

CAP. 119.

CYPRUS

AGRICULTURAL BANK AGREEMENT

CHAPTER 119 OF THE LAWS

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1959

CHAPTER 119.

AGRICULTURAL BANK AGREEMENT.

ARRANGEMENT OF SECTIONS.

Section	
1	Short title 2
2	Ratification of agreement and conferment of powers 2
3	Date of commencement and repeal 3
	Schedule 3

A LAW TO RATIFY AND CONFIRM A NEW AGREEMENT ENTERED INTO BETWEEN THE GOVERNOR OF THE FIRST PART, THE OTTOMAN BANK OF THE SECOND PART AND THE AGRICULTURAL BANK OF CYPRUS LIMITED OF THE THIRD PART.

[1st January, 1946.]

Whereas an Agreement was made on the sixteenth day of June, 1947, between the Governor of the first part, the Ottoman Bank of No. 20/22, Abchurch Lane in the City of London whose principal place of business in the Colony is situate in Nicosia of the second part and the Agricultural Bank of Cyprus Limited a company incorporated in the Colony under the Companies (Limited Liability) Laws, 1922 to 1944, whose registered office is situate in Nicosia of the third part, which agreement is set out in the Schedule :

And whereas the said agreement must, in accordance with its provisions, be ratified and confirmed by legislation :

And whereas it is desirable that the said agreement and all its provisions should be so ratified and confirmed :

Be it therefore enacted by His Excellency the Governor and Commander-in-Chief of the Colony of Cyprus as follows :—

1949
Cap. 185.
21 of 53.
2 of 54.
15 of 57.

Short title.

1. This Law may be cited as the Agricultural Bank of Cyprus Limited Agreement (Ratification) Law.

Ratification
of agreement
and confer-
ment of
powers.
Schedule.

2. The agreement set out in the Schedule and all its provisions are hereby ratified and confirmed and all rights and obligations purported to be conferred or imposed thereby are hereby declared valid any Law to the contrary notwithstanding and notwithstanding anything in any Law contained the Governor shall have power to do any

act which the said agreement may require or allow to be done in the name of the Governor.

3. This Law shall be deemed to have taken effect and come into operation as from the 1st day of January, 1946, as from which day the Agricultural Bank of Cyprus Limited Agreement (Ratification) Law, 1938, shall be deemed to have ceased to have effect, without prejudice to anything done or left undone thereunder.

Date of
commence-
ment and
repeal.

SCHEDULE.
(Section 2.)

An Agreement made the sixteenth day of June, 1947, between Reginald Thomas Herbert, Baron Winster of Witherslack, Privy Counsellor, His Majesty's Governor of the Colony of Cyprus (hereinafter referred to as "the Governor" which expression shall mean the holder for the time being of the office of Governor of the said Colony) of the first part, the Ottoman Bank of No. 20/22, Abchurch Lane in the City of London whose principal place of business in the Colony of Cyprus is situate in Nicosia in the said Colony (hereinafter referred to as "the Ottoman Bank") of the second part and the Agricultural Bank of Cyprus Limited, a company incorporated under the Companies (Limited Liability) Laws, 1922 to 1944, of the said Colony of Cyprus whose registered office is situate in Nicosia in the said Colony (hereinafter referred to as the "Agricultural Bank") of the third part:

Whereas the primary object of the Agricultural Bank is to make advances or arrange for advances to be made either directly or indirectly to or for the benefit of agriculturists in the Colony of Cyprus.

And whereas the nominal capital of the Agricultural Bank is fifty thousand pounds divided into fifty thousand shares each of one pound the whole of which have been issued and are fully paid.

And whereas forty-nine thousand nine hundred and ninety-five shares of the Agricultural Bank are held by the Ottoman Bank.

And whereas under and by virtue of an agreement dated the tenth day of June, 1938, made between His Majesty's Governor of the Colony of Cyprus of the first part, the Ottoman Bank of the second part and the Agricultural Bank of the third part, as set out in the Schedule to the Agricultural Bank of Cyprus Limited Agreement (Ratification) Law, 1938 (hereinafter referred to as "the First Agreement") the Governor undertook *inter alia* to provide the Agricultural Bank with moneys to be used for the redemption of certain bonds issued and the Agricultural Bank undertook to credit such redemption moneys when paid by the Governor to an account to be designated the "Account of the Deferred Noteholders Fund."

And whereas the bonds mentioned in the immediately preceding recital have been redeemed by the Agricultural Bank with moneys provided by the Governor and the credit balance of the "Account of the Deferred Noteholders Fund" as at the thirty-first day of December, 1945, amounted to one hundred and eighty-eight thousand eight hundred

pounds as shown in the audited balance-sheet of the Agricultural Bank as at that date.

And whereas under and by virtue of the First Agreement certain moneys were in certain circumstances to become payable from time to time by the Agricultural Bank to the Governor and the audited balance-sheet of the Agricultural Bank as at the thirty-first day of December, 1945, showed that sums totalling fifty-nine thousand four hundred and twenty-six pounds eighteen shillings and two piasres were on that date payable to the Governor under the said Agreement as hereinbefore (which said sums have been paid to the Governor).

And whereas under and by virtue of the First Agreement an account known as the "Shareholders Suspense Account" has been created, the balance whereof on the thirty-first day of December, 1945, amounted to three thousand six hundred pounds.

And whereas the parties hereto have agreed that the First Agreement should be cancelled and that the provisions of these presents should be substituted for the same.

Now it is hereby agreed and declared as follows :—

1. The First Agreement shall be deemed to have been cancelled as from the close of business on the thirty-first day of December, 1945, and the hereinbefore mentioned sums of one hundred and eighty-eight thousand eight hundred pounds and three thousand six hundred pounds shall be dealt with as hereinafter provided.

2 (a) of Sch.
to 21/53.

2. The Agricultural Bank shall during the subsistence of this Agreement in continuation of the business heretofore carried on by it make advances on mortgage security including pledge of chattels or agricultural machinery on long-term credit (hereinafter called "agricultural advances") directly or indirectly to or for the benefit of agriculturists in the Colony of Cyprus upon such terms whether as to security or otherwise and upon such conditions as it may think fit and as may be in accordance with reasonable prudence and with the laws of the Colony of Cyprus in force for the time being : Provided that—

(a) the rate of interest to be charged upon agricultural advances shall be such as may be agreed by the Governor ;

(b) the obligations of the Agricultural Bank under this Clause shall be limited to the amount of its actual resources for the time being and the Agricultural Bank shall not be bound to borrow for the purpose of making advances unless it shall think fit to do so ;

2 (b) of Sch.
to 21/53.

(c) that the Agricultural Bank shall not at any time or for any purpose raise any money by way of loan except with the previous consent in writing of the Governor and upon such terms as shall have been approved by him. Save where otherwise specially arranged between the parties hereto, and subject to agreement between the parties concerned, any further financing of the Agricultural Bank shall be on an equal basis by Government and the Ottoman Bank ; Government's investments to be without interest and the Ottoman Bank to receive 4 per cent. interest, both principal and interest being guaranteed by Government ; and

- (d) that Government shall increase the hereinbefore mentioned sum of one hundred and eighty-eight thousand eight hundred pounds to two hundred thousand pounds. 2 (d) of Sch. to 21/53

3. The Agricultural Bank shall make advances on mortgage security on long-term credit to persons whose property has suffered damage by earthquake and who are eligible for such advances under and in accordance with any Government scheme in force for the time being for assisting owners of such property upon such terms whether as to security or otherwise and upon such conditions as it may think fit and as may be in accordance with reasonable prudence and with the laws of the Colony of Cyprus in force for the time being. 2 of 2/54.*

4. The accounts of the Agricultural Bank shall be made up annually as on the thirty-first day of December in each year and all such accounts shall be audited by a Chartered Accountant or firm of Chartered Accountants approved in writing by the Governor.

5. A special account shall be opened in the books of the Agricultural Bank as on the first day of January, 1946, that is to say— 2 of 15/57.**

a "General Surplus Account."

6. (1) The "General Surplus Account" for every accounting period shall include—

- (a) the balance (if any) brought forward from the next preceding accounting period ;
- (b) all items appropriate to an ordinary profit and loss account for the period except that nothing is to be brought into the account in respect of the value of unpaid interest and no allowance is to be made in the account by way of debits for bad debts ;
- (c) all sums received by the Agricultural Bank during the period from debtors for agricultural advances in respect of interest payments ; and
- (d) the amount calculated in accordance with the proviso to clause 7 (1) below. 3 of 15/57.**

The credit balance of the "General Surplus Account" at the end of any accounting period shall be dealt with as in Clause 9 hereof provided and the debit balance (if any) shall be transferred to the "Governor of Cyprus Deferred Liability Account" as in Clause 10 hereof established.

(2) The hereinbefore mentioned sum of three thousand six hundred pounds being the balance of the "Shareholders Suspense Account" at the close of business on the thirty-first day of December, 1945, shall be transferred to the "General Surplus Account" established under this Agreement, in the first accounting period hereunder.

7. (1) At the close of every accounting period arrears of principal moneys which accrue during the period shall be provided against in full by charge to the "Governor of Cyprus—Deferred Liability Account" and any increase or decrease in provision required annually shall be debited or credited to that account as the case may be : 2 of 15/57.**

*Came into operation on the 1st December, 1953.

**Came into operation on the 1st January, 1957.

Provided that if as a result of a decrease in the provision required the credit balance of the "Governor of Cyprus—Deferred Liability Account" exceeds the sum of £188,800 (one hundred and eighty-eight thousand and eight hundred pounds) the amount of such excess shall be transferred to the credit of the "General Surplus Account."

(2) The arrears of principal shall be calculated at Balance Sheet dates only by comparing the outstanding principal portion of each loan with the relative unmatured balance of loan principal at that date.

(3) For the purpose of giving effect to this clause and to clause 5 hereof all receipts from debtors for agricultural advances in any accounting period shall be applied as follows and in the order stated—

- (a) in settlement of any interest in arrear at the date of payment ;
- (b) in settlement of any principal in arrear at the date of payment ;
- (c) in settlement of interest portion of annuity due at the next succeeding annuity date ;
- (d) in settlement of principal portion of the annuity due at the next succeeding annuity date ;
- (e) in reduction or settlement of the principal still remaining outstanding.

(4) The Agricultural Bank of Cyprus shall be free to determine the annuity date in respect of each loan made, as it thinks fit.

8. If and whenever for any accounting period the current working of the "General Surplus Account" shall not show a net credit balance of at least the sum of two thousand pounds, the Governor shall pay to the Agricultural Bank and the Agricultural Bank shall distribute among its members rateably in proportion to their respective holdings of shares such a sum as with the net balance of the account (if any) will make up a total of two thousand pounds. If for any period the "General Surplus Account" should be in debit the Governor shall not be required under this clause to provide any sum in respect of the debit beyond the said sum of two thousand pounds.

9. The net balance at the credit of the "General Surplus Account" for every year shall be applied every year as soon as possible after the completion of the annual audit to the following purposes and in the following order of priority, that is to say—

- (a) in payment of a dividend at the rate of four pounds per centum per annum on the paid up share capital of the Agricultural Bank ;
- (b) in payment to the Governor of the remainder of the net balance.

10. (1) An account to be known as the "Governor of Cyprus Deferred Liability Account" shall be established as from the first day of January, 1946, into which there shall be transferred the sum of one hundred and eighty-eight thousand eight hundred pounds hereinbefore mentioned, being the credit balance of the "Account of the Deferred Noteholders Fund" established under the first Agreement. The balance of the Account shall be determined at the close of every accounting period after transferring to such account—

- (a) the debit balance, if any, of the "General Surplus Account" for such period as in Clause 6(1) hereof provided ; and

- (b) the amount required to increase or decrease the provision for principal in arrear so as to provide in full for all principal in arrear at the Balance Sheet date which shall be calculated as described in clause 7 (2) above. 2 of 15/57.*

(2) The Governor shall not be entitled to the repayment of the amount from time to time standing to the credit of the "Governor of Cyprus Deferred Liability Account" except as hereinafter provided.

11. The Agricultural Bank shall not during the subsistence of this Agreement take any steps for altering the terms of its Memorandum and Articles of Association or (except as in Clause 13 hereof provided) for going into liquidation except with the consent in writing of the Governor, and the Ottoman Bank—

- (a) shall not during the subsistence of this Agreement transfer or part with the beneficial interest in any of the shares of the Agricultural Bank at present belonging beneficially to the Ottoman Bank except with the consent in writing of the Governor which consent shall not be unreasonably withheld; and

- (b) shall use its votes and influence to prevent the Agricultural Bank from taking any step in contravention of this Agreement.

12. If and when the Agricultural Bank shall be liquidated the assets shall in the first instance be applied in discharging the liabilities of the Agricultural Bank other than its liability to the Governor under this Agreement (the discharge of such liabilities other than its liability to the Governor under this agreement being subject to the preferential payments prescribed in Section 130 of the Companies (Limited Liability) Laws, 1922 to 1944, or in any Law amending or substituted for the same in force for the time being) and secondly in repaying to the shareholders the amount of the paid up capital on the shares held by them, and subject thereto any balance of the assets shall belong to the Governor.

13. (1) This Agreement may be determined by either the Governor or the Agricultural Bank (but without prejudice to the rights of the Governor to any sum payable to him hereunder) on the thirty-first day of December, 1971, or on any subsequent thirty-first day of December by not less than ten years' notice in writing to the other (hereinafter in this clause referred to as "the notice"). 3 of 21/53.

(2) After the service of the notice the Agricultural Bank shall, within a period of three months of such service, go into liquidation, unless requested in writing within such period by the Governor not to do so and if so requested the Governor shall repay at the expiration of the notice to the Ottoman Bank in cash the whole of its interest in the Agricultural Bank, whether in shares, loans or advances.

14. (1) Any notice to be given hereunder to the Governor may be given by sending the same by registered post addressed to the Administrative Secretary at Nicosia in the Colony of Cyprus.

(2) Any notice to be given hereunder to the Ottoman Bank may be given by sending the same by registered post addressed to the Ottoman Bank at their principal place of business in the Colony of Cyprus.

(3) Any notice to be given hereunder to the Agricultural Bank may be given by sending the same by registered post addressed to the Agricultural Bank at their registered office in the Colony of Cyprus.

*Came into operation on the 1st January, 1957.

(4) Any notice sent by registered post shall be deemed to have been given at the time it should have been received in due course of post.

15. For the purpose of giving effect to the provisions of this agreement the Governor will enact legislation for the purpose of ratifying and confirming this agreement and all the provisions hereof.

16. This agreement shall be deemed to have taken effect as on the first day of January, 1946.

In witness whereof the Governor has hereunto set his hand and seal and Charles Thomas Beale for and on behalf of the Ottoman Bank has hereunto set his hand and the Agricultural Bank has caused its Common Seal to be hereunto affixed the day and year first above written.

[L. S.]

Signed sealed and delivered by Reginald Thomas Herbert, Baron Winster of Witherslack, His Majesty's Governor of the Colony of Cyprus, in the presence of George Andrew Dick-Lauder.	<i>The Seal of the Governor, Cyprus.</i> (Sgd.) WINSTER. (Sgd.) G. A. DICK-LAUDER.
Signed and delivered for and on behalf of The Ottoman Bank by Charles Thomas Beale duly authorised by a resolution of the Ottoman Bank made in London on the twenty-third day of April, 1947, in the presence of Robert Noel Henry.	(Sgd.) C. T. BEALE. (Sgd.) R. N. HENRY.

[L. S.]

The Common Seal of the Agricultural Bank of Cyprus Limited was affixed hereto in the presence of Charles Thomas Beale, Moses George Zarifi, Fritz Percy Duncan Hay,	<i>The Common Seal of the Agricultural Bank of Cyprus Limited.</i>
Two Directors and the Secretary of the said Bank and the said Charles Thomas Beale, Moses George Zarifi, Fritz Percy Duncan Hay	(Sgd.) C. T. BEALE, (Sgd.) M. G. ZARIFI, (Sgd.) F. P. D. HAY.
Signed these presents and the same were delivered in the presence of Robert Noel Henry.	Sgd.) R. N. HENRY.