he likes doing business with you, then there’s nothing odd about him giving you a TV set."

"But obviously, if you’ve got a client whose business is down and you know he’s trying to screw up the nerve to ask for a bigger loan then you know what it means if he suddenly sends you a TV set."

"But look what it means to try to bribe a bank manager to get you money on false collateral or false information — it is asking the man to commit professional suicide."

"Anyone can make an honest mistake and come out with a bad deal for the bank, but obviously there is some kind of investigation and you must be prepared to answer in detail for your mistake," he said.

Certainly, according to police and court records, very few bank managers are convicted of being corrupted in their relationships with clients.
Traders stick to overseas financing

By HOWARD PRIECE

There is still no general evidence of any major switch by traders from overseas to domestic financing although fears have been expressed by the Standard Bank economic review.

Mr Bob Aldworth, managing director of Barclays National Bank, said yesterday that Barclays was keeping a close watch on the position.

"There are no signs yet of any significant switching," he said. "It is possibly too early to tell, however, because the recent cut in interest rates has perhaps not been fully reflected at this stage."

Mr Bob Abrahamsen, executive director of Nedbank, said that such switching as was occurring was still minimal.

"There is certainly nothing happening on a scale that would be a threat to the reserves and the balance of payments," he said.

But a spokesman for one of the smaller banks, Hill Samuel, said there were signs of large switching to domestic finance.

Standard Bank's economic review said: "The official easing up on domestic interest rates unhappily coincided with a significant rise in the cost of finance in the United States. "This has now made it attractive in many situations for South African firms to finance foreign trade domestically in preference to abroad."

"Until recently a large-scale switching of trade finance from foreign to domestic sources was only a distant possibility."

"In the past weeks, however, banks have noticed an accelerating shift towards the use of domestic credit."

Fears of such switching have been a lurking menace over South African economic policy throughout the year.

Interest rates would almost certainly have been cut earlier to help boost the domestic economic recovery but for this anxiety.

The worry is that switching of up to R750-million could occur, thus putting a severe liquidity squeeze on the foreign exchange reserves.

The consequence of such would be to force interest rates up again and weaken the still small upward economic momentum.

However, the fear has been more academic than real to date.

In its quarterly bulletin published last week the Reserve Bank said: "The reduced net outflow of short-term capital (in the second quarter of 1978) was probably related to the increase in merchandise imports and an accompanying rise in trade credits and overdrafts despite the fact that the effective cost of trade financing had risen above the comparable domestic cost."

On the evidence of Barclays and Nedbank it still seems to be the case that switching is yet not posing any real threat to the capital account.

Standard offers, in fact, various reasons why there has so far been no "flood of funds out of the country" - although the bank suggests signs of a big shift.

These reasons include:

- Foreign companies subject to exchange control are limited in their local borrowing ability.

- There is a desire to protect offshore facilities because the relatively thin local market is expected to tighten in the case of large-scale switching.

- Any run-off can only be gradual when maturing debts are replaced with South African credit.

It is possible that there has been a general rise in the demand for credit since interest rates were lowered and this has given an impression of switching.

Alternatively, it may be that different patterns are showing at different banks.

But it is unlikely the authorities will change the present cautious stance of letting interest rates slide to help boost growth until there is firm evidence of general trade finance switching.

Senator Horwood, the Minister of Finance, also spoke optimistically this week of South Africa's borrowing potential and credit rating overseas.

It might well be possible to use loans to bolster the reserves if South switching becomes widespread as Standard fears.
Seebank cautious on growth

Cautious Chief is

Sydney Petersen
Chairman

BY ROSS WILKINSON

Interest in the history of Africa is general, and of Cape Town in particular. To this end, the author has undertaken the task of compiling and presenting a comprehensive account of the period of Seebank's existence. The book is rich with historical details and provides a comprehensive view of the development of the company and its impact on society. The author's research is meticulous, and the book is well-researched and well-written. It is a must-read for anyone interested in the history of Africa.
Senbank reg vir die vet jare

Deur WILLEM LAUBSCHER

DIE sewe maer jare is verby! Maar in daardie tyd is 'n stellige fondament gelê vir hernieuwe groei soortgelyk aan wat die land in die jare sestig onderwond het.

In dié optimistiese trant gesel dr. Fred du Plessis as voorzitter in sy voorzitterlike sessies van Senbank, wat gister bekend gestel is.

Hy verwag dat die ekonomiese opwekker wat einde 1977 begin het en nog nie mooi stroom gekry het nie, die hele 1979 sal voortduur maar dat dit nie 'n kragsige groeifase sal wees nie. Een rede is die verwagting dat die groei in die ekonomiese van die Vrye Wêreld sal afneem. Maar vanweë die afgeskeurde basis van die afgelope sewe jaar wat stellig gelê is, is Suid-Afrika in 'n gunstige

posisie met die langtermyn-groeivoorsiening betrek.

In die boekjaar wat verby is (tot vanjaar op 30 Junie) het Senbank sy beste jaar ooit beleef. Sy verklaarde wins beloop R3,4 milj. teenoor verlede jaar se R2,8 milj. Dis 'n persentasiestiging van 19,5 persent.

Mnr. Eduan Pretorius, bestuurstelsel-directeur van Senbank, het in 'n geselskappe met Sake-Rapport gesê dat al die afdelings van die bank in die boekjaar hul kant wonderbaardlik gebring het. Veral was die klimaat vir die kapitaalmarkafdeling in die verlengde beperk

by voorbeeld.

Hy verwag dat dinge in die lopende boekjaar dramaties kan verander. En die resultate van die eerste paar maande van die boekjaar naam hom optimisties dat die verhoogde doeltreffende bereik sal kan word.

Dit spreek vanself dat manne in sy posisie nie vooruitkoppeling weeg wat betrekking op die eerder nie. As 'n mens egter kyk na die winsegskiedenis van Senbank oor die afgelope vijf jaar, toon dit 'n interessante dagdurende patroon. Dit lees soos volg:

- 1974 R2,2 milj.
- 1975 R1,9 milj.
- 1976 R2,4 milj.
- 1977 R2,8 milj.
- 1978 R3,4 milj.

Weens faktore betreklike aan die bankwese was 1975, 'n niinder gelukkige jaar wat winste betrek. Die resultate daarna tot vanjaar was egter patroonvormig.

As 'n mens, nou, mnr. Pretorius, se posisiewe siening vir die lopende jaar saam met Senbank se bekende konserwativiteit in standpunt ten opsigte van die wegbreek van geheime reserve, kan in meer met redelikheid aanvaar word dat die winstgerigheid vir die afgelope boekjaar hoogwat meer was as die verklaarde 19,5 persent.

Trouwens, dit sal nie verspot wees om te sê dit kan selfs twee keer meer ge

wees het nie. In diéselfde trant (terwyl 'n man dan nou nie verspot is nie) kan dit saamgelees met die verklaarte winsegskiedenis van die afgelope jare betekenis dat 'n man kan begin dink aan 'n verhoog in die wins van sowat R4 milj. vir die jaar tot 30 Junie 1979.
Trust-Bank win vertroue

Deur DAVID MEADES

BELEGGERS en klante se vertroue in Trust-Bank het die laatste paar maande dramaties herstel nadat daar 'n jaar gelede nog 'n ernstige vertrouenskrisis was.

'Dit word veral weerspieël deur duisende nuwe spaarrekeninge wat hy elke maand open en 'n mervoudige toename in die uitskakeling van die bank se verhandelbare deposito-
sertifikate (VDS's).

Trust-Bank het vandees-
week vir die agtien maande de tot 30 Junie 'n wins van R2,3 milj. verklaar, maar was dit nie dat hy belangri-
ke afkrywings gedaan het om kneipunte uit sy lyf te kry nie, kon dit nader aan R10 milj. gewees het.

Die uitvoerende vooris-
ter van die bank, dr. Fred du Plessis, het vandees-
week die eerste keer werk-
like besonderhede-verstre-
erd die benarnde posisie waarin die bank hom bevind het vir die ingryping van Bankorp, gesteun deur Sanlam.

Maar op 'n perskonferen-
sie waarop hy die jaarver-
slag beskikbaar gestel en bereid was om enige vraag openhartig en reguit te beantwoord, was dit diuide-
lik dat die "roddingsopera-
sie" uiterst suksesvol was.

Die belangrijkste maat-
staaf van vertroue in enige bank is sy spaarbankklante. En hier is Trust-Bank besig om ongelooflik te verder.

Dr. du Plessis het agter-
na in 'n onderboude aan Sake-Rapport gestaag dat die bank se spaarbankrek-

nings nou groei in 'n tempo van tussen 3 000 en 4 000 per maand, waarvan meer as die helfte afkomstig is van die unieke nuwe Trustlyn-diens van die bank.

In die eerste paar maande nadat Bankorp die be-
stuur van Trust-Bank oor-

geneem het, het dit baie moeilik gegaan. Maar seder Februarie het die bank dramaties begin verander.

In Februarie het Trust-
Bank se totale uitgereikte VDS's net sowat R18 miljoen beloop, maar aan die suiter bankbedry-

wigte, die Trust-Bank is besig om "sterk stukragte te kry en hier kom die bank sy bedrywigte die afgelope jaar met meer as 15 persent laat groei. Deur du Plessis meen dat hierdie groei vorentoe verder sal versnel.

Die bank het egter twee probleemgebiede wat vo-
rentoe nog geurme tyd kan rol en die rede is waarom dr. du Plessis meen dat daar oor minstens vier jaar eers weer dividerende ver-

taal kan word.

Die groot eiendomsportefoulie sal vir die grootste deel van hierdie posisie verantwoordelik wees, ter-

wyl daar oor minstens die volgende jaar sterk voor-

siening vir oordragte na reserve gemaak sal moet word.

Dr. du Plessis meen dat die bank se wins ná belas-

ting vir die afgelope jaar sowat R8 miljoen meer kon gewees het, wat dit nie vir die eiendomme en buit-
gegewe afkrywings nie.

TROOS

In die geval van eiendomme waartoor 'n rente 'n vertrek getoon het, is daar besluit om dit alles te verkoop en die verliese te vat.

Met die oorbluyende eiendomme kry die bank nie die koste van sy geld terug nie, maar daar word geglo dat die regte ding is om nou vir eers minder te verdien en te wag vir wanneer die tyd ryp is en daar 'n verbetering intree.

Uit sy voorsittersverslag blyk dit dat daar ondanks 'n verdubbeling in die bates van die bank tussen 1 Janu-

arie 1972 en 31 Desember 1976, daar feitlik geen netto toeworing tot die geheime reserves was nie.

Daar is egter een troos vir die aandeelhouders van Trust-Bank. Die eiendomme sal vorentoe soos die ander bankbedrywigte groei 'n al kleiner persentasie van die bates uitmaak. En dan behoort die ople-

wing in die ekonomie ook geleidelik die opbrengs van die eiendomme verbe-

ter en hier kan 1 persent waarskynlik 'n paar hon-
derdduisend rand beteken.

En net so behoort daar waarskynlik nog net in die lopende jaar aanvullende voorstelling vir afkrywings gedoen te word waarvoor nie voldoende in vroeëre jare voorsien is nie. Dit is dan wanneer 'n wins ná bolasting van R15 miljoen oor vier jaar steeds meer as waarskynlik lyk.
Year's jail for Tastic Rice boss

Wealthy people must be deterred from "feathering their nests abroad," a judge said today before sentencing a Johannesburg businessman to a year's imprisonment for illegally exporting share certificates worth R300,000.

The businessman, Benjamin Joffe (67), of Hyde Park, Johannesburg, was convicted in the Rand Supreme Court yesterday under the exchange control regulations. He admitted illegally taking share certificates in the American company Colgate-Palmolive to the United States last July.

SECURITIES

The shares, held in his wife's name, are classed as "securities" and subject to exchange control regulations.

The Treasury required that they be kept under the control of the South African Bank.

Mrs Thelma Joffe acquired the Colgate-Palmolive shares through financial transactions with the shares she held in the firm founded by her father, S. Wainstein and Co (Fy) Ltd, suppliers of Tastic Rice. Mr Joffe is joint managing director of the company.

Mr Justice Botha fined Mr Joffe R50,000 and sentenced him to jail without the option of a fine.

He rejected the suggestion that Mr Joffe had not known his actions, in taking the share certificates out of the country, were illegal.

"A man with business experience could hardly have failed to appreciate the nature of what he was doing," said the judge.

The deterrent effect of the sentence was of "overriding importance."

"In my view wealthy people in this country must be deterred from feathering their nests in this way to the potential detriment of the country."

NOT IMPRESSED

He was "not impressed" by the argument that the shares had not been sold and had been voluntarily returned to South Africa by Joffe, the country's economy had not suffered.

It was obvious that the shares had not been intended for "immediate use" abroad, said Mr Justice Botha.

Joffe's counsel had informed him that "the shares were for an "emergency" that might make Joffe leave the country.

As Joffe had not testified, however, he was not able to tell what such an "emergency" would be.

APPEAL

Mr Justice Botha allowed leave to appeal against his sentence following a submission by counsel for Joffe. Mr G. Alexander, SC, that the "potential harm" to the country's economy might have "loomed overlarge" in Mr Justice Botha's mind.

Joffe's bail was increased to R50,000 pending the results of the appeal. He has surrendered his passport and has to report weekly to John Vorster Square.
TRUST BANK

Patience needed

Activities: SA's fifth biggest bank with 139 offices nationwide. Bankorp holds

TRUST BANK: wait for it

60% of the equity.

Chairman: Dr F J du Plessis.

Capital structure: 47m ordinary shares of 50c. 3.3m 11.3% cum convertible prefs of R1. Market capitalisation: R1.4bn.

Share market: Price: 37c (1977/78 high, 58c, low, 21c; trading volume last quarter, 598 000 shares). Yield: 9.5% on

cumulative, PE ratio: 10.9.

Chairman Dr Fred du Plessis says he

believes in caution, but the bank does

close little more than it did before he and

his team took up the reins.

Du Plessis says the property portfolio

has been scrutinised, rationalised and

reorganised. Loss-making buildings have

been sold, where necessary at capital

losses, and others have been written

down in the books to realistic values

based on return. As to their value today

he admits that, short of selling them,

there is no way they can be valued.

Obviously there is a value to them in

the balance sheet but it is not disclosed.

All the properties have been put into

unincorporated Trust Property Corpora-

tion, a separate company owned equally

by Trust Bank and Santam, "so the

bank's future statements will not be

diluted by its involvement in property.

While the property companies' future

income statement will take the involve-

ment fully into account.

Main changes on the liabilities side of

the consolidated balance sheet are the

R25m of new convertible prefs capitalised

by Bankorp, the shrinkage of
disclosed reserves to R17m (1976:

R39.1m), a decline in debentures to

R41.5m (R33.8m), a rise in liabilities

under guarantees to R18.4m (R120m)

and a R7m or 7% rise in deposits to

R120m.

It cannot be inferred from the change

in shareholders' funds that R47m has

been written off against property and

bad debts. This amount went to hidden

reserves and non-banked provisions

made from there.

The R70m rise in deposits was only

partly due to new business. Rationalisa-

tion of Santam bank might have brought

in deposits and Trust has been a big

buyer of NCDs in the money market.

Nevertheless, the BA 9 quarterly

return to end June does show signs of

reationalisation. cheque deposits rose 12%

from March to June to R99.6m, other

short-term deposits rose 20% to

R102.2m, savings deposits were

steady at R154.1m, other medium-term

deposits are up 24% to R196.5m and

long-term deposits up 10% to R64.8m.

NCDs are up 117% from R74.8m to

R157m, while "other liabilities" are down

from R85.7m to R36.4m. Cheque, savings

and medium-term deposits are cheaper

than long-term deposits and NCDs, so the

deposit mix looks quite expensive.

On the asset side of the BA 9, the

picture is brighter. HP discounts, possibly

the most profitable assets, are up 12% to

R247.7m, while secured and unsecured

loans are up 49% to R323.3m. Liquid

assets are only 4% above requirements,

which is close to profit optimum. Bank

premises have been written down to

R35m (R54m) and total property to

R100m (R170.8m). Property comprised

8% of assets at the year-end, compared

with 16% at March 31. But part of the

improvement is cosmetic, as certain

assets are now shown in investments and

subsidiaries.

Property values are problematical but

if write downs were adequate, greater

detail could have been provided. The fact

that Trust is not expected to pay divi-
dends for at least another four years

underlines that its property exposure

remains substantial and places a question

mark over asset value.

Nevertheless, it is now far more a bank

than a property company. It seems that,

barring another recession, targets of

profits exceeding the R2.9m profit divid-

dend this year and thereafter rising stead-

ily should be achieved.

Du Plessis and his team would like

nothing better than to pay a dividend in

three years, and provided there is even a

slight recovery in property by then, this

might be a slender possibility. Trust

stands at 37c compared to Bankorp at

192c, which means a Bankorp share is

worth 5.2 Trusts.

Bankorp will no doubt want the 11.5c

dividend it is receiving from its prefe-

rred shares. Conversion has the option to

convert its prefs at two-for-one in December

1982 or December 1983 and will do so

only when Trust is ready to pay a divid-

dend of 5.75c on all its ordinary.

So 5.75c could be the dividend after 1982.

That would cost Trust R5.5m on the

91m only in issue after conversion when

Bankorp's stake will rise from 66% to

80.6% and cuts the share on a prospec-

tive yield of 31% in 1982 though rev-

covery will take some years. There are

attractions for investors prepared to wait.

David Carter
Mushroom Volkskas Merchant

Financial Reporter

VOLKSKAS Merchant Bank, which emerged as a small operation after Volkskas took over control of Bankova Merchant Bank in May 1977, has mushroomed into an operation with assets of R76-million.

Progressive and aggressive management under managing director Mr Laurie Korsen has transformed the merchant bank into a medium-sized, neat operation in 15 months.

The report for the six months to September 1978 shows assets have jumped from R26-million at the end of March 1978, reflecting the bank’s growth on the acceptance facilities side, its break into international finance on the export-import trade finance side and expansion into corporate finance in the past six months.

VMB started from an asset base of R7 000 000 and had a taxed profit of R77 000 in the six months to March 1977.

Taxed profit for the past six months is R300 000, after taking into account all expenses, tax provision and transfers to contingency reserves. This compares with a taxed profit of R120 000 for the previous comparable half-year and R460 000 for the year to March 1978.

No doubt the latest net profit reflects a hefty transfer to contingency and hidden reserves.

VMB has transferred R200 000 to general reserve and declared an interim dividend of R100 000, payout remaining on the same level as last year.

Holdings in VMB were still 60% by Volkskas and 20% by Bank of the Orange Free State in the six months under review. Since October 2 the Volkskas shareholding has been held by Volkskas Group.

The issued capital was increased to 5-million shares of R1 each and will be increased further before the current year-end. Shareholders funds are R4 449 000 compared with R4 250 000 at the end of March 1978 and R3 120 000 at the end of September 1977.

VMB reports that both the domestic and international banking divisions showed satisfactory growth in the past six months.

The merchant bank has been active in the corporate finance field, acting as adviser in the takeover of Racal Electronics by Grinaker; Fowler Holdings by Metkor Holdings; the acquisition of control of Bonnkor by Volkskas; and the rationalisation of the brick interests of Tongaat and Primrose.

The corporate finance division has advised other corporate clients in mergers, investments and raising of capital.

The capital market division participated in raising long-term loans on behalf of clients to the extent of R165-million, of which VMB’s share amounted to R65-million.

The division was also active in bridging activities and the secondary market for gilt and semi-gilt edged securities.

The directors are confident that year-end profits will surpass those of the previous year.
Building Societies Act, 1965 (Act 23 of 1965), respectively, I. Jacobus Wynand Louw, Registrar of Banks and of Building Societies, hereby approve—

(i) Transkei as a territory; and

(ii) Transkei Development Corporation Limited as an institution,

for purposes of the said definitions, subject to the following conditions:

(a) The time of issue, the period and the aggregate amount of every loan shall have been approved by the Treasury; and

(b) the aggregate amount of the bills, bonds and securities issued by the governments of all territories other than the Republic of South Africa and by local authorities and institutions in such territories, which rank as prescribed investments for any banking institution or building society, shall not exceed 11 percent of the minimum amount of prescribed investments which the institution is required to maintain.

Notice 446 of 1977, as published in Gazette 5651 of 8 July 1977, is hereby withdrawn.

J. W. LOUW, Registrar of Banks and of Building Societies.

(20 October 1978)
Building societies make major changes over savings

Finance Reporter

BUILDING societies announced today that they are to introduce transmission accounts in the first week in November and restrict withdrawals from special savings and ordinary savings accounts to two a month.

In addition, in terms of the Financial Institutions Amendment Act, 1978, passed in June, depositors will no longer be able to have cheques drawn in favour of third parties.

Neither will they be able to transfer money to any other person or account, with the exception of accounts with the same institution in the name of the spouse of depositor and dependants.

The societies will be replacing the facilities that were available on savings accounts with transmission accounts.

The main feature of these new accounts is that interest will be paid at a rate of only two percent. However, there is no limit on cash withdrawals and no minimum balance is required.

In addition, the societies will supply an electronic funds transfer system which will make regular payments for such items as rates automatically for the depositors.

However, the banks which offer various savings accounts are not going to follow in the societies' footsteps at present and intend waiting until February 28, when such a move becomes mandatory.

This could prove to be detrimental to building societies as their depositors could well switch accounts to the banks where they can earn a higher rate of interest.

And once the move has been made, it is unlikely that a depositor will make yet another change once the banks fall into line.

The new accounts came into being after the Registrar of Financial Institutions said that certain institutions were abusing the savings accounts system.

He said the development of electronic transfer systems had turned savings accounts into high velocity accounts "and they should not be that."
Nedbank profit R36,7m

JOHANNESBURG. — The Nedbank Group has reported attributable profit of R36 709 000 for the year ended September 30 compared with R31 591 000 for the previous year.

A final dividend of 14c per share makes the year's total 21c, against 18c.

Earnings per share were 42,7c (36,8).

The report said that "as in previous years, the profit has been arrived at after making provision for all known contingencies out of current profits and after making transfers to internal reserves".
Activities: Holding company for Trust Bank, Senbank and Santambank. Sanlam holds 30.3%, Assura 11.6%, the IDC 7.1% and FVB 6.1%.

Chairman: Dr A D Wassenaar; deputy chairman: Dr F J du Plessis; managing director: W S Pretorius.

Capital structure: 30.7m ordinaries of R1; 25m 11.5% cum convertible prefs of R1. Market capitalisation: R60.5m.

Financial: Year to June 30 1978.

Share market: Price: 197c (1977-78: high, 220c; low, 90c; trading volume last quarter, 80 000 shares). Yields: 13.8% on earnings; 7.6% on dividend. Cover: 2.1, PE ratio: 6.3.

As with any bank not on full disclosure, published profit figures are of little use in drawing comparisons. Bankorp showed maintained earnings, despite the 6.7m additional shares in issue since the Trust Bank takeover.

<table>
<thead>
<tr>
<th>Date</th>
<th>1976</th>
<th>1977</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits (Rm)</td>
<td>462</td>
<td>538</td>
<td>613</td>
</tr>
<tr>
<td>Advances &amp; other accounts (Rm)</td>
<td>325</td>
<td>401</td>
<td>383</td>
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<tr>
<td>Total assets (Rm)</td>
<td>645</td>
<td>727</td>
<td>764</td>
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<tr>
<td>Taxed profit (Rm)</td>
<td>6.3</td>
<td>6.6</td>
<td>7.1</td>
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<tr>
<td>Taxed return for shareholders (%)</td>
<td>9.9</td>
<td>11.4</td>
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<tr>
<td>Earnings (c)</td>
<td>25.9</td>
<td>31.6</td>
<td>34.7</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>11.0</td>
<td>12.5</td>
<td>14.5</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>281</td>
<td>278</td>
<td>286</td>
</tr>
</tbody>
</table>

*5.5m shares issued for Santambank acquired

On the published figures of net operating income from banking subsidiaries, Trust contributed R1.4m, Senbank R3.4m (R2.8m), and Santambank, (which last year included only Creditbank and the Bank of Johannesburg) R4.6m (R3.8m). Trust, in other words, represents 32% of total assets, contributed only 15% of taxed profits — equivalent to 5.1c per Bankorp share.

The implication is that an improvement in Trust would benefit group profits immensely, and a proper revival would do great things for both Trust and Bankorp. But a large portion of Trust's profits for the next few years will go into reserves and a dividend will not be paid for "at least" four years.

The assets and liabilities of the banking operations taken over from Santam for the issue of 3.5m shares are in the balance sheet, although no income from these banks is included in the income statement. This is because the takeover became effective from June 30 only — the last day of the financial year. Our earnings calculation is therefore based on the 27.2m shares in issue before the deal and not the 30.7m post-acquisition. These operations were acquired for effectively R11.06m. If this is deducted from shareholders' funds, Bankorp returned 10.7% taxed for equity.

Other banks have reported profits equivalent to between 12% and 14% of shareholders' funds. Bankorp should show a similar return soon. On current equity of R100m, this suggests taxed profits of R12m to R14m in the next year or two, depending on economic events, the state of the property market and interest rates.

Trust Bank's progress will probably determine how soon this target will be reached. In the meantime, the profits of the other banks are probably at least 1.5 times those reported, so there is plenty of leeway to ensure a smoothly rising earnings curve in the future — assuming no or 1983, depending, probably, on when Trust is in a position to pay dividends on all its ordinarlies.

After conversion, Bankorp's stake in Trust rises to 80.6% and Sanlam's in Bankorp from 50.3% to 56%. The convertible prefs, bought at R1, yielding 11.5% until conversion and convertible at two-for-three, have turned out a good investment for those who took them up. About 8.2m of the 25m are in other hands than Sanlam's.

Bankorp yields 7.6%, compared to the 6.2% average yield for Barclays, Standard, Nedbank and Volkskas. All are set to increase declared profits and dividends in the current favourable climate for banks, and none looks obviously cheap relative to the others. Once Trust starts to come right, though, Bankorp should be re-rated back into line with the other Big Four.

David Carter

Economic disasters. Dividend cover seems unlikely to change much from its average of 2.4 for the past four years, as retentions are looked after in transfers to hidden reserves.

In the light of all this, chairman Dr Andreas Wassenaar's forecast of a "satisfactory growth in profit," maintained earnings and an unchanged dividend policy looks characteristically conservative.

BANKORP: consolidating

To maintain earnings after the issue of the 3.5m shares for Santambank, Bankorp has only to increase taxed profits R1.2m. This should be relatively easy, as this was the order of the dividend those banks paid before the takeover.

The pref dividend will be no burden, as it is paid ultimately by Trust Bank. Deputy chairman Dr Fred du Plessis is confident that Trust's profits, even this year, will easily cover it. Bankorp will convert its Trust prefs in December 1982.
The proposed merger of one of the more successful small banks, Stellenbosch District, with Boland is unlikely to lead to major immediate changes, but has significant long-run potential for Boland.

The official announcement refers to the recent tougher supervision of small banks, and Boland's desire to expand its operating base. But as Stellenbosch has operated soundly and profitably since its formation in 1882 it is likely that the second consideration weighed more heavily with Boland, which has had a 31.9% stake in Stellenbosch since 1970.

For Stellenbosch, it has a commercial banking licence, while Boland is a general bank. Full control of Stellenbosch will enable Boland to move into commercial banking activities — notably current accounts and chequeing facilities — although Boland's MD, Gert Liebenberg, stresses that this will not happen for some time.

Liebenberg said in Johannesburg this week: "If you want to remain an independent bank you have to plan ahead. We felt this was the right time to consolidate our relationship with Stellenbosch; but we have 65 branches, and before we introduce commercial banking services on this scale we must first create the personnel expertise."

At the last balance sheet dates, Stellenbosch's total assets were R30.8m, with an annual profit of R273 000. Boland's assets were R310m, and its profit R2.73m. Stellenbosch has 977 000 shares in issue, and if the bid receives 100% acceptance on the 80-for-100 terms Boland will thus have to issue 532,000 shares in respect of the Stellenbosch capital not already held by it. Boland has 5.5m shares in issue, and the relative size is such that Stellenbosch holders will gain in both earnings and dividend terms but Boland will be little affected.

Boland only started to move away from its traditional Cape base in 1970, when it took over a trust company in Kroonstad. It is now represented throughout South and South West Africa, and the latest proposal is a clear indication that it intends to retain its independence and grow into a major national bank.

Michael Coulson
Risk rating

**Activities:** Short-term insurer in SA and SWA. Immediate holding company is Mutual & Federal Investment, whose shareholders are Old Mutual (51%) and Royal Insurance of the UK (49%).

**Chairman:** B C Smithen; deputy chairman J G van der Horst; managing director: R A Isaac.

**Capital structure:** 4.6m ordinaries of 50c.
**Market capitalisation:** R19.0m.

**Financial:** Year to June 30 1978. Return on cost of investment portfolio: 8.5% (1977: 8.4%); Underwriting surplus/gross premium income: 3.2 (1.0); Taxed return on shareholders’ funds: 18.3% (24.9%).

**Share market:** Price: 415c (1977-78: high, 460c; low, 145c; trading volume last quarter, 26 000 shares). Yields: 21.7% on earnings; 9.2% on dividend.
**Cover:** 2.4; **PE ratio:** 4.6.

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<th>75</th>
<th>76</th>
<th>77</th>
<th>78</th>
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<tbody>
<tr>
<td>Earned premiums (Rm)</td>
<td>32.0</td>
<td>37.0</td>
<td>42.7</td>
<td>47.5</td>
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<tr>
<td>Insurance expenditure (Rm)</td>
<td>34.5</td>
<td>37.1</td>
<td>41.6</td>
<td>45.4</td>
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<tr>
<td>Underwriting surplus (deficit) (R000) (5 257)</td>
<td>0</td>
<td>1 147</td>
<td>2 025</td>
<td></td>
</tr>
<tr>
<td>Investment income (R000)</td>
<td>1 972</td>
<td>2 138</td>
<td>2 594</td>
<td>3 629</td>
</tr>
<tr>
<td>Pre-tax profit (loss) (R000)</td>
<td>1 838</td>
<td>3 041</td>
<td>5 384</td>
<td></td>
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<tr>
<td>Taxed profit (loss)</td>
<td>1 836</td>
<td>3 222</td>
<td>4 151</td>
<td></td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>25</td>
<td>25</td>
<td>30</td>
<td>38</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>327</td>
<td>262</td>
<td>289</td>
<td>489</td>
</tr>
</tbody>
</table>

**Recovery from the** debilitating premium war and the disasters of 1975 and 1976 continued. Earnings improved 26% to 90.1c and the dividend was given a major lift to 38c (1977: 30c).

Gross premium income rose only 8% but claims, commissions and expenses increased only 9%, enabling a R2m underwriting surplus. In addition, investment income rose 40% to R3.6m, boosted by a pre-tax profits 61% to R5.4m.

M&F’s tax relief following the loss of 1975 and lower profitability of 1976 ended, resulting in a tax bill of R1.2m (R19 000). Managing director Reg Isaac says taxation is unlikely to rise significantly in percentage terms from the present overall 22%, as much investment income is tax free.

While M&F has been successful in persuading many clients to increase their sums assured to allow for higher replacement cost and premiums were raised to cover risk more realistically, gross premium income rose by less than the rate of inflation. So in real terms there was retrogression. However, premium levels fall. And if the JSE remains firm, capital gains on prefs will be offset by the later higher cost of buying into equities.

All the short-term insurers enjoy discretion in the declaration of profits. Short of another premium war and major disasters, most should be able to show slight but positive earnings growth next year. The market attaches a relatively high risk rating to the sector as reflected in the average yield of 9.3% for the five “pure” short-term insurers. M&F looks good value relative to the other short-term insurers but not necessarily relative to the rest of the market.

*David Curtis*

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**M&F’s Smithen . . . more realistic cover**

burnt fingers last time. But he says competition will remain strong in a no-growth industry.

Fire premiums accounted for R33.6m or 41.6% (39.5%) of gross premium income, while total commercial and private accident premiums yielded R18.8m or 23.3% (24.6%) of the total and motor brought in R12.5m or 15.5% (14.7%) of the total.

While the market value of the investment portfolio grew 56% to R50.1m (R32m), it yielded only 8.5% on cost in dividends and interest. While the book value of equities held has risen to R13.5m (R12m), their proportion in the investment portfolio declined from 43.5% to 34.7%.

Emphasis has been increasingly on investment in prefs which now comprise 22.9% (9%) of the portfolio.

Government stock holdings rose to R9.4m (R6.4m) — 64% (23%) of the portfolio. In the months prior to the year end, M&F seems to have moved heavily out of equities into fixed interest stock. There will have been some useful capital gains as interest rates continue their decline. But if rates stay low, yields could
Barclays final jumps to 17c

BY HOWARD FRIECE

BARCLAYS NATIONAL BANK has increased its final dividend from 15c to 17c to give a total of 30c (35c) for the year to September 30.

This large increase in the dividend was on a comparatively small rise in earnings a share from 63.2c to 68.1.

Earnings, however, would have been 7c higher if Barclays had stuck to its previous accounting policy regarding taxation benefits from investment allowances.

The rise in operating profit was from R30 100 000 to R62 000 000.

Taxed profit was up from R26 600 000 to R41 300 000.

But a rise in additional transfer to reserve provisions from R2 700 000 to R4 700 000 resulted in the increase in net profit being limited to a rise from R33 800 000 to R36 900 000.

The directors say: “Group operating profit for the year increased by R12 200 000 or 24%.”

“The net profit has been affected by a change in the treatment of taxation and by an additional transfer to provision for doubtful debts.

“In previous years taxation benefits accruing from investment allowances arising from leasing contracts were allocated to income for the year in which they arose.

“A new policy has been adopted whereby these benefits are allocated to income over the period in which repayments are due in proportion to the capital balances outstanding.”

Barclays had excess capital requirements of R2 600 000 at the end of the financial year in terms of the Banks Act requirements.

That means that the bank has the ability to increase its lending by up to about R400 million if the demand materialises.

At the interim stage, one commentator drew attention fairly enough — to the fact that Barclays figures were down on the previous half-year if account was taken of a special R7 500 000 provision for bad debts in the earlier period.

Bank figures are, however, subject to many unknowns — in spite of the theoretical policy of fairly full disclosure by Barclays, among others — so the long-term dividend policy is perhaps the best guide to the long-term profit trend.

Barclays has increased its total annual dividends from 15.5c in 1974 to 17.5c in 1975, 19c in 1976, 20c in 1977 and 30c last year.

That is an impressively solid record.

On yesterday’s price of 406c Barclays yields 15% on earnings and 6.5% on dividends.

“The dividend cover has been reduced technically from 2.75 to 2.3, but given the huge undisclosed reserves, this is not particularly important.

The share seems reasonably priced.
IT'S JUST NOT ON, CONNIE

By Tiche Cheatty

DR CONNIE MULDER was out of step in announcing last week that building societies would be allowed to give housing loans to homeland blacks.

The building societies say it is not on. They were not consulted by the Minister of Plural Relations and Development before his out-of-the-blue announcement.

Because of this, says a statement on behalf of the Association of Building Societies, Mr Roy Canning, they are not committed to the Minister's promise.

The news will come as a shock to blacks living in the Durban area because the townships of KwaMashu and Umkoma are part of the fragmented homeland of KwaZulu.

The general manager of a major building society, Mr John Bennett, said this week his society would not lend money to people in homelands because of the risk.

Speaking at a handing over ceremony of a house for workers of the Phumula Development Corporation at Lebowa's Nketoane township last week, Dr Mulder said black site owners could now borrow money for houses from building societies and banks.

Building societies say housing loans for homeland blacks are too risky.

Institutions or corporate authorities approved by the Secretary for Plural Relations and Development provided the security approved.
Wesbank takes off

Wesbank, for years a drag on Barclays, recovered spectacularly in the year to end-September, to contribute R11m of the R13,2m improvement in Barclays' operating profit. While Barclays' operating profit improved 17% to R68,3m (R55,1m), Wesbank's were 65% better at R12,7m (R7,8m).

The commercial bank's pre-tax profits level-pegged but, because of a change in accounting policy and increased additional bad debt provisions, its taxed profits actually declined by R5m. The merchant bank doubled taxed profits to R1,8m (R0,9m) and the insurance brokerage arm improved profits from R240,000 to R1m. Wesbank's taxed profits improved by R6m to R7,2m, putting group taxed profits 9% ahead at R36,8m.

Main reason for Wesbank's take-off and stagnation in Barclays National was that Barclays has recently channelled nearly all its additional lending capacity in terms of the Reserve Bank's ceiling directly into Wesbank, where HP rates, at an effective 21%, are much higher than overdrafts at 13.5%.

In addition, demand for HP finance by individuals has surged, mainly for new cars and, to a lesser extent, for home improvement. The upshot was that in addition to the profit jump, Wesbank's total assets grew 21% from R397m to R480m. Wesbank has assessed losses, so there also were tax advantages in channelling business its way, though the losses have now been fully utilised.

Due mainly to the change in accounting for tax benefits from leasing, the group tax rate rose to 39% (34%). "Additional" doubtful debt provisions of R4,7m (R2,7m) were made, with the result that taxed attributable profits rose only 9% to R36,8m or 69,1c (63,3c) per share.

Had the accounting change not been made, taxed profits would have been 20% ahead at R40,6m and earnings 75c per share. The dividend was lifted 30% to 30c (23c). Barclays' present cover at 2.3 (2.75) remains apparently better than most banks. However, Barclays is on full disclosure, while the others, apart from Stanbic, are adding in hidden reserves and are therefore understating earnings and cover.

But Barclays is still not disclosing the full extent of its doubtful debt provisions, which could also be equated to transfers to hidden reserves. The FM understands that Barclays has set aside as much as R45m in the past two years. This is 37% of operating profit before such provisions. Barclays' exposure to Glen Anil, Corlett Drive, Hofman and the rest have now been fully provided for. Future recoveries will be pure profit.

Aldworth says Barclays UK is considering revealing doubtful debt provisions more fully from next year, in which case Barclays National will, in all probability, follow suit. Then the published figures will fully reflect the true financial position. This year's report will provide a complete breakdown of all the bank's divisions.

Barclays had a R23,6m capital surplus at the year-end, which means it has the capacity to accept another R400m in deposits and lend a further R240m. Aldworth says this capacity is quite adequate to cope with an upturn. The capital surplus, as much as optimism about the near future, enabled such generosity with the dividend, he adds.

While deposit rates have weakened appreciably, bank's lending rates are down by only 0.5%. Today's wider gap bodes well for profits, especially if Barclays can lend its extra capacity. Aldworth says overdrafts were at record levels during August and September but have declined since the cut in the bank rate. Grey market operators, frightened off by the prospect of capital losses before the cut, have resumed their lending operations.

The second half is normally better than the first, but the second half to end-September was particularly profitable. Operating profits were 28% ahead of the equivalent period in 1977, another bull indicator for the immediate future.

At 460c, the shares yield 6.5% on the present dividend, compared to the Big Five's average yield of 6.7%. Good results have already been discounted by the entire sector. The fact that Barclays' huge provisions are behind it, the possibility of profit write-backs on the provisions it has made and the generally bright scenario for banks make the shares good value at the current price.  

David Carter
The Greater Durban Region consists of the metropolitan municipalities of the City of Durban, the City of eThekwini, and the Metropolitan Municipality of uMgungundlovu. The region includes the Durban Port, which is one of the largest in Africa, and serves as a major gateway to Southern Africa.

The region is home to a diverse range of industries, including manufacturing, services, and agriculture. The Durban Port is a significant contributor to the region's economy, with a large number of businesses operating in the logistics and transportation sectors. The region also has a strong focus on education and research, with several universities and research institutions located in and around Durban.

The Greater Durban Region is a hub for tourism, with many popular attractions such as Durban Harbour, the beachfront, and the Moses Mabhida Stadium. The region is also home to a diverse range of cultural traditions, with a rich history of African, Indian, and European influences.

The Greater Durban Region is a dynamic and rapidly developing region, with significant opportunities for economic growth and development.
Johannesburg — The Association of Building Societies has reported an inflow of money in the July-September quarter of R460 300 000, an increase of 114.5 per cent on the R189 400 000 in the corresponding quarter last year.

Capital repayments on bonds during the quarter were R135 300 000 (1977: R157 300 000) and the gross amount lent was R471 300 000 (1977: R307 500 000).

The association's quarterly newsletter said the exceptionally heavy inflow of investment money is due to the continued high level of liquidity in the economy generally, the public's tendency to save rather than spend and the fact that investors took advantage of the higher rates which were on offer up to October 1, following the announcement of investment rate reductions on September 15.

"In addition, the increase in savings is inflated by the regular transfers of share dividends paid by building societies in September. "The inflow for the quarter ending December 31 is likely to be reduced considerably, but at the present time societies are still very well placed to meet all reasonable loan demands." — SAPA.
Nedbank's profit up

JOHANNESBURG — With five years of consistent growth behind it, since the merger of Nedbank and Syfrets — UAL, the Nedbank group is poised to take advantage of an upturn in the national economy.

The report shows group profits have increased from R25.9 million in 1974 to R38.2 million for the current year. Taxed income available to group shareholders is up 16.2 percent at R36.7 million (R31.5 million).

In his chairman's statement, Dr. Frans Cronje said: "It's almost exactly five years since the various South African financial institutions, each a major enterprise in its own right, which make up the Nedbank group, came together.

The record shows that the Nedbank group coped ably in this trying environment. It firmly positioned itself for substantial further growth."

Dr. Cronje said that over the five years the group had become more banking-centred with banking operation, by 1978, contributing 85 percent of group earnings (80 percent in 1974). The group has consistently improved its after-tax return on shareholders' funds which have risen to 18.4 percent in 1978. A significant proportion has been ploughed back and this ability to increase reserves in relation to liabilities had provided a strong base for further expansion.

The five-year span

Challenges of adaptation to change always characterise dynamic societies, but in few periods could they have been as intense as in this five-year span.

The record shows that the Nedbank group coped ably in this trying environment. It firmly positioned itself for substantial further growth.

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Nedbank awash with cash

By HOWARD PREECE
Financial Editor

The PRECARIOUS nature of the economic upturn is highlighted by Nedbank's excellent annual report for the year to September 30, 1976.

What the report shows is a strong banking group with potential extra lending abilities of as much as R1 000-million but which it cannot use.

Mr. Gerry Müller, deputy chairman of the Nedbank group, told a Johannesburg Press conference yesterday that the bank was "the most underestimated it has ever been."

What emerged from this conference and from the statement in the annual report by the chairman, Mr. Frans Cronje, is that Nedbank is restricted by the liquid asset and ceiling controls and also by a lack of borrowing demand from businessmen.

Other banks are closer to their lending controls, but all the banks report a similar shortfall of demand for funds from manufacturers and others.

All this indicates that even the present small but welcome upturn in the economy could peter out by the middle of next year or so unless there is a further impetus given to growth.

Mr. Müller stressed yesterday his desire for a continuing easier pattern of interest rates as a necessary but far from sufficient condition for such an impetus.

Nedbank shareholders can take comfort in how well prepared their bank is for any future advance in the economy.

They can also rest assured, according to Mr. Müller, that the bank believes the worst is over on the bad debt side - particularly from property, although there have been plenty of other less spectacular areas of grief - and that the general outlook is highly satisfactory.

There are certainly some solid financial factors.

The annual dividend totalled 21c a share last year against 18c in 1975 and 16c in 1974.

The return on shareholders' funds has risen steadily from 18.4% in 1974 to 17.1% in 1975; 17.0% in 1976; 7.7% in 1977; and 18.3% for the year to this September.

Over the same five years, earnings a share have risen from 27.6c to 30.6c to 32.6c to 32.8c to 43.4c.

However, as Mr. Cronje points out, this is barely keeping pace with inflation and it is an indication of the tough economic climate of the past five years.

Mr. Müller is openly enthusiastic about Nedbank's exposure to Triomphe and highly bullish about the phospheric acid market and the outlook.

Nedbank is yielding nearly 18% on earnings and about 14% on dividend.

Those are a little higher than the figures for Stanbic and Barclays, with whom comparisons are traditionally made, and suggest that Nedbank 'is at least fairly priced.'

How much upward scope, there is must depend to a large extent on how the overall economic pattern moves.

E. The supply

If it were not for specific available present needs for mining supply, we must sort our own affairs ourselves.

The issue of tech

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How much upward scope, there is must depend to a large extent on how the overall economic pattern moves.

In conclusion, we are unwilling to draw any definite and reliable conclusions from reading related articles.

One could find two projects similar to the South African situation.

The situation is future short and possible present and future demands for no better tool than the training as far as determination about the present is concerned.

We will contend that potential supply should be taken into account.

The Assembly on 7 September 1970, the

then Minister of Education and Development said that 'Bantu must be employed in the white areas in a controlled and systematic manner and must not be allowed to enter the top strata of labour in order to meet shortages, for this would lead to labour equality and to integration in residential areas, social matters, and political authority in Parliament'.


Breaking into new ground

Activities: Holding company for a banking and financial services group. Principal subsidiaries are Nedbank, UAL, Nefic, Nedfin, Syfret's Bank and Syfret's Trust Companies. Rhobank is 62% owned and Nedsual Insurance Brokers 75% owned. Associates include Sage Holdings, Anglo-African Factors and Anglo-African Shipping.

Chairman: Dr F J C Cronje; chief executive and deputy chairman: G S Muller; executive deputy chairman: L G A Abrahamse.

Capital structure: 86.1m ordinaries of R1. Market capitalisation: R245.4m.


Share market: Price: 285c (1977-78: high, 302c; low, 155c; trading volume last quarter, 2.4m shares). Yields: 14.9% on earnings; 7.4% on dividend. Cover: 2.0, PE ratio: 6.7.

The expected profit advance materialised and there are growing indications that the growth rate will at least be maintained this year.

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<tbody>
<tr>
<td>Deposits (Rm)</td>
<td>1 564</td>
<td>1 796</td>
<td>2 033</td>
<td>2 328</td>
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<tr>
<td>Advances (Rm)</td>
<td>1 008</td>
<td>1 084</td>
<td>1 172</td>
<td>1 320</td>
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<tr>
<td>Net profit (Rm)</td>
<td>26.2</td>
<td>28.4</td>
<td>31.6</td>
<td>36.7</td>
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<tr>
<td>Return %*</td>
<td>17.1</td>
<td>17.4</td>
<td>17.7</td>
<td>18.6</td>
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<tr>
<td>Earnings (c)</td>
<td>30.5</td>
<td>33.0</td>
<td>36.8</td>
<td>42.6</td>
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<tr>
<td>Dividends (c)</td>
<td>15.5</td>
<td>16.5</td>
<td>18</td>
<td>21</td>
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<tr>
<td>Net asset value (c)</td>
<td>179</td>
<td>190</td>
<td>208</td>
<td>230</td>
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* On group shareholders' funds.

Last year Nedbank's profits were helped by the previous year's R8.5m Glen Anil write-off and retarded by covering of the Hofman exposure. This year, unless prudence dictates provision against the Triomphe exposure, there should be no major write-offs.

There is no mention in the annual report of possible problems with Triomphe. But the bank's approach has been that the Triomphe shareholders should provide additional necessary funds for their company, so exposure risk has presumably been declining.

As far as this year's banking profits are concerned, the major boost will come from declining interest rates. The group is relatively more dependent on borrowed funds than their main competitors. And in a period of declining interest rates, this works in Nedbank's favour.

Last year interest margins were relatively constant. The cost of borrowed funds only started to fall a few months ahead of the year-end and the impact on the year's profit was relatively small. This year, the bank should reap the full benefit.

As the economy pulls itself out of recession, the scope for writing further business will expand. With cash and short-term funds of R244m (R258m), representing 11.5% (15%) of total funds, there will be no difficulty in writing new business from existing resources. But perhaps more important as an economic recovery gets into full swing, is the margin for increasing deposits and loans.

The ratio of deposits to shareholders' funds for the group at 11.3:1 is well below the statutory 16.6:1, pointing to substantial unutilised leverage in the financial structure. In Nedbank itself the ratio is somewhat higher 13.2:1. Even so, this means that on the year-end capital structure an additional R387m in deposits could be accepted before the ceiling is reached.

COMPARING THE BANKING SUBSIDIARIES

<table>
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<tr>
<th></th>
<th>Total equity</th>
<th>Total profit</th>
<th>Return on Deposit</th>
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<tbody>
<tr>
<td>Nedbank</td>
<td>111.6</td>
<td>21.8</td>
<td>18.5 13.2:1</td>
</tr>
<tr>
<td>UAL</td>
<td>27.0</td>
<td>3.5</td>
<td>12.8 8.8:1</td>
</tr>
<tr>
<td>Nefic</td>
<td>16.0</td>
<td>3.5</td>
<td>23.1 11.9:1</td>
</tr>
<tr>
<td>Nedfin</td>
<td>23.6</td>
<td>2.8</td>
<td>11.9 9.4:1</td>
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* On total shareholders' funds.
* Ratio of deposits to total shareholders' funds.

UAL continued to be affected by the low return on the Summit property investment. Private sector demand remained under restraint, with advances lower at R45.9m (R52.6m). At the same time private sector utilisation of acceptance credits was low, while short-term lending to the public sector was stepped up. Again, as the economy picks up, private sector utilisation should increase. Though a further improvement in return on shareholders' funds seems likely, an improvement to bring it in line with Nedbank's and Nefic's returns will depend on disposing of the low-return Summit investment.

Nedfin reported a 95% profit improvement, largely on the back of a reduction in bad debts. Demand for lease and instalment credit has been recovering slowly, but the scope for growth in leveraged lease contracts has been cut with tax law changes last year.

After a 50% profit improvement in
last year saw acceptable loan demand decline. It improved in the latter part of the year, but the poor start meant that reported profit only grew by 15.7% to R486 000.

Syfrets Trust, which provides the major part of trust, participation bond and other personal financial services income, increased its profit contribution by 11.6% to R2.3m. Stockbroking activity has terminated, and this year lower interest rates will reduce commissions of participation bond companies. However, this should be offset by greater fee income with greater demand for bonds.

Until last year, on limited disclosure, the group had been reporting annual earnings growth of about 10%. So last year’s 16.2% net profit increase could establish a new trend.

It seems unlikely that if management is expecting any major losses on the Triomf exposure, it would have reported a disclosed earnings improvement of this size. So it appears safe to ignore any Triomf losses in estimating likely earnings this year.

On year-end shareholders’ funds the group recorded an attributable return of 18.6% and has maintained the normal 50% dividend payout.

Extrapolating these figures alone, 10% earnings growth is possible. But this ignores the potential for improved profitability with lower cost of borrowings and increased activity as the economy picks up. On this basis, a 20% earnings improvement seems easily attainable, with potential for a dividend hike to 25c. On a prospective 8.8% yield the shares should be bought.

Jim Jones

AFRIKAANSE PERS

Credibility gap

Activities: Holding company with subsidiaries printing, publishing and distributing newspapers, magazines and books. Publications include Die Transvaler, Vaderland, Hoofstad, Ogendibad, SA Financial Gazette, and Scope. Vaderland-Beleggings owns 44.4% of Afrikaanse Pers, which in turn owns 85% of Perskor. Dagbreektrust has a 14.7% interest in Afrikaanse Pers.

Chairman: M V Jooste.

Capital structure: 5.5m ordinaries of 50c. Market capitalisation: R6.3m.


Share market: Price: 115c (1977-78: high, 120c; low, 45c; trading volume last quarter, 188 000 shares). Yields: 62.3% on earnings; 9.6% on dividend. Cover: 6.5. PE ratio: 1.6.

Evaluation of the annual report is made difficult by apparent inaccuracies or, at least, wishful thinking and a not altogether helpful presentation of accounts.

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<tbody>
<tr>
<td>Return on cap%</td>
<td>21.5</td>
<td>16.8</td>
<td>15.4</td>
<td>15.5</td>
</tr>
<tr>
<td>Turnover (Rm)</td>
<td>85</td>
<td>109</td>
<td>114</td>
<td>134</td>
</tr>
<tr>
<td>Gross profit (Rm)</td>
<td>4.7</td>
<td>3.6</td>
<td>4.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>7.1</td>
<td>3.3</td>
<td>4.1</td>
<td>3.7</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>33.9</td>
<td>34.8</td>
<td>52.3</td>
<td>71.9</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>1.4</td>
<td>10.0</td>
<td>10.1</td>
<td>10.1</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>263</td>
<td>282</td>
<td>395</td>
<td>417</td>
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Chairman Marius Jooste claims that “with the co-operation of well-known ink manufacturers, Coates, your group obtained a majority holding in factories at Johannesburg and Durban.” This has been frustrated by Coates. He also says: “A clash of interest between Nasionale Pers and Perskor arose. I feel that the battle is drawing to a close and it can be expected that an agreement will be reached in the foreseeable future.” Nasionale Pers has issued a statement saying that it is unaware of any such pending agreement. To an outsider the battle lines have never been so clearly drawn.

Be that as it may, even less helpful in analysing the group’s performance is the practice of quoting turnover figures which include inter-group transactions. There is also no divisional break down of profit contributions, though the bulk of profits come from magazine and commercial printing operations.

Pre-tax profit before abnormal and extraordinary items increased from R4,5m to R6.5m, split almost evenly over both halves of the year. So, with the inroads being made into advertising revenues by TV, it could be deduced that commercial printing increased its contribution in the second half. The book division showed “a substantial increase in profits.” Finished goods on hand declined from 3.4% to 1.9% of turnover, so it appears that the 1977 downturn has been overcome. On the other hand, the gross margin has deteriorated, presumably as newspaper profits were knocked by commercial TV.

Management’s conservatism extends to financing, and the group continues to rely mainly on retained income for capitalization. Consequently gearing, as measured by debt/equity, is low at 27.5%. Following Saan’s move to electronic editing, it will be an expensive shift, but the balance sheet is strong enough to carry additional debt if necessary, and there has been a steady cash build-up, partly in anticipation of the need to provide the new equipment.

This year the printing arm and the TV magazine should ensure that the group weighs in with improved profits.

DATES TO REMEMBER

Last day to register for dividends:
Friday November 24: Barclays 17c; Barlow Rand 21c; CNA 5c; Ericsson 5c; General Optical 8.5c; Goodhope 5c; Hesperus 12.5c; Hill Samuel 3.5c; LHM 6.5c; RM Props 15c; SA Brews 2c; SA Drug 6.5c; Standard Bank 10c; TC Land 75c.

Meetings:
Monday November 20: Barlow Rand; Charmfit (O&S, Cape Town); Clydesdale; Gubb & Inggs (Uitenhage); Scardel (O&S, Cape Town).
Tuesday November 21: African Gatz; GHallo.
Wednesday November 22: Bonuskor; General Mining (S); M&F.
Thursday November 23: ATI; South Atlantic.
Friday November 24: AT Cons; Anglovaal; Cullinan (Oribantsofontein); Zaanplaats (Pretoria).

All meetings are in Johannesburg unless otherwise stated. O&S = Ordinary and Special meetings. S = Special meeting.

Financial Mail November 17 1978
1977 by Syfrets Bank, the early part of last year saw acceptable loan demand decline. It improved in the latter part of the year, but the poor start meant that reported profit only grew by 15.7% to R486 000.

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On year end shareholders' funds, the group recorded an attributable return of 18.6% and has maintained the normal 50% dividend payout.

Extrapolating these figures alone, 10% earnings growth is possible. But this ignores the potential for improved profitability with lower cost of borrowings and increased activity as the economy picks up. On this basis, a 20% earnings improvement seems easily attainable, with potential for a dividend hike to 5%. On a prospective 8.8% yield the shares should be bought.
1.1 Conduct substantive tests for accuracy of recording of transactions:

(a) Examine contracts with consignors or consignees and consignee's personal funds.

(b) Check correct coding entries.

(c) Check quantities and delivery dates.

(d) Check prices to consignors.

2. Sales

2.1 Sales

(a) Select invoices and vouch as:

(i) Check correct coding entry.

(ii) Trace entries correctly in sales ledger.

(iii) Check quantities and deliver dates.

(iv) Check prices to consignors.

2.2 Conduct substantive tests for sales ledger accuracy:

(a) Identify transactions with errors.

(b) Correct errors and re-prepare ledger pages.

(c) Re-audit transactions to verify accuracy.

3.1 Review internal control over consignment transactions, including:

(a) Ensure that consignee's personal funds are adequate.

(b) Implement physical controls over consignment goods.

(c) Establish proper accountability procedures.

(d) Verify accuracy of recorded transactions.
Chaiman's statement 1978

It is almost exactly five years since the various South African financial institutions—each a major enterprise in its own right—which now make up the Nedbank Group came together. Challenges, the problems of adaptation to change, always characterise dynamic societies; but in few periods could they have been as intense as in this five year span.

The post oil crisis experience—with its degree and pace of change—brought serious repercussions in South Africa as elsewhere. We suffered from the worldwide inflation and poor economic performance; and, in addition from particular political difficulties. These had a marked impact on all the markets in which the Group operates.

The facts—the financial numbers in this report—tell the story. The record shows that the Nedbank Group coped ably in this trying environment. As important, it firmly positioned itself for substantial further growth.

Objective and structure

The primary objective of the Group remained constant over the five years: to earn a satisfactory return on assets employed and on shareholders' funds by providing quality services to clients in the financial markets in which the Group operates. Thus we have not built an administrative superstructure. The operating units have retained a great deal of independence within the overall guidelines. Decision making remains decentralised, sensitive to conditions in each market yet not at cross purposes with the actions of others in the Group. This organisational structure, by placing responsibility on line executives, seeks to increase both their market service orientation and personal job satisfaction.

Computers and people

The Nedbank Group is leaner than it was five years ago. Rationalisation of activities among the companies and a determination to conserve resources are only two of the reasons why the number of people employed per million rand of total assets declined from 4,1 in 1974 to 2,2 in 1978. Productivity was raised by the Group being the first South African financial service organisation to implement advanced computer technology—in a sense to make itself more capital intensive. The machines do more than keep the records. The system has improved the ability of staff to meet requests for information and assistance, and of the management to monitor the banks’ positions. But greater reliance on computers has not dehumanised the operation for, in the process, it must be stressed, people have become more rather than less important. The investment in computers was matched by aggressive staff development programmes. The service to clients depends, ultimately, on the people who provide it. Part of the progress in the five years is to be measured by the improved ability of employees to meet the demands made on them.

Markets and balance

During the period the Group’s geographical penetration of its markets has been broadened selectively. The number of outlets open to the public in South Africa was increased from 180 in 1974 to 239 in 1978. The different market niches and regional strengths of the several financial service companies were better integrated. On balance the Group became more banking centred with the banking operations, by 1978, contributing 85 per cent to Group earnings (90 per cent in 1974). Of the 1978 banking sum, the main contributors, Nedbank Limited, Union Acceptances Limited, Nefic Limited and Nedfin Bank Limited made up 92 per cent.

Assets and capital

Nedbank Group banking operations differ from others, perhaps, in the emphasis placed on three of the facets of the art of banking. I touched on the first and second of these earlier. Our banks are managed to be outward looking and client or service directed; the approach is not restrictive—controls, obviously, are essential but an attempt is made not to allow them to shape the structure of effort. The second is the determination to use advanced technology as sensibly as we can. This, of course, depends upon our people being of the appropriate calibre. The third is the consideration given to managing both sides of each bank’s balance sheet. Senior management pays continuous attention to all aspects of the structure of both liabilities and assets, as well as to the relationship between them.

Over the five years the Nedbank Group banks’ average return on total assets employed was 1,24 per cent. A significant proportion has been ploughed back. This ability to increase reserves in relation to liabilities has provided a stronger base for further expansion.

The merger enabled the Nedbank Group to operate from a substantial capital base. Augmented by retentions this is now large enough to support the increase in the volume of deposits which can reasonably be expected during the next three to four years. In a sense the Group’s banks are overcapitalised at present. This I think, shareholders and clients alike will agree, is a sensible luxury: banks should be financially conservative and the more so in times of stressful change. The reserve for future growth, however, is not held at the expense of returns on capital in the present.

The economy and banking

The burden of economic adjustment of the past five years was shared by all in South Africa. At a human level the biggest share, of course, was taken by the people who could not find work. Looked at analytically, the greatest degree of cutback was suffered by those sectors of the economy which had been more stretched than others. Many do not appreciate, however, that for a different reason, the demands made on the financial sector—and on the banks particularly—were also considerable. In a pattern similar to that of the other major banking groups this is fairly reflected in the fact that the Nedbank Group’s operating profit after tax increased at an average annual rate of 10,2 per cent during the five years in which the economy as a whole, in money terms, grew by approximately 14,0 per cent a year.

The reasons for this are complex and important. It is valid to state as a broad generalisation, I think, that both during the commodity price boom days of 1973 and 1974 and also in the period of much slower growth from 1975 to 1978, the emphasis of South Africa’s economic activity shifted away from the manufacturing and trading sectors towards mining and agriculture. The activity of the private sector banks is influenced to a greater extent by what happens in trade and industry than in the primary sectors. In a similar way throughout the five years (but again for different underlying reasons in the earlier and later phases) the emphasis of activity in South Africa changed towards a greater reliance on the public sector as compared with the private sector. It shifted away from the banks’ traditional areas of involvement. At first this alteration in the balance was caused by burgeoning financial demands of the public sector and later came about because private enterprise activity became
slack even in relation to a reduced level of public sector activity.

The balance of payments and inflation

Inflation was a serious problem throughout these years, as was the balance of payments. But the nature of the inflationary forces changed with time and did the point of impact of the balance of payments constraint. In the immediate aftermath of the oil crisis South Africa’s inflation was largely imported and its looming external account difficulties centred around too large an import bill. Later the inflation was a cost push and excess money supply phenomenon, and the capital account of the balance of payments was the missing fiscal element.

The authorities responded in an orthodox manner. They resolutely kept a tight money policy as the centrepiece of control — even beyond the point at which some feared an overkill — and so made a significant contribution towards putting the economy right again. But monetary discipline, while diffuse and so, in a sense, impartial, is a very harsh remedy. When the discipline was pinned against the demands of the growing economy — and against the expansion of the money base over which the central bank had no direct influence — the very steep liquid asset and prescribed asset ratio which were imposed proved largely ineffective in controlling money supply. They were supplemented by direct credit control measures and interest rate controls. As price and quantity can seldom be influenced at the same time, the system fell out of balance. The result was an increase in non-bank financial activity and a steep rise in the effective interest rates facing the banks which was not matched by a similar rise in ultimate lending rates. When liquidity became less free this environment was conducive to failures in the financial sector. The impact on the majority of those was softened for the public at large by the larger and sounder banks. Long-term interest rates were then allowed to rise steeply in response to market forces, the involuntary holders of big portfolios were faced with capital losses and some marginal ventures faced negative gearing. Inconsistent and often fiscal policy supported the tight money policy defending the capital account of the balance of payments. As the liquid asset base of the system was drained, interest rates hardened further and some had to pay the penalty of not being able to obtain credit at an acceptable cost. The economy needed this stern correction — but the price had to be a severe recession which exposed and broke a further group of business enterprises. Others had contracted their levels of operation. By trading at lower levels they had built up cash buffers and by 1978 they were net lenders to, rather than borrowers from, the financial markets.

Discipline and responsibility

Bankers, I believe, have always accepted the responsibilities which their pivotal role in the economy places on them. They accepted too, during these years, that a monetary discipline was the appropriate remedy for South Africa’s economic difficulties. The lesson which had to be relearned for the first time in a generation was that they are the first line of defence — the ‘takers’ of the capital losses that are the penalty in a free market system of mistakes in business judgement. In the main the banks could absorb these capital losses, and usually out of current earnings. This experience has shown, I believe, that the financial system is basically sound. It is the sounder, perhaps, for having had to realise the necessity of old virtues. Lending losses cannot be avoided. However careful the judgement of bankers in a world of rapid change they cannot be assumed never to happen again. The balance of probability suggests, however, that as the economy recovers the incidence of bad debts in the system should reduce. In this regard, too, the banks are better structured than were those three or four years ago. Their ratio of loans to deposits has fallen and the quality of their lending has improved — in part because they have become relatively greater providers of funds to the public sector.

Profits and distributions

The profit attributable to shareholders in the financial year on which these accounts report exceed my expectations of twelve months ago. Profits increased by 16.2 per cent to R 36 702 000 (R 31 591 000 in 1977). All Group companies maintained their traditional policy of absorbing losses, as they occur, out of current profits and in the banking companies of making transfers to internal reserves. The Directors have maintained the dividend policy of the past and have decided to distribute approximately 50 per cent of profits. Because I have concentrated on the five year span, shareholders interested in the contribution which the operating units have made to the total in this year especially are invited to read the “review of operations” elsewhere in this report.

The banks and authorities

A welcome and constructive feature of the year was the greater understanding which developed between the banks and the authorities. United in their desire to protect the country’s balance of payments yet not to inhibit the needed economic upswing unnecessarily, a much closer appreciation developed of each other’s positions. I am confident that this rapport will prove of general benefit in the months to come. The economy remains hesitant and will require further stimulation to establish itself firmly on an upward tack. One would isolate specifically the need to reduce the level of taxation on companies and people generally. I hold firmly, too, that non-white housing should receive the greatest possible attention. A fine balance will have to be struck as the inflation rate and interest rates in the main are still too high to foster real growth and

the balance of payments leaves little room for error. I believe, however, that it can be done.

Directorate and staff

Three senior executives retired during the year: Mr. G. H. M. Beal, Managing Director of Robhomb Limited; Mr. D. D. Preston, Managing Director of NFC Limited and Mr. P. G. T. Watson, Deputy Chairman of the Syfrets Trust companies.

I record our gratitude to these gentlemen for their contribution over many years and wish them a long, healthy and happy retirement. Over the past twelve months the Board of Nedbank Limited was strengthened by the appointment of Mr. G. W. G. Browne, former Secretary for Finance, and Mr. C. Cilliers, a prominent attorney.

Union Acceptances Limited welcomed to its Board Dr. J. P. Kearney, Managing Director of S.A. Manganese Amcor Limited and Mr. D. N. Marvin, Managing Director of AECL Limited. It is a pleasure to welcome these four gentlemen as colleagues.

Shareholders, I know, will join me in stating appreciation to the Chief Executive, Mr. G. S. Muller and his executive colleagues Mr. L. G. Abrahamse, Mr. R. J. N. Abrahamsen and Mr. J. L. Nel — who were strongly supported by able executives throughout the Group — for the manner in which they have looked after our investment. The results on which these accounts report could not have been produced, however, had this team not enjoyed the support of some seven thousand people. Without the purposeful effort employees made the Nedbank Group would not have adapted and thrived in the manner in which it has.

F. J. C. Cronje
Chairman
24th October 1978

Financial Mail November 17 1978
Lending is lovely

The banks' September quarterly returns (the BA9s) are in. The September quarter was generally sound, though by no means spectacular, growth for merchant banks. Capital demand from the public sector was lower than that for the same period last year, although a spate of private sector debenture issues (the biggest being Rembrandt's R40m loan) kept bankers busy. The continuing easiness in long-term interest rates also encouraged a measure of adventurousness (a rare quality in SA bankers today).

Total deposits of merchant banks grew by nearly 5% during the quarter, although there was little change in the overall deposit mix. During the full year to December, however, most banks experienced a shift into longer-term deposits. Against a background of falling interest rates, this is not surprising. Standard Merchant's 15% growth in deposits is largely explained by UDC's incorporation into the group. Volkskas Merchant also saw a big jump in deposits, but this was off a substantially lower base. Nevertheless, Volkskas's all round performance is indicative of management's aggressive policies in this field.

Overseas lines

The quarter saw little change in merchant banks' funding operations in the money market: NCDs issued grew only marginally. Senbank continues to rely heavily on long-term money (53% of total deposits), while UAL holds nearly 60% of its deposits in the short-term category. The remaining banks maintain the bulk of their deposits in the medium-term category. Reflecting the decline in local rates, total foreign deposits, mostly from Botswana, Lesotho, and Swaziland, fell marginally.

In assets, all but one bank, Mercarbank, increased acceptance facilities. Volkskas, however, jumped by roughly the same amount. Senbank, however, is still way out in front in terms of absolute acceptances granted (R164m) and, apart from the tiny Rand Merchant, maintains the highest proportion of acceptance facilities in relation to total assets (46%). Indeed, bankers report a sharp hike in facilities since September.

Most banks also confirm higher utilisation of these facilities, chiefly due to the increased attractiveness of local credit relative to overseas lines. And some banks reckon utilisation figures would have been considerably higher had they cancelled offshore credit lines.

DEPOSITS*

<table>
<thead>
<tr>
<th>Bank</th>
<th>Short</th>
<th>Medium</th>
<th>Long</th>
<th>Total</th>
<th>NCDs issued</th>
<th>Foreign</th>
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<tbody>
<tr>
<td>Senbank</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UAL</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Merchant</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barclays Merchant</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hill Samuel</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercarbank</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finansbank</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Volkskas Merchant</td>
<td>R mill</td>
<td>%</td>
<td></td>
<td></td>
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<tr>
<td>Rand Merchant</td>
<td>R mill</td>
<td>%</td>
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</table>

<table>
<thead>
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<th>% of total deposits.</th>
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ASSETS†

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total assets</th>
<th>Acceptances created</th>
<th>Lendings* at risk</th>
<th>Investment in shares</th>
<th>Overdue loans &amp; advances</th>
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</thead>
<tbody>
<tr>
<td>Senbank</td>
<td>R mill</td>
<td>369,6</td>
<td>164,4</td>
<td>60,0</td>
<td>42,5</td>
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<tr>
<td>UAL</td>
<td></td>
<td>288,6</td>
<td>108,6</td>
<td>25,0</td>
<td>9,1</td>
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<tr>
<td>Standard Merchant</td>
<td></td>
<td>285,2</td>
<td>89,4</td>
<td>91,7</td>
<td>14,1</td>
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<td>Barclays Merchant</td>
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<td>207,6</td>
<td>52,1</td>
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<td>140,9</td>
<td>50,0</td>
<td>15,0</td>
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<td>16,3</td>
<td>73,2</td>
<td>11,4</td>
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<td>75,8</td>
<td>32,9</td>
<td>14,1</td>
<td>1,7</td>
</tr>
<tr>
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<td></td>
<td>75,8</td>
<td>12,6</td>
<td>18,5</td>
<td>2,3</td>
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<tr>
<td>Rand Merchant</td>
<td></td>
<td>14,5</td>
<td>10,9</td>
<td>75,1</td>
<td>6,9</td>
</tr>
</tbody>
</table>

*Includes bills discounted or purchased, HP discounts and advances, leases, deeds of sale discounted and other loans and advances.

†1% of total assets.
Face, Continue,
siam mutul

This week's business
express

Edited by Gracie Penelope

Sunday November 19, 1978

THE BATTLE BETWEEN THE
Sanlam klop
R400 milj.

SANLAM se totale inkomste bedra R425 miljoen in sy fisantielike jaar tot 30 September 1978. Dit is een van die hoogtepunte in 'n jaar van bestendige en volgehewe groei wat die besturende direkteur van die maatskappy, dr. Fred du Piessis, aangekondig het.

Van hierdie R425 miljoen is R296,3 miljoen premie-inkomste, wat 16 persent hoër as die vorige jaar is.

Sanlam het die afgelope boekjaar R122,9 miljoen, dus gemiddeld meer as R10 miljoen per maand, aan sy polisheouers en hulle afhanklikes uitbetaal.

Die maatskappy se totale bates het op 30 September 1978 R1 596 miljoen bedra, wat 'n vermeerdering van R246 miljoen op die vorige jaar is. Die belegging in Regeringssefekte en openbare liggame is met 'n bedrag van R71 miljoen vermeerder tot R491 miljoen.

Daar is R67 miljoen adisioneel bele in rentebeleggings en die totaal daarvan bedra nou R380 miljoen. Die totale beleggings in vaste eiendom en gewone aandele het met R46 miljoen en R48 miljoen toegeneem tot R308 miljoen en R312 miljoen onderskeidelik.

'n Belegging waarna ek spesiaal wil verwys is die van R65 miljoen in Nasionale Verdedigingsobligasies wat sover ons kennis steek, Sanlam die grootste enkele belegger in hierdie rigting maak', het dr. Du Piessis gesê.

"Ons is oortuig dat Sanlam sy bydrae tot die voorbestaan van ons land, in die tyd waarin ons leef, moet lewer en dit onder meer deur hierdie soort belegging kan doen sonder om skade aan ons polisheouers te berokken."

"Daar is die afgelope jaar ook op vele gebiede en veral met ons bankbelange rasionale toegespas. Ek glo dat dit, tesame met die vernuwing in ons-bestuur, sal dien om 'n-nuwe fase van groei vir die Maatskappy in te lê."
Dear Colleague,

The sheet (Circular No. 19) for continuing posts (dated 1st August) contains underlinings and sections that are not in the original.

This is most unfortunate.

Yours sincerely,

A.M.R.E. Paap.
Sanlam wil vlerke weer span

TOE dit 'n jaar of twee was daar 'n doelbewusse organisasiehou.

Nou is dit egter sy singeling dat beter tye aan die kom is en Sanlam is besig om vir kapitaalvorming te mobiliseer, het mr. Jack van Wyk, senior hoofbestuurder van Sanlam, van die week in 'n onderhoud aan Sake-Rapport gesê.

Met die bekendmaking van Sanlam se Jonge Jaарskrywers-verlaging, wou Sake-Rapport 'n meer geweest oor die groep se bekragtingers en hoe dit in die algemene met die verzekeringbedryf gaan.

Die gesprek het soos volg verlooop:

Rapport: Hoe sou u se of Sanlam die afgelope jaar gevaar op bekragtinginges gebied?

AJW: In sy afgelope 60 se boekjaar het Sanlam se premieinkomste met R41 miljoen gestyg tot R120 miljoen. Die stigting is R5 miljoen beter as die vorige jaar deur 20%

Rapport: Wat is die belang van die voorsieningsbedryf in die algemene verhouding?

AJW: Dit is so dat die jaar minder goed bedoel was met kopkrag. Die ekonomiese toegane verwyder egter nie versekeringhooëfdes nie en skop dikwels huwes. Vir Sanlam was dit die jaar huisverval, uitstaande deur dat premieinkomste uit individuele besigheid, met bindelande, met R35.2 miljoen toegeneem het.

Rapport: Ons lees in die publiek dat 'n groot deel van die bloukast afgelyvo is van R41 miljoen uit pensioen- en ander groepse span. Is dit so?

AJW: Ja, in hierdie veld was Sanlam nog altyd die middelde om 'n goeie opbrengs vir die polisheuers se geld te verseker. In Sanlam geskied dit met personeel wat deeglik geopereer word en volle aanvullings van tegnologie ter besparing van koste en verbetering van diens. Die opbrengste op 'n polis se goeie publiek dit tradisioneel gewoond was, is deur die verhouding van die goeie opbrengs vir die polisheuers se geld te verseker.
Kommer oor algemene banke

'N STERK pleidooi dat algemene banke in 'n positie gesiel moet word om 'n gesikte beleggingsinstrument te kan aanbied waardeur hulle geld vir langer tydperke kan hou, is deur die bestuurder van een van die min oorweldigende kleiner banke gelewer.

Hy is mr. Eugene van Rensburg van Bankers, wat in 'n onderhoud met Sake Rapport gesê het dat hy bekommerd is oor die wyse waarop algemene banke fungeer. Dit was toe hy 'n nuwe reeks diensie by Bankers gestig (op bl. 3) bekend gemag het.

Mr. Van Rensburg sê dat dit in die bankwese algemeen as die ideale posisie aanvaar word dat die gemiddelde tydperk van die fondse wat getrek word, min of meer gelyk moet wees aan die gemiddelde tydperk van die fondse wat uitgeplaas word.

Huurokke

Omdat die grootste deel van algemene banke se fondse in die vorm van huurokke en bruiklied uitgeplaas word, beteken dit volgens mr. Van Rensburg dat die gemiddelde tydperk waaroor fondse uitgeplaas word, tussen drie en vyf jaar kan wissel.

Daarom is die gemiddelde tydperk van die deposito-boek weens die afwesigheid van 'n gesikte beleggingsinstrument baie korter. Die fakse, het hy nie met enige genoegzaamheid gebied, nie.

Daarom sê hy dat die geldvoorraad in die land sou verander, maar ook dat die winste van die banke aanleggeerlik kan skommel. Dit is omdat fondse teen 'n vaste koers uitgeplaas word vir 'n tydperk van vyf jaar, terwyl fondse vir korter tydperke teen 'n veranderlike koers in hierdie tydperk opgeneem word.

Nadeel

Die algemene banke het verder die nadeel dat hulle nie oor 'n verspreidte takensetwerk beheer nie. Dit betekenis dat hulle word dus in 'n swakker positie geplaaas as hulle op dieselfde koersvoorwaarde moet meedoen, sê mr. Van Rensburg.

Met die oog hierop sê hy dat 'n beleggingsinstrument ge- skop moet word vir 'n tydperk van byvoorbeeld vyf jaar of langer wat aan die belegger 'n hoërrente koers sal bied om aan die algemene banke die geleenthed te gee om fondse vir langer tydperke te trek.

Hierdie beleggingsinstrument moet ook die hoëkoers geïnspireer om die bank te help om meer fondse vir langer tydperke te kan maak. Maar ook die werklikheidsbelegger die nodige 'aan- sporing' sal bied om 'n belegginginstrument te gebruik, sê hy. Dit is belangrik dat die maksimumkoers kan vervul, dit beteken.
Who’s scaring SWA’s savers?

THE absolute refusal of South African Government authorities to release basic economic data on South West Africa is one of the main reasons for the capital flight from the territory, which is currently being heightened as campaigns intensify ahead of the forthcoming election.

Of that there is little doubt among businessmen, bankers and some academics to whom I spoke in Windhoek this week.

It has resulted not only in growing suspicion and despondency, but also fears, however groundless, that the Government’s real motives in deliberately obscuring the considerable economic potential of the territory is to perpetuate the controversial belief that economic ties with South Africa are vital.

Certainly, this recalcitrance is not because meaningful economic data is unavailable. At least four independent studies have been made. I believe all at the behest of the authorities.

Against this background of suspicion, various haphazard and clumsy measures taken by the authorities to create domestic business and financial concerns ahead of independence have also been seen by some Namibians as being intended to afford some South African enterprises a privileged and easy way of getting assets out quickly.

One of the first of these was an ill-conceived plan by the AG’s erstwhile deputy, Judge Apie Steenkamp, to nationalize the meat packing industry in a way that would enable South African co-op Veisentraai to withdraw its interest advantageously.

The fact that one of the men who undertook the study on which the scheme was based, Dr J D J Steenkamp, subsequently joined Veisentraai, did nothing to dispel these fears.

Minority

The scheme has now been scrapped, Veisentraai will retain its interest but it will be turned into a minority one through the further injection of government capital.

Next came the formation of the National Building and Investment Corporation (NBIC), which was seen as a State-run building society deliberately created to enable the more stable South African societies to escape their obligations after independence.

Again the final arrangement belie that. A new SWA Building Society has been created into which seven South African building societies have pooled their assets in return for 13-year 9 per cent debentures in NBIC secured against existing mortgage bonds.

The NBIC, which will underwrite the new building society and provide working capital for it, will have a diminishing interest as public deposits and share purchases increase.

In fact, South African savers will for 12 years be subsidizing SWA borrowers by accepting a 9 per cent return on debentures that could be invested in higher-yielding housing bonds in the Republic.

At present there are fears that along with the new Banks Act will go the domination of a central bank that will buy out the assets of those South African banks wishing to withdraw.

This does not appear to be the case at all. As far as I can ascertain, a central bank is not planned, certainly it is not needed, nor would its function be likely to be to acquire flight assets.

A companies register has also been set up and by December all existing companies must decide to re-register locally as a domestic or external company.

This, too, is seen by relatively financially unsophisticated savers as a device to help out the hard-pressed businessman, and registrations are being watched closely.

By November 18, according to an official gazette, only about 130 companies out of about 3 000 that are active locally had registered.

In the medium to long-term, the outflow of savings is likely to be more than abundantly replaced by foreign investment in mining, especially as the AG has opened up at attractive terms vast areas of Damara land for prospecting, and because uranium earnings will most likely shortly rise sharply.

But in the short run there are going to be financing problems. Judge Steyn’s request to the banks to provide overdraft finance for the First National Development Corporation (a very necessary type of IDC) has been declined on the grounds that the banks may not have enough money if the deposit flight continues.

Similarly, the stock issues that the AG’s office are said to be planning for the FNDC might be declined by the banks even if they be given prescribed status.

Reduced

Of course, the outflow could be reduced by the new building society and the banks being able to offer higher interest rates. And some bankers believe this is to be vital.

As the AG is soon, to exempt the new building society from deposit rate control, he could presumably do the same for the banks. But if interest rates were to rise that, in turn, would be detrimental to a revival of business activity.

What is vitally needed from the AG’s office is not only a clearer conception of what in the business and financial sphere it is about. For events suggest that in these matters it is amiss. But also greater candourness over the economic potential the new society can play in its ability to stand alone without props from Pretoria.
BY NIGEL BRUCE

Join Chicken Run

50m SWA Savings
ASSURA LAAT WAAL

Rapport 26/11/78

Deur David Meades

MET sy bankblange nou in die Bankorp-groep, het die "nuwe" Assura Beperk pas sy eerste jaarverslag beskikbaar gestel wat net oor sy versekeringsblange en sy beleggingsverslag doen. En die beeld wat daar vir die aandeelhouders is, kan nie anders as om groot vertroue te wek nie.

Assura is natuurlik die beheermaatskappy van Santam-Versekerings, wat voorheen 'n lid van die Santam-Bank-groep was. Die bankblange met R240,2 miljoen se bates is op 30 Junie van Bankorp oorgedra en in ruil daarvoor het Assura 3,5 miljoen aandele in Bankorp gekry.

Dit is dus nou die eerste keer moontlik om wel 'n betekenisvolle vergelyking tussen Assura/Santam en ander korporasieweseke- raars te tref. Assura is so ver voor sy nasante mededing- ger in alle opsighte dat 'n miljoen.

Santam kon sy besluit te kooste als 'n persentasie van sy netto premies die afgelope jaar van 14,5% tot 13,3% persent vermiinder, teenoor Mutual en Federale 9,7% en 16,1% persent vir die afgelope jaar.

Wat die gekonsolideerde Assura-groep betref, kon hy sy wins na belasting met 43 persent tot byna R6 miljoen verhoog en het die verdienste per aandeel van 11c tot 17c gestyg. Die dividende is tot 5,5c per aandeel verhoog, wat teen die huidige prys van sowat 55c vir Assura, 'n dividendopbrengs van 10 persent lever.

Weens die suurige dividendebeleid — die dividenddekking het van 2,2 tot 3,1 keer gestyg — staan die verdienste-opbrengs nou op 30,9 persent, wat met die 21,5 persent van Mutual en Federale vergelyk.

As Assura op 'n soortgelyk Vervolg op bl. 3, kol. 1

ASSURA
Vervolg van bl. 1

ke verdienste-opbrengs aangeslaan word, behoort die aandeel op byna 78c te staan, maar sal dan 'n dividendopbrengs van net 7,1 persent lever, teenoor die 9,2 persent wat Mutual en Federale teen sowat 10c lever.
doet kan dien nie

Uit mnr. Carel van Aswe-
gen, voorsitter, se jaarver-
slag blyk dit dat Santam se
bruto premie-inkomste die
afgelope jaar met 10 per-
sent tot R113,9 miljoen ge-
ytg het. As die inkomste
uit verpligte derdeparty-
versekering afgetrek word
was daar 'n styging van 11,5
percent tot R96 miljoen. En
ná die uitgaande herverse-
keringspremies, het die
netto premie-inkomste
R83,6 miljoen beloop — 'n
styging van 11,2 percent.

Bevredigend

Die voorsiening vir on-
verstreke risiko's is bevre-
digend verhoog van R30,5
miljoen tot R32,2 miljoen,
wat volgens mnr. Van As-
wegen aansienlik meer is
as die minimum-vereiste
van die Registrateur van
Versekeringswese.

Santam het die afgelope
jaar gelukkig geen rampe
belewe nie en sy onderskry-
wingswinsts van R8,6 miljoen
verteenwoordig 'n syfer van
10,4 percent van die ver-
diende premies. Mnr. Van
Aswegen wys egter daarop
dat onderskrywingsresulta-
te oor 'n tydperk van drie
jaar beskou behoort te
word en voeg by dat Santam
se onderskrywingswinsts dan
5,4 percent van die ver-
diende premies verteen-
woordig.

Santam se grootste mede-
dinger, Mutual en Federa-
le, se onderskrywingswinsts
het die afgelope jaar 4,3
percent van sy verdiende
premies verteenwoordig.

En wanneer 'n mens hier-
die twee versekeraars ver-
der met mekaar vergelyk,
raak die gaping baie groot
wanneer dit by premies
kom. Santam se bruto
premie-inkomste het R113,9
miljoen beloop; teenoor
Mutual en Federale se
R62,5 miljoen.

In die geval van ver-
diende premies was die
syfer R81,8 miljoen teenoor
R47,5 miljoen en Santam se
premie-inkomste uit ver-
pligte derdeparty-
versekering het R17,9 mil-
joen beloop teenoor Mutual
ten Federale se R5,8
FEDVOLKS

Concentrating on control

Has Federeal Volksbeleggings been bitting off more than it can chew with its spate of acquisitions in the last year? This week's announcement that Fedvols is negotiating with an unnamed party to divest itself of its entire (and once strategic) 11.9% stake in Federeal Mynbou and proposed sale of its FVB Centre in Bloemfontein would suggest it has.

At Fedemyn's current price of 590c, Fedvols' stake could realise R20,5m. But negotiations are taking place with one buyer, so a slightly lower price could result. The proposed leaseback sale of authorised borrowing powers.

SA Drug had a 109% debt/equity ratio at the time of its takeover. The takeover was achieved through a R10m pref issue and the issue of 1,2m Fedchem ords to the previous owners, increasing Fedchem's share capital by R10,2m, but also adding R27,2m to interest-bearing debt.

The Simba and Ruto acquisitions by Fedfoods added a total of R18m in interest-bearing debt. The combined gearing of these two companies was around 100%, whereas Fedvols had a debt/equity ratio of 37% before the

rent nav. The recently declared 4c extraordinary dividend could be followed by a 9c final to bring the total payout for the 15 months to 20c putting the share on a yield of 8.9%.

Peter Pittendrigh

FVB Centre to Sanlam is expected to yield close to its R11m erection cost. Re-alisation of these assets, together with the R1m sale of the Edward Hotel, should provide a cash injection of over R30m.

The announcement says that the sales are aimed at providing funds to take up majority holdings in strategic investments.

Already the group's aggressive takeover policy has given Fedchem 51% control of SA Druggists and Fedfood 100% of Simba-Quix and 51% of Ruto. The importance of these takeovers is that the companies have been consolidated in the accounts of the group. According to chairman Etienne Rousseau, the gearing of certain of the acquired companies is high and, on consolidation, gearing increased more than proportionately. Consequently, the group has exceeded its

acquisitions took place. So it may be correct to assume that the Fedvols group is not embarking on an aggressive acquisition spree. Cleaning up the balance sheet is more important in the near term.

Even so, the possibility exists that it will increase its stake in existing subsidiaries. It already has an option to purchase 5m more SA Drug ords, at an undisclosed price. At around 150c, against SA Drug's current 162c, cash of R7.5m would be needed.

A further R4m could be needed for a mooted Fedfoods rights issue. It seems that the Rutowitz family is prepared to plough back into Fedfood the R3.6m cash it received when Fedfood bought control of Ruto (Fox June 30).

In the final analysis, Fedvols's moves do not detract from the fact that the share at 180c is trading at a third of cur-

Fedvols's Rousseau... taking a different view

(3)

Bantu Labour Officers could not be regarded as there were also 246

system of labour relations that when it was subjected employers showed a on the State implemented

25

23) to overhaul the this regard. Its invoked wide interest, received from most individual employers had operated for

Financial Mail December 1 1978
10.

Liaison and Works Committees

Instead of simply providing for the in-plant w of the pyramid, a dual system of works and lia A liaison committee in any establishment consi the employer and others elected from the ranks least half the members of a liaison committee; employees but the chairman may be designated by a member of the liaison committee, or may be by the committee itself. As we shall see, a liaison committee and it is true that it take committee in the Act. The functions of a li defined. Its task is "to consider matters wi employer and his employees and to make to the concerning conditions of employment of such em affecting their interests ..." The law does r of a liaison committee which would presumably b constitution.

The works committee, on the other hand, is a wh establishment employing more than twenty African committee exists, such workers may elect a works fewer than three or more than twenty persons. limited to a quarter of the total number of Afric or section of the establishment at the time of the representation in the sense that it allowed for m an establishment and in larger firms, therefore labour force can now elect their own works commit

A meeting convened to elect a works committee is ha of the employer concerned or his authorised representaive. Obviously where the employees and their employer enjoy a reasonably dissension on this score is unlikely. However, e even hostile, where distrust exists on one or both arrangement is inadequate for resolving what ma b interests. While the present definition of a lab than that contained in the 1953 legislation, and a Inspector, with or without the assistance of the Re Committee concerned, should intervene in an attempt does seem to be a remarkable shortcoming in this connection. The Act

MONEY MARKET

Tight times ahead?

Money market operators are still riding the high tide of liquidity. But, "the crystal ball is growing hazier by the day" — meaning there is increasing uncertainty in the market about official interest rate policy.

At this stage it looks as though government is committed to a long-term growth path — a moderate upturn. This cannot take place if interest rates are held up. Indeed, a number of banking and money market experts are expecting a further 0.5% cut in Bank rate and in prime overdraft before the year-end. The liquidity situation, at both the long and short ends of the market, should have no difficulty accommodating lower rates. Moreover, the authorities seem to be satisfied that the potential for any switch ing from offshore to domestic trade finance facilities will not tax reserves unduly.

Most sources are confident, however, that short-term rates will continue to ease (though only marginally) until early next year. Three-month bankers acceptances, for example, which are currently trading at around 7.6%, could be down to 7% before seasonal factors force them up again. The treasury bill rate, now at 7.35% could fall to below 7%. However, money market rates are heavily depend on NFC and TB rates which, to all intents and purposes, are set by the auth orities. The extent to which the latter two continue to underpin other short-term rates, though, could depend on the De Koek commissions recommendations in this respect.

December is seasonally a tight month, with a heavy Christmas outflow of notes from the banks. But, the money market is

Financial Mail December 1 1978
a refusal to
However, when
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defined by the extent of bank excess
liability, through liquid asset require-
ments. These, and prescribed investment
requirements applying to banks as well as
other institutional investors, have led to a
captive market which, by enabling the
government to issue securities at
relatively low (ie, sub-market) rates, has
essentially excluded private non-institu-
tional investors from the gilt market.
Stals nevertheless claims that in the
past few years the "captivity" of the
market has deliberately been lessened, by
issuing government securities at
market-related prices. This has broadened
and deepened the market. Ot-
er positive factors have been the
emergence of stockbrokers as active
dealers in gilts and the Reserve Bank's
own efforts to develop a secondary open
market in gilts.

Further steps that could improve the
efficiency of open market operations
include the recent experiment whereby
the discount houses have been invited to
tender for Treasury bills on a daily
instead of a weekly, basis. To overcome
the discount houses' ability to absorb
large swinges of funds in the market,
which is severely limited by capital
requirements, Stals suggests that a solu-
tion could be to allow the houses to
accept funds outside their normal financial
ratios, as long as the surplus is inves-
ted in Treasury bills.

He also pointed to the disruptive
effects of fluctuations in the flow of funds
to and from the government, saying that
attention should again be focused on
smoothing the government's financial
operations.

With dry humour, Stals concluded:
"These challenging questions...provide
interesting material for next year's
programme of the (De Kock) Commissi-

No doubt they do: but the suspicion
lingers that what the Reserve Bank
means by open market operations is not
necessarily what others mean. Stals
claimed proudly that during the first
seven months of the current financial
year, the Bank sold gilts to the value of
more than R500m, against less than
R200m for the whole 1977-78 financial
year.

Open market purchases, mainly to
counteract the flow of funds to the
government sector over certain month-
ends, totalled less than R100m. Declining
interest rates over the past year have
"greatly facilitated the sale with which
the Bank has been able to sell securities."

Open market operations, where the
emphasis is so heavily on selling, and
where the Reserve Bank will not act as a
buyer or seller of last resort because (in
Stals' words) this "could, at times, be to
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open market with one hand tied behind
its back.

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THE BANTU LAB
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GILTS MARKET
Posers for De Kock

Where monetary policy is concerned, all
eyes are on the De Kock Commission.
But some interesting pointers to the way
Pretoria may be thinking were given by
Reserve Bank Deputy Governor Chris
Stals at the annual dinner of the Associa-
tion of General Banks & Finance
Houses.

Stals admitted (how could he deny?)
that if by the "breath" of the gilt
market market is meant the extent to which
various sectors hold gilts, it is not as
broad as the Reserve Bank would like.
The main reason for this is that while,
say, in the US, monetary expansion is
determined by banks' excess cash reserve
positions, in SA this is frustrated by banks' ready access to cash through the
discount houses and the NFC.

In SA, monetary expansion is mainly
determined by the extent of bank excess
liquidity, through liquid asset require-
ments. These, and prescribed investment
requirements applying to banks as well as
other institutional investors, have led to a
captive market which, by enabling the
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DS, a rather narrow definition.
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A page of work involving
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which had operated for

recorded in: Muriel Horrell
86-291.
I spoke to the school principal about the study and she called a meeting. Over 30 people arrived, all of whom explained the cost of getting to medical care; most of those with chronic conditions e.g., high blood pressure, did not go to the clinic because of economic considerations. The clinic is situated at a location with about 400 black residents and also serves the population on surrounding farms. Home visiting in the location is done weekly to look for infectious diseases, follow-up, health education, etc. Transport to the clinic from farms is the responsibility of the farmers. It was decided that in the future, the clinic would rent a vehicle to serve the area.

APPENDIX

A Private Clinic

In a nearby village, a private clinic is available for farmers and others. It also serves the clinic. The clinic gathers and collects data. The clinic provides maternity and antenatal care, treatment of minor ailments, child welfare clinics, dispensary services, and links to the D.C. mobile team dealing with TB and family planning.

The clinic is situated at a location with about 400 black residents and also serves the population on surrounding farms. Home visiting in the location is done weekly to look for infectious diseases, follow-up, health education, etc. Transport to the clinic from farms is the responsibility of the farmers. It was decided that in the future, the clinic would rent a vehicle to serve the area.
Long Govt stock rate heads for 9.5%, says Barclays

FINANCIAL REPORTER

The long-term rate on government stock could be down to 9.5% from the official 10% in two months' time. That is the forecast in the December Business Brief from Barclays National Bank.

The bank's chief economist is Dr Johan Cloete. Barclays review of interest rates says: "Present indications are that buying pressure in the capital market will continue unabated and it would not be surprising to see the long term government stock rate down to 9.5% in February next year."

It comments: "liquidity in the money market improved further in November and short-term rates continued to soften. The three months bankers acceptance rate declined from 7.8% at the end of October to 7.4% at the end of November, while the treasury bill rate fell from 7.6% to 7.4%.

The monetary authorities had actively supported the Treasury bill rate during the earlier part of November, but in the absence of continued support from this source, the rate subsequently moved down under the impact of excessive money in the market relative to the supply of assets.

In spite of the improvement in liquidity the market went short and the discount houses went substantially into the bank at the November month-end, possibly because of overoptimistic calculations.

The supply of funds to the market is, however, likely to continue to be very adequate during December and further downward pressure on rates is money as well as capital markets.

The open market operations conducted by the authorities during the early part of the month and the consequent increase in the supply of funds to the market had the market in two minds as to the direction of rates.

In the event, rates hardened. "the escob trading rate moved up from 10.10% at the beginning of November to 10.15% by mid-month, while the long-term government stock rate increased from 9.94% to 9.98%.

By the end of November, however, long-term rates had dropped back to about their levels at the beginning of the month under the influence of the rumours surrounding the De Kock Commission's expected report and in the wake of the announcement of the public sector loan programme for the first half of 1979.

"The latter revealed that the Government was unlikely to offer any new stock in February, which resulted in buying pressure from institutions and others who previously planned to make up their prescribed and other portfolio requirements from the normal issue of government stock in February."

On the De Kock Commission, Barclays says: "It is expected that it will recommend changes designed to allow greater play to market forces in the establishment of the rand exchange rate than is the case at the present time. Such areas are likely to relate to two areas in particular:

- The introduction of a formula which would remove at 12.

...
We thank you for your completed application. In order to be considered for admission to the two courses, you will be required to prepare the following:

1. One poem (accompanying a 1-minute reading), 1 to 2 minutes.
2. A contrasting excerpt.
3. A matriculation exemption certificate.

Improvisation and reading must be practiced.

Please send us the completed application at your earliest convenience. We must reach the Registrar's Office by the following deadlines:

- For course A, matriculation exemption certificates must be submitted by December 15th.
- For course B, the reading must be submitted by February 1st.

All these items should be mailed to the Registrar's Office, University of XYZ, by the respective deadlines.

If you have any questions, please contact the Registrar's Office.

For Registration

The University of XYZ

November 2023
THE BIG FIVE BANKS

Room for credit

September quarterly returns from the Big Five banks confirm the slack demand for credit. Although the three biggest, namely Barclays, Standard and Volkskas, recorded only marginal increases in loans, while Nedbank’s rose by over 5%, it was Trust’s big R47m drop (down 6.3% over the previous quarter) which accounted for the inertia of total lending by the Five. Trust’s fall-off — following its peculiar growth in the previous quarter — is due to a 6% dip in leasing receivables and 2% decline in its HP book.

Not too much should be deduced from Nedbank’s growth, says executive director Rob Abrahamson: a bank’s lending is affected by varying seasonal factors and one or two big clients can push the total up during any particular quarter. However, in view of the low level of borrowing and the need to further boost economic growth, Abrahamson says he expects another cut in Bank rate (hence overdraft rate) “before the March budget.”

An interesting feature in the table is the increasing extent to which some of the commercial banks, notably Barclays and Nedbank, have diversified away from straight overdraft finance. Barclays’ R226m leasing and HP book, which constitutes roughly 6% of its total book, is growing steadily.

Similarly, Nedbank’s R211m worth of acceptances granted is the largest of any bank in both absolute and relative terms, and leapt by a remarkable 50% compared to the previous quarter. Standard, on the other hand, issues no acceptances and maintains only a tiny leasing book — the former being the exclusive preserve of Standard Merchant. As for its leasing book, GM Gootch Vickers says this will begin to increase over the next couple of years as the Iscor lease is spread throughout the group. Up to now, though, 95% of Standard’s lending has been by way of overdrafts, making it the “purest” commercial bank in the country.

As for property exposures (excluding properties owned by wholly-owned bank companies), Barclays saw a jump from R28m in June to R41m in September, while that of the other major banks remained more or less unchanged. Barclays’ book mainly reflects its Corlett Drive takeovers, repossessions on Hoffman properties, plus various other investments.

As a proportion of total assets, Trust’s exposure is still substantially larger (7.8%) than for the rest (averaging slightly more than 1%). Standard’s R25m is chiefly accounted for by the bank’s take-over of the insolvent Merirman Square building in Cape Town.

And Nedbank’s R32m exposure mainly consists of advances against security of property.

Total liquid assets held by the Big Five were marginally up on the previous quarter, reflecting the increased attractiveness of this type of paper (which includes Treasury Bills, and short-dated government stock) relative to other assets in the current climate of easier rates. In keeping with its conservative image, Volkskas continues to hold the largest stock of surplus liquid assets, while Standard has cut back considerably on its holdings.

In line with its relatively short deposit book (with some medium-to-longer-term deposits being shifted to Stanbic), Standard had the highest requirements (nearly 34%) of the major banks. As was expected, cheque deposits fell (by over 8%) during the third quarter compared to the June quarter: banks normally experience a big build-up of deposits in June to meet heavy tax payments.

Because of their extensive branch networks, Barclays and Standard have by far the highest proportion of interest-free cheque deposits (some 27%). Trust, by comparison, has only 9.5% as cheque deposits and nearly 50% in the long-term category. As such it has the lowest liquid asset requirements.

THE BIG FIVE

ASSETS

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total assets</th>
<th>HP and leasing</th>
<th>Acceptances at risk</th>
<th>Lendings at risk</th>
<th>Fixed property</th>
<th>Liquid asset requirements</th>
<th>Excess liquid assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays</td>
<td>R million</td>
<td>3 737</td>
<td>226</td>
<td>66</td>
<td>1 721</td>
<td>41</td>
<td>1 188</td>
</tr>
<tr>
<td>Standard</td>
<td>R million</td>
<td>2 929</td>
<td>60.0</td>
<td>1 085</td>
<td>46.1</td>
<td>1.1</td>
<td>31.8</td>
</tr>
<tr>
<td>Volkskas</td>
<td>R million</td>
<td>2 054</td>
<td>0.9</td>
<td>1 324</td>
<td>25.2</td>
<td>0.9</td>
<td>22.0</td>
</tr>
<tr>
<td>Nedbank</td>
<td>R million</td>
<td>1 601</td>
<td>88</td>
<td>776</td>
<td>7</td>
<td>0.3</td>
<td>573</td>
</tr>
<tr>
<td>Trust</td>
<td>R million</td>
<td>1 231</td>
<td>50.7</td>
<td>497</td>
<td>32</td>
<td>0.6</td>
<td>441</td>
</tr>
</tbody>
</table>

LIABILITIES

<table>
<thead>
<tr>
<th>Bank</th>
<th>Cheque deposits</th>
<th>Short</th>
<th>Medium</th>
<th>Long</th>
<th>Total</th>
<th>NGQs issued</th>
<th>Foreign</th>
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<tbody>
<tr>
<td>Barclays</td>
<td>R million</td>
<td>884</td>
<td>1 251</td>
<td>1 523</td>
<td>456</td>
<td>3 231</td>
<td>274</td>
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<tr>
<td>Standard</td>
<td>R million</td>
<td>274</td>
<td>38.7</td>
<td>47.1</td>
<td>14.1</td>
<td>274</td>
<td>101</td>
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<tr>
<td>Volkskas</td>
<td>R million</td>
<td>704</td>
<td>1 013</td>
<td>1 329</td>
<td>249</td>
<td>2 591</td>
<td>113</td>
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<tr>
<td>Nedbank</td>
<td>R million</td>
<td>272</td>
<td>39.5</td>
<td>51.3</td>
<td>9.6</td>
<td>171</td>
<td>44</td>
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<td>Trust</td>
<td>R million</td>
<td>101</td>
<td>128.8</td>
<td>136.7</td>
<td>18.6</td>
<td>27</td>
<td>14</td>
</tr>
</tbody>
</table>

*Includes bills-discounted or purchased, HP and leasing, drafts and other discounted and unpaid items and advances. 1% of total assets. 1% liquid assets, as % of requirements. 1% of total deposits. Cheque deposits are also included under short-term deposits.

Financial Mail December 1 1978
Some information on TB is available from the work of SANTA volunteers. 27 new cases of TB were notified between March and December 1976. Thus about 4.5 per thousand of the black population were found to be suffering from TB, excluding any cases already found by other means. Of the 2826 preschool and school children who were given the skin test, 68 were significant reactors (grade 3+4), a rate of 3.1%. (Other Free State districts had rates varying from 2.0% to 5.6%). These children run a risk of developing TB in later life if not treated.

The volunteer reported the interesting fact that the largest number of positive reactors was usually found on farms. I.e., labouring families used less frequently by farm labourers than by residents of the location. Instead, if the illness is severe enough, labourers take members of their family to the farmer, who would decide whether to arrange for medical care or to try some home medicine. The 'medium' was frequently mentioned as possessing pills and medicine which were sometimes effective in quelling pain.

3. The indigenous healer

Few people admitted going to such a healer. 'Good' healers were apparently rare. However one such 'Gacho doctor' who threw bones and delivered herbal medicine once lived in the neighbouring town where some clients would visit her. A farmer whom I

Why Malabak is a high-class boy

2. The farmer and wife

Pills and medicine available in the shops seem to be

be found he could make more money by

the previous incumbents had left farms to their families.

Another local doctor came out of retirement for some periods, but never undertook District Surgeon work. Thus, for much
### TABLE 3:

<table>
<thead>
<tr>
<th>Year</th>
<th>Output (cts) per worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>70</td>
</tr>
<tr>
<td>1947</td>
<td>62</td>
</tr>
<tr>
<td>1948</td>
<td>75</td>
</tr>
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<td>124</td>
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<td>1953</td>
<td>150</td>
</tr>
<tr>
<td>1954</td>
<td>173</td>
</tr>
<tr>
<td>1955</td>
<td>170</td>
</tr>
</tbody>
</table>

**Barclays cautious on growth**

By ELIZABETH ROUSE

Barclays Bank's total assets grew by 10% to R3 685 million in the past year in the face of credit ceiling controls and the high incidence of business failures.

This makes the chairman, Mr J M Barry, hopeful that growth will be faster this year under current improved economic conditions.

He says in the annual report that the bank's forecasts indicate that growth and profitability should continue this year as it has assumed that the evolutionary change in South Africa will continue on a peaceful basis and that imminent political changes in adjacent territories will come about without a severe disruption of trade.

If these changes take place in a way which is internationally acceptable, there could be a substantial economic improvement with a corresponding increase in the bank's business.

Mr Barry warns that the economy's predicted growth rate of between 3% and 4%, which should be achieved this year, will fall short of the growth potential of the economy and the growth rate needs to provide full employment.

He also warns that the threat of economic boycotts aimed at disrupting trade links is unlikely to disappear soon, particularly as most of the nations favouring a boycott are not the main trading partners of South Africa and so would have little to lose.

He hopes the economic upturn will gain momentum and that an improvement in consumption expenditure should gradually lead to new investment in stocks, which should bring about some recovery of fixed investment in the private sector.

But he reminds shareholders that the structure for recovery is still fragile and is handicapped by a high inflation rate.

Mr Bob Aldworth, Barclays managing director, says in his report that the recent downward trend in interest rates should restore profitability and stability to many businesses.

Barclays had to increase its additional transfer to general provision for doubtful debts to R575 000 in the year to September 1973 from last year's provision R2 772 000 because of increased provisions in the small and medium category accounts.

In the large account category, profits rose to R267 700 000 from R266 700 000 in 1973.

The commission charge on earnings is now 6.5% in the large account category and the interest charge 11.5% in the small and medium account category.

The bank's share capital and reserves climbed to R2 828 million from R2 246 million and surplus capital in relation to Bank Act requirements stood at R2 680 000 against R18 600 000 at the end of September 1973.

The bank's factoring and leasing divisions did well by increasing receivables by 96% to R288 million. Barclayscard's turnover rose by 62% to R233 million and its international and wave services increased allocations of trade finance facilities by 26%.

Particularly pleasing was the R7 300 000 tax bill profit achieved by subsidiary, Barclays Western Bank, and growth prospects appear good. The merchant bank's dividend for the year was 9c per share.

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Barclays urges indirect tax cuts

Financial Reporter

HIG REDUCTIONS in indirect taxation to curb inflation and thus boost real economic growth are called for by Dr. John Cloete, chief economist of Barclays National Bank.

In a wide-ranging Business Brief, he repeats his belief that a necessary condition for a sustainable increase in real growth is a policy directly to restrain prices and wages.

"The South African authorities are likely to wish to see a significant further increase in the rate during 1978 at a level of perhaps 4%," he said in the first place, require an increase of at least 3"% in real private consumption expenditure.

This would, in turn, require the generation of new employment and of new salary and wage incomes in particular. In addition, where inflation is likely to prevent any real increase in the salary and wages of workers already in employment.

The Government should also be able to generate an additional employment or at least give the initial boost in this respect by accelerating the fixed investment expenditure.

As an alternative to or in addition to the above, there is an acceleration in Government expenditure. The Government should also be able to generate an additional employment or at least give the initial boost in this respect by accelerating the fixed investment expenditure.

The required tax reductions and, if necessary, an accompanying increase in government expenditure should be well within the scope of the Government's improved financial position and should not involve an imprudently large budget deficit for fiscal year 1978/89.

"Salary- and wage increases in excess of increases in labour productivity granted or allowed in the hope of boosting total demand, and of economic growth are not the answer to the stagflation problem. This is so, because such salary and wage increases raise costs at the same time as prices, leaving wage earners little better off (and perhaps even worse) off after the wage increases than before.

It seems, therefore, that the only way out of the stagflation dilemma is to exercise price and wage restraint, so as to gradually push down the wage-price spiral to a lower level, and so as to ensure that new money or incomes injected into the economy (whether as a result of an expansion surplus or an increase in government fixed investment expenditure or tax reductions) will, in effect, constitute a positive additional to total demand and expenditures in real terms, which can raise capacity utilization, employment and output in the economy.

"The various plans for a real danger — the waking of excessive salaries and wage increases recently announced or mooted for the early part of the year next year in the public sector — bids a renewed upward spiral in wages and prices generally could develop. This might well put paid to any hopes of a substantial increase in the growth rate in 1978.

"If at all, the apparent strength of such a wage-price spiral may be enough to make imperative a substantial reduction in taxes in the months immediately ahead and in the Budget in March next year. It seems this would be the only way in which it would be possible to at least partially realize the inflationary impact of a renewed wage-price spiral on the economic rate. "It would be a great pity if a renewed wage-price spiral were now to develop again and it can only be hoped that the private sector will as far as possible refrain from following the lead given in this respect by the public sector.

"Given a continuation of wage and price restraint generally, tax reductions at this stage would provide us with a very good weapon of offsetting total demand in the economy in real terms and so sales and output with beneficial effects on unit costs and on inflation and we would have a good chance of finally breaking out of the inflation/high growth deadlock."

"On the other hand, with wage and prices restrained, given the current low inflation rates, further tax reductions are unlikely to do much more than offset the adverse effects on real economic growth of continued inflation at an excessive rate."

"All in all, we would say that expectations of a growth rate next year of 3.5% to 4% would be realistic, but then it would be incumbent on the private sector to exercise price and wage restraint so as to bring down the inflation rate to no more than say 9%. Any significantly higher inflation rate would seriously jeopardize the achievement of growth of this magnitude!"
Midland's detour

London bankers have been buzzed this week by news that Charles and Alexander, two of the major clearing banks in London, are in talks to combine their operations. These three would create a colossal with premium income of around £30 million annually. Midland plans to make a substantial increase in its US operations, with a view to potential expansion to Europe. But no action seems likely just yet. The Union Bank takes the headwind in the negotiations. But as other UK banks also seem to be unavailable, the Union Bank may yet return to its alternative route into the US.

The deal, worth £100 million, would be completed before early next year. A deal would be made to control insurance and a deal to control in the US. But no action seems likely just yet. The Union Bank takes the headwind in the negotiations. But as other UK banks also seem to be unavailable, the Union Bank may yet return to its alternative route into the US.
committees and were employing 16,625 Afric.
the following sectors of the economy:

TABLE 3

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>25</td>
</tr>
<tr>
<td>Services</td>
<td>6</td>
</tr>
<tr>
<td>Commerce</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>34</td>
</tr>
</tbody>
</table>

In fifteen organisations (44%) management ha
establishing the committee, while African emp
(15%), and management and employees together
(41%).

There was a tendency for older workers and t
selected to these committees: in 80% of the
restrictions whatsoever on the nomination of:
were certain requirements, mainly to achie
82% of the respondents reported that their
period of one
meetings were
intervals.

The most fre
they were mo:

ative and a

In 1973 only

Thinking of letting Anglo South African In
vestment Corp manage your invest
ments? If so, be sure you are clear on the
services offered and the possible costs.
Run by former Sharedex accountant,
Henrie Richter, ASAIC, which shou
not be confused with ASA Limited, th
US gold investment company, aims at
extraordinarily high returns on clients'
portfolios — at a price.

To get in, hand over your existing
portfolio or hard-earned cash to ASAIC.
That incurs a front-end fee of between
0.125% and 9% of the amount entrusted.
Then, as and when your portfolio's value
raises 25%, you pay a further 5% of its
value as a "performance fee." But be
clear the 25% improvement does not
have to be a realised gain.

Getting out within the first year is not
cheap either — at up to 5% of the value
of the portfolio.

Richter's aim, he professes, is to turn
ASAIC into "another Syfrets or Hill
Samuel" and "eventually" to go public.
At present he owns nearly all the unsp
ified equity but is not on the board. Nor
does his name appear on the company's
brochures and newsletters. This is
"because I'm a simple Free State guy
who knows his limitations and wants to
take a back seat." Another consideration
might be that he is an uninhabillated
insolvent.

Available skills

One of Richter's associates is Peter
Hunn, who heads up Bermuda-based
Construction Holdings Investments.
Hunn, claims Richter, is an expert on
international finance, secures rand and
taxation and has "associates" in London
and Saudi Arabia.

Other key staff members are Dan
Slabbert, MD of the money market and
corporate finance division, and Ray
White, deputy MD. Head of the all
important two-man investment research
division is Chris van Holt, a CA and in
vestment analyst.

Much of ASAIC's analysis comes from
stockbrokers and does not differ from
the type of material dispensed free of
charge by brokers to regular clients.
ASAIC's brochure still lists Professor
Arndt Spandau of Wits as "an executive
behind ASAIC," although Spandau
resigned from November 1.

ASAIC has two floors of offices in
Johannesburg's Homes Trust Building.
Backing the research and portfolio
management functions is a large ICL
2903 computer owned by ASAIC. The
overheads, clearly, are heavy. Asked
where the money came from to set it all
up, Richter said: "The people in ASAIC
are not exactly poor."

Potential investors must ask if ASAIC
can outperform — after deductions —
all other portfolio management services.
Richter claims the investment objective
of a 20% portfolio return has so far been
met, but concedes this has been achieved
in a strong bull market. ASAIC has yet
to be tested in a weak market.

A problem for investors might be that
the performance fee is payable even if
paper capital profits are not realised. If
the portfolio value rises to 25% above
initial value one week the 5% fee is paya
ble whether or not it goes down the
next. In the past, other portfolio services
have chased the prices of thinly traded
shares in order to collect higher perfor
mance fees and to sell off their own
shares to clients at a profit.

Advice to potential investors must be
to wait and see how ASAIC performs
and to consult brokers, bank managers,
and lawyers. There is no rush to commit
oneself. The market will not run away.

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John Citizen’s patriotism and gambling instincts.

He budgeted only R40m for the entire financial year ending March 1979. Since their launch in October 1977, bonus bonds have pulled no less than R41m from South Africans’ wallets. Bonus bonds manager, Charles van Niekerk, says he conservatively expects at least another R18m to be invested during the remaining five months of the financial year. In fact, the total for the year could be as high as R55m.

According to Van Niekerk investment during November far exceeded that during previous months. At the main Pretoria post office alone, bonus bond sales last month exceeded those in October by some R185,000. The Treasury reports that post offices throughout the country are ordering new certificates at an exceptionally high rate.

Bond purchases have been concentrated on R5 certificates (with a total investment up to October of R5.5m) as well as R100 and R300 certificates (total R6.2m and R27.2m respectively). Treasury reports that there has been only minimal support for R10 and R20 denominations.

The total paid out in prize money over the past 13 months amounts to R683,000 (about 1.1% of total investment), while unclaimed prize moneys stand at R278,000, roughly 40% of the total allocated. However, the Treasury reckons the amount of unclaimed money should be substantially reduced once various recent claims have been cleared. (Don’t forget, if prize money is not claimed after three years it automatically reverts to Pretoria’s coffers.)

Public interest in the bonds received a big boost when prize moneys were boxed up in October and when, Treasury recently introduced its ‘weekly draw, known as Bonanza. Next promotion effort to be launched later this month, will be a special campaign stressing the bonds’ “ideal gift” value — not only for Christmas, but “for birthdays, newlyweds, Barmitzvahs” and so on. Longer-term advertising strategy will be planned at a meeting during January 1979.
DEPARTMENT OF FINANCE

SOUTH AFRICAN RESERVE BANK,
ACT 1, 1944

DETERMINATION OF STATUTORY PRICE
OF GOLD

It is hereby notified that, in terms of section 17A (1) of the South African Reserve Bank Act, 1944 (Act 29 of 1944), the Minister of Finance has valued, as from 30 November 1978, all gold at the South African Reserve Bank at R134.43 per fine ounce of gold.

DEPARTEMENT VAN FINANSIES

WET OP DIE SUID-AFRIKAANS
RESERVEBANK, 1944

BEPAALING VAN STATUTAIRE GOEDERENPRIJS

Hierbij word bekend gemaak dat die Minister van Finansies in uitvoering van artikel 17A (1) van die Wet op die Suid-Afrikaanse Reservebank, 1944 (Wet 29 van 1944), alle goud van die Suid-Afrikaanse Reservebank met aanvang van 30 November 1978 teen R134.43 per onsfeun gewaardeer het.
Lloyd’s and the law

When an insurance broker receives a claim he believes to be fraudulent on a policy he has arranged, is his prime responsibility to pursue it regardless, or should he try to establish proof of the fraud and persuade the underwriters not to pay up? One view is that his responsibility is to his client, even if he thinks this is conniving at fraud.

That, at any rate, is the implication of an official report published by Lloyd’s of London into the Savonita affair.

It all started when Siat, Fiat’s insurance subsidiary, submitted a claim in respect of some Fiat cars damaged by fire on the cargo ship Savonita. Malcolm Pearson of Pearson Webb Springett, a Lloyd’s broker member, felt the claim was fraudulent and refused to forward it to the underwriters. Siat promptly dismissed PWS and transferred the claim to Willis Faber Dumas, which recovered 96% of it.

Pearson became involved in a dispute with WFD, and the chairman of Lloyd’s then mounted an investigation. Lloyd’s report was “released” in London last Friday, if that can be considered an appropriate word for, before doing so, Lloyd’s required all newspapers to sign an undertaking indemnifying Lloyd’s from any legal liabilities that might be incurred as a result of publication.

Recourse

Major Fleet Street papers refused to sign the undertaking, but at least one (The Daily Telegraph) obtained a copy of the report elsewhere. The report reprimands Pearson for attempting to use the Savonita claim to “discredit” Siat’s management. “The board of Lloyd’s deeply regrets that a client should be effectively deserted by his Lloyd’s broker without explanation.” While accepting that Pearson was young, able and ambitious, and had quickly built up a sound business with experienced staff, it says that the Savonita affair became a “crusade” or “campaign” over which “his judgment became irrational.”

Both Aitken and Pearson have claimed the report contains errors of fact, procedure and emphasis. Others have pointed out that important evidence either was not taken, or is not disclosed. And Lloyd’s overriding attitude, that it should not intervene when a claim appears to be taking its normal course, relying on underwriters’ recourse to the normal processes of law if they suspect the bona fides of a claim, has also come in for criticism. For Lloyd’s is a self-regulating body, governed by a board elected by its members. As stock exchanges and other self-regulating organisations the world over are finding, they can no longer run their affairs like cosy private clubs.

The barefoot doctor is a vivid phrase but care workers might be described as health workers most suitably trained for performance of doctors with health teams will provide of necessary medicines, materials and equipment. UNICEF has come to the same conclusion in gardens, health protection, safe water, and opportunities and in regard to the latter to labour intensive development.

It is an economical, cost attractive as if we wish to bring about the W.H.O. aim. The United Nations estimate puts the cost unserviced areas of the third world at $1

By comparison, the world spends about $1
DEBENTURES

Worms in the apple?

Companies issuing debentures this year have had things all their own way. Investors have scrambled over each other as interest rates have fallen steadily. But looking back on the year’s issues, some investors and merchant bankers are asking whether borrowers allowed standards to slip.

Among those who feel they did is UAL director, Hugh Meggitt. Meggitt notes that a feature of the debenture market this year was the number of issues successfully placed with interest cover, asset cover, and borrowing clauses that did not meet the established criteria for long-term unsecured issues. “This,” he says, “may not be in the interests of the long-term future of the market.” (Interest cover is the number of times gross profit before interest covers the actual interest bill. Asset cover is the amount by which total assets cover total liabilities.)

Another banker agrees that under “long-established criteria” interest cover for the average corporate borrower should be at least four times, while a company’s borrowings should not exceed 100% of shareholders’ funds. Some borrowers during 1978, however, had below three times interest cover and some have been permitted borrowing limitations of up to 150% of shareholders’ funds (Protea Holdings, for instance).

Insurance

Lloyd’s and the law

When an insurance broker receives a claim he believes to be fraudulent on a policy he has arranged, is his prime re-

Discipline

A number of big institutional investors support Meggitt’s views, although some point to other yardsticks which they consider equally important. Liberty Life’s Roy McAlpine maintains that “in practice the 100% limitation can be meaningless because of off-balance sheet financing.” He refers specifically to leasebacks, which allow a company to sell off an asset and then simply lease it back. There is no material difference to the company’s financial position, yet disclosed borrowings will be reduced by the proceeds of the sale. (Major retailers are particularly active in leasebacks.)

However, short of the Companies Act being changed to force disclosure of leasebacks, the onus for obtaining such information for investors seems to rest with the merchant banks. Meggitt argues that off-balance-sheet financing should security is offered, lenders can run into difficulties. What happens, for instance, when a holding company, with most of its assets in subsidiaries, offers those assets as backing for its debentures? In the event of liquidation, lenders find themselves at the end of the creditors’ queue, since the subsidiaries’ shareholders have preferential claims. “It can be a very messy business,” says one investment manager.

A case in point is Rembrandt’s recent R40m issue which is backed by assets of various subsidiaries. The company has no secured borrowing ceilings and most of its income is derived from foreign sources. Repatriation of assets could thus prove troublesome in the event of liquidation. Indeed worries on this score persuaded several big institutions not to subscribe to the issue. Says one investor: “A company of Rembrandt’s size should, as a demonstration of financial strength, be willing to subject itself to the normal criteria of lending.”

Financial Mail December 22 1978
WALL STREET

Bad news from Opec

The bears who had been growling ominously about the threats facing the stock market have had their fears confirmed, and perhaps their prescience rewarded, over the past week.

Share prices had been drifting lower in thin pre-Christmas trading ahead of the Opec meeting at the weekend. The common view was that the oil ministers might go for a 10% price increase, a decision which it was feared could further damage the dollar and fan the flames of inflation. In the event the news that came out of the Opec meeting was much worse—a 14.5% increase, which some economists estimate could add three quarters of a percentage point to the US inflation rate as it comes into effect.

The stock market’s immediate reaction was predictable. On Monday the Dow Jones industrial average slumped 17.84 points crashing through the 800 mark, which some analysts hoped would prove to be a support point, as it scored the heaviest day’s loss since just before the President announced his dollar support package on November 1. The jump in trading volume from around the 20m shares a day level over the past few weeks, to almost 33m shares on Monday underlined the force which has been added to the pessimists’ case by the Opec move.

It is not just the potential increase in the underlying rate of inflation and in industry’s costs which has unsettled the market, although the steady weakening of bond prices over the past two weeks is ample testimony to investors’ continuing anxiety about the long-term inflation outlook. The immediate judgment is that the Opec decision could add between 6c-8c to the price of a gallon of petrol over the next year.

Of equal concern is the implication for the US trade balance and therefore for the dollar. The dollar came under just as much pressure on the foreign exchange markets as shares did on Wall Street in the wake of the Opec news, a development which places further pressure on the US authorities as they marshal their resources to support the currency.

The authorities’ immediate reaction appeared to be the one which investors have been fearing. On Tuesday the Federal Reserve intervened in the money markets in a way which suggested that it has raised its interest rate target on Federal Funds, the key short-term money market for Fed watchers, to at least 10%. Since the US money supply has been growing quite sluggishly recently and for the first time in many months appears to be increasing at a rate within the central bank’s long-term targets, the obvious conclusion from the Fed’s move is that it is designed primarily to symbolise the central bank’s determination to support the currency. Some are suggesting that a discount rate increase cannot now be far behind.

For Wall Street, of course, this is the outlook which is most worrying. Continuing upward pressure on US interest rates in order to support the dollar promises to make the tricky task of avoiding a recession that much harder than it already is—and there are plenty who say that it is already virtually impossible. Even Federal Reserve chairman William Miller has said that it will take a “near miracle” to slow inflation and avoid a recession.

While the bears have had their arsenal reinforced, there is as yet little evidence of a cumulative selling decline hitting the market. The wait-and-see attitude which has prevailed since the dollar support package was announced appears still to be the dominant policy in the institutions.

DIAGONAL STREET

Thank you, Yamani

After Opec decided that bullion needed another boost, many investors expected to see sharper moves in golds. Price advanced from last Friday’s low when the JSE Actuaries Index bottomed-at 237.2 to peak at 252.5 on Wednesday despite profit-making.

signposts

<table>
<thead>
<tr>
<th>DMM 100</th>
<th>Current</th>
<th>Week ago</th>
<th>Month ago</th>
<th>Year ago</th>
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<tr>
<td>270.4</td>
<td>268.3</td>
<td>260.3</td>
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<tr>
<td>P/E ratio</td>
<td>4.9</td>
<td>4.9</td>
<td>4.0</td>
<td>4.0</td>
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<tr>
<td>Div yield</td>
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<td>8.0</td>
<td>8.0</td>
<td>10.6</td>
</tr>
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<td>UK FT Ind</td>
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<td>0.4</td>
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<tr>
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<tr>
<td>Div yield</td>
<td>8.1</td>
<td>6.0</td>
<td>8.1</td>
<td>5.6</td>
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<td>US Dow Jones</td>
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<td>8.5</td>
<td>8.7</td>
<td>8.9</td>
<td>8.5</td>
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<tr>
<td>Div yield</td>
<td>8.2</td>
<td>5.1</td>
<td>5.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Gold price (in US S 6= London)</td>
<td>216.5</td>
<td>202.0</td>
<td>209.5</td>
<td>150.0</td>
</tr>
<tr>
<td>% change on</td>
<td>-6.9</td>
<td>-8.0</td>
<td>35.7</td>
<td></td>
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<tr>
<td>Krugerrand (Rand) Public selling price</td>
<td>218.3</td>
<td>203.0</td>
<td>199.0</td>
<td>159.7</td>
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<tr>
<td>% change on</td>
<td>7.5</td>
<td>8.7</td>
<td>28.7</td>
<td></td>
</tr>
</tbody>
</table>

*Standard & Poor index
Public buying price is 10% below, subject to negotiation.
SHAREHOLDERS
Blacklisted

How many black shareholders are there in listed SA companies?

No way of knowing, says Clive Algar, PRO of the Johannesburg Stock Exchange. The only time the JSE went near this question was in 1972 during a study of share ownership. It was discovered then that 272,000 South Africans were shareholders, but no racial breakdown was possible.

"We would be a tremendous research job," says Algar, "to find out the race of shareholders in SA companies."

Algar also attributes the small number of black shareholders to the common belief among blacks that it is illegal for them to own listed shares or trade on the Stock Exchange. As a result of this the Stock Exchange in May embarked on a scheme to educate blacks on the intricacies of shareholding and the like. The scheme is under the supervision of Moses Leoka, a member of the Stock Exchange's public relations staff. Leoka, a University of the North graduate, tells the FM that the Stock Exchange's "educational exercise" is already known to a number of influential black businessmen.

In addition to this, black high school students from as far as the Orange Free State and the Northern Transvaal have seen the trading floor and attended lectures arranged by Leoka: "Schools have been receptive to our message."

SECTION I

In view of the reluctance of some companies to give detailed breakdowns of their workforce, which are often broken down by race, the overwhelming majority of workers in the private sector are black. In the case of companies that do break down data by race, the results are often surprising. In some cases, the number of black workers is actually higher than that of whites. This is particularly true for companies in the mining industry, where black workers often outnumber whites by a significant margin.

In the case of the medical sector, the situation is somewhat different. Although black workers are still underrepresented, there has been a significant increase in the number of black doctors and nurses in recent years. This is due in part to the efforts of organizations such as the National Health Research Institute, which has been working to increase the number of black medical students and trainees.

The table below shows the number of black workers in the private sector and the medical sector by race and gender.

<table>
<thead>
<tr>
<th>Race</th>
<th>Private Sector</th>
<th>Medical Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>White</td>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

The data in the table are based on a survey of 100 companies in the private sector and 50 hospitals in the medical sector. The survey was conducted by the National Health Research Institute and the results are believed to be representative of the industry as a whole.

The table above shows that the number of black workers in the private sector is significantly lower than that in the medical sector. This is due in part to the fact that the medical sector is more open to the idea of affirmative action and has been more successful in attracting and retaining black workers.

In conclusion, while the situation is improving, there is still much work to be done to ensure that black workers are represented fairly in the workplace.
BUILDING SOCIETIES
Beyond housing

Do you need money? Silly question, but that is the heading on a brochure sent out to bondholders of the Natal Building Society. And the extra loans it is offering are not merely for home improvements and alterations.

In fact, it is lending for virtually anything, including TV sets, caravans overseas trips, furniture . . . you name it. Moreover, other societies are known to be doing much the same thing.

Quite simply, building societies have experienced a bumper inflow of funds during the past few months while demand for housing bonds has remained slack. It thus makes good sense to invite customers to indulge themselves a little.

Not everyone thinks the societies' generosity is a good idea. Among the objectors are some of the banks involved in hire purchase and leasing finance. Stannic MD Ken Gager, for instance, warns societies against infringing on what he sees as the business of banks. He points out that the building societies enjoy a protected base, since they do not pay taxes, and their liquid asset requirements are lower than those for banks. Gager is not concerned about lending for home improvements, which he sees as the proper preserve of societies, but movable goods are another matter.

United Building Society MD, Hans Hefer, feels "the whole situation is really exaggerated." He points out that only "a small proportion of our total lending — approximately R1m in R25m — actually goes into non-housing bond advances." Furthermore, he notes, this is usually to customers who are well advanced in their bond repayments.

Hefer argues that he "would find it extremely difficult to turn down someone who had a good repayment record and who approached us for a small loan for purposes other than housing. And there is nothing in the law to stop us." Building society rates applicable on such loans would be within the framework of new mortgage rates applicable to the size of the outstanding debt.

Association of Building Societies director David Alston agrees with Hefer and sees the present situation as "very temporary." Alston ascribes the new wave of lending to the "exceptionally liquid state of societies at the moment." He notes that the inflow of funds is beginning to slow down, and expects supply/demand equilibrium to put an end to "extra" lending by societies as demand for housing finance picks up.
FINANCE - GENERAL

4/11/77 - 30/7/78
No return on R100m

Sorec shareholders are going to have to learn to live without dividends for some time. In the first interim report when the dividend was passed, shareholders were told that the position would be reviewed at the end of the financial year, which has been moved six months ahead to March to coincide with its parent Anglo American’s new year end.

But it is now apparent that a fundamental strengthening of Sorec’s financial position is a prerequisite to dividend payments being resumed. It had to draw on shareholders’ loans from Anglo to complete its capital expenditure programme, which is now within R2m of completion.

Contrary to recent reports that office letting had suddenly speeded up in the Johannesburg CBD, Anglo’s Christopher Melville reports no improvement in the market. He is still offering extremely generous initial terms just to get the buildings occupied.

Amaprop moved deeper into the red, losing R508 000 in the half year, mainly due to lower contributions from Prospecton and disappointing profits from Cabana Beach. The second half should see a considerable reduction in the loss as Cabana Beach makes a greater contribution.

Amaprop’s problems are going to take far longer to solve than those of Sorec. Central to its problem is the 30% stake in Carlton Centre, which makes up some 14% of its assets. This investment has been carried without giving any return since bought from SA Breweries at the beginning of the decade. Carlton Centre is unlikely to be dividend-producing for several years. Although it is making R1m per year profit, there are R13m of shareholders’ loans to Anglo and Barchays to be repaid before dividends are likely to be considered.

As long as Carlton Centre remains in the portfolio, Amaprop is condemned to losses. This is because the R11m investment in Carlton needs funding.

Add to that arrear preference dividends, mounting at R1.1m per year, which will have reached R5m by the end of this financial year, plus the refinancing problems of these R15.7m of prefs which have already started to mature for redemption, and it is clear that Amaprop’s ordinary shares are worthless.

The existence of Carlton Centre in the Amaprop portfolio will make it extremely difficult to consummate a merger of Anglo’s two property companies. A prerequisite would seem for Anglo to reverse the original decision to put Carlton into Amaprop and take it into Anglo itself. But that still leaves the problem of giving Amaprop minorities something for nothing.

Together, the book value of Sorec’s and Amaprop’s equity is R100m which gives no return and will not do so for some time. While Sorec is still worth accumulating below 50c (20% of asset value) for ultimate recovery in the property market, it is not possible to express the same view of Amaprop.

Richard Smart

Carlton Centre ... should Anglo take it out of Amaprop?

These loans are now in the order of R10m and it does not make financial sense to Anglo for Sorec to resume dividend payments until they are repaid. This will have to come either from cash flow which will be a slow process or from property disposals. In view of current depressed property prices, the second alternative might well not be judged in Sorec’s best long term interests.

The results for the second six months to September are encouraging in that they reveal that the bottom of the trough has been reached. Profits held at the lower level and the future is now one long grind to get the buildings let. On this front the news is not so good.
Liquidators vs the banks

What a messy business the Glen Anil liquidation has become. Not only are the bank creditors at one another’s throats over the validity of their respective securities, but the liquidators are now having a go at the banks as well. It formally started in Johannesburg this week at a special meeting before a magistrate called by Glen Anil liquidators Les Cohen, Ralph Millman, Perry Oettel and Clive Laundown to challenge the preferential claims of four banks which arose through their taking bonds shortly before liquidation.

Those first in the firing line are Bank of Johannesburg (R1.5m), Hill Samuel (R1.4m), Trust (R2.75m) and Standard (R6m). In each case, the amounts represent bonds passed by these banks over certain Glen Anil properties within six months prior to the township group’s final liquidation, in February, which the liquidators are seeking to upset.

At issue is Section 88 of the Insolvency Act: “A mortgage bond ... passed for the purpose of securing the payment of a debt not previously secured, which was incurred more than two months prior to the lodging of the bond ... shall not confer any preference if the estate of the mortgage debtor is sequestrated within a period of six months after such lodging.”

The section is designed to prevent creditors from taking security at a time which will afford them a preference over other creditors. If the security is taken out six months prior to liquidation, it can be set aside.

But what is the meaning of the phrase “not previously secured”? Before Glen Anil’s liquidation, there was an avalanche of security-taking. It happened in numerous instances that a bank had loaned Glen Anil, say, R1.5m on security of R500 000 and then, within six months before liquidation, taken security on a further R1m. Can this R1m be set aside?

The lawyers are at odds over whether the more recent bond was to secure the same debt or some other debt. Assuming the latter, the other debt obviously was “not previously secured”.

Into the pool

Legal opinion on the side of the liquidators indicates that “not previously secured” should be taken to mean that a creditor could not validly improve a position which he later found inadequate ... ie that he could not further secure himself. If this last-minute security can be set aside, and the bonds upset, proceeds from realisation of the properties will revert to the common pool for the benefit of all creditors.

The point doubtless will be challenged by the banks and eventually settled by the courts. Creditors, meanwhile, should refrain from optimism. Few Glen Anil properties are today worth even the value of the first bond, let alone the second.
Payout is Soon

Glen Anil First R1,2m

BY NIGEL BRUCE

A transfer let-down for standholders

THE AMOUNTS fixed by bond holders for purchasers to secure transfer of their stands in a number of Glen Anil townships will bring no Christmas comfort to those who have paid for or nearly paid for their plots.

One of the joint liquidators, Mr Clive Landsdown, disclosed this week that in five Glen Anil townships the bond holders were asking for sums ranging between R2 000 and R6 500 from purchasers who wanted transfer. More of these ‘release’ figures relating to other townships were expected soon.

In those cases where the figure set by the bond holder is less than the outstanding balance on the stand, the purchaser will only have to pay in the outstanding balance.

But where the balance owing is smaller than the figure set down by the bond holder, purchasers will have to pay the full amount set by the bond holders. Those who have paid in full will have to revert the whole of the release figure.

Mr Landsdown stressed, however, that in all but two cases finalised to date, the release figures may be subject to downward adjustment, depending upon the response in the various townships.

To date, he said, the response had ‘not been too good.’

The way in which stand purchasers could be affected was illustrated this week by Mr C.J. Van der Westhuizen of Roosevelt Park, who bought four stands in Glen Kelly about six years ago.

Shortly before the collapse, Mr Van der Westhuizen finished paying for his stands — R29 500 excluding interest.

Recently he decided to cut his losses and accepted an offer of R16 000 for the four stands from a builder.

Then came a Glen Anil circular advising him that he would have to pay an additional R8 000 on the four stands to get transfer.

Those townships where a release figure has been set are: Glen Kelly (R2 000); Glen Kelly Extension (R5 900 — final figure); Kenhill (R4 600 — final figure); Morningside Glen Extension (R2 500) and Glen Karen (R5 000).

Of the remaining townships, 26 are unbonded and no release figure will be needed to secure transfer, while in some of the 26 bonded townships no additional payments will be needed to secure transfer because there are sufficient funds to cover the bonds.
Mercabank's missing profit

Business Times Reporter

SOMETHING appears to be amiss at Mercabank. According to its accounts to September, total assets increased by nearly 8 per cent to R130.3-million; loans, discounts, advances and leased assets rose by 6.8 per cent to R72.9-million; and acceptances business rose by 10.7 per cent to R20.9-million.

Yet net income declined from R1.05-million to R990,000 and returns on shareholders' funds fell from 14.1 per cent last year to 10.8 per cent, a very average performance for its sector.

It's not even as if the Mosenthal's compromise transactions went sour. "Original expectations should be realised," directors say.

"The only real explanation for the reduced profits is that "certain of the bank's activities were less profitable than in the past."

DIE probleme wat die banksektor in die afgelope jaar ondervind het, het ook vir Mercabank nie ongemerk verby gegaan nie. Die bank se belaste wins het van R1 050 000 tot R330 000 gedal.

In aggenomde dat die afgelope jaar veral vir die kleiner banke 'n moeilike pyn was het die bank goed gevaar. Die laer wins is veral toe te skryf aan 'n groter oorplasing na interne reserve, wat seker in dié dae nie 'n onvanpaste beleid vir enige bank is om te volg nie.

In die boekjaar is daar ook 'n aansienlike hoeveelheid tyd aan Rondalia bestee. Dit was tot voordeel van Rondalia, maar het tyd van die bestuur van Mercabank geverg. Die kurtatorsfooi vir Rondalia is ook nie by vanjaar se wins in berekening gebring nie.

Die voorsitter, mrn. Carel van Aswegen, wys in sy verslag daarop dat die bank in 'n tydperk waar die tradisionele aksepbankbeheer deeltjie 'n lagtepunt bereik het, 'n totale depotvolk van net meer as R100 miljoen gehaald het. Dit sowat R6 miljoen meer as dié van die vorige boekjaar.

Die direksie neem voortdurend die bank se beleggings, lenings en voorstotte, en die onderliggende sektorte, in oënskou. Op die wyse is dit die beleggings in en verhande of lenings teens sekeriteit van vaste eindom in orweging genoem, veral met die oog op die ernstige resessie wat die eiendomssektor onder-
Barclays pays more despite R11m provision

By HOWARD PREECE
Financial Editor

BARCLAYS National Bank managed to increase taxed profit by R14-million in the year to September 30 in spite of an R11-million rise in the provision for doubtful debts.

The final dividend has been lifted from 10c to 13c to give a total of 38c (13c).

Earnings a share were 63c (54c).

Operating profit was up from R46-million (R39 167 000) after taking into account the R11-million extra, doubtful debt provision.

Tax, however, was down from R20 256 000 to 18 499 000. This lower burden was the result mainly of investment allowances on leasing business.

The effect was to boost taxed profit from R29 700 000 to R33 708 000.

At the interim stage taxed profit was down from R17 475 000 to R14 726 000 because of a R7 500 000 debt provision.

Mr Bob Aldworth, managing director of Barclays National Bank, says Barclays small exposure of R4-million to Glen Anil has been fully provided for.

The balance of the doubtful debt provision relates to the bank's Corlett Drive property group involvement.

Mr Aldworth says there were over 300 Corlett companies, and Barclays is making provision when and as needed.

He says the once troubled Western Bank made a positive profit contribution and that Barclays National Merchant Bank had had its best year ever.

"What most pleases me is that all sectors of the group are running at a profit," Mr Aldworth says.

A crucial reason for the return to health of Wesbank after a lengthy illness has been a reduction in the number of staff from 1 969 at the end of July, 1978, to 1 181 by September this year.

Mr Aldworth says, however, that the staff affected have not been retrenched but redeployed in other areas of the group.

In spite of this, total group staff rose by only 51 in the last financial year.

Mr Aldworth says Barclays is well placed to take advantage of any economic upturn as it has surplus capital requirements of R18-million which give a potential for increasing deposits of R30-million.

Barclays was priced at 325c on the Johannesburg Stock Exchange yesterday.

That gives historic yields of 19.4% on earnings and 7.1% on dividend. This means Barclays is still narrowly the lowest dividend yielder among the banks — a tribute to its record, but suggested there is no immediate likelihood of a substantial rise in the share price.
Interim Report and Dividend Announcement

The Directors of Standard Bank Investment Corporation Limited announce the following unaudited results of the Group’s operations for the six months ended 30 September, 1977, with comparative figures for the six months ended 30 September, 1976, and for the full year ended 31 March, 1977.

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<thead>
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<th></th>
<th>30/9/77 (R000)</th>
<th>30/9/76 (R000)</th>
<th>31/3/77 (R000)</th>
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<tbody>
<tr>
<td>Group profit after operating expenses and provision for loan losses and extraordinary items</td>
<td>23,115</td>
<td>19,869</td>
<td>34,727</td>
</tr>
<tr>
<td>Estimated taxation</td>
<td>8,567</td>
<td>7,620</td>
<td>13,516</td>
</tr>
<tr>
<td>Group profit after taxation</td>
<td>14,548</td>
<td>12,249</td>
<td>21,211</td>
</tr>
<tr>
<td>Preference dividend</td>
<td>260</td>
<td>426</td>
<td>667</td>
</tr>
<tr>
<td>Weighted average ordinary shares in issue</td>
<td>52,839,504</td>
<td>48,332,057</td>
<td>49,517,925</td>
</tr>
<tr>
<td>Earnings per share (cents)</td>
<td>26,78c</td>
<td>25,43c</td>
<td>41,35c</td>
</tr>
<tr>
<td>Dividend per ordinary share (cents)</td>
<td>9,35c</td>
<td>22,5c</td>
<td></td>
</tr>
<tr>
<td>Earnings per share are calculated on the weighted average of the ordinary shares in issue during the periods concerned.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

OPERATING RESULTS

The recessionary conditions continued in the first half of the financial year and, with consumer demand and fixed and inventory investment slack, demand for credit remained weak. The only sectors to perform well were agriculture and mining and this strength caused the overall real growth rate of the economy to be positive in the second quarter of the calendar year. The money supply also grew rapidly for the period to June, 1977, but has subsequently slowed. A softening in short-term interest rates helped to maintain net interest margins, but the continued recession caused a higher than expected business failure rate in the past six months.

The comparative figures for September, 1976 quoted above, have not been adjusted to incorporate half the loan loss provisions for the full year, and are as published in the Interim Report dated November, 1976. If these figures were adjusted to take into account a pro-rata share of the full loan loss provisions for the year ended 31 March, 1977, which included the provisions for the Glen Anil Property Group, the published earnings per share for September, 1976 would have been more than 20% lower.

PROSPECTS FOR THE REMAINDER OF THE FINANCIAL YEAR

Some of the assumptions made in the Financial Statements for 1977 require comment as conditions have changed, although not materially.

... Because of the growth in the agriculture and mining sectors, a real growth rate for 1977 of 1% is expected against the previous assumption of no growth.

... The estimate of growth in the money supply has been increased from 9.5% to 12.0%.

... It is now apparent that the recession will continue for longer than anticipated.

The assumptions made for the remainder of the financial year indicate that liquidity will improve further, loan demand will increase marginally and loan losses will still be higher than budgeted.

The financial implications of the changes in these assumptions are that profits for the full year will be marginally lower than planned, but will not materially affect the original estimates of the return on year-end shareholders’ funds.

In these circumstances the Board has decided to declare an increased interim dividend of 9.5 cents.

IAN MACKENZIE, Chairman.
H. P. DE VILLIERS, Group Managing Director.

INTERIM DIVIDEND NO. 16

Notice is hereby given that an Interim dividend of 9.5 cents (1976 – 8.0 cents) has been declared payable to ordinary shareholders registered in the Corporation’s books at the close of business on 25 November, 1977. Cheques will be posted on or about 14 December, 1977, to shareholders at their registered addresses, or in accordance with their written instructions to the contrary which must be received not later than 25 November, 1977.

Non-resident shareholders’ tax will be deducted from dividends, where applicable.

The register of ordinary shareholders will be closed from 26 November, 1977, to 4 December, 1977, both days inclusive.

By Order of the Board
C.W. BJERRE
Group Secretary.
8 November, 1977.

Registered Office:
27th Floor,
Standard Bank Centre,
79 Fox Street,
(P.O. Box 7725, Johannesburg, 2000.)

Registrars:
Rand Registrars Limited,
2nd Floor, Devonshire House,
49 Jorissen Street,
(P.O. Box 31719, Braamfontein, 2017.)
Stanbic pushes up halfway payment

By HOWARD PREECE

STANDARD Bank Investment Corporation has increased its interim dividend from 8.5c to 9.5c on a "small rise in earnings a share" for the half-year from 25.43c to 26.78c.

The rise in group profit "after operating expenses and provision for loan losses and extraordinary items" for the six months to September 30 was to R131,515,000 from R128,899,000 in the first six months of the previous year.

After tax and preference dividends, the increase was from R112,823,000 to R114,386,000.

There was, however, an increase in the issued capital with the ordinary shares on average rising from 43,822,575 to 52,539,504.

This reduced the increase in earnings a share to 5.3%.

The chairman, Mr. Ian MacKenzie, says: "The comparative figures for September 1976, have not been adjusted to incorporate half the loan loss provisions for the full year.

"If these figures were adjusted to take into account a pro-rata share of the full loan loss provisions for the year ended March 31, 1977, which included the provision for the Glen Anil property group, the published earnings a share for the half-year to September 1976 would have been more than 20% lower."

Mr. MacKenzie says: "The assumptions made for the remainder of the financial year indicate that liquidity will improve further, loan demand will increase marginally and loan losses will still be higher than budgeted.

"The financial implications of the changes in these assumptions are that profits for the full year will be marginally lower than planned, but will not materially affect the original estimate of the return on year-end shareholders funds.

"Some of the assumptions made in Stanbic's financial statements for 1977 require comment, as conditions have changed, although not materially.

"Because of the growth in the agriculture and mining sectors, a real growth rate for 1977 of 1% is expected against the previous assumption of no growth.

"The estimate of growth in the money supply has been increased from 9.5% to 12.0%.

"It is now apparent that the recession will continue for longer than anticipated."

Wool cheaper

EAST LONDON. - Prices were slightly cheaper for fleeces, wool at yesterday's wool sales in East London. Outsorts were unchanged compared with previous South African sales on November 8.

You should have explained why equal is stable in question 1b. You have explained satisfactorily why there is a tendency for output to fall when agg = agg. Udder (have given you credit for this in mark for question 2) but there are not clear on why output increases when agg dd > 5% (II > W).
Eagle income tops R100m

BY TONY STIRLING

The investment and premium income of African Eagle Life Assurance Society has for the first time topped R100-million — R102,89-million for the year ended September 30.

The company, which is part of the Anglo American group, and the third biggest life assurance company in South Africa, also announced this week that benefits paid to policy holders had increased by R5,79-million to R39,21-million.

Yearly new business premiums for all divisions totalled R14,4-million.

Over the past quarter, new business production by the company's representatives was up 42 per cent on the figures for the corresponding period last year.

The company's full-time representatives increased individual life new business production by 17 per cent.
SAAMBOU-NAISONALE bouvereening het pas bekend gemaak dat die R600 miljoen batekerf oorskry is. Die bouvereening het in 1970 ontstaan met bates van R291 miljoen. Sy bates het dus die afgelope sewe jaar meer as verdubbel.

Die doelwit van R600 miljoen, is, behalwe die ondersteuning van meer as 400 000 klante, die afgelope sewe jaar. Dit was die klante wat geheelp het dat Saambou-Nasionaal sy land en sy menslike kapasiteit, het onder dr. J.J. Hurter, voorzitter van die bouvereening, gesteund toe hy die aankondiging gedaan het.

Saam met die bouvereening se klantetale het ook die dienslewering in gehalte en omvang gegroei en is daar vandag meer as 300 takke en agentskappe landwyd.

Dr. Hurter skryf die bouvereening se sukses toe aan die welvaardigte beleid wat steeds deur die hoofbestuur nageëindig word, deel in die bekwaamste bestuur en toewyding van die personeel.

Alles personeel word deeglik in diens opgeëidel en sedertdien word kundigheid en kos, produusie op alle vlakke verseker.

Die bouvereening is optimisties oor die volgende doelwitte: en. 10% deur die beheer, die gasbeteer, die gebouw en die handelaar wat betekende proef met toegeklaag word, het dr. Hurter ten lotte gestel.
Banke kon skokke vat

Deur VIC DE KLERK

UIT die jongste winsverklarings van die land se groot banke kan 'n duidelike beeld verkry word van die groot bedrae wat in die jongste tyd afgeskryf moes word, veral op voorrekening van eiendomsontwikkelings.

Muis tereifdertyd is daar ook die geoe nuu dat al die groot banke hierdie afskrywings teen wins kon doen en dat hulle se geheime reserves nog onaangetast is. Dit bevestig ook dat versal die groot banke reeds reuse-bedreie aan geheime reserves moes opgebou het.

Barclays en Standard, wat vandeesweek winsverklarings vir die halvemaand tot 30 September verklaar het, kon albei moeil winsnings moes. Terwyl Nedbank 'n paar weke gelede ook sy "gebruiklike" stings van 10 persent kon toon.

Nogtans moes hierdie drie banke tussen hulle byna R30 miljoen se oninvoerbare skulde teen hul wins die afskryf het. 'n Mens moet toegene dat hulle ná hierdie afskrywing asem baie minder na geheime reserves kon oorplan as wat in die verleder die geval was. Maar nie een van hulle noedig gehad om sy geheime reserves daarvoor te gebruik nie.

Barclays kon ná die afskryf van R11 miljoen nog 'n styging in wins na belasting van R16,4 miljoen tot R20,2 miljoen toon. Nedbank het R6,5 miljoen afgeskryf vir sy belegging in Glen Anik, maar sy wins na belasting het nogtans met R3,2 miljoen gestyg.

Standard Bank se nie persies hoeveel hy afgeskryf het nie, maar kon nogtans ná 'n afskrywing soortgelyk aan die van Barclays en Nedbank 'n styging in wins na belasting toon van R12,3 miljoen tot R14,6 miljoen.

Duidelik

Dit is dus duidelik dat die skokkete wat daar in die eiendomsbedryf en elders was, nie te groot was vir die groter banke nie en dat hulle die afskrywings uit normale besigheidswinse kon doen en nog 'n styging in wins toon.

Met die kleiner banke het dit egter nie so goed gegaan nie. Behalwe die groot probleme wat Randbank en Trustbank gehad het weens hul beleggings in eiendomme, het UDC-Bank, Finansbank, Bank van Johannes-Burg en Mercabank vanjaar swakker vertoon.

Vir sy jongste ses maande het Santam egter weer baie goed gevaar, terwyl Rolandbank sy "gebruiklike bestendige winsgroei" kon toon. Met Kredietbank en Senbank in 'n Bankkoepel het dit egter goed gegaan, veral omdat die twaalf banke betreklik min in eiendomme betrokke het.
The authorities, worried by the possible effect of a fall in short-term interest rates on the balance of payments, are trying to keep rates above the levels that would be set if market forces were permitted to operate.

But with long-term rates under downward pressure, opinions in the capital market are divided on whether they will succeed or not.

After the last Escom issue, the decline in long-term rates was checked. But the success of the most recent Government issue, which raised more new money than expected (R884 million) at a rate of only 10.75 per cent, saw a resumption of the downward trend. In spite of this, subsequent public sector issues have been oversubscribed.

Iscor is currently testing the market for a minimum of R30 million. But Sent behaus Loew Kruger tells me that Iscor could well be in a position to take more: R70-80 million is comfortably on the money market, and it is not inconceivable that even this figure could be surpassed. The all-inclusive rate is 11.32 per cent, but there is also an 8-year component at 11.6 per cent. Moreover, Iscor 5-year stock is being dealt in at the money at 11 per cent, only 0.25 per cent above the long-term Government rate.

Although shorter dated stock normally enjoys a premium, this is probably a below average differential.

In part, this reflects the current compression of all interest rates, an inevitable consequence of the natural decline of long-term rates while short-term rates are held artificially high. What is obviously worrying Pretoria is that if short-term rates fall, at a time when rates overseas (and particularly in the US) are showing signs of firming, short-term capital could move out of SA.

The attempt to keep rates up locally is thus being done by a beady eye on the reserves, which are still under pressure (especially as the recent excellent performance of export earnings may taper off) and are a major factor constraining the desire to adopt expansionary policies that would get the economy moving again.

This problem in turn arises from the phenomenon that SA is still in a recession (to put it mildly) in a year which has seen an (albeit modest) revival in the economies of most Western nations.

In a sense, this is no more than a reflection of the traditional 18-24 month lag in the response of the SA economy to the international economy at large. This relationship was maintained when the world economy turned down after the onset of the energy crisis; but at present it is being aggravated by what the rest of the world sees as adverse political developments in the Republic, which have led to a virtual drying up of the flow of foreign funds.

Opinions differ on whether the authorities will be able to keep short-term rates at current levels. Those close to the money market — like Discount House's Colin Dunn — stress that the authorities, in a semi-closed economy like ours, cannot manipulate short-term rates at virtually any desired level through their handling of Treasury bill issues, tap issues and moral (some would say, immoral) suasion.

Others contend that the finger can only be held in the dyke for just so long.

Chase Manhattan's Joel Stern, for instance, recently in South Africa for the Financial Mail Investment Conference, still holds the view he expressed earlier this year: that by mid-1978 the long-term Government rate will be between 9 per cent and 9.5 per cent. These are the two extremes: between them, is the full range of possibilities on what rates will do and to what extent they can be manipulated by Church Square and the Treasury.

For the authorities, the problem is that long-term rates cannot be controlled as easily as short-term rates. This is especially true in present conditions, when many millions took advantage of historically high rates earlier this year to fill their requirements of long-term sector stock not only for the current year, but also for 1978.

Unless there is a further increase in the next budget in the statutory requirements imposed on the private sector (which is unlikely, in view of the present high levels) many institutions will thus be able to draw extremely selectively next year, even to the extent in some cases of not needing to buy any giltls or semi-giltls at all.

While from one angle this could be interpreted as meaning that public sector issues will have to be bid at attractive rates to attract funds, the other (and more likely) angle is that the economy will be so liquid next year that the downward pressure on all rates will be exacerbated.

A major caveat is that if political uncertainties continue, money managers may prefer to put funds into the short end of the market. While this would not relieve the pressure on short-term rates, it would reduce the amounts available for long-term investment, checking the downward pressure on long-term rates and thereby helping to widen the gap between the two ends of the market towards more customary levels.

Best bets are that short-term rates will hold at present levels, but there could be a further decline of maybe 0.25 per cent in the next Government long-term issue early next year.

Semi-gilt rates could have even further to go: one estimate from a usually well-informed source is that the Escom long-term rate could still come off 0.5 per cent. In the private sector, the enthusiastic reception of debenture issues by groups like Barlow Rand and Union Corporation at about 13 per cent could herald a decline in early next year to 12-12.5 per cent, which implies yet a further narrowing of the gap between long-and short-term rates.

Amid all the uncertainty and conflicting views one thing remains clear: short-term rates at the moment are higher than they could be if left to their own devices. The distortions this creates are being felt right through the money and capital markets, and even if Pretoria succeeds in keeping short-term rates where it wants them, this could lead to even further distortions in the market mechanisms and yet greater policy problems in money management next year.
Underflap Nedbank is doing well, thank you
R1-m shock for Glen Anil standholders

The Glen Anil disaster is beginning to bite. Shareholders in one Glen Anil township have now been told that if they want to keep their land they will jointly have to pay more than R1-million.

The shareholders are in Glenview's Extension Six and they received the bad news in a circular letter from the joint liquidators of the Glen Anil property empire.

The letter said the liquidators had not been able to reach an agreement with the bondholder of the township.

TRANSFER

The amount you will be required to pay to take transfer is the sum of R1,000, being the balance outstanding on the above bond, plus interest to date of registration of transfer, plus, costs, and also any other amounts you are required to pay in terms of the Act. If you wish to take transfer against payments of the aforesaid amounts, please return the letter and state so in the space above.

For more information, please contact the liquidators.

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Sanlam controls costs of administration

JOHANNESBURG — Sanlam's administrative costs in the financial year ended 30 September 1977 increased by only 7 percent compared with an increase in total income of 19 percent and an increase in benefits paid to policy-holders.

This statement was made by the company's general manager, Mr. Johann Söhngen, following the announcement of Sanlam's results for the year earlier this week by the managing director, Mr. Pepler Scholtz.

"Our total salary bill, which forms more than half of our administrative costs increased, in spite of the greater volume of business, by only 6 percent. The cost of using our computers rose by 14 percent in the past year and these figures show the greater extent to which they are employed.

"The accent however, falls on a more rapid and expanded service to our policy-holders, with savings in expenditures as a side benefit," Mr. Söhngen said.

"The tradition in the life insurance industry has been that policy-holders should pay the stamp duty on their policies. Since August 1, 1977, however, we have not recovered the cost of this stamp duty from them. It is estimated that this concession will add between R300,000 and R500,000 to our administrative costs for 1978.

"Because policy-holders will now save this amount and the administrative costs connected with the collection of these amounts falls away, a nett saving has been brought about.

"An analysis of our administrative costs shows that the cost of administering an existing policy has increased over the past five years by an average of approximately 3 percent per annum, while costs in South Africa in general, as measured against the consumer price index, increased on average by more than 11 percent per year during this period.

"Available information indicates, also, that Sanlam's administrative costs are the lowest in the life insurance industry."
VOLSKAS this weekend announced a group profit for the six months to September 30, of R7.9m after tax and transfers to contingency reserves. This reflects an increase of 15% on the profit of R6.9m announced for the same period a year ago.

Earnings jumped from 10.4c a share to 12.0c, and the dividend is 10.0c on a new issue of R50m of the company's convertible preference share capital, which will double the company's equity capital. The profit is the result of the slow demand for credit.

With the exception of Volkskas Beleggingsmaatskappy, the group's banking and insurance subsidiaries reported a steady performance. The insurance division, which has been experiencing difficulties in raising equity capital, has been able to lower its borrowings but is faced with a 1,000% increase in its capital requirements.
VOLKSKAS het ‘n sluitende ses maande tot einde September agter die rug. Hy het sy tussentydse wins na belasting en reservevooringsplasings met 15,1 persent tot R7,9 miljoen verhoog. Terselfdertyd het hy ook sy tussentydse dividend met 1c tot 9,5c verhoog.

Dit verteenwoordig ‘n teamlige verbetering op die resultate wat die bank vorig jaar gelede aangerekend het. Hy het toe ‘n tussentydse wins aangerekend wat feitlik dieselfde as die eerste ses maande van 1975 was.

Die direksie se s in die lopende winsverklaring dat die bedryfsresultate in die lopende ses maande op minimum dieselfde vlak as dié van vorige jaar gehandhaaf sal word.

Daar kan egter aangeneem word dat dit ‘n baie konserwatiewe mening is. Volkspark se tweede ses maande is tradisioneel sy beste.

Nadat die tussentydse wins vorig jaar met R41 000 gedaal het, het die wins in die tweede ses maande van R7 156 000 tot R276 000 gestyg om die syfer vir die jaar op R15,5 miljoen te bring. Tenop, R14,1 miljoen die vorige jaar.

Soortgelyke stigting in die lopende ses maande sal die syfer vir hierdie tydperk op R9,5 miljoen bring, wat die wins vir die jaar tot eninde Maart 1976 op R17,3 miljoen te staat sal bring.

Dit behoor nie moeilik te wees nie. Volgens die direksie is die verbetering in die afgelope ses maande se wins ten dele toe te skryf aan die feit dat die bank se filiaal, en Transvaal, die Transvaalse Suikerkorporasie, die afgelope ses maande se wins kon loon (eenuidig in verlies in die onafhankelike tydperk vorige jaar).

B. Major accounts

(1) Excqueuer ( = Revenue plus Loan plus SWA plus Bantu Education)

(2)
Black building firm goes for MBA membership

DEREK SMITH: Property Editor

SOUTH AFRICA'S first major African-owned construction company is hoping to become the pioneer black member of the Witwatersrand Master Builders' Association early in the new year.

The MBA will have to change its constitution to accommodate a black company but moves are already afoot to accomplish this and no problems are expected.

Firm concerned is the new African Development and Construction Company (ADCC) chaired by the African Bank's Sam Motsumane.

Black investors hold 51% of the shares through the National African Chamber of Commerce (Nacoce) and the remaining 49% are held by Roberts Construction.

Roberts, like any good company, will be looking for returns on that investment. It has signed up a management agreement with ADCC and a Roberts man, LW Shrieder, is general manager.

The new concern has been formed after months of investigation to ensure that tenders' and new development which the company hopes to tackle will not run foul of officialdom.

So far so good.

The green light has come from the cabinet itself while officials and staff of the various administration boards are said to have given nothing but cooperation and encouragement.

But the very first job which ADCC thought it had in the bag has already gone sour.

Although a tender for a new office block in Soweto was clearly lower than any other, the tender was passed and the job given to the second lowest tenderer who was more than R2,000 higher.

"We were at a loss to understand the reason for it," says Robert Construction's Terry Pears, who is a member of the ADCC board.

"We just hope this kind of thing doesn't happen again."

The tender, he explained, was made in the name of Roberts Construction because the new company had not yet got the all-clear from the Building Industries Federation to which it is to be directly affiliated.

Both Homes Trust Life, which called for tenders, and Bifswa were told that the contract would be undertaken by ADCC if the tender was successful and the job would be guaranteed by Roberts.

That cut no ice and Bartlett Construction with a R149,900 tender got the work against ADCC's R147,813.

"With its first disappointment behind it, however, ADCC is pushing ahead with several new projects which it will develop itself.

One of the first planned is a modern, better-class housing development for blacks in the KwaZulu Naloti area of Tembisa.

In its final form, the development could be worth many millions but the plan is to build ten houses on spec, test the market and go on from there.

Again, reaction has been well-tested in advance and the plan has all-round support from employers and East Rand Administration Board alike.

Some employers, says Pears, are prepared to put up guarantees because they are keen to see senior black staff in better housing. The board itself will make available R5,000 so if the houses work out at R10,000 each, financing for higher-paid workers should not prove a problem.

"Design will be the vital make-or-break factor and that job has gone to Jan van Wyk of RAU fame, who also designed a similar type of housing project in Paarl."

A socio-economic study will be made and further development will be based on the results but, in the longer term, there seems little reason why the black company shouldn't go ahead and develop the entire Tembisa township.

A similar idea is being planned for Soweto, where ADCC Director Pears... first job turned sour.

there is land available, and Wab is co-operating as well.

Commercial development is also on the cards and the first, hopefully, will be a small supermarket for a Black trading concern in Sebokeng.

Back in the west, ADCC is having a close look at the development plans for Protea townships and hopes to exercise options to develop there on spec.

The big question mark which could hang over such plans, of course, is security of tenure. Whatever system of ownership is evolved in terms of the promised new dispensation, buyers or tenants will want to know that they are secure in their premises.

Pears says the company is satisfied that they will be. After discussions with senior officials and members of the cabinet, he says the company has decided to go ahead now.
Steady growth

With taxed profits for the six months to September 30 up 15% to R74m, Volkskas is the fourth bank in three weeks to come out with improved figures.

One of the reasons the sector has done well is that, at a time when interest rates are softening, deposit rates are declining faster than lending rates. What's problematic is how long this can go on with demand for overdrafts weak and competition among banks so strong.

Volkskas' industrial interests, Transvaal Smelter Corporation and Transvaal Metal Foundry, have continued to improve after breaking into a profit situation last year. The improvement is not quantified but profits are preferable to the substantial losses of 1976.

Volkskas, a merchant bank, had an exceptional back-off. The industrial bank, which was not involved in leasing, did not contribute much to these results but big gains are expected of it. Municipal and government leasing was beginning to look like a big growth area but Volkskas managing director, Janie van Huyssteene, says it's probable that investment allowances currently permitted by the Receiver to banks in respect of their ownership of industrial goods, will be disallowed soon. Van Huyssteene denies that Volkskas took a lot of business, especially leasing business, from Trust.

Van Huyssteene says staff productivity has been boosted and, "apart from a selected few matriculants", new staff is not being taken on to replace those who leave.

Van Huyssteene says Volkskas has not had to make the big provisions for bad and doubtful debts that other banks have. Its only big bad debt remains the R13m owed by Van Achterberg and most of this is expected to be recouped in a year or two. Interest at an estimated rate of R18m a year is, however, being sacrificed.

Van Huyssteene expects the bank's new R25m Pretoria head office building to be only half-let when it opens in mid-1978 and the 10-storey structure will be a drag on profits until it fills. Not that there will be an actual reverse from the present position, for the capital is already invested. The building is one reason Volkskas's return on shareholders' funds is not as high as Nedbank's. Another is Volkskas's more extensive and expensive branch network.

Rembrandt Group, which took a 20% stake in Volkskas last year, still has no board representation or influence on the bank. Van Huyssteene says he doubts if Rembrandt is interested, "It's not one of their major investments," he adds.

Given the bank's conservative nature, the 15% reported improvement is more likely to be an under than an over-statement. Last year, 55% of taxed profit was earned in the second half. If this pattern is repeated — and Van Huyssteene sees no reason why it shouldn't be — earnings for the year look like being around 82c and the dividend, assuming constant cover, 23c (20c). This puts
Volkskas in saal
by Bonuskor

Deur DAVID MEADES

MET Bonuskor 'n filiaal van Volkskas, kan verwag word dat hiervle maatkappy wat oorspronklik uit Sanlam-polisierewe se bonusse ontstaan het, 'n nuwe era in sy geskiedenis sal begin, 'n geskiedenis wat veral oor die laaste paar jaar maar bra wankelierig was.

Volgens 'n aankondiging deur Volkskas-Aksepbank die morgewek het Volkskas en Sanlam na sameenpakking tot die gevolgtrekking gekom dat dit nie langer in die aandeelhouders van Bonuskor se belang is dat hulle twee gesamentlik beheer oor Bonuskor hou nie.

Daar is gevolglik ooreenkomstig dat Sanlam se 7.191.449 aandeel-in Bonuskor aan Volkskas sal verkoop, wat Volkskas se belang in Bonuskor van 24.9 tot 51.4 persent sal opleg. Hiedie belang sal Volkskas teen 38c per aandeel verkry en dit is ook Volkskas se voorneme om 'n soortgelyke aanbod aan die minderhedsaandeelhouers te doen.

Hiedie aanbod sal waarneemlik net gedaan word om die Johannesburgse Efekleneerhewe te vere en om aandeelhouders wat teen hiedie prys wil verkoop, dieselfde geleentheid te gee.

Dr. Jan Hurter, voorsitter van Volkskas, het aan Sake-RAPPORT gesê dat hy hierdie stap verwelkom, veral omdat hy so 'n lang pad saam met Bonuskor loop en omdat hy oortuig is dat Bonuskor beter kan doen.

Hy sê dat Volkskas geen onmiddellijke planne met Bonuskor het nie, maar dat aangeneem kan word dat daar opnuut na die bestuur van Bonuskor gekyk sal word om te zien of dit nie versterk kan word nie.

Met die beherende belang wat Volkskas in Bonuskor verkry, word die samewerking tussen Volkskas en Sanlam nou nog verder versterk. Volkskas was ook voorheen Sanlam se vernooi in Bankorp, maar het hom met die oormade van Trust-Bank deur-Bankorp oortrek.

Volkskas het al die laat jaar se instituisionele belang in Bonuskor gekry toe sy genoteerde beleggingsfiliaal, Noordkor, deur Bonuskor oorgeneem is. Noordkor se aandeelhouders het toe vir al elke Noordkor-aandeel 'n aandeel in Bonuskor gekry, in 'n stadium toe Bonuskor se aandeel in sowat R10 miljoen verhandel het.

'n Groot deel van Bonuskor se huidige probleme het by sy kontantbloed gelei. Hiedie fondse is oorlangs met R10 miljoen versterk in die vorm van langtermynle- nings.

Sake-RAPPORT het ook verneem dat Bonuskor wel besluit het om al sy aandeel in SA Druggists aan Federale Chemiese Beleggings te verkoop. Dit sal teen kontant gedaan word en 'n verdere R8 miljoen vir Bonuskor beteken.

Met hierdie stuwige kontantposisie en die regstreke steun van Volkskas, kan daar aangeneem word dat sake vorentoe net beter by Bonuskor gaan verloop.
Groeifondse sp
groei vir jaar

Deur VIC DE KLERK

NA 'n baie suksesvolle, Novembermaand kan al die land se
groeifondse nog spog met 'n groeirekord vir die jaar. Dit volg
op 'n hele jaar van onbevredigende vertonings deur
hierdie beleggingsvorm.

Heel bo aan die lys is
meer Guard-Bank met 'n
merkbare groei van
19,2 persent vir die eerste
een maande van die jaar.
Sefis Santam toon 'n
groei van 1,9 persent 'n
redelike swak vertonings
die vorige twee jaar.

Die drie ou fondse in die
Sanlam-stal het ook goed
vertoon en die 13,6 persent
van NGF is tot dusver die
tweede beste vir die jaar,
net nog nie soveel te
klein is oor Sats se 7,8 persent
en Sanlam se 9 persent nie.

Die Trust Groei is on-
langs ook onder beheer van
Sanlam geplaa, en die
fonds behoort nou beter te
doen as sy onder gemiddelde
die vertoning van 'n groei
van slegs 3,3 persent vir die
eerste nege maande van die
jaar.

Sage, wat glo 'n meer
spektakulaire beleggings-
beleid volg, kon in Novem-
ber alleen 'n verbetering
van 4,3 persent toon, maar
dit klop nooit met NGF se
4,9 persent nie. Santam se
groei van 1,9 persent in
November plaas die fonds
nou ook op 'n plus vir die
jaar.

Ons gemiddelde indeks
toon 'n groei van 8,1 persent
vir die eerste nege maande

og met

van die jaar. Voeg hierby 'n
gemiddelde dividende-
prent van meer as 8 per-
sent per jaar en ondera-
dele in groeifondse is weer
redelike bevredigende be-
leggings.

Nogtans is daar nog geen
aanduidings van 'n bei-
ende'beleg-
gingsbeding na hierdie fonds
de nie. Daar is niks dat
derugkeer van ondernemende het weinig

Rapport se groeifondse opsommingslys soos op 20 November
1977

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kliente.
Fringe banks siphoning millions off big brothers

Harold Fridjhon

Fringe banks are gouging into commercial bank lending to the tune of more than R160m a month by exploiting an obvious anomaly in banking regulations.

They are lending money to selected clients at rates considerably below prime rate — but only between the first of each month and the second last day by which the loans must be repaid.

In order to effect repayment, these clients then run up their overdraft facilities at the commercial banks on the last day of each month. But by the first working day of the following month, they reduce their commercial bank overdrafts with the restored loans they get from certain fringe banks.

ESCALATED

The effect of these operations which started some months ago on a modest scale but which have escalated to more than R160m surge in last-day-of-the-month business is that the commercial banks are not only losing out on 29 days' interest each month, but in addition they are faced with the cost of providing liquid assets to the authorities on the swollen end-of-month balances.

On the other hand, the fringe banks involved have high levels of advances during the month, but at the month-end their figures for advances are relatively low and therefore are called upon to meet liquid asset requirements which are well below the real level of business being transacted.

And the provision of liquid assets to meet these requirements laid down by the authorities are a heavy burden on all the banks.

At present, the extent of these operations is making barely a dent in the profits of the major commercial banks, but if the practice continues to grow as it has during the past few months it could have serious implications in the banking system.

The fringe banks cannot be blamed for taking advantage of the regulations which are currently working in their favour and to the benefit of their clients. But with growth this lending could bring distortions and a loss of control by the authorities.

And it only requires a slight modification of the liquid asset requirements to restore balance to the system.

If banks' liquid asset requirements were calculated on the average level of lending during the month, instead of on the month-end balance, the fringe banks would have to provide assets on a much higher scale than they are now being called upon to meet. And the commercial banks would have to provide a lower level of assets than at present.

And because of this the fringe banks' cost of borrowing would automatically rise.
This is where small banks' profits have gone

By Nigel Bruce

THE SMALLER banks — particularly those which cannot rely on an easy flow of business from a powerful parent — have been through a tough time, mostly through no fault of their own.

In retrospect, it was probably insensitive last week when contrasting Mercabank's rising assets and loans to its decline in earnings, to have remarked drolly that something appeared to be "amiss."

There is, in fact, nothing particularly wrong with a decline in profits when considering the erosion that that margin of small banks underwent last year. The bank is certainly no less secure than it was a year ago and is by no means the only one to have shown such a trend.

And, indeed, had it shown an increasing trend in profits, questions might easily have been raised over whether adequate provisions for future losses had been made.

What is disconcerting, however, is that the banking activities of small merchant banks, which still have a measure of independence, have, by and large, become of relative declining importance to profitability and that this is something not easily detected from their accounts.

In Mercabank's case this is particularly so, although the directors do explain that its corporate finance activities remained the biggest contributor to profits and that earnings from foreign activities are growing.

There is no breakdown in net income between earnings from fees and commission and other sources of profits. If this is anything to go by, Mercabank's earnings from banking were sparse and that, in consequence, it did well to be able to make the proportionate provisions it did and show profits only slightly lower than last year.

Its fairly sharp increase in loans and advances was partly caused by its having to put more muscle behind its property investment, which, while uncomfortable, certainly do not appear to be the millstone that Trust Bank's venture into the property market became.

Quite clearly, however, Mercabank is today relying more on its expertise in putting together deals than it is on its pure banking activities and that, this trend helps it in no small measure to remain in a reasonable state in the financial year recently ended.
Business short of cash for expansion

Financial Reporter

The business sector lacks the internal funds to finance capitol and stock building when sustained growth again requires such investment.

This is said by the chairman of Santam Bank, Mr C H J van Aswegen, in his review to shareholders.

He forecasts that the pressure on the money and capital market for external financing, directly or indirectly through financial institutions, will increase considerably.

The view that liquidity in the business sector is at present in a healthy state applies only to a situation where no appreciable new investments or stock increases take place.

Mr Van Aswegen says short-term economic conditions need the most urgent attention.

The recession appears to have bottomed out, but there is no indication of the pace of an upturn. Possibly, it will be considerably more gradual than in the past.

South Africa is still relying mainly on exports. The recent acceleration in the pace of growth in Europe and the United States and the falls in commodity prices are not encouraging.

However, the price of gold will have a positive influence, says Mr Van Aswegen.

He is highly critical of the way in which the authorities allow sharp upward price adjustments for basic commodities, such as steel and electricity.

"The way in which these price adjustments were made and the economically illegal timing thereof, once more supported the oft-made claim that price control by the authorities in a market economy — where necessary at all — is an issue to be handled with much more circumspection."

Mr Van Aswegen touches on rumours that riot damage claims will have an adverse effect on Santam as the largest short-term insurer in South Africa.

Santam is contesting claims, but even should they succeed, 'the normal claims handling and reinsurance processes could deal with such a situation satisfactorily and there is no detrimental effect will eventuate.'

He also assures shareholders that Santam has adequate coverage for its Mondor investment and loans.
* Bates stig met 45% na meer as R66 miljoen.
* Premie-inkomste stig met 26%.
* Bruto winste uit handels- en fabriekbedrywe stig mede 47%.
* Reserves oorsky R10 miljoen-kerf.
* Die verzekeringfonds stig meer as R19 miljoen.

** GROEPSBEDRYWIGHEDE **

Die Afrikaanse Verbond groep se bruto bates het met 44,5% gestyg vanaf R4 758 728 tot R66 202 728.

Die bategroep se versekeringsfonds het toegeneem met 65,1% vanaf R29 987 350 tot R53 266 266.

** Beleggings sluip **

* Die Konsolideerde bedryfswins afhang van die bedryfswighe en die groei van die bedrywe.

** Beleggings buite die groep **

Die verslag stig die bynaam van die bedrywes in die groep se bedryfswings.

**-finansieel oorsig 1977/78 **

Die finansiële posisie is gestig met die groei van die bedrywe.

** opsomming **

Die finansiële posisie is gestig met die groei van die bedrywe.

** waarding **

Die waarde is gestig met die groei van die bedrywe.

** algemene oorsig **

Die algemene oorsig is gestig met die groei van die bedrywe.

** opsomming **

Die opsomming is gestig met die groei van die bedrywe.

** waarding **

Die waarde is gestig met die groei van die bedrywe.

** afgelede boekjaar **

Die afgelede boekjaar is gestig met die groei van die bedrywe.

** opsomming **

Die opsomming is gestig met die groei van die bedrywe.

** waarding **

Die waarde is gestig met die groei van die bedrywe.
The weight of funds

Pension funds and insurers are awash with cash. What that means for the share market

The fashionable argument in favour of equities is "the weight of funds." Its backers accept that prospects for profits, except in a few industries like mining equipment and arms, are poor. But they insist that the sheer amount of money available for investment in 1978 will ensure that prices rise.

It is an attractive line of thought. Discretionary cash flows from pension funds and insurers have been severely hampered over the past two years. That is because the government has required them to increase their holdings of government securities. In 1976, institutions invested only R167m, or 10% of their cash flow, in equities, the lowest percentage in recent history. And it now looks as if the 1977 percentage could be even lower.

Speaking at the 1976 investment conference, Sanbank's investment manager, Peter du Toit, estimated that, if investment in equities at R144m or around 8% of cash flow.

Graph 1 illustrates how institutions have historically allocated about 15% to equities, while in the past five years of 1968, 1969 and 1973 these allocations went up to between 25% and 30%. It is inconceivable for the normal discretionary cash flows restored in 1978, it would be better to expect that they would at least attempt to restore the percentage of new funds allocated to equities, and even to make up for some of the missed opportunities of 1976 and 1977.

What are the chances that this movement will again fail the institutions for funds? The consensus among the big institutions is that it will not. Finance Minister Owen Horwood has stressed the once-only nature of earlier raid. And in any event, the estimated R144m borrowing requirement looks as if it will be met comfortably, even substantially exceeded.

If this is so, the increase in funds available for equities in 1978 could be dramatic. The combined effect of restoring historical percentages available for equities and continuing growth of the institutions could mean at least R300m (double the current amount) available for equities next year.

Graph 2 illustrates the phenomenal growth of pension funds and insurers in recent years. Although 1977 figures are not yet available, the expected growth rate of the industry this year is 16%. The effect of this rapid growth on the amount of cash available for investment cannot be overstressed.

In 1970 the R27m invested in equities represented 16% of cash flow. In 1978, the same percentage would translate into R350m; a fourfold increase.

Yet over this period the supply of equities has not increased. In fact, the opposite has occurred judging by the number of companies that have disappeared from the JSE listings.

Another positive factor is the increased/rand of institutions' forward property commitments. From a very small proportion of total assets, the institutions' expenditure on property has been rapidly, peaking at 20% of cash ow in 1976. This year's purchases are likely to be in the same ball park, but thereafter the tax office could be hidden behind Leith and South Africa. Life's 1977 financial results have substantial forward commitments, but in general the demand for property has been strong. The demand makes for strong future investment property prices. A similar argument is strong. Institutions' exposure to property has doubled in the past five years to over 16% of total assets.

A supply of financial assets that could exit demand away from equities is the sell remanufacturing of company's existing medium-term foreign borrowings. There is an estimated R800m that might have to be refinanced over the next four years.

In total, though, the supply of funds looks as if it will exceed projected demand. In fact, the amount of scrip in demand could be greater than the boom year of 1977, when R27m was invested in equities.

The two main sources of supply are likely to be foreign disinvestment and rights issues. Foreign supply can be divided into two categories: off-loading of listed companies and, secondly, disinvestment in SA by multinationals.

While the greater portion of foreigners' portfolio holdings have already been sold, mining financials, and particularly De Beers are still moving from London to Johannesburg. Americans are buying up gold mines, but as yet there is no sign of these rather specialist investors abandoning ship. If they did, SA institutions, may be unlikely to buy back gold at current levels. There would have to be a substantial fall before the market on direct gold investment becomes acceptable to institutions.

Financial and political risks

Multinationals selling off SA subsidiaries could be a growth area for direct institutional participation. And it could also be the motivation factor behind corporate rights issues. Certainly, if the market were to advance by 20% or 30%, companies might wish to take advantage of the availability of fresh equity capital, which is most welcome, at a time when share prices are still low.
Does the "errors and unrecorded transactions" item in the balance of payments hide a multitude of exchange control evasion sins? Probably, charges the Natal Chamber of Industry. Happily, responds Church Square. What's right?

In its recently-published annual report, the chamber points out that "nearly 80%" of the total short-term capital outflow of R655m during the first two quarters of the year was attributed to errors and unrecorded transactions. This represents R510m, double the annual for the whole of 1976.

The chamber expects that there will be further evasion of exchange control regulations on a fairly large scale by persons anxious to shift their funds to countries abroad.

A rough totaling of the amounts involved in recent exchange control prosecutions indicates that attempts were made to shift around R1bn out of SA this year.

This is not even 20% of the unrecorded R510m. At the same time, it shows only those exchange control violators who were detected and brought to trial. Nobody really knows how many are getting away with it and how much they are shipping out of the country.

If, say, only a tenth of the evaders are spotted, the remainder are taking R1bn or about 20% of the errors item out of the country illegally.

A spokesman for the Reserve Bank doubts that exchange control evasions make up a significant part of the errors item, however.

"We're fairly certain that it's not the case, but we can't say for sure. The errors and unrecorded transactions entry is a balancing item, which can consist of a number of factors," he says.

Other countries

"It's interesting that balance of payments errors have been increasing all over the world since about 1971, probably as a result of increased short-term capital flows. Most countries are experiencing this."

It is indeed true that SA is not alone in attributing high proportions of short-term capital movements to errors and omissions. While the errors item in our balance of payments equalled 48% of short-term flows in 1972, and 76% last year, the figure for France has been 7% in 1972, to 24% in 1975 (though it dropped to 32% last year). Errors and omissions recorded in the US amounted to 72% of short-term capital movements in 1973 and in Britain to 93% last year.

These comparisons may prove that SA is not the only country where transactions go unrecorded. They do not prove that all the loopholes for turning rand into dollars have been closed. And even if currency smuggling is not of the order of R510m, some explanation of the unrecorded transactions is required.

Admittedly, Church Square must be faced with an enormous task in attempting to keep track of all short-term capital movements, some of which have a duration of as little as two or three days.

Comments a senior government official: "I assume they must be having problems getting the information from the banks, but R510m is a lot and something seems to be wrong. They'd be hard pressed to explain it to me."
The R40m flop that wasn't

Garth Hewitt

The R40m flop — the largest issue of preference shares in South Africa, made by Johannesburg Consolidated Investment, of which only a little more than half was taken up by the public — was not a flop at all.

The offer, which closed on December 2, attracted applications for 23.5 million shares, or 28.8 percent of the total. The balance is taken up by the underwriters, Union Acceptance and Standard Merchant Bank.

And this in spite of wide publicity. Some 50,000 prospectuses were distributed nationwide by the sponsoring broker, Davis, Borkum, Hare & Company.

Why did the institutions not take up more of the offer? In the words of Mr. D. Gordon, chairman of the giant Guardian Assurance Holdings: "The offer was not particularly attractive to life companies or pension funds, because of the tax angle."

So why did not JCI pitch the offer at a higher rate? Some 3,400 of the R1 shares have a coupon of 11.25 percent. The balance are on a variable rate initially 10.75 percent. The answer lies in the tax angle.

"Companies, but not pension funds and life companies, receive dividends tax free. Because of this the two banks which underwrote the issue will get a rate nearer to 19 percent than the 10.75 to 11.25 percent on the coupons. And 19 percent is a pretty good rate on anybody's money."

So effectively the underwriting banks are lending the money to JCI at 19 percent. There is another factor. Although most banks are flush with cash, a lending ceiling is imposed by the Government. Nedbank, JIAI's parent, and Standard have effectively overcome this barrier. Technically this is not a loan but an investment in a public issue.

"NO SIZZLE"

What was the public response to the issue? In the words of one JSE broker: "It didn't sizzle. I expected the public to take even less than it did. The Tiger Oats issue, with a higher coupon, was very successful. We had the greatest difficulty in selling any of these shares."

"The upshot is that JCI has its money. The banks have a good investment. A flop? Of course not. A very successful money raising exercise."
Polarisation in Afrikaner business

**Bonuskor**

**Fm. 16/12/77**

**Polarisation in Afrikaner business**

**Volkskas**'s acquisition of Sanlam's stake in Bonuskor this week is the latest step in what looks like an irrevocable parting of the ways for the two big Afrikaner businesses.

Both Volkskas and Sanlam are adamant that all's well between them, but recent events suggest this is the latest manifestation of deep-rooted differences between the two camps.

In my view, the split was precipitated when Sanlam tried to induce Volkskas, in which it had a 28% stake, to take over Trust Bank. This was strenuously resisted by the Volkskas board, and Sanlam off-loaded most of its stake in Volkskas into the friendly, but neutral, hands of Rembrandt.

**Sanlam's Wassenaar ... did his book precipitate the split?**

Volkskas subsequently launched its own merchant and industrial banks in opposition to Sanlam's Sembank and Kredietbank and the transition from partners into competitors was complete.

The official explanation of the Bonuskor deal was that “joint control over Bonuskor is no longer in the interest of the shareholders of Bonuskor.”

All Volkskas' chairman, Dr Jan Hutter, would add was that “with joint control, the staff did not know who was the boss. There was no fundamental disagreement with Sanlam. It's just that no one could take the lead.”

Sanlam's Dr Andreas Wassenaar commented:

“Polarisation is the natural result of this situation...”

**Ian Carr**

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**Ian Carr**
**NEDBANK GROUP**

**Profits set to surge**

*Activities: Holding company for a banking and financial services group.Principal full subsidiaries are Nedbank, UAL, National Cashiering, Syfrets Bank and Syfrets Trust Companies. Rhodesia Bank is 62% owned and Nedvalia Assurance Brokers 51% owned. Associates include Sage Holdings, Anglo African Factors and Anglo African Shipping.*

*Chairman: Dr F.J.C. Cronje, chief executive G.S. Muller.*

*Capital structure: 85,9m ordinaries of R1. Market capitalisation: R17,6m.*

*Financial: Year to September 30 1977. Total assets: R2,850m. Ratio of deposits to total shareholders funds: 111. Capital commitments: R17,5m.*

*Share market: Price: 205c (1976-77: high, 228c; low, 185c; trading volume last quarter, 1,770,000 shares). Yields: 18,2% on earnings; 8,8% on dividend. Cover: 20. PE ratio: 5,6.*

**Earnings in Nedsbank Group's annual report points to the current year producing a major profit advance. After the 1976-a-year earnings growth of the past three years, this rate could accelerate to around 40% this year.**

Provisions of R8,3m against Glen Anil in Nedsbank, and particularly bad debt experience in the leasing business carried in Nedfin, retarded the profit advance over the past year. The argument for a big surge in profits this year rests on three base tents.

First, the performance of Nedsbank in improving its own profits 7,4% to R18,9m after taking an after-tax loss of R4,9m against Glen Anil suggests that a major profit improvement can be reported without any real increase in business activity.

Second, the ploughback of R16m earned the group's average return of 17,7% on shareholders' funds, this alone gives a 9% increase in earnings. The remaining tenements is that the Nedsfin leasing book has undergone a thorough clean-out and that some resurgence of profits can be expected from this source.

Nedsbank and Nefic are both extraordinary profitably banks. Nefic returned 22,5% on shareholders' funds while Nedsbank would have returned 23% without the Glen Anil provision. Much of the reason for these high returns is that management actively manages both sides of the balance sheet.

The profitability of banks depends on the margins between the cost of buying and selling money. The decline in the cost of buying was successfully anticipated and as selling rates dropped slower, the bank earned more profit. On the demand side, the banking sector was fortunate to offset contracting private sector demand by satisfying the substantial demand for bridging finance from public utilities.

A feature of Nedsbank's accounts is the high level of liquidity that has been maintained and increased during the year. At R2,7m, liquidity now represents 15% of Nedsbank's total funds against 11,5% a year ago. These funds have been utilised very profitably in the money market.

While this liquidity ensures Nedsbank's ability to satisfy any sudden increase in loan demand, the substantial capital surplus allows for a massive increase in total lending in the long term. The ratio of deposits to shareholders' funds remains low at 111, compared to a statutory upper limit of 16,61, indicating the substantial unutilised leverage inherent in the group's financial structure.

UAL continued to struggle under the weight of past mistakes. The Summit debacle still means that a large part of its loan portfolio is earning unacceptable returns. This is highlighted in the table, which shows UAL's return on shareholders' funds to be only 11,4%. Rhodesia Bank, on the other hand, remains extremely profitable and the 62% interest in this operation sources 6% of earnings and dividends.

Syfrets Bank also reported a major 50% improvement in profits, and banking is now the source of 83% of group profits.

Trust, participation bonds and other personal financial services are the source of 10% of profits. Biggest contributor here is Syfrets Trust which increased profits 13% to R2,1m, while the 75%-owned insurance broking arm did well to improve taxed profits 82% to R148 000. The 7% balance of earnings derive from dividend income from investments such as Sage Holdings.

One cloud over Nedsbank, that investors have refused to allow to disperse, is

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**Comparing the Banking Subsidiaries**

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*In total shareholders' funds. Ratio of deposits to total shareholders' funds.*

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its involvement with Triomf. I have long held the view that shareholders and not the bank are at risk and that these shareholders, who include AI-Cl, have more than R50m on the line which they can't afford to wave goodbye.

This view tends to be confirmed by the bank's statement that "arrangements with the management and shareholders (of Triomf) with regard to possible future trading losses at Richards Bay as well as in connection with possible refinancing of foreign loans" were made some time ago. "These arrangements ensure the continuation of a satisfactory own means position of Triomf (Pty) and from 1978 onwards should result in a reduction in Nedbank's overall commitment."

I take the reference to "own means position" to indicate that it is up to the shareholders to fund trading losses and to maintain the equity of the Pty company at the agreed starting level of over R50m.

I also take the reference to a reduction in Nedbank's overall commitment to mean that it is not going to fund the exacting loan repayment schedule on its own and that shareholders are going to have to provide some of the funds and guarantees for these repayments. If shareholders are going to have to provide as much as half of these funds, it is going to make the listed Triomf's life very difficult. More and more the Triomf exposure should be read as the AI-Cl exposure, and that thought should not provide shareholders with too many sleepless nights.

Nedbank shares have suffered from an inferior rating to the other majors ever since the Sytrots/UAL acquisition. This differential can no longer be justified, especially in view of profit and dividend prospects. My estimate is for earnings of 44c and a 22c dividend this year. On this basis, there is substantial upside potential from the current 205c and the shares should be bought.

Richard Stuart

DATES TO REMEMBER

Last day to register for dividends:
Friday November 25: Barclays 13ct

13ct: CSA Set Com 24c
Top banker warns SA

Change, or risk lasting damage to the economy

Barclays Bank chairman, Mr. James Barry, has warned that "unless socio-political change on an evolutionary basis is actively promoted by the authorities, the consequences of these adverse factors could permanently damage the economy of our country."

Mr. Barry — the man in the middle of last week's controversy over the bank's decision to sell its 1.3 billion-rand Defence Bonds — has exposed these "adverse factors" in his chairman's statement for the year ended September 30.

He said that although 1988 should, from an economic point of view, prove to be a slightly better year than 1987, "this prediction must be subject to developments outside South Africa where there is likely to be a continuance of the strong and adverse reaction to the Government's political philosophy and restrictive actions."

The lack of overseas confidence in the future of our country is hampering the flow of investment funds to the Republic, and this will lower our growth rate at a time when economic growth is being adversely affected by inflation which is continuing at a high level."

Mr. Barry said that, with mineral wealth, and other natural resources, South Africa was subject to its social and political problems and its ability to attract fresh capital from overseas, well placed to benefit from any improvement in world trading conditions."

"The attraction of fresh capital from overseas to alleviate the Republic's capital account is dependent upon overseas investors being satisfied that evolutionary change is taking place at a reasonable pace," he said.

Changes were taking place and the bank, together with the business community, was playing its part, particularly in seeking to remove discriminatory practices and to improve the living conditions of urban blacks.

"The effect of such changes has been diminished on the one hand because they are contrary to developments in South West Africa, where some of the discriminatory legislation has been set aside, and on the other hand because of widespread condemnation of security measures recently taken in the Republic."

The group's attributable earnings in the 1987 year were R847 million, an increase of 21.8% after charging profits of R580 million for doubtful debts. The R412 million increase was contributed by the bank, which the chairman said was only by careful management of the bank's funds and its investments by far more expenses on somewhat longer average terms for its loan assets, a trend that he said had been long-term in an acceptable interest rate environment.

Welcoming the appointment of one of the commission of inquiry into the monetary system and monetary policy, he said that the banking sector had felt for some time that the mechanism of bank credit and the interest rate control should be reviewed."Variable liquid asset reserve requirements which are an important part of the credit controls at present being applied do not seem to operate effectively enough as a method of credit control."

Barclays assets growth slower

Harold Fridjhon

Total assets of Barclays Bank during the year 10 September 30, 1987, grew at a slower rate than in previous years — from R4 640 million to R5 160 million, compared with a growth of R727 million during the 1976 financial year.

The growth for this apparently sluggish performance is that the lending ceilings inhibited the bank's capacity to lend money, there was little incentive in taking up and paying for deposits which could not be profitably invested. The consolidated balance sheet reveals that Barclays has the capacity to take more deposits than R300 million of them — when restrictions on lending are eased. The bank's free capital is R227 million which means that it may accept deposits totalling R270 million compared with the R427 million as at a balance sheet.

Investments in listed stock rose from R469 million to R577 million with the average rate of interest rising from 0.07 percent to 0.8 percent, suggesting the advantage was taken during the year of the higher rate of interest available. A continuance of the previous year's policy.

It is interesting to note that income from investment amounted to R200 million compared with a "normal" profit, as in the case of Standard Bank, the only bank to make full disclosure in its balance sheet, from investments amounted to R200 million with a pre-tax profit of R387 million. Disclosures this year in the Barclays accounts are more detailed than ever. This should enable investors and analysts to examine the accounts more closely and with greater ease than in the case of some of the other banks.

The mystery and the shibboleths are being taken out of banking which, after all, is a business like all other businesses.
Dolling’s word, SA’s bonds

Is your personal style authoritarian or persuasive?
For well, I like to think our general management works as a team and that decisions of any consequence are made at the least by a convincing majority. But there are occasions when I have to exercise my veto and I feel that this is what I am paid for.

Frank Dolling, then chief executive of Barclays National, in an FM Special Survey interview in January 1976.

He hasn’t changed. When London cracks the whip, Johannesburg jumps. Far from the gentlemanly consensus which one normally associates with decision-making at the Barclays’ helm, there was an unprecedented confrontation between Barclays International (BI) and Barclays National (BN) in Johannesburg last week.

Dolling, now the senior GM of BI in London, came out for four days and, from all accounts, read the Riot Act to his SA successor Bob Aldworth: sell your R10m Defence Bond investment.

BN, which is 64% controlled by BI, had no alternative other than to obey. On a year to the day since BN first bought the bonds, the earliest date on which the bonds could be sold, Aldworth took his instruction with all the enthusiasm of a head prefect after a scolding from the headmaster.

BN makes its own decisions. But should the local board feel an issue is so important that prior referral to London is required, it will normally refer with its own recommendation. For practical purposes, in virtually all cases, London okays the recommendation.

The Defence Bond issue was not referred. Perhaps, if only as a matter of courtesy (or commonsense), it should have been. Perhaps London, equally unsuspecting of an overseas reaction and believing that BN simply was switching from one prescribed government stock to another, would have agreed. As matters turned out, however, the first London heard of it was through the press.

What followed was a clamour from anti-apartheid pressure groups — and BI was called to account by the UK Treasury. There was a demo at the opening of a Barclays branch in Aberdeen. More were feared, particularly in the US where Barclays is striving to make inroads. So from on high at BI came the decision that overseas pressure, coupled with the potential for loss of overseas business, was so great BI had to be seen to be reacting by forcing BN to sell.

It was a severe slap in the face for BN’s top management. Almost to a man (chairman James Barry is understood to be an exception), the view is that BI, possibly peevish at not having been consulted beforehand, has over-reacted by exaggerating the strength of overseas pressure. Other foreign banks doing business with BN, for instance, have given no inkling of their displeasure.

Moreover, there is a strong view in BN that it has every right to use SA deposits for buying and selling SA government stock, including Defence Bonds, without interference from London. And if part of those funds are used in the defence of SA, it serves not only as a morale booster for local staff and clear evidence of BN’s commitment to the country in which it reaps “profits” which BI in London enjoys (reportedly over 30% of BI’s total).

The full ramifications of London’s arm-twisting have yet to be felt. Demonstrated conclusively is the chink in the armour of local management, which is now clearly seen to be compromised in doing business in terms of its own assessment of local conditions. Almost certainly, this will lead to an accelerated reduction in BN’s foreign shareholding.

The object will be for SA interests to control BN. Presently, only 36% is SA-owned. Following President Fransch’s Commission report in the early Seventies, the public took roughly 18% and two years ago, after BN bought Wesbank from Anglo, Anglo became by far the largest individual SA shareholder in BN with a further 18%.

Rumour has it that BI anyway considers SA a write-off over the longer term and wants out — if only it could both sell its BN holding at a reasonable price and obtain exchange control approval for repatriation of the proceeds. There should be no problem from the authorities over repatriation of at least 14% in BN, to facilitate SA control.

But one is talking big numbers, for BN’s current market capitalisation is a little under R200m. Either there can be another public share issue further to dilute the BI holding, or a local buyer will have to be found.

The range of potential locals with this kind of lolly necessarily is limited. Sanlam, though it was mooted as a possible partner before the Wesbank takeover, is up to its eyeballs with Bankorp and Trust Bank. Mutual is heavily committed to Nedbank, but is a substantial shareholder in Anglo also. Anglo itself is an outstanding prospect through its muscle, existing interest and independence from other banking groups.

But in the days lying ahead, who knows which alternatives will present themselves? BN will never be quite the same again, and the restructuring of SA’s banking fraternity is bound to gain fresh impetus.

LUYT AND NEDBANK

To sleuths and burrowers dutifully sniffing for the first whiffs of financial decay, the weekly Informa credit report is a must. Their eyeballs must have popped from their heads this week, as this writer’s nearly did, when nothing in the latest issue that Nedbank had secured a R107m notarial bond against Louis Luyt in his personal capacity.

Would Luyt himself have acquired assets of this magnitude in the first place? And why should Nedbank suddenly move to secure them?

Relax everybody, Even Informa can make mistakes.

The bond in fact was taken out against Triomf (Pty), operating company of the Triomf group, which already owes Nedbank something like R$1m in overdrafts and guarantees alone. Moreover, the bond simply agglomerated a series of existing bonds, formalised over a year ago, in terms of Nedbank’s desire to secure just about everything there is to secure in Triomf.
Rentmeester en Rondalia nou saam

NOORDE MAAK VUIS

Deur DAVID MEADES

DIE eerste stap tot die stigting van 'n sterk Transvaalse Afrikaanse vererekingsgroep is vandaglik gedaan. Dit was die besluit van Rentmeester-Beleggings en Rondalia om hul vererekingsbedrywighede saam te neem.

Die twee maatskappye het in begin volgerykom dat Rentmeester-Verekernaam en Senaate-Verekering (voorheen Rondalia-Verekering) saam saam met om moeien sterker eenheid te stig.

Aan RAPPORT is geïndes dat daar al baie lank gevoel word dat die Afrikaanse finansiële belange in Transvaal 'n sterkere vererekingsgroep nodig het.

Die twee groot Afrikaanse vererekingsgroep, Volkskas en Sanlam, is albei in die Suide gesit.

Dit is ook interessant dat hierdie stap, wat blykbaar reeds al 'n hele paar jaar beoog is, in 'n stadium kom dat Volkskas en Sanlam besig is om al hoe verder van mekaar af te beweeg.

Dit het vroeër vasjars begin toe Volkskas besluit het om nie langer 'n verskyn van Sanlam in die toe hoofsaaklik akseptansiegroep, Bantop, te wees nie.

Volkskas het sy eie akseptbank gestig, wat van meer af 'n baie groot succes was. Die volgende stap was toe Volkskas besluit het om Sanlam se belang in Benusa-teor oor te neem nádat hulle baie jare lank vennole in hierdie maatskappy was.

Volkskas, tesame met Dr. Albert Westeels se Westco, die AVL-groep en Sambou-Nasionaal, besit 'n belang van 40% in Rondalia. "Voor"Rentmeester op sy beurt reeds jare lank in 'n sterk Transvaal groep is, met my Joggie Vermeulen aan die heel.

Ontvanger-gerigheid het Westco ook die enigste ondernemingsverrekingsmaatskappy gevorm, onder die Transvaalse Afrikaanse groepie. Dit is 'n Rand-Lewens, wat dalk ook moet geënter die nuwe verrekingsgroep, wat as "Sekuraj" bekend sal wees, aan gekuit.

AVL, vroeër bekend as Afrikaanse Verbandlewensverrekingsmaatskappy, is natuurlik 'n onderwerp van bespreking, met AVGOS as sy verwante begraafondernemer.

Senat se nie van die drie vererekingsmaatskappy in die land is in reeds daar in die vorige jare voorty gevolg. Hy het tot 1967 met korrigery verrekings gedoen, waar- na hy Rondalia verrekings gedoen en met die Lewensverrekingsbedrywighed begin het.

Rentmeester-Verekering is in 1967 geënter en doen slegs as 'n leveraar van verrekings en onderskeid van pensioenfondse.

Die manier waarop die twee maatskappye saam gesamenst, sal later bekend gemaak word. Daar is al die noodwendige wande- rigte op 'n oorskryfgrondslag van die maatskappy gekry word.

Senator sal dan al die aandeel van Rentmeester-Verekering kry en in die plek daarvan nuwe aandele in Senator aan die aandeel- houers van Rentmeester-Verekering afstrek. Dit sal tot gevolg het dat Senator se kapitaal aansienlik verhoog sal word.

Waar Vermeulen sal die nuwe voorstel van Sena- tor wees.

Die plan is reeds in be- gin vir "die Minister van Finansies en die Regier- trainer van Finansiële In- stellings goedgekeur."
Concorde a Lieboat for Barclays seeks

BY NIGEL BRUCE

Barclays is bringing a "lieboat" to add to its fleet of aircraft, according to a recent announcement. The "lieboat" is expected to provide better service for passengers on long-haul flights. The "lieboat" will be equipped with state-of-the-art technology, including premium seating and advanced in-flight entertainment systems. The decision to add the "lieboat" to the fleet is part of a broader strategy to improve the airline's competitive position in the marketplace. The "lieboat" is designed to offer passengers a more comfortable and enjoyable travel experience. The introduction of the "lieboat" is expected to attract more customers and enhance the airline's reputation for providing excellent service.
Economist predicts bigger growth rate

JOHANNESBURG — At a time of the year when it is traditional to predict the future, Dr Johan Cloete, chief economist of Barclays National Bank, has taken out his own crystal ball and made his forecasts for 1978. Generally, they bring good tidings. He forecasts:

A real Gross Domestic Product growth rate of about 3 per cent for 1978, against estimated growth of about 1.6 per cent for 1977. The forecast is based on an average gold price of $155 an ounce for 1978. A substantially higher price could make a considerable difference to growth prospects in 1978, but this would probably reflect adverse conditions in the world economy and could adversely affect merchandise export earnings.

An inflation rate of about 10 per cent, compared with just over 11 per cent in both 1976 and 1977. A rise of private consumption expenditure of about 3 per cent in real terms, compared with the estimated decrease of about 2 per cent this year.

A further fall in private fixed investment, because of uncertainty, continuing pressure on profits and the considerable amount of idle capacity to be absorbed.

A "fairly sharp" increase in public sector expenditure as part of a more expansionary fiscal policy and because of pressing demands for low-cost housing and schools and capital to develop the homelands.

Gross domestic fixed investment expenditure by both public and private sectors is likely to decrease by 3.5 per cent in 1978, compared with about 12.5 per cent this year.

A build-up of stocks to the tune of R500-million which, together with an improvement in consumer demand, is likely to make an important contribution to an increase in the real GDP.

A further surplus of R450-million on current account of the balance of payments, compared with an estimated R500-million in 1977. This assumes an average gold price of $155 an ounce. But foreign demand for goods and services, while remaining substantially positive, is not expected to contribute much towards accelerated growth next year.

Economic growth is likely to be broader based next year. Dr Cloete expects manufacturing output to be up by about 3.5 per cent and — cherry on the top — construction up by perhaps as much as 6 per cent.

There is little scope for a substantial reduction in short-term or long-term interest rates much below present levels. — DDC.
BARCLAYS SLAAN 'N HOU

BARCLAYS LEASING, 'n afdeling van Barclays-Nasionale Bank wat in Februarie van verlede jaar verantwoordelik was vir die totstandkoming van die grootste bruikhuuronderne- ming in Suid-Afrika, is verkies tot volle lid van Multilease, 'n internasionale konsortium van maatskappye wat hulle op die verhuur van toerusting in 23 lande toetel.

Barclays Leasing, wie se lidmaatskap van Multilease deur Barclays Mercantile Industrial Finance in Brittanje geborg is, sal dus al die voordele voortspruiten de uit hierdie losse associasie van internasionale bruikhuurmaatskappye geniet. Die totale koste van die toerusting wat deur Multilease-lede verhuur word, oorskry R100 miljoen.

Die vernaamste voordele wat aan Barclays Leasing sal toeval ten gevolge van sy lidmaatskap van Multilease, is toegang tot internasionale finansiële en bruikhuurdiskundigheid, en die verpleging wat op alle lede rus om bruikhuurtransaksies in die eerste geval aan mekaar te bied.

Slegs een maatskappy in enige bepaalde land kan 'n volle lid van Multilease word, en oor die algemeen is hierdie maatskappy gewoonlik die grootste verhuurders van toerusting in hul onderskeie lande.

Amerika is verteenwoordig deur die reusagtige United States Leasing International Inc, met byna 200 000 aktiewe klienterekens en meer as R2 miljoen se verhuurde toerusting; Japan deur die Orient Leasing Company; en die Verenigde Koninkryk deur Barclays Mercantile Industrial Finance. Elk van hierdie, saksaamondernemings in die grootste bruikhuurmaatskappy in sy eie land. Die meeste Europese en Verre Oosteerselande, Australië, Kanada, Venezuela en Brasilie is ook lede van Multilease.

Die lidmaatskap van Barclays Leasing kan as 'n opvallende triomf beskou word want dit is toegestaan slegs vier jaar na die totstandkoming van die afdeling. Sedere sy stigting het sy omset — dit wil se die toerusting wat aangeskaf is — drievoudig tot R70 miljoen per jaar gestyg. Dit het gevolglik Suid-Afrika se grootste onderneming vir die verhuur van toerusting geword, het 'n woordvoorder van Barclays Leasing aan Sake-RAPPORT gesê.

Barclays Leasing maak daarop aanspraak dat hy die ses grootste transaksies vir die bruikhuur van toerusting in die geekylliede van ons land beklein het. Hierby inbegrepe was daar 'n R27,5 miljoen-transaksie vir 'n 'noodvervaardigingsamening vir Alusaf by Richardsbay.

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don't have the R7,000 and upwards deposit required.

Some societies are now finding it difficult to lend their available cash. In fact some are even being forced to consider as security properties that they normally cheaper can new homes get? And will the public accept them?

Fouché’s recommendation that the limit be dropped was tied to another proposal — that the 25% of income in repayments rule be rigidly enforced. Building societies however aren’t too happy about that. They want to retain their flexibility and to treat each loan application on its merits. (FM December 16 1977).

Another alternative is that the percentage of loans over R18 000 (now standing at 37.5%) be increased. But the societies reckon it needs to be a hefty, rather than a token, hike to get them out of their current spot.

Registrar Louw... hold your horses

wouldn’t — older homes with archaic plumbing for instance. And this they are understandably unhappy about.

The reason for imposing the R18 000 limit in the first place was to encourage cheaper and more modest homes. And to a certain extent the limit has had the desired effect. Large housebuilders, such as Schachat-Cullum, Wimpey and Gough Cooper have been scaling down their new homes and gearing the price to the R18 000 limit.

But how long they'll be able to do this if costs continue to rise is uncertain.

Already, says one building society man, it's come down to not only cutting out “frills” (the garage and second bathroom) but a living/dining room the size of a study. How much smaller and...
The official line is that Santam and Sanlam are discussing no more than "the possible rationalisation of their insurance activities." But the market is rife with speculation.

The battle lines are now drawn with Volkskas, and Sanlam is gathering in its chickens more closely. It would appear to make admirable sense to integrate Santam's insurance activities with Sanlam and the banking side with Bankorp. This would presumably entail a full-scale takeover and therefore an offer to the holders of the remaining 67% of Santam, which Sanlam does not own. Mercabank minorities might also receive an offer.

At present, Sanlam has no short-term arm, so the advantages of Santam with gross short-term premium income of over R100m are obvious. It could market life and short-term package deals to its clients, largely family people with both life and short-term needs. And there would be substantial administrative savings through the elimination of duplicated offices and staff.

Sanlam has long been interested in a short-term operation and made overtures to Santam way back in 1970. According to Santam MD, Izak Steyn, it has indicated its continuing interest ever since. In fact, Steyn says only a gentleman's agreement has prevented Sanlam from starting its own short-term operation.

Another big advantage of a complete takeover is that it would enable further integration of Sanlam's disparate banking interests.

At this stage Sanlam, through Bankorp, has interests in Trust Bank, Senbank, Bank of Johannesburg, Kredietbank, and via Santambank, Mercabank. The latter has minorities but with its property exposure would presumably welcome closer ties to the muscle of Sanlam.

One property man has even speculated that Sanlam might be interested in taking over the Montrust, Mondorp and Volkstrust stable. As a life company with no immediate earnings imperative, Sanlam is better equipped than anyone to sit on a huge property portfolio, if need be, for years, until the market turns. The Mondorp stable portfolio, I'm told, is vast — 40% as big as Glen Anil's and Sanlam already has Lengro's townships.

To become a total monopolist and to tidy up the entire SA township development scene, Sanlam need only make a low offer to the Glen Anil liquidators.

It sounds like science fiction but the exponent of this scheme argues, this is precisely what a consortium of Canadian insurance companies did after their big property slump — to their immense advantage later. It's an entertaining idea but it really does seem that Sanlam has had its fill of property.

The bargaining parties have given themselves plenty of time to negotiate even a complex deal.

Sanlam's Steyn says these are "interesting speculations" but insists that "at this stage," the talks are exploratory and aimed only at integrating the short-term operations. He says Sanlam will resist a complete takeover but does concede "everything has a price."

"We're in a strong bargaining position," he adds, "After all, we don't need to sell."

One insider on the Santam side estimates the Santam insurance arm to be worth "between R25m and R30m", although the pre-suspension market capitalisation of the whole group was only R21m and this was after the share price improved swiftly from 45c to 60c. Another on the Santam side says this is
CAPITAL MARKET

Who got what

For both public and private sector fund raising the 1977 laurels go to Senbank. In a vastly expanded capital market, where the total amount raised in the public sector was 80% more than in 1976, Senbank increased its share of the market by roughly 5%, while UAL's share increased by slightly more than 1%.

Volkskas Merchant Bank (which incorporated Bankovs during the second half of the year) also did well, capturing more than 8% of the market compared with less than 1% in 1976. Those three — Senbank, UAL and VMB — made significant inroads into some of the smaller banks' business.

In the private sector (including debentures and pref shares) where total funds raised in 1977 exceeded the 1976 figure by 48%, Senbank increased its share of the market by just over 6%, while UAL's share remained largely unchanged.

Senbank denies that its greater market share is largely the result of its Trust Bank takeover earlier in the year. Asserts capital market manager Louis Kruger: "Cape Town was our only major gain from Trust Bank clients and even there we were competing for business with the other banks."

Although the capital market eased up substantially in the latter half of the year and interest rates declined markedly, there was still keen competition between the banks. This year is expected to be equally competitive, particularly with Volkskas now emerging as a major contender in the public sector. Cutbacks in scheduled municipal borrowing are expected to further diminish the shares of smaller banks.

The increased requirements of the public corporations on the other hand, which are usually placed jointly by Senbank and UAL, should serve to consolidate the dominant position of those two in the capital market during 1978.
PRETORIA — South Africa had a favourable trade balance of R676,3 million in 1977 compared with a deficit of R1 379,4 million in 1976, according to the preliminary statement of trade statistics released here yesterday by the Department of Customs and Excise.

And the surplus could, in fact, reach about R1 000 million, according to senior vice-president of the Afrikaanse Handelsinstituut Mr. Jack van Wyk.

The trade figures state that exports totalled R5 803,1 million (fob) in 1977 compared with R4 490,7 million in 1976.

Imports, also fob, totalled R5 126,8 million as against R5 870,1 million in 1976.

Figures relating to the physical movement of gold bullion, oil imports and imports of defence equipment are not included in the trade statistics.

The trade statistics reveal that imports from Africa dropped from R309,8 million to R287,4 million, while exports to African countries increased from R453,1 million to R524,7 million.

Imports from Europe dropped from R3 206,1 million to R2 821,0 million, while exports to Europe increased from R2 495,1 million to R3 072,3 million.

Imports from America dropped from R1 400,9 million to R1 086,7 million while exports to America increased from R700,2 million to R1 073,7 million.

Imports from Asia increased slightly from R836,4 million to R843,9 million, but exports to Asia increased from R764 million to R1 040,5 million.

Oceana

Imports from Oceana dropped from R94,4 million to R66,3 million and exports to Oceana increased from R47,9 million to R53,8 million.

Imports of other unclassified goods dropped from R22 million to R21,5 million and exports from R22,8 million to R1,9 million.

Exports of ships' and aircraft stores increased from R27,6 million to R36,2 million.

In Cape Town Mr. Van Wyk said: "Although military and oil imports are not included in the published figures, they are significant. And if this improvement is considered together with the welcome increase in the gold price, especially during the last quarter of 1977, it looks as though a surplus on the current account of the balance of payments of about R1 000 million can be expected."
Rapid
KREDIETBANK MOET ANDER NAAM KRY

KREDIETBANK van Suid-Afrika (die groep in Bankorp-groep wat die ou Sasbank, Federale Bank en nou ook die Bank van Johannesburg insluit) sal nou 'n nuwe naam moet soek.

Aanvullend aan die kredietbank in Vlissing met die beslissing van die Registraties van Maatskappy, het hom 'n ander naam moet kry. Vrydag in die Randse Hooggerechtshof met koste deur rechter P.J. van der Walt van die hand gewys.

Dit het gevolg op 'n voorse- re aansoek deur die Kredietbank-groep van België dat Kredietbank van Suid-Afrika verbied word om hierdie naam te gebruik.

Die aansoek het as grondslag gehad die vraag of die registrasie van Kredietbank van Suid-Afrika onwenslik is al dan nie.

Onderskeidelik

Volgens reuter Van der Walt is dit duidelik dat die naam Kredietbank in Europ-se onderskeidelik is. En hoewel 'Krediet' 'n woord is wat beskrywend van 'n aspek van die bankwese is, is dit na sy mening nie so algemeen beskrywend nie en onvattend van die bankwese nie.

Gekoppeld met die woord bank, het die eenheidsbegrip 'Kredietbank' 'n nuwe betekenis verkry. Verkragd wat dit nie meer dui op 'n bank wat Krediet, verleen nie, maar as naam onderskeidelik gespel het, en 'n besondere bank en bankgroep in Europ-se en elders.

Reuter Van der Walt so dat daar, voltooiende gegoede wens voor hom geplaas is om aan te toon dat die Europese-bank 'n reg in die gebruik van die naam Kredietbank verwerp het. Hulle is na sy mening in daardie hoofd party ook voltooiende, bekend en bestrydig op die gebied van finansiering in Suid-Afrika, en hierop beskerming van hul handelsnaam, Kredietbank, te kan aanspraak maak.

Oor die aanspraak dat daar hier geen moontlikheid van naamverwarring kan wees, het reuter Van der Walt verwys na voorbeelde van verwarring wat aan hom voorgekom het. Hierin daar, onder meer 'n geval waarin 'n Australiese bank by Kredietbank in Brussel per telefoon gevraag
Man fined for sapping 'lifeblood'

Pretoria Bureau

Foreign exchange restrictions had severely affected every man in the street, a Reserve Bank official said in a trial of a man charged with contravening exchange control regulations.

The official, Mr. J. E. Neethling, told a Pretoria magistrate of the import ban of strict control over foreign currency exchange.

He was giving evidence in the trial of Lieut. Jose Ribeiro Ferreira (25) of the army officer, 3rd Regiment, 1st Battery, 1st Battalion, Pretoria.

Ferreira was fined R2500 (or 250 days) plus 12 months' imprisonment suspended for five years for illegally buying 500 US dollars and trying to send the money to Madeira.

'Foreign currency is the lifeblood of any country and in the event of a shortage no country can properly develop or prosper. As a developing country, South Africa requires and uses more than she earns from exports,' Mr. Neethling said.

OPERATION

Ferreira's defence counsel, Mr. V. Marizus, asked the court for a lenient sentence. He said Ferreira did not deserve to be severely dealt with because he did not try to send money overseas to be exchanged at a later date.

'The court sent the money to her mother, so that she could have an operation to prevent her from going blind,' he said.

The magistrate, Mr. G. J. V. Jordan, said it was clear from Mr. Neethling's evidence that there were serious consequences resulting from contraventions of the exchange control regulations.

Any exchange legislation also envisages offences in serious light by providing for a maximum fine of R10 000.

'This type of crime is committed everywhere, often these days and there have been numerous cases of this nature being tried in these courts,' he said.

Mr. Jordan said Ferreira's punishment was also meant to act as an incentive for him not to be tempted to contravene exchange control regulations in the future.
Implementing the rights offer

Exactly how to inject Sanlam’s R25m into Trust Bank as permanent, formal share capital has been exercising the financial brains of Sanlam and Senbank ever since the lifeboat was announced in August. After playing around with various permutations, it has now been decided to proceed with a rights offer in Trust of R25m of 11.5% cumulative prefs. automatically convertible into 50m new Trust ordinary shares by December 1984, with the option to convert earlier in December of 1982 and 1983. Trust currently has 47m ordinaries in issue, so ultimately the shares in issue will more than double.

But this is only the first leg of the transaction. Bankorp owns 60% of Trust and will underwrite the offer free of charge. Bankorp will only be able to proceed with its own piggy-back rights issue once the response of Trust minorities to the rights issue has been finalised. Sanlam’s ultimate commitment will thus be less than R25m, the extent depending first on what percentage of Trust minorities follow their rights, and then again on how much is raised up by Bankorp minorities. in the next leg of the transaction.

As the prefs are automatically convertible they can be classified (and are acceptable to the Registrar) as ordinary equity capital, yet reward the providers of the capital with a fixed commercial return over the period required to get Trust back into a dividend paying position. Putting a definite time horizon on this is impossible, but judging by the final date for conversion, December 1984, this looks to be the outside limit.

Provision has been made for Trust coming right sooner by allowing for conversion as early as December 1982. But at least until that date, I would think that ordinary shareholders should prepare themselves for no return on their investment.

On the face of it, the 11.5% coupon seems a stiff rate for Trust to pay after tax on what is essentially equity. But it can be rationalised: if the R25m of new capital is back-to-backed with a similar short-dated preference issue (the JCI pref issue for example), then dividend income simply washes in the one side and out the other. Meanwhile, the asset base of the bank is restored to a level where it can support the existing banking business.

Trust ordinaries are now quoted at 40c, and for those who believe in the resurgence of Trust appear poor value when compared to the automatically con-

Prof Fred du Plessis... restoring Trust's capital base

Richard Stuart

Financial Mail January 27 1978
R0,5m may be spent on harbour

EAST LONDON — If Parliament approves, more than R500 000 will be spent on the East London Harbour to provide facilities for roll-on, roll-off shipping.

Ro-ro shipping will give East London a direct contact with Scandinavia and the major ports of Germany, Holland, Belgium, France and the United Kingdom — a service which East London has sorely missed since the phasing out of the mailships.

"This is a new concept in shipping and we are very excited about this development," the System Manager for Railways, Mr D. Butler, said.

"Subject to the approval of Parliament, we will start demolishing sheds at K-Corner to provide storage space for the ro-ro cargo and this should be ready by the end of the year when the new ships will start calling here."

Mr Butler said the ro-ro ships would increase the traffic to East London Harbour without affecting the other workings of the port.

The president of the East London Chamber of Commerce, and shipping specialist, Mr T. S. Peters, said the ro-ro concept would mean East London would be served with a direct service with both containers, including refrigerated containers, as well as break-bulk cargoes in the form of palletised and unitised freight.

"This means the ro-ro ships will carry containers as well as cargo suitable to be carried on pallets or single pieces of cargo."

"This service is in addition to the container and campster service, which are planned and ro-ro ships are expected to call in East London every 21 days."

Mr Peters said there would be full ro-ro facilities at East London and the buildings which are now used as the Harbour cafe, offices and part of the shed would be dismantled.

"This area, along with the parking space, will give adequate space for the layout of export cargo."

Mr Peters explained that no harbour mechanisms would be needed by the ro-ro ships as the four ships planned would all have their own gear for the loading and unloading of cargo, including a huge ramp from the stern and forklift trucks that would handle any sort of cargo, including a 40 ft container, with no difficulty."
Town drops bank, buys bonds

The Heidelberg town council decided last night to withdraw its investment from Barclays Bank and use the money to buy Defence Bonds.

The step follows Barclays' recent controversial decision to sell its Defence Bond investment. The Heidelberg council had R15 000 lodged with Barclays.

"It was just a short-term investment, but we decided to use the money to buy Defence Bonds," the town clerk, Mr Chris de Witt, said today.

"Barclays' decision to stay out of Defence Bonds was not discussed in open council, but there was some talk about it."

"In the end we decided that as a result of their withdrawal we would invest in bonds ourselves."

Mr de Witt said Heidelberg had several investments with other banks and building societies.

"We invested R20 000 in Defence Bonds just the other day," he said.
End of run for Wall

Own Correspondent

Johannesburg. — Fugitive millionaire Mr. John Patrick Wall was yesterday escorted across the Botswana border straight into the hands of the South African Police.

The Johannesburg business whiz-kid escaped to Botswana at the weekend — he was arrested on $80,000 bond while facing fraud charges involving hundreds of thousands of rand.

He slipped through police cordon and fled to his friend's house.

Yesterday's sunset draped followed a day of top-level negotiations between South African and Botswana authorities.

Police in both countries had been negotiating since the previous day, but it was not until late yesterday that Botswana revealed that Mr. Wall had been declared a prohibited immigrant.

The Botswana Commissioner of Police, Mr. Simon Hirschfield, revealed that Mr. Wall had been ordered to be deported after South African Police contacted him (Mr. Hirschfield).

— "Representatives of the SAP left my office at 3.15pm and as far as I am concerned Mr. Wall is on his way back to the country he came from," Mr. Hirschfield said.

Before he was deported, Botswana police spoke to Mr. Wall after a newspaper report revealed that the millionaire was in Ghana and hoped to fly to Zambia.

Mr. Wall was traced to Botswana after he failed to report to John Vorster Square on Saturday morning — a condition of his bail.

Commercial and Botswana police are still investigating how he evaded Botswana and whether he was able to obtain another passport. It is suspected that he may have flown from South Africa and been aided by accomplices.

Commercial branches detectives left Johannesburg on Monday night for the Thaba Nchu border post to fetch Mr. Wall. It is considered that he will be held on a fresh warrant of arrest and will appear in the Johannesburh Magistrate's Court soon.

The fraud charges facing Mr. Wall involve foreign exchange control regulations.

Other prominent Johannesburg businessmen have been questioned by detectives who early on ordered Mr. Wall's luxury home in Sandhurst seized.

Mr. Wall's wife and children were flown to Britain after his arrest and court appearance last week.

Footnote: Mr. Wall, 41, is a British subject who, till recently, was chairman and managing director of Ryanair Corporation — for three years the fastest-growing company in South Africa. He was arrested within days of planning to return to Britain from South Africa where he had been living since 1965.

South African Police yesterday strongly denied a Johannesburg newspaper report that four prominent businessmen had been arrested in connection with the investigation involving Mr. Wall.
Temple resigns from National Acceptances

JOHANNESBURG — Mr Michael Temple, who is on R12,000 bail on currency charges, resigned his directorship of National Acceptances (Pty) last Friday.

Mr Bill Balsdon, managing director of National Acceptances, said yesterday that Mr Temple had tendered his resignation from the board ahead of his court appearance and had sold his substantial shareholding in the company.

Mr Balsdon added that Mr John Wall, who faces fraud charges, had no connection with National Acceptances, but he had been linked to take an equity stake in the group.

It was not certain, said Mr Balsdon, that Mr Wall would not be taking a shareholding in National Acceptances.

Mr W A "Tim" Jones, a director of National Acceptances, has moved to Johannesburg to take temporary control of money market operations, which were formerly the responsibility of Mr Temple.

Mr Balsdon said Mr Jones was in Johannesburg to head a market drive for National Acceptances and that the money market operations, in which he was an experienced operator, would form part of an additional - R10 million - responsibility.

National Acceptances is believed to be negotiating for a full-time replacement for Mr Temple.

National Acceptances moved aggressively into the money market yesterday and will again be making its initial offer today.

The firm, in which National Acceptances suffered through the arrest of two people closely connected with its identity, says Mr Balsdon, not affect its plans to become a major force in the money market, managed housing and corporate finance.

Aan toevallige/kontrakarbeiders alleenlik:

9(a) Permanente tuiste
   (b) Jaarlikse tydpork op die plaas
   (c) Jaarlikse tydwerk tuis
   (d) Bedrywigsheid vir die ros van die jaar
   (e) Hoewel keer reeds op die plaas gowerk

10. Aan alle werkers
   (a) Werkuur:
       Maan-Vry  Begin  Uitskei  Pouse(s)
       Sat.    "    "    "
       Son.    "    "    "
   (b) Jaarlikse verlof deur boer betaal onbetaal

11. Kontantloon (weeklikse)

12. Ander betaling (weeklikse)
   (a) Vleis: hoewelheid prys (as nie gratis verskaf word nie)
       waarde aan boer
       waarde aan werker
2. Have you asked bank R20m
If yes, give reason refused?

LONDON — Warwick University has passed a resolution to withdraw its £20 million account from Barclays Bank because of anti-apartheid pressure.

Barclays spokesman said the account had not been lost, although he was aware of the resolution. He said the bank's business had not fallen because of the pressure from the Anti-Apartheid Movement and the End All Loans to South Africa organization.

But an Anti-Apartheid Movement spokesman said: "We are confident that our campaign is succeeding. Barclays can no longer dismiss our criticism as irrelevant."

The spokesman confirmed that the bank's chairman Mr. Anthony Tuke had said recently that a colleague of Mr Steve Biko had assured him Mr Biko supported Barclays' presence in South Africa. — SAPA-RNS.

Do you discuss workers on this or on other farm?
Have you changed?

To occasional and contract workers only

Will you try to come back to this farm?

Why/Why not?
Man pleads guilty to diamond-selling

A MAN who said he tried to help his father with financial problems appeared in the Regional Court yesterday on a charge of attempting to sell 393 rough and uncut diamonds worth R2,788,00.

Leslie Smiedt, 25, of High Level Road, Green Point, was charged with attempting to sell rough and uncut diamonds, alternatively possession of the stones. He pleaded guilty to both charges.

The court heard that during the period November 10-11 last year, Mr Smiedt and a Mr Philip Alden, 29, of Sea Point, were arrested at the Metropole Hotel. They were caught while attempting to sell diamonds to a Mr J Borman and a Mr G W de Kock.

Mr J G Vernooij was on the bench. Mr R B Rorich appeared for the State. Mr L. Liebenberg, instructed by Summerill, Hoffmann and Gombdek, appeared for Mr Smiedt.
State debt up by R10 000m

HOUSE OF ASSEMBLY

The Auditor-General’s report for 1976/77 provided startling information, Mr Harry Schwarz, chief Opposition spokesman on finance, said yesterday.

The report published yesterday revealed that State debt had increased R1 844 million during the year to a record R11 987 million.

Loans raised during the year totalled R9 151 million against repayments and conversions of R7 301 million.

Mr Schwarz said the report showed too that temporary loans had increased dramatically from R1 508 million in 1976 to R2 405 million in 1977.

Treasury bills had increased from R4 383 million in 1975/76 to R6 827 million in 1976/77.

"But, causing even greater concern is the drop in the total gold and foreign exchange holdings and special drawing rights from R1 205 million at the end of 1976 to R649 million at the end of 1977," Mr Schwarz said.

Apart from this he pointed out that the foreign currency adjustment account rose from R56 million to R71 million, the forward contracts contingency reserve account from R33 million to R589 million, and the gold price adjustment account from R2 million to R30 million.

"All of this is before the increases in the gold price, with gold valued in the reserves at $26.55 an ounce, but also before the frantic rise in the Swiss franc and Deutsche mark and other currencies in which South Africa and the Reserve Bank has borrowed heavily since April 1, 1977."
Ex-insurance salesman guilty of R11,000 fraud

A former insurance salesman, who appeared in the Johannesburg Regional Court today, was convicted of defrauding an insurance company of nearly R11,000 which he received in commission on the sale of policies to fictitious clients.

Rodney Thomas (24), whose address was not given, now employed as an estate agent, was sentenced to five years' imprisonment conditionally suspended for five years by Mr J. P. Geldenhuys.

Thomas testified that when he began the series of frauds he discovered he had "got hold of a tiger's tail and couldn't let it go." Although he received substantial commissions, he found that in order to pay monthly premiums on the false policies he had to invent new clients to take out new policies.

He pleaded guilty to seven counts of fraud against the IGI Life Assurance Company Ltd involving a total of R10,989 in commission.

Fifteen other counts of fraud were withdrawn by the State. In a statement handed into court, Thomas said that he committed the frauds to pay for "astronomical" medical expenses for his wife.

She had a history of kidney ailments and no medical aid scheme would accept her as a client.

Mr. D. G. Wright prosecuted.
Mr. J. Strauss appeared for Thomas.
Protea profits up 20 percent

JOHANNESBURG — Profits up 20 percent, improved financial ratios and a cash flow so strong that dividends are being paid to shareholders earlier than in the past — these are the main points to emerge from yesterday’s interim report from Protea Holdings.

The company says that it is looking for the 20 percent improvement to continue for the rest of the year to June, in which event they could expect a total dividend payout for the year of 13 cents per share.

Unaudited figures for the six months ended December show that sales rose by two percent to R85.7 million. Elimination of loss-making activities that have either been sold or closed converted this into a 19 percent rise in pre-tax profits to R6.8 million.

After tax, contributions from associates, outside shareholders, interest and the preference dividend, profits attributable to ordinary shareholders show a 20 percent rise to R3.89 million. Earnings per share are up by the same percentage, from 11 cents to 13.2 cents.

Second half earnings are forecast as being at “about the same level”, which translates in numbers to some 26.5 cents a share.

Cash flow is so good that the proportion of dividends paid at the half-way stage is being increased, from 3 cents to 3.3 cents.

“Good progress” is stated as having been made towards the achievement of the internal financial objectives set at the start of the year. Some of them are spelled out in the interim report:

- Return on shareholders’ funds improved from 15.7 percent to an annualised 18.5 percent, nearing the target of 20 percent as an average over the years.
- The current ratio remained better than the targeted 1.7:1.
- Cash flow to external liabilities improved from 12.8 percent at June 1977 to an annualised 16.0 percent, which managing director Mr. Aidan Beard says is “very close to the optimum for a company like Protea.”

The interim report confirms the purchase of Kempur Remedies, a Cape Town-based manufacturer of hair preparations, in the six months to December, and gives the price as R50 000.

The acquisition is said to have considerable growth potential and will offer substantial advantages for Protea’s Promaridis marketing organisation.

Mr. Beard says further acquisitions are being investigated, but Protea is being very selective in its choices.

Any company joining the group must fit in with its established operations and skills, and have the potential of meeting Protea’s financial ratio requirements. — (Sapa.)
A FORMER company director who had "no respect for the rights and possessions of other people" was sentenced at the Durban Criminal Sessions yesterday to a total of eight years' imprisonment.

Ulrich Swart (35) was convicted by Mr. Justice Hefer on 38 counts of fraud, 11 counts of contravening the Companies Act and four counts of theft.

On each of three counts involving the fraudulent sale of a motor boat, car and caravan, Swart was sentenced to six months' imprisonment. The sentences were to run concurrently.

On another 35 fraud charges, relating mostly to false representations made to banks and investors in Randboro (Pty.) Ltd. between 1970 and 1973, Swart was imprisoned for five years.

Sentence on the theft charges was two years' imprisonment.

On seven counts of contravening the Companies Act, Swart was cautioned and discharged. He was sentenced to six months' on another count and fined R150 (or three months' imprisonment) on the remaining three.

Mr. Justice Hefer said Swart had managed to commit a large number of offences involving about R438 000 in three years.

He had not worried whom he deceived as long as he got money for his companies.

Do you discuss these problems with workers on this or on other farms?

Have you ever thought of joining together to get something changed?

To occasional and contract workers only

Will you try to come back to this farm?

Why/Why not?
Sewer rat!

suspect 'is
still in SA'

by GHERHARD PIETERSE

EX-GOLD MINER Herman Broll, wanted for questioning about the Krugersdorp bank tunnel R1-million robbery, is almost definitely still in South Africa, says police chief Colonel Quartus Smit.

Police throughout South Africa have been put on alert and all exits have been sealed, adds Colonel Smit, the West Rand CID head in charge of the robbery investigation.

It is now confirmed that Broll was arrested in 1968 when a woman reported a suspicious looking character to police.

Broll had been seen loitering near the Krugersdorp Standard Bank, where the robbery took place last May.

Plans

After arresting Broll police found on him a set of plans of the bank.

He was released shortly afterwards because, said a police spokesman, he had not committed a crime.

Broll, a German citizen who arrived in South Africa in 1962, has been described as a genius by people who knew him.

More than four years ago he boasted to friends that he was going to commit the perfect crime.

He would, he said, leave no trace that could be followed back to him.

After his first brush with the law in Krugersdorp Broll was convicted for theft.

He served five years in jail.

He was released on parole in 1974 and undertook to take a job offered by the Council for Scientific and Industrial Research.

He never turned up, though.

Instead he rented a flat in Hillbrow, where he set up a laboratory.

There, said friends, he could do just about anything.

A member of Edenvale's German club has denied that Broll was a member although he went there often.

"He was a quiet man who seldom mixed with other guests," said the member.

"He usually just came in for one beer which he nursed for a long time.

"He never smoked. And he kept mostly to himself.

Police describe Broll as about 40 and about 1,68 m tall.

He is said to be well built with a walk like a sailor.

Colonel Smit said that al-
IN ON THE SEWER RATS

Police closing

Arrests hopes in R/M raid inquiry

Herald Nightingale

Peter Flipper

IDENTIFIER: OVER WALL

IDENTIFIER: FILL HOMES

SUNDAY TRIBUNE, FEBRUARY 12, 1976
New law paves the way for bail jumpers

By WYNTER MURDOCH

At least four people awaiting trial on charges involving more than R3-million have jumped bail in the past six months and fled South Africa.

And new laws have made it easier for them to do so.

Under the Criminal Procedure Act, which came into effect last July, the Attorney-General's office cannot apply for a court granting bail except where it can certify that the person involved will attempt to defeat justice by avoiding trial, or will interfere with State witnesses.

Mr Klaus von Lieres, Transvaal Deputy Attorney-General, admitted this week: "Our hands have been tied. We are worse off under the new Act than we were under the old. Our powers have been curtailed. "We no longer have complete say as to whether an accused should be granted bail or not. That is left entirely to the discretion of the courts."

The Cape Attorney-General, Mr A. Latgean, said: "What it boils down to is that we don't have as much power in preventing a person from leaving the country as we did."

No tightening of the law is contemplated. But Mr Von Lieres said he had noticed that judges and magistrates were fixing higher bail levels and adding stringent clauses to bail conditions.

Despite this the number of people leaving South Africa to avoid trial has not been stemmed.

One of the first to flee after the new law came into effect was Mr Josef Gubitz, 54, an Israeli.

He had been granted bail of R50,000 after appearing in the Rand Supreme Court in a R1-million illicit diamond buying case.

When he was next due to appear his lawyers said they did not think he would return. His bail was forfeited.

The next to leave was Israeli Mr Zvi Yehuda, 30. He was facing similar charges and jumped his bail of R20,000.

Last week Mr John Wall, 41, a millionaire businessman who headed the giant Ryan Nigel Corporation, forfeited R20,000 bail when he skipped while awaiting trial on fraud charges involving R1-million.

He fled to Botswana, but was declared a prohibited immigrant and handed back to South Africa.

He is now in jail awaiting trial.

This week Dr Richard Blom, a company director facing fraud and currency charges involving R37,000, forfeited bail of R5,000 when he failed to appear in the Rand Supreme Court.

He was said to have fled to South America.
SANLAM het die laaste paar jaar stigter, 'n baie groot deurbraak op die pensioen- en groepversekeringsplanse gemak. Sanlam is op hierdie gebied reeds 'n paar jaar lank die grootste op die Suid-Afrikaanse mark.

Tenselfdertyd het hierdie deel van sy besigheid ge-groei tot so 'n groot faktor dat dit binne die volgende jaar of drie dalk vir byna die helfte van Sanlam se totale premie-inkomste uit verskyn met verantwoordelikheid sal wees.

Mnr. Jannie Snyman, 'n assisent-hoofbestuurder van Sanlam, het vandag deur die sluier van Sake-Rapport gelig oor hierdie belangrike afdeling van Sanlam se bedrywighede.

In die jaar tot 30 September 1977 het Sanlam se premie-inkomste uit pensioen- en groepplanse R107 miljoen beloop, wat sowat 43 persent van Sanlam se totale premie-inkomste van R251 miljoen in Suid-Afrika was.

SANLAM BO MET PENSIOENENE

Dit is baie duidelik dat hierdie afdeling besig is om tot 'n groot krag in die Sanlam-groep te ontwikkel. Drie jaar geleden was dit net 30 persent van sy totale premie-inkomste.


Mnr. Jack van Wyk, senior hoofbestuurder van Sanlam, skryf 'n deel van Sanlam se sukses op hierdie gebied toe aan die sterk steun wat hy Engels georiënteerde maatskappe verkyk word.

Die test dat Sanlam be-reid is om net 'n deel van 'n maatskappy se pensioen-dienste oor te neem, is ook volgens mnr. Van Wyk 'n rede vir hul welslae. So is Sânlam bereid om net die beleggingsaspek te haan. Die betrokke maat-
skappy kan dan steeds die administratiewe deel (be-
hartig, wat 'n duplikasie en dus hoër koste uitekak).

Mnr. Snyman skryf San-
lam se welslae met pen-
soenplanne toe aan die dienslewing wat aange-
bied word.

"In die jongste tyd is die soeklik net op die beleg-
gingseresultaat van die mil-
joene wat deur die pensi-
oenfondse hanteer word. Die besef die deurdeur dat 'n geringe toename in die beleggingsopbrengs oor die lang termyn 'n ingrypende uitwerking op die koste van pensioenieren kan hê."

Sanlam verskaf op die oomblik dekking van byna R6 000 miljoen onder sy groep- en pensioenfondse aan meer as 380 000 werknemers wat aan sowat 1 400 fondse en planse behoort.
Fraud charge against subsidiary of bank

A fraud charge against a Trust Bank property company is being laid with the Johannesburg police today.

The charge concerns a land deal in Wavecrest, the controversial holiday township developed near Jeffreys Bay, Eastern Cape, and marketed by the Trust Bank company, Jeffreys Bay Property Holdings.

Mr E Miller, manager of township developments in the Trust Bank’s property department, said today that a stipulation in the contract — concerning flat rights — was wrong. However, he said they were willing to cancel the contract and to refund to the buyer all the money he had paid.

STATEMENT

The buyer of the eight stands in question, Mr G J Smith of Florida North, Johannesburg, said today, however, that he was not interested in the offer. He had already drawn up a statement and was laying a fraud charge with the police today.

He had bought the land from the Braamfontein branch of the Trust Bank in 1971. After investigations and correspondence with the Jeffreys Bay municipality, Mr Smith said, he found that his buy differed in two aspects from the stipulations on the contract:

- The total size of the land was 928 square metres smaller than the contract stated.
- The stands had no flat rights, as stipulated in the contract.

Mr Miller explained that the eight stands were sold to Mr Smith as a group-housing scheme, and the sizes of each of the plots were stated on the contract.

Mr Miller said, however, that a stipulation concerning flat rights in the contract was wrong. "As a result it was decided at a board meeting on February 9 to cancel the contract and refund all Mr Smith’s money."
Johannesburg — S.A.
Eagle Insurance Co. announced that underwriting results were generally good and in particular, motor insurance returned to a profit situation last year.

The company announced a premium income of R36.265 million (1976: R43.847m), underwriting profits of R3,106 million (R1,018 m), and investment income of R3,737 million (R3,478m).

Net distributable profits for the year amounted to R3,779 million (R3,020 m).

The increase in investment income was achieved in spite of the absence of a dividend from African Eagle Life Assurance Society, who are continuing to fund their rapid expansion from internal sources," the company statement said.

A dividend of 22c (20) a share has been declared. — (Sapa.)
Institutions are key in the market

SUNDAY TIMES, BUSINESS TIMES, FEBRUARY 19, 1979

The key Institutions are...
SECRET TALKS START

By Neil Behraman

LONDON - Behind the up money market

[Article text not visible in the image]
A member of a gang of "fraud criminals" pretended to a bank that he was an American millionaire and so induced the bank to open an account of R1-million for him, a Johannesburg regional magistrate heard today.

Mr Basil Myers (26) and Mrs Shirley Patricia Jennings (23) were appearing before Mr F Z Krynauw on various counts of fraud, forgery, uttering and theft.

Mr Myers pleaded guilty to three counts of theft, two counts of forgery, one of uttering and one count of theft.

Mrs Jennings pleaded guilty to one count of fraud, two of forgery and one of uttering.

The court was told by the prosecutor, Mr L G MacIntosh, that Myers, "a member of a gang of fraud criminals," falsely obtained 40 cheques from Nedbank for R1-million.

Mr Myers and Mrs Jennings, allegedly told Mr J J van Heerden, manager of Nedbank, Krui Street, Johannesburg, that he was Allen Patrick Laws, a wealthy American citizen.

Mr Myers, who said that he was employed by Kentucky Fried Chicken, induced Mr van Heerden to open an account for R1-million in the name of A P Laws, the court was told.

To do this, Mr Myers allegedly forged "a letter of credit and bank guarantee for A P Laws."

The forged letter of credit read: "Mr A P Laws, an American visitor, is currently in South Africa representing several wealthy American entrepreneurs.

"Mr Laws", the letter went on, "has deposited in his account the sum of R1-million and has been issued with 40 cheques. Each of those cheques is guaranteed payable for the amount of R25 000.

"Mr Laws is a valued client of the bank and heads a party of 83 American millionaires due to tour South Africa in April 1978," the letter concluded.

The hearing continues on March 21.
Teller stole R5 000

EAST LONDON — A former bank teller with Volkskas, Cambridge Street, was found guilty in the Regional Court here yesterday on 27 counts of theft of R5 030.64 of clients of the bank.

Mr Wimton Gysman, 35, of Zone Four, Mdantsane, pleaded guilty to all the counts when he appeared before Mr S. van Zyl.

The State alleged the monies were taken between October 18, 1973, and November 10 last year.

In a written statement, Mr Gysman admitted that he did on or about the dates or during the periods mentioned in the charge sheet steal the amount as reflected from the persons mentioned in the charge sheet.

He further admitted he had no right to do so and that he appropriated the funds for his own use.

Mr Gysman, in mitigation of sentence, said some of the people mentioned had benefited because he paid them monies out of his pocket when they returned to query certain shortages in their bank books.

He also said the R871.19 which the bank retained was part of his pension he had paid in.

Before passing sentence, Mr Van Zyl said the offence he committed was of a serious nature as he was in a position of trust and that he had worked with a lot of money.

He broke the trust his employers had in him and also that of the people he dealt with. The fact that he had pleaded guilty showed he was genuinely sorry for what he had done.

It was also quite possible that he would lose out on the deal because he had paid out monies to some of the people from his own pocket, Mr Van Zyl said.

Taking all the counts as one for the purpose of sentence, Mr Van Zyl sentenced him to two years' imprisonment conditionally suspended for five years.

A further condition was that he repay the bank a total of R1 350.01 within six months from March 1.
Man steals R32,000

An unknown man withdrew R32,000 from a Potchefstroom bank yesterday and disappeared without trace.

The man apparently phoned the main branch of Volkskas in Potchefstroom yesterday morning and asked to speak to the teller, who worked at the Kock Street branch.

He told the teller his name was A. Fuller, he was employed by a construction firm and he wanted R32,000 in R10 notes. These should be kept for him.

Later, he phoned Mr. Fuller to find out if the money was ready. The money was ready, came to the bank, signed for the money, walked out and disappeared.

He signed himself as Bankas, but police believe this to be a false name.
A robber in a hurry. (The Star, 22 October 1928)

'Robber 'in a hurry' offshore. After talking with the police at the South African Building Society, the `Robber' (S. A. Paul) returned to the building and escaped. He was apprehended by the police and is now in custody.'
Exported R 54 000 illegally

the money, giving him 12 hours' to make the deci-

sion.

He had offered to trans-

fer, R120 000, but Temple

refused as he only re-

quired money to cover his

son's education.

In January this year, after he had been ap-

proached by the police, he

ordered the London stock-
broker who held the

money to return it to

South Africa; said Temple.

Mr. S. M. M. Strife, in court,

writing and Mr. M. H. Hume in

appearing for Temple.

(Proceedings)
Guard, 4/3/78
R85000 vanish

(Durban) Reporter

DURBAN police are looking for a White Durban security guard who set off to deposit R85,000 at a bank yesterday but never arrived there.

A senior police spokesman said yesterday the security guard was instructed by his employers, L. Barnett & Co, to take the deposit, of which R30,000 was cash, to a branch of Barclays Bank in Smith Street.

No deposit was made and they later found the security guard's vehicle abandoned near New Kingsmead. The money was missing.

A spokesman for the firm said security guard Mr. K. van Aarde (37), was put in charge of the delivery of money belonging to Starwell Finance.

They had not heard from Mr. van Aarde since.

Police said that they had not made any arrests in connection with the missing money.
Jobless man stole from flat

GERHARDUS Otto (29) was jailed for five years by Mr. H. W. Weitz in the Durban Regional Court yesterday for stealing goods worth R1 941 after breaking into a Berea Road flat.

Otto, an unemployed carpenter of Rutherford Street, pleaded guilty to stealing cameras, clothing and other articles from the flat of Mr. Patrick Barlow of Regency Court on November 14 last year.

In mitigation, he said he had been drunk at the time and that he suffered from a drinking problem.

The Court was told by a probation officer that previous attempts to have Otto rehabilitated had failed because he proved unco-operative.

Otto admitted previous convictions for housebreaking, driving under the influence of liquor, assault on the police and possession of dagga.

Passing sentence, Mr. Weitz said Otto had not availed himself of previous opportunities to pull himself together.

He had a formidable list of previous offences.

Mr. E. Boswarva appeared for the State.
Gaurd snatches cash ‘on impulse’

A DURBAN security guard—who told his company he was going to disappear for a few moments to go to the toilet—disappeared completely—through R30 000 in cash from the funds he was supposed to be guarding.

Police have launched an extensive search for the guard, Mr X, who had been employed by security firm Barnett and Co for three months.

He disappeared with the money and his firm’s security van from outside a city center bank on Friday.

The manager of Barnett and Co, Mr D Deavine, spoke to the Sunday Express he believed Mr X had taken the money ‘purely on impulse’, saying ‘he couldn’t possibly have planned a robbery like this.”

Mr Deavine said that Mr X, 37, was a driver with the company and normally never had anything to do with the handling of deposits which were made by the firm’s security vans at city banks.

“He was a nice fellow and had handled the responsibilities of his job well ever since he joined us,” he said.

“His disappearance with the money was a result of a moment’s carelessness.”

Mr Deavine said a security van driven by Mr X and carrying another security guard, whose job it was to make the deposits, entered the security area at the Standard Bank in West Street.

“The system we work to is such that the entire van goes into the security area and is locked in this area while the money is transferred to the bank’s tellers.

“As the van stopped in the security area the depositing officer told Mr X he had to go to the toilet and asked Mr X to do the depositing for him.

“There were three containers which had to be taken into the bank for deposits: only the bank’s tellers had the keys to open the containers.

“Normally, Mr X would have nothing to do with the deposits—he was only a driver.

“However, when the deposits officer returned from the toilet, he was told by Mr X that all the deposits had been made and they could proceed to another bank to make the second and final deposit on their schedule.

“It has now come to our notice that Mr X had only deposited the funds in two containers and left the third one unopened, along with the two empty containers in the van.

“The depositing officer naturally assumed that Mr X had emptied all three containers and they proceeded to Barclays Bank, Smith Street, to make another deposit.

“Mr Deavine said that while the depositing guard was inside the bank Mr X came on the radio to the company headquarters and said the van was not empty.

“The depositing guard was in the bank and he urgently needed to go to the toilet.

“A check at the Standard Bank showed that Mr X had made deposits from only two of the containers.”

Police have launched a road, rail, and air check when they discovered the van parked near New Kingsmead football stadium.

Inside was the container, but not the money.

The leather container had been cut open and the money removed. Non-negotiable cheques had been left in the van—along with Mr X’s service revolver.

Police have established that Mr X, who is divorced, lived in South West Africa before going to Durban.

Three days before the robbery he booked in at a Point Road hotel but has not been seen since.

MR X AND R30 000 DISAPPEAR ON VISIT TO TOILET

By RUSSELL KAY
Nuwe Trust-Bank mik na R15 m.

DIE winsgewendheid "an" Trust-Bank is aant' herstel. Ofskoon dit nog van vyf tot sewe jaar kan duur alvorens dividenduitbetaalings hervat word, word na 'n wins na belasting van tussen R12 miljoen en R15 miljoen teen hierdie stadium gemik.

Hierdie afbeelding kan ge- maak word uit vandesweek se tweede tussentydse winsoankondiging van Trust-Bank. Die uitoereimete voorsitter, Prof. Fred du Plessis, het hierin bekend gemaak dat die bank se wins na belasting in die seisoen tot 31 Desember R788 000 beloop het.

Hy het byvoorbeeld dat sy geen rede kan sien waarom die winsverbetering nie vooraan te nie. En om hierdie mening te staaf, het hy op 'n omvattende wyse vertel wat reeds sedert September 1977 gedaan is om die bank te verstewig.

Dit het ook duidelik gebleek dat dit nie die hoof- doel van die bank is om sy reserves te versterk. En daarom sal die hele wins teruggegee word, wat self aan die volgende vyf tot sewe jaar 'n gewelde opbou van reserves - tot gevolg kan hê.

Daar kan ook aangegee word dat die hervatting van dividenduitbetaalings nou verband sal hou met die omkoping van die pas afgeëlopte uitgifte van voor- keuraandeel van R25 miljoen.

Hierdie aandele is teen 1984 omgeskepbaar in gewone aandeel van 50c stuk. Daar word dus aangeneem dat die prys van die gewone aandeel dan minstens op daardie vlakke sal wees.

Dit sal die gewone uitge- reikte kapitaal dan maktlik teen daardie tyd op sowat R100 miljoen te staan kan bring, wat op 'n redelike dividend van byvoorbeeld 10 persent 'n totale dividenduitbetaalings van R5 miljoen sal veronderstel.

Met 'n dividenddekking van byvoorbeeld tussen 2,5 en 3 keer sal dit weer 'n wins na belasting van tussen R12,5 miljoen en R15 miljoen verteenwoordigbaar zijn.

Maar, dan kan dit dalk ook almoontlik geweet word dat vyfjaarspap 'n beskies dividend betrek om byvoor- beeld 'n teen 1984 te bereik, wat 'n eerste dividend hier teen 1982 te koers heel moontlik maak.

Dit sal ook winste wees wat op bates verdien word wat van 'n baie hoër gehalte as die verlede sal wees. Prof. Du Plessis het dit baie duidelik gestel dat die werking van hierdie soort sertifikate (VDS's) aanbied.

Wat sy deposito's betref het die bank klante in kennis gestel dat die be- stande hoë rentekoerse nie gehandhaaf nie sal word by verstryking van die termyn nie. Aanienlik laer koers is aangebied, wat bygedra het tot 'n dramatiese verlaging in die koste van die bank se geld.

En wat hierdie koste van geld betref, het die prof. Du Plessis die interessante voorbeeld genoem dat 'n vermindering van 1 persent in die bank se koste van geld, R6 miljoen per jaar in wins kan beteken.

Die voordely by 'n verla- ging in die koste van geld sal egter op 'n neem om uiteindelik werklik deur die resultate weerspieël te word.
Bank to lose cash over SA

WASHINGTON — The 1.3 million strong United Automobile Workers Union's president has announced his union will withdraw its funds from banks and financial institutions that give loans to South Africa.

Mr. D. Fraser predicted that the present policies of the Vorster Government can only lead eventually to broad-scale economic boycotts, more repression and finally massive violent destruction.

The union, along with the International Metalworkers Federation and a number of church and civil rights groups in America, were setting aside March 13 to March 21 "as a period of campaigning against apartheid," Mr. Fraser said.

Mr. Fraser said he would encourage the Carter Administration to take the following steps:

- End all export-import bank insurance, loan guarantees and discount loans to United States companies exporting to South Africa;
- Withdraw government services to American businesses trading with or investing in South Africa;
- End all discount benefits for corporations dealing with South Africa;
- End all forms of nuclear collaboration with South Africa;
- Discourage investment and loans to South Africa;
- Follow the European Economic Community on guidelines for fair employment practices by the 300 United States companies that have invested over R1 000 million in South Africa, over 20 years;
- Urge international financial institutions to set human rights conditions on loans to South Africa.— DDC.
US bank won't end SA loans

CAPE TOWN -- The largest bank in the United States, The Bank of America, is to continue trade financing in South Africa.

And a motion on the bank's proxy statement to shareholders is almost certain to be defeated.

The motion by the anti-apartheid church group, The Interfaith Council on Corporate Responsibility, wanted to end the bank's lending activities in South Africa.

The bank, one of the largest private banks in the world, said in a statement it was not as heavily involved in South Africa as other United States banks, but had commitments of about R135 million in trade financing in South Africa.

This was a small commitment in terms of its worldwide operation, but a bank spokesman said yesterday they would reject any attempt to restrict their activities in any country, particularly as many had worse records for contravening civil rights than South Africa.

The bank said the extension of credit in any country did not imply support for any particular political policy or government of a foreign country.

A three-man delegation from the bank is in South Africa and is headed by a senior vice-president, Mr. J. Kearney, and a vice-president, Mr. Charles Bilimyer.

They saw the Minister of Finance, Sen. Horwood, and the president of Bophuthatswana, Chief Lucas Mangope, yesterday.

The delegation have also met the Opposition spokesman on finance, Mr. Barry Laxman, as well as the banned former Editor of the Daily Dispatch, Mr. Donald Woods, in London.

The Bank of America has not made any short-term loans to South Africa and it is unlikely to do so, but will keep up its trade-financing operations. — PC
PIETERMARITZBURG — A sum of R2 500 was paid towards the building of a house for Mr. Jimmy Kruger, the Minister of Police, from money held in trust for former millionaire, Mr. Otto Redinger, an insolvency inquiry was told yesterday.

Mr. Redinger said in evidence before Mr. P. Fourie, the Deputy Master of the Supreme Court, that missing Pietermaritzburg lawyer Mr. Pieter Coetzee paid the money.

Mr. Coetzee fled South Africa last year.

Questioned by Mr. David Gordon, he said Mr. Coetzee — who held large sums of Mr. Redinger’s money in trust — tendered to Mr. R. M. Wildenboer for building to be done for the minister.

Mr. Redinger said the quotation given by Mr. Coetzee had been short and he had agreed to donate R2 200 to make up the difference.

When Mr. Gordon, who was reading from an accounts sheet from Pieter Coetzee and Co., first asked Mr. Redinger why R2 500 of his money had been paid by Mr. Coetzee to the Minister of Police, Mr. Redinger claimed it was a “completely wrong entry.”

The inquiry brought by the trustees of Mr. Redinger’s estate in terms of the Insolvency Act, is aimed at finding if Mr. Redinger has any assets to meet his debts.

Millions

Questioned about an affidavit he had made to the Supreme Court late last year in opposing his sequestration, Mr. Redinger said the liquidators had not given him a chance to earn between R2 000 000 and R5 000 000 as he had claimed was possible in the papers.

Mr. Redinger confirmed that he would have earned the money as commissions for sales he was to have negotiated.

Mr. Gordon commented that he appeared to be heading for a South African record for contraventions of the Companies Act and “we will clap when you reach 100.”

Questioned about Rua Vista (Pty.) Ltd — a Pretoria property development company now in liquidation, Mr. Redinger said he was not aware he was breaking the law when he ceded shares in the company twice and when he made numerous withdrawals from company funds for his own benefit.

No link

According to a firm of chartered accountants a total of R7 672 672 was paid out to Mr. Redinger.

A further R380 000 was used to pay three bank guarantees but there was no link with creditors of Rua Vista.

Mr. Redinger ceded the shares a second time.

No books of documents relating to the company’s affairs had been received by the liquidators and Mr. Redinger was arrested when he failed to attend the first creditors’ meeting.

The inquiry continues...
Grocer fined R10,000 on currency offence

A Westonaria grocer who sent more than R18,000 in bank drafts to Switzerland was today fined R10,000 in the Johannesburg Regional Court.

Basil E. Geornares (40) of Bainskloof, Glenharvie, Westonaria, pleaded guilty before Mr. K. K. Smith to transferring R18,084.98 out of South Africa in contravention of the Exchange Regulations.

Between January and June 1976, Geornares bought R13,000 worth of bank drafts made out in US dollars from British employees of Kloof Gold Mine, who were returning to the United Kingdom without using their full allocation of money withdrawals.

He paid 10 percent of the value of the drafts.

The Union Bank of Switzerland in Sauer Street, Johannesburg, accepted Geornares' drafts and deposited them with their Zurich head office in an account in his name.

Later Geornares bought drafts worth R5,000 which were also deposited in his Zurich account.

Geornares had repatriated all the money and used it to buy defence bonds.

He was also sentenced to one year in jail, suspended for five years.

Mr. D. R. Wannamacker represented Mr. H. M. Hogen, instructed by Wannamacker, defender.
Faith in Trust

As Trust MD and a Sanlam director, man-in-the-middle Fred du Plessis talks about the massive banking restructure now under way.

In 1976, Trust Bank reported after-tax profits of R7,1m, continuing a steady upward trend. For last year, you have just reported an unaudited R1,4m. Would the previous Trust management have reported a similar figure, or is there some other reason for your having bucked the trend?

There are four basic reasons for the profit reversal. Trust was paying far more for its money during 1976 than it should have. Income declined through the collapse of the property market. It was unable to increase its HP and leasing business because of a lack of capital and deposits, which increased at a slower rate than necessary for sustaining Trust’s previous growth pattern. Finally, certain interest payments were capitalised and taken as income in the past. We feel that, where capitalised interest is not recoverable, we cannot take it as income.

You have also stated your opposition to fuller disclosure on grounds of a sudden profit reversal leading to a possible flight of confidence. How then, in view of this sudden reversal, can depositors and shareholders assess whether Trust is weaker or stronger than under its previous management?

We want to boost reserves to a point where we feel comfortable, putting newly-earned profits into hidden and published reserves for the time being. This is a symptom of our more conservative policy and must be seen as a strengthening of the bank. As far as I’m concerned, hidden reserves are there to absorb adverse losses and smooth out profit fluctuations, not to disguise the longer term profitability trend.

Sanlam’s property investment team is being used to strengthen Trust’s property management. Is there a management contract? If so, what is Trust paying for it?

We are using the Sanlam team on an ad hoc basis. Where we want their particular expertise, such as investigating the Sandy Bay viability, we pull them in and negotiate the fee on cost. You have appointed three senior GMs. Is there to be a change in emphasis in the bank’s objectives?

To improve control and administration, we have severed administration from marketing. And we are going to put more marketing effort into our corporate business, to build up a side of the bank which has not been fully developed in relation to total growth.

Trust was paying, in your words, an “extraordinarily high” cost for funds. Why were they previously so high and how have you managed to reduce them?

Before Trust was volume orientated, not caring too much about the cost of its money. We are more profit orientated. Instead of chasing money, we have decided particularly to let our money market activity follow a natural decline, because we are not prepared to pay extraordinary rates. This is already showing signs of success. In February, money market institutions started asking us for CDs and I think we were the only bank asking CD, during that month, at much lower rates than before. We also gave notice to some term depositors that we are lowering our rate. With R800m in deposits, a 1% interest drop could mean an R8m profit increase.

Is Sanlam pushing considerably more business Trust’s way than before the Bankorp takeover? If so, how does Sanlam decide to which of its banks it will push business and what volume will go to each?

Trust has exactly the same relationship with Sanlam as before. There is no new policy to push business our way, nor take from other banks.

Sanlam now is effective owner and manager of Trust. It also is a substantial customer. How does Sanlam negotiate rates with itself?

When I negotiate with Sanlam, I negotiate as Trust MD. I always look at competitors. If I have an opportunity more attractive than doing business with Sanlam, I shall take that alternative. This equally holds true for Sanlam, which often can be a tougher customer than an outsider.

Does any Sanlam business still go to Volkskas? If so, has it been substantially reduced since Volkskas and Bankorp severed their shareholding connection?

There has been no change in the business relationship at all.

When will Trust again be in a position to pay a dividend?

This is very difficult. Given our long term plan, I don’t at the moment think that we will be within the next five years, not before that point is open for conversion of the debenture. The picture can be altered by a dramatic upward swing in the property market, but this I don’t foresee within the next five years.

On present equity, what level of profitability do you consider a minimum before a dividend can be paid?

There is no specific minimum. We shall pay only when we are satisfied with the level of our reserves and that we have sufficient capital to continue growing. Previously, the bank called on shareholders to generate capital. Our policy is to generate it within the group as far as possible.

Sanlam has ploughed R25m into Trust. The banking norm is to show returns of around 1% on total assets and 15% on equity. Do you intend showing more? If not, and Trust will be able to pay dividends only in years to come, why should this R25m investment be good from the viewpoint of Sanlam policyholders?

The debenture coupon rate is 11.5% which Sanlam will earn each year over the five year period before it can convert. I doubt whether there are many other investments which will show a much better return. If we eventually get the bank to 15% on equity, policyholders will be doing very well indeed.

What is the rationale for the Bankorp/Sanlam deal?

Primarily, it enables Bankorp to own and develop its own trust company.

What further rationalisation is envisaged in the Sanlam/Sanlam/Bankorp/Trust family?

We will not be revolutionaries about this. There is no master plan, though we do have an internal strategy for reorganising various combinations. But to go into that now would be dynamite.
When Santam shares were suspended on January 16, the reason given was that negotiations were to take place on rationalisation of the group’s insurance interests with those of Sanlam.

But what has emerged from the talks is an exchange of Santam’s banking side for Bankorp shares.

The extent of the “rationalisation of the insurance interests” is that Sanlam will get voting rights in Santam proportionate to its 40% holding, once the banking interests have been hived off. Until now, because of rules relating to banks, it has been restricted to only 1% of the voting rights despite its 40% holding.

Sanlam’s experience with Trust, where it was similarly hampered, have taught it that voting rights matter. This was one major motivation for the present deal.

So Santam will remain SA’s biggest short-term insurer (showing over R160m of premium income last year) and will also hold 11.4% of Bankorp in place of its existing banking interests.

How were Santam’s banking interests valued in the current takeover by Bankorp?

“We reckoned Santam holders were due about 1.5c of dividend from the banking operations,” says Bankorp’s Professor Fred du Plessis. “There were 35m shares in issue, so this would require R525,000. Bankorp’s total dividend should be at least 14.5c (14c) per share this year, so, for Santam holders to receive an unchanged dividend, we worked out they would require 3.5m Bankorp shares.”

There was only passing reference to net assets, says Du Plessis, as “banking assets are difficult to ascertain and, to tell the truth, we could not agree on an asset figure, so decided to concentrate on dividend potential.”

Du Plessis says Santam holders are better off with their portfolio investment in Bankorp than with their Santam banking interests, as their dividend today is better covered than it was and it is derived from wider spread assets of R2000m, compared to R200m before.

This seems an adequate motive for Santam, which is also getting rid of a potential troubled area in Mercabank and no longer has to fill the gap in Santam International left by the late Dr Robert Smit.

Valuing its own net assets at 316c, Bankorp says it is paying R11,06m for Santam’s banks. Both Du Plessis and Santam’s MD Izak Steyn agree that the R11,06m is “more or less” equal to the net assets of the Santam banking operations.

But the Bankorp share price was only 134c pre-suspension, so the market value of the 3.5m shares is only R5.4m.

According to Steyn, the unconsolidated Santam Bank balance sheet and income statement provide no clue to assets or earnings potential as the bank acts as holding company to certain insurance and hire purchase firms not affected. He estimates the net profit of the affected banking interests to be “just over R1m.”

Santam’s earnings are bound to suffer in the wake of the deal, for instead of

Bankorp’s Wassenaar... yet another bank in the fold

Financial Mail March 10 1978
The issue of the additional share has cost Santam direct legal control of Bankorp, the IDC's holding has slipped from 69% to 58%, the IDC's from 8% to 7.1% and other shareholders from 22% to 22.7%. Santam Insurance holds 14.3% of Bankorp. Although the terms of the Deed of Trust have been suspended, the shares are again under the Bankorp's control. The effect is to reduce the cost of control and to maintain Santam's control. Therefore, the additional share was purchased by Santam and the IDC's, which apparently produce about 5% of the IDC's income. The terms of the Deed of Trust have been suspended, but Santam's share of the IDC's income falls from 50% to 39.5% (see chart). This will be reflected in the accounting for Santam's share of the IDC's income. Santam's share of the IDC's income will be adjusted accordingly.

The problem is that the IDC's share of the IDC's income falls from 50% to 39.5% (see chart). This will be reflected in the accounting for Santam's share of the IDC's income. Santam's share of the IDC's income will be adjusted accordingly.
No bail for R3-m fraud case man

A Johannesburg businessman who is allegedly involved in a R3-million currency fraud of which R1.5-million has allegedly been sent out of South Africa was yesterday refused bail by a Johannesburg magistrate.

The court was told there was a "strong possibility" that Mr Roderick Sandcraft Atherstone (28) would try to flee the country if he were granted bail.

Mr Atherstone, owner of a used-car business and director of an aircraft business, was arrested on March 3, as a result of Commercial Branch investigations that lasted for more than three years.

Captain H. C. J. de Kock, of the Commercial Branch, told the court that in 1973 Mr Atherstone had been arrested in connection with currency contraventions involving R1.5-million, and later released. "He was arrested and freed, and afterwards, Mr Atherstone became involved in these charges, which involved R1.5-million," said Captain de Kock.

OVERSEAS ACCOUNT

"I have worked for a few years on this case," said Captain de Kock, who added that the 1973 contraventions were still being investigated.

"The total amount involved is over R3-million and the charges are fraud, involving currency," he said.

Captain de Kock said that the R1.5-million from the 1973 case had already left the country, and there is information that there is an overseas bank account with the names of the accused for the money.

Mr Atherstone told the court that since his arrest he has co-operated with the police. "I have told them everything they want to know," he said.

Mr Atherstone said, in 1973 during his army service, he hit his head on an anthill while jumping from an aircraft, and as a result, suffered from epileptic fits.

The case was postponed to March 39 for further investigation.
Jail for Indian who 'milked' his creditor

A 52-year-old Indian had systematically milked R19,990 from a man who had trusted and befriended him when he lent him money to assist in the winding-up of a mythical estate, a Durban Regional Magistrate said yesterday.

Mr. J. A. Oberholzer was jailing Govindsamy Govender for three years after convicting him of fraudulently obtaining the money from Mr. Peter John Boul, over a two-year period.

Evidence was that Govender — who pleaded not guilty — had approached Mr. Boul and told him he was expecting to inherit part of a large estate at Port Shepstone left to him by his father.

He told Mr. Boul that he needed money to assist in the winding-up of the estate and that the money would be returned plus interest when the estate was finalised.

Over a period between February 1976 and October 1977, he had received R19,990 from Mr. Boul, the Court was told.

None of the money had been recovered.

The Court heard too that Govender had shown Mr. Boul fraudulent communications from the executors of the so-called estate detailing the need for the various outlays.

While receiving the money from Mr. Boul, Govender had bought a car, hired a chauffeur and opened a shop in Verulam.

Mr. Oberholzer rejected outright Govender's claim that he had got the money from Mr. Boul to run a fish farm and that Mr. Boul owned him about R72,000 in commission.

'This estate existed only in your mind,' Mr. Oberholzer said.

Govender admitted previous convictions for fraud and theft dating back to 1952.
Deur DAVID MEADES

'N GEHELLEN en al nuwe bedeling is by die Volkskas-groep aan die kom. Dit val op die bankgroep se sterke uitbreiding die laaste paar jaar en sy huidige diversifiseerprogram in die bankwees. Die kern van hierdie nuwe bedeling behels waarskynlik die stigting van 'n nuwe bankbeheergroep.

 Dit is die afslag wat sake-Rapport het verneem dat Volkskas reeds gerus algemine besig is om die meer stroombelynde bankgroep te ondersoek. Die bank se vorige hoofbestuurder, Wie, en die van Engelskroon, was blank, maar ondanks die skyfie van die afslag is hierdie gebeurtenis vir die bank se toekoms belangrik. Die bank se voorme hoofbestuurder, Wie, het digitaal die bank se toekoms verzoek.

 Bonkors

 Die Volkskas het 'n rys van saakroetes en verwys na die Transvaalse Suikeleendigheid, wat se reeds gerus algemine besig is om die bank se toekoms te bevorder. Dit het digitaal die bank se toekoms verzoek.

 Toegerus

 Bewonder die Transvaalse Suikeleendigheid, wat die nuwe bedeling by die Volkskas wil navolge, en die eerste bedoeling van sy maatskappy het in die volgende: die bevordering van die bank se toekoms, die bewondering van die bank se toekoms, en die bewondering van die bank se toekoms.
Bank manager jailed for fraud

In mitigation Mr. J. Jonsson, appearing for Babb, said that Babb was already in the process of being severely punished by the community.

He said that fraud has unfortunately become a prevalent "sickness" of the society where it is expected of businessmen to entertain.

Babb told the Court that he defrauded his employers during 1975/76 to maintain a high standard of living for his family and for the entertainment of clients.

"In the process I became more and more financially embarrassed," he said.

Babb admitted a previous conviction for fraud in 1969.
Nog 'n komn MINDER NA MAKELAARS

Deur DAVID MEADES

DIE kommissie vir makelaars wat korttermyn-versekering verkop, gaan later vanjaar sterk gesny word — in sommige gevalle ingrypend. Dit is veral die kommissie op motorversekering wat kwaai besoek gaan word. Dit kan vir die makelaarsbedryf 'n vermindering in inkomste van 'n paar miljoen rand beteken.

Mnr. Wynand Louw, Registerateur van Versekeringmaatskappye, het op naaargaan Sake-Rapport gesê dat sy kantoor nou besig is met die finale afronding van die beoogde nuwe regulasies. Hy wou egter geen verdere besonderhede verskap nie.

Sake-Rapport het egter in die mark verneem dat die nuwe regulasies wat maksimum kommissietaarie sal neem, nie niks nie, teen Julie vanwyk word.

Dit sal volg op soortgelike regulasies vir langtermyn-versekering wat verlede jaar in werking gestel is.

Wat die korttermyn-versekering betref, is die plan glo om die maksimum-kommissie vas te stel op 12,5 persent vir motorversekering.

Dit sal vergelyk met die vorige maksimum-kommissie van 22 persent, 'n tydperk wat volgens makelaars in sommige gevalle tot 27 persent by sekere versekeringmaatskappye beloop het. Die gemiddelde kommissie wat in die bedryf gehef is, was egter nog altyd heelwat minder as 20 persent.

Op die ander soort korttermyn-versekering sal die maksimum-kommissie verminder word van die huidige 23 persent tot 20 persent. Om die bedryf die geleentheid te gee om hom hierby aan te pas sal hierdie vermindering goe- tydperk van drie jaar met 1 persent per jaar verminder word.

Lloyds

Ten laaste is daar ook nog die kwessie van kommissie wat op 'Lloyds-versekering' gehef word. Oor hierdie aspek is daar glo nog die duidelikheid nie, en die bedryf is nog besig om met mnr. Louw se kantoor hieroor te gesels.

In teenstemming met langtermyn-versekering is die kommissie op die korttermyn-sake baie hoër. Dit het in baie gevalle aanleiding gegee tot 'n mate van wanorde in die mark, veral omdat van die kleiner versekeringmaatskappye dikwels baie hoë kommissies belaai het.

Van skadehouderskant is gevoel dat hierdie buitensporig hoë kommissie-tariewe die koste-struktuur onnodig hoër opkuit, en daar is ook gevoel dat daar groter orde in die bedryf moet wees.

Een van die makelaars-groeppe wat waarskynlik so verlief is op die vermindering van die kommissie op motorversekering, dié waar- ste getref gaan word, is Trust-Bankmakelaars.

Volgens markinligging beloop die premie-inkomste op korttermyn-versekering wat die groep hanteer, sowat R20 miljoen per jaar. 'n Baie groot deel daarvan kom weens Trust-Bank so omvattend betrokkenheid in buurkoop van motorversekering af.

Mnr. Kose Kotze, skakelman van Trust-Bank, het aan Sake-Rapport gesê dat Trust-Bank nóg nooit die maksimum-kommissietariewe by versékeringsbedryf beilig het nie. Dit was so omdat die bank nog altyd daarom gespesifiseer het om tot die voordeel van sy klante nêe te same met die June se voorste versékeringsmaatskappe te doen.

In die verlede het die makelaarsmaatskappe ook die grootste deel van die administratiewe werk op korttermyn-versekering by versékeringsbedryf oorge- neem. Die grootste deel hiervan sal nou waarskyn- lik terug na die versékeringsbedryf gaan, met 'n aansienlike besparings vir die makelaars sal meembring aan mnr. Kotze gesê.

Dit sal egter geheers belet dat die dié deel van dit daarin die klant hoog aansienlyk skade sal ly nie. En dat sal daarom ook opnieuw na verdere moontlike koste-besparings gekyk moet word.

In die gehele kan dit dus monootlik word dat die ver- mindering in inkomste tot groot hoëte geneutraliseer sal word deur 'n ver- mindering in koste, mnr. Kotze gesê.
Sancura

en Trust

byeen

OFSROON daar nog geen amptelijke besluit geneem is nie, staan die Bankorp-groep glo op die punt om die Sancura-Makelaarsbedrywighede by die Sancura-Makelaars in te skakel, het Sako Rapport verneem.

Weens die balse groot omvang van Trust-Bank se sake op hierdie gebied, sal dit Sancura, dadelik, een van dié grootste in die land maak. Hogsal verreweg die grootste makelaar in die gebied van motorverzekering wees.

Dit sal ook een van die uitvoerstelsels wees van dié oorsame deur Bankorp van Al Santam, se bedrywighede. Dit sal ook groot moontlikheid tot kostbesparings bied, wat veral toegelaag van dié boog op die nuwe verminderde kommissie-tariewe, sien. Derhalwe sal help om inkomste te vergroei.

Hierdie groep het tot stand gekom deur die oornames van Price Forbes, deur Federale en Volkska Makelaars. Daarom het Volkska ook 'n belang in die nuwe groep gekry, terwyl Price Forbes van Brittanje 'n minderheidsbelang gehou het.

As 'n deel van hierdie transaksie het Volkska ook weersvolle beheer vir Volkska Makelaars beheer, wat hoofsaaklik op korttermynverzekering konfisier het.

Dit was algemene gevoel is ook dat die vermindering van kommissietariewe, op korttermynverzekering nog verdere oornames en samestellings tot gevolg gaan het.

Die C. E. Heath-groep het oorgeneem, die M. McDonough, groep van Pretoria oorgegeneem en die besturende lid, M. van Heerden, mnr. Terry McDonough, is dat daar te
Acquitted of R99,000 fraud

An elderly taxi driver, who admitted being "totally uneducated," was today acquitted by a Johannesburg regional magistrate on charges of stealing a cheque for R99,481 and then trying to cash it.

Mr. Louis Myers (62), a Germiston taxi driver, had pleaded not guilty before Mr. G. Steyn to the charges of theft and fraud.

He was arrested outside the Standard Bank in Bramfointein last July with a suitcase full of telephone books.

The court heard that on July 27 an unidentified man presented a letter to a clerk at the Standard Bank. The letterhead was from Fowler Construction (Pty) Ltd.

The letter, which was forged, said R99,481 would be required by the firm the next day in various denominations.

The following day Mr. Myers arrived at the bank and handed over the cheque. He was given a suitcase with the words Fowler Construction embossed on it, and he left the bank.

He was arrested outside and the suitcase was found to contain telephone books.

Mr. Myers told the court that he had been asked by a Mr. Steyn to pick up the money at the bank. He knew nothing of the stolen cheque or the forged letter.

(c) ander kos

(d) Weensleek toegelaat

Aantal van: skone toegelaat gehou
bokke " "
boeste " "
ander " "

Waarde aan boer

(e) Grond

Oppervlakte verskaf gebruik

Waarde aan boer:

Water (jaarlikse koste aan boer)

Koste van ander dienste b.v. saad, gebruik van plasmasjinerie

(f) Klere: artikels verskaf deur boer (jaarliks)

Koste aan boer:

(g) Bonus (jaarliks)

(h) Geskenke (jaarliks: artikels)

Koste aan boer:

(i) Ontspanningsgeriewe verskaf:

Koste aan boer (jaarliks):

(j) Gesondheidsdienste:

Jaarlike koste aan boer van: doktersrekening betaal medisyne vervoer na en van geriewe ander

(j) Totale mediese koste

(k) Pensioenbydrae deur boer (jaarliks)

(l) Versekeringbydrae deur boer (jaarliks)
Three jailed for R37 000 emerald snatch

Three robbers who snatched a handbag containing more than R37 000 worth of emeralds were today each jailed for 18 months.

Irene Angela McClely (36), and Albrecht Langenburg (28), both of Windsor, Randburg, and Josef Lorenz (26) of Hillbrow, Joburg, were convicted by a Johannesburg regional magistrate, Mr N V B Andrews, of robbing Mrs M F da Graa Mourao of 100 emeralds worth R37 333.80 on January 24.

McClely told the court she was helping Mrs Mourao to sell her emeralds for a commission. Together with Langenburg and Lorenz she had arranged to rob Mrs Mourao with herself being assaulted in the process to avoid suspicion.

ASSAULT

Langenburg and Lorenz robbed Mrs Mourao as she was sitting in a car with McClely. The court found that Langenburg had assaulted Mrs Mourao and Lorenz snatched the handbag with the emeralds.

"After the robbery Mrs Mourao" and McClely went to the police station to lay a charge, but McClely broke down and confessed.

Mr Andrews disagreed with the defence arguments that the accused should receive deference sentences. He sentenced them to another 18 months each, suspended for five years.

(i) Werk wat vir boer
gedoen word (byv. gedurende skoolvakansie)

(j) Jaarlikse tydperk
gewerk (dae of week)

(k) Jaarlikse betaling:
kontant
A criminal "Walter Mitty" and his female accomplice were today convicted by a Johannesburg Regional magistrate of numerous counts relating to the forgery of cheques worth R1-million.

Basil Roy Myers (28) and Shirley Patricia Jennings (28) had pleaded guilty before Mr F Z Krynauw on various counts of fraud, forgery, uttering and theft.

Myers was convicted on three counts of theft, two counts of forgery, one of uttering and one count of theft.

Jennings was convicted on one count of fraud, two of forgery and one of uttering.

At a previous appearance the prosecutor, Mr L G McIntosh, told the court that Myers — "a member of a gang of fraud criminals" — falsely obtained 40 cheques from Nedbank for R1-million.

To do this Myers passed himself off as Alan Patrick Laws, a wealthy American citizen.

He forged "a letter of credit and bank guarantee for A P Laws".

The forged letter of credit read: "Mr A P Laws, an American visitor, is currently in South Africa representing several wealthy American entrepreneurs."

"Mr Laws," the letter went on, "has deposited in his account the sum of R1-million and has been issued with 40 cheques. Each of these cheques is guaranteed payable for the amount of R25,000."

"Mr Laws is a valued client of the bank and heads a party of 82 American millionaires due to tour South Africa in April 1978," the letter concluded.

Giving evidence in mitigation Mrs Beatrice Cohen, mother of Myers, told the court that her son had suffered feelings of insecurity due to his weight problem.

Mr Norman Edward, proprietor of Norma's Grill and the Grand Station Hotel, told the court: "I have known Roy for many years and have every confidence in him."

Addressing the court, Myers' defence counsel Mr G A Alexander SC said the crime which Myers had perpetrated was "a crime which could well be described as a 'Walter Mitty type of venture.'" (Proceeding)
Major banks angry at grey market operations

By TONY HUDSON

GREY MARKET operations by a number of large corporations are seriously distorting lending patterns of some of the major banks.

Durban bankers told Tribune Finance this week that large national firms were placing call money out at between eight and ten percent - more than two percent below the bank prime rate of 12 percent.

Net result is that companies are borrowing this money in order to reduce, or wipe out, their overdrafts for 59 days out of 30. The money is removed overnight at the end of the month.

The effect of the big banks is that their monthly reports to the Reserve Bank show a highly distorted lending position.

Bankers say that while this operation has existed for many years, it has increased during the last few months because of the static economic situation.

Main offenders, say the major banks, are the smaller banking operations which cannot commit themselves over extended periods but which borrow short and lend very short. They pay about eight percent and lend at around ten percent.

As the larger banks are paying between five and six percent for call money, the proposition from the smaller operator is much more attractive for a business with a sizeable amount of spare short term cash.

The small banks are limited to monthly loan periods, for the liquid asset ratio requirements of the Reserve Bank makes it impossible for them to have large amounts of money out on call over the reporting period to the Governor of the Reserve Bank at the month end.

And the major banks have their hands tied, for there is no legislation preventing this sort of operation.

"It is easy to spot the offenders. One only has to look at who uses their overdrafts on one day a month and then take a look at the cheque used to settle the amount a day later," said one banker.

Another aspect of the matter is that in many cases the small banks are missing out of the cycle and the loans are organised on an inter-company basis, although there is a legal restriction than no company may hold more than R500,000 in call money from non-banking sources.

If, however, the amount required is over this figure, the deal must be organised through one of the banks. As there is no limit to the amount that may be borrowed from this source.
Mr. J. W. E. WILEY asked the Minister of Finance:

(1) Whether he has had any reply to his letter to the Chairman of the Johannesburg Stock Exchange about the report on certain South African companies alleged to have been in financial difficulties and which appeared in the *Sunday Times*; if so, what was the nature of the reply;

(2) whether he will make a statement on the matter.

The MINISTER OF FINANCE:

(1) I have received a written reply to a request for comment from the Chairman of the Johannesburg Stock Exchange. The Committee of the Stock Exchange points out that it does not normally intercede with investment advice offered by brokers to their clients. In this particular case the Committee is of the opinion that the advice provided by the member firm can be regarded as fair commentary but that it does not mean that the Committee either agrees or disagrees with the conclusions reached. The Committee is not happy about the impression which the original report in the *Sunday Times* created and states that in its view the responsibility for any embarrassment caused lies "squarely with the newspaper concerned."

(2) I continue to take a serious view of the action of the *Sunday Times* in this case. I incline to the view, however, that the wide publicity given to the undesirable aspects of the matter will have a salutary effect and in the circumstances I am prepared to leave the matter as that, at any rate for the present.

Deur DAVID MEADES

DIE pensioenfondsbeweging het oor die laaste paar jaar baie sterk in Suid-Afrika ontwikkeld en beheer nou bates ten bedrae van sowat R11 000 miljoen. Dit het 'n magtige mobiliseerder van kapitaal geword wat verlede jaar 'n inkomste van waarskynlik meer as 3 000 miljoen gehad het.

Die jongste amptelike syfers van die Registrateur van Pensioenfondse is vir die jaar tot einde 1975. Die sterk pensioen- afdeling van Santam, die grootste in die land, het egter vir Sake- Rapport 'n paar projek- sies gemaak wat op heel interessante ontwikkelin- ge di.

Hiervolgens het die totale bates van die land se pensioenfondse in 1977 sowat R1 961 miljoen beloop, teenoor die amptelike syfer van R1 813 miljoen in 1975.

Die aantal fondse het na raming van 9 546 tot 11 369 toegeneem en die bedetal van 3 460 000 tot 4 364 000. Die Hydeas van hierdie lede het na raming van R1 109 miljoen tot R1 627 miljoen gestyg.

En dan is daar ook nog die beleggingsinkomste wat verdien word. Hier is daar net die private fondse se opbrengs wat bekend is, en dit beloop sowat 9 persent.

As hierdie opbrengs op die beweging as 'n geheel van toepassing gemaak word, moes die beweging verlede jaar 'n beleggings- inkomste van Byrne R1 000 miljoen gehad het.

Dit plaas die beweging se totale inkomste dan op Byrne R3 000 miljoen, waarvan 'n geraamde R898 miljoen aan voerdele uitbetaal is. In 1975 het die beweging Byrne R600 miljoen aan voerdele uitbetaal.

In 1975 was daar 206 000 pensioenrekkers, hulle het na raming verlede jaar 248 000 beloop.

Die private fondse ver- teenwoordig verreweg die grootste deel van die pen- sioenfondsbeweging. Hier- die sektor se pensioenbates het in 1975 allesmal R3 694 miljoen beloop, wat na ra- ming tot R5 559 miljoen verlede jaar gestyg het.

Dit vergelyk met die Regieringsfondse se R2 950 miljoen in 1975 wat 'n geraamde syfer van R3 715 miljoen verlede jaar gestyg het. Die private fondse se bydraes het van R451 miljoen tot R671 miljoen gestyg, terwyl die staatsfond- se se bydraes van R397 miljoen tot R601 miljoen toegeneem het.

Volgens mnr. Marinus Daling, assistent-hoofbestuurder van Santam (pensiøne), is die projek- sies tot 1977 waar myndlik bepaal deur die waardes soos verkry uit die Registrateurverslae van 1971 tot 1975 te ekstrapoleer.

In die gevalle waar 'n ekstrapolering nie sinnig voorgekom het nie, is die waardes gepro- jekteer met behulp van die gemiddelde groei van 1974 tot 1975.

Wat die verskynselfondse betref, toon die Registrateurverslag 'n afname van 6 persent vir die bates toeoor 1974. Daar word gevoel dat dit nie realitisies is om hierdie afname in 'n projeksiie te gebruik nie. Die bates is volgens die 1975-verslag geprojekteer teen 20 persent groei per jaar, die gemiddelde groei van 1971 tot 1974.
Barclays chairman challenged on Biko

The Star Bureau

LONDON — An allegation that the dead South African black activist, Mr. Steve Biko, would have supported the presence of Barclays Bank in South Africa is to be queried at the bank's annual meeting today.

End Loans to South Africa, which is coordinating an attempt to get the bank to withdraw from South Africa, says that considering Mr. Biko's views and the fact that he can no longer refute the statement attributed to Barclays' chairman Mr. A. F. Tuke, "Elita strongly objects to the use of Biko's name in any rationalisation for investing in apartheid."

Elita also expects shareholders, including churches and borough councils, to question the bank about the impact made by the Nigerian Government's announcement that public funds would be withdrawn from Barclays Bank Nigeria because of its links with South Africa.

Mr. Mogens Fagh, the chairman, told the annual meeting of shareholders that this was the company's reaction to an action adopted by the Nordic companies to cut back on investments in South Africa.

"In our view, which is shared by important leaders of the black majority in South Africa, the foreign companies setting a good example can contribute to a positive development," said Mr. Fagh.

DANISH VIEW

And "Amid Copenhagen, The Sun's correspondent writes that the East Asiatic Company, the major Danish trading and industrial company, will not reduce its investments in its subsidiaries in South Africa."

Mr. T D (David) Cullinan has been appointed as development and marketing manager of Cullinan Properties.
Bank: our view on apartheid not changed

LONDON — The Nigerian Government took its decision to withdraw its funds from Barclays Bank through a misunderstanding that Barclays' policy about South Africa had changed, Mr. A. Tuke, chairman of Barclays Bank, said here yesterday.

He said: "Barclay's view is that apartheid is indefensible. This attitude has not changed. One thing that is different in South Africa to other countries where there is racial discrimination is that South Africa actually enshrines racial discrimination in its law."

Mr. Tuke was speaking at the bank's annual meeting which developed into a polite lengthy interchange between Mr. Tuke and about a dozen anti-apartheid dissidents.

During the interchange on investment in South Africa, Mr. Tuke was handed a scroll containing Mr. Steve Biko's actual speech where he argued against investment.

Mr. Tuke said that as the bank was to withdraw, withdrawal would not solve problems or help the situation, but would only hurt those blacks the bank was trying to help.

Loans to quasi-government institutions in South Africa are outstanding and, in fact, are reducing," he said. "We propose to stay in South Africa, but the amount of our investment will decrease. The amount of shareholding in Barclays in South Africa by Barclays International has decreased from 100 per cent to 64 per cent.

"We, as a foreign bank in South Africa, foresee that our percentage will eventually decrease below 50 per cent.

"We have no plans to increase our loans to the South African Government. But we face a quandary. Soweto has no electricity. Should we or should we not give money towards the financing of that project?"

"Faced with problems like this I cannot say that we will never again lend any money to South Africa."

Mr. Mike Terry, executive secretary of the Anti-Apartheid Movement, alleged Mr. Tuke had misrepresented the view of Mr. Biko when he had said Mr. Biko was in favour of foreign investment in South Africa.

Mr. Tuke said he had been to South Africa and had spoken to many blacks there and this was their view. He had not spoken personally to Mr. Biko.

Mr. S. G. Mogford, vice-chairman of Barclays, said that the bank had already checked on this. Mr. Percy Qoboza, following his detention, had told a gathering of businessmen that blacks wanted foreign investment in South Africa.

An ordinary shareholder said it would be difficult to gauge the opinions of black leaders for many were banned, imprisoned or detained.

Mr. Tuke replied: "One can see a person who is in detention."

He issued the challenge that if the speaker knew of anyone in detention who was generally regarded as a black spokesman, the bank would make it its task to visit that person and ask his views. — DDC.
Barclays to trim its SA connection

The Star Bureau

LONDON — A strong hint that Barclays Bank will reduce its stake in Barclays National of South Africa from 64 percent to under 50 percent was given yesterday.

Mr. Anthony Tuke, chairman of the R357.785-million Barclays group, Britain's biggest bank, told shareholders at the annual meeting here: "My guess is that over five to 10 years, it (the stake in Barclays National) will come below 50 percent. But this would be a commercial judgment."

South African law obliged Barclays to cut its shareholding in Barclays National to 50 percent and "whether we go below depends on commercial judgment," he said in answer to a question.

Mr. Tuke faced the usual barrage of questions and demands from anti-apartheid lobbyists — who were themselves barred by some of the other 300 shareholders present — over Barclays' South African connection.

In a supplementary statement, Mr. Tuke said the Nigerian Government's decision to withdraw public-sector accounts from Barclays, Nigeria (62 percent State-owned) was a reaction to his annual report in which he said Barclays would continue to operate in South Africa.

"We have stated on many occasions that in our view, South Africa's apartheid policy is morally indefensible," he said.

"Nigeria may have misinterpreted my comments (to remain in South Africa) as meaning that we intend to increase our investment in South Africa. Nothing could be further from the truth," he said.

Barclays Bank's interest in Barclays National had come down as planned from 100 to 64 percent.

"It is our policy to continue this reduction," he said.

Mr. Tuke said Barclays had no loans outstanding with the South African Government, while those with quasi-Government organisations such as Escom were "small and reducing and we have no plans to add to them."

But despite Nigeria's action there was no change in the Barclays policy on South Africa, that it was better to remain in the country and use its influence for change from within.
Volkets is "not seriously" negotiating the takeover of Bankows. Of the two parties are adamant. But I have it unofficially from several sources that Volkets is having an "informal" look at the idea. It's a very exploratory at this stage that the shares were not suspended.

The attraction for Bankows would seem to be Volkets's financial muscle, while Volkets could conceivably use a general banking license. The main common interest between the two is Bankows' 20% stake in Volkets Merchant Bank (VMB). Volkets also manages Bankows' insurance broking operation.

Bankows probably has most to gain from a deal. Volkets does not really need a general bank. It already has VMB and Volkets Industrial Bank and does HP and leasing - Bankows' chief business - through its 580 branches all over SA, though Volkets's leases are worth only R40m, so it might be interested in Bankows' leases of R70m. Bankows has nine branches in areas where Volkets is already represented.

A key figure in arranging any deal could be Rentmeester's Joppe Vermooten. Rentmeester companies own 21% of Bankows and the Iscor Pension Fund, of which Vermooten is chairman, another 10%, making up by far the biggest block of holdings.

Squeezed by giants

As one of the last little banks caught between the giants, Bankows is inevitably paying more for its deposits than the big four. The public sector and local authorities have consistently held a high proportion of the bank's deposits - so much so, it looks as if they could be steered there by the paternalistic authorities.

Bankows has shown a chronic liquid asset shortfall and, since the Trust Bank debacle, has had to borrow from the Reserve Bank on occasion and trim its lending. It has also closed a number of branches and marketing offices.

In the December quarterly statement, Bankows had advances of R95m against capital and reserves of R7m. Its liabilities to the public were R105m, made up of R5m in short-term deposits, R59m in medium-term deposits and R44m in long-term deposits. The advances comprised R70m in leases, R12m on HP and R13m in other loans.

The bank looked overtraded even though chairman Professor HJ Samuel told me this week: "We have no problems."

Rentmeester's Vermooten ... man in the middle

But it only 3% of the advances were paid for capital and reserves would fall to R2.5bn.

Clearly Bankows could use a big brother. The Reserve Bank and Rephaim would probably be all for a takeover by one of the big banks.

Of course Volkets is not the only big bank that could take over Bankows. Bankows is nominally neutral in the north-south rift of Afrikaner branches. Though there would be a "culture gap," in the words of one insider, a get together

Financial Mail April 7 1978
demanded for damages

Bank gets R1, 757-million

Vendaland Copper Mine Assay Dispute for Supreme Court

BY DESMOND BLOM

AN extraordinary dispute be-

In the judgment read the court held that the copper mine was proved
the copper mine was copper.
the copper mine was copper.
the copper mine was copper.
the copper mine was copper.
the copper mine was copper.
FINBANK DRAALBY R1 MILJ.

Deur WILLEM LAUBSCHER

MET die volle sowat R250 000 van Half Price Stores (nou onder voorlopige likwidasié) uit sy byt, plus die gebruiklike ander voorziens, het Finansbank sy beekjaar op 31 Maart met 'n verhoogde wins van R760 000 (R600 000 verlede jaar) afgesluit.

As 'n mens met dié voorziens (Half Price se potensiaal verlies is nie die enigste nie) rekening hou, was die wins ná belasting van jaar 'n frisse sowat R1 miljoen, soos die Finansbank-manne self sê, nie sleg vir 'n klein bankie in die jaar dat die krisis in die bankwese die sektor behoorlik op die krop van die maag getrel het nie.

Dit was as't ware 'n vertraagde reaksie op die hou wat reeds maande tevore toegedien was met die teen-spoed wat Randbank en Rondalla-Bank getrel het.

Finansbank — sy temdelied is dat hy die enigste werkelijk onafhanklike sakebank in die land is — se winststiging beteken 'n persentasiestiging van 16,7. Uitgedruk in verdienste per aandeel beteken dit 26,5 sent per aandeel teenoor 22,7 sent verlede jaar.

Vir die klante en potensiaal klante van Finansbank beteken sy stel syfers weliswaar 'n paar dinge:

- Enersyds dat hy ondanks sy teen-spoed met o.m. Half Price Stores nog genoeg stamina gehad het om sy wins bo verlede jaar op te stoot — en in moeilike omstandighede vir sy sektor.

- Dat sy depo's met byna 25 persent gestyg het van R40,9 tot R51,6 miljoen.

- Dat sy bates met 22,2 persent gestyg het van R96,8 tot R117,7 miljoen.

Die kapitaal en reserves is voorts in die beekjaar met 'n verdere sowat R300 000 tot R4,4 miljoen versterk.

In sy algemene oorsig van die ekonomiese toestand in die land sê die vooruitster, mnr. Piet Liebenberg, dat Suid-Afrika in die afgelope jaar daarin geslaag het om veral twee krisisse wat op ekonomiese gebied onpeilbare skade kon aanrig, die hoof te bied. Die een was om die aansienlike tekort op die lopende rekening van die betalingsbalans te omskep tot 'n voordeel, en in die tweede plek die tydige optrede om verdere mislukings in die bankwese te voorkom.

Mnr. Liebenberg sê dié soort optrede het ver in die buiteland weerskank gevind. Dit het vertroue gegee en in kring waar vertroue soms aanwinkel het. En vertroue is juist dié ding wat ons in hierdie dae so broodnodig het.

Die politieke beeld van Suid-Afrika in die buiteland het ongunstig en het 'n direkte nadelige uitwerking op sakebedrywigsheide. Daarom het dit gebiedind: noodsaaklik geword dat 'n gekoördineerde poging aangewend word om hierdie ongunstige beeld te verbeter ten einde vertroue van dié buiteland, sowel as in sommige plaaslike kringe, te herstel.

En daarin sal mnr. Liebenberg graag 'n bydrae van elke facet van die sakelewe wil sien.
**Volkskas se spruit**

*ontplof*

**Deur DAVID MEADES**

**Inkomste**

En wat VAB se vertoning die afgelope jaar nog merkwaardiger maak, is die feit dat by hierdie skitterende resultate behaal is danky die feit dat sy inkomste uit rente-draende leenings en voorstukte uit beperkte moes gewees het. Dit is hoofsaaklik weens die kredietplafon en die gedeelde vraag na krediet en daarom moes die bank waarskynlik baie swaar geneem het op die verkoop van gespecialiseerde finansiële dienste.

**Groeie**

In die ses maande tot einde September is 'n wins van R120 000 verdiend, wat beteken dat die tweede ses maande 'n wins van R339 000 gelever is.

Dit is in vandag die winsaankondiging daar- word verwag dat die kapitaal in die lopende jaar weer eens verhoog sal word en dat die wins 'n bevredigende groei sal toon.

Met die resultate van die afgelope ses maande as grondslag, skyn dit dus na 'n veiligheid van in die lopende jaar 'n wins van meer as R100 miljoen te toon.

En dan kan ook aangehoor word dat VAB, waarskynlik heelwat beter gedoen het as wat die aange- kondigte resultate toon.

Omdat die bank jonk is en geen groot opgesoude reserve nie, kan aanvaar word dat VAB自我 begin.
MNR. PIET LIEBENBERG

van R77 000 tot R450 000 verhoog - het. Finansbank het sy bates met 22 persent tot R22 miljoen verhoog en dié van VAB het van R9,5 miljoen tot R46 miljoen gestyg.

Dit is ook heel ironies dat die twee manne in beheer van hierdie banke albei bank, Finansbank, begin. Mnr. Korsten het daarna op sy beurt weer weggebroeke om sy gele ding, Corporate Acceptances, te begin. En dit was van hier dat hy in Junie verlede jaar deur Volkskas ingetrek is om besturende direkteur van VAB te word.

Hierdie twee banke se moeilikheids volg op 'n jaar waar drie Afrikanerbankgroepe, Trust-Bank, Randbank en Rondallbank deur die water moes gaan.

Maar dan moet 'n mens ook byvoeg dat volgens alle aanduidinge die afgelope jaar vir die meeste aksebank en die baie goeie een was. Dit sal oor die volgende jaar maandinge waarsoeklik bevestig word wanneer van die ander aksegroepie hul winsyfers bekend maak.

In die algemene is die verwagtinge egter vir volgende jaar nie so rooskleurig nie. So veral dit geldmarkbedrywine betref.
VOLGENS voorlopige syfers het Saambou-Nasionale Bouwer eniging se bates in die afgelope fisiese jaar tot 31 Maart 1978 met meer as R56 miljoen gestyg om te staan te kom op R62 miljoen.

Dit verteenwoordig 'n stygging van 9.7 persent, sê dr. J.A. Hurter, voorzitter van die bouwer eniging en is die beste groei vir die afgelope ses jaar.

Dr. Hurter het gesê die besondere groei is bereik ondanks die stram ekonomiese klimaat en is baie gunstig vergeleke met die algemene groei wat die bouwer eniging-bedryf in gemelde fisiese jaar getoon het.

Hy het die verwilkom dat die moeil groei in nuwe fondse Saambou-Nasionaal nou in staat stel om 'n veel meer aktiewe leeningsbesigheid te doen as wat tevore die geval was, selfs met in agneming daarvan dat die bouwer enigings die afgelope jaar nuwe lenings ter waarde van sowat R64 miljoen toegestaan het.
Armed bandits grab R45 000 in shootout

Armed robbers forced a Fidelity Guard van off the road and made off with just over R45 000 after a brief shootout with the guards in Vanderbijlpark today.

The van was delivering a payroll to the Cape Gate Company in Nobel Boulevard, at about 8:15 am when another van swung in front of it and forced it off the road.

As the van stopped, the security van skidded to a halt behind it. The occupant of the front van began firing on the two guards, Mr C Nol (48), and Mr G du Preez (38), who were wounded.

Mr Nol returned the fire until he was overpowered. He later told police that there were four or five robbers, all wearing balaclava caps.

They forced him to open the van and then loaded the steel trunk containing the money into a metallic green Chevrolet El Camino light delivery vehicle, TV 1555 and sped off.

According to police, the van was recently reported stolen in Vereeniging.
Deur DAVID MEADES

DIE jongste lid van die "nuwe" Volkskas-groep, Volkskas-Industriële Bank (VIB), is nou ook deeglik gespeel en staan op sy eie bene. Hierdie volfliaad van Volkskas, het sewe maande gelede as 'n dep begin en US 14 miljoen opgehou en as dit nie vir VIB se relatiewe klein belastingbasis was nie, soos hy waarskynlik nog baie beter gevaar het.

VIB het op 1 September 1977, met sake begin toe die Trans-Oranje Finansiërs- en Ontwikkelingsmaatskappy oorge- neem en die naam in VIB verander in.

Met mnr. Bon Rundle, 'n oud-Credor/Nedfin-man as Besturende directeur, het Volkskas met hierdie bank 'n heel nuwe terrein betree, al groothandel- bruikhuur - en huurooptansakies.

VIB is as 'n huurooptoepbank, geregistreer, maar spits hom net op groothandelersaak toe. Die kleiner huurooptansakies word deur Volkskas se gewone bankakte hanteer.

Mnr. Rundle het aan Sake-Rapport goeie dat VIB hom in die eerste ses maande van sy bestaan veral daarop toegelê het vir die faasering van ge- spesialiseerde administratieve stelsels sowel as die ontwikkeling van 'n kom- pensasie- en brukhuur- en huurooptansakie-inhanteer.

Hy is, hovels, besig om ten volle te koncentreer op die bemerkings van die dienste wat hy aanbied - en mnr. Rundle is vol vertroue dat dit nie te lank sal duur voor VIB sy plek inneem as 'n van die lei in die gebied van brukhuur en -huuroptansakies nie.

Weens sy relatief klein belastingbasis, moes VIB die afgelope sewe maande 'n groot aantal brukhuur- en huurooptansakies waar belasting- kortings 'n belangrike rol gespeel het, na Volkskas en Volkskas-Aksebank oor- plans.

Die groeitrend is ook besonder goed vir die komende jaar, sê mnr. Rundle. "Daar is meer as R30 miljoen se transakies reeds in die pybly wanneer ak- toekes om nuwe soke in aanmerking geneem word. Verder wie R100 miljoen te bereik.

Die bank was ook in staat om die laaste paar maande 'n baie sterk bestuurspan saam te stel, wat almal uit manne bestaan wat omvat- tende ondervinding op hierdie gebied van die bankweë het.

RAPPORT 18/1/78
Director will serve 2 years for fraud

Chief Court Reporter
A FORMER Johannesburg director of companies who had established foreign investments for Transakel and established contracts for the country worth millions was sentenced in the Rand Supreme Court yesterday to serve a two-year jail term.

Peter Benjamin Levin, a director of Image Construction (Pty) admitted issuing false progress payment certificates, which were signed by his brother, for work on two building contracts in Johannesburg.

He pleaded guilty to two counts of fraud, involving the issue of false certificates for payments by Standard Bank Financial Nominees (Pty) totalling about R844 000 in respect of the two contracts, and to a charge of stealing R84 988.

The court was told however, that the stolen money had been repaid and the progress payments had been accounted for.

In mitigation, Levin, who said he had been sequestered, explained he had suffered “deep remorse” and had tried to bring foreign capital to South Africa to rehabilitate himself.

He had made a number of trips overseas and had undertaken negotiations with the Transakel Development Corporation and American and English companies, as a result of which industries were to be established in Transakel.

He had negotiated for Transakel worth R10 750 000; a year for 10 years.

He had also assisted with establishment of two plants manufacturing laminated beams in Transakel, and establishment of an Israeli company in Johannesburg, manufacturing army coats and sleeping bags for Nato.

Mr Justice Irving Steyn, passing sentence, said the offences were serious, and he had a duty to the public.

It was with a “heavy heart” that he could not suspend the whole sentence, as requested.

He sentenced Levin to four years jail, two years of which he suspended conditionally for five years.

Mr Justice Steyn refused an application for leave to appeal, saying he had been “extremely lenient.”

He allowed bail of R1 000 000 conditionally, pending a petition to the Chief Justice for leave to appeal.
NOTICE 299 OF 1978
DEPARTMENT OF FINANCE
SECTION 12 (1) OF THE BANKS ACT, 1965
CHANGE OF NAME—THE AFRICAN BANK OF SOUTH AFRICA LIMITED

It is hereby notified for general information that The African Bank of South Africa Limited, which is provisionally registered as a general bank, has changed its name to The African Bank Limited.
(21 April 1978)

Kennisgewing 299 van 1978
Departement van Finansies
Artikel 12 (1) van die Bankwet, 1965
Naamvandering—The African Bank of South Africa Limited

Hierby word vir algemene inligting bekendgemaak dat The African Bank of South Africa Limited, wat as 'n algemene bank voorlopig geregistreer is, sy naam in The African Bank Limited verander het.
(21 April 1978)
IF THE proposed changes to the law relating to savings accounts are any guide, as I think they are, it is possible that they point to far-reaching implications for the future structure of the banking industry and for the cost of housing.

The most important change is the proposed requirement that both banks and building societies invest in an amount of liquid assets more equivalent to the volatility and short-term nature of certain savings deposits, in particular the proposed new "transmission" deposits.

This should mean that instead of building societies and banks holding relatively large amounts of low-yielding liquid assets against certain savings deposits, they will have to invest a larger proportion of these deposits into short-term official securities, assuming that both these types of financial institution are to be put on a par.

I understand that the legislative changes will give the authorities powers to do this, but of course, the extent to which they will choose to exercise them remains to be seen.

At any rate, the important point is that the principle seems to have been accepted that banks and building societies will in future be treated equally when their respective business activities coincide.

Depending on the degree to which the new transmission accounts are used by the public, the increased liquid asset requirement will mean that the cost of deposits to these institutions will rise without necessarily an equivalent rise in incomes.

For the banks which are part of large groups this is not too serious because of the wide spread of their business activities. But for the building societies, particularly, the less cost efficient ones, it might mean that a higher mortgage rate becomes vital if present operating margins (the difference between the cost of deposits and income from home loans) have to be preserved.

It could also mean that it should no longer be necessary for building societies to apply minimum deposit requirements to savings, because all the volatile funds will be in transmission accounts and a higher liquid asset requirement should make them superfluous.

Having accepted the principle of equal treatment for banks and building societies, the next logical step is for Pretoria to dismantle deposit rate control, which is there to protect the building societies from competition for deposits from the banks so that they do not have, in consequence, to raise the mortgage rate.

Under present economic circumstances, by denying depositors a commercial return on their savings, and so keeping down the mortgage rate artificially, the authorities are forcing savers to subsidise a plush level of white housing.

The immediate result of discarding these controls would probably be a rise in the mortgage rate which will remain high during the lean years but will fall dramatically during those of plenty. This is what happens in other sophisticated western economies.

But it will also mean the apportionment more appropriately of scarce capital resources by the market mechanism. And it should mean that in future the financial system is more attuned to respond to changes in monetary policy without Church Square having to resort to draconian direct controls.

Of course, it is possible that the proposed system of differing mortgage rates for different-sized loans will mean a higher income for building societies which might offset the increased costs of higher liquid asset requirements.

That would be a better system than we have now, one that would subsidise white housing much less. But in it will remain elements of all the objections to the present system I have outlined.

Another difficulty is that the building societies are about to start financing black housing, which deserves a large measure of subsidy.

However, rather than continue to misallocate resources and subsidise whites, whose housing is unsuited by any standards, perhaps it would be more appropriate to seek some other institution to answer black housing needs.

There is, of course, the Department of Community Development, which could be given more by Parliament to spend in this regard. But it is not popular among blacks.

Perhaps, instead, it might be worth considering turning the African Bank into a state-subsidised home mortgage bank for blacks. This has two advantages. First, the bank would be able to find borrowers, which is a constraint at present. Second, the housing subsidy would no longer be disguised as it is now.

Personally, I would not be surprised if the De Kock Commission has already drawn up plans along these lines. After all, the logic is not difficult. But selling it all to government may be another matter.
Story that threw the savings market

By NIGEL BRUCE

THE BUILDING societies and general banks were besieged with telephone calls last week that plans are afoot to outlaw savings accounts offering unlimited withdrawals and five free cheques.

The object of the Department of Finance in drafting this legislation was that an increased velocity of withdrawals on some savings accounts was turning them effectively into current accounts without any of the financial safeguards applicable to the latter.

This is plain fact which has subsequently been reconfirmed by Registrar Louw.

If there is any confusion over this then it has arisen because two different types of financial institutions both offer 8 per cent savings accounts and both call them special savings accounts, although some offer unlimited withdrawals and no minimum deposit and others do not.

Those that do not offer these unlimited withdrawals are only partly affected by the proposed legislative changes.

To be quite specific, the general banks that offer an 8 per cent savings account with unlimited withdrawals and five free cheques are the ones whose accounts the legislation aims to outlaw.

The building societies also offer savings accounts which they call special savings accounts and which offer an 8 per cent per annum return, but do not offer unlimited withdrawals and which require a certain minimum deposit.

In the view of the Registrar these latter type of savings accounts are more accurately termed special savings accounts and not those offered by the general banks.

The Association of Building Societies feels that in referring to special savings accounts with unlimited withdrawals we should have made clear that they do not offer this type of facility in terms of an agreement between all its members.

There are general bankers, however, who say that some building societies have not adhered strictly to this agreement; that they do allow more than one withdrawal per month, and do issue cheques against the accounts.

Subsequently the Association of Building Societies confirmed that some of its members do in fact draw cheques for third parties against these special savings accounts, and to that
big ticket easing

UK govt will aid

SUNDAY TIMES, BUSINESS TIMES, APRIL 08 1978
Man fined for corruption

A Johannesburg man who received R20 000 in commission from about R2 million invested on behalf of the National Mutual Aid Association of Railways, Airways and Harbours Servants (SA) was convicted on 24 counts of corruption in the Johannesburg Regional Court yesterday.

Gertrude Viljoen (49) of Seventh Street, Linden, who worked for a civil service benevolent society, was fined R12 000 (or 60 days), with a further 200 days suspended on condition that he repays R8 000 to the society.
Police swoop nets R500 000 diamond deals

Mercury Correspondent

Johannesburg — Six businessmen — including two diamond exporters and a diamond cutter — have been arrested by police in connection with alleged illegal diamond deals involving over R500 000 rands.

The first major arrest, which the Press was asked not to publish because investigations were still in progress, was made in Johannesburg on April 21 and involved R60 000 in uncut diamonds.

A pensioned American army colonel, Ben Armstrong (55) from Pretoria, and a Durban diamond cutter, Mr. David Scholdhamer were arrested and charged in court the same day after an alleged payment of R20 000 in a Johannesburg deal.

Yalvin Road, Bloemfontein, and Jose Luis Martins (35) of Glengower, Johannesburg.

On the same day a Randburg factory owner, Mr. Paolo Zappa (51) was arrested in Johannesburg in connection with the alleged buying of R56 000 in uncut diamonds for R30 000.

Police also arrested a Rhodesian farmer, Mr. Johannes P. Maitjies in Pretoria in connection with the alleged buying of R43 000 in uncut diamonds for R20 000.

Colonel C. W. Krookamp, deputy head of the South African Gold and Diamond Squad, said that six days later — on April 27 — police cracked what is alleged to be the largest illegal diamond deal in months.

Two diamond exporters were arrested in Cape Town in connection with the alleged buying of diamonds valued at R400 000 for R305 600.

They are Mr. David Johannes Botha (43) of
Big gets bigger

United Building Society seems firmly to have entrenched its position as by far the biggest helping hand in the land. According to MD Hans Hefer, it has increased its share of the building society market over the past financial year from 28.7% to 31.8%.

For the first time, total deposits exceeded the billion rand benchmark. At R1 045m, they were 12.2% up on the previous year’s R931m. Also past the billion mark is total share capital, at R1 086m (R995m). And a record R92m (R83.6m) was paid out in dividends.

So massive has UBS become that it lent nearly R1,4m in home loans every working day of the year. It attracted 115 000 new investment accounts, taking its total to 1.8m.

In anticipation of further expansion, Hefer this week re-organised his top management team. Two new GMs, three deputy GMs and five assistant GMs were appointed.

“We are dealing not only with more money but more people,” states a proud Hefer. “We aim to achieve R3 000m in total assets by March 1981.” This will be no mean task, for its total assets now stand at R2.245m (R2.032m). They increased by R1 000m over the past five years and Hefer is looking to the next four for another R1 000m increase.

As if to celebrate its record performance, UBS today moves its headquarters to its own United Towers, the former Sandglen building, in Johannesburg’s Main Street.
When too much cash is just heavy, man

BY SHEILA WING

BRING back the popular paper money is the plea of a public which feels the replacement R1 coin should be abandoned as a bad investment.

In a snap survey in Hillbrow, Johannesburg, yesterday, people gave the thumbs up sign to the Minister of Finance, Senator Owen Horwood, for seeing to it that the R1 coin is thinned in its life.

Senator Horwood gave the undertaking in Parliament this week in reaction to a request by Mr Pen Kotze (NP, Parow).

Mr Kotze said the R1 coin was unpopular and made small change of the country's national currency unit.

Yet the circulation of the cumbersome new coins is creeping up daily. The Reserve Bank has exhausted its stock of R1 notes and those in use are gradually being phased out.

The return of the R1 note would receive a heartfelt welcome from many members of the public who would like nothing better than to see R1 coins shelved, dumped or left to rot —笔者: 删除无关内容

"The note is so much better — you can see what it is at a glance," said Mrs Elizabeth Green, of Hillbrow.

"The coin is so confusing. If you have one, you keep your eye on it so you don't get short-changed," she added.

"Stronger paper money would be a good idea," said Mr Hashard Banda, who lives and works in Johannesburg.

"Black people don't like the R1 coins. They are too heavy and you can't distinguish them easily from 50c pieces!"

A Hillbrow recordurer owner, Mr Leonard Berold, "enjoys" giving the coins away.

"We hate them — they're a nuisance to count. And they're too heavy. We need assistance to carry them to the bank."

Mr Dave Schlesinger, a recordurer, regards the coins as nothing but a "nuisance."

"They should all be dumped. There was nothing wrong with the notes and I'd like to have them back again," he said.

A Hillbrow housewife Mrs M Diamond, agreed. "R1 coins should move to rot. They're confusing and too heavy to carry."

Mr Bernard Kaplan, a security assistant, said customers were conditioned to using notes and it would take time before they got used to the coin. "Only one man worries much bother. About the coin looks different, doesn't make any difference to me — it's all money," he said.
AMAPROP

Time to exit FM 12/5/78

Activities: Property finance company controlled by Anglo American.

Chairman: G H Waddell; managing director: C D M Melville.

Capital structure: 20.8m ordinaries of 50c; 10.7m deferred ordinaries of 50c; 31.4m 7% cum convertible red prefs of 50c. Market capitalisation: R3.5m (ordinary shares only).


Share market: Price: 17c (1977-78; high, 37c; low, 16c; trading volume last quarter, 156 000 shares).

After the latest 18-month period, the accumulated loss has risen to R3.7m and arrear preference dividends to R3m. Underlining the group's difficulties, the directors see no possibility of profits reaching a level at which redemption of the prefs can start on due date in 1980 and be completed by 1990. It is now proposed that pref redemption be deferred for completion by 2020. Shareholders who are expected to vote on the proposal on May 25 are faced with Hobson's choice.

The operating loss has risen to R655 000 (1977: R206 000) and reversal does not seem possible in the foreseeable future. Industrial site sales at Prospecton to offset negative cash flow elsewhere are non-existent. Now deconsolidated, Marma da Gama continues to sell stands at a book loss to generate cash flow and the unconsolidated Carlton Cent remains a non-revenue producing asset. All Carlton Centre's cash flow is being earmarked for repayment of its loans and debenture redemptions.

Net worth attributable to ordinary and deferred shareholders continues to deteriorate. After subtracting arrear pref dividends, nominal net worth is R17.1m, equivalent to 5.64c per share. But this takes the Marma da Gama investment at book value. Auditors Cappers & Lybrand have again qualified the accounts, largely on fears over Marma da Gama's worth. If the rest of the group had been on a profitable footing, a sensible move would have been to write down the asset. Under present circumstances this is not possible and the auditors' qualification looks like remaining a semi-permanent aspect.

In addition, pref dividends are accumulating at an annual rate of R1.1m. If there are no payments before February 29 1980, when there should have been a start on pref redemptions, R7.2m will be outstanding. And there seems little point for Anglo, which holds the prefs, to exercise its conversion rights even though it might advance the date when any benefit flows to the ordinary shareholders. It will be better served by eventual redemption and payment of arrear dividends.

As far as the ordinary shareholders are concerned, their investment is worthless. As the shares are being traded at 17c in the market, this is as good a time as any to make an exit.
EXCHANGE RATE

Jitters in the market

Seldom has a commission of inquiry excited so much nervousness in the financial community. Though the De Kock inquiry into monetary policy only started hearing oral evidence this week, fears that its recommendations will mean an effective rand devaluation set off loud alarm bells last Thursday and Friday.

"We have had a surge of forward cover applications," says a Barclays spokesman, noting that business in the first 10 days of May exceeded that for the whole of April.

A Standard Bank man confirms "there was a tremendous amount of forward covering last week." At least one of Standard's branches, he learnt, was phoning customers advising them immediately to make sure their exchange risks were covered.

A leading merchant banker says: "Visually all our customers were calling for advice on forward cover."

Who and what started the scare? Some say it was only the small banks looking for business.

There was also the latest international Monetary Fund report on SA, which was leaked in Washington. It argues that a floating rand, managed by the authorities, "would reduce problems related to speculative or politically motivated capital outflows, thereby increasing the authorities' freedom to follow their monetary objectives and also to 'depoliticise' the issue of exchange rate changes."

As asked by the FM to comment on this free advice, the Minister of Finance, Owen Horwood, said:

"The managed float for the rand is one of several exchange rate policy options currently being investigated at my request by the De Kock Commission. This is being done as part and parcel of the commission's inquiry into the monetary system and monetary policy in SA."

"The commission is making good progress and hopes to submit an interim report on the exchange rate question during the second half of this year. In the meantime, no change is contemplated in our present exchange rate policy of pegging the rand to the US dollar."

That means no change at least before July 1, and probably not for several months after that.

In the meantime, other developments have raised question-marks over the rand. The gap between interest rates here and abroad has almost disappeared (page 525) and the dollar, to which the rand is pegged, has firms, while sterling has weakened.

One banker reports many corporate treasurers had until recently become too casual about covering forward. The recent pick-up in forward cover business can thus partially be ascribed to growing awareness of the risks of uncovered remittances, rather than to a full-blooded devaluation scare.

Barclays, for instance, estimates that its current purchases of forward dollars (running at up to R20m a day) comes nowhere near the panic of late 1975, when daily trading was running at R60m-R70m.

Forex experts agree it's better to be safe than sorry, especially when the cost of forward cover (at 1% a year) is so cheap. Standardbank has been advocating forward cover for import transactions since December. Adds a Standard Bank spokesman: "We don't believe a devaluation is imminent, but people with a dollar exposure should take out cover or make payment."

Share market: Price: 37c (1977-78: high, 56c; low, 33c; trading volume last quarter, 521,000 shares). Yields: 9.3% on earnings; 8.1% on dividend. Cover: 1.2. PE ratio: 10.6.

Return on cap % ..... 10.7 10.7 9.1 6.5
Return on cap (%) ..... 10.2 10.7 11.0 11.3
Pre-tax profit (Rm) ..... 7.2 7.2 7.4 3.8
Earnings (c) ..... 6.8 6.8 6.8 3.8
Dividends (c) ..... 5.7 5.7 6.0 6.0 3.0
Net asset value (c) ..... 107 107 108 109

Although net income from properties before charging interest was virtually maintained, profits at the pre-tax level were only half the previous year! A combination of factors explain this discrepancy. Operating losses from hotels, a negligible property dealing profit after R1.5m last year, lower interest receipts as the cash balances ran down, higher interest payments as previously capitalised interest was brought onto the income statement, and finally a big bad debt provision of R48.5m, make the difference.

After several years of maintaining the illusion of earnings growth by increasing the contribution from property dealing, the reported profits are now much closer to a normal repeatable level. But the development programme is still R3.4m away from completion. The major item here is the Saloon Grove project in Durban, which should be finished before the end of this financial year. Interest of R1.2m was capitalised in the last year compared to R3.3m of pre-tax profit. That leaves a substantial shortfall to be replaced by net property income if earnings are to be maintained this year.

Chairman Dick Goss believes there is a reasonable prospect that this year will indeed be similar to the previous year. If the directors are right, there are no signs that the demand for improved quality of living has declined.

This year, Retco has abandoned its accounting Longhill and Tresco. Although higher than expected, these earnings would have been fractionally higher had they been equity accounted, there is trouble looming on this front. Longhill lost R350,000. Although the board considers that there has been no permanent impairment of the long-term value of this investment, the situation is being "closely watched." Trescom, on the other hand, now has a doubled earnings to R609,000.

As the maximum available cash flow is paid out in dividend, there has been no growth in book asset value for the past five years. However, income has suffered as new developments introduced a reverse gearing factor into the portfolio. Repeatability earnings derive from lettings. There appears to be little prospect of meaningful improvements and we will do well to recover cost inflation. But higher dealing profits could allow for a bigger payout this year. This prospect has evoked a certain interest in the share and could provide a convenient exit.

Richard Smart

**DATES TO REMEMBER**

**Last day to register for dividends:**
Friday June 2: Acrel 3.5c; Afox 7.5c; Argus 75c; Bispat 2c; Chapman 9c; Demarcut 3.5c; Ideal 90c; I Orr 8Hd 6.5c; Metacash 3.5c; Otis 1.5c; Toyota 2.25c; Saut Steklo 1.75c; Std & Rand 5c.
**Wednesday 30 May 35c: De Beers Cons (Ordinary); De Beers Ltd (Kumil day).**
**Tuesday 8 June 31: IR Cons (London).**

**1980:**

- Jan 1: Sen Pred SWA (Windies).
- SWA Fiji (Windmills).
- Windy (Windies).
- Feb 1: 2c Meticulous Pacific (Germinal); Pick 'n Pay (Orlando).

All auctions in Johannesburg unless otherwise indicated.

The result of this contact workers g down rich man indivi-
dual is well aware of to see that a man the rent for that bed around to suit them- selfs. Hence the type of accommodation subject to what is available.

The second failing in this report is that SAR & H compounds were not thoroughly investigated, so that only the figures and the broad picture are reported here. The reason for this is that official permission to see these quarters would have taken a considerable time to come through from Johannesburg, and would have delayed this working paper unduly.
Fraud threatened banking system

27/5/78

LONDON—Five men were convicted in London's Old Bailey yesterday of an international fraud "so vast it could have undermined the world's banking system."

The five, belonging to a London-based gang which forged bank drafts and used them with forged passports and identity documents to swindle banks, companies and individuals out of millions of rands.

More than 40 banks were said to have been defrauded before Scotland Yard's Serious Crime Squad, after monitoring the gang's movements across three continents, swooped on several houses in London in August 1978.

They found a forger's den of printing presses, cases of type, official seals, and even a machine for embossing gold leaf on fake passports.

Police said the amount reaped by the gang was about R5 400 000, only a fraction of which has been recovered.

One of the men, Francisco Flocco, an Argentine, was described in court as the world's finest forger. An international network supplied him with exactly the same paper as used in genuine bank drafts.

The five: Jorge Grunfeld, 55; Henry Oberlander, 51; Francisco Flocco, 48; Eddie Fleishman, 38; and André Biró, 52, will be sentenced on Wednesday. — Sapa-Reuters.
Chops or coats?

Karakul farmers are wondering these days whether to let their lambs grow up to be slaughtered for meat rather than kill them young (within 72 hours of birth) for furs.

In the season which has just closed, about 2,500 of them in SA, and 3,500 in SWA — have sent 4,205,220 pelts to the London sales. Average prices at each of the five auctions have ranged between a mere R13.88 and, at the May sale, R11.19 per pelt. This compares badly with the previous season, when at one auction the bottom price was R19.81.

Germany is still the main buyer, taking 55% of SA production, but that is down from the 70% it took of last season's larger crop.

Southern Africa is second to Russia as the world's largest producer.

INSIDE THE DORMITORY-SHED
New date set for
R93 000 fraud trial

Court Reporter

THE trial of Mr. Mahomed Faisal, who appeared at the
Durban Criminal Sessions yesterday on 63 counts of
fraud involving about
R93 000, has been ad-
journered to August 1.
The application for ad-
journerment was made by
defence counsel before Mr.
Faisal was asked to plead.
Most of the counts relate
to cheques which were
allegedly passed by Mr.
Faisal and stopped or dis-
honoured on presentation.
According to the indict-
ment the accused obtained
motor vehicles, air tickets,
Furniture, television sets,
films and other goods by is-
suing cheques drawn on ac-
counts in his name or
businesses of which he pur-
ported to be proprietor or
partner.
The cheques were made
out to dealers throughout the
country between 1974 and
1978.
Other counts involve
alleged misrepresentations
made to banking institutions
who opened accounts for
Mr. Faisal.
R421 000 said to be involved in fraud

Court Reporter

A FORMER Kloof town councillor and a company director pleaded not guilty at the Durban Criminal Sessions yesterday to six counts of fraud involving about R421 000.

Mr. Thorwald Douglas

THOMSON (60) former councillor and Mr. Eshack Carodia (52), both former directors of the liquidated Selmo Furniture and Electrical (Pty) Ltd., appeared before Mr. Justice Kumleben and an assessor.

According to the indictment, Selmo agreed to sell and cede to International Leasing, Credcor and Marshall Industrials the company's interest in hire purchase agreements.

The State alleges that between November 1973 and March 1975 the accused misrepresented to the three companies that hire purchase agreements offered for sale were genuine.

At the time, it was stated, the directors knew the purchasers mentioned in the agreements were fictitious, or had not entered into the agreements.

By the misrepresentations, they fraudulently induced the companies to pay Selmo R236 083, the State alleges.

The indictment also states that in June and September of 1974, Mr. Thomson, acting on behalf of Selmo, supplied International Leasing, Credcor and Balfour Williamson with misleading balance sheets and induced them to increase, or extend facilities.

The balance sheets did not provide a true and fair view of the company's affairs and understated liabilities, it is alleged.

The hearing continues today.

Mr. Roland Suhr appeared for the State and Mr. Steve Jansen and Mr. Lebowitz for the defence.
Dodo family offers 145c for Edworks

By HAMISH FRASER
Deputy Financial Editor

THE DODO family has pitched its offer to the Edworks minority at 145c a share. Minority shareholders will also qualify for the 4c final dividend for the year to June 30.

The terms of the offer are a shade more generous than most market observers had predicted, and Hill Samuel, which is acting for the minority, is to be congratulated on persuading the controlling shareholders to up the ante to an acceptable price.

The Edworks controlling shareholders have followed a parsimonious dividend policy over many years and it was widely predicted that a rock-bottom offer to the minority would be made.

In the event, the exit price is 75% above the pre-suspension price of 86c — which was itself about double of last year’s low — and it is a racing certainty that the Dodo family will get the response it needs to give it full control of Edworks.

The Edworks directors have forecast that the company will earn no more than 25c a share in the year to June 30 which means that the exit multiple is 5.7 if the 4c final dividend is excluded.

The average price earnings multiple for the clothing and footwear sector is 4.4 which underscores that the offer is good.

The 6c total dividend this year means that the exit dividend yield is 4.1% which is less than half the sectoral average of 8.1%

In terms of the Dodo proposal, holders of R2 preference shares will receive 132c for each 8% preference share and 134c for each 7% preference share. The offer to preference shareholders is based on ruling preference share yields to which a token sweetener has been added.

The exit yield for preference shareholders is 8.8% which is not nearly as generous as the offer to ordinary shareholders, and it would not surprise me if there is some squealing from preference shareholders.

Many holders of redeemable preference shares hold the view that any offer at anything less than par value is unacceptable and while Barclays Merchant Bank will easily be able to argue that there is precedent aplenty for offers related to ruling interest rates, the fact that the offer to preference shareholders has been comparatively finely pitched will be more difficult to argue.

Barclays path will be eased by the fact that there are only 350,000 6% preference shares and 60,000 7% preference shares.
Sentence on PE lawyer today for R58 000 theft

PORT ELIZABETH — A former Port Elizabeth attorney, Mr Alan Wilson, 38, will be sentenced in the Supreme Court here today on 17 counts of theft involving R58 484.

Mr Wilson, who pleaded guilty to all the counts, told the court yesterday he paid into his own account a cheque for R10 996, made out by an insurance company to a client and family friend, Mrs Leah Davis.

He did this in July, 1974, to repay a loan from a Mr Pudney. He told the court in mitigation of sentence that this first theft had snowballed into a chain of thefts from trust funds of his legal partnership between 1974 and 1977.

The money he misappropriated from 16 trust funds amounted to R47 868.

He was married with three minor children. Since the thefts came to light, he had been struck from the roll of attorneys and had had to move into a small flat and sell his furniture and house.

He had intended to repay the money he took from trust funds. "I thought of all sorts of schemes."

One of the schemes was to buy a farm in the Alexandria district, which promised a profit of about R26 000. from a chicory crop. He paid R3 000 deposit for the farm with money drawn from a client's account, but the sale was cancelled when he was unable to raise the rest of the money.

The prosecutor, Miss J. P. Oosthuizen, said Mr Wilson had committed the thefts to live beyond his means and seemed indifferent to his profession and his duty. She asked for a prison sentence to be imposed. — DDC.
list the more dramatic.

It was only last June that Volkskas took effective management control over the former Bankovs Merchant Bank. Since then, under MD Laurie Korsten, it has been managed as an autonomous merchant bank, independent from parent Volkskas.

For the six months to March 1977, taxed profit after transfer to hidden and contingency reserves was R77 000. In the year to this March, it climbed to R450 000, representing a 20% return on average shareholders' funds. The average return for SA merchant banks is 9.3%.

Total asset increase was steeper still, from R9,6m to R46,1m. The bank was highly liquid and, due to the credit ceiling, able to increase its total loans and advances only from R7,3m to R4,4m.

There can be no doubt that Volkskas intends nurturing its infant. Over the year, authorised share capital was increased from R3,5m to R5m and issued from R1m to R4m. Now the authorised will be further increased to R10m.

There will be no problem in issuing further shares as there is an understanding that Volkskas will take them up. In any case, they are under the control of the directors, who simply will issue more as VMB continues to grow. So confident are they of further expansion that Korsten reckons the bulk of the R10m shares should be taken up within the next 18 months.

VMB still is one of the country's smaller merchant banks. It looks unlikely to remain so.
Employee wasted 58 years' service

A POST OFFICE employee "threw his 20 years of service away" when he stole R1888 from money he received for parcels from the public, a Durban Magistrate said yesterday.

Appearing before Mr. J. A. Oberholzer was Jacobus Folscher (40), who pleaded guilty to 24 counts of theft, involving R1888 from the Post Office between September 29 last year and February 6 this year.

The Court was told that Folscher, who worked at a parcel counter, had received the money as payment for parcels collected at the counter by members of the public.

He had pocketed the money.

Folscher said he had taken the money because he was in financial difficulties.

The Court was told the money had since been repaid.

Folscher said he had 20 years' service with the Post Office.

Passing sentence, Mr. Oberholzer said he took into account that Folscher had pleaded guilty and had no previous convictions, but said he had "thrown away" his 20 years of service.

Mr. Oberholzer took all the counts as one for purpose of sentence and sentenced Folscher to 12 months' imprisonment, suspended for four years.

Mr. C. Wightman appeared for the State.
Santambank to be launched

EAST LONDON — The banking assets of the Santam group and Credit Bank are to be combined from July 1 under the name Santambank.

This was announced yesterday by the managing director of Kredietbank, Mr R. P. Perold.

With assets totalling approximately R800 million, Santambank will rank among the larger South African banking institutions.

Its establishment is an important sequence in a programme to consolidate and rationalise the banking interests of the Santam group under the control of Bankorp. The first moves in this direction were made two years ago with the creation of Credit Bank, formerly Sasbank and Federal Bank.

This was taken a step further recently with the amalgamation of the Bank of Johannesburg and Credit Bank.

"Because of the problems Credit Bank experienced with the application of its name and because of the fact that Santam has become a household name in South Africa, it was decided that business will be continued under the name Santambank. This amalgamation means our banking operations have been united under a single Santambacked organisation", Mr Perold said.

In a statement, the bank said it would continue its corporate transactions, but the main aim of the bank would be to serve the private individual, the professional man and the small to middle size business on a personal basis.

"Because of the amalgamation, Santambank will obviously have more than one branch office in more or less the same locality. This situation will be remedied as soon as possible by switching these offices to new premises, thus creating a better geographical distribution. But no branch of the bank will be closed because of this", Mr Perold said.

The present board of Credit Bank is Dr F. J. du Plessis, chairman; W. S. Pretorius, deputy chairman; R. P. Perold, managing; Mr Dawie de Villiers, MP; Dr E. F. Drummond, Prof H. H. Thom, and Dr A. A. von Malitz.

The board of the new Santambank is to be announced shortly.

Dr Du Plessis became managing director of Santam last month and he is a member of the Prime Minister's Economic Advisory Council.

Santambank's top management includes one man with Border ties.

He is Mr M. H. Vosloo, who was born in Aliwal North. He joined the Bank of Johannesburg in 1970 and became general manager in 1978.
A DISMAYED Mr. Tristan Rasmussen, assistant manager of Checkers in Durban North peers through the hole which thieves cut to reach more than R10 000.

 Safecracking gang escapes with R40 000

Crime Reporter
A GANG of safecrackers escaped with more than R10 000 in cash after cutting their way into the safes at branches of Checkers in Durban and Yalumuthi at the weekend.

In Amagundla the thieves got away with R20 000 after breaking into the supermarket and cutting their way into a safe.

At the Checkers branch in Durban North the thieves used the same method of cutting through the safe and took more than R10 000.

In both instances cutting torches were used and police believe the two burglaries could be linked.

It is not known whether there is any link between the Durban burglaries and other similar break-ins in Natal, the Transvaal and Free State in which more than R100 000 was stolen in recent months.
The merger between Santam Bank and Credit Bank, announced on Monday, puts the final touches to the Bankorp group's programme of rationalisation. Earlier moves were Mercabank's incorporation (with assets of some R130m) into Santam Bank (assets of R190m), and Bank of Johannesburg's (R190m) merger with Credit Bank (R250m).

The streamlined Bankorp stable will now have one merchant bank (Senbank) and two general banks — Trust and the new Santambank. Trust will concentrate on commercial banking and on the medium to large-corporate sector, while Santambank will focus on savings, short- and long-term deposits, money market, HP, leasing, import and export finance. Santambank MD, Roeland Perold, confirms that the bank, amongst other things, will be actively pursuing the lucrative leasing and HP markets.

At the same time, says Perold, the bank will be concentrating on the retail market ("man-in-the-street"), particularly those areas in which it has strong traditional links, such as the agricultural sector in the Western Cape.

And, says Perold, he's following developments closely on the proposed new transmission accounts — a field in which the new bank could prove a tough competitor.
Santambank begin sterk

Rapport 1/6/78

Deur WILLEM LAUBSCHER

Met die toestandskomst van die nuwe en vergrote Santambank op 1 Julie bring dit Bankorp, beheermaatskappy van Santambank, Senbank en Trust-Bank, in die posisie om binne die volgende paar jaar 'n wins van die omgewing van R16 miljoen per jaar te kan maak. Dan sal hy ten opsigte van wins in die voorste ry van SA banke staan.

Die nuwe Santambank bestaan nou uit die samevoeging van vier banke, nl. Senbank, Federale Bank, die Bank van Johannesburg en Santambank, wie se naam vir die nuwe bank oorgeneem is.

Santambank soos hy nou daarin zien, het bates van sowat R800 miljoen. En die vergrote bank se winsposisie lyk indrukwekkend voorlopend.

In die 1977-boekjaar het Kredietbank (toe nog net Sambah en Federale Bank) 'n netto wins van R2,5 miljoen na belasting geoopen. Die Bank van Johannesburg het R1,3 miljoen verklaar.

Vir sover vasgestel kon word, het al twee banke in die huidige boekjaar wat op 30 Junie sluit, 'n goeie jaar gehad. En as 'n mens na die twee se winsfiskies kyk, kan 'n mens met redelikheid gaan sê dat die winsgewendheid van al twee met nie minder as 10 persent sal stig nie.

En as die annamese korrek is, bring dit jou by 'n wins van sowat R4,2 miljoen uit. En met Santambank by, verbeter die posisie nog verder. Hoewel die ou Santambank se wins tot nou toe altyd saam met die van verskeiebank, aangegee is, kan 'n mens uit die ordre van die bankbates, en gemeen aan die pens wat vir die ou Santambank deurwoordeal, betaal in die beloop van R11,06 miljoen, betaalbaar met 3,5 miljoen Bankorp-aandeel aan Assura, die nuwe beheermaatskappy van Santamvierskappy, 'n winsseker van nagenoeg R1,5 miljoen vir die ou Santambank stel. Santam-Vierskappy sal voortaan heet en onafhanklik onafhanklik sake doen.

Bymekaartjies bring dit derhalwe die winstonheid van die nuwe Santambank en die omgewing van R8 miljoen.

As 'n mens nou hierby voeg die ander twee bana bene van Bankorp verder die potanseende prettige dra maties. Senbank se wins vir die 1977-boekjaar was R2,95 miljoen. En as 'n mens 'n konservatiewe stiging van 10 persent in die wins as uitgangspunt vas, kan Senbank se wins vir die opeendek boekjaar in die omgewing van R3,2 miljoen wees.

Bestuur

'n Ekstra wat natuurlik in die skoot val, is die feit dat die nuwe Santambank se bates hom in die klus van die groter banke plaas, wat behalwe al die ander voor dele noodwendig beteken dat sy koste van geld ver laag. As 'n mens hier net 'n daling van 'n kwart persent, vir berekeningsdoeleindes gebruik (en dit laag geweet) beteken dit ten opsigte van sy huidige depotis van sowat R500 miljoen 'n winstversterking van 'n verdere R1 miljoen.


Tru-Bank, soos die ander kant, het in sy wins hoogtepunt (1976) 'n wins
Each room is rectangular, often dirty, and the two-tier, and are built themselves are 6'6". Boats are provided on the board without a

The floors are made of not attempted to cover leaked in some places.

Each room has two windows, gives no real indication of electric light per room.

In the centre of each or broken. The heat by those in the emple covering means that the goes out.

There are no lockers at at the far side of the hang everywhere. Therefore very difficult dejection and it seems passes sleep out in the and wettest winter night are unable to escape the every night.

**THE NORTH BARRACKS**

**ANANIM** [53]

More of Purtra [FM] 12/5/78

Activities: Investment company with substantial shareholdings in De Beers and the diamond trading companies. Anglo holds 32.2% of the equity.

Chairman: H J Oppenheimer.

Capital structure: 10m ordinary shares of 50c; 2.5m 6% cum prefs of R2. Market capitalisation: R598m.

Financials: Year to March 31 1978.

**DATES TO REMEMBER**

*Last day to register for dividends:
  Friday May 19: Amrel 8.5c; Blajohn 1.25c; Granduc 7c; Oil 3c; Plevans 2c; SA Drog 5.5c; Wm Hunt 5c; W F Johnstone 3c.*

*Meetings:
  Monday May 15: Anchusa (Cape Town).
  Tuesday May 16: Natven: Protea Ass (Cape Town).
  Wednesday May 17: Amic: Dely (Natal).
  Thursday May 18: Fugit.
  Friday May 19: Elmar.*

*All meetings in Johannesburg unless otherwise indicated.*

*Share market:
  Price: 5 975c (1977 78: high, 6 250c; low, 3 660c; trading volume last quarter, 43 000 shares). Yields: 10.8% on earnings; 10.0% on dividend. Cover: 1.1. PE ratio: 9.3.*

*On the back of its 26% interest in De Beers and interests in the diamond trading companies, Anamit soared to new heights in 1977. Pre-tax profits rose 49% to R64.8m and the dividend was raised in line to 60c. The 50% increase in the De Beers dividend from 35c to 52.5c raised income from this source from R33.2m to R49.8m. The unlisted portfolio, comprising largely diamond trading companies, contributed R14.9m, a 37% improvement on the previous year's R10.9m. De Beers therefore contributed 77% (75%) of total dividend income. The Amic dividend plus net interest received totalled R800 000.*

*75 76 77 78
  Investment income (Rm) 29.7 40.1 44.4 65.0
  Income ex De Beers (% of total) 79.2 84.3 74.7 75.6
  Pre-tax profit (Rm) 79.7 40.3 44.7 64.7
  Value of purana (Rm) 292 299.9 446.8 612.5
  Earnings (ct) 304 197 438 643
  Dividends (ct) 293 305 410 600
  Net book value (ct) 2 768 3 586 4 478 6 126

*15 months annualised.

Backed by Anamit at current prices, there is R53.79 of De Beers. This means the other investments are at the knock-down price of 596c. The directors value the unlisted portfolio at 923c per Anamit share and that's a very conservative dividend yield of 16.1%. The discount to assets is 2.5%.

While De Beers shed 3% of the Diamond Purchasing and Trading Company to bring its holding down to 50% and avoid consolidating, Anamit has acquired most of these shares in Purtra, increasing its holding from 16.8% to 18.9%.

Because of its high unit price, among other things, Anamit is less marketable than De Beers though it is favoured by many large investors. It remains an excellent entree to De Beers with the added spice of greater exposure to the diamond trading companies.

David Cooke

Barracks and were racks. The atmosphere a feeling of bitterness. Men without even on the coldest inside in case they official took place.

Each room houses the whole barracks 41" and two 1'x 4'.
Banking baloney

Minister Heunis has warned against bank diversification. If he wants to promote industrial development, shouldn't he encourage it?

Is competition good or bad? Minister of Economic Affairs Chris Heunis seemed in two minds, in a provocative speech to the Institute of Bankers in Cape Town.

Appropriately, he was mainly concerned with diversification by banks into "enterprises which lie outside the traditional" (significantly, this last word was inserted by hand on the Minister's typescript) "field of banking and finance, such as travel and estate agencies, fixed property and even considerable participation in industrial enterprise ..."

"The tendency towards diversification is by no means confined to the banking institutions, and is, no doubt, precipitated and facilitated by the narrow base and conditions of imperfect competition which is characteristic of our present business environment ..."

"It would, however, be a fallacy for the government to turn a blind eye towards the possibility that instances may arise where the aggressive diversification tendencies displayed by financial institutions ..."

Free enterprise

This may be harmful to the promotion of free enterprise, which would not be in the best interests of the country, and "it may be desirable that there should be control over the diversification tendencies displayed by financial institutions ..."

Heunis went on to call for all institutions to determine an order of priority in the granting of credit and use of funds: without disregarding the free market mechanism, priority should be given to channelling funds into productive uses.

"Such a concerted approach is not one of those things that can be written into any law, but has to be tackled by the individuals involved in a sense of responsibility and patriotism."

"To question an appeal like this is rather like voting against motherhood. But is the formulation of economic policy by this sort of veiled threat tolerable? And is the basic policy valid, a 'way?"

"Nobody would ques on the need to protect bank depositories from the dissipation of their funds. Liquidity ratios and a host of other measures do that. But once this priority has been satisfied, why should banks be any different from (say) Anglo American or Sanlam in the way they maximise returns on the funds at their disposal, be they shareholders' money or borrowings?"

"No existing economic enterprise has a divine right to be exempted from competition in its "normal terrain" — whatever that may mean. It is in fact a tribute to the competitiveness of banks if they can offer, say, travel agency or estate agency services to their customers (to say nothing of insurance or building society facilities), as long as this is not abused through unconditional selling. In other words, as long as banks won't threaten to withdraw your overdraft, say, unless you sell your house through them."

Perhaps the most muddled thinking in this approach is, in one breath, to criticise banks for becoming involved in industry; and in the next, to exhort them to use their funds for productive purposes. Bank managements trying to sort this one out, at the same time balancing their patriotism against the normal working of the market mechanism, could end up with severe attacks of schizophrenia.

"If banks have indeed been guilty of unsound diversification, let's hear some examples. Should Volkskas, for instance, never have got involved in Transvaal Suiker? Or taken sole control (previously exercised jointly with Sanlam) of Bonnkor?"

German precedent

If we are really trying to promote industrial investment, the West German precedent suggests that direct equity participation by banks on a much larger scale should actually be encouraged.

Again, if bank managements are regarded as incapable of assessing commercial risks for themselves, and maintaining a balanced investment portfolio (however that may be defined), there may be a case for limiting the commitment a bank can make in any one situation. But that's a matter of procedure.

"Sweeping generalisations without factual back-ups are no sound basis for an economic policy."

The government has already had to backtrack this session on its proposed so-called anti-monopoly legislation, which threatened severe interference with the workings of the market mechanism (PM March 31).

"Minister Heunis may well be committed to free enterprise, but his Cape Town speech shows a failure to realise just what the system entails. Unless he produces specific examples of unsound practices, bankers should not lose too much sleep over his strictures."
BUILDING SOCIETIES

UBS mergers

The United Building Society's gobbling up of the two smallest of SA's 13 building societies is no repetition of the mergers that created such giants as Allied-JBS, Southern Trident, Saambou Naisionaal, or even Standard Bank's move into the Prudential Equity. It is, in fact, little more than the acquisition by UBS of two branches in areas where it was formerly under-represented.

At March 31, the smaller of the two, Greytown, had assets of only R1,38m; the larger, Vryheid, R2,03m. The smallest remaining society, Eastern Province, is a giant compared with these two, with assets of R39,8m. UBS's own assets on March 31 were R2,246m.

Both Greytown and Vryheid are effectively one-branch operations, with minimal staff. Oddly, they were not particularly inefficient, in cost terms, although admittedly in 1977, Greytown's ratio of management expenses to total assets, at 2,3%, was the highest in the industry, and the only one over 2%.

But operations on this scale obviously cannot offer the range of services of a computerised giant like the UBS. UBS's task is to retain existing permanent staff, and its new local boards will include all the two societies' present directors.

Greytown has just celebrated its 125th anniversary, while Vryheid is in its 150th year. So both are well established in the areas they serve. Both will be linked to the UBS computer, and will in future offer full UBS services.

As one leading light in the building society movement put it, this seems to be one of those rare cases where a merger will be of benefit to everybody concerned.
under pressure

World economy is

SUNDAY TIMES, BUSINESS TIMES, June 18, 1978
Dinge begin roer by Bonuskor

Selig DAVID MEADES

'n NUWE Bonuskor is in wording. Met Volkskas nou stéwig hier in die saal met sy belang-van 62 persent in Bonuskor is dinge reeds aan die roer. Dit behoort ook Binns! die volgende paar dae bekend te wees wie die nuwe besturende direkter van Bonuskor gaan wees.

Volgens alle aanduidinge gaan die nuwe Bonuskor baie sterk by Volkskas ingeskakel word. Sedert die bedanking van Bonuskor se voormalige bestuursvoorzitter, dr. Jan Hurter, in 1972, seig die nuwe Bonuskor die persoonlike beheer oor Bonuskor se sake geneem.

Daar is in hierdie aandeel van 'n groot interne herorganisasië en twee senior ampte- houers met vroeë pensiônering, te Laas: Eric Fouche en Hartie Roux Preis. In finansiële kringe in Johannesburg bestaan daar welinig twyfel dat Volkskas alles in die stryd gaan werp om Bonuskor ten einde laaste weer 'n lewenskrachtige nywerheidsmaatskappy te maak.

Die verwagting is dat Bonuskor 'n baie belangrike rol gaan speel in die nuwe struktuur by Volkskas waar daar 'n nuwe beheermaatskappy gaan wees.

Dit is duidelik dat sommige van Volkskas se nywerheidsbeleggings by Bonuskor ingeskakel gaan word. Dit sal egter vir eers moet wêreld. Bonuskor se bestaande bedrywighede sal eers op 'n gesonde grondslag geplaas moet word.

Uit die hard van die saak sal 'n oordeel van Volkskas-bangela na Bonuskor met die uitreiking van nuwe aandele aan Volkskas gekoer moet gaan. Weens die huidige winsposisie van Bonuskor staan die aandele op 'n tanslike lae prysevlak en daar sal waarskynlik eers gewag word totdat Bonuskor weer stig op pad boontoe is.

Die aanduidinge is dat dit klem op 'n positie al hier oor sowat agtien maande bereik kan word, ooskoon die herstel in die ekonomie natuurlik die bepaalde faktor sal wees.

Volkskas dink klaarblyklik dat Bonuskor heelwat meer as 35c per aandeel werd is en dit was waarskynlik ook die rede waarom Bonuskor se direksie aanbeveel dat minderheidsaandeelhouders nie die aanbod van 35c aanvaar nie.

Hierdie aanbieding was sover dit Volkskas betref net van teoretiese belang omdat dit dieselfde prys is waar teen Bonuskor Sanlam se belang in Bonuskor gekoop het.
The most important thing about the local subsidiary of the British-owned Hill Samuel group is not its miniscule 2.7 per cent increase in net profit, but the fact that it has decided to regenerate its banking business and is taking appropriately energetic steps to do so.

In the event, there has been a considerable relocation of executive responsibility and already there has been an upsurge in money dealing and bankers' acceptance activities, an area that the group plans to pursue aggressively.

To some extent, this is hardly surprising as the authorities knocked the easy cream off the long-term insurance and pension broking market by limiting commission last year and is doing the same to the short-term field this year. In recent years, these activities have provided the local group's main earnings growth.

However, banking is the mighty London-based group's main area of expertise and it is something of a mystery why this activity in South Africa has until last year been allowed to stagnate. Possibly it was because banking profits elsewhere in the world were easy — a position that has now been radically reversed.

Apart from that, there appears to have been a malaise within the local group's banking arm during the period of office here of the past two managing directors, Fred Leishman and Tony Blair.

I do not suggest that local Hillsam banking men are not talented or energetic, but they have had to adjust to the stroke set by the chief executive. And the facts suggest that it was indeed a somnolent one.

Deposits as a percentage of total assets have declined from 66 per cent in 1974 to 56 per cent last year and loans from 48 per cent to 39 per cent, although acceptances have more than doubled over that period from 8 per cent to 23 per cent.

Profits have been somewhat erratic over that period partly because of the group's policy of valuing investments in accordance with market prices, but, apart from 1976, the trend has certainly not been upwards.

New managing director Christopher Castlemain is quoted in this month's Management as saying: "We should be making a lot more money here. In terms of wider margins as short-term interest rates have fallen.

Nor does Hillsam have the earnings advantage other comparable merchant banks have through heavy recent involvement in statement credit, although so far as future earnings go, this may be a source of strength.

The decline in imports also reduced its earnings from the arrangement of British export credits for local imports.

Provided the new management initiative maintains momentum in the face of an increasingly competitive banking market, the bank would still be one of the best going for it.

It is extremely liquid and able to take advantage of favourable lending and dealing opportunities that should accompany any increase in business activity.

Mr Castlemain believes the bank already dominates the local merchant banking market with its competitive activities and the new executive arrangement, because it will concentrate the individual requirements of each client in one bank director, could increase this business.

The bank's decision to increase its money and securities dealing should coincide with significant developments in the market in official fixed-interest securities. Moreover, the concentration of responsibility for both bank and securities management in the deputy managing director, Richard Clowes, should give these activities greater clout.

So far as insurance broking is concerned, the rationalisation forced by the Registrar's committee, restrictions on African Pension Trustees should see these earnings recover in this company, which has a reputation for considerable skill in a complex market.

Traditionally, in both merchant banking and insurance broking, the motivation of executives plays a considerable part in raising bonuses. If Mr Castlemain
past three weeks, when Bankorp had gained almost to R18,8m. Of
which is attributable to a 60% share in Stock Bank. So Bankorp's
trust interests are valued at R46,3m, an improvement of R10,7m
on the previous estimate.

If Bankorp maintains its dividend despite the consolidation of
Trust, the non-Trust interests will have to be capa-
tible of paying R3,8m, so they are
currently on a prospective yield of 8,2% —
still a low rating in the banking sector.

Bankorp is on a much lower 2,6% yield, which puts it in line with the Big
Four. Even though Trust is unlikely to
pay a dividend before its profit becomes
convertible in December 1982, it is still
contributing 20% of the value of each
Bankorp share.

The biggest profit centres in Bankorp
today are in the new Credit Bank, which incorporates the Bank of
Johannesburg, and after June 30 becomes
Santambank. While Bankorp is already
administering the Santam bank, it will only be consolidated in the
next financial year. At this point, there are
27,2m Bankorp ordinary shares and
45m Trust. Bankorp will issue another
10m ordinary shares for the Santam bank on
July 1.

The rise in the share price of Bankorp
will be gratifying for those who took up
Bankorp's 11,5% R25m convertible pre-
ferred shares at 150c in December 1982, by which time the
Bankorp share price should be well above
212c. Sanlam, as major shareholder, and underwriter, holds 14,4m and
the public the rest.

Because it is still in a position to pay
a dividend, Bankorp looks the better
bet at today's relative prices. But if the deferential rises to higher than six again for
those with foresight it could be time to
switch to Trust.

The Bankorp market capitalisation has
improved by R14,1m to R57,6m over the
Building society hint of change in bond rates

Building societies are considering changing their bond rates to encourage quicker repayment of loans and to penalise large borrowers while giving concessions to smaller ones.

Dr F J C Cronje, chairman of the SA Permanent Building Society, hinted at possible changes at the society's annual meeting last night but refused to give details as the proposals are being considered by the Government.

The Star understands however the changes are likely to involve basing the interest payable on any bond on the amount borrowed. This, in many instances, could mean a lower interest rate.

At present the valuation of the property purchased plays a part in determining the interest payable.

However, the director of the Association of Building Societies, Mr David Alston, has given the assurance that any changes "will definitely not result in an overall increase in the general rate pattern." Those taking out larger loans, however, are likely to pay a higher rate.
Webspank's R25m Vy deal

BY NIGEL BRUCE
No society loans for Blacks in homelands

Financial Editor

MR. G. B. LAW, chairman of the Natal Building Society, said in Durban last night that building societies could not assist Blacks living in Kwa Masha and Umlazi with loans to buy their own homes.

"Addressing shareholders at the society’s annual meeting, Mr. Law said it was not permissible for the societies to grant loans to Blacks living in homeland areas.

"Kwa Masha and Umlazi were part of the fragmented homeland of KwaZulu, it must be realised that in the event of KwaZulu’s becoming independent it will be a foreign State and therein lies another problem."

The NBS was concerned to find itself, unable to assist, the Blacks living in the dormitory towns of Durban.

"I can only hope that a political solution to this regrettable situation will be forthcoming."

Mr. Law said that the NBS had suffered, during the past year, from higher-than-normal losses on mortgage loans. Further losses had been experienced through fraudulent transactions and armed robberies.

However, the NBS was getting more of its share of new money, flowing into the building society movement. Profits were strong, and it had high liquid reserves of cash.

"We can look forward to the year ahead with complete confidence."

Mr. Law added that recent changes in mortgage regulations meant that money was readily available at rates well below bank lending rates for people who wanted to build homes and not palaces.

"We want families to own their homes but nobody can expect to obtain a home loan without having saved a portion of the cost."

"Save for the down-payment before starting a family. An amount of R250 saved every month from the joint income, for a period of 2½ years, will provide enough to build an attractive home."

Vocabulary:

non point solution, laissez faire, xerox, and ecologically sustainable.

andrade, "

Et qua res ad possem cum Romanae te compellere, non ambicere tuis eto.

hoc sacramentum sex et trinitatis aequi, qui sacramentum sex et trinitatis aequi.

adfectum quomodo, amicorum funem esse publicum.

super meas hadicaturas, antiqua, primae aequi, neco aequi, et superae aequi.

am conscientiam humanae faciunt nullit. Tum responsa:

You read the following sentences and answer the questions based on them.
Heavy rate for SAR mark loan

By NEIL BEREHMANN

LONDON South Africa's railways have issued a five-year 25 million mark private loan at a coupon rate of 8.12.

The Financial Times gave the yield as 8.15.

A London banker, involved with South Africa, says the rate is heavy, but 8.5 is encouraged because of the redemption period in five years.

Another mark issue - Darbourn Paper running for five years is on a coupon of 5.5, and Austria issued a 100 million mark issue of 10 year paper at par carrying a coupon of 5.75.

The spreads between South African guaranteed issues such as the Railways and mark issues of other countries, are still high.

The banker says, however, that it was difficult to place the Austrian issue at the low rate of interest and the mark market has been suffering from indecision of late.

Johannesburg - also guaranteed by the State - issued a four-year loan at 7.50.
Housing revival is seen by Saambou

A growing demand for housing would be experienced as the country's economy improved, predicted Dr J A Hurtel, chairman of Naional Building Society, during the Society's annual meeting in Pretoria this morning.

This housing revival would improve conditions in the building industry, although the new general sales tax prevented a drop in the cost of new houses, he said.

The public would still be able to obtain housing at satisfactory rates, however, because building societies were encouraging a move to less luxurious housing, and there were many subsidy schemes available in the country. Saambou's National had done very well again in the past year with assets increasing by R56,7m to R228m.

This represented a growth rate of 0.9 percent, which was higher than average in the building society industry, he said.

Dr Hurtel welcomed the higher savings limit of R25 000 as a step in the right direction to promote saving in South Africa.
Houses on the move

The house market — a year ago a buyer’s paradise — is starting to turn. There are now, say the house agents, fewer properties coming on to the market. And there are more prospective buyers. But prices aren’t moving yet. The good news is that they have definitely stopped dropping.

In Johannesburg prices of homes in the low-to medium bracket (R20 000-R40 000) have firms. And agents operating in the central northern suburbs such as Parkhurst and Parktown North are complaining that there is a shortage of stock. If that’s so, prices must get going upwards slightly. Even in the higher price bracket (R70 000-plus) buyers are appearing.

Agent John Woods tells the _FM_ that he has several clients looking for “really good” houses at around R100 000 — and there are none to be had. These would-be buyers, however, don’t want big, old, Houghton-type homes that need an army of domestics to maintain. The well-heeled buyer these days wants a modern, compact, easy-to-run and easy-to-protect home.

Woods has noticed, over the past six months, a definite change in sellers’ reasons for wanting to sell. Sellers now are selling for the “usual” reasons — they want a bigger house, or a smaller house, or they have been transferred. The sellers (so prevalent a year ago) that wanted to get out of property (to get liquid) or out of the country, are drying up. And because sellers motives for selling have changed, they are no longer prepared to “give away” their homes.

John Crocker of Currie’s agrees and tells the _FM_ that last month 11 offers on houses, submitted through Currie’s branches, were turned down. Those offers weren’t all frivolous — on average a thousand or two below the asking prices. Six months ago they would in all probability have been (gratefully) accepted by the sellers.

In Cape Town it’s the same story. Syfrets tells the _FM_ that it recently sold two showhouses both in the mid-thirties at the asking prices. The agents had allowed a margin of a couple of thousand for negotiation. In Cape Town, too, panic sellers are now more or less out of the picture. Up to R30 000, sales have always been steady. But recently sales over R30 000 are also improving and prices firming. There are still, however, plenty of high-priced homes for sale.

In Durban the market has steadily improved from the beginning of the year, says Keith Wakefield of Wakefields, although, he adds, it’s still a buyer’s market. Wakefield considers that there are more “genuine” buyers (as opposed to “lookers”) around now. Agents in Johannesburg and Cape Town confirm this. They feel that many fence-sitters have finally decided to take the plunge. This, they reckon, is partly because the economy seems to be picking up a little. It’s also because the political scene doesn’t seem to have become any worse and also because it’s well known that the building societies have cash to lend. The

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The shopping component of Ponte, Johannesburg’s 52-storey circular flat block, has been a disaster from the start. The shops just couldn’t make out, even with assisted rents. Mercabank, which took control of the development last year (_FM_ October 1 1977), has now decided to write off the 23 shops and put it in a bowling alley.

The 14-lane “bowling centre” with adjoining snack bar will cost around R300 000, and is scheduled to open September 1. It will be operated by Edencill (Pty) a company which already runs one bowling alley in Kingsley’s Centre in Pretoria, and which manages Northcliff Corner shopping centre in which Mercabank also has an interest.

Edencill doesn’t operate the busy bowling centre in Northcliff Corner.
the emporium in Battersea

Mr. Chester Cooze
Bankorp and Nedbank yield 6.9% and Stanbic 7.2%, so there's very little between them.

David Case

<table>
<thead>
<tr>
<th>Bank</th>
<th>Dividend 1</th>
<th>Dividend 2</th>
<th>Dividend 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankorp</td>
<td>6.5%</td>
<td>6.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Nedbank</td>
<td>6.9%</td>
<td>6.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Stanbic</td>
<td>7.2%</td>
<td>6.7%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

The price has fallen recently, but a positive result in the recent dividend should help to stabilize the share price.

Volkswagen alone emerged from the recent share price movements apparently unscathed by the circumstances that beset other banks. Stanbic's dividend yield is attractive at 7.2% compared to 6.9% for Bankorp and 6.6% for Nedbank.

The fact that Volkswagen is on an upwards trend and that its shares have been held in large blocks by major institutions, suggests a high level of confidence in the company's future. This contrasts with the recent share price movements of Stanbic and Bankorp, which have been more volatile.

Volkswagen is not only a major player in the automotive industry, but also has a significant presence in finance and banking. The company has a strong brand reputation and is well-respected by investors.

The recent dividend of 7.2% is a positive sign for shareholders, indicating a commitment to maintaining a strong dividend payment policy. This is in contrast to Stanbic and Bankorp, whose dividends have shown a more erratic pattern.

Overall, Volkswagen appears to be a strong and stable company, with a solid financial position and a strong brand reputation. The recent share price movements suggest that the company is not undervalued, and investors should consider it a viable investment option.
BANK DIVERSIFICATION

Let's have some clarity

The fuss in banking circles over the threat by the Minister of Economic Affairs, Chris Heunis, to clip banks' diversification wings (FM, June 10) has by no means died down.

Top bankers are understandably reluctant to be quoted. After all, they have to live with the authorities. But not-for-attribution reactions vary from: "What does he think he's going to do with the banks that are the province of the Minister of Finance?" to "Ministers always have to make speeches; maybe he picked up an old one by mistake."

Considering that the commercial bank most deeply involved in industry is Pretoria-based Volkskas, while Heunis is a member of the Cape Nationalist establishment, there are even those who regard this as the latest installment in the Cape FN Transvaal broderwets.

At least one of the Big Five commercial banks considered the threat serious enough to warrant discussion at board level.

For, banks feel, existing legislation already places strict limitations on their ability to diversify, even within traditional banking fields. Since 1976, section 21A(1) of the Banks Act has restricted total investment in property, equity (or convertible) shares, and subsidiaries (including even subsidiaries in other areas of banking, like merchant banks) to 10% of a bank's capital and disclosed reserves.

One exception

The only exception is that property or undertakings bought in to protect an investment (including a loan or advance) are excluded from this restriction for five years. And although the Act is mute on the point, the FM understands that the Registrar is flexible in permitting extensions of this limit.

Moreover, when banks are considering specific diversifications of any size, they tend to clear them in advance with the Registrar, whether this is legally necessary or not.

Until the late Fifties, most SA commercial banks stuck closely to traditional banking business on the UK/US lines, in contrast to such countries as Germany, Sweden or Holland, where banks have had closer links with industry.

Ironically, some bankers see the tendency towards diversifications as a direct response to the imposition by the authorities of increasingly stringent credit ceilings and liquid asset requirements, which not only limit banks' lending but also forcibly direct much of it to low-yielding investments.

Heunis, in other words, seems to be objecting to practices that the authorities' own actions have forced on the banks if they are to maintain their profit margins.

It is not clear that Registrar of Financial Institutions Wynand Louw shares Heunis' fears: indeed, he is understood to have reassured bankers that no legislative changes, to restrict further banks' ability to make investments, are contemplated.

But the matter cannot be left there. Ministerial speeches cannot be dismissed as flights of fancy produced simply for the purpose of filing in time. Government owes it to the banking sector either to substantiate claims of unsound practices, or retract.

Footnote: Minister Heunis's office was approached by the FM to offer him the opportunity to clarify or enlarge on his remarks. Unfortunately, the Minister is overseas and will not be back until early next month.
STANBIC

Stannic stars

Activities: Major banking group. Subsidiaries are Standard Bank, Stannic, Standard Merchant and Standard Bond. UDC Bank has been acquired since the year end. 63% owned by Standard Chartered.
Chairman: Ian Mackenzie; managing director: H P de Villiers.

Capital structure: 52.8m ordinaries of R1; 8m 6.5% first cum prefs of R1. Market capitalisation: R200m.

Financial Year to March 31 1978, Shareholders' funds: R201m. Net cash flow: R21m. Capital commitments: R22m.

Share markets: Price: 390c (1977-78); high: 410c; low: 355c; trading volume last quarter, 451,000 shares. Yields: 15.1% on earnings; 7.2% on dividend. Cover: 2.1; PE ratio: 6.6.

Deposits (End...: 2336 2709 2890 2311
Advances (End...: 1456 1789 1942 2260
Guarantees & acceptances (End...: 754 1016 1063 1098
Shareholders' funds (End...: 132 185 184 201
Pre-tax profits (End...: 604 574 36.4 54.5
Earnings (End...: 192 222 226 230
Net asset value (End...: 509 544 521 371

Although STANBIC is theoretically on full disclosure, undisclosed transfers are still made to debt reserve and specific debt experience upset the normal profit trend. The big R1.2m Glen Anil provision in the 1977 financial year served to understate the strong profit growth that year. Specific provisions in 1978 were lower than in 1977, though the charges remained unacceptably high.
SA stands high in world credit says Horwood

PRETORIA — Financial institutions abroad had a high regard for South Africa's credit rating, the Minister of Finance, Sen Horwood, said yesterday.

Sen Horwood returned at the weekend from an extensive visit to Britain and several European countries.

He told a press conference that bankers and financiers overseas were impressed by the fact that South Africa, through its financial policies and aid to the rise in the gold price, had been able to convert a big deficit in its balance of payments into a surplus.

"They were impressed by the fact that South Africa had been able to repay a great deal of its foreign debt," he said.

Sen Horwood said the purpose of his overseas visit had been to maintain and build up contacts and not to obtain loans.

"Obviously a developing country like South Africa can always do with foreign capital, but that was not the purpose of our visit," he said.

"With the balance of payments position as it is, we do not need foreign capital at this stage. I certainly did not go abroad to look for capital," he said.

Sen Horwood was commenting on a report of an interview he had given in Frankfurt.

According to the report, he had said that South Africa was aiming to obtain a loan of R42 million from European sources. "This is not correct. If at any time the Government of South Africa wants to take up a loan we will certainly not be interested in R42 million but in a much bigger amount more consistent with our credit rating," he said.

Regarding the general economic picture in Europe, Sen Horwood said there was no noticeable upswing.

There was a slight improvement in the economy of West Germany, but most of the other countries were still suffering from unemployment. They were all nervous about inflation, especially Britain, France and Italy.

Sen Horwood said he found during his visit there was now more realism about Southern Africa.

"I think there is no doubt that the sentiment in the capital market vis-à-vis Southern Africa has improved. This is something we find very gratifying."

Reporting of Southern African events in Europe was biased, but there was certainly a better conception of developments, he said.

Asked how the European economic situation affected South Africa's exports, he said South Africa was reaping the benefits of the increased volume of exports. This was due to the considerable amount spent on improving the infrastructure, such as the new harbours and export facilities at Saldanha and Richards Bay.

Sen Horwood said he expected an increase in the growth rate of the Southern African economy. - SAPA.
LEPS chalks up a record

through the efforts of
Mr. L. A. Krige, the society's annual meeting.

The three factors were that the borrowing rate was being kept too high, mainly because the Reserve Bank maintained an excess of money in the Republic thus affecting the balance of payments position. The rate of inflation had not dropped enough and consequent on that, the public had not started to spend enough.

That could be due partly to general lack of confidence and to the drop in the real income of whites over the last three years.

"I am, however, confident that we shall see a substantial improvement in economic activity over the next six months," Mr. Krige said.

He added that the property market reflected the general upswing in the economy.

The prices of new housing will increase reasonably and land prices will start rising in a trend which will tend to put up the prices of existing houses as well.

"My recommendation to those people contemplating building is that they build now before costs escalate too much."

The R19 000 bond reservation now being introduced with will assist in granting loans on new housing.

Mr. Krige said the society had maintained its rate of interest unchanged over the last year in spite of poor economic conditions and would now stand at R19 000.

The society's computerization programme had reached the stage where the first bond, the R19 000 bond, will start coming on line within the next few months.

- Mr. W. J. Krige, chairman.

-- Market talk (corporate supplementary)

1. Market talk will not affect the market. It is, however, quite normal.

2. Dear Mr. Smith, I am glad to inform you that we have accepted your invitation.

3. We were very pleased to hear that you have accepted our invitation.

4. Please return your cheque at once.

5. I am not sure what you mean.
Cloete doubts upswing's staying power

Financial Reporter

The economy has moved out of recession and into an upswing period, but there are strong reasons for doubt on how long it will last, according to Dr. Johan Cloete, chief economist of Barclays National Bank.

He says in Barclays' Business Brief: "Leaders in the general business cycle, such as new car sales, merchandise exports and the industrial share price indices, have now been on an upturn for some time. This suggests an upswing in the general business cycle in the near-term future which, in fact, appears to have now materialised as reflected in upturns also in such important 'coinciders' of the general business cycle as retail sales, manufacturing production and imports.

Such 'laggers' in the general business cycle as the inflation rate, the bankers' acceptance rate and stocks are also now at lower levels, suggesting at least a somewhat better cost and financial climate for a general economic upswing.

However, there are three factors which continue to cloud prospects for a strong and particularly a sustained general economic upswing.

'First, the improvement in export earnings and in the current account of the balance of payments which normally provides the economy with the foreign exchange resources needed to finance a strong and sustained upsurge of imports required for a substantial economic upswing has not on this occasion done so because of a net outflow of foreign exchange through the capital account of the balance of payments.'

'Thus, the country's gold and foreign exchange reserves are not yet adequate to finance a strong and particularly a sustained economic upswing.'

'Secod, while long-term interest rates and also the bankers' acceptance rate have moved down, the key bank overdraft rate has remained at a high level. In fact, interest rates generally, and also the inflation rate (which is, of course, partly responsible for the continued high level of interest rates) are still at a level where they give rise to cost levels and also to uncertainties and imbalances which are not conducive to a strong and sustained level of effective demand for capital goods, stocks or consumer goods and hence also not conducive to a strong and sustained economic upswing.'

'To the adverse effects of these costs on total effective demand should also be added the uncertainties stemming from the political situation which, of course, is very different from the position at the beginning of the previous general economic upswing at the end of 1973.

'Furthermore, there are ominous signs of continued depressed growth conditions in Europe and, in particular, of an imminent downturn in the American economy, the depressed economic conditions overseas have, of course, had little effect on the domestic economy over the past two years, as witnessed by our exceptional export performance in 1976 and 1977, and our own depressed growth over this period has been largely the result of political uncertainties, the excessive inflation rate inherited from the 1974/75 excesses and the restrictive monetary and fiscal policies pursued by the authorities to combat this inflation.'

'However, the fact that the South African economy has largely escaped the adverse effects of depressed economic conditions overseas over the past two years does not mean that this fortunate state of affairs will continue to prevail.'

'This economy is particularly likely to feel the effects of a slowdown in the American economy after a time lag, so that a downswing in America could well seriously inhibit and even stop altogether any economic upswing which we might be able to generate in the year or so ahead.'
Natal companies on fraud charges

GRAHAM HUNTER
PIETERMARITZBURG – A State clamp-down on fraudulent dealings involving several million rands has resulted in numerous Natal companies being charged.

Mr. Cecil Rees, SC, Natal's Attorney-General, said yesterday that the prosecutions were based on fraud, or contravention of the Companies Act or exchange control regulations.

The first in the series of prosecutions ended yesterday when Aunt Caroline Rice Mills (Pty.) Ltd., was sentenced in the regional court to fines totalling R22 000 following charges of fraud and bribery.

The company was found guilty of 35 counts of fraud and 12 of bribery.

However, Mr. Rees said that the prosecution was a relatively minor one compared with other pending cases to be heard in the Supreme Courts of Durban and Pietermaritzburg.

One of the larger companies summoned is facing charges of fraud in excess of R1 000 000. Another investigation involves dealings totalling R325 000.

Mr. Rees said that commercial fraud and large scale theft cases were receiving particular attention since the establishment of the Commercial Branch in Pietermaritzburg earlier this year.

Every effort was being made to speed up commercial and similar investigations and an ever-increasing number would be brought before the courts from August onwards, said Mr. Rees.
Before passing sentence, Mr. Comber said: 'The bribery charges were more serious than the
fraud.' But the two were investigated by the police and the Court found that a
former employee of the company had committed suicide during the investigation. The
investigation had been conducted by the author of the scheme, who had been the
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four years, being the maximum sentence for such an offense.

The South African Railway Police are also investigating several other fraud cases,
including the one against Aunt Caroline Rice. The charges against Aunt Caroline Rice are
related to numerous incidents over the past five years in which railway employees were
alleged to have leased engines for personal use. The courts have ordered that a
charge sheet be drawn up for these incidents.

The State is expected to bring five companies to trial on charges of fraud.

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ESTATE AGENTS

Facts and figures

Estate agents are going under the Department of Statistics's microscope — along with "rent collectors, appraisers and valuers." The department is conducting the first ever census of the estate agency business.

Copies of the detailed questionnaire, published in a recent Government Gazette, are now being circulated to agents. The information required (relating to the financial year ended on any date between July 1, 1977, and June 30 this year) is comprehensive. Agents are asked for details of employees (from valuers to cleaners) as well as financial data such as fixed assets, fees received, expenses and profits.

The questionnaire also asks for particulars of property sold — the number and categories (houses, flats, shops, offices, farms and so on) — and rents collected.

Agents (traditionally shy about revealing this kind of information) are, however, reassured that their returns will be treated as "strictly confidential" under the secrecy provisions of the Statistics Act. And the results will be published in such a way as to ensure that data from individual returns "remains confidential." Even from the Receiver?

What's happening? The department tells the FM that it is a routine, periodic exercise similar to other surveys it carries out.

Roland Walker, chairman of the Estate Agents Board, tells the FM that the board certainly didn't ask for the census.

Still, the results should prove helpful to both the board and the committee at present looking into the valuation scene — and, of course, interesting for the property business as a whole.

If any agents or valuers haven't received the forms they must apply to the department for them. Failure to fill them in and return them by the closing date (September 30) could land an agent with a £200 fine.

Estate agency may never be the same again.

The dictator paper (March 1973)

THE INVESTIGATIVE CONTEST

HISTORY
Borrow while you can?

The building society annual reports show a fair state of liquidity. But experience has shown that conditions in the domestic mortgage market can change rapidly.

Contrary to what had been feared, the building societies' main problem over the past year was not an inadequate inflow of funds, but a shortage of acceptable (and permissible) borrowing risks: the only society whose mortgage advances increased more rapidly than its assets was the movement's Big Daddy, the United.

To some extent, of course, this reflected Senator Horwood's 1977 budget grab. His command to the societies to invest more in gilt was expected to reduce their loanable funds by R120m. But, in the upshot, far more important depressive factors were continuing recession in the economy generally, and the domestic property market in particular; and the restrictive effect of the R18,000 limit — at last, happily, abolished (see Property).

After the United's swallowing up of the two tiny Natal societies (Finance June 16) and last year's Southern-Trident merger, there are now only 11 societies left; for the first time, this year, the FM's regular round-up covers all.

In terms of assets, there were no changes in the ranking order. Although Natal remains the fastest-growing of the big societies, at No. 4, it is still little more than half the size of Allied in third place. And Natal's growth-oriented marketing approach seems to be costing a price in virtually the highest expense ratio in the business. It was exceeded only by Southern-Trident, where there were probably exceptional costs arising from the merger.

Apart from this, the only real features in the table of expense ratios are the continued high overhead structure of SA Perm, and the amazingly low ratio of the smallest surviving society, Grahamstown.

### EXPENSE RATIOS

<table>
<thead>
<tr>
<th>Society</th>
<th>1978</th>
<th>1977</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grahamstown</td>
<td>1.17</td>
<td>1.14</td>
</tr>
<tr>
<td>2 (2) Allied</td>
<td>1.81</td>
<td>1.80</td>
</tr>
<tr>
<td>3 (9) Standard</td>
<td>1.68</td>
<td>1.77</td>
</tr>
<tr>
<td>4 (4) United</td>
<td>1.65</td>
<td>1.64</td>
</tr>
<tr>
<td>5 (7) Trust</td>
<td>1.60</td>
<td>1.75</td>
</tr>
<tr>
<td>6 (6) Seambou</td>
<td>1.71</td>
<td>1.72</td>
</tr>
<tr>
<td>7 (5) E Province</td>
<td>1.73</td>
<td>1.63</td>
</tr>
<tr>
<td>8 (S) Provincial</td>
<td>1.73</td>
<td>1.63</td>
</tr>
<tr>
<td>9 (10) SA Perm</td>
<td>1.79</td>
<td>1.82</td>
</tr>
<tr>
<td>10 (11) Natal</td>
<td>1.86</td>
<td>1.87</td>
</tr>
<tr>
<td>11 (S) S-Trident</td>
<td>1.92</td>
<td>1.75</td>
</tr>
</tbody>
</table>

(Relative efficiency measured by management expenses as a percentage of total assets. While management expenses comprise fairly specific categories, there are differences from society to society; the ratings are only approximate. 1977 figures for Southern-Trident are based on the sum of their individual figures.)

Southern-Trident's low overall growth rate can probably also be attributed to merger pains. Impressions are that the group is now adopting a more aggressive marketing approach, and should do better this year.

Trust's fall from grace in the growth race can probably be attributed to the dislocating effect of upheavals at Trust Bank.

Eastern Province, maintaining its strong thrust of recent years, is now by far the fastest-growing small society. In 1977 it pulled ahead of Prudential Equity (now Standard), and at this rate it will soon be edging past Trust.

In spite of the complaints about unfair competition from other financial institutions that led to the introduction of the new transmission accounts, the latest annual reports suggest that, at any rate as recently as the March 31 financial year-end, the building society movement was pretty liquid.

However, experience has shown that conditions can change rapidly in this sector of the capital market. Just as last year's fears that the societies were going to come under heavy pressure from potential borrowers proved groundless, so the current comfortable position could deteriorate.

And even if money remains in plentiful supply, the societies' greater freedom to lend with the abolition of the R18,000 ceiling could combine with a possible improvement in the residential property market to bring about a new bull run.

So if you're thinking of buying a house and will need mortgage finance to do so, the lesson could be: don't delay much longer.
WASHINGTON — Federal Reserve Board Chairman, G. William Miller, this week advised South Africa not to sever the rand's link with the ailing dollar.

He told me: “No country tied to the dollar now should drop that relationship without compelling reason.”

Mr Miller said he was referring mainly to areas of the world with contiguous economic flows, common customs and stable political relationships where they might seek to stabilise their own currencies within that trading area.

He bases his opinion on the fact that the United States will take firm monetary measures to stabilise its currency and that there is a likelihood of more orderly world currency relationships arising out of possible regional agreements aimed at managing exchange rates within various monetary currency groupings.

However, Mr Miller offered no comfort to South African business men worried about the continued drift of the dollar, or the impact on South African markets of steadily rising US interest rates.

In a wide-ranging exclusive interview this week, Mr Miller told me that the American Central Bank probably would not squeeze domestic credit markets any tighter until the impact of the past two months' restrictions against inflationary money supply growth rates had passed through the monetary system.

“But we will not hesitate to take whatever steps are necessary to combat the forces of inflation at home,” he said. “That, a tight fiscal programme and energy conservation, are the only ways America will be able to stop the erosion of the dollar in world markets.”

Mr Miller stated “it may take us as long as 10 years to put the interest rates back where they should be.”

Nevertheless Mr Miller portrays himself as a voice of moderation on the 12-member Federal Reserve Board policy board. Last week, Mr Miller and only one other board member were heavily outvoted when the Fed raised the rate it charges US commercial banks for reserve borrowings.

This came at a time when banks already were boosting their prime, or minimum, lending rates to 9 per cent, the highest level in four years.

“It seemed premature to raise the discount rate until we had seen whether other actions were working. But that doesn't mean that the rate should never have been raised or that it won't be raised again this year,” he added.

Mr Miller's campaign against inflation and his criticism of Jimmy Carter's tax and spending policies have earned him no friends at the White House during his four months in office.

With the President beset by a jet for the economic summit meeting in Bonn, Mr Miller took the opportunity to criticise the President on another score — US opposition to plans for closer monetary ties within the European economic community.

A week ago at a meeting in Munich, French and German officials unveiled a preliminary plan to stabilise their major European currencies, even if the dollar continues to decline against the group.

Basicallly the plan would seek to link the key EEC currencies to keep exchange rate variations within a narrow band of plus or minus two per cent. A system of central monetary reserves and perhaps a system of inter-governmental credits would help finance this more stable system.

Carter administration officials this week weighed expressed concern that the planned linkage might be used as a lever against the dollar and US trade strategies.

However, Mr Miller said: “I see no threat from such a system. Privately I have expected, in the absence of some of the economic shocks we've seen in recent years, to see a European currency union develop sooner than this.”

“Don't think America has a chauvinistic view that we should be one large country with some sort of monopoly on economic size or scale. We have always felt that economics of scale and the advantage of a larger marketplace of 350 million European people is a positive thing.”

In fact, he added, the development of regional systems of exchange rate stability might be preferable at this time to striving for a rigid system of fixed exchange rates, similar to the Bretton Woods system that prevailed from the end of the Second World War to the late 50s.

“Conditions are not right to put together a fixed exchange rate system for the world's major currencies. We need to make a lot more progress in harmonising economic policies and that is very difficult,” Mr Miller explained.

“While we are trying to reach that solution it is not inconsistent to look at regional agreements that bring greater order into the international monetary system.”

If one had a strong currency union in Europe and the dollar in the Western Hemisphere — perhaps even the South American style in the Mid-East — you would begin to narrow the number of monetary units that have to adjust to one other,” he added.

Widely accepted, his views have been appreciated by the Bank's board, his colleagues and the public.
Man in R3m case short of funds

A former bank employee facing charges involving R15-million was today granted a postponement on the grounds he did not have sufficient funds to instruct counsel properly.

Mr Roderick Sandcroft Atherstone (36), of Fiskaal St, Birchleigh, Johannesburg, pleaded not guilty on 71 counts in the Johannesburg Magistrate's Court earlier this year. He has been in custody since his arrest in March and faces 35 counts of fraud, 35 under the exchange control regulations and a further count of fraud involving 139-million dollars.

It was alleged that between September 1974 and July, 1976, in his capacity as assistant accountant at Barclays National Bank Ltd, Mr Atherstone handled draft applications for foreign exchange which contained false information.

In this way the court heard, he assisted 10 companies and several individuals to obtain foreign currency illegally.

It was further alleged that he approached Maricene Investments (Pty) Ltd and told the management that he could arrange the sale of a jet aircraft to a firm called Baco Estraco.
Former bank man on R1,5m fraud charges

BY JUNE WÓTHERSPOON

A FORMER Johannesburg assistant bank accountant appeared briefly in the Rand Supreme Court yesterday on 71 counts of fraud and currency contravention involving R3 million.

Mr Roderick Sanscroft Atherstone, 28, of Fiskal Street, Birchleigh, Kempton Park, appeared on 35 counts of fraud involving R1,500,000 and 35 counts of contravening the currency regulations involving the same amount.

The 71st count alleged that he had arranged the sale of an aircraft for a "company" for which a deposit of R1,500,000 should be sent to the United States.

The case was postponed to October 30 by Mr Justice Nicholas because Mr Atherstone has been unable, until now, to raise sufficient funds to properly instruct a defence counsel.

It was alleged that while Mr Atherstone was employed as assistant accountant at the Harrison Street Branch of Barclays Bank and authorised to issue bank drafts he had issued and signed draft applications containing false information.

He had known the information was false and had thereby assisted Mr P J Muller and others to obtain foreign currency illegally. It was alleged.

The final count of fraud alleged that he had approached Mareses Investments, trading as VIP Aircraft Importers and Distributors, and informed them that he could arrange the sale of a Gruman Gulfstream Model G2 jet aircraft to a firm called Balo Estrada, represented by Mr Muller.

At the time Mr Atherstone knew that the firm Balo Estrada did not exist and that the money would not be used to buy an aircraft. It was alleged.
HISTORY HONOURS
Southern Africa since 1910

Tutorial 1

1. Would you regard the crisis precipitated by the war as something new or as a resumption of the old debate on the connection?


2. How is the educational background of South Africans today compared to that of the past? Discuss the main educational policies and the impact of apartheid.


3. What are the main problems facing South Africa today? Discuss the role of international sanctions and the impact on the economy.

N.T. Engelbrecht, General Notes on South Africa. 1972.

G. Winton, S.A. Newbury

J.D. Haude

Sun Booyens

H.M. Stolarski

Tutorial 2

Discuss the following topics:

1. Political stability and its impact on economic growth.

2. The role of foreign investment in South Africa.

3. The impact of apartheid on education and social services.

Sol T. Plaatje


C. Bundy


M. Lipton

J.P.W. Grose, Rural impoverishment and rural exodus.


Henry Slater, The changing pattern of economic relationships in rural South Africa. 1830-1914, SAA, vol. 3.


C.M. Tates, Shadow and Substance in South Africa: a study in land and franchise policies affecting Africans, 1910-60.
Easier to raise Home Loans now

There is an excellent chance for the average borrower today.

NOW IS THE TIME TO ASK THE BUILDING SOCIETY

By HOWARD PREECE

Building societies are in a better position to grant mortgages than they have been for several years.
I find the question of a conceptual framework for dealing with women's
...expression of women is the expression of the women who are doing the
expression of the women who are doing the...
SUPREME GRAND CHAPTER OF THE HOLY ROYAL ARCH OF SOUTH AFRICA

THE INFANT-INDUSTRY ARGUMENT

in the form of a debate between

MR PROTECTIONIST AND MR FREE TRADER

Mr Protectionist: That's easier said than done! If we possessed perfect knowledge and information, if all the capital markets were perfect and if there were no such thing as externalities, your objection would be fully justified. However, as you know, this is not the case.

Mr Free Trader: The solution is to perfect the capital market.

Protectionist: Mr Free Trader, that is all very well. Obviously, economies of scale and time are important in the real world, but why should that necessarily mean that protection is desirable?

Free Trader: But let's consider the infant industry. The solution is to perfect the capital market.

Protectionist: Impossible! In less developed countries, the local capital market is hopelessly inadequate and foreign capital markets may have additional biases. Naturally, one should try to improve and develop the capital market wherever possible, but even the most developed and sophisticated markets are likely to remain some of the biases listed above.

Mr Free Trader: The rich man, see...
Cash swindle losers caught by greed

WEALTHY South African businessmen have been swindled of millions of rand by an Israeli connection which included at least four South Africans — but they can't lay a complaint because the money was smuggled out of the country.

It was part of R10-million smuggled out for a cut of 15%.

After smuggling out about R5-million the gang collected between four and five million rand and kept it in a cupboard of a Johannesburg house belonging to a woman called Nanette.

They then decided to swindle the businessmen of the loot. Bank cheques were issued to clients to be drawn on default banks overseas and the gang disappeared with the money.

Alleged members of the gang were named in the Tel Aviv District Court this week when Mr Bezalel Mizrahi sued the newspaper Haaretz for R500 000 for alleging that he was head of the syndicate.

Four South Africans, three men and a woman, were named. The man named as the South African involved is a well-known sports personality at present in Israel.

I traced him to the Daniel Tower Hotel in Herzlia, Tel Aviv, but was told he and his wife booked out suddenly last Wednesday — the day his name was mentioned in court.

Mr Sam Rando, of Bloem, Johannesburg, one of two men mentioned in court as "minders", yesterday denied he had done anything illegal.

"There was a whole gang of them, he told me. They got in touch with me and were always phoning me to introduce them to people but I didn't do business with them."

He knew Nanette and had been to her house twice but had not seen four to five million rand in a cupboard.

He knew she was in her thirties, but refused to give more details, except to say he believed she now lived in Hillbrow.

Mr Zee Peer, one of the witnesses, was subpoenaed to give evidence on behalf of the newspaper in the case, admitted smuggling huge sums of money out of South Africa.

The South African sporting personality was described in the Israeli court as "a very tough and violent criminal in South Africa."

He was said to have been a bodyguard at Johannesburg's Carlton Hotel after two swindled "clients" pulled guns on Mr Peer and threatened to kill him.

The South African police heard of the gang's operations, I believe, after a former South African now with the Israeli GID recognised two of the gang while in Johannesburg.

Mr Dan Mintz, one of the gang who worked as the manager of an Israeli bank, was found guilty of helping to smuggle millions of rand out of South Africa.

He was deported. Mr Peer, who left South Africa just ahead of the police.

Asked in the Israeli court why he had recently visited the South African sportsman in Herzlia, Mr Peer said he was an old friend who had a heart attack.
U.S. banks’ profits up despite higher foreign loans loss

NEW YORK. — Major American banks are reporting sharp increases in second-quarter earnings, including a 60 per cent jump recorded by Bankers Trust, of New York. The earnings surge is in sharp contrast to a survey just released by 197 major US banks showing that losses on foreign loans during 1977 were more severe than in any of the three previous years.

Bankers Trust, which enjoyed a $19.4-million second-quarter profit, compared with $17.4-million for the same period of 1977, was not alone in a big earnings increase. BankAmerica, the largest US bank holding company, reported a 27.1 per cent rise in second-quarter earnings, while Citicorp said its operating earnings for the same quarter were up 22.1 per cent from a year ago.

In addition, higher earnings were also reported by Continental Illinois Corp in Chicago, Security Pacific Corp, Wells Fargo and Co and Chase Manhattan Corp. Chemical Bank and Bank of New York.

The foreign loan survey, done by a Philadelphia firm, showed net charge-offs as a percentage of international loans and deposits last year rose to 0.176 per cent from 0.158 per cent in 1976, from 0.180 per cent in 1975, and from 0.089 per cent in 1974. Most of the write-downs were on loans to private commercial borrowers with a small percentage on loans to foreign banks and governments.

Total international loans and deposits written off last year by the survey group added up to $405.7-million, much more than the $281.6-million loss of 1976.

But for the booming second quarter of this year, at least, there appears to be profits enough to go around.

By Irene Saunders

In comparison, the Belgian colonial administration in the Congo only made minor efforts to encourage the arts — a few schools began by private organisations only received Government support in the 50’s. With the political upheavals since independence, Zaire has had little opportunity to improve the situation. The French colonial administration was more active; few commissions were given to African artists of note, and museums are exclusively concerned with traditional art, but art schools were encouraged and adequate facilities provided. Two schools in Brazzaville were subsidized while the government founded an art school in Dakar, Senegal in 1957. Since achieving independence, the Ivory Coast Government has established a major school in Abidjan.

African countries independent of colonial rule for most or all of their history show varying degrees of Government participation in art activities. Liberia has no important government programmes for aiding art and no new artists of note. In South Africa, African artists are not encouraged at all; those artists who have made achievements have either been encouraged by missionaries, individual European artists, or have studied overseas. Ethiopia presents a better picture: the Government aided the establishment of the Fine Arts School in Addis Ababa in 1957, and frequently awards major commissions to African artists — for example, the three monumental stained glass windows by Ajeberke Tekle in Africa Hall (headquarters for the United Nations Economic Commission for Africa).

Not only is there a relationship between the general state of art in each nation and the attitudes of the (former) ruling colonial powers, but there is also a correlation between the various European cultures, and attitudes towards art instruction — and hence the type of work produced (since the majority of African artists have been trained in art schools in Africa, (but sometimes also in Europe and America), which, until recently, were largely staffed by expatriates). Methods vary from almost complete lack of formal instruction to well-organized art programmes leading to recognized academic degrees. The first approach was successfully pioneered in French-speaking
R57 000 fraud 'to buy my wife presents'
<table>
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<tr>
<th>Year</th>
<th>The Humanists</th>
<th>The Florentine Republic</th>
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The reasons for this were that the rise in corn prices brought an end to the indigent, a decrease in the value of cash, and an increase in the value of corn. The humanists argued that the high prices of corn were due to the fact that the Florentine Republic was not able to supply its own needs. They also noted that the corn had been imported from abroad, which was an expensive process. The humanists therefore argued that the high prices of corn were a result of the Republic's reliance on foreign imports.

Plea from bank chief: drop interest rates

Wilson, p. 115
Ipton (1977), p. 75
Brand (1993)
TOWNSHIPS

Stands at ease

Just how hard the township industry has been hammered is evident from the recently published Department of Statistics' 1976 census of township developers.

For a start the number of developers (those having as a main activity the development of property and/or subdividing of land and/or buildings on their own account) dropped from 739 in 1974 to 665 in 1976.

The amount spent by developers on buying new land was R30,1m in 1976 compared with R51,6m in 1974 — while the net profit from sales slumped from R57,1m in 1974 to R8,5m in 1976. The value of land held by developers was in 1976 estimated at R86,2m as against R120,4m in 1974.

In 1974 developers held 93 662 undeveloped stands of 1 000 m² and under, worth an estimated R230,9m. The respective figures for 1976 were 26 339 stands worth R103,6m. Developers sold 20 675 unproclaimed stands of 1 000 m² or less for R101,5m in 1974. In 1976 they sold only 1 925 similar stands for R10,2m. In proclaimed townships they sold 41 540 vacant stands for R147,1m in 1974. In 1976 those figures were 4 172 and R22,8m.

If stats were available for 1977 they would look even worse. But there are signs that the township market may at last be showing a faint glimmer of life.

Peter Gardiner of Anglo American Property Services' townships division tells the FM that from January to June the Anglo group sold 129 stands for R1,44m. This is a great improvement on the same period last year, says Gardiner. He adds that the increase has been largest over the last two to three months.

Marina da Gama accounted for 42 of the sales at prices of around R12 500. The rest were in other locations throughout the country including Witbank, Somerset West, Simonstown, Ramsgate, Vereeniging and the far northern suburbs of Johannesburg. In Vereeniging 11 stands of around 1 350 m² were sold at an average price of R6 000.

At Fourways, north of Johannesburg where Aaps is holding a homeshow it has sold several 2 000 m² stands for between R7 500 and R10 500. These stands were repossessed and the prices now are a little below the prices they originally went for a few years ago. Some then fetched up to R13 000. In Bryanston four repossessed stands have been sold for between R16 000 and R20 000. Aaps also has a few stands in Bryanston Extension 3 in Randburg where it has recently sold at prices ranging from R7 500 to R9 000.

Gardiner reckons that now there is certainly more interest in stands than there was three months ago. But buyers really prefer house and stand package deals. At Fourways homes are pitched at between R35 000 and R45 000, including stands. And, reckons Gardiner, because builders are still trimming profits to compete, these homes offer better value than established homes in the same price range.

Chairman Hymie Tucker of Tuckers Land on the other hand, sees little improvement in the stand market until all the stands belonging to liquidated companies are sold. However, he is doing "quite a bit of business" in Virginia in the Free State where new mining operations have created demand. He is selling proclaimed 1 000 m² to 2 000 m² stands at prices ranging from R3 000 to R4 000.

Despite Randburg being overshopped, Sanlam's R18m giant shopping centre, to open on September 27, is now 92% let. Still unlet are 15 of the 100 small shops.

The centre will offer 33 137 m² of retail space. Of this, OK has taken 15 248 m² (and is already in business) and Edgars has taken 1 766 m². The small shops will account for 16 123 m².

Average rent achieved for the small shops is R9,50/m², a little lower than in Rosebank.

Financial Mail July 28 1978
between balance sheet and market and directors' valuation that equity accounting was discontinued.

The share should go some way to preserving consolidated earnings on a low-performing Romatex, which remains a significant consideration, while the cash cushion is high. The outlook is that improvements at consolidated Romatex will more than offset the lack in sugar dividends. These are expected to fall by 11% this year, but are expected to amount to at least 5c of earnings, if CG Sugar, which earned 4c last year, is added back. The earnings per share of Romatex will be increased by 7c, to 28c, which is expected to be earned by the company next year, and the equity accounting had been restored in this year net profit would have been 7% from R11.8m to R12.4m instead of the 9% improvement from R11.4m to R12.4m published without equity accounting. This is because Romatex, with profits up 25%, remains consolidated, while the sugar companies are not. The benefit should be even greater next year.

But it is the dividend flow, as the source of distributable profits, that counts. What are prospects for the year ahead? Romatex has indicated for a 10% improvement in profits, but this was before consumer spending improved and everyone started talking about three Christmas and good Christmas. It would be surprising if Romatex does not score at least a 15% profit and dividend improvement, so assuming a 20c dividend this source should contribute R2.6m. Forecasting income in the sugar companies is extremely hazardous but CG Sugar might well be able to pay 50c and Huletts 25c, in which case dividend income will total R7.7m, off at 24c per share, all of which could be distributed.

This puts Smith's shares on an attractive basis, with a projected yield of about 12%. Last year the market was paying a 15% premium over the market value of the investment. Today these are worth R6.7m or 28c, so there is a 10% or 50% discount. With the average market yield only 8.5% the counter is seldom been so cheap. It's looking interesting on a very long view, but...

[The text continues discussing the share's value, dividends, and the company's future prospects.]
The merger between Homes Trust Life and Metlife was a predictable rationalisation of Sanlam's insurance interests, following its recent purchase of Metlife from Trust Bank.

Homes Trust was already owned by Sanlam, and it is planned that the amalgamation will include Homes Trust subsidiaries, Dove Insurance Corporation and Saffas, (SA Federation of Funeral Assurance Societies). So there will now be only two insurance companies in the fold.

The combined assets of the new group, yet to be named, will be nearly R250m, making it the eighth largest life assurer in SA, with a net premium income of R53m.

The new group's management team will have Dr A D Wassenaar as chairman and J H (Johann) Sohenge, at 39 one of Sanlam's outstanding younger executives, as MD.

The other executive directors are Homes Trust's GM, F A (Fanio) Jacobs and deputy GM, E D K Franck, and Metlife's MD, David Bloomberg.

Sohenge foresees one of the main advantages as savings in costs, while the two companies should complement each other. Metlife, an erstwhile proprietary company with a go-go image, should have a lot to contribute to the (much larger) Homes Trust, with its large funeral insurance business, and premium income some three times that of Metlife. It is expected that the new company will continue to operate in all fields, including funeral and industrial insurance, where Sanlam doesn't operate.

The terms of the merger have still to be worked out and will then have to be submitted to the Registrar and are subject to confirmation by the court. By the time all the legal and technical formalities have been sorted out, and the Registrar's requirements met, Bloomberg predicts that the "physical merger" will only take place next year at least 8 months hence. He has told his staff he doesn't expect any redundancies. Jacobs doesn't either.

Meanwhile, it's "business as usual" for both companies.
Woman says she got only R3 000 from claim

AN illiterate woman who went to a claims consultant after her husband had been killed in a motor accident was paid only R3 393 of the R12 182 awarded to her, a Durban Judge was told yesterday.

Mrs. Namathammanssa Zinti told Mr. Justice Leon she entered a claim for compensation against the MVA insurers of the vehicle that killed her husband in 1975.

In processing the claim she was advised by a Durban firm of claims consultants, T. J. Stewart and Partners, who told her to collect the money due to her in April.

Mrs. Zinti said when she called on the consultants, a Mr. Joseph Titus asked her to sign a document. She did so, although she was illiterate and the contents of the paper were not explained to her.

She was then handed a cheque for R3 393, the Court was told.

After she returned to her home in Transkei Mrs. Zinti discovered Santam Insurance company had in fact paid her R12 182 as compensation.

She reported the matter to the police who found Mr. Titus had deposited R3 200 in her bank account shortly before making the payment to Mrs. Zinti.

Mr. Justice Leon instructed Mr. Titus from dealing with the money in his bank account. He must show cause by August 15 why the order should not be made final pending a further action.
VOLKSKAS 's- Jong nywerheidsbank. (VNB) het vandeesweek 'n vet slag geslaan. Hy het saamgespan met General Motors Acceptance Corporation van Suid-Afrika, GM se motorfinansieringsmaatskappy en 'n nuwe maatskappy gestig waarin VNB 'n belang van 76,1 persent en GMAC 24,9 persent het.

Die nuwe onderneming, wat nog sy naam moet kry, sal na verwagting in die eerste jaar finansiering van tussen R13 miljoen en R16 mil. vir GM-handelaars in die land doen. In 'n later stadium word 'n groothandeldeelplan vir finansiering ook beoog. En dit sal sommer regtig miljoene beloop — hier na R60-R70 miljoen per jaar.

Mnr. Ron Rundle, bestuurende direkter van VNB, sê die nuwe maatskappy sal 'n gemagteerde aandeelkapitaal van R2 miljoen en 'n aanvanklike uitbetaalde kapitaal van R1 miljoen hê.

VNB sal verantwoordelik wees vir die finansiering van die nuwe maatskappy. Dit het meer termynbanklenings sowel as ander vorms van kort- en medium-finansiering.

Die nuwe bedeling open vir VNB (en vir Volkskas, wat GMAC SA klaar in Port Elizabeth as Hant het baie nuwe deure, binnenskans, sowel as buitelandse, geopend het.)

Die direksie van VNB het油耗 sehele lide bestaan uit Mrs. Randie, dr. Pieter Morkel van Volkskas ('n direkteur van VNB); mnr. M. MacDonald, assistent-hoofbestuurder van VNB; S. J. Coetzee, bestuurder van die huur-koopingsbeding van Volkskas; Emerson J. Clack, bestuurder van die idebestuur van GMAC SA; Herbert A. Crooke, vis-à-vis-president van GMAC, New York; en 'n sowene man wat van GMAC se kant aangewys moet word.
Rocky the Insurers
Gordon's Corp Will

Guardian Control bid?

Struggle to do so, the whole line
A more recent deal was
and that is the direction we are going,
but, despite the three-year
some good. But I am
recent contract on this...