



# THE IMPERIAL AIR TRANSPORT COMPANY

## Terms of Agreement Published

THE terms of agreement between the President of the Air Council on the one hand and the British, Foreign and Colonial Corporation, Ltd., on the other, were published on December 28. Copies of the text of the agreement can be obtained from H.M. Stationery Office, Imperial House, Kingsway, W.C. 2. The very cumbersome title is "Air Ministry Agreement made with the British, Foreign and Colonial Corporation, Ltd., providing for the formation of a Heavier-than-Air Air Transport Company to be called the Imperial Air Transport, Company Ltd." (price 6d. net).

In a brief preface Sir Samuel Hoare, Secretary of State for Air and President of the Air Council, states that the agreement is to operate a heavier-than-air transport service in Europe, and that the agreement carries out the recommendations of the C.A.T. Subsidies Committee (better known as the Hambling Committee).

There are two agreements; the first is made with the issuing house (The British, Foreign and Colonial Corporation, Ltd.), and the second, to be signed by the Imperial Air Transport Company, Ltd., when formed.

The first agreement, with the British, Foreign and Colonial Corporation, Ltd., of Gresham Street, London, dated December 3, 1923, provides that the corporation will, with the least possible delay, form and register under the Companies Act a company limited by shares, with an initial share capital of not less than £1,000,000, divided into 1,000,000 shares of £1 each, and will guarantee the subscription of 500,000 of the said shares.

The memorandum and articles of the operating company are to be in such form as shall be approved by the President, and in particular shall provide:—

(a) That the objects for which the operating company is formed are, amongst other things, (1) to acquire on such terms as the President shall in writing reasonably approve, the businesses at present carried on by Handley Page Transport Ltd., Instone Air Line, Ltd., Daimler Hire, Ltd., and British Marine Air Navigation Company, Ltd., as aerial transport companies, or, in default of such acquisition, to establish an air transport service to operate equivalent services; and (2) to enter into an agreement with the President in the form of the draft agreement set out in the schedule hereto (which agreement is hereinafter referred to as the scheduled agreement).

(b) That the consideration in cash for the purchase referred to in paragraph (1) of sub-clause (a) of this clause (which shall not exceed one-third part of the whole consideration) shall be provided, together with the initial working capital of the operating company, by means of 10s. per share, payable on application and allotment, of the first 500,000 shares issued by the operating company, and that the remaining two-third parts of such consideration shall be satisfied by the allotment to the issuing house or its nominees of fully paid-up shares of the capital of the operating company.

(c) That all the directors and shareholders of the operating company shall at all times be British subjects.

(d) That during such period as the scheduled agreement shall remain in force the President shall be entitled to nominate on behalf of His Majesty's Government two of the directors of the operating company, who shall join the board thereof after allotment, and shall not be required to hold any qualification shares.

### THE IMPERIAL AIR TRANSPORT COMPANY, LTD.

Then follows the schedule referred to above, which takes the form of an agreement to be signed between the President of the Air Council and the Imperial Air Transport Company, Ltd., and requires, among other things:—

1. On or before April 1, 1924, the company shall establish, and from the said April 1, 1924, until such time as the subsidy to be paid to the company under Clause (4) hereof shall have been completely repaid to the President in accordance with either Clause 6 (1) or Clause 17 (d) hereof, shall continue to operate under the terms of this agreement so far as applicable an efficient air service for the transport of passengers, mails, and freight between the following places, that is to say: London and Paris, London and Brussels, London and Amsterdam, and Southampton and the Channel Isles, or such other places approved by the President as, in the opinion of the company, may be commercially desirable, provided always that the air service to be operated by the company under the provisions of this clause between Southampton and the Channel Isles, or alternative places respectively, shall be operated by seagoing marine aircraft.

### Extension of Services

2. In addition to the air service specified in Clause 1 hereof (which together with the additional air service specified in this clause are hereinafter referred to as the said air service) the company shall during the period aforesaid operate such further services as in the opinion of the directors of the company for the time being may be practicable and advisable both in extension of the routes specified in Clause 1 hereof and in addition thereto (whether an air service on such additional routes may have been already operated or not), and in particular the company shall use its best endeavours to secure for transport by the said air service passengers, mails, freight on routes hitherto operated by Continental air lines, and nothing herein contained shall prevent the company from entering into such agreements with foreign companies as in the opinion of the directors of the company for the time being may be necessary for the furtherance of the objects of this agreement or in the interests of the company generally.

### Minimum Mileage

3. During the first four years of the period aforesaid the company shall complete in each year a minimum mileage of 800,000 miles in the operation of the said air service, and for the said period of four years an average minimum yearly mileage of 1,000,000, and during the remainder of the said period the minimum yearly mileage of 1,000,000.

Details are given as to the calculation of the mileage according to the charted routes, and it is stipulated that for the purposes of the above clauses the mileage must be accomplished by British-built and British-registered heavier-than-air aircraft carrying, or available for carrying, passengers, mails, and freight for which ordinary commercial rates available for the public are charged.

### The Subsidies

The next clause provides for the yearly payments of subsidy, subject to certain conditions. The total amount in ten years reaches £1,000,000, and the payments are to be made in diminishing instalments as follows:—

	Per annum
First four years .. .. .	£ 137,000
Fifth year .. .. .	112,000
Sixth year .. .. .	100,000
Seventh year .. .. .	86,000
Eighth year .. .. .	70,000
Ninth year .. .. .	52,000
Tenth year .. .. .	32,000

There are six further sub-sections to this clause, laying down the conditions under which the yearly sums shall be paid and the penalties to be imposed if the company fail to fly the minimum mileage. For each of the ten years the President shall pay to the company a sum equal to 96 per cent. of the subsidy payable in the particular year by 12 monthly instalments, and the remaining 4 per cent. will be retained and paid under conditions mentioned below. The payments will be made monthly in arrear and the company will render a return monthly of the mileage flown in the preceding month, the year commencing in each case on April 1. If in any year it shall appear to the President unlikely that during such year the company will complete the minimum mileage of 1,000,000, the President may withhold the monthly instalments payable in respect of the last two months of such year. The decision of the President on the amount of mileage flown in each month for subsidy purposes shall be accepted by the company as correct.

When the mileage flown in any year so notified monthly and certified as correct shall amount to 1,000,000 or more, the President shall, in respect of such year, forthwith make payment of the 4 per cent. of the maximum yearly amount retained by him, together with the amounts, if any, already withheld under the conditions referred to above. On the other hand, if the mileage in any year shall amount to less than 1,000,000 "the yearly amount payable by the President for the said yearly subsidy in respect of such year shall be reduced by a sum bearing the same proportion to the maximum yearly amount of the yearly subsidy for such year as the difference between the yearly mileage so notified and 1,000,000 miles bears to 1,000,000 miles, and the company shall pay to the President as liquidated damages in respect of such year a sum equal to one-half of the amount by which the said yearly subsidy shall be reduced as aforesaid." Provision is made for adjusting any sum due as above against any amounts the